



15 October 2024
Mitie Group plc

HI FY25 Trading Update

Good trading momentum continues; HI revenue up c.13% Record contract wins and renewals

Mitie Group plc ("Mitie" or "the Group") (LSE: MTO), the UK's leading Facilities Transformation company, today provides a trading update for the six months ended 30 September 2024 ("HI FY25").

HI FY25 Highlights

- Revenue¹ expected to increase by c.13% to c.£2.4bn (HI FY24: £2.1bn), including c.7% organic growth driven by new contract wins and scope increases, pricing and projects
- Q2 year on year revenue growth (c.16%) expected to exceed Q1 (10.5%), as a result of good Q1 wins and the provision of 'surge response' security services
- Record contract wins and extensions/renewals, up c.45% to c.£3.5bn TCV² (HI FY24: £2.4bn), despite not renewing two public sector contracts ending in FY26
- Acquisition of ESM Power for £5.5m, enhancing our presence in the growing high voltage power connections market; Spanish security business acquired for €9m post-period end
- FY25 share buyback programme doubled to £100m in July; £54m (45m shares) purchased in the period at 120p average price (of which 34m shares have been cancelled)
- Closing net debt of c.£195m (31 March 2024: £81m), reflecting shareholder returns, investments and increased lease obligations, offset by good free cashflow generation
- Average HI FY25 net debt c.£220m (HI FY24: £156m)

Commenting on the HI results and outlook for FY25, Phil Bentley, CEO, said:

"This is the foundation year of our new Three-Year Plan (FY25 – FY27), and we are making investments in the business to develop our Facilities Transformation offering and to drive growth throughout the Plan period. We are investing in technology to strengthen our market leading position; in sales and marketing to drive greater wins and renewals; and in our Projects capabilities to enhance our upsell opportunities.

"These investments are already starting to deliver tangible results, including a record performance in new contract wins and contract extensions/renewals in the period, ensuring continued growth momentum.

"Overall, we have made good progress against our strategic objectives, with revenue growth of c.13% in HI; at least £20m of full year cost savings identified from margin enhancement initiatives; and the completion of two acquisitions. We therefore remain confident in meeting expectations for the current year and delivering our Three-Year Plan targets."

¹ Including share of joint ventures and associates

² Total contract value (TCV), including estimates for projects and variable works



Revenue growth

Mitie delivered a strong performance in H1 FY25, with revenue increasing by c.13% to c.£2.4bn (H1 FY24: £2.1bn), of which c.7% was organic and c.6% inorganic (the latter mainly from the Landmarc consolidation and the JCA and GBE Converge acquisitions in FY24).

Organic growth was driven by new contract wins and scope increases, pricing and projects. This includes higher volumes for the Immigration Escorting Services contract in Care & Custody, as well as the provision of 'surge response' security services for the Home Office during the summer. This emergency provision of services more than offsets the one-off benefit in H1 FY24 from the provision of temporary services in respect of Afghan Relocations and Border Forces.

Projects growth continues to be driven by the macro trends of decarbonisation, grid connections, the modernisation of the built environment, data centre expansion and regulatory changes, although our telecoms business continues to face structural challenges. Notable projects undertaken during the period included the fit out of fire safety systems within a new data centre in Slough, solar PV installations for David Lloyd Sports Centres and NATS, a waste composter installation for Sky and a major laboratory refurbishment for Defra.

Contract wins and extensions/renewals

During the period, we won or extended a number of significant new contracts with a record TCV of up to c.£3.5bn (H1 FY24: £2.4bn). Notable new wins included security and cleaning services for Community Health Partnerships and Landsec, building maintenance for The Coventry and Rugby Hospital, IFM and projects for EY, engineering services for the Metropolitan Police Authority, and the £400m Millsike Prison contract awarded by the Ministry of Justice.

We secured a further three-year extension with Lloyds Banking Group, our largest private sector customer, with other extensions/renewals including engineering and cleaning for a large e-commerce business, cleaning for Bank of Ireland, security for Fedex and IFM for a major airport. Two public sector contracts were not renewed during the period, and will end during FY26.

Acquisitions

We continue to pursue infill M&A to deepen our capabilities in the areas of buildings infrastructure, decarbonisation, grid connections and fire & security.

During the period, we completed the acquisition of ESM Power, a leading high voltage electrical engineering business, for £5.5m initial cash consideration. This acquisition enhances our expertise in the growing high voltage power connections market. Shortly after the period end, we acquired Grupo Visegurity, a leading security business in Spain, for €9m (£7.5m) initial cash consideration. This, alongside the recent acquisition of Biservicus, supports the strategic expansion of our security service capabilities in the highly fragmented Spanish FM market.

Net debt

Closing net debt (post-IFRS 16) at 30 September 2024 was c.£195m, an increase of c.£115m from 31 March 2024. This increase since the year end reflects capital returns to shareholders and investments (£122m), and increased vehicle lease obligations (c.£20m), offset by good



free cash flow generation (c.£30m). Capital returns to shareholders and investments included dividends (£45m), share buybacks (£54m), share purchases for incentive schemes (£9m), acquisitions (£5.5m) and payments for acquisition related earnouts/completion accounts (£8m). HI FY25 average daily net debt was c.£220m (HI FY24: £156m).

Share buyback programme

On 24 July 2024, we announced the doubling of our Share Buyback Programme, from £50m to £100m. During HI we purchased 45m shares at an average price of 120p per share, of which 34m shares were cancelled. The balance of 11m shares are being held in treasury to satisfy Mitie's 2021 Save As You Earn (SAYE) scheme, vesting in January 2025.

Interim results release and presentation

Mitie's interim results for the six months ended 30 September 2024 will be released on Thursday, 21 November 2024. A presentation for analysts will be held at 9.30am.

HI FY25 financials disclosed in the above trading update (and in the HI FY25 results announced on 21 November 2024) are unaudited.

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For further information

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About Mitie

Founded in 1987, Mitie employs 68,000 colleagues and is the leading technology-led Facilities Transformation company in the UK. We are a trusted partner to around 3,000 blue chip customers across the public and private sectors, working with them to transform their built estates, and the lived experience for their colleagues and customers, as well as providing data-driven insights to inform better decision-making.

In each of our core services of Engineering (Hard Services) and Security and Cleaning & Hygiene (Soft Services) we hold market leadership positions. We also upsell Projects capabilities in the areas of building fitouts and modernisation, decarbonisation, fire & security, and telecoms infrastructure. Our sector expertise includes Central Government, Critical National Infrastructure, Defence, Financial Services, Healthcare & Life Sciences, Local Government & Education, Retail & Logistics and Transport & Aviation.



Over the previous Three-Year Plan (FY22 – FY24) Mitie delivered a Total Shareholder Return (TSR) of 80% (#10 in FTSE 250). Our new Facilities Transformation Three-Year Plan (FY25 – FY27) will extend Mitie’s market leadership position through accelerated growth and deliver enhanced shareholder returns.

We hold industry-leading ESG credentials, including a place on the CDP Climate change A List, and in the past 12 months we have received multiple industry awards including B2B Marketing Team of the Year, Best Low Carbon Solution and Net Zero Carbon Strategy of the Year. Targeting Net Zero by the end of 2025, our ambitious emissions reduction plans have been validated by the Science Based Targets initiative (SBTi). We have been recognised as a UK Top Employer for the sixth consecutive year. Find out more at www.mitie.com.