16 April 2025
Mitie Group plc

FY25 Trading Update

Continued good momentum in fourth quarter
Full year operating profit guidance upgraded to c.£230m
£125m share buyback programme launched today

Mitie Group plc ("Mitie" or "the Group"), the UK's leading Facilities Transformation company, today provides a scheduled trading update for the year ended 31 March 2025 ("FY25").

FY25 Highlights

- **Record revenue:**[1] up c.13% to c.£5.1bn (FY24: £4.5bn), including c.9% organic growth; Q4 revenue growth of c.9%, ahead of guidance, reflecting good projects demand
- **Significant contract award:** (£136m p.a. for 7+3 years) from the Department for Work and Pensions (DWP) in Q4, for security services commencing in October 2025
- **Operating profit guidance upgraded:**[2] expected to be c.£230m (FY24: £210m)
- **Operating margin**[2]**:** down 20bps to c.4.5% (FY24: 4.7%), reflecting investments in our 3-Year Facilities Transformation Plan and a loss in our telecoms projects business
- **Good free cash flow generation:** c.£135m in FY25; well ahead of guidance for >£100m
- **Strong financial position:** Post-IFRS 16 average net debt of c.£265m and leverage of c.0.9x, at the lower end of our 0.75-1.5x target range; pre-IFRS 16 leverage of c.0.3x
- **Three strategic acquisitions:** completed for c.£50m, contributing to c.4% of inorganic revenue growth and adding key projects capabilities
- **New share buyback programme:** FY25 £100m programme completed; FY26 £125m programme launched today, bringing cumulative total programmes since FY23 to £325m
- **National Insurance:** FY26 gross cost impact lower than expected; higher recovery being achieved; balance to be mitigated via margin enhancement initiatives

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

"FY25 was the foundation year of our new Three-Year Plan, improving the strength of the Mitie platform and investing in our capabilities to accelerate Facilities Transformation for our customers.

"These investments contributed to the delivery of good revenue and operating profit growth. I'm also pleased that our telecoms projects business, which has negatively impacted margins, returned to breakeven in Q4. Our good underlying cash generation and low leverage has enabled us to sustain a proactive capital deployment policy with our largest share buyback programme now complete and a new £125m programme launched today.

"We are entering FY26 with good sales momentum, including the new security contract win with DWP, a record pipeline of opportunities and a strategic focus on how AI and intelligent process automation can help to deliver margins above 5% by FY27. We continue to evaluate strategic M&A opportunities in our targeted sectors. With this positive outlook, we remain confident in delivering our Facilities Transformation 3-Year Plan targets."

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[1] Including share of joint ventures and associates
[2] Before other items

An encouraging finish to the year

Q4 FY25 revenue was up by c.9% yoy to £1,350m (Q4 FY24: £1,233m), against a strong prior year comparative for projects work. As a result of this good trading performance, we expect FY25 revenue to grow by c.13% yoy to c.£5,100m (FY24: £4,511m).

This increase reflects organic growth of c.9% from key accounts, scope increases and projects upsell, inclusive of c.3% pricing. Inorganic growth contributed a further c.4%, including the three strategic acquisitions of Argus Fire, ESM Power and Grupo Visegurity completed in the year.

The uplift in Group revenue, combined with our extensive programme of margin enhancement initiatives, has offset investments in the business and a loss in our telecoms projects business, which returned to breakeven in Q4 following a series of actions taken to address underperformance. As a result, we now expect operating profit before other items to be c.£230m (FY24: £210m) with an operating margin of c.4.5% (FY24: 4.7%).

During Q4 we secured several notable wins and renewals, resulting in a record c.£7bn Total Contract Value (TCV) of wins/renewals/extensions in FY25 (FY24: £6.2bn). This included a £136m p.a. 7-year initial term contract with a 3-year extension, alongside a £3m p.a. Security Control Centre 5-year contract, to deliver security services across the DWP's national estate from October 2025. We are entering FY26 with a strong order book and £24bn pipeline.

Strong financial position

Free cash flow generation of c.£135m (FY24: £158m) is well ahead of guidance of 'at least £100m'. After funding proactive capital deployments of c.£235m (see below) and a c.£25m increase in vehicle lease obligations, closing net debt (post-IFRS 16) at 31 March 2025 was c.£205m (FY24: £81m), inclusive of c.£200m of lease obligations.

FY25 average daily net debt was c.£265m (FY24: £161m) and our average net debt / EBITDA leverage was c.0.9x (FY24: 0.6x), at the lower end of our 0.75-1.5x target leverage range. Excluding lease obligations, our pre-IFRS 16 leverage was c.0.3x (FY24: nil).

Proactive capital deployment

Our capital deployments are determined by the best use of capital to deliver attractive returns to shareholders and drive growth in the business, whilst maintaining a strong financial position, and leverage within our 0.75-1.5x target range (post-IFRS 16).

In this context, the Board's policy prioritises strategic M&A at returns materially above our weighted average cost of capital; a progressive dividend policy (30-40% payout ratio); and the purchase of all shares to fulfil employee incentive schemes (c.15m shares p.a.). Surplus funds are returned to shareholders via share buybacks to remain within our target leverage range.

During FY25, we invested c.£50m in three strategic acquisitions and completed our largest share buyback programme to date of £100m, purchasing 89m shares (of which 79m were cancelled). With a strong balance sheet, and leverage at the lower end of our targeted range, we have today launched a new £125m programme for FY26, which will bring the cumulative total undertaken since FY23 to £325m. The Board will keep the share buyback programme under review in light of the timing of value-creating acquisitions, and in order to maintain leverage within our target range.

National Insurance Contributions

Our latest estimate of the cost increase from the rise in Employers' National Insurance Contributions in FY26 is c.£50m (down from an initial estimate of c.£60m). Contractual recoveries from customers are expected to be at least £35m, with the balance mitigated through new margin enhancement initiatives.

FY25 results and analyst presentation

Mitie's results for the year ended 31 March 2025 will be released on Thursday, 5 June 2025. A presentation for analysts will be held at 9.30am.

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Full Year Summary	**FY25 Expected**	**FY24 Actual**
Revenue (including share of JVs and associates)	c.£5,100m	£4,511m
Operating profit before other items	c.£230m	£210m
Average daily net debt	c.£265m	£161m
Closing net debt	c.£205m	£81m

FY25 financials disclosed in the above trading update are unaudited.

For further information

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About Mitie: *"Better Places; Thriving Communities"*

Founded in 1987, Mitie employs 72,000 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 hygiene (soft services) we hold market leadership positions. We also deliver projects capabilities in the areas of power and grid connections, building fit outs & 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.

We hold industry-leading ESG credentials, including a place on the CDP Climate change A List, and we have received multiple industry awards recently 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 seventh consecutive year and Most Admired Company in the Support Services sector. Find out more at www.mitie.com.