

25 January 2023

Lords Group Trading plc
('Lords', the 'Group' or the 'Company')

FY22 Trading Update

A year of positive strategic progress underpinned by strong financial performance

Lords, a leading distributor of building materials in the UK, is pleased to provide a trading update for the year ended 31 December 2022 ('FY22' or the 'period') ahead of publication of its FY22 Final Results in April 2022.

Highlights

- Trading ahead of current market expectations for FY22, a record performance, demonstrating continued delivery of the Group's growth strategy set out at the time of the Company's IPO in 2021
- FY22 revenues of £450 million resulting in 23.9% total growth for the full year (FY21: £363 million)
- Merchanting revenue growth of 69.2% in FY22 reflecting increased market share and value added acquisitions during the period and the continued and substantial market share opportunity available to the Group
- Exceptional trading performance delivers 26.9% Adjusted EBITDA growth to not less than £28.3 million for FY22 (FY21: £22.3 million)
- The Board remains confident in Lords' ability to fulfil its objective to be a £500 million revenue business by 2024 and to achieve a 7.5% Adjusted EBITDA margin over the medium term

FY22 Guidance

The Group has delivered a strong performance in 2022 and now expects to report record revenues, Adjusted EBITDA¹ and Adjusted Profit Before Tax² for FY22 of not less than £450 million, £28.3 million and £16.0 million respectively; all ahead of current market expectations^(*).

() Current consensus analyst forecasts are for FY22 revenues of £436.7 million (with a range of £435.4 million to £438.0 million), FY22 Adjusted EBITDA of £26.5 million (with a range of £25.7 million to £27.2 million) and Adjusted Profit Before Tax of £15.7 million (with a range of £15.5 million to £15.9 million).*

Segmental Trading

The table below shows total revenue growth and like-for-like for H1-22 and FY22:

Division	Unaudited FY22 Revenue	Like-for-Like Revenue Growth		Change in Total Revenue	
		H1-22 vs. H1-21	FY22 vs. FY21	H1-22 vs. H1-21	FY22 vs. FY21
Merchanting	£221m	14.5%	17.4%	73.4%	69.2%
Plumbing & Heating	£229m	(12.5)%	(9.1)%	(8.2)%	(1.6)%
Group	£450m	(3.3)%	0.2%	19.7%	23.9%

Merchanting

The Group's regional brands continue to take market share by offering customers an expanding product range

and entry into new markets. The strategy execution translated into Merchants revenue growth of 69.2% and like-for-like revenue growth of 17.4%.

The Merchants acquisitions completed by the Group during FY22, being Advance Roofing (January 2022), AW Lumb (March 2022) and Buildbase Sudbury (April 2022) have been successfully integrated and are performing ahead of management expectations. Together these acquisitions delivered the Merchants division earnings accretion, product range extension or entry into new geographies.

P&H

Plumbing and Heating division ('P&H') has demonstrated resilient performance during FY22, with total P&H revenue growth of (1.6)%, (growth of (9.1)% on a like-for-like basis), despite the industry wide boiler component shortages first reported by the Company in H1-22 and which has continued to ease throughout H2-22. P&H product range extension during FY22 has seen new ranges added to support the decarbonisation of the UK housing stock which have supported continued improvements in P&H EBITDA margin throughout FY22.

The combined acquisition of HRP Trade and Direct Heating (April 2022) was earnings accretive and has been successfully integrated and is trading in line with management expectations. The enlarged P&H business is realising customer and product range synergies across all P&H brands as a result of the acquisition.

The Group's new store roll out strategy for Mr Central Heating, the Group's brand which supplies installers and homeowners through online and instore channels and thus providing an attractive EBITDA margin profile, continues with a tenth store opened in West Bromwich in H2-22. The West Bromwich store opening is the first of an intended 40 new Mr Central Heating store openings over the next five years.

Balance sheet and liquidity

As at 31 December 2022, the Group had net debt³ on a pre-IFRS basis of £23.5 million (30 June 2022: £21.1 million) which reflects an increase and normalisation of P&H inventory following boiler supply recovery, which has been largely offset by continued management of the Group's wider working capital base. The Group retains a strong balance sheet supported by a flexible capital structure and maintains good headroom against bank facilities, which will support its investment priorities going forward.

Current Trading and Outlook

Whilst mindful of the uncertain macro-economic environment and its impact on the sector in the short term, the continued delivery of the Lords organic and acquisitive led growth strategy gives the Board confidence in Lords' ability to fulfil its IPO objective to be a £500 million revenue business by 2024 and an EBITDA margin of 7.5% in the medium term.

Shanker Patel, Chief Executive Officer of Lords, commented: *"I am proud of the progress Lords has made during 2022, continuing to deliver against our strategic plan whilst delivering record financial performance during the period. Our teams did a magnificent job serving customers and the quality of our people remains integral to the success of our customer focused proposition."*

"We enter 2023 in a strong financial position that will enable us to continue to invest in our 3 P's (People, Plant, Premises) to pursue organic and acquisitive led growth opportunities. While market conditions in 2023 may become more challenging in the short term, the Group has substantial organic growth levers through new geographies and product range extension that provide our Group with the opportunity to continue its track record of growth."

¹ Adjusted EBITDA is EBITDA (defined as earnings before interest, tax, depreciation and amortisation and, in accordance with IFRS) but also excluding exceptional items and share-based payments.

² Adjusted Profit before tax (basic) is defined as profits before tax before exceptional items, share based payments and amortisation of intangible assets.

³ Net debt is defined as borrowings less cash and cash equivalents.

FOR FURTHER ENQUIRIES:

Lords Group Trading plc

Shanker Patel, Chief Executive Officer
Chris Day, Chief Financial Officer

Via Buchanan

Tel: +44 (0) 20 7466 5000

Cenkos Securities plc (Nominated Adviser and Joint Broker)
Ben Jeynes / Max Gould / Dan Hodgkinson (Corporate Finance)
Alex Pollen (Sales)

Tel: +44 (0)20 7397 8900

Berenberg (Joint Broker)
Matthew Armitt / Richard Bootle / Ciaran Walsh

Tel: +44 (0)20 3207 7800

Buchanan Communications
Henry Harrison-Topham / Jamie Hooper / Abby Gilchrist

Tel: +44 (0) 20 7466 5000
LGT@buchanan.uk.com

Notes to editors:

Lords is a specialist distributor of building, plumbing, heating and DIY goods. The Group principally sells to local tradesmen, small to medium sized plumbing and heating merchants, construction companies and retails directly to the general public.

The Group operates through the following two divisions:

- **Merchanting:** supplies building materials and DIY goods through its network of merchant businesses and online platform capabilities. It operates both in the 'light side' (building materials and timber) and 'heavy side' (civils and landscaping), through 30 locations in the UK.
- **Plumbing and Heating:** a specialist distributor in the UK of plumbing and heating products to a UK network of independent merchants, installers and the general public. The division offers its customers an attractive proposition through a multi-channel offering. The division operates over 16 locations enabling nationwide next day delivery service.

Lords was established over 35 years ago as a family business with its first retail unit in Gerrards Cross, Buckinghamshire. Since then, the Group has grown to a business operating from 46 sites. Lords aims to become a £500 million turnover building materials distributor group by 2024 as it grows its national presence.

Lords was admitted to trading on AIM in July 2021 with the ticker LORD.L. For additional information please visit www.lordsgrouptadingplc.co.uk.

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTPPUPCGUPWGBC

