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Marks Electrical Group plc
12 April 2023

Marks Electrical Group plc

Pre close trading update for the twelve months ended 31 March 2023

Continued revenue growth, with margin expansion and strong cash conversion

Marks Electrical Group plc ("Marks Electrical" or "the Group"), a fast-growing online electrical retailer, provides a trading update for its fourth quarter ended 31 March 2023 ("the period" or "Q4-23"), ahead of announcing its Full Year Results for the 12 months ended 31 March 2023 on 14 June 2023.

	12 months ended 31 March £m			3 months ended 31 March £m		
	FY23	FY22	YoY%	FY23	FY22	YoY%
Revenue	**97.8**	**80.5**	**21.5%**	**24.8**	**20.7**	**20.0%**

Financial highlights

- Record full year revenue of £97.8m (FY22: £80.5m) representing a growth rate of 21.5%
- Gross margin improved in the second half as expected, and higher revenue levels combined with the Group's cost discipline drove EBITDA margin expansion, with the Group now expecting to achieve a full year Adjusted EBITDA exceeding £7.5m
- Strong trading period in Q4-23 with 20.0% revenue growth to £24.8m (Q4-22: £20.7m)
- Positive trading momentum in March 2023, with an exit growth rate in the final month of 21.2% year on year
- Further improvements in working capital and inventory turn, resulting in strong cash conversion and a closing net cash position of £10.0m

Operational highlights

- Continued market share gains in the Major Domestic Appliance and Consumer Electronics markets
- Strong performance driven across product categories but particularly in A-rated energy efficient washing machines and tumble dryers, and small domestic appliances including air fryers, coffee machines and vacuum cleaners
- Further focus on brand awareness initiatives across key locations, using social media, television, radio and out-of-home advertising
- Rapid growth in newly formed integrated, gas, electric and television installation services, with over 80% growth year on year in Q4-23
- Investment into further delivery vehicles during the period and additional warehouse mezzanine floors, increasing capacity and broadening our next day delivery capability across the UK
- Maintained industry-leading Trustpilot rating of 4.8

Mark Smithson, Chief Executive Officer, commented:

"We are delighted to finish the year with revenue growth of 21.5% to a record £97.8m, especially against the prevailing economic back-drop. This further demonstrates the strength of our business model and the attractiveness and advantage of our market-leading customer offering, as more people continue to discover our brand up and down the country.

During the final quarter, we remained focused on customer service excellence and were proud to have received over 4,500 5-star Trustpilot reviews. This, combined with our operational capacity improvements and the strengths of our unique single-site fulfilment and distribution model, enabled us to continue to offer an industry-leading next day delivery and installation service for Major Domestic Appliances and Consumer Electronics across the country.

Our newly launched integrated, gas, electric and television installation service continues to grow strongly, with over 80% growth in bookings year on year, demonstrating the demand for this premium offering when buying an appliance. We expect to see further growth in this service during FY24 and are excited about its potential.

After an improvement in profitability in the third quarter, we continued this trajectory with improvements in gross margin and operational leverage, allowing us to exceed our full year targets on profit and cash conversion, even as we grow market share.

I would like to take this opportunity to personally thank all our colleagues and brand partners for helping us achieve a strong year of growth, despite the challenging market environment. Working closely together has enabled us to build our position as a growing but agile and profitable national electrical retailer.

As we look to FY24, following a strong exit in March and a positive start to April, we are wholly focused on maintaining our performance management discipline on revenue, profit and cash in order to continue to demonstrate our differentiated proposition."

Market abuse regulations

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

Enquiries:

Marks Electrical Group plc Via Dentons Global Advisors:

Mark Smithson (CEO) Tel: +44 (0)20 7664 5095
Josh Egan (CFO)

Dentons Global Advisors (Financial PR)
Jonathon Brill / James Styles / Fern Duncan Tel: +44 (0)20 7664 5095
markselectrical@dentonsglobaladvisors.com

Canaccord Genuity (NOMAD and Broker)
Max Hartley / Patrick Dolaghan Tel: +44 (0) 207 886 2500

About Marks Electrical

Marks Electrical is a fast growing, highly scalable, technology driven e-commerce electricals retailer which sells, delivers, installs and recycles a wide range of household electrical products. The Group was founded in Leicester in 1987 by Mark Smithson and has scaled into a nationwide online retailer with a compelling growth track record, thanks to its vertically integrated, low-cost, high-quality operating model, supported by the ongoing structural shift of consumers to purchase online. The Group operates within the UK Major Domestic Appliances (MDA) and Consumer Electronics (CE) market, estimated to be worth approximately £8.0 billion.

Primarily through its simple, clear and intuitive website - markselectrical.co.uk - the Group offers over 4,000 products from over 50 leading brands across its main product categories, which include Cooking, Refrigeration, Washers & Dryers, Dishwashers and Audio-Visual. These products are sourced from UK distributors of the brands, with whom the Group maintains strong and direct relationships. Marks Electrical delivers direct to customers in its owned and branded vehicles, operated by the Group's skilled team of delivery drivers, who are also able to offer installation and recycling services.

For further information, visit the Marks Electrical corporate website: https://group.markselectrical.co.uk and its retail website: https://markselectrical.co.uk/.

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