

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

**Victoria PLC**  
(*'Victoria'* or the *'Company'*)

**Half-Year Trading Update**

Victoria PLC, (LSE: VCP) the international designers, manufacturers, and distributors of innovative flooring, provides a trading update for the six-month period ended 1 October 2024 ahead of publishing its half-year financial results in late-November.

**Year-to-Date Trading and Outlook**

Flooring demand across Victoria's markets has continued to be soft, with H1 revenue expected to be circa £580 million and Underlying EBITDA expected to be circa. £50 million, which is a continuation of the lower demand environment experienced in H2 FY2024 (£64.9 million). The wider market is witnessing an estimated 20-25% decrease in demand versus 2019 levels, although the Company has generally outperformed the market and continued to improve its competitive position - particularly in the UK. The Board expects H2 trading to be stronger as a result of the actions taken by management (outlined below) alongside a small improvement in demand, although earnings are likely to be below consensus expectations.

Whilst industry-wide low demand is impacting margins due to operational leverage, pricing remains stable and management is taking actions to optimise the cost base and this will drive better margin results when demand recovers.

There has been no fundamental change to the flooring industry, which has a very long track record of consistent growth, and the low demand presently being experienced is due to broad macro-economic factors.

Consequently, the Board is encouraged by recent positive data in Victoria's end markets. For example, a key driver of demand is housing transactions and in the last quarter increased mortgage approvals, rising house prices, and lower interest rates have been reported in our key markets and these are all precursors to increased transactions and consequently flooring demand as consumers refresh their property before placing it on the market or refurbish their new home. Similarly, as incomes have caught up with inflation alongside lower mortgage expenses, consumer discretionary spending is also likely to increase, which also drives flooring sales.

**Management actions**

Building on our track record of successful delivery of cost savings during previous challenging periods for the sector, management is actively working on projects to optimise the business for the anticipated recovery in demand.

Below is a brief overview of some key recent initiatives:

- Victoria's various UK brands continue to be important in market positioning, but the full integration of Balta's UK carpet business during H1 allowed the Company to recently merge the brands of Balta & Carpet Line Direct and Victoria & Hugh Mackay, and separately consolidate our underlay operations with immediate savings in rent, logistics, and personnel totalling c.£5 million per annum.
- Optimising the synergy gains from the completed relocation of production capacity from Belgium to Turkey alongside cost-cutting in Belgium: there will be some benefit in the current financial year, although the first full year impact of the cost savings, expected to be an additional €6.1 million per annum, will be seen in FY2026
- Integrated procurement. For the first time Victoria has had, since July, a Group-wide procurement team responsible for approximately £500 million of purchasing - raw materials, logistics, and finished goods for resale. Each 1% cost saving delivers c. £5 million annually of increased earnings and meaningful savings have already been secured, although the full impact is heavily weighted to FY2026
- Reorganisation of ceramics production: this is a major project involving an investment in the Spanish factories and optimisation of production by manufacturing tiles in the most efficient factory that will take 18 months to complete. The first stage will be delivered in mid-FY26 and positively impact earnings and cash flow that year, but the full benefit will be seen in the following year and is expected to improve earnings by £16-19 million, based on current market conditions

These actions are expected to increase earnings upside with the anticipated demand recovery (each 5% increase in volume is additionally expected to drive a £25 million increase in Victoria's earnings), supporting EBITDA margin expansion back towards the Group's historical levels of mid-high teens.

**Refinancing**

Group liquidity remains robust with cash on hand and undrawn credit lines providing more than £200 million of available liquidity.

Following the Company's FY 2024 Results announcement in June, which noted that the Board was beginning to plan for the refinancing of the Company's Senior Secured Notes (the first tranche of which is due in August 2026), Lazard has recently been appointed as debt advisers, with Latham & Watkins continuing as legal advisers. The Board will continue to update the market as appropriate.

**Chief Executive, Philippe Hamers, said:**

*"The flooring sector is experiencing the most severe and longest decline in demand in the last 30 years. During this period, we have focussed on optimising productivity and reducing operational costs whilst maintaining the same potential production capacity. These actions will have a very material positive impact on earnings and cash flow as demand normalises with the*

*anticipated improvement in the macro-economic environment and increase in housing transactions, a key driver of demand. Clearly the recovery continues to draw closer, although it is difficult to pinpoint precisely when it will begin. However, we remain prepared for growth when the time arrives, which will be delivered without any significant capex spend."*

*The person responsible for arranging the release of this announcement  
on behalf of the Company is Brian Morgan, Chief Financial Officer.*

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**About Victoria PLC ([www.victoriapl.com](http://www.victoriapl.com))**

Established in 1895 and listed since 1963 and on AIM since 2013 (VCP.L), Victoria PLC, is an international manufacturer and distributor of innovative flooring products. The Company, which is headquartered in Worcester, UK, designs, manufactures and distributes a range of carpet, flooring underlay, ceramic tiles, LVT (luxury vinyl tile), artificial grass and flooring accessories.

Victoria has operations in the UK, Spain, Italy, Belgium, the Netherlands, Germany, Turkey, the USA, and Australia and employs approximately 6,300 people across more than 30 sites. Victoria is Europe's largest carpet manufacturer and the second largest in Australia, as well as the largest manufacturer of underlay in both regions.

The Company's strategy is designed to create value for its shareholders and is focused on consistently increasing earnings and cash flow per share via acquisitions and sustainable organic growth.

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