

16 October 2024



Q3 Trading Update

Marshalls, a leading manufacturer of sustainable solutions for the built environment, provides the following trading update for the nine months ended 30 September 2024.

Overview

- Resilient performance in continued weak end markets with YTD Group revenue of £476 million (2023: £528 million):
 - Group revenue during Q3 was three per cent lower than the prior year: a material improvement over the 12 per cent like-for-like reduction in H1
 - Double-digit growth in Roofing Products in Q3 driven by a very strong Viridian Solar performance
 - Flat revenues in Building Products in Q3 together with a lower rate of contraction in Landscape Products during Q3 compared to H1
- Pre-IFRS16 net debt reduced in Q3 to £149 million driven by continued focus on cash management
- Capital Markets Event scheduled for 19 November 2024, to set out the Group's medium-term growth opportunities
- The Board expects that the full year profit will be in-line with its previous expectations

Divisional trading performance

Like-for-like revenue growth	HY June	Q3	YTD September
Landscape Products	-19%	-13%	-17%
Building Products	-6%	0%	-4%
Roofing Products	-5%	12%	0%
Group	-12%	-3%	-9%

Landscape Products' revenue in the period was £209 million (2023: £257 million), which represents a like-for-like reduction of 17 per cent compared to 2023. The like-for-like rate of contraction slowed in the third quarter to 13 per cent from the 19 per cent reported at the half year, principally driven by a moderation in the decline in new house building and private housing RMI end markets. The Board continues to focus on its transformation programme to strengthen the leadership team and customer relationships and improve the performance of the segment.

Building Products' revenue was £128 million (2023: £133 million), which represents a reduction of four per cent over the prior year with Q3 being in-line with 2023. The Q3 performance comprises growth in the drainage and bricks businesses, which was offset by a contraction in revenues in the mortars and aggregates businesses.

Roofing Products' revenue was £139 million (2023: £138 million), marginally ahead of the prior year. In the third quarter, the segment delivered growth of 12 per cent which comprised a modest increase in Marley, together with growth of around 70 per cent in Viridian Solar. The increase in Viridian Solar was driven by a combination of the continued ramp-up in activity arising from Part L building regulations that are focused on increasing energy efficiency, and weaker prior year comparatives as new build housing volumes slowed in the second half of 2023.

Balance sheet and liquidity

The Group's balance sheet continues to be robust, with pre-IFRS16 net debt of £149 million at the end of September 2024 (September 2023: £190 million, June 2024: £156 million). Net debt is therefore £41 million lower than the prior year, reflecting strong organic cash generation and a continued focus on cash management. The Group repaid a further £25 million of its term loan in early October 2024 to optimise its financing costs and, following this payment, the outstanding balance is £155 million. The Group's £160 million revolving credit facility was undrawn at the end of the period.

Strategy

The ongoing review of the Group's strategy has identified a number of opportunities to deliver relative outperformance over the medium term. These include an increased focus on attractive sustainability-driven markets across bricks and masonry, water management and energy transition alongside the expected cyclical recovery in the core landscape and roofing businesses, supported by the impact of the Government's commitment to increase housebuilding significantly. More information will be provided at the Capital Markets Event on 19 November 2024.

Outlook

In anticipation of a continued improving demand environment for the Group's products, the Board expects that profit

anticipation of a continued improving economic environment for the Group's products, the Board expects that profit for the full year will be in line with its previous expectations and that pre-IFRS16 net debt will be modestly better than its previous expectations.

Enquiries:

Marshalls plc

Matt Pullen, Chief Executive
Justin Lockwood, Chief Financial Officer

+44 1422 314777

Hudson Sandler (Financial PR)

Mark Garraway
Nick Lyon
Harry Griffiths
India Laidlaw

+44 20 7796 4133

marshalls@hudsonsandler.com

Note to the Editor:

About Marshalls plc:

Established in the late 1880s, Marshalls plc is a leading UK manufacturer of sustainable solutions for the built environment. It operates through three trading divisions: Landscape Products; Building Products; and Roofing Products. Landscape Products is the UK's leading manufacturer of superior natural stone and innovative concrete hard landscaping products, supplying the construction, home improvement and landscape markets. Building Products is a supplier of concrete drainage products, concrete bricks, ready-to-use mortars and aggregates. Roofing Products is a leader in the manufacture and supply of pitched roofing systems, including clay and concrete tiles, timber battens, roof integrated solar solutions and roofing accessories.

The Group operates a national network of manufacturing and distribution sites throughout the UK. Marshalls is committed to quality in everything it does, including the achievement of high environmental and ethical standards and continual improvement in health and safety performance. Its strategic goal is to become the UK's leading manufacturer of products for the built environment.

Forward-Looking Statements:

Any statements in this release, to the extent that they are forward-looking, are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the markets in which Marshalls operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated. More information about the factors that may affect Marshalls' performance is contained in the Annual Report to shareholders for the year ended 31 December 2023.

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

TSTMABFTMTABBLI