

20 November 2024

Hill & Smith PLC
Four month trading update

Full year expectations unchanged

Hill & Smith PLC ("Hill & Smith" or "the Group"), the international provider of sustainable infrastructure products and services, provides a trading update for the four-month period to 31 October 2024 ("the period").

Trading Performance and Outlook

Trading in the period has been positive, reflecting good momentum in our Engineered Solutions and Galvanizing Services divisions, particularly in the US. Revenue for the period was up 7.5% on a constant currency basis and 2% on an organic basis, an improvement on the first half growth rates. Group operating margin was ahead of the same period last year and cash conversion continues to be strong.

We expect FY24 operating profit to be in line with current analyst consensus^{†*}.

Trading by Division

The Engineered Solutions division delivered a robust performance, supported by strong demand across a range of US infrastructure markets. During the period, the Group acquired Whitlow, a manufacturer of structural steel substation components for the US electrical infrastructure market, and Trident Industries, a US based designer and supplier of composite utility poles. The integration of both businesses is progressing well, and initial trading is encouraging.

Galvanizing Services delivered good revenue and profit growth in the period, reflecting 13% volume growth in our higher margin US business and a resilient performance in the UK with volumes 7% higher than the same period last year.

Revenue and profit in the Roads & Security division were lower than the same period last year, partly reflecting the challenging UK market backdrop. In addition, the subdued performance in our US off-grid solar lighting business that we observed in H1 has continued, with softer demand levels from its largest customer.

Rutger Helbing, Chief Executive, commented:

"I have spent my first two months at Hill & Smith understanding the business, reviewing the strategy, visiting our operating companies and meeting our talented teams. This has reinforced my view that the Group is exposed to attractive infrastructure end markets with structural growth drivers and therefore has excellent prospects for further value creation for our shareholders. I will share my initial observations on the Group when we publish our preliminary results in March 2025.

The positive trading performance during the period reflects the strong momentum in demand for our products and services, particularly in the US, and the benefits of our focused M&A strategy"

Financial Calendar

The Group's preliminary results for the year ending 31 December 2024 are scheduled to be announced on 12 March 2025.

[†]

The current company compiled analyst consensus expectation for FY24 is for underlying operating profit of £139.1m, with a range of £135.9m-£145.1m.

^{*}

The current company forecast for FY24 assumes an average exchange rate of 1.28 US Dollar to 1 UK Pound, noting the previous guidance issued in August 2024 assumed an exchange rate of 1.27 US Dollar to 1 UK Pound. A one cent movement in the average US Dollar rate

currently results in an adjustment of approximately £4.0m to the Group's annual revenues and £1.0m to annual underlying operating profit.

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Notes to Editors

Hill & Smith PLC is a leading provider of sustainable infrastructure products and services. The Group employs c.4,250 people worldwide with the majority employed by its autonomous, agile, customer focussed operating businesses based in the US, UK, Australia and India. The Group head office is in the UK and Hill & Smith PLC is quoted on the London Stock Exchange (LSE: HILS.L).

The Group's operating businesses are organised into three main business divisions:

Galvanizing Services: increasing the sustainability and maintenance free life of steel products including structural steel work, lighting, bridges and other products for industrial and infrastructure markets.

Engineered Solutions: supplying engineered steel and composite solutions for a wide range of infrastructure markets including power generation and distribution, marine, rail and housing. The division also supplies engineered pipe supports for the water, power and liquid natural gas markets and seismic protection solutions.

Roads & Security: supplying products and services to support road and highway infrastructure including temporary and permanent road safety barriers, intelligent traffic solutions, street lighting columns and bridge parapets. In addition, the division includes two businesses which are market leaders in the provision of off-grid solar lighting and power solutions. The security portfolio includes hostile vehicle mitigation solutions, high security fencing and automated gate solutions.

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