

29 November 2024

CMO Group PLC

Q4 2024 trading update and outlook

CMO Group PLC ("CMO" or the "Group"), the UK's largest online-only retailer of building materials, today announces a trading update for the period up to 31 December 2024 ("Q4") and its expectations for the full year.

The second half of the year ("H2") continues to demonstrate underlying improvement in trading. However, in common with others and as widely reported, the drop in consumer confidence has caused a softness in the market in both the run-up to and following the new government's budget announcement which has resulted in a softness in performance in Q4. Despite this, CMO expects H2 to achieve a marked improvement in Adjusted EBITDA against H2 2023.

Financial performance

- On a Moving Average Total basis CMO has gained further share of the online Builders Merchant Market¹.
- Management action has delivered a further 25% improvement on recovery of the cost of carriage, on the 56% improvement in 2023.
- Operational efficiencies and cost savings of c.£1.7m delivered during the year.
- Margin rate improvements of 4.5% in the Building division year-on-year.
- The Tiles division has recovered to be margin positive, against a market decline of 17% YTD1.
- As previously reported Adjusted EBITDA2 in H1 was down £600k down year-on-year, but the Group expects H2 will be around 75% up year-on-year.

¹ Source: GfK. ² Adjusted EBITDA is defined earnings before interest, tax, depreciation and amortisation, foreign exchange, share option expense, and other costs as defined by management.

Balance Sheet

Net debt at the end of November is expected to be £5m. We continue to maintain a strong focus on cash, managing our cost base and working capital carefully.

Current Trading & Outlook

As a result of the softness in the market experienced so far in Q4 we now expect FY24 revenue to be in the range of £62-63m (FY 2023 : £71.5m) and FY24 Adjusted EBITDA to be in the range of £0.5-0.7m (FY 2023 : £900k).

Dean Murray, Chief Executive of CMO Group PLC, commented:

"The recent budget announcements by the new government have driven further challenges to an already difficult trading environment. This has resulted in declines in consumer confidence and a further squeeze on the availability of trade credit driving softness into the key trading period. Whilst we support the government's commitment to house building, we lend our voice to our peers in encouraging Chancellor of the Exchequer Rachel Reeves to rethink a number of the proposals due to come into effect in 2025.

I am proud of the management team who have successfully delivered a raft of operational efficiencies, and focussed on the controllable elements of margin, cost, and cash, so that we expect to deliver significant EBITDA growth in H2. The continued growth of our market share of the online Builders Merchant market demonstrates the resilience of our model. I am confident that the steps we have taken mean that CMO is prepared and primed for growth."

Enquiries

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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. The person responsible for arranging for the release of this announcement on behalf of the Company is [Jonathan Lamb, Chief Financial Officer].

About CMO Group PLC

Founded in 2008 as Construction Materials Online, CMO is the UK's largest online-only retailer of building materials. The Company is disrupting a £29 billion predominantly offline market with a digital first proposition and market leading product choice, supported by high quality customer service and technical expertise.

CMO has created category authority by offering market-leading ranges listing over 140,000 products through its many specialist SUPERSTORE websites which recently underwent exciting new rebranding.

It's unique digital hybrid service model, developed over more than 10 years, combines specialist advice and expertise tailored to category and customer needs online, to service the next generation of digital natives by bridging the gap between traditional bricks and mortar retailers and pureplay digital retailing. CMO has established trusted partnerships with manufacturers and supply partners across the UK. Its business model is asset light with most products drop shipped directly from the manufacturers to its customers. CMO's aim is to become the destination of choice for anyone building or improving homes in the UK, providing the widest range, backed by specialist expertise, and helpful customer solutions.

Forward looking statements

This announcement has been prepared by CMO Group PLC. To the extent it includes forward-looking statements, these statements are based on current plans, estimates, targets and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Neither CMO Group PLC, nor any of its officers, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. CMO Group PLC does not undertake any obligation, other than in accordance with our legal and regulatory obligations, to update or revise any forward-looking or other statement, whether as a result of new information, future developments or otherwise.

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