

21 January 2025

Marshalls

Full Year Trading Update and Notice of Results

Marshalls, a leading manufacturer of sustainable solutions for the built environment, provides the following trading update for the 12-month period ended 31 December 2024.

Overview

- Resilient performance in challenging market conditions:
 - Revenue of approximately £619 million (2023: £671 million)
 - Further strong reduction in net debt to £134 million (2023: £173 million)
 - The Board expects adjusted profit before tax for 2024 to be within the range of market expectations¹
- 'Transform & Grow' strategy launched and being rolled out at pace
- The Board believes that profitability in 2025 will be ahead of FY2024 with the rate of growth subject to the pace of market recovery and the benefits of the near-term actions being realised

Trading performance

The Group delivered full-year revenue of approximately £619 million (2023: £671 million), which is a year-on-year reduction of eight per cent.

Landscaping revenue was £268 million (2023: £321 million), which represents a reduction of 17 per cent. The segment delivered a progressive improvement in performance during H2 from the 23 per cent decline at the end of H1 to nine per cent in Q4. The full year performance reflects lower demand from house builders and continued subdued activity in private housing RMI. The Board remains focused on the near-term actions to improve the performance of the business, which were shared at the Capital Markets Event in November 2024.

Building Products revenue was £165 million (2023: £170 million), a modest reduction of three per cent, given weak demand in new build housing. The performance in Q4 and across H2 as a whole was broadly flat with an improved performance from bricks and mortars, offset by a weaker performance from the aggregates business.

Roofing revenue increased by four per cent during 2024 to £186 million (2023: £180 million). Revenue growth was strong in Q4, at 15 per cent, which comprised growth of around 75 per cent from Viridian Solar, capitalising on the Part L building regulations, and a return to growth in Marley.

Balance sheet and liquidity

The Group continues to strengthen its balance sheet ending the year with pre-IFRS16 net debt of £134 million (December 2023: £173 million). This reflected very strong cash conversion, and other one-off factors which amounted to approximately £9 million that are expected to reverse during the first quarter of 2025. The Group's revolving credit facility of £160 million was undrawn at the year-end, which, together with the reduced term loan, provides the Group with significant liquidity to fund its strategic and operational plans.

Strategy

Marshalls launched its 'Transform & Grow' strategy at its Capital Markets Event on 19 November 2024. The Group is well positioned to benefit from attractive sustainability-driven markets across bricks and masonry, water management and energy transition alongside the expected cyclical recovery in the core landscaping and roofing businesses. The Group's portfolio of businesses have enviable leadership positions within their markets, strong differentiated brand propositions and significant headroom for growth. Marshalls will prioritise customers that value its unique set of capabilities: leading brand portfolio; best in class technical support; and carbon leadership. The Group will continue to invest in these areas and in its people, business-wide enterprise excellence and leadership in ESG standards and governance.

Outlook

The Group's business units are well positioned to capitalise on the market recovery, which is expected to build progressively through the year. Continued market uncertainty and a £3 million increase in costs from higher National Insurance contributions prompt a cautious outlook and consequently the Group will maintain its disciplined approach to cost management. The Board believes that profitability in 2025 will be ahead of FY2024 with the rate of growth subject to the pace of market recovery and the benefits of the near-term actions being realised.

The Board also remains confident that the long-term market growth drivers and a focus on executing the 'Transform & Grow' strategy, will underpin a material improvement in profitability in the medium-term.

Notice of Results

The Group will announce its results for the year ended 31 December 2024 on 17 March 2025.

¹ Company compiled market consensus expectations for adjusted profit before tax in 2024 is £52.9 million, with a

range of £52.0 million to £53.7 million.

Matt Pullen, Chief Executive of Marshalls plc, said:

"We are pleased to report a resilient performance and further reduction in net debt. Despite subdued market activity throughout the year, our results underline the strength of our diversified portfolio of businesses.

Looking ahead to 2025, our focus will be on the execution of our new Transform & Grow strategy, capitalising on identified growth opportunities, continuing to drive performance in our core business, and maintaining a disciplined approach to investments and cost management."

Enquiries:

Marshalls plc

Matt Pullen, Chief Executive
Justin Lockwood, Chief Financial Officer
Simon Bourne, Chief Commercial Officer

+44 1422 314777

Hudson Sandler (Financial PR)

Mark Garraway
Harry Griffiths

+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: Landscaping; Roofing; and Building. At a Group, divisional and brand level, Marshalls' strategy centres around its customers who value its unique set of capabilities, namely leading brands, best in class technical and design support and carbon leadership. This is underpinned by business wide enterprise excellence, leadership in ESG governance and standards and its people, organisation, and culture.

The Group operates a national network of manufacturing and distribution sites. 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 sustainable solutions and 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.

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