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Mitie Group plc

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Q3 FY25 Trading Update

**Record quarterly revenue, growth +15% yoy
£59m free cash flow generated Q3 year-to-date
Full year guidance for operating profit of c.£225m**

Mitie Group plc ("Mitie" or "the Group") (LSE: MTO), the UK's leading facilities transformation company, today provides a trading update for the three-month period ("Q3 FY25") and the nine-month period ("Q3 YTD") ended 31 December 2024.

Q3 FY25 and Q3 YTD highlights

- Record quarterly revenue^[1] in Q3, up 15% yoy to £1,317m (Q3 FY24: £1,146m), reflecting strong operational delivery and continued execution of our strategic initiatives
- Good trading momentum, with Q3 revenue 4% above Q2 and 13% above Q1
- TCv^[2] of wins/renewals/extensions in Q3 YTD up 37% to £4.8bn (FY24 YTD: £3.5bn)
- Q3 YTD free cash flow generation of £59m (FY24 YTD: £62m), supporting proactive capital deployments
- £100m share buyback programme nearing completion (£90m spent to date at c.117p)
- Two strategic infill acquisitions completed in Q3; total YTD investment in higher growth, higher margin infill M&A of £49m^[3]
- Closing net debt of £246m (31 March 2024: £81m). Excluding £196m of mainly vehicle lease obligations, pre-IFRS 16 closing net debt was £50m (31 March 2024: £91m cash)
- Issued £60m of US Private Placement (USPP) notes fixed at 5.71% for 7-years, following the maturity of a £30m USPP note in December 2024
- The Group is on track to deliver operating profit before other items of c.£225m (FY24: £210m) and free cash flow of at least £100m (FY24: £158m) in FY25

Commenting on the results, Phil Bentley, CEO, said:

"In the foundation year of our new Facilities Transformation Three-Year Plan (FY25 - FY27), we have continued to make good strategic, operational and financial progress, reflecting our focus on growth markets and underpinned by attractive macro trends.

"Revenue growth in Q3 was slightly ahead of the half year outturn, and included the benefits from transformational projects work, scope increases and record new contract wins in earlier periods. Our contract wins and extensions/renewals are a leading indicator of future growth, and our strong performance once again in Q3 is therefore encouraging.

"Looking ahead, the investments we are making will enhance our growth and resilience by strengthening our market leading position, expanding our £25bn pipeline (+36% year-to-date) and driving cross-sell opportunities. We are confident in both the outlook for the full year, as well as our progress towards our ambitious medium-term targets."

Revenue growth

Mitie delivered another record revenue performance in Q3 FY25 with revenue up 15% to £1,317m (Q3 FY24: £1,146m). This reflected strong organic growth of 11% - inclusive of 2% contract pricing - through key account growth, scope increases and projects upsell.

Infill M&A contributed a further 4% of inorganic growth, including two strategic acquisitions completed during the period: Argus Fire - a leading fire systems business, for £37m; and Grupo Visegurity - a leading Spanish security business, for €9m.

Revenue also grew sequentially quarter-on-quarter, reflecting good trading momentum and the benefits from

investments in the foundation year of our Three-Year Plan. Q3 FY25 revenue was 4% ahead of Q2 FY25 (£1,266m), and 13% ahead of Q1 FY25 (£1,164m).

In Q3 YTD revenue of £3,747m was 14% ahead of the same period last year (£3,278m).

New contract wins and renewals/extensions

During the quarter we won, extended or renewed a number of significant contracts worth up to £1.1bn TCV (Q3 FY24: £0.9bn). Contract wins and extensions or renewals in the nine months to 31 December 2024 increased by 37% to £4.8bn (FY24 YTD: £3.5bn).

Notable Q3 FY25 wins included security for DVLA and Walgreens Boots Alliance, engineering for First Group, IFM for HMRC and cleaning for Pladis Global. Notable contract renewals and extensions included security for Byte Dance, Deutsche Bank and Marks & Spencer, IFM for St George's Hospital and Thales, and cleaning and landscaping for the Co-operative Group.

Q3 FY25 Divisional performance

Business Services

Revenue up 15% to £577m (Q3 FY24: £501m), benefiting from net contract wins, recent acquisitions (including Argus Fire and Grupo Visegurity), 'surge response' security work for the Home Office (which ended in October), and pricing. This more than offset the completion of the Afghan Relocations & Assistance Programme, the Inland Border Force contract and one notable Central Government contract that was not renewed at the end of FY24.

Technical Services

Revenue up 12% to £521m (Q3 FY24: £464m), benefiting from net contract wins, scope increases on existing contracts, acquisitions (including ESM Power) and projects. This more than offset one notable private sector contract that transitioned from Mitie to a global provider at the end of FY24 (although Mitie continues to deliver higher margin projects work).

Communities

Revenue up 21% to £219m (Q3 FY24: £181m), driven by pricing and a further increase in Immigration Escorting Services.

Share buyback programme

Our current £100m share buyback programme is nearing completion. In the year-to-date, 77m shares have been purchased at an average price of 117p and a cost of £90m. This includes c.11m shares held in treasury to satisfy Mitie's 2021 SAYE scheme, vesting in February 2025.

Liquidity and funding

In December 2024, Mitie issued £60m of USPP notes with a seven-year maturity at an interest rate fixed at 5.71%. This issuance followed the maturity of a £30m 12-year USPP note with a fixed interest rate of 4.04% in the same month. As a result, Mitie now has £430m of committed funding, comprising £180m of USPP notes with long-dated maturities between 2030 and 2034 at a blended average interest rate of 3.86%, alongside a £250m Revolving Credit Facility (RCF) maturing in October 2028.

Net debt

Period end net debt (post-IFRS 16) was £246m, an increase of £165m from 31 March 2024. Excluding lease liabilities of £196m, which largely relate to vehicles, period end covenant net debt (pre-IFRS 16) was £50m (31 March 2024: £91m net cash).

The YTD increase in net debt reflects £202m of proactive and growing capital deployments through dividends, buybacks, share purchases for incentive schemes and M&A, alongside a £22m increase in lease obligations as we continue to transition the fleet to EV. These cash investments and returns were funded by good Q3 YTD free cash flow generation of £59m (FY24 YTD: £62m), as well as additional debt funding in line with our medium-term leverage targets. Q3 YTD average daily net debt was £249m (FY24 YTD: £158m).

Outlook

We expect good revenue momentum to continue in Q4 (typically our strongest quarter), albeit against a strong prior year comparative for projects work, and with a reduced contribution from 'surge response' security work and M&A. As such, we expect Q4 revenue growth to moderate, resulting in low double-digit growth in FY25 - comfortably ahead of the wider FM market and our annual high single digit revenue growth target.

The acceleration we typically see in public sector projects work in the final quarter of each year means that our

the acceleration we typically see in public sector projects work in the final quarter of each year means that our annual free cash flow generation also tends to be weighted towards this period, as we often receive the cash from our customers towards the end of the year and pay suppliers early in the following year under our standard payment terms.

The good performance in Q3 underpins our confidence in delivering operating profit before other items of c. £225m and free cash flow of at least £100m in FY25.

Looking ahead to FY26, our contractual protections and strong customer relationships, alongside our track record of managing inflation and delivering cost saving programmes, position us well to manage the Autumn Budget National Insurance headwind. Discussions with customers to date have been encouraging, and we continue to expect to pass through or mitigate the impact of the additional costs, in line with the guidance in our H1 FY25 results.

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Revenue (including share of JVs and associates), £m	Q3: 3 months to 31 Dec 2024	Q3: 3 months to 31 Dec 2023 Restated*	% Increase / (decrease)	Q2: 3 months to 30 Sept 2024	% Increase/ (decrease) Q3 v Q2 FY25
Business Services	577	501	15.2%	566	1.9%
<i>Cleaning and Security</i>	401	325	23.4%	402	(0.2)%
<i>Central Government</i>	91	111	(18.0)%	86	5.8%
<i>Landscapes</i>	19	17	11.8%	16	18.8%
<i>Spain</i>	44	28	57.1%	40	10.0%
<i>Waste</i>	22	20	10.0%	22	0.0%
Technical Services	521	464	12.3%	469	11.1%
<i>Engineering</i>	377	337	11.9%	339	11.2%
<i>Defence</i>	144	127	13.4%	130	10.8%
Communities	219	181	21.0%	231	(5.2)%
<i>Local Government & Education and Healthcare</i>	158	135	17.0%	167	(5.4)%
<i>Care & Custody</i>	61	46	32.6%	64	(4.7)%
Mitie Group	1,317	1,146	14.9%	1,266	4.0%

*Restated to reflect the changes to divisional reporting from the start of FY25 (as reported in the H1 FY25 results)

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About Mitie

Founded in 1987, Mitie employs 72,000 colleagues and is the leading technology-led Facilities Transformation company in the UK. We are a trusted partner to around 3,000 blue chip customers across the public and private sectors, working with them to transform their built estates, and the lived experience for their colleagues and customers, as well as providing data-driven insights to inform better decision-making.

In each of our core services of engineering (hard services) and security and hygiene (soft services) we hold market leadership positions. We also deliver projects capabilities in the areas of power and grid connections, building fit outs & modernisation, decarbonisation, fire & security, and telecoms infrastructure. Our sector expertise includes central government, critical national infrastructure, defence, financial services, healthcare & life sciences, local government & education, retail & logistics and transport & aviation.

We hold industry-leading ESG credentials, including a place on the CDP Climate change A List, and we have received multiple industry awards recently including B2B Marketing Team of the Year, Best Low Carbon Solution and Net Zero Carbon Strategy of the year. Targeting Net Zero by the end of 2025, our ambitious emissions reduction plans have been validated by the Science Based Targets initiative (SBTi). We have been recognised as a UK Top Employer for the seventh consecutive year and Most Admired Company in the Support Services sector. Find out more at www.mitie.com.

^[1] Including share of JVs and associates

^[2] Total Contract Value, including estimates for projects and variable works

^[3] Net of cash acquired and excluding performance-linked earnouts

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