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Mitie Group plc

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Q3 FY26 Trading Update

**Continued strategic momentum, with revenue up 10%
£74m free cash flow generated Q3 year-to-date
On track to deliver operating profit >£260m and FCF >£120m in FY26**

Mitie Group plc ("Mitie" or "the Group") (LSE: MTO), the UK's leading Facilities Management, Transformation and Compliance company, provides a trading update for the three-month period ("Q3 FY26") and the nine-month period ("Q3 YTD") ended 31 December 2025.

Q3 FY26 and Q3 YTD Highlights

- Sustained double digit revenue growth in Q3 FY26, up 10% to £1,447m (Q3 FY25: £1,314m), including 4% organic growth against a strong prior year comparative
- Contract wins and extensions/renewals of £4.7bn TCV^[1] in Q3 YTD (FY25 YTD: £4.8bn)
- Pipeline of bidding opportunities up 28% to £30.4bn (end FY25: £23.7bn)
- Good free cash flow generation of £74m in Q3 YTD (FY25 YTD: £59m)
- 48m shares (£71m) repurchased via buyback programme and for colleague incentive schemes YTD
- Post-IFRS 16 average net debt of £402m Q3 YTD (2025 YTD: £249m), reflecting Marlowe acquisition
- Marlowe bridge facility refinanced with £180m of US Private Placement notes in November
- Marlowe integration progressing well: significant synergies and cross sell opportunities
- Acquisition of Forest Group, a commercial refrigeration maintenance company, and RMS, an installer of large industrial heat pumps/heat exchangers with specialist skills in the Water industry

Outlook

- Significant contract award (up to 656m over eight years) in Q4 to Mitie (30%)/Amentum (70%) joint venture to provide FM services for US Navy at Diego Garcia military base
- Double-digit revenue growth to continue in Q4; typically, our strongest quarter for revenue, operating profit and cash generation due to increased projects work and winter services
- On track to deliver double digit revenue and operating profit growth to c.£5.7bn and at least £260m, respectively, alongside free cash flow of at least £120m in FY26

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

"We delivered another good trading performance in the third quarter, following five consecutive half year periods of double-digit revenue growth - significantly outpacing the UK FM market. The integration of Marlowe continues at pace with the first synergies expected in the balance of the year. A number of significant compliance bids have been submitted, and the client response to our expanded offering after only five months of ownership is encouraging.

"Our pipeline and order book are at record levels, driven by long-term macro trends, and the investments we have made in our capabilities, sales & marketing and AI.

"We remain on track to deliver our FY25-FY27 Strategic Plan targets and have built good foundations for sustained growth and shareholder value creation beyond FY27, as we unlock the value in our customers' estates through our Facilities Management, Facilities Transformation and Facilities Compliance capabilities."

Revenue growth

Revenue in Q3 increased 10% to £1,447m compared with the same quarter last year (Q3 FY25: £1,314m). Organic growth of 4% reflected net wins and scope increases on existing contracts alongside projects work and pricing, against a strong prior year comparative which had benefited from short-term 'surge response' security work. M&A contributed a further 6% of inorganic growth, primarily relating to the Marlowe acquisition.

Revenue also grew sequentially quarter-on-quarter, reflecting good trading momentum. Q3 FY26 revenue was 4% better than Q2 FY26 (£1,395m), and 13% better than Q1 FY26 (£1,282m). Q3 YTD revenue of £4,124m was 10% better than the same period last year (£3,740m).

Contract wins and extensions/renewals

During the quarter we won, extended or renewed contracts with up to £0.9bn TCV (Q3 FY25: £1.1bn). Contract wins and extensions or renewals of £4.7bn in the nine months to 31 December 2025 were at a similar level to the prior year (FY25 YTD: £4.8bn).

Notable new wins included a £100m per annum five-year hygiene contract for TfL; hygiene and security services for Imperial College London and Universidad Rey Juan Carlos in Spain; security services for Asda, Lidl and Eurostar; power & grid projects work for Octopus Energy, Revera UK Operation and Co-operative Group; and projects and compliance work for Lloyds Banking Group. Notable contract renewals and extensions included KPMG Ireland; London Fire Brigade; National Healthcare; Park Estate Management; and West Midlands Ambulance Service NHS.

London Fire Brigade; National Highways; Real Estate Management; and West Midlands Ambulance Service NHS Trust.

Our bidding pipeline stands at £30.4bn (end FY25: £23.7bn), comprising Facilities Management opportunities of £24.3bn (end FY25: £18.9bn) and Projects opportunities of £6.1bn (end FY25: £4.8bn). The pipeline does not yet include bidding opportunities relating to Marlowe, where we continue to see significant potential for our expanded compliance offering.

Q3 FY26 Divisional performance

Business Services

Revenue of £789m was 21% better than the same quarter last year (Q3 FY25: £650m), despite the prior year completion of short-term 'surge response' work in Security and the completion of one notable public sector contract with material projects won in Central Government. Growth was driven by acquisitions (primarily Marlowe), net wins, fire safety & security projects and pricing.

Hygiene & Environmental Services benefited from prior and current year wins whilst in Immigration & Justice HMP Millsike became operational last April. Growth in our Spanish business reflected new contract wins and the acquisition of SPM in November, our third security business acquired in Spain.

Technical Services

Revenue of £658m was 1% lower than the same quarter last year (Q3 FY25: £665m), primarily driven by the loss of the low margin BBC contract at the end of FY25, and the planned exit from unprofitable contracts in the telecoms infrastructure business. These reductions were partially offset by new contract wins (such as with the Metropolitan Police Service) and projects, including the construction of the second of four planned data centres at the Kao Data campus in Harlow.

In Defence, growth was primarily driven by increased projects work across the Landmark military estate and overseas bases. The slight reduction in revenue in Healthcare, Local Government and Education reflected contracts that were not renewed, whilst the reduction from Q2 FY26 reflected seasonality in planned capital projects in the Education sector, which typically peak during the summer holiday period.

Marlowe integration

In August, Mitie extended its leadership position into the fast-growing Facilities Compliance market through the acquisition of Marlowe, creating unique 'Total Fire & Security' and 'Total Managed Water' offerings.

The Marlowe integration programme continues to progress well, with the early delivery of synergies expected through the transfer of Marlowe's Alarm Receiving Centre (ARC) operations to Mitie's ARC in Northern Ireland. Key integration workstreams include optimisation of field force deployments onto a single AI-enabled system; consolidation of certain roles and responsibilities in Finance, HR, IT and Admin; rationalisation of the Marlowe property portfolio; and the migration of Marlowe onto Mitie's cyber-secure and AI-enabled systems, which has moved from planning to implementation with half of the Marlowe workforce now on Mitie's payroll system.

We are also making good progress with the identification and implementation of opportunities to cross sell Marlowe's regulatory-driven compliance services to Mitie clients. We have established specialist sales capabilities, and we are evolving our Total Managed Water offering into an integrated solution for long term water resilience and sustainability, having engaged specialist consultants to review the opportunities in the latest Water Industry Regulatory Cycle (Asset Management Period 8; £104bn investment 2025-2030).

Recent awards to existing Mitie customers in Total Managed Water include to University College London Hospitals, HMRC, Alder Hey Children's NHS Foundation Trust and Russells Hall Hospital. Recent Total Fire & Security awards include Heathrow Immigration Removal Centre and Rolls Royce. Additionally, Mitie's existing compliance works that are subcontracted to third parties continue to be transitioned to Marlowe.

Share buyback programme and share purchases for incentive schemes

Our current 12-month share buyback programme for £100m (launched on 14 October) is underway. In the year-to-date, 27m shares (£43m) have been purchased at an average price of c.160p. This includes 2m shares (£3m) purchased in the first two weeks of our previous programme (launched last April), which was paused to accommodate the Marlowe acquisition. 22m shares have been cancelled, and the remaining 5m shares have been held in treasury to fulfil Mitie's 2022 Save As You Earn scheme, vesting in February 2026. Separate to the buyback programme, 21m shares (£28m) have been purchased to fulfil colleague incentive schemes.

Liquidity and funding

To facilitate the Marlowe acquisition, we put in place a £240m short-term bridge facility, which was fully drawn down upon completion of the acquisition in August. In October, £60m of the bridge loan was repaid, and the balance was refinanced by the issuance of £180m of US Private Placement (USPP) notes on 12 November. The new USPP notes have maturities of between 3-7 years with a weighted average coupon of 5.44%. Mitie now has £360m of committed funding with maturities between 2028-2034, at an overall weighted average interest rate fixed at 4.65%, alongside a £250m Revolving Credit Facility maturing in October 2028.

Net debt

Average daily net debt (post-IFRS 16) was £402m in Q3 YTD (FY25 YTD: £249m) and period end net debt was £497m (end FY25: £199m). Excluding lease liabilities of £207m, which largely relate to vehicles, period end net debt (pre-IFRS 16) was £290m (end FY25: £2m).

The £298m increase in closing net debt reflects £363m of capital deployments relating to M&A (including £228m cash consideration for Marlowe) as well as dividends, share buybacks, share purchases for colleague incentive schemes, earnouts and Marlowe transaction costs, alongside a £9m increase in lease obligations due to the addition of Marlowe vehicles and leased properties. These cash investments and returns were funded by good Q3 YTD free cash flow generation of £74m (FY25 YTD: £59m), as well as additional USPP note funding, in line with our FY25-FY27 target of 0.75-1.5x average daily net debt/EBITDA (post-IFRS 16).

Outlook

We expect our double-digit revenue growth rate to continue in Q4, which is typically our strongest quarter for revenue, operating profit and cash generation, due to increased projects work in the public sector as well as winter services.

Our continued good performance in Q3 underpins our confidence in delivering double digit revenue and operating profit growth compared to the prior year, and free cash flow of at least £120m in FY26.

Looking ahead, Mitie's momentum is underpinned by a record pipeline and order book; positive macro trends in the built environment; and a business model uniquely positioned as the UK leader in Facilities Management, Facilities Transformation and Facilities Compliance. We therefore remain confident in delivering our FY25-FY27 Strategic Plan targets.

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Revenue, £m	Q3: 3 months to 31 Dec 2025	Q3: 3 months to 30 Dec 2024 Restated ¹	%Increase/ (decrease)	Q2: 3 months to 30 Sept 2025	%Increase / (decrease) Q3 v Q2 FY26
Business Services	789	650	21%	741	7%
Security	309	283	9%	293	5%
Hygiene & Environmental services	173	161	7%	172	1%
Central Government	87	91	(4)%	94	(7)%
Immigration & Justice	83	71	17%	78	6%
Marlowe	76	0	n.m	51	49%
Spain	61	44	39%	53	15%
Technical Services	658	665	(1)%	654	1%
Engineering	352	370	(5)%	350	1%
Defence	157	144	9%	136	15%
Healthcare, Local Government & Education	149	151	(1)%	168	(11)%
Mitie Group	1,447	1,314	10%	1,395	4%

¹ Restated to reflect the change in reportable segments effective from 1 April 2025 (first reported in H1 FY26)

For further information

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About Mitie: The Future of High Performing Places

Founded in 1987, Mitie employs 84,000 colleagues and is the leading technology-led Facilities Management, Transformation and Compliance company in the UK. We are a trusted partner to 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 transformational projects in the areas of power and grid connections, building fit outs & modernisation, decarbonisation, fire safety & security and telecoms infrastructure, alongside compliance capabilities in fire safety & security and environmental services. Our sector expertise includes central government, critical national infrastructure, defence, financial services, healthcare & life sciences, local government & education, retail & logistics, manufacturing & media and transport & aviation.

We hold industry-leading ESG credentials, including a place on the CDP Climate change A List, and we have received multiple awards including Best Low Carbon Solution and Net Zero Carbon Strategy of the year. We have validated science-based targets that support our ambitions to reach Net Zero. We have been recognised as a UK Top Employer for the eighth consecutive year. We are also ranked 16th in the Top 100 Apprenticeship Employers and tenth in the Inclusive Top 50 UK Employers list. Find out more at www.mitie.com

[1] Total Contract Value (TCV); including estimates for projects and variable work

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