

22 July 2025
Mitie Group plc

Q1 FY26 Trading Update

Continued strong trading momentum: Q1 revenue growth of 10%
Acquisition of Marlowe plc expected to complete in early August

Mitie Group plc ("Mitie" or "the Group") (LSE: MTO), the UK's leading Facilities Management and Transformation company, provides a trading update for the three-month period ended 30 June 2025 ("Q1 FY26" or the "period").

Q1 Highlights

- Revenue¹ grew by 10.1% to £1,282m (Q1 FY25: £1,164m), including 8.0% organic growth driven by net wins and scope increases, projects growth and pricing
- Contract wins and extensions/renewals of £1.2bn TCV² against a record prior year comparative (Q1 FY25: £2.0bn), including several notable new key accounts
- Record £29.0bn pipeline of bidding opportunities, up 22% over the period (FY25: £23.7bn)
- Continued progress with margin enhancement initiatives; on track to mitigate the balance of the increase in employer's National Insurance Contributions not being commercially recovered
- Closing net debt of £240m (31 March 2025: £199m), reflecting capital deployments, a seasonal working capital outflow and leases. Average daily net debt of £238m (Q1 FY25: £173m)
- DBRS Morningstar confirm BBB investment grade credit rating remains unchanged
- Creation of a market leader in 'Facilities Compliance', with c.£350m recommended cash and share offer receiving 98% support from Marlowe shareholders; completion expected 4 August

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

"In the first quarter of our new fiscal year we have maintained strong trading momentum, with double digit revenue growth. Our core Facilities Management offer grew by 7.3%, as we secured and extended a number of key accounts, whilst Facilities Transformation – delivered through client projects work – grew by 12.8%, against a strong prior year comparative.

"The acquisition of Marlowe, announced in June, represents a key step in our Strategic Plan. Facilities Compliance is an increasingly business-critical need for our customers, and we see significant opportunities to benefit from greater scale in this high growth sector. The overwhelming support from Marlowe's shareholders reflects the compelling strategic and financial rationale for the Mitie offer, and will enable them to participate in further value creation as Mitie shareholders. We look forward to welcoming the Marlowe team and executing our integration programme, delivering at least £30m of cost synergies and cross selling these high value services to Mitie's customers.

"With today's strong update, we remain on track to deliver our ambitious Strategic Plan, pivoting Mitie from being the UK leader in Facilities Management to the leader in technology and project-led Facilities Transformation and, with the acquisition of Marlowe, a leader in Facilities Compliance."

Revenue growth

Revenue for the period increased by 10.1% to £1,282m compared with the same quarter last year (Q1 FY25: £1,164m), significantly ahead of UK FM market growth of c.3%. This strong performance included organic growth of 8.0% (inclusive of 3.6% pricing), driven by net wins and scope increases on existing contracts, alongside projects work. Infill M&A contributed a further 2.1% of inorganic growth through the prior year acquisitions of Argus Fire, ESM Power and Grupo Visegurity, all of which are performing strongly.

¹ Including share of joint ventures and associates

² Total Contract Value (TCV); including estimates for projects and variable work

Contract wins and extensions/renewals

During the quarter we won, extended or renewed contracts with up to £1.2bn TCV, following a record outturn in the same period last year (Q1 FY25: £2.0bn), which had included two notable public sector wins totalling c.£0.5bn and the extension of our largest private sector contract.

Notable new wins included IFM contracts for Aviva and Hull University Teaching Hospitals NHS Trust, immigration services for the Home Office, security services for the Metropolitan Police Authority, engineering services for Transport for London and cleaning for Walgreens Boots Alliance.

Notable contract renewals and extensions included AS Watson Group, Central London Community Healthcare NHS Trust, Defence Infrastructure Organisation, Manchester Airports Group, Starbucks, Scottish Parliament and Transport for London (security services).

Q1 FY26 Divisional performance

Business Services

Revenue of £598m was 16.6% better than the same quarter last year (Q1 FY25: £513m), driven by net wins, scope increases, projects (including security systems and other works for Scottish Power and integrated fire & security systems for Google data centres), pricing and the contribution from prior year acquisitions. All sub-divisions delivered good growth yoy, with the exception of Central Government, which reduced by 6.1% due to the completion of certain larger programmes of projects work in FY25. Revenue in our Spanish business grew by 30.8% yoy, reflecting new contract wins, scope increases and the acquisition of Grupo Viseguridad.

Technical Services

Revenue of £466m was 5.0% better than the same quarter last year (Q1 FY25: £444m), primarily driven by prior year wins (including Dublin City University and Great Western Railway), scope increases and projects work (including energy audits for McDonalds, a data centre grid connection for Telehouse West, and the build of a data centre campus in Harlow), offset by one notable public sector contract that was not renewed at the end of FY25.

Communities

Revenue of £218m was 5.3% better than the same quarter last year (Q1 FY25: £207m), largely reflecting higher projects volumes and lifecycle works across healthcare, local government and education contracts, pricing and net wins (including HMP Millsike and Coventry & Rugby Hospital in the prior year).

Update on recommended offer for Marlowe plc

On 5 June, we announced the c.£350m recommended cash and share offer for Marlowe plc ("Marlowe"), a leading business-critical services provider in the fast growing £7.6bn Testing, Inspection and Certification market. The combination establishes a market leading Facilities Compliance platform for Mitie and accelerates the delivery of our Strategic Plan. The transaction has received overwhelming support from Marlowe's shareholders, who voted 98% in favour of the Court-sanctioned scheme of arrangement ("Scheme") on 16 July. All regulatory approvals have also been met.

Subject to the satisfaction or waiver of the remaining conditions set out in the Scheme document, the next milestones will be the Court Sanction Hearing on 31 July 2025 followed by the Effective Date of the Scheme (i.e. completion) on 4 August 2025.

Capital deployments

Our capital deployments are determined by the best use of capital to deliver attractive returns to shareholders and drive growth in the business, while maintaining a strong financial position, and leverage within our 0.75-1.5x target range (post-IFRS 16 average net debt / EBITDA).

In light of the Marlowe acquisition, we have temporarily paused our £125m share buyback programme (launched on 16 April). Within the programme, 2m shares were purchased at a cost of £3m during the period, which are being held in treasury to fulfil the 2022 Save As You Earn scheme. Separately, we also purchased 12m shares at a cost of £15m into our Employee Benefit Trust during the period to fulfil employee incentive schemes.

Mitie has a strong balance sheet and expects to deliver annual free cash flow of £150m by FY27. Following the Marlowe acquisition, we expect leverage to quickly reduce from the top end of our target range in FY26, through good free cash flow generation and increasing profitability. This will provide further capital deployment opportunities, including the return of surplus funds to shareholders via the recommencement of share buyback programmes. We will maintain our progressive dividend policy (30-40% payout ratio) and continue to pursue infill M&A opportunities that are a good strategic fit for our business.

Net debt

Net debt at 30 June 2025 was £240m, an increase of £41m from 31 March 2025. This increase partially reflects an expected seasonal working capital outflow, as we pay our supply chain for the increased volume of project works undertaken in the final quarter of the prior year, as well as the ongoing investment into our projects business. There have also been capital deployments totalling £20m (the share purchases outlined above plus Landmarc dividends) alongside a £1m increase in lease obligations as we continue to transition our fleet to EV. Average daily net debt was £238m (Q1 FY25: £173m).

END

Revenue (including share of joint ventures and associates), £m	3 months to 30 June 2025	3 months to 30 June 2024	% Increase/(decrease)
Business Services	598	513	16.6
Security	288	231	24.7
Hygiene	127	109	16.5
Central Government ¹	93	99	(6.1)
Spain	51	39	30.8
Waste	23	20	15.0
Landscapes	16	15	6.7
Technical Services	466	444	5.0
Engineering maintenance and projects	341	326	4.6
Defence ¹	125	118	5.9
Communities	218	207	5.3
Local Government & Education	73	66	10.6
Healthcare	82	77	6.5
Care & Custody ¹	63	64	(1.6)
Mitie Group	1,282	1,164	10.1

¹ Restated to reflect the changes to divisional reporting effective from 1 April 2024 (first reported in H1 FY25)



For further information

Kate Heseltine

Group IR and Corporate Finance Director

M: +44 (0)738 443 9112 E: kate.heseltine@mitie.com

Claire Lovegrove

Director of Corporate Affairs

M: +44 (0)790 027 6400 E: claire.lovegrove@mitie.com

Neil Bennett

H/Advisors Maitland

M: +44 (0) 790 000 0777 E: mitie@h-advisors.global

About Mitie: *The Future of High Performing Places*

Founded in 1987, Mitie employs 76,000 colleagues and is the leading technology-led Facilities Transformation company in the UK. We are a trusted partner to a diverse range of 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, manufacturing, media, 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 'Britain's Most Admired Company' in the Support Services sector. We are also ranked 16th in the Top 100 Apprenticeship employers and ninth in the Inclusive Top 50 UK Employers list. Find out more at www.mitie.com.