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Mitie Group plc

Q1 FY27 Trading Update

Continued momentum, with double-digit revenue growth
Good contract wins and renewals support future revenue visibility
Confidence in delivering FY25-FY27 Strategic Plan; foundations in place for FY28+

Mitie Group plc ("Mitie" or "the Group") (LSE: MTO), the UK's leading technology-led Facilities Management (FM), Transformation and Compliance company, provides a trading update for the three-month period ended 30 June 2026 ("Q1 FY27" or the "period").

Q1 Highlights

- Revenue up 10% to £1,406m (Q1 FY26: £1,282m), including 4% organic growth driven by new wins, projects growth and pricing, net of 2% impact from prior year Technical Services contract losses
- Contract wins and extensions/renewals up 33% to £1.6bn TCV[1] (Q1 FY26: £1.2bn), reflecting the growth in FM services and widening capabilities in transformational projects and compliance
- Record £32.5bn bidding pipeline (end FY26: £31.7bn), with >70% due to be awarded in next 18 months
- Strong start to Marlowe cross-sell opportunities, with pipeline at c.£700m ACV[2] following launch event for >200 Mitie clients; integration progressing at pace
- Agentic coding to reimagine and optimise internal workflows and customer-facing solutions in production; savings profile for FY28 being developed
- Closing net debt of £477m (end FY26: £450m), reflecting a low seasonal free cash outflow of £13m (Q1 FY26: £21m; Q1 FY25: £56m) and capital deployments of £22m, offset by an £8m reduction in leases
- BBB investment grade credit rating reconfirmed by DBRS Morningstar

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

"I am pleased we have made a good start to the year, maintaining double-digit growth despite the impact of contract losses last year. Wins and renewals in the period were stronger than last year and will continue to improve with the new management team in Technical Services and the strength of our integrated, technology-led service proposition.

With a strong order book and bidding pipeline, momentum will grow as we deliver our FY25-FY27 Strategic Plan and begin to look beyond, with the strategic foundations in place for FY28+. The Marlowe acquisition has broadened our Facilities Compliance capabilities and is creating significant cross-sell opportunities with our FM customers. Alongside this, our focus on capturing greater client share of wallet, winning more higher-margin Facilities Transformation projects and deploying agentic AI across the business is expected to continue delivering above-market growth and margin expansion over the medium-term."

Revenue growth

Revenue for the period increased by 10% to £1,406m (Q1 FY26: £1,282m), ahead of UK FM market growth of c.2-3%. This performance included organic growth of 4% (inclusive of 2% pricing but after absorbing a 2% impact from contract losses in Technical Services last year), driven by new wins and projects work. M&A contributed a further 6% of inorganic growth, primarily driven by the prior year acquisition of Marlowe.

[1] Total Contract Value (TCV); including estimates for projects and variable work
[2] Annual Contract Value (ACV), including early-stage prospects and excluding Fire & Security capital projects

Contract wins and extensions/renewals

During the quarter we won, extended or renewed contracts with up to £1.6bn TCV (Q1 FY26: £1.2bn). Notable wins included IFM, engineering projects and compliance work for Nationwide Building Society, building on our existing Hygiene contract; Engineering services at AstraZeneca's global research hub and AS Watson, building on our existing Security contract; additional Hygiene services for TfL, following the prior year contract award; wins at Kingston and North Cumbria hospitals; Security for Airbus; and Power & Grid projects work for an international e-commerce customer. Notable contract renewals and extensions included BBC Security, Civilian Guard Force (Sellafield), Co-operative Group and Unibail Rodamco Westfield, as well as the Nationwide hygiene contract noted above.

Our retention rate of 91% (Q1 FY26: 86%) has improved and reflects our good sales momentum in the business, and the revenue benefits of new wins will play out later in the year, post-mobilisation.

Divisional performance

Business Services

We had a very strong quarter in Business Services, with Q1 revenue up 23% to £829m (Q1 FY26: £674m), driven by prior year wins in Security & Hygiene (including Asda, Aviva, Boots, Lidl, TfL and Aena Canarias in Spain), a good contribution from the prior year acquisition of Marlowe, and fire & security capital projects. All sub-divisions delivered good year-on-year growth, with the exception of Central Government, which, as expected, reduced by 14% due to the loss of the high margin DWP contract that completed at the end of H1 FY26. Continued strong growth of 30% in our Spanish business reflects good performance and momentum.

Technical Services

With a new management team in place, Technical Services is still lapping the impact of lost contracts in FY26 and therefore Q1 revenue of £577m was, as expected, 5% lower (Q1 FY26: £608m), compounded by a reduction in training hours across the Landmarc miliary training estate, and the phasing of projects and lifecycle works in Healthcare, Local Government and Education. This was partially offset by good growth in Facilities Transformation projects work (including data centre capital projects delivered by JCA Engineering) and two infill acquisitions – Forest Group (refrigeration) and RMS (heat pumps).

The new leadership team have a clear technology-led growth agenda, and early benefits are evident in materially improved wins and retention rates in the period (having already secured c.70% of our sales target in FY27, with the value secured representing a c.150% increase on the same period last year). This will improve performance in the balance of the year.

Marlowe integration

We have made a fast start in Q1 in the delivery of synergies from the Marlowe acquisition, with ongoing savings from the optimisation of field force deployments onto a single platform; consolidation of further roles and responsibilities; continued property rationalisations; and the migration of Marlowe onto Mitie's cyber-secure and AI-enabled core systems. Some c.300 FTEs have left the business and the main 25,000 sq ft Fire & Security office at Salford Quays is expected to be fully closed by December 2026.

Over 200 Mitie customers met in early July at the launch of our Total Fire & Security and Total Managed Water Solutions event. New sales teams, price lists and bonus schemes are in place and already our pipeline has grown by c.10 times to c.£700m ACV. This will underpin the accelerated growth that we are expecting in the balance of the year.

Contract awards in Total Fire & Security included AS Watson, One Aim (Sellafield), UK Atomic Energy Authority and VMO2. Environmental and Total Managed Water successes included a contract award to carry out Radon testing across BT's estate and securing an eight-year Scottish Water framework for centrifuge and lime plant hire. The recent £128m, 10-year contract to provide AWE with water network management services and projects work is being mobilised and good order momentum across Utilities, industrial wastewater, commercial swimming pools and water treatment hire services will contribute in the second half of the year.

Process Reimagination and Optimisation (PRIO)

The investment we have made in technology and data over almost a decade provides a strong platform for our programme to reimagine and optimise both our internal workflows and customer-facing solutions through agentic AI, working with best-in-class partners across AI, software engineering and process optimisation.

Since commencing in April, the programme has moved from mobilisation into solution delivery, with eight priority domains advancing through discovery, design, and proof-of-concept and now into production. Work across Engineering Field Force, Hire-to-Retire, Cleaning and Security is focused on the deployment of AI, automation and workflow redesign, building the foundations for enhanced service outcomes and a more scalable operating model. Agentic solutions for recruitment and vetting go live in Q2 FY27 and a new Schedule Optimiser, together with a new Field Force AI-enabled digital hand-held platform, will be launched in Q3 FY27.

Over the medium-term, benefits from the scalable solutions of the programme are expected to significantly exceed the initial £20-25m cost of delivery, as growth from our pipeline is delivered.

Capital deployments

Our capital deployment policy is focused on the best use of capital to deliver superior returns to shareholders and drive long-term growth in the business, while maintaining a strong balance sheet, with leverage of between 0.75-1.5x (average daily net debt/EBITDA). Mitie generates sustainable annual free cash flows, with a target of £150m in FY27.

During the period, we purchased 11m shares for £18m via our £100m, 12-month share buyback programme, which commenced in October 2025. To date, a total of 49m shares have been purchased for £81m within the programme. Further capital deployments of Landmarc dividends and acquisition earnouts (£4m) were offset by an £8m reduction in vehicle lease obligations.

Net debt

Net debt at 30 June 2026 was £477m, an increase of £27m from 31 March 2026. Typically, Q1 working capital is an 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. However, the Q1 free cash outflow was only £13m, compared to £21m in Q1 FY26 and £56m in Q1 FY25.

Average daily net debt was £523m (Q1 FY26: £238m), with the increase reflecting the acquisition of Marlowe in August 2025, and other capital deployment actions.

Business Services[1], £m	**3 months to 30 June 2026**	**3 months to 30 June 2025**	**% Increase/(decrease)**
Security	309	269	15%
Hygiene & Landscapes	166	134	24%
Facilities Compliance (incl. Marlowe)	127	52	144%
Central Government	80	93	(14)%
Immigration & Justice	80	75	7%
Spain	67	51	31%
Total	**829**	**674**	**23%**

Technical Services[1], £m	3 months to 30 June 2026	3 months to 30 June 2025	% Increase/(decrease)
Engineering maintenance and projects	311	333	(7)%
Defence	121	125	(3)%
Healthcare, Local Government & Education	145	150	(3)%
Total	**577**	**608**	**(5)%**

Group, £m	3 months to 30 June 2026	3 months to 30 June 2025	% Increase/(decrease)
Business Services	829	674	23%
Technical Services	577	608	(5)%
Total	**1,406**	**1,282**	**10%**

[1] Restated to reflect the changes to divisional reporting first reported in the FY26 results

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 a diverse range of large 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 Facilities Management service lines of Engineering Maintenance (hard services) and Security and Hygiene (soft services) we hold leading positions. We deliver Facilities Transformation projects in higher growth categories including buildings infrastructure, data centres, decarbonisation technologies, fire & security capital projects and power & grid connections, alongside Facilities Compliance capabilities in Fire & Security and Water & Environmental services. 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 the CDP Climate and Supply Chain 'A List', and we have received multiple industry awards recently including Best Low Carbon Solution and Net Zero Carbon Strategy of the Year. We have been recognised as a 'UK Top Employer' for the eighth consecutive year, as well as being ranked 16th in the Top 100 Apprenticeship Employers and tenth in the Inclusive Top 50 UK Employers list. We were recently awarded a Royal Warrant by appointment to His Majesty King Charles for services to the Royal Household. Find out more at www.mitie.com.