

Mitie delivers strong Q3 FY24 Performance with Continued Growth Initiatives

2 years ago



[Mitie Group plc](#) reported a robust performance in Q3 FY24, achieving record revenue of £1,146 million, a 14% increase compared to the same period last year. This growth was driven by organic expansion, including contract re-pricing and upselling within Key Accounts and Projects, complemented by infill M&A.

This increase reflected organic growth of 10.0%, inclusive of 4.1% contract re-pricing, through Key Accounts (net contract wins and losses and contract growth) and Projects upsell. Infill M&A completed since 1 October 2022 contributed a further 4.0% of inorganic growth.

Revenue has also grown sequentially in each quarter, reflecting good trading momentum and the increasing contribution from strategic growth initiatives. Q3 FY24 revenue of £1,146m was 6% ahead of Q2 FY24 (£1,079m), and 9% ahead of Q1 FY24 (£1,053m).

In the nine months to 31 December 2023 revenue of £3,278m was 12% ahead of the same period last year (£2,928m).

Strategic acquisitions remained a key growth driver, with Cliniwaste (healthcare plastic waste treatment) and GBE Converge Group (fire and security solutions) joining the Mitie portfolio in Q3 for a combined consideration of £21 million. GBE complements the recent acquisition of JCA Engineering, further bolstering Mitie's presence in the construction, data center, and ICT sectors.

Across divisions, performance was commendable:

- **Business Services:** Revenue rose 7% year-on-year to £381 million, fueled by contract re-pricing, acquisitions, projects and variable works, and net contract wins.

- Technical Services: Revenue surged 19% to £337 million, benefiting from acquisitions, net wins, and continued growth in projects and variable works, particularly for the National Air Traffic Services contract.
- Central Government and Defence (CG&D): Revenue jumped 19% to £237 million, primarily driven by project work across major contracts and the consolidation of the Landmarc military training estate as a subsidiary.
- Communities: Revenue climbed 17% to £191 million, boosted by contract re-pricing and increased service provision for the Immigration Escorting Services contract.

Mitie's £50 million share buyback program is nearing completion, with 45 million shares purchased at an average price of 98p in the nine months to 31 December 2023. Additionally, the successful 2020 SAYE scheme, exercised by 24 million shares so far, is anticipated to yield further share buybacks using the approximately £8 million in exercise receipts.

Net debt stood at £122 million at the period end, reflecting strong free cash flow generation (£62 million) reinvested in planned capital deployment actions, including the buyback program, employee incentives, acquisitions, and dividends.

Although project work comparisons will be stronger in Q4, revenue growth is still expected to reach mid-single digits, exceeding the wider FM market. With its strong performance and ongoing margin enhancement initiatives, Mitie is on track to deliver operating profit before other items of at least £190 million in FY24.