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Mitie FY25 Trading Update and launch of new share buyback programme

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Highlights

- Record revenue: up c.13% to c.£5.1bn (FY24: £4.5bn), including c.9% organic growth; Q4 revenue growth of c.9%, ahead of guidance, reflecting good projects demand
- Significant contract award: (£136m p.a. for 7+3 years) from the Department for Work and Pensions (DWP) in Q4, for security services commencing in October 2025
- Operating profit guidance upgraded: expected to be c.£230m (FY24: £210m)
- Operating margin: down 20bps to c.4.5% (FY24: 4.7%), reflecting investments in our 3-Year Facilities Transformation Plan and a loss in our telecoms projects business
- Good free cash flow generation: c.£135m in FY25; well ahead of guidance for >£100m
- Strong financial position: Post-IFRS 16 average net debt of c.£265m and leverage of c.0.9x, at the lower end of our 0.75-1.5x target range; pre-IFRS 16 leverage of c.0.3x
- Three strategic acquisitions: completed for c.£50m, contributing to c.4% of inorganic revenue growth and adding key projects capabilities
- New share buyback programme: FY25 £100m programme completed; FY26 £125m programme launched today, bringing cumulative total programmes since FY23 to £325m
- National Insurance: FY26 gross cost impact lower than expected; higher recovery being achieved; balance to be mitigated via margin enhancement initiatives

Commenting on the results and the outlook, Phil Bentley, CEO, said: “FY25 was the foundation year of our new Three-Year Plan, improving the strength of the Mitie platform and investing in our capabilities to accelerate Facilities Transformation for our customers.

“These investments contributed to the delivery of good revenue and operating profit growth. I’m also pleased that our telecoms projects business, which has negatively impacted margins, returned to breakeven in Q4. Our good underlying cash generation and low leverage has enabled us to sustain a proactive capital deployment policy with our largest share buyback programme now complete and a new £125m programme launched today.

“We are entering FY26 with good sales momentum, including the new security contract win with DWP, a record pipeline of opportunities and a strategic focus on how AI and intelligent process automation can help to deliver margins above 5% by FY27. We continue to evaluate strategic M&A opportunities in our targeted sectors. With this positive outlook, we remain confident in delivering our Facilities Transformation 3-Year Plan targets.”