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Mitie releases full year results for the year ended 31 March 2025

7 months ago

Mitie has demonstrated strong progress in the Foundation Year of our FY25-FY27 Strategic Plan, including double digit revenue and operating profit growth and strong free cash flow generation.

In addition to this morning's results, you will have also seen the Rule 2.7 announcement of our recommended cash and share offer for Marlowe plc. The acquisition is expected to complete in late Summer 2025 following receipt of [KIT] shareholder approval.

Offer for Marlowe Plc

Highlights include:

- Marlowe is a leading player in the Testing, Inspection and Compliance (TIC) market, operating in the same Fire, Security and Environmental segments as Mitie

- Mitie's acquisition of Marlowe is recommended by both boards and subject to Marlowe shareholder approval
- The combination of Mitie and Marlowe would create a leading provider in the UK's £7.6bn TIC market and builds our 'Facilities Compliance' services to complement our Facilities Management and Facilities Transformation capabilities
- The consideration for the acquisition will be paid in cash and Mitie shares. Marlowe shareholders would receive 290p in cash and 1.1 new Mitie shares for each Marlowe share they own. This equates

to 466p per share, a 26.5% premium to Marlowe's closing share price on 3 June 2025
- The experience and expertise of Marlowe's 2,800 employees and Marlowe's impressive portfolio of 27,000 clients will compliment Mitie's existing Fire and Security business and add new capabilities in Water and Air Hygiene and Asbestos services

Commenting on the Acquisition, Phil Bentley, Chief Executive Officer of Mitie, said: "Mitie has transformed its business over the past eight years, disposing of businesses where it could not build a leading position and adding scale through the acquisitions of VSG and Interserve to become the UK's leading Facilities Management company. Since then, acquisitions to add Projects capabilities in Power & Grid Connections, Renewable Energy, Data Centres, Fire & Security and Sustainability have pivoted the business to become the UK's leading Facilities Transformation company.

"With growing legislation around Fire, Security and Water & Air Quality, our clients need a partner who can also offer a broad range of Facilities Compliance capabilities. In a growing Testing, Inspection and Certification (TIC) market valued at £7.6 billion per annum, Marlowe stands out as a leader in Fire & Security and Water & Air and Asbestos compliance. Adding Marlowe's c.3,000 highly respected colleagues to Mitie's capabilities and providing access to Mitie's clients will generate significant revenue growth opportunities as well as immediate cost efficiencies. We are excited about the next chapter in Mitie's history to become a leading Facilities Compliance provider."

FY25 Results

Highlights include:

- Revenue up 13% to £5,091m (FY24: £4,511m), including 9% organic growth primarily driven by new contract wins and scope increases, pricing and projects upsell, alongside a 4% contribution from acquisitions
- Record contract awards up 21% to £7.5bn TCV of wins and renewals/extensions (FY24: £6.2bn)
- Record total order book up 35% to £15.4bn (FY24: £11.4bn)
- Record pipeline up 27% to £23.7bn (FY24: £18.6bn)
- Strong free cash flow generation of £143m (FY24: £158m); operating cash flow of £249m (FY24: £228m)
- Three infill acquisitions completed for a total consideration of £48m, adding key projects capabilities
- Recommended final dividend of 3.0p per share; total dividend up 8% to 4.3p per share (FY24: 4.0p)
- £100m share buyback programme completed; continued commitment to return surplus capital to shareholders

Commenting on the year and the outlook, Phil Bentley, Group Chief Executive, said: "FY25 was a year of good financial and operational progress for Mitie, as we embarked on our new Three-Year Plan for Facilities Transformation. Our mission is clear – to transform our customers' estates and create smarter, safer, cleaner and greener places that are not only fit for today but are 'future-proofed' for the rapid changes that will come in the next few years. We are the future of high-performing places.

"The investments we made in the foundation year of our Plan contributed to the delivery of double-digit revenue and operating profit growth, alongside a return on invested capital that significantly exceeds our weighted average cost of capital. Our divisions all performed well, and I am pleased that following a series of proactive actions our telecoms infrastructure business in Technical Services, which had negatively impacted margins in the year, returned to breakeven in the fourth quarter.

“Our strong free cash flow generation and low leverage provides significant capacity to proactively deploy capital and deliver growing shareholder returns. We completed a £100m share buyback programme in the year, our largest to date, and launched a new £125m programme in April. Dividends per share grew by 8% year-on-year, and we invested in three acquisitions to add projects capability and to grow our security presence in Spain.

“As part of our new Three-Year Plan, we launched a new corporate narrative and branding alongside a bold social value pledge to uplift one million lives, reflecting our purpose-led commitment to creating ‘Better Places; Thriving Communities’. Mitie colleagues, our growing presence in the Communities we serve, and our technology leadership, are integral to delivery of this commitment. As ever, I am hugely grateful and indebted to all our 76,000 Mitie colleagues who delivered outstanding service to our customers throughout FY25, as reflected in a record Net Promoter Score of +63pts.

“We continue to make good progress with our margin enhancement initiatives, delivering £25m of cost savings in the year. Looking ahead, our estimate of the cost increase from the rise in Employers’ National Insurance Contributions in FY26 is c.£50m (down from an initial estimate of £60m). Contractual recoveries from customers are expected to be at least £35m, with the balance mitigated through new margin enhancement initiatives.

“Our strategic focus on AI and intelligent process automation will contribute to the expected delivery of an operating margin above 5% by FY27, underpinned by higher margin M&A opportunities in our targeted sectors.

“We have entered FY26 with good sales momentum, and a record order book and pipeline of bidding opportunities. With this positive outlook, we have growing confidence in delivering our ambitious Facilities Transformation Three-Year Plan targets and creating increasing value for our stakeholders.”