Marshalls

Building Tomorrow’s World

Full year 2024 results

17 March 2025

Agenda

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Marshalls

SECTION 01

2024 Summary

Our purpose:
Building Tomorrow's World

Our strategy:
Transform & Grow

Best in class technical and design support

Carbon leadership

Customers who value our unique set of capabilities

Leading brands

Business excellence | **Leadership in ESG** | **Great place to work**

Resilient performance in 2024 with strong foundations in place to drive medium-term outperformance

Resilient Group performance reflecting decisive management actions underpinned by a more diverse group

- Reduction in PBT of 2% despite an 8% reduction in revenues

Positive and encouraging performances in Roofing and Building Products

- Delivered 80% of our profits in 2024

Disciplined focus on working capital management has strengthened our balance sheet

- Net debt reduced by £39m and leverage significantly improved to 1.5 times
- Strong adjusted operating cashflow at 106%

Group performance will benefit further in the short and medium term

- Performance improvement in Landscaping
- Capitalising on the market recovery
- Profitable growth through the execution of the 'Transform & Grow' strategy
- Inherent strength of the Group's operational leverage

2024 summary

Landscaping Products

Focused improvement actions gaining traction, revenue growth expected in 2025

Building Products

Returned to profit growth and is well positioned for 2025

Roofing Products

Strong performance that has continued into 2025

Landscaping performance improvement plan

Drive greater value from distinctive national specification pull model

Identified the core issues behind the underperformance.

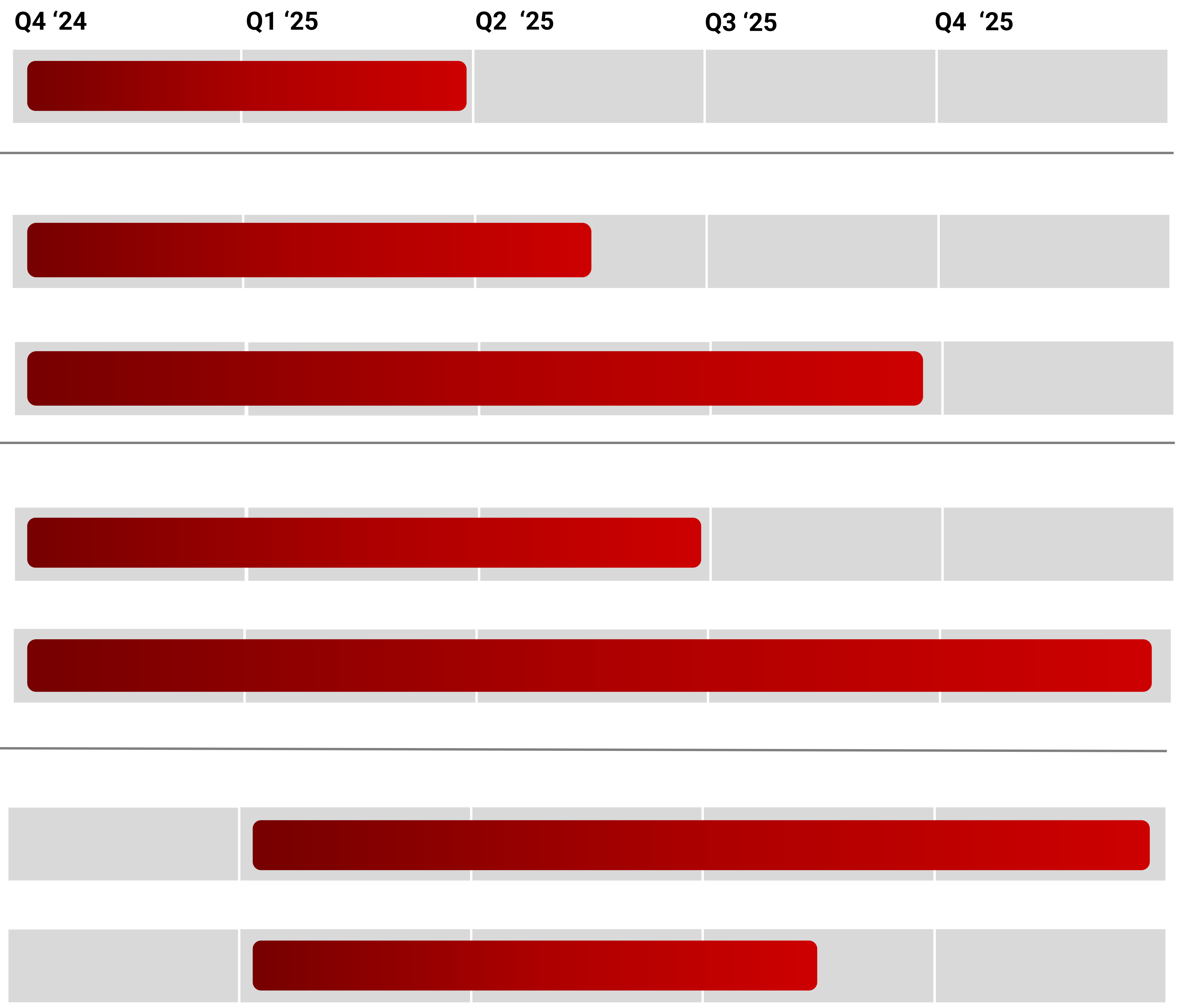
Implemented a comprehensive improvement plan in June 2024:

- Strengthen leadership and realign organisation
- Portfolio simplification and operational efficiency
- Build long-term strategic customer and supplier partnerships
- Develop commercial and operational excellence capabilities

Landscaping performance improvement plan activity overview

Action plans	Key workstreams
Strengthen leadership and realign organisation	Recruit senior commercial leadership talent Align commercial organisation to national specification model
Portfolio simplification and operational efficiency	**Portfolio simplification** Portfolio architecture, range rationalisation and value add NPD **Network optimisation** Capacity utilisation assessment, manufacturing and footprint efficiency evaluation
Strategic partnerships	**Customer engagement** Trading agreement refinement, customer trading plans, salesforce capability uplift **Supplier materials strategy** Procurement cost optimisation, raw material efficiency, innovation and technology adoption
Commercial and operations excellence capabilities	**Capability development** Skills assessment, structured training roadmap, commercial excellence in sales processes **Revenue & margin optimisation** Comprehensive pricing and margin analysis, portfolio performance review

Timelines



SECTION 02

2024 Financial results

Financial headlines

Reduction in PBT of 2% despite 8% decline in revenue

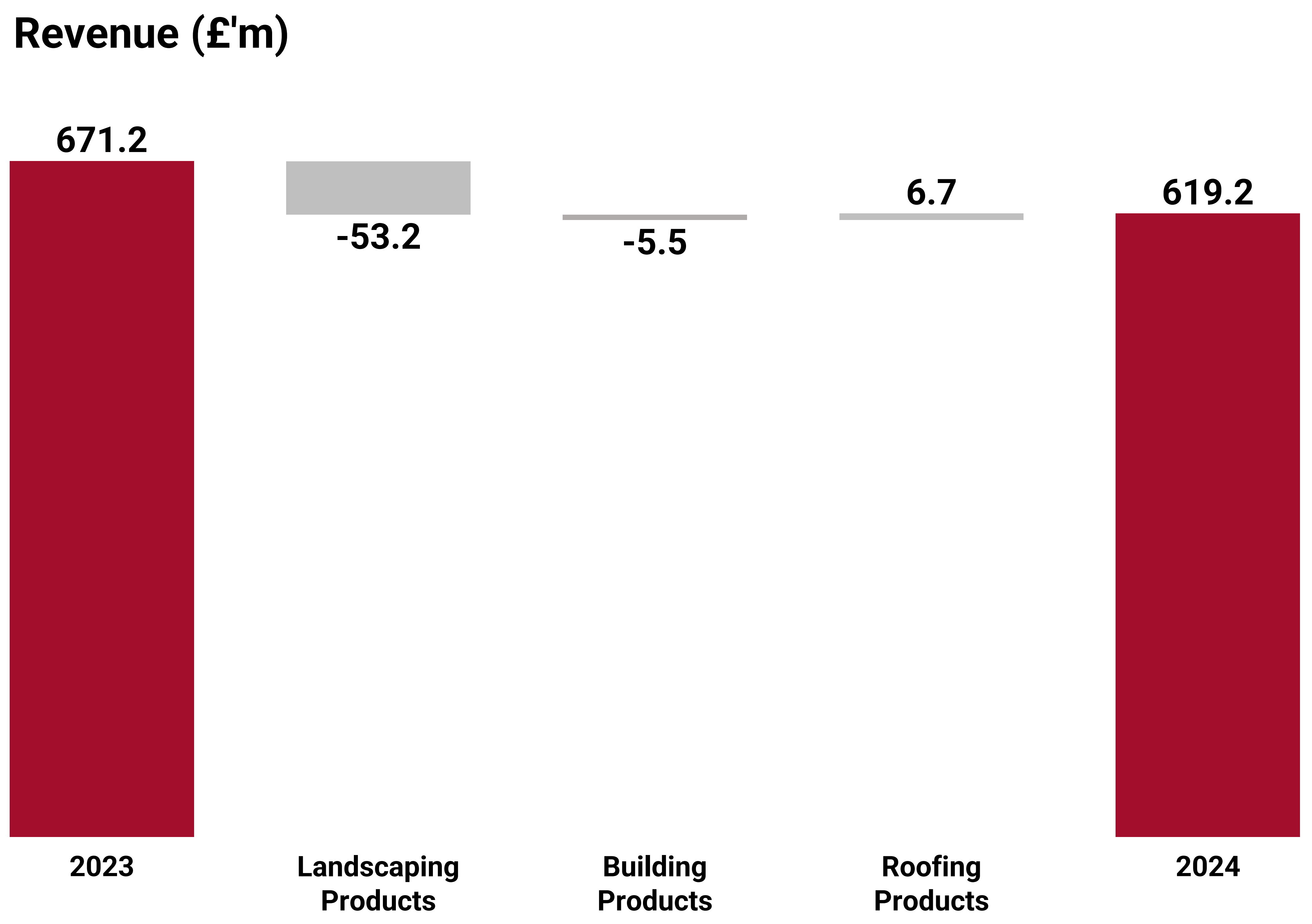
Revenue	£619.2m 8% ↓	Adjusted basic EPS	16.0p 4% ↓
Adjusted operating profit	£66.7m 6% ↓	Proposed full year dividend	8.0p 4% ↓
Adjusted PBT	£52.2m 2% ↓	Pre-IFRS 16 net debt	£133.9m £39.0 million ↓

Note: Adjusted PBT stated after adding back adjusting items totaling £12.8 million; see page 37 for details

Group revenue

Revenue reduced by 8% year-on-year: rate of contraction slowed in H2

- Group revenue reduction of 8%, principally driven by Landscaping: contraction slowed to 2% in H2 and revenue was flat in Q4
- Landscaping revenue contracted by 17% due to continued weak new housing and housing RMI markets: contraction of 11% in H2
- Revenue from Building Products reduced by 3% due to the weak new housing activity: flat in H2 with sequential increase on H1
- Roofing Products revenue increased by 4% with 13% growth in H2, principally driven by strong Viridian Solar growth

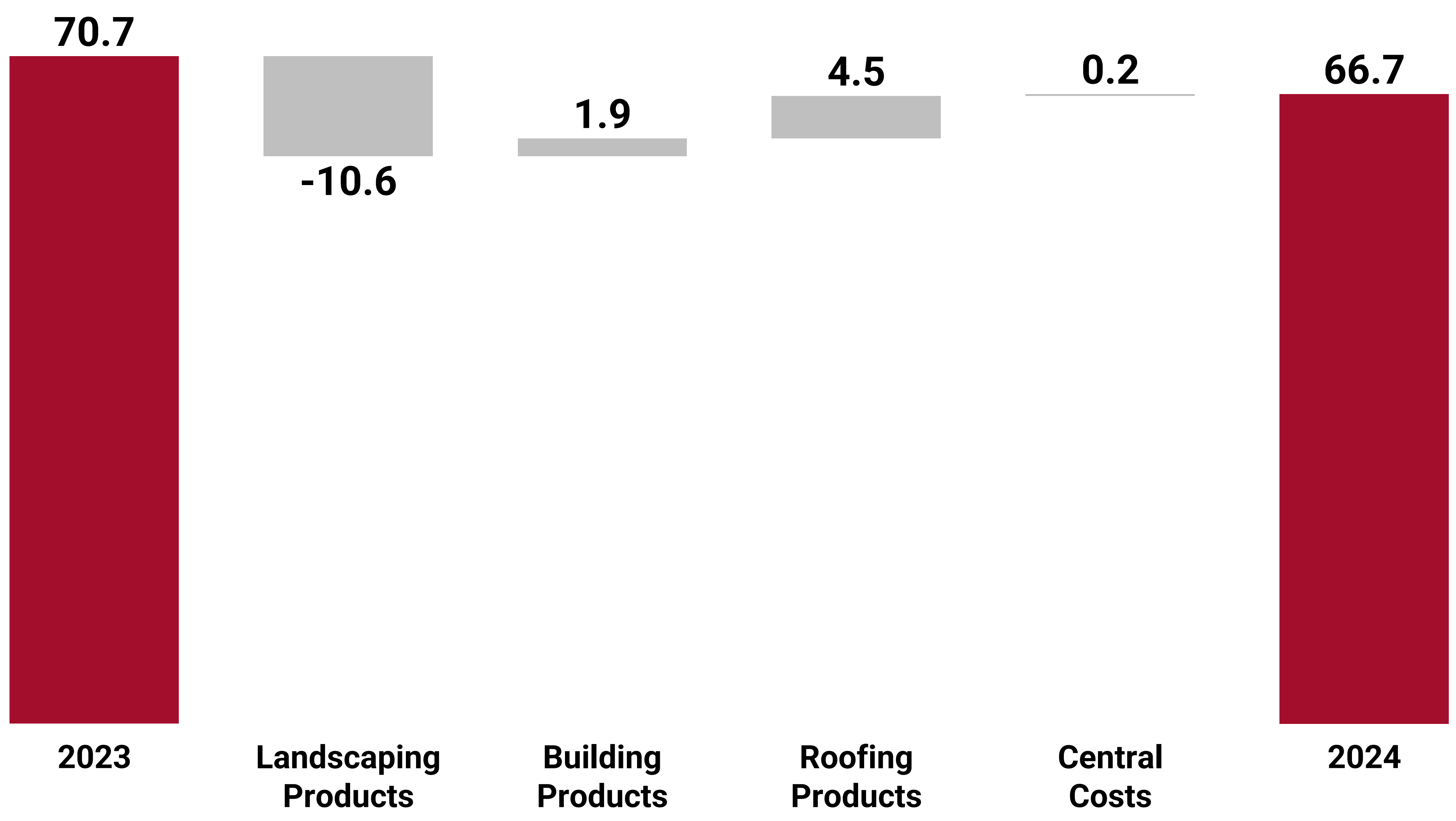


Group adjusted operating profit

Profit growth in Roofing and Building Products was offset by a contraction in Landscaping

- Operating profit stated after adding back adjusting items of £12.8 million, of which £10.4 million are non-cash charges
- Operating profit contracted by £4 million: growth in Building and Roofing Products offset by Landscaping Products
- Landscaping Products underperformance reflects lower volumes and competitive pricing environment
- H2 profit growth of £3.9 million: improved performances in Roofing and Building Products
- Group operating margin increased by 0.3 ppts to 10.8%

Adjusted operating profit (£'m)



Note: Operating profit is stated after adding back adjusting items totaling £12.8million. See page 37 for details.

Landscaping Products

Reduced volumes and competitive pricing environment adversely impact profitability

- Revenues contracted by 17% year-on-year with demand weakest for products used in new housing and housing RMI
    - Rate of contraction slowed to 9% in Q4
- Decline in segment operating profit of 50% arising from lower volumes and competitive pricing environment
- Decisive action taken to reduce costs and capacity in 2023 delivered targeted savings of around £5 million
- Medium-term target to return segment operating margins of up to 15% through implementation of performance improvement plan and 'Transform & Grow' strategy

	2024 £'m	Change %
Revenue	**£268.3**	**17%** ↓
Segment operating profit	**£10.7**	**50%** ↓
Segment operating margin %	**4.0%**	**2.6ppts** ↓

Building Products

Revenue increased sequentially through H2 and delivered operating profit growth of 16%

- Market conditions were tough during the year due to continued weakness in new housing
- Revenue contracted by 3%
  - Supported by pivot to commercial & infrastructure in Water Management
  - H2 revenue was flat year on year and grew sequentially on H1 with improved performances in Bricks and Mortars
- Profit growth delivered through improved operational efficiency in Bricks and Mortars following actions taken in 2023 to reduce cost base
- Medium-term target to achieve segment operating margins of up to 15%

	2024 £'m	Change %
Revenue	164.6	3% ↓
Segment operating profit	14.1	16% ↑
Segment operating margin %	8.6%	1.4ppts ↑

Roofing Products

Strong revenue and profit performance by Viridian Solar and a return to revenue growth for Marley in H2

- Continued weakness in new housing was offset by growth from Viridian Solar and the resilience of the housing RMI market
- Revenue growth of 4% for full year and 13% in H2.
    - Viridian Solar grew by c.70% in H2 due to ramp-up from changes to energy efficiency regulations in new housing
    - Marley returned to growth in H2
- Operating profit increased 10% to £49.4 million, with strong price discipline in Viridian Solar supported by resilient Marley performance
- Segment operating margins strengthened in the year – expected to be in the range of 20% to 25% in the medium term

	2024 £'m	Change %
Revenue	186.3	4% ↑
Segment operating profit	49.4	10% ↑
Segment operating margin %	26.5%	1.5ppts ↑

Adjusted profit before taxation and earnings per share

Contraction in operating profit largely offset by lower finance charges

- Operating profit contracted by 6% to £66.7 million but increased year-on-year by 13% in H2
- Lower finance costs reflect reduction in net debt
- Profit before tax contracted by 2% to £52.2 million
- Effective tax rate of 22% - higher than 2023 due to UK headline rate increase, partially offset by patent box benefit
- EPS contracted by 4% due to modest reduction in PBT and higher effective tax rate

	2024 £'m	Change %	
Operating profit	66.7	6%	↓
Finance costs	(14.5)	17%	↓
Profit before taxation	52.2	2%	↓
Effective tax rate (%)	22%	1ppts	↑
EPS – pence	16.0p	4%	↓

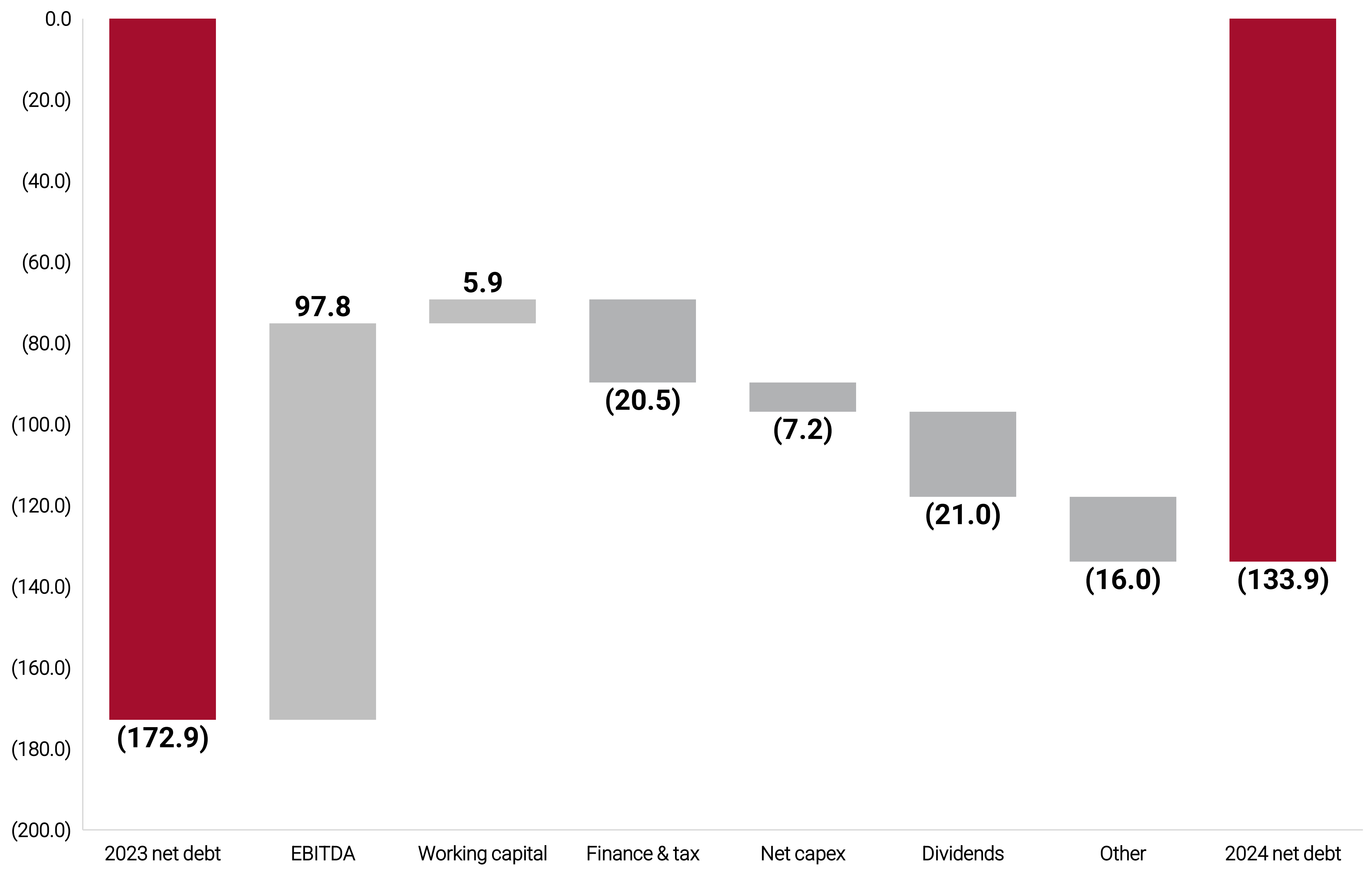
Note: PBT stated after adding back adjusting items totaling £12.8 million; see page 37 for details.

Net debt

Proactive management of cash flow results in £39 million reduction in pre-IFRS16 net debt

- Strong cash conversion 106%: robust working capital management
- Finance and tax payments reduced YoY due to lower borrowings and weaker profitability
- Capex tightly managed in 2024: gross capex of £11.6 million partially offset by £4.4 million disposal proceeds
- Dividend cash flows reflect application of capital allocation policy
- Other cash flows include Viridian Solar contingent consideration payment – final payment in H1 2025
- Pre-IFRS16 net debt reduction of £39 million
  - £70 million+ reduction since June 2022

Pre-IFRS 16 net debt bridge (£'m)



Note: EBITDA is stated after adding back adjusting items totaling £12.8 million; see page 37 for details.

Ongoing capital discipline

Good control of working capital; medium-term target to rebuild ROCE to c.15%; progressive deleveraging

- Continued focus on maintaining capital discipline through active working capital management
- Investment in inventory to be well-positioned for the recovery
- Return on capital employed of 8%; medium-term target of around 15%
- Balance sheet further strengthened
  - Leverage reduced to 1.5 times EBITDA
- Bank facility headroom of £160m at December 2024

	2024 £'m	Change
Debtor days	**47 days**	**5 days** ↓
Creditor days	**57 days**	**4 days** ↑
Average inventory turn	**2.8X**	**none**
Adjusted ROCE	**8.2%**	**0.2 ppts** ↓
Net debt to adjusted EBITDA leverage	**1.5X**	**0.4X** ↓

Capital allocation policy

Clear policy focused on optimising shareholder value

1 Organic growth

2 Investment to enhance competitive advantage

3 Dividends

4 Balance sheet deleveraging

5 Selective acquisitions

Organic growth

Strategic plan requires investment £20m – £30m pa

Capex in 2025 expected to be towards the bottom of this range

Investment to enhance competitive advantage

Transform & Grow

Dividends

Maintain dividend cover of two times adjusted earnings

Proposed final dividend of 5.4 pence will result in 8.0 pence total dividend for the year, in-line with the policy

Balance sheet deleveraging

No significant deleveraging expected in 2025

Balance sheet deleveraging to continue in medium-term from 2026

Leverage range of 0.5 to 1.5X EBITDA optimal to provide flexibility

Selective acquisitions

Selective bolt-on M&A to support growth strategy

Focus on roofing, water management and energy transition

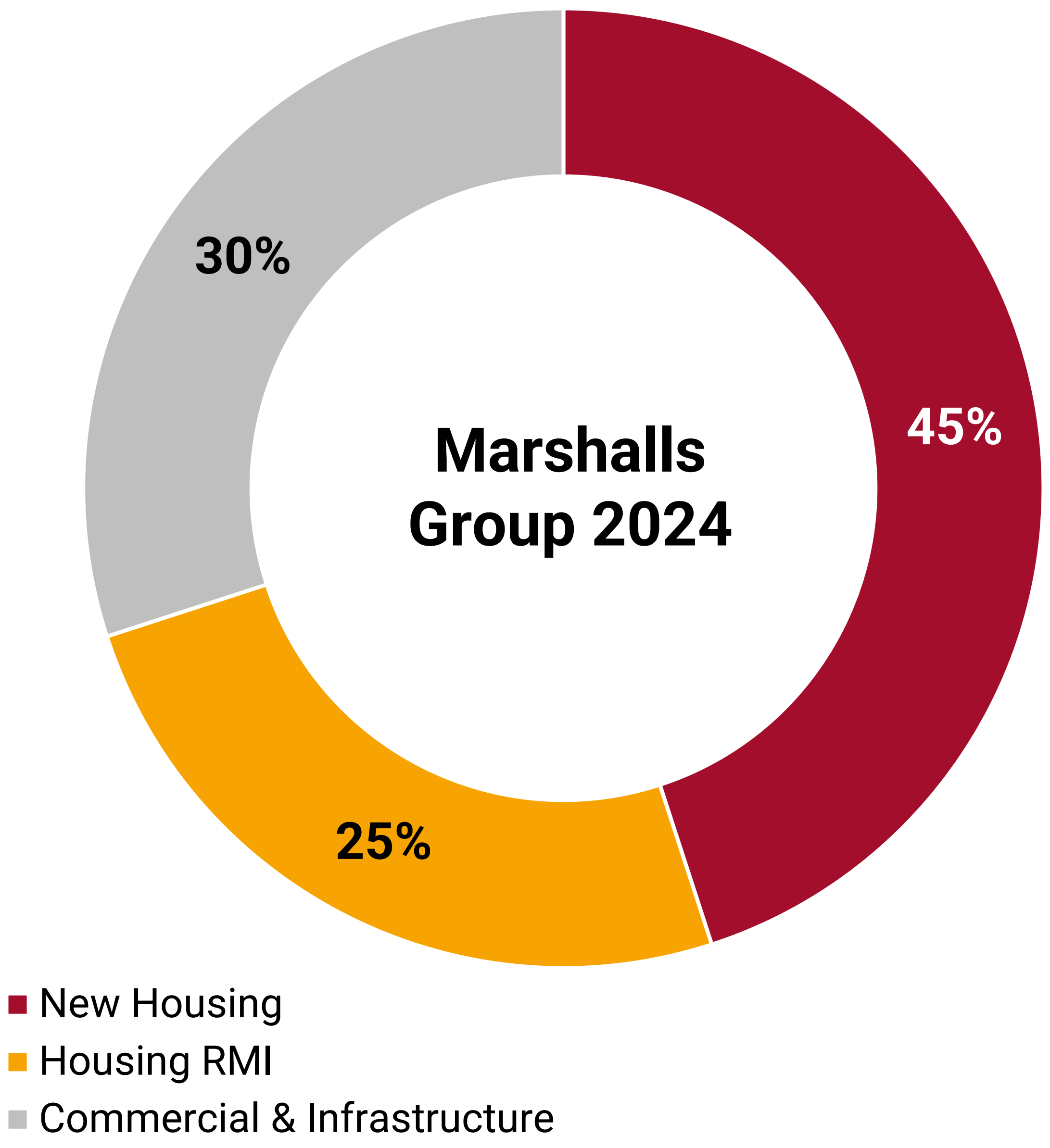
SECTION

03

Transform & Grow

Future growth is underpinned by a more diverse group with balanced exposure to our end markets

End market exposure by revenue

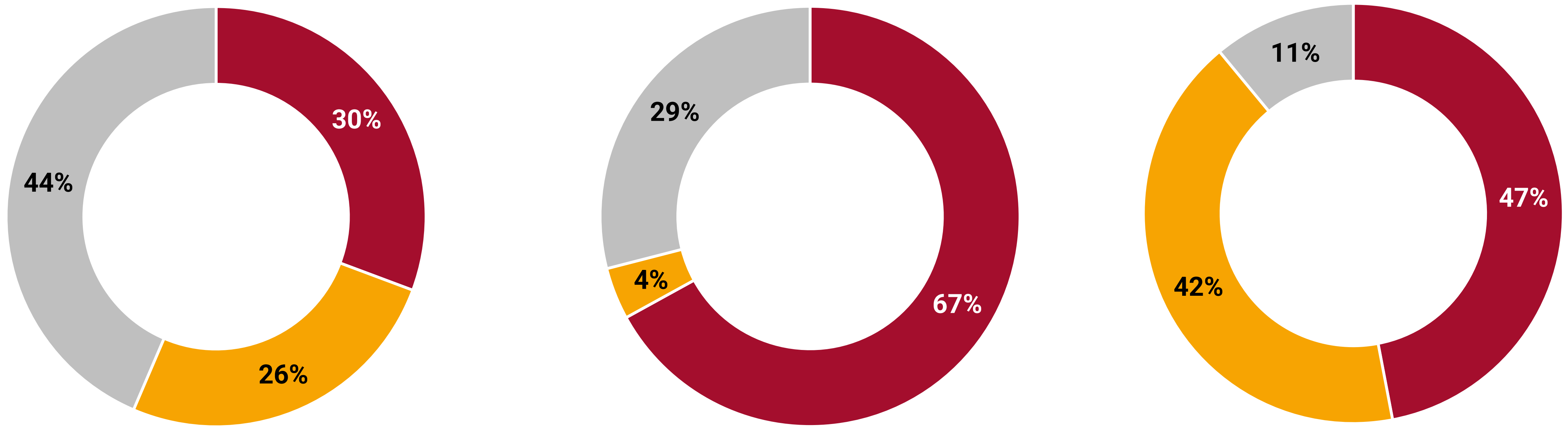


Reporting segments by revenue

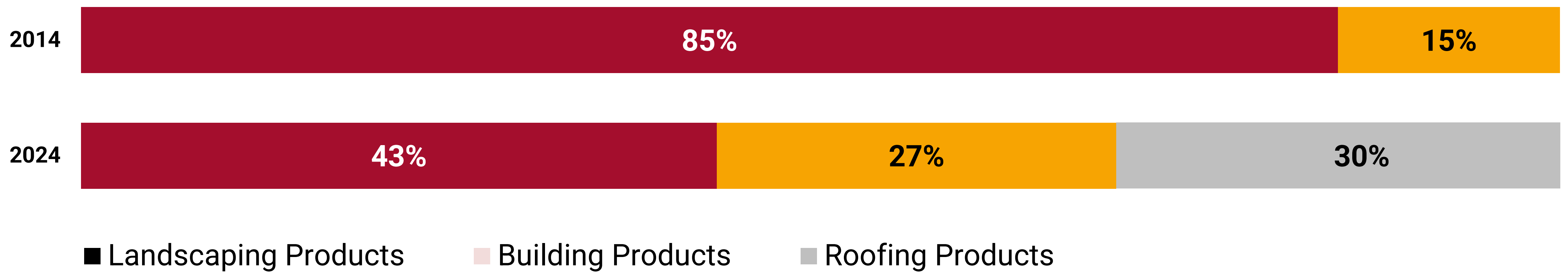
Landscaping Products

Building Products

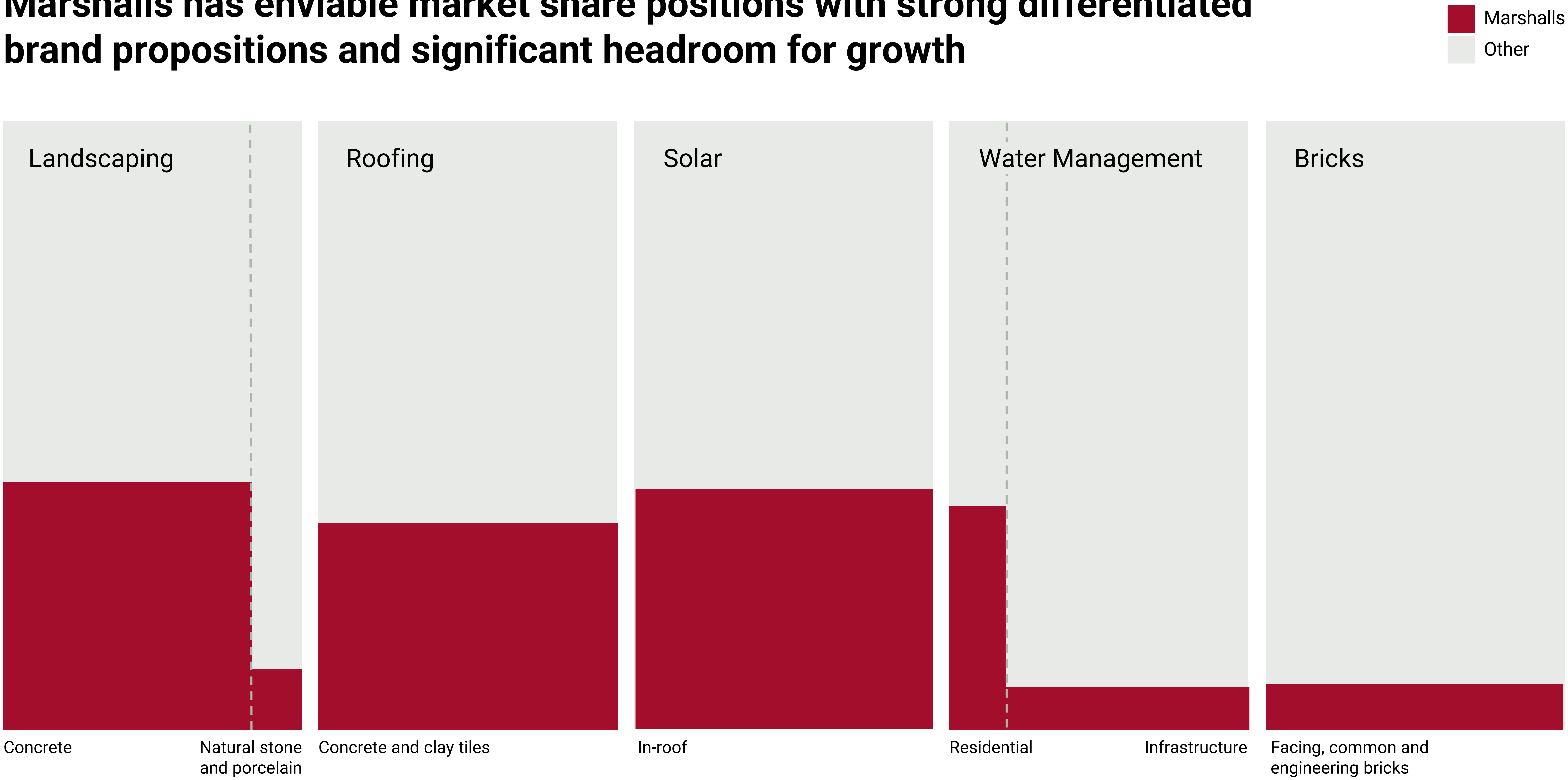
Roofing Products



Portfolio



Marshalls has enviable market share positions with strong differentiated brand propositions and significant headroom for growth



Our Transform & Grow strategy requires each part of our business to deliver against core strategic imperatives

Portfolio role	Business units	Strategic imperative
Brand Powerhouses	Marshalls Landscaping	Drive greater value from distinctive national specification pull model
	Marley Roofing	Strengthen roofing heartlands and drive share in adjacencies
Growth Engines	Viridian Solar	Leverage energy transition tailwinds to accelerate growth
	Marshalls Water Management	Reposition to access growth and market headroom in water infrastructure
	Marshalls Bricks & Masonry	Accelerate concrete adoption as lower carbon alternative
Synergy Realisation	Group	Enabling strategy & empowering transformation

Brand Powerhouses

Drive greater value from distinctive national specification pull model

Marshalls Landscaping

Near term improvement plan

- Strengthen leadership and realign organisation
- Commercial and operational excellence capabilities
- Portfolio simplification and operational efficiency
- Build long-term strategic customer and supplier partnerships

Strategic priorities

- Reinforce brand position in commercial heartlands
- Drive share growth in higher margin commercial segments with headroom
- Strengthen brand position and drive share in residential segments

Progress

- Reduced rate of revenue decline in weak market
- Order book strengthening
- Rebuilding commercial specification pipeline
- Arrested market share loss
- Relaunched 'Marshalls Accredited' for installers
- New Marshalls website launched

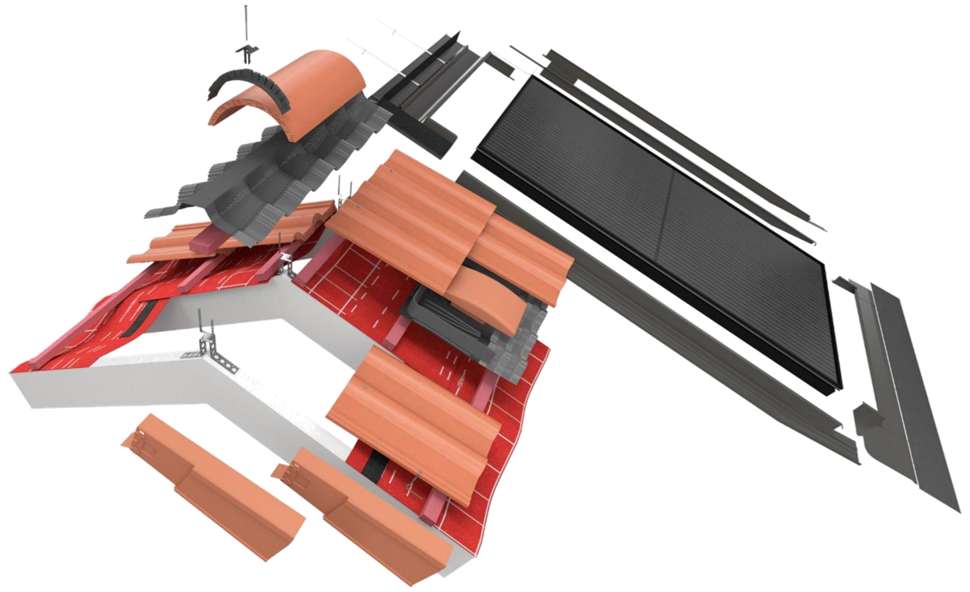
Medium term revenue growth target

+1-3%
market outperformance

Brand Powerhouses

Strengthen roofing heartlands and drive share in adjacencies

Marley Roofing



Strategic priorities

- Optimise profit in social RMI heartland
- Drive market share in larger, relatively high margin private RMI sector
- Leverage unique full roof offer to drive share in private new build market

Progress

- Revenue growth continuing from H2 2024
- Concrete and clay market share growth in heartlands
- Specification wins in Social RMI and strong pipeline
- Full system solution trials underway
- Capex investment to support quality proposition and operational efficiency

Medium term revenue growth target

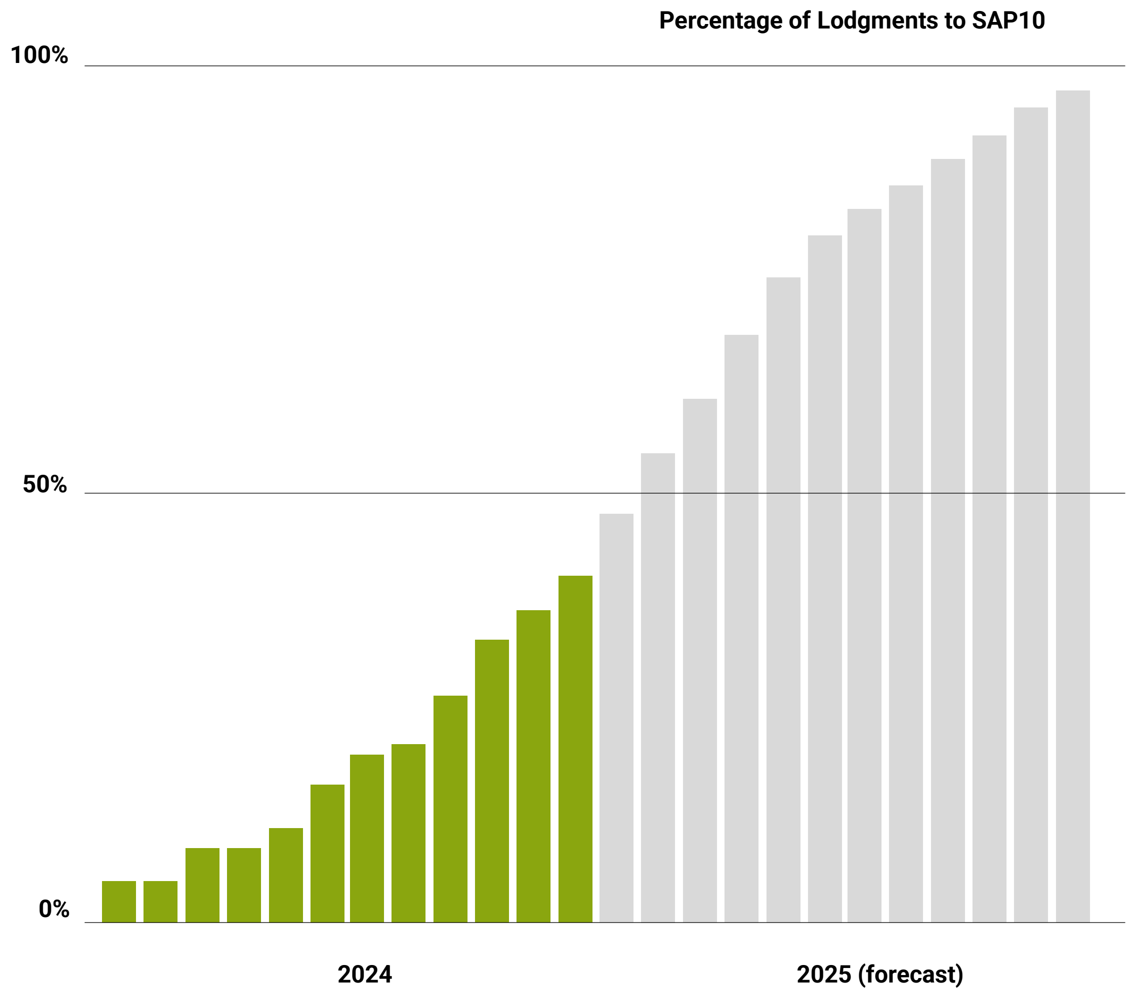
+1-2%
market outperformance

Growth Engines

Leverage regulatory tailwinds to accelerate growth

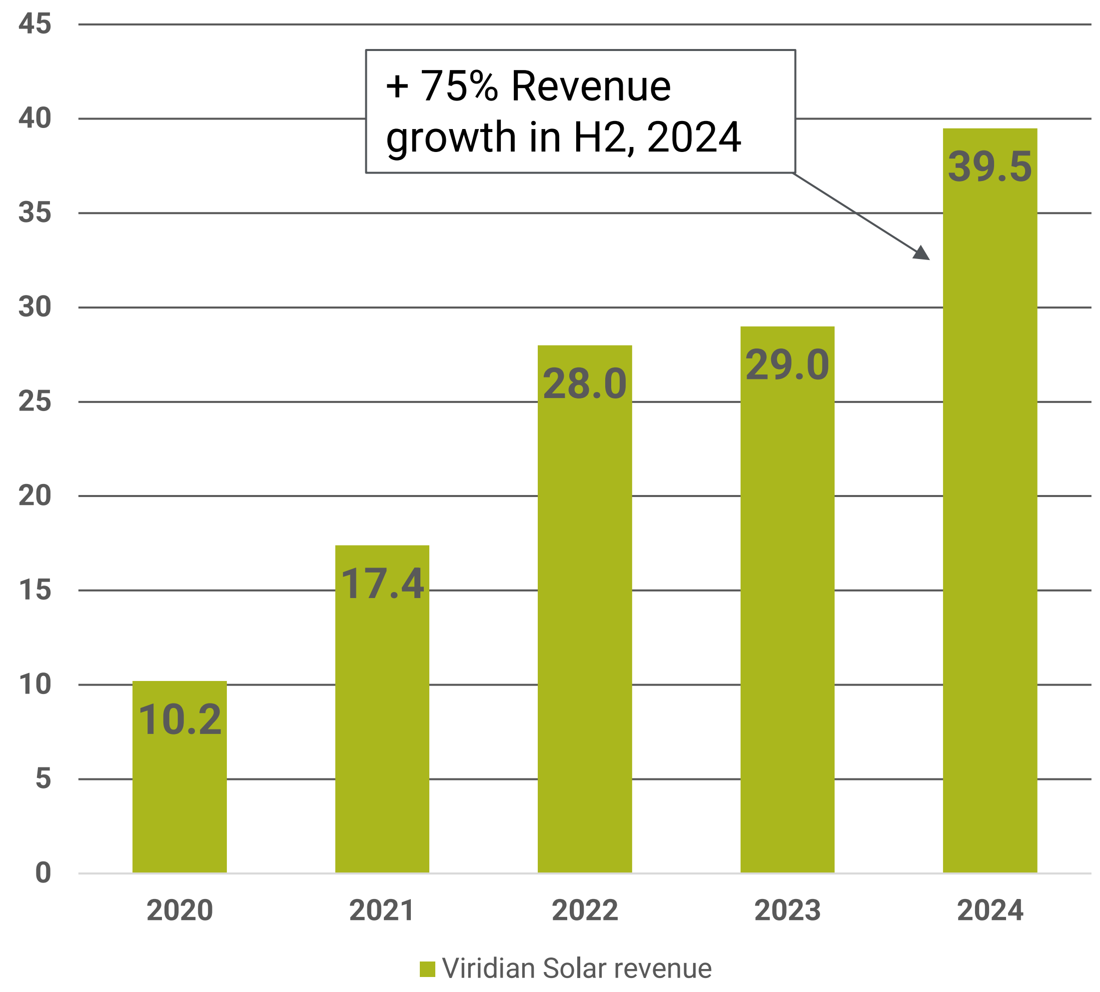
Viridian Solar

Percentage of New Homes built to the Part L 2021 Regulations



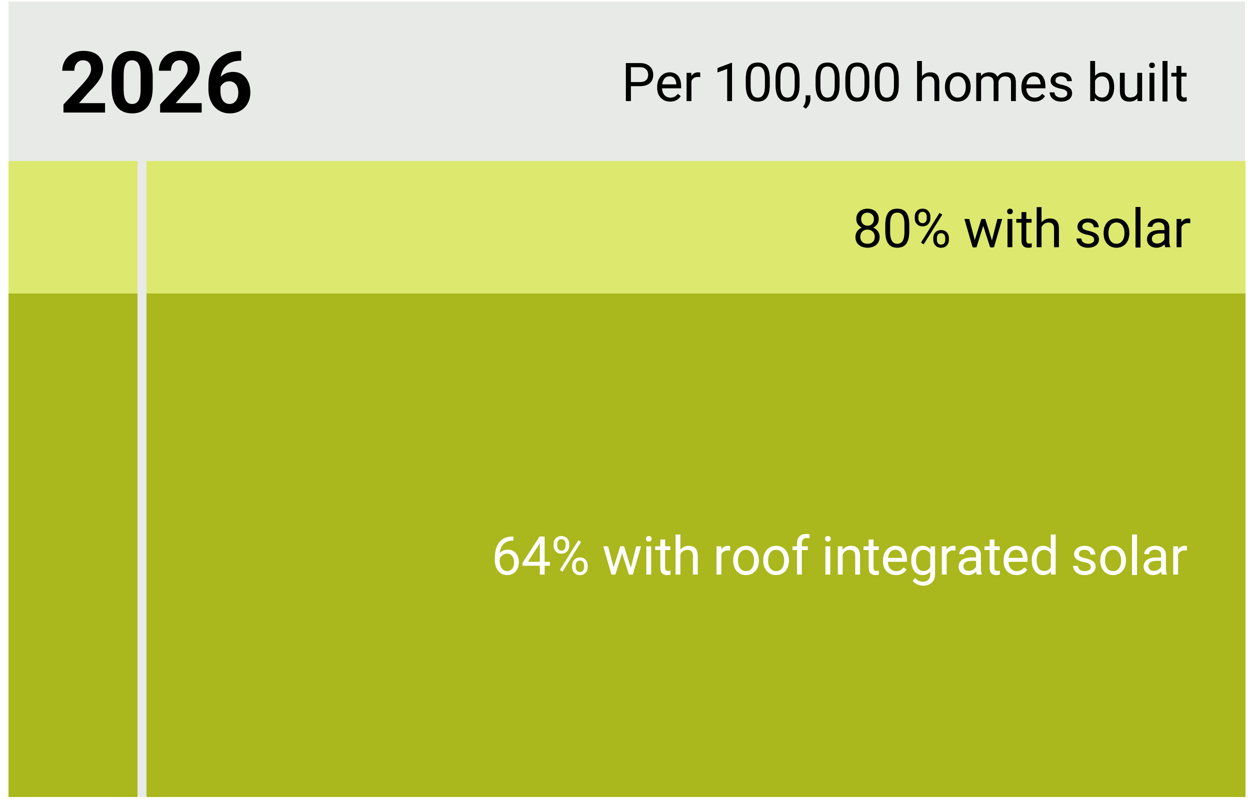
- 2021 Part L Building Regulations Transition
- Percentage of new house builds in England built to Part L which stood at 42% at the end of 2024 is forecasted to hit close to 100% by the end of 2025

Viridian Solar revenue growth 2022 - 2024



- Revenue continues to grow strongly
- Share and margins holding
- Sales of ArcBox growing and Clearline Inverters attachment rates increasing

Percentage of homes with roof integrated solar



- 64,000 homes x 2kWp x £600/kWp
- Opportunity = £77m/year
- for each 100,000 homes built

Medium term revenue growth target

+8-12%
market outperformance

Growth Engine

Reposition to access growth and market headroom in water infrastructure

Water Management

Strategic priorities

- Access new growth and grow share in water infrastructure
- Strengthen position in new housing
- Invest in manufacturing capability and capacity

Progress

- Order intake is strong and ahead of prior year
- Framework agreements with major T1 contractors in water infrastructure
- Clear tracking of AMP8 work packages as they are awarded
- Increased investment and scaling design and specification team
- Capex planning underway to invest in enhancing manufacturing capability

Medium term revenue growth target

+4-6%
market outperformance

Growth Engine

Accelerate concrete adoption as lower carbon alternative

Marshalls Bricks & Masonry

Strategic priorities

- Drive share in new regions with national housebuilders
- Accelerate concrete adoption in regional housebuilders
- NPD to expand offering
- Manufacturing investment to grow capacity and nationwide coverage

Progress

- Facing brick share increased to c.7%
- Forward order book with housebuilders is ahead of prior year
- Three national housebuilders targeting 50% use of concrete bricks
- Two new product ranges launching to strengthen proposition through new aesthetic finishes and colours
- Increased marketing investment and scaling commercial team

Medium term revenue growth target

+8-12%
market outperformance

Shareholder value creation: investment case

Group positioned to outperform the construction market

Attractive diversified portfolio of businesses, exposed to scale markets with long-term growth drivers and near-term structural market tailwinds

Significant headroom for growth in our addressable markets through innovation and 'bolt-on' acquisitions

2-4%
market outperformance

Profit growth delivered through operational leverage

Group expected to benefit from material profit improvement due to operational leverage and optimising manufacturing network

15%
operating margin

Highly cash generative business model

Strategy execution delivers material increase in operating cash flow

Normalisation of capital expenditure to underpin plan in medium term

90%
cash conversion

£20-30m
capital expenditure pa

Free cash flow de-levers balance sheet

Increase in free cash flow de-levers the balance sheet and provides capital for bolt-on acquisitions or return to shareholders

0.5 -1.5x
pre-IFRS16 net debt to EBITDA leverage target range

Profitable growth increases shareholder returns

Expected earnings growth will drive dividend growth

Increased returns expected without material increase in capital employed

Strategy execution increases cyclical resilience

2x
dividend cover

15%
return on capital employed

SECTION

04

Summary and outlook

Resilient performance in 2024 with strong foundations in place to drive medium-term outperformance

Summary

Resilient Group performance reflecting decisive management actions underpinned by a more diverse group.

Positive and encouraging performances in Roofing and Building Products, which delivered 80 per cent of our profits in 2024.

Landscaping Products improvement plan is gaining traction and will strengthen the business through 2025.

Disciplined focus on working capital management has strengthened our balance sheet.

Outlook

Expect a market recovery later this year, strengthening progressively.

Confidence underpinned by the Government's ambition to reinvigorate new house building and to invest in the nation's infrastructure, alongside further likely cuts to the base rate.

Well placed to leverage this recovery through our diverse group of businesses and the execution of our 'Transform & Grow' strategy.

Remain confident about delivering a material increase in profitability and returns in the medium-term.

Encouraging forward looking indicators across the Group.

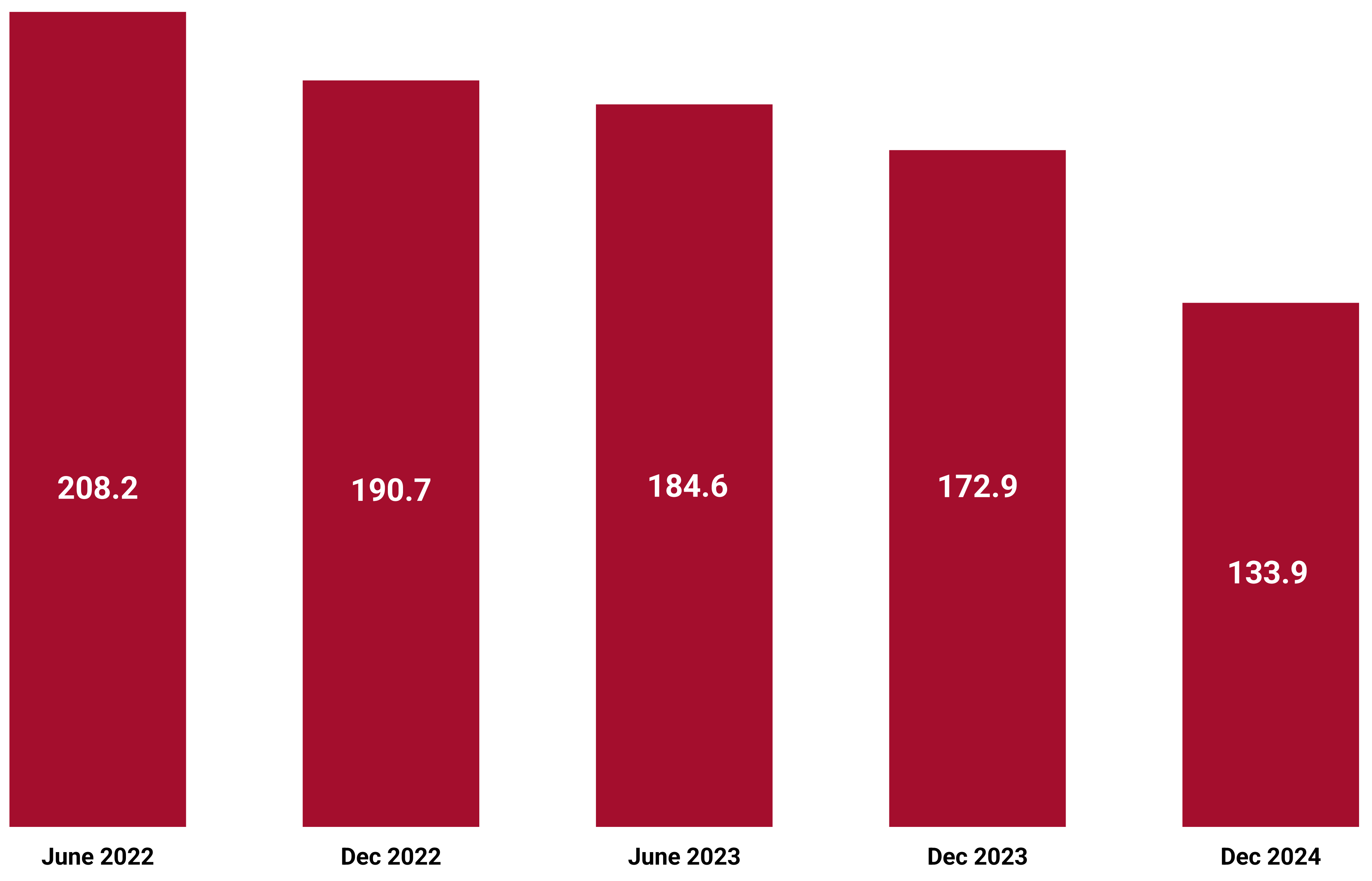
APPENDICES

Funding and liquidity

Material reduction in net debt with significant liquidity and covenant headroom

- Syndicated bank facility of £315 million – principally matures in April 2027
- Net debt of £169.3 million and £133.9 million on a pre-IFRS16 basis
- Cash generative nature of the Group illustrated by £39 million reduction in pre-IFRS16 net debt
  - £70 million+ reduction since June 2022
- Comfortable headroom against covenants
  - EBITA: interest charge – 6.1 (covenant = more than 3X)
  - Net debt: adjusted EBITDA – 1.5X (covenant = less than 3X)
- Bank facility headroom of £160 million at December 2024

Pre-IFRS 16 net debt (£'m)



Note: Adjusted EBITDA is on a pre-IFRS16 basis and is stated after adding back adjusting items set out on page 37.

Results summary

Weak construction market results in reduced demand and modest contraction in profitability

	2024	2023	Change %
Revenue	**£619.2m**	£671.2m	(8%)
Adjusted results			
EBITDA	**£97.8m**	£103.6m	(6%)
Operating profit	**£66.7m**	£70.7m	(6%)
Profit before tax	**£52.2m**	£53.3m	(2%)
Basic EPS	**16.0p**	16.7p	(4%)
ROCE (%)	**8.2%**	8.4%	(0.2 ppts)
Pre-IFRS16 net debt	**£133.9m**	£172.9m	23%
Statutory results			
Operating profit	**£53.9m**	£41.0m	31%
Profit before tax	**£39.4m**	£22.2m	77%
Basic EPS	**12.3p**	7.4p	66%

Adjusted profit before taxation and earnings per share

Bridge of reported result to adjusted result

£'m	2024 Reported	2024 Adjusting	2024 Adjusted	2023 Reported	2023 Adjusting	2023 Adjusted
Operating profit	**53.9**	**12.8**	**66.7**	41.0	29.7	70.7
Net finance costs	**(14.5)**	**–**	**(14.5)**	(18.8)	1.4	(17.4)
Profit before taxation	**39.4**	**12.8**	**52.2**	22.2	31.1	53.3
Taxation	**(8.4)**	**(3.3)**	**(11.7)**	(3.8)	(7.4)	(11.2)
Profit after taxation	**31.0**	**9.5**	**40.5**	18.4	23.7	42.1
Earnings per share – pence	**12.3p**	**3.7p**	**16.0p**	7.4p	9.3p	16.7p

Note: PBT stated after adding back adjusting items totaling £12.8 million; see page 37 for details.

Adjusting items charged to profit before taxation

	2024 £'m	2023 £'m
1. Amortisation of acquired intangible assets	**10.4**	10.4
2. Transformation costs	**2.5**	–
3. Additional contingent consideration	**1.6**	1.6
4. Significant property sale	**(1.7)**	–
5. Impairment charges, restructuring charges and similar costs	**–**	18.3
6. Disposal of Marshalls NV	**–**	(0.6)
Total adjusting items within operating profit	**12.8**	29.7
7. Adjusting items within finance costs	**–**	1.4
Total adjusting items	**12.8**	31.1

Notes:
1. Amortisation of intangible assets arising on acquisitions
2. Transformation costs represents incurred in respect of the 'Transform & Grow' strategy
3. Additional contingent consideration relates to the reassessment of the amounts that will become payable under the SPA
4. Profit generated on sale of former manufacturing site in Carluke
5. Impairment charges, restructuring and similar costs comprise asset impairment charges, redundancy costs, other site closure costs and similar expenses
6. Profit of sale of the Group's interest in its former Belgian subsidiary
7. Non-cash finance charge arising from decision to augment pensioner benefits to avoid hardship following a review of historical benefit issues

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