# Marshalls

## Building Tomorrow's World

# Half year 2025 results

11 August 2025

# Agenda



Marshalls

SECTION 01

# Half year summary

# 'Transform & Grow' strategy delivers a return to Group revenue growth in subdued markets

## Group returned to revenue growth reflecting early progress of 'Transform & Grow' strategy

- Group revenue increased 4% year on year
- Profitable revenue growth in Roofing and Building Products of 11% and 6% respectively
- Improving trend in Landscaping with  revenue contracting by 1%

## Improved profitability in Building and Roofing Products

- Roofing Products performance driven by c.50% growth in Viridian Solar and Marley building on its market leading position
- Building Products revenue growth driven by good performances in Water Management and Mortars

## Acceleration of Landscaping performance improvement plan

- Landscaping profitability below expectations
- Actions taken to reduce costs and capacity
- Annualised savings of around £9 million from 2026
- Improve or exit unprofitable product range

## Robust balance sheet reflecting disciplined working capital management

- Strong adjusted operating cashflow at 94%
- Pre-IFRS 16 net debt reduction of £4.2 million with leverage at 1.8 times (H1 2024: 1.8 times)

**SECTION**

# 02

## Focus on Landscaping Products

# Landscaping Products

## Improved revenue trend but margins remain under pressure in 2025

### Improving revenue trend

- Stronger customer engagement and new trading agreements driving momentum
- Volume growth underway
- Revenue down 1% in H1 2025 — a marked improvement on contraction of 11% in H2 2024

### Margins impacted by combination of market, pricing and product mix dynamics

- Subdued market demand and overcapacity continue to suppress pricing
- Cumulative materials inflation driving value-engineering and shift to lower-margin commodity products
- No short-term improvement in market expected – our response is to accelerate improvement plan
- Medium-term recovery will ease overcapacity and reduce pressure on pricing – management action to drive shift to higher margin value-added solutions

# Landscaping Products

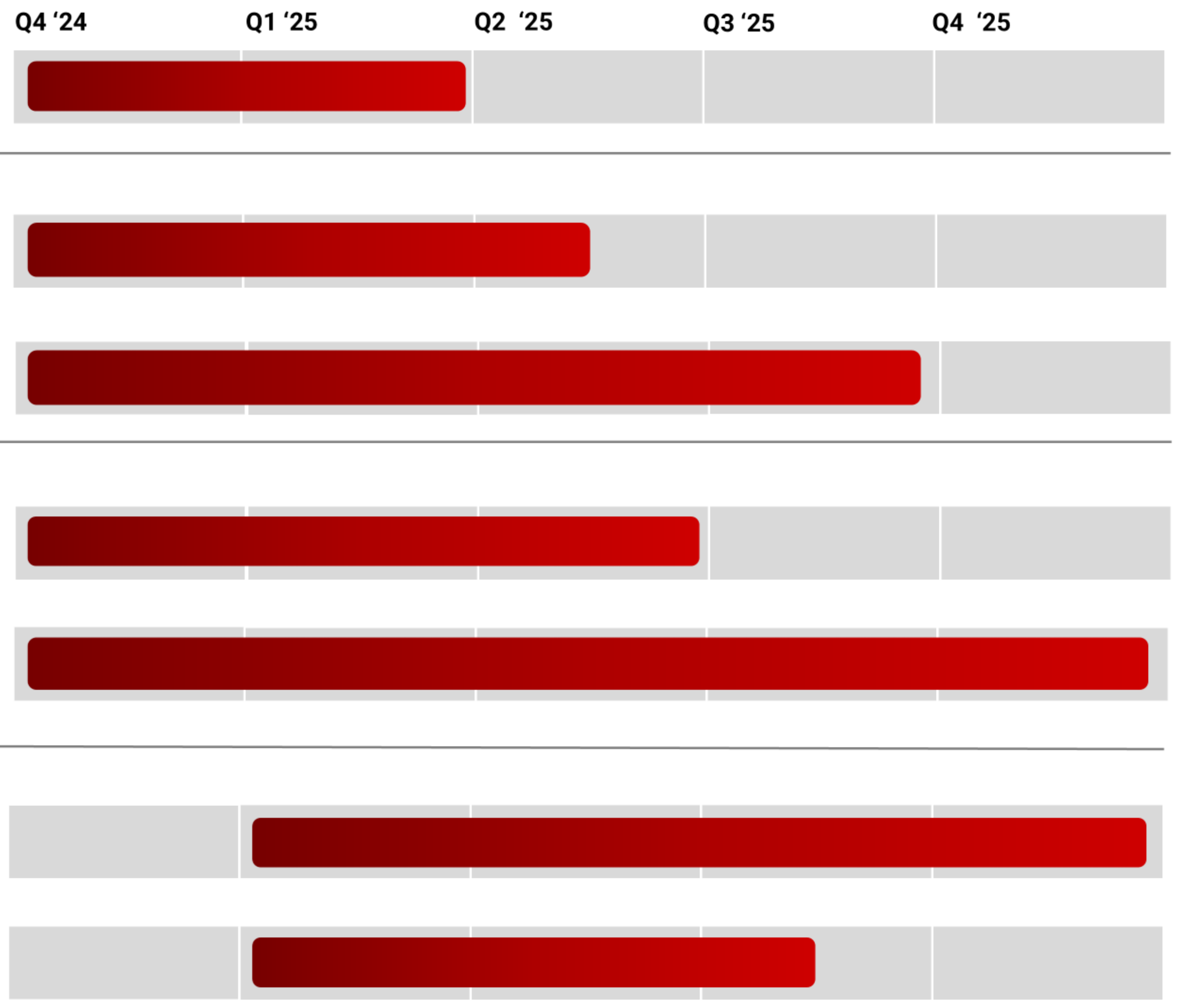
## Executing our strategy and Landscaping performance improvement plan at pace

Building Tomorrow's World

### Landscaping performance improvement plan activity overview

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

Timelines




Marshalls Full Year 2024 results

8

- Actions taken have delivered a clear improvement in year-on-year revenue trends - starting to see improved order intake for commercial value-add products
- Made good progress on Portfolio Simplification and Network Optimisation in the first half of the year
- Additional steps in the second half to accelerate these plans

# Marshalls Landscaping - Brand Powerhouse

## Accelerated network optimisation plans deliver approximately £9 million annualised savings – around £3 million realised in 2025

Medium term revenue growth target

**+1-3%**
market outperformance

### Partial site closure completed

- £3 million annualised savings, £1.5 million in 2025

### Acceleration of manufacturing and logistics network optimisation

- £6 million annualised savings, £1.5 million in 2025
- Actions to align capacity to market demand and reduce costs
- Drive operational efficiency - moving production closer to the most profitable markets

### Improve or exit unprofitable product portfolio

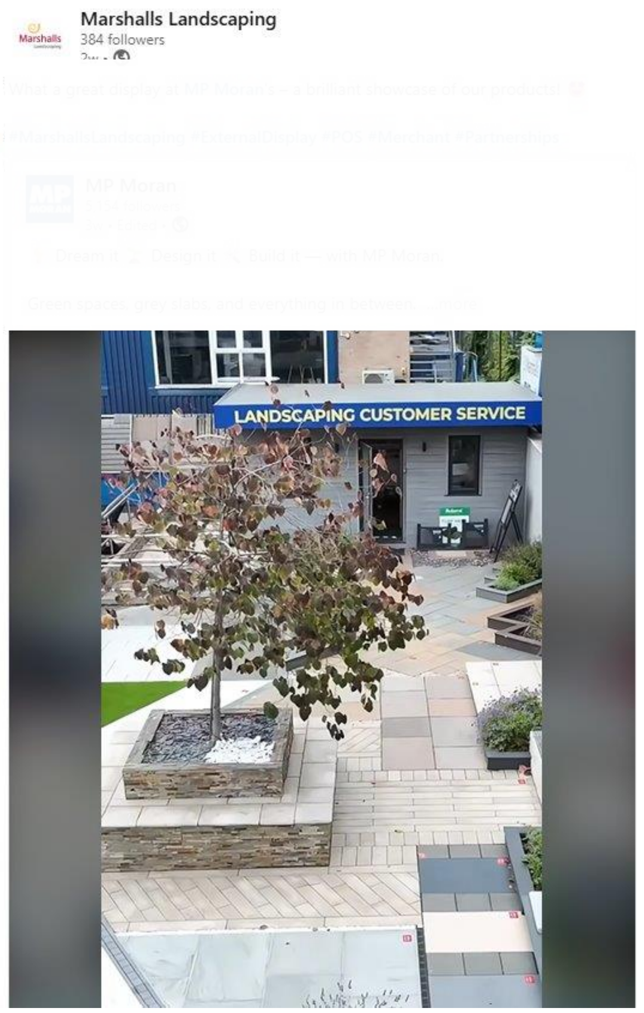
- Benefits expected from 2026

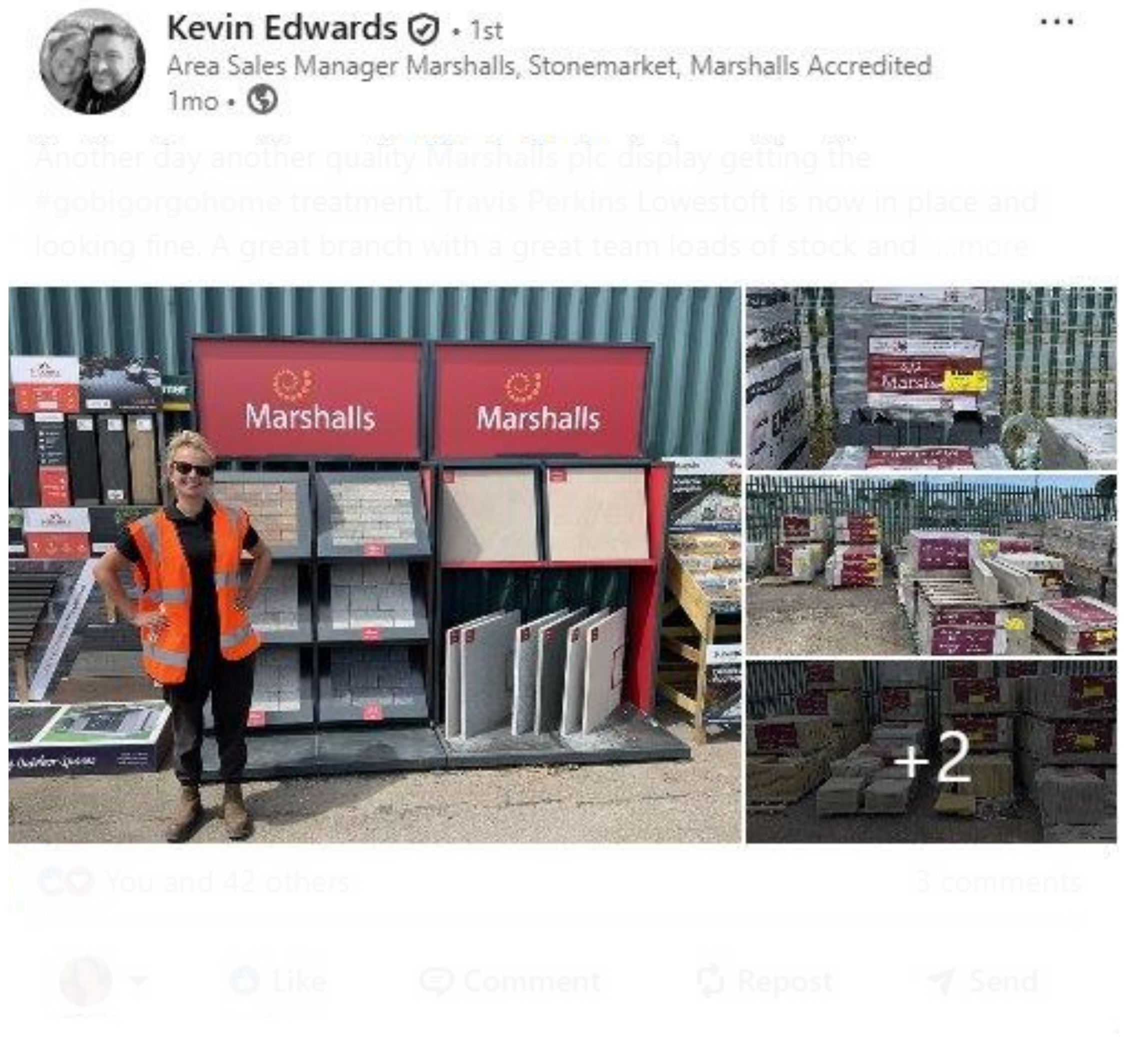
# Marshalls Landscaping - Brand Powerhouse

## Landscaping leadership team has led a business-wide reset and is positioning business to deliver improved margins

**Medium term revenue growth target**

**+1-3%**
market outperformance





★★★★★

**New branding ...**

**"So much better"**

Must say, the brochure is so much better this year as well as the new branding of the scheme
Spot on 👌 👍 🎉

**Greg Dye**

Marshalls ACCREDITED

### Volume growth

- New trading agreements with key distribution partners
- Increased share of voice across branch networks
- Positive support from installers for the Marshalls Accredited scheme
- 6% volume growth year-on-year
- Market share gains in subdued market

# Marshalls Landscaping - Brand Powerhouse

## Landscaping leadership team has led a business-wide reset and is positioning business to deliver improved margins

**Medium term revenue growth target**

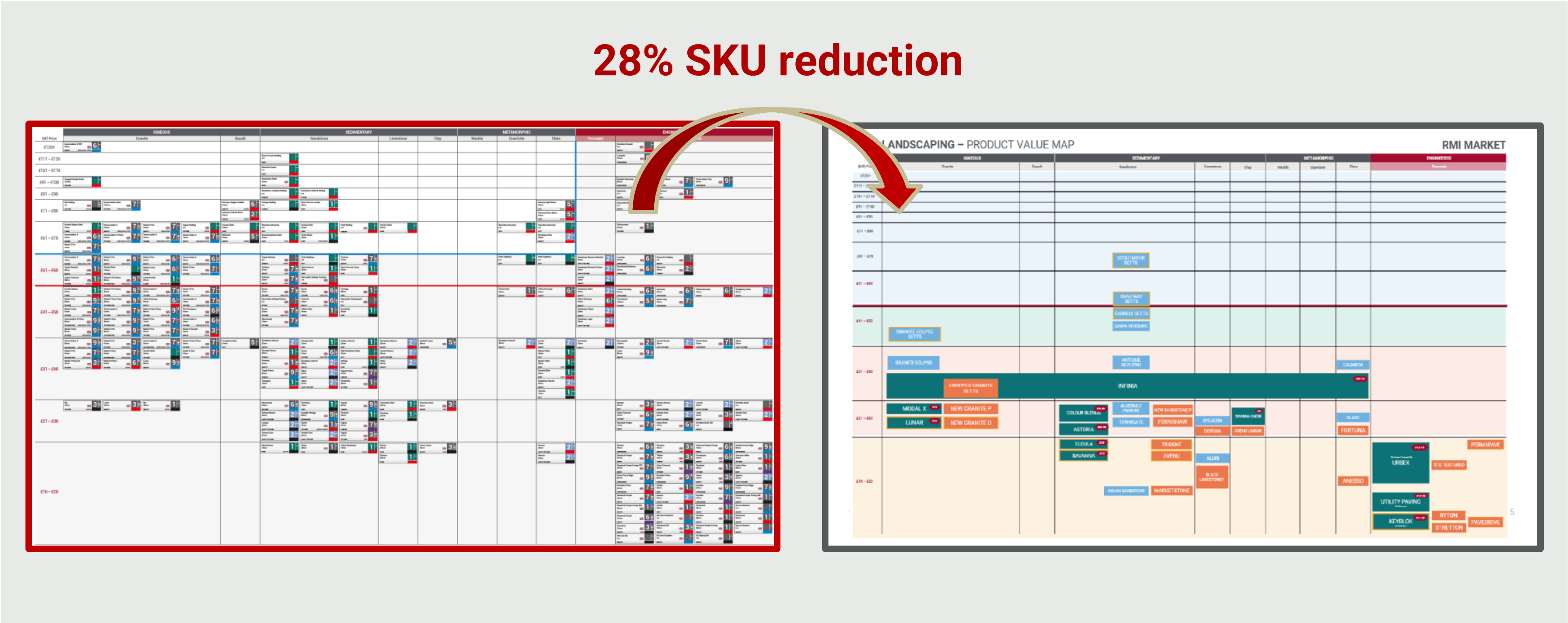
**+1-3%**
market outperformance

### Improving product mix in commercial order intake

- Commercial specification pipeline improving
- Commercial value-add products order intake growth 8% from April to July

### Portfolio simplification on track

- 28% reduction in SKU count
- Reset of Good Better Best architecture
- Creating platform for stronger mix of value-add products



SECTION

# 03

Half year financial results

# Financial headlines

## Revenue growth of 4% but weaker Landscaping Products performance impacts profitability

| | | | | | |
|---|---|---|---|---|---|
| Revenue | £319.5m | 4% ↑ | Adjusted basic EPS | 6.6p | 16% ↓ |
| Adjusted operating profit | £28.4m | 16% ↓ | Interim dividend | 2.2p | 15% ↓ |
| Adjusted PBT | £22.0m | 17% ↓ | Pre-IFRS 16 net debt | £151.6m | £4.2 million ↓ |

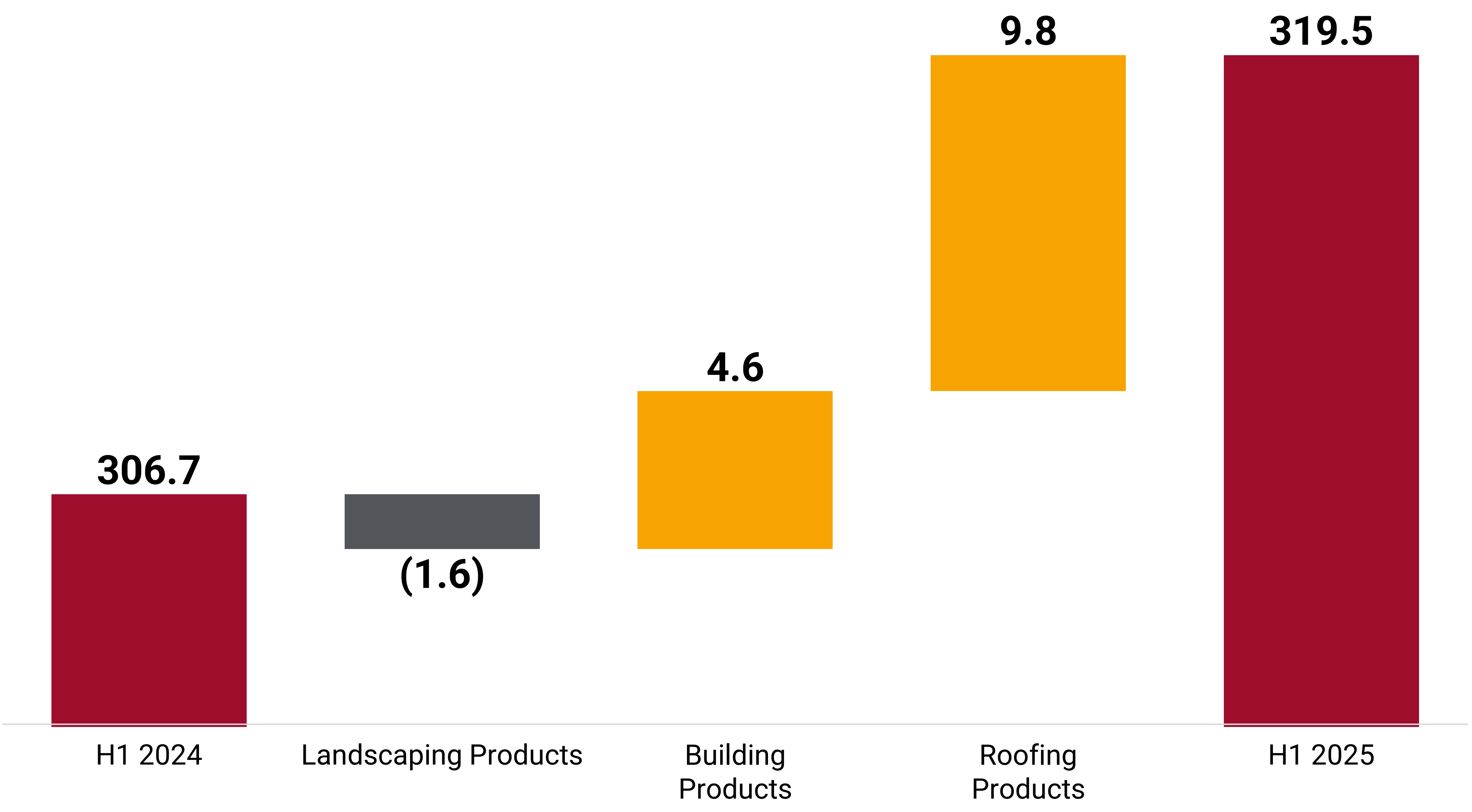
Note: Adjusted PBT stated after adding back adjusting items totaling £10.3 million; see page 40 for details

# Group revenue

## Return to revenue growth in H1: year-on-year increase of 4%

- **Group revenue increase of 4%:** improving trends in Landscaping and Building Products and continued good performance in Roofing Products
- **Landscaping revenue contracted by 1%:** significant improvement compared to the 11 per cent reduction reported in H2 2024. Volume growth offset by targeted price investment and product mix
- Revenue from **Building Products increased by 6%:** strong performance in our Water Management and Mortars business units
- **Roofing Products revenue increased by 11%:** strong Viridian Solar growth and some increase in Marley market share

### Revenue (£'m)

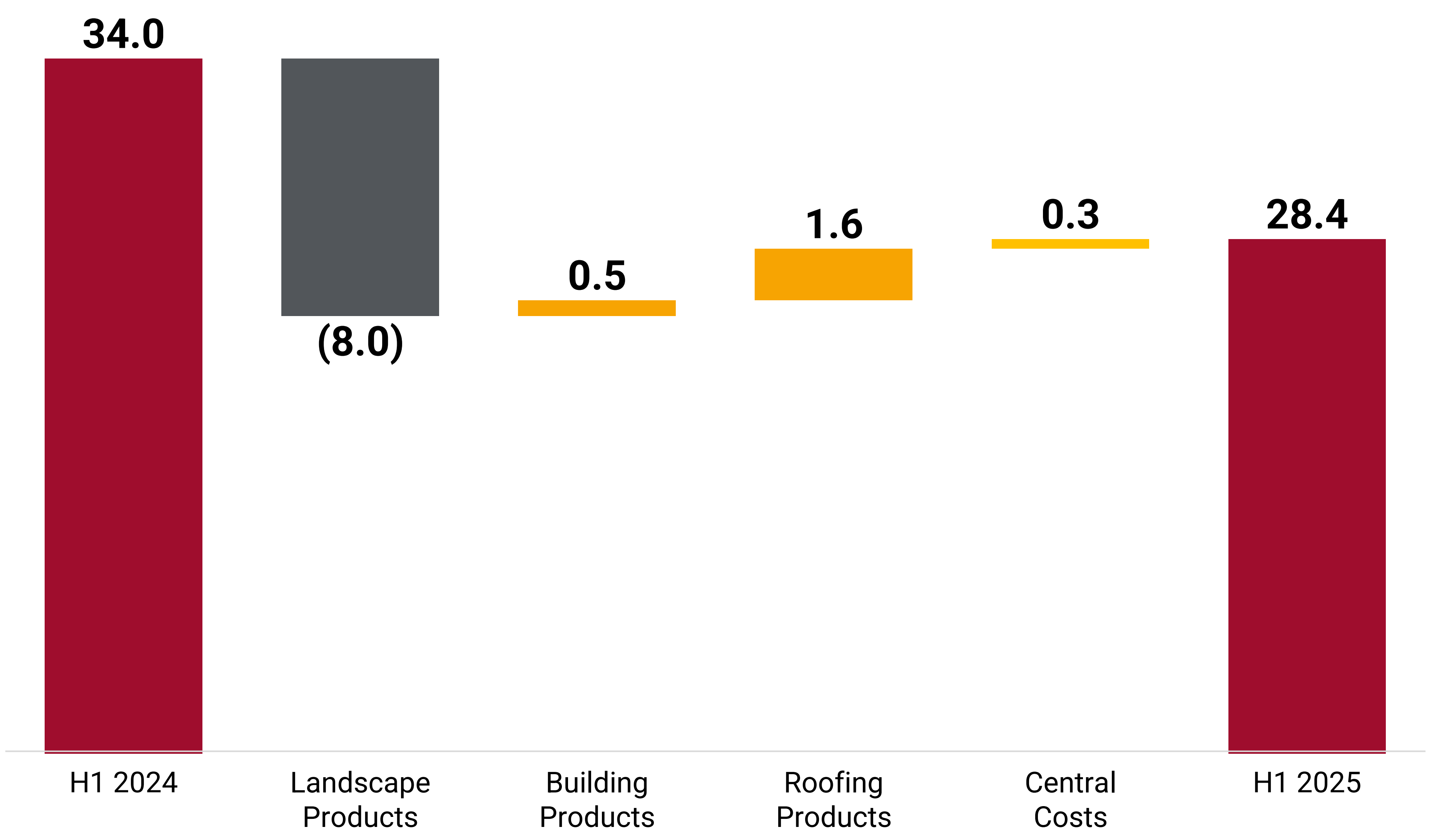


# Group adjusted operating profit

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

- **Operating profit contracted by £5.6 million**: growth in Building and Roofing Products offset by Landscaping Products
- **Landscaping Products** underperformance reflects targeted price investment, weaker product mix and higher costs, partially offset by higher volumes
- **Group operating margin decreased** by 2.2 ppts to 8.9%
- Operating profit stated after adding back **adjusting items of £10.3 million**, of which £8.3 million are non-cash charges

### Adjusted operating profit (£'m)




*Note: Operating profit is stated after adding back adjusting items totaling £10.3million. See page 40 for details.*

# Landscaping Products

## Improved revenue trend but continued profitability challenge - acceleration of network optimisation plans

- **Revenue reduction of 1%** year-on-year to £135.4 million: much improved on 11 per cent reduction in H2 2024
- Benefit of **robust volume growth** in a challenging market offset by **targeted price investment** and **product mix**
- Reduction in operating profit due to **price investment** and **less profitable product mix** offsetting **volume benefit**
- Profit also impacted by **unrecovered cost increases** and **reduced manufacturing efficiency**
- Decisive action taken to reduce costs and capacity in 2025 delivering targeted **annualised savings of around £9 million** through network optimisation

| | 2025 £'m | Change % |
|---|---|---|
| Revenue | 135.4 | 1% ↓ |
| Segment operating profit | 0.3 | 96% ↓ |
| Segment operating margin % | 0.2% | 5.9 ppts ↓ |

# Building Products

## Strong Water Management and Mortars performances deliver profitable growth

- **Revenue growth of 6%:** an increase from flat revenues in H2 2024
- Key drivers of the increase in revenue were **good growth in Water Management and Mortars** offsetting lower revenue in Bricks and Aggregates
- **Profit growth** delivered through:
  - Higher volumes and improved product mix in **Water Management**
  - Pricing discipline and increased activity levels in **Mortars**
- Partially offset by **lower profitability in Bricks** due to weaker volumes

| | 2025 £'m | Change % |
|---|---|---|
| Revenue | 86.4 | 6% |
| Segment operating profit | 6.9 | 8% |
| Segment operating margin % | 8.0% | 0.2ppts |

# Roofing Products

## Strong H1 performance with revenue growth delivering increased operating profit

- **Revenue growth of 11%** in H1, following strong performance in H224:
  - Continued **strong revenue growth of c.50% from Viridian Solar** driven by continued benefit of energy efficiency changes in new build
  - Marley Roofing grew revenue **gaining share in both clay tiles and timber battens**
- **Operating profit increase of 7%** resulting from:
  - **Higher profit in Viridian Solar** from volume growth and disciplined pricing
  - **Profit modestly lower in Marley** due to weaker manufacturing efficiency and investment in commercial capability

| | 2025 £'m | Change % |
|---|---|---|
| Revenue | 97.7 | 11% ↑ |
| Segment operating profit | 24.8 | 7% ↑ |
| Segment operating margin % | 25.4% | 1.0ppt ↓ |

# Adjusted profit before taxation and earnings per share

## Profitability lower reflecting impact of weaker Landscaping Products profitability

- **Operating profit contracted by 16%** to £28.4 million, with growth in Roofing and Building Products offset by weaker profitability in Landscaping
- **Lower finance costs** reflect the impact of reduced net debt and lower base rates
- **Profit before tax contracted by 17%** to £22.0 million, with the reduction in operating profit partially offset by lower finance costs
- **Effective tax rate of 24%**, broadly in line with the headline UK corporation tax rate with benefit from a patent box arrangement
- **Adjusted EPS contracted by 16%** to 6.6 pence

| | 2025 £'m | Change % |
|---|---|---|
| Operating profit | **28.4** | **16%** ↓ |
| Finance costs | **(6.4)** | **14%** ↓ |
| Profit before taxation | **22.0** | **17%** ↓ |
| Effective tax rate (%) | **24%** | **1ppt** ↓ |
| EPS – pence | **6.6p** | **16%** ↓ |

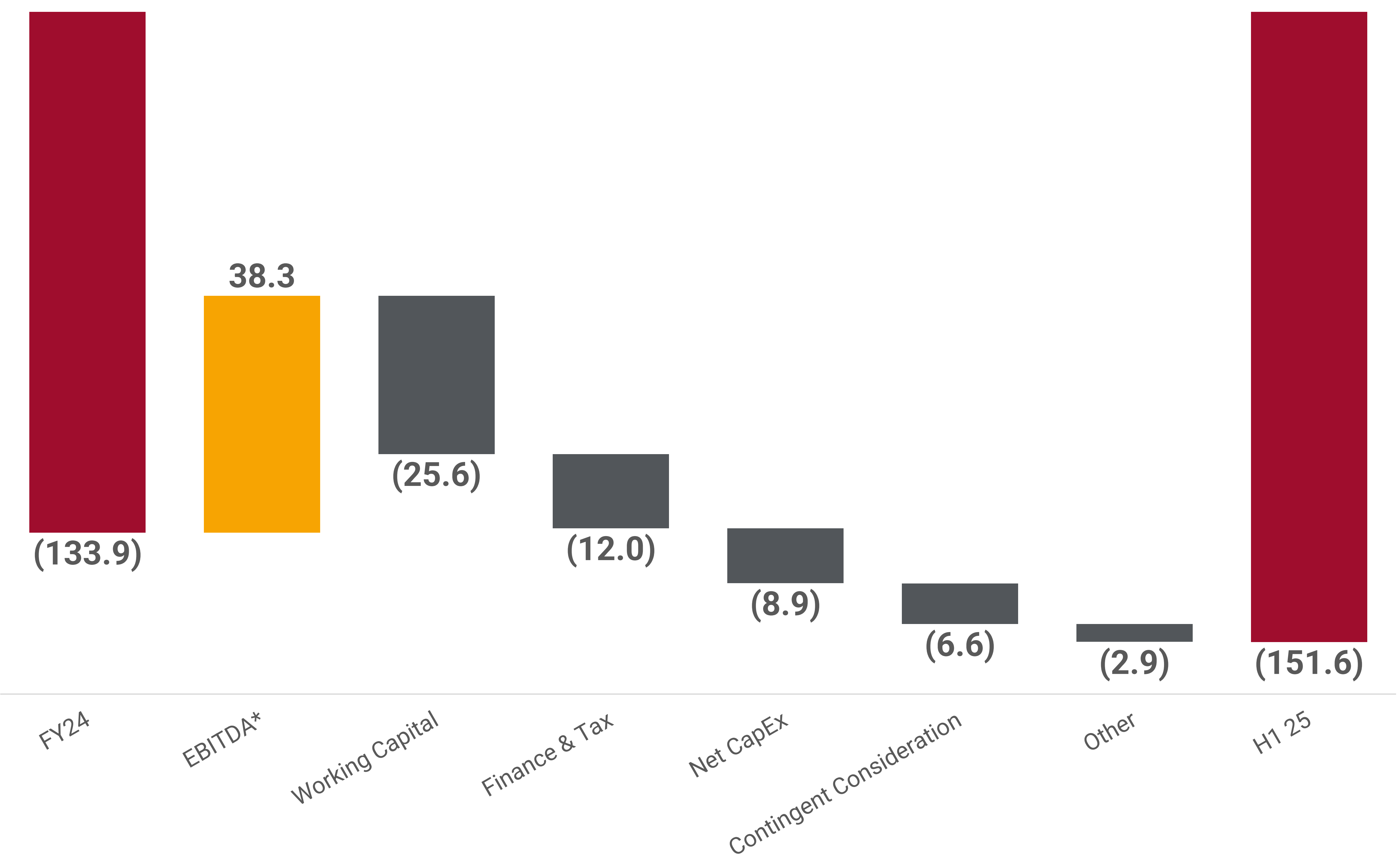
*Note: Amounts stated after adding back adjusting items totaling £10.3 million; see page 40 for details.*

# Net debt

## Continued focus on financial discipline and reducing net debt

- **Strong operating cash conversion of 94%**, reflecting a seasonal and strategic investment in working capital
- **Finance and tax payments** totaled £12.0 million
- **Capital expenditure remains tightly controlled**, with a net cash outflow of £8.9 million in the first half
- The **final £6.6 million contingent consideration payment** relating to the Viridian Solar acquisition was made during the period
- **Closing pre-IFRS16 net debt of £151.6 million** represents a £4.2 million reduction year-on-year (H1 24: £155.8m)

**Pre-IFRS 16 net debt (£'m)**




** Pre-IFRS 16 Adjusted EBITDA*

# Ongoing capital discipline

## Good control of working capital; medium-term target to rebuild ROCE to c.15%; significant liquidity

- **Continued strong management of working capital:** debtor and creditor days improved year-on-year
- **Adjusted ROCE of 7.3%** reflects the weaker trading performance; the medium-term target to rebuild ROCE to c.15% remains a key strategic priority
- **Robust balance sheet maintained** with leverage stable year-on-year at **1.8x EBITDA**
- Significant liquidity from **£145 million in undrawn bank facilities** at 30 June 2025
  - Provides sufficient capital to execute our strategic plans

| | 2025 £'m | YoY change |
|---|---|---|
| Debtor days | 44 days | 3 days ↓ |
| Creditor days | 58 days | 2 days ↑ |
| Average inventory turn | 2.8X | - ↔ |
| Adjusted ROCE | 7.3% | 0.3 ppts ↓ |
| Net debt to adjusted EBITDA leverage | 1.8X | - ↔ |

# Capital allocation policy

## Clear unchanged policy focused on optimising shareholder value

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| **Organic growth** | **Investment to enhance competitive advantage** | **Dividends** | **Balance sheet deleveraging** | **Selective acquisitions** |
| Strategic plan requires investment £20–£30 million pa in medium term<br><br>Capex in 2025 expected to be slightly below this range | Transform & Grow<br><br> | Maintain dividend cover of two times adjusted earnings<br><br>Interim dividend of 2.2 pence per share is in-line with policy | No reduction in net debt expected in 2025<br><br>Balance sheet deleveraging to continue in medium-term from 2026<br><br>Leverage range target of 0.5 to 1.5X EBITDA optimal to provide flexibility | Selective bolt-on M&A to support growth strategy |

SECTION

# 04

Strategy update

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**

2-4% market outperformance

15% operating margin

90% cash conversion

£20-30m capital expenditure pa

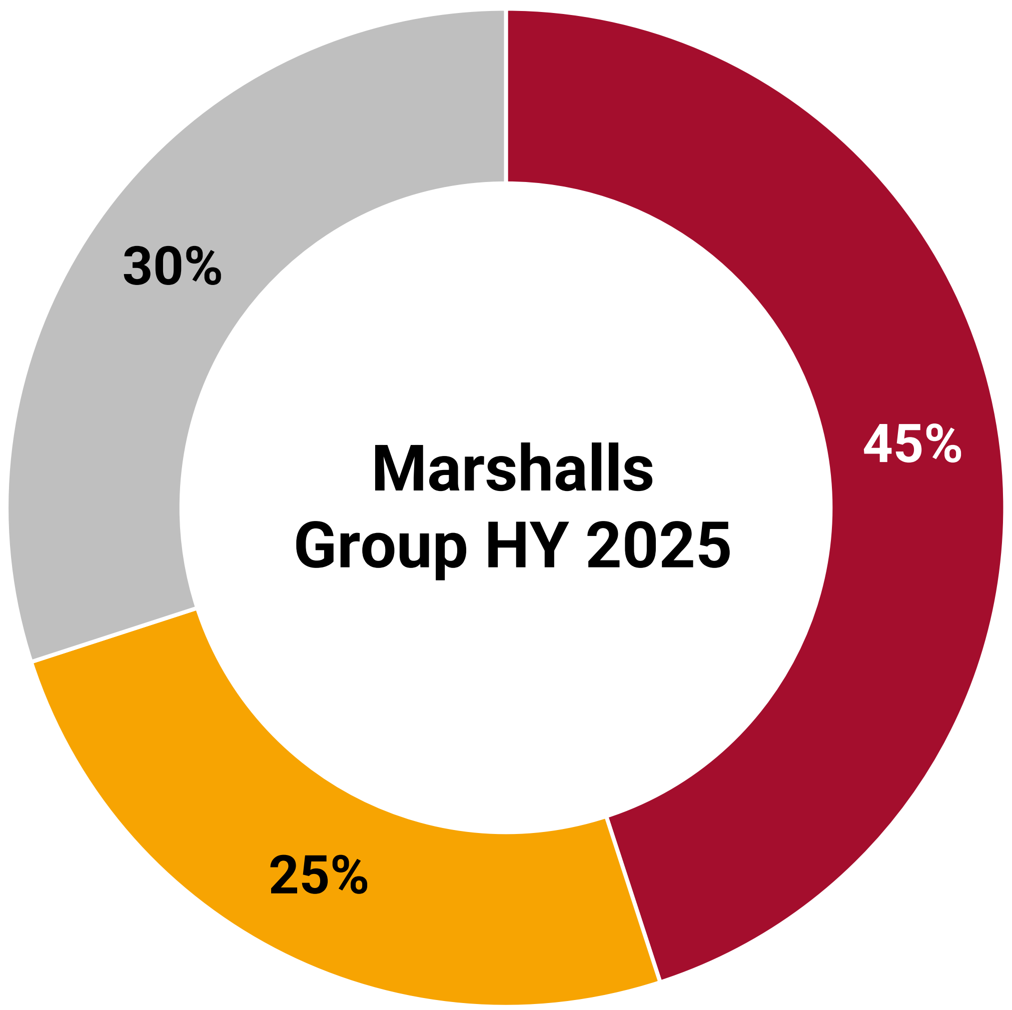
0.5 -1.5x pre-IFRS16 net debt to EBITDA leverage target range

2x dividend cover

15% return on capital employed

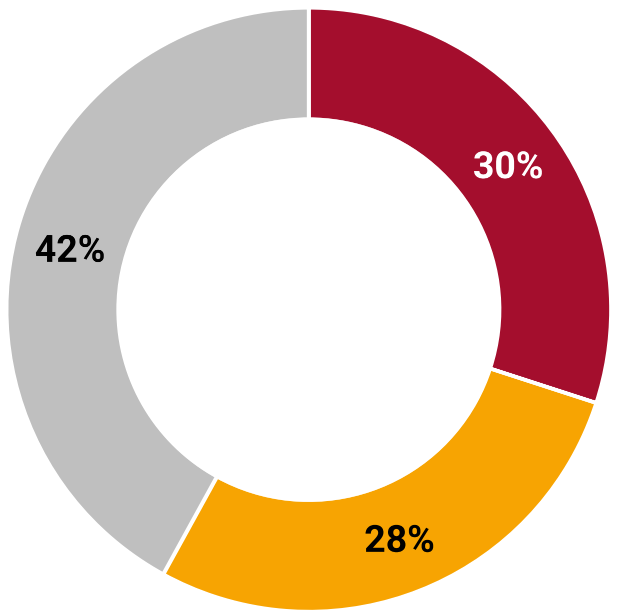
# Marshalls' future growth is underpinned by a more diverse group with balanced exposure to our end markets

## End market exposure by revenue

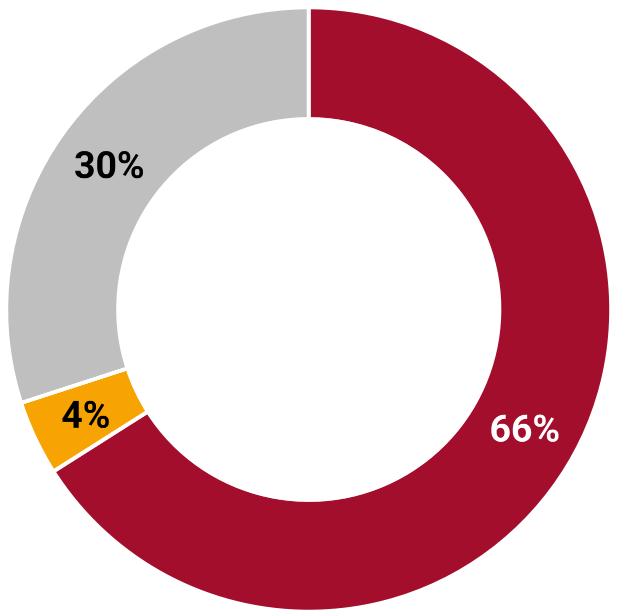



## Reporting segments by revenue

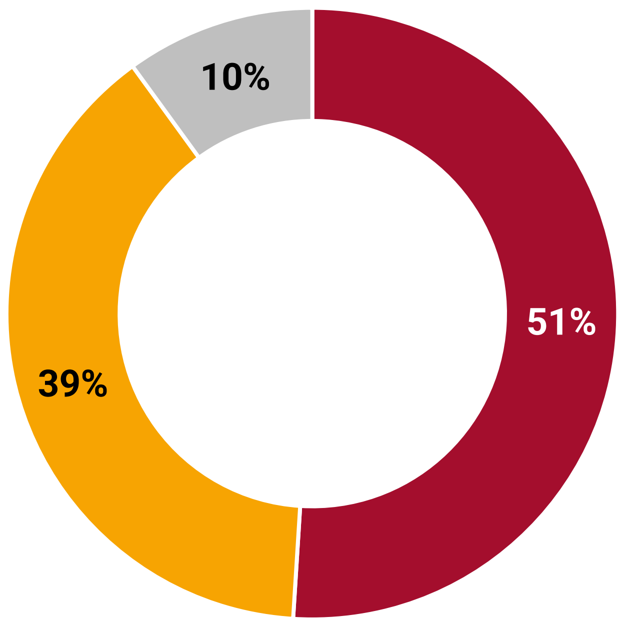
Landscaping Products



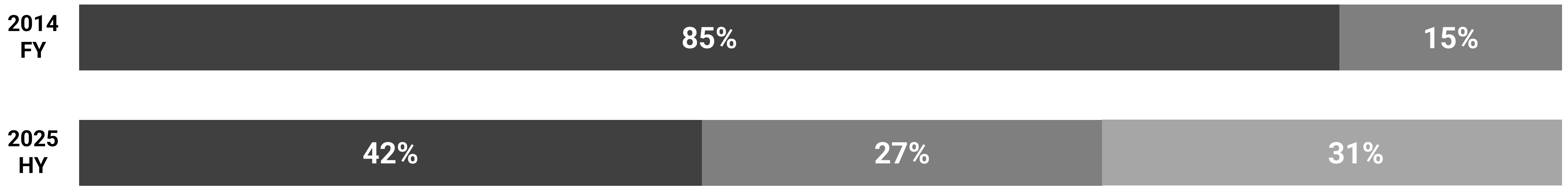

Building Products



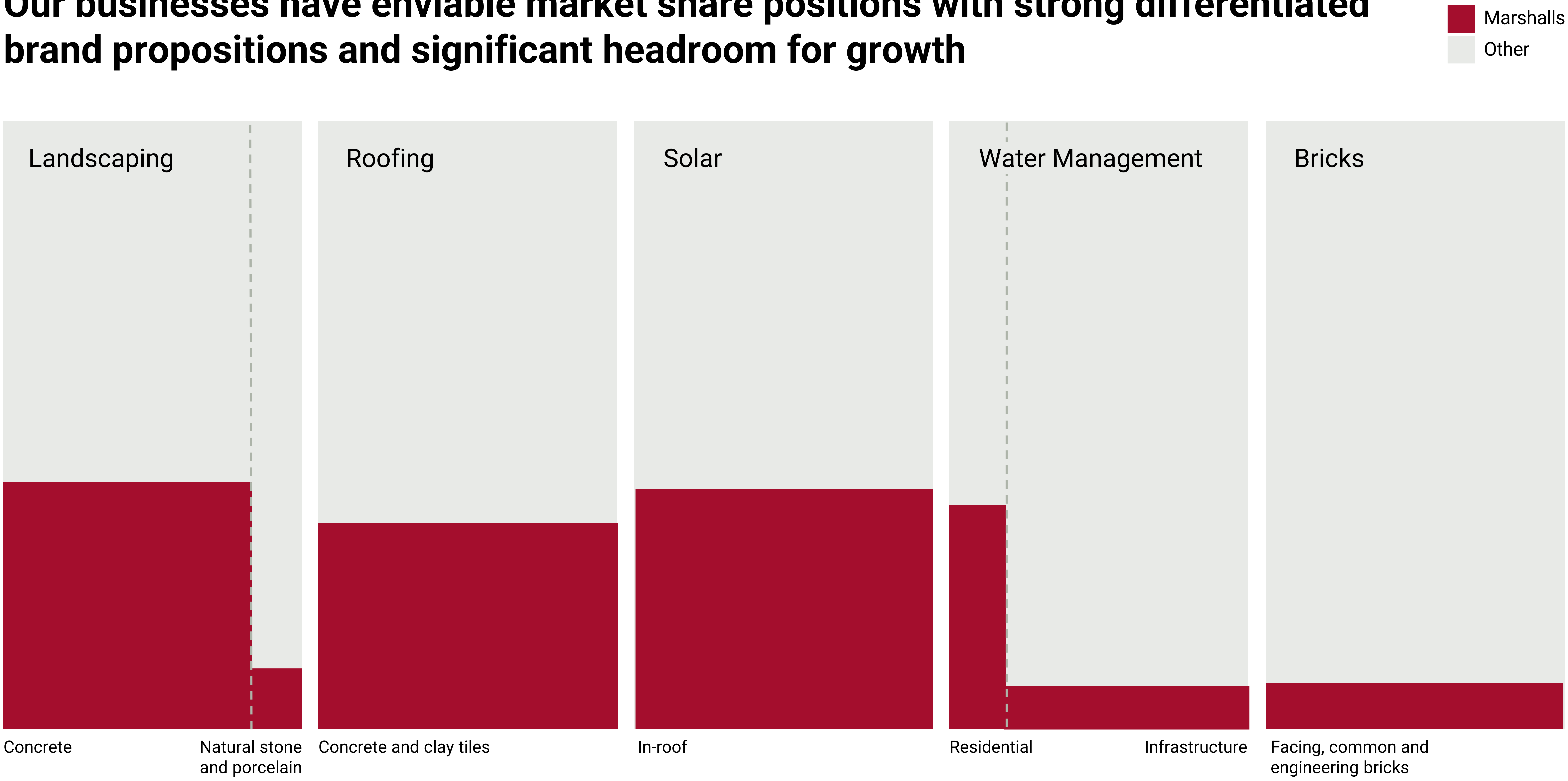

Roofing Products




## Portfolio



# Our businesses have enviable market share positions with strong differentiated brand propositions and significant headroom for growth



# Our Business Units each have a clear strategic imperative

| 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 regulatory 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 |
| | Marshalls Mortars, Screeds & Aggregates | Grow MS&A in line with the wider UK construction market |
| Synergy Realisation | Group | Enabling strategy & empowering transformation |

# Marley Roofing - Brand Powerhouse

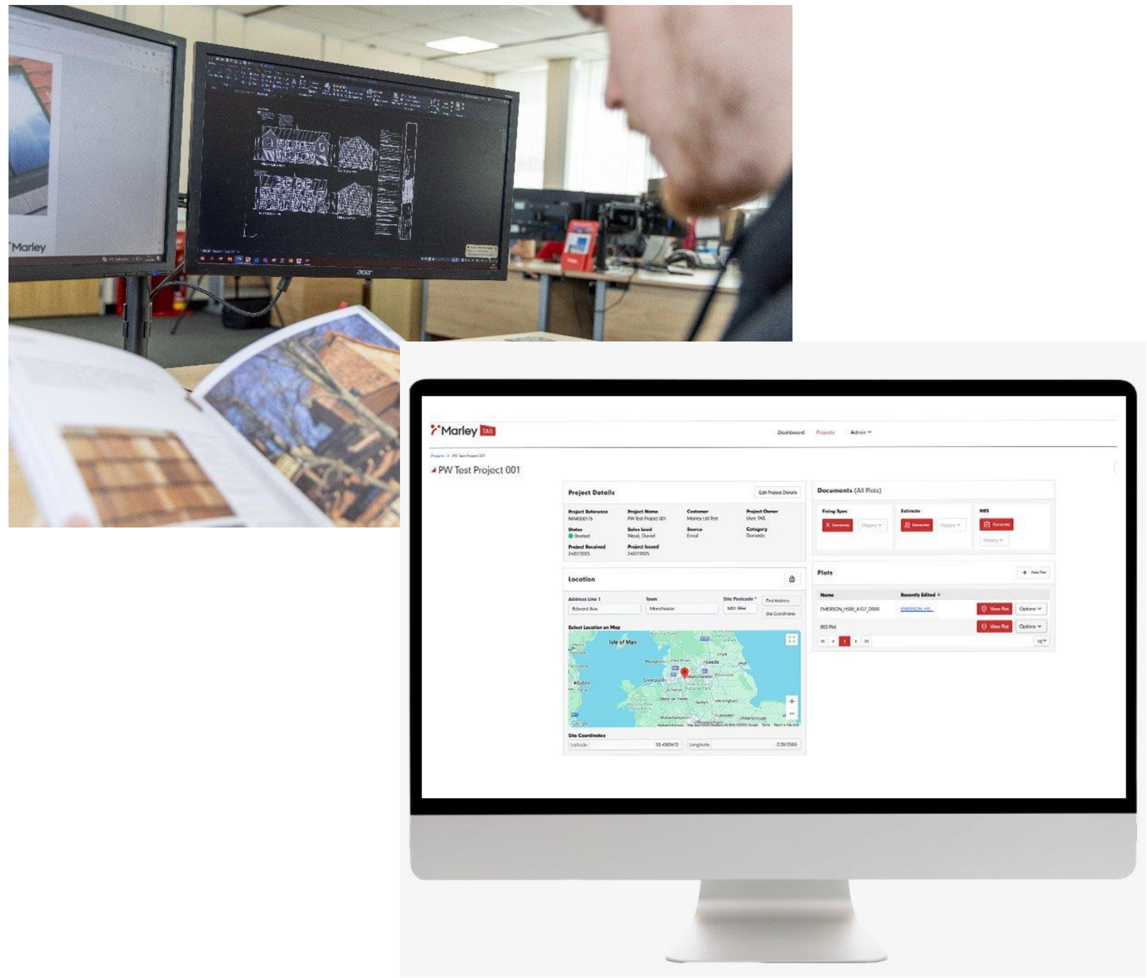
## Investing to reinforce its market leadership position

**Medium term revenue growth target**

**+1-2%**
market outperformance

### Improving product quality and manufacturing efficiency

- c.£5 million of investment underway



### Bespoke software development

- Supports specification selling
- Improves customer experience
- Increases product attachment rates

### Trialling full roof offer

- Trials underway with selected housebuilders ahead of wider rollout

# viridian solar - Growth Engine

## Regulatory tailwinds and innovation driving growth

**Medium term revenue growth target**

**+8-12%**
market outperformance

### Part L (2021) opportunity = £77m/year per 100,000 homes

**2026 Part L**

80% with solar

64% with roof integrated solar

- Part L regulations supporting a significant market opportunity for in roof solar
- 64,000 homes x 2kWp x £600/kWp

### Future Homes Standard opportunity = £162m/year per 100,000 homes

**Fully implemented FHS**

90% with solar

72% with roof integrated solar

- Future Homes Standard (FHS) as announced would double size of market opportunity
- 72,000 homes x 3.75kWp x £600/kWp

### c.135% year-on-year growth in H1 2025

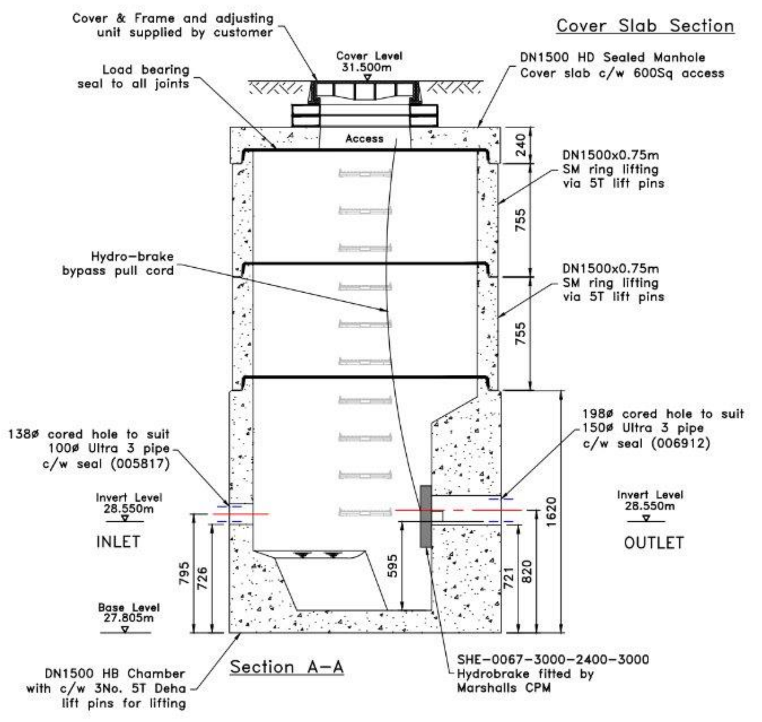

- ArcBox sales growing strongly with focus on fire safety
- ArcBox wholesale partners appointed in Spain

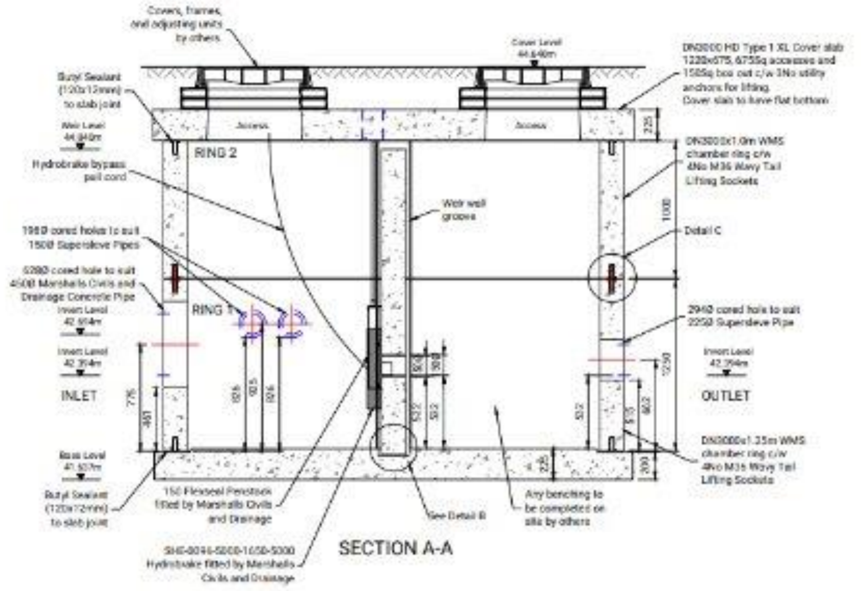
# Marshalls Water Management - Growth Engine

## Delivering growth in its core housing market and winning new infrastructure business

**Medium term revenue growth target**

**+4-6%**
market outperformance




### Strengthening specification capability

- Recruited new talent
- Invested in new design software and training
- On track to deliver 3,000 project designs in 2025, +25% year-on-year

### Winning new infrastructure business

- Toddbrook Spillway
- Flood defence scheme in Whaley Bridge
- Redi Rock Walling, Chamber Rings and Concrete Pipe

# Marshalls Water Management - Growth Engine

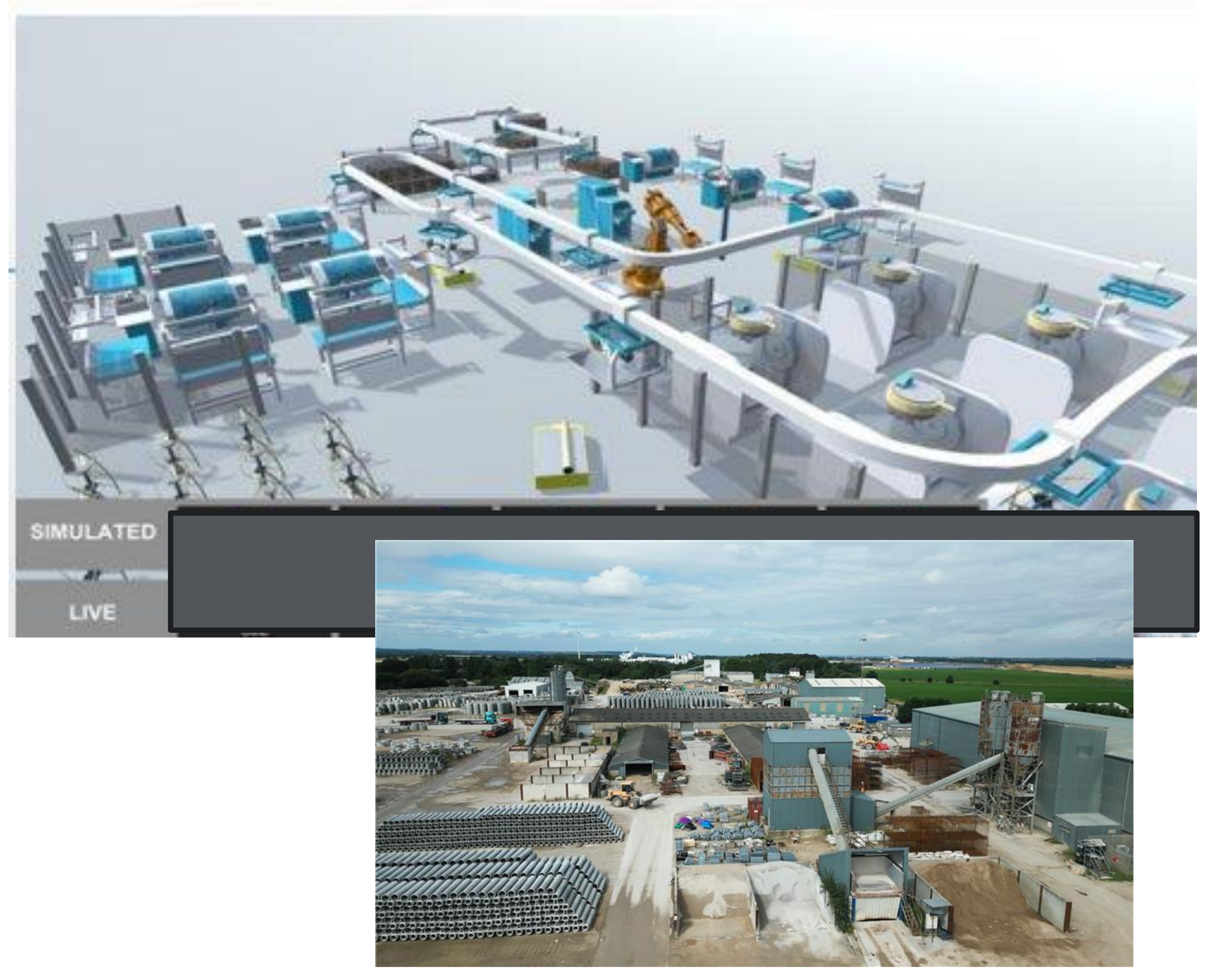
## Delivering growth in its core housing market and winning new infrastructure business

Medium term revenue growth target

**+4-6%**
market outperformance

### Accessing AMP 8 cycle investment

- Framework agreements in place with key Tier 1 main contractors
- Water infrastructure design work +35% year-on-year
- Expect feasibility and design work to ramp up through Q4 2025
- Construction starting from mid 2026




### Investing in future growth

- Capacity and capability planning underway
- Align investment with high-return growth opportunities
- Significant 'Transform & Grow' capital investment programme

# Marshalls Bricks - Growth Engine

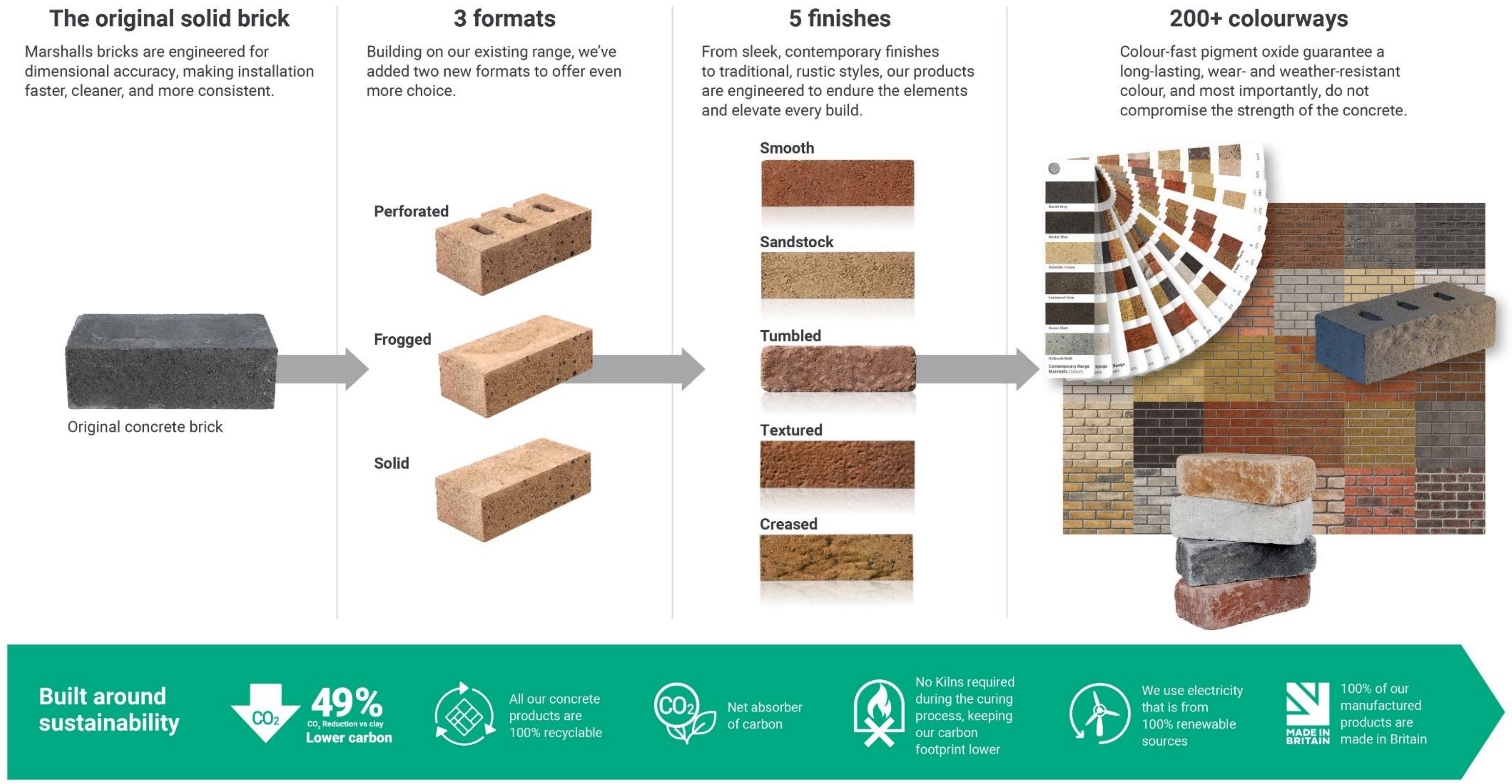
## Strengthening our lower carbon bricks offer, the most sustainable choice for UK construction

**Medium term revenue growth target**

**+8-12%**
market outperformance


### Advocacy campaign in H2

- Dispelling the myths about concrete bricks
- Reinforcing our carbon leadership




### NPD to strengthen Bricks offer

- Developed in collaboration with customers
- New aesthetic range launch in H2

SECTION

# 05

## Summary and outlook

# 'Transform & Grow' strategy delivers a return to Group revenue growth in subdued markets

## Outlook

Mindful of continuing uncertainty in the macro-economic environment, we currently see no improvement in market activity levels through the remainder of 2025

Full year outturn expected to be inline with revised guidance issued on 25 July 2025

In the medium term we remain encouraged by the Government's commitment to new housing and infrastructure investment

Expect 'Transform & Grow' strategy to position the Group well for sustainable profit growth across our diverse group businesses in the medium term

## Summary

Group returned to revenue growth reflecting early progress of 'Transform & Grow' strategy

Improved profitability in Building and Roofing products

Acceleration of Landscaping performance improvement plan

Robust balance sheet reflecting disciplined working capital management

# APPENDICES

# 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

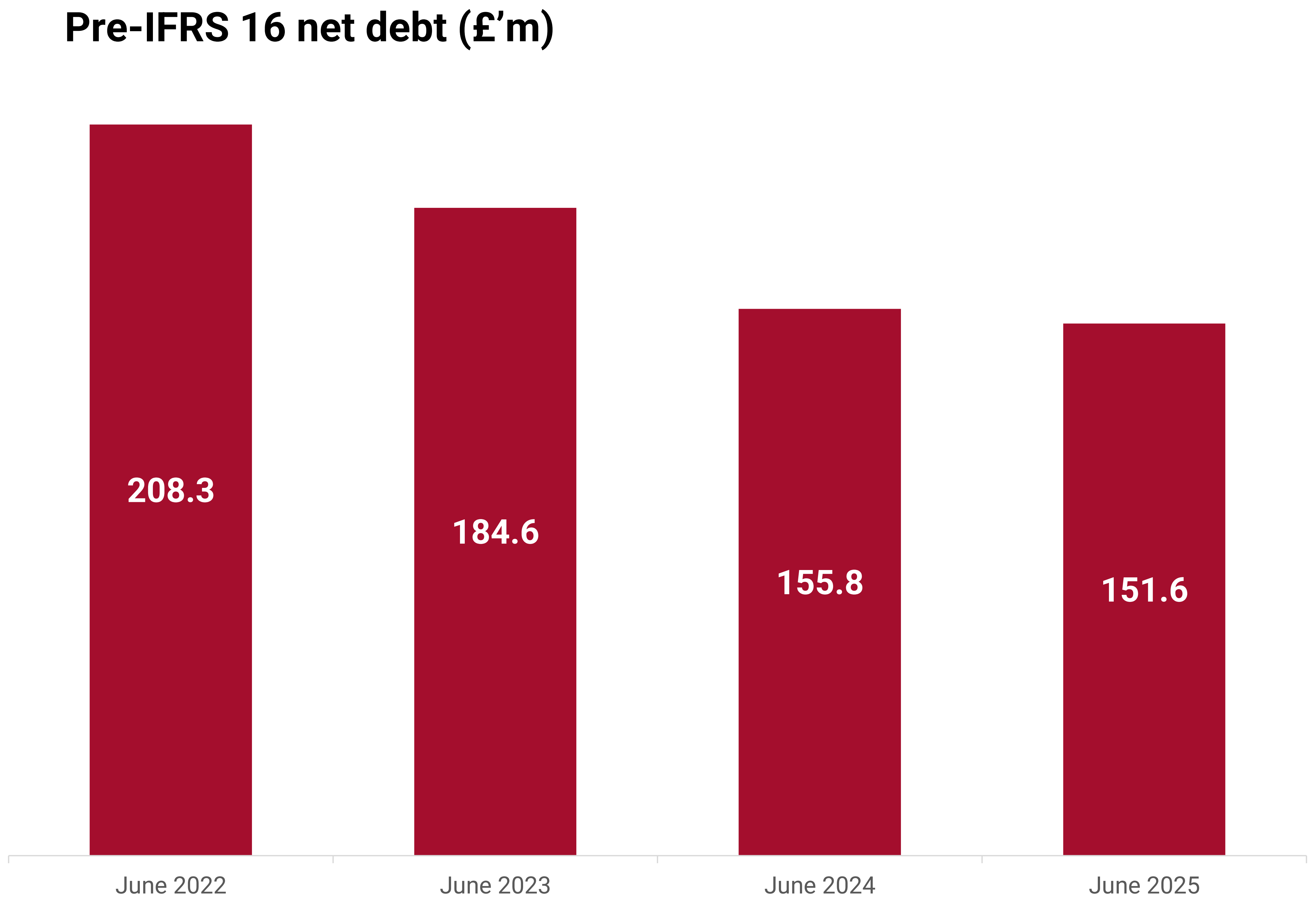
**2x**
dividend cover

**15%**
return on capital employed

# Funding and liquidity

## Sustained reduction in net debt with significant liquidity and covenant headroom

- **Syndicated bank facility of £315 million** – principally matures in April 2027
- **Net debt** of £191.9 million and **£151.6 million** on a pre-IFRS16 basis
- Cash generative nature of the Group illustrated by **£4.2 million reduction in pre-IFRS16 net debt**
- Comfortable headroom against covenants
  - **EBITA : Interest Charge | 5.9 X** *(covenant = more than 3X)*
  - **Net debt : Adjusted EBITDA | 1.8X** *(covenant = less than 3X)*
- **Bank facility headroom of £145 million** at June 2025



# Results summary

## 'Transform & Grow' strategy delivers a return to Group revenue growth despite ongoing challenges in Landscaping Products

| £'M | H1 2025 | H1 2024 | Change % |
|---|---|---|---|
| Revenue | **319.5** | 306.7 | 4% |
| **Adjusted results** | | | |
| EBITDA | **42.9** | 50.6 | (15%) |
| Operating profit | **28.4** | 34.0 | (16%) |
| Profit before tax | **22.0** | 26.6 | (17%) |
| Basic EPS - pence | **6.6** | 7.9 | (16%) |
| ROCE (%) | **7.3** | 7.6 | (0.3ppts) |
| Pre-IFRS16 net debt | **151.6** | 155.8 | 3% |
| **Statutory results** | | | |
| Operating profit | **18.1** | 28.9 | (37%) |
| Profit before tax | **11.7** | 21.5 | (46%) |
| Basic EPS - pence | **3.5** | 6.4 | (45%) |

# Adjusted profit before taxation and earnings per share

## Bridge of reported result to adjusted result

| £'m | 2025 Reported | 2025 Adjusting | 2025 Adjusted | 2024 Reported | 2024 Adjusting | 2024 Adjusted |
|---|---|---|---|---|---|---|
| Operating profit | **18.1** | **10.3** | **28.4** | 28.9 | 5.1 | 34.0 |
| Net finance costs | **(6.4)** | **-** | **(6.4)** | (7.4) | - | (7.4) |
| Profit before taxation | **11.7** | **10.3** | **22.0** | 21.5 | 5.1 | 26.6 |
| Taxation | **(2.8)** | **(2.5)** | **(5.3)** | (5.4) | (1.3) | (6.7) |
| Profit after taxation | **8.9** | **7.8** | **16.7** | 16.1 | 3.8 | 19.9 |
| | | | | | | |
| Earnings per share – pence | **3.5p** | **3.1p** | **6.6p** | 6.4p | 1.5p | 7.9p |

# Adjusting items charged to profit before taxation

| | 2025 £'m | 2024 £'m |
|---|---|---|
| 1. Amortisation of acquired intangible assets | **(5.2)** | (5.2) |
| 2. Impairment charges, restructuring charges and similar costs | **(5.1)** | – |
| 3. Additional contingent consideration | **-** | (1.6) |
| 4. Significant property sale | **-** | 1.7 |
| **Total adjusting items** | **(10.3)** | (5.1) |

Notes:
1. Amortisation of intangible assets arising on acquisitions
2. Impairment charges, restructuring and similar costs comprise asset impairment charges, redundancy costs, other site closure costs and similar expenses
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

# Disclaimer

- For the purposes of the following disclaimer, references to this "presentation" shall be deemed to include references to the presenters' speeches, the question and answer session and any other related verbal or written communications.
- This presentation, which is personal to the recipient and has been issued by Marshalls plc ("Marshalls"), comprises slides for a presentation in relation to Marshalls' preliminary results, and is solely for use at such presentation.
- This presentation and these slides are confidential and may not be reproduced, redistributed or passed on directly or indirectly to any other person or published in whole or in part for any purpose.
- This presentation and associated discussion includes forward-looking statements. Information contained in this presentation relating to Marshalls has been compiled from public sources. All statements other than statements of historical fact included in this announcement, including without limitation those regarding the plans, objectives and expected performance of Marshalls, are forward-looking statements. Marshalls has based these forward-looking statements on its current expectations and projections about future events, including numerous assumptions regarding its present and future business strategies, operations, and the environment in which it will operate in the future.
- Forward-looking statements generally can be identified by the use of forward-looking terminology such as "ambition", "may", "will", "could", "would", "expect", "intend", "estimate", "anticipate", "believe", "illustrative", "illustration", "plan", "seek" or "continue", or negative forms or variations of similar terminology. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors related to Marshalls.
- By their nature, forward-looking statements involve risks, uncertainties and assumptions and many relate to factors which are beyond the control of Marshalls, such as future market and economic conditions, external factors affecting operations and the behaviour of other market participants. Actual results may differ materially from those expressed in forward-looking statements. Given these risks, uncertainties and assumptions, you are cautioned not to put undue reliance on any forward-looking statements. In addition, the inclusion of such forward-looking statements should under no circumstances be regarded as a representation by Marshalls that Marshalls will achieve any results set out in such statements or that the underlying assumptions used will in fact be the case.
- Other than as required by applicable law or the applicable rules of any exchange on which securities of Marshalls may be listed, Marshalls has no intention or obligation to update or revise any forward-looking statements included in this presentation.
- This presentation is for information only and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any shares in Marshalls or any other securities, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied upon in connection with, any contract or investment decision related thereto. No investment advice is being given in this presentation.