

15 November 2023

**Genuit Group plc**  
**Trading Update**

Genuit Group plc ("Genuit", the "Company" or the "Group"), the UK's largest provider of sustainable water, climate, and ventilation products for the built environment, today issues an update on trading for the ten months ended 31 October 2023. The Company will report its full year results for the twelve months ending 31 December 2023 in March 2024.

**Highlights**

- **Trading in the prior four months has been in-line with management expectations**
- **Full Year 2023 Adjusted Operating Profit is expected to be marginally above market expectations<sup>1</sup>**
- **Strong strategic progress has been made in the period, focussed on business simplification and continued investment in sustainability-linked growth opportunities**

**Current trading and outlook**

Against a backdrop of continued macro-economic uncertainty, the Group's trading performance has remained resilient since interim results were reported in August, **supported by the diversity of the Group's market segment exposure**. Group revenue for the ten months ended 31 October 2023 was £504.2 million (2022: £527.2 million), 4.8% lower than the prior year on like-for-like basis<sup>2</sup>, driven by a volume reduction of circa 11%, partially offset with successful new product launches and commercial management, including international expansion.

- Sustainable Building Solutions (SBS) sales were £210.0 million, down 12.3% on the prior year, with revenues in line with previous actions to reduce lower margin and non-core business in line with business simplification objectives and volume expectations given prevailing market conditions.
- Water Management Solutions (WMS) sales were £148.7 million, in line with the prior year, following resilient demand for the Company's drainage and stormwater attenuation products.
- Climate Management Solutions (CMS) sales were £139.0 million, representing growth of 5.3% on the prior year, driven by strong demand in the Nuair ventilation business, which more than offset reductions in sales at Adey due to the softness in the gas boiler market.

The Group has continued to focus on business simplification measures that increase the efficiency of operations and partially mitigate the impact of lower volumes. These measures include undertaking site consolidations to increase economies of scale, without any associated reduction in production capacity. Together with other self-help measures, the Group is on course to deliver a further £7 million of annualised savings in addition to the £8 million announced previously. These further savings have already started to contribute to the Group's FY23 performance, will help navigate the current uncertain environment, as well as benefiting the expected incremental profit improvement when volumes return to more normal levels.

The Group's proactive cost action and continued commercial progress is expected to result in full year adjusted operating profit marginally above market expectations. This demonstrates progress, despite the current market headwinds, towards the Group's mid-term operating margin target<sup>3</sup> set out at the Capital Markets Day in November 2022.

The Group remains highly cash generative and net debt has further reduced since the half year. We continue to anticipate that capital expenditure for the full year will be less than £40 million, with investments focussed on business simplification, organic and sustainability-linked growth projects. The Group expects to report pre-IFRS16 net debt to EBITDA of circa 1.1x at the year end, reduced from 1.3x at 30 June 2023.

**Joe Vorih, Chief Executive Officer, commented:**

"We have made good progress over the last four months, with demand in our drainage, storm water and ventilation markets holding up well, supported by structural and sustainability growth drivers. Our continued focus on simplifying the business and driving operating efficiencies means that we are well positioned to navigate the current uncertain environment and benefit from incremental margin improvement when volumes return to more normal levels."

**Strategy Progress Update**

The Group will hold a Strategy Progress Update for investors and analysts at Deutsche Numis in London on 22 November 2023 at 13.30 GMT.

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Notes to Editors:

Genuit Group plc ("Genuit", the "Company" or the "Group"), the UK's largest provider of sustainable water, climate and ventilation products for the built environment, and among the ten largest manufacturers in Europe, of piping systems for the residential, commercial, civils and infrastructure sectors by revenue. It is also a leading designer and manufacturer of energy efficient solutions in water-based heating systems in the UK.

The Group manufactures the UK's widest range of solutions for heating, plumbing, drainage and ventilation. The Group primarily targets the UK and European building and construction markets with a presence in Italy and the Netherlands and sells to specific niches in the rest of the world.

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<sup>1</sup> Genuit compiled analyst consensus forecasts for 2023 show Adjusted Operating Profit of £89.7m

<sup>2</sup> Like-for-like as adjusted for acquisitions and disposals. Group revenue including Polypipe Italia £6.5m

<sup>3</sup> Greater than 20% Adjusted Operating Margin over the mid-term

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