

19 November 2024

## 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 2024. The Company will report its full year results for the twelve months ending 31 December 2024 in March 2025.

### **Key Highlights**

- Resilient performance, despite subdued market conditions
- Strong strategic progress in the period, with the Genuit Business System continuing to build momentum and delivering margin progression despite lower volumes
- Continued strong cash generation, with a debt reduction of £5 million since the end of June
- Market conditions are expected to remain subdued through the remainder of 2024 and into 2025. As a result, the Board expects full year underlying operating profit to be broadly in-line with the lower end of analyst expectations<sup>1</sup>
- Notwithstanding near-term trends, Genuit is well placed to benefit from the eventual market recovery and the structural growth drivers to which the Group is exposed

### **Current trading and Business Update**

The Group's trading performance has been resilient since the interim results were reported in August. In the four months ended October 2024, revenue is down 1.8% versus prior year on a like-for-like basis.

Group revenue for the ten months ended 31 October 2024 was £471.7 million (2023: £504.2 million), 6.4% lower than the prior year on a reported basis and 7.1% lower than prior year on like-for-like basis<sup>2</sup>.

- Climate Management Solutions (CMS) revenues were up 1.7% year on year on a like-for-like basis for the four months ended October 2024. This performance was driven by strong demand in the residential sector of Nuaire's ventilation business and an encouraging improvement in sales at Adey in September and October. Year to date revenues of £135.4 million on a reported basis, represent a year-on-year reduction of 2.6%, with residential ventilation strength being offset by subdued commercial ventilation sales and softness in the market for boiler sales affecting Adey.
- Water Management Solutions (WMS) revenues were down 4.9% on a like-for-like basis for the four months ended October 2024. Year to date revenues of £137.7 million on a reported basis, represent a year-on-year reduction of 7.4%, as a result of several project delays in an uncertain business environment.
- Sustainable Building Solutions (SBS) sales were down 2.0% on a like-for-like basis for the four months ended October 2024. Year to date revenues of £192.3 million on a reported basis, represent a year-on-year reduction of 8.4%, as a result of subdued new housebuilding and RMI activity. The business unit has made strong progress in winning new business in the period, following the withdrawal of a competitor from the UK market, with additional revenues expected in 2025.

- The two recent acquisitions of Sky Garden and Omnie & Timoleon contributed £3.5m of revenue in the four months to October 2024. The integration of these businesses is proceeding as planned and as expected, do not materially affect profitability in FY24.
- The Group has continued to focus on the deployment of the Genuit Business System and is making good progress in achieving productivity improvements that help mitigate the impact of lower volumes and increase operational gearing of the Group to drive profitability as volumes return to more normal levels.

## **Outlook**

Underlying operating profit is expected to be broadly in-line with the lower end of analyst expectations<sup>1</sup>, with continuing operating margin progression.

Market conditions are expected to remain subdued for the remainder of 2024 and into 2025. The Group is assessing the impact of the recently announced increases in employer National Insurance contributions and the National Minimum Wage, which will add c.£5m to the Group's cost base in 2025. The Group will seek to mitigate this through productivity and supply chain improvements where possible, along with balanced price management.

Whilst the timing of the eventual market recovery is uncertain, the Group is encouraged by the UK Government's commitment to significantly increase the levels of new housebuilding and to the decarbonisation of the built environment. The Group remains well positioned to capitalise on these structural drivers. The Group remains highly cash generative and has a strong balance sheet providing scope for strategic acquisitions. Leverage is expected to be c.1.1x at the end of the year.

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

*"Genuit has delivered a resilient performance in the face of market conditions that have remained subdued. Against this backdrop, we have made good progress with our strategy and I am delighted the Genuit Business System has continued to build momentum. Our focus on efficiency and productivity continues to support strong margins despite lower volumes."*

*"In the near term, we expect the market to remain subdued for the remainder of 2024 and into next year. We are also working through the impact of cost increases relating to employer National Insurance contributions and National Minimum Wage on both our own business and the industry."*

*"The economic and social imperative to increase levels of construction and housebuilding in the UK has never been stronger. At the same time, the need to decarbonise the built environment and adapt to climate change remains clear. I am confident that Genuit's portfolio of climate friendly, labour saving, and energy efficient solutions will play a key role in supporting sustainable growth in the coming years."*

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<sup>1</sup> Genuit compiled analyst consensus forecasts for 2024 show Adjusted Operating Profit of £92m to £94m

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

### **Enquiries:**

#### **Genuit Group plc:**

Joe Vorih, Chief Executive Officer  
Tim Pullen, Chief Financial Officer  
+44 (0) 113 831 5315

**Headland Consultancy:**

Chloe Francklin

Matt Denham

Email: [genuit@headlandconsultancy.com](mailto:genuit@headlandconsultancy.com)

Telephone: 020 3805 4822

**About Genuit Group plc**

Genuit Group plc is the UK's largest provider of sustainable water, climate and ventilation products for the built environment. Genuit's solutions allow customers to mitigate and adapt to the effects of climate change and meet evolving sustainability regulations and targets.

The Group is divided into three Business Units, each of which addresses specific challenges in the built environment:

- **Climate Management Solutions** - Addressing the drivers for low carbon heating and cooling, and clean and healthy air ventilation.
- **Water Management Solutions** - Driving climate adaptation and resilience through integrated surface and drainage solutions.
- **Sustainable Building Solutions** - Providing a range of construction solutions to reduce the carbon content of the built environment.

Across these Business Units, Genuit's brands are some of the most well-established and innovative in the industry, including Polypipe, Nuair and Adey.

The Group primarily serves climate-driven building and construction markets in the UK, with an expanding presence in Europe, the Middle East and North America and sells to specific niches in the rest of the world.