Preliminary results • FY 2024

For the year ended 31 December 2024
Hill & Smith PLC

Highlights

Strong results, continued momentum, refreshed framework

Record FY24 trading performance

- 5% revenue and 20% profit growth at constant currency
- Return to organic revenue growth in H2
- Operating margin up 200bps to16.8%
- Strong performance from US businesses which now represent 76% of Group profit

Active portfolio management

- Four value enhancing US acquisitions for aggregate expected consideration of c.£60m
- Divestment of two non-core businesses in Q1 2025 further improves quality of portfolio
- M&A pipeline remains active

Strong cash generation and returns

- FY24 cash conversion 99%
- ROIC increased to 24.8% (2023: 22.0%)
- EPS up 16% to 122.6p
- Final dividend proposed 32.5p, up 16% making total dividend of 49.0p

Positive outlook with refreshed strategic and financial framework

- Enhanced focus on faster, structurally growing end markets
- Updated targets for operating margin and ROIC reflecting growth potential
- Group expects to make further progress in FY25 and beyond

2024 results

Record results underpinned by strong growth in Engineered Solutions and Galvanizing Services businesses in the US

Revenue
£855.1m +5%
(2023: £829.8m) constant currency

Operating profit
£143.5m +20%
(2023: £122.5m) constant currency

Operating margin
16.8% +200bps
(2023: 14.8%)

Profit before tax
£132.6m +18%
(2023: £111.9m)

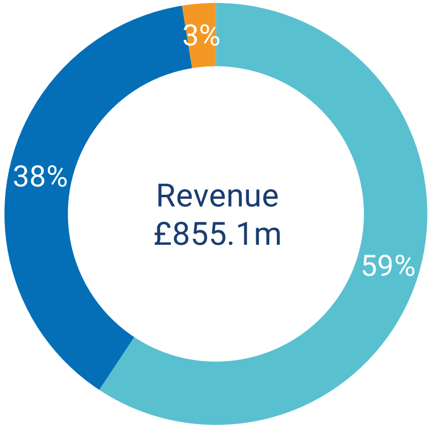
Earnings per share
122.6p +16%
(2023: 105.4p)

Dividend per share
49.0p +14%
(2023: 43.0p)

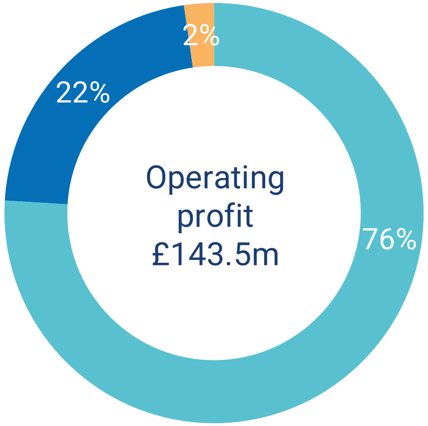
Group overview

Our faster growing, higher margin US businesses contributed 76% of operating profit in 2024

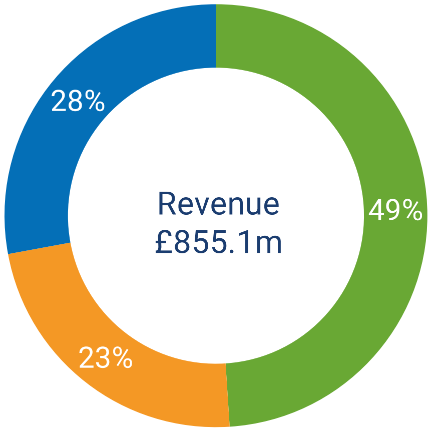
By geography



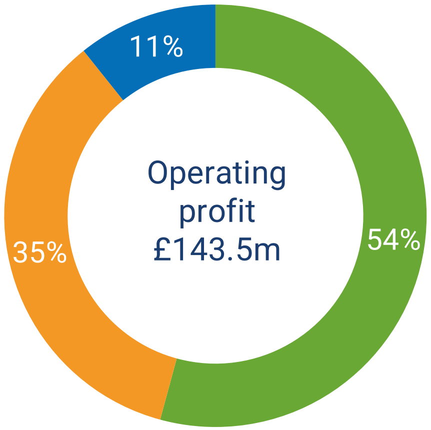
US
UK
Rest of World



By division



Engineered Solutions
Galvanizing Services
Roads & Security



Engineered Solutions

Excellent performance, reflecting strong organic growth in US and contribution of recent acquisitions

US

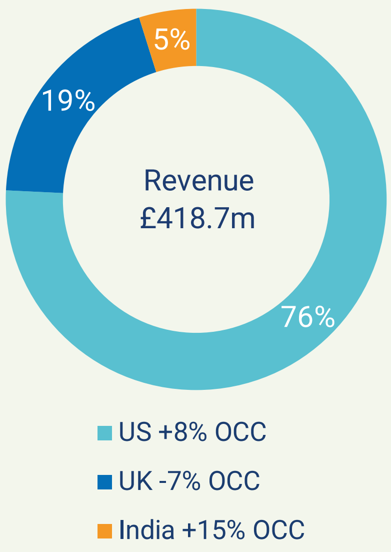
- Strong demand for composite solutions across range of end markets
- High demand for structural steel projects to upgrade electrical grid infrastructure
- Good demand for engineered supports driven by industrial projects
- Four complementary bolt-on acquisitions made in 2024, all performing well
- Outlook: positive, supported by investment to upgrade critical infrastructure and onshore vital components

UK and India

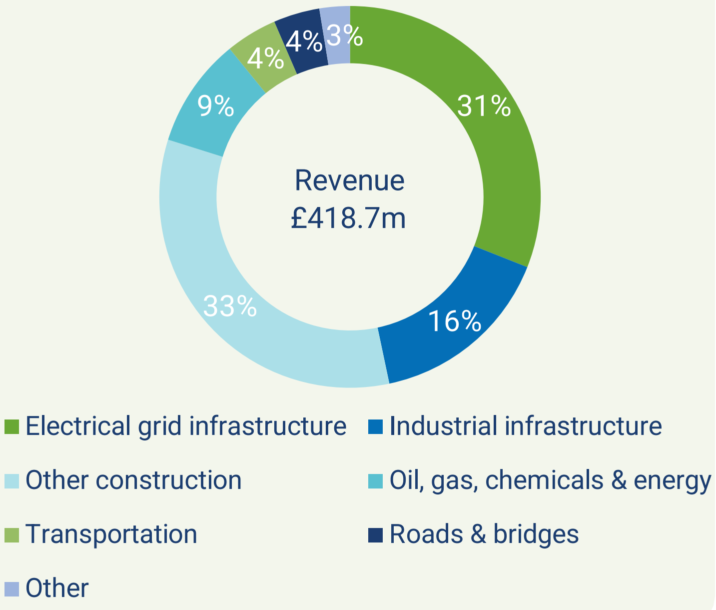
- Lower UK revenue reflecting subdued residential construction market and lower pricing with reduced steel input costs
- Good growth in India underpinned by international LNG project demand
- Outlook: mixed in UK, good growth prospects for India

	2024	2023	Constant Currency	OCC
Revenue (£m)	418.7	367.0	+17%	+5%
Operating profit (£m)	77.8	64.4	+25%	+10%
Operating margin	18.6%	17.5%		

By geography



By end market



Galvanizing Services

Record performance driven by volume growth in our higher margin US business

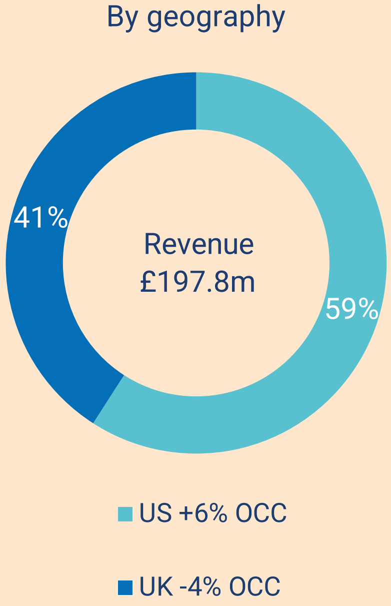
US

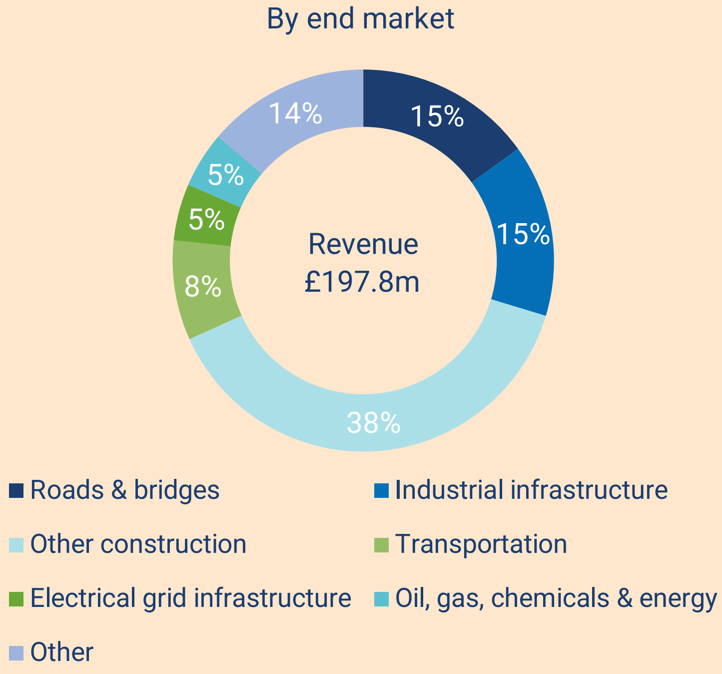
- Impressive performance, with 9% volume growth and good margin expansion
- Strong demand from baseload customers in roads & bridges and transportation sectors
- Growth in utility, data centre and clean energy segments
- Outlook: remains strong, ongoing infrastructure investment expected to support continued volume growth

UK

- Challenging year with 2023 market slowdown continuing into H1 2024
- Good H2 volume growth supported by sales actions and some market recovery
- Benefits of simplified operational and commercial structure with enhanced focus on customer service
- Outlook: improved for 2025, infrastructure and structural steel markets expected to be stable

	2024	2023	Constant Currency	OCC
Revenue (£m)	197.8	196.7	+2%	+2%
Operating profit (£m)	50.3	45.7	+13%	+12%
Operating margin	25.4%	23.2%		





Roads & Security

Lower revenue due to subdued demand, but improved profitability due to non repeat of certain FY23 one-off charges

UK

- Barrier rental delivered robust performance
- Wider UK roads portfolio impacted by reduced demand and budgetary pressures
- Outlook: remains challenging with a business focus on cost management and diversification

US

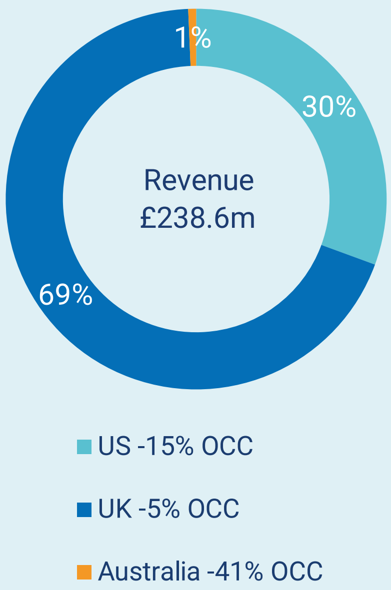
- Expected lower demand in off-grid solar lighting vs strong PY comparator
- Performance of core road barrier and attenuator product lines encouraging
- Continued challenges in message board business. Action being taken to address

Divestments improve portfolio quality

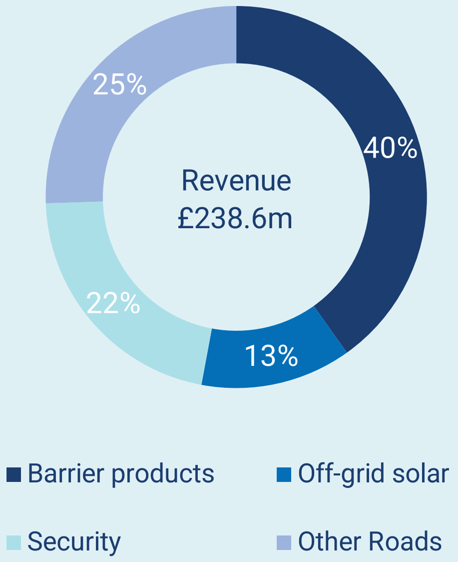
- Q1 2025 divestment of a small loss making UK security business and our subscale, loss making Australian roads business

	2024	2023	Constant Currency	OCC
Revenue (£m)	238.6	266.1	-9%	-9%
Operating profit (£m)	15.4	12.4	+26%	+26%
Operating margin	6.5%	4.7%		

By geography



By product



Cash generation and financial position

Hill & Smith continues to be highly cash generative with £100.2m of free cash flow

Strong cash conversion

- 99% cash conversion
- Free cash flow £100.2m
- Supporting acquisition strategy and dividend policy

Allocation of capital to acquisitions

- c.£50m cash outlay in the year on value accretive US acquisitions
- Target to invest £50-70m per annum on M&A

Significant balance sheet capacity

- Covenant net debt to EBITDA: 0.3 times
- £265.4m facility headroom

Return on invested capital at 24.8%

- Increase of 280 basis points
- Faster growth in higher margin, lower capital intensity US businesses

£m	2024	2023
Underlying operating profit	143.5	122.5
Depreciation and amortisation	32.4	30.2
Underlying EBITDA	175.9	152.7
Working capital	0.6	22.8
Capital expenditure (net)	(25.2)	(28.5)
Repayments of lease liabilities	(9.0)	(9.4)
Movements in provisions/other	(0.2)	3.5
Underlying operating cash flow	142.1	141.1
Underlying cash conversion	*99%*	*115%*
Restructuring spend (net)	(1.4)	0.9
Pension deficit payments	(3.7)	(3.7)
Interest paid (incl. IFRS 16)	(10.3)	(9.7)
Tax paid	(26.5)	(31.7)
Free cash flow	100.2	96.9
Dividends	(34.5)	(28.0)
M&A	(49.9)	(56.6)
Lease movement under IFRS 16	(4.3)	(2.8)
Share issues/other (net)	0.7	(1.4)
Net cash flow	12.2	8.1
FX impact	(0.7)	3.2
Net debt	96.9	108.4

Good progress on M&A

We completed four highly complementary US acquisitions in 2024 for aggregate expected consideration of £58.5m

Whitlow Electric

- Acquired September 2024: $30.2m (9.7x EBIT)
- Supplies structural steel and substation components for electrical infrastructure
- Highly complementary, broadening geographic footprint into the Southeast of the US

Trident Industries

- Acquired July 2024: initial consideration $13.5m, further consideration up to $32.5m (8.1x EBIT*)
- Designs and supplies highly resilient composite utility poles serving US and Caribbean customers

FM Stainless

- Acquired March 2024: $8.3m (5.2x EBIT)
- Based in Georgia, manufactures stainless steel pipe supports, principally for attractive water and wastewater markets
- Provides cross-selling opportunities

Capital Steel

- Acquired January 2024: $6.3m (6.3x EBIT)
- Supplies structural steel and substation components for electrical infrastructure
- Expands customer base into New Jersey

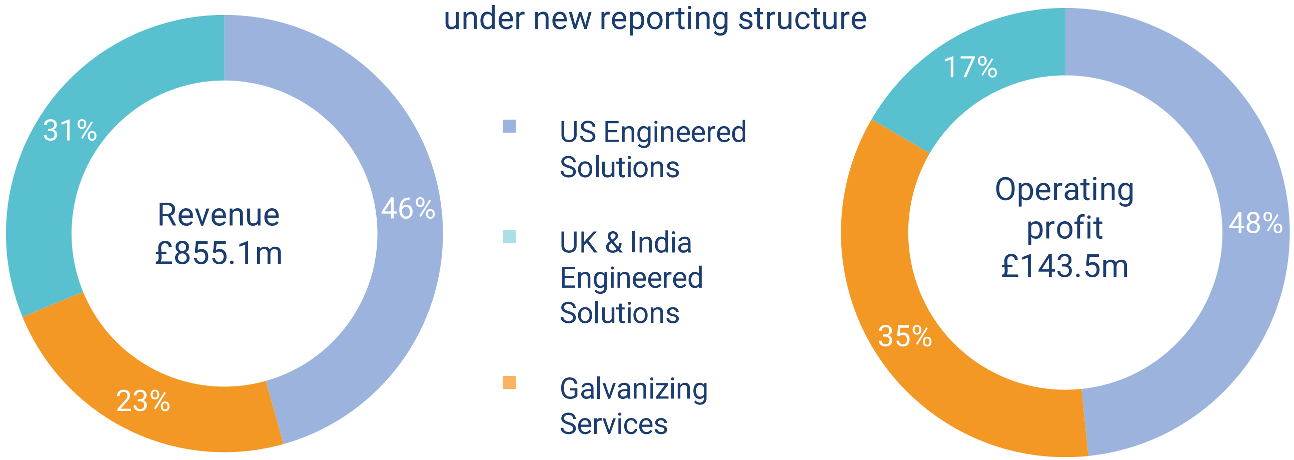
All successfully integrated and trading in line with or ahead of expectations

** Based on FY23 adjusted EBIT at full payout*

Our 2025 reporting structure

We have changed our divisional reporting structure for 2025 to better reflect the way the Group is now managed, enabling closer focus on geographic end markets and growth opportunities

Indicative FY24 divisional split under new reporting structure



The new divisional reporting structure is as follows:

- US Engineered Solutions: comprising all US operating companies excluding Galvanizing Services
- UK and India Engineered Solutions: comprising all UK operating companies and India, excluding Galvanizing Services
- Galvanizing Services: no change

We will report under the new structure at our half-year results in August 2025.

Strategic update: initial observations

Hill & Smith is a fantastic business with strong foundations and exciting growth potential

Attractive end markets

We are exposed to attractive infrastructure and built environment end markets with structural growth drivers

Talented teams

Our local operating company teams are hard working, energetic and highly customer focussed

Entrepreneurial culture

Our operating companies are agile, responsive and well positioned to succeed

Track record of success

Our refreshed purpose, end market focus and operating company framework will further underpin our growth ambitions

Our refreshed purpose and operating company framework

Informing our portfolio management approach

Our purpose

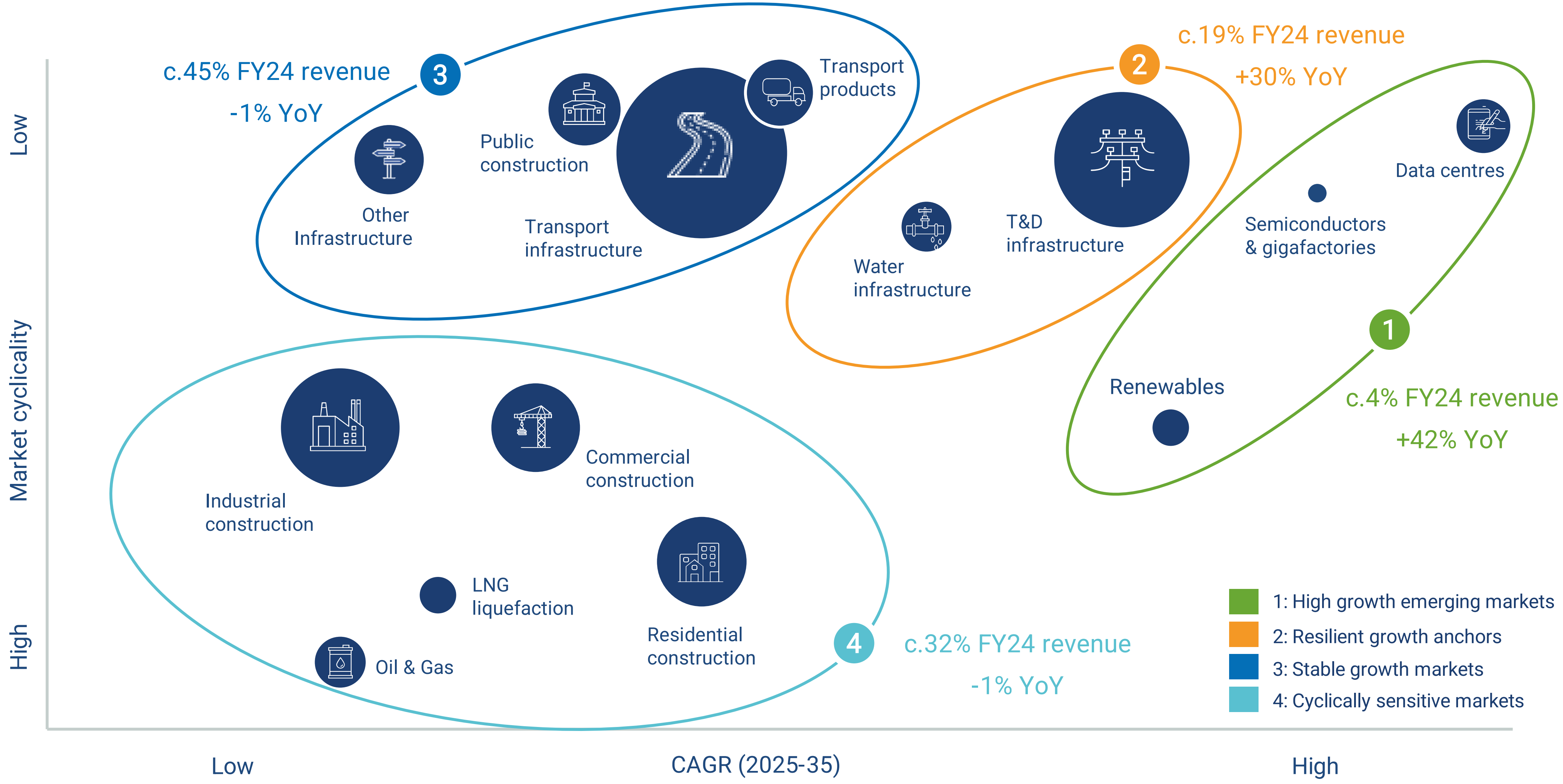
We create value by providing solutions that enhance the resilience of vital infrastructure and the built environment

Market Dynamics	Business Model	Management & Culture
Exposure to priority end markets	High customer intimacy	Management capability
Leader in defensible niches	Value-add solutions	Quality of employees
Potential for bolt-ons	Manufacturing with low/medium capital intensity	Cultural fit and collaboration

Financial Framework

An enhanced focus on priority end markets

Increasing our exposure to high growth markets with low cyclicality



Group revenue by end market growth and cyclicality

Refreshed financial framework

Our strong financial performance and the positive outlook provide confidence to upgrade certain targets

	Updated Framework	FY24	FY23	FY22
Organic revenue growth	5-7%	flat	5%	14%
Total revenue growth	10%+	3%	13%	17%
Operating profit margin	18%+ (previously 15%+)	16.8%	14.8%	13.3%
Return on invested capital	22%+ (previously 18%+)	24.8%	22.0%	19.2%
Cash conversion	80%+	99%	115%	51%
Covenant leverage	1-2 x	0.3 x	0.4 x	0.7 x

Our updated capital allocation framework

Effective deployment of capital to support growth ambitions

Organic growth

- Disciplined investment in capital projects, talent and innovation
- Focus on higher return, higher growth markets

Inorganic investment

- Structured approach based on agreed criteria
- Clear alignment with purpose and strategy
- Returns to exceed Group WACC within 3 years
- Target to invest £50-70m per year

Dividends

- Provide a growing dividend to shareholders
- FY24 total dividend 49.0p per share (+14%)

Return surplus capital

- Return surplus capital to shareholders if leverage is expected to fall below 0.5 times for a sustained period

Updated Group ROIC target: >22% through the cycle

Underpinned by balance sheet prudence
Target leverage: 1 to 2 times

Sustainability

Sustainability underpins our growth strategy

Health and safety

- 23% reduction in LTIR in 2024
- Enhancements to risk identification and assessment processes
- Successful implementation of new H&S management system
- Upgraded targets for 2025 and 2030

Talent and engagement

- Launch of high potential programme, a first for the Group
- FY25 focus on driving employee engagement

Greenhouse gas emissions and energy efficiency

- 3% reduction in greenhouse gas emissions
- Energy treasure hunts to identify energy efficiency and carbon reduction opportunities
- Transition of US businesses to renewable energy

Protecting the world

Focus areas:

- Greenhouse gas emissions and energy efficiency
- Sustainable products

Saving and enhancing lives

Focus areas:

- Health, safety and wellbeing
- Talent, development and engagement
- Equity, diversity and inclusion

Sustainable governance

Focus areas:

- Climate risks (TCFD)
- Ethical conduct

Our investment case

Structural growth
underpinned by the need for infrastructure investment in our core markets

Market leader
with a strong track record in attractive niches with high barriers to entry

Entrepreneurial culture
supported by an agile, autonomous operating model



Hill & Smith PLC



High and improving returns profile
delivering superior value for shareholders

Strong balance sheet
supported by excellent cash generation, enabling us to take advantage of organic and inorganic opportunities

Sustainability
at the core of our business model

Outlook

We expect another year of good progress in 2025

Strong trading momentum in US expected to continue

- Underpinned by investment to upgrade and onshore vital infrastructure and technology change
- We are closely monitoring the effect of current trade tensions on our businesses and supply chain however we do not see a significant impact at this time

UK FY25 outlook remains challenging in short term

- Budgetary pressures in public sector likely to continue, but we are cautiously optimistic for some recovery

Medium term outlook remains positive

- Focus on structurally growing niche end markets, together with our proven M&A strategy and the benefits of our agile operating model, provides confidence that the Group will continue to make progress

Appendices

2025 guidance

Key financial modelling assumptions

Capital expenditure

c.£40m

Interest

c.£9m

Assumes base rates are maintained at end Feb 2025 rates. Includes aggregate c.£3m for IFRS16 lease and pension deficit interest and amortisation of refinancing fees

Cash conversion

c.80%

H1/H2 Weighting

FY25 expected to be modestly second half weighted in line with historic trends

Effective tax rate

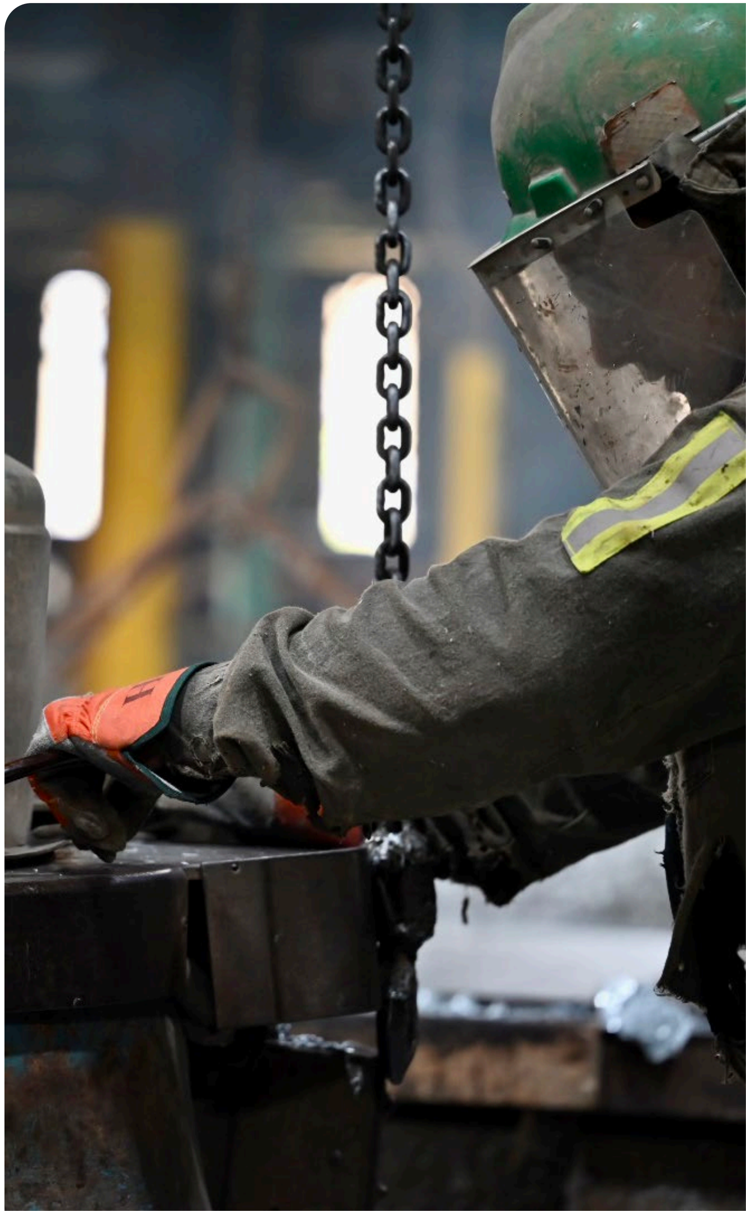
c.25.5%

Assumes no change in headline corporation tax rate in US or UK

Translation impact of FX movements

+/- 1 cent move in:	FY revenue	FY operating profit
US$	+/- £4.0m	+/- £1.0m

Company FY25 forecasts currently based on 1.28 US$ / GBP



2024: divisional analysis

	2024	Organic	M&A	FX	2023	Constant currency	OCC
Engineered Solutions							
Revenue (£m)	418.7	16.6	44.1	(9.0)	367.0	+17%	+5%
Operating profit (£m)	77.8	6.1	9.4	(2.1)	64.4	+25%	+10%
Operating margin	18.6%				17.5%		
Galvanizing Services							
Revenue (£m)	197.8	3.3	1.3	(3.5)	196.7	+2%	+2%
Operating profit (£m)	50.3	5.3	0.4	(1.1)	45.7	+13%	+12%
Operating margin	25.4%				23.2%		
Roads & Security							
Revenue (£m)	238.6	(22.7)	(1.9)	(2.9)	266.1	-9%	-9%
Operating profit (£m)	15.4	3.2	-	(0.2)	12.4	+26%	+26%
Operating margin	6.5%				4.7%		
Group							
Revenue (£m)	855.1	(2.8)	43.5	(15.4)	829.8	+5%	-
Operating profit (£m)	143.5	14.6	9.8	(3.4)	122.5	+20%	+12%
Operating margin	16.8%				14.8%		

New reporting structure: 2024 indicative

	2024	Organic	M&A	FX	2023	Constant currency	OCC
US Engineered Solutions							
Revenue (£m)	390.3	7.6	44.1	(10.9)	349.5	+15%	+2%
Operating profit (£m)	69.4	4.3	9.4	(2.0)	57.7	+25%	+8%
Operating margin	17.8%				16.5%		
UK & India Engineered Solutions							
Revenue (£m)	267.0	(13.7)	(1.9)	(1.0)	283.6	-6%	-5%
Operating profit (£m)	23.8	5.0	-	(0.3)	19.1	+27%	+27%
Operating margin	8.9%				6.7%		
Galvanizing Services							
Revenue (£m)	197.8	3.3	1.3	(3.5)	196.7	+2%	+2%
Operating profit (£m)	50.3	5.3	0.4	(1.1)	45.7	+13%	+12%
Operating margin	25.4%				23.2%		

Companies included in new divisional structure:

US Engineered Solutions: Creative Composites Group, V&S Utilities, The Paterson Group, H&S Inc, National Signal, Novia

UK & India Engineered Solutions: Hill & Smith Infrastructure, Mallatite, Birtley, Lionweld, Asset International, Barkers, Prolectric, ATG, Bergen Pipe Supports India

Galvanizing Services: V&S Galvanizing (US), Joseph Ash Group (UK)

Non-underlying items

	2024	2023
Business reorganisation costs	-	(0.2)
Expenses relating to acquisitions and disposals	(1.9)	(5.3)
Amortisation of acquisition related intangibles	(9.9)	(8.4)
Impairments (FY24: principally H&S Inc.)	(13.2)	(0.6)
Loss on remeasurement of businesses held for sale	(3.1)	-
Loss on disposal of subsidiaries	-	(4.2)
	(28.1)	(18.7)
Comprising		
Cash in year	(2.9)	(2.4)
Future cash	-	(3.7)
Non-cash	(25.2)	(12.5)
	(28.1)	(18.7)

Financial capacity: facilities and usage

Principal debt facilities

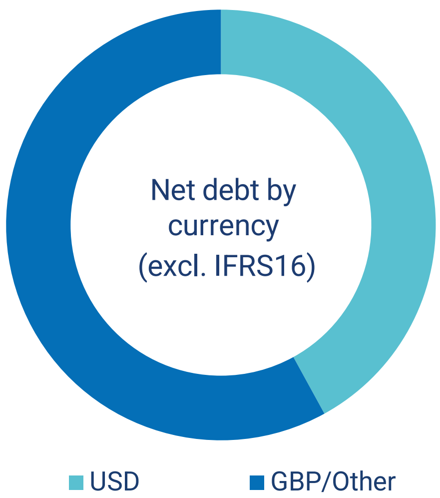
- Revolving credit facility: £250m maturing H2 2027
- Senior notes: $70m unsecured notes mature 2026/29
- c.55% of drawn debt at period end subject to fixed interest rates
- Average cost of debt in 2024 c.5%

Facilities provide significant headroom of £265.4m

- Net debt: EBITDA 0.3 times (covenant 3 times)
- Interest cover 20.4 times (covenant 4 times)
- Target net debt: EBITDA range between 1.0 and 2.0 times

£m	Net debt	Facility
Committed	100.7	308.1
On demand	0.3	6.7
Cash	(51.6)	-
Net borrowings	49.4	314.8
IFRS 16	49.0	
IFRS 9	(1.5)	
Reported net debt	96.9	

On demand	2025	2026	2027	2029
6.7	2.1	28.0	250.0	28.0



Disclaimer

Cautionary statement

This presentation contains forward looking statements which are made in good faith based on the information available at the time of its publication.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

Hill & Smith PLC