

Hill & Smith PLC

Preliminary results

For the year ended 31 December 2025



Highlights



Strong US performance underpins good results; well placed for further progress in 2026
Two highly complementary acquisitions agreed

Strong trading performance

- 3% OCC revenue growth, accelerating to 4% in H2
- Underlying operating profit up 6% OCC
- Excellent performance from US platform businesses
- UK market backdrop more challenging
- Positive operating margin expansion of 60bps to 17.4%

Disciplined capital allocation

- £35m organic growth capital investment in US capacity expansion over next two years
- Freeberg and Hentech acquisitions agreed, successfully delivering on M&A strategy
- Active M&A pipeline, aligned to our strategic framework
- £100m share buyback over 18 months commenced in August; £32.5m returned to date

Excellent cash generation and returns

- Cash conversion 91%, ahead of 80%+ target
- ROIC increased 190bps to 26.7%, reflecting growth in US platform businesses
- Covenant leverage at 0.1 times
- EPS up 8% to 132.2p
- Full year dividend of 53p, up 8%

Well positioned for further growth

- Growing share of revenues from more attractive, higher growth markets
- Strong US trading momentum expected to continue in 2026
- Assessing measures to strengthen our UK operations
- Confident that the Group will make further good progress in 2026 and beyond

Operating and Financial Review

2025 results

Good results underpinned by strong performance in US businesses

Revenue

£868.8m +3% occ

(2024: £855.1m)

Underlying operating profit *

£151.3m +6% occ

(2024: £143.5m)

Underlying operating margin *

17.4% +60bps

(2024: 16.8%)

Return on invested capital *

26.7% +190bps

(2024: 24.8%)

Underlying earnings per share *

132.2p +8%

(2024: 122.6p)

Dividend per share

53.0p +8%

(2024: 49.0p)

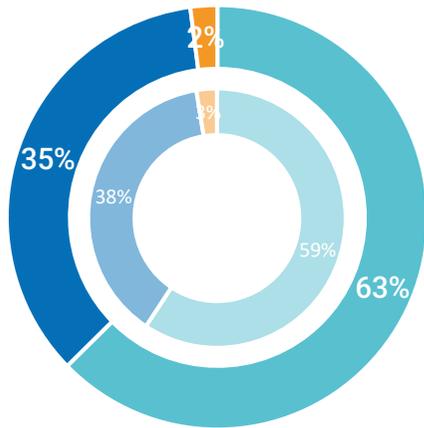
* Underlying operating profit excludes non-underlying operating charges totaling £31.2m (2024: £28.1m), including impairment charges of £13.6m relating to our US off-grid solar business. Further details in the Appendices.



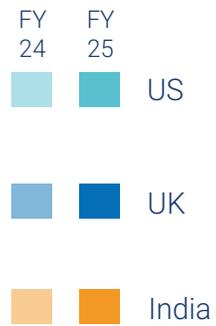
Group overview

Focused on structurally growing US infrastructure markets

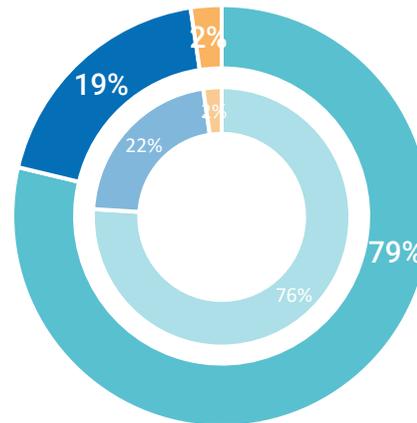
Revenue



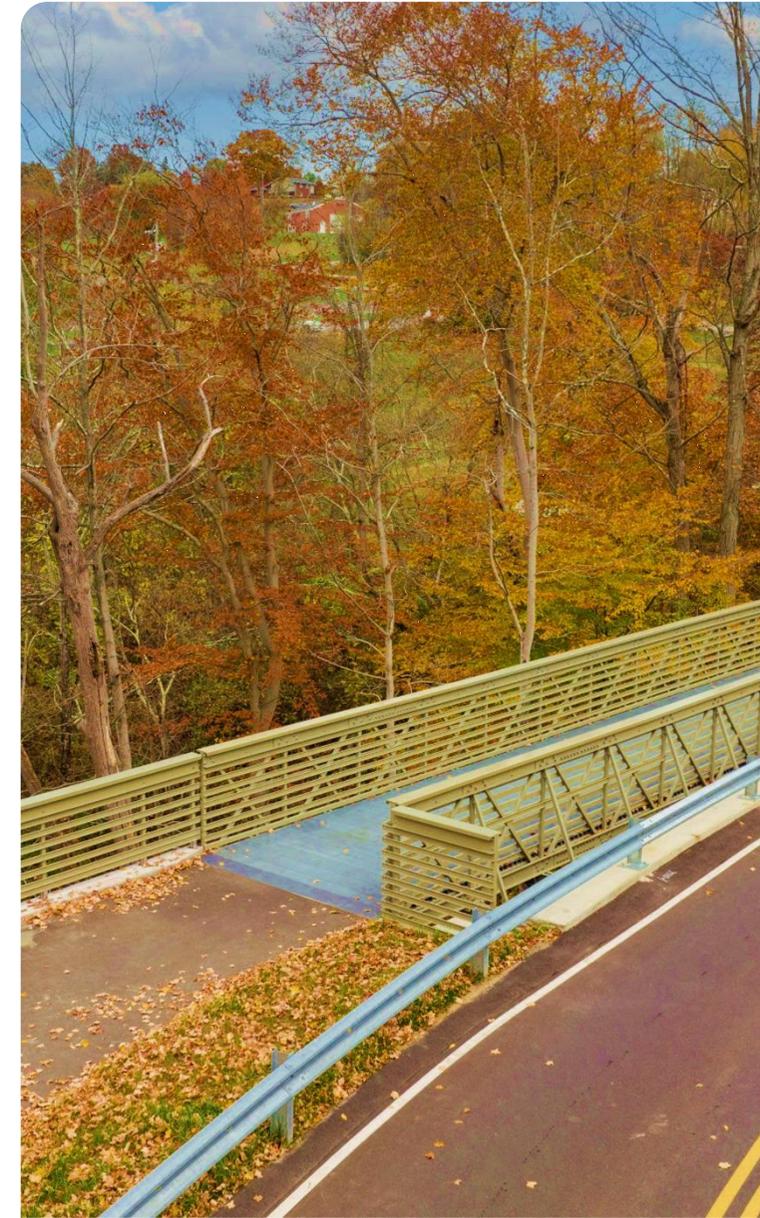
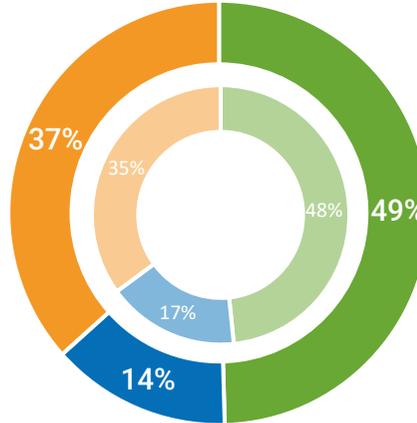
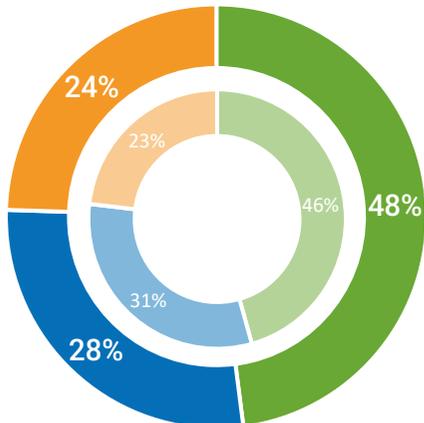
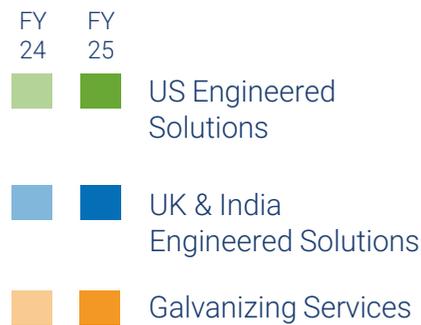
By geography



Operating profit



By division



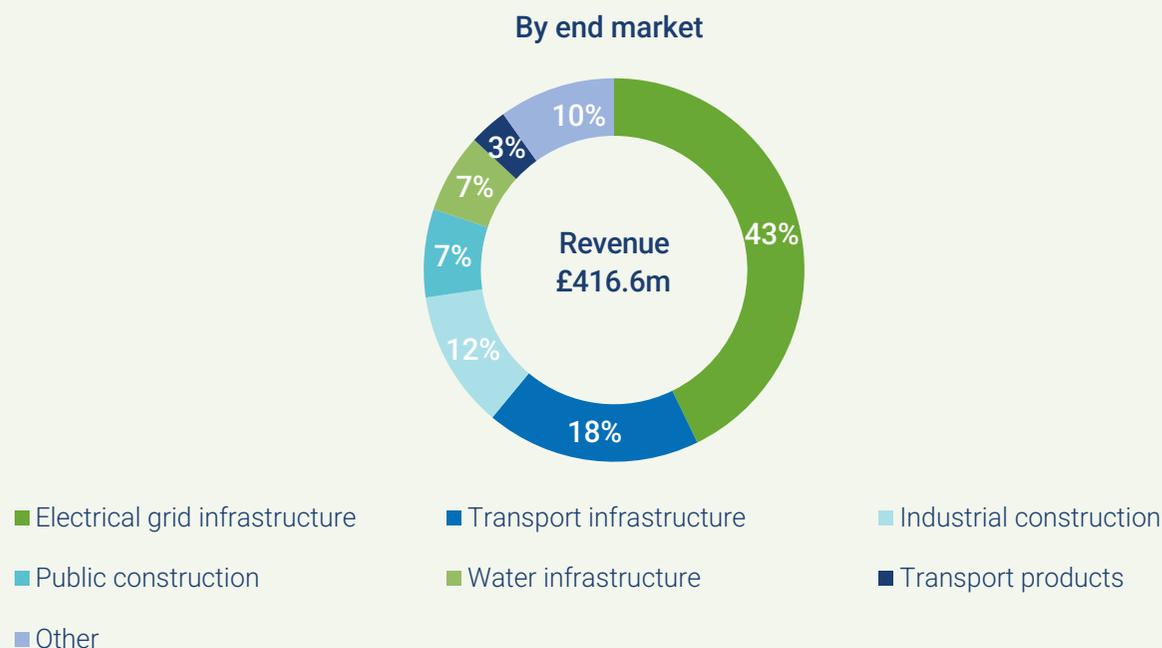
US Engineered Solutions

Strong performance reflecting continued demand growth across platform businesses

- Good demand for composite solutions across a range of end markets, particularly utility poles
- Transmission & distribution substation business benefited from very positive demand backdrop
- Robust demand for engineered supports across several sectors
- Continued recovery in road traffic safety products
- Action taken to consolidate off-grid solar and message board businesses
- 2026 Freeberg acquisition further enhances end market profile and growth opportunity

Outlook: strong, supported by ongoing investment to modernise critical infrastructure, onshore vital components and deliver data centre capacity

	2025	2024	Constant Currency	OCC
Revenue (£m)	416.6	390.3	+10%	+6%
Operating profit (£m)	75.0	69.4	+12%	+8%
Operating margin	18.0%	17.8%		



Galvanizing Services

Strong performance in both the US and UK, with good operational and commercial execution

US

- Record results despite slower start due to adverse weather, with good momentum in the final quarter
- Robust demand from a balanced mix of end markets; pricing broadly in line with prior year
- High operating margin maintained

Outlook: strong momentum, ongoing infrastructure investment expected to support continued volume growth

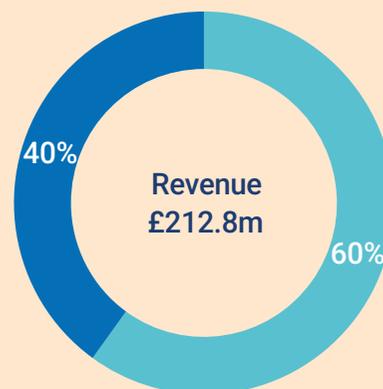
UK

- Good volume growth from enhanced customer focus and improved productivity
- Marginally lower average pricing, principally reflecting end market mix
- Modest margin expansion

Outlook: expect another positive performance in 2026 despite wider UK market challenges

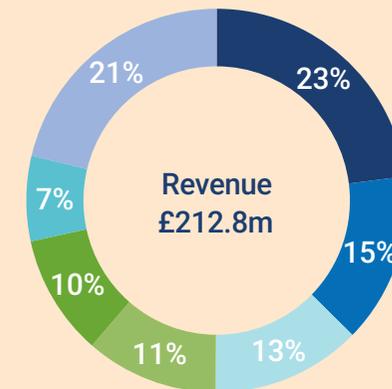
	2025	2024	Constant Currency	OCC
Revenue (£m)	212.8	197.8	+10%	+10%
Operating profit (£m)	55.4	50.3	+13%	+13%
Operating margin	26.0%	25.4%		

By geography



- US +13% OCC
- UK +5% OCC

By end market



- Industrial construction
- Commercial construction
- Transport products
- Other
- Transport infrastructure
- Other infrastructure
- Renewables

UK & India Engineered Solutions

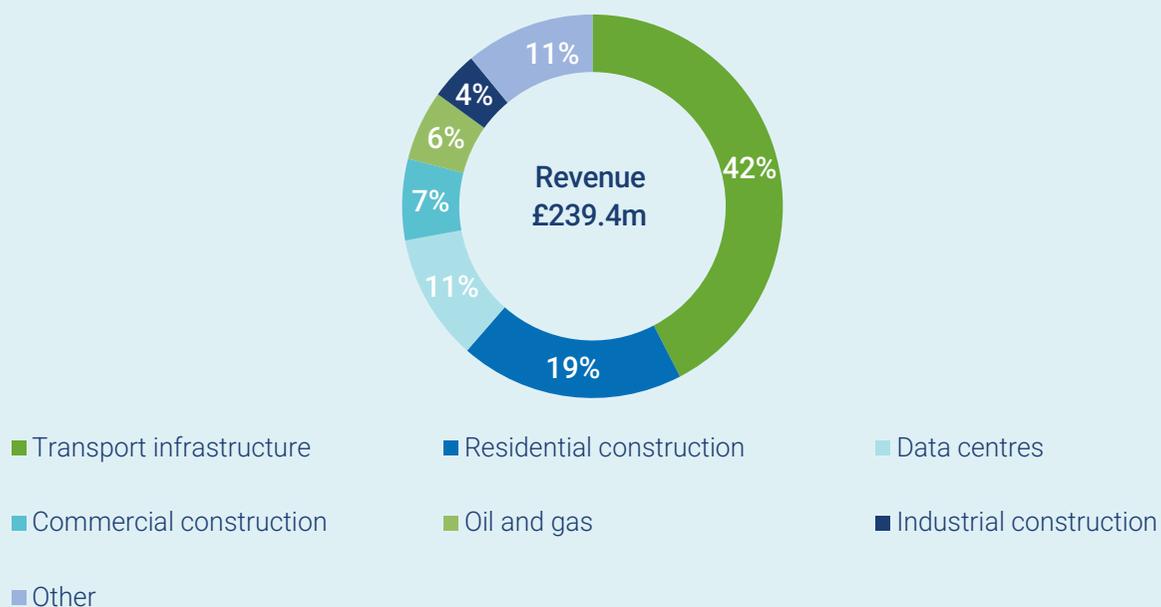
Lower revenue and profitability reflect challenging UK market conditions; progressive decline in demand in H2

- Lower activity in road safety businesses
- Subdued market conditions for industrial and residential construction
- Good demand from data centre customers with positive short to medium term prospects; 2026 Hentech acquisition creates further growth opportunity
- Ongoing recovery in off-grid solar energy business
- Benefit from project activity not expected to repeat
- India profit in line with prior year following improved second half
- Q1 25 divestments of small Australian roads and UK security businesses

We remain cautious around degree of recovery in 2026; currently assessing a range of measures to strengthen our UK operations

	2025	2024	Constant Currency	OCC
Revenue (£m)	239.4	267.0	-10%	-6%
Operating profit (£m)	20.9	23.8	-11%	-17%
Operating margin	8.7%	8.9%		

By end market



Cash generation and financial position

Group continues to be highly cash generative, with a strong balance sheet and significant funding capacity

Strong free cash flow generation and returns

- 91% underlying cash conversion
- Disciplined approach to working capital efficiency
- Return on invested capital 26.7% (+190bps), reflecting growth in US platform businesses and efficient management of capital

Significant balance sheet capacity

- Covenant net debt to EBITDA: 0.1 times
- £346.5m facility headroom following increase in revolving credit facility to £300m, now maturing 2029
- Provides significant capacity for M&A, dividend growth and returns to shareholders

Share buyback

- £100m buyback announced in August 2025, to be delivered over c.18 months
- £32.5m returned to date (as at 9 March 2026)

£m	2025	2024
Underlying operating profit	151.3	143.5
Depreciation and amortisation	31.9	32.4
Underlying EBITDA	183.2	175.9
Working capital	(3.1)	0.6
Capital expenditure (net)	(33.1)	(25.2)
Repayments of lease liabilities	(9.5)	(9.0)
Movements in provisions/other	0.1	(0.2)
Underlying operating cash flow	137.6	142.1
<i>Underlying cash conversion</i>	91%	99%
Restructuring spend (net)	(1.6)	(1.4)
Pension deficit payments	(3.8)	(3.7)
Interest paid (incl. IFRS 16)	(7.8)	(10.3)
Tax paid	(27.3)	(26.5)
Free cash flow	97.1	100.2
Dividends	(39.4)	(34.5)
M&A	5.5	(49.9)
Lease movement under IFRS 16	4.8	(4.3)
Share issues/other (net)	(4.2)	0.7
Share buyback	(20.2)	-
Net cash flow	43.6	12.2
FX impact	2.5	(0.7)
Net debt	50.8	96.9

Adoption of US dollar for reporting from 2026

Providing greater transparency and reduced foreign exchange volatility

- The significance of the Group's US dollar earnings and cash flows has increased over time; 63% of revenue and 79% of operating profit were generated by our US businesses in 2025
- Consequently, a change in reporting currency to US dollars will provide greater transparency of the Group's performance and reduced foreign exchange volatility over time
- The Group intends to report its financial results in US dollars starting with the six months ending 30 June 2026, and intends to publish comparative information on this basis ahead of those results
- Commencing with the interim dividend for the year ending 31 December 2026, due to be paid in January 2027, dividends will be declared in US dollars. Shareholders will continue to receive dividends in sterling unless they have elected to receive in USD

Performance against financial framework

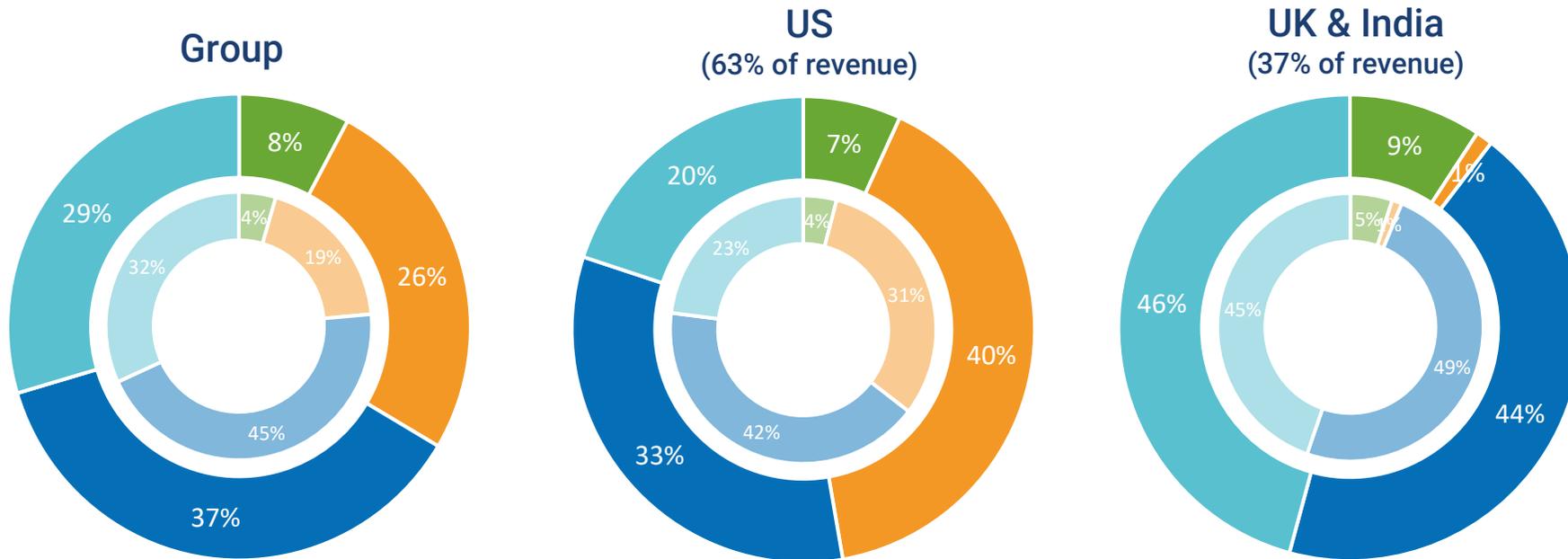
Solid organic revenue growth, continued margin expansion, high return on invested capital, low leverage

	Framework	FY25	FY24	FY23
Organic revenue growth	5-7%	3%	flat	5%
Total revenue growth	10%+	2%	3%	13%
Operating profit margin	18%+	17.4%	16.8%	14.8%
Return on invested capital	22%+	26.7%	24.8%	22.0%
Cash conversion	80%+	91%	99%	115%
Covenant leverage	1-2 x	0.1 x	0.3 x	0.4 x

Strategic Update

Increased exposure to higher-growth end market segments

Targeted strategic actions drive progress in end-market mix



Good overall progress

- Share of revenue from high and resilient growth markets increased to 34% in 2025 (2024: 23%)
- End market prioritisation now firmly embedded in operating company strategic planning and decision-making

US

- Increase in revenue from resilient growth markets reflects strength in T&D and water infrastructure across larger platform businesses
- Improvement in high growth emerging markets driven by data centre activity, which Freeberg acquisition will enhance
- FY26 organic capacity investments in operations that address priority markets

UK & India

- Perimeter security and access flooring businesses pivoting to global data centre construction, with strong opportunity pipeline; Hentech acquisition supports further expansion
- Modest organic investment in India to capitalise on opportunities in T&D and data centres

Continued discipline in capital allocation

Strong balance sheet and excellent cash generation provide significant flexibility

1. Organic growth

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

2. Inorganic growth

- Structured approach based on operating company and financial frameworks
- Target to invest £50m-70m per year

3. Dividend growth

- Provide a growing dividend to shareholders

4. Return surplus capital

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

- Capacity expansion in US Engineered Supports completed in 2025
- £35m growth capital to be invested in further US capacity expansion over next two years in transmission & distribution and galvanizing

- Freeberg and Hentech acquisitions agreed in March 2026
- M&A pipeline remains active, focused on targets aligned with strategic and financial framework

- Final dividend 35p per share (+8%)
- Full year dividend 53p per share (+8%)
- Dividend doubled since 2020

- £100m share buyback over c.18 months, reflecting strong balance sheet and cash generation
- Leverage at low levels (0.1x on a covenant basis)
- Target leverage range of 1-2 times

Allocating capital to organic growth

Focused investment to capitalise on strong long-term structural growth dynamics

With current facilities operating at higher levels of utilisation, investing £35m to grow existing networks over the next two years

V&S Utilities

- US power transmission & distribution seeing increasing investment given long-term trends in load growth, the evolution of electricity supply and the need to improve resilience of an ageing grid
- Utility companies have announced significant growth in their five-year capex programmes
- Capacity expansion will meet anticipated demand growth whilst maintaining customer lead times, which is key to our competitive advantage

V&S Galvanizing

- Positive longer-term demand outlook for US galvanizing driven by federal, state and private investment to support industrial expansion and technology change
- Broad-based market growth for steel combined with positive end market mix increases share of galvanized end products
- Capacity expansion tailored to end market mix, enabling continued high customer service levels and product quality

Underpinning growth in our US platform businesses from 2027 into the medium term

Freeberg Industrial Fabrication acquisition

Strong exposure to priority end markets

Business background

- A leading designer and manufacturer of custom enclosures and other engineered solutions, located in California
- Strong exposure to attractive end markets including data centres, power generation and other infrastructure
- Currently expanding footprint with the construction of a new facility in Arizona, set to become operational in H2 2026 (cost up to \$12m)

Deal dynamics

- Headline consideration of \$36m to acquire 80% of equity
- Further consideration for the remaining 20% dependent on profits over the period to 2031, up to a maximum of \$50m
- FY25 financials: revenue \$31.7m, adjusted EBIT \$5.3m (c.17% operating margin)
- Marc Brown, CEO and owner, will continue to lead the business post-transaction
- Deal subject to US regulatory approvals, expected in Q2 2026
- Expected to be earnings enhancing in FY 2026
- Significant multi-year demand visibility, with operating margins at least in line with Group financial framework



Freeberg is strongly aligned with our operating company framework



Market Dynamics

Strong US data centre exposure, a priority high-growth end market

Niche, engineered products with mission critical applications

Relatively fragmented market, presenting opportunities for further inorganic expansion



Business Model

Strong and consistent relationships with key customers over a long period

Technical expertise, certified engineering and regulatory compliance

Elevated capital investment in the short term, trending lower in the medium to longer term



Management & Culture

Experienced and highly capable management team

Skilled workforce with strong product knowledge and engineering expertise

Good cultural fit and alignment of values; well suited to decentralised operating model



Excellent exposure to priority end markets, offering attractive revenue growth and strong returns

Outlook

Confident of making further good progress in FY26 and beyond

Positive trading momentum in US expected to continue

- Underpinned by investment to upgrade and onshore vital infrastructure and support technology change
- £35m organic growth capital to be deployed in platform businesses over next two years to underpin further expansion
- Active M&A pipeline aligned to our strategic framework

UK outlook likely to remain challenging

- We remain cautious about the degree of recovery in UK market conditions
- Lower levels of project activity anticipated in 2026
- Currently assessing a range of measures to strengthen our UK operations

Continue to see attractive growth opportunities in India

Monitoring potential impacts from situation in Middle East

Medium to longer term outlook remains positive

- Focused on structurally growing niche end markets
- Benefits of agile operating model
- Continue to drive proven M&A strategy



Appendices

Our investment case

Structural growth

underpinned by the need for infrastructure investment in our core markets



High and improving returns profile

delivering superior value for shareholders

Market leadership

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



Hill & Smith PLC



Disciplined capital allocation

A strong balance sheet and excellent cash generation enable us to take advantage of organic and inorganic opportunities

Entrepreneurial culture

supported by an agile, autonomous operating model



Sustainability

at the core of our business model

Divisional analysis

	2025	Organic	M&A	FX	2024	Constant currency	OCC
US Engineered Solutions							
Revenue (£m)	416.6	21.9	16.2	(11.8)	390.3	+10%	+6%
Operating profit (£m)	75.0	5.5	2.5	(2.4)	69.4	+12%	+8%
Operating margin	18.0%				17.8%		

Galvanizing Services							
Revenue (£m)	212.8	18.6	-	(3.6)	197.8	+10%	+10%
Operating profit (£m)	55.4	6.4	-	(1.3)	50.3	+13%	+13%
Operating margin	26.0%				25.4%		

UK & India Engineered Solutions							
Revenue (£m)	239.4	(16.1)	(10.1)	(1.4)	267.0	-10%	-6%
Operating profit (£m)	20.9	(4.1)	1.5	(0.3)	23.8	-11%	-17%
Operating margin	8.7%				8.9%		

Group							
Revenue (£m)	868.8	24.4	6.1	(16.8)	855.1	+4%	+3%
Operating profit (£m)	151.3	7.8	4.0	(4.0)	143.5	+8%	+6%
Operating margin	17.4%				16.8%		

2026 guidance

Key financial modelling assumptions (excluding March 2026 acquisitions)

Capital expenditure

c.£50m (of which c.£25m relates to US capacity expansion projects)

Interest

c.£10m

Assumes base rates are maintained at end Feb 2026 rates. Includes aggregate c.£4m for IFRS16 leases, pension interest, amortisation of refinancing fees, and unwinding of discounts

Cash conversion

c.80%

H1/H2 weighting

Slightly higher H2 weighting than FY25

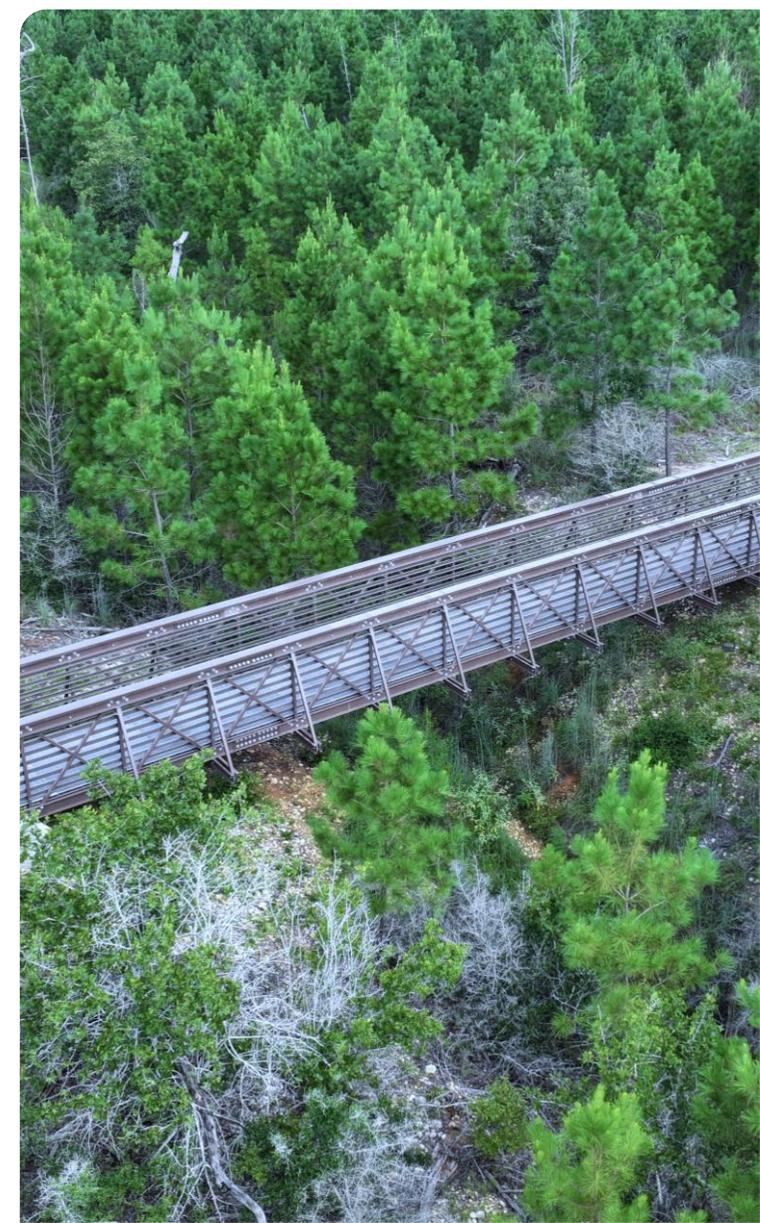
Effective tax rate

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



Significant financing headroom

Principal debt facilities

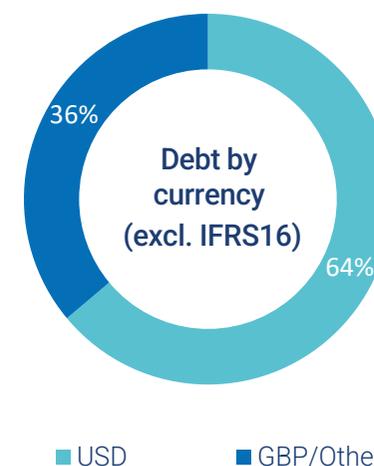
- Revolving credit facility: £300m maturing November 2029 (increased and extended during the year, with a further one-year extension option)
- Senior notes: \$70m unsecured notes maturing June 2026/29
- c.63% of drawn debt at year end subject to fixed interest rates
- Average cost of debt in 2025 c.4.5%

Facilities provide significant headroom of £346.5m

- Net debt: EBITDA 0.1 times (covenant 3 times)
- Interest cover 28.4 times (covenant 4 times)
- Target net debt : EBITDA range between 1 and 2 times

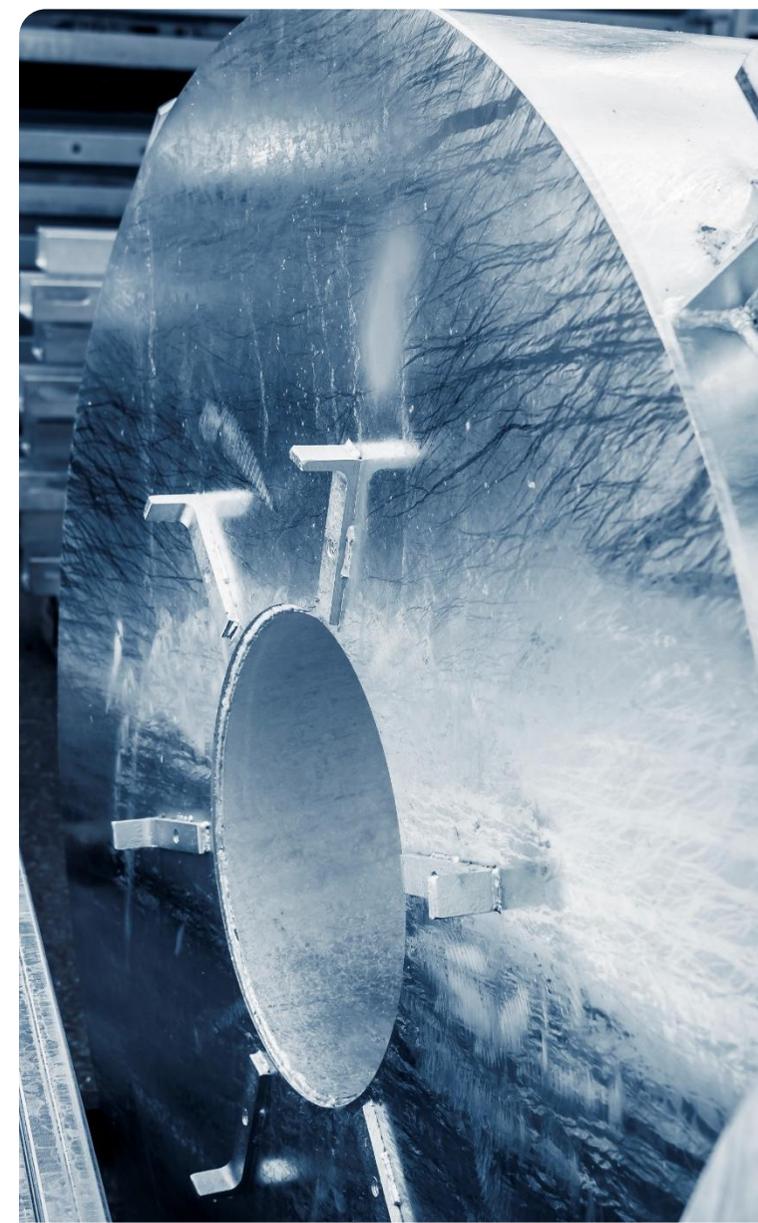
£m	Net debt	Facility
Committed	82.8	353.4
On demand	-	6.2
Cash	(69.7)	-
Net borrowings	13.1	359.6
IFRS 16	39.9	
IFRS 9	(2.2)	
Reported net debt	50.8	

On demand	2026	2029
6.2	27.6	325.8



Non-underlying items

	2025	2024
Amortisation of acquisition related intangibles	(10.8)	(9.9)
Business reorganisation costs	(3.7)	-
Impairments of assets	(14.7)	(13.2)
Profit/(loss) on disposals of subsidiaries	1.1	(3.1)
Expenses relating to acquisitions and disposals	(3.1)	(1.9)
	(31.2)	(28.1)
Comprising		
Cash in the year (net)	(2.3)	(2.9)
Future cash	(1.5)	-
Non-cash	(27.4)	(25.2)
	(31.2)	(28.1)



Hentech Fabrication acquisition

Highly complementary with existing operations

Business background

- Hentech designs, manufactures and installs engineered steel solutions focused on access flooring and other industrial fabrication
- Located in Wexford, Ireland
- Strong relationships with Tier 1 data centre contractors in Europe

Deal dynamics

- Headline consideration of €7.3m
- FY25: revenue €11.0m, EBIT €1.2m
- Owners and key management to remain with the business post-transaction

Strategic rationale

- Strong exposure to European data centre construction, a priority end market for the Group
- Highly complementary with our existing UK access flooring business
- Combination of opportunity pipeline and manufacturing synergies expected to drive organic revenue growth
- Return on invested capital anticipated above Group target within three years



Sustainability

Sustainability underpins our growth strategy

Health and safety

- 9% reduction in Lost Time Incident Rate in 2025
- “I Own Safety” cultural change programme launching early 2026
- Ongoing reinforcement of the Group’s Nine Life Saving Rules across operating companies

Talent and engagement

- 2ppts increase in employee engagement, with continued focus on actions to drive further improvement
- Several key appointments to operating company senior leadership positions as part of succession plans

Carbon reduction

- 19% reduction in greenhouse gas emissions year on year (scope 1 & 2)
- Introduced emissions targets into LTIP performance measures
- 91% of electricity globally sourced through renewable energy agreements
- Several other initiatives rolled out including replacement of diesel with HVO, and waste heat recovery measures at galvanizing sites



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

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