Interim Results

For the six months ended 30 June 2025

Hill & Smith PLC

Highlights

Positive trading and outlook, active M&A pipeline, share buyback announced

Positive trading performance

- 4% revenue and 11% profit growth at constant currency
- Continued strong infrastructure demand in US with record order books
- UK markets challenging, particularly in roads
- Further operating margin expansion, up 80bps to 17.0%
- Full year expectations unchanged

Portfolio evolution

- Active M&A pipeline with multiple ongoing discussions
- Continued commitment to bolt-on acquisitions for our larger platform businesses
- Divestment of two non-core, loss-making businesses in Q1

Strong cash generation and returns

- Cash conversion 85% (H1 24: 83%)
- ROIC increased 320bps to 25.7%, reflecting growth in larger US platform businesses
- Covenant leverage at 0.1 times
- EPS up 10% to 63.9p
- Interim dividend of 18.0p, up 9%

£100m share buyback

- £100m to be returned to shareholders over next c.18 months, reflecting strong balance sheet
- Covenant leverage expected to remain comfortably within target range of 1-2 times, including M&A and growing dividend

H1 2025 results

Positive results, underpinned by continued demand in the US and better profitability in the UK

Revenue
£431.6m +4% constant currency
(H1 2024: £422.7m)

Operating profit
£73.5m +11% constant currency
(H1 2024: £68.4m)

Operating margin
17.0% +80bps
(H1 2024: 16.2%)

Profit before tax
£69.0m +9%
(H1 2024: £63.2m)

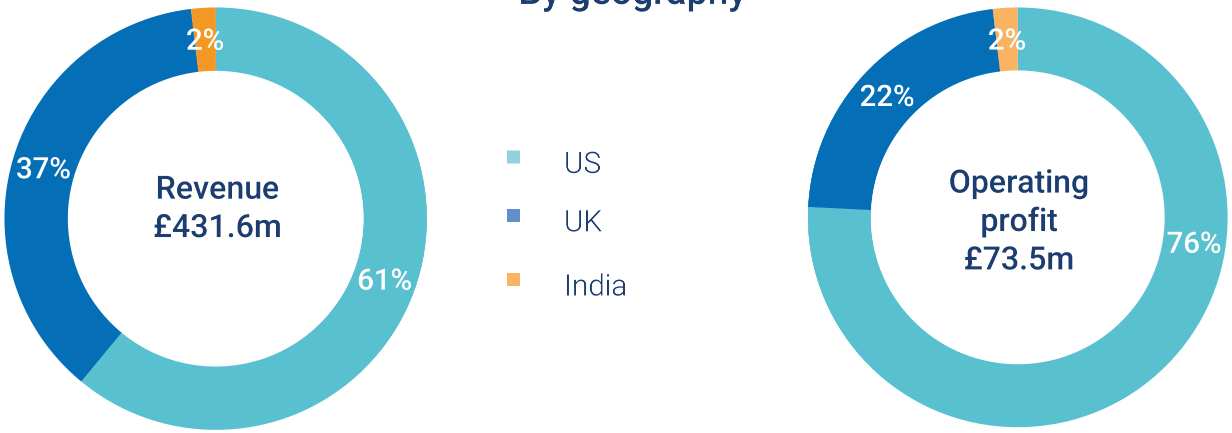
Earnings per share
63.9p +10%
(H1 2024: 58.3p)

Dividend per share
18.0p +9%
(H1 2024: 16.5p)

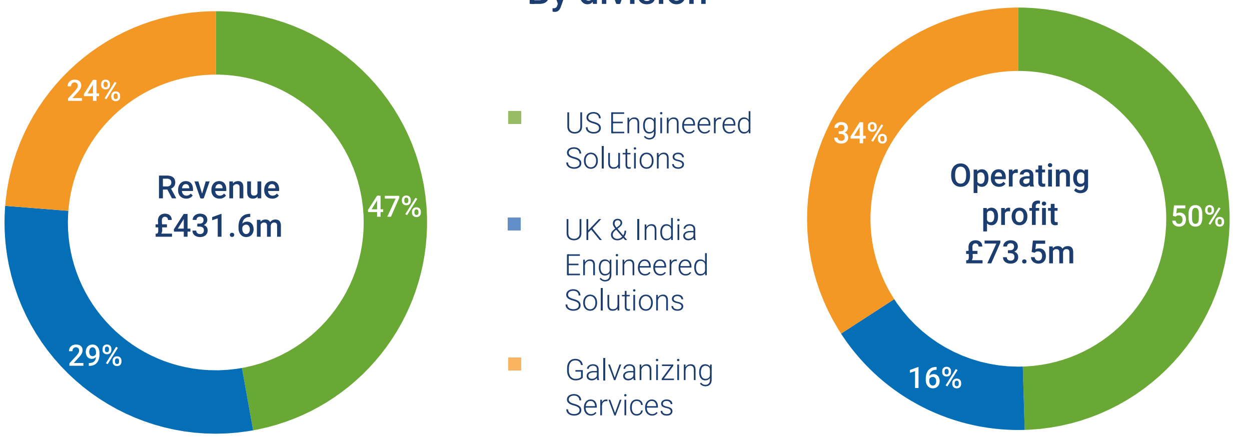
Group overview

Focused on structurally growing US infrastructure markets

By geography



By division



US Engineered Solutions

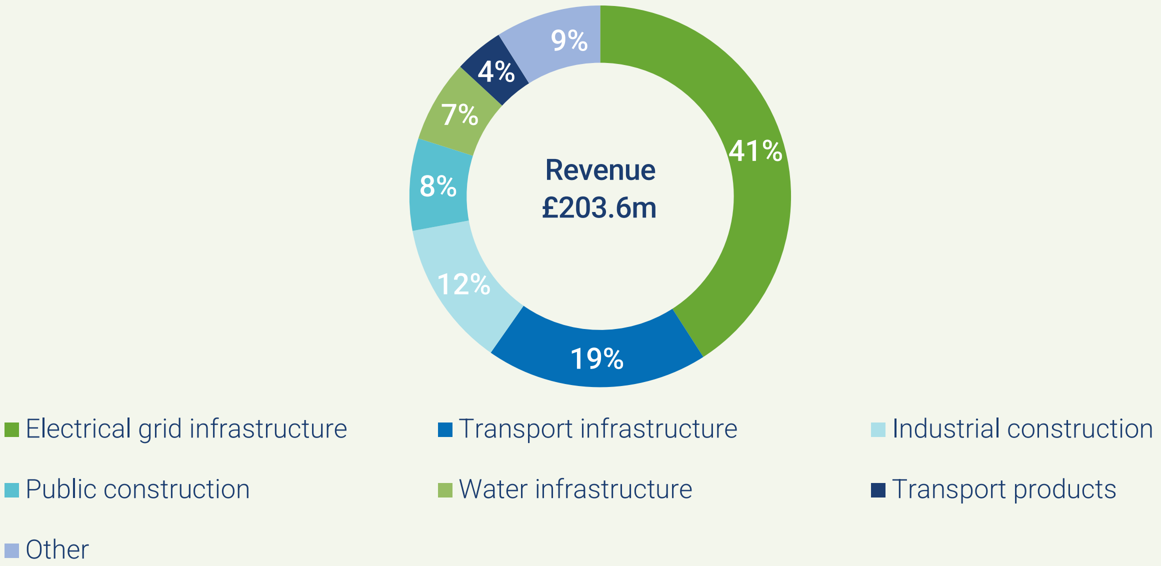
Strong performance, reflecting continued demand growth across larger platform businesses and contribution from recent acquisitions

- Strong demand for composite solutions across a range of end markets
- Good first half trading and record order book in transmission & distribution
- Robust demand for engineered supports across several sectors
- Prior year acquisitions successfully integrated and performing well
- Improved profitability in road traffic safety products
- Ongoing challenges in off-grid solar – continued focus on customer and product diversification

Outlook: good, supported by investment to modernise critical infrastructure and onshore vital components

	H1 2025	H1 2024	Constant Currency	OCC
Revenue (£m)	**203.6**	190.9	+10%	+3%
Operating profit (£m)	**36.4**	33.5	+13%	+7%
Operating margin	**17.9%**	17.5%		

By end market



UK & India Engineered Solutions

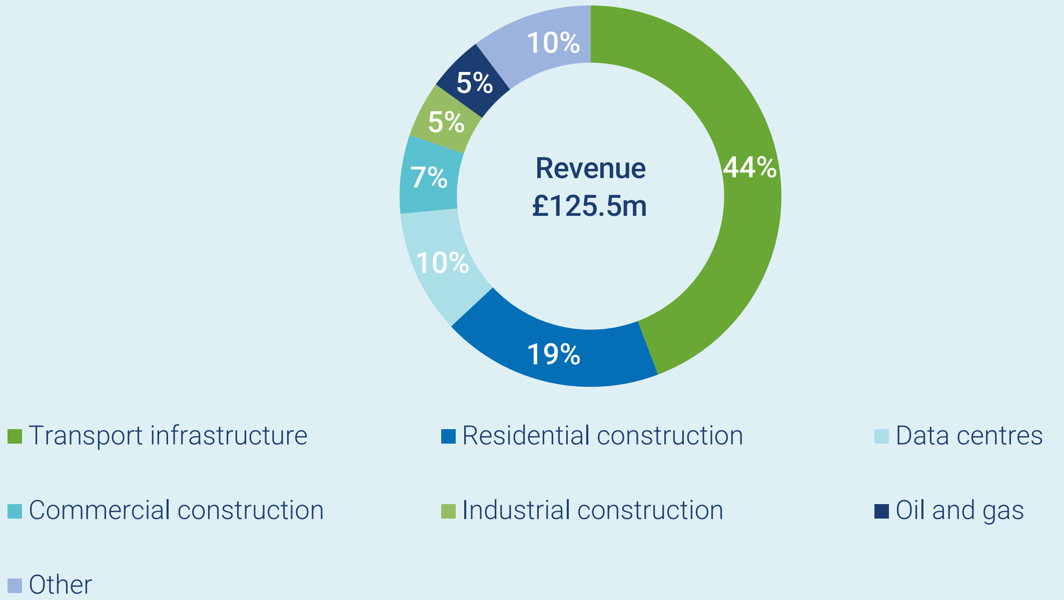
Better profitability and margin improvement from portfolio mix, project activity and operational efficiencies

- Lower activity in road safety businesses
- Subdued market conditions for industrial flooring and residential construction
- Good recovery in off-grid solar energy business
- Good demand from data centre customers with significant short to medium term prospects
- India first half performance impacted by timing of projects; expect an improved second half
- Q1 divestments of small Australian roads and UK security businesses

Outlook: UK markets likely to remain challenging in H2; growth opportunities in India

	H1 2025	H1 2024	Constant Currency	OCC
Revenue (£m)	**125.5**	132.8	-5%	-1%
Operating profit (£m)	**12.0**	10.2	+19%	+12%
Operating margin	**9.6%**	7.7%		

By end market



Galvanizing Services

Good performance driven by volume growth in both the US and UK

US

- Record first half despite slower start due to adverse weather
- Good demand from a balanced mix of end markets
- Slight margin reduction reflects product mix but remains well within expected range

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

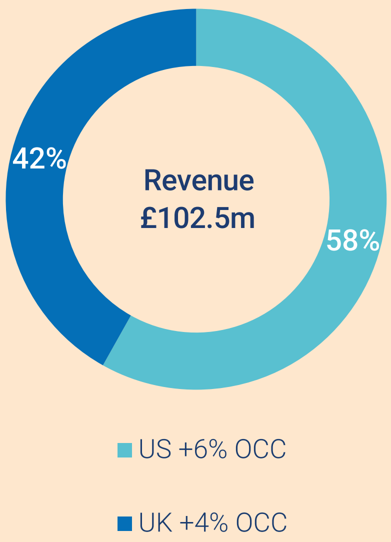
UK

- Strong volume growth from enhanced customer focus and improved productivity
- Partly offset by lower selling prices in certain end markets

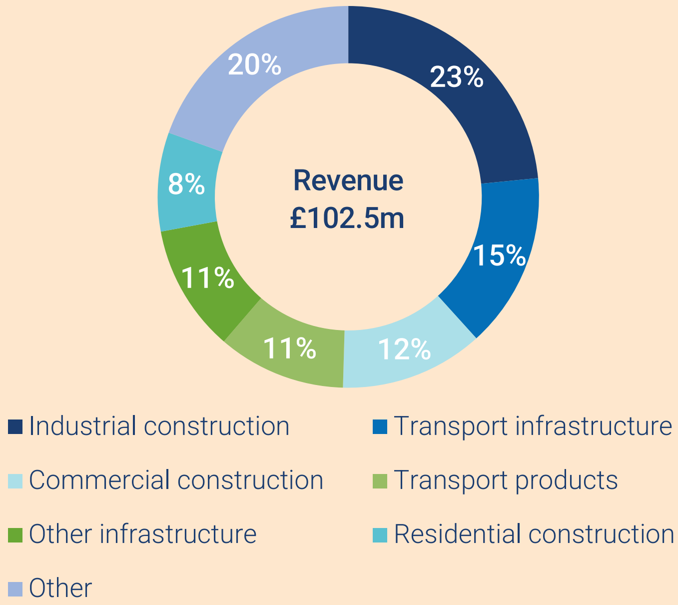
Outlook: expect another positive performance in the second half

	H1 2025	H1 2024	Constant Currency	OCC
Revenue (£m)	**102.5**	99.0	+6%	+6%
Operating profit (£m)	**25.1**	24.7	+4%	+4%
Operating margin	**24.5%**	24.9%		

By geography



By end market



Cash generation and financial position

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

Strong cash generation

- 85% cash conversion
- Working capital movements typical of seasonal trading patterns
- Disciplined approach to capex
- Free cash flow £45.8m

Significant balance sheet capacity

- Covenant net debt to EBITDA: 0.1 times
- £295.2m facility headroom
- Provides significant capacity for M&A, dividend growth and returns to shareholders

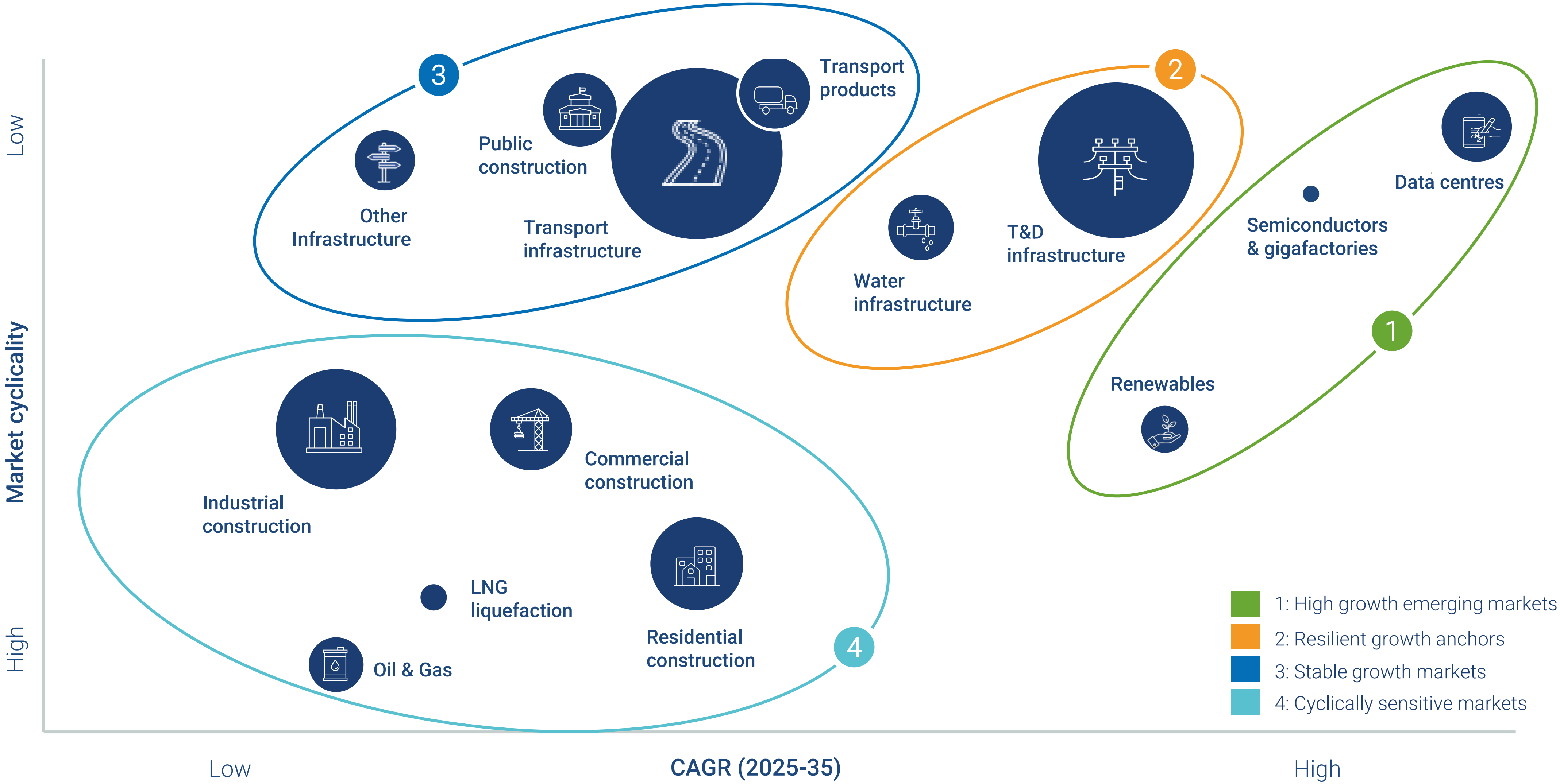
Return on invested capital 25.7%

- Increase of 320 basis points on H1 2024
- Faster growth in larger US platform businesses, typically lower in capital intensity

£m	H1 2025	H1 2024
Underlying operating profit	**73.5**	68.4
Depreciation and amortisation	**16.1**	16.0
Underlying EBITDA	**89.6**	84.4
Working capital	**(11.8)**	(13.1)
Capital expenditure (net)	**(12.0)**	(8.9)
Repayments of lease liabilities	**(4.8)**	(4.4)
Movements in provisions/other	**1.1**	(0.9)
Underlying operating cash flow	**62.1**	57.1
Underlying cash conversion	***85%***	*83%*
Restructuring spend (net)	**(0.4)**	(1.3)
Pension deficit payments	**(1.9)**	(1.9)
Interest paid (incl. IFRS 16)	**(4.0)**	(4.6)
Tax paid	**(10.0)**	(10.6)
Free cash flow	**45.8**	38.7
Dividends	**(13.3)**	(12.0)
M&A	**7.7**	(14.4)
Lease movement under IFRS 16	**1.8**	(5.7)
Share issues/other (net)	**(2.8)**	0.6
Net cash flow	**39.2**	7.2
FX impact	**2.4**	(0.4)
Net debt	**55.3**	101.6

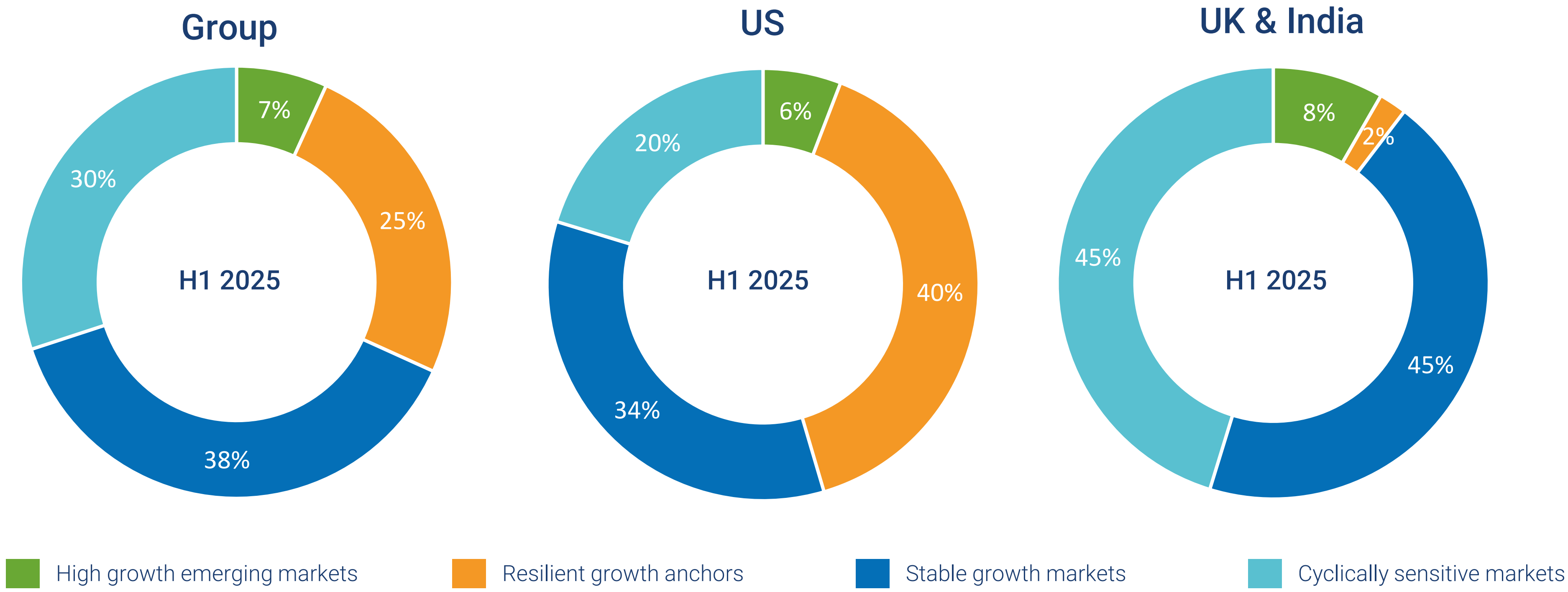
Strategic progress

Focus on priority end markets



Group revenue by end market growth and cyclicality

Increasing exposure to higher growth, less cyclical markets



Good overall progress

- Share of revenue from high and resilient growth markets increased to 32% (FY24: 23%)
- Operating companies continuing to focus on market dynamics, which will evolve in the medium to longer term

US

- Strong footprint with higher exposure to less cyclical markets
- Increasing contribution (+9ppts) from resilient growth markets reflects strength in T&D and Water infrastructure across larger platform businesses
- Galvanizing focused on a broader sectoral spread of customers

UK & India

- Historically higher exposure to more cyclically sensitive markets
- Increasing data centre demand driving share of high growth emerging markets (+3ppts)
- Lower transport infrastructure revenue reflecting lack of road investment schemes

US Galvanizing

Close alignment with operating company and financial framework

Market Dynamics	Business Model	Management & Culture
Growing exposure to priority end markets, with a presence in data centres and T&D	Strong customer relationships with a high level of repeat business	Strong management team with many years' cumulative experience
Market leader in the areas in which we operate	Differentiation through quality and service	Employee engagement scores well above Group average
US galvanizing market relatively fragmented with opportunities for consolidation	Return on invested capital well above Group target of 22%+	Entrepreneurial approach consistent with Group strategy

Successful organic growth

- Owego, New York State, constructed at a cost of $15m in 2020
- Strategically adjacent to several key existing customers, providing a baseload of activity at the outset
- Continues to perform strongly with H1 2025 revenue +6% YoY
- Operating margin ahead of Galvanizing Services divisional margin
- ROIC significantly above Group cost of capital

Successful inorganic growth

- Korns Galvanizing acquired in March 2023 for $11m, fully integrated into our existing business
- Expanded our capacity in the northeastern US galvanizing market
- $3m capital investment in automated spin line to increase overall plant capacity in 2024
- Performing materially ahead of acquisition expectations: 2022-2024 revenue CAGR of 30% and operating margin +500bps since 2022

Performance against financial framework

Continued margin expansion, higher return on invested capital, further deleveraging

	Framework	H1 25	FY24	FY23
Organic revenue growth	**5-7%**	2%	flat	5%
Total revenue growth	**10%+**	2%	3%	13%
Operating profit margin	**18%+**	17.0%	16.8%	14.8%
Return on invested capital	**22%+**	25.7%	24.8%	22.0%
Cash conversion	**80%+**	85%	99%	115%
Covenant leverage	**1-2 x**	0.1 x	0.3 x	0.4 x

Significant capital allocation flexibility for growth and returns

£100m share buyback reflecting balance sheet strength

1. Organic growth

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

- Expect to invest c.£40m in capital projects in 2025
- Key projects include capacity expansion in faster growing US businesses

2. Inorganic growth

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

- Active pipeline with multiple ongoing discussions
- Internal resources available to integrate acquisitions in parallel

3. Dividend growth

- Provide a growing dividend to shareholders

- Interim dividend of 18p per share declared, an increase of 9%

4. Return surplus capital

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

- £100m buyback over c.18 months, reflecting strong balance sheet and cash generation
- Leverage to remain comfortable
- Target range of 1-2 times

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

Positive trading to continue in the second half
Full year expectations unchanged

Strong momentum in larger US platform businesses

- Underpinned by investment to upgrade and onshore vital infrastructure and support technology change

UK outlook remains challenging

- Budgetary pressures and lack of road investment schemes likely to continue in H2

Full year expectations unchanged

- FY25 operating profit to be in line with market expectations

Confident of good progress in the medium to longer term

- Well positioned in infrastructure and built environment end markets with attractive structural growth drivers

Appendices

2025 guidance

Key financial modelling assumptions

Capital expenditure

c.£40m

Interest

c.£9m

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

Cash conversion

c.80%

H1/H2 weighting

Broadly even weighting to FY25

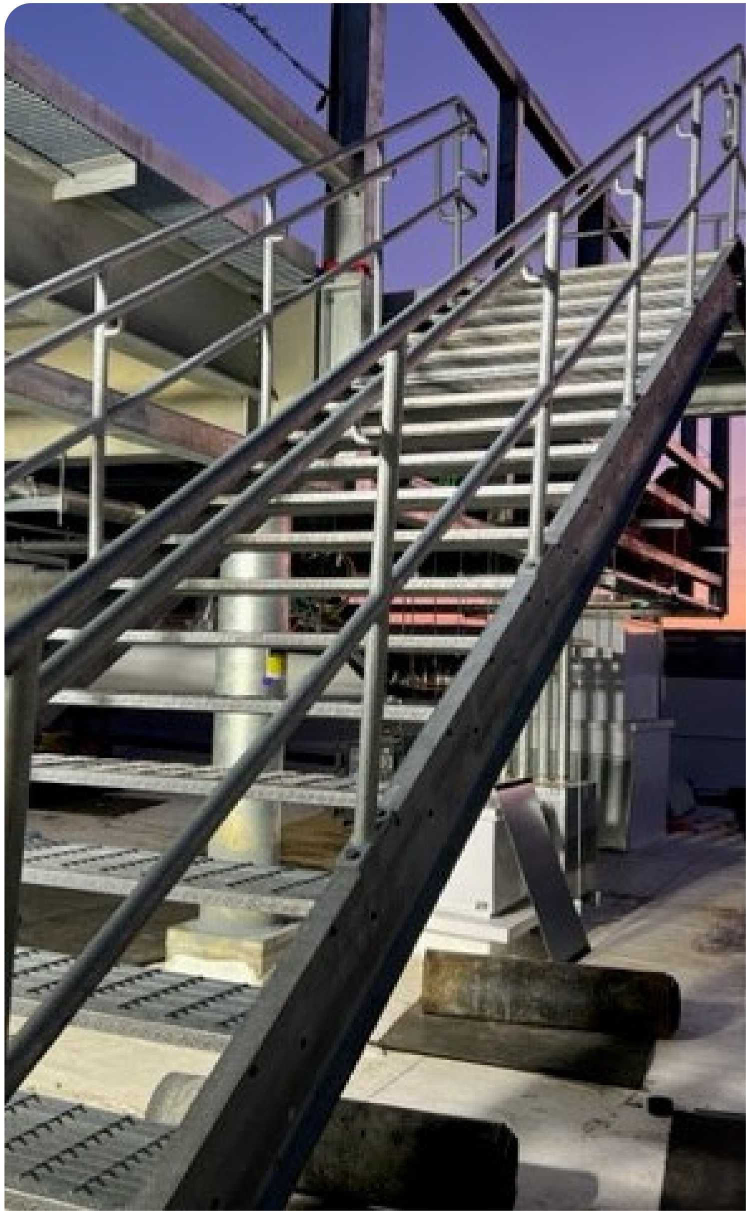
Effective tax rate

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



Divisional analysis

	H1 2025	Organic	M&A	FX	H1 2024	Constant currency	OCC
US Engineered Solutions							
Revenue (£m)	**203.6**	6.0	12.6	(5.9)	**190.9**	+10%	+3%
Operating profit (£m)	**36.4**	2.2	1.9	(1.2)	**33.5**	+13%	+7%
Operating margin	**17.9%**				**17.5%**		
UK & India Engineered Solutions							
Revenue (£m)	**125.5**	(1.9)	(4.6)	(0.8)	**132.8**	-5%	-1%
Operating profit (£m)	**12.0**	1.2	0.7	(0.1)	**10.2**	+19%	+12%
Operating margin	**9.6%**				**7.7%**		
Galvanizing Services							
Revenue (£m)	**102.5**	5.3	-	(1.8)	**99.0**	+6%	+6%
Operating profit (£m)	**25.1**	1.0	-	(0.6)	**24.7**	+4%	+4%
Operating margin	**24.5%**				**24.9%**		
Group							
Revenue (£m)	**431.6**	9.4	8.0	(8.5)	**422.7**	+4%	+2%
Operating profit (£m)	**73.5**	4.4	2.6	(1.9)	**68.4**	+11%	+7%
Operating margin	**17.0%**				**16.2%**		

Financial capacity: facilities and usage

Principal debt facilities

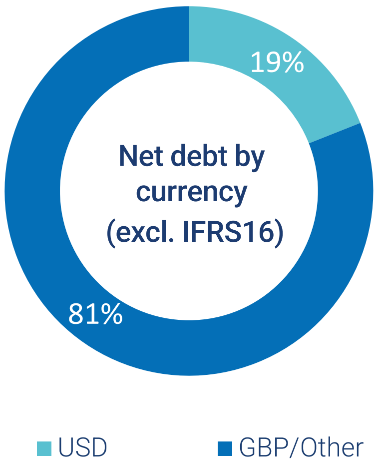
- Revolving credit facility: £250m maturing November 2027
- Senior notes: $70m unsecured notes maturing 2026/29
- c.60% of drawn debt at period end subject to fixed interest rates
- Average cost of debt in H1 2025 c.5%

Facilities provide significant headroom of £295.2m

- Net debt: EBITDA 0.1 times (covenant 3 times)
- Interest cover 22.8 times (covenant 4 times)
- Target net debt : EBITDA range between 1 and 2 times

£m	Net debt	Facility
Committed	**85.2**	302.9
On demand	**-**	6.1
Cash	**(71.4)**	-
Net borrowings	**13.8**	309.0
IFRS 16	**42.7**	
IFRS 9	**(1.2)**	
Reported net debt	**55.3**	

On demand	2025-6	2027	2028	2029
6.1	25.6	250.0	1.7	25.6



Non-underlying items

	H1 2025	H1 2024
Amortisation of acquisition related intangibles	**(5.5)**	(4.3)
Profit on disposal of subsidiaries	**1.1**	-
Expenses relating to acquisitions and disposals	**(1.1)**	(1.1)
	(5.5)	(5.4)
Comprising		
Cash in period (net)	**(1.0)**	(0.6)
Future cash	**1.0**	(0.5)
Non-cash	**(5.5)**	(4.3)
	(5.5)	(5.4)

Our 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

Sustainability

Sustainability underpins our growth strategy

Health and safety

- Expanded tooling to support risk identification and corrective actions
- KPI dashboards implemented to provide better performance visibility
- Continued emphasis on 'Nine Life Saving Rules' focusing on higher risk activities

Talent and engagement

- Delivered management development programmes to high potential team members
- Several key appointments to operating company senior leadership positions as part of succession plans
- Ongoing focus on increasing employee engagement

Carbon reduction

- Introduced emissions targets into LTIP performance measures
- Transition of US businesses to renewable energy
- Operating companies developing individual carbon reduction plans

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