

27 January 2025

Stelrad Group PLC
(“Stelrad” or “the Group”)
Trading Update

Strong performance – adjusted operating profit marginally ahead of expectations

Stelrad Group plc (“Stelrad” or “the Group” or “the Company”, LSE: SRAD), a leading specialist manufacturer and distributor of steel panel and designer radiators in the UK, Europe and Turkey, today announces a trading update for the twelve months ended 31 December 2024.

Trading Update

Despite continued macroeconomic challenges across our geographies, the Group has delivered a strong performance in a market environment that remains subdued, with ongoing high interest rates and inflation continuing to suppress activity in both RMI and new build markets.

Despite these well documented headwinds, management actions have delivered a robust performance. Revenue for the year was c.£290m, representing a c.6% reduction on prior year. H2 sales volumes benefitted from new business gains in several countries however, consistent with H1, volumes remained below prior year.

The Group delivered a c.11% increase in contribution per radiator during the year through proactive margin and cost management, in addition to the price benefit of further increases in average radiator size. This is the seventh consecutive annual increase in contribution per radiator and has more than offset the impact of a decrease in volumes.

As a result, the Board expects to deliver an adjusted operating profit¹ of c.£31.5m, marginally ahead of expectations², with adjusted operating profit margin rising c.1.3 percentage points to 10.8%.

Leverage, based on net debt before lease liabilities, is expected to be c.1.4x EBITDA at 31 December 2024 (FY23: 1.47x) with good headroom against both bank facilities and covenants.

Outlook

Although overall RMI and new build activity remains relatively subdued, the Group continues to see a recovery in volumes in some of the Group’s core European territories, with year on year volume increases in Belgium, the Netherlands and Poland where Stelrad volume gains have been driven by our sustainable competitive advantages.

The Group has maintained a focus on proactive margin management and cost reduction activities, while continuing to make significant investments in working capital to improve our service proposition and position the Group strongly for the future.

While we expect continued softness in market conditions, at least through the first half of 2025, strong embedded replacement demand across Europe, product premiumisation upside and long-term regulatory tailwinds for decarbonised energy efficient heating systems continue to underpin the Group’s confidence in the future. These trends, together with our market leadership, flexible lowest-cost manufacturing and leading levels of customer service ensure that the Group enters 2025 in a strong position.

The Group intends to issue its full year Preliminary Announcement on Friday 7 March 2025.

Trevor Harvey, Chief Executive of Stelrad, commented:

"I would like to thank the Stelrad team for delivering another year of strong growth in profitability. Stelrad's performance in 2024, particularly in terms of growth in contribution per radiator and proactive margin management initiatives, demonstrates the strength and resilience of our business model, and further underpins our confidence in the Group's prospects.

"We continue to focus on our strategic objectives of growing market share, improving product mix, optimising routes to market, and positioning the business effectively for decarbonisation. While 2025 is expected to provide continuing market challenges, the initiatives we have undertaken will mean that our business can meet these challenges and continue to deliver long-term value for our stakeholders."

¹ Operating profit before exceptional items and the amortisation of customer relationships.

² Average adjusted operating profit consensus is currently £30.8m.

For further information:

Stelrad Group plc

+44 (0)191 261 3301

Trevor Harvey, Chief Executive Officer

Leigh Wilcox, Chief Financial Officer

Davy (Joint Corporate Broker)

+44 (0) 20 7448 8871

Graham Hertrich / Will Smith / Sara Hale

Investec (Joint Corporate Broker)

+44 (0) 207 597 4000

Ben Griffiths / David Anderson / Tom Brookhouse

Sodali & Co (Financial Public Relations)

stelrad@sodali.com

James White / Pete Lambie

+44 (0)7855 432 699

Notes to Editors

Stelrad Group plc is Europe's leading specialist radiator manufacturer, selling an extensive range of hydronic, hybrid, dual fuel and electrical heat emitters to more than 500 customers in over 40 countries. These include standard, premium and low surface temperature (LST) steel panel radiators, towel warmers, decorative steel tubular, steel multicolumn and aluminium radiators.

The Group has five core brands: Stelrad, Henrad, Termo Teknik, DL Radiators and Hudevad. In the data reported by BRG Building Solutions for 2023, Stelrad extended its market leadership position, with 20.2% share by volume of the combined UK, European and Turkish steel panel radiator market. The Group is now market leader in seven countries – the UK, Ireland, France, the Netherlands, Belgium, Denmark and Greece, with a top 3 position in a further 11 territories.

Stelrad is headquartered in Newcastle upon Tyne in the UK and in 2024 employed 1,400+ people, with manufacturing and distribution facilities in Çorlu (Turkey), Mexborough (UK), Moimacco (Italy) and Nuth (Netherlands), with further commercial and distribution operations in Kolding (Denmark) and Krakow (Poland).

The Group's origins date back to the 1930s and Stelrad enjoys long established commercial relationships with many of its customers, having served each of its top five current customers for over twenty years.

Further information can be found at: <https://stelradplc.com/>.