

Well positioned for sustainable growth

Stelrad Group plc

Results for the year ended
31 December 2024



 **Stelrad**[®]
Group plc

Agenda

- Overview
- Financial review
- Business review
- Summary and outlook
- Q&A



Trevor Harvey
Chief Executive Officer



Leigh Wilcox
Chief Financial Officer



Overview

Trevor Harvey
Chief Executive Officer

Continued strong performance through operational excellence, despite a challenging market backdrop

- Adjusted operating profit up 7.6% to £31.5 million
- Contribution per radiator up for seventh consecutive year to £20.15, driven by improved mix, in addition to cost and price management
- 5.7% revenue decline due to challenging macroeconomic conditions
- Return on capital employed up 1.6 ppts to 27.1%
- On Time In Full (“OTIF”) delivery of 98% in the UK & Ireland, reflecting the group’s market-leading customer service and product availability
- Leadership of combined European market continues to be a key source of competitive advantage for Stelrad
- 2% increase in total dividends
- Good early progress towards medium-term targets despite volume decline
- The Group enters 2025 in a strong position












Financial review

Leigh Wilcox
Chief Financial Officer

FINANCIAL REVIEW HIGHLIGHTS

FY24 financial performance snapshot

Strong adjusted operating profit despite revenue decline

Revenue	Adjusted operating profit	Adjusted operating profit %	ROCE % (LTM)	Dividend	Adjusted operating cash conversion	Leverage (before lease liabilities)
£290.6m (2023: £308.2m)	£31.5m (2023: £29.3m)	10.8% (2023: 9.5%)	27.1% (2023: 25.5%)	7.79p (2023: 7.64p)	80.3% (2023: 108.6%)	1.37x (2023: 1.47x)
Down 5.7%	Up 7.6%	Up 1.3 pts	Up 1.6 pts	Up 2.0%	Down 28.3 pts	Down 0.10x
5.8% decline in sales volume partially offset by price increases and strong product mix	Ongoing operational excellence and margin management	Strong operating performance despite decline in sales volumes	Improved operating performance and lower Euro asset values	Reflects balance sheet strength and confidence in future growth prospects and cash generation	Investment in working capital to ensure Stelrad is well placed to respond to market demand	Driven by EBITDA growth
						

FINANCIAL REVIEW HIGHLIGHTS

Strong performance in challenging market conditions

Revenue

£290.6m



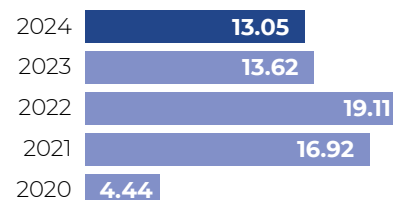
Adjusted operating profit

£31.5m



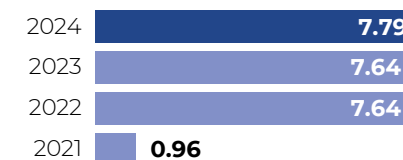
Adjusted EPS

13.05p



Dividends per share

7.79p



Highlights

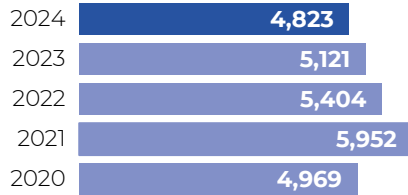
- Group revenue was negatively impacted by a continued reduction in demand during 2024
- Group adjusted operating profit increased by 7.6% to £31.5 million, benefitting from favourable product mix in the UK & Ireland, ongoing operational control and margin management
- Adjusted earnings per share of 13.05p with the 2023 comparator benefitting from a significant deferred tax credit
- Growth in dividends per share despite earnings reduction, reflecting the Board's confidence in the Group's prospects and balance sheet
- Detailed income statement is included in the appendices

FINANCIAL REVIEW HIGHLIGHTS

Further contribution per radiator improvement more than offsets volume decline

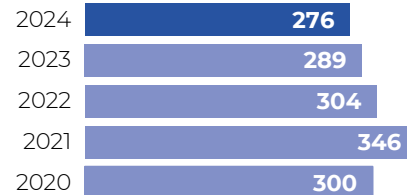
Radiator volumes sold

4,823k units



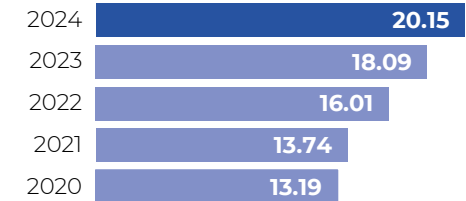
Premium panel radiator volumes sold

276k units



Contribution per radiator

£20.15



Highlights

- Total sales volume reduced by 5.8% year on year with high interest rates and inflation suppressing RMI and new build activity
- Volume increases in Belgium, Netherlands and Poland driven by sustainable competitive advantages of flexible, well-invested, lowest-cost manufacturing, leading levels of product availability and customer service and a competitive position of scale
- Proportion of premium panel products grows to 5.7% with increase in UK & Ireland penetration; absolute decline in premium units driven by wider volume decline including in key European geographies where premium panel penetration is higher
- Contribution per radiator during 2024 increased again due to proactive price and cost management and strong product mix in UK & Ireland

REVENUE

Revenues fall due to volume decline

Revenue by geographical market	2024 £m	2024 % of total	2023 £m	Movement £m	Movement %
UK & Ireland	137.4	47.3	139.4	(2.0)	(1.5)
Europe	139.0	47.8	149.1	(10.1)	(6.8)
Turkey & International	14.2	4.9	19.7	(5.5)	(27.7)
Total	290.6	100.0	308.2	(17.6)	(5.7)

UK & Ireland

- 7.2% decrease in sales volumes
- Increase in average size of radiators sold and penetration of premium products
- Strong sales of products designed to support low temperature systems
- Price increases applied to recover ongoing inflationary cost increases

Europe

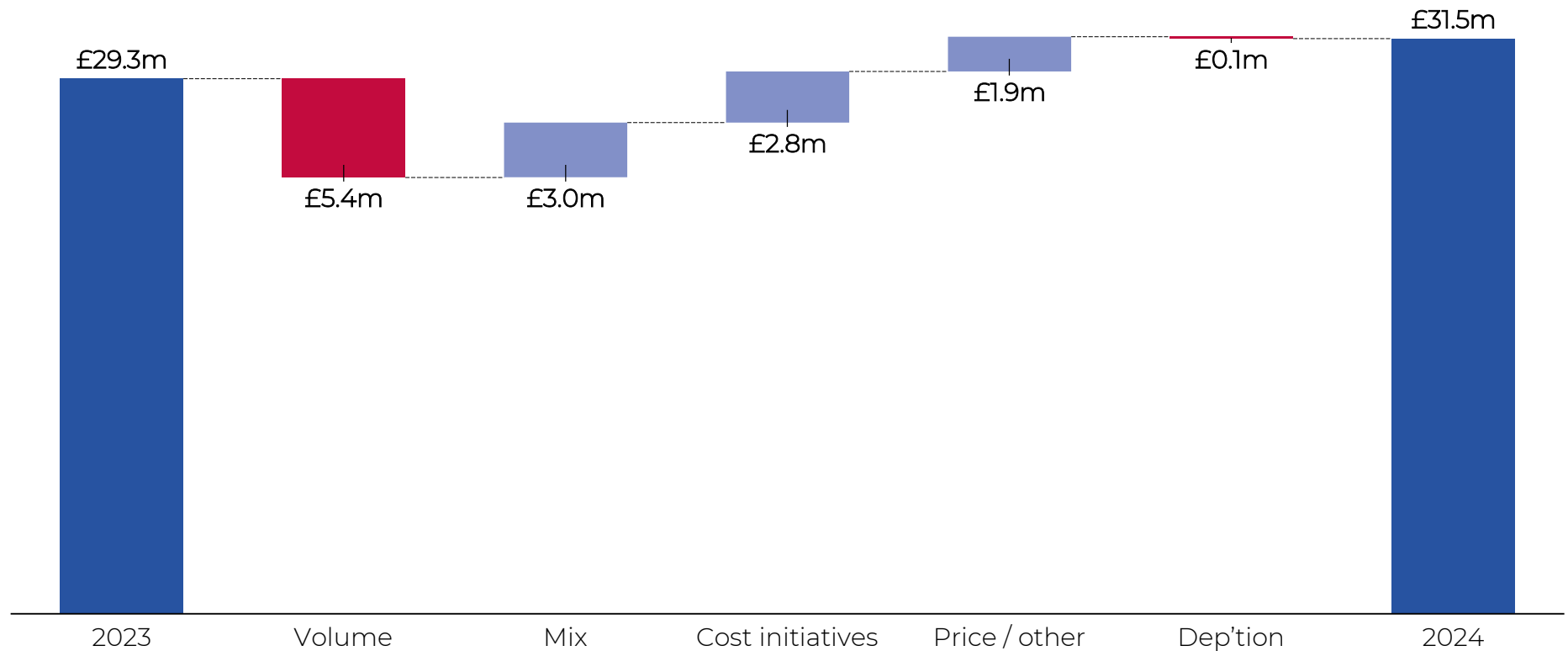
- 0.6% decrease in sales volumes
- Increased volumes in Belgium, Netherlands and Poland
- European revenue negatively impacted on consolidation by the GBP strengthening against the Euro by 2.7%
- Adverse country and customer mix and the impact of modest price concessions

Turkey & International

- 20.2% decrease in sales volumes
- Reduction in sales to both Turkey, due to economic slowdown, and China

ADJUSTED OPERATING PROFIT

Adjusted operating profit up 7.6% to £31.5m despite volume decline



- Decrease in sales volumes of 298k units
- Mix improvement driven by UK & Ireland
- Benefits of Q4 2023 restructuring

ADJUSTED OPERATING PROFIT

Strong UK & Ireland operating profit growth offsetting decline in international markets

Adjusted operating profit by geographical market	2024 £m	2023 £m	Movement £m	Movement %
UK & Ireland	29.6	24.5	5.1	20.7
Europe	7.9	9.1	(1.2)	(12.4)
Turkey & International	1.0	1.3	(0.3)	(22.7)
Central costs	(7.0)	(5.6)	(1.4)	(25.0)
Total	31.5	29.3	2.2	7.6
Total as percentage of revenue	10.8%	9.5%		

UK & Ireland

- Benefit of the 2023 restructuring
- Increase in the average size of radiators
- Stronger premium panel penetration
- Favourable selling and material prices
- Lower sales volumes

Europe

- Volumes stabilised during 2024
- Adverse country and customer mix
- Ongoing fixed cost inflation partially offset by 2023 restructuring benefits
- Radiators SpA profitability remains an ongoing focus
- Recovery of operating profit margin expected with market recovery

Turkey & International

- Adverse volumes
- Favourable material prices

Central costs

- Non-recurring consultancy costs related to the appraisal of premium panel strategies
- Ongoing inflation

CASH FLOW

Investment in strategic working capital, leverage reduced

	2024 £m	2023 £m	Movement £m
EBITDA	43.5	41.2	2.3
Exceptional items	—	(2.5)	2.5
Gain on disposal of property, plant and equipment	(0.1)	—	(0.1)
Share-based payments	0.4	0.5	(0.1)
Working capital	(10.1)	(0.6)	(9.5)
Working capital – exceptional items	(2.3)	2.2	(4.5)
Net capital expenditure	(8.4)	(9.3)	0.9
Cash flow from operations	23.0	31.5	(8.5)
Income tax paid	(6.2)	(7.5)	1.3
Net interest paid	(7.2)	(6.2)	(1.0)
Free cash flow	9.6	17.8	(8.2)

	£m
Opening net debt – 1 January 2024	(70.3)
Free cash flow	9.6
Dividends	(9.8)
Non-cash lease movements	2.0
Foreign exchange differences	0.9
Closing net debt – 31 December 2024	(67.6)
Less finance leases	7.9
Closing net debt before finance leases – 31 December 2024	(59.7)
Leverage	1.37

Cash flow and net debt

- Adjusted operating cash flow conversion of 80.3% (2023: 108.6%)
- Strategic investment in working capital
- Increased interest payments impacted by rate increases
- Leverage 1.37 x (2023: 1.47 x) improved by positive EBITDA performance

BALANCE SHEET, TAXATION, DIVIDENDS AND ROCE

Taxation

- Effective tax rate 29.4% (2023: 19.6%)
- Tax charge increased year on year due to one off credit in 2023

Dividends

- Total dividends of 7.79 pence, 2.0% increase on 2023
- Confidence in future prospects and cash generation, despite short term headwinds

Return on capital employed

- LTM ROCE % increased to 27.1% (2023: 25.5%)
- Strong adjusted operating profit performance
- Reduction in the value of Euro assets due to the strength of GBP

Group credit facilities

- Group revolving credit facility: £76.0 million
- Group term loan facility: €28.3 million
- Both expire November 2026
- £21.1 million undrawn at year end
- Cash of £18.6 million at year end

Technical guidance

- Market environment expected to remain subdued for at least the first half of 2025
- Key input prices, including steel, are expected to remain stable in 2025
- Capital expenditure to rise slightly with a periodic investment in the Group's IT infrastructure
- Commercial price realignment in the UK will give rise to an investment in working capital in 2025, but critically strengthen customer relationships
- Leverage, based on net debt before lease liabilities, is expected to fall during the year after a seasonal increase in H1 2025
- Group effective tax rate at c. 30%, driven by a 5% increase in the withholding tax rate on dividends from Turkey



Business review

Trevor Harvey
Chief Executive Officer



BUSINESS REVIEW

Stelrad is Europe's leading radiator manufacturer

Our core purpose is helping to heat homes sustainably

#1
in hydronic
heat emitters

1,400
people

- 11.8% overall market share
- 20.2% steel panel market share
- Stelrad is Europe's #1 brand

500+
customers

40+
countries

5
market leading
brands



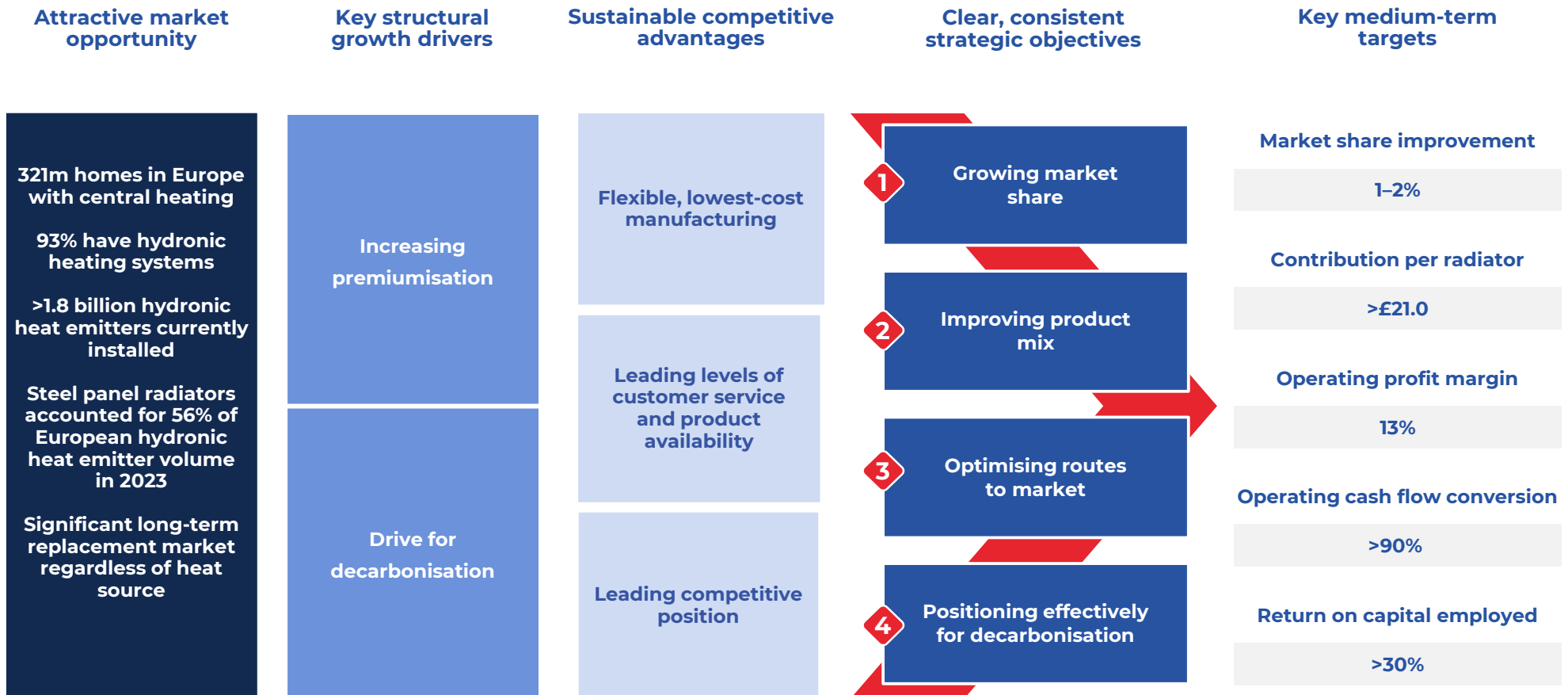
UK & Ireland
£137.4m

Europe
£139.0m

Turkey & International
£14.2m

BUSINESS REVIEW

The Group is well positioned for profitable, sustainable growth...



...with a clear strategy to capitalise on long-term structural opportunities

Growth driver

Strategic focus

Key initiatives

Increasing premiumisation

- 1 Leverage Stelrad trade strengths
- 2 Boost Stelrad consumer appeal
- 3 Optimise distribution

- Leverage Stelrad's strong brand positions
- Support installers and merchant staff in upselling
- Installer marketing to address barriers to recommendation
- Optimise Stelrad.com consumer journey
- Further invest in targeted consumer marketing
- Assess channel partnership opportunities

Drive for decarbonisation

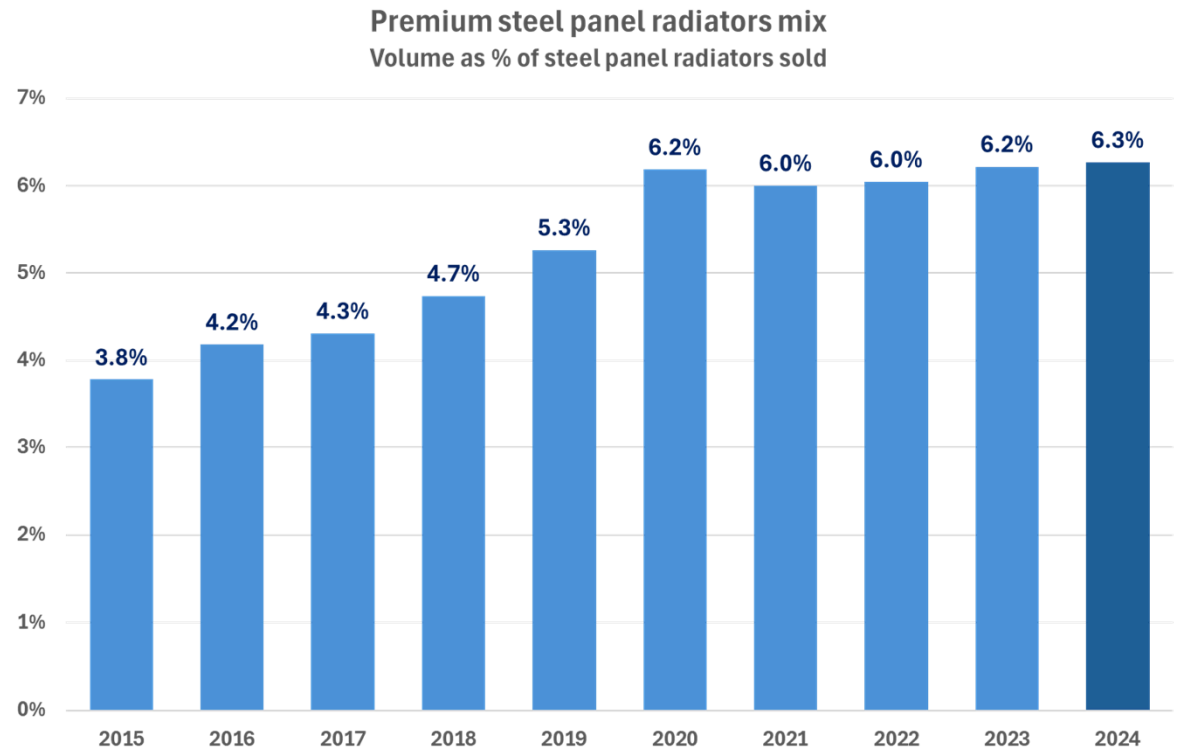
- 1 Promote high output conventional radiators
- 2 Develop hybrid products for low temperature systems
- 3 Introduce electric ranges into core markets

- Further extend multipanel, multiconvector radiator portfolio
- Introduce new hybrid heat emitter ranges
- Continue to leverage Stelrad's brands and channel access to drive electric radiator sales in core markets

INCREASING PREMIUMISATION

Premium steel panel mix of total steel panel volume reached a record level of 6.3% in 2024

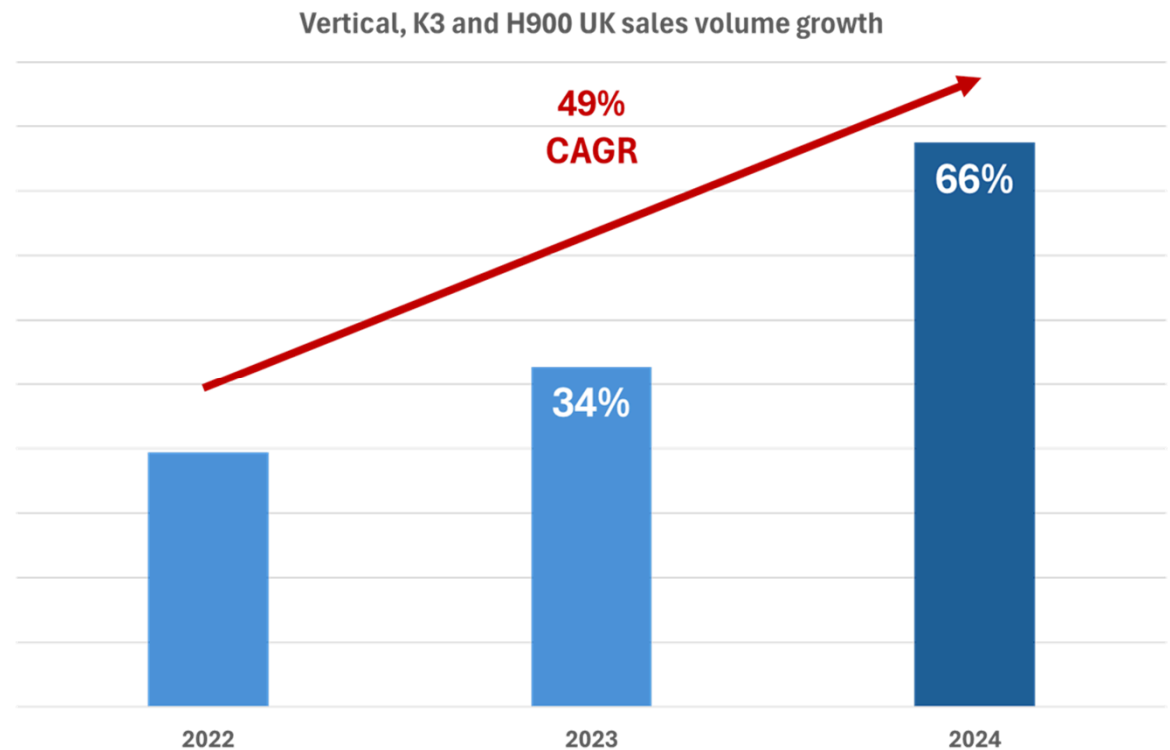
- Between 2015 and 2024, premium steel panel volume has grown at 3.4% CAGR
- In the underdeveloped UK market, premium steel panel mix increased by 0.2 ppts, from 2.9% in 2023 to 3.1% in 2024
- In Western Europe, premium steel panel radiators represent between 5% and 26% of all steel panel radiators sold



THE DRIVE FOR DECARBONISATION

In the UK in 2024, sales of higher output radiator types increased by 66%

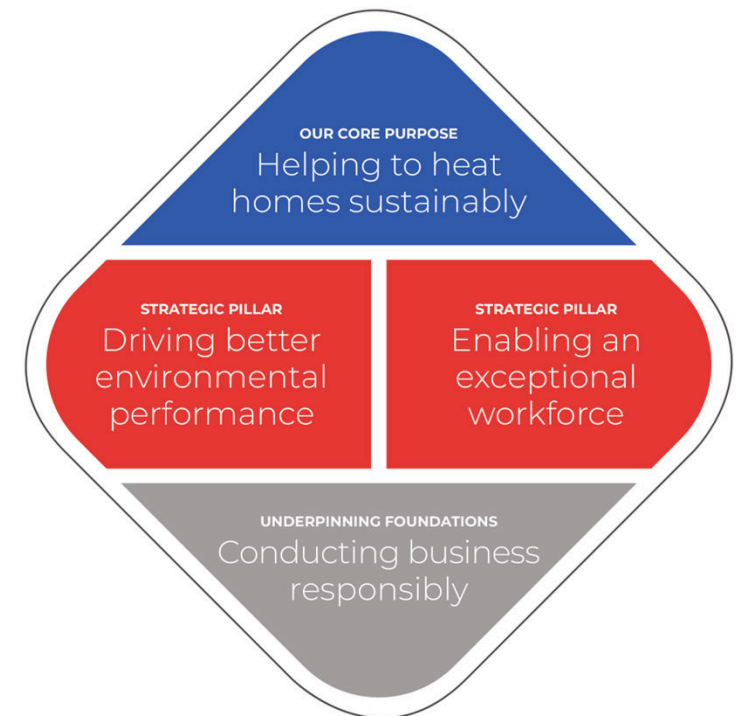
- Following changes to UK building regulations, Stelrad has worked closely with specifiers to find cost-effective, high-performance solutions for low temperature systems
- As a result, volume of high heat output Vertical, K3 and H900 radiators grew by 66% in 2024 versus the prior year
- Stelrad UK reported 6.4% increase in average heat output per radiator versus 2023



With its Fit for the Future strategy, the Group is also making good ESG progress

In 2024, Stelrad:

- Continued to drive safety standards, setting a new benchmark for Lost Time Incidents, with a Lost Time Frequency rate of 4.75, a reduction of 45% versus 2023
- Published environmental product directives (“EPDs”) targeting the Scandinavian market, to ensure long-term specification
- Achieved UK certification for sending zero avoidable waste to landfill
- Joined the UN Global Compact initiative, committing to align our operations and strategies with ten universally accepted principles





Summary and outlook

Trevor Harvey
Chief Executive Officer



SUMMARY AND OUTLOOK

Continued strong performance in 2024, well positioned for sustainable future growth

Robust performance despite challenging market conditions

- Strong operating margin performance driven by operational excellence
- Increased contribution per radiator for the seventh successive year
- Record premium steel panel radiator mix as a percentage of total steel panel sales
- Significant growth in high output conventional radiators in the UK

Strong platform for 2025 and beyond

- Conditions expected to remain challenging at least for the first half of 2025
- Flexible, low-cost manufacturing coupled with market-leading product availability and customer service put Stelrad in prime position for growth as markets recover
- As #1 player with scale, the Group is competitively positioned across all main markets

Favourable long-term trends

- Positive underlying replacement demand
- Opportunities for growth in designer radiators, with increasing premiumisation
- Regulatory tailwinds for low and zero carbon heating systems in the drive for decarbonisation

Stelrad's resilient business model, robust strategy and market leadership underpin growth opportunities from structural drivers and market recovery



Questions





Appendices



Capital allocation priorities



Investment for organic growth

Continued investment in:

- New product development
- Operational excellence
- Customer service

Shareholders returns

Via a progressive dividend policy

Leverage control

Targeting a leverage of c.1.0-1.5 x EBITDA* to enable:

- Reduced lending costs
- M&A flexibility

Selective acquisitions

Based on our consolidation criteria:

- Range enhancement
- Acquiring routes to market
- Acquiring brands

*Pre-lease liabilities

CONSOLIDATED INCOME STATEMENT SUMMARY

	2024 £m	2023 £m	Movement £m	Movement %
Revenue	290.6	308.2	(17.6)	(5.7)
EBITDA⁽¹⁾	43.5	41.2	2.3	5.6
Adjusted operating profit⁽¹⁾	31.5	29.3	2.2	7.6
Exceptional items	—	(2.5)	2.5	100.0
Amortisation of customer relationships	(0.1)	(0.1)	—	2.8
Operating profit	31.4	26.7	4.7	17.6
Net finance costs	(8.0)	(7.5)	(0.5)	(6.7)
Profit before tax	23.4	19.2	4.2	21.9
Income tax expense	(6.9)	(3.8)	(3.1)	(82.7)
Profit for the year	16.5	15.4	1.1	7.1
Earnings per share – basic (p)	12.97	12.11	0.86	7.1
Adjusted profit for the year⁽¹⁾	16.6	17.3	(0.7)	(4.2)
Adjusted earnings per share – basic (p)⁽¹⁾	13.05	13.62	(0.57)	(4.2)
Total dividend per share (p)	7.79	7.64	0.15	2.0

- 2023 tax charges affected by deferred tax credit associated with higher tax asset values allowed by the Turkish government

⁽¹⁾ Adjusted figures are stated before exceptional items, amortisation of customer relationships and tax thereon.

CONSOLIDATED BALANCE SHEET SUMMARY

	2024 £m	2023 £m
Non-current assets		
Property, plant and equipment	79.2	87.2
Intangible assets	4.6	5.3
Trade and other receivables	0.3	0.3
Deferred tax assets	4.8	6.7
	88.9	99.5
Current assets		
Inventories	67.3	63.4
Trade and other receivables	45.5	50.7
Income tax receivable	0.3	0.2
Financial assets	0.3	—
Cash and cash equivalents	18.6	21.4
	132.0	135.7
Total assets	220.9	235.2

	2024 £m	2023 £m
Non-current liabilities		
Interest-bearing loans and borrowings	83.3	88.2
Deferred tax liabilities	0.2	0.2
Provisions	1.9	2.0
Net employee defined benefit liabilities	5.1	4.1
	90.5	94.5
Current liabilities		
Trade and other payables	69.2	78.0
Interest-bearing loans and borrowings	2.2	2.5
Financial liability	—	0.3
Income tax payable	0.6	1.7
Provisions	0.8	3.0
	72.8	85.5
Total liabilities	163.3	180.0
Total equity	57.6	55.2
Total equity and liabilities	220.9	235.2

CONSOLIDATED STATEMENT OF CASH FLOW SUMMARY

	2024 £m	2023 £m	Movement £m
EBITDA⁽¹⁾	43.5	41.2	2.3
Exceptional items	—	(2.5)	2.5
Gain on disposal of property, plant and equipment	(0.1)	—	(0.1)
Share-based payment charge	0.4	0.5	(0.1)
Working capital	(10.1)	(0.6)	(9.5)
Working capital – exceptional items	(2.3)	2.2	(4.5)
Net capital expenditure (including finance lease spend)	(8.4)	(9.3)	0.9
Cash flow from operations	23.0	31.5	(8.5)
Income tax paid	(6.2)	(7.5)	1.3
Net interest paid	(7.2)	(6.2)	(1.0)
Free cash flow	9.6	17.8	(8.2)
Dividends paid	(9.8)	(9.7)	(0.1)
Movements in borrowings	(1.8)	(8.9)	6.9
Cash outflow	(2.0)	(0.8)	(1.4)
Cash and cash equivalents at start of year	21.4	22.6	(1.2)
Cash outflow	(2.0)	(0.8)	(1.4)
Net foreign exchange difference	(0.8)	(0.4)	(0.2)
Cash and cash equivalents at end of year	18.6	21.4	(2.8)

⁽¹⁾ EBITDA is profit before interest, taxation, depreciation, amortisation and exceptional items.

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