



# AGM Shareholder Presentation

Generating value for the long term

19 September 2023

# Welcome

**Jonathan Flint**  
**Chairman**

# Agenda

- Overview
- 5 year plan and progress update
- Financial review
- Outlook

# Overview: An incredible opportunity

## PAST

Well known and respected

Lack of investment and no real growth

Poor financial performance and shareholder returns

Short and medium term challenges

Lack of financial disciplines



## FUTURE

Growing order pipeline

Sustained growth and returns

A credible 5 year plan

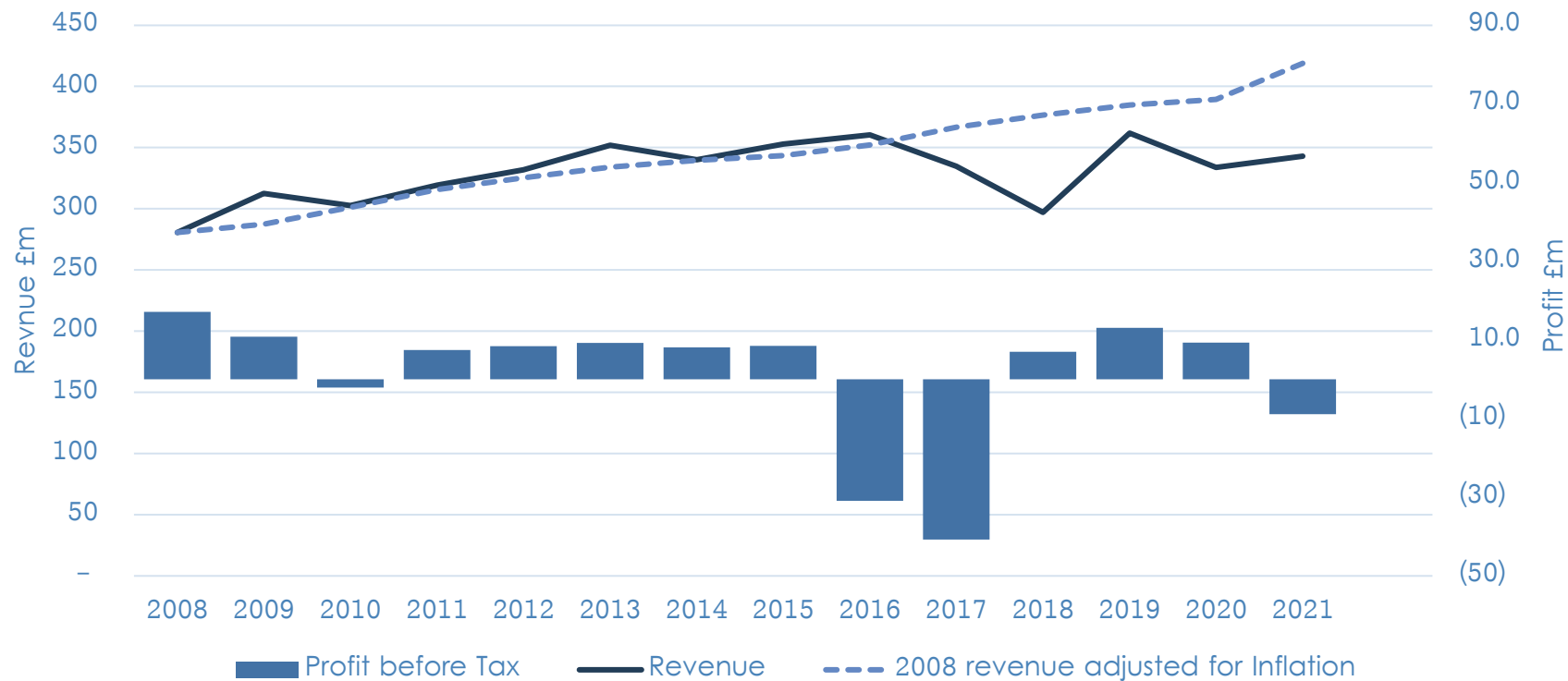
Enhanced disclosure and engagement

Robust controls and governance

Step change in societal focus

# Performance (excluding MMH)

Core Group: revenue & profit before tax  
excluding land and property disposals



Value creation  
2027 objectives

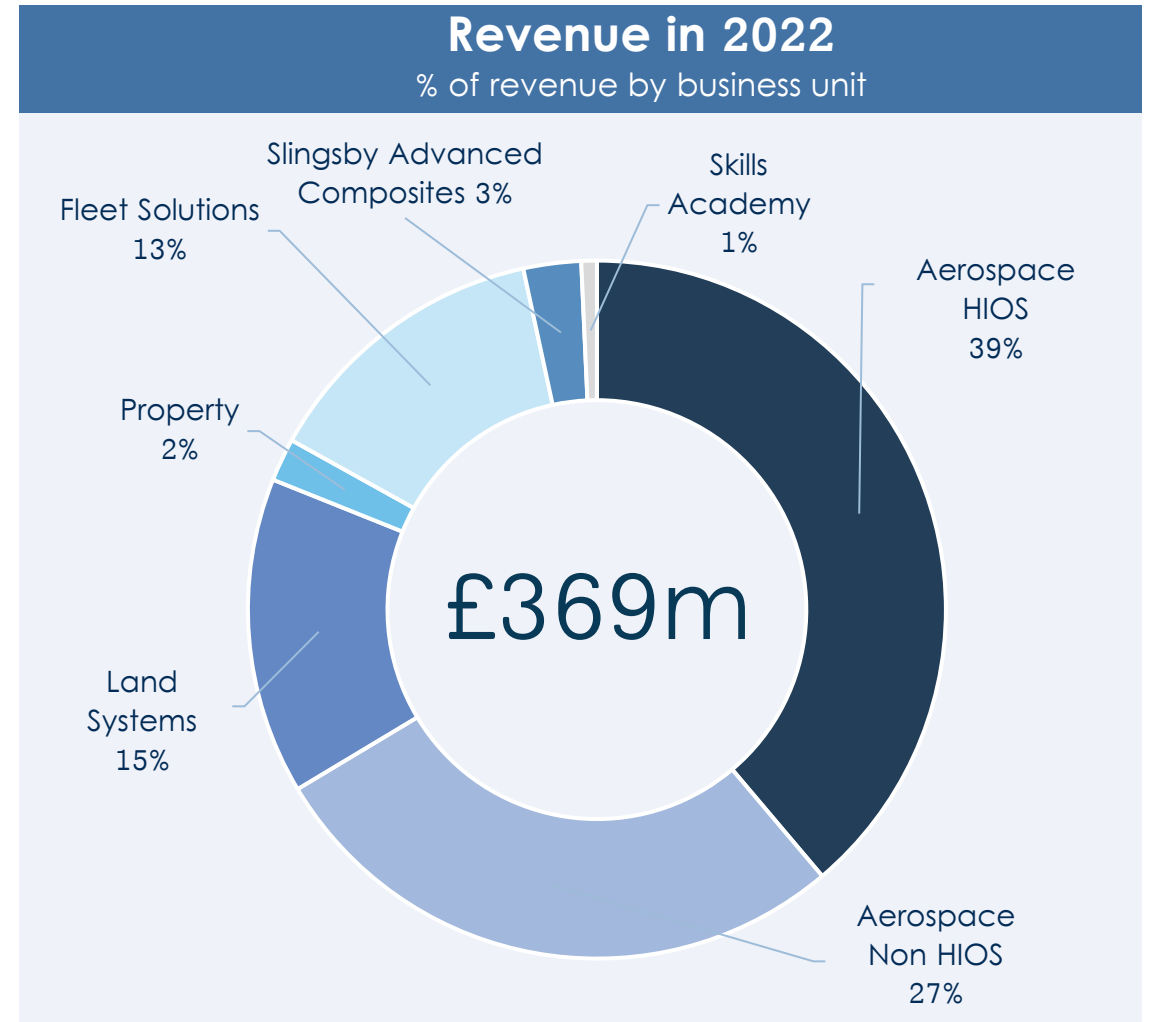
<b>Revenue</b>	<b>£546.5m</b>
<b>Return on sales</b>	<b>10%</b>
<b>ROCE</b>	<b>15%</b>

# 5 year plan and progress update

Kathy Jenkins  
Chief Executive Officer

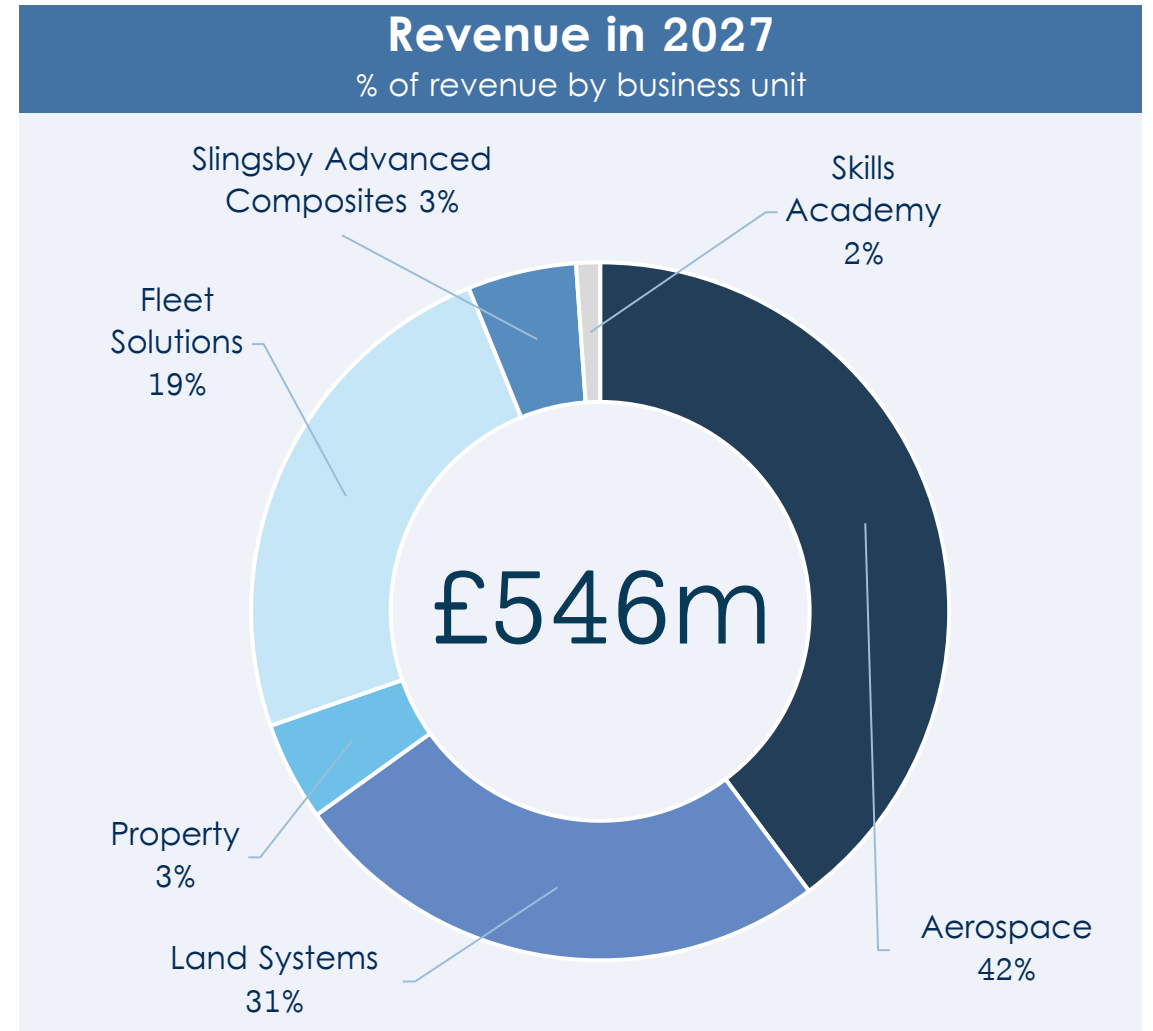
# Our platform today

- National champion with extraordinary heritage
- Developing international footprint
- World-class engineering and service expertise
- Multiple modernisation, standardisation and modularisation opportunities
- Balance sheet strength
- Transformation strategy is a fundamental business reset
- Significant value creation opportunity



# Our platform in 2027

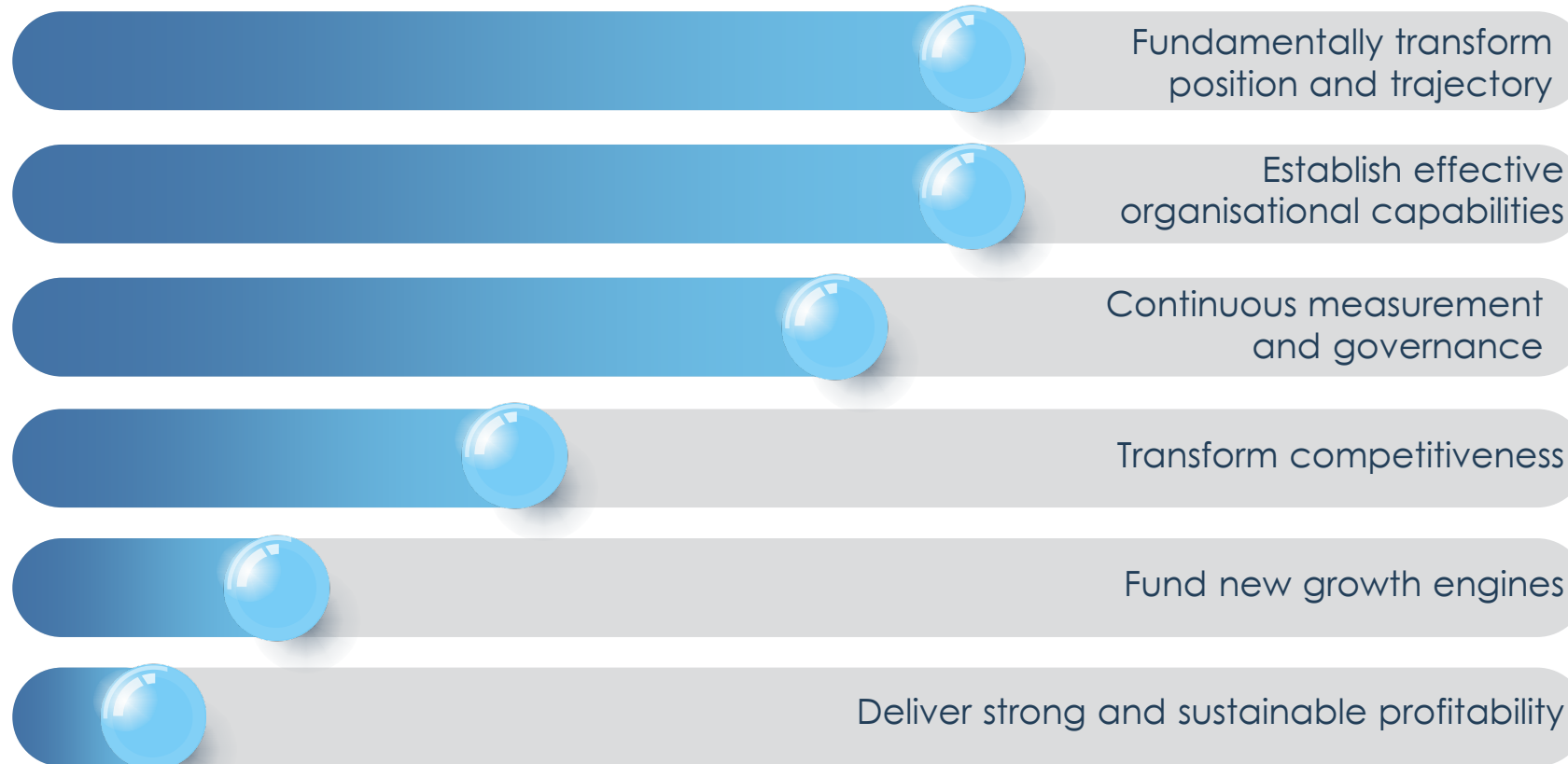
- A cornerstone of UK Defence exports
- Well-established in key growth markets for global opportunities
- Market-leading facilities and performance reputation
- Operational efficiencies optimised through reducing costs and increasing margins
- Attracting investment to unlock the plethora of available opportunities
- Strong balance sheet, including cash position
- Significant increase in shareholder value





# 2023–2027 Transformation strategy

## Six months in

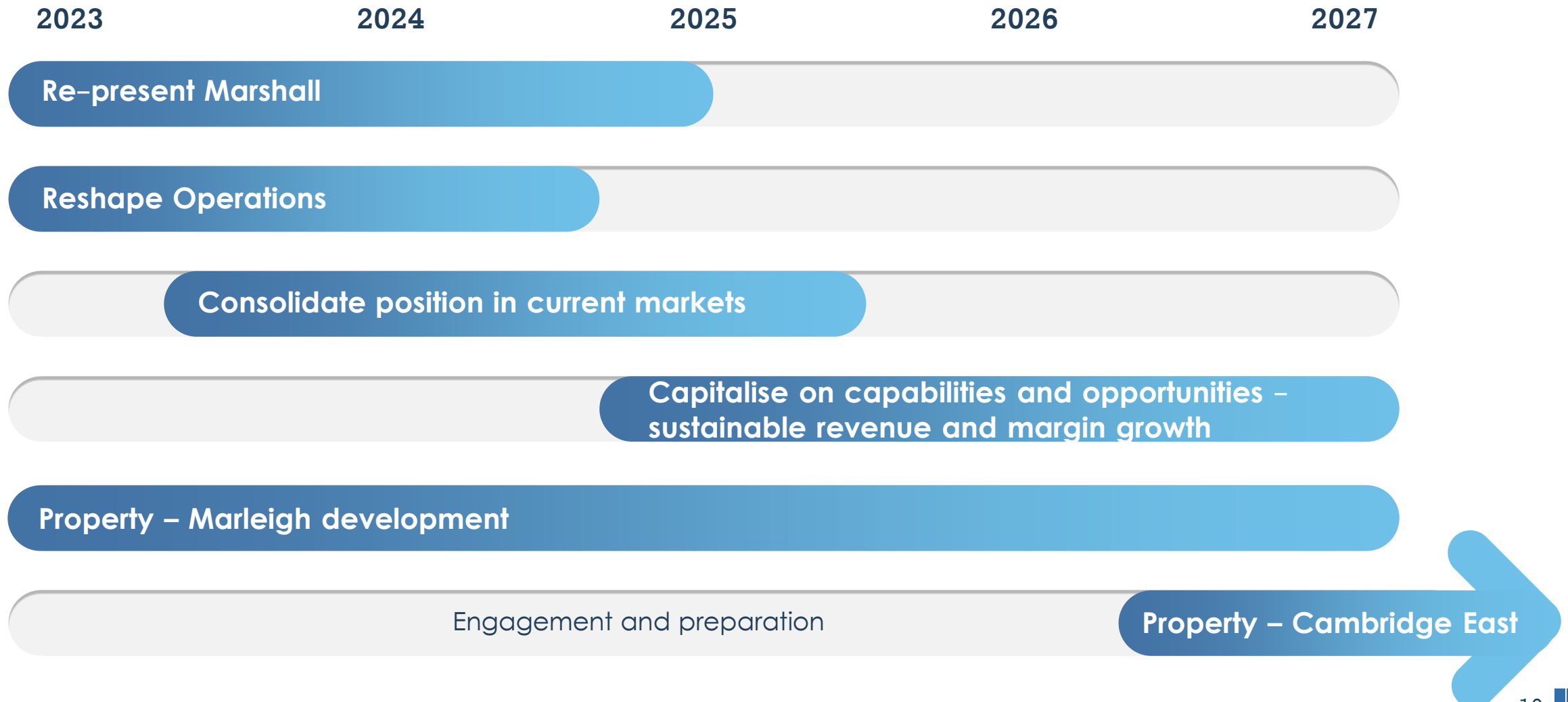


**2027**  
**Capitalising on turnaround**

Sustainable growth in enterprise value to generate major growth in shareholder value over the long term

Progress is an estimation and impact not linear

# 5 year plan roadmap



# Best practice strategic planning process

## Scope

- Macro trends
- Market position
- Competitive advantage
- Customer strategy
- Supply chain
- Growth, sales and M&A
- Innovation
- Measures and KPIs
- Implementation
- Timeline

Framework



# Sustainability – Ambition 2030



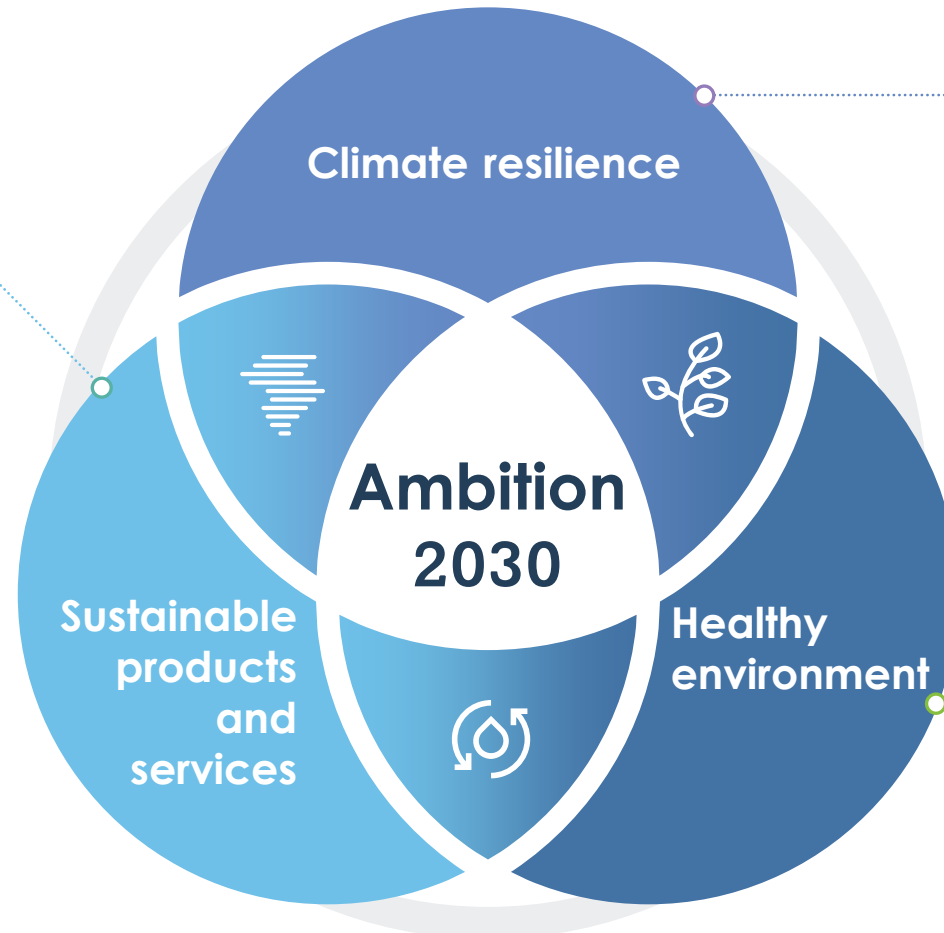
## Climate resilience

- 100% renewable energy
- Net Zero Carbon emissions within operations
- Zero land at risk of flooding without mitigation



## Healthy environment

- Zero waste to landfill
- Positive local community engagement



## Sustainable products and services

- 100% of suppliers aligned with sustainability requirements
- Meet 100% of customer sustainability requirements

# Marshall Aerospace

**Global market size**

£26 billion

**Market drivers**

Geopolitical environment

## Current position

Over-reliance on HIOS contract

Historical underinvestment

Legacy operational performance

Market leading position and brand

### 2022 (excl HIOS)

Revenue	£105.0m
Profit	£0.5m
Return on sales	0.5%

## Action being taken

Principal partner with Defence Equipment & Support on UK's C-130 fleet resale

Leveraging market-leading C-130 MRO expertise internationally

Leveraging Global 6000 programme and investment

Developing Intelligence, Surveillance and Reconnaissance/Adaptable Role-fit Capability Family of products

Establishing international presence – Middle East, Canada, US

5-year capex requirement: £26.2m

## 2027 Target

To provide agile platform support and engineering solutions to the global air defence sector

### 2027 plan

Revenue	£263.9m
Profit	£39.8m
Return on sales	15%

# Marshall Aerospace: progress



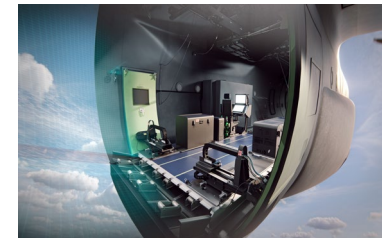
Hosted global sales events to support resale of UK's C-130 fleet



Leveraging Global 6000 programme for next-generation surveillance with potential markets identified



Market leading capability demonstrated in the completion of 11 Maintenance Depot Inspection checks for US Marine Corps



ARC Radar unveiled, the first of the Adaptable Role-fit Capability (ARC) family of products



Aerostructures moved to new state-of-the-art facility, improving operational efficiency, plus achieved blue supplier status with Boeing



Order book at 30 June 2023: £215.8 million

Order pipeline: £2.0 billion (unweighted)

# US Marine Corps



- In 2020, Marshall commercial overspill for USMC, with only one maintained aircraft
- By 2023, Marshall now key strategic partner with 27 maintained aircraft
- Gear-shift in Hangar 16 Operations
- One team working on culture with US Government entities
- Unrivalled turnaround times: industry-leading 147 days
- Delivering on budget
- Delivering to world-leading quality standards
- Enabling key focus on enormous opportunities in US market with over 600 C-130 variants currently operating across the globe



# Marshall Land Systems

<b>Addressable market size</b>	£9.7 billion (excl. US)	<b>Market drivers</b>	Increasing demand for deployable infrastructure Shift towards product standardisation and volume
--------------------------------	-------------------------	-----------------------	---

## Current position

Small business sized for small volumes

High-degree of customisation

Investment-starved

Loss-making legacy contracts

<b>2022</b>	
Revenue	£55.9m
Loss	£(15.0)m
Loss on sales	(27.4)%

## Action being taken

Prioritise completion of legacy, low-margin projects by 2025

New operating model being implemented, highly focused on execution of new business profitably

Growth focused on key markets in the UK, Canada, Europe and MENA

Developing modularised and standardised products, with first launch in 2023

Continuing to build a higher margin, higher volume order pipeline, with strong conversion rate

5-year capex requirement: £22.3m

## 2027 Target

To be market-leading in deployable Infrastructure in core markets and regions

<b>2027 plan</b>	
<b>Revenue</b>	<b>£197.6m</b>
<b>Profit</b>	<b>£23.0m</b>
<b>Return on sales</b>	<b>11.6%</b>



# Marshall Land Systems: progress



Product standardised and modularisation continued, which will deliver significant reduction in materials, labour and carbon footprint



First batch of containers delivered to DMO as part of the contract to supply military ammunition container systems for the DVOW programme



Successful Nuclear Electro-Magnetic Pulse military testing, a key milestone in innovation and proven product-to-market



Three award-winning military CT scanners handed over, enhancing Australia's deployable health capability



Relocation to Alconbury by 2025 confirmed and new production facility New Brunswick, Canada, progressing to plan



Order book at 30 June 2023: £210.7 million, with proportion of work bid for and won increasing rapidly. Order pipeline: £1.7 billion (unweighted)



# Marshall Slingsby Advanced Composites

<b>Target market size (UK)</b>	£250 million	<b>Market drivers</b>	Focus on sustainable, energy-efficient materials UK developing strategic defence capabilities
--------------------------------	--------------	-----------------------	--

## Current position

Poor historical performance addressed

'Build to print' model robust enough to expand

Refreshed engineering capability positioning

<b>2022</b>	
Revenue	£10.2m
Profit	£0.5m
Return on sales	5.0%

## Action being taken

Investment in operation has yielded upper quartile delivery performance and renewed customer advocacy

Secured place on two UK Future Aerospace programmes

Working with industry partners on the creation of IP in complex composites

Collaborating with Futureworx on Heavy Lift Drone programme

5-year capex requirement: £4.3m

## 2027 Target

To be a leading provider of agile platform support and engineering solutions to the Global Air Defence sector

<b>2027 plan</b>	
Revenue	£17.3m
Profit	£1.6m
Return on sales	9.2%

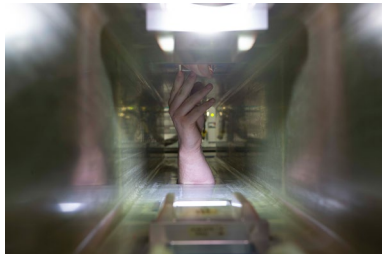
# Marshall Slingsby Advanced Composites: progress



Successful turnaround programme underpinned strong performance, ahead of expectations



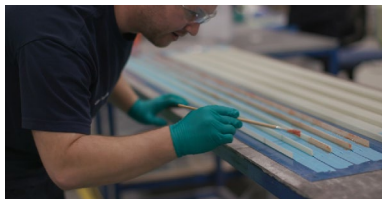
Order intake was £8.2 million, including a further order for CAMM missile launch tubes, building on long-term relationships



Contract with Lockheed Martin for composite cockpit panels for C-130 aircraft on track, with 200 delivered at 30 June 2023



New order to produce Rolls Royce equipment



Order book at 30 June 2023: £19.8 million



Order pipeline: £91.0 million (unweighted)



# Marshall Fleet Solutions

**Market size:**  
UK Refrigeration  
Fleet Management

£0.3 billion  
£1.1 billion

**Market drivers**

Increasing demand for cold-chain capability/low-carbon solutions  
Shift to broader service offering beyond installation

## Current position

Global semi-conductors and vehicle shortages

Traditional customers' strong resistance to inflation-driven price increases

Service delivery is a key differentiator

### 2022

Revenue	£51.6m
Loss	£(2.4)m
Loss on sales	(4.7)%

## Action being taken

Re-framed strategic partnership with Trane Thermo King

Developing Fleet Management offering based on a digital platform (Marshall Assist)

Developing position on renewables with the launch of Titan (Solar Kinetic power)

Continuing efficiency initiatives driven by the rollout of IFS (ERP)

5-year capex requirement: £6.1m

## 2027 Target

UK's first-choice, trusted and market-leading partner of nationwide independent sales and service in temperature-critical and commercial vehicle solutions

### 2027 plan

Revenue	£121.6m
Profit	£6.7m
Return on sales	5.5%



# Marshall Fleet Solutions: progress



Performance hampered by the loss of a major installation contract on price, not yet offset by new contract wins



Fleet management activity impacted by an increased cost of servicing fixed-priced contracts and the ongoing shortage of semi-conductors



Progress made in sustainable products and services with the acquisition of two FRIGOBLOCK dealers and further rollout of the Titan system



FRIGOBLOCK performance has continued to plan through transaction



Titan Solar awarded innovation of the year for transport



Order book at 30 June 2023: £43.9 million

# Marshall Skills Academy

<b>Indicative market size</b>	£3.5 billion	<b>Market drivers</b>	Growing global skills gap across technical and professional disciplines
-------------------------------	--------------	-----------------------	---

## Current position

Long-established position in Apprenticeship training

Well-respected provider of Technical Training for the Aerospace sector

Increasing profile as a thought leader on engineering skills development

### 2022

Revenue	£2.7m
Loss	£(0.1)m
Loss on sales	(3.9)%

## Action being taken

Delivering apprenticeship programme for other Aerospace companies including Bombardier UK

Developing technical training offering with Skillsoft

Launching proposition to build capability using existing educational infrastructure

Securing funding for the development of proposition

5-year capex requirement: £2.1m

## 2027 Target

To be the market leading one-stop-shop for technical and apprenticeship training to industry and MRO providers

### 2027 Plan

Revenue	£13.1m
Profit	£2.0m
Return on sales	15.1%



# Futureworx – Practical innovation



Product trials and demonstration for Lilypad, offshore wind farm inspection systems – the first product to enter the commercialisation phase

Lilypad also has applications across other industries, such as oil and gas, defence, and security and these are being explored



Disruptive hydrogen cooling capabilities, with applications in the automotive refrigeration market and aerospace in development



Heavy-lift drones in development for application in sectors including defence and security

# Marshall Property Group: Marleigh



Continued good progress at Marleigh, Cambridge development



37 Property sales completed in H1, bring total completions to 250 properties



Ground floor commercial units let, with Co-op, a café and Pilates studio due to open by end of 2023



Robust sales pipeline and plot reservation remained on target, with market sentiment being closely monitored



Consultation for Phase 3 took place, which would add 422 homes and bring the total new homes to 1,390 across the development. Anticipate planning applications will be submitted in H2



Vacation of North Works activities has been continued to plan without business interruption. Location identified for Land Systems in 2025 at Alconbury

5-year capex requirement: £43.8m



# Marshall Property Group: Cambridge East



Working closely with Cambridge City Council on inclusion in the Local Plan



Established 'Project Merlin' with Savills, Bidwells and Quod, to explore delivery options and financial modelling



Progressed evidence to vacate Cambridge Airport by 2030. Outline Planning Permission shortly to be granted for Cranfield



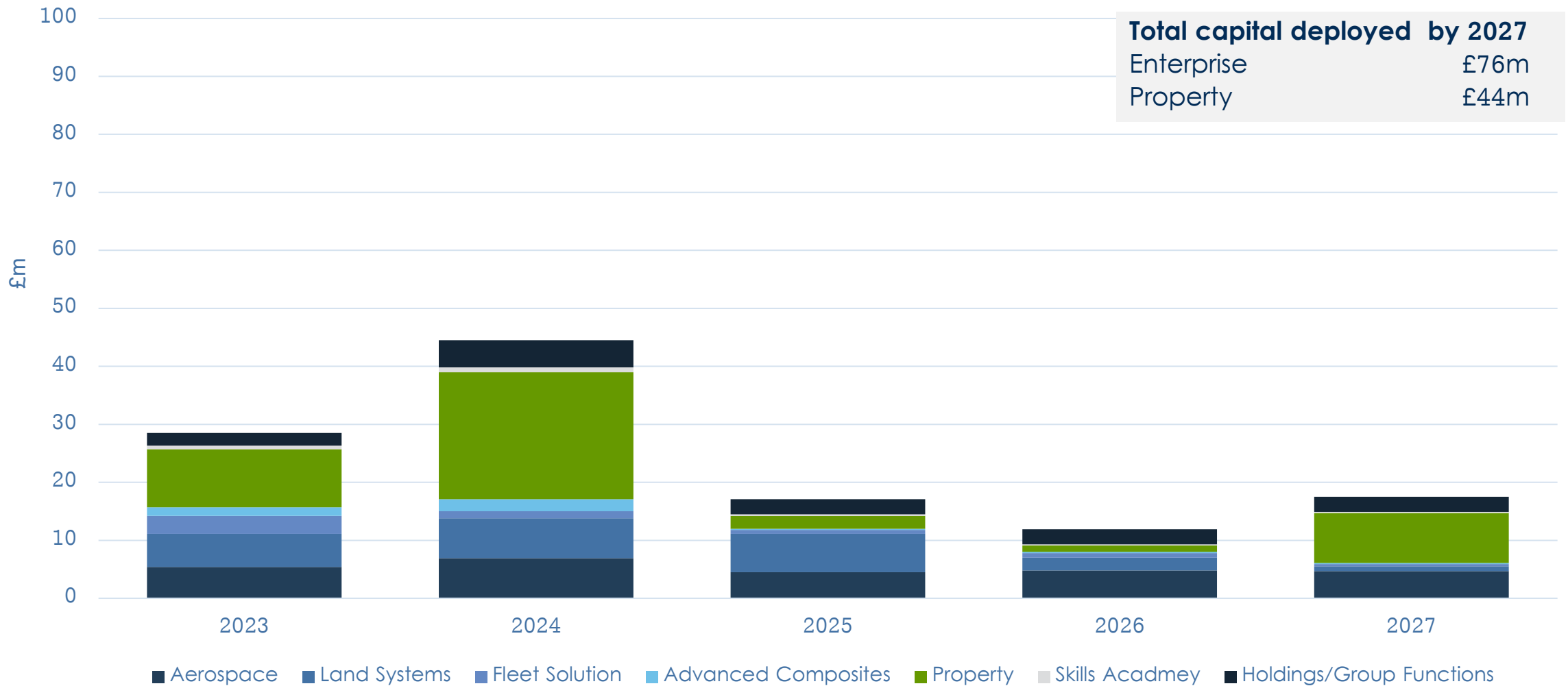
Sizing proposals for Aerospace at Cranfield based on current five year plan for submission with 2028 Plan in December



Launched community engagement programme around Cambridge East

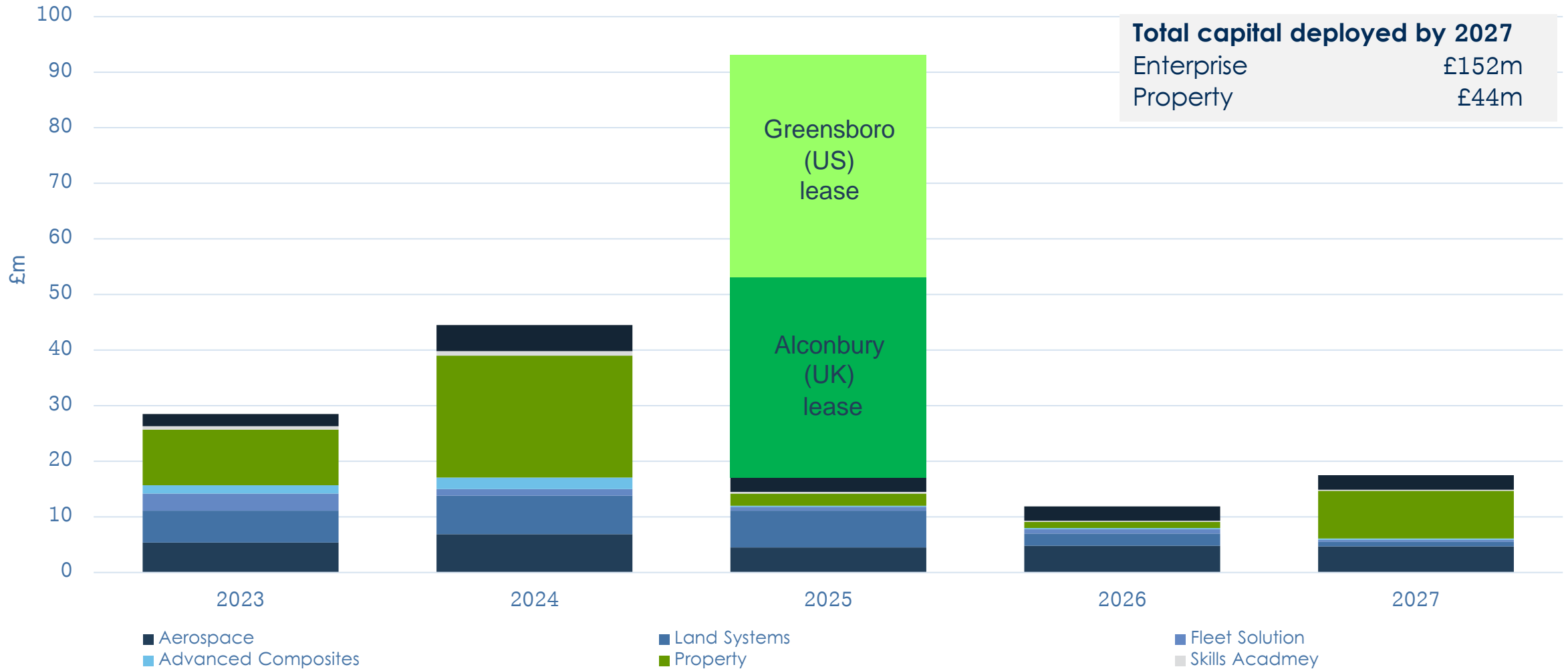
# Capital expenditure 2023–2027

Excluding leases



# Capital expenditure 2023–2027

Including leases



# Financial Review

Doug Baxter  
Chief Financial Officer

# 2022 Annual Results summary

9 months ended 31 December 2022 and 15 months ended 31 March 2022

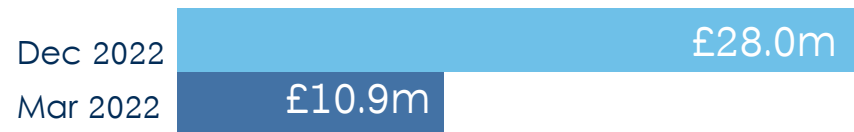
## Revenue (£m)



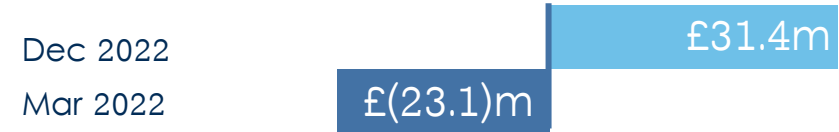
## Net cash/(debt) (£m)



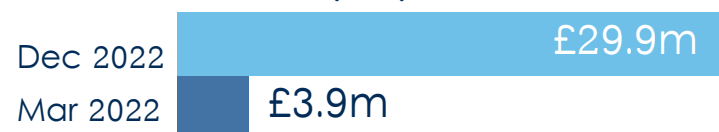
## Profit before tax (£m)



## Operating cash flow (£m)



## Profit before exceptional items and tax (£m)



## Return on capital employed (%)



# 2022 Segmental analysis – revenue

9 months ended 31 December 2022 and 15 months ended 31 March 2022

	9 months ended 31 December 2022	15 months ended 31 March 2022
Aerospace – HIOS	£125.9m	£118.3m
Aerospace – non-HIOS	£78.0m	£161.4m
Land Systems	£44.9m	£53.0m
Group Properties	£7.1m	£9.9m
Fleet Solutions	£39.4m	£67.2m
Slingsby Advanced Composites	£8.2m	£10.3m
Skills Academy	£1.9m	£2.8m
Motor retail (sold during the period)	£389.4m	£3,760.9m
Aeropeople (sold during the prior period)	–	£3.4m
Other	£0.5m	£0.6m
Internal sales	£(13.4)m	£(11.8)m
<b>Total</b>	<b>£681.9m</b>	<b>£4,176.1m</b>

# 2022 Segmental analysis – profit<sup>1</sup>

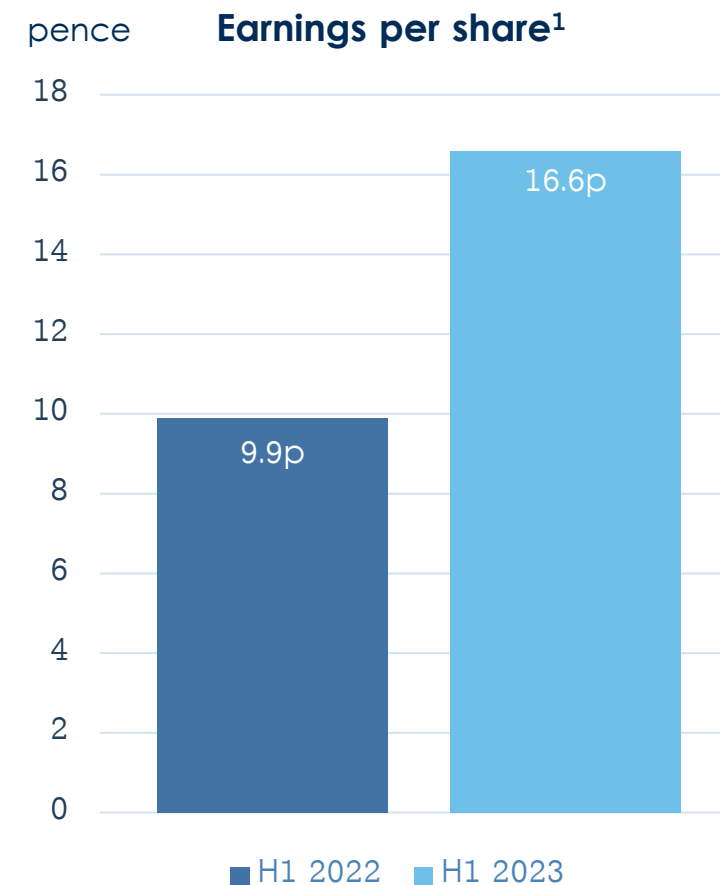
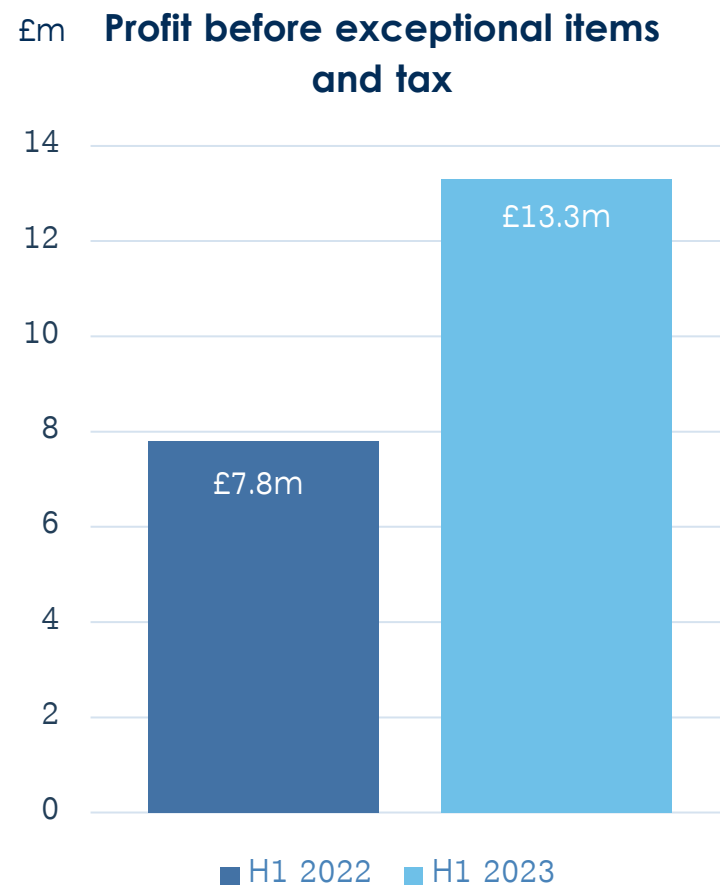
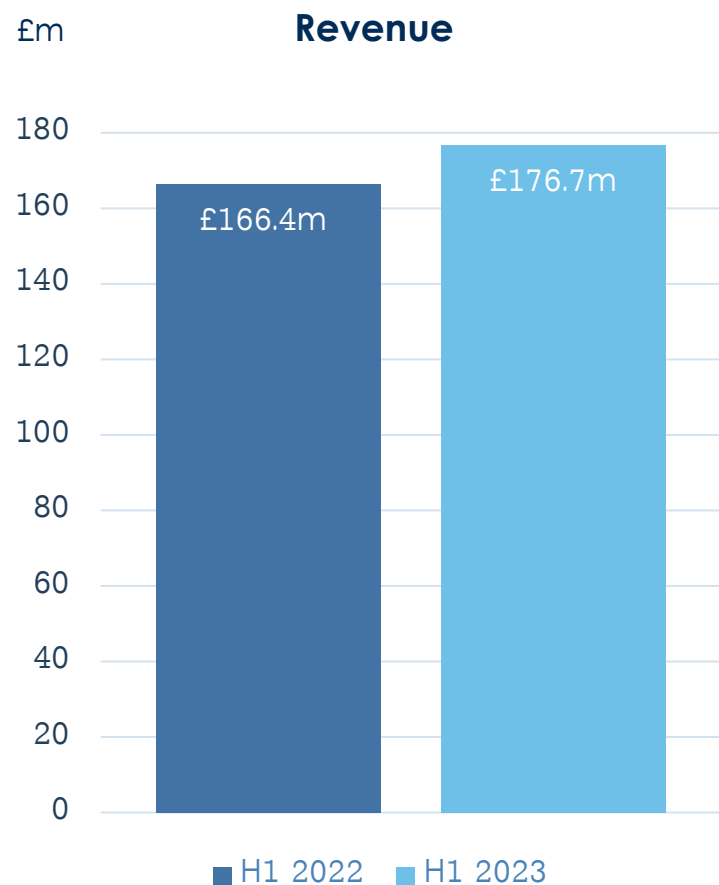
9 months ended 31 December 2022 and 15 months ended 31 March 2022

	9 months ended 31 December 2022	15 months ended 31 March 2022
Aerospace – HIOS	£44.8m	£(0.4)m
Aerospace – non-HIOS	£(3.1)m	£10.8m
Land Systems	£(13.1)m	£(8.3)m
Group Properties	£9.7m	£12.4m
Fleet Solutions	£(2.0)m	£(0.1)m
Slingsby Advanced Composites	£0.6m	£0.2m
Skills Academy	–	£(0.3)m
Futureworx	£(2.0)m	£(1.4)m
Motor retail (sold during the period)	£0.3m	£96.8m
Unallocated central costs	£(5.1)m	£(9.0)m
<b>Total</b>	<b>£30.2m</b>	<b>£100.7m</b>

<sup>1</sup>Profit before separately disclosed exceptional items and before taxation

# H1 2023 Financial summary

For six months ended 30 June 2023



<sup>1</sup> basic and diluted earnings before separately disclosed exceptional items per share



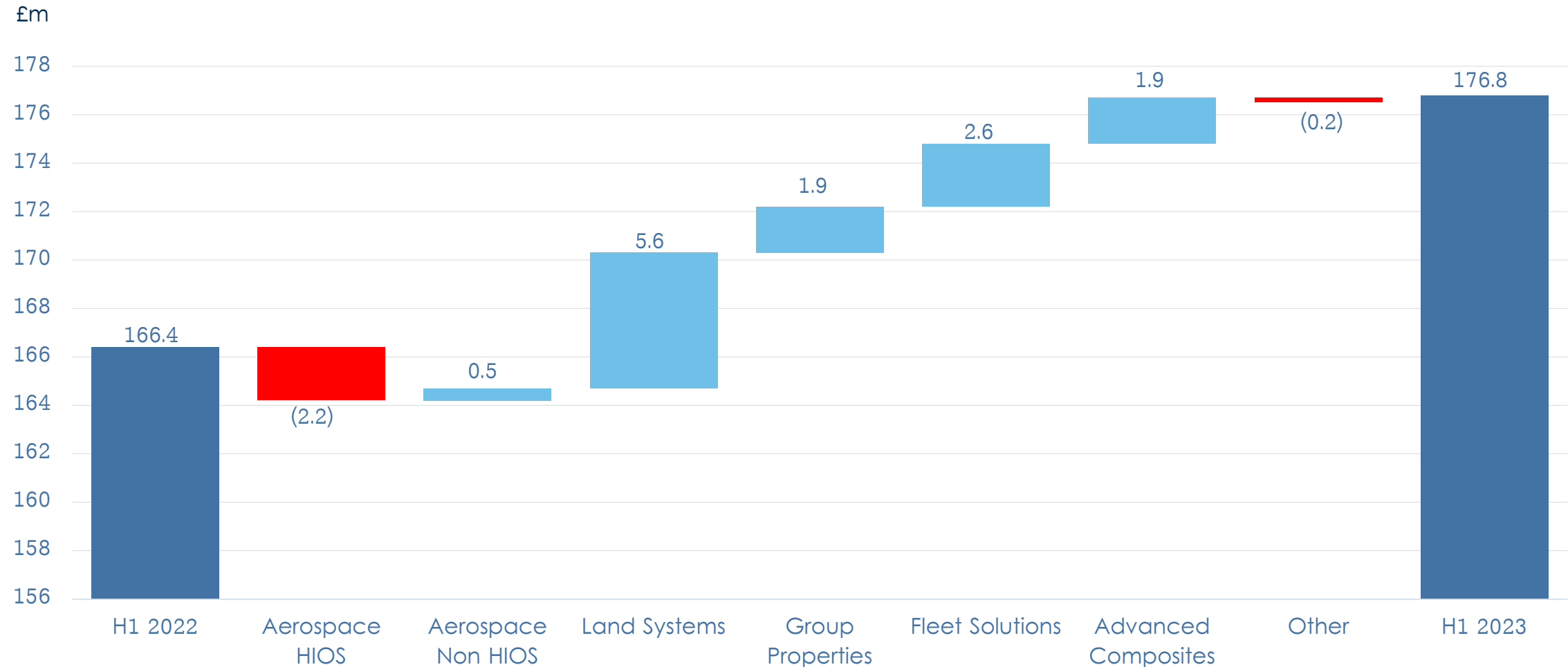
# H1 2023 Income Statement

For six months ended 30 June 2023

	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Revenue</b>	<b>£176.7m</b>	£166.4m
Costs of sales	£(119.0)m	£(121.1)m
<b>Gross Profit</b>	<b>£57.8m</b>	£45.3m
Net operating expenses	£(51.9)m	£(40.8)m
Other income	£1.7m	£0.8m
<b>Group operating profit</b>	<b>£7.5m</b>	£5.3m
Share of profit in the year in joint ventures	£2.4m	£1.4m
Net finance income	£2.9m	£1.3m
<b>Profit before taxation</b>	<b>£12.8m</b>	£8.0m
Analysed as:		
– Profit before exceptional items and tax	£13.3m	£7.8m
– Separately disclosed exceptional items	£(0.6)m	£0.2m
Tax charge on profit	£(3.0)m	£(1.6)m
<b>Profit after taxation</b>	<b>£9.8m</b>	£6.4m

# H1 2023 Segmental analysis – revenue bridge

For six months ended 30 June 2023



# H1 2023 Segmental analysis – profit bridge<sup>1</sup>

For six months ended 30 June 2023



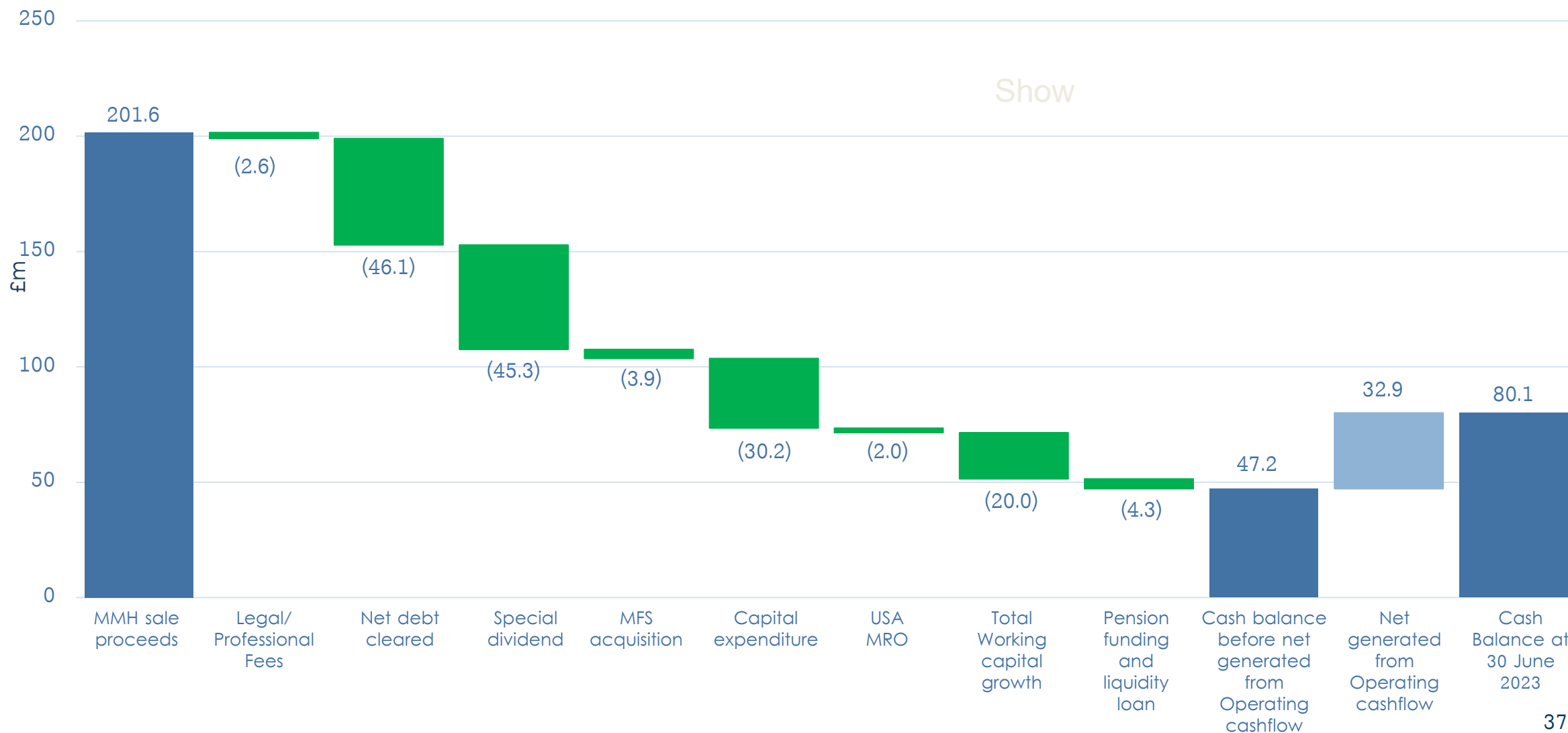
<sup>1</sup> Profit before exceptional items and tax

# H1 2023 Summarised balance sheet

	30 June 2023	31 December 2022
Intangible assets	£17.3m	£15.2m
Tangible assets	£105.6m	£97.0m
Investments	£10.5m	£8.1m
Working Capital	£106.0m	£62.4m
Pension liability	£(2.3)m	£(2.3)m
Long term creditors	£(21.5)m	£(23.3)m
Provision for liabilities	£(13.2)m	£(14.4)m
Net Cash	£80.1m	£129.3m
<b>Net Assets</b>	<b>£282.5m</b>	<b>£272.0m</b>

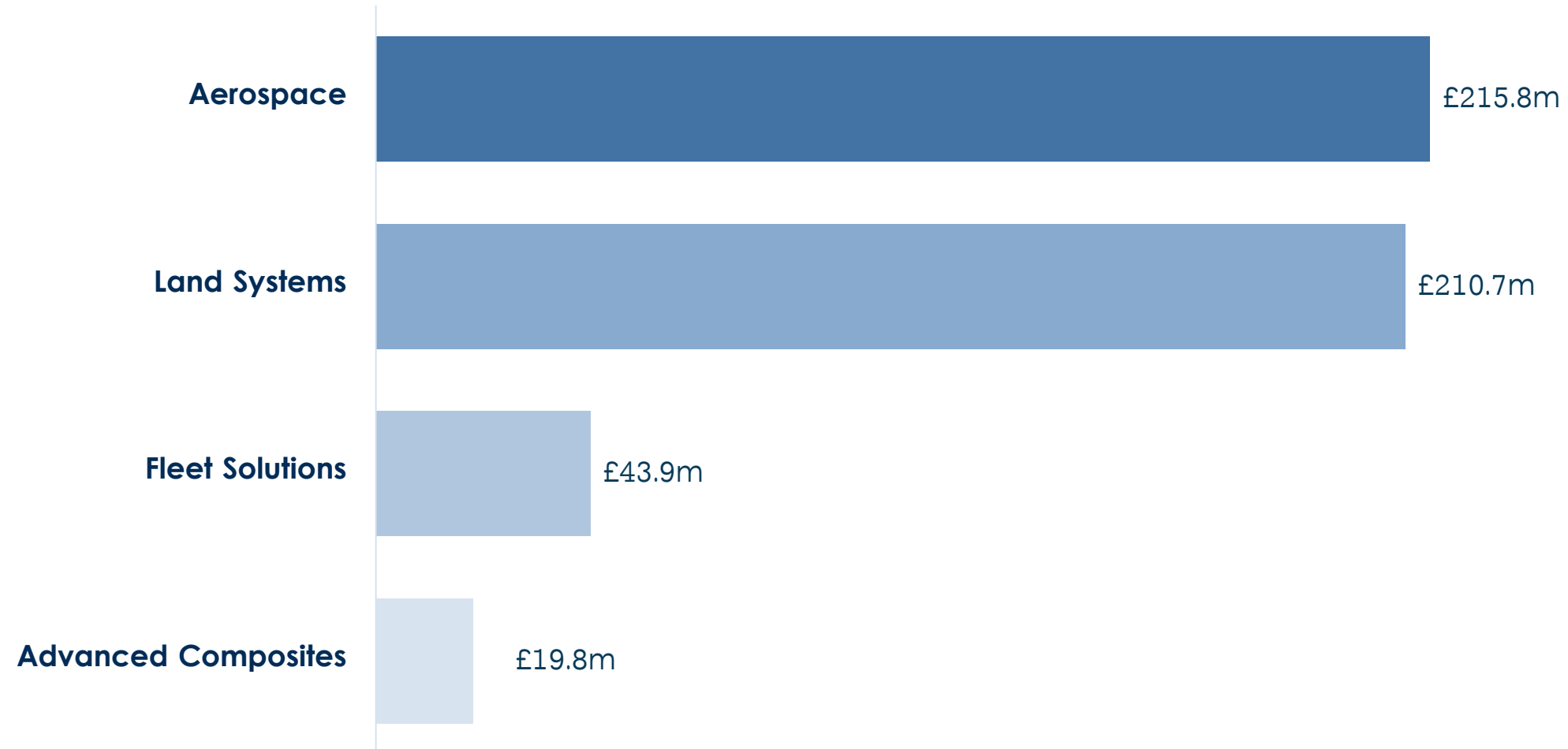
# Cashflow – use of MMH proceeds

May 2022 to June 2023



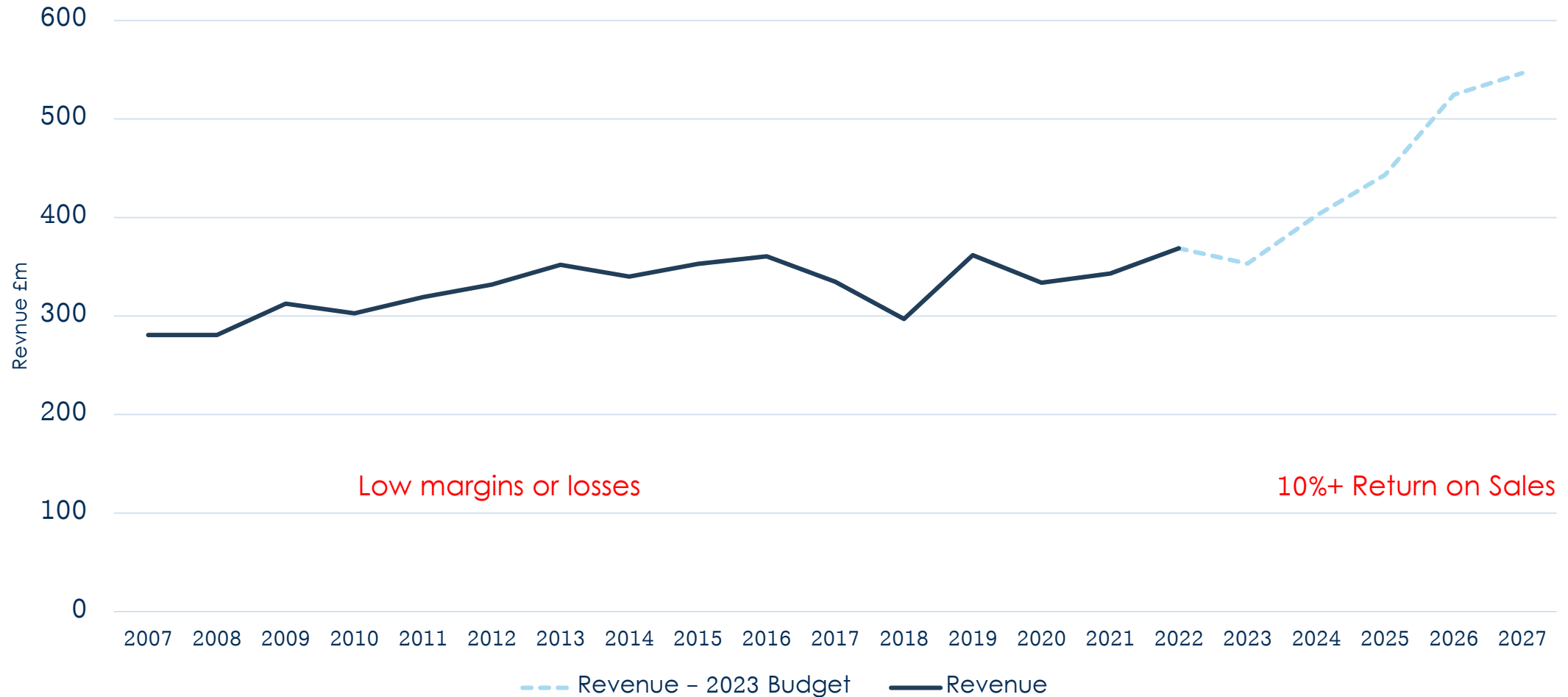
# Group order book in excess of £490m

At 30 June 2023



# Path to 2027– Sales growth + margin expansion

Core Group: revenue + future years



# Outlook



# New order pipeline: Total £4 billion (unweighted)

Business unit & key focus areas	Value
Aerospace	£2.0 billion
Land Systems	£1.7 billion
Advanced Composites	£91 million
Fleet Solutions/Other	£200 million

# Outlook

Strong fundamental end market growth drivers

Good early progress with implementation of 5 year turnaround plan

Short term performance constrained by depth of legacy issues and HIOS completion

Delivery of contracted Land System programmes alongside transition to standardised wins

Reshaping Fleet Solutions in a competitive environment

Strong order book of £490 million at June 2023 and building

Commitment to 5 year plan, while managing headwinds



# Q&As