

## Marshall of Cambridge (Holdings) Ltd Q1 to 31st March 2023 Trading Update Published 23rd May 2023

The Board of Marshall of Cambridge (Holdings) Ltd is pleased to publish its first quarterly trading update. Although there is no requirement for a private company to publish this information, this forms part of the Board's framework for enhanced shareholder engagement. As a private company, the quarterly trading updates will not include historic or forecast operating profit information. They will indicate how the business is performing in line with Board expectations and Board approved budgets.

Revenue (unaudited)	2023 Q1 Actual £'000	2022 Q1 Actual £'000
Aerospace	48,580	48,886
Land Systems	12,889	11,298
Advanced Composites	2,675	2,014
Property	4,230	2,876
Fleet Solutions	14,595	12,949
Skills Academy	758	782
Other & intercompany	(2,524)	(2,291)
	<b>81,203</b>	<b>76,514</b>

Chief Executive Kathy Jenkins said: "Financial performance in the first quarter of the year was consistent with the Board's expectations, with the business units across the portfolio delivering results broadly in line with budget and ahead of the first quarter of 2022. Whilst order intake was slightly down against budget in Q1, this was predominantly a function of delays from customers into Q2. Following the repositioning of the businesses in 2022 and planned investment in sales delivery, target order intake for the full year predicts a book to bill ratio in excess of 1:1. Much progress has been made in terms of progressing strategic priorities and whilst Q1 was not without its challenges, the majority had been anticipated and planned for during the budgeting process. This pattern is expected to continue over the next few months paving the way for a stronger conclusion to the financial year. This is reflected in the 2023 budget where a significant proportion of the profits are expected to crystallise in Q4."

**Aerospace** saw relatively low hangar volumes through the first three months of the year reflecting reduced work from the RAF as it approaches the out of service date for its 14-strong C-130 fleet. Total UK and international C-130 sales contributed around 60% of revenue in both Q1 2022 and Q1 2023. Whilst overall Q1 2023 financial performance was in line with budget, this included contribution from the HIOS contract amendment. The team completed the service of the final aircraft under the HIOS contract in February. Aerostructures continued to perform strongly benefitting from productivity gains resulting from its move into a new facility in Hangar 21. In Canada, the team was successful in securing a new engineering services contract with De Havilland Aviation – the biggest order it has secured outside of its core PAV contract. The Aerospace Future Products team formally launched the first of its suite of new role-fit products reflecting a renewed focus on R&D activity. Futureworx marked the official launch of its first product in March; the Lilypad drone inspection ecosystem which has a wide range of applications across the offshore wind, security and defence sectors. External sales are planned to be secured during 2023.

**Land Systems** continued to work through the challenges on its legacy programmes. Overall financial performance for the quarter was in line with budget, however revenue was down against budget primarily due to re-scheduling and delays. Good progress was made on the new standardised containers with the successful prototyping of the 10ft model which is set to deliver significant reductions in materials, labour and carbon footprint. The New Brunswick, Canada production facility is progressing to plan.

**Advanced Composites** made a positive start to the year, ahead of budget, capitalising on the operational improvements implemented last year to drive further efficiencies across core programmes. It saw its 20-year association with the Astute class submarine come to an end with the delivery of final components but was successful in securing further engineering activities on future submarine programmes, building on its marine heritage.

**Property** sales at Marleigh remained strong in the quarter and, in partnership with The Hill Group, the business began consultation on phase three of the development with a proposed increase of 90 additional homes, bringing the total across the development to 1,390. Outline Planning Permission for the new Aerospace and Skills facility at Cranfield was granted by Central Bedfordshire Council in April. With respect to Cambridge East, the Draft Local Plan is scheduled for publication in the autumn, with consultation at the end of the year. Stakeholder engagement is planned for July to include both shareholders and the wider public.

**Fleet Solutions** recovered well during Q1 due in the main to a high volume of fridge installs as it was able to address some of the backlog of orders from 2022. Financial performance was in line with expectation. The strength of MFS' strategic partnership with Thermo-King was further underlined with the award of Blue Track Select dealer status ranking as the second highest scoring dealer in EMEA.

**Skills Academy** attracted over 380 applications from young people looking to join its apprenticeship programme, and will have its biggest ever cohort in September when it opens its brand new workshop in Hangar 2. It also launched in Canada during March, where its partnership with University of New Brunswick and New Brunswick Community College secured CAD \$7m of funding towards a new programme of 'Earn as You Learn' qualifications in manufacturing and engineering to help address the skills gap in the province. Financial performance was in line with expectation.

The Board will publish a full shareholder communications calendar in due course.