FAN XLON Volution Group plc

Preliminary Results for year ended 31 July 2026 · RNS 0718Y · 8 October 2026

Volution lifts adjusted EPS 15.4% to 38.2p as acquisitions offset a flat UK

Share price	655p
Market cap	£1.31bn
52-week range	183p - 730p
Shares in issue	200.0m
12-month change	+0.5%

Ticker Data API, as at 7 Oct 2026, 16:29

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SUMMARY

Volution's full-year results today showed revenue up 15.7% to £484.8m and adjusted earnings per share up 15.4% to 38.2p for the year to 31 July 2026, with the dividend raised 18.5% to 12.8p. Adjusted operating margin widened to 23.2% and cash conversion was 107%, but organic growth at constant currency was 2.8%, just below the 3-5% target, because UK revenue was flat and fell in the second half. Acquisitions supplied 11.0 points of growth, and net debt excluding leases rose to £184.2m, or 1.5 times adjusted EBITDA, before the €40m getAir purchase in August. Profit, cash and leverage landed at or slightly better than July's pre-close indications. The longer-term case turns on whether Continental Europe and Australasia can lift organic growth back into the target range while the UK new-build market stays weak.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Revenue	£484.8m	Year to 31 July 2026	+15.7% (2025: £419.1m)
Organic revenue growth (constant currency)	2.8%	Year to 31 July 2026	Below the 3-5% medium-term target
Adjusted operating margin	23.2%	Year to 31 July 2026	+0.9pp (2025: 22.3%)
Adjusted basic EPS	38.2p	Year to 31 July 2026	+15.4% (2025: 33.1p)
Total dividend per share	12.8p	Year to 31 July 2026	+18.5% (2025: 10.8p)
UK revenue	£176.3m	Year to 31 July 2026	+0.1% (2025: £176.1m)
Continental Europe organic growth (constant currency)	5.9%	Year to 31 July 2026	
Net debt excluding leases	£184.2m	31 July 2026	From £126.0m; leverage 1.5x (2025: 1.2x)
Net cash flow from operating activities	£107.6m	Year to 31 July 2026	2025: £85.0m
getAir consideration (post year end)	€40 million	Completed 3 August 2026	Funded from existing debt facilities

Sources: Preliminary results RNS, 8 Oct 2026

THE ANNOUNCEMENT

- Revenue rose 15.7% to £484.8m: 2.8% organic at constant currency, 11.0% from acquisitions (a full year of Fantech and AC Industries from February 2026) and 1.9% from currency. Adjusted basic EPS rose 15.4% to 38.2p and statutory basic EPS rose 50.0% to 31.5p.
- Adjusted operating margin rose 90 basis points to 23.2%, and the statutory margin rose to 19.8% from 16.0%. The UK margin rose 230 basis points to 28.3% on revenue up 0.1%.
- Organic growth was 5.9% in Continental Europe and 3.3% in Australasia. In the UK, first-half growth turned to a second-half decline, and commercial sales fell 9.6% to £27.2m.
- Net debt excluding leases rose to £184.2m (2025: £126.0m), giving leverage of 1.5x adjusted EBITDA against a 3.0x covenant ceiling, after £105.4m of acquisition spending. The bank facility was enlarged on 18 September 2026 to £340m plus a £150m accordion, maturing in September 2029.
- The final dividend is 8.8p, making 12.8p for the year, with cover of 3.0 times. It will be paid on 15 December 2026 if approved at the AGM on 9 December.
- The new year has started well, with organic growth and a contribution from AC Industries. The Board says UK challenges remain, most notably in new-build residential, and it expects Continental Europe and Australasia to be important drivers of growth.

AGAINST GUIDANCE

The 23 July 2026 pre-close trading update pointed to adjusted EPS of approximately 38.0p, which it described as 4% ahead of market consensus. The outcome was 38.2p. Cash conversion beat the promised 'above 90%' at 107%, and leverage was 1.5x against an indicated approximately 1.6x. Continental Europe's 5.9% organic growth sat inside its indicated 5.5-6% range. Group organic growth was the one shortfall: July pointed to c.3% and a 3.0-3.5% range, and the result was 2.8%, which management attributes to the second-half UK slowdown. In March the company had already raised its EPS expectation to the top end of the range at about 36.5p, so the year saw two upgrades followed by delivery slightly ahead.

BULL CASE

- Margins improved on the statutory measure as well as the adjusted one, with statutory operating margin up to 19.8% from 16.0%. Net cash from operating activities of £107.6m was well above statutory profit after tax of £62.5m, so the earnings are backed by cash.
- Geographic spread is doing its job. Continental Europe grew 5.9% organically and Australasia 3.3%, while the UK still raised its margin to 28.3% on flat revenue. Any recovery in UK volume would therefore land on a leaner cost base.
- Acquired earnings have more to give in FY27. AC Industries made £4.7m of pre-tax profit in under six months, ahead of Volution's expectations. A full year of ownership from 1 August 2025 would have added £13.3m of revenue and £4.2m of pre-tax profit, and getAir arrives on top of that.
- The balance sheet leaves room. Leverage of 1.5x and interest cover of 10.8x compare with covenant limits of 3.0x and 4.0x. The reverse stress test needs revenue about 19% below the base case before a covenant would break, and facilities now run to September 2029.

BEAR CASE

- Most of the growth was bought. Only 2.8 points of the 15.7% revenue rise were organic, short of both the 3-5% target and July's indication, and the outlook says UK new-build weakness persists. UK commercial sales fell 9.6% and OEM 4.0% as demand weakened in the second half.
- Acquisitions are absorbing cash faster than trading replaces it. £105.4m went on deals, total net debt rose to £235.8m from £165.7m, and adjusted net finance costs rose 45.1% to £13.2m. getAir's €40m is not yet in the year-end leverage figure, and the AC Industries earn-out could add up to AUD28.9m.
- A 25.4% return on invested capital is a group average and does not show what the recent deals earn on their full price. Adjusted operating profit runs £16.5m above statutory, mainly because of acquisition amortisation and deal costs, and that gap widens as the deal count grows.
- The rates backdrop is not helping a debt-funded model. As at 5 October 2026 the two-year gilt yield stood at 4.93%, up 0.61 points over three months, with Bank Rate held at 3.75%.

WHAT TO WATCH

- Trading around the AGM on 9 December 2026 will give the first read on whether UK revenue has stopped falling and whether group organic growth is back towards 3-5%.
- Australasia's commercial order book. Organic commercial revenue there fell 0.2%, so look for evidence that the first data-centre orders and the Workplace Exposure Limits enforceable from 1 December 2026 are adding to growth.
- AC Industries' EBITDA for the year to 31 July 2027 against the AUD19.9m earn-out threshold. The company says a 5% shortfall from budget would cut the earn-out liability by £4.8m, so the result is a direct check on the deal's progress.
- Net debt at the 31 January 2027 half-year, once getAir and the DVS earn-out paid in September 2026 are included. It will show whether cash after dividends is bringing leverage down or whether further deals are pushing it up.

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