GEN XLON Genuit Group PLC

Trading Update · RNS 5848Z · 20 October 2026

Genuit cuts 2026 profit guidance to about £84m as warm weather hits Heating

Share price	291p
Market cap	£734m
52-week range	241p - 390p
Shares in issue	252.3m
12-month change	-19.0%

Ticker Data API, as at 19 Oct 2026, 16:29

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SUMMARY

Genuit Group's trading update today cut expected 2026 underlying operating profit to approximately £84 million. That sits below the £91m to £96m range of analyst forecasts compiled by the company and below the £94.4m earned in 2025. Nine-month revenue rose 3.5% to £464.5m on a reported basis, but acquisitions did the work: like-for-like revenue fell 4.3%, with Climate down 7.2% as unseasonably warm weather delayed autumn stocking at Adey and rate-sensitive repair work hurt Nu-Heat. Cash conversion stayed above 90% and leverage was 1.5x at end September, with no near-term maturities. Today's cut is the second downgrade of 2026, after May's guide to the lower end of forecasts. The longer-term case depends on AMP8 water spending, housing and heating regulation, and £4m of 2027 savings arriving before weaker volumes do more damage.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Expected FY26 underlying operating profit	approximately £84 million	Year to 31 Dec 2026	Consensus range £91m to £96m
Group revenue	£464.5m	Nine months to 30 Sep 2026	+3.5% reported, -4.3% like-for-like
Climate Division revenue	£135.2m	Nine months to 30 Sep 2026	+3.5% reported, -7.2% like-for-like
Water Division revenue	£328.5m	Nine months to 30 Sep 2026	+4.0% reported, -3.3% like-for-like
Leverage	1.5x	End September 2026	
Simplification cost savings	£4m	2027	
Underlying operating profit	£94.4m	FY25	prior £92.2m
Underlying operating profit	£43.9m	H1 2026	-1.6% year-on-year
Net debt (excluding lease liabilities)	£190.5 million	30 June 2026	
Disclosed short positions	12.57%	As at 15 Oct 2026	

Sources: Trading Update RNS, 20 Oct 2026; Final Results, 10 Mar 2026; Half-year Report, 11 Aug 2026; Disclosed short positions, Ticker research database

THE ANNOUNCEMENT

- Full-year 2026 underlying operating profit is now expected to be approximately £84 million, against company-compiled analyst consensus of £91m to £96m. Conditions have worsened since August, most notably in Heating.
- Nine-month revenue was £464.5m, up 3.5% reported and down 4.3% like-for-like (adjusted for acquisitions and the Polydeck disposal).
- Climate revenue of £135.2m fell 7.2% like-for-like. Ventilation is resilient and expected to grow in the second half, but warm weather delayed Adey's autumn channel stocking and Nu-Heat volumes are weak.
- Water revenue of £328.5m fell 3.3% like-for-like. Residential grew on price rises and a strong Manthorpe, while Commercial and Civils stayed subdued. AMP8 orders continue to grow and 2027 project visibility is described as good.
- Double-digit price rises in May offset polymer cost inflation linked to the Middle East conflict. Polymer costs have stabilised, though the cost outlook remains uncertain.
- Cash conversion is above 90% year to date and leverage was 1.5x at end September. Simplification projects finish by December and will generate £4m of cost savings in 2027. Management expects challenging conditions to continue into the new year.

AGAINST GUIDANCE

The new figure of approximately £84m is below the £91m to £96m consensus range Genuit published alongside it. In May the company guided to the lower end of forecasts. In August it held its outlook and said second-half margins would benefit from price and cost management, the end of Adey's operational problems and productivity gains. With £43.9m earned in the first half, the guidance implies about £40m of underlying operating profit in the second half, against £49.8m in the second half of 2025 (£94.4m for the year less £44.6m in H1 2025). The promised second-half improvement has not come through. Cash conversion above 90% is consistent with the August expectation for the full year.

BULL CASE

- The parts of the business management controls are delivering. May's double-digit price rises held, the Monodraught and Davidson integrations are complete, Monodraught's proforma revenue is up 7% with record order intake, and simplification will yield £4m of savings in 2027.
- Demand drivers for 2027 are specific: AMP8 orders are growing with good project visibility, and the Future Homes Standard, Warm Homes Plan and social housing policy are expected to add opportunities from next year. Ventilation is expected to grow in the second half.
- The balance sheet is not under strain. Leverage is 1.5x with no near-term maturities, cash conversion is above 90%, 2025 operating cash flow of £103m covered £27.6m of capex and £31.3m of dividends, and the 2025 accounts raised no material going-concern uncertainty.
- If volumes recover onto a leaner cost base with prices already raised, margins could rebuild quickly. Short positions of 12.57% (15 October) could also amplify any positive surprise.

BEAR CASE

- Underlying demand is shrinking. Like-for-like revenue fell 4.3% and Climate 7.2%, and reported growth comes from acquisitions. The £106m spent on acquisitions in 2025 lifted net debt from £129m to £208m without yet producing organic growth.
- Credibility on timing has weakened. This is the second profit downgrade of 2026, and management says tough conditions will continue into next year, so 2027 forecasts may also need to fall.
- The macro backdrop is tightening. Bank Rate is unchanged at 3.75% but the 2-year gilt yield rose 0.44 points in three months to 4.92% (15 October), with management citing anticipated rate rises as a drag on RMI (repair, maintenance and improvement) demand. Brent at $106.92 keeps renewed polymer inflation a risk.
- Headline quality needs checking. H1 underlying operating profit of £43.9m compared with £26.2m statutory, and the update gives leverage without September net debt or covenant headroom. On a falling profit base, a flat debt load would push leverage higher.

WHAT TO WATCH

- Full-year results in March 2027: whether underlying operating profit lands at about £84m, how far statutory profit trails it, and what 2027 guidance implies for current forecasts.
- Disclosure of September and year-end net debt, the earnings basis of the 1.5x leverage figure and covenant headroom, compared with the £190.5m of net debt at June.
- Evidence that AMP8 orders are turning into Water revenue, and whether Adey's channel restock arrives once the weather turns, or Heating weakness spreads to Ventilation and new-build Water.
- UK interest rate decisions and polymer costs: rate rises would deepen RMI weakness at Nu-Heat, and a new cost spike would test how much further pricing customers can take.

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