

Chairman's Statement

Big Yellow Group PLC (“Big Yellow”, “the Group” or “the Company”), the UK’s brand leader in self storage, is pleased to announce its results for the year ended 31 March 2025.

Financial results

We have delivered a resilient operating performance in the year to March, with occupancy stabilised and further growth in net rents. This resulted in a 3% increase in store revenue, and a return to adjusted eps growth for the year.

We are pleased to have delivered a significant reduction in like-for-like store operating expense inflation from 10% in the first half of the year to 4% in the second half. Additionally, given our flexible hedging strategy, the Group has benefited from a 9% fall in annual interest expense from the previous year.

Revenue for the year was £204.5 million (2024: £199.6 million), an increase of 2%, with store revenue up 3%. Like-for-like store revenue (which excludes new store openings) was up 2% driven by improvements in average net rent. Store EBITDA was £143.2 million, an increase of £0.2 million from the prior year (2024: £143.0 million).

The adjusted profit before tax in the year was £115.6 million up 8% from £107.3 million in 2024. Adjusted earnings per share increased by 3% to 57.8p (2024: 55.9p), with the additional shares in issue following the October 2023 placing impacting the first half of the year.

The Group's cash flow from operating activities (after net finance costs and pre-working capital movements) increased by £1.8 million (2%) to £111.9 million for the year (2024: £110.1 million).

The Group's statutory profit before tax was £203.9 million, a decrease from £241.0 million in the prior year. There was a revaluation surplus for the current year of £79.7 million, compared to a surplus of £131.2 million in the prior year.

Development pipeline

During the year we opened a new 65,000 sq ft freehold store in Slough and closed the existing leasehold store, saving £0.4 million annual rent. The new store achieved 81% occupancy at 31 March 2025, and is trading at the same revenue as the previous store. Slough Farnham Road is our first net zero store, with a solar PV installation of 200 kWp (our largest to date), with battery storage for the energy we generate, resulting in an EPC rating of A+.

We have acquired two development sites since the last year end. In May 2024, in Leamington Spa for £3 million, that will also serve the university town of Warwick, and in April 2025 in Coventry for £2.5 million.

We have been successful in achieving three key planning consents in London during the year; at West Kensington, Kentish Town and at Staples Corner. The store in West Kensington will be only the second purpose-built self storage facility in the London Borough of Hammersmith & Fulham, alongside our Fulham store, with Kentish Town being the first purpose-built store in the London Borough of Camden.

These, along with the other sites in the pipeline, are very high-quality locations, and will help consolidate our market-leading platform. We now have planning consent on 10 of our 14 development sites.

We are currently constructing nine new stores all in London or its conurbation towns at an approximate cost of £161 million which can comfortably be funded from cash flow, surplus asset sales and our existing debt facilities.

The projected net operating income of the increase in our total capacity of 1.0 million sq ft when stabilised, at today's prices, is £32.5 million representing an approximate 15% return on the incremental capital deployed. If we include the replacement store at Staples Corner, due to open in summer 2026, the proforma net operating income increases to £36.6 million, a return of approximately 8.7% on the total development cost of approximately £422 million, including land already acquired. The total cost to complete is £232 million.

Capital structure

It remains our view that elevated levels of debt over cycles destroys value and hence our strategy is to maintain debt at modest levels. The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-working capital movements against interest paid) was 6.1 times (2024: 5.6 times), with the Group's net debt to EBITDA ratio now 3.1x (2024: 3.0x).

Net debt was £388.7 million at 31 March 2025 (2024: £385.4 million), and the Group has undrawn committed facilities of £175 million. Approximately 47% of our debt is fixed, with the balance floating, in line with our hedging policy, and our current average cost of drawn debt is 5.0%, with any further cuts in interest rates benefitting next year.

The Group owns its assets largely freehold, representing some 99% by value of our portfolio (including long leasehold stores) which has shielded us from the significant rise in industrial and warehouse rents that has occurred over the last decade or more. We view rent liabilities as quasi-debt. Following the closure of Farnham Road, Slough last summer and Staples Corner in due course to a new freehold store, we expect our total rent liability to fall to approximately £1.1 million per annum.

Dividends

The Group's dividend policy is to distribute a minimum of 80% of full year adjusted earnings per share. The final distribution of PID declared is 23.8 pence per share. This brings the total distribution declared for the year to 46.4 pence per share, an increase of 3% from the prior year (2024: 45.2p).



Our people

As we announced last year, John Hunter joined the business as COO in April 2024 and has made a very successful start to leading day-to-day operations and I am pleased to confirm that John will be formally joining the Board with effect from the Group's AGM this July.

We believe that any successful business requires the creation of a fully engaged employee culture, and this remains a key focus within Big Yellow. Our resilient performance is a testament to our highly committed and motivated employees who operate throughout the business, whether in the stores or in head office.

Delivering outstanding customer service is a key success factor in our historic and future growth. Our customer net promoter scores ("NPS") were an average of 82.8 (2024: 80.5) over the year and demonstrated a further improvement on already high standards. NPS scores at those levels are exceptionally unusual and reflect the strong culture within this business.

On behalf of the Board, I would like to thank all our people for their dedication and support, which has been instrumental in driving our performance and sustained growth.

Outlook

We are pleased to have reported another set of results that are testament to the underlying resilience of our business. We delivered another year of revenue growth and achieved a return to growth in adjusted earnings per share, even when considering the dilutive effects of the placing in October 2023.

The elevated levels of macroeconomic uncertainty since the beginning of April have impacted confidence and led to some softening of demand and some loss of occupancy, however, rate growth materially outperformed the same period last year resulting in revenue growth of 3% since the year end. We expect our underlying store operating cost inflation to fall further from the 4% seen in the second half of the year, notwithstanding the impact of the recent rise in Employer's National Insurance.

The Group maintains a low absolute level of debt, which allows flexibility in our hedging strategy, with £210 million of floating rate debt, hence we are, and expect to continue, benefiting from short-term interest rate reductions.

Our decision a decade or so ago to develop the next phase of new stores, with a focus on London, continues to bear fruit. Ten stores have opened in the last five years, with three due to open this year and five the year after. We are in the process of clearing the pre-start planning conditions on our site in Kensington Olympia, following which we will commence demolition of the existing building and construction of its replacement. This will be the most important project the Group has embarked on, close to one of the wealthiest and most densely populated areas of Central London.

We expect this next phase of store openings (eight of which are in London) to make a material contribution to both revenue and earnings in the reasonably near future.

Our strategy remains much as it was 25 years ago; build the best quality freehold stores in the best locations, with the highest barriers to entry, focusing on operational excellence, with low debt to deliver compounding growth in earnings and cash flow.

Nicholas Vetch CBE
Executive Chairman

19 May 2025