

Marshall of Cambridge Holdings Ltd



9 June 2026

Pursuing a clear path to realise value

In our view, the Board has performed outstandingly in swiftly addressing the serious issues faced by the group in recent years and then stabilising it by significantly reducing the level of cash-burn. In view of the parlous state of the balance sheet and the significant capex requirements facing both divisions, it was deemed sensible to examine the options available regarding both the Property and Aerospace businesses.

Management has spoken to numerous parties to determine whether either, or both, divisions would have a stronger future in a third party's hands, while also seeking to generate significant value for group shareholders.

As a result, shareholders were presented with a resolution recommending the disposal of the property division, after the potential consideration was benchmarked against alternatives. This disposal was ratified by a clear majority of shareholders (92%+), with the gross proceeds amounting to £200m.

- Marshall Group has been restructured, via disposal of the heaviest loss-makers or those with limited scale, reduced costs and improved efficiency of the remaining activities. Hence, the Company is now profitable. However, the balance sheet has shrunk in recent years and was unable to fund the growth ambitions of the two core divisions, Marshall Group Property and Aerospace. Both have unprecedented capex needs in the short- and medium- term that are essential to reach their full potential.
- The Board resolved to determine whether the group was best placed to maximise the potential of those businesses, resulting it entering discussions with several external parties. Attractive offers were received and costed on a Net Present Value (NPV) basis to determine best value. The disposal of Cambridge East completed in early June, to a partnership comprising The Hill Group and Homes England that represents the lowest risk in moving the project forward.
- Following the disposal of Cambridge East, the future of Aerospace should become clearer soon. Investors have been informed that a sale is being pursued and conversations are at an advanced stage with several potential buyers. There is no assurance that this approach will succeed, and shareholders will be provided with an opportunity to vote on its outcome.
- There is limited public guidance available on profitability, which is understandable in the circumstances. We have therefore generated EBITDA estimates from examining historic FY'20 to FY'23 performance of the Aerospace division, adjusted for higher costs moving forward, to help ascertain an indicative valuation of that business.
- We have estimated the Aerospace EBITDA stream (FY26 to FY29, representing the end of the MRO/support contract with Turkey) and assigned a value using peer group comparative methodology - then subtracted likely future cash calls. With the disposal of Cambridge East successfully concluded, gross consideration of £200m was received on completion, albeit £30m is to be held in escrow until the Airport has been vacated in 2029.

Taking into consideration all the existing assets and liabilities, as well as a range of possible valuations for the Aerospace business, we see an approximate value for the Marshall Group today of between £164m and £219m, net of any likely tax liabilities.

At the midpoint of that range, an indicative value per share equates to 324p.

Marshall of Cambridge

Last matched trade	157p
Implied market cap	£92.8m
ED est. value / NVPO share	324p
Ordinary share count	59.1m
Preference shares	£8.4m
Net debt (Dec '24)	£31.9m

Share price, p



Source: Asset Match

Description

Founded in 1909, Marshall Group Ltd ("Marshall") is a private, family-owned company. The world-class applied engineering services and technology business to the aerospace and defence sectors now forms the remaining core of the Group after the recent disposal of the Property assets.

The non-voting priority ordinary shares can be traded freely via a special off-exchange matching facility administered by Asset Match. See: marshall@assetmatch.com

Next event

- Share auction 23 June 2026
- Full year results June/July 2026

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Decisions, decisions...

Our last note ([‘Reshaping for the future’](#)) discussed how actions taken by the company had placed the group on a much sounder footing but noted that more work was required. Arguably, the turning point in the group’s fortunes leading to the current situation was the sale of the automotive retail division in 2022. Why? Simply put, the disposal shrank the Group’s balance sheet – it was cash rich immediately following the disposal (generating a net £202m).

Rising losses in Land Systems, Fleet Solutions and the smaller divisions, latterly joined by Aerospace all ate away at approximately half of the Marshall Motor Holdings disposal proceeds. The combination of those losses with repayment of debt, working capital normalisation and a special dividend pushed the balance sheet into a net debt position during 2024 as losses mounted.

This reduced the Marshall’s ability to fund growth and more specifically to finance the proposed relocation of Aerospace and the development of the Airport land.

Most of the issues facing the Group have been dealt with, mainly through a restructuring process that resulted in several disposals and a cost reduction programme. Progress has been made following these actions, resulting in a significant reduction in the cash burn. The current net cash position is currently held within the Aerospace division as working capital.

The shoring up of the balance sheet following the disposal programme and the elimination of loss makers was essential following a breach of banking covenants in mid-2024.

Furthermore, the losses, provisions and a write down of the carrying values of two divisions continued into FY25 which resulted in a marked decline in NAV. On a more positive note, the land assets comprising the Cambridge Airport site sat on the balance sheet **at cost**, which included the more recent capex and expenses incurred during the planning process.

This had until recently left Aerospace and Marshall Group Properties (MGP) as the two remaining divisions, with the latter including the airport land.

We highlight below the sums received during the disposal programme of divisions, developments and assets, including the £20m of deferred consideration to be paid on the anniversary of the sale of Marleigh in 2026 and 2027. In addition, there is the disposal to Turkey at the end of 2025 of 12 of the 15 strong C-130 airframes by the UK MoD in November 2025.

The gainshare agreement with the RAF was paid out to Marshall, covering the MRO work undertaken following the retirement of the fleet, which sought to improve its mission readiness and value.

The list would be incomplete without mentioning the recent disposal of the Airport land for a gross consideration of £200m, taking the consideration generated over the last 16 months to £282m.

Estimated cash proceeds of disposals		
	£m received	Date of completion
Fleet Solutions	5.8	Mar-25
Adv. Composites	17.5	Jun-25
Land Systems	-9.0	Nov-25
Marleigh	68.0	Nov 24 - Dec 27
Cambridge East (gross proceeds)*	200	Jun-26
Total	282.3	

Source: Company, *includes escrow sum

The remaining issue facing Marshall

With the property sale complete (3 June 2026) and a third party (The Hill Group/Homes England) taking on the development of Cambridge East, the key issue facing the Company is what now for the Aerospace division? Our view is that management has three options open to it:

- Retain Aerospace for the duration of the Turkish MRO/support contract and close it in 2029 as this comes to an end
- Retain Aerospace and relocate it at the group's expense and sell thereafter as a going concern, or
- Dispose of the Aerospace business.

The risk profile of retaining the business appears high to us, given the finite duration of the contract with the Turkish military and the potential prospect to return to a loss-making situation should replacement contracts not be available to the Group.

Marshall has recently announced (8th June 2026) that it would pursue the sale of Aerospace.

The disposal of the Airport land

It is notable that the £200m (gross) largely unconditional offer for the Group's 680-acre Cambridge East site was **ahead of independent valuations** performed in 2025. The buyer, a partnership between The Hill Group and Homes England, is in a unique position and has UK Government support. Cash was paid on completion, significantly, **removes the group's remediation liability** estimated at between £20m to £40m.

A sum of £30m has been placed in escrow and held by a third-party agent; to be released to Marshall Group should the Aerospace division vacate the airport on time in 2029.

A resolution was sent to the ordinary shareholders to enable them to vote on the disposal of the Cambridge Airport, with over 92% of shareholders in favour.

Aerospace has been granted a lease following the disposal of Cambridge East

The Hill Group/Homes England partnership have agreed to lease the Airport site back to the Aerospace division until June 2029. The partnership, in conjunction with the Cambridge Growth Company (a subsidiary of Homes England) will seek to gain planning permission on the site and commence construction while the Aerospace division is in situ, breaking ground on the opposite side of the Airport control building on the Newmarket Road. The Aerospace division and the Aeroclub operations must vacate the airport by H1 2029.

Existing liabilities, including potential lease surrender costs

Funds will be set aside for the negotiated surrender of three leases – two in Cambridge and one in the US:

- **Quorum**, a three-storey office block occupying 5,655 sq m 2.3 miles outside of Cambridge city centre and on the edge of the airport land, previously owned by Marshall Group Properties.
- **The ASC office building** at the Cambridge Airport which was sold in a sale and leaseback transaction in May 2021. Marshall Group Properties raised proceeds of £10m on the disposal of the building.
- **The Greensboro facility** at the Piedmont Triad International Airport in North Carolina in the US was completed in 2025, with plans now to either sublet or dispose of the space due to significant changes in procurement timelines on major US military contracts reversing original hopes for the site.

There is uncertainty surrounding the cost of surrendering the leases. However, with parties interested in two of the three properties currently, that reduces potential risk. Including other commitments, such as pensions, we estimate total outstanding liabilities are **between £20m and £30m**, excluding tax.

Aerospace division

With regards to the remaining operating division, Aerospace, the long-awaited multi-year contract with the Turkish Ministry of National Defence commenced in Q4 2025. As a result, the gainshare payment was transferred to Marshall following the purchase of the 12 aircraft from the UK MoD. Following the commencement of the three-year MRO contract with Turkey, initial milestone payments were received by Marshall Group.

Notwithstanding the recent completion of the disposal of the Cambridge East land, it remains open to question whether the renewed strength of the balance sheet would be sufficient to not only to fund the growth of the Aerospace division but also its **relocation**. The relocation of the division, if retained, would be necessary in view of the current condition of the hangars and the terms of the lease secured with The Hill Group/Homes England partnership until 2029.

Previously, Marshall Aerospace secured an option to relocate to Cranfield, providing it with a 150-year lease at the University's Airport. The option was cancelled in October 2025, as it "was simply no longer affordable" and thereby hinting at the cost of any move and the then parlous nature of the Group's balance sheet.

Ahead of the disposal of Cambridge East the Group's net cash level amounted to approximately £30m and represents the milestone payments received from the Turkish Ministry of National Defence to fund the MRO contract between the two parties. As such, this essentially represents the working capital within the Aerospace division, which is to be used as part of the support of the 12-strong fleet, covering maintenance, spares and tooling.

As at the time of the HIOS contract, the addition of the engagement with Turkey has resulted in full hangars out to 2029 and the transition has more recently returned the division to profitability, alongside positive cash generation.

Beyond the completion of the agreement with Turkey in 2029 there remains uncertainty, unless new customers or contracts to repair alternative airframes are signed. Should this not be the case, the scale of the operations and its workforce would reduce dramatically. There is a significant risk associated with taking on new airframes or projects: as painfully demonstrated when Marshall lost £62m in the six years to 2022 on Project Dolphin.

The high cost of relocating Aerospace

Under the terms of the disposal of the Cambridge East site, the business would be required to vacate Cambridge Airport, the hangars and offices by June 2029, as the new freeholder ramps up its development plans.

The expectation is that the staff involved will transfer over to a potential purchaser of the Aerospace division, with provision made for necessary redundancies within central administration. However, the post-2029 airport location for the Aerospace business will directly impact:

- The Group's ability to retain its highly skilled employees, and
- Costs, as the estimated price of relocating is within a range of **£80m to £165m** (on a leasehold basis).

Some potential buyers have apparently raised the issue of whether the division could be relocated outside of the UK, whether to Europe or even migrating it to the Group's Greensboro facility in N. Carolina, with the hope of picking up further US DoD MRO contracts. The Cambridge facility currently has 14 bays within seven hangars.

Furthermore, the Greensboro facility currently has offers on it, following the Group requesting that CBRE find a solution to the empty facility.

The Group's balance sheet limits the options for Aerospace

Marshall is now seeking a purchaser of the Aerospace division, which reflects:

- The high cost of relocating the business
- The significant capex requirement to upgrade the hangars were the division to remain at Cambridge
- The need to broaden its focus, including the cost of expanding its airframe focus.

Negotiations are ongoing on the proposed disposal of the Aerospace division. Once the Board is in receipt of an offer it can present to investors, a written resolution will be circulated. On this basis, there is a possibility that any sale process could conclude during Q3 2026.

Attempting to value the Aerospace business

We suggest using a peer group comparison model to determine the valuation of the Aerospace division. The peers are suppliers of systems and MRO into the sector, specifically excluding OEMs and engine manufacturers.

We have placed a discount on the average sector multiples produced by the peer group comparison model, reflecting the following material factors:

- Marshall Group is at a much smaller business than its peers
- The cost of relocating the Aerospace division to a new airport(s) during 2029, with the associated risks, and
- Marshall Aerospace is not a diversified business, focusing on its expertise in the Hercules C-130 airframe.

The average market capitalisation of the peer group is US\$42bn and a mean EV of US\$46.5bn, comprising a wide range of £1.2bn to US\$105bn. Clearly, Marshall Aerospace sits below this and as such we believe it is appropriate to designate a size related discount to the average multiple used within our valuation calculation.

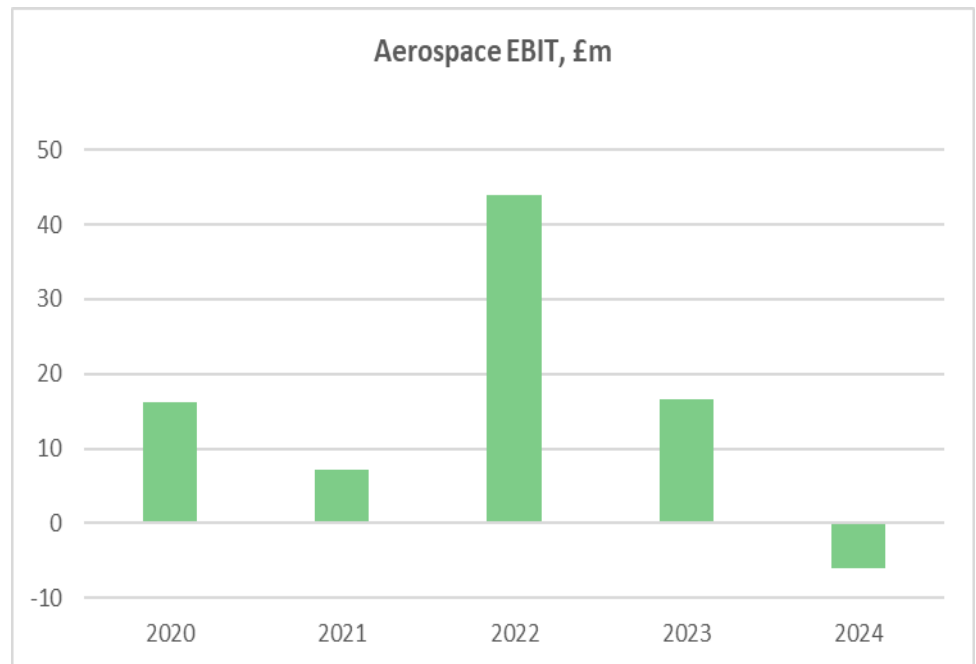
External parties have suggested the cost of relocating the Aerospace division to an airfield either in the UK or internationally at anywhere between £80m and £165m. There are associated risks involved, including the loss of skilled employees and delays to fulfilling work-in-progress.

While Marshall's expertise on the Hercules C-130 is considered class-leading, it is restricted largely to that one airframe. This increases the risk profile of the business and in turn, widens any discount relative to its larger peers.

With no estimates publicly available and which to apply to the discounted average sector EV/EBITDA and PER multiples, we have therefore constructed our own EBITDA estimates using historical information. The chart below highlights divisional profitability from FY20 onwards, with FY22 representing a one-off as the UK MoD paid compensation for the early termination of the HIOS contract.

One should bear in mind that from FY23 the division was reported on a HIOS and non-HIOS basis. The HIOS contract delivered £20.7m of EBIT in FY23. Meanwhile, the non-HIOS contract (the non-UK MoD related activity) generated losses at the EBIT level of £4.1m in FY23 and £6.1m in FY24.

Historic EBIT – Marshall Aerospace



Source: Company

Activity levels have returned to previous peaks, reflecting the demand from the US Marine Corps and the Turkish Hercules MRO contracts. However, EBIT levels are likely to be lower than the first half of the decade in part due to the increased rent from its new landlord.

Applying marked discounts to the average sector valuation multiples, as highlighted, and subtracting the cost of relocating, we estimate a net cash consideration range of £0m to £60m for any eventual sale of the Aerospace business.

Potential cash generated from the disposal of both divisions

Cash inflow from the disposal of the two remaining divisions is estimated to be a **combined £220m to £280m**. We include deferred consideration on Marleigh but exclude any overage on Cambridge East.

Potential cash proceeds, £m			
	Low, £m	Mid, £m	High, £m
Cambridge East, post escrow return	200	200	200
Aerospace (post-relocation costs)	0.0	30.0	60.0
Deferred Marleigh, due Dec. 2026	10	10	10
Deferred Marleigh, due Dec. 2027	10	10	10
	220.0	250.0	280.0

Source: Company, Equity Development estimates

Group liabilities

As mentioned, there are further ongoing costs involved with due dates of no later than 2029 that include:

- The surrender of the leaseholds of two properties on the outskirts of the Airport site, the Quorum and the ASC office buildings, plus the MRO facility in Greensboro in the US
- The Group pension liability

The range of outstanding Group costs			
£m	Low	Medium	High
Leasehold costs	-16.5	-21.5	-26.5
Pension liability	-3.5	-3.5	-3.5
Total	-20	-25	-30

Source: Company, Equity Development estimates

Net funds generated

The following table illustrates the likely cash receipts minus future costs.

That said, the Group will be able to utilise the escrow account on the basis that the Aerospace business vacates the Airport by 2029. Such funds will become available to the Group within 36 months following the end of the lease. Also, should the Cambridge East development realise greater returns than anticipated, then there is scope to benefit from 'overage' (see p 10).

Preferring to remain conservative, we have deducted the higher level of costs from the highest valuation. This suggests that there is the possibility of an uplift in the level of cash generated from our base case scenario.

On this basis, a pre-tax range of £191.6m to £241.6m is generated from the disposals minus associated costs between 2026 and 2028. We have assumed a corporation tax rate of 25% on the property disposal gains (equating to £200m consideration minus the £30m carrying value on the balance sheet), which is offset against available Group tax losses.

The proceeds net of both liabilities and taxation amounts to a range of £164.1m to £219.1m. We have not subtracted any tax on any assumed proceeds from the disposal of the Aerospace business, as there remains no certainty of such an outcome, with at worst the business may be closed in mid-2029 following the completion of the MRO/support contract with Turkey.

On this basis, we have assumed that the net cash proceeds per share will range from 278p to 371p, with a mid-range value of 324.3p.

Net cash proceeds from disposals, post-liabilities and taxation			
£m	Low	Medium	High
Proceeds from disposals 2026-29, incl. escrow	220	250	280
Cash liabilities, 2026-28	-20	-25	-30
Preference shares (par value)	-8.4	-8.4	-8.4
Total	191.6	216.6	241.6
Taxation on property disposal	-42.5	-42.5	-42.5
Available tax losses	20	17.5	15
Net taxation	-27.5	-25	-22.5
Total net cash proceeds	164.1	191.6	219.1
Per share value (p)	277.7	324.3	370.8

Source: Equity Development

Overage

Overage has been built into the contractual agreement between the seller and buyer of the Cambridge East site. Overage ensures that if the land significantly increases in value, the seller will receive a proportion of the uplift in certain circumstances.

Marshall and The Hill Group/Homes England have built into the contract two circumstances in which overage will apply:

- Should at least one-third of the Cambridge East land be disposed prior to receiving planning consent, Marshall will receive a proportion of the uplift on the consideration price (as measured by CPI inflation and costs incurred) on a straight-line basis between 30% for 33.3% and 75% for 100%, and
- Revenue overage, which runs for 40 years from the date of completion, applies should the ungeared IRR equal or exceed 17.5%. If the condition is met, then 25% of the excess profits will be payable to Marshall Group. The view taken by the Board is there is a low probability of this occurring.

Ordinary resolutions

The ordinary resolution on the disposal of the Cambridge East land for a gross consideration £200m was successful, with a clear majority voting in favour (92%+) and resulted in a significant change in the long-term future arrangements of the Marshall Group.

The Board is firmly of the view that the two sale transactions realise shareholder value at the lowest level of risk.

With the sale of the Cambridge East land already completed and future bids secured for the Aerospace division, any funds received will be segregated and safeguarding measures will be put in place for the benefit of shareholders. Once the Board is in receipt of what it anticipates is the best offer available for Marshall Aerospace it will issue a resolution for ordinary shareholders of the Group to consider.

Advisors will be appointed to make a report available in several months, with recommendations on how to meet investors' investment and liquidity goals on a tax efficient basis. There is uncertainty surrounding whether the Company can enter a long-term arrangement in the coming months or following the handover of the vacant Airport site in 2029. Whatever the outcome and timing, there will be tax implications.

Recent Board changes

David Doyle has been appointed as a Non-Executive Director of Marshall and the Chair of the Audit and Risk Committee. David replaces Justin Read who stepped down from the Board in December 2025. Previously David was the CFO at Colliers CRE PLC, Egg PLC, Prologis, Atrium European Real Estate, and most recently Global Switch.

David is a Chartered Accountant, a publicly quoted company CFO and an experienced executive director with a strong track record in providing rigorous financial leadership and delivering strategic and operational business change. David has a broad experienced in leading major corporate transactions, strategic projects and capital markets activities.

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