

Our Business Model

WHAT WE DO

WE MANUFACTURE

We are a leading manufacturer of rigid and foam PVC profiles, composite and PVC entrance doors for the window and building home improvement sectors. Our manufacturing process uses raw materials including PVC resin and our own produced recycled material.

55k tonnes
produced in 2019

WE DISTRIBUTE

The Profiles division supplies our manufactured profile to a network of fabricators, who in turn supply end products to installers, retail outlets and house builders.

The Building Plastics division sells, through its network of branches, our manufactured foam products and entrance doors, along with a range of third-party related products, as well as windows fabricated by third parties using products manufactured by the Profiles division. Customers are mainly installers, small builders, roofing contractors and independent stockists.

>1.5 million products
delivered in 2019

WE RECYCLE

We recycle both customer factory offcuts ('post-industrial' waste) and old windows that have been replaced with new ('post-consumer' waste). The recycled material is used to generate brand new extruded plastic products.

>3 million windows
recycled in 2019

HOW WE CREATE VALUE

Vertically integrated model

The coordination of our procurement, manufacturing and distribution processes enables us to capture margin throughout all stages of our value chain.

Our recycling activities help lower material costs and improve product stability.

Scale

We operate well-invested and modern extrusion facilities.

We are the UK's largest window recycler.

Our extensive branch network is a driver of sales growth and market share. It also helps improve manufacturing efficiency, with pull-through demand driving higher factory utilisation.

Innovative products

We are committed to a strategy of continually developing new and existing products.

We support the use of Building Information Modelling ('BIM') software, giving architects and contractors access to a library of Eurocell products, making it easier to specify them.

Brand strength

We have a strong brand image and our marketing activities seek to maximise our brand awareness.

People and culture

Our experienced management team have a proven track record of achieving growth.

Our corporate culture is one of openness, trust, encouragement and clarity of purpose. We train and empower our people to help our customers grow their businesses.

Local footprint

Our branches are conveniently located and have readily available inventory, thereby providing excellent service to local customers and national groups alike.

We also strive to help our customers through the provision of technical, business development and marketing support services.

OUTPUTS

Sales growth

Our initiatives to support sales and deliver high levels of customer service differentiate Eurocell from our competitors. We expect this to drive good sales growth.

**Sales growth
(excluding acquisitions)**

8%

Solid profitability

We have a track record of solid profitability. We experienced some challenges with incremental volume in 2018/19, but our continued investment in expanding capacity and improving operational efficiency, coupled with strong sales growth, should drive increased returns.

Expanding the branch network (including larger format branches), whilst dilutive until new branches become established, should deliver healthy medium-term results as new branches mature.

Increased use of recycled materials can help mitigate raw material pricing pressure.

Profit before tax

£22.7m

Good cash generation

Our operating cash flow conversion is good, particularly in Building Plastics, where a high proportion of customers pay at point of sale or shortly thereafter. This has allowed us to invest in working capital to support sales growth and protect the business from any raw material supply interruption that may take place e.g. due to Brexit.

**Net cash generated
from operating activities**

£26.4m

Good return on sales

Our strong brand, well-invested facilities and capital-light branch expansion programme deliver a good return on sales.

Return on sales¹

15%

Progressive returns to shareholders

Our dividend policy, supported by sales growth and cash generation, deliver progressive dividend returns to shareholders.

**Total dividends returned to
shareholders since the IPO in 2015**

£38m

KEY BENEFICIARIES

Shareholders

Our overall strategic objective is to deliver sustainable growth in shareholder value.

Employees

We work hard to train and develop our people, and provide rewards commensurate with our goal to be an employer of choice.

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Fabricators

Through high-quality products and a strong focus on customer service, we have developed a very loyal customer base.

Small builders & installers

The independent sole traders that visit our branches benefit from the one-stop shop offering we provide.

House builders

House builders appreciate the quality of our products and benefit from Eurocell coordinating our fabricators' offering to meet their requirements.

Installers

We aim to make our products as easy as possible to work with, which is very attractive to our direct or indirect installer base.

¹ Return on sales is Adjusted EBITDA (including impact of IFRS16) divided by revenue.