

## Our Strategy

Our overall objective is to deliver sustainable growth in shareholder value by increasing sales and profits at above market level growth rates through leadership in products, operations, sales, marketing and distribution. We have five key strategic priorities:

**We intend to leverage the Eurocell brand, and the advantages that our vertically integrated business model with local distribution offers over our competitors, in order to grow our market share.**

### STRATEGIC PRIORITIES



#### *Increase the use of recycled materials*

Increased use of recycled material to help mitigate raw material pricing pressure, as well as enhance the stability and reduce the carbon footprint of our manufactured products.



#### *Target growth in market share*

Increase market share of rigid PVC profiles to drive sales and profit growth in Profiles.



#### *Expand our branch network*

Investment in new branches to increase market share of foam PVC profiles, and drive sales and medium-term profit growth in Building Plastics.



#### *Develop innovative new products*

Maintain market leadership by offering the latest in product innovation.



#### *Explore potential bolt-on acquisitions*

Consider acquisition opportunities when they arise.

## 2019 PROGRESS

- Continued investment to expand capacity and improve reliability in both recycling plants, with capex of c.£5.7 million in 2019.
- Increased use of recycled material for primary extrusion in 2019 to 13.4k tonnes (2018: 9.5k tonnes).
- Further 11.8k tonnes used in extrusion of products with 100% recycled content, or sold to trade extruders (2018: 8.5k tonnes).

**Total tonnes processed in the recycling plants**

**41.3k**  
(2018: 30.4k)

- Profiles organic sales growth of 5%.
- Growth driven by existing and new accounts and strong contribution from Vista Panels.
- 28 new accounts (following 17 in 2018 and 25 in 2017).
- Growth in trade and new build fabricators alike.

**Estimated market shares Profiles**

**15%**

**Building Plastics**

**23%**

- Organic and like-for-like sales growth of 9% and 8% respectively.
- Growth driven by better stock availability and improved operating standards.
- 4 new sites opened (net), including trial of 2 larger format branches.
- Continued growth in average revenue per branch.
- Total estate at 206 branches at 31 December 2019, with 78 new branches opened from 2015.

**Growth in revenue from new branches opened in 2018 and 2019**

**£2.2m**

- Introduction of flush window sash to leading Eurologik profile range.
- New Syncro patio door system.
- Development of a through-colour grey profile substrate.
- Introduction of a new overhead vent.

**Product ranges launched**

**15**

- Acquisition and integration of Trimseal Ltd, a distributor with 2 branches in the south-east.

**Acquisitions completed**

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## 2020 FOCUS

- Maximise throughput and operational efficiency/reliability at both recycling sites to support business growth.

- Exploit compelling case for trade fabricators to switch to Eurocell, with clear points of differentiation through specification, service, opportunities to supply branch network and product range / development.
- Maintain share gains in new build, with favourable market dynamics and benefit of strong relationships with housebuilders.
- Double commercial sector sales by targeting specific developers and sub-sectors to drive value engineering away from aluminium to PVC.
- Drive sustainability agenda in conjunction with Eurocell Recycle.

- Continuous improvement in existing estate focused on:
  - Customers (up-selling, cross-selling)
  - Trading (enhanced promotional activities) and
  - Products (improve conversion rates for high value items, extend product range).
- Open 4 new larger branches to complete the trials of this format.
- Continue to reduce time to break-even for new branches.
- Regional trial for market-leading consumer on-line window and door proposition.

- Development and introduction of (amongst others):
  - Automatic opening vents
  - Vertical slider enhancements
  - New tiled roofing products
  - Stronger window profile to facilitate extended thresholds.
- Other enhancements to existing products and complementary new product offerings.

- Continue to develop acquisition pipeline and consider acquisition opportunities as they arise.