



EUROCELL PLC

2021 Full Year Results

Agenda

Business Review

Sustainability

Financial Review

Strategy and Outlook

Presenters

Mark Kelly

Chief Executive Officer

Michael Scott

Chief Financial Officer

Overview

Mark Kelly – Chief Executive Officer

Good 2021 performance

Strong organic growth

Reinstatement of dividends

Powerful sustainability credentials

Opportunities to deliver improved returns in 2022

Revenue

£343.1m

▲ 23% 2019

Profit before tax

£27.0m

▲ 19% 2019

Net debt (pre-IFRS 16)

£11.0m

▲ £1.1m December 2020

Total dividends

9.6p per share (£10.8m)

Divisional Review

Profiles – 2021 Performance

▶ Sales up 22% on 2019

- Includes 11% from selling price increases / surcharge
- Driven by trade fabricators focused on RMI market and Vista doors
- Good sales from new build, with increasing housing market activity

▶ Gaining market share – estimate now c.18%

- Benefit of new account wins and competitive strength
 - 75 new accounts added over the last five years and pipeline remains strong

▶ Decisive action taken in response to supply chain pressure

- Recovered the impact of unprecedented raw material cost inflation
- Secured the materials, labour and transport needed to service demand
 - Resources in place to support growth aspirations for revenue and margins

▶ Increased use of recycled material

- 27% of consumption, or 16.8kt in 2021 (2019: 23% or 13.4kt)

▶ Operating efficiencies

- OEE⁽²⁾ at 68% – impacted by supply chain disruption and labour availability
- Targeting 75% OEE for 2022 – February improved to 75%

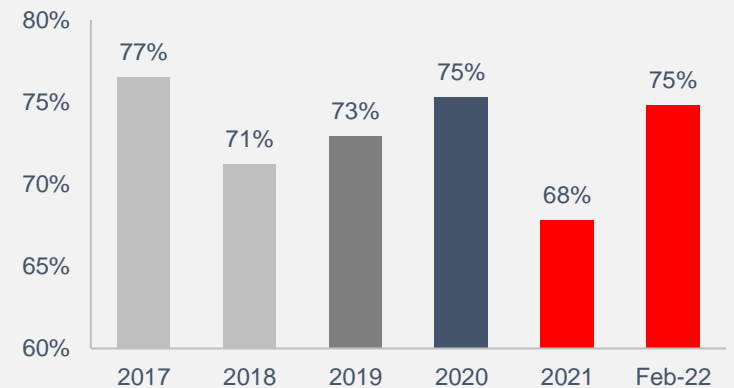
▶ Operating profit up 16% on 2019 – benefit of sales growth

Profiles Division P&L

£m	2019	2021	Change
3 rd party revenue	115.7	140.7	▲ 22%
Inter-segmental revenue ⁽¹⁾	59.5	63.9	▲ 7%
Total revenue	175.2	204.6	▲ 17%
Operating profit	17.9	20.7	▲ 16%

(1) Sales of foam profile to Building Plastics at transfer price

Overall Equipment Effectiveness (OEE)⁽²⁾



(2) OEE is a measure which takes into account machine availability, performance and yield

Divisional Review

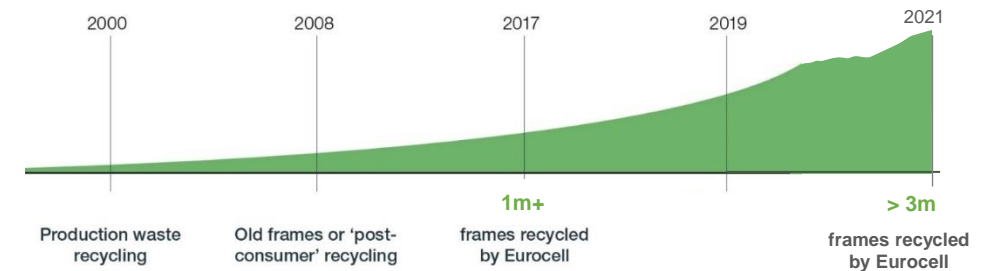
Profiles – Opportunities to Grow Market Share

- ▶ Investment in additional capacity
- ▶ Strong product range and continued product development
- ▶ Range extension
- ▶ Consolidation of the market by large fabricators
- ▶ Strong new build specifications and fabricator community
- ▶ Building regulations complexity plays to Eurocell technical expertise
 - Includes Future Homes Standard
 - Drives high performance specifications
- ▶ Lead supplier for cavity closures to new build
- ▶ Branch-generated demand and pull-through

- ▶ **Uniquely differentiated on sustainability**

- Use of recycled material increasingly attractive to housebuilders

End-of-life Window Frames Recycled



Medium-term strategic objective to target a 22% share and consolidate position as largest supplier of rigid PVC profile to UK market

Divisional Review

Building Plastics – 2021 Performance

▶ Sales up 24% on 2019

- Includes 7% from selling price increases / surcharge
- Equivalent to 20% on a like-for-like⁽²⁾ basis
- Strong performance across manufactured and traded goods
 - Manufactured products up > 30%
 - Outdoor living range sales increased threefold

▶ Gaining market share – estimate now c.25% (roofline)

▶ Network expansion – now 219 branches

- 12 new sites added in 2021
 - 8 standard format, 4 new larger format
 - 60 new sites added 2017-21

▶ Operating profit up 38% on 2019

- Driven by higher sales and good cost control
- Impact of strong growth in higher margin manufactured products
- Reducing time to break-even for new branches

Building Plastics Division P&L

£m	2019	2021	Change
3rd party revenue	163.4	202.4	▲ 24%
Inter-segmental revenue	1.3	0.5	▼ 62%
Total revenue	164.7	202.9	▲ 23%
Operating profit	8.6	11.9	▲ 38%

Indicative Branch Economics (Rounded)

	Branches Opened		
	< 2 years	2-4 years	>4 years
No. of branches	16	15	188
Average sales per branch (£000)	280	680	920
Return on sales ⁽¹⁾ per branch (%)	Small loss	Early-teen %	> 20%

(1) Operating profit as % of sales, before regional and central costs

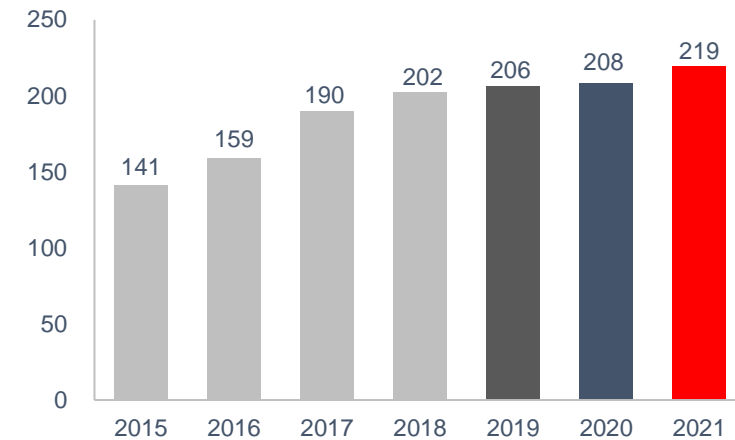
(2) Like-for-like excludes new branches opened in 2019/20/21

Divisional Review

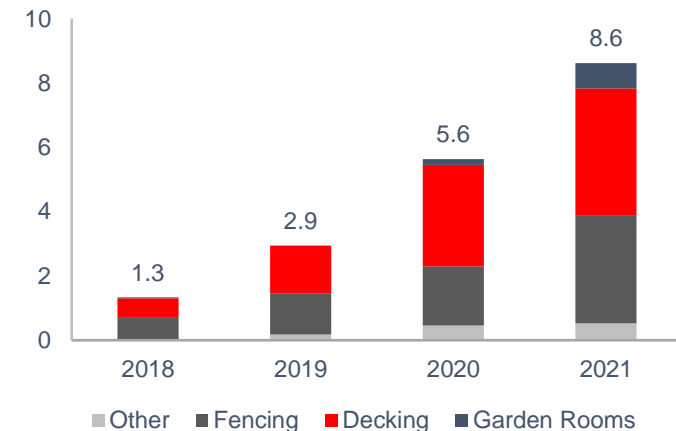
Building Plastics – Opportunities to Grow Market Share

- ▶ **Market – very fragmented, with > 60% served by small independents**
 - No barriers to further consolidation
- ▶ **Service – intention to be recognised as first for service for the tradesperson**
 - Seamlessly connect customer shopping journey from online through to branches
- ▶ **Products – aim to create the market-leading proposition**
 - Including redesigned best-in-class conservatory offering
 - Further development of new product categories and range extensions
- ▶ **Branches – objective to improve winning format**
 - Improved format for standard branches, which better showcases our product range
 - Continue to identify opportunities for large format stores, with expanded trade counter and showroom-style displays to drive big-ticket purchases
- ▶ **Digital – drive to increase ecommerce sales**

Number of Branches



Outdoor Living Range Sales (£m)



Medium-term strategic objective to target world class operations from 270-300 sites

Sustainability

Powerful Credentials

- ▶ **Traditionally strong on sustainability as the leading UK-based recycler of PVC windows**
 - Replacing virgin PVC with recycled material, thereby closing the resource loop and driving a “cradle-to-cradle” solution
- ▶ **Objective to continually improve all aspects of the sustainability of our Group**
- ▶ **Medium-term ESG targets and KPIs linked to relevant UN Sustainable Development Goals and UK Government’s transition to net zero**
 - **Environmental** – circular economy, emissions and energy management
 - **Social** – health & safety, compensation, diversity and education
 - **Governance** – alignment with recognised sustainability indices
- ▶ **PVC sector driving significant sustainability agenda**
 - Long-term potential for transition towards bio-attributable PVC

Carbon footprint



- Reduced total emissions by c.33% 2016-2021
- Downward trend in emission intensity

Leading UN SDG’s for Eurocell



- Responsible production and consumption



- Climate action



- Decent work and economic growth



- Good health and well-being

Accreditation



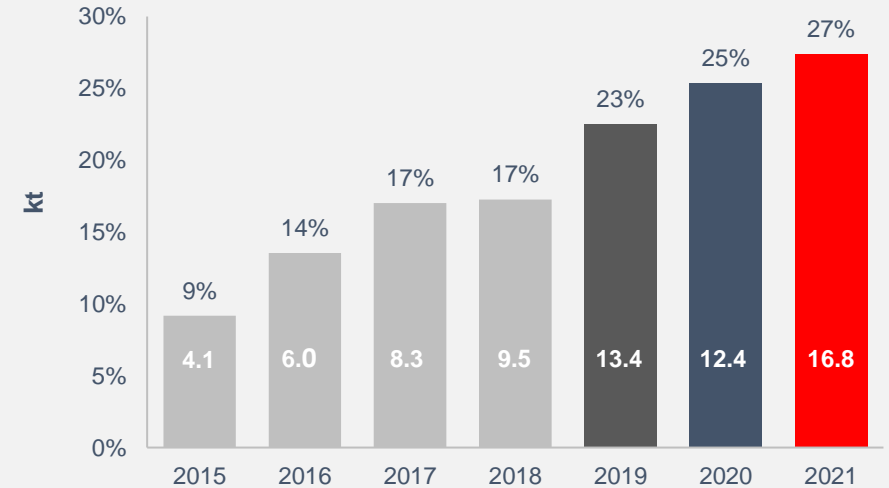
- LSE Green Economy Mark (awarded Q4 2021)

Recycling Operation

Substantial Carbon and Cost Savings

- ▶ **Leading UK-based recycler of PVC windows**
 - Substantial investment since 2017 to increase recycling output
 - Keeping pace with demand and improving % of recycled material used in primary extrusion
- ▶ **Recycling closes resource loops and reduces material sent to landfill**
 - More than 3m end-of-life window frames saved from landfill in 2021
- ▶ **Strategies in place to increase waste material recovery**
 - Waste windows and fabricator off-cuts (driven by commercial terms)
- ▶ **Engineering in recycling and designing out waste**
 - Finding new applications for recycling operation waste products previously landfilled
 - Substantially all scrap generated in extrusion is recycled – further reducing waste to landfill
- ▶ **2021 total output from recycling operation 29kt (2020: 21kt)**
 - Use in primary extrusion increased to 27% of consumption, or 17kt (2020: 25% or 12kt)
 - Balance of 12kt (2020: 9kt) used in products made from 100% recycled material or sold
- ▶ **Substantial carbon savings**
 - Estimate recycling operation saved > 48kt of carbon in 2021 vs the use of virgin PVC⁽¹⁾
- ▶ **Major cost savings**
 - Gross margin benefit from use of recycled material vs virgin compound

Use of Recycled PVC in Manufacturing



What does > 48k tonnes of CO₂ look like?

Annual CO₂ output of > 7,000 homes⁽²⁾

What does it mean for house builders?

Estimate a house builder constructing 2,500 semi-detached houses will save c.500 tonnes of CO₂ equivalent per year by using Eurocell windows and cavity closures, compared to a competitor using virgin PVC windows⁽³⁾

(1) Savings calculated at c.1.7t of CO₂ saved per tonne of recycle, derived from "Life Cycle Assessment of Re-cycling PVC Window Frames", Heinz Sticchnothe, School of Chemical Engineering and Analytical Science, University of Manchester

(2) Based on 2017 UK national figures

(3) Based on typical semi-detached home with 7 windows and french doors

Looking to a Sustainable Future

4 Themes to Our Sustainable Development

► Carbon, energy and water

- Defining pathway to potential carbon neutrality and net zero
 - Continuing to reduce Scope 1 and 2 emissions, particularly in PVC extrusion and recycling
 - Reducing transport and mobile plant emissions
 - Working with suppliers and sector partners to better understand and improve Scope 3 emissions
- Further developing our closed-loop water cooling

► Waste minimisation and circularity

- Strengthening our materials recovery and process optimisation, driving leaner and more sustainable resource use
- Creating Environmental Product Declarations (EPDs) to differentiate our key products on sustainability grounds

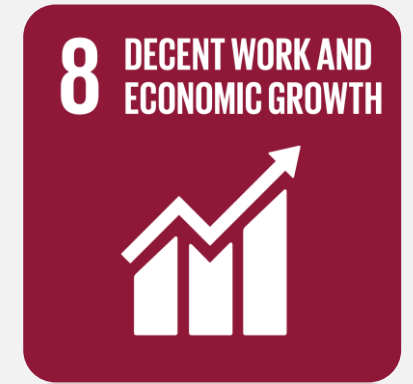
► People and places

- Increasing focus on employee wellbeing, including mental health, remote working, diversity and fair wages – becoming the regional employer of choice
- Continuing to develop new and / or refurbish facilities
- Stepping up our community engagement

► Governance

- Reporting our progress vs ESG targets and KPIs
- Enhancing our non-financial disclosures
- Improving sustainability scores and aligning with appropriate standards

Leading UN Sustainable Development Goals for Eurocell



Financial Highlights

Michael Scott – Chief Financial Officer

Revenue

£343.1m

▲ 23% 2019: £279.1m

Gross margin

50.5%

▼ 0.7% 2019: 51.2%

Profit before tax

£27.0m

▲ 19% 2019: £22.7m

Earnings per share

18.9p

▼ 2% 2019: 19.3p

Total dividends

9.6p per share

2019: 3.2p per share

Net debt (pre-IFRS 16)

£11.0m

▲ £1.1m December 2020: £9.9m

▶ **Strong sales growth – like-for-like⁽¹⁾ ▲ 21% vs 2019**

- Includes impact of selling price increases and surcharge

▶ **Gross margin ▼ 0.7%**

- Benefit of increased recycling
- Successfully recovering raw material cost inflation, but surcharge dilutive to margin %

▶ **Overheads up 21%**

- Impact on direct labour and transport of higher production and sales volumes
- Additional pay increases implemented in H2 to secure required labour
- Lower IFRS 9 impairment charge (bad debts)

▶ **Profit before tax ▲ 19%**

- Higher sales volumes

▶ **Earnings per share ▼ 2%**

- Higher tax rate and increased number of shares

▶ **Final dividend of 6.4p per share (£7.2m)**

- Total dividends for the year of 9.6p per share, or £10.8m (2019: 3.2p per share)

▶ **Pre-IFRS 16 net debt**

- Good headroom and liquidity, despite significant impact of inflation on working capital

(1) Like-for-like excludes new branches opened in 2019/20/21

Financial Performance

Group Income Statement

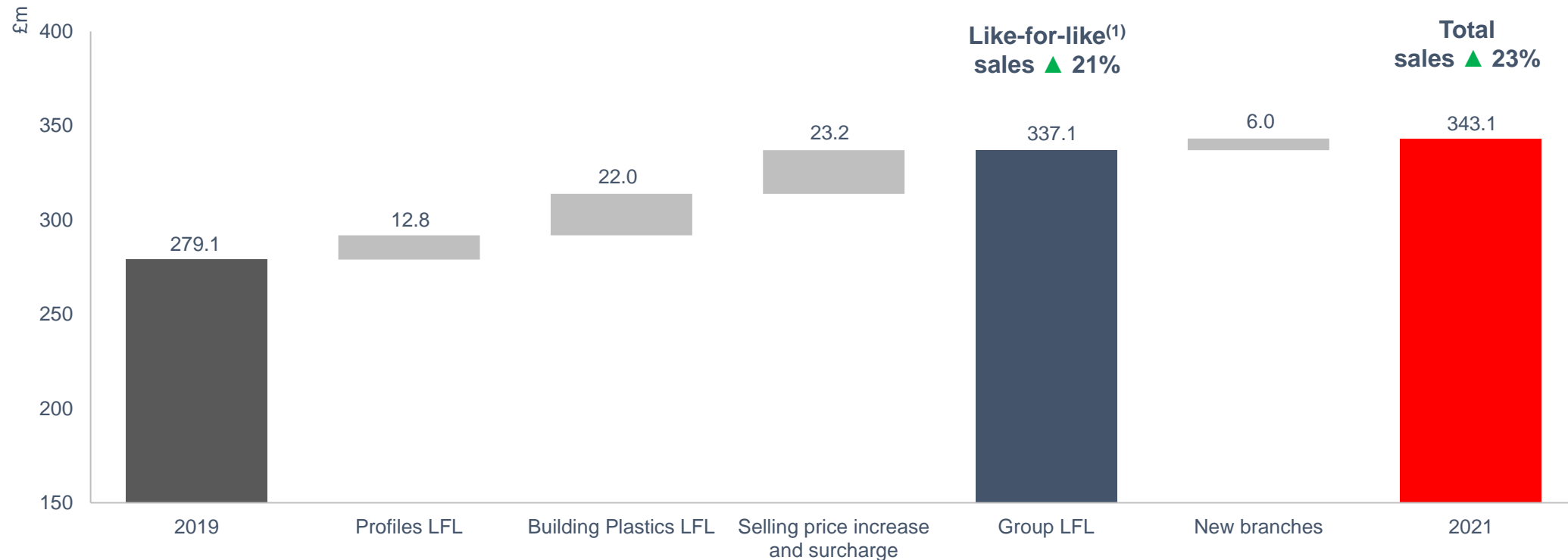
£m	2019	2020 ⁽¹⁾	2021	Change v 2019
Revenue	279.1	257.9	343.1	▲ 23%
Gross profit	142.9	127.4	173.4	
<i>Gross margin %</i>	<i>51.2%</i>	<i>49.4%</i>	<i>50.5%</i>	
Overheads	(100.5)	(97.6)	(121.7)	▲ 21%
Adjusted EBITDA	42.4	29.8	51.7	▲ 22%
Depreciation and amortisation	(17.8)	(19.5)	(22.7)	
Adjusted operating profit	24.6	10.3	29.0	▲ 18%
Finance costs	(1.9)	(1.8)	(2.0)	
Adjusted profit before tax	22.7	8.5	27.0	▲ 19%
Taxation	(3.4)	(1.5)	(5.9)	
Adjusted profit after tax	19.3	7.0	21.1	▲ 9%
Adjusted basic EPS (pence)	19.3	6.5	18.9	▼ 2%
Dividends per share (pence)	3.2	Nil	9.6	
Reported profit/(loss) before tax	22.7	(1.5)	27.0	▲ 19%

(1) 2020 adjusted measures are stated before non-underlying items of £10.0m and the related tax effect (no non-underlying items in 2019 and 2021)



Sales Performance

Continued Successful Delivery of Commercial Strategies



► Sales ▲ 23% vs 2019

- Includes c.8% from selling price increases and surcharge
- Group like-for-like⁽¹⁾ sales ▲ 21% (13% excluding price and surcharge)
- Profiles like-for-like ▲ 22% (11% excluding price and surcharge)
- Building Plastics like-for-like⁽¹⁾ ▲ 20% (13% excluding price and surcharge)

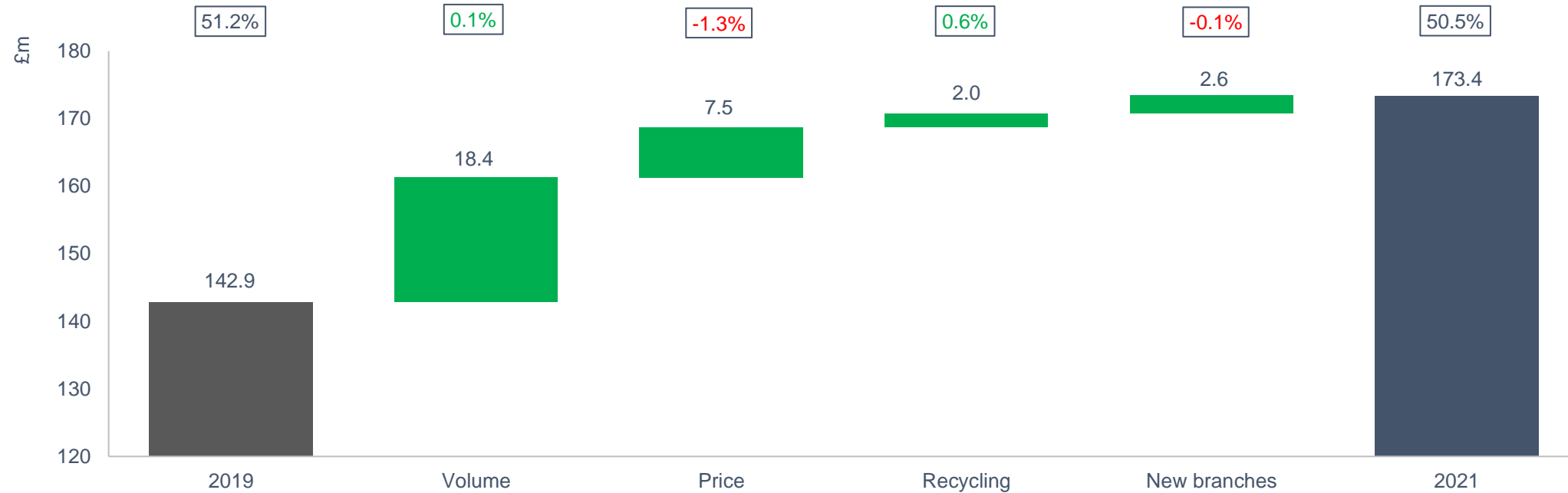
► New branches add £6.0m (▲ 2%)

- 19 new branches in 2019/20/21
- 2 loss-making branches closed in 2020 and 1 branch closed in 2021 ahead of relocation

(1) Like-for-like excludes new branches opened in 2019/20/21

Gross Margin

Recovering Higher Raw Material Costs



▶ Volume ▲ 10bps

- Increased production volumes at broadly consistent gross margin

▶ Price ▼ 130bps

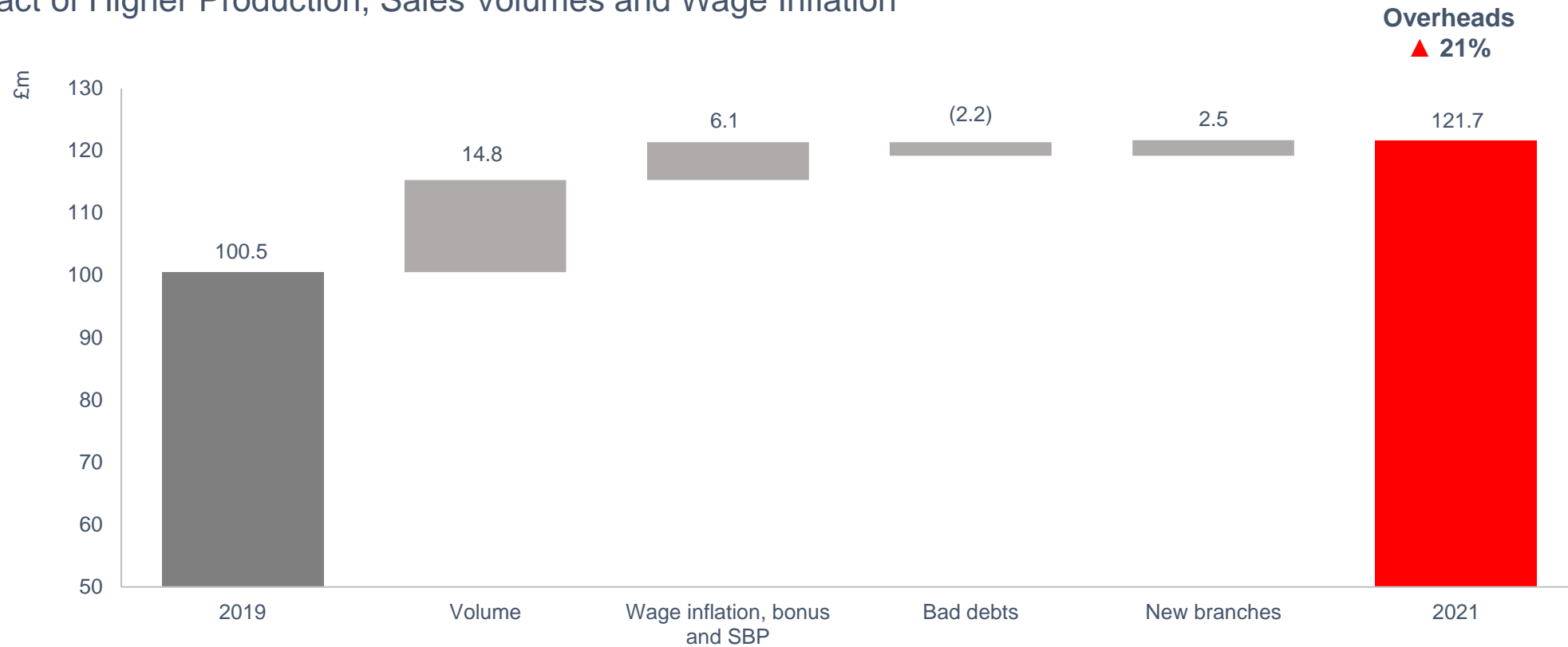
- Successfully recovering raw material cost inflation through selling prices and surcharge
- Surcharge dilutive to margin %, but intend to recover
- Price increases also intended to cover wage and other overhead cost inflation

▶ Impact of recycling ▲ 60 bps

- Additional 3.4kt recycled material used and increased price delta vs virgin compound
- Absolute gross margin benefit from 16.8kt used instead of virgin compound
- Recycling is an effective hedge against high resin prices

Overheads

Impact of Higher Production, Sales Volumes and Wage Inflation



▶ **Volume ▲£14.8m**

- Impact on direct labour and transport of higher production (▲5%) and sales (▲23%)

▶ **Wage inflation, bonus and share based payments ▲£6.1m**

- 2020 and 2021 pay awards
- Additional pay increases implemented in H2 2021 to secure required labour
- Increased incentives, bonus and share based payments

▶ **IFRS 9 bad debts ▼£2.2m**

- Charge of £1.5m in 2019
- Provision increased significantly in 2020 due to impact of COVID-19
- Credit of £0.7m in 2021 reflects improvement in debtor ageing profile vs December 2020

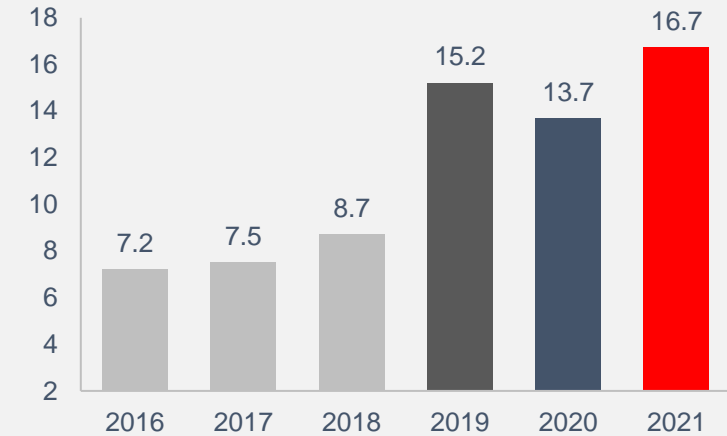
▶ **New 2019/20/21 branches added £2.6m to gross profit and £2.5m to overheads**

Capex

Investment in Operating Capacity

- ▶ **Recent investment in capacity to resolve operational constraints and facilitate further sales and market share growth**
- ▶ **2021 capex £16.7m (2020: £13.7m)**
 - Manufacturing capacity expansion c.£7m
 - Conversion of old warehouse into specialist manufacturing facility – relocation of foiling operation
 - 5 primary extrusion lines, tooling and mixing plant upgrade
 - Warehousing and logistics capacity c.£2m
 - New branches c.£2m
 - Other c.£6m – recycling, refurbished branches, IT and maintenance capex
- ▶ **2022 capex guidance c.£15m**
 - Manufacturing capacity expansion £6m includes:
 - 5 primary extrusion lines, tooling and mixing plant upgrade
 - 4 foiling lines
 - Recycling capacity £2m
 - New branches, branch relocations and refurbishments £2m
 - Other £5m – warehousing, logistics, IT and maintenance capex
- ▶ **2022 focus on delivering improved operating efficiencies from new facilities**

Total Capital Expenditure (£m)



Capital Expenditure Allocation (£m)

Capital Expenditure £m	2018	2019	2020	2021	2022 ⁽²⁾
Manufacturing capacity	3	5	-	7	6
Recycling capacity ⁽¹⁾	7	6	2	1	2
Warehousing capacity	-	-	8	2	1
Other (inc. new branches)	4	4	4	7	6
Total	14	15	14	17	15

(1) Includes acquisition consideration of £5m for Eurocell Recycle North

(2) Capex guidance

Working Capital

Impact of Inflation

▶ Outflow from working capital £19.4m

- Significant impact of inflation, net c.£8m

▶ Stock days at 95 vs 83 at December 2020

- Stocks ▲ £17.8m since December 2020
 - Includes significant impact of resin and other raw material cost inflation on stock valuation (c.£7m)
 - Volume of manufactured products up c.£4m
 - Volume of traded goods up c.£5m
 - New branches c.£2m
 - Stock build in Q4 – resin readily available

▶ Debtor days at 30 vs 32 at December 2020

- Receivables ▲ £6.0m since December 2020
 - Impact of price increases, surcharge and strong sales growth
 - Good cash collection

▶ Creditors ▲ £4.4m since December 2020

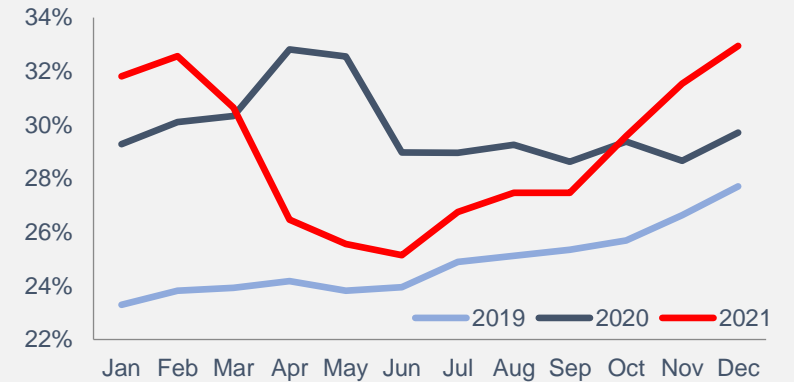
- Increased production volumes and inflation

(1) Stock days / debtor days metrics exclude acquisitions

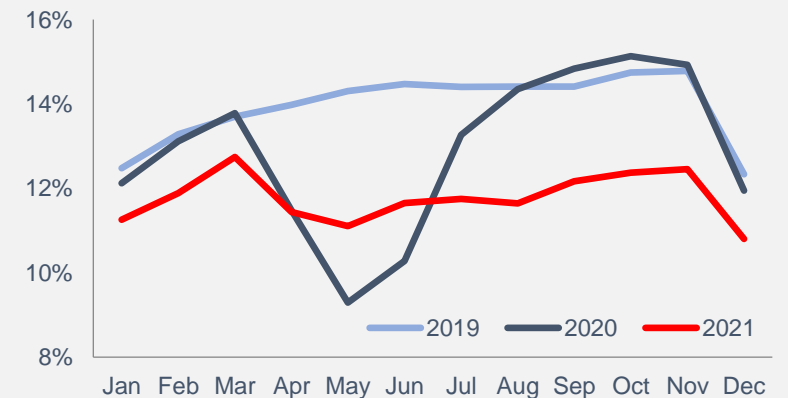
Key Working Capital Metrics⁽¹⁾

	Stock Days ⁽¹⁾	Debtor Days ⁽¹⁾
December 2020	83	32
December 2021	95	30

Inventory as a % of LTM Cost of Sales⁽¹⁾

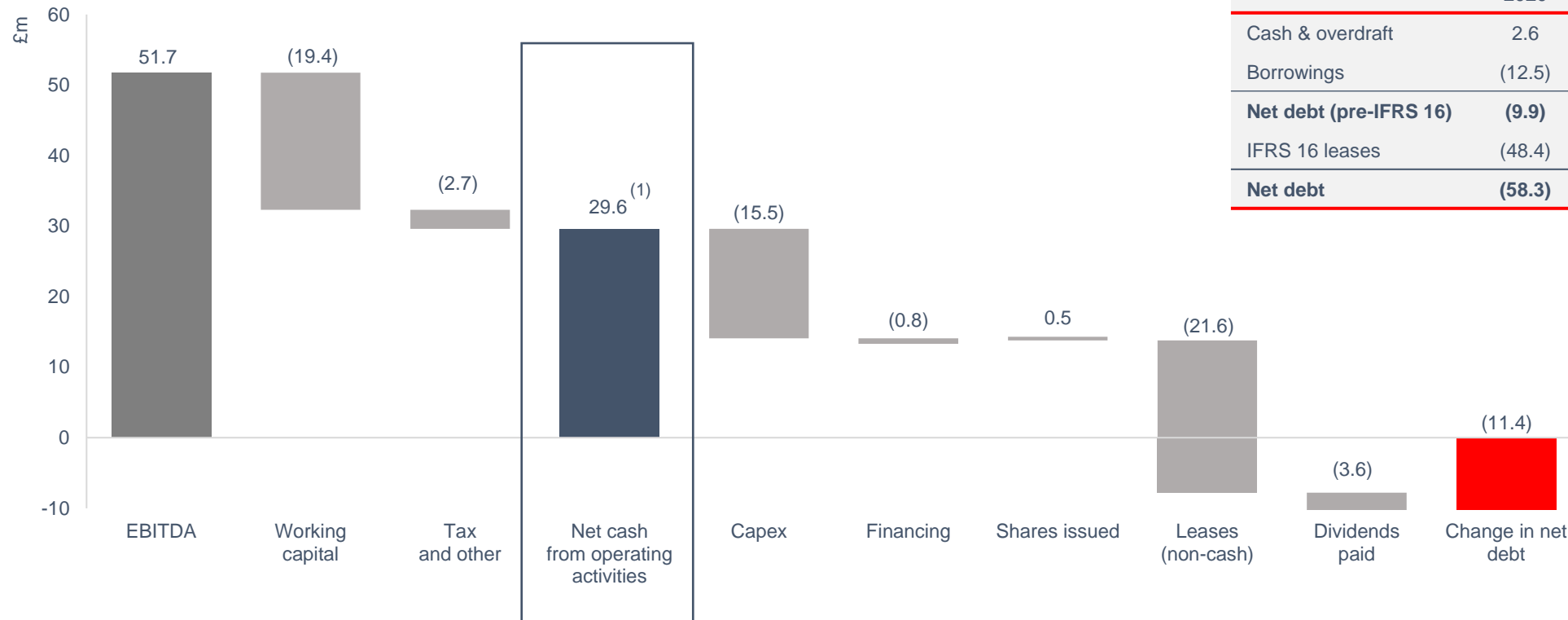


Trade Receivables as a % of LTM Sales⁽¹⁾



Cash Flow

Significant Headroom and Good Liquidity



Net Debt Reconciliation

£m	Dec 2020	Dec 2021	Change
Cash & overdraft	2.6	0.7	(1.9)
Borrowings	(12.5)	(11.7)	0.8
Net debt (pre-IFRS 16)	(9.9)	(11.0)	(1.1)
IFRS 16 leases	(48.4)	(58.7)	(10.3)
Net debt	(58.3)	(69.7)	(11.4)

▶ Outflow from working capital £19.4m

- Stocks ▲ £17.8m
- Receivables ▲ £6.0m
- Payables ▲ £4.4m

▶ Tax paid and other

- Tax payments £3.5m
- Provisions and share-based payments £(0.8)m

▶ IFRS 16 increases debt by £10.3m

- Secondary operations site lease extension, new branches / branch renewals and mobile plant

▶ Strong balance sheet and liquidity position

- £75m unsecured revolving sustainable credit facility

(1) Cash generated from operations of £33.1m less tax paid

Capital Allocation

Strong Balance Sheet



▶ **Capital investment to expand organic capacity**

- Manufacturing
- Logistics
- Recycling
- New branches

▶ **Dividend cover of 2x through the cycle**

▶ **Disciplined approach to acquisitions**

- Clear strategic and financial criteria

▶ **£75m unsecured sustainable RCF, matures in December 2023**

▶ **Indicative net debt to EBITDA of 0.5-1.5x through the cycle**

- Pre-IFRS 16 basis

▶ **Consider supplementary distributions when appropriate**

Financial Summary

Including Technical Guidance for 2022

► Good financial results for 2021

- Continued success of commercial strategies and strong demand in the RMI market
- Recovered raw material cost inflation via price increases and surcharge
- Profits well up on 2019
- Continued investment in business growth
- Robust balance sheet and liquidity
- Dividends reinstated

► Well positioned for 2022

- Good start to the year
- Opportunities to deliver improved returns

Guidance stated post-IFRS 16	2021 Reported	2022 Guidance
Underlying income statement		
Depreciation and amortisation	£22.7m	c.£24m
Finance costs	£2.0m	c.£3m
Effective tax rate	22%	c.19%
Balance sheet		
Working capital	£19.4m outflow	c.£5m outflow
Capex	£16.7m	£15m

Strategy Update

Mark Kelly – Chief Executive Officer

Strategic framework:

Overall objective to deliver sustainable growth in shareholder value

Develop Eurocell brand

Leverage vertical integration

Drive sustainability

Strategic priorities

1

Grow market share in Profiles



Market share: 18% (#1) (2015: 12%)

2

Expand branch network



Estate: 219 sites (2015: 141)
Market share: c.25% (roofline #2) (2015: 20%)

3

Develop innovative new products



Recent new products: Coastline, Equinox Vega, Syncro, garden rooms

4

Increase use of recycled material



2021 recycled material usage: 27% (2015: 9%)

5

Explore bolt-on acquisition opportunities



Completed acquisitions include: S&S, Vista, Security Hardware, ERN, Kent Plastics

6

To deliver sustained operational excellence

Optimise returns on recent investments in operating capacity to enhance profits and return on sales

7

To develop sector-leading digital proposition

End-to-end solutions to enable other strategic priorities and improve supplier, customer and employee experience

- ▶ Clear strategic priorities
- ▶ Refined and updated priorities in 2021
 - 5 strategic priorities established in 2016 remain relevant
 - Good progress against all
 - Introduced two new priorities in 2021:
 - To deliver sustained operational excellence
 - To develop sector-leading digital proposition
- ▶ Historical capacity constraints resolved through major capex
- ▶ Good potential to outperform our markets and deliver improved returns

2022 Market Dynamics

Well Positioned to Capitalise on Opportunities

**Private RMI
(c.85% Eurocell
revenue)**

Market drivers

- ➔ **Renovation activity driven by:**
 - c.1-in-16 homes changed hands in 2021
 - Desire to improve / extend homes, especially post-COVID
 - Pension draw down and desire for maintenance free property
 - Change in family circumstances
- ➔ **Consumer confidence / uncertainty**
 - Potential for RMI super-cycle, driven by under investment and permanent hybrid-working
 - Unclear how markets will develop in 2022, especially H2
 - Potential adverse impact of high inflation and situation in Ukraine

Eurocell drivers

- ➔ **Increase propositions in Building Plastics**
 - Maturing branches
 - Conservatory / roof development
 - Outdoor living products
 - New larger format stores
- ➔ **Strong competitive position in Building Plastics**
- ➔ **Sales of windows and other big ticket products through branches**
- ➔ **Strong competitive position in Profiles, with trade fabricators serving the RMI market, and competitor difficulties**
- ➔ **Good pipeline of potential new trade fabricator customers in Profiles**

**New build
(c.10% Eurocell
revenue)**

- ➔ **Mortgage remains attractive vs rental cost**
- ➔ **High levels of mortgage approvals currently, with mortgage guarantee scheme available until December 2022**
- ➔ **Help to Buy remains, but restricted to first time buyers**
- ➔ **Large builders maintaining conversions**
- ➔ **Long-term shortage of housing may attract government intervention, but affordability remains an issue**
- ➔ **Right to Buy in public sector**

- ➔ **Benefit of differentiated specifications**
- ➔ **New build competitor difficulties may present a good opportunity to grow share**
- ➔ **Strong competitive position with new build fabricators**
- ➔ **Opportunity to leverage ESG credentials**
- ➔ **Building regulations (Future Homes Standard) beneficial to Eurocell skillset**
- ➔ **Low cost fabricators leaving market and work taken by Eurocell fabricators**
- ➔ **Growth of Eurocell cavity closer driving contact with house builders**
- ➔ **Vista increasing market share in doors**

**Commercial
(c.5% Eurocell revenue)**

- ➔ **Slow to return post-COVID**
- ➔ **Some signs of a recovery**

- ➔ **Only brand maintaining a sizeable salesforce displacing aluminium with PVC**
- ➔ **Better U-values and historically 30% cheaper**
- ➔ **More fabricators working in commercial**

Medium-term Ambitions

Delivering Sustainable Growth in Shareholder Value



Growth



Sustainability



Profitability

	Revenue	Recycling	Operating profit margin
Track record	<ul style="list-style-type: none"> Consistent and proven delivery of organic sales growth well above market levels 	<ul style="list-style-type: none"> Leading UK-based recycler of PVC windows % recycled material consumed up from 9% (4kt) to 27% (17kt) 	<ul style="list-style-type: none"> Margins impacted by exceptional sales growth running ahead of operating capacity Some dilution from raw material cost increases – resin price increased c.£700/t between 2016 and 2021
3-5 year objectives	<ul style="list-style-type: none"> Profiles market share up from c.18% to 22% EBP branches up from 219 to 270-300 Maturing branches 	<ul style="list-style-type: none"> Keep pace with sales growth Continue to increase % recycled material consumed 	<ul style="list-style-type: none"> Leverage recent capital investments and market share growth to deliver improved operating efficiencies
Ambitions	<ul style="list-style-type: none"> Outperform our markets 	<ul style="list-style-type: none"> 33% raw material consumption from recycled material 	<ul style="list-style-type: none"> Operating profit margin improvement of 150bps

Summary

Good 2021 performance

Strong organic growth

Reinstatement of dividends

Powerful sustainability credentials

Opportunities to deliver improved returns in 2022



Appendices



Investment Case

- ✓ **Clear strategy and priorities**
- ✓ **Leading market positions**
- ✓ **Proven ability to deliver revenue growth and good potential to outperform**
- ✓ **Operational capacity constraints resolved through major investments**
- ✓ **Uniquely differentiated on sustainability through recycling operation**
- ✓ **Continued investment in people, products and processes**
- ✓ **Now focused on delivering improved returns**



Product Range



Ranges of window profile and doors



Fascias, soffits and guttering



Traded goods

Standard products



Skypod pitched skylights



Conservatories and Equinox tiled roofs



Syncro patio and Aspect bi-fold doors

Made to order products

Profiles Division

▶ Manufactures:

- Extruded rigid and foam PVC profiles using virgin PVC compound
- Rigid products also include recycled compound

▶ Recycles:

- Factory offcuts (post-industrial) and old windows (post-consumer waste)

▶ Sells:

- Rigid PVC profiles to a network of c.400 third party fabricators
 - Principally trade fabricators, but with new build becoming increasingly important
 - c.300 produce windows, trims cavity closer systems for customers
 - c.100 make patio doors and conservatories
- Foam PVC profiles to Building Plastics division

▶ Acquisitions since IPO:

- S&S Plastics (injection moulding, acquired in 2015)
- Vista Panels (composite and panel doors, acquired in 2016)
- Eurocell Recycle North (formerly Ecoplas, PVC window recycler, acquired in 2018)



Building Plastics Division

▶ Sells:

- Range of Eurocell manufactured and branded PVC foam roofline and window fitting / maintenance products
- Third party manufactured ancillary products: sealants, tools and rainwater products
- Vista doors
- Windows fabricated by third parties using products manufactured by the Profiles Division

▶ Distribution:

- Through our nationwide network of 219 branches

▶ Main customers:

- Roofline and window installers
- Small and independent builders, house builders
- Nationwide maintenance companies

















▶ Acquisitions since IPO:

- Security Hardware (hardware supplier to RMI market, acquired in 2017)
- Kent Plastics (building plastics distributor, acquired in 2018)
- Trimseal (building plastics distributor, acquired March 2019)











Environmental and Social

Targets and KPIs

	KPI	2020 Base	2021 Result	Target	Link to UN SDGs
Environmental – circular economy					
Recycled material used in production	% used	25%	27%	1% increase per year	
CO ₂ saved by recycling operation	Tonnes saved	36kt	> 48kt	Year-on-year increase	
Waste recycled	% recycled	79%	82%	Year-on-year increase	
Environmental – emissions and energy management					
Greenhouse gas (GHG) emissions	GHG intensity ratio	70t CO ₂ / £m sales	51t CO ₂ / £m sales	5% reduction by 2025	
Energy consumption	Energy use intensity ratio	267 MWh / £m sales	222 MWh / £m sales	5% reduction by 2025	 
Renewable energy	Renewable energy used	19% total energy	78% total energy	50% increase by 2025	
Social					
Health & safety	Lost time injury rate	0.7 per 100,000 hours	0.8 per 100,000 hours	50% reduction by 2025	
Employee engagement & recruitment	Labour turnover	21%	26%	Year-on-year reduction	   
Employee satisfaction	Annual survey response rate and overall satisfaction level	n/a	60% and 68%	Year-on-year increase	
Diversity	Female employees	12.8%	13.4%	Year-on-year increase	
Remuneration	National Living Wage (NLW)	All employees at or above NLW	All employees at or above NLW	All employees above NLW by 2023	
Education	Apprenticeships / Kickstarters	32	79	20% increase by 2025	

► Objectives align with relevant UN Sustainable Development Goals (SDGs)

- Circular economy
- Energy and emissions
- Social

 No poverty	 Quality education	 Affordable clean energy	 Responsible production and consumption
 Good health and well-being	 Gender equality	 Decent work and economic growth	 Climate action

Recycling Inputs and Outputs

Major Cost and Carbon Savings

K tonnes	2019	2020	2021
Inputs – waste recycled			
Post-consumer	31.4	27.0	40.5
Post-industrial	9.9	6.7	7.7
Total	41.3	33.7	48.2
Outputs – recycled material produced			
Total	24.9	21.1	28.5
Usage			
Primary extrusion	13.4	12.4	16.8
Products made from 100% recycled material	6.7	4.3	7.3
Sales to trade extruders	5.1	3.4	4.3
Total	25.2	20.1	28.4
Recycled material % of total consumption			
Primary extrusion total consumption	59.4	49.0	61.4
Recycled material % of total consumption (%)	23%	25%	27%

▶ **Leading UK-based recycler of PVC windows**

- Substantial investments since 2018
- Keeping pace with sales growth and increasing % recycled material used in primary extrusion

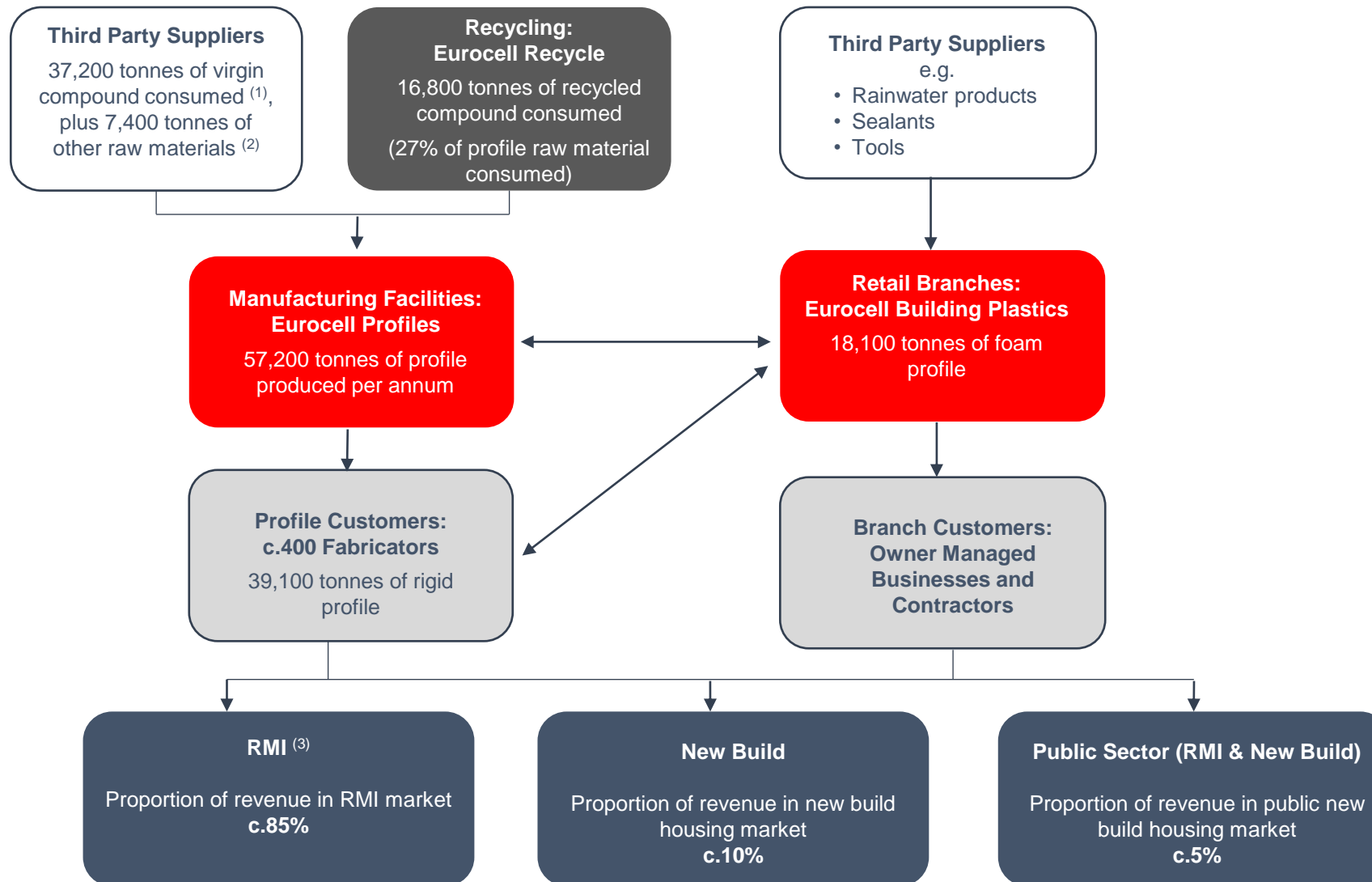
▶ **Significant economic benefit from recycling**

- Through the cycle, cost of making recycled compound < price of buying virgin compound
- Increasing benefit as resin price rises

▶ **Other benefits from recycling**

- **Environmental** – carbon savings: recycling saved > 48kt of carbon in 2021 vs use of virgin PVC
- **Commercial** – leverage sustainability with customer base, consumers and other stakeholders

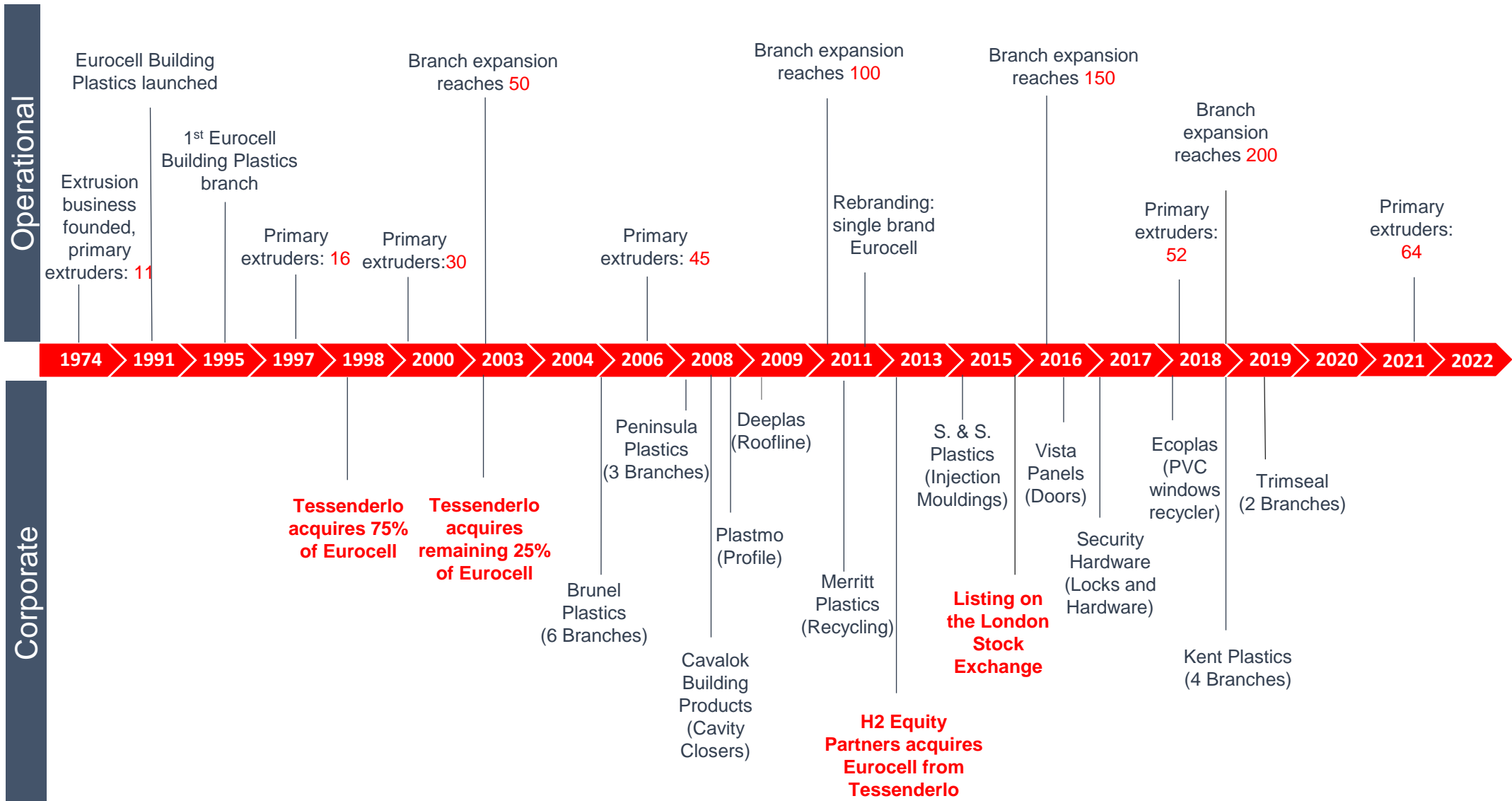
Route to Market



(1) Rigid Virgin Resin: stabiliser, titanium dioxide, impact modifier, filler
 (2) Other raw materials: e.g. skin and rubber flex

(3) Repair, Maintenance and Improvement
 (4) Tonnages shown are approximate based on 2021 volumes

Group History



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