



# EUROCELL PLC

2022 Half Year Results

Investor Meet Company

## **Agenda**

**Introduction to Eurocell**

**Sustainability**

**H1 2022 in Review**

**Outlook**

## **Presenters**

**Mark Kelly**

**Chief Executive Officer**

**Michael Scott**

**Chief Financial Officer**

# Product Range



Ranges of window profile and doors



Fascias, soffits and guttering



Traded goods



Skypod pitched skylights



Conservatories and Equinox tiled roofs



Syncro patio and Aspect bi-fold doors

Standard products

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)



# Divisional Review

## Profiles – Opportunities to Grow Share

- ▶ **Gaining market share – estimate now c.18%**
- ▶ **3-fold increase in value of new account wins**
  - 18 new accounts won in 2022
    - Starting in Q4 and a boost for 2023
  - Strong new prospect pipeline
  - Supported by recent major investments in operating capacity driving excellent customer service



Ministry of Housing,  
Communities &  
Local Government

### ***Future Homes Standard***

**2025**

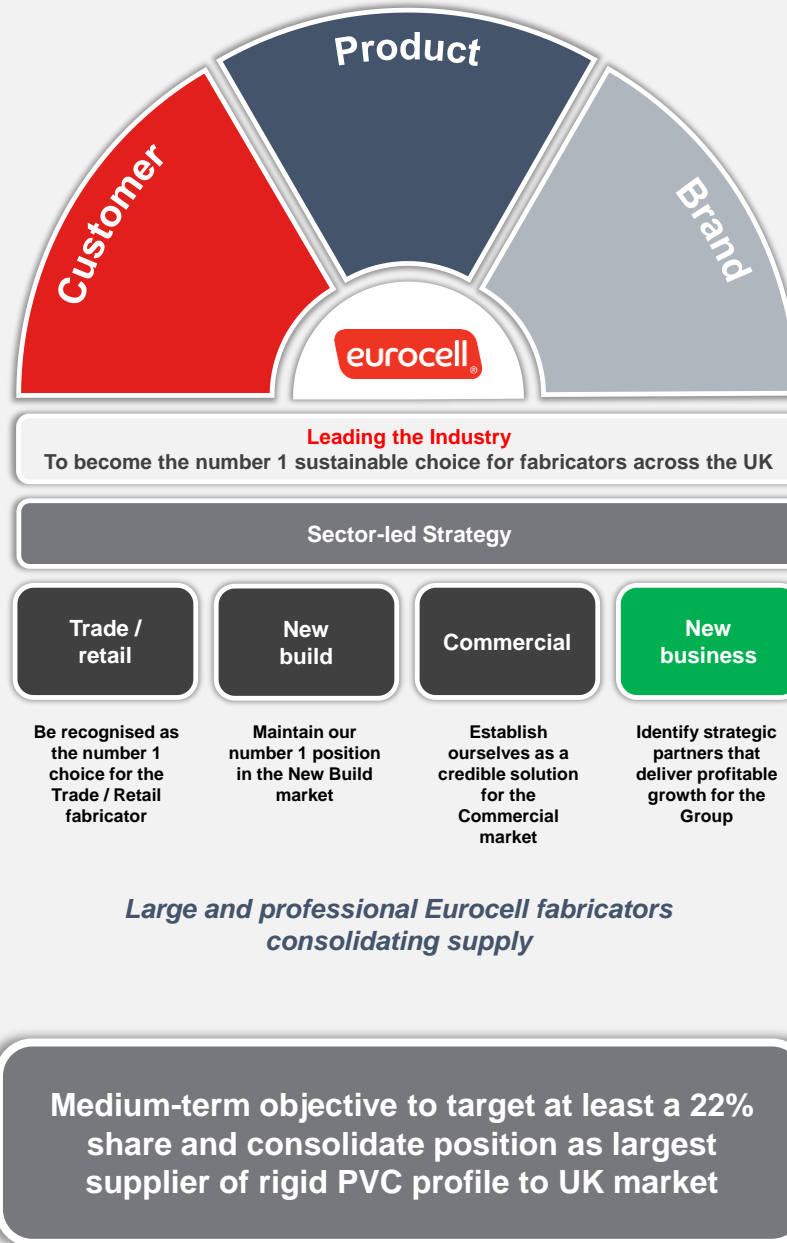
Year when the Future Homes Standard will be implemented

**75%**

From 2025, new homes will have to emit at least 75% less carbon than those built to current regulations

**31%**

Reduction in carbon emissions that new homes have so far produced vs current regulations



### ▶ **Compelling case for trade fabricators to switch to Eurocell**

- Strong product range, continued product development and range extension
- Benefit of pull-through profile and hardware specifications

### ▶ **Favourable new build dynamics**

- Building regulations complexity plays to Eurocell technical expertise
  - Future Homes Standard – windows and doors key to compliance
  - Drives high performance specifications
- Good relationships with large and medium-sized housebuilders
  - Now plan to target regionals
- Additional specifications driving volume for trade fabricators

### ▶ **Benefits of PVC in commercial sector**

- Energy efficiency and lower cost vs aluminium
  - Particularly private rentals, build-to-rent, student accommodation and education
- Strengthened sales and technical teams to provide added-value services

# 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)



# Divisional Review

Building Plastics –  
Opportunities to Grow Share

## First for service for the tradesperson

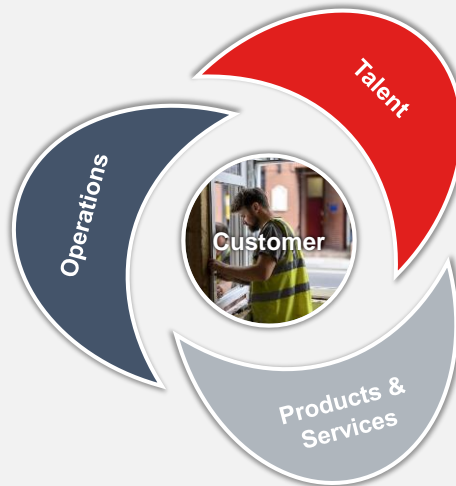


- ▶ Seamless digital experience
- ▶ Customer engagement plan
- ▶ Website range development
- ▶ “You grow, we grow...”

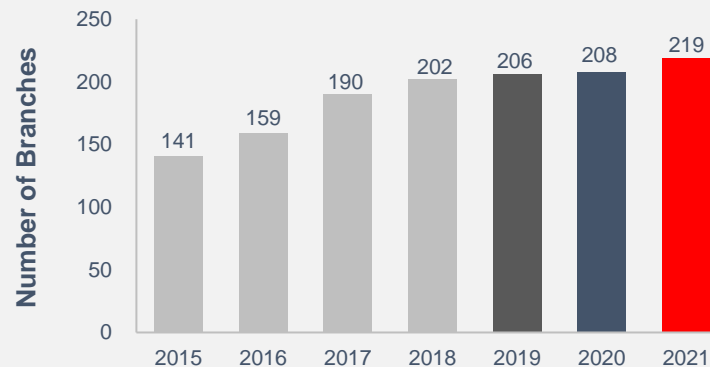
## Create the market leading proposition

- ▶ Conservatory and roofs offer
- ▶ Standard and large branch formats
- ▶ City branches
- ▶ New branch break-even
- ▶ Market penetration through NPD
- ▶ Range extension

Target to become the number 1 choice for relevant trades across the UK



Fragmented market with > 60% served by small independents  
Gaining market share – estimate now c.25% (roofline)



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

## Listen and engage

- ▶ Communicate to engage
- ▶ Branch simplification programme
- ▶ Employee engagement
- ▶ Training and development
- ▶ Growing our own talent

## Deliver value through services

- ▶ Being the lead on perceived value
- ▶ Data-driven customer contact plan
- ▶ Improve customer loyalty and grow sales with artificial intelligence
- ▶ Extended services that add value

## Operate for less

- ▶ Range simplification
- ▶ Stock optimisation programme
- ▶ Locks and hardware proposition

# Powerful Sustainability Credentials

## Leading UK-based Recycler of PVC Windows

### ▶ Improving % of recycled material consumed

- Use in primary extrusion increased to 28% of consumption in H1 2022 (FY 2021: 27%)
- Strategic objective to increase to 33% of consumption
- Output also used in products made from 100% recycled material or sold to third parties

### ▶ Recycling drives substantial carbon and cost savings

- Estimate recycling operation saved > 48kt of carbon in 2021 vs the use of virgin PVC<sup>(1)</sup>
- More than 3m end-of-life window frames saved from landfill in 2021
- Gross margin benefit from use of recycled material vs virgin compound

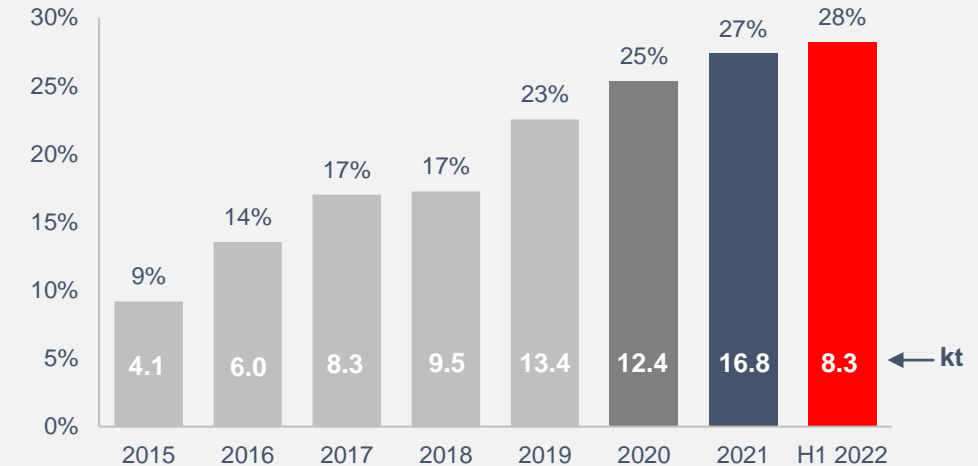
### ▶ Increased total waste recycled to 85% in H1 2022 (FY 2021: 82%)

- Strategies in place to increase waste material recovery
  - Waste windows and fabricator off-cuts (driven by commercial terms)
  - Finding new applications for recycling operation waste products previously landfilled
  - Substantially all scrap generated in extrusion is recycled

### ▶ Reporting progress to improve sustainability via suite of KPIs

- Encompassing: circular economy, emissions, energy management, social and governance
- Recently approved c.£1.5m investment in solar panels for primary manufacturing facilities
  - Supply of more than 5% manufacturing energy requirement

Use of Recycled PVC in Manufacturing



### What does > 48k tonnes of CO<sub>2</sub> look like?

Annual CO<sub>2</sub> output of > 7,000 homes<sup>(2)</sup>

### What does it mean for house builders?

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

(1) Savings calculated at c.1.7t of CO<sub>2</sub> 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

## Four 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

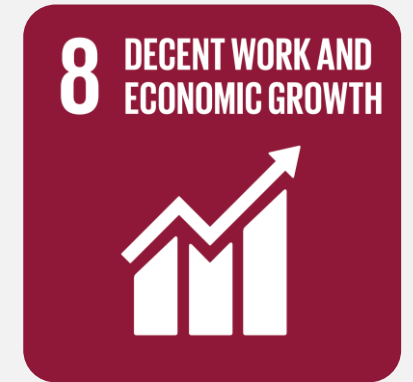
### ► People and places

- Increasing focus on employee wellbeing, including mental health, remote working and diversity – becoming a 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



# H1 2022 in Review

Good First Half

## Good first half against strong 2021 comparatives

Substantial progress in sales and profits vs pre-pandemic period

Recovering unprecedented input cost inflation

Delivering operational efficiencies

## Powerful sustainability credentials

Underpinned by recycling operation

## Continuing to take market share

Significantly increased run rate on new fabricator account acquisitions

Strong new account pipeline

## Outlook in line with expectations

Customers reporting full order books and robust H2 trading

### Revenue

**£190.5m**

▲ 13% H1 2021

### Profit before tax

**£15.2m**

▲ 7% H1 2021

### Net debt (pre-IFRS 16)

**£15.0m**

▲ £4.0m December 2021

### Interim dividend

**3.5p per share (£3.9m)**

▲ 9% H1 2021

# Financial Highlights

## Good Financial Results

### Revenue

**£190.5m**

▲ 13% H1 2021: £168.1m

### Profit before tax

**£15.2m**

▲ 7% H1 2021: £14.2m

### Operating profit margin

**8.7%**

▼ 0.4% H1 2021: 9.1%, FY 2021: 8.5%

### Earnings per share

**11.2p**

▲ 13% H1 2021: 9.9p

### Interim dividend

**3.5p per share**

▲ 9% H1 2021: 3.2p per share

### Net debt (pre-IFRS 16)

**£15.0m**

▲ £4.0m December 2021: £11.0m

#### ▶ Good financial results against strong 2021 comparatives

- Substantial progress in sales and profits compared to the pre-pandemic period

#### ▶ Sales ▲ 13% vs H1 2021

- Sales up 40% vs H1 2019, with 3-year sales volume CAGR<sup>(1)</sup> of 11%

#### ▶ Profit before tax ▲ 7% vs H1 2021

- Profit before tax up 46% vs H1 2019
- Benefit of higher sales and improved operating efficiencies
- Successfully recovering unprecedented input cost inflation
- Overheads up 17% includes impact of inflation, as well as additional headcount / pay increases implemented in H2 2021 to secure required labour, plus impact of new branches

#### ▶ Earnings per share ▲ 13%

- Includes the benefit of a lower tax rate

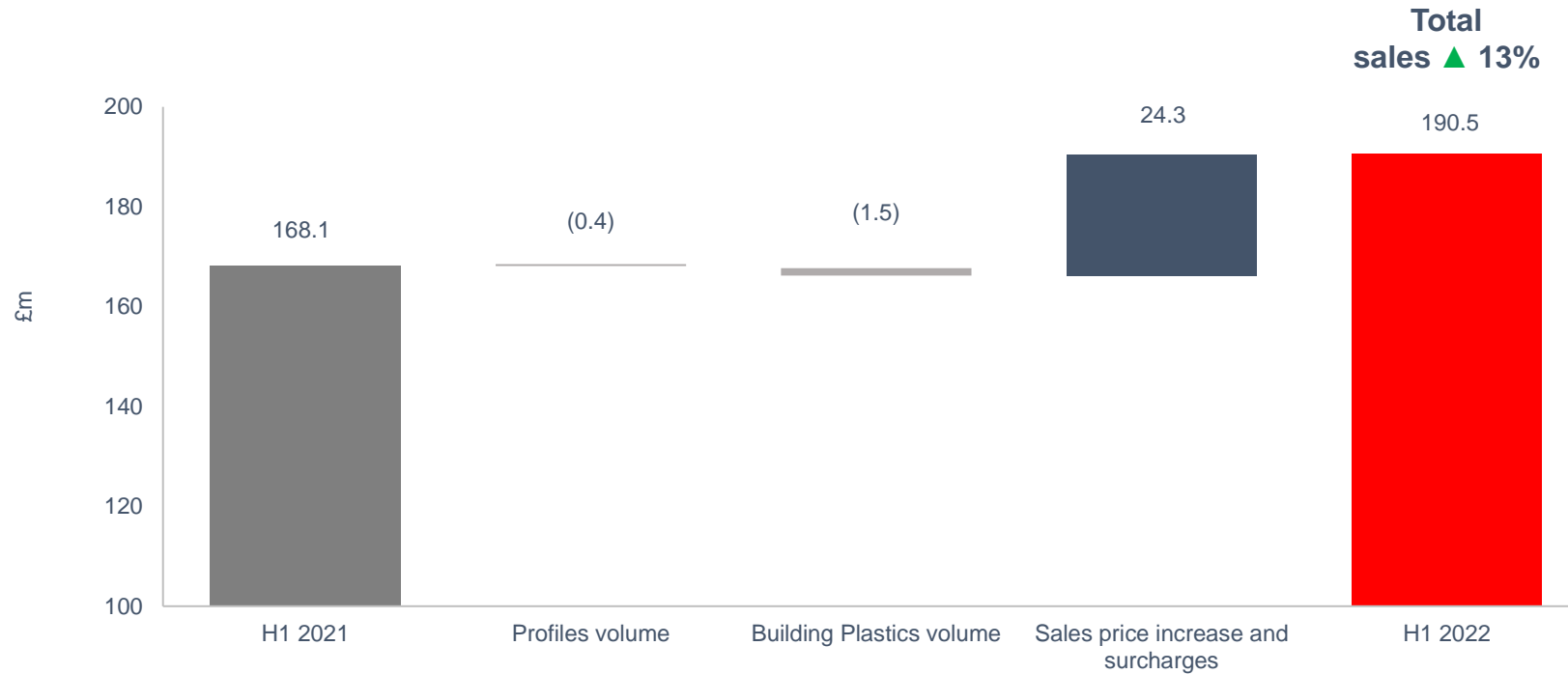
#### ▶ Interim dividend of 3.5p per share (£3.9m) ▲ 9%

#### ▶ Pre-IFRS 16 net debt ▲ £4.0m vs December 2021

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

# Sales

## Good Performance vs Strong 2021 Comparatives



### ► Sales ▲ 13% vs H1 2021

- Includes c.14% from selling price increases and surcharges
- Volumes kept pace with exceptionally strong comparative period
- Profiles ▲ 17%, with volumes flat
- Building Plastics ▲ 11%, with volumes down 1% (flat on a trading day basis)

### ► Sales ▲ 40% vs H1 2019

- Profiles ▲ 39% and Building Plastics ▲ 40%
- Substantial progress vs pre-pandemic period
- 3-year sales volume CAGR<sup>(1)</sup> of 11%

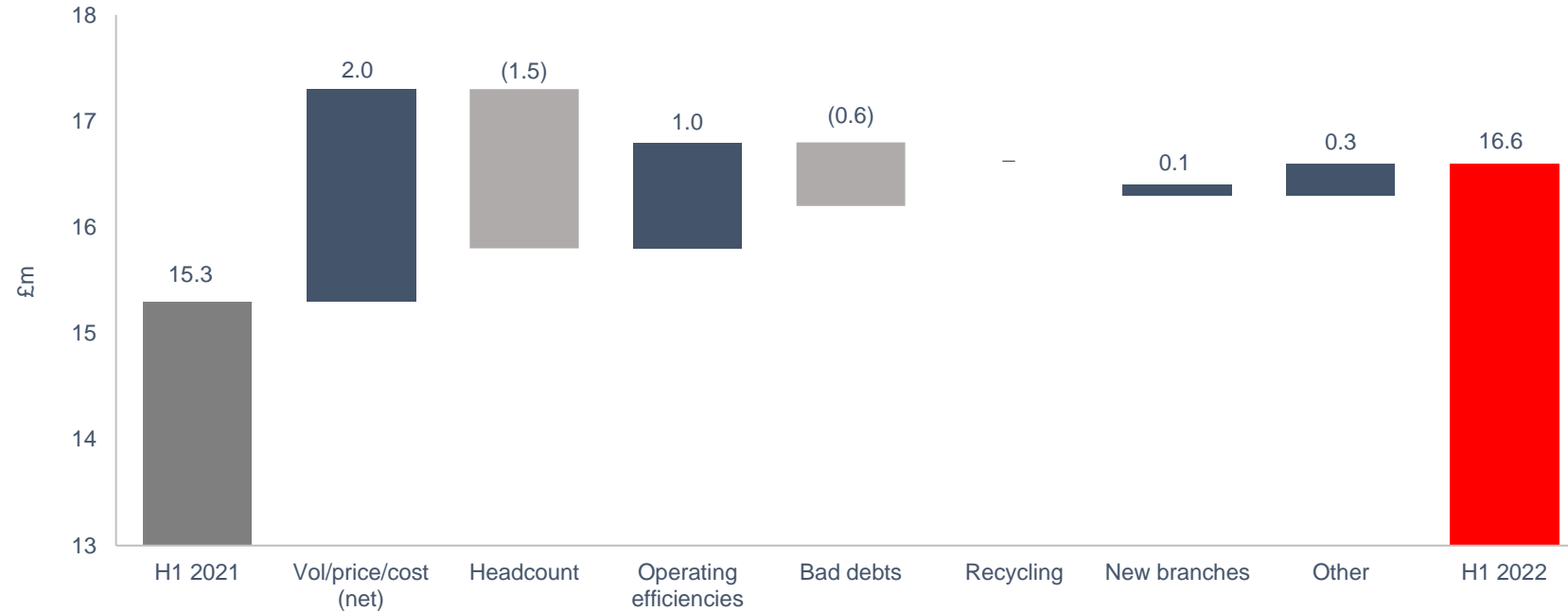
### ► Cyber incident occurred late July

- Temporary disruption, but now substantially resolved
- Operational throughout, with core systems restored promptly
- Trading normally from mid-August
- Expect cyber insurance to largely cover financial impact
- Built on recent investments to implement additional security

(1) Compounded annual growth rate

# Operating Profit

Good Performance vs Strong 2021 Comparatives



▶ **Operating profit ▲ 8% (£1.3m) vs H1 2021**

- Up 47% (£5.3m) vs H1 2019

▶ **Volume/price/cost (net)**

- Sales volumes flat (on a trading day basis)
- Selling price increases and surcharges recovering unprecedented input cost inflation, especially raw materials, energy, fuel and wages

▶ **Headcount – additions in H2 2021 to secure labour required to meet strong demand**

▶ **Operating efficiencies – benefit of recent investments in operating capacity**

▶ **Bad debts – credit of £0.5m in H1 2021 vs a charge of £0.1m in 2022**

▶ **Recycling – usage up to 28%, volumes flat vs H1 2021**

- Absolute gross margin benefit from 8.3kt used instead of virgin compound

▶ **New branches – 12 opened in 2021**

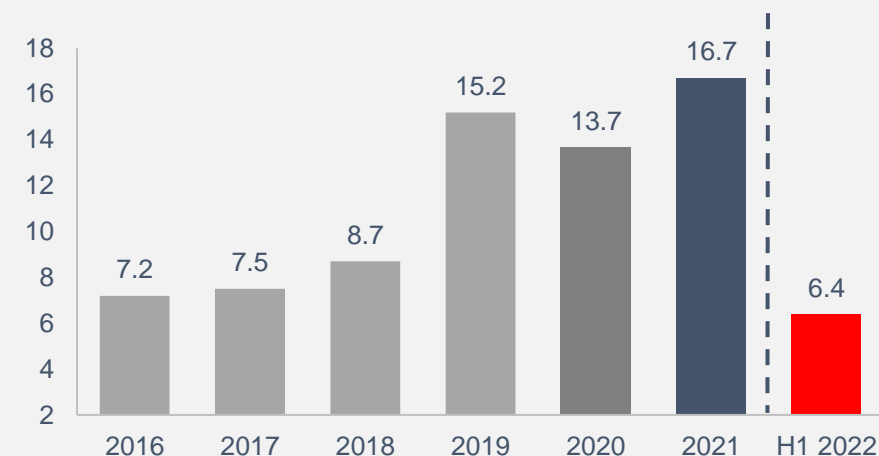
# Capex

## Investment in Operating Capacity

- ▶ **Recent investment in capacity to resolve operational constraints and facilitate further sales and market share growth**
- ▶ **H1 2022 capex £6.4m (H1 2021: £7.3m)**
  - Manufacturing capacity expansion c.£1.5m
  - Warehousing and logistics c.£1m
  - Improvements to IT infrastructure c.£1.5m
  - Other c.£2.4m – recycling, solar panels 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
  - Branch relocations and refurbishments £2m
  - Other £5m – warehousing, logistics, IT and maintenance capex
- ▶ **2022 focus on delivering improved operating efficiencies from new facilities**

<b>Manufacturing Expansion</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022<sup>(2)</sup></b>
Extruders (#)	51	59	59	64	69
Capacity at year end	49kt	60kt	60kt	66kt	71kt
Production	50kt	55kt	46kt	57kt	c.57kt

Total Capital Expenditure (£m)



Capital Expenditure Allocation (£m)

<b>Capex £m</b>	<b>2018<sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022<sup>(2)</sup></b>
Manufacturing capacity	3	5	-	7	6
Recycling capacity <sup>(1)</sup>	7	6	2	1	2
Warehousing capacity	-	-	8	2	1
Other (inc. maintenance capex)	4	4	4	7	6
<b>Total</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>15</b>

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

(2) Full year capex and production guidance

# Capital Allocation

Strong Balance Sheet



▶ **Capital investment to expand organic capacity**

- Manufacturing
- Logistics
- Recycling
- New branches
- IT

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

▶ **Disciplined approach to acquisitions**

- Clear strategic and financial criteria

▶ **Refinanced £75m unsecured sustainable RCF, matures in 2026**

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

- Pre-IFRS 16 basis

▶ **Consider supplementary distributions when appropriate**

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



# Outlook

Well Positioned with Proven Ability to Outperform in our Sectors

**Eurocell revenue**

**Private RMI**

**c.80%**

**New build**

**c.15% and increasing**

**Commercial**

**c.5%**

**Sector backdrop**

**Macroeconomic uncertainty**

- Opportunity to take further market share

**Robust new build market**

- Well positioned to benefit from Future Homes Standard

**Post-COVID recovery**

**Eurocell drivers of out-performance**

- ▶ **New accounts: 3-fold increase in value of Profiles account wins – 18 in H1 2022, starting in Q4 and a boost for 2023**
- ▶ **Strong new account pipeline**

## **Increasing share in Profiles**

- Leveraging major investments in operating capacity to deliver excellent customer service
- Leading fenestration industry response to Future Homes Standard
- Benefit of specifications salesforce to pull-through demand
- Extending strong relationships with large and medium-sized house builders now into regionals
- Large and professional Eurocell fabricators consolidating supply
- Vista increasing market share in doors

## **Increasing share in Building Plastics**

- New and maturing branches
- Redesigned conservatory and roofs proposition
- Range extension, including outdoor living products
- Improving standard and larger format stores
- New website and enhanced digital experience
- Increasing higher value project work
- Value-added services, including installer scheme

## **Improving operating efficiencies**

- Leveraging major investments in operating capacity to deliver efficiencies
- Benefit of securing the labour needed in H2 2021 to meet strong demand

## **Recovering input cost inflation**

- Dynamic approach to selling prices and surcharges

## **Uniquely differentiated on sustainability**

- Recycling drives major cost and carbon savings

# 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**
- ✓ **Investments now delivering improved returns**



# Financial Performance

## Group Income Statement

£m	H1 2021	H1 2022	Change
<b>Revenue</b>	<b>168.1</b>	<b>190.5</b>	<b>▲ 13%</b>
Gross profit	84.4	96.5	
<i>Gross margin %</i>	<i>50.2%</i>	<i>50.7%</i>	
Overheads	(58.3)	(68.0)	▲ 17%
IFRS 9 impairments	0.5	-	
<b>EBITDA</b>	<b>26.6</b>	<b>28.5</b>	<b>▲ 7%</b>
Depreciation and amortisation	(11.3)	(11.9)	
<b>Operating profit</b>	<b>15.3</b>	<b>16.6</b>	<b>▲ 8%</b>
Finance costs	(1.1)	(1.4)	
<b>Profit before tax</b>	<b>14.2</b>	<b>15.2</b>	<b>▲ 7%</b>
Taxation	(3.2)	(2.7)	
<b>Profit after tax</b>	<b>11.0</b>	<b>12.5</b>	<b>▲ 14%</b>
<b>Basic EPS (pence)</b>	<b>9.9</b>	<b>11.2</b>	<b>▲ 13%</b>
<b>Dividends per share (pence)</b>	<b>3.2</b>	<b>3.5</b>	<b>▲ 9%</b>



# Divisional Review

## Profiles – H1 2022 Performance

### ▶ Sales up 17% on H1 2021

- Volume kept pace with exceptionally strong 2021
  - Well ahead of pre-pandemic period
- Supported by backlog in planning permissions and desire for energy efficiency
  - Reflects house moves and hybrid working, partly funded by elevated consumer savings
- Good sales from new build
  - Supported by competitor fabricator weakness and Government initiatives
- Strong performance from Vista doors

### ▶ Effective action taken in response to continuing input cost inflation

- Dynamic approach to selling prices and surcharges
- Progressive forward energy hedging policy
- Benefit of recycling operation

### ▶ Improving operating efficiencies

- Benefit of recent investments in operating capacity
- Effective action in H2 2021 to address supply chain disruption and labour availability

### ▶ Operating profit up 5% on H1 2021

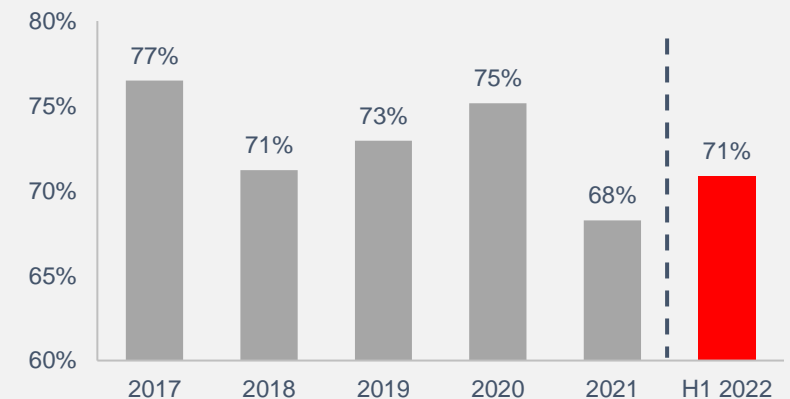
- Driven by higher sales and improving operating efficiencies

## Profiles Division P&L

£m	H1 2021	H1 2022	Change
3 <sup>rd</sup> party revenue	68.5	80.1	▲ 17%
Inter-segmental revenue <sup>(1)</sup>	35.9	37.9	▲ 6%
<b>Total revenue</b>	<b>104.4</b>	<b>118.0</b>	<b>▲ 13%</b>
<b>Operating profit</b>	<b>11.6</b>	<b>12.2</b>	<b>▲ 5%</b>

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

## Overall Equipment Effectiveness (OEE)<sup>(2)</sup>



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

# Divisional Review

## Building Plastics – H1 2022 Performance

### ► Sales up 11% on H1 2021

- Volume kept pace with exceptionally strong 2021
  - Well ahead of pre-pandemic period
- Greater emphasis on high value project work
  - Roof lanterns, conservatory roofs, windows and bi-fold doors
- Outdoor living range sales up 36% vs H1 2021
  - Decking, fencing and garden rooms

### ► Network expansion – now 219 branches

- 12 new sites added in 2021
- 6 new sites now commissioned, to be open by early 2023

### ► Operating profit up 8% on H1 2021

- Driven by higher sales, cost control and reducing time to break-even for new branches

#### Indicative Branch Economics (Rounded)

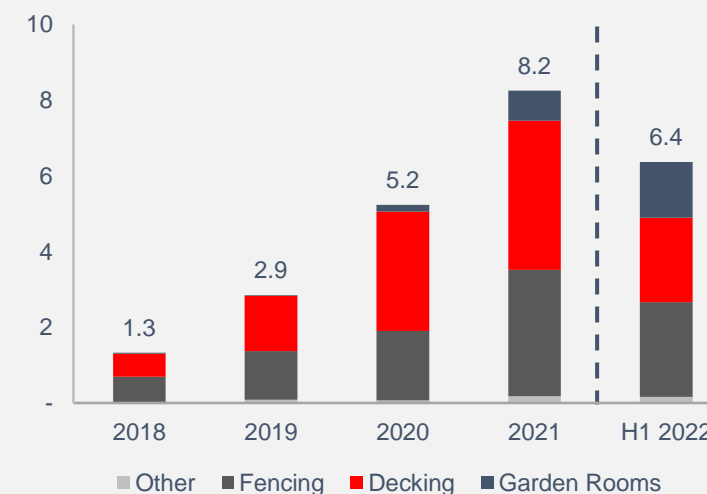
	Branches Opened		
	< 2 years	2-4 years	>4 years
No. of branches	12	12	195
Average sales per branch (£000)	440	690	940
Return on sales <sup>(1)</sup> per branch (%)	Small loss	Up to 10%	Mid-teen %

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

#### Building Plastics Division P&L

£m	H1 2021	H1 2022	Change
3 <sup>rd</sup> party revenue	99.6	110.4	▲ 11%
Inter-segmental revenue	0.7	0.1	▼ 86%
<b>Total revenue</b>	<b>100.3</b>	<b>110.5</b>	<b>▲ 10%</b>
<b>Operating profit</b>	<b>6.1</b>	<b>6.6</b>	<b>▲ 8%</b>

#### Outdoor Living Range Sales (£m)



# Working Capital

## Impact of Inflation

### ▶ Outflow from working capital £9.6m

- Significant impact of cost inflation, selling price increases and surcharges (net c.£8m)

### ▶ Stock days at 101 vs 95 at December 2021 and 72 at June 2021

- Stocks ▲ £10.1m since December 2021
  - Includes significant impact of resin and other raw material cost inflation on stock valuation (c.£6m)
  - Investment in stocks in H2 2021 in response to supply chain disruption
  - Volume of manufactured products flat in H1 2022
  - Volume of outdoor living products up c.£2m in H1 2022

### ▶ Debtor days at 36 vs 34 at June 2021

- Receivables ▲ £10.7m since December 2021
  - Impact of seasonality, price increases and surcharges
  - Good cash collection

### ▶ Creditors ▲ £11.2m since December 2021

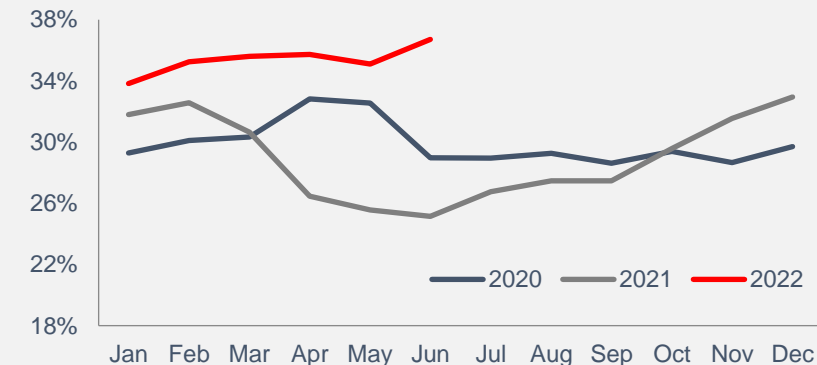
- Impact of seasonality and inflation

(1) Stock days / debtor days metrics exclude acquisitions

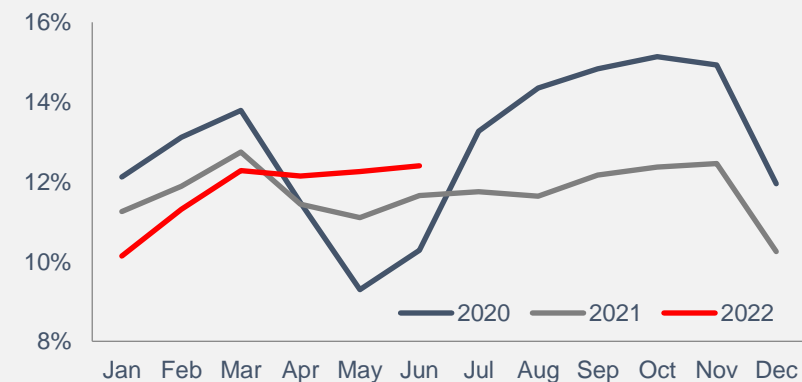
## Key Working Capital Metrics<sup>(1)</sup>

	Stock Days <sup>(1)</sup>	Debtor Days <sup>(1)</sup>
June 2021	72	34
December 2021	95	30
June 2022	101	36

## Inventory as a % of LTM Cost of Sales<sup>(1)</sup>

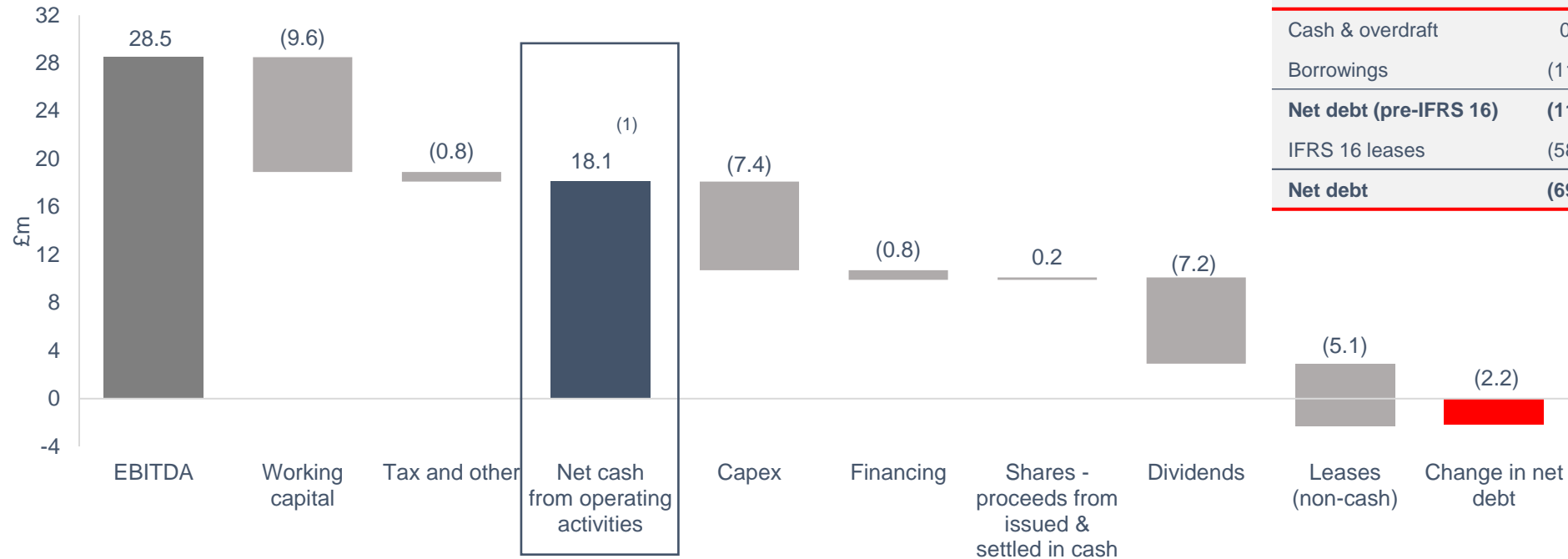


## Trade Receivables as a % of LTM Sales<sup>(1)</sup>



# Cash Flow

## Significant Headroom and Good Liquidity



### Net Debt Reconciliation

£m	Dec 2021	Jun 2022	Change
Cash & overdraft	0.7	6.3	5.6
Borrowings	(11.7)	(21.3)	(9.6)
<b>Net debt (pre-IFRS 16)</b>	<b>(11.0)</b>	<b>(15.0)</b>	<b>(4.0)</b>
IFRS 16 leases	(58.7)	(56.9)	1.8
<b>Net debt</b>	<b>(69.7)</b>	<b>(71.9)</b>	<b>(2.2)</b>

(1) Cash generated from operations of £19.8m less tax paid

### ▶ Outflow from working capital £9.6m

- Stocks ▲ £10.1m
- Receivables ▲ £10.7m
- Payables ▲ £11.2m

### ▶ Tax paid and other

- Tax payments £1.7m
- Provisions and share-based payments £0.9m

### ▶ IFRS 16 debt decreased by £1.8m

- Net impact of new branch leases and renewals, less cash payments on leases

### ▶ Financing £0.8m

- Finance costs £0.5m and accelerated amortisation of RCF costs on refinancing £0.3m

### ▶ Strong balance sheet and liquidity position

- Refinanced £75m unsecured revolving sustainable credit facility in May



# Financial Summary

Including Technical Guidance for 2022

## ▶ Good financial results against tough 2021 comparatives

- Strong price-driven sales growth
- Successfully recovering unprecedented input cost inflation via price increases and surcharges
- Recent investments in capacity now delivering improved operating efficiencies
- Operating profit up on 2021
- Substantial progress in sales and profits vs pre-pandemic period

## ▶ Strong balance sheet and liquidity

















## ▶ Looking forward

- Customers reporting full order books and robust H2 trading
- Continuing to take market share
- Outlook in line with expectations

Guidance stated post-IFRS 16	2021 Reported	2022 Guidance
<b>Underlying income statement</b>		
Depreciation and amortisation	£22.7m	c.£24m
Finance costs	£2.0m	c.£3m
Effective tax rate	22%	c.19%
<b>Balance sheet</b>		
Working capital	£19.4m outflow	c.£10m outflow
Capex	£16.7m	£15m









# Environmental and Social

## Targets and KPIs

	KPI	2020 Base	2021 Result	Target	Link to UN SDGs
<b>Environmental – circular economy</b>					
Recycled material used in production	% used	25%	27%	1% increase per year	
CO <sub>2</sub> saved by recycling operation	Tonnes saved	36kt	> 48kt	Year-on-year increase	
Waste recycled	% recycled	79%	82%	Year-on-year increase	
<b>Environmental – emissions and energy management</b>					
Greenhouse gas (GHG) emissions	GHG intensity ratio	70t CO <sub>2</sub> / £m sales	51t CO <sub>2</sub> / £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	
<b>Social</b>					
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	2020	2021	H1 2022
<b>Inputs – waste recycled</b>			
Post-consumer	27.0	40.5	18.0
Post-industrial	6.7	7.7	4.1
<b>Total</b>	<b>33.7</b>	<b>48.2</b>	<b>22.1</b>
<b>Outputs – recycled material produced</b>			
<b>Total</b>	<b>21.1</b>	<b>28.5</b>	<b>14.5</b>
<b>Usage</b>			
<b>Primary extrusion</b>	<b>12.4</b>	<b>16.8</b>	<b>8.3</b>
Products made from 100% recycled material	4.3	7.3	3.3
Sales to trade extruders	3.4	4.3	1.8
<b>Total</b>	<b>20.1</b>	<b>28.4</b>	<b>13.4</b>
<b>Recycled material % of total consumption</b>			
Primary extrusion total consumption	49.0	61.4	29.3
<b>Recycled material % of total consumption (%)</b>	<b>25%</b>	<b>27%</b>	<b>28%</b>

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

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

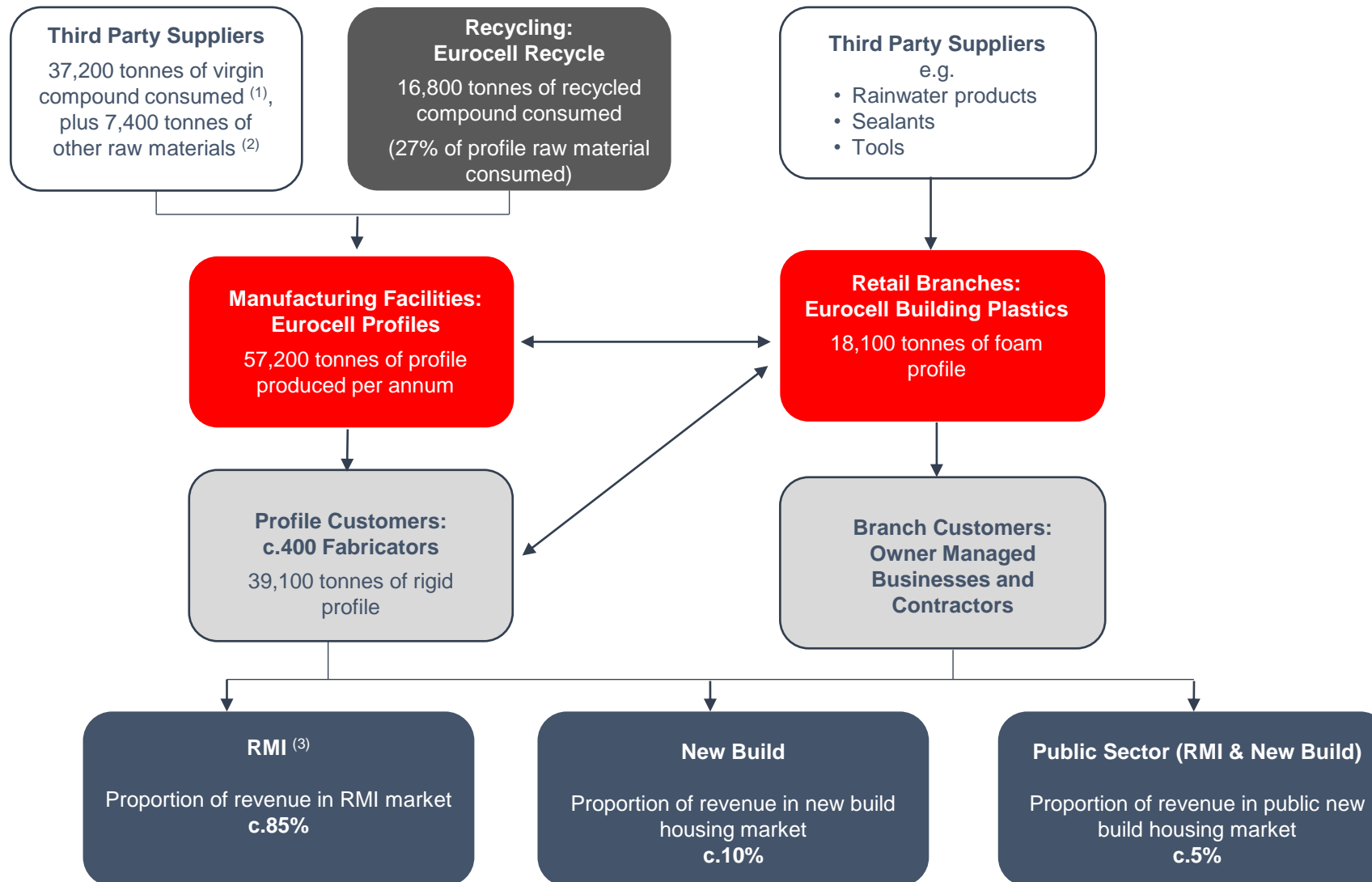
### ▶ **Significant economic benefit from recycling**

- 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

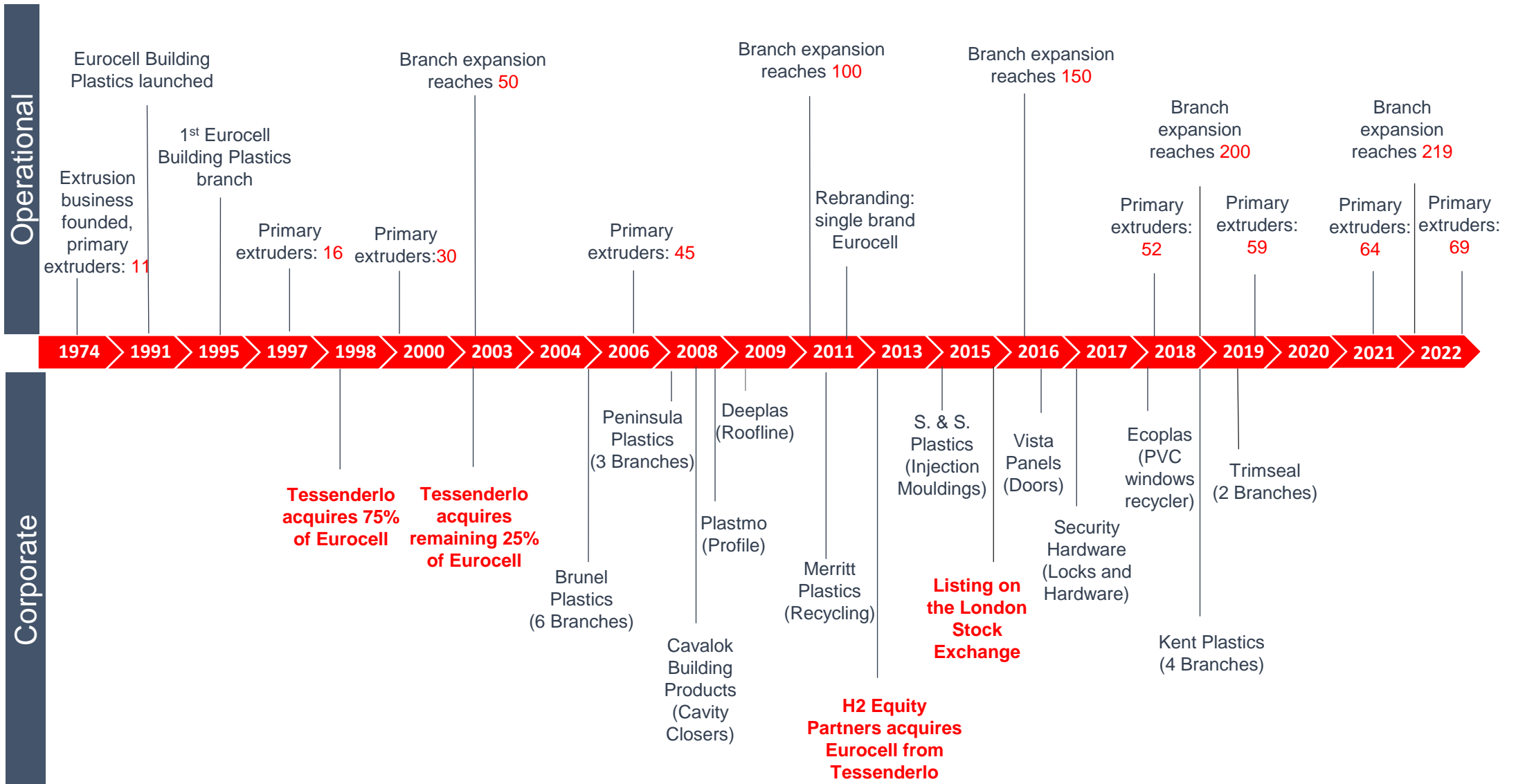
# Route to Market



(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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