

## OVERVIEW

# At a Glance

We operate our business through two divisions that reflect the principal routes to market for our products: Profiles and Building Plastics.

## PROFILES DIVISION

The Profiles division manufactures extruded rigid PVC profiles and foam PVC products. We make rigid and foam products using virgin PVC compound, the largest component of which is resin. Our rigid products also include recycled PVC compound, produced at our market leading recycling facility.

**Rigid PVC profiles** are sold to third-party fabricators, who produce windows, trims, cavity closer systems, patio doors and conservatories for their customers.

There are broadly four types of fabricator. Trade frame fabricators supply finished products to tradesmen or small retail outlets. New build fabricators supply and install the products they make for house builders. Commercial fabricators supply and install products used in applications such as office space and education facilities. Finally, retail fabricators make products for sale via their own retail operation, which may be a large national business, or a small company servicing the local community. Most of Eurocell's customers are trade frame fabricators, although new build is becoming increasingly important.

Fabricators have production facilities which are customised to the window or door system they make. As a result, fabricators predominately buy profiles from a single supplier, which in turn creates a stable and loyal customer base.

**Foam PVC products** are used for roofline and are supplied to customers through our nationwide branch network in the Building Plastics division (see opposite).

As such, all of our manufacturing margin is recorded within the Profiles division, which therefore also benefits from expansion of the branch network.

The Profiles division also includes S&S Plastics and Vista; businesses acquired in 2015 and 2016 respectively. S&S supplies plastic injection moulding products and services for use in windows and certain other markets. Vista manufactures composite and PVC entrance doors, which are sold to third parties either direct or via the Building Plastics division.

## OUR ROUTE TO MARKET

Our sales and distribution strategy is implemented through our cross functional sales and business development teams, which target the key decision makers in the supply chain. The key decision makers include fabricators, installers, developers, architects and local authorities. By influencing the influencers we earn the loyalty of our customers by helping them grow their businesses.

### RECYCLING Merritt Plastics

**8.3k tonnes<sup>3</sup>**

of recycled compound consumed  
(17% of profile raw material consumed)



### Third-party suppliers

35,000 tonnes<sup>3</sup> of virgin compound consumed<sup>1</sup>  
plus 6,000 tonnes<sup>3</sup> of other raw materials<sup>2</sup>

### MANUFACTURING Eurocell Profiles

**44k tonnes<sup>3</sup>**  
of profile produced



### DISTRIBUTION Eurocell Building Plastics

**14k tonnes<sup>3</sup>**  
of foam profile



Third-party suppliers – e.g. Rainwater · Sealants · Tools

Average number of employees in 2017

**1,496**

**190**

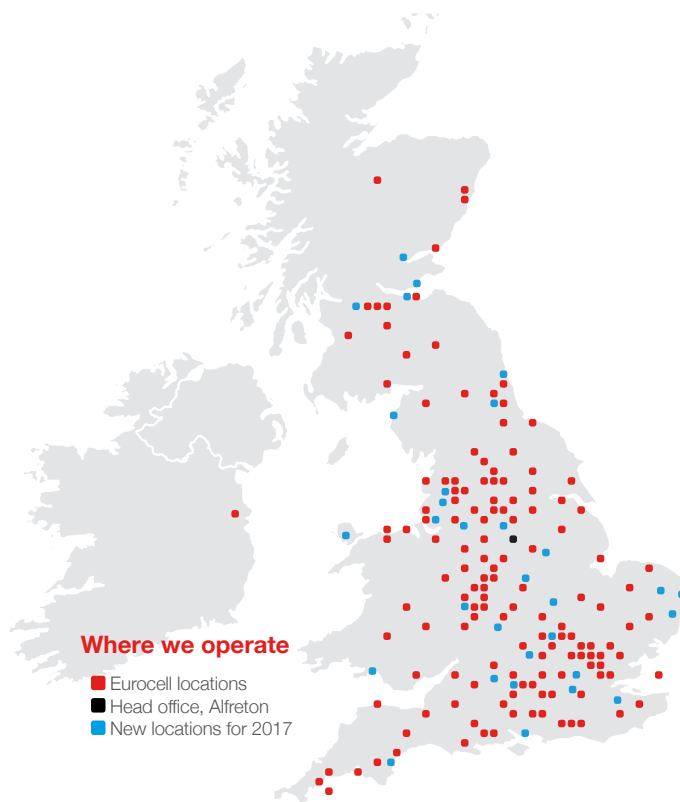
Branches

**BUILDING PLASTICS DIVISION**

The Building Plastics division distributes a range of Eurocell manufactured and branded foam PVC roofingline products and Vista doors, as well as third-party manufactured ancillary products. These include sealants, tools and rainwater products, as well as windows fabricated by third parties using products manufactured by the Profiles division.

Distribution is through our national network of 190 branches to installers, small and independent builders, house builders and nationwide maintenance companies. The branches also sell roofingline products to independent wholesalers.

The Building Plastics division also includes Security Hardware, acquired in February 2017. Security Hardware is a supplier of locks and hardware, primarily to the Repair, Maintenance and Improvements ('RMI') market.



Revenue total **£224.9m**

EBITDA total **£31.7m**



■ Profiles  
■ Building Plastics

■ Profiles  
■ Building Plastics

Owner managed businesses and contractors

Profile customers  
**350+**  
**fabricators**  
30k tonnes<sup>3</sup> of rigid profile

**RMI<sup>4</sup>**  
Proportion of revenue in RMI market **> 80%**

**NEW BUILD**  
Proportion of revenue in new build housing market **> 10%**

**PUBLIC SECTOR**  
Proportion of revenue in public new build housing market **< 5%**

See our Market Overview on page 6

(1) Virgin Resin: stabiliser, titanium dioxide, impact modifier, filler.  
 (2) Other raw materials: e.g. skin and rubber flex.  
 (3) Tonnages shown are approximate based on 2017 volumes.  
 (4) Repairs, Maintenance and Improvements.