

Investment Case

CLEAR STRATEGY:

Five clear strategic priorities

- Target growth in market share
- Expand our branch network
- Increase the use of recycled materials
- Develop innovative new products
- Explore potential bolt-on acquisitions

We made good progress with all our strategic priorities during 2017.



See Our Strategy on page 20

VERTICALLY INTEGRATED BUSINESS MODEL:

Recycling, manufacturing and own distribution network

We are a leading manufacturer of rigid and foam PVC profiles. Our recycling operation helps to lower material costs and improve production stability. Our branches are conveniently located, offering a wide range of products and providing excellent service to local customers and nationwide groups alike.



See Our Business Model on page 12

SUSTAINABLE OPERATION:

In-house, closed loop recycling facility

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



See Corporate Social Responsibility on page 30

LEADERSHIP:

Strong and experienced team

We have an effective Board and strong senior management team with the requisite and complementary skills, knowledge and experience to secure the future success of the business.



See Board of Directors on page 40

STRATEGIC REPORT

Chairman's Statement

Against a more challenging economic backdrop, we have reported robust financial results and delivered another consistent operational performance.



I am pleased to report we have made good progress with our strategic priorities in 2017 and that the business continues to outperform its markets."

Bob Lawson
Chairman



Adjusted EPS

20.4p

▲ 2% (2016: 20.0p)

EPS

19.6p

— (2016: 19.6p)

Total Dividends
(per share)**9.0p**

▲ 6% (2016: 8.5p)

Financial and Operating Performance

Our sales growth was good at +10% (+8% excluding acquisitions), with market share gains across the business. Profitability was solid, having been impacted by a subdued RMI market, especially in the second half, and higher raw material cost inflation.

As a result, we reported adjusted profit before tax of £24.5 million, up 1% on last year. Reported profit before tax of £23.7 million is down 0.7% on last year.

Cash conversion remains solid, with underlying operating cash flow of £28.8 million (2016: £32.2 million) driving a reduction in net debt to £14.5 million (31 December 2016: £20.3 million). We have a strong balance sheet which provides flexibility and options for the future.

In February 2017, we completed the acquisition of Security Hardware Limited, a supplier of locks and hardware primarily to the RMI market, with annual sales of approximately £3 million. The integration is now substantially complete.

Strategy

In January 2018, building on the work done in 2017, we conducted a review of the Company's strategy and the fundamental elements of our markets and activities. At the conclusion of this process, we reaffirmed that our overall objective remains to deliver sustainable growth in Shareholder value by increasing sales and profits at above our market level growth rates.

We have five clear strategic priorities to help us achieve our overall objective:

- Target growth in market share.
- Expand our branch network.
- Increase the use of recycled materials.
- Develop innovative new products.
- Explore potential bolt-on acquisitions.

We made good progress with each of these priorities during 2017, with the key aspects of our performance described in the Chief Executive's Review and in Our Strategy.

Looking forward, we will continue to develop each of these areas. We expect the significant investments now made in our specifications teams and in expanding the branch network will deliver further gains in market share. In addition, in response to continued raw material cost inflation, we intend to place more emphasis on increasing the use of recycled materials in our manufacturing processes.

Governance

As a Board, we are committed to promoting the highest standards of corporate governance and ensuring effective communication with Shareholders. We continue to comply with the UK Corporate Governance Code as outlined in our Corporate Governance Statement on pages 43 to 45.

Dividends

We paid an interim dividend of 3.0 pence per share. The Board proposes a final dividend of 6.0 pence per share, resulting in total dividends for the year of 9.0 pence, representing growth of 6%.

People

The good progress and robust financial results we reported in 2017 are a direct result of the hard work and dedication of our teams in every part of our business. On your behalf and on behalf of the Board, I offer our sincere thanks.

Bob Lawson
Chairman

8 March 2018