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In 2018 we made good progress with our key strategic priorities. In particular, we continued to take market share in all areas of the business, and in so doing we believe we became the largest supplier of rigid PVC profile to the UK market. The acquisition of Ecoplas represents a major step forward in our plans to place recycling at the heart of our operation and enhance the sustainability of our business.

Financial and Operating Performance

We delivered strong sales growth across the Group, with revenue up 13% on last year (12% excluding acquisitions).

However, the combination of strong sales growth and larger than expected mix changes resulted in volumes above the immediately available manufacturing capacity. This impacted negatively on the efficiency of our manufacturing operations, leading to increased costs, and on customer service, thereby delaying our ability to recover input cost inflation with selling price increases.

As a result, despite strong sales growth, we delivered adjusted EBITDA of £30.3 million, down 4% on last year. Reported profit before tax of £22.1 million was down 7%. We have already taken action to address these matters, with more to follow in 2019.

Cash conversion was impacted by investment in working capital to support growth and a stock build programme to help mitigate the risk of disruption from Brexit. Operating cash flow was £21.7 million (2017: £28.3 million).

We completed two acquisitions in 2018 for total initial consideration of approximately £8 million. Ecoplas, a recycler of PVC windows, provides the foundation to continue increasing the use of recycled materials in our manufacturing operations. Kent Building Plastics, a distributor with 4 branches in the south-west, presents an opportunity to expand our presence in that important region. I am delighted to welcome both companies to the Group.

In December, we were pleased to execute a refinancing of our banking arrangements, with a new revolving credit facility of £60 million (up from £45 million). Net debt at year end was £23.5 million (31 December 2017: £14.5 million). We have a strong balance sheet which provides flexibility and options for the future.

Strategy

In January 2019, we conducted our annual 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 (set out opposite). We made good progress with each of these priorities during 2018, with the key aspects of our performance described in the Chief Executive's Review.

Looking forward, whilst we will continue to develop these areas, our primary focus in 2019 will be on self-help initiatives to support delivery of our near-term profit targets. This includes further capital investment to expand the capacity of our extrusion and recycling plants and to improve manufacturing efficiency, as well as implementing selling price increases to recover cost inflation.

Board Changes

Patrick Kalverboer has advised of his intention to step down from the Board at the upcoming AGM. I would like to thank Patrick for his enormous contribution to the Group over the last five years, particularly for the important role he played in our successful IPO in 2015 and subsequently in shaping the strategy of the business.

I was delighted to welcome Sucheta Govil to the Board in October. Her wealth of commercial and marketing experience from a wide range of companies and industries will provide real value as we continue to progress our strategic priorities.

INVESTMENT CASE

CLEAR STRATEGY

Five clear strategic priorities

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

We made good progress with all our strategic priorities during 2018.

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COMPELLING BUSINESS MODEL

Recycling, manufacturing and own distribution network

We are a leading manufacturer of rigid and foam PVC profiles. Our branches are conveniently located, offering a wide range of products and providing excellent service to local customers and nationwide groups alike.

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STRONG ON SUSTAINABILITY

In-house, closed loop recycling facility

We are the leading UK recycler of PVC windows.

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.

Recycling helps to lower material costs and improve product and business sustainability.

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EXPERIENCED LEADERSHIP

Strong and experienced team

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

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I am comfortable that the composition of the Board provides an appropriate balance of skills, experience, independence and knowledge to take the business through the next stages of its development.

Governance

As a Board, we are committed to 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 45 to 47.

Dividends

We paid an interim dividend of 3.1 pence per share. The Board proposes a final dividend of 6.2 pence per share, resulting in total dividends for the year of 9.3 pence per share, representing growth of 3%.

People

The progress we have made in 2018 is a direct result of the hard work and dedication of our teams in every part of our business. On behalf of shareholders and of the Board, I offer our sincere thanks.

Bob Lawson

Chairman
14 March 2019