

Market Overview

Mixed market drivers

STRONGER EUROCELL DRIVERS

The level of UK economic activity, in particular the state of the repair, maintenance and improvement ('RMI') and new-build housing markets, are important drivers of our performance.

EUROCELL MARKETS AND DRIVERS

Private RMI (c.85% Eurocell revenue)

Generally mixed market drivers:

- **Renovation activity, stimulated by:**
 - In H2 2020 – impact of COVID and desire to improve / extend homes drove a strong RMI market
 - More generally – pension draw down and consumer desire for maintenance free property
 - Or change of family circumstances

- **Consumer confidence / uncertainty**

- Unclear how COVID impact will develop in 2021
- Potential for significant level of redundancies
- Brexit risk and other macro factors

Generally stronger Eurocell drivers:

- **Increase propositions in EBP**
 - New larger format stores
 - Maturing branches
 - Conservatory roof development
 - Outdoor living products
 - Retail proposition
- **Sales of windows through branches**
- **Strong market and competitive position with trade fabricators serving the RMI market in Profiles**

New build (c.10% Eurocell revenue)

Generally mixed market drivers:

- In H2 2020 – high levels of mortgage approvals
- Help to Buy continues to support demand, but restricted to first time buyers from 2021
- Large builders maintaining conversions
- Long term shortage of housing may attract government intervention to boost volumes
- Public sector: Right to Buy enables housing tenants to buy their homes at a discount
- COVID stamp duty holiday ends March 2021
- Macro – affordability remains a key issue

Generally stronger Eurocell drivers:

- Continue to benefit from differentiated specifications
- Strong market and competitive position with new build fabricators
- Low cost fabricators leaving market and work being taken by Eurocell fabricators
- Growth of Cavalok cavity closer product (65% share) driving contact with house builders
- Vista increasing market share of doors

Commercial (c.5% Eurocell revenue)

Generally mixed market drivers:

- Slow to return post COVID in H2 2020
- Continued hesitancy caused by delays to funding release from government

Generally stronger Eurocell drivers:

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

Despite generally mixed signals and a significant level of uncertainty over how markets will develop in 2021, we have good potential to outperform – capitalising on our strong market positions and clear strategy.

EXTERNAL MARKET DATA

GDP

↑ After an estimated fall of 10% in 2020, real UK GDP is forecast to grow by 5% in 2021.

Interest rates

— UK interest rates remain at all time low of 0.1%.

Construction

↑ Total construction activity was down 14% in 2020, but is forecast to recover and grow by 14% in 2021 and 5% in 2022 (i.e. 2021 is forecast to be 2% down on 2019).

Housing market

↑ Total activity housing was down 20% in 2020, but is forecast to recover and grow by 15% in 2021 and 7% in 2022 (i.e. 2021 is forecast to be 7% down on 2019).

↑ The private housing RMI1 market was down 12% in 2020, but is forecast to recover and grow by 10% in 2021 and 3% in 2022 (i.e. 2021 is forecast to be 3% down on 2019).

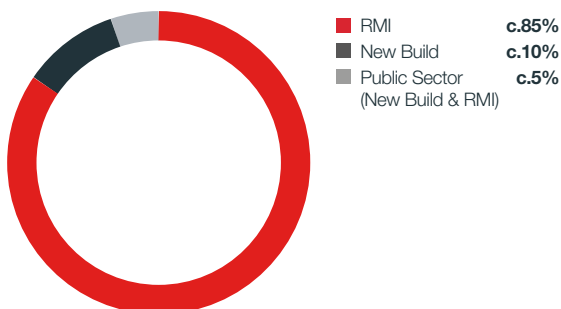
Sources: Bank of England forecasts for the UK economy (published February 2021), Construction Industry Forecasts 2020-22 (published January 2021).

Key to potential impact on demand for Eurocell products:

↑ Positive — Neutral ↓ Negative

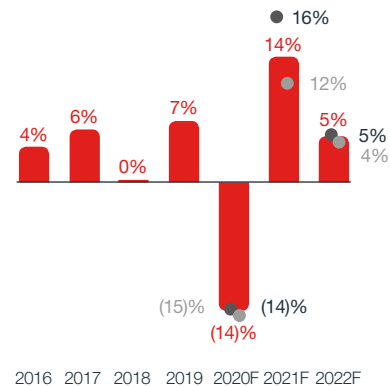
Eurocell Revenue by Market (%)

Private home improvement and, increasingly, new build housing are currently the most important market segments for Eurocell.

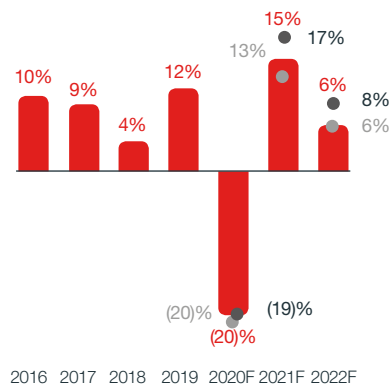


CPA Construction Industry Forecasts (2020-2022)

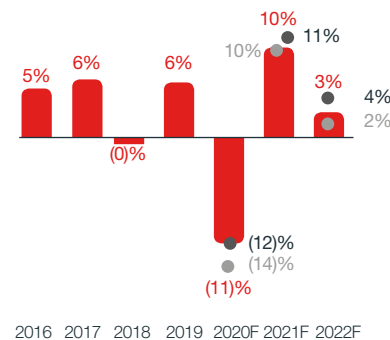
Total construction output growth



Total housing growth



Private housing RMI growth



■ Central scenario
■ Upper scenario
■ Lower scenario