

Our Strategy

We have seven key STRATEGIC PRIORITIES

Our overall objective is to deliver sustainable growth in shareholder value by increasing sales and profits at above market growth rates through leadership in products, operations, sales, marketing and distribution.

Strategic priority	2020 progress
 <p>Target growth in market share Increase market share of rigid PVC profiles to drive sales and profit growth in Profiles.</p>	<ul style="list-style-type: none"> • Profiles like-for-like sales growth of 11% in H2. • H2 growth driven by existing and new accounts and strong contribution from Vista Panels. • 14 new accounts (following 60 in 3 years 2017-19). • H2 growth includes good contributions from trade fabricators. • New build and commercial markets began H2 slowly, but run rates started to improve from September.
 <p>Expand our branch network Investment in existing estate and new branches to increase market share of foam PVC profiles, and drive sales and profit growth in Building Plastics.</p>	<ul style="list-style-type: none"> • Building Plastics like-for-like sales growth of 19% in H2. • H2 growth driven by strong performance in manufactured and traded goods and an excellent start for new outdoor living range. • 4 new sites opened, including 3 larger format branches. • Total estate at 208 branches at 31 December 2020, with 67 (net) new branches opened from 2015.
 <p>Increase the use of recycled materials Increased use of recycled material to help mitigate raw material pricing pressure, as well as enhance the stability and reduce the carbon footprint of our manufactured products.</p>	<ul style="list-style-type: none"> • Continued investment to expand capacity and improve reliability in both recycling plants, with capex of £1.5 million (2019: c.£5.7 million). • Increased use of recycled material for primary extrusion in 2020 to 25% of consumption 12.4k tonnes (2019: 23% or 13.4k tonnes). • Further 8.7k tonnes produced for use in extrusion of products with 100% recycled content, or sold to trade extruders (2019: 11.5k tonnes).
 <p>Develop innovative new products Maintain market leadership by offering the latest in product innovation.</p>	<ul style="list-style-type: none"> • Development and introduction of: <ul style="list-style-type: none"> – Flush sash for Logik range. – Through-colour grey substrate profile. – New sliding patio door system (Synco). – New tiled roofing products (“Envirotile”). – Full height glazing panels for Equinox Roof Systems (“Equinox Vega”). – Outdoor living range extension, including Kyube garden room. – Aluminium powder-coated rafter top caps (“Skypod Plus”). – Aspect flush French and residential doors.
 <p>Explore potential bolt-on acquisitions Consider acquisition opportunities when they arise.</p>	<ul style="list-style-type: none"> • We have completed 6 acquisitions in the period since our IPO in 2015 • However, our principal focus for 2020 was on progressing the project to expand our warehousing capacity. • We also made good progress with the integration and expansion of Eurocell Recycle North.
 <p>Deliver sustained operational excellence Optimise returns on recent investment in manufacturing and warehousing capacity to enhance profits and return on sales.</p>	<ul style="list-style-type: none"> • Began to optimise operational footprint and supply chain to support growth: <ul style="list-style-type: none"> – Project to fit our new warehouse remains on track, with major milestone reached in January 2021, as commercial operations began from the new site. • Began improving operational capability: <ul style="list-style-type: none"> – Developed KPI suite aligned to strategy and objectives. – Implemented standard operating system across all operational sites. – Visual factory enhancements to empower employees. – Improved factory OEE¹ and customer OTIF² levels through H2 peak period.
 <p>Develop a sector-leading digital proposition Develop end-to-end digital solutions to enable our strategic priorities and improve the supplier, customer and employee experience.</p>	<ul style="list-style-type: none"> • Recruitment of new Director of IT. • Developed IT road map. • Approved investment in people and technology to progress road map.

1 OEE is overall equipment effectiveness, a KPI measuring our manufacturing efficiency which takes into account machine availability, performance and yield.

2 OTIF is on time in full, a KPI measuring the efficiency and accuracy of our logistics and delivery operation. Estimate 2020 OTIF at > 90% excluding the impact of COVID.

Over the last 5 years, we have targeted five strategic priorities to deliver this objective and we have made good progress against each of them. Early in 2021 we conducted a review of the Group's strategy, our markets and activities. We decided that, whilst the five existing priorities remain relevant, we would refine one of them and introduce two new priorities, making seven in all.

It is therefore our intention in 2021 to develop our existing strategic priority to increase the use of recycled material, into a 'sustainability strategy' for the whole business. We will also introduce new strategic priorities to 'deliver sustained operational excellence' and 'develop a sector-leading digital proposition'. The seven priorities are summarised below:

KPIs

2021 focus

<p>Estimated market share in Profiles:</p> <p>c.17% (2015: c.12%)</p>	<ul style="list-style-type: none"> • Exploit compelling case for trade fabricators to switch to Eurocell, with clear points of differentiation through specification, service, opportunities to supply branch network and product range / development. • Extend market share gains in new build through continued development of technical specifications with housebuilders, and a focus on sustainability with our use of recycled material. • Continue to target commercial sector projects, where energy efficiency and lower cost underpin a strong case for using PVC over aluminium in sub-sectors such as build-to-rent, and education.
<p>Estimated market share in Building Plastics (foam PVC profiles):</p> <p>c.24% (2015: c.20%)</p>	<ul style="list-style-type: none"> • Continuous improvement in existing estate focused on: <ul style="list-style-type: none"> – Customers: up-selling, cross-selling, target lapsed accounts, margin control. – Trading: promotional activities, focus on bottom 20 performing branches. – Products: improving conversion rates for high value items, and range extension, particularly conservatory roof development and outdoor living products. • Up to 12 new sites, of which up to 6 will be larger format. • Continue to reduce time to break-even for new branches. • Continue trial for sector-leading consumer on-line window and door proposition.
<p>Total tonnes of waste processed in the recycling plants:</p> <p>33.7k (2019: 41.3k)</p>	<ul style="list-style-type: none"> • Maximise throughput and operational efficiency / reliability at both recycling sites to support business sustainability and growth. • Develop the recycling priority into a sustainability strategy for the whole business. <ul style="list-style-type: none"> – Define long-term sustainability objectives, linked to the relevant UN Sustainable Development Goals and the UK Government's transition towards a net zero carbon economy, along with an implementation plan and appropriate KPIs against which to measure progress.
<p>Product ranges launched:</p> <p>12</p>	<ul style="list-style-type: none"> • Development and introduction of (amongst others): <ul style="list-style-type: none"> – Vertical slider enhancements. – Stronger window profile to facilitate extended thresholds. – New composite door system. – Further extension to outdoor living range (e.g. pergolas, gazebos and fencing). • Other enhancements to existing products (e.g. Skypod and Envirotile) and complementary new product offerings.
<p>No acquisitions completed in 2020</p>	<ul style="list-style-type: none"> • Our principal focus for 2021 will be delivering operating efficiencies from recent investments in manufacturing and warehousing capacity. • However, we will continue to assess and consider bolt-on acquisition opportunities in the markets in which we operate over the medium-term.
<p>OEE¹:</p> <p>75% (2019: 73%)</p> <p>OTIF²:</p> <p>88% (2019: 89%)</p>	<ul style="list-style-type: none"> • Operational footprint: <ul style="list-style-type: none"> – Complete transition to new warehouse in Q2. – Begin conversion of the existing warehouse to a specialist manufacturing site for foiling and conservatory roofs. • Continued improvement in operational capability.
<p>KPIs to be developed in 2021</p>	<ul style="list-style-type: none"> • Progress prioritised road map projects: <ul style="list-style-type: none"> – Data: improve Product Information Management (PIM). – Digital: consolidate and develop website and ecommerce platforms. – Customer Relationship Management (CRM): consolidate to one view of the customer. – Enterprise Resource Planning (ERP): leverage new and improved functionality to provide access to real time analytics, support process improvement and operational efficiency. – HR: investment in employee management systems and improved employee communication platform.