

MARKET OVERVIEW

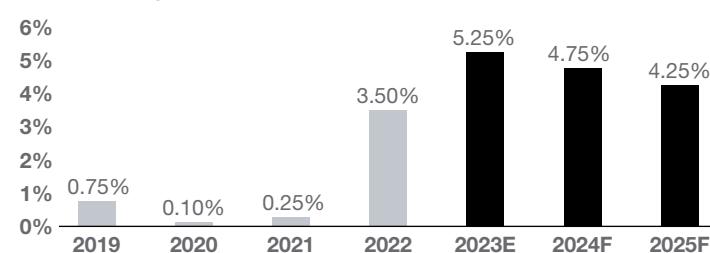
Well-positioned for when markets *recover*

Whilst current market conditions are challenging, we believe we have good potential to outperform market forecasts over the medium term, capitalising on our strong market position and clear new strategy to drive organic growth through the transformation of the Branch Network and other commercial initiatives.

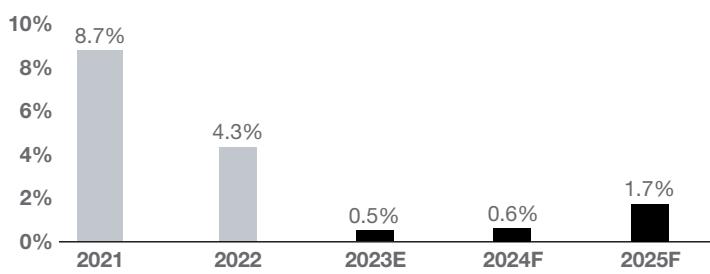
UK economic forecasts

GDP and interest rate trends are expected to be slightly positive over the next two years.

Bank of England base rates (at 31 December)¹

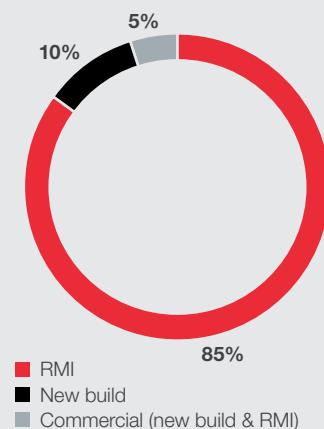


GDP growth¹



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 market by revenue %



CPA Construction Industry Forecasts (2023-25)

The market growth estimates of the Construction Products Association ('CPA'), provide informative baseline indicators of the markets we operate in. The data and graphs on the following pages summarise the CPA forecasts published in January 2024 for our key markets, together with a summary of the current drivers in these markets and our response.

¹ Source: CPA Construction Industry Forecasts (central scenario – published January 2024).

Private RMI**c.85%****Proportion of Eurocell revenue****CPA market growth projections and their rationale**

Private housing RMI output is now forecast to fall by 4% in 2024 after the double-digit fall last year. This is a revision downwards as some of the anticipated fall in property transactions, which leads to lower RMI activity within 6-9 months, is expected to now feed through in H1 2024. In 2025, with lower interest rates, stronger economic growth and a growing housing market, growth of 3% is expected.

Market drivers**• Improve vs move**

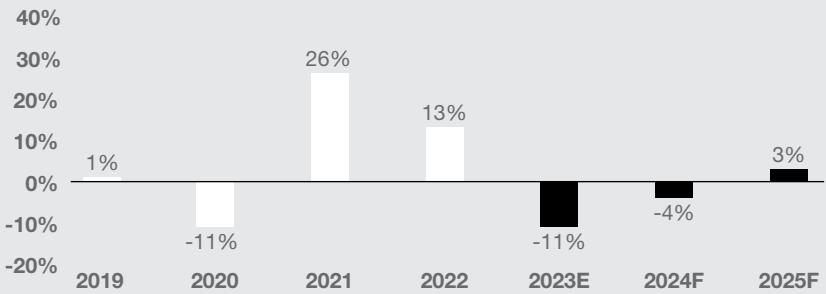
Property prices, housing supply and moving costs affect whether homeowners improve their homes rather than move. The UK's ageing housing stock should also drive RMI demand

• Disposable income

Inflation, real wage growth and mortgage interest rates affect disposable income for repairs and maintenance

• Consumer confidence

Macroeconomic factors, including unemployment levels, influence consumers' appetite for large discretionary spend

Private RMI growth¹**Focus on the home**

Although moderated from post-pandemic highs, the focus on improving living spaces, and developing home offices, drives demand for conservatories, garden rooms and simple extensions

Ageing population

The desire for maintenance-free properties, coupled with tradesman availability, influences the demand for uPVC, rather than wood, products.

Our response

- Optimise our branch network through a programme of estate transformation, including new branches and relocations, supported by enhanced site-selection methodology
- Develop our customer offering for the Branch Network, including increased sales of windows and doors

- Become the homeowner's choice for extended living spaces through products such as garden rooms, extensions and roof lanterns, supported by our Select installer scheme
- Leverage our new website, plus increased investment in digital technology to drive incremental e-commerce sales, generate homeowner leads, attract new trade accounts and drive traffic to our branch network
- Protect our Profiles trade fabricator business and maintain our value-added service propositions that support our customers
- Customer-centric approach to new product development
- Build a reputation within the industry that creates loyal trade fabricator partner advocates.

New Build**c.10%****Proportion of Eurocell revenue****CPA market growth projections and their rationale**

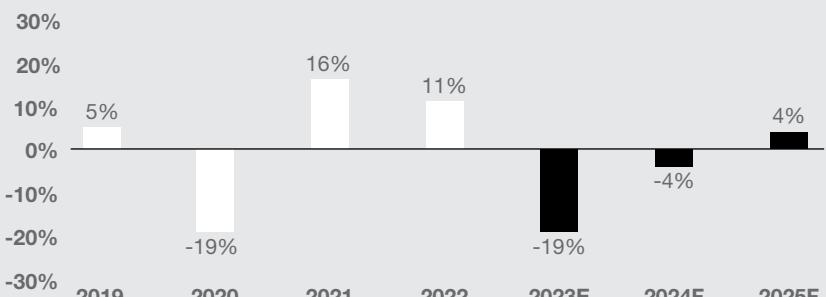
The forecast for private housing in 2024 has been revised downwards slightly as house builders adjust to the short-term decline in housing demand that appears to have now hit its nadir. After a recovery in mortgage approvals, property transactions and house price growth during 2025, both starts and completions are likely to recover but the rate of recovery will heavily depend on not only mortgage rates but also policymaker stimulus.

Market drivers**• Housing supply**

Structural deficit in new house building, compared to government targets

• Government incentives

Ongoing shortage of housing may attract government intervention or incentives, especially with a UK general election due in 2024

New Build growth¹**Housebuilders' plots**

Housebuilders have a strong pipeline of plot builds but uncertainty exists regarding starts/completions/targets

Homeowner demand

Although suppressed by increased mortgage rates, rising rental costs and the enduring desire to own your own home drive home ownership

Buyer incentives

'Share ownership' schemes, although subject to eligibility, and 'Right to Buy' schemes in the public sector, make home ownership more affordable and accessible.

Our response

- Protect our Profiles new build fabricator business and maintain the value-added service propositions that support our customers
- Leverage our strong proposition with national housebuilders in the regional new build market
- Provide a fit-for-purpose solution to address the Future Homes Standard regulations
- Continue proactive engagement with our customer base regarding sustainable product development
- Provide a sector-leading technical support service
- Leverage our ESG credentials, including our market-leading recycling operations.