2 August 2017

EUROCELL PLC (Symbol: ECEL)

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

A good first half – gaining share in a flat RMI market

Eurocell plc is a market leading, vertically integrated UK manufacturer, distributor and recycler of innovative window, door and roofline PVC products

	H1 2017	H1 2016	Change
Key financial performance measures			
Revenue (£ million)	108.1	97.2	11%
Gross margin %	51.4%	52.1%	(0.7%)
Adjusted EBITDA (£ million) (1) (4)	14.9	14.2	5%
Adjusted profit before tax (£ million) (2)	11.3	10.7	6%
Adjusted basic earnings per share (pence) (3)	9.4	8.7	8%
Interim dividend per share (pence)	3.0	2.8	7%
Net debt (£ million) (5)	20.8	31.3	(£10.5m)
Other statutory accounting measures			
Profit before tax (£ million)	10.8	10.3	5%
Basic earnings per share (pence)	8.9	8.4	6%

Financial Highlights

- Good sales growth of 9% (excluding acquisitions)
- Gross margin reduction reflects the impact of raw material price inflation
- Robust cash flow and net debt performance, despite significant investment in business expansion

Operational Highlights

- On track to open 30 new branches this year, with 15 new sites in H1 2017
- Initiatives driving strong growth in private sector new build business
- Increased use of recycled material in manufactured products to 15% (H1 2016: 13%)

Mark Kelly, Chief Executive of Eurocell plc said:

“Eurocell has enjoyed a good first half, gaining share in a flat RMI market. We reported robust financial results, delivered another consistent operational performance and continued to invest in the growth of our business.

We are implementing selling price increases to mitigate raw material pricing pressure where possible, but the market does lag supplier price rises. We continue to manage underlying operating costs tightly, whilst progressing further our strategic priorities.

As a result, despite some signs of market hesitancy, our expectations for the full year remain unchanged. We believe that our proven strategy and capabilities will enable Eurocell to deliver value to our customers and shareholders throughout the remainder of 2017 and beyond.”

NOTES FOR ANALYSTS AND EDITORS

Financial Review

- Revenue growth of 9% (excluding acquisitions) includes:
  - Underlying(6) sales growth of 6%
    - Profiles division organic sales growth of 6%
    - Building Plastics division like for like(7) sales growth of 6%
  - Sales from branches opened in 2016 and 2017 of £2.3 million
- Gross margin 51.4% (H1 2016: 52.1%)
  - Raw material price pressure, including resin prices up 11% in 2017 (17% in the last 12 months)
  - Larger fabricators growing strongly, taking a greater share of the available volume mix
- Operating costs include the impact of acquisitions and investment in new branches
  - Underlying(6) operating cost increase of 4%
- Tax rate on adjusted profit before tax of 17.2% includes the benefit of Patent Box(8) relief
- Capital investment of £3.6 million (H1 2016: £2.7 million)
- Interim dividend of 3.0 pence per share (H1 2016: 2.8 pence per share) up 7%

Business Review

- Building customer prospect pipeline in the Profiles division
  - Moving a number of new trade fabricators on to Eurocell systems in H2
- Increased sales of windows through branches to £3.8 million (H1 2016: £3.3 million)
  - Implementing configuration software across the branch network, with common pricing and specifications
- Warehouse operations back in-house from February 2017 to enhance customer service
  - Improved on-time in-full deliveries to 96% (full year 2016: 91%)
- Security Hardware acquired in February 2017 for consideration of £1.3 million
  - Supplier of locks, hardware and spares to the RMI market, with annual sales of £3 million
  - Developing the spares proposition for our branches

Notes:

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and non-recurring costs.
(2) Adjusted profit before tax represents profit before tax and non-recurring costs.
(3) Adjusted basic earnings per share excludes non-recurring costs and the related tax effect.
(4) Non-recurring costs for H1 2017 of £0.5 million comprise professional fees and earn out costs related to the acquisition of Security Hardware, as well as the redundancy and settlement costs of a staff reorganisation. Non-recurring costs for H1 2016 of £0.5 million comprise duplicated costs relating to the handover period during which the Company employed two CEO's, as well as professional fees related to the acquisition of Vista Panels.
(5) Net debt is cash and cash equivalents less bank overdrafts, other loans and borrowings.
(6) Underlying sales and operating costs exclude acquisitions and branches opened in 2016 and 2017.
(7) Like for like branch sales exclude branches opened in 2016 and 2017.
(8) An HMRC approved scheme, allowing a 10% tax rate on profits derived from products that incorporate patents.

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CHIEF EXECUTIVE'S REVIEW

I am pleased to report a good performance in the first half of the year. The RMI market has remained broadly flat, but we have continued to take share and delivered higher revenues and profits. Overall, sales were up 9% (excluding acquisitions) and adjusted EBITDA was up 5% and in line with our expectations. Further information on financial performance is provided in the Group Financial Review.

STRATEGIC PRIORITIES

As reported earlier this year, in January we conducted a full 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 market level growth rates.

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

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

We have made further progress with these priorities during H1, with the key aspects described below.

OPERATIONAL PERFORMANCE

Health and safety
The safety and well-being of our employees and contractors is our first operational priority. We continue to maintain good safety performance and recorded no major injuries in H1 2017 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR).

We have however recently received notification from the Health and Safety Executive ('HSE') that they intend to prosecute the Company under the Health and Safety at Work Act, following a minor accident to an employee in August 2016. We are taking legal advice on the matter, with proceedings due to commence in August.

Production
We delivered another consistent production performance in H1 2017. Across our various sites we are working to standardise processes and share best practice wherever possible. This, together with judicious capital investment, on-going work on lean manufacturing techniques and continuous improvement driven by our Kaizen team, supports the delivery of on-going manufacturing efficiencies.

Warehouse logistics
We reported at our preliminary results in March that, following a period of outsourcing to DHL, the operation of our main warehouse facility was brought back in-house with effect from February 2017.

We have worked, with the full cooperation of DHL, to understand how the arrangements could be better structured to deliver a more efficient operation and improved customer service levels. We have made good progress, with on-time in-full deliveries increased to 96%, compared to 91% for full year 2016. Initiatives include shorter production run times and revised warehouse shift patterns, with picking and relationship teams assigned to specific key accounts.

Recycling
The project to expand the capacity of our recycling facility remains on track. Use of recycled materials in our primary extrusion manufacturing processes increased to 15% in the first half, compared to 13% in H1 2016.

Our efforts to secure increased supplies of in-feed stock for the recycling plant are proving successful, with collections up 26% so far this year, compared to H1 2016. These initiatives include back-hauling material from our fabricator, installer and branch networks. This is an important programme, which should support our objective to continue to increase our use of recycled materials.

PROFILES DIVISION REVIEW

	H1 2017 £m	H1 2016 £m	Change %
3rd party revenue	**46.4**	**42.4**	**9**
Organic	41.7	39.3	6
Vista Panels[1]	4.7	3.1	52
Inter-segmental revenue	21.8	18.9	15
Total revenue	**68.2**	**61.3**	**11**
Adjusted EBITDA	**11.7**	**11.4**	**3**

(1) Acquired March 2016

Profiles revenue
Profiles third party revenue was up 9% in H1 to £46.4 million (H1 2016: £42.4 million), which includes an organic sales increase of 6%. The remaining growth was driven by the acquisition of Vista Panels in March 2016.

We have continued to gain share, with the RMI market (the most significant external driver of our performance) remaining broadly flat during H1 2017.

Our larger trade fabricators are still growing strongly, taking a greater share of the available volume mix. Generally, the larger trade fabricators have been increasing their capacity, by extending or adding factory units and investing in new plant and machinery. As such, they are benefiting from economies of scale and automation, which is allowing them to grow share at the expense of smaller fabricators.

In addition, on a number of trade accounts we have become a second supplier, which delivers some limited volume growth but importantly serves to protect margin, by avoiding excessive selling price competition. We are building our customer prospect pipeline and will be moving a number of new trade fabricators on to Eurocell systems during H2.

We have also continued to see good growth in the private new build sector, where our specifications teams have been successful in generating demand, well supported by our ability to supply excellent products through the new build fabricator network.

Finally, Vista Panels (acquired in March 2016) continues to perform in line with our expectations, with 39% of door sales now channelled through our branch network (H1 2016: 36%).

Profiles adjusted EBITDA
Adjusted EBITDA in H1 2017 was £11.7 million (H1 2016: £11.4 million), an increase of 3%.

Gross margin and return on sales in the Profiles division are lower in H1 2017, largely as a result of increasing raw material price pressure, particularly for resin. We are implementing selling price increases to mitigate this where possible, but the market does lag supplier price rises. In addition, margins have been impacted by a shift in sales mix towards larger fabricators at the expense of smaller customers as described above. The increase in adjusted EBITDA is therefore a function of sales growth.

BUILDING PLASTICS DIVISION REVIEW

	H1 2017 £m	H1 2016 £m	Change %
3rd party revenue	**61.8**	**54.8**	**13**
Organic	60.7	54.8	11
Security Hardware[1]	1.1	-	n/a
Inter-segmental revenue	0.3	0.3	-
Total revenue	**62.1**	**55.1**	**13**
Adjusted EBITDA	**3.2**	**2.7**	**19**

(1) Acquired February 2017

Building Plastics revenue
Building Plastics revenue was up 13% to £61.8m (H1 2016: £54.8m), which includes an increase in like for like sales of 6%, as well as the impact of branch openings and the acquisition of Security Hardware.

Like for like sales includes growth from branches opened in 2015 and prior, as the more recent sites from that vintage begin to mature. Growth was bolstered by increased sales of windows through the branch network, which were £3.8 million in H1 2017, compared to £3.3 million last year. We are implementing configuration software across the network, using common pricing and specifications for windows supplied to all Eurocell branches. This is proving successful and we will develop the software to incorporate products such as Skypod and doors.

Like for like growth also includes some benefit from an initiative to improve our proposition as a one-stop shop for customers, via the roll-out of an additional 500 product lines in 2016. In addition, the acquisition of Vista Panels has supported growth in the sales of doors through the branches, which reached £3.1 million in H1 2017 (H1 2016: £2.6m).

In terms of new branches, we opened 15 in H1, compared to 7 in the first half of last year. We now have a total of 174 branches providing national coverage across the UK, which offers a significant competitive advantage, and remain on track to open a total of 30 new sites this year. Branches opened in 2016/17 added £2.3 million to sales in H1 2017.

Building Plastics adjusted EBITDA
Adjusted EBITDA for H1 2017 was £3.2 million (H1 2016: £2.7 million), an increase of 19%.

Gross margin and return on sales were both slightly improved during the first half compared to H1 2016. Although we continue to experience price pressure on raw materials and some traded goods, this has to date been substantially mitigated with a selling price increase implemented in April 2017. The increase in adjusted EBITDA is therefore driven largely by sales growth.

Higher overheads in Building Plastics includes important investment to accelerate the pace of expansion of our branch network described above. New branches are a key driver of future sales and profit growth, but they do create downward pressure on profitability in the short-term due to investment in central infrastructure and in our teams at new sites. However, we are making good progress with initiatives to support new branches reaching profitability sooner, which now include a more comprehensive and sustained marketing campaign.

Looking to the future, following trials in the first quarter, we have now rolled-out Peer Pricing across the full branch network. This is a mechanism which displays to branch staff at point of sale the average historic selling prices for products sold by their branch, region and nationally across the Eurocell Group. We expect Peer Pricing to support margin in the branches.

Security Hardware
The Building Plastics division also includes Security Hardware, acquired in February 2017 for consideration (net of cash acquired) of £1.3 million. Security Hardware is a supplier of locks and hardware, primarily to the RMI market, with annual sales of approximately £3 million.

Security Hardware stocks around 3,000 products, covering the major hardware brands and an own label offering. This extensive product range enables the business to supply a significant proportion of the replacement parts routinely required by the RMI market.

The acquisition means we can offer the full product range throughout our branch network, allowing Eurocell to better engage with facilities management companies and other large maintenance contractors. This forms another part of our objective to become a one-stop shop for anything window related for our customers. We also plan to develop a range of hardware to complement our window profile. This will enable our fabricator customers to offer a fully certified common specification of window (including hardware), allowing us to target a greater share of the new build market and grow sales of windows through the branches.

The business is performing in line with our expectations and the integration is on track, with inventory now available in every branch.

OUTLOOK

Eurocell has enjoyed a good first half, gaining share in a flat RMI market. We reported robust financial results, delivered another consistent operational performance and continued to invest in the growth of our business.

We are implementing selling price increases to mitigate raw material pricing pressure where possible, but the market does lag supplier price rises. We continue to manage underlying operating costs tightly, whilst progressing further our strategic priorities.

As a result, despite some signs of market hesitancy, our expectations for the full year remain unchanged. We believe that our proven strategy and capabilities will enable Eurocell to deliver value to our customers and shareholders throughout the remainder of 2017 and beyond.

Mark Kelly
Chief Executive Officer

GROUP FINANCIAL REVIEW

Group	H1 2017 £000	H1 2016 £000
Revenue	**108,129**	**97,220**
Gross profit	55,607	50,661
Gross margin %	*51.4%*	*52.1%*
Overheads [1]	(40,667)	(36,441)
Adjusted EBITDA	**14,940**	**14,220**
Depreciation and amortisation	(3,312)	(3,069)
Adjusted operating profit	**11,628**	**11,151**
Finance costs	(282)	(403)
Adjusted profit before tax	**11,346**	**10,748**
Tax on adjusted profit	(1,949)	(2,029)
Adjusted profit after tax	**9,397**	**8,719**
Adjusted basic earnings per share (pence)	**9.4**	**8.7**
Non-recurring costs	(539)	(455)
Reported profit before tax	**10,807**	**10,293**
Reported basic earnings per share (pence)	**8.9**	**8.4**

[1] Overheads represent distribution and administrative expenses excluding depreciation and amortisation.

REVENUE

Revenue for H1 2017 was £108.1 million (H1 2016: £97.2 million), which represents growth of 11%, or 9% excluding acquisitions. Underlying sales growth (i.e. excluding the impact of acquisitions and branches opened in 2016/17) was 6%.

As described in the Divisional Reviews, sales have been driven by strong like for like growth in the Building Plastics branch network (£3.5 million, or 6% for the division) and the positive impact from branches opened in 2016/17 (£2.3 million, or 4% for the division). We have also delivered good organic growth in Profiles (£2.4 million, or 6% for the division). Together, the acquisitions of Vista Panels and Security Hardware added £2.7 million to sales in H1 2017.

GROSS MARGIN

We have experienced increasing price pressure for raw materials and traded goods, with resin in particular up 11% so far this year and 17% over the last 12 months. In addition, margins have been impacted by the sales mix, with stronger growth in sales to larger fabricators relative to smaller customers.

As described in the Divisional Reviews, these factors have been mitigated by the implementation of selling price increases where possible, and the increased use of recycled materials in our primary extrusion operations.

Overall, this has resulted in a reduction in our gross margin from 52.1% in H1 2016 to 51.4% in H1 2017.

OVERHEADS

Overheads for the half year were £40.7 million compared to £36.4 million in H1 2016, representing a very similar percentage of sales for both periods. The increase includes £1.6 million as a result of new branches opened in 2016/17 and £1.4 million from acquisitions. The balance of £1.3 million relates to an increase of 4% in the underlying business, where sales growth was 6% as described above. We continue to focus on the tight control of underlying overheads, with the increase driven largely by the impact of the Minimum Wage legislation and higher volume related distribution costs.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for H1 2017 is £3.3 million (H1 2016: £3.1 million), with the increase due to amortisation of acquired intangibles relating to the acquisitions of Vista and Security Hardware.

FINANCE COSTS

Finance costs for H1 2017 were £0.3 million (H1 2016: £0.4 million), reflecting lower average net debt in 2017.

ADJUSTED PROFIT MEASURES

Adjusted EBITDA, adjusted operating profit and adjusted profit before tax all exclude non-recurring costs (see below). Adjusted profit after tax and adjusted earnings per share exclude non-recurring costs and the related tax effect.

Adjusted profit measures are provided as additional guidance to statutory measures to help better describe the underlying performance of the Group.

NON-RECURRING COSTS

Non-recurring costs for H1 2017 of £0.5 million comprise professional fees and earn out costs related to the acquisition of Security Hardware, as well as the redundancy and settlement costs of a staff reorganisation. Non-recurring costs for H1 2016 of £0.5 million comprise duplicated costs relating to the handover period during which the Company employed two CEO's, as well as professional fees related to the acquisition of Vista Panels.

TAX

The effective tax rate on adjusted profit before tax for H1 2017 of 17.2% was lower than the standard corporation tax rate for this year due to the benefit of Patent Box relief. The effective rate on adjusted profit before tax for H1 2016 of 18.9% was close to the standard rate for that period. The effective tax rate on reported profit before tax for H1 2017 was 17.4% (H1 2016: 18.8%).

The full year tax rate for 2016 of 17.7% was lower than the standard rate due to the beneficial impact on deferred tax of future reductions in the corporation tax rate enacted in the period, as well as adjustments to prior year taxes.

EARNINGS PER SHARE

Taking into account all of the factors described above, adjusted basic earnings per share for the period was 9.4 pence (H1 2016: 8.7 pence). Reported basic earnings per share was 8.9 pence (H1 2016: 8.4 pence). The dilutive impact of outstanding share options is not significant.

ACQUISITIONS

As previously described, the Group acquired Security Hardware in February 2017 for an initial consideration of £1.3 million (net of cash acquired, see also Cash Flow below). The impact of Security Hardware on Group earnings for 2017 is not expected to be material.

DIVIDENDS

On 1 August 2017, the Board approved an interim dividend for the six months ended 30 June 2017 of 3.0 pence per share (£3.0 million), representing an increase of 7% on the corresponding period. This is in line with the policy set out at our IPO, to target initially a dividend of approximately 40% of adjusted earnings, with a progressive policy in future years, and with interim and final dividends in the approximate proportions of one-third and two-thirds.

The interim dividend will be paid on or before 6 October 2017 and shares will be marked ex-dividend on 8 September 2017.

CAPITAL EXPENDITURE

We continue to invest in our future, with capital expenditure for H1 2017 of £3.6 million (H1 2016: £2.7 million). Capital expenditure includes investment to increase our recycling capacity of £0.6 million and in new branches opened in H1 2017 of £1.0 million. Investment of £0.8 million in Operations includes new tooling costs and general maintenance capex. Other capital expenditure of £1.2 million includes branch refurbishments and various IT related costs.

CASH FLOW

Net cash generated from operating activities was £10.3 million for the period, compared to £9.7 million in H1 2016.

This includes a net outflow from working capital for H1 2017 of £1.8 million, comprised of an increase in stocks (£2.5 million), an increase in trade and other receivables (£5.8 million) and an increase in trade and other payables (£6.5 million). This compares to a net outflow from working capital of £3.3 million in H1 2016. It also includes tax paid of £2.6 million (H1 2016: £1.2 million).

The increase in stocks so far this year has been driven largely by the 15 new branches, as well as the introduction of new product lines to the branch network. However, stock days were 58 at 30 June 2017, compared to 67 at 30 June 2016 and 58 at 31 December 2016. The changes to trade receivables and payables reflect normal business seasonality, alongside increased activity and growth in 2017.

Other payments include acquisitions of £1.3 million (H1 2016: £6.3 million), capital investment of £3.6 million (H1 2016: £2.7 million) and financing costs of £0.3 million (H1 2016: £0.3 million).

Dividends paid in H1 2017 represent the final dividend for 2016 of 5.7 pence per share (or £5.7 million). (H1 2016: 2015 final dividend of £5.2 million)

Taking all of these factors into account, net debt increased by £0.5 million during the first half to £20.8 million at 30 June 2017 (31 December 2016: £20.3 million).

BANK FACILITIES

We have an unsecured, multicurrency, revolving credit facility of £45 million, provided by Barclays and Santander. The Group operates comfortably within the terms of the facility and related financial covenants. The facility matures in 2020.

SEASONALITY OF TRADING

The Group is affected by seasonality. Demand in the second half of the year is usually higher than in the first half, with September to November typically representing our peak sales period. In addition, the new build markets are typically slow during the first quarter of the year.

PRINCIPAL RISKS AND UNCERTAININITIES

The principal risks and uncertainties faced by the Group are set out in the 2016 Annual Report (pages 36-39). These risks remain unchanged and are as follows:

- Macro-economic conditions
- EU Referendum
- Raw material prices
- Raw material supply
- Unplanned plant downtime
- Corporate and regulatory risks
- Unsuccessful branch openings
- Customer credit risks
- Failure to develop new products
- Ability to attract and retain key personnel and highly skilled individuals
- Cyber security
- Failure to identify, complete and integrate bolt-on acquisitions

Michael Scott
Chief Financial Officer

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEAR REPORT

We confirm that to the best of the Directors' knowledge:

- The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU and;
- The interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By Order of the Board

Mark Kelly
Chief Executive Officer
1 August 2017

Michael Scott
Chief Financial Officer
1 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ending 30 June 2017

		6 months ended 30 June 2017			6 months ended 30 June 2016			Year ended 31 December 2016		
	Note	Recurring £000 (Unaudited)	Non-recurring £000 (Unaudited)	Total £000 (Unaudited)	Recurring £000 (Unaudited)	Non-recurring £000 (Unaudited)	Total £000 (Unaudited)	Recurring £000 (Audited)	Non-recurring £000 (Audited)	Total £000 (Audited)
Revenue	5	**108,129**	**-**	**108,129**	**97,220**	**-**	**97,220**	**204,816**	**-**	**204,816**
Cost of sales		(52,522)	-	(52,522)	(46,559)	-	(46,559)	(98,251)	-	(98,251)
Gross profit		**55,607**	**-**	**55,607**	**50,661**	**-**	**50,661**	**106,565**	**-**	**106,565**
Distribution costs		(8,158)	-	(8,158)	(7,145)	-	(7,145)	(15,517)	-	(15,517)
Administrative expenses		(35,821)	(539)	(36,360)	(32,365)	(455)	(32,820)	(66,096)	(455)	(66,551)
Operating profit		**11,628**	**(539)**	**11,089**	**11,151**	**(455)**	**10,696**	**24,952**	**(455)**	**24,497**
Finance expense		(282)	-	(282)	(403)	-	(403)	(677)	-	(677)
Profit before tax		**11,346**	**(539)**	**10,807**	**10,748**	**(455)**	**10,293**	**24,275**	**(455)**	**23,820**
Taxation	7	(1,949)	66	(1,883)	(2,029)	89	(1,940)	(4,299)	81	(4,218)
Profit for the period		**9,397**	**(473)**	**8,924**	**8,719**	**(366)**	**8,353**	**19,976**	**(374)**	**19,602**
Basic earnings per share (pence)	9	**9.4**		**8.9**	**8.7**		**8.4**	**20.0**		**19.6**

The group has no other comprehensive income in the current or prior year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	30 June 2017 £000 (Unaudited)	30 June 2016 £000 (Unaudited)	31 December 2016 £000 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	11	29,876	27,713	29,294
Intangible assets	11	20,151	20,119	19,713
Total non-current assets		**50,027**	**47,832**	**49,007**
Current assets				
Inventories		20,846	18,886	17,404
Trade and other receivables		34,267	31,255	28,123
Cash and cash equivalents		4,993	2,580	5,559
Total current assets		**60,106**	**52,721**	**51,086**
Total assets		**110,133**	**100,553**	**100,093**
Liabilities				
Current liabilities				
Bank overdrafts and other loans		(18)	(53)	(42)
Trade and other payables		(36,478)	(29,964)	(29,042)
Provisions		(48)	(48)	(48)
Corporation tax		(2,185)	(1,980)	(2,873)
Total current liabilities		**(38,729)**	**(32,045)**	**(32,005)**
Non-current liabilities				
Borrowings		(25,818)	(33,832)	(25,785)
Trade and other payables		(350)	(355)	(520)
Provisions		(1,351)	(1,442)	(1,463)
Deferred tax		(2,182)	(3,020)	(2,194)
Total non-current liabilities		**(29,701)**	**(38,649)**	**(29,962)**
Total liabilities		**(68,430)**	**(70,694)**	**(61,967)**
Net assets		**41,703**	**29,859**	**38,126**
Equity attributable to equity holders of the parent				
Share capital		100	100	100
Share premium		1,926	1,926	1,926
Other reserves		701	530	348
Retained earnings		38,976	27,303	35,752
Total equity		**41,703**	**29,859**	**38,126**

CONSOLIDATED CASH FLOW STATEMENT

For the six months ending 30 June 2017

	Note	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Cash generated from operations	12	**12,677**	**10,711**	**31,782**
Non-recurring costs	6	539	455	455
Cash generated from underlying operations		**13,216**	**11,166**	**32,237**
Income taxes paid		(2,610)	(1,158)	(3,537)
Non-recurring costs paid		(332)	(273)	(273)
Net cash generated from operating activities		**10,274**	**9,735**	**28,427**
Investing activities				
Acquisition of subsidiary, net of cash acquired	10	(1,260)	(6,332)	(6,332)
Purchase of property, plant and equipment	11	(3,046)	(2,129)	(6,342)
Purchase of intangible assets	11	(535)	(567)	(877)
Net cash used in investing activities		**(4,841)**	**(9,028)**	**(13,551)**
Financing activities				
Proceeds from bank borrowings		-	8,000	8,000
Repayment of bank borrowings		(24)	(485)	(8,523)
Finance costs paid		(275)	(291)	(643)
Dividends paid to equity shareholders	8	(5,700)	(5,200)	(8,000)
Net cash (used in)/generated from financing activities		**(5,999)**	**2,024**	**(9,166)**
Net (decrease)/increase in cash and cash equivalents		**(566)**	**2,731**	**5,710**
Cash and cash equivalents at the beginning of the period		5,559	(151)	(151)
Cash and cash equivalents at the end of the period		**4,993**	**2,580**	**5,559**
Net debt				
Cash and cash equivalents		4,993	2,580	5,559
Bank overdrafts and other loans		(18)	(53)	(42)
Bank loans		(25,818)	(33,832)	(25,785)
		(20,843)	**(31,305)**	**(20,268)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2017 (Unaudited)	**Share capital £000**	**Share premium £000**	**Retained earnings £000**	**Other reserves £000**	**Total equity £000**
Balance at 1 January 2017	**100**	**1,926**	**35,752**	**348**	**38,126**
Comprehensive income for the period					
Profit for the period	-	-	8,924	-	8,924
Total comprehensive income for the period	**-**	**-**	**8,924**	**-**	**8,924**
Contributions by and distributions to owners					
Share based payments	-	-	-	289	289
Deferred tax on share based payments	-	-	-	64	64
Dividends paid (note 8)	-	-	(5,700)	-	(5,700)
Total contributions by and distributions to owners	**-**	**-**	**(5,700)**	**353**	**(5,347)**
Balance at 30 June 2017	**100**	**1,926**	**38,976**	**701**	**41,703**

For the 6 months ended 30 June 2016 (Unaudited)	**Share capital £000**	**Share premium £000**	**Retained earnings £000**	**Other reserves £000**	**Total equity £000**
Balance at 1 January 2016	**100**	**1,926**	**24,150**	**380**	**26,556**
Comprehensive income for the period					
Profit for the period	-	-	8,353	-	8,353
Total comprehensive income for the period	**-**	**-**	**8,353**	**-**	**8,353**
Contributions by and distributions to owners					
Share based payments	-	-	-	127	127
Deferred tax on share based payments	-	-	-	23	23
Dividends paid (note 8)	-	-	(5,200)	-	(5,200)
Total contributions by and distributions to owners	**-**	**-**	**(5,200)**	**150**	**(5,050)**
Balance at 30 June 2016	**100**	**1,926**	**27,303**	**530**	**29,859**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2016 (Audited)	**Share capital £000**	**Share premium £000**	**Retained earnings £000**	**Other reserves £000**	**Total equity £000**
Balance at 1 January 2016	**100**	**1,926**	**24,150**	**380**	**26,556**
Comprehensive income for the year					
Profit for the year	-	-	19,602	-	19,602
Total comprehensive income for the year	**-**	**-**	**19,602**	**-**	**19,602**
Contributions by and distributions to owners					
Share based payments	-	-	-	239	239
Release of share based payments	-	-	-	(221)	(221)
Deferred tax on share based payments	-	-	-	(50)	(50)
Dividends paid (note 8)	-	-	(8,000)	-	(8,000)
Total contributions by and distributions to owners	**-**	**-**	**(8,000)**	**(32)**	**(8,032)**
Balance at 31 December 2016	**100**	**1,926**	**35,752**	**348**	**38,126**

1. BASIS OF PREPARATION

The half year report for the 6 months ended 30 June 2017 reflects the results of the Company and its subsidiaries (together the 'Group'). It has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency rules of the Financial Conduct Authority, and includes the half year condensed consolidated financial statements (the 'interim financial statements').

The interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. They do not include all the information required for full financial statements and should be read in conjunction with the 2016 Annual Report.

The comparative figures for the year ended 31 December 2016 have been extracted from the Group's audited financial statements for that year. Those financial statements are included in the 2016 Annual Report and have been delivered to the Registrar of Companies. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their audit report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements are unaudited, but have been reviewed by the auditors in accordance with the Auditing Practices Board guidance on Review of Interim Financial Information.

The half year report was approved by the Board of Directors on 1 August 2017.

2. GOING CONCERN

The interim financial statements have been prepared on a going concern basis. The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future; a period of not less than 12 months from the date of this report.

3. ACCOUNTING POLICIES AND ESTIMATES

The interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of Group's audited financial statements for the year ended 31 December 2016. Adoption of new standards, amendments or interpretations to published standards since that date have had no material impact on the interim financial statements.

IFRS 15 'Revenue from Contracts with Customers' becomes effective from 1 January 2018. Management expects to complete its analysis of the expected impact on revenue recognition by the end of 2017. IFRS 16 'Leases' becomes effective from 1 January 2019. Management has yet to assess the impact of IFRS 16. However, with a significant number of operating leases, the implementation of IFRS 16 is likely to have a material impact on the Group's balance sheet.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The significant judgements, estimates and assumptions relevant to the preparation of the interim financial statements are consistent with those described on pages 77 to 81 of the 2016 Annual Report.

4. FINANCIAL INSTRUMENTS

The Group is exposed to financial risks through its use of the following financial instruments:

- Trade and other receivables
- Cash and cash equivalents
- Bank overdrafts
- Borrowings
- Trade and other payables

The relevant financial risks are: credit risk, market risk, foreign exchange risk and liquidity risk. The Group estimates that the fair value of these financial assets and liabilities is approximate to their carrying amount. Further information in relation to the Group's exposure to financial risks is included on pages 81 to 83 of the 2016 Annual Report.

5. SEGMENT INFORMATION

The Group has the following reportable segments: Profiles, Building Plastics and Corporate.

The Profiles division manufactures extruded rigid and foam PVC profiles. Rigid PVC profiles are sold to third party fabricators, who produce windows, trims, cavity closer systems, patio doors and conservatories for installers, retail outlets and house builders. Foam products are used for roofline (e.g. fascias and soffits) and are supplied to customers through the nationwide branch network in the Building Plastics division. The Profiles division also includes S&S Plastics and Vista; businesses acquired in 2015 and 2016 respectively.

Building Plastics distributes a range of Eurocell manufactured and branded PVC foam roofline products and Vista doors, as well as third party manufactured ancillary products. These include windows manufactured by the Group's fabricator customers using products manufactured by Profiles, sealants, tools and rainwater products. Distribution is through a network of 174 branches to installers, small and independent builders, house builders and nationwide maintenance companies. The branches also sell roofline products to independent wholesalers. The Building Plastics division also includes Security Hardware; acquired in February 2017.

6 months ended 30 June 2017 (Unaudited)	**Profiles £000**	**Building Plastics £000**	**Corporate £000**	**Total £000**
Revenue				
Total revenue	68,171	62,078	-	130,249
Inter-segmental revenue	(21,807)	(313)	-	(22,120)
Total revenue from external customers	**46,364**	**61,765**	**-**	**108,129**
Adjusted EBITDA	**11,660**	**3,194**	**86**	**14,940**
Amortisation	(80)	(56)	(669)	(805)
Depreciation	(1,915)	(364)	(228)	(2,507)
Operating profit/(loss) before non-recurring costs	**9,665**	**2,774**	**(811)**	**11,628**
Non-recurring costs				(539)
Finance expense				(282)
Profit before tax				**10,807**

6 months ended 30 June 2016 (Unaudited)	**Profiles £000**	**Building Plastics £000**	**Corporate £000**	**Total £000**
Revenue				
Total revenue	61,254	55,132	-	116,386
Inter-segmental revenue	(18,862)	(304)	-	(19,166)
Total revenue from external customers	**42,392**	**54,828**	**-**	**97,220**
Adjusted EBITDA	**11,408**	**2,654**	**158**	**14,220**
Amortisation	(78)	(67)	(511)	(656)
Depreciation	(1,928)	(282)	(203)	(2,413)
Operating profit/(loss) before non-recurring costs	**9,402**	**2,305**	**(556)**	**11,151**
Non-recurring costs				(455)
Finance expense				(403)
Profit before tax				**10,293**

5. SEGMENT INFORMATION (continued)

Year ended 31 December 2016 (Audited)	Profiles £000	Building Plastics £000	Corporate £000	Total £000
Revenue				
Total revenue	127,171	118,148	-	245,319
Inter-segmental revenue	(39,817)	(686)	-	(40,503)
Total revenue from external customers	**87,354**	**117,462**	**-**	**204,816**
Adjusted EBITDA	**22,657**	**8,832**	**(160)**	**31,329**
Amortisation	(158)	(123)	(1,091)	(1,372)
Depreciation	(3,969)	(609)	(427)	(5,005)
Operating profit/(loss) before non-recurring costs	**18,530**	**8,100**	**(1,678)**	**24,952**
Non-recurring costs				(455)
Finance expense				(677)
Profit before tax				**23,820**

6. NON-RECURRING COSTS

Amounts included in the consolidated statement of comprehensive income are as follows:

	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Acquisition and earn out costs (note 10)	194	112	112
Redundancy and settlement costs	345	-	-
Duplicated costs related to CEO handover period	-	343	343
	539	**455**	**455**

7. TAXATION

	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Current tax			
Current tax on profits for the period	1,998	2,021	5,025
Adjustments in respect of prior years	-	(1)	75
Total current tax	**1,998**	**2,020**	**5,100**
Deferred tax			
Origination and reversal of temporary differences	(115)	214	(174)
Adjustment in respect of change in rates	-	-	(385)
Adjustments in respect of prior years	-	(294)	(323)
Total deferred tax	**(115)**	**(80)**	**(882)**
Tax expense in the consolidated statement of comprehensive income	**1,883**	**1,940**	**4,218**

The reason for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

Profit before tax	**10,807**	**10,293**	**23,820**
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	2,080	2,059	4,764
Expenses not deductible for tax purposes	110	176	87
Adjustments in respect of prior years	-	(295)	(248)
Adjustments in respect of change in rates	-	-	(385)
Patent Box relief	(307)	-	-
Total tax expense	**1,883**	**1,940**	**4,218**

Changes in tax rates and factors affecting the future tax charge

A reduction in the standard rate of UK corporation tax from 20% to 19% took effect from April 2017. A further reduction to 17% from April 2020 was enacted during 2016.

8. DIVIDENDS

	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Dividends paid during the period			
Interim dividend for 2016: 2.8p per share	-	-	2,800
Final dividend for 2016: 5.7p per share (2015: 5.2p per share)	5,700	5,200	5,200
	5,700	**5,200**	**8,000**
Dividends proposed			
Interim dividend for H1 2017: 3.0p per share (H1 2016: 2.8p per share)	3,000	2,800	2,800
Final dividend for 2016: 5.7p per share	-	-	5,700
	3,000	**2,800**	**8,500**

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options. Adjusted earnings per share excludes non-recurring costs and the related tax effect from the calculations.

	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Profit attributable to ordinary shareholders	8,924	8,353	19,602
Adjusted profit attributable to ordinary shareholders	9,397	8,719	19,976
	Number	**Number**	**Number**
Weighted average number of shares- basic	100,000,000	100,000,000	100,000,000
Weighted average number of shares- diluted	100,412,105	100,000,000	100,227,068
	Pence	**Pence**	**Pence**
Basic earnings per share	8.9	8.4	19.6
Adjusted basic earnings per share	9.4	8.7	20.0
Diluted earnings per share	8.9	8.4	19.6
Adjusted diluted earnings per share	9.4	8.7	19.9

10. ACQUISITION OF SUBSIDIARIES (Unaudited)

On 24 February 2017, the Group 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. Consideration paid was £1.5 million (or £1.3 million net of cash acquired).

Goodwill represents potential synergies arising from the enlarged group. The amount of goodwill deductible for tax purposes is £nil. Goodwill has been calculated as follows:

	Book value on acquisition £000	**Fair value adjustment £000**	**Provisional values on acquisition £000**
Intangible assets	20	466	486
Property, plant and equipment	43	-	43
Inventories	748	153	901
Trade and other receivables	297	-	297
Cash and cash equivalents	226	-	226
Trade and other payables	(501)	(97)	(598)
Deferred tax	(8)	(83)	(91)
Identifiable assets and liabilities	**825**	**439**	**1,264**
Cash consideration paid			1,486
Goodwill on acquisition			**222**

Fair value adjustments

- The adjustment to intangible assets is to recognise intangible assets in respect of customer relationships, and has been valued using discounted cash flows.
- The adjustment to inventories is to reflect the fair value of finished goods acquired.
- The adjustment to trade and other payables is to recognise a dilapidation provision in respect of the leased premises occupied by Security Hardware.
- The adjustment to deferred taxation is to recognise the associated deferred tax liability arising on the intangible assets.

Subsequent payments

Under the terms of the acquisition agreement, the former shareholders of Security Hardware are entitled to further cash consideration based on financial performance for the year ended 31 December 2017 (the ‘earn out’). The Directors estimate the total earn out payable will be in the region of £0.2 million, which will be recognised as a non-recurring expense in the 2017 consolidated statement of comprehensive income. An amount of £0.1 million has therefore been included within the non-recurring charge for H1. The earn out is payable in equal instalments over a three-year period.

Acquisition related costs

The Group incurred acquisition related costs of £0.1 million in relation to professional fees and transaction costs arising upon acquisition. These costs have been expensed to the consolidated statement of comprehensive income, also as a non-recurring item.

The contribution of Security Hardware to the profits of the Group for the period since acquisition is not material.

11. NON-CURRENT ASSETS (Unaudited)

	Property, plant and equipment £000	Intangible assets £000
Balance at 1 January 2017	**29,294**	**19,713**
Additions	3,046	535
Additions on acquisition (note 10)	43	486
Goodwill arising on acquisition (note 10)	-	222
Depreciation and amortisation	(2,507)	(805)
Balance at 30 June 2017	**29,876**	**20,151**

12. RECONCILIATION OF PROFIT AFTER TAX TO CASH GENERATED FROM OPERATIONS

	6 months ended 30 June 2017 £000 (Unaudited)	6 months ended 30 June 2016 £000 (Unaudited)	Year ended 31 December 2016 £000 (Audited)
Profit after tax	**8,924**	**8,353**	**19,602**
Add back:			
Taxation	1,883	1,940	4,218
Finance expense	282	403	677
Adjustments for:			
Depreciation of property, plant and equipment	2,507	2,413	5,005
Amortisation of intangible assets	805	656	1,372
Loss on sale of property, plant and equipment	-	46	86
Share based payments	289	127	18
(Increase)/decrease in inventories	(2,541)	153	1,635
Increase in trade and other receivables	(5,821)	(3,774)	(616)
Increase/(decrease) in trade and other payables	6,461	346	(184)
(Decrease)/increase in provisions	(112)	48	(31)
Cash generated from operations	**12,677**	**10,711**	**31,782**

13. RELATED PARTY TRANSACTIONS

The remuneration of executive and non-executive Directors and members of the Executive Committee is disclosed in the 2016 Annual Report. Other related party transactions are disclosed below.

Transactions with key management personnel
Kalverboer Management UK LLP is controlled by P H L Kalverboer, a non-executive director of Eurocell plc. Kalverboer Management UK LLP has charged the following to the Group.

	6 months ended 30 June 2017 £000 (Unaudited)	**6 months ended 30 June 2016 £000 (Unaudited)**	**Year ended 31 December 2016 £000 (Audited)**
Fees for management services	20	20	40

The amount outstanding at the end of each period in respect of the above fees was £10,000.

INDEPENDENT REVIEW REPORT TO EUROCELL PLC
REPORT ON THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Our conclusion
We have reviewed Eurocell plc's half year condensed consolidated financial statements (the "interim financial statements") in the half-year results of Eurocell plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the consolidated statement of financial position as at 30 June 2017;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-year results have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review
Our responsibilities and those of the Directors
The half-year results, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-year results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
1 August 2017

a) The maintenance and integrity of the Eurocell plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.