



# EUROCELL PLC

## 2021 Half Year Results

## **Agenda**

**Business Review**

**Financial Review**

**Strategy and Outlook**

## **Presenters**

**Mark Kelly**

**Chief Executive Officer**

**Michael Scott**

**Chief Financial Officer**



# Overview

Mark Kelly – Chief Executive Officer

Strong first half

Strategy delivering

Powerful sustainability credentials

Further increase in full year expectations

Robust market set to continue

## Revenue

**£168.1m**

▲ 23% H1 2019: £136.3m

## Profit before tax

**£14.2m**

▲ 37% H1 2019: £10.4m

## Net cash (pre-IFRS 16)

**£1.3m**

▲ £11.2m December 2020: net debt £9.9m

## Interim dividend

**3.2p per share (£3.6m)**

H1 2019: 3.2p per share (£3.2m)

# Divisional Review

## Profiles – H1 2021 Performance

### ► Sales up 19% on H1 2019

- Includes 6% from selling price increases / surcharge
- Driven by trade fabricators focused on RMI market and Vista doors
- Good sales from new build, with increasing housing market activity supported by high levels of mortgage approvals and demand

### ► Gaining market share – estimate now c.18%

### ► Benefit of new account wins and competitive strength

- c.75 new accounts added over the last four years
- Pipeline remains strong

### ► Sector supply chains under pressure

- Raw materials: tight supply and cost inflation
  - Secured most of the raw materials required
  - Mitigating inflation with selling price increases, a surcharge and increased recycling
- Labour and transport: availability remains tight

### ► Increased use of recycled material

- 28% of consumption, or 8.5kt in H1 2021 (H1 2019: 22% or 6.4kt)

### ► Operating efficiencies

- OEE<sup>(2)</sup> at 73% level with 2019 – impacted by labour availability

### ► Operating profit up 14% on H1 2019

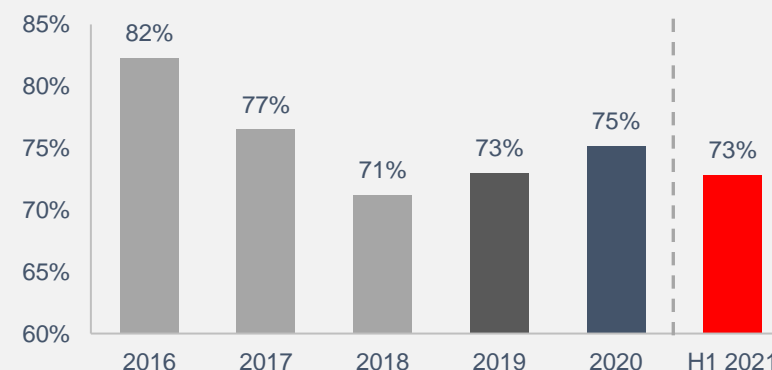
- Benefit of sales growth and operational gearing

## Profiles Division P&L

£m	H1 2019	H1 2021	Change
3 <sup>rd</sup> party revenue	57.6	68.5	▲ 19%
Inter-segmental revenue <sup>(1)</sup>	28.2	35.9	▲ 27%
<b>Total revenue</b>	<b>85.8</b>	<b>104.4</b>	<b>▲ 22%</b>
<b>Operating profit</b>	<b>10.2</b>	<b>11.6</b>	<b>▲ 14%</b>

(1) Sales of foam profile to Building Plastics at transfer price

## Overall Equipment Effectiveness (OEE)<sup>(2)</sup>



(2) OEE is a measure which takes into account machine availability, performance and yield



# Divisional Review

## Profiles – Opportunities to Grow Market Share

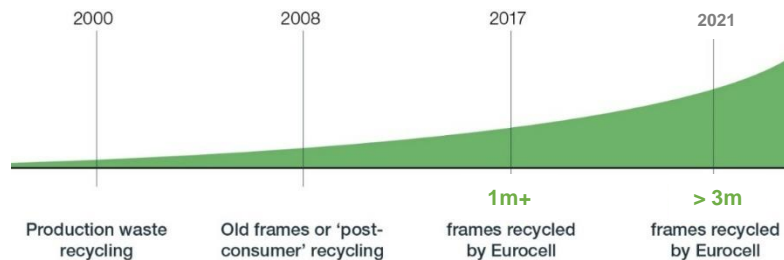
**Strategic objective to target > 20% share and consolidate position as largest supplier of rigid PVC profile to UK market**

### ► Opportunities to grow market share

- Investment in additional capacity coming on line in H2
- Building regulations complexity plays to Eurocell technical expertise
- Continued range extension
- Consolidation of the market by large fabricators
- Branch generated demand and pull-through
- Lead supplier for cavity closures to new build
- Strong new build specifications and fabricator community

### ► Uniquely differentiated on sustainability

- Use of recycled material increasingly attractive to housebuilders



# Divisional Review

## Building Plastics – H1 2021 Performance

### ► Sales up 27% on H1 2019

- Includes 4% from selling price increases / surcharge
- Equivalent to 23% on a like-for-like<sup>(2)</sup> basis
- Excellent performance across manufactured and traded goods
  - Manufactured products up > 30%
  - Outdoor living range sales of £5.1m (H1 2019: £1.3m), including decking, fencing, and garden rooms

### ► Gaining market share – estimate now c.24% (roofline)

### ► Network expansion – now 212 branches

- 4 new sites added in H1 2021 (H1 2019: 3 new sites)
  - All standard format
  - Plan to open a further 8 new sites in H2 2021 (4 large format)
  - 51 new sites added 2017-20

### ► Operating profit well ahead of 2019

- Driven by higher sales and good cost control
- Impact of strong growth in manufactured products
- Reducing time to break-even for new branches

### Building Plastics Division P&L

£m	H1 2019	H1 2021	Change
3 <sup>rd</sup> party revenue	78.7	99.6	▲ 27%
Inter-segmental revenue	0.7	0.7	level
<b>Total revenue</b>	<b>79.4</b>	<b>100.3</b>	<b>▲ 26%</b>
<b>Operating profit</b>	<b>3.4</b>	<b>6.1</b>	<b>▲ 79%</b>

### Indicative Branch Economics (Rounded)

	Branches Opened		
	< 2 years	2-4 years	>4 years
No. of branches	13	41	158
Average sales per branch (£000)	450	650	970
Return on sales per branch (%) <sup>(1)</sup>	Small loss	Up to 10%	Mid-teen %

(1) EBITDA as % of sales, before regional and central costs

(2) Like-for-like excludes acquisitions and new branches opened in 2019/20/21



# Divisional Review

## Building Plastics – Opportunities to Grow Market Share

Strategic objective to target world class operations from 270-300 sites

- ▶ **Market very fragmented, with >80% served by small independents**
  - No barriers to further consolidation
- ▶ **Service – be recognised as first for service for the tradesperson**
  - Seamlessly connect customer shopping journey from online through to branches
  - Clear data-driven customer engagement plans
  - Development of sector-leading digital platform
- ▶ **Products – create the market-leading proposition**
  - Including redesigned best-in-class conservatory offering
  - Further development of new product categories and range extensions
- ▶ **Branches – winning format**
  - Improved format for standard branches, which better showcases our product range
  - Introduce large format stores, with showroom-style displays to drive big-ticket purchases
- ▶ **Consumer online proposition trial**



# Financial Highlights

Michael Scott – Chief Financial Officer

## Revenue

**£168.1m**

▲ 23% H1 2019: £136.3m

## Gross margin

**50.2%**

▼ 0.9% H1 2019: 51.1%

## Profit before tax

**£14.2m**

▲ 37% H1 2019: £10.4m

## Earnings per share

**9.9p**

▲ 14% H1 2019: 8.7p

## Interim dividend

**3.2p per share**

H1 2019: 3.2p per share

## Net cash (pre-IFRS 16)

**£1.3m**

▲ £11.2m December 2020: net debt £9.9m

### ► Strong sales growth – like-for-like<sup>(1)</sup> ▲ 21% vs H1 2019

- Includes impact of selling price increases and surcharge

### ► Gross margin ▼ 0.9%

- Benefit of operational gearing and increased recycling
- Successfully recovering raw material cost inflation, but surcharge dilutive to margin %

### ► Overheads up 16%

- Impact on direct labour and transport of higher production and sales volumes
- Lower IFRS 9 impairment charge (bad debts)

### ► Profit before tax ▲ 37%

- Higher sales volumes and impact of operational gearing

### ► Earnings per share ▲ 14%

- Higher tax rate and increased number of shares

### ► Interim dividend reinstated at 3.2p per share (£3.6m)

### ► Pre-IFRS 16 net debt reduction

- Good operating cash flow generation
- Net cash at 30 June 2021

(1) Like-for-like excludes acquisitions and new branches opened in 2019/20/21



# Financial Performance

## Group Income Statement

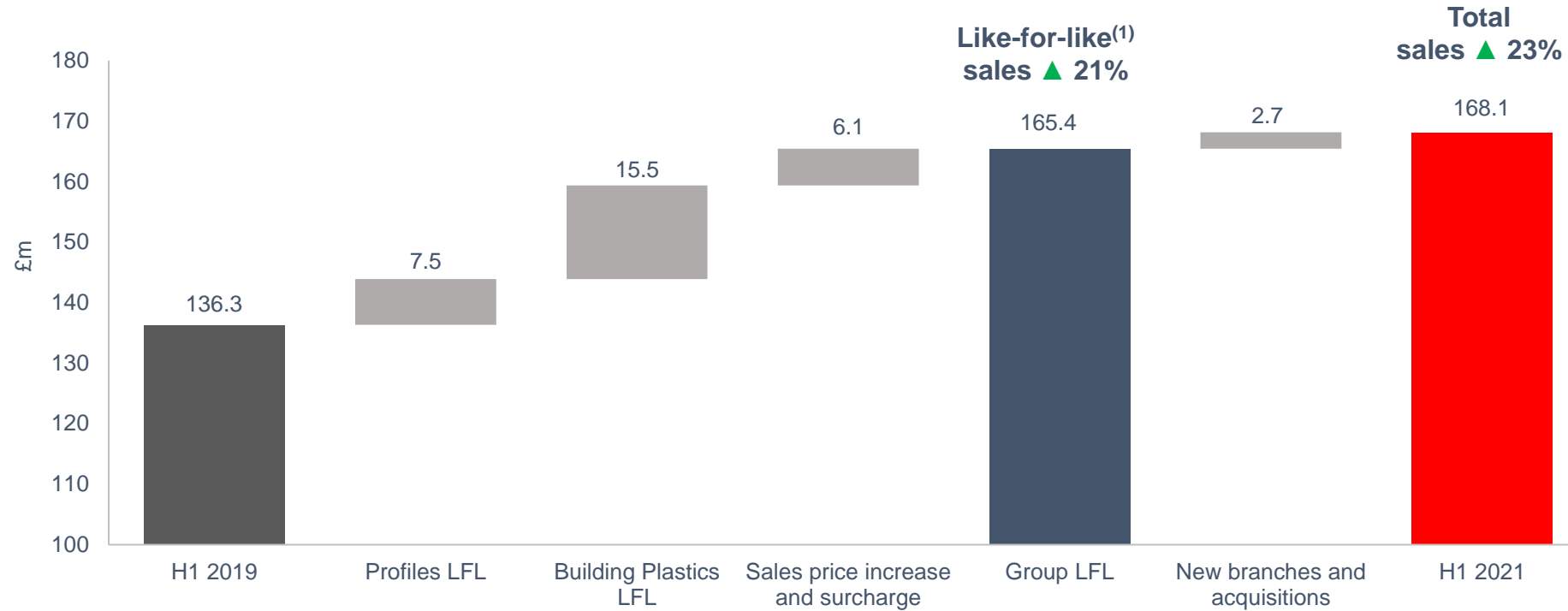
£m	H1 2019	H1 2020 <sup>(1)</sup>	H1 2021	Change v H1 2019
<b>Revenue</b>	<b>136.3</b>	<b>93.6</b>	<b>168.1</b>	▲ 23%
Gross profit	69.7	43.8	84.4	
<i>Gross margin %</i>	<i>51.1%</i>	<i>46.8%</i>	<i>50.2%</i>	
Overheads	(49.8)	(41.3)	(57.8)	▲ 16%
<b>Adjusted EBITDA</b>	<b>19.9</b>	<b>2.5</b>	<b>26.6</b>	▲ 34%
Depreciation and amortisation	(8.6)	(9.9)	(11.3)	
Finance costs	(0.9)	(1.2)	(1.1)	
<b>Adjusted profit / (loss) before tax</b>	<b>10.4</b>	<b>(8.6)</b>	<b>14.2</b>	▲ 37%
Tax	(1.7)	3.3	(3.2)	
<b>Adjusted profit / (loss) after tax</b>	<b>8.7</b>	<b>(5.3)</b>	<b>11.0</b>	▲ 26%
<b>Adjusted basic EPS / (LPS) (pence)</b>	<b>8.7</b>	<b>(5.0)</b>	<b>9.9</b>	▲ 14%
<b>Dividends per share (pence)</b>	<b>3.2</b>	<b>nil</b>	<b>3.2</b>	level
<b>Reported profit/(loss) before tax</b>	<b>10.4</b>	<b>(16.5)</b>	<b>14.2</b>	▲ 37%

(1) H1 2020 adjusted measures are stated before non-underlying items of £7.9m and the related tax effect (no non-underlying items in H1 2019 and H1 2021)



# Sales Performance

Continued Successful Delivery of Commercial Strategies



► Sales ▲ 23% vs H1 2019

- Group like-for-like<sup>(1)</sup> sales ▲ 21% (16% excluding price and surcharge)
- Profiles like-for-like<sup>(1)</sup> ▲ 19% (13% excluding price and surcharge)
- Building Plastics like-for-like<sup>(1)</sup> ▲ 23% (19% excluding price and surcharge)
- Includes c.5% from selling price increases and surcharge

► Building Plastics ▲ 2% (£2.4m) from new branches

- 10 new branches in 2019/20/21
- 2 loss-making branches closed in 2020

► Acquisitions (£0.3m) represents Trimseal in March 2019

(1) Like-for-like excludes acquisitions and new branches opened in 2019/20/21

# Gross Margin

## Recovering Higher Raw Material Costs



### ► Volume (▲60bps)

- Increased production volumes and therefore greater recovery of direct overheads
- Higher sales growth in manufactured products in Building Plastics

### ► Increase in stock provision (▼70bps)

- Range rationalisation for slower moving items
- Transition to new warehouse

### ► Price (▼120bps)

- Successfully recovering raw material cost inflation through selling prices and surcharge
- Surcharge dilutive to margin % – intend to recover through 2022
- Price increases also intended to cover wage and other overhead cost inflation

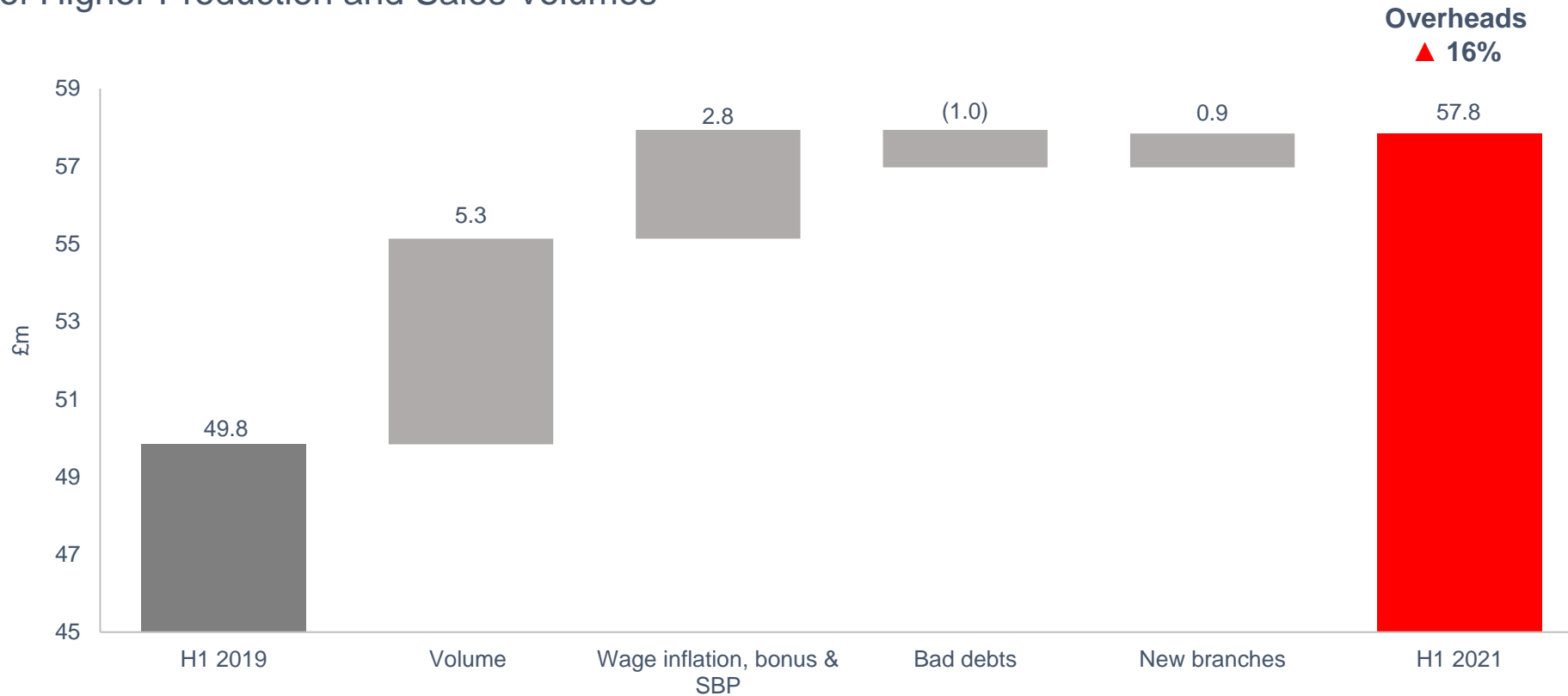
### ► Impact of recycling (▲60 bps)

- Additional 2.1kt recycled material used and increased price delta vs virgin compound
- Absolute gross margin benefit from 8.5kt used of c.£4m vs virgin compound
- Recycling is an effective hedge against high resin prices



# Overheads

## Impact of Higher Production and Sales Volumes



► Volume ▲ £5.3m

- Impact on direct labour and transport of higher production (▲7%) and sales (▲23%)

► Wage inflation, bonus and share based payments ▲ £2.8m

- 2020 and 2021 pay awards
- Increased incentives and share based payments

► IFRS 9 bad debts ▼ £1.0m

- Charge of £0.5m in H1 2019
- Provision increased significantly in 2020 due to impact of COVID
- Credit of £0.5m in H1 2021 reflects improvement in debtor ageing profile vs December 2020

► New 2019/20/21 branches added £1.0m to gross profit and £0.9m to overheads

# Capex

## Continued Investment in Operating Capacity

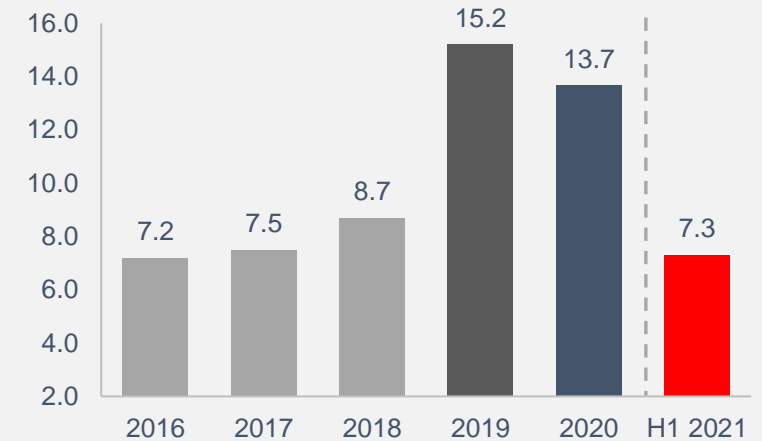
### ▶ H1 2021 capex £7.3m (H1 2019: £8.8m)

- Manufacturing capacity expansion c.£2m
- New warehouse fit-out completion £1m
- Other c.£4m
  - Recycling, new and refurbished branches, IT and maintenance capex

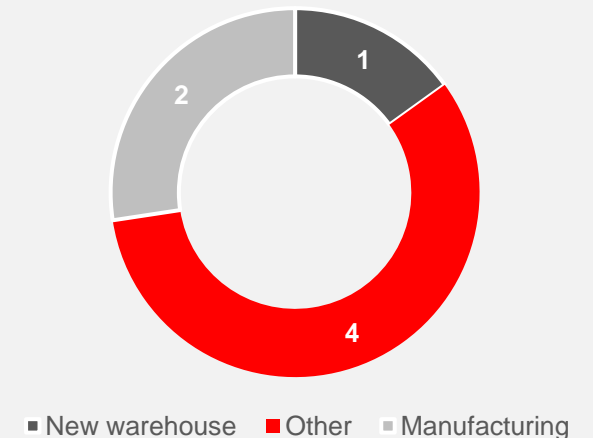
### ▶ 2021 capex guidance c.£18m

- Manufacturing capacity expansion £7m
  - Conversion of old warehouse into specialist manufacturing facility – relocation of foiling operation
  - 5 primary extrusion lines, tooling and mixing plant upgrade
  - Deposits on further expansion
- Warehouse £2m
  - Fit-out completion plus additional mobile plant to support higher than planned volumes
- Recycling £1m
- New branches, branch relocations and refurbishments £2m
- Other £6m
  - IT and maintenance capex

Total Capital Expenditure (£m)



H1 2021 Capital Expenditure Allocation (£m)



# Working Capital

## Good Cash Flow Management

### ► Strong cash flow performance – outflow from working capital £0.9m

### ► Stock days at 72 vs 83 at December 2020

- Stocks ▲ £3.1m since December 2020
  - Manufactured products c.£4m increase: impact of higher resin prices on stock valuation
  - Traded goods flat
  - Acquisitions and other (including provisions) c.£1m decrease: higher provision

### ► Debtor days at 34 vs 32 at December 2020

- Receivables ▲ £9.6m since December 2020
  - Impact of seasonality and strong sales growth
  - Good cash collection

### ► Creditors ▲ £11.8m since December 2020

- Increased production and sales volumes

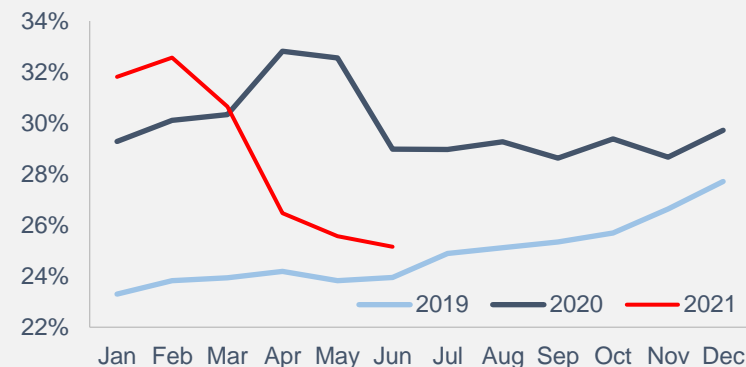
(1) Stock days / debtor days metrics exclude acquisitions

(2) 2020 stock days / debtor days are adjusted to remove the estimated impact of the H1 closure

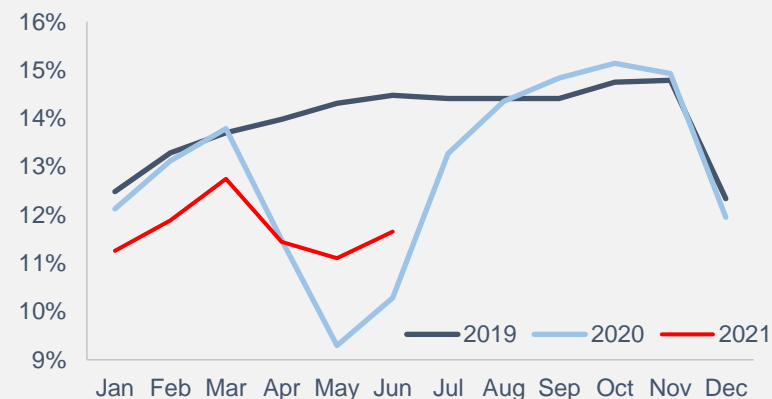
## Key Working Capital Metrics<sup>(1)(2)</sup>

	Stock Days	Debtor Days
June 2020 <sup>(1) (2)</sup>	79	27
December 2020 <sup>(1) (2)</sup>	83	32
June 2021 <sup>(1)</sup>	72	34

## Inventory as a % of LTM Cost of Sales<sup>(1)</sup>



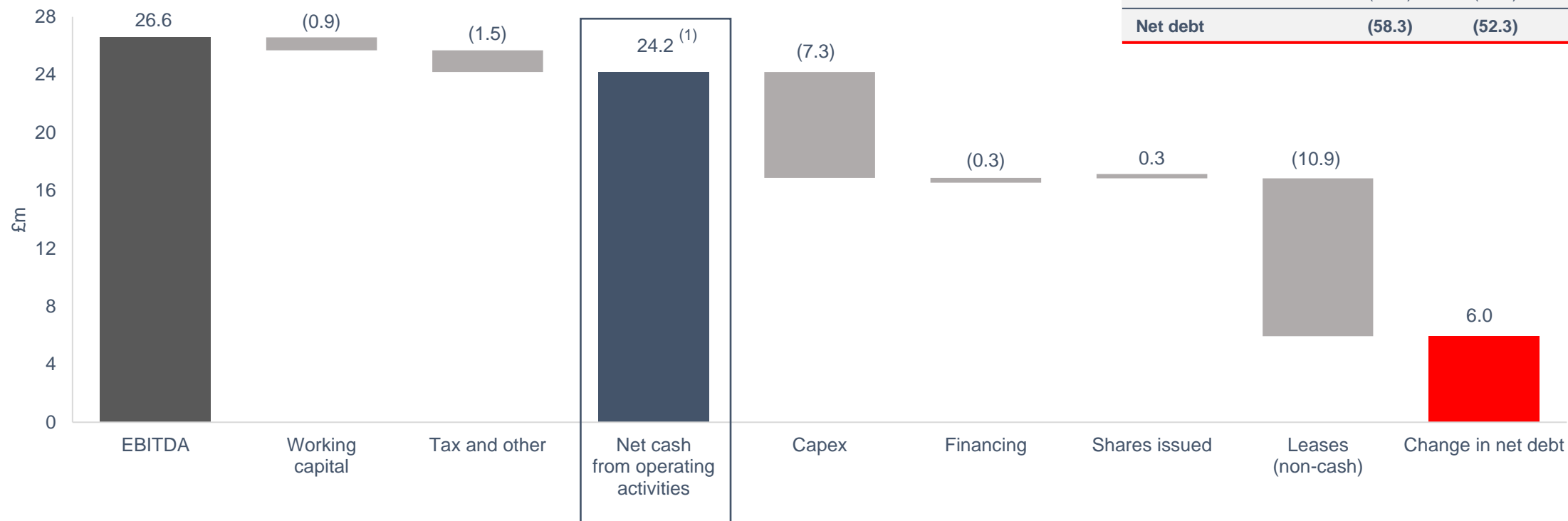
## Trade Receivables as a % of LTM Sales<sup>(1)</sup>





# Cash Flow

## Significant Headroom and Good Liquidity



### Net Debt Reconciliation

£m	Dec 2020	Jun 2021	Change
Cash & overdraft	2.6	7.9	5.3
Borrowings	(12.5)	(6.6)	5.9
<b>Net debt (pre-IFRS 16)</b>	<b>(9.9)</b>	<b>1.3</b>	<b>11.2</b>
IFRS 16 leases	(48.4)	(53.6)	(5.2)
<b>Net debt</b>	<b>(58.3)</b>	<b>(52.3)</b>	<b>6.0</b>

#### ► Outflow from working capital £0.9m

- ▲ Stocks £3.1m
- ▲ Receivables £9.6m
- ▲ Payables £11.8m

#### ► Tax paid and other

- Tax payments on account £1.9m
- Less warranty and other provisions and share-based payments £0.4m

#### ► IFRS 16 increases debt by £10.9m

- New branches / branch renewals, new vehicles and mobile plant

#### ► Strong balance sheet and liquidity position

- £75m unsecured revolving sustainable credit facility

(1) Cash generated from operations of £26.1m less tax paid

# Capital Allocation

Strong Balance Sheet



# Financial Summary

Including Guidance for 2021

## ► Strong H1 financial performance

- Continued success of commercial strategies and high levels of demand in the RMI market
- Recovering raw material cost inflation via price increases and surcharge
- Profits well up on H1 2019
- Strong cash flow generation
- Interim dividend reinstated

## ► Well positioned for H2

- Trading performance in July and August robust
- Further increase in full year expectations

Guidance stated post-IFRS 16	2020 Reported	2021 Guidance
<b>Underlying income statement</b>		
Depreciation and amortisation	£19.5m	c.£22m
Finance costs	£1.8m	c.£2.5m
Effective tax rate	17.6%	c.21%
<b>Balance sheet</b>		
Working capital	£4.7m inflow	c.£5m outflow
Capex	£13.7m	£18m



# Strategy Update

Mark Kelly – Chief Executive Officer

**Strategic framework:**  
Overall objective to deliver sustainable growth in shareholder value

**Develop Eurocell brand**

**Leverage vertical integration**

**Drive sustainability**

## Existing strategic priorities

1

Grow market share in Profiles



**Market share:**  
18% (#1)  
(2015: 12%)

2

Expand branch network



**Estate:**  
212 sites  
(2015: 141)  
  
**Market share:**  
c.24%  
(roofline #2)  
(2015: 20%)

3

Develop innovative new products



**Recent new products:**  
Coastline,  
Equinox Vega,  
Syncro, garden rooms

4

Increase use of recycled material



**2021 recycled material usage:** H1 28%  
(2015: 9%)

5

Explore bolt-on acquisition opportunities



**Completed acquisitions include:**  
S&S, Vista,  
Security Hardware,  
ERN,  
Kent Plastics

## New strategic priorities

6

To deliver sustained operational excellence

Optimise returns on recent investments in operating capacity to enhance profits and return on sales

7

To develop sector-leading digital proposition

End-to-end solutions to enable other strategic priorities and improve supplier, customer and employee experience

### ► Refined and updated priorities in 2021

- 5 strategic priorities established in 2016 remain relevant
  - Good progress against all
- Introduced two new priorities in 2021:
  - To deliver sustained operational excellence
  - To develop sector-leading digital proposition

### ► All underpinned by group-wide sustainability strategy


















- Recycling operation fundamental









### ► Good potential to outperform our markets

- Further investment in operating capacity now planned

# Sustainability

## Key Performance Indicators

	KPI	2020 Base	Target	Link to UN SDGs
<b>Environmental – circular economy</b>				
Recycled material used in production	% used	25%	1% increase per year	
CO <sub>2</sub> saved by recycling operation	Tonnes saved	36kt	Year-on-year increase	
Waste recycled	% recycled	79%	Year-on-year increase	
<b>Environmental – emissions and energy management</b>				
Greenhouse gas (GHG) emissions	GHG intensity ratio	70t CO <sub>2</sub> / £m sales	5% reduction by 2025	
Energy consumption	Energy use intensity ratio	267 MWh / £m sales	5% reduction by 2025	 
Renewable energy	Renewable energy used	19% total energy	50% increase by 2025	
<b>Social</b>				
Health & safety	Lost time injury rate	0.7 per 100,000 hours	50% reduction by 2025	
Employee engagement & recruitment	Labour turnover	21%	Year-on-year reduction	   
Employee satisfaction	Annual survey response rate and overall satisfaction level	60% and 78%	Year-on-year increase	
Diversity	Female employees	13%	Year-on-year increase	
Remuneration	National Living Wage (NLW)	All employees at or above NLW	All employees above NLW by 2023	 
Education	Apprenticeships / Kickstarters	32	20% increase by 2025	

 No poverty	 Quality education	 Affordable clean energy	 Responsible production and consumption
 Good health and well-being	 Gender equality	 Decent work and economic growth	 Climate action

- ▶ Strong on sustainability as leading UK-based recycler of PVC windows
- ▶ Commitment to substantial further progress across a range of criteria
- ▶ KPIs published covering:
  - Circular economy
  - Emissions and energy management
  - Social targets
- ▶ Also progressing initiatives related to:
  - Transport emissions
  - Mobile plant emissions
  - Closed-loop water cooling
  - Employee well-being
  - Community engagement
- ▶ Objectives align with relevant UN Sustainable Development Goals (SDGs)

# Recycling

## Carbon and Cost Savings

### ► Expanding recycling is at the heart of our sustainability strategy

- **Environmental** – carbon savings
- **Economic** – cost of recycled compound < price of virgin
- **Commercial** – leverage sustainability with customer base, consumers and other stakeholders

### ► Leading UK-based recycler of PVC windows

- Substantial investment since 2017 to increase recycling output
- Keeping pace with demand and improving % of recycled material used in primary extrusion
- Now more than 3m old windows saved from landfill per annum
- Finding new applications for recycling operation waste products previously landfilled

### ► H1 2021 total output from recycling operation 14.7kt (FY 2020: 21.1kt)

- Use in primary extrusion increased to 28% of consumption, or 8.5kt (FY 2020: 25% or 12.4kt)
- Balance of 6.2kt (FY 2020: 8.7kt) used in products made from 100% recycled material or sold to trade

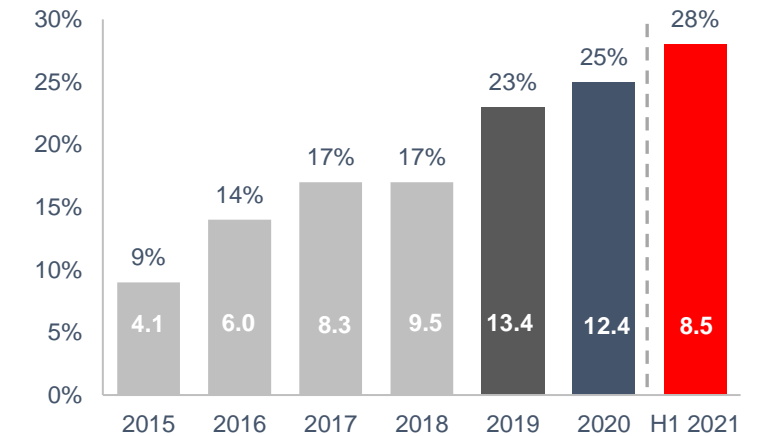
### ► Carbon and cost savings

- Estimate recycling operation saved c.36kt of carbon in FY 2020 compared to the use of virgin PVC<sup>(1)</sup>
- H1 2021 gross margin benefit from 8.5kt recycled material used of c.£4m vs virgin compound

### ► Engineering in recycling and designing out waste

- Substantially all scrap generated in extrusion is recycled – further reducing waste to landfill

Use of Recycled PVC in Manufacturing



#### What does 36k tonnes of CO<sub>2</sub> look like?

Annual CO<sub>2</sub> output of > 6,000 homes<sup>(2)</sup>

#### What does it mean for house builders?

Estimate a house builder constructing 2,500 semi-detached houses will save c.500 tonnes of CO<sub>2</sub> equivalent per year by using Eurocell windows and cavity closures, compared to a competitor using virgin PVC windows<sup>(3)</sup>

(1) Savings calculated at c.1.7t of CO<sub>2</sub> saved per tonne of recyclate, derived from "Life Cycle Assessment of Re-cycling PVC Window Frames", Heinz Sticchnothe, School of Chemical, Engineering and Analytical Science, University of Manchester

(2) Based on 2017 UK national figures

(3) Based on typical semi-detached home with 7 windows and french doors



# Outlook

## Strong Market and Opportunities for Growth

### ► Market dynamics

- Sustained recovery in RMI market
- New build increasing, supported by high levels of mortgage approvals
- Sector close to capacity, with lead times increasing
- Expect robust market conditions to continue for foreseeable future

### ► Proven ability to deliver long-term revenue growth

- Successful commercial strategies – 12% Sales CAGR 2016-19
- Excellent opportunities identified for the future

### ► Historical capacity constraints resolved through major capex

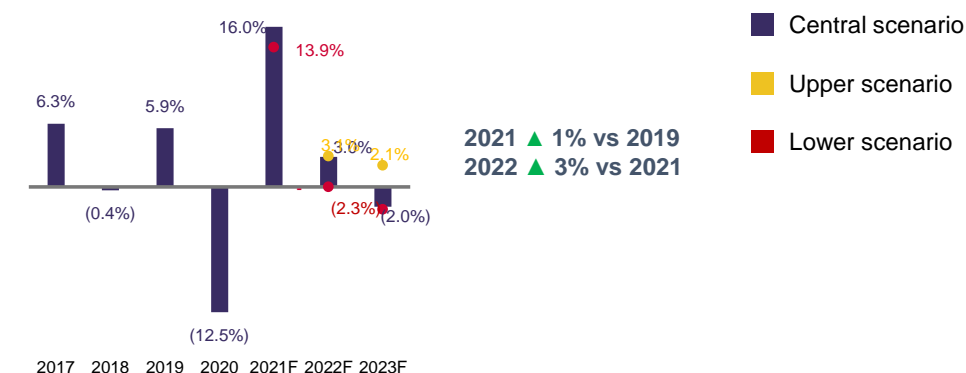
- Investments since 2018 to expand extrusion, recycling and warehousing
- Now delivering improving returns

### ► Further investment in operating capacity now planned

- New warehouse unlocks geographical footprint for future growth
- Further extrusion-related capex now planned for 2022 £6m
  - 5 primary extrusion lines, 2 cavity closure / fencing extrusion lines, tooling and mixing plant upgrade
  - Delivers capacity 25% above expected 2021 output

### CPA Construction Industry Forecasts 2021-23<sup>(1)</sup>

#### Private Housing RMI Growth



Capital Expenditure £m	2018	2019	2020	2021 <sup>(3)</sup>
Manufacturing capacity	3	5	-	7
Recycling capacity <sup>(2)</sup>	7	6	2	1
New warehouse	-	-	8	2
Other (inc. new branches)	4	4	4	8
<b>Total</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>18</b>

(1) Source: CPA Construction Industry Forecasts 2020-23 (published June 2021)

(2) 2018 includes acquisition of Eurocell Recycle North for consideration of £5m

(3) Full year capex guidance for 2021

# Summary

**Strong first half**

**Strategy delivering**

**Powerful sustainability credentials**

**Further increase in full year expectations**

**Robust market set to continue**



# Appendices





# Investment Case

- ✓ Clear strategy and priorities
- ✓ Proven ability to deliver revenue growth
- ✓ Operational capacity constraints resolved through major investments
- ✓ Now delivering improving returns
- ✓ Uniquely differentiated on sustainability through recycling operation
- ✓ Leading market positions and good potential to outperform
- ✓ Continued investment in people, products and processes





# Product Range



Ranges of window profile and doors



Skypod pitched skylights



Syncro patio and Aspect bi-fold doors



Fascias, soffits and guttering



Conservatories and Equinox tiled roofs



Traded goods

# Profiles Division

## ▶ Manufactures:

- Extruded rigid and foam PVC profiles using virgin PVC compound
- Rigid products also include recycled compound

## ▶ Recycles:

- Factory offcuts (post-industrial) and old windows (post-consumer waste)

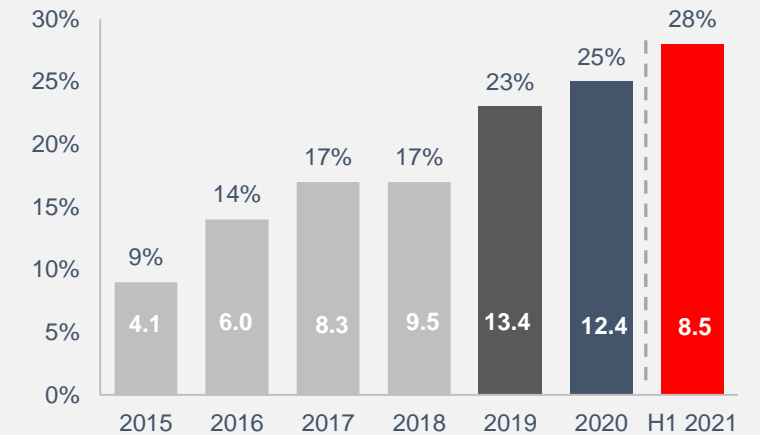
## ▶ Sells:

- Rigid PVC profiles to a network of c.400 third party fabricators
  - Principally trade fabricators, but with new build becoming increasingly important
  - c.300 produce windows, trims cavity closer systems for customers
  - c.100 make patio doors and conservatories
- Foam PVC profiles to Building Plastics division

## ▶ Acquisitions since IPO:

- S&S Plastics (injection moulding, acquired in 2015)
- Vista Panels (composite and panel doors, acquired in 2016)
- Eurocell Recycle North (formerly Ecoplas, PVC window recycler, acquired in 2018)

Use of Recycled PVC in Manufacturing



- ▶ c.3m old windows recycled in 2019 and 2020

# Building Plastics Division

## ► Sells:

- Range of Eurocell manufactured and branded PVC foam roofline and window fitting / maintenance products
- Third party manufactured ancillary products: sealants, tools and rainwater products
- Vista doors
- Windows fabricated by third parties using products manufactured by the Profiles Division

## ► Distribution:

- Through our nationwide network of 212 branches

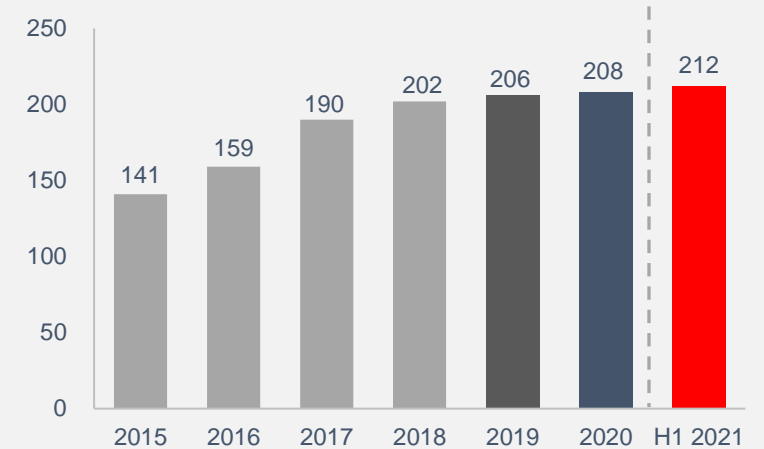
## ► Main customers:

- Roofline and window installers
- Small and independent builders, house builders
- Nationwide maintenance companies

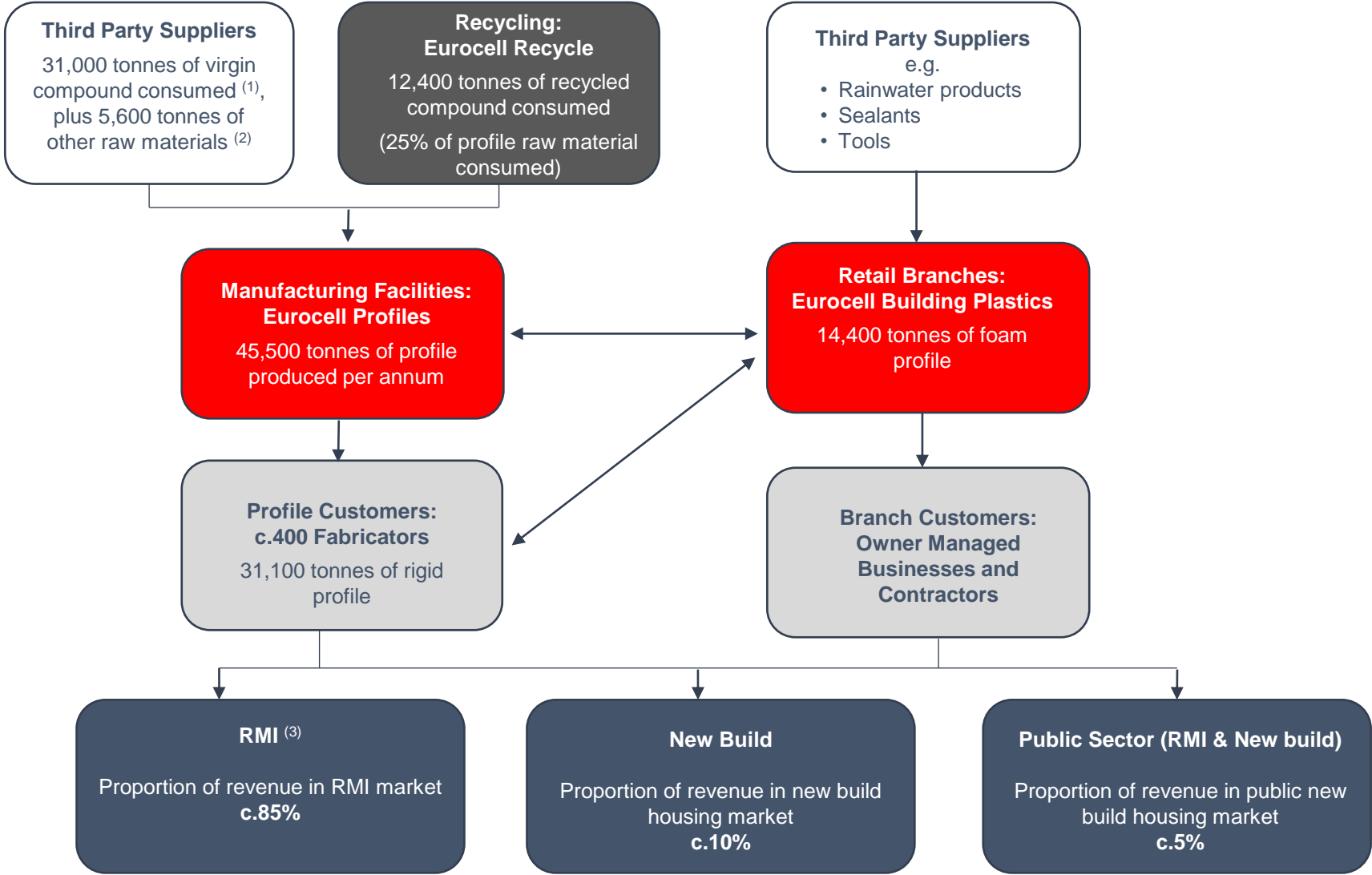
## ► Acquisitions since IPO:

- Security Hardware (hardware supplier to RMI market, acquired in 2017)
- Kent Plastics (building plastics distributor, acquired in 2018)
- Trimseal (building plastics distributor, acquired March 2019)

Number of Branches



# Route to Market



(1) Rigid Virgin Resin: stabiliser, titanium dioxide, impact modifier, filler  
(2) Other raw materials: e.g. skin and rubber flex

(3) Repair, Maintenance and Improvement  
(4) Tonnages shown are approximate based on 2020 volumes



# Recycling Inputs and Outputs

## Major Cost and Carbon Savings

K tonnes	2019	2020	H1 2021
<b>Inputs – waste recycled</b>			
Post-consumer	31.4	27.0	20.5
Post-industrial	9.9	6.7	3.9
<b>Total</b>	<b>41.3</b>	<b>33.7</b>	<b>24.4</b>
<b>Outputs – recycled material produced</b>			
<b>Total</b>	<b>24.9</b>	<b>21.1</b>	<b>14.7</b>
<b>Usage</b>			
<b>Primary extrusion</b>	<b>13.4</b>	<b>12.4</b>	<b>8.5</b>
Products made from 100% recycled material	6.7	4.3	3.4
Sales to trade extruders	5.1	3.4	2.8
<b>Total</b>	<b>25.2</b>	<b>20.1</b>	<b>14.7</b>
<b>Cost savings</b>			
Primary extrusion total consumption	59.4	49.0	30.4
<b>Recycled material % of total consumption (%)</b>	<b>23%</b>	<b>25%</b>	<b>28%</b>
Delta virgin vs recycled compound cost (rounded, £/t)	£250/t	£200/t	£500/t
<b>Approx. gross margin benefit compared to virgin</b>	<b>£3m</b>	<b>£2m</b>	<b>£4m</b>

### ► Leading UK-based recycler of PVC windows

- Substantial investments since 2018 (> £10m)
- Keeping pace with sales growth and increasing % recycled material used in primary extrusion

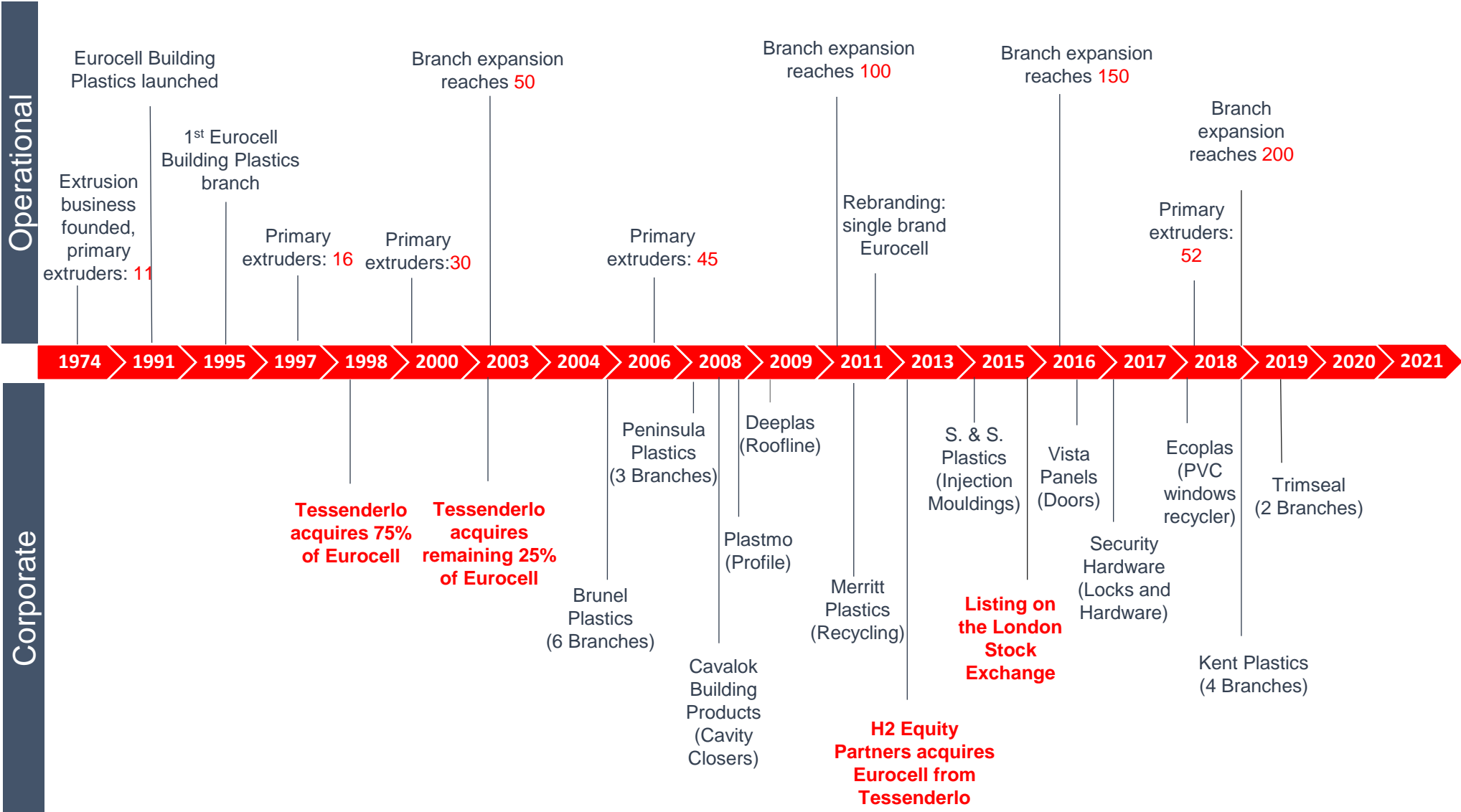
### ► Significant economic benefit from recycling

- Through the cycle, cost of making recycled compound < price of buying virgin compound
- Increasing benefit as resin price rises
- c.£4m in H1 2021 compared to the cost of virgin compound

### ► Other benefits from recycling

- **Environmental** – carbon savings: recycling saved c.36kt of carbon in 2020 vs use of virgin PVC
- **Commercial** – leverage sustainability with customer base, consumers and other stakeholders

# Group History



# DISCLAIMER

This Presentation may contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements.

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