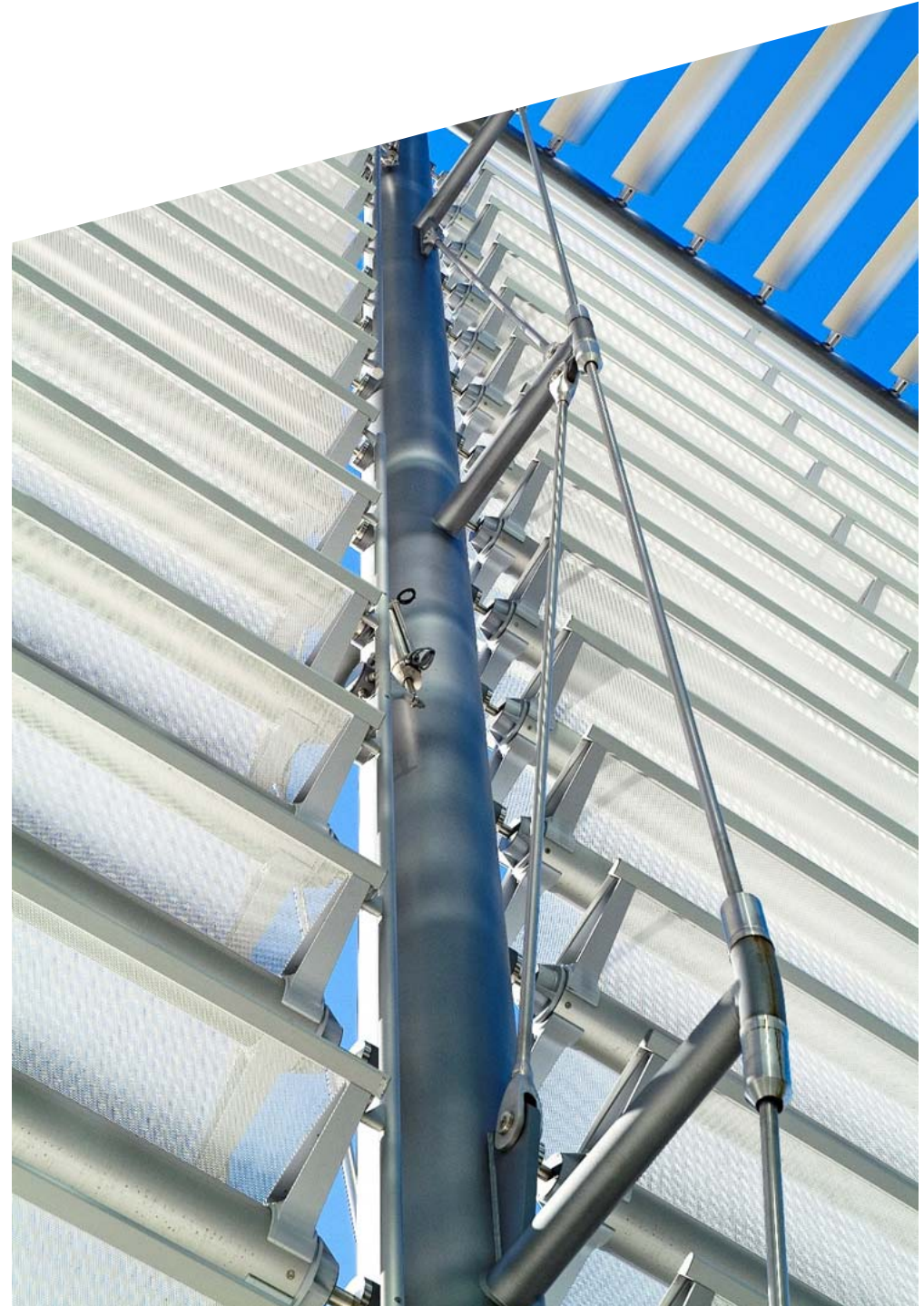




The Alumasc Group plc

**Annual Results to
30 June 2015**



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- 1. Performance Overview**
- 2. Strategic Development**
- 3. Financial Review**
- 4. Operational Review**
- 5. Outlook**

Paul Hooper
Chief Executive

Andrew Magson
Finance Director

Performance Overview

Continuing Operations:

- The group's best performance since 2007/08
- Revenues up 10% to £98.1m
- Underlying PBT up 16% to £8.4m and underlying EPS up 19% to 18.4p
- All of the growth driven by Building Products - all operating segments delivering increased profits
- Continuing PBT (after pension interest and brand amortisation) ahead by 15% to £7.0m
- Debt-free at 30 June 2015 (net debt of £7.7m at 30 June 2014)
- Final dividend increased to 3.5p – full year up 20% to 6.0p

Discontinued Operations:

- APC sold for £5.8m in June 2015 – losses and related sale costs of £3.0m
- Pendock Profiles sold for £1.5m in September 2014 – gain on sale £0.8m

Total Group:

- Profit for the year (after tax) increased to £4.4m (2013/14: £4.0m)
- Basic EPS up by 9% to 12.3p in 2014/15 (2013/14 : 11.3p)

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Andrew Magson
Finance Director

Strategic Development

The conclusions of the Board's recent strategic review were:

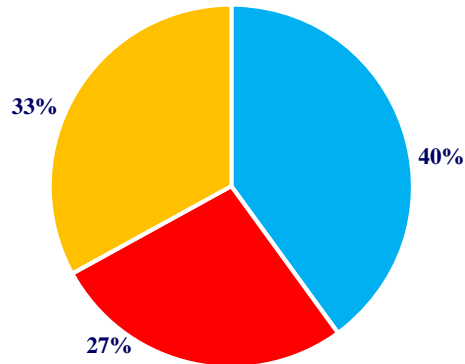
- **the group's strategy for profitable growth is focused on building products**
- **numerous exciting organic and synergistic growth opportunities have been identified to capitalise on market leading positions in niche segments:**
 - the formation of a holistic Alumasc Water Management Solutions brand (incorporating the Alumasc, Harmer & Gatic brands of rainwater and drainage products), to be co-located with Alumasc Roofing at a new £10m purpose built facility near Kettering in 2017;
 - recovery at Levolux, leveraged by the development of balcony products and continued export growth in North America/Middle East;
 - major expansion of the Timloc product range facilitated by relocation to a single leased property near the M62 in 2017; and
 - further growth in Roofing & Walling driven by new products and continued investment in sales/commercial resources
- **the sale of the loss making APC business & non-core Pendock Profiles business**
- **organic growth opportunities may be supplemented by selective Building Product acquisitions**

Increasing Strategic Focus:

Improving earnings, quality of earnings and operating margins

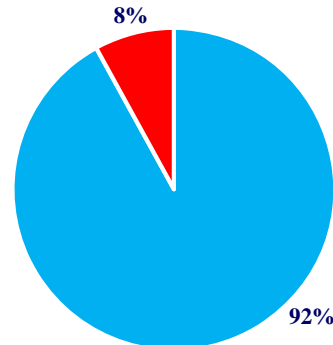


10 years ago
2004/05



£121.0m

Continuing Operations
2014/15

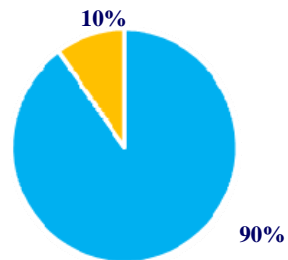


£98.1m

- Alumasc has transformed from a diversified group into a focused niche building products business
- The building products business has nearly doubled in size over that period
- Numerous opportunities for organic growth and synergy identified
- Earnings substantially rebuilt since the 2008 financial crisis with Levolux still in early stage recovery
- Better balance of earnings between Alumasc's operating segments
- Earnings, the quality of earnings and operating margins are all improving

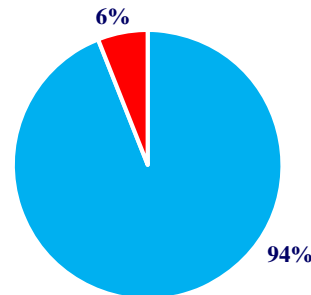
Revenue

Underlying Operating Profit



£6.4m

(NB: Engineering Products in Loss)



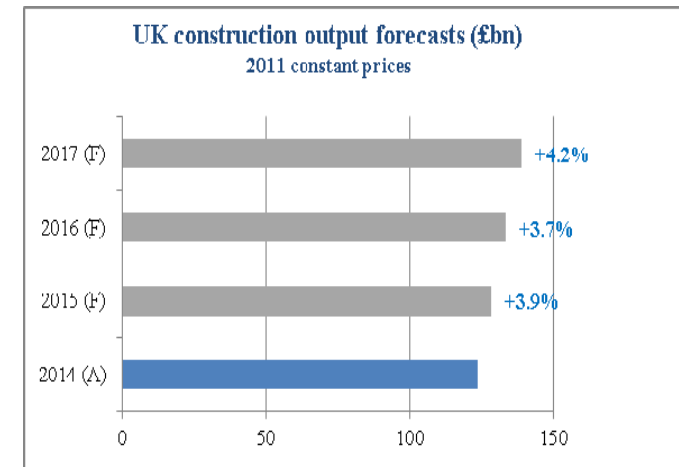
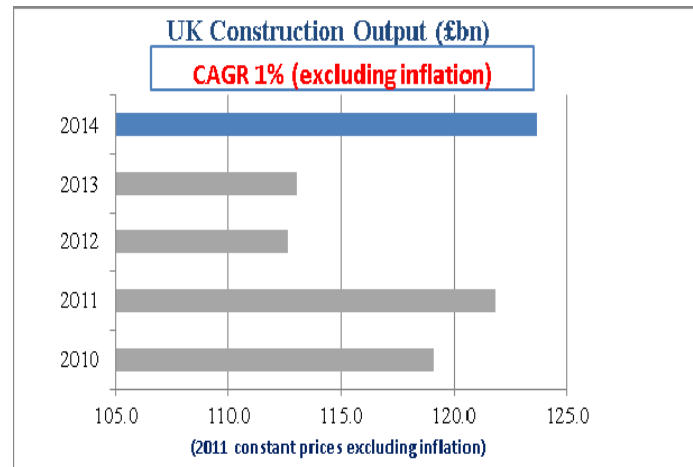
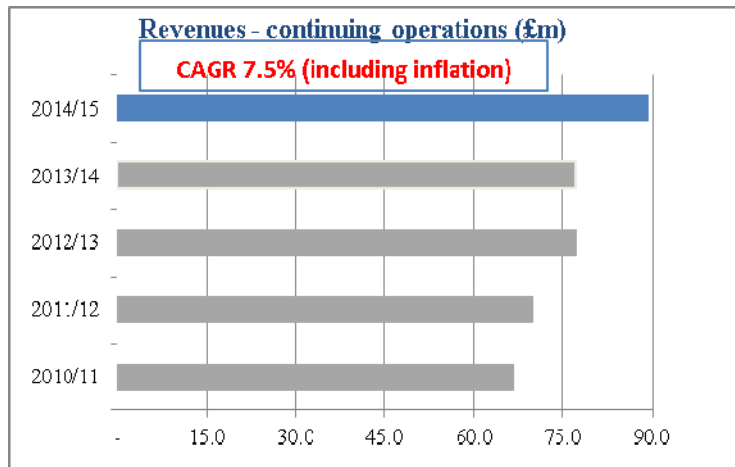
£9.0m

Operating Margin (%)

5.3%

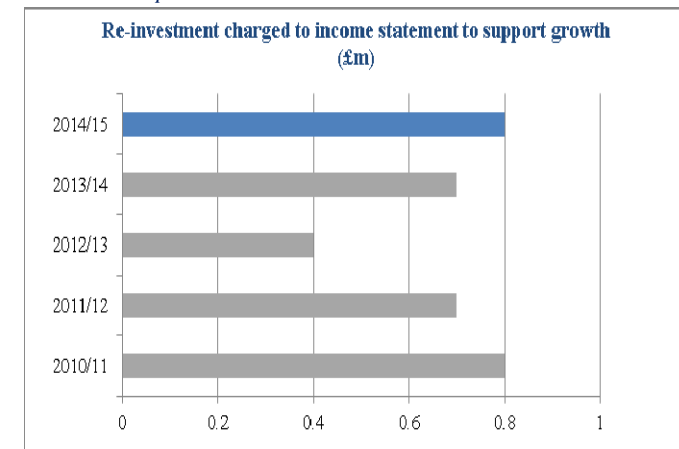
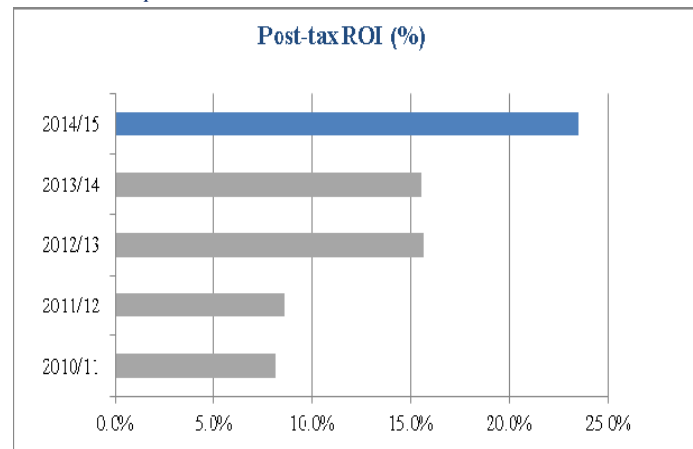
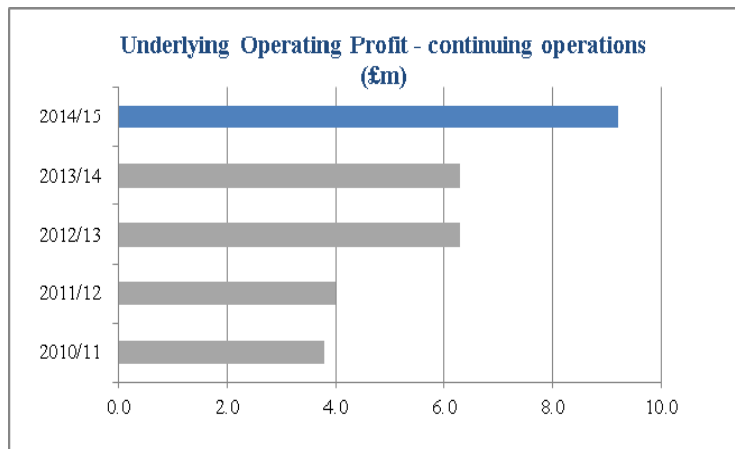
9.2%

Building Products' Strategic Development



Source: Experian

Source: Experian



Note: In order to illustrate underlying trends, the impact of the abnormally large Kitimat export project has been excluded from the divisional data in the years 2012-15

This is a clear demonstration of Alumasc's success in the execution of its strategy:

- Revenue growth rates have been ahead of UK construction market averages by c.3% pa (adjusted for inflation)
- Construction forecasts are for continued UK market recovery and growth
- We are growing divisional operating profits, cash flows and returns on investment
- We continue to invest in people and new product development to support delivery of organic growth potential

Why Alumasc is Outperforming the UK Construction Market

- **Strong strategic positioning in sustainable building product niches**
 - particularly energy and water management
- **Consistent revenue investment of approaching £1m pa in:**
 - high quality managerial, sales and commercial resources
 - innovation and new product development
- **Better balanced mix of sales to end user markets including increased refurbishment sales**
- **Increased sales to the stronger UK markets of London & the South-East**
- **Leveraging existing routes to market with new products and the development of e-commerce channels**
- **Development of export sales, particularly through Levolux and Gatic**

Alumasc's Business Model for Continued Profitable Growth

- **Our strategic positioning, initiatives and investments in people and innovation should enable continued outperformance of the UK construction market**

- **We see further opportunities to leverage this growth into improved profitability:**
 - **Manage and deliver the recovery to mid-cycle revenues and margins at Levolux**

 - **Further operating margin improvement through:**
 - operational gearing
 - targeted improvement in sales mix
 - benefits of divisional cost and revenue synergies

 - **Incremental export growth (Levolux and Gatic)**

 - **Potential for selective complementary acquisitions**

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Andrew Magson
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Income Statement Summary (£m)

12 months to 30 June



| Continuing Operations*: | <u>2014/15</u> | <u>2013/14</u> | <u>Change %</u> |
|--|-------------------|-------------------|------------------|
| Revenue | | | |
| Building Products | 90.3 | 80.4 | +12 |
| Dyson Diecastings | 7.8 | 8.5 | -9 |
| | <u>98.1</u> | <u>88.9</u> | <u>+10</u> |
| Underlying Operating Profit | | | |
| Building Products | 9.8 | 8.0 | +23 |
| Dyson Diecastings | 0.7 | 1.1 | -37 |
| Unallocated Costs | (1.5) | (1.3) | |
| | <u>9.0</u> | <u>7.8</u> | <u>+16</u> |
| Interest on borrowings | (0.6) | (0.6) | |
| Underlying PBT | <u>8.4</u> | <u>7.2</u> | <u>+16</u> |
| IAS19 pension costs | (1.1) | (0.9) | |
| Brand amortisation | (0.3) | (0.3) | |
| PBT from continuing operations | <u>7.0</u> | <u>6.0</u> | <u>+15</u> |
| Discontinued Operations* and tax | <u>(2.6)</u> | <u>(2.0)</u> | |
| Profit for the year (after tax) | <u><u>4.4</u></u> | <u><u>4.0</u></u> | <u><u>+8</u></u> |
| Underlying operating margin – continuing operations (%) | 9.2 | 8.7 | +50bps |
| Underlying EPS – continuing operations (p) | 18.4 | 15.4 | +19 |
| Basic EPS – continuing operations (p) | 15.0 | 13.4 | +12 |
| Dividends per share (p) | 6.0 | 5.0 | +20 |

* Note: Discontinued operations are Alumasc Precision Components and Pendock Profiles

Cash Flow Summary (£m)

12 months to 30 June



| | <u>2014/15</u> | <u>2013/14</u> | <u>Change</u> |
|--|----------------|----------------|---------------|
| Continuing operations: | | | |
| EBITDA | 10.6 | 9.1 | 1.5 |
| Underlying change in working capital | 0.1 | (0.3) | 0.4 |
| Short-term changes in working capital on large construction contracts | (0.5) | (1.1) | 0.6 |
| Operating cash flow | 10.2 | 7.7 | 2.5 |
| Capital expenditure | (1.2) | (1.1) | (0.1) |
| Pension funding | (2.9) | (2.4) | (0.5) |
| Interest | (0.4) | (0.5) | 0.1 |
| Tax | (0.9) | (1.1) | 0.2 |
| Free cash flow pre-dividend | 4.8 | 2.6 | 2.2 |
| Dividends | (1.9) | (1.7) | (0.2) |
| Operating and investing cash flows from discontinued activities | (0.4) | (0.6) | 0.2 |
| Net sales proceeds from APC and Pendock Profiles | 6.2 | - | 6.2 |
| Others | (0.1) | (0.3) | 0.2 |
| Net cash flow | 8.6 | - | 8.6 |
| Net cash/(debt) | 0.9 | (7.7) | 8.6 |
| Average trade working capital % sales (excluding Kitimat & discontinued operations) | 11.9 | 11.1 | |

Balance Sheet Summary (£m)

| | <u>30 June 2015</u> | <u>30 June 2014</u> |
|---|---------------------|---------------------|
| Property, plant & equipment | 7.5 | 12.0 |
| Intangible assets | 19.3 | 19.2 |
| Working capital | 6.8 | 10.0 |
| Other net liabilities | (1.8) | (2.2) |
| Capital invested | <u>31.8</u> | <u>39.0</u> |
| Net cash/(debt) | 0.9 | (7.7) |
| Pension obligations ⁽¹⁾ | <u>(16.8)</u> | <u>(14.3)</u> |
| Net assets | <u>15.9</u> | <u>17.0</u> |
| ROI – continuing operations (post tax) ⁽²⁾ | 19.9% | 13.4% |
| Gearing | Nil | 45% |
| Interest cover (times) ⁽³⁾ | 17.3 | 17.2 |
| Net debt/EBITDA (times) ⁽⁴⁾ | 0.1 | 1.0 |

- New 5 year banking facility recently agreed: £12.5m initially committed, plus £17.5m accordion - £30m total

(1) IAS19 basis of valuation, net of related deferred tax asset

(2) Annualised post-tax underlying operating profit divided by average capital invested (continuing operations only in 2014/15)

(3) Underlying EBITDA from continuing operations divided by net interest cost on borrowings (banking covenant is > 4x)

(4) Net debt plus contingent liabilities/trailing 12 months underlying EBITDA for continuing operations (banking covenant < 3 times)

Continuing Operations : Segmental Analysis of Results

12 months to 30 June



| | <u>2014/2015</u> | | <u>2013/2014</u> | | <u>2014/2015</u> | <u>2013/2014</u> |
|--|-------------------|-----------------------------|-------------------|-----------------------------|-------------------------|------------------|
| | <u>Underlying</u> | | <u>Underlying</u> | | <u>Underlying</u> | |
| | <u>Operating</u> | | <u>Operating</u> | | <u>Operating Margin</u> | |
| | <u>Revenue</u> | <u>Profit⁽¹⁾</u> | <u>Revenue</u> | <u>Profit⁽¹⁾</u> | | |
| | <u>£m</u> | <u>£m</u> | <u>£m</u> | <u>£m</u> | <u>%</u> | <u>%</u> |
| Building Products: | | | | | | |
| Solar Shading & Screening | 16.0 | 0.9 | 16.3 | 0.5 | 5.8 | 3.1 |
| Roofing & Walling | 32.8 | 3.8 | 26.9 | 2.9 | 11.4 | 10.9 |
| Construction Products | 17.6 | 2.1 | 15.6 | 1.7 | 11.9 | 10.8 |
| Rainwater, Drainage & Housebuilding Products | 23.9 | 3.0 | 21.6 | 2.9 | 12.6 | 13.3 |
| Building Products | 90.3 | 9.8 | 80.4 | 8.0 | 10.8 | 9.9 |
| Dyson Diecastings | 8.1 | 0.7 | 8.9 | 1.1 | 8.8 | 12.6 |
| Intercompany/Unallocated | (0.3) | (1.5) | (0.4) | (1.3) | | |
| Total Group | 98.1 | 9.0 | 88.9 | 7.8 | 9.2 | 8.7 |

⁽¹⁾ Underlying results are stated prior to deducting brand amortisation and IAS19 pension costs.

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Building Products – Energy Management

Solar Shading & Screening

- **Levolux is a late cycle business**
- **Order books up 19% on PY at £15.6m of which £2.1m expected to convert into sales after 30 June 2016**
- **Profits improved on lower revenues due to strong project execution across the portfolio including the multi-million Chiswick Park building 7 contract**
- **New range of balcony products introduced - initial customer reaction encouraging**
- **Traction building in North America – expected to be c.10% of sales in 2015/16**
- **Planning to add sales resources in North America and the Middle East**

Roofing & Walling

- **The best performing operating segment in the year**
- **Roofing has transformed from a loss making business two years ago to a strongly profitable one.**
- **Sales volume growth driven by more high calibre managers, sales & commercial personnel, new product introduction and systems & solutions selling**
- **Façades benefited from strong Scottish government funded HEEPS refurbishment work**
- **Façades is penetrating new build markets through new product introductions (eg the Alumasc Ventilated System) & increased specification selling**

Building Products – Water Management & Other

Rainwater & Drainage

- A good year for both rainwater and drainage
- Alumasc Rainwater, Skyline soffit copings, Harmer building drainage & Gatic civils drainage now combined under the umbrella brand, Alumasc Water Management Solutions (“AWMS”)
- Product range widened in the last few months (including Filcoten & SML below ground)
- Plans to modernise and extend capacity at a new purpose built £10m facility near Kettering in 2017

Rainclear

- Another record year following its acquisition in 2012, delivered under new Alumasc management following retirement of the previous founder / owner in 2014

Gatic

- A strong year for Gatic including a multi-million contract at Doha Port (access covers) and buoyant H2 demand for Slotdrain
- Widened drainage product range launched in the USA in April 2015 to complement Slotdrain including a grated drainage system - early signs encouraging

Housbuilding Products

- Another record year for Timloc
- Success from widened product range, leveraging existing routes to market through distribution
- Major new product range launching in 2016
- The expanded business will relocate from two sites into one new leased site near the M62 in 2017 enabling further sales growth and operational efficiency

Engineering Products & Pendock Profiles

Dyson Diecastings

- A year of transition - a number of senior management retirements / new senior team being established
- Non-recurrence of some prior year revenues related to a major new customer product introduction in 2013, led to reduced profit in the year
- Dyson is a strong business. Improved profitability expected in 2015/16 predicated on:
 - new work wins (known transfer work)
 - operational efficiencies supported by modest investment in the foundry

Discontinued Operations

APC

- Sold on 26 June 2015 for £5.8m
- Overall pre-tax losses of £3.0m: trading losses, a small loss on sale and costs of exiting the business
- APC's legacy defined benefit pension obligations remain with Alumasc

Pendock Profiles

- Sold on 30 September 2014 for £1.5m
- Book gain on sale of £0.8m

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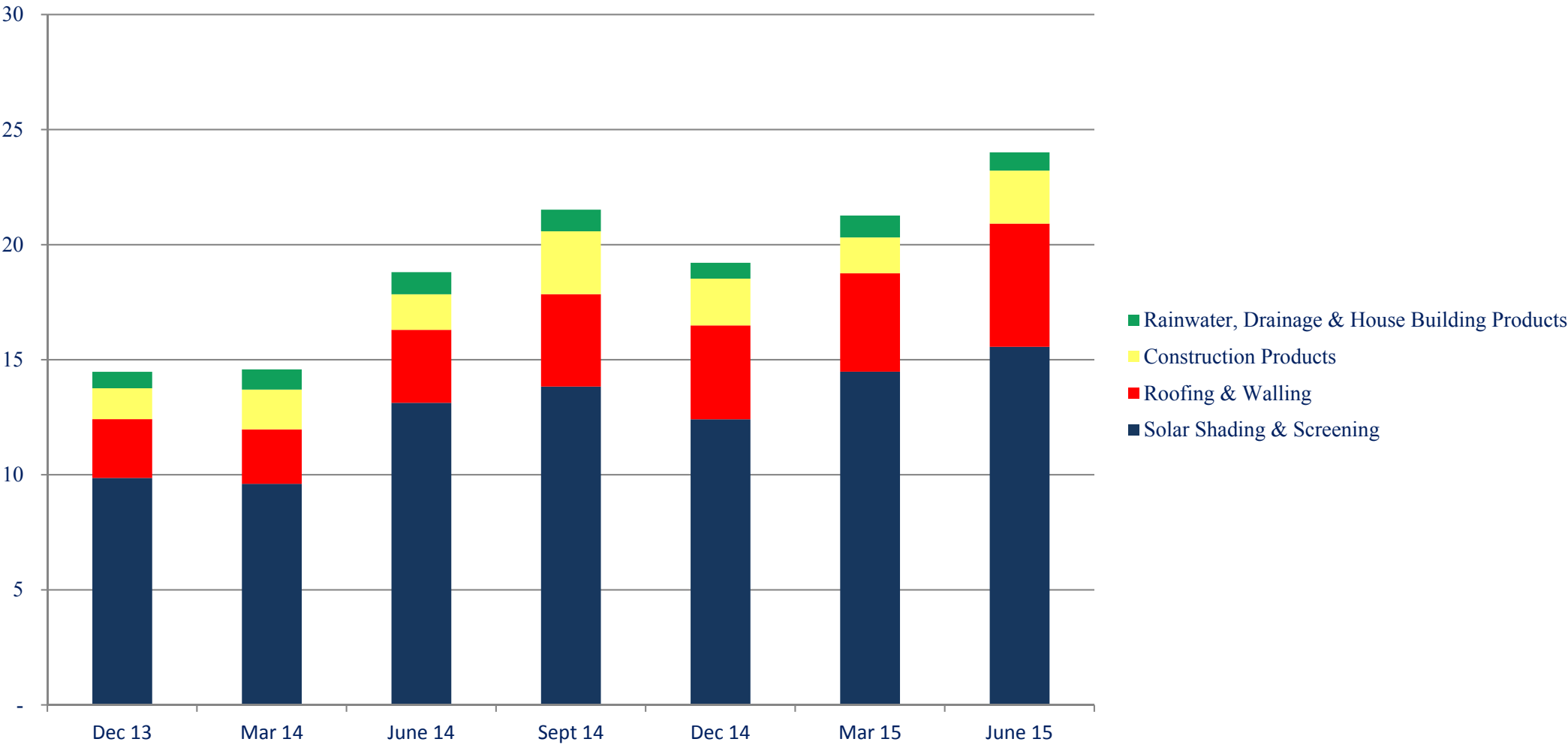
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Building Products Division – Order Book (£m)

Building Products (excluding Kitimat) Order Book by Operating Segment (£m)

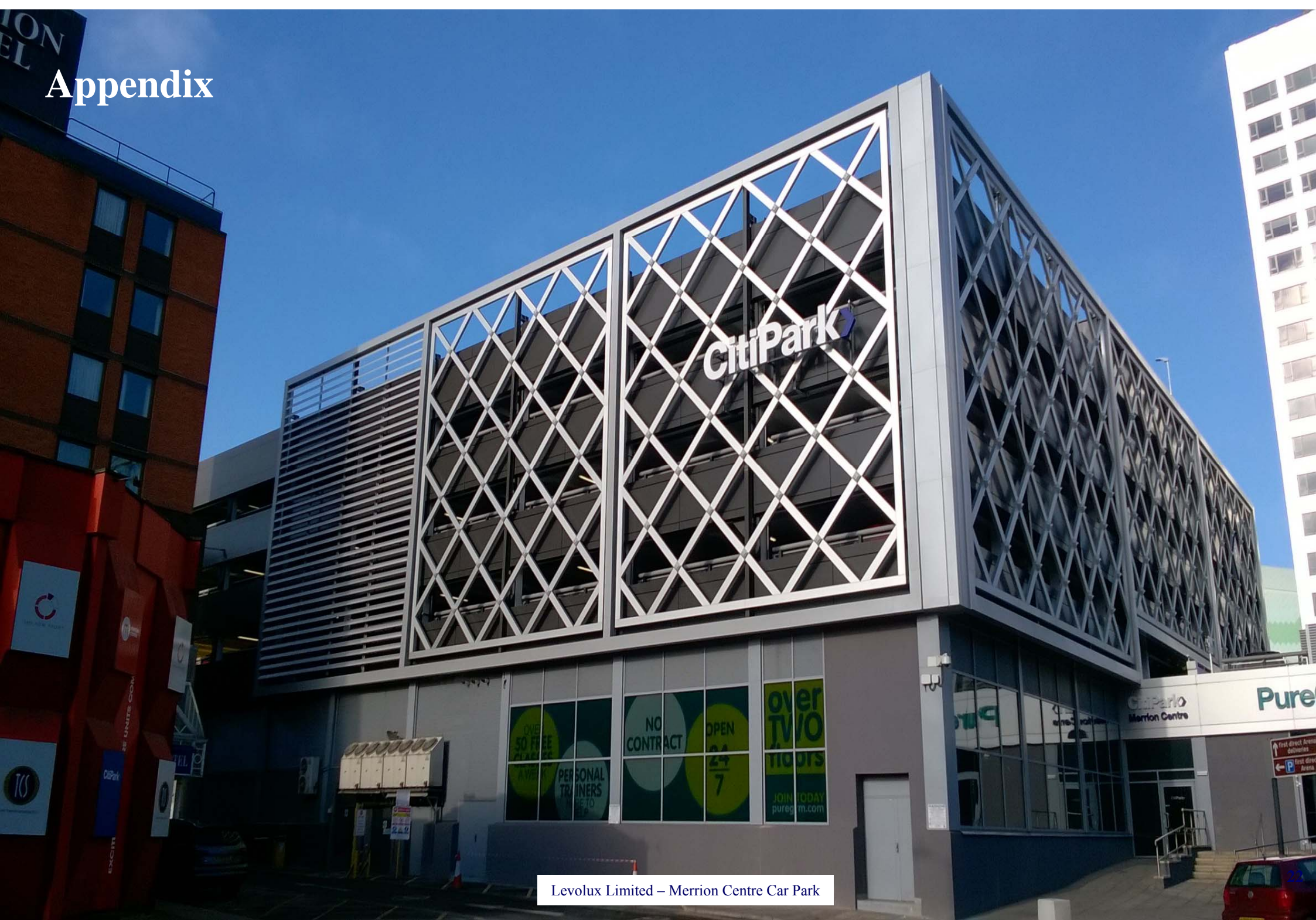


Outlook

- **The group's order books at 30 June 2015 closed at £26.5m, some 27% ahead of 30 June 2014**
- **Whilst the timing of larger construction contracts can impact the outcome in any one year, Alumasc is increasingly well positioned to benefit from the current forecast growth in both the UK economy and UK construction output***

* Sources: Experian and the Construction Products Association

Appendix



Levolux Limited – Merlion Centre Car Park

Appendix I

- Reconciliation of Underlying Profit Before Tax to Profit for the Year (£m)



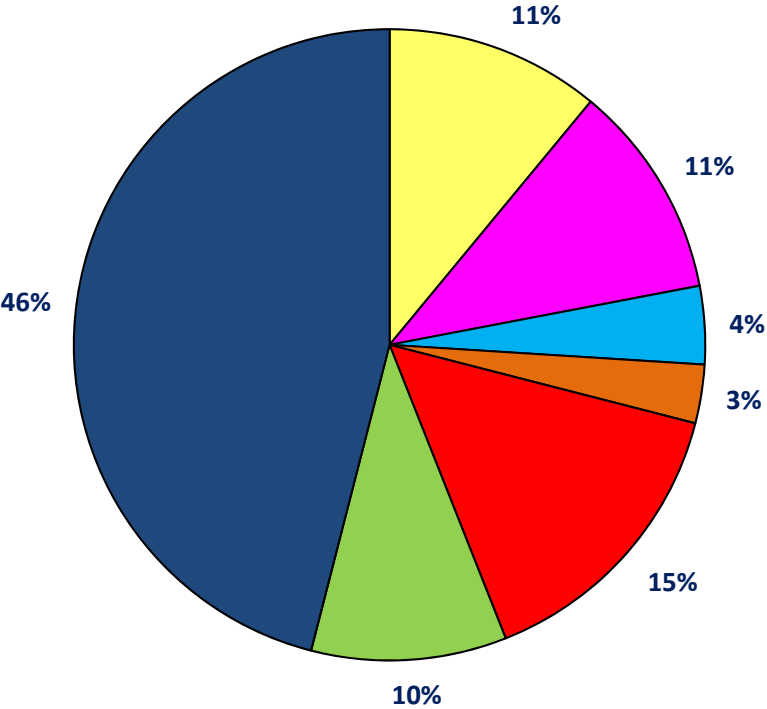
| | 2014/15 | 2013/14 |
|--|--------------|--------------|
| Underlying profit before tax from continuing operations | 8.4 | 7.2 |
| IAS19 pension costs | (1.1) | (0.9) |
| Brand amortisation | (0.3) | (0.3) |
| Profit before tax from continuing operations | 7.0 | 6.0 |
| Discontinued operations: | | |
| Alumasc Precision Components | (3.0) | (1.2) |
| Pendock Profiles | 0.8 | 0.3 |
| Tax expense | (0.4) | (1.1) |
| Profit for the year | 4.4 | 4.0 |

Appendix II

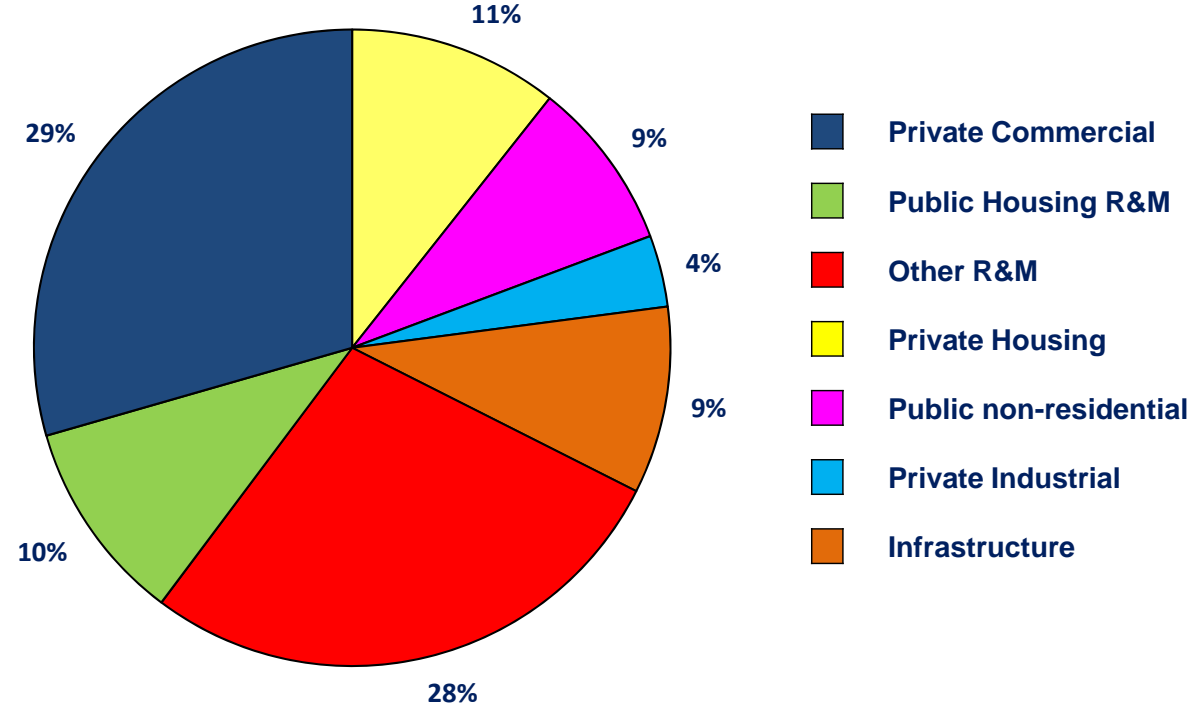
- End User Market Analysis



2007/08



2014/15



- Private Commercial
- Public Housing R&M
- Other R&M
- Private Housing
- Public non-residential
- Private Industrial
- Infrastructure

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30 June 2015

