



The Alumasc Group plc

Interim Results to 31 December 2017

Levolux Limited - San Antonio Car Park, California

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Alumasc Roofing – New Providence Wharf, London



01 Overview

Levolux – Forbury Place, Reading

Overview



A satisfactory first half against a background of flat UK construction demand, ongoing input cost inflation and the anticipated greater second half weighting of larger projects in the current year

Like-for-like* revenues 1.9% lower at £47.5m (2016: £48.4m)

- UK revenues up by 1%
- export revenues down by 18% (reflecting timing of projects and non-repeat of the prior year's large US\$5m American screening project)

• **Operating margins 7.6% (2016: 8.2%)**

- reflecting large project timing and contribution to overheads; and input cost inflation (now being recovered)

• **Underlying PBT down by 13.5% to £3.5m (2016: £4.1m)**

• **Underlying EPS down by 13.2% to 7.9p (2016: 9.1p)**

• **Interim dividend increased by 3.5% to 2.95p (2016: 2.85p)**

• **Acquisition of Wade International, a premium building drainage business, for £8m in cash, on 31 January 2018**

* Excluding Scaffold & Construction Products, the business sold by Alumasc on 31 July 2017

02

Acquisition of Wade



Acquisition of Wade International

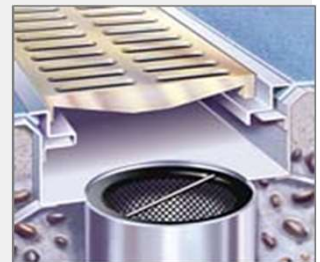
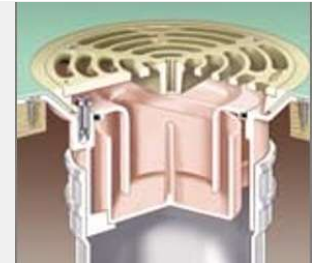


The business:

- A leading manufacturer / supplier of high quality metal drainage products and access covers with a premium brand
- Owns a c.52,000 sq. ft. factory in Halstead, Essex
 - additional capacity and land for expansion
- Strong positioning in surface water drainage (internal & external) and roof drainage
- Complements AWMS' strengths in roof and through building drainage and Gatic's strengths in higher capacity civil drainage

Acquisition financials:

- Enterprise value £8.0m, settled in cash at completion
- Year to 30 June 2017 statutory results : revenue £5.7m; PBT £1.4m; EBITDA £1.7m
- Acquisition multiples:
 - EV/EBITDA : 4.7 times
 - EV/EBIT : 5.7 times
- Existing book value of capital invested £3.2m
- Expected to be earnings enhancing in the first full year

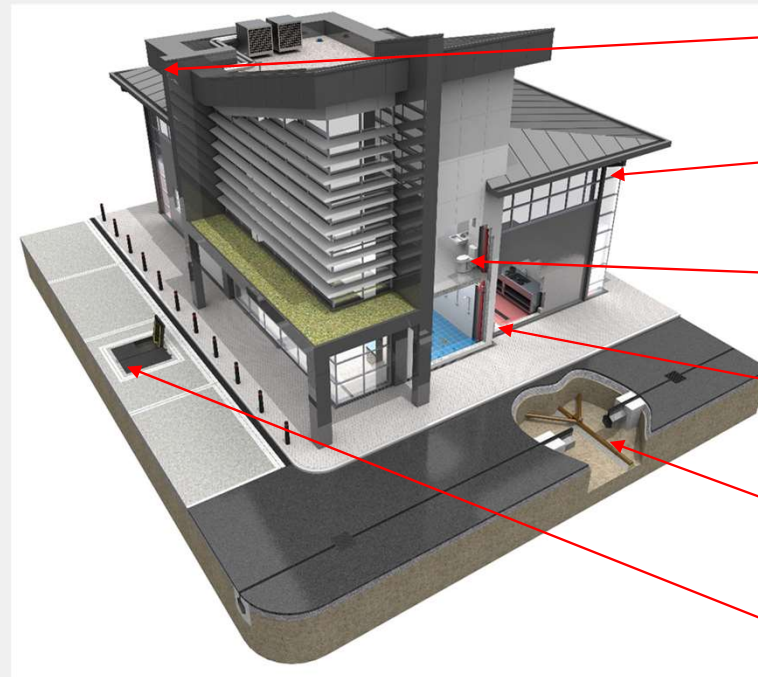


Wade – the potential



Detailed business development plans are evolving, but Alumasc believes the synergistic potential is significant:

- **Enhances Alumasc's "rain to drain" range of systems:**
 - will facilitate growth in specification sales and divisional cross-selling
 - extends Alumasc's end user market reach into food / pharmaceutical sectors
- **Export market development potential**
 - especially Middle East
- **Complementary functional strengths:**
 - Alumasc commercial; Wade operational with bespoke secondary processing
- **Divisional knowledge and best practice sharing**
- **Shared divisional management overhead**
- **Potential divisional property synergies**



AWMS – "Rain to Drain" systems including Wade





03

Strategic Development

Alumasc Water Management Solutions – Guardian Building, Jersey

Strategy – a reminder



Specified products



Almost 80% of group sales driven by specification & regulation

Structural growth



Over 90% of group sales relate to long-term strategic growth drivers

International markets



Export sales over 10% of group sales and growing

Empower talented people

Leverage strong brands

Continuous innovation and development

Maximise the commercial opportunity

Invest in strategic priorities

Satisfied customers



Sustainable growth



Superior financial returns



Long term value creation



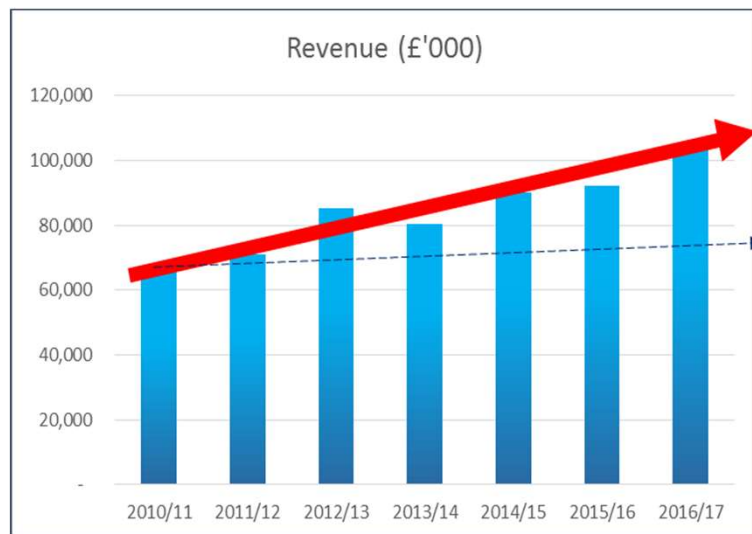
Strategic development – highlights of the last 6 months



- Acquisition of Wade on 31 January 2018 for £8m
- Acceleration of people investment in Levolux to support revenue and margin growth (North America & UK balconies/balustrades, particularly)
- Commissioning of the new 85,000 sq. ft. Timloc factory, operational 1 January 2018
 - 2 months ahead of plan

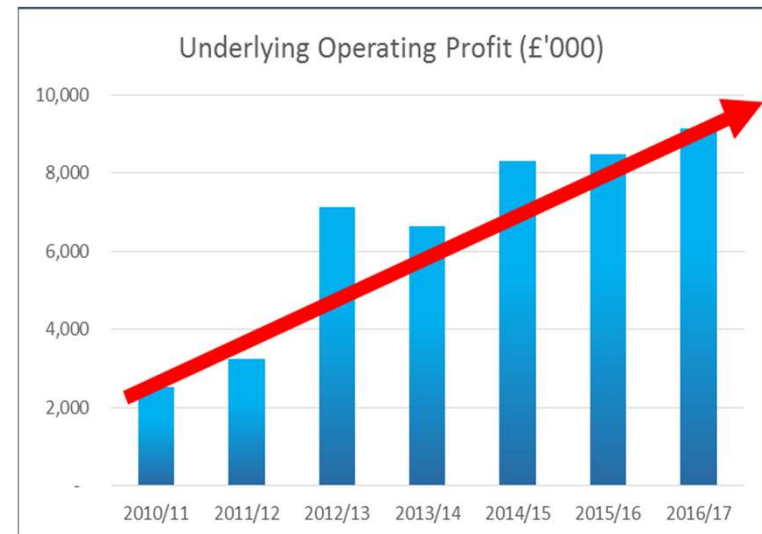


How strategy is driving performance – a reminder



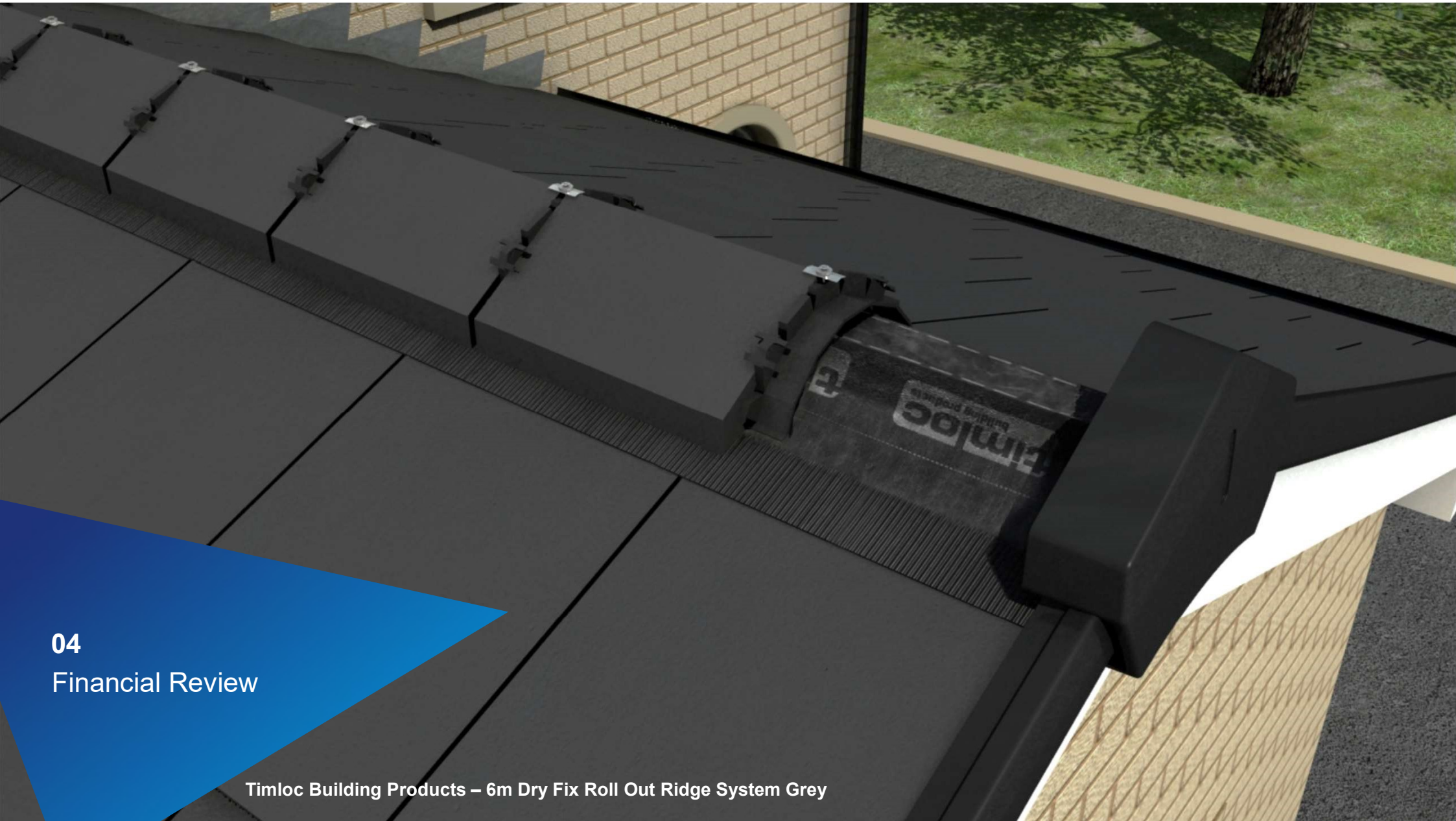
Alumasc Revenue CAGR 8%*

UK Construction
Market CAGR 2%*



CAGR 24%

* The Alumasc data above reflects building products operations only. UK construction market growth is stated in real terms. Adjusting for inflation, Alumasc estimates it has outperformed the UK construction market by 2-3% pa.



04

Financial Review

Timloc Building Products – 6m Dry Fix Roll Out Ridge System Grey

Income Statement Summary (£m)

6 months to 31 December



	2017 £m	2016 £m	Change %
Headline revenue	47.8	50.7	-6
Like-for like revenue*	47.5	48.4	-2
Underlying Operating Profit	3.6	4.1	-13
Interest on borrowings	(0.1)	-	
Underlying PBT	3.5	4.1	-14
IAS19 pension costs, brand amortisation and non-recurring items**	(0.5)	(0.5)	
PBT	3.0	3.6	-16
Underlying EPS (p)	7.9	9.1	-13
Basic EPS (p)	6.9	8.2	-16
Dividends per share (p)	2.95	2.85	+3.5
Underlying operating margin (%)	7.6	8.2	-60bps

* Like-for-like revenues exclude SCP, business sold by Alumasc on 31 July 2017

** Comprising brand amortisation of £0.1m in both half years : IAS19 pension costs of £0.3m in both half years; and, in 2017, a gain on disposal of available-for-sale assets of £0.4m (2016 nil), the loss on disposal of SCP of £0.2m (2016 : nil) and one-off costs relating to the relocation of Timloc of £0.3m (2016 : nil)

Cash Flow Summary (£m)

6 months to 31 December



	2017 £m	2016 £m	Change £m
EBITDA	4.2	4.8	(0.6)
Underlying change in working capital	(3.5)	(3.5)	-
Short-term changes in working capital on large construction contracts	0.3	(1.0)	1.3
Operating cash flow	1.0	0.3	0.7
Capital expenditure	(1.9)	(0.5)	(1.4)
Pension funding	(1.6)	(1.7)	0.1
Interest	(0.1)	-	(0.1)
Tax	(0.4)	(0.2)	(0.2)
Dividends	(1.5)	(1.3)	(0.2)
Net one-off cash flows	0.8	-	0.8
Change in net cash	(3.7)	(3.4)	(0.3)
Net cash on balance sheet at 31 December	2.4	5.2	
Average trade working capital % sales	12.3%	10.4%	

Balance Sheet Summary (£m)

at 31 December



	31 Dec 2017 £m	30 June 2017 £m	31 Dec 2016 £m
Property, plant & equipment	6.7	5.3	5.2
Intangible assets	18.8	18.9	18.9
Working capital	10.8	8.8	8.0
Other net liabilities	(1.4)	(1.6)	(1.6)
Capital invested	34.9	31.4	30.5
Net cash	2.4	6.1	5.2
Pension obligations ⁽¹⁾	(17.1)	(17.1)	(19.1)
Net assets	20.2	20.4	16.6
ROI (post tax) ⁽²⁾	17.4%	25.0%	23.0%

After the acquisition of Wade, Alumasc retains a strong balance sheet with headroom against committed banking facilities

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

(2) Annualised post-tax underlying operating profit divided by average capital invested.

Segmental Analysis of Results

6 months to 31 December



	Revenue ⁽²⁾ 2017 £m	Underlying Operating Profit ⁽¹⁾ 2017 £m	Revenue ⁽²⁾ 2016 £m	Underlying Operating Profit ⁽¹⁾ 2016 £m	Underlying Operating Margin 2017 % 2016 %	
Solar Shading & Architectural Screening	11.3	0.7	11.1	0.6	6.5	5.7
Roofing & Walling ⁽²⁾⁽³⁾	15.7	0.8	16.9	1.4	5.3	8.2
Water Management ⁽³⁾	15.5	1.5	15.9	1.9	9.7	11.6
Housebuilding & Ancillary Products	5.0	0.9	4.4	0.7	17.4	15.8
Sub-total	47.5	3.9	48.4	4.5	8.3	9.4
Unallocated Costs	-	(0.3)	-	(0.4)		
Total⁽¹⁾	47.5	3.6	48.4	4.1	7.6	8.6

(1) Underlying results are stated prior to deducting brand amortisation, IAS19 pension costs and the non-recurring items of income and cost set out on page 13

(2) Revenues from SCP, the business sold on 31 July 2017, are excluded from both years in the analysis above (formerly part of the Roofing & Walling division)

(3) Comparatives in the Roofing & Walling and Water Management divisions have been restated to reflect an internal change in the reporting structure for Rainclear, formerly part of Roofing & Walling now part of the Water Management division

05 Operational Review

Roofing & Walling – Refurbished WW2 Bunker with Green Roof, Usk



Solar Shading & Architectural Screening



H1 Results	2017	2016
Revenue (£m)	11.3	11.1
Underlying operating profit (£m)	0.7	0.6
Underlying operating margin (%)	6.5	5.7

Levolux – Atrium 2B, Cardiff



H1 performance

- Trading momentum building as the year progresses, particularly North America and balconies/balustrades business streams
- Benefits of investment in UK and international sales resources, project and operations management and IT, to grow revenues and margins, are now coming through
- We are accelerating investment in sales people, a year earlier than previously planned, to seek to drive faster growth in North America

Opportunities and potential

- Significant growth potential for North America and balconies / balustrades businesses
- Potential market Levolum serves estimated to be £250m+, over 4 times its original UK solar shading market
- Value of enquiries for new work in North America amounted to £25.8m in H1 of 2017/18 (2016/17 H1 : £9.1m)

Roofing & Walling



H1 Results	2017	2016
Revenue (£m)	15.7	16.9
Underlying operating profit (£m)	0.8	1.4
Underlying operating margin (%)	5.3	8.2

Alumasc Facades – Alton Towers Hotel



H1 performance

Roofing

- Underlying growth trajectory muted by project delays
- Installing contractors cautious
- Ongoing input cost (eg insulation, oil based materials) and imported currency inflation impacted margins
- Increased selling prices and cost mitigation actions now in place for H2

Walling

- Industry subdued reflecting funding cuts and post-Grenfell uncertainty : revenues / profits significantly down on prior H1
- Overheads reduced by £0.3m pa in August
- Latest tranche of Scottish government funded work picking up in H2 (HEEPS / SEEP programmes) – prior year's tranche was H1-biased

Opportunities and potential

Roofing

- Investment in sales resources benefiting specification levels & bringing continued growth
- Positive outlook for Academies refurbishment work in Q4
- Continuous innovation / range expansion (cold applied membranes, related areas eg balcony walkways, school amenities)

Walling

- Specification-led sales growth in conjunction with established Roofing sales team
- Broadened product range
- Potential for uplift in post-Grenfell demand for high quality, fire retardant exterior wall insulation systems, such as Alumasc

Water Management

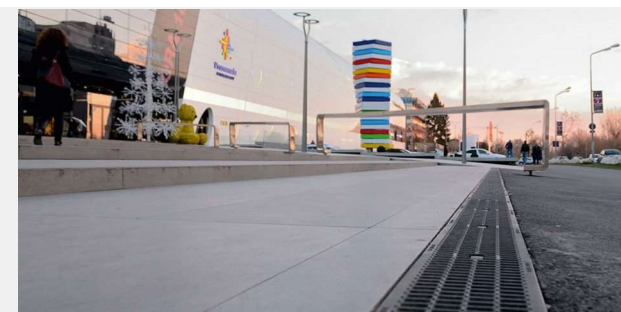


H1 Results	2017	2016
Revenue (£m)	15.5	15.9
Underlying operating profit (£m)	1.5	1.9
Underlying operating margin (%)	9.7	11.6

H1 performance

- AWMS revenues continue to grow ahead of the UK construction market
- Project delays at Gatic
- Further input cost pressure & additional EU customs duty on imported castings, effective August 2017, impacting margins
- Selling price, supply chain and internal cost / efficiency measures in place to improve H2 margins
- Market robust: enquiry and export work H2 phased and specification pipelines strong

Gatic – Filcoten Channel Drain



Opportunities and potential

- Growth in “rain to drain” demand and system selling
- Acquisition of Wade and related cross-divisional synergies
- Export development potential (Gatic, AWMS Harmer and Wade particularly), principal focus Middle & Far East
- Operational flexibility and efficiencies enabled by Wade acquisition and planned move of AWMS to a new facility in next 2-3 years

Housebuilding & Ancillary Products



H1 Results	2017	2016
Revenue (£m)	5.0	4.4
Underlying operating profit (£m)	0.9	0.7
Underlying operating margin (%)	17.4	15.8

H1 performance

- Record revenues (up 14%) and profits (up 26%)
- Sales growth benefiting from new products including “Above the Roofline” range and development of route to market via merchants
- Excellent customer service (100% OTIF) including during factory move
- New 85k sq. ft. leased factory commissioned on 1 January 2018 : 2 months early

Timloc – Roll Out Dry Fixed Ridge



Opportunities and potential

- Growing demand for, and shortage of, new UK houses
- Further service enhancements / differentiation
- New products/range expansion
- Manufacturing efficiencies enabled by new factory
- Sourcing & supply chain opportunities



06 Outlook

Levolux – Goldcrest House, Lee High Road, Lewisham, London

Outlook



- **31 January 2018 order books of £25.0m remain healthy (31 January 2017 : £27.6m)**
- **Enquiries and pre-order specifications remain buoyant across the group and continue to grow strongly at Levolux in particular**
- **When taken together, the factors set out in this statement suggest an overall outcome for the full year in line with previous expectations.**
- **Alumasc's track record over recent years has been to deliver growth ahead of the UK construction market and the Board has confidence in the future growth prospects for the group, in view of:**
 - **the strategic positioning of our businesses in specialist growth markets;**
 - **the consistent investment over a number of years in growth resources and additional capacity;**
 - **Levolux and Alumasc Water Management's potential to further develop export markets; and**
 - **the acquisition of Wade, a high quality business with development and synergy potential.**



Thank you

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