

The Alumasc Group plc

Interim Results
For the Six Months Ending
31 December 2020

Alumasc Roofing-Blackdown Green Roofs hard and soft landscape installation – luxury apartments at Warden, London

Contents

01

Overview of HI: 2020/21

02

Strategic Delivery

03

Financial Review

04

Business Review

05

Outlook

06

Appendices

Paul Hooper
Chief Executive

Sarah Lee
Group Financial Controller



Alumasc Roofing – Derbigum BluRoof – Redcliff Quarter, Bristol



01

Overview of H1: 2020/21

Alumasc Water Management Solutions - Steel Rainwater - Conningbrook Lakes

Overview



Very strong performance in all Divisions against a difficult, Covid-19 affected, economic backdrop:

- Revenues from continuing operations: £45.6m (2019: £41.1m); +11%
- Underlying operating margin: 13.6% (2019 : 6.1%)
- Underlying PBT £6.0m (2019 : £2.3m)
- Material reduction in Net Debt to £0.2m (2019 : £6.6m)
- Reintroduction of Interim Dividend at 3.25p per share (2019 : 0.0p)

Delivery of strategic priorities:

- Execution of Levolux business improvement plan
- Implement a more cost efficient operating structure
- Focusing investment and innovation to drive profitable growth
- Proactive portfolio management
- Close alignment with sustainability agenda
- Appointment of new Group FD from 1 March 2021



Alumasc Roofing – Hydrotech Waterproofing



02

Strategic Delivery

Roof-Pro – PP3 Riser Penetration Units

Strategic delivery – Levolux business improvement plan



Building Envelope – Department of Work and Pensions, Welsh Valleys



Targets

- Return business to sustainable profit as soon as possible
- Incorporate Levolux into the newly formed (2019/20) Building Envelope Division
- Focus on design & supply activities (install only where it adds value)
- Accelerate profitable growth in North American export business

Delivery

Following last year's significant restructuring (£1.8m cost savings):

- Profit made in every H1 month
- Supply only order book building
- Several examples of joint Roofing and Levolux projects won
- Significant increase (60%) of sales to North America

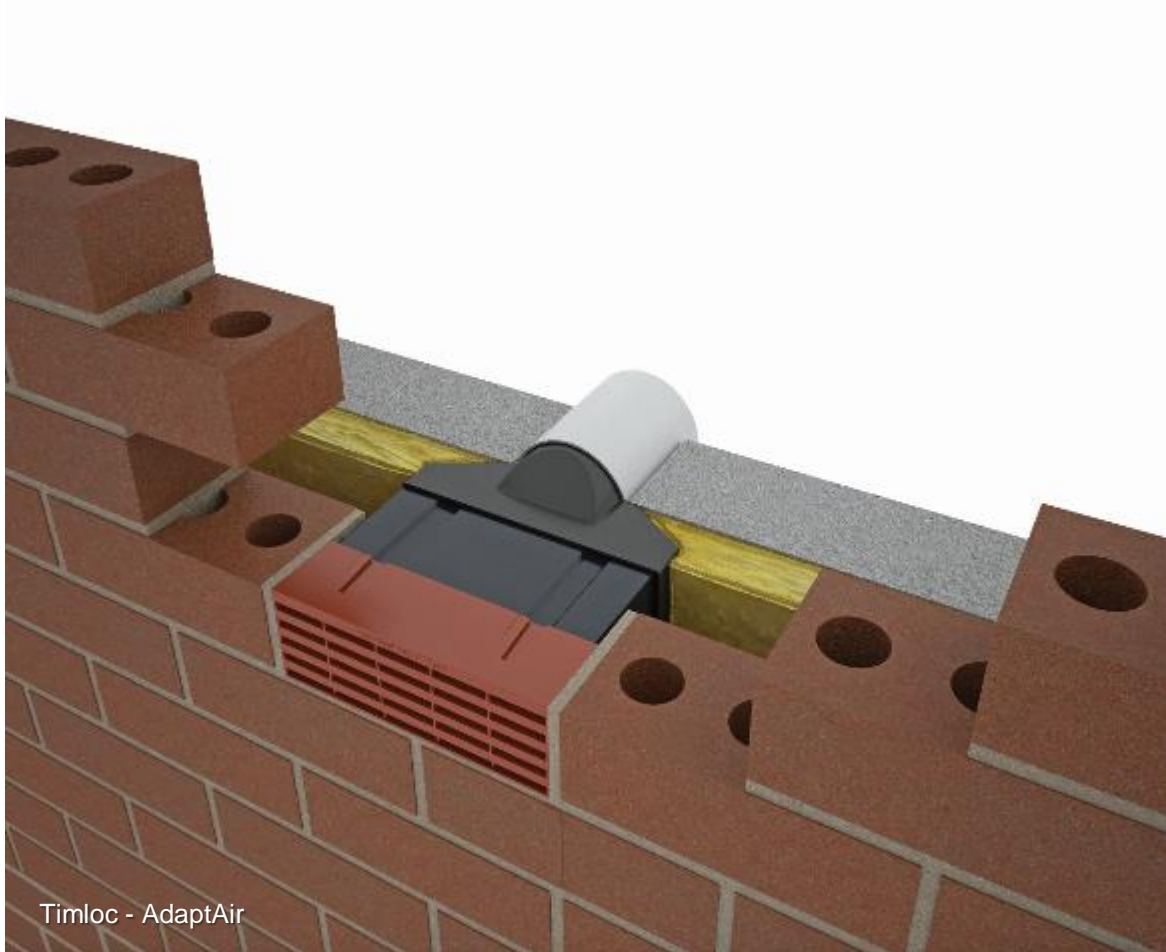
Strategic delivery – A cost-efficient operating structure



Alumasc Water Management – Rushden Lakes - Gatic CastSlot

- Successful reduction from 10 operating sites to 6 in prior year, delivering £2.4m of savings. This delivered clear benefits in H1/FY2021
- Sharing common overhead structures across the Group

Strategic delivery – Investment and innovation to drive profitable growth



Timloc - AdaptAir

- Focus on key manufacturing businesses: Timloc, Wade, AWMS
- Timloc: capacity, machinery upgrade & automation
- Ongoing innovation with numerous new product launches throughout the period, despite Covid disruption
- Key investment in sales reach for Building Envelope, particularly in weaker geographical areas
- An investment in tooling at strategic suppliers, for Water Management improved manufacturing efficiencies and significantly lowered carbon footprint and continuity of supply
- Investment across Christmas break in the equipment to facilitate faster paint changes in powder paint plant in Water Management Division to cope with current and anticipated future demand

Strategic delivery – Pro-active portfolio management



Wade – Victoria & Albert Museum, London

- Bolt-on acquisitions continue to be sought. There are no plans to make divestments

Alumasc Group – ESG Strategy

Planning our ESG roadmap



Environmental:

- 10% reduction in energy consumption by 2022
- 5% YoY reduction in landfill (100% achieved already by Timloc)
- Reducing plastic packaging and using recyclable packaging
- Working with our suppliers to reduce carbon footprint across our supply chain

Social:

- Group wide employee wellbeing app from Canada Life that operates 24/7
- Policies including: Equality and Diversity, Anti-Modern Slavery and Human Trafficking and Anti-Bribery and Corruption
- Supporting local charities and Children in Need, *Surfability*

Governance:

- Quick and resilient response to COVID-19 pandemic, led by a dynamic Board that drives a clear strategy
- Works for our shareholders and considers the views of all stakeholders
- Reviews risks and risk mitigations, implements Corporate Governance

Setting internal metrics to monitor performance and aligning our ESG programme to TCFD and the UN Sustainability Goals



Alumasc Group – ESG Strategy

Strategic delivery of the sustainability agenda



Alumasc Group:

- Excellent alignment to ESG
- All Divisions are totally committed to, and insist on, the use of recycled material where appropriate
- New more efficient equipment is assisting in the significant reduction in greenhouse gas emissions (**35%** in prior year)
- More than **50%** of the Group's electricity is now being sourced from fully sustainable sources

Divisions

- The Housebuilding Division is constantly innovating and launching new products that deliver sustainable solutions for our clients, principally in helping to achieve Part L airtightness
- Strong position in energy management through Levolux's solar shading and Timloc with its ventilation systems
- Strong position in water management assists in the management of the water from rain to drain
- Cross divisional solution of BluRoof can provide an economic and elegant alternative and very cost effective solution to having an attenuation tank



Alumasc Roofing - Conwy Cultural Centre – Derbigum Waterproofing and Blackdown Green Roof



03

Financial Review

Wade – Slot Channel - 190 The Strand

Income statement summary (£m)

6 months to 31 December



	2020 £m	2019 £m	Change %
Revenue	45.6	41.1	+11%
Gross profit	16.7	12.2	
Gross margin %	36.7%	29.8%	
Sales, general & administration overheads	(10.5)	(9.7)	
Underlying operating profit*	6.2	2.5	+100%
Underlying operating margin %	13.6%	6.1%	
Interest on borrowings	(0.2)	(0.2)	
Underlying PBT*	6.0	2.3	+100%
Gain from business disposals (net)	-	0.3	
Restructuring, relocation & other non-recurring items	(0.2)	(0.2)	
Non cash IAS19 pension & brand amortisation charges	(0.3)	(0.3)	
PBT*	5.5	2.1	+100%
Underlying EPS (p)	13.4	5.1	
Basic EPS (p)	12.2	5.0	
Dividends per share (p)	3.25	-	

* A full reconciliation of underlying profit from continuing operations to reported profits is at Appendix 1

Cash flow statement summary

6 months to 31 December



	2020 £m	2019 £m	Change £m
EBITDA*	7.4	3.5	3.9
Change in working capital	0.3	-	0.3
Operating cash flow	7.7	3.5	4.2
Capital expenditure	(1.0)	(0.9)	(0.1)
IFRS16: Property lease cash flows	(0.4)	(0.2)	(0.2)
Interest	(0.2)	(0.2)	-
Tax	0.4	-	0.4
Pension deficit funding	(1.3)	(1.6)	0.3
Dividend	(0.7)	(1.6)	0.9
Sub-total	4.5	(1.0)	5.5
Alumasc Facades business disposal proceeds	-	0.3	(0.3)
Restructuring / other	(0.4)	(0.8)	0.4
Net cash flow	4.1	(1.5)	5.6
Net bank debt at period end on balance sheet	0.2	6.6	6.4

- EBITDA: Underlying operating profit from continuing operations before interest, tax, depreciation and amortisation.

Balance sheet summary (£m)

at 31 December



	2020 £m	2019 £m	Change £m
Property, plant & equipment	11.2	11.7	(0.5)
IFRS16: Leased assets	5.5	4.8	0.7
Intangible assets	22.1	22.0	0.1
Working capital	8.2	10.1	(1.9)
Other net liabilities	(3.2)	(2.1)	(1.1)
Capital invested	43.8	46.5	(2.7)
Net debt	(0.2)	(6.6)	6.4
IFRS16: Lease liabilities	(5.6)	(4.9)	(0.7)
IAS19 pension liability (net of tax)	(10.4)	(10.8)	0.4
Net assets	27.6	24.2	3.4
ROI – continuing operations (post tax)*	13.9%	10.6%	3.3 Pps

* Underlying post tax operating profit divided by average capital invested for the previous 12 months



04

Business Review

Alumasc Roofing – Waitrose, High Wycombe, Bucks

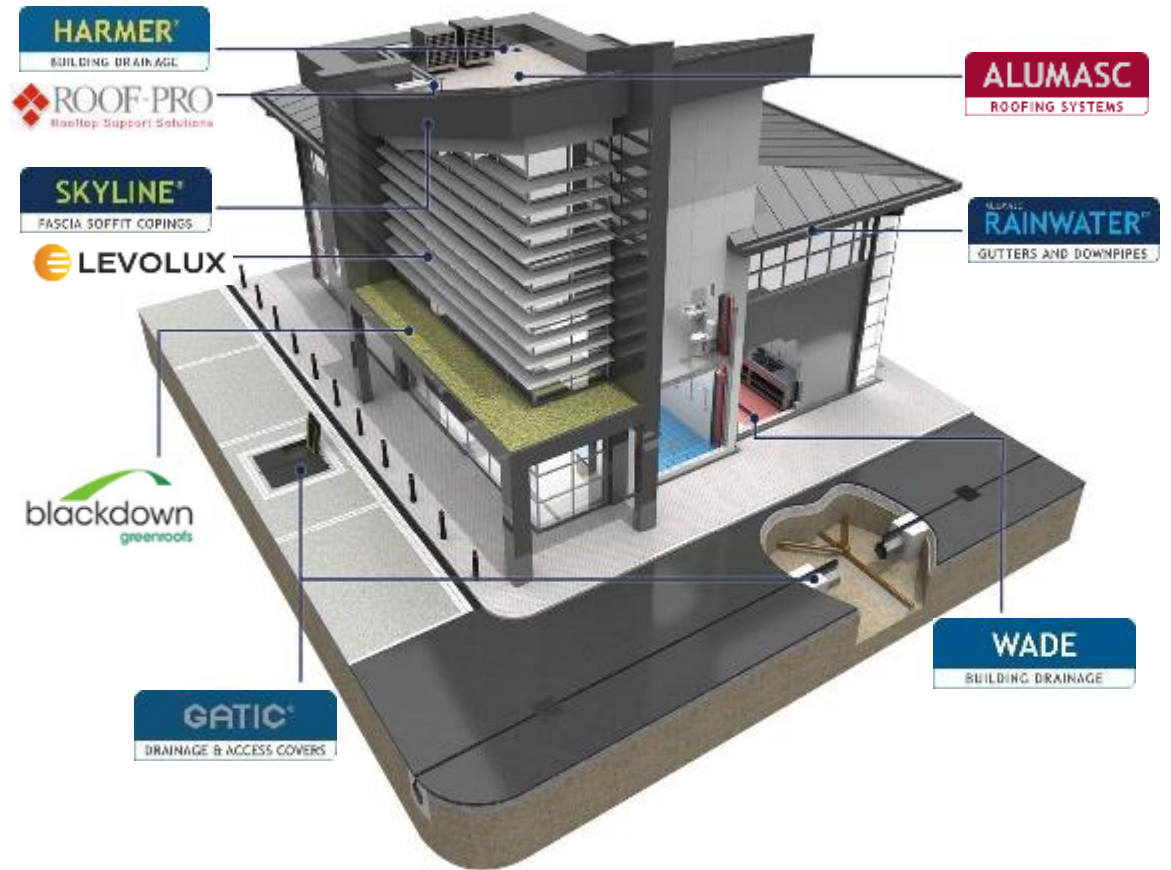
Water Management



	H1 2020/21	H1 2019/20
Revenue (£m)	19.2	17.6
Underlying operating profit (£m)	3.5	2.4
Underlying operating margin (%)	18.3%	13.8%

- The Division represents circa 42% of Group revenues and its revenue increased by £1.6m (9%).
- The business experienced a 30% revenue increase in its on-line activity
- The above, when combined with manufacturing efficiencies and the benefit of last year's cost reductions, produced a £3.5m operating profit and £1.1m (44%) ahead of last year's £2.4m operating profit.
- Water Management's operating margin increased to 18.3% from a prior year of 13.8%. This was an excellent performance and is indicative of the potential for the business as market conditions normalise.
- January has started well with the carry forward of a healthy order book.

ALUMASC'S "RAIN TO DRAIN" SYSTEM also showing Levulux and Alumasc Roofing



Building Envelope

	H1 2020/21	H1 2019/20
Revenue (£m)	21.1	18.2
Underlying operating profit / (loss) (£m)	2.5	(0.3)
Underlying operating margin (%)	12.0%	(1.5%)
Operating profit / (loss) (£m)	2.4	(0.4)

- Significant turnaround in H1 with a double digit operating margin versus a small loss in PY based over a higher top line sales revenue.
- Levolux achieved a profit in all 6 months of H1. The ongoing strategy is to focus on specifically targeted high value added projects in the UK, preferably in the supply only arena in which we can demonstrate our added design and technical values to the client and contractor alike.
- Levolux revenue to the US increased by 60% in the period following investment in locally based high calibre sales personnel.
- Alumasc Roofing had an outstanding H1 and, in particular, benefitted from the further investment in historically weaker sales areas while improving on the offer of carbon reduction systems which are safer and quicker to install.
- The Covid-19 impact offered up an increased activity in external refurbishment work, rather than on internal refurbishment.
- Alumasc Roofing also improved its market share whilst specification sales opportunities are growing from the new integrated Building Envelope sales approach with some combined project wins already achieved.



Levolux – Infiniti Fins Solar Shading

Housebuilding Products (Timloc)



	H1 2020/21	H1 2019/20
Revenue (£m)	5.3	5.3
Underlying operating profit (£m)	1.2	0.9
Operating margin (%)	22.2%	17.3%
Operating profit (£m)	1.1	0.9

- Excellent performance achieving a 22% operating margin driven by the continued benefit of new product initiatives such as Adapt-Air, InvisiWeep, Meter Boxes, fire-rated Cavity Closers and Rad-Seal.
- Large focus on operations which has led to greater efficiencies/cost reduction.
- New equipment continues to be invested in with excellent paybacks and has been a significant contributor to the reduction in the Group's greenhouse gas emissions. Timloc has a 100% renewable electricity supplier.



Timloc Building Products



05
Outlook

Levolux – Edwardian Hotel, London

- Entering H2 with good momentum, a healthy forward sales position and a well capitalised balance sheet gives the potential to deliver a strong result for the year.
- We are mindful of the continuing economic uncertainties, particularly the risks to markets in the near-term from Covid-19 and the establishment of cross-border trading of goods with FTA in the EU.
- Market conditions both in newbuild and refurbishment remain supportive. However, we are monitoring the effect of the impact of the changes to UK government subsidies within the housebuilding industry. This may affect our final quarter, although this is hard to predict.
- Nevertheless, it is very encouraging to see Alumasc's achievement of a double digit growth in revenues and also a double digit return on sales and H1 has absolutely shown the great potential for the Group.
- In light of the businesses' momentum and strong cash conversion, a resumption of Alumasc's previous dividend policy is being considered by the Board.
- Strong strategic positions in sustainable building products will continue to assist the Group's profitable growth in both the UK and export markets.

Thank you
www.alumasc.co.uk



Alumasc Roofing-Blackdown Green Roofs hard and soft landscape installation – luxury apartments at Wardian, London

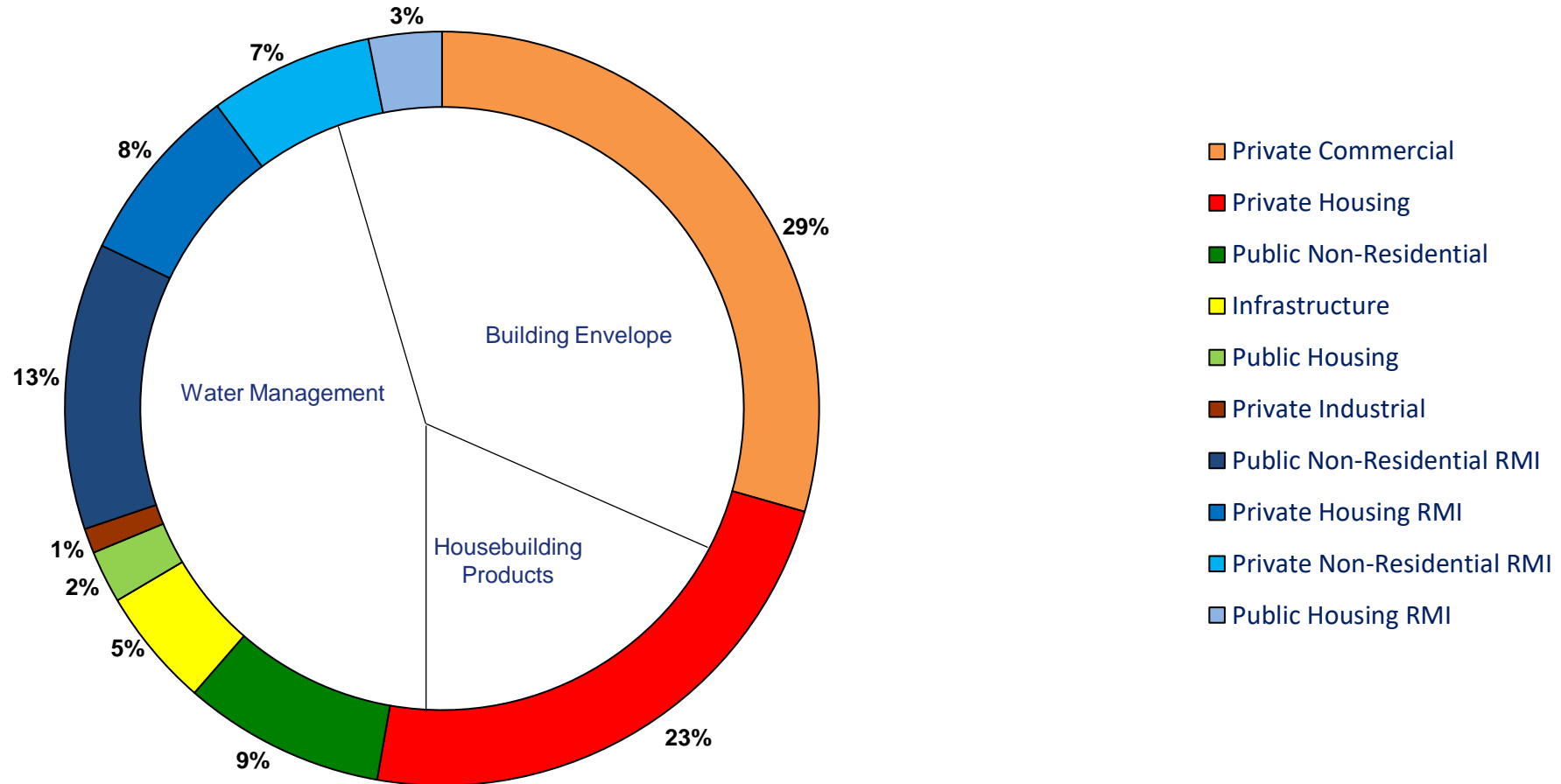


Underlying To Statutory Profit Reconciliation (£m)



	H1 2020/21		H1 2019/20	
	Operating Profit £'000	Profit Before Tax £'000	Operating Profit £'000	Profit Before Tax £'000
Underlying profit	6.2	6.0	2.5	2.3
Brand amortisation	(0.1)	(0.1)	(0.1)	(0.1)
Net IAS 19 defined benefit pension scheme costs	-	(0.2)	-	(0.2)
Restructuring and relocation costs	(0.2)	(0.2)	(0.2)	(0.2)
Operating profit / net gain from business disposals	-	-	-	0.3
Statutory profit	5.9	5.5	2.2	2.1

Diversified End Markets



Note: Allocation of end markets to Alumasc divisions is approximate / illustrative