

The Alumasc Group plc

Interim Results
Six months ending
31 December 2021



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Alumasc Roofing – Hydrotech – The Oaks, Coventry



01 Overview of H1 FY22

Alumasc Water Management Solutions – Skyline Fascia and Soffit System – The Sail, West Kirby, Wirral

Overview



Solid performance, against a comparative which included c.£2.5m of sales delayed from FY20 by the Covid-19 lockdown:

- Revenues from continuing operations: £46.3m (H1 FY21: £45.6m); +2%
 - Excluding Covid-boosted sales in H1 FY21: +7.5%
- Export sales +41% to £8.7m
- Underlying operating margin: 11.9% (H1 FY21: 13.6%)
- Underlying PBT £5.3m (H1 FY21: £6.0m)
- Net Bank Debt £4.1m (H1 FY21: £0.2m)
- Interim Dividend 3.35p per share (H1 FY21: 3.25p); +3%

Delivery of strategic priorities:

- Implement a more cost efficient operating structure
- Recovery of Levolut financial performance
- Focusing investment and innovation to drive profitable growth
- Geographical expansion
- Bolt-on M&A to expand product and markets
- Alignment with drive towards sustainable buildings and construction



Alumasc Roofing – Blackdown Greenroofs' NatureMat® Whitechapel Station, London



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Business Review

Alumasc Water Management – Beaulieu Park

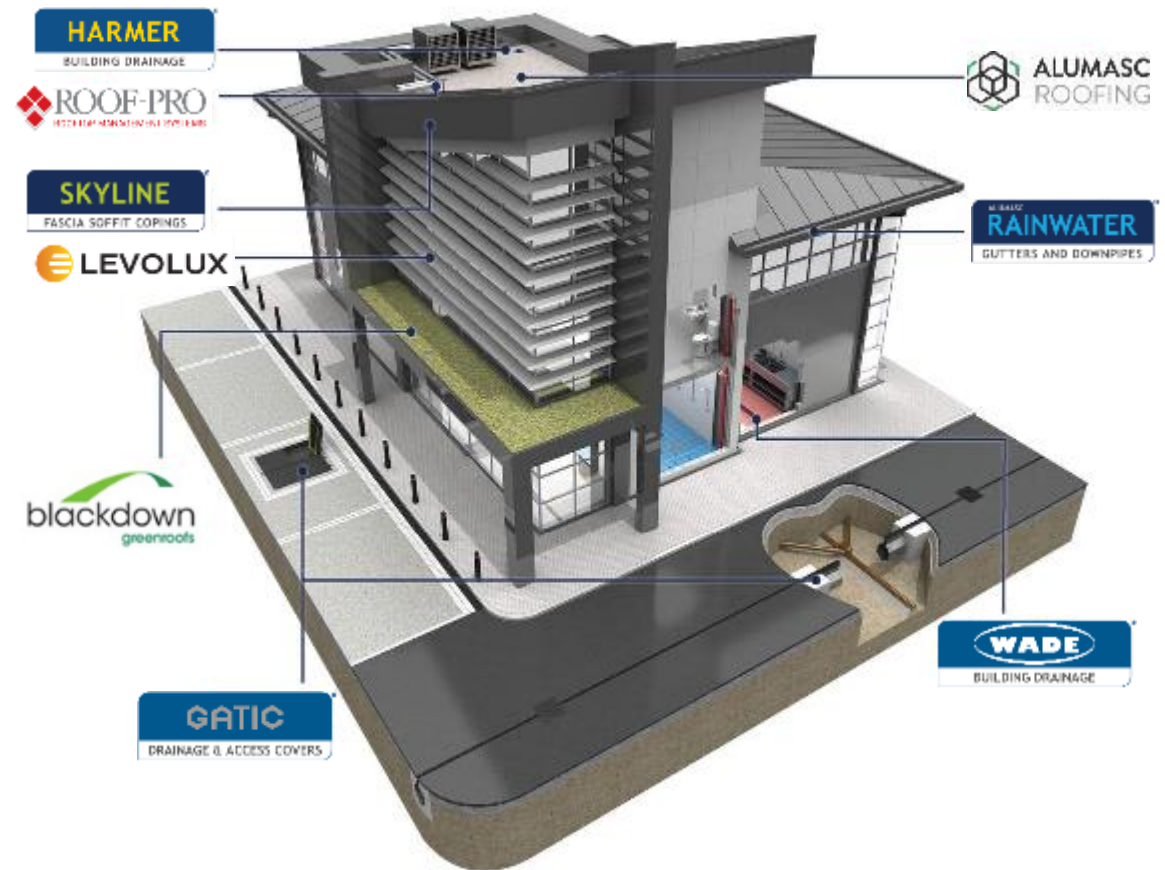
Water Management



	H1 FY22	H1 FY21	H1 FY20
Revenue (£m)	22.8	19.2	17.6
Underlying operating profit (£m)	4.1	3.5	2.4
Underlying operating margin (%)	18.1%	18.3%	13.8%
Operating profit (£m)	4.1	3.5	2.4

- Divisional revenue increased by 19% (£3.6m):
 - 18% growth in e-commerce business.
 - 83% growth in export sales.
- Record £4.1m operating profit, 18% (£0.6m) ahead of HY FY21 and 71% (£1.7m) ahead of HY FY20.
- Operating margin in line with prior year (18%), despite pass-through of cost increases:
 - Manufacturing efficiencies.
 - Cost reductions in FY20.
- January started well, healthy order book carried forward.

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



Building Envelope



	H1 FY22	H1 FY21	H1 FY20
Revenue (£m)	17.8	21.1	18.2
Underlying operating profit (£m)	0.9	2.5	(0.3)
Underlying operating margin (%)	4.9%	12.0%	(1.5)%
Operating profit (£m)	0.8	2.4	(0.4)

- Alumasc Roofing had solid H1:
 - Further investment in historically weaker sales areas, market share grown.
 - Improved carbon reduction offering; safer and quicker to install.
 - Covid -19 drove increased activity in external (vs internal) refurbishment.
 - Integrated Building Envelope sales approach delivering some combined project wins, pipeline growing.
 - Emphasising green credentials including product longevity.
- Levolux's newbuild commercial markets slowed by Covid-19 in both the US and UK.
 - Consequent delays in project completion and order intake put Levolux back into a loss.
 - Opportunity pipeline strengthened over H1 21; Levolux well placed to benefit once market activity resumes.



Alumasc Roofing – Centre for Disability Studies

Housebuilding Products (Timloc)

	H1 FY22	H1 FY21	H1 FY20
Revenue (£m)	5.7	5.3	5.3
Underlying operating profit (£m)	1.1	1.2	0.9
Underlying operating margin (%)	19.3%	22.2%	17.3%
Operating profit (£m)	1.1	1.1	0.9

- Excellent performance, despite site delays caused by labour and commodity material shortages and cost inflation.
- 19% operating margin driven by the continued benefit of new product initiatives.
- Customer service remains outstanding, 100% OTIF maintained.
- Large focus on operations drove greater efficiencies/cost reduction.
- Further investment in new equipment a significant contributor to new product development and reduced GHG reductions.
- Timloc became the first UK building products manufacturer to achieve carbon neutral status across its operations.





timloc
building products

03

Strategic Delivery

Timloc Building Products – Timloc Lorry

Strategic delivery – A cost-efficient operating structure



Alumasc Water Management – Gatic Ultraslot – Amazon, Picassent, Valencia

- Successful reorganisation in FY19/20:
 - operating sites reduced from 10 to 6.
 - £3.1m annualised savings.
 - Benefit retained in FY22.
- Continual focus on operating efficiency and cost control.

Strategic delivery – Levolux business improvement plan



Building Envelope – Infiniti, Solar Shading – School of Architecture and Built Environment, University of Wolverhampton

Targets

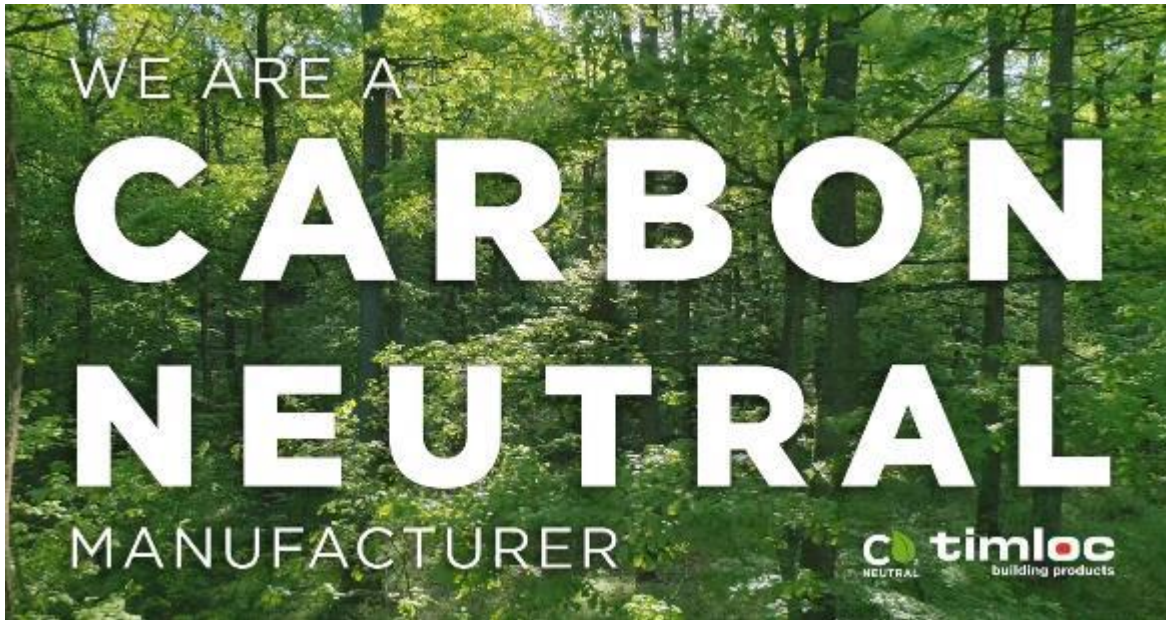
- Return business to sustainable profit as soon as possible.
- Incorporate Levolux into the newly formed (2019/20) Building Envelope Division.
- Focus on design & supply activities (install only where it adds value).
- Accelerate profitable growth in North American export business.

Delivery

Following last year's return to profit resulting mainly from £2.5m p.a. cost savings:

- Covid-related newbuild commercial slowdown.
- Significant and growing pipeline of opportunities identified in the UK and USA.
- US sales team increased from 2 to 4.
- Several examples of joint Building Envelope (and Water Management) along with Levolux projects won.

Strategic delivery – Investment and innovation to drive profitable growth



Timloc Building Products

- 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.
- Tooling investment at strategic Water Management suppliers improved manufacturing efficiencies and stability of supplies from China.
- Key investment in sales reach for Building Envelope, particularly in weaker geographical areas.

Strategic delivery – Geographical expansion



Alumasc Water Management Solutions – Slotdrain – Costa Rica

- Group export sales +41% to £8.7m.
- Export sales represented 19% (H1 FY21: 13%) of total revenue.
- Water Management exports +83%:
 - Access and drainage products for projects in Middle/Far East and Central/South America.
- Recovery in Levolum's core US market will further drive growth.

Strategic delivery – Proactive portfolio management



Wade – HCE Linear Drainage Channels – Lambeth Palace Museum, London

- Bolt-on acquisitions continue to be sought.
- Key areas (but not limited to):
 - Extension of product portfolio.
 - Adjacent market access.
 - Additional technology.
- No plans to make divestments.

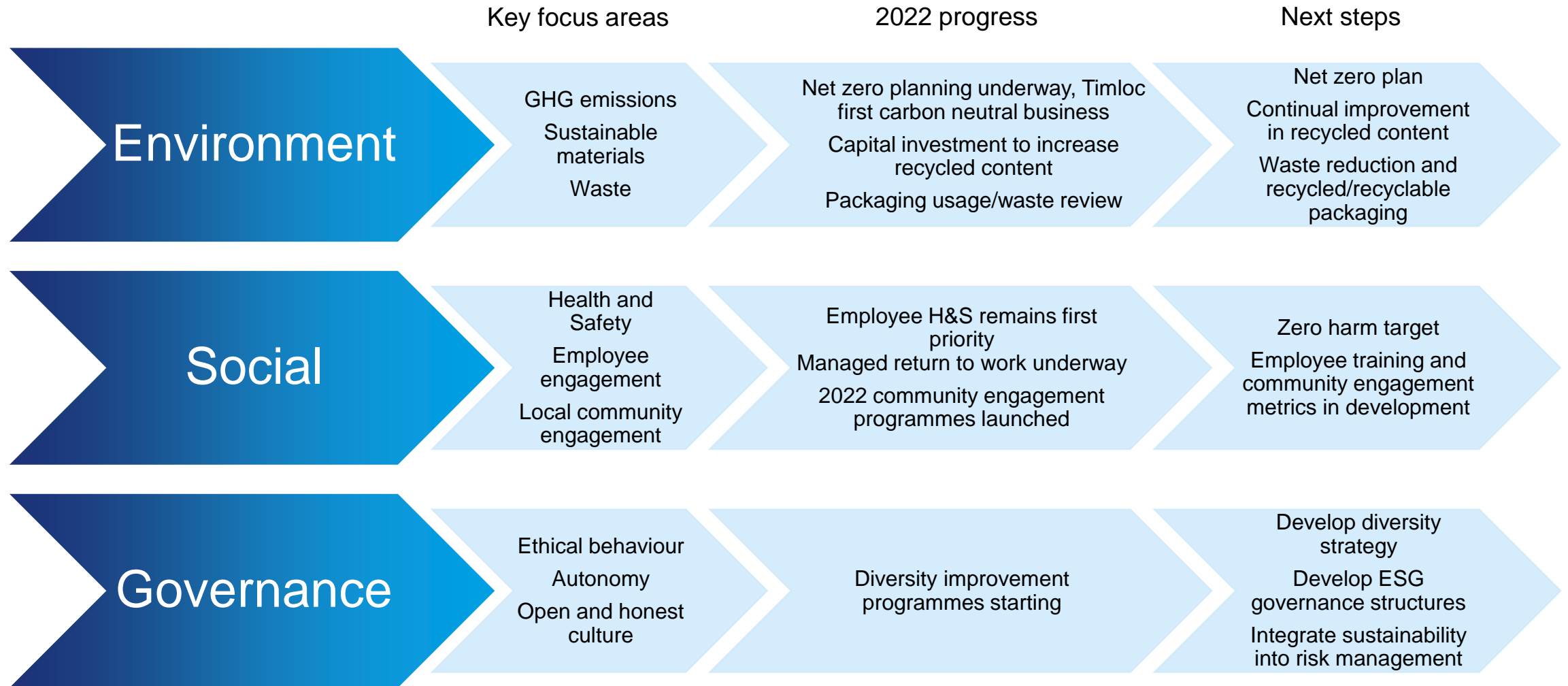
Aligned with drive towards sustainable building & construction



- Strong alignment to growing demand for sustainable materials and for minimising lifecycle carbon cost
- c.80% of products manage energy and water management in the built environment and occupant wellbeing
- Products showcased at COP26 summit in Glasgow
- Contribution to global green revenues recognised with award of London Stock Exchange Green Economy Mark
- Environmental benefits gaining traction with customers



Sustainability framework





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Financial Review

Alumasc Roofing – Hydrotech – One Chamberlain Square, Birmingham

Income statement summary

6 months to 31 December



	H1 FY22 £m	H1 FY21 £m	Change %	H1 FY20 £m	Change %
Revenue	46.3	45.6	+2%	41.1	+13%
Gross profit	16.0	16.7		12.2	
Gross margin %	34.6%	36.7%		29.8%	
Sales, general & administration overheads	(10.5)	(10.5)		(9.7)	
Underlying operating profit*	5.5	6.2	-11%	2.5	+120%
Underlying operating margin %	11.9%	13.6%		6.1%	
Interest on borrowings	(0.2)	(0.2)		(0.2)	
Underlying PBT*	5.3	6.0	-12%	2.3	+130%
Gain from business disposals (net)	-	-		0.3	
Restructuring, relocation & other non-recurring items	-	(0.2)		(0.2)	
Non cash IAS19 pension & brand amortisation charges	(0.2)	(0.3)		(0.3)	
PBT*	5.1	5.5	-8%	2.1	+136%
Underlying EPS (p)	11.8	13.4		5.1	
Basic EPS (p)	11.2	12.2		4.0	
Dividend per share (p)	3.35	3.25	+3%	nil	

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

Cash flow statement summary

6 months to 31 December



	H1 FY22 £m	H1 FY21 £m	Change £m
EBITDA*	6.8	7.4	(0.6)
Change in working capital	(1.8)	0.9	(2.7)
Deferred VAT paid	(0.6)	(0.6)	-
Operating cash flow	4.4	7.7	(3.3)
Capital expenditure	(1.4)	(1.0)	(0.4)
IFRS16: Property lease cash flows	(0.4)	(0.4)	-
Interest	(0.2)	(0.1)	(0.1)
Tax	(1.3)	0.4	(1.7)
Pension deficit funding	(1.3)	(1.3)	-
Dividend	(2.2)	(0.7)	(1.5)
Sub-total	(2.4)	4.6	(7.0)
Purchase of own shares	(0.4)	-	(0.4)
Restructuring / other	(0.3)	(0.4)	0.1
Net cash flow	(3.1)	4.2	(7.3)
Net bank debt at period end	4.1	0.2	

* EBITDA: Underlying operating profit before interest, tax, depreciation and amortisation

Balance sheet summary

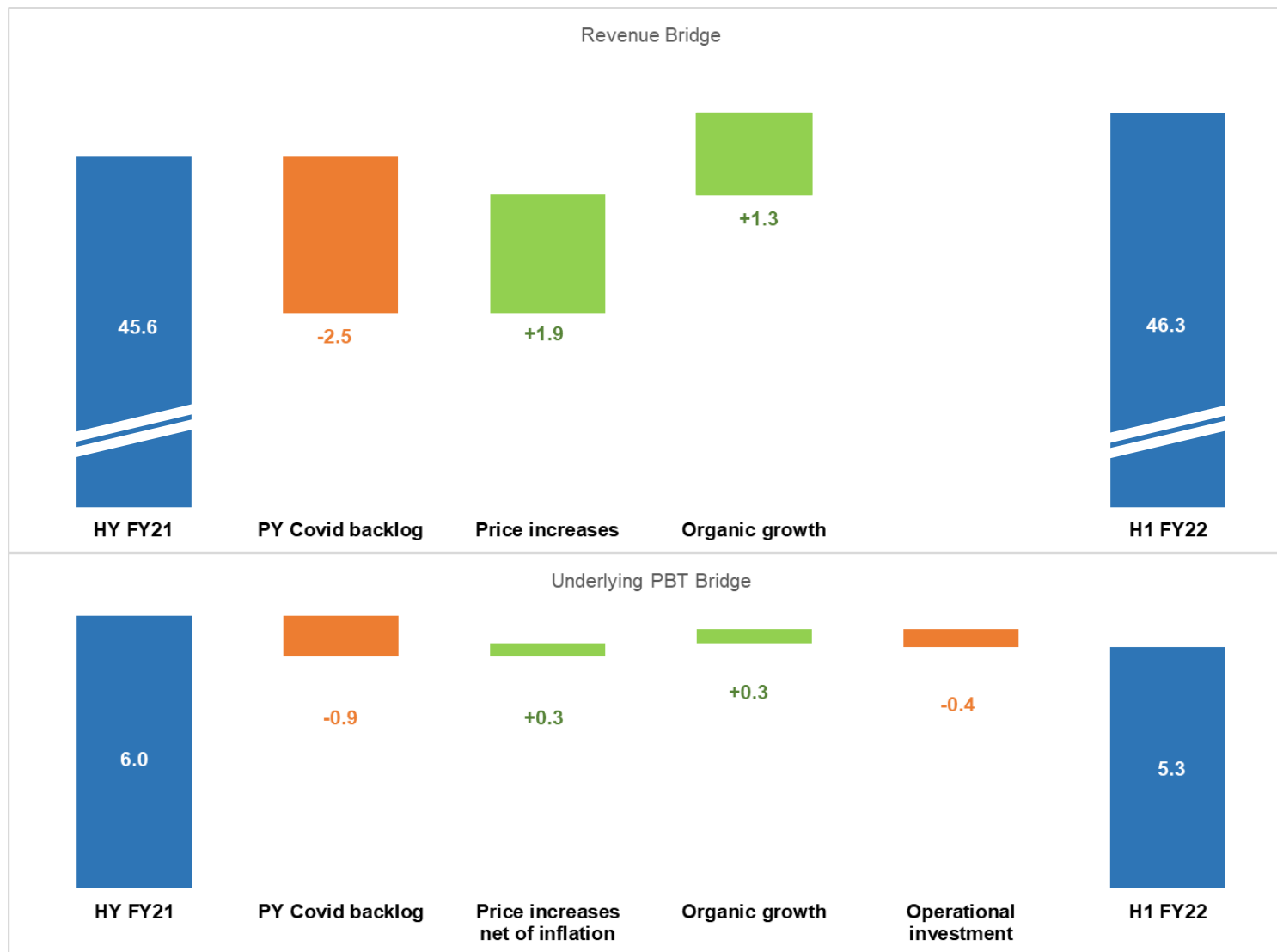
at 31 December



	H1 FY22 £m	H1 FY21 £m	Change £m
Property, plant & equipment	12.4	11.2	1.2
IFRS16: Leased assets	5.1	5.5	(0.4)
Intangible assets	21.9	22.1	(0.2)
Working capital	13.4	8.2	5.2
Other net liabilities	(2.9)	(3.2)	0.3
Capital invested	49.9	43.8	6.1
Net bank debt	(4.1)	(0.2)	(3.9)
IFRS16: Lease liabilities	(5.6)	(5.6)	-
IAS19 pension liability (net of tax)	(1.9)	(10.4)	8.5
Net assets	38.3	27.6	10.7
ROI – (post tax)*	17.8%	13.9%	+3.9pps

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

Revenue and Profit Bridge



Organic growth:

£m	Revenue	Underlying PBT
Group	+1.3	+0.3
<i>Excluding Levolux</i>	+4.4	+1.3
Water Management	+3.3	+0.8
Building Envelope <i>excluding Levolux</i>	(2.4) +0.7	(0.9) +0.1
Housebuilding Products	+0.4	+0.1
Centre	-	+0.3



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Outlook

Levolux – The Crescent, Salford

- Entering H2 with good momentum.
- Levolux pipeline of opportunities increasing.
- Strong balance sheet will allow continued investment to accelerate growth.
- Group on way to establishing market leadership in sustainable building products:
 - Sustainability and carbon reduction products a key driver of future growth.
 - Ongoing contribution to innovation and sustainable products recognised with award of LSE's Green Economy Mark.
- Half year dividend increase reflecting confidence in the future.
- Confirming on track to deliver full year expectations.

Thank you
www.alumasc.co.uk



Alumasc Water Management Solutions – Aqualine Box Extruded Aluminium Gutter and Flushjoint Aluminium Downpipes – The New Clubhouse, Machrihanish Golf Course



06
Appendices

Underlying To Statutory Profit Reconciliation (£m)



	H1 FY22		H1 FY20	
	Operating Profit £'000	Profit Before Tax £'000	Operating Profit £'000	Profit Before Tax £'000
Underlying profit	5.5	5.3	6.2	6.0
Brand amortisation	(0.1)	(0.1)	(0.1)	(0.1)
Net IAS 19 defined benefit pension scheme costs	-	(0.1)	(0.1)	(0.3)
Restructuring and relocation costs	-	-	(0.1)	(0.1)
Operating profit / net gain from business disposals	-	-	-	-
Statutory profit	5.4	5.1	5.9	5.5

Diversified End Markets



Division	Brands	End markets		
		Private/ Public	Housing/ Non-residential/ Commercial & infrastructure	RMI/ New build
Water Management				
Building Envelope				
Housebuilding Products				

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