

# The Alumasc Group plc

Interim Results  
Six months ending  
31 December 2022

Alumasc Roofing – Derbigum Anti-Root & Blackdown – Jersey, Channel Islands

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**Paul Hooper**  
Chief Executive

**Simon Dray**  
Group Finance Director



Alumasc Roofing – Derbigum - Haven Green Court, London



01

## Overview of H1 FY23

Alumasc Water Management Solutions – Gatic Drainage System, Gatic CastSlot - Fulham Football Club

£m Continuing operations	H1 FY23	H1 FY22	Change
Revenue	£45.0m	£42.6m	+5.4%
Underlying profit before tax	£5.6m	£6.3m	-10.9%
Underling operating margin	13.4%	15.3%	
Reported profit before tax	£5.3m	£6.2m	-13.5%
Underlying earnings per share	12.3p	14.1p	-12.8%
Basic earnings per share	12.5p	13.7p	-8.7%
Dividend per share	3.40p	3.35p	+1.5%
Net bank debt	£6.8m	£4.1m	

## Solid performance against a comparative which included a significant contribution from export contracts

- Revenue\* £45.0m (H1 FY22: £42.6m)
- Underlying PBT\* £5.6m (H1 FY22: £6.3m)
  - Pass-through of further cost price increases
  - Strong performance at Building Envelope and Housebuilding Products
  - Water Management, as expected, declined due to significant export contracts in prior period
- Interim dividend increased to 3.40p (H1 FY22: 3.35p)
- Good momentum and record half year order book
- Board confident in achieving full year expectations

\* from continuing operations



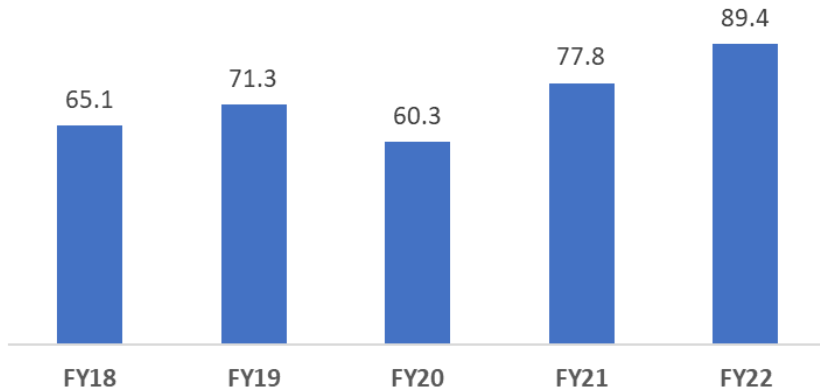
02

Strategic Delivery

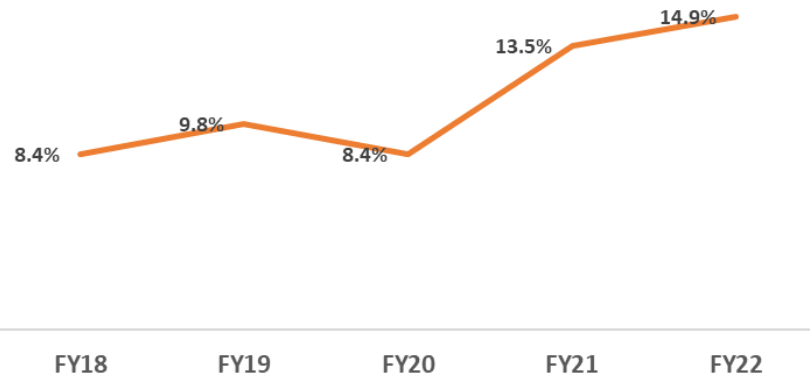
# Strategic Overview



Revenue history  
*continuing operations*



Underlying operating margin  
*continuing operations*



**FY18-FY22 CAGR: Revenue +6.5%, Operating Profit +19.6%**

**Driven by execution of strategic priorities**

Short-term

- Simple, cost effective structure

Long term

- Selective investment in organic growth opportunities
- Geographical expansion
- Portfolio management
- Strong alignment with environmental growth drivers

# Strategic delivery – Simple, cost-effective structure



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

- Operating Margins (continuing group) improved from 8.4% (FY18) to 14.9% (FY22)
- Driven by:
  - Brand and product strength (maintain gross margins)
  - New product development
  - Investment in efficiency, capacity, capability
  - Rationalisation of manufacturing footprint
  - Exit from contracting/installation, now supply-only
- Medium term target range 15-20%

# Strategic delivery – Selective investment in organic growth opportunities



Timloc Building Products



Gatic Slotdrain

- Maintain and grow share, penetrate adjacent markets
- Enhanced environmental benefits
- Significant recent launches:
  - Tile Vent (Housebuilding Products)
    - New channels into specialist roofing merchants
    - Supplied with Timloc's market-leading service and support
  - New design Slotdrain (Water Management)
    - Utilises patented suspension system
    - Significant reduction in installation time and steel/concrete use
    - First reference site installation in H2 FY23

# Strategic delivery – Geographical expansion



Alumasc Water Management Solutions – Modulock

- Medium term aspiration: grow exports > 15% of total sales
- Key products: Wade drainage, Gatic drainage/covers
- Decline, as expected, in H1 FY23 (to c.5% of sales)
  - Completion of Chek Lap Kok airport project in FY22
  - Slower sales in Middle East (FIFA World Cup)
- Improved performance expected in H2
  - Next phase of Chek Lap Kok project won, shipping starts in Q4
  - Order book building momentum

# Strategic delivery – Portfolio Management



Alumasc Water Management – Rainclear – Galvanised Steel Guttering – East Finchley, London

Disposal of Levolut (August 2022) and exit from Blackdown Roof installation (December 2022)

Businesses now aligned around core strengths:

- Attractive niche markets, supported by long term environmental drivers
- Pricing power and market stability
- Repeat business
- Organic growth potential

Bolt-on M&A to accelerate strategy:

- Market extension
- Consolidation/scale
- Product range
- Technology

# Strategic delivery – Environmental growth drivers

## **Sustainable materials**

**Circular economy: reduce, repair, recycle**  
**Market-leading durability**

## **Decarbonising the built environment**

**Embodied energy efficiency**  
**Operating energy efficiency**

## **Improving building resilience to climate change**

**Rainwater management**  
**Stormwater runoff**

## **Improving quality of life in multi-occupancy buildings**

**Roofline utility areas/biodiversity**

## **Supported by**

**Health and Safety management**  
**GHG and Waste reduction targets**  
**Diversity and inclusion**  
**Employee & Community engagement**  
**Organisational culture**





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## Business Review

Alumasc Water Management – Skyline Door Canopy - Beaulieu Park

# Water Management



	H1 FY23	H1 FY22
Revenue (£m)	19.6	22.8
Underlying operating profit (£m)	2.5	4.1
Underlying operating margin (%)	12.8%	18.1%
Operating profit (£m)	2.5	4.1

- 3 years of growth FY20-FY22
- H1 FY23 more subdued:
  - UK sales strong
  - Export sales reduced, as expected:
    - several large projects completed in prior year, including Chek Lap Kok airport in HK – £2.8m of sales in H1 FY22
    - Middle East slower: FIFA World Cup in Qatar
  - Rainclear: lower self-build work offset by new verandas/canopies
- Improved H2 performance expected:
  - Order book building
  - Next phase of Chek Lap Kok airport shipping from Q4 FY23

## ALUMASC'S “RAIN TO DRAIN” SYSTEM also showing Alumasc Roofing



# Building Envelope (Roofing)

Continuing operations	H1 FY23	H1 FY22
Revenue (£m)	18.3	14.2
Underlying operating profit (£m)	2.6	1.9
Underlying operating margin (%)	14.1%	13.3%
Operating profit (£m)	2.6	1.9

- Very strong H1, revenue +29% vs H1 FY22
- Driven by market share gains
- Reflects investments in team and improved regional coverage
- Success driven by
  - Focus on high end specification work
  - Excellent customer service and warranties
  - Low carbon systems
  - Safety in installation



Alumasc Roofing – Blackdown Extensive Greenroof - Centre for Disability Studies

# Housebuilding Products (Timloc)



	H1 FY23	H1 FY22
Revenue (£m)	7.0	5.7
Underlying operating profit (£m)	1.6	1.1
Underlying operating margin (%)	23.0%	19.3%
Operating profit (£m)	1.4	1.1

- Excellent H1 performance, 24% revenue growth
- Successful launch of Tile Vents into adjacent specialist roofing merchant market
- Operating margin at record 23%, despite cost increases
  - Efficiency and cost control
  - Cost pass-through where required
  - Outstanding customer service
- Continued investment and focus on sustainability
  - First carbon neutral building products manufacturer
  - Helping with carbon neutral homes
- New product launches help offset forecast reduction in housebuilding





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## Financial Review

Alumasc Roofing – Hydrotech - Buchanan Wharf, Building 5

# Income statement summary

6 months to 31 December



	H1 FY23 £m	H1 FY22 £m	Change %
<b>Revenue from continuing operations</b>	<b>45.0</b>	<b>42.6</b>	<b>+5.4%</b>
<b>Gross profit</b>	<b>16.5</b>	<b>15.7</b>	
Gross margin %	36.7%	36.9%	
<b>Sales, general &amp; administration overheads</b>	<b>(10.5)</b>	<b>(9.2)</b>	
<b>Underlying operating profit* from continuing operations</b>	<b>6.0</b>	<b>6.5</b>	<b>-8.1%</b>
Underlying operating margin %	13.4%	15.3%	
<b>Net finance costs</b>	<b>(0.4)</b>	<b>(0.2)</b>	
<b>Underlying PBT* from continuing operations</b>	<b>5.6</b>	<b>6.3</b>	<b>-10.9%</b>
Loss from discontinued operations (before tax)	(1.8)	(1.1)	
Restructuring, relocation & other non-recurring items	(0.2)	-	
Non cash IAS19 pension & brand amortisation charges	(0.1)	(0.1)	
<b>PBT* (continuing and discontinued operations)</b>	<b>3.5</b>	<b>5.1</b>	<b>-31.4%</b>
Underlying EPS from continuing operations (p)	12.3p	14.1p	-12.8%
Basic EPS from continuing operations (p)	12.5p	13.7p	-8.7%
Dividend per share (p)	3.40p	3.35p	+1.5%

Gross margin broadly level with H1 FY22

Underlying operating margin reflects:

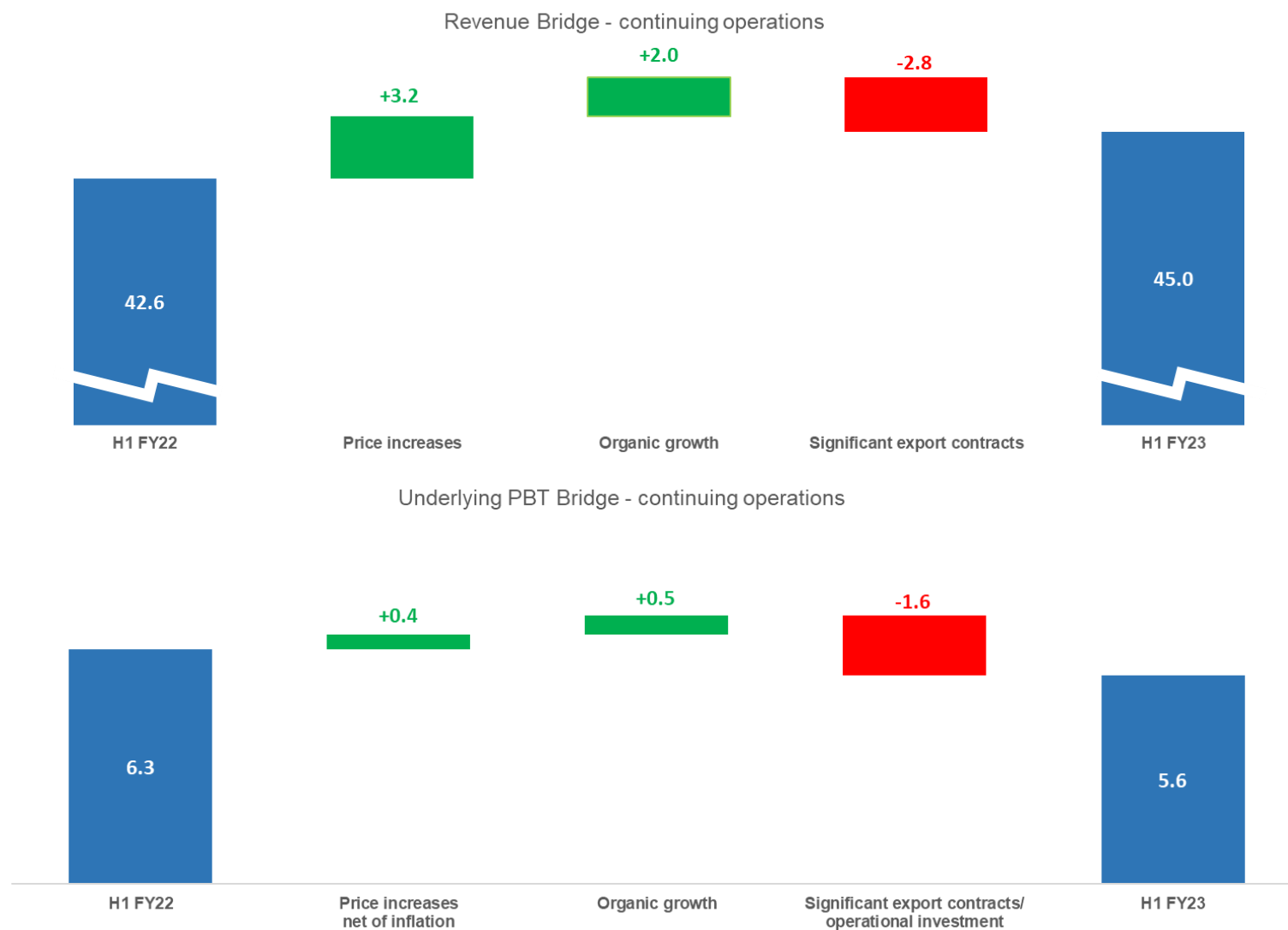
- Continued pass-through of cost increases
- Lower volume at Water Management

Discontinued operations: £1.8m of Levolum costs and cash sold with business (H1 FY22: £1.1m operating loss)

Underlying EPS reflects underlying PBT and increased tax rate (FY23 estimate 21.2%)

Dividend per share 3.40p (H1 FY22: 3.35p)

# Revenue and Profit Bridge



Cost price increases continued to be passed through

Organic growth (excluding price changes, export contracts/operational investment):

£m	Revenue	Underlying PBT
Group	+2.0	+0.5
Water Management	-1.4	-0.1
Building Envelope	+2.6	+0.4
Housebuilding Products	+0.8	+0.4

£2.8m lower sales/£1.6m lower profit from:

- Significant export contract timing (notably Chek Lap Kok airport) projects; and
- Longer term operational investments

# Cash flow statement summary

6 months to 31 December



	H1 FY23 £m	H1 FY22 £m	Change £m
<b>EBITDA from continuing operations*</b>	<b>7.4</b>	<b>7.8</b>	<b>(0.4)</b>
Change in working capital	(1.9)	(2.1)	0.2
VAT (repayment)/deferral	-	(0.6)	0.6
<b>Operating cash flow – continuing operations</b>	<b>5.5</b>	<b>5.1</b>	<b>0.4</b>
<b>Operating cash flow – discontinued operations</b>	<b>-</b>	<b>(0.7)</b>	<b>0.7</b>
Capital expenditure	(1.4)	(1.4)	-
Interest	(0.3)	(0.2)	(0.1)
Tax	(0.1)	(1.3)	1.2
Pension deficit funding	(1.0)	(1.3)	0.3
Lease payments	(0.4)	(0.4)	-
Dividends	(2.4)	(2.2)	(0.2)
Own shares purchased	(0.1)	(0.4)	0.3
<b>Sub-total</b>	<b>(0.2)</b>	<b>(2.8)</b>	<b>2.6</b>
Cash outflow on Levolum disposal	(1.7)	-	(1.7)
Restructuring/other	(0.2)	(0.4)	0.2
<b>Movement in net bank debt</b>	<b>(2.1)</b>	<b>(3.2)</b>	<b>1.1</b>
<b>Net bank debt at year end on balance sheet</b>	<b>(6.8)</b>	<b>(4.1)</b>	<b>(2.7)</b>
<b>Average trade working capital % sales</b>	<b>19.4%</b>	<b>14.6%</b>	

Operating cashflow 92% of underlying operating profit (H1 FY22: 78%)

Seasonal working capital outflow lower, following strategic investments over FY22, reductions expected over H2

Capex at 111% of depreciation (H1 FY22: 111%)

H1 tax lower on capital allowance super deduction

£1.7m outflow on Levolum disposal – cash at disposal and costs

# Balance sheet summary

at 31 December



	2022 £m	2021 £m	Change £m
Property, plant & equipment	17.2	17.5	(0.3)
Intangible assets	10.6	21.9	(11.3)
Working capital	13.0	13.4	(0.4)
Other net liabilities	(2.4)	(2.9)	0.5
<b>Capital invested</b>	<b>38.4</b>	<b>49.9</b>	<b>(11.5)</b>
Net debt – bank	(6.8)	(4.1)	(2.7)
Net debt – lease	(4.6)	(5.6)	1.0
Pension obligations (net of tax)	(6.3)	(1.9)	(4.4)
<b>Net assets</b>	<b>20.7</b>	<b>38.3</b>	<b>(17.6)</b>

<b>ROI – continuing operations (post tax)*</b>	<b>23.1%</b>	<b>19.0%</b>
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Capital invested reduced by Levolux divestment

£25m bank facility (+£20m accordion) expires August 2025, extendable to August 2027

Pension deficit increased:

- Reduced liabilities (due to higher bond yields) offset by lower asset values (due to equity performance)
- Contributions reduced from £2.3m to £1.2m pa from 1 October 2022
- Deficit still expected to be cleared in reasonable timeframe



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## Outlook

Rainclear – Round Copper Gutters and Round Copper Downpipes, Surrey

# Outlook – industry forecasts



Slower UK activity expected to be mitigated by:

- Export market growth
- UK share growth and entry into adjacent markets
- Demand resilience for products assisting energy efficiency and water management
- Continued cost control/efficiency measures

- Encouraging momentum entering H2
- Record half year order book, including next phase of Chek Lap Kok airport (HK)
- Board confident in achieving full year expectations, despite macroeconomic uncertainty
- Robust strategy and market positioning
  - Attractive markets, underpinned by strong brands and environmental drivers
  - Self-help opportunities (structural cost reductions; new products, markets and geographies; M&A)
- Group remains well positioned to deliver long term outperformance

**Thank you**  
[www.alumasc.co.uk](http://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

Alumasc Water Management Solutions – Skyline aluminium Fascia and Soffits, GX pressed aluminium box gutters and Flushjoint aluminium downpipes - Broomfield School

# Underlying To Statutory Profit Reconciliation (£m)



	H1 FY23		H1 FY22	
	Operating Profit £'000	Profit/(loss) Before Tax £'000	Operating Profit £'000	Profit/(loss) Before Tax £'000
<b>Underlying profit from continuing operations</b>	<b>6.0</b>	<b>5.6</b>	<b>6.5</b>	<b>6.3</b>
Brand amortisation	-	-	-	-
Net IAS 19 defined benefit pension scheme costs	-	(0.1)	-	(0.1)
Restructuring and other non-recurring costs	(0.2)	(0.2)	-	-
<b>Statutory profit from continuing operations</b>	<b>5.8</b>	<b>5.3</b>	<b>6.5</b>	<b>6.2</b>
<b>Underlying loss from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(1.0)</b>	<b>(1.0)</b>
Brand amortisation	-	-	(0.1)	(0.1)
Loss on disposal	(1.8)	(1.8)	-	-
<b>Statutory loss from discontinued operations</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>(1.1)</b>	<b>(1.1)</b>
<b>Statutory profit from continuing and discontinued operations</b>	<b>4.0</b>	<b>3.5</b>	<b>5.4</b>	<b>5.1</b>

# Diversified end markets



	Water Management	Building Envelope	Housebuilding Products	Group
% of Group revenue				<b>80% revenue derived from environmental products</b> <b>80% revenue supported by specification/regulation</b>  <b>Export sales: 15% of total</b>
% of Group profit				
Private vs Public				
Housebuilding vs Non-residential vs Commercial/infrastructure				
RMI vs New build				

Note: Allocation of end markets to Alumasc divisions is approximate / illustrative. Data based on FY22 results