



Interim results for the six months ended 30 September 2023

November 2023

Agenda

Introduction, Highlights and Market Overview

John Richards

Financial Highlights

Mike Gant

Operational Highlights, Acquisitions & Outlook

Alan Simpson

Q&A



John Richards, Chairman



Alan Simpson, CEO



Mike Gant, CFO

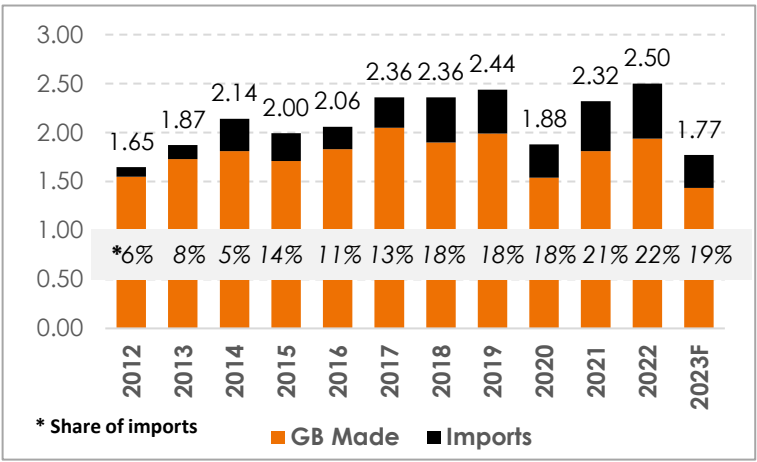
Highlights

- Resilient performance across all Group divisions in first half of FY24, despite adverse macroeconomic conditions.
- The Group benefitted from revenue growth in the Distribution and Contracting divisions, benefitting from the strategic objective to diversify and expand both the Group's product portfolio and end markets.
- For the 6 months ended 30 September 2023 Revenue decreased by 7.9% to £324.8m, -14.4% on a LFL basis and adjusted EBITDA increased slightly at £25.6m.
- The strategic acquisition of Topek Limited, further diversifying the Group, was announced just after the period in early October. This provides the Group with a full range of cladding capabilities.
- Continuing to look at acquisition opportunities.
- ESG strategy progressing.
- Confident in the Group's ability to continue to deliver on its strategy.
- The Board is pleased to recommend an interim dividend of 1.07p per share, reflecting the performance of the business in the half year and the Board's confidence in the longer-term outlook for the Group.

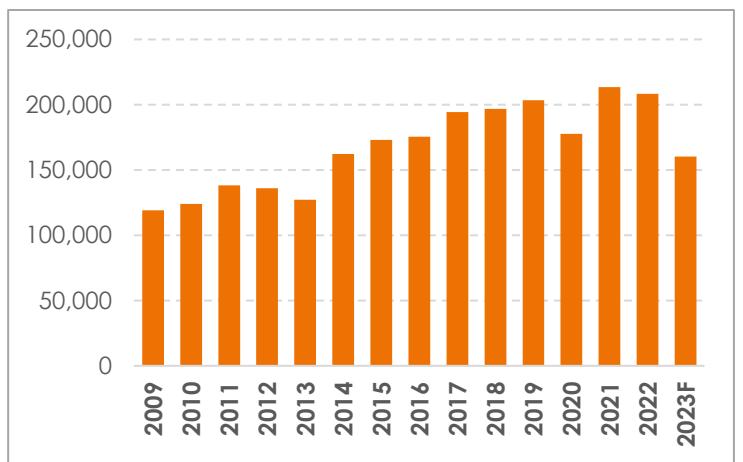
Market Details

- Brick despatches of GB made Brick forecast to be at lowest level in over a decade
- Brick imports reduced in absolute terms but its share shows its importance to the total market
- Dwelling starts are estimated to be at levels not seen for around 10 years (excluding Covid impact)
- GB brick industry still lacks the capacity required to meet demand
- Long-term need for imports:
 - Structural need
 - Product type need

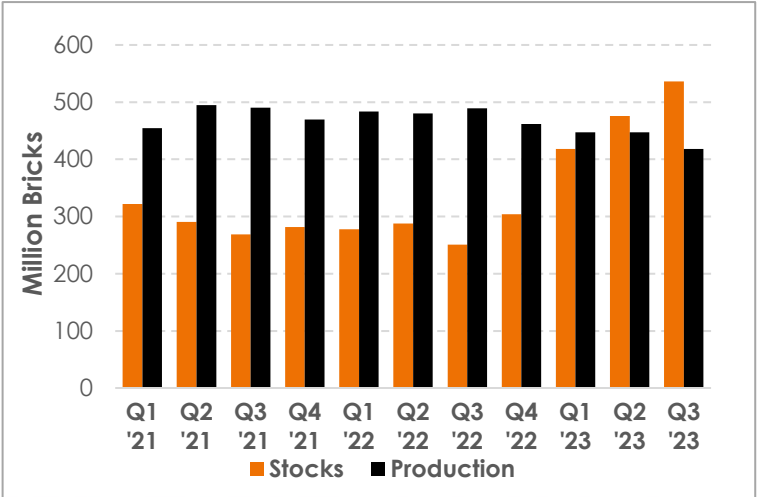
GB Brick Despatches (bn) ¹



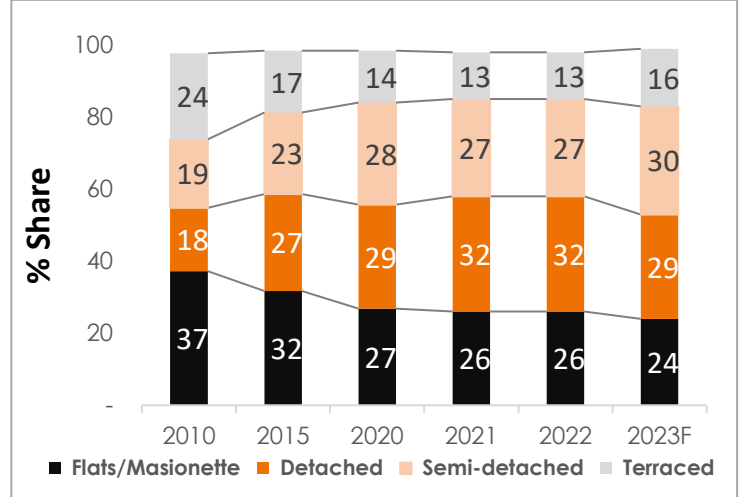
UK Dwelling Starts ²



GB Brick Stocks & Production 2021-23(m) ¹



New Builds by Property Type (%) ³



Sources: ONS, NHBC, Management estimates for forecasts.

¹ ONS Table 9a Bricks - Production, Deliveries and Stocks. Imports are derived from the Import value on Table 14, External trade.

² ONS Table 3a House building permanent dwellings United Kingdom. '21,'22 updated. 2023F: 2022 data and CPA uplift

³ NHBC new homes statistics review



GB Brick Market Capacity

- **Total GB capacity has hovered around 2bn bricks** for a number of years.
- Ibstock has permanently closed Ravenhead factory in Lancashire, c45m wirecut bricks.
- New Ibstock capacity at Atlas and Aldridge (West Midlands), c100m wire cut and Nostell (Yorkshire), c60m brick slips.
- New Forterra capacity in Desford (Leicestershire), c100m and Wilnecote (Staffordshire), c1m high specification bricks.
- Total **new capacity around 335m wirecut bricks and 60m wirecut brick slips** (not all incremental).
- We **estimate that this increases GB capacity to c2.2bn plus 60m wirecut brick slip** (assuming all fully operational).
- Despite manufacturer capacity investments, once normal market conditions return, the **GB brick industry still lacks the capacity** to meet demand.
- **Imported bricks have averaged around 20% of the GB market** over the last 5 years.
- The **growth in capacity is wirecut led**, with stock/soft mud brick capacity remaining around c590m.
- Stock/soft mud bricks are still the product of choice in the South East (due to Local Authority planning).
- **c90% of imported bricks are stock/soft mud.**



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Financial Highlights



Financial Summary

	FY24 H1*	FY23 H1*	%	FY23
	£'000	£'000	change	£000
Revenue	324,840	352,669	(7.9%)	681,087
Gross Profit	54,979	54,949	0.1%	112,867
Gross Profit %	16.9%	15.6%		16.6%
Adjusted EBITDA⁽¹⁾	25,567	25,534	0.1%	51,530
Adjusted EBITDA %	7.9%	7.2%		7.6%
Adjusted profit before tax	21,753	22,381	(2.8%)	44,593
Other items	5,783	7,641		10,066
Statutory Profit before tax	15,970	14,740	8.3%	34,527
Tax charge	(4,631)	(3,593)		(6,830)
Profit for the period	11,339	11,147	1.7%	27,697
Basic EPS (p)	3.78	3.74	1.1%	9.26
Adjusted basic EPS (p)	5.30	6.00	(11.7%)	11.93
Net (debt) /cash ⁽²⁾	(30,916)	(27,449)		(7,979)
Interim dividend (p)	1.07	1.01	5.9%	

- LFL revenue decline of -14.4%, -12.2% excluding the impact of Timber
- H1 FY24 Gross Profit margin YOY expansion of 130bps reflects:
 - Recovery of the rapid and significant FY23 materials price inflation in the contracting division
 - Business mix
- Other Items mainly acquisition-related (detail in appendices)
- Adjusted EPS 5.30p decrease of -11.4% vs H1 FY23
- Net debt £30.9m H1 FY24 vs net debt £27.4m H1 FY23 (see slide 9)
- Proposed interim dividend increases 5.9% to 1.07p

⁽¹⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and other non-underlying items

⁽²⁾ Net (debt)/cash is cash held less bank debt, excluding arrangement fees

* FY24 H1 and FY23 H1 unaudited

Divisional Performance

Revenue	FY24 H1* £'000	FY23 H1* £'000	% change	LFL% ⁽³⁾ change
Bricks and Building Materials	229,167	270,101	(15.2)%	(15.2)%
Importing	53,247	54,125	(1.6)%	(34.1)%
Distribution	33,227	31,041	7.0%	7.0%
Contracting	23,421	19,880	17.8%	17.8%
Group Eliminations	(14,222)	(22,478)	(36.7)%	-
Total Group	324,840	352,669	(7.9)%	(14.4)%

Adj EBITDA ⁽¹⁾	FY24 H1* £'000	FY24 H1* EBITDA Margin %	FY23 H1* £'000	FY23 H1* EBITDA Margin %	% change in EBITDA
Bricks and Building Materials	13,585	5.9%	15,704	5.8%	(13.5)%
Importing	4,924	9.2%	5,424	10.0%	(9.2)%
Distribution	5,229	15.7%	4,953	16.0%	5.6%
Contracting	3,690	15.8%	2,565	12.9%	43.9%
Central ⁽²⁾	(1,861)	-	(3,112)	-	-
Total Group	25,567	7.9%	25,534	7.2%	0.1%

- Performance in B&BM and Importing driven by the market reductions in newbuild volumes
- Brick volumes reduced in line with the market with price increases softening the impact on revenue
- Timber volumes were comparable but selling prices have reduced significantly versus the prior period
- Good performance in the Contracting and Distribution divisions, highlighting the benefit of the Group's diversification strategy.
- EBITDA margin growth driven by business mix and the recovery of the material price inflation experienced in FY23 in the Contracting division

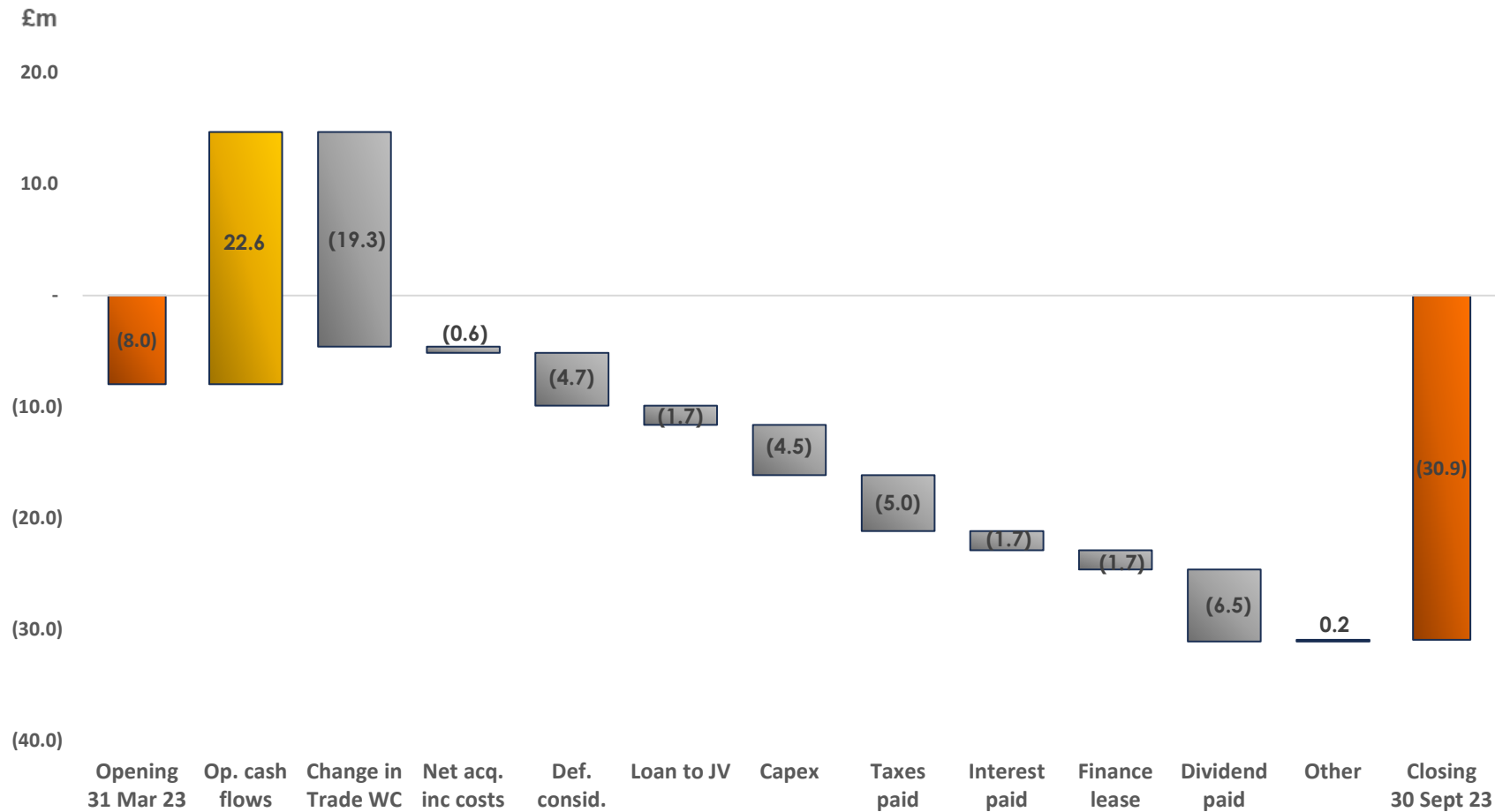
⁽¹⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and other non-underlying items.

⁽²⁾ FY23 H1 includes £0.4m of JV share of losses

⁽³⁾ LFL revenue is a measure of performance, adjusted for the impact of acquisitions

* FY24 H1 and FY23 H1 unaudited

Cash flow and net debt H1 FY24



- Working capital
 - £1.2m outflow in respect of inventories.
 - £2.3m net outflow of trade payables and receivables.
 - £15.8m of accrual movements and payments, mostly expected to reverse in H2. This includes Earn-out consideration payments of £4.8m relating to TM and MCP included in working capital – net outflow £2.1m.
- Deferred contingent consideration of £4.7m relating to a total of six previous acquisitions.
- Capex is mainly property; includes a showroom in London and an office and yard in Wales.
- Net Debt/adj EBITDA 0.95x expected by year-end (0.88x on LTM basis).
- New RCF with an initial limit of £100m (from £60m).

Net debt is cash held less bank debt, excluding arrangement fees.



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Operational Highlights



Operational Highlights

- Good performance despite a challenging environment
- The Group benefits from its diversified multi-business strategy
- Strong cladding growth in SBS Cladding and Taylor Maxwell & Co
- Upowa continues to grow and we expect the growth rate to accelerate
- Forum Tiles growth and contributing to the Group's results
- FSN Doors performed strongly
- Contracting division growth; the mid to upper end of the housing market remains robust
- German roof tiles for the UK are now expected in Q1 FY25
- IT systems (operational and financial) rollout continues
- Cost control and discipline remains
- Strategic Topek acquisition post-period



FY24 Acquisitions Update/Pipeline

Completed - June 2023

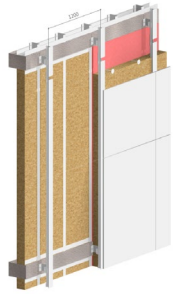
- Precision Facades Systems acquired for an initial consideration of £0.6m
 - Patented framing system for cladding

Completed - October 2023

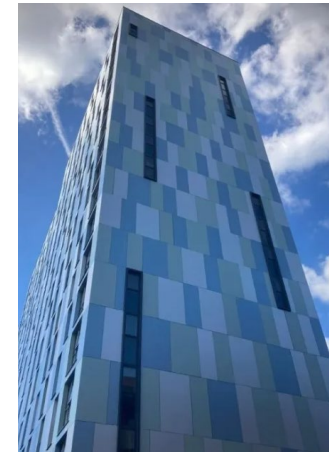
- Topek Limited acquired for a consideration of upto £45.0m
 - Complements the Group's existing cladding portfolio, including Taylor Maxwell Cladding, SBS Cladding, and Architectural Facades
 - The Group now has a full range of cladding capabilities including design, fabrication, supply, and installation

Pipeline

- Specialist cladding contractor – South of England
- Roofing contractor
- Roofing contractor group



TOPEK



Increasingly Diversified Business – c50% Group revenue non-brick



The complete Façade solution



- 1 BRISE SOLEIL
- 2 BRICK CLADDING
- 3 METAL CLADDING
- 4 POWDER COATED ALUMINIUM COLUMNS
- 5 TERRACOTTA CLADDING
- 6 FIBRE CEMENT CLADDING
- 7 STONE CLADDING
- 8 BALCONIES
- 9 INSULATION
- 10 FIRE BRAKES
- 11 FRAMING SYSTEMS
- 12 MESH CLADDING



The complete Residential solution

The Group has successfully combined individual specialist businesses into one cohesive structure that continues to maximise revenue and growth.

Collectively we are stronger as a Group, we are focused on efficiency and service, and providing a diverse product portfolio to both trade and retail customers.



- 1 BALCONIES
Architectural Facades
- 2 BRICK SUPPLY & SERVICES
Apex Brick Cutters
Brickability
Bricklink
Brickmongers Wessex
Brick Services
CPG Building Supplies
Crest Brick Slate & Tile
E.T. Clay Products®
LBT Brick & Facades
Matching Brick
Modular Clay Products®
Taylor Maxwell & Co.
The Bespoke Brick Co.
- 3 CLADDING
Architectural Facades
SBS Cladding
Taylor Maxwell & Co.
- 4 EXTERNAL DOORS & WINDOWS
Frazer Simpson
- 5 FLOORING SERVICES
DSH Flooring
- 6 FLOOR & WALL TILES
Forum Tiles
- 7 GRP PRODUCTS
Frazer Simpson
- 8 GUTTERING & DRAINAGE
UP Building Products
- 9 INTERNAL DOORS & WARDROBE SYSTEMS
FSN Doors
- 10 RENEWABLE TECHNOLOGIES
UPWA
- 11 ROOFING CONTRACTING
Beacon Roofing
Crest Roofing
Excel Roofing
Leadcraft
- 12 ROOFING SUPPLIES
Crest Brick Slate & Tile
McCann Roofing Products
Heritage Clay Tiles®
Schermbeker Building Products
- 13 STONE SUPPLY & SERVICES
Frazer Simpson
Vobster Architectural
- 14 TIMBER & LANDSCAPING
Alliam Building Supplies
Crest Roofing
Excel Roofing
Leadcraft
- 15 TOWEL RAILS & RADIATORS
RadiatorsOnline.com
Radiator Valves UK
Towelrads
- 16 TRANSPORTATION
McCann Logistics
- 17 UNDERFLOOR HEATING
Towelrads

Outlook

- Fundamental drivers of our **industry remain robust**
- We have built a **robust and increasingly diverse business**, with a broad product portfolio, strong customer relationships, continued cost discipline and ability to effectively adapt
- The **gap between demand and supply** for housing indicates **significant potential for further growth**
- Continuing to look at **acquisition opportunities** alongside **continued organic development**
- In our October Trading Update, we noted that the volume reductions experienced by certain housebuilders and manufacturers, were expected to have a corresponding impact upon the performance of the Group's existing businesses throughout the second half of the current financial year.
- However, the **Board remains confident in the Group's ability to continue to deliver on its strategic objectives**



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Appendices



Financial Summary - Other Items

	FY24 H1*	FY23 H1* ⁽¹⁾	FY23
	£'000	£'000	£'000
Amortisation of intangible assets	4,315	4,084	8,399
Share based payment expense	830	571	1,567
Acquisition costs	23	171	281
Net movements on Deferred consideration	712	3,162	198
Balance of Other items	(97)	(347)	(379)
Other items	5,783	7,641	10,066

⁽¹⁾ Restated for prior year business combination adjustments

* FY24 H1 and FY23 H1 unaudited