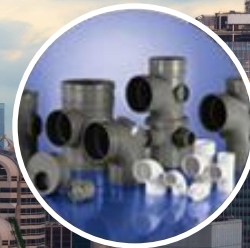
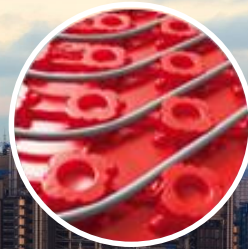


# Polypipe Group plc

## Interim Results

6 months to 30 June 2015



The information contained in this presentation has not been independently verified and this presentation contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. The words "growing", "scope", "platform", "future", "expected", "estimated", "accelerating", "expanding", "continuing", "potential" and "sustainable" and similar expressions or variations on such expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond Polypipe Group plc's (the "Group's") control and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this presentation and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this document should be construed as a profit forecast.



**Highlights**  
David Hall



**Financial Review**  
Peter Shepherd



**Business Review**  
David Hall

## Presentation Team



**David Hall**  
Chief Executive Officer



**Peter Shepherd**  
Chief Financial Officer

- 12.8% growth in operating profits
- Good demand for residential piping systems from UK housebuilders, increasingly from projects outside of London and the South-East
- Improvement in the residential RMI sector
- Good demand from road and rail projects
- Strong increase in sales of Water Management Solutions, driven by planning legislation to avoid flooding
- Excellent sales growth in the Middle East
- Dividend of 2.3p in line with policy to pay 40% profit after tax
- Strategic acquisition of Nuaire to enhance capability to support Carbon Efficient solutions

# Agenda



**Highlights**  
David Hall



**Financial Review**  
Peter Shepherd



**Business Review**  
David Hall



# Financial highlights

Revenue	£170.4m	 1.3%
Operating profit	£25.6m	 12.8%
Profit before tax (pre exceptionals)	£23.2m	 41.5%
Adjusted EPS	9.11p	 29.2%
Net Debt to EBITDA	1.3x	
Interim dividend	2.3p	 53.3%*

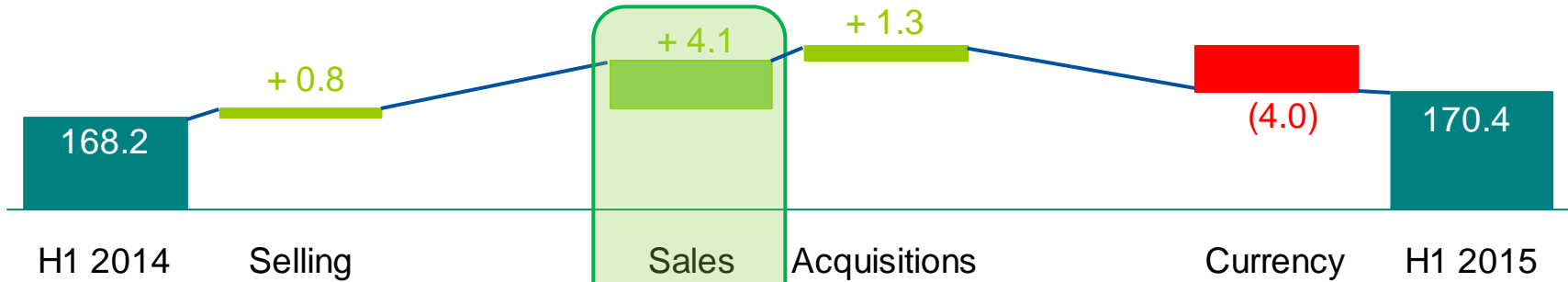
\* Part year in 2014

# 2015 Interim results summary

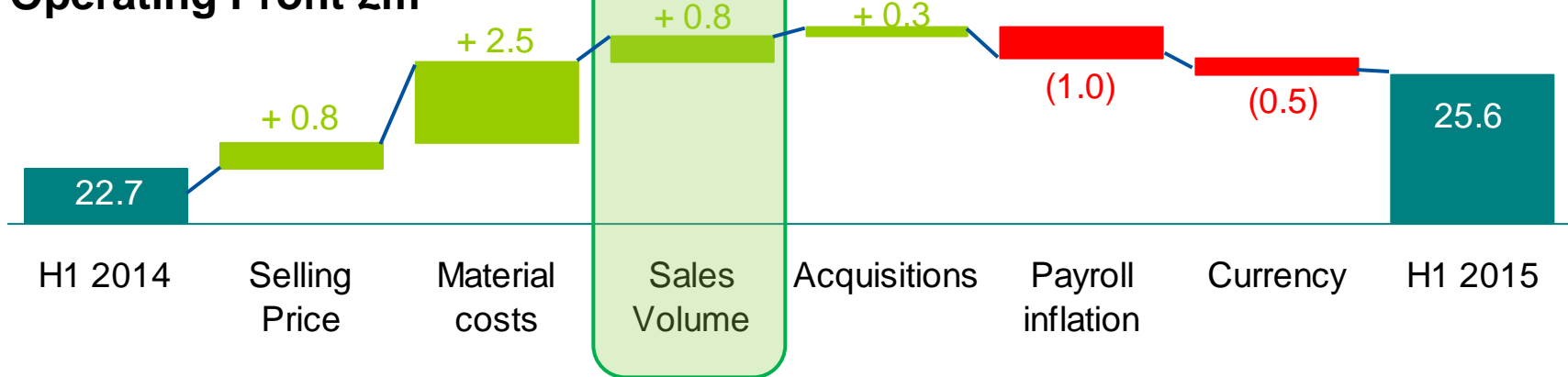
£m	H1 2015	H1 2014	change	% change
<b>Revenue</b>	<b>170.4</b>	<b>168.2</b>	<b>2.2</b>	<b>1.3%</b>
Cost of sales	(102.3)	(105.3)	3.0	(2.8%)
Gross profit	68.1	62.9	5.2	8.3%
Gross profit margin	40.0%	37.4%		
Distribution costs	(15.6)	(16.1)	0.5	(3.1%)
SG&A	(26.9)	(24.1)	(2.8)	11.6%
<b>Operating profit pre exceptionals</b>	<b>25.6</b>	<b>22.7</b>	<b>2.9</b>	<b>12.8%</b>
<b>Operating exceptional items</b>	<b>-</b>	<b>(12.4)</b>	<b>12.4</b>	
<b>Operating profit post exceptionals</b>	<b>25.6</b>	<b>10.3</b>	<b>15.3</b>	
Net finance costs – normal	(2.4)	(6.3)	3.9	
– exceptional	-	(8.6)	8.6	
<b>Profit / (loss) before tax</b>	<b>23.2</b>	<b>(4.6)</b>	<b>27.8</b>	
Tax	(5.0)	1.1	(6.1)	
<b>Profit / (loss) after tax</b>	<b>18.2</b>	<b>(3.5)</b>	<b>21.7</b>	

# Revenue and operating profit bridge

## Revenue £m



## Operating Profit £m





# Operating segment review - Residential

Residential	H1 2015	H1 2014	% Growth
Revenue	£90.2m	£86.8m	+3.9%
Operating profit*	£15.4m	£13.2m	+16.7%
Operating profit margin	17.1%	15.2%	

- Revenue growth of 4.8% (working day adjusted): last year's pre price increase pull forward resulted in strong comparables in May/June
- Growth in new build continues to be dominated by national housebuilders with a trend to more regional activity
- Private RMI only improving slowly; second hand home housing transactions, a key driver, still well below long term averages
- Operating profit 16.7% ahead at £15.4m due to the volume growth, slightly improved mix (more RMI) and a short period of lower polymer costs

\* Before operating exceptional items

# Operating segment review – C&I UK

Commercial & Infrastructure UK	H1 2015	H1 2014	% Growth
Revenue	£59.1m	£56.4m	+4.8%
Operating profit*	£9.3m	£8.6m	+8.1%
Operating profit margin	15.7%	15.2%	

- Revenue growth of 5.6% (working day adjusted)
- Good demand in UK from road and rail projects and high rise multi occupancy buildings
- Continuing good growth in Middle East. Strong comparables due to distributors restocking in H1 2014
- 8.1% increase in operating profits due to volume gain

\* Before operating exceptional items

# Operating segment review – C&I Mainland Europe

Commercial & Infrastructure Europe	H1 2015	H1 2014	% Growth
Revenue	£26.5m	£30.6m	(13.4)%
Operating profit*	£0.9m	£0.9m	-
Operating profit margin	3.4%	2.9%	

- Revenue down 2% in local currency. Housing starts in France fell by 9.7% in the first half of 2015 and are now at approximately the same low level as in 2008 following the financial crisis
- Operating profit maintained with a careful watch being maintained on selling price against volume especially during a period of volatile polymer costs

\* Before operating exceptional items

# Balance sheet summary

£m	H1 2015	H1 2014	change
Non Current Assets			
– property, plant & equipment	90.9	88.8	2.1
– intangibles	239.5	234.4	5.1
Net Working Capital	10.8	9.4	1.4
Outstanding listing costs	-	(3.5)	3.5
Cash	36.4	18.1	18.3
Long term debt – bank debt	(120.0)	(120.0)	-
Taxation	(6.2)	(0.5)	(5.7)
Other	(2.1)	0.5	(2.6)
Net Assets	249.3	227.2	22.1

# Net working capital

£m	H1 2015	H1 2014	Dec 2014
<b>Inventories</b>	<b>39.5</b>	<b>41.0</b>	<b>39.9</b>
Trade & Other receivables	31.8	25.8	20.9
<b>Trade &amp; Other payables</b>	<b>(60.5)</b>	<b>(60.9)</b>	<b>(65.2)</b>
Net working Capital as reported	10.8	5.9	(4.4)
Outstanding listing and refinancing costs excluded from NWC	-	3.5	-
<b>Net operating working capital</b>	<b>10.8</b>	<b>9.4</b>	<b>(4.4)</b>
Net operating working capital to revenue	3.3%	3.0%	(1.3%)

# Cashflow

£m	H1 2015	H1 2014
<b>EBITDA<sup>1</sup></b>	<b>33.0</b>	<b>30.0</b>
Capital expenditure	(9.3)	(7.3)
Working capital	(15.1)	(12.1)
<b>Operating Cashflow</b>	<b>8.6</b>	<b>10.6</b>
Financing costs – net interest paid	(2.2)	(7.8)
– refinancing costs	-	(9.3)
Taxation	(1.9)	(2.4)
Listing costs	-	(8.9)
Dividends paid	(6.0)	-
Acquisition of new businesses	(5.2)	-
<b>Increase in net debt</b>	<b>(6.7)</b>	<b>(17.8)</b>

<sup>1</sup> Before operating exceptional items

# Agenda



**Highlights**  
David Hall



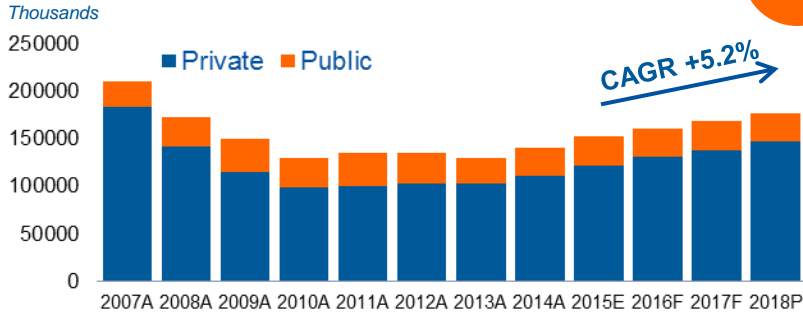
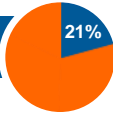
**Financial Review**  
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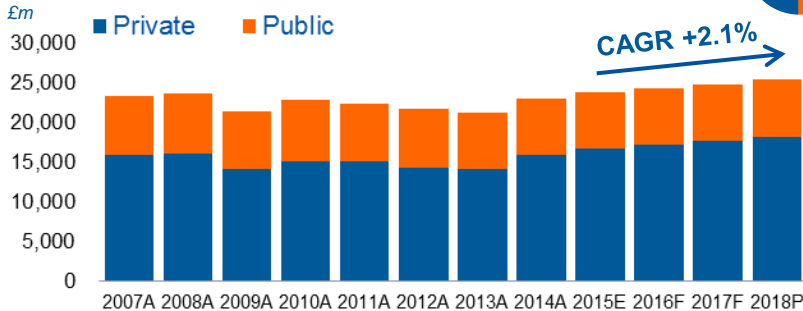


## Housing Completions (GB)



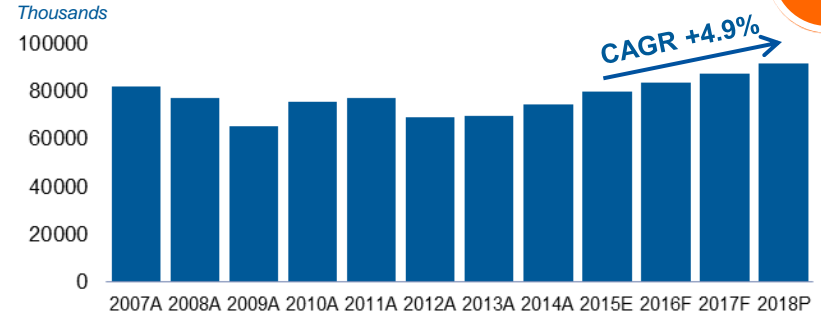
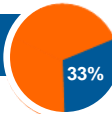
Source: DCLG, Construction Products Association

## Housing RM&I Output



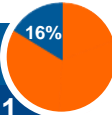
Source: ONS, Construction Products Association. 2011 constant prices  
 % of Group FY2014 sales

## New Work Output



Note: New Work Output used as proxy for commercial, public non-housing & infrastructure works.  
 2011 constant prices

## European Construction Markets



Market Forecasts	2015F	2016F	% 2015 H1 Sales*
France	-0.9%	2.5%	13.3%
Republic of Ireland	8.3%	16.0%	1.5%
Italy	0.3%	2.5%	0.4%

Source: Euroconstruct Jun-15  
 \*Sales by destination



## Water Management Solutions

- Strong growth for Water Management Solutions driven by legislation and continued new product introductions including Ridgitreat hydrocarbon filtration system
- Extended Ridgistorm XL system to 3m diameters beginning to gain traction providing an alternative to traditional concrete pipe
- Breadth of systems available from Polypipe allows performance based solutions to be designed to meet specific project criteria

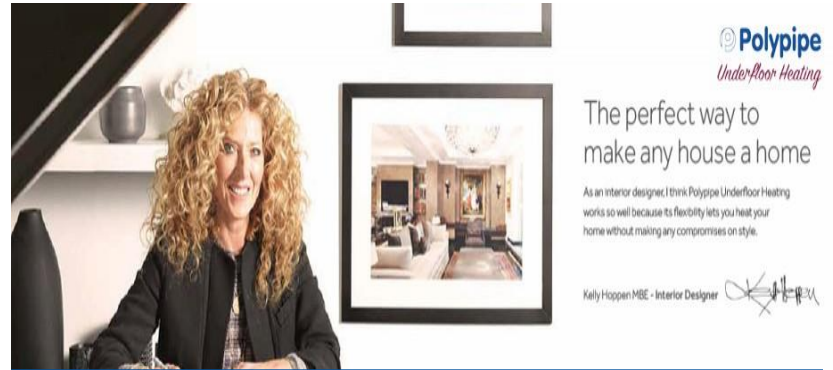


### Folkstone housing development

Polypipe was able to design a hybrid stormwater drainage solution utilising its Ridgistorm-XL piping and Polystorm-R attenuation systems, installed beneath a public open space at the housing scheme

## Carbon Efficient Solutions

- Major underfloor heating campaign targeted at householders endorsed by high profile interior designer Kelly Hoppen MBE
- Legislation continuing to drive growth in our ventilation systems supplemented by continued product portfolio expansion including the acquisition of the Ferrob range
- Acquisition of Nuaire will significantly enhance our offer in the ventilation sector



### Polypipe Underfloor Heating campaign

A month long Sky TV campaign backed by digital marketing put Polypipe Underfloor Heating in front of homeowners and renovators making this contemporary home heating option synonymous with the Polypipe brand

## Substituting Legacy Materials



- Plastic plumbing growth underpinned by significant trade activity including the “Grey Matters” and “Max the plumber” marketing campaigns
- Surestop acquisition integrated into the Group and we are encouraged by the opportunities to accelerate growth leveraging the Group’s broader customer relations

Grey Matters  
with PolyPlumb

Polyplumb traditional push-fit plumbing is our tried and tested grey plumbing system. It's been around for as long as we have and is still as robust and installable. Our 'Grey Matters' campaign was designed to remind and reassure installers that their original choice is still a smart one and available through all professional trade merchants.

**70,000**  
installers reached through trade press advertising campaign, digital communications and dedicated in-branch merchandising and point of sale

**Polyplumb “Grey Matters” campaign**

Our ‘Grey Matters’ campaign was designed to reach 70,000 installers through trade press, advertising, digital and dedicated in-branch merchandising and point of sale

## Middle East, Gulf & Export



- Continued benefits from increased resource committed to specification sales in the Middle East
- Qatar market beginning to become more active and our plans continue for local manufacture of Water Management products
- New Technical Centre in UAE now in place and presenting the breadth of the Polypipe offer to customers

Drainage Systems

**UAE Technical Centre**

At our new UAE Technical Centre a fully equipped product demonstration and training facility will provide live product showcases, seminars and hands on learning for installers and specifiers

- **Acquisition of Nuaire for £145 million on a cash and debt-free basis**
  - Leading UK designer, manufacturer and distributor of ventilation systems
- **Strong strategic rationale for a combination of Polypipe and Nuaire**
  - Consistent with stated strategy to broaden presence in markets benefiting from energy legislation
  - Nuaire is well-positioned to capitalise on the high-growth UK ventilation market, which is forecast to outstrip the UK construction market, driven by increasing environmental regulation
- **Financially compelling investment**
  - Acquisition expected to be double digit EPS accretive in the first full year of financial ownership
- **Completed on 18 August 2015**

Positioning to benefit from the market recovery



Continued product development for sustainable construction



Leverage brand position and end-user relationships



Continuous investment in processes and efficiency initiatives

Selective development in the Middle East



Complementary strategic acquisitions



- UK market recovery expected to continue and we remain well placed to capture our share
- Continued focus on structural growth opportunities:
  - Substituting Legacy Materials
  - Water Management Solutions
  - Carbon Efficient Solutions
  - Middle East, Gulf & Export opportunities
- And the acquisition of Nuaire will support our aims to accelerate our growth

# Questions & Answers

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