Genuit Group Plc

2021 Full Year Results Presentation

15 March 2022

Disclaimer

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 Genuit 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 presentation should be construed as a profit forecast.

Agenda

1 KEY HIGHLIGHTS

2 FINANCIAL RESULTS

3 BUSINESS REVIEW

4 OUTLOOK

Key highlights

A year of strong progress as we position the Group for continued success

- Continued market outperformance - like-for-like volume growth of 2.6% vs 2019, in contrast with 3.6% market decline
- Record underlying EBIT performance underpinned by organic growth and recovery of unprecedented raw material and energy cost inflation
- Clear strategy focussed on sustainable growth drivers
- Three acquisitions made in year, Adey performing ahead with remaining performing in line with expectations
- Leadership transitions completed with appointments of Joe Vorih and Matt Pullen as the new CEO and COO
- Continued progress across near-term sustainability initiatives; remain committed to Net Zero by 2050

Key highlights

Raising the bar in operating sustainably

- Against our 2025 66.0% reduction target in Scopes 1&2 Carbon intensity, made excellent progress with a 44.0% reduction
- Signed Pledge to Net Zero and committed to SBTs using the more challenging 1.5°C Business Ambition

- Use of recycled materials increased to 49.4% (2020: 45.9%) of our total tonnage, on track for our 2025 62.0% target
- With polypropylene and polyethylene, these levels are now over 75.0% and we continue to increase our ability to use recycled PVC, including a £2.5m capex in a multi-layer extrusion line in our Building Services business

- We achieved Silver Status in The 5% Club, with 3.2% of our colleagues now in accredited learn and earn programmes. Our budgets and plans will grow this further in 2022

- In 2021, our sales of products launched within the last five years grew to £120.0m, or a Vitality Index of 20.2%; solid progress toward our 2025 target of 25.0%

Agenda

1 KEY HIGHLIGHTS

2 FINANCIAL RESULTS

3 BUSINESS REVIEW

4 OUTLOOK

Financial results

- Revenue increase of 49.1% due to significant increase in demand and robust price leadership in the market
- Ongoing recovery in underlying operating profit margin despite cost headwinds and some global supply chain constraints
- Underlying basic earnings per share of 30.6p, an increase of 126.7%
- Strong operational cash management and balance sheet, net debt 1.2 times pro forma EBITDA
- Continued strategic investment in infrastructure and innovation, net capital expenditure of £34.1m in line with technical guidance
- Proposed final 2021 dividend of 8.2p per share
- The three acquisitions made in the year (Adey, Nu-Heat and Plura) performed well with Adey exceeding expectations
- A strongly supported £96.3m capital raise to help fund the Adey acquisition
- Continuing to invest in market leading brands and growth drivers underpinned by sustainability, resilience and adaptation

Underlying results summary

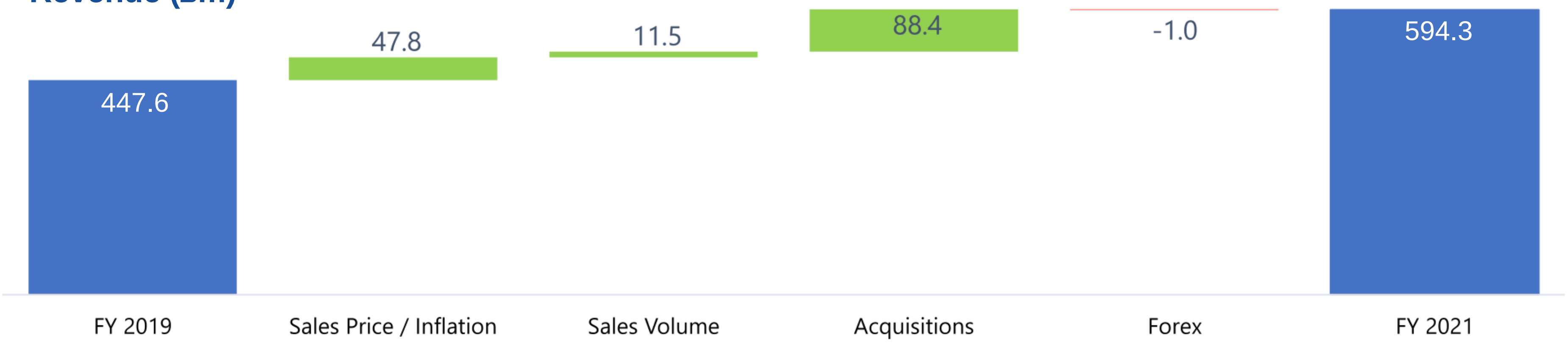
£m	2021	2020	Change
Revenue	**594.3**	**398.6**	**49.1%**
Cost of sales	(348.8)	(242.5)	43.8%
Gross profit	**245.5**	**156.1**	**57.2%**
Gross margin	***41.3%***	***39.2%***	***210bps***
Selling, distribution and administration costs	(150.2)	(113.9)	31.8%
Underlying operating profit	**95.3**	**42.2**	**125.8%**
Operating margin	***16.0%***	***10.6%***	***540bps***
Net finance costs	(4.2)	(6.5)	(35.4)%
Underlying profit before tax	**91.1**	**35.7**	**155.2%**
Underlying tax	(16.0)	(6.3)	154.0%
Underlying profit after tax	**75.1**	**29.4**	**155.4%**
Underlying basic earnings per share (p)	**30.6**	**13.5**	**126.7%**
Dividend per share (p)	**12.2**	**4.8**	**154.2%**
Underlying tax rate	***17.6%***	***17.6%***	-

- Strong revenue growth driven by robust price leadership and volume performance significantly ahead of the market
- Operating margin recovery will continue through strong price recovery and improving efficiencies to combat ongoing inflation
- Underlying basic earnings per share up 126.7% on 2020
- Lower net finance costs driven by lower interest rates and the prior year included costs related to financing activities to strengthen the balance sheet
- Dividend per share of 12.2p, up 154.2% on 2020 and 5.2% above pre-pandemic levels

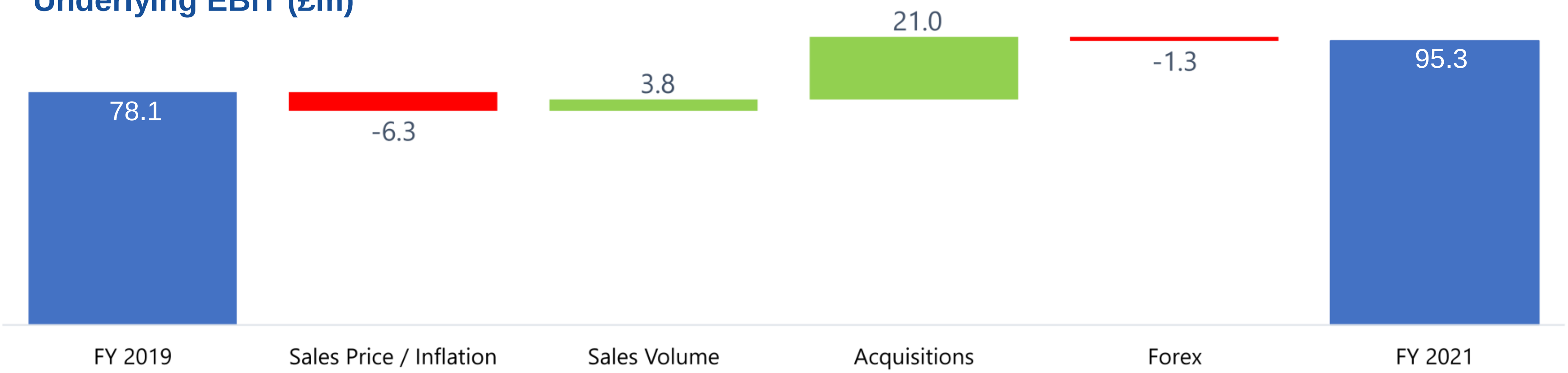
Revenue and underlying operating profit bridge

Versus 2019

Revenue (£m)



Underlying EBIT (£m)

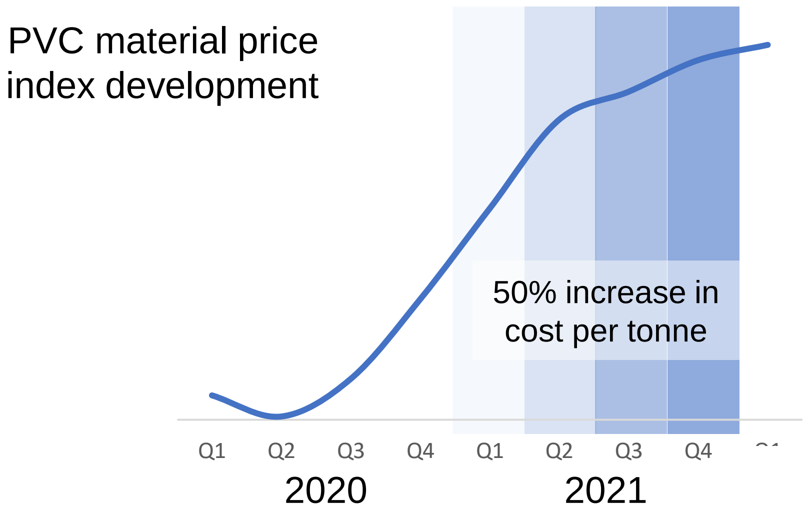


- Robust contractual price increases with market generally following, lag effect seen in H1 significantly lessened in H2
- Amendment of contractual terms to reflect high inflation environment and reduce lag time of price increases
- Strong volume recovery significantly ahead of market performance over the period
- Acquisitions performing well, Adey ahead of expectations

Inflation and pricing

Strong price leadership in the market mitigating cost inflation

- Unprecedented raw material inflationary pressure from end of 2020
- Prime PVC increase in cost per tonne 50% in 2021
- Robust price leadership across Group
- Four announced increases in 2021
- Contractual increases not surcharging
- Lag effect lessened in H2 versus H1
- Recyclate mitigation



Operating segment review – Residential Systems

Strengthening performance

	2021	2020	Growth
Revenue	£372.9m	£223.9m	66.5%
Underlying operating profit	£73.1m	£29.8m	145.3%
Underlying operating margin	19.6%	13.3%	

- Revenue 66.5% higher than 2020 and 43.3% higher than 2019 (34.5% and 15.7% higher on a like-for-like basis respectively)
- Underlying operating profit almost 2.5 times higher than 2020, with margin recovery of 630 basis points to just 90 basis points below 2019 levels
- Growth benefitting from buoyant new build and RMI housing segments, as well as market share gains and M&A
- Rapidity and frequency of input cost rises caused a lag in recovery of margin through price increases. A timing effect rather than structural under-recovery

Operating segment review – Commercial and Infrastructure Systems

Robust revenue growth and recovering operating margin

	2021	2020	Growth
Revenue	£221.4m	£174.7m	26.7%
Underlying operating profit	£22.2m	£12.4m	79.0%
Underlying operating margin	10.0%	7.1%	

- Revenue 26.7% higher than 2020 and 18.2% higher than 2019 (23.1% and 8.8% higher on a like-for-like basis respectively)
- Growth despite significant exposure to a UK commercial sector which declined by 20.3% compared to 2019
- Stronger than average results in our ventilations and civils businesses which had favourable market tailwinds
- Materials and component availability have been an anchor drag and we have been competing with other sectors such as automotive as supply chains have struggled to react post Covid-19
- Expect margins to improve further as component shortages ease

Non-underlying items

Uptick in amortisation and acquisition costs

£m	2021	2020
Non-underlying items:		
- Amortisation of intangible assets	(14.2)	(7.8)
- Acquisition costs	(7.3)	(0.6)
- Contingent consideration on acquisition	(1.9)	(2.4)
- Restructuring costs	(1.1)	(1.1)
- Unwind of inventory fair value adjustment	(3.7)	-
Tax effect of non-underlying items	3.4	1.0
Impact of change in statutory tax rate	(9.3)	-
Total non-underlying items	**(34.1)**	**(10.9)**

- Amortisation of intangible assets increased following acquisitions
- Acquisition costs primarily relate to Adey, Nu-Heat and Plura
- Contingent consideration costs relate to Plura acquisition
- Unwind of inventory fair value adjustment in relation to Adey acquisition
- Increase in tax charge due to change in statutory tax rate

Cashflow

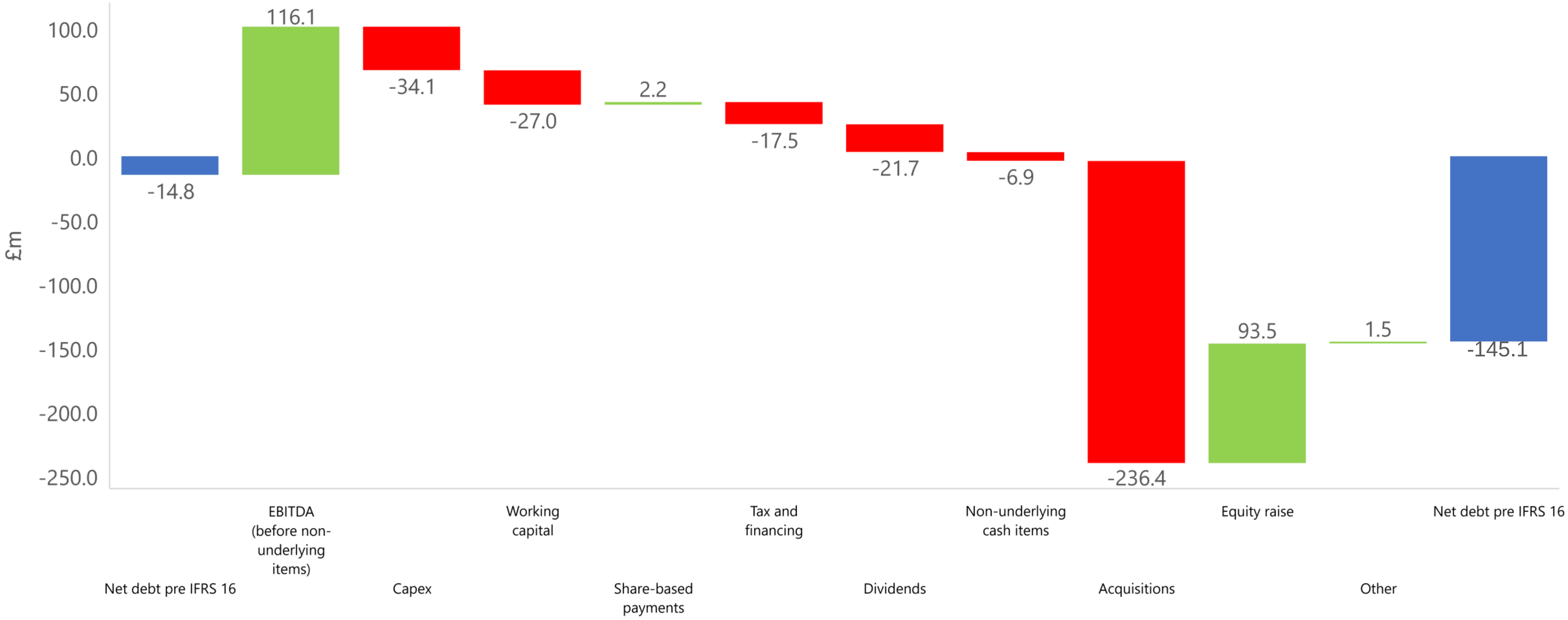
Continued strategic investment and growth

£m	2021	2020	Change
EBITDA (before non-underlying items)	**116.1**	**60.9**	**55.2**
Capex	(34.1)	(24.5)	(9.5)
Working capital	(27.0)	1.5	(28.6)
Share-based payments	2.2	1.4	0.8
Operating cash flows	**57.2**	**39.3**	**17.9**
Interest	(2.9)	(5.4)	2.5
Leases	(5.1)	(4.0)	(1.1)
Taxation	(9.5)	(8.2)	(1.3)
Dividends	(21.7)	-	(21.7)
Net cash flows	**18.0**	**21.7**	**(3.7)**
Non-underlying cash items	(6.9)	(2.3)	(4.6)
Acquisitions	(236.4)	-	(236.4)
Equity raises	93.5	116.0	(22.5)
Other	1.5	(0.2)	1.7
Decrease / (increase) in net debt	**(130.3)**	**135.2**	**(265.5)**

- Continued strategic capital investment in the business
- Working capital increase following acquisitions, rebuild of inventory levels and inflationary effects
- Full year dividend 5.2% above pre-pandemic levels, 40% pay out ratio of net income
- Cashflow conversion at 60% (2020: 93%). 2020 flattered by deferment of £9.8m VAT charge into 2021, and 2021 impacted by inventory rebuild

Movement in net debt

Year end leverage 1.2x – a beat on consensus



- A strongly supported capital raise to help fund the Adey acquisition

Financing

Well within covenants and significant headroom

£m	Drawn as at 31 December 2021	Facility	Headroom
Bank loan	198.0	300.0	102.0
Cash and cash equivalents	(52.3)	-	52.3
Net debt excluding unamortised debt issue costs	**145.7**	**300.0**	**154.3**
Unamortised debt issue costs	**(0.6)**		
Net debt including unamortised debt issue costs	**145.1**		
Lease liabilities	**20.6**		
Net debt	**165.7**		

Covenant (pre-IFRS16)	Covenant requirement	Position at 31 December 2021
Interest cover (Underlying operating profit ÷ Finance costs excluding debt issue cost amortisation)	>4.0:1	31.3:1
Leverage (Net debt ÷ pro forma EBITDA[1])	<3.0:1	1.2:1

- Well within covenant requirements
- Uncommitted Accordion of £50m in place
- Revolving Credit Facility is with six banks – matures 2023 with extension to 2025 possible

[1] *Defined as underlying operating profit before depreciation for the 12 months preceding the balance sheet date, adjusted, where relevant, to include a full year of EBITDA from acquisitions made during those 12 months.*

Agenda

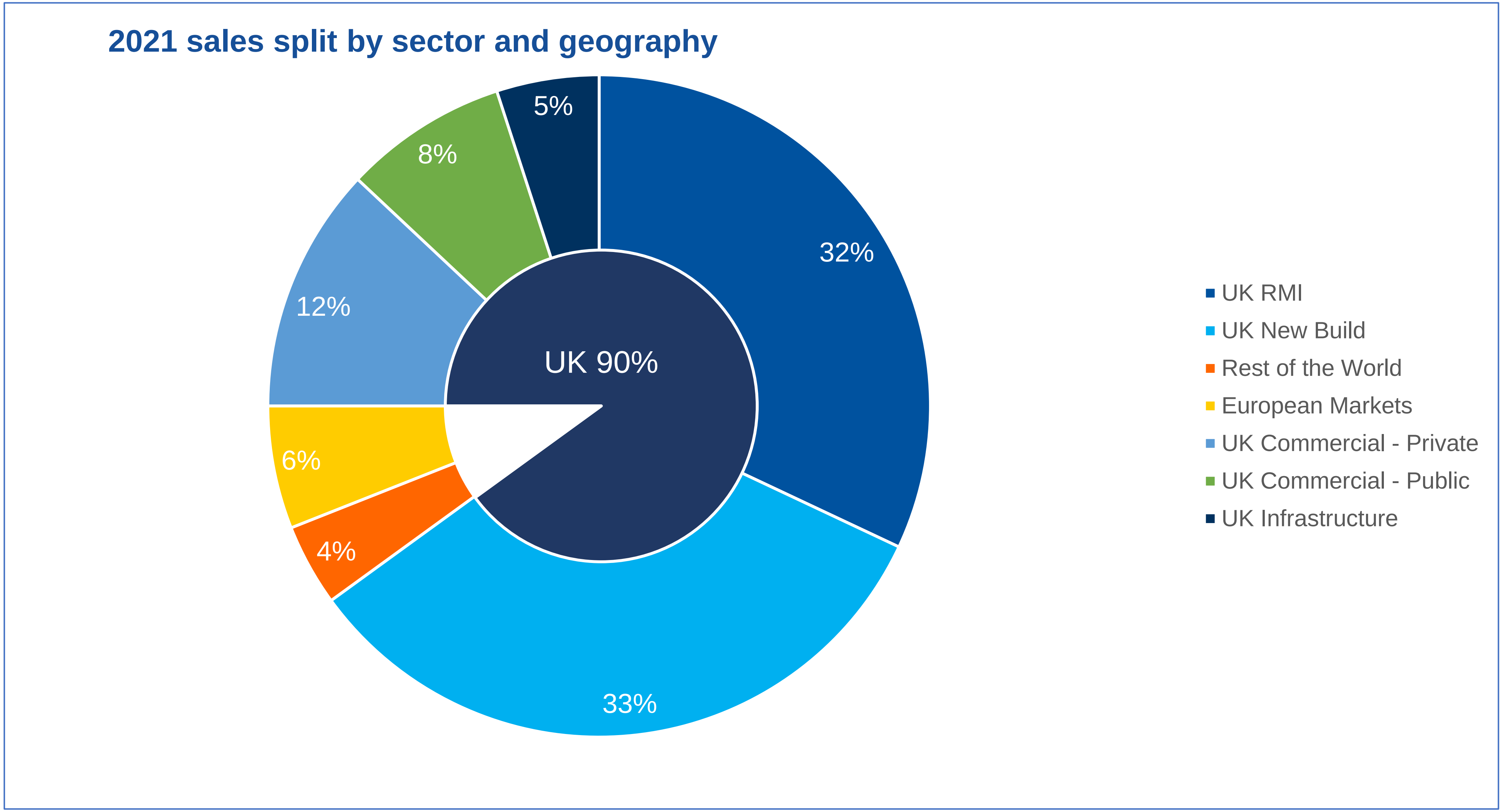
1 KEY HIGHLIGHTS

2 FINANCIAL RESULTS

3 **BUSINESS REVIEW**

4 OUTLOOK

Balanced portfolio across the UK construction market



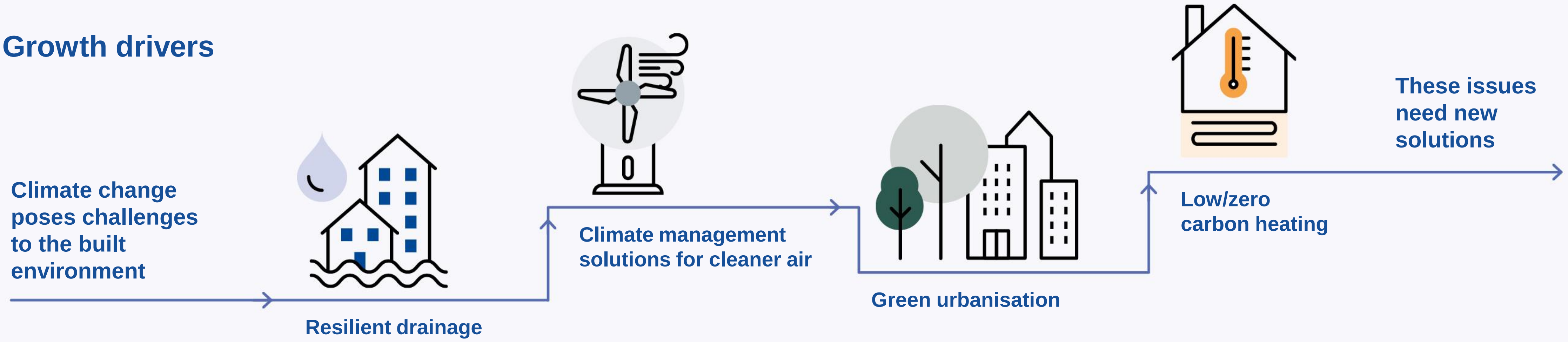
Market outperformance

Driven by structural growth drivers

- Leading positions in structural growth markets
- Strong brands in climate and water management sectors
- Selective organic and inorganic opportunities
- Legacy material substitution
- Targeted moves into overseas markets

- Sustainability is at the heart of our culture
  - Innovation
  - Recycling
  - Carbon reduction
  - Talent and diversity

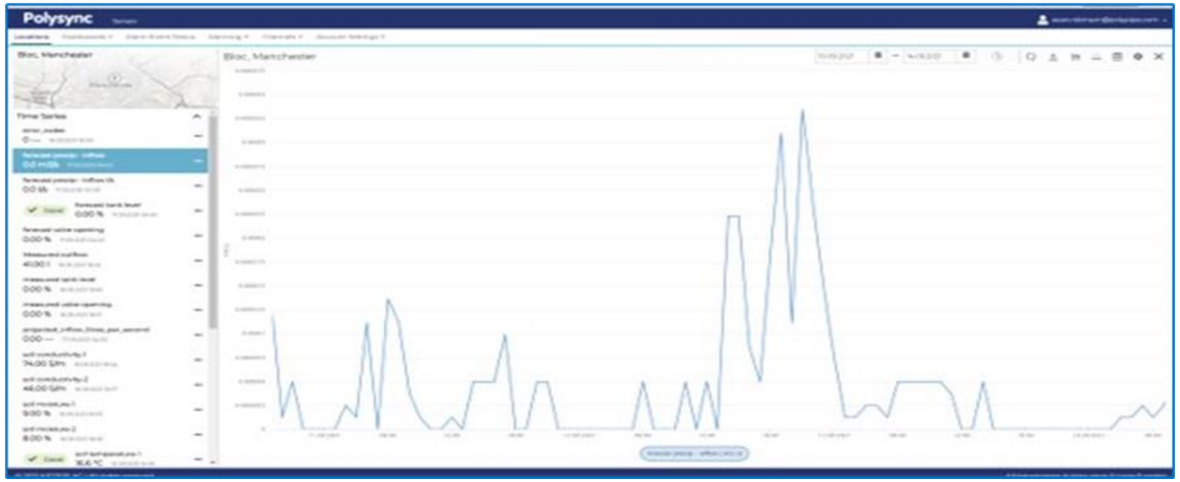
Growth drivers



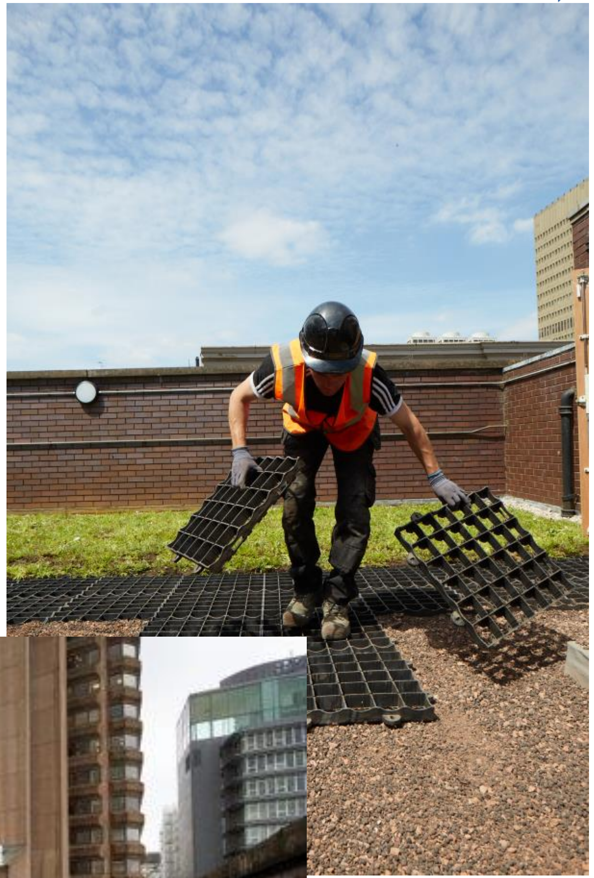
Sustainably-driven innovation

Improving resilience and adaptation is core to our innovation

- The Polysync system integrates smart technology into Permavoid solutions
- The system provides drainage attenuation, storing rainwater for irrigation
- Smart monitoring checks local weather forecasting for the need to create capacity for more rainwater
- Smart systems can adapt to weather, provide green urban spaces and improve air quality



Source: Polysync weather forecast and rainfall monitoring system



Acquisition update

Performing well, with Adey ahead of expectations

Invested £210m (11.8x)

Invested £27m (8.7x)

Invested £1.3m

- Adey continues to perform ahead of our business case
  - Overseas growth initiatives now well embedded; European sales +37% vs 2020
  - Commercial Water Testing is expanding; sales +19% vs 2020
  - Announced UK Part L regulatory changes is a tailwind
- Nu-Heat continues to see strong demand for its core Under Floor Heating systems, increasingly supported by heat pumps and renewable technology
- Plura is enjoying success in commercial co-operation with our Civils & Green Urbanisation business

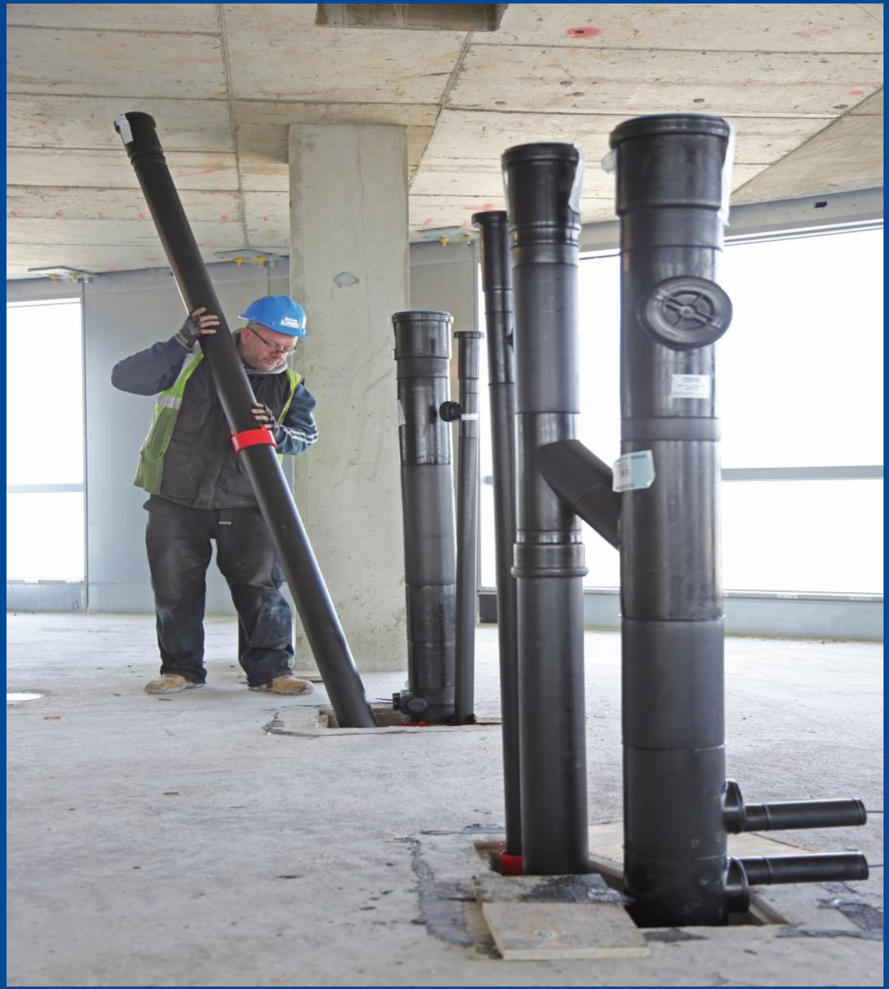
Agenda

1 KEY HIGHLIGHTS

2 FINANCIAL RESULTS

3 BUSINESS REVIEW

4 OUTLOOK



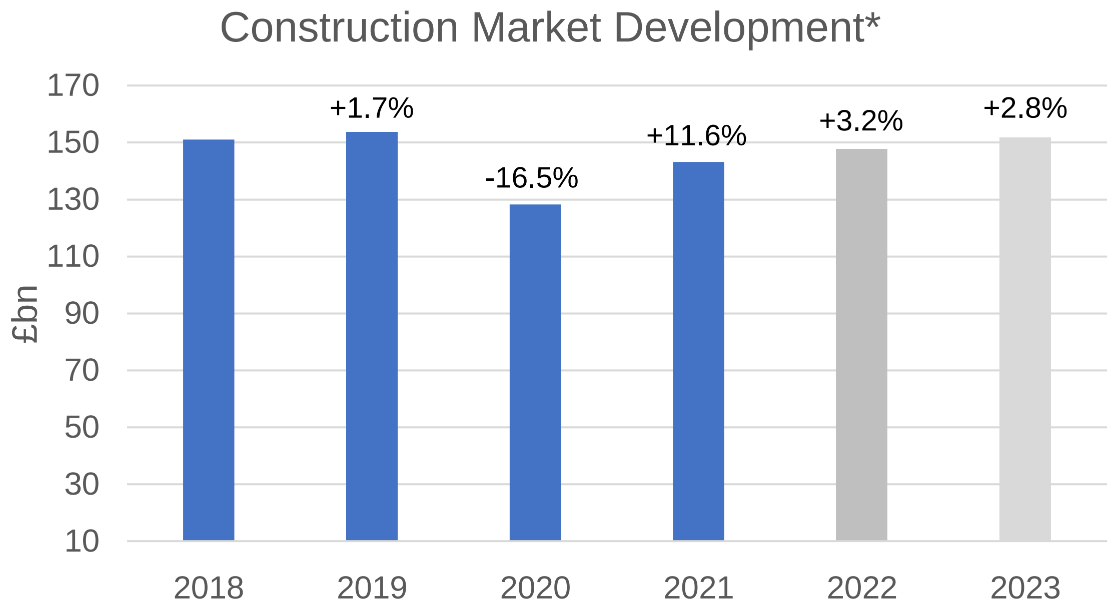
Resilient UK construction market

Up 11.6% on 2020 but still 7.1% down on 2019

- Construction market resilient in face of Covid-19 pandemic, benefitting from Government stimulus, consumer spending and continuing structural drivers

- Residential RMI at an all time high due to high property transaction levels, supported by stamp duty initiatives, reduced alternatives for spending and high savings levels

- Housebuilding starts outpaced completions, contrary to the height of the pandemic



Excluding infrastructure segment

Source: Construction Products Association (CPA) and ONS

Outlook

Diversified end markets; continued strong fundamentals

- Balanced exposure to UK construction markets with robust growth drivers
- Execution of strategy through organic and M&A investment, with recent acquisitions performing well
- Housebuilding sector's encouraging start to 2022 with starts exceeding completions
- RMI remaining strong with improvement in commercial and infrastructure markets
- Market leading price increases offsetting cost inflation
- The Board is mindful of global economic uncertainty from ongoing tragic events in Ukraine
- The Group continues to have strong momentum and is well positioned to make further progress in full year 2022

Why did I join Genuit?

- Well-respected in the market and by investors
  - Strong brands with good products customers appreciate
  - Record of growth and profitability
  - Disciplined and strategic M&A

- Truly coherent strategy to help construction address the challenges of climate change
  - Decarbonisation of heating and of construction itself
  - Better climate and ventilation for healthier and more energy efficient homes and workplaces
  - Storm and water management for a changing environment

- What focus and experience do I bring?
  - Strengthening leadership and culture
  - Focusing strategy and execution
  - Fostering lean mindset of continuous improvement
  - Driving profitable growth – organically and through M&A

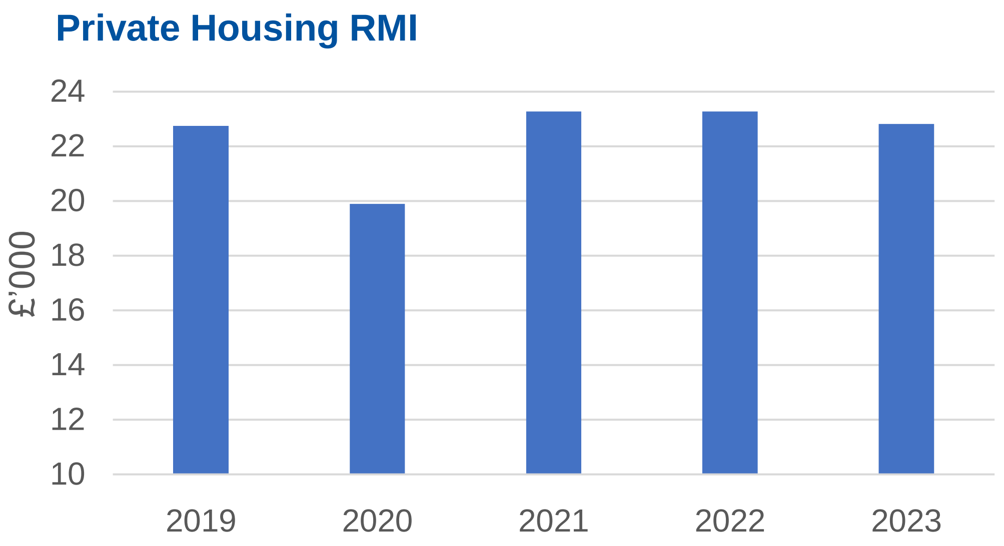
- Exciting opportunity to take a good business to the next level

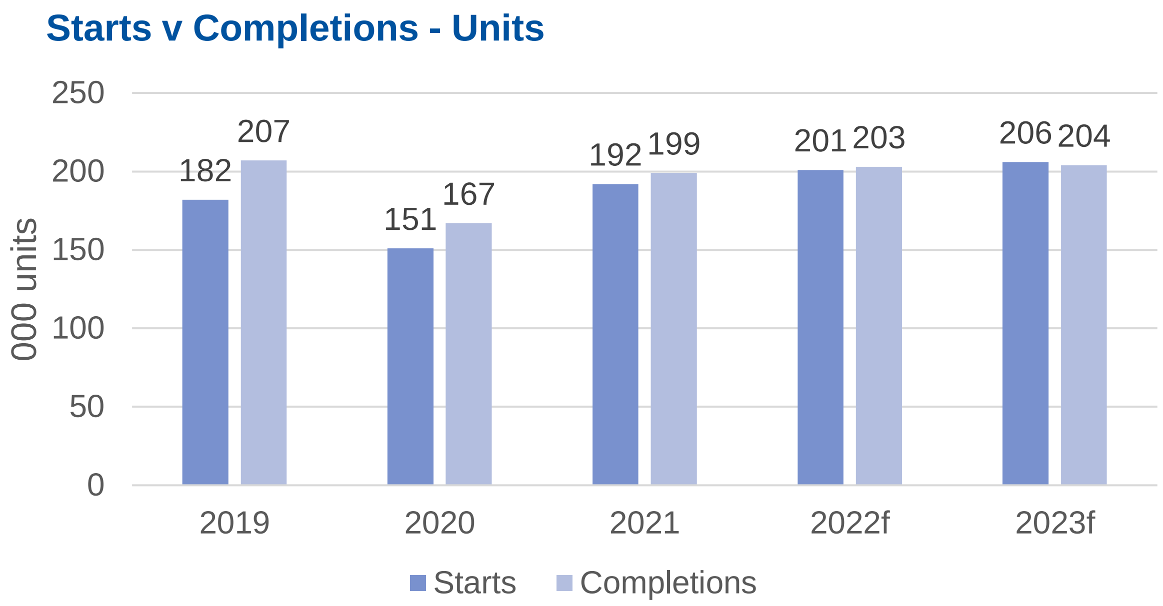
First impressions

- It’s been a full and stimulating two weeks
  - Visited with our four divisions
  - Walked most of our largest sites
  - Met more than 40 of our top leaders
  - Listened to our people – and our advisors, analysts, and board
- Looking forward to several busy weeks with investors ahead
- Then, I will get to the rest of our team and sites and our customers
- Reasons for coming ring true
  - Our people are experienced and knowledgeable and, importantly passionate about our business and customers, and believe there is a long runway for growth
  - There is untapped value we can bring to our customers as we grow our solutions offering
  - Our long-term sustainable strategy is better than I thought, and more relevant in these uncertain times
  - There are real opportunities to improve our growth and profitability
- I’ve received an energetic welcome, from people optimistic about our future

Appendices

Market performance - Residential



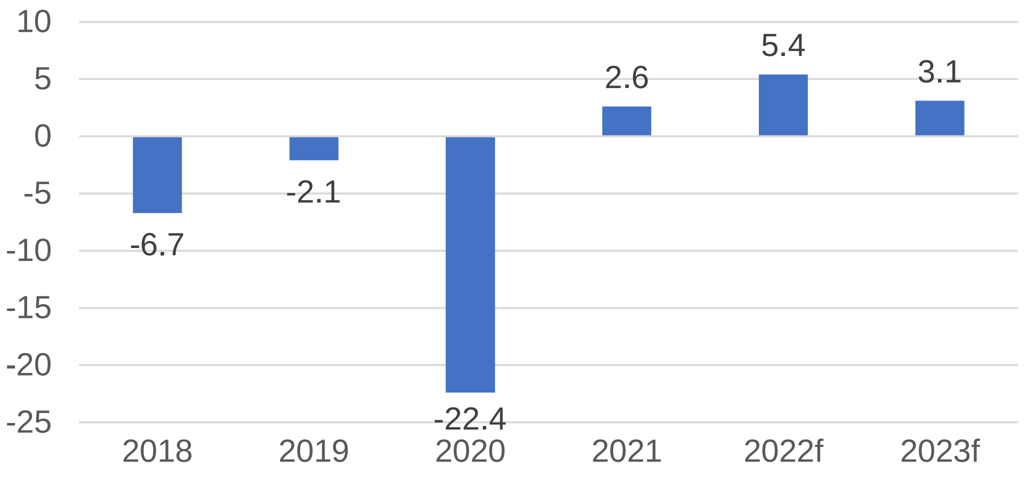


- Following two years of completions significantly outstripping starts, 2021 saw a move toward more sites and plots coming on stream
- Nevertheless, it remained a strong year for completions, particularly in relation to H2B and stamp duty timelines
- Forecast data supported by developer statements shows a continued re-building of WIP and then rebalancing in 2022/3
- 2021 saw the highest level of residential RMI on record, supported by high property transactions, accumulation of savings during lockdown, and lack of expenditure options
- 2022 is forecast to be flat, remaining at these historically high levels

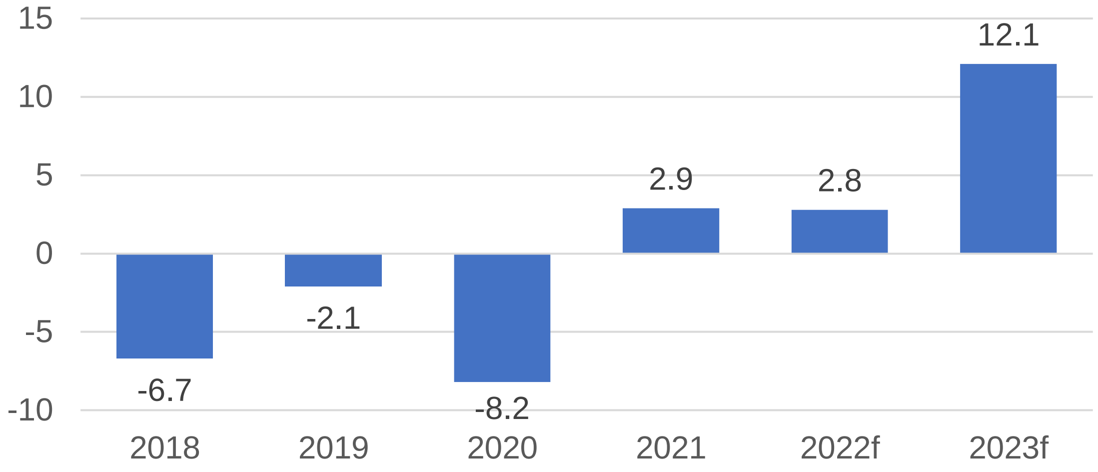
Source: Construction Products Association (CPA) and ONS

Market performance – Commercial / Non-Housing

Commercial Construction %Y/Y



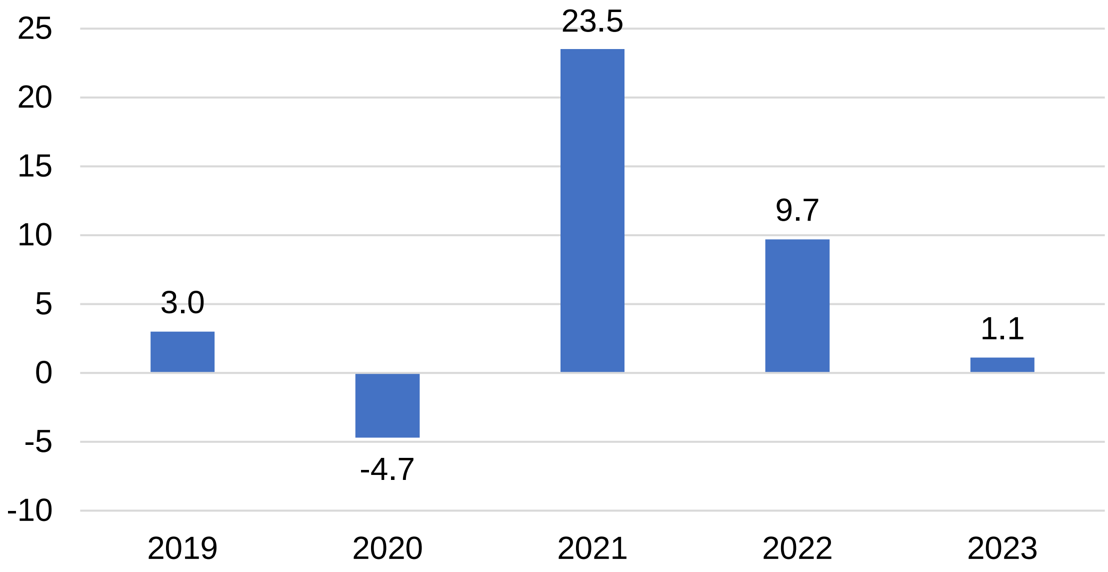
Public Non-Housing %Y/Y



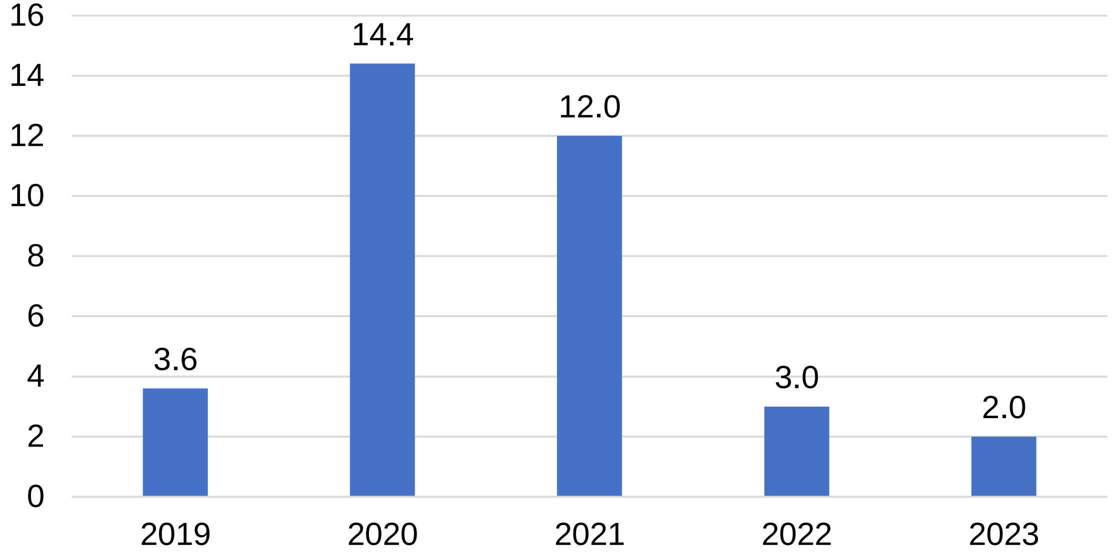
- The commercial sector, has seen some moderate recovery after being the hardest hit during the pandemic, on the back of two prior years of decline
- Structural changes in retail, and offices have shifted the mix of activities toward RMI, and hotel and leisure
- By 2023 the new build commercial sector is expected to remain one of the few sectors below 2019 levels
- The public sector is providing some balance to this contractor base, with education and health both expected to be above 2019 levels during 2022, and the sector more widely being 8.9% ahead of 2019 by end of 2023

Market performance – Infrastructure

Infrastructure % Y/Y



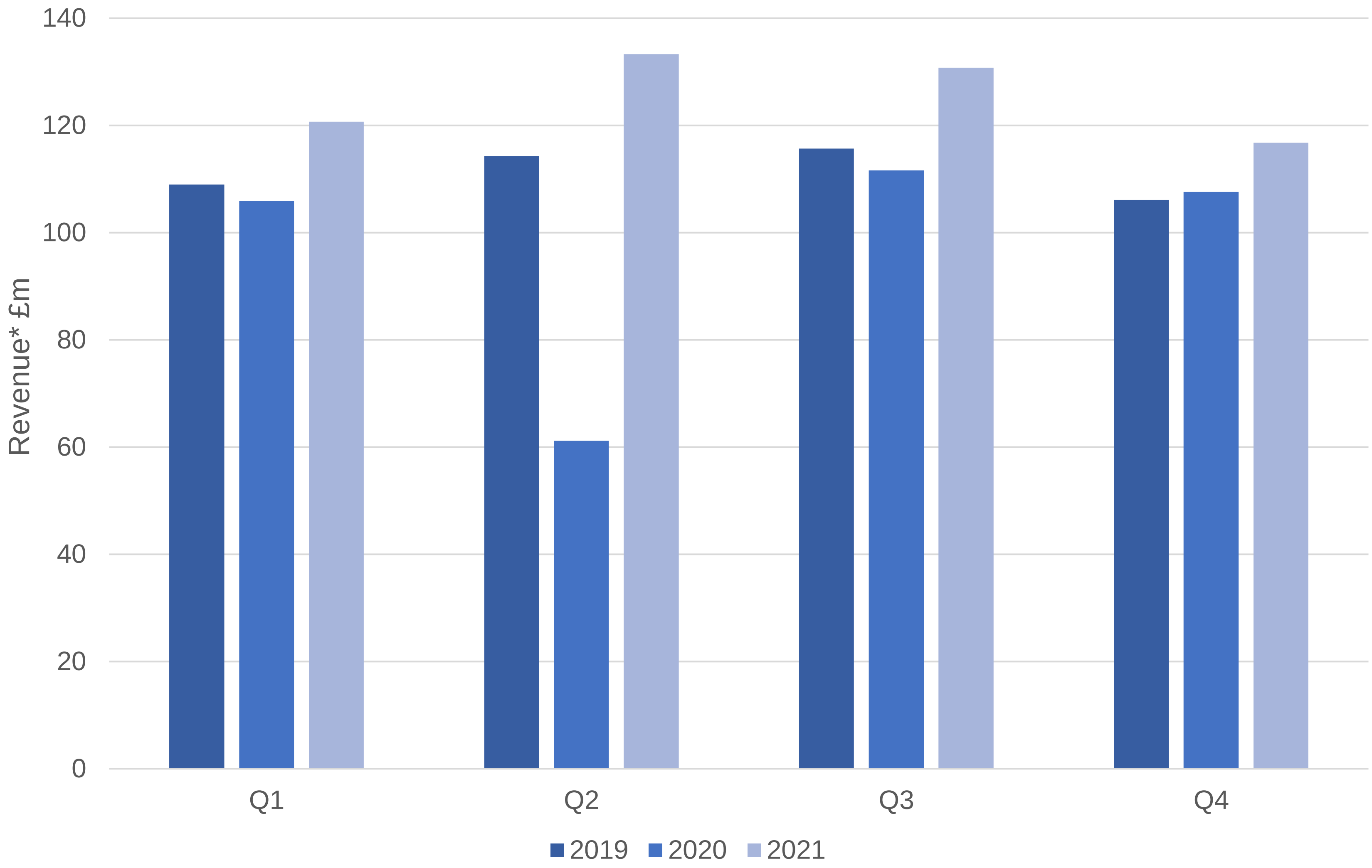
Roads % Y/Y



- Infrastructure has shown rapid growth across key subsectors of rail and utilities
- Roads are also showing ongoing investment, with 2022 forecast at [30%] above 2019 levels in 2022
- As ever several marquee projects transform the picture across the sector, HS2, Hinckley Point, Wind Farms and Thames Tidal Tunnel

Quarterly performance through the crisis

Five successive quarters of revenue growth over prior year with momentum into 2022



- Strong revenue momentum entering 2022
- Five successive quarters' outperformance of prior year quarter
- Strong comparators in Q3 and Q4 reflecting pent up demand in 2020
- Successful price increase implementation

**Like-for-like: excludes the acquisitions of Alderburgh, Adey, Nu-Heat and Plura*

Net working capital

Inventory rebuilt to service customer base

£m	2021 As reported	Acquisitions	2021 (excl. acquisitions)	2020	Change (excl. acquisitions)
Inventories	80.8	13.1	67.7	52.6	15.1
Trade and other receivables	76.7	8.4	68.3	61.6	6.7
Trade and other payables	(135.5)	(14.3)	(121.2)	(112.2)	(9.0)
Net working capital	**22.0**	**7.2**	**14.8**	**2.0**	**12.8**

- Net working capital impacted by unprecedented inflation
- Inventories increased following acquisitions and inventory rebuild to pre-pandemic levels
- Payment of £10m VAT in 2021 deferred from 2020 as part of Government support measures then in place
- Excluding acquisitions, receivables and payables returning to normal levels

Capital allocation

Delivering on our priorities

Profitable organic growth	Significant investment levels
Dividends	2.5 x payout ratio
M&A	Strategic & financial discipline
Debt	1.0-2.0 x range