



**Brickability**  
GROUP PLC

# Final results for the year ended 31 March 2023

July 2023

# Agenda

Introduction, Highlights and Market Overview

John Richards

Financial Highlights

Mike Gant

Operational Highlights

Alan Simpson

Outlook & Investment Case

John Richards

Q&A



John Richards, Chairman



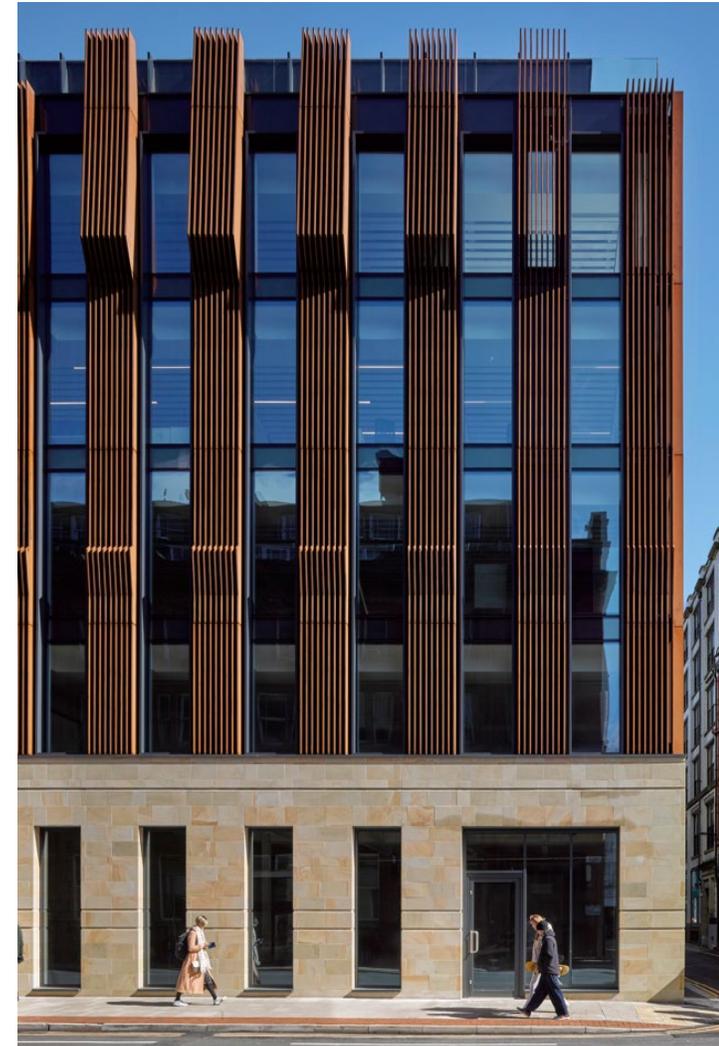
Alan Simpson, CEO



Mike Gant, CFO

# Highlights

- Strong performance across all Group divisions despite macroeconomic backdrop, particularly post September 2022.
- Continuing to benefit from the strategic decisions to broaden the Group's product portfolio and become less dependent on housing.
- For the 12 months ended 31 March 2023, revenue increased by £160.9m to £681.1m, +30.9% on a reported basis, 4.0% on a LFL basis, with adjusted EBITDA increased by 30.4% to £51.5m.
- Acquisitions of Modular Clay Products, E.T. Clay Products and Heritage Clay Tiles made in the financial year, with a strong pipeline available.
- ESG Strategy and roadmap established and progressing.
- Final dividend of 2.15p per share, giving a total dividend of 3.16 for the year, an increase of 5.3% on prior year.
- The Board recognises the headwinds and challenges, particularly in the housing sector, but remains confident of the Group's ability to deliver long-term shareholder value, trading in the current year to date has remained in line with Board expectations

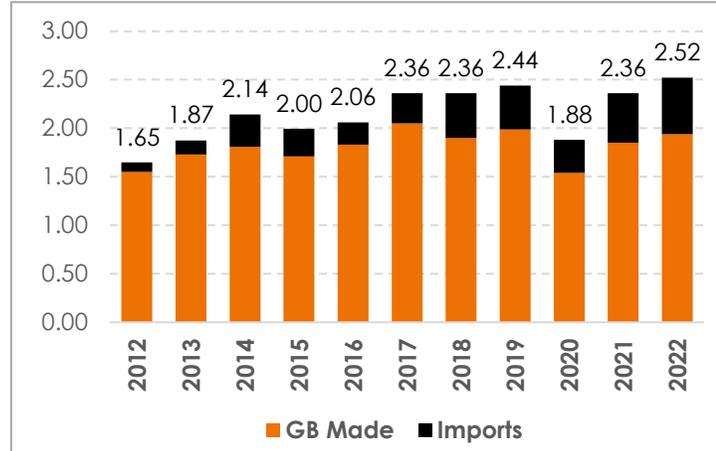


# Market Details

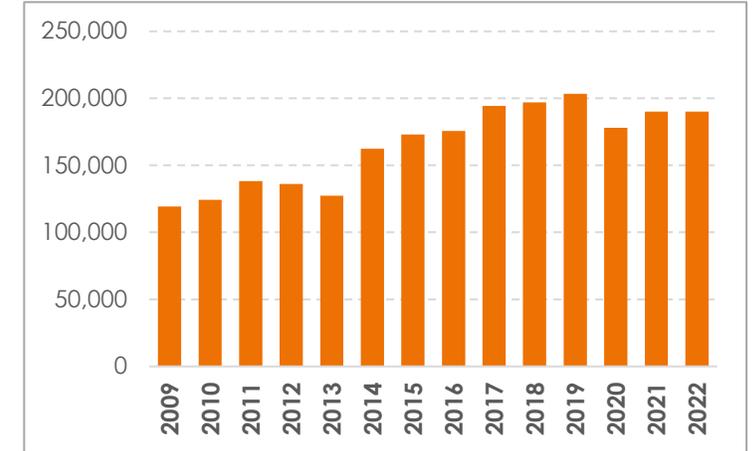
- GB bricks stocks rising by 40m pcm – another 150m required for a working inventory.
- Detached houses share remains significant.
- Building materials prices remain high.
- Imports at an all-time high in 2022 but will reduce in 2023.
- Desford now open with Atlas progressing (175m incremental UK manufacturing capacity).
- General construction market remains strong.

Source: ONS. 1. UK figure estimated from England only stats.

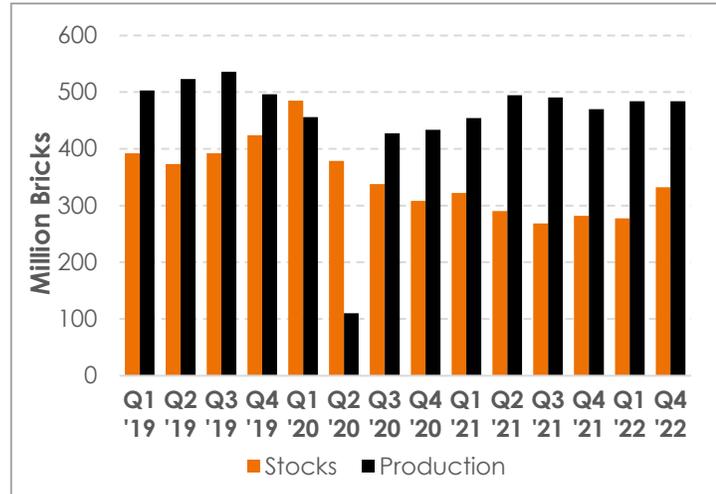
### GB Brick Despatches (bn)



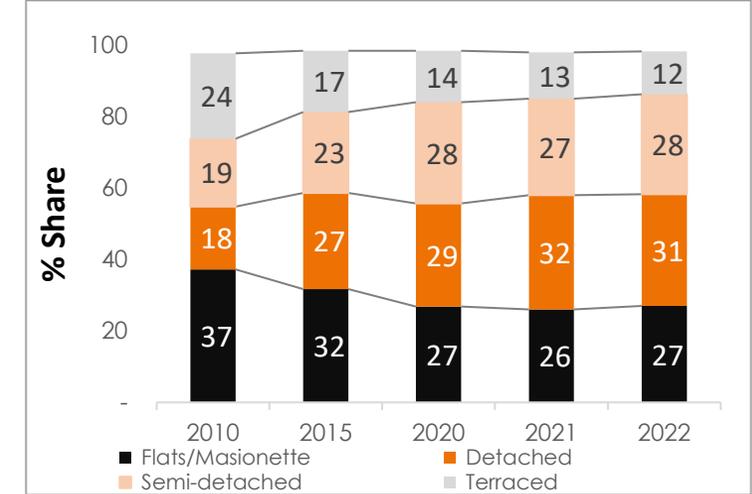
### UK Dwelling Starts<sup>1</sup>



### GB Brick Stocks & Production 2019-22(m)



### New Builds by Property Type (%)



# ESG – Strategy and Roadmap progressing

Conducting business responsibly is core to Brickability Group's business model and strategic goals.

- ESG roadmap published March 2023.
- Governance framework integrated into the management team.
- EV car roll out gathering pace with over 50% of owned car fleet transitioned.
- Gold-level membership of Supply Chain Sustainability School (SCSS) achieved.
- Mission to minimise the Group's negative impact, and increase positive impact, on people, planet and partners.
- Net zero commitment for 2030 in our own operations.
- Appointment of two independent, female, NEDs in the year.
- Brickability Group Foundation donated to over 20 charities in first full year since being established (Feb 2022).



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# Financial Highlights



# Financial Summary

	FY23 £000s	FY22 £000s	% Change
<b>Revenue</b>	<b>681,087</b>	<b>520,169</b>	<b>30.9%</b>
Gross Profit	112,867	86,803	30.0%
Gross Profit %	16.6%	16.7%	
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>51,530</b>	<b>39,468</b>	<b>30.6%</b>
Adjusted EBITDA %	7.6%	7.6%	
<b>Adjusted profit before tax</b>	<b>44,593</b>	<b>34,720</b>	<b>28.4%</b>
Other items	(10,066)	(16,314)	
<b>Statutory Profit before tax</b>	<b>34,527</b>	<b>18,406</b>	<b>87.6%</b>
Tax charge	(6,830)	(6,103)	
<b>Profit for the period</b>	<b>27,697</b>	<b>12,303</b>	<b>125.1%</b>
Basic EPS (p)	9.26	4.40	110.5%
<b>Adjusted basic EPS (p)</b>	<b>11.93</b>	<b>10.06</b>	<b>18.6%</b>
Net (debt) /cash <sup>(2)</sup>	(7,979)	428	
<b>Total dividend (p)</b>	<b>3.16</b>	<b>3.00</b>	<b>5.3%</b>

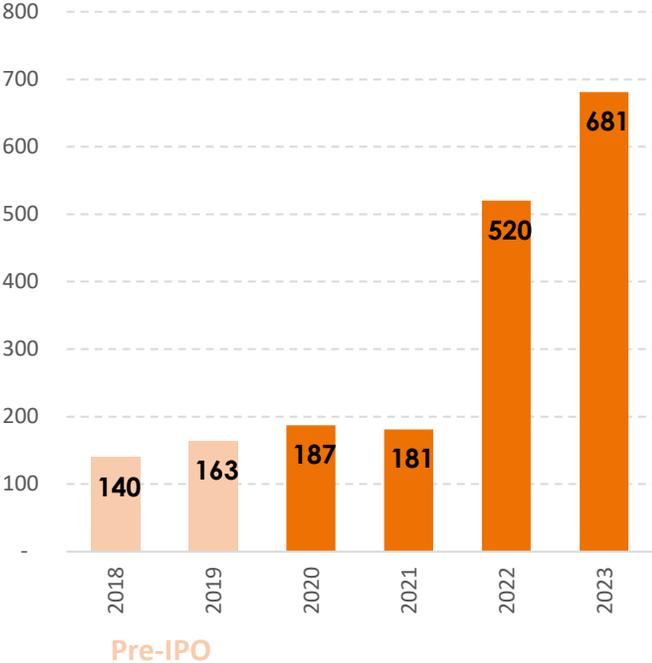
- Strong performance in revenue and Adjusted EBITDA.
- LFL revenue group up 4.0%; Adjusted for Timber, Group LFL up 15.4%
- GP % margin slight drop of 0.1% - reflects the full 12 months of TM vs 9 months in FY22 and expected lower timber margins, largely offset by the FY23 acquisitions operating at a higher margin to the Group average and margin recovery in contracting.
- Other Items mainly acquisition related, details on slide 24
- Net debt £8.0m – analysis slide 11
- Proposed final dividend of 2.15p (FY23 Total dividend 3.16p +5.3%, 3.8x cover Adjusted EPS)

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

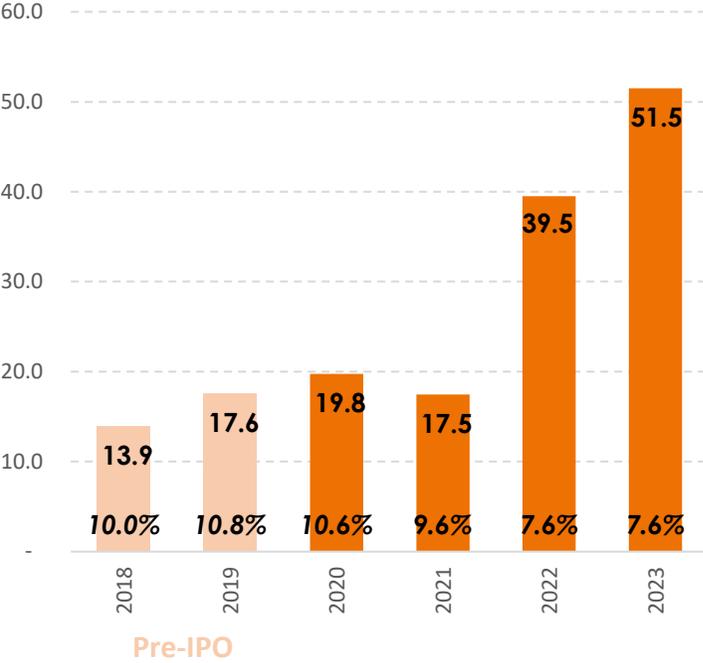
(2) Net (debt)/cash is cash held less bank debt, excluding arrangement fees

# Group Financials since IPO

Revenue (£m)



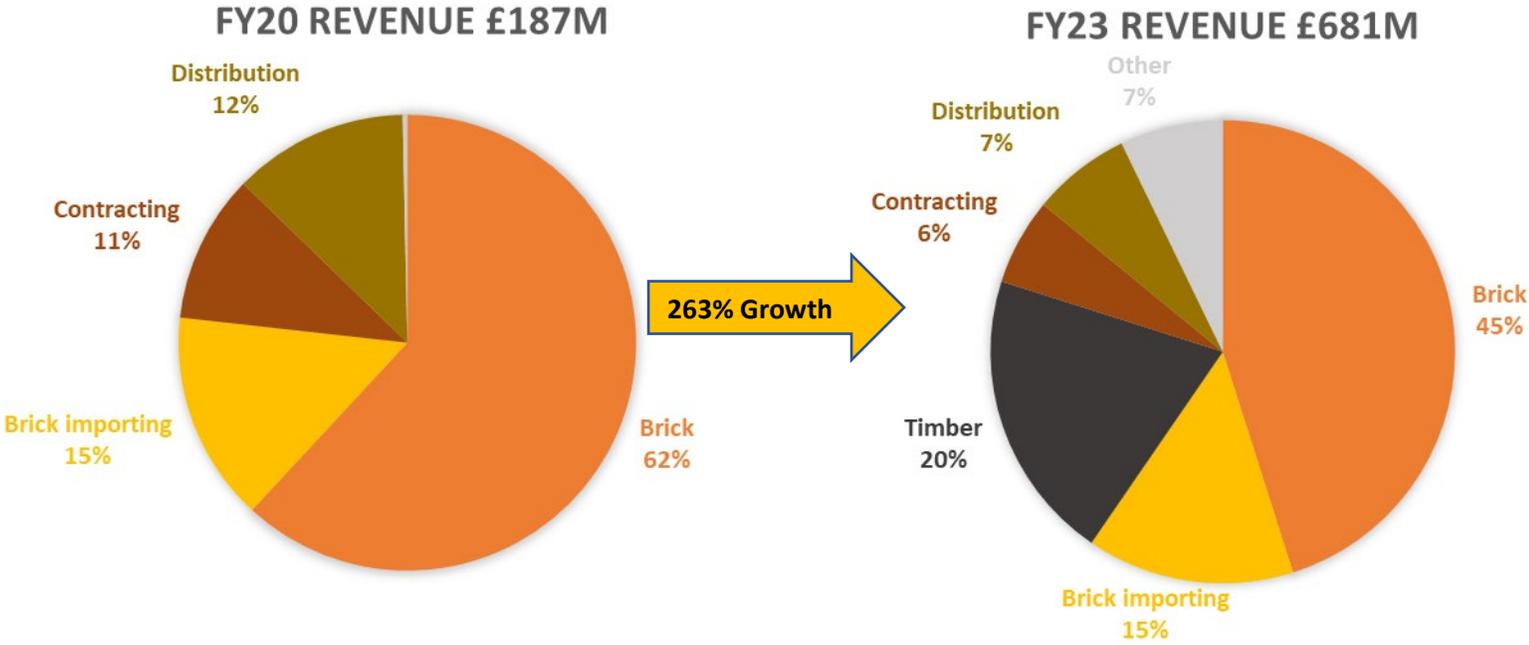
Adj. EBITDA (£m) & margin (%)



Adj. EPS & DPS (p)



# Diversified multi business strategy



- Significant change in scale & new markets added since IPO.
- Growth has been both organic and through acquisition.
- Since FY20, revenue has grown organically by £117m to £304m, with additional revenue of £377m from acquisitions post IPO.

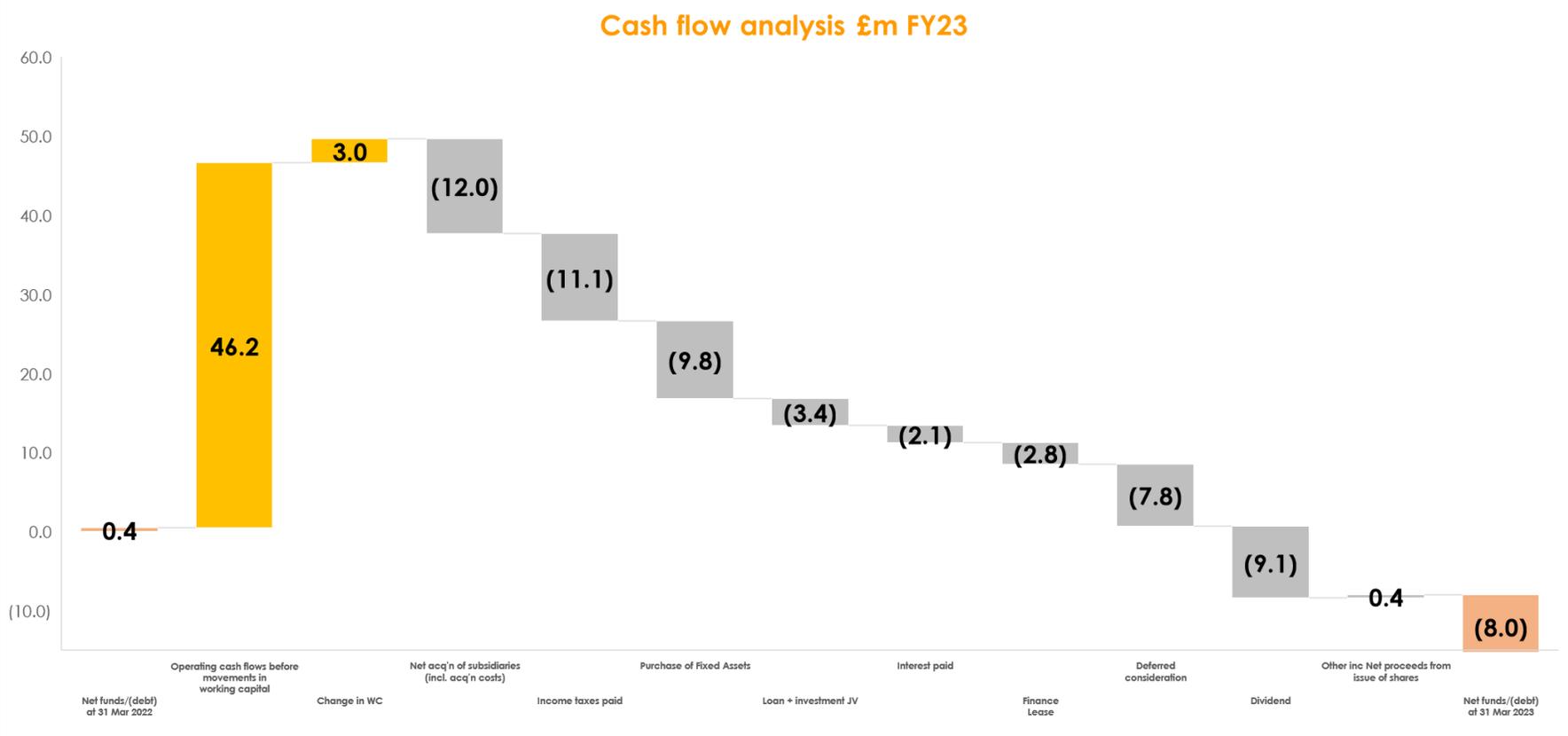
# Divisional Performance

Revenue	FY23 £000	FY22 £000	% change	LFL % change
Bricks and Building Materials	<b>498,595</b>	404,582	23.2%	1.4%
Importing	<b>117,583</b>	72,279	62.7%	12.1%
Distribution	<b>62,989</b>	47,026	33.9%	25.5%
Contracting	<b>41,338</b>	24,788	66.8%	12.5%
Central & Group Eliminations	<b>(39,417)</b>	(28,506)	38.3%	36.4%
<b>Total Group</b>	<b>681,087</b>	<b>520,169</b>	<b>30.9%</b>	<b>4.0%</b>

Adj EBITDA	FY23 £'000	FY22 £'000	% change	FY23 EBITDA %	FY22 EBITDA %
Bricks and Building Materials	<b>30,143</b>	24,317	24.0%	6.0%	6.0%
Importing	<b>13,188</b>	8,273	59.4%	11.2%	11.4%
Distribution	<b>8,893</b>	7,849	13.3%	14.1%	16.7%
Contracting	<b>5,620</b>	2,680	109.7%	13.6%	10.8%
Central & Group Eliminations	<b>(6,314)</b>	(3,651)	-	-	-
<b>Total Group</b>	<b>51,530</b>	<b>39,468</b>	<b>30.6%</b>	<b>7.6%</b>	<b>7.6%</b>

- Revenue growth across all divisions.
- Bricks and Building Materials division LFL growth 1.4%, excluding Timber, LFL is up 17.1% driven by price inflation.
- Importing includes the 3 new acquisitions through the year.
- Contracting benefits from the full year of Beacon Roofing, along with margin improvement as input price recovery continues
- Distribution margin impacted by business unit mix.

# Cash flow and net debt



- Working Capital inflow of £3.0m excludes the deferred consideration payment of £4.3m in respect of Taylor Maxwell reported in other creditors in the statutory accounts and shown in this chart under 'Deferred consideration'
- Fixed assets include £4.5m for Uplastics branches and £2.5m for a upowa warehouse.
- Net debt £8.0m at end March 2023 from net cash of £0.4m at end March 2022
- RCF £60m + £25m accordion



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# Operational Highlights



# Operational Highlights

- Significant increase in scale, expansion of range of solutions and customer base, with an increase of £500m revenue in the last 2 years.
- Diversified multi-business strategy continues with 3 acquisitions.
- Growth across all four divisions.
- Significant year-on-year price inflation mitigated the financial impact of reduced brick volumes seen in H2.
- Timber volumes and pricing fell back from exceptional highs, as expected.
- Cladding has performed strongly in in the year.
- ESG Strategy and roadmap established and progressing



# Operational Highlights

- New Bricklink yard in Glasgow operational and building strong merchant base.
- Architectural Facades partnership with Thyssenkrupp Materials UK successfully through the testing stage with enquires for FY24 very encouraging.
- Importing strengthen with further acquisitions.
- The Bespoke Brick's 'Brick Geek' programme received RIBA accreditation.
- Bespoke also invested in a Sustainability School and Showroom to showcase the Group's sustainability focussed products.
- Contracting saw good demand and margins improve through cost inflation recovery.



# Operational Highlights

- UPOWA's (solar/renewables) first full year of operation within the Group. Continue to win major contracts. New warehouse in operation. Part L legislation effective 15<sup>th</sup> June 2023.
- 2 new branches for U Plastics.
- Towelrads brought underfloor heating in-house.
- Schermbecker factory operational towards the end of FY23, following a challenging period over last summer due to the fluctuating gas prices.
- Investment in people with recruitment in at both Group and divisional level to support the growth of the business.
- Apprentice scheme launched with 10 apprentices joining the Group.
- Ongoing rollout of standardised IT systems.



# FY23 Acquisitions Update

- Modular Clay Products 31<sup>st</sup> May 2022: Consideration of **£4.75 million**
  - increases presence in the specification sector
  - brings new access to a range of European manufacturers further boosting our strong import capabilities
- E.T. Clay and Heritage Clay Tiles 30 September 2022: Consideration of **£11.6 million**
  - Wider access to a range of overseas manufacturers further boosting our strong import capabilities



# FY24 Acquisitions Update/Pipeline

## Post period completed:

- Precision Facades Systems 2<sup>nd</sup> June 2023 for £0.6m
  - Patented framing system for cladding

## Pipeline:

- Specialist cladding contractor - North
- Specialist cladding contractor – South
- Roofing contractor
- Roofing contractor group



# Outlook

- The significant increases in interest rates are impacting housing starts and completions.
- General construction is strong and set to grow.
- Recovery forecast from late 2023/early 2024.
- Market fundamentals remain strong.
- Brickability Group continues to diversify its offering.
- Trading in the current financial year to date has remained in line with Board's expectations

# Increasingly Diversified Business



## 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  
Brickmangers 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  
Fraser Simpson
- 5 FLOORING SERVICES  
DSH Flooring
- 6 FLOOR & WALL TILES  
Forum Tiles
- 7 GRP PRODUCTS  
Fraser Simpson
- 8 GUTTERING & DRAINAGE  
UP Building Products
- 9 INTERNAL DOORS & WARDROBE SYSTEMS  
FSN Doors
- 10 RENEWABLE TECHNOLOGIES  
UPQWA
- 11 ROOFING CONTRACTING  
Beacon Roofing  
Crest Roofing  
Excel Roofing  
Leadcraft
- 12 ROOFING SUPPLIES  
Crest Brick Slate & Tile  
McCann Roofing Products  
Heritage Clay Tiles®  
Schermbekker Building Products
- 13 STONE SUPPLY & SERVICES  
Fraser Simpson  
Vobster Architectural
- 14 TIMBER & LANDSCAPING  
Alliam Building Supplies  
Brick-Mangers Wessex  
Taylor Maxwell Timber  
UP Building Products
- 15 TOWEL RAILS & RADIATORS  
RadiatorsOnline.com  
Radiator Valves UK  
Towelrads
- 16 TRANSPORTATION  
McCann Logistics
- 17 UNDERFLOOR HEATING  
Towelrads

# Brickability – Investment Case

## 1 – Market leading supplier of construction materials and contracting services

- Bricks & Building Materials, Contract Services, Importing, and Distribution

## 2 – Strategy to grow and diversify

- Since IPO, revenue has grown by c£500m whilst the proportion of brick revenue has shifted from c80% to c60%

## 3 – Growth strategy driving EPS

- Adjusted Basic EPS has grown from FY20 7.27p to FY23 11.93p, a CAGR of c18%

## 4 – Track record of successful acquisitions

- 11 acquisitions since IPO

## 5 – Strong balance sheet and progressive dividend policy

- Since IPO, dividend per share has increased from 1.95p to 3.16p

## 6 – ESG credentials

- ‘Together for the Future’ strategy, Upowa, sustainability school and showroom



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# Appendices



# Brickability Businesses and Brands



## Bricks and Building Materials


## Contracting Services

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## Distribution


## Importing

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# Why Brickability?

## Manufacturers

- Pre-selling quotas
- Reduces cost
- Make efficient runs
- Small numbers of sales and technical staff



- Specialist knowledge
- Long term relationships with key suppliers UK & Europe
- Service & availability
- Buying power
- Experienced salespeople with expert product knowledge

## Housebuilders / Construction

- Trusted - consistency of supply & service
- Access to wider / imported product range – procurement experts
- Reduces cost
- Consulting
- Local sales contact

# Financial Summary - Other Items

	2023 £'000	2022 £'000
<b>Statutory profit before tax</b>	<b>34,527</b>	<b>18,406</b>
Acquisition costs	281	1,139
Re-financing costs	-	97
Earn-out consideration classified as remuneration under IFRS 3	5,483	4,333
Share based payment expense	1,567	1,597
Amortisation of intangible assets	8,399	6,333
Impairment of goodwill	-	16
Unwinding of discount on contingent consideration	2,891	938
Share of post-tax profit of equity accounted associates	(123)	(55)
Fair value (gains)/ losses on contingent consideration	(8,432)	1,916
<b>Total other items before tax</b>	<b>10,066</b>	<b>16,314</b>
<b>Adjusted profit before tax</b>	<b>44,593</b>	<b>34,720</b>
Share of post-tax losses of joint ventures*	-	149
Depreciation and amortisation	4,715	3,342
Finance income	(143)	(54)
Finance expenses	2,365	1,311
<b>Adjusted EBITDA</b>	<b>51,530</b>	<b>39,468</b>

\* The Group's share of losses in its joint venture is included within Adjusted EBITDA in 2023 to reflect its increased contribution to the Group's results. The joint venture was in its initial start-up phase in 2022 and thus not included in order to present results of ongoing operations on a comparable basis.