



Tyman plc

Results for the six
months ended
30 June 2021





Highlights

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Strong momentum delivered results ahead of expectations

- Results exceeded expectations with LFL revenue growth of 10% against H1 2019, due to strong market demand and market share gains
- Volume recovery, pricing benefits and self-help initiatives delivered LFL adjusted operating profit up 20% against H1 2019
- Performance achieved despite unprecedented industrywide inflationary pressures and supply chain challenges, including raw material and labour shortages
- ROCE improvement of 280bps against H1 2019 to 15.5%
- Reduction in leverage to 0.9x
- Interim dividend reinstated at 4p per share, representing a 4% increase over 2019 and reflecting the strong performance and confidence in outlook



Financial review

H1 2021 financial highlights

Improved performance relative to 2019

Revenue

£312.5m

H1 2020: £254.1m

+23% (Reported vs H1 2020)

+32% (LFL⁽¹⁾ vs H1 2020)

+10% (LFL⁽¹⁾ vs H1 2019)

Operating profit⁽²⁾

£47.8m (Margin: 15.3%)

H1 2020: £31.3m (Margin 12.3%)

+53% (Reported vs H1 2020)

+60% (LFL⁽¹⁾ vs. H1 2020)

+20% (LFL⁽¹⁾ vs. H1 2019)

EPS⁽²⁾

17.1p

H1 2020: 9.9p

+72% (vs H1 2020)

+30% (vs H1 2019)

ROCE⁽³⁾

15.5%

H1 2020: 10.8%

+470 bps (vs H1 2020)

+279 bps (vs H1 2019)

Cash conversion

58%

H1 2020: 106%

H1 2019: 62%

Leverage⁽⁴⁾

0.9x

H1 2020: 1.8x

H1 2019: 2.2x

Notes – for Definitions and reconciliation of APMs see the Results Announcement published on 27 July 2021

(1) Constant currency, excluding the impact of acquisitions and disposals

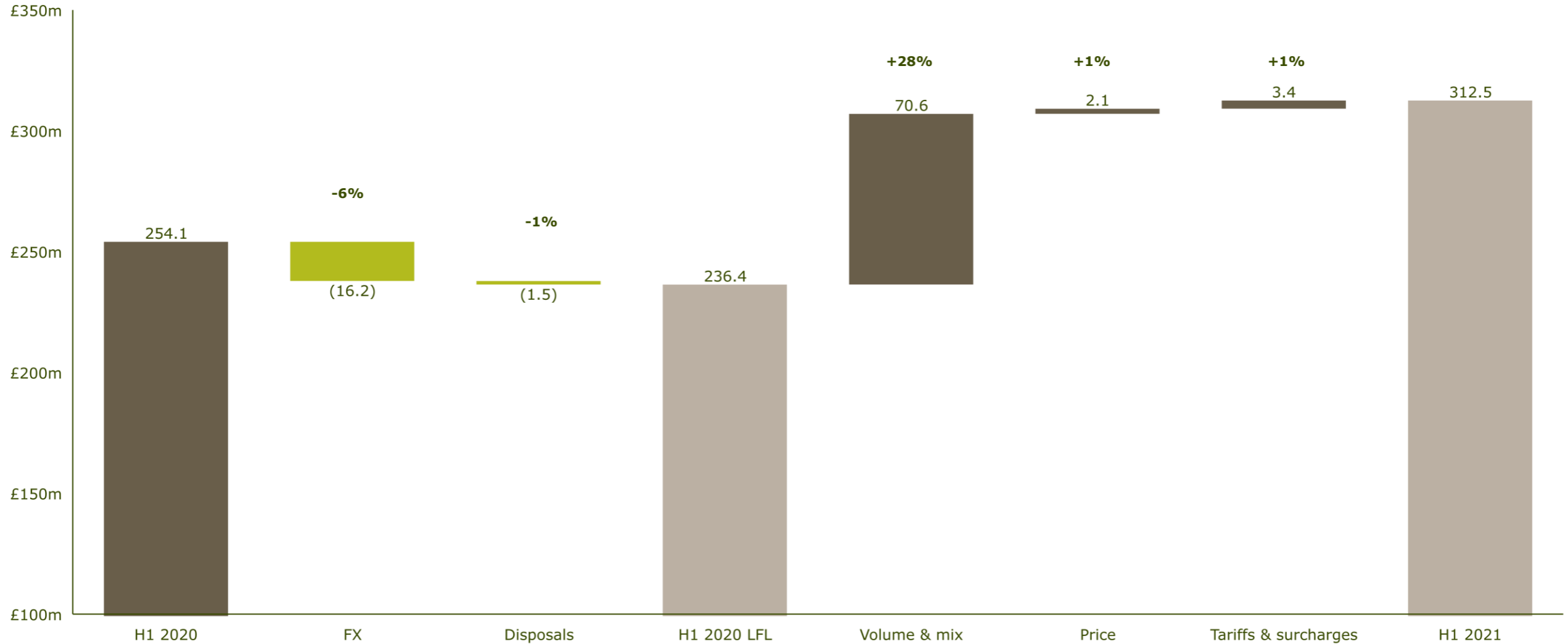
(2) Adjusted

(3) Adjusted Operating Profit divided by average capital employed

(4) Calculated in accordance with banking covenants on a frozen GAAP basis (excluding the impact of IFRS 16)

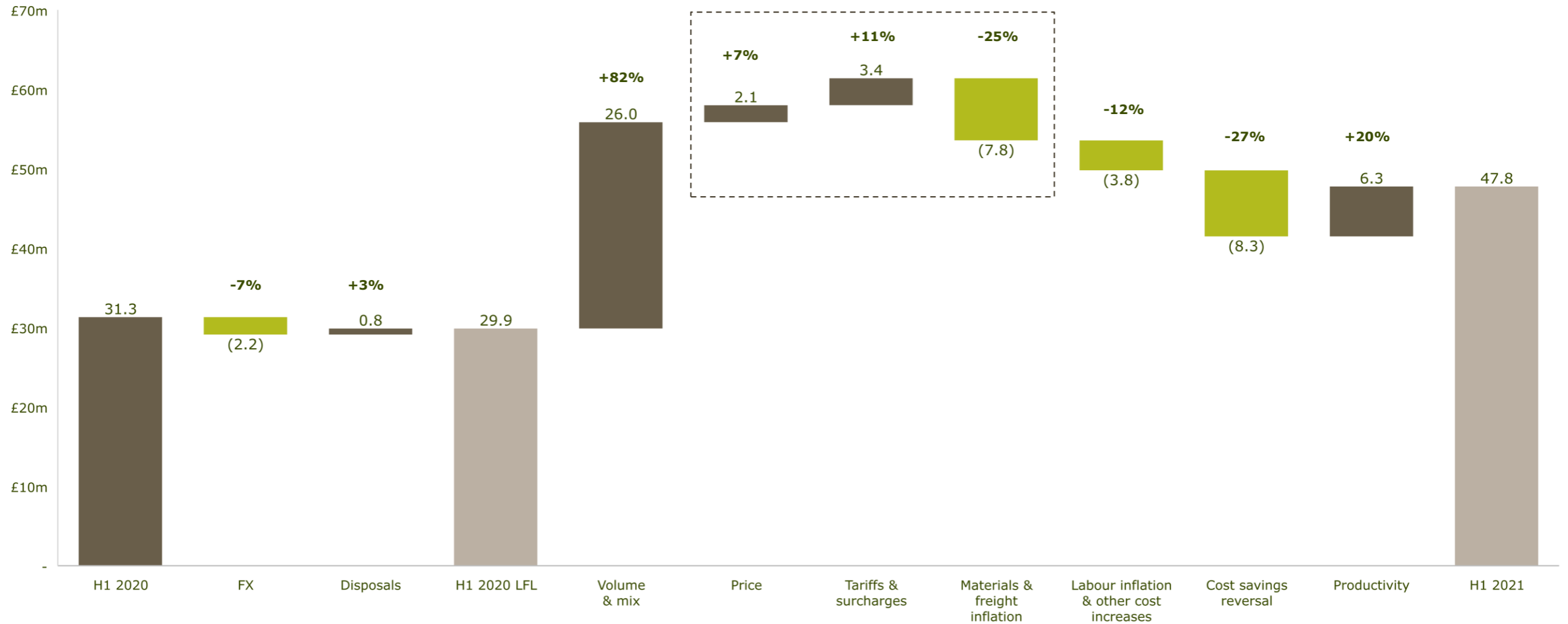
H1 2021 revenue bridge

Bridge from reported H1 2020 to reported H1 2021



H1 2021 adjusted operating profit bridge

Bridge from reported H1 2020 to reported H1 2021



Divisional summary

Revenue and operating profit growth vs. 2019 across all divisions

| Revenue (£m) | H1 2021 | H1 2020 | H1 2019 (restated ¹) | Reported Var | LFL vs. 2020 | LFL vs. 2019 |
|----------------|---------|---------|-------------------------------------|-----------------|--------------|--------------|
| North America | 191.6 | 168.2 | 187.0 | +14% | +25% | +10% |
| UK and Ireland | 54.3 | 39.1 | 54.0 | +39% | +44% | +7% |
| International | 66.6 | 46.8 | 60.9 | +42% | +45% | +13% |

| Adjusted operating profit (£m) | H1 2021 | H1 2020 | H1 2019 (restated ¹) | Reported Var | LFL vs. 2020 | LFL vs. 2019 |
|--------------------------------|---------|---------|-------------------------------------|-----------------|--------------|--------------|
| North America | 34.0 | 24.8 | 31.4 | +37% | +49% | +17% |
| UK and Ireland | 7.8 | 3.8 | 7.0 | +104% | +70% | +5% |
| International | 10.5 | 4.6 | 7.7 | +126% | +132% | +41% |

| Adjusted operating margin | H1 2021 | H1 2020 | H1 2019 (restated ¹) |
|---------------------------|---------|---------|-------------------------------------|
| North America | 17.7% | 14.7% | 16.8% |
| UK and Ireland | 14.3% | 9.7% | 13.0% |
| International | 15.7% | 9.9% | 12.6% |

(1) The H1 2019 comparatives were restated for comparability to reflect the current method of allocating inter-divisional revenue and costs.



Cash flow

Free cash flow and operating cash conversion

Free cash flow

| £m | H1 2021 | H1 2020 | H1 2019 |
|--------------------------------|-------------|-------------|-------------|
| Adjusted EBITDA ⁽¹⁾ | 58.5 | 43.4 | 53.4 |
| Working capital ⁽²⁾ | (24.6) | (6.1) | (22.6) |
| Net capex | (6.3) | (4.1) | (4.7) |
| Operational cash flow | 27.6 | 33.2 | 26.1 |
| Pension contributions | (0.4) | (0.2) | (0.5) |
| Income tax paid | (9.2) | (1.3) | (7.1) |
| Net interest paid | (4.4) | (6.6) | (7.4) |
| Net exceptional cash costs | (0.2) | (2.2) | (6.9) |
| Free cash flow | 13.4 | 22.9 | 4.2 |

Operating cash conversion

| | H1 2021 | H1 2020 | H1 2019 |
|--|---------|---------|---------|
| Operating cash conversion ⁽³⁾ | 58% | 106% | 62% |

Financial guidance

- Trade working capital moderate full year outflow
- Capital expenditure £18 – £23 million
- Operating cash conversion c. 75% - 85%; long-term target remains at 90%
- Progressive dividend; cover reinstated to 2.0x - 2.5x

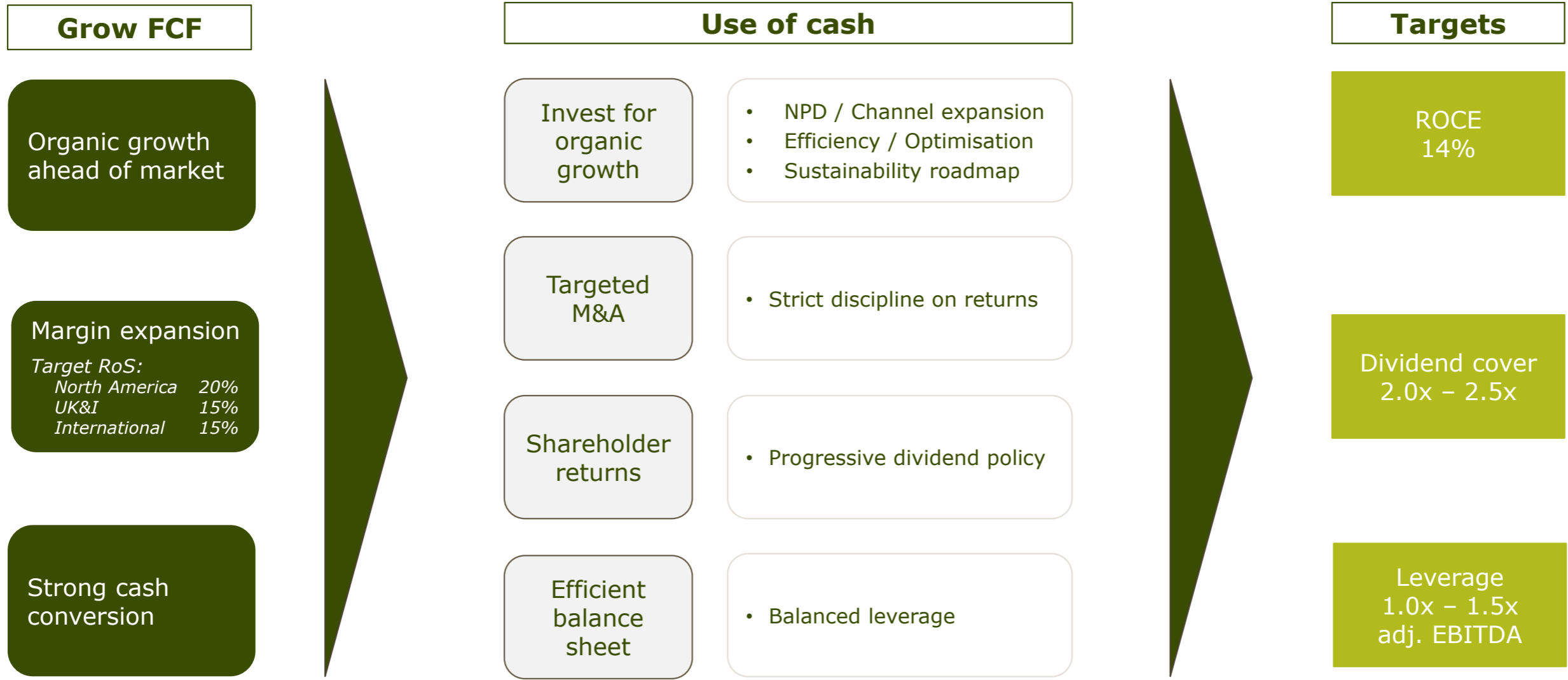
(1) Adjusted EBITDA before non-cash items

(2) Excluding the effect of exceptional items in working capital

(3) Operating cash conversion is operational cash flow (which excludes lease payments) divided by adjusted operating profit

Capital allocation

Re-invest cash flow for further growth while returning a progressive dividend to shareholders





Strategy

A strategy for long-term value creation

Clear strategy guided by our purpose, underpinned by our values and with sustainability at its core

Purpose

To transform the security, comfort and sustainability of living and working spaces through our expert touch.



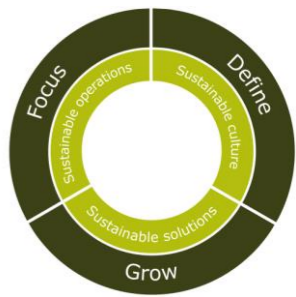
Long term
value
creation

Values

Do the right thing. Make it happen. Never stop growing.

Strategy execution

Good progress in spite of operational intensity



Focus

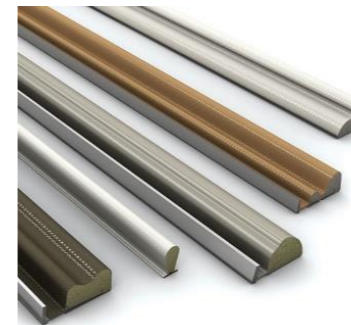
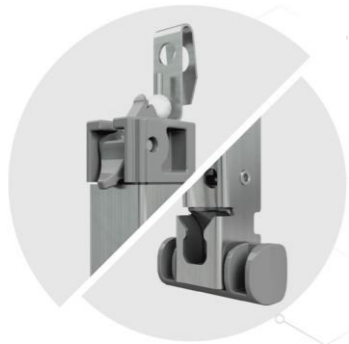
- Product portfolio harmonisation
- Footprint optimisation including US distribution network
- Multi-year IT upgrade programme

Define

- 'One Tyman' purpose & values launched
- Code of Business Ethics deployed
- Development of Tyman Excellence System

Grow

- Strong customer collaboration & capacity expansion to serve demand
- Channel expansion via systems house partnerships
- New product development
- Share gain including \$1.9m* net wins in North America



* Annualised revenue

Our Sustainability Excellence roadmap to 2030

Long-term targets and comprehensive plans in place to positively impact the UN SDGs



| |  Sustainable Operations |  Sustainable Culture |  Sustainable Solutions |
|-----------------|--|--|--|
| Ambition | Transform our health, safety and environmental performance | Be recognised as an employer that people want to work for | Help our customers protect the planet and create safer, more inclusive communities |
| Plans | <ul style="list-style-type: none"> Safety is our first language Reduce our carbon footprint Water stewardship Waste management | <ul style="list-style-type: none"> Employee engagement Diversity, equity & inclusion Growing our talent Community partnerships | <ul style="list-style-type: none"> Positive-impact solutions Circular economy Sustainable materials Responsible sourcing |
| Targets | <ul style="list-style-type: none"> Total Recordable Incident Rate < 3 by 2026 Carbon neutral operations¹ by 2030 Zero waste to landfill by 2026 | <ul style="list-style-type: none"> Gender diversity >30% at all levels <i>Other metrics & targets being developed</i> | <ul style="list-style-type: none"> 100% sustainable packaging by 2026 YoY increase in % revenue from positive impact solutions |

¹Scope 1 & 2 emissions (i.e. direct energy and electricity usage)



Summary and outlook

Summary and outlook

Strategic initiatives and long-term structural drivers position Tyman well for future growth

- Strength of demand has continued to exceed expectations
- Performance constrained by industrywide supply chain challenges; action being taken to manage impact
- Focus-Define-Grow strategy continues to yield positive results with sustainability initiatives gathering pace
- Outlook
 - Momentum expected to continue through H2, driven by positive structural drivers, post-pandemic trends and strategy execution
 - Full year adjusted operating profit expected to be slightly above the top end of the current range of analyst expectations¹
- Group is well-placed to capitalise on opportunities and deliver further growth

¹ Company compiled analyst consensus range: £88.6 million – £90.7 million. Details can be found at: <https://www.tymanplc.com/investor-relations/analysts-consensus>

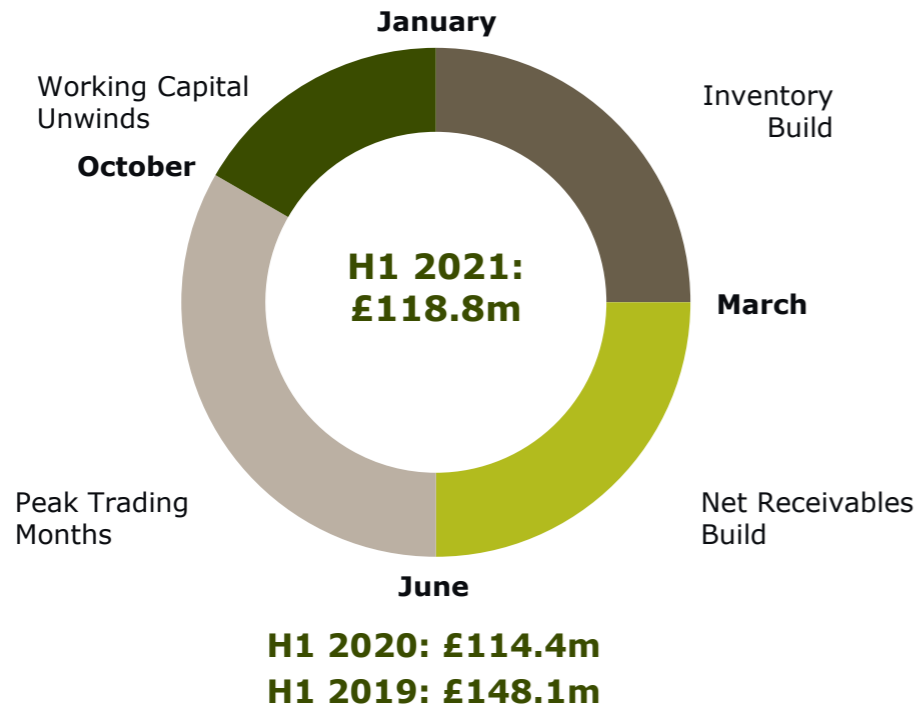


Appendices

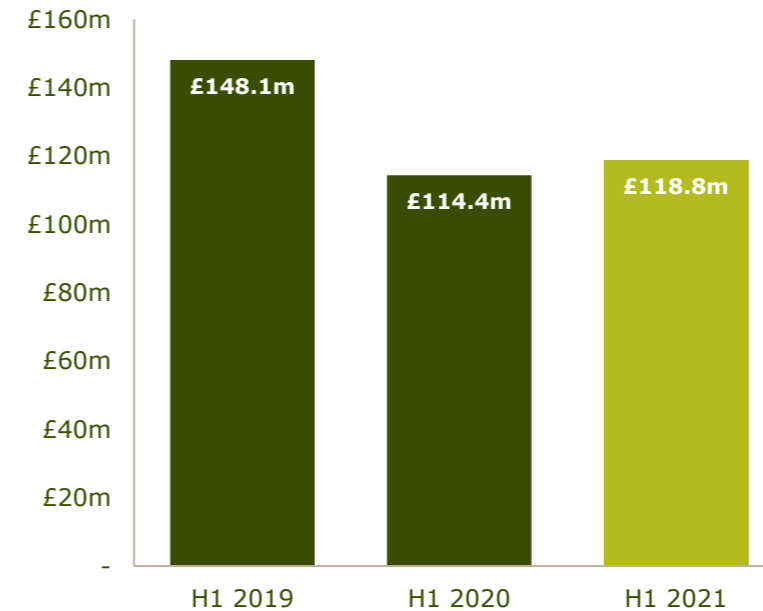
Working capital

Working capital remains below normalised levels

Trade working capital cycle



H1 2021 trade working capital



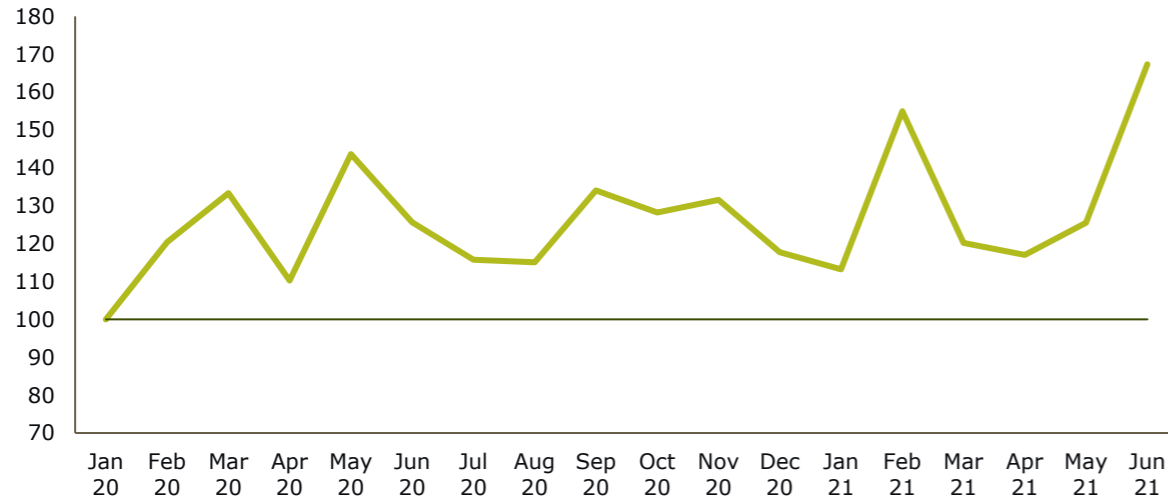
- H1 2021 working capital seasonal build remains below normalised levels
- H1 trade working capital: LTM sales of 19% vs three year average (excl. H1 2020) of 23%

- Increase in inventory to support increase in demand levels
- Higher trade receivables and trade payables due to increased trading
- Exchange movement: -£1.6 million

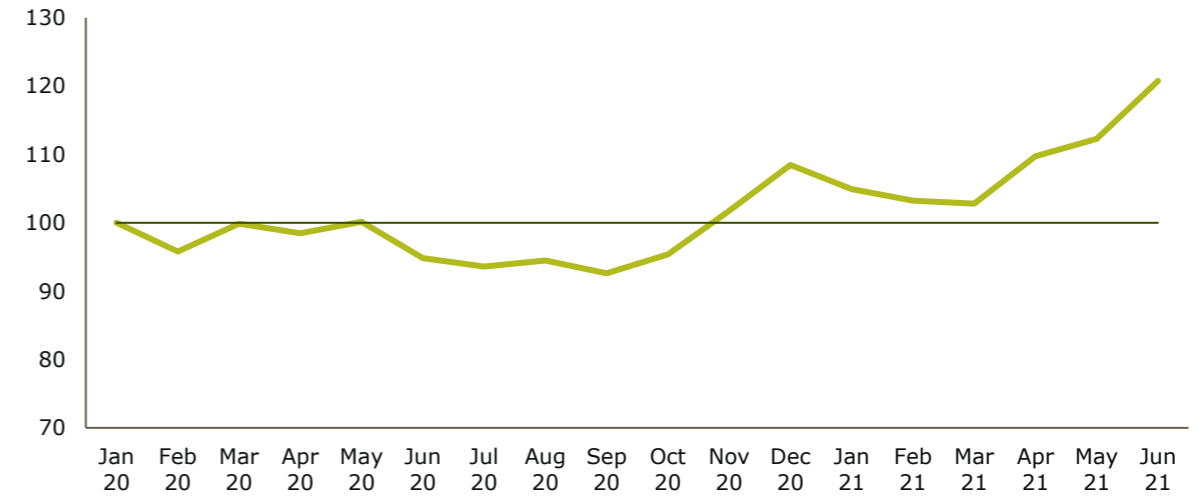
Metals input costs

Input costs increased significantly

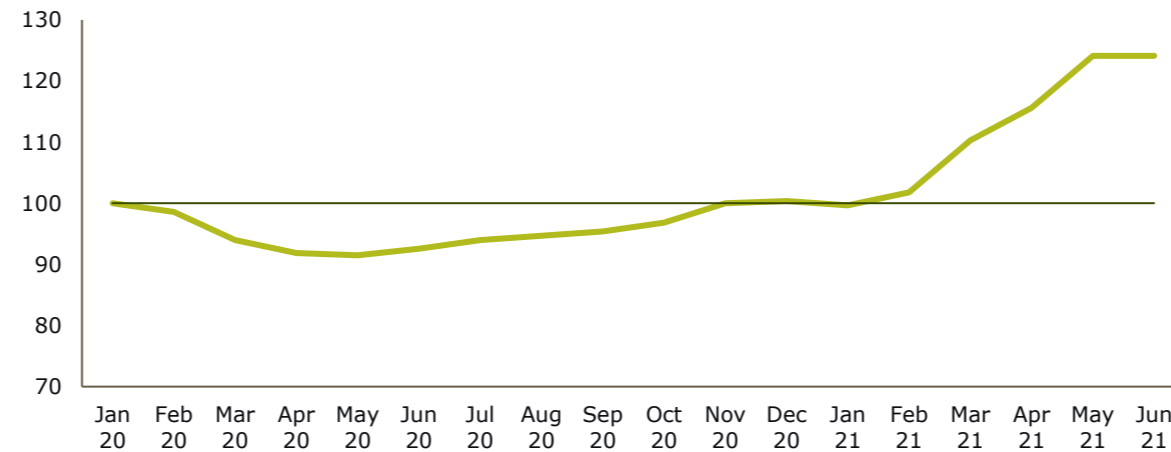
Stainless Steel (US)



Zinc (US)



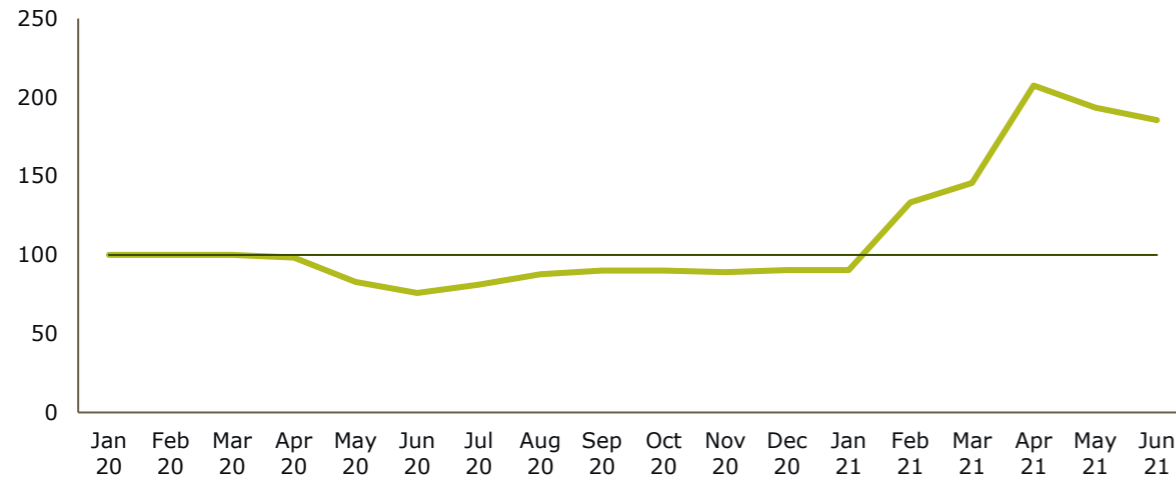
Aluminium (Euro)



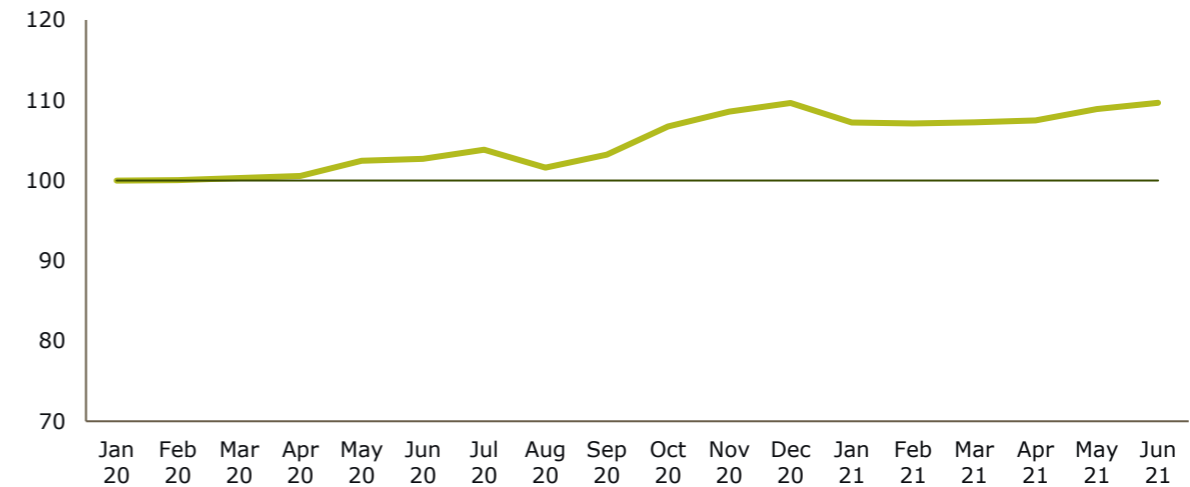
Oil derivatives and UK components input costs

Input costs increased significantly

Polypropylene (Euro)



Far East Components (UK)



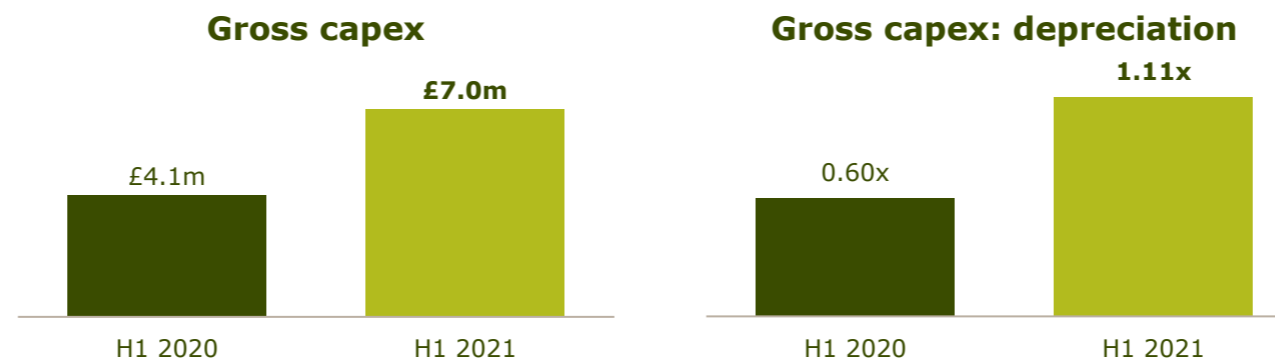
Pricing on a representative basket of components sourced from the Far East by ERA

Other financial information

Capital expenditure and net interest payable

Capital expenditure

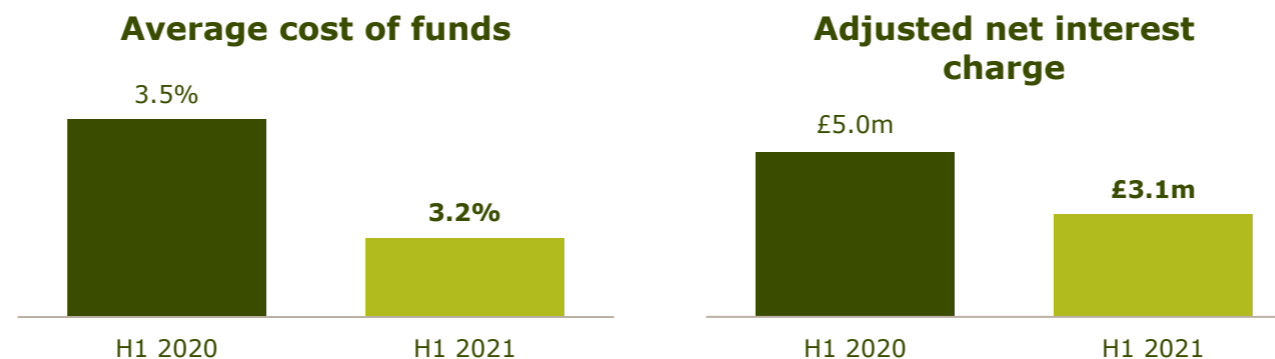
| | |
|-------------|-----|
| Gross Capex | 71% |
| Net Capex | 54% |



Increased investment to support growth after deferral of expenditure in 2020

Net interest⁽¹⁾

| | |
|-----------------|---------|
| Cost of funds | -30 bps |
| Interest charge | (38)% |



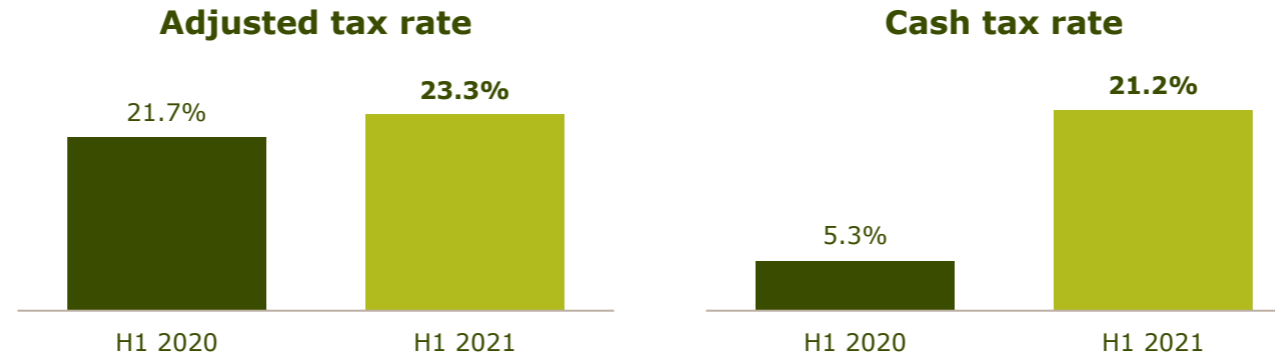
Decrease due to lower net debt

(1) Net interest receivable on cash deposits, payable on bank loans, private placement notes and overdrafts

Other financial information

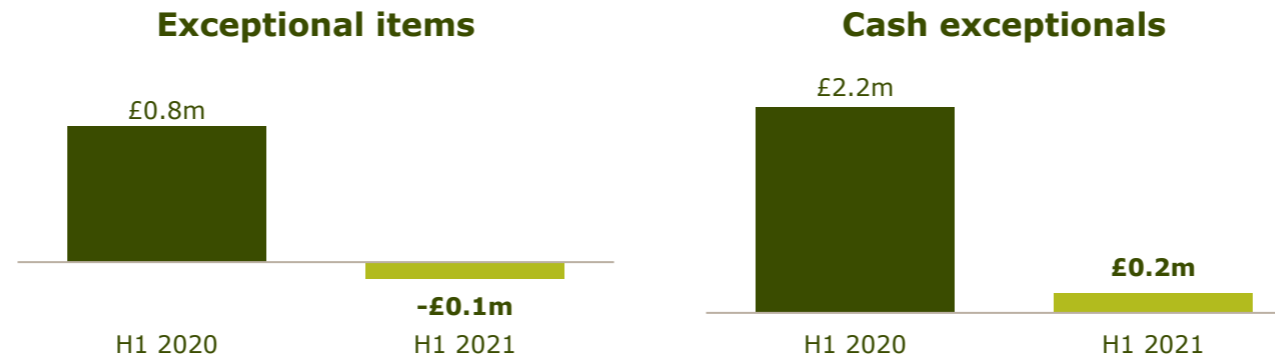
Taxation and exceptional items

| Taxation | |
|----------|------------|
| Adjusted | +160 bps |
| Cash | +1,590 bps |



Fall in adjusted tax rate due to benefit of foreign tax credits and provision release

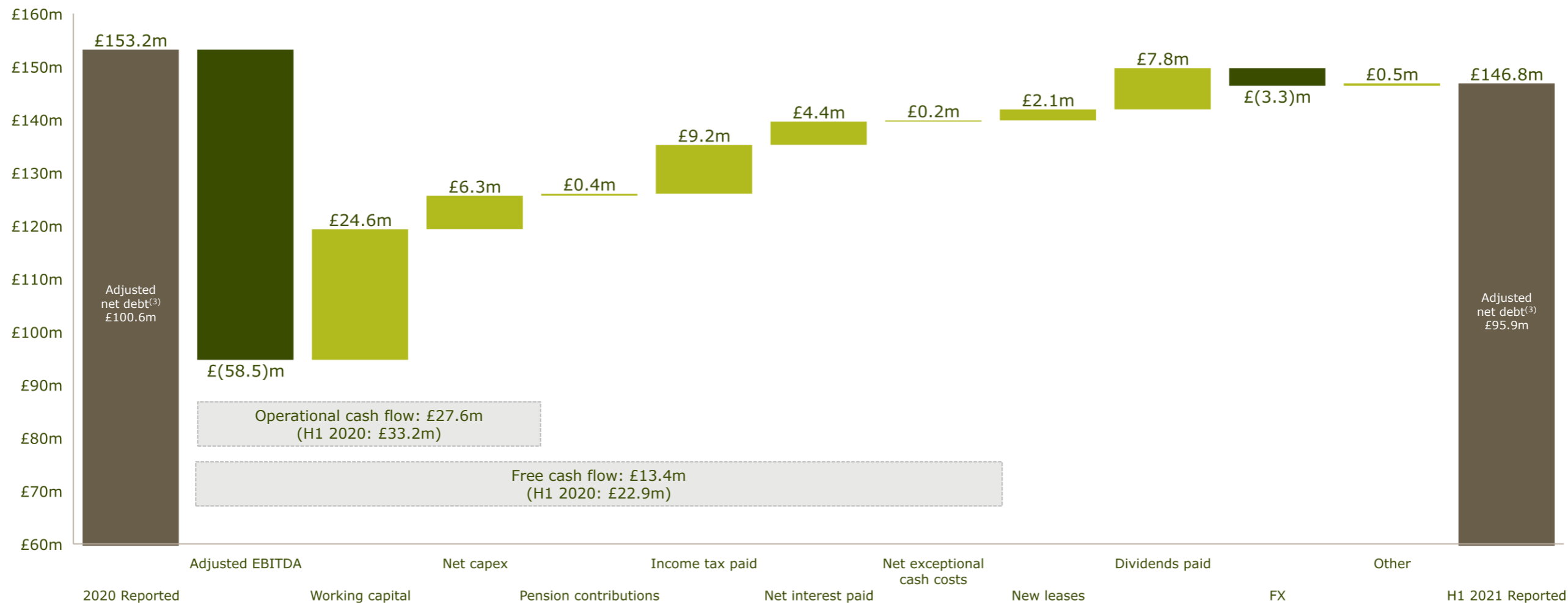
| Exceptional items | |
|----------------------|---------|
| Footprint | £(0.1)m |
| M&A | £nil |
| Disposal of business | £nil |
| Other | £nil |



Reduction in exceptionals due to completion of major footprint restructuring projects in 2020

H1 2021 net debt bridge

Bridge from reported FY 2020 to reported H1 2021 net debt



(1) Operating cash conversion is operational cash flow divided by adjusted operating profit

(2) Calculated in accordance with banking covenants on a frozen GAAP basis (excluding the impact of IFRS 16)

(3) Excluding lease liabilities of £51.8m (31 December 2020: £53.8m) and unamortised finance arrangement fees of £0.9m (31 December 2020: £1.2m)

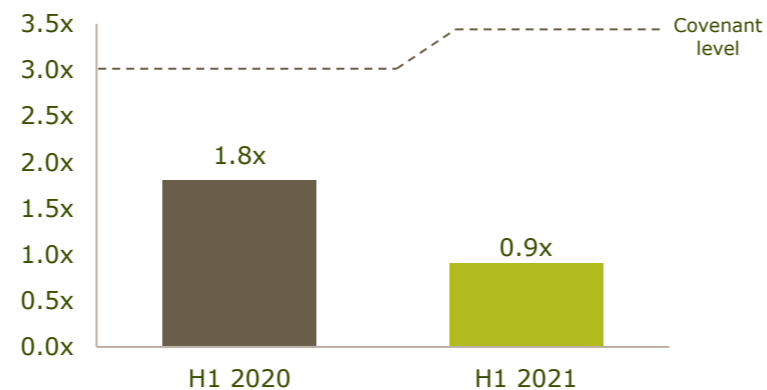


Covenant performance

Leverage

- Total Net Debt to Adjusted⁽¹⁾ EBITDA must be < 4.0x
- Target Leverage range of 1.0x to 1.5x

(1) Includes annualised EBITDA of acquisitions and excludes 100% EBITDA of disposals



EBITDA headroom

77.5%

£85.5m

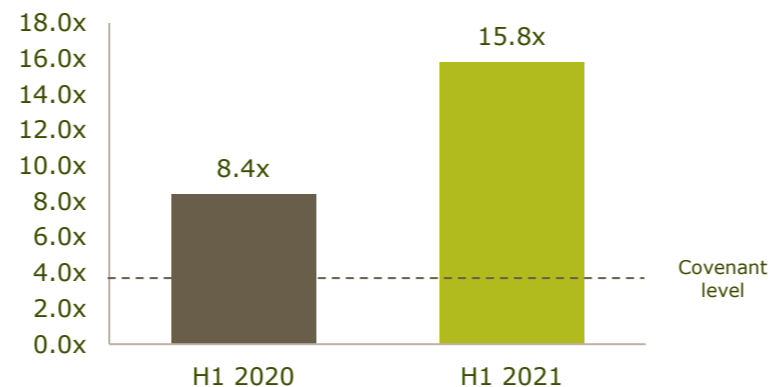
Relaxation of leverage covenant

- From 3.0x to 4.0x at 30 Jun 2021

This relaxation was agreed in June 2020 due to provide additional headroom due to the uncertainty driven by COVID-19

Interest Cover

- EBITDA to Net Finance Charges must be > 4.0x



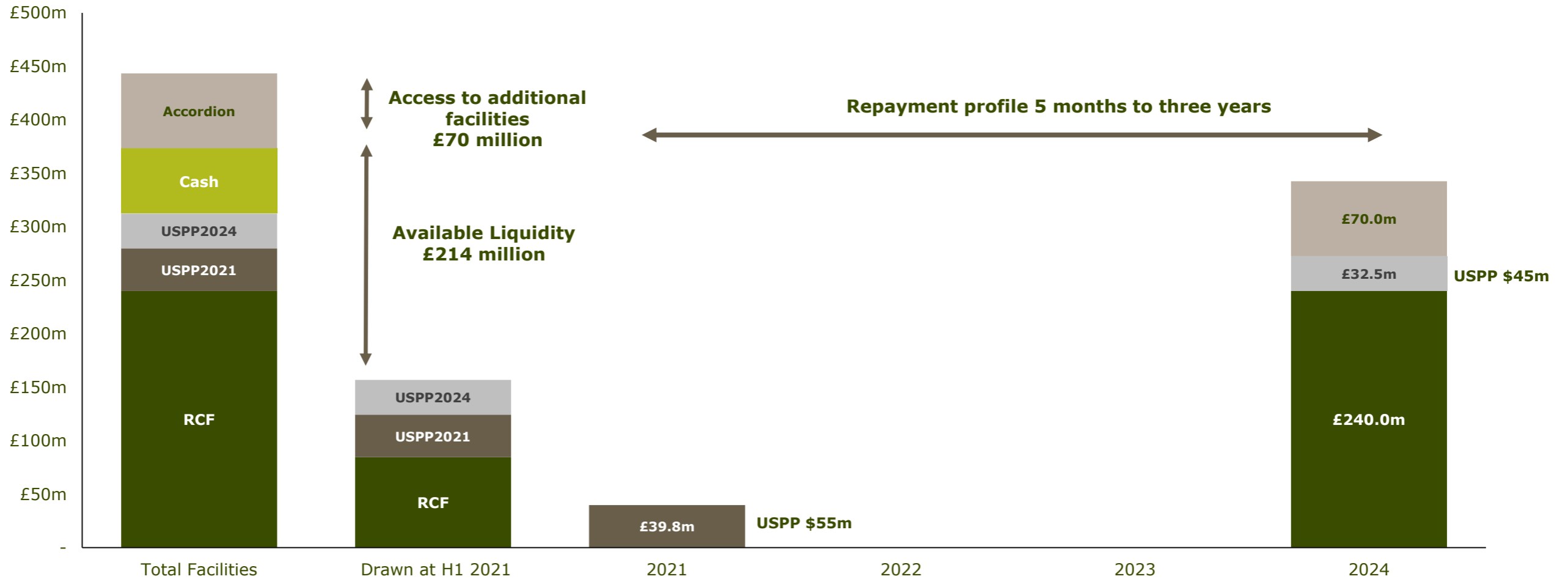
EBITDA headroom

74.7%

£81.3m

Group debt facilities

The Group has significant headroom, with available liquidity of £214m



For illustrative purposes, "other" facilities are assumed to be refinanced on the same date as the 2018 Facility matures in Feb 2024

Currency ready reckoner

Translational exposure

| Currency | US\$ | Euro | Aus\$ | CA\$ | Other | Total ⁽¹⁾ |
|-----------------------------------|--------|--------|--------|--------|-------|----------------------|
| Average rate H1 2021 | 1.3882 | 1.1520 | 1.8003 | 1.7313 | | |
| Average rate H1 2020 | 1.2607 | 1.1441 | 1.9192 | 1.7189 | | |
| % movement in average rate | 10.1% | 0.7% | (6.2)% | 0.7% | | |
| £'m revenue impact | (19.0) | (0.3) | 0.3 | (0.0) | (2.0) | (21.0) |
| £'m profit impact ⁽²⁾ | (3.1) | (0.1) | 0.1 | (0.0) | (0.3) | (3.4) |
| 1c decrease impact ⁽³⁾ | £217k | £60k | £5k | £9k | | |

(1) Impact of other currencies immaterial

(2) Adjusted Profit impact

(3) Defined as the approximate favourable translation impact of a 1c decrease in the Sterling exchange rate of the respective currency on the Group's Adjusted Operating Profit

Consolidated income statement

For the six months ended June 2021

| | Six months ended 30 June 2021 (unaudited) £m | Six months ended 30 June 2020 (unaudited) £m | Year ended 31 December 2020 (audited) £m |
|--|---|--|---|
| Revenue | 312.5 | 254.1 | 572.8 |
| Cost of sales | (203.5) | (174.2) | (380.7) |
| Gross profit | 109.0 | 79.9 | 192.1 |
| Administrative expenses | (70.0) | (58.9) | (132.4) |
| Operating profit | 39.0 | 21.0 | 59.7 |
| Analysed as: | | | |
| Adjusted Operating profit | 47.8 | 31.3 | 80.3 |
| Exceptional items | 0.1 | (0.8) | (1.8) |
| Amortisation of acquired intangible assets | (8.9) | (9.5) | (18.8) |
| Operating profit | 39.0 | 21.0 | 59.7 |
| Finance income | - | 0.6 | 0.3 |
| Finance costs | (4.7) | (6.9) | (12.4) |
| Net finance costs | (4.7) | (6.3) | (12.1) |
| Profit before taxation | 34.3 | 14.7 | 47.6 |
| Income tax charge | (8.0) | (2.3) | (10.4) |
| Profit for the year | 26.3 | 12.4 | 37.2 |

Consolidated balance sheet

For the six months ended June 2021

| | 30 June 2021 (unaudited) £m | 30 June 2020 (unaudited) £m | 31 December 2020 (audited) £m |
|---|--|--------------------------------------|--|
| TOTAL ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 357.2 | 393.2 | 361.9 |
| Intangible assets | 74.5 | 100.4 | 84.1 |
| Property, plant and equipment | 58.4 | 66.4 | 60.7 |
| Right of use assets | 49.8 | 59.5 | 51.8 |
| Financial assets at fair value through profit or loss | 1.1 | 1.1 | 1.1 |
| Deferred tax assets | 15.8 | 17.2 | 16.3 |
| | 556.8 | 637.8 | 575.9 |
| Current assets | | | |
| Inventories | 110.6 | 95.1 | 84.0 |
| Trade and other receivables | 83.8 | 79.0 | 72.8 |
| Cash and cash equivalents | 61.1 | 79.9 | 69.7 |
| Derivative financial instruments | - | 0.1 | - |
| | 255.5 | 254.1 | 226.5 |
| TOTAL ASSETS | 812.3 | 891.9 | 802.4 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | (98.4) | (81.4) | (84.4) |
| Derivative financial instruments | (0.2) | - | (0.2) |
| Borrowings | (39.8) | - | (40.3) |
| Lease liabilities | (5.0) | (6.3) | (5.4) |
| Current tax liabilities | (7.7) | (8.3) | (6.8) |
| Provisions | (1.4) | (1.3) | (1.3) |
| | (152.5) | (97.3) | (138.4) |

| | 30 June 2021 (unaudited) £m | 30 June 2020 (unaudited) £m | 31 December 2020 (audited) £m |
|--------------------------------|--|-----------------------------------|-------------------------------------|
| Non-current liabilities | | | |
| Borrowings | (116.3) | (238.9) | (128.8) |
| Lease liabilities | (46.8) | (54.5) | (48.4) |
| Deferred tax liabilities | (24.4) | (31.6) | (26.8) |
| Retirement benefit obligations | (6.3) | (12.9) | (8.9) |
| Provisions | (7.2) | (8.1) | (7.6) |
| Other payables | (0.5) | (0.5) | (0.4) |
| | (201.5) | (346.5) | (220.9) |
| TOTAL LIABILITIES | (354.0) | (443.8) | (359.3) |
| NET ASSETS | 458.3 | 448.1 | 443.1 |
| EQUITY | | | |
| Share capital | 9.8 | 9.8 | 9.8 |
| Treasury reserve | (2.7) | (3.5) | (3.4) |
| Hedging reserve | - | (0.1) | - |
| Translation reserve | 41.7 | 79.4 | 46.8 |
| Retained earnings | 409.5 | 362.5 | 389.9 |
| TOTAL EQUITY | 458.3 | 448.1 | 443.1 |

Adjusted earnings per share

For the six months ended June 2021

| | Six months ended 30 June 2021 (unaudited) £m | Six months ended 30 June 2020 (unaudited) £m | Year ended 31 December 2020 (audited) £m |
|--|---|---|---|
| Profit before taxation | 34.3 | 14.7 | 47.6 |
| Exceptional items | (0.1) | 0.8 | 1.8 |
| Loss on revaluation of fair value hedge | - | (0.6) | (0.3) |
| Amortisation of borrowing costs | 0.3 | 0.3 | 0.5 |
| Amortisation of acquired intangible assets | 8.9 | 9.5 | 18.8 |
| Adjusted profit before taxation | 43.4 | 24.7 | 68.4 |
| Income tax charge | (8.0) | (2.3) | (10.4) |
| Add back: Adjusted tax effect ¹ | (2.1) | (3.1) | (4.9) |
| Adjusted profit after taxation | 33.3 | 19.3 | 53.1 |

Adjusted earnings per share:

| | Six months ended 30 June 2021 (unaudited) | Six months ended 30 June 2020 (unaudited) | Year ended 31 December 2020 (audited) |
|-------------------------------------|--|---|---|
| Basic adjusted earnings per share | 17.1p | 9.9p | 27.2p |
| Diluted adjusted earnings per share | 17.0p | 9.9p | 27.1p |

(1) Tax effect of exceptional items, amortisation of borrowing costs, amortisation of acquired intangible assets, gain or loss on revaluation of fair value hedge and unwinding of discount on provisions

Disclaimer

Forward Looking Statements

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in any company within the Tyman plc Group. This presentation contains forward-looking statements, including within the meaning of the US Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to Tyman plc's financial outlook and future performance. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances.

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