TYMAN

TYMAN PLC

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Tyman plc (TYMN.L) announces results for the six months ended 30 June 2021.

Summary Group Results

£m unless stated	**H1 2021**	H1 2020	H1 2019	*LFL(1) vs 2020*	*LFL(1) vs 2019*
Revenue	**312.5**	254.1	301.9	*+32%*	*+10%*
Adjusted operating profit*	**47.8**	31.3	41.9	*+60%*	*+20%*
*Adjusted operating margin**	**15.3%**	*12.3%*	*13.9%*	*+260bps*	*+120bps*
Operating profit	**39.0**	21.0	18.5		
Adjusted profit before taxation*	**43.4**	24.7	34.7		
Profit before taxation	**34.3**	14.7	11.0		
Adjusted EPS*	**17.1p**	9.9p	13.1p		
Basic EPS	**13.5p**	6.4p	4.1p		
Dividend per share	**4.0p**	-	3.9p		
Leverage(2)	**0.9x**	1.8x	2.2x		
*Return on capital employed**	**15.5%**	*10.8%*	*12.7%*		

* *Alternative performance measures. These "Adjusted" metrics are before amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, and exceptional items. These measures provide additional information to shareholders on the underlying performance of the business and are used consistently through the statement. Further details can be found on page 39.*

(1) *LFL = constant currency like-for-like (see APMs on page 39)*

(2) *Leverage is calculated in accordance with the debt covenant methodology (see APMs on page 39)*

Highlights:

- 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

***Jo Hallas, Chief Executive Officer, commented**: "We are optimistic that the momentum seen in the first half will continue through the remainder of the year, however raw material and labour availability, as well as input cost inflation continue to be headwinds. Consequently, we expect full year adjusted operating profit will be slightly above the top end of the current range of analyst expectations[1].*

"We are pleased to have reinstated the progressive dividend, signalling our confidence in the future. The Group is well positioned for future growth, benefiting from long-term structural industry growth drivers, our strategic initiatives and building on our portfolio of differentiated products, market-leading brands and deep customer relationships."

[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

27 July 2021

Enquiries

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Analyst and investor presentation

Tyman will host an analyst and investor presentation at 9.30 a.m. today, Tuesday 27 July 2021, which will be webcast at:

https://webcasting.brrmedia.co.uk/broadcast/60d99be10bb2806642d65d9f

The audio conference call details are:

Number	+44 (0) 330 336 9434
Confirmation code	1398757

Notes to editors

Tyman (TYMN: LSE) is a leading international supplier of engineered fenestration components and access solutions to the construction industry. The company designs and manufactures products that enhance the comfort, sustainability, security, safety and aesthetics of residential homes and commercial buildings. Tyman's portfolio of leading brands serve their markets through three divisions: Tyman North America, Tyman UK and Ireland and Tyman International. Headquartered in London, the Group employs approximately 4,300 people with facilities in 17 countries worldwide. Further information is available at www.tymanplc.com.

Overview of results

Performance in H1 2021

The momentum seen in late 2020 continued into the first half of 2021, with favourable structural drivers, particularly in residential markets, resulting in strong growth ahead of expectation. Revenue for the period was £312.5 million (H1 2020: £254.1 million), an increase on a LFL basis of 32% compared to H1 2020 and more importantly 10% LFL growth over H1 2019. Reported revenue increased 23% compared to H1 2020, being impacted by the strengthening of Sterling and the divestment of the Ventrolla business in November 2020.

The new and accelerated trends arising from COVID-19 have continued across most territories, with consumers spending more time at home and therefore seeking more space or adapting existing space for flexible use. Household savings ratios have increased, and consumers are prioritising expenditure on the home over leisure activities. Increased mortgage lending and low interest rates have also supported housing market activity, particularly in the US and UK, as has fiscal stimulus, such as the stamp duty holiday in the UK and the 'super bonus' incentive for home improvements in Italy. In the US, the lack of inventory for both new and existing homes, affordability, and the increasing rate of millennial household formation have also continued to contribute to strong growth in both single-family starts and RMI activity.

The high levels of demand have continued to put pressure on service levels industrywide in most of the Group's territories, exacerbated by raw material availability issues and global logistics disruption. The US has also suffered from a very tight labour market, resulting in operational challenges which have impacted production and shipping levels. Steps have been taken to increase capacity and throughput, including expanding operating hours, increasing wage rates and other incentives, and implementing various productivity improvement initiatives. This also includes a number of capital investment projects to structurally expand capacity. The business is working closely with customers to manage demand and with suppliers to secure inventory.

The spike in demand for goods globally has also driven significant increases in commodity costs and freight costs, with the US also seeing significant labour cost inflation. The Group has implemented price increases and temporary surcharges to recover cost inflation, although with some customer pricing mechanisms, there is a lag in recovery.

Despite the operational challenges and cost inflation, the strong revenue growth and impact of pricing combined with the benefit of self-help initiatives, resulted in LFL adjusted operating profit growth of 60% compared to H1 2020 and 20% compared to H1 2019. Reported adjusted operating profit increased 53%, with the unfavourable impact of exchange rates offset by a benefit from the disposal of the loss-making Ventrolla business. Adjusted operating margin expanded from 12.3% to 15.3%.

Dividend

Due to the continued strength of performance and confidence in the outlook, the Board is pleased to be able to reinstate the dividend in line with the Group's progressive dividend policy. An interim dividend of 4.0 pence per share will be paid on 10 September 2021 to shareholders on the register at close of business on 6 August 2021. This represents growth of 4% compared to H1 2019.

Health and safety

The health and safety of our people is the Group's top priority, with this culture now increasingly embedded through the 'safety is our first language' engagement programme. This led to continued improvement in underlying safety performance, although the high level of operational intensity meant this was not as significant as expected. The lost time incident frequency rate including COVID-19 cases resulting from workplace transmission increased to 5.7 incidents per million hours worked (H1 2020: 1.5). Excluding these COVID-19 cases, the lost time incident frequency rate was 1.4, a 3% reduction compared to H1 2020.

Strategic progress

The Group has continued to progress its Focus, Define, Grow strategy, which is underpinned by the three sustainability pillars of Sustainable Operations, Sustainable Culture, and Sustainable Solutions. The strategy was discussed in more detail at the Capital Markets Event held in May 2021.

The *Focus* activities have continued to progress and the benefits from the various initiatives to streamline operations completed in 2020 are being realised as planned. Further inter-site line transfers in North America were completed, although there were some delays so as not to further compromise service levels. Work also commenced with optimising the distribution footprint in the western US, and upgrading IT systems to enhance customer service levels, generate efficiencies and improve decision-making. Progress has also been made with the *Sustainable Operations* activities. A new water recirculation system at the most water intensive plant has been fully commissioned and is delivering good reductions in municipal water consumption. Tyman's two-year programme to define science-based targets is underway, with a detailed analysis of carbon footprint across the value chain now in progress. As part of the Task Force for Climate-related Financial Disclosures (TCFD) compliance journey, an in-depth review of the risks and opportunities of climate change on the Group's operations and supply chain has also been initiated.

The *Define* strategic pillar, which centres on building cultural cohesion across the Group has continued to gain momentum, with deployment of the new purpose, values, and Code of Business Ethics now well progressed. This 'One Tyman' culture will underpin the Group's *Sustainable Culture* initiatives. Development of the 'Tyman Excellence System' has also continued, with a focus on Lean Excellence.

The activities to *Grow* market share have yielded positive results, with strong service levels relative to competitors delivering further net customer wins in North America, a series of new products successfully launched in the period, and a strong pipeline of launches scheduled for the second half. Channel expansion activities also continued to progress, with increased systems house partnership activity. New product development activities included developing *Sustainable Solutions* to grow the proportion of revenues from positive impact products. Various initiatives are also underway across the Group to improve the sustainability of packaging and reduce the use of hazardous substances in production. This includes testing the use of bio-based and 100% recycled plastics and evaluating the use of more environmentally friendly alloys in hardware products. Building on the Cradle2Cradle™ certification for Q-Lon seals previously achieved, work is underway to certify additional product lines.

Outlook

The momentum seen in residential markets in the first half of the year is expected to continue through the remainder of the year, driven by the favourable structural and economic trends. Availability of labour and building products, as well as price inflation of housing and RMI activity may lead to a slowing in demand later in the year, particularly in North America. Some uncertainty also remains over the impact of the eventual ending of government support measures, as well as the easing of COVID restrictions allowing increased travel and leisure activities to take place at the expense of home improvement spending. Commercial markets are expected to continue to recover from delayed project activity, supported by increased investment in public infrastructure projects.

Several activities are underway to improve productivity levels and increase capacity to meet both current and expected longer-term demand. This includes investments in additional urethane seals capacity in both the UK and North America, with this additional capacity due to come online between Q4 2021 and Q2 2022. Investments are also being made to increase capacity for hardware production, including new equipment and further inter-site line transfers to optimise the network and improve resilience.

Full year adjusted operating profit is expected to be slightly above the top end of the current range of analyst expectations. Further pricing actions will be implemented where necessary to recover cost inflation, which is expected to continue to be a headwind for the remainder of the year.

In summary, the Group is well positioned for future growth, benefiting from long-term structural industry growth drivers, our strategic initiatives and building on our portfolio of differentiated products, market-leading brands and deep customer relationships.

Jo Hallas
Chief Executive Officer

Tyman North America

£m except where stated	**H1 2021**	H1 2020	H1 2019	*LFL vs 2020*	*LFL vs 2019*
Revenue	**191.6**	168.2	187.0	*+25%*	*+10%*
Adjusted Operating Profit	**34.0**	24.8	31.4	*+49%*	*+17%*
Adjusted Operating Margin	***17.7%***	*14.7%*	*16.8%*	*+290bps*	*+100bps*

Markets

The US residential market has reached post-recession record levels, driven by the limited supply of new and existing homes, demographic shifts and the "urban flight" and "nesting" trends. H1 2021 housing starts grew 25% (28% vs H1 2019), with single family starts, to which the division has proportionally higher exposure, increasing 31% compared to the same period in 2020 (31% vs H1 2019). Residential housing permits, a key leading indicator, are up 31%, with single family permits up 35% compared to 2020 (41% vs H1 2019).

The repair and remodelling market continued to experience strong growth due to the strength of the housing market, availability of affordable credit, and people spending more time at home. The Leading Indicator of Replacement Activity (LIRA) index estimates remodelling activity was up 6% to the end of June 2021 and NAHB's RMI average index was significantly higher at 87 compared to June 2020 of 73 (June 2019: 54).

Commercial construction markets were more mixed, with signs of recovery in certain sectors. Non-building construction starts rose 4%, while non-residential building starts were slightly ahead of H1 2020. Environmental public works starts, to which the commercial access business is particularly exposed, were up c. 35% in H1 2021.

The Canadian residential market has seen a robust recovery and momentum continued through H1 2021. Total housing starts increased 47% compared to H1 2020, with single family up 55%.

Business performance and developments

The North America division started the year very strongly, with LFL revenue growth of 25% compared to H1 2020 and 10% compared to H1 2019, driven by the positive momentum in the US and Canadian housing markets, pricing actions and continued share gain. This growth was however constrained by industrywide raw material and labour availability issues, which particularly impacted production and shipping rates in May and June.

Labour availability has been a widespread problem across the US manufacturing sector as demand for goods increased sharply while government support measures remained in place. This created operational challenges in certain facilities, requiring increased overtime and impacting productivity levels. The division has implemented extensive employee engagement and retention activities, including wage increases and retention bonuses to alleviate the situation. These measures have delivered some improvement; however, activities will continue to attract and retain quality labour. The division has implemented a series of price increases and temporary surcharges to recover input cost inflation, although with some customer pricing mechanisms, there is a lag in recovery.

The strong revenue growth including price increases, combined with benefits being realised from continuous improvement activities, resulted in LFL adjusted operating profit growth of 49% in H1 2021 compared to H1 2020 and 17% growth compared to H1 2019. Adjusted operating margin expanded by 300 bps to 17.7%.

The business continued to build on its strong value proposition to gain market share, with net business wins of c. $1.9m annualised achieved in the period, in part due to the strength of service provided relative to peers. Good progress was made with the product portfolio harmonisation initiative, with the current focus being on rationalisation and repositioning of the sliding patio door and casement lock portfolios.

The division continued to drive continuous improvement activities, with near-term focus on increasing capacity and throughput to meet heightened demand. This has included some temporary outsourcing to increase capacity at facilities that have been particularly constrained. Work to optimise the distribution footprint in the western US commenced, with consolidation to a single warehousing site in Dallas and further inter-site line transfers to create space in the Sioux Falls facility underway. In line with the Group's plans to upgrade the IT landscape, work has started to develop a new integrated ERP platform which will enable a more streamlined ordering process for customers, enable shared services and improve our analytical capabilities.

LFL revenue growth for the division's access solutions business, Bilco, was 22% higher than H1 2020 and 11% higher than H1 2019, which was ahead of the commercial market to which this business is more exposed. Sales of residential products were strong, and roof hatches and safety products gained momentum through the period, aided by wholesale roofing distribution partners normalising inventory levels after destocking in 2020.

New product development

The division continues to achieve success bringing new products to market, in line with our strategy to create differentiated value to customers, with incremental revenue delivered in line with expectations. During H1 2021, the division launched the new Pinnacle™ balance, with encouraging levels of early sales through development partners. The Pinnacle™ is designed to enhance performance, minimize customer SKU complexity, and reduce room in the window jamb enabling customers to add features or remove material costs from the window. The main focus of innovation activity for H2 is on the development of the entry price point sliding patio door solution, which has been redesigned to compete more effectively in this growing segment.

Outlook

The market strength is expected to continue through the remainder of the year, although availability of materials and skilled US labour, inflationary pressure, and interest rate uncertainty may create headwinds which could limit market activity later in the year. US single family residential starts are projected to increase 13% for the full year relative to 2020. Repair and remodelling activity is expected to remain strong, with LIRA projecting growth of c. 8% for the full year. The commercial market is projected to continue a modest recovery, with non-residential building starts projected to end the year 5% ahead of 2020. The Canadian market is expected to moderate in the second half of the year, after unprecedent demand in H1, as interest rates begin to rise and COVID restrictions are further eased.

The division's primary focus in the second half will be on increasing capacity in order to meet heightened demand. This includes investing in additional urethane seal manufacturing capacity, due to be commissioned in early 2022. The division will continue to monitor cost inflation and adjust pricing mechanisms accordingly. Work will also continue on optimising the distribution footprint, driving share gains and completing the current phases of the product portfolio harmonisation initiative.

Tyman UK & Ireland

£m except where stated	H1 2021	H1 2020	H1 2019	LFL vs 2020	LFL vs 2019
Revenue	**54.3**	39.1	54.0	*+44%*	*+7%*
Adjusted Operating Profit	**7.8**	3.8	7.0	*+70%*	*+5%*
Adjusted Operating Margin	***14.3%***	*9.7%*	*13.0%*	*+210bps*	*-30bps*

Markets

The momentum seen in the UK residential RMI market at the end of 2020 continued through H1 2021, supported by the UK Government stamp duty holiday, high consumer savings ratios, and the favourable structural trends in the housing market accelerated by COVID-19. The IHS Markit / CIPS UK Construction PMI was at 66 in June 2021 (June 2019: 43), signalling the highest rate of construction output growth since June 1997. The number of housing transactions was c. 50% higher than the same period in 2019.

The commercial market has recovered at a slower rate than the residential market, with project delays and the impact of social distancing measures on construction sites.

Business performance and developments

The UK & Ireland division achieved LFL revenue growth of 44% compared to H1 2020, and 7% compared to H1 2019. This reflects the buoyant residential RMI market and the effect of pricing actions, partially offset by the impact of the weaker commercial market. On a reported basis, revenue was 39% ahead of H1 2020 and 1% ahead of H1 2019, reflecting the disposal of Ventrolla, the Group’s sash window repair business, which was sold in November 2020.

This performance was achieved despite constraints arising from industrywide supply chain pressures driven by material shortages and global shipping disruption, which have impacted service levels. Actions have been taken to resolve shortages, including the use of expedited freight services.

Increases in material and transport costs were partially mitigated through price increases and the favourable impact of foreign exchange on material purchases, with LFL adjusted operating profit 70% higher than H1 2020 and 5% higher than H1 2019. LFL adjusted operating margin expanded by 210bps against H1 2020, in spite of H1 2020 benefitting from COVID-related cost-saving actions and £1.5 million in receipts from the UK Government Job Retention Scheme, which were subsequently repaid in December 2020. Compared to H1 2019, LFL adjusted operating margin was 30bps lower due to material and freight cost inflation. On a reported basis, adjusted operating profit was 104% higher than H1 2020, reflecting the disposal of Ventrolla, which was loss-making.

Hardware sales into both the OEM and distribution channels continued to be strong in H1 2021, driven by the strong housing and RMI market. Traction is being gained with the ERA Protect™ product range, albeit at a slower rate than planned, as sales of home security products have been subdued as a result of consumers spending more time at home. The division has continued to invest in enhancing its e-commerce platform, with a new consumer focussed microsite for ERA Protect™ expected to go live in the second half of the year to expand sales through the growing e-commerce channel.

Access 360, the division's commercial access portfolio, has had a challenging start to the year, with customer-driven delays to a number of commercial projects. The business has continued to focus on increasing its offering in the specification market and has expanded its online technical CPD webinars, improving engaging with architects and specifiers. This has generated a positive pipeline of projects for delivery over the course of the next 12 months.

New product development

Several new products were launched in the period, in line with our strategy to broaden our certified products portfolio and extend our ranges. This included a new contemporary lever range, with high corrosion resistance and durability, along with fire door approval enabling use in both commercial and residential applications. Initial feedback from customers has been very positive.

An adjustable riser door frame product, which addresses an industrywide challenge with installing riser doors, is due for launch in the second half of 2021. The product removes the need for installers to use separate packers which can impact fire integrity, and also integrates an intumescent strip to avoid the need to apply intumescent mastic. This solution reduces door installation time by up to 50%, delivering significant productivity and efficiency savings to customers.

Outlook

The momentum seen in the RMI market is expected to continue through Q3, supported by a high level of housing transactions. There remains some uncertainty beyond this as the stamp duty holiday and other government support measures come to an end and COVID restrictions ease further, with the risk that consumers divert a greater share of income to travel and leisure activities rather than home improvements. The commercial market is expected to continue to recover more slowly, with CPA forecasts indicating it will be 2022 before output returns to 2019 levels. A number of large infrastructure projects have commenced, which are expected to benefit the commercial access business.

Increases in material and shipping costs will continue to create headwinds for at least the remainder of the year and pricing actions will be taken as required to manage cost inflation.

The division's focus in H2 2021 will continue to be driving momentum with new product launches, including the expansion of the ERA Protect range, enhancing the e-commerce experience, and optimising the cost base through continued integration of the Access 360 business.

Tyman International

£m except where stated	**H1 2021**	H1 2020	H1 2019	*LFL vs 2020*	*LFL vs 2019*
Revenue	**66.6**	46.8	60.9	*+45%*	*+13%*
Adjusted Operating Profit	**10.5**	4.6	7.7	*+132%*	*+41%*
Adjusted Operating Margin	***15.7%***	*9.9%*	*12.6%*	*+590bps*	*+310bps*

Markets

Market demand was strong in the period across all key International division markets, in spite of some level of continued COVID-19 restrictions. The IHS Markit Eurozone Construction PMI rose to 50.3 in June 2021, bringing it back in line with the level at June 2019 (50.8), although there is wide regional variation within this. The Q2 PMI for the division's largest market, Italy of 57.9 was the highest level seen since Q2 2001, with near-record rates of growth in both housing and commercial activity.

Continental Europe has seen broad-based growth in demand, spanning both the residential and commercial sectors. Consumers are continuing to invest in their homes, supported by government stimulus measures, such as the Italian energy efficiency 'super-bonus' scheme, easing of COVID-19 restrictions and improved consumer confidence. The picture is similar in markets outside of Europe, with a notable pickup in the Australian housing market driven by their government stimulus package for home building and renovation projects. The GCC cluster is also seeing a strong uplift, coming predominantly from the commercial sector through increased project activity.

Business performance and developments

The International division had a very strong start to the year. LFL revenue grew 45% in H1 2021 against H1 2020 and 13% against H1 2019. This was largely driven by market buoyancy, share growth in many of the division's key markets, as well as pricing and surcharges. This growth was achieved despite uncertainty brought on by Brexit and global shipping challenges. The division's top markets representing c. 90% of revenue all grew compared to 2019. Sales in Italy, the division's largest market, increased 13% compared to 2019, reflecting both underlying market growth as well as share gain.

The combination of strong revenue growth and the resulting effect on fixed cost absorption, favourable market mix and self-help actions taken in 2019/20, has generated LFL adjusted operating profit growth of 132% compared to H1 2020 and 41% compared to H1 2019. Adjusted operating margin expanded 580bps to 15.7% (310bps vs H1 2019). In H1 2020, the division benefitted from government job retention support and various cost-saving actions, with all salary reductions and UK job retention receipts subsequently repaid in December 2020.

The high activity levels have put strain on the supply chain, resulting in industrywide raw material availability issues and cost inflation, particularly affecting the seals business early in the period. The business has taken steps to increase production, including additional shifts and temporary labour. The impact of cost inflation has been mitigated through two price increases implemented during the year as well as temporary materials surcharges on certain products.

Good progress has been made on the divisional strategic initiatives. Partnership activity with key systems houses has further expanded, with long-term business opportunities being created through development of bespoke or customised products. The division has started a programme to drive greater levels of automation in the Budrio hardware manufacturing facility. Work has continued on sustainability activities, including developing new products to enhance sustainability, and new processes for existing products that will reduce the division's carbon footprint.

New product development

The business continued its focus on new product development throughout the pandemic and launched a number of new products in H1 2021, capitalising on aesthetic, safety and sustainability trends. This included the GOS Pull & Slide system, which combines the benefits of a lift-and-slide system, with a perfectly flush glass surface when closed, minimal frame widths, and a new generation roller system with excellent load bearing ability. Also launched in the period was the CHIC concealed hinge for bottom-hung windows with high load capacity and wide sash opening of up to 180°, as well as providing the aesthetic benefits enabled by concealed hardware.

In H2, the business will launch a fire-retardant urethane seal, which will combine the existing acoustic, thermal performance and durability benefits of Q-Lon with fire-rated performance. This addresses the growing market for fire-rated products in line with enhanced fire safety regulations.

Outlook

The momentum seen in the first half of the year is expected to continue through the second half, with indicators in core markets remaining positive, albeit with some uncertainty over the effect of government support measures coming to an end and potential diversion of consumer spending to travel and leisure as COVID restrictions lift.

The key priority for the division in H2 will be to continue servicing the high levels of demand. In response to this, the business has invested in additional urethane seal manufacturing capacity, due to be commissioned in Q4 2021 at the Newton Aycliffe, UK site. Further investments in technology and capacity are also planned to support anticipated growth in the hardware business. The division will continue to drive share gains in core markets through new product launches and channel expansion activities.

FINANCIAL REVIEW

Income statement

Revenue and profit

Reported revenue in the period increased by 23% to £312.5 million (H1 2020: £254.1 million), reflecting a significant increase in volume driven by the recovery from COVID-19 and strength of underlying demand, as well as pricing actions of £5.5 million, offset by adverse foreign exchange movements of £16.2 million and the impact of the disposal of Ventrolla of £1.5 million. On a LFL basis, revenue increased 32% compared to H1 2020. Compared to H1 2019, which provides a more normalised comparator in light of COVID-19, reported revenue increased 4%, and LFL revenue increased 10%, reflecting the favourable market conditions.

Adjusted administrative expenses increased to £61.2 million (H1 2020: £48.6 million), as a result of the reversal of the temporary cost-management actions taken in H1 2020 to mitigate the impact of COVID-19. This included significant curtailment of discretionary expenditure, salary reductions, cancellation of the senior management bonus scheme, as well as utilisation of available government job retention schemes in various territories. The Group received a total of £3.3 million in H1 2020 from government job retention schemes across various territories, with £2.3 million of UK government support being subsequently repaid in December 2020 once the impact of COVID-19 had become clear. Adjusted administrative expenses were flat against H1 2019 (£61.4 million).

Adjusted operating profit increased by 53% to £47.8 million (H1 2020: £31.3 million). This was positively impacted by the increase in revenue, productivity improvements from continuous improvement initiatives of c. £6.3 million, and £0.8 million from the disposal of the loss-making Ventrolla business. These benefits were partially offset by the impact of raw material and freight inflation over and above pricing actions, labour rate increases, the reversal of the temporary COVID-related cost-savings, and £2.2 million of adverse foreign exchange movements. On a LFL basis, adjusted operating profit increased 60%. Compared to H1 2019, LFL adjusted operating profit increased by 20%, reflecting the revenue growth and benefits from self-help initiatives. The Group's adjusted operating profit margin increased 300 bps to 15.3% (H1 2020: 12.3%)

Adjusted profit before tax increased by 76% to £43.4 million (H1 2020: £24.7 million) and on a LFL basis increased by 81%, benefiting from lower finance costs due to the reduction in net debt. Reported profit before taxation increased by 133% to £34.3 million (H1 2020: £14.7 million), reflecting lower exceptional items.

Materials and input costs

£m except where stated	FY 2020 Materials(1)	Average(2)	Spot(3)
Aluminium	**14.8**	+18.8%	+34.1%
Polypropylene	**30.9**	+66.7%	+31.8%
Stainless steel	**54.8**	+5.3%	+26.1%
Zinc	**27.5**	+11.0%	+27.3%
Far East components(4)	**37.4**	+6.9%	+6.8%

(1) FY 2020 materials cost of sales for raw materials, components and hardware for overall category. Only major materials categories are presented

(2) Average H1 2021 tracker price compared with average H1 2020 tracker price

(3) Spot tracker price as at 30 June 2021 compared with spot tracker price at 30 June 2020

(4) Pricing on a representative basket of components sourced from the Far East by the UK & Ireland division

Both spot and average prices across all categories rose significantly in H1 2021. Price increases and surcharges have been implemented to recover cost increases, albeit due to customer pricing mechanisms, there is a timing lag in recovery.

Exceptional items

Certain items have been drawn out as exceptional such that the effect of these items on the Group's results can be better understood and to enable a clearer analysis of trends in the Group's underlying performance.

£m	H1 2021	H1 2020
Footprint restructuring	**0.1**	-
M&A and integration	**-**	(0.5)
Redundancy and restructuring	**-**	(0.3)
	0.1	(0.8)

Footprint restructuring

The footprint restructuring credit relates to release of an excess provision made in the prior year related to the streamlining of the International footprint. The classification as exceptional is consistent with the original charge.

M&A and integration

M&A and integration costs of £0.5 million in the prior period relate to costs associated with the integration of businesses acquired in 2018, predominantly Ashland.

Redundancy and restructuring

Redundancy and restructuring costs of £0.3 million in the prior period relate primarily to costs associated with a workforce reduction.

Finance costs

Net finance costs decreased to £4.7 million (H1 2020: £6.3 million).

Interest payable on bank loans, private placement notes and overdrafts decreased to £3.1 million (H1 2020: £5.0 million), predominantly reflecting the reduction in net debt. Interest on lease liabilities of £1.2 million reduced slightly (H1 2020: £1.5 million) as a result of a reduction in lease liabilities.

Non-cash movements charged to net finance costs in the period include amortisation of capitalised borrowing costs of £0.3 million (H1 2020: £0.3 million) and pension interest costs of £0.1 million (H1 2020: £0.1 million).

Taxation

The Group reported an income tax charge of £8.0 million (H1 2020: £2.3 million), comprising a current tax charge of £10.3 million (H1 2020: £2.9 million) and a deferred tax credit of £2.3 million (H1 2020: credit of £0.6 million), representing an effective tax rate of 23.3% (H1 2020: 15.6%). The adjusted effective tax rate was 23.3% (H1 2020: 21.7%). The increase in the effective tax rate reflects the one-off release of an excess provision and utilisation of available tax credits in the prior period. This is the Group's current best estimate of the effective tax rate for the 2021 full year.

During the period, the Group paid corporation tax of £9.2 million (H1 2020: £1.3 million). The increase is a result of the increase in profit levels as well as payment deferrals granted by the US and Italian governments H1 2020 in light of COVID-19.

Earnings per share

Basic earnings per share increased by 112% to 13.5 pence (H1 2020: 6.4 pence), and adjusted earnings per share increased to 17.1 pence (H1 2020: 9.9 pence), reflecting the increase in profit after tax.

There is no material difference between these calculations and the fully diluted earnings per share calculations.

Cash generation, funding and liquidity

Cash and cash conversion

£m	H1 2021	H1 2020
Net cash generated from operations	**24.1**	33.6
Add: Pension contributions	**0.4**	0.2
Add: Income tax paid	**9.2**	1.3
Less: Purchases of property, plant and equipment	**(5.5)**	(3.7)
Less: Purchases of intangible assets	**(1.5)**	(0.4)
Add: Proceeds on disposal of PPE	**0.7**	-
Operational cash flow after exceptional cash costs	**27.4**	31.0
Exceptional cash costs	**0.2**	2.2
Operational cash flow	**27.6**	33.2
Less: Pension contributions	**(0.4)**	(0.2)
Less: Income tax paid	**(9.2)**	(1.3)
Less: Net interest paid[1]	**(4.4)**	(6.6)
Less: Exceptional cash costs	**(0.2)**	(2.2)
Free cash flow	**13.4**	22.9

Operational cash flow in the period decreased by 17% to £27.6 million, predominantly due to a higher working capital outflow, and an increase in capital expenditure. The working capital outflow in H1 2021 was £24.9 million compared to £7.3 million in H1 2020, due to the effect of COVID-19 on the typical seasonal build in 2020. H1 2020 also benefitted from deferred government payments granted due to COVID-19 of c. £4 million. Operating cash conversion in H1 2021 was 58% (H1 2020: 106%).

Free cash flow in the period was lower than H1 2020 at £13.4 million (H1 2020: £22.9 million) as a result of a lower operational cash flow, higher income tax payments on account, lower interest payments and lower levels of exceptional cash flows.

Debt facilities

Bank and US private placement facilities available to the Group, as at 30 June 2021, were as follows:

Facility	Maturity	Currency	Committed	Uncommitted
2018 Facility	Feb 2024	Multicurrency	£240.0m	£70.0m
4.97 % USPP	Nov 2021	US$	US$55.0m	-
5.37 % USPP	Nov 2024	US$	US$45.0m	-
Other facilities	Various	€	€0.1m	-

Liquidity

At 30 June 2021 the Group had gross outstanding borrowings of £208.8 million (H1 2020: £301.1 million), cash balances of £61.1 million (H1 2020: £79.9 million) and committed but undrawn facilities of £153.1 million (H1 2020: £78.7 million). This provides immediately available liquidity of £214.2 million (H1 2020: £158.6 million). The Group also has potential access to the uncommitted £70.0 million accordion facility.

Net debt at the period end was £146.8 million (H1 2020: £219.8 million). Adjusted net debt, which excludes lease liabilities and unamortised finance arrangement fees was £95.9 million (H1 2020: £160.5 million), reflecting strong operational cash generation and movements in foreign exchange.

Covenant performance

At 30 June 2021	Test	Performance (1)	Headroom (2)	Headroom (2)
Leverage	< 4.0x	**0.9x**	85.5m	77.5%
Interest Cover	> 4.0x	**15.8x**	81.3m	74.7%

(1) *Calculated covenant performance consistent with the Group's banking covenant test (banking covenants set on a frozen GAAP basis and not impacted by IFRS 16)*

(2) *The approximate amount by which adjusted EBITDA would need to decline before the relevant covenant is breached*

At the half year, the Group retained significant headroom on its banking covenants. Leverage at the period end was 0.9x (H1 2020: 1.8x), reflecting the higher EBITDA and lower level of net debt. Interest cover at the period end was 15.8x (H1 2020: 8.4x), reflecting the lower interest expense and an increase in adjusted EBITDA.

In the prior year, in order to provide additional headroom during the period of uncertainty arising from COVID-19, the Group agreed a temporary relaxation of the leverage covenant with its lenders from 3.0x adjusted EBITDA to 3.5x at December 2020 and 4.0x at 30 June 2021. From December 2021, this reverts back to 3.0x adjusted EBITDA.

Balance sheet – assets and liabilities

Working capital

£m	FY 2020	Mvt	FX	H1 2021
Inventories	84.0	27.9	(1.3)	**110.6**
Trade receivables	63.1	10.9	(1.3)	**72.7**
Trade payables	(55.1)	(10.4)	1.0	**(64.5)**
Trade working capital	92.0	28.4	(1.6)	**118.8**

Trade working capital at the half year, net of provisions, was £118.8 million (H1 2020: £114.4 million; FY 2020: £92.0 million). The trade working capital build to the half year at average exchange rates was £28.4 million (H1 2020: £6.9 million).

The inventory build at average exchange rates was £27.9 million (H1 2020: £2.0 million). Inventory has increased significantly as a result of the increase in demand, as well as delays in shipping finished goods in North America due to workforce availability issues. Trade receivables and trade payables increased in the period due to the increased trading activity in the period.

The year to date increase in trade working capital was partially offset by a £1.6 million adverse exchange movement.

Capital expenditure

Gross capital expenditure increased to £7.0 million (H1 2020: £4.1 million) or 1.1x depreciation (H1 2020: 0.6x), as the Group resumed investment following deferral of most non-essential expenditure in H1 2020 in light of COVID-19. Capital expenditure for the full year is expected to be £18 - £23 million, slightly lower than previous due to the level of operational intensity. The Group is prioritising those projects that have the most short-term impact on capacity.

Balance sheet - equity

Shares in issue

At 30 June 2021, the total number of shares in issue was 196.8 million (H1 2020: 196.8 million) of which 0.5 million shares were held in treasury (H1 2020: 0.5 million).

Employee Benefit Trust purchases

At 30 June 2021, the EBT held 0.8 million shares (H1 2020: 1.1 million). During the period, the EBT purchased 0.1 million shares in Tyman plc at a total cost of £0.3 million.

Other financial matters

Return on capital employed

ROCE increased by 470 bps to 15.5% (H1 2020: 10.8%) as a result of the strong adjusted operating profit, the lower carrying value of intangible assets through amortisation, and the impact of foreign exchange on goodwill.

Currency

The principal foreign currencies that impact the Group's results are the US dollar, the Euro, the Australian dollar and the Canadian dollar. In H1 2021, the Sterling was stronger against the US dollar, only slightly stronger against the Euro and Canadian dollar, and weaker against the Australian dollar when compared with the average exchange rates in H1 2020.

Translational exposure

Currency	US$	Euro	AUS$	CA$	Other	Total
% mvt in average rate	10.1%	0.7%	(6.2)%	0.7%		
£m Revenue impact(1)	(19.0)	(0.3)	0.3	-	(2.0)	**(21.0)**
£m Profit impact (1)(2)	(3.1)	(0.1)	0.1	-	(0.3)	**(3.4)**
1c decrease impact (3)	£217k	£60k	£5k	£9k		

(1) Calculated based on H1 2021 financial information

(2) Adjusted Operating 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

The net effect of currency translation caused revenue and adjusted operating profit from ongoing operations to decrease by £21.0 million and £3.4 million respectively compared with H1 2020.

Transactional exposure

Divisions that purchase or sell products in currencies other than their functional currency will potentially incur transactional exposures. For purchases by the UK & Ireland division from the Far East, these exposures are principally Sterling/US dollar or Chinese renminbi. The Group's policy is to recover adverse transactional currency movements through price increases or surcharges. Currency forwards are used to cover expected future purchases for up to six months. The objective is to achieve an element of certainty in the cost of landed goods and to allow sufficient time for any necessary price changes to be implemented.

The gain on foreign exchange hedges in H1 2021 is minimal (H1 2020: gain of £0.6 million). The Group's other transactional exposures generally benefit from the existence of natural hedges and are immaterial.

Jason Ashton
Chief Financial Officer

Tyman plc

Condensed consolidated income statement

	Note	**Six months ended 30 June 2021 (unaudited) £m**	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Revenue	3	**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[(1)] operating profit	3	**47.8**	31.3	80.3
Exceptional items	4	**0.1**	(0.8)	(1.8)
Amortisation of acquired intangible assets	9	**(8.9)**	(9.5)	(18.8)
Operating profit		**39.0**	21.0	59.7
Finance income	5	**-**	0.6	0.3
Finance costs	5	**(4.7)**	(6.9)	(12.4)
Net finance costs	5	**(4.7)**	(6.3)	(12.1)
Profit before taxation		**34.3**	14.7	47.6
Income tax charge	6	**(8.0)**	(2.3)	(10.4)
Profit for the period		**26.3**	12.4	37.2
Basic earnings per share	7	**13.5p**	6.4p	19.1p
Diluted earnings per share	7	**13.4p**	6.4p	19.0p
Non-GAAP alternative performance measures[(1)]				
Adjusted[(1)] operating profit		**47.8**	31.3	80.3
Adjusted[(1)] profit before taxation		**43.4**	24.7	68.4
Basic Adjusted earnings per share	7	**17.1p**	9.9p	27.2p
Diluted Adjusted earnings per share	7	**17.0p**	9.9p	27.1p

(1) Before amortisation of acquired intangible assets, deferred taxation on amortisation of acquired intangible assets, impairment of goodwill, exceptional items, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs, and the associated tax effect. See definitions on page 39 for non-GAAP alternative performance measures.

Tyman plc

Condensed consolidated statement of comprehensive income

	Six months ended 30 June 2021 (unaudited) £m	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Profit for the period	**26.3**	12.4	37.2
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	**1.5**	(0.8)	1.4
Total items that will not be reclassified to profit or loss	**1.5**	(0.8)	1.4
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(5.1)**	19.9	(12.7)
Effective portion of changes in value of cash flow hedges	**-**	0.2	0.3
Total items that may be reclassified to profit or loss	**(5.1)**	20.1	(12.4)
Other comprehensive income/(expense) for the period	**(3.6)**	19.3	(11.0)
Total comprehensive income for the period	**22.7**	31.7	26.2

Tyman plc

Condensed consolidated statement of changes in equity

	Share capital £m	Treasury reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2020 (audited)	9.8	(4.3)	(0.3)	59.5	351.6	416.3
Total comprehensive income	-	-	0.2	19.9	11.6	31.7
Profit for the period	-	-	-	-	12.4	12.4
Other comprehensive income/(expense)	-	-	0.2	19.9	(0.8)	19.3
Transactions with owners	-	0.8	-	-	(0.7)	0.1
Share-based payments(1)	-	-	-	-	0.4	0.4
Issue of own shares from EBT	-	1.1	-	-	(1.1)	-
Purchase of own shares for EBT	-	(0.3)	-	-	-	(0.3)
At 30 June 2020 (unaudited)	9.8	(3.5)	(0.1)	79.4	362.5	448.1
Total comprehensive income/(expense)	-	-	0.1	(32.6)	27.0	(5.5)
Profit for the period	-	-	-	-	24.8	24.8
Other comprehensive income/(expense)	-	-	0.1	(32.6)	2.2	(30.3)
Transactions with owners	-	0.1	-	-	0.4	0.5
Share-based payments(1)	-	-	-	-	0.5	0.5
Issue of own shares from EBT	-	0.1	-	-	(0.1)	-
At 31 December 2020 (audited)	9.8	(3.4)	-	46.8	389.9	443.1
Total comprehensive income/(expense)	-	-	-	(5.1)	27.8	22.7
Profit for the period	-	-	-	-	26.3	26.3
Other comprehensive income/(expense)	-	-	-	(5.1)	1.5	(3.6)
Transactions with owners	-	0.7	-	-	(8.2)	(7.5)
Share-based payments(1)	-	-	-	-	0.6	0.6
Dividends paid	-	-	-	-	(7.8)	(7.8)
Issue of own shares from EBT	-	1.0	-	-	(1.0)	-
Purchase of own shares for EBT	-	(0.3)	-	-	-	(0.3)
At 30 June 2021 (unaudited)	**9.8**	**(2.7)**	**-**	**41.7**	**409.5**	**458.3**

(1) Share-based payments include a tax debit of £Nil (six months ended 30 June 2020: £Nil; year ended 31 December 2020: tax credit of £0.2 million)

Tyman plc

Condensed consolidated balance sheet

	Note	**30 June 2021 (unaudited) £m**	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
TOTAL ASSETS				
Non-current assets				
Goodwill	8	**357.2**	393.2	361.9
Intangible assets	9	**74.5**	100.4	84.1
Property, plant and equipment	10	**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	13	**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	13	**-**	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	13	**(0.2)**	-	(0.2)
Borrowings	11	**(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)
Non-current liabilities				
Borrowings	11	**(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				
Capital and reserves attributable to owners of the Company				
Share capital	12	**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

Tyman plc

Condensed consolidated cash flow statement

	Note	**Six months ended 30 June 2021 (unaudited) £m**	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Cash flow from operating activities				
Profit before taxation	3	**34.3**	14.7	47.6
Adjustments	14	**24.3**	27.9	55.9
Changes in working capital[1]:				
Inventories		**(27.9)**	(2.0)	3.3
Trade and other receivables		**(12.5)**	(0.5)	1.7
Trade and other payables		**15.5**	(4.8)	3.3
Provisions utilised		**-**	(0.2)	(0.4)
Pension contributions		**(0.4)**	(0.2)	(1.7)
Income tax paid		**(9.2)**	(1.3)	(13.8)
Net cash generated from operations		**24.1**	33.6	95.9
Cash flow from investing activities				
Purchases of property, plant and equipment	10	**(5.5)**	(3.7)	(9.9)
Purchases of intangible assets	9	**(1.5)**	(0.4)	(0.6)
Proceeds on disposal of PPE		**0.7**	-	-
Acquisitions of subsidiary undertakings[2]		**-**	(1.5)	(1.5)
Net cash used in investing activities		**(6.3)**	(5.6)	(12.0)
Cash flow from financing activities				
Interest paid		**(4.4)**	(6.6)	(12.5)
Dividends paid		**(7.8)**	-	-
Purchase of own shares for EBT		**(0.3)**	(0.3)	(0.3)
Drawdown of revolving credit facility		**-**	83.4	91.6
Repayments of revolving credit facility		**(9.2)**	(71.6)	(135.7)
Principal element of lease payments		**(3.2)**	(3.3)	(6.4)
Net cash generated (used in)/from financing activities		**(24.9)**	1.6	(63.3)
Net (decrease)/increase in cash and cash equivalents		**(7.1)**	29.6	20.6
Exchange (losses)/gains on cash		**(1.5)**	1.3	0.1
Cash and cash equivalents at start of period		**69.7**	49.0	49.0
Cash and cash equivalents at the end of period		**61.1**	79.9	69.7

(1) *Excluding the effects of acquisition and exchange differences on consolidation.*
(2) *Net of cash acquired.*

Tyman plc

Notes to the condensed consolidated financial statements

1. General information

Tyman plc is a leading international supplier of engineered fenestration and access solutions to the construction industry. The Group designs and manufactures products that enhance the comfort, sustainability, security, safety and aesthetics of residential homes and commercial buildings. Tyman serves its markets through three regional divisions. Headquartered in London, the Group employs approximately 4,300 people with facilities in 17 countries worldwide.

Tyman is a public limited company listed on the London Stock Exchange, incorporated and domiciled in England and Wales. The address of the Company's registered office is 29 Queen Anne's Gate, London, SW1H 9BU.

These Interim Financial Statements were approved for issue on 27 July 2021 and have been reviewed, not audited, by PwC, the Group's auditors.

These Interim Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 4 March 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information for the year ended 31 December 2020 is extracted from the Group's consolidated financial statements for that year.

2. Accounting policies and basis of preparation

2.1 Basis of preparation

The Interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34, 'Interim Financial Reporting'. The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by Tyman plc during the interim reporting period.

2.2 Changes in accounting policies and disclosures

2.2.1 New accounting standards effective in period

The accounting standards that became applicable in the period did not impact on the Group's accounting policies and did not require retrospective adjustments.

In April 2021, the IFRS Interpretations Committee confirmed their decision regarding the accounting for Configuration and Customisation ('CC') costs in a Cloud Computing Arrangements (Software as a Service 'SaaS') under IAS 38. This does not have an impact on the current period's results but may impact the treatment of implementation costs associated with certain system upgrades planned later in 2021 and 2022. This means that implementation costs that would previously have been capitalised as intangible assets may need to be expensed upfront unless they meet the definition of separable intangible assets.

The Group will assess the appropriate treatment for each system implementation based on the circumstances. This is not expected to have a material impact on 2021.

2.2.2 New, revised and amended accounting standards not yet effective

None of the standards which have been issued by the IASB but are not yet effective are expected to have a material impact on the Group.

2.3 Going concern

The Group's business activities, financial performance and position, together with factors likely to affect its future development and performance are described in the overview of results on pages 3 to 5. There have been no changes to the Group principal risks and uncertainties from those outlined in the annual report for the year ended 31 December 2020.

As at 30 June 2021, the Group had cash and cash equivalents of £61.1 million and an undrawn RCF available of £153.1 million, giving liquidity headroom of £214.2 million. The Group also has potential access to an uncommitted accordion facility of £70 million.

The Group is subject to leverage and interest cover covenants tested in June and December and had significant headroom on both covenants at 30 June 2021. In the previous year, to provide increased headroom during the period of uncertainty arising from COVID-19, the Group agreed a relaxation of the leverage covenant from 3.0x adjusted EBITDA to 3.5x at 31 December 2020 and 4.0x at 30 June 2021. The Group has £85.5 million of EBITDA headroom on the leverage covenant (77.5%) and £81.3 million on the interest cover covenant (74.7%).

The Group has modelled a base case scenario and a severe but plausible downside scenario. The base case scenario reflects the latest forecast for the remainder of 2021 and 2022, which assumes current trading conditions continue. The downside scenario assumes a deterioration of current trading conditions, with revenue falling 5% below the base case in H2 2021 and 12% below the base case in 2022. This scenario could arise if the raw material and labour availability issues worsen or demand slows as COVID restrictions continue to ease.

In both scenarios modelled, the Group would retain significant liquidity and covenant headroom throughout the period to 31 December 2022. Having reviewed the scenario models, available liquidity and taking into account current trading, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

2.4 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Taxes on income in the interim periods are accrued using tax rates that would be applicable to expected total annual profit or loss.

2.5 Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

3. Segment reporting

Segment information

The reporting segments reflect the manner in which performance is evaluated and resources are allocated. The Group operates through three clearly defined divisions: Tyman North America, Tyman UK & Ireland and Tyman International.

North America comprises all the Group's operations within the US, Canada and Mexico. UK & Ireland comprises the Group's UK and Ireland hardware business, together with Access 360 and Tyman Sourcing Asia. International comprises the Group's remaining businesses outside the US, Canada, Mexico and the UK (although includes the two UK seal manufacturing plants). Centrally incurred functional costs that are directly attributable to a division are allocated or recharged to the division. All other centrally incurred costs and eliminations are disclosed as a separate line item in the segment analysis.

Each reporting segment broadly represents the Group's geographical focus, being the North American, UK and International operations respectively. In the opinion of the Board, there is no material difference between the Group's operating segments and segments based on geographical splits. Accordingly, the Board does not consider geographically defined segments to be reportable. For completeness, the Group discloses certain financial data for business carried on in the UK that is not accounted for in Tyman UK & Ireland in note 3.1.

The following tables present Group revenue and profit information for the Group's reporting segments, which have been generated using the Group accounting policies, with no differences of measurement applied, other than those noted above.

3.1 Revenue

	Six months ended 30 June 2021 (unaudited) £'m			Six months ended 30 June 2020 (unaudited) £'m		
	Segment revenue	**Inter-segment revenue**	**External revenue**	Segment revenue	Inter-segment revenue	External revenue
North America	**192.7**	**(1.1)**	**191.6**	169.4	(1.2)	168.2
UK & Ireland	**54.5**	**(0.2)**	**54.3**	39.4	(0.3)	39.1
International	**68.2**	**(1.6)**	**66.6**	47.9	(1.1)	46.8
Total revenue	**315.4**	**(2.9)**	**312.5**	256.7	(2.6)	254.1

	Year ended 31 December 2020 (audited) £'m		
	Segment revenue	Inter-segment revenue	External revenue
North America	374.8	(2.7)	372.1
UK & Ireland	92.8	(0.6)	92.2
International	110.9	(2.4)	108.5
Total revenue	578.5	(5.7)	572.8

Included within the International segment is revenue attributable to the UK of £11.2 million (six months ended 30 June 2020: £7.5 million; year ended 31 December 2020: £17.2 million).

3.2 Profit before taxation

	Note	**Six months ended 30 June 2021 (unaudited) £m**	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
North America		**34.0**	24.8	64.5
UK & Ireland		**7.8**	3.8	8.8
International		**10.5**	4.6	12.3
Operating segment result		**52.3**	33.2	85.6
Centrally incurred costs		**(4.5)**	(1.9)	(5.3)
Adjusted operating profit		**47.8**	31.3	80.3
Exceptional items	4	**0.1**	(0.8)	(1.8)
Amortisation of acquired intangible assets	9	**(8.9)**	(9.5)	(18.8)
Operating profit		**39.0**	21.0	59.7
Net finance costs	5	**(4.7)**	(6.3)	(12.1)
Profit before taxation		**34.3**	14.7	47.6

4. Exceptional items

	Six months ended 30 June 2021 (unaudited) £'m	Six months ended 30 June 2020 (unaudited) £'m	Year ended 31 December 2020 (audited) £'m
Footprint restructuring - credits	**0.1**	-	0.2
Footprint restructuring - net	**0.1**	-	0.2
M&A and integration - costs	**-**	(0.5)	(0.8)
M&A and integration - credits	**-**	-	0.6
M&A and integration - net	**-**	(0.5)	(0.2)
Redundancy and restructuring	**-**	(0.3)	-
Loss on disposal of business	**-**	-	(1.8)
	0.1	(0.8)	(1.8)

Footprint restructuring

The footprint restructuring credit relates to release of an excess provision made in the prior year related to the streamlining of the International footprint. The classification as exceptional is consistent with the original charge.

M&A and integration

M&A and integration costs in previous periods relate to costs associated with the integration of businesses acquired in 2018, predominantly Ashland. The M&A and integration credits at year end 2020 related to the release of an excess warranty provision made on a previous acquisition.

Redundancy and restructuring

Redundancy and restructuring costs of £0.3 million in the previous period relate primarily to costs associated with a workforce reduction.

Loss on disposal of business

The loss on disposal of business in the year ended 31 December 2020 related to the loss on disposal of the Ventrolla business, which was divested on 5 November 2020.

5. Finance income and costs

	Six months ended 30 June 2021 (unaudited) £m	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Finance income			
Gain on revaluation of fair value hedge	**-**	0.6	0.3
	-	0.6	0.3
Finance costs			
Interest payable on bank loans, private placement notes and overdrafts	**(3.1)**	(5.0)	(8.9)
Interest on lease liabilities	**(1.2)**	(1.5)	(2.8)
Amortisation of borrowing costs	**(0.3)**	(0.3)	(0.5)
Pension interest cost	**(0.1)**	(0.1)	(0.2)
	(4.7)	(6.9)	(12.4)
Net finance costs	**(4.7)**	(6.3)	(12.1)

6. Taxation

The Group reported an income tax charge to the income statement of £8.0 million (H1 2020: £2.3 million), comprising a current tax charge of £10.3 million (H1 2020: £2.9 million) and a deferred tax credit of £2.3 million (H1 2020: £0.6 million).

The tax charge has been calculated using an effective tax rate of 23.3% (H1 2020: 15.6%) based on tax rates substantively enacted at 30 June 2021. The adjusted effective tax rate was 23.3% (H1 2020: 21.7%). This is the Group’s current best estimate of the effective tax rate for the 2021 full year.

Deferred tax balances have been calculated at the substantively enacted rates they are expected to unwind at in their respective territories. In the UK, legislation to increase the standard rate of corporation tax to 25% from 1 April 2023 was substantively enacted in the Finance Act 2021 on 10 June 2021, and consequently deferred tax has been remeasured to reflect this.

An actuarial gain on defined benefit pension plans has resulted in a tax credit to the statement of other comprehensive income of £0.6m.

During the period, the Group paid corporation tax of £9.2 million (H1 2020: £1.3 million). The increase reflects the ending of prior year payment deferrals granted by the US and Italian governments in light of COVID-19.

	Six months ended 30 June 2021 (unaudited) £m	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Current taxation			
Current tax on profit for the period	**(10.3)**	(4.4)	(15.5)
Prior year adjustments	**-**	1.5	1.4
Total current taxation	**(10.3)**	(2.9)	(14.1)
Deferred taxation			
Origination and reversal of temporary differences	**2.4**	0.6	3.6
Tax rate change adjustment	**(0.1)**	-	0.1
Total deferred taxation	**2.3**	0.6	3.7
Income tax charge in the income statement	**(8.0)**	(2.3)	(10.4)
Income tax charge in the statement of other comprehensive income	**(0.6)**	-	(0.1)
Total current taxation	**(10.3)**	(2.9)	(14.2)
Total deferred taxation	**2.3**	0.6	3.7
Total taxation	**(8.6)**	(2.3)	(10.5)

On 25 April 2019, the European Commission published its final decision regarding its investigation into the UK CFC rules, concluding that the exemption applied to income derived from UK activities constituted a breach of EU State Aid rules.

The Group had previously disclosed a contingent liability but had not recognised a provision based on analysis performed and the level of uncertainty in respect of the potential liability. On 29 June 2021, HMRC notified the Group that it had concluded its review and determined that no State Aid had been provided. As such, there is no longer a contingent liability at 30 June 2021.

7. Earnings per share

7.1 Basic and diluted earnings per share

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)	Year ended 31 December 2020 (audited)
Basic earnings per share	**13.5p**	6.4p	19.1p
Diluted earnings per share	**13.4p**	6.4p	19.0p

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

7.2 Weighted average number of shares

	Six months ended 30 June 2021 (unaudited) m	Six months ended 30 June 2020 (unaudited) m	Year ended 31 December 2020 (audited) m
Weighted average number of shares (1)	**196.8**	196.8	196.8
Treasury and Employee Benefit Trust shares	**(1.5)**	(1.8)	(1.7)
Weighted average number of shares - basic	**195.3**	195.0	195.1
Effect of dilutive potential ordinary shares (2)	**0.7**	0.4	0.7
Weighted average number of shares - diluted	**196.0**	195.4	195.8

(1) Including treasury shares
(2) LTIP awards and options

7.3 Non-GAAP alternative performance measure: Adjusted earnings per share

The Group presents an adjusted earnings per share measure which excludes the impact of exceptional items, certain non-cash finance costs, amortisation of acquired intangible assets and certain non-recurring items. Adjusted earnings per share has been calculated using the Adjusted profit after taxation and using the same weighted average number of shares in issue as the earnings per share calculation. See Alternative Performance Measures on page 39.

	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

8. Goodwill

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Net book amount at the beginning of the period	**361.9**	371.3	371.3
Exchange difference	**(4.7)**	21.9	(9.4)
Net book amount at the end of the period	**357.2**	393.2	361.9

Goodwill is monitored principally on an operating segment basis and the net book value of goodwill is allocated by CGU as follows:

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
North America	**261.9**	296.4	265.6
UK & Ireland	**60.2**	60.2	60.2
International	**35.1**	36.6	36.1
Net book amount at the end of the period	**357.2**	393.2	361.9

Impairment assessment

The Directors have considered whether there are any impairment indicators at the interim and have concluded that there are no indicators that would require the Group to perform a full impairment test at 30 June 2021.

9. Intangible assets

	Note	**30 June 2021 (unaudited) £m**	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Net book amount at the beginning of the period		**84.1**	104.0	104.0
Additions		**1.5**	0.4	0.6
Disposals		**-**	-	(0.2)
Amortisation charge for the period		**(9.5)**	(10.2)	(20.3)
Transfers to property, plant and equipment		**-**	-	0.1
Exchange difference		**(1.6)**	6.2	(0.1)
Net book amount at the end of the period		**74.5**	100.4	84.1

The amortisation charge for the period includes £8.9 million relating to amortisation of acquired intangible assets (six months ended 30 June 2020: £9.5 million; year ended 31 December 2020: £18.8 million) and £0.6 million relating to amortisation of other intangible assets (six months ended 30 June 2020: £0.7 million; year ended 31 December 2020: £1.5 million). The amortisation charge for the period is included in administrative expenses in the income statement.

10. Property, plant and equipment

	Note	**30 June 2021 (unaudited) £m**	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Net book amount at the beginning of the period		**60.7**	65.8	65.8
Additions		**5.5**	3.7	9.9
Disposals		**(0.9)**	-	(1.3)
Depreciation charge for the period		**(5.7)**	(6.6)	(12.7)
Impairment charge for the period		**(0.2)**	(0.2)	(0.5)
Transfers from intangible assets		**-**	-	(0.1)
Exchange difference		**(1.0)**	3.7	(0.4)
Net book amount at the end of the period		**58.4**	66.4	60.7

The depreciation charge for the period is included in administrative expenses in the income statement.

11. Interest-bearing loans and borrowings

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Current	**(39.8)**	-	(40.3)
Non-current	**(116.3)**	(238.9)	(128.8)
	(156.1)	(238.9)	(169.1)

Movements in interest-bearing loans and borrowings are analysed as follows:

	Note	**30 June 2021 (unaudited) £m**	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Balance at the beginning of the period		**(169.1)**	(211.8)	(211.8)
Drawdown of revolving credit facility		**-**	(83.4)	(91.6)
Repayment of revolving credit facility		**9.2**	71.6	135.6
Amortisation of borrowing costs		**(0.3)**	(0.3)	(0.5)
Exchange difference		**4.1**	(15.0)	(0.8)
Balance at the end of the period		**(156.1)**	(238.9)	(169.1)

There were no defaults in the period under the terms of loan agreements. In July 2020, in order to provide increased headroom in the period of uncertainty caused by COVID-19, the Group agreed a temporary relaxation of the leverage covenant with its lenders from 3.0x adjusted EBITDA to 3.5x at December 2020 and 4.0x at 30 June 2021. The Group has significant headroom in both covenants.

The Group has the following undrawn committed multi-currency revolving credit facility:

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Floating rate			
Expiry beyond 12 months	**(155.5)**	(81.1)	(143.1)

The Group also has access to the uncommitted £70.0 million accordion facility and at 30 June 2021 held aggregate cash balances of £61.1 million (30 June 2020: £79.9 million; 31 December 2020: £69.7 million).

12. Share capital

	Number of shares '000	**Ordinary shares £m**
At 30 June 2020, 31 December 2020 and 30 June 2021	**196.8**	**9.8**

13. Financial risk management and financial instruments

13.1 Financial risk factors and fair value estimation

The Group is exposed to risks arising from the international nature of its operations and the financial instruments which fund them, in particular to foreign currency, interest rate and liquidity risks. Full details of the Group's policies for managing these risks are disclosed in the Group's annual financial statements for the year ended 31 December 2020.

Since the date of that report there have been no significant changes in:

- the nature of the financial risks to which the Group is exposed;
- the nature of the financial instruments which the Group uses;
- the Group's contractual cash outflows and the committed facilities available to fund them; or
- difference between book value and fair value of any financial instruments.

During the period the Group held no level 1 financial instruments, there were no transfers between levels and no changes were made to valuation techniques.

Derivatives shown at fair value in the Group's balance sheet comprise level 2 interest rate swaps fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

The Group's other financial instruments are measured at amortised cost.

13.2 Level 2 and level 3 fair values

The Group has the following financial assets and liabilities categorised at levels 2 and 3:

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Level 2			
Derivative financial assets	**-**	0.1	-
Derivative financial liabilities	**(0.2)**	-	(0.2)
Level 3			
Financial assets at fair value through profit or loss	**1.1**	1.1	1.1

13.3 Fair value of financial assets and liabilities measured at amortised cost

The fair values of borrowings are as follows:

	30 June 2021 (unaudited) £m	30 June 2020 (unaudited) £m	31 December 2020 (audited) £m
Current	**(44.8)**	-	(45.7)
Non-current	**(111.1)**	(238.2)	(177.2)
	(155.9)	(238.2)	(222.9)

The fair values of trade and other receivables, cash and cash equivalents, and trade and other payables approximate their carrying amounts.

14. Adjustments to cash flows from operating activities

The following non-cash and financing adjustments have been made to profit before taxation to arrive at operating cash flow:

	Note	**Six months ended 30 June 2021 (unaudited) £m**	Six months ended 30 June 2020 (unaudited) £m	Year ended 31 December 2020 (audited) £m
Net finance costs	5	**4.7**	6.3	12.1
Depreciation of PPE	10	**5.7**	6.6	12.7
Depreciation of right of use assets		**3.5**	3.9	7.7
Amortisation of intangible assets	9	**9.5**	10.2	20.3
Impairment of PPE	10	**0.2**	0.2	0.5
Impairment of ROU assets		**-**	-	0.3
Loss on disposal of PPE		**0.1**	-	1.3
Pension service costs and expected administration costs		**0.2**	0.2	0.4
Non-cash provision movements		**(0.2)**	0.1	(0.1)
Share-based payments		**0.6**	0.4	0.7
		24.3	27.9	55.9

15. Capital commitments

At 30 June 2021, the Group has capital commitments of £8.1 million for the purchase of property, plant and equipment and intangible assets (30 June 2020: £0.2 million; 31 December 2020: £1.1 million).

16. Related party transactions

There were no material related party transactions requiring disclosure, other than compensation of key management personnel which will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2021.

Statement of Directors' responsibilities

Each of the Directors of Tyman plc confirms, to the best of his or her knowledge, that:

- the Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and endorsed and adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit and loss of Tyman plc;
- the interim report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Tyman plc are listed in the Group's Annual Report and Accounts for the year ending 31 December 2020.

A list of the current Directors is maintained at the Tyman website: www.tymanplc.com.

By order of the Board

Jo Hallas	**Jason Ashton**
Chief Executive Officer	Chief Financial Officer

27 July 2021

Independent review report to Tyman plc

Report on the interim financial statements

Our conclusion

We have reviewed Tyman plc's interim financial statements (the "interim financial statements") in the interim report of Tyman plc for the 6 months period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2021;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the Notes to the condensed consolidated financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London

27 July 2021

ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of Alternative Performance Measures (APMs). APMs provide additional useful information to shareholders on the underlying performance of the business. These APMs are consistent with how business performance is measured internally by the Group, align with the Group's strategy, and remuneration policies. These measures are not recognised under IFRS and may not be comparable with similar measures used by other companies. APMs are not intended to be superior to or a substitute for GAAP measures.

The following table summarises the key APMs used, why they are used by the Group, and how they are calculated. Where appropriate, a reconciliation to the nearest GAAP number is presented. Details of other APMs are included on the Group's website. Measures formerly referred to as 'Underlying' are now referred to as 'Adjusted'.

Adjusted operating profit and adjusted operating margin

Definition

Operating profit before amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, and exceptional items.

Adjusted operating margin is calculated as adjusted operating profit divided by revenue, expressed as a percentage.

Purpose

This measure is used to evaluate the trading operating performance of the Group.

Exceptional items are excluded from this measure as they are largely one off and non-trading in nature and therefore drawing these out aids the understanding of performance.

Amortisation of acquired intangible assets is excluded from this measure as this is a significant non-cash fixed charge that is not affected by the trading performance of the business.

Impairment of acquired intangible assets and goodwill is excluded, as this can be a significant non-cash charge.

Reconciliation/calculation

Adjusted operating profit is reconciled on the face of the income statement on page 20.

Like-for-like or LFL revenue and adjusted operating profit

Definition

The comparison of revenue or operating profit, as appropriate, excluding the impact of any acquisitions made during the current year and, for acquisitions made in the comparative year, excluding from the current year result the impact of the equivalent current year pre-acquisition period. For disposals, results are excluded for the whole of the current and prior period. The prior period comparative is retranslated at the current period average exchange rate. The Group considers these amendments provide shareholders with a comparable basis from which to understand the organic trading performance in the year.

Purpose

This measure is used by management to evaluate the Group's organic growth in revenue and adjusted operating profit, excluding the impact of M&A and currency movements.

Reconciliation/calculation

	Six months ended 30 June 2021 (unaudited) £'m	Six months ended 30 June 2020 (unaudited) £'m
Reported revenue	**312.5**	254.1
Disposal of Ventrolla	**-**	(1.5)
Effect of exchange rates	**-**	(16.2)
Like-for-like revenue	**312.5**	236.4
Adjusted operating profit	**47.8**	31.3
Disposal of Ventrolla	**-**	0.8
Effect of exchange rates	**-**	(2.2)
Like-for-like adjusted operating profit	**47.8**	29.9

Adjusted profit before and after tax

Definition

Profit before amortisation of acquired intangible assets, deferred tax on amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, exceptional items, unwinding of discount on provisions, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs, accelerated amortisation of borrowing costs and the associated tax effects.

Purpose

This measure is used to evaluate the profit generated by the Group through trading activities. In addition to the items excluded from operating profit above, the gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs, accelerated amortisation of borrowing costs and the associated tax effect are excluded. These items are excluded as they are of a non-trading nature.

Reconciliation/calculation

	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

[1] Tax effect of exceptional items, amortisation of borrowing costs, amortisation of acquired intangible assets, and gain or loss on revaluation of fair value hedge.

Adjusted earnings per share

Definition

Adjusted profit after tax divided by the basic weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Purpose

This measure is used to determine the improvement in adjusted EPS for the Group's shareholders.

Reconciliation/calculation

Adjusted profit after tax is reconciled above and the number of shares can be found in note 7.

Leverage

Definition

Adjusted net debt translated at the average exchange rate for the year divided by adjusted EBITDA as defined in the lending agreement.

Purpose

This measure is used to evaluate the ability of the Group to generate sufficient cash flows to cover its contractual debt servicing obligations.

Reconciliation/calculation

	Six months ended 30 June 2021 (unaudited) £'m	Six months ended 30 June 2020 (unaudited) £'m
Adjusted net debt (at average exchange rate)	**99.4**	155.6
Adjusted EBITDA	**110.4**	88.3
Leverage	**0.9x**	1.8x

Net debt and adjusted net debt

Definition

Interest-bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs added back.

Purpose

This gives a measure of the gross amount owed to lenders, without the effect of unamortised borrowing costs.

Reconciliation/calculation

	Six months ended 30 June 2021 (unaudited) £'m	Six months ended 30 June 2020 (unaudited) £'m
Borrowings	**(208.8)**	(301.2)
Cash	**61.1**	79.9
Unamortised borrowing costs	**0.9**	1.5
Net debt	**(146.8)**	(219.8)
Lease liabilities	**51.8**	60.8
Unamortised borrowing costs	**(0.9)**	(1.5)
Adjusted net debt	**(95.9)**	(160.5)

Return on Capital Employed (ROCE)

Definition

LTM adjusted operating profit as a percentage of the last thirteen-month average capital employed.

Purpose

This measure is used to evaluate how efficiently the Group's capital is being employed to improve profitability.

Reconciliation/calculation

	12 months ended 30 June 2021 (unaudited) £'m	12 months ended 30 June 2020 (unaudited) £'m
LTM adjusted Operating Profit	**96.8**	74.8
Last thirteen-month average capital employed	**624.8**	694.8
ROCE	**15.5%**	10.8%

Operating cash conversion and operational cash flow

Definition

Operational cash flow

Net cash generated from operations before Income tax paid, exceptional costs cash settled in the year and pension contributions, and after proceeds on disposal of property, plant and equipment, payments to acquire property, plant and equipment and payments to acquire intangible assets.

Adjusted operational cash flow

Operational cash flow, less lease payments.

Operating cash conversion

Operational cash flow divided by adjusted operating profit.

Purpose

These measures are used to evaluate the cash flow generated by the business operations in order to pay down debt, return cash to shareholders and invest in acquisitions.

Reconciliation/calculation

A reconciliation is included in the financial review on page 16.

DEFINITIONS AND GLOSSARY OF TERMS

Access 360	The Access Solutions business of ERA, constituting Bilco UK, Profab and Howe Green
APM	Alternative Performance Measure
ASEAN	Association of Southeast Asian Nations
bps	Basis points
CGU	Cash Generating Unit
CIPS	Chartered Institute of Purchasing and Supply
CMHC	Canada Mortgage and Housing Corporation
Dodge Momentum Index	Monthly measure of the initial report for non-residential building projects in planning
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortisation
EBT	Employee Benefit Trust
EPS	Earnings per Share
GCC	The Cooperation Council for the Arab States of the Gulf
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Interim Financial Statements	The condensed consolidated interim financial statements of Tyman plc for the six months ended 30 June 2021
Interim Report	The interim report of Tyman plc for the six months ended 30 June 2021
IoT	Internet of Things
LIRA	Leading Indicator of Replacement Activity
LTM	Last twelve months
M&A	Mergers and acquisitions
NAHB	The National Association of Home Builders
NPD	New product development
OEM	Original equipment manufacturer
PMI	Purchasing Managers' Index
PPE	Personal protective equipment
Tyman	Any references to Tyman, the Group, or the Company refer to Tyman plc and its subsidiaries
USPP	US private placement

EXCHANGE RATES

The following foreign exchange rates have been used in the financial information to translate amounts into Sterling:

Closing Rates:	**H1 2021**	H1 2020	FY 2020
US Dollars	**1.3836**	1.2327	1.3650
Euros	**1.1648**	1.0978	1.1129
Australian Dollars	**1.8431**	1.7925	1.7708
Canadian Dollars	**1.7151**	1.6817	1.7393
Brazilian Real	**6.8786**	6.6954	7.0898

Average Rates:	**H1 2021**	H1 2020	FY 2020
US Dollars	**1.3882**	1.2607	1.2836
Euros	**1.1520**	1.1441	1.1251
Australian Dollars	**1.8003**	1.9192	1.8626
Canadian Dollars	**1.7313**	1.7189	1.7200
Brazilian Real	**7.4790**	6.1795	6.6115

ROUNDINGS

Percentage numbers have been calculated using unrounded figures, which may lead to small differences in some figures and percentages quoted.