



# Introduction to Tyman

September 2023





## **Business overview**

# Introduction

Key information at a glance

## Market capitalisation

**c.£600m**

As at 1 September 2023

## Index

**FTSE250**

**FTSE4Good**

## Sustainability

**21%**

% of 2022 revenues generated from products with positive UN SDG impact in use

## Revenue

**£715.5m**

12 months to 31 December 2022

## Adjusted operating profit

**£94.6m (13.2% margin)**

12 months to 31 December 2022

## Employees

**c.3,700**

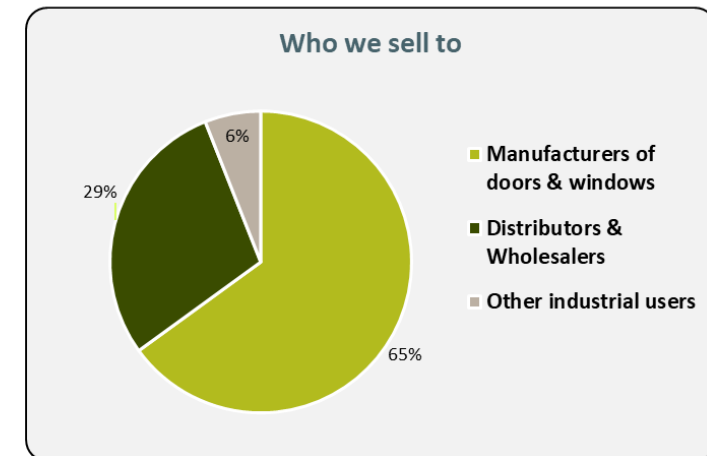
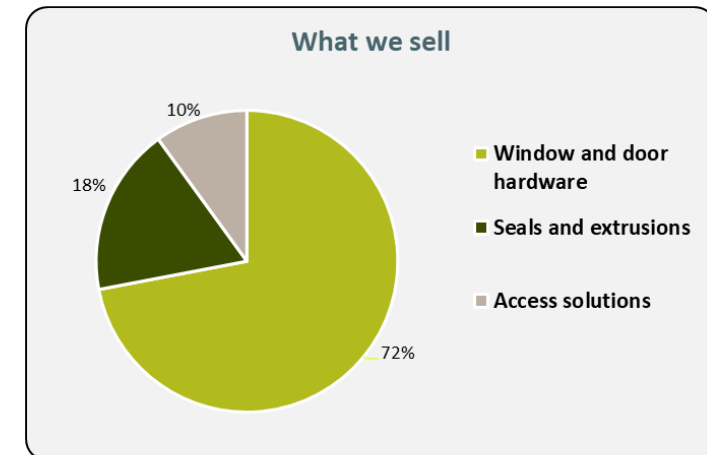
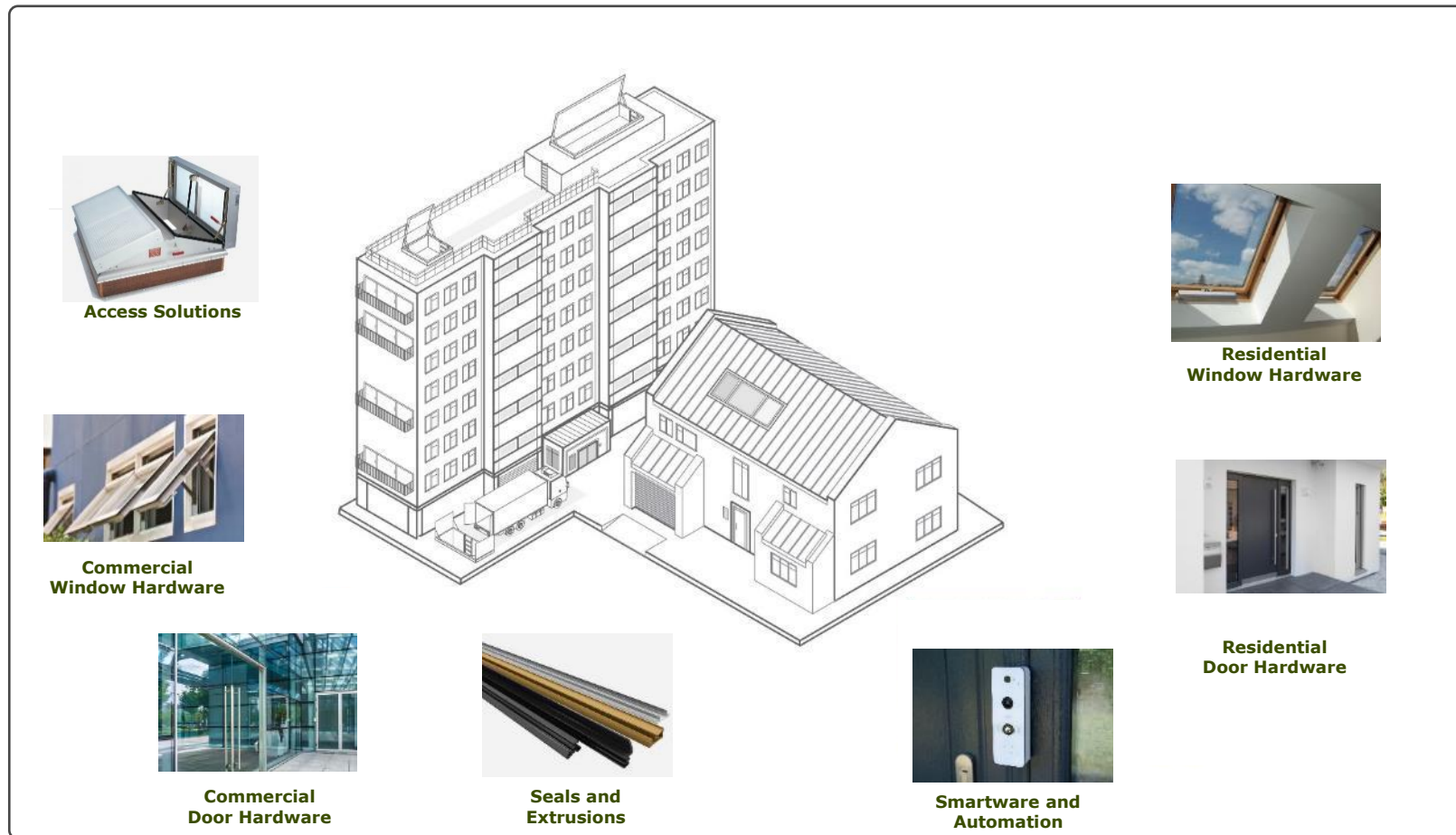
As at 31 December 2022



# Our offer

A comprehensive range of high quality, innovative products supported by value-added services

The portfolio covers all aspects of the hardware and sealing solutions required for doors and windows, and a full suite of solutions for roof, wall and floor access in residential and commercial buildings.



# Our value proposition

Tyman enhances the comfort, sustainability, security, safety & aesthetics of living and working spaces

Our products and solutions **comprise just c.10-15% of the installed cost** of a window or door but deliver significant value to the end user



## Comfort



Ventilation

Weatherproofing

Soundproofing



## Sustainability



Energy Efficiency of Buildings

Longevity of Buildings



## Security



Locking/  
Deterrent

Monitoring



## Safety



Fall  
Prevention

Hurricane  
Solutions

Fire  
Protection

Safe Access



## Aesthetics



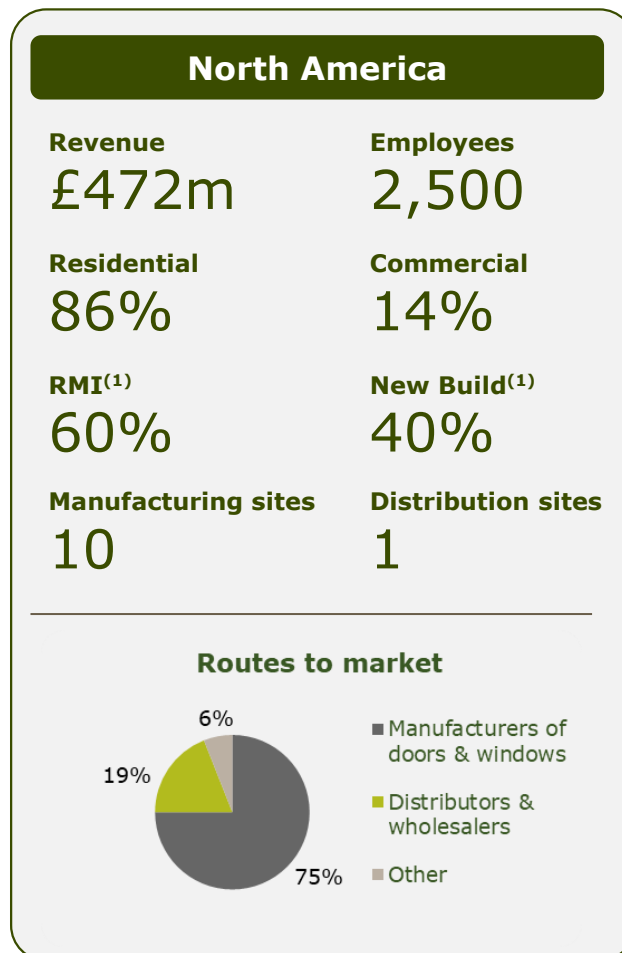
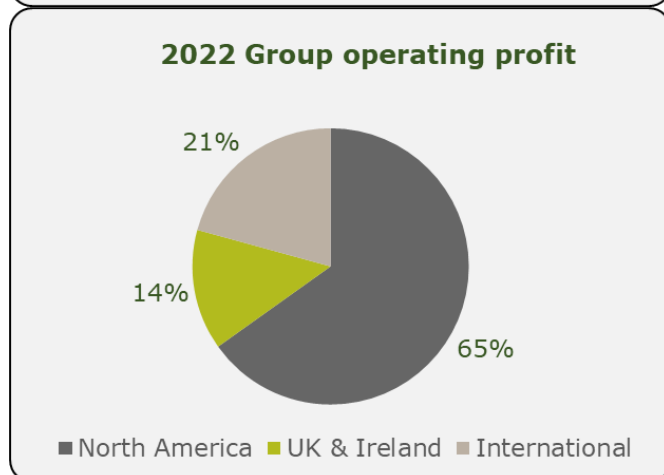
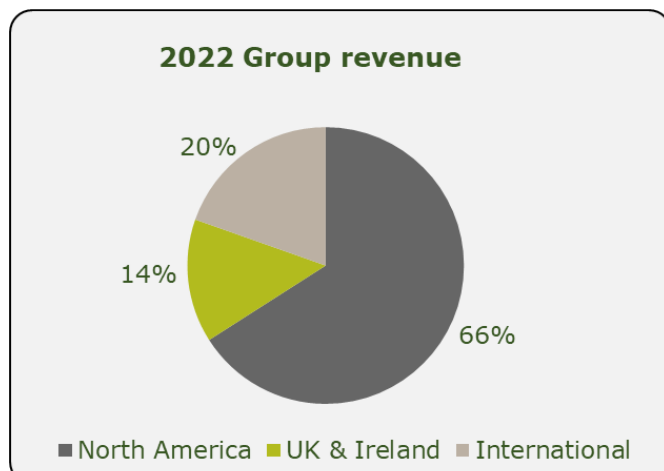
Look

Feel

Suiting

# Our divisions

Regional groupings of the same fundamental capabilities



<sup>1</sup> Company estimates

\* All above data based on 2022



## **Investment Case**

# High barriers to entry

Differentiated, highly-engineered products supported by value-added services

## Significant product differentiation

- ✓ Highly-engineered products with strong value impact for customers relative to their cost
- ✓ Relevant innovation: c. 500 active patents with c. 125 pending
- ✓ c. 20% of sales from patent-protected products

## Integrated, long-term customer relationships

- ✓ Strategic partner for customers, with long-standing relationships
- ✓ Value-added services include co-development, application engineering, integrated supply chain & accredited testing

## Family of world class brands

- ✓ Brands are generally #1 or #2 in their markets
- ✓ Strong brand recognition amongst industry professionals





# Favourable structural growth trends

Tyman's sizeable target markets are expected to benefit from strong growth drivers

Long-term megatrends provide favourable tailwinds ...



**Demographic & Social Change**



**Sustainable Future**



**Technology Disruption**

... supported by Tyman's attractive value proposition ...



**Comfort**



**Sustainability**



**Security**



**Safety**



**Aesthetics**

... and structural industry drivers



**Undersupply of housing**



**Ageing housing stock**

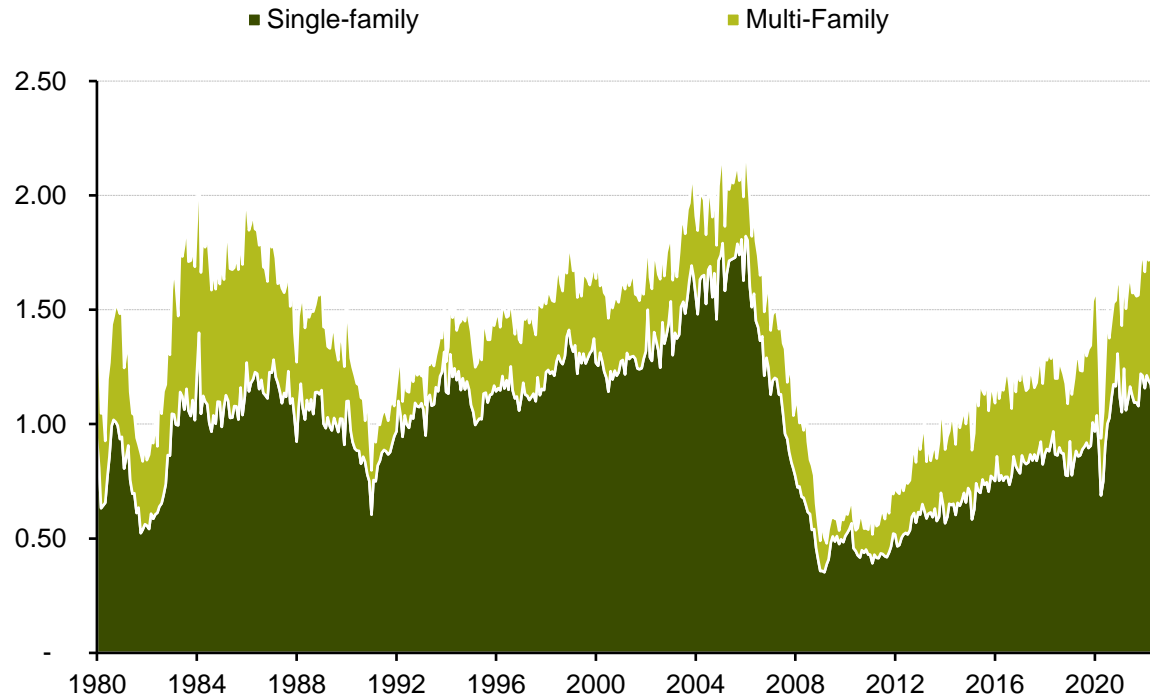


**Remodelling Spending**

# Leading position in attractive North American market

Market share of c. 40-45% in North American window and door hardware categories that we participate in

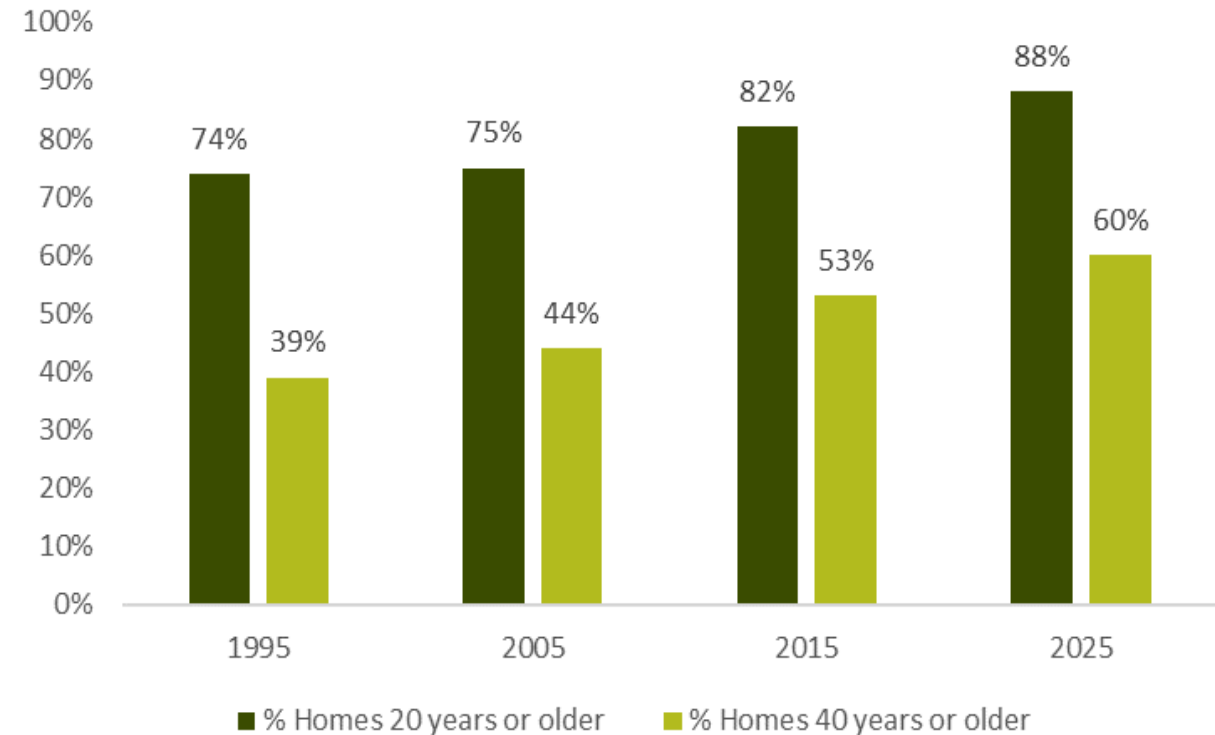
## Structural housing deficit support new build growth



Source: US Census Bureau, Evercore ISI

- ✓ Housing starts have averaged 1.25m over last 20 yrs
- ✓ 1.5m starts pa required to support US population growth

## Ageing housing stock supporting RMI growth



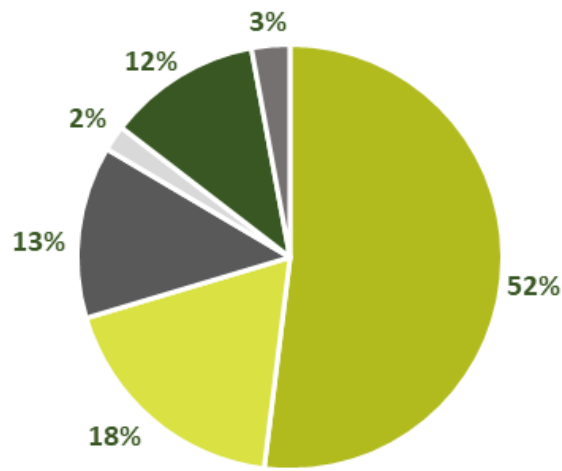
Source: Joint Centre for Housing Studies, Jefferies

- ✓ Median age of house has been steadily rising & is now over 40 yrs
- ✓ Window replacement typically takes place every 17-22 yrs
- ✓ More homes set to hit this window replacement "sweet spot"

# Sustainability an increasingly important growth driver

Tyman's revenues with positive UN SDG impact represents over 20% of Group revenues

2022 Sustainable Product Revenues (£147m)



- Energy Saving
  - Crime reduction
  - Fire protection
  - Severe weather protection
  - Safety & health protection
  - Inclusive living
- } Safety & Security

## Energy saving (c. £75m)

- ✓ Reducing heat loss from buildings
  - ✓ Energy saving window / door seals
  - ✓ 'Thermally broken' roof hatches
- ✓ Energy efficient micro-ventilation products



## Safety and security (c. £65m)

- ✓ Community crime reduction
  - ✓ High security locks and smart alarms
- ✓ Protection against climate hazards
  - ✓ Fire rated riser doors, hurricane-resistant roof hatches
- ✓ Child safety mechanisms for windows



## Inclusive living (c. £5m)

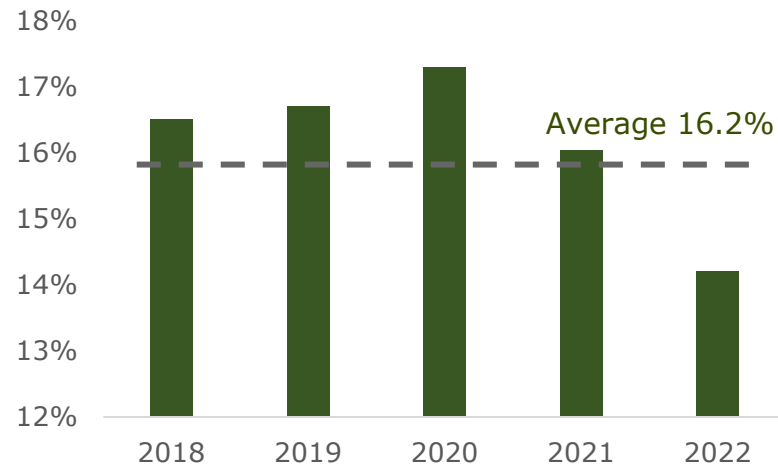
- ✓ Easy to use / automated window and door hardware for inclusive living



# Healthy operating margins with expansion opportunities

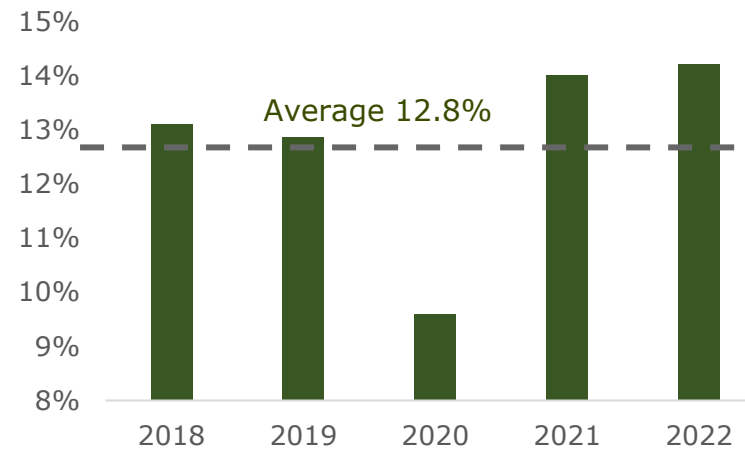
Disproportionate contribution to value of customers' products supports strong operating margins

## North America



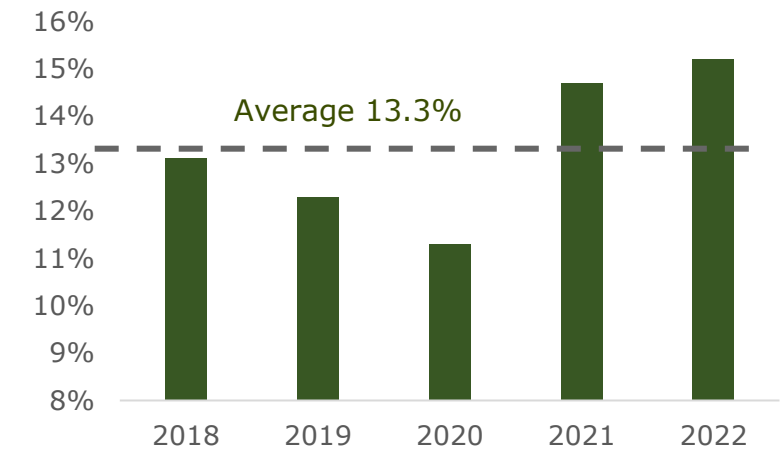
**20% target**

## UK & Ireland



**15% target**

## International

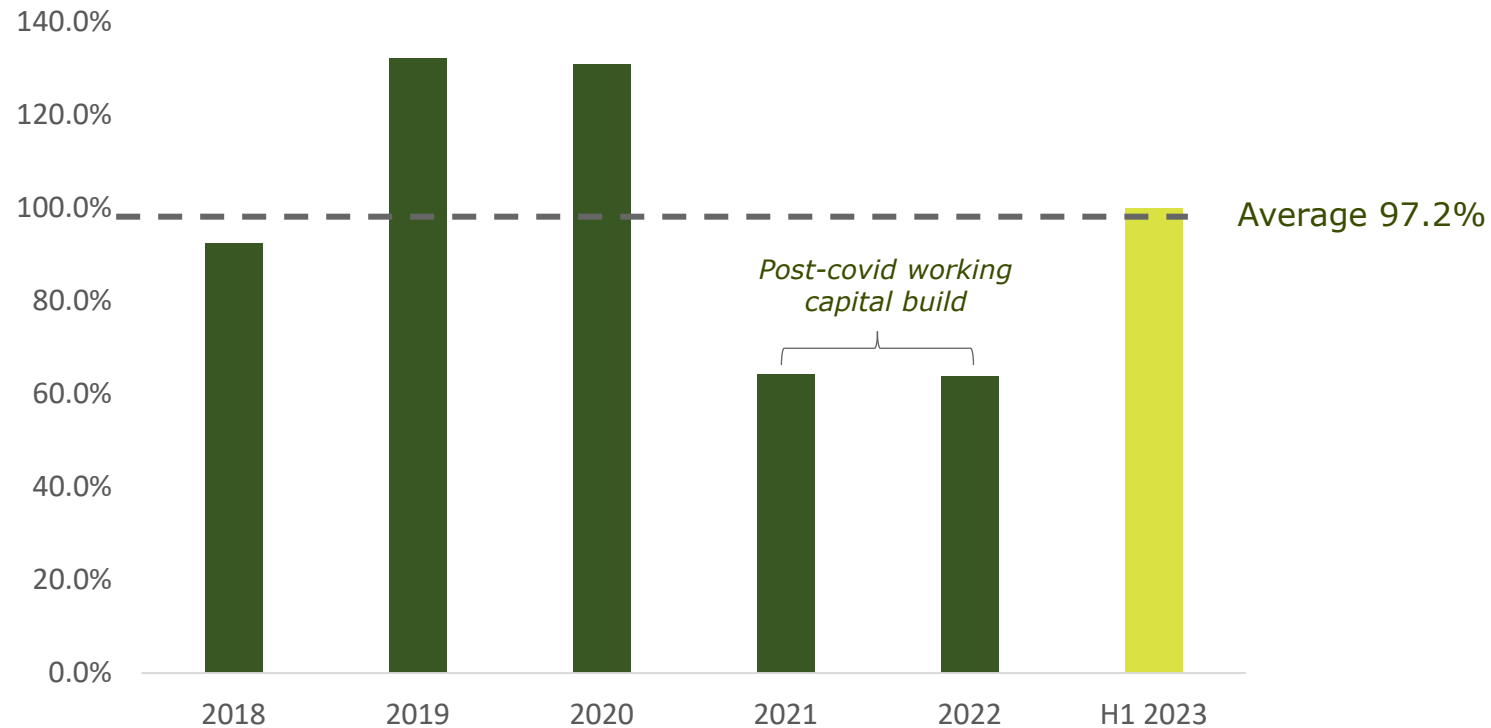


**15% target**

# Highly cash generative with strong balance sheet

Target operating cash conversion of >90% through the cycle

Operating Cash Conversion, 2018 – H1 2023



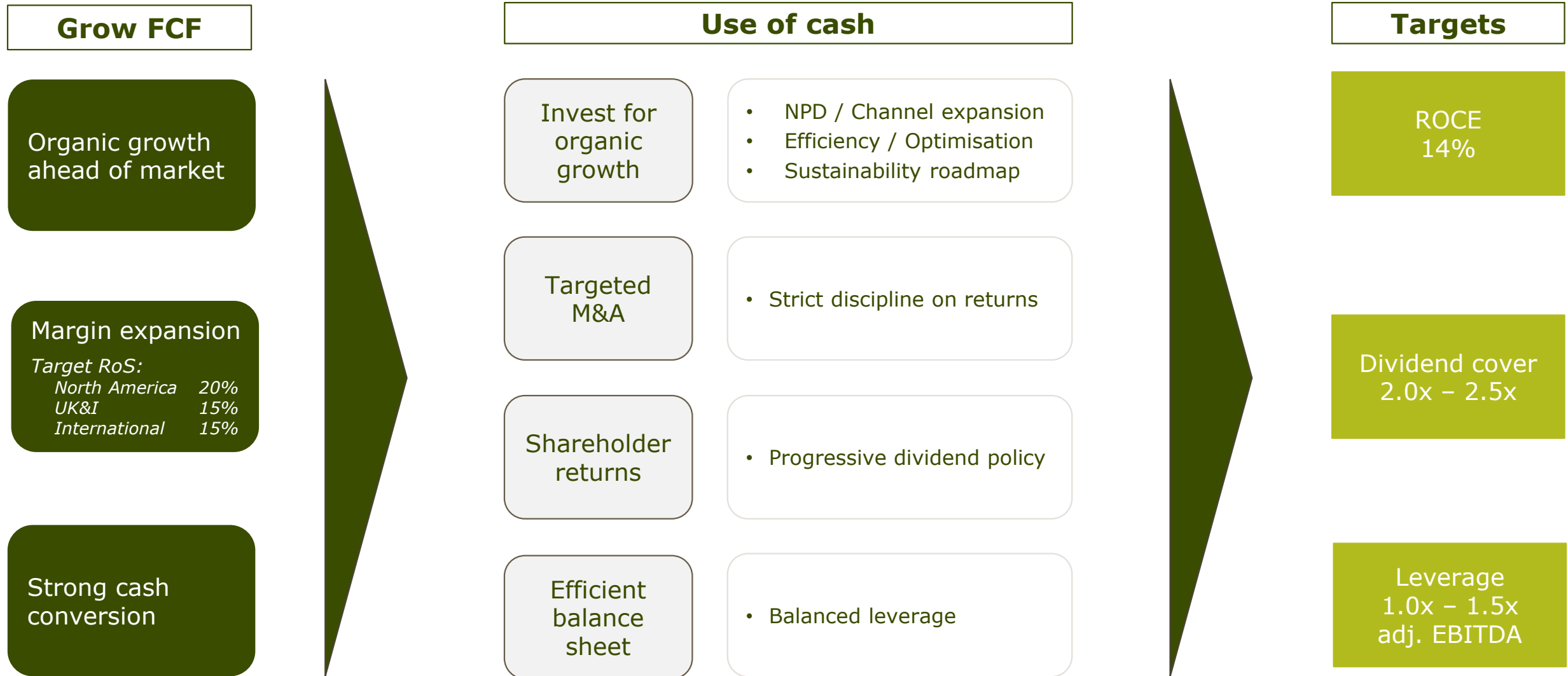
## Strong balance sheet

- ✓ Target net debt:EBITDA range of 1.0-1.5x (H1 23: 1.1x)
- ✓ >50% of debt at fixed interest rates with average life of over 4 years
- ✓ Significant headroom on covenants, available liquidity of £183m @ 30/06/23



# Capital allocation

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





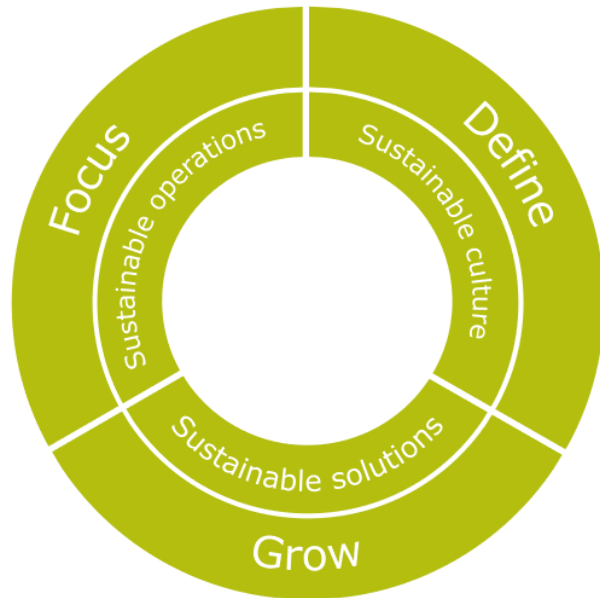
# Strategy

# A strategy for long-term growth

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

Focus our activities. Define 'One Tyman'. Grow in existing & adjacent markets

## Focus

### Drive Margin Expansion

- Rationalise: streamline footprint; harmonise product portfolio
- Optimise: tune systems/processes; continuous improvement

### Sustainable Operations

- Transform the safety and environmental performance of our operations & supply chain

## Define

### Create Stronger Base for Long-term Growth

- 'One Tyman': cultural cohesion to facilitate synergy extraction - now largely in place
- Tyman Excellence System: best practice development and value-adding collaboration

### Sustainable Culture

- Ensure our culture enables our diverse talent to contribute to their best and our business to create long-term value

## Grow

### Deliver Sustainable Growth

- Organic: Strengthen share in core markets through excellent customer service, new product introductions and market expansion initiatives
- Acquisitive: Supplement by targeted M&A as Tyman remains natural consolidator in fragmented market

### Sustainable Solutions

- Ensure our solutions have a positive impact in making the world more sustainable



## Recent trading



# Recent performance: H1 2023 highlights

Solid first half performance against strong comparators, despite subdued market backdrop

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- **Revenue** decline reflected significant reduction in volumes partially offset by the carryover benefit of pricing actions
- **Adjusted operating profit** decline reflected negative operating leverage from significant reduction in volumes
- **North America LFL adjusted operating margin** increased by 70bps to 15.0%, with the carryover benefit of pricing actions more than offsetting input cost inflation
- **Operating cash conversion** of 100%, reflecting a £16 million reduction in inventory since year end
- Further progress on **strategic initiatives**, including our sustainability roadmap
- **Acquisition of Lawrence Industries**, expanding our market-leading portfolio of hardware for the North American market; proportion of adjusted operating profits generated in North America now over 70% on a proforma basis
- **Expect full year 2023 adjusted operating profit at top end of market expectations**

# Disciplined M&A

Lawrence acquisition is in M&A sweet spot & signals return to disciplined M&A for the industry's natural consolidator



## Financial rationale:

- Initial consideration of \$57.0m (& contingent consideration of up to \$12.5m)
- Unaudited 2022 revenue c.\$20m, PBT c.\$7.5m
- Immediately earnings accretive
- Proforma leverage c.1.6x, will be in target range of 1.0-1.5x by year end



## Strategic rationale:

- High-performance composite window hardware for North American market
- Attractive, low-cost product category benefitting from the growing demand for affordable homes in US
- Expansion of AmesburyTruth's market-leading portfolio of window hardware



## Summary

# Summary

Strong platform with sustainable growth potential

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- Tyman represents a solid platform:
  - leading brands in niche, fragmented markets, with deep customer relationships & domain expertise
- ... and provides a strong investment case:
  - differentiated customer value proposition creates competitive advantage & high barriers to entry
  - structural growth trends support our market drivers
  - strong margins, with significant margin expansion opportunities, particularly in North America
  - high levels of cash generation enable continued investment
  - opportunities for both organic and acquisitive growth
- Our strategy has sustainability at its core and will deliver long-term growth



## Appendices



# Analyst consensus & top 10 shareholders

Company compiled consensus as at 22 August 2023, top 10 shareholders as at 31 July 2023

£m (unless otherwise stated)	2023			2024		
	Consensus	High	Low	Consensus	High	Low
Revenue	665.5	681.0	659.6	692.3	732.0	684.6
Adjusted operating profit	83.8	84.3	80.0	92.3	95.0	87.0
Adjusted PBT	72.4	74.6	70.0	81.0	84.3	77.0
Adjusted EPS (p)	27.6	31.2	25.6	31.0	34.0	28.3
DPS (p)	13.1	14.3	11.1	13.7	15.0	12.4

Top 10 Shareholders			
Rank	Fund Manager	Rank	Fund Manager
1	Teleios Capital Partners	6	Aviva Investors
2	Alantra Asset Management	7	Columbia Threadneedle Investments
3	Jupiter Asset Management	8	BlackRock
4	Allianz Global Investors	9	Chelverton Asset Management
5	Artemis Investment Management	10	Janus Henderson Investors

# Sustainability is at the core of our strategy

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

	 <b>Sustainable Operations</b>	 <b>Sustainable Culture</b>	 <b>Sustainable Solutions</b>
<b>Ambition</b>	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
<b>Plans</b>	<ul style="list-style-type: none"><li>• Safety is our first language</li><li>• Net Zero transition</li><li>• Water stewardship</li><li>• Waste management</li></ul>	<ul style="list-style-type: none"><li>• Employee engagement</li><li>• Diversity, equity &amp; inclusion</li><li>• Growing our talent</li><li>• Community partnerships</li></ul>	<ul style="list-style-type: none"><li>• Positive-impact solutions</li><li>• Circular economy</li><li>• Sustainable materials</li><li>• Responsible sourcing</li></ul>
<b>Targets</b>	<ul style="list-style-type: none"><li>• Total Recordable Incident Rate &lt; 3 by 2026</li><li>• -46.2% scope 1 &amp; 2 &amp; -27.5% scope 3 emissions by 2030<sup>1</sup></li><li>• Zero waste to landfill by 2026</li></ul>	<ul style="list-style-type: none"><li>• Gender diversity &gt;30% at all levels</li></ul>	<ul style="list-style-type: none"><li>• 100% sustainable packaging by 2026</li><li>• YoY increase in % revenue from positive impact solutions</li></ul>

<sup>1</sup>SBTs using a 2019 baseline and “material” scope 3 emissions (i.e. purchased raw materials). Targets align to 1.5°C pathway for scope 1 and 2 emissions & well-below 2°C pathway for scope 3.

# Our sustainability credentials are being recognised

FTSE4Good UK index constituent, SBTi validation, MSCI Leader rating & top 20% ranking by Sustainalytics & S&P Global



FTSE4Good



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

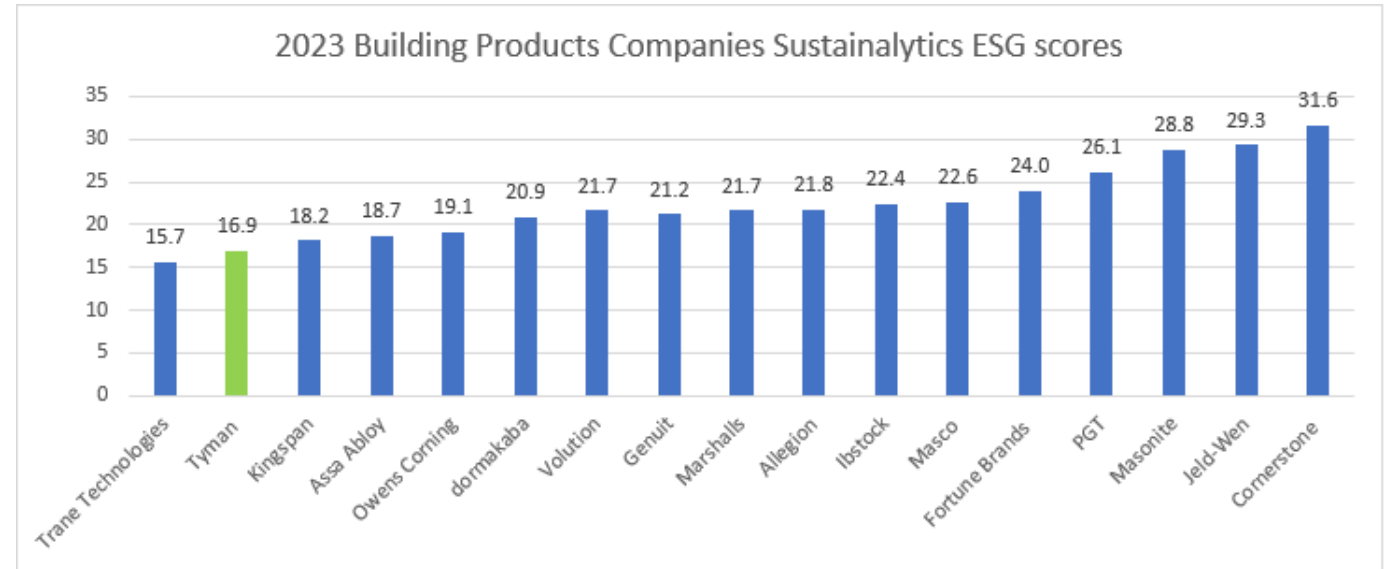
MSCI  
ESG RATINGS



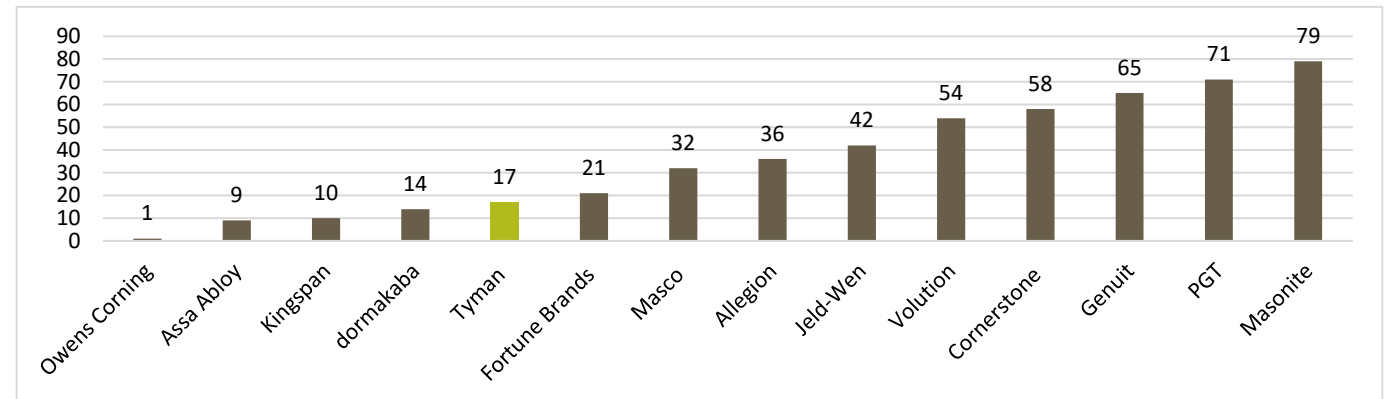
CCC B BB BBB A AA AAA



 **SUSTAINALYTICS** (15<sup>th</sup> out of 146 companies in sector)

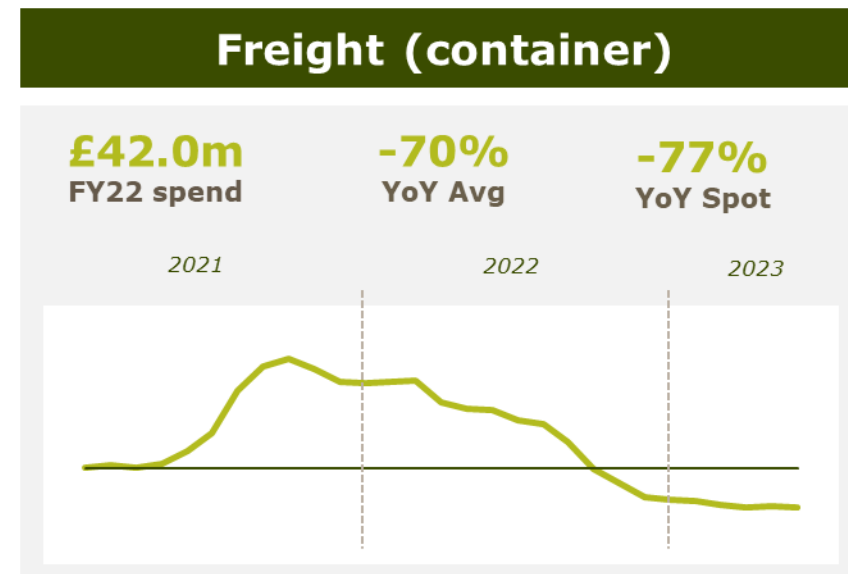
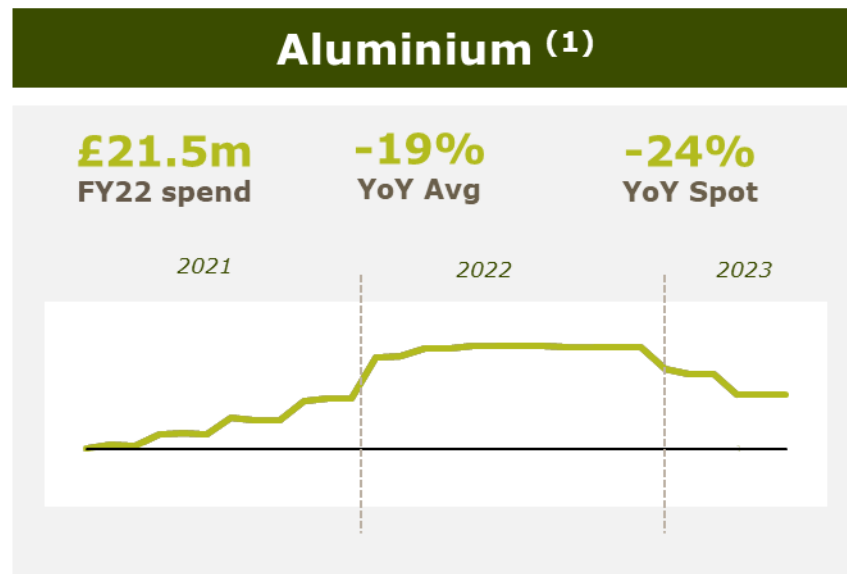
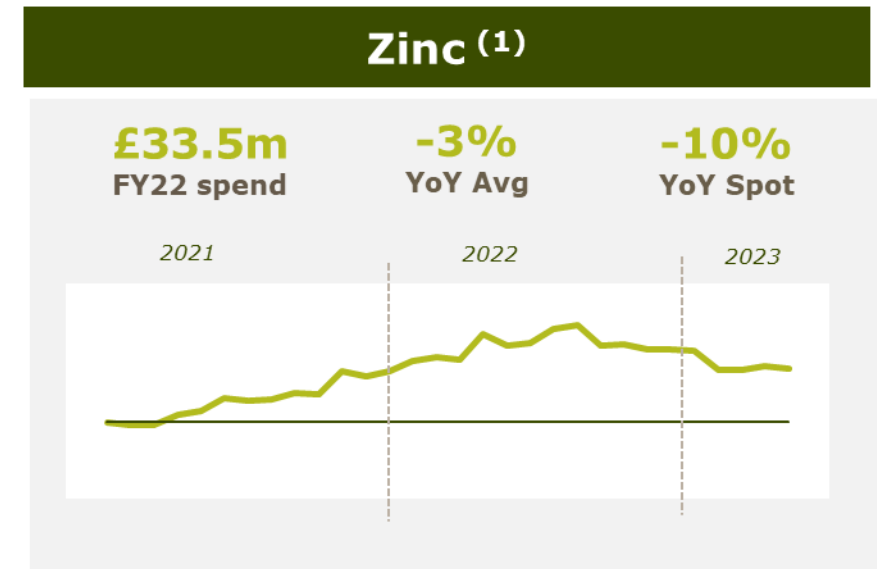
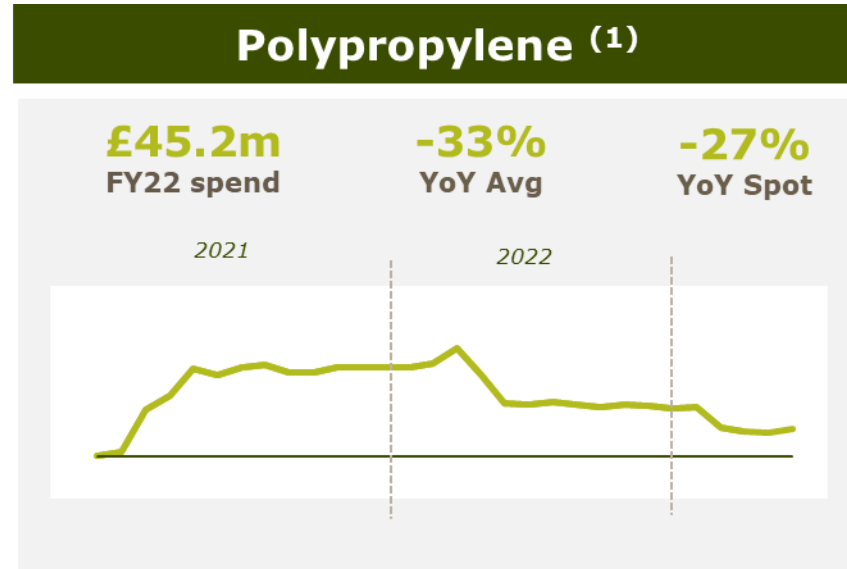


**S&P Global** (relative ranking, 89 companies in sector)



# Cost inflation

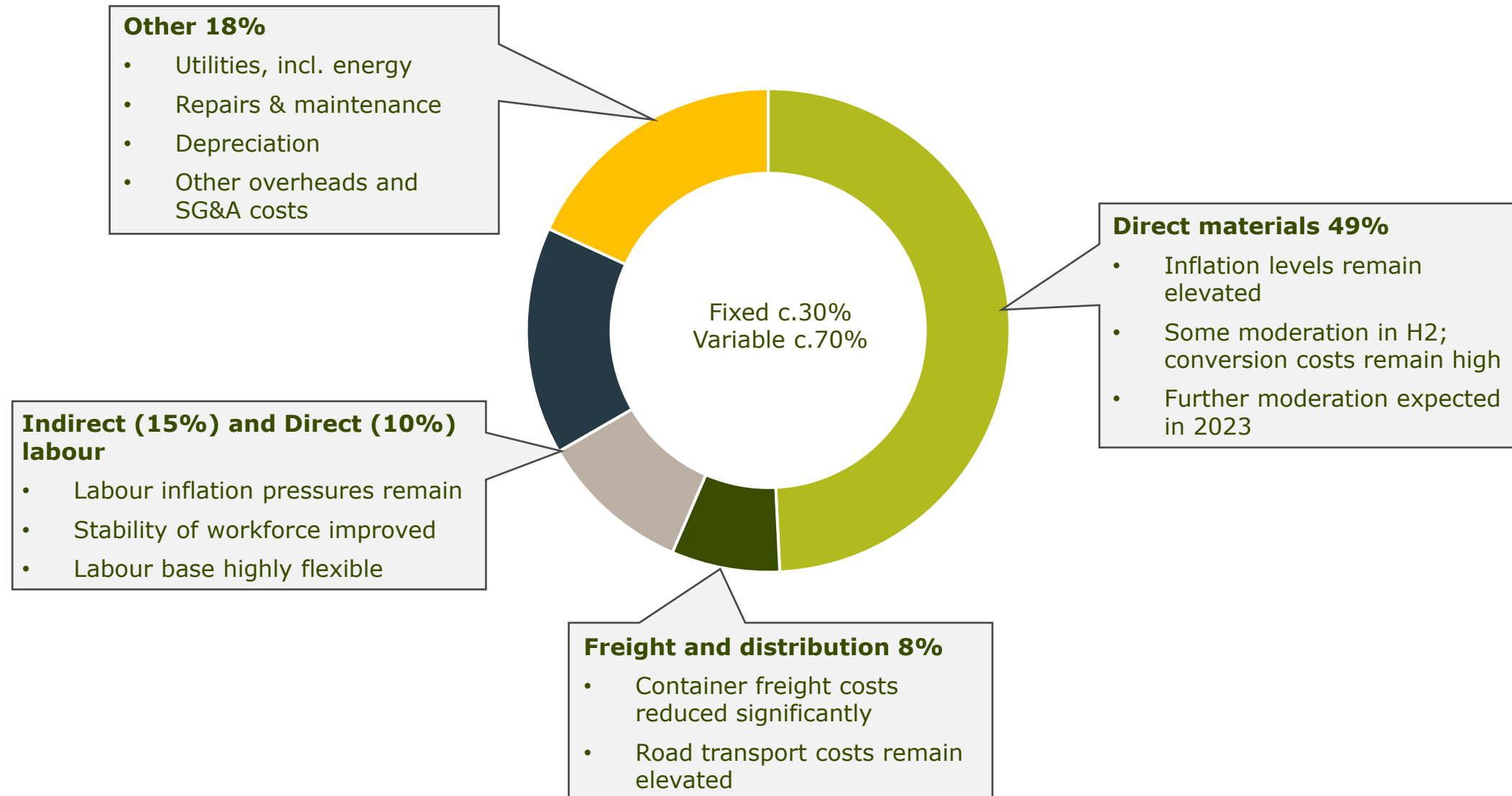
Continued easing in input cost inflation in H1, albeit high conversion costs keeping purchase prices above market levels



(1) Prices shown are purchase prices which include conversion costs

# Agile cost structure

Flexible cost base to help manage fluctuations in demand through the cycle



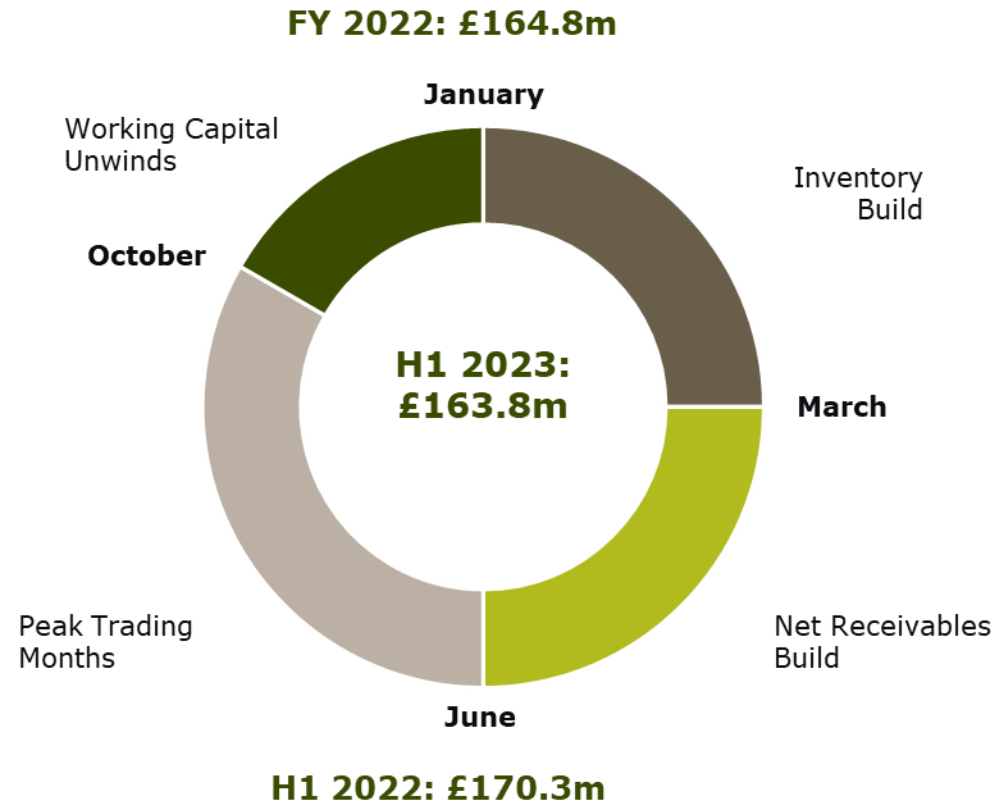
Data based on 2022 full year actuals



# Working capital

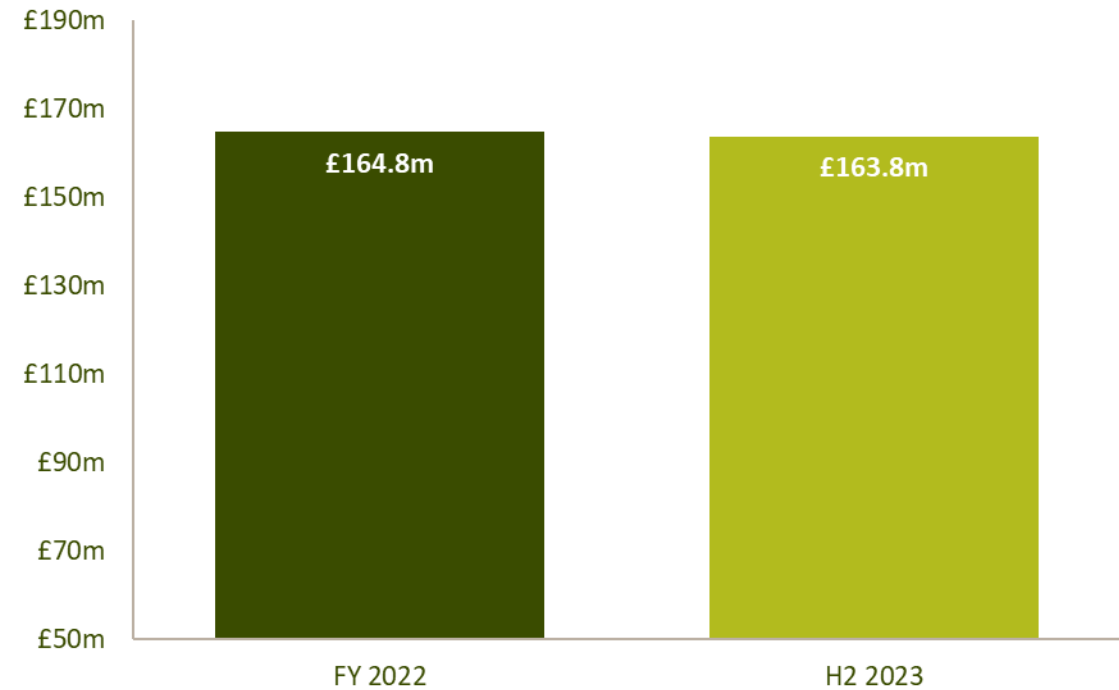
Good progress with inventory reduction plans; on track for £20 -£30 million working capital inflow in 2023

## Trade working capital cycle



- 2021 and 2022 working capital above normalised levels, due to supply chain disruption and effect of inflation
- Significant reduction in inventory in the period as planned; offset by seasonal increase in receivables

## H1 2023 trade working capital



- Decrease in inventory due to reduction from initiatives of -£16m and FX -£5m
- Trade receivables £17m higher due to seasonal trading
- Trade payables £3m lower due to lower inventory purchasing
- Overall exchange movement: -£6m

# Disclaimer

## Forward looking statements

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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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