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Results for the year ended 31 December 2023

Agenda

• **Introducing Rutger Helbing**	**Rutger Helbing**
• **Highlights**	**Jason Ashton**
• **Financial review**	**Juliette Lowes**
• **Strategic progress**	**Jason Ashton**
• **Summary and outlook**	**Jason Ashton**
• **Questions**	**All**

Introducing Rutger Helbing

Introducing Rutger Helbing

Tyman CEO since 2 January 2024

- **Background**
- **Why I've joined Tyman**
- **Initial impressions**

My 14 site visits to date have enabled me to better understand our market-leading brands and differentiated products, and to meet many of our passionate and dedicated employees

Highlights

Highlights

Robust overall performance in line with expectations despite challenging market conditions

- Adjusted operating profit decline reflected negative operating leverage from significant reduction in volumes, partially offset by reversal of the pricing lag in North America and an initial contribution from Lawrence
- North America adjusted operating margin increase of 130bps to 15.5%, benefitting from the reversal of the pricing lag and the contribution from Lawrence; division represents >70% of Group adjusted operating profit
- Excellent adjusted operating cash conversion of 143%, reflecting a £34 million reduction in inventory and enabling a reduction in net debt despite acquiring Lawrence for £44 million
- Good progress with our strategic initiatives to gain share and structurally improve margin
- Best ever safety performance, with LTIFR of 1.0 and TRIR reducing by 26% to 4.2
- Near-term carbon reduction targets validated by the Science Based Targets initiative
- Full-year dividend per share maintained at 13.7 pence, reflecting confidence in the Group's future growth prospects

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Financial review

Financial highlights

Excellent cash conversion, driven by significant decrease in inventory

Revenue

£657.6m

2022: £715.5m

-8%	*(Reported vs 2022)*
-8%	*(LFL[1] vs 2022)*

Operating profit [2]

£84.4m (margin: 12.8%)

2022: £94.6m (margin 13.2%)

-11%	*(Reported vs 2022)*
-13%	*(LFL[1] vs. 2022)*

EPS [2]

30.1p

2022: 34.7p

-13% *(vs 2022)*

ROCE [3]

11.7%

2022: 13.3%

Cash conversion

143%

2022: 64%

Leverage [4]

1.1x

2022: 1.0x

Notes – for definitions and reconciliation of APMs see the results announcement published on the Tyman website on 7 March 2024

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

(2) Adjusted

(3) Adjusted operating profit divided by average capital employed

(4) Calculated in accordance with banking covenants (excluding the impact of IFRS 16)

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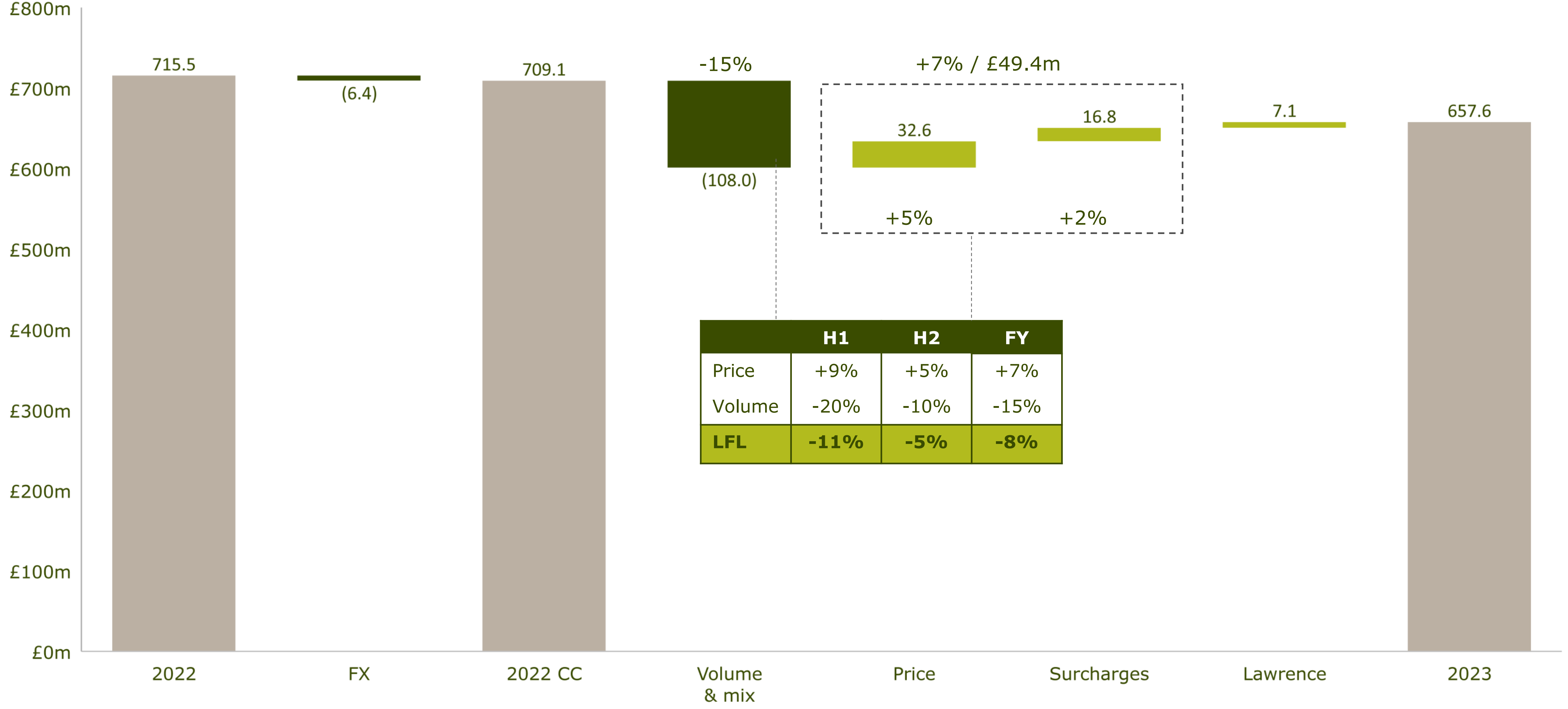
Revenue bridge

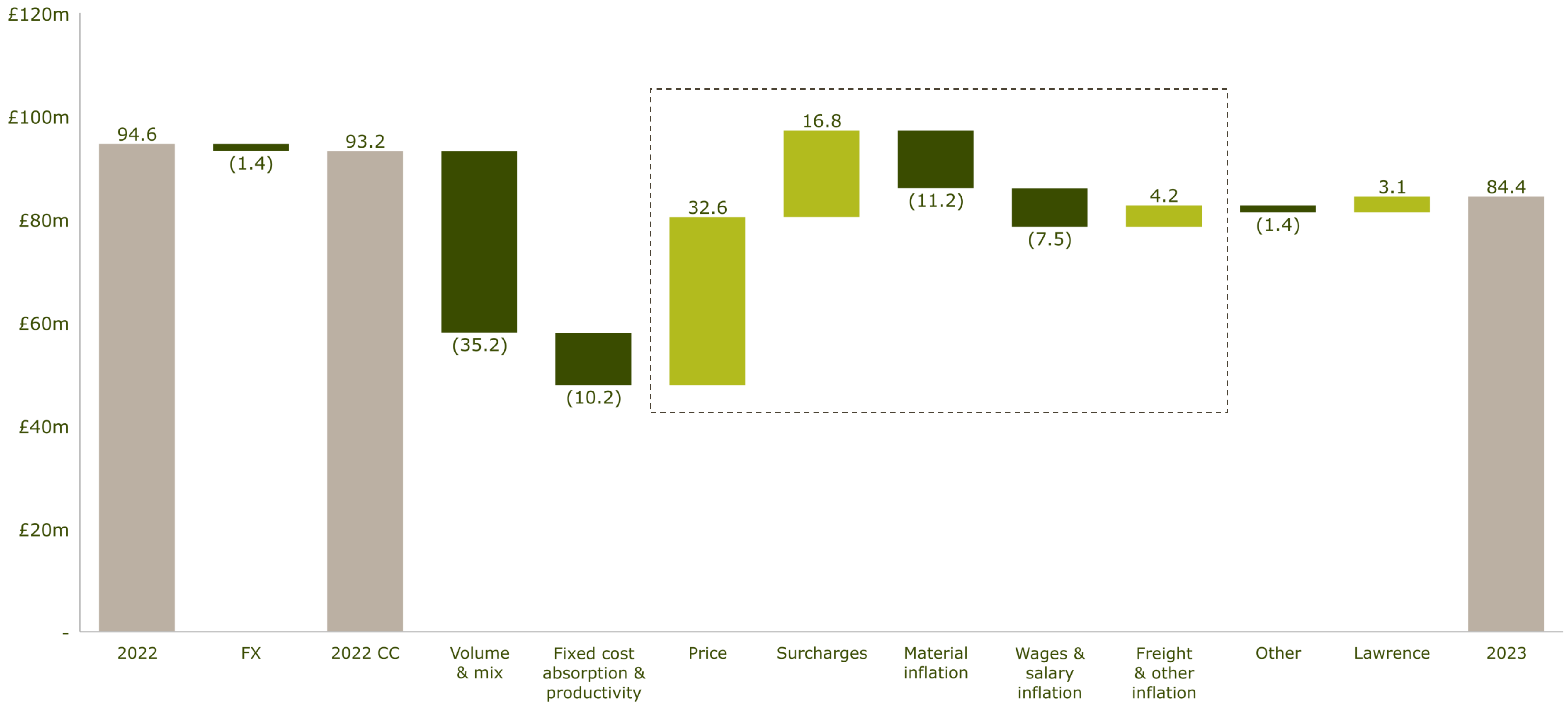
Volume reduction of 15% partially offset by 7% benefit from prior year pricing actions and Lawrence acquisition



	H1	H2	FY
Price	+9%	+5%	+7%
Volume	-20%	-10%	-15%
LFL	**-11%**	**-5%**	**-8%**

Adjusted operating profit bridge

Prior year pricing actions have now fully offset the cost inflation impact from 2021 and 2022



Divisional summary

Strong North America margin performance

North America	2023	LFL change
Revenue (£m)	432.3	-9%
Adjusted operating profit (£m)	67.1	-5%
Adjusted operating margin	15.5%	+75bps

- Margin expansion delivered despite significant reduction in volume
- Benefitting from reversal of prior year pricing lag and initial contribution from Lawrence

UK & Ireland	2023	LFL change
Revenue (£m)	97.3	-6%
Adjusted operating profit (£m)	12.0	-17%
Adjusted operating margin	12.3%	-170bps

- Resilient hardware performance in challenging market
- Margin decline due to Access 360 (equipment delays impacted operational efficiency, commercial market softened in H2)

International	2023	LFL change
Revenue (£m)	128.0	-6%
Adjusted operating profit (£m)	13.5	-31%
Adjusted operating margin	10.5%	-380bps

- Challenging market conditions in all key markets except GCC
- Margin impacted by high operating leverage, but with significant improvement in H2

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Cash flow

Excellent operating cash conversion, driven by reduction in inventory

Free cash flow

£m	2023	2022
Adjusted EBITDA (1)	**106.1**	115.5
Working capital (2)	**29.8**	(31.4)
Net capex	**(15.5)**	(24.0)
Adjusted operating cash flow	**120.4**	60.1
Pension contributions	**(2.6)**	(0.2)
Income tax paid	**(15.5)**	(21.5)
Net interest paid	**(8.3)**	(9.5)
Adjusting item cash costs	**(9.0)**	(1.8)
Free cash flow	**85.0**	27.1

Operating cash conversion

	2023	2022
Operating cash conversion (3)	**143%**	64%

(1) Adjusted EBITDA before non-cash items

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

(3) Adjusted operating cash conversion is adjusted operating cash flow divided by adjusted operating profit

- Good progress with inventory reduction initiatives, leading to significant working capital cash inflow
- Lower capex reflects timing of investments; 2022 included footprint projects and catch up of spend post COVID-19
- Lower tax paid reflects timing of payments on account
- Adjusting item cash costs reflect:
  - Restructuring costs (Access 360 consolidation, closure of Hamburg and China sites, cessation of manufacturing in Brazil)
  - Lawrence acquisition costs
  - CEO transition costs

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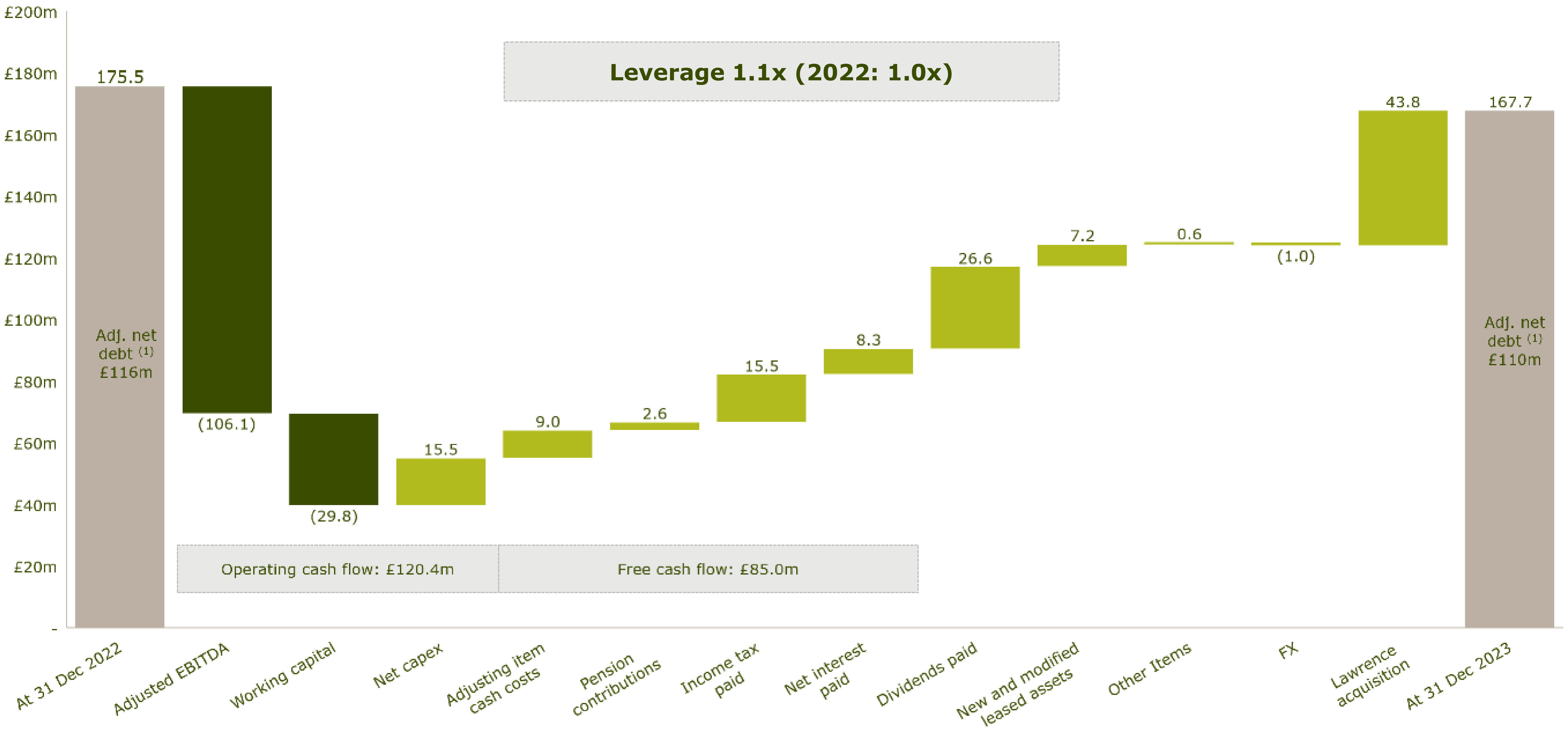
Net debt bridge

Reduction in net debt and leverage only up slightly, despite acquiring Lawrence for £44 million



(1) Excluding lease liabilities and capitalised borrowing costs

2024 summary guidance

Lawrence and self-help measures will help mitigate an uncertain demand environment

Headwinds	Tailwinds
• Most leading indicators for our major markets suggest continued challenging demand environment • Labour cost inflation (c.5% YoY)	• Impact of customer destocking subsides • Further share gains, including Lawrence • Self-help measures (EU seals, China exit, UK A360) • Agile cost management

Impact of 1 cent change versus GBP	Revenue	Adj. operating profit
USD	£2.8m	£0.4m
EUR	£0.6m	£0.1m

Financial guidance

- Incremental Lawrence contribution: £2–3 million adjusted operating profit
- Minimal working capital net cash outflow, with normal seasonal build at H1 of £20-25 million
- Capital expenditure c.£25 million
- Operating cash conversion to return closer to the target average of 90%
- Net interest charge £8-10 million
- Adjusted effective tax rate c.24.0–26.0%
- Leverage below target range 1.0-1.5x, absent any M&A

Strategic progress

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Strategic progress

Further progress on strategic initiatives to gain share and structurally improve margin

FOCUS

- Consolidation of two sites into one at Owatonna underway
- Continued ERP deployment across North America
- Progressed EU seals & UK access solutions footprint projects
- Further optimisation of International footprint (Brazil, China)

DEFINE

- Cross-divisional supplier conference in China
- Rollout of groupwide leadership competencies model underway

GROW

- Further incremental net customer wins in North America
- Good share gains in UK, notably in distribution channel
- Continued system houses momentum in International
- M&A: completed Lawrence acquisition

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Sustainability progress

Continuing to progress our 2030 sustainability roadmap

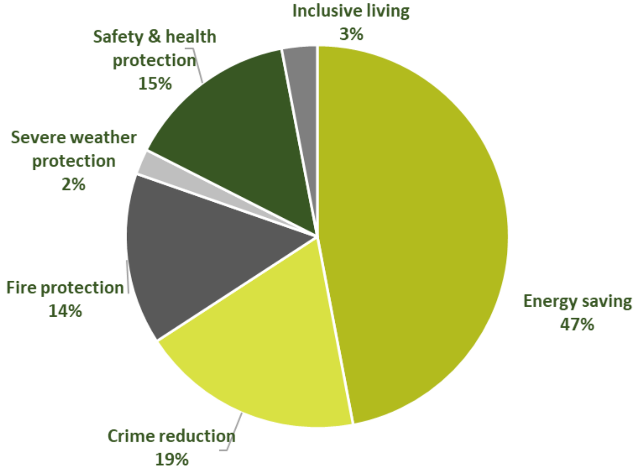
SUSTAINABLE OPERATIONS

- SBTi validation of near-term carbon reduction targets to reduce Scope 1 & 2 by 46.2% & Scope 3 by 27.5% by 2030 (vs. 2019 baseline)
- 100% green tariffs addressing 40% of Group's electricity consumption
- Hosted energy and waste Kaizen event with top 5 US customer, identifying annualised cost savings of c.US$0.4m

SUSTAINABLE SOLUTIONS

- Sustainability an increasingly important growth driver, with 23% of sales from sustainable solutions
- Further EPD certification in 2023, expanding addressable market

23% (£153m) of sales from sustainable solutions



Lawrence progress update

Lawrence performing to plan since acquisition, already delivering share gains

Strategic rationale for acquisition

- Extending Tyman's existing product portfolio into growing segment of affordable homes
- Lawrence's rapid design and tooling capabilities provide competitive advantages
- Tyman provides platform for Lawrence to accelerate growth

Post acquisition update

- Lawrence team members excited by growth opportunities the acquisition brings
- Delivering share gains by leveraging Tyman's scale & customer relationships and Lawrence's products & capabilities
- Examples of customer wins in second half of 2023:
  - *Mid-size customer awarded Lawrence an **incremental US$0.4m p.a.** sales following introduction from Tyman*
  - *Large national zinc sash lock customer moved to a composite lock offering, adding an **incremental US$0.2m p.a.** sales*

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Summary and outlook

Summary and outlook

A robust 2023 performance, providing a solid foundation for 2024

- **Robust performance in challenging environment in 2023:**
  - North America margin expansion, benefitting from reversal of pricing lag & contribution from Lawrence
  - Significant reduction in inventory and strong operating cash conversion of >140% enabling net debt reduction
  - Best ever safety performance & further progress on sustainability roadmap
  - Share gains in major markets & further progress optimising footprint to structurally enhance gross margin

- **Lawrence & self-help measures will help mitigate an uncertain demand environment in 2024:**
  - North America: improving new build market offset by RMI softness, full-year contribution from Lawrence
  - UK & Ireland: focus on share gains in challenging hardware market, improved Access 360 performance
  - International: ongoing challenging market conditions, benefits from various footprint optimisation projects

The Board expects the Group to make progress in 2024

Appendices

Key data on US residential housing market

US housing market offers very attractive growth prospects despite near-term headwinds

17.1 million new homes needed in the 2020's

24 million single family homes will reach "prime remodelling" age by 2027

30% increase in household formation in 2020's vs. 2010's

This represents a long-term tailwind driving new construction and building products demand

12.7m households formed

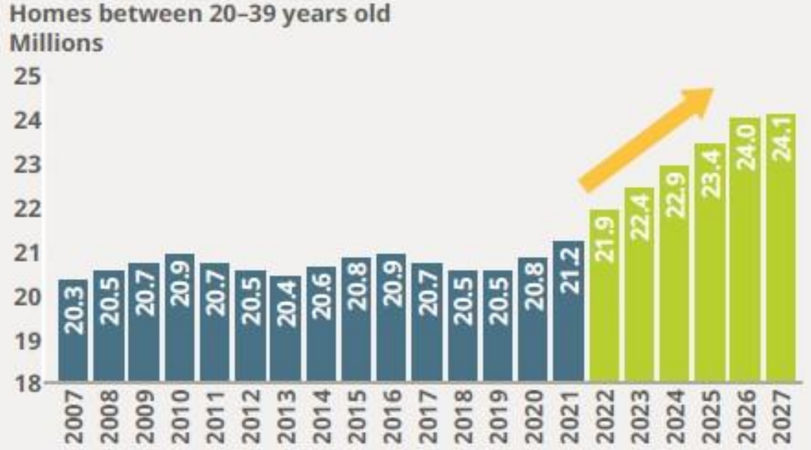
2.3m teardowns

1.7m undersupplied homes

500k new second homes

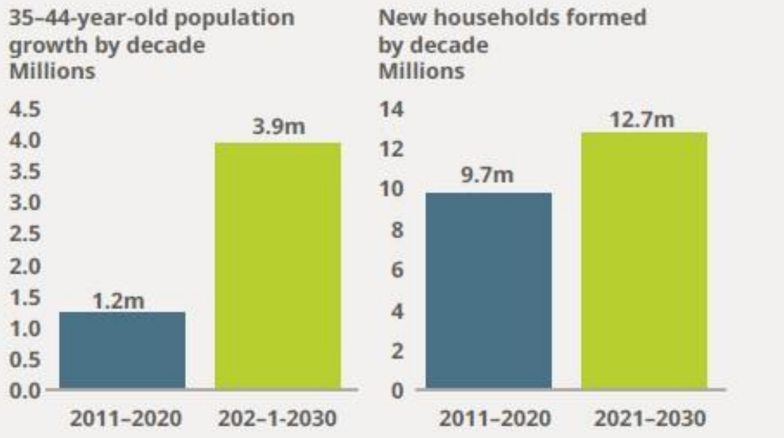
Source: John Burns Research and Consulting LLC

Single family homes in "Prime Remodel" years



Source: US Census Bureau; John Burns Research and Consulting, LLC

Demographics is a powerful long-term tailwind for housing



Source: US Census Bureau, Analysis John Burns Research and Consulting, LLC

Tyman is well placed to respond, with its leading brands, broad product offering and a manufacturing & distribution footprint that enables national coverage, strong customer service & manufacturing redundancy

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Capital allocation

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

Grow FCF

Organic growth ahead of market

Margin expansion

Target RoS:

North America	*20%*
UK&I	*15%*
International	*15%*

Strong cash conversion

Use of cash

Invest for organic growth	• NPD / channel expansion • Efficiency / optimisation • Sustainability roadmap
Targeted M&A	• Strict discipline on returns
Shareholder returns	• Progressive dividend policy
Efficient balance sheet	• Balanced leverage

Targets

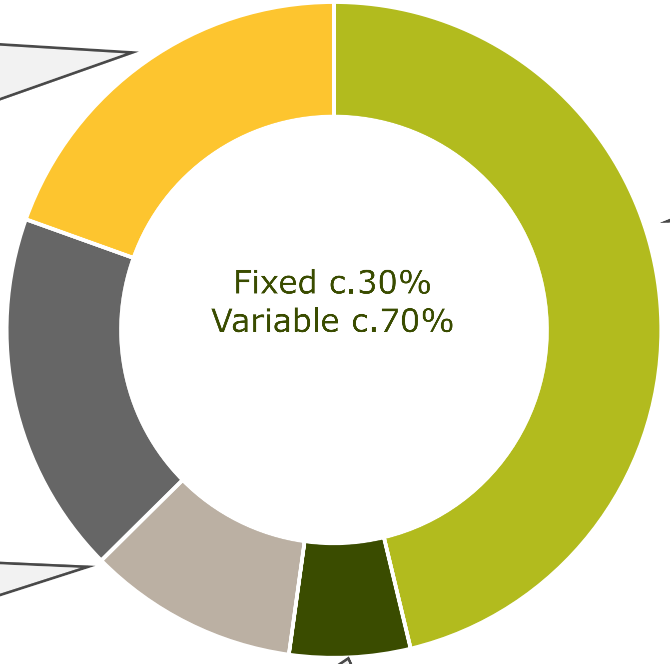
- ROCE 14%
- Dividend cover 2.0x – 2.5x
- Leverage 1.0x – 1.5x adj. EBITDA

Cost structure

Flexible cost base to help navigate challenging market conditions

Other 20%

- Utilities, incl. energy
- Repairs & maintenance
- Depreciation
- Other overheads and SG&A costs



Direct materials 46%

- Some moderation in material costs in 2023; conversion costs remain high

Indirect (18%) and Direct (10%) labour

- Labour inflation pressures remain
- Stability of workforce improved
- Labour base highly flexible

Freight and distribution 6%

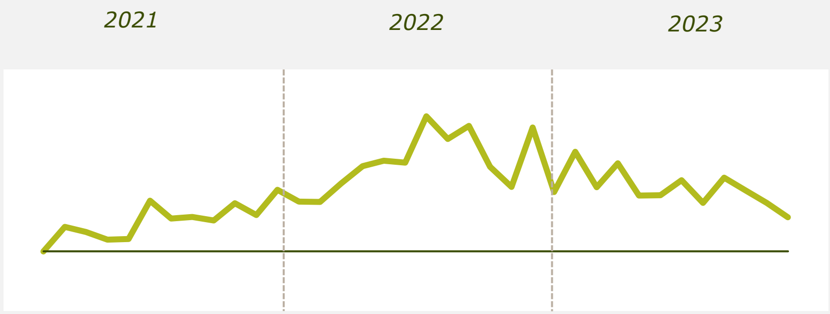
- Container freight costs reduced significantly
- Road transport costs remain elevated

Cost inflation

Fall in input costs, lower prices only realised in P&L after working through higher-priced inventory carried into 2023

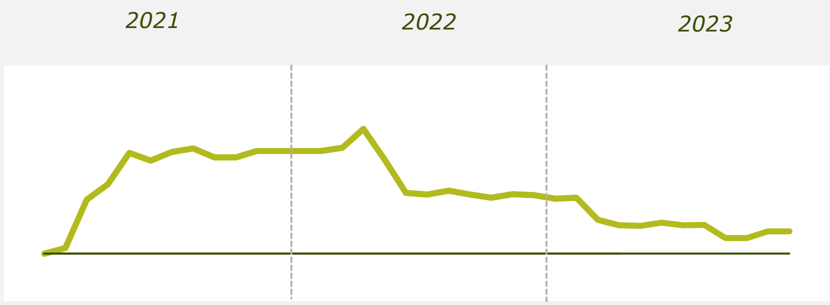
Stainless steel [1]

£59.4m FY23 spend | **-14%** YoY Avg | **-40%** YoY Spot



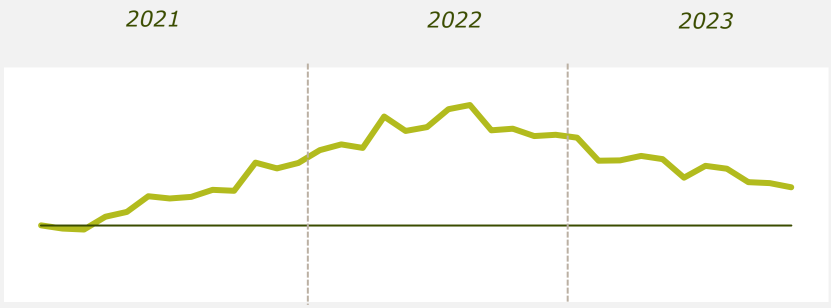
Polypropylene [1]

£39.3m FY23 spend | **-26%** YoY Avg | **-11%** YoY Spot



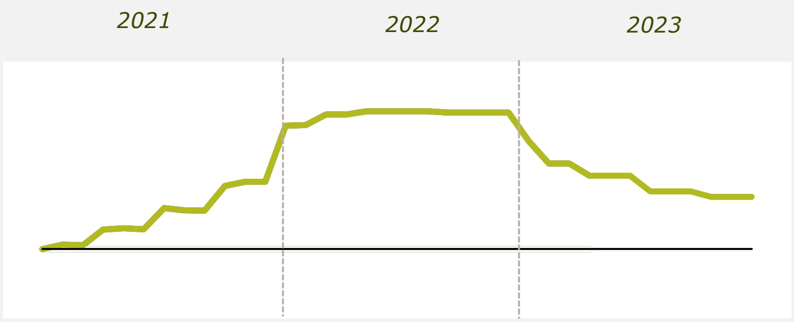
Zinc [1]

£29.4m FY23 spend | **-11%** YoY Avg | **-18%** YoY Spot



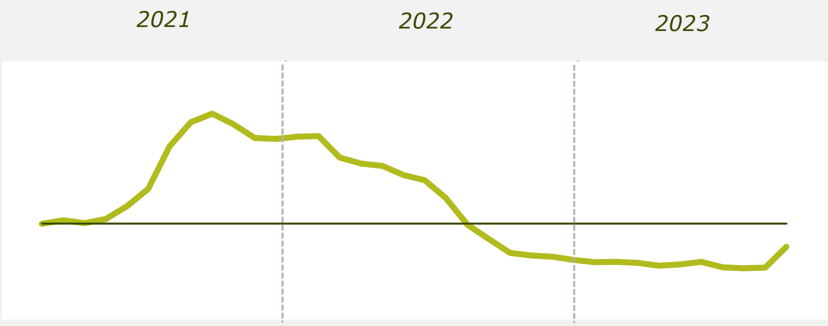
Aluminium [1]

£17.9m FY23 spend | **-25%** YoY Avg | **-31%** YoY Spot



Freight (container)

£28.3m FY23 spend | **-72%** YoY Avg | **+25%** YoY Spot



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

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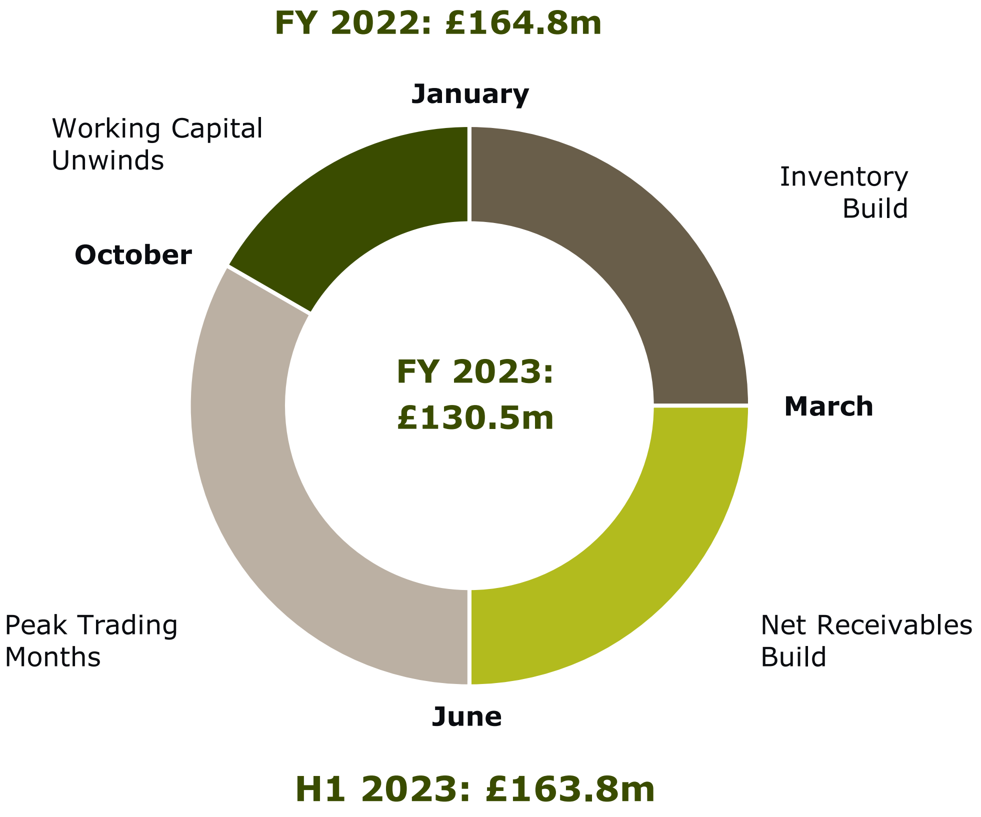
Working capital

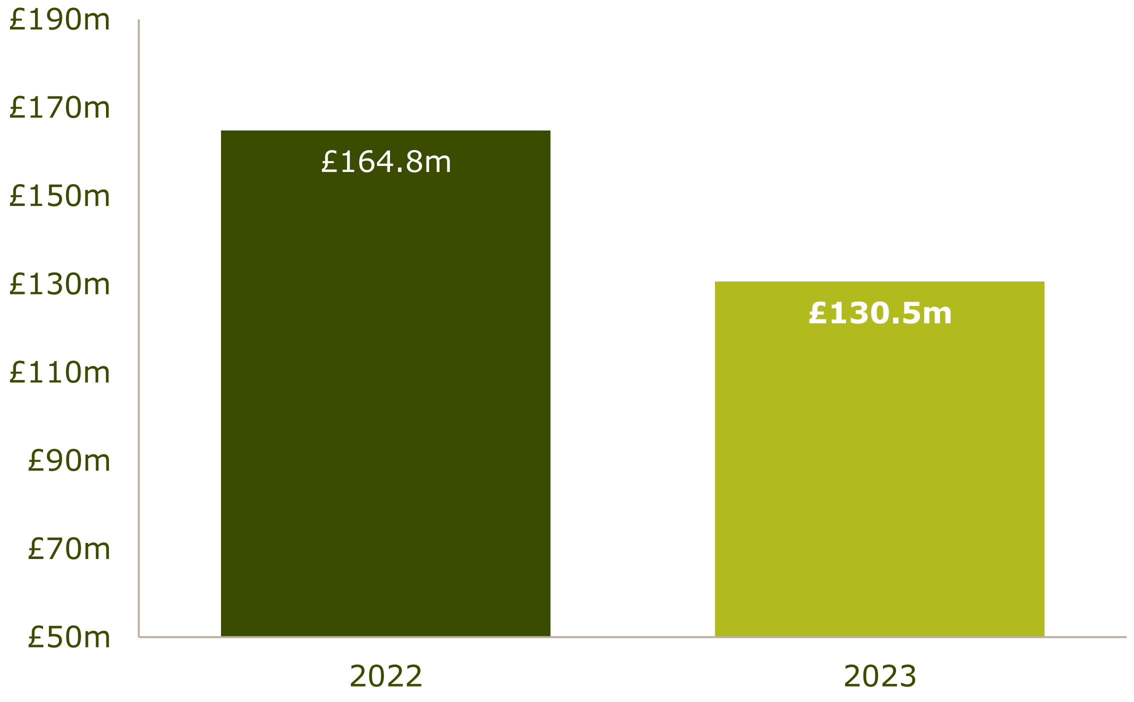
Excellent work to reduce inventory, delivering c.£34 million working capital inflow in 2023

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 2023 as planned

2023 trade working capital



- Decrease in inventory due to reduction initiatives of -£29m and FX -£6m
- Trade receivables & trade payables largely unchanged
- Overall exchange movement: -£7m

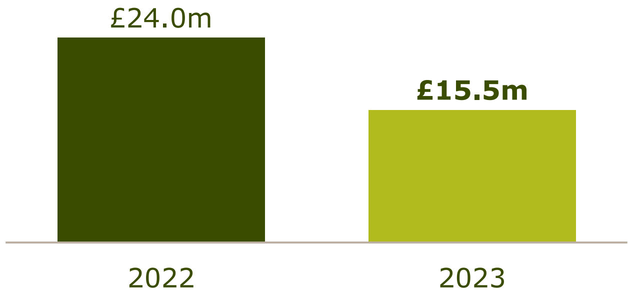
Other financial information

Capital expenditure and net interest payable

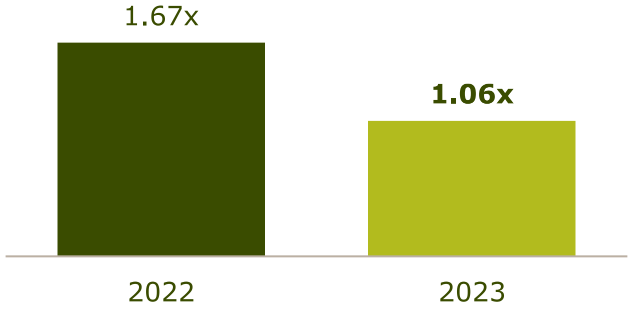
Capital expenditure

Net capex	-34%

Net capex



Net capex: depreciation

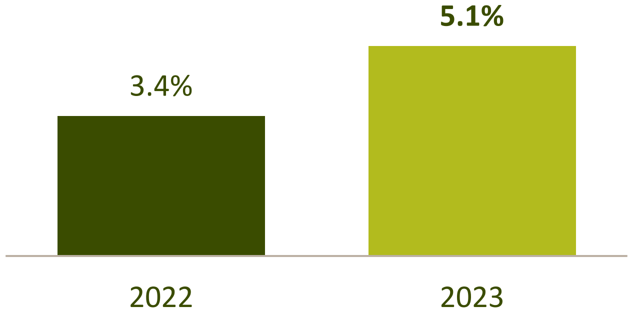


Decrease as 2022 included footprint projects and catch up of previously deferred expenditure

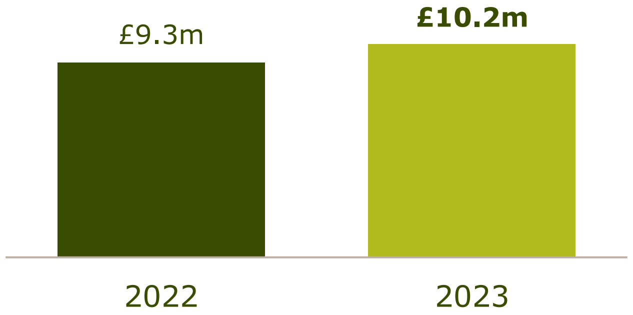
Net interest (1)

Cost of funds	+170 bps
Net finance costs	+10%

Average cost of funds



Net finance costs



Increase due to significantly higher weighted average interest rate, and funding of Lawrence acquisition

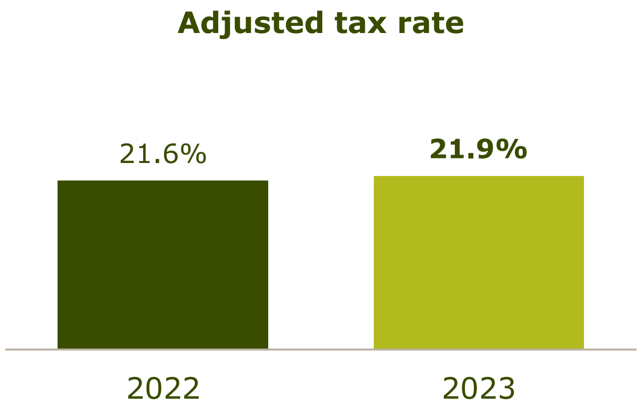
(1) Net interest receivable on cash deposits, payable on bank loans, private placement notes and overdrafts

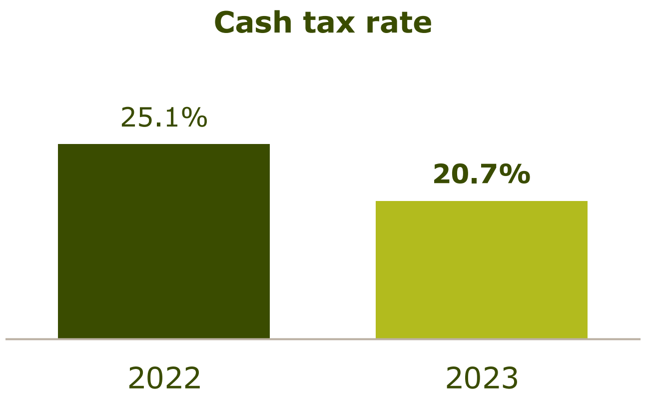
Other financial information

Taxation and exceptional items

Tax rate movement

Adjusted	+30 bps
Cash	-439 bps

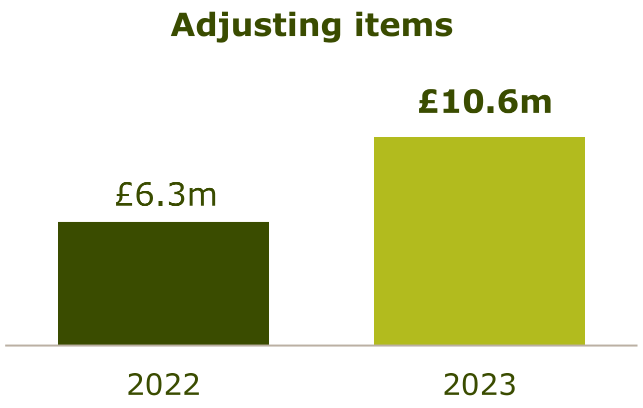


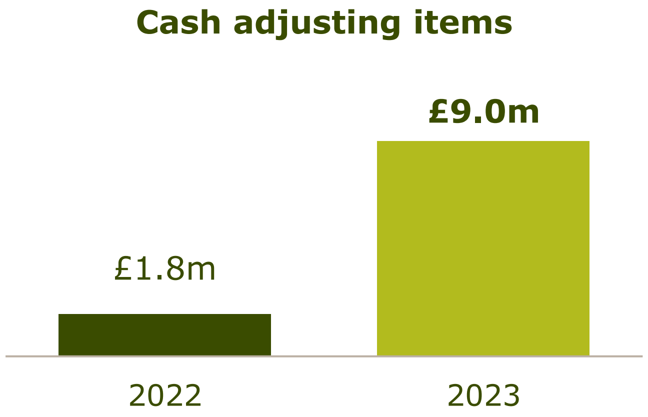


Decrease in cash tax rate reflects the timing of payments on account

Adjusting items

Restructuring costs	£6.7m
M&A costs	£1.4m
CEO transition costs	£1.3m
Argentinian peso devaluation charge	£1.2m
Total	£10.6m





Restructuring costs primarily relate to costs associated with the streamlining of the International footprint and the consolidation of the Access 360 sites

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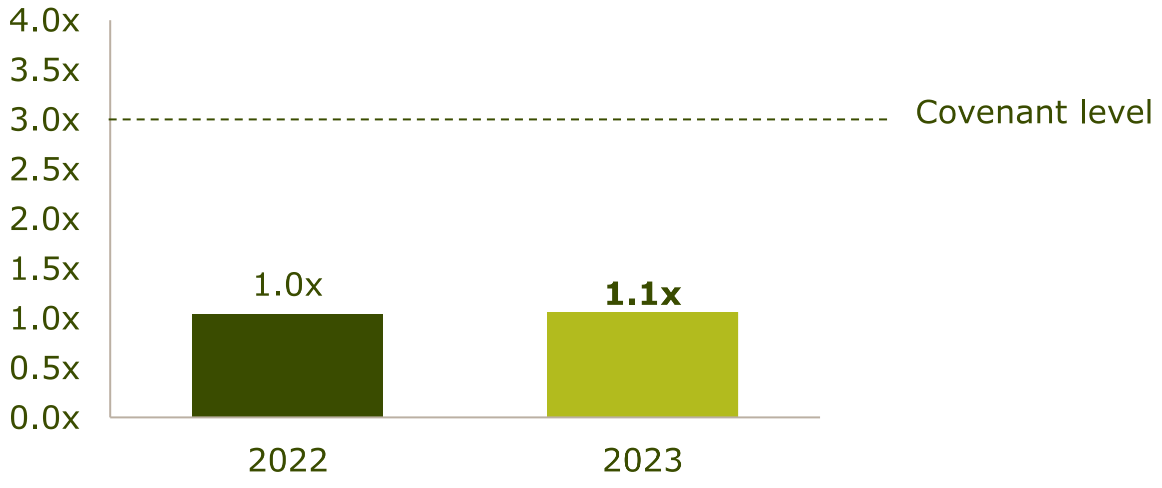
Covenant performance

Significant headroom exists on both leverage and interest cover covenants

Leverage

- Total net debt to adjusted[1] EBITDA < 3.0x
- Target leverage range of 1.0x to 1.5x

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



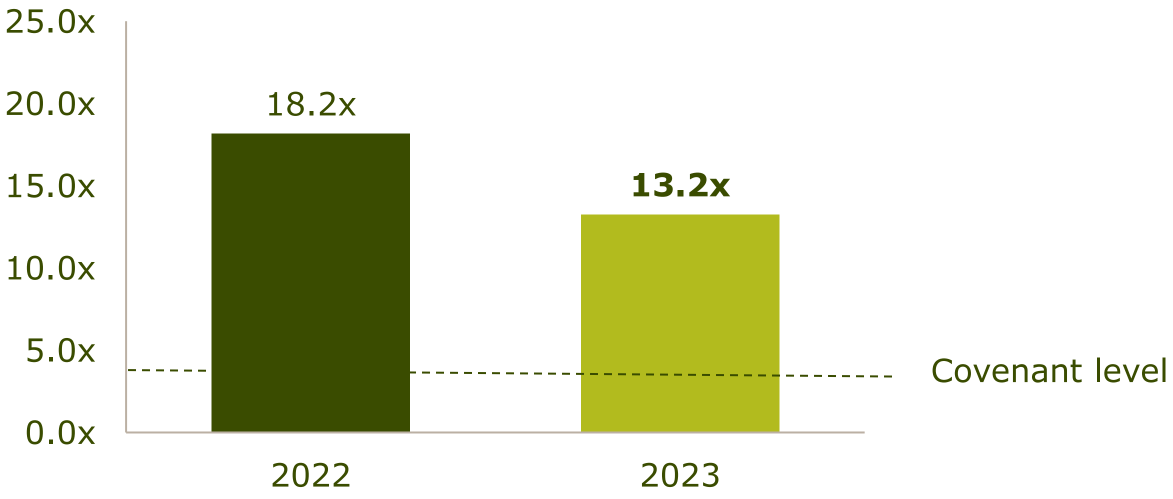
EBITDA headroom

65%

£65.4m

Interest cover

- EBITDA to net finance charges > 4.0x



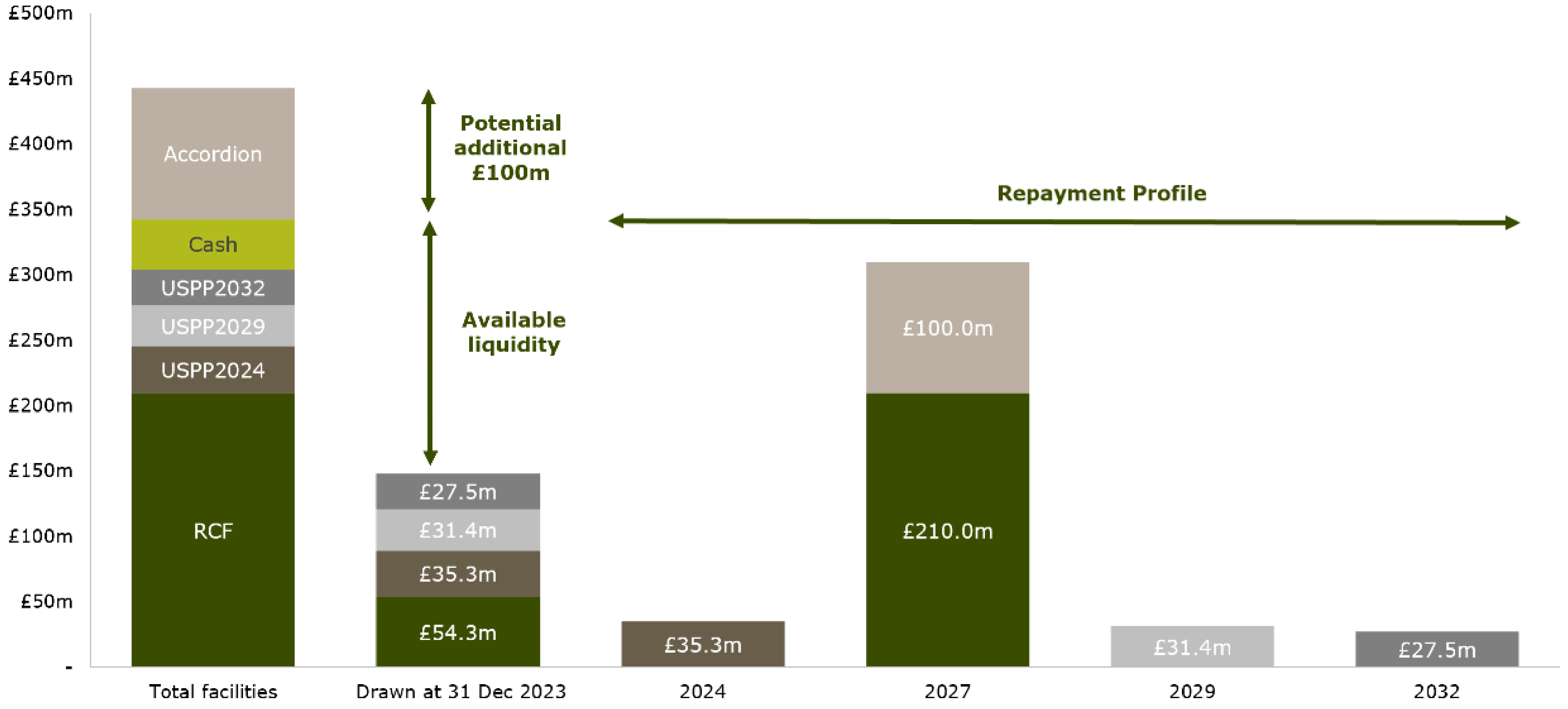
EBITDA headroom

70%

£68.0m

Group debt facilities

The Group has significant headroom, with available liquidity of £183m and potential access to an accordion of £100m



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