TYMAN

TYMAN PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Tyman plc (TYMN.L) announces results for the year ended 31 December 2021.

Summary Group Results

£m unless stated	2021	2020	2019	LFL(1) vs 2020	LFL(1) vs 2019
Revenue	**635.7**	**572.8**	613.7	***+17%***	*+11%*
Adjusted operating profit*	**90.0**	**80.3**	85.4	***+16%***	*+11%*
Adjusted operating margin*	**14.2%**	**14.0%**	13.9%		
Operating profit	**73.1**	**59.7**	40.5		
Adjusted profit before taxation*	**81.5**	**68.4**	71.0		
Profit before taxation	**64.0**	**47.6**	24.8		
Adjusted EPS*	**32.1p**	**27.2p**	27.5p		
Basic EPS	**25.4p**	**19.1p**	9.1p		
Dividend per share(2)	**12.9p**	**4.0p**	3.9p		
Leverage(3)	**0.9x**	**1.1x**	1.7x		
Return on capital employed*	**14.5%**	**12.3%**	12.0%		

* *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 37.*

(1) *LFL = constant currency like-for-like (see APMs on page 37)*

(2) *Final dividend for 2019 of 8.35p (from a total of 12.2p) was withdrawn due to COVID-19. 2018 total dividend 12.0p.*

(3) *Leverage is calculated in accordance with the debt covenant methodology (see APMs on page 38)*

Highlights:

- Strong growth against both 2020 and 2019:
  - LFL revenue growth of 11% against 2019 driven by share gains, pricing and strong market demand
  - LFL adjusted operating profit up 11% against 2019 due to revenue growth, pricing benefits and self-help activities
  - Adjusted operating margin expanded to 14.2% despite dilutive effect of cost inflation
  - Adjusted EPS growth of 17% against 2019
  - ROCE improvement of 250bps against 2019 to 14.5%
- Performance achieved despite industry-wide supply chain challenges, labour constraints and input cost inflation
- Strategic initiatives yielding positive results, with good progress on sustainability roadmap
- Further reduction in leverage to 0.9x
- Progressive dividend policy reinstated; record total dividend of 12.9p per share

***Jo Hallas, Chief Executive Officer, commented**: "The Group's performance was robust, with strong market momentum and share gains delivering growth in spite of well-publicised supply chain challenges, labour constraints and input cost inflation. These conditions continue to create an unparalleled level of operational intensity and I am very proud of our people as they continue to navigate these challenges tirelessly. Pleasingly, we are making strong progress on our sustainability roadmap.*

"We expect underlying demand in 2022 to remain strong, driven by favourable housing market fundamentals, albeit set against rising macroeconomic and geopolitical pressures. We continue to take actions as necessary to mitigate ongoing industry-wide supply chain challenges and cost inflation. The Group is well positioned for growth in 2022 and beyond, 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."

3 March 2022

Enquiries

Tyman plc Jo Hallas – Chief Executive Officer Jason Ashton – Chief Financial Officer	investor.relations@tymanplc.com
MHP Communications Reg Hoare / Rachel Farrington / Matthew Taylor	020 3128 8613 tyman@mhpc.com

Analyst and investor presentation

Tyman will host an analyst and investor presentation at 10.30 a.m. today, Thursday 3 March 2022, at the offices of Numis Securities, 45 Gresham Street, London, EC2V 7BF.

The presentation will be webcast at:

https://webcasting.brrmedia.co.uk/broadcast/61fd112449f7751d18891957

The audio conference call details are:

Number	+44 (0) 330 336 9601
Confirmation code	6659151

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 & Ireland and Tyman International. Headquartered in London, the Group employs approximately 4,200 people with facilities in 16 countries worldwide. Further information is available at www.tymanplc.com.

Overview of results

Performance in 2021

The positive market momentum continued through 2021, with favourable structural trends driving strong demand, although growth was constrained through the second half by the industry-wide global supply chain and US labour challenges. Despite this, the Group delivered market share gains through executing well with customers, driving momentum with new products, and continuing expansion of channels to market.

Revenue for the year was £635.7 million (2020: £572.8 million), an increase on a LFL basis of 17% compared to 2020 and 11% compared to 2019. Reported revenue increased 11% compared to 2020, being impacted by the strengthening of Sterling and the divestment of the Ventrolla business in November 2020.

The trends arising from COVID-19 have continued across most territories, with consumers having spent more time at home and therefore seeking more space or adapting existing space for flexible use. Household savings have increased, and consumers have prioritised 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 industry-wide 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 and improve throughput. 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 due to the size and frequency of these increases as well as some customer pricing mechanisms, there is an inevitable lag in recovery. The pass-through of this inflation also has a dilutive effect on operating margins due to the higher revenue base.

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 16% compared to 2020 and 11% compared to 2019. Reported adjusted operating profit increased 12% compared to 2020, 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 14.0% to 14.2% despite the dilutive effect of pass-through pricing to recover inflation.

Health and safety

The health and safety of our people is the Group's top priority, with this culture being embedded through the 'safety is our first language' engagement programme. The Group's safety performance deteriorated in 2021 as a result of the high levels of operational intensity and the ongoing challenges of COVID-19. The lost time incident frequency rate (LTIFR) including COVID-19 cases resulting from workplace transmission increased to 4.4 incidents per million hours worked (2020: 3.1). Excluding these COVID-19 cases, the LTIFR was 1.9 (2020: 1.5).

Safety improvement plans have been implemented at the plants with the highest incident rates. It is notable that half of the incidents in 2021 were with personnel with less than one year of service, reflective of the high levels of workforce turnover, especially in the US, and the high proportion of temporary staff in our facilities in 2021. While the 2021 result is disappointing, excluding COVID cases, it still represents strong progress from the 2019 baseline of 4.0 incidents per million hours worked, and the Group remains committed to its target of achieving an LTIFR rate of less than 1.0 in 2022.

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 global supply chain challenges and high levels of demand have driven some re-prioritisation of initiatives towards those that improve resilience and expand capacity in the short-term, but momentum has also continued with driving our mid-term strategic initiatives.

The *Focus* activities have continued to progress and the benefits from the various initiatives to streamline operations completed in 2020 are being realised. Further inter-site line transfers in North America were completed and work commenced with optimising the distribution footprint in the western US. Continuous improvement activities were directed towards increasing capacity and throughput, and a multi-year upgrade of IT systems to enhance the customer service experience, generate further synergies and improve decision-making has commenced. Progress has also been made with the *Sustainable Operations* activities. A new water recirculation system at the most water intensive plant was commissioned leading to an 45% reduction in the Group's water consumption, and initiatives to re-process scrap were successfully implemented. Tyman's two-year programme to define science-based targets is well underway, with a detailed analysis of carbon footprint across the value chain undertaken. As part of the 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 progressed well during the year.

The *Define* strategic pillar, which centres on building cultural cohesion across the Group has continued to gain momentum, with deployment of the Group's purpose, values, and Code of Business Ethics now substantially complete. Furthermore, collaboration between the divisions continues to gain traction with more frequent and substantive touchpoints and a series of cross-divisional initiatives undertaken. This 'One Tyman' culture provides the basis for the Group's *Sustainable Culture* initiatives. Development of the 'Tyman Excellence System' has also continued, with a focus on Lean Excellence and prioritisation of activities to enhance supply chain and manufacturing resilience. Under IT Excellence, a groupwide ERP landscape and vendor strategy was defined.

The activities to *Grow* market share have yielded positive results, with service levels relative to competitors delivering strong market share gains in core international markets and further net customer wins in North America. Channel expansion activities also continued to progress, with increased systems house partnership activity. A series of new products were successfully launched in the period, and a strong pipeline of launches is scheduled for 2022. New product development activities also 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. The Group has begun to prepare for a disciplined return to M&A by defining areas of focus for acquisitions, candidate characteristics, and developing the pipeline of potential opportunities that meet our commercial and strategic objectives. The strengthened platform and Tyman Excellence System should facilitate greater synergy extraction from acquired businesses in the future.

Outlook

We expect underlying demand in 2022 to remain strong, benefitting from favourable housing market fundamentals, albeit set against rising macroeconomic and geopolitical pressures, supply chain and labour constraints, and continued COVID-19 disruption. High input costs are expected to persist for most of the year and further pricing actions will be implemented where necessary to recover cost inflation.

Consequently, the Group expects top-line growth to be driven by the mix of underlying strength in demand and pricing to recover inflation. This revenue growth, combined with benefits from execution of strategic initiatives, is anticipated to benefit profitability for the full year. Operating margins will be broadly flat due to the dilutive effect of passing through cost inflation.

Activities to enhance supply chain and manufacturing resilience, improve productivity and increase capacity to meet both current and expected longer-term demand will continue. The Group will also focus on driving organic share gain through its strategic initiatives of executing well in serving our customers, innovation for differentiated value and channel expansion. In addition, the medium-term intention is to resume M&A activity when the right opportunity presents.

The Group is well positioned for growth in 2022 and beyond, benefitting 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	2021	2020	2019	LFL vs 2020	LFL vs 2019
Revenue	**397.7**	372.1	386.0	*+14%*	*+11%*
Adjusted Operating Profit	**65.1**	64.5	64.5	*+8%*	*+9%*
Adjusted Operating Margin	***16.4%***	*17.3%*	*16.7%*	*-100bps*	*-30bps*

Markets

The US residential market remained at post-recession record levels during the year, driven by the limited supply of homes, demographic shifts and a continuation of pandemic driven trends of nesting and urban flight. US housing starts were up 16% compared to 2020 (+24% vs 2019), with single family starts, to which the division has proportionally higher exposure, increasing 13% (+26% vs 2019). The industry-wide labour and supply chain challenges, however, have constrained activity, with completions only up 4% versus 2020, significantly lagging starts.

The repair and remodelling markets continued to experience strong growth due to the strength of the housing market, credit availability and people spending more time at home. According to LIRA (Leading Indicator of Replacement Activity), remodelling activity was up 9% in 2021.

The commercial markets are showing tentative signs of recovery, again constrained by supply chain challenges and input cost inflation. Non-residential building starts rose 12% and environmental public works, to which the commercial access business is particularly exposed, were up 21%.

The Canadian market had a robust start to the year but weakened through the second half. Housing starts were up 25% compared to 2020, with single family starts increasing 38%. Completions lagged starts, with only 12% growth.

Business performance and developments

The positive momentum in the US and Canadian markets, along with net business wins and significant pricing actions to offset cost inflation, resulted in LFL revenue growth of 14% compared to 2020 and 11% compared to 2019. This was in spite of industry-wide raw material, logistics and labour availability issues, which significantly impacted production and shipping rates in the second half of the year.

Workforce availability continued to be challenging throughout the US manufacturing sector as demand rose sharply. The division implemented a series of actions to alleviate the situation, including wage increases, recruitment programmes, retention and hiring incentive schemes, and trialling flexible working practices. These measures have delivered gradual improvement; however, the inevitable time for training new employees along with elevated absenteeism rates due to COVID-related factors has impacted productivity.

To mitigate the significant input cost inflation, the division implemented a series of price increases and surcharges. However, due to the speed of cost increases and the nature of some customer pricing mechanisms being based on retrospective material cost indexes, there is a lag in recovery. In addition, the pass-through of cost inflation has had a dilutive effect on operating profit margins, given the higher revenue base. The combined impact of this cost inflation, as well as inefficiencies arising from labour and component shortages, partially offset the strong revenue growth and benefits from continuous improvement activities, resulted in LFL adjusted operating profit growth of 8% compared to 2020 and 9% compared to 2019. LFL adjusted operating margin deteriorated 100bps to 16.4% compared to 2020 and by 30bps compared to 2019.

The division has worked closely with customers and suppliers to manage demand levels and has been successful in winning new business through the strength of its value proposition. The portfolio harmonisation activities are progressing to plan, with sliding patio door rationalisation now complete and work underway on the hinged patio door and casement product groups.

The division continued to drive operational improvements, with focus shifting near-term to increasing capacity and throughput to meet heightened demand. This included further inter-site line transfers, temporary outsourcing of processes to increase capacity, and capital investment directed towards addressing bottlenecks. Activities to optimise the distribution footprint in the western US commenced, with consolidation of two warehousing sites completed and conversion of space in the Sioux Falls facility to distribution in progress. Work is well underway on implementing a new integrated ERP platform which will enable a more streamlined ordering process for customers, enable efficiency gains in shared services and improve our decision support capabilities.

New product development

New product development continues to be a key enabler of growth for the division. Products launched in 2021 include a number of customer specific solutions and the division's new Pinnacle™ balance. After initial launch with a development partner, the Pinnacle™ is gaining traction with other customers due to the innovative design allowing customers to use one balance configuration across multiple window lines, enabling a significant reduction in the number of SKUs and a reduction in window frame material content. There is a growing pipeline of products due for launch in 2022, including the entry price point sliding patio door roller and handle solution, redesigned to compete more effectively in the price sensitive sector of the growing vinyl market.

Outlook

High levels of demand are expected to be sustained, although supply chain constraints, labour availability, cost inflation and interest rate increases may constrain market activity. Cost inflation is expected to remain high through 2022, although realisation of the benefits of price increases implemented in 2021 is expected to benefit profitability. The division will continue to monitor inflation and adjust pricing mechanisms accordingly.

In 2022, the division will continue to focus on increasing capacity to meet heightened demand and improving operational efficiency. There are a number of activities underway to enhance supply chain resilience for the division and its customers, including increasing both supply and manufacturing redundancy. Work will also continue with the ERP implementation, optimising the distribution footprint and completing the product portfolio harmonisation initiative.

Tyman UK & Ireland

£m except where stated	**2021**	2020	2019	*LFL vs 2020*	*LFL vs 2019*
Revenue	**105.8**	92.2	107.2	*+18%*	*+5%*
Adjusted Operating Profit	**14.8**	8.8	13.8	*+35%*	*+1%*
Adjusted Operating Margin	***14.0%***	*9.6%*	*12.9%*	*+170bps*	*-50bps*

Markets

The strong momentum in the UK residential RMI market has continued throughout 2021, driven by the stamp duty holiday, higher consumer savings levels, and home working resulting in people seeking more space and increasing spending on home improvement activity. The rate of growth began to moderate in the second half of the year due to the end of the stamp duty holiday, supply constraints and cost inflation. The IHS Markit / CIPS UK Construction PMI was at 54.3 in December 2021 (December 2019: 44), signalling a strong rate of construction output growth. The number of housing transactions was 41% higher than in 2020 (+26% vs 2019), and the CPA estimates that private housing RMI was 17% higher than in 2020 (+2% vs 2019).

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

Business performance and developments

The UK & Ireland division achieved LFL revenue growth of 18% compared to 2020, and 5% compared to 2019. This reflects the buoyant residential RMI market and the effect of pricing actions, weighed down by the impact of the weaker performance of the commercial access business. On a reported basis, revenue was 15% ahead of 2020 and 1% lower than 2019, reflecting the disposal of Ventrolla in November 2020.

This performance was achieved despite constraints arising from industry-wide supply chain pressures driven by material shortages and global shipping disruption, which significantly impacted service levels earlier in the year. Actions were taken to resolve stock shortages, including the use of expedited and alternative freight services, as well as increasing order levels to provide additional cover, which improved service levels in the second half.

Material and transport cost inflation was mitigated through price increases and the favourable impact of foreign exchange on material purchases, with LFL adjusted operating profit 35% higher than 2020, and 1% above 2019. LFL adjusted operating margin expanded by 170bps against 2020 and declined by 50bps against 2019, impacted by the effect of cost inflation, as well as weaker sales and margins in the commercial access business. On a reported basis, adjusted operating profit was 68% higher than 2020 and 7% higher than 2019, reflecting the disposal of Ventrolla, which was loss-making.

Hardware sales continued to be robust, driven by the buoyant housing market and the benefit of price increases, although were constrained by stock availability, resulting in revenue 22% ahead of 2020 and 8% ahead of 2019. Sales of the ERA Protect™ smartware range remained below planned levels, as the home security market was subdued by consumers spending more time at home. The ERA Protect™ Core Kit received a Which? Best Buy endorsement, and new consumer focussed microsite was launched to drive direct-to-consumer sales. The business has also continued to progress development of sustainable packaging solutions and elimination of chromium 6 from products.

Access 360, the division's commercial access portfolio, had a challenging year. The business is largely project-based and suffered from a dearth of larger infrastructure projects in the year, resulting in sales 5% below 2020 and 15% below 2019. Sales were also affected by the business's decision to temporarily suspend sales of two core product lines due to delays in obtaining re-certification, which led to these being substituted with higher cost products, further impacting profitability. Sales improved towards the end of the year with the sustained focus on online training further improving engagement with architects and specifiers. Work continues to optimise the business, with activity to harmonise systems across the three heritage Access 360 businesses now well progressed.

New product development

Several new products were launched in the period, in line with the strategy to extend ranges and broaden the certified products portfolio. This included ERA's first range of internal door handles, with concealed fixings and a clean aesthetic that can be coordinated throughout the property. The handles include secure bolt-through fixings to eliminate the requirement for cutting to simplify the fitting process, and the design and spring mechanism provide enhanced ergonomics and durability.

Also launched during the year was the Access 360 adjustable riser door frame product, which addresses an industry-wide challenge with installing riser doors. 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 savings to customers.

Outlook

The RMI market is expected to be broadly flat in 2022, with strong activity in the first half of the year, set against a weaker second half, as increases in the cost of living affect consumer confidence and spending, particularly in light of continued construction cost inflation. The commercial market is expected to continue to recover slowly, with CPA forecasts now indicating output will not return to 2019 levels until beyond 2023. The infrastructure sector is expected to benefit from some significant government investment projects, which could benefit the commercial access business.

High levels of cost inflation, ongoing logistics disruption, as well as the impact of further possible lockdowns in China will continue to create headwinds in 2022. Further pricing actions will be taken as required to manage cost inflation.

The division's focus in 2022 will be on enhancing supply chain resilience, continued new product development, including expansion of the certified solutions and cylinder ranges, and further optimisation of the Access 360 business.

Tyman International

£m except where stated	2021	2020	2019	LFL vs 2020	LFL vs 2019
Revenue	**132.2**	108.4	120.5	*+27%*	*+15%*
Adjusted operating profit	**19.5**	12.3	14.8	*+66%*	*+37%*
Adjusted operating profit margin	***14.7%***	*11.3%*	*12.3%*	*+350bps*	*+237bps*

Markets

Market demand was strong throughout the year in all of the division's key markets, despite the continuation of COVID-19 restrictions. The IHS Markit Eurozone Construction PMI rose to 52.9 in December, indicating robust expansion of construction activity. The PMI for Italy, the division's largest market was 64.4 in December 2021, after reaching an all-time high of 65.5 in November 2021.

Momentum in Continental Europe has continued to build through the year across both the residential and commercial sectors. This has been driven by resumption of projects on hold due to COVID-19 and consumers continuing to invest in their homes, boosted by government stimulus measures, such as the Italian super-bonus and eco-bonus schemes. Similar buoyancy has been seen in other regions, notably Australia and LATAM. The GCC cluster has also seen continued growth, largely coming from project activity in the commercial sector.

We are mindful of the evolving crisis in Ukraine; we have no local operations or colleagues based there or in Russia, and all our revenues are derived via local distribution partners (totalling c.1% of Group revenues in 2021). We are monitoring developments and will adapt as appropriate; our thoughts are with all those impacted.

Business performance and developments

The division had a very strong year, with LFL revenue growth of 27% against 2020 and 15% against 2019, due to buoyant market conditions, share growth in all key markets and pricing to compensate for cost inflation. The share growth was achieved through momentum with channel partnerships and the new product development pipeline coming to fruition, aided by robust supply chain and capacity management. Revenue in all top twelve markets, representing c. 80% of the business, grew compared to 2019; notably Italy grew 18%, reflecting both strong underlying market growth, some impact from customer re-stocking, as well as share gain.

Strong headwinds created by Brexit, haulier shortages, materials scarcity, and significant commodity and freight cost inflation have been effectively managed during the year through robust supply chain management and agile pricing to protect margins. Combined with the strong revenue growth and beneficial effect on fixed cost absorption, this resulted in LFL adjusted operating profit growth of 66% compared to 2020 and 37% compared to 2019. LFL adjusted operating margin expanded 350 bps to 14.7% (+237 bps vs 2019).

The business managed the high activity levels and global supply chain disruption effectively, demonstrating the resilience of its supply chain. Production levels were successfully increased through use of additional shifts and temporary labour, without loss of efficiency. Orderbook and lead times remain high in the seals business and work continues to expand capacity systemically, with new Q-Lon urethane lines being installed and commissioned in the UK in late 2021 to come up to full capacity in early 2022.

The division has continued to progress its strategic initiatives throughout the year. Partnership activity with system houses has continued to expand through the development of customised solutions to create long-term opportunities, with revenue from this channel up 19% vs 2019. Increased penetration has been driven by the innovative Giesse Pull & Slide system, with several agreements in place for future collaboration.

The programme to drive greater levels of automation in the Budrio hardware manufacturing facility has progressed well, leading to improvements in safety, efficiency and throughput. Work has also continued on sustainability activities, with C2C Silver accreditations achieved for flash hinges and Brio Evo handles during the year, and a number of other projects underway to improve the sustainability of manufacturing operations, packaging and other components.

New product development

The business has continued to focus its new product development efforts on the trends of aesthetics, safety and sustainability. The minimalist design concept was extended to interior doors with the Reguitti Obliq launch. The Obliq delivers elegant rosette-free aesthetics, highly functional ergonomics, easy installation and has been recognised for its sustainability credentials due to the use of recycled aluminium and reduced material content. There was also a further line extension of the successful CHIC concealed hinge range for door applications, which addresses the minimalist hardware trend, as well as several customised solutions launched in partnership with system houses.

Due to customers' high activity levels, the fire-retardant and intumescent urethane seals, which are certified to European standards for use in fire door applications, will now launch in H1 2022 when customers are more ready to receive new products.

Outlook

Forward momentum is expected to continue into 2022, albeit at a slower rate than the strong growth seen in 2021. The European construction sector is expected to grow at 3%, across both the commercial and residential sectors. The future impact of COVID-19 remains uncertain, as well as the implications it will have on consumer spending choices. The business is well prepared to manage input cost inflation with further price increases to be implemented in Q1 2022 on hardware products and the continued application of surcharges for the seals range.

The priorities for 2022 are to retain the 2021 share gains, exploit further growth opportunities through new product launches and channel expansion activities, and maintain margins. In addition, work will continue to increase capacity through ramping up production on the new urethane seal lines and enhancing productivity through automation and lean excellence initiatives.

TYMAN

Financial review

Income statement

Revenue and profit

Reported revenue for the year increased by 11.0% to £635.7 million (2020: £572.8 million), reflecting a significant increase in volume of £68.8 million driven by strong underlying demand and favourable structural trends post-COVID-19, as well as price increases of £11.9 million and tariffs and surcharges of £13.5 million to recover input cost inflation. This was offset by adverse foreign exchange movements of £28.5 million and the disposal of the Ventrolla business in November 2020 of £2.8 million. On a LFL basis, revenue increased 17.4% compared to 2020. Compared to 2019, which provides a more normalised comparator, LFL revenue increased 10.6%, reflecting the favourable market conditions and pricing actions.

Adjusted selling, general and administrative expenses increased to £121.7 million (2020: £111.8 million), as a result of the reversal of temporary cost-management actions taken in 2020 to mitigate the impact of COVID-19, including the curtailment of discretionary expenditure and cancellation of the senior management bonus scheme, as well as the receipt of £1.7 million from government job retention schemes outside of the UK. There was also a favourable impact of foreign exchange of £4.5 million. Against 2019, adjusted administrative expenses were flat (2019: £120.2 million).

Adjusted operating profit increased by 12.1% to £90.0 million (2020: £80.3 million). This was positively impacted by the revenue growth, productivity gains from continuous improvement initiatives of c.£4.9 million, and the disposal of the loss-making Ventrolla business of £2.2 million. 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 £4.6 million of adverse foreign exchange movements. On a LFL basis, adjusted operating profit increased 15.6%. The Group's adjusted operating profit margin increased 20 bps to 14.2% (2020: 14.0%). Compared to 2019, LFL adjusted operating profit increased by 11.1%, reflecting the strong revenue growth and benefits from self-help initiatives.

Adjusted profit before taxation increased by 19.2% to £81.5 million (2020: £68.4 million) and on a LFL basis increased 21.9%, benefiting from lower finance costs due to the reduction in net debt. Reported profit before taxation increased by 34.5% to £64.0 million (2020: £47.6 million), reflecting an exceptional credit of £0.6 million as opposed to a cost of £1.8 million in the prior year, as well as a reduction in the amortisation charge on acquired intangible assets.

Materials and input costs

£m except where stated	FY 2021 Materials(1)	Average(2)	Spot(3)
Aluminium (Euro)	**17.0**	+43%	+74%
Polypropylene (Euro)	**37.8**	+86%	+113%
Stainless steel (US)	**76.5**	+16%	+46%
Zinc (US)	**31.4**	+21%	+25%
Far East components (UK)(4)	**44.6**	+7%	+6%

(1) FY 2021 materials cost of sales for raw materials, components and hardware for overall category

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

(3) Spot tracker price as at 31 December 2021 compared with spot tracker price at 31 December 2020

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

Both spot and average prices across all categories rose significantly in 2021. Price increases and surcharges have been implemented to recover cost increases, albeit due to the magnitude and frequency of these increase as well as customer pricing mechanisms, there is an inevitable timing lag in recovery.

Exceptional items

Certain items that are material and non-trading in nature 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	**2021**	2020
Footprint restructuring – credits	**0.3**	0.2
M&A and integration - costs	**-**	(0.8)
M&A and integration - credits	**0.6**	0.6
M&A and integration - net	**0.6**	(0.2)
Loss on disposal of business	**-**	(1.8)
Impairment charges	**(1.9)**	-
Impairment credits	**1.6**	-
Impairment - net	**(0.3)**	-
	0.6	(1.8)

Footprint restructuring

The footprint restructuring credit in the current and prior year corresponds to the release of excess provisions made relating to the streamlining of the International footprint. The classification as exceptional is consistent with the original charge.

M&A and integration

The M&A credit of £0.6 million in the current year relates to the release of provisions made as part of the business combination accounting for previous acquisitions, which are no longer required. M&A and integration costs in the previous year relate to costs associated with the integration of businesses acquired in 2018, predominantly Ashland.

Loss on disposal of business

The £1.8 million charge in the prior year relates to a loss on the disposal of the Ventrolla business, which was divested on 5 November 2020 for nominal consideration.

Impairment

The impairment charge of £1.9 million in the current year relates to impairment of certain of the Group's intangible assets following the decision to commence a multi-year ERP upgrade. The impairment credit of £1.6 million relates to the release of a portion of provisions made in 2019 against inventory and other assets associated with the new door seals product in North America which is no longer required. The classification as exceptional is consistent with the original charge.

Finance costs

Net finance costs decreased to £9.1 million (2020: £12.1 million).

Interest payable on bank loans, private placement notes and overdrafts decreased to £5.9 million (2020: £8.9 million), predominantly reflecting the reduction in net debt and a reduction in the average interest rate. Interest on lease liabilities of £2.5 million reduced slightly (2020: £2.8 million), reflecting the lower average lease liability balance and lower interest rates.

The Group's average cost of funds and margin payable decreased by 30 bps to 3.1%, (2020: 3.4%) reflecting lower base interest rates and a lower applicable margin due to the reduction in leverage.

At 31 December 2021, 22.2% (2020: 43.0%) of the Group's adjusted debt excluding lease liabilities is held at fixed rates of interest. This reflects the US$45 million of outstanding debt under the US private placement programme. The reduction from 2020 reflects the repayment of the first tranche of this debt of US$55 million in November 2021.

Non-cash movements charged to net finance costs in the period include amortisation of capitalised borrowing costs of £0.5 million (2020: £0.5 million), pension interest cost of £0.1 million (2020: £0.2 million) and a loss on revaluation of fair value hedge of £0.1 million (2020: £Nil).

Forward exchange contracts

At 31 December 2021, the Group's portfolio of forward exchange contracts at fair value amounted to a net liability of £0.3 million (2020: net liability of £0.2 million). The notional value of the portfolio was £24.3 million (2020: £23.7 million), comprising US dollar and Chinese renminbi forward exchange contracts with notional values of US$28 million and RMB30 million respectively (2020: US$23 million and RMB60 million). These contracts have a range of maturities up to 17 June 2022. During the year, a fair value loss of £0.1 million (2020: fair value gain of £0.3 million) was recognised directly in the income statement.

Taxation

The Group reported an income tax charge of £14.4 million (2020: £10.4 million), comprising a current tax charge of £17.3 million (2020: £14.1 million) and a deferred tax credit of £2.9 million (2020: credit of £3.7 million), reflecting an effective tax rate of 22.5% (2020: 21.8%). The increase in the income tax charge reflects the increase in profit before tax as well as the one-off release of an excess provision in 2020.

The adjusted tax charge was £18.8 million (2020: £15.3 million) representing an adjusted effective tax rate of 23.1% (2020: 22.4%).

During the period, the Group paid corporation tax of £17.7 million (2020: £13.8 million). This reflects a cash tax rate on adjusted profit before tax of 21.7% (2020: 20.2%). The increase reflects the higher charge and timing of payments on account.

Earnings per share

Basic earnings per share increased by 33.1% to 25.4 pence (2020: 19.1 pence). Adjusted earnings per share increased to 32.1 pence (2020: 27.2 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	2021	2020
Net cash generated from operations	**57.0**	95.9
Add: Pension contributions	**2.8**	1.7
Add: Income tax paid	**17.7**	13.8
Less: Purchases of property, plant and equipment	**(16.1)**	(9.9)
Less: Purchases of intangible assets	**(4.5)**	(0.6)
Add: Proceeds on disposal of PPE	**0.8**	-
Operational cash flow after exceptional cash costs	**57.7**	100.9
Exceptional cash costs	**0.2**	4.2
Operational cash flow	**57.9**	105.1
Less: Pension contributions	**(2.8)**	(1.7)
Less: Income tax paid	**(17.7)**	(13.8)
Less: Net interest paid	**(8.8)**	(12.5)
Less: Exceptional cash costs	**(0.2)**	(4.2)
Free cash flow	**28.4**	72.9

Operational cash flow in the year decreased by 44.9% to £57.9 million (2020: £105.1 million), predominantly due to a significant working capital outflow of £33.9 million compared to an inflow of £8.3 million in 2020. Capital expenditure also increased to £20.6 million (2020: £10.5 million) after deferral of expenditure in 2020 due to COVID-19. Operating cash conversion in 2021 declined to 64.3% (2020: 130.9%).

Free cash flow in the period was significantly lower than 2020 at £28.4 million (2020: £72.9 million), as a result of the lower operational cash flow and higher income tax payments on account, offset by lower interest payments and lower exceptional cash costs.

Debt facilities

Bank and US private placement facilities available to the Group, as at 31 December 2021, were as follows:

Facility	Maturity	Currency	Committed	Uncommitted
2018 Facility	Feb 2024	Multi-currency	£240.0m	£70.0m
5.37 % USPP	Nov 2024	US$	US$45.0m	–
Other facilities	Various	€	€0.1m	–

The first tranche of the USPP facility of US$55 million was repaid in November 2021.

Liquidity

At 31 December 2021 the Group had gross outstanding borrowings of £204.6 million (2020: £224.1 million), cash balances of £58.1 million (2020: £69.7 million), committed but undrawn facilities of £123.6 million (2020: £143.1 million), as well as potential access to the uncommitted £70.0 million accordion facility. This provides immediately available liquidity of £180.8 million (2020: £210.4 million).

Net debt at 31 December 2021 was £145.8 million (2020: £153.2 million). Adjusted net debt, which excludes lease liabilities and unamortised finance arrangement fees was £91.7 million (2020: £100.6 million), with the reduction reflecting operational cash generation and movements in foreign exchange.

Covenant performance

At 31 December 2021	Test	Performance(1)	Headroom(1)	Headroom(2)
Leverage	< 3.0×	**0.9x**	£79.8m	77.8%
Interest Cover	> 4.0×	**17.6x**	£79.2m	77.2%

(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 31 December 2021, the Group retained significant headroom on its banking covenants. Leverage at the year end was 0.9x (2020: 1.1x), reflecting the higher adjusted EBITDA and lower level of net debt. Interest cover at 31 December 2021 was 17.6x (2020: 10.5x), largely reflecting the lower interest expense and an increase in EBITDA.

Balance sheet – assets and liabilities

Working capital

£m	FY 2020	Mvt	FX	2021
Inventories	84.0	53.9	(0.1)	**137.8**
Trade receivables	63.1	7.6	(0.8)	**69.9**
Trade payables	(55.1)	(23.8)	0.5	**(78.4)**
Trade working capital	**92.0**	**37.7**	**(0.4)**	**129.3**

Trade working capital at the year end, net of provisions, was £129.3 million (2020: £92.0 million).

Inventories increased by £53.8 million to £137.8 million (2020: £84.0 million), in order to meet higher levels of demand, as well as to provide a buffer in light of the extended Chinese New Year period, energy restrictions in China, ongoing global freight disruption and the need to de-risk key material availability. The inventory build was also magnified by the impact of material cost inflation. The provision for slow moving and obsolete inventory is slightly higher at £19.5 million (2020: £18.9 million).

Trade receivables increased by £6.8 million to £69.9 million (2020: £63.1 million) and trade payables increased by £23.3 million to £78.4 million (2020: £55.1 million), each as a result of the increased trading activity in the current year and impact of price increases, with trade payables also reflecting the increase in inventory.

The increase in trade working capital was reduced slightly by £0.4 million relating to foreign exchange.

Capital expenditure

Gross capital expenditure increased to £20.6 million (2020: £10.5 million) or 1.6x depreciation (excluding RoU asset depreciation) (2020: 0.7x), as the Group resumed investment following the deferral of most non-essential expenditure in 2020 in light of COVID-19. Capital expenditure relating to intangible assets has increased significantly to £4.5 million (2020: £0.6 million) due to the commencement of a multi-year ERP upgrade. Net capital expenditure was £19.8 million (2020: £10.5 million), which included £0.8 million of proceeds from disposals.

Goodwill and intangible assets

At 31 December 2021, the carrying value of goodwill and intangible assets was £430.1 million (2020: £446.0 million). The reduction in goodwill and intangible assets mainly reflects amortisation of intangible assets through the income statement of £18.8 million (2020: £20.3 million).

Provisions

Provisions at 31 December 2021 reduced to £6.2 million (2020: £8.9 million), primarily reflecting the release of provisions made on acquisitions that are no longer necessary given the passage of time.

Balance sheet – equity

Shares in issue

At 31 December 2021, the total number of shares in issue was 196.8 million (2020: 196.8 million) of which 0.5 million shares were held in treasury (2020: 0.5 million).

Employee Benefit Trust purchases

At 31 December 2021, the EBT held 0.8 million shares (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.

Dividends

A final dividend of 8.9 pence per share (2020: 4.0 pence), equivalent to £17.4 million based on the shares in issue as at 31 December 2021, will be proposed at the Annual General Meeting (2020: £7.8 million). The total dividend declared for the 2021 financial year is therefore 12.9 pence per share (2020: 4.0 pence), reflecting a return to the Group's progressive dividend policy after a pause in 2020 due to COVID-19 uncertainty. This equates to a Dividend Cover of 2.50x, in line with the Group's target range of 2.00x to 2.50x adjusted EPS.

The ex-dividend date will be 28 April 2022 and the final dividend will be paid on 27 May 2022 to shareholders on the register at 29 April 2022.

Only dividends paid in the year have been charged against equity in the 2021 financial statements. Dividend payments of £15.6 million were paid to shareholders during 2021 (2020: £Nil).

Other financial matters

Return on capital employed

ROCE increased by 220 bps to 14.5% (2020: 12.3%) as a result of the strong adjusted operating profit, a reduction in the average carrying value of intangible assets through amortisation and the impact of foreign exchange movements on capital employed, partially offset by higher average working capital.

Currency

Currency in the consolidated income statement

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

Translational exposure

Currency	US$	Euro	Other	Total
% mvt in average rate	7.2%	3.4%		
£m Revenue impact	(27.9)	(2.9)	(3.1)	**(33.9)**
£m Profit impact [1]	(4.4)	(0.4)	(0.6)	**(5.4)**
1c decrease impact [2]	447k	101k		

(1) Adjusted Operating Profit impact

(2) 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 £33.9 million and £5.4 million respectively compared with 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 and Ireland division from the Far East, these exposures are principally Sterling/US dollar or Chinese renminbi. For purchases by the International division's Australian business from the US and the Far East, these exposures are principally Australian dollar/US dollar or Chinese renminbi.

The Group's policy is to recover adverse transactional currency movements through price increases or surcharges. Divisions typically buy currency forward 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.

Foreign exchange hedges of Sterling against the US dollar and renminbi resulted in a loss of £0.1 million in 2021 compared to a gain of £0.3 million in 2020. The Group's other transactional exposures generally benefit from the existence of natural hedges and are immaterial.

Currency in the consolidated balance sheet

The Group aims to mitigate the translational impact of exchange rate movements by denominating a proportion of total borrowings in those currencies where there is a material contribution to Adjusted Operating Profit. Tyman's banking facility allows for funds to be drawn in those currencies.

The Group's gross borrowings (excluding leases) are denominated in the following currencies:

	2021		2020	
£'m	**Gross**	**%**	**Gross**	**%**
US dollars	**(105.2)**	**70.2**	(108.2)	63.5
Euros	**(44.6)**	**29.8**	(62.1)	36.5
Gross borrowings	**(149.8)**		(170.3)	

2022 technical guidance

Working capital will remain high due to the impact of inflation and to support supply chain resilience, with a minimal net cash flow impact year on year.

Capital expenditure in the 2022 financial year is expected to be £25 - £30 million, reflecting remaining catch up of expenditure deferred from 2020 and investment in new product development, operational excellence, and systems upgrades.

Operating cash conversion is expected to increase to between 80% - 90%, reflecting the elevated levels of working capital and the increased capital expenditure. The Group's long-term target remains at 90% per annum.

Leverage is expected to remain below the target range of 1.0× to 1.5× adjusted EBITDA absent any M&A activity.

Interest charge is expected to be £7 - £8 million, reflecting lower debt levels and a lower average interest rate.

The adjusted effective tax rate is expected to be c. 23.0% - 25.0%.

Jason Ashton

Chief Financial Officer

TYMAN

Consolidated income statement
For the year ended 31 December 2021

	Note	**2021 £'m**	2020 £'m
Revenue	3	**635.7**	572.8
Cost of sales	3	**(424.0)**	(380.7)
Gross profit		**211.7**	192.1
Administrative expenses		**(138.6)**	(132.4)
Operating profit		**73.1**	59.7
Analysed as:			
Adjusted[1] operating profit	3	**90.0**	80.3
Exceptional items	4	**0.6**	(1.8)
Amortisation of acquired intangible assets	7	**(17.5)**	(18.8)
Operating profit		**73.1**	59.7
Finance income		**-**	0.3
Finance costs		**(9.1)**	(12.4)
Net finance costs		**(9.1)**	(12.1)
Profit before taxation	3	**64.0**	47.6
Income tax charge	5	**(14.4)**	(10.4)
Profit for the year		**49.6**	37.2
Basic earnings per share	6	**25.4p**	19.1p
Diluted earnings per share	6	**25.3p**	19.0p
Non-GAAP alternative performance measures			
Adjusted[1] operating profit		**90.0**	80.3
Adjusted[2] profit before taxation	6	**81.5**	68.4
Basic Adjusted earnings per share[2]	6	**32.1p**	27.2p
Diluted Adjusted earnings per share[2]	6	**32.0p**	27.1p

1 Before amortisation of acquired intangible assets, impairment of goodwill and acquired intangible assets, and exceptional items. See Alternative Performance Measures on page 37.

2 Before amortisation of acquired intangible assets, impairment of goodwill and acquired intangible assets, exceptional items, unwinding of discount on provisions, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs and the associated tax effect. See Alternative Performance Measures on page 38.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	2021 **£'m**	2020 £'m
Profit for the year	**49.6**	37.2
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	**1.6**	1.4
Total items that will not be reclassified to profit or loss	**1.6**	1.4
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**2.4**	(12.7)
Effective portion of changes in value of cash flow hedges	**-**	0.3
Total items that may be reclassified to profit or loss	**2.4**	(12.4)
Other comprehensive income/(expense) for the year, net of tax	**4.0**	(11.0)
Total comprehensive income for the year	**53.6**	26.2

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 5.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital £'m	Treasury reserve £'m	Hedging reserve £'m	Translation reserve £'m	Retained earnings £'m	Total equity £'m
At 1 January 2020	9.8	(4.3)	(0.3)	59.5	351.6	416.3
Total comprehensive income/(expense)	–	–	0.3	(12.7)	38.6	26.2
Profit for the year	–	–	–	–	37.2	37.2
Other comprehensive income/ (expense)	–	–	0.3	(12.7)	1.4	(11.0)
Transactions with owners	–	0.9	–	–	(0.3)	0.6
Share-based payments[1]	–	–	–	–	0.9	0.9
Issue of own shares from Employee Benefit Trust	–	1.2	–	–	(1.2)	–
Purchase of own shares for Employee Benefit Trust	–	(0.3)	–	–	–	(0.3)
At 31 December 2020	9.8	(3.4)	–	46.8	389.9	443.1
Total comprehensive income	–	–	–	2.4	51.2	53.6
Profit for the year	–	–	–	–	49.6	49.6
Other comprehensive income	–	–	–	2.4	1.6	4.0
Transactions with owners		0.8	–	–	(15.1)	(14.3)
Share-based payments[1]	–	–	–	–	1.6	1.6
Dividends paid	–	–	–	–	(15.6)	(15.6)
Issue of own shares from Employee Benefit Trust	–	1.1	–	–	(1.1)	–
Purchase of own shares for Employee Benefit Trust	–	(0.3)	–	–	–	(0.3)
At 31 December 2021	**9.8**	**(2.6)**	**–**	**49.2**	**426.0**	**482.4**

1 Share-based payments include a tax credit of £0.3 million (2020: tax credit of £0.2 million) and a release of the deferred share based payment bonus accrual of £0.3 million (2020: £0.6 million).

Consolidated balance sheet

As at 31 December 2021

	Note	**2021 £'m**	2020 £'m
TOTAL ASSETS			
Non-current assets			
Goodwill	7	**363.3**	361.9
Intangible assets	7	**66.8**	84.1
Property, plant and equipment		**63.5**	60.7
Right of use assets	8	**52.0**	51.8
Financial assets at fair value through profit or loss		**1.1**	1.1
Deferred tax assets		**12.6**	16.3
		559.3	575.9
Current assets			
Inventories		**137.8**	84.0
Trade and other receivables		**81.0**	72.8
Cash and cash equivalents		**58.1**	69.7
		276.9	226.5
TOTAL ASSETS		**836.2**	802.4
LIABILITIES			
Current liabilities			
Trade and other payables		**(112.8)**	(84.4)
Derivative financial instruments		**(0.3)**	(0.2)
Borrowings	9	**(0.1)**	(40.3)
Lease liabilities	8	**(6.0)**	(5.4)
Current tax liabilities		**(6.0)**	(6.8)
Provisions		**(1.4)**	(1.3)
		(126.6)	(138.4)
Non-current liabilities			
Borrowings	9	**(149.0)**	(128.8)
Lease liabilities	8	**(48.8)**	(48.4)
Deferred tax liabilities		**(20.5)**	(26.8)
Retirement benefit obligations		**(4.0)**	(8.9)
Provisions		**(4.8)**	(7.6)
Other payables		**(0.1)**	(0.4)
		(227.2)	(220.9)
TOTAL LIABILITIES		**(353.8)**	(359.3)
NET ASSETS		**482.4**	443.1
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**9.8**	9.8
Treasury reserve		**(2.6)**	(3.4)
Translation reserve		**49.2**	46.8
Retained earnings		**426.0**	389.9
TOTAL EQUITY		**482.4**	443.1

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	**2021 £'m**	2020 £'m
Cash flow from operating activities			
Profit before taxation	3	**64.0**	47.6
Adjustments	10	**47.4**	55.9
Changes in working capital[1]:			
Inventories		**(54.0)**	3.3
Trade and other receivables		**(9.1)**	1.7
Trade and other payables		**29.2**	3.3
Provisions utilised		**-**	(0.4)
Pension contributions		**(2.8)**	(1.7)
Income tax paid		**(17.7)**	(13.8)
Net cash generated from operations		**57.0**	95.9
Cash flow from investing activities			
Purchases of property, plant and equipment		**(16.1)**	(9.9)
Purchases of intangible assets	7	**(4.5)**	(0.6)
Proceeds on disposal of property, plant and equipment		**0.8**	-
Acquisitions of subsidiary undertakings, net of cash acquired		**-**	(1.5)
Net cash used in investing activities		**(19.8)**	(12.0)
Cash flow from financing activities			
Interest paid		**(8.8)**	(12.5)
Dividends paid		**(15.6)**	-
Purchase of own shares for Employee Benefit Trust		**(0.3)**	(0.3)
Proceeds from drawdown of borrowings		**40.0**	91.6
Repayments of borrowings		**(57.8)**	(135.7)
Principal element of lease payments		**(6.2)**	(6.4)
Net cash used in financing activities		**(48.7)**	(63.3)
Net (decrease)/increase in cash and cash equivalents		**(11.5)**	20.6
Exchange (losses)/gains on cash and cash equivalents		**(0.1)**	0.1
Cash and cash equivalents at the beginning of the year		**69.7**	49.0
Cash and cash equivalents at the end of the year		**58.1**	69.7

1 Excluding the effects of exchange differences on consolidation.

Notes to the 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 4,200 people with facilities in 16 countries worldwide.

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

2. Accounting policies and basis of preparation

The consolidated financial statements of Tyman plc have been prepared in accordance with the UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on a historical cost basis, except for items that are required by IFRS to be measured at fair value, principally certain financial instruments.

The financial information included in the full year results announcement does not constitute statutory accounts of the Company for the years ended 31 December 2021 and 2020. Statutory accounts for the year ended 31 December 2020 have been reported on by the Company's auditor and delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2021 have been audited and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The report of the auditors for both years was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

These results were approved by the Board of Directors on 3 March 2022.

2.1 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.

As at 31 December 2021, the Group had cash and cash equivalents of £58.1 million and an undrawn RCF available of £123.6 million, giving liquidity headroom of £180.8 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 31 December 2021, with £79.8 million (77.8%) of EBITDA headroom on the leverage covenant and £79.2 million (77.2%) of EBITDA headroom on the interest cover covenant.

The Group has performed an assessment of going concern through modelling several scenarios. The base case scenario reflects the budget for 2022 and the strategic plan financials for 2023. A severe but plausible downside scenario has also been modelled, which assumes a deterioration in revenue from the base case of 10%. This reflects the risks arising from ongoing supply chain disruption, ability to continue passing on price increases to customers and market uncertainty. This scenario also includes some level of remedial actions to preserve cash flow in the event of performance downgrades, however there are further cost mitigating actions that could be taken by management in the event this became necessary.

In all scenarios modelled, the Group would retain significant liquidity and covenant headroom throughout the going concern period.

Reverse stress-testing has also been performed to model a scenario which would result in elimination of covenant headroom within the going concern assessment period. Revenue would need to decrease significantly, to an extent not considered plausible, for the covenants to be breached. This scenario was considered highly unlikely.

Having reviewed the various 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 and Company financial information has been prepared on a going concern basis.

2.2 Changes in accounting policies and disclosures

2.2.1 New, revised and amended standards and interpretations adopted by the Group

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

2.2.2 New, revised and amended accounting standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2.3 Other changes to accounting policies

There are no further changes to accounting policies.

3. Segment reporting

3.1 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 3.2.

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.

3.2 Revenue

	2021 £'m			2020 £'m		
	Segment revenue	**Inter-segment revenue**	**External revenue**	Segment revenue	Inter-segment revenue	External revenue
North America	**400.5**	**(2.8)**	**397.7**	374.8	(2.7)	372.1
UK & Ireland	**106.2**	**(0.4)**	**105.8**	92.8	(0.6)	92.2
International	**135.2**	**(3.0)**	**132.2**	110.9	(2.4)	108.5
Total revenue	**641.9**	**(6.2)**	**635.7**	578.5	(5.7)	572.8

Included within the Tyman International segment is revenue attributable to the UK of £22.3 million (2020: £17.2 million). There are no single customers which account for greater than 10% of total revenue.

3.3 Profit before taxation

	Note	**2021 £'m**	2020 £'m
North America		**65.1**	64.5
UK & Ireland		**14.8**	8.8
International		**19.5**	12.3
Operating segment result		**99.4**	85.6
Centrally incurred costs		**(9.4)**	(5.3)
Adjusted operating profit		**90.0**	80.3
Exceptional items	4	**0.6**	(1.8)
Amortisation of acquired intangible assets	7	**(17.5)**	(18.8)
Operating profit		**73.1**	59.7
Net finance costs		**(9.1)**	(12.1)
Profit before taxation		**64.0**	47.6

4. Exceptional items

	2021 £'m	2020 £'m
Footprint restructuring - credits	**0.3**	0.2
M&A and integration - costs	**–**	(0.8)
M&A and integration – credits	**0.6**	0.6
M&A and integration - net	**0.6**	(0.2)
Loss on disposal of business	**–**	(1.8)
Impairment charge	**(1.9)**	–
Impairment credits	**1.6**	–
Impairment - net	**(0.3)**	–
	0.6	(1.8)

5. Taxation

5.1 Taxation – income statement and other comprehensive income

	2021 £'m	2020 £'m
Current taxation		
Current tax on profit for the year	**(18.8)**	(15.5)
Prior year adjustments	**1.5**	1.4
Total current taxation	**(17.3)**	(14.1)
Deferred taxation		
Origination and reversal of temporary differences	**2.2**	3.6
Rate change adjustment	**0.4**	0.1
Prior year adjustments	**0.3**	-
Total deferred taxation	**2.9**	3.7
Income tax charge in the income statement	**(14.4)**	(10.4)
Total (charge)/credit relating to components of other comprehensive income		
Current tax charge on translation	**–**	(0.2)
Current tax credit on share-based payments	**0.1**	0.1
Deferred tax (charge)/credit on actuarial gains and losses	**(0.5)**	0.1
Deferred tax credit on share-based payments	**0.2**	0.1
Deferred tax charge on translation	**(0.1)**	(0.2)
Income tax charge in the statement of other comprehensive income	**(0.3)**	(0.1)
Total current taxation	**(17.2)**	(14.2)
Total deferred taxation	**2.5**	3.7
Total taxation	**(14.7)**	(10.5)

The Group's UK profits for this financial year are taxed at the statutory rate of 19.0% (2020: 19.0%). The deferred tax balances have been measured using the applicable enacted rates. In the UK, legislation to increase the standard rate of corporation tax to 25% from 1 April 2023 was enacted in the Finance Act 2021 on 10 June 2021, and consequently deferred tax has been remeasured to reflect this.

Taxation for other jurisdictions is calculated at rates prevailing in those respective jurisdictions.

5.2 Reconciliation of the total tax charge

The tax assessed for the year differs from the standard rate of tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £'m	2020 £'m
Profit before taxation	**64.0**	47.6
Rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**(12.2)**	(9.0)
Effects of:		
Expenses not deductible for tax purposes	**(0.9)**	(0.1)
Overseas tax rate differences	**(3.5)**	(2.8)
Rate change adjustment	**0.4**	0.1
Prior year adjustments	**1.8**	1.4
Income tax charge in the income statement	**(14.4)**	(10.4)

5.3 Factors that may affect future tax charges

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 31 December 2021.

6. Earnings per share

6.1 Earnings per share

	2021 £'m	2020 £'m
Profit for the year	**49.6**	37.2
Basic earnings per share	**25.4p**	19.1p
Diluted earnings per share	**25.3p**	19.0p

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

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 year plus the weighted average number of ordinary shares that would be issued on the conversion of all the diluted potential ordinary shares into ordinary shares.

6.*1.1 Weighted average number of shares*

	2021 'm	2020 'm
Weighted average number of shares (including treasury shares)	**196.8**	196.8
Treasury and Employee Benefit Trust shares	**(1.4)**	(1.7)
Weighted average number of shares - basic	**195.4**	195.1
Effect of dilutive potential ordinary shares - LTIP awards and options	**0.7**	0.7
Weighted average number of shares - diluted	**196.1**	195.8

6.1.2 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 before taxation and using the same weighted average number of shares in issue as the earnings per share calculation.

Adjusted profit after taxation is derived as follows:

	2021 £'m	2020 £'m
Profit before taxation	**64.0**	47.6
Exceptional items	**(0.6)**	1.8
Loss/(gain) on revaluation of fair value hedge	**0.1**	(0.3)
Amortisation of borrowing costs	**0.5**	0.5
Amortisation of acquired intangible assets	**17.5**	(18.8)
Adjusted profit before taxation	**81.5**	68.4
Income tax charge	**(14.4)**	(10.4)
Add back: Adjusted tax effect[1]	**(4.4)**	(4.9)
Adjusted profit after taxation	**62.7**	53.1

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

Adjusted earnings per share is summarised as follows:

	2021	2020
Basic Adjusted earnings per share	**32.1p**	27.2p
Diluted Adjusted earnings per share	**32.0p**	27.1p

7. Goodwill and intangible assets

7.1 Carrying amount of goodwill

	£'m
Net carrying value	
At 1 January 2020	**371.3**
Exchange difference	**(9.4)**
At 31 December 2020	**361.9**
Exchange difference	**1.4**
At 31 December 2021	**363.3**

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

	2021 £'m	2020 £'m
North America	**268.5**	265.6
UK & Ireland	**60.2**	60.2
International	**34.6**	36.1
	363.3	361.9

7.2 Carrying amount of intangible assets

	Computer software £'m	Acquired brands £'m	Customer relationships £'m	Total £'m
Cost				
At 1 January 2020	13.2	86.5	258.1	357.8
Additions	0.6	–	–	0.6
Disposals	(0.4)	–	–	(0.4)
Exchange difference	(0.2)	(0.7)	(5.4)	(6.3)
At 31 December 2020	13.2	85.8	252.7	351.7
Additions	4.4	0.1	–	4.5
Disposals	(2.0)	(3.0)	–	(5.0)
Exchange difference	(0.1)	(0.8)	(0.2)	(1.1)
At 31 December 2021	**15.5**	**82.1**	**252.5**	**350.1**
Accumulated amortisation				
At 1 January 2020	(5.9)	(52.5)	(195.4)	(253.8)
Amortisation charge for the year	(1.5)	(5.7)	(13.1)	(20.3)
Disposals	0.2	–	–	0.2
Exchange difference	0.1	0.8	5.4	6.3
At 31 December 2020	(7.1)	(57.4)	(203.1)	(267.6)
Amortisation charge for the year	(1.3)	(5.4)	(12.1)	(18.8)
Disposals	2.0	3.0	–	5.0
Impairment	(1.9)	–	–	(1.9)
Exchange difference	(0.1)	0.4	(0.3)	–
At 31 December 2021	**(8.4)**	**(59.4)**	**(215.5)**	**(283.3)**
Net carrying value				
At 1 January 2020	7.3	34.0	62.7	104.0
At 31 December 2020	6.1	28.4	49.6	84.1
At 31 December 2021	**7.1**	**22.7**	**37.0**	**66.8**

The amortisation charge for the year has been included in administrative expenses in the income statement and comprises £17.5 million (2020: £18.8 million) relating to amortisation of acquired intangible assets and £1.3 million (2020: £1.5 million) relating to amortisation of other intangible assets.

8. Leases

8.1 The Group's leasing arrangements

The Group leases manufacturing and warehousing facilities, offices, and various items of plant, machinery, and vehicles used in its operations.

Leases of manufacturing and warehousing facilities and offices generally have lease terms between 5 and 25 years, while plant, machinery, and vehicles generally have lease terms between 6 months and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

8.2 Carrying value of right of use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Note	Land and buildings £'m	Plant and machinery £'m	Total £'m
At 1 January 2020		57.0	2.4	59.4
Additions		2.9	0.4	3.3
Disposals		(1.6)	–	(1.6)
Depreciation charge		(6.7)	(1.0)	(7.7)
Revaluation impairment		(0.3)	–	(0.3)
Exchange difference		(1.3)	–	(1.3)
At 31 December 2020		50.0	1.8	51.8
Additions		1.4	0.9	2.3
Lease extensions		4.7	–	4.7
Change in indexation		0.1	–	0.1
Disposals		(0.1)	–	(0.1)
Depreciation charge		(6.1)	(0.9)	(7.0)
Exchange difference		0.2	–	0.2
At 31 December 2021		**50.2**	**1.8**	**52.0**

8.3 Carrying value of lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	2021 £'m	2020 £'m
At 1 January	**(53.8)**	(60.0)
New leases	**(2.3)**	(3.3)
Lease extensions	**(4.7)**	–
Change in indexation	**(0.2)**	–
Lease disposals	**0.2**	1.6
Interest charge	**(2.5)**	(2.8)
Lease payments	**8.6**	9.2
Foreign exchange	**(0.1)**	1.5
At 31 December	**(54.8)**	(53.8)
Current liabilities	**(6.0)**	(5.4)
Non-current liabilities	**(48.8)**	(48.4)
At 31 December	**(54.8)**	(53.8)

8.4 Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss

	2021 £'m	2020 £'m
Depreciation of ROU assets	**(7.0)**	(7.7)
Interest expense (included in finance cost)	**(2.5)**	(2.8)
Expense relating to short-term and low-value assets not included in lease liabilities (included in cost of sales and administration expenses)	**(1.3)**	(1.0)
Expense relating to variable lease payments not included in lease liabilities (included in cost of sales and administration expenses)	**(0.5)**	(0.5)
	(11.3)	(12.0)

8.5 Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

As at 31 December 2021, potential future cash outflows of £64.0 million (2020: £68.1 million) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

9. Interest-bearing loans and borrowings

9.1 Carrying amounts of interest-bearing loans and borrowings

		2021 £'m	2020 £'m
Unsecured borrowings at amortised cost:			
Bank borrowings		**(116.5)**	(97.0)
Senior notes		**(33.3)**	(73.3)
Capitalised borrowing costs		**0.7**	1.2
Borrowings		**(149.1)**	(169.1)
Lease liabilities	8	**(54.8)**	(53.8)
Total interest-bearing liabilities		**(203.9)**	(222.9)
Analysed as:			
Current liabilities		**(6.1)**	(45.7)
Non-current liabilities		**(197.8)**	(177.2)
		(203.9)	(222.9)

There were no defaults in interest payments in the year under the terms of the existing loan agreements. Non-cash movements in the carrying amount of interest-bearing loans and borrowings relate to the amortisation of borrowing costs.

The carrying amounts of interest-bearing loans and borrowings (excluding lease liabilities) are denominated in the following currencies:

	2021 £'m	2020 £'m
Sterling	**0.7**	1.2
US dollars	**(105.2)**	(108.2)
Euros	**(44.6)**	(62.1)
	(149.1)	(169.1)

9.1.2 Bank borrowings

Multi-currency revolving credit facility

On 19 February 2018, the Group entered into the 2018 Facility. The 2018 Facility gives the Group access to up to £310.0 million of borrowings and comprises a £240.0 million committed revolving credit facility and a £70.0 million uncommitted accordion facility, expiring in February 2024. The banking facility is unsecured and is guaranteed by Tyman plc and its principal subsidiary undertakings.

As at 31 December 2021, the Group has undrawn amounts committed under the multi-currency revolving credit facility of £123.6 million (2020: £143.1 million). These amounts are floating rate commitments which expire beyond 12 months.

Other borrowings

The Group acquired bank borrowings as part of the acquisition of Reguitti. At 31 December 2021, the remaining facility has a carrying value of £0.1 million (2020: £0.2 million) and an undrawn value of £Nil (2020: £Nil). The facility has a maturity of 22 May 2022 and is unsecured.

9.1.3 Private placement notes

On 19 November 2014, the Group issued unsecured private debt placement notes with US financial institutions totalling US$100.0 million.

The debt comprised US$55.0 million debt with a seven-year maturity from inception at a coupon of 4.97% and US$45.0 million with a 10-year maturity from inception at a coupon of 5.37%. The US$55.0 million matured and was repaid in November 2021. The US$45.0 million is due in 2024 and is classified as non-current.

9.2 Net debt

9.2.1 Net debt summary

	2021 £'m	2020 £'m
Borrowings	**(149.1)**	(169.1)
Lease liabilities	**(54.8)**	(53.8)
Cash	**58.1**	69.7
At 31 December	**(145.8)**	(153.2)

9.2.2 Net debt reconciliation

	Cash	**Borrowings**	**Lease liabilities**	**Total**
At 1 January 2020	49.0	(211.8)	(60.0)	(222.8)
Cash flows	22.1	44.0	9.2	75.3
Acquisitions	(1.5)	–	–	(1.5)
Disposals	–	–	1.6	1.6
New leases	–	–	(3.3)	(3.3)
Lease interest accretion	–	–	(2.8)	(2.8)
Foreign exchange adjustments	0.1	(0.8)	1.5	0.8
Amortisation of borrowing costs	–	(0.5)	–	(0.5)
At 31 December 2020	69.7	(169.1)	(53.8)	(153.2)
Cash flows	(11.5)	17.8	8.6	14.9
Disposals	–	–	0.2	0.2
New leases	–	–	(2.3)	(2.3)
Lease modifications	–	–	(0.2)	(0.2)
Lease interest accretion	–	–	(2.5)	(2.5)
Lease extensions	–	–	(4.7)	(4.7)
Foreign exchange adjustments	(0.1)	2.7	(0.1)	2.5
Amortisation of borrowing costs	–	(0.5)	–	(0.5)
At 31 December 2021	**58.1**	**(149.1)**	**(54.8)**	**(145.8)**

10. 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	**2021** **£'m**	2020 £'m
Net finance costs		**9.1**	12.1
Depreciation of PPE		**11.5**	12.7
Depreciation of right of use assets		**7.0**	7.7
Amortisation of intangible assets	7	**18.8**	20.3
Impairment of intangible assets	7	**1.9**	-
Impairment of property, plant and equipment		**0.2**	0.5
Impairment of right of use assets		**-**	0.3
Loss on disposal of property, plant and equipment		**0.2**	1.3
Pension service costs and expected administration costs		**0.1**	0.4
Non-cash provision movements		**(2.4)**	(0.1)
Share-based payments		**1.0**	0.7
		47.4	55.9

Alternative performance measures

The Group uses a number of alternative performance measures. 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 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 in the Group's Annual Report and Accounts. 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 and goodwill, and exceptional items.

Adjusted operating margin is adjusted operating profit divided by revenue.

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 21.

Like for like or LFL revenue and operating profit

Definition

The comparison of revenue or adjusted 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, the 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 year on year, excluding the impact of M&A and currency movements.

Reconciliation/calculation

	2021 **£'m**	2020 £'m
Reported revenue	**635.7**	572.8
Revenue from business disposed of in prior year	**-**	(2.8)
Effect of exchange rates	**-**	(28.5)
Like-for-like revenue	**635.7**	541.5
Adjusted operating profit	**90.0**	80.3
Adjusted operating profit from business disposed of in prior year	**-**	2.2
Effect of exchange rates	**-**	(4.6)
Like-for-like adjusted operating profit	**90.0**	77.9

Adjusted profit before tax and adjusted profit after tax

Definition

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

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 and the associated tax effect are excluded. These items are excluded as they are of a non-trading nature.

Reconciliation/calculation

A reconciliation is included in note 6.1.

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 our shareholders.

Reconciliation/calculation

A reconciliation of adjusted profit after tax and the number of shares can be found in note 6.

Leverage

Definition

Adjusted net debt translated at the average exchange rate for the year divided by adjusted EBITDA, as defined in the banking agreements.

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

	2021 £'m	2020 £'m
Adjusted Net Debt (at average exchange rate)	**91.0**	105.3
Adjusted EBITDA (in accordance with covenants)	**102.6**	95.2
Leverage (x)	**0.9x**	1.1x

Return on Capital Employed (ROCE)

Definition

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

	2021 £'m	2020 £'m
Adjusted operating profit	**90.0**	80.3
Average capital employed	**619.4**	653.8
ROCE	**14.5%**	12.3%

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.

Operating cash conversion

Operational cash flow divided by adjusted operating profit.

Purpose

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

Reconciliation/calculation

A reconciliation of operational cash flow is included in the financial review on page 15.

Definitions and glossary of terms

APM	Alternative Performance Measure
bps	Basis points
C2C	Cradle to Cradle product certification scheme for safer, more sustainable products
CGU	Cash Generating Unit
CHIC	Concealed hardware innovative components
CIPS	Chartered Institute of Purchasing and Supply
DSBP	Deferred share bonus plan
EB Trust (EBT)	The Tyman Employees’ Benefit Trust
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortisation
EMEAI	Europe, Middle East and Africa and India region
EPS	Earnings per Share
ESSP	Employee Sharesave plan
ExCo	Executive Committee
FVPL	Fair value through profit or loss
IoT	Internet of Things
LFL	Like-for-like
LTIFR	Lost time incident frequency rate - a core safety metric expressing the number of lost time incidents as a ratio per 1 million hours worked
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	Property, plant and equipment
ROAI	Return on acquisition investment
RMI	Renovation, maintenance and improvement
ROCE	Return on capital employed
SKU	Stock keeping unit
Smartware	Integrated and mechanical and electronic security solutions
TCFD	Taskforce for climate related financial disclosures
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:	2021	2020
US dollars	**1.3512**	1.3650
Euros	**1.1912**	1.1129
Australian dollars	**1.8607**	1.7708
Canadian dollars	**1.7159**	1.7393
Brazilian Real	**7.5285**	7.0898

Average Rates:	2021	2020
US dollars	**1.3757**	1.2836
Euros	**1.1631**	1.1251
Australian dollars	**1.8321**	1.8626
Canadian dollars	**1.7244**	1.7200
Brazilian Real	**7.4216**	6.6115

Roundings

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