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Tyman PLC
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TYMAN PLC

Trading and COVID-19 Update

Tyman plc ("Tyman" or the "Group"), a leading international supplier of engineered components and access solutions to the construction industry, provides an update on trading for the period from 1 July 2020 to 30 September 2020 (Q3).

Trading and COVID impact

The Group's first priority continues to be the health and safety of our employees, their families and our communities. We have maintained enhanced hygiene, social distancing and other best practice measures across the Group.

Trading has significantly exceeded our expectations in Q3. Whilst there has been an element of pent-up demand release and customer restocking, order intake continues to improve in all three divisions, indicating the strength of underlying demand.

Group revenue declined by 10% to £416.4 million on a reported basis for the nine months to 30 September 2020 compared with the corresponding period in 2019, with Q3 revenue flat to prior year on a reported basis and +3% on a like-for-like basis.

Like-for-Like (LFL) revenue vs 2019

	H1 2020	**Jul**	**Aug**	**Sep**	**Q3 2020**	**9 mths to 30 Sep 2020**
North America	-12%	+3%	-6%	+8%	**+1%**	**-8%**
UK & Ireland	-28%	+2%	-1%	+8%	**+3%**	**-17%**
International	-22%	-9%	+37%	+14%	**+9%**	**-12%**
Group	-17%	Flat	Flat	+9%	**+3%**	**-10%**

Order intake is particularly strong in North America, driven by a sharp recovery in both single family housing starts and RMI activity. The Group has proportionately greater exposure to single family starts and has benefited from a recent change in mix from multi-family starts to single-family starts, driven by "urban flight". Single family housing starts for the year to date are 4% higher than 2019, with Q3 2020 starts being 11% higher than Q3 2019. This quicker than expected recovery in activity, following a period of reduced production during April and May, is causing some industry-wide pressure on inventories and service levels. We have put in place immediate actions to ramp up production to meet the increased demand and are working closely with both our suppliers and customers.

The UK market also continues to recover strongly, reflecting increasing numbers of housing transactions and very high mortgage approval levels, in part stimulated by continued low borrowing rates, the temporary cut to stamp duty and a desire for more space as a result of lockdown. The IHS Markit/Construction PMI for September was 56.8, the highest level since October 2015, with home building the strongest performing category.

Balance sheet and liquidity

The Group maintains significant liquidity headroom supported by Tyman's high levels of cash generation. At 30 September 2020, we had improved our net debt to EBITDA ratio on a covenant basis to 1.4x (30 June 2020: 1.8x), which compares against our covenant level of 3.5x at 31 December 2020.

This has been driven by cost savings and careful management of cashflow, including a much lower than normal seasonal stock build in Q2 due to the uncertainty. The quicker than expected recovery in Q3 has led to a further reduction in working capital, as well as deferral of some capital expenditure into 2021 due to the operational focus on servicing current demand.

Strategic progress

The Group believes the strategy of *focus*, *define*, *grow* continues to be the right one in the context of COVID-19 to strengthen the Group and further enhance our portfolio of world class brands and differentiated products to deliver meaningful value to our customers and thereby create shareholder value. Although the current focus is inevitably the intensive management of our response to the COVID-19 crisis, good progress has also been made on these strategic priorities.

We continue to strengthen customer engagement and execution in North America with net wins of $4 million annualised revenue achieved in the nine months to September 2020, in spite of customer engagement currently being handled virtually and more limited customer appetite for new business at a time of intense demand-driven activity.

Operational improvements at the Statesville facility are progressing to plan, with the accomplishments in the first half now yielding benefits at the accelerated rate anticipated. Other footprint optimisations in North America completed in the first half are on track to deliver the previously announced savings of c. $1 million in the second half. Further initiatives are also underway, including the transfer of a further $10 million of revenue to our Monterrey, Mexico facility with an additional $1 million of annualised savings.

New product launches have largely progressed as planned, including the Reguitti mid-price point range now launched for the German market and traction continuing with the ERA Protect range of smartware products in the UK.

Board changes

Further to the announcement on 17 September 2020, Nicky Hartery joined the Board on 1 October 2020 and will succeed Martin Towers as Chair of Tyman plc on 1 December 2020.

Dividend

The Board is currently of the view that if momentum is maintained during Q4 and into 2021, and as a statement of confidence in the Group's future prospects and cashflow delivery, consideration will be given to the appropriateness of a modest final dividend for 2020.

Outlook

The Q3 performance along with the strong order book and order intake levels mean we now anticipate reported revenue in H2 2020 will only be slightly behind H2 2019, which is far better than our original expectations. The Group continues to make good progress on its strategic objectives to drive both growth and margin expansion. In respect of H2 2020, the Group expects to benefit from underlying operational improvements as well as some one-off cost savings resulting from its response to COVID-19. Leverage at 31 December 2020 is expected to be below 1.4x adjusted EBITDA.

Jo Hallas, Chief Executive Officer, commented:

"The strength of demand recovery in Q3 is very encouraging, and we are working closely with our customers to support them through this exceptional period. While the outlook continues to be uncertain, the strength of structural industry growth drivers is clearly evident, particularly in the US. Our strategic initiatives are having the desired impact in strengthening our base and will position the business well for future growth, building on our portfolio of differentiated products, market-leading brands and deep customer relationships."

7 October 2020

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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: North America (AmesburyTruth), UK and Ireland (ERA) and International (SchlegelGiesse). Headquartered in London, the Group employs approximately 3,900 people with facilities in 18 countries worldwide. Further information is available at www.tymanplc.com.