Delivering operational excellence

Tyman plc Interim Presentation 2018

Highlights
Encouraging first half to 2018

Business highlights

- Encouraging H1
  - Growth in Revenue and Underlying Operating Profit
  - Improved Underlying Operating Margin and ROCE
- Higher Free Cash Flow in period – Leverage projected to reduce in H2
- AmesburyTruth trading ahead of H1 2017; increased order book at the half year
- ERA continues to take share in what remains a slow market; profitability impacted by market conditions
- SchlegelGiesse seen further growth in most markets; strong momentum at the half year
- Input cost volatility seen across the Group – Divisions still remain disciplined in approach to input cost recovery

Acquired business highlights

- Strong trading from Ashland
  - Revenue and Operating Profit significantly ahead of prior year
  - Transaction expected to be earning enhancing in 2018, twelve months ahead of schedule
- Promising start for Zoo – business momentum sustained following acquisition
- Bilco run rate ROAI after two years confirmed at 17.0 per cent.; 200 bps ahead of target

Financial performance

H1 2018 Financials

Performance assisted by M&A and despite adverse exchange rates

Revenue	Operating Profit[1]	Operating Margin[1]	EPS[1]
£274.9m *+ 6 %* *+ 3 % (CC LFL)* H1 2017: £260.4m	**£38.2m** *+ 8 %* *+ 3 % (CC LFL)* H1 2017: £35.5m	**13.9 %** *+ 30 bps* H1 2017: 13.6 %	**13.11p** *+ 8 %* H1 2017: 12.09p

ROCE[2]	Leverage	Cash conversion[3]	DPS
13.9 % *+ 10 bps* H1 2017: 13.8 %	**2.11x** *+ 0.06x* H1 2017: 2.05x	**84.6 %** *(1 470) bps* H1 2017: 99.3 %	**3.75p** *+ 7 %* H1 2017: 3.50p

Notes – for Definitions and reconciliation of APMs see the Interim Results Announcement published on 25 July 2018 and the 2017 Report and Accounts

(1) Underlying

(2) LTM Underlying Operating Profit divided by LTM average capital employed

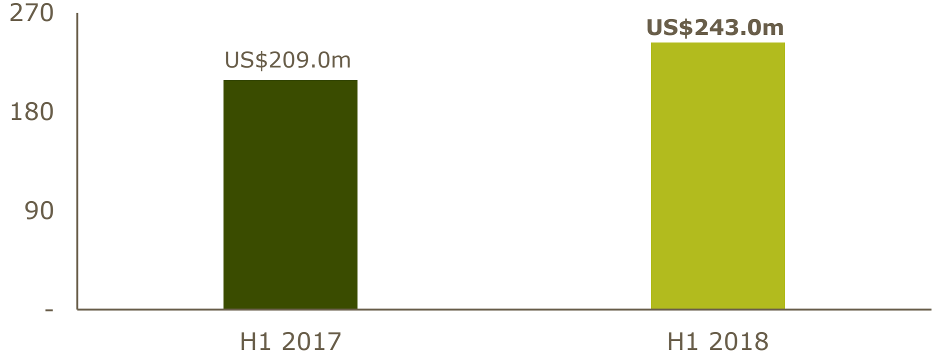
(3) LTM Operating Cash Conversion

H1 2018 Revenue

Increase in Revenue assisted by acquisitions offset by exchange

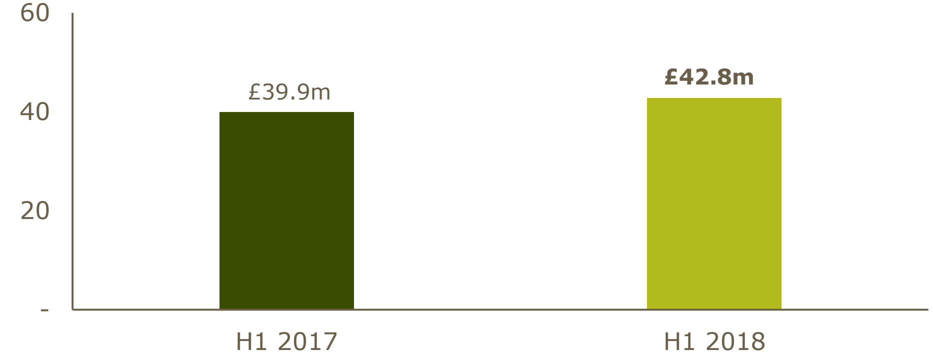
AmesburyTruth

Reported: + 16 %; CCLFL: + 4 %



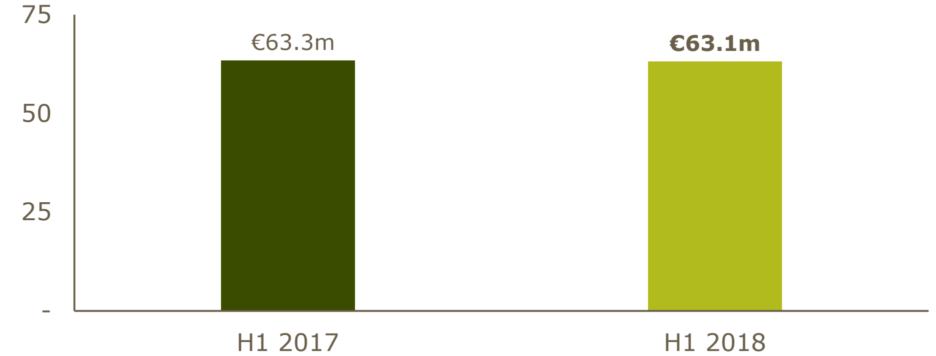
ERA

Reported: + 7 %; LFL: (2) %



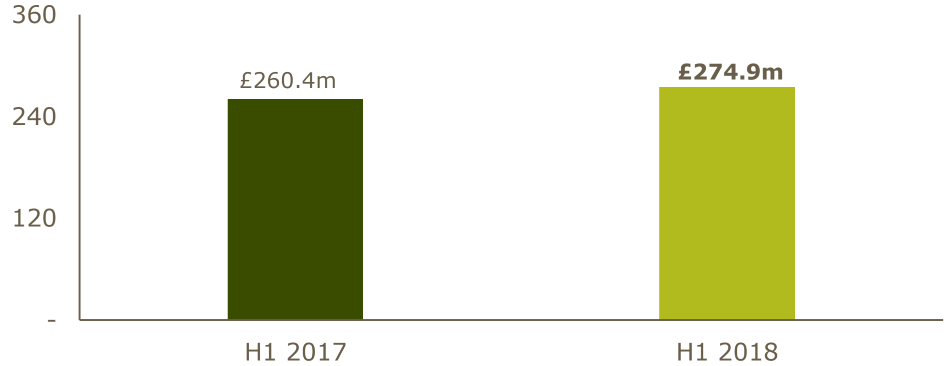
SchlegelGiesse

Reported: Flat; CCLFL: + 3 %



Group

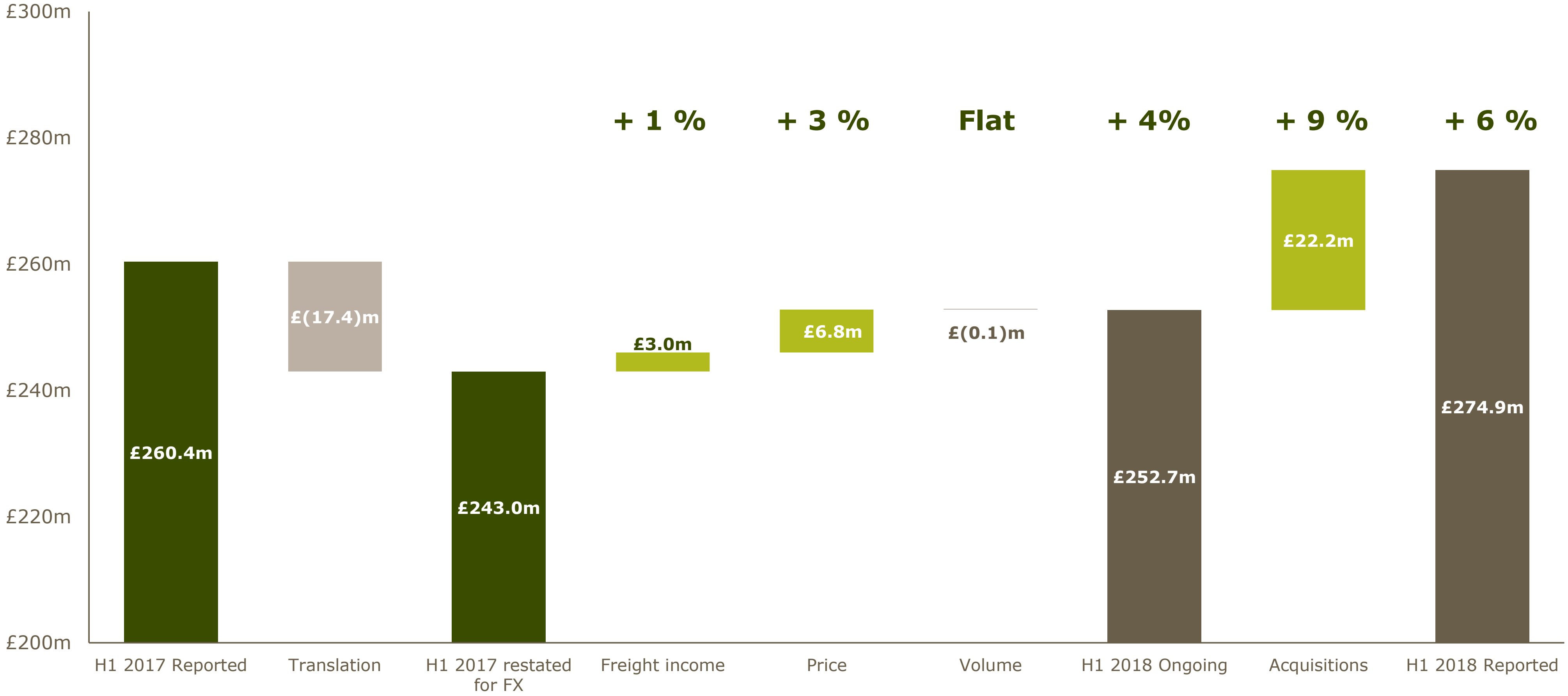
Reported + 6 %; CCLFL: + 3 %



Reported H1 2017 Revenue   2018 H1 Revenue

H1 2018 Revenue bridge

Bridge from reported H1 2017 to reported H1 2018

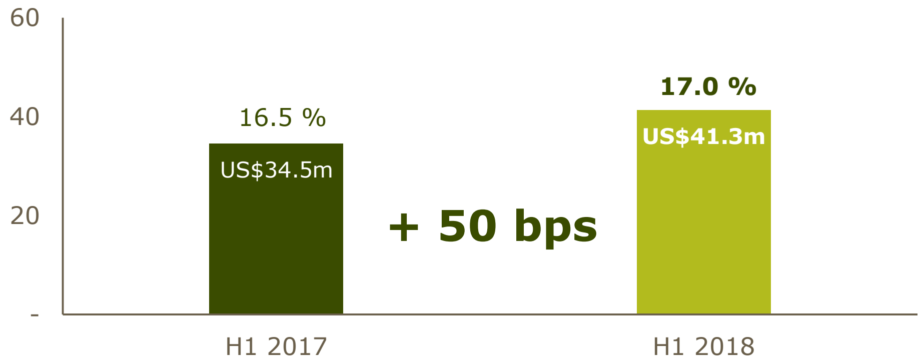


H1 2018 Underlying Operating Profit

Favourable impact of M&A, pricing actions offset by higher input costs and exchange

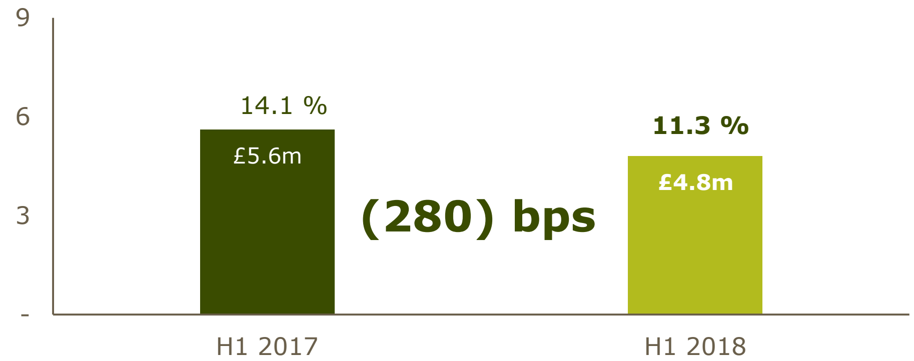
AmesburyTruth

Reported: + 20 %; CCLFL: + 6 %



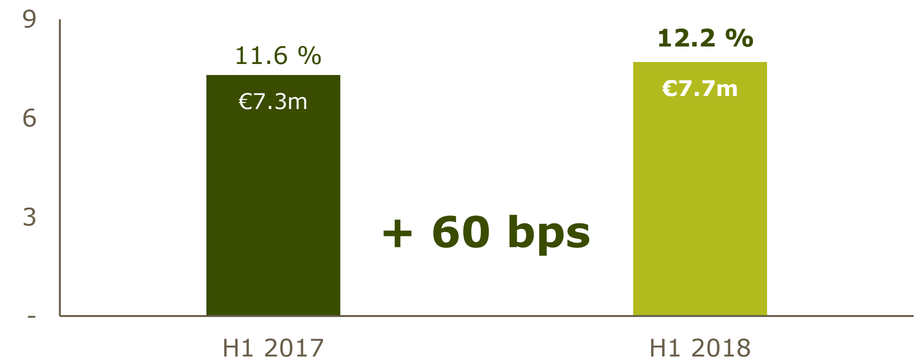
ERA

Reported: (14) %; CCLFL: (29) %



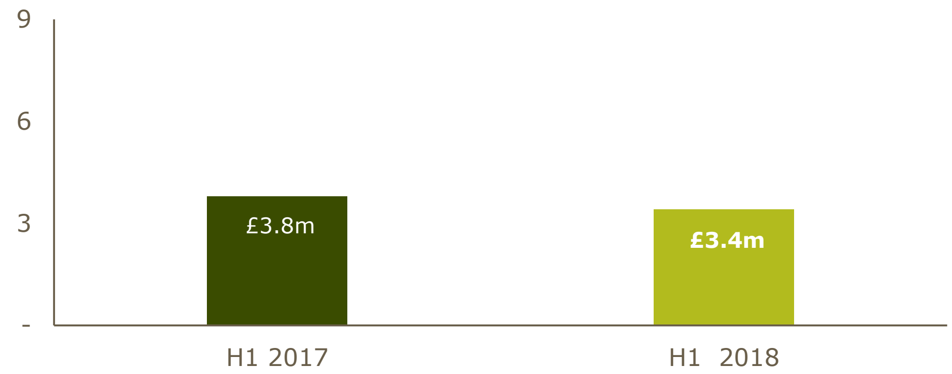
SchlegelGiesse

Reported: + 5 %; CCLFL: + 10 %



Corporate

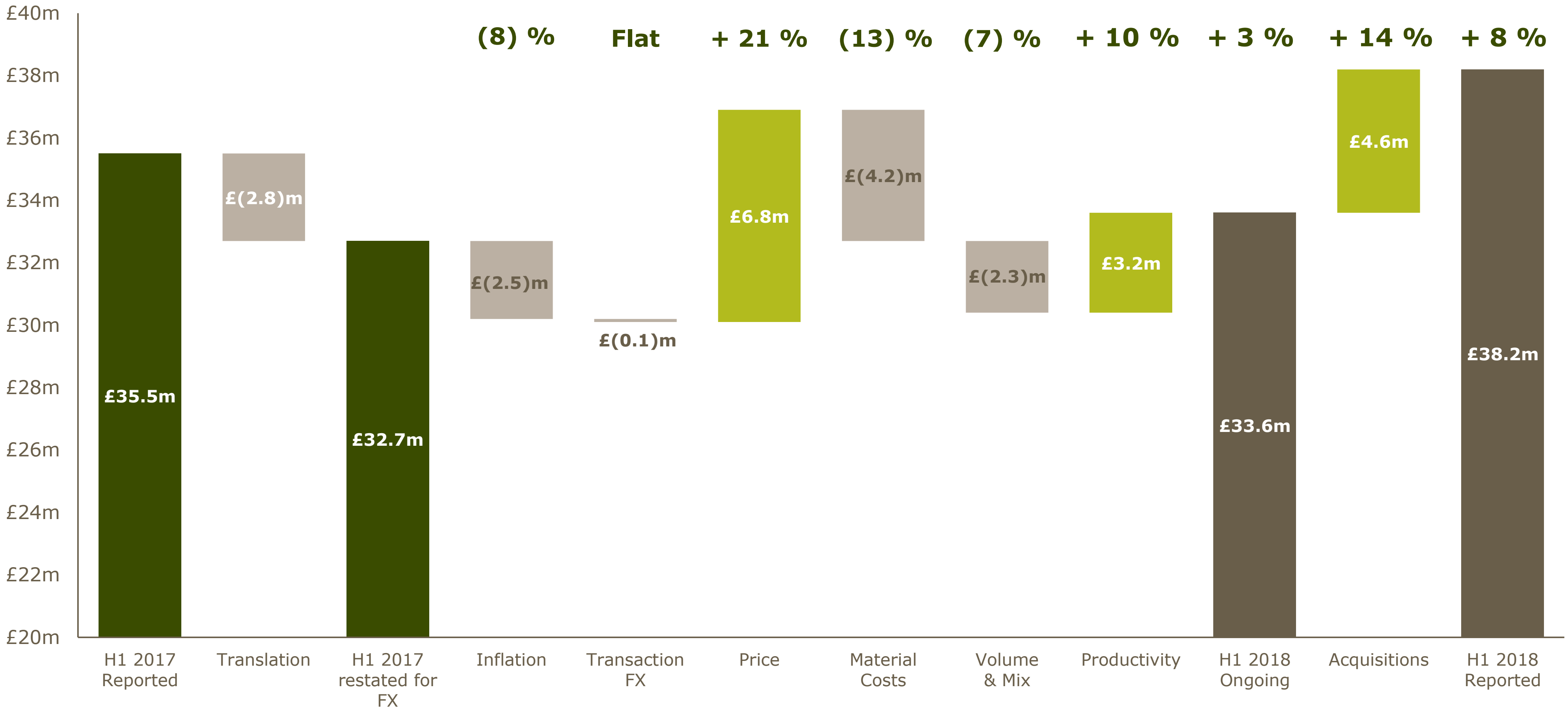
Reported: (12) % and CCLFL: (12) %



■ Reported H1 2017 UOP ■ H1 2018 UOP

H1 2018 Underlying Operating Profit bridge

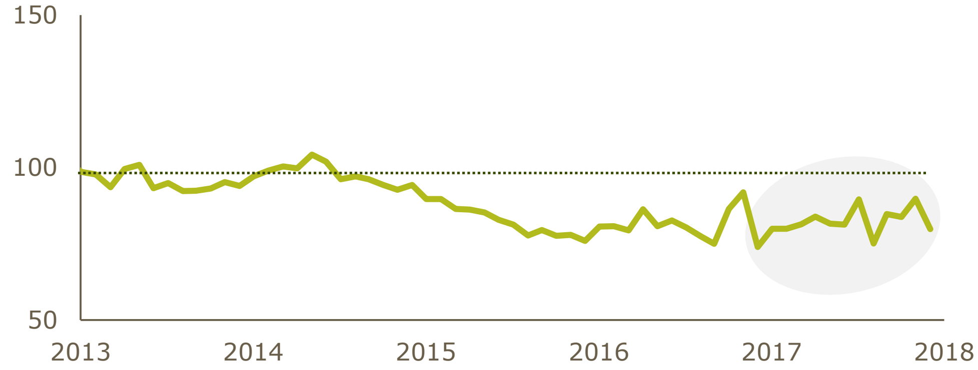
Bridge from reported H1 2017 to reported H1 2018



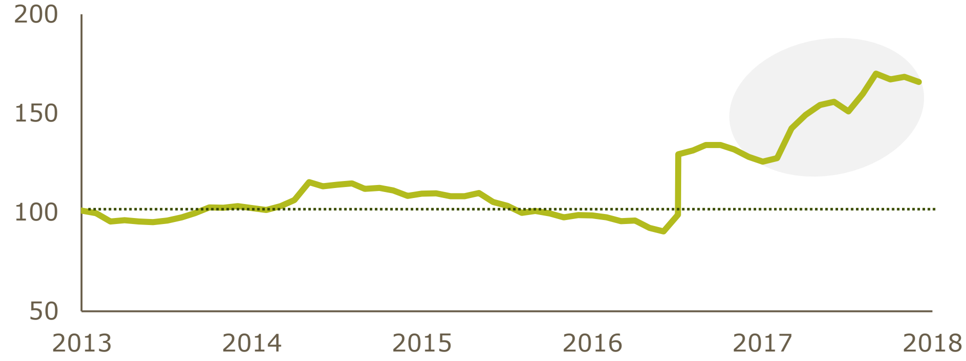
Input costs

Input costs remain volatile

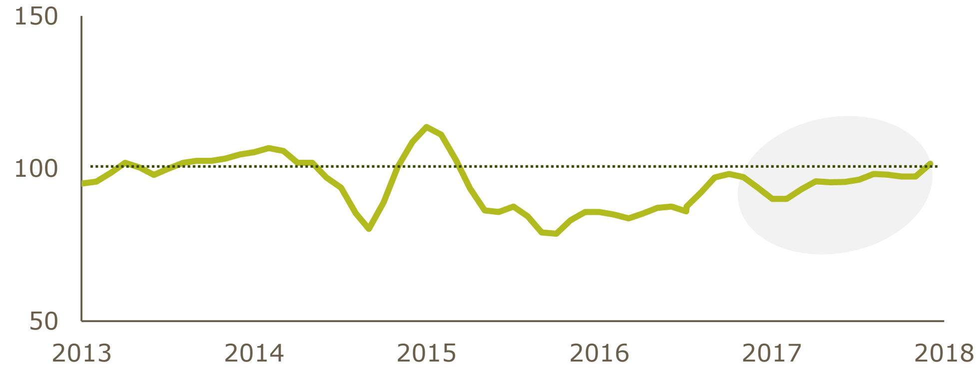
Stainless steel (US)



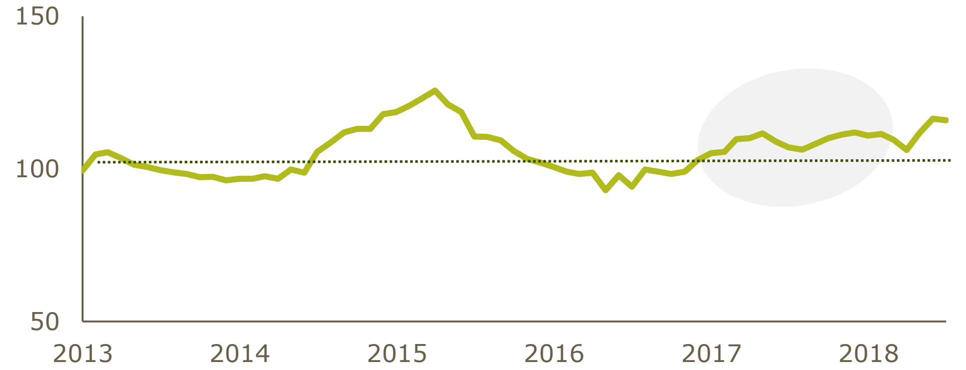
Zinc (US)



Polypropylene (Euro)



Aluminium (Euro)

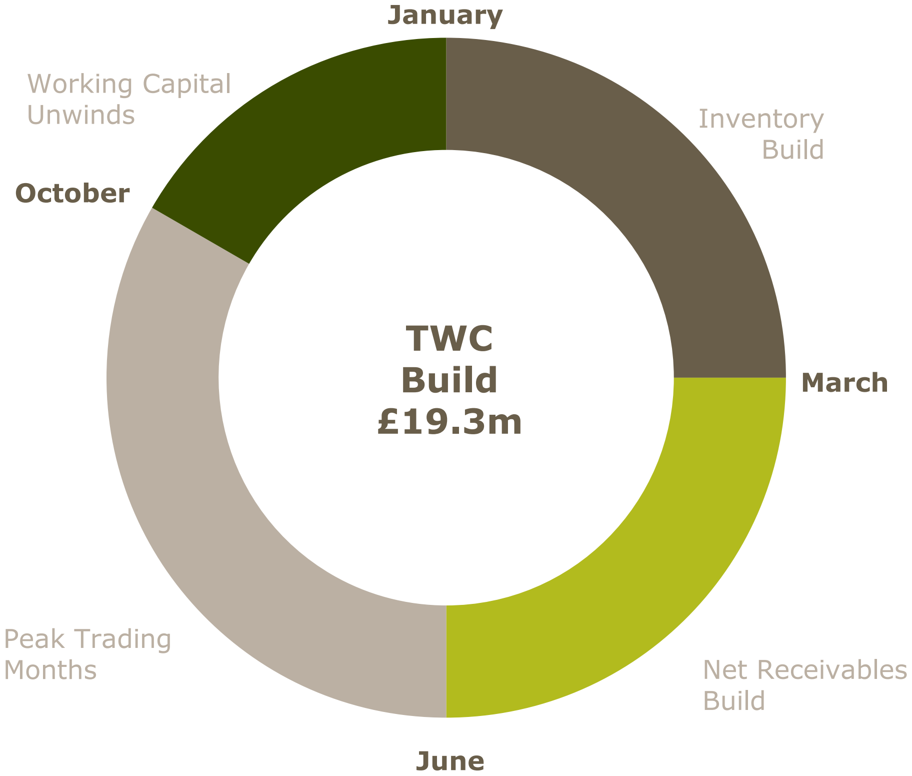


Working Capital

Good control of trade working capital build

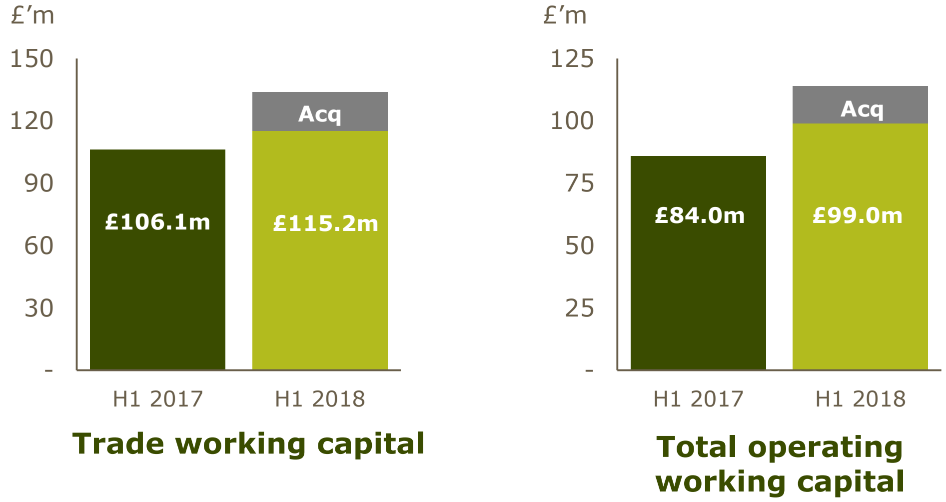
Trade working capital cycle

FY 2017 (restated): £94.2m



HY 2018: £133.8m

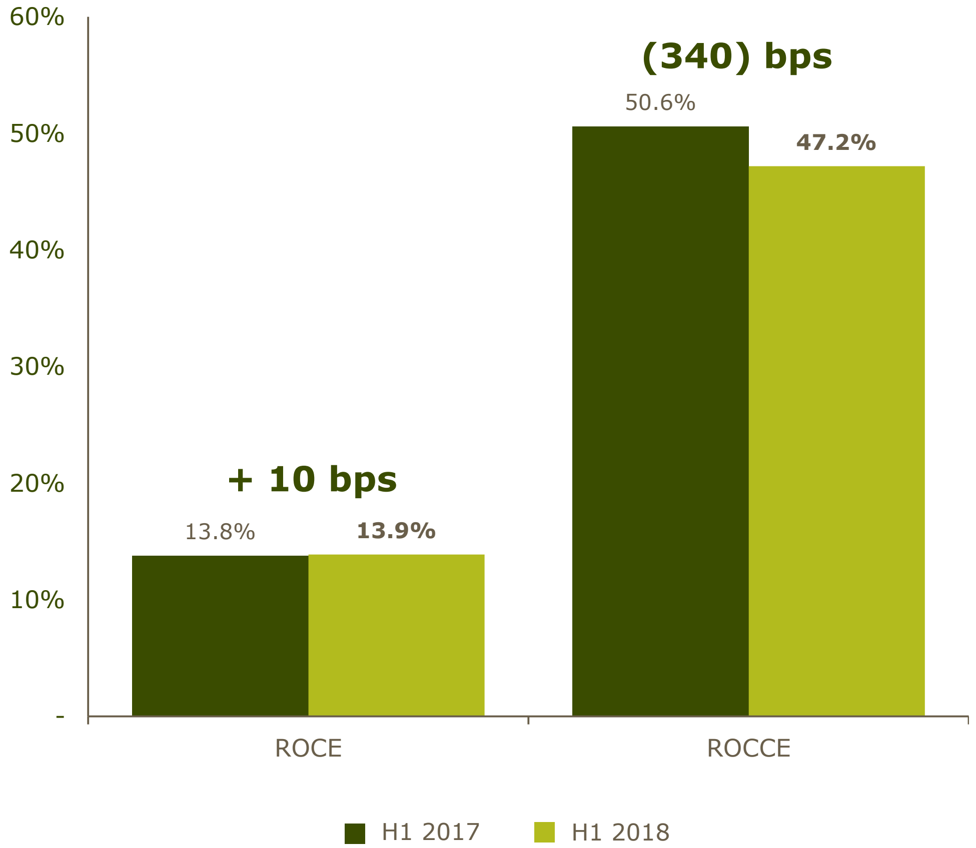
H1 2018 working capital

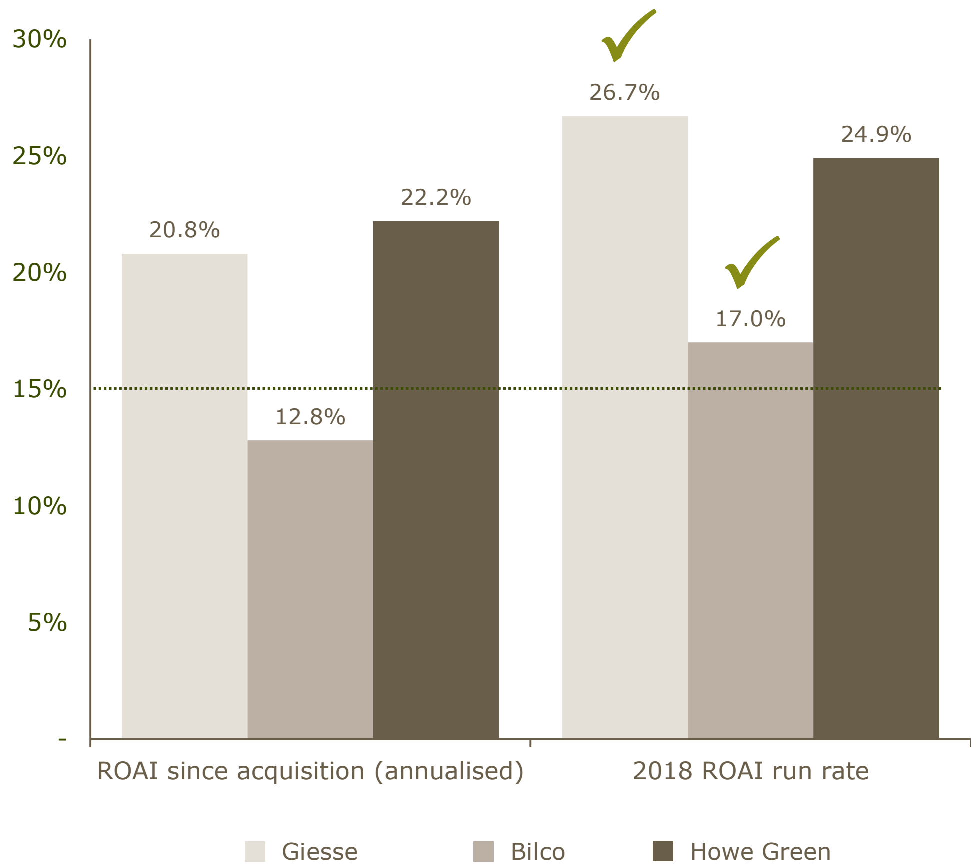


- Exchange movement: £1.6m (Trade) £1.3m (Total)
- Acquisitions: £18.7m (Trade) £14.8m (Total)
- Inventory build £9.6m (H1 2017: £11.9m)
- H2 peak to trough: c. £10.0m - £15.0m

Returns on capital and acquisitions

Acquisitions exceeding minimum target return threshold





ROAI measured over a two year period post-acquisition. The ROAI H1 2018 for Giesse has been measured for the two month period to 28 February 2018 and the run rate ROAI H1 2018 has been measured for the twelve month period to 28 February 2018.

Ashland and Zoo have been owned by the Group for less than six months at 30 June 2018. No ROAI has been reported for these acquisitions at the interim date.

Other financial information

Capital Expenditure and Net Interest Payable

Capital expenditure

Gross Capex	+ 19 %
Net Capex	+ 11 %

Gross Capex

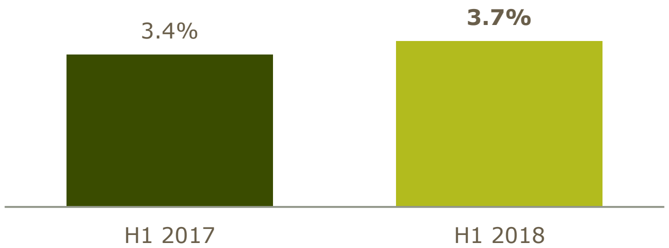
Gross Capex: Depreciation

Continued investment in the business

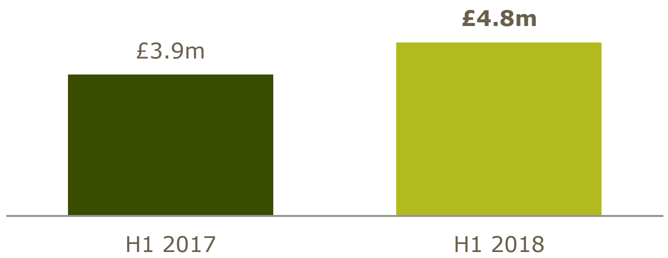
Net Interest

Cost of funds	+ 300 bps
Int. Charge	+ 22.4 %

Average cost of funds



P&L Net Interest Charge



Increase due to higher drawdowns and rise in US Federal Reserve rate

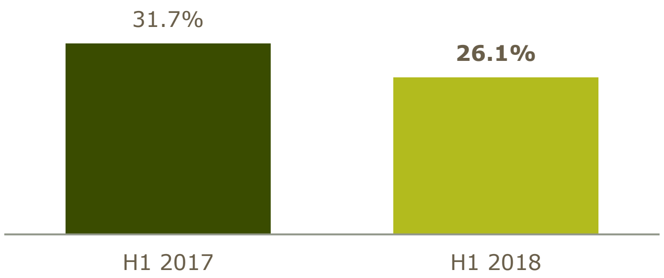
Other financial information

Underlying tax rate and Exceptional items

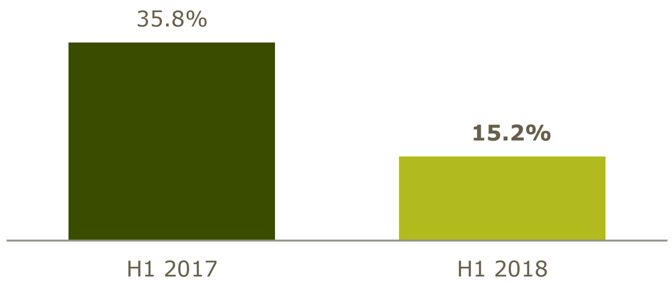
Taxation

Underlying	(560) Bps
Cash	(2 060) bps

Underlying tax rate



Cash tax rate

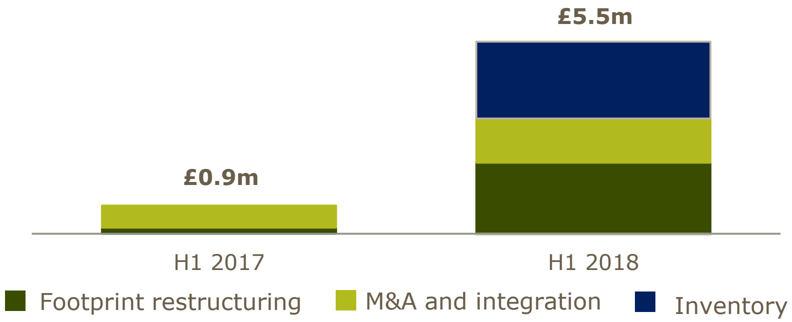


Lower tax rates primarily due to reduction in US Federal tax rate

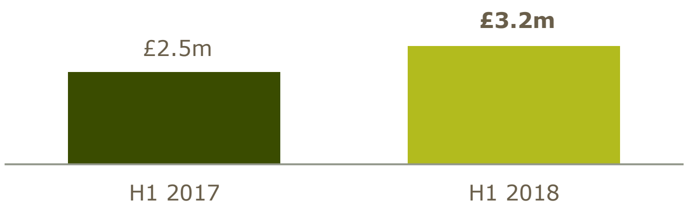
Exceptional items

Footprint	£2.3m
Inventory	£2.4m
M&A	£1.4m
Other	£(0.6)m

Exceptional items



Cash exceptionals

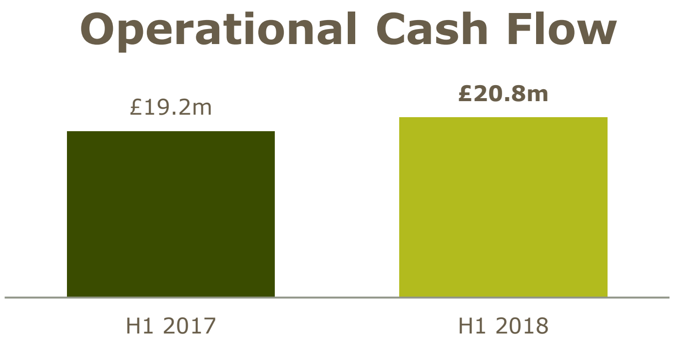


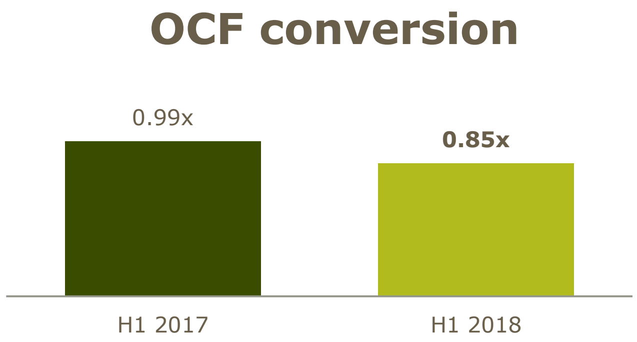
Inventory and M&A exceptional items principally relate to Ashland and Zoo acquisitions

Cash performance and Leverage

Operational cash flow

OCF	+ 8 %
FCF	+ 601 %

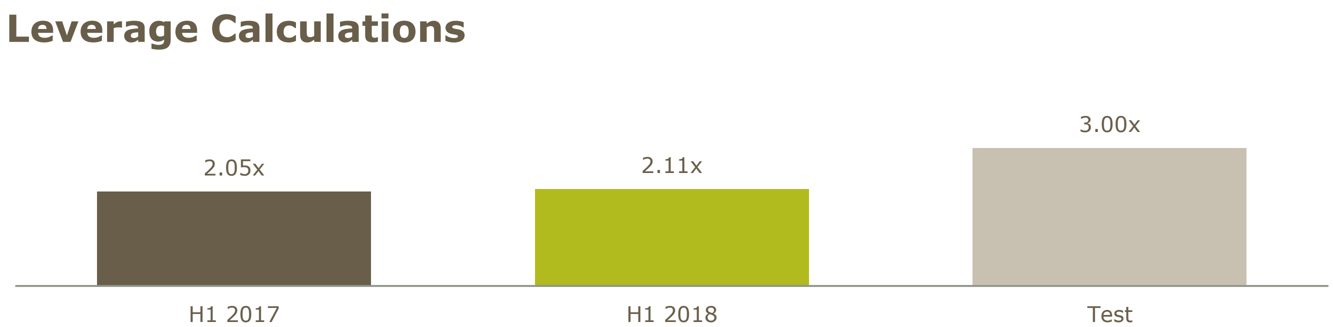




Five year Operating Cash Conversion average 88.8 per cent.

Leverage

Reported	2.11x



Slightly higher Leverage reflects incremental indebtedness taken on to fund acquisitions

Summary 2018 guidance

Acquisition contributions

Trading

- Howe Green twelve months
- **Ashland from 14 March**
- **Zoo from 9 May**

Trade Working Capital

Peak to trough

- **£10.0m – £15.0m**

Capital Expenditure

£18.0m – £20.0m

Tax and Interest

Underlying effective rate

26.0 % – 27.0 %

Interest Payable

£10.0 - £11.0m

Amort'n of borrowing costs

c. £1.1m

Integration & Footprint

Exceptional Costs

£8.0m – £9.0m

2018 Exceptional cash costs

£9.0m - £10.0m

2018 Benefits

US Footprint – US$2.0m

LTIP and Accounting

P&L share-based payments

c. £1.1m

EBT Purchases

£3.2m

Weighted average shares

Basic c. 191.4m and Diluted c. 192.9m

Bold: Guidance has changed since March 2018

Divisional Reviews

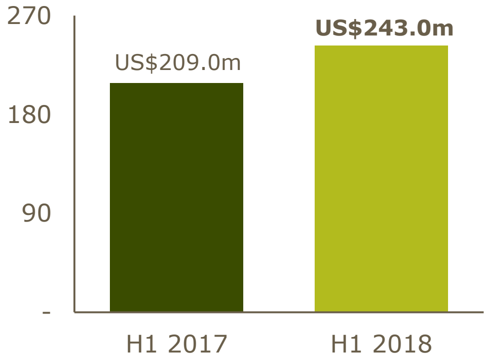
Amesbury Truth

North American markets showed further growth

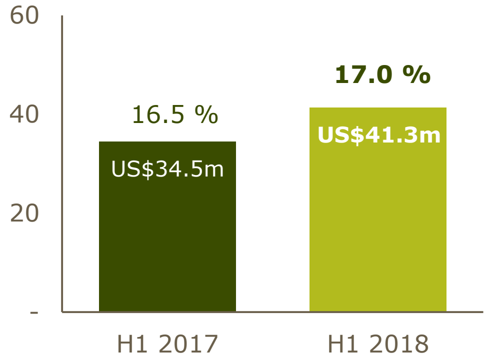
Market and operations

- Improvement in US residential housing starts; new build activity remains materially below long term average
- Commercial markets remain positive
- Canada residential markets better than expected
- Tier 3 and 4 customer trading improved
- Volatile input costs and increasing freight costs
- Bilco integration complete; synergies 40 per cent. ahead of original target

Operating results



Revenue



Underlying Operating Profit

Ashland integration

- H1 2018 Revenue c. 10.8 per cent. higher than H1 2017
- Strong dropthrough since acquisition
- Resolution of Monterrey, Mexico H1 2017 operational issues
- Integration initiatives proceeding to plan
- Line of sight to target revenue benefits and cost synergies of c. US$4.0 million by 2020
- Ashland transaction expected to be earning enhancing in 2018, twelve months earlier than expected

North American footprint project

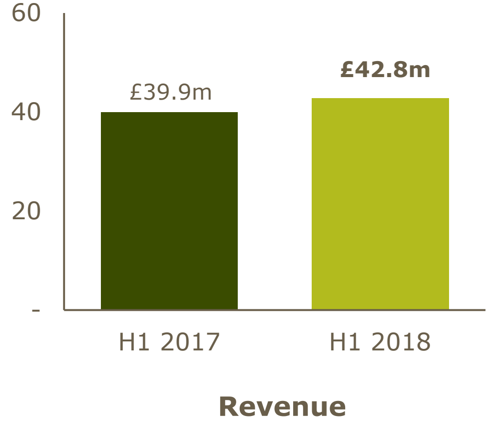
- Further progress made in the period
- Movement of production from Rochester, NY and Amesbury, MA facilities to Statesville, NC under way
- Local management at Juarez, MX strengthened; site operating at target production, quality and service levels
- P&L savings of c. US$2.0 million expected in 2018

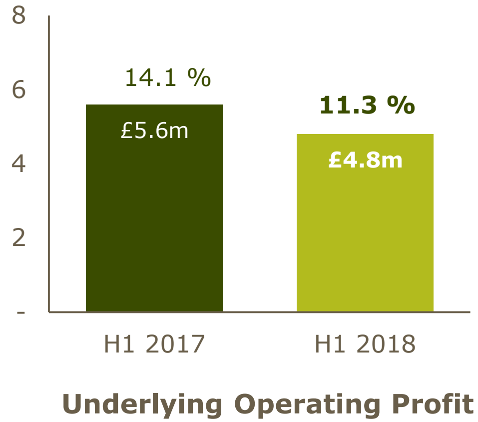
ERA
UK market remains subdued

Performance

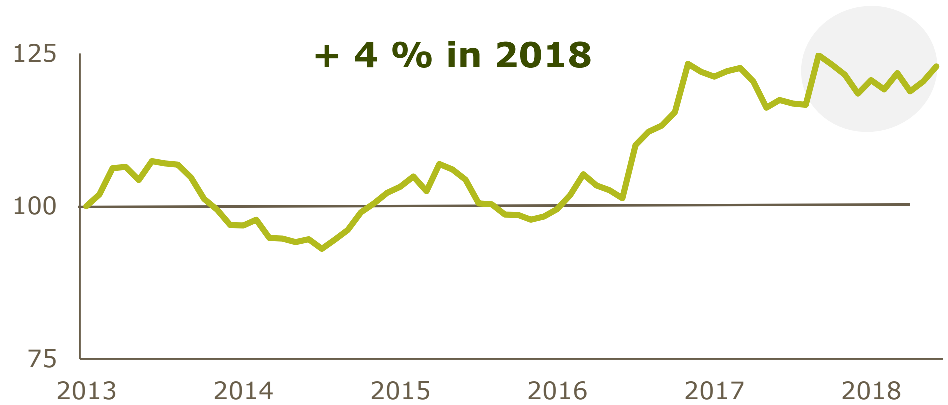
- UK market remains subdued; order books lower at half year v H1 2017; Book to Bill ratio flat
- Response distribution facility closed
- OEM hardware sales continue to outperform the market; growth in Distribution hardware volumes
- Increased Revenue for Access Solutions - sustained specification levels for larger projects
- Ventrolla Revenue slightly ahead of H1 2017; acquisition of The London Commercial franchise
- UK residential RMI market likely to remain slow in H2; better prospects expected in Access Solutions

Operating results





Input cost inflation



Relative average pricing of a basket of largest volume ERA products sourced from the Far East since 2013

Zoo Hardware integration

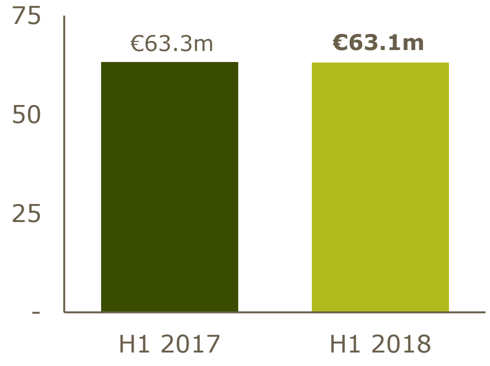
- Encouraging trading in first six weeks of ownership
- H1 2018 Revenue c. 11.0 per cent. higher than H1 2017
- A number of new product introductions expected in H2

SchlegelGiesse
Majority of end markets continued to strengthen

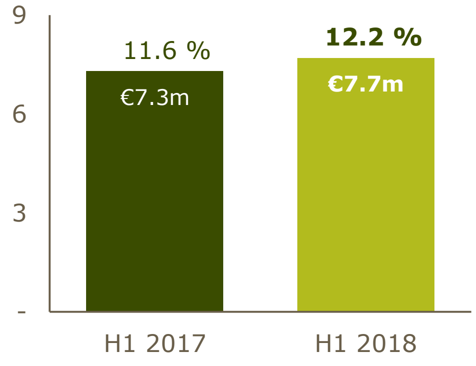
Performance

- Revenue increase due to pricing actions and slightly higher volumes
- Good divisional dropthrough reflects benefit of self-help and cross selling initiatives
- Order books ahead of H1 2017; H1 2018 Book to Bill ratio 108.9
- China and Asia Pacific (excl Australia) generally positive
- South America impacted by Argentine macroeconomic situation
- EMEAI: strong performance in Continental Europe and Middle East
- Final run rate ROAI for Giesse acquisition confirmed at 26.7 per cent.

Operating results



Revenue



Underlying Operating Profit

Outlook and track record

2018 Outlook
Well positioned to make further progress

AmesburyTruth

Optimistic prospects for full year provided input cost volatility remains contained

- US residential trading remains consistent
- Growth in new build and remodelling markets
- Commercial outlook positive
- Stronger business performance in Canada expected to continue

ERA

Focus on market share gains, new product introductions and cost/overhead management

- Subdued trends in RMI market to persist in H2
- Positive prospects for Access Solutions
- Focus on increasing utilisation of i54

SchlegelGiesse

Well positioned for further growth and expansion

- Further improvement expected in EMEAI
- Chinese and Asia Pacific higher order books will convert to Revenue in H2
- Less certain outlook for Latin America but self help initiatives in progress

Development of Tyman

Eight years of progress

Reorganisation and Deleveraging

2009–2010

- Board re-organisation
- Cost reduction programmes
- Focus on cash generation
- Re-engaging with stakeholders
- Communicate strategy

Positioning

2011–2012

- Refinancing to 2016
- Management restructure
- New product introductions
- Overland acquisition
- Disposal of Gall Thomson
- Fab & Fix acquisition
- Exit Composite Doors

Growth and...

2013–2017

- Name change to Tyman
- Truth transaction and integration to create AmesburyTruth
- Move to official list of LSE
- Vedasil acquisition
- North American Footprint rationalisation commences
- Bilco, Giesse, Response and Howe Green acquisitions

Expansion

2018 and beyond

- New ERA facility opened
- Route to market change in US
- Full service offering available in Schlegel
- Next generation of new product introductions
- Ashland Hardware acquisition
- Zoo Hardware acquisition

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 +

Appendix A

Acquisitions

Ashland Hardware

Consolidates position as #1 in US residential

Transaction and financial effects[1]

- Enterprise value of **US$101.0 million** (c. £72.7 million)
- Costs and expenses of c. £2.2 million
- Acquisition multiple **9.0x 2017 EBITDA**
- Completion 14 March 2018
- Earnings accretive from 2018 (ahead of schedule)

Integration and synergies

- Integration team established
- Ashland to report through AmesburyTruth
- Ashland manufacturing will remain in Monterrey, Mexico
- **US$4.0 million** of synergy benefit by 2020 at estimated cost of c. US$3.0 million
- **Targeting run rate ROAI of 15.0 per cent. by March 2020**

Background

- North American residential markets
- Engineered components for North American OEMs – highly complementary to AT product sales
- Some contract manufacturing (other building products and furniture industries)
- Increases US residential market share
- Formerly a subsidiary of Newell Rubbermaid, more recently owned by Nova Capital

Products

(1) *This financial effects statement should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins, returns on capital or cash flows of the Group will necessarily be greater than the historic published figures or that Leverage will necessarily be lower than the historic published figures.*

Zoo Hardware

Brings innovative fast growing brands to the ERA Division

Transaction and financial effects[1]

- Enterprise value of £19.0 million
- £1.5 million deferred; £1.4 million as shares in Tyman
- Costs and expenses of c. £0.5 million
- Acquisition multiple **6.8x TTM EBITDA**
- Completion 10 May 2018
- Immediately earnings accretive

Integration and synergies

- Integration team established
- Zoo to report through ERA
- Zoo distribution centre to remain in Carlisle
- **£0.75 million** of synergy benefit by 2020
- **Targeting run rate ROAI of 15.0 per cent. by May 2020**

Background

- UK commercial and residential markets
- Gives ERA meaningful position in architectural ironmongery segment of the market
- Innovative fast growing brands – Zoo, Vier, Fulton & Bray, Rosso Maniglie
- Double digit revenue growth since inception in 2010
- Founded by Robin Graham, previously MD of Carlisle Brass – the leading architectural ironmongery business in the UK

Products

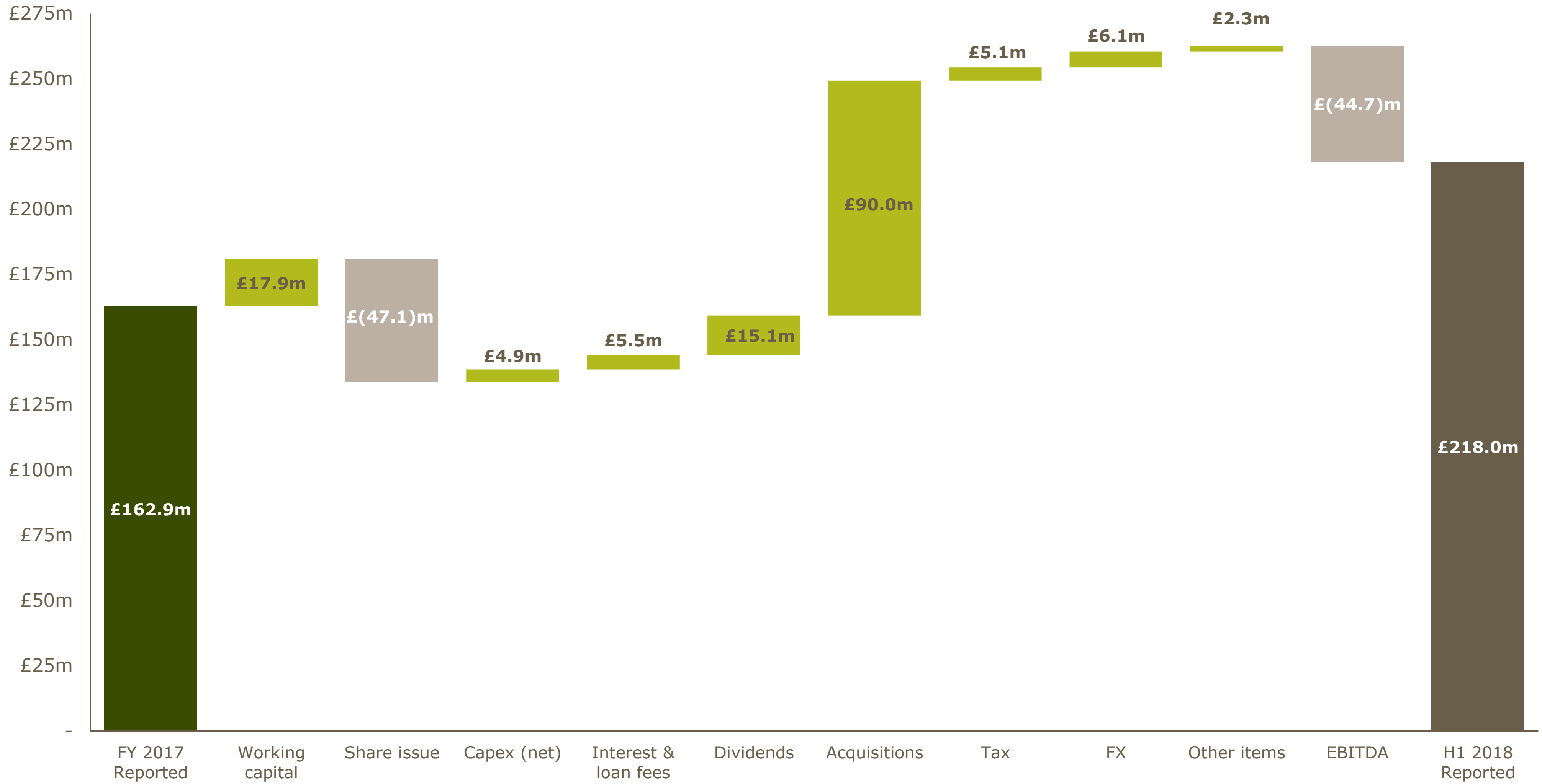
(1) *This financial effects statement should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins, returns on capital or cash flows of the Group will necessarily be greater than the historic published figures or that Leverage will necessarily be lower than the historic published figures.*

Appendix B

Indebtedness

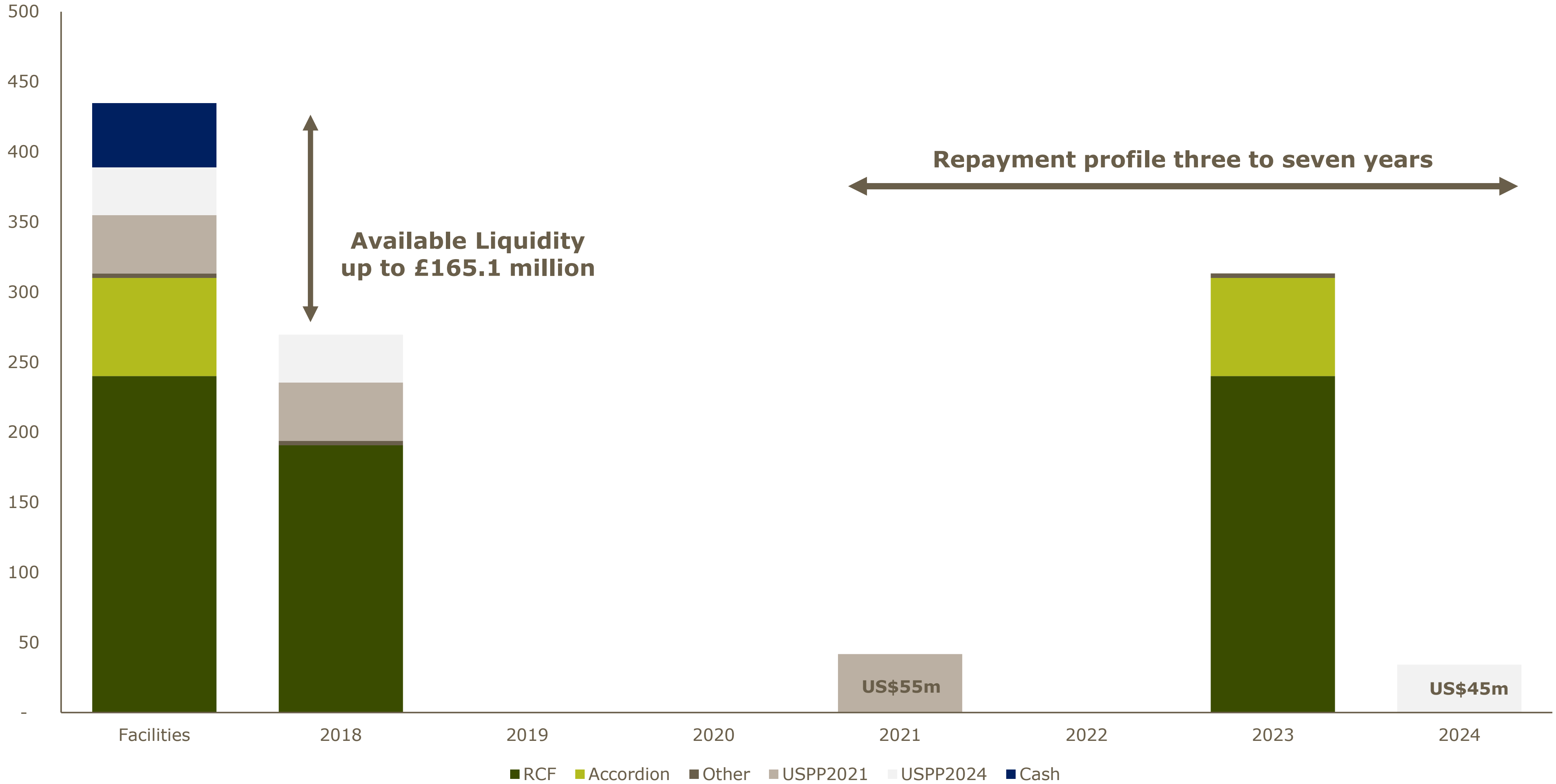
H1 2018 Indebtedness bridge

Bridge from reported FY 2017 to reported H1 2017 IFRS net indebtedness



Group debt facilities

Borrowings at 30 June 2018 and the 2018 Facility



For illustrative purposes, "other" facilities are assumed to be refinanced on the same date as the 2018 Facility matures in Feb 2023

Covenant performance

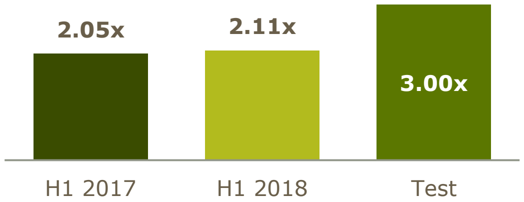
Leverage

- Total Net Debt to Adjusted[1] EBITDA must be < 3.00x
- Target year end Leverage range of 1.50x to 2.00x

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

29.8 %

£30.6m



EBITDA would need to decrease by £30.6m before there would be a breach of covenants

Interest Cover

- EBITDA to Net Finance Charges must be > 4.00x

62.1 %

£57.9m

EBITDA would need to decrease by £57.9m before there would be a breach of covenants

Appendix C

Footprint

Optimising our footprint

Significant progress made in rationalising the Group footprint

North American Footprint financials

$'m	Inception to H1 2018	2018 FY Forecast	2019 Estimate	2020 Estimate
P&L charge[1]	23.7	3.0	2.0	1.5
Operational expenditure[2]	13.3	5.5	7.5	1.0
Capital expenditure	13.1	1.5	1.5	-
Cash receipts[3]	(3.4)	(1.4)	-	-
Total cash costs	*22.0*	*5.6*	*9.0*	*1.0*
Total cumulative cash costs	***22.0***	***26.9***	***35.9***	***36.9***
Incremental P&L saving	0.0	2.0	3.0	5.0
Cumulative annual P&L saving	***0.0***	***2.0***	***5.0***	***10.0***

(1) P&L charge comprises exceptional items incurred and to be incurred in connection with the footprint project

(2) Operational expenditure comprises gross cash costs incurred and expected to be incurred in connection with the footprint project in respect of items that are not capitalised

(3) The Division expects to realise gross cash receipts of up to US$5.0 million from disposals of capital assets/exits from lease obligations as part of the footprint project. Only proceeds from completed disposals and exits are included in the table above and in net project cost estimates

Appendix D

IFRS16, Property and Currency reckoner

Likely impact of IFRS 16

Initial assessment - assuming application since 1 January 2018

Tyman estimates that, had IFRS 16 been adopted from 1 January 2018, the estimated range of potential impact on key metrics for the financial year ending 31 December 2018 would be as follows:

Financial statement element	31 December 2017 (audited) £'000	Impact	Range
Balance sheet			
Non-current assets	509,854	Increase	8 % - 12 %
Borrowings	(205,417)	Increase	20 % - 25 %
Net assets	364,515	Decrease	1 % - 3 %
ROCE	***13.6 %***	***Decrease***	***90 – 150 bps***
ROCCE	***50.6 %***	***Decrease***	***70 – 1 000 bps***
Income statement			
Underlying operating profit	76,817	Increase	1 % - 3 %
Finance costs	(9,597)	Increase	20 % - 25 %
Underlying profit before tax	68,284	Decrease	1 % - 3 %
Profit after tax	31,200	Decrease	2 % - 5 %
Basic earnings per share	17.61p	Decrease	2 % - 5 %
Underlying earnings per share	26.91p	Decrease	1 % - 3 %

Property
Update – properties sold and marketed for sale

Location	Sq ft	Tenure	Proceeds
Amesbury, US(1)	83,000	Freehold	tba
Fossatone, Italy(1)	145,000	Freehold	tba
Statesville, US(2)	53,000	Freehold	US$1.4m
Willenhall, UK(3)	64,000	Freehold	£1.4m

(1) Currently marketed for sale

(2) Sold in February 2018 for consideration of US$1.4 million

(3) Sold in May 2018 for consideration of £1.4 million

Currency ready reckoner
Translational exposure

Currency	US$	Euro	Aus$	CA$	Other	Total(1)
Average rate H1 2018	1.3760	1.1366	1.7842	1.7577		
Average rate H1 2017	1.2586	1.1626	1.6694	1.6799		
% mvt in average rate	9.3%	(2.2)%	6.9%	4.6%		
£'m Revenue impact	(16.0)	0.8	(0.3)	(0.2)	(1.7)	(17.4)
£'m Profit impact(2)	(2.8)	0.1	(0.0)	(0.1)	(0.2)	(2.8)
1c decrease impact(3)	£205k	£43k	£2k	£7k		

(1) Impact of other currencies immaterial

(2) Underlying Operating Profit impact

(3) Defined as the approximate favourable translation impact of a 1c decrease in the Sterling exchange rate of the respective currency on the Group's Underlying Operating Profit

Appendix E

Financial statements

Consolidated income statement
For the six months ended 30 June 2018

	H1 2018 £'000	H1 2017 £'000	FY 2017 £'000
Revenue	**274,891**	260,402	522,700
Cost of sales	**(175,115)**	(164,094)	(331,831)
Gross profit	**99,776**	96,308	190,869
Administrative expenses	**(79,891)**	(73,570)	(146,962)
Operating profit	**19,885**	22,738	43,907
Analysed as:			
Underlying operating profit	**38,223**	35,497	76,817
Exceptional items	**(5,531)**	(891)	(9,976)
Amortisation of acquired intangible assets	**(12,807)**	(11,868)	(22,934)
Operating profit	**19,885**	22,738	43,907
Finance income	**281**	96	224
Finance costs	**(5,649)**	(4,986)	(9,597)
Net finance costs	**(5,368)**	(4,890)	(9,373)
Profit before taxation	**14,517**	17,848	34,534
Income tax charge	**(4,473)**	(6,059)	(3,334)
Profit for the period	**10,044**	11,789	31,200

Consolidated balance sheet
As at 30 June 2018

	30 June 2018 (unaudited) £'000	30 June 2017 (unaudited) £'000	31 December 2017 (audited) £'000
ASSETS			
Non-current assets			
Goodwill	**363,972**	333,741	323,799
Intangible assets	**134,108**	117,024	103,393
Property, plant and equipment	**74,589**	68,723	68,424
Financial assets at FVTPL	**1,136**	1,154	1,112
Deferred tax assets	**13,996**	13,666	11,851
	587,801	534,308	508,579
Non-current asset held for sale	**-**	-	1,275
	587,801	534,308	509,854
Current assets			
Inventories	**103,483**	80,797	75,341
Trade and other receivables	**91,928**	82,612	70,062
Cash and cash equivalents	**45,732**	34,282	42,563
Derivative financial instruments	**303**	-	94
	241,446	197,691	188,060
TOTAL ASSETS	**829,247**	731,999	697,914
LIABILITIES			
Current liabilities			
Trade and other payables	**(83,992)**	(78,349)	(65,916)
Derivative financial instruments	**(51)**	(249)	(29)
Borrowings	**(2,287)**	-	(1,108)
Current tax liabilities	**(4,074)**	(1,242)	(3,964)
Provisions	**(5,626)**	(5,374)	(11,024)
	(96,030)	(85,214)	(82,041)

	30 June 2018 (unaudited) £'000	30 June 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Non-current liabilities			
Borrowings	**(261,458)**	(223,734)	(204,309)
Derivative financial instruments	**(359)**	-	(275)
Deferred tax liabilities	**(34,257)**	(38,233)	(24,949)
Retirement benefit obligations	**(10,911)**	(16,448)	(12,407)
Provisions	**(10,645)**	(6,763)	(6,435)
Other payables	**(2,849)**	(1,070)	(2,983)
	(320,479)	(286,248)	(251,358)
TOTAL LIABILITIES	**(416,509)**	(371,462)	(333,399)
NET ASSETS	**412,738**	360,537	364,515
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	**9,838**	8,929	8,929
Share premium	**132,218**	81,407	81,407
Other reserves	**8,920**	8,920	8,920
Treasury reserves	**(4,937)**	(2,868)	(2,776)
Hedging reserve	**(359)**	(200)	(275)
Translation reserve	**60,879**	64,938	56,066
Retained earnings	**206,179**	199,411	212,244
TOTAL EQUITY	**412,738**	360,537	364,515

Underlying Earnings Per Share
For the six months ended 30 June 2018

	H1 2018	H1 2017	FY 2017
Profit before taxation	**14,517**	17,848	34,534
Exceptional items	**5,531**	891	9,976
(Gain)/Loss on revaluation of fair value hedge	**(238)**	554	440
Amortisation of borrowing costs	**241**	200	400
Accelerated amortisation of borrowing costs	**478**	-	-
Amortisation of acquired intangible assets	**12,807**	11,868	22,934
Underlying profit before taxation	**33,336**	31,361	68,284
Income tax charge	**(4,473)**	(6,059)	(3,334)
US Federal rate change adjustment	**-**	-	(6,907)
Underlying tax effect[1]	**(4,231)**	(3,873)	(10,345)
Underlying profit after taxation	**24,632**	21,429	47,698

Underlying earnings per share:

Basic underlying earnings per share	**13.11p**	12.09p	26.91p
Diluted underlying earnings per share	**13.01p**	12.05p	26.73p

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

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