



# A year of growth



Tyman plc  
Results Presentation 2016



# Highlights

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## A further year of profitable growth

- > Year of profitable growth assisted by contributions from strategic acquisitions and favourable exchange rates
- > Integration of the three acquisitions completed in the year now well advanced
- > Synergy targets for both Giesse and Bilco now expected to be achieved by the end of 2017 – significantly ahead of schedule
- > Strong cash generation and tight control over working capital taking Leverage back below 2.00x at the year end
- > Dividend increased by 20 per cent. to reflect improved cash generation and profitability
- > Continued margin progression in AmesburyTruth despite limited volume growth
- > Stronger second half for ERA with UK markets holding up better than expected post EU Referendum
- > Schlegel International Underlying Operating Margin increased to 10.0 per cent. due to contribution from Giesse and early delivery of synergies

# 2016 Financials

Performance assisted by M&A and exchange underpinned by strong cash conversion

Revenue	Operating Profit <sup>(1)</sup>	Operating Margin <sup>(1)</sup>	EPS <sup>(1)</sup>
<b>£457.6m</b> + 29 %  2015: £353.4m	<b>£69.8m</b> + 36 %  2015: £51.4m	<b>15.3%</b> + 70 bps  2015: 14.6%	<b>25.41p</b> + 32 %  2015 <sup>(2)</sup> : 19.33p
ROCE	Leverage	Cash conversion <sup>(3)</sup>	DPS
<b>13.8%</b> + 130 bps  2015: 12.5%	<b>1.89x</b> + 0.54x  2015: 1.35x	<b>105.9%</b> + 2100 bps  2015: 84.9%	<b>10.50p</b> + 20 %  2015: 8.75p

Notes – for Definitions and reconciliation of APMs see the Results Announcement published on 8 March 2017

(1) Underlying

(2) Restated

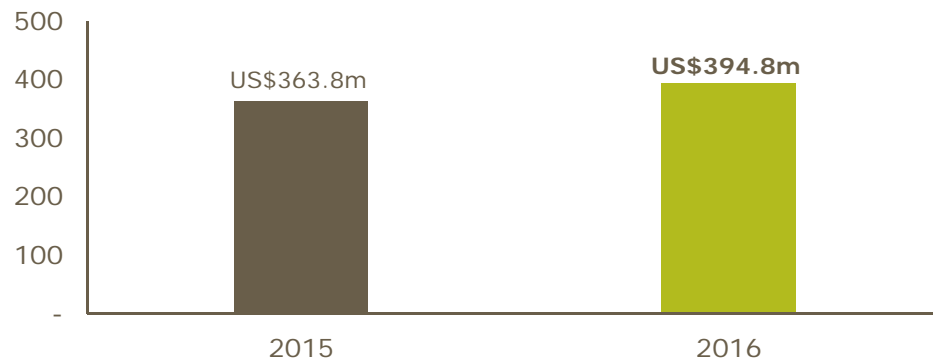
(3) Operating Cash Conversion

# 2016 Revenue

Increase in Revenue assisted by exchange and acquisitions

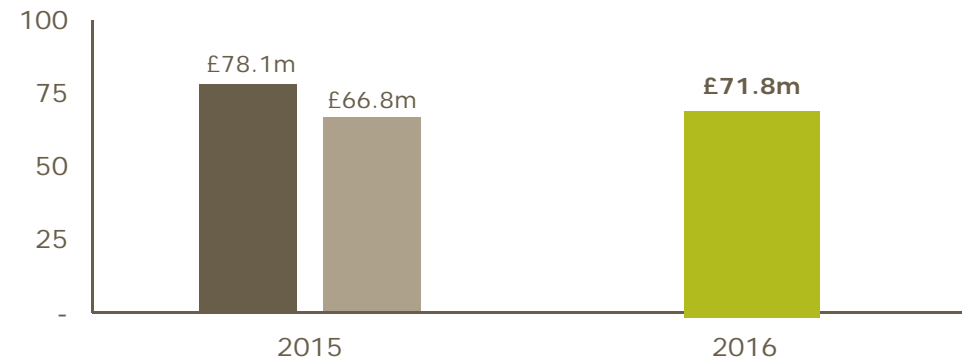
## AmesburyTruth:

Reported: +22%; CCLFL +1%



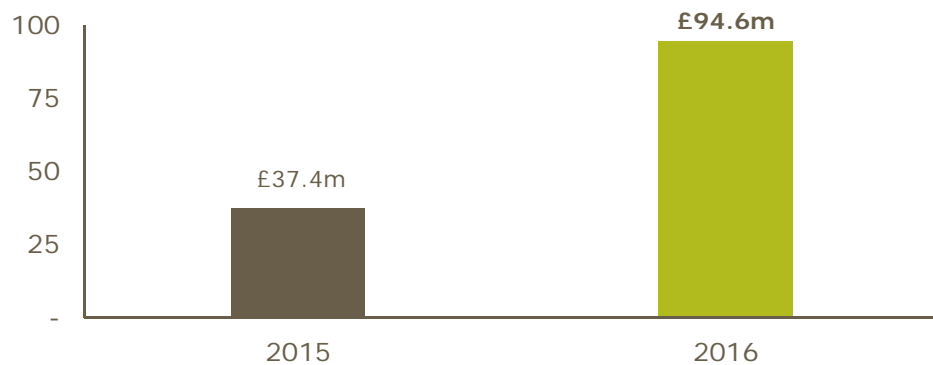
## ERA:

Reported: (8)%; LFL +4%



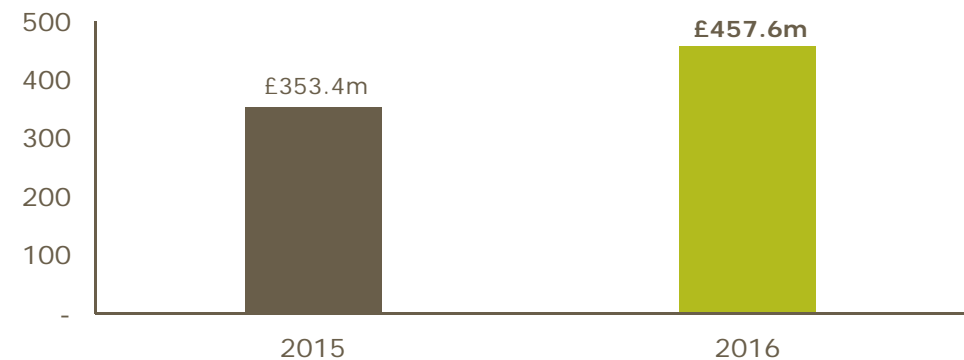
## Schlegel International

Reported: +153%; CCLFL: (3)%



## Group

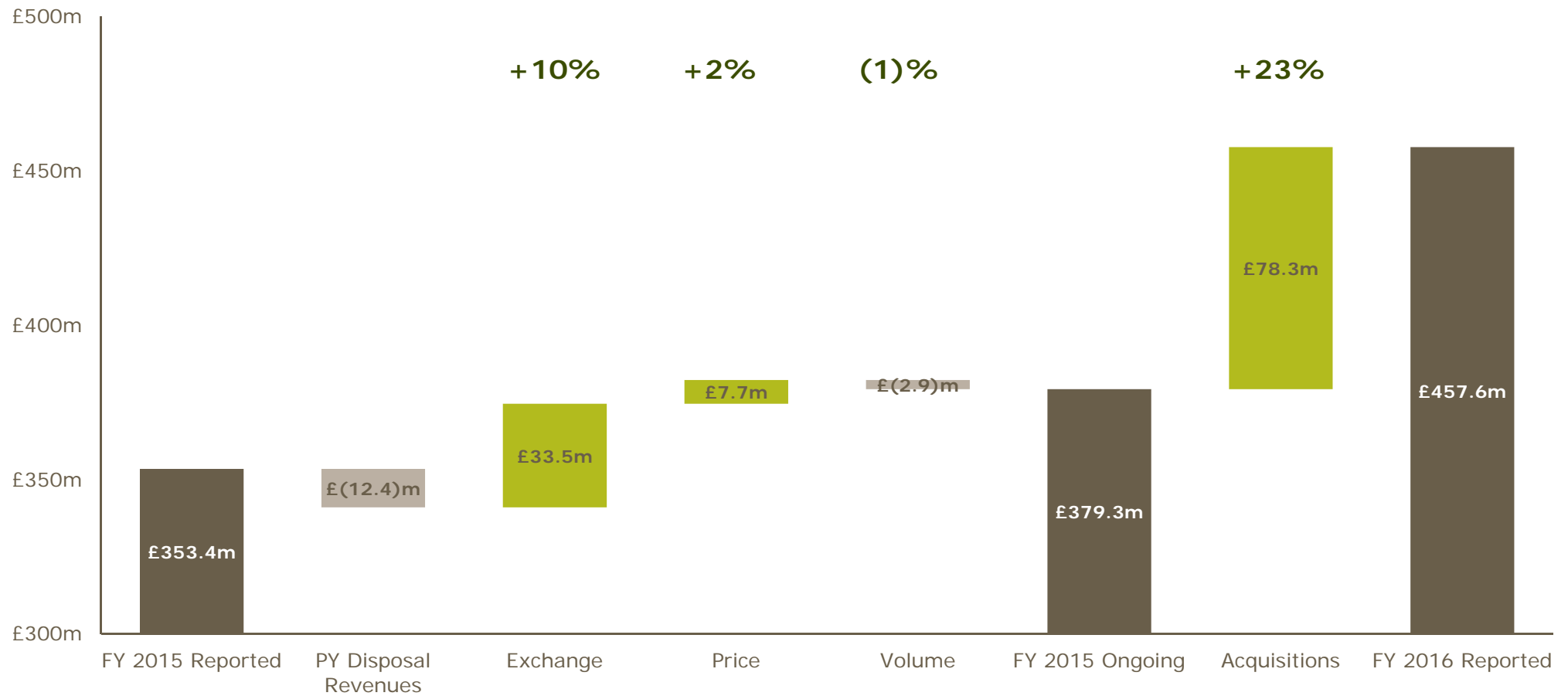
Reported +29% CCLFL +1%



■ LFL 2015 Revenue ■ Reported 2015 Revenue ■ 2016 Revenue

# 2016 Revenue bridge

Bridge from reported 2015 to reported 2016

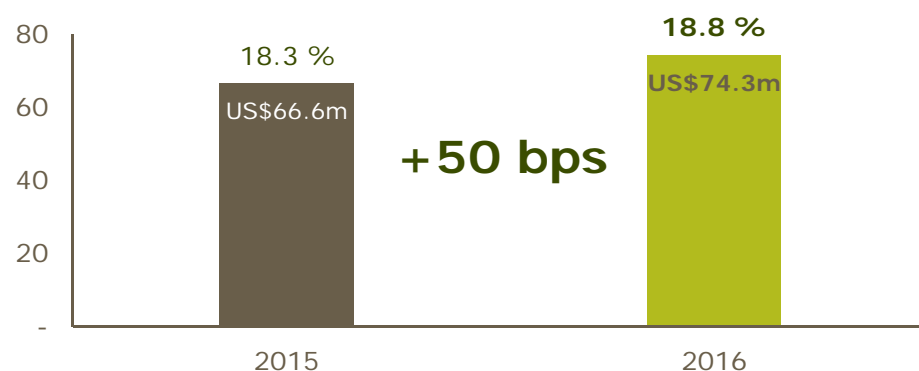


# 2016 Underlying Operating Profit

Margin improvements across each Division leading to overall margin improvement of 70bps

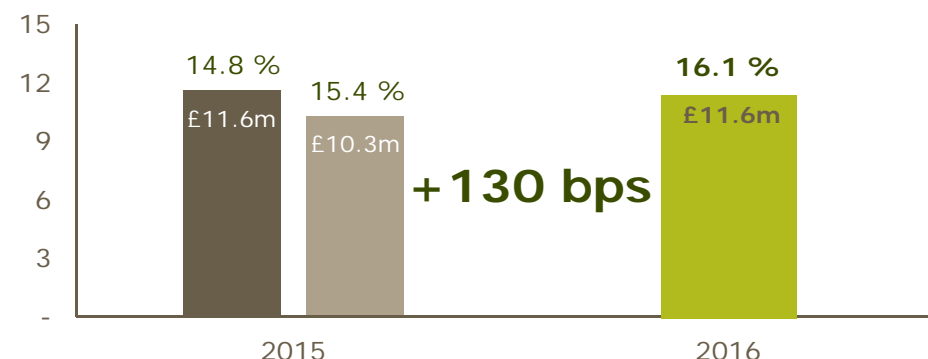
## AmesburyTruth

Reported: 26%; CCLFL: + 5 %



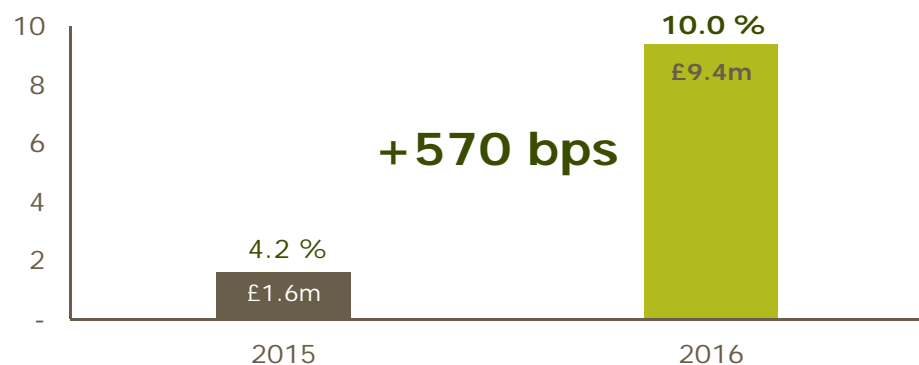
## ERA

Reported: Flat; CCLFL: +14%



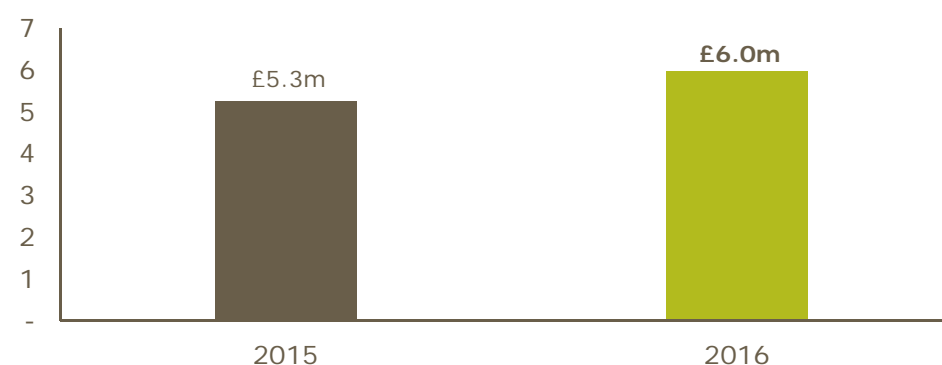
## Schlegel International

Reported: +498%; CCLFL (4)%



## Corporate

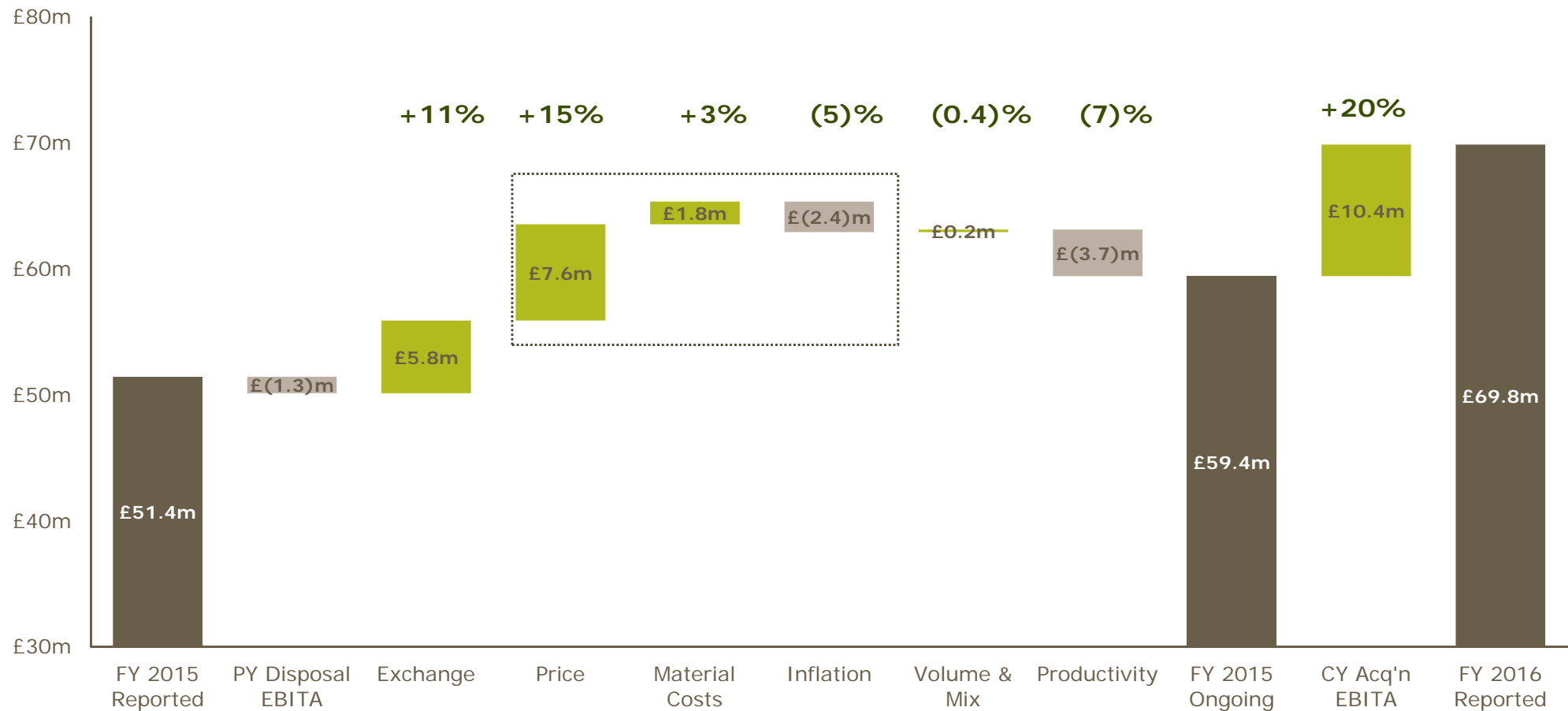
Reported and CCLFL: +13%



■ LFL 2015 UOP ■ Reported 2015 UOP ■ 2016 UOP

# 2016 Underlying Operating Profit bridge

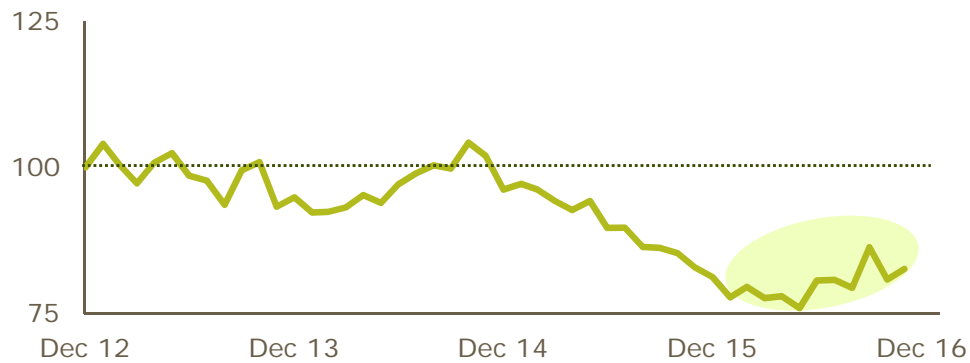
Bridge from reported 2015 to reported 2016



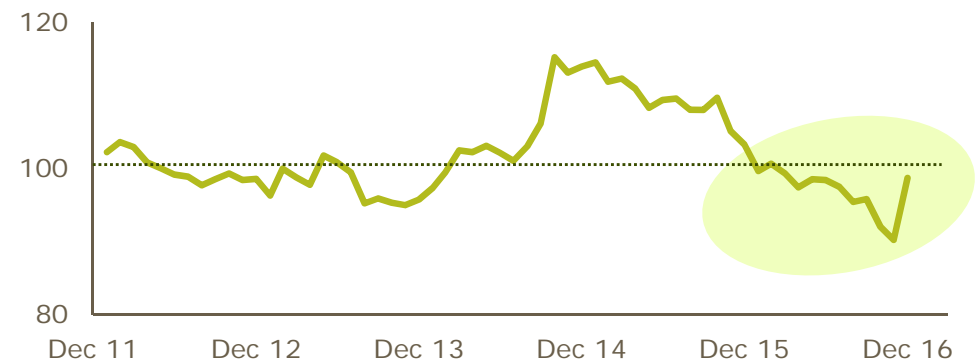
# Input costs

2016 backdrop generally benign; commodity cycle may now have turned

## US stainless steel



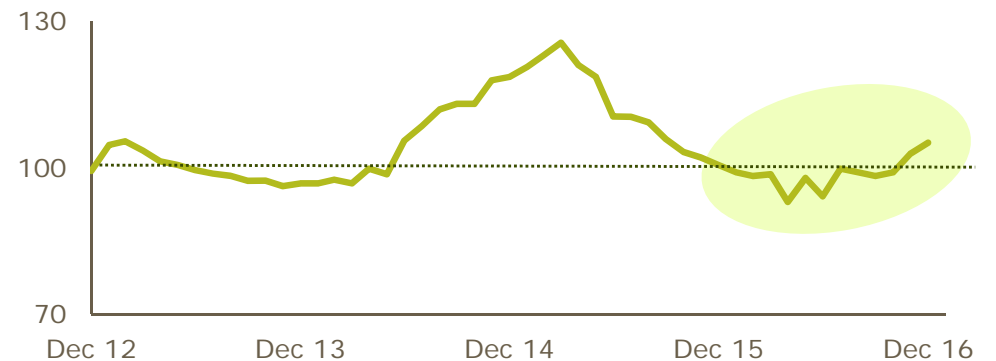
## US Zinc



## Euro polypropylene



## Euro aluminium

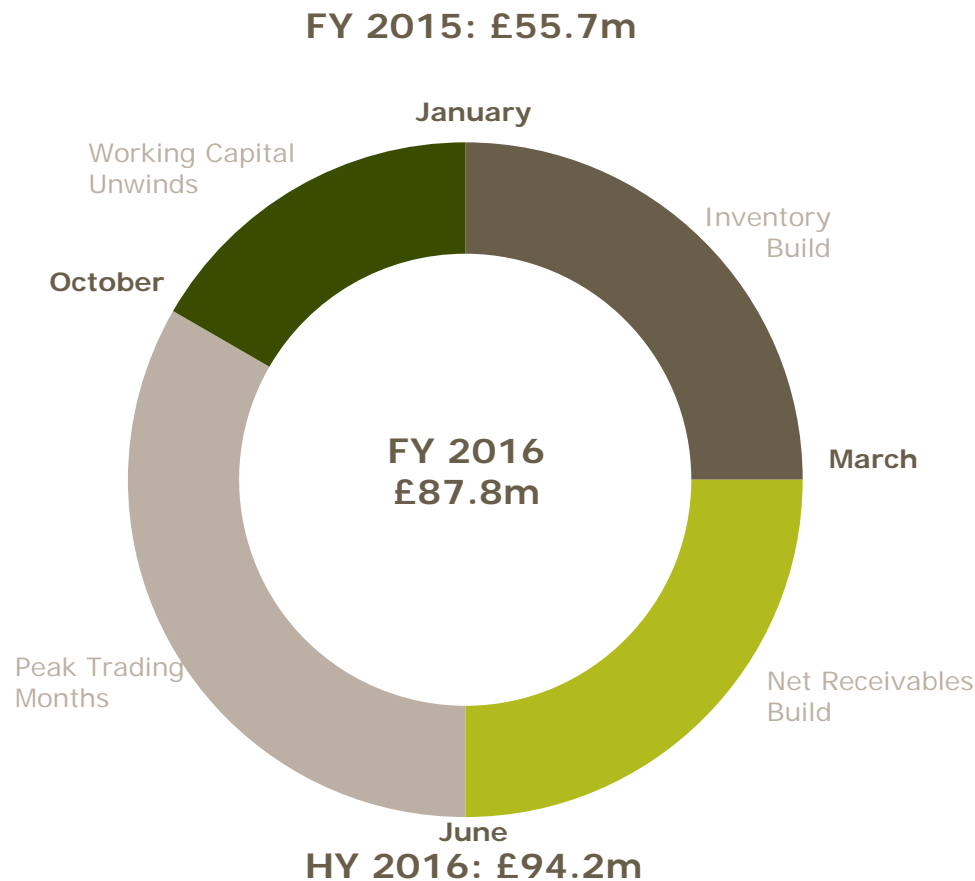




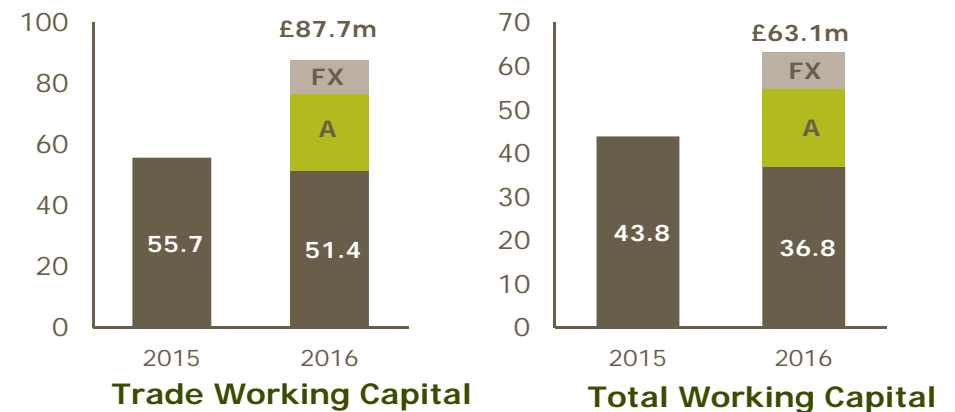
# Working Capital

Tight control over working capital in the year

## Trade working capital cycle



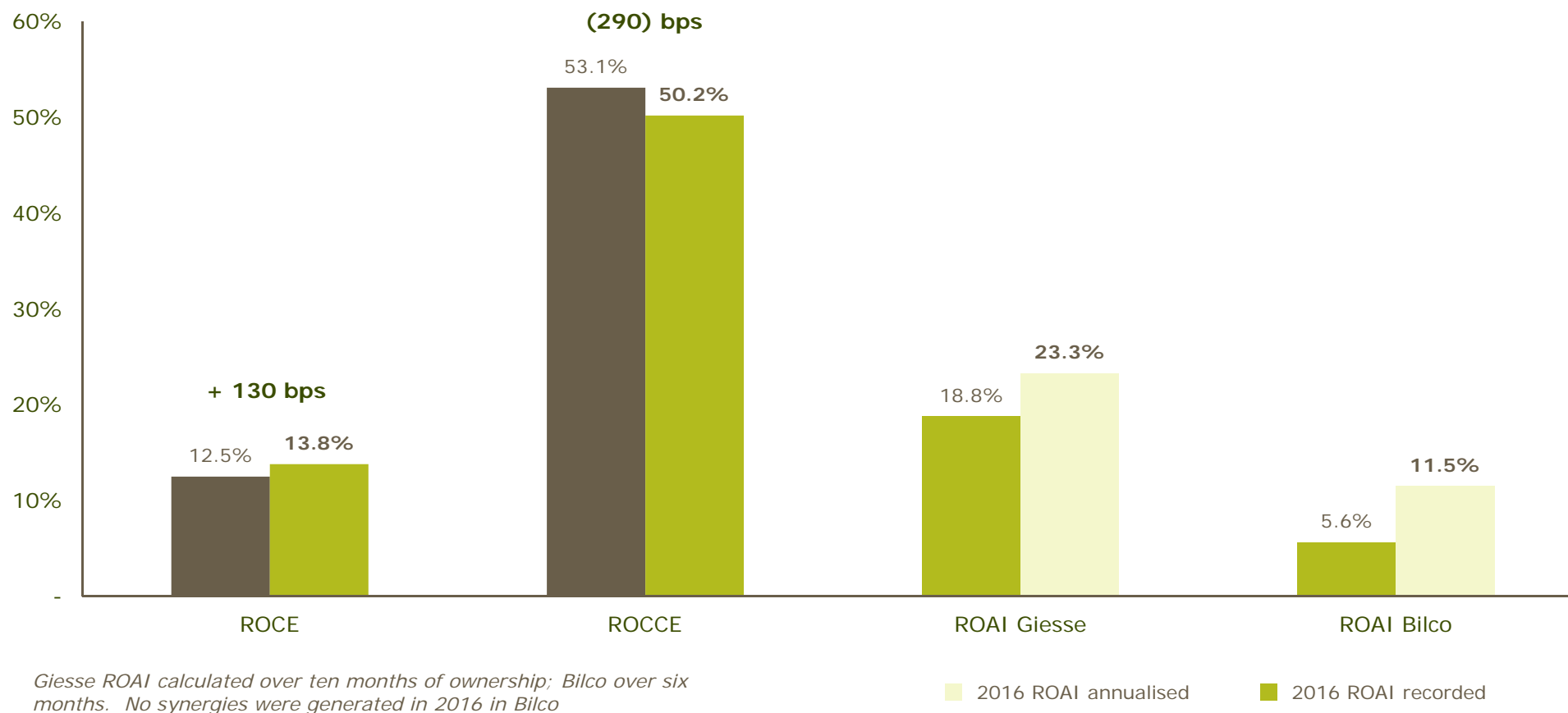
## 2016 Working Capital



- Exchange: £11.0m (Trade) £8.5m (Total)
- Acquisitions: £25.4m (Trade) £17.8m (Total)
- Reduction in trade working capital £4.3 million over the year
- Acquired businesses generated a trade working capital inflow of £2.5 million in the year
- Trough to Peak: c. £10 million
- Peak to Trough: c. £14 million

## ROCE and ROAI

Continued progress towards ROCE target of 15.0%

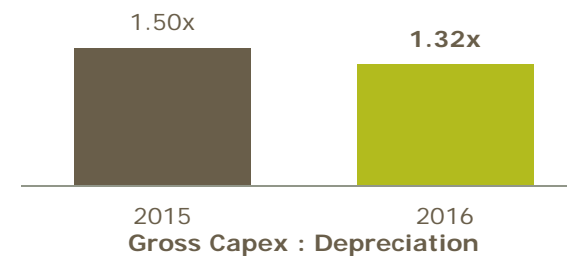
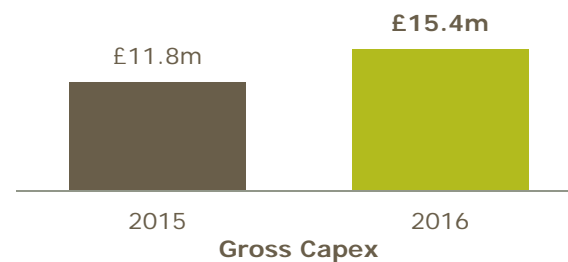


## Other financial information

### Capital Expenditure, Net Interest Payable and Taxation

#### Capital Expenditure

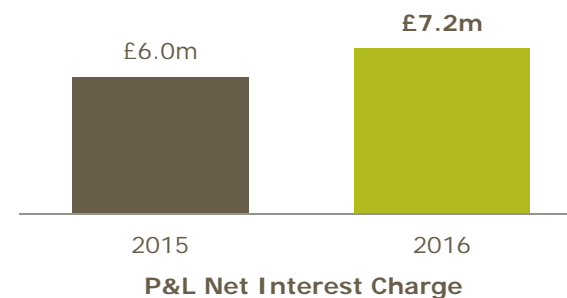
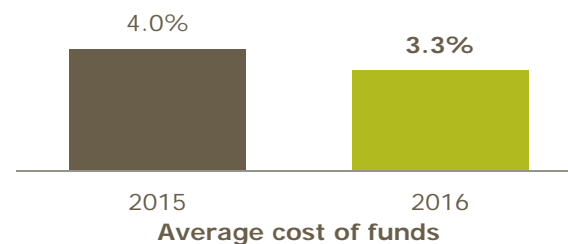
Gross +30.9%



#### Net Interest

Cost of funds (70) bps

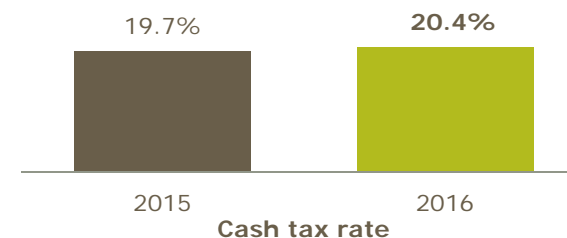
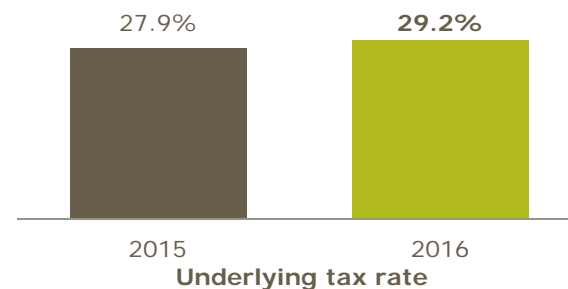
Int. Charge +21.2%



#### Taxation

Underlying +130 bps

Cash +70 bps

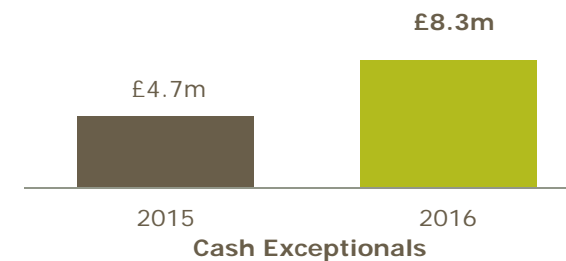
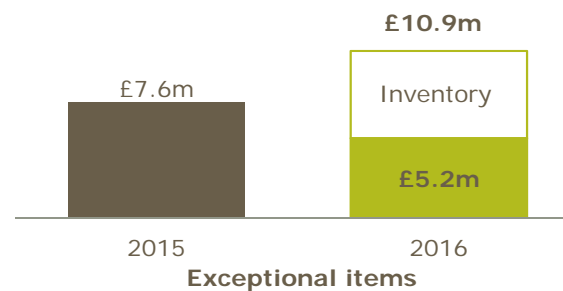


## Other financial information (cont'd)

### Exceptional items and cash performance

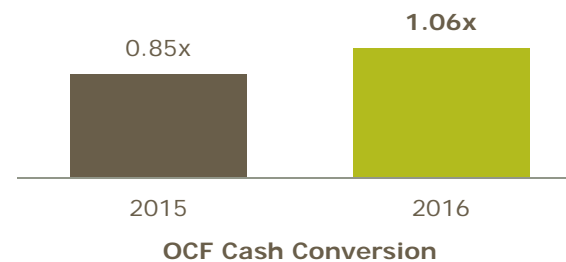
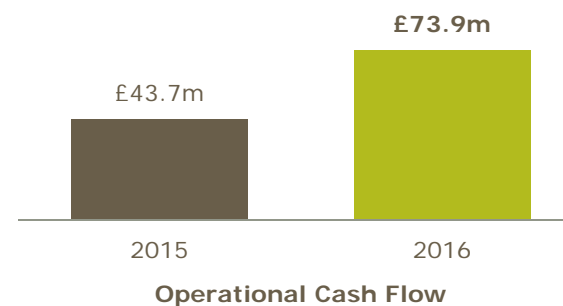
#### Exceptional items

Footprint	£2.7m
M&A	£3.0m
Inventory	£5.7m



#### Cash performance

OCF	+69%
FCF	+92%

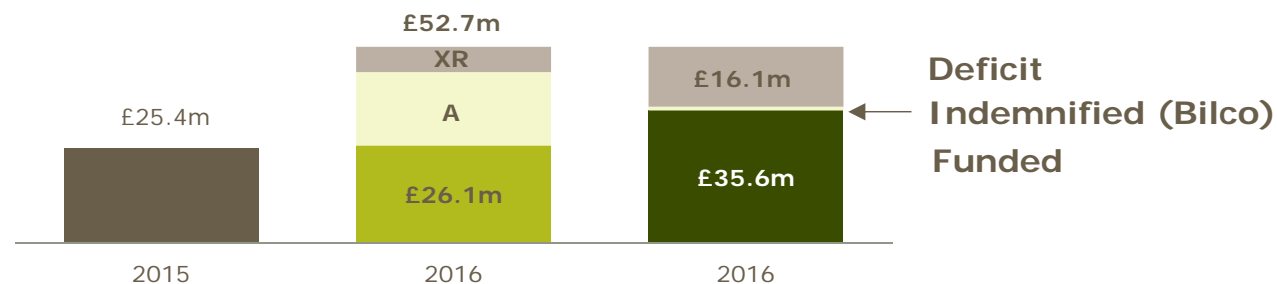


## Other financial information (cont'd)

### Pension liabilities and Leverage

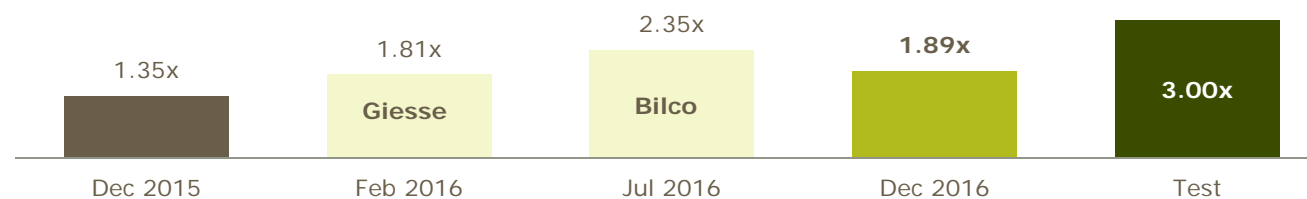
#### Pension & PRMB

Pension	£48.3m
PRMB	£4.2m
Deficit	£16.1m



#### Leverage

Reported	1.89x
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Leverage Calculations

# Summary 2017 guidance

## Acquisition contributions

### Trading

Giesse two months

Bilco six months

Howe Green ten months

## Trade Working Capital

### Trough to peak

£15.0m – £20.0m

## Capital Expenditure

### Core Capex

£12.5m – £15.0m

### Footprint projects

c. £8.0m

## Tax and Interest

### Underlying effective rate

30 % - 31 %

### Underlying cash tax rate

25 % - 30 %

### Interest Payable

£8.5m – £9.5m

## Integration & Footprint

### Exceptional Costs

£5.0m – £7.0m

### 2017 Benefits

Giesse Integration – €1.6 million

Bilco Integration – US\$2.5 million

US Footprint – US\$2.0 million

## LTIP

### P&L share-based payments

c. £1.1m

### EBT Purchases

£1.0m – £2.0m

# Divisional Reviews

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# Amesbury Truth

Relatively subdued trading performance in 2016

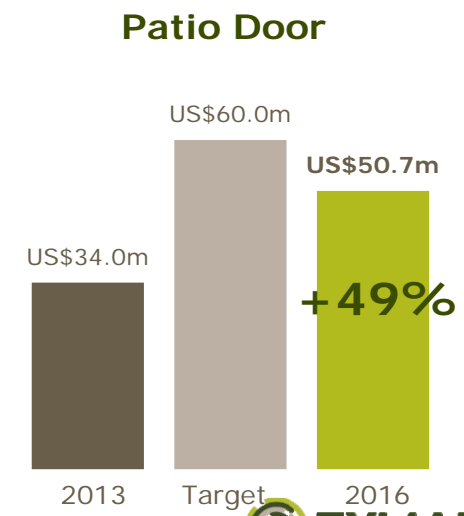
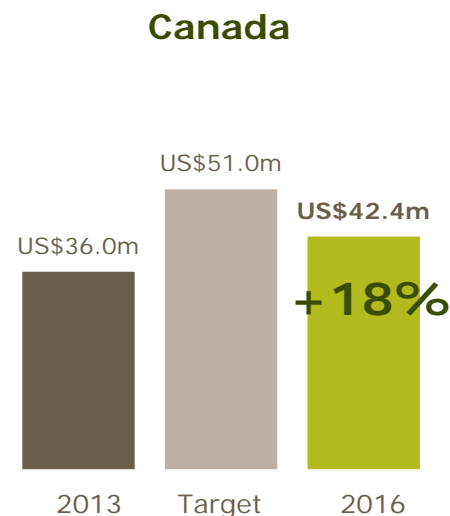
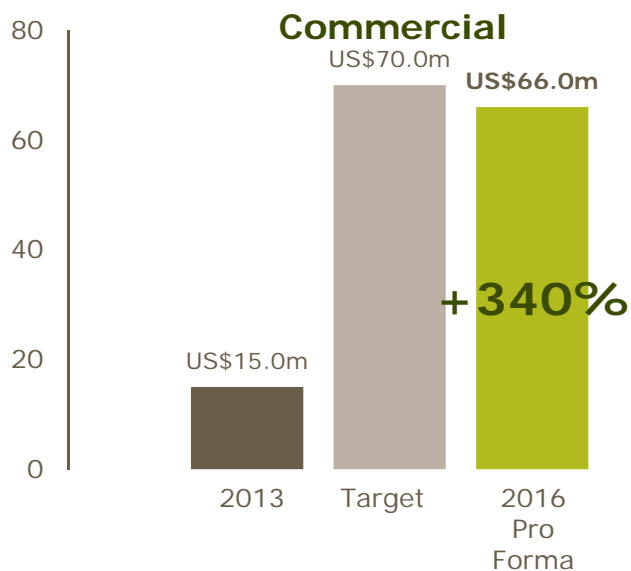
## Performance

- Strong first quarter not sustained through the year
- Continued margin progression
- Good progress on footprint project
- Acquisition of Bilco
  - Gives AT a meaningful commercial presence
  - Integration progressing to plan
  - \$2.5 million of synergies will be delivered in 2017

## Operating results

\$'m except where stated	2016	2015	Change	CCLFL
Revenue	394.8	363.8	+22%	+1%
U'lying Operating Profit	74.3	66.6	+26%	+5%
<i>U'lying Operating Margin</i>	<i>18.8%</i>	<i>18.3%</i>	<i>+50bps</i>	<i>+70bps</i>

## Progress on strategic priorities outlined in 2013





# AmesburyTruth and commercial

## North American commercial building aperture strategy

### *Roof Access Hatches and Smoke Vents*

**Bilco®**

*Subterranean  
access hatches*



### **Future Opportunities NPD and Acquisition**

- Commercial seals
- Window hardware
- Door hardware
- Security doors
- Locks

**GIESSE®**

*Window Hardware*



**Amesbury  
Truth™**

*Operators and Balances*



# North American Footprint

Sites of three centres of excellence now confirmed

## Juarez (60,000 to 150,000 sq ft)



## Sioux Falls (150,000 sq ft)



## Programme update

- Jan 2016 – Juarez production ramp up commenced
- May 2016 - Sioux Falls site construction started
- Dec 2016 - Sioux Falls completed and occupied
- Nov 2016 - Statesville construction underway
- Jan 2017 - Canton closed and listed for sale
- Mar 2017 - Phase one completes
- Dec 2019 - Project completes

## Statesville (240,000 sq ft)

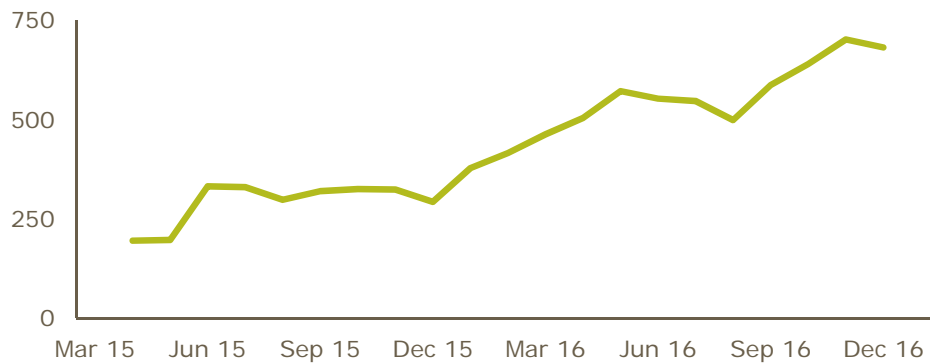




# North American Footprint

Juarez and supply from Mexico

## Headcount increase



## Maquiladora

- Free trade zone – structure used by Bilco and AT
- Import product into Mexico, add value and bring back to the US without at present incurring tariffs
- Fixed mark up on Mexican costs incurred taxed in Mexico
- Any tariff likely to be a known quantity
- Potential customs and logistics delays likely to be the bigger concern

## Injection moulding



## Roll mills



# ERA

## Good performance despite flat to down markets

### Performance

- Market flat to down
- Significant input cost inflation managed through pricing and surcharge actions
- Improved performance in Distribution helped by Response
- Ventrolla order book +23.3 per cent.
  - Acquired two more franchise in 2016
  - New facility in Harrogate

### Footprint project underway



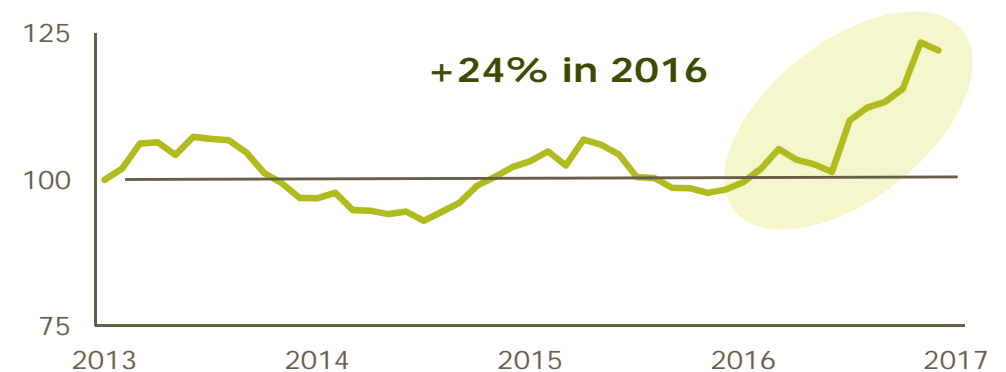
Construction underway at i54 – completion expected by the end of 2017

### Operating results

£'m except where stated	2016	2015	Change	CCLFL
Revenue	71.8	78.1	(8)%	+4%
U'lying Operating Profit	11.6	11.6	Flat	+14%
U'lying Operating Margin	16.1%	14.8%	+130bps	+150bps

2015 comparative includes Revenue (£11.3m) and Underlying Operating Profit (£1.3m) attributable to EWS up to the date of disposal. Like for like comparatives are £66.8m and £10.3m respectively.

### Input cost inflation



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

# UK commercial

Development of a meaningful offering in UK commercial and infrastructure

## Acquisition of Howe Green

- £3.0 million Revenue (Y/E August 2016)
- Engineered floor and ceiling access hatches
- Commercial and infrastructure customer base
- Manufacturing in Ware, Hertfordshire
- Key Projects include Terminal 5, Crossrail, London Underground, Stansted and Ely Cathedral
- [www.howegreen.com](http://www.howegreen.com)

## UK Commercial Opportunities

- Giesse products well suited to design led commercial projects
- Bilco products for large scale commercial
- Howe Green products for commercial and infrastructure
- Ventrolla now being specified on larger scale commercial renovation projects
- UK commercial manufacturing base will allow shorter lead times



# Schlegel International

Strong performance in first year of Giese ownership

## Performance

- Strong revenue growth assisted by M&A and exchange
- Double digit operating margin
- Strong performance in EMEA other than Eastern Europe
- Route to market changed in China and commercial structure in Australasia altered
- LATAM challenging – especially Brazil

## Integration and synergy delivery

- €2.4 million of synergies delivered in the year
- €4.0 million in aggregate will be delivered by end 2017
- Divisional Headquarters established in Bologna
- Five facilities closed
  - Giese Brazil
  - Giese North America
  - Schlegel Spain
  - Schlegel Singapore
  - Schlegel Italy

## Operating results

£'m except where stated	2016	2015	Change	CCLFL
Revenue	94.6	37.4	+153%	(3)%
U'lying Operating Profit	9.4	1.6	+498%	(4)%
<i>U'lying Operating Margin</i>	<i>10.0%</i>	<i>4.2%</i>	<i>+570bps</i>	<i>(4)bps</i>

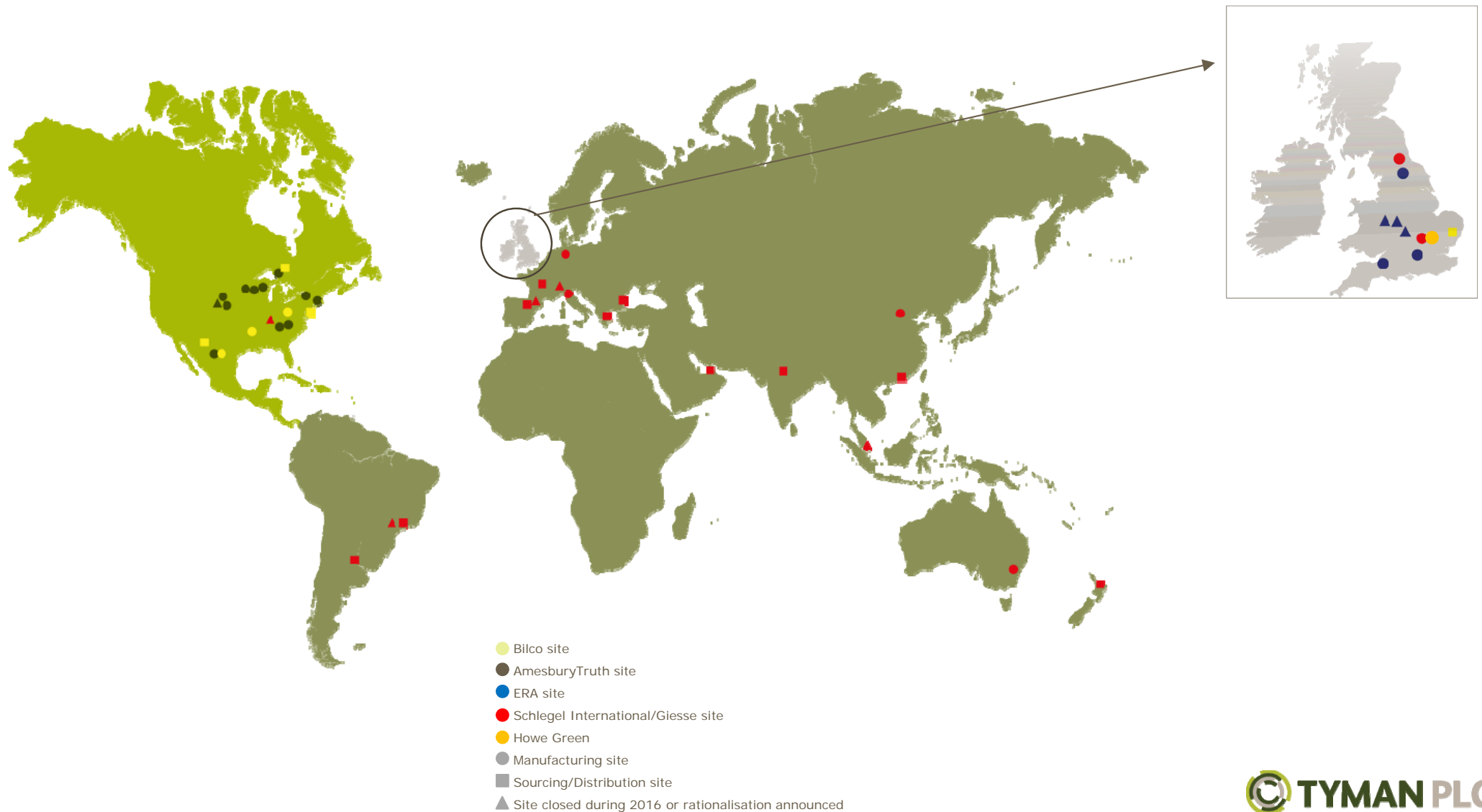
## Integration

- Phase One completed six months ahead of schedule
- Functional reporting structure under executive team
- Branding and marketing materials updated
- Legal and financing structure simplified
- Consolidation of functions
  - Sales and marketing
  - Finance
  - Procurement
  - New product development



# Optimising our footprint

Significant progress made in rationalising the Group footprint



# 2017 Outlook

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Well positioned due to self help initiatives combined with good visibility of synergies

## AmesburyTruth

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Encouraging residential permit levels  
RMI expected to be stronger  
Canada still challenging  
Commercial market growth

- Complete Bilco integration together with accelerated delivery of synergies
- Second stage of footprint programme underway
- Review of how best to serve smaller customers

## ERA

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Flat to down RMI market  
Inflationary pressures

- Input cost inflation managed through purchasing, pricing and cost downs
- Extensions to electromechanical range
- Expansion of distribution channel
- Commercial and infrastructure offering under development

## Schlegel International

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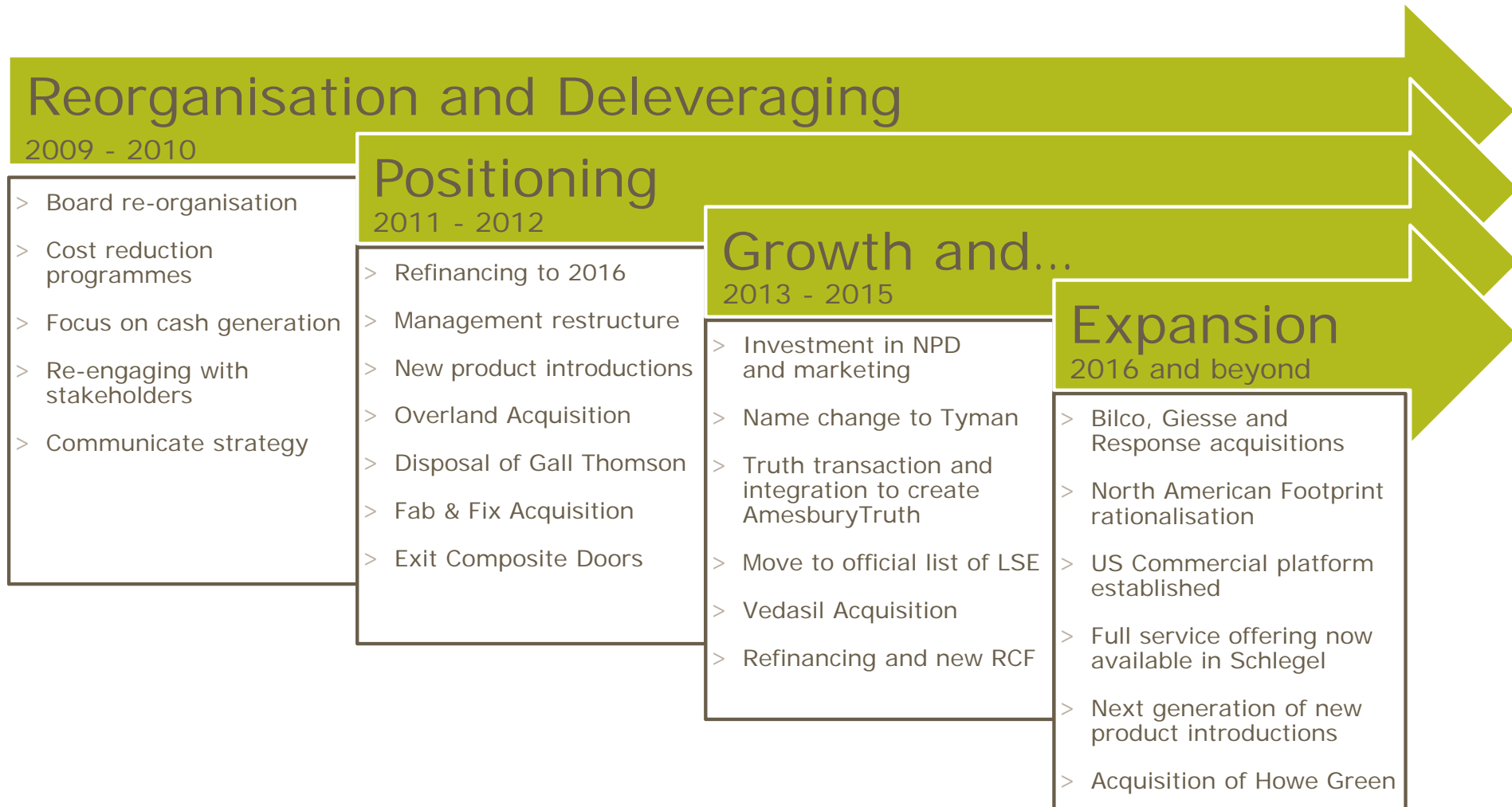
Continued recovery in EMEA and APAC regions  
LATAM challenging but may start to improve

- Complete Integration of Giesse into Schlegel International
- Further consideration of Divisional footprint
- Launch of integrated salesforce targeting cross selling opportunities
- Exploring further acquisition opportunities in seals, extrusions and hardware



# Development of Tyman

Eight years of progress

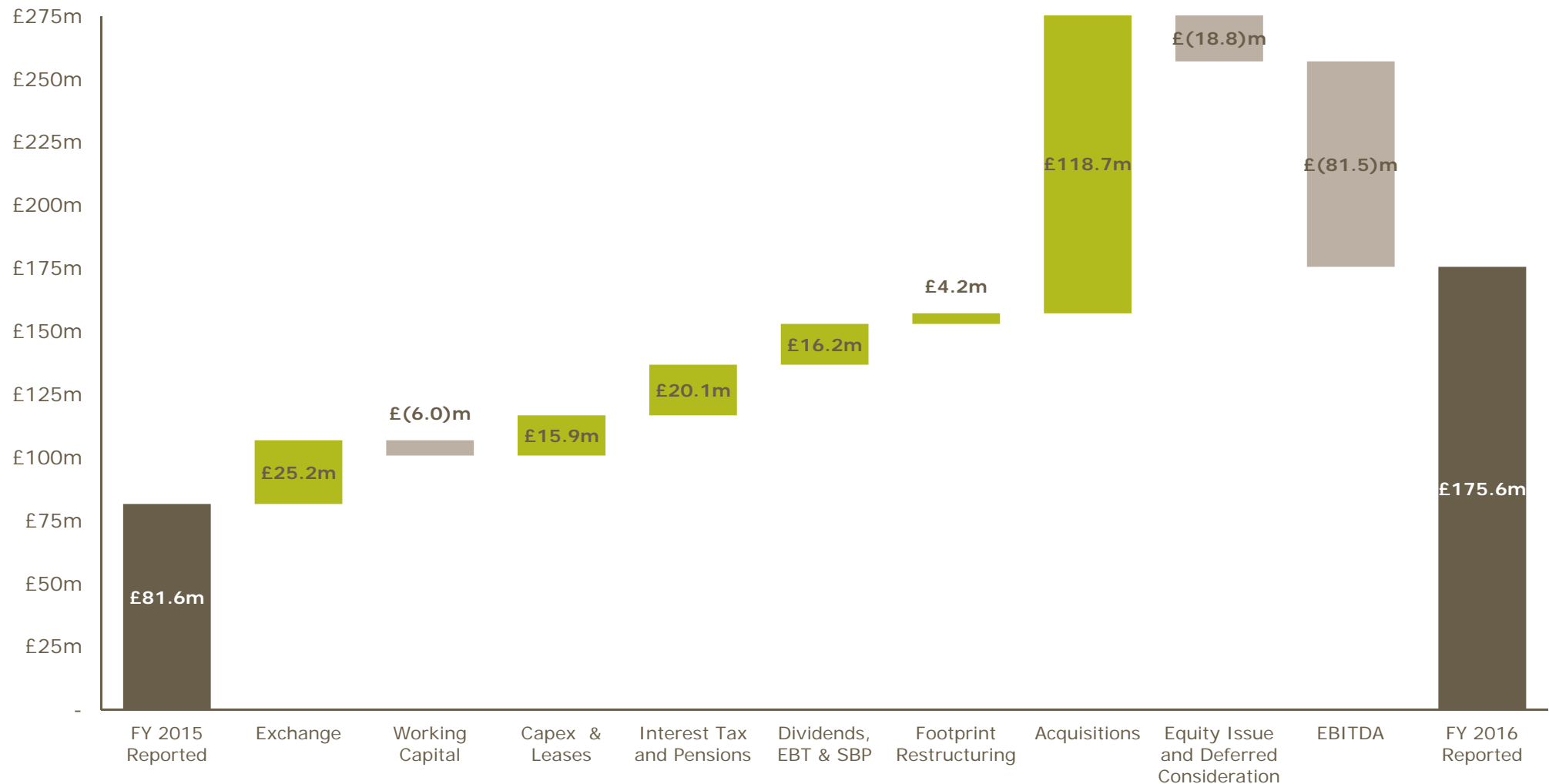


# Appendix A - Indebtedness

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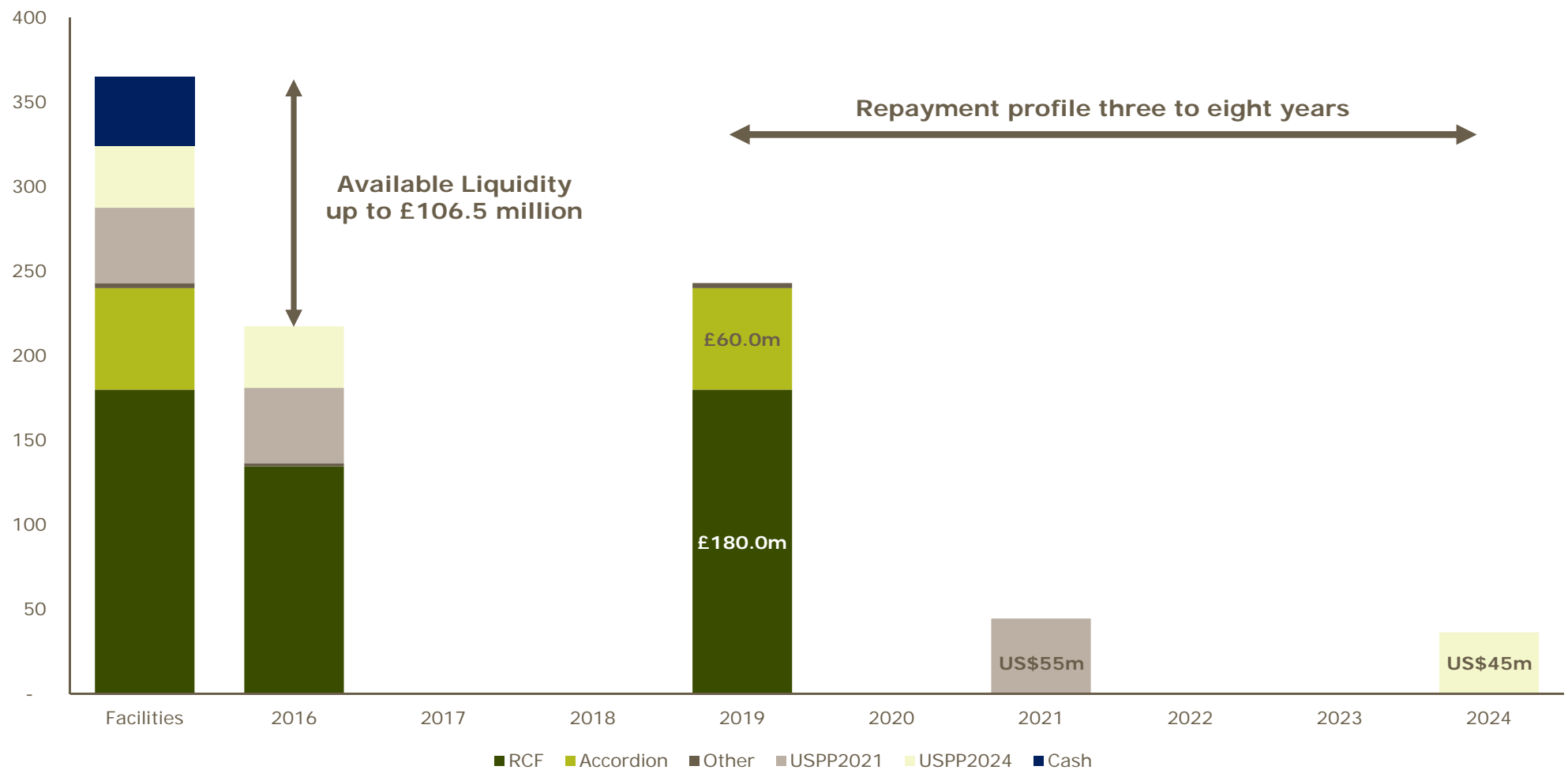
## 2016 Indebtedness bridge

Bridge from reported 2015 to reported 2016 IFRS net indebtedness



# Group debt facilities

As at 31 December 2016



For illustrative purposes, "other" facilities are assumed to be refinanced on the same date as the RCF matures in June 2019

# Covenant performance

Significant headroom on banking covenants

## Leverage

Total Net Debt to Adjusted<sup>(1)</sup> EBITDA  
must be < 3.00x

Target year end Leverage range  
of 1.50x to 2.00x

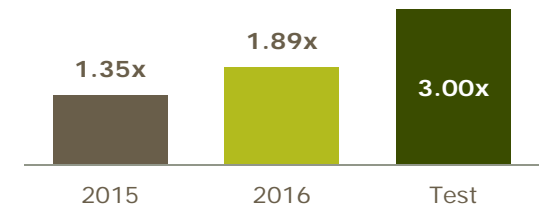
(1) Includes annualised EBITDA of acquisitions and excludes  
100% EBITDA of disposals

## Interest Cover

EBITDA to Net Finance Charges  
must be > 4.00x

37.1 %

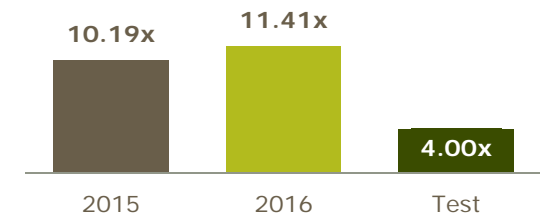
£32.0m



EBITDA would need to decrease by £32.0m before there  
would be a breach of covenants

64.9 %

£53.6m



EBITDA would need to decrease by £53.6m before there  
would be a breach of covenants

## Appendix B – Business model

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# Strategy and business model



# How we operate

Where we sell by country



- US 56.7%
- UK 17.5%
- Canada 6.7%
- Europe 9.5%
- Australia 1.8%
- Rest of the world 7.8%

Who we sell to



- OEM Manufacturers 77.7%
- Distributors & Wholesalers 15.2%
- Other Industrial 7.1%

What we sell



- Hardware 46.3%
- Sealing 18.6%
- Balances 11.9%
- Operators 8.9%
- Speciality Access Products 4.7%
- Polymer Extrusion 3.9%
- Other 5.7%



# Our key financial targets

## Market share

Grow Revenue  
ahead of markets  
year on year

## ROCE

Medium term  
target of 15 %

## Gross Margins

Consistently  
greater than  
30 %

## Operating Margins

Take businesses  
back to peak  
cycle margins

## M&A

Value adding  
M&A to improve  
the business,  
ROCE and EPS

## Net debt: EBITDA

1.50x – 2.00x  
At each year end

## Cash Conversion

+/- 100 % at  
Divisional level

## EPS

Year on year  
growth via  
droptrough of  
profitability

# Our approach to M&A

## Complementary Products

Complement the Group's product offering

## Add value for our customers

Value added engineered proposition

## Reliable future

Profitable, cash generative and well invested

## Synergies

Capable of integration with a clear path to synergies

## Improve our business

Value adding M&A to improve the business, ROCE and EPS

## Strong prospects

Attractive and resilient growth opportunities

## Returns

Must offer both absolute and relative returns to Tyman

## Financial parameters

Leverage  
ROAI  
EPS enhancement

**Improve our business**

**Deliver for our stakeholders**

## Appendix C – Markets

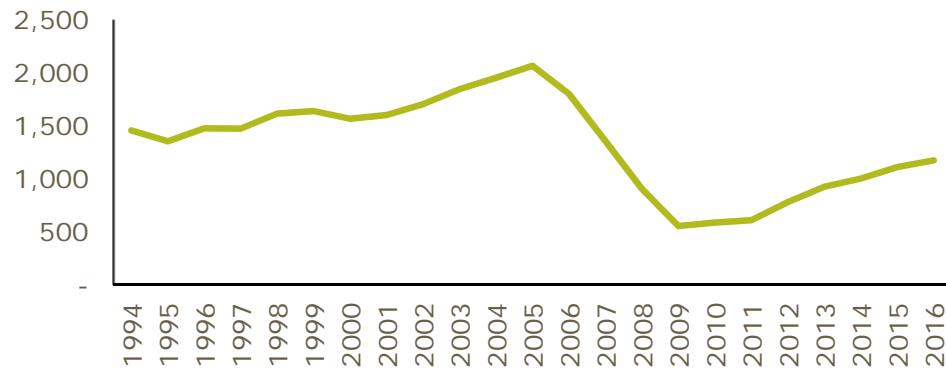
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# Housing starts

## US, Canada and United Kingdom

### US Housing Starts

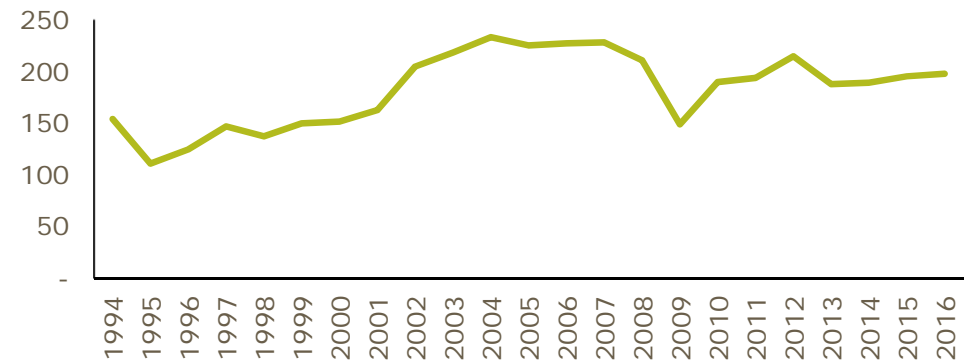
Units '000



Source: United States Census Bureau

### Canadian Housing Starts

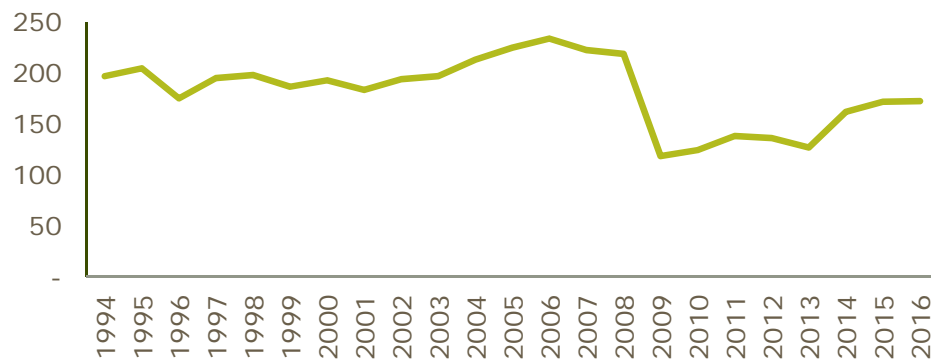
Units '000



Source: Statistics Canada

### UK Housing Starts

Units '000

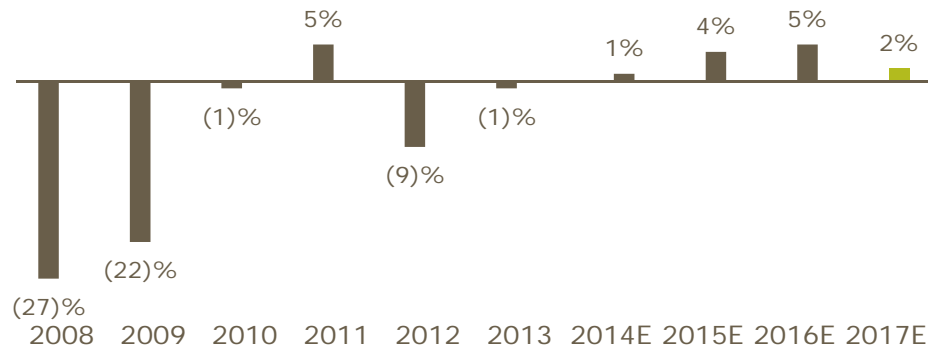


Source: [www.gov.uk](http://www.gov.uk)

# Housing starts

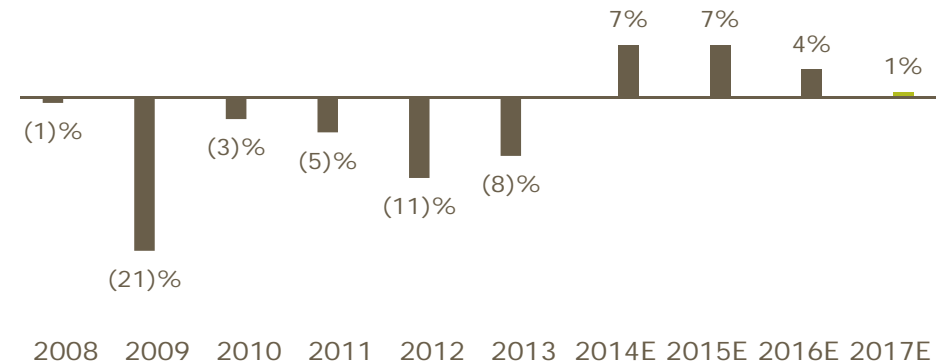
## Europe and Australia

### Western Europe Housing Starts



Source: EuroConstruct

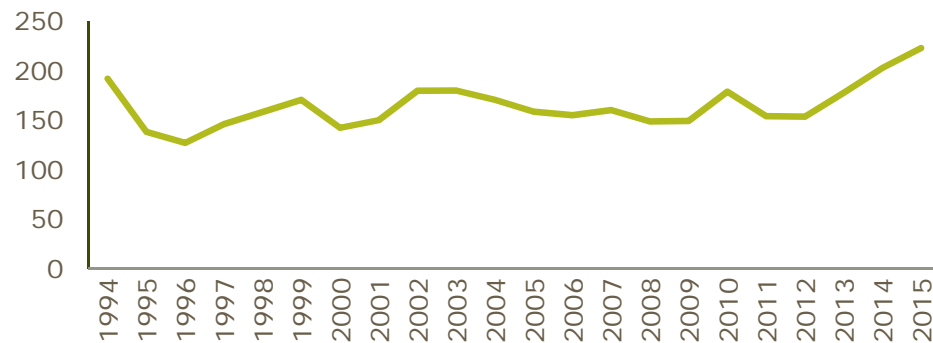
### Eastern Europe Housing Starts



Source: EuroConstruct

### Australian Housing Starts

Units '000

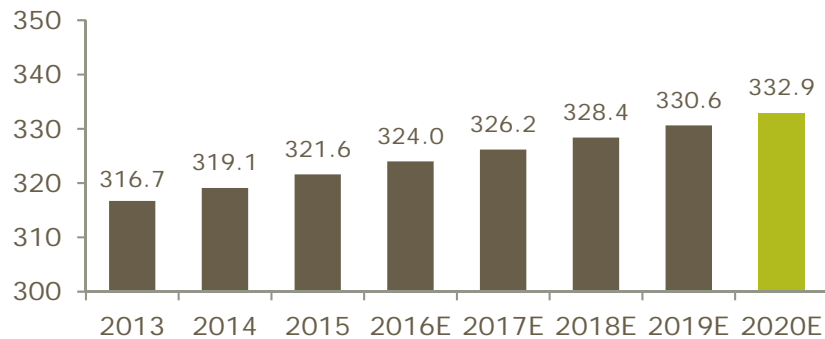


Source: [www.abs.gov.au](http://www.abs.gov.au)

# Population

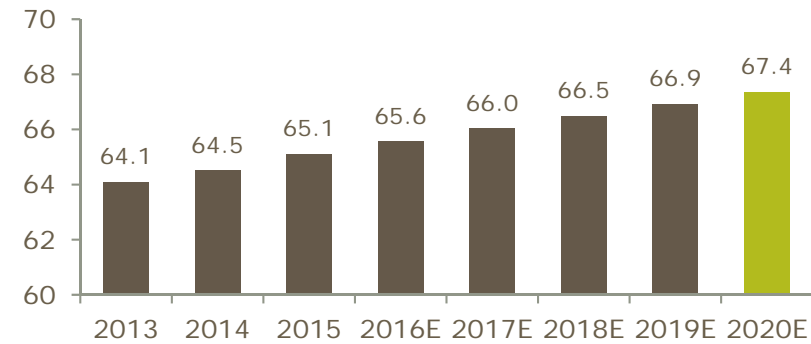
## Population

### US Population Forecast



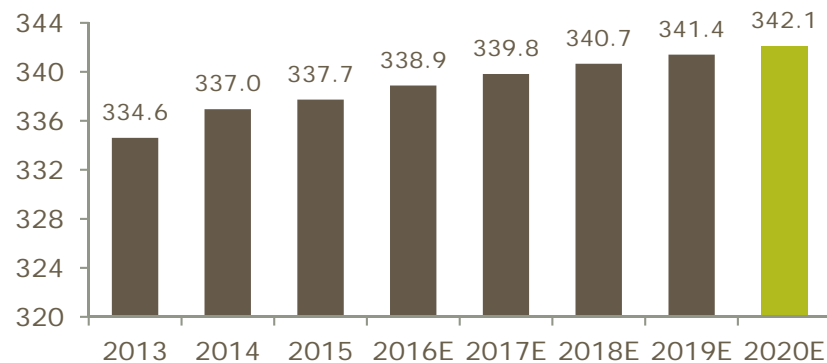
Source: World Economic Outlook Database Oct 2016

### UK Population Forecast



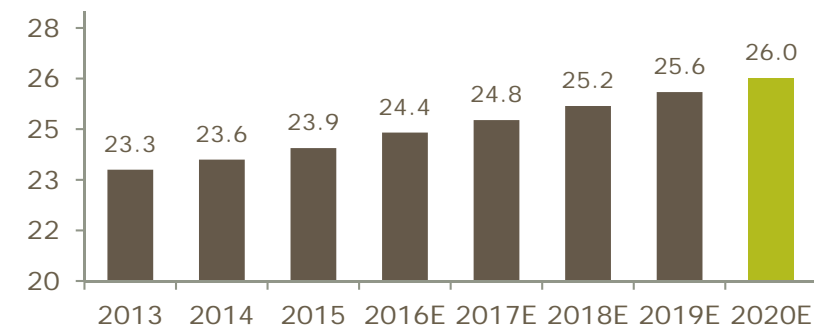
Source: World Economic Outlook Database Oct 2016

### Europe Population Forecast



Source: World Economic Outlook Database Oct 2016

### Australia Population Forecast



Source: World Economic Outlook Database Oct 2016

## Appendix D – Other information

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## Currency ready reckoner

Currency	US\$	Euro	AUS\$	CA\$	Total <sup>(1)</sup>
Average rate 2016	1.3554	1.2243	1.8252	1.7965	
Average rate 2015	1.5287	1.3772	2.0350	1.9536	
% mvt in average rate	(11.3) %	(11.1) %	(10.3) %	(8.0) %	
£'m Revenue impact	32.2	5.7	0.9	0.4	39.2
£'m Profit impact <sup>(2)</sup>	6.2	0.8	0.1	0.0	7.1
1c decrease impact <sup>(3)</sup>	£398k	£61k	£6k	£1k	

(1) Impact of other currencies is 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



# North American Footprint

## Financials

US\$'m	2016 Actual	2017 Forecast	2018 Estimate	2019 Estimate
P&L cash costs	3.5	6.0	6.5	1.0
P&L non cash costs	0.0	3.0	3.0	4.0
<b>Total P&amp;L Costs</b>	<b>3.5</b>	<b>9.0</b>	<b>9.5</b>	<b>5.0</b>
Capital expenditure (gross) <sup>(1)</sup>	4.2	7.0	4.0	2.0
<b>Total cash costs</b>	<b>7.7</b>	<b>13.0</b>	<b>10.5</b>	<b>3.0</b>
Incremental P&L saving	0.0	2.0	2.0	3.0
<b>Cumulative P&amp;L saving</b>	<b>0.0</b>	<b>2.0</b>	<b>4.0</b>	<b>7.0</b>

(1) The Division expects to realise cash proceeds of up to US\$5.0 million from disposals of capital assets as part of the footprint project which will be offset against the gross capital expenditure of the project

## Appendix E – Financial statements and track record

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# Consolidated income statement

For the year ended 31 December 2016

	2016	2015
	£'000	£'000
<b>Revenue</b>	<b>457,644</b>	353,425
Cost of sales	(290,385)	(233,982)
<b>Gross profit</b>	<b>167,259</b>	119,443
Administrative expenses	(130,069)	(96,944)
<b>Operating profit</b>	<b>37,190</b>	22,499
Analysed as:		
Underlying <sup>1</sup> operating profit	69,803	51,425
Exceptional items	(10,900)	(7,563)
Amortisation of acquired intangible assets	(21,713)	(19,567)
Impairment of acquired goodwill	-	(1,796)
<b>Operating profit</b>	<b>37,190</b>	22,499
Finance income	853	154
Finance costs	(8,667)	(7,077)
<b>Net finance costs</b>	<b>(7,814)</b>	(6,923)
<b>Profit before taxation</b>	<b>29,376</b>	15,576
Income tax charge	(8,641)	(7,885)
<b>Profit for the year</b>	<b>20,735</b>	7,691

# Consolidated balance sheet

As at 31 December 2016

	2016 £'000	2015 £'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	349,503	253,718
Intangible assets	130,514	86,772
Property, plant and equipment	71,742	42,845
Deferred tax assets	15,933	12,944
	<b>567,692</b>	396,279
<b>Current assets</b>		
Inventories	70,733	45,990
Trade and other receivables	68,446	34,836
Cash and cash equivalents	40,917	29,975
Derivative financial instruments	506	178
	<b>180,602</b>	110,979
<b>TOTAL ASSETS</b>	<b>748,294</b>	507,258
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(76,694)	(37,488)
Derivative financial instruments	(291)	(17)
Current tax liabilities	(4,337)	(1,475)
Provisions	(5,085)	(5,395)
	<b>(86,407)</b>	(44,375)

	2016 £'000	2015 £'000
<b>Non-current liabilities</b>		
Borrowings	(216,470)	(111,558)
Derivative financial instruments	-	(68)
Deferred tax liabilities	(42,658)	(27,395)
Retirement benefit obligations	(17,108)	(9,927)
Provisions	(8,124)	(6,060)
Other payables	(897)	(1,644)
	<b>(285,257)</b>	(156,652)
<b>TOTAL LIABILITIES</b>	<b>(371,664)</b>	(201,027)
<b>NET ASSETS</b>	<b>376,630</b>	306,231
<b>EQUITY</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	8,929	8,505
Share premium	81,407	63,256
Other reserves	8,920	8,920
Treasury reserves	(3,338)	(4,321)
Hedging reserve	(291)	(85)
Translation reserve	79,674	31,384
Retained earnings	201,329	198,572
<b>TOTAL EQUITY</b>	<b>376,630</b>	306,231

# Underlying Earnings Per Share

For the year ended 31 December 2016

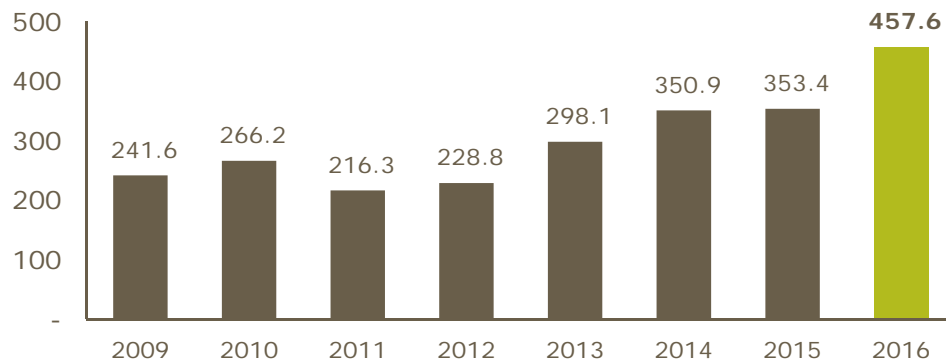
	2016 £'000	2015 £'000
<b>Profit before taxation</b>	<b>29,376</b>	15,576
Exceptional items	10,900	7,563
Amortisation of borrowing costs	412	409
(Gain)/Loss on revaluation of fair value hedge	(328)	177
Unwinding of discount on provisions	6	18
Amortisation of acquired intangible assets	21,713	19,567
Impairment of acquired goodwill	-	1,796
<b>Underlying profit before taxation</b>	<b>62,079</b>	45,106
Income tax charge	(8,641)	(7,885)
Add back: tax effect of exceptional items, amortisation of borrowing costs, amortisation of acquired intangible assets, impairment of acquired intangible assets and unwinding of discount on provisions	(9,469)	(4,698)
<b>Underlying profit after taxation</b>	<b>43,969</b>	32,523

Underlying earnings per share:

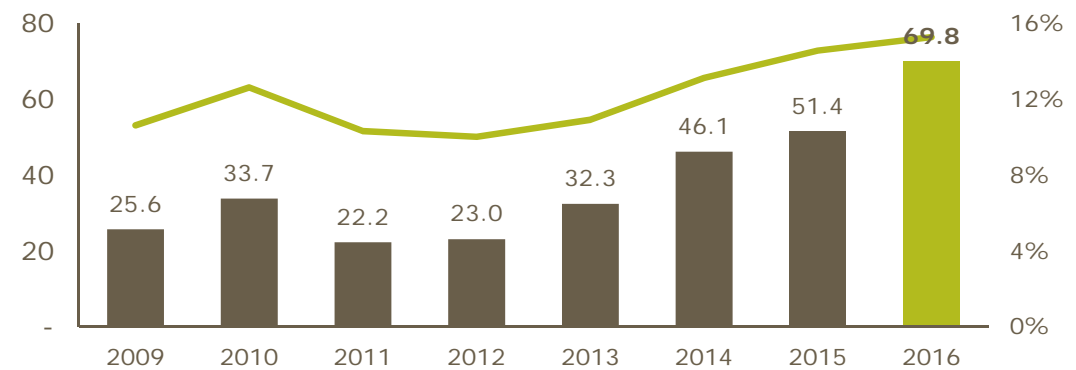
	2016	2015
Basic underlying earnings per share	25.41p	19.33p
Diluted underlying earnings per share	25.31p	19.24p

# Eight year track record

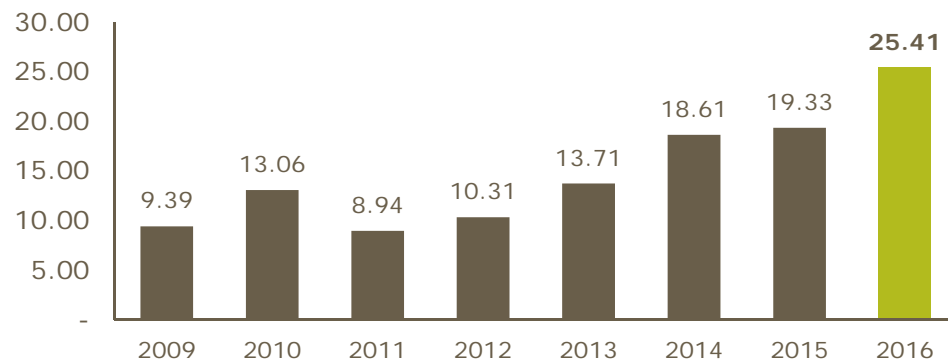
## Revenue (£'m)



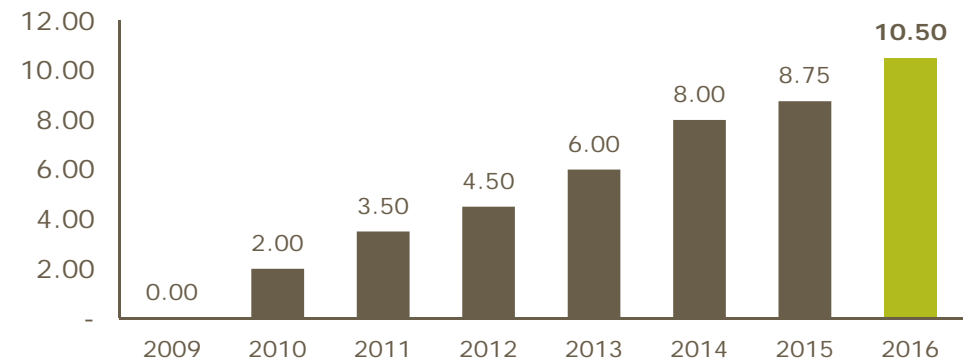
## U'lying Op Profit & Margin (£'m)



## U'lying Earnings per share (p)



## Dividend per share (p)



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