

# 2013 Interim Results



Results for the  
six months ended  
30 June 2013





Overview

Financial Performance

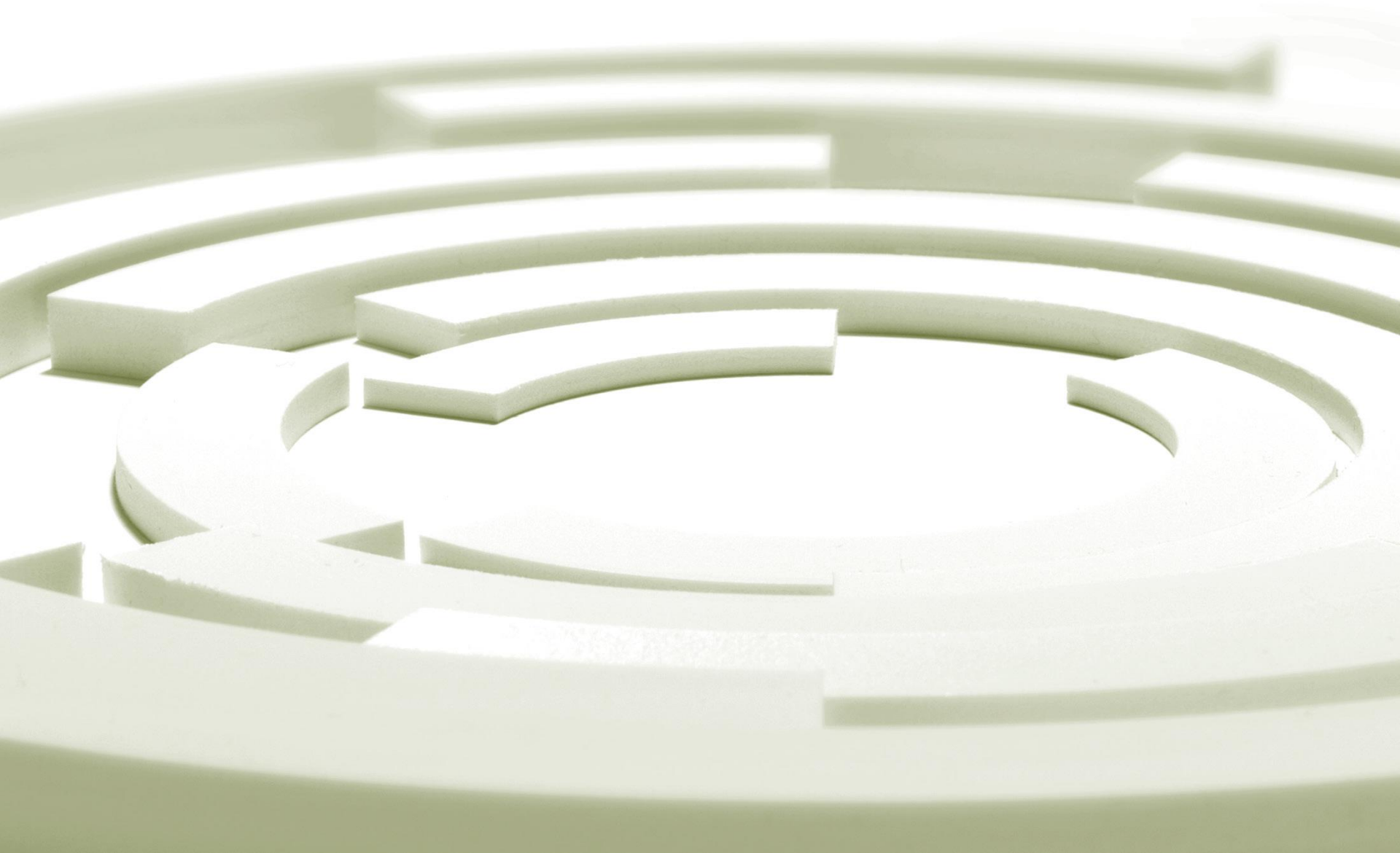
Divisional Performance

Outlook

Appendices



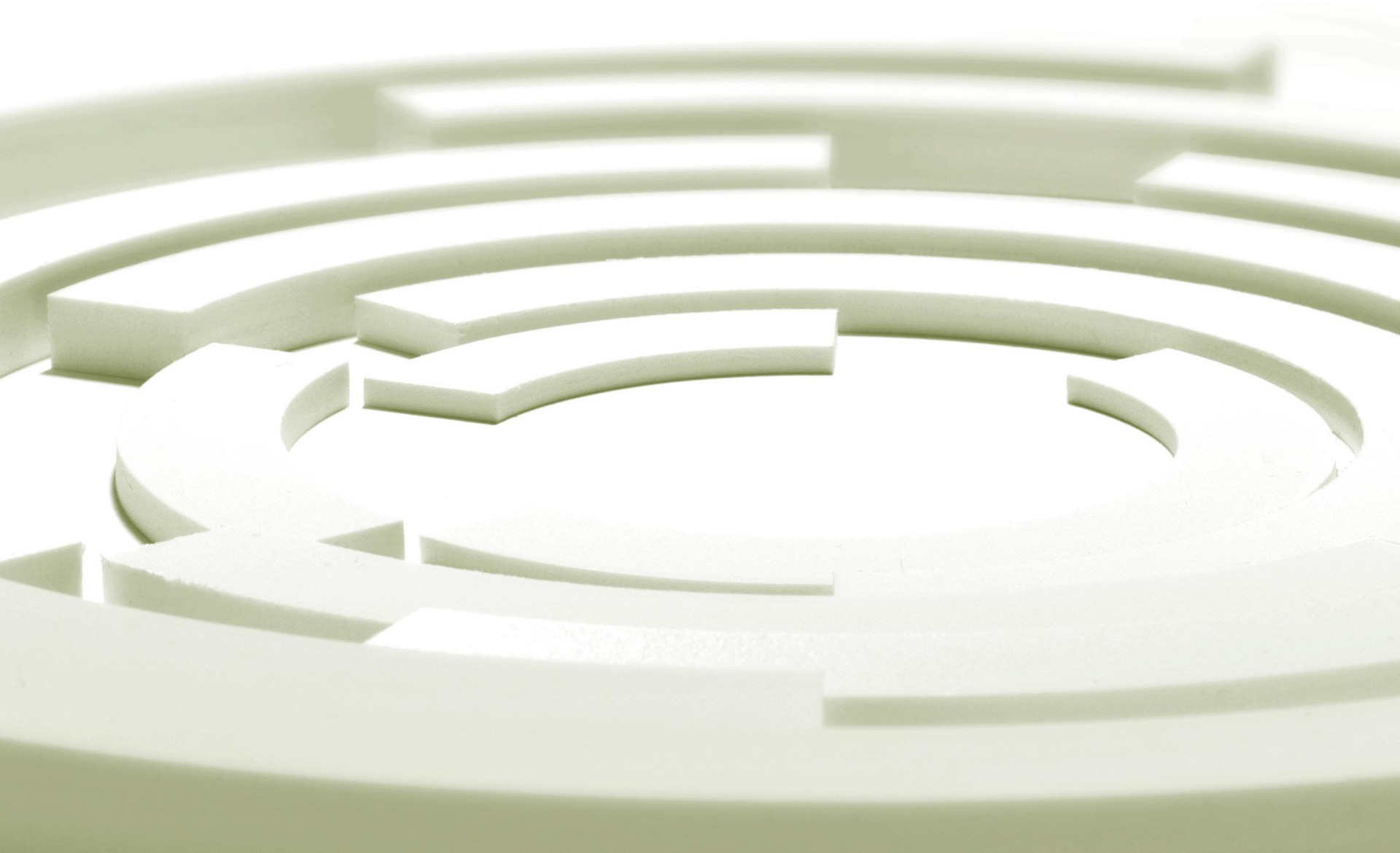
# Overview



# 2013 – First half highlights

- Name change to Tyman plc
- \$200 million acquisition of Truth Hardware completed on 3 July 2013
- Move from AiM to the Official List of the London Stock Exchange
- On the back of improving markets, satisfactory progress in North America
- Strong performance in the UK with good momentum in the business
- Difficult European markets led to a small loss in Schlegel International
- Higher order books across all businesses at H1 2013
- Interim dividend rebased - increase of 50% to 1.50 pence

# Financial Performance



# H1 2013 Financial overview

## Revenue

**£123.7m**  
+ 10.6%

2012: £111.8m

## Underlying Operating Profit

**£10.9m**

2012: £10.9m

## Underlying Net (Cash)/Debt

**£(25.2)m**

2012: £34.2m

## Underlying EPS

**4.98p**  
+ 7.3%

2012: 4.64p

## Gross Margin

**33.3%**  
+ 50bps

2012: 32.8%

## LTM Cash Conversion

**89.8%**  
+ 950bps

2012: 80.3%

## Voting shares in issue

**169.5m**  
+ 30.6%

2012: 129.8m

## DPS

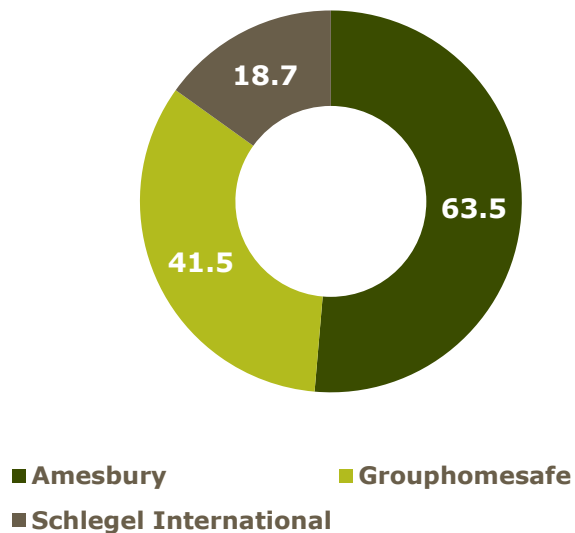
**1.50p**  
+ 50.0%

2012: 1.00p

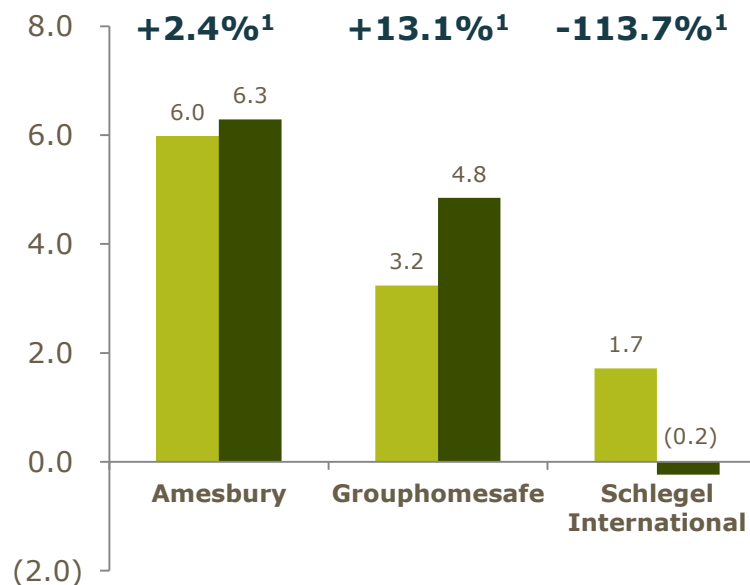
1. All numbers stated are from continuing operations of the Group; i.e. comparatives exclude Gall Thomson and Composite Doors
2. Underlying Operating Profit and EPS comparatives are stated prior to the impact of Peterlee property releases
3. Underlying Net (Cash)/Debt is the actual net indebtedness/ cash balances of the Group at 30 June

# Split of revenue and operating profit

## 2013 H1 Revenue (£'m)



## 2013 H1 Operating Profit (£'m)



Underlying continuing Operating Profit stated prior to Peterlee provision releases

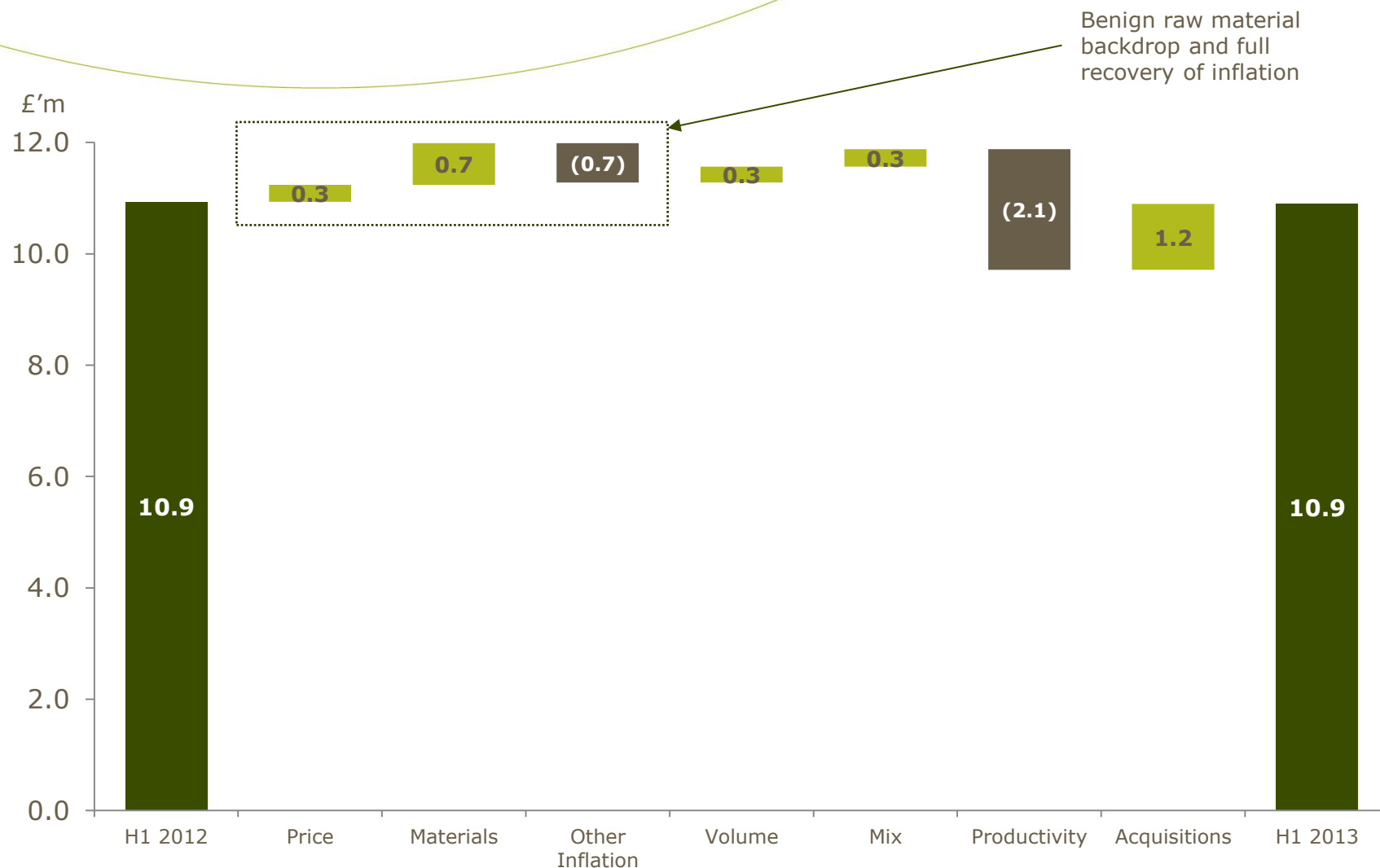
1. CC LFL change in Operating Profit H1 '12 to H1 '13

# Revenue bridge





# Operating profit bridge



# Raw material backdrop

## 2011/13 Steel



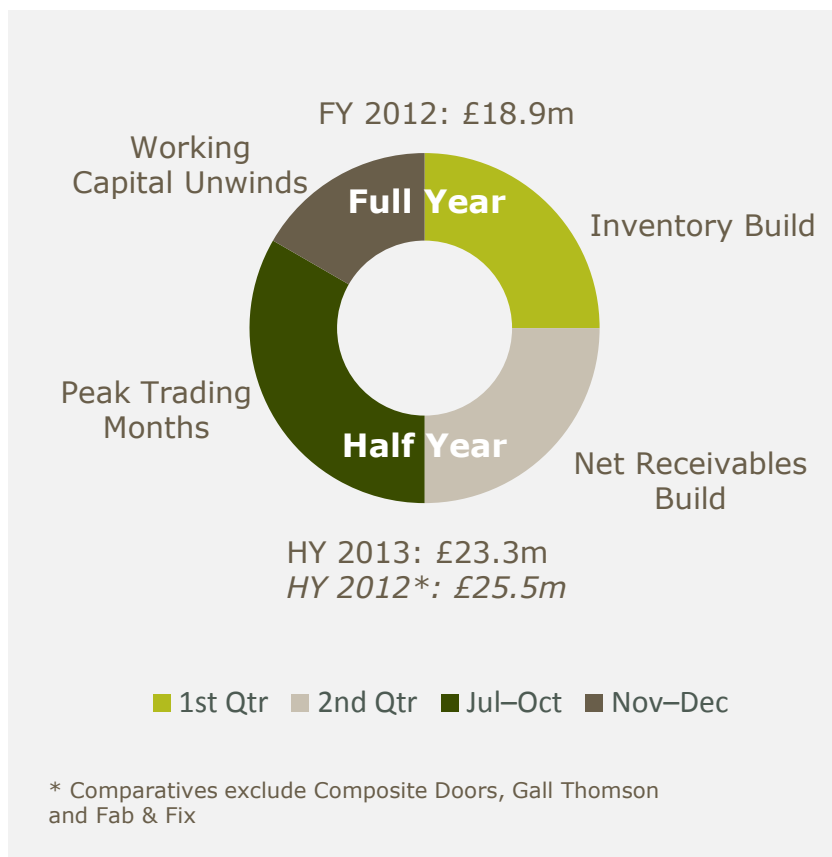
UK steel purchases rebased to 2011 average prices  
Steel 2012 purchases: c. £ 21 million

## 2011/13 Polypropylene



European Polypro purchases rebased to 2011 average prices  
Polypro 2012 purchases: c. £6 million  
All Oil Derivatives 2012 purchases: c. £20 million

# Working capital performance

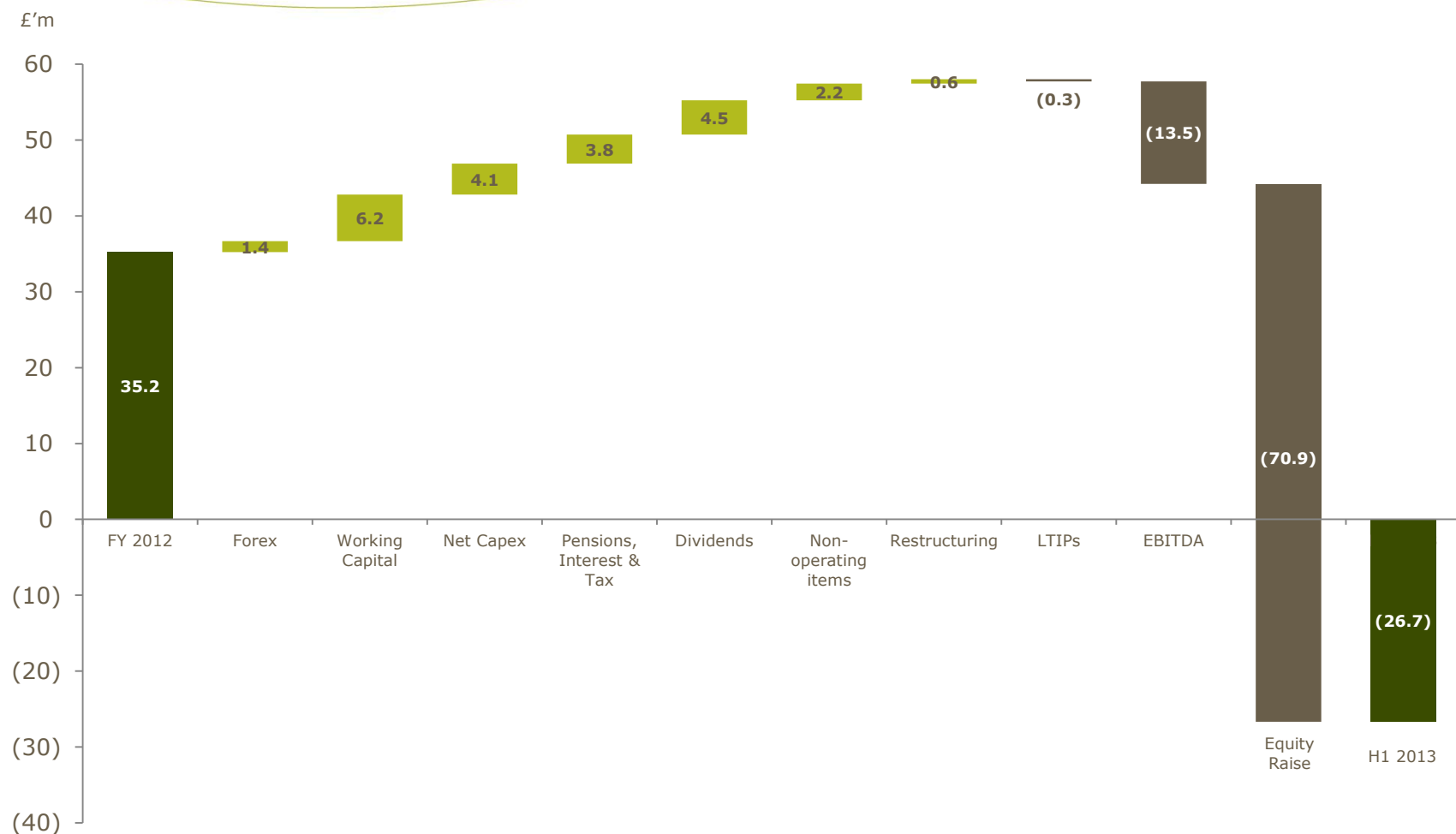


Continuing Operations	H1 2013	H1 2012
Trade Working Capital	£35.8m	£35.5m
<b>Trade WC: LTM Revenue</b>	<b>15.9%</b>	<b>16.3%</b>
Total Working Capital	£23.3m	£25.5m
<b>Total WC: LTM Revenue</b>	<b>10.3%</b>	<b>11.7%</b>

2012 comparatives exclude Composite Doors, Gall Thomson and Fab&Fix

- Customary seasonal working capital build to the half year of £8.1 million. H1 accruals includes £3.9m of Truth expenses
- Truth adds approximately US\$24m (£16m) to half year working capital position (subject to fair value adjustments)
- Truth H2 working capital unwind expected to be c. US\$10m

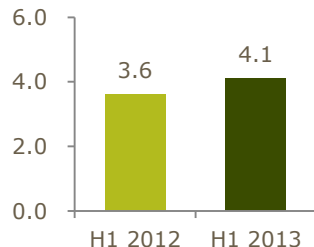
# Net debt bridge



# Other financial information

## Capital Expenditure (£'m)

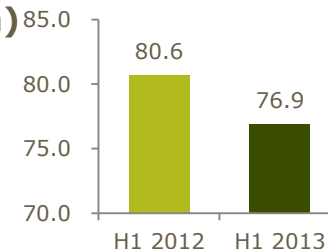
**+13.8%**



## Gross Indebtedness (£'m)

**-4.6% yoy**

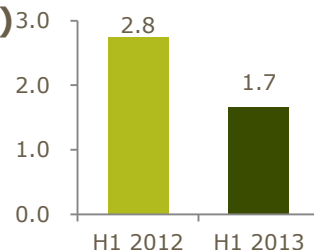
Before drawdown of Aq'n Facility



## Net Finance Charges (£'m)

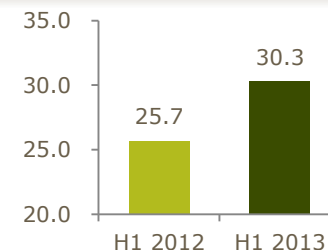
**-39.4%**

Ignores exceptional £1.3m forex gain



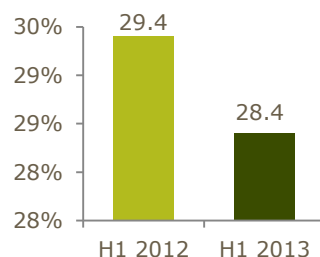
## Underlying Admin Expenses (£'m)

**+18.0%**



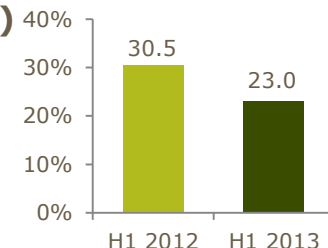
## Underlying Tax Rate (%)

**-100bp**



## U'lying Cash Tax Rate (%)

**-750bp yoy**



# Truth consideration and expenses

## Consideration and Fair Value

Consideration paid	US\$'000
Cash consideration paid over to Melrose	204,651
Cash on balance sheet at completion	(5,004)
<b>Net cash consideration paid</b>	<b>US\$199,647</b>

- No completion accounts or adjustments to the purchase price
- Fair value exercise underway
- \$5m synergy target
- Completion delayed due to Anti-Trust

## Accounting treatment for Expenses

Expenses	Accounting Treatment	£'m
Equity Financing	Share Premium	2.5
Debt Financing	Amortised over two years	1.5
Transaction costs	Exceptional 2013 Charge	4.0
<b>Total Expenses</b>		<b>£8.0m</b>

- M&A and structuring
- Due diligence
- Anti Trust investigation
- Equity Fund Raise
- Debt Fund Raise
- Move to Main List

# 2013 summary guidance

## Taxation Rate

c. 30 per cent. - higher US marginal rates offsetting UK reductions in CT

Cash tax converging towards P&L

## Capital Expenditure and Working Capital

Capex: £6 – 8 million post Truth

Working Capital: peak to trough now  
c. £15 million

## LTIP purchases

c. £2 - 3 million by March 2014

## Full Year Net Interest Charge

£3.5 – 4.0 million

## Debt Amortisation

c. £8 million debt repayment scheduled for December 2013

Aq'n facility - no scheduled repayments

## Number of shares in issue

H1: 170.1m in issue; 169.5m voting

FY '13: 153.0m basic EPS Shares\*

FY '13: 156.1m diluted EPS Shares\*

# Divisional Performance





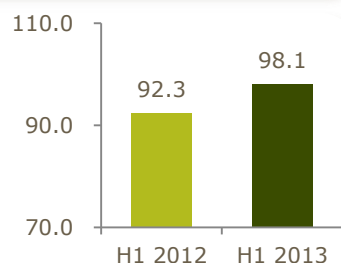
# Amesbury

## Market

**New Build Starts\*:** + 11.5%  
**Repair/remodelling:** Improving slowly  
**Overall market:** + 2-4%

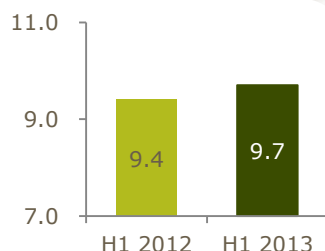
## Revenue (\$'m)

**LFL:** +6.0%  
**Reported:** +8.5%



## Operating Profit (\$'m)

**LFL:** +2.4%  
**Reported:** +5.1%



- Continued steady incremental growth across all Amesbury businesses with further share gains
- Market sentiment continues to improve
- Incremental investment ahead of H2
- H1 order bank some 16% higher than at 30 June 2012 and has continued to grow across the summer
- Good growth in Hardware and Sealing, more patchy in Extrusions
- Integration of Unique now completed
- Move to a unified management structure announced in July 2013

\* New Build Single Family Starts June '13 vs June '12

# Grouphomesafe

## Market

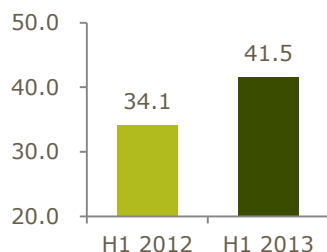
**New Build\*: +22%**

**Repair M & I: Improving**

## Revenue (£'m)

**LFL: (2.5)%**

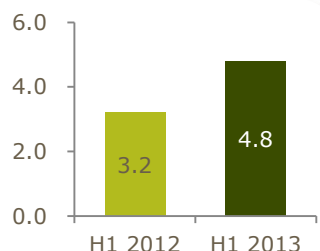
**Reported: +21.8%**



## Operating Profit (£'m)

**LFL: +13.1%**

**Reported: +49.8%**



- Strong performance in H1 2013 following a slow start to the year with good momentum into H2
- OEM fabricators seeing increased levels of demand
- Fab&Fix continues to perform strongly
- Benign steel pricing environment
- Input cost inflation coming through on imported products – selected price increases implemented
- New product launches and a more structured approach to marketing generating good leads

\* UK New Build Starts H1 '13 vs H1 '12

# Schlegel International

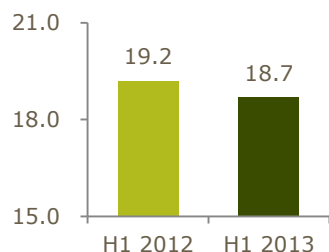
## Market

**N&E Europe subdued; S unchanged**  
**Australia improving slightly**  
**Growth in Brazil & SE Asia mkts**

## Revenue (£'m)

**CC LFL: (5.0)%**

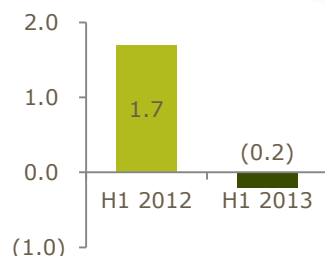
**Reported: (2.9)%**



## Operating Profit (£'m)

**CC LFL: (113.7)%**

**Reported: (113.8)%**



- Germany had a very difficult H1 with orders and revenue significantly lower than H1 '12
- European trading environment remains difficult
- Market share gains in Italy due to competitors exiting the market
- Growth in Australasian business underpinned by NPD – will benefit from addition of Truth products to the portfolio
- Brazil and Singapore performing well
- All building products manufacturing now moved from Belgium
- Committed to investment plans for the business – strengthened management team

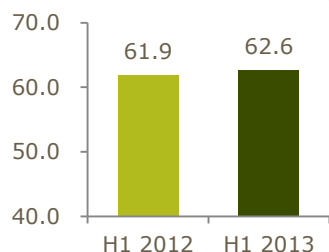
# Truth Hardware

## Market

**US Market same as Amesbury**  
**Canadian H1 starts down 17%**

## Revenue\* (\$'m)

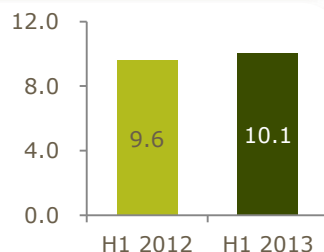
**Increase: +1.2%**



## Operating Profit\* (\$'m)

**Increase: +5.0%**

**Good droptthrough  
due to mix**



- Transaction completed on 3 July 2013 so not consolidated in H1
- Similar US revenue performance to Amesbury; offset somewhat by H1 contraction in Canada
- Integration initiatives now underway
  - Product range reviews
  - Manufacturing Processes
  - Duplicate Overheads
  - Sales and Marketing Approach
  - Sourcing, Freight & Logisticswill report in greater detail on these with full year results
- \$5 million synergy target

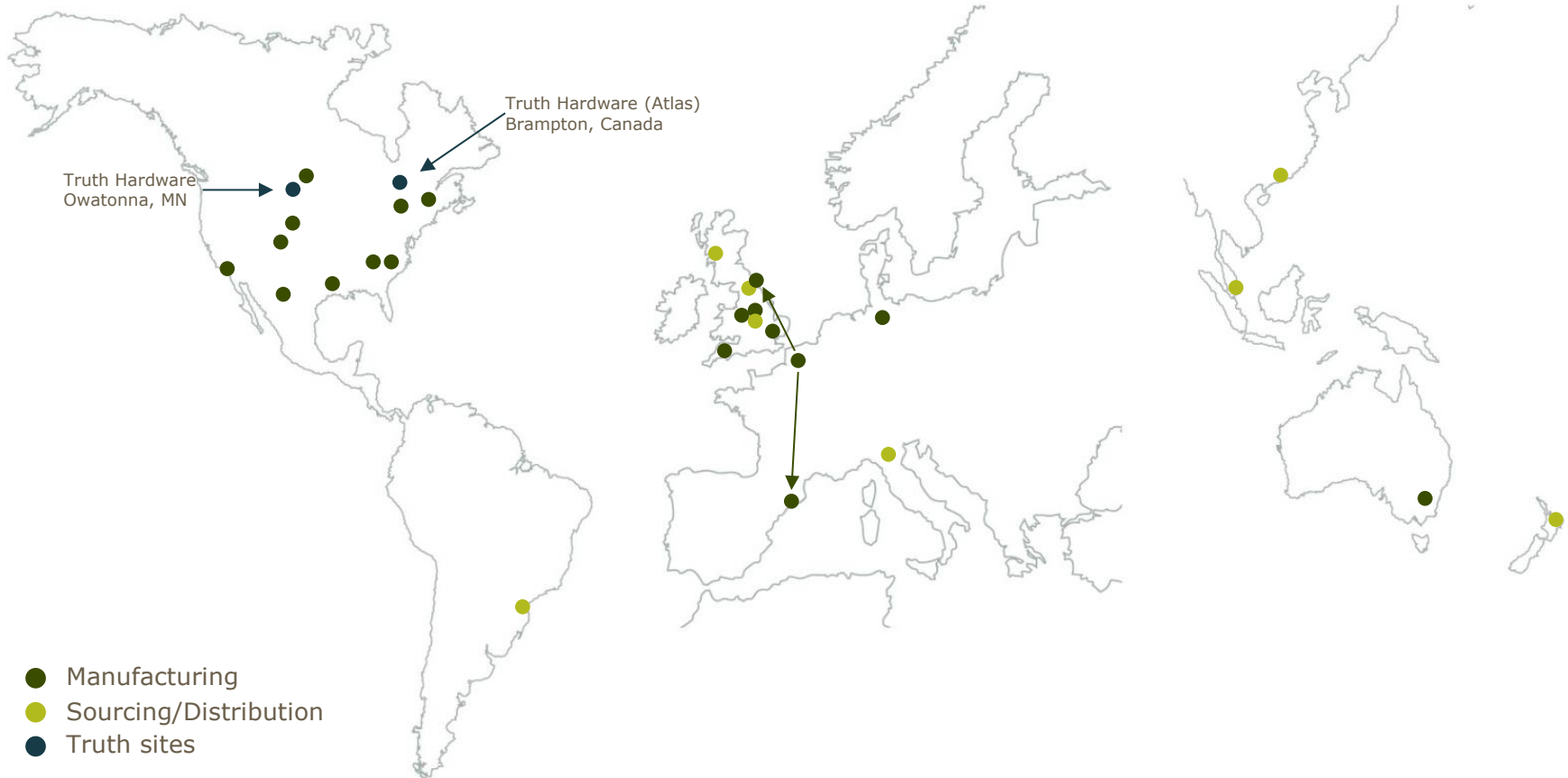
\* Extracted from final Melrose Management Accounts Pack

# Optimising our geographic footprint

## Americas

## UK & Continental Europe

## Asia & Australia



# Outlook for H2 2013

## **Amesbury and Truth**

**US markets steadily improving**

**Canadian market still down in H2 but improving**

- Expect to see further growth for Amesbury and Truth this year
- Amesbury orders ytd significantly ahead
- Truth orders ytd slightly ahead of 2012 (Can)

## **Grouphomesafe**

**Overall market still likely to contract slightly in 2013**

**Sentiment improving**

- Business transformed by corporate activity
- Good momentum generated in Q2 being sustained across the summer
- New product introductions

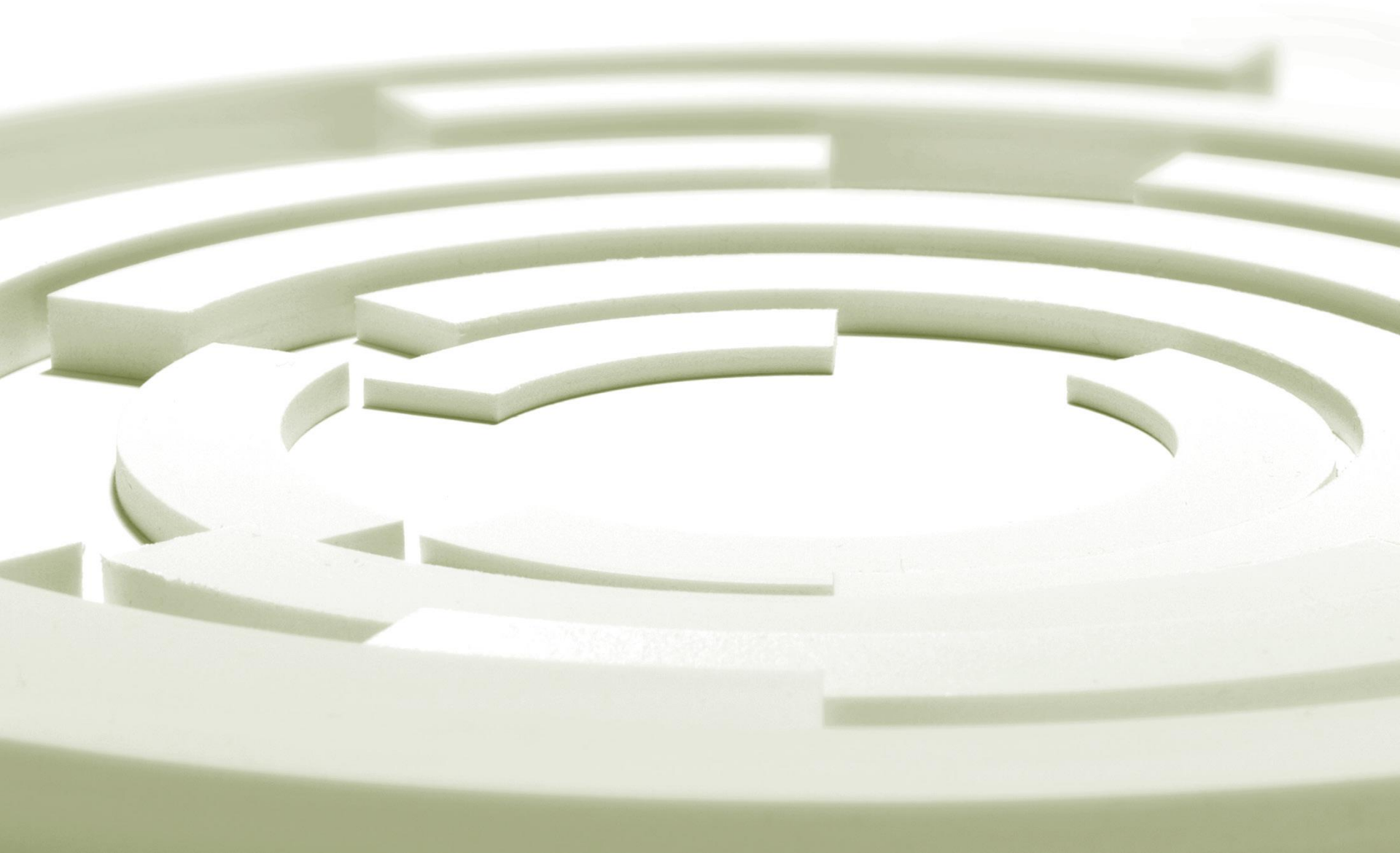
## **Schlegel International**

**Euro markets remain difficult; opportunities in emerging markets**

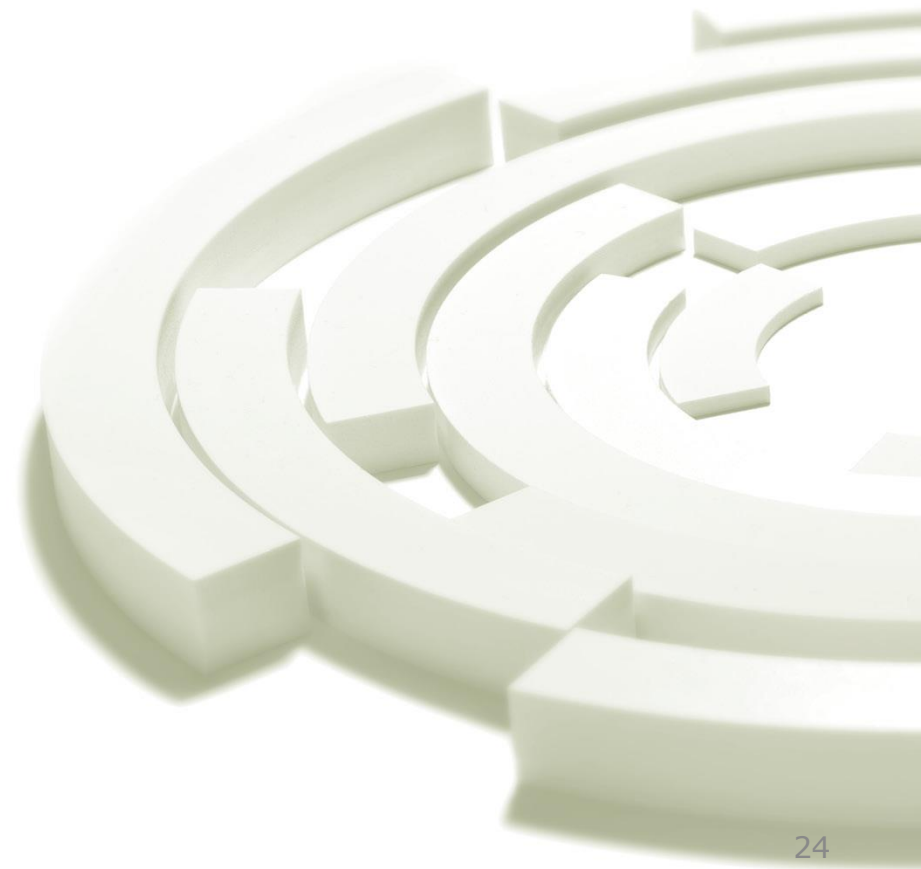
- Rebalancing of our European footprint and investment in management teams gives us the right platform for seals in Europe
- Marginal profit at the operating level for 2013 – significantly lower than 2012

***Broad pattern of trading seen in H1 expected to continue for the balance of the year***

# Appendices



# Financial Schedules





# 2012 Operating profit comparatives

Reconciliation of 2012	US	UK	RoW	Total
<b>2012 Interim Report</b>	<b>5,910</b>	<b>2,647</b>	<b>1,273</b>	<b>9,830</b>
Composite Doors	-	1,104	-	1,104
Linear reclassification	-	(328)	328	-
Re-allocation of overheads	71	(186)	115	-
<b>2013 Interim Report Comps</b>	<b>5,981</b>	<b>3,237</b>	<b>1,716</b>	<b>10,934</b>
<b>2013 Categories</b>	<b>Amesbury</b>	<b>GHS</b>	<b>SI</b>	<b>Group</b>

# Covenant performance

## Leverage (driver for pricing)

**Total net debt to Adjusted EBITDA must be  $< 3.0x$**

Target 1.5x to 2.0x

## Interest Cover

**EBITDA to Net Finance Charges must be  $> 5.0x$**

## Debt Service Cover

**Cashflow available for Debt Service to Debt Service must be  $> 0.65x$**

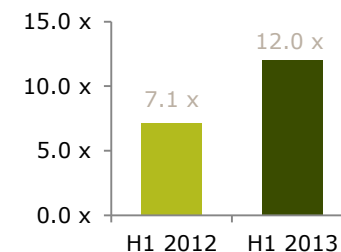
Reverts to 1.0x for 31 December covenant test

## H1 2013 Headroom

**Test disregarded as in net cash position at half year**

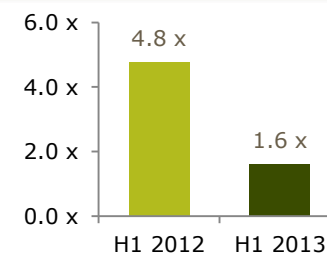
## H1 2013 Headroom

**58.3%**

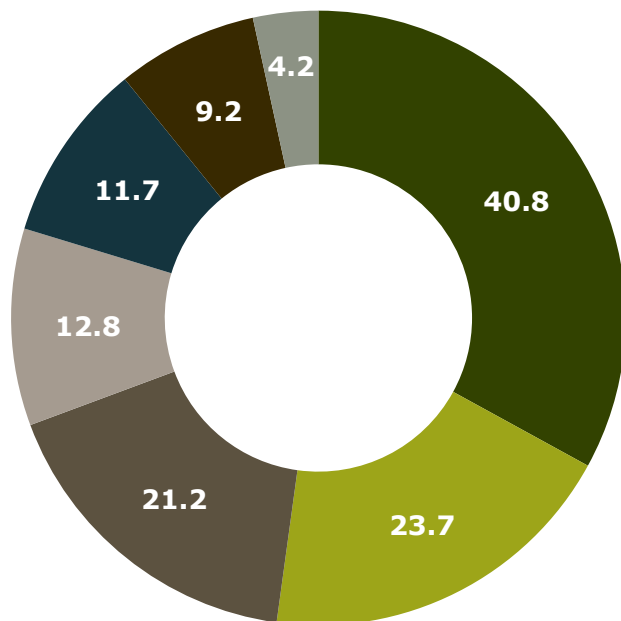


## H1 2013 Headroom

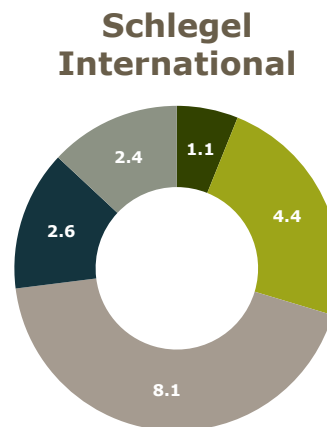
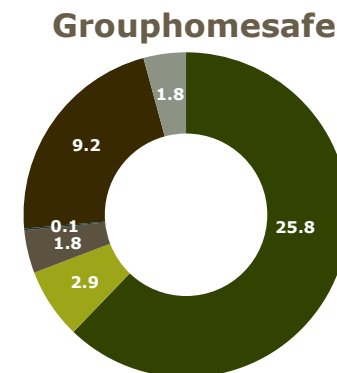
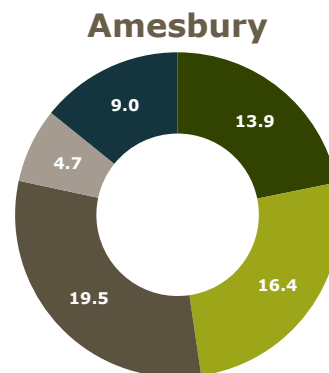
**59.6%**



# H1 2013 Revenue by product (£'m)



■ Hardware    ■ Foam Sealing    ■ Balances  
 ■ Pile Sealing    ■ Extrusions    ■ Reinforcer  
 ■ Other



# Summary income statement

	Six months ended 30 June 2013 (unaudited) £'000	Six months ended 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
<b>Continuing operations</b>			
Revenue	123,686	111,846	228,753
Cost of sales	(82,463)	(75,206)	(154,023)
<b>Gross profit</b>	<b>41,223</b>	<b>36,640</b>	<b>74,730</b>
Administrative expenses	(42,070)	(29,302)	(95,873)
<b>Operating (loss)/profit</b>	<b>(847)</b>	<b>7,338</b>	<b>(21,143)</b>
Analysed as:			
Underlying <sup>1</sup> operating profit	10,898	10,934	23,030
Property provision release	-	2,021	2,021
Exceptional items	(4,897)	(420)	(2,574)
Amortisation of intangible assets	(6,848)	(5,197)	(10,754)
Accelerated amortisation of intangible assets and goodwill	-	-	(32,866)
<b>Operating (loss)/profit</b>	<b>(847)</b>	<b>7,338</b>	<b>(21,143)</b>
Finance income	80	187	356
Finance costs	(1,746)	(2,938)	(4,865)
Exceptional foreign exchange gain	1,271	-	-
Net finance costs	(395)	(2,751)	(4,509)
<b>(Loss)/Profit before taxation</b>	<b>(1,242)</b>	<b>4,587</b>	<b>(25,652)</b>
Income tax (expense)/credit	(691)	(833)	3,700
<b>(Loss)/Profit for the period from continuing operations</b>	<b>(1,933)</b>	<b>3,754</b>	<b>(21,952)</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	-	54,160	37,374
<b>(Loss)/Profit for the period</b>	<b>(1,933)</b>	<b>57,914</b>	<b>15,422</b>

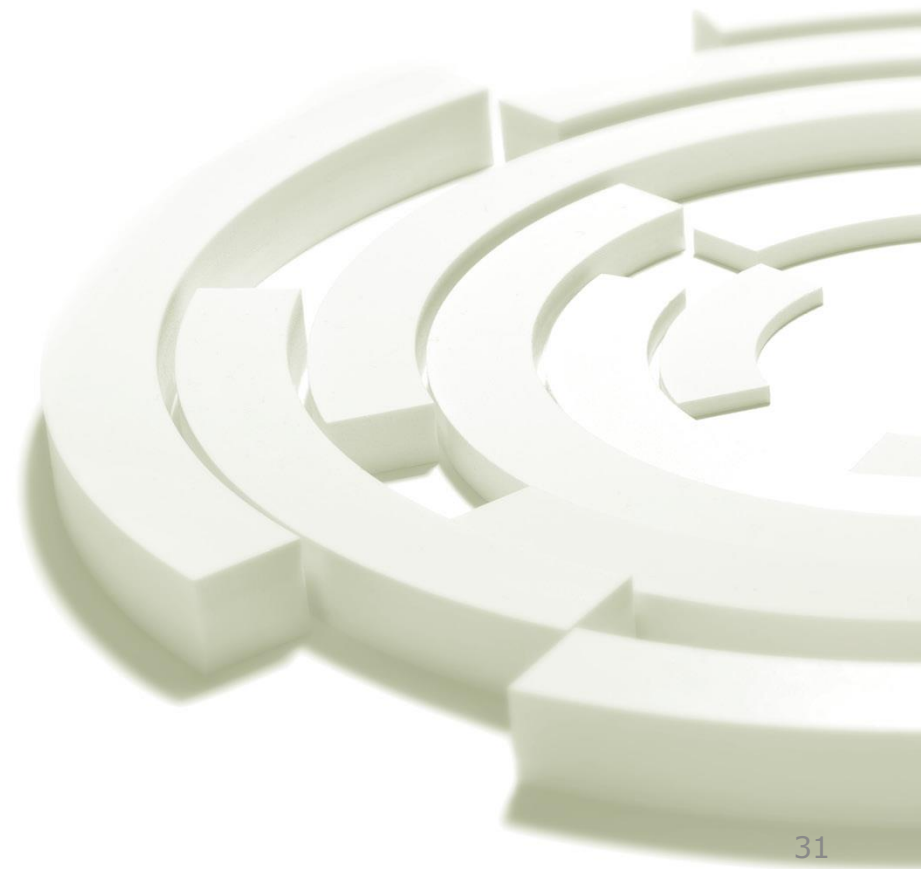
# Summary balance sheet

	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	193,644	212,168	184,896
Intangible assets	70,716	93,794	73,834
Property, plant and equipment	31,889	30,717	29,785
Deferred tax assets	9,912	8,857	9,774
	306,161	345,536	298,289
<b>Current assets</b>			
Inventories	31,115	28,585	27,558
Trade and other receivables	37,694	33,332	27,269
Cash and cash equivalents	103,583	48,510	35,857
	172,392	110,427	90,684
<b>TOTAL ASSETS</b>	<b>478,553</b>	<b>455,963</b>	<b>388,973</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(42,178)	(34,706)	(32,375)
Current tax payable	(1,548)	(83)	(1,868)
Interest-bearing loans and borrowings	(10,183)	(7,434)	(7,521)
Derivative financial instruments	-	(14)	-
Provisions	(1,112)	(2,491)	(2,456)
	(55,021)	(44,728)	(44,220)
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	(66,734)	(73,215)	(63,575)
Derivative financial instruments	(529)	-	(605)
Deferred tax liabilities	(10,709)	(17,324)	(11,766)
Retirement benefit obligations	(11,768)	(9,420)	(11,230)
Provisions	(7,254)	(9,550)	(7,513)
Other payables	(3,344)	(1,384)	(2,175)
	(100,338)	(110,893)	(96,864)
<b>TOTAL LIABILITIES</b>	<b>(155,359)</b>	<b>(155,621)</b>	<b>(141,084)</b>
<b>NET ASSETS</b>	<b>323,194</b>	<b>300,342</b>	<b>247,889</b>

# Underlying earnings per share

	Six months ended 30 June 2013 (unaudited) £'000	Six months ended 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
<b>Basic (loss)/earnings per share</b>			
From continuing operations	(1.41p)	2.90p	(16.93p)
From discontinued operations	-	41.76p	28.83p
From (loss)/profit for the period	(1.41p)	44.66p	11.90p
<b>Diluted (loss)/earnings per share</b>			
From continuing operations	(1.41p)	2.88p	(16.93p)
From discontinued operations	-	41.40p	28.37p
From (loss)/profit for the period	(1.41p)	44.28p	11.44p
<b>Non-GAAP measure</b>			
<b>Basic earnings per share</b>			
Underlying <sup>1</sup> basic EPS from continuing operations	4.98p	5.82p	11.63p
Underlying <sup>1</sup> basic EPS from discontinued operations	-	41.76p	28.95p
Total underlying basic EPS	4.98p	47.58p	40.58p
Underlying <sup>1</sup> profit before taxation from continuing operations	9,554	10,689	21,494
Underlying <sup>1</sup> profit before taxation from discontinued operations	-	54,124	37,225
Total underlying profit before taxation	9,554	64,813	58,719

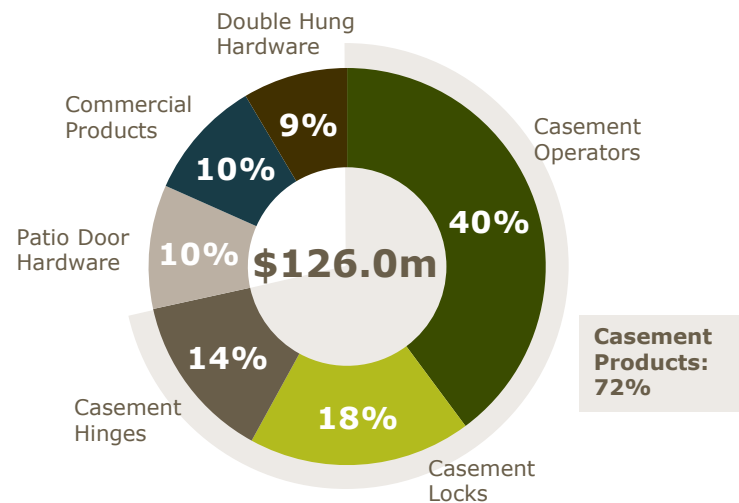
# Overview of Truth



# Overview of Truth

- North American window and door hardware manufacturer
- Customer base of North American fenestration OEM's
- Track record of new product development
- Well-invested manufacturing base
- Employs c. 700 people throughout North America
- Revenue of \$126.0m and EBITDA of \$22.5m (17.9% EBITDA margin) in 2012
- c. 70% of sales were to US customers in 2012 and c. 30% to Canadian customers
- Owned by Melrose Industries PLC since 2008, formerly part of FKI plc
- Transaction completed 3 July 2013

## Revenue split 2012



## Manufacturing footprint





# Product offering

## Casement Products

- Casement Operators
- Casement Tie Bar and Locks
- Casement Hinges

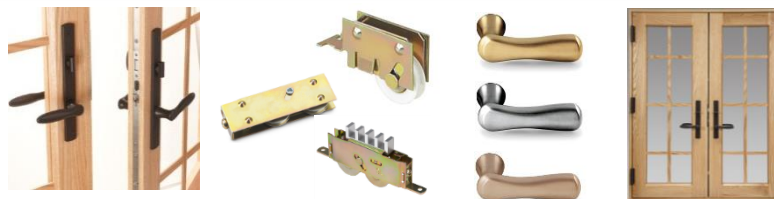


Percentage of  
2012 revenue

72%

## Patio Door Hardware

- Sentry Bi-fold Door Hardware
- Sidelite Hardware
- Custom Rollers for Sliding Doors



10%

## Commercial Products

- Push-Out Hardware
- Maxim Style Locks
- Euro Groove System



10%

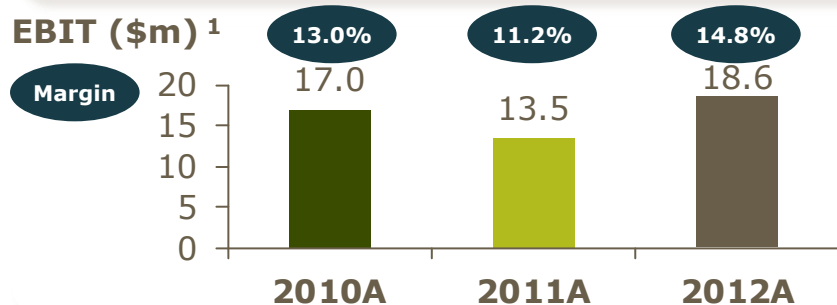
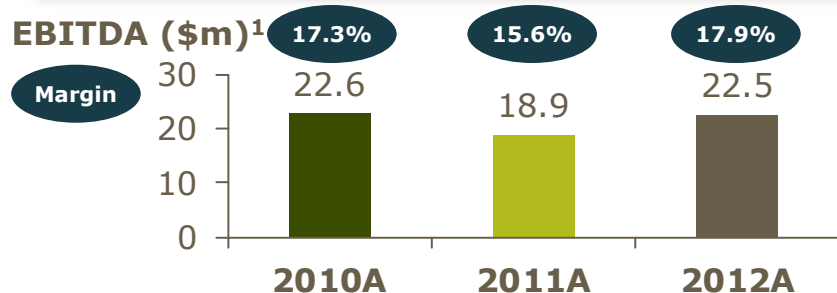
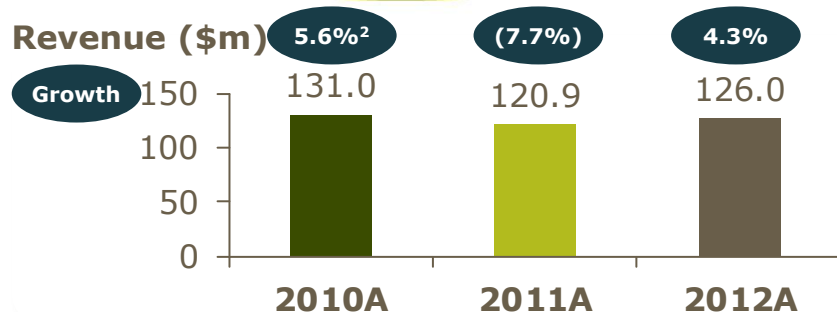
## Double Hung Hardware

- Fusion Series
- Harmony Series



9%

# Key financials



- Consistent financial track record
- Profit and cash delivery during the market downturn
- Well-positioned for future growth

## Market highlights

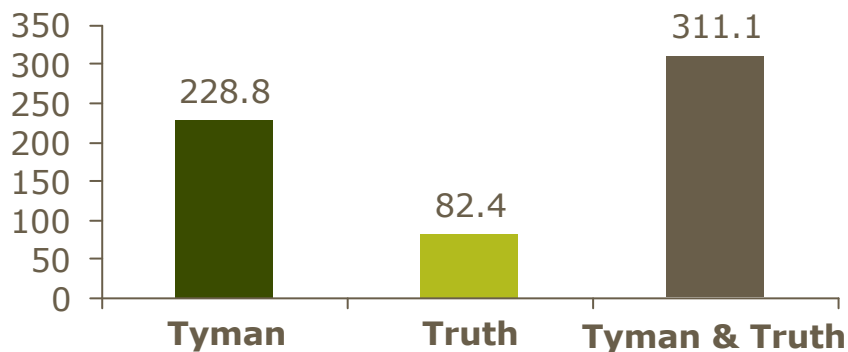
- 2010 - New build incentives
  - R&R incentives
- 2011 - No incentives
  - Market contraction
- 2012 - Small growth in market

**Notes**

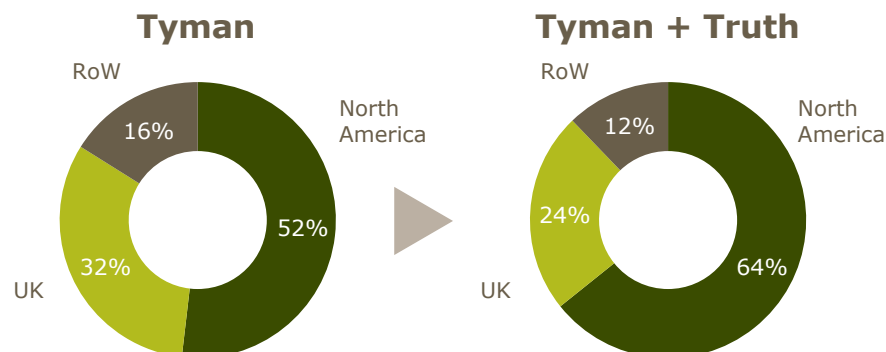
1. Underlying
2. Based on management reporting

# Tyman and Truth combined (2012)

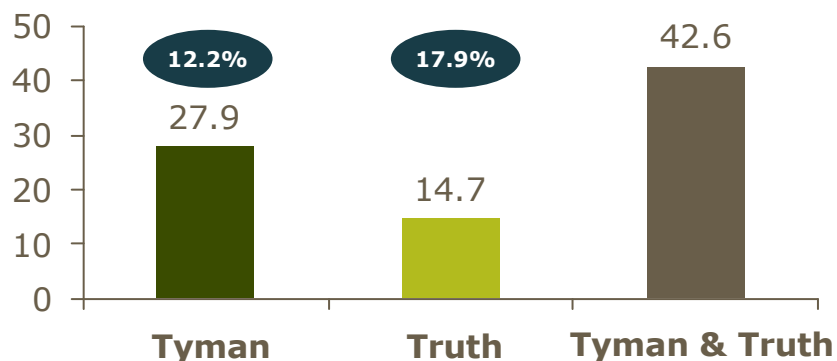
**Revenue (£'m)**  
% increase



**Revenue (£'m)**  
Geographical split



**EBITDA (£'m)**  
% margin



**Strategic acquisition to enhance Tyman's market positioning in North America**

**Significant sales growth expected from increased exposure to the North American growth market**

**Significant EBITDA margin enhancement expected**

# Contact us



**Tyman plc**

65 Buckingham Gate,  
London, SW1E 6AS  
United Kingdom

**T:** +44 (0) 20 7976 8000

**F:** +44 (0) 20 7976 8014

**[www.tymanplc.com](http://www.tymanplc.com)**

