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Tyman PLC
07 November 2018

Tyman plc

Trading Update

Tyman ("Tyman" or the "Group"), a leading international supplier of engineered components to the door and window industry, issues the following trading update for the period from 30 June 2018 to date.

This trading update contains inside information.

Current trading and outlook

Revenue and Underlying Operating Profit for the full year for Tyman are expected to be ahead of 2017, with Underlying Operating Profit in line with current market expectations*. Free cash flow in the year to date is significantly ahead of 2017.

The Group's 2018 performance to date has been assisted by strong contributions from the acquisitions of Ashland and Zoo Hardware. Factors offsetting reported performance include slightly less favourable US Dollar translation exchange rates compared with 2017 and relatively significant input cost inflation across most markets.

The market outlook in North America and Continental Europe remains generally positive and the Group expects to make further progress in 2019.

** as at 6 November 2018 the range of analyst estimates compiled by the Group from published research notes for Underlying Operating Profit for the 2018 financial year is between £81.9 million and £87.3 million (2017 Actual: £76.8 million).*

AmesburyTruth

Like for like US Dollar Revenue for the full year is expected to be ahead of last year with like for like US Dollar Operating Profit for the Division broadly in line with 2017, principally reflecting the impact of increased input costs on the US business in the year. Ashland and Bilco have each continued to perform strongly since the half year and there is clear line of sight to delivery of the committed Ashland synergy benefits of US\$4.0 million from 2020.

Input costs have continued to grow through a combination of tariff led increases, underlying raw material inflation and higher costs of freight. These have largely been passed on to customers in the form of price increases and surcharges; however there has been some lag in recovery.

AmesburyTruth's new facility in Statesville, North Carolina is now operational and the planned closures of the Amesbury, Massachusetts and Rochester, New York facilities remain on track for completion by early 2019.

While there was some softening of new build starts in the United States in the third quarter, AmesburyTruth expects to see modest growth in residential and commercial markets in 2019.

ERA

UK RMI markets have been slightly firmer since the half year with like for like sales in ERA improving over the summer. Zoo Hardware has taken further market share and its first half momentum continued through the third quarter. Underlying operating margins for the Division for the full year are expected to be higher than reported in the first half.

The Martock, Somerset window balance manufacturing facility closed in October with production moved to i54.

The UK residential RMI market is expected to remain relatively subdued in 2019, however the enlarged Division is well positioned to make progress even in difficult markets. Access Solutions has an encouraging quote list of opportunities which should convert to orders next year.

SchlegelGiesse

SchlegelGiesse's full year like for like Euro Revenue is expected to show good growth over 2017 with Underlying Operating Margins continuing to expand.

Continental European trading conditions remain robust with the Division's largest end market, Italy, proving slightly stronger since the half year. Despite a promising first half, order intake in the Middle East moderated somewhat in the third quarter.

In Asia Pacific, the Division benefited from the changes made to its route to market in China where demand has grown steadily through the year. Australasian markets remain subdued and Latin American markets are exhibiting high levels of inflation.

SchlegelGiesse expects to see continued market growth for its products in Continental Europe and China in 2019; with most other markets likely to be more challenging.

Acquisitions

On 1 August 2018 Profab, a manufacturer of riser doors based in Atherstone, Warwickshire, was acquired by ERA to be part of Access Solutions. Profab complements ERA's existing commercial and light infrastructure businesses of Bilco and Howe Green and will allow Access Solutions to offer architects and specifiers a complete range of access products. In the year ended 31 March 2018, Profab generated unaudited revenue of approximately £6.8 million.

On 31 August 2018 Reguitti, a manufacturer of door hardware sold under the Reguitti, Tropex and Jatec brands, based in Agnosine, Italy, was acquired by SchlegelGiesse. Reguitti brings a design led range of interior door and timber hardware to the Division. In the year ended 31 December 2017, Reguitti generated unaudited revenue of approximately €10.9 million (c. £9.7 million).

The two businesses were acquired for an aggregate Enterprise Value of approximately £19.0 million.

Financial position

Tyman's free cash flow in the year to date is significantly ahead of 2017. As expected, net interest expense for the full year will be higher than in 2017, reflecting the acquisitions made off the balance sheet during the year and increased base rates.

Leverage at 31 December is expected to be back within the Group's core year end target range of 1.5x to 2.0x.

Louis Eperjesi, Chief Executive of Tyman, commented:

"For the full year we expect to report Revenue, Underlying Operating Profit and free cash flow ahead of 2017, assisted by contributions from the acquisitions of Ashland, Zoo Hardware, Profab and Reguitti; each of which are integrating well into the Group.

"AmesburyTruth is nearing the end of the facility moves that form the bulk of the footprint project and both Ashland and Bilco are trading ahead of 2017 as we approach the year end.

"ERA continues to take share in the UK market and is benefiting from the addition of Zoo Hardware to the product range. SchlegelGiesse has seen further growth in Continental Europe and a promising performance in China which more than offset challenging markets elsewhere.

"Tyman expects to make further progress next year with the outlook for the key end markets of North America and Continental Europe remaining generally positive. 2019 should benefit from the completion of the various footprint projects, improved recovery of input costs along with new product introductions in each of the Divisions."

7 November 2018

Enquiries:

Tyman plc

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Conference call dial in details

A conference call with Louis Eperjesi and James Brotherton for analysts and investors will be held at 08.30 a.m. today, Wednesday 7 November 2018.

UK Toll Number: +44 333 300 0804 
UK Toll-Free Number: 0800 358 9473
Participant PIN code: 26849134#

A replay facility will be made available shortly after the conclusion of the conference call:

UK Toll Number: +44 333 300 0819 

UK Toll-Free Number:
Replay PIN code:

0800 358 2049
301258645#

Future dates

Tyman will issue its preliminary results announcement in respect of the year ending 31 December 2018 on Tuesday 5 March 2019.

Notes to editors

Tyman plc

Tyman plc is a leading international supplier of engineered components to the door and window industry. The Group's three Divisions - AmesburyTruth, ERA and SchlegelGiesse - are market leaders in their respective geographies.

The Group employs over 4,400 people and operates facilities in 18 countries worldwide. Tyman is listed on the London Stock Exchange under the ticker TYMN.

Further information on Tyman and the Group's products is available at the Group's website: www.tymanplc.com.

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