26 March 2015

Polypipe Group plc
Results for the Year ended 31 December 2014

Polypipe delivers on strategy with strong profits growth

Polypipe Group plc ("Polypipe" or the "Group"), a leading manufacturer of plastic piping systems for the residential, commercial, civils and infrastructure sectors, today announces its full year results for the year ended 31 December 2014.

Financial Results

	2014	2013	Change
Revenue	£327.0m	£300.8m	9%
Operating profit[1]	£46.3m	£39.7m	17%
Profit before tax (pre exceptionals)[2]	£37.6m	£24.5m	53%
Profit before tax	£16.9m	£24.6m	
Adjusted earnings per share[3]	16.11p	9.95p	62%
Basic earnings per share	6.96p	10.00p	
Interim dividend - declared and paid	1.50p	-	
Final dividend - recommended	3.00p	-	
Net debt	£76.9m	£84.1m	(9%)

1. **Excludes operating exceptional items**
2. **Excludes operating exceptional items and exceptional finance costs**
3. **Excludes operating exceptional items, exceptional finance costs and related tax relief**

Financial Highlights

- Delivering the strategy set out during the Group's successful IPO in April 2014
- UK construction market recovery, combined with our strategic focus on structural growth opportunities, generated revenue growth from UK operations of 12.4% over 2013
- Improved UK volumes resulted in Group operating profit increasing by 16.6% to £46.3m[1]
- Strong cashflow - cash from operations[1] after capex 26.3% ahead of prior year
- Recommended final dividend of 3.00 pence per share
- Exceptional items relate to IPO costs (£12.2m) and IPO related refinancing costs (£8.6m).

Operational Highlights

- Strong demand for residential piping systems from UK housebuilders, increasingly from smaller developers and projects outside of London and the South-East
- Good volumes from road and rail projects and the development of high rise, multi-occupancy buildings in London
- Structural growth opportunities driving the business: significant increase in sales of Water Management Solutions, driven by legislation aimed at reducing flood risk and continued growth in Carbon Efficient Solutions supported by the need for higher performance ventilation systems
- Broadened product offer through two small bolt on acquisitions - the Ferrob Ventilation business in October 2014 and the Surestop business in January 2015
- Improved export performance underpinned by growing presence in the Middle East

David Hall, Chief Executive said:

"*I am delighted with the progress that we have made following the Group's successful IPO in April 2014 and these results show that we are delivering on the strategy we set out at that time. The Group's growth ahead of a strong UK market during the year demonstrates our ability to seek out new opportunities for our Water Management and Carbon Efficient Solutions. Our* *growth initiatives, combined with this positive market backdrop in our main UK market, mean we entered 2015 with optimism and at this early stage of the year, we are confident that the Group will deliver results for the year in line with market expectations*".

The Company also announces that following the Chairman's decision to step down from the Board after the 2015 Annual General Meeting, as had previously been disclosed in the Company's Prospectus, the Board has formally appointed Ron Marsh, the Senior Independent Director to succeed Alan Thomson as the Chairman of the Company. A separate RIS announcement has been released to the market at the same time as the release of the Company's full year results.

For further information please contact:

Polypipe +44 (0) 1709 770 000
David Hall, Chief Executive Officer
Peter Shepherd, Chief Financial Officer

Brunswick +44 (0) 20 7404 5959
Mike Smith
Simon Maine

A copy of this report will be available on our website http://ir.polypipe.com/ today from 7.00am.

An analyst presentation will be held today, Thursday 26th March at 08:30 (GMT). To dial in the call details are:

Tel: +44 (0) 1452 555566
Code: 89739353

Notes to Editors:

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors by revenue. The Group operates from sixteen facilities in total, and with over 20,000 product lines, manufactures the United Kingdom's widest range of plastic piping systems within its target markets. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world.

Group Results

The Group's revenue for the year ended 31 December 2014 was £327.0m (2013: £300.8m) an improvement of 8.7%. The year started strongly, albeit against relatively weak comparables, and this positive momentum continued throughout the year. This growth has been driven by our strategic focus on structural growth opportunities and the continuing recovery in the UK construction market.

Operating profit before operating exceptional items for the year of £46.3m was up 16.6% on last year with the drop through from the revenue growth at 25.2%.

Net finance charges for the year of £8.7m were £6.5m lower than the prior year as a result of the refinancing of the £150m Senior Secured Notes in April 2014.

Exceptional charges of £12.2m were incurred in the year in relation to the IPO listing costs. A further £8.6m of exceptional finance costs were incurred in the year in relation to refinancing the Senior Secured Notes. As a result the reported profit before tax was £16.9m (2013: £24.6m). Basic earnings per share were 6.96 pence (2013: 10.00p).

Chief Executive's Review

The Group's focus has been to ensure that we remain well placed to benefit from the recovering UK construction market and to deliver on our ambition to grow ahead of the market through our initiatives in the areas of materials substitution, carbon efficiency, water management and export, especially to the Middle East.

The strength of the recovery in the early part of the year was greater than forecasts predicted. We met the growing demand whilst maintaining our focus on customer service levels and it is a credit to our employees that we successfully flexed our operations to deliver increased volumes without compromising our customer service standards. Our customers did not suffer product shortages or extended lead times that impacted some other suppliers of construction products during the year. Our customers rely on our ability to deliver the vast majority of our orders in a very short lead time, and manufacturing and carrying the right level of inventory across such a large product range is a key capability of the Group.

The Group is committed to providing our customers the broadest product range in the plastic piping systems sector and we have continued to introduce new products to supplement our ranges. We have also broadened our product offer through the acquisition of the Ferrob ventilation business in October 2014 and the Surestop business in January 2015. Ferrob manufacture domestic extract and positive input ventilation systems for Local Authorities and Housing Associations throughout the UK. Surestop manufactures and supplies a unique, patented range of devices, operated by water pressure, designed to conveniently switch off the mains water supply in properties when leaving a property vacant for a period of time or in the event of a leak, avoiding the risk of water damage.

We have seen steady progress across most of our product groups that are specifically targeted at substituting legacy materials. Our plastic plumbing systems and sewer systems have delivered a good level of growth against the same period last year, helped by the housebuilders who tend to favour more modern materials as a result of their ease and speed of installation. Our pre-fabricated drainage and chamber systems have also performed well, making good progress in converting contractors from using legacy materials, as the availability of labour has encouraged them to pay greater attention to speed of installation and quality of factory build rather than work on site.

Our Carbon Efficient Solutions have performed well in the residential sector as new build starts have commenced on more recently consented land requiring them to adhere to more recent legislation. Although still a very low proportion of the overall heating market, we have seen a small but progressive uptake of underfloor heating in new residential developments, in particular multi occupancy, high rise developments in London. Our ventilation business has performed strongly during the year, with our new range of thermal and radial duct being adopted in both new build and some major refurbishment programmes.

2014 saw a significant increase in demand for our comprehensive range of engineered Water Management Solutions which can be individually tailored to meet site specific needs. We invested in further capacity in this area during 2013 and staffed up during 2014 as sales increased. When developers and construction companies begin activity on new sites, they are required to find ways to meet more recent and stringent legislation requiring the storage and attenuation of water. The flooding at the beginning of the year served to emphasise the continued need for flood alleviation schemes with further UK Government budget being allocated to this area.

Our investment in export sales resource has delivered sales growth during the year with increasing confidence in the Middle East in particular benefitting our activities. The upturn in project activity in the region encouraged our distributors to re-stock in the first half of the year which was an important step for us in being able to fulfill specifications gained. We are in the process of opening a new training centre in Dubai to act as a showcase for our system solutions and to train contractors on how to more effectively engineer their drainage requirements. The recent decline in oil prices does not appear to have impacted project funding, and commitments to development for the World Expo in Dubai in 2020 and the 2022 Football World Cup in Qatar provide a helpful stimulus to construction in the region. Our success with specialist drainage products for mining infrastructure projects in Africa during the earlier part of the year became more challenging as the impact of the Ebola crisis and the sharp falls in the price of raw materials led to a significant reduction in investment in both the region and the sector as a whole.

The following tables set out Group revenue and operating profit* by operating segment:

Revenue	2014 £m	2013 £m	Change %
Residential Piping Systems	173.3	158.7	9.2
Commercial & Infrastructure Piping Systems – UK	111.1	94.3	17.8
UK Operations	284.4	253.0	12.4
Commercial & Infrastructure Piping Systems – Europe	53.9	58.3	(7.5)
Inter Segment Sales	(11.3)	(10.5)	
Group revenue	327.0	300.8	8.7

Operating profit	2014 £m	2013 £m	Change %
Residential Piping Systems	28.4	26.0	9.2
Commercial & Infrastructure Piping Systems – UK	17.0	12.4	37.1
UK Operations	45.4	38.4	18.2
Commercial & Infrastructure Piping Systems – Europe	0.9	1.3	(30.8)
Group operating profit*	46.3	39.7	16.6

*before operating exceptional items

Residential Piping Systems

Sales to the Residential Sector were £173.3m, all of which were in the UK and Ireland, and represented 51% of Group revenues in 2014, a growth of 9.2% year on year. Following a strong first half, sales in the second half were at a similar level, reflecting a consistent level of demand across the year, although there appeared to be a more pronounced summer holiday effect during August 2014 and a sense that activity with the national developers, having reached their targets earlier in the year, slowed slightly during the last quarter in preparation for 2015.

Activity in the private residential new build sector (18% market output growth in 2014) has been driven largely by the national housebuilders, although it has been encouraging to see some smaller developers start to build, albeit primarily those who have existing consented land. It has also been encouraging to see a reduced concentration of projects in London and the South East as build in a number of the regions has picked up. New build represented approximately 39% of our residential revenues in the year (20% of Group), with the more stable repair, maintenance and improvement (RM&I) sector representing approximately 59% (30% of Group). Historically, home owners have spent the most on improvements either just before selling, or in the eighteen months after acquiring, second hand homes; as such housing transactions are an important demand driver for us. In addition, a healthy level of re-mortgage activity is fundamental to homeowners improving and extending their homes. After an improving trend in the first part of the year, both of these measures flattened out and remain well below their long term averages. As a result, we believe the level of private RM&I has seen a more gradual improvement in the professional contractor market and that homeowners are still exercising a high level of caution in spending their savings improving their homes. Improvement activity in the public residential sector has shown some improvement, however due to continued budget constraints much of the activity remains focused around essential repairs.

Residential Piping Systems delivered an operating profit of £28.4m (2013: £26.0m) representing a margin of 16.4% (2013: 16.4%). Sales pricing remained broadly consistent with prior year with the operational gearing benefits from the volume growth being offset principally by higher developer rebates as the market continued to pull in the new build sector where rebates are higher than in the RM&I sector. Factory efficiency and margins benefited during 2013 from improved output as a result of building inventories in preparation for the volume upturn, which also has some affect on the year-on-year comparables.

Commercial and Infrastructure Piping Systems - UK

Sales from our UK Commercial and Infrastructure businesses, which represented approximately 33% of Group revenues, were £111.1m in 2014, a growth of 17.8% on 2013. Second half growth remained strong and sales into the UK market were approximately 2.5% higher than the first half, whilst exports from this division were weighted towards the first half of the financial year, mainly as a result of the seasonal holiday period in the Middle East falling in the second half.

We experienced good demand from road and rail projects and the development of high rise, multi-occupancy buildings continued in London with signs of slowly increasing activity in some other major cities. The level of quotation activity has been encouraging throughout the year albeit this is not an absolute indicator of future orders. The return from our recent significant investment in the polymer re-processing plant improved as the year progressed as we improved the quality of our input as well as our developing capability to process higher volumes for our Civils business in this division.

Exports, experienced strong growth over the same period last year reaching £15.1m (2013: £11.5m), primarily for products which are manufactured in this division. We have continued to expand our presence in the Middle East and alongside our traditional drainage ranges we have secured some small water management projects. We continue to seek opportunities to expand our activities in this product area as heavy, periodic rainfall earlier this year, highlighted deficiencies in storm water drainage in a number of urbanised areas in the region.

The operational gearing effect of volume growth, particularly in our higher margin Water Management products which also improved the pricing mix throughout the year, when combined with our continuing focus on material cost control drove a 37% improvement in operating profit to £17.0m (2013: £12.4m) representing, a margin of 15.3% (2013: 13.1%).

Commercial and Infrastructure Piping Systems - Europe

Revenues in the Commercial and Infrastructure Sector in Continental Europe (predominantly in France) which represented approximately 16% of Group revenues in 2014, at £53.9m were 2.1% behind in local currency terms but down 7.5% as reported, due to the adverse currency translation impact. The more pronounced impact of holiday periods in Europe generally means that the first half is stronger than the second half and during 2014 the slow down in activity in the French market combined with some destocking by distributors towards the end of the year has accentuated this seasonal effect. At constant exchange rates revenue at the end of the first half was slightly ahead of prior year by 1.3% but was 6.0% behind during the second half of 2014 compared to 2013 leaving the year down 2.1%. We were able to manage our cost base to flex down our costs to reflect the lower revenues with operating profit falling from £1.3m in 2013 to £0.9m in 2014.

From a very low base, our sales of water management systems, where we can derive more value from the technical specification nature of these projects, have made satisfactory progress, although we continue to experience delays in the product approval process for our full suite of products.

Outlook

The recovery in construction markets in the UK that started towards the end of 2013 took hold in 2014 and forecasts almost universally expect the outlook to remain positive in the medium term. Whilst it is difficult to predict whether there may be some short term impact of the impending General Election in the UK, it appears that whatever the final outcome, all parties are supportive of policies to stimulate the construction of more houses and of improving the national infrastructure.

The economy in Europe and France in particular is more fragile and there is little evidence to suggest a significant improvement is likely in the near term. However, this represents only a relatively minor component of our overall business and as we do not envisage significant deterioration, believing that our slow and steady improvements to our French business will benefit in the medium term as the economy recovers.

We will continue to explore opportunities to grow our exports and although we may see some reduction in overall activity in our primary export markets driven by the sharp falls in oil prices, we have such a small market share that we believe we can continue to grow as we establish our reputation.

Our growth initiatives, combined with this positive market backdrop in our main UK market, mean we entered 2015 with optimism and at this early stage of the year we are confident that the Group will deliver results for the year in line with market expectations.

Financial Review

First half / second half results

	First Half £m	Second Half £m	Full Year £m
2014			
Revenue	168.2	158.8	327.0
Operating profit[1]	22.7	23.6	46.3
Operating profit[1] margin	13.5%	14.9%	14.2%
2013			
Revenue	151.8	149.0	300.8
Operating profit[1]	17.6	22.1	39.7
Operating profit[1] margin	11.6%	14.8%	13.2%
Revenue growth:			
- Group	10.8%	6.6%	8.7%
- UK	14.2%	10.7%	12.4%
- Mainland Europe as reported	(2.9%)	(13.1%)	(7.5%)
- Mainland Europe at constant exchange rates	1.3%	(6.0%)	(2.1%)

[1]Before operating exceptional items

Revenue grew by 8.7% during 2014 (10.8% first half; 6.6% second half) and UK revenue growth for the full year of 12.4% was well ahead of the Construction Products Association's (CPA's) estimate of the growth in total UK construction output during 2014 of 5.3%. As expected revenue growth in the second half was lower due to stronger comparables, particularly in the UK where the market recovery took hold in the second half of 2013. In addition our operations in France experienced deteriorating market conditions and some merchant destocking in the second half with revenue down 6.0% at constant currency.

The revenue to operating profit[1] drop through (year-on-year incremental revenue to incremental operating profit[1]) for 2014 was 25.2% (31.1% first half; 15.3% second half). The operating profit[1] drop through rate declined in the second half of 2014 due to additional "plc costs" and also the operating profit[1] margin in the second half of 2013 reflected some benefit from improved manufacturing output as a result of the need to increase inventory levels towards the end of 2013 to meet the upturn in demand.

Cashflow and net debt

Cash generated from operations during the year, excluding the impact of the exceptional operating items, and the cash conversion rate defined as the ratio of operating cashflow less capital expenditure to operating profit (also excluding the impact of exceptional operating items) were:

	2014 £m	2013 £m
Operating profit[1]	46.3	39.7

Depreciation	14.5	13.9
Operating profit[1] plus depreciation (EBITDA)	60.8	53.6
Increase in negative working capital	2.3	5.5
Operating cashflow[1]	63.1	59.1
Capital expenditure	(15.1)	(21.1)
Operating cashflow[1] after capital expenditure	48.0	38.0
Cash conversion rate	103.7%	95.7%

[1]Before operating exceptional items

Cash generated from operations (excluding exceptional operating costs) after capital expenditure increased by 26.3% during the year to £48.0m (2013: £38.0m) due to the improved operating performance and lower capital expenditure.

The cash conversion rate, a key measure of operating cashflow performance, remained strong and improved from 95.7% in 2013 to 103.7% in 2014.

Capital expenditure of £15.1m was £6.0m lower than the prior year, however part of this reduction was due to the timing of projects as capital commitments at 31 December 2014 increased to £2.6m from £0.9m a year earlier.

Net working capital at 31 December 2014 of negative £4.4m compared with negative £1.7m at 31 December 2013. This increase in negative working capital was as a result of the increase in the amount of rebates accrued due to increased sales. Net working capital at our December year end is the lowest position during the year due to the seasonal slowdown in December in construction site activity and our manufacturing operations ahead of the Christmas holiday period, as well as the accumulation of quarterly and annual customer rebate liabilities which are settled in the following year.

Net debt (term loan less cash) reduced by £7.2m during the year to £76.9m. This was after exceptional listing and refinancing costs of £21.9m paid in the year and £1.7m spent on acquiring treasury shares.

At 31 December 2014 liquidity (cash and committed banking facilities) was strong at £83.1m. This leaves significant headroom to increase payback capital expenditure and to fund further “bolt on” acquisitions as opportunities arise.

The Group is subject to two financial covenants; at 31 December 2014 there was significant headroom:

Covenant	**Covenant requirement**	**Position at 31 December 2014**
Interest cover (EBIT:Net finance costs excluding debt issuance cost amortisation)	**>3:1**	**5.7:1**
Leverage (EBITDA:Net debt)	**<3:1**	**1.3:1**

All convenant definitions exclude exceptional items

Finance Costs

Finance costs for the year ended 31 December 2014 of £8.9m were lower than the finance costs of £15.5m in the prior year as a result of the refinancing of the £150m Senior Secured Notes (fixed interest rate of 9.5%) with £30m from surplus cash balances and £120m from a new five year term bank loan in April 2014. Interest on the new five year term bank loan is payable at LIBOR plus a margin of 2.75% which reduces if the leverage ratio of the Group improves. As a result of our improved leverage position, the margin fell to 2.50% at 31 December 2014.

In order to reduce exposure to future increases in interest rates, the Group entered into an interest rate swap on 16 April 2014 for notional amounts of between 40% and 60% of the term loan over the period of the loan. Interest is payable at a fixed rate of 2.21% (excluding margin) over the period from January 2015 to March 2019. The unrealised loss on the interest rate swap amounted to £2.4m at 31 December 2014. The interest rate swap is designated as an "effective hedge" and as such the unrealised loss was treated as "other comprehensive income" and not a charge to the income statement during 2014.

Exceptional finance costs of £8.6m were incurred in the year in relation to the refinancing of our Senior Secured Notes.

Taxation

Exceptional items have had a significant impact on the 2014 tax charge. To assess the underlying tax rate, the table below shows the level of taxation relief on the exceptional IPO listing and refinancing costs:

		Tax	Tax rate
	£m	£m	%
Profit before tax (before exceptional IPO listing and refinancing costs) and related tax	37.7	5.4	14.3%
Exceptional IPO listing (£12.2m) and refinancing costs (£8.6m) and related tax relief	(20.8)	(2.0)	
Profit before tax and related tax – current year	16.9	3.4	20.1%
Prior year credit	-	(0.4)	
Profit before tax and tax as reported	16.9	3.0	17.8%

The underlying tax rate of 14.3% is below the UK standard rate of 21.5% (the impact of mainland European operations is not significant) due to patent box relief and the availability of non trading losses which reduced the UK corporation tax charge by £2.5m in 2014. In 2015 the Group tax rate will revert back to the standard UK tax rate.

Exchange Rates

The Group is exposed to movements in exchange rates when translating the results of its mainland European operations from Euros to Sterling. Sterling appreciated against the Euro during 2014 with the average exchange rate used for translation purposes moving from £1:€1.18 in 2013 to £1:€1.25 in 2014. The impact of which was £3.2m negative on revenue with no impact on operating profit.

Forward currency derivative contracts are classified as held for trading. There was an unrealised loss of £0.2m (included in financial liabilities) on these derivative contracts at 31 December 2014 (2013: £0.4m financial asset) resulting in an income statement charge of £0.6m during the year.

Earnings per share

	2014	**2013**
Pence per share:		
Basic	6.96	10.00
Adjusted	16.11	9.95

The impact of dilution is not significant

The movement in basic EPS is distorted by the significant exceptional non trading items during 2014.

Adjusted EPS, which removes the impact of exceptional non trading items, improved by 62% in 2014. Part of this year-on-year improvement was due to the material reduction in finance costs for eight months of the year as a result of the refinancing at the time of the IPO listing.

In 2015 finance costs will reduce further from the full year benefit of the refinancing but will also be impacted by the interest rate swap which becomes effective from the start of 2015 and the slight benefit from the margin reduction. As noted under “Taxation” above, the benefit of unutilised non trading taxation losses brought forward will reduce slightly in 2015 as they become fully utilised during the year. These factors, which impact future finance costs and taxation, will have an effect on our EPS going forward.

Dividend

The final dividend of 3.0 pence is being recommended for payment on 28 May 2015 to shareholders on the register at the close of business on 8 May 2015. The ex dividend date will be 7 May 2015.

As highlighted in the Group’s IPO prospectus, our dividend policy is to pay a minimum of 40% of the Group’s annual profit after tax (adjusted to exclude exceptional items). The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of the interim and preliminary results respectively in the approximate proportions of one-third and two-thirds, respectively. As previously guided, the dividend in respect of the current financial year will be paid pro rata to reflect the period of time we have been listed as a proportion of the full year. The Group may revise its dividend policy from time to time.

Pensions

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Following the implementation of UK pensions auto enrolment in October 2013, pension costs increased from £1.0m in 2013 to £1.3m in 2014 due to the full year impact of the increased membership.

Acquisitions

In October 2014 the Group acquired 100% of the business and assets of Ferrob Limited. The Company is involved in the public sector housing ventilation market within the UK. The consideration was £0.3m cash and a contingent consideration which is dependent upon the level of sales during the year following acquisition. The contingent consideration is estimated to be £0.4m. Ferrob’s pre and post acquisition revenue and operating loss for the year ended 31 December 2014 were £1.1m and £0.2m respectively.

Subsequent to the year end, in January 2015 the Group acquired 100% of the share capital of Surestop Limited a company which manufactures and supplies a range of patented water mains switch-off devices. The cash consideration of £6.0m included payment for £0.8m net cash at completion. Surestop’s pre acquisition revenue and operating profit for the year ended 31 December 2014 was £2.1m and £0.7m respectively.

Going Concern

The Group continues to meet its day to day working capital and other funding requirements through a combination of long term funding and cash deposits. The Group’s bank financing facilities are a £120m five year term loan and a £40m committed revolving credit facility (undrawn at December 2014). Both the term loan and revolving credit facility expire in March 2019.

After making due enquiry, the directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue operational existence for the foreseeable future and therefore adopt the going concern principle.

Risks and Uncertainties

The principal risks and uncertainties that could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising are highlighted below. The Board does recognise however that it will not always be possible to eliminate these risks entirely.

Risk	Potential Impact	Mitigations
Raw material prices The Group is exposed to volatile raw material prices, particularly polymers, due to fluctuations in the market price of crude oil and other petroleum feedstocks, exchange rate movements, and changes to suppliers' manufacturing capacity.	Any increase in the market price of crude oil and other Petroleum feedstocks, exchange rate movements, and changes to suppliers' manufacturing capacity could have a direct impact on the prices the Group pays for raw materials which could adversely affect its operating margins and cash flow.	The Group seeks to pass on raw material price increases to its customers wherever possible. There is usually at least a three month time period from notification of the raw material price increase before selling prices can be actioned in the market. Competitors of the Group are likely to experience similar levels of polymer cost increases.
Business Disruption The Group's manufacturing and distribution operations could be subjected to disruption due to factors including incidents such as fire, failure of equipment, power outages, strikes, or unexpected or prolonged periods of severe weather.	Incidents such as fires, failure of equipment, power outages, strikes or unexpected severe weather (due to flooding, snow or high winds) could result in the temporary cessation in activity or disruption at one of the production facilities impeding the Group's ability to deliver its products to its customers, adversely affecting its financial results. In addition, prolonged periods of severe weather could result in a slowdown in site construction activity reducing the demand for the Group's products and adversely affecting its financial results.	The Group has developed business continuity, crisis response, and disaster recovery plans. The Group has the ability to transfer some of its production to alternative sites and could also subcontract out some of its tooling to reduce any potential loss in production capacity. The Group maintains a significant amount of insurance to cover business interruption and damage to property from such events.

Risk	Potential Impact	Mitigations
Reliance on key customers Some of the Group’s businesses are dependent on key customers in highly competitive markets.	Failure to manage relationships with key customers, whilst continuing to provide high quality products delivered on time in full, and developing new innovate products could lead to a loss of business affecting the financial results of the Group.	The Group’s strategic objective is to broaden its customer base wherever possible. The Group focuses on delivering exceptional customer service and maintains strong relationships with major customers through direct engagement at all levels. The Group maintains customer service matrices which are continually tracked and monitored and intervention made where required. The Group closely manages its pricing, rebates, and commercial terms with its customers to ensure that they remain competitive. The Group continually seeks to innovate and develop its product lines to ensure its products are the best in the industry.
Recruitment and Retention of Key Personnel The Group is dependent on the continued employment and performance of our Executive Management Team and other key skilled personnel.	Loss of any key personnel without adequate and timely replacement could disrupt business operations and the Group’s ability to implement and deliver its growth strategies.	The Group has a formal succession plan in place ensuring progression through the Group. The Group aims to provide competitive remuneration packages and bonus schemes to retain and motivate key personnel.

Risk	Potential Impact	Mitigations
Economic Conditions The Group is dependent on the level of activity in the construction industry and is therefore susceptible to any changes in its cyclical economic conditions.	Lower levels of activity within the construction industry could reduce sales and production volumes adversely affecting the Group's financial results.	The Group closely monitors trends in the industry, invests in market research and is an active member of the Construction Products Association. The Group uses Construction Products Association and Euroconstruct forecasts in its budgeting process. The Group closely manages its demand forecasts and costs through weekly operational review meetings.
Government Action and Policy The Group is in part dependent on Government action and policies relating to public and private investment and is therefore susceptible to changes in Government spending priorities.	Significant downward trends in Government spending on public and private investment arising from economic uncertainty and ongoing austerity policies could have an adverse impact on the construction industry which could impact on sales and production volumes affecting the Group's financial results.	The Group's strategy is to have its operations structured so that it has a balanced exposure to the residential, commercial and infrastructure construction sectors so as to reduce the impact of any adverse government action or policy on any one of the construction sectors. The Group closely monitors trends in the industry, invests in market research and is an active member of the Construction Products Association. The Group closely manages its demand forecasts and costs through weekly operational review meetings.

Risk	Potential Impact	Mitigations
Government regulations and standards relating to the manufacture and use of building materials The Group is subject to the requirements of UK and European environmental and occupational safety and health laws and regulations, including obligations to investigate and clean up environmental contamination on or from properties.	Failure of the Group to comply with changes to environmental regulations and other obligations relating to environmental matters could result in the Group being liable for fines, require modification to operations, increase manufacturing and delivery costs, and could result in the suspension or termination of necessary operational permits, thereby impacting the Group's financial results.	The Group has a formal Health, Safety & Environmental policy, and procedures are in place to monitor compliance with the policy. The Group performs internal environmental audits and is subjected to external environmental audits on a periodic basis. The Group performs weekly and monthly reporting on key Health, Safety & Environmental matters.
Product Liability The Group manufactures products that are potentially vital to the safe operation of its customers' products or processes. These are often incorporated into the fabric of a building or dwelling, or buried in the ground as part of an infrastructure system and in each case, it would be difficult to access, repair, recall or replace such products.	A product failure or recall could result in a liability claim for personal injury or other damage leading to substantial money settlements, damage to the Group's brand reputation, costs and expenses and diversion of key management's attention from the operation of the Group, which could all affect the Group's financial results.	The Group operates comprehensive quality assurance systems and procedures at each site. Wherever required, the Group obtains certifications over its products to the relevant national and European standards including Kitemarks, BBAs, WRCs and WRACs. The Group maintains product liability insurance to cover personal injury and property damage claims from product failures.
Financial Risk Management The Group's operations expose it to a variety of financial risks that include the effects of: **Price Risk** (considered in raw material prices above); **Foreign Exchange Risk** – The risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's risk relates primarily to the its operating activities where the revenue or expense is denominated in a currency other than the functional currency of the	**Foreign Exchange Risk** – Exchange rate fluctuations may adversely affect the Group's results.	The Group has in place financial risk management procedures that seek to limit the adverse effects of the financial risks as follows: **Foreign Exchange risk** – The Group enters into forward currency contracts for the purchase and sale of foreign currencies in order to manage its exposure to fluctuations in currency rates primarily in respect of US Dollar and Euros. It is not possible for the Group to mitigate exchange rate differences which impact the

Risk	Potential Impact	Mitigations
entity undertaking the transaction;		translation of its overseas subsidiaries' results and net assets as all of the Group's long term borrowings are Sterling denominated.
Credit Risk – The Group is exposed to credit risk from its trading activities (primarily from trade receivables) and from its financing activities, including deposits with banks;	**Credit Risk** – The failure of a counterparty to meet their financial obligations could lead to a financial loss for the Group.	**Credit risk** – Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit or credit insurance. Credit risk arising from cash deposits with banks are managed by the Group's Finance Department. Investments of surplus funds are made only with banks that have as a minimum a single A credit rating.
Liquidity Risk – The risk that the Group will not be able to meets its financial obligations as they fall due; and,	**Liquidity Risk** – Insufficient funds could result in the Group not being able to fund its operations.	**Liquidity risk** – The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
Interest rate risk – The risk that interest rates could rise impacting on the Group's financing costs.	**Interest rate risk** – Increases to interest rates could result in significant additional interest rate payments being required on any borrowings.	**Interest rate risk** – To reduce the Group's exposure to future increases in interest rates, the Group has entered into interest rate swaps from variable to fixed interest rates.

Related Party Transactions

Prior to the IPO the Company paid a management fee of £116,000 (2013: £400,000) to Cavendish Square Partners Limited Partnership, manager of the Cavendish Square Partners fund, which is a shareholder of the Company. Since the IPO a non-executive director's fee of £32,000 was paid to Cavendish Square Partners Limited Partnership for Mark Hammond, a partner in Caird Capital which manages Cavendish Square Partners Limited Partnership.

Compensation of key management personnel (including Directors) was:

	2014	2013
	£m	£m
Short-term employees benefits	**2.4**	2.4
Post-employee benefits	**-**	0.1
	2.4	2.5

Key management personnel comprise the Executive Directors and key divisional managers.

Forward Looking Statements

Certain statements in this full year report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Directors' Responsibility Statement

The following statement will be contained in the 2014 Annual Report and Accounts.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

By order of the Board:

D G Hall
Chief Executive Officer
26 March 2015

P D Shepherd
Chief Financial Officer
26 March 2015

GROUP INCOME STATEMENT

for the year ended 31 December 2014

	Notes	*2014* *£m*	*2013* *£m*
Revenue	***2***	**327.0**	**300.8**
Cost of sales		**(202.4)**	**(188.3)**
Gross profit		**124.6**	**112.5**
Selling and distribution costs		**(49.8)**	**(46.9)**
Administration expenses		**(28.5)**	**(25.9)**
Operating profit before operating exceptional items	***2***	**46.3**	**39.7**
Operating exceptional items	***3***	**(12.1)**	**0.1**
Operating profit		**34.2**	**39.8**
Finance revenue		**0.2**	**0.3**
Finance costs	***4***	**(8.9)**	**(15.5)**
Exceptional finance costs	***4***	**(8.6)**	**-**
Profit before tax		**16.9**	**24.6**
Taxation	***5***	**(3.0)**	**(4.6)**
Profit for the year attributable to owners of the parent		**13.9**	**20.0**
Earnings per share (pence)			
Basic	***6***	**6.96**	**10.00**
Adjusted earnings per share (pence)			
Basic	***6***	**16.11**	**9.95**

The impact of dilution is not significant

Dividends per share (pence)			
Interim	***7***	**1.50**	**-**
Final proposed	***7***	**3.00**	**-**

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	2014	*2013*
	£m	*£m*
Profit for the year	**13.9**	**20.0**
Other comprehensive income:		
Items which will be reclassified subsequently to profit and loss:-		
Exchange differences on translation of foreign operations	**(1.1)**	**0.3**
Effective portion of changes in fair value of swap derivatives	**(2.4)**	**-**
Tax relating to items that may be reclassified	**0.5**	**-**
Other comprehensive income for the year net of tax	**(3.0)**	**0.3**
Total comprehensive income for the year attributable to owners of the parent	**10.9**	**20.3**

GROUP BALANCE SHEET

at 31 December 2014

	31 December 2014 £m	31 December 2013 £m
Non-current assets		
Property, plant and equipment	**89.2**	**89.0**
Intangible assets	**235.0**	**234.4**
Total non-current assets	**324.2**	**323.4**
Current assets		
Inventories	**39.9**	**38.9**
Trade and other receivables	**20.9**	**21.4**
Other financial assets	**-**	**0.4**
Cash and cash equivalents	**43.1**	**65.9**
Total current assets	**103.9**	**126.6**
Total assets	**428.1**	**450.0**
Current liabilities		
Trade and other payables	**(65.2)**	**(62.0)**
Other financial liabilities	**(2.6)**	**-**
Income tax payable	**(2.0)**	**(2.4)**
Total current liabilities	**(69.8)**	**(64.4)**
Non-Current liabilities		
Loans and borrowings	**(118.0)**	**(150.6)**
Other liabilities	**(1.7)**	**(2.0)**
Deferred tax liability	**(0.9)**	**(1.6)**
Total non-current liabilities	**(120.6)**	**(154.2)**
Total liabilities	**(190.4)**	**(218.6)**
Net assets	**237.7**	**231.4**
Capital and reserves		
Equity share capital	**0.2**	**1.3**
Treasury shares	**(1.7)**	**-**
Capital redemption reserve	**1.1**	**-**
Hedging reserve	**(1.9)**	**-**
Foreign currency retranslation reserve	**(1.7)**	**(0.6)**
Retained earnings	**241.7**	**230.7**
Total equity	**237.7**	**231.4**

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital	*Share premium*	*Capital redemption reserve*	*Treasury shares*	*Hedging reserve*	*Foreign currency retranslation reserve*	*Retained earnings*	*Total equity*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
At 31 December 2012	**1.3**	**315.9**	**-**	**-**	**-**	**(0.9)**	**(105.2)**	**211.1**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**20.0**	**20.0**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**0.3**	**20.0**	**20.3**
Cancellation of share premium	**-**	**(315.9)**	**-**	**-**	**-**	**-**	**315.9**	**-**
At 31 December 2013	**1.3**	**-**	**-**	**-**	**-**	**(0.6)**	**230.7**	**231.4**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**13.9**	**13.9**
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**(1.9)**	**(1.1)**	**-**	**(3.0)**
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**-**	**(1.9)**	**(1.1)**	**13.9**	**10.9**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(3.0)**	**(3.0)**
Purchase of treasury shares	**-**	**-**	**-**	**(1.7)**	**-**	**-**	**-**	**(1.7)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Cancellation of deferred shares	**(1.1)**	**-**	**1.1**	**-**	**-**	**-**	**-**	**-**
At 31 December 2014	**0.2**	**-**	**1.1**	**(1.7)**	**(1.9)**	**(1.7)**	**241.7**	**237.7**

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GROUP CASH FLOW STATEMENT

for the year ended 31 December 2014

	2014	2013
	£m	£m
Operating activities		
Profit for the year before tax	16.9	24.6
Add back net financing costs	17.3	15.2
Operating profit	34.2	39.8
Adjusted for non cash items:		
Gain on disposal of property, plant and equipment	(0.1)	(0.7)
Operating exceptional items – net expense recognised	12.2	-
– cash paid	(12.5)	-
Profit on sale of investments	-	(0.3)
Depreciation	14.5	13.9
Operating cash flow before movement in working capital	48.3	52.7
Movement in working capital:		
Receivables	(0.2)	1.9
Payables	4.0	4.7
Inventories	(1.5)	(1.1)
Cash generated from operations	50.6	58.2
Income tax paid	(3.7)	(4.9)
Net cash flows from operating activities	46.9	53.3
Investing Activities		
Interest received	0.2	0.3
Proceeds from disposal of property, plant and equipment	0.2	0.8
Proceeds from sale of investments	-	0.3
Acquisition of new business	(0.3)	-
Purchase of property, plant and equipment	(15.1)	(21.1)
Net cash flow used in investing activities	(15.0)	(19.7)
Financing activities		
Repayment of bank loan	-	(0.1)
Repayment of Senior Secured Notes	(150.0)	-
New bank loan	120.0	
Purchase of own shares	(1.7)	-
Interest paid	(10.6)	(14.6)
Dividend paid	(3.0)	-
Refinancing costs	(9.4)	-
Net cash flows from financing activities	(54.7)	(14.7)
Net (decrease)/increase in cash and cash equivalents	(22.8)	18.9
Cash and cash equivalents at 1 January	65.9	47.0
Cash and cash equivalents at 31 December	43.1	65.9

NOTES TO THE GROUP FINANCIAL STATEMENTS

as at 31 December 2014

1. Basis of preparation

The preliminary results for the year ended 31 December 2014 have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as endorsed by the European Union regulations as they apply to the financial statements of the Group for the year ended 31 December 2014. Whilst the financial information included in this preliminary announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies adopted are consistent with those of the previous year.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2013 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2014 will be filed in due course. The auditors' report on these accounts was not qualified or modified and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

2. Segment information

The Group has three reporting segments - Residential Piping Systems (all UK by origin), Commercial and Infrastructure Piping Systems – UK and Commercial and Infrastructure Piping Systems - Mainland Europe.

	2014		***2013***	
	Revenue	***Operating Profit***	***Revenue***	***Operating Profit***
	£m	***£m***	***£m***	***£m***
Residential Piping Systems	**173.3**	**28.4**	**158.7**	**26.0**
Commercial & Infrastructure Piping Systems				
- UK	**111.1**	**17.0**	**94.3**	**12.4**
- Mainland Europe	**53.9**	**0.9**	**58.3**	**1.3**
	165.0	**17.9**	**152.6**	**13.7**
Inter segment sales	**(11.3)**	**-**	**(10.5)**	**--**
Group Revenue / Operating Profit	**327.0**	**46.3**	**300.8**	**39.7**
Operating exceptional items		**(12.1)**		**0.1**
Net finance costs		**(17.3)**		**(15.2)**
Profit before taxation		**16.9**		**24.6**

Geographical analysis

Revenue by destination	**2014**	**2013**
	£m	**£m**
UK	**253.3**	**226.2**

Rest of Europe	56.9	61.3
Rest of World	16.8	13.3
Total Group	327.0	300.8

3. Operating exceptional Items

Operating exceptional items comprised:

	2014 *£m*	*2013* *£m*
Listing costs	12.2	-
Restructuring costs	-	0.7
Aborted acquisition costs	-	0.2
Profit on sale of investments	-	(0.3)
Profit on sale of property, plant and equipment	(0.1)	(0.7)
Total charge / (credit)	12.1	(0.1)

4. Finance Costs

	2014 *£m*	*2013* *£m*
Interest on Senior Secured Notes	5.5	14.2
Interest on Bank loan	2.4	-
Debt issue cost amortisation	0.6	1.1
Bank interest and other finance charges	0.4	0.2
Finance costs	8.9	15.5

Debt issue cost amortisation includes a charge of £0.4m in respect of facilities that were refinanced during 2014. The remaining unamortised amount in respect of refinanced facilities at the point of refinancing (£1.4m) was written off within exceptional finance costs as set out below.

	2014 *£m*	*2013* *£m*
Senior Secured Notes early settlement fee	7.2	-
Write off of unamortised debt issue costs	1.4	-
Exceptional finance costs	8.6	-

Refinancing costs paid during 2014 amounted to £9.4m being the early settlement fee on the Senior Secured Notes of £7.2m and £2.2m of debt issue costs relating to the new banking facilities.

5. Taxation

(a) Tax charged in the income statement

	2014 *£m*	*2013* *£m*
Current income tax:		
UK corporation tax	3.7	4.3
Overseas tax	-	0.1
Current income tax charge	3.7	4.4
Adjustment in respect of prior years	(0.4)	-

Total current income tax	**3.3**	**4.4**
Deferred tax:		
Origination and reversal of temporary differences	**(0.1)**	**0.5**
Effect of changes in tax rates	**-**	**(0.3)**
Overseas taxation	**(0.2)**	**-**
Total deferred tax	**(0.3)**	**0.2**
Tax expense in the income statement	**3.0**	**4.6**

(b) Reconciliation of the total tax charge

A reconciliation between the tax expense and the product of accounting profit multiplied by the United Kingdom's standard tax rate for the years ended 31 December 2014 and 2013 is as follows:

	2014 £m	***2013 £m***
Accounting profit before tax	**16.9**	**24.6**
Accounting profit multiplied by the UK standard rate of tax of 21.49% (2013: 23.25%)	**3.6**	**5.7**
Expenses not deductible for corporation tax	**4.5**	**0.6**
Non-taxable income	**(1.8)**	**(0.4)**
Utilisation of tax losses	**(2.5)**	**(1.3)**
Adjustments in respect of current income tax of previous years	**(0.4)**	**-**
Deferred tax not previously recognised	**-**	**0.1**
Effects of chargeable gains	**-**	**0.2**
Effects of changes in tax rate	**(0.4)**	**(0.3)**
Total tax expense reported in the income statement	**3.0**	**4.6**

The effective rate for the full year is 17.8%. If the impact of exceptional costs is excluded, the underlying tax rate would be 14.3%.

6. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following:

	2014 *£m*	*2013* *£m*
Earnings		
Profit for the year attributable to equity holders of the parent	**13.9**	**20.0**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**199,853,984**	**199,999,862**
Share options	**111,897**	**-**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**199,965,881**	**199,999,862**

The weighted average number of shares has been calculated assuming the consolidation and sub-division of shares (as described in note 24) took place as from 1 January 2013.

Earnings per share	**Pence**	**Pence**
Basic	**6.96**	**10.00**
Diluted	**6.95**	**10.00**

Adjusted Earnings

Adjusted profit is derived below and is defined as the result of the year, excluding the impact of exceptional operating items and exceptional finance costs. The Directors consider that this measure gives a better and more consistent indication of the Group's underlying performance.

	2014 *£m*	*2013* *£m*
Operating profit for the year before operating exceptional items	**46.3**	**39.7**
Net finance costs (excluding exceptional finance costs)	**(8.7)**	**(15.2)**
	37.6	**24.5**
Taxation at underlying tax rate (note 13b)	**(5.4)**	**(4.6)**
Adjusted profit for the year	**32.2**	**19.9**

Adjusted Earnings per share	**Pence**	**Pence**
Basic	**16.11**	**9.95**
Diluted	**16.10**	**9.95**

7. Dividends

	2014 *£m*	*2013* *£m*
Interim dividend for the year ended 31 December 2014 of 1.5p (2013: nil) per share	**3.0**	**-**
Proposed final dividend for the year ended 31 December 2014 of 3.0p (2013: nil) per share	**6.0**	**-**

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.