

Polypipe Group plc

Trading Update

15 November 2016

Polypipe Group plc ("PLP" or the "Group"), today issues an update on trading for the ten months ended 31 October 2016.

Trading update

As a result of continued strong organic growth, and a pleasing performance from our Nuair business acquired in August 2015, we are on track to achieve management expectations for the full year.

The Group's revenue for the ten months ended 31 October 2016 was 23.7% higher at £370.3m (2015: £299.3m) compared to the prior year, with our overseas revenue benefitting from the weaker sterling exchange rate. Excluding acquisitions and at constant currency, like-for-like* revenue growth for the Group over this ten-month period was 7.1%. The strong like-for-like* growth in the UK in the first half of this financial year has continued, with no impact on revenue and order intake since the EU Referendum. Revenue growth in the UK remained strong in the four months ended 31 October 2016 at 8.0% on a like-for-like* basis, with growth in both UK Residential and UK Commercial and Infrastructure segments continuing.

The decline in sterling has adversely impacted our polymer input costs, although we are confident of recovering this impact through increasing our selling prices, as we have successfully done in the past. There is inevitably a time lag for the benefit of these price increases to materialise which will have a slight impact on margins in the second half of this financial year.

Our cash conversion remains strong and year end net debt will be in line with management expectations.

The revenue performance for each reporting segment was as follows:

Revenue	Ten months to October				Four months to October 2016
	2016	2015	Change	Like-for-like change*	Like-for-like change*
	£m	£m	%	%	%
Residential	175.7	155.4	13.1	4.6	4.2
Commercial and Infrastructure – UK	155.8	109.7	42.0	14.1	14.9
Inter Segment	<u>(8.8)</u>	<u>(7.3)</u>			
UK Operations	322.7	257.8	25.2	8.0	8.0
Commercial and Infrastructure – Mainland Europe	49.0	42.9	14.2	2.5	(9.9)
Inter Segment	<u>(1.4)</u>	<u>(1.4)</u>			
Group	<u>370.3</u>	<u>299.3</u>	23.7	7.1	5.1

* Like for like excludes acquisitions and is on constant exchange rates

UK Operations

Our UK operations generated like-for-like revenue growth of 8.0% during the ten months ended 31 October 2016. In the four months ended 31 October 2016 our like-for-like revenue increased 8.0% with the Residential segment growing 4.2% supported by increased demand from the national housebuilders, and the Commercial and infrastructure UK segment continuing to grow strongly at 14.9%, slightly ahead of the first half.

Mainland European Operations

Revenue for the ten months ended 31 October 2016 was 14.2% higher than the prior year on a reported basis due to favourable currency translation, and up 2.5% on a like-for-like basis. As anticipated, during the four months ended 31 October 2016 the distributor pull forward arising in the first half from promotional timing unwound, resulting in like-for-like revenue falling by 9.9%. Our mainland European operations are expected to remain profitable for the full year.

David Hall, Chief Executive, commented:

“Our business continues to perform well following the EU referendum, with both orders and revenue ahead of the same period last year. I have confidence that our broad based exposure to UK residential, commercial and infrastructure sectors of the construction market, a broad range of quality products, strong customer relationships and market leading technical expertise leaves us well positioned for 2017.”

Contacts:

Polypipe

David Hall, Chief Executive Officer
Martin Payne, Chief Financial Officer
+44 (0) 1709 770 000

Brunswick

Mike Smith
Nina Coad
+44 (0) 20 7404 5959

Notes to Editors:

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic pipe systems for the residential, commercial, civils and infrastructure sectors by revenue. With the acquisition of the Nuair business in August 2015, Polypipe is also a leading designer and manufacturer of energy efficient ventilation systems in the UK.

The Group operates from 19 facilities in total, and with over 20,000 product lines, manufactures the United Kingdom’s widest range of engineered plastic piping systems for heating, plumbing, drainage and ventilation. 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.