Polypipe Group PLC

Strategy Update

9th May 2018

Polypipe

Agenda

1 WELCOME

2 STRATEGY

3 BUSINESS REVIEW

4 FINANCIALS

Polypipe

Welcome

MARTIN PAYNE

Chief Executive Officer

Member of Nomination Committee

Appointed as Chief Executive Officer on 2 October 2017

Previously Chief Financial Officer, from May 2016

GLEN SABIN

Chief Operating Officer

Appointed to the board on 2 October 2017

Joined the group in November 2004 as Managing Director of Polypipe's UK Civils business

PAUL JAMES

Chief Financial Officer

Appointed as Chief Financial Officer on 5 March 2018

Prior to Polypipe, served as Group Financial Controller of Dixons Carphone plc.

SUGGESTED TIMING	
15:00	Welcome & introductions
15:05	Vision, strategy & new priorities
15:50	Our businesses today
16:20	Financials
16:40	Wrap-up & Q&A
17:00	Reception

Who we are

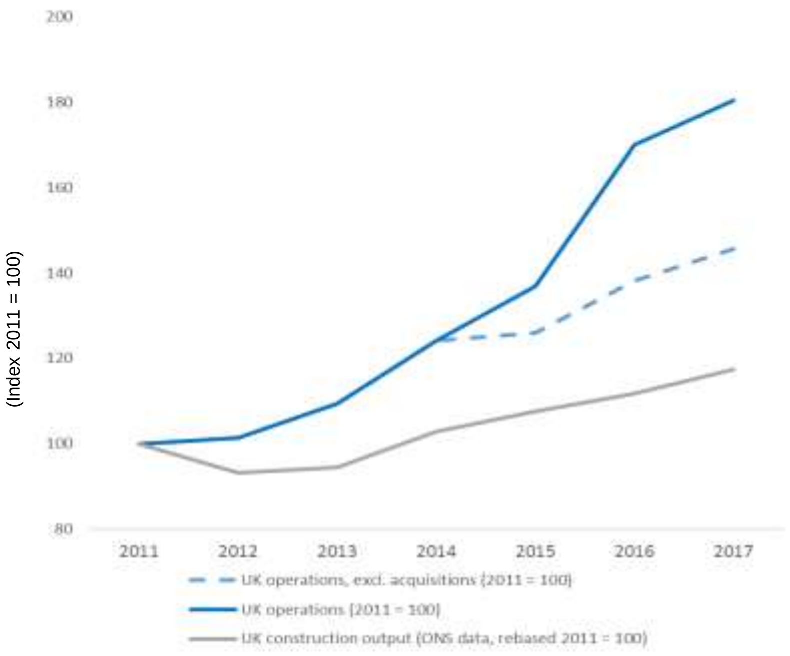
Residential

Commercial & Infrastructure

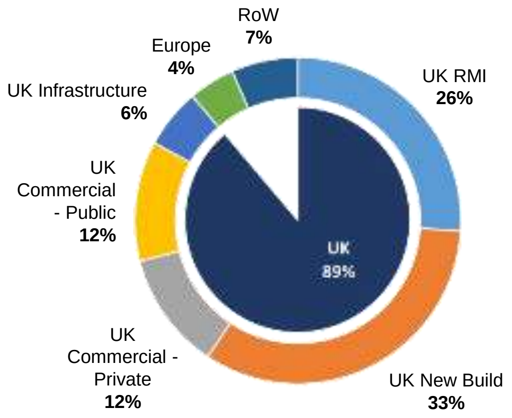
Who we are

- Diversified sector exposure across UK construction
- Track record of growth ahead of the market
- Consistent profitable growth and industry leading margins

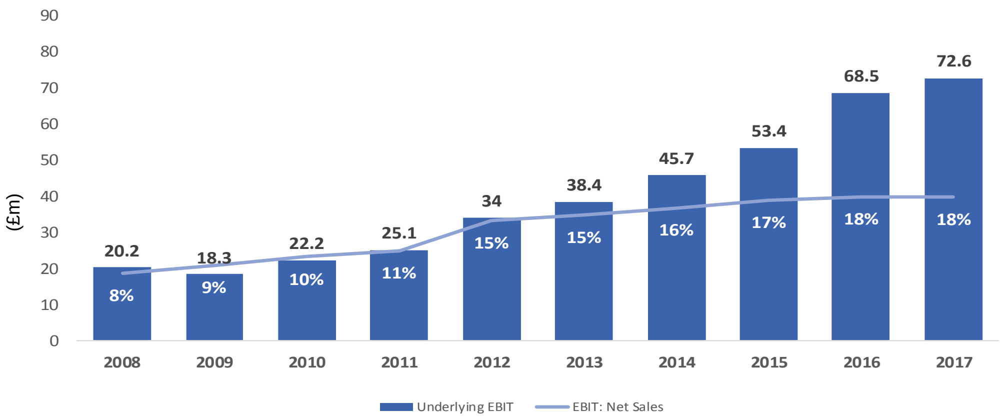
UK sales growth ahead of the market



2017 Demand drivers



EBIT



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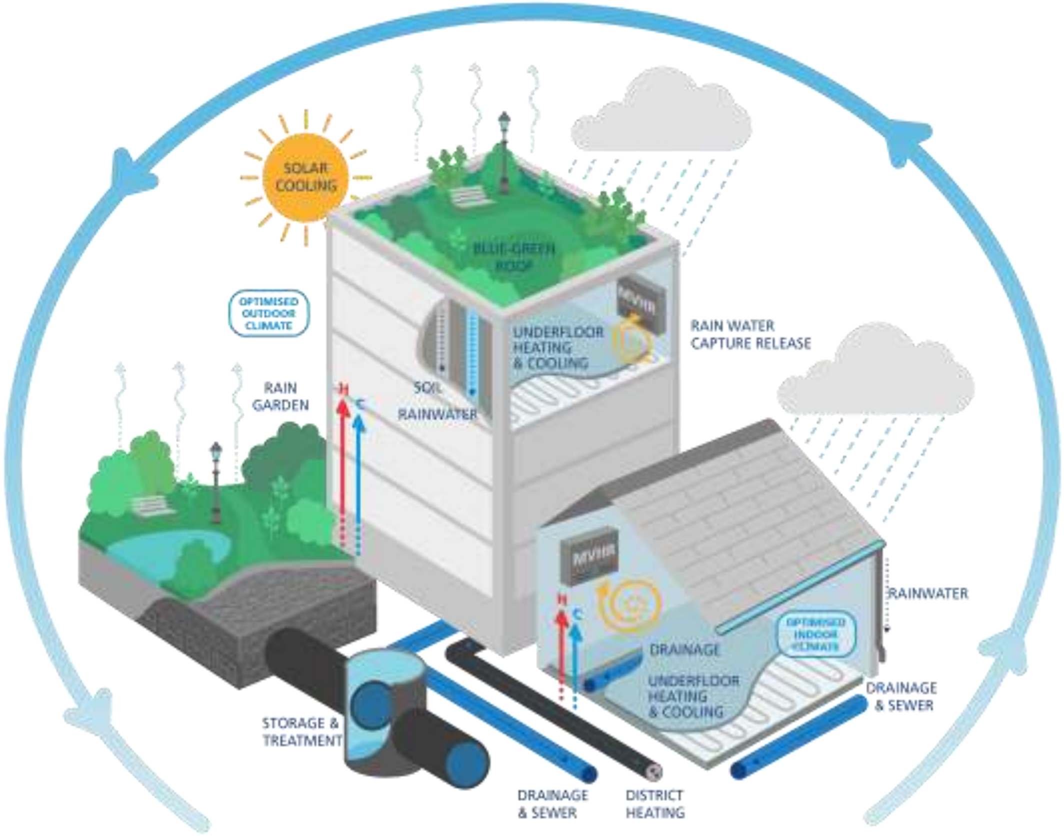
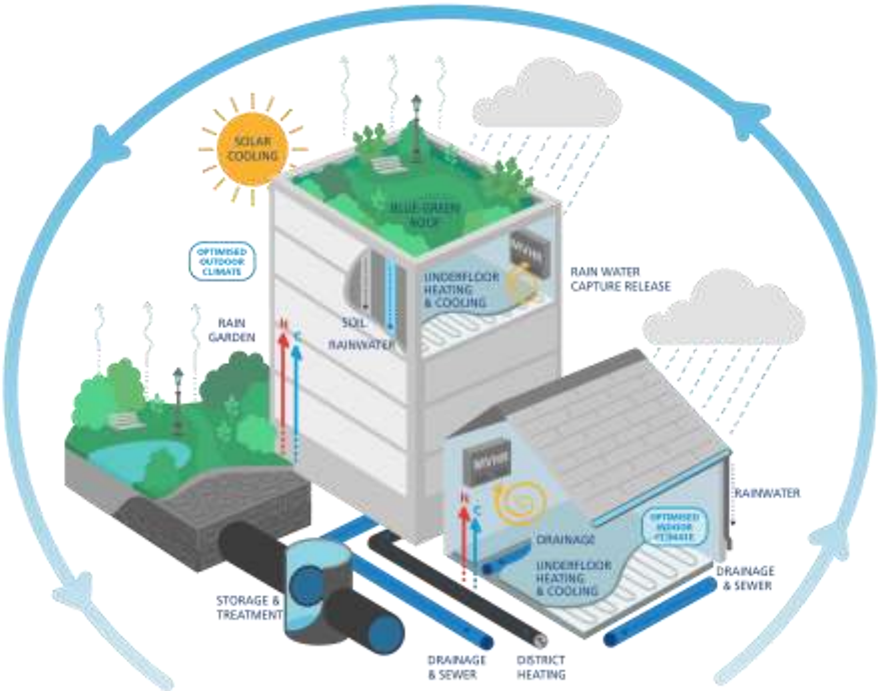
Vision

- To be the leading provider of sustainable and resilient water and climate management solutions for the built environment

- We will do this by:
  - Building a world class sustainable business
  - Developing cost efficient solutions to substitute legacy materials
  - Leveraging our core UK competencies across key markets around the world



Extending our solutions offer



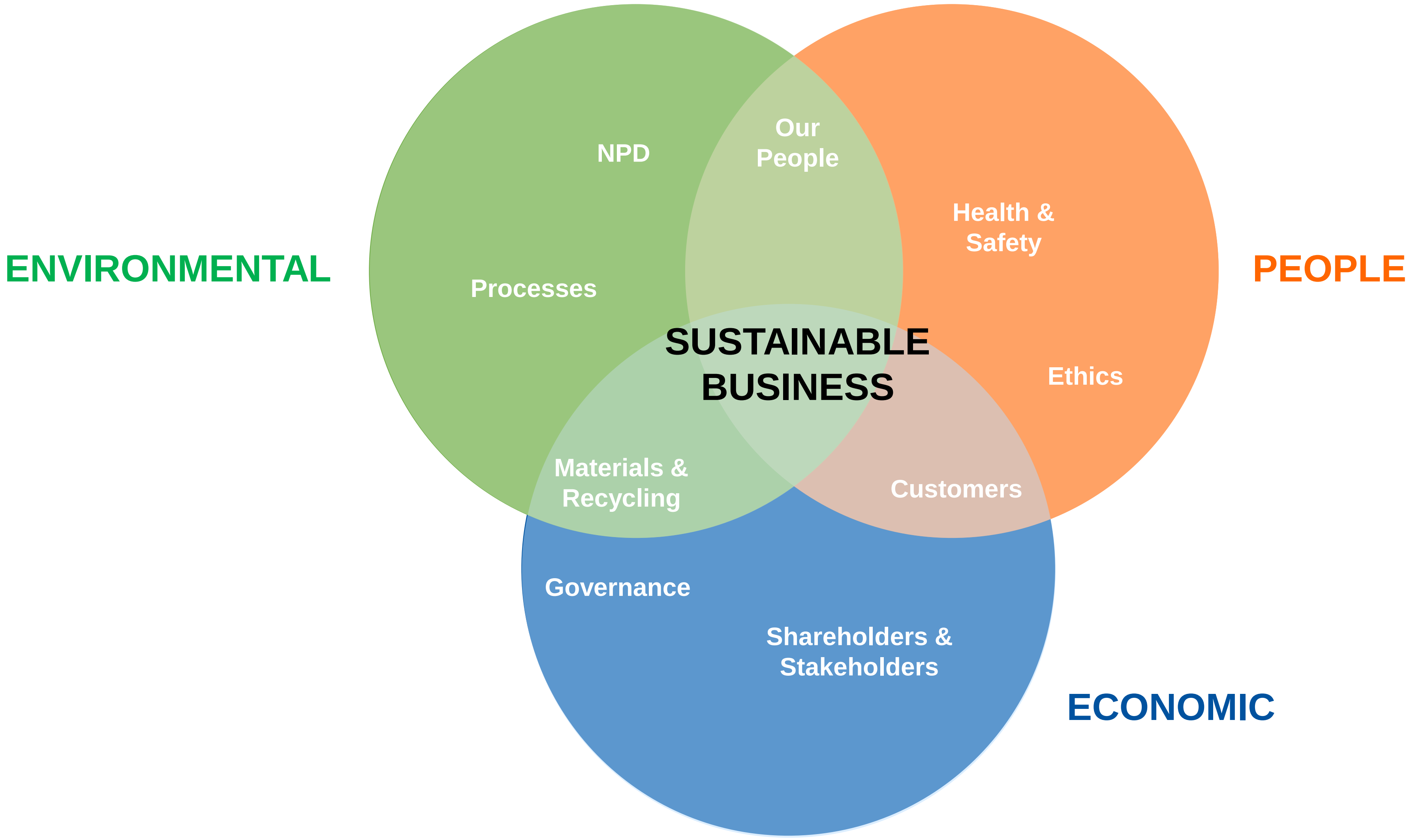
Polypipe

- Sustainable Water Management Solutions
  - Inside:
    - plumbing, water quality, drainage, soil & waste
  - Outside ("roof to river" solutions):
    - rainwater retention, drainage, sewer, treatment, stormwater attenuation, Blue-Green solutions
- Sustainable Climate Management Solutions
  - Inside:
    - high-efficiency, low-energy, high air quality ventilation, underfloor heating
  - Outside:
    - Blue-Green solutions to tackle Urban Island heating effect; to reduce the thermal loading on buildings
    - Low-CO_2 district heating

- Optimised solutions
  - Heating, cooling & ventilation
- Smart solutions
  - IOT* enabled

* Internet Of Things

Building a world class sustainable business




Recycling Video: 2:55
Click to start video

Structural drivers for water and climate management solutions

- Population growth
  - Urbanisation
  - “Concretisation” of landscapes
  - Desire to live in greener environments
- Climate change
  - Extreme weather events; Flood alleviation
  - Pollution; Air quality
- Capacity constraints of existing infrastructure
- Cost; Value-Engineering

Stat: By 2050, the human population will have reached 9 billion; of this, 66% are expected to be living in cities with London alone set to rise from 8.6 million (2016) to around 11 million by 2036.
UN World Population Prospects Review 2017; ONS

The multiple impacts of “concretisation”

Rate of water dispersion

- Water runs off almost instantaneously from impervious surfaces

Quality of water released

- In the natural state, run-off water is naturally filtered as it flows through foliage and soil

Quantity of water released

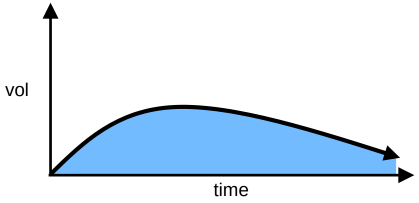
- Impervious surfaces increase the quantity of water released to water courses

Urban Heat Island Effect

- A city centre can be +10º warmer than the surrounding countryside

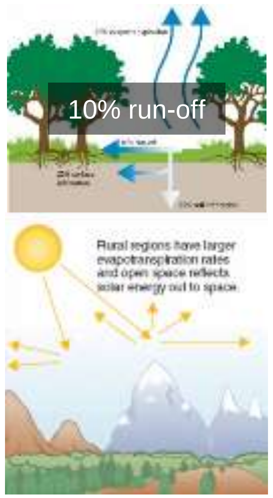
Sources: http://www.urbangreenbluegrids.com/heat/ ; http://www.geocoops.com/urban-microclimates.html

Natural Environment

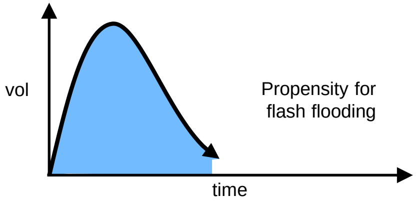


Run-off carries relatively low level of contaminants, incl.

- Natural organic matter

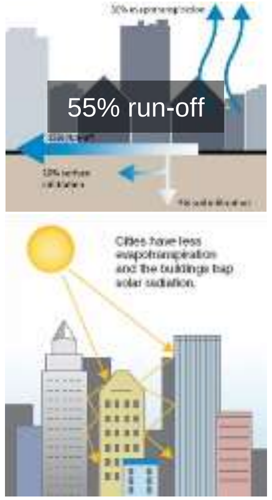


Built Environment

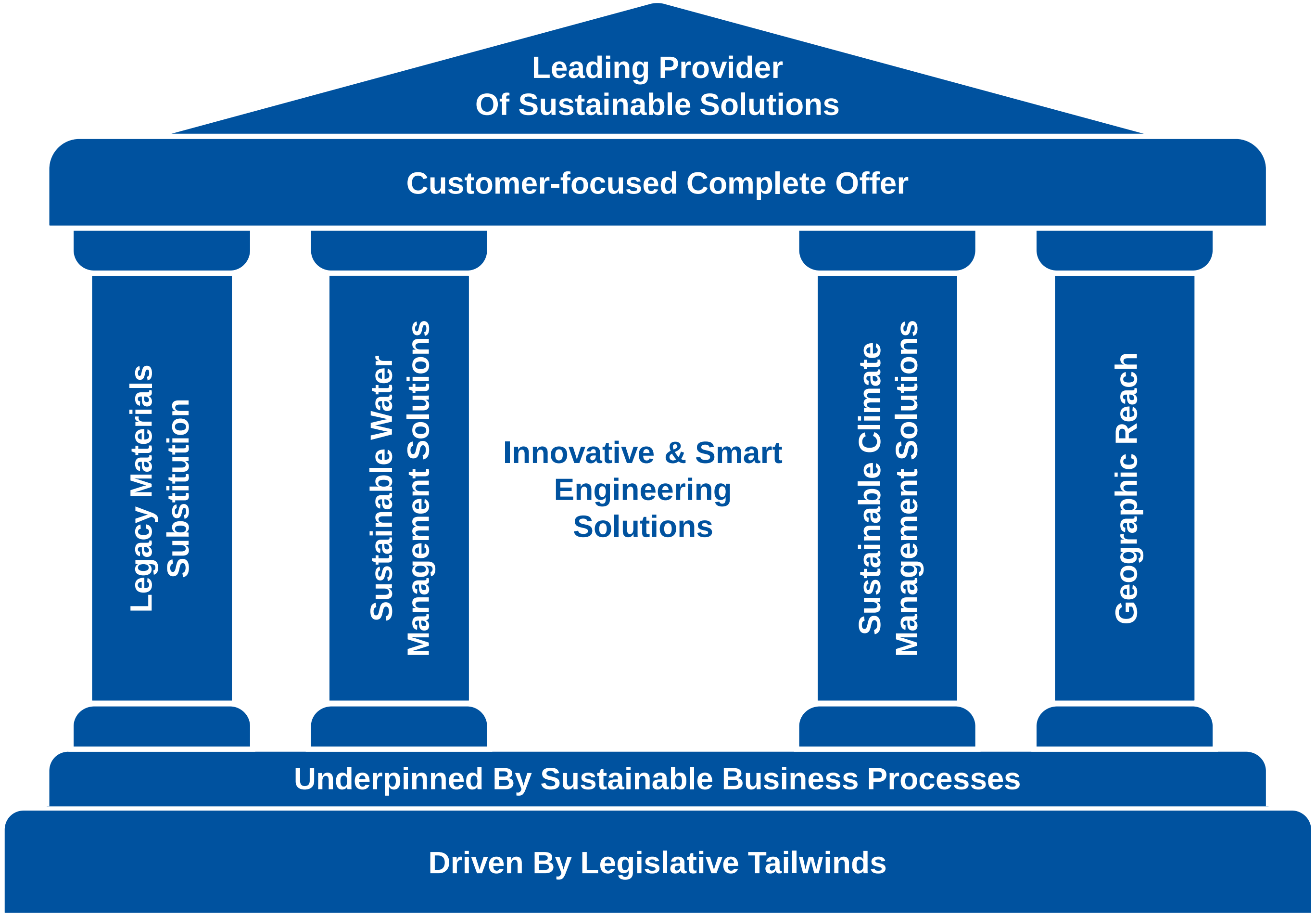


Fast-flowing run-off carries contamination & debris, incl.

- Car tyre particulates
- Hydrocarbons
- Assorted detritus



Revised strategy



Fill gaps to provide “One Stop Shop” solutions (not just plastic)

Water and Climate solutions ahead of legislation (e.g., Roof to River)

Continuous innovation in products and processes

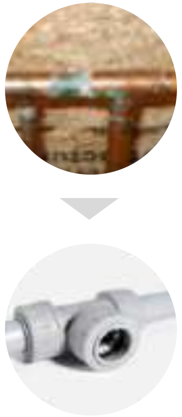
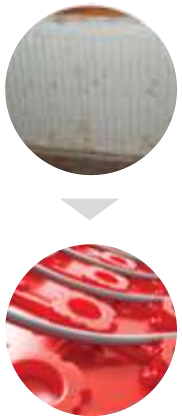
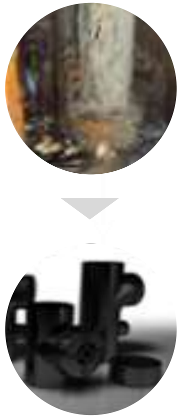
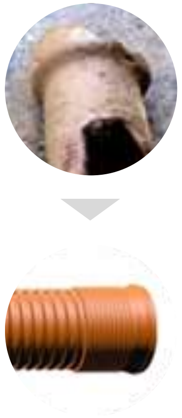
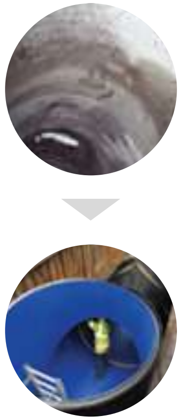
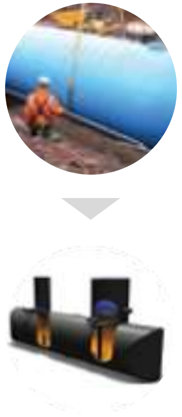
Sustainability throughout our activities (people, processes, products)

Leverage our expertise across wider geographies

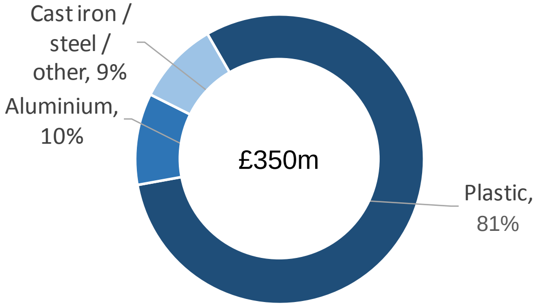
Strategic priorities

Strategic theme	Current priorities	New strategic priorities
Legacy material substitution	Strong driver: penetration against copper, clay, concrete, etc.	Continue to exploit
Legislative tailwinds ▪ Water management solutions ▪ Climate management solutions	Strong drivers: SuDs; carbon reduction	Continue to exploit Air quality, water quality & fire retardant coming
Innovative & smart engineering solutions	Strong drivers ▪ Product – develop products that exploit new and growing parts of the market ▪ Materials / Recycling ▪ Automation – next-gen robotics	Continue to exploit Pursue product adjacencies
Customer-focused complete solutions	Product-focused benefits to the customer	Pursue customer-focused full solution (‘one-stop shop’) – opens opportunities for other materials
Geographic reach	Commercialise existing (UK) portfolio in international markets	Leverage key expertise across wider markets – IP and expertise are exportable

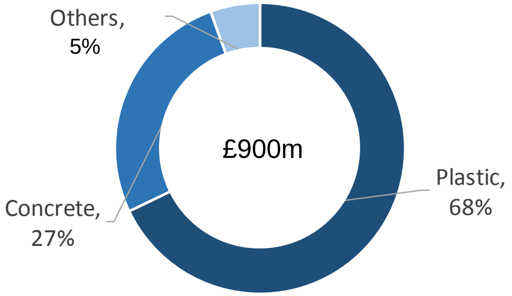
Substitution of legacy materials by plastic piping – rationale still strong

Copper	Steel radiators	Cast iron	Clay	Concrete	GRP
					

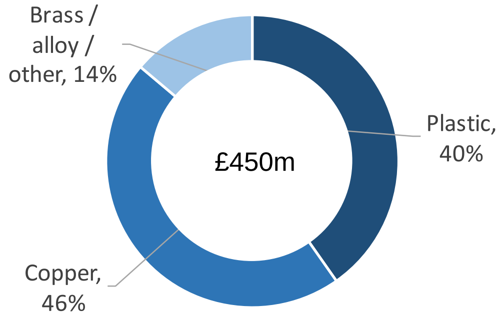
Above ground drainage
(by value 2015)



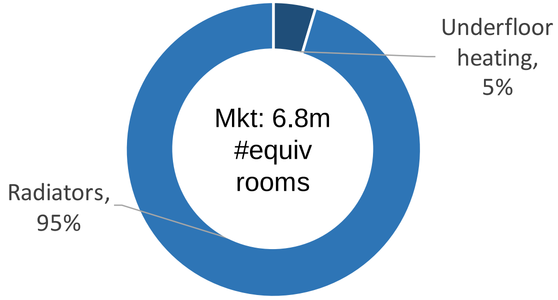
Below ground piping systems
(by value 2014)



Plumbing and heating supply
(by value 2015)



Underfloor heating
(by vol 2016)



Source: Based on AMA Research (Pipes and Fittings UK, 2016-2020 Analysis from Feb-16) and MBD (Underground pipes - UK; Dec-15). UFH from AMA report April 2016, Underfloor heating market report UK 2016-2020

Opportunity for further penetration of Polypipe's traditional core offer

▪ Substitution

Sources of penetration of Polypipe's traditional core offer:

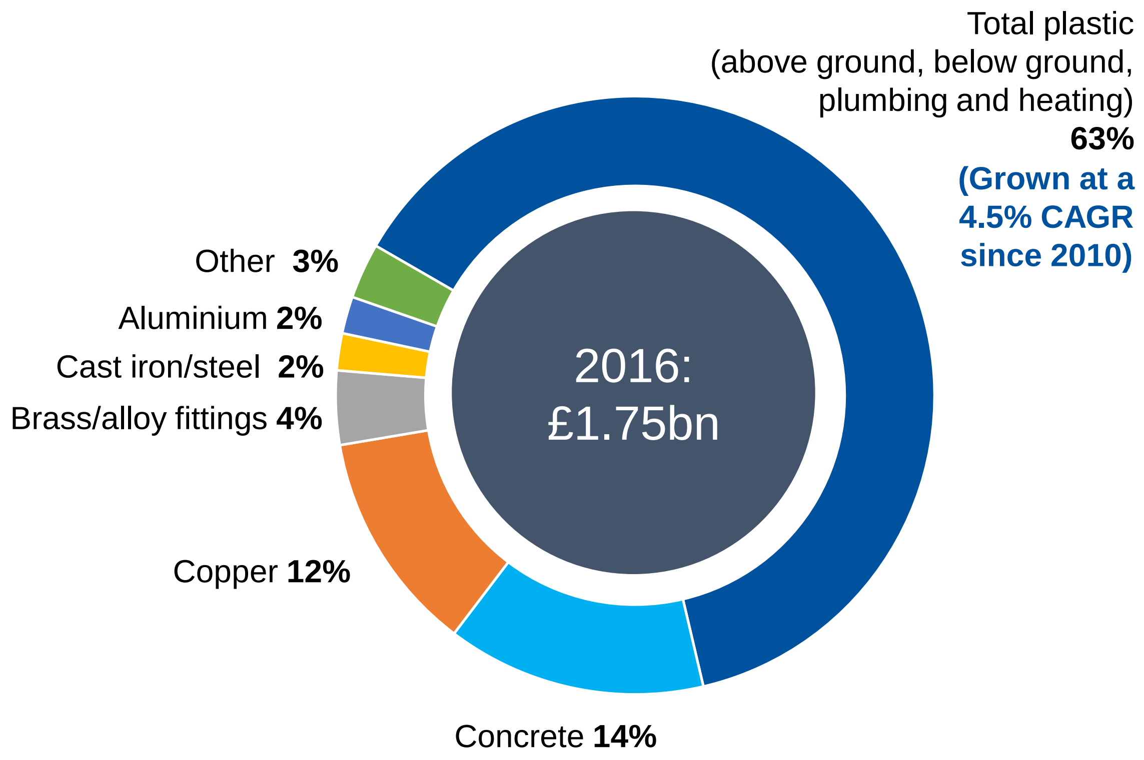
- **Further plastics substitution of legacy materials**
- Market share gain versus competition

This approach has been successful and will continue

NB: Polypipe also continues to exploit the opportunity for substitution outside of traditional pipes, including:

- Underfloor heating
- Geocellular attenuation systems
- Energy-efficient ventilation

UK market for piping systems



Source: Based on AMA Research (Pipes and Fittings UK, 2016-2020 Analysis from Feb-16) and MBD (Underground pipes - UK; Dec-15); Management estimates based on Companies' House data; Total market size for 2016 grown according to CPA total output

Opportunity for further gain in market share

Sources of penetration of Polypipe's traditional core offer:

- Further plastics substitution of legacy materials
- **Market share gain versus competition**

This approach has been successful and will continue

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- Underfloor heating
- Geocellular attenuation systems
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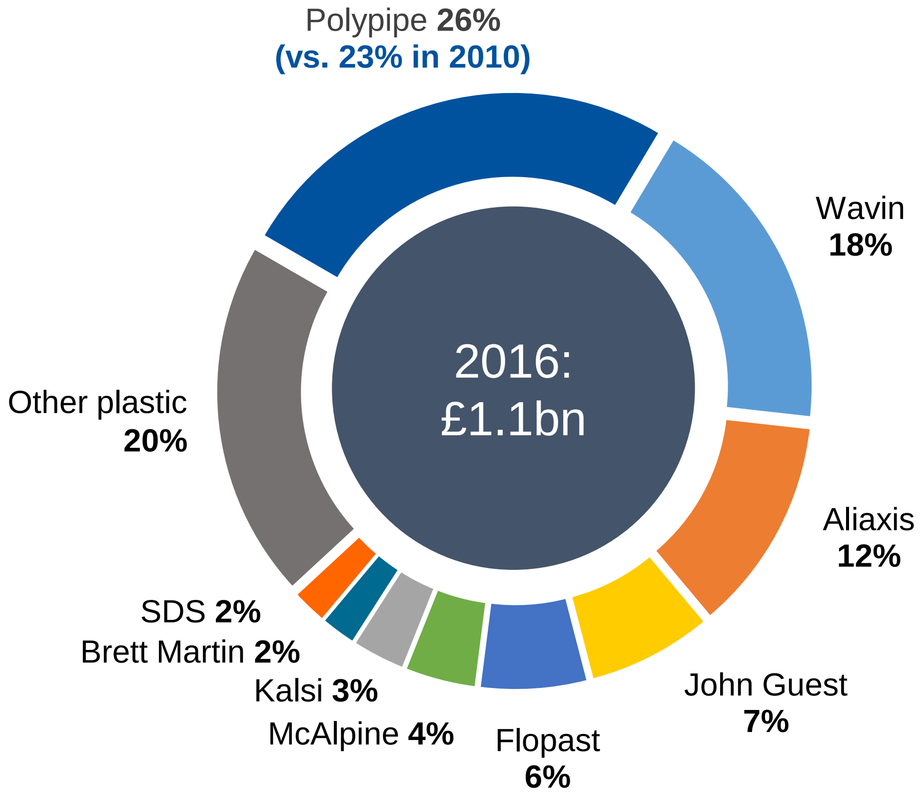
UK market for plastic piping systems*



Source: Based on AMA Research (Pipes and Fittings UK, 2016-2020 Analysis from Feb-16) and MBD (Underground pipes - UK; Dec-15); Management estimates based on Companies' House data; Total market size for 2016 grown according to CPA total output
** Polypipe numbers excluding Nuaire UK*

Significant regulatory tailwinds from the UK Water & Climate roadmaps

A number of new key environmental rules to be implemented in both the short- and long-term in the UK

0 5 10 15 20 25 30 35 40 45

Water

2007
European Union floods directive published

2002
Part H of building regulations revised introducing a new hierarchy for drainage

2010
Floods and water management act implementing the requirements of the EU floods directive in the UK

2011
All private sewers serving more than one house adopted by water companies

2012
New build standards for sewers in Wales

2015
Planning policy strengthened for developments of 10 or more houses to ensure SuDS are used unless inappropriate

2015 - 2040
Water resources management plans established

2015
Non Statutory technical standards for sustainable drainage systems published

2017
The Water Environment (Water Framework Directive) Regulations 2017 come into force

2027
Third management cycle for water framework directive ends and final deadline

2021
First review of the water framework directive

2040
Water resources management plans to be fully enacted

Climate

2010
Building Regulations 25% improvement in Energy/Carbon performance

2008
Climate Change Act UK Heat and Energy Savings strategy implemented

2015
District heating network growth targeted to begin

2013
Building Regulations 6% improvement in Energy/Carbon performance vs 2010 level

2016
New build dwellings to have zero in-use carbon dioxide emissions

2015
Paris Climate Change Agreement Signed

2018
DEFRA Clean Air Strategy to set how government will address all forms of Air Pollution

2017
Government Clean Energy Growth Strategy Launched

2027
Climate Change Act 50% cut in UK's CO2 emissions

2030
"Whole House" refurbishment to all existing homes

2050
Emissions footprint of UK buildings to be "Almost Zero"

2050
Climate change act: 80% cut in the `UK's CO2 emissions

Note: Climate Change Act targets are set against 1990 base year. The current date for implementation of the Mandatory Build Standard by DEFRA is currently under review and is intended for implementation at the "earliest possible opportunity" (Source: DEFRA)
Source: Carbon Plan 2011, Zero Carbon Hub, Building Regulations Building Regs, 2007 Flood Directive. Floods Water Management Act. DEFRA, Welsh Assembly Government. DEFRA SUDS. Water Framework Directive. Water Companies Resource Plans, The Future of Heating, HM Government

Why water management solutions?

Storm Frank hit Northern UK …

- Pic: Glennridding, Cumbria
- 30 Dec-15

… just three weeks after **Storm Desmond** …

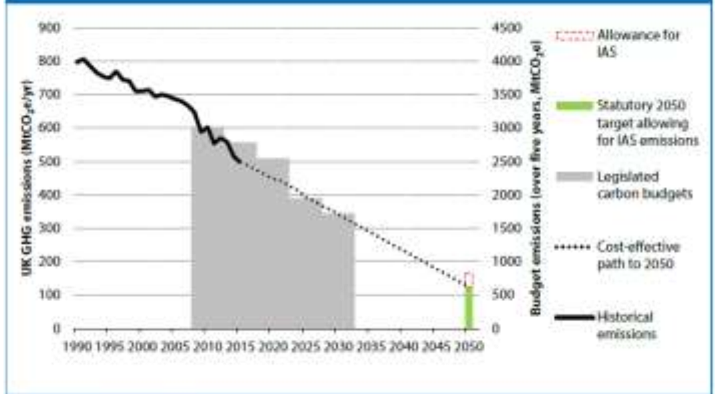
… and two weeks after **Storm Eva**

Why climate management solutions?

In response to the Paris Agreement, the UK Committee on Climate Change reiterated its commitment to deliver on existing UK commitments to reduce greenhouse gas emissions by 80% by 2050 (vs. 1990 baseline)

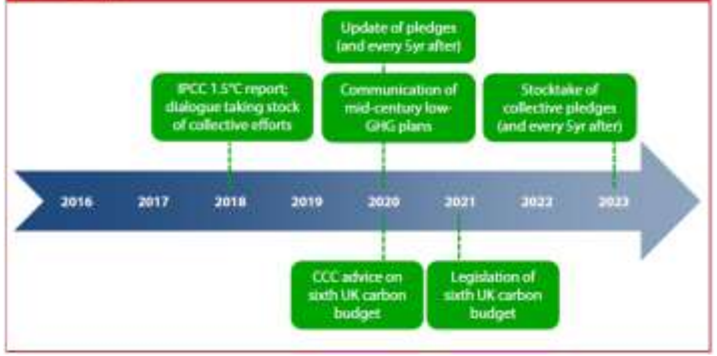
- The government has also stated its intention to go beyond the current UK targets
- Meeting these targets will require economy-wide improvements to efficiency, where our solutions have a role to play
  - Energy efficiency in heating / cooling / ventilation
  - District heating and distributing heat from waste
  - Tackling the urban island heating effect and urban air quality

Figure 1.1. UK carbon budgets and the cost-effective path to the 2050 target



Source: CCC calculations.
Notes: Historical emissions are on a 'gross' basis (i.e. actual emissions). Carbon budgets are on the current budget accounting basis, excluding international aviation and shipping (IAS), but allowing for IAS in the 2050 target.

Figure 4.2. Timeline of decision points set by national and international legislation for reassessing UK emissions targets



Source: Committee on Climate Change: document "UK climate action following the Paris Agreement", Oct-16

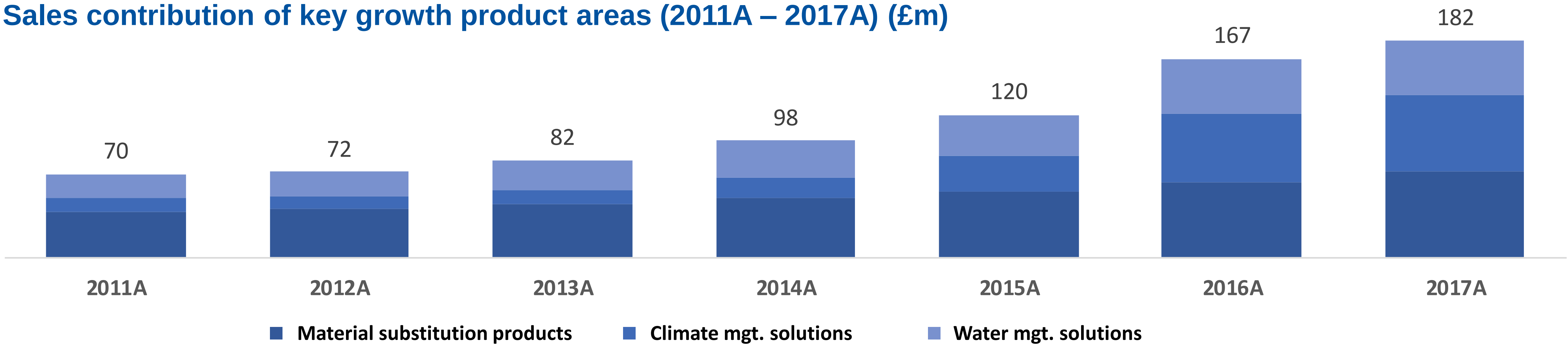
Continued growth in products developed to exploit these drivers

- Substitution
- Water
- Climate

Growth of 'development products' to 44% share of Group net turnover in 2017

- These 'development products' cover:
  - Material substitution
  - Water management solutions
  - Climate management solutions

Sales contribution of key growth product areas (2011A – 2017A) (£m)



Source: Management analysis based on statutory accounts; excl. Polypipe France from history

Ongoing innovation

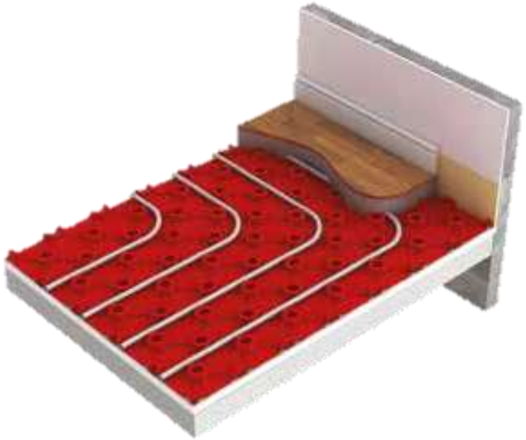
- Innovative & smart Engineering solutions

Launched products to exploit legislative tailwinds and regulation

- Polystorm
- Ridgistorm XL
- Large dia. continuous corrugator
- Pushfit plumbing
- Underfloor heating (UFH)
- Air Filtration
- BioCote antimicrobial

Other innovation:

- Increasing use of recycled material
- Triple layer (recycled core)
- Automation





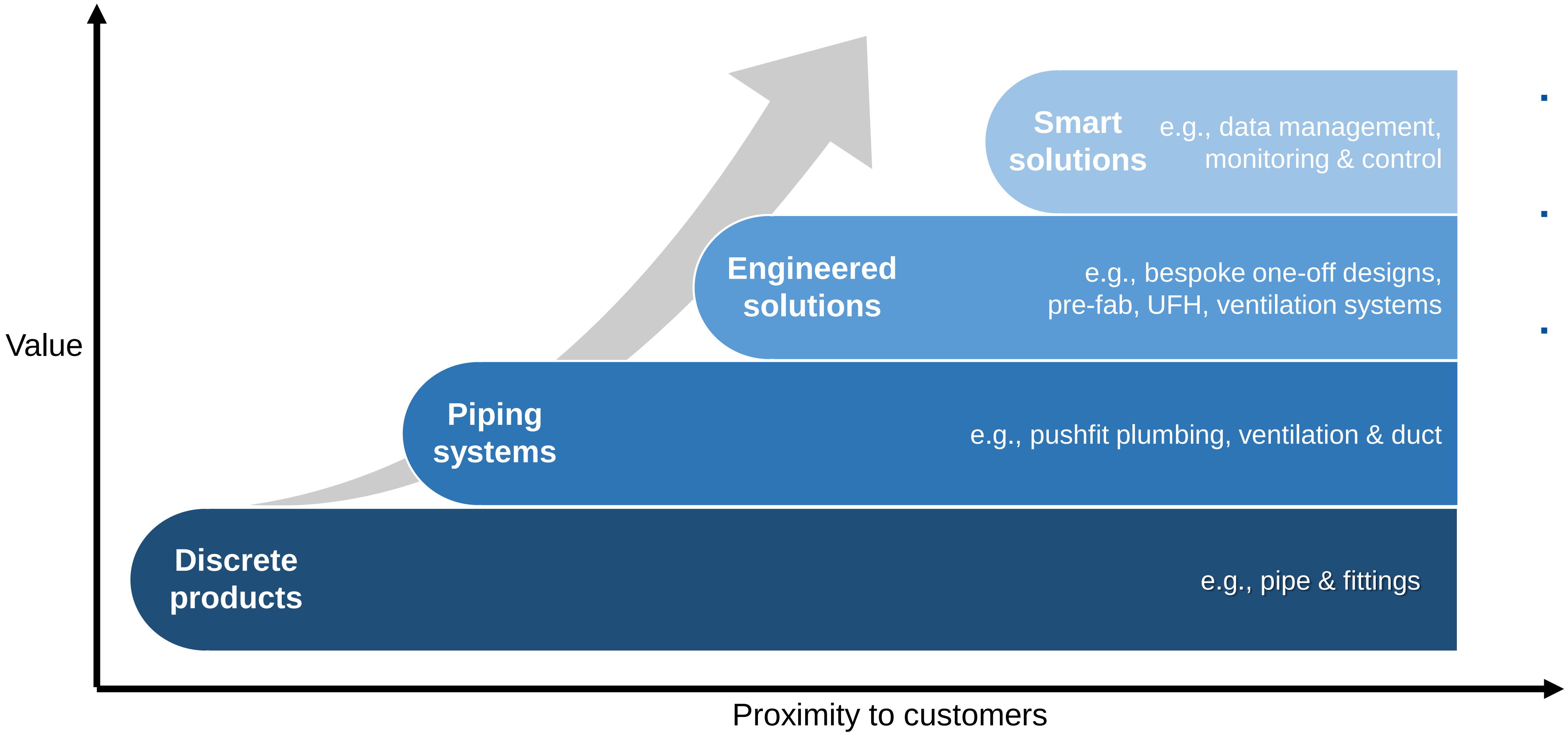





Our evolution to date: from discrete products to complete engineered & smart solutions

▪ Innovative & smart Engineering solutions

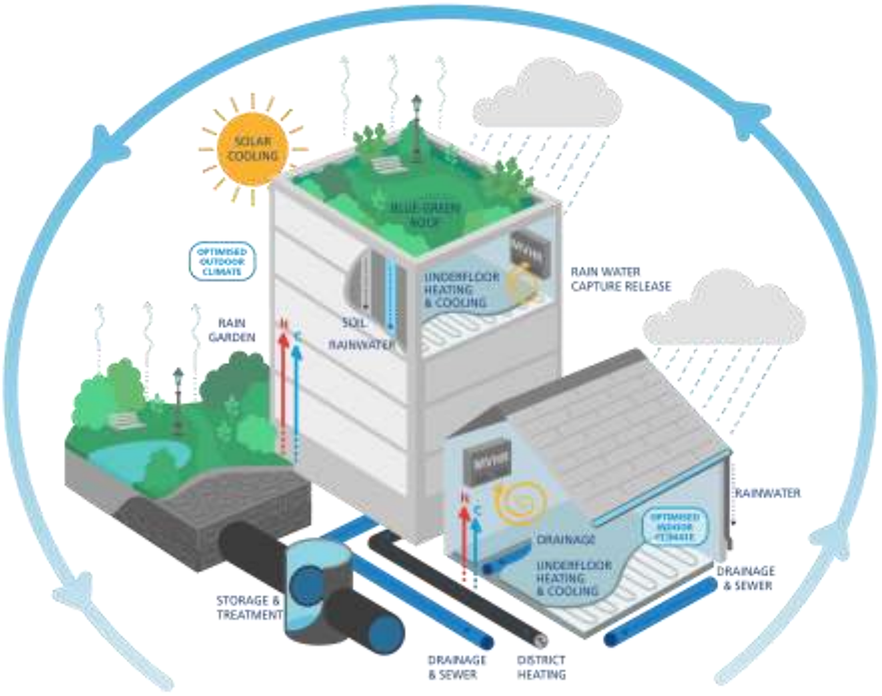
Production of pipe & fittings serves as a foundation for the development of the Group's solutions



- Our evolution timeline, from 80s to today, …
- Competition typically only does parts of this
- Polypipe's competitive advantage: generating industry leading margins through value added solutions, long-standing customer relationships, manufacturing scale and logistics efficiency

Complete offer

New strategic priorities – focus for M&A



Polypipe

- Plastic is our primary objective
  - Continue with legacy material substitution
  - Limited UK consolidation opportunity
- Need to provide the “full” offer to our customers, as a “one stop shop”
  - Some elements where plastic may not be the best solution
    - Blue / Green Roof
    - Channel drainage
    - Large warehouse rainwater capture
    - High pressure / High temperature water distribution (District Heating)
    - Flow control, to meet SuDs legislation
    - Runoff treatment (removal of hydrocarbons)
    - Integrated climate control
    - Indoor air quality to clean air standards (NOx, particulate removal)
    - High quality architectural buildings
  - Expands the pool of potential acquisitions; provides focus for near-term M&A

Strong track record for M&A and integration

Both Big… :

- 2007 (£40m): Acquisition of Terrain commercial drainage business
- 2015 (£145m): Acquisition of Nuaire ventilation business

… and small:

- 2010 (<£1m): Acquisition of Silavent ventilation business
- 2014 (<£1m): Acquisition of Ferrob ventilation business
- 2015 (£5m): Acquisition of Surestop stopcock substitution business

Polypipe's approach to integration:

- Retention of the existing focused sales teams
- No imposition of corporate regulations
- Focus on combined customer relationship management (CRM):
  - Project management
  - Revenue synergies

Geographic reach – acceleration of targeted development

Not just the UK

- We will continue to develop our exports – our solutions respond to challenges that are global in nature; look to leverage our skills, technical knowledge and IP across a wider market
- Imperial versus metric standards – a barrier to entry for the home market; and also an opportunity for international BS-friendly markets
- Has to be in the right sectors of the market where we can make above average returns – pursue profitable global niches
- M&A can be an accelerator – right product; established position; high margin

In summary

- Our products can be expensive to export (often transporting fresh air); our IP, expertise, and knowledge however, is exportable

Summary

Current strategy works – it's a case of evolution, not revolution

- Elements of current strategy working well and will continue to do so – there is plenty more to go for
  - Legacy material substitution
  - Legislative tailwinds

- Some elements need a different approach
  - Development of export markets
  - M&A – complete customer offer

Going Forward

- Continue investing in organic growth in the UK
- Augment with acquisitions in broadened gaps / adjacencies and accelerate activity
- More work on ways of leveraging core competencies across wider markets

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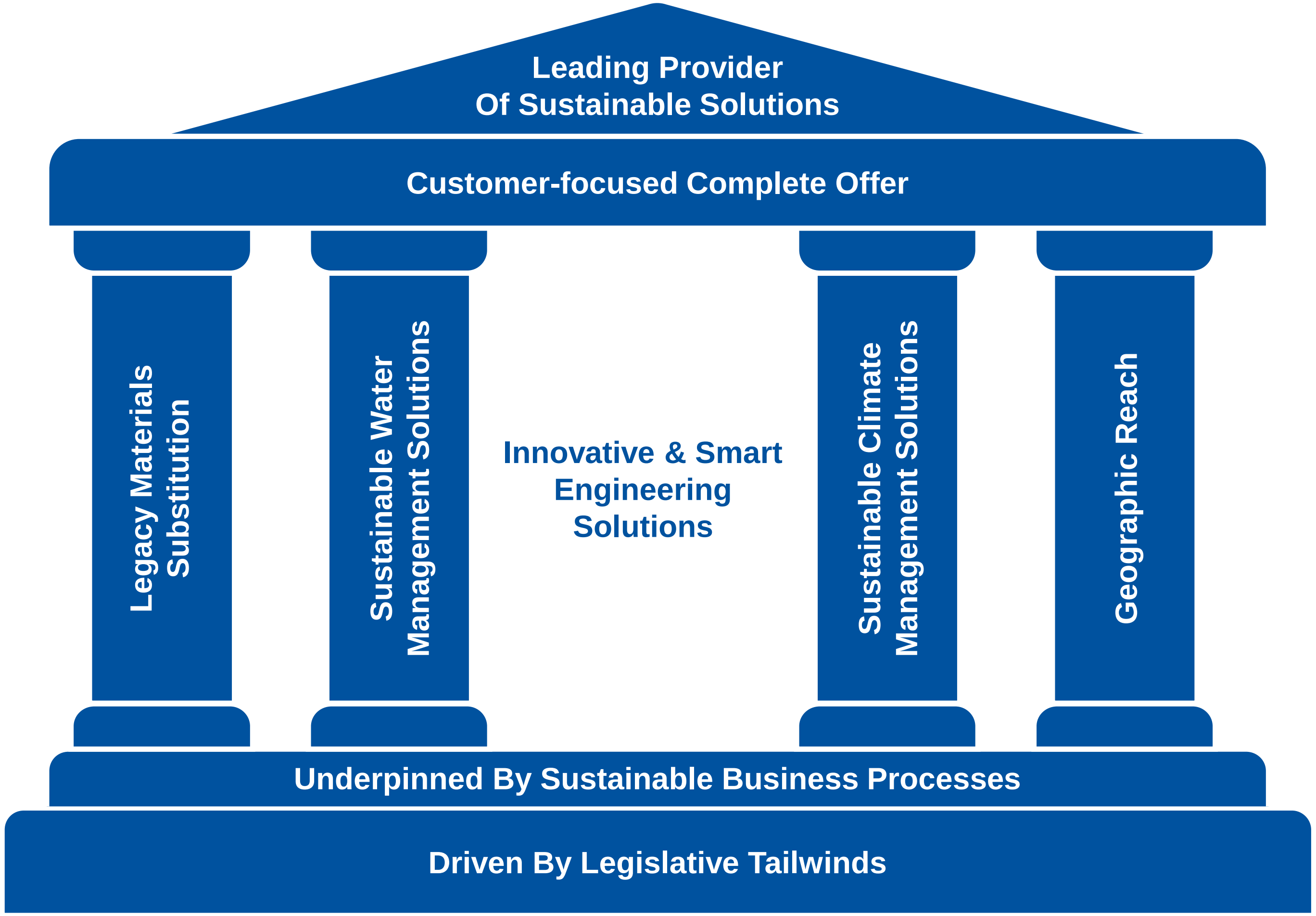
Revised strategy



Fill gaps to provide “One Stop Shop” solutions (not just plastic)

Water and Climate solutions ahead of legislation (e.g., Roof to River)

Continuous innovation in products and processes

Sustainability throughout our activities (people, processes, products)

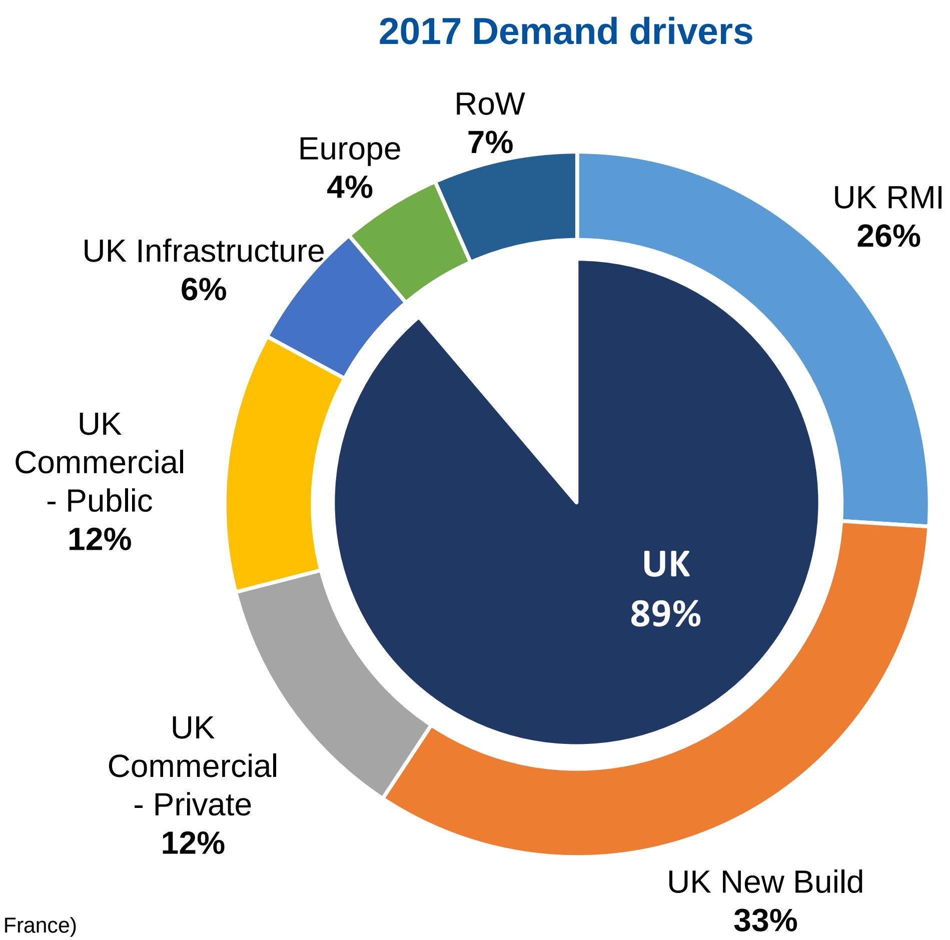
Leverage our expertise across wider geographies

Polypipe’s well invested manufacturing base

Well invested manufacturing base: one of our injection moulding halls in Doncaster

- Leadership
- Innovation
- Sustainability

Balanced portfolio across UK construction market



Revenue from continuing operations (ie. excluding Polypipe France)

Long-standing relationship with specifiers and support services to contractors

Focus on creating pull-through demand for its systems from end-users through multiple channels

Polypipe

Distribution
- Builders or Plumbers merchants
- Civils merchants
- Specialist distributors
- DIY Retailers

- Over the counter (Cash & Collect)
- Delivered
- Direct to site

nuaire — Nuaire direct model

Installer/Specifier
- One-off Installers (Plumbers, Ground workers, Builders)
- Contract Installers (Plumbers, Ground workers, Builders)
- Civils Engineers & Contractors
- M&E Specifiers

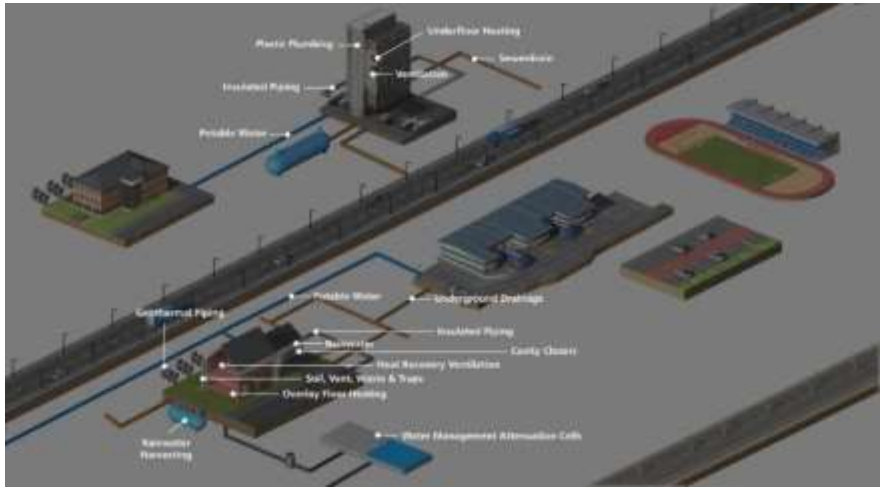
In-house support services
- ✓ Design teams providing tailor-made solutions
- ✓ Technical support
- ✓ Training

Clients/End users
- Housebuilders (National, Regional & Town)
- Civils and Commercial Sector Developers
- Asset Owners and Self Builders

Focus on developing and supporting pragmatic product systems in growth segments

Residential

Broadest product range meeting UK market standards



- Excellent UK distribution base
- Extensive external selling operation
- Strong specification with in the Private and Social Housing sector
- The popular choice for the local Builders, Plumbers, Heating Trades and DIY
- Superb offering in the fast growing Plastic Plumbing and UFH market
- Front runner in the sustainable indoor environment and water management
- Continued investment in technology in manufacturing and distribution

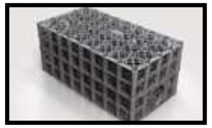
Soil, Vent, Waste & Traps

Rainwater

Underground Drainage

Sewer drain/ Adoptable Sewer

Rainwater Harvesting



Water Management – Attenuation Cells

Water Supply

Geothermal Piping

Push & Press Fit Plumbing

Underfloor Heating

Overlay Floor Heating

Insulated Piping

Ventilation Systems

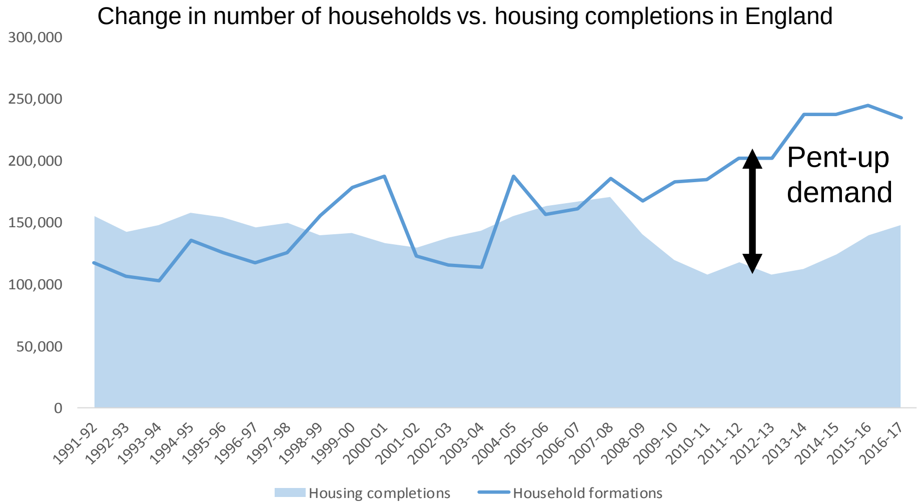
Heat Recovery Ventilation

Pre-Pack Solutions

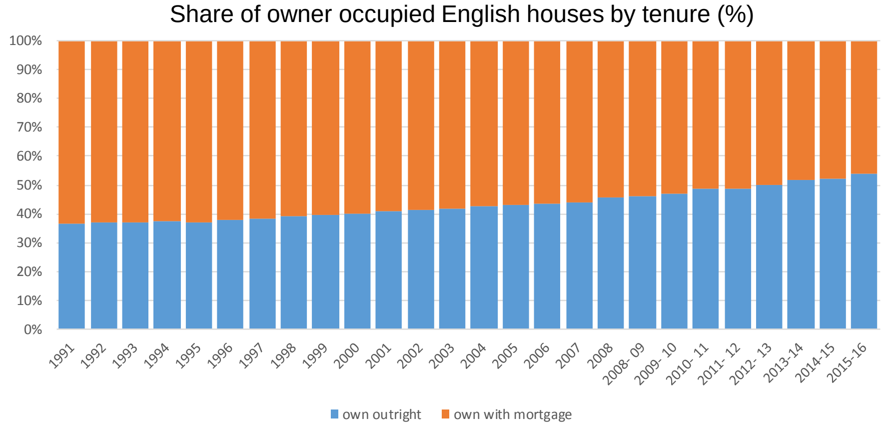
Cavity Closers

Residential

Operating segment review – Residential Systems



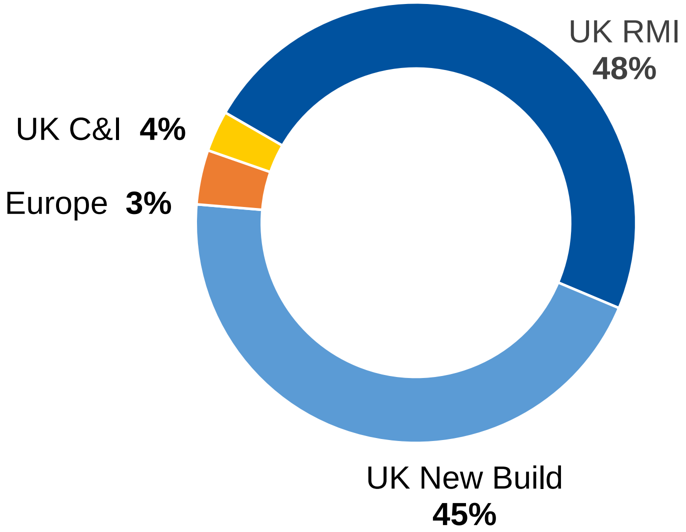
Source: Department for Communities and Local Government, 2014-based household projections, Permanent dwellings completed, updated Aug. 2017



Source: ONS Tenure trends, update Jul 2017

Residential Systems	2017	2016	% Growth
Revenue	£223.5m	£202.7m	10.3%
Underlying operating profit	£44.3m	£39.1m	13.3%
Underlying operating margin	19.8%	19.3%	

Sector drivers of 2017 revenue



Product innovation: “Super Soil”

- Leadership
- Innovation
- Sustainability

Core product area under price pressure requiring differentiation to retain value

1. Move from existing solid wall pipes to 3 layer pipes with recycled material in core – 2018 material saving £350k

1

2. Create new industry standard of differentiated fitting by:
   - Moving production technology to collapsing core mould tooling to create one piece mouldings
   - Utilising blue coloured ring lock seals for enhanced performance and brand identification
   - Total investment - £494k for new mould tools + seal tool cost of £85k
   - Additional £528k sales budgeted in 2018

2

Re-launch in early 2018 backed by nationwide Blue Matters marketing campaign

Residential

Product innovation: Traps development

- Leadership
- Innovation
- Sustainability

1. Re-launch of waste traps including patented Fit-Rite technology and quality improvements

2. BioCote anti-microbial technology added to all traps – first to market with this technology

3. Re-design and re-engineering of category A trap products to improve aesthetics and performance

1

2

BioCote®

3

Product innovation: Waste pipe & fittings

- Leadership
- Innovation
- Sustainability

Differentiation also required in waste pipes and fittings segment

1. Move to 3-layer pipe technology and introduce BioCote anti-bacterial additive to existing - material saving of £575k in 2018
2. Re-development of ABS solvent weld waste to Easi-Fit version with cleaner, quicker, controlled jointing process that will also allow dry fitting of system
3. Replace push-fit waste with slim line 1-piece moulded product with anti pull out function
4. 2nd generation compression waste with Fit-Rite and BioCote technology – launching Q2 2018

1

1

BioCote®

2

3

4

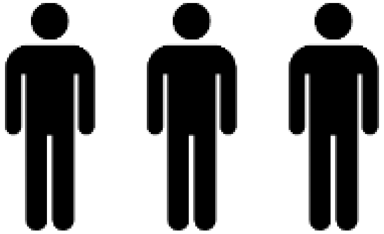
A prestigious log-cabin development in Scotland with Polypipe's underfloor heating solution installed throughout; chosen for its low-energy heating and sustainability credentials

- Climate
- Sustainability
- Complete offer

Automation strategy

- Leadership
- Innovation
- Sustainability

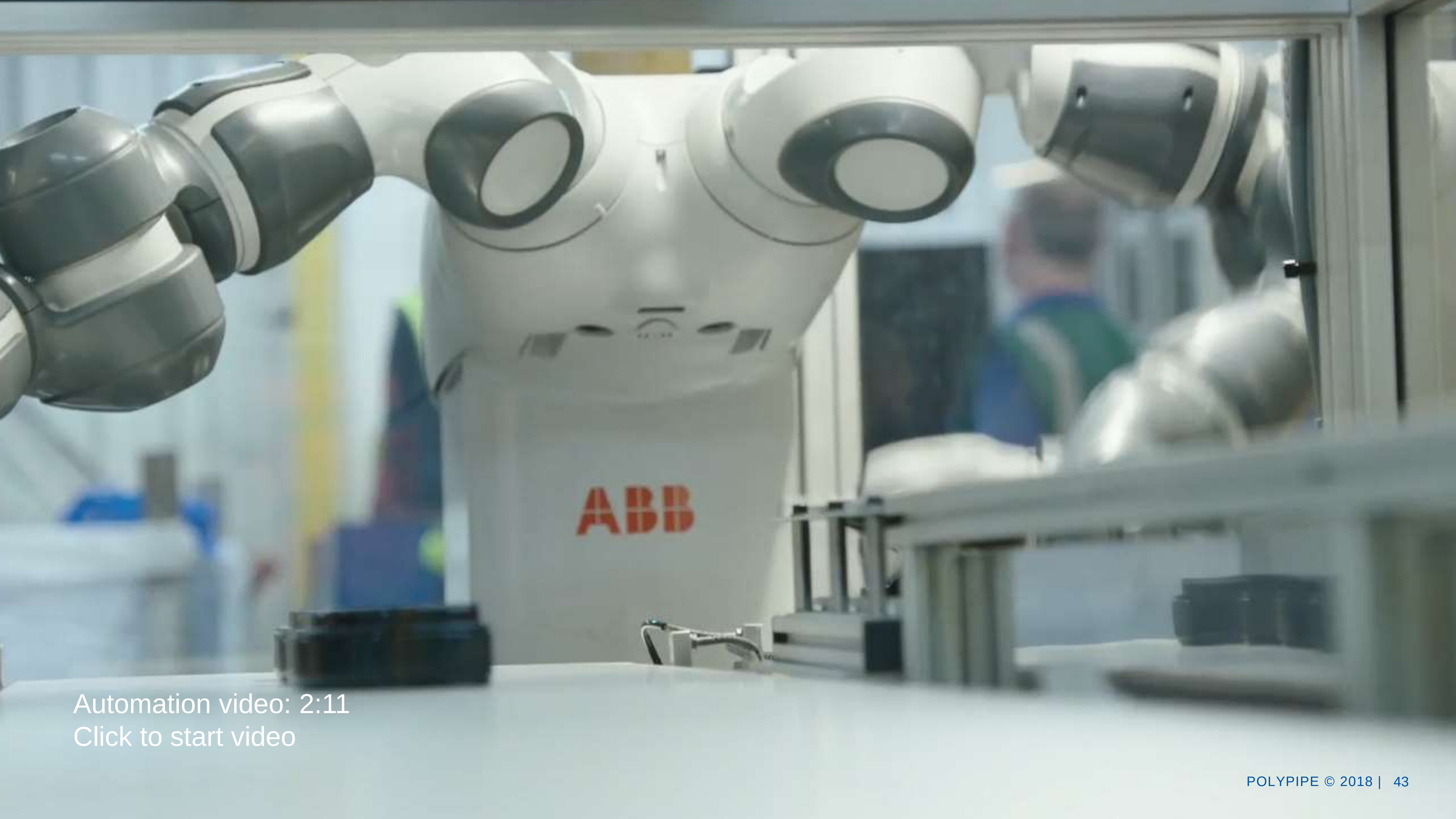
1 Current Assembly Method



2 Future Assembly Method

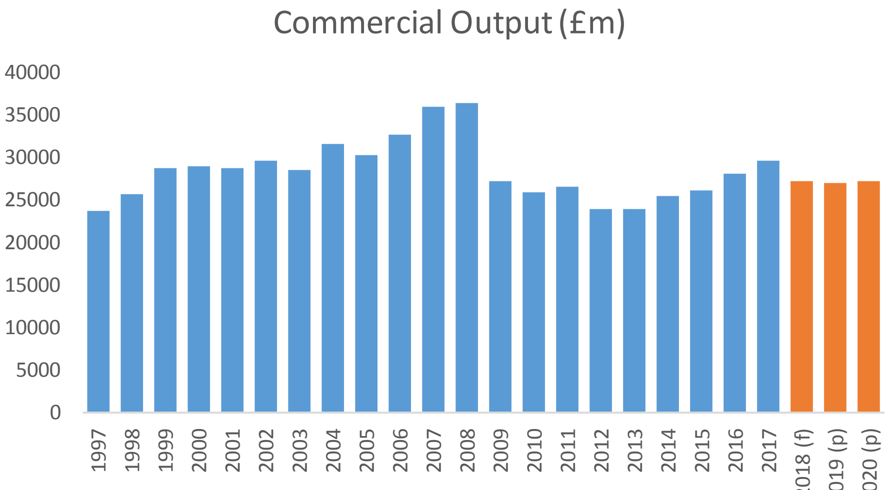
3 AMRC membership

The sensory dexterity of the ABB Yumi robot enables it to make paper aeroplanes, as well as work alongside people

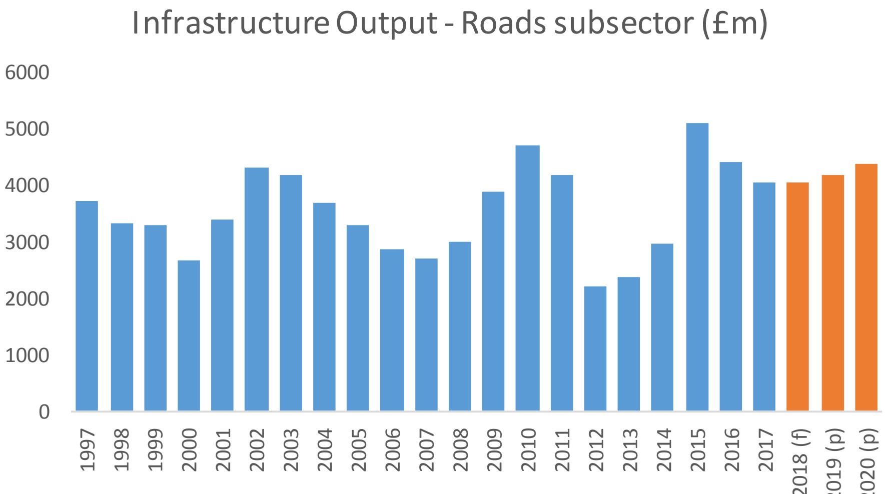


Automation video: 2:11
Click to start video

Operating segment review – Commercial & Infrastructure Systems



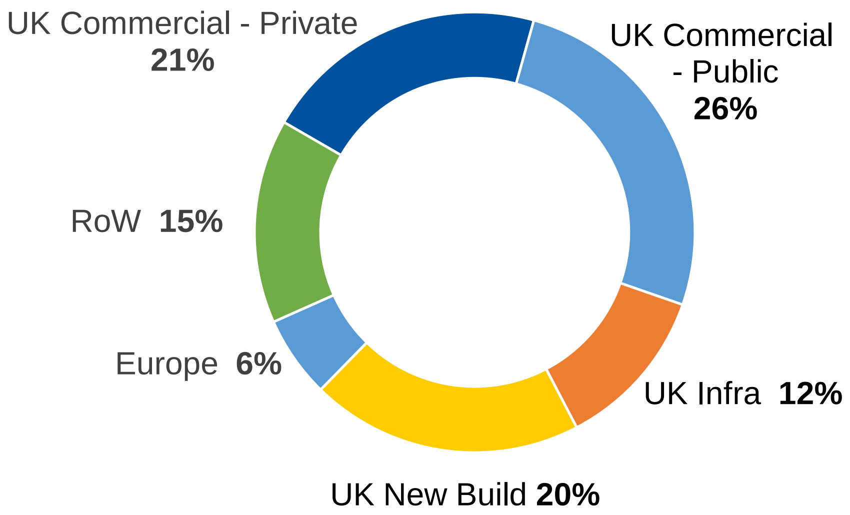
Source: ONS; Construction Products Association, Spring forecast 2018, 2015 constant prices



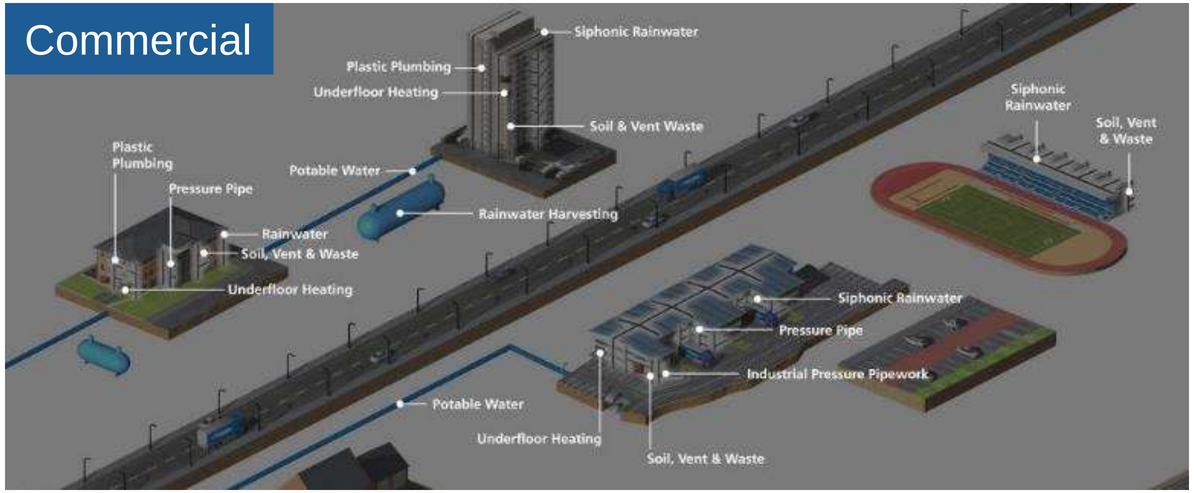
Source: ONS; Construction Products Association, Spring forecast 2018, 2015 constant prices

Commercial and Infrastructure Systems	2017	2016	% Growth
Revenue	£188.2m	£184.5m	2.0%
Underlying operating profit	£28.3m	£29.4m	(3.7)%
Underlying operating margin	15.0%	15.9%	

Sector drivers of 2017 revenue



Broadest product range meeting UK market standards



- Market leader for above ground drainage in building services
- M&E product portfolio includes water supply systems, rainwater harvesting and underfloor heating
- Nuaire ventilation portfolio provides an enhanced presence in the sector
- Strong specification presence - high profile projects
- Above ground drainage on major high profile projects including Olympic Park projects
- Outstanding technical support function
- State of the art training facilities in Kent and Caerphilly


Soil, Vent, Waste & Traps


HDPE Drainage


Acoustic Drainage


Rainwater


Underground Drainage


Passive Fire Protection


Pressure Pipe Supply


Industrial Pressure Pipework


Rainwater Harvesting


Siphonic Drainage


Press Fit Plumbing


Underfloor Heating


Water Supply


Heat Recovery Ventilation


Air Handling Units


Twin Fan Units

So why all the drama about air quality?

Indoor Air Pollution and Health. **Indoor Air Quality** (IAQ) refers to the **air quality** within and around buildings and structures, especially as it relates to the health and comfort of building occupants. Understanding and controlling common pollutants **indoors** can help reduce your risk of **indoor** health concerns

The UK is divided into 43 zones for Air Quality Assessment

In 2016, 37 of the 43 UK zones contained locations which failed to meet WHO targets

Air pollution in the UK claims around **40,000** lives each year

Air Pollution Video: 3:52
Click to start video

So why all the drama about air quality?

- Climate
- Leadership
- Tailwinds

H&V news AWARDS 2018

HEADLINE SPONSOR PIPE CENTER

FINALIST

Highly commended

Air Movement Product of the Year

Source: H&V news Awards 2018, Grosvenor House Hotel, 19 April 2018

Project Cresco – Material substitution focus versus cast iron

- Substitution
- Innovation
- Leadership

Strategic Intent:

- Capitalise on the growing opportunity for polyethylene (PE) in the gravity drainage sector
- To remove a third party supplier from the chain

Investment and scale up on plan

- Injection moulding and extrusion machinery in place
- Tooling continually arriving through to end Q1
- Electrofusion cell to be operational Q1 2018

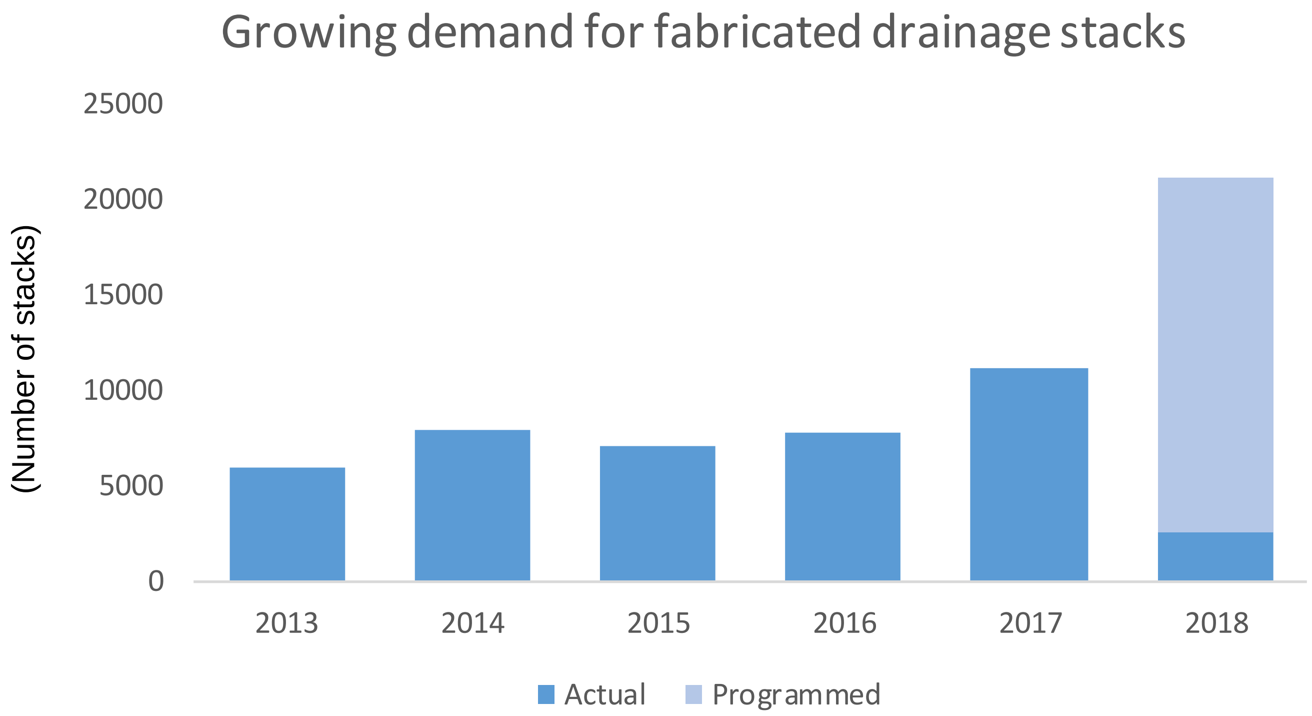
2017 Actual Sales £7.8M v £4.3M in original 2015 justification

Beyond Cresco

- Complete offer
- Innovation
- Substitution

The "Digital Drainage Stack" Concept – offsite construction

- Terrain now are well established in the supply of fabricated stacks



BIM model – fabricated noise reducing drainage stack

The "Digital Drainage Stack" Concept

Headline Project Vision

- Transition from Traditional Supply to a Site Optimised Service
  - Manufactured Drainage Stacks or Pre-Configured Stack packs
  - Facilitated by automated manufacturing concept
  - Target an economic batch size of 1

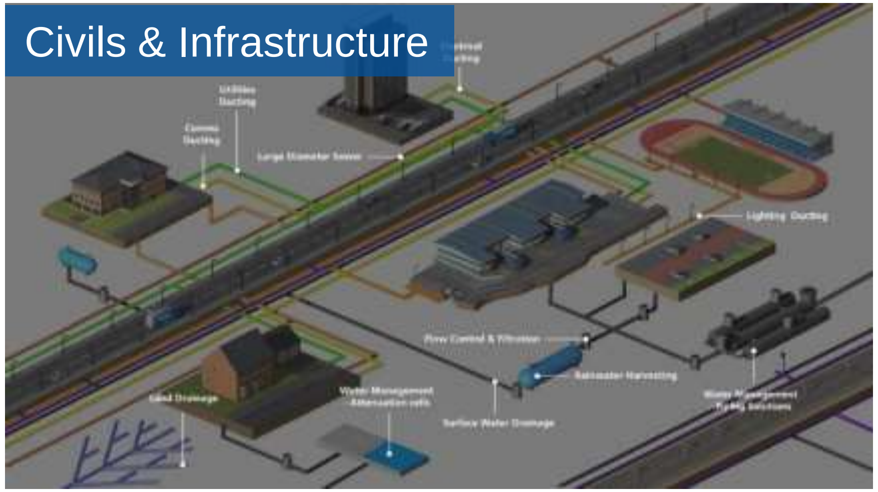
Key Project Objectives

- Site usage optimised but with process quality
- Economically viable for all sizes of project

Critical Path

- Digital demand creation
- Online configurator tool required – cross platform compatible output (Configurator; ERP; Production; unlocked by BIM)
- Realise automated manufacturing concept

Broadest product range meeting UK market standards



- Market leader in UK core civils products
- Strategic focus on Water Management
- Focused resource including:
  - Technical design support
  - Technical sales / specification team
  - Specialist fabrications
- Unique large diameter pipe system
- Fully integrated product range

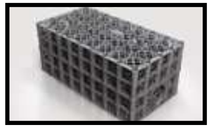

Surface Water Drainage


Land Drainage


Large Diameter Sewer


Ducting Systems


Water Management – Piping Systems


Water Management – Attenuation Cells


Water Management – Pavement System


Water Management – Podium Decks


Rainwater Harvesting


Flow Control & Filtration


Manholes & Catch Pits


Displacement Ventilation


Bio-Gas Energy Storage

Our recent investment in a new continuous corrugator at Horncastle that will enable these large dia. pipes to compete against concrete pipes

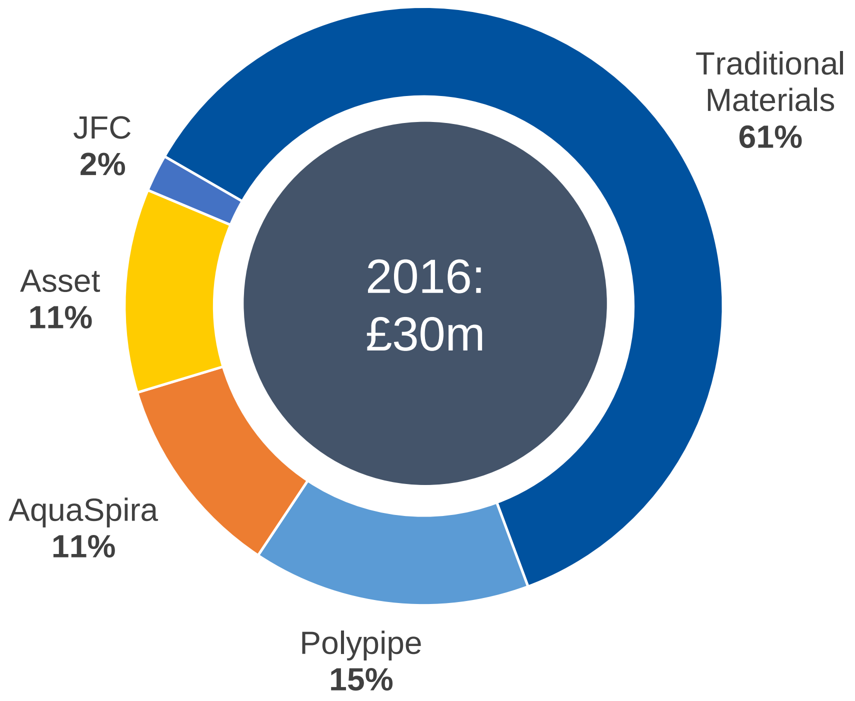
- Water
- Substitution
- Leadership

Commercial & Infrastructure

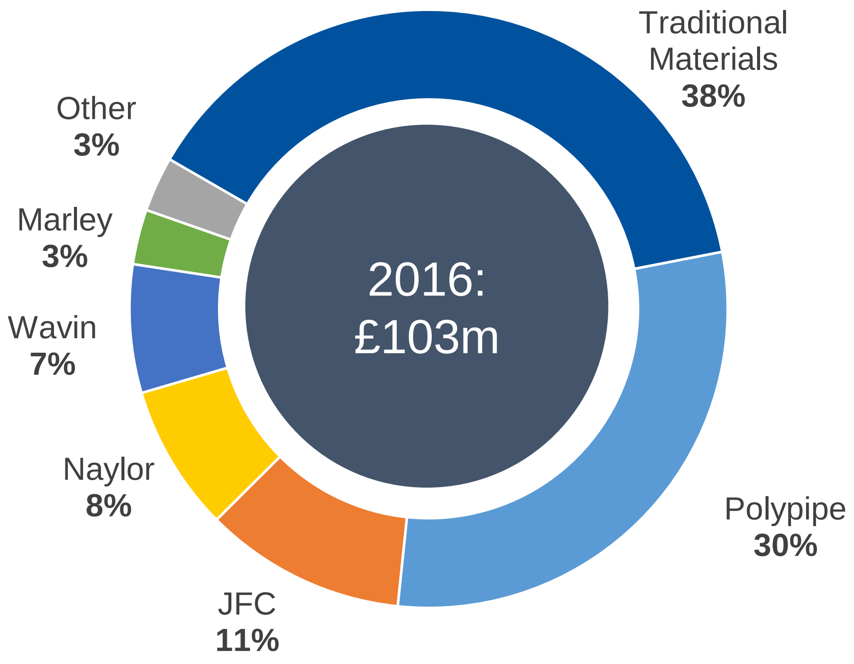
UK – 750mm & 900mm Addressable Market

- Water
- Substitution
- Leadership

UK 750mm & 900mm pipe addressable market 2016



UK 100-600mm sewer & drain addressable market 2016



Source: Management estimates, based on company accounts

- Water
- Engineering
- Tailwinds

Large pipes engineered and installed for stormwater attenuation at a residential development scheme at Houghton Regis, UK

- Water
- Engineering
- Complete offer

A recent residential attenuation development in Kidderminster, where offsite prefabrication, and delivering to site just-in-time became crucial to limit the disruption to residents and ensure safety on site

▪ Water
▪ Substitution
▪ Engineering

Hydrodynamic separator installed inside one of our large dia. chambers

Agenda

1 WELCOME

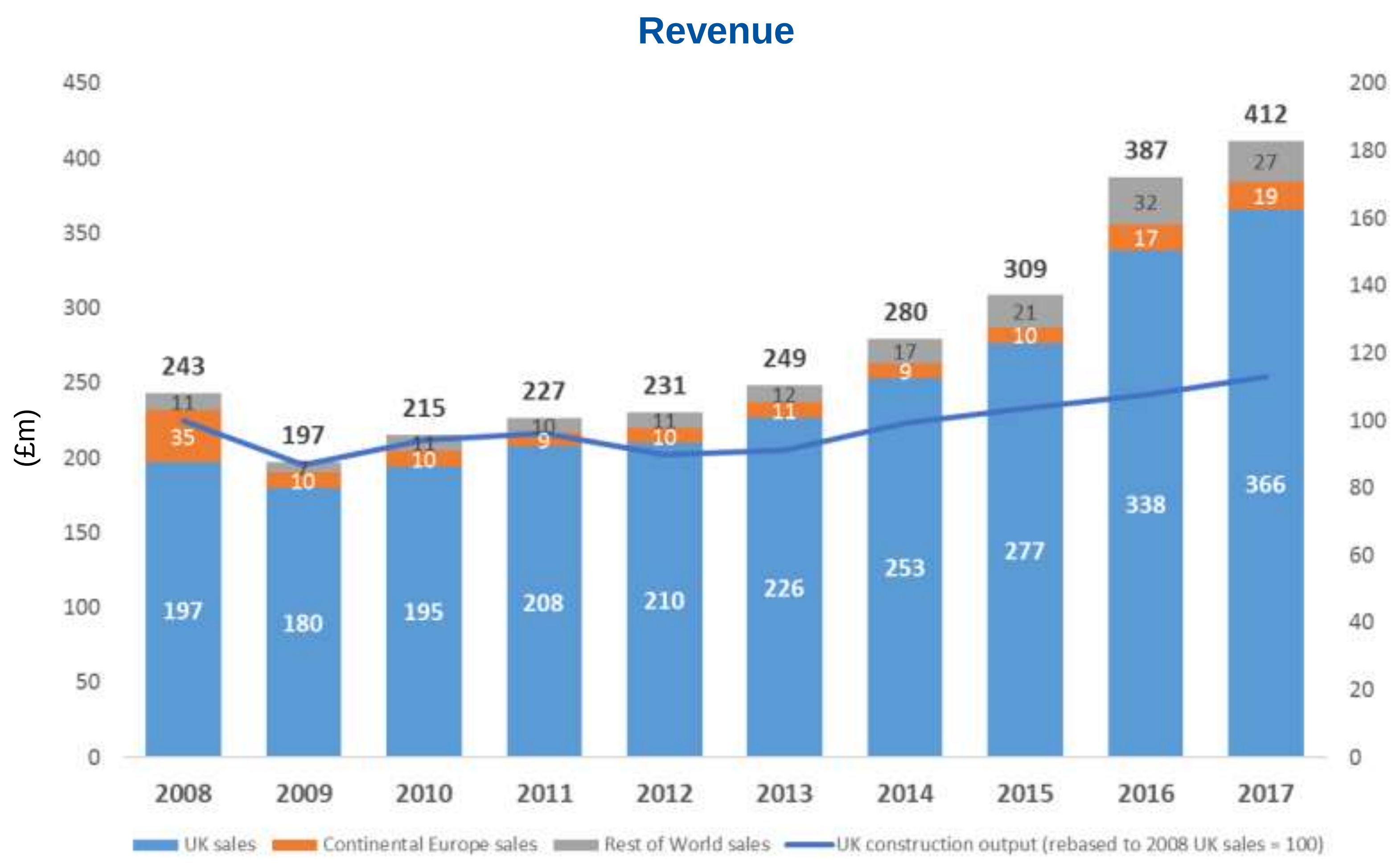
2 STRATEGY

3 BUSINESS REVIEW

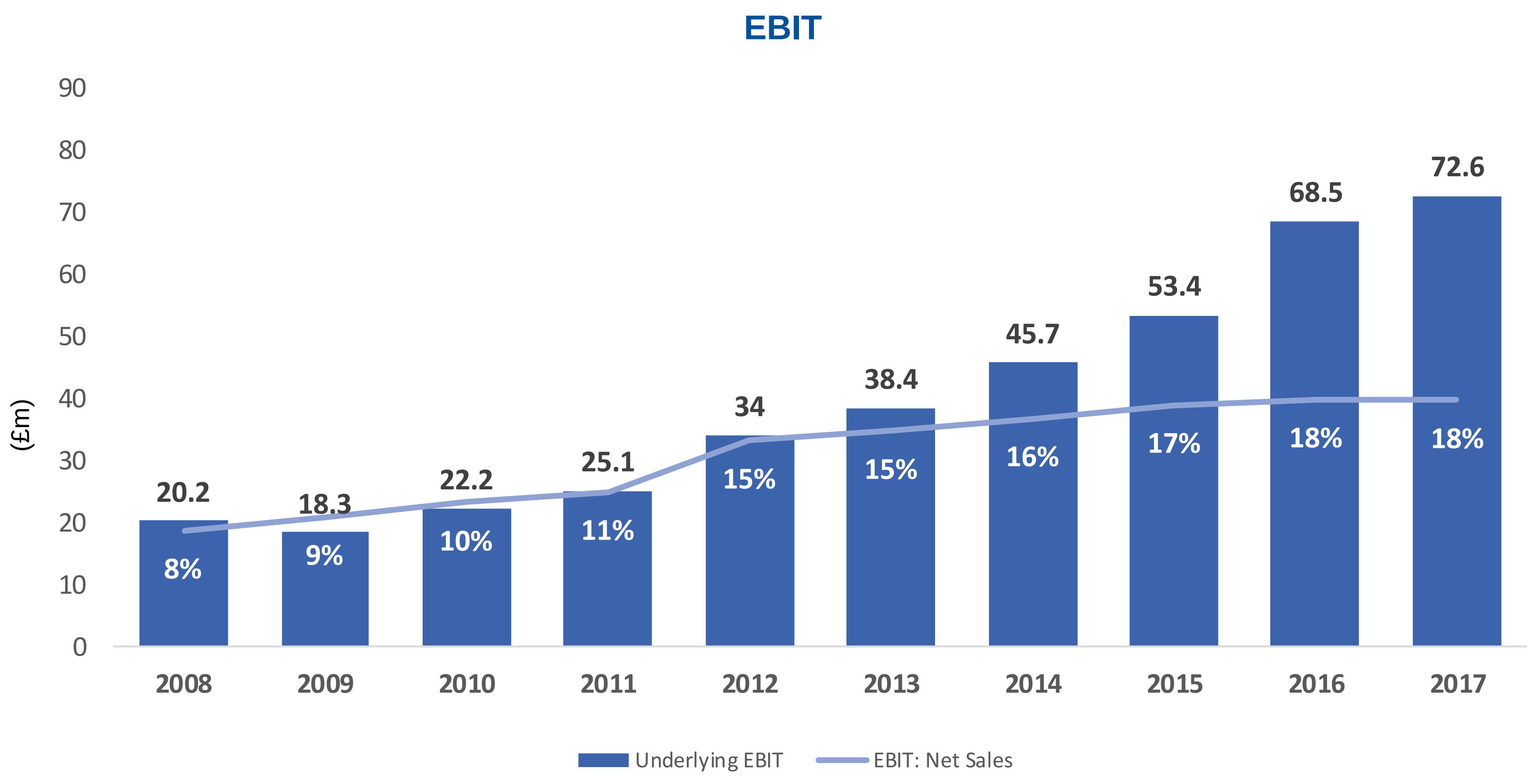
4 **FINANCIALS**

Polypipe

Eighth consecutive year of progress

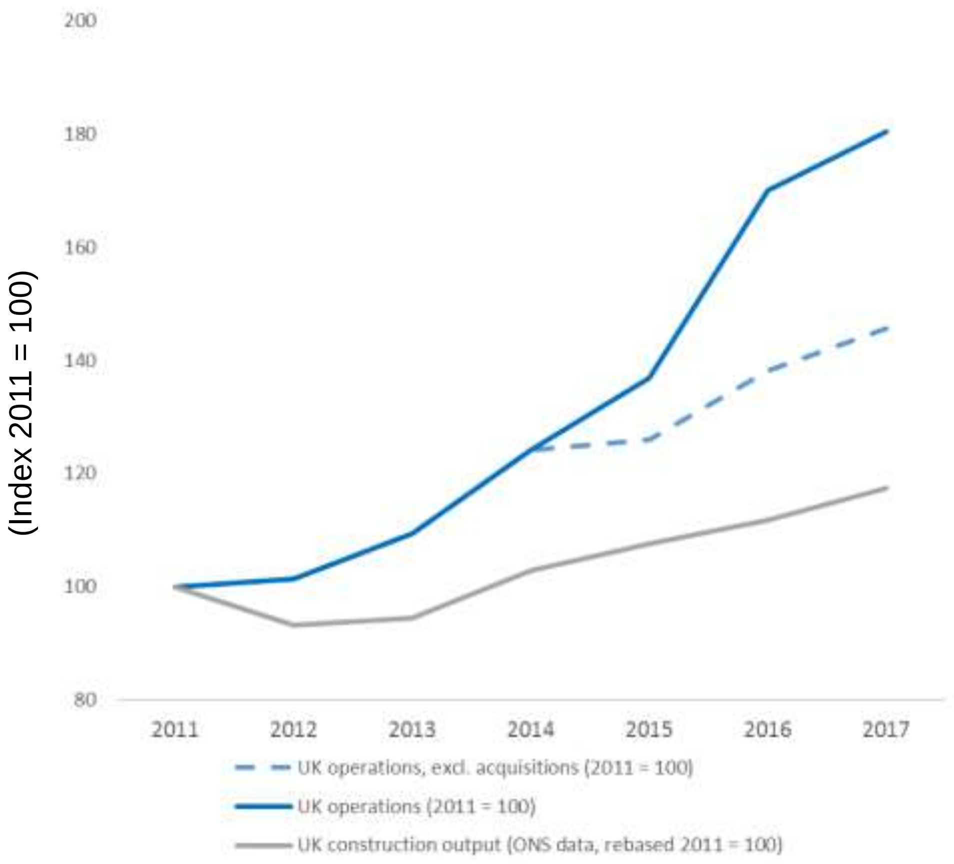


Eighth consecutive year of progress



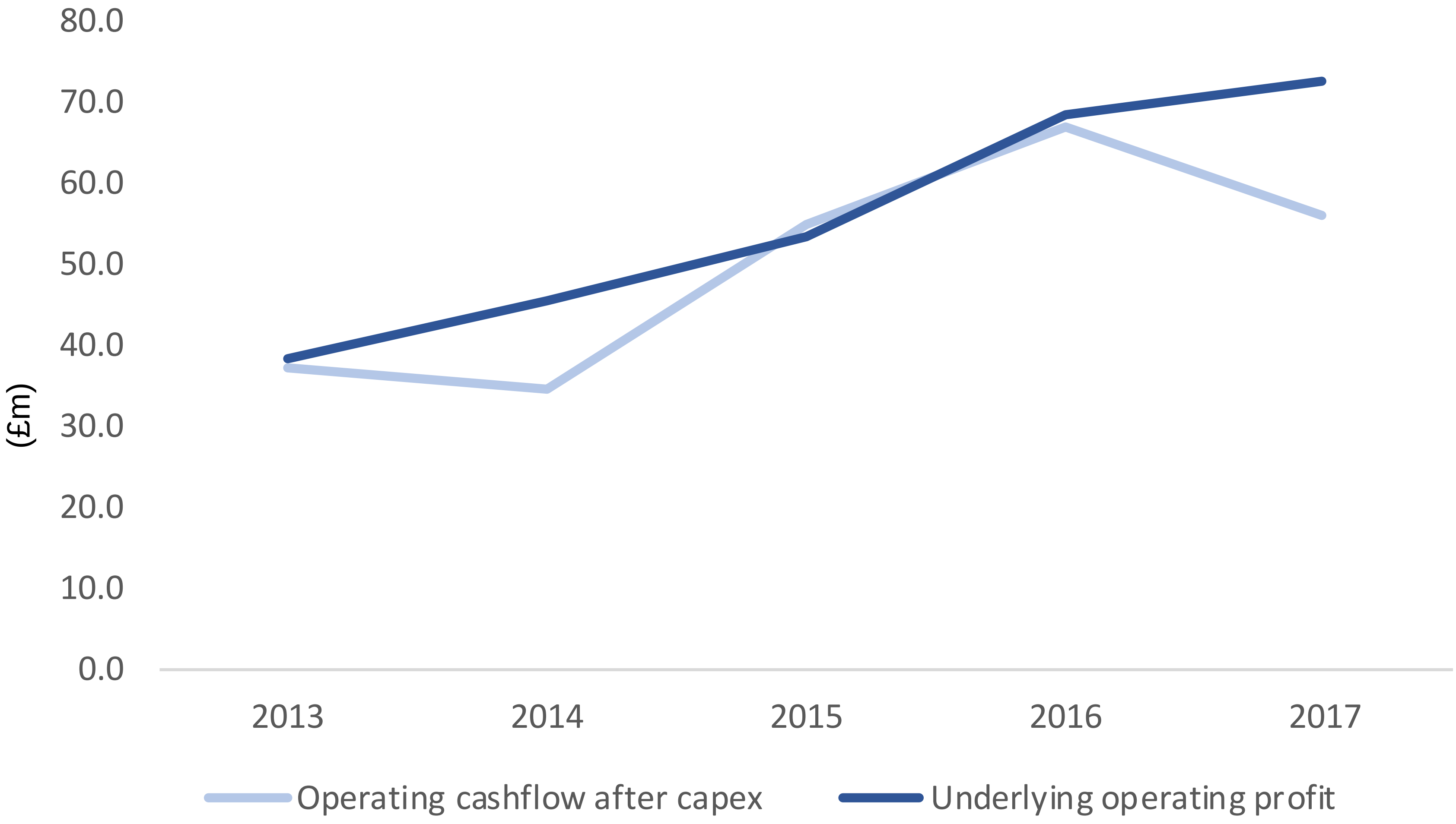
UK sales growth consistently ahead of the market

Index of sales growth compared to UK construction output



Strong cash generation

- 5-year average 90% cash conversion
- Capex ahead of depreciation
  - capex over 5 years = £92m; depreciation over 5 years = £70m
  - To underpin continued market outperformance
- No defined benefit pension scheme



Allocating capital

ORGANIC GROWTH	PRODUCT DEVELOPMENT & INNOVATION	M&A	DIVIDEND
Sustained capex higher than depreciation in medium-term	Growing share of Revenue from Development Products – now at 44%	Provide complete project solutions for customers	Sustained 2.5 times dividend cover, 9.9% YoY increase in 2017

First impressions

Financials	Managerial reputation	Strategy intuitively makes sense	Customer focus
Passion at all levels	Real and impressive innovation	Recycling story	Premium placed on experience


Polypipe

Investment case & Summary

One of Europe's largest and most innovative manufacturers of plastic piping and energy efficient ventilation systems for the residential, commercial, civils and infrastructure sectors.

1. UK market leadership with balanced exposure to all sectors of the UK construction market. Long term fundamentals remain robust

2. Successful business model with significant barriers to entry

3. Significant structural growth opportunities
   - Substitution of legacy materials
   - Regulatory tailwinds from UK water and climate legislation
   - Aim to grow revenue 2-4% ahead of the market
   - Additional overseas opportunities

4. Proven financial track record
   - Profitable and cash generative
   - Deleveraging at pace
   - No defined pension scheme

Questions & Answers

Polypipe

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