Polypipe Group plc

Trading Update

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20 November 2018

Polypipe Group plc ("Polypipe", the "Company" or the "Group"), a leading manufacturer of plastic piping and ventilation systems for the residential, commercial, civils and infrastructure sectors, today issues an update on trading for the ten months ended 31 October 2018. Trading is in line with the Board's expectations and our outlook for the full year is unchanged.

Trading update

Continued strong organic growth in our Residential Systems, together with a significant improvement in performance in our Commercial and Infrastructure Systems segment, has delivered like for like* revenue growth of 10.2% in the four months ended 31 October 2018.

Revenue for the ten months ended 31 October 2018 was 4.5% higher than the prior year at £365.9m (2017: £350.2m), and 4.1% higher on a like for like* basis.

The following table sets out Group revenue by operating segment:

	Ten months ended 31 October				Four Months ended 31 October 2018
Revenue	**2018 £m**	**2017 £m**	**Change %**	**LFL Change* %**	**LFL Change* %**
Residential Systems	204.3	188.6	+8.3	+8.1	+11.5
Commercial and Infrastructure Systems	161.6	161.6	–	−0.6	+8.6
Group	**365.9**	**350.2**	**+4.5**	**+4.1**	**+10.2**

*Like for like (LFL) measures are at constant currency translation adjusted for the disposal of France in March 2018 and the acquisition of Permavoid and Manthorpe Building Products in August and October 2018, respectively.

Revenue in our Residential Systems segment in the four months ended 31 October 2018 increased 11.5% on a like-for-like basis compared to the same period last year, driven by continued strong demand from new housebuild and an element of catch up after the disruption caused by adverse weather at the end of the first quarter of this year. Both private and public RMI markets remain challenging. Revenue for the ten months ended 31 October

2018 is 8.1% higher than the prior year on a like for like basis, and 8.3% on a reported basis, including 5 working days contribution from the recently acquired Manthorpe Building Products business.

Performance in our Commercial and Infrastructure Systems segment has seen a significant improvement since the half year and has delivered revenue growth of 8.6% on a like-for-like basis for the four months ended 31 October 2018. This improvement has been driven partly by some improved market conditions with UK roads programmes beginning to gather pace, but also more significantly from successful new product introductions such as our Fuze HDPE electrofusion tall building soil and waste solution, and the new large diameter sewer and drainage range produced on our continuous corrugator commissioned early this year. Revenue for the ten months ended 31 October is 0.6% lower than prior year on a like-for-like basis, and flat on a reported basis including a two-month contribution from Permavoid.

Second half operating margins will be higher than in the equivalent period in 2017, driven by improved profit performance in the Middle East following closure of the manufacturing facility in late 2017 and operational leverage on higher volumes, offset by the relative growth in lower margin new housebuild. This performance will deliver full year profits in line with management expectations.

The integration of recent acquisitions, Permavoid (August 2018) and Manthorpe Building Products (October 2018) into the Polypipe Group is progressing well, albeit in its early stages.

Refinancing

The Group has renewed its £300m secured Revolving Credit Facility (RCF) effective from 19th November 2018 until November 2023 with two further uncommitted annual renewals through to November 2025 possible. In addition, there is a new uncommitted "accordion" facility of up to £50 million. The new RCF is being provided by the Group's principal relationship banks, namely Lloyds Bank plc, National Westminster Bank plc and Santander UK plc, with HSBC UK Bank plc and Citibank N.A., London Branch as new participants in the syndicate. Refinancing fees of £1.7m will be amortised over the life of the facility. Unamortised fees of £0.6 million from the previous refinancing will be written off through non-underlying items in the financial statements for the year ending 31 December 2018. The margin payable under the renewed facility is 10 basis points lower than the previous agreement for gearing levels up to 2.0x EBITDA. The refinancing arrangements are therefore competitively priced and bring greater operational flexibility to deliver future strategic objectives.

Martin Payne, Chief Executive Officer, commented:

"I am delighted with the Group's performance so far in the second half, and in particular the marked improvement in our Commercial and Infrastructure Systems segment. The Group continues to deliver strong organic growth ahead of the overall UK construction market and is well placed to achieve the Board's expectations for the full year. I am also pleased that we

now have committed credit facilities in place through to 2023, which gives us a solid platform to deliver on our strategic objectives in the coming years."

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Notes to Editors:
Polypipe is the largest manufacturer in the UK, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors by revenue. It is also a leading designer and manufacturer of energy efficient ventilation systems in the UK.

The Group operates from 17 facilities in total, and with over 20,000 product lines, manufactures the UK's widest range of 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.