

2 February 2021

Polypipe Group plc

Acquisition of Nu-Heat (Holdings) Limited and Trading Update

Polypipe Group plc (“Polypipe”, “The Company” or “Group”), the leading manufacturer of water management and climate management solutions, is pleased to announce its acquisition of Nu-Heat (Holdings) Limited (“Nu-Heat”), the leading supplier of sustainable underfloor heating solutions, air and ground source heat pumps, and other renewable heating systems, for a total consideration of £27 million on a cash-free, debt-free basis.

Key Highlights

- Market leading position, complementary to the Group’s existing portfolio of brands
- Solid track record of growth, profitability and good cash flow generation
- Further expands the Group’s proposition of climate management solutions, with a fast-growing position in packages involving renewable energy sources and strengthening the Group’s sustainability credentials
- Creates added value via integration with Nuair Mechanical Heat and Ventilation Recovery systems with potential for revenue and cost synergies
- Consistent with Group focus on segments which provide above-average growth rates and benefit from sustainability-linked growth drivers
- Expected to be EPS accretive and deliver returns in excess of the cost of capital in the first full financial year of ownership
- Strong management team, and a focus on technical expertise, with strong cultural fit

Commenting on the acquisition, Martin Payne, Polypipe Chief Executive Officer, said:

“I am delighted to announce the acquisition of Nu-Heat, which aligns with our key growth drivers, including our focus on low carbon heating and solutions for the environmental challenges facing the built environment. This acquisition will enable us to further develop our underfloor heating capabilities, and to develop new and exciting ways to integrate underfloor heating, heat pumps, and air-based climate management systems. The Nu-Heat team have fantastic technical and application knowledge, and I would like to welcome them to the Polypipe Group.”

Also commenting on the acquisition, David Roberts, Managing Director of Nu-Heat, said:

“We are delighted to be joining Polypipe, with which we share a similar culture and values. We look forward to being better positioned to deliver more sustainable solutions to customers and greater opportunities for our people as part of the Polypipe Group.”

The Nu-Heat Business

Nu-Heat is based in Honiton, Devon, and was established in 1992. The business has a strong track record of revenue and earnings growth. Nu-Heat is a UK market leader in the design and supply of underfloor heating systems. In recent years, the business has developed a position in the supply of heat pumps and solar heating, to offer complete heating systems based on renewable energy. In the last three years, these renewable solutions have been the fastest-growing part of the portfolio, now accounting for 23% of total installations. Nu-Heat employs 90 people, primarily involved in sales,

technical support, marketing and distribution. Nu-Heat was the subject of a successful MBO backed by Bestport Private Equity and Ethos Partners in May 2017.

The Nu-Heat business has a strong track record of profitability and cashflow generation. For the twelve months ended 31 December 2020, it generated revenue of £16.0 million and reported EBITDA of £3.1 million.

Acquisition rationale

The acquisition is in line with our strategy of broadening our market reach in climate management solutions. The Nu-Heat business is consistent with our focus on low or zero carbon heating as a growth driver and allows us to leverage our existing capabilities to support growth. The Nu-Heat business is a profitable, cash-generative business that has product differentiation, IP and expertise to support value-added services. It is well positioned in the residential sector, driving its mix of growth increasingly towards renewables. It is complementary to Polypipe's existing market leading positions and capabilities. There are opportunities for its technologies to be combined with Nuair technologies. The management team will remain with the combined business.

Terms of Transaction

The total consideration of £27 million on a cash-free and debt-free, normalised working capital basis comprises the entire share capital of Nu-Heat (Holdings) Limited. The transaction is being funded via existing debt facilities, and total proceeds are paid on completion. The acquisition is expected to be earnings-accretive in the first full year of ownership, and to provide returns in excess of the Group's cost of capital.

Polypipe Group plc Trading Update

Further to the update announced on 14 December 2020, the Group confirms that trading continued to recover throughout the end of the month, with underlying operating profit for the year ended 31 December 2020 slightly ahead of the previous guidance of c.£40 million and with this momentum continuing into the new year without any material impact from the third national lockdown. We have also had continued good delivery of cashflow, with net debt at c.£30 million at the end of the year.

Polypipe Group plc intends to issue its preliminary full year results on 16th March 2021.

Enquiries:

Polypipe +44 (0) 1709 772 204

Martin Payne, Chief Executive Officer

Paul James, Chief Financial Officer

Brunswick +44 (0) 20 7404 5959

Nina Coad

Charles Pretzlik

Sophia Lazarus

A copy of this announcement will be available on our website www.polypipe.com today from 0700hrs (GMT).

Notes to Editors:

Polypipe Group plc ("Polypipe", the "Company" or the "Group"), a leading provider of sustainable water and climate management solutions for the built environment, 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 19 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 and European building and construction markets with a presence in Italy, the Netherlands and the Middle East and sales to specific niches in the rest of the world.