

Genuit Group plc







Capital Markets Day

23 November 2022



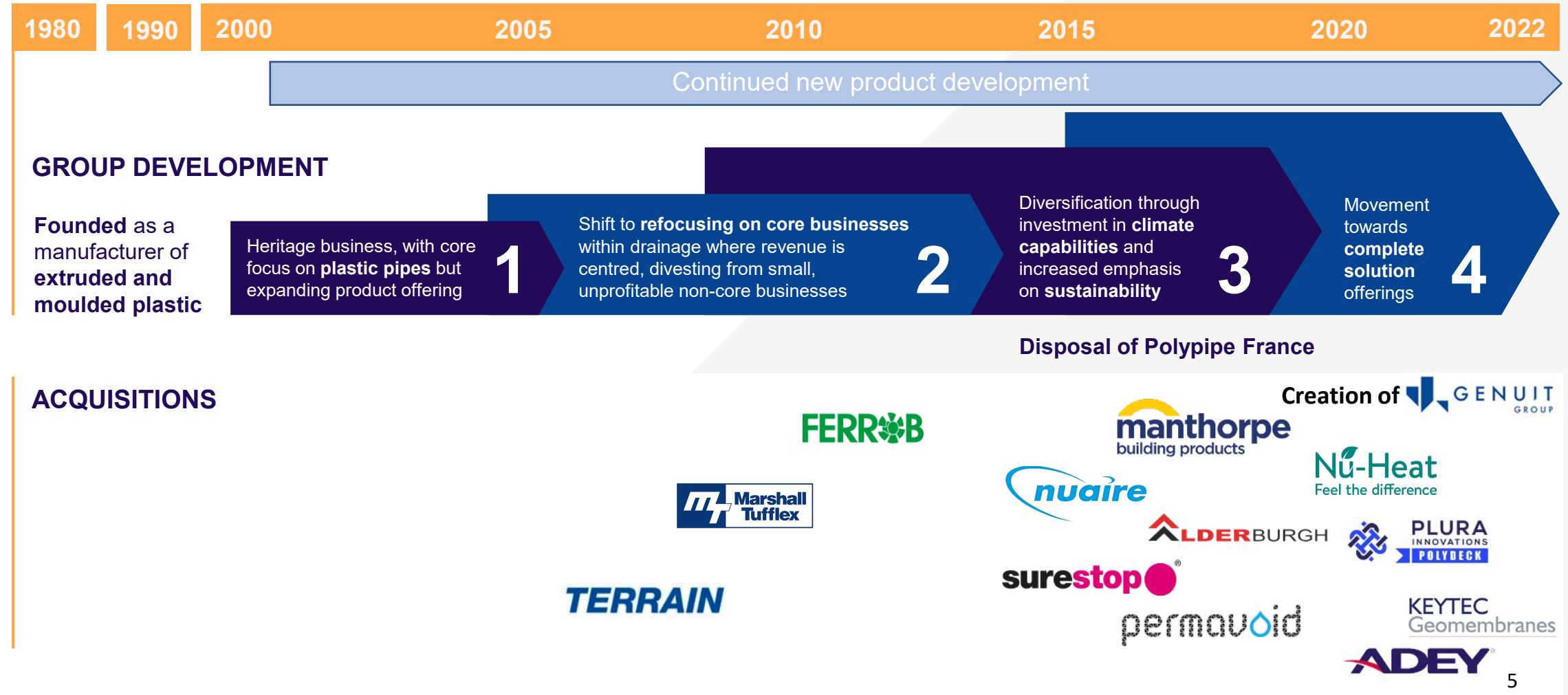


Agenda and presenters

10:30	Introduction			Joe Vorih Chief Executive Officer		Paul James Chief Financial Officer
	Strategy Update					
	- Sustainable Solutions for Growth	JV				
	Business Overview			Matt Pullen Chief Operating Officer		Matthew Webber Managing Director – Climate Management Solutions
	- Climate Management Solutions	MW				
	- Water Management Solutions	SDH				
	- Sustainable Building Solutions	MP		Steve Durdant-Hollamby Managing Director – Water Management Solutions		Steve Currier Managing Director – Sustainable Building Solutions
	Financial Framework	PJ				
12:30	Q&A and Wrap Up					
1:00	Lunch, Trade Show and Tour of Adey					

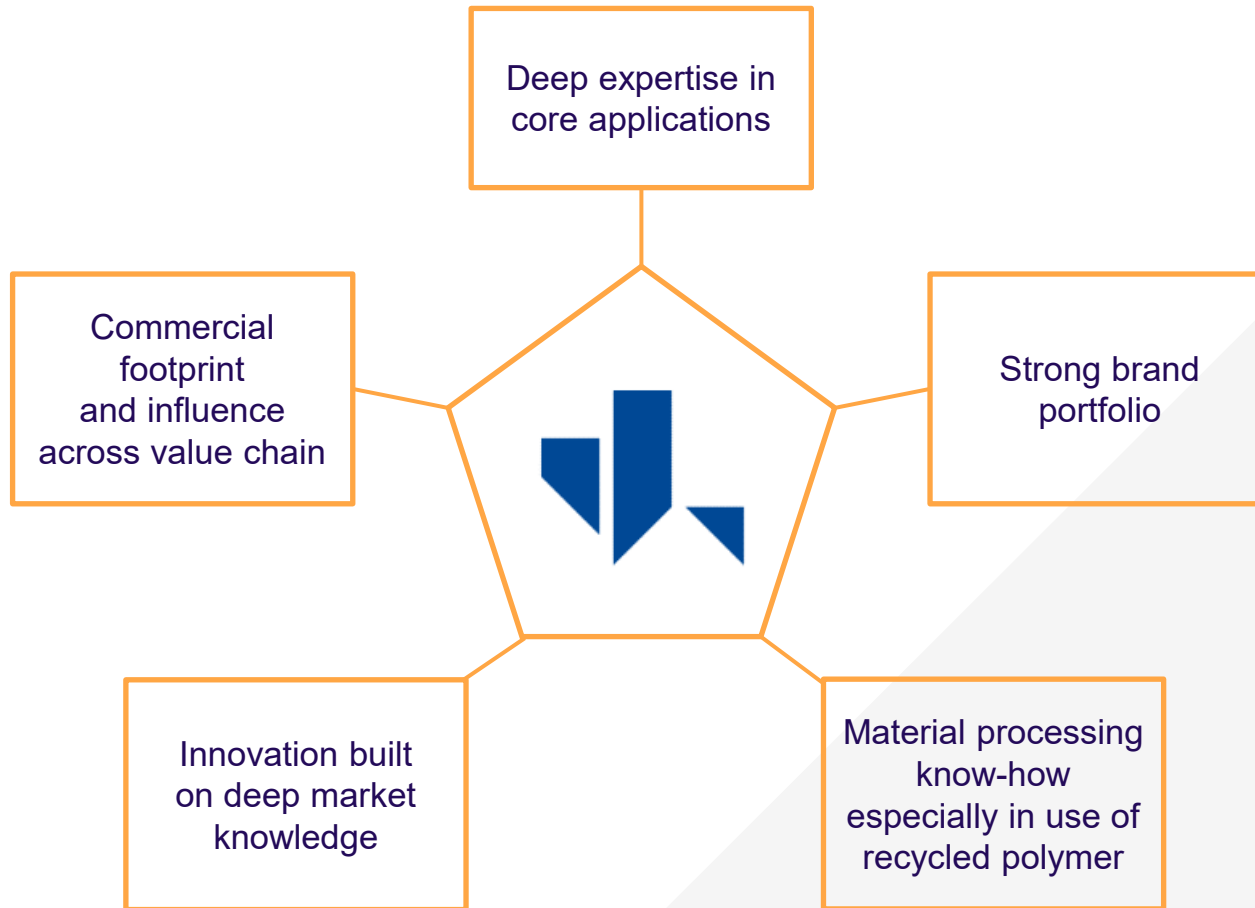


The Group has evolved from its heritage in plastic pipes to become a leading player in sustainable water and climate management





Genuit has built a strong reputation, excelling in key capabilities



“ National Builders’ Merchant

Polypipe Civils has established a quality reputation based off its advanced knowledge of the water management landscape...”

“ Educational Sector Client

Adey’s customer service has an extremely high level of technical support and their responsiveness in the aftersales is very good...”

“ National Builders’ Merchant

They don’t shout about their use of recycled plastics, it might be one their best kept secrets...”

“ National Plumbing and Heating Merchant

Polypipe is the market leader from a customer perspective. They have strong customer relationships...”

“ Major M&E Contractor

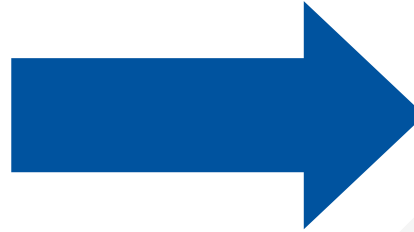
Nuaire is the market leader in domestic fans due to its innovation and advanced technology...”



The next evolution of Genuit

G E N U I T OF TODAY GROUP

- Evolved significantly from legacy piping focus, known for:
 - application expertise in **pockets of excellence**
 - portfolio of **strong brands**
 - **strong sales model** and external influence
- Clear **sustainability goals**
- **Decentralised** operating model
- **Fragmentation** and significant **unrealised synergies**
- **People with potential**



Transition underpinned by:

Structural trends in the built environment:

- sustainability imperatives
- labour and skill shortages
- increasing need for technology integration
- reconfiguration of landscapes and buildings

G E N U I T OF THE FUTURE GROUP

- **Deep expertise** and **brand equity** in water and climate solutions
- **Proven leadership** and partner of choice in **sustainability**
- **Integrated portfolio** providing value-adding solutions
- Extracting benefits of **scale via a simpler, better aligned operating model**
- **Achieving efficiency via Genuit Business System** focused on growth, lean and leadership
- Modern, flexible, **inclusive work environment**



Sustainable Solutions for Growth

1

Focus on higher growth, sustainability driven markets

2

Strengthen position by being lowest carbon choice for our customers

3

Simplify the Business

4

Create Value through Genuit Business System

5

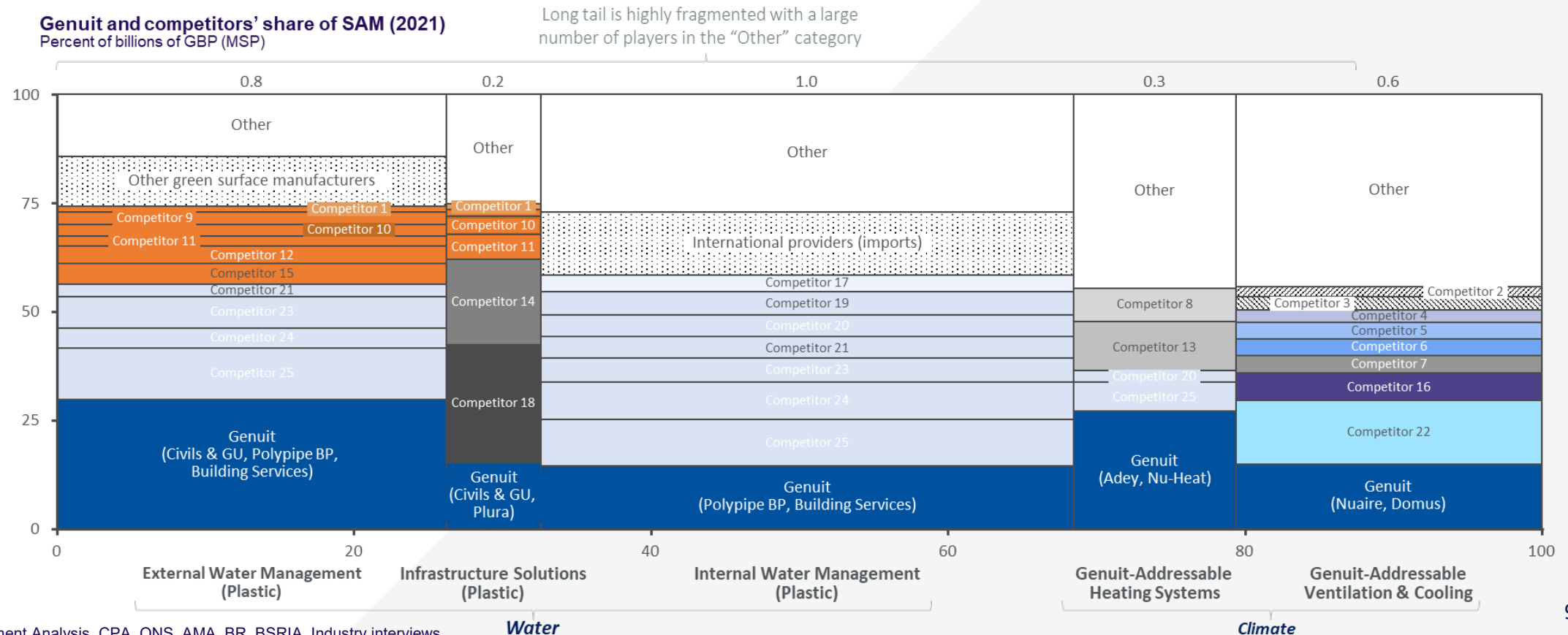
Increase solution capability via growth-enabling M&A

Invest in our people and culture



1. Focus on Higher Growth, Sustainability Driven Markets

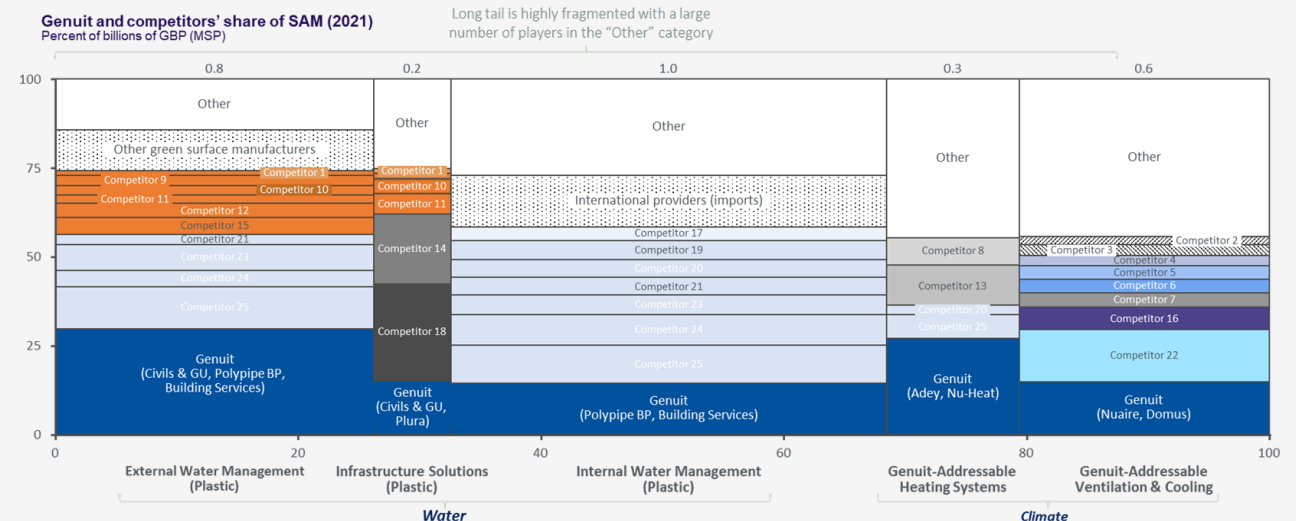
- Due to the Group's expansive M&A programme, Genuit now operates in more segments, with a Total Addressable Market (TAM) of **£9bn**
- The Served Addressable Market (SAM) we can play in with our current business model and portfolio is **£3bn**





1. Focus on Higher Growth, Sustainability Driven Markets

- Genuit's SAM is predicted to grow faster than the broader UK construction market in the years ahead, with a mid term CAGR of 1.5% in contrast to broader market growth of 0.8%
- Genuit has number one or two positions in its key segments, providing market power whilst retaining headroom. In total we have a share of c.20% of our SAM
- The segments are fragmented, providing a landscape for profitable share growth and M&A
- We compete with a range of competitors, with no consistent player across the segments





1. Focus on higher growth, sustainability driven markets

Drivers of above construction market growth

Climate Management Segment

- Regulatory Tailwinds Part L, Part F, Future Homes Standard
- Increasing need for integrating solutions across technologies
- Climate change driving need for cooling
- Increasing focus on clean, healthy air
- Energy costs adding economic drivers to carbon reduction requirements

Water Management Segment

- Regulatory tailwinds around SUDs, Floods & Water Management Act (FWMA) and need to design for extreme weather events
- Increasing requirement to combine urban design with water management functionality
- Increasing population density stressing drainage networks
- Growing awareness of the need for urban green spaces



2. Strengthen Genuit's position by being lowest carbon choice for our customers

60%

Plastics based products have lower life cycle carbon emissions than legacy material alternatives

2021

49.4% of Genuit polymers were recycled

45%

The potential reduction of the carbon impact in construction projects by utilising MMC

2025

62% of Genuit polymers will be via recycled

45%

FTSE companies have net zero targets, along with major developers and contractors

2025+

Genuit continues to reduce its polymer based carbon content



2. Strengthen Genuit's position by being lowest carbon choice for our customers

- We have submitted our Science Based Targets (SBTs)
 - By 2027 we will reduce Scopes 1 & 2 emissions by a further 25%
 - Recognising our role in driving carbon from our supply chain, we will ensure 70% of our suppliers, covering >90% of our “purchased carbon”, will themselves have SBTs in place
- We have committed to 62% of our polymers being from recycle by 2025. As part of our Pathway to Net Zero, we plan to grow this further as a key enabler of Scope 2 reduction
- Pathway to Net Zero and holistic Sustainability Report to be published in 2023. Our 2022 Annual Report & Accounts will include full TCFD disclosure





3. Simplify the business – Genuit today



Genuit current operational structure

- Divisions have largely been a consolidation layer
- Difficult to sell full solutions
- Fragmented businesses were entrepreneurial, but carried significant extra cost
- Reporting unhelpful for transparency and accountability
- Focus of strategy and investment not clear

Our organisation needed to evolve to accelerate growth, remove layers, and reduce waste



3. Simplify the business – Genuit moving forward

2021
Revenue | EBIT Margin

Climate Management Solutions

Addressing the drivers for low carbon heating, cooling and clean, healthy air

£153.1m | 20.2%



Water Management Solutions

Driving climate adaptation and resilience through integrated surface and drainage solutions

£170.0m | 11.0%



Sustainable Building Solutions

Providing a range of solutions to reduce the carbon content of the built environment

£265.1m | 17.6%



This structure lowers our cost base, provides greater strategic alignment, and has a clear focus on growth



4. Create value through the Genuit Business System



Typical benefits include

- 3-5% annual productivity gains
- Lead times cut in half (or more)
- ~ 1 additional inventory turn per annum
- Consistent customer service levels 90%+
- Increased engagement – broad involvement

Companies with demonstrated lean results

- Industrials: Danaher, Eaton, Honeywell
- UK: Spectris, Unipart
- Construction: ADS, St-Gobain

Genuit – Early results of lean thinking

- 20% Improvement in order level OTIF
- £2m One time energy savings
- £2m Annual purchasing cost reduction

Next Steps on deployment path

- Adey Lean Transformation Lighthouse Site program started Q4 2022
- Polypipe Building Products Lean Transformation Lighthouse Site starts Q1 2023
- Program support from





5. Increase solutions capability via growth-enabling M&A

CASE STUDY

M&A has enabled creation of leading climate management proposition, now representing over 30% of Group EBIT



UK leader in ventilation performance



Low carbon heating solutions



Improving heating efficiency

Accelerate Growth

1. Cross sell solutions
2. Complete portfolio, adding controls, low carbon emitters etc
3. Grow value-add services
4. Grow overseas

Balance sheet capacity and fragmented TAM provide capability for future M&A



Investing in our people & culture

Talent

Key additions to leadership team, including Group Talent Director

Talent & Development process in place for top 120 roles

Talent pipeline development



- Graduate Scheme
- Apprenticeships
- Accredited Learning

Engagement

Investing in HRIS - Workday

Investing in Engagement Measurement platform - Peacon

Key Engagement tool - Workplace

Appointed key roles in Reward and Engagement

Monthly Town Hall calls with key leaders, and groupwide broadcasts to improve awareness of Genuit performance & priorities

Culture

D&I Programme roll out



We believe a diverse team of talented people, who truly feel they belong, will enable us to deliver our strategic goals. We will create an environment which is engaging and where everyone is comfortable to bring their whole self to work.”

Increasing collaboration culture across the Group

>100 colleagues participated in Yorkshire Three Peaks, organised by our graduate trainees





Sustainable Solutions for Growth - mid-term outcomes

- 1 Focus on higher growth, sustainability-driven markets
- 2 Strengthen position by being lowest carbon choice for our customers
- 3 Simplify the business
- 4 Create value through Genuit Business System
- 5 Increase solution capability via growth-enabling M&A



Through cycle growth above UK construction	+2-4%
Operating margin	20%+
Cash conversion	>90%
ROCE	15%+
ESG	Net Zero, SBTs, 5% Club

Sustainable Solutions for Growth

Business units overview





Focused, experienced Business Leadership Team



**MATTHEW
WEBBER**

Managing Director
Climate Management Solutions

- Joined Genuit Group through the acquisition of ADEY in 2021, which he joined from Wolseley UK
- 18 years experience in Heating, Ventilations, Air and Climate sector across residential and commercial markets
- Significant M&A and international experience



**STEVE
DURDANT-HOLLAMBY**

Managing Director
Water Management Solutions

- Joined Genuit Group 4 years ago from Alumasc
- 30 years experience in the UK and International construction industry
- Senior roles across civils, infrastructure and water management



**STEVE
CURRIER**

Managing Director
Sustainable Building Solutions

- Joined Genuit Group on the 7th November 2022 from Eaton corporation
- Broad sector background from FMCG, electrical and automotive sectors
- Senior leadership roles encompassing operations, sales and general management with Eaton, Arvin Meritor and GKN

Climate Management Solutions

**Matthew
Webber**





Climate Management Solutions

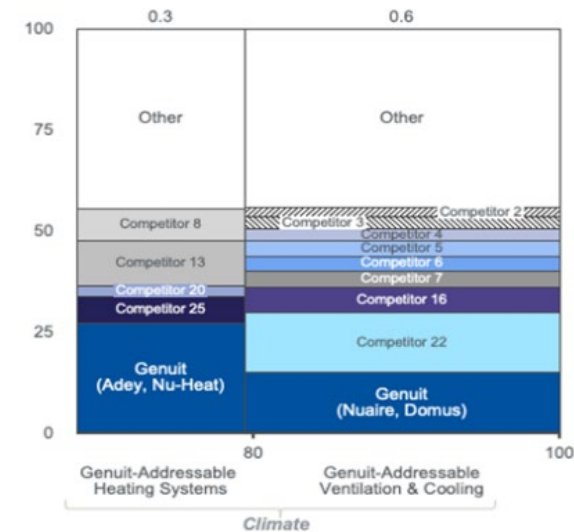
	Revenue	EBIT Margin
2021	£153m	20.2%

Key Segments

- Commercial and Residential Ventilation
- Underfloor Heating (UFH) solutions including renewable energy sourcing
- Mechanical Heat Recovery Systems (MVHR)
- Heating efficiency improvement

Trading brands

Subsectors	Mid Term CAGR
Heating Systems	5%
Ventilation and Cooling	3%



Genuit and competitors' share of £0.9bn SAM (2021)

Percent of billions of GBP (MSP)





Climate Management Solutions

Organic growth above market sector

	Blended segment	Genuit CMS
Mid term CAGR	4%	7-9%



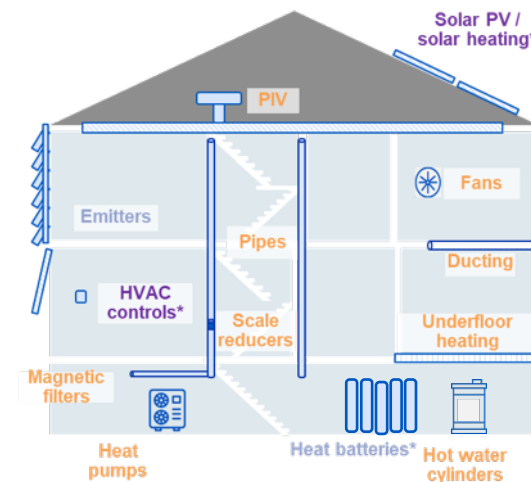
- **We are focused on low carbon and efficiency solutions, which have stronger tailwinds than H&V average**
- **Realisation of cross-selling synergies**
 - Packaging of MVHR to UFH for whole house low carbon heating
 - Cross promotion, e.g. Adey filters alongside Nu-Heat UFH
 - Provides significantly greater share of wallet in existing customers/projects
- **International growth**
 - Water Quality Management will continue to grow overseas using existing ADEY ranges plus additional technology
 - ADEY structures and partnerships in place in Europe, APAC and US
 - ADEY overseas sales 2019-21 grew 9.3% CAGR



Climate Management Solutions

New product development & inorganic opportunities

Residential



Key:

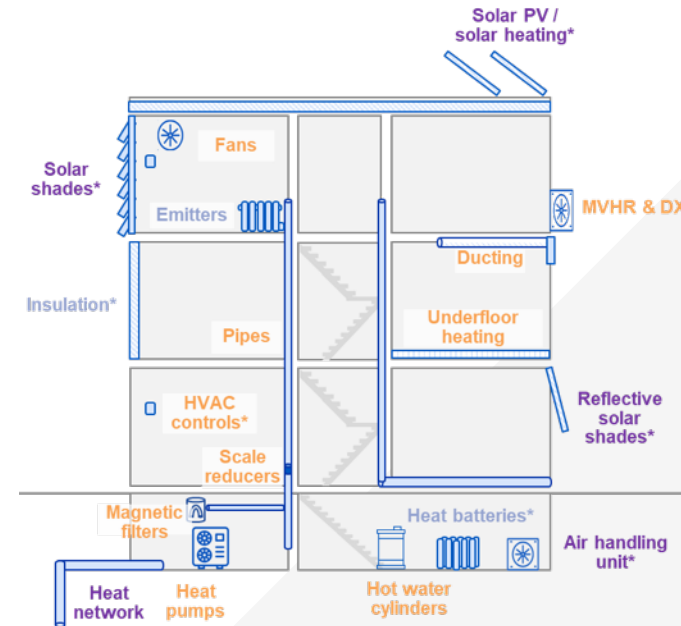
Core components

Additional components to enhance solution

Long-term potential components

*Not currently offered by Genuit

Multi-occupancy



The opportunity landscape is broad and offers significant growth synergies

- Future low carbon heating requires integrating systems/technologies to optimise performance
- This provides a landscape of new product development and M&A opportunities across a fragmented marketplace
- Some M&A targets will be overseas. These targets allow us to integrate technology into our UK market footprint
- They also may offer a scale presence in their home market, and provide access for our existing ranges in those markets

Water Management Solutions

Steve
Durdant-
Hollamby





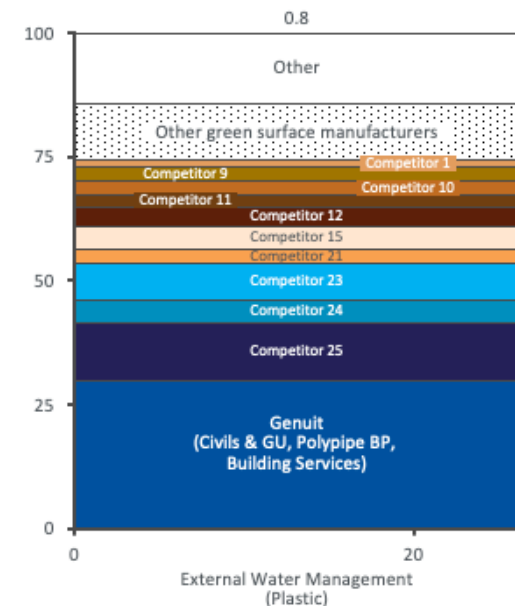
Water Management Solutions

	Revenue	EBIT Margin
2021	£170m	11.0%

Key Segments

- Sustainable Urban Drainage
- Green urbanisation
- High-capacity stormwater drainage
- Attenuation, storage and re-use

Mid term CAGR	
Mid term Sector Growth	1%



Genuit and competitors' share of £0.8bn SAM (2021)

Percent of billions of GBP (MSP)

*Market sector includes residential drainage, not covered by WMS

Trading brands





Water Management Solutions

Organic growth above market sector

	Market segment	Genuit WMS
Mid term CAGR	1%	3-4%

- **Attractive Higher Growth Subsegments**
 - Green urbanisation forecast to grow between 5-10% CAGR backed by regulatory drivers such as UK Government Green Financing
 - Entry into installation and value-added services is providing growth acceleration
 - Implementation of FWMA a regulatory tailwind for stormwater management ranges
- **Pathway to EBIT Margin >15%**
 - Solution selling is shifting focus to specification creation rather than late in process “spec breaking”
 - Pricing and margin benefits of package selling, including service offering
 - Manufacturing footprint optimisation, and ongoing cost reduction initiatives



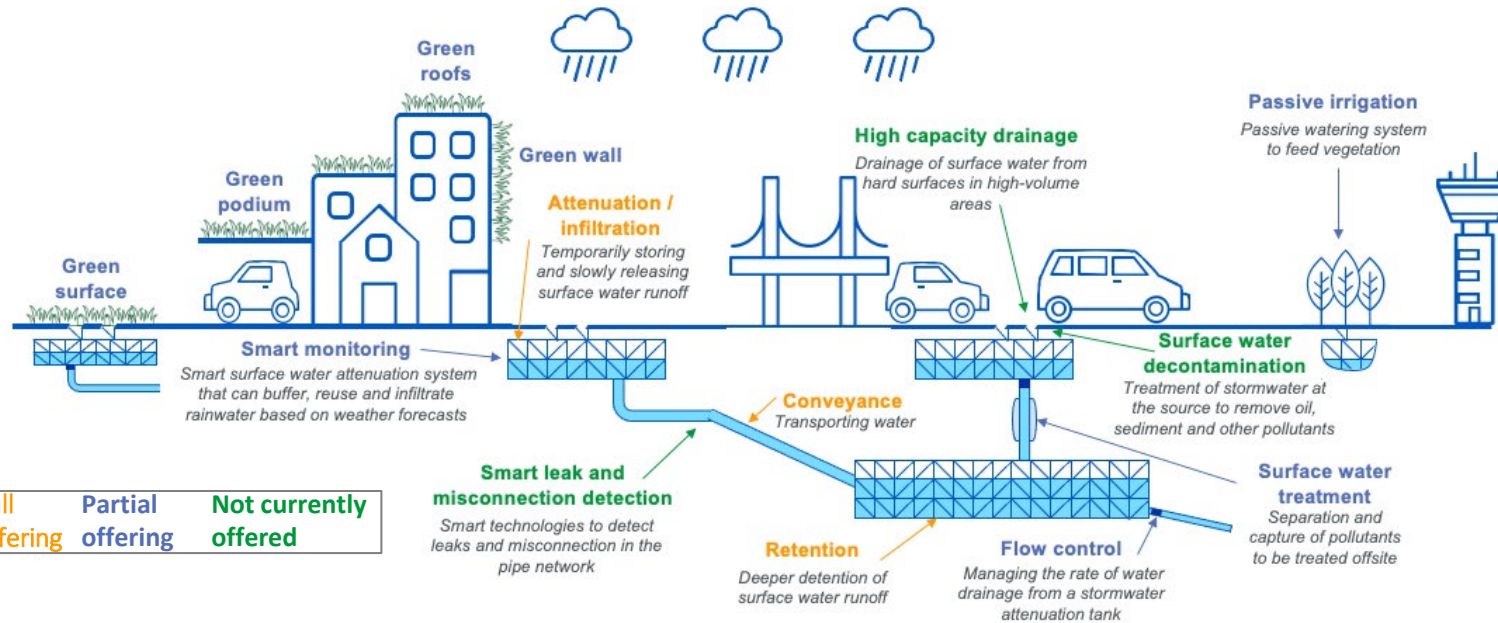
Green Surfaces – Case Study





Water Management Solutions

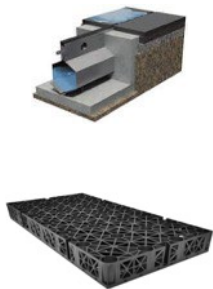
New Product Development & Inorganic growth



Our portfolio addresses interconnected aspects of water management, served by a fragmented number of players.

- Our key opportunities are based around range completion and sustainability focus
- We are able to leverage these additional elements through our existing channels and structures
- Targets may also have greater technological capability, which will drive our value-add

Collection



Conveyance



Storage and reuse



Clean



Mechanical release



Maintain and measure



Sustainable Building Solutions

Matt Pullen



Sustainable Building Solutions



	Revenue	EBIT Margin
2021	£265m	17.6%

Key Segments

From

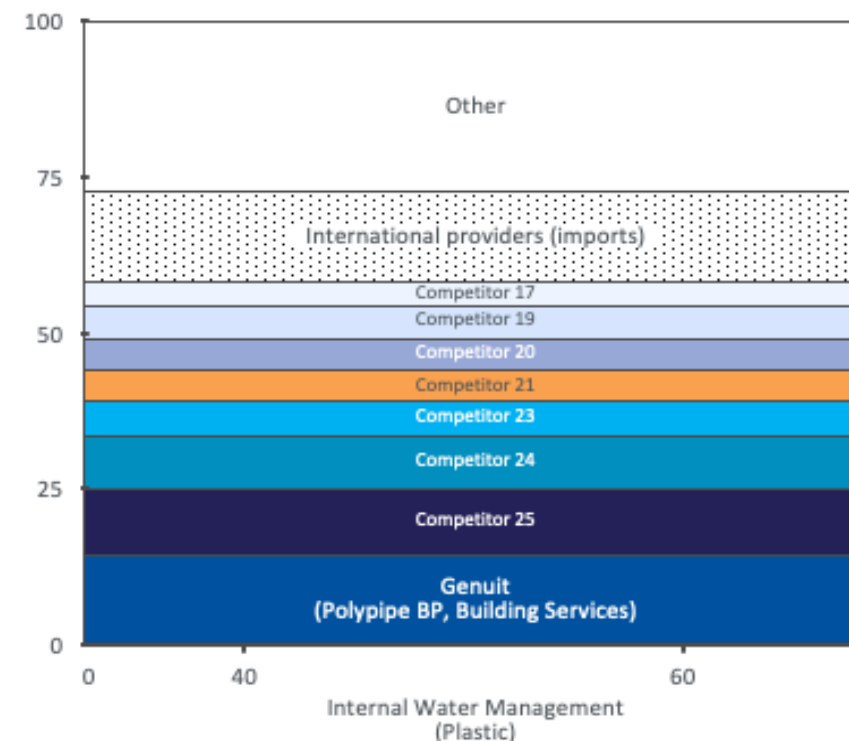
- Residential & Commercial drainage and
- Internal water distribution systems (H&C)

To

- Roofing, floor and wall ventilation and
- Air leakage prevention

£1 billion market

Genuit and competitors' share of SAM (2021)
Percent of billions of GBP (MSP)



Our brands



Sustainable Building Solutions

Our market and growth opportunity

	Market Segment	Genuit SBS
Mid term CAGR	1%	2-3%

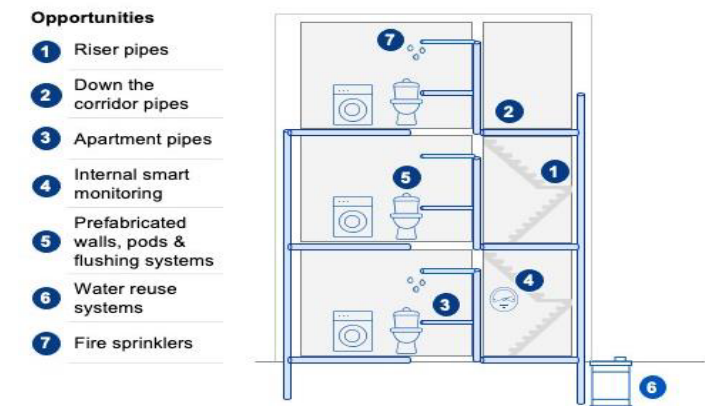
Strong brands and market shares - well positioned to benefit from:

- Structural housing shortage
- Modern methods of construction to address skills shortage
- Increasing demand for decarbonisation through material substitution and Modern Methods of Construction

Single family residential home



Multi Occupancy Residential / Commercial building





Sustainable Building Solutions

Creating Value and Growth for our customers through decarbonisation

- Leveraging our expertise in material science to create sustainable choices for specifiers, developers and contractors
- Net zero commitments of the major players in construction are driving towards a lower carbon built environment

	Cast iron pipe	Virgin PVC pipe	Pipe using 65% recycled PVC
GWP Kg CO ₂ E	7.46	1.52	1.01

Genuit has sector leading credentials

#1 user of recycled polymers among European peers

In 2021 Genuit used more recycled plastics than the whole of Wales collected

49% of tonnage from recycle in 2021
62% target by 2025

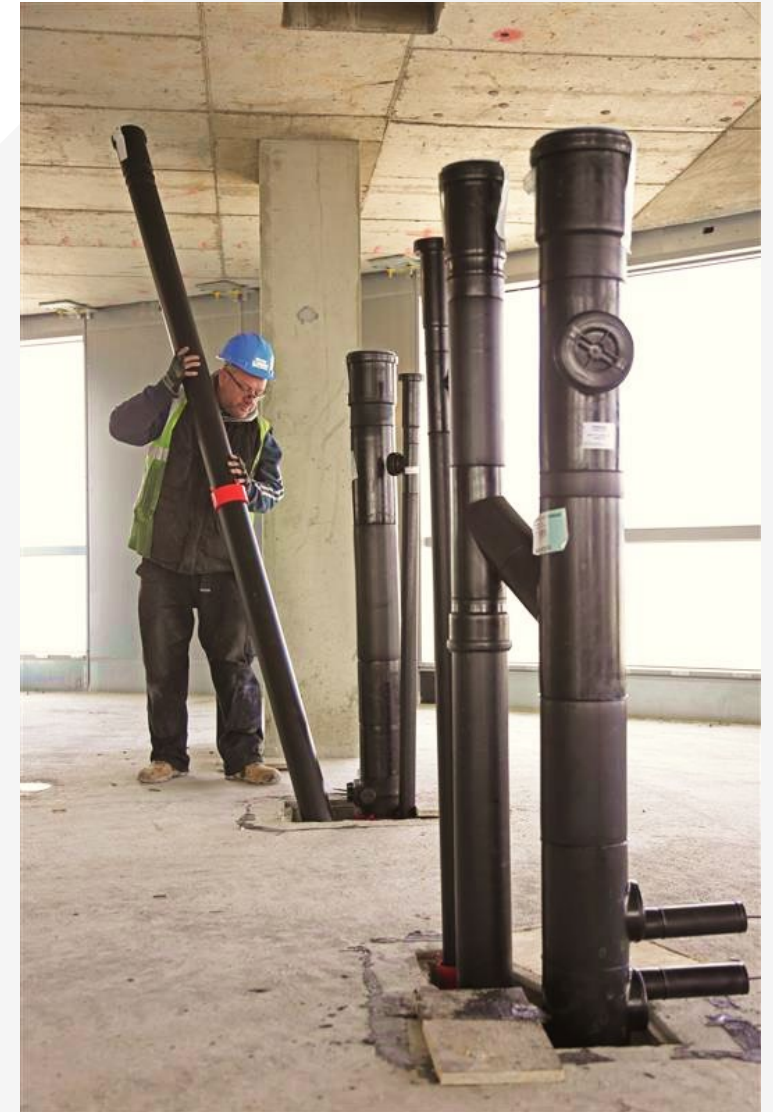
Post 2025, innovate beyond current standards to move towards zero virgin, oil-based polymers



Sustainable Building Solutions

Creating Value and Growth for our customers through MMC

- Modern Methods of Construction will play an increasingly significant role in supporting decarbonisation whilst helping to address the growing skills shortage:
 - generating less material waste
 - more efficient transport options
 - improving ease and speed of installation
- Polypipe Advantage solution, a high recycled content system that provides an end to end service:
 - design and specification
 - precision factory-controlled fabrication
 - scheduled delivery to site
- Opportunities exist to expand the expertise developed in the Advantage solution from high rise commercial into the domestic residential sector





Sustainable Building Solutions

Creating Value and Growth for our customers through investing in R&D and innovation

- In addition to our sustainable materials focus, we continue to invest in R&D and innovate around driving efficiency and productivity benefits for installers



- Innovation of hot and cold “push-fit” water ranges, improving quality and speed of installation
- Innovation of our traps ranges, focusing on speed and ease of installation



- Over £20m capital investment in new machinery
- Coupled with an optimised manufacturing footprint, lean systems to drive cost out, and increase productivity and availability
- Delivering brilliant customer service

Simpler and leaner organisation to unleash value creation and the potential of the Genuit Group



Climate Management Solutions

Addressing the drivers for low carbon heating, cooling and clean, healthy air



Water Management Solutions

Driving climate adaptation and resilience through integrated surface and drainage solutions



Sustainable Building Solutions

Providing a range of solutions to reduce the carbon content of the built environment



This structure lowers our cost base, provides greater strategic alignment, and has a clear focus on growth

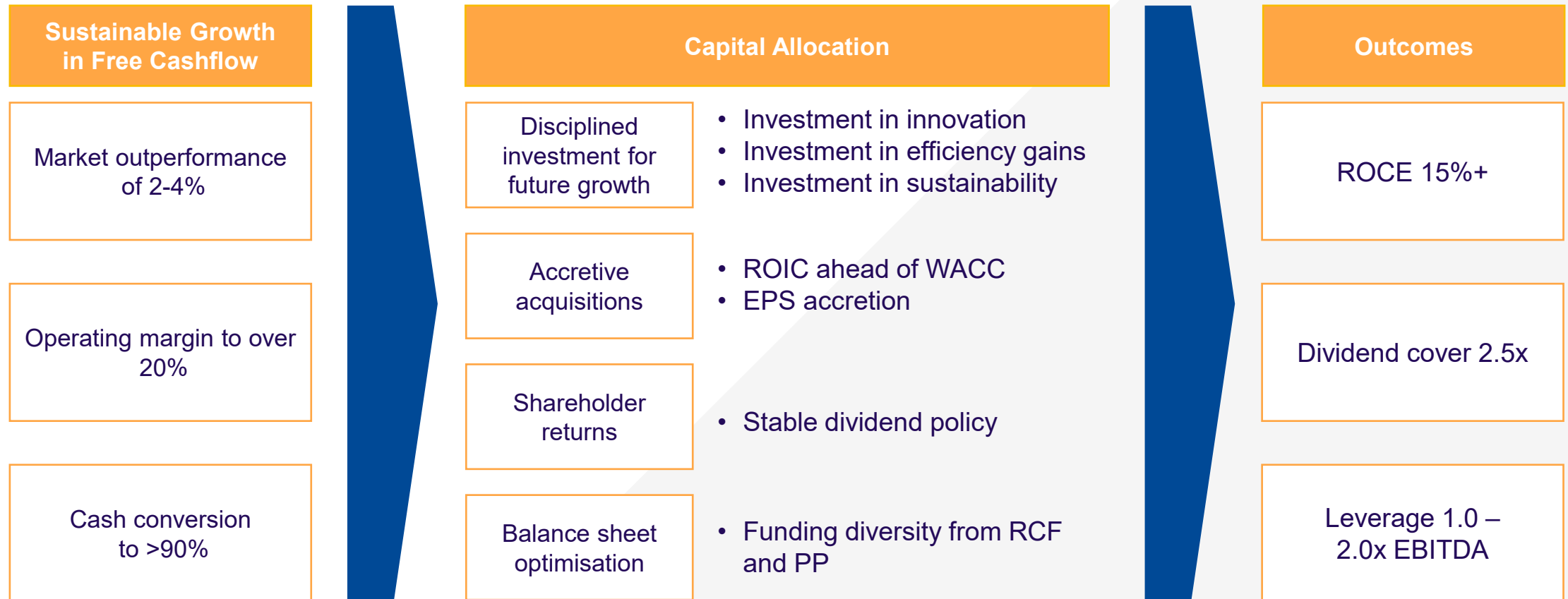
Financial Framework and Targets

Paul James





Pathway to shareholder value creation

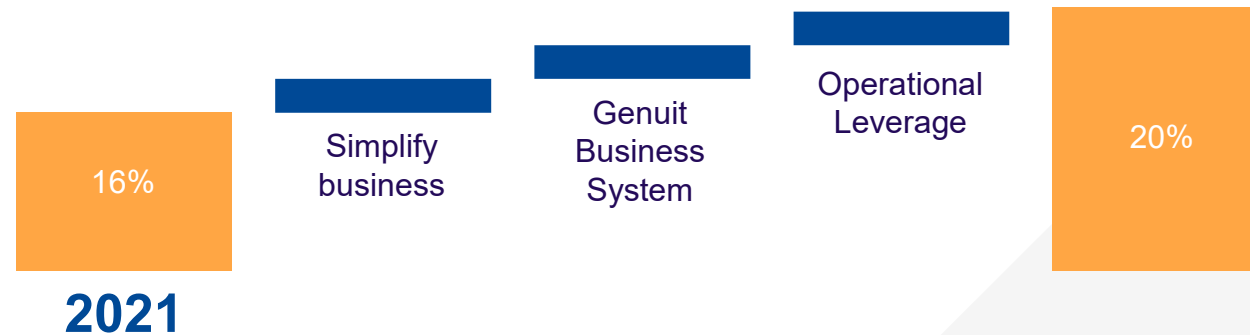




Margin expansion opportunity

Operating Margin Expansion (“OMX”): the strategy will deliver a four-percentage point increase in operating margin through cost savings initiatives and increasing operational leverage

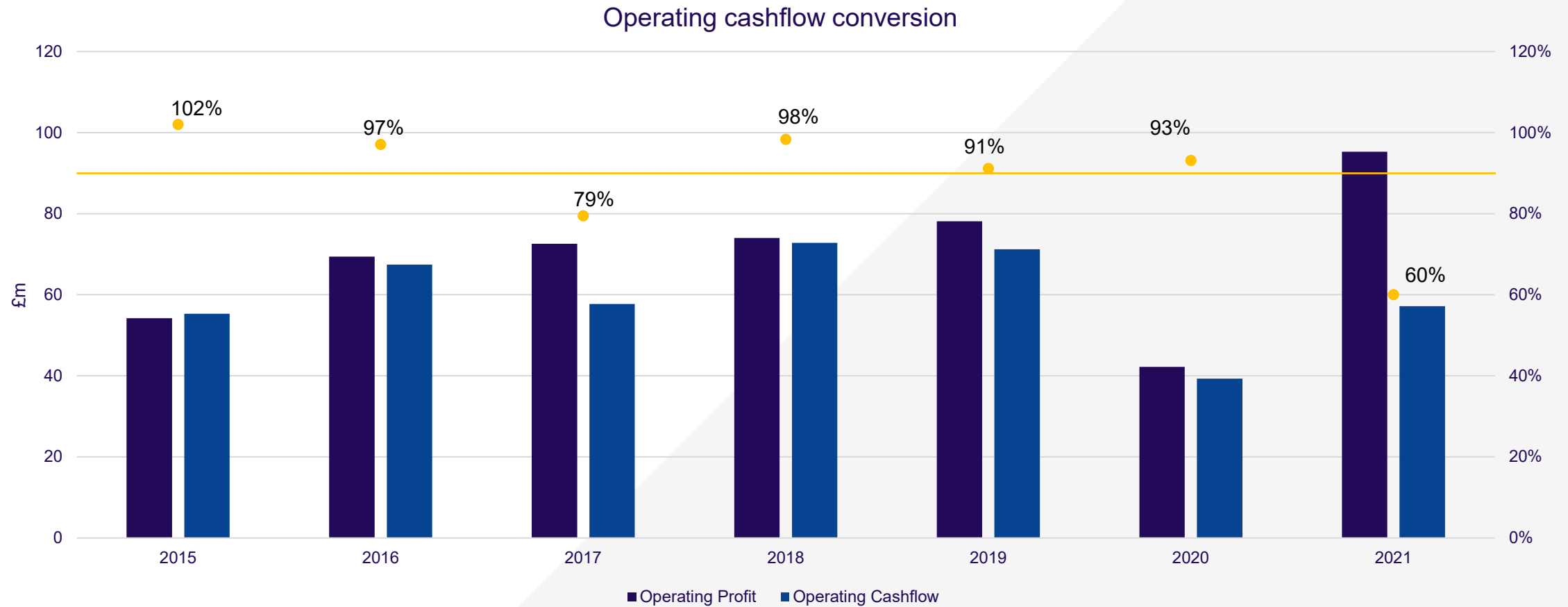
Initiatives to deliver target margin



- Simplify Business
 - Leveraging group wide benefits in procurement
 - Fewer organisational layers, greater spans of control – following on from announced cost savings of £8m annualised
- Genuit Business System
 - Inculcating a lean culture and passion for continuous improvement
- Operational leverage
 - Virtuous circle of volume growth exceeding cost base increases
 - Continued investment in innovation driving stronger margin performance
- Excludes impact of margin enhancing M&A








History of strong cashflow conversion



* Operating cash flows after capital expenditure as a percentage of underlying operating profit

Strong M&A track record

Acquisition criteria

		 2021	 2021	 2018	 2015	 2015
1	Strong management teams	✓	✓		✓	✓
2	Above average market growth opportunities	✓	✓	✓	✓	✓
3	Premium products	✓	✓	✓	✓	✓
4	Sustainability at its core	✓	✓			✓
5	Strong market share	✓	✓	✓		✓
6	Product differentiation, IP and expertise	✓	✓	✓	✓	✓
7	Profitable and cash generative futures	✓	✓	✓	✓	✓
		 EBIT Margin 31.0%	 EBIT Margin 16.9%	 EBIT Margin 33.1%	 EBIT Margin 35.8%	 EBIT Margin 16.2%
		 Revenue EBIT	 Revenue EBIT	 Revenue EBIT	 Revenue EBIT	 Revenue EBIT



Investment case

1. **Market leader with balanced exposure** across market segments with outperformance underpinned by climate-driven growth
2. **Genuit Business System** focused on growth, lean and leadership
3. **Substantial levels of innovation driving profitability** to levels amongst those highest in the industry and providing more complete solutions to our end customers
4. **Sustainability is at the heart** of everything we do with medium-term targets driving our decisions, driving our focus
5. **Disciplined M&A as an enabler of accelerated growth** and the Group has a proven track record of executing and integrating M&A
6. **Resilient financial performance** through the cycle with high levels of cash conversion

Summary



Sustainable Solutions for Growth - mid-term outcomes

- 1 Focus on higher growth, sustainability-driven markets
- 2 Strengthen position by being lowest carbon choice for our customers
- 3 Simplify the business
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Q&A

