



# Genuit Group plc

## 2024 Full Year Results Presentation

11 March 2025

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# Agenda

**Introduction**

Joe Vorih, CEO

**Financial Results**

Tim Pullen, CFO

**Strategic Progress  
and Outlook**

Joe Vorih, CEO

**Q&A**



**Joe Vorih**  
CEO



**Tim Pullen**  
CFO





## Key Highlights

- Increased underlying operating margin (16.0% to 16.4%) despite market driven revenue reduction of 4.3%
- Strong underlying operating cash generation of £91.6m, 99.3% cash conversion
- Net debt reduced from 1.1 times to 0.9 times pro-forma EBITDA providing strategic optionality for investment
- Completed 2 acquisitions in August – Sky Garden and Omnie & Timoleon
- The Group intends to pay a total dividend of 12.5 pence per share (2024: 12.4 pence per share)





## Market Context

### **Sector outlook buoyed by structural growth drivers**

- Government reinforcing commitment and policies to address housing shortage
- Evidence the sector is now mobilising for the Future Homes Standard 2025
- UK water sector planning 86% increase in spending for AMP8\* investment period, with focus on resilience and environmental impacts
- Construction labour shortages supporting continued growth in Modern Methods of Construction

### **Outperformed a challenging market**

- Economic uncertainty, new regulatory regimes, fewer interest rate reductions, impacting confidence and volumes
- New housebuilding starts 21% below prior year
- Private Housing RMI 4% below prior year
- UK Boiler market 10% below prior year

### **Trading for 2025 has started in line with management expectations**

\*AMP8 – Water regulator Ofwat has approved England and Wales' water companies combined £104bn investment plans for the eighth asset management period

# Financial Results



Tim Pullen  
CFO



## Financial Highlights

Further margin improvement and strong cash generation despite challenging backdrop

<p>Revenue</p> <hr/> <p><b>£561.3m</b></p> <p>Down 4.3%</p> <hr/> <p>Market headwinds</p> <hr/>	<p>EBIT Margin</p> <hr/> <p><b>16.4%</b></p> <p>Up 40bps</p> <hr/> <p>Improved operational gearing</p> <hr/>	<p>EBIT</p> <hr/> <p><b>£92.2m</b></p> <p>Down 2.0%</p> <hr/> <p>Volume reduction offset by cost reduction</p> <hr/>	<p>Cash Conversion</p> <hr/> <p><b>99.3%</b></p> <p>Up 11.6pps</p> <hr/> <p>Focus on working capital</p> <hr/>	<p>Net Debt</p> <hr/> <p><b>£102.9m</b></p> <p>Reduced 19.6%</p> <hr/> <p>Leverage reduced from 1.1x (Dec 2023) to 0.9x</p> <hr/>	<p>DPS</p> <hr/> <p><b>12.5p</b></p> <p>Up 0.1p</p> <hr/> <p>Delivering shareholder returns</p> <hr/>
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## Summary P&L

Delivering efficiency to increase margins

£m	2024	2023	Change
Revenue	561.3	586.5	(4.3)%
Cost of sales	(311.5)	(338.7)	(8.0)%
Gross profit	249.8	247.8	0.8%
Gross margin	44.5%	42.3%	220 bps
Selling, distribution and administration costs	(157.6)	(153.7)	(2.5)%
Underlying operating profit	92.2	94.1	(2.0)%
Operating margin	16.4%	16.0%	40 bps
Net finance costs	(12.9)	(13.6)	(5.1)%
Underlying profit before tax	79.3	80.5	(1.1)%
Underlying basic earnings per share (p)	24.6	25.2	(2.4)%
Dividend per share (p)	12.5	12.4	0.1%
Underlying tax rate	23.4%	22.2%	120bps

- Strong gross margin improvement by 220bps, driven by productivity gains through the Genuit Business System and purchasing savings
- Underlying operating margin up 40 bps to 16.4%
- FY revenue decreased 4.3% however second half revenue increased 0.5% on a like for like basis, following a 10.6% decline in the first half
- Annualisation of the higher tax rate has adversely affected EPS
- Increasing DPS to 12.5p in line with our progressive dividend policy

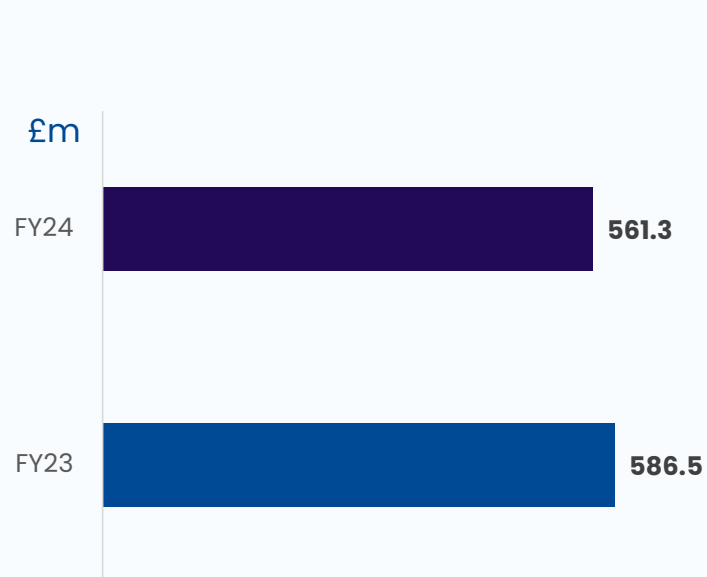




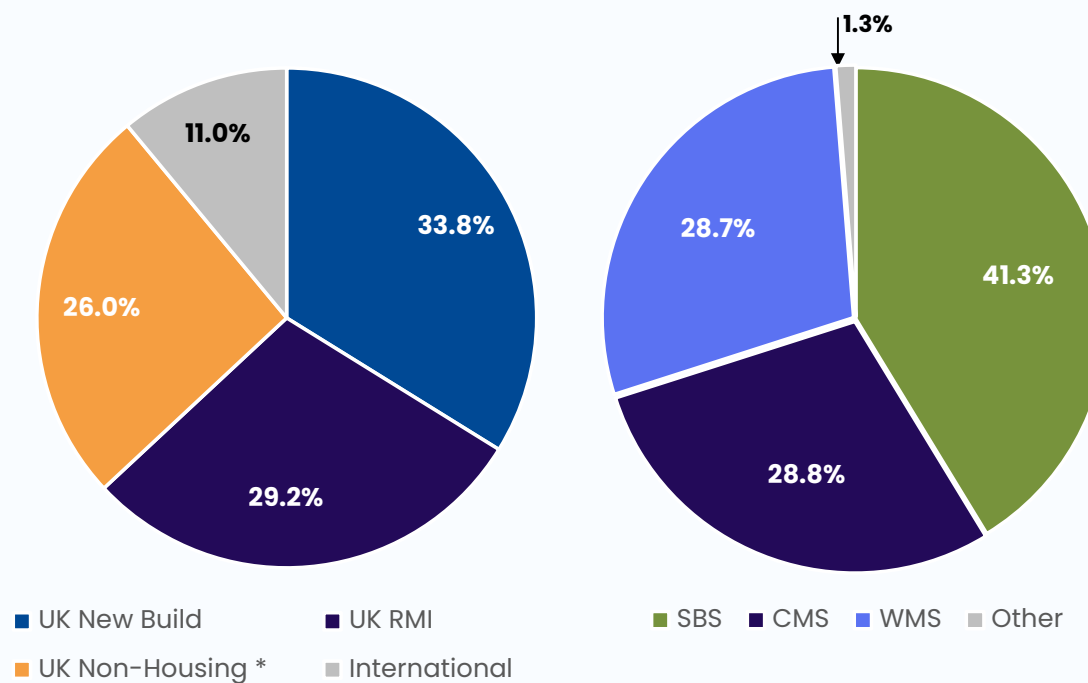
## Financial Results– Revenue

Benefiting from a diversified portfolio

### Group Revenue



### FY24 Revenue Breakdown



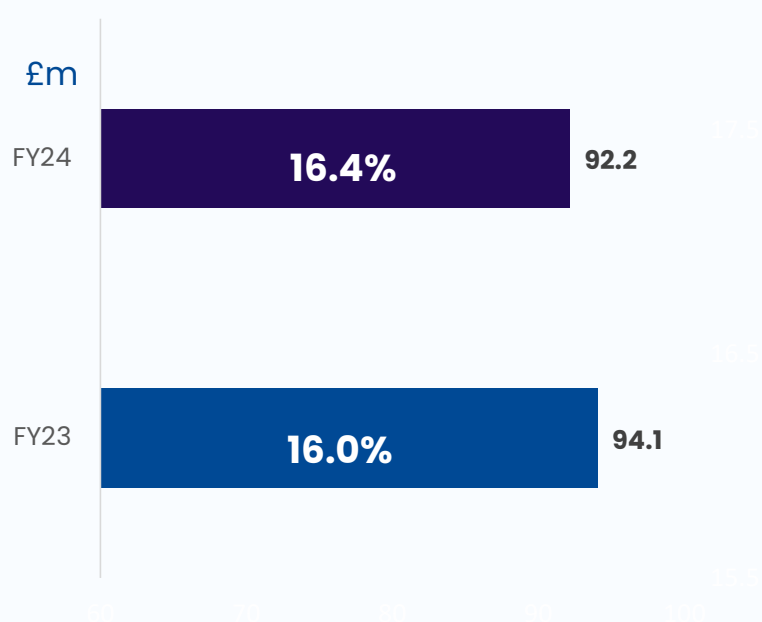
\* Non-Housing primarily consists of commercial, infrastructure, and public non-housing expenditure

## Financial Results – Profit

Productivity gains and cost actions increasing margins despite market headwinds



Group Underlying Profit  
and Underlying Operating Margin



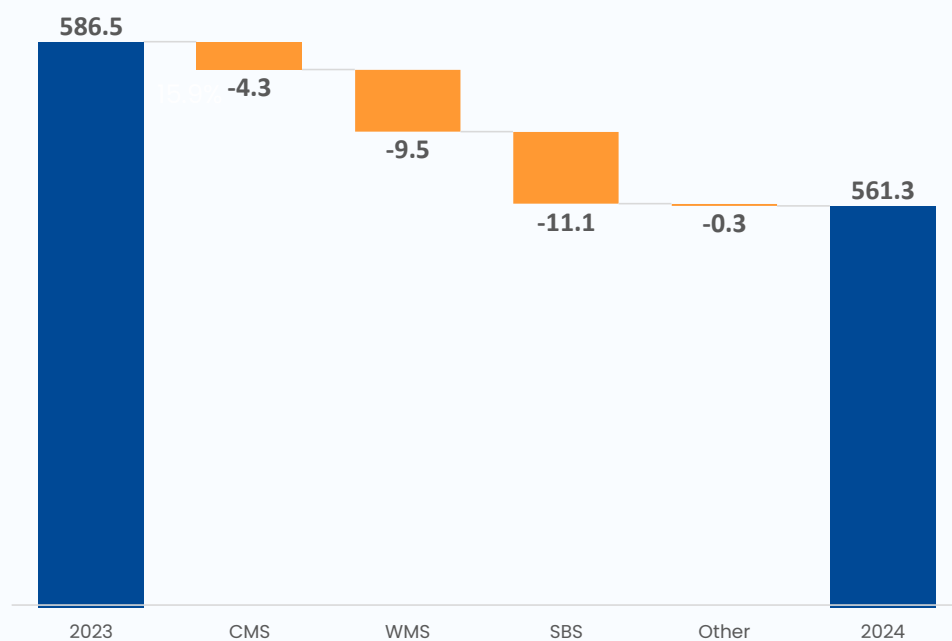
- ROS increased by 40bps from 16.0% in 2023 to 16.4% in 2024
- Productivity gains through the ongoing deployment of the Genuit Business System
- Purchasing savings secured by aggregating spend and buying strategically
- Capacity maintained to support 20–30% market recovery and benefit from operational gearing
- Impact of National Insurance and National Minimum Wage changes create £5m headwind in 2025



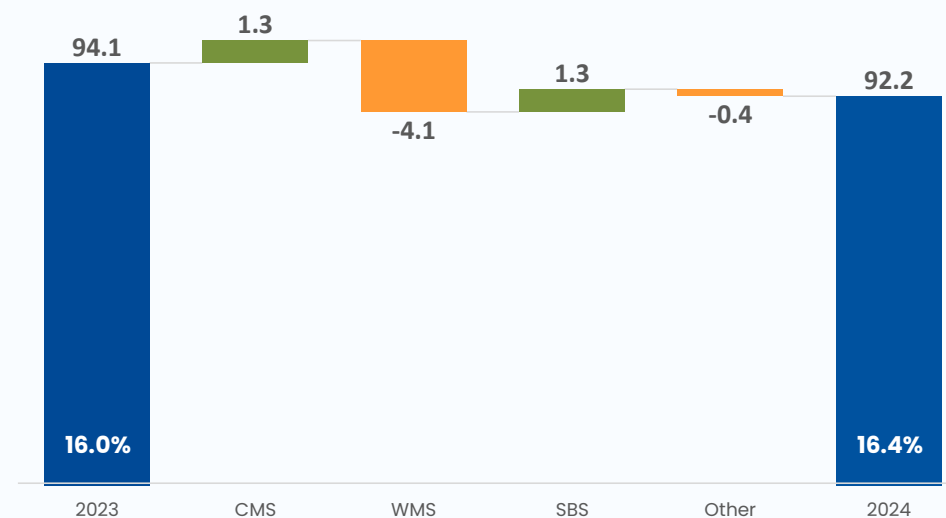
# Financial Results

## Business Units Overview 2024

Revenue (£m)



Underlying Operating Profit (£m)



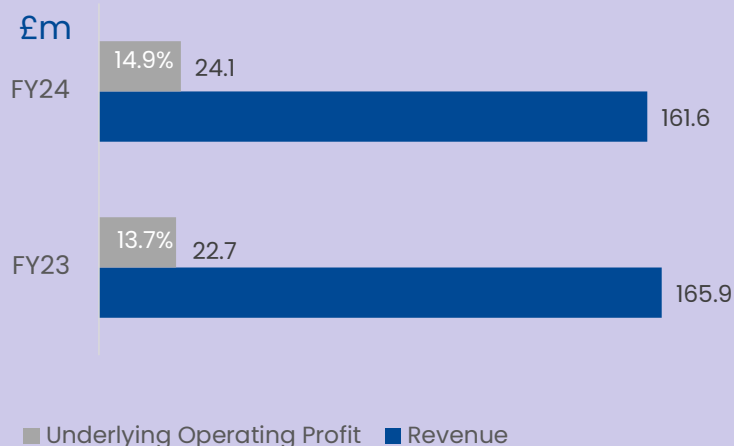
16.0%

16.4%



## Financial Results

### Climate Management Solutions (CMS)



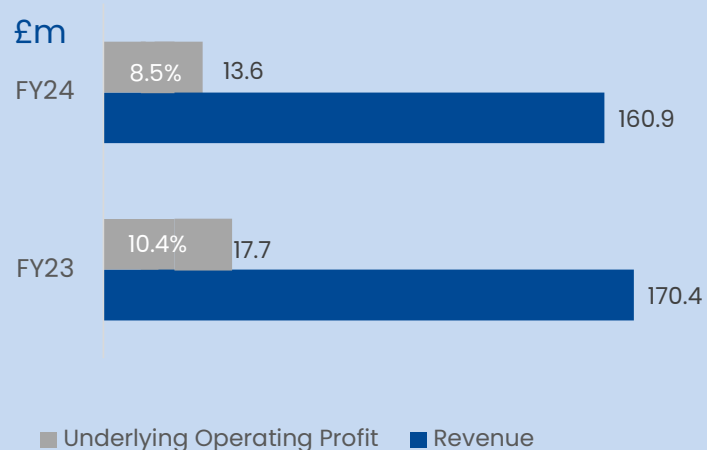
£m	2024	2023	Growth
Revenue	£161.6	£165.9	(2.6%)
Underlying operating profit	£24.0	£22.7	5.7%
Underlying operating margin	14.9%	13.7%	120bps

- Revenue 2.6% lower YoY (4.1% on a like-for-like basis)
  - Headwinds within the residential boiler and commercial ventilation markets
  - Stronger Q4 for Adey and Nuaire Residential
- Underlying operating margin 120 basis points higher than 2023
- Integration of Omnie & Timoleon on track



## Financial Results

### Water Management Solutions (WMS)



£m	2024	2023	Growth
Revenue	£160.9	£170.4	(5.6)%
Underlying operating profit	£13.6	£17.7	(23.4)%
Underlying operating margin	8.5%	10.4%	(190)bps

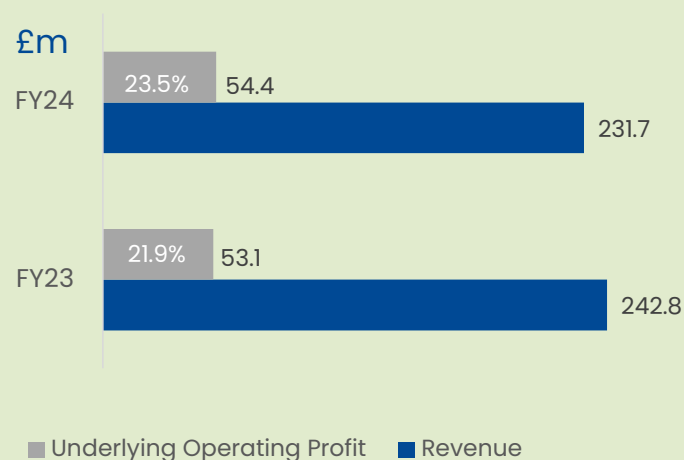
- Revenue 5.6% lower YoY (7.5% on a like-for-like basis)
  - Subdued market volumes
  - Lower customer confidence in Q4
- Underlying operating margin 190 bps lower than 2023
  - Impact of lower volumes
  - Acceleration of GBS projects to improve efficiency and profitability in 2025
- Integration of the acquired Sky Garden business is on track





## Financial Results

### Sustainable Building Solutions (SBS)



£m	2024	2023	Growth
Revenue	£231.7	£242.8	(4.6)%
Underlying operating profit	£54.4	£53.1	2.4%
Underlying operating margin	23.5%	21.9%	160bps

- Revenue 4.6% lower YoY
  - Resilient volume performance
- Underlying operating margin 160 bps higher than 2023
  - Effective cost management
  - Purchasing savings from aggregated buying
  - Impact of GBS projects on productivity and efficiency



## Financial Results

### Non-underlying items

£m	2024	2023
<b>Non-underlying items:</b>		
Amortisation of intangible assets	(14.4)	(14.8)
Impairment of goodwill	(12.4)	-
Impairment of intangible assets	-	(2.5)
Restructuring costs	(1.8)	(15.3)
Profit on disposal of property, plant and equipment	1.1	4.7
Contingent consideration on acquisitions	-	(1.8)
Employment Matters	1.1	(2.0)
Workday / CRM configuration (SaaS)	(1.1)	(1.2)
Software Supplier Dispute	(4.3)	-
Acquisition costs	(1.1)	-
Other	(0.1)	0.8
<b>Non-underlying items before taxation</b>	<b>(33.0)</b>	<b>(32.1)</b>
Tax effect of non-underlying items	5.4	8.0
<b>Total non-underlying items</b>	<b>(27.6)</b>	<b>(24.1)</b>

- Non-underlying items increased marginally to £33.0m (2023: £32.1m) before tax of which £24.4m is non-cash
  - Non-cash amortisation of £14.4m (2023: £14.8m)
  - Non-cash impairment charges of £12.4m (2023: £2.5m) in respect of the Adey business as previously announced
  - In addition, the Group incurred one off costs of £4.3m relating to a dispute fully provided for within H1 and settled within H2
- Proceeds from sale of exited sites of £4.9m



# Financial Results

## Cashflow

£m	2024	2023	Change
EBITDA (before non-underlying items)	119.2	119.8	(0.6)
Capex	(26.0)	(33.8)	7.9
Leases	(10.6)	(7.6)	(3.0)
Working capital	9.0	4.1	4.9
Underlying cash generated from operations	91.6	82.5	9.1
Interest	(11.4)	(13.4)	2.0
Taxation	(10.4)	(12.1)	1.7
Dividends	(30.8)	(30.5)	(0.3)
Net cash flows	39.4	26.5	12.9
Non-underlying proceeds of sale	4.9	6.9	(2.0)
Non-underlying cash items	(12.7)	(14.2)	1.5
Acquisitions	(5.2)	-	(5.2)
Other	(2.1)	(2.0)	(0.1)
Decrease / (increase) in net debt	24.3	17.2	7.1

\* Operating cash conversion is defined as operating cashflow post capex and lease liabilities (excluding non-underlying cash receipts for disposed assets) divided by underlying operating profit

- Underlying cash generated from operations of £91.6m with an operating cash conversion of 99.3%
- Focused on investing in targeted manufacturing facility development and key strategic projects. Capital expenditure in 2024 at £26.0m (2023: £33.8m)
- Working capital improvement in the year was achieved through lower levels of inventory and creditors. Stock turns in 2024 improved by 10.1%



## Financial Results

### Capital Allocation

- Continued investment in the business – £26.0m capital expenditure in 2024. Anticipated £30m–£35m in 2025
- Strong balance sheet provides strategic optionality for investment
- Focus on continuing to achieve over 90% operating cashflow conversion

### Maximising value through efficient capital deployment

Organic investment	Investment in innovation, efficiency and sustainability to deliver future growth
Disciplined approach to M&A	Filling portfolio gaps and building value-added solutions
Progressive dividend policy	Balancing growth and shareholder returns
1-2x Net debt to EBITDA	Maintaining a robust balance sheet with headroom for investment

# Strategic Progress & Outlook



Joe Vorih  
CEO





## Our purpose

Together, we create  
**sustainable living**



# Our strategy

## Sustainable Solutions for Growth



### Growth

Focusing on higher-growth, sustainability-driven markets, through organic growth and disciplined M&A opportunities



### Genuit Business System

Creating value through lean transformation and operational excellence



### Sustainability



Providing the lowest-carbon choice for our customers to maximise exposure to structural growth drivers



### People & Culture

Enabling growth through the capability, expertise and development of our employees

## Key Achievements FY24

- Offsetting commercial market softness with strong growth in residential ventilation
- Innovations into the MVHR ventilation market
- Promising Adey performance in Q4
- Margin improvement through GBS
- Integration of Omnie with Nu-Heat underway

## Focus Areas for FY25

- Growth linked to legislative drivers such as Future Homes Standard
- Focus on solution selling of ventilation to:
  - solve damp and mould problems in social housing
  - deliver cleaner, healthier air in schools, hospitals and commercial buildings



## Climate Management Solutions

*Well-positioned to benefit from legislative and environmental tailwinds*

## Key Achievements FY24

- Growth in Polypipe Middle East relating to flood mitigation
- Supporting customers' environmental obligations with 65% coverage of products with EPDs
- Increased proportion of recyclate polymers used, beyond the 76.5% achieved in 2023
- Integration of Sky Garden

## Focus Areas for FY25

- Strong pipeline of GBS projects to improve the efficiency and productivity of WMS
- Opportunities with water utility sector preparing for the AMP8 spending cycle
- Solution selling for blue-green roofs



## Water Management Solutions

*Growing value-added solutions whilst improving business efficiency*

## Key Achievements FY24

- Growth in PolyPlumb Enhanced, Polypipe Advantage and new-build UFH
- Improved purchasing of materials and delivered GBS productivity gains
- Significant share gains secured in Q4 (competitive exit)
- New CRM system, enhancing sales conversion and account management

## Focus Areas for FY25

- Leverage GBS to drive organic growth, share gains and productivity improvements
- Polypipe UFH solutions are a key enabler for implementation of the Future Homes Standard
- Enhance value-added solutions to address construction labour shortages



## Sustainable Building Solutions

*Strong progress despite challenging market*



# Leveraging GBS for Growth

## How the team used GBS

- Polypipe Building Services used the GBS tool “SMED” (Single Minute Exchange of Dies) whilst preparing for projected growth
- Focused on an injection moulding machine
- Achieved without capital expenditure

## Sustaining the change

- Using Daily Management to monitor progress against targets and objectives
- Consistent achievement of >90% on time in full delivery



## Productivity gains:

Changeover time  
**reduced by**

**>80%**

*4 hours to 46 minutes*



**10,000**

**Additional hours** of  
machine availability  
per year



## Utilising GBS For Sustainability

- Environmental Product Declarations (EPDs) are the most common method within the construction products sector to demonstrate our position as 'lowest-carbon supplier of choice'
- Key enabler for growth as a low-carbon supplier
- Cumbersome process was stalling progress

### How the team used GBS

- Focused kaizen event to overhaul the process
- Continued use of Daily Management to sustain the momentum



#### ENVIRONMENTAL PRODUCT DECLARATION

IN ACCORDANCE WITH EN 15804+A2 & ISO 14025 / ISO 21930

Terrain PVC Double Branch - 110mm Grey  
Polypipe Building Services



Number of EPDs  
**Increased by**

**>20x**

*From less than 0.2 per  
month to 4 per month*



In line with **our  
ambition** of

**25 per month**

*within 5 years*

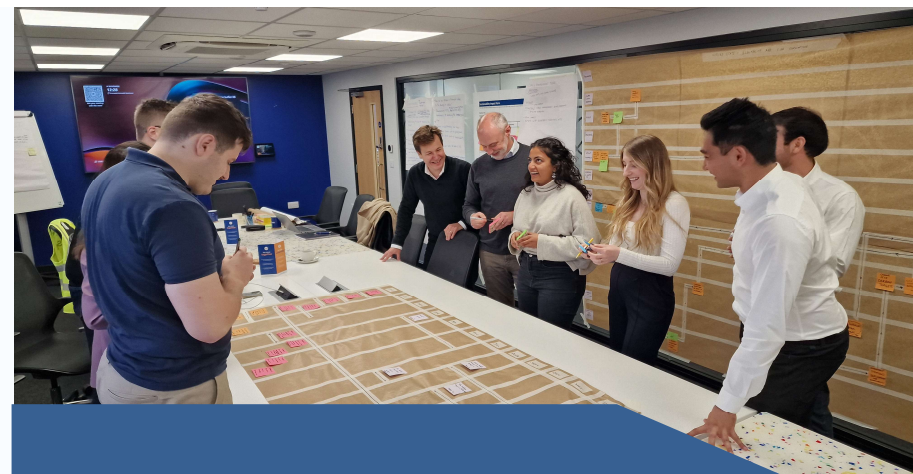
# Driving Sustainability Through Strategy Deployment

## How the team used GBS

- Polypipe Civils & Green Urbanisation used GBS tools to create a focused Carbon Reduction Plan
- Team kaizen event to evaluate opportunities
- Targeting decarbonisation of key products without impacting quality

## Sustaining the change

- Dedicated team focused on continued operational efficiency
- Progress monitored through Daily Management
- Project hopper developed to deliver continual benefits



Carbon removed  
from our products:

**c.1600t**

*Equivalent to c.1300t  
of polymer*

Associated annual  
cost saving of

**£400k**



## Key Achievements FY24

- Continued commitment to diversity and inclusion, bringing a competitive advantage
  - Of the 100 internal promotions during the year, 30% were female
- Ongoing investment in the workforce to maximise skill base, operational leverage and reinforce GBS
  - Over 15% of Genuit employees have participated in GBS training
  - More than 18% of colleagues in Earn & Learn programmes, Genuit awarded Gold status with The 5% Club
  - Over half of our Genuit Leadership Team participated in the Genuit Leadership Programme this year



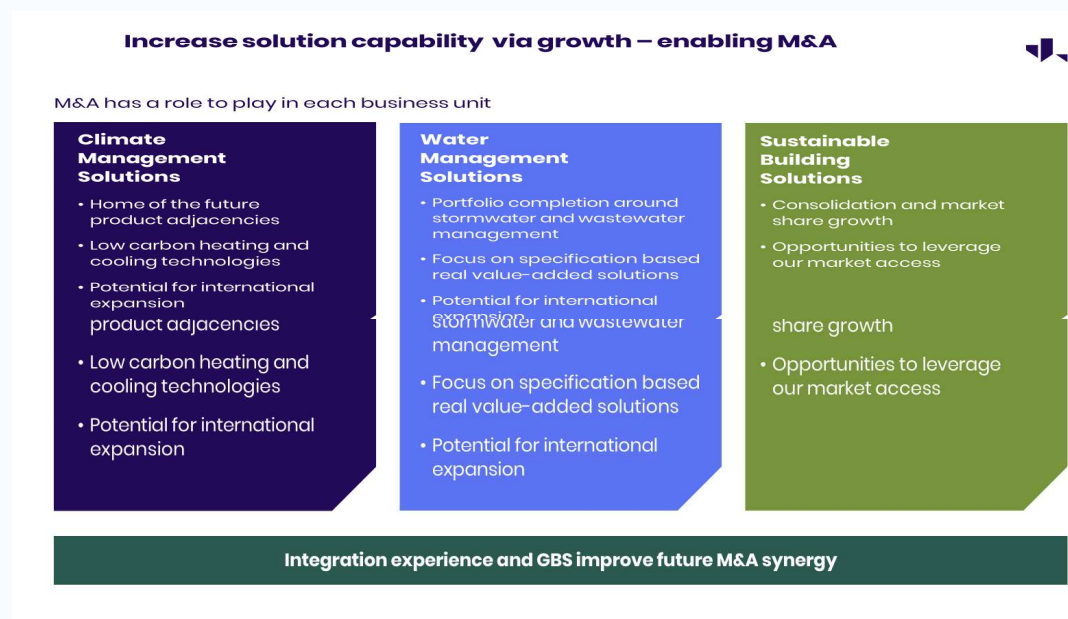
### People & Culture



Enabling growth through the capability, expertise and development of our employees

# Disciplined M&A is a key part of our strategy

- Sky Garden and Omnie & Timoleon are consistent with stated objectives
- Expanding M&A pipeline in line with growth ambition
- Overseas acquisitions have an important role alongside attractive opportunities to strengthen our UK market footprint
- Portfolio enhancement, along with GBS, provides value creation capability







## Outlook

- Trading for 2025 has started in line with management expectations
- Targeting to offset increase in employment costs with a balanced approach
- Expecting to deliver medium-term 20% target margin through productivity gains from the Genuit Business System and operating leverage
- The Group is confident in the medium-term growth prospects for the business, given its exposure to structural growth drivers





## Our Investment Case

*Delivering compound earnings growth from sustainability-driven growth markets*

Operating in built environment sectors with inherent sustainability-linked structural drivers



**2-4%**

**target through-cycle outperformance** of the UK construction market

Differentiated, innovative, low - carbon building products and solutions



**66%** reduction

in scopes 1 & 2 emissions

**Net-zero by 2050**

Leading positions across diverse markets, with strong brand recognition



c.20% share of

**£3bn UK**

served addressable market

Margin expansion potential, including through GBS, lean initiatives and operating leverage



**>20%**

**operating margin target**

Opportunity to expand solution offering through strategic acquisitions



Target of

**>15%** ROCE

Highly cash generative business model, with effective capital allocation



Over

**90%**

**cash conversion target**