**Volution Group plc**

Half year results to 31 January 2019

# Excellence in ventilation


volution group

# Introduction

## Excellence in ventilation

Volution Group plc is a leading supplier of ventilation products to the residential and commercial construction markets in the UK, the Nordics, Central Europe and Australasia.

- Introduction to Volution
- Highlights
- Financial Review
- Business Update and Outlook
- Q&A

**Ronnie George**
Chief Executive Officer

**Ian Dew**
Chief Financial Officer

# Volution Group plc Snapshot

## Brands

- Vent-Axia
- MANROSE
- DIFFUSION
- AIRTECH
- Breathing Buildings
- NATIONAL VENTILATION
- torin-sifan
- inVENTer
- Ventilair GROUP
- Fresh
- PAX
- welair
- VoltAir
- AIR CONNECTION
- KAIR
- Simx
- ventair

## Excelling in both the residential and commercial markets.

We operate through two segments:

### Ventilation Group

> 89.5% of Group revenue (H1 2018: 88.5%).

> The Ventilation Group primarily supplies ventilation products for residential and commercial construction applications in the UK, the Nordics, Central Europe and Australasia.

### OEM (Torin-Sifan)

> 10.5% of Group revenue (H1 2018: 11.5%).

> OEM (Torin-Sifan) manufactures and supplies motors, motorised impellers, fans and blowers to OEMs of heating, ventilation and air conditioning products.

### Increasing geographic diversity

> 49% of revenue is from UK customers.

> On a pro-forma basis, our revenue from customers outside the UK now represents 53% of total Group revenue.

### % of Volution Group revenue

| | |
|---|---|
| Ventilation Group | 89.5% |
| OEM (Torin-Sifan) | 10.5% |

### % of Volution Group revenue by region

| | |
|---|---|
| UK | 49% |
| Rest of the world | 51% |

### % of Volution Group revenue by region on a pro-forma basis

| | |
|---|---|
| UK | 47% |
| Rest of the world | 53% |

# Our Locations

We aim for our products to enhance our customers' experience of ventilation by reducing energy consumption, improving indoor air quality and design and making them easier to use.

Geographical diversification continues, to build scale, product range and access to attractive markets.

**UK**

Vent-Axia

MANROSE

DIFFUSION

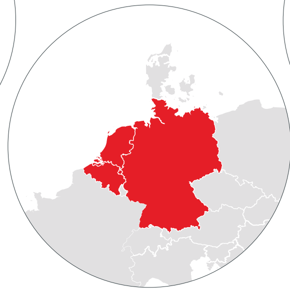
AIRTECH

NATIONAL VENTILATION

Breathing Buildings

torin-sifan

**Central Europe**

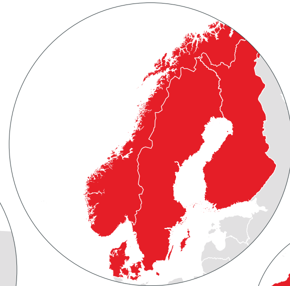


inVENTer

Ventilair GROUP

Vent-Axia

**Nordics**



Fresh

PAX

welair

VoltAir LUFTBEHANDLING

AIR CONNECTION

KAIR

**Australasia**

Simx

ventair*

* Post period acquisition.

# Further good progress with revenue growth of 16.3% and adjusted operating profit up 10.7%.

## Three strategic pillars

### Organic growth in our core markets

- Organic revenue growth of 1.9% (3.2% at constant currency (cc)).
- Another period of strong organic growth for UK Residential New Build.
- UK Public RMI returned to growth.
- Good traction with our new Xenion range of decentralised heat recovery ventilation in Germany.
- Launched the first application software controlled extract fan in New Zealand.

### Growth through a disciplined and value-adding acquisition strategy

- Inorganic revenue growth of 14.4% (14.6% at cc).
- The four acquisitions completed in 2018 are all integrating well.
- Post period acquisition of Ventair Pty Limited, in Australia.

### Development of OEM (Torin-Sifan) range and customer base

- Organic revenue growth of 6.2% (6.3% at cc).
- Sales of EC3 products gaining further momentum (third party and intercompany).

# Volution Group plc: Operations – Reading Factory Update

- Operational difficulties at our Reading facility adversely impacted on profitability in the period.
- The project took six months longer and cost more than anticipated to complete.
- The project is now complete and we now have the capacity headroom to support our ambitious organic and inorganic growth plans.
- Production levels had normalised by the end of the period.
- We expect to benefit from these increased levels of output in the second half of FY 2019.
- The focus is now on creating operational excellence at the Reading facility.

# Post Period Event – Acquisition of Ventair Pty Limited

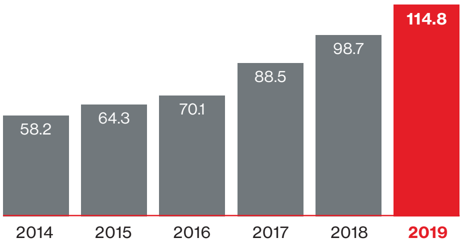
- On 1 March 2019 Volution Group plc acquired Ventair Pty Limited, in Australia.
- Ventair is a leading specialist supplier of high quality air movement products to the Australian residential ventilation market.
- Initial consideration was AUS$19.2 million (approximately £10.4 million), plus deferred cash consideration of up to AUS$7.7 million (approximately £4.2 million), contingent on Ventair's profitability in the financial year ending 31 July 2020.
- In the financial year ended 30 June 2018, Ventair generated revenue of AUS$18.4 million (approximately £10.0 million). Reported profit before tax was AUS$2.1 million (approximately £1.1 million).
- The Managing Director, Gary Purcell, who founded Ventair twelve years ago, will continue to lead the business in Australia and will report to the Managing Director, Australasia.
- This acquisition further diversifies our geographic footprint, product offer and market access.
- On a pro-forma basis revenue from customers outside the UK now represents 53% of total Group revenue.

ventair
THE AIR MOVEMENT SPECIALISTS

# 2019 Half Year Highlights

## **Revenue** £m

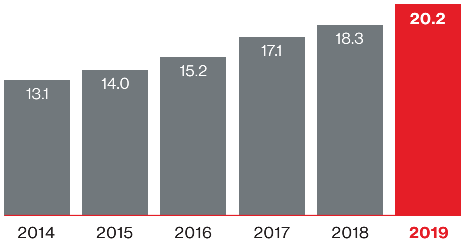
£114.8m




- Good revenue growth in the period of 16.3% (17.8% at cc).
- Organic revenue growth of 1.9% (3.2% at cc).
- Inorganic revenue growth of 14.4% (14.6% at cc).
- 97% growth in five years.
- CAGR of 15% since H1 2014.

## **Adjusted operating profit** £m

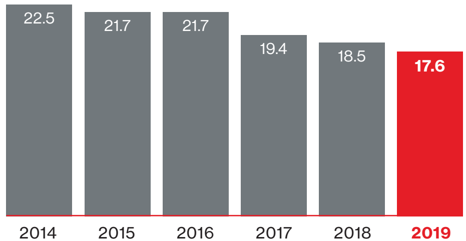
£20.2m




- Adjusted operating profit increased by 10.7% to £20.2 million.
- A £1.9 million improvement compared to H1 2018.

## **Adjusted operating profit margin** %

17.6%

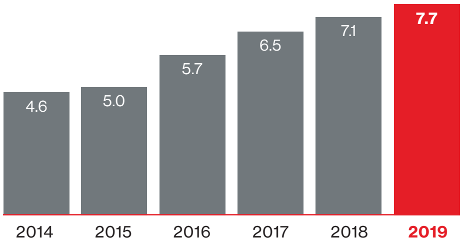



- Margin dilution partly as a consequence of:
  - operational inefficiencies at Reading (now significantly improved); and
  - higher costs of expedited material supply (OEM and UK Commercial).
- Offset by improved margins in:
  - UK Residential New Build;
  - UK Residential Public RMI; and
  - Central Europe.

# 2019 Half Year Highlights continued

## Adjusted EPS p

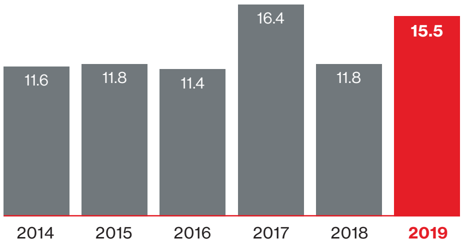
7.7p




- Adjusted EPS growth of 8.5% to 7.7 pence.
- CAGR of 11% since H1 2014.

## Adjusted operating cash flow £m

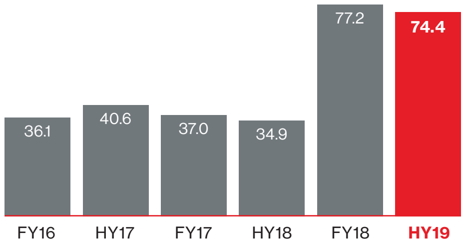
£15.5m




- Operating cash inflow was £3.7 million higher than in the corresponding period.
- Cash conversion of 74.5% (H1 2018: 63.2%).
- Operating working capital improved, now representing 23.5% of half year revenue (H1 2018: 24.8%).

## Net debt £m

£74.4m




- Net debt reduced by £2.8 million in the period.
- Leverage (expressed as a ratio of net debt to adjusted EBITDA) was 1.7x on a trailing twelve months' basis (FY 2018: 1.9x).
- FY2018 increased because of four acquisitions in H2 2018.
- Extend bank facility by 12 months to December 2022.

Ian Dew – CFO

# Financial Review

Half year results to 31 January 2019

# Financial Highlights

## Half year results to 31 January 2019

| | **Six months to 31 January 2019** | Six months to 31 January 2018 | Movement | Movement % |
|---|---|---|---|---|
| Revenue (£m) | **114.8** | 98.7 | 16.1 | 16.3% |
| Adjusted operating profit (£m)[1] | **20.2** | 18.3 | 1.9 | 10.7% |
| Adjusted profit before tax (£m)[1] | **19.1** | 17.8 | 1.3 | 7.6% |
| Reported profit before tax (£m) | **10.2** | 10.1 | 0.1 | 1.4% |
| Adjusted basic and diluted EPS (p)[1] | **7.7** | 7.1 | 0.6 | 8.5% |
| Interim dividend per share (p) | **1.60** | 1.46 | 0.14 | 9.6% |
| Adjusted operating cash flow (£m)[1] | **15.5** | 11.8 | 3.7 | 30.8% |
| Net debt (£m) | **74.4** | 34.9 | 39.5 | — |
| Closing debt leverage, net debt to adjusted EBITDA (x) | **1.7** | 0.9 | 0.8 | — |

### Key highlights

- Revenue growth of 16.3% (17.8% at cc). Organic revenue growth of 1.9% (3.2% at cc).
- Adjusted operating profit increased by 10.7%, assisted by acquisitions.
- Reported profit before tax increased by 1.4%. Growing less than adjusted profit because of:
  - release of contingent consideration in prior period;
  - increase in amortisation of acquired intangible assets; and
  - offset by lower financing costs and foreign exchange derivative revaluations in the period.
- An interim dividend declared of 1.60 pence per share, a 9.6% increase compared to H1 2018.
- Adjusted operating cash inflow of £15.5 million, up 30.8%, and cash conversion of 74.5% (H1 2018: 63.2%).
- Net debt of £74.4 million, up £39.5 million after four acquisitions in H2 2018; 1.7x adjusted EBITDA on a trailing twelve months' basis (FY2018: 1.9x).

1. The Group uses some alternative performance measures to track and assess the underlying performance of the business. These measures include adjusted operating profit, adjusted profit before tax, adjusted basic and diluted EPS and adjusted operating cash flow. An explanation and reconciliation to reported profit before tax is shown on page 12.

# Income Statement Summary

## Half year results to 31 January 2019

| | **Six months to January 2019** | Six months to January 2018 | Movement £m | Movement % |
|---|---|---|---|---|
| Revenue (£m) | **114.8** | 98.7 | 16.1 | 16.3% |
| Revenue (£m) cc | **116.4** | 98.7 | 17.7 | 17.8% |
| Gross profit (£m) | **53.3** | 47.4 | 5.9 | 12.5% |
| Gross margin | **46.4%** | 48.0% | (1.6pp) | — |
| Adjusted EBITDA (£m)[1] | **22.4** | 20.2 | 2.2 | 10.9% |
| Adjusted operating profit (£m)[1] | **20.2** | 18.3 | 1.9 | 10.7% |
| Adjusted operating profit (£m)[1] cc | **20.5** | 18.3 | 2.2 | 12.4% |
| Adjusted operating profit margin[1] | **17.6%** | 18.5% | (0.9pp) | — |
| Adjusted net finance costs (£m)[1] | **(1.1)** | (0.5) | (0.6) | 128.9% |
| Adjusted profit before tax (£m)[1] | **19.1** | 17.8 | 1.3 | 7.6% |
| Adjusted tax charge (£m)[1] | **(3.9)** | (3.7) | (0.2) | 5.1% |
| Adjusted profit after tax (£m)[1] | **15.2** | 14.1 | 1.1 | 8.3% |

- Revenue growth of 16.3% (+£16.1 million) (17.8% at cc).
  - Revenue growth would have been £1.6 million higher at cc.
  - 1.9% organic revenue growth (3.2% at cc).
  - 14.4% inorganic revenue growth (14.6% at cc) from the full period effect of the following acquisitions:
    - Simx Limited in New Zealand (March 2018);
    - AirFan B.V. (renamed Vent-Axia B.V.) in the Netherlands (May 2018);
    - Oy Pamon Ab in Finland (July 2018); and
    - Air Connection ApS in Denmark (July 2018).
- Gross profit up by £5.9 million on higher volumes.
- Margins declined due to:
  - operational difficulties at our new Reading facility; and
  - higher material cost in OEM (Torin-Sifan) and our UK Commercial sector.
- Adjusted net finance cost increased by £0.6 million following four acquisitions in H2 2018.
- Adjusted profit after tax of £15.2 million improved by 8.3%.

1. The Group uses some alternative performance measures to track and assess the underlying performance of the business. These measures include adjusted operating profit, adjusted profit before tax, adjusted basic and diluted EPS and adjusted operating cash flow. An explanation and reconciliation to reported profit before tax is shown on page 12.

# Adjusted Profit Before Tax Reconciled to Reported Profit Before Tax

## Half year results to 31 January 2019

| | **Six months to January 2019 £m** | Six months to January 2018 £m | Movement £m |
|---|---|---|---|
| **Adjusted profit before tax** | **19.1** | 17.8 | 1.3 |
| **Items excluded from adjusted measures:** | | | |
| Exceptional items | **(1.2)** | (1.1) | (0.1) |
| Release of contingent consideration | **0.0** | 1.5 | (1.5) |
| Net loss on financial instruments at fair value | **0.0** | (0.6) | 0.6 |
| Unamortised loan issue costs written off | **0.0** | (0.3) | 0.3 |
| Amortisation of acquired intangibles | **(7.7)** | (7.2) | (0.5) |
| **Reported profit before tax** | **10.2** | 10.1 | 0.1 |

| | **Six months to January 2019 £m** | Six months to January 2018 £m | Movement £m |
|---|---|---|---|
| **Exceptional items:** | | | |
| Acquisition related costs | **0.1** | 0.3 | (0.1) |
| Factory relocation | **1.1** | 0.8 | 0.2 |
| **Exceptional items** | **1.2** | 1.1 | 0.1 |

### Adjustments

- Exceptional items:
  - acquisition related costs of £0.1 million (H1 2018: £0.3 million) and factory relocation in the UK of £1.1 million (H1 2018: £0.8 million);
  - factory relocation in the UK is now complete; and
  - the cost in the period is significantly lower than the £4.2 million incurred in H2 2018.
- Net loss on financial instruments relates to the uncrystallised revaluation of currency hedges of £nil million (H1 2018: loss of £0.6 million).
- Amortisation of acquired intangible assets:
  - amortisation relating to the fair value of acquired intangible assets of £7.7 million (H1 2018: £7.2 million); and
  - increasing as a consequence of the four acquisitions in the year ended 31 July 2018.

# Consolidated Statement of Financial Position Summary

## Half year results to 31 January 2019

| | 31 January 2019 £m | 31 July 2018 £m |
|---|---|---|
| Property, plant and equipment | **23.1** | 22.6 |
| Intangible assets – goodwill | **112.3** | 112.7 |
| Intangible assets – others | **96.6** | 104.1 |
| Non-current assets | **232.0** | 239.4 |
| Inventory | **30.0** | 30.1 |
| Trade and other receivables | **39.3** | 39.2 |
| Cash | **9.3** | 18.2 |
| Current assets | **78.6** | 87.5 |
| Payables and other liabilities | **(43.7)** | (48.1) |
| Current liabilities | **(43.7)** | (48.1) |
| Loans and borrowings | **(83.7)** | (95.4) |
| Unamortised finance costs | **0.9** | 0.8 |
| Other liabilities | **(0.9)** | (1.5) |
| Deferred tax | **(15.9)** | (17.5) |
| Non-current liabilities | **(99.6)** | (113.6) |
| **Net assets** | **167.3** | 165.2 |
| Share capital | **2.0** | 2.0 |
| Share premium | **11.5** | 11.5 |
| Treasury shares | **(2.0)** | (2.0) |
| Capital reserve | **93.9** | 93.9 |
| Other reserve | **3.4** | 3.3 |
| Retained earnings | **58.5** | 56.5 |
| **Total equity** | **167.3** | 165.2 |

- Non-current assets decreased by £7.4 million, as a consequence of depreciation and amortisation of PPE and acquired intangible assets – others.
- Improved management of operating working capital, 23.5% of revenue (H1 2018: 24.8% of revenue).
- Loans and borrowings decreased in the period by £11.7 million and lower cash reserves of £8.9 million.
- Deferred tax credit relates primarily to the recognition of acquired intangible assets at fair value.
- The capital reserve of £93.9 million arises on consolidation and is non-distributable.
- Distributable reserves in the parent company are £77.5 million.

# Cash Flow Summary and Net Debt Bridge

## Half year results to 31 January 2019

| | **Six months to January 2019 £m** | Six months to January 2018 £m |
|---|---|---|
| **Opening net debt at 1 August** | **(77.2)** | (37.0) |
| **Movements from normal business operations** | | |
| Adjusted EBITDA | **22.4** | 20.2 |
| Movement in working capital | **(3.5)** | (5.5) |
| Capital expenditure | **(3.4)** | (2.9) |
| **Adjusted operating cash flow** | **15.5** | 11.8 |
| Interest paid | **(0.9)** | (0.3) |
| Income tax paid | **(4.5)** | (3.7) |
| Exceptional items | **(1.0)** | (0.7) |
| Dividend | **(5.9)** | (5.6) |
| Purchase of own shares | **(1.2)** | 0.0 |
| FX on foreign currency loans/cash | **1.6** | 1.5 |
| Finance costs paid | **(0.2)** | (0.9) |
| **Movements from acquisitions** | | |
| Acquisition consideration, net of cash acquired | **(0.6)** | 0.0 |
| **Closing net debt at 31 January** | **(74.4)** | (34.9) |

- Net debt increased by £39.5 million from £34.9 million at January 2018 after four acquisitions in H2 2018.
- Improved adjusted operating cash flow of £15.5 million (H1 2018: £11.8 million):
  - cash conversion of 74.5% (H1 2018: 63.2%) after working capital movements and capital expenditure.
- Final dividend paid in December 2018 for the year ended 31 July 2018 was £5.9 million (December 2017: £5.6 million).
- Foreign exchange: the revaluation of foreign currency borrowings and cash has reduced our consolidated indebtedness in the period by £1.6 million (H1 2018: decreased by £1.5 million).
- In December 2018 the Group exercised the option to extend its multicurrency revolving credit facility by twelve months to December 2022 at a cost of £0.2 million.
- Acquisition consideration of £0.6 million relates to contingent consideration paid out for Oy Pamon in the period, as performance was in line with the business case.

Ronnie George – CEO

# Business Update and Outlook

# Growth by Market Segment

| | H1 2019 £m | H1 2019 £m (cc) | H1 2018 £m | Growth % | Growth (cc) % |
|---|---|---|---|---|---|
| Ventilation Group revenue | **102.8** | 104.3 | 87.4 | 17.6% | 19.3% |
| OEM (Torin-Sifan) revenue | **12.0** | 12.1 | 11.3 | 6.2% | 6.3% |
| **Total Volution Group revenue** | **114.8** | 116.4 | 98.7 | 16.3% | 17.8% |

## Revenue growth

**Volution Group revenue grew by 16.3% (17.8% at cc)**

- Organic revenue grew by 1.9% (3.2% at cc).
- Inorganic revenue grew by 14.4% (14.6% at cc).

**Ventilation Group revenue grew by 17.6% (19.3% at cc)**

- Organic revenue grew by 1.4% (2.8% at cc).
- Inorganic revenue grew by 16.2% (16.5% at cc).

**OEM (Torin-Sifan) revenue grew by 6.2% (6.3% at cc)**

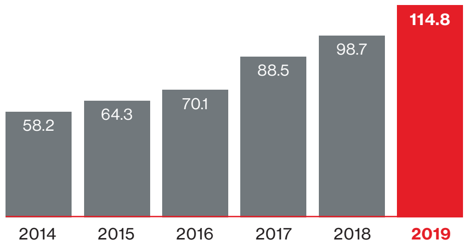
**% of Volution Group revenue**

| | |
|---|---|
| Ventilation Group | 89.5% |
| OEM (Torin-Sifan) | 10.5% |

**Revenue** £m

**97% growth in five years**

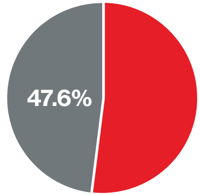
**CAGR of 15% since 2014**



# Market Sector Review: UK Ventilation Group

| | H1 2019 £m | H1 2019 £m (cc) | H1 2018 £m | Total growth % | Organic growth (cc) % | Inorganic growth (cc) % | Total growth (cc) % |
|---|---|---|---|---|---|---|---|
| **UK Ventilation Group revenue** | **54.6** | 54.6 | 52.7 | 3.8% | 3.8% | 0.0% | 3.8% |
| UK Residential New Build revenue | **13.1** | 13.1 | 11.1 | 17.5% | 17.5% | 0.0% | 17.5% |
| UK Commercial revenue | **17.3** | 17.3 | 16.0 | 8.2% | 8.2% | 0.0% | 8.2% |
| UK Residential RMI revenue | **19.7** | 19.7 | 19.7 | 0.3% | 0.3% | 0.0% | 0.3% |
| UK Export revenue[1] | **4.5** | 4.6 | 5.9 | (22.8)% | (22.3)% | 0.0% | (22.3)% |

% of Volution Group revenue




## UK Ventilation Group

### UK Residential New Build revenue

- Strong organic revenue growth of 17.5%, continuing an unbroken growth trend going back to 2010.
- Growth has accelerated over the period, the order intake and outlook are positive and we are well positioned for future growth.

### UK Commercial revenue

- Good organic revenue growth of 8.2% in the period.
- All individual product categories performing well.
- The investment in additional capacity in West Molesey in the UK has supported the increased revenue as well as the upgraded range of natural and hybrid ventilation products for the education sector.

### UK Residential RMI revenue

- Organic revenue growth of 0.3% in the period.
- The improvement in the public sector has been supported by improving customer service from the new Reading facility in the second quarter.

### UK Export revenue

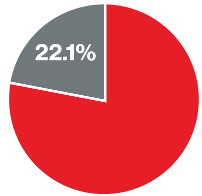
- Export revenue declined in the period by 22.3% cc. The prior year had strong sales for a one-off spares order to Japan.
- Export sales, to the new build residential market in Eire using our leading range of heat recovery, continue to perform very well with several projects secured for the second half of FY 2019.

1. Excluding sales to Simx and Air Connection in the prior period of £0.8 million to show a like-for-like organic comparison to H1 2018 as sales to Simx and Air Connection are now eliminated as intercompany sales. Including the effect of sales to Simx and Air Connection becoming intercompany in FY 2018 there was a 32.1% (31.8% at cc) decline.

# Market Sector Review: Nordics

| | **H1 2019 £m** | H1 2019 (cc) £m | H1 2018 £m | Total growth % | Organic growth (cc) % | Inorganic growth (cc) % | Total growth (cc) % |
|---|---|---|---|---|---|---|---|
| **Nordics revenue** | **25.4** | 26.5 | 19.6 | 29.0% | 0.2% | 34.7% | 34.9% |

% of Volution Group revenue




Fresh Ventilation

PAX

welair

VoltAir LUFTBEHANDLING

KAIR

AIR CONNECTION

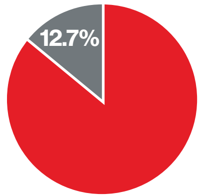
## Nordics

- Sales in the Nordics sector increased by £5.7 million, benefiting from the acquisitions of Oy Pamon and Air Connection in July 2018.
- The recent acquisitions have integrated well with revenue growing and margins improving.
- Organic revenue growth of 0.2% (cc).
  - Softness in the Swedish market.
  - Organic margins improving.
- In the period we launched the new generation of "intelligent" ventilation (Intellivent Sky) for the refurbishment market in the Nordics.

# Market Sector Review: Central Europe

| | H1 2019 £m | H1 2019 (cc) £m | H1 2018 £m | Total growth % | Organic growth (cc) % | Inorganic growth (cc) % | Total growth (cc) % |
|---|---|---|---|---|---|---|---|
| **Central Europe revenue** | **14.6** | 14.6 | 14.3 | 2.2% | 2.5% | 0.0% | 2.5% |

% of Volution Group revenue




## Central Europe

- Organic revenue growth of 2.2% (2.5% at cc).
- Operating margins improving.

## Belgium and the Netherlands

- Our strategy to gain share with the distribution route to market is gaining traction. In both markets there has been a substantial increase in the product range and that will continue in the second half of the financial year.

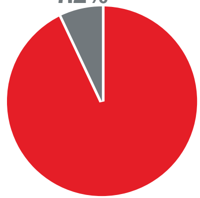
## Germany

- Good traction with our new Xenion range of decentralised heat recovery ventilation in Germany.
- The Xenion range of decentralised heat recovery now makes up the main category for our sales.

# Market Sector Review: Australasia

| | **H1 2019 £m** | H1 2019 (cc) £m | H1 2018 £m | Total growth % | Organic growth (cc) % | Inorganic growth (cc) % | Total growth (cc) % |
|---|---|---|---|---|---|---|---|
| **Australasia revenue** | **8.2** | 8.5 | 0.0 | n/a | n/a | n/a | n/a |

% of Volution Group revenue




Simx

MANROSE

ventair

## Australasia

- Sales in Australasia were £8.2 million during the period.
- Operating margins improving.
- A number of new products have been launched with the new Genius fan the most notable success.
- Lee Nurse (previously Group Product and Marketing Director) continuing his employment in the region, driving the introduction of new products.

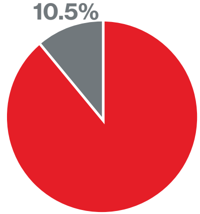
## Post period acquisition of Ventair in Australia

- A leading supplier of residential ventilation to the electrical distributor market nationally.
- Significant cross-selling opportunities.

# Market Sector Review: OEM (Torin-Sifan)

| | **H1 2019 £m** | H1 2019 (cc) £m | H1 2018 £m | Total growth % | Organic growth (cc) % | Inorganic growth (cc) % | Total growth (cc) % |
|---|---|---|---|---|---|---|---|
| **OEM (Torin-Sifan) revenue** | **12.0** | 12.1 | 11.3 | 6.2% | 6.3% | 0.0% | 6.3% |

% of Volution Group revenue




torin-sifan

## OEM (Torin-Sifan)

- Revenue was £12.0 million (H1 2018: £11.3 million), an increase of £0.7 million. Organic revenue growth of 6.2% (6.3% at cc).
- Sales of our highly efficient electronically commutated (EC) technology products have been good.
- Sales volumes of traditional boiler spares have been disappointing, due to an unseasonally warm winter in the UK.
- Margins have declined as a consequence of higher input costs for electronic components and lower sales of higher margin boiler spares.

New EC3 motorised impeller

# Volution Group plc: Operations Update

## Reading

- Significant operational improvement achieved by the end of the period.
- Project completed.
- Ongoing focus on operational excellence.

## New product development

- Xenion fan introduced in Germany.
- Ongoing in-sourcing of fan portfolio.
- Soft launch of new wireless controls.

## Acquisition integration

- The four acquisitions completed in H2 2018 are all integrating well and performing in line with our expectations.

## Investment

- Additional injection moulding, ducting extrusion and fan assembly lines.
- Significant increase in laser metal cutting and folding.
- Initiated upgrade to material supply chain management.

LVD Phoenix 3015 6kw Fiber Laser cutting machine

# Summary and Outlook

**Brands**

- Revenue growth of 17.8% at cc (CAGR of 15% since 2014).
- Organic revenue growth of 3.2% at cc.
- UK Residential Public RMI returned to growth.
- Relocation to our new Reading factory now complete.
- Adjusted EPS CAGR of 11% since 2014.
- The ventilation market in Europe remains highly fragmented and we will continue to pursue acquisition opportunities in the region.

## Outlook statement

The second half of the financial year started well, continuing the improving organic growth trend demonstrated in the first half. The factory consolidation project, in Reading, UK, is now complete; production levels had normalised by the end of the period and we expect to benefit from these increased levels of output in the second half of FY 2019. Notwithstanding the ongoing uncertainty over the arrangements for the UK to leave the EU, we are now significantly more geographically diverse, and our increasing investment in innovation and new product introductions will provide the support required to make good progress in line with our strategy in the second half of the financial year. The Board currently anticipates full year earnings to be in line with expectations.

## Thank You

# Q&A

# Disclaimer

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as “will”, “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “should”, “may”, “assume” and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.