



2015 Results

Revolution Group plc

Full year results to 31 July 2015

Introduction

Agenda

- Highlights
- Financial Review
- Business Update and Outlook
- Q&A

Presentation

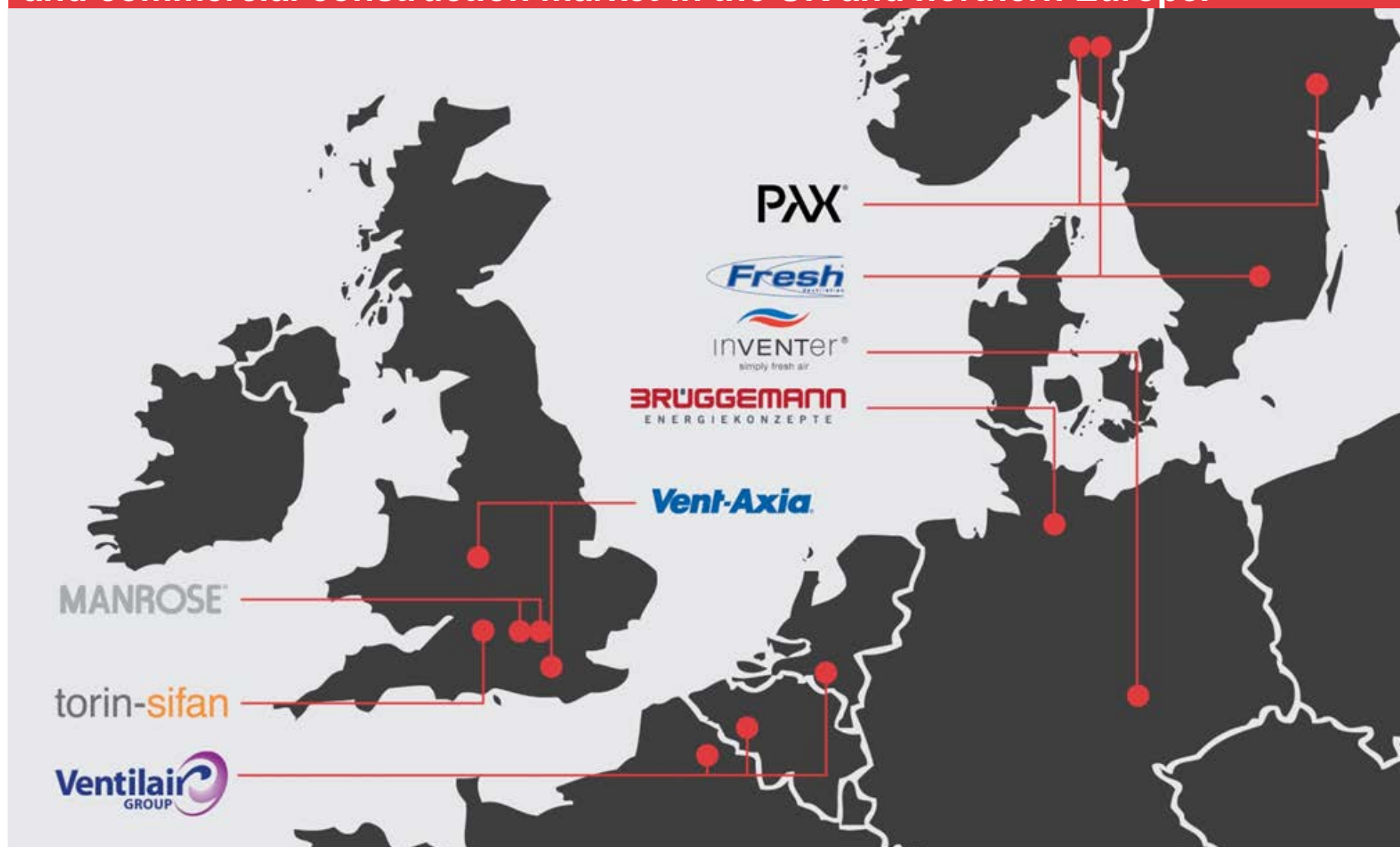


Ronnie George
Chief Executive Officer



Ian Dew
Chief Financial Officer

Volusion Group is a leading supplier of ventilation products to the residential and commercial construction market in the UK and northern Europe.



The Volution Group

Leading supplier of ventilation products to the residential and commercial construction market in the UK and northern Europe.

Ventilation Group

Consists of seven key brands, Vent-Axia, Manrose, Fresh, PAX, inVENTer, Brüggemann and Ventilair, focused primarily on the UK, Swedish, Norwegian, German, Belgian and Dutch ventilation markets.

➤ A Market leader in:

- ✓ UK residential ventilation products market.
- ✓ Swedish residential refurbishment ventilation products market.
- ✓ German decentralised heat recovery residential ventilation systems market.
- ✓ Belgian residential centralised heat recovery market with a growing position in ventilation solutions for the commercial market.

(OEM)Torin-Sifan

Majority of products are sold in the residential and commercial heating and ventilation products markets.

➤ A leading supplier of:

- ✓ Supply of motors, motorised impellers, fans and blowers to the European heating, ventilation and air conditioning (HVAC) industry.

Vent-Axia

MANROSE

Fresh
Ventilation

PAX

inVENTer
einfach genial lüften

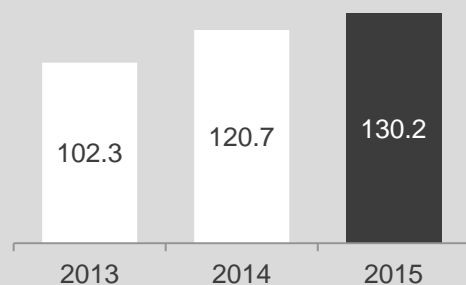
BRÜGGEMANN
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Ventilair
GROUP

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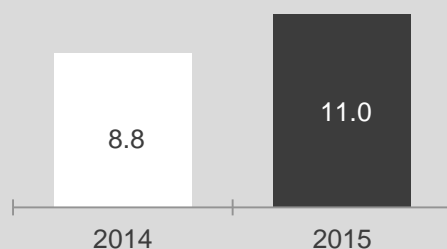
2015 Highlights

Revenue **£130.2m**



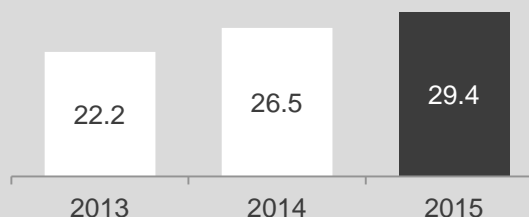
- Strong revenue growth in the year 7.9% (12.4% constant currency basis).
- Organic growth on a constant currency basis was 4.9%.
- Inorganic growth on a constant currency basis was 7.5%.

Adj EPS¹ **11.0p**



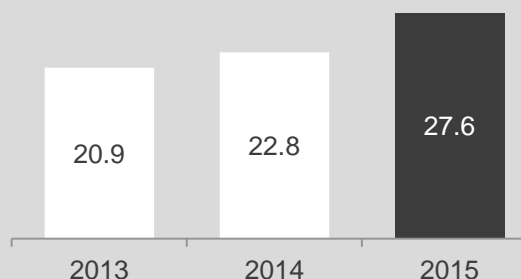
- Improved EPS from increased underlying profitability.
- Refinancing of our bank facility in the year has improved profitability.

Adj Op Profit **£29.4m**



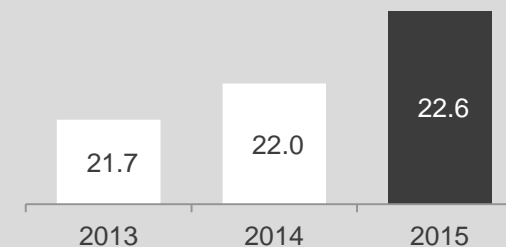
- Adjusted operating profit increased by 11.0%.
- Strong growth in underlying profitability.

Adj Op cash flow **£27.6m**



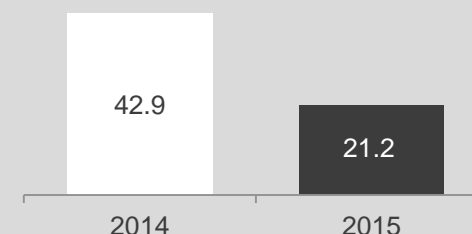
- Adjusted operating cash flow in 2015 remained strong despite an increase in capital investment.
- 93% adjusted operating cash flow conversion.

Adj Op Profit Margin **22.6%**



- Margin improvement in the year of 0.6 percentage points.

Net Debt **£21.2m**



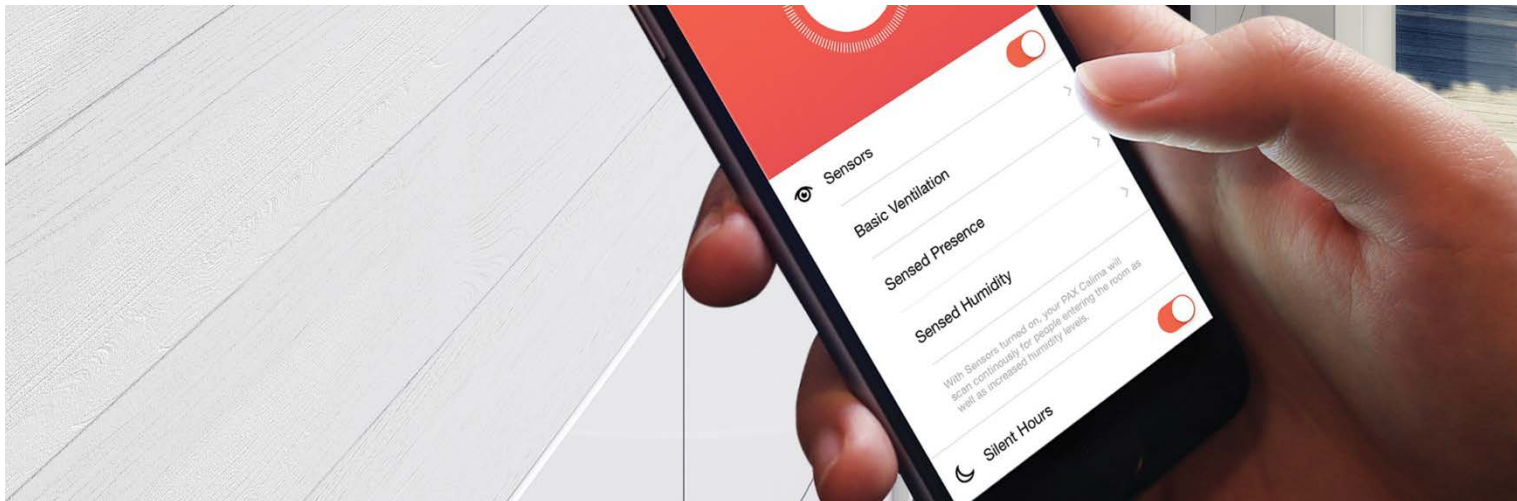
- Strong cash generation reduced our net debt significantly.
- Leverage (expressed as a ratio of net debt to adjusted EBITDA) was 0.7x (2014: 1.5x).

¹ Adjusted EPS for 2014 includes pro forma adjustments to reflect the additional costs associated with public ownership and lower finance costs.



Financial Review

Ian Dew – CFO



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Financial Highlights

Financial Year ended July 2015

Sales, earnings, net debt and EPS all improved significantly in the year.

		2015	2014	Movement	Movement %	Change Constant
Revenue (£m)		130.2	120.7	9.5	7.9%	12.4%
Adjusted EBITDA (£m)	1, 2	32.1	27.3	4.8	17.6%	22.9%
Adjusted Operating profit (£m)	1, 2	29.4	25.3	4.1	16.2%	24.5%
Adjusted Profit before Tax (£m)	1, 2	27.5	22.8	4.7	20.6%	29.7%
Reported Profit/(Loss) before Tax (£m)		15.5	(15.5)	31.0		
Adjusted Basic and diluted EPS (p)	1, 2	11.0p	8.8p	2.2p	25.0%	36.40%
Dividend per share (p)		3.30p	n/a			
Adjusted Operating Cash Flow (£m)	1, 2	27.6	22.8	4.8	21.1%	
Net Debt (£m)		(21.2)	(42.9)	21.7		
Net Debt to annualised EBITDA		0.7	1.5	0.8		

- Sales growth of 12.4% at constant currency (cc).
- Adjusted PBT grew by 20.6% (29.7% cc). Euro and SEK weaker.
- Reported Profit Before Tax was £15.5m, £31.0m improved. FY14: higher debt structure pre listing and the cost of IPO.
- Adjusted EPS of 11.0p, improved 25%.
- A final dividend proposed: 2.25p per share. Total for the year 3.30p per share.
- Very strong Adjusted Operating Cash Flow: £27.6m, £4.8m increase.
- Net Debt reduced to £21.2m, 0.7x Adjusted EBITDA.

1. The Board believes that the performance measures Adjusted EBITDA, Adjusted Operating Profit and Adjusted Profit before Tax, stated before deduction of exceptional costs, give a clearer indication of the underlying performance of the business. An explanation and reconciliation to Reported Profit before Tax is shown on page 8.
2. To provide a more meaningful comparison of our performance in the current period we have presented the prior period including pro-forma adjustments to reflect additional costs associated with public ownership (£1.2 million) and lower finance costs (£10 million) associated with the new capital structure post listing.

Income Statement Summary

Financial Year ended July 2015

		2015	2014	Movement £m	Movement %	Constant currency £m	Change Constant currency
Revenue (£m)		130.2	120.7	9.5	7.9%	135.7	12.4%
Gross Profit (£m)		63.2	57.0	6.2	10.9%		
Gross Margin		48.5%	47.2%	1.3pp			
Adjusted EBITDA (£m)	1, 2	32.1	27.3	4.8	17.6%		
Adjusted Operating Profit (£m)	1, 2	29.4	25.3	4.1	16.2%	31.5	24.5%
Adjusted Operating Profit Margin	1, 2	22.6%	21.0%	1.6pp			
Adjusted Finance Costs (£m)	1, 2	(1.9)	(2.5)	0.6			
Adjusted Profit before Tax		27.5	22.8	4.7	20.6%		

- Revenue Growth of 7.9% (+£9.5m) (12.4% at cc).
 - 1.0% organic growth (4.9% at cc).
 - 6.9% inorganic growth (7.5% at cc).
- Gross Profit up by £6.2m on higher volumes and improved margins.
- Gross margin of 48.5% up by 1.3pp.
- Adjusted EBITDA growth of 17.6%, (+£4.8m)
- Adjusted Operating Profit growth of 16.2% (+£4.1m) (24.5% at cc).
- Adjusted Operating Profit margin improved to 22.6%.
- Finance costs reduced as a consequence of lower borrowings and lower interest margins.

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Adjusted and Pro forma Profit Before Tax Reconciled to Reported Profit/(Loss) before Tax

Financial Year ended July 2015

	2015 £m	2014 £m	Movement £m
Adjusted and Proforma Profit before Tax	27.5	22.8	4.7
Proforma Adjustments (FY14)			
Increased plc costs	0.0	1.2	(1.2)
Amortisation of financing costs and other finance costs	0.0	(10.0)	10.0
Adjusted Profit before tax	27.5	14.0	13.5
Adjustments for Exceptional items:			
Exceptional items	(0.7)	(7.8)	7.1
Amortisation of financing costs and other finance costs	0.2	(8.6)	8.8
Amortisation of intangibles (customer base and trademarks)	(11.5)	(13.1)	1.6
Reported Profit/(Loss) before tax	15.5	(15.5)	31.0

Pro Forma Adjustments FY14

- To provide a more meaningful comparison of our performance in the current period we have presented the prior period including pro-forma adjustments to reflect.
 - additional costs associated with public ownership (£1.2 million) and
 - lower finance costs (£10 million) associated with the new capital structure post listing.
- No pro forma adjustments were made in the 2015 results.

Adjustments for exceptional items:

- Exceptional items:
 - Relate primarily to acquisitions and reorganisations, partly offset by the profit on disposal of a property.
 - In the prior year the costs related mainly to the stock market listing.
- Amortisation of Intangible Assets:
 - Amortisation relating to the fair value of acquired customer base and trademarks (valued at the time of acquisition).

Consolidated Statement of Financial Position, Summary

	31/07/2015 £m	31/07/2014 £m
Property, plant and equipment	16.1	15.9
Intangible assets – goodwill	51.7	50.1
Intangible assets – others	100.9	113.7
Deferred tax assets	0.4	0.7
Non-Current Assets	169.1	180.4
Inventory	15.0	15.9
Trade and Other Receivables	26.3	26.9
Cash	11.6	11.0
Current assets	52.9	53.8
Payables and Other Liabilities	(27.8)	(24.3)
Current Liabilities	(27.8)	(24.3)
Loans and Borrowings	(32.8)	(53.9)
Unamortised Finance costs	0.9	0.0
Other Liabilities	(0.6)	(0.7)
Deferred Tax	(19.3)	(22.1)
Non Current Liabilities	(51.8)	(76.7)
Net Assets	142.4	133.3
Share Capital	2.0	2.0
Share Premium	11.5	11.5
Capital Reserve	92.3	92.3
Other Reserve	0.2	
Translation Reserve	(0.5)	0.3
Retained Earnings	36.9	27.1
Total equity	142.4	133.3

- Non Current Assets decreased due to the amortisation of the Intangible Assets - Others (mainly customer base and trademarks).
- Operating Working Capital improved to 12.3% of revenue (prior year 15.3% of revenue).
- Loans and borrowings reduced significantly during the year, strong cash generation from operations reduced net debt.
- The Deferred Tax Credit relates primarily to the Intangible Assets - Others: fair value of our Customer Base and Trademarks recognised on acquisition.
- February 2015, we renegotiated a new and improved bank facility allowing us to repay some bank borrowings.
- The Capital reserve of £92.3m arises on consolidation and is non-distributable.
- Group's corporate and capital structure underneath Volution Group plc was reorganised:
 - As mentioned in the Initial Public Offering prospectus.
 - Removed blocks in the dividend chain.
 - No change to the Group's overall capital structure or net debt.

Cash Flow Summary and Net Debt Bridge

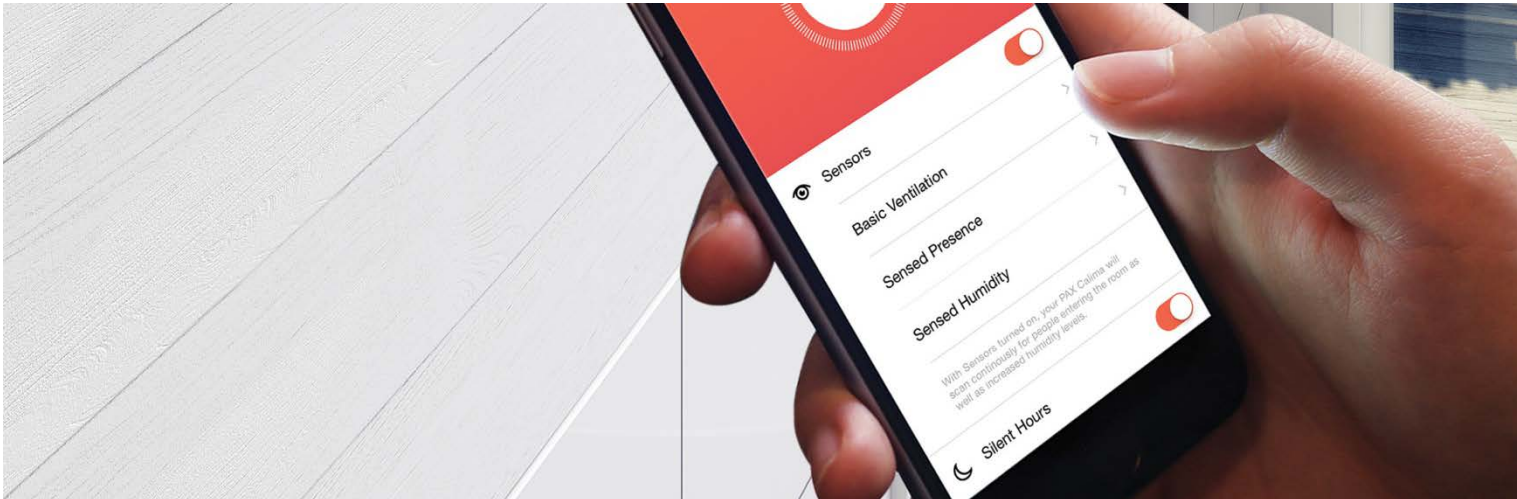
	2015	2014
	£m	£m
Opening Net Debt	(42.9)	(172.7)
Movements from normal business operations		
Adjusted EBITDA	32.1	28.5
Movement in working capital	0.1	(1.2)
Capital Expenditure	(4.6)	(4.5)
Adjusted Operating Cash Flow	27.6	22.8
Interest paid / accrued	(1.9)	(12.6)
Income tax paid	(3.0)	(3.2)
Exceptional items	(0.1)	(0.8)
Dividend	(2.1)	0.0
FX on foreign currency loans / cash	3.7	3.1
Cost of refinancing	(1.0)	(4.6)
Other	0.0	(0.4)
Movements from Acquisitions		
Acquisition consideration, net of cash acquired	(1.5)	(29.8)
Acquisition costs	0.0	(0.9)
Movements from the IPO		
Conversion of investor debt to equity	0.0	91.7
Share issue proceeds	0.0	72.0
IPO costs (against income and Share Premium)	0.0	(7.5)
Closing net debt	(21.2)	(42.9)

- Net Debt reduced from £42.9m to £21.2m largely from improved Adjusted Operating Cash Flow.
- Adjusted Operating Cash Flow of £27.6m represented a cash conversion of 93% (2014: 86%) after working capital and capital expenditure.
- Interest paid in the year was significantly reduced to £1.9m (2014: £12.6m): lower borrowings and more favourable interest margins.
- In May 2015: interim dividend of £2.1 million (1.05p per share).
- Part of our borrowings is denominated in foreign currencies (Euro and Swedish Kronor) to partially hedge our balance sheet exposure to those currencies. The weakening of those currencies against Sterling in the year has reduced our consolidated indebtedness in the year by £3.7m.
- The refinancing of our bank debt in February 2015 cost £1.0m.
- Cash flows relating to the acquisition of Brüggemann in the year was £1.5 million (2014: £30.7m, inVENTer and Pax).



Business update and outlook

Ronnie George – CEO



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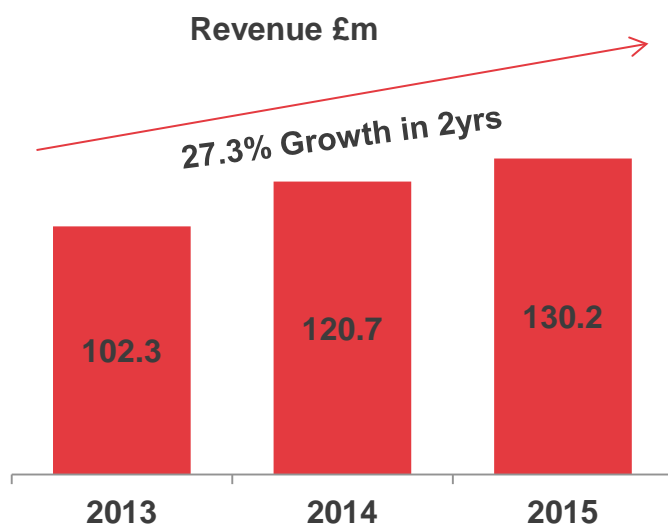
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Growth by Market Sector

	FY 15 £m	FY 14 £m	Growth %	Growth (cc) ¹ %
Ventilation Group	111.5	101.3	10.1%	14.9%
OEM	18.7	19.4	(3.6)%	(0.6)%
Total Volution Group	130.2	120.7	7.9%	12.4%



Revenue Growth:

The total Group grew by +7.9% (constant currency +12.4%).

- organic +1.0% (constant currency +4.9%).
- inorganic +6.9% (constant currency +7.5%).

Ventilation Group grew by +10.0% (constant currency +14.9%).

- organic +1.9% (constant currency +6.0%).
- inorganic +8.1% (constant currency +8.9%).
- UK Residential RMI declined over the prior year (-1.1%).
- UK Residential New Build had good growth over prior year **(+17.7%)**.
- UK Commercial declined over the prior year (-1.3%).
- UK Export had good growth over prior year **(+17.5%) (+25.2% CC)**.
- Nordics was down against prior year (-2.0%) **(+12.5% CC)**. (Organic growth -4.8% (constant currency +9.3%) inorganic growth of +2.8% (constant currency +3.2%)).
- Germany including Brüggemann was up on Prior year by £7,411k (+212.2%) **(+243.2% CC)**. (Organic growth -23.8% (constant currency -16.2%) inorganic growth of +236.0% (+259.4%CC)).

OEM declined against prior year (-3.5%) (-0.6% CC).

Market Sector Review – UK Residential RMI

UK Residential RMI	2015 £m	2014 £m	% change
Revenue	36.6	37.0	(1.1)%

UK Residential RMI

▪ Private RMI +3.3%

- Strong growth in “silent” products and expected to continue – silence and aesthetics are the key issues.
- New Silent Fan launched in June 15 with new “app” fan launching in Dec-15.

▪ Public RMI -6.7%

- Austerity measures reducing total spend.
- New SD appointed in May-15 with further investment in sales teams.
- New product launch in Jan-16 targeting market share gains. Controls, efficiency and performance are the key drivers. Medium term trend is still very positive.



Vent-Axia

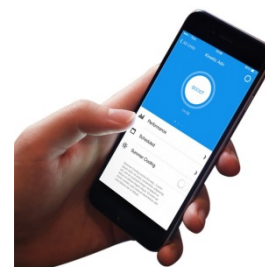
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Market Sector Review – UK Residential New Build

UK Residential New Build	2015 £m	2014 £m	% change
Revenue	17.2	14.6	17.7%

UK Residential New Build

- Increased unit value per dwelling, as penetration of heat recovery grows and increasing house construction.
- Improved margins as we switched away from installation (a small number of key accounts maintained) to predominantly supply only.
- “Fabric first” and “Air tightness” remains the no.1 priority for new construction driving structural growth in system ventilation.
- Kinetic Advanced launched in October 2015. Best performing specific fan powers and heat recovery efficiency in SAP Appendix Q.
- Continuing strong growth in order pipeline.



Growth increased from 11.2% in FY14 to 17.7% in FY15

Vent-Axia **MANROSE**

Market Sector Review – UK Commercial

UK Commercial	2015 £m	2014 £m	% change
Revenue	16.2	16.4	(1.3)%

UK Commercial

- Energy efficiency legislation driving adoption of higher specification products.
- EC/DC Kitchen Axia fan grew strongly in the year.
- Focussed more on RMI applications than new commercial construction.



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Market Sector Review – UK Export

UK Export	2015 £m (CC)	2014 £m	% change
Revenue	8.9	7.1	25.2%

UK Export

- Significant growth in sales of heat recovery systems mainly in Belgium, Denmark, Eire and Switzerland.
- Strong sales in New Zealand where Manrose is the leading brand for residential RMI and new applications.
- Sales to Belgium are part of the group in FY16 since the acquisition of Ventilair Group.



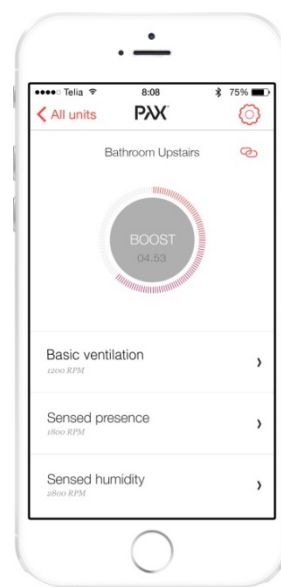
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Market Sector Review – International

Nordics	2015 £m (CC)	2014 £m	% change
Revenue	25.5	22.7	12.5%

- Revenue growth in Sweden, Norway and Denmark consolidating our leadership position in Sweden for both “trade” and “retail” channels.
- Significant synergies delivered through the combination of the Fresh AB and Pax AB operating companies.
- Several new products launched at the end of FY15, in particular the worlds first “app” commissioned and controlled unitary fan – Calima.



Market Sector Review – International

Germany	2015 £m (CC)	2014 £m	% change
Revenue	12.0	3.5	243.2%

■ Germany

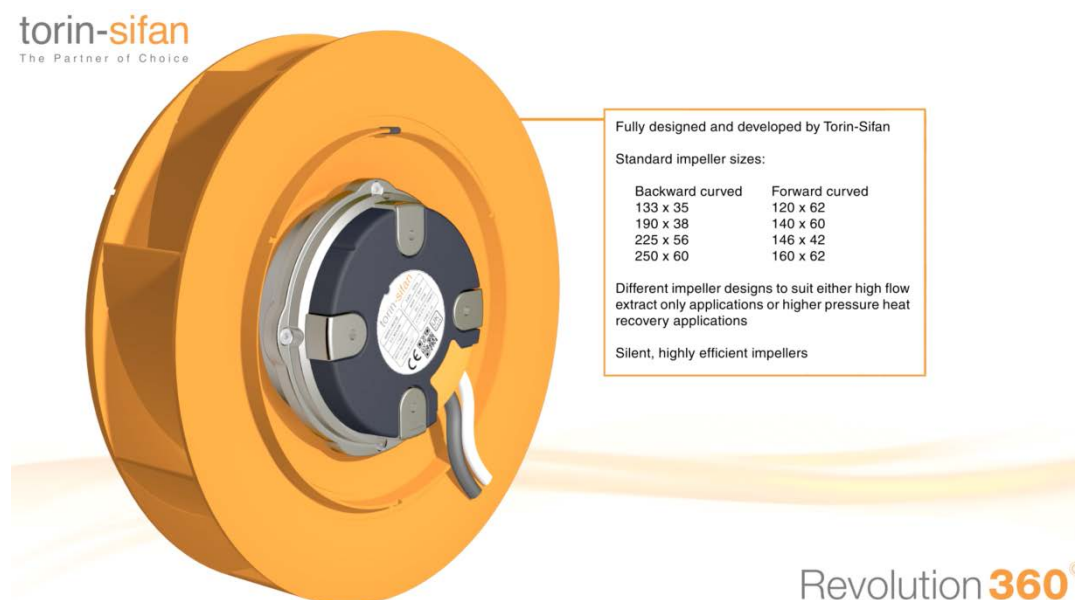
- Full year effect of InVENTer acquired April 2014.
- Synergies include lower material costs, faster new product development and refocussed sales effort.
- Introduction of the new “iv12 SMART” – 160mm diameter and new MZ1 controller.
- Acquisition of Brüggemann in April 2015 to increase sales in North Germany (Hamburg region).



Market Sector Revenue – OEM (Torin-Sifan)

OEM (Torin-Sifan)	2015 £m (CC)	2014 £m	% change
Revenue	19.3	19.4	(0.6)%

- Boiler spares – difficult market environment due to mild winter although improved in H2/15 versus H1/15 performance.
- New factory commissioned 1st September 2014.
- Launch of new 3 phase (i.e. quieter) EC/DC motorised impeller mid FY16.
- EC/DC motor sales for residential ventilation applications grew strongly in the year.



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M&A Activity and Update

- Two acquisitions completed in the last 6 months (Brüggemann Energiekonzepte and Ventilair Group (BE/NL)).
- Considerable ongoing activity, focussing on (mainly) Northern European targets in the ventilation and related market space.
- Consistent and strong cash generation, the benefits from our refinanced banking facilities in February 2015 underpins our M&A activities.
- The Group has delivered a great deal of experience and additional bandwidth in integrating acquisitions over the last 3 years and are well placed for further acquisition integration in the near future.
- The '200 day plan' is a well developed internal integration tool.



Summary and Outlook

- The year has started positively with a very strong performance in the Nordics helped by new product launches.
- Mixed results in the UK as softness in the residential RMI market was partly offset by growth in residential new build.
- We remain focussed on delivering profitable growth and making further value enhancing acquisitions during this financial year.

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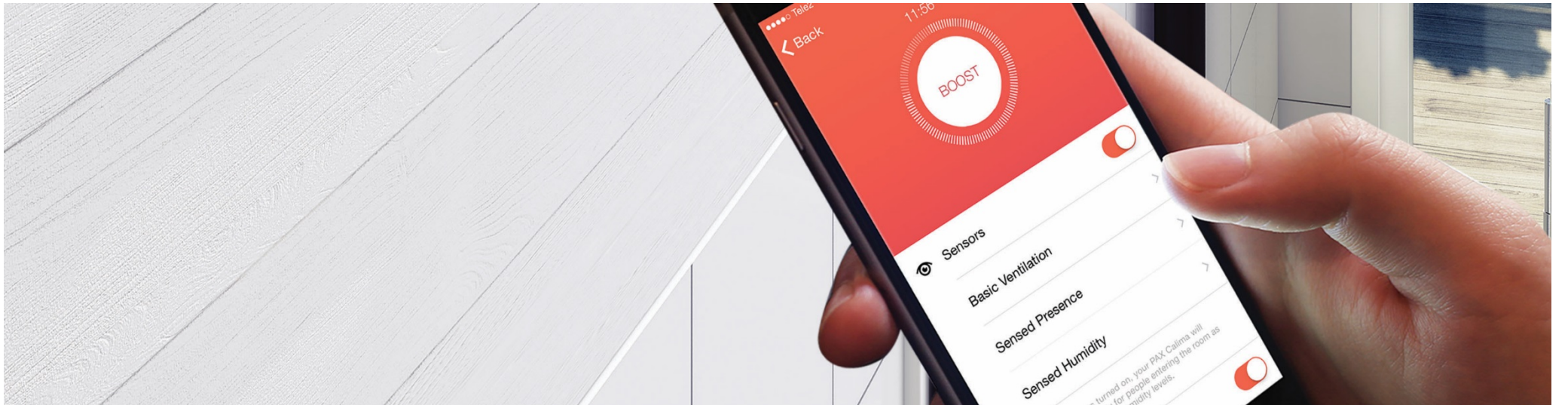
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Thank you
Q&A



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