

18 July 2024

The Alumasc Group plc

("Alumasc", the "Group", or the "Company")

Full Year Trading Update

Strong performance, with profit ahead of market expectations

Alumasc, the sustainable building products, systems and solutions group, provides a trading update for the year ended 30 June 2024, ahead of publishing its FY24 results on 3 September 2024.

Highlights

- Significant outperformance of UK construction markets, with overall organic revenue growth of c.6.5%, reflecting further successful execution of innovation and commercial initiatives
- Underlying profit before tax ('UPBT')¹ now expected to be at least £12.6m, ahead of current market forecasts² and the prior year (£11.2m)
- Revenue, operating margins and profit ahead of FY23 across all three divisions, reflecting focus on growth initiatives and disciplined cost management
- ARP acquisition performing well, with good progress on integration and scope to deliver significant synergies going forward
- Continued investment in efficiency, capability and new product development, supported by strong operating cash generation
- Strong platform to deliver substantial shareholder value as commercial market conditions improve

Full year profitability ahead of market expectations

Despite continued macro-economic uncertainty and demand headwinds in the majority of its commercial markets, the Group grew revenues and profits in the second half of FY24, while continuing to invest in strategic initiatives to enhance future growth opportunities.

The Group expects organic revenue growth for the year - excluding the contribution from ARP, acquired in December 2023 - to be around 6.5%, significantly outperforming the c.2% decline in overall UK construction activity³.

Overall UK sales were robust, reflecting further market share gains in the Building Envelope division, following recent investments in sales resource and sustainable roofing solutions; and a resilient performance at Housebuilding Products, where new product launches offset the reduction in demand from the sharp decline in new housing starts.

The Water Management division saw strong growth in export sales, following the investments made in overseas sales representation. This mitigated some UK project delays which impacted the division's domestic revenues. The export sales growth was achieved despite the delay in call-offs on a significant project at Chek Lap Kok airport in Hong Kong.

The ARP business has performed very well in the six months following its acquisition. Cross-selling opportunities are being taken, and work is well underway to realise the substantial purchasing synergies presented by the acquisition, which will benefit the Group from FY25.

The Group has continued to be effective in both its pricing and cost management

initiatives. As a result, the Group expects UPBT for the year ended 30 June 2024 to be at least £12.6m, ahead of both current market forecasts² and the prior year (£11.2m).

Progress towards medium term strategic targets

FY24 was another period of strong execution across the Group despite the challenging demand backdrop in the UK construction sector. This reflects the benefits of the Group's consistent strategic focus and ongoing investments in growth capability and efficiency.

Over the medium term, the Board believes that the Group can generate significant further value, which is reflected in its targets to generate organic revenue growth ahead of underlying UK construction markets and achieve operating margins of 15-20%.

FY24 represents a period of strong delivery against these objectives and the Group would expect to make further progress as market conditions improve.

Strategic investments supported by strong financial position

Year end net bank debt (pre-IFRS 16) is expected to be approximately £7m, representing a leverage multiple of around 0.5x EBITDA. The Group has continued to invest in efficiency, capability and new product development initiatives which enhance its organic growth prospects, as well as inorganic opportunities such as the acquisition of ARP.

The strength of the Group's operating cash generation supports these investments while maintaining a strong financial position with substantial capacity for future investments.

Paul Hooper, Chief Executive of Alumasc, commented:

"Against such a challenging commercial market backdrop, I am delighted with the Group's strong performance, which is testament to our robust business model and the significant progress we have made in delivering against our strategic aims.

"We are optimistic that our growth strategy, with a focus on environmentally sustainable solutions, new product development, investment in capability and ongoing self-help initiatives will drive further strong growth in returns as market conditions improve."

¹Underlying profit before tax ('UPBT') is calculated before amortisation of acquired intangible assets, IAS19 pension costs, and acquisition and restructuring costs.

²The Board understands current market UPBT forecasts for the year ending 30 June 2024 to be in the range of £11.7m to £12.1m, with a consensus of £11.9m.

³Source: CPA Construction Industry Spring 2024 Forecast for the year to December 2024.

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations. The person responsible for making this announcement on behalf of the Company is Helen Ashton, Group Company Secretary.

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Enquiries:

The Alumasc Group plc

Paul Hooper (Chief Executive)

+44 (0)1536 383844

Simon Dray (Group Finance Director)

Peel Hunt (Broker)

Mike Bell +44 (0)207 418 8831
Ed Allsopp

Cavendish (Nominated Adviser)

Julian Blunt +44 (0)207 908 6000
Edward Whiley

Camarco (Financial PR)

Ginny Pulbrook +44 (0)203 757 4992
Rosie Driscoll +44 (0)203 757 4991
alumasc@camarco.co.uk

LEI: 2138002MV11VKZFJ4359

The Alumasc Group plc
Burton Latimer, Kettering, Northants NN15 5JP

About Alumasc:

Alumasc is a UK-based supplier of premium building products, systems and solutions. Almost 80% of group sales are driven by building regulations and specifications (developers/housebuilders, architects and structural engineers) because of the performance characteristics offered.

The Group has three business segments with strong positions and brands in their individual markets. The three segments are: Building Envelope; Water Management; and Housebuilding Products.

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