

Business Model

A sustainable and value-enhancing model



We use our resources

Our people

Our passionate and committed workforce

Know-how and expertise

Our expertise in manufacturing, sourcing, products and applications

Financial resources

To invest in value-accretive organic and inorganic growth opportunities

Brands

Strong portfolio of brands differentiated by quality and customer service

Experienced leadership

Strong and experienced management teams backed by a culture of empowerment and accountability



across our operations

Manufacturing capacity

Efficient and agile operations, with flexible production capacity

Customer focus

Reputation for high quality products and outstanding customer service and support

Autonomous culture

Lean and customer-focused businesses, empowered by an autonomous and entrepreneurial culture

Innovation

Continuous innovation focused on new product development to enhance environmental performance and enter adjacent markets, and improve process efficiency



to deliver products

Environmentally focused

Our products help tackle environmental challenges:

- Building decarbonisation
- Urban water management
- Urban greening for occupant wellbeing and preserving biodiversity

High quality

We manufacture high quality products, which are durable and low maintenance, reducing their whole-life financial and carbon cost

Embracing the circular economy

We maximise the use of recycled materials, which are then recyclable at the end of their useful life

Driving margin improvement

Championing sustainable building products

Underpinned by Sustainability...



into our growing markets

Attractive positions

We maintain leading positions in our markets, which are supported by long-term growth drivers

Underpinned by regulations/ specifications

Our growth is supported by progressive legislation, building regulations and standards targeting environmental performance and building safety

Diverse range of markets

We service demand across a diverse range of sectors in the building and construction market

Export growth potential

We invest in international sales and support capability to capitalise on worldwide opportunities for our water management products



Accelerating organic revenue growth



to create value

Sustainable profit growth

- Through revenue growth and margin improvement

Strong balance sheet and cash generation

- Efficient working capital management and strong cash conversion
- Prudent approach to leverage and debt facility headroom

Disciplined capital allocation

- Investment in organic growth
- Progressive dividend policy
- Bolt-on acquisitions



Value-accretive investment



for all our stakeholders

Shareholders

We seek to deliver attractive returns for our shareholders from sustainable growth in profit and cash flow

Employees

We offer rewarding careers with opportunities for training and advancement

Customers

We provide our customers with high quality sustainable products and market-leading service and support

Suppliers

We foster long-term relationships and adhere to fair terms of business

Environment

We use sustainable materials and act to reduce our environmental impacts

Communities

We create local employment opportunities and support local community groups and charities

Government and regulators

We make a positive contribution to the UK economy by paying a fair share of tax and complying with laws and regulations

➤ See pages 52 to 55 for more on our stakeholders

...and supporting the SDGs

Strategy

Achieving our ambitions



Alumasc Group has successfully repositioned its portfolio, to focus on the design, manufacture and supply of sustainable building products, based around its three divisions: Water Management, Building Envelope and Housebuilding Products.

Over the five years ending June 2024, our continuing operations have grown revenues by 41% to £100.7 million; and underlying operating profit by 103% to £13.0 million, representing compound growth rates of 7% and 15% respectively. This performance is despite significant macroeconomic headwinds over 2023 and 2024, which significantly reduced building and construction activity in the Group's core markets.

This performance was achieved by execution of our strategy, which positions us to outperform general UK construction market growth over the cycle by focusing our resources on sectors and products underpinned by environmental and safety legislation and regulations, and to progressively improve our operating margins through process efficiencies. Our financial strength has allowed us to continue to invest in organic and acquisitive growth over the period while maintaining strong and progressive returns to shareholders.

Achieving our ambitions

During 2024, the Board conducted a review of the Group's strategy, focusing on:

- The continued outperformance of general UK construction markets, coupled with the likely alleviation of demand headwinds from 2025 and beyond;
- The synergies we expect to generate from the ARP acquisition;
- Further improvements to Group margin, from a recovery in volumes and further consolidation of our manufacturing footprint; and
- The significant number of investment opportunities available to the businesses, enabled by the financial headroom in our balance sheet and from the expected future cash generation.

We are targeting revenue growth which outperforms the UK construction sector, together with an sustainable increase in Group operating margins to 15%–20%, over the five years to 2030.

Our confidence in achieving this ambitious target, which has the potential to create substantial shareholder value, is based on our performance over the last five years, together with a review of near and medium-term opportunities available to each of our businesses, after applying a prudent level of sensitivity to reflect timing and execution risk.

Our strategic pillars

Championing sustainable building products

- >85% portfolio providing environmental solutions
- 36% recycled materials
- 81% recyclable materials

Accelerating organic revenue growth

- Sales growth
- Overseas sales growth
- 16.4% sales from new products

Driving margin improvement

- Operating margin

Value-accretive investment

- Cash conversion
- Sales and profit growth – acquired
- Return on investment

Underpinned by...

Revenue

£100.7m +13.0%

Year	Revenue (£m)
2024	£100.7m
2023	£89.1m
2022	£89.4m
2021	£77.8m
2020	£60.3m
2019	£71.3m

Underlying profit before tax

£13.0m +16.1%

Year	Profit (£m)
2024	£13.0m
2023	£11.2m
2022	£12.7m
2021	£10.0m
2020	£4.6m
2019	£6.7m

Our strategic aims	Strategic progress in year	Future priorities
<ul style="list-style-type: none"> • Bring new environmental solutions to market • Improve our product sustainability (lifespan and recycled content) • Reduce our GHG emissions 	<ul style="list-style-type: none"> • New environmental products launched in Roofing (BioSolar) and Timloc (improved loft door design) • Recycled content 36% and 81% recyclable • GHG emission intensity reduced by 4.7% • Scope 3 calculations in place for 75% of Group 	<ul style="list-style-type: none"> • Expansion of environmental solutions portfolio • Further GHG emission reductions • SBTi validation of medium and long-term GHG reduction targets (including ARP) • Complete EPDs for core product range
<ul style="list-style-type: none"> • Market-leading customer service and support • Invest in marketing, sales, support, R&D • New product development, to grow market share and to penetrate adjacent markets • Expansion of our overseas sales and support presence to capitalise on worldwide opportunities for our drainage and access/inspection cover products 	<ul style="list-style-type: none"> • Improved sales and service representation in key overseas markets 	<ul style="list-style-type: none"> • Further strategic investments in sales and marketing resource
<ul style="list-style-type: none"> • Continually improve efficiency through process automation, capability and capacity improvements, and site consolidation • Use technology to improve business information and automate routine tasks, focusing employees on value-adding activities 	<ul style="list-style-type: none"> • Water Management divisional reorganisation • ERP and CRM investments 	<ul style="list-style-type: none"> • Consolidation of Dover site into Halstead • Realise synergies provided by the ARP acquisition • Realise benefits from investment in ERP/CRM
<ul style="list-style-type: none"> • Manage working capital carefully and target strong operating cash conversion • Maintain a prudent level of gearing and headroom against our debt facilities • Invest in value-accretive organic growth opportunities... <ul style="list-style-type: none"> – Cost reduction through process automation – New product development – Capacity and capability improvements – Employee development <p>...while maintaining a progressive dividend policy... and undertake selective bolt-on acquisitions, providing:</p> <ul style="list-style-type: none"> – Scale benefits – Complementary technologies – Product range extension – Complementary routes to market – Adjacent market penetration 	<ul style="list-style-type: none"> • Acquisition of ARP • Mechanisation/automation of covers manufacture • Dividend increased 4% • Employee training programme 	<ul style="list-style-type: none"> • Invest in product development, automation and people to accelerate profitable growth • Consider synergistic bolt-on acquisitions

...Sustainability and supporting the SDGs

 See pages 18 to 29 for more on our strategy