



## Forterra plc

Interim Results Presentation  
Half Year ended 30 June 2016



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# Today's agenda and presenters



**Stephen Harrison**

Chief Executive Officer



## Introduction

Stephen Harrison

## Financial review

Shatish Dasani



## Business review

Stephen Harrison



## Current trading & outlook

Stephen Harrison



## Q & A

Stephen Harrison & Shatish Dasani

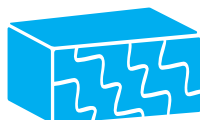


**Shatish Dasani**

Chief Financial Officer



Leading UK producer  
of manufactured  
masonry products



Focus on bricks and blocks with  
complementary range of bespoke  
clay & concrete products



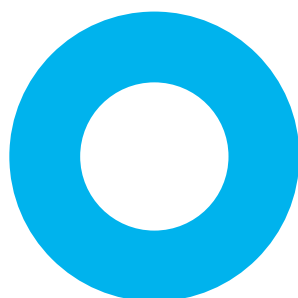
Sole manufacturer of iconic  
Fletton bricks sold under  
the London Brick brand



Balanced exposure to  
the new build and RM&I UK  
residential markets

## 2016 H1 revenue breakdown

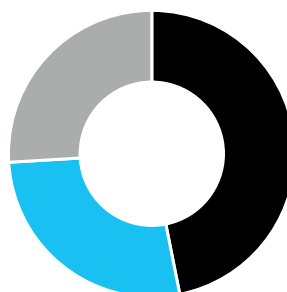
### By geography



**100%**  
UK

### By product

**26%**  
Bespoke  
products

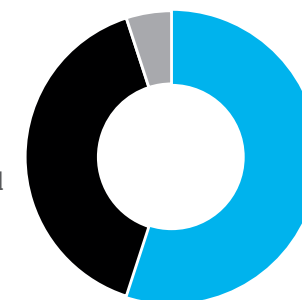


**47%**  
Bricks

**27%**  
Blocks

### By end-use

**c.6%**  
Commercial



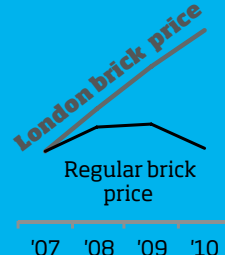
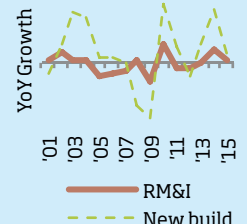
**c.38%**  
Residential  
RM&I

**c.56%**  
Residential  
new build



- Business established as a PLC following Initial Public Offering in April 2016
- Double digit increase in direct brick sales to housebuilders with good levels of activity through the Spring, more than offset by reduced sales to merchants due to continued destocking
- EBITDA ahead of expectations at time of IPO
- Strong margin performance through tight control of cost base and overheads
- Net debt at 30 June 2016 better than expectations at £119m (1.8 times LTM EBITDA), reflecting strong cash flow performance
- Maiden interim dividend declared of 2.0 pence per share

# Investment case

Pure UK focus	Growth		Resilience		Efficiency	
1	2	3	4	5	6	7
<b>Pure UK focus</b> Disciplined market Consolidated competitive landscape Structural long-term growth 	<b>Room for volume growth in core bricks</b> <b>Clear runway for growth with limited short term capex requirements</b> Volume growth available spare capacity <b>Short-term</b> normalisation of import levels; destocking of supply chain working through <b>Medium term</b> capacity expansion options <b>Price growth</b> moderate but steady price growth	<b>Further growth from cross-selling</b> <b>95% of sales from the housing market</b> Highly complementary products across the housebuilding market Bricks (outer cavity wall) Blocks (inner cavity wall) Concrete flooring Chimney / roofing	<b>Iconic Fletton brick</b> <b>Sole manufacturer</b> Highest margins Largely RM&I Premium and resilient pricing No imports available 	<b>Substantial exposure to stable RM&amp;I</b> <b>Resilient RM&amp;I balancing newbuild</b> 	<b>Efficient core brick manufacturing</b> <b>Superior output per facility; highly efficient operations</b> Measham (c.105m capacity): the most efficient soft mud plant in UK Brick capacity per facility: c.61m Sales per facility: c.£15m	<b>High return / low risk capex</b> <b>Immediate focus on low cost incremental capacity additions</b> <b>£0.29 m per million bricks</b> (vs a new factory of c£0.6m per million bricks) Larger capacity projects available but not required in short term

Source: Company information, Management estimates



## Financial review

Shatish Dasani



# Financial highlights (pro-forma basis)

£m	2016 H1	2015 H1	Change	2015 FY
Revenue	<b>146.0</b>	150.8	(3.2)%	290.2
EBITDA before exceptionals	<b>39.5</b>	40.1	(1.5)%	67.5
EBITDA margin %	<b>27.1%</b>	26.6%	+50bps	23.3%
PBT before exceptionals	<b>31.6</b>	32.2	(1.9)%	52.3
EPS before exceptionals (pence)	<b>12.5</b>	12.7	(1.6)%	20.6
Operating cashflow before exceptionals	<b>32.0</b>	28.7	11.5%	53.8
Net debt	<b>119.0</b>	n/a	n/a	n/a
Interim dividend (pence)	<b>2.0</b>	n/a	n/a	n/a



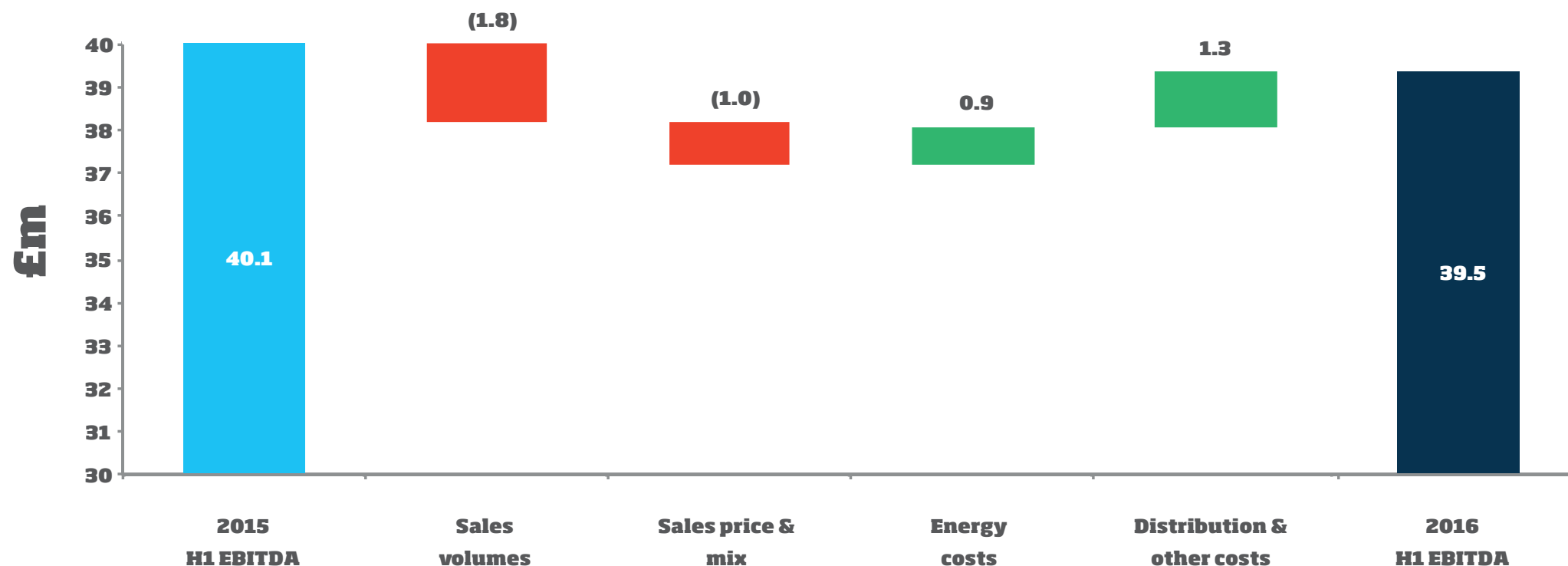
# Pro-forma adjustments

£m	2016 H1	2015 H1	2015 FY
<b>EBITDA before exceptionals</b>	<b>39.5</b>	<b>41.8</b>	<b>70.5</b>
Additional costs in 2016 as a stand-alone PLC	-	(1.7)	(3.0)
<b>EBITDA before exceptionals (pro-forma basis)</b>	<b>39.5</b>	<b>40.1</b>	<b>67.5</b>
Depreciation & amortisation	(4.9)	(4.8)	(9.4)
<b>Operating profit before exceptionals (pro-forma basis)</b>	<b>34.6</b>	<b>35.3</b>	<b>58.1</b>
Finance charge (based on debt structure at IPO for full period)	(3.0)	(3.1)	(5.8)
<b>PBT before exceptionals (pro-forma basis)</b>	<b>31.6</b>	<b>32.2</b>	<b>52.3</b>
Tax charge at effective rate	(6.5)	(6.8)	(11.0)
<b>Earnings before exceptionals (pro-forma basis)</b>	<b>25.1</b>	<b>25.4</b>	<b>41.3</b>
Number of shares	200.4	200.4	200.4
<b>EPS before exceptionals</b>	<b>12.5p</b>	<b>12.7p</b>	<b>20.6p</b>

## Pro-forma basis is stated after making the following adjustments:

- In 2015 deducting plc and the standalone overheads to make it comparable with 2016
- Finance charges are deducted in both 2015 and 2016, assuming that the debt structure at IPO was in place throughout the year
- Using the number of shares at 30 June 2016 for the EPS calculation in both years
- Excluding exceptional items

# H1 EBITDA bridge

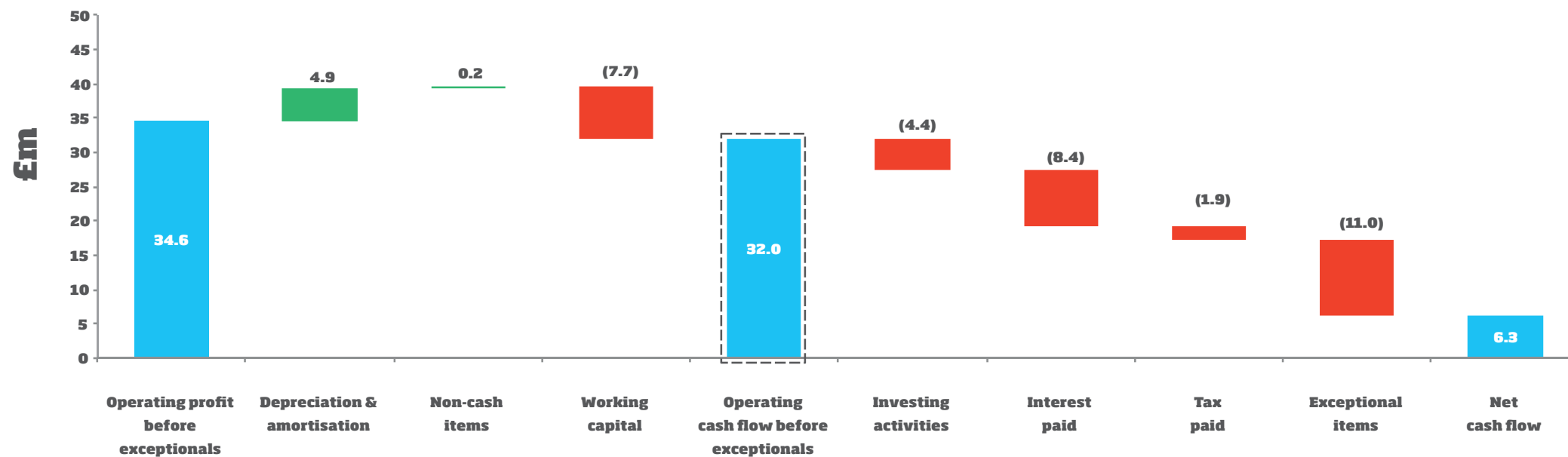


- Sales volumes slightly down due to lower brick sales to merchants channel and aircrete block sales being affected by production constraints in some weeks due to availability of raw materials. Partially offset by double-digit increase in bricks sales volume to housebuilders

- Selling price increase achieved in line with expectations, adverse mix impact due to higher sales to volume housebuilders

- Good control of fixed costs and overheads at site and centre

# H1 cash flow



- Continued focus on working capital management

- Strong operating cash flow generation of £32.0m, up by 11.5% compared to 2015

- Prudent management of capex with continued reinvestment in efficiency enhancements



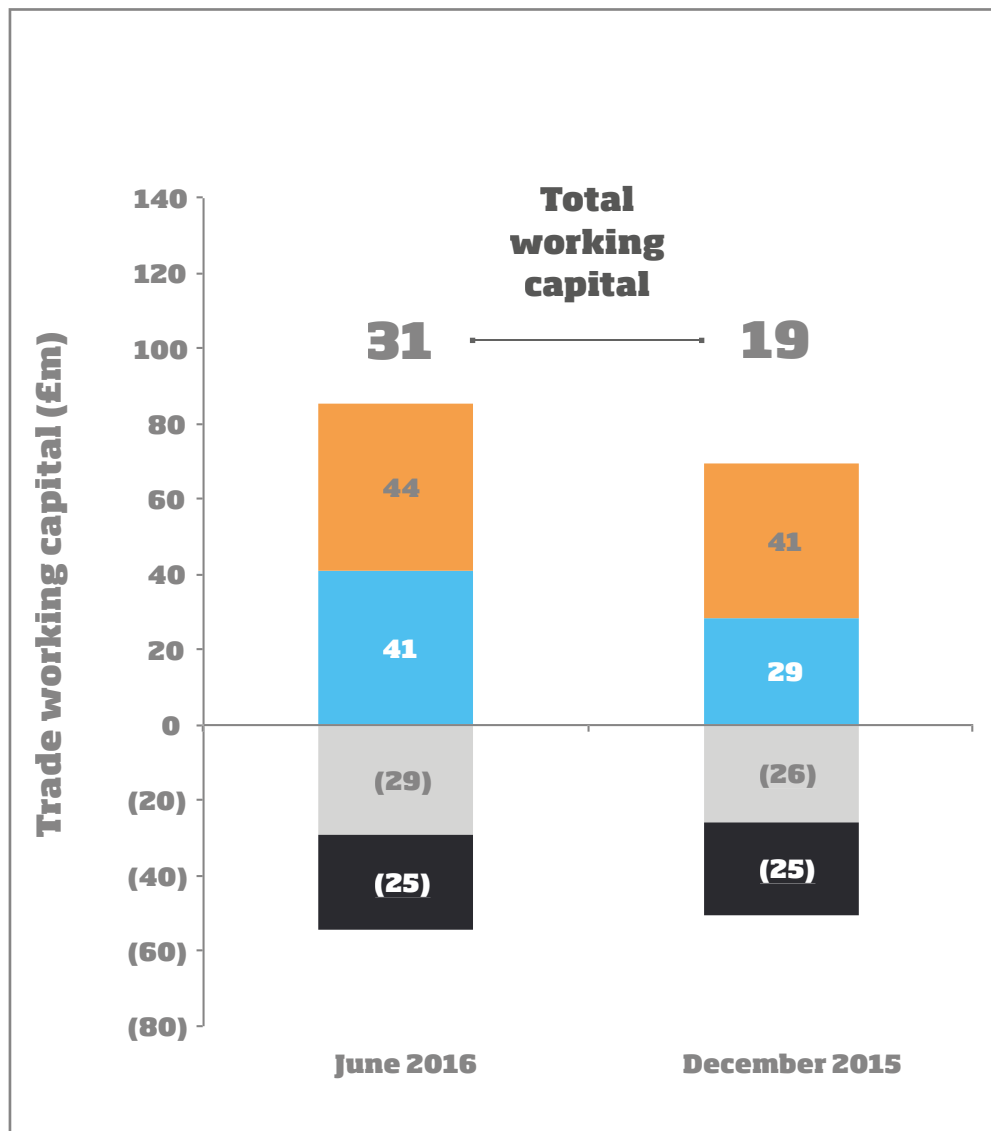
# Balance sheet and net debt

£m	30 June 2016	31 Dec' 2015
Intangible assets	13.1	13.3
Property, plant and equipment	147.2	149.5
Deferred tax asset	1.6	1.8
<b>Total non-current assets</b>	<b>161.9</b>	<b>164.6</b>
Current assets		
Inventories	44.5	40.9
Trade and other receivables	41.2	28.6
Trade and other receivables with related parties	-	23.0
Cash and cash equivalents	29.1	24.2
<b>Total current assets</b>	<b>114.8</b>	<b>116.7</b>

<b>Total assets</b>	<b>276.7</b>	<b>281.3</b>
Trade and other payables	(55.0)	(55.6)
Trade and other payables to related parties	(0.7)	(13.9)
External borrowings	(148.1)	-
Related party borrowings	-	(405.6)
Other liabilities	(18.8)	(16.8)
<b>Net assets</b>	<b>54.1</b>	<b>(210.6)</b>

£m	30 June 2016	At IPO 2016
Net debt	119.0	152.0
Financing costs capitalised	2.8	3.0
Net debt (excluding financing costs)	121.8	155.0
EBITDA	68.1	70.5
<b>Net Debt / EBITDA (Times)</b>	<b>1.8</b>	<b>2.2</b>

- Net debt at 30 June 2016 lower than anticipated due to:
  - good working capital performance
  - timing of IPO on 26 April 2016
  - deferral of some capex
  - c£3m of IPO costs paid in July 2016
- Net debt : EBITDA of 1.8 times compares with banking covenant requirement of 3.5 times at Dec' 2016
- Committed 5 year banking facilities of £180m (£150m term loan and £30m RCF). Initial drawdown of £10m on the RCF was repaid in June due to strong cash flow, leaving only £150m term loan drawn at 30 June 2016
- No DB pension scheme
- Court-approved capital reduction completed in June 2016 to create distributable reserves of over £300m in the parent company



## H1 2016 trade working capital breakdown

- Inventory
- Trade & other receivables
- Accrued & other payables
- Trade payables

	June 2016	December 2015
Inventory days	93	92
Debtor days	35	42

- Brick inventories increased in order to reassure customers and lower the risk of customers importing to secure supply. Lower sales to merchants also affected inventories
- Strong reduction in debtor days



- EBITDA performance ahead of expectations at time of IPO, with an increase in margin
- Actions taken to manage cash cost base and operate efficiently whilst fulfilling market demand
- Strong cash generation, with operating cash conversion of 79% in H1
- Robust balance sheet, with reduction in Net Debt: EBITDA tracking ahead of plan
- Board to follow progressive dividend policy, with initial payout in 2016 of c40% from post-IPO earnings



## Business review

Stephen Harrison



£m	2016 H1	2015 H1	% Change	2015 FY
<b>Revenue</b>	<b>108.7</b>	113.1	(3.9)%	218.0
<b>EBITDA before exceptionals (pro-forma)</b>	<b>35.7</b>	36.8	(3.0)%	61.7
<b>EBITDA margin %</b>	<b>32.8%</b>	32.5%	+30bps	28.3%

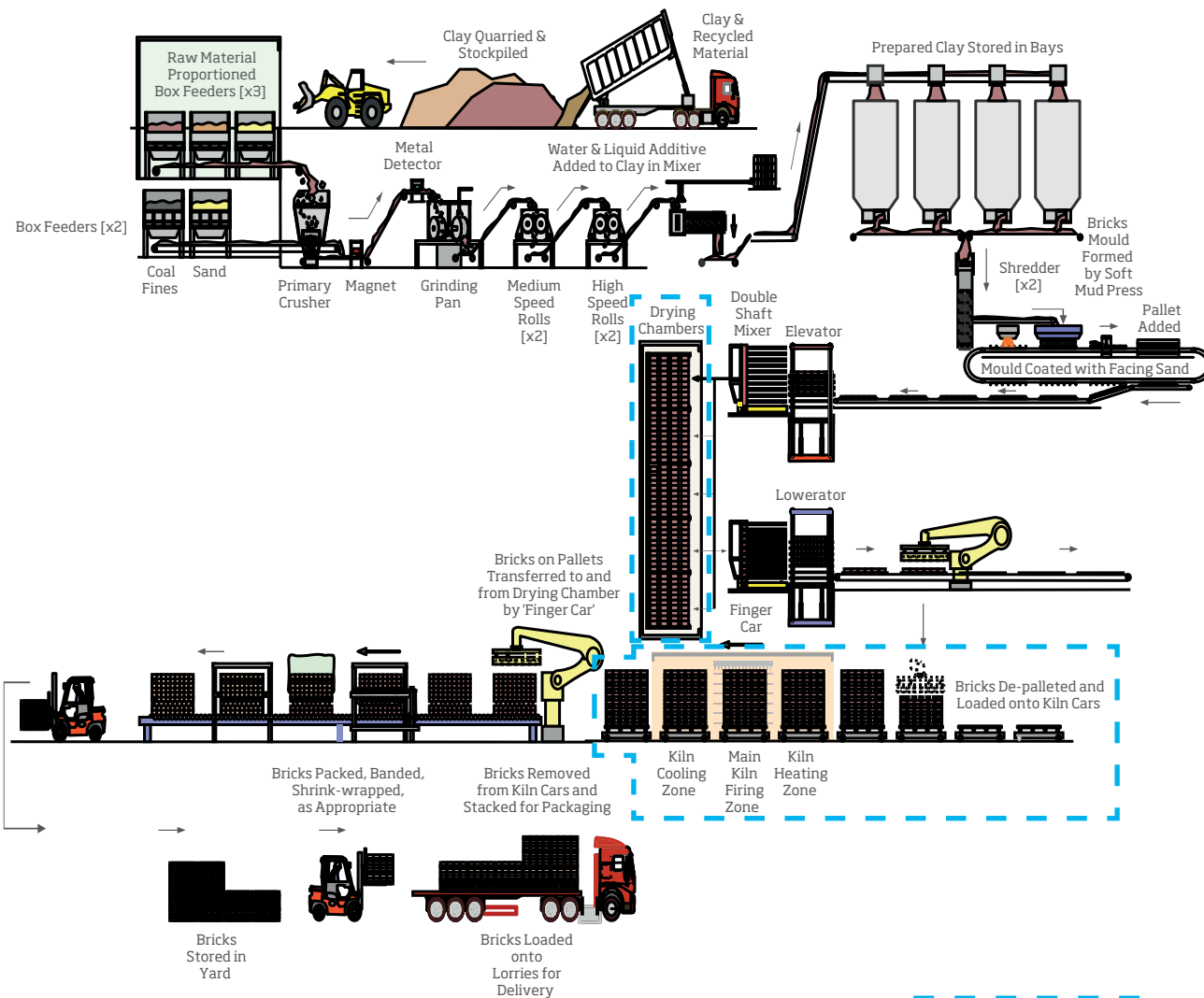
- Double-digit increase in brick sales to housebuilders, more than offset by lower sales to merchants due to destocking

- Sales of aircrete blocks affected by production constraints in some weeks due to availability of pulverised fuel ash (PFA)

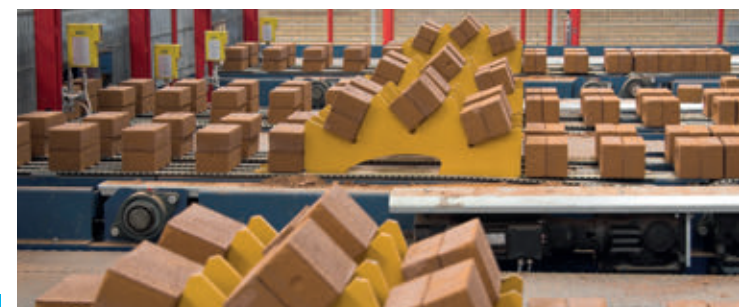
- Number of options to secure supplies of PFA being progressed; investment of £0.5m made at Hams Hall plant to enable the use of conditioned (wet) PFA. Progress being made to incorporate alternative raw materials into the product

- EBITDA margin up by 30bps due to lower energy costs, and tight control of fixed costs and overheads

# Bricks and blocks - Measham plant expansion



- 22% capacity increase completed in early 2016 through de-bottlenecking of dryers and kiln
- Investment represents good value - additional installed capacity at approx £0.2m per million bricks, versus new factory estimate of c£0.6m per million Bricks
- Project delivered successfully, on-time and under budget
- Resulting capacity increase builds upon existing efficiencies of this highly-automated plant





# Bespoke products review

£m	2016 H1	2015 H1	% Change	2015 FY
<b>Revenue</b>	<b>38.1</b>	38.5	(1.0)%	73.7
<b>EBITDA before exceptionals (pro-forma)</b>	<b>3.8</b>	3.3	15.2%	5.8
<b>EBITDA margin %</b>	<b>10.0%</b>	8.6%	+140bps	7.9%

- Majority of value driven by sales of precast concrete flooring

- Strong sales performance of relatively high margin insulated suspended ground floor solution has driven the margin growth

- New supply agreement secured with leading retirement homes provider for Hollowcore flooring product, commencing Q4 2016

- Secured orders in H1 for design, manufacture and supply of precast for key infrastructure and transport projects, including Rail, Nuclear and motorway schemes

- Reduced cost of Hollowcore flooring through commissioning of new casting machines, targeting a c20% reduction of cement use per cast



Progress in 2016 H1		
<b>Manufacturing excellence</b>	<ul style="list-style-type: none"> <li>• Manufacturing facility optimisation programmes</li> <li>• Process technology investment</li> <li>• Health &amp; Safety &amp; Sustainability excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Completed Measham expansion</li> <li>• 1st phase to reintroduce 4th kiln at King's Dyke completed</li> <li>• New employee Health and Safety engagement programme rolled-out</li> <li>• Lost time injury frequency rate (annual average) reduced by c30% versus corresponding period in 2015</li> </ul>
<b>Align capacity to market conditions</b>	<ul style="list-style-type: none"> <li>• Incremental manufacturing facility expansion projects in 2016/2017</li> <li>• Options for large scale capacity increase</li> </ul>	<ul style="list-style-type: none"> <li>• Kilns at Accrington and Cloughton factories turned off temporarily to maximise utilisation of the most efficient brick plants and manage the cost base</li> <li>• Further de-bottlenecking initiatives being progressed at Desford</li> </ul>
<b>Operational efficiency</b>	<ul style="list-style-type: none"> <li>• Continuous improvement programmes                             <ul style="list-style-type: none"> <li>➢ Resource usage / energy efficiency</li> <li>➢ Supply chain management</li> <li>➢ Distribution optimisation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Brick plants operated at good level of capacity utilisation</li> <li>• Strong operational performance in Aggregate Blocks</li> </ul>
<b>Product &amp; service innovation</b>	<ul style="list-style-type: none"> <li>• Development of new products and services</li> <li>• Improve customer service and relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened new product development team</li> <li>• New sales structure implemented; field sales teams reorganised to sell both bricks &amp; blocks</li> <li>• New online sales management system implemented to improve market insight</li> </ul>
<b>Product range enhancements</b>	<ul style="list-style-type: none"> <li>• Expand housing construction product footprint</li> <li>• Consolidate fragmented product markets</li> <li>• Investigate bolt-on acquisitions to infill some gaps in portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• Pursuing options for product expansion and bolt-on acquisitions</li> </ul>

## Current trading & outlook

Stephen Harrison





## Current trading & outlook

- Trading in July and August overall has been in line with management expectations, with brick volumes in both months ahead of the corresponding period for 2015
- Positive indications from major customers, but uncertainty through to the end of the year around new housing projects, the pace of destocking within the merchant channel, and the impact of consumer confidence upon the RM&I market
- Prudent action taken in response to short-term economic uncertainty to optimise production efficiency and proactively manage the cost base
- The fundamentals driving demand for Forterra's products remain attractive, supported by a structurally undersupplied UK housing market, supportive government policy and improved availability and cost of financing
- The Board remains confident that Forterra's strategy will drive value for shareholders











## Q & A

Stephen Harrison  
& Shatish Dasani





# Broadest manufactured masonry product range on offer in the UK

2014 UK revenue (£m) <sup>(a)</sup>		Manufactured masonry products								
		Bricks				Concrete blocks		Clay blocks	Stone wall	
		Extruded	Soft mud	Fletton	Special	Aircrete	Aggregate			
	<div><div></div><div>268</div></div>	✓	✓	✓	✓	✓	✓			6
	<div><div></div><div>308</div></div>	✓	✓		✓				✓	4
 <sup>(b)</sup>	<div><div></div><div>207</div></div>	✓	✓		✓			✓		4
 <sup>(c)</sup>	<div><div></div><div>179</div></div>					✓	✓			2
 <sup>(d)</sup>	<div><div></div><div>70</div></div>					✓				1
	<div><div></div><div>28</div></div>	✓	✓		✓					3

**The only producer offering a complementary Brick and Block product range**

- (a) 2014 UK revenue data, as 2015 revenue not yet available for Wienerberger Clay Building Materials Great Britain, Tarmac Building materials and H+H.  
 (b) 2014 UK revenue derived from Wienerberger's Clay Building Materials Western Europe division (Great Britain revenue only) converted from EUR to GBP at average 2014 FX rate of €1:£0.80621  
 (c) 2014 UK revenue derived from Tarmac Building Products Limited  
 (d) 2014 UK revenue derived from H+H UK revenue converted from DKK to GBP at average 2014 FX rate of DKK1:£0.10815  
 Source: Company information, Public company filings

# We offer a complementary range of manufactured masonry and bespoke building products

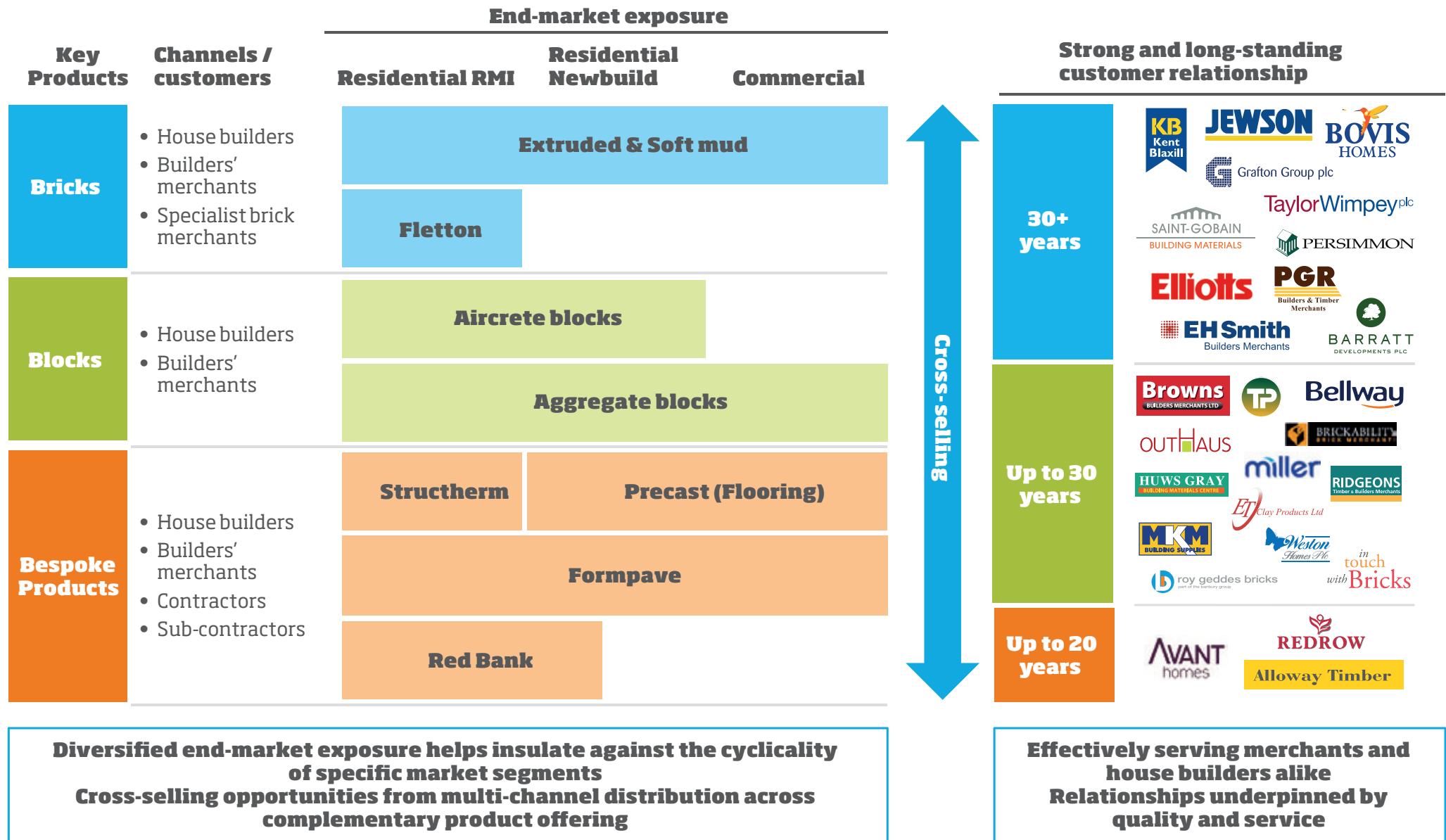
## Forterra product range



**Broad product offering addressing a wide range of critical applications in housing construction**



# We serve the UK building construction markets across all distribution channels



# Efficient manufacturing base, driving cost leadership and competitiveness

## Network of scale manufacturing facilities across strategic locations

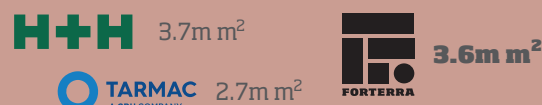
### 9 brick facilities

Avg. 2015 capacity per facility in GB



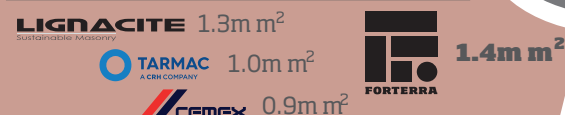
### 2 aircrete block facilities

Avg. 2015 capacity per facility in GB



### 2 aggregate block facilities

Avg. 2015 capacity per facility in SE and E England

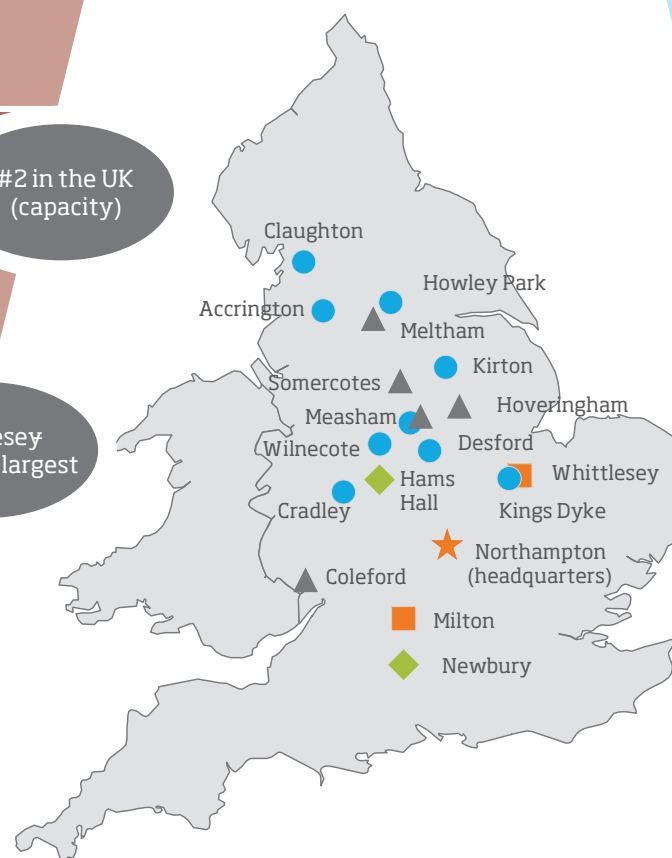


### 5 bespoke products facilities

#### Long term clay resources

# clay reserves: 12 quarries  
Clay resources: c.85m tonnes  
Sufficient for: c.55 years

### Forterra's manufacturing footprint



### Focus on Measham

- State-of-the-art **largest, most modern** and **fully automated** soft mud brick manufacturing facility in UK
- New Measham facility opened in 2009
- Manufactures soft mud bricks
- Total initial investment of c.£55m

#### Closure of 3 inefficient old facilities

Old Measham	20m bricks capacity p.a.
Clockhouse	47m bricks capacity p.a.
Tilmanstone	30m bricks capacity p.a.

### Single facility

**86m** bricks capacity p.a. now increased to **105m** from Jan-16 with c.£4m incremental investment

#### ✓ Meaningfully more efficient

Optimal production cost estimated to be

**c.40%** lower





#### ✓ Fully automated with only 6 production staff per shift

Note: Average production capacity of each company calculated as total production capacity of that company in 2015 divided by the total number of facilities held by such company in the relevant area

(a) Includes the Cradley brick facility (c.1m brick production capacity p.a.) which focuses on special shaped bricks

Source: Company information, BDS (Jan-2016), Management estimates

# Incremental brick capacity from de-bottlenecking projects

Status	✓ Completed	Potential incremental capacity			
	Measham expansion	Desford gas supply upgrade	Cloughton dryer replacement	Accrington kiln buffer extension	
Selected examples					
Description	<ul style="list-style-type: none"> <li>Completed in Jan-2016</li> <li>Expand the Measham facility by an additional c.19m p.a. brick production capacity</li> </ul>	<ul style="list-style-type: none"> <li>Ensure sufficient gas volume and pressure to service increased production</li> <li>Includes on site works to pipework, metering, external grid reinforcement and kiln burners</li> </ul>	<ul style="list-style-type: none"> <li>Dryer upgrade as current dryers are at the end of life</li> <li>Required improvement to allow increased production</li> </ul>	<ul style="list-style-type: none"> <li>Project to be carried out in 2017</li> </ul>	
Est. downtime	8 weeks	8 weeks	14 weeks	2 weeks	<b>Total</b>
Est. capex required	c.£4m	c.£3.5m	c.£3m	c.£2.5m	<b>c.£13m</b>
Est. capacity increase	c.19m p.a.	c.10m p.a.	c.5m p.a.	c.10m p.a.	<b>c.45m p.a.</b>
Est. completion(a)	Jan -2016	2016 / 2017	2017	2017	

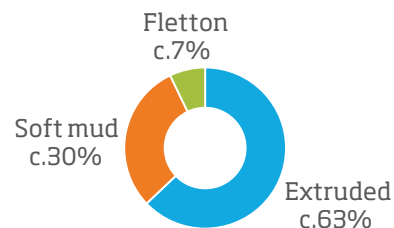
**Identified smaller efficiency projects to achieve c.45m capacity expansion; lower risk and smaller capex requirements**

(a) No final investment decision has been taken by Forterra in relation to the projects at Desford, Cloughton and Accrington. Completion dates are estimates only  
Source: Company information, Management estimates

# Bricks - GB domestic competitive landscape

## GB domestic market dynamics

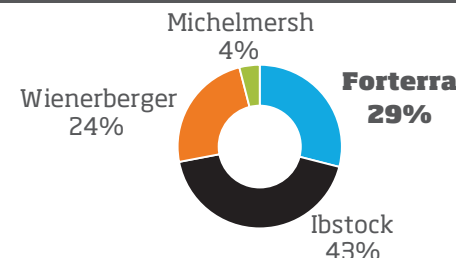
- Long term consolidation of market participants
- Disciplined GB market: top 3 manufacturers accounting for c.90% of production capacity
- Capacity constraints have recently led to price increases, increased imports and inventory stockpiling by house builders
- GB supply constraints have led to rational pricing dynamics



Relatively more concentrated soft mud bricks demand in Southern England

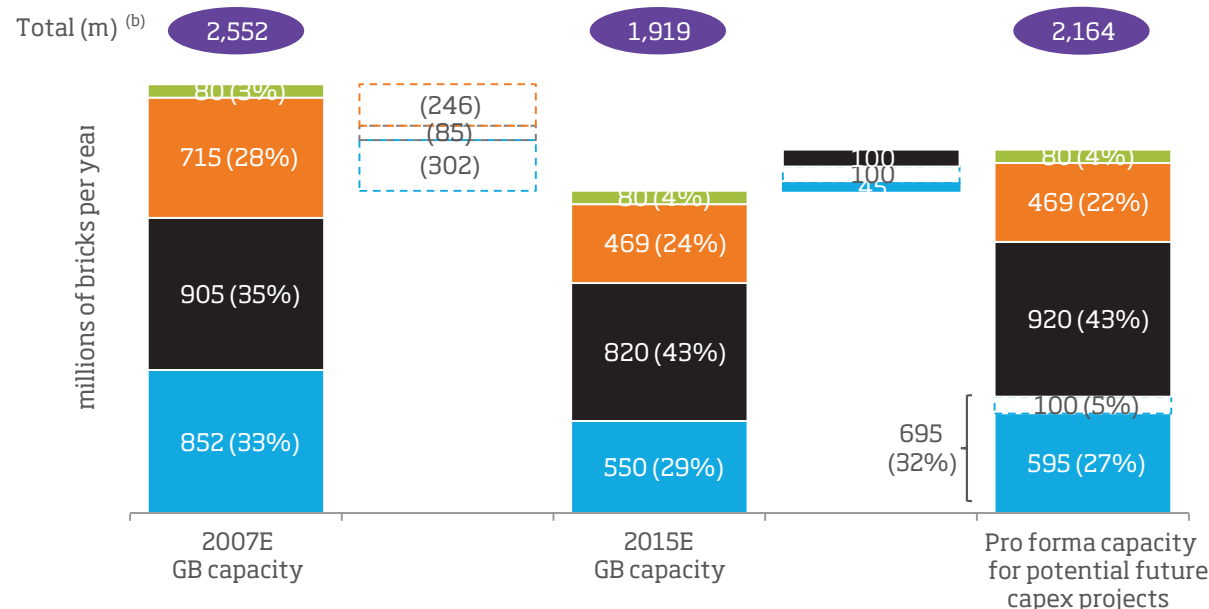
Source: Company information, Management estimates

## Estimated production capacity of four major GB brick manufacturers<sup>(a)</sup>



(a) Based on management estimates of GB production capacity (includes Fletton brick) for the main GB brick producers (Forterra, Ibstock, Michelmersh and Wienerberger) in 2015. The Group's estimated production capacity includes the manufacture of its Fletton bricks and excludes the manufacture of its special shaped bricks  
Source: Company information, Management estimates

## Estimated potential production capacity of four major GB brick manufacturers



- Forterra and Ibstock have proposed capex projects to bring additional capacity to the GB brick market
- Additional capacity tends to come on line with a time lag owing to the length of construction time
- Advanced planning and preparatory capex can reduce overall length of capacity construction and help capture growth faster

Company	Project	Capacity <sup>(e)</sup>
FORTERRA	Debottlenecking initiatives <sup>(c)</sup>	45m
	Swillington facility <sup>(d)</sup>	100m
IBSTOCK	Leicester facility	100m

(b) Represents potential production capacity of four major GB brick manufacturers  
(c) Including 19 million additional brick capacity at Measham from January 2016  
Source: Company data, Management estimates

(d) No final investment decision has been taken by Forterra in relation to future capex projects. There is no certainty that any such investment decision will be taken  
(e) Management estimates



# The sole producer of the iconic London Brick

## Forterra's most profitable product line benefits from strong pricing premium



(a) Represents UK overall bricks price  
Source: Company information, Management estimates

✓ **Approximately 60-80% pricing premium compared to price paid by customers for national average of standard bricks**

✓ **Substantial pricing resilience during the downturn- and thereafter**

## Competitive advantage secured by unique manufacturing process

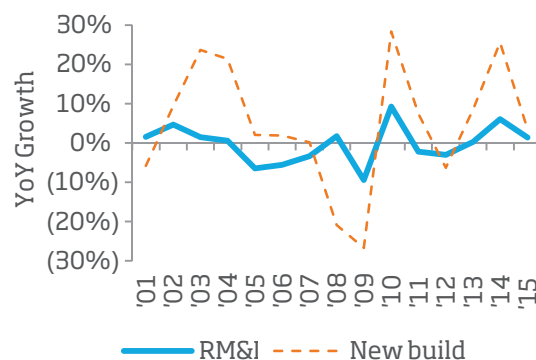
- Strategic and sole access to London Brick-specific clay reserve
- 130 million production capacity p.a.
- Unique technical knowledge and skilled workforce
- Bespoke production equipment maintained in Forterra's own workshops

## Additional benefits

### Cross-selling opportunities

- ✓ Nearly all English builders' merchants hold inventories of London Bricks
- ✓ Sole producer of London Bricks strongly positions Forterra with customers

### Primary exposure to the more stable RM&I market in GB




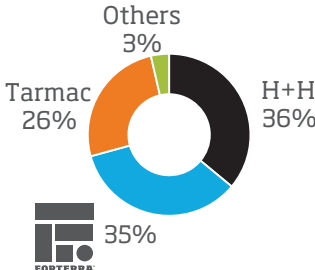
### c.23% of existing English homes built with London Bricks



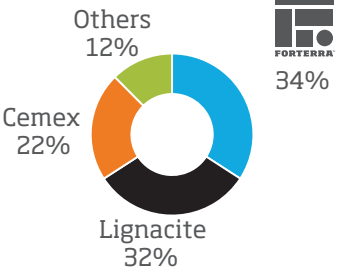
Source: Company information, Management estimates, CPA Report Winter 2015

# Blocks - aircrete and aggregate markets

## Aircrete

Description	<ul style="list-style-type: none"> <li>• Cost-effective solution for wall, floor and below-ground constructions</li> <li>• Up to 80% recycled content</li> </ul>
Demand drivers	<ul style="list-style-type: none"> <li>• Residential market</li> <li>• Building code changes</li> <li>• Enhanced detailing</li> </ul>
Competitive advantage	<ul style="list-style-type: none"> <li>✓ High thermal and sound insulation</li> <li>✓ Good compressive strength</li> <li>✓ Light weight</li> <li>✓ Moisture resistance</li> <li>✓ Easy-to-achieve U-value targets</li> <li>✓ Lower CO2 emissions</li> </ul> 
Key competitors <sup>(a)</sup>	 <p>Highly consolidated market</p> <p>Market currently running at &gt;95% capacity utilisation</p>

## Aggregate

<ul style="list-style-type: none"> <li>• Quick, easy, cost effective build solution for both inner-leaf and facing requirements of walls</li> <li>• High content of locally-sourced recycled / sustainable materials</li> <li>• Widely used within RM&amp;I, general and retaining wall projects, housing, commercial and structural projects</li> </ul>
<ul style="list-style-type: none"> <li>• Residential market, new build and RM&amp;I</li> <li>• Commercial and architectural technical specifications</li> </ul>
<ul style="list-style-type: none"> <li>✓ Excellent strength</li> <li>✓ Easy to install</li> <li>✓ Acoustic benefits</li> <li>✓ Cost effective</li> </ul>
 <p>Fragmented market nationally, but consolidated in E &amp; SE England where we operate</p> <p>SE market currently running at c.85% capacity utilisation</p>

(a) Aircretemarket share calculated based on estimates of GB production capacity among key competitors in 2015 prepared by BDS (Jan-2016) and management. Aggregate market share calculated based on estimates of East and South East England production capacity among key competitors in 2015 prepared by BDS (Jan-2016) and management.

(b) Management estimates.

Source: Company information, Management estimates, BDS (Jan-2016).

## Precast concrete

- Engineered structural flooring and stair solutions
- Designed for all markets in all building types



Hollowcore



Pre-Stressed T-Beams



- General precast for commercial and domestic applications
- Highly fragmented competitive landscape



Stairs



Precast Culverts



BridgeDeck

## Permeable block paving

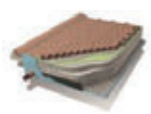
- Patented, sustainable urban drainage systems
- Permeable and standard block paving
- Caters to both the commercial and residential markets
- Addresses specific market needs for rainwater flow management



Chartres Classic



Chartres Cobbles



Sustainable Urban Drainage System

## Chimney and roofing solutions

- Chimney and roofing products: fire-backs, clay and concrete flue liners, chimney pots and terminals
- Primarily used in the renovation of pitched roofs in low-to-mid-rise residential buildings
- Usually sold to merchants and specialist roofing suppliers for distribution to end customers



Chimney pots



Cavity wall bridging ducts



Air bricks



Concrete flue liner

## Structural external wall insulation

- Patented structural external wall insulation panels
- Demand largely driven by the UK public housing RMI market
- Can extend the lifespan of a building by up to 30 years
- Serves mainly the social housing, education and commercial sectors



Thin coat wall insulation system



Structural cladding system



Thick coat wall insulation system

## Selected competitors



## Selected competitors



## Selected competitors



## Selected competitors

### Alternative systems

# Focus on engineered flooring

	Beam & Block	Hollowcore
UK market size (£ / quantity)	c.£170m / c.15 million linear metres	c.£175m / c.3.5 million m <sup>2</sup>
Estimated % attributable to UK housing end markets	c.85%	c.50%
UK market development	<p>Linear metres ('000s)</p> <p>2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015</p> <p>Beam &amp; blocks total market size</p>	<p>m² ('000s)</p> <p>2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015</p> <p>Hollowcore total market size</p>
UK market share	<p>Others 22%</p> <p>Rackham 19%</p> <p>Forterra 18%</p> <p>Longley 14%</p> <p>Cemex 10%</p> <p>Litecast 10%</p> <p>TT 7%</p>	<p>Bison 22%</p> <p>Creagh 18%</p> <p>Forterra 9%</p> <p>FP McCann 7%</p> <p>Milbank 7%</p> <p>Others 37%</p>



# P&L pre-exceptionals

£m	2016 H1	2015 H1	2015 FY
Revenue	146.0	150.8	290.2
Cost of Sales	(81.8)	(83.4)	(167.7)
<b>Gross Profit</b>	<b>64.2</b>	<b>67.4</b>	<b>122.5</b>
Distribution Costs	(20.9)	(22.4)	(45.3)
Administrative expenses	(9.5)	(8.7)	(16.6)
Other operating income	0.8	0.7	0.5
<b>Operating Profit</b>	<b>34.6</b>	<b>37.0</b>	<b>61.1</b>
Add back: depreciation & amortisation	4.9	4.8	9.4
<b>EBITDA</b>	<b>39.5</b>	<b>41.8</b>	<b>70.5</b>
Additional costs in 2016 as a stand-alone PLC	-	(1.7)	(3.0)
<b>EBITDA (pro-forma basis)</b>	<b>39.5</b>	<b>40.1</b>	<b>67.5</b>

Note: Financial information of the Group has been prepared by the Company on an IFRS basis and is unaudited  
Source: Company information

# D&A and exceptional items

£m	2016 H1	2015 H1	2015 FY
<b>EBITDA before exceptionals</b>	<b>39.5</b>	<b>41.8</b>	<b>70.5</b>
Depreciation	(4.7)	(4.6)	(9.1)
Amortisation	(0.2)	(0.2)	(0.3)
Exceptional items	(10.3)	(1.5)	(11.6)
<b>Operating profit</b>	<b>24.3</b>	<b>35.5</b>	<b>49.5</b>
Net financial expenses	(11.3)	(11.2)	(27.3)
Income tax expenses	(4.2)	(3.3)	(4.2)
<b>Net profit for the period</b>	<b>8.8</b>	<b>21.0</b>	<b>18.0</b>
<b>Exceptional items:</b>	<b>(10.3)</b>	<b>(1.5)</b>	<b>(11.6)</b>
Transaction costs	(9.1)	(0.4)	(5.2)
Separation costs	(1.2)	(0.9)	(4.0)
Restructuring expense	-	(0.2)	-
Intangibles expense	-	-	(2.4)

Note: Financial information of the Group has been prepared by the Company on an IFRS basis and is unaudited  
Source: Company information

# Summary cash flow statement

£m	2016 H1	2015 H1
EBITDA before exceptionals	39.5	41.8
Working capital	(7.7)	(13.4)
Non-cash movements	0.2	0.3
<b>Cash generated from trading operations</b>	<b>32.0</b>	<b>28.7</b>
Exceptional costs	(11.0)	(1.4)
<b>Cash generated from operations</b>	<b>21.0</b>	<b>27.3</b>
Interest paid	(8.4)	(10.6)
Tax paid	(1.9)	-
<b>Net cash flow from operations</b>	<b>10.7</b>	<b>16.7</b>
Purchase of PP&E	(4.5)	(1.9)
Proceeds from sale of PP&E	0.1	0.1
<b>Net cash flow from investing activities</b>	<b>(4.4)</b>	<b>(1.8)</b>
<b>Net cash flow</b>	<b>6.3</b>	<b>14.9</b>

Note: Financial information of the Group has been prepared by the Company on an IFRS basis and is unaudited Trade working capital figures are adjusted from the Company's IFRS balance sheet to ease comparability following the carve out from HeidelbergCement  
Source: Company information





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