9 August 2018

Ibstock plc
Interim results for the six months ended 30 June 2018

Positive market backdrop and strong cashflow underpin payment of first supplementary dividend

Ibstock plc ("Ibstock" or the "Group"), a leading manufacturer of clay bricks and concrete products with operations in the United Kingdom and the United States, announces its unaudited results for the six months ended 30 June 2018.

Results for the period:

Half year to 30 June	*2018*	*2017*	*Change*
Revenue	£229.9m	£228.3m	+0.7%
Adjusted EBITDA[1]	£58.4m	£59.7m	(2.2%)
Profit before tax	£50.9m	£38.9m	+30.8%
Statutory basic EPS	10.3 pence	7.6 pence	+35.5%
Adjusted basic EPS[1]	9.6 pence	9.5 pence	+1.1%
Interim dividend	3.0 pence	2.6 pence	+15.4%
Supplementary dividend	6.5 pence	-	n/a

Financial Highlights:

- Adjusted EBITDA in the first half reflects previously announced weather impacted start to the year and increased energy input costs
- Successful surplus major asset disposal in 1H 2018 resulted in c.£6 million exceptional profit
- Net debt[1] to adjusted EBITDA at 1.1x, after £16 million of capex in 1H 2018
- Continued strong underlying cash conversion[1]
- Interim dividend of 3.0 pence per share (2017: 2.6 pence per share) reflecting the Board's policy of paying one-third of the prior year's full year dividend
- Supplementary dividend of 6.5 pence per share declared in line with the Group's policy announced in March 2018

Operational Highlights

- UK Clay benefitting from good activity levels within the UK, particularly from the new build housing sector
- Commissioning of the Group's investment in a 100m per annum capacity brick plant in Leicestershire running to plan
- Review of UK brick manufacturing assets identified requirement for increased maintenance and refurbishment activity over 2H 2018 and 1H 2019 to sustain manufacturing capability, as announced on 30 July 2018

- UK concrete revenues flat year on year, reflecting the weather impacted start to the year and lower activity levels in the Repair, Maintenance and Improvement ("RMI") market

- US performance down marginally year-on-year on a constant currency basis against a strong comparative but with improved momentum going into 2H 2018

Full year expectations

- As announced on 30 July 2018, management expects adjusted EBITDA for the year ended 31 December 2018 will be in the range of £121m to £125m with reported EBITDA in the range £130m to £134m

Joe Hudson, Chief Executive Officer, commented:

"Demand from the Group's UK brick customers was strong over the first half, particularly from the new build housing sector, although our performance also reflected some impact from poor weather and increased energy costs. The Group remained strongly cash generative in the period and we are pleased to be declaring both an increased interim dividend and our first supplementary dividend, in line with the policy announced in March.

"Looking ahead, while our decision to increase maintenance spending on our UK brick manufacturing assets will have a short-term impact on our financial performance, this programme will put our UK Clay business in a much stronger position to meet ongoing demand, which continues to be robust, with domestic production remaining below market need. In the US, Glen Gery enters the second half with its order book ahead of the prior year and showing good momentum for the remainder of 2018.

"Overall, market fundamentals remain favourable and Ibstock is well-placed to benefit from this positive backdrop. We are fully focused on delivering our business plan as we trade through the second half."

1 Alternative Performance Measures are described in Note 3 of the financial statements

Results presentation

Ibstock is holding a presentation to analysts and investors at 09:00 today at the offices of UBS, 5 Broadgate, London, EC2M 2AN. Analysts wishing to attend should contact ibstock@citigatedewerogerson.com to register.
Analysts unable to attend in person may listen to the presentation live by using the details below:

Webcast link: https://edge.media-server.com/m6/p/8pvz4yu8

Conference Call Dial-In Details: 0808 109 0700

Standard International Access: +44 (0) 20 3003 2666

Password: Ibstock

An archived version of today's analyst presentation will be available on www.ibstockplc.com later today.

Enquiries

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Notes to Editors:

Ibstock plc is a leading manufacturer of clay bricks, with a diversified range of clay and concrete products, and operations in the United Kingdom and the United States. Its principal products are clay bricks, brick components, concrete roof tiles, concrete substitutes for stone masonry, concrete fencing and pre-stressed concrete products.

The Group's four primary businesses are:

- **UK business:**
  - **Ibstock Brick:** The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 19 manufacturing plants Ibstock Brick has the largest brick production capacity in the United Kingdom. It operates a network of 23 active quarries which are generally located close to its manufacturing plants. Ibstock Brick is currently commissioning a new soft mud brick manufacturing plant in Leicestershire that has been designed to add approximately 100 million bricks (c13%) to its brick production capacity per annum. The new plant is expected to be fully commissioned towards the end of 2018.
  - **Supreme:** A leading manufacturer of concrete fencing products, concrete lintels and general concrete building products, with seven manufacturing plants in the United Kingdom.
  - **Forticrete:** A leading manufacturer of concrete substitutes for natural stone walling, dressings and concrete roof tiles, with seven manufacturing plants in the United Kingdom.

- **US business:**
  - **Glen-Gery:** A leading manufacturer of bricks by volume of despatches in the Northeast and Midwest regions of the United States, with a network of ten manufacturing plants, ten distribution centres and 29 active quarries, covered by 20 active quarry permits.

Chief Executive's review

Introduction

I am pleased to present my first review of the Group's performance since my appointment as CEO in April 2018.

Our UK Clay business continued to benefit from good activity levels across the period, particularly from the new build housing sector, and our new Leicestershire factory will be operating at full capacity by year-end, as planned. In the US, revenues declined marginally on a constant currency basis against a strong comparative but the business is showing improved momentum going into the second half. Our cash generation remains strong, augmented by a surplus property disposal, and we are pleased to be declaring both an interim dividend and a supplementary dividend in line with expectations. However, towards the period end, and particularly thereafter in July, we had to contend with some production issues in the UK brick business that will impact on the outcome for the next twelve months.

Shortly after my appointment, I instigated a review of Ibstock's operations, including our UK brick manufacturing assets. These plants have been producing at, or close to, full production capacity for an extended period but recently production output has been lower than expected despite corrective measures being taken.

As announced on 30 July 2018, the review identified a number of measures required to sustain the quality and range of our production output and a twelve-month period of increased maintenance activity is now planned to ensure the factories can operate at sustainable levels to meet continued increasing demand. While the resulting additional maintenance shutdowns and extra spending on maintenance and refurbishment will have a short-term impact on our financial performance, we firmly believe that it is the right thing to do for our customers and to maximise long-term value for shareholders.

Business review

Group revenue in the six months to 30 June 2018 was £230 million (1H 2017: £228 million). Group adjusted EBITDA[1] was down 2% to £58 million (1H 2017: £60 million), reflecting a weather impacted start to the year and higher energy costs, as announced in the trading update given at May's AGM. Profit before taxation was £51 million in 1H 2018 (1H 2017: £39 million).

United Kingdom

The UK businesses, which accounted for 83% of Group revenue (1H 2017: 81%), reported revenue of £192 million in 1H 2018, a 3% increase year-on-year (1H 2017: £186 million). We have seen good demand from our UK brick customers, with particularly strong activity levels from the new build housing sector. Overall market fundamentals remain in place with continued support from housing demand and positive Government policy.

Adjusted EBITDA for the UK segment in 1H 2018 at £58 million was 1.5% higher than in the prior year period (1H 2017: £57 million), driven by above inflation price rises achieved within UK Brick. Overall the UK adjusted EBITDA margin reduced slightly as improvements in the customer management process and price increases were offset by higher gas costs, where we saw price increases in the mid-teen percentages. These higher energy prices are expected to remain a feature in the second half of 2018.

UK Clay revenue increased by 4% to £142 million (1H 2017: £136 million) with sales volumes remaining flat as they were constrained by a slower than expected start to the year, which largely reflected an extended winter season. Mid-single digit price increases were achieved on average across sales channels, contributing to the revenue growth in the period.

Our new 100 million per annum soft mud brick factory at Ibstock in Leicestershire, which started commissioning in 4Q 2017, has been performing in line with management's expectations. As previously announced, production volumes are ramping-up progressively across the year. These will be weighted to the second half of 2018 with approximately 50% capacity utilisation anticipated over the full year.

Revenues from our UK concrete businesses were flat at £50 million in the first half (1H 2017: £50 million). The performance of both Supreme and Forticrete in 1H 2018 was constrained by both the weather and lower activity levels within the RMI market. Our new Forticrete SL8 roof tile product continues to be well-received by developers and the manufacturing improvements implemented in the second half of 2017 have delivered the planned production efficiencies in 1H 2018.

United States

Our US business, which accounted for 17% of Group revenue (1H 2017: 19%), reported revenue of £38 million in the six months to 30 June 2018. This compared to £42 million in 1H 2017 and was a c.10% decrease year-on-year. However, adjusting for an adverse exchange rate impact of c.£4 million, revenue declined only marginally on a constant currency basis[1].

Sales volumes fell slightly in our primary markets in the period, although this was against a challenging comparative following the strong start to 2017. However, as 1H 2018 drew to a close, the US business' order book heading into 2H 2018 was ahead of the equivalent period last year and shows good momentum for the remainder of 2018. Of particular note is the uptick in our order book for higher value, specification products.

Adjusted EBITDA for 1H 2018 was £4 million (1H 2017: £5 million), although this performance was impacted by some currency headwinds. In constant currency, Adjusted EBITDA declined by c.20% impacted by weather fluctuations year-on-year and reflective of the strong start to 2017.

Strategy

I am conscious that Ibstock's established strategy and business fundamentals, supported by a favourable market, have served the Group well over recent years. The review currently being undertaken seeks to build on this strategy and identify opportunities for further growth in light of the supportive market backdrop. We expect that any resulting changes will be evolutionary rather than revolutionary in nature and will update shareholders further at the time of our full year results in March 2019.

The steps being taken to ensure our UK brick manufacturing capabilities can continue to operate at full strength will enable Ibstock to remains in a strong position, as market-leader, and to fulfil its growth potential. We have made good progress with our major investment projects and we continue to evaluate opportunities for value-creating organic or acquisitive investments that would broaden our portfolio.

Current trading and outlook

Demand from the Group's UK brick customers continues to be robust, particularly from the new build housing sector, and market fundamentals remain favourable. The Group remains strongly cash generative and we are well placed to consider opportunities to invest for future growth.

While our decision to increase maintenance spending on our UK brick manufacturing assets will have a short-term impact on our financial performance, this programme will put our UK Clay business in a much stronger position to meet ongoing demand, which continues to be robust, with domestic production remaining below market need. In the US, Glen Gery enters the second half with its order book ahead of the prior year and showing good momentum for the remainder of 2018.

As announced on 30 July 2018, we expect that adjusted EBITDA for the year ended 31 December 2018 will be in the range of £121m to £125m with reported EBITDA in the range £130m to £134m.

Overall, market fundamentals remain favourable and Ibstock is well placed to benefit from this positive backdrop. We are fully focused on delivering our business plan as we trade through the second half.

1 Alternative Performance Measures are described in Note 3 of the financial statements

Chief Financial Officer's report

Group results

Group revenue in the six month period ended 30 June 2018 increased by 0.7% to £229.9 million (1H 2017: £228.3 million). Growth was driven primarily by the performance of the UK Clay business, which, after a slower, weather-impacted start to the year, saw increased sales volumes in Q2 2018 and ended the period with cumulative 1H volumes in line with last year. UK Clay sales growth was supported by mid-single digit price increases, whilst revenue performance within the UK Concrete and US Clay businesses was flat. On a constant currency basis[1], overall Group revenue growth was 2.3%.

Group profit before taxation was £50.9 million (1H 2017: £38.9 million) – an increase of 30.8%. Given a broadly level first half trading performance, this largely reflects some one-off credits in 1H 2018, including the profit on disposal of our surplus property near to Bristol, and the absence of the significant non-cash finance costs which arose in 1H 2017 when the Group undertook a refinancing. Prior to exceptional items (see below), profit before taxation was £43.0 million, representing a slight decline of just over 1% on the prior year on a constant currency basis.

Alternative performance measures

This interim results statement contains multiple alternative performance measures (APMs). A description of each APM is included in Note 3 to the condensed financial statements. The metrics are consistent with those presented in our 2017 Annual Report & Accounts and there have been no changes to the bases of calculation.

Adjusted EBITDA

Management measure the Group's operating performance using Adjusted EBITDA[1], which decreased by 2.2% to £58.4 million in the six month period ended 30 June 2018. The decrease reflects the higher energy costs experienced in 1H 2018, which were flagged in our 2018 AGM trading update announcement in May 2018. The Group's Adjusted EBITDA performance was also adversely impacted by the severe weather experienced in 1H 2018, which was noted across the construction sector; and the slower RMI sector, which has constrained the Concrete businesses' performance.

Cash flow and Net Debt

Cash generated from operations during 1H 2018, excluding the impact of exceptional operating items is shown in the below table:

Table 1	1H 2018 (£m)	1H 2017 (£m)	Change (£m)
Adjusted EBITDA[1]	58.4	59.7	(1.3)
Share-based payments	0.8	0.7	+0.1
Capex before major projects[2]	(8.7)	(5.9)	(2.8)
Change in working capital	(26.0)	(30.0)	+4.0
Adjusted EBITDA – maintenance capex – change in WC	24.5	24.5	-
Major project capex[2]	(7.1)	(11.1)	+4.0
Cash flow from	17.4	13.4	+4.0

operating and investing activities			
Net interest	(1.6)	(2.0)	+0.4
Tax	(4.3)	(7.5)	+3.2
Post-employment benefits	(4.1)	(3.5)	(0.6)
Adjusted free cash flow	7.4	0.4	+7.0
Cash conversion[1]	*41.9%*	*41.1%*	*+1%pt*

1 – Alternative Performance Measures are descried in Note 3 to the financial statements.
2 – Capex on major projects is that capex relating to strategic projects in Leicester, Leighton Buzzard and Cannock.

Our operations remain strongly cash generative with the Group's cash conversion improving marginally from that reported at 1H 2017. As noted in the Chief Executive Officer's review, the Group's expenditure on routine maintenance and capital expenditure will increase in 2H 2018 and 1H 2019 as a programme to sustain the quality and range of our production capabilities is implemented. Surplus asset sales will assist in covering this cost in 2H 2018. Additionally, major capital expenditure has reduced as existing projects reach a conclusion and remaining commissioning continues apace.

A net working capital balance at 30 June 2018 of £84.9 million compares to £48.2 million at 31 December 2017 and £77.0 million at 30 June 2017, which is consistent with the Group's normal seasonal trading cycle and intensified by the stronger sales in May and June 2018 following the poor weather earlier in the year.

Net debt[1] (borrowings less cash) of £135.9 million at 30 June 2018, compares to £117.0 million at the prior year end and £159.9 million at the prior half year date, reflecting the cash generative nature of the business year-on-year. The Group has a £250 million revolving credit facility (RCF) with a group of six major banks. The five-year facility was entered into in March 2017 and contains interest cover and leverage covenant limits of 4x and 3x, respectively. The Group remains comfortably within both covenant requirements.

Exchange rates

The Group is exposed to movements in exchange rates when translating the results of its US operations from US Dollars to UK Sterling. In the six months to 30 June 2018, the average exchange rate of $1.3762:£1 was above that of the equivalent period in 2017 ($1.2595:£1) and has resulted in a £3.5 million reduction in revenue and a £0.3 million cost to Adjusted EBTIDA in 1H 2018.

Exceptional items

In line with our accounting policy for exceptional items, we have excluded certain items from our Adjusted EBITDA to aid shareholders' understanding of our financial performance.

Material items, such as the material profit on disposal of surplus land, discussed below; and infrequent events, such as the income statement credit of £1.9 million arising on the release of our provision for contingent consideration following finalisation of negotiations with CRH during 1H 2018, have been treated as exceptional in the current period. Further details of exceptional items are set out in Note 5 to the financial statements.

Profit on disposal of surplus land

During 1H 2018, the Group successfully negotiated the sale of a former quarry near Bristol, England, for a consideration of £9.3 million in cash. The contractually committed consideration is payable in full on completion, which is expected to be 31 August 2018, and resulted in a pre-tax profit on disposal of £6.4 million, which has been classified as exceptional in the period due to the significance of the profit achieved.

Corporate overheads

Unallocated corporate overheads increased from £2.0 million to £3.1 million in the six month period to 30 June 2018. The growth in the period is a result of increased share-based payment costs and the incremental expense which has arisen during the transition to a new CEO. This latter cost has been classified as exceptional due to its non-recurring nature (see Note 5).

Finance costs

Net finance costs of £1.6 million were incurred in 1H 2018 (1H 2017: £9.7 million). The improvement in the current year as a result of both the lower interest rates achieved due to reduced debt levels year-on-year, and interest income arising on the pension surplus. Additionally, the comparative cost included exceptional finance costs of £6.4 million arising on the refinancing in March 2017 and which have not arisen in the current period.

Taxation

The Group has recognised a tax charge of £8.8 million (1H 2017: £8.2 million) on the Group's pre-tax profits of £50.9 million (1H 2017: £38.9 million) resulting in an effective tax rate of 17.4% (1H 2017: 21.0%), compared to the standard rate of UK corporation tax of 19.0%.

Earnings per share

Statutory basic EPS increased by 36.1% to 10.3 pence in 1H 2018 (1H 2017: 7.6 pence) as a result of the Group's increased statutory profitability in the period as discussed above.

Adjusted EPS[1] of 9.6 pence is a marginal increase from 1H 2017 - this metric removes the impact of exceptional non-trading items. Additionally, the fair value uplifts resulting from our acquisition accounting have been removed from the Adjusted EPS calculations, together with non-cash interest impacts (net of the related taxation charge/credit). Adjusted EPS is the Group's measure for calculating distributions to shareholders and has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our Adjusted EPS measure is included in Note 7.

Table 2	1H 2018	1H 2017
Statutory Basic EPS	10.3p	7.6p
Adjusted Statutory Basic EPS	9.6p	9.5p

Dividend

The Board has approved an interim dividend of 3.0 pence per ordinary share (2017: 2.6 pence) in line with the Board's policy of paying one-third of the prior full year dividend in order to provide greater certainty to shareholders.

Additionally, following the policy announcement in March 2018, the Board has approved the Group's first supplementary dividend of 6.5 pence per ordinary share reflecting the capital allocation strategy and continued strong adjusted free cash flow. The supplementary dividend is in line with the final dividend announced in March 2018, and brings the total dividend payment for the period to 9.5 pence per ordinary share.

Both dividends will be due for payment on 21 September 2018 to shareholders on the register at the close of business on 17 August 2018.

Pensions

At 30 June 2018, the defined benefit scheme was in an actuarial accounting surplus position of £71.0 million (31 December 2017: £46.1 million). At the period end, the scheme had assets of £607.4 million (31 December 2017: £659.4 million) against pension liabilities of £536.4 million (31 December 2017: £613.4 million). The reductions in both pension assets and liabilities have arisen as a result of some members transferring out of the scheme following its closure. Overall, the improvement in the Group's net pension position principally resulted from a combination of strong investment returns, together with actual inflation being lower than assumed and actuarial gains due to changes in assumptions – the latter being driven by changes in gilt rates.

Related party transactions

There were no related party transactions during the period ended 30 June 2018 nor any balances with related parties at 30 June 2018.

Related party transactions in the comparative period are disclosed in Note 13 to the condensed consolidated financial statements. During the prior period, Bain Capital Partners LLC ceased to hold any ordinary shares in Ibstock plc and no longer had significant influence over the Group and was no longer a related party.

Subsequent events

Interim and supplementary dividends totalling 9.5 pence per ordinary share (2017: 2.6 pence) amounting to a total of £38,612,000 were declared by the Board on 8 August 2018.

There have been no further events subsequent to 30 June 2018 which management believe require adjustment or disclosure.

Going concern

The Group has maintained its positive cash position in the period. In order to ensure that the Group can maintain its strong liquidity, it has a £250 million committed revolving credit facility. The Group's forecasts and projections, which allow for reasonably possible variations, show that the Group will continue to maintain its strong liquidity position, and therefore supports the Directors' view that the Group has sufficient funds available to meet its foreseeable requirements. Additionally, the Group has significant headroom on each of its covenant requirements. The Directors have concluded therefore that the going concern basis remains appropriate of at least 12 months from approval of the interim financial statements.

Risks and Uncertainties

The Board continually assesses and monitors the key risks impacting the business. The Group's activities expose it to a variety of risks; economic conditions, government action and policy, government regulation and standards relating to the manufacture and use of building products, customer relationships and reputation, business disruption, recruitment and retention of key personnel, input prices, product quality, financial risk management, pension obligations and cyber security.

The Group's risk management approach together with these principal risks and mitigating actions are unchanged from those set out on pages 32 to 37 of the 2017 Annual Report & Accounts.

1 Alternative Performance Measures are described in Note 3 of the financial statements

Statement of directors' responsibilities in relation to the half-yearly financial report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as adopted by the European Union;
- The interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Joe Hudson	Kevin Sims
Chief Executive Officer	Chief Financial Officer
8 August 2018	8 August 2018

Condensed consolidated income statement
for the six months ended 30 June 2018

	Notes	Unaudited 1H 2018 £'000	Unaudited 1H 2017 £'000
Revenue		229,906	228,260
Cost of sales		(144,020)	(140,100)
Gross profit		**85,886**	**88,160**
Distribution costs		(19,392)	(19,290)
Administrative expenses before exceptional items		(23,161)	(23,202)
Exceptional administrative items	5	1,487	1,968
Administrative expenses		(21,674)	(21,234)
Exceptional profit on disposal of property, plant and equipment	5	6,371	-
Other income		1,663	1,320
Other expenses		(416)	(318)
Operating profit		**52,438**	**48,638**
Finance costs before exceptional items		(2,274)	(3,356)
Exceptional finance costs	5	-	(6,386)
Finance costs		(2,274)	(9,742)
Finance income		721	-
Net finance cost		**(1,553)**	**(9,742)**
Profit before taxation		**50,885**	**38,896**
Taxation		(8,846)	(8,156)
Profit for the financial period		**42,039**	**30,740**
Profit attributable to:			
Owners of the parent		42,039	30,740
	Notes	Pence	Pence
Earnings per share			
Basic	7	10.3	7.6
Diluted	7	10.3	7.5

All amounts relate to continuing operations.

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2018

	Notes	Unaudited 1H 2018 £'000	Unaudited 1H 2017 £'000
Profit for the financial period		42,039	30,740
Other comprehensive income/(expense):			
Items that will not be reclassified to the profit or loss			
Re-measurement of post-employment benefit assets and obligations		21,302	54,742
Re-measurement of post-employment benefits – removal of surplus restriction		-	14,223
Related tax movements		(3,029)	(12,860)
		18,273	56,105
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		2,129	(4,527)
Other comprehensive income for the period net of tax		**20,402**	**51,578**
Total comprehensive income for the period, net of tax		**62,441**	**82,318**
Total comprehensive income attributable to:			
Owners of the parent		62,441	82,318

Non-GAAP measure

Reconciliation of Adjusted EBITDA to Operating profit for the financial period:

	Notes	Unaudited 1H 2018 £000	Unaudited 1H 2017 £000
Adjusted EBITDA		**58,407**	**59,690**
Add back exceptional items	5	7,858	1,968
Less depreciation and amortisation		(13,827)	(13,020)
Operating profit		**52,438**	**48,638**

Condensed consolidated balance sheet

as at 30 June 2018

	Notes	Unaudited 30 June 2018 £'000	Audited 31 December 2017 £'000
Assets			
Non-current assets			
Intangible assets		113,035	116,010
Property, plant and equipment		406,567	400,480
Deferred tax		1,260	1,412
Post-employment benefit asset	11	70,970	46,064
		591,832	563,966
Current assets			
Inventories		100,681	91,118
Trade and other receivables		89,761	53,416
Cash and cash equivalents		28,164	31,490
		218,606	176,024
Assets held for sale		2,003	4,853
Total assets		**812,441**	**744,843**
Current liabilities			
Trade and other payables		(95,008)	(85,342)
Borrowings	9	(796)	(551)
Current tax payable		(6,411)	(3,735)
Provisions		(367)	(350)
		(102,582)	(89,978)
Net current assets		**120,027**	**90,899**
Total assets less current liabilities		**709,859**	**654,865**
Non-current liabilities			
Borrowings	9	(163,223)	(147,980)
Post-employment benefit obligations	11	(8,737)	(8,735)
Deferred tax liabilities		(69,668)	(66,702)
Provisions		(10,171)	(10,620)
		(251,799)	**(234,037)**
Net assets		**458,060**	**420.828**
Equity			
Share capital		4,064	4,064
Share premium		824	781
Retained earnings		811,972	776,912
Merger reserve		(369,119)	(369,119)
Currency translation reserve		10,319	8,190
Total equity		**458,060**	**420,828**

Condensed consolidated statement of changes in equity (unaudited) for six months ended 30 June 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Other reserves £'000	Currency translation reserve £'000	Total equity attributable to owners £'000
Balance at 1 January 2018	**4,064**	**781**	**776,912**	**(369,119)**	**-**	**8,190**	**420,828**
Profit for the period	-	-	42,039	-	-	-	**42,039**
Other comprehensive income	-		18,273	-	-	2,129	**20,402**
Total comprehensive income for the period	**-**		**60,312**	**-**	**-**	**2,129**	**62,441**
Transactions with owners:							
Share based payments	-		842	-	-	-	**842**
Deferred tax on share based payment	-		339	-	-	-	**339**
Equity dividend paid	-		(26,421)	-	-	-	**(26,421)**
Issue of share capital	-	43	(12)				**31**
Balance at 30 June 2018	**4,064**	**824**	**811,977**	**(369,119)**	**-**	**10,319**	**458,060**

Condensed consolidated statement of changes in equity (unaudited) for six months ended 30 June 2017

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Other reserves £'000	Currency translation reserve £'000	Total equity attributable to owners £'000
Balance at 1 January 2017	**4,063**	**-**	**677,361**	**(369,119)**	**1,109**	**16,043**	**329,457**
Profit for the period	-	-	30,740	-	-	-	**30,740**
Other comprehensive income	-	-	56,105	-	-	(4,527)	**51,578**
Total comprehensive income for the period	**-**	**-**	**86,845**	**-**	**-**	**(4,527)**	**82,318**
Transactions with owners:							
Release of contingent consideration provision	-	-	1,109	-	(1,109)	-	**-**
Share based payments	-	-	733	-	-	-	**733**
Deferred tax on share based payment	-	-	74	-	-	-	**74**
Equity dividend paid	-	-	(21,532)	-	-	-	**(21,532)**
Issue of share capital	1	-	(1)				**-**
Balance at 30 June 2017	**4,064**	**-**	**744,589**	**(369,119)**	**-**	**11,516**	**391,050**

Condensed consolidated cash flow statement

for the six months ended 30 June 2018

	Note	Unaudited 1H 2018 £000	Unaudited 1H 2017 £000
Cash flow from operating activities			
Cash generated from operations	8	**29,819**	**28,663**
Interest paid		(1,640)	(1,975)
Tax paid		(4,278)	(7,490)
Net cash inflow from operating activities		**23,901**	**19,198**
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,838)	(16,950)
Proceeds from sale of property plant and equipment		10	-
Interest received		4	2
Net cash outflow from investing activities		**(15,824)**	**(16,948)**
Cash flows from financing activities			
Dividends paid		(26,421)	(21,532)
Drawdown of borrowings		35,000	180,000
Repayment of borrowings		(20,000)	(185,000)
Debt issue costs		-	(2,408)
Net cash outflow from financing activities		**(11,421)**	**(28,940)**
Net decrease in cash and cash equivalents		**(3,344)**	**(26,690)**
Cash and cash equivalents at beginning of the period		31,490	45,829
Exchange gains/(losses) on cash and cash equivalents		18	(624)
Cash and cash equivalents at end of period		**28,164**	**18,515**

1. Authorisation of financial statements

Ibstock plc ("Ibstock" or the "Group") is a manufacturer of clay bricks and concrete products with operations in the United Kingdom and the United States. Ibstock plc is a public company limited by shares, which is incorporated and domiciled in England whose shares are publicly traded. The registered office is Leicester Road, Ibstock, Leicestershire, LE67 6HS and the company registration number is 09760850.

The interim condensed consolidated financial statements of Ibstock plc for the six months ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 8 August 2018.

Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006. The comparative figures for the financial period ended 31 December 2017, which have been extracted from the statutory accounts for that period, are not the company's statutory accounts for that financial period. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors on 5 March 2018. Those accounts have been reported on by the company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) not qualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union ("EU").

They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report and Accounts as at 31 December 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

All accounting policies applied by the Group, and the critical accounting estimates and judgements within the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations as of 1 January 2018, which did not have any impact on the accounting policies, financial position or performance of the Group.

In January 2016 the IASB issued IFRS 16 "leases" on accounting for leases, which specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Group will adopt IFRS 16 from 1 January 2019.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Under IFRS 16 lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

This standard will have a material effect on the Group's consolidated financial statements as follows:

Income statement: Operating expenses will decrease, as the Group currently recognises operating lease costs within either cost of sales or administrative expenses, depending upon the nature of the lease. The Group's lease expense for the year ended 31 December 2017 was £7,163,000 as set out in Note 6 to the 2017 Annual Report and Accounts. Depreciation and finance costs as currently reported in the Group's Income Statement will increase, as under the new standard the right-of-use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

Balance sheet: At transition date, the Group will determine the lease payments outstanding at that date and apply the appropriate discount rate to calculate the present value of the lease payments. The Group is currently considering adopting the new standard by applying the modified retrospective approach. The Group's commitment outstanding on all leases as at 31 December 2017 was £43,292,000 as set out in Note 26 of the 2017 Annual Report and Accounts. The Group continues to assess the impact of the new standard and whilst the exact financial impact is currently unknown due to the number of factors still to be finalised (such as discount rate, expected lease terms), this provides an indication of the scale of the leases held and how significant they are within the Ibstock plc Group.

In addition to the impacts above, there will also be significantly increased disclosures when the Group adopts IFRS 16.

Going concern

The Group has maintained its positive cash position in the period. In order to ensure that the Group can maintain its strong liquidity, it has a £250 million committed revolving credit facility. The Group's forecasts and projections, which allow for reasonably possible variations show that the Group will continue to maintain its strong liquidity position, and therefore supports the Directors' view that the Group has sufficient funds available to meet its foreseeable requirements. Additionally, the Group has significant headroom on each of its covenant requirements. The Directors have concluded therefore that the going concern basis remains appropriate for a period of at least 12 months from approval of the interim financial statements.

3. Alternative Performance Measures

Alternative Performance Measures (APMs) are disclosed within the interim management report where management believes it is necessary to do so to provide further understanding of the financial performance of the Group. Management uses APMs in its own assessment of the Group's performance. It is not intended that APMs are a substitute for, or superior to, statutory measurements. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Exceptional items

The Group presents items as exceptional on the face of the income statement, those items which, because of their materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the period, so as to facilitate comparison with future periods and to assess trends in financial performance. Details of all exceptional items are disclosed in Note 5.

Adjusted EBITDA

Adjusted EBITDA is the earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. A full reconciliation is included at the foot of the Group's condensed consolidated statement of comprehensive income within the financial statements.

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, amortisation and depreciation on fair value uplifted assets and non-cash interest net of tax (at the Group's effective tax rate). A full reconciliation is provided in Note 7.

Net debt

Net debt is defined as the sum of cash and total borrowings at the balance sheet date. Net debt to EBITDA is the ratio of net debt to Adjusted EBITDA (as defined above). A full reconciliation is included in Note 9.

Cash conversion

Cash conversion is the ratio of Adjusted EBITDA after movements in working capital less maintenance capital expenditure and share based payments, to Adjusted EBITDA. The calculation of the cash conversion ratio is set out within Table 1 of the Chief Financial Officer's report.

Constant currency

Constant currency measures are used in management's description of performance within the Chief Executive Officer's review and Chief Financial Officer's report. Where used, constant currency figures translate all amounts for our US segment using the US dollar exchange rate for the six month period ended 30 June 2017 (£1:$1.2595).

Cash flow before major projects

Cash flow before major capex is a key performance indicator of cash flow prior to capital expenditure on major projects. This represents adjusted EBITDA plus share-based payment costs less maintenance capital expenditure and adjusted for changes in working capital. The calculation of the cash flow before major projects is set out within Table 1 of the Chief Financial Officer's report.

Adjusted free cash flow

Adjusted free cash flow represents cash flow before major projects (defined above) less expenditure on major projects and cash outflows for taxation, net interest costs and post-employment benefits. The calculation of adjusted free cash flow is set out within Table 1 of the Chief Financial Officer's report.

4. SEGMENT REPORTING

The Directors considers the reportable segments to be the UK and the US. The key Group performance measure is adjusted EBITDA, as detailed below, which is earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. The below tables present revenue and adjusted EBITDA for the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively. Transactions between segments are carried out at arm's length. No aggregation of segments has been applied.

Six months ended 30 June 2018 (unaudited)

	UK	US	Unallocated	Total
	£'000	£'000	£'000	£'000
Clay revenue	141,941	38,258	-	**180,199**
Concrete revenue	49,707	-	-	**49,707**
Total revenue from external customers	**191,648**	**38,258**	**-**	**229,906**
Adjusted EBITDA	**57,680**	**3,551**	**(2,824)**	**58,407**
Exceptional items	8,141	5	(288)	**7,858**
Depreciation and amortisation pre fair value uplift	(7,197)	(2,091)	-	**(9,288)**
Incremental depreciation and amortisation following fair value uplift	(4,278)	(261)	-	**(4,539)**
Net finance costs	(745)	(808)	-	**(1,553)**
Profit/(loss) before tax	**53,601**	**396**	**(3,112)**	**50,885**

All revenue is recognised at a point in time (usually point of delivery, at which point control of the goods transfers to the customer).The unallocated segment balance include the fair value of share based payments and associated taxes of (£1.0 million), plc Board costs (£1.7 million), legal expenses associated with the listed business (£0.3 million).

Six months ended 30 June 2017 (unaudited)

	UK	US	Unallocated	Total
	£'000	£'000	£'000	£'000

Clay revenue	135,902	42,380	-	**178,282**
Concrete revenue	49,978	-	-	**49,978**
Total revenue from external customers	**185,880**	**42,380**	**-**	**228,260**
Adjusted EBITDA	**56,821**	**4,867**	**(1,998)**	**59,690**
Exceptional items	1,968	-	-	**1,968**
Depreciation and amortisation pre fair value uplift	(6,106)	(2,136)	-	**(8,242)**
Incremental depreciation and amortisation following fair value uplift	(4,313)	(465)	-	**(4,778)**
Net finance costs	(9,288)	(454)	-	**(9,742)**
Profit/(loss) before tax	**39,082**	**1,812**	**(1,998)**	**38,896**

All revenue is recognised at a point in time (usually point of delivery, at which point control of the goods transfers to the customer). In the period ended 30 June 2017, the unallocated segment balance included the fair value of share based payments and associated taxes of (£0.9 million), plc Board costs (£0.7 million) and legal expenses associated with the listed business (£0.3 million).

Seasonality

The Group's trading operations when assessed on a half yearly basis are mainly unaffected by seasonal factors. In the year ended 2017, the period to 30 June accounted for 50.5% of the Group's annual revenue and 49.9% of the Group's annual adjusted EBITDA. The year ending 31 December 2018 will be influenced by the ongoing commissioning and ramping-up of production of the Group's new soft mud brick factory, where production is expected to be significantly weighted to the second half of 2018.

5. EXCEPTIONAL ITEMS

	Unaudited 1H 2018	Unaudited 1H 2017
	£'000	£'000
Exceptional administrative items:		
Pension related costs	(117)	(111)
Release of provision for contingent consideration	1,892	2,079
Exceptional corporate costs	(288)	-
Total exceptional administrative items	**1,487**	**1,968**
Exceptional profit on disposal of property, plant and equipment	6,371	-
Exceptional finance costs	-	(6,386)
Total exceptional items	**7,858**	**(4,418)**

Period ended 30 June 2018

Included within the current period are the following exceptional items:

Exceptional administration expenses

Pension related costs which arose in the period ended 30 June 2018 include residual professional advisor fees associated with the closure of the Group's UK defined benefit pension scheme and costs associated with the pension data cleansing exercise currently taking place as part of the Group's pension de-risking exercise.

The release of a provision for contingent consideration of £1,892,000 arose in the current period following the finalisation of negotiations relating to outstanding contingent consideration following the Group's disposal by CRH plc in February 2015 (see Note 10).

Exceptional corporate costs relate to the duplication of Chief Executive Officer's expenses in the period ended 30 June 2018.

Exceptional profit on disposal of property, plant and equipment

The exceptional profit on disposal relates to the sale of the Group's surplus quarry property near Bristol, England which occurred in the current period.

Period ended 30 June 2017

Included within the prior period were the following exceptional items:

Exceptional administration expenses

Pension closure costs which arose in the period ended 30 June 2017 represent residual professional advisor fees associated with the closure of the Group's UK defined benefit pension scheme, which took place in the year ending 31 December 2016.

The release of a provision for contingent consideration of £2,079,000 arose in the comparative period following the disposal of all interests in the Group by Bain Capital LLC (see Note 13).

Exceptional finance costs

Exceptional finance costs, which arose in the comparative period, resulted from the refinancing of the Group's loan in March 2017, representing £3.3 million of accelerated loan deal fees and £3.1 million of interest charges as a result of the effective interest method of accounting.

Tax on exceptional items

In the current period, the release of contingent consideration of £1,892,000 is non-taxable, whilst the pension closure costs and corporate expenses are tax deductible and the profit on disposal is taxable in the current period.

In the prior period, the release of contingent consideration of £2,079,000 is non-taxable whilst the pension closure costs of £111,000 and exceptional finance costs of £6,386,000 are tax deductible.

6. TAXATION

The taxation expense for the interim period is an estimate based on the expected full year effective tax rate on full year profits.

7. EARNINGS PER SHARE

The basic earnings per share figures are calculated by dividing profit for the period attributable to the parent shareholders by the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the average share price for the period is lower than the option price the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculation are as follows:

	Unaudited 1H 2018 (000s)	Unaudited 1H 2017 (000s)
Basic weighted average number of shares	406,427	406,321
Effect of share incentive awards and options	3,232	1,848
Diluted weighted average number of shares	409,660	408,169

The calculation of adjusted earnings per share is a key measurement of management that is not defined by IFRS. The adjusted EPS measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share figures are calculated as the basic earnings per share adjusted for exceptional items, amortisation and depreciation on fair value uplifted assets and non-cash interest expenses. All adjustments are made net of the associated taxation impact at the Group's Effective Tax Rate.

A reconciliation of the statutory profit to that used in the adjusted earnings per share calculations is as follows:

	Notes	Unaudited 1H 2018 £000	Unaudited 1H 2017 £000
Profit for the period attributable to the parent shareholders		**42,038**	**30,740**
Add back exceptional items	5	(7,858)	4,418
Add back tax expense/(credit) on exceptional items		1,366	(926)
Add fair value adjustments		4,539	4,778
Less tax credit on fair value adjustments		(789)	(1,002)

Add back non-cash interest	(531)	734
Less back tax credit on non-cash interest	92	(154)
Adjusted profit for the period attributable to the parent shareholders	**38,857**	**38,588**

	Unaudited 1H 2018 Pence	Unaudited 1H 2017 Pence
Basic EPS on profit for the period	10.3	7.6
Diluted EPS on profit for the period	10.3	7.5
Adjusted basic EPS on profit for the period	9.6	9.5

8. NOTES TO THE GROUP CASH FLOW STATEMENT

	Unaudited 1H 2018	Unaudited 1H 2017
Cash flows from operating activities	£'000	£'000
Profit before taxation	50,885	38,896
Adjustments for:		
Depreciation of property, plant and equipment	10,616	9,760
Amortisation of intangible assets	3,211	3,260
Finance costs	1,553	9,742
Gain on disposal of property, plant and equipment	(6,371)	-
Share based payments	842	733
Other non-cash items	648	-
Research and development taxation credit	(1,500)	
Deferred income	-	(159)
Post-employment benefits	(4,026)	(3,531)
	55,858	**58,701**
Increase in inventory	(8,468)	(2,890)
Increase in debtors	(26,763)	(26,215)
Increase in creditors	9,723	722
Decrease in provisions	(532)	(1,655)
Cash generated from operations	**29,819**	**28,663**

During the six months ended 30 June 2018, the Group acquired assets with a cost of £15,838,000 (1H 2017: £16,950,000). Capital expenditure commitments for which no provision has been made were £9,163,000 at 30 June 2018 (31 December 2017: £16,067,000).

9. MOVEMENTS IN CASH AND NET DEBT

The Group refinanced its debt facilities in March 2017 and agreed a five-year £250 million Revolving Credit Facility (RCF). The RCF attracts interest at LIBOR plus a margin ranging from 100-225bps depending upon the ratio of net debt to adjusted EBITDA (see Note 3 for definitions) and was initially set at 125bps.

The facility contains debt covenant requirements of leverage (net debt to adjusted EBITDA) and interest cover (adjusted EBITDA to net finance charge) of 3x and 4x, respectively, to be tested semi-annually on 30 June and 31 December.

	30 June 2018 £'000	31 December 2017 £'000
Cash and cash equivalents	**28,164**	**31,490**
Current		
Revolving credit facility	(796)	(551)
Non-current		
Revolving credit facility	(163,223)	(147,980)
Total borrowings	**(164,019)**	**(148,531)**
Net debt	**(135,855)**	**(117,041)**

10. FINANCIAL INSTRUMENTS

IFRS 13 requires that the classification of financial instruments measured at fair value be determined by references to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly.

Level 3 – Techniques which use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

At 30 June 2018, the Group has no financial instruments measured at using Level 1 or Level 2 methods. A provision for contingent consideration associated with the business combination which took place in February 2015 is the only instrument valued using Level 3 inputs.

Under the terms of the sale and purchase agreement, half of any tax relief, over a contracted amount, received by the acquired business as a result of the one-off pension payment, shall be payable to the seller. At 31 December 2016, management estimated the fair value of the future obligation of contingent consideration at £4,000,000, with a range being nil to £4,000,000.

In the six month period ended 30 June 2017, management released £2,079,000 in relation to this contingent consideration following the disposal of remaining shares in Ibstock plc by the Bain Capital Partners LLC, as disclosed in Note 13. This amount was disclosed as an exceptional item (see Note 5). In the current period, following the finalisation of negotiations with CRH plc, the remaining balance of the provision for contingent consideration (£1,892,000) has been released and similarly classified as an exceptional item.

There were no transfers between levels during any period disclosed.

At 30 June 2018 and 31 December 2017, the Group held no significant derivative financial instruments.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount.

11. POST EMPLOYMENT BENEFITS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. During the six month period to 30 June 2018, the Scheme surplus of £46,064,000 has increased to a surplus of £70,970,000. Analysis of movements during the six month period ended 30 June 2018:

	£'000
UK Scheme surplus at 31 December 2017	**46,064**
Charge within labour costs and operating profit	(475)
Interest income	579
Remeasurement due to:	
Change in financial assumptions	34,818
Change in demographic assumptions	3,319
Experience gains	(1,785)
Return on plan assets	(15,050)
Company contributions	3,500
UK Scheme surplus at 30 June 2018	**70,970**
US scheme obligation at 30 June 2018	**(8,737)**
Net pension balance sheet position at 30 June 2018	**62,233**

The improvement in the underlying balance sheet position over the period is primarily due to a combination of actuarial gains due to a change in assumptions, partially offset by lower than expected investment returns.

The financial assumptions used by the actuary have been derived using a methodology consistent with the approach used to prepare the accounting disclosures at 31 December 2017. The assumptions have been updated based on market conditions at 30 June 2018:

Assumption	**30 June 2018**	31 December 2017
Discount rate	**2.65%**	2.45%
RPI inflation	**2.95%**	3.15%
CPI inflation	**1.95%**	2.15%

The Group also participates in two multi-employer defined benefit pension schemes in the US. The liability recognised in respect of these schemes at 30 June 2018 of £8,737,000 (31 December 2017: £8,735,000), which remains largely unchanged since the prior period end.

12. SHARE BASED PAYMENTS

On 6 April 2018, the Group launched its 2018 Save As You Earn (SAYE) scheme, under which an employee must enter into a linked savings contract with a bank or building society to make contributions on a monthly basis over a three year period. 1,368,879 options were granted under the 2018 SAYE scheme at an exercise price of 230 pence per share.

On 9 April 2018, 535,347 and 442,791 share options were granted to senior executives under the LTIP and Company's Share Option Plan (CSOP), respectively. The exercise price of the CSOP is 290 pence being equal to the market price of shares on the date of grant. The LTIP, which has a nil exercise price, contains Total Shareholder Return (TSR) and EPS performance conditions. There are no performance conditions associated with the CSOP. Both plans contain a three year service period. The fair value at the grant date is estimated using a binomial pricing model, taking into account the terms and condition upon which the options were granted.

In addition, 138,918 shares were awarded under the Annual Deferred Bonus Plan (ADBP) in relation to the bonus achieved in the year ending 31 December 2017. There are no performance conditions associated with the ADBP, which contains a three year service period.

The fair value of options granted during the six months ended 30 June 2018 was estimated on the date of grant using the following assumptions:

	SAYE	**LTIP**	**CSOP**	**ADBP**
Dividend yield (%)	4.50%	N/A	4.50%	N/A
Expected volatility (%)	32.19%	32.19%	32.19%	N/A
Risk-free interest rate (%)	0.91%	0.91%	1.20%	N/A
Expected life of the share options (years)	3.25	3.0	6.5	3.0
Weighted average fair value at grant(£)	0.70	1.879	0.54	2.89

For the six months ended 30 June 2018, the Group has recognised £842,000 of share-based payments expense in the condensed consolidated income statement (30 June 2017: £733,000).

13. RELATED PARTY TRANSACTIONS

In the six month period ended 30 June 2018

There were no related party transactions during the six month period ended 30 June 2018 nor any balances with related parties at 30 June 2018.

In the six month period ended 30 June 2017

On 9 March 2017, Diamond (BC) S.a.r.l (a wholly owned subsidiary of Bain Capital Partners LLC) announced the proposed placing of approximately 40,600,000 ordinary shares in the capital of Ibstock plc. On 10 March 2017, the Company announced that 48,600,000 ordinary shares were sold due to strong investor demand. Following the sale, Bain Capital Partners LLC held ordinary shares representing approximately 25.0% of the entire issued share capital. On 25 April 2017, Diamond (BC) S.a.r.l announced the proposed placing of approximately 50,000,000 ordinary shares in the capital of Ibstock plc. On 26 April 2017, the Company announced that 101,600,000 ordinary shares were sold due to strong investor demand. Following the sale, Bain Capital Partners LLC ceased to hold any ordinary shares in Ibstock plc. As at 30 June 2017, the board of directors of the company, considered, based on the facts and circumstances, that Bain Capital Partners LLC no longer had significant influence over the Group and is no longer a related party.

14. DIVIDENDS PAID AND PROPOSED

A final dividend for 2017 of 6.5 pence per ordinary share (2016: 5.3 pence) was paid on 8 June 2018. The Directors have declared an interim dividend of 3.0 pence per ordinary share in respect of 2018 (2017: 2.6 pence), amounting to a dividend of £12,193,000 (2017: £10,566,000). The interim dividend will be paid on 21 September 2018 to all shareholders on the register at close of business on 17 August 2018.

In addition, the directors declared a supplementary dividend of 6.5 pence per ordinary share to be paid alongside the interim dividend amounting to a dividend of £26,419,000 (2017: nil). The supplementary dividend will be paid on 21 September 2018 to all shareholders on the register at close of business on 17 August 2018.

These condensed consolidated financial statements do not reflect the 2018 interim or supplementary dividends payable.

15. POST BALANCE SHEET EVENTS

Other than the interim and supplementary dividends of 3.0 and 6.5 pence per ordinary share declared by the Directors (see Note 14), since the balance sheet date no further subsequent events requiring further disclosure or adjustments to these financial statements have been identified.

INDEPENDENT REVIEW REPORT TO IBSTOCK PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

8 August 2018