Ibstock PLC - Full year results
Released 10 March 2016

Ibstock plc
Results for the period from 28 November 2014 to 31 December 2015

Strong progress made in 2015 - results in line with expectations

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 preliminary results for the period from 28 November 2014 to 31 December 2015 (comprising 10 months of trading). The Group's statutory results for the period are complicated by the acquisition of the operating companies from CRH plc in February and the IPO in October 2015. In addition to the statutory results, to assist shareholders in their understanding of the Group's performance, Ibstock is therefore presenting its results for the year to 31 December 2015 on an adjusted basis to provide a full twelve month trading period with comparatives.

Statutory period results:

- Group revenue for the period ended 31 December 2015 was £358.3 million
- Profit before taxation for the period of £94.7m
- Adjusted earnings per share of 16.2p
- Final dividend of 4.4p per share

Adjusted Results:

Year to 31 December	*2015*	*2014*	*Change*
Revenue	£412.8m	£373.2m	+10.6%
Adjusted EBITDA	£107.0m	£65.0m	+64.7%

Financial Highlights:

- Results in line with expectations – strong growth in revenue and profit
- UK revenue ahead by 9% year-on-year, largely reflecting stronger clay brick prices
- Continued improvement in US performance - revenue up c.10% year-on-year in local currency
- Generating attractive returns: 26% EBITDA margin and 20% ROCE
- Strong free cashflow from operations of £69m reduced net debt to £145m (less than 1.4x adjusted EBITDA) – with debt reduced faster than anticipated
- Listing on the London Stock Exchange completed successfully on 27 October 2015

Operational Highlights:

- Market fundamentals remain supportive in UK and US

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- Major capital projects progressing to plan and on budget
    - New Leicestershire brick plant to increase UK capacity by 100m bricks (+13%), with commissioning scheduled for H2 2017
    - New concrete tile line expected to be operational in H2 2016
- Price negotiations for 2016 concluded - all major customers and channels in line with management expectations
- Safety and customer service metrics compare favourably with industry benchmarks

Wayne Sheppard, Chief Executive Officer of Ibstock plc, commented:

"Our 2015 results are particularly pleasing as they clearly show that despite the CRH disposal and subsequent IPO we maintained our focus and delivered excellent growth in sales, profitability and cash generation for our investors. While it is early in the year to have any real visibility, at this point our expectations for the full year remain unchanged despite a slower start for UK brick sales into the RMI market. Our major capital investment projects are progressing to plan and we anticipate another year of progress in 2016. The fundamentals supporting our business remain strong."

Results presentation

Ibstock is holding a presentation to analysts at 0900 today at the offices of UBS, 1 Finsbury Avenue, London EC2M 2PP. Analysts wishing to attend should contact ibstock@citigatedr.co.uk to register.

Analysts unable to attend in person may listen to the presentation live by using the details below:

Webcast link: http://edge.media-server.com/m/p/8hc6qer2

Conference Call Dial-In Details:

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

UK Toll Free: 0808 109 0700

Password: Ibstock

An archived version of today's webcast 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 prestressed 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[1]. 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 has commenced construction of a new stock brick manufacturing plant in Leicestershire that is expected to add approximately 100 million bricks (c13%) to its brick production capacity per annum. The new plant is expected to be commissioned in the second half of 2017.
  - **Supreme:** A leading manufacturer of concrete fencing products and 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 and dressings and niche concrete roof tiles, with seven manufacturing plants in the United Kingdom. Forticrete has a new concrete roof tile manufacturing line under development at its Leighton Buzzard facility, which is currently expected to be operational in the second half of 2016.
- **US business:**
  - **Glen-Gery:** A leading manufacturer of bricks by volume of despatches in the North East and Mid West regions of the United States, with a network of ten manufacturing plants, 10 distribution centres and 29 active quarries, covered by 20 active quarry permits.

[1] 2014, Excluding imports

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Chairman's statement

The Ibstock PLC group is a family of building products brands, and a leading manufacturer of a diversified range of clay and concrete products, with operations in both the UK and the United States.

2015 was an eventful year for the Group. In February, the Ibstock Group businesses comprising Forticrete, Supreme, Ibstock Brick and Glen-Gery were acquired by Bain Capital and left the CRH plc group. Then, in October 2015, the Group completed a successful listing on the London Stock Exchange, marking its return to the public markets. I joined the Ibstock Board in September 2015 at what was, and continues to be, an exciting time, for the Ibstock group of businesses.

The market & our strategy

The macroeconomic environment, and specifically demand for new homes, has a significant influence on the Group's performance. Housing market fundamentals in both of our key geographies today are positive, and I believe the Group is well positioned to benefit from the continuing demand for new housing.

The Group strategy of growth through investment and product innovation, together with expansion of its existing product portfolios has been at the heart of its success over many years. This approach continues today with a significant new brick plant under construction in Leicestershire and a new roof tile manufacturing plant being built at Leighton Buzzard.

Our results

The Group's results for the period were in line with expectations set at the time of the IPO in October 2015. As discussed in more detail below, the statutory results for the Group cover the period from November 2014 to the end of 2015 and include only 10 months trading results from the operating businesses. Consequently, to give shareholders a more representative understanding of the Group's underlying performance we are also presenting our adjusted results for the 2015 and 2014 calendar years, so that a clearer picture of our business can be seen on a full 12 month basis with comparatives. The basis of the adjustments is explained more fully in the accompanying CFO's report.

Reported statutory revenue was £358.3 million and the statutory profit after taxation for the period was £101.6 million, with earnings per share of 35.2p. Our adjusted results for the 12-month period saw revenue of £412.8 million and adjusted EBITDA of £107.0 million.

We have recommended a final dividend of 4.4p per share, which is in line with our dividend policy of distributing 40 to 50% of our adjusted profit after tax over a business cycle.

Board & corporate governance

Our business is run by a highly experienced executive management team – Wayne Sheppard, Chief Executive Officer and Kevin Sims, Chief Financial Officer, have a combined experience of nearly 50 years with the Group and longer within the building products market.

As Chairman, one of my prime responsibilities is setting and maintaining the appropriate Corporate Governance framework for the listed business and assembling a well-qualified group of Non-Executive Directors together to support this.

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Jonathan Nicholls, our Senior Independent Director, brings over 17 years of experience at senior management or director level in businesses, including those in brick manufacturing, roofing and construction, and property development. Michel Plantevin and Matthias Boyer Chammard both joined the Group Board in February 2015 after Bain Capital acquired the Ibstock family of businesses. Both bring great experience as Non-Executive Directors of a range of companies and will continue to bring this insight to the Group as we grow as a public company.

Subsequent to the listing, in February this year, we appointed Tracey Graham and Lynn Minella to the Board as non-executive directors. Both have joined the Remuneration Committee, Audit Committee and Nomination Committee, and Lynne chairs the Remuneration Committee. Together, they bring a wealth of experience that will be of great benefit to Ibstock as we continue to develop our business.

The performance of the business, and our success, is down to the hard work of all of our employees across the Group. I wish to thank all of our colleagues for their excellent work over this period.

Chief Executive's review

Introduction

2015 was a landmark year for the group, during which it made the transition from a subsidiary of CRH plc to an independent entity with a listing on the London Stock Exchange, while maintaining good trading momentum and delivering strong revenue and profit growth.

Presentation of the Group's results for the period are complicated by a number of factors including the disposal from CRH plc part way through the period and the IPO in the Autumn. The Group's statutory results cover the period from 28 November 2014 to 31 December 2015, the time from incorporation of Ibstock plc and Figgs Topco Limited, its predecessor entity. Trading results for the Group's operations are therefore only included for the final 10 months of this period, from the completion of the CRH disposal on 26 February 2015.

To assist shareholders in their analysis of the Group's performance, Ibstock is also presenting its results for the year to 31 December 2015 on an adjusted basis as if the CRH disposal had been made on 1 January 2015, to present a full twelve months trading results for the year to 31 December 2015, with comparatives drawn from the previous 12 month period. Except where stated otherwise, commentary throughout these statements refers to these Adjusted Results.

Performance overview

Statutory revenue was £358.3 million and statutory profit before tax was £94.7 million in the period from 28 November 2014 to 31 December 2015. Group adjusted revenue for the year ended 31 December 2015 was £412.8 million (2014: £373.2 million) and adjusted EBITDA was £107.0 million (2014: £65.0 million).

United Kingdom

The UK business, which accounts for c. 81% of the Group, performed strongly in the year to 31 December 2015 with an increase in revenue of 9.0% to £336m. Adjusted EBITDA in the UK increased to £99.0m (a 71% increase) in the same period. This improvement in revenue and profitability reflects a strong pricing environment for clay bricks and good pricing for other products. Despite the release and reduction of brick stocks held by some housebuilders, total UK industry brick demand continued to exceed reported annual domestic production during the year. All UK businesses performed very well operationally, working on major projects and innovation whilst also delivering good customer service survey results in busy markets. This was achieved whilst also managing the additional work arising from the IPO.

United States
The US business, which accounts for c. 19% of the Group, performed strongly in 2015 with an increase in revenue of 9.5% (in constant currency) to £76.5m. Adjusted EBITDA in the US increased to £8.0m (a 12.7% improvement) in the year to 31 December 2015, reflecting a combination of rising volumes and higher average prices, which includes the benefit from a more favourable product mix. With both residential and non-residential markets in the North East and Mid-West showing growth Glen-Gery's balanced exposure across these markets drove the favourable mix. These results are particularly pleasing because 2015 was a challenging year for Glen-Gery, firstly because in the early months of 2015 our main markets were heavily weather affected and secondly due to the transition to a new senior team led by a new President over the course of the year.

Safety
The Group has continued to focus on a safe working environment that has the development of employees and customer service at its core. The Group and all our employees have worked hard to successfully reduce the number of lost time accidents over recent years recording 21 in 2015. Employees are at the heart of the Group's business and the Group is committed to providing continuous professional development and training resulting in low turnover levels amongst its staff.

Strategy
The Group will continue to develop and invest in its market leading building products businesses and ensure it remains its customers' partner of choice by providing consistent high quality, reliable and innovative products with a constant focus on strong customer service and value. The Group will also evaluate opportunities to add new complementary products to broaden its portfolio. At all times the Group will work with employees to ensure a safe working environment.

Invest
The Group intends to invest in new capacity, to optimise its output, improve efficiency and to take advantage of structural imbalances in its markets. On 10 September 2015, the Group received planning approval to build a new soft mud brick manufacturing plant in Leicestershire. Construction of the new plant is currently underway and the new Leicester plant is expected to add capacity of approximately 100 million bricks per annum (approximately 13% of the Group's current total annual UK realisable brick capacity) when fully operational. The new Leicester plant is expected to be commissioned in the second half of 2017.

Innovation
The Group aims to increase its market penetration with innovative new products. Building on its track record of product innovation, the Group has invested in a new roof tile line at Forticrete, to produce an innovative tile aimed at the new build concrete roof tile market in the United Kingdom. The new tile line is expected to be commissioned during the second half of 2016. The Group expects the launch of the new products from this line to lead the evolution of UK concrete roof tile design towards increasingly aesthetic and efficient products.

Development

Management will evaluate opportunities to expand the existing product portfolio either through organic investment or selective acquisitions. The Group sees the development of component products, such as its Faststack chimneys and pre-formed arches, as a means of maintaining its products as an affordable and efficient solution for on-site construction. The Group continues to develop its existing range of components and will assess opportunities to broaden its components portfolio through acquisition as appropriate.

Current trading and outlook

2015 was an exceptionally strong year for Ibstock with all our businesses performing well and delivering strong revenue and profit growth.

As is usual at this early point in the new financial year, we have limited forward visibility ahead of the important Spring trading period but at this point, our full year expectations are unchanged.

In the UK, brick sales into the UK new build residential market, and most all other sectors including non-residential and infrastructure, are growing to expectation. Sales via distributors' yards, which mainly flow into the RMI market, are being impacted by some destocking. However, we anticipate that this situation will improve as we progress into the Spring. The overall effect is that the UK clay business has made a slower start to the year than expected. Both our UK Concrete and US brick businesses have made a good start to 2016.

Market fundamentals remain positive in both the UK and US, with demand for new housing remaining robust. In the UK, the Construction Products Association is forecasting further growth in both the residential and RMI markets in 2016 and we are planning for another year of progress..

Chief Financial Officer's report

The Group acquired the trading entities of Ibstock Building Products Limited in the UK and Glen-Gery Corporation in the US, and their respective subsidiaries, on 26 February 2015, hence only 10 months of trading performance is included in the statutory results.

Due to the unusual nature of the statutory financial statements period, set out above, I have described in the following analysis, the year ended 31 December 2015 with a comparative. This assumes that the acquisition had taken place at the beginning of 2015. I believe this provides shareholders with clearer information on the results of the operating entities and their relative performance in 2015.

Unless stated otherwise, commentary in this report refers to the presentation of results for the year to 31 December 2015, as explained above. A reconciliation to the statutory information is shown in Table 1, below.

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	Revenue (£000)	EBITDA before exceptional items £'000	Operating profit £'000
Statutory reported for the period 28 November 2014 (on incorporation) to 31 December 2015[1]	358,331	102,299	163,648
Pre-acquisition costs in period 28 November 2014 (on incorporation) to 31 December 2014[2]			571
Period 1 January-26 February 2015 operating result[3]	54,497	4,715	1,259
Period 1 January-26 February 2015 adjustment to operating result assuming acquisition took place on 1 January 2015[4]			(1,490)
12 months ended 31 December 2015 (note 7 to the accounts)	412,828	107,014	163,988
12 months ended 31 December 2014 (note 7 to the accounts)[5]	373,233	64,993	43,172

1 Includes trading performance for the 10 months post-acquisition of the operating companies on 26 February 2015.
2 Figgs Topco Limited was incorporated on 28 November 2014 as the head company in a structure put in place as the acquisition entity of the trading companies. No trading performance is therefore included for this period, only the pre-acquisition costs incurred in the Figgs Topco Limited structure.
3 Due to the normal seasonality of our industry, the operating result in the first two months of 2015 were lower than the remainder of the year.
4 Depreciation and amortisation on the fair value uplift on acquisition and borrowing expenses relating to the new financing structure for the period 1 January 2015 to 26 February 2015, assuming the transaction took place on 1 January 2015.
5 2014 information has been included without any update for the impact of the fair value exercise or financing structure following the acquisition.

Turnover

Group turnover grew by 10.6% to reach £412.8 million (2014: £373.2 million). On a constant currency basis, turnover growth was 9.1%.

Adjusted EBITDA

Management measure the Group's operating performance using adjusted EBITDA, which represents Earnings Before Interest, Taxation, Depreciation and Amortisation and exceptional items incurred in the period.

After taking account of exceptional items relating to the costs of the acquisition of Ibstock Limited in the UK and Glen-Gery in the US and their subsidiary companies, the resulting negative goodwill, the costs of the IPO transaction in October 2015 and losses on disposal also treated as exceptional items, Adjusted EBITDA improved by 64.7% from £65.0 million in 2014 to £107.0 million in the year ending 31 December 2015.

United Kingdom

Revenue of Clay and Concrete products in the UK, which represents 81% of Group revenue, increased by 9% for the 2015 full year compared to 2014. The growth in revenue in 2015 primarily reflects the stronger pricing environment for clay bricks.

UK Clay product revenue increased by 13.0% on the equivalent period in 2014 to £253.3 million (2014: £224.2 million), whilst Concrete revenue of £82.9 million in 2015 showed a small decrease of 1.5%. Increased revenues in new build housing related products (including roof tiles) were offset by lower activity in fencing and rail related products. After considering the impacts of exceptional storms in 2014 and the delayed expected sales for Network Rail contracts, management believes that UK Concrete product revenues performed more strongly than 2014.

In the UK, adjusted EBITDA increased by 71% to £99.0 million in 2015 from £57.9 million in 2014. This increase was driven by the strong pricing growth in Clay products, noted above, higher utilisation of capacity across both our Clay and Concrete product manufacturing sites and reductions in energy prices during the year.

United States

Revenue in the US increased by 9.5% in constant currency to £77.0 million in the year to 31 December 2015. This growth reflects a combination of rising volumes and higher average selling prices in the year.

Adjusted EBITDA increased by 12.7% to £8.0 million (2014: £7.1 million) as a result of the lower energy costs incurred in the year and a favourable product mix.

Cash flow and Net Debt

Cash generated from operations during the year ended 31 December 2015, excluding the impact of the exceptional operating items are shown in the below table:

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	2015 (£m)	2014 (£m)	Change (£m)
Adjusted EBITDA	107	65	+42
Capex before major projects	(9)	(3)	(6)
Adjusted change in working capital	(6)	-	(6)
Adjusted EBITDA – maintenance capex – change in WC	92	62	+30
Cash conversion	*86%*	*95%*	
Major project capex	(6)	(1)	(5)
Cash from operating and investing activities	86	61	+25
Net interest[1]	(6)	(2)	(4)
Tax[1]	(9)	(3)	(7)
Post-employment benefits	(2)	(1)	(1)
Adjusted free cash flow	69	56	+13

[1] estimated on a normalised basis

Net working capital balances at 31 December 2015 of £48.0 million compared with £35.2 million at 31 December 2014. This increase in working capital was as a result of rebuilding inventories held, principally in the UK, following the exceptional reduction in 2013 required to service increased customer demand.

Net working capital at the year end traditionally tends to be the lowest position as industry activity slows in advance of the Christmas holiday period.

Our pre-exceptional Net interest charge increased in 2015 due to the facilities entered into the year, as set out below.

Net debt (term loan less cash) was £144.7 million at the year end was below management expectations as a result of timing differences. The initial senior facility taken on 25 February 2015 of £250 million (LIBOR floor of 1% plus a margin of 8%) was replaced at the time of the IPO in October 2015 with a senior facility of £200 million. Interest on the new five year term loan is payable at LIBOR plus a margin of between 125bps and 250bps – the margin dependent on the Group's leverage ratio. The Group also holds a committed Revolving Credit Facility (RCF) of £40 million. The RCF has remained undrawn since the IPO.

The Group is subject to financial covenants – as at 31 December 2015, there was significant headroom on both requirements.

Exchange rates
The Group is exposed to movements in exchange rates when translating the results of the US operations from US Dollars to UK Sterling. Sterling appreciated against the Dollar during 2015. The impact of this was a £0.6 million benefit to EBITDA in 2015.

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The following commentary relates to our statutory performance for the period.

Exceptional items
In line with our accounting policy for exceptional items, we have excluded certain items from our adjusted results to aid shareholder's understanding of our financial results.

The acquisition of the operating entities in February 2015 has resulted in a significant distortion to the normal trading results. Negative goodwill of £124.2 million, together with acquisition related expenses (£10.4 million), as described below, have been classified as exceptional in the period.

In October 2015, Ibstock PLC floated on the London Stock Exchange with a premium listing. Non-recurring IPO costs totalled £13.7 million in the period ended 31 December 2015, which have similarly been classified as exceptional.

Other infrequent events, such as the loss on disposal in the period of £1.4 million, have been treated as exceptional in the current period. Exceptional items are analysed fully in note 4.

Acquisition
On 26 February 2015, as part of the technical accounting of the Group's entities, the Group acquired Ibstock Group Limited in the UK and Glen-Gery Corporation in the US along with their subsidiaries for consideration of £378.0 million. The acquisition resulted in £124.2 million of negative goodwill, which has been credited to our Income Statement in the period. On acquisition, intangible assets representing brands and customer contracts and relationships were recognised, valued at £45.4 million and £87.6 million, respectively. Further details on the acquisition are included in note 7.

Finance costs
Finance costs for the period ended 31 December 2015 of £69.4 million are as a result of the acquisition in February 2015, along with the subsequent refinancing at the time of the IPO. Included within the costs are exceptional finance costs of £39.9 million arising on the repayment of the initial senior facility. Our expected normalised interest charges are c£5.5 million per annum.

Taxation
The Group has recognised a tax credit of £6.9 million on Group pre-tax profits of £94.7 million resulting in an effective tax rate of (7.25%) compared to the standard rate of UK corporation tax of 20.25%. Negative goodwill, other exceptional items and the impact of future tax rate changes on the deferred tax provision all had a significant impact on the effective tax rate.

Earnings per share (EPS)

	2015
Statutory Basic EPS	35.2p
Adjusted Statutory Basic EPS	16.2p

Our adjusted EPS metrics remove the impact of exceptional non-trading items relating to the acquisition, subsequent IPO costs and other exceptional items. Additionally, the fair value uplifts resulting from our acquisition accounting have been removed from the adjusted EPS calculations. The adjusted EPS figures have been included to provide a clearer guide as to the underlying earnings performance of the Group.

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Dividend

A final dividend of 4.4 pence per share is being recommended for payment on 3 June 2016 to Shareholders on the register at the close of business on 6 May 2016. The ex-dividend date will be 5 May 2016.

Our dividend policy is based on a pay-out ratio of 40-50% of adjusted profit after taxation over a business cycle. The directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the annual dividend, to be announced at the time of the announcement of the interim and final results.

Pensions

In the UK, the Group operates a defined benefit scheme, which is closed to new members, together with a number of defined contribution schemes. At 31 December 2015, the defined benefit scheme was in an actuarial accounting surplus position of £17.4 million (against pension liabilities at the year end date of £551 million), and reflected the one-off contribution of £60 million paid during 2015. A further £9.0 million liability in respect of equalisation has been recognised reducing the surplus to £8.4 million (an asset due from CRH plc for £9.0 million is included separately within trade and other receivables). Within the financial statements, we have restricted the surplus position to £0.3 million based on our application of interpretation guidance on the related accounting standard.

Within our US segment, the employees are members of two multi-employer post-employment schemes. At 31 December 2015, a liability of £8.0 million has been recognised in relation to these schemes.

Going concern

The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group's banking facilities are a £200 million five year loan and a £40 million committed revolving credit facility (undrawn at 31 December 2015). Both the term loan and the RCF expire in October 2020.

Risks and Uncertainties

The Board continually assesses and monitors the key risks impacting our business. Whilst this list is not intended to be exhaustive, and some risks are outside of the Group's control, the principal risks and uncertainties that could have a material impact on the Group's performance are as set out below:

	Risk	Impact on strategy	Description	Mitigation
1	Economic conditions		***The Group's business could be materially impacted by changes in the macroeconomic environment in the United Kingdom and the United States.*** ***Specifically, demand for the Group's products is strongly correlated with residential construction and renovation activities and non-residential construction, together***	***The Group analyses construction statistics for the past 5 years and, external forecasts for the next 5 years with the aim of anticipating market demand movements.*** ***The Group has historically flexed capacity and its cost base where possible during economic downturns to allow more of the Group's manufacturing plants to remain***

			with the supply chain's attitude to stock levels which are cyclical.	***open and viable, maintaining skills, development and training. The Group believes that this maintained employee morale and high levels of customer service through the last economic downturn. It also allows the Group to respond more rapidly to increases in demand and keep customers satisfied.*** ***The Group's RMI and specification product ranges diversify end-use exposure and provide greater resilience in light of changing market demand in one of its end use markets.***
2	Government action and policy		***The Group has an exposure to United Kingdom or United States political developments. Material reductions in Government spending could have a material effect on demand for the Group's products – reducing sales and affecting the Group's financial results.***	***The Group analyses construction statistics for the past 5 years and, using independent forecasts of construction statistics, forecasts demand for the next 5 years with the aim of anticipating market movements.*** ***The change in climate post 2015's UK General election and Autumn budget are favourable to housing, as well as recent changes to developing Brown Field land and the 200,000 affordable homes the Government is targeting by 2020. These measures, in addition to the NPPF and Help to Buy scheme show the government's current commitment to house building. However, the Group recognises the risk which can result from political changes or economic uncertainty.*** ***RMI and new housing demands are, to a certain extent, counter-cyclical to each other, providing some balance to the portfolio of offerings for the Group.***
3	Government regulation and standards relating to the manufacture and use of building products		***The Group's production, manufacturing and distribution activities are subject to health and safety risks.*** ***The Group is subject to environmental, health and safety laws and regulations and these laws and regulations may change. These laws and regulations could cause the Group to make modifications to how it manufactures and prices its products. They could also require that the Group make significant capital investments or otherwise increase its costs or result in liabilities.*** ***Failure of the Group to comply with the relevant regulations could result in the Group being liable to fines or a suspension of operations, which***	***The health and wellbeing of our employees is fundamental to our business. We have stringent health and safety policies and monitor compliance regularly.*** ***We have invested considerable resources in employee training across our manufacturing processes. We have invested heavily in safe systems and facilities to protect our employees.***

			would impact the Group's financial results.	
4	Customer relationships and reputation		***The Group receives a significant portion of its revenue from key customers, and the loss of any customer could result in a significant loss of revenue and cash flow. Further, the Group does not have long-term contracts with its customers and the Group's revenue could be reduced if its customers switch some or all of their business with the Group to other suppliers.***	***The Group has a service-led ethos with many top customer relationships lasting over 40 years. The Group's customer focus is supported by a commitment to quality, service and consistency. The Group's sales and production teams are highly integrated to ensure that production aligns with customers' needs. Sales team receives in-depth technical training and are assisted by a design support service team as well as targeted marketing materials to assist with specification and selection. All four of the Group's primary businesses have their own sales teams aligned by customer group and region in order to focus on key decision-makers and customers. Key account management is supervised at a senior level where long-term relationships benefit from the continuity of senior management who have the ability to liaise across the Group's businesses. The Group has a broad spread of customers and no single customer comprised more than 10% of the total Group revenue.***
5	Business disruption		***A material disruption at one of the Group's manufacturing facilities or quarries, or at one of the Group's suppliers' facilities, could prevent the Group from meeting customer demand. The Group depends on efficient and uninterrupted operations of its information and communication technology, and any disruption to or interruptions in these operations could have a material adverse effect on the Group's operations and financial performance. Additionally, the Group is exposed to the impact of unexpected or prolonged periods of bad weather, which could adversely affect construction activity and, as a result, demand for the Group's products.***	***The Group has the ability to transfer some of its production across its network of plants and is able to engage subcontractors to reduce the impact of certain production disruptions. In relation to supplier disruption or failure, further third party suppliers have been identified who can maintain service in the event of a disruption. In relation to IT, a major incident action plan has been developed and the Group maintains data backups and a comprehensive disaster recovery plan. Although weather conditions are completely beyond the Group's control, however in both the UK and US in 2015 adverse weather did not impact on trading in the context of our full year. Management do not underestimate the potential impact that future prolonged periods of bad weather could have. The Group's wide geographical spread allows it to manage its production facilities to***

				mitigate the impact of such disruption.
6	Recruitment and retention of key personnel		***The Group is dependent on qualified personnel in key positions and employees having special technical knowledge and skills. Any loss of such personnel without timely replacement could significantly disrupt business operations.***	***We ensure that we recognise the changing labour markets, and packages for key and senior staff remain competitive.*** ***The Group believes that it is essential to protect and develop the management team, where appropriate ensuring that the team is structured in a way which best takes advantage of the available skills and robustly identifies the team and structure for the future. Extensive succession plans are in place, which is key to ensuring a managed transfer of roles and responsibilities.*** ***Apprenticeships schemes are in operation with a yearly intake across the business (engineering and technical based). High potential individuals are identified and development plans formulated. External recruits are brought in where any skill gaps are identified and to enhance the talent pool.***
7	Input prices		***The Group's business may be affected by volatility in extraction expenses and raw material costs. Risks exist around our ability to pass on increased costs through price increases to its customers.*** ***The Group's business may also be affected by volatility in energy costs or disruptions in energy supplies. Significant changes in the cost or availability of transportation could affect the Group's results of operations.***	***Significant input costs are under constant review, with continuous monitoring of energy prices, raw material costs and haulage expenses, with the aim of achieving the best possible prices and assuring stability of supply.*** ***As competitors of the Group are likely to experience similar levels of input price increases, we aim to have appropriate pricing policies to remain competitive within our markets and pass on significant increases in input costs to our customers wherever possible.***
8	Product quality		***The nature of the Group's business may expose it to warranty claims and to claims for product liability, construction defects, project delay, property damage, personal injury and other damages. Any damage to the Group's brands, including through actual or alleged issues with its products, could harm its business, reputation and the Group's financial results.***	***The Group's operates comprehensive quality control procedures across its sites.*** ***The Group's Technical teams carry out regular testing of all of our products to provide full technical data on our product range.***
9	Financial risk management		***In addition to the input cost risks outlined, above, the Group is subject to the following other financial risks:*** • ***Foreign exchange risk – as the Group has operations in the UK and the US,***	• ***Foreign exchange risk – The Group undertakes very limited foreign exchange transactions, with the UK and US businesses selling domestically with largely***

			exchange rate fluctuations may adversely impact the Group's results. • *Credit risk – through its customers, the Group is exposed to a counterparty risk that accounts receivable will not be settled leading to a financial loss to the Group.* • *Liquidity risk – insufficient funds could result in the Group being unable to fund its operations.* • *Interest rate risk – movements in interest rates could adversely impact the Group and result in higher financing payments to service debt.*	*local input costs. Management considers foreign exchange hedging strategies where significant exposures may arise.* • *Credit risk – Customer credit risk is managed by each subsidiary subject to the Group's policy relating to customer credit risk management. The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter.* • *Liquidity risk – The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements and liabilities when they become due, In September 2015, the Group entered into specific facilities of £200 million for a five-year term.* • *Interest rate risk – The Group finances its operations through a mixture of retained profits, bank borrowings and finance leases. The Group's bank borrowings, other facilities and deposits are in Sterling and at floating rates. No interest rate derivative contracts have been entered into at the period end.*
10	Pension obligations		*The Group has obligations to its employees relating to retirement and other obligations and any changes in assumptions or in interest rate levels could have adverse effects on its financial position.*	*The Company play an active role in the pension scheme – nominating up to half of the Trustees and the Group Finance Director attends and chairs Trustee meetings. The defined benefit scheme is closed to new members. The Pension Trustees and their external advisers, as well as the internal pensions team, have significant expertise in the area and provide good quality oversight. An agreed Statement of Investment Principles is operated to provide*

				appropriate security, achieve sufficient long-term growth and achieve an appropriate balance between risk and return.

Directors' responsibilities

Statement of directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and regulations and those International Financial Reporting Standards as adopted by the European Union. Under Company law, the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the results and cash flows of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper and adequate accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the accounts and the Directors' Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the financial and corporate governance information as provided on the Ibstock plc website (www.ibstockplc.com).

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each of the persons who are a Director at the date of approval of this report confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware; and
- each Director has taken all steps a Director might reasonably be expected to have taken, to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

Ibstock PLC - Full year results
Released 10 March 2016

Directors' responsibility statement

The financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and undertakings included in the consolidation taken as a whole;

Pursuant to the Disclosure and Transparency Rules, the Company's Annual Report and Accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

The Annual Report was approved by the Board of Directors and authorised for issue on 10 March 2016, and signed for and on behalf of the Board by:

Wayne Sheppard	Kevin Sims
Chief Executive Officer 10 March 2016	Group Finance Director 10 March 2016

Consolidated income statement

	Notes	Period from 28/11/2014 to 31/12/2015 £'000
Revenue	3	358,331
Cost of sales before exceptional items		(213,587)
Gross profit before exceptional items		**144,744**
Exceptional cost of sales	4	(15,977)
Gross profit		**128,767**
Distribution costs		(29,265)
Administrative expenses before exceptional items		(36,814)
Exceptional administrative items	4	(24,138)
Administrative expenses		**(60,952)**
Negative goodwill on acquisition	4/7	124,191
Loss on disposal of property, plant and equipment	4	(1,403)
Other income		2,998
Other expenses		(688)
Operating profit		**163,648**
Finance costs		(69,441)
Finance income		498
Net finance cost		**(68,943)**
Profit before taxation		**94,705**
Taxation	5	6,869
Profit for the financial period		**101,574**
Profit attributable to:		
Owners of the parent		101,574
	Notes	pence
Earnings per share (from continuing operations)		
Basic	6	35.2
Diluted	6	35.2

All amounts relate to continuing operations.

The consolidated income statement includes trading activities from 26 February 2015 following the acquisition of the trading business. Note 7, Business combinations, includes the performance of the Group as if the trading business had been owned for a full 12 month period.

Ibstock PLC - Full year results
Released 10 March 2016

Consolidated statement of comprehensive income

	Notes	Period from 28/11/2014 to 31/12/2015 £'000
Profit for the financial period		101,574
Other comprehensive income/(expense):		
Items that will not be reclassified to the profit or loss		
Remeasurement of post-employment benefit assets and obligations		11,709
Remeasurement of post-employment benefits – surplus restriction		(8,037)
Related tax movements	5	(734)
		2,938
Items that may be subsequently reclassified to profit or loss		
Currency translation differences		1,097
Other comprehensive income for the period net of tax		4,035
Total comprehensive income for the period, net of tax		105,609
Profit attributable to:		
Owners of the parent		105,609

Non-GAAP measure
Reconciliation of EBITDA before exceptional items to Operating profit for the financial period

	Notes	Period from 28/11/2014 to 31/12/2015 £'000
EBITDA before exceptional items		102,299
Add back exceptional items	4	84,076
Less loss on disposal of property, plant and equipment	4	(1,403)
Less depreciation and amortisation		(21,324)
Operating profit		163,648

Ibstock PLC - Full year results
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Consolidated balance sheet

	Notes	31 December 2015 £'000
Assets		
Non-current assets		
Intangible assets		**127,803**
Property, plant and equipment		**346,885**
Post-employment benefit asset		**331**
		475,019
Current assets		
Inventories		**83,057**
Trade and other receivables		**58,623**
Current tax recoverable		**918**
Cash and cash equivalents		**51,024**
		193,622
Total assets		**668,641**
Current liabilities		
Trade and other payables		**(79,236)**
Borrowings		**(14,097)**
Provisions		**(1,291)**
		(94,624)
Net current assets		**98,998**
Total assets less current liabilities		**574,017**
Non-current liabilities		
Borrowings		**(181,658)**
Post-employment benefit obligations		**(8,007)**
Deferred tax liabilities		**(54,662)**
Provisions		**(13,182)**
		(257,509)
Net assets		**316,508**
Equity		
Share capital		**4,055**
Share premium		**–**
Retained earnings		**679,366**
Merger reserve		**(369,119)**
Other reserves		**1,109**
Currency translation reserve		**1,097**
Total equity		**316,508**

Consolidated statement of changes in equity

		Share capital £'000	Share premium £'000	Preference shares recognised as equity £'000	Retained earnings £'000	Merger reserve £'000	Other reserves £'000	Currency translation reserve £'000	Total equity attributable to owners £'000
Profit for the period		–	–	–	101,574	–	–	–	101,574
Other comprehensive income		–	–	–	2,938	–	–	1,097	4,035
Total comprehensive income for the financial period		–	–	–	104,512	–	–	1,097	105,609
Transactions with owners:									
Issues of shares of Figgs Topco Limited on incorporation as at 28 November 2014		10	9,990	–	–	–	–	–	10,000
Figgs Topco Limited shares issued in exchange for shareholder loan notes		–	–	56,078	–	–	–	–	56,078
Issue of Figgs Topco Limited share capital		80	524	–	–	–	–	–	604
Ibstock plc share capital issued on incorporation		50	–	–	–	–	–	–	50
Ibstock plc shares issued in exchange for shares in Figgs Topco Limited		482,668	–	–	–	–	–	–	482,668
Establishment of merger reserve and elimination of Figgs Topco Limited capital		(90)	(10,514)	(56,078)	–	(369,119)	–	–	(435,801)
Issue of share capital		526	99,473	–	–	–	–	–	99,999
Share issue costs		–	(4,952)	–	–	–	–	–	(4,952)
Share capital and share premium reduction		(479,189)	(94,521)	–	573,710	–	–	–	–
		4,055	-	-	573,710	(369,119)	-	-	208,646
Share based payments		–	–	–	1,199	–	–	–	1,199
Deferred tax on share based payment		–	–	–	(55)	–	–	–	(55)
Contingent consideration on acquisition		–	–	–	–	–	1,109	–	1,109
Transactions with		4,055	–	–		(369,119)	1,109	–	210,899

owners					574,854				
Balance at 31 December 2015		**4,055**	**–**	**–**	**679,366**	**(369,119)**	**1,109**	**1,097**	**316,508**

Consolidated cash flow statement

	Note	Period from 28/11/2014 to 31/12/2015 £'000
Cash flow from operating activities		
Cash generated from operations	8	91,567
Interest paid		(46,143)
Tax paid		(3,460)
Net cash inflow from operating activities		41,964
Cash flows from investing activities		
Purchase of property, plant and equipment		(9,401)
Proceeds from sale of property plant and equipment		13
Acquisition of subsidiaries, net of cash acquired	7	(365,384)
Interest received		12
Net cash (outflow) from investing activities		(347,760)
Cash flows from financing activities		
Proceeds from issuance of equity shares		110,654
Equity issue costs		(3,202)
Dividends paid		–
Drawdown of borrowings		569,000
Repayment of borrowings		(274,000)
Debt issue costs		(18,737)
Net cash inflow from financing activities		383,715
Net increase in cash and cash equivalents		50,919
Cash and cash equivalents at beginning of the period		–
Exchange gains/losses on cash and cash equivalents		105
Cash and cash equivalents at end of period		51,024

1. **Authorisation of financial statements**
The consolidated financial statements of Ibstock plc, which has a premium listing on the London Stock Exchange, for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 10 March 2016. The balance sheet was signed on behalf of the Board by W Sheppard and K Sims.

Ibstock plc is a company incorporated and domiciled in England whose shares are publicly traded.

2. Basis of preparation
European law requires that the Group's consolidated financial statements for the period 28 November 2014 to 31 December 2015 are prepared in accordance with all applicable International Financial Reporting Standards ('IFRSs'), as adopted by the European Union. These financial statements have been prepared in accordance with IFRS, International Financial Reporting Interpretations Committee ('IFRIC') interpretations (as issued by the International Accounting Standards Board) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the period 28 November 2014 to 31 December 2015 but is derived from those accounts. Statutory accounts for 2015 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2015.

Ibstock plc was incorporated on 3 September 2015 to serve as a holding company for the purposes of listing on the London Stock Exchange. Ibstock plc was admitted to public trading on 27 October 2015.

On 26 February 2015, wholly-owned subsidiaries of Figgs Topco Limited acquired all of the shares of Ibstock Group Limited and Glen-Gery Corporation from CRH plc. Ibstock plc acquired Figgs Topco Limited and its subsidiaries in a share for share exchange prior to admission to public trading and as a result replaced Figgs Topco as the ultimate holding company in the group structure, this resulted in no ultimate change in control of the acquired companies. Under predecessor accounting, the results of Ibstock plc have been adjusted as if the entity had always been merged with Figgs Topco Limited, which was the holding company of other subsidiaries prior to the introduction of Ibstock plc into the group structure as the ultimate holding company. The consolidated financial statements of Ibstock plc ('the Group') therefore comprise the results of Figgs Topco Limited and its subsidiary companies from its incorporation on 28 November 2014. This represents the first period of account following the incorporation of Ibstock plc, and as such no comparative figures are presented.

Its subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Therefore, the financial statements include the results of the operating companies which were acquired by Figgs Topco Limited on 26 February 2015 (see note 7), from that date.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000) except where otherwise indicated. The significant accounting policies are set out below.

Basis of consolidation and acquisition accounting

The consolidated financial statements comprise the financial statements of Ibstock plc and its subsidiaries as at 31 December 2015. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control.

The acquisition method of accounting is used to account for business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value of the net assets acquired, negative goodwill arises and is recognised directly in the income statement.

An estimation of the fair value is made for contingent consideration in accordance with IFRS 3 at the time of a business combination. Where there is a contractual obligation to settle the liability in cash based on events outside the Company's control this is accounted for as a financial liability and subsequent changes to the fair value of contingent consideration recognised as a financial liability are recognised in the income statement. Otherwise contingent consideration is accounted for as a credit to equity within other reserves and is not subsequently adjusted.

Transaction costs relating to the acquisition of £9,392,000 have been taken to consolidated income statement during the year and recognised in exceptional administrative expenses.

IFRS 1 – First time adoption

These consolidated financial statements for the year ended 31 December 2015, are the first set of financial statements the Group has prepared in accordance with IFRS as adopted by the European Union. As Ibstock plc and its subsidiary Figgs Topco Limited have not previously prepared financial statements, no transition exemptions or exceptions have been applied and no reconciliations are presented.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments, including impairment of financial assets and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through Profit and Loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI with no subsequent reclassification of cumulative gains and losses to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 9.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor'). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The Group is assessing the impact of IFRS 16.

There are no other IFRSs, Annual improvements or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

3. Segment reporting

The management team considers the reportable segments to be the UK and the US. The key Group performance measure is Adjusted EBITDA, as detailed below, which is profit before net finance cost, tax, exceptional items, depreciation and amortisation and other non-underlying items. Transactions between segments are carried out at arms' length.

	Period ended 31 December 2015			
	£'000	£'000	Negative goodwill on acquisition £'000	**Total £'000**
Total revenue from external customers	**287,796**	**70,535**	**–**	**358,331**
EBITDA before exceptional items	**91,167**	**11,132**	**–**	**102,299**
Acquisition costs: Transaction costs	**(9,392)**	**–**	**–**	**(9,392)**
Acquisition costs: Retention and compensation payments	**(623)**	**(363)**	**–**	**(986)**
IPO costs: Transaction costs	**(10,276)**	**(2,221)**	**–**	**(12,497)**
IPO costs: Compensation payments	**(1,263)**	**–**	**–**	**(1,263)**
Loss on disposal of fixed assets	**(1,389)**	**(14)**	**–**	**(1,403)**
Exceptional cost of sales	**(13,491)**	**(2,486)**	**–**	**(15,977)**
EBITDA after exceptional items	**54,733**	**6,048**	**–**	**60,781**
Depreciation and amortisation pre fair value uplift	**(10,796)**	**(3,056)**	**–**	**(13,852)**
Incremental depreciation and amortisation following fair value uplift	**(7,306)**	**(166)**	**–**	**(7,472)**
Negative goodwill on acquisition	**–**	**–**	**124,191**	**124,191**
Net finance costs	**(68,188)**	**(755)**		**(68,943)**
(Loss)/profit before tax	**(31,557)**	**2,071**	**124,191**	**94,705**
Total assets	**566,236**	**102,405**	**–**	**668,641**
Total liabilities	**(328,152)**	**(23,981)**	**–**	**(352,133)**
Non-current assets				
Intangible assets	**118,127**	**9,676**	**–**	**127,803**
Property, plant and equipment	**299,280**	**47,605**	**–**	**346,885**
Total	**417,407**	**57,281**	**–**	**474,688**

Revenue by product type

Revenue by product type, split by geographical location.

		UK £'000	**US** £'000	**Total** £'000
Clay		216,339	70,535	286,874
Concrete		71,457	–	71,457
		287,796	70,535	358,331

4. Exceptional items

	Period ended 31 December 2015 £'000
Exceptional cost of sales (i)	**(15,977)**
Exceptional administrative expenses:	
Acquisition costs	
Transaction costs	**(9,392)**
Retention and compensation payments	**(986)**
	(10,378)
IPO costs	
Transaction costs	**(12,497)**
Retention and compensation payments	**(1,263)**
	(13,760)
Total exceptional administrative expenses	**(24,138)**
Loss on disposal of property, plant and equipment	**(1,403)**
Negative goodwill on acquisition	**124,191**
Total exceptional items	**82,673**

Acquisition costs
Exceptional cost of sales
In accordance with IFRS, the inventory value was uplifted to fair value at the date of the acquisition, and this adjustment increased cost of sales in the post-acquisition period. The £15,977,000 cost incurred for the utilisation of the fair value uplift adjustment on inventory is considered an exceptional cost of sale as it is a non-cash and non-recurring item. The inventory fair value uplift has fully unwound as at 31 December 2015.

Transaction costs
Professional fees and other costs directly of £9,392,000 have been classified as exceptional in the current period. These costs directly attributable to the acquisition transaction which occurred in February 2015 have been classified as exceptional due to their material nature and as they are not expected to recur.

Retention & compensation payments
Other adjusting items of £986,000 in the period to December 2015 relate to retention bonuses due to key staff members which were committed to as part of our acquisition by Bain and the settlement of B Preference shares. upon the acquisition.

IPO costs
Transaction costs
Costs of £12,497,000 have been incurred during the process of our Initial Public Offering. This represents professional fees, management fees incurred prior to our listing and other transaction costs. Due to the non-recurring and material nature of such costs, they have been classified as exceptional in the current period.

Compensation and retention payments
Upon the successful IPO of the Group, senior management were provided with bonuses (£540,000) and share options (£723,000), which vested immediately under the Long-Term Incentive Plan (LTIP) scheme. Since the bonus and cost of the award are fully recognised in the period, are not expected to recur and are intrinsically linked to the IPO transaction, they have been treated as exceptional in the current period. All other employee share schemes have been treated as recurring costs.

Negative goodwill
For further details of how negative goodwill of £124,191,000 was generated on the business combination, see note 7.

All exceptional items have been settled in cash, other than certain accrued deal costs, share based payments, negative goodwill and the cost of sales adjustment that are non-cash in nature due to being items that are either equity settled, or items arising solely from fair value accounting in the Group accounts.

Tax on exceptional items
Apart from the following items, exceptional items are taxable or deductible in full in the current period.

(i) Negative goodwill of £124,191,000 is non-taxable and therefore does not impact the reported tax credit for the period
(ii) Acquisition costs of £7,039,000 and IPO transaction costs of £11,769,000 have been treated as non-tax deductible and increase the current tax charge by £3,808,000
(iii)A deferred tax asset of £150,000 has been recognised in respect of IPO-related share based payments totalling £723,000.
(iv) loss on disposal of Property, Plant and Equipment is non-tax deductible.

5. Taxation
Analysis of income tax charge

	Period ended 31 December 2015 £'000
Current tax on profits for the period	**1,878**
Foreign withholding tax suffered	**291**
Total current tax	**2,169**
Deferred tax on profits for the period	**(3,942)**
Impact of change in tax rate	**(5,096)**
Total deferred tax	**(9,038)**
Income tax credit	**(6,869)**
The total tax credit comprises:	
UK	**(6,567)**
US	**(302)**
	(6,869)

Tax on items charged to other comprehensive income

	Period ended 31 December 2015 £'000
Deferred tax adjustment arising on the pension scheme assets and liabilities	**734**

The tax credit in the period differs from the standard rate of corporation tax in the UK of 20.25% in the period ended 31 December 2015. The differences are explained, below.

	Period ended 31 December 2015 £'000	Percentage
Profit before tax	**94,705**	100%
Profit before tax multiplied by the rate of corporation tax in the UK of 20.25% in the period ended 31 December 2015	**19,178**	20.25%
Effects of:		
Other expenses not deductible	**1,133**	1.20%
US withholding tax suffered	**291**	0.31%
Different effective tax rate on US current period earnings	**137**	0.14%
Adjustment in respect of previously unrecognised tax losses	**(738)**	(0.78)%
Total tax charge before deferred tax rate change and exceptional items	**20,001**	21.12%
Other expenses not deductible – exceptional items	**3,809**	4.02%
Negative goodwill arising on acquisition	**(25,584)**	(27.01)%
Rate change on deferred tax provision	**(5,095)**	(5.38)%
Total taxation expense/(credit)	**(6,869)**	(7.25)%

The tax credit for the period includes a deferred tax credit of £738,000 relating to the recognition of US state tax losses acquired as part of the business combination. These tax losses were not recognised at the acquisition date due to the historic tax loss position of the US business. The US business has reported a taxable profit for the period and is expected to remain profitable in the foreseeable future. A deferred tax benefit has been recognised accordingly.

There are no income tax consequences for the Company in respect of dividends declared prior to the date of authorisation of these financial statements and for which a liability has not been recognised.

The Group expects its effective tax rate in the future to be affected by the geographical mix of profits and the different tax rates that will apply to those profits, the use of brought forward tax losses, and the outcome of any future tax audits as well as the impact of changes in tax law.

The reduction in the standard rate of corporation tax in the UK from 21% to 20% effective from 1 April 2015 was substantively enacted on 2 July 2013. The further reductions to 19% effective from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015 and the impact of these tax rate changes are reflected in these financial statements accordingly.

6. Earnings per share

Period from 28 November 2014 to 31 December 2015	Earnings (£000's)	Weighted average no. of shares (000's)	Per share amount (pence)
Earnings per share:			
Basic earnings per share	101,574	288,236	35.2
Effect of share incentive awards and options		60	
Diluted earnings per share	101,574	288,296	35.2

Earnings per share are calculated on 288,236,000 number of ordinary shares in issue for the period ended 31 December 2015. Diluted earnings per share assumes conversion of all potential dilutive ordinary shares which arise from share incentive scheme awards granted to employees. The effect of this dilution is to increase the weighted average number of ordinary shares to 288,296,000.

Adjusted earnings per share:	Notes	Earnings (££'000	Weighted average no. of shares (000's)	Per share amount (pence)
Reconciliation from profit to Adjusted profit				
Profit		101,574		
Add back exceptional items	4	(42,751)		
Add back tax credit on exceptional items		**(13,595)**		
Add back fair value adjustments		**7,546**		
Add back tax credit on depreciation and amortisation on fair value uplifts	3	(6,007)		
Basic Adjusted earnings per share		46,767	288,236	16.2
Effect of share incentive awards and options			60	
Diluted Adjusted earnings per share		46,767	288,296	16.2

7. Business combinations
Corporation and its subsidiaries (together 'the acquired operations'). The entities acquired specialise in the manufacture of clay and concrete building products. The acquisition of these entities establishes the Group as a leading building products manufacturer in the UK and in the North East and Mid West regions of the US.

Assets acquired and liabilities assumed:
The fair value of the identifiable assets and liabilities of the acquired operations as at the date of acquisition were:

	Fair value recognised on acquisition £'000
Assets	
Customer contracts and relationships	87,600
Brands	45,400
Property, plant and equipment	349,947
Inventories	89,518
Trade and other receivables	79,971
Cash and cash equivalents	7,902
Total assets	**660,338**
Liabilities	
Trade and other payables	(67,932)
Derivative financial instruments	(508)
Current tax liabilities	(408)
Post-employment benefit obligations	(12,242)
Deferred tax liabilities	(62,773)
Provisions	(14,322)
Total liabilities	**(158,185)**
Total identifiable net assets at fair value	502,153
Negative goodwill arising on acquisition immediately recognised within the income statement	(124,191)
Purchase consideration transferred	377,962

The fair value of the trade and other receivables amounts to £79,791,000, which equates to a net amount of trade receivables. The gross amount due under contracts is £80,466,000 of which £495,000 is expected to be uncollectable.

The consideration paid in association with the purchase of the Ibstock Group of companies was based on a multiple of earnings and not an assessment of the fair value of the assets of the business. As there is considerable value associated with intangible assets that only arise in the consolidated financial statements, and our tangible assets reflect the current market demand for building products and production capacity, the fair value of the acquired net assets are in excess of the consideration paid, and therefore negative goodwill has arisen, which has been immediately taken to the income statement. There are no expected taxation consequences in relation to the negative goodwill recognised.

Provisions and contingent liabilities at fair value of £7,000,000 were recognised at the acquisition date resulting from various legal claims in the UK of £1,100,000, UK property risks of £3,300,000 and an environmental claim of £2,600,000 in the US. These fair values were provisional pending the receipt of final valuations of the potential liabilities. As at 31 December 2015, a final external valuation of the UK property risks has been received and the fair value increased from £3,300,000 to £7,850,000, and an internal valuation exercise identified increased US property risks of £151,000. Subsequent to the acquisition date, management has also received external legal advice that no liability in relation to the US environmental claim is required – resulting in a reduction in contingent liabilities of £2,600,000. Additionally, management identified a £2,151,000 liability in respect of employee compensation previously recognised as a post-acquisition exceptional period cost. The related deferred taxation liability uplift of these final fair value adjustments is £210,000. As at the reporting date, all other fair values were determined to remain as originally determined at the acquisition date.

Purchase consideration	£'000
Initial cash consideration	312,853
Pension contribution	60,000
Contingent land proceeds	1,109
Contingent pension tax benefit	4,000
Total consideration	**377,962**

As part of the acquisition, the Group agreed to make a one-off contribution of £60.0 million to the Ibstock Brick Limited pension scheme on completion of the transaction. As the transaction was conditional on the contribution being made the payment cannot be separated from the business combination and therefore in accordance with IFRS 3, is treated as part of the acquirer's consideration paid for the business. The post-employment benefit obligation includes this £60.0 million contribution.

Additionally, in accordance with the share sale agreement (SSA), 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. The fair value of the future obligation was estimated at £4,000,000, with a range being nil to £4,000,000.

As part of the purchase agreement with the previous owner of the acquired operations, half of all proceeds above a contracted amount, received by the acquired business on the sale of certain land assets in the future, shall be payable to the seller. Sale of land assets is in the control of the Group and accordingly is recognised in equity. Contingent consideration was recognised in relation to this, based on management's best estimate of £1,109,000 from an estimated range of nil to £3,800,000.

Transaction costs in relation to the acquisition of £9,392,000 were expensed and are included within exceptional administrative expenses.

From the date of acquisition, the acquired operations contributed £358,331,000 of revenue and £96,004,000 to profit before taxation of the Group. If the combination had taken place at the beginning of the financial statement period, revenue would have been £438,435,000 and profit before taxation of the Group would have been £80,383,000. To provide the users of the accounts with a comparable view of performance, we have analysed below the performance of the acquired entities from 1 January 2015 to 31 December 2015. The information for this period has been adjusted to include the impact of the fair value exercise and new financing structure as if it had been in place since the start of the period. The period ending 31 December 2014 has been included as comparative information, but has not been updated for the impact of the fair value exercise or financing structure following the acquisition.
A reconciliation between the statutory reported numbers and the numbers for the year ended 31 December 2015, presented below, for revenue, EBITDA before exceptional items and operating profit, is included in the CFO's report.

	2015 £'000	2014 £'000
Revenue	**412,828**	373,233
Cost of sales before exceptional items	**(255,035)**	(255,333)
Gross profit before exceptional items	**157,793**	117,900
Exceptional cost of sales	**(15,977)**	–
Gross profit	**141,816**	117,900
Distribution costs	**(34,108)**	(34,601)
Administrative expenses before exceptional items	**(44,841)**	(37,922)
Other administrative exceptional items	**(24,329)**	(5,355)
Net administrative expenses	**(69,170)**	(43,277)
Negative goodwill on acquisition	**124,191**	–
Profit/(loss) on disposal of property, plant & equipment	**(1,399)**	492
Other income	**3,474**	3,709
Other expenses	**(816)**	(1,051)
Operating profit	**163,988**	43,172
EBITDA before exceptional items	**107,014**	64,993
Less/Add exceptional items	**83,885**	(5,355)
Less/Add profit/(loss) on disposal of property, plant and equipment	**(1,399)**	492
Less Depreciation and amortisation	**(25,512)**	(16,958)
Operating profit	**163,988**	43,172

8. Notes to the group cash flow statement

Cash flows from operating activities		
Profit before taxation		94,705
Adjustments for:		
Depreciation of property, plant and equipment		15,885
Amortisation of intangible assets		5,439
Negative goodwill on acquisition	4	(124,191)
Unwind of inventory fair value	4	15,977
Finance costs	6	68,943
Loss on disposal of property, plant and equipment	4	1,403
Other		118
Share based payment		1,199
Deferred income		(179)
Post-employment benefits		(1,556)
		77,743
(Increase)/decrease in inventory		(8,989)
Decrease/(increase) in debtors		19,543
Increase/(decrease) in creditors		3,123
Increase/(decrease) in provisions		147
Cash generated from operations		91,567

9. Related party transactions

	Transaction amount Period ended December 2015 £'000
Purchase of services:	
Bain Capital Partners LLC	**8,995**

Diamond (BC) S.a.r.l., owned a majority shareholding of the group prior to completion of the IPO transaction. Diamond (BC) S.a.r.l., a wholly owned subsidiary of Bain Capital Partners LLC, was therefore the immediate parent of the group and Bain Capital Partners LLC was the ultimate parent and ultimate controlling party of the group prior to the IPO transaction. On 27 October 2015, its shareholding reduced to 53.03% and on 4 November 2015, its shareholding reduced to 47.03% following the exercise of an over-allotment option in respect of 24,330,000 ordinary shares.

Subsequent to 4 November 2015 and as at 31 December 2015 the board of directors of the company, consider, based on the facts and circumstances, that Diamond (BC) S.a.r.l. has significant influence over but does not control the group.

The shareholder loan notes and preference shares held by the Group during the period were owed to Diamond (BC) Sarl, a subsidiary to Bain Capital Partners LLC were converted to ordinary shares. There are no balances with Bain Capital Partners LLC at the period end date.

During the period Figgs Topco Limited issued 10,000,000 A shares to Diamond (BC) Sarl (wholly owned by Bain Partners LLC). Additionally, on Ibstock plc issued 50,000 ordinary shares on incorporation to Diamond (BC) Sarl (wholly owned by Bain Partners LLC). A shares were converted as part of the group reorganisation during the year.

Transactions with related parties during the period also include management subscriptions for shares of £0.6m.

During the period an interest free loan totalling £346,000 was outstanding from a UK director of a UK subsidiary company that was provided for relocation purposes. This has been paid back to the group before year end.

10. Post balance sheet events

The directors are proposing a final dividend in respect of the financial period ended 31 December 2015 of 4.4 pence per ordinary share which will distribute an estimated £17,800,000 of shareholders' funds. It will be paid on 3 June 2016 to those shareholders who are on the register at 6 May 2016 subject to approval at the Group's Annual General Meeting.

Since the balance sheet date no further subsequent events requiring further disclosure or adjustments to these financial statements have been identified.

Publication of non-statutory accounts

The financial information in the preliminary statement of results does not constitute the Group's statutory accounts for the period ended 31 December 2015 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the period ended 31 December 2015 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the period ended 31 December 2015 were authorised for issue by the Board of Directors on 10 March 2016 and the balance sheet was signed on behalf of the Board by W Sheppard and K Sims. These financial statements represent the first set of financial statements of Ibstock plc.