2021 INTERIM RESULTS PRESENTATION

4 August 2021

Ibstock Plc

Agenda

Overview	**Joe Hudson**
Financial review	**Chris McLeish**
Operational review	**Joe Hudson**
Strategy and growth	**Joe Hudson**
Summary and outlook	**Joe Hudson**
Q&A	

Joe Hudson

Chris McLeish

Overview

Strong trading performance with clear focus on growth opportunities

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- Strong operating performance with Group sales approaching 2019 levels and LfL divisional margins back to 2019 levels
- Underlying market fundamentals remained robust in all key markets
- Industry supply chains became tighter as H1 progressed - input cost and availability challenges well managed
- Strong cash generation and rapid EBITDA recovery has resulted in leverage reducing to 0.6x, providing significant capacity to support growth investments and shareholder returns
- Focussed on growth with £60 million investment in new wire cut capacity announced, including net-zero carbon brick factory (Atlas)
- Interim dividend reinstated at 2.5p, reflecting performance and cash generation of the business and Board's confidence in outlook

FINANCIAL REVIEW

Financial Summary

Profitability nearing 2019 levels; strong cash flow performance delivered further material reduction in net debt

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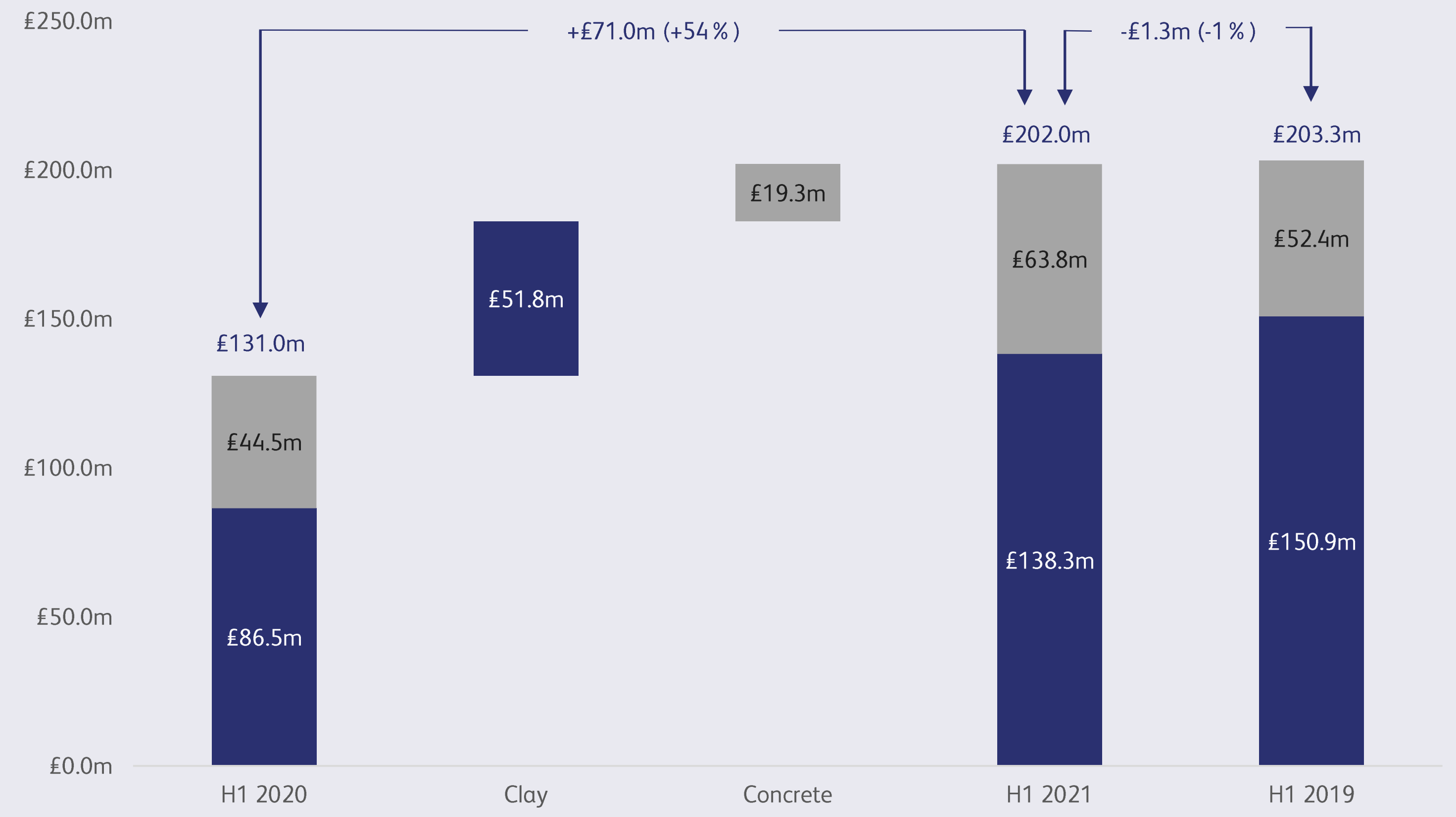
Revenue	Adjusted EBITDA	Divisional EBITDA Margins	
		Clay	Concrete
£202m	£55m	34.1 %	18.5 %
(H1 2019: £203m)	(H1 2019: £59m)	(H1 2019: 33.9 %)	(H1 2019: 20.0 %)

Adjusted EPS	Net debt	Interim ord. dividend per share
7.9p	£53m	2.5p
(H1 2019: 9.0p)	(Dec 2020: £69m)	(2019: 3.2p)

Revenue bridge

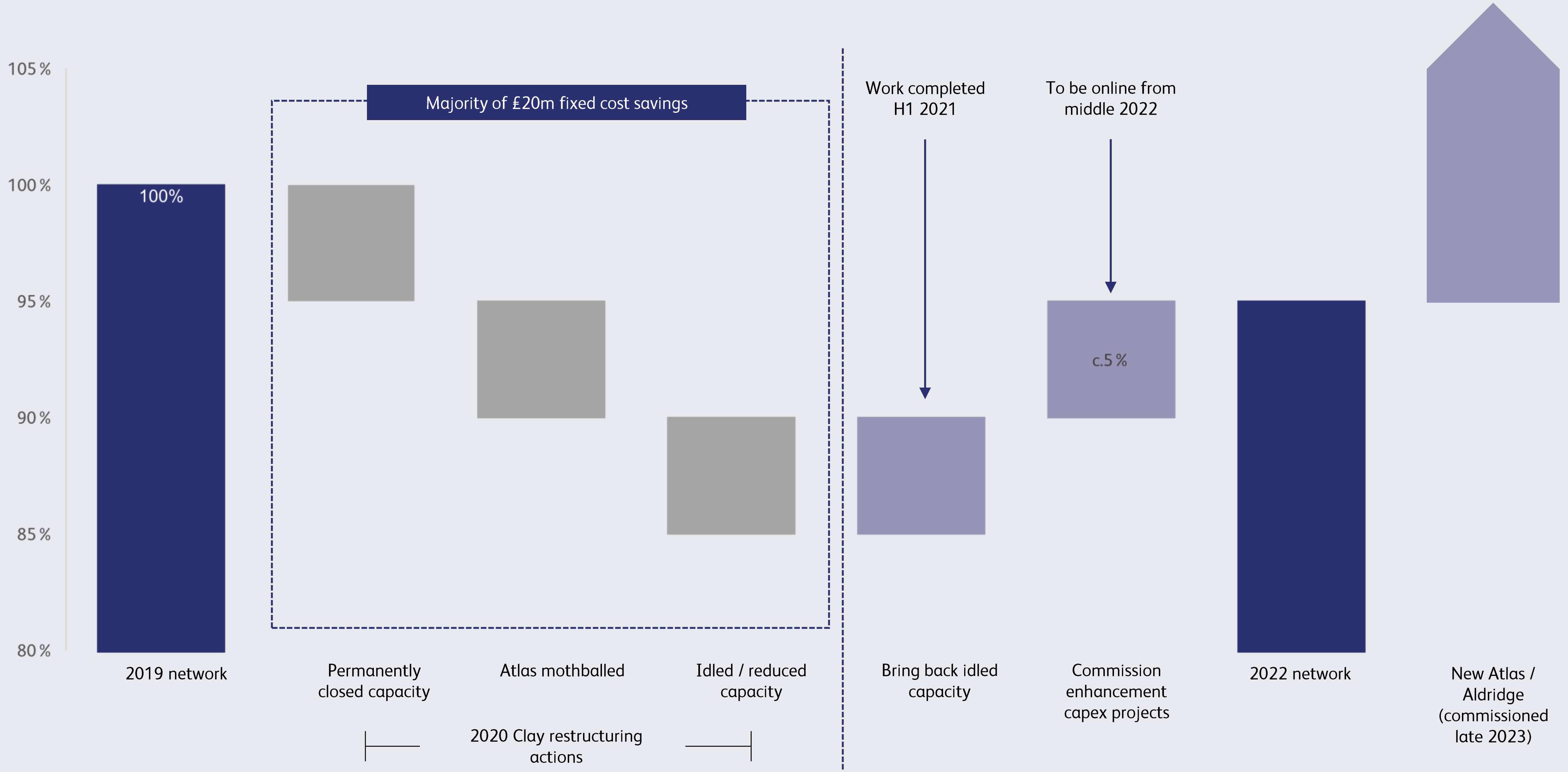
Group revenues recovered to within £1m of 2019 levels



- Strong operating performance with organic sales approaching 2019 levels
- Clay division revenues of £138m representing 92 % of 2019, with sales volumes ahead of expectations
- Concrete division revenues of £64m were 22 % above 2019, or in line on a like-for-like basis
- Longley Concrete (acquired in July 2019) delivered revenue of £11m in the period

Clay network capacity bridge

Restructuring actions have created an efficient, well maintained asset base



Manufacturing footprint & fixed cost base

In response to the sharp contraction in economic activity, the Group took action in 2020 to restructure its operating platform

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Actions enabled the Group to remove annualised c.£20m of fixed cost - £10m saving delivered in H1 2021

Clay

- Cost saving underpinned delivery of a 34.1 % EBITDA margin
- After adding back proportion of cost savings to support growth, residual savings expected to support margin accretion above 2019 levels over medium term

Concrete

- Actions undertaken in 2020 centred on rationalising operating footprint, and centralising support functions
- Reflecting its significant RMI exposure, the division is back broadly to 2019 levels, with network utilisation returning to levels close to those prior to the pandemic
- Cost management underpinned delivery of LfL EBITDA margins marginally ahead of 2019

Strong cash flow performance

Cash conversion materially ahead of both 2019 and 2020

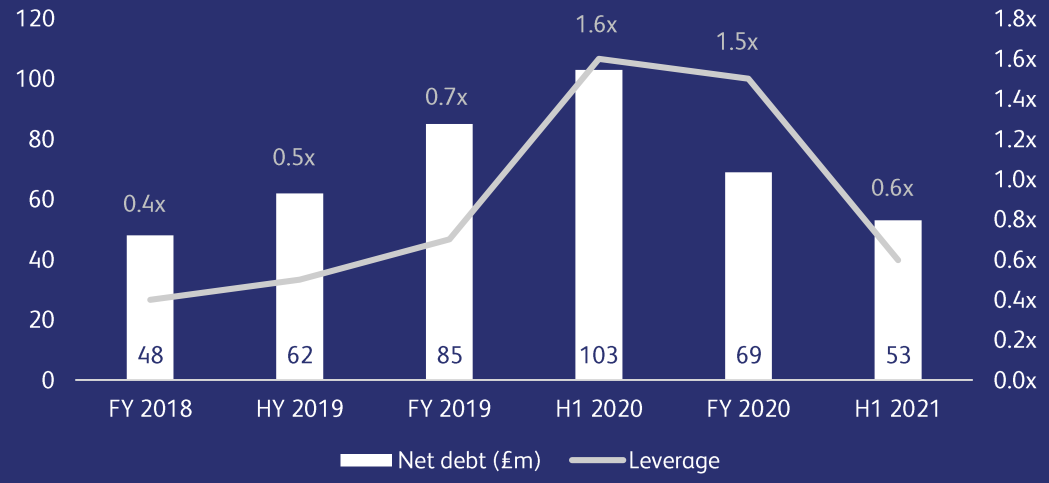
Six months ended 30 June (£m)	2021	2020	2019
Adjusted EBITDA	**55**	**10**	**59**
Δ in net working capital	(10)	(1)	(20)
Net interest	(2)	(1)	(1)
Tax	(4)	(3)	(7)
Post-employment benefits	(1)	(1)	(1)
Other (includes leases)	(5)	(4)	(2)
Adjusted operating cash flow	**33**	**(0)**	**28**
Cash conversion %	*61%*	*2%*	*47%*
Capex	(10)	(15)	(19)
Adjusted free cash flow	**23**	**(15)**	**9**

- Continued intense focus on managing working capital
- Cash conversion of 61 %, up 14 ppts from 2019
- Capex of £10m (2020: £15m), including spend on capital enhancement initiatives

Net debt improvement of £16m in H1

Significant balance sheet capacity to support capital allocation strategy

- H1 net debt reduced by £16m reflecting strong trading performance
- Continued management of fixed costs and working capital effectively throughout the first half, with finished goods inventories broadly in line with 2020 year-end.
- Liquidity headroom versus RCF covenants of over £160m at half year



Full year 2021 guidance

H2 2021 EBITDA

- Demand outlook for H2 at similar levels to H1
- Potential for short-term supply chain disruption
- Carrying good momentum into H2

Board now expects adjusted EBITDA for the 2021 year to be modestly ahead of previous expectations[1]

Other guidance

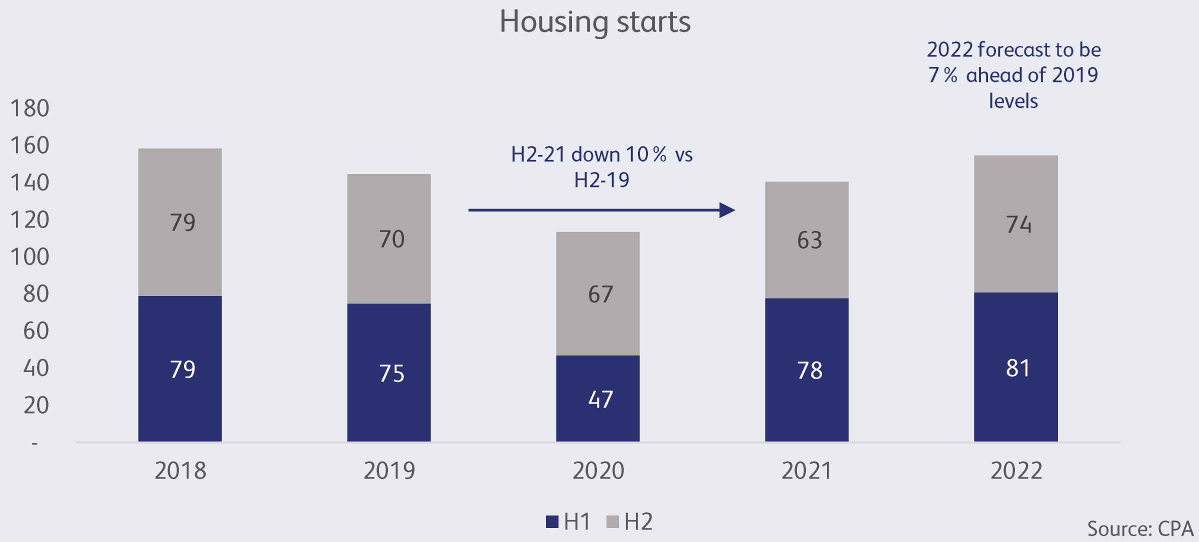
- FY Adjusted interest: c.£6m
- Adjusted FY Effective Tax rate of around 17.5-18.0% (including modest benefit from UK tax super deduction) (2020: 20%)
- Continue to expect sustaining capital expenditure (ex-Atlas) of £20-22m for the 2021 year
- Atlas H2 capex spend of up to £10m
- Full year cash tax expected to be around £8m

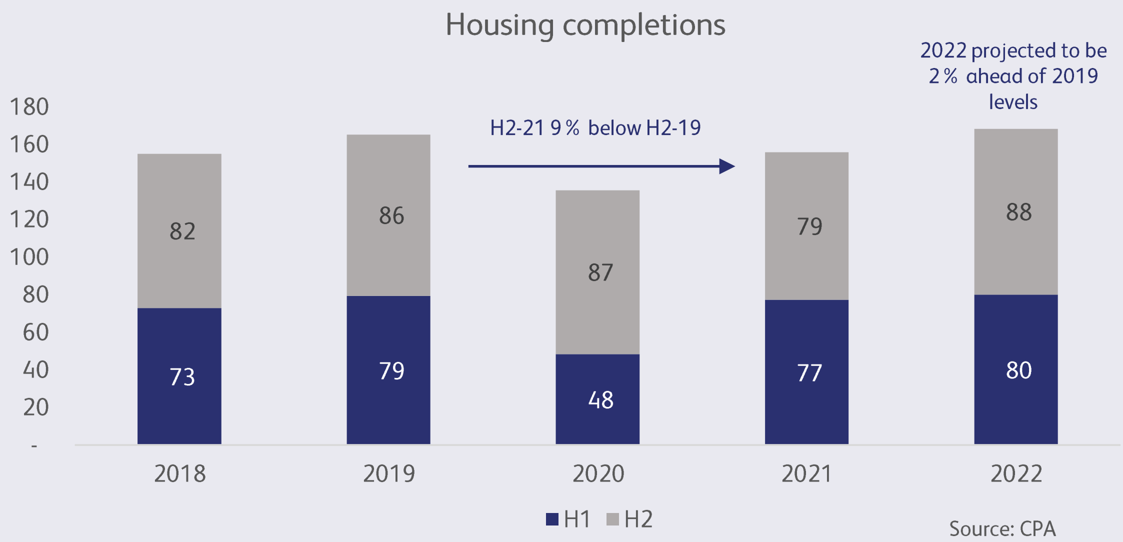
[1] In March 2021 Full Year results Announcement, the Board indicated it was comfortable with market consensus expectations for 2021 adjusted EBITDA at that time of around £93m

OPERATIONAL REVIEW

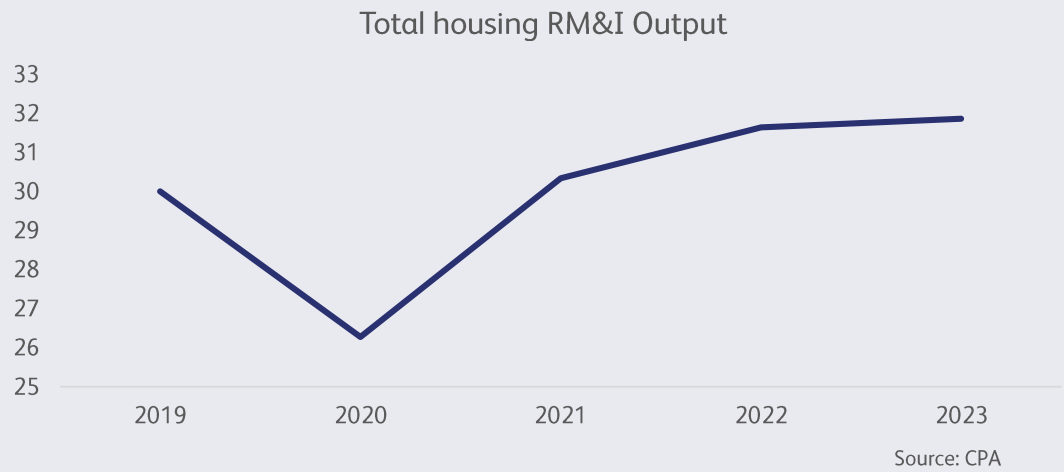
Residential markets update

Robust demand in new build and RMI markets



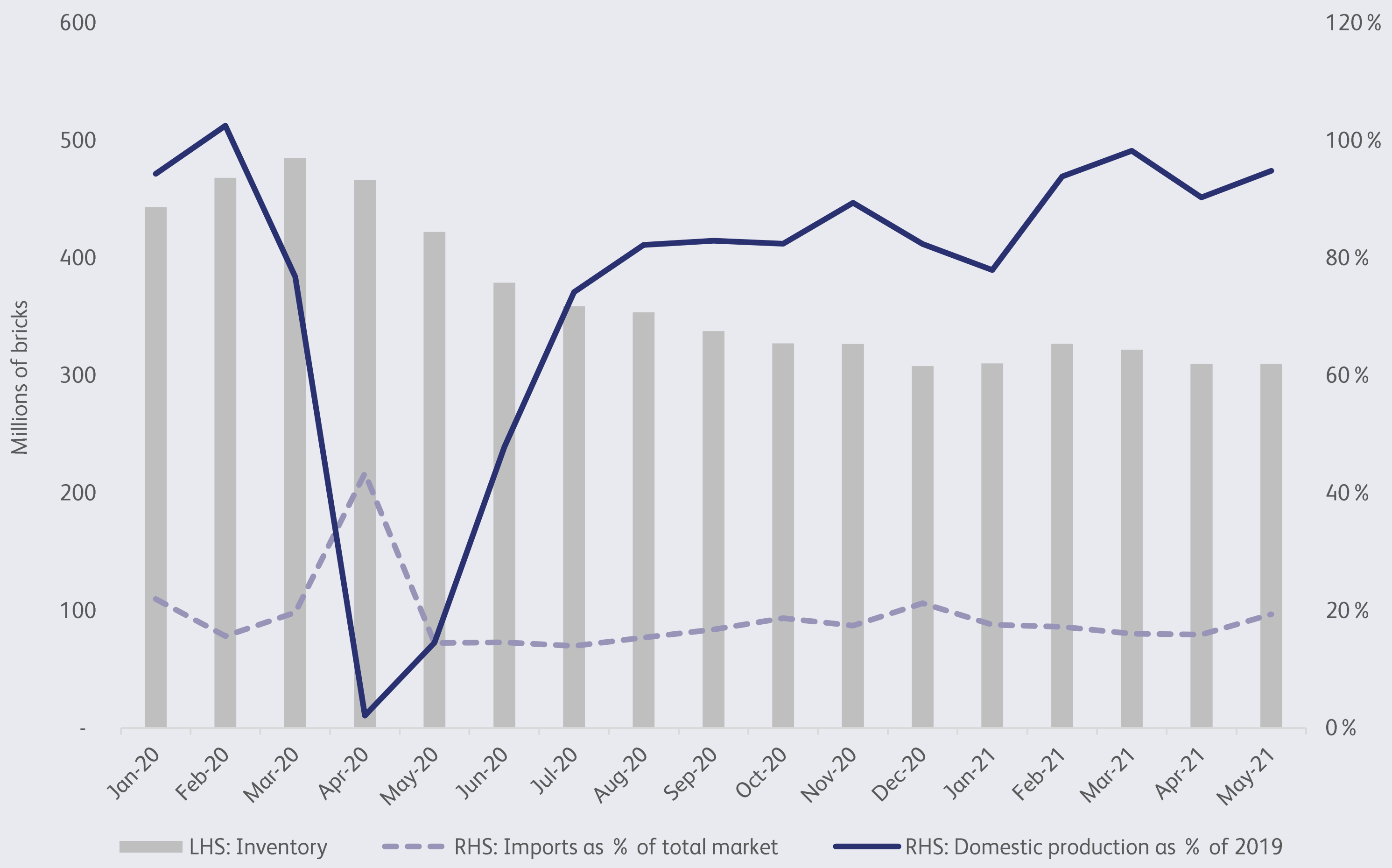


- Robust market for new build housing in H1 2021 underpinned by good mortgage availability and supported by Help to Buy and Stamp Duty Holiday
- With strong forward order books, supply chain challenges present most significant near-term risk to H2 starts and completion volumes
- Demand outlook expected to remain positive with 2022 projected to be above 2019 levels
- Strong structured demand growth in RM&I expected to continue over medium term



Inventory and production

Brick industry outputs matched to recovery in customer demand; inventories stable over the course of H1 2021



Source: ONS

- Domestic clay brick production in the first 5 months of 2021 of around 0.8 billion - around 90 % of 2019
- Imported brick volumes in the first 5 months of 2021 supplied around 17 % of total market volumes, down slightly from around 19 % in the same period of 2019
- Industry inventory levels relatively flat vs position at start of 2021
- Overall, industry dynamics continue to be well balanced

Clay

Continued recovery in the period, building on the momentum of the second half of 2020.

Six months ended 30 June (£m)	2021	2020	2019
Total Revenue	**138**	87	151
Adjusted EBITDA	**47**	8	51
Margin (pre-central costs)	***34.1%***	*8.7%*	*33.9%*

Energy efficient dryers at Ellistown project

Revenue was £52m higher than 2020, recovering to 92% of 2019 levels

- Sales volumes in the first half were ahead of expectations, supported by robust demand from both new build housing and RMI markets

EBITDA margins were 34.1%, marginally above H1 2019, with good fixed cost and margin/mix management

- Adjusted EBITDA of £47m was within 8 % of 2019, reflecting significant recovery in sales volumes and benefit of cost reduction actions

Timing of enhancement projects impacted by COVID, but on track for completion in 2022

Concrete

Robust performance driven by more resilient RMI trends

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Six months ended 30 June (£m)	2021	2020	2019
Total Revenue	**64**	45	52
Adjusted EBITDA	**12**	6	11
Margin (pre-central costs)	***18.5%***	*12.5%*	*20.0%*

Revenues 122% of 2019 or 100% on a LfL basis

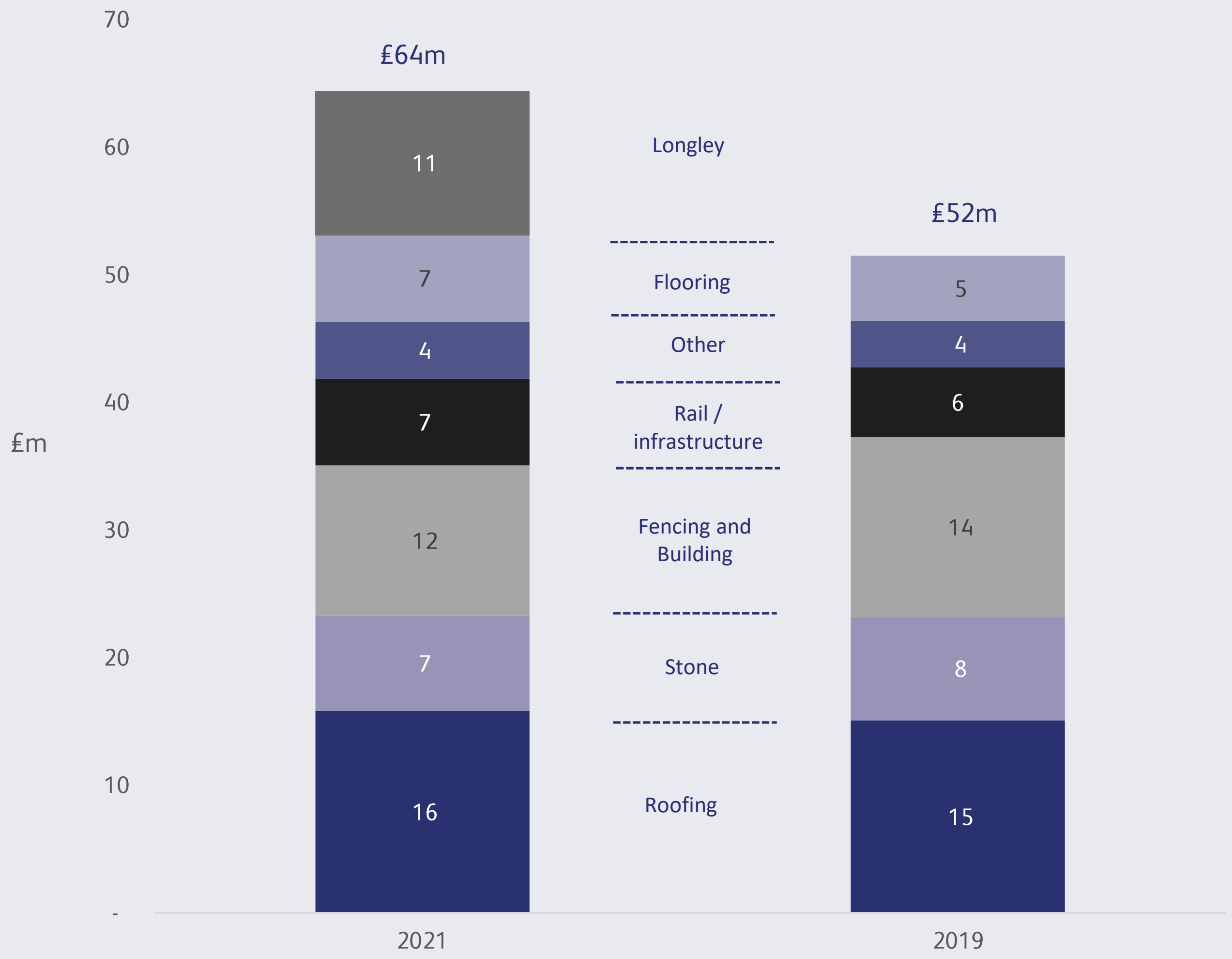
- The division benefitted from its significant exposure to a broad range of RMI markets and resilient demand for its roofing, flooring and infrastructure products
- Longley Concrete (acquired in July 2019), delivered EBITDA of around £1m on sales of £11 million in the period

Adjusted EBITDA 14% above 2019 on a reported basis

- Adjusted EBITDA margin % was 150 bps below the 2019 level, but materially above 2020, which was heavily impacted by COVID-19
- Excluding Longley Concrete, on a like-for-like basis, EBITDA margins of 20.6 % were marginally ahead of 2019, as inflationary impacts in certain cost categories were more than offset by cost saving initiatives and good commercial execution

Concrete delivered robust revenue performance ahead of 2019

H1 revenue recovered to 2019 levels on a LfL basis with modestly higher LfL margins



LfL EBITDA: £10.8m
LfL EBITDA Margin 20.6 %

EBITDA: £10.5m
EBITDA Margin 20.0 %

- Longley acquisition added £11m to 2021, (£nil 2019)
- LfL revenues excluding Longley in line with 2019
- Growth in infrastructure revenue with rail contract wins
- Fencing and building volumes down with labour availability holding back volumes

STRATEGY & GROWTH

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3 strategic pillars

We operate our business focused on three key strategic pillars

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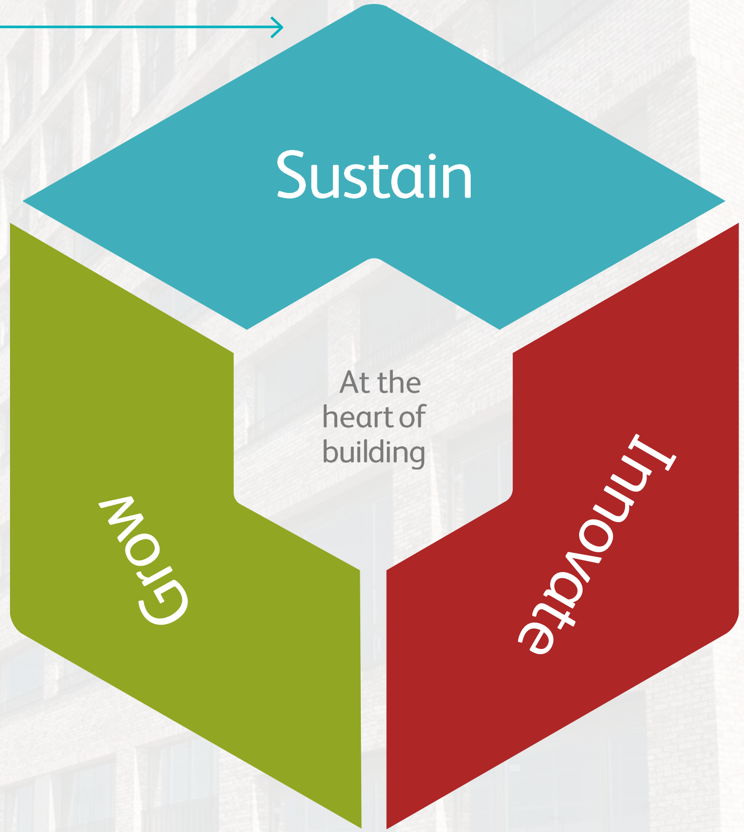
Sustain

- Health and safety in all that we do
- Focus on Operational excellence to drive continuous improvement in underlying performance
- Sustainability and social impact



Grow

- Invest for growth in 2 ways:
  - Optimise our existing business
  - Diversify our revenue base within the UK building envelope

Innovate

- Product innovation to underpin market and margin leadership
- Improving the customer experience
  - Supply chain improvements and route to market
- Digital transformation

Sustain

Sustainable high performance is at the heart of what we do

We are focused on three priorities:

Health and safety

- Further significant progress towards LTIFR reduction
- Implementation of new health and safety management system over the next 12 months

Operational excellence

- Optimisation project delivering enhancements in management of our clay quarries
- Asset transformation programme focussed on preventative maintenance improving reliability of factories
- Investing further in developing our talent and leadership programmes, to attract, retain and develop our leaders of tomorrow.

Sustainability and social impact progress

- Established an **ESG Board Committee**
- **CO2** – c.10 % reduction of Scope 1 and 2 in H1-21 (2025 target is at least 15 %)
- 1st UK building products company to procure **100 % electricity from a renewable Pure Green source**
- Atlas factory will be the **UK's only Scope 1 & 2 Net Zero brick factory**
- Plastic, waste and new/sustainable products target on track

We will publish new, more ambitious ESG targets during H2

Innovate

Innovation is at the heart of our growth plans to strengthen our market-leading positions

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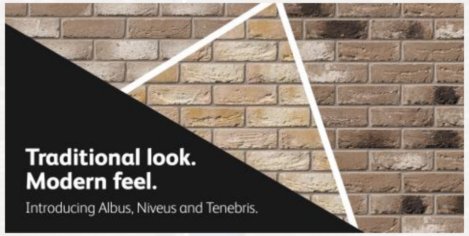
Our initiatives are centred on three specific areas:

Product innovation

- Launch of three new brick types from our Leicester site targeting the specification market and high-end housing developments: Albus, Niveus and Tenebris
- New bricks provide a UK manufactured alternative to popular imported products for specification market
- Within the Concrete infrastructure business our ultra-lightweight cable troughing product, which uses polymer technology, is delivering cost and environmental benefits while making handling and installation simpler for our customers.



Customer experience

- 'Made of' digital campaign targeting architects and specifiers launched in March 2021.

Digital transformation

- Full digital inventory management, order picking and outbound despatch processes being piloted at key sites

Growing our core business - Atlas

- Strongly positive fundamentals for the UK residential markets over medium term
  - Deficit of new homes
  - Government policy supportive
  - Positive trends in RM&I and build to rent which will also be supportive over the medium term
- Intensifying customer focus on decarbonisation
  - Net zero carbon has generated strong initial customer interest
- Development is on track, with the planning process now underway
- The Atlas factory is expected to begin commissioning in the second half of 2023.

Total project cost	Brick capacity	EBITDA of at least
£60m	115m	£12m

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ATLAS. THE WORLD’S FIRST NET ZERO BRICK FACTORY

Grow

Clear and consistent investment criteria to drive organic and diversified growth

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Investments to drive growth in existing business:

- Continual investment in our Clay manufacturing assets in order to modernise our production capability, expand capacity and improve its environmental performance, in line with our strong commitment to sustainability

Investments to diversify our revenue base:

- Building Envelope, Landscaping and Infrastructure
- Traditional Construction Methods
    - Existing Products
    - Adjacent Products that share routes to market
- Modern Methods of Construction
    - Façade Products
    - Façade Solutions
    - Partnerships within supply chain to exploit synergistic opportunities

Leveraging competitive position to drive value through sustainability

- Alternative uses to create further value from our existing clay reserves
- Substituting natural gas in brick manufacturing with alternative fuels

SUMMARY & OUTLOOK

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Summary & Outlook

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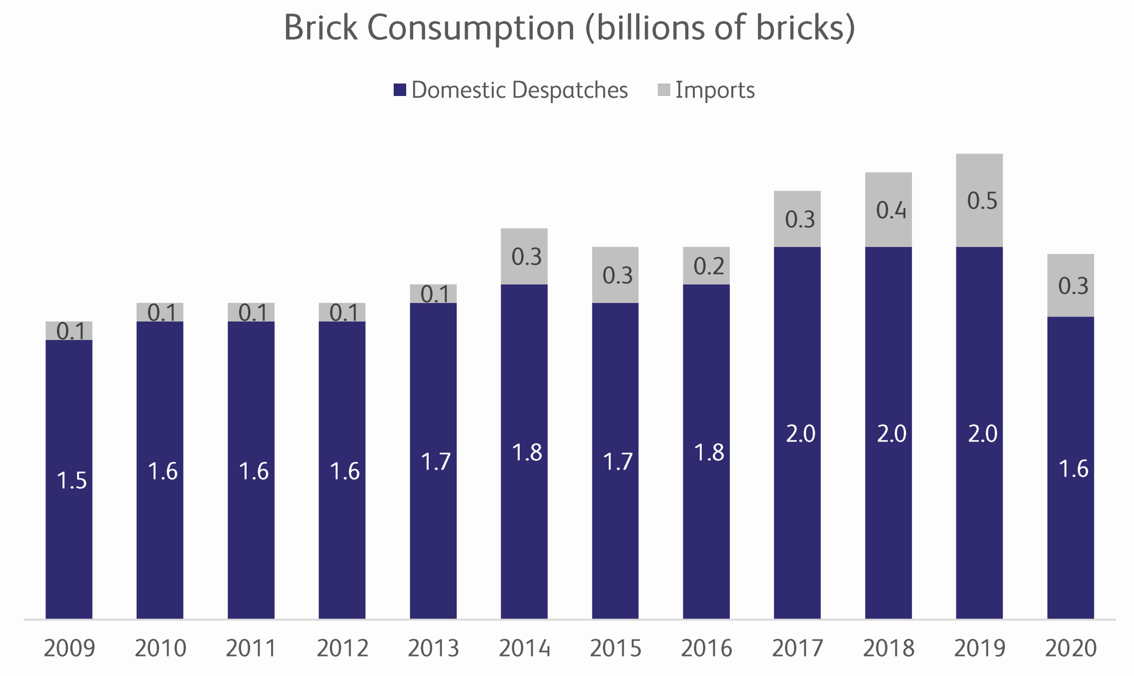
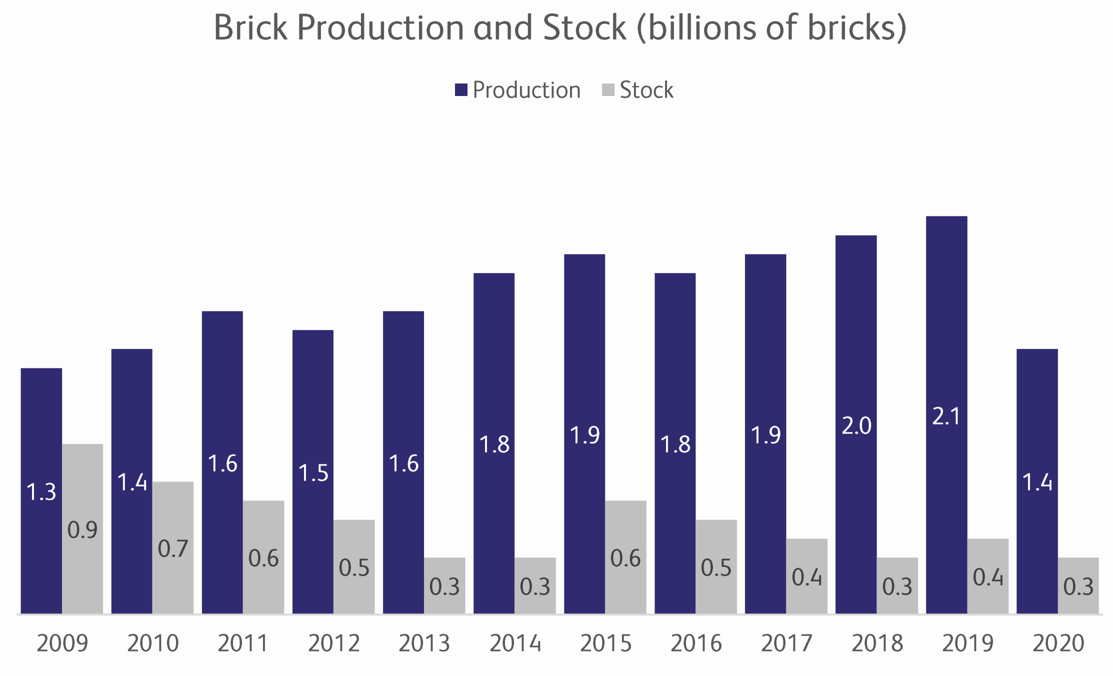
- Sustain, Innovate, Grow strategy delivering results
- ESG updated targets in H2
- Strong H1 performance, with sales and divisional margins back to 2019 levels
- Expected EBITDA 2021 FY modestly ahead of previous market consensus expectations although supply chain challenges more evident at start of H2
- Strong balance sheet - good cash generation, debt reduction and interim dividend reinstated
- £60m investment in new wire cut capacity, including net zero carbon brick facility
- Well positioned for sustainable growth underpinned by key trends in building and long term demand

Q&A

APPENDICES

Brick market dynamics





The UK market consumed around 1.88 billion bricks, compared to 2.45 billion in 2019

New build housing volumes increased during the second half of 2020

Imports fell to 0.34 billion (0.46 billion in 2019) bricks, representing around 18 % of the total brick market

Domestic clay brick production in 2020 of around 1.4 billion - around 30 % below 2019

Industry production expected to increase from 2021 as demand recovers

With capital enhancements, we have ability to return to 2019 output levels

Leading manufacturers of...

Ibstock
At the heart of building

Ibstock Concrete

Our Concrete division is a leading manufacturer of prestressed and aesthetic building products, primarily for residential construction.

Longley
Anderton
Forticrete
Supreme

Ibstock Clay

Our market-leading Clay division offers a range of 400+ brick types as well as innovative building components and solutions.

Ibstock Kevington
Ibstock Brick

200
Years of experience

37
Manufacturing sites across the UK

2,044
Employees across the Group

400+
Brick types

75m
Tonnes of consented clay reserves

No. 1
UK brick manufacturer by production capacity

Our core products

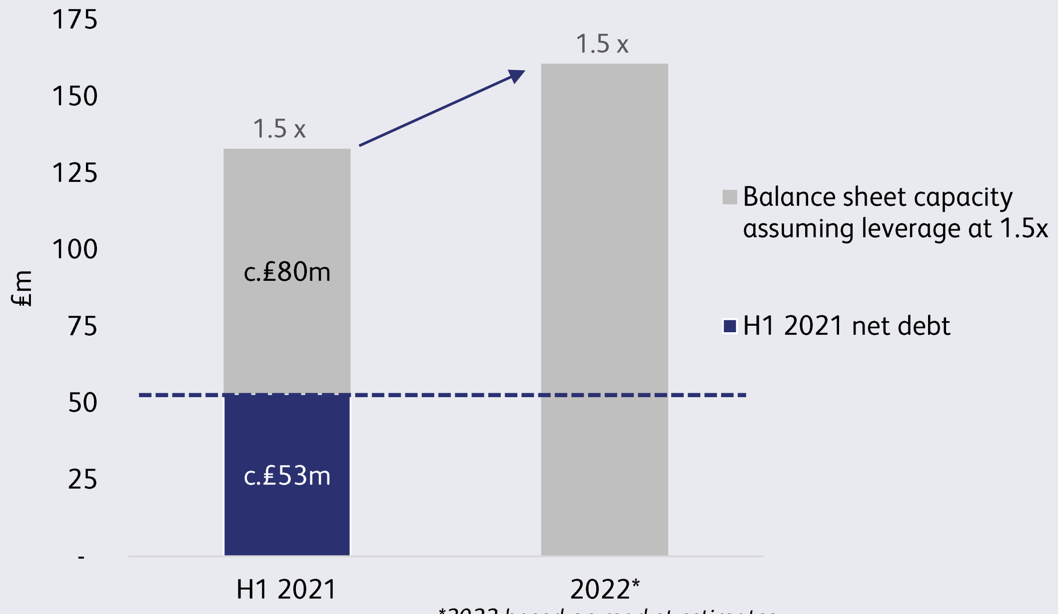
Walling	Facing bricks
	Special bricks
	Walling stone
	Special walling stone
	Architectural masonry
	Cast stone
	Facade systems
	Retaining walls
	Lintels, sills and arches
Roofing	Roof tiles
	Chimneys
	Soffits
	Roofing accessories
Garden and landscaping	Fencing
	Caps and copings
	Bollards
	Balustrades
	Path edging
	Urban landscaping
Flooring and groundwork	Floor beams
	Door steps
	Gully surrounds
	Screed rails
	Insulated flooring
	Hollowcore
Rail and infrastructure	Troughing
	Cable theft protection
	Boards, blocks and bases
	Catchpits
	Inspection chambers
Bespoke services	Engraving and cutting
	Floor beam & block design, supply and fitting solutions
	Bespoke concrete products
	Staircases
	Lift shafts

Key investment highlights

Market leadership positions	#1 in UK bricks	Strong customer service ethic	High quality, broad product range and strong customer relationships
Structural demand growth	Strong household formations with supportive UK government policy	Multiple growth options	Additional capacity, product innovation and strategic development
Industry structure	Three UK brick manufacturers c90 % of capacity	Experienced senior management team	Highly experienced management team with extensive industry experience
High barriers to entry	Vertically integrated business model with planning and capital barriers	Strong financial performance	High operational gearing, strong returns and cash flow

Capital allocation

Significant balance sheet capacity to support capital allocation strategy



*2022 based on market estimates

- Significant headroom within leverage range of 0.5x to 1.5x through the cycle
- Business has financial capacity to support strong pipeline of growth opportunities

Maintain and enhance our existing assets	**Sustainable** and **progressive ordinary dividend**	Deliver major **organic growth projects** and invest selectively in **inorganic growth**	Return **surplus capital to shareholders** when appropriate
c. £20m per annum	Dividend covered 2 times through the cycle	Attractive pipeline of growth opportunities	Pay supplementary dividends when appropriate

Statutory and Adjusted EPS

Underlying tax rate benefit and £5m exceptional credits in H1 2021

	2021			2020		
Six months ended 30 June	**Adjusted**	**Statutory**	**Variance**	**Adjusted**	**Statutory**	**Variance**
Adjusted EBITDA	**£55m**	**£55m**	**£0m**	**£10m**	**£10m**	**£0m**
Depreciation & amortisation	(£14m)	(£19m)	(£5m)	(£13m)	(£18m)	(£5m)
Exceptional and non-underlying items	£0m	£5m	£5m	£0m	(£41m)	(£41m)
Profit / (loss) before interest and tax	**£41m**	**£41m**	**£0m**	**(£3m)**	**(£49m)**	**(£46m)**
Interest	(£2m)	(£2m)	(£0m)	(£2m)	(£3m)	(£1m)
Profit / (loss) before tax	**£39m**	**£39m**	**(£0m)**	**(£5m)**	**(£52m)**	**(£47m)**
Taxation charge	(£7m)	(£28m)	(£21m)	£1m	£2m	£1m
Taxation rate	*17.6%*	*71.9%*	*54.3 ppts*	*19.4%*	*4.6%*	*(14.8 ppts)*
Profit / (loss) for the period	**£32m**	**£11m**	**(£21m)**	**(£4m)**	**(£50m)**	**(£46m)**
Number of ordinary shares	409	409	0	409	409	0
EPS	**7.9p**	**2.7p**	**(5.2p)**	**(0.9p)**	**(12.1p)**	**(11.2p)**

- Exceptional items totalled credits of £5m in H1 21 comprising reversal of previous Atlas impairment (£5m) and gain on land disposal (£2m) offset by redundancy and closure costs (£2m)
- Exceptional and non-underlying items in H1 20 totalled charges of £41m principally comprising asset impairments (£19m), losses on fair valuation of energy positions (£13m) and restructuring severance costs (£8m)
- Adjusted effective tax rate in H1 21 of 17.6% benefited from UK tax super deduction (2020: 19.4%)
- Statutory effective tax charge of £28m in H1 21 included £21m impact of revaluing deferred tax liabilities (totalling approximately £65m at Dec 2020 from 19% to 25%)

Balance sheet

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Financials as at 30 June	2021	2020	2019
PP&E	£372m	£375m	£378m
Right of Use assets	£26m	£28m	£37m
Intangible	£92m	£99m	£96m
Non-current assets	**£490m**	**£502m**	**£511m**
Inventories	£66m	£70m	£67m
Trade and other receivables	£82m	£51m	£64m
Current assets	**£148m**	**£121m**	**£131m**
Total assets	**£638m**	**£623m**	**£642m**
Payables	(£99m)	(£68m)	(£84m)
Lease liabilities	(£29m)	(£30m)	(£37m)
Other liabilities excluding debt & pension	(£98m)	(£93m)	(£80m)
Net assets excluding debt & pension	**£412m**	**£432m**	**£441m**
Net debt	(£53m)	(£103m)	(£62m)
Pension	£43m	£62m	£91m
Net assets	**£402m**	**£391m**	**£470m**

Cash flow

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Six months ended 30 June	2021	2020	2019
Adjusted EBITDA	**£55m**	**£10m**	**£59m**
Working capital	(£10m)	(£1m)	(£20m)
Net interest	(£2m)	(£1m)	(£1m)
Tax	(£4m)	(£3m)	(£7m)
Post-employee benefits	(£1m)	(£1m)	(£1m)
Exceptional items	(£4m)	£0m	£0m
Other	(£1m)	£0m	£0m
Net cash flow from operating activities	**£33m**	**£4m**	**£30m**
Total capex	(£10m)	(£15m)	(£19m)
Surplus asset disposals	£4m	£0m	£1m
Net cash flow from investing activities	**(£6m)**	**(£15m)**	**(£18m)**
Lease payments	(£4m)	(£4m)	(£3m)
Dividends paid	(£7m)	£0m	(£27m)
Other	£0m	(£3m)	(£13m)
(Increase)/ decrease in net debt	**£16m**	**(£18m)**	**(£4m)**