

**21 January 2021**

**Ibstock plc**

**Trading Update**

Ibstock plc ('Ibstock' or the 'Group'), a leading UK manufacturer of clay bricks and concrete products, today issues a trading update for the year ended 31 December 2020.

**Trading performance**

Further to the third quarter trading update, announced on 28 October 2020, the Board is pleased to confirm that the Group saw a continuation of the previously reported improving market trends during the final quarter of 2020, with encouraging activity levels in all key end-market segments. Against this backdrop the Group traded well in the period, with solid clay brick sales volumes, and concrete sales volumes modestly ahead of prior year levels. Activity in the final quarter benefited from better than expected demand in both new build housing and the Repairs, Maintenance and Improvement (RMI) markets through our builders' merchant customers, particularly in the latter part of the period. The strong recovery in market conditions through the second half enabled the Group to achieve revenues of around £315 million for the full year, down by 23% compared with 2019, with second half performance down by approximately 10% year on year.

The remaining cost and capacity actions from the restructuring programme outlined in Q2, which were due to be delivered by the end of 2020, were successfully implemented during the final quarter. Together with the improved volume levels achieved during the final quarter, this resulted in EBITDA margins for the final months of the year in both divisions back close to the underlying levels achieved in the prior year periods.

As a result of the strong trading performance in Q4, together with the positive impact of the cost actions taken in the year, the Group now expects to report adjusted EBITDA for 2020 modestly above the previous guidance of £50 million given in the trading update of 28 October 2020.

**Financial position**

Cash flow performance for the year was materially ahead of expectations, with closing net debt<sup>1</sup> of approximately £70 million, compared to £85 million as at 31 December 2019, and £103 million reported at 30 June 2020. Cash flow performance benefited from both the improved trading conditions through the second half of 2020, and the decisive actions taken to manage cost and working capital throughout the period.

The Group settled all amounts previously deferred under the HMRC COVID-19 deferred payment arrangements within the 2020 year, representing the acceleration of approximately £7 million which had previously been expected to be paid in the first quarter of 2021.

During the final quarter of the year, the Group also concluded an extension to its £215 million Revolving Credit Facility by a period of 12 months to March 2023.

**Outlook**

Looking ahead, we are encouraged by recent market trends in the industry and the resilience of demand from our house builder and merchant customers. Whilst we remain mindful of ongoing

uncertainties, including those related to the future impact of COVID-19 and the expected changes in the Help-to-Buy and stamp duty rules, the good momentum achieved through the end of 2020 provides us with a strong platform for progress in the current year.

Overall, market fundamentals for the Group's products remain robust, with a structural deficit of housing, low interest rates, and Government policy which is supportive of the role the construction sector will play in the UK economic recovery. The Group has a strong balance sheet and the action taken in 2020 to reduce costs and increase flexibility leaves us well positioned to take advantage of both continued improvement in our markets and future growth opportunities.

**Joe Hudson, CEO of Ibstock PLC, commented today:**

"I am proud of the way that our people have navigated the challenges of 2020, and I would like to thank them all for their continuing effort and commitment. Our focus remains, above all else, on ensuring the health and safety of colleagues, customers and partners across the supply chain.

"Having taken steps to protect and reshape our business, the Group traded ahead of our expectations in the latter part of the year. While we are mindful of the ongoing uncertainties relating to COVID-19, we are encouraged by the continuing recovery of our markets through the end of 2020 and enter the new year in a strong position to capitalise on the opportunities in front of us."

The Group expects to announce its audited results for the year ended 31 December 2020 on 10 March 2021.

<sup>1</sup> Net debt is stated on a consistent basis to prior periods, excluding lease liabilities arising from IFRS16.

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**About Ibstock Plc**

Ibstock plc is a leading UK manufacturer of clay bricks and a diversified range of clay and concrete products. Its principal products are clay bricks, brick components, concrete roof tiles, concrete substitutes for stone masonry, concrete fencing and pre-stressed concrete products.

The Group's two divisions are:

**Ibstock Clay:** The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 16 manufacturing sites Ibstock Brick has the largest brick production capacity in the United Kingdom. It operates a network of 18 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and pre-fabricated component building solutions, operating from 6 sites across the United Kingdom.

Ibstock Concrete: A leading manufacturer of concrete roofing, walling, flooring and fencing products, along with lintels and general concrete building products, with 15 manufacturing plants in the United Kingdom.

### **Forward-looking statements**

This announcement contains "forward-looking statements". These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the directors. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and outside of the Group's ability to control. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Group undertakes no obligation to update or revise publicly any forward-looking statements.