

21 April 2022

lbstock plc

AGM Trading Update

lbstock plc ('lbstock' or the 'Group'), a leading UK manufacturer of clay bricks and concrete products, announces a trading update for the first quarter of FY 2022, ahead of its Annual General Meeting, which is to be held at 11:00am today.

Highlights

- Strong start to the year, with Q1 performance ahead of our expectations driven by stronger clay brick sales volumes and resilient margin performance
- Board now expects FY22 performance to be modestly ahead of its previous expectations
- Investment-driven growth initiatives progressing well and £30 million Share Buy Back Programme announced today as part of ongoing value creation strategy

Trading update

The strong start to the year reported at the time of our FY21 results in March has continued, with Q1 performance ahead of our expectations.

Demand remains firm in all our end markets. Our Clay plant network is performing well, with production volumes marginally ahead of our expectations, while our dynamic commercial approach has enabled a full recovery of input cost inflation. Solid operational execution in the Concrete division ensured it performed in line with our expectations, despite some continuing supply chain challenges.

The operating environment continues to be characterised by significant levels of input cost inflation, primarily in the categories of energy, freight, carbon and materials. In relation to energy, our hedging strategy has positioned us well against a backdrop of elevated prices. We have now substantially covered energy requirements for the first half of the year, have purchased around 75% of requirements for the second half and have over one-third covered for 2023. The Group remains committed to taking the actions necessary to protect and maintain margins going forwards.

The Group is continuing to make good progress with our growth initiatives: the Atlas, Aldridge and Nostell capital investment projects are all progressing in line with expectations; and lbstock Futures has advanced the integration of the recently acquired glass reinforced concrete (GRC) assets into its operations.

Having made a strong start to the year, whilst we remain mindful of broader macroeconomic challenges, the Board now expects full year 2022 performance to be modestly ahead of its previous expectations.

Share Repurchase Programme

At the time of our 2021 results announcement in March 2022, the Group announced a clear path for growth and value creation over the next five years, based on a combination of investment within its core business and diversified growth opportunities, supported by a set of medium-term financial targets.

As part of our disciplined approach to capital allocation, and with projected Group leverage below our target range, Ibstock is today announcing its intention to initiate a share buyback programme of up to £30 million.

This return of capital is in addition to our committed growth investments of over £100 million and, after this repurchase programme, we continue to anticipate significant financial capacity to support further growth investment and additional shareholder returns over the medium term.

Joe Hudson, Chief Executive Officer, commented:

“We’ve made a strong start to 2022, supported by robust demand in our end markets and a dynamic commercial approach to manage input price inflation.

Energy prices remain a key focus and our forward buying policy has ensured that around 75% of H2 2022 requirements are covered, with more than a third of 2023 requirements also locked in.

Demand in both the new build housing and RMI markets remains robust and, while we are mindful of the broader macroeconomic uncertainties, we now expect to deliver performance for the full year modestly ahead of our previous expectations.

We are also pleased to be announcing a £30 million share buyback programme, demonstrating our ability to deliver enhanced returns to shareholders whilst continuing to invest in our future growth.”

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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 alternatives 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 14 manufacturing plants in the United Kingdom.