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Ibstock Plc

Third Quarter Trading Update

Ibstock Plc ("Ibstock" or the "Group"), a leading UK manufacturer of a diverse range of building products and solutions, today issues a trading update for the third quarter of the financial year ending 31 December 2024 and the year to date.

Trading Update

The Group delivered a solid performance in the third quarter, with adjusted EBITDA broadly in line with our expectations. As anticipated, sales volumes were similar to the comparative prior year period, with a continuing focus on selling price and cost management underpinning a resilient margin performance. As a result, the Board's expectations for full year adjusted EBITDA performance are unchanged from the guidance provided alongside the Group's Half Year results. The Group also maintained its focus on cash management, with tight control of capital expenditure and working capital delivering a cash flow performance in line with our expectations.

Improving affordability and a more positive evolution of UK housing policy are expected to support a sustained recovery in UK house building over the medium term. We have seen some initial indications of an improvement in new build residential activity during the period, although given the need to rebuild industry supply chains, we continue to expect this to take time to feed through into sustainably stronger demand for our products.

Against this backdrop, we have continued to manage our cost and cash position carefully, to balance near term profitability with the preservation of the capability and capacity we require to enable the business to capitalise on an expected improvement in activity levels. In both the clay and concrete divisions, we have begun to reinvest selectively to bring capacity back into the network in response to improving demand in some areas of our core markets.

Our new Atlas factory, which produces the UK's first externally-verified carbon neutral brick, is ramping up well. As our Pathfinder factory, Atlas is piloting new, more sustainable production technologies and processes that will be rolled out across our wider UK factory network to deliver a significant reduction in carbon intensity. The factory – which will produce 105 million bricks per annum when operating at full capacity - has begun initial product dispatches and is expected to be fully commissioned over the next few months.

The first phase of our brick slips investment at Nostell is also now operational, with the second phase of the project now well under way. Once fully operational, the Nostell site will deliver around 50 million slips into the market, establishing a reliable source of domestic slip production for the UK market for the first time.

During October, we took the decision to restructure our glass fibre reinforced concrete (GRC) activities, which form a small part of the Ibstock Futures business unit. While we continue to see significant opportunities for GRC technology over the medium term, additional work needs to be completed on an appropriate model before we make material further investment.

With lower cost, efficient and more sustainable capacity in place, and with inventory levels rebuilt, Ibstock is well positioned to serve customers and respond to an increase in activity as market conditions improve.

Joe Hudson, CEO of Ibstock PLC, said:

“The Group delivered a solid performance in the third quarter, continuing to manage cost and capacity tightly, with EBITDA for the period broadly in line with our expectations and margins remaining resilient. Our expectations for full year performance are unchanged from the guidance provided at the half year.

“Our growth investment projects are now in production, adding lower cost and more sustainable capacity to our network. We have seen some initial signs of recovering activity levels in new build residential markets which should feed into sustainably stronger demand for our products in due course. Against this backdrop we have made some carefully targeted investments to restore capacity for product lines in some areas of our core markets.

“I believe the business has responded well to the challenges of the last few years, managing a significant downturn in its markets skilfully and responsibly, leaving Ibstock in a strong position to respond as our markets recover.”

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About Ibstock Plc

Ibstock Plc is a leading UK manufacturer of a diverse range of building products and solutions. The Group concentrates on eight core product categories, each backed up by design and technical services capabilities:

- Bricks and Masonry, Façade Systems, Roofing, Flooring and Lintels, Staircase and Lift Shafts, Fencing and Landscaping, Retaining Walls and Rail and Infrastructure.

The Group comprises two core business divisions, Ibstock Clay and Ibstock Concrete. The Ibstock Futures business was established in 2021 to accelerate growth in new, fast developing segments of the UK construction market and, while it remains in its initial growth phase, forms part of the Clay division.

Ibstock Clay: The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 14 manufacturing sites, Ibstock Clay has the largest brick production capacity in the UK. It operates a network of 14 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and prefabricated component building solutions, operating from 4 sites.

Ibstock Concrete: A leading manufacturer of concrete roofing, walling, flooring and fencing products, along with lintels and rail & infrastructure products. The concrete division operates from 13 manufacturing sites across the UK.

Ibstock Futures: Complements the core business divisions by accelerating diversified growth opportunities which address key construction trends, including sustainability and the shift towards Modern Methods of Construction (MMC). Operating from an innovation hub in the West Midlands, and the Nostell redevelopment in West Yorkshire.

Ibstock is headquartered in the village of Ibstock, Leicestershire, with 32 active manufacturing sites across the UK.

As a leading building products manufacturer, the Group is committed to the highest levels of corporate responsibility. The ESG 2030 Strategy sets out a clear path to address climate change, improve lives and manufacture materials for life, with an ambitious commitment to reduce carbon emissions by 40% by 2030 and become a net zero operation by 2040.

Further information can be found at www.ibstock.co.uk

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.