

20 January 2022

Ibstock plc

Trading Update for the year ended 31 December 2021

Ibstock plc ('Ibstock' or the 'Group'), a leading UK manufacturer of clay and concrete building products and solutions, today issues a trading update for the year ended 31 December 2021, ahead of its full year results, due to be announced on 9 March 2022.

Q4 trading

- Strong performance in final quarter of the year driven by continuation of robust demand trends and good operational execution
- Industry-wide challenges in supply chain and cost inflation continued to be well managed

Strong financial performance in 2021

- Full year revenues expected to increase by 29% on 2020, to £409 million
- Adjusted EBITDA expected to be modestly ahead of our previous expectations
- Cash generation ahead of expectations, resulting in net debt¹ at 31 December 2021 of around £40m (December 2020: £69m)

Outlook

- Well positioned for significant further financial and strategic progress in the coming year
- Commissioning of capital enhancements on track to increase our clay network capacity by 5% by mid-2022
- Growth investments at Atlas (wire cut factory in the West Midlands) and Nostell (brick slips factory in Yorkshire) on track, positioning the Group well for long term growth
- Ambitious carbon reduction commitments made, including a target to be net zero carbon by 2040

Joe Hudson, CEO of Ibstock PLC, commented today:

“Customer demand remained resilient in the final quarter and a combination of a strong operational performance and proactive management of inflationary pressures have ensured that Ibstock was able to deliver a strong financial performance for 2021.

“Whilst we are mindful of ongoing uncertainties, including industry supply chain pressure and cost inflation, the good momentum achieved to the end of the year provides us with a strong platform for significant further financial and strategic progress in 2022.

“The UK construction industry has a vital role to play in supporting economic recovery following the COVID-19 pandemic and addressing climate change in accordance with government targets. Ibstock’s investment in growth and innovation across our business positions us well to pursue opportunities and support the industry into the future.”

Trading performance

The Group saw a continuation of the previously reported strong demand trends during the final months of 2021, with robust activity levels in all key end-market segments and in particular from both new build housing and the Repairs, Maintenance and Improvement (RMI) sectors. Against this backdrop, the Group traded well in the final quarter of 2021, benefitting from a combination of a resilient operational performance and the dynamic commercial approach taken by the Group in both the clay and concrete divisions in response to significant inflationary pressures. This enabled the Group to achieve revenues of approximately £409 million for the full year, an increase of 29% compared to 2020, and in line with the level achieved in 2019.

Industry supply chain impacts, particularly relating to availability of freight and labour, continued to be well managed during the final quarter of the year. Product price increases were successful in mitigating the effect of the significant input cost inflation experienced during the second half of the year, particularly seen across energy, freight, carbon and materials. We continue to monitor cost impacts closely and remain committed to taking the actions necessary to protect and maintain margins moving forwards.

As a result of the strong trading performance in Q4, the Group now expects to report adjusted EBITDA for 2021 modestly ahead of its previous expectations.

Financial position

Cash flow performance for the year was ahead of our expectations, with closing net debt¹ of approximately £40 million, compared with £69 million at 31 December 2020, and £53 million at 30 June 2021. Cash flow performance benefited from both the strong trading performance through the second half of 2021, and the continued focus on cost and working capital management throughout the period. This reduction in net debt was achieved after resumption of the ordinary dividend payment made during the second half of the year.

As announced on 10 November, during the final quarter of 2021, the Group completed the refinancing of its existing Revolving Credit Facility (RCF), diversifying its credit sources at attractive rates, whilst simultaneously achieving a significant extension of the Group's debt maturity profile.

ESG

To build on our continued commitment to sector leadership in ESG, during the final quarter of 2021 the Group announced ambitious new carbon reduction commitments, including a target for the business to be net zero carbon by 2040.

Full details of the new sustainability strategy will be published in March 2022, as part of the Group's 2021 results announcement.

Outlook

Looking ahead, we are encouraged by the strength of the ongoing recovery in the construction industry and the resilience of demand from our house builder and merchant customers. Whilst we remain mindful of ongoing macro uncertainties, including those related to supply chains and input cost inflation, the good momentum achieved through the final months of 2021, as well as additional brick capacity coming on stream during 2022, provides us with a strong platform for significant further financial and strategic progress in the current year.

Overall, market fundamentals for the Group's products remain robust, with a structural deficit of housing and Government policy which is supportive of the role the construction sector will play in underpinning UK economic growth. Our strong financial position will enable us to continue to drive

forward our strategy and we expect to make significant investment in 2022 both to grow our core business, as well as to deliver material diversified expansion through Ibstock Futures. As such, the Board believes that the Group has a clear path to deliver strong shareholder returns into the longer term.

¹ Net debt is stated on a consistent basis to prior periods, excluding lease liabilities arising under IFRS16.

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About Ibstock Plc

Ibstock plc is a leading UK manufacturer of clay and concrete building products and solutions. 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 core 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.

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.