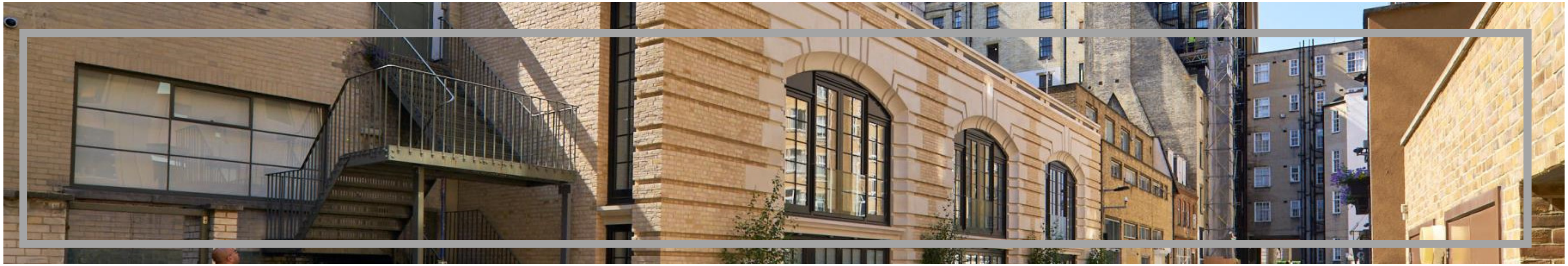
IBSTOCK PLC

INTERIM RESULTS PRESENTATION | SIX MONTHS TO 30 JUNE 2018



DISCLAIMER

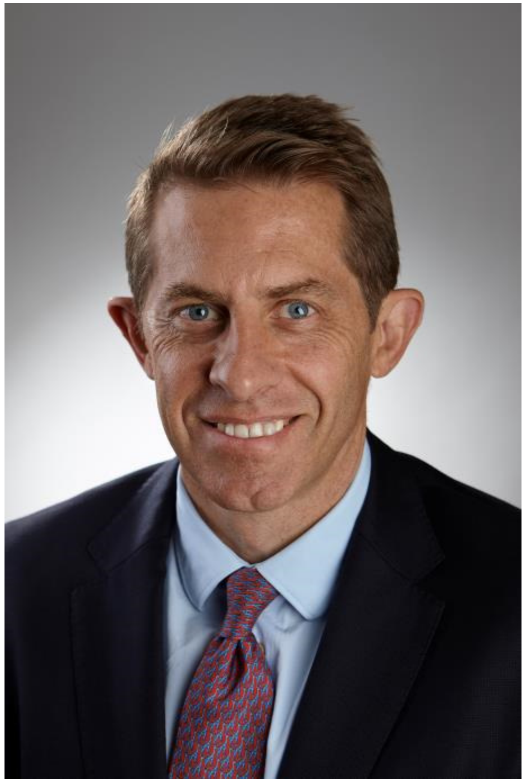
The information contained in this presentation has not been independently verified and this presentation contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. The words "growing", "scope", "platform", "future", "expected", "estimated", "accelerating", "expanding", "continuing", "potential" and "sustainable" and similar expressions or variations on such expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond Ibstock plc's (the "Group's") control and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this presentation and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the the inherent uncertainty therein. Nothing in this document should be construed as a profit forecast.

PRESENTING TODAY

Kevin Sims
CFO

Joe Hudson
CEO



AGENDA

Overview	Financial review	Operating review	Summary	Q&A
Joe Hudson	Kevin Sims	Joe Hudson	Joe Hudson	

IBSTOCK PLC

OVERVIEW

Financial Overview – six months ended 30 June 2018

Group revenue up 1% to £230m	Adjusted **EBITDA down 2% to £58m**	**Net debt** to LTM EBITDA at **1.1x**	Continued **strong** underlying **cash generation**	**Interim dividend** of **3.0p** per share plus **supplementary dividend** of **6.5p** per share

Operational Overview – six months ended 30 June 2018

Good activity levels in the **UK new build housing sector**	**Ibstock Brick volumes flat** with **pricing in line with expectations**	**Small decline** in overall activity levels in **UK Concrete**	**Performance down in US year on year** against strong comparative with **underlying position stable**	**Surplus asset sales:** • Sale of Bristol quarry • Progressing other disposals

AGENDA

Highlights & Overview

Joe Hudson

Financial review

Kevin Sims

Operating review

Joe Hudson

Summary

Joe Hudson

Q&A

IBSTOCK PLC

FINANCIAL HIGHLIGHTS
SIX MONTHS ENDED 30 JUNE 2018

Revenue	£230m	▲ 1%
Adjusted EBITDA[1]	£58m	▼ 2%
EBITDA margin %	25%	▼ 1%pt
Reported EBITDA	£66m	▲ 7%
PAT	£42m	▲ 37%
ROCE[2]	18%	◄
Cash conversion[3]	42%	▲ 1%pts
Net Debt to EBITDA	1.1x	▼ 0.3x
Interim dividend	3.0p	▲ 15%
Supplementary dividend	6.5p	-
Adjusted EPS	9.6p	▲ 1%

Note
(1) Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation after adjusting for exceptional items
(2) ROCE is adjusted EBIT as a proportion of average net debt plus equity adjusted for pensions
(3) Cash conversion is the ratio of adjusted EBITDA after movement in working capital less maintenance capex to adjusted EBITDA

P&L RECONCILIATIONS
SIX MONTHS ENDED 30 JUNE 2018

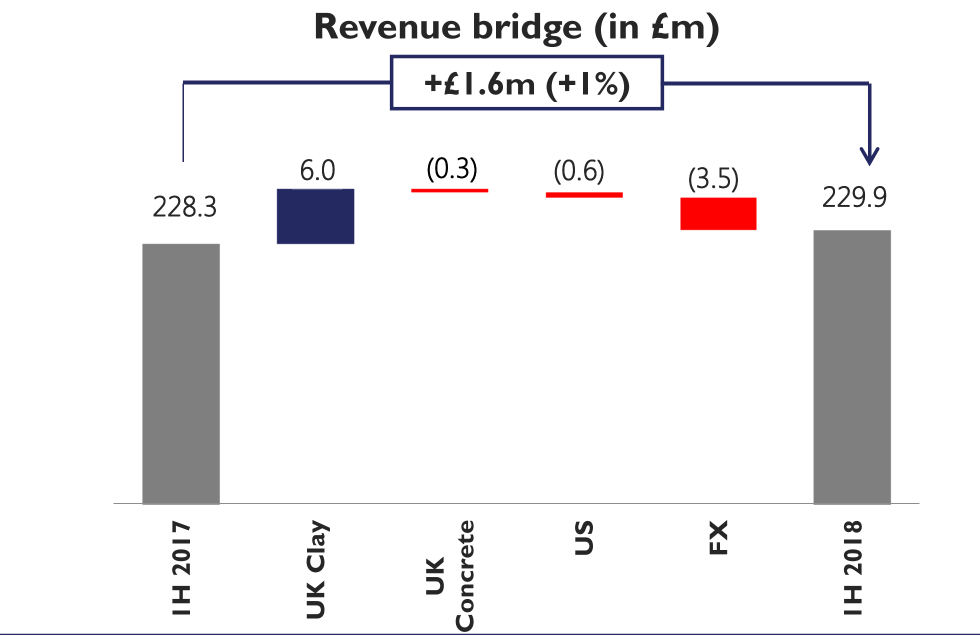
Adjusted EBITDA to Statutory profit (£m)	
Adjusted EBITDA 1H 2018	**58**
Exceptional items[1]	8
Interest - cash[2]	(2)
Interest - non-cash	1
Taxation	(9)
Depreciation & Amortisation	(14)
Statutory profit 1H 2018	**42**

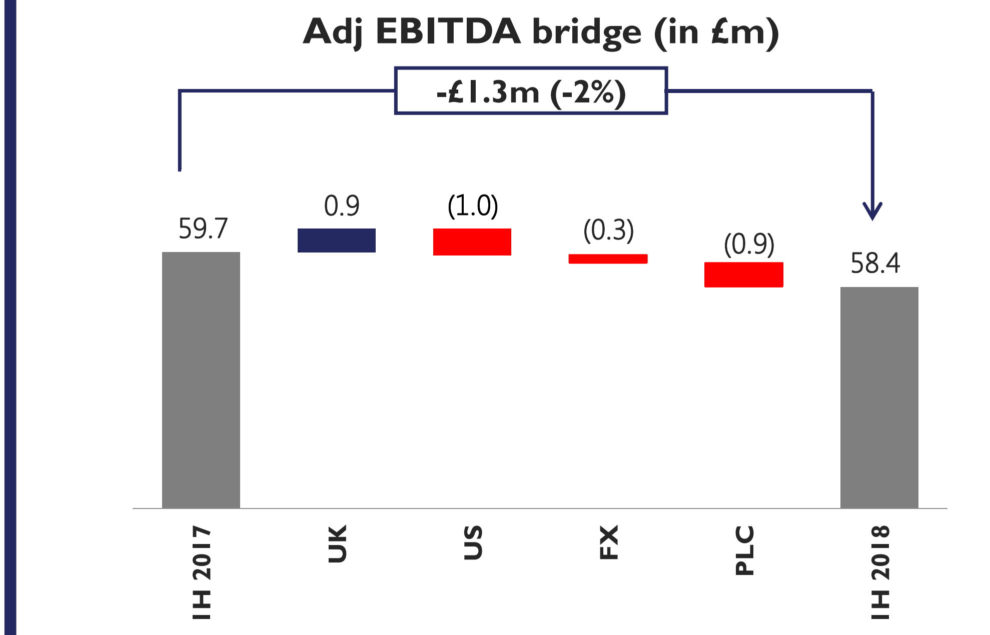
Adjusted EBITDA by segment (£m)	1H18	1H17
UK operating segment	*58*	*57*
US operating segment	*4*	*5*
PLC costs	*(3)*	*(2)*

Adjusted EBITDA (£m) to Adjusted EPS	
Adjusted EBITDA 1H 2018	**58**
Depreciation	(11)
Amortisation	(3)
Fair value depreciation & amortisation	5
Interest[3]	(2)
Taxation[4]	(9)
Adjusted Earnings 1H 2018	**38**
Shares in issue 406.4m	
Adjusted EPS 1H 2018	***9.6p***

Note
(1) Exceptional items principally relate to surplus property disposal profit and contingent consideration release
(2) Cash interest charge excludes non-cash related interest expenses (discounting, pensions)
(3) Adjusted earnings' interest adjustment removes exceptional costs upon refinancing in 1Q 2017
(4) Taxation reflects fair value and non-cash interest adjustments in the calculation of adjusted earnings at the Group ETR of 17.4%
(5) Some figures may not cast due to rounding

REVENUE & EBITDA BRIDGES





- Constant currency revenue growth of 2.3%
- US $ average exchange rate used in 1H 2018 is 1.38 (1H 2017: 1.26)
- UK price increases contributed c£6m of additional revenue in 1H 2018

- Overall EBITDA margin of 25% (1H 2017: 26%):
  UK - 30.1% (1H 2017: 30.6%); US – 9.3% (1H 2017: 11.5%)
- Energy costs impacted EBITDA as gas prices exceeded 2017 by c16%

HIGHLY CASH GENERATIVE

Six months ended 30 June (£m)	2018	2017	Change	% change
Adj. EBITDA	58	60	(2)	(2%)
Share-based payments	1	1	-	
Capex (excl major projects)	(9)	(6)	(3)	
Δ in net working capital	(26)	(30)	+4	
Adj. EBITDA – capex – Δ in NWC	24	25	(1)	-
Cash conversion (%)[1]	*42*	*41*		
Major project capex	(7)	(11)	+4	
Cash from operating and investment activities[2]	17	14	+3	+29%
Net interest	(2)	(2)	-	
Tax	(4)	(8)	+4	
Post-employment benefits[3]	(4)	(4)	-	
Adj. free cash flow	7	-	+7	-

Note
(1) Cash conversion is the ratio of adjusted EBITDA after movements in working capital less maintenance capex to adjusted EBITDA
(2) Cashflow from operating and investing activities is defined as EBITDA adjusted for changes in working capital less cash flows from non-major capex
(3) Cash costs above P&L costs

- Working capital reflects higher stocks due to weather (expected to reverse) and regular sales seasonality,
- Cash tax reduction in 2018 reflects tax refunds for overpayments and receipt of claims made in 2017

Full Year Guidance 2018

- Routine capex **c£18m** and major project capex of **c£10m** which includes cash carry-over spend from 2017
- Depreciation & Amortisation **c£29m**
- Cash interest charge **c£4m** (down 20% y-o-y)
- Income statement effective tax rate **c19%** with cash tax anticipated at **c£12m**
- Post employment benefits **c£7m**
- Full year operational cash conversion expected to be in line with 2017

FINANCIAL MANAGEMENT

Disposal of surplus property assets

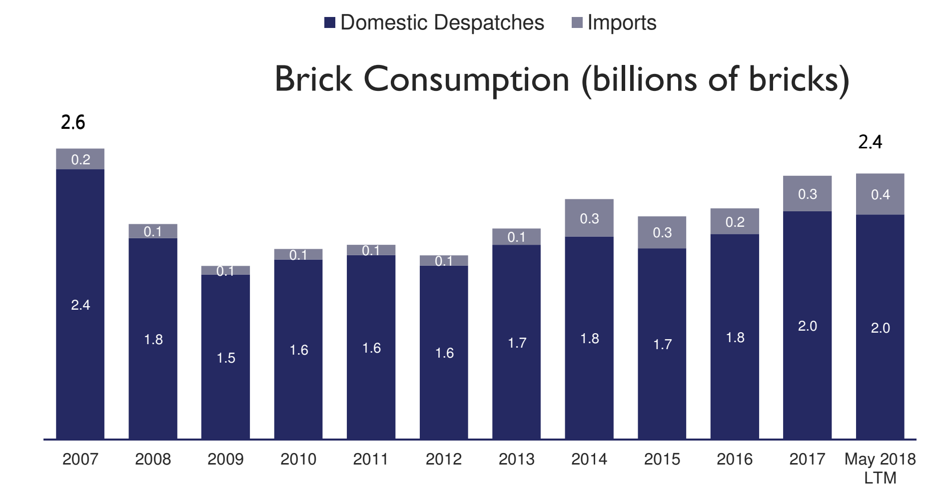
Surplus property assets no longer in use or required for the future operation of Group businesses	Bristol quarry sold for £9.3m June 2018 generating pre tax profit of c£6m	Additional c£15m of sales anticipated by the end of 2019. Precise timing conditional in some instances on planning permissions	Additional profit on disposals of c£14m expected to be realised by the end of 2019

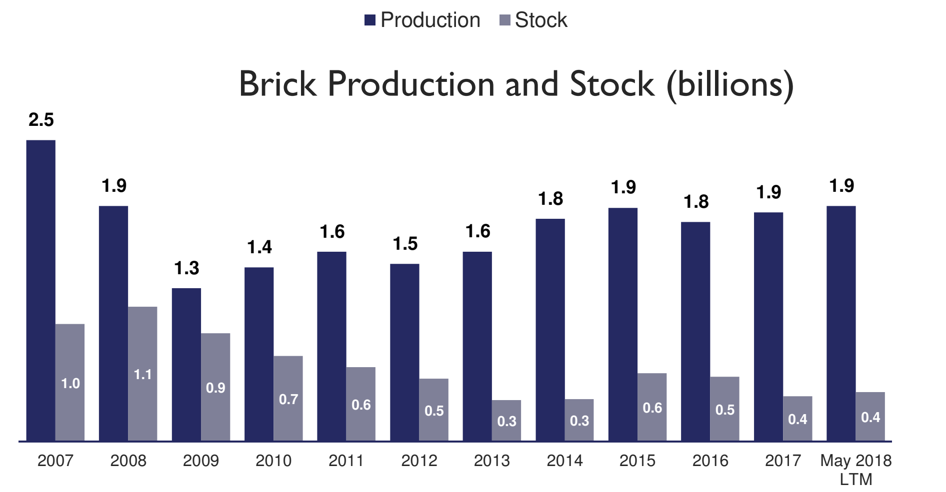
AGENDA

- Highlights & Overview — Joe Hudson
- Financial review — Kevin Sims
- **Operating review — Joe Hudson**
- Summary — Joe Hudson
- Q&A

MARKET BACKDROP REMAINS FAVOURABLE

GB Brick Market





Continued strong demand for bricks from housing

Imports continue to fill the gap between GB supply and demand

Domestic despatches restrained by availability with imports close to record levels

All GB industry manufacturing sites now in production

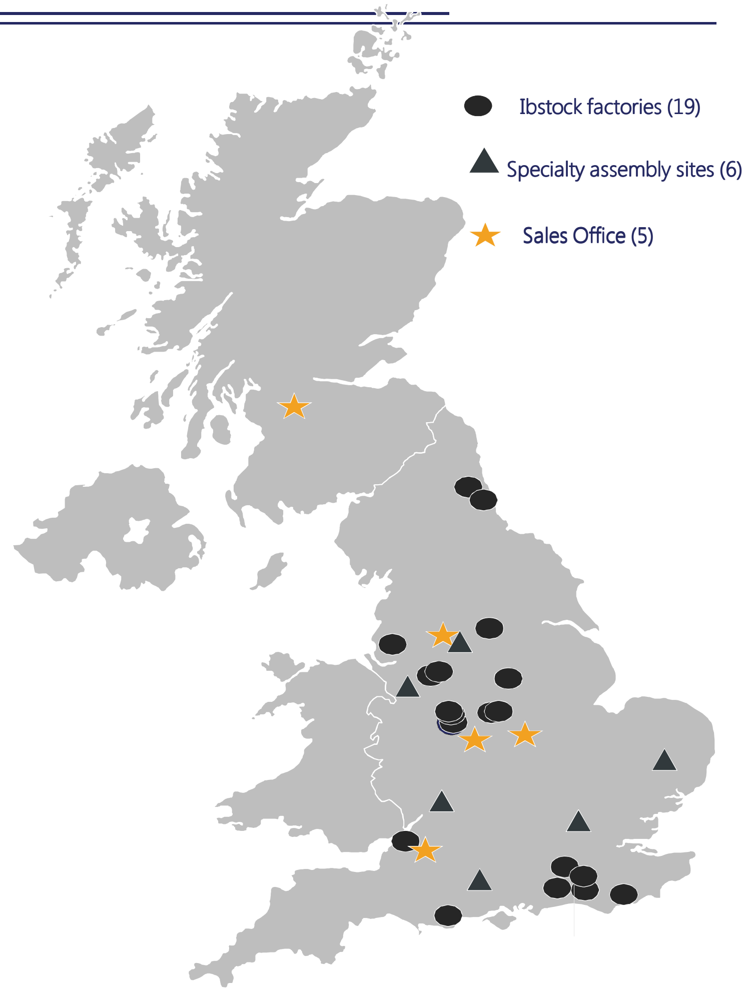
Industry stocks are at low levels with limited scope for further destocking

Existing manufacturing capacity remains below consumption

Sources:- Imports – Extracted from HMRC data, Domestic despatches, production and stocks – BIS
MAT – Moving Annual Total

IBSTOCK BRICK'S MANUFACTURING FOOTPRINT

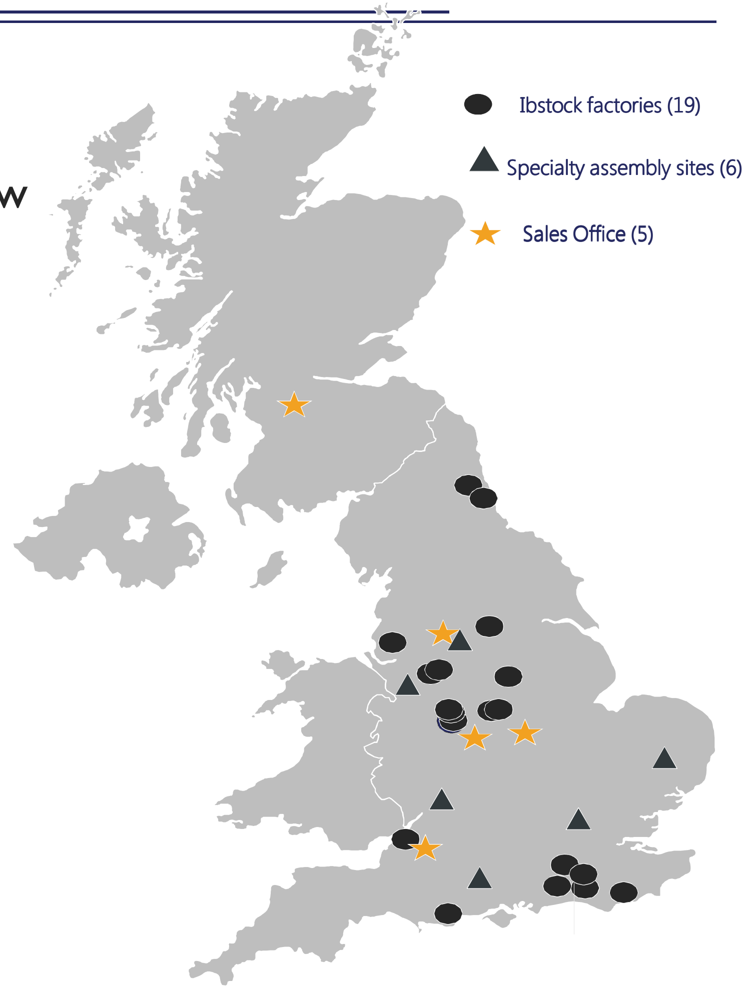
- 19 manufacturing locations supplying the broadest range of products across GB
- Manufacturing footprint underpins No. 1 position and leading margins
- Balanced wirecut / soft mud production capacity
- Industry-leading clay reserves
- Product and channel range a key differentiator proven through the cycle



IBSTOCK PLC

ACTION TO SUSTAIN MANUFACTURING CAPABILITY

- Factories have been operating at high utilisation rates and a review has identified measures required to sustain quality and range of products
- Short term increase in maintenance spend and more planned down time to sustain manufacturing capability
- Announced reduction in EBITDA expectations in 2018 split c.2/3rds from output reductions and c.1/3rds from increased maintenance spend
- The reductions in expected EBITDA are **temporary** and not a permanent reduction in the underlying profit potential of the business



IBSTOCK PLC

BUILDING ON STRONG FOUNDATIONS

Market and Innovation

- Commercial excellence
- Supply chain efficiency and route to market
- Innovation and product development

Organisational capability

- Organisational effectiveness and talent
- Manufacturing performance
  - Measures already announced

Strategic

- Review of US business
- Organic investments
- M&A in existing geographies

- Enhancements to existing model to drive performance of core business

- Optimising people and culture for future business requirement

- Building on our strong track record of brick plant investment and recent concrete investments

Evolution not revolution - further update March 2019

AGENDA

Highlights & Overview
Joe Hudson

Financial review
Kevin Sims

Operating review
Joe Hudson

Summary
Joe Hudson

Q&A




IBSTOCK PLC

SUMMARY

Long term **fundamentals supporting UK new build housing** remain unchanged

Good UK activity levels anticipated with **benefits of new Leicester factory** in H2 performance

Group remains strongly **cash generative** and is evaluating **opportunities for further organic investments**

Continue to appraise **opportunities for value creating acquisitive investments** as they arise

US Clay expected to be stable against backdrop of market conditions that show early signs of recovery

Strong H2 cash generation reflecting limited major capital project spend and surplus property disposals

Performance in UK H2 will reflect a **refresh of brick factories** and resulting **short term cost increases**

FY 2018 **adjusted EBITDA expectations £121m to £125m**

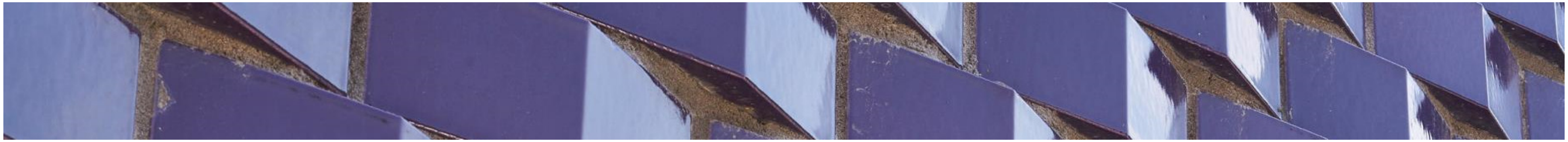
AGENDA

Highlights & Overview	Financial review	Operating review	Summary	Q&A
Joe Hudson	Kevin Sims	Joe Hudson	Joe Hudson	

APPENDIX | ADDITIONAL FINANCIAL INFORMATION

OPERATING SEGMENT REVIEW - UK

	1H 2018	1H 2017	% Growth
Revenue	£192m	£186m	4%
Adjusted EBITDA	£58m	£57m	2%
Adjusted EBITDA margin	30.1%	30.6%	



Clay brick performance

New factory commissioning in line with expectations

Mid single digit price increases across channels

Gas costs increased by **mid teens %**

Slower RMI sector has constrained **concrete products**

Overall UK **margins broadly maintained**

OPERATING SEGMENT REVIEW - US

	1H 2018	1H 2017	% Growth ($)
Revenue	**$53m** (£38m)	**$53m** (£42m)	**(1%)**
Adjusted EBITDA	**$5m** (£4m)	**$6m** (£5m)	**(20%)**
Adjusted EBITDA margin	**9.3%**	**11.5%**	

Low single digit volume decline against a strong comparator from 2017

Inflationary price increases achieved on average across product ranges

Energy costs broadly flat in comparison to 2017 H1

- Maintaining share
- Outlook for higher value products improving

- Order book and current order intake ahead of June 2017
- Anticipate improved second half performance in comparison to 2017

INCOME STATEMENT SIX MONTHS ENDED 30 JUNE 2018

Income statement	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m
Revenue	**230**	**228**
Operating profit pre-exceptional	44	47
Add exceptional items[1]	8	2
Operating profit	**52**	**49**
Net finance costs[2]	(1)	(10)
Adjusted Profit before tax	**51**	**39**
Adjusted Taxation	(9)	(8)
Adjusted profit after tax	**42**	**31**

(1) Main exceptional items represents provision release (2017 & 2018) and profit on disposal (2018 only)
(2) Includes exceptional finance costs of £6 million associated with refinancing (2017 only)

ADJUSTED EBITDA RECONCILIATION

Income statement		
	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m
Adjusted EBITDA	**58**	**60**
Add exceptional income[1]	8	2
Less depreciation & amortisation	(14)	(13)
Operating profit per statutory FS	**52**	**49**
Less interest expense[2]	(1)	(10)
Less taxation	(9)	(8)
Profit after tax per statutory FS	**42**	**31**

(1) Main operating exceptional items represent non-cash credits - provision release (2017 & 2018), profit on disposal (2018 only)
(2) Interest expense in 2017 impacted by non-cash exceptional interest arising upon the Group's refinancing in 1Q 2017

BALANCE SHEET AS AT 30 JUNE 2018

Balance Sheet			
	30 June 2018 £m	30 June 2017 £m	31 Dec 2017 £m
Assets			
PP&E	407	393	400
Intangible	113	120	116
Non-current assets	**520**	**513**	**516**
Inventories	101	90	91
Trade receivables	90	77	53
Other	2	4	6
Current assets	**195**	**171**	**150**
Total assets	**713**	**684**	**666**
Payables	(95)	(83)	(85)
Other liabilities excl debt & pension	(87)	(79)	(81)
Net assets	**531**	**522**	**500**
Net debt	(136)	(160)	(117)

FINANCIAL MANAGEMENT

Debt

£250m Revolving Credit Facility refinanced March 2017 (5 year term)	RCF facility blended interest rate **125bps at <1.25x**	No fixed debt repayments and includes **accordion facility of £50m**	**Comfortably within covenants** (interest cover 4.0x and debt leverage 3.0x EBITDA)	Significant **capacity** to **fund organic investments and selective M&A**

Pension scheme

UK scheme IAS 19R **surplus** of **£71m** compared to £46m surplus at Dec 2017	Gross liabilities of **£536m** compared to £649m at Dec 2017	Scheme **closed to future accrual** from **1st February 2017**	**Deficit recovery plan** continues (£7m p.a.)	Triennial valuation at **November 2017 approaching completion**

IBSTOCK PLC

IBSTOCK PLC

INTRODUCTION TO THE GROUP

KEY INVESTMENT HIGHLIGHTS

IBSTOCK PLC

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

A LEADING PROVIDER OF CLAY AND CONCRETE BUILDING PRODUCTS

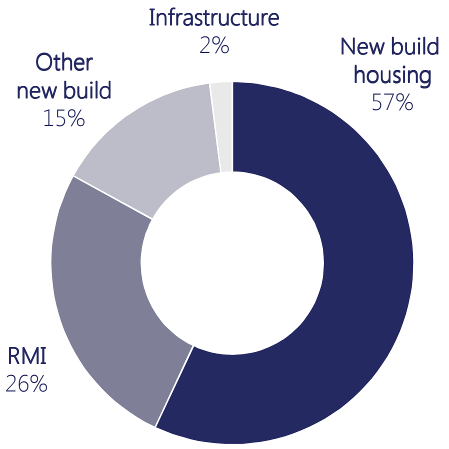
	UK			US
	IBSTOCK BRICK	SUPREME	Forticrete	Glen-Gery
Revenue (% of Group)	**HY18 - £142m (62%)** **FY17 - £265m (58%)**	**HY18 – £27m (12%)** **FY17 - £54m (12%)**	**HY18 - £22m (10%)** **FY17 - £44m (10%)**	**HY18 - £38m (17%)** **FY17 - £89m (20%)**
Market position[1]	UK #1 in clay bricks	UK #1 in fencing and lintels	Market leader in cast stone and innovative roof tiles	A leading clay brick manufacturer in Northeast and Midwest

Note
(1) Market positions based on Company estimates of 2016 capacity, other than Forticrete's cast stone market share, which is based on FY15 revenue and Glen-Gery's market share which is based on Company estimates of 2016 shipments

A LEADING PROVIDER OF CLAY AND CONCRETE BUILDING PRODUCTS

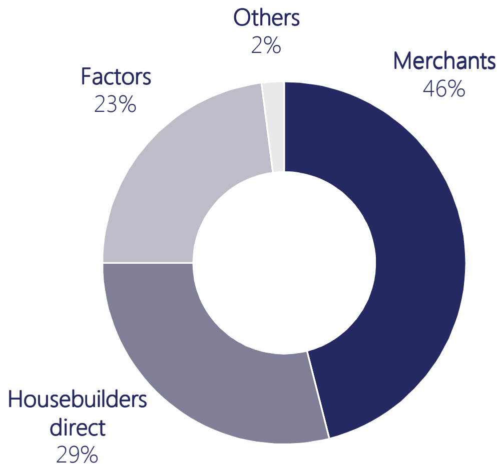
End market

Group revenue by end market (FY 17)

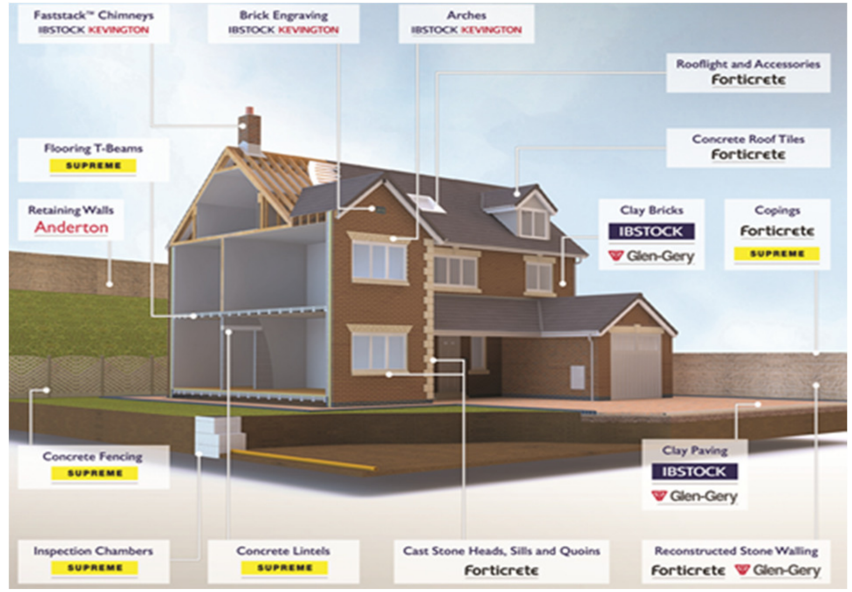


Sales channel

UK (FY 17)[1]



A whole house product range & more



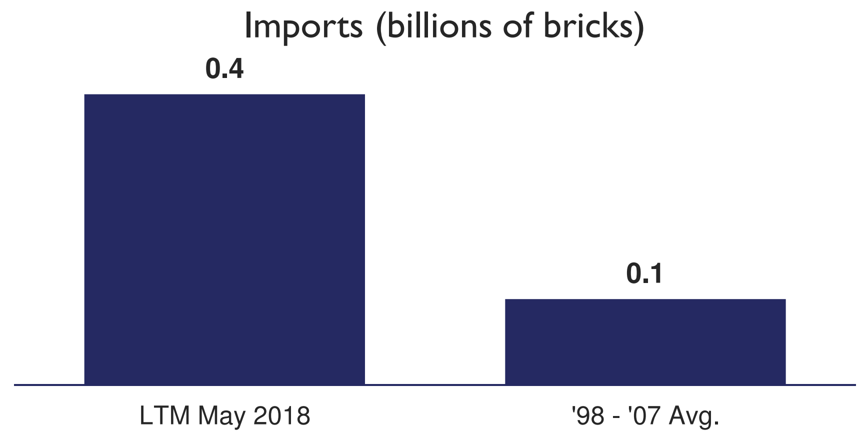
Key supplier to the housing sector	Complementary product offerings	Cross-selling opportunities	Innovative solutions	Opportunity to add new product sectors	RMI exposure provides cyclical resilience

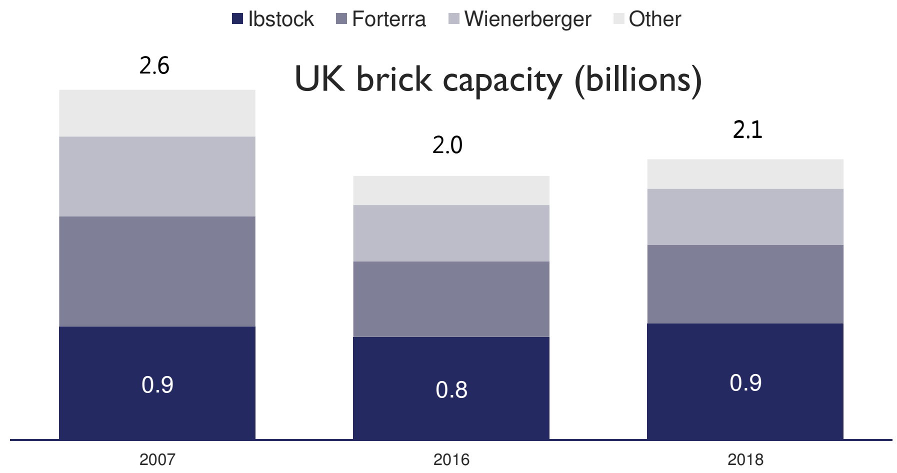
Note

(1) The sales channel reflected in the pie chart does not always reflect the individuals and organisation that are making the actual 'buying' decision for products. In many cases, the preference of the end customers or their specifier dictates the use of a product rather than the intermediary that actually transacts to purchase products

WELL POSITIONED IN STRUCTURALLY ATTRACTIVE MARKETS

UK Brick Market





Import volumes close to record levels from June 2015

Imports have higher transport costs and are exposed to forex movements

Availability is partly a function of domestic demand levels in Benelux

Permanent reduction in capacity post 2008 financial crisis

Major additions to new capacity have long lead times

Existing capacity below potential scale of the market if housebuilding volumes continue to increase

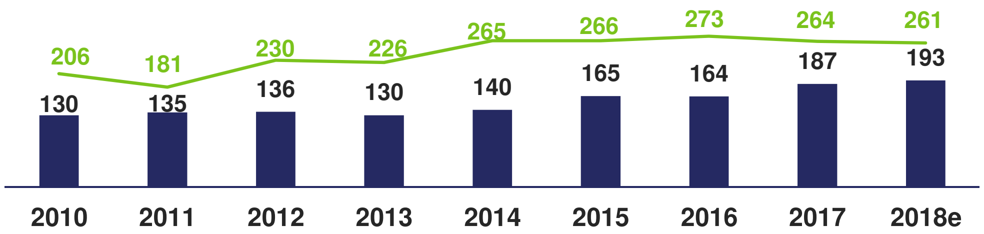
Sources:- Imports – Govt statistics, Capacity – Company estimates
MAT – Moving Annual Total

IBSTOCK PLC

UK FUNDAMENTALS REMAIN IN PLACE

UK Housing Dynamics

Strong demand for new housing



Continued shortage of new housing from long term underbuilding

Mortgage availability remains good

Government committed to **increasing housing supply**

Supportive Government policies (particularly Help to Buy) remain in place

Increasing New Build housing volumes a priority for both the major UK political parties

Conservative Party key commitments in Government

- **Help to Buy in place at least until 2021**
- **A million new homes targeted to be built 2015 – 2020**
- **Net homes additions targeted at 300k p.a. by mid 2020's**

Labour Party June 2017 Manifesto key commitments

- **Help to Buy in place until 2027**
- **A million new homes in the next Parliament**
- **By 2023 building 100k affordable publicly owned homes p.a.**

Sources :- GB Household formations – UK Govt: Housing Completions – Construction Products Association

IBSTOCK PLC

CAPITAL ALLOCATION

Prioritisation

- **Organic** growth, maintenance and improvement **capital expenditure**
- **Ordinary dividends** pay out ratio of 40% - 50% of adjusted profit [1]
- **Selective M&A** when opportune
- **Supplementary dividends** when appropriate on a discretionary basis

Supplementary Dividend policy

Maintain a capital structure that is conservative yet efficient in terms of providing long-term returns to shareholders

Net debt to EBITDA ratio range of 0.5x to 1.5x through the cycle

Expected that proposed supplementary dividends will be:

- Paid alongside interim
- Similar pence per share to the prior year final dividend

Note (1) Interim ordinary dividend equal to 1/3 of the prior year full dividend