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Ibstock Plc

Trading Update

Resilient Q3 performance; expectations for FY23 unchanged

Ibstock Plc ('Ibstock' or the 'Group'), a leading UK manufacturer of a diverse range of building products and solutions, announces a trading update for the third quarter of its financial year ending 31 December 2023 ("the Period").

Trading update

The Group delivered a resilient performance in the third quarter, reflecting our continued focus on customer service and execution, coupled with the disciplined management of capacity and costs.

Market demand in the period was more subdued than expected. As a result, and in line with the wider UK brick industry, sales volumes in the third quarter were below those achieved during the second quarter of the year. Despite these weaker volumes, effective cost reduction action combined with stable pricing resulted in margins for the quarter remaining robust.

The Board anticipates that the benefits of its actions will continue to mitigate demand weakness in the final quarter and, consequently, its underlying profit expectations for the 2023 financial year are unchanged.

Given the ongoing challenging market conditions, we will continue to actively manage capacity and costs. In doing so, we will ensure that our capacity is aligned to market demand, whilst ensuring we are well positioned to respond when activity levels recover.

The strength of our balance sheet continues to provide both resilience in more subdued conditions and strategic optionality for the future. This is reflected in our ongoing commitment to capability and growth investment, with key projects progressing well. We continue to expect our new Atlas factory to commission from the end of 2023, and to bring to market the UK's first certified carbon-neutral brick in 2024.

Residential construction markets are expected to remain subdued in the near term. Notwithstanding this more cautious outlook we remain confident in our ability to continue to respond appropriately to market conditions. Furthermore, we will continue to progress the strategic initiatives that will underpin growth over the medium term.

Joe Hudson, Chief Executive Officer, commented:

"The Group delivered a resilient performance in the third quarter despite a very challenging market backdrop. I am proud of the way that everyone at Ibstock has remained focused on the delivery of a strong operational performance while also ensuring that the Group made continued strategic progress.

“As macroeconomic conditions stabilise, we expect a recovery in market activity, reflecting the significant underlying demand for new build housing in the UK. Whilst we are taking a cautious view around the pace and timing of this recovery, we remain confident in our ability to continue to respond to market conditions, taking the action necessary to protect performance, while ensuring the business remains well-positioned for an increase in activity.”

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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 15 manufacturing sites, Ibstock Clay has the largest brick production capacity in the UK. It operates a network of 18 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and prefabricated component building solutions, operating from 6 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 14 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 36 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.

The person responsible for making this announcement is Becky Parker, Group Company Secretary.