Interim results
4 August 2021

Ibstock plc

Interim Results for the six months ended 30 June 2021

Strong H1 trading performance with clear focus on growth opportunities

Ibstock plc ("Ibstock" or the "Group"), a leading UK manufacturer of clay bricks and concrete products, announces its results for the six months ended 30 June 2021.

Statutory results

Six months ended 30 June	2021	2020	2019	∆ 1Y	∆ 2Y
Revenue	£202m	£131m	£203m	+54%	(1%)
Profit / (loss) before taxation	£39m	(£52m)	£41m	+£91m	(£2m)
EPS	2.7p	(12.1p)	8.1p	+14.8p	(5.4)p
Interim dividend per share	2.5p	Nil	3.2p		

Adjusted results[1]

Six months ended 30 June	2021	2020	2019	∆ 1Y	∆ 2Y
Adjusted EBITDA	£55m	£10m	£59m	+>100%	(7%)
Adjusted EPS	7.9p	(0.9p)	9.0p	+8.8p	(1.1)p
Adjusted free cashflow	£23m	(£15m)	£9m	+£38m	+£14m
Net debt	£53m	£103m	£62m	(£49m)	(£9m)

In order to provide a more relevant performance commentary, comparison in this statement has been made to the corresponding 6 month periods in both 2020 and 2019, the latter considered to represent a more meaningful pre-COVID baseline for performance comparisons. Longley Concrete is included in 2021 and 2020 results but not 2019 as acquired in H2 2019.

All numbers from continuing operations

Operational Highlights

- Strong operating performance with Group revenue approaching 2019 levels and divisional margins back to 2019 levels on a like-for-like basis[1], benefiting from 2020 restructuring actions and good overall cost management
- Market fundamentals remain sound, underpinned by robust UK housing demand and good mortgage availability
- Strong demand from RMI markets with UK consumers continuing to prioritise spending on the home
- Impacts from tighter supply chain conditions have been well managed, with inflation, mainly within the Concrete Division, being passed through
- Initiatives to drive innovation, efficiency and sustainability are accelerating the momentum of the business

Financial Highlights

- Strong trading performance with Group revenue for the six months to 30 June 2021 of £202 million up by 54% (2020: £131 million, 2019 £203 million). On a like-for-like basis[1], revenues were around 94% of 2019 levels
- Group adjusted EBITDA[1] of £55 million materially above £10 million in H1 2020 reflecting robust recovery, and within 7% of H1 2019 adjusted EBITDA[1] of £59 million
- Clay division revenues of £138m representing 92% of 2019, with sales volumes ahead of expectations and adjusted EBITDA[1] margin of 34%, in line with HY 2019

- Concrete division revenues of £64m were 22% above 2019, or in line on a like-for-like basis[1] with like-for-like adjusted EBITDA margin of 20.6%, marginally ahead of HY 2019
- Statutory profit before tax of £39 million (2020: loss of £52 million) reflects strong recovery from COVID-impacted period in 2020 and reduced exceptional costs[1] with a net exceptional gain of £5 million (2020: exceptional cost of £35 million), and within 5% of H1 2019 profit before tax of £41 million
- Expected cost savings of £10 million captured in full during the period (being half of our annualised target of £20 million from FY20 restructuring), with good fixed cost discipline across the business
- Strong free cash flow and robust balance sheet with 0.6x net debt to adjusted EBITDA leverage ratio[1] at period end, down from 1.5x at 2020 year-end, and 1.6x at H1 2020 period end
- Interim dividend of 2.5p per share (2020: nil) reflecting strong performance and confidence in longer-term outlook

Current Trading and Outlook

- Demand in the initial weeks of the second half has remained robust, although supply chain challenges, principally relating to freight availability and the impact of COVID constraints on factory labour, have become more evident
- Commissioning of capital enhancements underway to bring clay network to around 95% of 2019 volume levels from the middle of 2022
- Releasing updated ESG targets in H2 2021, including more ambitious targets for carbon reduction
- Board now expects adjusted EBITDA[1] for the 2021 year to be modestly ahead of its previous expectations[2]

Joe Hudson, Chief Executive Officer of Ibstock plc, commented:

"We delivered a strong performance for the first half, supported by the UK construction sector's continued recovery from the period of peak pandemic impact. Underlying market fundamentals remained robust, backed by demand for new housing, and we have captured the benefits of last year's restructuring and re-focused on growth opportunities.

"The £60 million investment in the redevelopment of our clay brick facilities in the West Midlands will expand our capacity significantly from early 2024, consolidating our leadership position in the clay brick market. It will also demonstrate our commitment to leading our industry on sustainability issues, producing the UK's first net-zero carbon bricks, an innovation that is already generating significant customer interest.

"We are carrying good momentum into the second half and now expect adjusted EBITDA[1] for the year to be modestly ahead of previous expectations[2], although we are mindful of continuing risks to the UK's economic recovery, and the potential short-term impact of supply chain disruption and inflation on our sector. Ibstock has a range of growth initiatives in development, focused on the core business and the key industry trends of sustainability and the industrialisation of construction processes. We are excited about the potential in this pipeline and believe we are well placed to deliver attractive growth and shareholder returns into the future."

[1]Alternative Performance Measures are described in Note 3 to the results announcement.

2 In March 2021 Full Year results Announcement, the Board indicated it was comfortable with market consensus expectations for 2021 adjusted EBITDA at that time of around £93 million

Results presentation

Ibstock is hosting an audio webcast for investors and analysts at 10.00am UK time today.

To register for the webcast, please see: https://brrmedia.news/IBST_HY21

The presentation can also be heard via a conference call, where there will be the opportunity to ask questions.

Conference Call Dial-In Details:	+44 (0)330 336 9125
Confirmation code:	7416159

An archived version of today's webcast analyst presentation will be available on http://www.ibstockplc.co.uk later today.

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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 substitutes 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.

Chief Executive's Review

Introduction

I am pleased to report a strong performance for the first half of the year. The steady and sustained recovery evident in the second half of 2020 continued as the UK construction sector rebuilds from the period of peak COVID-19 impact in Q2 2020. It was also another period of strategic progress for Ibstock as we consolidated the benefits of last year's restructuring and re-focused on organic growth opportunities. Underlying market fundamentals remained robust, supported by strong household balance sheets, low interest rates and the Government's policies.

The steps taken in 2020 to reshape the business, which were accelerated by our response to COVID-19, have ensured Ibstock has an efficient, well maintained asset base and we delivered a material reduction in fixed costs. Our manufacturing footprint is now leaner and more flexible, better able to meet changing demand patterns as we move forwards.

The sustained improvement in trading conditions in the period allowed us to re-focus on the initiatives which will support our longer-term growth. In April 2021, we announced a £60 million investment to redevelop our wire-cut clay brick facilities in the West Midlands, including the replacement of the existing mothballed Atlas plant with a new state-of-the-art factory, which will manufacture the UK's first net-zero carbon bricks. The development is on track, with the planning process now underway, and initial feedback from customers on the future availability of net-zero bricks has been very positive. The Atlas factory is expected to begin commissioning in the second half of 2023.

Our programme of investment in our existing facilities to upgrade their capabilities, improving efficiency and reliability, has continued. Whilst the timing of commissioning has been impacted by COVID-19, we expect all projects to be fully commissioned from early 2022, adding around 5% in network capacity relative to current levels.

Ibstock has a range of additional growth initiatives in its development pipeline, focused on the key industry trends of sustainability and the industrialisation of construction processes. Our strong financial position, which will be supported by significant ongoing cash generation, provides us with a platform to accelerate progress on these objectives and we are well advanced in mapping out near and longer-term investment plans. We are excited about the potential in this pipeline and we are well-placed to deliver attractive growth and shareholder returns into the future.

We continue to concentrate on the three pillars of our operational strategy: Sustain, Innovate and Grow. During the period, we made particular progress in the areas of new product development and sustainability, building on the momentum established over the three preceding years. Further detail on these initiatives is provided below.

Financial Performance

The results for the period reflect a robust recovery on 2020, with first half revenues increasing significantly as trading conditions improved, following the material impact of COVID-19 in the prior year period when many of our customers temporarily curtailed their operations. Activity in the first half was characterised by a sustained recovery in demand with Group revenues on a like-for-like[1] basis (removing the impact of Longley) modestly below 2019 levels.

Group revenue for the six months to 30 June 2021 of £202 million was up by 54% (2020: £131 million, 2019 £203 million). On a like-for-like basis[1], 2021 revenues were around 94% of 2019 levels, with concrete like-for-like revenues[1] back in line with 2019, and clay revenues some 8% below 2019, with lower sales volumes offset by a modest benefit from price.

We delivered a strong operational performance, with costs and productivity well managed against a backdrop of increasing strain in the wider industry supply chain over the course of the period.

The results for the first half reflect the benefit of the restructuring actions taken in 2020, with good fixed cost discipline maintained across the business ensuring that the expected cost savings were captured in full. We anticipate a proportion of these savings will be added back over the next 12 months to support volume growth as the Group continues to recover from the lower demand levels experienced during 2020, and that residual savings will support margin accretion, relative to 2019 levels, over the medium term.

In areas of our cost base, we have seen material inflationary pressures, which intensified during the latter part of the period, and were felt particularly on the concrete side of our business. Despite these pressures, our cost and efficiency focus, alongside an appropriate commercial response, enabled us to deliver underlying margins in both divisions that were back in line with 2019 levels. Whilst we expect supply chain conditions to normalise over time, we remain mindful of the risks in the near-term.

Adjusted EBITDA[1] of £55 million was materially above the £10 million recorded for H1 2020 and within 7% of 2019 adjusted EBITDA[1] of £59 million. The overall Group adjusted EBITDA[1] margin of 27% increased from 23% in H2 2020, driven by the volume recovery and fixed cost savings. Group margins of 27% were modestly behind H1 2019 levels of 29% due principally to divisional mix, as Concrete as a proportion of the Group has increased; on a like for like basis, adjusted EBITDA margins[1] in each division were back in line with 2019 levels.

The statutory profit before tax for the year was £39 million (2020: loss of £52 million, 2019: £41 million) reflecting the market recovery and an exceptional gain of £5 million (2020: £35 million exceptional cost, principally related to COVID-19 and the restructuring of the business). Exceptional items in H1 21 included an exceptional gain[1] of £2 million from the disposal of land, a credit of £5 million following the reversal of the previously recognised impairment of the Atlas site, and exceptional costs of £2 million associated principally with the closure of sites announced in 2020.

Once again, Ibstock delivered an excellent cash performance, with net debt reducing by £16 million over the prior yearend to £53 million at period end (December 2020: £69 million), representing a net debt to adjusted EBITDA ratio[1] of 0.6 times (Year end 2020: 1.5 times), excluding the impact of IFRS 16. The Group continued to manage fixed and working capital effectively throughout the first half, with finished goods inventories broadly in line with 2020 year-end (and at the lower end of the historical range), and capital expenditure of £10 million (2020: £15 million). Inventory levels were around 6% below the level at 30 June 2020.

Dividend

The Board has decided to pay an interim dividend of 2.5 pence (2020: nil; 2019: 3.2 pence), reflecting the performance and cash generation of the business in the half, and the Board's confidence in the longer term outlook for the Group.

Divisional Review

The table below sets out segmental sales and adjusted EBITDA[1] and margins for the six-month period:

	Clay	Concrete	Central costs	Total
	£'m	£'m	£'m	£'m
Six-month period ended 30 June 2021				
Total revenue	**138.3**	**63.8**	**-**	**202.0**
Adjusted EBITDA[1]	**47.2**	**11.8**	**(4.2)**	**54.8**
Margin	**34.1%**	**18.5%**		**27.1%**

Six-month period ended 30 June 2020				
Total revenue	**86.5**	**44.5**	**-**	**131.0**
Adjusted EBITDA[1]	**7.6**	**5.5**	**(3.6)**	**9.5**
Margin	**8.7%**	**12.5%**		**7.3%**

Six-month period ended 30 June 2019				
Total revenue	**150.9**	**52.4**	**-**	**203.3**
Adjusted EBITDA[1]	**51.2**	**10.5**	**(2.7)**	**59.0**
Margin	**33.9%**	**20.0%**		**29.0%**

Ibstock Clay

Our Clay business continued its recovery in the period, building on the momentum of the second half of 2020. Sales volumes in the first half were ahead of our expectations at the beginning of the year, supported by robust demand from both our new build housing and RMI market customers. We now expect market demand to be sustained at these levels over the second half of the year, notwithstanding the near-term supply chain risks of input cost and availability.

Productivity and cost were well managed during the period, with the active network running at high levels of utilisation and first half fixed cost savings captured in full.

Domestic industry production for the first five months of 2021 totalled around 780 million bricks, being around 90% of 2019 levels, and imported brick volumes reduced to around 17% of total market volumes supplied, down slightly from around 19% in the corresponding period of 2019.

Divisional revenue was £138 million in the first half of 2021, 60% higher year on year (2020: £87 million) and c.92% of the revenue reported for the first half of 2019. Adjusted EBITDA[1] at £47 million in 2021, materially higher year on year (2020: £8 million) and within 8% of the £51 million reported for 2019, reflecting the substantial recovery in sales volumes and the benefit of cost reduction actions.

Clay adjusted EBITDA[1] margins were 34%, back in line with H1 2019 (2019: 34%), with good fixed cost and margin/mix management offsetting the reduction in volumes.

Ibstock Concrete

The Concrete Division delivered a robust performance in the first half as it continued to benefit from its significant exposure to a broad range of RMI markets and resilient demand for its roofing, flooring and infrastructure products.

Divisional revenue in the period was £64 million, significantly ahead of 2020 (2020: £45 million) and representing 122% of 2019, or in line on a like-for-like basis[1], adjusting for the acquisition of Longley Concrete in July 2019 (which delivered EBITDA of around £1 million on sales of £11 million in H1 2021). On a like-for-like basis, sales volumes of manufactured products were modestly below 2019 levels (in line with the expectations set at the beginning of the year), with a slight increase in the volume of purchased product sales. Adjusted EBITDA[1] of £12 million was double the level achieved in the prior year (2020: £6 million) principally reflecting the higher sales volumes in the first half. Adjusted EBITDA[1] in the period was £1.3 million ahead of 2019, reflecting both the Longley acquisition and a small increase in adjusted EBITDA margins[1] on a like-for-like basis as selling prices delivered modest unit margin growth.

Adjusted EBITDA margins[1] of 18.5% were around 150 bps below the 2019 level, but materially above 2020, which was heavily impacted by COVID-19. Excluding Longley Concrete, on a like-for-like basis, adjusted EBITDA margins[1] of around 20.6% were marginally ahead of 2019, as inflationary impacts in certain cost categories were more than offset by cost saving initiatives and good commercial execution.

Manufacturing footprint & fixed cost base

Ibstock Clay
In response to the sharp contraction in economic activity experienced during 2020, the Group took a number of actions to scale network capacity to the near-term demand outlook, which was around 85% of 2019 volume levels, during the second half of 2020. These actions enabled the Group as a whole to remove around £20 million of annualised fixed costs from the business. During the first half of the 2021 year, the clay division was successful in achieving its expected cost savings, enabling the delivery of a 34% adjusted EBITDA margin[1], in line with 2019.

As volumes have recovered, we have taken steps to bring capacity back on line, with network outputs running at around 90% of 2019 volume levels by June 2021. We are currently commissioning our enhancement project at the Leicester Soft Mud 2 factory and, over the next 9-12 months will commission our other enhancement projects at Ellistown and Laybrook factories. Together, these will add around a further 5% of network capacity, meaning that we expect to have around 95% of 2019 volume levels available from the middle of 2022.

Looking further ahead, with the market outlook now clearer, the Group has refocused on growth, and the redevelopment of our wire cut brick facilities in the West Midlands will deliver a significant capacity expansion when they come on stream from early 2024.

Ibstock Concrete
The restructuring actions undertaken in the Concrete division during 2020 centred on rationalising the manufacturing footprint, and centralising and streamlining the support functions. Given its significant exposure to RMI markets, the division has benefited from a recovery back broadly to 2019 levels, with network utilisation returning to levels close to those prior to the pandemic.

During the first half of 2021, we were successful in achieving the targeted cost savings in full, underpinning the delivery of like-for-like adjusted EBITDA margins[1] of just over 20%, marginally ahead of 2019.

We see opportunities to deploy capital within the existing concrete and modular business to realise further capacity in the network delivering faster payback at similar return levels to the existing business.

A clear, long-term investment case

Our business, which comprises our market-leading UK clay brick business and a growing presence in attractive concrete and modular product markets, delivers structurally high margins and strong free cash flows. We benefit from a significant and diversified asset base, and an attractive range of future growth opportunities.

In developing and extending our business, we are focused on the two key trends that we believe will transform our industry over the long-term: firstly, an increasing focus on the social and environmental impacts of all construction activity; and secondly, a new wave of industrialisation redefining the way that residential buildings are constructed.

Our strategy has three operational pillars: Sustain, Innovate and Grow. We have delivered another period of strong progress against this strategy and have a clear view of our priorities in the years ahead. These are detailed further below.

Strategic Initiatives

Sustain
As a scale industrial business, sustainable high performance is at the heart of what we do. We are focused on three priorities:

- Health and safety
- Operational excellence
- Sustainability and our social impact

Health and safety
The Group continued to make significant progress towards the targets of its health and safety roadmap during the period, with data for the first half of 2021 showing a 15% reduction in the Lost Time Incident Frequency Rate compared to the baseline 2016 year.

Work is continuing on the implementation of a new health and safety management system over the next 12 months, to drive enterprise-wide standards and promote more effective sharing of best practice.

Operational excellence
During 2021, we are focused on several transformation projects, which are already delivering enhancements to the management of our clay quarries and improving materials management across our factory networks. We are also investing further in developing our talent and leadership programmes, to ensure that we can attract, retain and develop our leaders of tomorrow.

Sustainability and our social impact
Our ambition is to be the most sustainable manufacturer of clay and concrete products in the UK, and we have continued to make strong progress across all areas of Environmental, Social and Governance (ESG).

Ibstock has invested in its network over a sustained period to ensure that we lead the way in environmental performance. Over the last ten years, investments in new capacity at our Chesterton, Eclipse and Lodge Lane plants have all reduced the carbon footprint of our manufacturing processes. Continued sustaining investments in our network, such as the kiln investment being commissioned at our Laybrook plant in the South East of England, will enable us to achieve further significant progress towards our environmental targets.

Our plans for the redevelopment of our wirecut brick facilities in the West Midlands will see our Atlas factory become what we believe will be the UK's only Scope 1 & 2 Net Zero brick factory. The combination of reduced process emissions and greater thermal efficiency will cut the carbon intensity of bricks produced at the Atlas site by 50% compared to the existing factory. The remaining emissions will be offset using high-quality emission reduction projects.

Other notable areas of progress during the first half of 2021 included: the procurement of 100% of the Group's electricity from renewable sources; and, as part of our commitment to building sustainable UK supply chains, over 80% of procurement spend in the period met the criteria of Ibstock's Sustainable Supplier Code, up from 54% in the previous year.

Our sustainability roadmap, first published back in 2018, has provided the right framework to drive progress in the key areas of our ESG agenda. However, as a business, we now need to go further, and faster, in delivering on our sustainability commitments and, to this end, we intend to publish more ambitious ESG targets, including upgraded targets for carbon reduction, during the second half of the year.

Innovate
Innovation is at the heart of our growth plans, and we are committed to the continuing enhancement of our product portfolio and customer proposition to strengthen our market-leading positions. Our initiatives are centred on three specific areas:

- Product innovation
- Customer experience
- Digital transformation

Product innovation
As market leader in clay and concrete building materials, we have the broadest range of products and systems available in the UK, and we continue to invest to enhance our offer.

Our recent investments in our production capabilities and focus on innovation have enabled us to maintain momentum in new product development pipeline. Work in the period included the launch of three new brick types from our Leicester site targeting the specification market and high-end housing developments: Albus, Niveus and Tenebris have been designed to meet the growing demand for white and grey soft mud bricks with hand-creased textures.

This style of brick has been growing in popularity with architects and specifiers over recent years but supply has been limited primarily to products imported from mainland Europe. Utilising Ibstock's state of the art manufacturing capabilities and brickmaking expertise, these three new bricks offer the aesthetic appeal of imported products but are produced in the heart of the UK.

The redevelopment of our Atlas factory will enable the introduction of the first net zero bricks to the UK market from late 2023 and initial feedback from customers on this innovative new product has been very positive.

In the concrete division, we continue to innovate, using novel ingredients to bring exciting new products to market. Within the infrastructure business for example, our ultra-lightweight cable troughing product, which uses polymer technology, is delivering cost and environmental benefits while making handling and installation simpler for our customers.

New product development is a crucial part of our growth plans and, with a pipeline of innovation, we are committed to the continuous enhancement of our product portfolio to underpin our market and margin leadership. In order to accelerate the pace of innovation we expect to increase spending on research and development by around £2 million per annum over the next few years.

Customer experience
With COVID-19 driving a significant switch to remote working, we have modified our marketing approach accordingly to a focus on digital marketing.

Our recent 'Made of' digital campaign targeting architects and specifiers launched in March 2021 and will run for the remainder of the year. 'Made of' has been designed to raise awareness of both Ibstock's leading range of products and systems, and the extensive in-house design and technical expertise we offer which can add significant value to clients early in the specification process.

Digital transformation
The digitisation of our business will be a key strategic enabler over the coming years, improving our efficiency and flexibility, and enabling greater customer collaboration. Initial investment has been focused on improving the efficiency of our operations and using digital tools to reduce friction in the supply chain, whilst promoting stronger partnership with customers.

The roll-out of the new, paperless outbound logistics processes across the Group is progressing, with implementation of digital inventory management processes at pilot sites well advanced, ahead of roll out across the clay plant network thereafter.

Grow

Our growth focus encompasses two distinct components: first, investments to enhance our existing business; and second, investments to accelerate the growth and diversification of our revenue base within the UK building envelope. Applying our clear and consistent investment criteria, we have the ability to drive profitable, sustainable growth over the medium term.

- ***Investments to drive growth in existing business***

We continue to invest in our Clay manufacturing assets in order to modernise our production capability, expand capacity and improve its environmental performance, in line with our strong commitment to sustainability. Our broad, differentiated factory footprint provides us with unique optionality to make targeted organic investments to support growth over the medium term, with the Atlas redevelopment project being the latest example.

- ***Investments to diversify our revenue base***

Alongside investments to grow our existing business, we are committed to investing to broaden and diversify our revenue base, and have a number of attractive opportunities, both organic and inorganic in nature. These opportunities cover the following areas:

Building Envelope, Landscaping and Infrastructure investments

- Traditional Construction Methods
  - Existing Products
  - Adjacent Products that share our routes to market

- Modern Methods of Construction
  - Façade Products
  - Façade Solutions
  - Partnerships within the supply chain to exploit synergistic opportunities

Leveraging our competitive position to drive value through sustainability

- Alternative uses to create further value from existing clay reserves

- Substituting natural gas in brick manufacturing with alternative fuels

The strong recovery in the Group's trading and financial position has enabled us to prioritise focus on these areas, with a number of short and longer-term investment initiatives already identified. The potential range and scale of opportunities available to us in these areas is potentially very significant, and with the financial resources generated from our strong, cash generative base business, we believe the Group has the ability to deliver attractive rates of growth, in excess of historic conventional market rates.

Outlook

Trading in the first half of 2021 was strong, supported by solid market fundamentals, with robust RMI volumes and strong UK housing demand. Against this backdrop, we executed well, with like-for-like adjusted EBITDA[1] margins in both divisions back to 2019 levels.

With a leaner operating platform now in place, we will continue to manage output and cost closely going forwards. Capacity will be increased during the first half of 2022 as we complete commissioning of the three capital enhancement projects that were delayed by COVID, bringing total capacity up to around 95% of 2019 volume levels. Although the decision to redevelop the mothballed Atlas facility will cap network output to marginally below 2019 volume levels in the short-term, medium term capacity is expected to increase above 2019 levels as the new Atlas factory is brought on line from early 2024.

Industry supply chains became more stretched as we progressed through the first half, with supply of materials, labour and freight expected to drive near-term pressure as we move through the balance of the year. Ibstock has managed these impacts well to date, but, whilst we expect supply chain conditions to normalise, we remain mindful of the near-term risks to trading from input cost and availability during the second half.

The Group is carrying good momentum into the second half and the Board now expects adjusted EBITDA[1] for the 2021 year to be modestly ahead of its previous expectations[2].

Ibstock has a range of growth initiatives in development, focused on the core business and the key industry trends of sustainability and the industrialisation of construction processes. We are excited about the potential in this pipeline and believe we are well placed to deliver attractive growth and shareholder returns into the future.

Chief Financial Officer's report

Introduction

The Group delivered a strong trading performance in the first six months of 2021 reflecting robust market demand and good operational execution. Performance benefited from the actions taken during the second half of the 2020 year to restructure our business, and the Group captured in full the cost savings arising from these changes. Like for like revenues[1] were significantly ahead of 2020, and around 94% of 2019 levels. Good cost discipline, despite notable input cost inflation headwinds particularly in the concrete division, ensured that like-for-like adjusted EBITDA margins[1] in both divisions were back in line with 2019 margin percentages.

The Group maintained its focus on strong financial discipline, and strengthened further its balance sheet, with closing net debt[1] of £53.5 million at 30 June resulting in a leverage[1] of 0.6 times (Dec 2020: 1.5 times).

Alternative performance measures

This results statement contains alternative performance measures ("APMs"). A description of each APM is included in Note 3 to the financial statements. The Group uses APMs to aid comparability and further understanding of the financial performance of the Group between periods. The APMs represent measures used by management and the Board to monitor performance against budget. Certain APMs are used in the remuneration of management and Executive Directors. It is not believed that APMs are a substitute for, or superior to, statutory measures.

In order to provide a more relevant performance commentary, comparison in this statement has been made to the corresponding 6 month periods in both 2020 and 2019, the latter considered to represent a more meaningful pre-COVID baseline for performance comparisons.

Group results

The table below sets out segmental sales and adjusted EBITDA[1] and margins for the six-month period:

	Clay	Concrete	Central costs	Total
	£'m	£'m	£'m	£'m
Six-month period ended 30 June 2021				
Total revenue	**138.3**	**63.8**	**-**	**202.0**
Adjusted EBITDA[1]	**47.2**	**11.8**	**(4.2)**	**54.8**
Margin	**34.1%**	**18.5%**		**27.1%**
Six-month period ended 30 June 2020				
Total revenue	**86.5**	**44.5**	**-**	**131.0**
Adjusted EBITDA[1]	**7.6**	**5.5**	**(3.6)**	**9.5**
Margin	**8.7%**	**12.5%**		**7.3%**
Six-month period ended 30 June 2019				
Total revenue	**150.9**	**52.4**	**-**	**203.3**
Adjusted EBITDA[1]	**51.2**	**10.5**	**(2.7)**	**59.0**
Margin	**33.9%**	**20.0%**		**29.0%**

[1] Alternative Performance Measures are described in Note 3 to the results announcement.

Revenue
Group revenue in the six-month period ended 30 June 2021 totalled £202.0 million (2020: £131.0 million, 2019: £203.3 million). The current year period included revenues of £11.3 million from the Longley Concrete business (2020: £6.7 million; 2019: £ nil) which was acquired during the second half of 2019.

The reported increase of 54% from 2020 reflected the steady and sustained recovery in both new build housing and Repairs Maintenance and Improvement (RMI) markets from the very low levels experienced in the second quarter of 2020, which were impacted by customers curtailing their operations in the face of the initial impacts of the pandemic. On a like-for-like basis[1], 2021 revenues were around 94% of 2019 levels.

In our Clay division, revenues of £138.3 million represented 92% of 2019 revenues of £150.9 million, reflecting the continued recovery of market conditions back close to near pre-COVID levels. Sales volumes during the period were ahead of expectations set at the start of the year, and performance against 2019 benefited from a modest increase in price.

In our Concrete division, revenue increased by 43% compared to the comparative period with significant increases in all product categories reflecting the steady and sustained recovery in residential and infrastructure markets. On a like-for-like basis[1], revenues were in line with 2019, with sales volumes of manufactured products modesty below 2019 levels (in line with our expectations set at the start of the year), offset by a benefit from improved pricing.

Adjusted EBITDA

Management measures the Group's operating performance using adjusted EBITDA[1]. For the continuing operations, adjusted EBITDA[1] increased materially to £54.8 million in the six-month period ended 30 June 2021 (2020: £9.5 million, 2019: £59.0 million). The Company recognised a cost of around £1.7 million in the 2021 period within adjusted EBITDA[1] relating to the repayment of amounts received during 2020 under the Government's Coronavirus Job Retention Scheme ("CJRS") in respect of colleagues subsequently made redundant.

Within the Clay division, adjusted EBITDA[1] totalled £47.2 million (2020: £7.6 million; 2019: 51.2 million), representing an EBITDA[1] margin of 34.1% (2020: 8.7%; 2019: 33.9%). The adjusted EBITDA[1] increase over 2020 reflected the significant volume increase and impact of operational gearing, as good fixed cost management ensured margins recovered fully to pre-pandemic levels despite sales volumes remaining slightly below 2019 levels. Divisional adjusted EBITDA[1] performance benefited from a small gain on property disposals (which largely offset the divisional impact of repaying CJRS amounts in the period).

Adjusted EBITDA[1] in our Concrete division increased to £11.8 million (2020: £5.5 million; 2019: £10.5 million), as the division continued to benefit from exposure to a broad range of residential and infrastructure markets and resilient demand from all key market segments. Margins of 18.5% were below 2019 margins of 20.0% on a reported basis, reflecting the acquisition of Longley in H2 2019, which includes a higher proportion of purchased product within its revenue mix. On a like-for-like basis (i.e. excluding Longley), EBITDA margins[1] of 20.6% were modestly above 2019 levels, reflecting stronger pricing and good operational execution in the face of more challenging supply chain conditions, particularly during the latter part of the first half.

Unallocated costs were marginally above 2020 levels at £4.2 million (2020 £3.6 million; 2019 £2.7 million). The increase from prior years reflected higher variable remuneration costs, and lower R&D credits reflecting lower qualifying spend in the current year.

Exceptional items
Based on the application of our accounting policy for exceptional items[1], certain income and expense items have been excluded from adjusted EBITDA[1] to aid shareholders' understanding of the Group's underlying financial performance.

The amounts classified as exceptional[1] in the period totalled a net gain of £5.4 million (2020: charge of £34.8 million), comprising:

1. Exceptional net cash gains of £0.5 million (the majority of which was cash settled in the period):

   a) £2.0 million of exceptional cash profits arising from disposals of land during the 2021 year;

   b) £1.3 million of costs associated with the Group's closure of sites;

   c) £0.2 million of other one-off operating costs arising directly as a result of COVID-19;

2. An exceptional non-cash credit of £4.9 million representing the reversal of the previously recognised impairment of our Atlas site which, as announced in April 2021, is now planned for re-development.

Further details of exceptional items[1] are set out in Note 5 of the financial statements.

As set out in the 2020 Preliminary Results announcement on 10 March 2020, the Group expected to incur additional expenditure of approximately £2m on final closure and decommissioning costs as part of our single coordinated plan for the site closures which was initiated in 2020. We continue to expect to recognise this cost by March 2022 (having recognised £1.3 million in this regard during the first six months of 2021).

Finance costs
Net finance costs of £2.0 million reduced from the prior year (2020: £2.5 million), reflecting lower levels of average net debt compared to the prior year offset partially by increased effective interest rates, having extended our Revolving Credit Facility during the final quarter of the 2020 year at interest rates modestly above the previous agreement.

Profit before taxation
Group statutory profit before taxation was £38.8 million (2020: loss of £52.1 million), reflecting stronger trading and substantially lower exceptional costs.

Taxation
The Group recorded a statutory taxation charge of £27.9 million (2019: credit of £2.4 million) on a Group pre-tax profit of £38.8 million (2020: loss of £52.1 million), resulting in an effective tax rate ("ETR") of 71.7% (2020: 4.7%) compared with the standard rate of UK corporation tax of 19%.

As shown in the table below, the statutory tax charge and ETR are primarily due to the restatement of the Group's net deferred tax liabilities following the change announced in the 2021 Budget that will see the standard rate of UK corporation tax increase from 19% to 25% from 1 April 2023.

	Unaudited Half year ended 30/06/2021 £m	Unaudited Half year ended 30/06/2020 £m
Profit/(loss) before taxation	**38.8**	**(52.1)**
Expected tax (charge)/credit at statutory tax rate	(7.4)	9.9
Impact of change in deferred tax	(21.4)	(7.7)
Changes in estimates relating to prior periods	0.5	0.1
Other adjustments	0.4	0.1
Total tax (charge)/credit for the period	**(27.9)**	**2.4**

The adjusted ETR[1] (excluding the impact of the deferred tax rate change) for the full year is estimated to be 17.6% (2020: 19.4%). The reduction in adjusted tax rate from the prior year was due primarily to the permanent 30% benefit of the tax super deduction (also announced in the 2021 budget), which provides relief at the current UK headline rate for qualifying capital expenditure, as well as certain immaterial changes to prior year estimates.

Earnings per share
Group statutory basic earnings per share for continuing operations of 2.7 pence in the six-month period to 30 June 2021 compared to a loss per share of 12.1 pence in the comparative period, principally as a result of the Group's increased statutory profit after taxation.

Group adjusted basic earnings per share[1] for continuing operations of 7.9 pence per share increased from a 0.9 pence loss per share in the comparative period, principally reflecting the increased level of adjusted profit after tax. In line with prior years, our adjusted EPS[1] metric removes the impact of exceptional items, the fair value uplifts resulting from our acquisition accounting and non-cash interest impacts (net of the related taxation charge/credit). Adjusted EPS[1] has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our adjusted EPS[1] measure is included in Note 7.

Table 1: Earnings per share

	2021 pence	**2020** pence
Statutory basic EPS – Continuing operations	**2.7**	**(12.1)**
Adjusted basic EPS[1] – Continuing operations	**7.9**	**(0.9)**

Cash flow and net debt
Cash generated from operations during 2021 is shown in Table 2, below. Adjusted free cash flow[1] increased to an inflow of £23.4 million in the year, primarily reflecting the increase in adjusted EBITDA[1] and reduced capex spend, offset partially by increased investment in working capital.

Tax totalling £4.0 million was paid in the period (2020: £2.8 million). Cash conversion[1] increased to 61% in the six-month period ended 30 June 2021 (2020: 2%), primarily as a result of significantly increased EBITDA[1] and an investment in working capital. Adjusted working capital movements[1] were £(9.9) million (2019: outflow of £0.6 million) with investment in working capital as trading volumes increased over the levels of 2020. Across the six months as a whole, inventories increased by £3 million, although finished goods inventories within the clay division remained towards the lower end of the historic range.

Table 2: Cash flow (non-statutory)

	2021 £'m	2020 £'m	2019 £'m	Change 1Y £'m	Change 2Y £'m
Adjusted EBITDA[1]	54.8	9.5	59.0	45.3	(4.2)
Adjusted change in working capital[1]	(9.9)	(0.6)	(19.6)	(9.3)	9.7
Net interest	(1.9)	(1.2)	(1.2)	(0.7)	(0.7)
Tax	(4.0)	(2.8)	(6.8)	(1.2)	2.8
Post-employment benefits	(0.9)	(0.9)	(0.8)	-	(0.1)
Other[2]	(4.6)	(3.8)	(2.7)	(0.8)	(1.9)
Adjusted operating cash flow	33.5	0.2	27.9	33.3	5.6
Cash conversion[1]	61%	2%	47%	59ppt	14ppt
Total capex	(10.1)	(15.0)	(18.9)	4.9	8.8
Adjusted free cash flow[1]	23.4	(14.8)	9.0	38.2	14.4

The above table excludes the cash flow relating to exceptional items in all years.
1 Alternative Performance Measures are described in Note 3 to the consolidated financial statements.
2 Other includes operating lease payments.

Net debt[1] (borrowings less cash) of £53.5 million at 30 June 2021 compared to £69.2 million at the prior year end.

We entered the year anticipating 2021 capital expenditure of around £20 to £22 million, with half-year capital expenditure of £10.1 million in line with this. We also expect to incur up to £10 million additional capital expenditure in relation to the recently announced Atlas investment in H2 2021.

Total cash proceeds received from land sales in H1 21 totalled £4 million (2020: £nil).

The Group has a £215 million revolving credit facility with a group of seven major banks. The five-year facility was entered into in March 2017 and extended by a period of 12 months to March 2023 in 2020 and contains interest cover and leverage covenant limits of 4 times and 3.75 times at 30 June 2021, respectively. The Group remained well within both covenant requirements at 30 June 2021.

Return on capital employed[1]
Return on capital employed[1] (ROCE) was 14.2% (2020: 8.0%) with the recovery compared to 2020 principally driven by higher adjusted EBITDA[1] in the period.

Capital allocation
As set out in our 2020 Full Year Results Announcement, the Group remains committed to delivering sustainable, profitable growth over the medium term.

Our capital allocation framework remains consistent with that set out in 2020:

- Firstly, we will invest to maintain and enhance our existing asset base and operations;

- Having done this, we will look to pay an ordinary dividend, setting targeted cover of around 2 times underlying earnings;

- Thereafter, we will deploy capital for growth, both inorganically and organically, in accordance with our strategic and financial investment criteria;

- And, finally, we will return surplus capital to shareholders.

Our framework remains underpinned by our commitment to maintaining a strong balance sheet, and we will look to maintain leverage at between 0.5 and 1.5 times net debt[1] to adjusted EBITDA[1] excluding the impact of IFRS 16, through the cycle.

Dividend

The Board has decided to pay an interim dividend of 2.5 pence (2020: nil; 2019: 3.2 pence), reflecting the performance and cash generation of the business in the half, and the Board's confidence in the longer-term outlook for the Group.

The interim dividend will be payable on 17 September 2021 to shareholders on the register on 13 August 2021.

Pensions

At 30 June 2021, the defined benefit pension scheme ("the scheme") was in an actuarial accounting surplus position of £42.5 million (31 December 2020: surplus of £43.6 million, 30 June 2020; surplus of £61.2 million). At the period end, the scheme had asset levels of £601.9 million (31 December 2020: £639.2 million, 30 June 2020 £656.2 million) against scheme liabilities of £559.4 million (31 December 2020: £595.6 million, 30 June 2020 £595.0 million).

The modest net reduction in the balance sheet surplus over the period primarily reflected lower scheme assets and liability experience losses, offset by actuarial gains arising from a change in market conditions underlying the financial assumptions (as detailed in Note 11).

The Group continues its work with the scheme Trustees to explore steps to further de-risk the pension scheme, and to pursue its investment strategy of matching asset categories with the associated liabilities.

Related party transactions

During the current and prior periods, there have been no material related party transactions.

Subsequent events

There have been no events subsequent to 30 June 2021 which, in the opinion of management, require adjustment or disclosure.

Going concern

The Directors are required to assess whether it is reasonable to adopt the going concern basis in preparing the interim financial statements.

In arriving at their conclusion, the Directors have given due consideration to whether the funding and liquidity resources are sufficient to accommodate the principal risks and uncertainties faced by the Group and in particular the potential on-going impact of the COVID-19 pandemic.

The Group has prepared a reverse stress test to evaluate the sales reduction at which the RCF covenants would be breached, before any further mitigating actions were taken.

Having considered the conclusions to this work, the Directors have concluded that it is reasonable to adopt a going concern basis in preparing the interim financial statements. This is based on an expectation that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of signing these accounts.

Further information is provided in note 2 of the interim financial statements.

Principal Risks and Uncertainties

This section should be read in conjunction with the rest of this Half Year Statement as this provides further information concerning those important events that have occurred during the first six months of the financial year.

The Group's activities expose it to a variety of risks including climate change, operational disruption, economic conditions, anticipating the market and new product development, financial risk management, government regulation and standards relating to the manufacture and use of building products, customer relationships and reputation, recruitment and retention of key personnel, input prices, product quality and cyber security. The Board continually assesses and monitors the key risks impacting the business and an explanation of the Group's approach to risk management is set out in Ibstock Plc's Annual Report 2020, a copy of which is available on the Group's corporate website, www.ibstockplc.co.uk.

Having completed the review of principal risks for the Half Year 2021, the Board has concluded that although supply chains became more stretched as the Group progressed through the first half, with supply of materials, labour, and freight expected to drive near-term pressure through the remaining six months of the year, the Group's existing principal risks and uncertainties are broadly unchanged from those set out in its 2020 Annual Report.

The Board has included an additional principal risk with respect to the management of major projects. The risk reflects the Board's view of the importance of the successful delivery of key projects within the business, such as the redevelopment of the Atlas site in the West Midlands and the investment to upgrade and expand capacity at the adjacent Aldridge brick factory. The risk has a medium and long-term impact and the Board has taken steps to enhance existing controls to mitigate the impacts of this risk to an acceptable level.

A full report on the Group's principal risks will be included with the FY 2021 annual report and accounts. The Board will continue to monitor the Group's principal risks during the remaining six months of the year especially in relation to those risks related to input prices and supplier management and the recruitment and retention of personnel given the current environment.

Statement of directors' responsibilities in relation to the half-yearly financial report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as contained in UK-adopted IFRS;
- The interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Joe Hudson	Chris McLeish
Chief Executive Officer	Chief Financial Officer
3 August 2021	3 August 2021

Condensed consolidated income statement
for the six months ended 30 June 2021

	Notes	**Unaudited Half year ended 30/06/2021**	Unaudited Half year ended 30/06/2020	Audited Year ended 31/12/2020
		£'000	£'000	£'000
Revenue	4	202,041	130,982	316,172
Cost of sales before exceptional items		(130,041)	(114,720)	(235,667)
Exceptional cost of sales	5	3,501	(31,683)	(32,062)
Cost of sales		(126,540)	(146,403)	(267,729)
Gross profit/(loss)		**75,501**	**(15,421)**	**48,443**
Distribution costs		(19,239)	(13,225)	(31,427)
Administrative expenses before exceptional items		(20,225)	(18,849)	(35,296)
Exceptional administrative items*	5	(176)	(3,080)	(6,003)
Administrative expenses		(20,401)	(21,929)	(41,299)
Profit on disposal of property, plant and equipment before exceptional items		1,760	(29)	113
Exceptional profit on disposal of property, plant and equipment	5	2,036	-	2,808
Total profit/(loss) on disposal of property, plant and equipment		3,796	(29)	2,921
Other income		1,348	1,265	2,118
Other expenses		(197)	(201)	(368)
Operating profit/(loss)		**40,808**	**(49,540)**	**(19,612)**
Finance costs before exceptional items		(2,556)	(3,049)	(5,691)
Exceptional finance costs	5	-	(392)	(414)
Finance costs		(2,556)	(3,441)	(6,105)
Finance income		584	892	1,777
Net finance cost		**(1,972)**	**(2,549)**	**(4,328)**
Profit/(loss) before taxation		**38,836**	**(52,089)**	**(23,940)**
Taxation	6	(27,863)	2,419	(4,081)
Profit/(loss) for the financial period		**10,973**	**(49,670)**	**(28,021)**
Profit/(loss) attributable to:				
Owners of the parent		10,973	(49,670)	(28,021)

	Notes	pence per share	pence per share	pence per share
Earnings/(loss) per share				
Basic	7	2.7	(12.1)	(6.8)
Diluted	7	2.7	(12.1)	(6.8)

*see Note 2 for details of restated comparative figures

Condensed consolidated statement of comprehensive income
for the six months ended 30 June 2021

	Notes	**Unaudited Half year ended 30/06/2021**	Unaudited Half year ended 30/06/2020	Audited Year ended 31/12/2020
		£'000	£'000	£'000
Profit/(loss) for the financial period		**10,973**	**(49,670)**	**(28,021)**
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit assets and obligations[2]		(1,741)	(28,271)	(45,263)
Related tax movements[2]	6	1,127	4,697	7,927
		(614)	(23,574)	(37,336)
Other comprehensive expense for the period net of tax		(614)	(23,574)	(37,336)
Total comprehensive income/(expense) for the period, net of tax		**10,359**	**(73,244)**	**(65,357)**
Total comprehensive income/(expense) attributable to:				
Owners of the parent		10,359	(73,244)	(65,357)

Non-GAAP measure
Reconciliation of adjusted EBITDA[1] to Operating (loss)/profit for the financial period:

	Notes	**Unaudited Half year ended 30/06/2021**	Unaudited Half year ended 30/06/2020	Audited Year ended 31/12/2020
Operating profit/(loss)		40,808	(49,540)	(19,612)
Add back fair value of energy contracts		-	6,413	-
(Less)/Add back exceptional (credit)/costs impacting EBITDA	5	(5,361)	34,763	35,257
Add back depreciation and amortisation		19,306	17,877	36,477
Adjusted EBITDA[1]		**54,753**	**9,513**	**52,122**

[1] Alternative performance measures are described in Note 3 to the interim financial statements.

[2] Impacting retained earnings.

Condensed consolidated balance sheet
as at 30 June 2021

	Notes	**Unaudited 30/06/2021**	Unaudited 30/06/2020	Audited 31/12/2020
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets		91,695	98,631	95,163
Property, plant and equipment		372,412	375,049	371,395
Right-of-use assets		26,311	27,986	26,653
Post-employment benefit asset	11	42,521	61,216	43,576
		532,939	562,882	536,787
Current assets				
Inventories		66,209	70,280	63,386
Trade and other receivables		82,241	49,038	58,906
Current tax receivable		-	1,730	-
Cash and cash equivalents		15,930	26,949	19,552
		164,380	147,997	141,844
Assets held for sale		-	1,186	1,186
Total assets		697,319	712,065	679,817
Current liabilities				
Trade and other payables		(99,112)	(67,928)	(85,423)
Borrowings	9	(372)	(521)	(135)
Lease liabilities		(6,285)	(6,553)	(6,728)
Derivative financial instruments	10	-	(8,950)	-
Current tax payable		(178)	-	(421)
Provisions	12	(2,755)	(8,562)	(5,303)
		(108,702)	(92,514)	(98,010)
Net current assets		55,678	56,669	45,020
Total assets less current liabilities		588,617	619,551	581,807
Non-current liabilities				
Borrowings	9	(69,024)	(129,192)	(88,601)
Lease liabilities		(22,113)	(23,244)	(22,348)
Deferred tax liabilities		(86,963)	(67,629)	(64,755)
Provisions	12	(8,224)	(8,416)	(8,232)
		(186,324)	(228,481)	(183,936)
Total liabilities		(295,026)	(320,995)	(281,946)
Net assets		**402,293**	**391,070**	**397,871**
Equity				
Share capital		4,096	4,096	4,096
Share premium		4,382	4,332	4,333
Retained earnings		763,496	751,785	759,483
Merger reserve		(369,119)	(369,119)	(369,119)
Own shares held		(562)	(24)	(922)
Total equity		**402,293**	**391,070**	**397,871**

Condensed consolidated statement of changes in equity (unaudited)
for the six months ended 30 June 2021

	Share capital	Share premium	Retained earnings	Merger reserve	Own shares held	Total equity attributable to owners
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	**4,096**	**4,333**	**759,483**	**(369,119)**	**(922)**	**397,871**
Profit for the period	-	-	10,973	-	-	**10,973**
Other comprehensive expense	-	-	(614)	-	-	**(614)**
Total comprehensive income for the period	-	-	**10,359**	-	-	**10,359**
Transactions with owners:						
Share based payments	-	-	295	-	-	**295**
Deferred tax on share based payment	-	-	11	-	-	**11**
Equity dividends paid	-	-	(6,547)	-	-	**(6,547)**
Issue of own shares held on exercise of share options	-	-	(105)	-	360	**255**
Issue of share capital to Employee Benefit Trust	-	49	-	-	-	**49**
At 30 June 2021	**4,096**	**4,382**	**763,496**	**(369,119)**	**(562)**	**402,293**
Balance at 1 January 2020	**4,093**	**7,441**	**822,321**	**(369,119)**	**(435)**	**464,301**
Loss for the period	-	-	(49,670)	-	-	**(49,670)**
Other comprehensive expense	-	-	(23,574)	-	-	**(23,574)**
Total comprehensive expense for the period	-	-	**(73,244)**	-	-	**(73,244)**
Transactions with owners:						
Share based payments	-	-	363	-	-	**363**
Current tax on share based payment	-	-	13	-	-	**13**
Deferred tax on share based payment	-	-	(363)	-	-	**(363)**
Transfer from Share premium account	-	(3,109)	3,109	-	-	-
Issue of own shares held on exercise of share options	-	-	(414)	-	414	-
Issue of share capital to Employee Benefit Trust	3	-	-	-	(3)	-
At 30 June 2020	**4,096**	**4,332**	**751,785**	**(369,119)**	**(24)**	**391,070**
Balance at 1 July 2020	**4,096**	**4,332**	**751,785**	**(369,119)**	**(24)**	**391,070**
Profit for the period	-	-	21,649	-	-	**21,649**
Other comprehensive expense	-	-	(13,762)	-	-	**(13,762)**
Total comprehensive income for the period	-	-	**7,887**	-	-	**7,887**
Transactions with owners:						
Share based payments	-	-	164	-	-	**164**
Current tax on share based payment	-	-	11	-	-	**11**
Deferred tax on share based payment	-	-	(323)	-	-	**(323)**
Purchase of own shares	-	-	-	-	(1,020)	**(1,020)**
Issue of own shares held on exercise of share options	-	-	(40)	-	122	**82**
At 31 December 2020	**4,096**	**4,333**	**759,483**	**(369,119)**	**(922)**	**397,871**

Condensed consolidated cash flow statement
for the six months ended 30 June 2021

	Unaudited Half year ended 30/06/2021	Unaudited Half year ended 30/06/2020	Audited Year ended 31/12/2020
	£'000	£'000	£'000
Cash flow from operating activities			
Cash generated from operations (Note 8)	38,551	5,829	55,215
Interest paid	(1,519)	(1,249)	(4,189)
Other interest paid - lease liabilities	(377)	(405)	(1,215)
Tax paid	(4,010)	(2,840)	(6,478)
Net cash inflow from operating activities	**32,645**	**1,335**	**43,333**
Cash flows from investing activities			
Purchase of property, plant and equipment	(10,059)	(14,972)	(24,072)
Proceeds from sale of property, plant and equipment	837	3	1,165
Proceeds from sale of property, plant and equipment - exceptional	2,882	-	2,808
Interest received	-	10	10
Net cash outflow from investing activities	**(6,340)**	**(14,959)**	**(20,089)**
Cash flows from financing activities			
Dividends paid	(6,547)	-	-
Drawdown of borrowings	-	100,000	100,000
Repayment of borrowings	(20,000)	(75,000)	(115,000)
Repayment of lease liabilities	(3,649)	(3,695)	(6,848)
Proceeds from issuance of equity shares	255	-	141
Purchase of own shares by Employee Benefit Trust	-	-	(1,020)
Net cash (outflow)/inflow from financing activities	**(29,941)**	**21,305**	**(22,727)**
Net (decrease)/increase in cash and cash equivalents	**(3,636)**	**7,681**	**517**
Cash and cash equivalents at beginning of the year	19,552	19,494	19,494
Exchange gains/(losses) on cash and cash equivalents	14	(226)	(459)
Cash and cash equivalents at end of the year	**15,930**	**26,949**	**19,552**

1. AUTHORISATION OF FINANCIAL STATEMENTS

Ibstock plc ("Ibstock" or "the Group") is a manufacturer of clay bricks and concrete products with operations in the United Kingdom. Ibstock plc is a public company limited by shares, which is incorporated and registered in England. The registered office is Leicester Road, Ibstock, Leicestershire, LE67 6HS and the company registration number is 09760850.

The interim condensed consolidated financial statements of Ibstock plc for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 3 August 2021. All disclosed documents relating to these results are available on the Group's website at www.ibstockplc.co.uk.

Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006. The comparative figures for the financial period ended 31 December 2020, which have been extracted from the statutory accounts for that period, are not the Company's statutory accounts for that financial period. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 9 March 2021. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) not qualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as contained in UK-adopted IFRS.

They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report and Accounts as at 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as contained in UK-adopted IFRS.

The condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand, except where otherwise indicated.

All accounting policies applied by the Group within the interim condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2020, except in respect of taxation which is based on the expected effective tax rate that would be applicable to expected annual earnings.

The Group is currently assessing the implications of the April 2021 IFRIC agenda decision on the treatment of configuration and customisation costs in cloud computing arrangements. Historically, the Group has not incurred material costs in relation to cloud computing, although it is aware that along with growing practice, future planned IT investment will likely rely more heavily on cloud based software and its policies regarding accounting treatment will need to be clarified.

There are no other standards and amendments have been issued by the IASB since the publication of the Group's results for the year ended 31 December 2020, which have either not been adopted by the IFRS as contained in UK-adopted IFRS or are not yet effective in UK-adopted IFRS at 30 June 2021 and which management expects would have a material impact on the Group.

In preparing the interim condensed consolidated financial statements the Group has assessed the critical accounting estimates and judgements applied in the preparation of the consolidated financial statements for the year ended 31 December 2020. In light of the trading conditions experienced during the period ended 30 June 2021, updated market forecasts and management's expectations of the Group's future trading performance, the going concern basis of preparation is no longer considered a significant judgement in preparation of the interim financial statements. The other area of critical judgement relating to exceptional items (see Note 5), and significant source of estimation uncertainty regarding the Group's pension scheme liability valuation assumptions surrounding future changes in discount rates, inflation, the rate of increase in pensions in payment and life expectancy (see Note 11) are still considered critical to the preparation of the interim financial statements for the period ended 31 June 2021.

Exceptional administrative items – restated comparatives - Discontinued operations

During the year ended 31 December 2020, amounts of £104,000 relating to discontinued operations were considering insignificant and have been incorporated within the results of continuing operations. Exceptional administrative expenses in the period ended 30 June 2020 have been restated from £2,976,000 to £3,080,000. No further transactions of significance are anticipated in relation to the U.S Glen-Gery operations disposed of during the year ended 31 December 2018. As a result of the restated comparative figure, the loss before taxation from continuing operations in the interim period ended 30 June 2020 is restated from £51,985,000 to £52,089,000.

Going concern

Given the continued improving trading performance of the Group, positive external market indicators and reduced level of uncertainty looking forward, management no longer believes that the going concern basis of preparation represents a significant judgement.

The Group's financial planning and forecasting process consists of a budget for the current year followed by a medium term projection, and re-forecasts the current year performance on a quarterly basis. The going concern period covers to December 2022. The Directors have reviewed and robustly challenged the assumptions around future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts in their going concern assessment.

The Group's committed facilities at 30 June 2021 comprise a syndicated Revolving Credit Facility ("RCF") of £215 million which matures in March 2023. At 30 June 2021 £70 million was drawn down under the RCF with £145 million of headroom remaining. At 30 June 2021 covenant requirements were met with significant headroom.

Covenants under the Group's RCF facility going forward require: leverage of no more than 3 times net debt to adjusted EBITDA[1] and interest cover of no less than 4 times, tested bi-annually at each reporting date with reference to the previous 12 months.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group, particularly those relating to the potential on-going impact of the Covid-19 pandemic, economic conditions, and operational disruption.

Group forecasts have been prepared which reflect both actual experienced impact of the pandemic and estimates of the future reflecting macroeconomic and industry-wide projections, as well as matters specific to the Group. Total capacity is anticipated to reach up to c.95% of 2019 output levels in 2022, as capital enhancement projects are fully commissioned.

The key uncertainty faced by the Group is the industry demand for its products in light of macroeconomic factors; therefore, in addition, the Group has prepared reverse stress tests to evaluate the industry demand reduction at which it would be likely to breach the RCF covenants, before any further mitigating actions were taken. This test indicates that, at a cumulative reduction of 79% in sales in H2 2021 and 40% in 2022 versus 2019 levels, the Group would be at risk of breaching its covenants.

The Directors consider this to be a highly unlikely scenario, and in the event of an anticipated covenant breach, the Group would seek to take further steps to mitigate, including the disposal of valuable land and building assets and additional restructuring steps to reduce the fixed cost base of the Group.

Having taken account of the modelled projections, and in light of the mitigations available to the Group, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

3. ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures ("APMs") are used within the interim management report where management believes it is necessary to do so in order to provide further understanding of the financial performance of the Group.

In the current period, management has introduced APMs 'like-for-like revenue' for the Concrete segment and 'like-for-like EBTIDA margin', which it believes useful to allow comparison of the current period's performance to the equivalent period performance in 2019 (prior to the Group's acquisition of the Longley Concrete operations). Additionally, an 'adjusted effective tax rate' APM has been introduced, which removes the impact of deferred taxation rate change and other discrete items which impact the first half of the financial year. Management believes this APM useful in assessing the impact of the tax rate when comparing the Group's post-tax performance across interim and full year periods.

Management uses APMs in its own assessment of the Group's performance and in order to plan the allocation of internal capital and resources. Certain APMs are also used in the remuneration of management and Executive Directors. It is not intended that APMs are a substitute for, or superior to, statutory measures. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Within the interim management report, APMs are identified with a superscript.

Exceptional items

The Group presents items as exceptional on the face of the income statement those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the period, so as to facilitate comparison with future periods and to assess trends in financial performance.

In the prior year, management further defined its policy for the recognition of exceptional items in relation to the COVID-19 pandemic.

In order to qualify for exceptional classification, any such items must be discrete, capable of objective segregation from underlying cost, and be not expected to recur in subsequent periods. Such items are included as exceptional where items have either: a) arisen as a direct result of COVID-19; or b) arisen in a period, or through a manner, different to that anticipated. Any items which have been incurred within the normal course of the Group's operations, and in the manner anticipated, throughout the period, even if the efficiency of the related operations has been materially reduced by COVID-19 do not meet the Group's definition of exceptional items and are included within underlying performance.

Details of all exceptional items are disclosed in Note 5.

Adjusted EBITDA

Adjusted EBITDA is the earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. In the prior interim period, the APM was adjusted to also remove fair valuation losses on failed own use contracts. There were no such losses in the current interim period. The Directors regularly use Adjusted EBITDA as a key performance measure in assessing the Group's profitability. The measure is considered useful to users of the financial statements as it represents a common APM used by investors in assessing a company's operating performance, when comparing its performance across periods and in determination of Directors' variable remuneration. A full reconciliation is included at the foot of the Group's condensed consolidated statement of comprehensive income within the interim condensed consolidated financial statements.

Adjusted profit/(loss) before taxation

Adjusted profit/(loss) before taxation is the profit/(loss) before taxation removing the impact of exceptional items and the fair valuation losses on failed own use contracts. There were no such losses in the current interim period. The Directors have presented adjusted profit/(loss) before taxation as they believe the APM represents useful information to the user of the financial accounts in assessing the performance of the Group and when comparing its performance across periods. A reconciliation of adjusted profit/(loss) before taxation is provided at the foot of the exceptional items table in Note 5.

Adjusted Effective Tax Rate ("Adjusted ETR")

The adjusted ETR is the Group's full year forecast ETR adjusted to remove the impact of changes in the tax rate on the Group's deferred tax provision. The Directors have presented adjusted ETR as they believe the APM represents useful information to the user of the financial accounts in assessing the impact of the tax rate when comparing the Group's post-tax performance across periods. A reconciliation of the adjusted ETR to the statutory and reported rates of tax is set out below:

	Unaudited Half year ended 30/06/2021	Unaudited Half year ended 30/06/2020
Statutory rate of taxation in the UK	19.0%	19.0%
Less impact of permanent differences*	(0.6%)	0.2%
Less impact of changes in estimates re. prior periods	(0.8%)	0.2%
Adjusted ETR	**17.6%**	**19.4%**
Less impact of difference in prior period true-up recognition	(1.1%)	-
Rate change on deferred tax provision	55.2%	(14.8%)
Reported ETR	71.7%	4.6%

* The 2021 impact of permanent differences primarily comprises the benefit from the UK super deduction on qualifying capital expenditure

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, fair value adjustments (being the amortisation and depreciation on fair value uplifted assets) and non-cash interest net of taxation (at the Group's adjusted effective tax rate). During the comparative interim period, the definition was expanded to remove fair valuation losses on failed own use contracts in order to remove in-period distortions in the Adjusted EBITDA arising from such contracts. For the current interim period, these losses were £nil. In order to remove distortions to the effective tax rate applied resulting from changes to the rate of deferred taxation, management has applied the effective tax rate prior to such changes.

The Directors have presented Adjusted EPS as they believe the APM represents useful information to the user of the financial statements in assessing the performance of the Group, when comparing its performance across periods, and used within the determination of Directors' variable remuneration. A full reconciliation is provided in Note 7.

Net debt and Net debt to Adjusted EBITDA ("leverage") ratio

Net debt is defined as the sum of cash and total borrowings at the balance sheet date. This does not include lease liabilities arising upon application of IFRS 16 in order to align with the Group's banking facility covenant definition. Net debt to adjusted EBITDA is the ratio of net debt to adjusted EBITDA (defined above). The net debt to adjusted EBITDA ratio definition similarly removes the benefit of IFRS 16 within adjusted EBITDA so as to align the definition with the Group's banking facility covenant definition.

The Directors disclose the net debt APM to provide information as a useful measure for assessing the Group's overall level of financial indebtedness and when comparing its position across periods. Net debt and a full reconciliation of the net debt to adjusted EBITDA ratio (also referred to as "leverage") is set out in Note 9.

Return on capital employed

Return on capital employed ("ROCE") is defined as earnings before interest and taxation adjusted for exceptional items as a proportion of the average capital employed (defined as net debt plus equity excluding the pension surplus). The average is calculated using the income statement results for the last twelve months and, for the consolidated balance sheet, the period end balance and corresponding preceding reported period end balance (year end or interim).

The Directors disclose the ROCE APM in order to provide users of the financial statements with an indication of the relative efficiency of capital use by the Group over the year, assessing performance between periods and it is used within the determination of executives' variable remuneration. The calculation of ROCE is set out below:

	Unaudited	Unaudited	Audited	
	Half year ended 30/06/2021	Half year ended 30/06/2020	Year ended 31/12/2020	
	£'000	£'000	£'000	
Adjusted EBITDA	**97,362**	72,797	52,122	
Less depreciation	**(30,970)**	(29,668)	(29,046)	
Less amortisation	**(6,936)**	(7,295)	(7,431)	
Adjusted earnings before interest and taxation	**59,456**	35,834	15,645	
Average net debt	**61,325**	93,808	85,974	
Average equity	**400,082**	427,686	394,471	
Average pension	**(43,049)**	(74,936)	(52,396)	
Average capital employed	**418,359**	446,557	428,049	
ROCE	**14.2%**	8.0%	3.7%	
Average capital employed figures comprise:	30 June 2021	31 December 2020	30 June 2020	31 December 2019
	£'000	**£'000**	**£'000**	**£'000**
Net debt	53,466	69,184	102,764	84,851
Equity	402,293	397,871	391,070	464,301
Pension	42,521	43,576	61,216	88,656

Like-for-like revenue

In comparing the 2021 performance with that of 2019, the Directors have disclosed 'like-for-like revenue' for the Group and Concrete segment, which sets out the performance in the current period without the contribution of the Longley Concrete operations, which were acquired in July 2019. The Directors have included this APM in order to remove the distortions arising from ownership only in the current and prior period.

Like-for-like sales reconciliation:

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Concrete segment	Concrete segment	Concrete segment	Group	Group	Group

	Half year ended 30/06/2021	Half year ended 30/06/2020	Half year ended 30/06/2019	Half year ended 30/06/2021	Half year ended 30/06/2020	Half year ended 30/06/2019
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	63,772	44,461	52,371	202,041	130,982	203,300
Contribution from Longley operations	(11,253)	(6,706)	-	(11,253)	(6,706)	-
Like for like revenue	52,519	37,755	52,371	190,788	124,276	203,300

Concrete segment like-for-like growth H1 2021 v H1 2019	0.3%
Group like-for-like growth H1 2021 v H1 2019	(6.2%)

Like-for-like adjusted EBITDA margin

In comparing the 2021 performance with that of 2019, the Directors have disclosed 'like-for-like adjusted EBITDA margin for the Concrete division, which sets out the performance in the current period without the contribution of the Longley Concrete operations, which were acquired in July 2019. The Directors have included this APM in order to remove the distortions arising from ownership only in the current and prior period.

Like-for-like adjusted EBTIDA margin reconciliation:

	Unaudited Half year ended 30/06/2021	Unaudited Half year ended 30/06/2020	Unaudited Half year ended 30/06/2019
	£'000	£'000	£'000
Concrete segment adjusted EBTIDA	11,768	5,543	10,477
Contribution from Longley operations	(924)	(4)	-
Like for like adjusted EBITDA	10,844	5,539	10,477
Like-for-like revenue (defined above)	52,519	37,755	52,371
Concrete Like-for-like adjusted EBITDA margin	20.6%	14.7%	20.0%

Cash flow related APMs

Adjusted change in working capital

Adjusted change in working capital is the statutory change in working capital removing cash flows associated with exceptional items arising in the year of £2,089,000. The Directors use this APM to allow shareholders to understand better elements of the Group's working capital performance in the period, so as to facilitate comparison with future periods and to assess trends in financial performance. The analysis of adjusted change in working capital is included in Table 2 of the Financial Review and the reconciliation to the statutory cash flow statement, below.

Adjusted operating cash flow

Adjusted operating cash flows are the cash flows arising from operating activities adjusted to exclude cash flows relating to exceptional items of £3,663,000 and inclusion of cash outflows associated with post-employment benefits, interest income, proceeds from the sale of property, plant and equipment and lease payments reclassified from investing or financing activities of £2,812,000. The Directors use this APM to allow shareholders to understand better elements of the Group's cash flow performance in the period, so as to facilitate comparison with future periods and to assess trends in financial performance. The analysis of adjusted operating cash flows is included in Table 2 of the Financial Review and the reconciliation to the statutory cash flow statement, below.

Cash conversion

Cash conversion is the ratio of Adjusted operating cash flow (defined above) to Adjusted EBITDA (defined above). The Directors believe this APM provides a useful measure of the Group's efficiency of its cash management during the period. Cash conversion is set out in Table 2 of the Financial Review and the reconciliation to the statutory cash flow statement, below.

Adjusted free cash flow

Adjusted free cash flow represents Adjusted operating cash flow (defined above) less total capital expenditure. The Directors use the measure of Adjusted free cash flow as a measure of the funds available to the Group for the payment of distributions to shareholders, for use within M&A activity and other investing and financing activities. Adjusted free cash flow is reconciled in Table 2 of the Financial Review and illustrated within the reconciliation to the statutory cash flow statement, below.

Six months ended 30 June 2021 (unaudited)	**Statutory**	Exceptional	Reclassification	**Adjusted**
	£'000	**£'000**	**£'000**	**£'000**
Adjusted EBITDA	55,215	(462)	-	54,753
Change in working capital	(11,989)	2,089	-	(9,900)
Impairment charges	-	-	-	-
Net interest	(1,896)	-	-	(1,896)
Tax	(4,010)	-	-	(4,010)
Post-employment benefits	(424)	-	(451)	(875)
Other	(4,251)	2,036	(2,361)	(4,576)
Adjusted operating cash flow	32,645	3,663	(2,812)	33,496
Cash conversion				61%
Total capex	(10,059)	-	-	(10,059)
Adjusted free cash flow	22,586	3,663	(2,812)	23,437

Reconciliation of statutory cash flow statement to adjusted cash flow statement

Six months ended 30 June 2020 (unaudited)	**Statutory**	Exceptional	Reclassification	**Adjusted**
	£'000	**£'000**	**£'000**	**£'000**
Adjusted EBITDA	(31,663)	41,176	-	9,513
Change in working capital	21,091	(21,736)		(645)
Impairment charges	16,458	(16,458)	-	-
Net interest	(1,249)	-	10	(1,239)
Tax	(2,840)	-	-	(2,840)
Post-employment benefits	51	(540)	(386)	(875)
Other	(108)	-	(3,711)	(3,819)
Adjusted operating cash flow	1,740	2,442	(4,087)	95
Cash conversion				1%
Total capex	(14,972)	-	-	(14,972)
Adjusted free cash flow	(13,232)	2,442	(4,087)	(14,877)

Reconciliation of statutory cash flow statement to adjusted cash flow statement

Year ended 31 December 2020 (audited)	**Statutory**	Exceptional	Reclassification	**Adjusted**
	£'000	**£'000**	**£'000**	**£'000**
Adjusted EBITDA	16,865	35,257	-	52,122
Change in working capital	19,945	(2,650)	-	17,295
Impairment charges	20,382	(20,382)	-	-
Net interest	(4,189)	414	10	(3,765)
Tax	(6,478)	-	-	(6,478)
Post-employment benefits	1,584	(2,902)	(870)	(2,188)
Other	(3,561)	(2,808)	(412)	(6,781)
Adjusted operating cash flow	44,548	6,929	(1,272)	50,205
Cash conversion				96%
Total capex	(24,072)	-	-	(24,072)
Adjusted free cash flow	20,476	6,929	(1,272)	26,133

4. SEGMENT REPORTING

The Directors consider the Group's reportable segments to be the Clay and Concrete divisions.

The key Group performance measure is Adjusted EBITDA[1], as detailed below, which is defined in Note 3. The tables, below, present revenue and Adjusted EBITDA[1] and profit/(loss) before tax for the Group's operating segments for the six months ended 30 June 2021 and 2020 and the year ended 31 December 2020, respectively. Additionally, segmental assets and liabilities as at 30 June 2021, 31 December 2020 and 30 June 2020 are set out below.

Included within the unallocated and elimination columns in the tables below are costs including share based payments and Group employment costs. Unallocated assets and liabilities are pensions, taxation and certain centrally held provisions. Eliminations represent the removal of inter-company balances.

Transactions between segments are carried out at arm's length. There is no material inter-segmental revenue and no aggregation of segments has been applied.

	Six months ended 30 June 2021			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	**138,269**	**63,772**	**-**	**202,041**
Adjusted EBITDA[1]	**47,209**	**11,768**	**(4,224)**	**54,753**
Exceptional items impacting EBITDA (see Note 5)	5,727	(366)	-	5,361
Depreciation and amortisation pre fair value uplift	(11,114)	(2,664)	(68)	(13,846)
Incremental depreciation and amortisation following fair value uplift	(3,223)	(2,237)	-	(5,460)
Net finance costs	(79)	(115)	(1,778)	(1,972)
Profit/(loss) before tax	**38,520**	**6,386**	**(6,070)**	**38,836**
Taxation				(27,863)
Profit for the period				**10,973**

	Six months ended 30 June 2020			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	**86,521**	**44,461**	**-**	**130,982**
Adjusted EBITDA[1]	**7,556**	**5,543**	**(3,586)**	**9,513**
Fair value of energy contracts	(6,413)	-	-	(6,413)
Exceptional items impacting EBITDA (see Note 5)	(31,487)	(2,173)	(1,103)	(34,763)
Depreciation and amortisation pre fair value uplift	(9,193)	(3,453)	(68)	(12,714)
Incremental depreciation and amortisation following fair value uplift	(2,817)	(2,346)	-	(5,163)
Net finance costs	(1,013)	(204)	(1,332)	(2,549)
Loss before tax	**(43,367)**	**(2,633)**	**(6,089)**	**(52,089)**
Taxation				2,419
Loss for the year				**(49,670)**

	Year ended 31 December 2020			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	**213,197**	**102,975**	**-**	**316,172**
Adjusted EBITDA[1]	**43,968**	**15,055**	**(6,901)**	**52,122**
Exceptional items impacting EBITDA (see Note 5)	(29,498)	(2,518)	(3,241)	(35,257)
Depreciation and amortisation pre fair value uplift	(20,056)	(6,454)	(136)	(26,646)
Incremental depreciation and amortisation following fair value uplift	(5,152)	(4,679)	-	(9,831)

Net finance costs	(1,687)	(638)	(2,003)	(4,328)
(Loss)/profit before tax	**(12,425)**	**766**	**(12,281)**	**(23,940)**
Taxation				(4,081)
Loss for the year				**(28,021)**

Total segment assets	Clay £'000	Concrete £'000	Unallocated & elimination £'000	Total £'000
At 30 June 2021	513,208	138,333	45,778	**697,319**
At 31 December 2020	504,106	132,310	43,401	**679,817**
At 30 June 2020	505,381	138,481	68,203	**712,065**

Total segment liabilities	Clay £'000	Concrete £'000	Unallocated & elimination £'000	Total £'000
At 30 June 2021	(153,231)	(56,002)	(85,793)	**(295,026)**
At 31 December 2020	(127,573)	(54,584)	(99,789)	**(281,946)**
At 30 June 2020	(126,558)	(44,906)	(149,531)	**(320,995)**

Seasonality

Historically, activity of the Group's trading operations occurs throughout the year and is largely unaffected by seasonal factors. The year ending 31 December 2020 was influenced by the UK economic recovery from the disruption arising as a result of the COVID-19 pandemic and as a result the period to 30 June accounted for 41.4% of the Group's annual revenue and 18.3% of the Group's annual adjusted EBITDA. However, in the year ended 31 December 2019, the period to 30 June accounted for 49.7% of the Group's annual revenue and 48.2% of the Group's annual adjusted EBITDA. Absent further significant disruption as a result of the COVID-19 pandemic, management anticipates a distribution of revenue and adjusted EBITDA weighted modestly towards the first half.

5. EXCEPTIONAL ITEMS[1]

	Unaudited Half year ended 30/06/2021 £'000	Unaudited Half year ended 30/06/2020 £'000	Audited Year ended 31/12/2020 **£'000**
Exceptional cost of sales			
Impairment reversal/(charges) - Property, plant and equipment	**4,899**	(14,801)	(16,263)
Impairment charges - Right-of-use assets	**-**	(1,681)	(1,681)
Impairment charges - working capital	**-**	(2,663)	(2,438)
Total impairment charges	**4,899**	(19,145)	(20,382)
Energy contract losses	**-**	(6,537)	(5,160)
Redundancy costs	**-**	(6,001)	(6,073)
Other costs associated with closure of sites	**(1,398)**	-	(447)
Total exceptional cost of sales	**3,501**	(31,683)	(32,062)
Exceptional administrative expenses:			
Pension closure costs - legal and actuarial costs	**-**	(540)	(1,902)
GMP equalisation costs	**-**	-	(1,000)
Redundancy savings/(costs)	**11**	(2,057)	(2,224)
COVID-19 administrative expenses	**(187)**	(379)	(818)
Exceptional items relating to discontinued operations	**-**	(104)	(59)
Total exceptional administrative expenses	**(176)**	**(3,080)**	(6,003)
Exceptional profit on disposal of property, plant and equipment	**2,036**	-	2,808
Exceptional items impacting adjusted EBITDA	**5,361**	**(34,763)**	**(35,257)**
Exceptional finance costs	**-**	**(392)**	**(414)**

Total exceptional items	**5,361**	**(35,155)**	**(35,671)**
Reconciliation of adjusted profit/(loss) before taxation[1]:			
Profit/(loss) before taxation	38,836	(52,089)	(23,940)
Add back exceptional items	(5,361)	35,155	35,671
Fair value of energy contracts	-	6,413	-
Adjusted profit/(loss) before taxation[1]	**33,475**	**(10,521)**	**11,731**

Period ended 30 June 2021

Included within the current period are the following exceptional items:

Exceptional cost of sales

Impairment reversals arose in the current period following the Group's announcement in April 2021 to redevelop its Atlas manufacturing site within the Clay segment. The redevelopment utilises the existing building asset that was impaired in the prior interim period following the Group's restructuring activity in response to the deterioration in near-term demand outlook caused by the COVID-19 pandemic. The current period impairment reversal returns the asset to its depreciated recoverable value as at 30 June 2021. Due to the initial impairment charge treatment as exceptional items, the reversal is similarly categorised as exceptional.

Other costs associated with the closure of sites represent other costs incurred as a result of the Group's restructuring decisions during the 2H 2020. These costs include site security, insurance, rates and other standing charges in connection with closed sites. These costs were categorised as exceptional due to the non-recurring nature of the event giving rise to the costs.

Exceptional administration charges

Redundancy credits arising in the current period relate to savings achieved by the Group as a result of decisions to retain employees, who had initially been notified of redundancy. Due to the initial restructuring charge treatment as exceptional, the reversal is similarly categorised as an exceptional item.

COVID-19 administrative costs in the current period relate to costs incurred in acquiring personal protective and health screening equipment associated with the return to work, and the costs of acquiring information technology equipment to be used in the short-term during the COVID-19 lockdown. These costs were categorised as exceptional in 2H 2020 and 1H 2021 due to the non-recurring nature of the event giving rise to the costs. In future periods, such costs will no longer be categorised as exceptional as these activities become the 'new normal'.

Exceptional profit on disposal of property, plant and equipment

The exceptional profit on disposal relates to the sale of the Group's surplus property near Kingswinford. The profit on disposal has been categorised as exceptional due to the materiality of the amount recorded.

Tax on exceptional items

In the current period, the reversal of impairment charges relating to property, plant and equipment is not tax deductible but gives rise to a deferred tax charge in the current period. The costs associated with the closure of sites and the COVID-19 administrative expenses are tax deductible in the current period whilst the credit relating to redundancy costs are taxable in the period. The profit on disposal of property, plant and equipment gives rise to a chargeable gain which is taxable in the current period.

Six-month period ended 30 June 2020 and year ended 31 December 2020

Details of exceptional items included within the prior interim and full year periods are disclosed within Note 5 of the Group's 2020 interim results and 2020 Annual report and accounts, respectively.

6. TAXATION

The taxation charge for the interim period is an estimate based on the expected full year effective tax rate.

In the March 2021 Budget Statement, the Chancellor of the Exchequer announced measures which included an increase in the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. This rate change gives rise to an increase in the Group's deferred tax liabilities of £21.4m. This restatement is recognised in full in the current period and results in an increase in the effective tax rate of 55.2% from 16.5% to 71.7%.

Another key measure announced in the Budget was the introduction of a new temporary enhancement to tax relief on capital expenditure on plant and machinery, known as the "super-deduction". This new measure gives rise to both a permanent and timing cash tax benefit in the year of expenditure at the current tax rate of 19%. This overall benefit is reduced in part due to the associated deferred tax liability being recognised at 25%, being the future tax rate at which it is expected to unwind.

7. EARNINGS PER SHARE

The basic earnings per share figures are calculated by dividing profit for the year attributable to the Parent shareholders by the weighted average number of Ordinary Shares in issue during the year.

The diluted earnings per share figures allow for the dilutive effect of the conversion into Ordinary Shares of the weighted average number of options outstanding during the year. Where the average share price for the year is lower than the option price the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculation are as follows:

	Unaudited Half year ended 30/06/2021	**Unaudited Half year ended 30/06/2020**	**Audited Year ended 31/12/2020**
	(000s)	(000s)	(000s)
Basic weighted average number of Ordinary Shares	**409,146**	409,200	409,333
Effect of share incentive awards and options	**1,145**	1,897	1,989
Diluted weighted average number of Ordinary Shares	**410,291**	411,097	411,322

The calculation of adjusted earnings per share[1] is a key measurement used by management that is not defined by IFRS. The adjusted EPS measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share[1] is defined in Note 3 and a reconciliation of the statutory profit to that used in the adjusted earnings per share[1] calculations is as follows:

	Unaudited Half year ended 30/06/2021	**Unaudited Half year ended 30/06/2020**	**Audited Year ended 31/12/2020**
	£000	£000	£000
Profit/(loss) for the period attributable to the parent shareholders	10,973	(49,670)	(28,021)
(Less)/Add back exceptional (credit)/costs (Note 5)	(5,361)	35,155	35,671
Add back/(less) tax charge/(credit) on exceptional items	946	(6,843)	(6,119)
Add fair value adjustments (Note 4)	5,460	5,163	9,831
Less tax credit on fair value adjustments	(963)	(1,005)	(1,693)
Add back/(less) net non-cash interest	76	952	(954)
(Less)/add back tax (credit)/expense on non-cash interest	(13)	(185)	164
Add back fair valuation of energy contracts	-	6,413	-
Less tax credit on fair valuation of energy contracts	-	(1,257)	-
Less impact of difference in prior year tax true-up recognition	(419)	-	-
Add back impact of deferred taxation rate change	21,430	7,671	7,667
Adjusted profit/(loss) for the period attributable to the parent shareholders	32,129	(3,606)	16,546

	Unaudited Half year ended 30/06/2021	**Unaudited Half year ended 30/06/2020**	**Audited Year ended 31/12/2020**
	pence	pence	pence
Basic EPS on profit/(loss) for the period	2.7	(12.1)	(6.8)

Diluted EPS on profit/(loss) for the period	2.7	(12.1)	(6.8)
Adjusted basic EPS on profit/(loss) for the period	7.9	(0.9)	4.0
Adjusted diluted EPS on profit/(loss) for the period	7.8	(0.9)	4.0

8. NOTES TO THE GROUP CASH FLOW STATEMENT

	Unaudited Half year ended 30/06/2021	Unaudited Half year ended 30/06/2020	Audited Year ended 31/12/2020
Cash flows from operating activities	£'000	£'000	£'000
Profit/(loss) before taxation	38,836	(52,089)	(23,940)
Adjustments for:			
Depreciation	15,838	13,914	29,046
Impairment of property plant and equipment	(4,899)	14,777	16,263
Impairment of right-of-use assets	-	1,681	1,681
Impairment of working capital	-	-	2,438
Amortisation of intangible assets	3,468	3,963	7,431
Finance costs	1,972	2,549	4,328
(Gain)/loss on disposal of property, plant and equipment	(3,796)	29	(2,921)
Research and development expenditure credit	(750)	(500)	(1,167)
Share based payments	295	363	527
Post-employment benefits	(424)	51	1,584
	50,540	(15,262)	35,270
(Increase)/decrease in inventory	(2,823)	14,047	18,503
(Increase)/decrease in trade and other receivables	(21,227)	9,050	(877)
Increase/(decrease) in trade and other creditors	13,520	(17,095)	(2,537)
(Decrease)/increase in provisions	(1,459)	15,089	4,856
Cash generated from operations	38,551	5,829	55,215

During the prior interim and full year periods, Government assistance of £8.9 million and £10.5 million, respectively, was received in relation to the Coronavirus Job Retention Scheme ("CJRS"). In the current interim period, £1.7 million of CJRS assistance received in relation to employees subsequently made redundant was repaid by the Group.

At 30 June 2020 payment of taxes totalling £16.5 million relating to employment taxes, income taxes and value added tax were deferred. All deferred taxes were fully settled as at 31 December 2020.

During the six months ended 30 June 2021, the Group acquired assets with a cost of £10.1 million (period ended 30 June 2020: £15.0 million; year ended 31 December 2020: £24.1 million). Assets of £2.0 million were disposed of during the current period for proceeds of £3.7 million (period ended 30 June 2020: £0.2 million for proceeds of £0.1 million; year ended 31 December 2020: £1.1 million for proceeds of £4.0 million). Capital expenditure commitments for which no provision has been made were £73.7 million at 30 June 2021 (30 June 2020: £23.1 million; 31 December 2020: £11.8 million).

9. BORROWINGS, AND MOVEMENTS IN CASH AND NET DEBT

At 30 June 2021, the Group held a Revolving Credit Facility ("RCF") for £215 million. The RCF, which is due to expire in March 2023, attracts interest at LIBOR plus a margin ranging from 200-350bps depending upon the ratio of net debt to Adjusted EBITDA[1] (prior to the impact of IFRS 16).

The facility contains debt covenant requirements of leverage (net debt to Adjusted EBITDA[1]) and interest cover (adjusted EBITDA[1] to net finance charge) of 3x and 4x, respectively, to be tested semi-annually on 30 June and 31 December in respect of the preceding 12-month period.

In June 2020, in order to provide appropriate financial flexibility, the Group agreed covenant amendments with its lending banks. Under these amendments, the leverage test as at 30 June 2021 only was amended to no more than 3.75 times net debt to adjusted EBITDA[1].

In the prior year, the Group was confirmed as eligible to access funding under the Covid Corporate Financing Facility ("CCFF"). The Group did not utilise the CCFF.

	Unaudited	Unaudited	Audited
	30 June 2021	30 June 2020	31 December 2020
	£'000	£'000	£'000
Cash and cash equivalents	**15,930**	26,949	19,552
Current			
Revolving Credit Facility	**(372)**	(521)	(135)
	(372)	(521)	(135)
Non-current			
Revolving Credit Facility	**(69,024)**	(129,192)	(88,601)
	(69,024)	(129,192)	(88,601)
Net debt	**(53,466)**	**(102,764)**	**(69,184)**
Net debt to adjusted EBITDA ratio			
Net debt	(53,466)	(102,764)	(69,184)
Last 12 months adjusted EBITDA[1]	97,362	72,797	52,122
Impact of IFRS 16	(6,983)	(7,253)	(6,832)
Adjusted EBITDA[1] prior to IFRS 16	90,379	65,544	45,290
	0.6x	1.6x	1.5x

10. FINANCIAL INSTRUMENTS

IFRS 13 'Financial Instruments: Disclosures' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At 30 June 2021, 31 December 2020 and 30 June 2020, the Group's fair value measurements were categorised as Level 2, except for quoted investments within the Group's pension (valued at £177,055,000 at 30 June 2021, £193,334,000 at 31 December 2020 and £151,042,000 at 30 June 2020), which were valued as Level 1.

The Group has a long standing practice of locking in prices for gas and electricity used in the Group's production activities and achieves this by committing to a certain volume of consumption in future months which creates a contractual commitment and secures a certain price.

In the prior interim period, because of the significant reduction in activity levels due to the COVID-19 pandemic and resulting production shutdown, the Group had energy contracts which failed the own use scope exemption in IFRS 9 ("the failed own use contracts"). These failed own use contracts were fair valued ("marked to market") and recognised as a derivative liability on the balance sheet as at 30 June 2020.

In the prior interim period, the Group presented as exceptional that element of the failed own use contracts for which it did not take delivery of the energy, but rather sold back (at a loss) in the market. This amounted to £6.5 million in the six-month period ended 30 June 2020 and £5.2 million in the year ended 31 December 2020, in respect of contracts which expired in 2020 (see Note 5).

A derivative liability at 30 June 2020 of £9.0 million was recognised, which represented the energy costs which were expected to be used in H2 2020, but where the associated contract failed the own use contract scope exemption. The Directors do not believe the isolated incidence in the prior year of net settling such contracts and the resultant failed own use contracts, precludes the use of the own use exemption for similar contracts in the current and future periods. As such, in the current period, the Group expects to take delivery of the contracted energy purchases and the related executory contracts are accounted for in the period in which the gas and electricity is consumed, at the contracted price. At 30 June 2021 and 31 December 2020, the Group held no significant derivative financial instruments.

There were no transfers between levels during any period disclosed.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount.

11. POST EMPLOYMENT BENEFITS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. During the six-month period to 30 June 2021, the Scheme surplus of £43.6 million decreased to a surplus of £42.5 million. Analysis of movements during the six-month period ended 30 June 2021:

	£'000
Scheme surplus at 1 January 2021 (audited)	43,576
Charge within labour costs and operating profit	(451)
Interest income	262
Remeasurement due to:	
- Change in financial assumptions	45,993
- Change in demographic assumptions	(1,315)
- Experience losses	(17,066)
- Return on plan assets	(29,353)
Company contributions	875
Scheme surplus at 30 June 2021 (unaudited)	42,521

The slight worsening in the balance sheet position over the period is primarily due to losses arising from updates to the underlying data and demographic assumptions to reflect more recent information from the formal actuarial valuation of the scheme at 30 November 2020. This impact was partially offset by positive returns from return-seeking assets and contributions paid in by the Group over the period.

The financial assumptions used by the actuary have been derived using a methodology consistent with the approach used to prepare the accounting disclosures at 31 December 2020. The assumptions have been updated based on market conditions at 30 June 2021:

	Unaudited	Unaudited	Audited
	30 June 2021	**30 June 2020**	**31 December 2020**
	Per annum	**Per annum**	**Per annum**
Discount rate	**1.80%**	1.40%	1.20%
RPI inflation	**3.25%**	2.85%	2.90%
CPI inflation	**2.55%**	2.35%	2.20%
Rate of increase in pensions in payment	**3.65%**	3.45%	3.50%
Mortality assumptions: life expectation at age 65			
For male currently aged 65	**21.8 years**	21.6 years	21.6 years
For female currently aged 65	**24.5 years**	23.9 years	23.9 years
For male currently aged 40	**23.6 years**	23.5 years	23.5 years
For female currently aged 40	**26.3 years**	25.9 years	25.9 years
Commutation factors - sample factor at age 65	**17.31**	17.31	17.31

12. PROVISIONS

The Group's provisions are set out within the below table:

	Unaudited	Unaudited	Audited
	30 June 2021	30 June 2020	31 December 2020
	£'000	£'000	£'000
Restoration (i)	**4,521**	4,295	4,575

Dilapidations (ii)	**4,829**	4,869	4,913
Restructuring (iii)	**57**	7,814	2,406
Other (iv)	**1,572**	-	1,641
	10,979	16,978	13,535
Current	**2,755**	8,562	5,303
Non-current	**8,224**	8,416	8,232
	10,979	16,978	13,535

(i) The restoration provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with applicable environmental regulations together with constructive obligations stemming from established practice once the sites have been fully utilised. The key estimates associated with calculating the provision relate to the cost per acre to perform the necessary remediation work as at the reporting date together with determining the year of retirement. Climate change is considered at the planning stage of developments when restoration provisions are initially estimated. This includes projection of costs associated with future water management requirements and the form of the ultimate expected restoration activity. Estimates are updated annually based on the total estimated available reserves and the expected extraction rates. Whilst a significant element of the total provision will reverse in the medium-term (two to ten years), the majority of the legal and constructive obligations applicable to mineral-bearing land will unwind over a 30-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life.

(ii) Provisions for dilapidations arose as contingent liabilities recognised upon the business combination in the period ended 31 December 2015, are recognised on a lease by lease basis and are based on the Group's best estimate of the likely contractual cash outflows, which are estimated to occur over the lease term.

(iii) The restructuring provision comprises obligations arising as a result of the site closures and associated redundancy costs announced following the completion of the Group's review of operations during the second half of 2020. The key estimate associated with the provision relates to the redundancy cost per impacted employee. The majority of the remaining cost is expected to be incurred within one year of the balance sheet date.

(iv) Other provisions include provisions for legal and warranty claim costs, which are expected to be incurred within one year of the balance sheet date.

13. RELATED PARTY TRANSACTIONS

In the six-month period ended 30 June 2021

There were no related party transactions during the six-month period ended 30 June 2021 nor any balances with related parties at 30 June 2021.

In the six-month period ended 30 June 2020

There were no related party transactions during the six-month period ended 30 June 2020 nor any balances with related parties at 30 June 2020.

14. DIVIDENDS PAID AND PROPOSED

A final dividend for 2020 of 1.6 pence per ordinary share (2019: nil) was paid on 14 May 2021. The Directors have declared an interim dividend of 2.5 pence per ordinary share in respect of 2021 (2020: nil), amounting to a dividend of £10.2 million (2020: nil). The interim dividend will be paid on 17 September 2021 to all shareholders on the register at close of business on 13 August 2021.

These condensed consolidated financial statements do not reflect the 2021 interim dividend payable.

15. POST BALANCE SHEET EVENTS

Other than the interim dividend declared by the Directors (see Note 14), since the balance sheet date no material subsequent events requiring further disclosure or adjustments to these financial statements have been identified.

Independent Review Report to Ibstock plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the consolidated condensed income statement, the consolidated condensed statement of changes in income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

3 August 2021