

22 April 2021

Ibstock plc

AGM Trading Update & Strategic Growth Investment

Ibstock plc ('Ibstock' or the 'Group'), a leading UK manufacturer of clay bricks and concrete products, announces a trading update for the first quarter of FY 2021 and a significant strategic growth investment in its Clay Division, ahead of its Annual General Meeting, which is to be held at 11:00am today.

Highlights

- FY2021 has started well, with trading modestly ahead of expectations, and the Board remains confident in prospects for the year
- £60 million investment in Atlas and Aldridge plants will deliver 115 million brick capacity and a £12m EBITDA contribution per annum once fully operational, with the re-developed Atlas plant expected to be the first net zero carbon brick-manufacturing facility in the UK
- Investment will be self-funded from the Group's cash flow, in accordance with existing leverage and capital allocation frameworks, and is expected to achieve attractive target returns

Trading update

The Group has made a good start to the new financial year, trading modestly ahead of expectations, with robust demand from both the new build housing and Repairs, Maintenance & Improvement (RMI) end markets. Sales volumes in the Clay division for the first quarter were ahead of internal expectations, whilst Concrete volumes for the quarter were in line with internal expectations.

The Board is encouraged by this performance and, whilst remaining mindful of the economic uncertainties and disruption caused by COVID-19, remains confident for the year ahead.

Strategic growth investment

UK housing market fundamentals remain strongly positive, with a structural undersupply of new build housing which is expected to continue over the medium term. As the residential housing market recovers, domestic demand for clay bricks will continue to exceed that available from domestic manufacturing capacity.

Against this backdrop, the Group is recommencing the project to redevelop its Atlas site in the West Midlands, replacing the existing mothballed facility with a new state-of-the-art wire cut clay brick factory. The Atlas project has been revised and expanded since the announcement of the original proposal in early 2020, with an increase in capacity and further significant enhancements to deliver improved environmental performance. The project also includes investment to upgrade and expand capacity at the adjacent Aldridge brick factory.

The new Atlas factory will have outstanding sustainability characteristics, incorporating state of the art technology, with significantly reduced process emissions, resulting in a major reduction in carbon intensity. Ibstock believes that, in combination with a planned investment in high quality

environmental projects to offset the remaining carbon, the Atlas site will be the first net-zero brick-manufacturing facility in the UK.

In total, the redeveloped facilities will deliver capacity of 115 million bricks per annum, equivalent to a net increase in Ibstock Clay's network capacity of 75 million bricks, after taking into account the existing capacity of the (mothballed) Atlas factory. Together, the Atlas and Aldridge factories will benefit from the existing strong transport infrastructure, and high quality clay reserves at the site.

The total capital cost of the project, which is subject to final planning permission, will be c. £60 million, with both the new Atlas factory and the upgraded Aldridge factory expected to begin commissioning in the second half of 2023. The anticipated timing of cash outflows is expected to be around £10 million in 2021, £30 million in 2022, £15 million in 2023 and the balance in 2024. At full output, from late 2024, the project is expected to deliver incremental EBITDA of at least £12 million per annum and to provide a return on capital employed (ROCE) in line with the Group average.

Joe Hudson, Chief Executive Officer of Ibstock plc commented:

"We've made an encouraging start to 2021, supported by robust demand in both the new build housing and RMI markets."

"With the market outlook now clearer, we are refocusing on growth. Redevelopment of our wire cut brick facilities in the West Midlands will deliver a significant capacity expansion, further demonstrating our leadership in the clay brick market, which is expected to continue its long-term growth over time. The project is another tangible example of our commitment to the net zero carbon journey and provides a great exemplar of British building products manufacturing."

"We have a number of additional organic investment opportunities under evaluation and expect to update shareholders on these as the year progresses."

Analyst call

Ibstock is hosting a conference call for investors and analysts at 0830 UK time today.

Conference Call Dial-In Details: +44 (0)330 336 9434

Confirmation code: 5852885

An archived version of today's call will be available on www.ibstockplc.co.uk later today.

The Group has also posted today on its website (www.ibstockplc.co.uk) a set of Frequently Asked Questions (FAQs) to provide further information on the Atlas investment.

Ibstock's Annual General Meeting (AGM) will take place later today at 11.00am. As previously stated given the ongoing restrictions relating to COVID-19, the meeting is being held with the minimum attendance necessary to form a quorum and shareholders will not be permitted to attend the AGM in person. Shareholders are able to register to hear an audio webcast of the AGM online; details can be found on our website www.ibstockplc.co.uk.

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About lbstock plc

lbstock 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:

lbstock Clay: The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 16 manufacturing sites lbstock 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. lbstock Kevington provides masonry and pre-fabricated component building solutions, operating from 6 sites across the United Kingdom.

lbstock 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.

This announcement contains inside information. The person responsible for making this announcement is Nick Giles, Group Company Secretary.