

Polypipe Group plc

Trading Update

17 November 2015

Polypipe Group plc (“PLP” or the “Group”), today issues an update on trading for the ten months ended 31 October 2015 and confirms its full year expectations in respect of underlying operating profit.

Trading update

The Group’s revenue for the ten months ended 31 October 2015 was £299.3m (2014: £282.6m) an improvement of 5.9% over the same period in the prior year. Excluding acquisitions and eliminating currency movements and the impact of fewer working days this period, like-for-like revenue growth for the Group over this ten month period was 3.1%. Reported revenue growth has been impacted by polymer cost deflation passed onto our customers and by weaker than expected demand from the residential repair, maintenance and improvement segment. These trends were particularly prevalent in the four month trading period ended 31 October 2015 when like-for-like revenue growth was 2.3%.

The Group’s underlying operating profit, including the contributions from the Surestop and Nuairé businesses acquired this year, remains on plan and the Group expects its full year underlying operating profit to be in line with market expectations as a result of margin improvement from lower polymer and distribution costs and continuing efficiency gains.

The revenue performance for each reporting segment was as follows:

Revenue	Ten months ended Oct.				Four months ended Oct. 2015
	2015	2014	Change	Like-for-like change*	Like-for-like change*
	£m	£m	%	%	%
Residential	155.4	148.9	4.4	1.9	-
Commercial and Infrastructure – UK	<u>109.7</u>	<u>96.0</u>	<u>14.3</u>	<u>4.4</u>	<u>2.5</u>
UK Operations	265.1	244.9	8.2	2.9	0.8
Commercial and Infrastructure – Mainland Europe	42.9	47.2	(9.1)	1.5	7.3
Inter Segment	<u>(8.7)</u>	<u>(9.5)</u>			
Group	<u>299.3</u>	<u>282.6</u>	<u>5.9</u>	<u>3.1</u>	<u>2.3</u>

* excluding acquisitions and at constant exchange rates and working days

David Hall, Chief Executive, commented:

“In a period when there were two fewer working days our reported revenue growth has been distorted by the pass through of lower polymer costs and also the weaker than expected

revenue from the RMI segment, I am pleased to be able to report that, as a result of margin improvements, we are trading in line with plan after ten months and expect our full year underlying operating profits to meet market expectations.

The Nuaire ventilation business which we acquired in August this year is trading in line with our expectations and I am pleased with the way this recently acquired business has settled into the Group.”

UK Operations

Our UK operations generated like-for-like revenue growth of 2.9% during the ten month period ended 31 October 2015. In the four month trading period ended 31 October 2015 our like-for-like revenue growth declined to 0.8% primarily as a result of polymer cost deflation pass through and weaker than expected demand from the residential repair, maintenance and improvement “(RMI)” segment. Demand from the residential new build segment remained robust.

We believe the market fundamentals in the UK remain positive and legislation continues to support the pursuit of our growth initiatives in carbon and water.

Mainland European Operations

Revenue for the ten month period ended 31 October 2015 was down 9.1% on the prior year on a reported basis due to adverse currency translation, but up 1.5% on a like-for-like basis. During the four month period ended 31 October 2015 like-for-like revenue grew by 7.3%, which is a creditable performance during a period when the French market remained subdued. Our Mainland European businesses, mainly in France, continue to trade profitably and their results after ten months at constant exchange rates are slightly ahead of the same period in the prior year.

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A copy of this trading statement will be available on our website <http://ir.polypipe.com> today from 7.00 am.

Notes to Editors:

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic pipe systems for the residential, commercial, civils and infrastructure sectors by revenue. The recently acquired Nuaire business is a leading designer and manufacturer of energy efficient ventilation systems in the UK.

The Group operates from 19 facilities in total, and with over 20,000 product lines, manufactures the United Kingdom’s widest range of engineered plastic piping systems for heating, plumbing, drainage and ventilation. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world.