

Polypipe Group plc

Interim Management Statement

18 November 2014

Polypipe Group plc (“PLP” or the “Group”), today issues an update on trading for the ten months ended 31 October 2014.

Trading Results

The Group has maintained its positive trading performance in 2014 with revenue for the first ten months of the year 9.1% ahead of the same period in the prior year. The revenue performance for each reporting segment was as follows:

	4 months to 31 October 2014		6 months to 30 June 2014 (previously reported)		10 months to 31 October 2014	
Revenue	£m	Change %	£m	Change %	£m	Change %
Residential	62.1	10.9	86.8	11.1	148.9	11.0
Commercial and Infrastructure – UK	<u>39.6</u>	<u>14.1</u>	<u>56.4</u>	<u>19.2</u>	<u>96.0</u>	<u>17.1</u>
UK Operations	101.7	12.1	143.2	14.2	244.9	13.3
Commercial and Infrastructure – Mainland Europe	16.6	(17.0)	30.6	(2.9)	47.2	(8.3)
Inter Segment	<u>(3.9)</u>	=	<u>(5.6)</u>	=	<u>(9.5)</u>	=
Group	<u>114.4</u>	<u>6.6</u>	<u>168.2</u>	<u>10.8</u>	<u>282.6</u>	<u>9.1</u>

David Hall, Chief Executive, commented:

“Our positive start to the year has continued into the second half with sales benefiting from a strong UK market and our initiatives to grow sales in water management and carbon efficiency. As a result of the continuing strong performance in our main UK market, we now expect our full year results to be at the top end of the range of market expectations”.

UK Operations

Revenue in the ten month period ended 31 October 2014 was 13.3% ahead on the prior year as we continued to experience strong market demand in the residential, commercial and infrastructure sectors. We also continued to benefit from our growth initiatives in the areas of Water Management and Carbon Efficient Solutions. The growth rate for the four month period ended 31 October 2014 of 12.1% was

achieved against tougher comparables than in the first half of the year, particularly in the Commercial and Infrastructure division. This division also experienced lower growth in export sales during the four month period ended 31 October 2014 as a result of the timing of the seasonal holiday period in the Middle East.

Operating margins in both divisions remain ahead of the prior year after ten months and we expect the full year operating margin percentage for the UK Operations will be in line with the last financial year. The overall operating leverage effect in the second half will be less marked than during the first half due to higher public company operating costs following our IPO in April 2014. During the comparable period in 2013, we also experienced some benefit from improved output as a result of building inventories to meet the upturn in demand.

As part of our drive to increase our presence and capability in carbon efficient solutions, on 28 October 2014 we acquired the business and assets of a small UK ventilation business, Ferrob Limited, for an initial consideration of £0.3m plus an earnout which is dependent on the level of revenue in the year following acquisition. Ferrob Limited is focussed on the public sector housing ventilation market and reported revenue of £0.9m for the year ended 31 October 2014.

Mainland European Operations

The majority of revenue in this segment is generated by our operations in France and sold into the French market.

Revenue for the ten month period to 31 October 2014 was down 8.3% on the prior year. At constant exchange rates the revenue decline over this period was 3.4% with housing starts in France, a key revenue driver for this segment, down 5.7% in the nine month period to 30 September 2014. In the four month period to 31 October 2014, revenue was down 17.0% on the prior year's period and down 11.4% at constant exchange rates. The impact of deteriorating market conditions in France has had a limited impact on the Group operating results as we have been able to flex down our costs in line with the lower revenues. After ten months these operations remain marginally profitable. The adverse currency translation effect on earnings does not have a significant impact on the overall Group operating results.

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A copy of this trading statement will be available on our website
[http://ir.polypipe.com/\(http://ir.polypipe.com\)](http://ir.polypipe.com/(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 Group operates from 16 facilities in total and with over 20,000 product lines, manufactures the United Kingdom's widest range of plastic piping systems within its target markets. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy, the Middle East and sales to specific niches in the rest of the world.