

25 November 2019

Brickability Group plc
("the Group")

Interim Results for the six months ended 30 September 2019

Brickability Group plc, the leading construction materials distributor, today announces its unaudited Interim results for the six months ended 30 September 2019 showing steady delivery of the objectives it set out at IPO.

Financial Highlights:

- Revenue increased by 19.8% to £97.9m (H1 18 : £81.7m)
- Gross profit increased to £19.1m (H1 18 : £16.0m)
- Profit before tax increased 33.4% to £6.8m (H1 18 : £5.1m)
- Adjusted EBITDA* increased to £10.4m (H1 18 : £8.7m)
- Interim dividend declared of 0.8678p per share
- EPS 13.31p (H1 18 : £1,760.8p)**
- Diluted EPS 12.98p (H1 18 : £1,760.8p)**

Operational Highlights:

- Completion of successful IPO on AIM
- New product ranges added to the Group offering in flooring, specialist brick, facades, and extended brick ranges
- Four acquisitions made in-line with strategy: DSH Flooring, Bespoke Brick, LBT Facades and Brickmongers
- Ongoing assessment of further acquisition opportunities to add to our distribution and product offering
- Continued focus on improved efficiencies in the supply chain
- Advanced preparations put in place for business continuity post EU withdrawal

Outlook:

The longer-term outlook for our markets remains encouraging and we are confident of building on a strong first half. The acquisitions made during the period are performing in line with expectations and we have a healthy acquisition pipeline which we expect to pursue in accordance with our stated strategy. The board remains confident that trading for the full year remains in line with expectations [subject to any political change from the General Election or Brexit that affects the new build housing market]. { cover off political risk which we cannot control?}

John Richards, Chairman, said:

“This is a strong set of results with which to update the market in our first set of financials since our successful IPO in the summer. I’m pleased that we’re delivering what we said we would. The housing market is generally robust across the UK and we’re very well placed to service that. With a set of good acquisitions under our belt we’ve enhanced our geographic spread and expanded our product offering. This will put us in a good position for future growth and we’ll be looking at further bolt-on opportunities to support that.”

**Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional and acquisition costs.*

*** Reflecting the number of shares in circulation pre and post IPO*

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Brickability Group PLC

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About Brickability

Brickability is a leading construction materials distributor, serving customers across the UK for over 25 years through its mainstream and local networks. The Company supplies over 300m bricks annually and already has 25 sites and sales offices, employing approximately 225 people throughout the UK. Across its three divisions, the Group supplies bricks, roofing, heating, flooring, doors and windows to meet UK housebuilder demand.

25 November 2019

Brickability Group PLC

Interim Results for the six months ended 30th September 2019

Brickability Group PLC

Chairman's Statement

Market conditions in new build housing remained stable throughout the period (with some regional variation) and I am delighted to report on a very active six months for the Brickability Group which included its successful admission to trading on AIM on 29 August.

Following our successful IPO, the Group has been focused on maintaining and building on its excellent customer and supplier relationships. The Group has continued to pursue its stated aim of making bolt-on acquisitions that are aligned with the Group's strategy of adding to the Group's revenues while sharing the same route to market and enhancing our geographic spread of operations within the UK. During the period the Group has made four new acquisitions increasing our distribution and product offering.

I am also pleased to report that the acquisition pipeline remains strong and we are in discussions with a number of potential businesses that would both enhance and broaden the Group's operations.

It is our strong performance that underpins our first Interim Dividend payment to shareholders of 0.8678p per share.

Alongside our focus on trading and acquisitions, we have also made great strides in developing and delivering Group-wide policies on Health and Safety, Compliance and Sustainability, as well as staff retention, training and development.

External consultants have worked hand in hand with our staff to develop uniform Health and Safety Standards, while the introduction of CSOP and LTIP schemes will assist both retention and recruitment of key staff. The Group is also very active in ensuring that we have first rate succession plans with options for filling key roles as and when required.

The majority of the products distributed by the Group are manufactured in the UK, while our towel radiators are primarily sourced from Turkey. We import bricks, windows and doors from E.U. countries and have in place detailed plans to continue to distribute and indeed transport these products whatever form Brexit may take.

This has been another successful period of growth for Brickability in which we have achieved the significant milestone of a public listing. I am extremely grateful to everyone in the business for their continued hard work and dedication.

John Richards
Chairman
25 November 2019

Brickability Group PLC

Chief Executive's Review

I am pleased to report increases in Group revenue, EBITDA, and profit for the period. This reflects a strong UK housing market into which the majority of our products are delivered.

Overall brick sales remain in-line with our expectations as housebuilders continue to demand traditional bricks and masonry. Our geographic coverage continues to grow alongside our supply base.

Sales from our Heating and Plumbing division remain strong with our customer list continuing to grow. Our products are mostly sourced from Turkey and are paid for in sterling. Additional staff have been employed to extend our offering into panel radiators and associated products.

Our flooring distribution business, DSH Flooring Limited, is growing quickly and while our geographic coverage is currently local in its spread, the increase in the business's revenue since acquisition in April is extremely encouraging and there are further opportunities to grow the business.

Timber window sales remain at expected levels, while the sourcing of a new supplier enables us to take advantage additional business. Internal door sales opportunities remain limited as we await the sourcing of further suppliers.

Roofing sales remain robust with order books stretching to over a year, with long-term supply agreements on major housing developments in place.

During the last six months, our acquisition strategy has added four businesses to the Group. DSH Flooring Limited was acquired in April, becoming our first business specialising in the distribution and fitting of flooring. May saw the acquisition of The Bespoke Brick Company Limited, our second specialist brick import distributor. LBT Brick & Facades Ltd and Brickmongers (Wessex) Limited were also acquired during this period, adding to our brick distribution coverage in the North West and South Coast respectively.

Acquisition opportunities exist in all of our product areas and indeed we are exploring some in new product types that enjoy the same route to market and end-use customer base that we believe would add to the Group's strengths.

Lastly, we were very pleased that during the period we supplied products that were used in the winning project of the 2019 Stirling Prize (Mikhail Riches' Goldsmith Street Social Housing, Norwich City Council).

Looking ahead, the longer-term outlook for our markets remains encouraging and we are confident of building on a strong first half. The acquisitions made during the period are performing in line with expectations and we have a healthy acquisition pipeline which we expect to pursue in accordance with our stated strategy. The board remains confident that trading for the full year remains in line with expectations.

Alan J Simpson
Chief Executive
25 November 2019

Brickability Group PLC

Financial Review

Revenue and Gross Margin

The Group delivered £97.9m of revenue in the first six months of 2019 (H1 2018: £81.7m), representing a total increase of 19.8% (£16.2m). When the impact of acquisitions are excluded from revenue, like for like ("LFL") revenue growth was up 4.8%.

Gross margins across the Group remained stable at 19.5% (H1 2018: 19.5%). Gross Profit for the 6 months increased to £19.1m (H1 2018: £16.0).

Administrative expenses

There was an overall net increase in administrative expenses of £1.5m across the Group primarily relating to the additional overheads of acquired businesses and £0.1m additional central overhead.

Exceptional items

Exceptional income in the period of £1m relates to an insurance recovery under a keyman policy that paid out following medical diagnosis. The person concerned has made a full recovery.

The other exceptional costs relate to the IPO (£0.5m) and the release of the loan arrangement fee provision following the repayment of the term loan on listing (£0.3m).

EBITDA

The Group's adjusted EBITDA increased to £10.4m in the first six months of 2019, compared to £8.7m in the same period last year, reflecting the growth in the existing business and the four acquisitions.

Operating profit

The Group generated an operating profit for the period of £8.6m, compared to £7.0m in the prior period.

Interest expense fell slightly to £1.8m as the term loan was paid off with proceeds from the IPO in August 2019.

Earnings per share

Basic earnings per share for the first six months was 13.31p per share. On a full dilutive basis earnings per share for the first six months was 12.98p per share. Earnings per share based on the number of shares at the IPO was 2.23p per share.

Dividend

In keeping with the Group's stated strategy at IPO and encouraged by our strong first half performance, the Board has decided to declare a maiden interim dividend of 0.8678p per share to shareholders on the register at 6 December 2019. The ex-date and payment date for the dividend will be 5 December and 20 December 2019 respectively.

Cashflow

The Group generated operating cash flow of £2.2m in the first six months of the year compared to £8.8m in the same period in 2018. The key reason for the large change in working capital was due to the timing of the payment to major suppliers (c£5m) and the increase in net current assets from the four acquisitions (c£2.2m). Importantly, the Group remains cash generative when adjusted for the year end creditor position. For the 18 months period ending 30 September, removing the timing difference of creditor payments at 31 March, the cash conversion was 92%.

Balance Sheet

The net bank debt position as at 30 September 2019 was £1.9m, a decrease of £17.9m from the 31 March 2019 position. This mid-year decrease was due to repayment of the term loan from proceeds of the IPO and £5.4m of investor loan notes of which repayment was delayed until after 30 September 2019.

Post balance sheet events

In October 2019, the remaining £5m of investor loan notes plus interest were repaid. Following this the Company has no outstanding loan notes. There are no other material post balance sheet events.

Condensed and Consolidated Income Statement 6 Months Ended 30 September 2019 (unaudited)

	Note	6 months Ended 30 Sept 2019 £'000	6 months Ended 30 Sept 2018 £'000	Year Ended 31 March 2019 £'000
Revenue		97,945	81,740	163,294
Cost of sales		(78,889)	(65,779)	(130,371)
Gross profit		19,056	15,962	32,923
Other operating income		4	97	96
Administrative expenses		(10,504)	(9,016)	(18,950)
Profit from operations		8,556	7,043	14,069
Analysed as:				
Adjusted EBITDA		10,396	8,705	17,678
Intangible amortisation		(1,402)	(1,266)	(2,694)
Profit on sale of assets		2	-	47
Depreciation		(601)	(396)	(962)
Exceptional income		1,000	-	-
Exceptional costs - IPO		(522)	-	-
Exceptional costs - refinancing		(317)	-	-
Profit from operations		8,556	7,043	14,069
Finance expense		(1,772)	(1,949)	(4,172)
Finance income		39	4	31
Share of post-tax profits of equity accounted associates		25	29	13
Amounts written off investments		(40)	(23)	(49)
Profit before tax		6,808	5,104	9,892
Tax expense		(1,670)	(1,140)	(2,396)
Profit from continuing operations		5,138	3,964	7,496

Adjusted EBITDA reflects earnings before interest, taxation, depreciation, exceptional items, acquisition costs and intangible amortisation.

Earnings per share

For the six months ended 30 September 2019 (unaudited)

	Note	6 months ended 30 September 2019	6 months ended 30 September 2018	Year ended 31 March 2019
Basic earnings per share - pence	3	13.31	1,760.8	3,151
Diluted earnings per share - pence	3	12.98	1,760.8	3,151

**Statement of Condensed and Consolidated Changes in Equity
6 Months Ended 30 September 2019 (unaudited)**

	Share capital £'000	Share Premium £'000	Capital Redemptio n Reserve £'000	Merger Reserve £'000	Retained earnings £'000	Total equity £'000
As at 31 March 2018	4	7,170	-	1,245	(294)	8,125
Profit for the year ended 31 March 2019	-	-	-	-	7,496	7,496
Issue of shares	-	1,800	-	-	-	1,800
Total contributions by and distributions to owners	-	1,800	-	-	7,496	9,296
As at 31 March 2019	4	8,970	-	1,245	7,202	17,421
Profit for the 6 months ended 30 September 2019	-	-	-	-	5,138	5,138
issue of shares	2,065	56,877	-	-	-	58,942
Company purchase of own shares	(2)	-	2	-	-	-
Reduction of share premium account	-	(13,000)	-	-	13,000	-
Issue costs of shares	-	(2,610)	-	-	-	(2,610)
Total contributions by and distributions to owners	2,063	41,267	2	-	18,138	61,470
At 30 September 2019	2,067	50,237	2	1,245	25,340	78,891
Comparative for 6 Months Ended 30 September 2018						
As at 31 March 2018	4	7,170	-	1,245	(294)	8,125
Profit for the 6 months ended 30 September 2018	-	-	-	-	3,964	3,964
Total contributions by and distributions to owners	-	-	-	-	3,964	3,964
As at 30 September 2018	4	7,170	-	1,245	3,670	12,089

Condensed and Consolidated Balance Sheet
6 Months Ended 30 September 2019 (unaudited)

	6 months Ended 30 Sept 2019 £'000	6 months Ended 30 Sept 2018 £'000	12 Months Ended 31 March 2019 £'000
Assets			
Current assets			
Inventories	7,364	4,501	5,422
Trade and other receivables	39,558	34,970	34,111
Cash and cash equivalents	18,089	10,256	17,001
	<u>65,011</u>	<u>49,727</u>	<u>56,534</u>
Non-current assets			
Property, plant and equipment	3,947	3,754	3,623
Right of use assets	2,868	1,443	1,595
Intangible assets	74,764	67,224	68,788
Investments in equity-accounted associates	1,207	621	1,239
Deferred tax assets	744	300	744
Trade and other receivables	155	-	155
	<u>83,685</u>	<u>73,342</u>	<u>76,144</u>
Total assets	<u><u>148,696</u></u>	<u><u>123,069</u></u>	<u><u>132,678</u></u>
Liabilities			
Current liabilities			
Trade and other payables	(34,267)	(30,769)	(37,062)
Loans and borrowings	(5,510)	(4,270)	(3,085)
Lease liabilities	(666)	(345)	(378)
	<u>(40,443)</u>	<u>(35,384)</u>	<u>(40,525)</u>
Non-current liabilities			
Trade and other payables	(879)	(9,597)	(3,957)
Loans and borrowings	(20,000)	(58,013)	(62,977)
Lease liabilities	(2,217)	(1,107)	(1,227)
Derivative financial liabilities	(138)	-	(106)
Provisions	(1,801)	(2,338)	(1,975)
Deferred tax liability	(4,327)	(4,541)	(4,490)
	<u>(29,362)</u>	<u>(75,596)</u>	<u>(74,732)</u>
Total liabilities	<u><u>(69,805)</u></u>	<u><u>(110,980)</u></u>	<u><u>(115,257)</u></u>
NET ASSETS	<u><u>78,891</u></u>	<u><u>12,089</u></u>	<u><u>17,421</u></u>
Issued capital and reserves attributable to owners of the parent			
Share capital	2,067	4	4
Share premium reserve	50,237	7,170	8,970
Capital redemption reserve	2	-	-
Merger reserve	1,245	1,245	1,245
Retained earnings	25,340	3,670	7,202
TOTAL EQUITY	<u><u>78,891</u></u>	<u><u>12,089</u></u>	<u><u>17,421</u></u>

Condensed and Consolidated Cash Flow Statement 6 Months Ended 30 September 2019 (unaudited)

	6 Months Ended 30 Sept 2019 £'000	6 Months Ended 30 Sept 2018 £'000	12 Months Ended 31 March 2019 £'000
Cash flows from operating activities			
Profit from financial period/year	5,138	3,964	7,496
<i>Adjustments for;</i>			
Exceptional income	(1,000)	-	-
Exceptional costs	839	-	-
Depreciation of property, plant & equipment	601	396	962
Amortisation of intangible assets	1,402	1,266	2,694
Amounts written back to investments	40	23	49
Share of profit of associates	(25)	(29)	(13)
Other interest receivable and similar income	(39)	(4)	(31)
Interest payable and similar expenses	1,772	1,949	4,172
(Gains)/loss on disposal of property, plant & equipment	(2)	-	(47)
Tax on profit	1,670	1,140	2,396
<i>Changes in;</i>			
Inventories	(1,114)	731	(371)
Trade and other receivables	1,807	(7,017)	(5,041)
Trade and other payables	(8,851)	6,416	11,279
Cash generated from operations	<u>2,238</u>	<u>8,835</u>	<u>23,545</u>
Exceptional income	1,000	-	-
Interest paid	(3,567)	(510)	(1,488)
Interest received	39	4	31
Dividends received	18	18	36
Tax paid	(3,313)	(1,446)	(3,210)
Net cash from operating activities	<u>(3,585)</u>	<u>6,901</u>	<u>18,914</u>
Cash flows from investing activities			
Purchase of property, plant & equipment	(444)	(467)	(1,243)
Proceeds from sale of property, plant & equipment	14	-	71
Purchase of intangible assets	-	-	(4)
Acquisition of subsidiaries	(7,271)	-	(2,644)
Acquisition of interests in associates and joint ventures	-	-	(194)
Net cash acquired with subsidiary undertakings	1,906	-	(4)
Payment of share transaction costs	(523)	-	-
Payment of exceptional IPO costs	(234)	-	-
Net cash used in investing activities	<u>(6,552)</u>	<u>(467)</u>	<u>(4,018)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares	43,923	-	1,500
Proceeds from borrowings	8,158	1,500	2,115
Payments from finance lease liabilities	(388)	(242)	(534)
Proceeds from loan notes issued	-	-	1,500
Repayment of loan notes	(9,113)	-	-
Repayment of bank borrowings and facilities	(25,158)	(1,053)	(3,158)
Repayment of deferred consideration and other loan	(6,197)	(1,729)	(4,664)
Net cash (used in)/from financing activities	<u>11,225</u>	<u>(1,524)</u>	<u>(3,241)</u>
Net increase in cash and cash equivalents	1,088	4,910	11,655
Cash and cash equivalents at beginning of year	17,001	5,346	5,346
Cash and cash equivalents at end of year	18,089	10,256	17,001

Notes to the Interim report

1. GENERAL INFORMATION

Brickability Group plc (the 'Company' or the 'Group') is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 (registration number 11123804) and is registered in England and Wales. The registered address is c/o Brick-ability Ltd South Road, Bridgend Industrial Estate, Bridgend, United Kingdom, CF31 3XG.

Copies of this Interim Report may be obtained from the registered address or on the Corporate (Investor Relations) section of the Company's website at www.brickabilityplc.co.uk.

Statement of compliance and basis of preparation

The condensed consolidated financial information presented in this Interim Report has been prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU and in accordance with Article 4 of the IAS Regulation. The financial information has been prepared using the historical cost convention and on a going concern basis.

The Annual Financial Report for the year ended 31 March 2019 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 March 2019 was not qualified and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial information for the six months ended 30 September 2019 and 30 September 2018 is unaudited and has not been reviewed by the Company's auditors.

The Interim financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except where otherwise indicated.

2. SEGMENTAL ANALYSIS

Brickability Group plc generates all of its revenues within the UK. Brickability Group plc generates revenue from the following activities:

- Revenue from the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to the public;
- Revenue from the distribution of radiators and associated parts and accessories;
- Revenue from the supply of roofing construction services primarily within the residential construction sector;

Brickability Group plc therefore has three business segments, being Bricks, Heating Plumbing and Joinery ("HPJ"); and Roofing. The Group's segments are strategic business units that offer different products and services.

	Segmental analysis For the 6 months ended 30 September 2019					Segmental analysis For the 6 months ended 30 September 2018			
	Bricks £'000	HPJ £'000	Roofing £'000	Total £'000		Bricks £'000	HPJ £'000	Roofing £'000	Total £'000
Revenue	75,123	13,052	9,770	97,945	Revenue	61,384	11,812	8,544	81,740
Segment EBITDA	6,450	2,980	1,917	11,347	Segment EBITDA	5,297	2,513	1,730	9,540
Central overheads				(951)	Central overheads				(835)
Group adjusted EBITDA				10,396	Group adjusted EBITDA				8,705
Depreciation and amortisation				(2,001)	Depreciation and amortisation				(1,662)
Exceptional income				1,000	Exceptional income				-
Exceptional costs				(839)	Exceptional costs				-
Net finance expense				(1,748)	Net finance expense				(1,939)
Profit before tax				6,808	Profit before tax				5,104

Notes to the Interim report

2. SEGMENTAL ANALYSIS (continued)

Segmental analysis For the year ended 31 March 2019				
	Bricks £'000	HPJ £'000	Roofing £'000	Total £'000
Revenue	123,443	23,338	16,513	163,294
Segment EBITDA	10,754	4,887	3,947	19,588
Central overheads				(1,910)
Group adjusted EBITDA				17,678
Depreciation and amortisation				(3,609)
Net finance expense				(4,177)
Profit before tax				9,892

3. EARNINGS PER SHARE

	6 months Ended 30 September 2019		6 months Ended 30 September 2018		Year Ended 31 March 2019	
	Profit £'000	Weighted average number of shares	Profit £'000	Weighted average number of shares	Profit £'000	Weighted average number of shares
Profit per share	5,138	38,612,470	3,964	225,150	7,496	237,846
Pence : Basic		13.31		1,760.8		3151
	Profit £'000	Diluted average number of shares	Profit £'000	Diluted average number of shares	Profit £'000	Diluted average number of shares
Profit per share	5,138	39,575,538	3,964	225,150	7,496	237,846
Pence : Basic		12.98		1,760.8		3151

4. DEFERRED CONSIDERATION

Future deferred consideration falls due as follows: £2.9m in the next 12 months and £1.1m after more than 12 months. Deferred consideration payments due in relation to PVH Holdings Limited and The Bespoke Brick Company Limited are linked to future profitability. Management has made an estimate of the deferred consideration due based on expected future profitability of these entities. There are no employment related obligations attached to future deferred consideration.

Notes to the Interim report

5. ACQUISITIONS

During the 6 months ended 30 September 2019 the Group acquired 100% of the issued share capital of the companies listed below. All of the companies are incorporated in the UK.

	Sector	Acquisition date	Initial Cash consideration £'000	Loan notes £'000	Deferred consideration £'000	Deferred contingent consideration £'000
DSH Flooring Limited	HPJ	1 April 2019	300	-	-	-
LBT Brick & Facades Ltd	Bricks	15 May 2019	2,612	-	-	-
The Bespoke Brick Company Limited	Bricks	17 May 2019	4,645	955	1,200	300 *
The Brick-Slip Business Limited	Bricks	17 May 2019	20	5	-	-
Brickmongers (Wessex) Limited	Bricks	1 July 2019	831	554	-	-

* Deferred consideration of £932K was paid during the 6 months ended 30 September 2019. The balance of £267K is due to be paid in December 2019. The contingent deferred consideration is dependent on the company meeting target EBITDA over the next 3 years. The consideration is payable in annual instalments of £100,000 in July 2020, July 2021 and July 2022.

The transactions have been accounted for by the acquisition method of accounting.

The provisional carrying amount of each class of assets before combination is set out below:

	DSH Flooring Limited £'000	LBT Brick and Facades Limited £'000	The Bespoke Brick Company Limited £'000	The Brick Slip Business Limited £'000	Brickmongers (Wessex) Limited £'000	Total £'000
Property, plant and equipment	8	33	24	12	60	137
Inventories	183	-	658	-	433	1,274
Trade and other receivables	631	1,379	3,116	10	730	5,866
Cash & cash equivalents	(13)	696	701	24	497	1,906
Trade and other payables	(573)	(1,163)	(2,439)	(32)	(931)	(5,139)
Total identifiable assets	237	945	2,060	13	788	4,043

Due to the timing of the acquisitions, the acquisition accounting adjustments were not complete as at 30 September 2019, however, will be finalised prior to 31 March 2020.

6. DIVIDENDS

No dividends were paid during the period. However, the Company has declared an interim dividend for the 2019 year of 0.8678p per share and intends to pay this to shareholders on 20 December 2019 to shareholders on the register on 6 December 2019 (Ex dividend date 5th December 2019).

7. POST BALANCE SHEET EVENTS

In October 2019 £5.4m of investor loan notes plus interest were repaid and an additional £1.0m of keyman insurance was received. There were no other post balance sheet events.

- Ends -