

TYMAN PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Tyman plc (TYMN.L) announces results for the year ended 31 December 2023.

Summary Group Results

£m unless stated	2023	2022	<i>Change</i>	<i>LFL ⁽¹⁾</i>
Revenue	657.6	715.5	-8%	-8%
Adjusted operating profit*	84.4	94.6	-11%	-13%
<i>Adjusted operating margin*</i>	12.8%	13.2%	-40bps	-60bps
Operating profit	60.2	70.7	-15%	
Adjusted profit before taxation*	75.0	85.8	-13%	
Profit before taxation	50.0	61.4	-19%	
Adjusted EPS*	30.1p	34.7p	-13%	
Basic EPS	19.6p	24.6p	-20%	
Dividend per share	13.7p	13.7p	-	
Leverage ⁽²⁾	1.1x	1.0x	+0.1x	
Return on capital employed*	11.7%	13.3%	-160bps	

* *Alternative performance measures. These "adjusted" metrics are before amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, and adjusting items. These measures provide additional information to shareholders on the underlying performance of the business and are used consistently through the statement. Further details can be found on pages 37 to 42.*

(1) *LFL = constant currency like-for-like (see APMs on page 38).*

(2) *Leverage is calculated in accordance with the debt covenant methodology (see APMs on pages 39 to 41).*

Highlights:

- Robust overall performance in line with expectations despite challenging market conditions
- Revenue decline reflected significant reduction in volumes partially offset by the carryover benefit of pricing actions and share gains
- Adjusted operating profit decline primarily reflected negative operating leverage from significant reduction in volumes, partially offset by an initial contribution from Lawrence
- North America adjusted operating margin increase of 130bps to 15.5%, benefitting from the reversal of the pricing lag and the contribution from Lawrence; division represents >70% of Group adjusted operating profit
- Excellent adjusted operating cash conversion of 143%, reflecting a £34 million reduction in inventory and enabling a net debt reduction despite acquiring Lawrence for £44 million
- Good progress with our strategic initiatives to gain share and structurally improve margin
- Best ever safety performance, with LTIFR of 1.0 and TRIR reducing by 26% to 4.2
- Near-term carbon reduction targets validated by the Science Based Targets initiative
- Full-year dividend per share maintained at 13.7 pence, reflecting confidence in the Group's future growth prospects

Jason Ashton, Interim Chief Executive Officer at 31 December 2023, commented: "The Group performed robustly in a volatile and challenging environment in 2023, with good margin progression in North America and excellent operating cash conversion. The agility of our management teams in flexing cost, together with the reversal of the pricing lag in North America, enabled us to deliver full-year adjusted operating profit in line with market expectations.

We also reduced net debt, despite acquiring Lawrence for £44 million, and have maintained the full-year dividend, reflecting our confidence that the Group remains well-positioned to take advantage of the positive structural growth drivers when the housing market backdrop improves.

Pleasingly, the Group achieved its best ever safety performance and had its near-term carbon reduction targets validated by the Science Based Targets initiative."

Rutger Helbing, Chief Executive Officer from 2 January 2024, commented: "Since I joined Tyman, I have had the opportunity to visit 14 of our manufacturing sites so far, encompassing all three divisions. These visits have enabled me to better understand our market-leading brands and differentiated products, and to meet many of our passionate and dedicated employees.

The structural growth drivers for the Group remain attractive, although leading indicators for our major markets are currently signalling a challenging market outlook for 2024. However, given our self-help measures and a full-year contribution from Lawrence, the Board expects the Group to make progress in 2024."

7 March 2024

Enquiries

Tyman plc

Rutger Helbing – Chief Executive Officer
Jason Ashton – Chief Financial Officer
Matt Jones – Head of Investor Relations

020 7976 8000
investor.relations@tymanplc.com

MHP

Reg Hoare / Rachel Farrington / Matthew Taylor

07827 662 831
tyman@mhpgroup.com

Analyst and investor presentation

Tyman will host an analyst and investor presentation at 9.30 a.m. today, Thursday 7 March 2024, at the offices of Deutsche Numis, 45 Gresham Street, London, EC2V 7BF.

The presentation will be webcast at: https://brrmedia.news/TYMN_FY23.

The audio conference call details are:

Number

+44 (0) 33 0551 0200

Password (if prompted)

Tyman Full Year

Notes to editors

Tyman (TYMN: LSE) is a leading international supplier of engineered fenestration components and access solutions to the construction industry. The company designs and manufactures products that enhance the comfort, sustainability, security, safety and aesthetics of residential homes and commercial buildings. Tyman's portfolio of leading brands serve their markets through three divisions: Tyman North America, Tyman UK & Ireland and Tyman International. Headquartered in London, the Group employs approximately 3,600 people with facilities in 15 countries worldwide. Further information is available at www.tymanplc.com.

Overview of results

Performance in 2023

Tyman delivered a robust overall performance in 2023 against a strong comparative period and despite a continuation of the challenging markets experienced since the second half of 2022. Revenue declined by 8% to £657.6 million (2022: £715.5 million), reflecting a like-for-like (“LFL”) decline of 8%, a 1% decline from foreign exchange movements and 1% growth from the acquisition of Lawrence Industries (“Lawrence”) in July 2023. The LFL decline reflected the impact of a significant reduction in volumes due to underlying demand softness and customer destocking, which more than offset the benefit from the carryover of pricing actions and share gains.

Residential housebuilding and RMI activity across the Group’s major markets were impacted by the combination of elevated consumer inflation and interest rates. In addition, volumes were impacted by customer destocking, notably in our seals businesses, and the withdrawal of various government fiscal stimulus programmes, which had boosted market activity in the International division in 2022. Whilst market demand remained soft throughout the year, the comparators eased in the second half, particularly in the North America and International divisions, resulting in a marked reduction in the LFL revenue decline in the second half of the year as compared to the first half.

The Group’s profitability in 2023 reflected the positive impact of prior year pricing actions. The strength of the Group’s brands enabled pricing power to be maintained, and it was pleasing to see the reversal of the pricing lag that negatively impacted operating margins in North America during 2021 and 2022. Commodity cost inflation in general eased during the year, but labour markets have remained competitive, especially in the US, resulting in wage inflation remaining above long-term averages.

The Group responded to the soft demand backdrop with adjustments to production shifts, targeted headcount reductions, reductions in temporary labour, allowing natural labour attrition and tight control of discretionary costs. In addition, measures were taken during the year to reduce the fixed element of the cost base, including ceasing manufacturing operations in Brazil and taking the decision to exit the Chinese commercial market at the end of 2023. These cost actions will benefit future profitability but were not able to fully offset the significant under-absorption of fixed costs in the year, with production volumes declining by more than sales volumes in order to reduce inventory levels. As a result, adjusted operating profit declined by 11% on a reported basis (reflecting a LFL decline of 13%, a 1% impact from foreign exchange movements and a 3% contribution from Lawrence) and the adjusted operating margin declined by 40bps to 12.8%. Both adjusted operating profit and the adjusted operating margin improved markedly in the second half of the year as compared to the first half. Notably, the full-year adjusted operating margin in North America increased by 75bps compared to 2022 on a LFL basis.

Reflecting the progress on inventory, which decreased by £34.1 million, adjusted operating cash conversion improved significantly to 143% (2022: 64%). The average adjusted operating cash conversion rate over the last five years now stands at 107%.

Health and safety

The health and safety of our people is the Group's top priority and is embedded in our culture through our "Safety is our First Language" programme. Pleasingly, the Group achieved a lost time incident frequency rate ("LTIFR") of 1.0 in 2023, a 29% improvement on 2022 and a 79% improvement versus the 2018 baseline LTIFR of 4.8. To ensure that the significant progress made in recent years is maintained and improved upon, a safety leadership refresher course has been deployed across the business.

Having now almost achieved its ambitious goal of a LTIFR of less than 1.0, the Group is shifting its focus to the total recordable incident rate ("TRIR"), a more rounded measure of safety performance that captures all incidents requiring medical intervention beyond first aid. The Group's TRIR of 4.2 in 2023 represented a 26% improvement on 2022 and the Group's best performance on this measure to date. A target has been set to achieve a world-class TRIR of less than 3.0 by 2026.

Strategic progress

The Group has continued to progress its Focus, Define, Grow strategy, all of which is underpinned by sustainability.

Within the Focus strategic pillar, the project to consolidate two manufacturing sites into one in Owatonna in the US began in 2023 and is progressing to plan. The multi-year programme to roll-out a new ERP system across North America continued in the year with a further two sites successfully going live in March. This programme will enable enhanced customer service levels, greater efficiencies, and improved decision making. The European seals manufacturing optimisation programme progressed, with the transfer of production lines from Germany to the Newton Aycliffe facility in the UK, and there was further optimisation of our international footprint to reduce the fixed cost base. The consolidation of the UK commercial access solutions business into a single site in Wolverhampton in the UK also completed during the year.

In the first half of 2023 the Science Based Targets initiative validated the Group's targets to reduce absolute Scope 1 and Scope 2 greenhouse gas ("GHG") emissions by 46.2% by 2030 from a 2019 base year, and to reduce absolute Scope 3 GHG emissions from purchased goods and services by 27.5% within the same timeframe. 100% renewable electricity tariffs are now in place for all manufacturing plants in Europe and plans are well progressed to extend them to the Group's Mexican plants. Tyman hosted an energy and waste Kaizen event with a major US customer in the second half of the year, in the process successfully identifying almost 90 opportunities to reduce electricity, water and waste, with a combined estimated annual saving of US\$0.4 million.

Within the Define strategic pillar, leaders from across the Group met with Tyman's major Chinese suppliers in June. After several challenging COVID-19 years, this event was welcomed by suppliers to be able to meet with the divisional Presidents and allowed all three divisions to re-engage with suppliers on many topics, including quality, cost, lead times and sustainability. The Group also continued the development of groupwide leadership competencies, and pulse surveys were used to assess progress against the action plans developed from the 2022 employee engagement survey results, with the next full employee engagement survey planned for 2024.

Activities to Grow market share continued to yield positive results. In North America, further net customer wins were achieved, aided by the distribution centre that was opened in late 2022 in Phoenix, Arizona that is enabling greater penetration of the western US market. In International

markets, further progress was made in growing partnerships with system houses, with revenue from this channel now comprising 22% of divisional revenue (2022: 21%). New product launches have performed well in the UK and there have been notable share gains in this market, particularly in the distribution channel. Enabling customers to innovate through more sustainable solutions is a key area of differentiation for the Group. During 2023, the percentage of Group revenue derived from products and solutions that positively impact one or more of the UN Sustainable Development Goals ("SDGs") in use increased to 23% (2022: 22%), and several of the Group's products achieved Environmental Product Declaration ("EPD") certification.

In July 2023, Tyman acquired Lawrence for an initial consideration of US\$57 million. Lawrence adds an exciting new product category, high-performance composite hung window hardware, to Tyman's portfolio of window and door hardware for the US residential housing market, which has attractive long-term growth prospects. The integration of Lawrence is progressing well and delivering commercial and procurement synergies as expected.

The Group retains a good pipeline of targets that meet our commercial and strategic objectives and will continue to pursue a disciplined M&A strategy, whilst remaining cognisant of its target leverage range.

Outlook

The structural growth drivers for the Group remain attractive, although leading indicators for our major markets are currently signalling a challenging market outlook for 2024. However, given our self-help measures and a full-year contribution from Lawrence, the Board expects the Group to make progress in 2024.

Jason Ashton

Interim Chief Executive Officer at 31 December 2023

Tyman North America

£m except where stated	2023	2022	Change	LFL
Revenue	432.3	471.9	-8%	-9%
Adjusted operating profit	67.1	66.9	-	-5%
<i>Adjusted operating margin</i>	15.5%	14.2%	+130bps	+75bps

Markets

Activity in the US residential housing market has been constrained by elevated interest rates and inflation since the second half of 2022. According to the US Census Bureau, US housing starts declined by 9% in 2023, whilst single family starts, to which the division has proportionally higher exposure, declined by 6%. The single family new build market improved as the year progressed, as pent-up demand was captured by national homebuilders offering incentives that enabled homeowners to cope with historically high mortgage rates.

In contrast, the RMI market softened as the year progressed. According to LIRA (Leading Indicator of Replacement Activity), the rate of growth in the annual spend on repair and remodelling in the US, which incorporates cost inflation, slowed from 16% in the fourth quarter of 2022 to 2% in the fourth quarter of 2023.

The US commercial market remained resilient in 2023, driven by education and commercial building investment, whilst government legislation is providing some stimulus to the public infrastructure market. In Canada, which was also impacted by elevated inflation and interest rates, housing starts declined by 7%.

Business performance and developments

Reported revenues declined by 8%, reflecting a LFL decrease of 9% offset by a 1% contribution from Lawrence, with negligible impact from foreign exchange movements. LFL revenues were impacted by a decline in volumes resulting from the challenging market backdrop and customer destocking, notably in the seals business, which more than offset the benefits from prior year pricing actions and net customer wins. The rate of volume decline moderated during the fourth quarter, mainly reflecting an easier comparator.

The division made good progress with its strategic initiatives aimed at driving share gains, reducing cost and complexity, and improving operational resilience. Central to this is the implementation of a new ERP system to enable more streamlined ordering and logistics processes for customers and to provide a more consistent customer experience, drive further back-office efficiencies, and improve the business's decision support capabilities. This multi-year programme is progressing well, with two key sites successfully going live in March and another two sites going live in early 2024.

The distribution site in Phoenix, which was added in late 2022 to service the western US market, is performing well, whilst the consolidation of two manufacturing sites into one in Owatonna is progressing to schedule, with product line transfers and process flow improvements underway and capital investment in a new paint line on order. In addition to cost savings, there will be significant safety, sustainability and service benefits on completion of this project in 2025, as well as helping to alleviate the tight labour situation.

During 2023, the business achieved incremental net customer wins despite exiting some low profitability business as a result of taking a disciplined approach to pricing. These losses were more than offset by wins gained from new products, such as the entry-price point sliding patio door solution, and benefits of the new distribution centre in Phoenix. After several years when customers have been focused on managing COVID-19, disrupted supply chains and significant cost inflation, new product development is now a priority again for customers as they look to position for future growth. The division is responding to this by accelerating its new product pipeline with increased engineering resources. Products such as a magnetic casement window handle solution, an “around the corner” seal, and a low-priced flood tight floor access door are examples of new products coming to the market in early 2024.

A major development in 2023 was the acquisition of Lawrence. Lawrence designs, manufactures and sells high-performance composite hardware for sliding and hung windows to North American PVC window fabricators, and is a beneficiary of the growing demand for affordable homes in North America. Lawrence has performed to plan since acquisition, with the combination of AmesburyTruth and Lawrence already proving to represent a strong value proposition for customers.

Input cost inflation in general eased during 2023, although certain commodity prices remained high and labour inflation continued at historically high levels. The labour availability and retention challenges experienced in 2022 improved across most of the network, and the resultant workforce stabilisation is enabling a focus on continuous improvement projects to improve efficiency, enhance supply chain resiliency and reduce inventory.

As expected, the natural lag in the recovery of input cost inflation via pricing actions that impacted the division’s adjusted operating margin in 2021 and 2022 reversed in 2023. This enabled the division to largely offset the negative effect on fixed cost absorption from the significant decline in volumes, with production volumes being down even more than sales volumes to enable a reduction in inventory of c.US\$30 million. This limited the decline in LFL adjusted operating profit to 5%. Adjusted operating profit was flat on a reported basis, reflecting a 5% contribution from Lawrence, with negligible effect of foreign exchange. As a result, the division delivered a LFL adjusted operating margin increase of 75 basis points to 15.5%.

Outlook

The underlying fundamentals of the US housing market remain strong, with years of supply lagging demand creating a significant housing deficit. Economists are forecasting that the easing in inflation that began in 2023 will lead to interest rate reductions in the first half of 2024, which could alleviate the recent constraints on market demand and stimulate activity later in the year. The NAHB currently forecasts a 5.5% increase in single family housing starts, whilst LIRA projects that the spend on repair and remodelling will decline by mid to high single digits.

Against this backdrop, the division will maintain its focus on gaining market share, notably in the western US, by further exploiting the commercial opportunities from the Lawrence acquisition and continuing to develop its new product pipeline. Work to streamline the supply chain and return operational efficiencies across the network to normalised levels will remain a focus, along with progressing the consolidation of two sites into one in Owatonna and continuing the ERP implementation. Together with a full-year contribution from Lawrence, these actions will support further improvement in 2024.

Tyman UK & Ireland

£m except where stated	2023	2022	Change	LFL
Revenue	97.3	103.3	-6%	-6%
Adjusted operating profit	12.0	14.5	-17%	-17%
<i>Adjusted operating margin</i>	12.3%	14.0%	-170bps	-170bps

Markets

Activity in the UK residential RMI market, to which the division is predominantly exposed, remained subdued in 2023, impacted by the pressure on household incomes from elevated levels of inflation and interest rates. This negative impact was amplified by customer destocking following the higher-than-normal inventory levels that had been built during the post-pandemic market rebound and associated supply chain challenges. The most recent CPA forecast projected spending in the private RMI market to have declined by 11% in 2023.

Whilst the UK construction PMI ("CPMI") has posted readings slightly above the neutral 50 level for much of the year, the housing component of the CPMI was below 50 throughout and took a notable step down in the autumn of 2023 to the mid 40's and has since been stuck around this level, with the weakness in housing spreading to the previously growing segments of infrastructure and commercial. As a result, the CPA forecasts the infrastructure segment to have been broadly flat in 2023 and commercial end markets to have experienced a slight decline, both of which represent a softening compared to projections at the start of the year.

Business performance and developments

Revenue decreased by 6% in 2023 on a LFL and reported basis as a result of a decline in hardware volumes, reflecting the above-mentioned challenges in the residential RMI market. This decline accelerated slightly in the second half of the year, mirroring the stepdown in the CPMI. In addition, there was a fall in revenue in the commercial access solutions business, which was impacted by the continued effect of delays with new automation equipment as well as a slowdown in the commercial market in the second half of the year.

Despite the challenging market conditions, the hardware business continued with its strategic initiatives and achieved meaningful share gains in 2023 across all major routes to market and notably with major distributors, where the strength of the brands and the close customer collaboration are differentiators. The work that has been taking place in recent years to improve the new product development processes and pipeline is delivering benefits, with revenues from new products in categories such as friction stays, door closers, hinges and letterplates running ahead of the prior year, despite the tough market backdrop.

Raw material prices eased during the year and air freight costs were lower, although the benefit of this was partially offset by ongoing wage inflation. Given this, the hardware business remained agile with regards to pricing, and responded to competitive pressures with targeted price adjustments.

As part of the Group's sustainability roadmap, the hardware business has continued its development of sustainable packaging solutions and the elimination of hazardous substances, such as chromium VI, from products. Given the division sources much of its products from Asia, the achievement of these goals relies on key Chinese suppliers and formed a major topic of

discussion at a Tyman supplier conference in Ningbo to ensure the engagement, alignment and support of suppliers in producing and delivering sustainable solutions for customers.

Access 360, the division's commercial access solutions business, completed the final steps in the consolidation of the three heritage Access 360 sites (Profab, Howe Green and the Bilco warehouse) into a single highly automated facility in Wolverhampton during the first half of the year. The business experienced delays with the new equipment for the facility, which significantly impacted its operational and financial performance. As these issues were overcome, the business' operating efficiency and financial performance improved progressively during the second half despite the above-mentioned softening of its end markets.

LFL and reported adjusted operating profit decreased by 17%. This was primarily attributable to the above-mentioned challenges that affected Access 360's performance, as the hardware business was able to partially offset the negative operating leverage impact from lower hardware volumes with tight cost control.

Outlook

The UK residential RMI market is expected to remain challenging during 2024, with the CPA currently forecasting a further 4% decline, leading to a competitive market landscape. Against this backdrop, the hardware business will continue to focus on new product development, share gains and enhancing its supply chain resilience to ensure customer service levels are maintained, whilst continuing to tightly manage discretionary costs.

The operational challenges experienced by Access 360 in the first half of 2023 have been overcome and the commercial pipeline is improving, and, absent any further softening of end markets, we anticipate that the business will show progress in 2024.

Tyman International

£m except where stated	2023	2022	Change	LFL
Revenue	128.0	140.3	-9%	-6%
Adjusted operating profit	13.5	21.3	-37%	-31%
<i>Adjusted operating profit margin</i>	10.5%	15.2%	-470bps	-380bps

Markets

The decline in demand levels that began in the second half of 2022 across most of the division's key markets continued throughout 2023. Elevated interest rates and inflation had a negative effect on consumer confidence across Europe, which accounts for approximately 65% of divisional revenue, and this in turn reduced activity levels in the private RMI and housebuilding markets across the region. The Eurozone Construction PMI remained stuck in the mid 40's throughout 2023, indicative of a construction sector in contraction. The data for the division's largest market, Italy, was better than the Eurozone average, running in the high 40's for much of the year and rising above 50 in the final few months of 2023. During 2022, market demand had benefitted from various government fiscal stimulus programmes across Europe, notably in Italy, France and Spain, and the gradual reduction in funding for these programmes in 2023 negatively impacted market activity levels.

Elsewhere, there continued to be favourable market conditions in the Gulf Cooperation Council ("GCC") cluster of markets, but most other export markets remained weak.

Business performance and developments

Revenue declined by 9% in the period on a reported basis and by 6% on a LFL basis against a strong comparative. The drivers of this were the challenging market conditions experienced throughout the year, which were amplified by significant customer destocking in the seals business, and more than offset the benefit from the carryover of prior year pricing actions. There was a marked improvement in the LFL revenue decline in the second half of the year, mainly reflecting weaker comparators.

The business performed creditably given the tough market environment, notably continuing to gain traction with system houses in Europe and the GCC. This channel now represents 22% of the division's revenue (compared to 21% in 2022) and is expected to continue to grow faster than the market, as system houses are reacting quicker to building regulation changes and driving innovation and sustainability in the industry. Tyman is well placed to grow with this group of customers by working closely with them to create innovative solutions, with multiple systems deploying newly developed Giesse hardware and Schlegel seal products delivered to the market in 2023 and due for launch in 2024. Further dedicated sales resource has been added specifically to accelerate this initiative and organisation changes are underway to ensure excellent service and new product development capabilities are provided to this channel.

Sustainability continues to be a key differentiator for Tyman across Europe, and during 2023 two major product ranges, the CHIC concealed hinges for tilt and turn casement windows and Fulcra door hinges, achieved Environmental Product Declaration ("EPD") certification, creating additional revenue opportunities as EPD certification becomes a prerequisite for an increasing number of tenders in the market.

Work to optimise the division's seals manufacturing business continued following the closure of the German seals manufacturing plant at the end of 2022, with the transfer of its production to the Newton Aycliffe facility in the UK now completed. This consolidation will deliver structural improvements to profitability and enhanced customer service levels. The business also took further action to reduce the fixed cost base, including closing its manufacturing operation in Brazil in July 2023, and exiting completely from the loss-making Chinese market at the end of the year. In the division's largest hardware manufacturing facility in Italy there has been significant investment during 2023 in process automation and robotics to enhance safety, capacity and efficiency.

Prior year pricing actions largely offset raw material and wage inflation but the significant decline in sales and production and the consequential negative effect on fixed cost absorption resulted in a LFL adjusted operating profit decline of 31%, with the adjusted operating margin decreasing to 10.5%. On a reported basis, adjusted operating profit decreased by 37%, reflecting the impact of foreign exchange.

Outlook

Recent construction PMI data suggests that the market is likely to remain challenging in the first half of 2024. GlobalData currently forecasts that the European residential RMI market will decline by almost 5% in 2024, whilst Euroconstruct forecasts a 4% contraction.

Offsetting the anticipated market weakness, the division's revenue performance in 2024 is expected to benefit from ongoing share gains, an absence of customer destocking, as well as continued growth from the GCC cluster, which is expected to maintain its recent growth trend.

The priorities remain to capture share growth opportunities through ongoing innovation and system house expansion activities, whilst continuing to tightly manage the cost base. The division will also continue to take measures to reduce the fixed element of its cost base to reduce its operating leverage and will benefit in 2024 from both the absence of losses in China and the operational improvements at its Newton Aycliffe seals facility.

Financial review

Income statement

Revenue and profit

Reported revenue for the year decreased by 8.1% to £657.6 million (2022: £715.5 million), against a strong comparator, largely reflecting a decline in volumes of c.£108 million, driven by the weaker global macroeconomic conditions, which began to take effect in the second half of 2022, and unfavourable foreign exchange movements of £6.4 million. The volume shortfall was partially offset by the benefit of the carryover of prior year price increases of £32.6 million and surcharges of £16.8 million to recover the significant input cost inflation experienced across 2021 and 2022, for which there was a lag in recovery. There was also a £7.1 million contribution from Lawrence, which was acquired in July 2023. On a LFL basis, which excludes the revenue generated from Lawrence and the adverse impact of foreign exchange, revenue decreased 8.3% compared to 2022.

Operating profit decreased by 14.9% to £60.2 million (2022: £70.7 million). The impact of the drop through of lower sales volumes was c.£35 million. Production volumes were down more than sales volumes in order to reduce inventory levels, and although significant cost reductions were achieved in response to lower demand, the net effect on fixed cost absorption was significant, and this, combined with the knock-on effect of machinery delays on the Access 360 site consolidation, impacted profitability by c.£10.2 million. The carryover of pricing actions and tariffs of £49.4 million more than offset in-year material, wages and salary, and other input cost inflation of £14.5 million, with the significant lag experienced over the last two years now reversed. Operating profit was also impacted by adverse transactional foreign exchange movements of £1.4 million and adjusting items, which included restructuring costs, M&A activity, CEO transition costs, and the impact of the significant devaluation of the Argentinean Peso in December 2023 on retranslating Euro-denominated payables. The acquisition of Lawrence benefitted operating profit by £3.1 million. Adjusted operating profit, which excludes the adjusting items and amortisation of acquired intangibles, decreased by 10.8% to £84.4 million (2022: £94.6 million).

Operating margin decreased by 70 bps to 9.2% (2022: 9.9%) and adjusted operating margin decreased by 40 bps to 12.8% (2022: 13.2%), largely as a result of the lower sales and production volumes, and the challenges with the Access 360 site consolidation. On a LFL basis, excluding the adverse impact of foreign exchange and benefit from Lawrence, adjusted operating margin decreased by 64 bps.

Reported profit before taxation decreased by 18.6% to £50.0 million (2022: £61.4 million), primarily as a result of the lower operating profit and an increase in net finance costs, driven by increases in global interest rates and debt drawn down to fund the Lawrence acquisition. Adjusted profit before tax decreased by 12.6% to £75.0 million (2022: £85.8 million), as a result of the lower adjusted operating profit and higher interest charge.

Materials and input costs

Materials ⁽¹⁾	2023 £m	Average ⁽²⁾	Spot ⁽³⁾
Aluminium	17.9	-25%	-31%
Polypropylene	39.3	-26%	-11%
Stainless steel	59.4	-14%	-40%
Zinc	29.4	-11%	-18%
Far East components ⁽⁴⁾	17.2	-6%	+3%

(1) 2023 materials cost of sales for raw materials, components and hardware for overall category.

(2) Average 2023 tracker price compared with average 2022 tracker price.

(3) Spot tracker price as at 31 December 2023 compared with spot tracker price at 31 December 2022.

(4) Pricing on a representative basket of components sourced from the Far East by Tyman UK & Ireland.

Both spot and average prices across all major categories moderated in 2023, except for the spot rate on Far East components, following significant inflation over the previous two years. However, as higher priced inventory carried into the year was still being sold through, the Group only began to realise the benefit of input cost reductions towards the end of the year. Previously implemented price increases and surcharges are now recovering the gap experienced over the last two years as a result of the timing lag driven by the magnitude and frequency of cost increases, as well as customer pricing mechanisms.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to £157.1 million (2022: £151.2 million), predominantly due to salary and other cost inflation, the acquisition of Lawrence and adjusting items of £10.6 million (2022: £6.3 million), partially offset by lower amortisation of acquired intangibles, the effect of cost control measures implemented in response to weaker demand and foreign exchange movements. Adjusted selling, general and administrative costs, which excludes the impact of adjusting items and amortisation of acquired intangibles, increased to £132.9 million (2022: £127.3 million).

Adjusting items

Certain items that are considered to be significant in nature and/or quantum have been excluded from adjusted measures, such that the effect of these items on the Group's results can be understood and to enable an analysis of trends in the Group's underlying trading performance.

	2023 £m	2022 £m
Restructuring costs	(6.7)	(6.3)
CEO transition costs	(1.3)	-
M&A costs	(1.4)	-
Argentina devaluation charge	(1.2)	-
Total adjusting items	(10.6)	(6.3)

The restructuring costs of £6.7 million comprise costs related to the Access 360 site consolidation, costs related to a targeted reduction in workforce in North America, and costs associated with the streamlining of the International division operations, including the final costs relating to the closure of the Hamburg facility, cessation of manufacturing in Brazil and closure of the Chinese business.

The CEO transition costs of £1.3 million include exit costs relating to the former CEO, as well as recruitment costs for the new CEO.

M&A costs of £1.4 million comprise costs associated with the Lawrence acquisition, including due diligence, legal fees, and other acquisition-related costs, as well as a charge associated with the estimated earn-out, which under accounting standards is treated as post-combination remuneration rather than consideration due to it being conditional on the continuing employment of a key employee.

The Argentina devaluation charge of £1.2 million relates to the impact of the significant devaluation of the Argentinian peso in December 2023, following the change in government, on retranslating Euro-denominated payables.

Finance costs

Net finance costs increased to £10.2 million (2022: £9.3 million).

Interest payable on bank loans, private placement notes and overdrafts increased to £10.8 million (2022: £6.9 million), predominantly reflecting a significantly higher weighted average interest rate, a draw-down of the revolving credit facility to fund the Lawrence acquisition consideration of £43.8 million, and a favourable impact of foreign exchange. The weighted average interest rate increased to 5.1% (2022: 3.4%), driven by the effect of a significant increase in global base interest rates on floating rate RCF debt, which more than offset the improved coupon rates on the USPP debt issued in April 2022. Finance costs were also impacted by a loss on revaluation of derivative financial instruments of £0.3 million (2022: £0.1 million gain), driven by the movement in foreign exchange rates.

Interest on lease liabilities decreased slightly to £2.6 million (2022: £3.0 million), reflecting a lower average lease liability, partially offset by the impact of higher interest rates on new leases. Finance costs also included amortisation of capitalised borrowing costs of £0.5 million (2022: £0.6 million) and pension interest costs of £0.2 million (2022: £nil).

Interest income from short-term bank deposits amounted to £3.4 million (2022: £0.9 million), reflecting an increase in base interest rates.

Forward exchange contracts

At 31 December 2023, the Group's portfolio of forward exchange contracts at fair value amounted to a net liability of £0.5 million (2022: net liability of £0.2 million). The notional value of the portfolio was £34.8 million (2022: £19.8 million), comprising US dollar and Euro forward exchange contracts with notional values of US\$43.9 million and €0.4 million respectively (2022: US\$23.3 million; €0.7 million). These contracts have a range of maturities up to 15 January 2025. During the year, a loss of £0.3 million (2022: gain of £0.1 million) was recognised directly in the income statement.

Interest rate swaps

In 2022, the Group entered into a cross-currency interest rate swap, swapping US\$10 million of the USPP debt for £3.7 million and €5.0 million to fund the Group's UK and International operations. At 31 December 2023, the fair value of these swaps amounted to a net liability of £0.3 million (2022: net asset of £0.2 million), with a fair value loss through OCI of £0.5 million (2022: gain of £0.2 million) recognised.

Taxation

The Group reported an income tax charge of £11.8 million (2022: £13.6 million), comprising a current tax charge of £14.5 million (2022: £17.6 million) and a deferred tax credit of £2.7 million (2022: credit of £4.0 million). The effective tax rate was 23.6% (2022: 22.0%), with the increase reflecting that 2022 benefitted from the release of transfer pricing provisions no longer required.

The adjusted tax charge was £16.4 million (2022: £18.5 million) representing an adjusted effective tax rate of 21.9% (2022: 21.6%).

During the period, the Group paid corporation tax of £15.5 million (2022: £21.5 million). This reflects a cash tax rate on adjusted profit before tax of 20.7% (2022: 25.1%). The decrease reflects the timing of payments on account, with a refund of previously overpaid tax being received in 2023.

Earnings per share

Basic earnings per share decreased by 20.4% to 19.6 pence (2022: 24.6 pence), and adjusted earnings per share decreased by 13.3% to 30.1 pence (2022: 34.7 pence), reflecting the decrease in profit after tax. There is no material difference between these calculations and the fully diluted earnings per share calculations.

Cash generation, funding and liquidity

Cash and cash conversion

Net cash generated from operating activities increased by 79.5% to £108.8 million (2022: £60.6 million), reflecting a working capital inflow of £29.8 million compared to a working capital outflow of £31.4 million in 2022, primarily as a result of actions taken to reduce inventory in the period following a significant build in 2022. This was partially offset by lower profit before tax and cash outflows on provisions relating to restructuring activities. Adjusted operating cash flow, which excludes cash flows from adjusting items, increased to £120.4 million (2022: £60.1 million), reflecting the higher net cash from operating activities and lower capital expenditure.

Free cash flow of £85.0 million in the period was higher than 2022 (2022: £27.1 million), as a result of the higher adjusted operating cash flow and lower income tax payments, offset by higher pension contributions and adjusting item cash costs.

Debt facilities

Bank and US private placement facilities available to the Group as at 31 December 2023 were as follows:

Facility	Maturity	Committed
2022 Facility (multi-currency)	Dec 2027	£210.0m ⁽¹⁾
5.37% USPP	Nov 2024	US\$45.0m
3.51% USPP	April 2029	US\$40.0m
3.62% USPP	April 2032	US\$35.0m

(1) The Group also has potential access to an uncommitted £100.0 million accordion facility.

The option to extend the multi-currency revolving credit facility by one year was exercised during the year, giving a maturity date of December 2027. There were no other changes to the revolving credit facility and US private placement notes during the period, details of which are outlined in the Annual Report and Accounts for the year ended 31 December 2022. There were no defaults in the period under the terms of loan agreements.

Both the USPP notes and the RCF incorporate sustainability performance targets that align with Tyman's sustainability roadmap (see note 8). These incentive mechanisms result in a modest reduction or increase in the interest rate depending on performance against these targets.

Liquidity

At 31 December 2023, the Group had gross debt of £231.4 million (2022: £250.1 million) and net debt of £167.7 million (2022: £175.5 million). Adjusted net debt, which excludes lease liabilities and capitalised borrowing costs, was £110.3 million (2022: £115.9 million), with the decrease reflecting operating cash generation, including the lower working capital, as well as a benefit from foreign exchange movements. This reduction was achieved despite completing the acquisition of Lawrence for cash consideration of £43.8 million.

The Group had cash balances of £63.7 million (2022: £74.6 million), bank overdrafts of £25.4 million (2022: £16.4 million) and committed but undrawn facilities of £144.8 million (2022: £125.8 million). This provides immediately available liquidity of £183.1 million (2022: £184.0 million). The Group also has potential access to the uncommitted £100.0 million accordion facility, which has remained unchanged from the previous year.

Covenant performance

At 31 December 2023	Test	Performance ⁽¹⁾	Headroom ⁽²⁾
Leverage	< 3.0x	1.1x	£65.4m (65%)
Interest cover	> 4.0x	13.2x	£68.0m (70%)

(1) Calculated covenant performance consistent with the Group's banking covenant test (banking covenants exclude the effect of IFRS 16). See APMs on page 40 for interest cover and page 41 for leverage.

(2) The approximate amount by which covenant adjusted EBITDA would need to decline before the relevant covenant is breached.

At 31 December 2023, the Group retained significant headroom on its banking covenants. Leverage at the year end was 1.1x (2022: 1.0x), reflecting the funding of the Lawrence acquisition, partially offset by the strong free cash flow. Interest cover at 31 December 2023 was 13.2x (2022: 18.2x).

Balance sheet – assets and liabilities

Trade working capital

£m	2022	Movement	Acquisitions	FX	2023
Inventories	153.1	(28.7)	0.5	(5.9)	119.0
Receivables	67.5	2.7	1.0	(3.0)	68.2
Payables	(55.8)	(2.7)	(0.1)	1.9	(56.7)
Working capital	164.8	(28.7)	1.4	(7.0)	130.5

Trade working capital at the year end was £130.5 million (2022: £164.8 million). The trade working capital reduction at average exchange rates was £28.7 million (2022: £25.3 million build). The acquisition of Lawrence contributed an additional £1.4 million to trade working capital.

The decrease in inventory at average exchange rates was £28.7 million (2022: £4.8 million increase). This was driven by initiatives implemented to bring inventory down to more normalised levels, following a build driven by supply chain disruption through 2022. Trade receivables increased due to an increase in sales levels towards the end of the year, and trade payables increased as a result of the timing of inventory purchases.

Trade working capital decreased by £7.0 million (2022: £10.2 million) due to foreign exchange movements.

Capital expenditure

Gross capital expenditure decreased to £15.6 million (2022: £24.1 million) or 1.1x depreciation (excluding RoU asset depreciation) (2022: 1.7x). The reduction reflected timing of investments, with 2022 including spend associated with footprint projects, and some catch up of expenditure deferred from prior years. Net capital expenditure was £15.5 million (2022: £24.0 million).

Goodwill and intangible assets

At 31 December 2023, the carrying value of goodwill and intangible assets was £465.5 million (2022: £457.0 million). The acquisition of Lawrence increased goodwill and intangible assets by £39.7 million, which was partially offset by the impact of foreign exchange of £18.4 million, a write-off of £1.0 million relating to the closure of the China business, and amortisation of intangible assets through the income statement of £16.3 million (2022: £19.6 million).

Provisions

Provisions at 31 December 2023 decreased to £5.5 million (2022: £7.9 million), reflecting the utilisation of the provision made in the prior year for the closure of the Hamburg facility, partially offset by a provision made for costs of the closure of the China business, expected to be utilised in the first half of 2024.

Defined benefit pension scheme

The Group's net defined benefit pension liability decreased to £2.6 million (2022: £4.3 million), reflecting the termination of the two US defined benefit pension schemes. The process to terminate the schemes commenced in 2021 and completed in 2023, with the final funding payments amounting to £2.4 million being made. Termination of these schemes reduces income statement volatility, administration costs, and future cash outflows. The remaining £2.6 million liability relates to the statutory pension obligation in Italy, which is unfunded.

Balance sheet – equity

Shares in issue

At 31 December 2023, the total number of shares in issue was 196.8 million (2022: 196.8 million), of which 0.4 million shares were held in treasury (2022: 0.5 million).

Employee Benefit Trust purchases

At 31 December 2023, the Employee Benefit Trust ("EBT") held 1.4 million shares (2022: 2.1 million). During the period, the EBT purchased 0.2 million shares in Tyman plc at a total cost of £0.5 million (2022: 2.0 million shares at a total cost of £6.6 million).

Dividends

A final dividend of 9.5 pence per share (2022: 9.5 pence), equivalent to £18.5 million based on the shares in issue as at 31 December 2023, will be proposed at the Annual General Meeting (2022: £18.4 million). The total dividend declared for the 2023 financial year is therefore 13.7 pence per share (2022: 13.7 pence). This equates to a Dividend Cover of 2.2x, within the Group's target range of 2.0x to 2.5x adjusted EPS.

The ex-dividend date will be 25 April 2024 and the final dividend will be paid on 29 May 2024 to shareholders on the register at 26 April 2024.

Only dividends paid in the year have been charged against equity in the 2023 financial statements. Dividend payments of £26.6 million were paid to shareholders during 2023 (2022: £25.4 million).

Other financial matters

Return on capital employed

ROCE decreased by 160 bps to 11.7% (2022: 13.3%) primarily as a result of the lower adjusted operating profit, partly offset by lower average working capital.

Return on acquisition investment

Lawrence was acquired in July 2023 for consideration of £43.8 million. As the acquisition was only completed in the second half of the year, ROAI will be reported in 2024. Lawrence has performed encouragingly in the period since acquisition, has good prospects and is on track to exceed the minimum return threshold of 14% within two years of acquisition.

Currency

Currency in the consolidated income statement

The principal foreign currencies that impact the Group's results are the US dollar and the Euro. In 2023, Sterling was slightly stronger against the US dollar and weaker against the Euro when compared with the average exchange rates in 2022.

Translational exposure

Currency	US\$	Euro	Other⁽³⁾	Total
% movement in average rate	0.6%	(2.0%)	-	-
£m Revenue impact ⁽¹⁾	(2.4)	1.5	(11.2)	(12.1)
£m Profit impact ⁽¹⁾	(0.3)	0.2	(4.2)	(4.3)
1c decrease impact ⁽²⁾	£401k	£60k	-	-

(1) Calculated based on 2023 revenue and adjusted operating profit at 2022 exchange rates.

(2) Defined as the approximate favourable translation impact of a 1c decrease in the Sterling exchange rate of the respective currency on the Group's 2023 adjusted operating profit.

(3) Other currencies include the Argentinian Peso, which was significantly impacted by devaluation in 2023.

The net effect of currency translation caused revenue and adjusted operating profit from ongoing operations to decrease by £12.1 million and £4.3 million respectively compared with 2022.

Transactional exposure

Divisions that purchase or sell products in currencies other than their functional currency will potentially incur transactional exposures. For purchases by the UK & Ireland division from the Far East, these exposures are principally Sterling against the US dollar or Chinese renminbi.

The Group's policy is to recover adverse transactional currency movements through price increases or surcharges. Divisions typically buy currency forward to cover expected future purchases for up to six months. The objective is to achieve an element of certainty in the cost of landed goods and to allow sufficient time for any necessary price changes to be implemented.

The loss on foreign exchange derivatives in 2023 is £0.5 million (2022: £0.2 million gain). The Group's other transactional exposures generally benefit from the existence of natural hedges and are immaterial.

2024 technical guidance

The working capital cycle is expected to normalise, with minimal net cash outflow across the year following a seasonal build at the half year of c.£20-25 million.

Capital expenditure is expected to be c.£25 million, reflecting ongoing investment in new product development, operational excellence, and systems upgrades.

Adjusted operating cash conversion is expected to return closer to the target average of 90%, reflecting more normalised working capital movements.

Leverage is expected to be below the target range of 1.0x to 1.5x covenant adjusted EBITDA absent any M&A activity.

Net interest charge is expected to be c.£8-10 million, reflecting lower average net debt.

The adjusted effective tax rate is expected to be c.24.0-26.0%.

Juliette Lowes

Interim Chief Financial Officer at 31 December 2023

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Revenue	3	657.6	715.5
Cost of sales		(439.5)	(493.2)
Gross profit		218.1	222.3
Selling, general and administrative expenses		(157.1)	(151.2)
Net impairment losses on financial assets		(0.8)	(0.4)
Operating profit		60.2	70.7
Finance income		3.4	1.0
Finance costs		(13.6)	(10.3)
Net finance costs		(10.2)	(9.3)
Profit before taxation	3	50.0	61.4
Income tax charge	5	(11.8)	(13.6)
Profit for the year		38.2	47.8
Basic earnings per share	6	19.6p	24.6p
Diluted earnings per share	6	19.5p	24.5p

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 £m	2022 £m
Profit for the year	38.2	47.8
Other comprehensive (expense)/income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of post-employment benefit obligations	(1.7)	-
Total items that will not be reclassified to profit or loss	(1.7)	-
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(31.9)	54.1
Change in fair value of net investment hedge	5.4	(11.7)
Effective portion of changes in value of fair value hedges	(0.5)	0.2
Total items that may be reclassified (from)/to profit or loss	(27.0)	42.6
Other comprehensive (expense)/income for the year	(28.7)	42.6
Total comprehensive income for the year	9.5	90.4

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 5.

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £m	Share premium £m	Treasury reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022	9.8	-	(2.6)	-	49.2	426.0	482.4
Profit for the year	-	-	-	-	-	47.8	47.8
Other comprehensive income	-	-	-	0.2	42.4	-	42.6
Total comprehensive income	-	-	-	0.2	42.4	47.8	90.4
Transactions with owners in their capacity as owners							
Share-based payments ¹	-	-	-	-	-	0.8	0.8
Dividends paid	-	-	-	-	-	(25.4)	(25.4)
Issue of own shares from Employee Benefit Trust	-	-	0.5	-	-	(0.5)	-
Purchase of own shares for Employee Benefit Trust	-	-	(6.6)	-	-	-	(6.6)
Total transactions with owners	-	-	(6.1)	-	-	(25.1)	(31.2)
At 31 December 2022	9.8	-	(8.7)	0.2	91.6	448.7	541.6
Profit for the year	-	-	-	-	-	38.2	38.2
Other comprehensive expense	-	-	-	(0.5)	(26.5)	(1.7)	(28.7)
Total comprehensive income	-	-	-	(0.5)	(26.5)	36.5	9.5
Transactions with owners in their capacity as owners							
Share-based payments ¹	-	-	-	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	(26.6)	(26.6)
Issue of own shares from Employee Benefit Trust	-	0.1	2.2	-	-	(1.9)	0.4
Purchase of own shares for Employee Benefit Trust	-	-	(0.5)	-	-	-	(0.5)
Total transactions with owners	-	0.1	1.7	-	-	(27.3)	(25.5)
At 31 December 2023	9.8	0.1	(7.0)	(0.3)	65.1	457.9	525.6

¹ Share-based payments include a tax charge of £nil (2022: tax charge of £0.2 million) and a credit due to issuance of shares under the deferred share bonus plan of £0.1 million (2022: £0.2 million).

Consolidated balance sheet

As at 31 December 2023

	Note	2023 £m	2022 £m
TOTAL ASSETS			
Non-current assets			
Goodwill	7	399.3	399.3
Intangible assets	7	66.2	57.7
Property, plant and equipment		71.1	74.6
Right-of-use assets		55.4	57.3
Financial assets at fair value through profit or loss		1.2	1.2
Derivative financial instruments		-	0.2
Deferred tax assets		1.4	1.7
		594.6	592.0
Current assets			
Inventories		119.0	153.1
Trade and other receivables		85.6	81.4
Cash and cash equivalents	8	63.7	74.6
Current tax asset		2.3	-
		270.6	309.1
Assets classified as held for sale		2.4	-
		273.0	309.1
TOTAL ASSETS		867.6	901.1
LIABILITIES			
Current liabilities			
Trade and other payables		(94.8)	(88.3)
Derivative financial instruments		(0.5)	(0.2)
Borrowings	8	(60.2)	(15.9)
Lease liabilities		(7.1)	(6.8)
Current tax liabilities		(2.0)	(1.8)
Provisions		(2.1)	(5.0)
		(166.7)	(118.0)
Non-current liabilities			
Borrowings	8	(111.5)	(172.5)
Lease liabilities		(52.6)	(54.9)
Deferred tax liabilities		(4.9)	(6.9)
Derivative financial instruments		(0.3)	-
Retirement benefit obligations		(2.6)	(4.3)
Provisions		(3.4)	(2.9)
		(175.3)	(241.5)
TOTAL LIABILITIES		(342.0)	(359.5)
NET ASSETS		525.6	541.6
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		9.8	9.8
Share premium		0.1	-
Treasury reserve		(7.0)	(8.7)
Hedging reserve		(0.3)	0.2
Translation reserve		65.1	91.6
Retained earnings		457.9	448.7
TOTAL EQUITY		525.6	541.6

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flow from operating activities			
Profit before taxation	3	50.0	61.4
Adjustments	10	51.3	53.0
Changes in working capital:			
Inventories		28.7	(4.8)
Trade and other receivables		(6.7)	5.6
Trade and other payables		7.8	(32.2)
Provisions utilised		(4.2)	(0.7)
Pension contributions		(2.6)	(0.2)
Income tax paid		(15.5)	(21.5)
Net cash generated from operating activities		108.8	60.6
Cash flow from investing activities			
Purchases of property, plant and equipment		(11.1)	(19.2)
Purchases of intangible assets	7	(4.5)	(4.9)
Proceeds on disposal of property, plant and equipment		0.1	0.1
Acquisition of subsidiary undertakings, net of cash acquired	9	(43.8)	-
Interest received		3.4	0.9
Net cash used in investing activities		(55.9)	(23.1)
Cash flow from financing activities			
Interest paid		(11.7)	(9.5)
Dividends paid		(26.6)	(25.4)
Proceeds from issue of own shares from Employee Benefit Trust		0.4	-
Purchase of own shares for Employee Benefit Trust		(0.5)	(6.6)
Refinancing costs paid		(0.6)	(2.1)
Proceeds from drawdown of borrowings		84.7	122.3
Repayments of borrowings		(103.7)	(113.0)
Principal element of lease payments		(7.1)	(6.2)
Net cash used in financing activities		(65.1)	(40.5)
Net decrease in cash and cash equivalents and bank overdrafts		(12.2)	(3.0)
Exchange (loss)/gain on cash and cash equivalents and bank overdrafts		(7.7)	3.1
Cash and cash equivalents and bank overdrafts at beginning of year		58.2	58.1
Cash and cash equivalents and bank overdrafts at end of year	8	38.3	58.2

Notes to the financial statements

For the year ended 31 December 2023

1. General information

Tyman plc is a leading international supplier of engineered fenestration and access solutions to the construction industry. The Group designs and manufactures products that enhance the comfort, sustainability, security, safety and aesthetics of residential homes and commercial buildings. Tyman serves its markets through three regional divisions. Headquartered in London, the Group employs approximately 3,600 people with facilities in 15 countries.

Tyman plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The Company is registered in England & Wales and the address of the Company's registered office is 29 Queen Anne's Gate, London, SW1H 9BU.

2. Accounting policies and basis of preparation

The consolidated financial statements of Tyman plc have been prepared in accordance with the UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on a historical cost basis, except for items that are required by IFRS to be measured at fair value, principally certain financial instruments.

The financial information included in the full year results announcement does not constitute statutory accounts of the Company for the years ended 31 December 2023 and 2022. Statutory accounts for the year ended 31 December 2022 have been reported on by the Company's auditor and delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2023 have been audited and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The report of the auditors for both years was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements have been prepared using consistent accounting policies with those of the previous financial year.

These results were approved by the Board of Directors on 6 March 2024.

2.1 Going concern

The Group's business activities, financial performance and position, together with factors likely to affect its future development and performance, are described in the Chief Executive Officer's review on pages 4 to 6.

As at 31 December 2023, the Group had net cash and cash equivalents of £38.3 million, and an undrawn RCF available of £144.8 million, giving liquidity headroom of £183.1 million. The Group also has potential access to an uncommitted accordion facility of £100 million. The RCF matures in December 2027.

The Group is subject to leverage and interest cover covenants tested in June and December and had significant headroom on both covenants at 31 December 2023, with £65.4 million (65%) of EBITDA

headroom on the leverage covenant and £68.0 million (70%) of EBITDA headroom on the interest cover covenant.

The Group has performed an assessment of going concern through reviewing liquidity headroom and covenant compliance under the Board-approved financial forecast and modelling several downside scenarios. In all scenarios modelled, the Group would retain significant liquidity and covenant headroom throughout the going concern period.

Reverse stress-testing has also been performed to model a scenario that would result in the elimination of covenant headroom within the going concern assessment period. Revenue would need to decrease significantly, to an extent not considered reasonably possible, for the covenants to be breached. As part of this assessment, the Group has considered the risks relating to climate change. As this risk relates to the medium-to-long term, there is no impact on the short-term going concern assessment and, as a result, we have not included any impact in either the base case or any of the downside scenarios of the going concern assessment.

Having reviewed the various scenario models, available liquidity and taking into account current trading, the Directors are satisfied that the Group has sufficient financial resources to continue in operation for the foreseeable future, which is considered to be a period of not less than twelve months from the date of this report. Accordingly, the consolidated and Company financial information has been prepared on a going concern basis.

2.2 Changes in accounting policies and disclosures

2.2.1 New, revised and amended standards and interpretations adopted by the Group

The accounting standards and interpretations that became applicable in the year did not materially impact the Group's accounting policies and did not require retrospective adjustments.

2.2.2 New, revised and amended accounting standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Segment reporting

3.1 Segment information

The reporting segments reflect the manner in which performance is evaluated and resources are allocated. The Group operates through three clearly defined divisions: Tyman North America, Tyman UK & Ireland and Tyman International.

North America comprises all the Group's operations within the US, Canada and Mexico. UK & Ireland comprises the Group's UK & Ireland hardware business, together with Access 360 and Tyman Sourcing Asia. International comprises the Group's remaining businesses outside the US, Canada, Mexico and the UK (although it includes the two UK seal manufacturing plants that are managed by the Tyman International leadership team). Centrally incurred functional costs that are directly attributable to a division are allocated or recharged to the division. All other centrally incurred costs and eliminations are disclosed as a separate line item in the segment analysis.

In the opinion of the Board, there is no material difference between the Group's operating segments and segments based on geographical splits. Accordingly, the Board does not consider geographically defined segments to be reportable.

The following tables present Group revenue and profit information for the Group's reporting segments, which have been generated using the Group accounting policies, with no differences of measurement applied, other than those noted above.

3.2 Revenue

	2023			2022		
	Segment revenue £m	Inter-segment revenue £m	External revenue £m	Segment revenue £m	Inter-segment revenue £m	External revenue £m
North America	434.5	(2.2)	432.3	474.9	(3.0)	471.9
UK & Ireland	97.5	(0.2)	97.3	103.5	(0.2)	103.3
International	129.8	(1.8)	128.0	143.4	(3.1)	140.3
Total revenue	661.8	(4.2)	657.6	721.8	(6.3)	715.5

Included within the Tyman International segment is revenue generated from the UK of £26.4 million (2022: £24.7 million).

3.3 Profit before taxation

	Note	2023 £m	2022 £m
North America		67.1	66.8
UK & Ireland		12.0	14.5
International		13.5	21.3
Operating segment profit		92.6	102.6
Centrally incurred costs		(8.2)	(8.0)
Adjusted operating profit		84.4	94.6
Adjusting items	4	(10.6)	(6.3)
Amortisation of acquired intangible assets	7	(13.6)	(17.6)
Operating profit		60.2	70.7
Net finance costs		(10.2)	(9.3)
Profit before taxation		50.0	61.4

4. Adjusting items

	2023 £m	2022 £m
Restructuring costs	(6.7)	(6.3)
CEO transition costs	(1.3)	-
M&A costs	(1.4)	-
Argentina devaluation charge	(1.2)	-
Total adjusting items	(10.6)	(6.3)

For further information on adjusting items, see the financial review on pages 14 and 15 and the alternative performance measures on page 37.

5. Taxation

5.1 Taxation – income statement and other comprehensive income

	2023 £m	2022 £m
Current taxation		
Current tax on profit for the year	(16.5)	(19.1)
Prior year adjustments	2.0	1.5
Total current taxation	(14.5)	(17.6)
Deferred taxation		
Origination and reversal of temporary differences	3.4	4.6
Rate change adjustment	-	0.1
Foreign exchange difference	0.1	-
Prior year adjustments	(0.8)	(0.7)
Total deferred taxation	2.7	4.0
Income tax charge in the income statement	(11.8)	(13.6)
Total charge relating to components of other comprehensive income		
Current tax credit/(charge) on translation	0.1	(0.3)
Deferred tax charge on defined benefit obligations	(1.3)	-
Deferred tax charge on share-based payments	-	(0.2)
Income tax charge in the statement of other comprehensive income	(1.2)	(0.5)
Total current taxation	(14.4)	(17.9)
Total deferred taxation	1.4	3.8
Total taxation	(13.0)	(14.1)

The standard rate of corporation tax in the UK changed from 19.0% to 25.0% with effect from 1 April 2023. Accordingly, the Group's UK profits for this financial year are taxed at a weighted average rate of 23.5% (2022: 19.0%). The deferred tax balances have been measured using the applicable enacted rates they are expected to unwind at in their respective territories.

Taxation for other jurisdictions is calculated at rates prevailing in those respective jurisdictions.

5.2 Reconciliation of the total tax charge

The tax assessed for the year differs from the weighted average rate of 23.5% (2022: 19.0%). The differences are explained below:

	2023 £m	2022 £m
Profit before taxation	50.0	61.4
Profit before taxation multiplied by the weighted average rate of corporation tax in the UK of 23.5% (2022: 19.0%)	(11.8)	(11.7)
Effects of:		
Expenses not deductible for tax purposes	(0.1)	(0.2)
Overseas tax rate differences	(1.2)	(2.5)
Rate change adjustment	–	0.1
Foreign exchange difference	0.1	–
Prior year adjustments	1.2	0.7
Income tax charge in the income statement	(11.8)	(13.6)

6. Earnings per share

6.1 Earnings per share

	2023	2022
Profit for the year (£m)	38.2	47.8
Basic earnings per share (p)	19.6p	24.6p
Diluted earnings per share (p)	19.5p	24.5p

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the diluted potential ordinary shares into ordinary shares.

6.1.1 Weighted average number of shares

	2023 'm	2022 'm
Weighted average number of shares (including treasury shares)	196.8	196.8
Treasury shares	(0.4)	(0.5)
Employee Benefit Trust shares	(1.4)	(2.1)
Weighted average number of shares – basic	195.0	194.2
Effect of dilutive potential ordinary shares – LTIP awards and options	1.4	1.0
Weighted average number of shares – diluted	196.4	195.2

7. Goodwill and intangible assets

7.1 Carrying amount of goodwill

	Note	£m
Net carrying value		
At 1 January 2022		363.3
Exchange difference		36.0
At 31 December 2022		399.3
Acquisition of subsidiary	9	17.6
Write off of goodwill		(1.0)
Exchange difference		(16.6)
At 31 December 2023		399.3

Goodwill is monitored principally on an operating segment basis and the net book value of goodwill is allocated by CGU as follows:

	2023	2022
	£m	£m
North America	304.2	302.7
UK & Ireland	60.2	60.2
International	34.9	36.4
	399.3	399.3

7.2 Carrying amount of intangible assets

	Note	Computer software £m	Acquired brands £m	Customer relationships £m	Other intangibles £m	Total £m
Cost						
At 1 January 2022		15.5	82.1	252.5	-	350.1
Additions		4.7	-	-	0.2	4.9
Disposals		(0.4)	-	-	-	(0.4)
Transfers between categories		0.1	(0.1)	-	-	-
Exchange difference		1.8	7.8	24.3	-	33.9
At 31 December 2022		21.7	89.8	276.8	0.2	388.5
Additions		4.4	0.1	-	-	4.5
Disposals		(1.1)	(0.1)	-	-	(1.2)
Acquisition of subsidiary	9	-	1.5	20.6	-	22.1
Transfer between categories		(0.1)	0.1	-	-	-
Exchange difference		(1.1)	(3.7)	(11.0)	-	(15.8)
At 31 December 2023		23.8	87.7	286.4	0.2	398.1
Accumulated amortisation						
At 1 January 2022		(8.4)	(59.4)	(215.5)	-	(283.3)
Amortisation charge for the year		(2.0)	(5.4)	(12.2)	-	(19.6)
Disposals		0.4	-	-	-	0.4
Impairment		(0.1)	(0.1)	-	-	(0.2)
Exchange difference		(0.9)	(5.9)	(21.3)	-	(28.1)
At 31 December 2022		(11.0)	(70.8)	(249.0)	-	(330.8)
Amortisation charge for the year		(2.7)	(4.2)	(9.4)	-	(16.3)
Disposals		1.1	0.1	-	-	1.2
Exchange difference		0.6	3.0	10.4	-	14.0
At 31 December 2023		(12.0)	(71.9)	(248.0)	-	(331.9)
Net carrying value						
At 1 January 2022		7.1	22.7	37.0	-	66.8
At 31 December 2022		10.7	19.0	27.8	0.2	57.7
At 31 December 2023		11.8	15.8	38.4	0.2	66.2

The amortisation charge for the year has been included in selling, general and administrative expenses in the income statement and comprises £13.6 million (2022: £17.6 million) relating to amortisation of acquired intangible assets and £2.7 million (2022: £2.0 million) relating to amortisation of other intangible assets.

8. Borrowings

8.1 Carrying amounts of borrowings

	2023 £m	2022 £m
Unsecured borrowings at amortised cost:		
Bank borrowings	(54.3)	(74.9)
Bank overdrafts	(25.4)	(16.4)
Senior notes	(94.3)	(99.2)
Capitalised borrowing costs	2.3	2.1
	(171.7)	(188.4)
Analysed as:		
Current liabilities	(60.2)	(15.9)
Non-current liabilities	(111.5)	(172.5)
	(171.7)	(188.4)

There were no defaults in interest payments in the year under the terms of the existing loan agreements. Non-cash movements in the carrying amount of interest-bearing loans and borrowings relate to the amortisation of borrowing costs.

The carrying amounts of interest-bearing loans and borrowings (excluding lease liabilities) are denominated in the following currencies:

	2023 £m	2022 £m
Sterling ¹	(31.2)	(24.2)
US dollars	(100.1)	(121.5)
Euros	(40.4)	(42.7)
	(171.7)	(188.4)

¹ Includes capitalised borrowing costs

8.1.1 Bank borrowings

Multi-currency revolving credit facility

In December 2022, the Group refinanced its revolving credit facility, securing a new £210 million sustainability-linked Revolving Credit Facility, which may be increased through an accordion option of up to £100 million. During the current year, the Group exercised its option to extend the RCF by an additional year to December 2027. The banking facility is unsecured and is guaranteed by Tyman plc and its principal subsidiary undertakings. A portion of the loan margin is linked to the performance of the Group on three sustainability metrics, which align with Tyman's immediate sustainability priorities and its 2030 sustainability roadmap.

Progress against these sustainability metrics will be independently verified on an annual basis. If Tyman achieves some, or all of these metrics, then the loan pricing will be reduced for the following year; a shortfall against the metrics will result in Tyman paying a similar premium to a nominated charity.

As at 31 December 2023, the Group has undrawn amounts committed under the multi-currency revolving credit facility of £144.8 million (2022: £125.8 million). These amounts are floating rate commitments which expire beyond twelve months.

8.1.2 Private placement notes

The Group's private placement notes of US\$120 million are notes issued to US financial institutions. These comprise:

- US\$45.0 million issued in November 2014, with a 10-year maturity from inception at a coupon of 5.37%, due for repayment in November 2024.
- US\$75 million issued in April 2022. US\$40 million of these notes have a term of seven years maturing in April 2029, with a coupon rate of 3.51%, and US\$35 million have a term of ten years maturing in April 2032, with a coupon rate of 3.62%. These notes incorporate three sustainability performance targets, which align with Tyman's sustainability roadmap. This incentive mechanism results in a modest reduction or increase in the coupon rate depending on performance against these targets.

8.2 Net debt

8.2.1 Net debt summary

	2023	2022
	£m	£m
Borrowings	(171.7)	(188.4)
Lease liabilities	(59.7)	(61.7)
Cash	63.7	74.6
At 31 December	(167.7)	(175.5)

8.2.3 Net debt reconciliation

	Liabilities from financing activities			Other assets	Total
	Borrowings ¹	Lease liabilities	Subtotal	Net cash and bank overdrafts	
	£m	£m	£m	£m	£m
At 1 January 2022	(149.1)	(54.8)	(203.9)	58.1	(145.8)
Financing cash flows (excluding interest)	(9.3)	6.2	(3.1)	(2.9)	(6.0)
Interest expense	(6.9)	(3.0)	(9.9)	-	(9.9)
Interest payments	6.5	3.0	9.5	-	9.5
Disposals	-	0.1	0.1	-	0.1
New leases	-	(8.3)	(8.3)	-	(8.3)
Lease modifications	-	(0.1)	(0.1)	-	(0.1)
Lease extensions	(14.7)	(4.8)	(19.5)	3.0	(16.5)
Foreign exchange adjustments	2.1	-	2.1	-	2.1
Amortisation of borrowing costs	(0.6)	-	(0.6)	-	(0.6)
At 31 December 2022	(172.0)	(61.7)	(233.7)	58.2	(175.5)
Financing cash flows (excluding interest)	19.0	7.1	26.1	(12.2)	13.9
Interest expense	(10.8)	(2.6)	(13.4)	-	(13.4)
Interest payments	9.1	2.6	11.7	-	11.7
Accrued interest	1.7	-	1.7	-	1.7
Disposals	-	0.1	0.1	-	0.1
New leases	-	(3.6)	(3.6)	-	(3.6)
Lease modifications	-	(3.7)	(3.7)	-	(3.7)
Foreign exchange adjustments	6.6	2.1	8.7	(7.7)	1.0
Financing costs capitalised	0.6	-	0.6	-	0.6
Amortisation of borrowing costs	(0.5)	-	(0.5)	-	(0.5)
At 31 December 2023	(146.3)	(59.7)	(206.0)	38.3	(167.7)

¹ Borrowings exclude bank overdrafts of £25.4 million (2022: £16.4 million).

8.3 Net cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and on deposits	63.7	74.6
Bank overdrafts	(25.4)	(16.4)
Net cash and cash equivalents and bank overdrafts at 31 December	38.3	58.2

9. Business combination

9.1 Summary of Lawrence acquisition

On 12 July 2023, the Group completed the acquisition of 100% of the share capital of Barry G Lawrence, Inc., which trades as Lawrence Industries ("Lawrence"). Lawrence designs, manufactures and sells high-performance composite hardware for sliding and hung windows to North American window fabricators, and is based in North Carolina, USA.

Lawrence was acquired for initial consideration of £43.8 million (US\$56.6 million), with further contingent consideration of up to £9.8 million (US\$12.5 million) payable based on the achievement of stretching growth targets in respect of the financial results for the two years up to, and including, 31 December 2024 and key employment milestones being met. The earn-out consideration has been treated as post-employment remuneration due to this being contingent on certain employees remaining with the business and included in adjusting items.

The following table summarises the provisional consideration paid and the provisional fair values of assets acquired and liabilities assumed at the acquisition date. The fair values will be finalised within twelve months of the acquisition date.

	Note	Lawrence £m
Intangible asset	7	22.1
Property, plant and equipment		2.7
Inventories		0.5
Trade and other receivables		1.0
Cash and cash equivalents		0.2
Trade and other payables		(0.3)
Total identifiable net assets		26.2
Goodwill arising on acquisition	7	17.6
Total consideration		43.8
Satisfied by:		
Cash		44.0
Consideration adjustment receivable		(0.2)
Total consideration		43.8
Net cash outflow arising on acquisition:		
Cash consideration		(44.0)
Net cash and cash equivalents		0.2
Net cash outflow		(43.8)

10. Adjustments to cash flows from operating activities

The following non-cash and financing adjustments have been made to profit before taxation to arrive at operating cash flow:

	Note	2023 £m	2022 £m
Net finance costs		10.2	9.3
Depreciation of property, plant and equipment		12.0	12.4
Depreciation of right-of-use assets		7.9	7.1
Amortisation of intangible assets	7	16.3	19.6
Impairment of intangible assets	7	–	0.2
Write off of goodwill	7	1.0	–
Impairment of property, plant and equipment		–	0.7
Impairment of right-of-use assets		–	0.2
Loss on disposal of property, plant and equipment		0.2	0.1
Pension service costs and administration costs		0.3	0.3
Non-cash provision movements		1.9	2.1
Share-based payments		1.5	1.0
		51.3	53.0

11. Events after the balance sheet date

There were no events after the balance sheet date.

Alternative performance measures

The Group uses adjusted figures as key performance measures in addition to those reported under IFRS, as management believes these measures enable management and stakeholders to assess the underlying trading performance of the businesses as they exclude certain items that are considered to be significant in nature and/or quantum, foreign exchange movements and the impact of acquisitions and disposals. The alternative performance measures ("APMs") are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board and Operating Committees. Some of these measures are used for the purpose of setting remuneration targets. The key APMs that the Group uses include like-for-like ("LFL") performance measures and adjusted measures for the income statement, together with adjusted financial position and cash flow measures. Explanations of how they are calculated and how they are reconciled to an IFRS statutory measure are set out below.

Limitations of APMs

APMs should not be viewed in isolation and are designed to provide supplementary information. These may not be comparable to similarly labelled measures used by other companies. Other limitations of the Group's adjusted measures are that they exclude the amortisation of intangibles acquired in business combinations, but do not similarly exclude the related revenue and profits, and they exclude the cost of major restructuring programmes but do not similarly exclude the financial benefits derived from these.

Adjusted operating profit and adjusted operating margin

Definition

Operating profit before amortisation of acquired intangible assets, impairment of acquired intangible assets and goodwill and adjusting items.

Adjusted operating margin is adjusted operating profit divided by revenue.

Purpose

This measure is used to evaluate the trading operating performance of the Group.

Adjusting items are excluded from this measure to provide an understanding of the elements of financial performance during the year to facilitate comparison with prior periods and to assess the trends in financial performance.

Adjusting items include significant one-off redundancy and restructuring costs, transaction and integration costs associated with merger and acquisition activity, impairment charges for intangible asset upgrades, gains or losses relating to disposal of businesses, property provision releases and other items significant to understanding underlying performance. In the current year, this includes the effect of a significant devaluation of the Argentinian Peso due to government action on a foreign denominated payable balance and the CEO transition costs. These items are not considered to be a part of the ordinary course of the Group's business.

Amortisation of acquired intangible assets is excluded from this measure as this is a significant non-cash fixed charge that is not affected by the trading performance of the business.

Impairment of acquired intangible assets and goodwill is excluded, as this can be a significant non-cash charge.

Reconciliation/calculation

	2023	2022
	£m	£m
Operating profit	60.2	70.7
Adjusting items (note 4)	10.6	6.3
Amortisation of acquired intangible assets	13.6	17.6
Adjusted operating profit	84.4	94.6

Like-for-like or LFL revenue and operating profit
Definition

The comparison of revenue or adjusted operating profit, as appropriate, excluding the impact of any acquisitions made during the current year and, for acquisitions made in the comparative year, excluding from the current year result the impact of the equivalent current year pre-acquisition period. For disposals, the results are excluded for the whole of the current and prior period. The prior period comparative is retranslated at the current period average exchange rate. The Group considers these amendments provide shareholders with a comparable basis from which to understand the organic trading performance in the year.

Purpose

This measure is used by management to evaluate the Group's organic growth in revenue and adjusted operating profit year on year, excluding the impact of M&A and currency movements.

Reconciliation/calculation

	2023	2022
	£m	£m
Reported revenue	657.6	715.5
Contribution from Lawrence acquisition during the year	(7.1)	-
Effect of exchange rates	-	(6.4)
Like-for-like revenue	650.5	709.1
Adjusted operating profit	84.4	94.6
Contribution from Lawrence acquisition during the year	(3.1)	-
Effect of exchange rates	-	(1.4)
Like-for-like adjusted operating profit	81.3	93.2

Adjusted profit before tax and adjusted profit after tax
Definition

Profit before amortisation of acquired intangible assets, deferred tax on amortisation of acquired intangible assets, impairment of acquired intangible assets and goodwill, adjusting items, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs and the associated tax effect.

Purpose

This measure is used to evaluate the profit generated by the Group through trading activities. In addition to the items excluded from operating profit above, the gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs and the associated tax effect are excluded. These items are excluded as they are of a non-trading nature and can fluctuate significantly year on year.

Reconciliation/calculation

	2023	2022
	£m	£m
Profit before taxation	50.0	61.4
Adjusting items	10.6	6.3
Loss/(gain) on revaluation of derivative instrument	0.3	(0.1)
Amortisation of borrowing costs	0.5	0.6
Amortisation of acquired intangible assets	13.6	17.6
Adjusted profit before taxation	75.0	85.8
Income tax charge	(11.8)	(13.6)
Add back: Adjusted tax effect ¹	(4.6)	(4.9)
Adjusted profit after taxation	58.6	67.3

¹ Tax effect of adjusting items, amortisation of borrowings costs, amortisation of acquired intangible assets and gain or loss on revaluation of fair value hedge.

Adjusted earnings per share

Definition

Adjusted profit after tax divided by the basic weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Purpose

This measure is used to determine the improvement in EPS from underlying trading activity for our shareholders.

Reconciliation/calculation

Refer to note 6.1.1 for the calculation of the basic weighted average number of shares.

	2023	2022
Adjusted profit after taxation - £m	58.6	67.3
Weighted average number of shares (million) – basic	195.0	194.2
Adjusted earnings per share	30.1p	34.7p

Covenant EBITDA and covenant adjusted EBITDA

Definition

Covenant EBITDA: Adjusted operating profit with depreciation, amortisation of computer software, and share-based payments expenses added back, less RoU depreciation and interest payable on lease liabilities.

Covenant adjusted EBITDA: EBITDA plus the pre-acquisition EBITDA of businesses acquired during the year covering the relevant pre-acquisition period less the EBITDA of businesses disposed of during the year.

Purpose

This measure is used as the numerator in calculating covenants under the terms of the Group's revolving credit facility.

Reconciliation/calculation

	2023	2022
	£m	£m
Adjusted operating profit	84.4	94.6
Depreciation of property, plant and equipment and RoU assets	19.9	19.5
Amortisation of computer software	2.7	2.0
Interest payable on lease liabilities	(2.6)	(3.0)
RoU assets depreciation	(7.9)	(7.1)
Share-based payments – equity settled	1.1	0.8
Covenant EBITDA	97.6	106.8
Lawrence pre acquisition EBITDA	3.3	–
Covenant adjusted EBITDA	100.9	106.8

Interest cover

Definition

Covenant EBITDA divided by the net interest payable on bank loans, private placement notes and overdrafts and interest income from short-term bank deposits.

Purpose

This measure is used to evaluate the profit available to service the Group's interest costs. This is one of the covenants the Group is subject to under the terms of its revolving credit facility.

Reconciliation/calculation

	2023	2022
	£m	£m
Covenant EBITDA	97.6	106.8
Covenant net interest	7.4	5.9
Interest cover (x)	13.2x	18.2x

Adjusted net debt and covenant net debt

Definition

Borrowings, net of cash and cash equivalents, plus capitalised borrowing costs and lease liabilities added back. For the purposes of bank covenants net debt used in the leverage calculation is calculated based on the weighted average exchange rates in line with the banking agreements.

Purpose

This gives a measure of the gross amount owed to lenders, without the effect of unamortised borrowing costs.

Reconciliation/calculation

	2023	2022
	£m	£m
Net debt	(167.7)	(175.5)
Lease liabilities	59.7	61.7
Capitalised borrowing costs	(2.3)	(2.1)
Adjusted net debt	(110.3)	(115.9)
Adjustment to weighted average exchange rate	3.8	4.4
Covenant net debt	(106.5)	(111.5)

Leverage

Definition

Adjusted net debt translated at the average exchange rate for the year divided by covenant adjusted EBITDA, as defined in the banking agreements.

Purpose

This measure is used to evaluate the ability of the Group to generate sufficient cash flows to cover its contractual debt servicing obligations.

Reconciliation/calculation

	2023	2022
	£m	£m
Covenant net debt (at average exchange rate)	106.5	111.5
Covenant adjusted EBITDA	100.9	106.8
Leverage (x)	1.1x	1.0x

Gross debt and adjusted gross debt

Definition

Gross debt is borrowings and lease liabilities. Adjusted gross debt is gross debt, with capitalised borrowing costs added back.

Purpose

This gives a measure of the gross amount owed to lenders, without the effect of unamortised borrowing costs for which cash outflow has already occurred.

Reconciliation/calculation

	2023	2022
	£m	£m
Borrowings	(171.7)	(188.4)
Lease liabilities	(59.7)	(61.7)
Gross debt	(231.4)	(250.1)
Capitalised borrowing costs	(2.3)	(2.1)
Adjusted gross debt	(233.7)	(252.2)

Return on capital employed (ROCE)

Definition

Adjusted operating profit as a percentage of the last thirteen-month average capital employed.

Purpose

This measure is used to evaluate how efficiently the Group's capital is being employed to improve profitability.

Reconciliation/calculation

	2023	2022
	£m	£m
Adjusted operating profit	84.4	94.6
Average capital employed	720.3	710.7
ROCE (%)	11.7%	13.3%

Average capital employed can be reconciled to the balance sheet as follows:

	2023	2022
	£'m	£'m
Inventories	119.0	153.1
Trade and other receivables	85.6	81.4
Intangible assets	66.2	57.7
Property, plant & equipment	71.1	74.6
Right-of-use asset	55.4	57.3
Goodwill	399.3	399.3
Deferred tax asset	1.4	1.7
Trade and other payables	(94.8)	(88.2)
Net current tax asset/(liability)	0.3	(1.8)
Provisions – current	(2.1)	(5.0)
Provisions – non-current	(3.4)	(2.9)
Deferred tax liabilities	(4.9)	(6.9)
Financial asset at FV through P&L	1.2	1.2
Total capital employed	694.3	721.5
Adjustment to 13-month average	26.0	(10.8)
Average capital employed	720.3	710.7

Adjusted operating cash conversion and adjusted operating cash flow

Definition

Adjusted operating cash flow

Net cash generated from operations before income tax paid, adjusting item costs cash settled in the year and pension contributions, and after proceeds on disposal of property, plant and equipment, payments to acquire property, plant and equipment and payments to acquire intangible assets.

Adjusted operating cash conversion

Adjusted operating cash flow divided by adjusted operating profit.

Purpose

These measures are used to evaluate the cash flow generated by operations in order to pay down debt, return cash to shareholders and make further investment in the business.

Reconciliation/calculation

	2023	2022
	£m	£m
Net cash generated from operating activities	108.8	60.6
Income tax paid	15.5	21.5
Adjusting item cash costs	9.0	1.8
Pension contributions	2.6	0.2
Proceeds on disposal of PPE	0.1	0.1
Payments to acquire PPE and intangible assets	(15.6)	(24.1)
Adjusted operating cash flow	120.4	60.1
Adjusted operating cash flow	120.4	60.1
Adjusted operating profit	84.4	94.6
Adjusted operating cash conversion (%)	142.6%	63.5%

Definitions and glossary of terms

APM	Alternative performance measure
bps	Basis points
CGU	Cash generating unit
CHIC	Concealed hardware innovative components
CPA	Construction Products Association
CPMI	Construction Purchasing Managers' Index
EBT	The Tyman Employees' Benefit Trust
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPD	Environmental product declaration
EPS	Earnings per share
ERP	Enterprise resource planning
GCC	Gulf Cooperation Council
GHG	Greenhouse gas
IFRS	International Financial Reporting Standards
Lawrence	Barry G. Lawrence, Inc. (trading as Lawrence Industries)
LFL	Like-for-like
LIRA	Leading indicator of remodelling activity
LTIFR	Lost time incident frequency rate
LTIP	Long term incentive plan
M&A	Mergers and acquisitions
NAHB	National Association of Home Builders
P&L	Profit & Loss
PMI	Purchasing Managers' Index
PPE	Property, plant and equipment
RCF	Revolving credit facility
RMI	Renovation, maintenance and improvement
ROAI	Return on acquisition investment
ROCE	Return on capital employed
RoU	Right of use
SDG	United Nations Sustainable Development Goals
TRIR	Total recordable incident rate
USPP	US private placement

The following principal exchange rates have been used in the financial information to translate amounts into Sterling:

Closing rates:	2023	2022
US dollars	1.2731	1.2097
Euros	1.1532	1.1298
Australian dollars	1.8690	1.7743
Canadian dollars	1.6871	1.6386

Average rates:	2023	2022
US dollars	1.2438	1.2370
Euros	1.1499	1.1732
Australian dollars	1.8734	1.7795
Canadian dollars	1.6782	1.6078

Roundings

Percentage numbers have been calculated using unrounded figures, which may lead to small differences in some figures and percentages quoted.