

Chair's Statement

Kevin Boyd, Independent Non-Executive Chair

Creating a better built environment



Sustainability continues to be at the heart of our growth agenda.

Introduction

I am delighted to be writing my first statement as Chair of the Company, following my appointment on 1 November 2022. I would like, on behalf of the Board and the Company, to thank Ron Marsh for his chairmanship and valuable contribution over the last eight years. There were a number of challenges for the Group in 2022, however, as demonstrated by these results, our performance has been strong and resilient despite the difficult ongoing micro and macroeconomic environment we faced.

Performance and results

These ongoing challenges post pandemic have continued to impact the UK and global economy, which has resulted in inflation and supply chain issues, in particular in our Adey and Nuaire businesses.

The year continued to bring difficult market conditions in UK construction as a whole, but our businesses have performed well in the circumstances. This robust performance is down to the hard work and resilience of our colleagues around the Group who have risen to, and overcome, the challenges we have faced.

The Group delivered revenue 4.7% higher than prior year at £622.2m, (2021: £594.3m). Adjusted operating profit was 3.0% up at £98.2m (2021: £95.3m), representing a margin of 15.8% (2021: 16.0%). Underlying basic earnings per share for the year was 30.8 pence (2021: 30.6 pence).

The Group also completed the acquisition of Keytec Geomembranes Holding Company Limited during the first quarter of 2022, welcoming new colleagues into the Group, as we continue to diversify our product portfolio and evolve towards being a solutions-based Group.

Review and update of strategy

During the year, a review and refresh of the Group's strategy was carried out in order to determine whether the strategic direction we articulated in 2021 needed to be refreshed. Although the Board remained convinced about the fundamental approach of aligning to key sustainability-linked growth drivers, it was agreed that further work on organisational design, and quantifying our ambitions and key initiatives could be achieved. We engaged a third party consultant to assist with this review process, and a project team of around fifty of our leaders and subject matter experts worked alongside them to complete this review. The outcome of this process is our Sustainable Solutions for Growth strategy, which we shared publicly at the Capital Markets Day (CMD) in November, setting out our mid-term goals, our new organisational and reporting structure, and further insight into how this strategy will be achieved via our three Business Units. The CMD was well attended, and feedback on the day itself and the refreshed strategy was positive.

Chair's Statement continued



Bringing our colleagues with us on our sustainability journey

'Wash & Squash' HDPE Recycling

In 2022 the Group launched the Wash & Squash initiative, which encouraged colleagues across the Group to bring their plastic bottle waste to their respective sites for it to be recycled at our Polymer Processing Plant in Horncastle. The Polymer Processing Plant recycles post-consumer HDPE bottle waste and converts it into engineered plastic pipe solutions that last

in excess of 100 years – this initiative adding to the c.50,000 tonnes of plastic recycling processed during 2022. Sites were provided with 'Wash & Squash' recycling bags made from recycled bottles, where they could deposit clean empty HDPE bottles that were then taken to Horncastle for recycling.

This initiative engages our colleagues to bring them on our journey to support the Group's ambition to provide sustainable solutions to the built environment and be the lowest carbon choice for our customers.

Sustainability

Sustainability continues to be at the heart of our growth agenda. Expectations of the built environment to solve the urgent challenges facing our infrastructure, buildings, communities, and planet have never been greater. Across the Group we're finding solutions for these challenges; creating a more resilient business, society and planet, and we understand we have a key role to play in making the built environment more sustainable. We will do this by becoming a sustainable, low-carbon business ourselves as well as delivering sustainable solutions at scale.

We will continue to invest in innovative solutions to capitalise on key sustainability drivers, as well as driving growth through ongoing legacy material substitution and increasing our geographic reach. Our refreshed strategy showcased our continuing focus on higher growth and sustainability driven markets. Restructuring into three Business Units: Water Management Solutions, Climate Management Solutions and Sustainable Building Solutions reflects our sustainability focus. Our growth drivers will continue to propel performance in the years to come and sustainability will continue to be at the heart of how we run our businesses, so they are fit for the future.

We continue to make progress towards achieving our 2025 sustainability targets and have ensured that these targets provide alignment between management and stakeholder expectations by incorporating them into our long-term incentive arrangements for the Executive Directors and senior management. We are committed to, and will continue to make changes to ensure that where possible, sustainability underpins everything we do.

Board changes

As previously outlined in the 2021 Annual Report, Joe Vorih was appointed as Chief Executive Officer and a member of the Board in February 2022. Louise Hardy stepped down from the Board in September 2022, and on 1 November 2022 Ron Marsh retired as Chair of the Board, following nearly nine years in this role. Ron was appointed as a Non-Executive Director in 2014 when the Company listed on the LSE, and has played a key role in leading the Board since that date. On behalf of the Group and Board, it has been a pleasure working alongside Ron and we thank him for his time and dedication and wish him all the best with his future endeavours.

I am also pleased to welcome Shatish Dasani to the Group, having been appointed as a Non-Executive Director and a member of the Board on 1 March 2023, and as Chair of the Audit Committee on 7 March 2023 following a thorough recruitment process. Further detail on our Board recruitment processes are set out in our Nomination Committee Report.

Kevin Boyd

Independent Non-Executive Chair

14 March 2023