



FORTERRA PLC

DESFORD THE LARGEST BRICK FACTORY IN EUROPE

17 May 2023

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TODAY'S PRESENTERS



NEIL ASH
Chief Executive Officer



STEPHEN HARRISON
Former Chief Executive Officer



BEN GUYATT
Chief Financial Officer

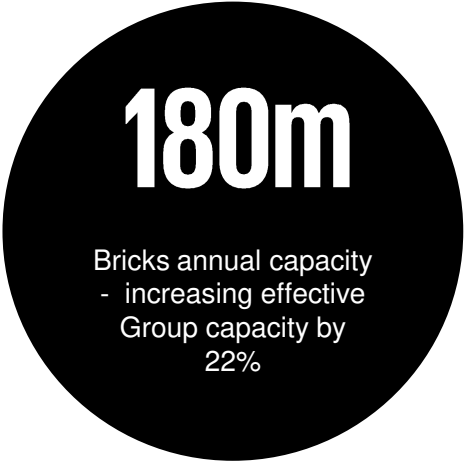
TODAY'S AGENDA



	Time
1) Welcome and presentation	1000
2) Q&A	1030
3) Group Tours	1100-1200
4) Opening ceremony	1200
5) Lunch	1220

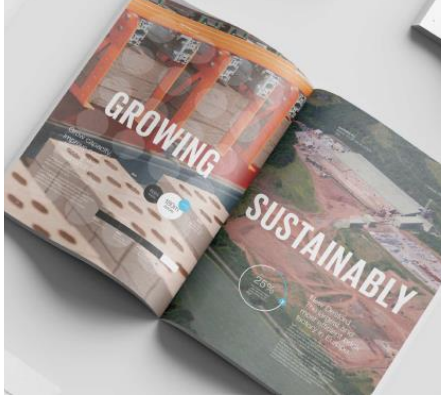
ATTRACTIVE RETURNS ON INVESTMENT EXPECTED

PROJECT DELIVERED ON TIME AND WITHIN BUDGET



NEW DESFORD FACTORY ALIGNED TO GROUP INVESTMENT CASE ACROSS ALL 5 AREAS

DELIVERING LONG-TERM SHAREHOLDER VALUE



Established leading market positions in core products

Long-term structural demand and supply factors underpin market growth

Investment pipeline to deliver capacity growth, efficiency and decarbonisation

Commitment to sustainability leadership

Strong profitable growth, cash generation and disciplined capital allocation



A CLEAR AND FOCUSED STRATEGY ACROSS THREE STRATEGIC PILLARS

1.

Strengthen the core



Grow capacity, cost efficiency and improved sustainability

STRATEGY IN ACTION

New Desford Brick Factory

2.

Range expansion



Access new higher margin market segments

STRATEGY IN ACTION

Wilnecote Brick Factory

3.

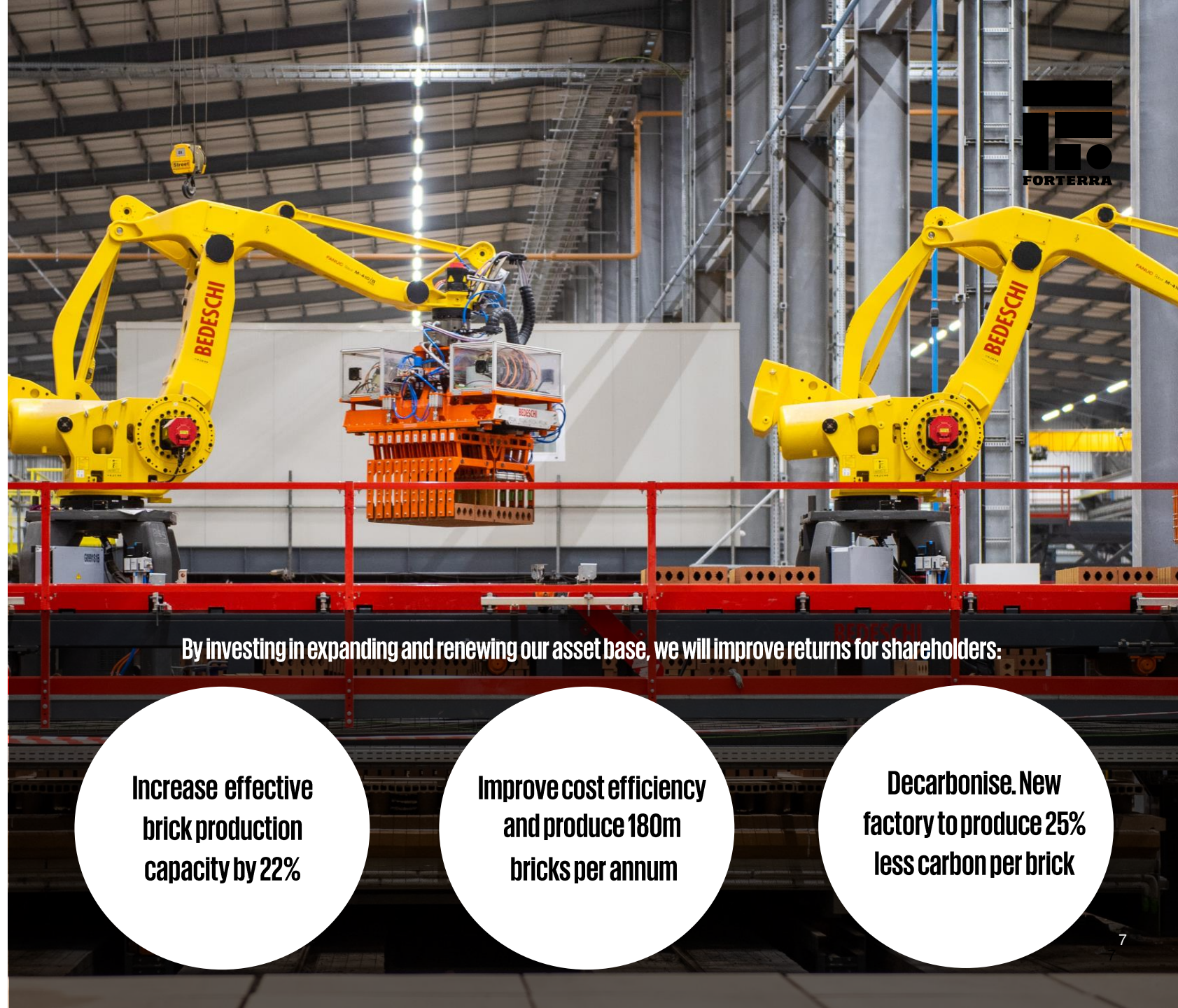
Innovation and development



Develop and launch new products

STRATEGY IN ACTION

Brick Slips



By investing in expanding and renewing our asset base, we will improve returns for shareholders:

**Increase effective
brick production
capacity by 22%**

**Improve cost efficiency
and produce 180m
bricks per annum**

**Decarbonise. New
factory to produce 25%
less carbon per brick**



KEEPING BRITAIN BUILDING

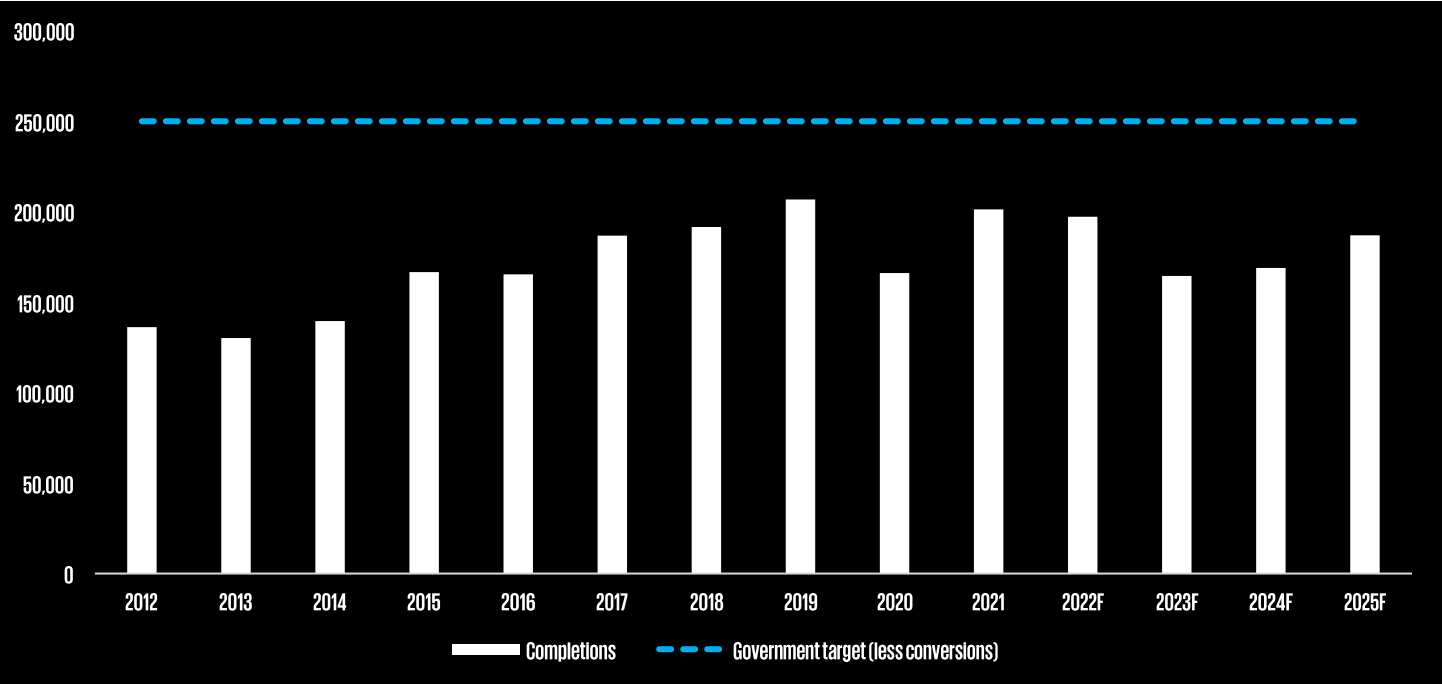
PRODUCTS AND MARKETS

SUPPORTIVE MARKET FUNDAMENTALS



- Desford’s industry leading efficiency leaves us well placed to benefit from the medium-term fundamentals underlying the UK housing market
- 197,000 new build homes estimated to have been completed in Great Britain during 2022 remains below the Government target of 300,000 new homes annually
- Cross-party political support for increased housing supply
- Mortgage rates that remain at low levels historically despite recent increases

New build housing completions



Source: CPA Spring Forecast 2023

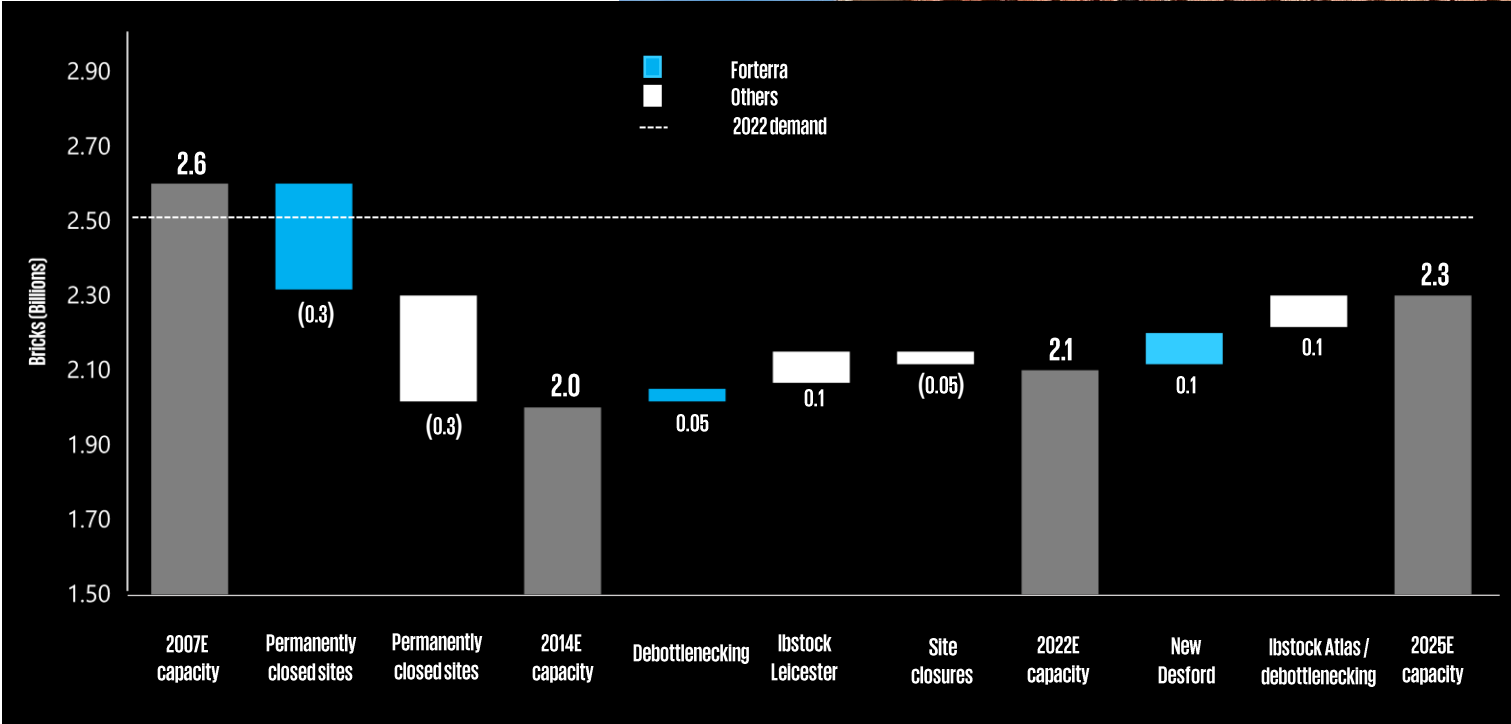


EVOLUTION OF UK BRICK MARKET CAPACITY



- Industry capacity was rationalised during the global financial crisis with Forterra playing the leading role
- Despite current and announced capacity investments, the UK brick industry still lacks the capacity required to meet demand

Evolving domestic brick market capacity



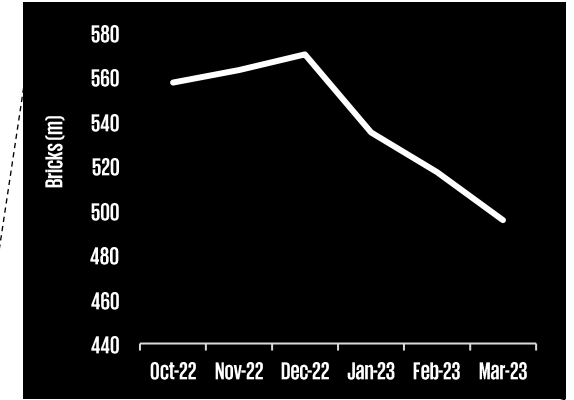
Source: Forterra estimates

SCOPE TO DISPLACE IMPORTS WHICH REMAIN AT A RECORD HIGH



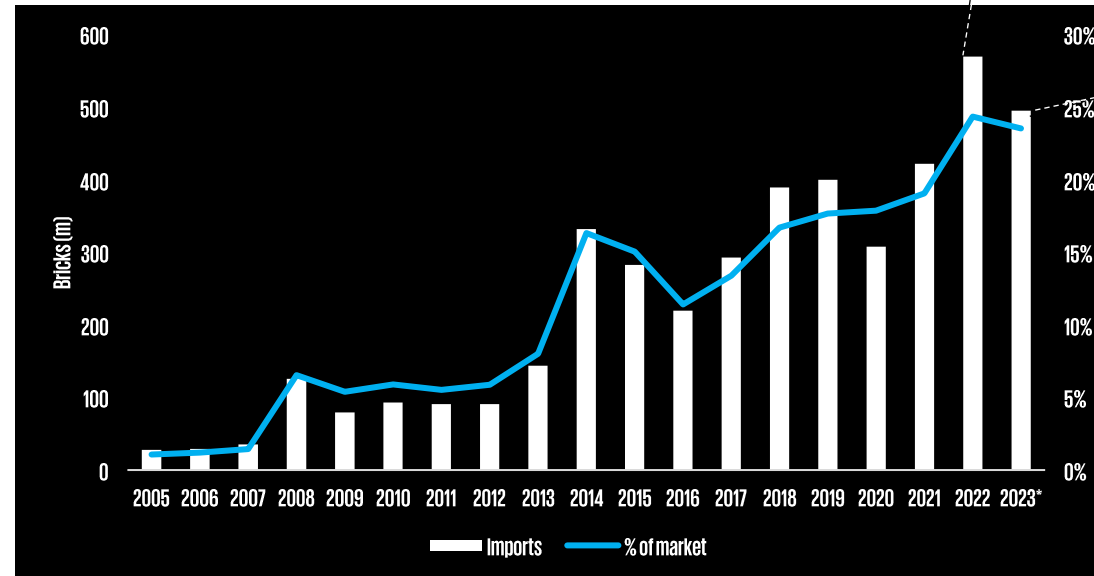
- Imports currently represent c.24% of the brick market
- Imports have fallen sharply in 2023 (Q1 44% lower than Q122) though remain high as % of the market
- c.550m bricks were imported into the UK in 2022. We estimate that c.150-200m of these are architecturally differentiated with the remaining balance having grown in order to balance the historical shortage of domestic capacity
- Our customer base values the ensured provenance and quality of a domestically produced brick, supplied directly from stock, for prompt delivery with lower transportation costs

Brick import (MAT) monthly focus 22/23



Source: BEIS, HMRC

Annual brick import progression since 2005



Source: BEIS, HMRC
Note*: LTM to March 2023

CUSTOMERS AT OUR CORE

- Customer focus is one of our core values and many of our customer relationships span decades
- We have worked hard to develop strong, mutually beneficial relationships that ensure we are always a preferred supplier
- Our £95m investment in capacity is an investment in meeting the needs of our customers for decades to come
- The new and efficient factory is focused on decarbonisation, in turn helping to meet the sustainability agendas of our customers



Bellway
BARRATT DEVELOPMENTS PLC
gleeson
miller
BLOOR HOMES
Taylor Wimpey plc
PERSIMMON
HOUSEBUILDERS

JEWSON
selco BUILDERS WAREHOUSE
HUWS GRAY BUILDING MATERIALS CENTRE
MKM BUILDING SUPPLIES
Travis Perkins
MERCHANTS

BRICKABILITY BRICK MERCHANTS
TAYLOR MAXWELL
in touch with Bricks
DISTRIBUTORS

DESFORD RANGE ATTRACTIVE TO HOUSEBUILDERS

- The Desford product range is well established, and is particularly popular within the housebuilding sector, due to its aesthetics, and relative lightweight features
- Desford bricks have good water absorption and ideal void configuration making them preferred by brick-layers as they allow high speed laying
- Desford clay naturally burns a yellow (“buff”) colour, with red products produced by mixing the local clay with a red-burning clay. This ability to produce both a buff and red range enables Desford to offer a full “pallet” to customers



SUSTAINABILITY

COMMITTED TO SUSTAINABILITY

Operating sustainably is critical to our long-term success as a business and influences everything we do have set out a number of challenging targets across three key pillars:



PEOPLE

GROUP TARGET

- Zero harm ambition for health and safety
- 5% of employees in “earn and learn” positions by 2025
- Improved ethnic and gender diversity

PROGRESS AT DESFORD

- Zero harm ambition for health and safety
- 90 employees at the new site



PLANET

- CO2 emissions / tonne targets (2019-2030):
 - 32% overall CO2 intensity reduction
 - 33% reduction within clay products
 - 80% reduction within concrete products
- Zero waste to landfill
- 10% of electricity use generated from onsite renewable sources by 2025

- 25% less carbon per brick than old factory
- Zero waste to landfill from new site
- 16% of factory’s electricity demand generated from roof mounted solar panels



PRODUCT

- Plastic packaging reduction of 50% by 2025 (from 2019 baseline)
- 10% of revenue from new and sustainable products by 2025
- Commitment to working with our suppliers to ensure they also adopt stretching reduction targets in line with our own carbon ambitions

- 58% less plastic packaging at new factory
- Efficiently produced range of products



INDUSTRY LEADING
EFFICIENCY

SECURITY FROM THE GROUND

OUR MINERAL RESERVES REPRESENT OUR FUTURE

- Our brick business is built upon our clay reserves and the new Desford factory is a prime example of this
- We have access as a Group to over 90m tonnes of clay which on average will sustain our manufacturing operations for 50 years
- Our mainstream brick factories are each adjacent to a quarry, ensuring the raw material travels the shortest possible distance to the factory
- Our mineral reserves also act as a barrier to entry, with there being extensive hurdles to any new entrant gaining the necessary permissions to extract mineral



30 years+
clay reserves

82
hectare site

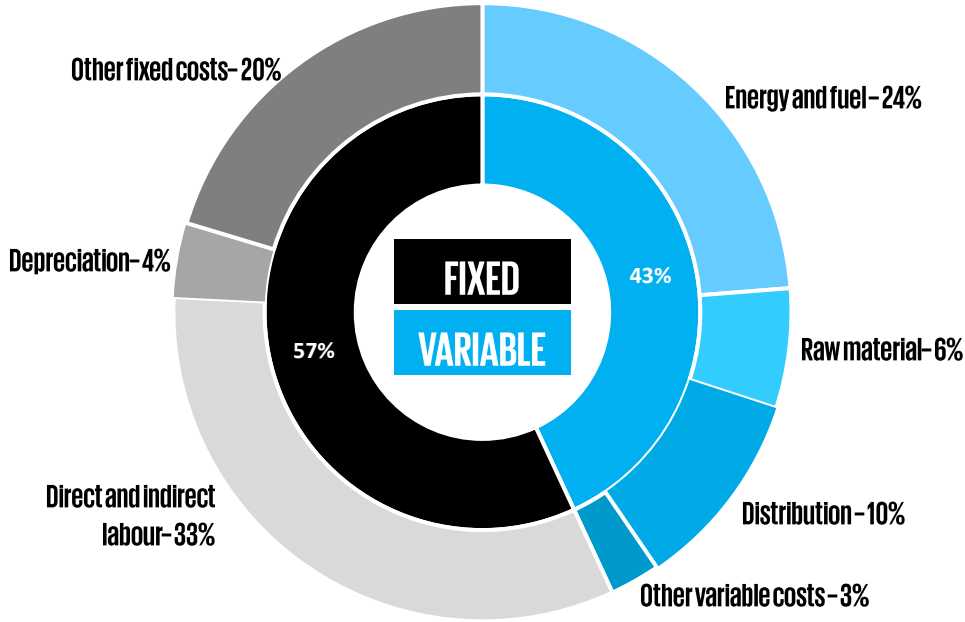
11.8m
tonnes of clay

STRATEGY TO MAXIMISE OUTPUT FROM DESFORD



- Short term strategy to maximise output from Desford through mothballing less efficient production capacity elsewhere
- Fixed cost nature of the brickmaking supports mothballing vs. the output reduction that would be more appropriate in concrete business

FORTERRA CLAY BUSINESS

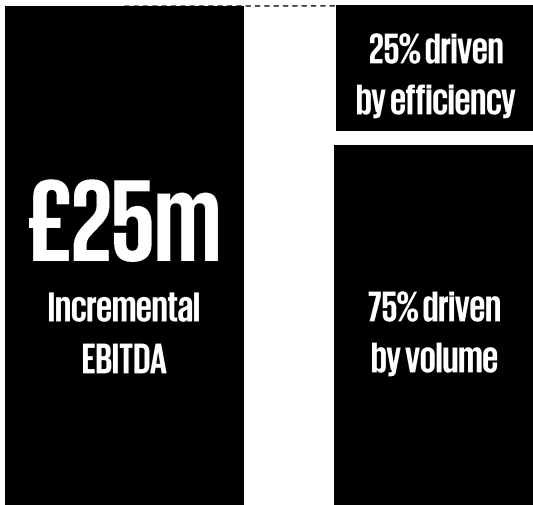


EFFICIENCY OF NEW DESFORD FACTORY

	NEW DESFORD*	OLD DESFORD*	HOWLEY PARK*
Gas usage / 000 bricks	32 therms	58 therms	65 therms
Electricity usage / 000 bricks	106 kwh	152 kwh	128 kwh
Labour hours / 000 bricks	1 hour	3 hours	3 hours

**To aid comparison, New Desford future state assumed, Old Desford from 2021 and Howley Park from 2022*

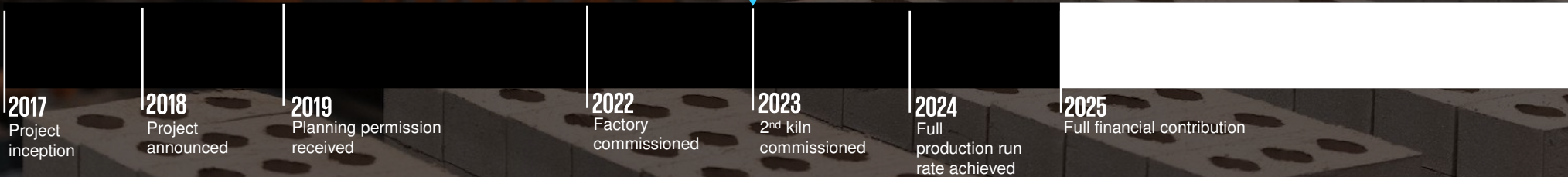
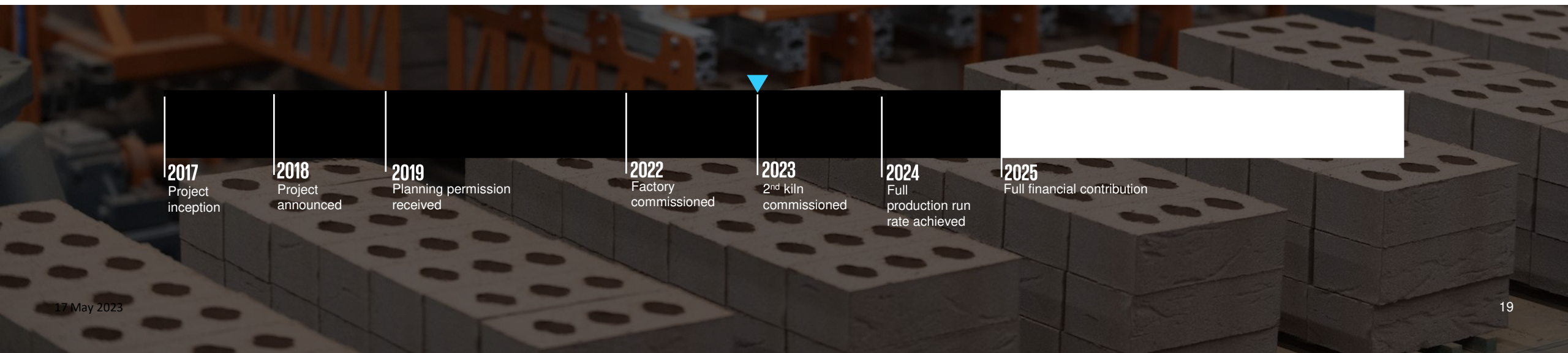
KEY FINANCIAL METRICS



Attractive returns on investment



TIMELINE



DESFORD IN NUMBERS

DESFORD IN NUMBERS



1,000°C temperature of the kiln

390,000 tonnes of clay used in production per year

30+ years clay reserves at the Desford site

58 lorry loads of bricks per day

£95m investment cost

20,000 m² factory footprint

180m annual brick production capacity

5+ hectares of new reed bed habitat

58% less plastic packaging

90 employees at site

350,000 tonnes weight of annual production

25% less carbon per brick

82 hectare total size of site

5 days end to end production time

25,000 new homes per year from production

83m brick stock yard capacity

11.8m tonnes of clay reserves

16% annual electricity usage supplied from onsite solar