

## Chair's Statement

# Generating value for stakeholders

Kevin Boyd  
Chair



## Introduction

Macroeconomic pressures and geopolitical turbulence over the last few years have persistently tested the resilience and adaptability of UK companies as a whole, which has in turn inevitably impacted the Group. We are aware of the impact that the increase in interest rates has had on our wider stakeholders, including our customers, employees and the communities we serve, as well as the increasing focus of stakeholders on the importance and impact of climate change and the need to transition to a low carbon economy. As a Board, we have needed to ensure that we mitigate the impact of these external pressures and that we are well equipped to respond to them. I am proud of the steps that the senior management team and Board have taken to navigate these challenges, whilst at the same time successfully rolling out our Sustainable Solutions for Growth strategy to provide a platform for future growth when volumes return to more normal levels. Therefore, despite these challenges, as demonstrated by our results, our performance has been strong and resilient and our ongoing self-help measures, deployment of the Genuit Business System and continued business simplification initiatives have enabled improvements in the quality of operating margin, despite the difficult market conditions.

“Our Sustainable Solutions for Growth strategy is underpinned by our people.”

## Performance and results

Against a backdrop of continued macroeconomic uncertainty, the Group's trading performance has remained resilient throughout the year, supported by the diversity of the Group's market segment exposure.

The Group continued to focus on business simplification measures that increased the efficiency of operations and partially mitigated the impact of lower volumes. These measures included undertaking site consolidations to increase economies of scale, without any associated reduction in production capacity. Together with other self-help measures, the Group will deliver a total of £15m of annualised savings. This proactive cost action and continued commercial progress resulted in full year underlying operating profit being above our initial expectations. This robust performance is down to the hard work and determination of our colleagues around the Group who have risen to, and overcome, the challenges we have faced.

Group revenue was 5.7% lower than prior year at £586.5m (2022: £622.2m). Underlying operating profit was £94.1m (2022: £98.2m) representing a margin of 16.0% (2022: 15.8%). Underlying basic earnings per share for the year was 25.2 pence (2022: 30.8 pence).

## Sustainable Solutions for Growth strategy

In 2022, following a review and refresh of the Group's strategy, we launched our Sustainable Solutions for Growth strategy and shared this publicly at the Capital Markets Day (CMD) in November 2022. This included details of our mid-term goals, our new organisational and reporting structure, and provided further insight into how this strategy will be delivered via our three Business Units. We held a Strategy Progress Update in November 2023 to describe the progress against our strategy, and to offer our shareholders and stakeholders the opportunity to engage with the senior management team. We also set out our new Group purpose, 'Together, we create sustainable living', which resonates strongly with our employees and our businesses across the Group, as well as with other stakeholders such as customers, suppliers and the communities we serve.

## Our Trademark Behaviours



### We work together

- by understanding and respecting our unique differences
- through collaborating and supporting, to achieve more
- by recognising the efforts and contributions of others

### New joiners to Genuit Leadership Team

**39%** female



### We take ownership

- always acting with health, safety and wellbeing in mind
- by striving for excellence in what we do
- through our commitment to doing the right thing

### 'Hazard' and 'Near Miss' reports

**8,214** +45%



### We find a better way

- through using our voice and actively listening
- by positively challenging the way we do things
- by seeking the right solution

### Business improvement training

**>10%** employees

“We provide solutions for adaptation and mitigation of climate change and the challenges it poses for the built environment.”



### People and Culture

People and Culture is another key element to our strategy on which we have placed significant focus during 2023. The successful delivery of our Sustainable Solutions for Growth strategy is underpinned by our people, creating value and enabling growth through employee capability, expertise and in an environment where everyone is comfortable to bring their whole selves to work. A dedicated working group was established in early 2023 led by our Chief People Officer, which consisted of a group of volunteers and representatives from across the Group who came together to define and establish a set of trademark behaviours. The process involved obtaining direct feedback by engaging with colleagues at all levels and across all businesses within the Group. Our final Trademark Behaviours are set out opposite and were launched to our Genuit Leadership Team at its October 2023 conference. We also hosted further training sessions to ensure we could provide all necessary tools to our leaders to enable successful deployment across the Group during 2024. I continue to be impressed by the commitment and output of our leaders, and look forward to seeing the development and embedding of our Trademark Behaviours and the positive impact they will have on our strategy deployment. Further detail about the culture workstream can be found in our People and Culture section on page 45 and Governance Report on pages 84 and 85.

Further details about the remaining key pillars of our strategy, being Growth and the GBS, are covered on pages 20 and 41 respectively.

### Sustainability

Sustainability is a key pillar of our strategy and continues to be at the heart of our growth agenda. As well as operating our businesses sustainably, we provide solutions for adaptation and mitigation of climate change and the challenges it poses for the built environment. We endeavour to provide innovative solutions to these challenges, whilst continuing to strengthen our position by being the lowest carbon choice for our customers. Our science-based targets, Pathway to Net-Zero and continued commitment to being abreast of regulatory developments, as well as taking steps to improve our messaging, continuously improve our processes and maintain engagement with our key stakeholders, shows our commitment to successful communication of the importance of sustainability to our strategy. Details of our sustainability practices are covered later in our Strategic Report on pages 22 to 29.

## Chair's Statement continued

“We are positive about the opportunities that lie ahead, and I am confident that we have the right leadership and people to generate value for our key stakeholders, and look forward to another year of progress.”



### Board changes

Paul James stepped down from the Board as Chief Financial Officer (CFO) in September 2023 after serving over five years with the Company. Paul successfully steered the Group through the Covid-19 pandemic and the challenges experienced post-pandemic, as well as helping build the Genuit Group into the successful business it is today. On behalf of the Board and everyone at Genuit Group, I would like to thank Paul for his years of service and wish him every future success. The Board is delighted to welcome Tim Pullen, who was appointed as permanent CFO in November 2023 having served as interim CFO from September 2023. Tim brings a broad range of public market experience which complements our Executive Management Team, and we look forward to working with Tim as we continue to deliver our Sustainable Solutions for Growth strategy. Further detail about the CFO recruitment process can be found in our Nomination Committee Report on page 94.

Matt Pullen stepped down from the Board as Chief Operating Officer in April 2023, remaining an employee until 30 June in an advisory capacity, and the Board agreed not to appoint a successor. This decision was supported by the strategic change to the structure of the Leadership Team in the newly expanded role of Chief Strategy and Sustainability Officer, assumed by Martin Gisbourne, which demonstrates our commitment and dedication to the future of our sustainability journey. The Business Unit Managing Directors now report directly to the CEO, as we increase our customer and market focus.

Shatish Dasani was appointed as a Non-Executive Director and Audit Committee Chair in March 2023, as reported in the 2022 Annual Report and Accounts, and Bronagh Kennedy was appointed as a Non-Executive Director in July 2023. Both bring significant experience and skills to our Board. Mark Hammond retired in October 2023 following the completion of his nine-year tenure in April 2023, having agreed to remain in post until October whilst the onboarding of the new Non-Executive Directors took place. Mark was appointed as a Non-Executive Director in 2014 when the Company listed on the London Stock Exchange, and has played a key role on the Board since that date. On behalf of the Group and Board, it has been a pleasure working alongside Mark, and we thank him for his time and dedication and wish him all the best with his future endeavours. As a result of his impending retirement, Mark's role as Senior Independent Director passed to Lisa Scenna in March 2023.

### Future outlook

Despite the difficult external macroeconomic environment, it is important that we remain focused on continuing to effectively execute our Sustainable Solutions for Growth strategy as a resilient business. This can only be achieved with the high-performance, purpose-led culture we continue to set in the Group, which we will continue to develop and embed during 2024. We are positive about the opportunities that lie ahead, and I am confident that we have the right leadership and people to generate value for our key stakeholders, and look forward to another year of progress, despite the continued challenging backdrop heading into 2024.

Kevin Boyd  
Chair  
12 March 2024