



Hill & Smith PLC

30 November 2023

COMPOSITES INVESTOR SEMINAR

SPEAKERS & AGENDA

A DEEP DIVE ON COMPOSITES

Opening remarks & investment case

Alan Giddins
Executive Chair

Group & divisional overview

Creative Composites Group

Shane Weyant
CCG CEO

The composites market

Our technology

Dustin Troutman
CCG Director of Marketing and
Product Development

Case studies

Sustainability

Conclusions and Q&A

Alan Giddins

Drinks and canapés



HILL AND SMITH INVESTMENT CASE

DELIVERING LONG TERM STAKEHOLDER VALUE



- Structural growth underpinned by the need for infrastructure investment in our core markets



- Market leader, with a strong track record, in attractive niches with high barriers to entry



- Sustainability at the core of our business model



- Autonomous business model supporting an entrepreneurial culture



- High, and improving returns profile



- Strong balance sheet, enabling the Group to take advantage of significant organic and inorganic opportunities, supported by excellent cash generation

GROUP AT A GLANCE

OUR DIVISIONS



Engineered Solutions

Supplying engineered steel and composite solutions for a wide range of infrastructure markets



Galvanizing Services

Supplying a service that dramatically increases the sustainability and maintenance free life of steel products



Roads & Security

Supplying products and services to support road and highway infrastructure



INCREASING IMPORTANCE OF THE U.S.

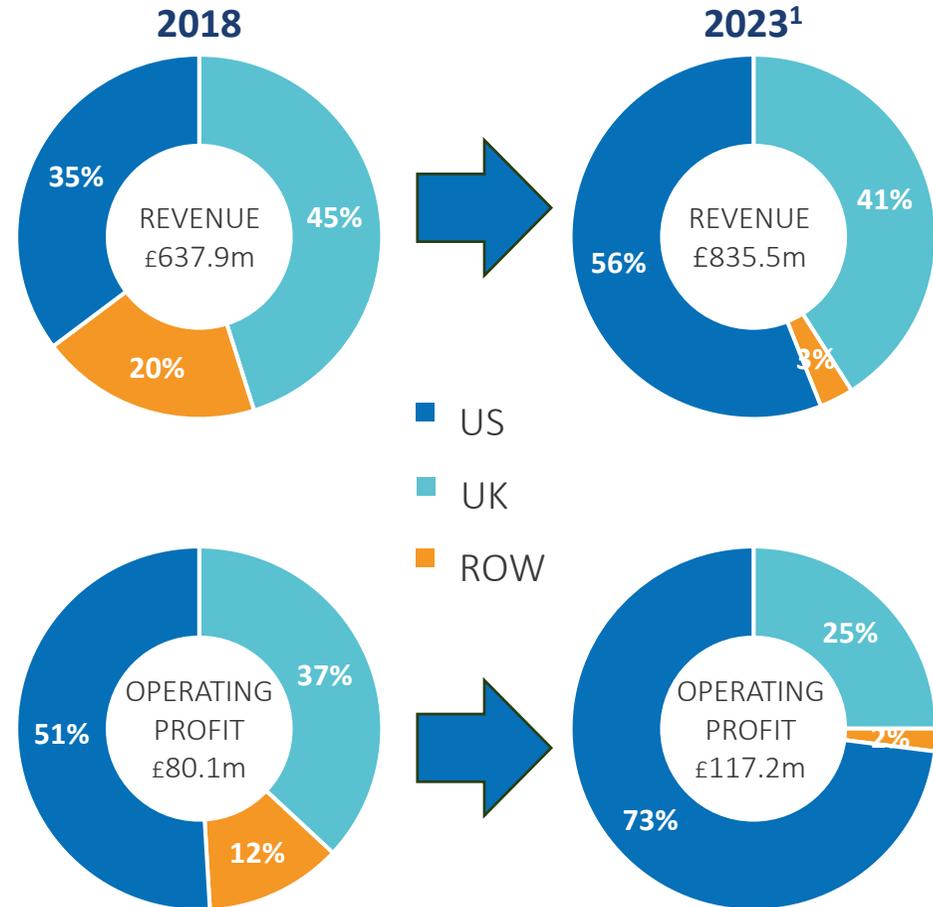
SUPERIOR GROWTH POTENTIAL



Headlines

- 5-year U.S. revenue CAGR of 16%
- 2023: 56% of revenue and 73% of operating profit
- Growth driven by robust U.S. economy, augmented by increasing infrastructure spend and market share gains
- U.S. revenue derived from all states
- Key states include Ohio, New Jersey, Texas, California, New York

By region



ENGINEERED SOLUTIONS

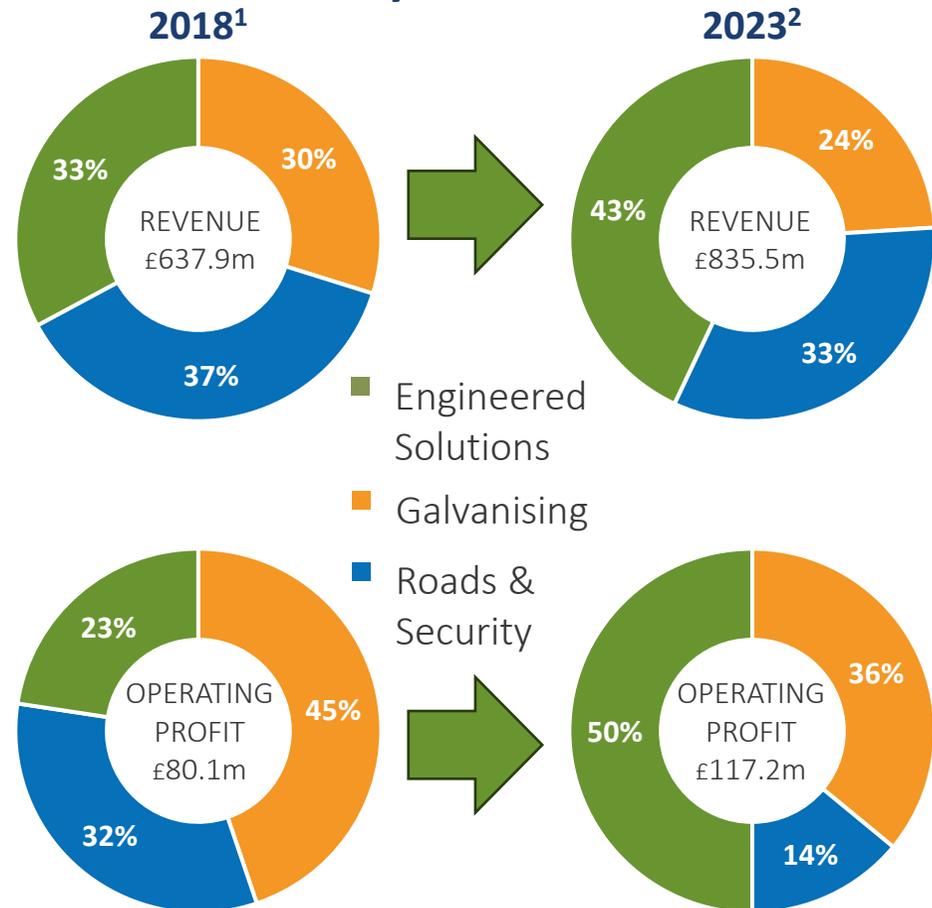
OUR LARGEST AND FASTEST GROWING DIVISION



Headlines

- 5-year Engineered Solutions organic revenue CAGR of 7%
- 5-year organic operating profit CAGR of 22%
- Represented 23% of operating profit in 2018. Expected to grow to 50% in 2023
- Operating margin of 8.6% in 2018, growing to an estimated 16%+ in 2023
- Composites a key growth and margin driver within Engineered Solutions

By division



1. Restated to be consistent with divisions in 2023
 2. Company-compiled consensus at Total Group level, with management estimates for divisional splits

ENGINEERED SOLUTIONS

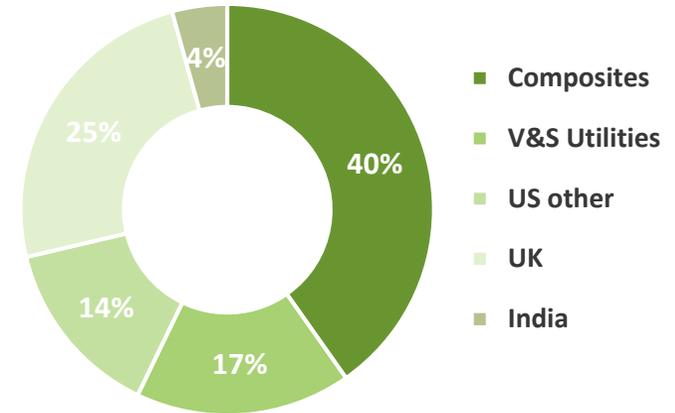
GROWTH UNDERPINNED BY MARKET AND SHARE GAINS



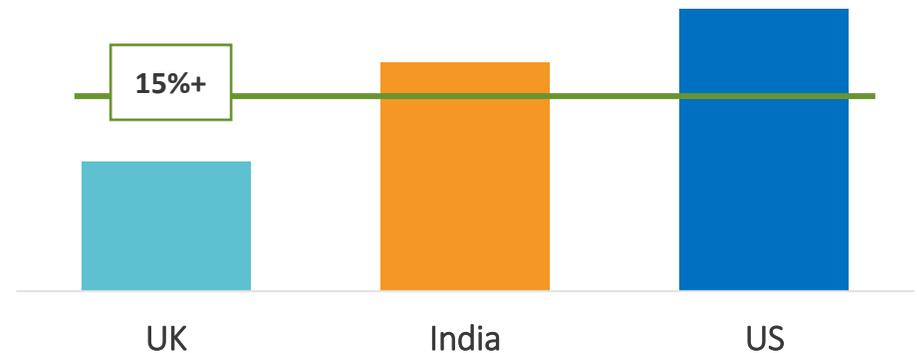
U.S. businesses have driven significant growth

- Estimated to be 71% of revenue and 83% of operating profit in 2023
- Driven by Creative Composites Group (including Enduro) and V&S Utilities
- V&S Utilities growing ahead of Group and divisional average, with 15%+ operating margins

2023 divisional revenue*



2023 geographic operating profit margin*



THE CREATIVE COMPOSITES GROUP

SHOWCASING OUR CAPABILITIES



CREATIVE
COMPOSITES
GROUP



CREATIVE COMPOSITES GROUP (CCG)

CCG - A LEADER IN INFRASTRUCTURE

OUR FASTEST GROWING GROUP OF BUSINESSES, WITH ATTRACTIVE RETURNS



CCG is the largest integrated supplier of structured Fibre Reinforced Polymer (FRP) composites in North America

Delivering engineered solutions and products that are lightweight, corrosion-resistant and long-lasting, through all relevant manufacturing processes

At a glance

- **554** employees
- **40** technical engineers
- **7** sites
- Sales in **every state**

| COMPANY | EMPLOYEES (Nov 2023) | TECHNOLOGY | LOCATION |
|---|-------------------------|-----------------------|-------------------|
|  Creative Pultrusions | 197 | Pultrusion | Alum Bank, PA |
|  Composite Advantage | 85 | Moulding | Dayton, OH |
|  Kenway Composites | 42 | Moulding | Augusta, ME |
|  Tower Tech | 52 | Cooling towers | Oklahoma City, OK |
|  Enduro | 140 | Pultrusion & moulding | Houston, TX |
|  United Fiberglass | 38 | Filament winding | Springfield, OH |



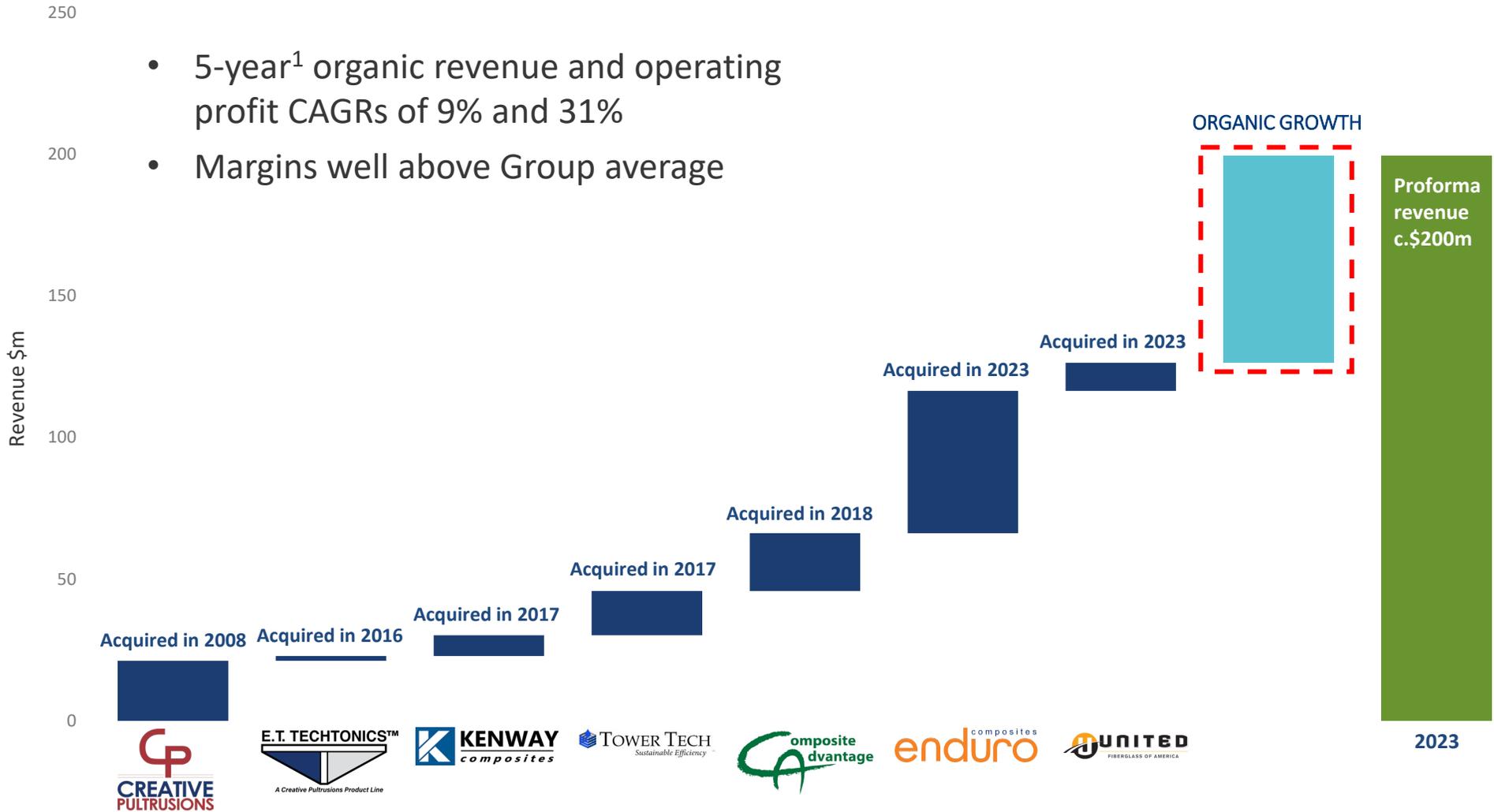
★ Site locations



OUR HISTORY IN COMPOSITES

THE JOURNEY SO FAR, AND THE OPPORTUNITY

- 5-year¹ organic revenue and operating profit CAGRs of 9% and 31%
- Margins well above Group average



FRP pultrusion capability

Fibreglass bridge product line

Filament winding and hand layup capability

Market leading cooling towers

Large-part infusion moulding capability

Complementary product portfolio

Market leading manufacturer of fibreglass

1. For the period 2018-2023
2. Revenue based on 12 months to Sept 23

UNITED FIBERGLASS



Why did we acquire United Fiberglass?

- A market leader in the design and manufacture of composite pipe, conduit and bridge drain infrastructure systems
- Highly complementary to existing composites activities
- Expands our customer base and product range, accelerating our strategy
- Additional manufacturing capability and capacity
- Strong long-term growth potential driven by infrastructure investment

Key initiatives to drive growth

- Engineering collaboration to drive operational efficiency and innovation
- Material cost purchasing efficiencies
- Optimisation of production capacity
- Increased marketing and sales focus

Deal dynamics

- Off market transaction – acquired November 2023
- Initial cash consideration of \$14.0m
 - 7.8x adjusted operating profit of \$1.8m*
 - Operating profit margin of 18.2%*





THE COMPOSITES MARKET

WHY WE ARE A MARKET LEADER

NUMBER ONE PLAYER IN FRP IN THE U.S.

Technical Knowledge: Market leader in designing, engineering and manufacturing complex customer solutions utilising materials science

Experience: Decades of know-how leveraging our technical talent and expertise, extensive customer case studies

First Mover: At the forefront of innovation, working alongside customers to develop and introduce exciting new products

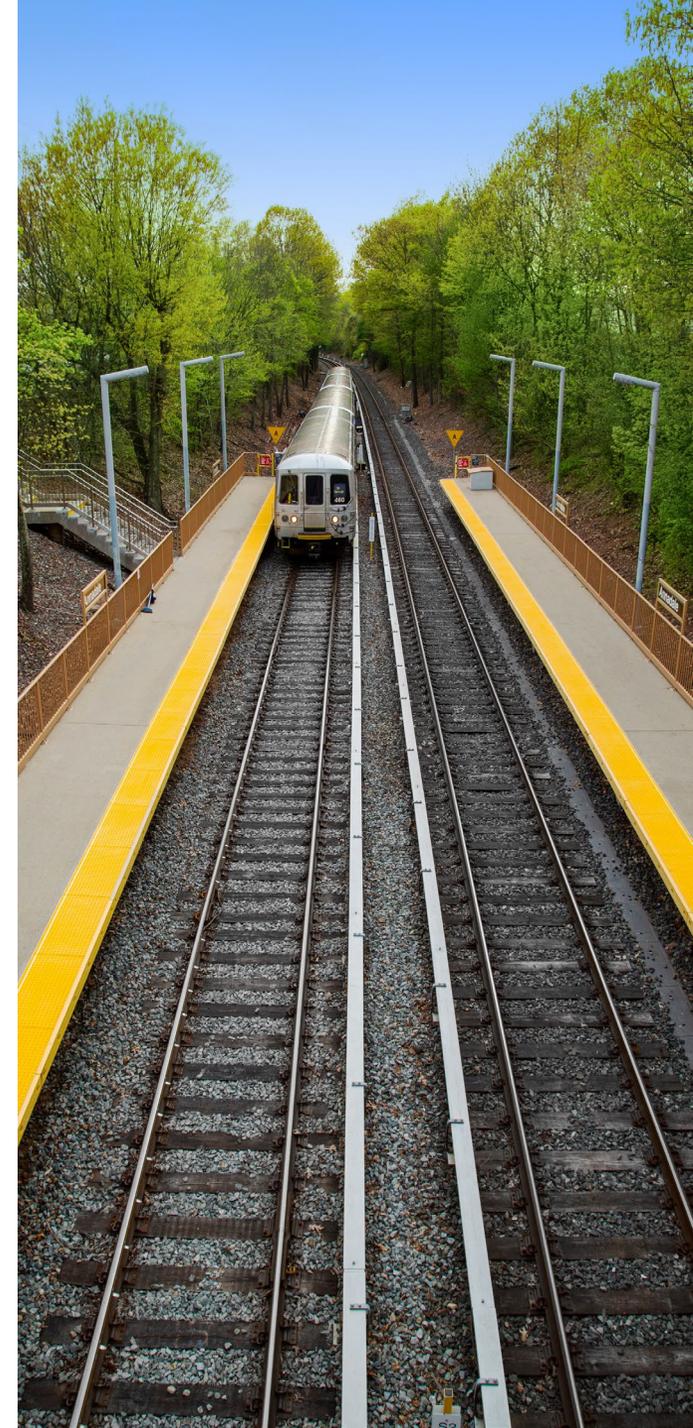
Complete Package: Only player in the market to offer full capabilities across all primary manufacturing processes

Proven Leadership Team: Long serving and entrepreneurial executive team



Delivering Engineered Solutions: Differentiated, high value-add products and solutions aligned with our customers' needs

Loyal Customer Base: Combining superior customer service, innovation and a strong reputation to ensure repeat business



BENEFITS OF FRP COMPOSITES

THE RIGHT SOLUTION FOR MANY APPLICATIONS



Lightweight

- 80% lighter than steel
- Safer, easier to work with and cheaper to transport

Extreme strength

- Greater tensile strength than most steel grades
- Superior strength-to-weight ratio

Corrosion resistant and durable

- Can withstand salt, water, chemicals and other harsh weather conditions
- Lasts up to 100 years with limited maintenance and will not rust, spall or rot – superior lifespan

Flexible design and ease of fabrication

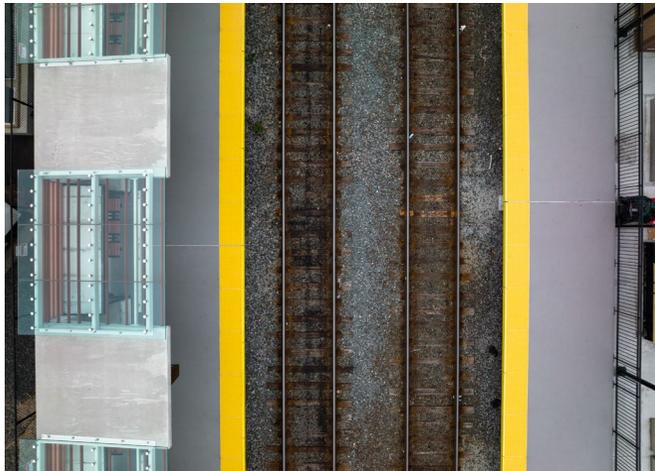
- Engineered to meet exact application requirements
- Quick and easy installation

Cost effective

- Lower full lifecycle costs

Lower environmental impact

- Will not leach into the environment
- Longer lifespan and reduced emissions vs alternative materials



GROWTH DRIVERS

LONG TERM STRUCTURAL GROWTH DRIVERS, PROVIDING VISIBILITY



Substitution is a key driver

- Demand for sustainable construction materials
- Protection against extreme weather and pests
- Resiliency and lifespan vs alternatives
- Wood shortages
- Rising cost of alternatives, closes initial cost gap
- Greater acceptance across a range of industries as clear benefits validated

U.S. Government stimulus driving growth

- **Infrastructure Investment and Jobs Act (IIJA):** \$1.2tn with \$550bn of new federal spending allocated to infrastructure projects
- **Inflation Reduction Act (IRA):** investment in electricity infrastructure to support clean energy
- **Ageing U.S. infrastructure:** significant proportion of U.S. infrastructure requires replacement or maintenance

Strong forecast U.S. GDP growth

- U.S. real GDP forecast to grow 10.0% between 2024-28, fastest in the G7
- U.S. population grew 7% over the last 10 years and is forecast to continue this trend
- Driving investment in core infrastructure

Increasing our market share

- Strong track record of increasing share
- Expansion of our addressable market through new applications
- Adoption of internationally recognised standards centered around composite materials

THE MARKETS WE SERVE

ATTRACTIVE SEGMENTS, WHERE WE LEAD



| Segment | Total Market Size* | Addressable Market* | Medium Term Growth | Key Markets | Key competitors |
|---|--------------------|---------------------|--------------------|--|--------------------------------|
|  Utilities/Electrical | c\$15bn | \$500m+ | ↑↑↑↑ | Oil & Gas, Utilities | RS Technologies, Shakespeare |
|  Waterfront | c\$1bn | \$250m | ↑↑↑ | Commercial, Ports, Residential, Transportation | Everlast, CMI |
|  Access Structures | c\$20bn | \$50m | ↑↑↑ | Industrial, Mass transit | Engineered Plastics |
|  OEM | c\$55bn | \$250m | ↑↑ | All | Bedford Reinforced, Strongwell |
|  Water/Wastewater | c\$45bn | \$100m | ↑↑ | Industrial, Utilities | NEFCO |
|  Cooling Towers | c\$0.5bn | \$100m | ↑↑ | Industrial, Commercial | Marley SPX, Evapco |
|  Building Products | c\$115bn | \$250m | ↑ | Industrial, Commercial | Nucor, Resolite, Crane |

* SOURCE: PBD report 2023

↑↑↑↑ Double digit %

↑↑↑ High single digit %

↑↑ Mid single digit %

↑ Low single digit %



OUR MANUFACTURING PROCESSES

OUR MANUFACTURING PROCESSES

CAPABILITIES ACROSS ALL PROCESSES UTILISING MATERIALS SCIENCE



Benefits of pultrusion

- Continuous manufacturing process
- Ideal for high volumes
- Flexibility for parts of various sizes
- Lightweight and easier to fabricate
- Superior dielectric strength
- Lowest installed cost



Benefits of infusion moulding

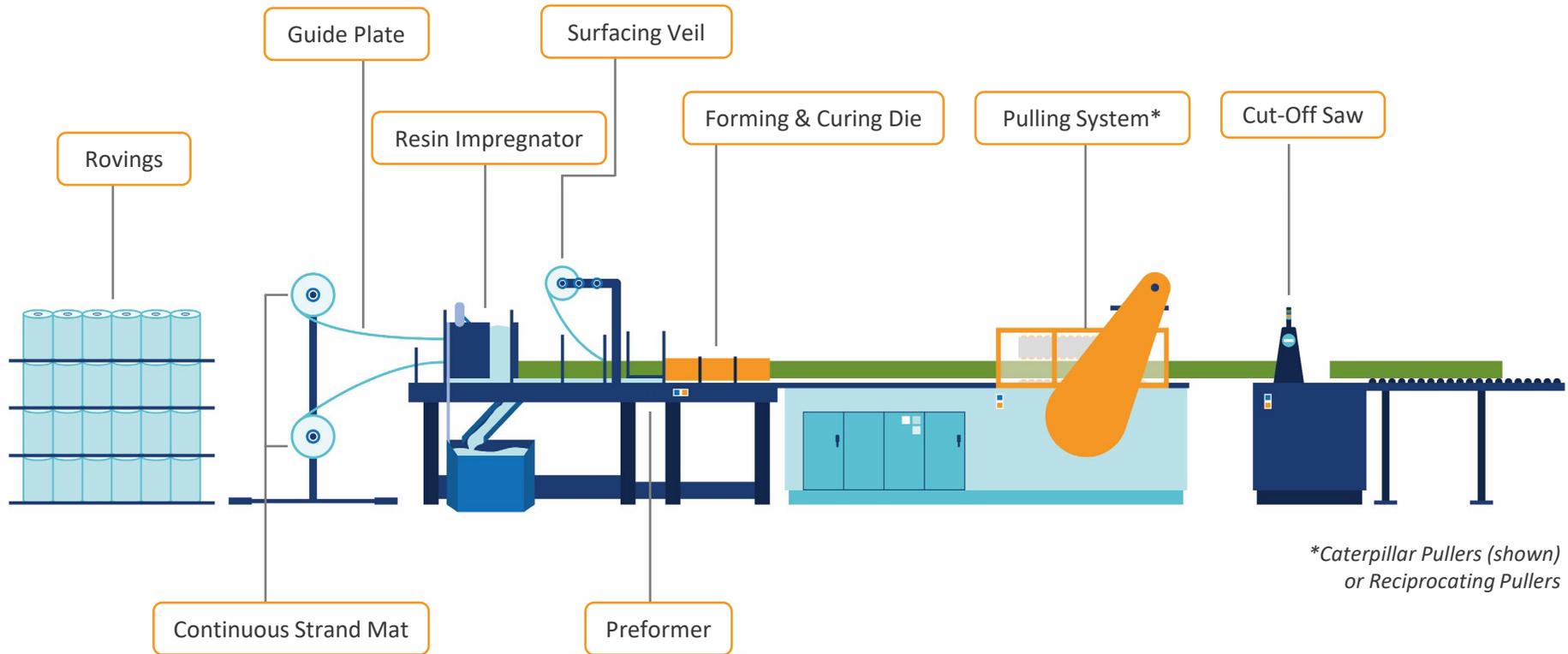
- Best process for large structural shapes
- Ideal for low to medium quantities
- Better fibre-to-resin ratio
- Less wasted resin
- Cleaner than traditional FRP manufacturing



Other capabilities: filament winding, continuous lamination, spray-up, compression moulding, resin transfer moulding, structural fabrication and assembly

OUR MANUFACTURING PROCESSES

PULTRUSION



1. Fibre reinforcements and polymer resin are combined and formed into the desired shape by a custom die



2. The resin is heated until a chemical bond occurs resulting in a cured resin



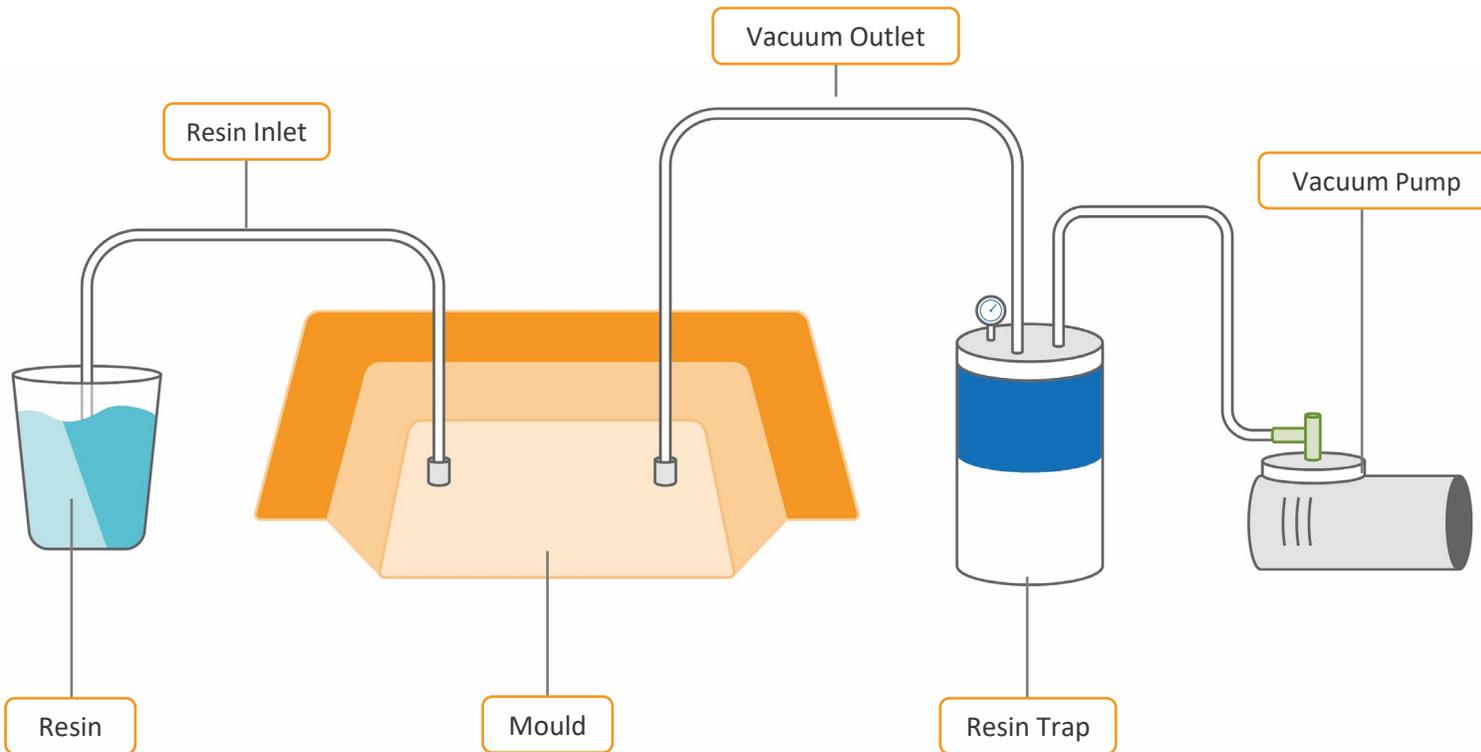
3. The FRP profiles are pulled through a die



4. Pultruded FRP profiles are cut to length during the continuous manufacturing process

OUR MANUFACTURING PROCESSES

MOULDING



1. Fibre reinforcements are formed into the desired shape using a custom mould



2. The resin is drawn across the mould via vacuum and infuses all the fibre reinforcement material



3. The fibre reinforcements and the resin create a chemical bond resulting in cured FRP shapes



4. After the resin cures the part is removed from the mould and is ready for any final fabrication processes



CUSTOMER CASE STUDIES

CUSTOMER APPLICATIONS

BROAD RANGE & GROWING PORTFOLIO BASED ON INFRASTRUCTURE NEEDS



Waterfront



Access Structures



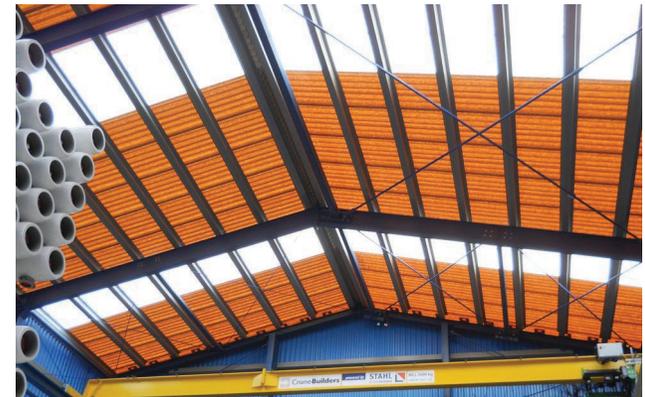
Cooling Towers



Water/Wastewater



Utilities/Electrical



Building Products

CASE STUDY: UTILITIES

STORMSTRONG® UTILITY POLES

Customer – Versant Power, Maine

- Maine experienced five disaster-level weather events in the last 10 years
- Water source contamination a key consideration
- Maine also faces a different infrastructural problem: woodpeckers

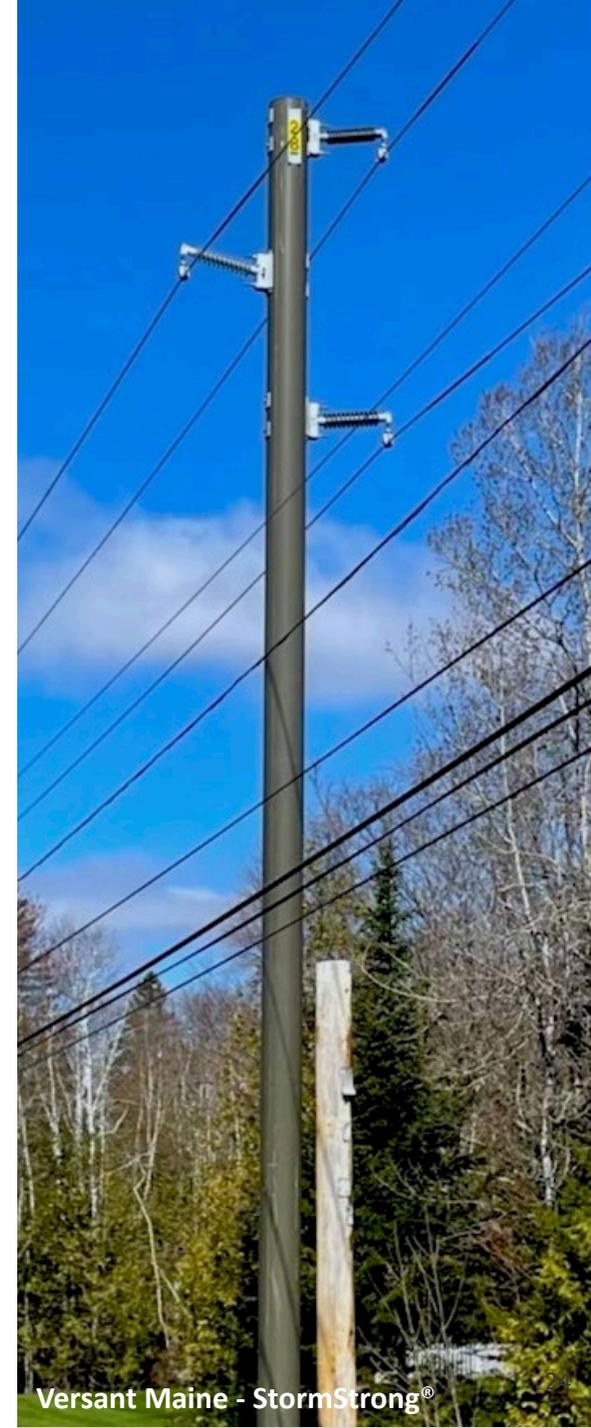
StormStrong® equal to Maine's toughest conditions

- Durable and highly resilient – engineered to combat storms and the harshest environments
- Corrosion resistant – will not rust or rot
- Safe – high dielectric strength improving worker safety

Other differentiating capabilities

- Minimal/no uptake of water – unlike wood poles which absorb water
- Inhospitable to pests
- FireStrong™ technology available for high fire risk areas such as California

The U.S. has sustained \$348 billion weather and climate disasters since 1980



CASE STUDY: WATERFRONT

NAVIGATING A GROWING MARKET

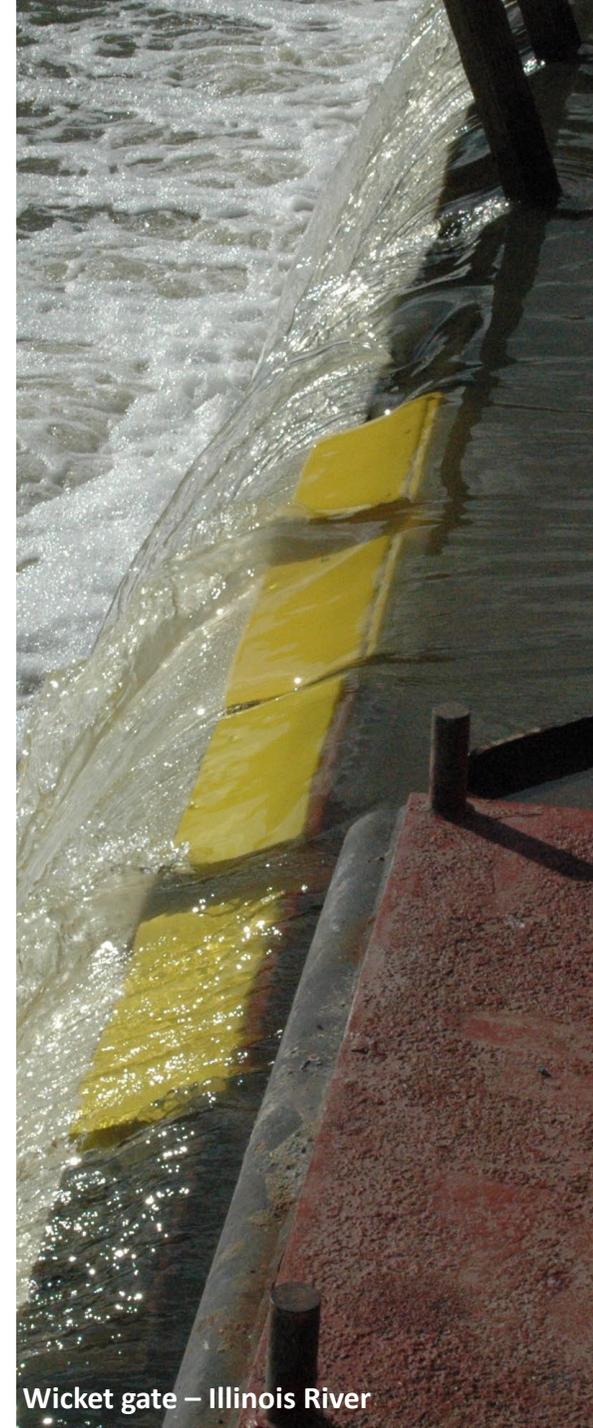
Customer – U.S. Army Corps of Engineers

- One of the U.S. Army Corps' responsibilities is engineering and maintaining all navigable waterways
- The IIJA has provided the Army Corps with \$4bn+ funding
- The Corps has made a commitment to use composites due to lower maintenance requirements versus traditional materials
- CCG has delivered over 100 infusion-moulded wicket gates over the last 12 months

Benefits of FRP wicket gates

- Significant cost savings over lifetime
- Lightweight for easier installation and operation
- Designed to fit with existing interfaces
- Corrosion resistant, allowing use in sensitive environmental situations such as conserved water areas

“If we look at a 100-year life cycle for steel replacement, it will cost \$200 million over that life span. If we replace that with FRP, we are looking at \$20 million over 100 years – a 10-fold saving.” *U.S. Army Corps of Engineers*



Wicket gate – Illinois River

CASE STUDY: ACCESS STRUCTURES

SOLVING BESPOKE PROBLEMS

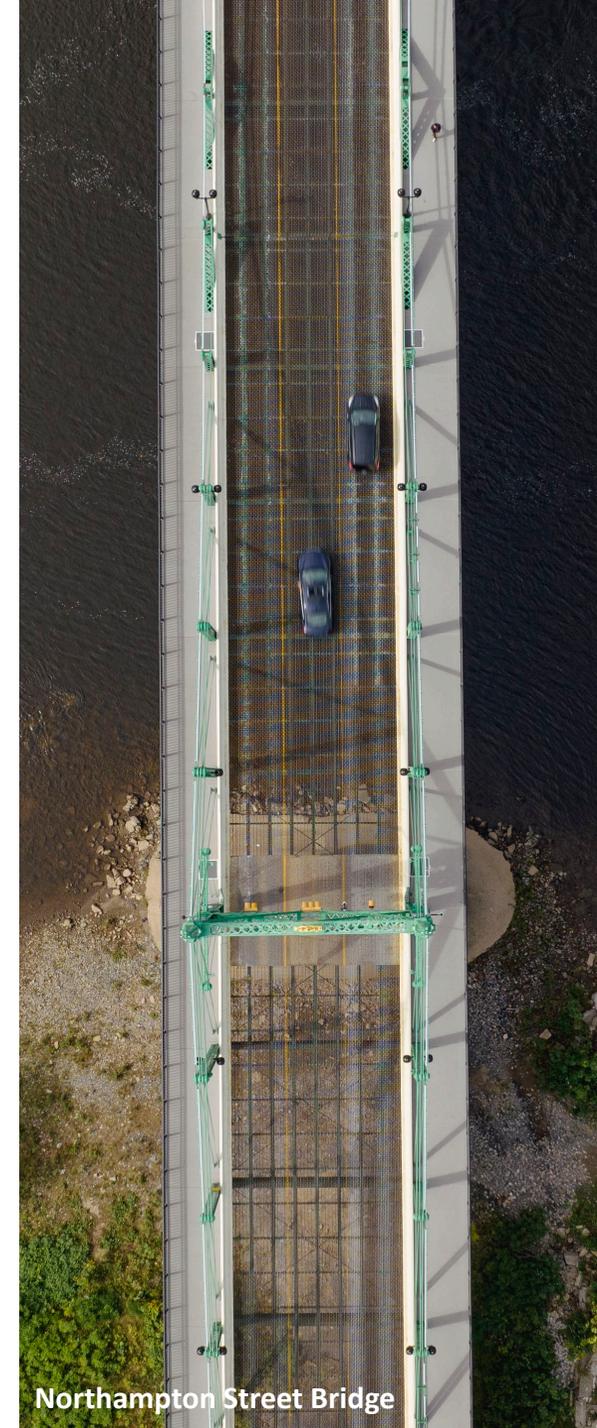
Customer – Delaware Joint Toll Bridge Commission

- CCG were engaged to solve a weight problem for the 125-year-old Northampton Street Bridge
- Lightweight properties of FRP offered a compelling solution
- CCG's unique capabilities and excellence has led to two additional contracts with the same customer

Benefits of FRP Access Structures

- Lightweight solution – avoids rebuilding the entire bridge structure
- Corrosion resistant – unaffected by de-icing salts
- Speed of installation – weeks versus months
- Historic bridge preserved while gaining modern day features

42% of all bridges in the U.S. are over 50 years old, and 7.5% are considered structurally deficient



Northampton Street Bridge

ENVIRONMENTALLY SUSTAINABLE PRODUCTS

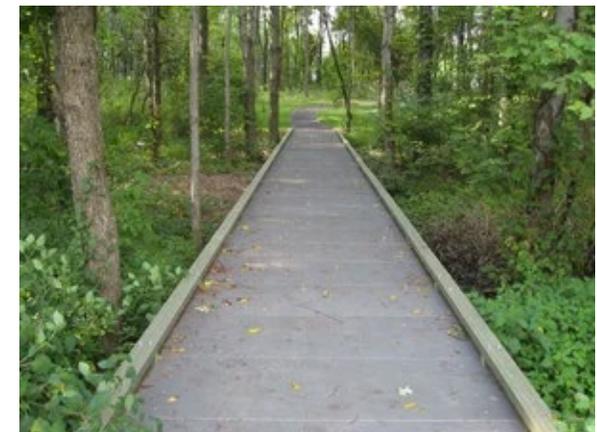
LOOKING BEYOND TRADITIONAL APPROACHES

Sustainability benefits across the lifecycle

- No corrosion or risk of dangerous chemicals / preservatives leaching into the environment
- Superior lifespan
- Lower carbon footprint than traditional materials
- Lightweight design reducing energy required for transportation

Leading efforts to decarbonise and recycle

- Pioneering the recycling process
- Converting reclaimed reinforcements and resins into sustainable, recyclable composites to produce next-generation FRP
- Taking steps to being fully sustainable by recycling our manufacturing waste





SUMMARY & CONCLUSION

COMPOSITES SUMMARY

A GREAT TRACK RECORD WITH AN EVEN GREATER FUTURE



Market leader and the largest integrated structural composites manufacturer in the U.S.

Significant positive momentum benefitting from key long term growth drivers

Aligned to fast growing markets underpinned by material substitution

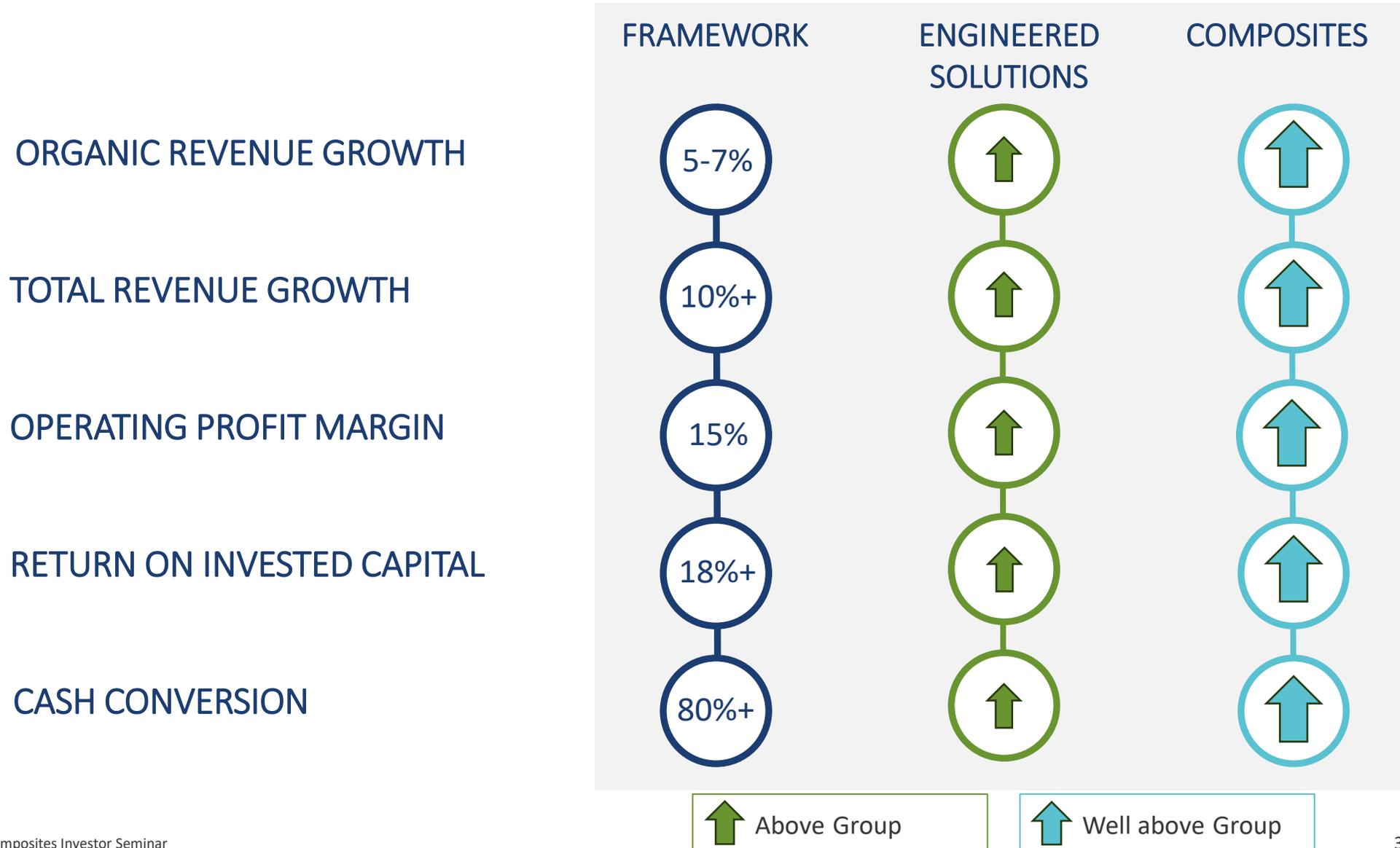
Growing market share in addressable markets and advancing sustainable infrastructure

Potential to add new applications and technologies through M&A

Driving building standards by advocating highly-engineered FRP composites

OUR FINANCIAL FRAMEWORK

ENGINEERED SOLUTIONS AND COMPOSITES AT THE FOREFRONT



GROUP LONG TERM OUTLOOK

STRONG MOMENTUM



Group performing very well, driven by large and fast-growing U.S. market

U.S. infrastructure investment set to accelerate through 2024 and over medium term

Strong market positions in niches, with high barriers to entry

Well positioned to benefit from sustainability trends

Clear M&A strategy, with financial firepower, to augment attractive organic growth



Hill & Smith PLC

Questions & Answers

