FORT XLON Forterra plc

Trading Update · RNS 6125C · 11 November 2026

Forterra cuts full-year EBITDA guidance to c. £50m as brick demand weakens further

Share price	166.8p
Market cap	£335m
52-week range	126.4p - 200p
Shares in issue	200.8m
12-month change	-10.0%

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SUMMARY

Forterra's trading update today cut full-year adjusted EBITDA guidance to c.£50m, below the £54.8m company-compiled consensus, as UK brick despatches fell 11% in the nine months to September against an 8% fall at the half year. Like-for-like revenue for the ten months to 31 October was £282.7m, down 11.9%, and leverage is expected to be c.1.9x. Market share and pricing held, cost savings are on track and the £20m buyback should finish in December. This is the second time in 2026 that demand assumptions have proved too hopeful: in July the Board expected a result in line with consensus. The longer-term case depends on how quickly housing demand turns, with the Your First Home scheme not starting until April 2027 and the balance sheet carrying more debt than at the half year.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Group revenue, ten months to 31 October	£282.7m	Ten months to 31 Oct 2026	-11.9% like-for-like (H1: -9.3%)
Full-year adjusted EBITDA guidance	c.£50m	FY2026	vs company compiled consensus of £54.8m
Expected leverage	c.1.9x	FY2026 year end	
UK brick industry despatches	-11%	Nine months to 30 Sep 2026	vs -8% decline reported in H1
Shares repurchased under £20m buyback	12,049,421 shares at a cost of £17.7m	As at 31 Oct 2026	
Expected proceeds from two surplus land disposals	c.£12m	By FY2026 year end, subject to completion	
Adjusted EBITDA	£27.0m	Six months to 30 Jun 2026	prior £29.9m
Net debt	£74.5m	30 Jun 2026	prior £69.4m
Statutory operating cash flow	£6.90m	Six months to 30 Jun 2026	prior £31.0m

Sources: Trading Update RNS, 11 Nov 2026; Interim results, 28 Jul 2026

THE ANNOUNCEMENT

- Full-year adjusted EBITDA is now expected to be c.£50m, against company-compiled consensus of £54.8m, with leverage of c.1.9x. Lower volumes and weaker fixed-cost absorption, as factories run below capacity, are to blame.
- Group revenue for the ten months to 31 October 2026 was £282.7m, 11.9% below the prior year on a like-for-like basis, a steeper decline than the 9.3% reported for H1.
- UK brick industry despatches for the nine months to 30 September were 11% below the prior year, worse than the 8% fall at H1. Repair, maintenance and improvement demand, especially home extensions, has been as weak as new-build housing.
- Forterra has kept its brick market share, with underlying selling prices broadly in line with management expectations. It has announced inflationary price increases from January 2027 and secured c.80% of FY27 gas requirements.
- Two surplus land disposals should bring in c.£12m by year end, subject to completion. The £20m buyback is due to finish in December 2026, with 12,049,421 shares bought for £17.7m by 31 October.
- The Board expects conditions to stay challenging in the near term, with Your First Home not starting until April 2027. It remains confident in medium-term prospects, citing added capacity and committed facilities to 2030.

AGAINST GUIDANCE

The new guidance reverses July's position. At the interim results on 28 July the Board expected H2 demand to be similar to H1 and a full-year result in line with company-compiled consensus of £55.6m, within a range of £53.1m to £57.6m. In March it had expected demand in 2026 to be similar to 2025, weighted towards the second half. Guidance of c.£50m sits below the bottom of July's consensus range and below the £54.8m consensus cited today. With £27.0m of adjusted EBITDA reported for H1, the new figure implies a weaker second half, despite the c.£1m of H2 cost savings being on target.

BULL CASE

- Forterra has held brick market share and underlying pricing through an industry-wide fall in volumes, so the weakness reflects the market and not lost customers. Brick making carries heavy fixed costs, which means a recovery in volumes would flow strongly into profit, especially with recently added capacity.
- Costs are partly locked down: c.80% of FY27 gas is secured, £2m of annualised savings are on track and price increases take effect from January 2027. Production is being matched to demand to avoid building stock.
- FY2025 showed the cash the business can produce, with operating cash flow of £59.0m against capex of £14.5m. The buyback has reduced shares in issue to 200,753,968, and directors bought shares in September 2026 (£18,399 and £7,910 of stock).
- The Your First Home scheme from April 2027 offers support to new-build demand over time, and facilities are committed to 2030, reducing refinancing risk while the business waits for a turn.

BEAR CASE

- Demand is still deteriorating: industry despatches worsened from -8% at H1 to -11% over nine months, and the company itself says profitability will stay constrained by the fixed cost base without a meaningful volume improvement. The January price rises have yet to show they can stick in a falling market.
- Near-term guidance has twice proved too optimistic this year, so c.£50m is better treated as a central estimate than a floor. Each further shortfall in EBITDA lifts leverage on a fixed debt base.
- Cash flow has weakened sharply, with H1 statutory operating cash flow of £6.90m and net debt up to £74.5m. Leverage of c.1.9x on £50m implies roughly £95m of debt if measured on a comparable basis, although no year-end net debt forecast or covenant figures are given.
- Buyback spending of £17.7m has gone out ahead of land proceeds that remain subject to completion, and covenant amendments were needed in 2024. Disclosed short positions totalled 7.67% of shares as at 2 November 2026.

WHAT TO WATCH

- Completion of the two land disposals and the end of the buyback in December 2026, and the resulting year-end net debt, with and without the c.£12m proceeds.
- Monthly industry brick despatches over the winter: a narrowing year-on-year decline would be the first sign that volumes are stabilising.
- Whether the January 2027 price increases hold without loss of market share, which the next trading statement and the FY2026 results should show, along with any disclosure of covenant headroom.
- The April 2027 start of Your First Home, and whether it feeds through to housebuilder orders and brick demand during 2027.

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