

13 July 2020

Luceco plc

First Half Trading Update

Luceco plc (“the Group”), the manufacturer and distributor of high quality and innovative wiring accessories, LED lighting and portable power products, is pleased to provide an update on trading for the six months ended 30 June 2020 and reinstate guidance which has been suspended since the emergence of COVID-19.

Our performance has continued to improve since we last updated the market ahead of our Annual General Meeting on 4 June 2020, as detailed below.

H1 2020 performance

- Revenue 14% lower than H1 2019 with demand steadily improving as lockdown conditions have eased. Outperforming the UK market thanks to our disproportionate share of online / multi-channel capable customers and consumer/DIY markets, where demand has been more resilient. Sales stabilising at circa 90% of prior year levels by period end.
- Adjusted Gross Margin 3.5% better than H1 2019 at circa 38.5%. Increased margins arising from better sourcing, improved manufacturing efficiency and more favourable currency rates. Further modest margin enhancement targeted for H2 2020.
- Adjusted Overheads 15% lower than H1 2019, matching the reduction in revenue and reflecting the COVID mitigating actions set out in our 2019 Full Year results.
- Adjusted Operating Profit of circa £9.0m, £1.8m better than H1 2019 with gross margin improvement and stringent control of overheads sufficient to more than offset COVID-related disruption. Adjusted Operating Margin of circa 12.5%, in the middle of the Group’s targeted range of 10-15%.
- Adjusted Free Cash Flow doubled to circa £10.0m, sufficient to reduce net debt and off-balance sheet debt factoring by £4.7m and £3.5m respectively. Closing net debt of £22.7m equal to circa 0.8x LTM Adjusted EBITDA. The Group is not making use of any government lending or tax deferral schemes.
- Given the Group’s strong profitability and healthy liquidity, the Board considers it likely that dividends will be reinstated at interim stage. A final decision will be announced in the 2020 Interim Results.

Full Year 2020 outlook

- Assuming no widespread COVID-driven lockdown in the UK or supply-side disruption in China in H2, we expect full year 2020 Adjusted Operating Profit to be materially ahead of current analyst expectations and to at least equal our 2019 performance of £18.0m.
- Our experience in H1 suggests that a further COVID-driven UK lockdown in H2 of similar scale would reduce full year Adjusted Operating Profit by circa £0.75m per month of lockdown.

John Hornby, Chief Executive Officer, said:

“Growing our profit, improving our margin and doubling our free cash flow amidst the unprecedented challenges of COVID are, I believe, a fitting testament to the Group’s forward planning, resilience and agility whilst further underlining our long-term potential.

We look forward to making further progress in the second half whilst remaining vigilant to the ongoing macroeconomic risks.

I would like to extend my sincere thanks to the entire Luceco team for their invaluable contribution to this strong performance.”

- ENDS-

Further enquiries:

For further information, please contact:

Luceco plc via MHP Communications
John Hornby, Chief Executive Officer 020 3128 8572
Matt Webb, Chief Financial Officer

MHP Communications 020 3128 8572
Tim Rowntree
James Bavister

This announcement is released by Luceco plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR). It is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this information is considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of Luceco plc by Matt Webb, Chief Financial Officer.

Business summary

Luceco is a manufacturer and distributor of high quality and innovative wiring accessories, LED lighting and portable power products for a global customer base.

The Group supplies trade distributors, retailers, wholesalers and project developers with a wide range of products which broadly fall into the following market recognised brands:

- British General ("BG"): wiring accessories (including switches, sockets), circuit protection and cable management products;
- Luceco and Kingfisher Lighting: energy efficient LED lighting products and associated accessories;
- Masterplug: cable reels, extension leads, surge protection, timers and adaptor products; and
- Ross: television wall mounts, audio visual accessories and other items.

Luceco's long-established BG brand commands a loyal following amongst professional electrical contractors in both the UK and overseas. It is synonymous with quality, safety, innovation and value for money. The production of BG wiring accessories is the main focus of the Group's Chinese manufacturing facility, allowing it to control product quality, cost and availability.

The Luceco and Kingfisher LED lighting brands combine to present a comprehensive range of indoor and outdoor LED lighting solutions. The range focuses largely on professionally installed products with an emphasis on performance and quality. The Group is able to support these products by offering customers access to its in-house installation design team.

Masterplug is the market leading brand in the UK Portable Power category. It is sold largely to consumers through retail distribution and online. Its products are offered in a wide range of global electrical standards and they are sold in every territory in which the Group operates.

Forward-looking statements

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries,

sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company has no obligation to update these forward-looking statements.