LUCECO

REALISING OUR POTENTIAL

2020 FULL YEAR RESULTS

MARCH 2021

Agenda

- Highlights
- Financial Review
- Business Review
- Outlook
- Q&A

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CEO

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Highlights

Financial highlights

- **Revenue increased by 2.4% to £176.2m:**
  - Ground lost to COVID-19 in H1 more than recovered in H2
  - Outperformed the UK market
- **Adjusted Gross Margin increased by 3.6 percentage points to 39.8%:**
  - 10.9 percentage point increase over the last three years
  - Foundation of improved Group profitability
- **Adjusted Operating Profit increased by £12.0m to £30.0m:**
  - Strong profit growth in a low revenue growth environment
- **Double-digit Adjusted Free Cash Flow Margin %**
- **Net debt leverage reduced to 0.5x Adjusted EBITDA, providing capacity for future investment in growth**
- **Record Adjusted EPS of 15.5p - double last year**
- **Dividend payout increased to 40%; proposing 4.7p final dividend**

Business highlights

- **Early and comprehensive response to COVID-19:**
  - Primary focus on employee wellbeing
  - Action taken to reduce costs and maximise liquidity
  - UK furlough repaid
- **Business model and strategy provide a clear advantage during the pandemic:**
  - Channel access
  - Vertical integration

Outlook

- **Sales growth has accelerated in 2021 to date**
- **Cost inflation causing temporary gross margin pressure**
- **2021 Adjusted Operating Margin % to be similar to 2020**
- **Confident of further revenue and profit progression**

Note: 'Adjusted' has been used throughout this presentation and is defined in note 1 of the consolidated financial statements

Financial Review

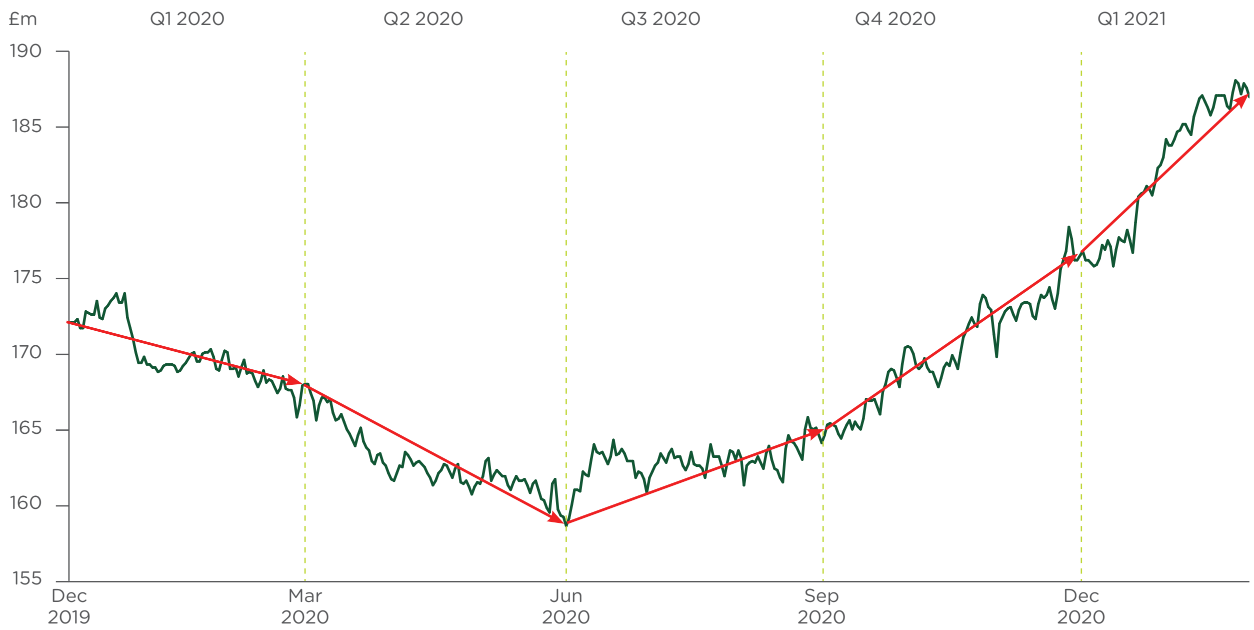
Income statement

	2020			2019		
Adjusted £m	H1	H2	**FY**	H1	H2	FY
Revenue	71.6	104.6	**176.2**	82.7	89.4	172.1
Revenue growth %	(13.4%)	17.0%	**2.4%**	10.1%	0.7%	5.0%
Gross profit	27.5	42.7	**70.2**	28.9	33.4	62.3
Gross margin %	38.4%	40.8%	**39.8%**	35.0%	37.4%	36.2%
Overhead costs	(18.5)	(21.7)	**(40.2)**	(21.7)	(22.6)	(44.3)
Operating profit	9.0	21.0	**30.0**	7.2	10.8	18.0
Operating margin %	12.6%	20.1%	**17.0%**	8.7%	12.1%	10.5%
Net finance expense	(0.7)	(0.6)	**(1.3)**	(1.1)	(1.1)	(2.2)
Profit before tax	8.3	20.4	**28.7**	6.1	9.7	15.8
Tax	(1.6)	(3.1)	**(4.7)**	(1.2)	(2.5)	(3.7)
Profit for the period	6.7	17.3	**24.0**	4.9	7.2	12.1
Basic EPS (p)	4.3p	11.2p	**15.5p**	3.1p	3.6p	7.7p

- **Revenue growth of 2.4%:**
  - COVID-19 disruption in H1 recovered in H2
  - Uneven impact by channel
  - COVID-19 was a headwind overall
- **Gross margin increased by 3.6 ppts to 39.8%:**
  - Lower product costs
  - Sales mix benefit
  - Inflation temporarily impacts margins in 2021, with improvement thereafter
- **Tight control of overheads:**
  - 9.3% reduction despite higher activity
  - Retaining savings into 2021
- **Record operating profit of £30.0m, 67% higher than last year despite low revenue growth**
- **Tax rate of 16.4%, 7.0% lower than last year**
- **Adjusted EPS of 15.5p double last year**

COVID-19 impact on revenue

2020 LTM revenue by day (£m)

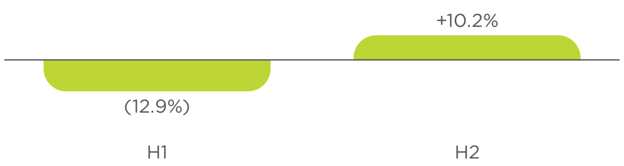


- **Q1 2020:**
  - China factory closed for 2 weeks
  - Back to normal output by end of Q1
- **Q2 2020:**
  - Knee-jerk cancellation of orders in April at start of lockdown, then gradual recovery
  - Healthy residential demand
  - Hybrid channel gains share from Professional Wholesale, benefiting us
  - Slower Commercial/Institutional demand
- **Q3 2020:**
  - Gradual improvement in Professional Wholesale
- **Q4 2020 / Q1 2021:**
  - Strong recovery in Professional Wholesale
  - Superior product availability
  - Professional Projects returns to modest growth

Revenue by channel

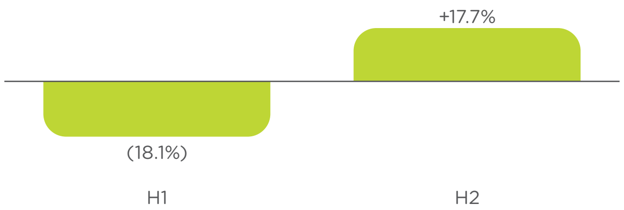
Retail	Hybrid	Professional Wholesale	Professional Projects
• DIY chains • Pure play online retail • Grocers	Chains selling to both professionals and consumers	Chains selling to professionals only	Sale agreed direct with professionals

Retail % change (c35% of revenue)



Hybrid % change (c25% of revenue)

Professional Wholesale % change (c25% of revenue)



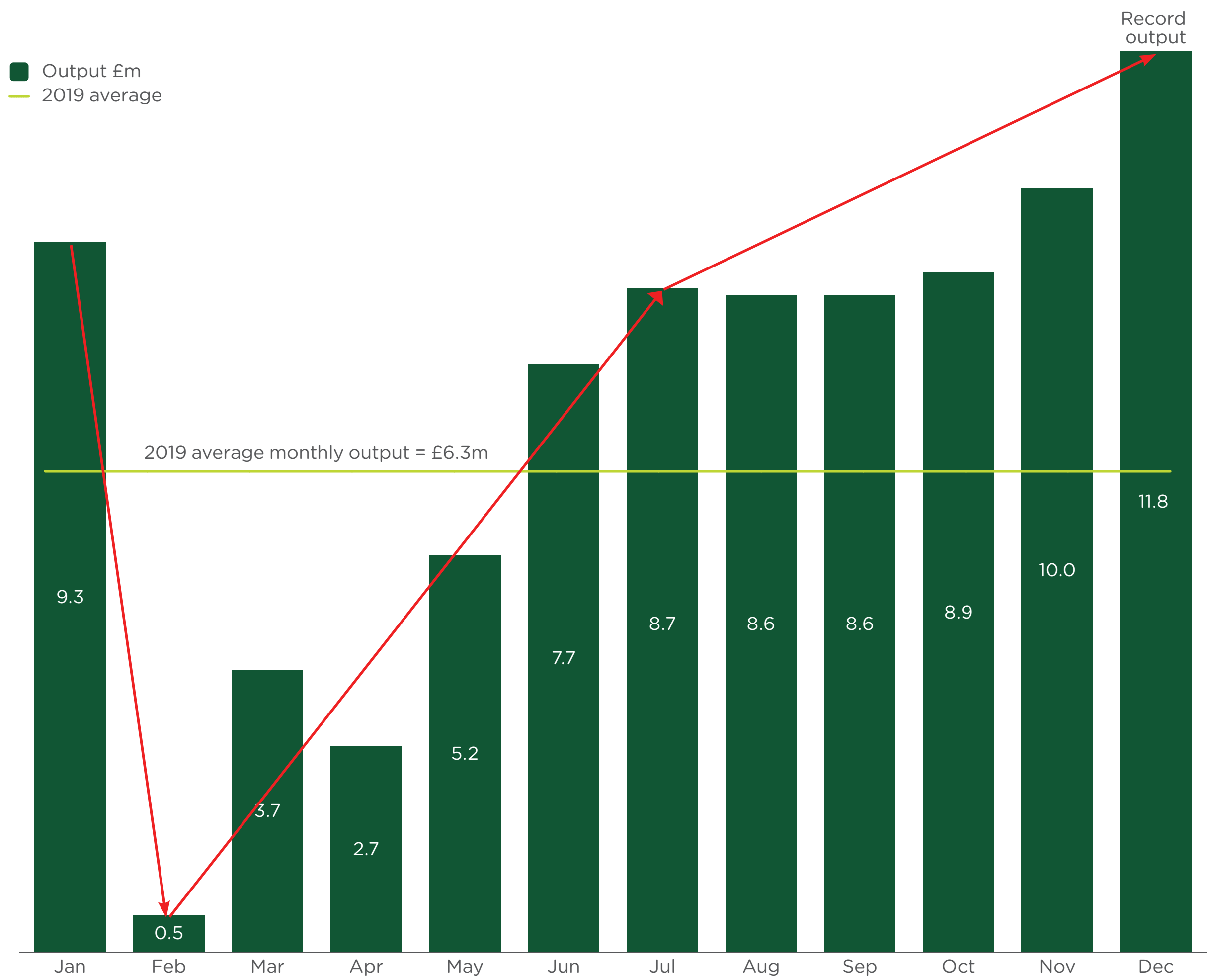
Professional Projects % change (c15% of revenue)

Note: growth rates are like-for-like in constant currency

- **Retail:**
  - DIY +9%
  - Pure play online +26%
  - Grocers -30%
- **Hybrid:**
  - Continued market access accelerates shift toward Hybrids
  - Shift benefits us due to high share of Hybrid channel
  - No sign of a reversal outside of lockdown
- **Professional Wholesale:**
  - Networks closed during the first lockdown, but remained open thereafter
  - Superior product availability allowed share gain in H2
  - Strong momentum carried into 2021
- **Professional Projects:**
  - Lockdowns caused reduced LED project activity in H1
  - Market conditions improved in H2

Manufacturing output

Sales value of manufacturing output 2020 (£m)



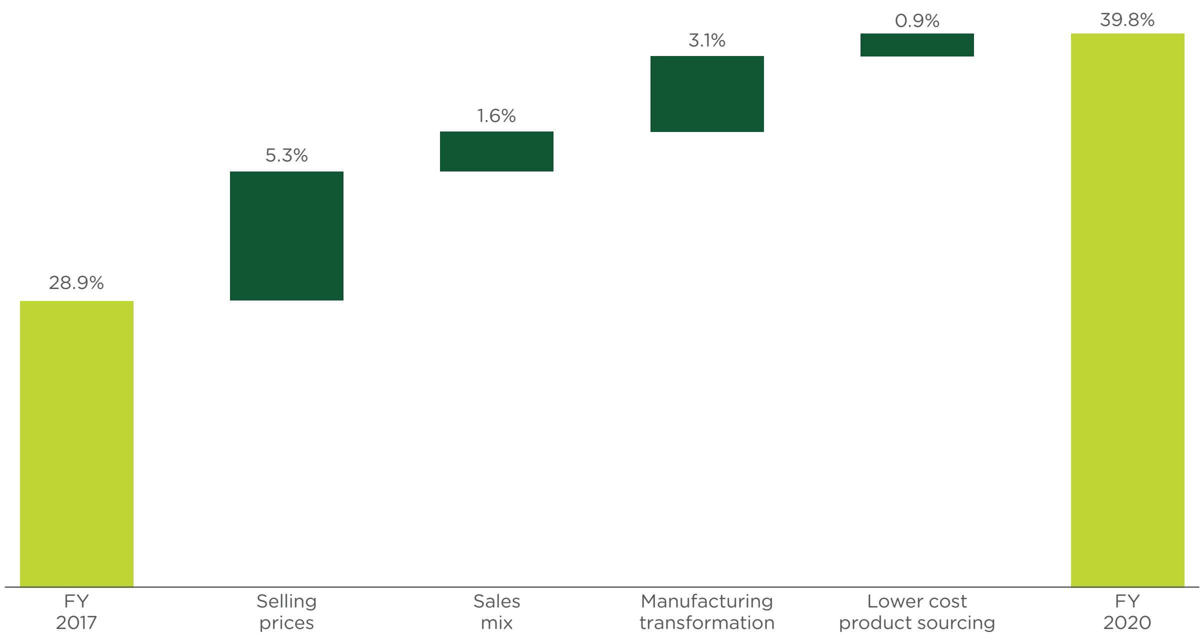
- **Significant market out-performance in Wiring Accessories:**
  - Market declined by 6%
  - Sales grew by 16%
- **Out-performance driven by:**
  - Superior channel access
  - Business wins
  - Superior product availability
- **Wiring Accessories manufacturing output severely reduced by closure in February**
- **Output increased to nearly double prior year levels by December**
- **Key to the delivery of H2 revenue growth and share gains**

Gross margin %

Income Statement – 2020 versus 2017

Adjusted £m	**FY 2020**	FY 2017
Revenue	**176.2**	167.6
Revenue CAGR %	**1.7%**	
Gross profit	**70.2**	48.4
Gross margin %	**39.8%**	28.9%
Overhead costs	**(40.2)**	(33.7)
Operating profit	**30.0**	14.7
Operating margin %	**17.0%**	8.8%

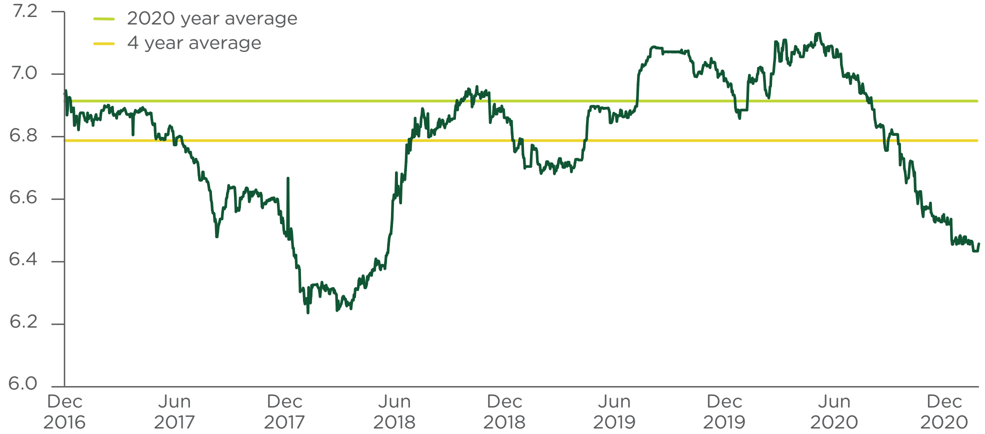
3 Year Adjusted Gross Margin bridge (%)



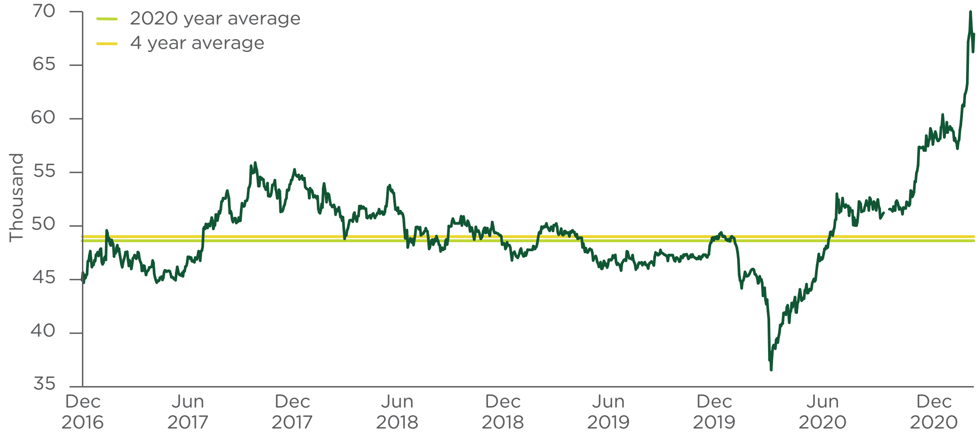
- **Gross margin improvement is the foundation of improved Group profitability**
- **2017 vs 2020:**
  - Twice the operating profit from similar revenue
  - Driven by gross margin
- **Selling prices reset in 2018 in response to cost inflation**
- **Sales mix shifted from low margin Portable Power to high margin Wiring Accessories**
- **Significant reduction in product costs:**
  - More efficient in-house production
  - Lower cost of OEM products
- **2020 GM% now in the middle of the benchmark range**
- **Further GM% improvement expected in normal conditions**

Inflation outlook

USD / RMB (2020: £55m income – hedged)

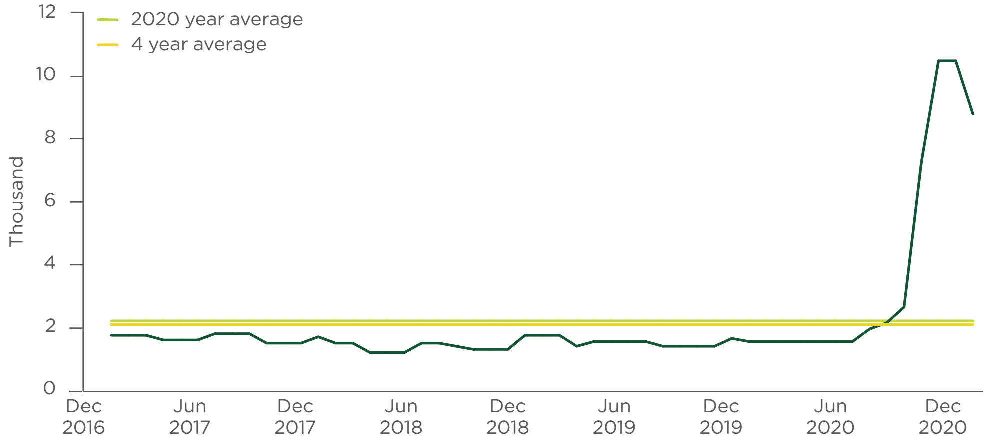


Copper (RMB per tonne) (2020: £16m cost – hedged)



Plastic (RMB per tonne) (2020: £4m cost)

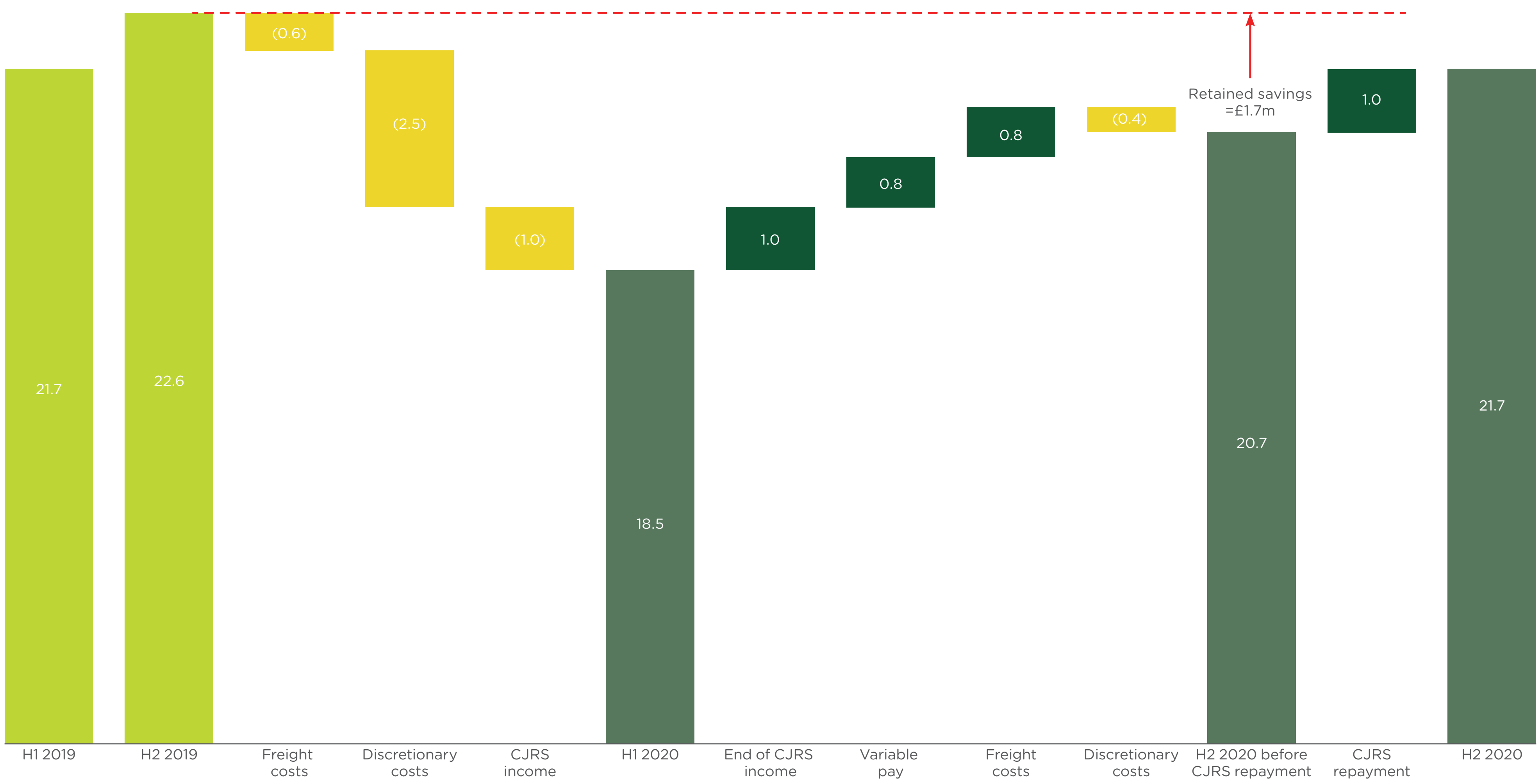
Cost of 40ft container – China to UK (2020: £2m cost)



Circa £15m cost increase: £10m in 2021, £5m thereafter. Plans in place to fully offset, with a modest timing gap in 2021

Overheads

Overheads from H1 2019 to H2 2020 (£m)



Adjusted free cash flow

Adjusted £m	FY 2020	FY 2019
Operating profit	**30.0**	18.0
Depreciation and amortisation	**6.1**	7.9
EBITDA	**36.1**	25.9
Change in working capital	**(3.1)**	1.0
Other items	**1.1**	0.3
Cash from operations	**34.1**	27.2
Operating cash conversion[1] %	**114%**	151%
Net capital expenditure	**(4.4)**	(3.6)
Interest paid	**(1.3)**	(2.1)
Tax paid	**(5.7)**	(2.6)
Free cash flow	**22.7**	18.9
Free cash flow margin %	**12.9%**	11.0%

1. Cash from operations as a percentage of operating profit

- **Another year of double-digit free cash flow margin %**
- **Inevitable increase in year-end working capital:**
  - Strong Q4 revenue growth
  - Impact of port delays
  - Normalising in early 2021
- **>100% of operating profit converted into operating cash**
- **Capex equal to 2.5% of revenue:**
  - Below our targeted range of 3-4%
  - Some disruption due to COVID-19
  - Expect to return to the range in 2021

Balance sheet

£m	FY 2020	FY 2019	Change vs FY 2019
Intangible assets	**21.5**	22.6	(4.9%)
Financial assets held for trading	**1.4**	-	-
Tangible assets	**21.0**	20.0	5.0%
Non-current assets	**43.9**	42.6	3.1%
Inventory	**37.2**	32.2	15.5%
Trade receivables	**70.1**	42.8	63.8%
Trade payables	**(39.7)**	(22.1)	79.6%
Net working capital	**67.6**	52.9	27.8%
Other assets and liabilities	**(22.8)**	(21.0)	8.6%
Capital invested (excl. factored receivables)	**88.7**	74.5	19.1%
Net debt	**(18.3)**	(27.4)	(33.2%)
Net assets	**70.4**	47.1	49.5%
Return on capital invested (%)[1]	**35.7%**	21.8%	13.9 ppts
Inventory days	**107**	105	2
Debtor days[2]	**105**	89	16
Creditor days	**95**	75	20

1. Return on capital invested comprises adjusted operating profit for the preceding 12 months divided into the sum of net assets, net debt, and non-recourse debt factoring (averaged for the opening and closing positions)
2. Debtor days are calculated with non-recourse debt factoring added back to trade debtors

- **Increase in working capital:**
  - High Q4 sales growth
  - Port delays
  - Increased delivery time from China
  - Fewer overdue debts than 2019
- **Working capital normalising in 2021**
- **Return on capital invested increased by 13.9 ppts to 35.7%**
- **Net debt reduced by 0.6x to 0.5x Adjusted EBITDA and non-recourse debt factoring now fully repaid**

Financial goals

Component	Metric	Previous Targets	FY 2020 Results	**New Targets[1]**
Revenue	Total revenue growth %	5% - 10%	2.4%	**5% - 10%**
Profit	Adjusted Operating Margin %	10 – 15%	17.0%	**15% - 20%**
Cash	Adjusted Operating Cash Conversion % Adjusted Free Cash Flow Margin %	>100% 5% – 10%	113.7% 12.9%	**>100%** **10% – 15%**
Dividends	Earnings payout ratio %	20% - 30%	40.0%	**40% - 60%**
Capex	Net capital expenditure as % revenue	3% - 4%	2.5%	**3% - 4%**
Capital structure and returns	Return on Capital Invested % Net Debt : Adjusted EBITDA Adjusted Net Cash Flow as % revenue	20% - 30% 1.0 – 2.0x 5%	36.1% 0.5x 8.6%	**30% - 40%** **1.0 – 2.0x** **5%**

1. Expected performance range through the economic cycle for the existing business excluding the impact of future acquisitions

Our resilience and improved profitability have raised our "through the cycle" expectations

We can improve upon 2020 performance

Business Review

Wiring Accessories

£m	**Adjusted 2020**	Adjusted 2019	Growth %
Revenue	**81.3**	70.1	16.0%
Contribution profit	**29.5**	19.6	50.5%
Contribution margin %	**36.3%**	28.0%	8.3ppts
Operating profit	**23.0**	12.7	81.1%
Operating margin %	**28.3%**	18.1%	10.2ppts

Revenue Growth Analysis

	% of segment revenue	Growth %
Retail	19%	15.8%
Hybrid	38%	33.8%
Professional Wholesale	41%	5.7%
Professional Projects	2%	(23.5%)
Total	**100%**	**16.0%**

- **Strong progress in our most profitable segment**
- **Out-performed the market in all major channels**
- **Strongest progress in the Hybrid channel**
- **Out-performance in Professional Wholesale attributable to better product availability**
- **Revenue growth boosted by exit of a key competitor in the circuit protection category**

LED Lighting

£m	Adjusted 2020	Adjusted 2019	Growth %
Revenue	**49.5**	54.2	(8.7%)
Contribution profit	**5.7**	5.1	11.8%
Contribution margin %	**11.5%**	9.4%	2.1ppts
Operating profit	**2.8**	1.2	133.3%
Operating margin %	**5.7%**	2.2%	3.5ppts

Revenue Growth Analysis

	% of segment revenue	Growth %
Retail	18%	10.3%
Hybrid	12%	(8.0%)
Professional Wholesale	20%	(14.8%)
Professional Projects	50%	(11.9%)
Total	**100%**	**(8.7%)**

Geographic analysis

	% of segment revenue	Contribution margin %
UK	70%	15.6%
Overseas	30%	2.3%
Total	**100%**	**11.5%**

- **Revenue decline of 8.7% to £49.5m:**
  - COVID-19 slowed project activity and limited site access
  - Market conditions improved in H2
- **Impact of revenue decline mitigated by margin improvements:**
  - Lower cost product sourcing
  - Tight control of sales & marketing expenses
- **Contribution margin now into double-digits**
- **Should improve further as UK market recovers and overseas businesses mature**

Portable Power

£m	**Adjusted 2020**	Adjusted 2019[1]	Growth %
Revenue	**45.4**	47.8	(5.0%)
Contribution profit	**7.5**	8.7	(13.8%)
Contribution margin %	**16.5%**	18.2%	(1.7ppts)
Operating profit	**4.2**	4.1	2.4%
Operating margin %	**9.3%**	8.6%	0.7ppts

1. Comparatives restated for the merger of the former "Ross/Other" segment into Portable Power

Revenue Growth Analysis

	% of segment revenue	Growth %
Retail	78%	(8.0%)
Hybrid	13%	16.3%
Professional Wholesale	9%	(3.2%)
Professional Projects	—	—
Total	**100%**	**(5.0%)**

- **Portable Power segment now includes Ross business. Comparatives restated accordingly**
- **Revenue declined by 5% to £45.4m:**
  - Strong growth in Europe and US
  - Exit of lower margin UK grocer business
- **Revenue reduction offset by decrease in overheads**
- **Operating profit broadly unchanged**
- **Segment continues to contribute strongly to Group Return on Capital Invested**

Manufacturing transformation

Product cost reductions: 2017 to 2020

Components of manufactured cost	% of total cost	% change FY 2017 to FY 2020
Raw materials	60%	(8%)
Production labour	15%	(8%)
Production overheads	15%	(16%)
Non-production overheads	10%	(14%)
Total	**100%**	**(9%)**

Automation/Lean

Other cost reduction actions – "Golden Idea Initiative"

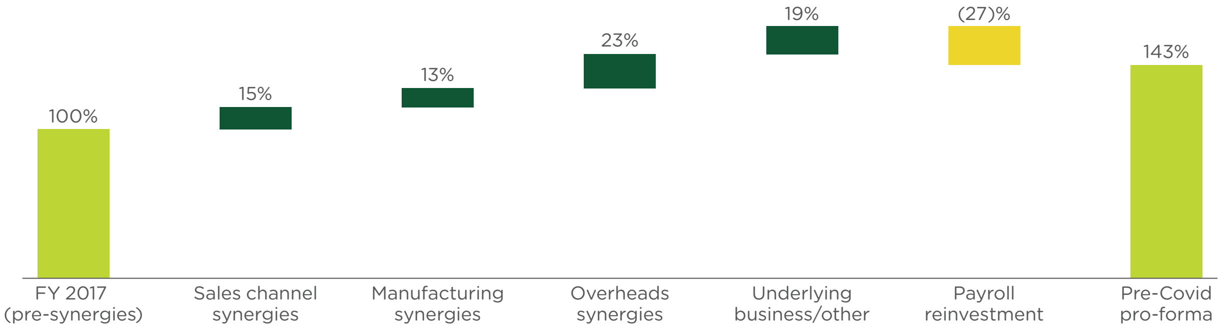
Cost category	# of Projects	Benefit delivered in 2020 £m	Benefit to be delivered £m	Total benefits £m
Materials	47	0.5	0.1	0.6
Production labour	89	0.2	0.4	0.6
Production overheads	49	0.1	—	0.1
Non production overheads	60	0.3	0.2	0.5
Total	**245**	**1.1**	**0.7**	**1.8**

Sourcing initiatives

Cost category	# of Projects	Benefit delivered in 2020 £m	Benefit to be delivered £m	Total benefits £m
Materials	159	1.4	0.1	1.5
MRO	57	0.3	—	0.3
Fixed assets	31	0.1	0.2	0.3
Total	**247**	**1.8**	**0.3**	**2.1**

M&A – Review of Kingfisher Lighting acquisition

Post-acquisition EBIT bridge



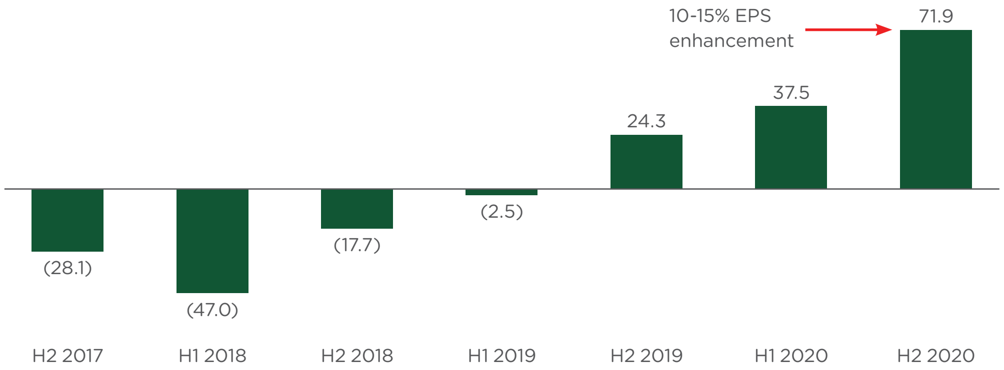
Return on investment

	FY 2018	FY 2019
EPS accretion (p)	0.6	0.7
EPS accretion %	24%	10%
ROCI%	14%	15%

- **Kingfisher Lighting acquired in September 2017**
- **£10m consideration equal to 7.5x EBITDA**
- **Synergies have added 50% to earnings (post-synergies acquisition multiple of 5.1x):**
  - Cross-selling into Luceco lighting projects
  - 20% of products sold now made by Luceco
  - Back office integration
- **Underlying business has continued to grow**
- **Back-office savings reinvested in front-office**
- **Returns have exceeded our internal targets**

M&A – Strategy update

Funding capacity[1] (£m) & earnings impact



1. Funding capacity available whilst remaining within net debt leverage policy of 1.0x to 2.0x LTM EBITDA

Adjacencies analysis

Adjacency	Priority	Comment
Cable		Commoditised, low margin
Cable management		Very strong channel alignment
Commercial power		Differentiated, close channel alignment
Data/data centre		Increased technology content
Home automation		Consumer focus
HVAC & controls		Increased technology & macro positive
Industrial automation		Limited channel overlap
Life/fire safety		Highly regulated, often high service model
Lighting controls		High technology risk
New energy solutions		Increased technology & macro positive
Power quality		Increased technology content
Security/access		Consolidated, low margin opportunity

Priorities & financial criteria

Priority territories

- **UK**
- **Europe**

Financial criteria

- **Revenue £10m - £50m**
- **EBIT £1m - £5m**
- **6 – 10x EBITDA depending on market sector**
- **Earnings enhancing in year 1**

Existing categories

- **Switches & sockets**
- **Circuit protection**
- **Project-led or niche interior / exterior LED**

Adjacent categories

- **Professional products sold through existing channel:**
  - UK Wholesale Market: £3bn
  - Europe Wholesale Market: £30bn
- **Attractive margin and defensible**
- **Targeted synergies:**
  - Sales channel
  - Low-cost manufacturing / sourcing
  - Administrative
- **See opposite for analysis by category**

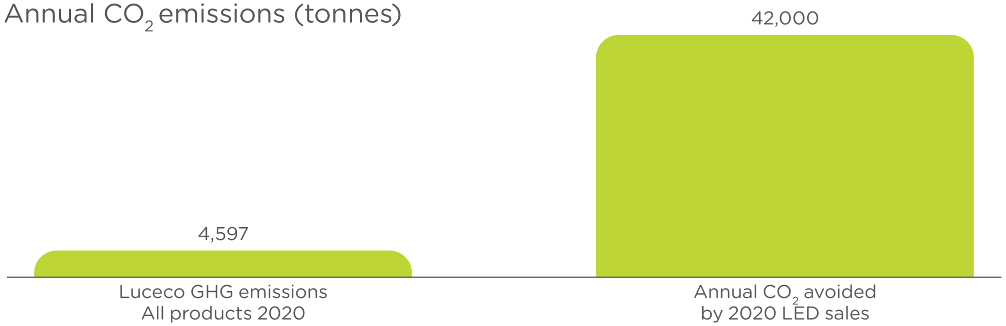
M&A market conditions

- **Relevant new activity levels in Q1 2021 are above pre-pandemic levels but competition for quality assets is keen, particularly from financial sponsors**

Environmental, Social & Governance (ESG)

Contribution to the carbon economy

Annual CO_2 emissions (tonnes)



Notes:
- Luceco GHG emissions are Scope 1 and 2 (location based)
- Annual CO_2 avoided by 2020 LED sales is based on 5 hours of daily use and average 70% efficiency gain over lighting technology replaced

Greenhouse Gas (GHG) emissions and targets

Type	Amount (tonnes)	2022 Target
Scope 1	695	Zero
Scope 2[1]	3,902	Zero
Scope 3	Unknown	Quantify
Known total	**4,597**	

1. Location-based emissions

Climate priorities

- **Luceco is well positioned to benefit from the carbon economy:**
  - Increasing sales of energy efficient products
  - Electrification of energy needs
  - Helping customers achieve their climate goals
- **Priorities for 2021:**
  - GHG emissions: Eliminate/offset Scope 1 & 2, quantify Scope 3
  - Commence participation in CDP
  - Launch comprehensive ESG strategy
  - Commit to science-based targets
- **2021 Priorities included in Executive compensation plan**

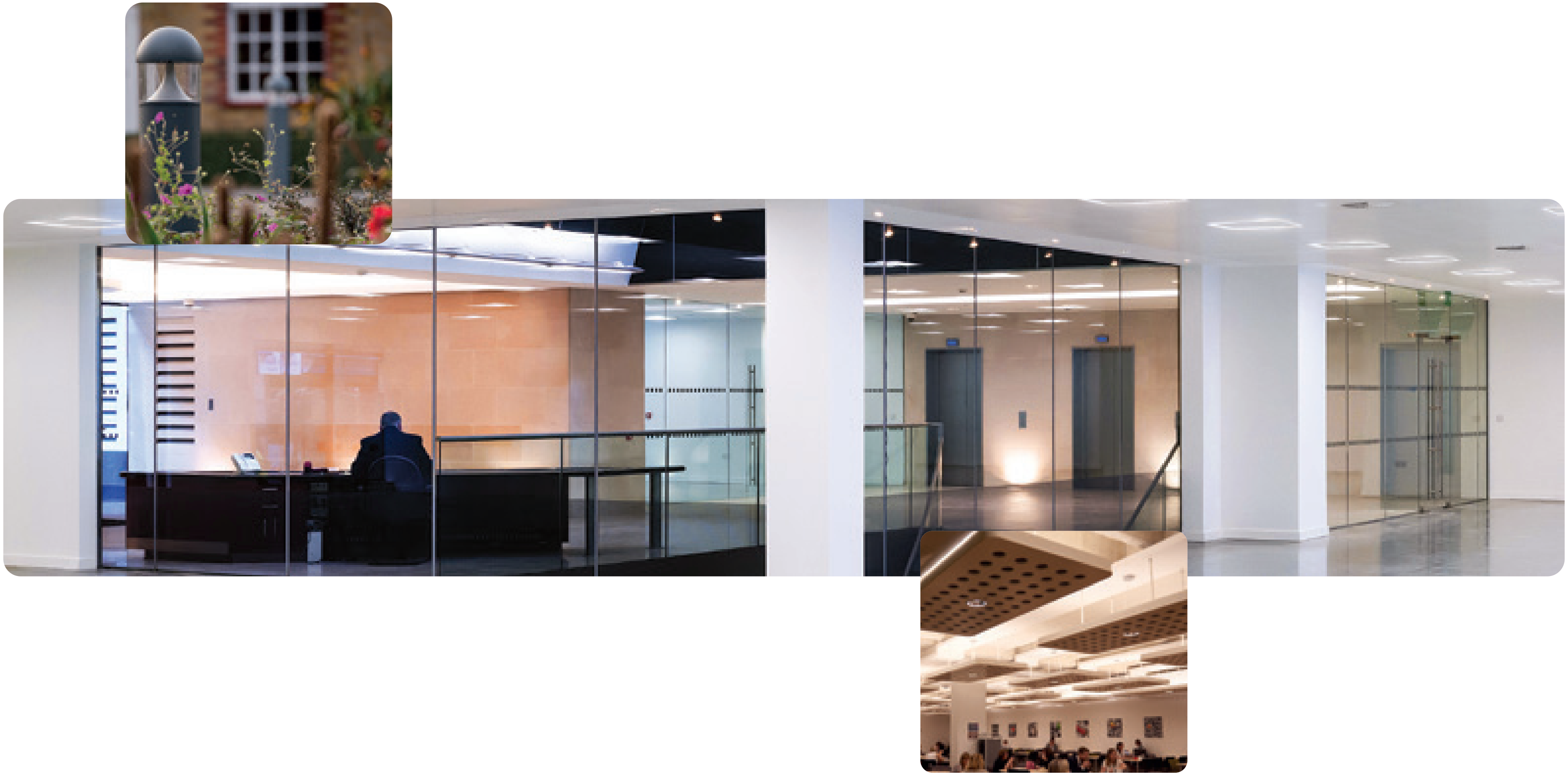
Outlook and Q&A

2021 outlook

- **Revenue growth has accelerated in 2021 to date:**
  - New business wins
  - Continued home improvement spending
  - Superior channel access and product availability
- **Renewed inflation across the industry as economies recover from COVID-19:**
  - Raw materials
  - Freight costs
  - RMB appreciation
- **Temporary gross margin pressure as inflation passes through the value chain**
- **2021 Adjusted Operating Margin % expected to be similar to 2020:**
  - Temporary gross margin pressure offset by strong sales / tight overhead control
- **Confident of further revenue and profit progression in 2021**

Q&A

Appendix



Company overview

Activities

Designer and manufacturer of electrical products:

- **Wiring Accessories**
- **LED Lighting**
- **Portable Power**

Competitive advantages

- **Established brands with leading market positions and loyal professional end users**
- **Clear brand proposition – well designed, high quality, good value for money**
- **Long-established and diverse channel access with strong relationships, particularly in growing segments**
- **Market-leading product innovation / category expansion**
- **Low cost and high quality China sourcing, including responsive own manufacturing**
- **Flexible distribution options for different customer types**
- **Experienced UK management team**

Customers

- **Mix of consumer and professional end-users**
- **Sold through distribution with some direct professional end-user relationships**
- **Established customer base**

Markets

- **UK heritage**
- **More recent international expansion**
- **Mostly RMI with low cyclicality**
- **Growing faster than GDP**

Operations

- **UK:**
  - Telford: UK Distribution Centre & UK HQ (100,000 sq ft)
  - Mansfield: Kingfisher Lighting HQ
  - London: PLC HQ
- **China:**
  - Jiaxing, Zhejiang Province: Factory and Product Development Centre (565,000 sq ft)
- **Sales offices in Spain, Germany, UAE, Mexico, Hong Kong & South Africa**
- **2,000 employees worldwide**

BG Electrical – Wiring accessories

UK market size	c.£500 m
Established	1941
UK market position / approx market share	#2 / 15 %
Revenue as % of Group total[1]	46 %
Revenue 3-year CAGR %[2]	4 %
Operating margin[1]	28 %
Product categories	Switches and sockets, Circuit protection, Weatherproof, Junction boxes, Cable management

1. 2020
2. 2016 to 2019 (i.e. pre-COVID) in constant currency

Nexus – Commercial power and accessories

UK market size	c.£200 m
Established	2021
UK market position / approx market share	Recently established
Product categories	Decorative power & data modules, Cable management, Cables and connectors, Power distribution, Energy & user data management, Ergonomic accessories, Task lighting

nexus

Luceco – LED lighting

UK market size	c £700 m
Established	2013
UK market position / approx market share	Top 10 / 4 %
Revenue as % of Group total[1,3]	28 %
Revenue 3-year CAGR %[2,3]	17 % (6 % organic)
Operating margin[1,3]	6 %
Product categories	Residential interior, Residential exterior, Commercial interior, Commercial exterior, Work & site lighting

1. 2020
2. 2016 to 2019 (i.e. pre-COVID) in constant currency
3. For total LED Lighting segment (Luceco and Kingfisher Lighting)

Kingfisher – LED lighting

UK market size	c £100m
Established	1988
UK market position / approx market share	UK #4 / 15 %
Revenue as % of Group total[1,3]	28 %
Revenue 3-year CAGR %[2,3]	17 % (6 % organic)
Operating margin[1,3]	6 %
Product categories	Commercial and industrial exterior lighting

1. 2020
2. 2016 to 2019 (i.e. pre-COVID) in constant currency
3. For total LED Lighting segment (Luceco and Kingfisher Lighting)

Kingfisher Lighting

Masterplug – Portable Power

UK market size	c £100m
Established	1988
UK market position / approx market share	UK #1 / 40 %
Revenue as % of Group total[1]	26 %
Revenue 3-year CAGR %[2]	7 %
Operating margin[1]	9 %
Product categories	Extension leads, Cable reels, Adaptors and accessories

masterplug

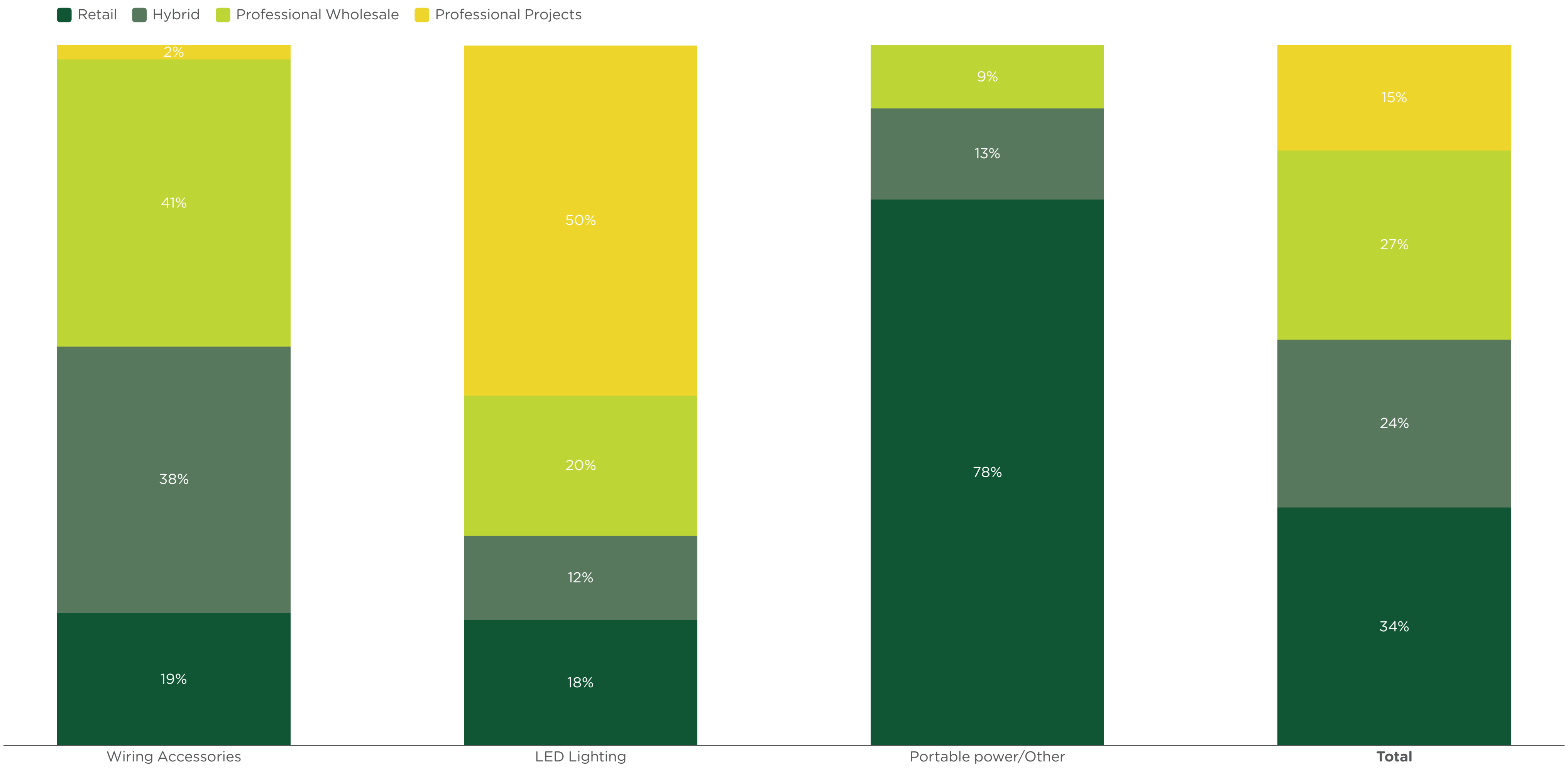
1. 2020
2. 2016 to 2019 (i.e. pre-COVID) in constant currency

Sales channels

Sales channel	Description	Example customers
Retail	DIY chains Pure play online retail Grocers	B&Q, Wickes, Argos, Sainsbury's, amazon, HORNBACH, OBI, LEROY MERLIN, castorama
Hybrid	Chains selling to both professionals and consumers	SCREWFIX, TOOLSTATION
Professional Wholesale	Chains selling to professionals only	Rexel, Edmundson Electrical, CEF, the Electrical Counter, eyre & elliston, sonepar
Professional Projects	Sale agreed direct with professionals	Electrical and general contractors Lighting designers Design & Build Contractors Architects Housebuilders

Sales channels continued

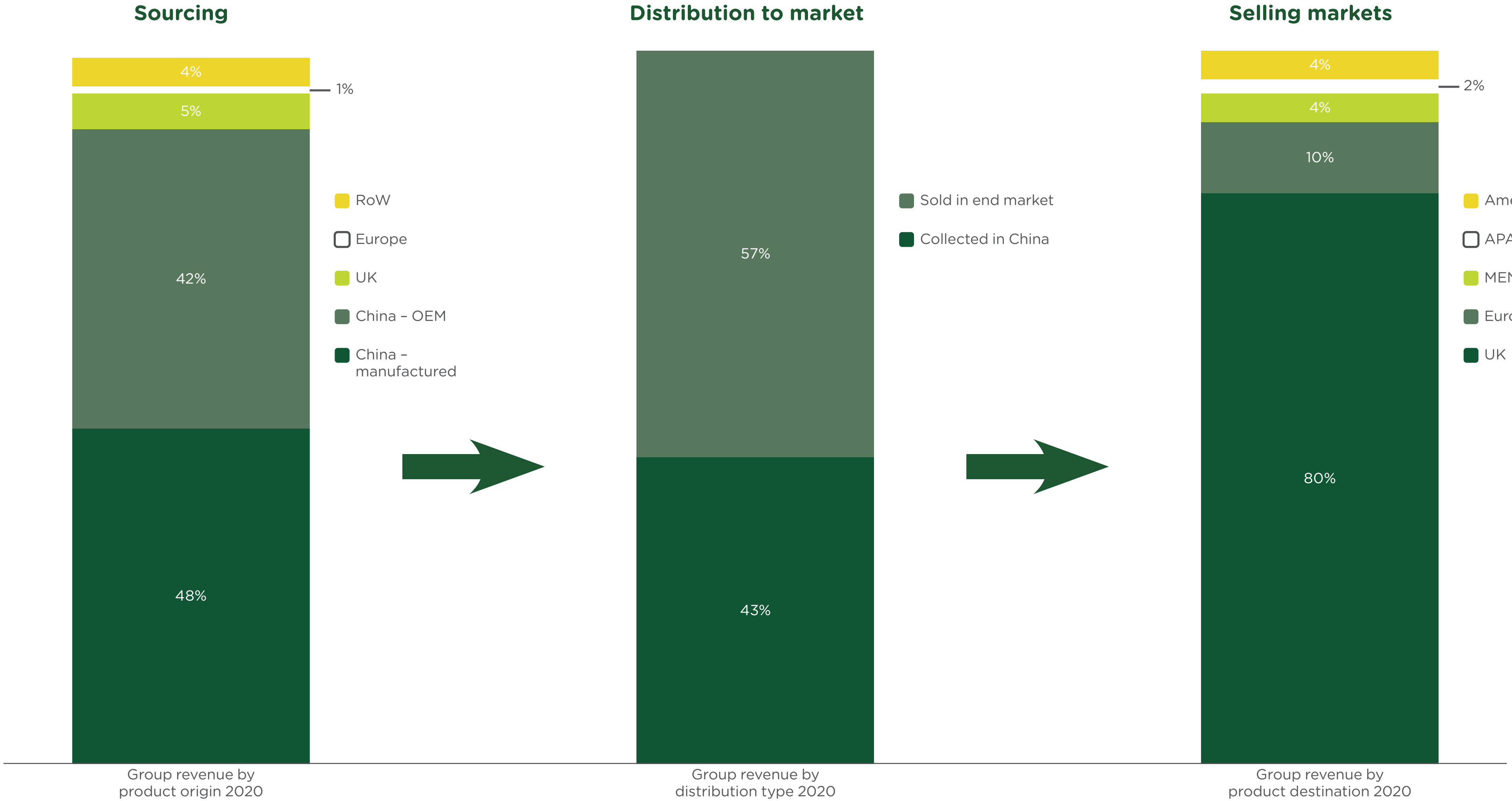
Product segmental sales by sales channel (as % of total) – 2020



Geographic footprint

- **The business remains UK focused however with a growing presence in several international markets**
- **Integrated model: wholly-owned manufacturing and product development facilities in the UK and China**
- **2,000 employees**
- **Established UK and international sales network**

Geographic footprint continued



Group history

The group has developed through business combinations and organic expansion into new products and territories

1941
British General wiring accessories brand created

1988
Masterplug portable power brand created

2000
Management buyout of BG and merger with Masterplug

2003
Transition to subcontracted manufacturing in China

2005
Management buyout backed by EPIC Private Equity

2008
12,500m² manufacturing facility opened in Jiaxing, China

2011
Jiaxing facility expanded to 38,000m²

2013
Luceco brand and LED lighting range launched

2014
Luceco LED projects sales team established in the UK

2015
Sales offices opened in Germany and Mexico

2016
Jiaxing expanded to 52,500m²

Sales offices in Spain and HK

2016
IPO of Luceco plc: listing on London Stock Exchange

2017
Acquisition of Kingfisher Lighting

Corporate events

Strategy overview

Investment case

Attractive markets

- **Growing faster than GDP**
- **Low cyclicality**
- **High margins**
- **Defendable from new entrants**
- **High brand loyalty among professionals**
- **Opportunities for expansion into adjacent products/customers**

Advantaged business model

- **Product development:**
  - Customer-led
  - Agile
  - Entrepreneurial
- **Manufacturing:**
  - Vertically integrated
  - Low cost
  - Responsive
- **Fulfilment:**
  - Tailored to customer needs
  - Shared / "one stop shop" for customers
- **Branding:**
  - Clear proposition focussed on quality, value and design

Compelling financial outcomes

- **Revenue:**
  - 5-10%
  - Organic supported by bolt-on M&A
- **Profit:**
  - Adjusted Operating Margin of 15-20%
- **Cash:**
  - Free Cash Flow Margin of 10-15%
  - Capex of 3-4% of revenue (incl. development costs)
- **Returns:**
  - ROCI of 30-40%
  - Net debt leverage of 1.0-2.0x Adjusted EBITDA
  - Dividend payout of 40-60%

Note: metrics are expected performance ranges through economic cycles for the existing business excluding future acquisitions

Strategy overview continued

Strategic objectives

1. Increase sales to professional customers

2. Increase sales to international customers

3. Enter new product segments

4. Maximise return on capital from our existing business and seek targeted acquisitions

5. Invest in, and enhance, our advantaged business model

6. Develop our environmental, social and governance credentials

Strategy overview continued

Capital allocation policy

1. DIVIDENDS
40-60% payout
Progressive

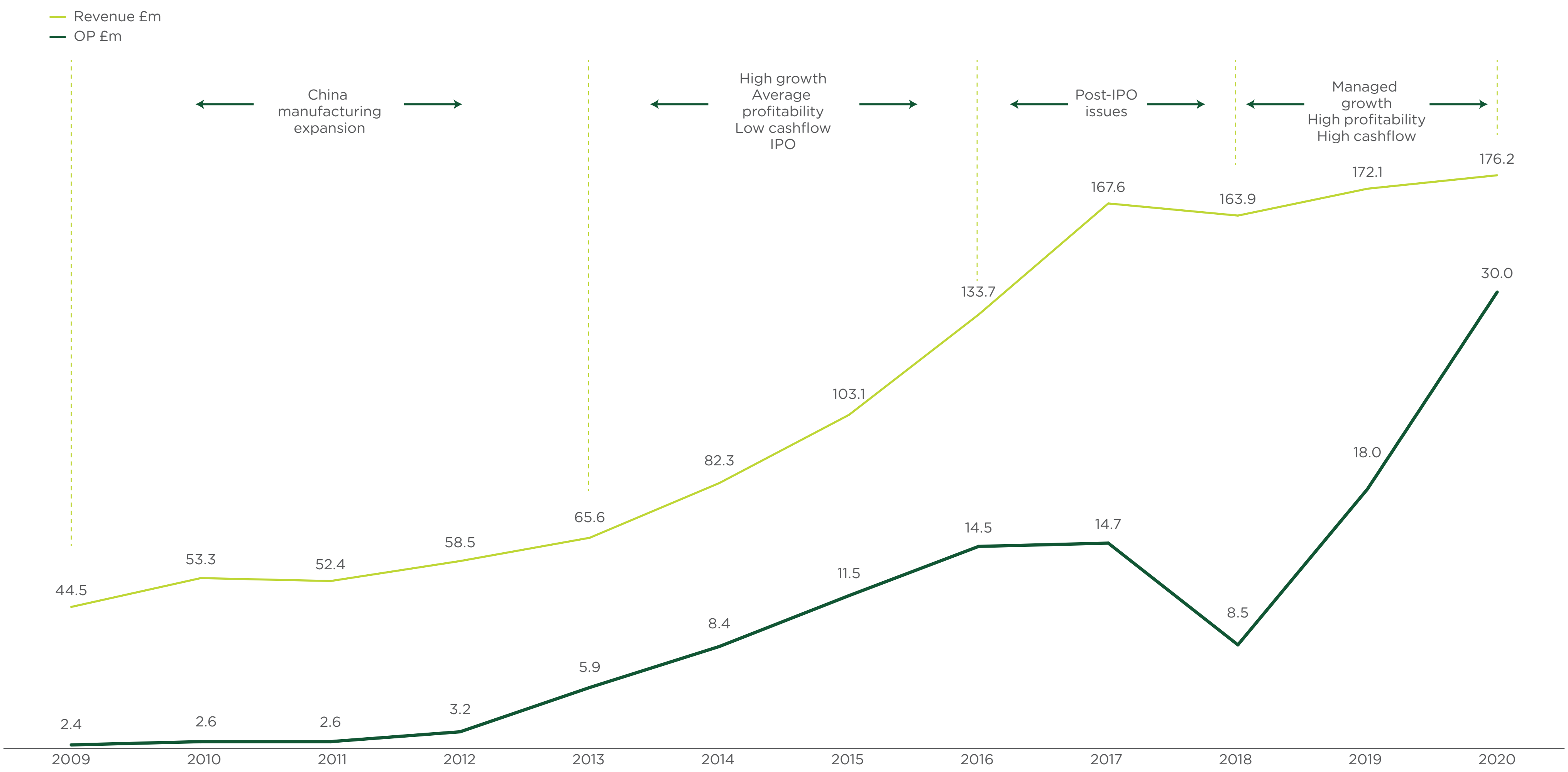
2. CAPEX
3-4% of annual revenue
Product development
Manufacturing capacity
<3 year payback

Conservative leverage
1.0x – 2.0x Adjusted EBITDA
Averaging 1.5x

3. M & A
Product adjacency
Customer acquisition
Clear synergy (e.g. product insourcing)

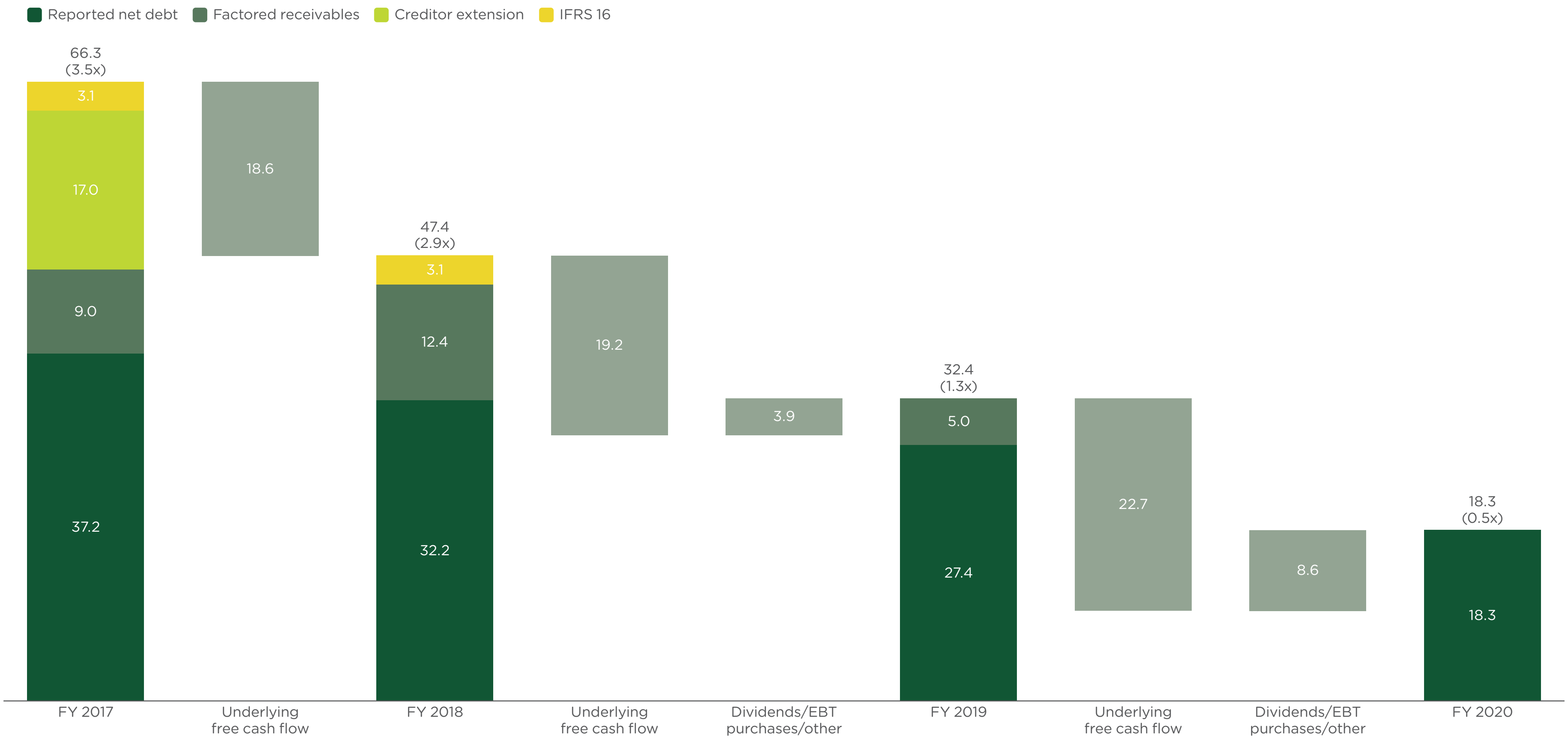
4. BUYBACKS / SPECIAL DIVIDENDS

Recent performance: P&L



Recent performance: Cash

Net debt bridge: 2017 to 2020 (£m)



Note: Figures in brackets represent closing net det as a multiple of LTM Adjusted EBITDA

2013 to 2020 financials

Adjusted metrics	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	**2020 £m**
Income Statement								
Revenue	65.6	82.3	103.1	133.7	167.6	163.9	172.1	**176.2**
Growth %		25.5%	25.3%	29.7%	25.4%	(2.2%)	5.0%	**2.4%**
Gross Profit	18.3	25.1	33.8	40.5	48.4	50.6	62.3	**70.2**
Gross Margin %	27.9%	30.5%	32.8%	30.3%	28.9%	30.9%	36.2%	**39.8%**
Overheads	(12.4)	(16.7)	(22.3)	(26.0)	(33.7)	(42.1)	(44.3)	**(40.2)**
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	**30.0**
Operating Margin%	9.0%	10.2%	11.2%	10.8%	8.8%	5.2%	10.5%	**17.0%**
Net finance expense	(3.7)	(2.9)	(3.2)	(2.8)	(1.9)	(2.2)	(2.2)	**(1.3)**
Profit Before Tax	2.2	5.5	8.3	11.7	12.8	6.3	15.8	**28.7**
Taxation	(0.9)	(1.0)	(2.5)	(2.5)	(2.3)	(1.7)	(3.7)	**(4.7)**
Effective tax rate %	40.9%	18.2%	30.1%	21.4%	18.0%	27.0%	23.4%	**16.4%**
Profit After Tax	1.3	4.5	5.8	9.2	10.5	4.6	12.1	**24.0**

2013 to 2020 financials continued

Adjusted metrics	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	**2020 £m**
Balance Sheet								
Fixed assets	22.4	24.6	27.5	33.5	47.2	44.8	42.6	**43.9**
Inventory	14.0	23.8	26.2	35.4	44.2	32.8	32.2	**37.2**
Trade receivables	10.5	17.1	20.4	26.5	33.4	39.5	42.8	**70.1**
Trade payables	(13.2)	(21.8)	(23.1)	(35.4)	(49.6)	(26.7)	(22.1)	**(39.7)**
Net working capital	11.3	19.1	23.5	26.5	28.0	45.6	52.9	**67.6**
Other receivables & payables	(1.8)	(1.5)	(1.8)	2.3	1.5	(17.0)	(21.0)	**(22.8)**
Capital invested	31.9	42.2	49.2	62.3	76.7	73.4	74.5	**88.7**
Net debt	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	**(18.3)**
Net assets	(7.5)	(2.5)	2.5	32.8	40.0	41.2	47.1	**70.4**
Non-recourse factoring					9.0	12.4	5.0	**–**
Capital invested included factored receivables	31.9	42.2	49.2	62.3	85.7	85.8	79.5	**88.7**
Return on Capital Invested					19.9%	9.9%	21.8%	**35.7%**

2013 to 2020 financials continued

Adjusted metrics	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	**2020 £m**
Cash flow statement								
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	**30.0**
Depreciation & amortisation	1.4	1.9	2.6	3.2	4.4	6.5	7.9	**6.1**
EBITDA	7.3 1	0.3	14.1	17.7	19.1	15.0	25.9	**36.1**
Working capital	0.4	(8.8)	(5.8)	(11.3)	1.4	0.9	1.3	**(2.0)**
Operating Cash Flow	7.7	1.5	8.3	6.4	20.5	15.9	27.2	**34.1**
Capital expenditure	(2.6)	(3.6)	(5.3)	(7.6)	(10.0)	(4.7)	(3.6)	**(4.4)**
Interest paid	(2.8)	(3.6)	(3.5)	(3.0)	(1.9)	(2.2)	(2.1)	**(1.3)**
Tax paid	(0.6)	–	(1.0)	(1.3)	(3.1)	(1.3)	(2.6)	**(5.7)**
Free Cash Flow	1.7	(5.7)	(1.5)	(5.5)	5.5	7.7	18.9	**22.7**
Free Cash Flow Margin %	2.6%	(6.9%)	(1.5%)	(4.1%)	3.3%	4.7%	11.0%	**12.9%**
Acquisitions	–	–	–	–	(9.7)	–	–	**–**
Dividends	–	–	–	–	(1.8)	–	(1.9)	**(4.9)**
IPO proceeds / (share purchases)	–	–	(1.4)	24.3	(1.2)	–	(2.9)	**(2.7)**
IFRS 16 adoption	–	–	–	–	–	–	(3.1)	**(1.0)**
Factoring repayment / other Adjusting items	–	0.4	0.9	(1.6)	–	(3.2)	(6.2)	**(5.0)**
Movement in net debt	1.7	(5.3)	(2.0)	17.2	(7.2)	4.5	4.8	**9.1**
Net debt b/f	(41.1)	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	**(27.4)**
Net debt c/f	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	**(18.3)**
Net debt : Adjusted EBITDA	5.4	4.3	3.3	1.7	1.9	2.1	1.1	**0.5**

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