



## BRINGING POWER TO LIFE

**2021**  
**FULL YEAR RESULTS**  
MARCH 2022



# Agenda

Highlights

Financial Review

Business Review

Outlook

Q&A



**John Hornby**  
CEO



**Matt Webb**  
CFO



# Highlights

- **Strong financial performance, with growth outperforming the market**
  - Revenue +30%, Adjusted Operating Profit +30%, with profit more than doubled in two years
  - Total dividend per share 8.1p, +31%
- **Business model enabled market outperformance and profitable growth:**
  - Vertical integration and operational agility ensured continued customer service and market share gain
- **Successfully implemented selling price increases:**
  - Mitigated cost price inflation
- **Demonstrable success in Grow, Innovate, Sustain strategy:**
  - Acquisition of DW Windsor
  - Entry into EV charger market, strengthened by acquisition of Sync EV
  - Entry into Commercial Power market
  - Sustaining progress with investment in manufacturing and fulfilment
- **Improving ESG focus and performance**
  - Carbon neutral operations
  - 25% low carbon sales achieved



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





# FINANCIAL REVIEW

MATT WEBB  
CFO





# Financial highlights



# Income statement

Adjusted £m	2021	2020	2019
Revenue	228.2	176.2	172.1
Revenue growth %	29.5%	2.4%	5.0%
<b>Gross profit</b>	<b>84.7</b>	<b>70.2</b>	<b>62.3</b>
Gross margin %	37.1%	39.8%	36.2%
Overhead costs	(45.7)	(40.2)	(44.3)
<b>Operating profit</b>	<b>39.0</b>	<b>30.0</b>	<b>18.0</b>
Operating margin %	17.1%	17.0%	10.5%
Net finance expense	(1.6)	(1.3)	(2.2)
<b>Profit before tax</b>	<b>37.4</b>	<b>28.7</b>	<b>15.8</b>
Tax	(6.2)	(4.7)	(3.7)
<b>Profit for the period</b>	<b>31.2</b>	<b>24.0</b>	<b>12.1</b>
Basic EPS (p)	20.2p	15.5p	7.7p

- **Revenue of £228.2m:**

- £52.0m (29.5%) higher than 2020
- £56.1m (32.6%) higher than 2019
- Outperforming a buoyant UK market
- Growth across all products, channels and geographies

- **Gross margin of 37.1%:**

- Products successfully repriced in response in input cost inflation
- Remaining 0.9ppts higher than pre-COVID levels
- No change in long-term expectation of 40%+

- **Overheads of £45.7m:**

- Overheads only £1.4m higher than 2019 despite £56.1m increase in revenue

- **Record Adjusted Operating Profit of £39.0m, 30% higher than last year and more than double 2019**

- **Tax rate of 16.6%**

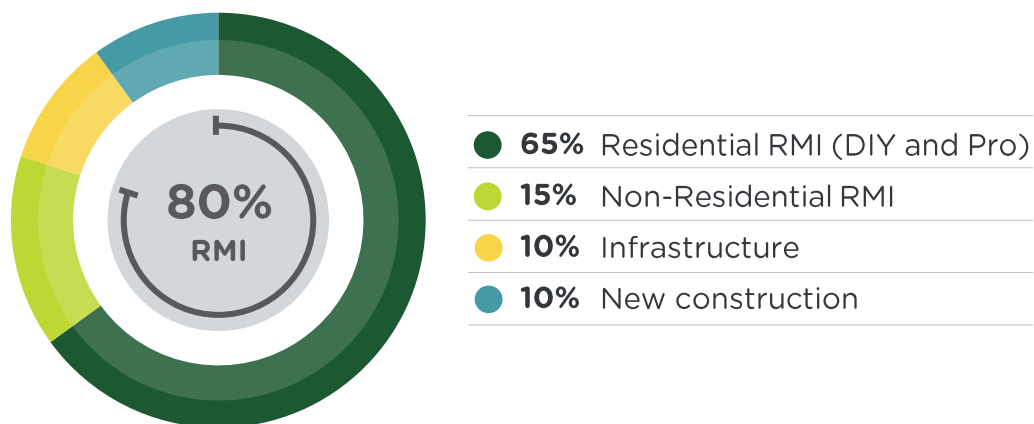
- Lower than expected due to optimisation in China

- **Adjusted EPS of 20.2p**



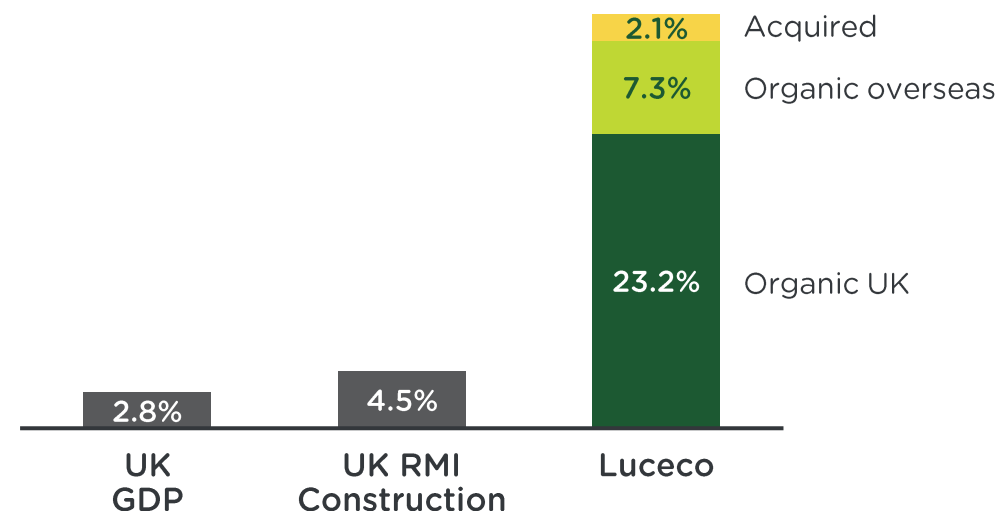
# Performance vs the market

## Revenue by end market



## Performance vs RMI market

Growth during COVID: 2019 to 2021



## Performance drivers

**+£27.5m**

Annualised sales value of business wins in 2021

**+£20m**

Extra inventory cover

**+16%**

Improvement in On Time In Full Delivery %

## Broader growth

LFL growth vs pre-COVID 2019	2020 H1	2020 H2	2021 H1	2021 H2
Retail	(12.9%)	10.2%	33.9%	43.0%
Hybrid	1.8%	44.7%	79.9%	70.5%
Professional Wholesale	(18.1%)	17.7%	35.5%	18.3%
Professional Projects	(23.9%)	(2.8%)	(6.3%)	10.3%

# Performance by segment

## Strong growth in each segment

### Wiring Accessories

Revenue growth **+29%**  
Profit growth **+27%**

**46%**

of Group revenue

**#2** in UK



**nexus**

### LED Lighting

Revenue growth **+28%**  
Profit growth **+21%**

**28%**

of Group revenue

**Top 10** in UK



### Portable Power

Revenue growth **+33%**  
Profit growth **+52%**

**26%**

of Group revenue

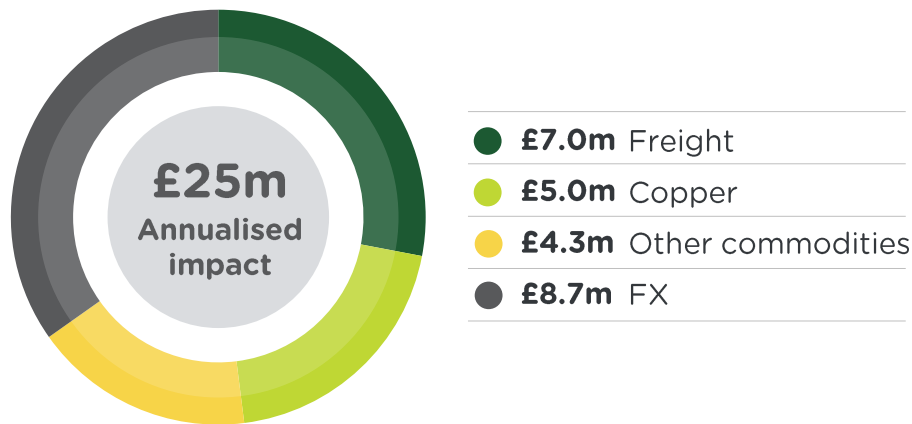
**#1** in UK





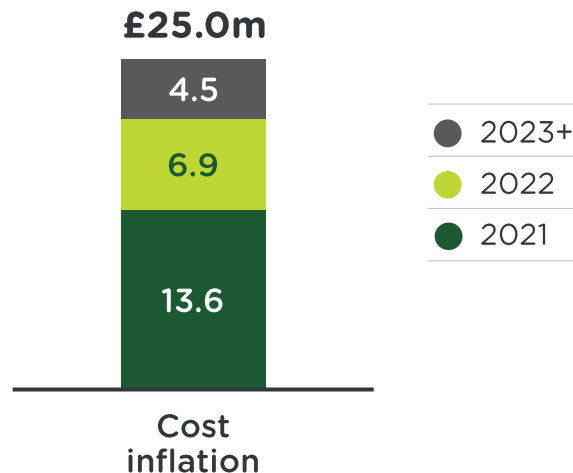
# Cost inflation

## Inflation by type - annualised impact



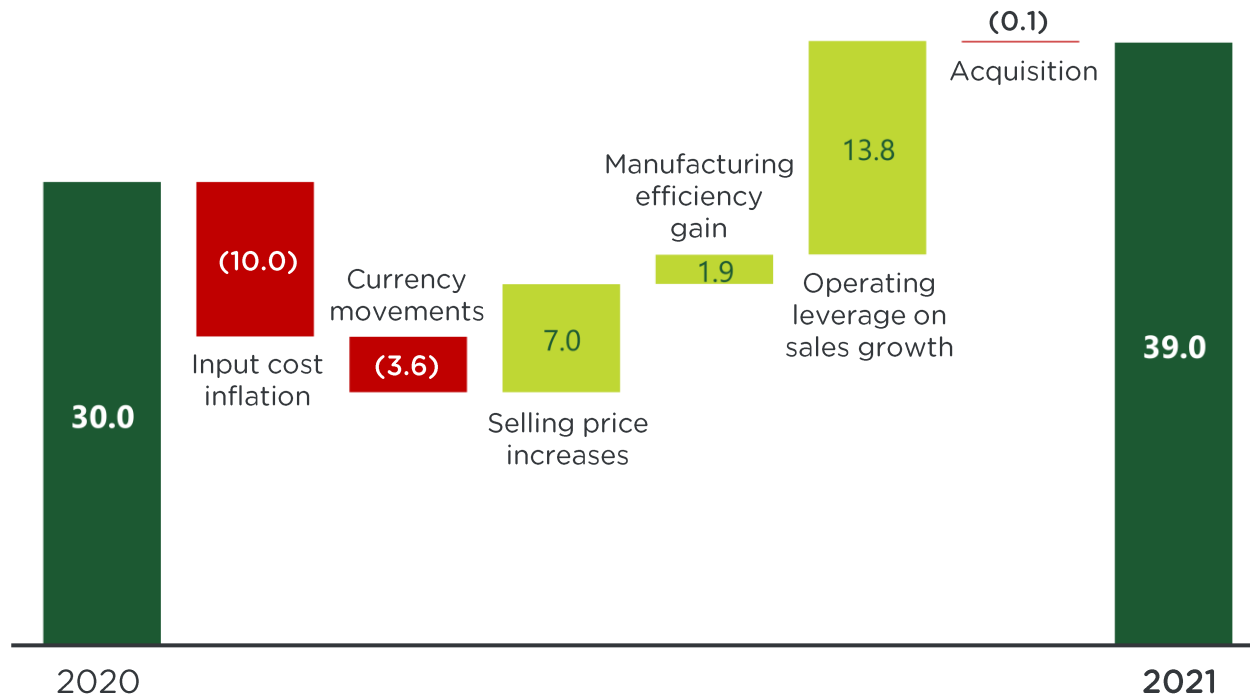
- Estimated impact of annualised cost inflation unchanged at £25m
- But full impact of recent geopolitical events not yet clear:
  - Will respond accordingly
- Selling price increases now in place with £25m annualised benefit
- At current cost prices, under-recovery of inflation this year will reverse in 2022+
- Proven pricing power in the channel

## Inflation by year



# Profit bridge

## Adjusted Operating Profit (£m)

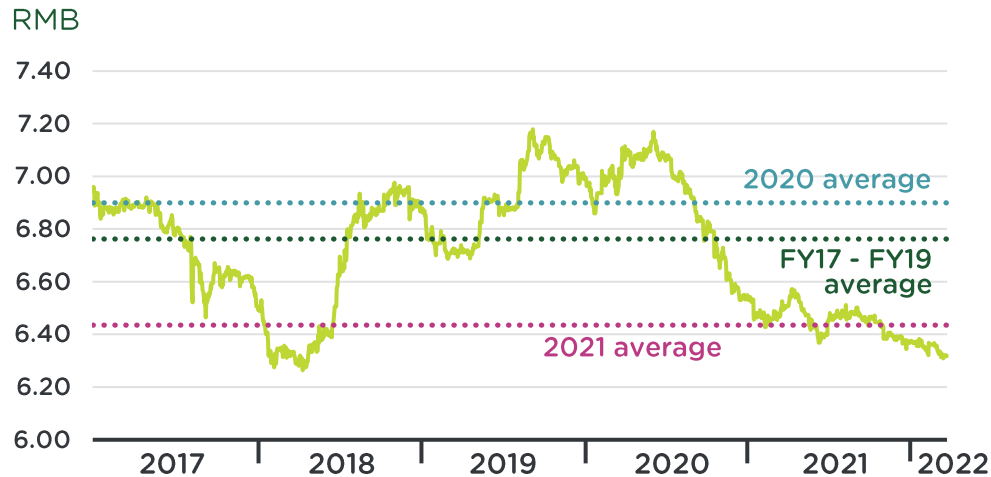


- Total input cost headwind of £13.6m
- £7.0m passed on in price increases in 2021
- Profit gap filled with:
  - Manufacturing efficiency gain from investment in automation / lean methods
  - Strong operating leverage on sales growth
- Net inflationary headwind should reverse in 2022 as selling price increases deliver full benefit
- Small loss from DW Windsor acquisition in a seasonally slow Q4

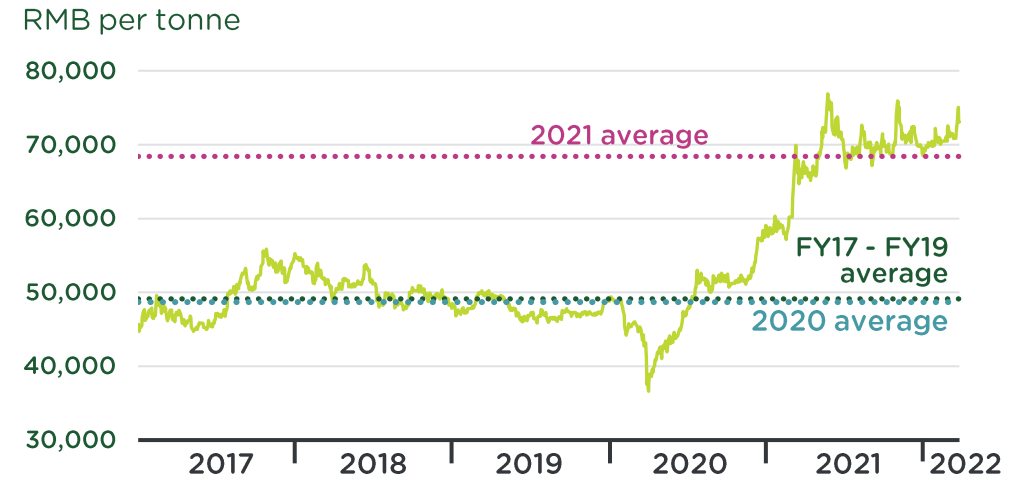


# Inflation outlook

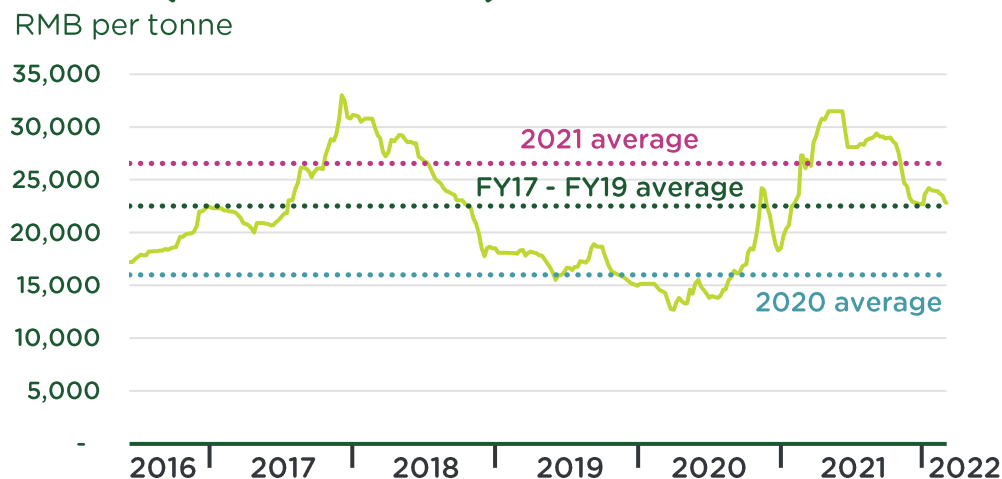
## USD/RMB (2021: £80m income - hedged)



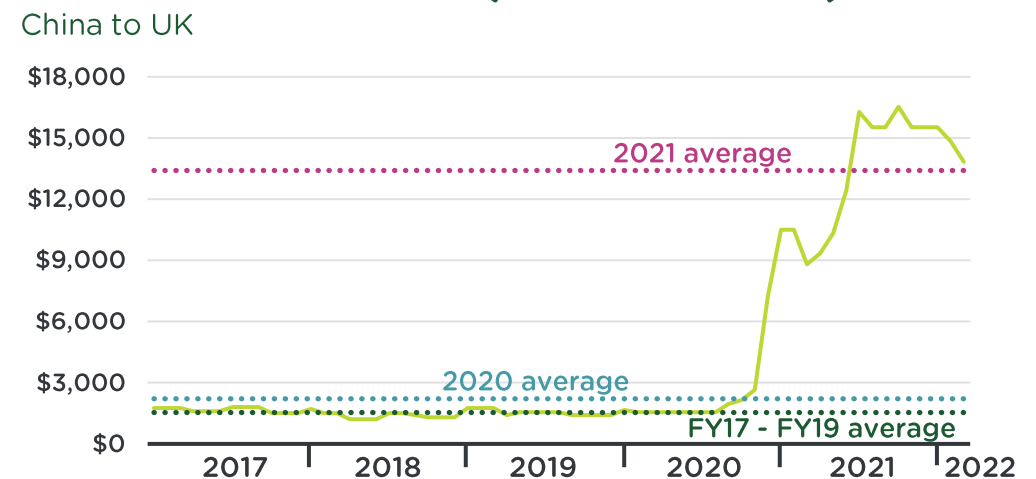
## Copper (2021: £20m cost - hedged)



## Plastic (2021: £6m cost)

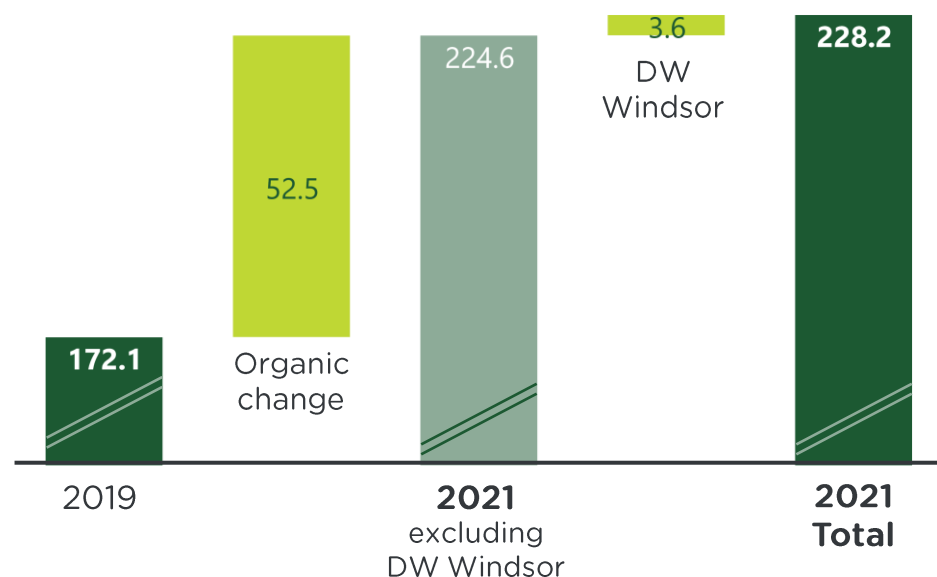


## Cost of 40ft container (2021: £10m cost)

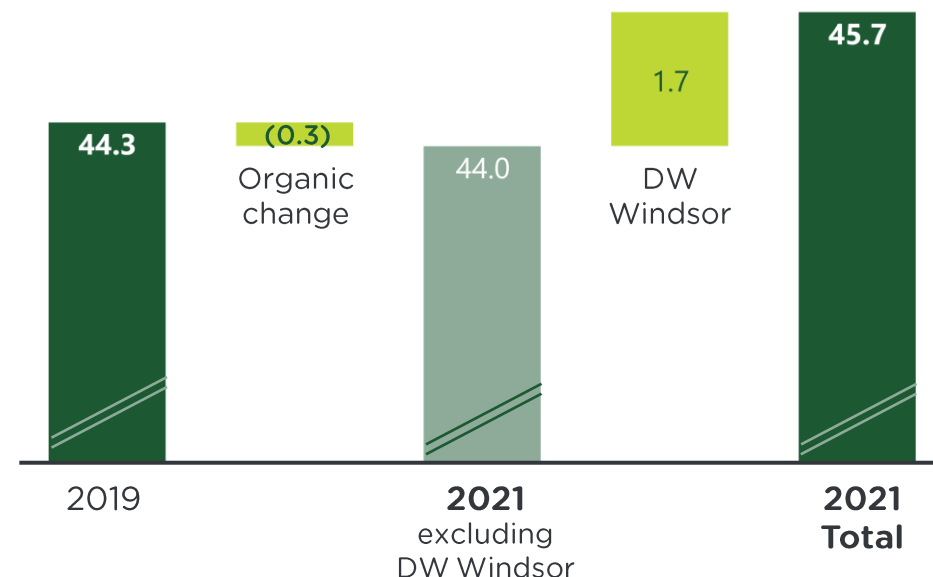


# Overhead evolution during COVID

## Revenue growth (£m)



## Overheads (£m)



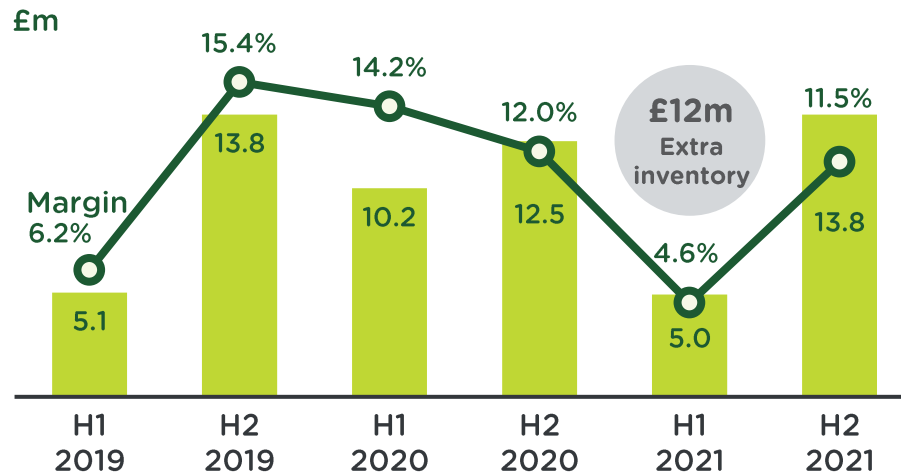
## 2021 Adjustments

£m	Profit impact	Total cash impact	Expected annual benefit
Germany exit	(1.6)	(0.4)	0.5
Spain / France merger	(0.7)	(0.1)	0.3
Amortisation of intangibles / acquisition costs	(1.4)	(0.7)	
<b>Sub-Total - Operating Profit</b>	<b>(3.7)</b>	<b>(1.2)</b>	
Mark-to-market of hedging portfolio	(0.4)	-	
<b>Total - Profit Before Tax</b>	<b>(4.1)</b>	<b>(1.2)</b>	

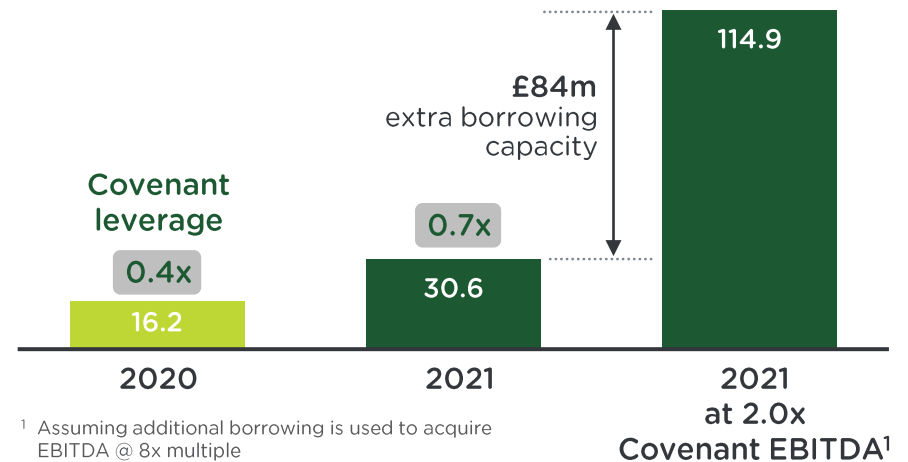
- **No additional overhead to service organic sales growth:**
  - More sales to existing customers
  - Low cost to serve
  - Tight control of discretionary spending
- **Resource reallocation has resulted in restructuring of France and Germany**

# Cash flow and debt leverage

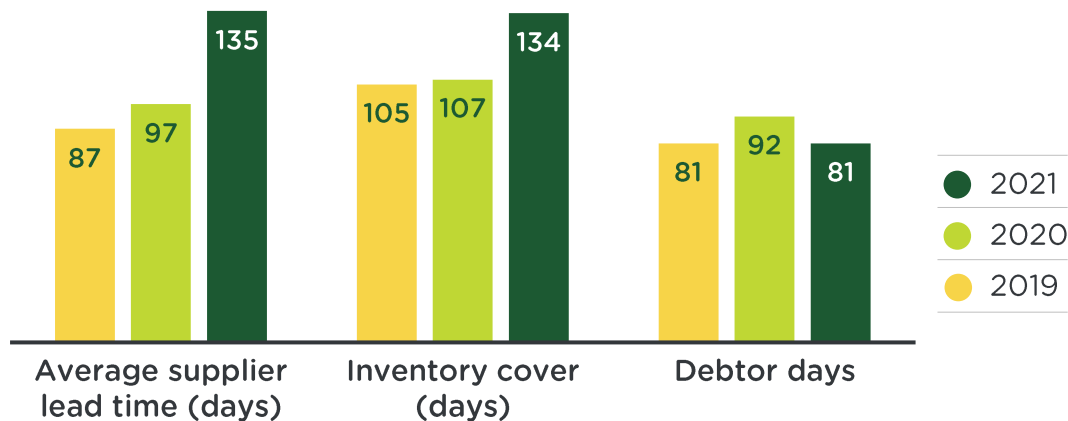
## Adjusted Free Cash Flow by half year



## Covenant Net Debt



## Working capital management during COVID



- Targeting Adjusted Free Cash Flow Margin of 10-15%
- Consistently delivered except for H1 2021
- Shortfall in H1 2021 due to inventory investment to safeguard service levels
- £84m additional borrowing capacity within capital structure for M&A

# Balance sheet

£m	2021	2020	Change
Intangible assets	32.9	21.5	53.0%
Financial assets held for trading	4.3	1.4	207.1%
Tangible assets	29.0	20.5	41.5%
Other items	2.2	0.5	340.0%
<b>Non-current assets</b>	<b>68.4</b>	<b>43.9</b>	<b>55.8%</b>
Inventory	57.3	37.2	54.0%
Trade receivables	67.9	70.1	(3.1%)
Trade payables	(38.8)	(39.7)	(2.3%)
<b>Net working capital</b>	<b>86.4</b>	<b>67.6</b>	<b>27.8%</b>
Other assets and liabilities	(29.0)	(22.8)	27.2%
<b>Capital invested</b>	<b>125.8</b>	<b>88.7</b>	<b>41.8%</b>
Net debt	(38.1)	(18.3)	108.2%
<b>Net assets</b>	<b>87.7</b>	<b>70.4</b>	<b>24.6%</b>
Return on capital invested (%) <sup>1</sup>	36.4%	35.7%	0.7ppts
Inventory days	134	107	27
Debtor days	81	92	(11)
Creditor days	85	95	(10)

1. Return on capital invested comprises adjusted operating profit for the preceding 12 months divided into the sum of net assets and net debt (averaged for the opening and closing positions)

- **Strategic working capital investment in inventory:**
  - Maintained customer service
  - Mitigated inflation
- **Return on capital invested broadly consistent with prior year at 36.4%:**
  - Strong profitability
  - Tight control over capex and working capital
- **Net debt increased due to acquisition of DW Windsor:**
  - New 3-year syndicated bank facility of up to £120m
  - Provides access to increased borrowing capacity



# Performance vs targets

Component	Metric	Target <sup>1</sup>	2019 Results	2020 Results	2021 Results	New Target <sup>2</sup>
<b>Revenue</b>	Total revenue growth	<b>5 to 10%</b>	5.0%	2.4%	29.5%	<b>&gt;5%</b>
<b>Profit</b>	Adjusted Operating Margin %	<b>15 to 20%</b>	10.5%	17.0%	17.1%	<b>&gt;15%</b>
<b>Cash</b>	Adjusted Operating Cash Conversion %	<b>&gt;100%</b>	151.1%	113.7%	89.7%	<b>&gt;100%</b>
	Adjusted Free Cash Flow Margin %	<b>10 to 15%</b>	11.0%	12.9%	8.2%	<b>&gt;10%</b>
<b>Dividends</b>	Earnings payout ratio	<b>40 to 60%</b>	7.8%	40.0%	40.0%	<b>40 to 60%</b>
<b>Capex</b>	Net capital expenditure as % of revenue	<b>3 to 4%</b>	2.1%	2.5%	2.8%	<b>3 to 4%</b>
<b>Capital structure and Returns</b>	Return on Capital Invested %	<b>30 to 40%</b>	21.8%	35.7%	36.4%	<b>&gt;30%</b>
	Covenant Net Debt <sup>3</sup> : Covenant EBITDA	<b>1.0 to 2.0x</b>	1.0x	0.4x	0.7x	<b>1.0 to 2.0x</b>
	Adjusted Net Cash Flow <sup>4</sup> as % of revenue	<b>5.0%</b>	8.2%	8.6%	2.8%	<b>&gt;5.0%</b>

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

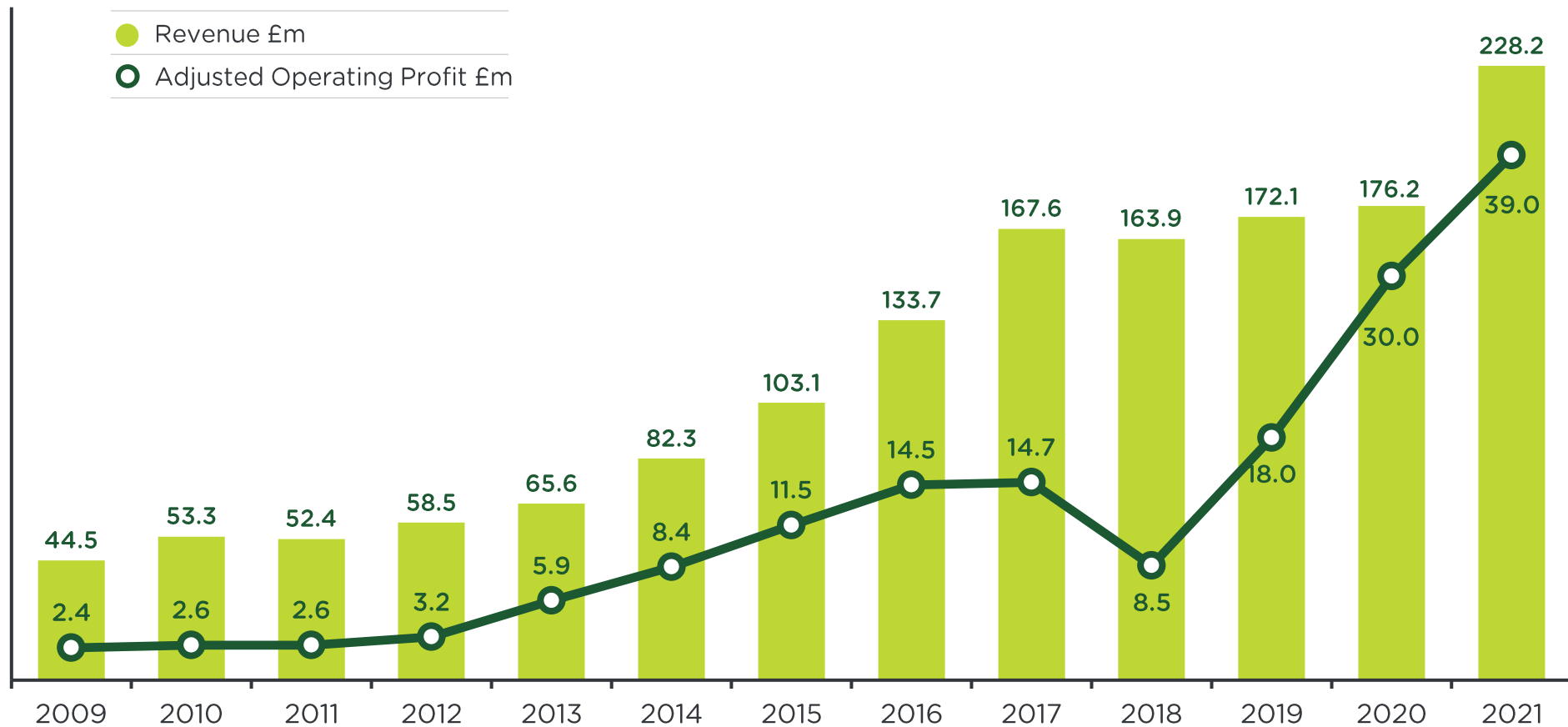
2. Minimum performances for the existing businesses excluding the impact of future acquisitions

3. Covenant Net Debt excludes IFRS16 Finance Leases for bank purposes

4. Adjusted Free Cash Flow less dividends and EBT share purchases (i.e. cash remaining for acquisitions or capital returns)

Consistent and compelling financial outcomes  
**No limit on our ambition**

# Long-term track record





LUCECO

# BUSINESS REVIEW

JOHN HORNBY  
CEO





# Our investment case

## Our investment case

- 01** We operate in attractive markets
- 02** We have an advantaged business model
- 03** We deliver consistent and compelling financial outcomes

## Our strategy

**GROW**

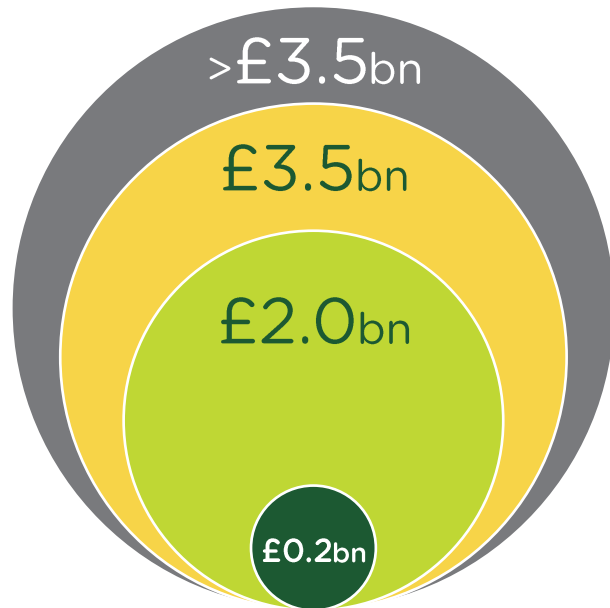
**INNOVATE**

**SUSTAIN**



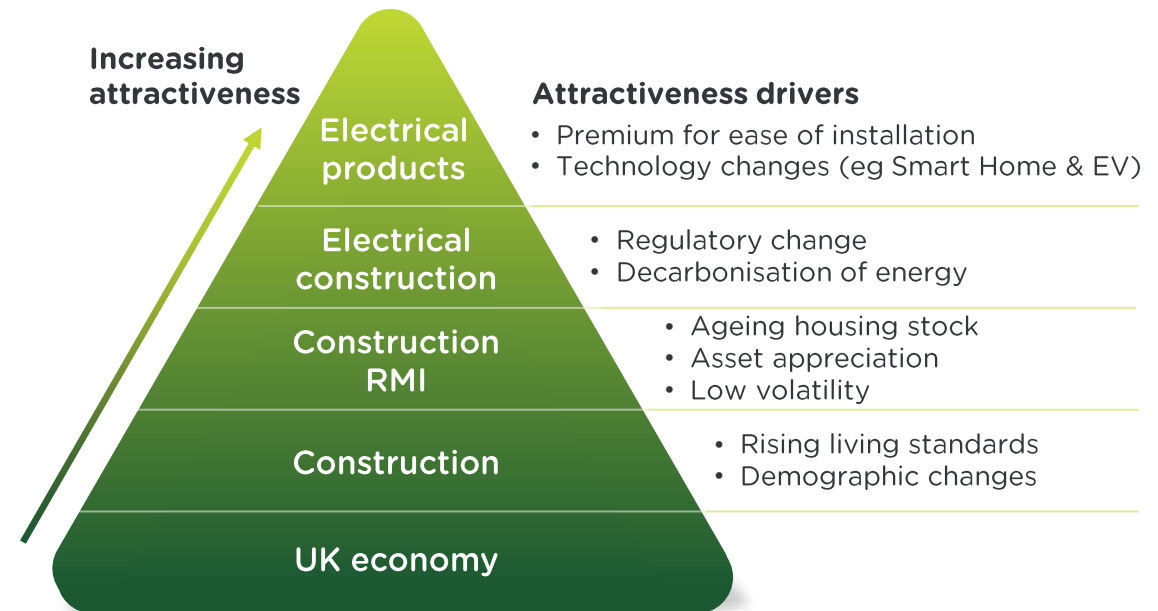
# 01 We operate in attractive markets

## Size



- Luceco revenue
- Currently addressable market – UK
- Electrical wholesale market – UK
- International electrical wholesale market

## Attractiveness



## Market position

Segment	UK market position
Wiring Accessories	#2
LED Lighting	Top 10
Portable Power	#1

# Grow strategy – seizing our market opportunity

## New products to existing customers

New sales to 2014 customers:

**+£26m**

**LED  
Lighting**

**+£20m**

**Circuit  
Protection**

**+£16m**

**USB  
Sockets**

**50%**

**% of revenue from  
products  
launched in last 3  
years**

**£500m**

**EV charger  
market by 2025**

## New customers

**+£42m**

**New organic  
customers  
acquired  
since 2014**

## New products to new customers

Acquisition	Revenue	Acquired
Kingfisher Lighting	£14m	2017
DW Windsor	£24m	2021

**£84m additional borrowing capacity for M&A**

# Grow strategy – acquisition of DW Windsor



- DW Windsor acquired in October 2021
- £16.3m paid on cash and debt-free basis, 7.0x EBITDA
- Pre-acquisition performance:
  - Revenue of £23.9m
  - Operating profit of £1.9m
- Designer and manufacturer of specified public-realm outdoor lighting
- 14% share of £300m market
- Highly complementary with our Kingfisher Lighting business
- Earnings enhancing from 2022



# Our investment case

## Our investment case

- 01** We operate in attractive markets
- 02** We have an advantaged business model
- 03** We deliver consistent and compelling financial outcomes

## Our strategy

**GROW**

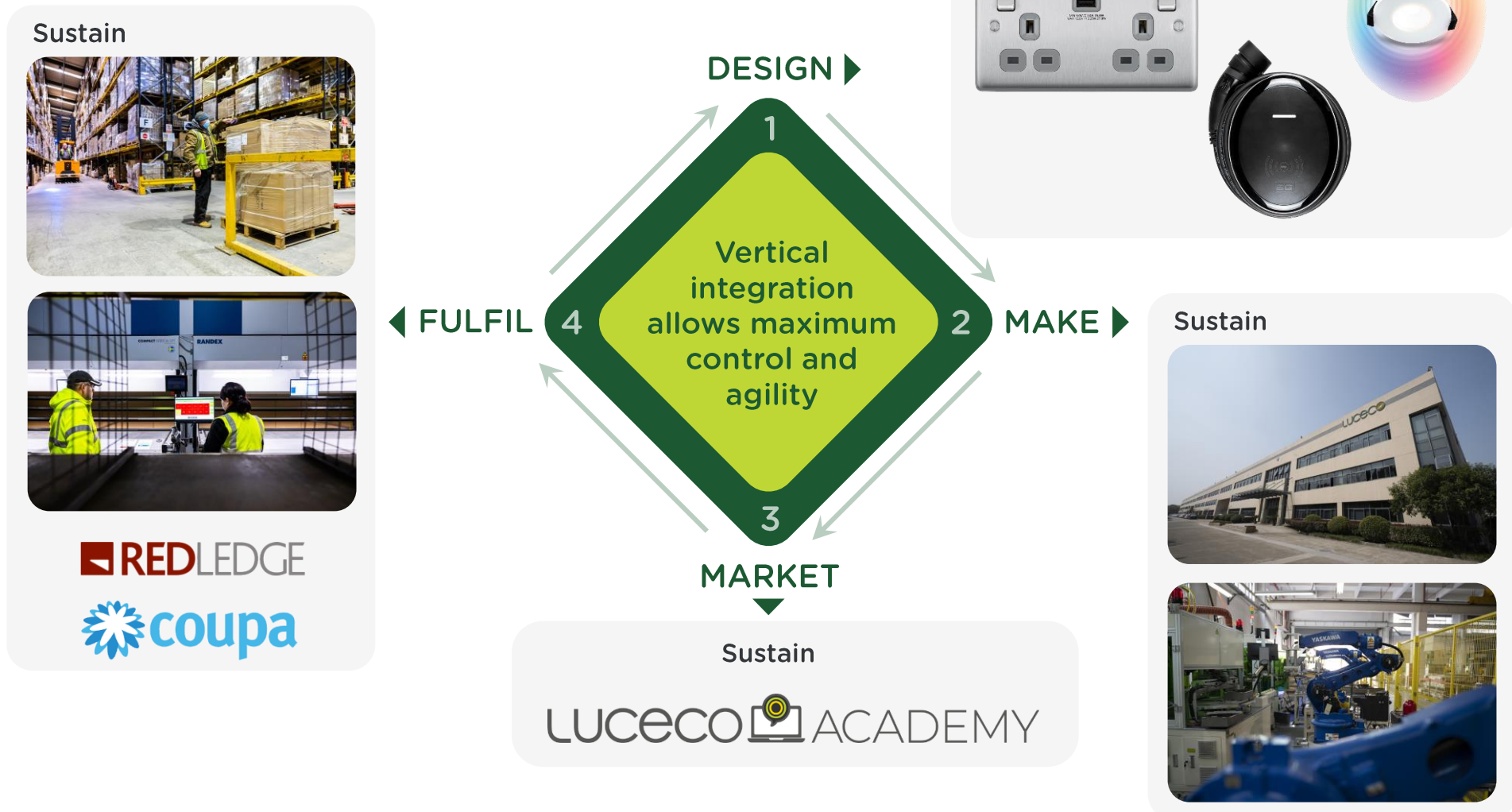
**INNOVATE**

**SUSTAIN**



## 02 We have an advantaged business model

### Actions taken to maintain advantage in 2021



## 02 We have an advantaged business model continued

### Sustainability

#### Our opportunity

50%

% of **revenue from customers with published climate goals**

£500bn

Cost of **decarbonizing UK residential energy**

£500m

Expected size of the **EU charger market by 2025**



#### Our response

Carbon neutral operations in 2021

Joined CDP in 2021

Will join SBTi 2022

£100m

of **revenue from low carbon products by 2025** (2021: £56m)

# Our investment case

## Our investment case

- 01** We operate in attractive markets
- 02** We have an advantaged business model
- 03** We deliver consistent and compelling financial outcomes

## Our strategy

**GROW**

**INNOVATE**

**SUSTAIN**



LUCECO

# OUTLOOK

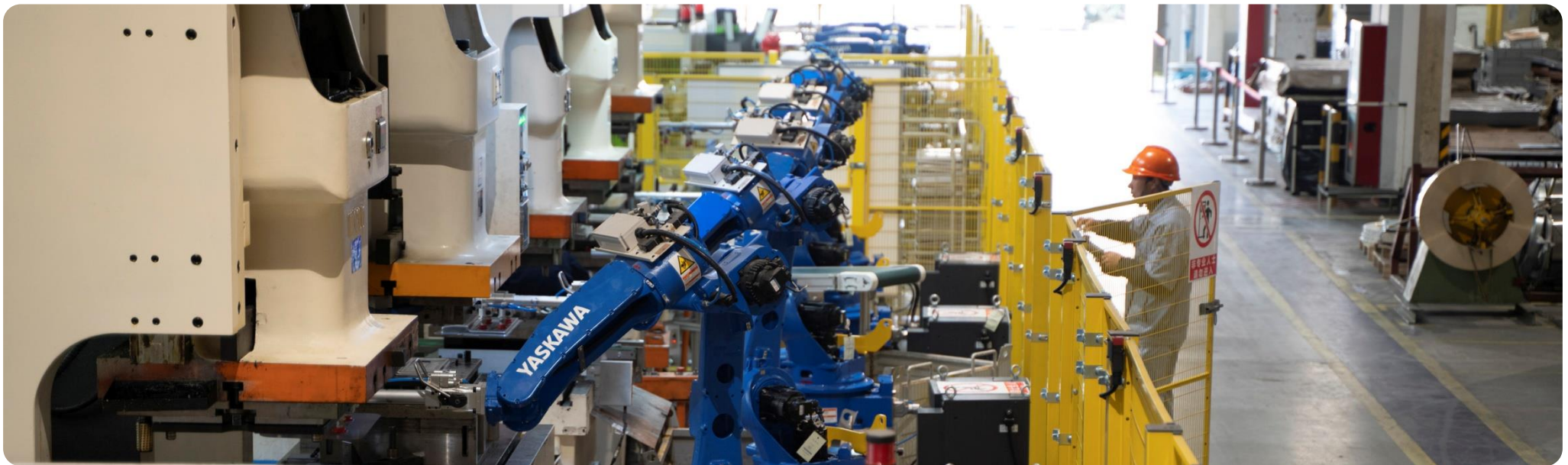
JOHN HORNBY  
CEO





# 2022 outlook

- **2021 saw outstanding progress:**
  - Testament to our business model and culture
  - Generally favourable market conditions
- **Creates a challenging comparative to 2022, particularly H1**
- **Expect H1 2022 revenue to be broadly in line with H1 2021**
- **Recent geopolitical events may make progress harder during the year**
- **Confident in continued long-term outperformance**







LUCECO

## Q&A

JOHN HORNBY  
CEO

MATT WEBB  
CFO



LUCECO

APPENDIX





# Company overview

## Our purpose

To help people harness power sustainably in everyday life

## What we sell

- **Designer and manufacturer of electrical products:**
  - Wiring Accessories
  - LED Lighting
  - Portable Power

## Who we sell to

- **Mix of consumer and professional end-users**
- **Sold through distribution with some direct professional end-user relationships**
- **Established customer base**
- **UK heritage**
- **More recent international expansion**

## 3 reasons to invest in us

- 01 We operate in attractive markets**
- 02 We have an advantaged business model**
- 03 We deliver consistent and compelling financial outcomes**

## Our strategy

Grow  
Innovate  
Sustain

## Our culture

Customer-driven  
Team-focused  
Bold and innovative  
Principled

## Where we operate

- **UK:**
  - Telford: UK Distribution Centre & UK HQ
  - Mansfield: Kingfisher Lighting HQ
  - Hoddesdon: DW Windsor HQ
  - London: PLC HQ
- **China:**
  - Jiaxing, Zhejiang Province: Factory and Product Development Centre
- **Sales offices in Spain, UAE, Mexico, Hong Kong & South Africa**
- **c. 1,600 employees worldwide**

## What we sell

### Wiring accessories – British General



UK market size	c.£500 m
Established	1941
UK market position / approx market share	#2 / 15%
Revenue as % of Group total <sup>1</sup>	46%
Revenue 3-year CAGR % <sup>2</sup>	17%
Operating margin <sup>1</sup>	28%
Product categories	Switches and sockets, Circuit protection, Weatherproof, Junction boxes, Cable management

1. 2021

2. 2018 to 2021 in constant currency



## What we sell

### Commercial power - Nexus



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

# What we sell

## LED lighting - Luceco



UK market size	c £700 m
Established	2013
UK market position / approx market share	Top 10 / 4%
Revenue as % of Group total <sup>1,3</sup>	28%
Revenue 3-year CAGR % <sup>2,3</sup>	6% (4% organic)
Operating margin <sup>1,3</sup>	5%
Product categories	Residential interior, Residential exterior, Commercial interior, Commercial exterior, Work & site lighting

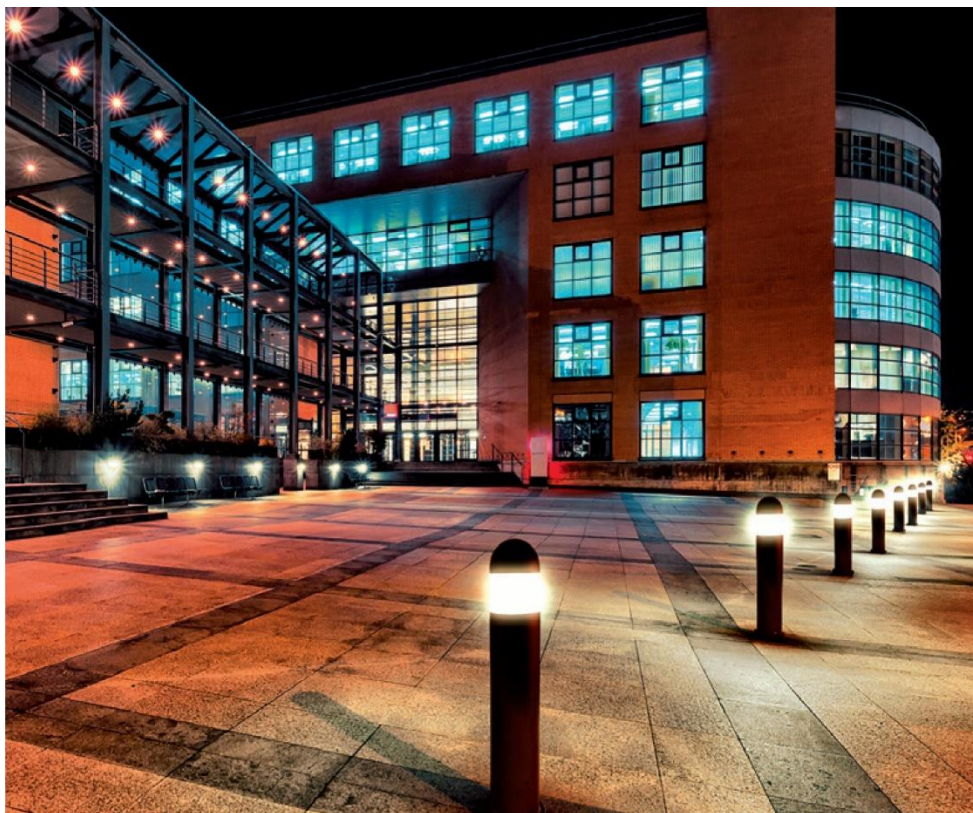
1. 2021

2. 2018 to 2021 in constant currency

3. For total LED Lighting segment (Luceco, Kingfisher Lighting and DW Windsor)

# What we sell

## LED lighting - Kingfisher



UK market size	c £100m
Established	1988
UK market position / approx market share	UK #4 / 15%
Revenue as % of Group total <sup>1,3</sup>	28%
Revenue 3-year CAGR % <sup>2,3</sup>	6% (4% organic)
Operating margin <sup>1,3</sup>	5%
Product categories	Private realm exterior lighting

1. 2021
2. 2018 to 2021 in constant currency
3. For total LED Lighting segment (Luceco, Kingfisher Lighting and DW Windsor)



## What we sell

### LED lighting – DW Windsor



UK market size	c £300m
Established	1975
UK market position / approx market share <sup>4</sup>	UK #4 / 13%
Revenue as % of Group total <sup>1,3</sup>	28%
Revenue 3-year CAGR % <sup>2,3</sup>	6% (4% organic)
Operating margin <sup>1,3</sup>	5%
Product categories	Public realm exterior lighting

1. 2021

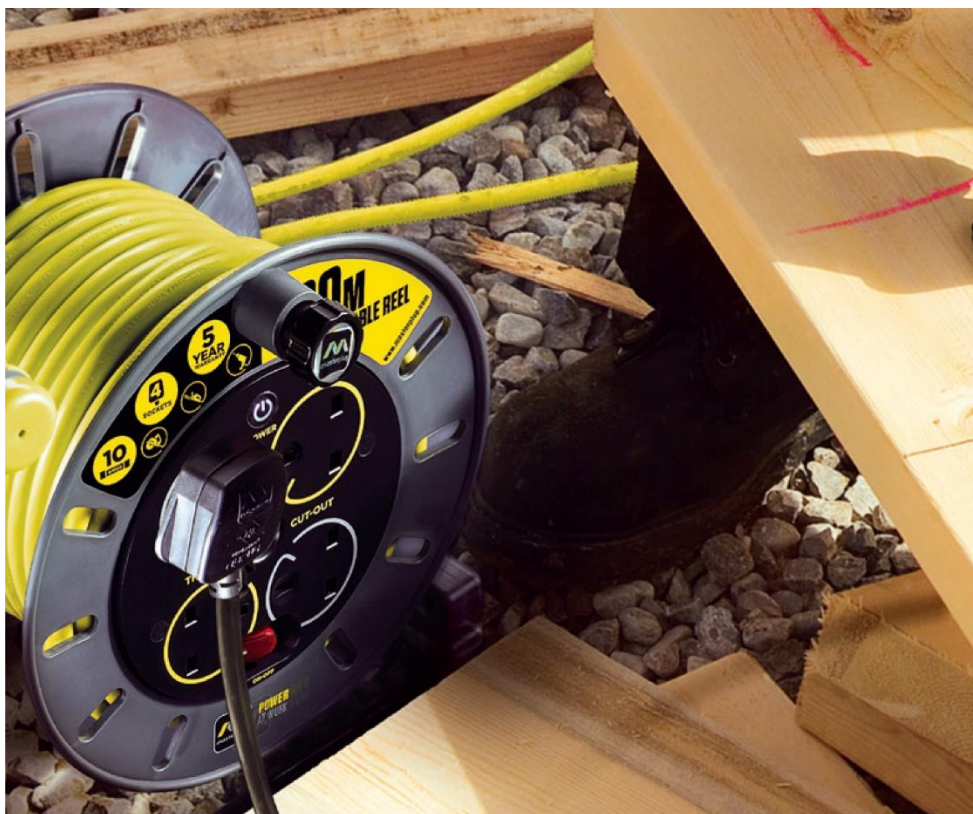
2. 2018 to 2021 in constant currency

3. For total LED Lighting segment (Luceco, Kingfisher Lighting and DW Windsor)



# What we sell

## Portable Power - Masterplug



UK market size	c £100m
Established	1988
UK market position / approx market share	UK #1 / 40%
Revenue as % of Group total <sup>1</sup>	26%
Revenue 3-year CAGR % <sup>2</sup>	9%
Operating margin <sup>1</sup>	11%
Product categories	Extension leads, Cable reels, Adaptors and accessories, EV Chargers

1. 2021  
2. 2018 to 2021 in constant currency

# Wiring Accessories

Adjusted £m	2021	2020	Growth vs 2020	Growth vs 2019
Revenue	104.5	81.3	28.5%	48.1%
Contribution profit	36.3	29.5	23.1%	85.2%
Contribution margin %	34.7%	36.3%	(1.6ppts)	6.7ppts
<b>Operating profit</b>	<b>29.2</b>	<b>23.0</b>	<b>27.0%</b>	<b>129.9%</b>
Operating margin %	27.9%	28.3%	(0.4ppts)	9.8ppts

## Revenue Growth Analysis

£m	% of segment revenue	Growth vs 2020	Growth vs 2019
Retail	21%	53.8%	79.7%
Hybrid	37%	32.2%	79.6%
Professional Wholesale	40%	27.5%	35.1%
Professional Projects	2%	(0.7%)	(24.0%)
<b>Total – constant currency</b>	<b>100%</b>	<b>33.7%</b>	<b>56.3%</b>
FX impact %	-	(5.2%)	(7.2%)
<b>Total</b>	<b>100%</b>	<b>28.5%</b>	<b>49.1%</b>

- **Strong progress in our most profitable segment**
  - Generated significant proportion of the Group's profit growth
- **Out-performed the market in all major channels**
  - Key new tender wins
  - Strong share gain in circuit protection
- **Slight margin reduction due to lag in inflation pass-through**

# LED Lighting

Adjusted £m	2021	2020	Growth vs 2020	Growth vs 2019
Revenue	63.2	49.5	27.7%	16.6%
Contribution profit	7.4	5.7	29.8%	45.1%
Contribution margin %	11.7%	11.5%	0.2ppts	2.3pts
<b>Operating profit</b>	<b>3.4</b>	<b>2.8</b>	<b>21.4%</b>	<b>183.3%</b>
Operating margin %	5.4%	5.7%	(0.3ppts)	3.2ppts

## Revenue Growth Analysis

£m	% of segment revenue	Growth vs 2020	Growth vs 2019
Retail	19%	27.7%	40.9%
Hybrid	13%	42.8%	30.6%
Professional Wholesale	18%	5.4%	(3.7%)
Professional Projects	50%	21.7%	3.4%
<b>Total – like-for-like</b>	<b>100%</b>	<b>21.7%</b>	<b>10.8%</b>
FX impact %	-	(1.3%)	(0.8%)
Acquisitions	-	7.3%	6.6%
<b>Total</b>	<b>100%</b>	<b>27.7%</b>	<b>16.6%</b>

- **Revenue increase of 27.7% to £63.2m:**
  - Strong growth from a COVID-impacted comparative
  - Supplemented by DW Windsor acquisition
  - Surpassing pre-COVID 2019 levels as confidence returns to Non-Residential Construction
- **Double-digit contribution margin maintained despite inflationary pressure**

# Portable Power

Adjusted £m	2021	2020	Growth vs 2020	Growth vs 2019
Revenue	60.5	45.4	33.3%	26.6%
Contribution profit	10.3	7.5	37.3%	18.4%
Contribution margin %	17.0%	16.5%	0.5ppts	(1.2ppts)
<b>Operating profit</b>	<b>6.4</b>	<b>4.2</b>	<b>52.4%</b>	<b>56.1%</b>
Operating margin %	10.6%	9.3%	1.3ppts	2.0ppts


















## Revenue Growth Analysis

£m	% of segment revenue	Growth vs 2020	Growth vs 2019
Retail	74%	33.9%	23.6%
Hybrid	16%	75.7%	105.0%
Professional Wholesale	10%	57.6%	53.2%
Professional Projects	-	-	-
<b>Total – constant currency</b>	<b>100%</b>	<b>41.4%</b>	<b>34.8%</b>
FX impact %	-	(8.1%)	(8.2%)
<b>Total</b>	<b>100%</b>	<b>33.3%</b>	<b>26.6%</b>

- Strong progress during COVID driven by new retail business wins in Europe and USA
- Significant inflationary pressure in this category successfully passed through
- Healthy profit contribution from a low capital business
- Includes revenue of £1m from EV Chargers – will create new segment in 2022

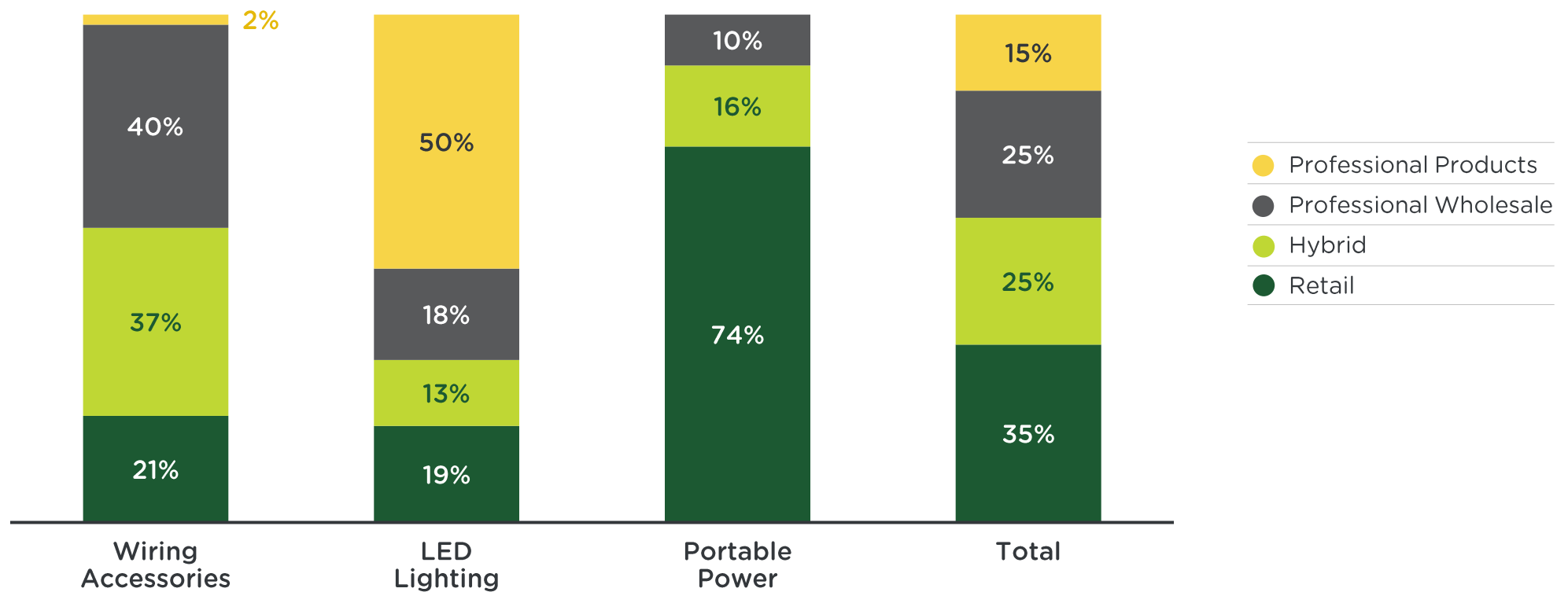


# Who we sell to

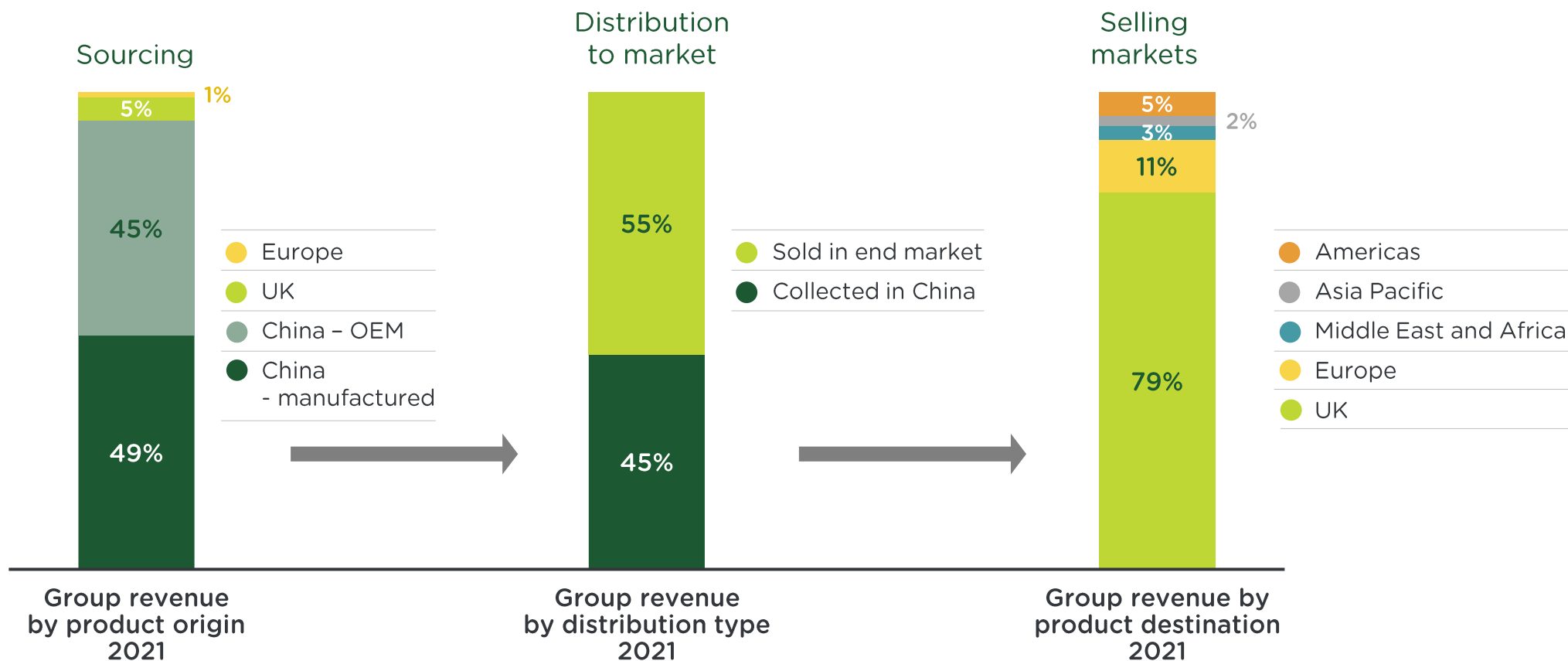
Sales channel	Description	Example customers
Retail	DIY chains Pure play online Retail Grocers	        
Hybrid	Chains selling to both professionals and consumers	 
Professional Wholesale	Chains selling to professionals only	     
Professional Projects	Sale agreed direct with professionals	<div>Electrical and general contractors</div> <div>Design &amp; Build Contractors Architects</div> <div>Lighting designers</div> <div>Housebuilders</div>

# Who we sell to

## Product segmental sales by sales channel (as % of total) - 2021



# Where we operate



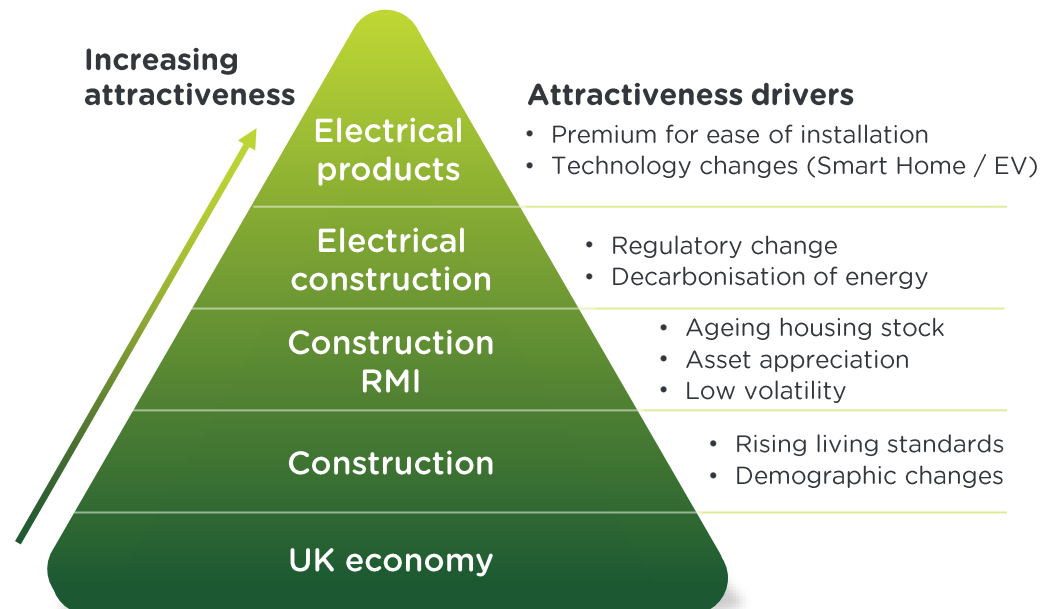
## Three reasons to invest

### 01 We operate in attractive markets

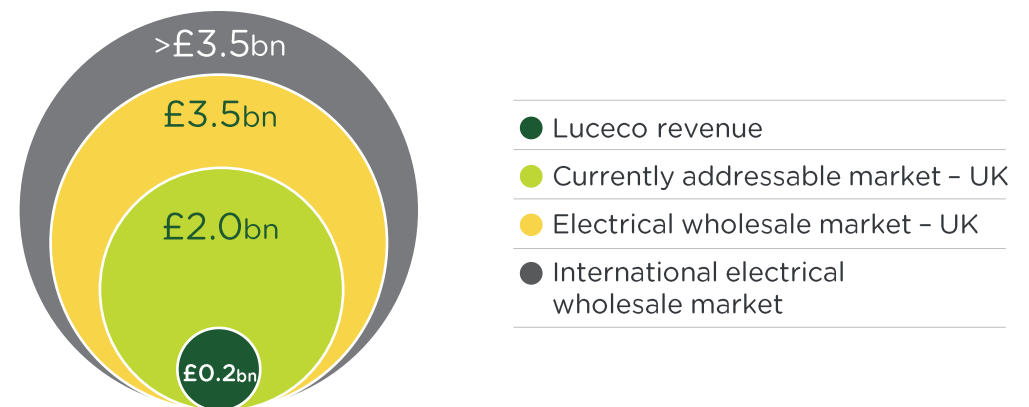
#### Strong positions . . .

Segment	UK market position
Wiring Accessories	#2
LED Lighting	Top 10
Portable Power	#1

#### . . . in attractive markets



#### . . . with significant growth potential



#### . . . augmented by sustainability

##### Our opportunity

**50%**  
% of **revenue from customers with published climate goals**

**£500bn**  
Cost of **decarbonizing UK residential energy**

**£500m**  
Expected size of the **EU charger market by 2025**

##### Our response

Carbon neutral operations in 2021

Joined CDP in 2021

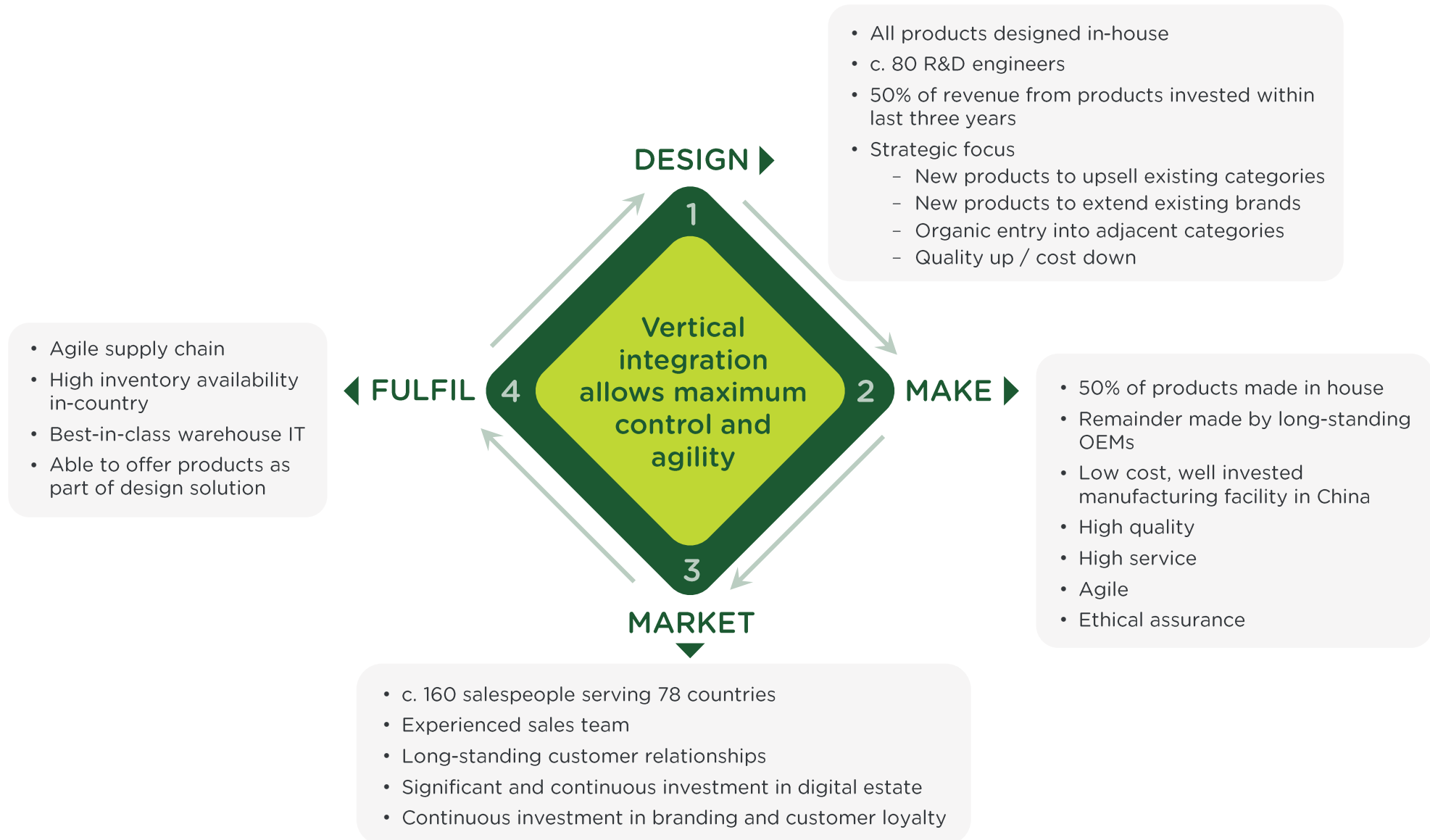
Will join SBTi 2022

**£100m**  
of **revenue from low carbon products by 2025** (2021:£56m)



## Three reasons to invest

### 02 We have an advantaged business model



## Three reasons to invest

### 03 We deliver consistent and compelling financial outcomes

Component	Metric	Target <sup>1</sup>	2019 Results	2020 Results	2021 Results	New Target <sup>2</sup>
<b>Revenue</b>	Total revenue growth	<b>5 to 10%</b>	5.0%	2.4%	29.5%	<b>&gt;5%</b>
<b>Profit</b>	Adjusted Operating Margin %	<b>15 to 20%</b>	10.5%	17.0%	17.1%	<b>&gt;15%</b>
<b>Cash</b>	Adjusted Operating Cash Conversion %	<b>&gt;100%</b>	151.1%	113.7%	89.7%	<b>&gt;100%</b>
	Adjusted Free Cash Flow Margin %	<b>10 to 15%</b>	11.0%	12.9%	8.2%	<b>&gt;10%</b>
<b>Dividends</b>	Earnings payout ratio	<b>40 to 60%</b>	7.8%	40.0%	40.0%	<b>40 to 6%</b>
<b>Capex</b>	Net capital expenditure as % of revenue	<b>3 to 4%</b>	2.1%	2.5%	2.8%	<b>3 to 4%</b>
<b>Capital structure and Returns</b>	Return on Capital Invested %	<b>30 to 40%</b>	21.8%	35.7%	36.4%	<b>&gt;30%</b>
	Covenant Net Debt <sup>3</sup> : Covenant EBITDA	<b>1.0 to 2.0x</b>	1.0x	0.4x	0.7x	<b>1.0 to 2.0x</b>
	Adjusted Net Cash Flow <sup>4</sup> as % of revenue	<b>5.0%</b>	8.2%	8.6%	2.8%	<b>&gt;5.0%</b>

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

2. Minimum performances for the existing businesses excluding the impact of future acquisitions

3. Covenant Net Debt excluded Finance Leases for bank purposes

4. Adjusted Free Cash Flow less dividends and EBT share purchases (i.e. cash remaining for acquisitions or capital returns)

Consistent and compelling financial outcomes  
**No limit on our ambition**

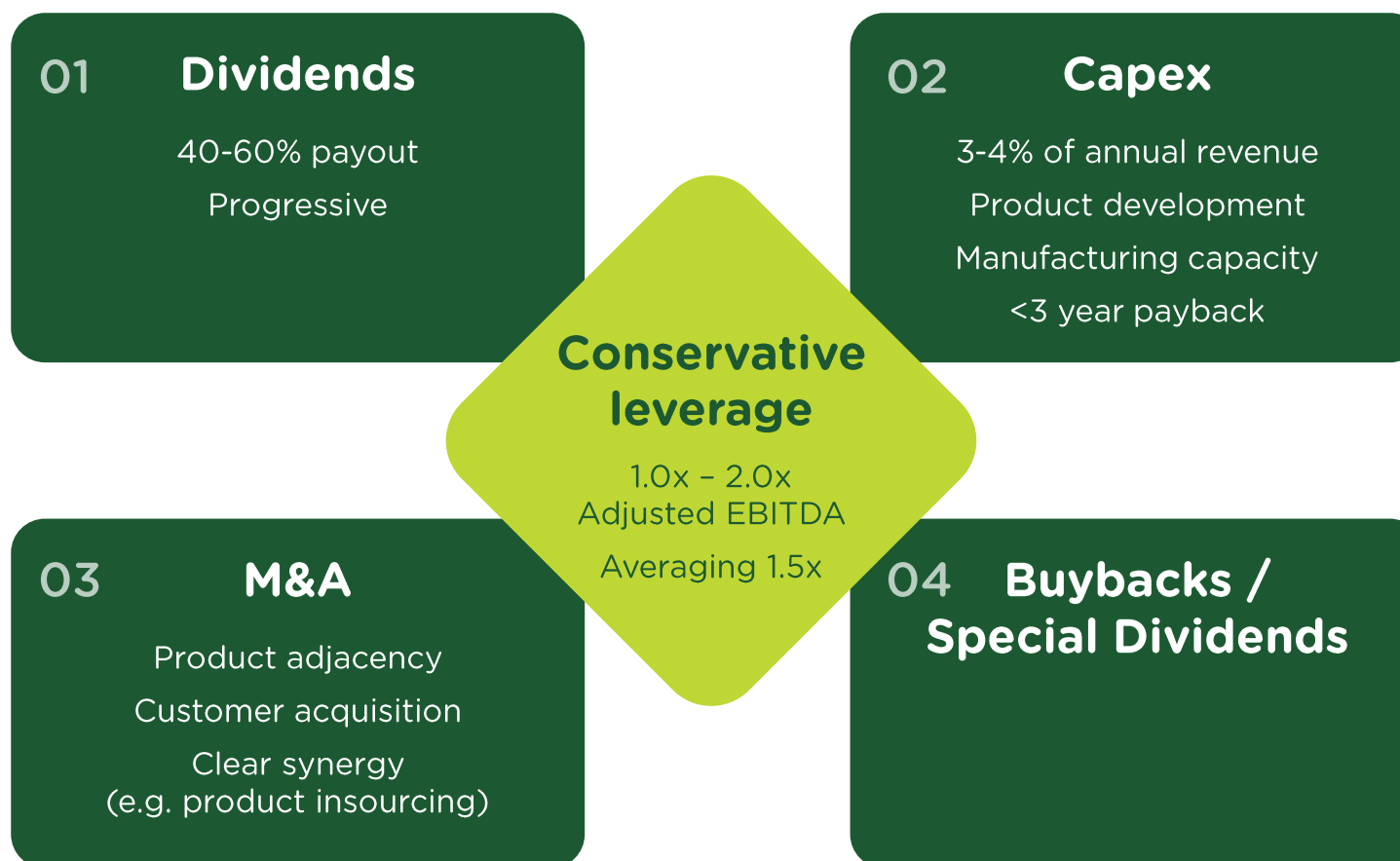
# Group history

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



Corporate events

# Capital allocation policy





# 2013 to 2021 financials

Adjusted metrics

## Income Statement

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	65.6	82.3	103.1	133.7	167.6	163.9	172.1	176.2	228.2
Growth %		25.5%	25.3%	29.7%	25.4%	(2.2%)	5.0%	2.4%	29.5%
Gross Profit	18.3	25.1	33.8	40.5	48.4	50.6	62.3	70.2	84.7
Gross Margin %	27.9%	30.5%	32.8%	30.3%	28.9%	30.9%	36.2%	39.8%	37.1%
Overheads	(12.4)	(16.7)	(16.7)	(26.0)	(33.7)	(42.1)	(44.3)	(40.2)	(45.7)
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0
Operating Margin %	9.0%	10.2%	11.2%	10.8%	8.8%	5.2%	10.5%	17.0%	17.1%
Net finance expense	(3.7)	(2.9)	(3.2)	(2.8)	(1.9)	(2.2)	(2.2)	(1.3)	(1.6)
Profit Before Tax	2.2	5.5	8.3	11.7	12.8	6.3	15.8	28.7	37.4
Taxation	(0.9)	(1.0)	(2.5)	(2.5)	(2.3)	(1.7)	(3.7)	(4.7)	(6.2)
Effective tax rate %	40.9%	18.2%	30.1%	21.4%	18.0%	27.0%	23.4%	16.4%	16.6%
Profit After Tax	1.3	4.5	5.8	9.2	10.5	4.6	12.1	24.0	31.2
Basic EPS (p)	n/a	n/a	n/a	6.4	6.5	2.9	7.7	15.5	20.2

# 2013 to 2021 financials continued

Adjusted metrics

## Balance Sheet

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fixed assets	22.4	24.6	27.5	33.5	47.2	44.8	42.6	43.9	68.4
Inventory	14.0	23.8	26.2	35.4	44.2	32.8	32.2	37.2	57.3
Trade receivables	10.5	17.1	20.4	26.5	33.4	39.5	42.8	70.1	67.9
Trade payables	(13.2)	(21.8)	(23.1)	(35.4)	(49.6)	(26.7)	(22.1)	(39.7)	(38.8)
Net working capital	11.3	19.1	23.5	26.5	28.0	45.6	52.9	67.6	86.4
Other assets and liabilities	(1.8)	(1.5)	(1.8)	2.3	1.5	(17.0)	(21.0)	(22.8)	(29.0)
<b>Capital invested</b>	<b>31.9</b>	<b>42.2</b>	<b>49.2</b>	<b>62.3</b>	<b>76.7</b>	<b>73.4</b>	<b>74.5</b>	<b>88.7</b>	<b>125.8</b>
Net debt	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)
<b>Net assets</b>	<b>(7.5)</b>	<b>(2.5)</b>	<b>2.5</b>	<b>32.8</b>	<b>40.0</b>	<b>41.2</b>	<b>47.1</b>	<b>70.4</b>	<b>87.7</b>
Non-recourse factoring					9.0	12.4	5.0	-	-
<b>Capital invested included factored receivables</b>	<b>31.9</b>	<b>42.2</b>	<b>49.2</b>	<b>62.3</b>	<b>85.7</b>	<b>85.8</b>	<b>79.5</b>	<b>88.7</b>	<b>125.8</b>
Return on Capital Invested					19.9%	9.9%	21.8%	35.7%	36.4%

# 2013 to 2021 financials continued

Adjusted metrics

## Cash flow statement

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0
Depreciation & amortisation	1.4	1.9	2.6	3.2	4.4	6.5	7.9	6.1	6.7
<b>EBITDA</b>	<b>7.31</b>	<b>0.3</b>	<b>14.1</b>	<b>17.7</b>	<b>19.1</b>	<b>15.0</b>	<b>25.9</b>	<b>36.1</b>	<b>45.7</b>
Working capital	0.4	(8.8)	(5.8)	(11.3)	1.4	0.9	1.3	(2.0)	(10.7)
<b>Operating Cash Flow</b>	<b>7.7</b>	<b>1.5</b>	<b>8.3</b>	<b>6.4</b>	<b>20.5</b>	<b>15.9</b>	<b>27.2</b>	<b>34.1</b>	<b>35.0</b>
Capital expenditure	(2.6)	(3.6)	(5.3)	(7.6)	(10.0)	(4.7)	(3.6)	(4.4)	(6.4)
Interest paid	(2.8)	(3.6)	(3.5)	(3.0)	(1.9)	(2.2)	(2.1)	(1.3)	(1.7)
Tax paid	(0.6)	-	(1.0)	(1.3)	(3.1)	(1.3)	(2.6)	(5.7)	(8.1)
<b>Free Cash Flow</b>	<b>1.7</b>	<b>(5.7)</b>	<b>(1.5)</b>	<b>(5.5)</b>	<b>5.5</b>	<b>7.7</b>	<b>18.9</b>	<b>22.7</b>	<b>18.8</b>
<i>Free Cash Flow Margin %</i>	<i>2.6%</i>	<i>(6.9%)</i>	<i>(1.5%)</i>	<i>(4.1%)</i>	<i>3.3%</i>	<i>4.7%</i>	<i>11.0%</i>	<i>12.9%</i>	<i>8.2%</i>
Acquisitions / Associate investment	—	—	—	—	(9.7)	—	—	—	(18.4)
Dividends	—	—	—	—	(1.8)	—	(1.9)	(4.9)	(11.2)
IPO proceeds / (share purchases)	—	—	(1.4)	24.3	(1.2)	—	(2.9)	(2.7)	(1.3)
IFRS 16 adoption impact / new leases	—	—	—	—	—	—	(3.1)	(1.0)	(5.4)
Factoring repayment / Adjusting items	—	0.4	0.9	(1.6)	—	(3.2)	(6.2)	(5.0)	(2.3)
<b>Movement in net debt</b>	<b>1.7</b>	<b>(5.3)</b>	<b>(2.0)</b>	<b>17.2</b>	<b>(7.2)</b>	<b>4.5</b>	<b>4.8</b>	<b>9.1</b>	<b>(19.8)</b>
Net debt b/f	(41.1)	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)
Net debt c/f	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)
Covenant net debt: Covenant EBITDA	5.4	4.3	3.3	1.7	1.9	2.1	0.9	0.4	0.7

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