



BRINGING POWER TO LIFE

2023
INTERIM RESULTS
SEPTEMBER 2023

www.lucecoplc.com



Agenda

Highlights

Financial Review

Business Review

Outlook

Q&A



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

Highlights

- **H1 2023 results slightly ahead of the July trading update**

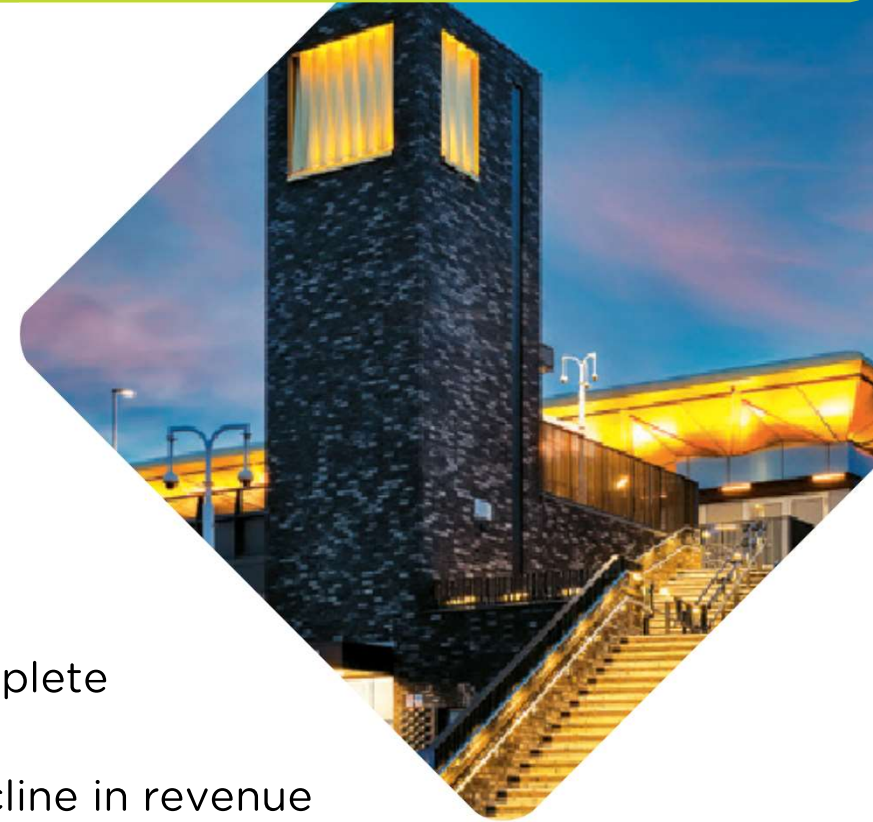
- Revenue: £101.1m (-5.0% YOY)
- Adjusted Operating Profit: £10.8m (-6.1% YOY)
reflects a return to strong gross margins (39.4%)
- Adjusted EPS: 5.0p (-13.8% YOY)
- Covenant Net Debt Ratio: 1.3x at lower end of range

- **Improving momentum in H1 2023:**

- Post-pandemic destocking by customers appears complete
- Non-residential demand continues favourable trend
- Despite economic headwinds – less than expected decline in revenue
- Material (excluding copper) and freight costs subsiding

- **Progress in the period within key businesses**

- Operational synergies within DW Windsor acquisition, strong first half performance with near double digit operating margin and some key contract wins
- EV business has grown further, with a strong pipeline of new products



Highlights (continued)

- **Outlook:**

- Despite ongoing weakness in our core markets, we have made further progress since the July trading update
- We now expect full year 2023 adjusted operating profit to show clear progress on last year. This is above the current range of market expectations
- We remain mindful of the uncertain macroeconomic environment and the potential impact it may have on our markets in 2024



Encouraging first half performance, continued improving momentum and strong orderbook, remaining vigilant in a changing economic environment

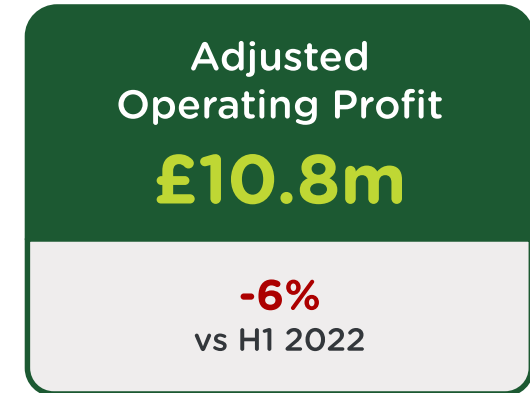
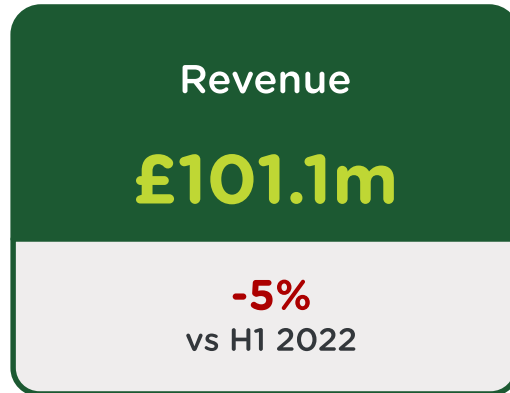


FINANCIAL REVIEW

WILL HOY
CFO



Financial highlights (H1 2023)



Income statement

Adjusted £m	H1 2023	H1 2022	Change (%)
Revenue	101.1	106.4	(5.0%)
Gross profit	39.8	36.2	+9.9%
Gross margin %	39.4%	34.0%	+5.4ppts
Overhead costs	(29.0)	(24.7)	+17.4%
Operating profit	10.8	11.5	(6.1%)
Operating margin %	10.7%	10.8%	(0.1ppts)
Net finance expense	(1.4)	(1.0)	+40.0%
Profit before tax	9.4	10.5	(10.5%)
Tax	(1.7)	(1.5)	+13.3%
Profit for the period	7.7	9.0	(14.4%)
Basic EPS (p)	5.0p	5.8p	(13.8%)

• Revenue of £101.1m:

- 5.0% lower as destocking appears to have ended and macroeconomic headwinds - better than expected
- Non-residential RMI and Residential RMI professional grew in the period (+5% and +6% respectively)

• Gross margin of 39.4%:

- Gross margin recovering to the levels we expect
- Significant improvement over H1 2022 (+5.4ppts)
- Easing of material prices, freight and duty costs since COVID highs

• Overheads of £29.0m (increase of £4.3m):

- Labour/wage inflation (£2.9m) the key driver for cost increase
- Increased costs in line with return to pre-COVID working practices

• Adjusted Operating Profit of £10.8m:

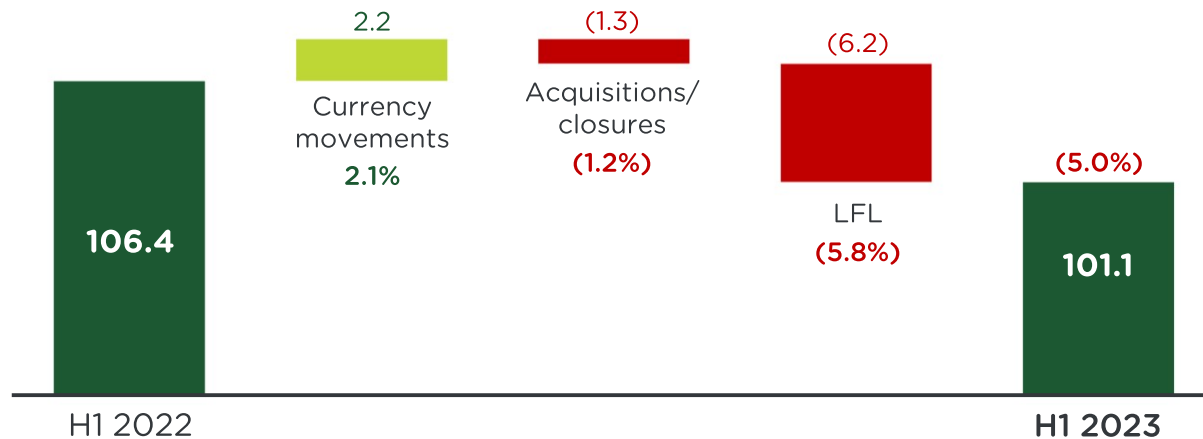
- 6% lower than last year

• Adjusted EPS of 5.0p

- Adjusted tax rate at 18.1% in the period

Revenue bridge

vs H1 2022 (£m)



- **Revenue decline of 5.0%:**

- Like-for-like decline of 5.8%
- Acquisitions/closures change due to closure of Germany in prior period

- **Like-for-like movement of 5.8%:**

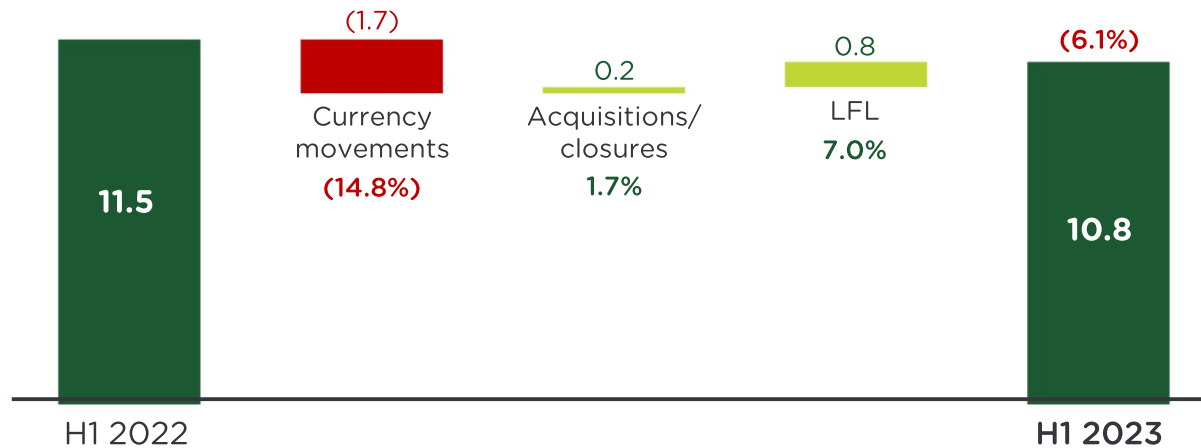
- Residential DIY sector a significant decline of 22.7% in the period for the Group
- Offset by growth in residential professional and non-residential sectors, up 5.1% and 6.4% respectively
- New residential sector still providing growth (+6.7%)

- **Revenue by channel highlights:**

- Hybrid and Professional Projects grew strongly in the half – reflecting the sectors above
- Retail declined but largely due to higher destocking of Portable Power products

Adjusted Operating Profit bridge

vs H1 2022 (£m)



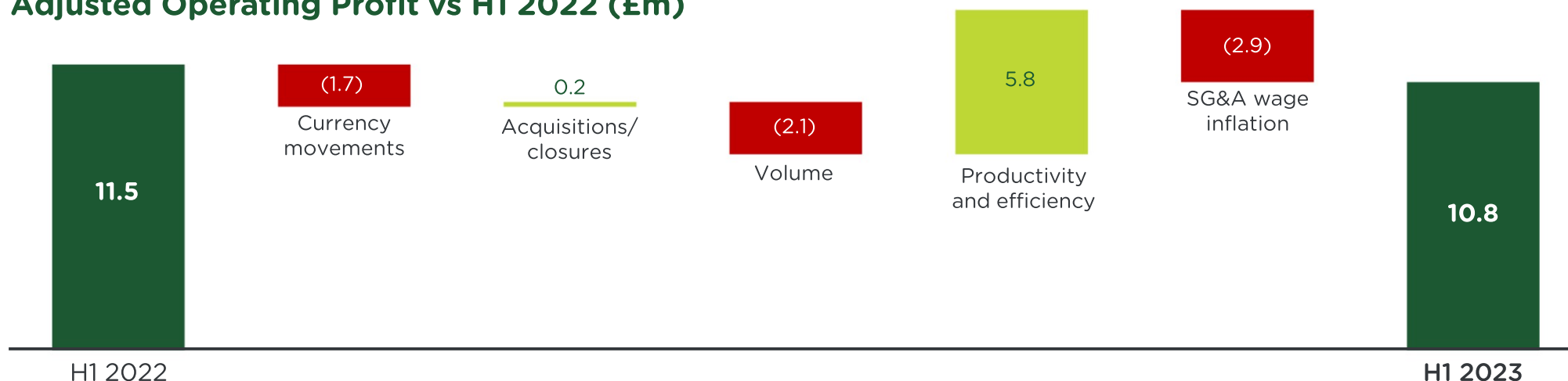
- Adjusted Operating Profit fell by just £0.7m in the period
- On a constant currency basis, Adjusted Operating profit increased by £1.0m year-on-year
- Gross profit margin recovered in the period which has helped offset an increase in operating costs
- At constant currency:
 - Gross profit up £5.3m
 - Operating costs up £4.3m
 - Net impact £1.0m year-on-year improvement

Improving momentum in H1 2023

	2023	2022		Variance
Adjusted £m	H1	H2	H1	H1 2023 v H2 2022
Revenue	101.1	99.9	106.4	+1.2
Gross profit	39.8	38.1	36.2	+1.7
Gross margin %	39.4%	38.1%	34.0%	+1.3ppts
Overhead costs	(29.0)	(27.6)	(24.7)	(1.4)
Operating profit	10.8	10.5	11.5	+0.3
Operating margin %	10.7%	10.5%	10.8%	+0.2ppts

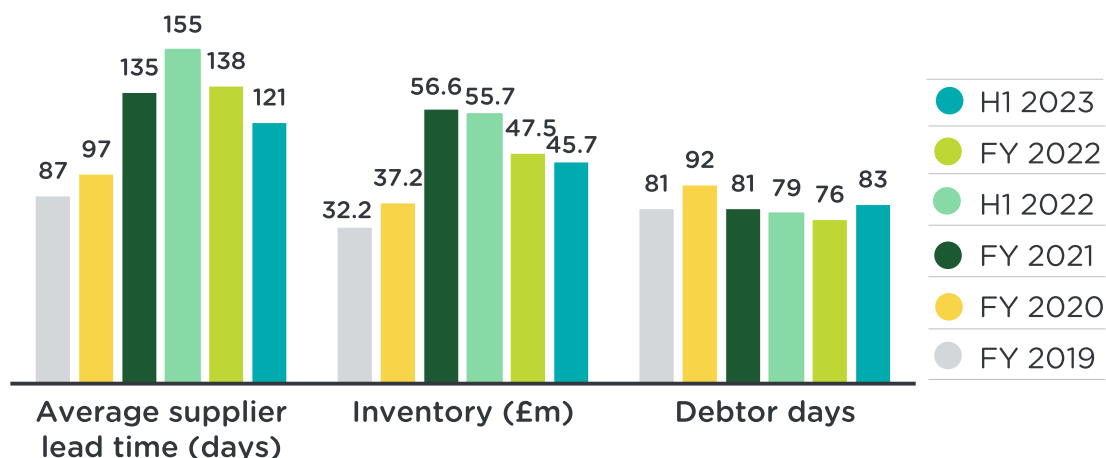
- Strong gross profit driver momentum continued from H2 2022 to H1 2023
- Expect the trend to continue in the second half of 2023
- Business model beginning to return to through the cycle returns
- Improvement in gross margin to **39.4%** driven by:
 - Cost deflation
 - Stronger product mix versus comparators

Adjusted Operating Profit vs H1 2022 (£m)

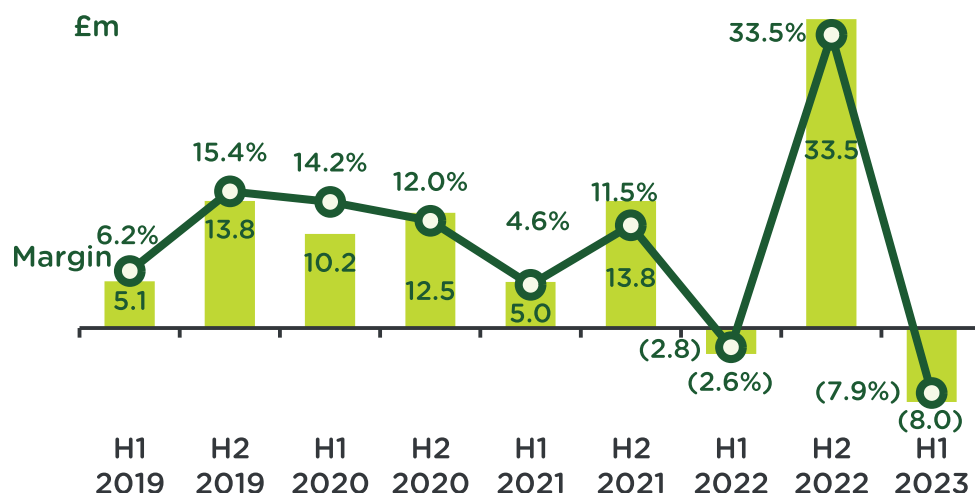


Strong underlying trend of working capital management continues, balance sheet now returned to pre-customer destocking levels

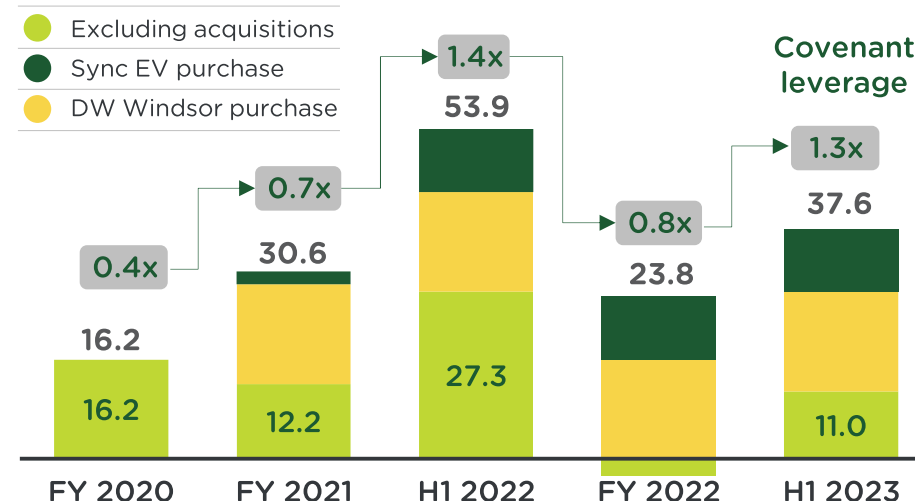
Working capital management



Adjusted Free Cash Flow by half year



Covenant Net Debt / (Cash) (£m)



- Recovery from pre-pandemic destocking meant working capital in H1 2023 returned to normal operating levels.
- Temporary free cash outflow in H1 2023, expect cash generation to improve in H2 2023
- Accounts receivable was a £11.0m outflow in H1 2023 as it normalised in the period – a key driver for the £8.0m free cash outflow
- Interest rate swaps in place
- Balance sheet in good shape and Covenant Net Debt : EBITDA still at the lower end of the target range of 1-2x

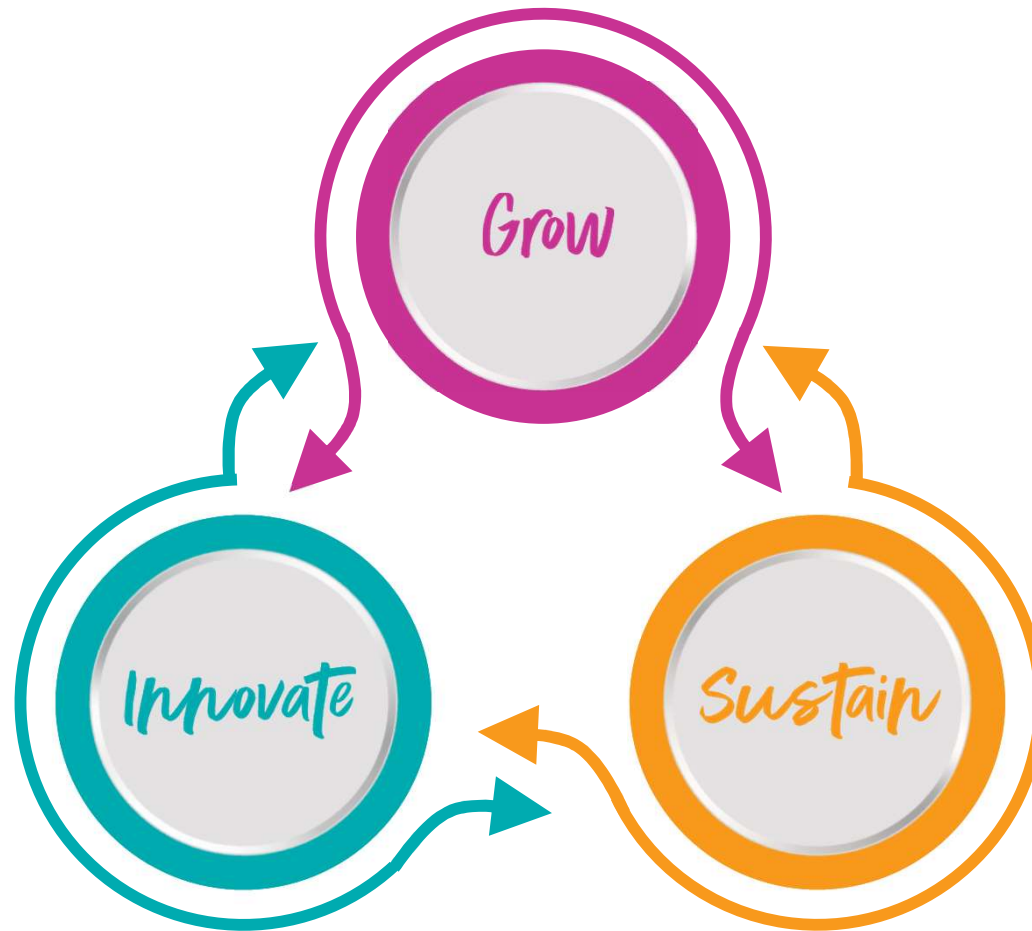
LUCECO

BUSINESS REVIEW

JOHN HORNBY
CEO

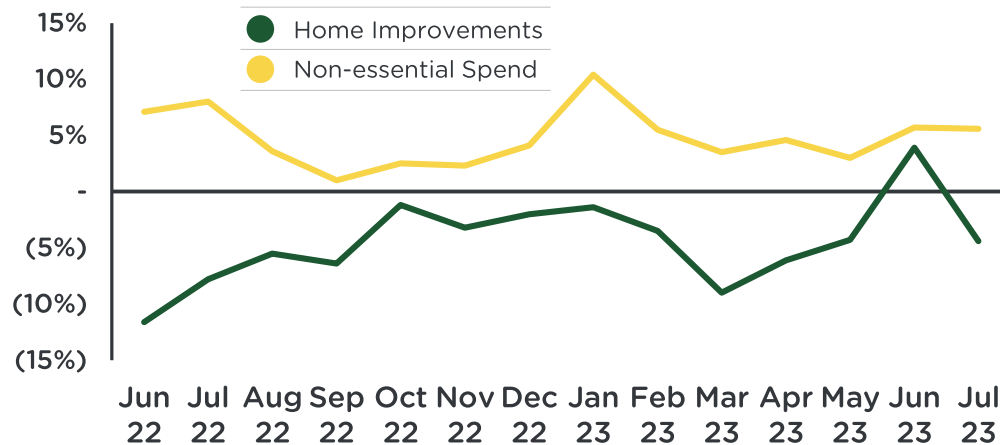


Business Review

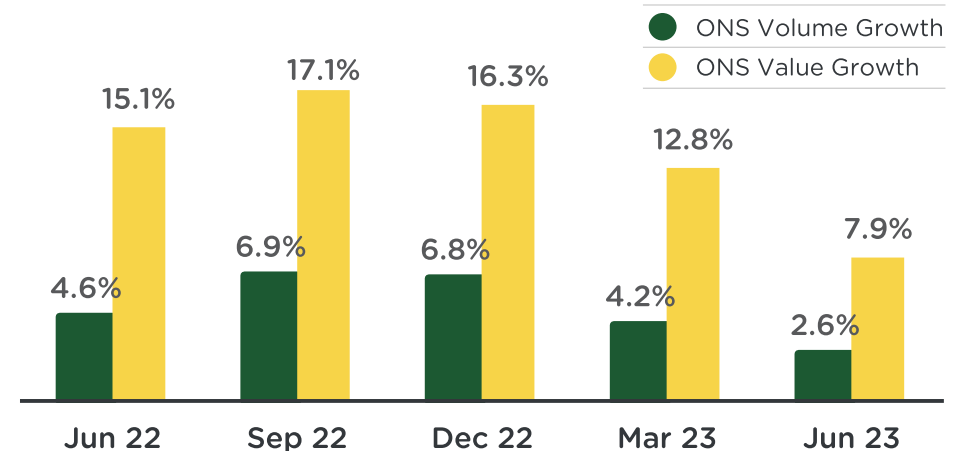


Market growth

Barclays Consumer Spending Year-on-Year



Quarterly Construction Growth Year-on-Year



Addressable Market Forecast

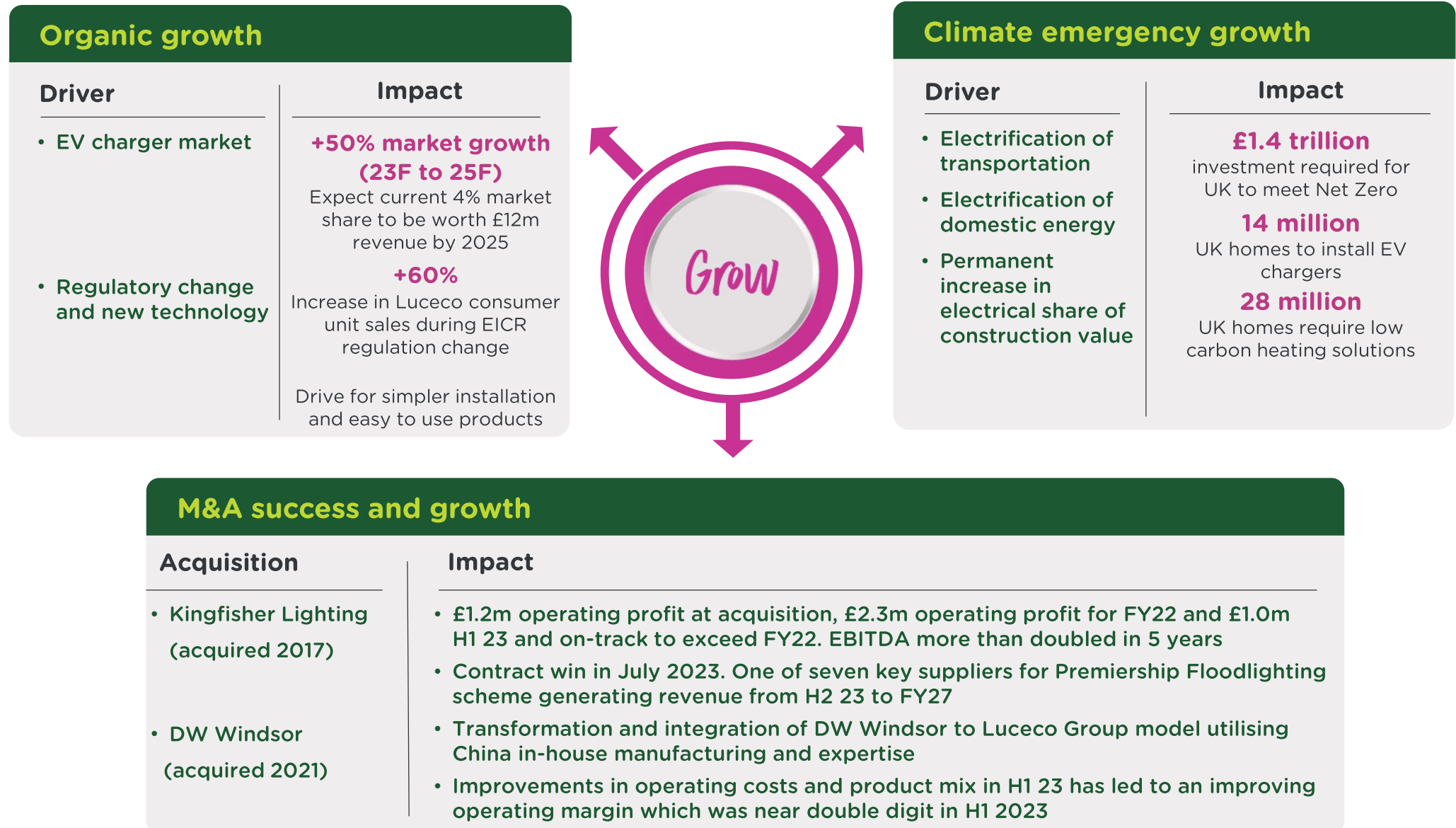
Market volume change	% of Group revenue ¹	UK Forecast FY23 ²
Residential RMI	55%	-8.0%
New Residential Housing	5%	-18.5%
Non-residential RMI	20%	-0.8%
New Infrastructure	20%	-0.5%
Addressable market forecast	100%	-5.6%

1. Like-for-like weighting excluding acquisitions and closures

2. Company estimates using data from the Construction Products Association

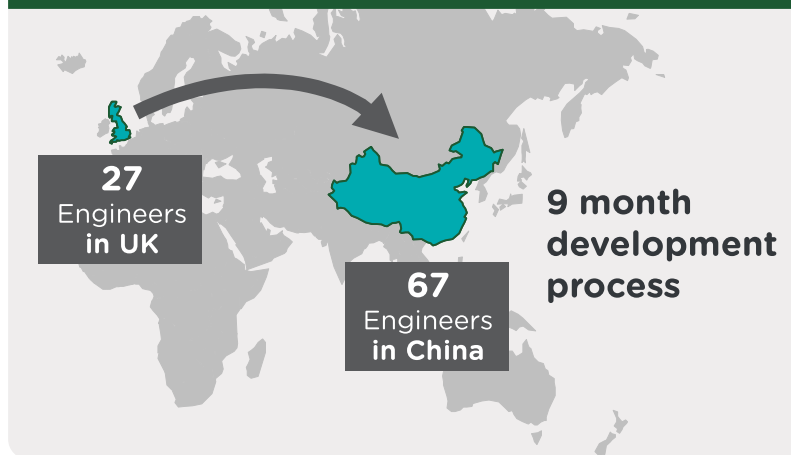
- DIY home improvement spend lagging non-essential spend
- Construction volumes have so far remained robust
- Construction values reducing with inflation
- Market output forecast to have reduced 5.6% by the end of 2023
- Order book indicates Luceco will outperform addressable markets in 2023

Grow: Clear path for growth established



Innovate: Strong pipeline of low risk, high impact innovation projects

Product development



Recent focus areas

Kingfisher Lighting

DW Windsor

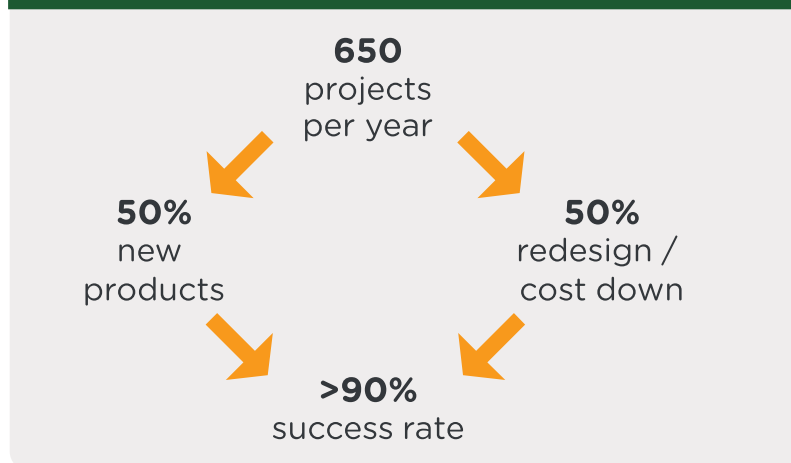
Residential EV

Packaging reduction

Commercial EV



Activity



Future focus areas

Green Home

3-Phase supply

Commercial EV opportunities

Sustain: Sustaining our long-term progress by focusing on Customers, Climate and People

Customers

- **Renewed investment in contractor training:**
 - Recognition of the next generation via Top 30 Under 30 Awards; >1,000 applicants
 - >100 nationwide training seminars
 - Luceco Academy training portal launched; used by c.10,000 contractors in 2022



LUCECO ACADEMY

Climate

- Now operationally carbon neutral
- Committed to SBTi in July 2022 and received improved rating from CDP during H1 2023
- Continue to develop strategy with key customer and suppliers to push towards our SBTi goals



People

7.5%
median pay rise in 2022, 10% for lowest paid

c.4,000
employee training sessions completed in 2022

LUCECO

OUTLOOK

JOHN HORNBY
CEO



Market Outlook

Residential RMI – DIY (c.30% of Group)

Indicators		Overall
Barclays Consumer Spending Index – Q2 Home Improvement Growth	-2.2%	
Housing Transactions – Q2 23 vs Q2 22	-22.1%	

Residential RMI & New – Pro (c.30% of Group)

Indicators		Overall
CPA 2023 Forecast – Residential RMI	-8.0%	
FMB State of Trade Survey – Contractor enquiries	+6	

Non-residential RMI (c.20% of Group)

Indicators		Overall
CPA 2023 Forecast – Non-residential RMI	-0.8%	
RIBA Future Trends Index – Architects workloads	+1	

Infrastructure (c.20% of Group)

Indicators		Overall
CPA 2023 Forecast – Infrastructure	-0.5%	
Purchasing Managers Index – Activity reducing if less than 50	43.0	

Outlook

- Despite ongoing weakness in our core markets, we have made further progress since the July trading update and we now expect full year 2023 adjusted operating profit to show clear progress on last year. This is above the current range of market expectations
- Long term market drivers intact with slower Residential RMI market as expected
- We expect to see further gross margin improvement in H2 as freight and material costs continue to subside but UK wage inflation a headwind
- Comparatives become easier as the year progresses and historically H2 is stronger
- We remain mindful of the uncertain macroeconomic environment and the potential impact it may have on our markets in 2024

Well positioned to progress as market conditions improve



LUCECO

Q&A

JOHN HORNBY
CEO

WILL HOY
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 (incl. EV chargers)

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 compelling financial outcomes sustainably**

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 and Mexico**
- **c. 1,600 employees worldwide**

Performance by segment H1 2023

Wiring Accessories

Revenue growth **+13%**
Profit growth **-10%**

41%

of Group revenue

#2 in UK



nexus

LED Lighting

Revenue growth **-7%**
Profit growth **+58%**

37%

of Group revenue

Top 10 in UK

LUCECO



DW Windsor

Portable Power

Revenue growth **-24%**
Profit growth **-25%**

22%

of Group revenue

#1 in UK



SYNC

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 ¹	41%
Revenue 3-year CAGR % ²	2%
Operating margin ¹	17%
Product categories	Switches and sockets, Circuit protection, Weatherproof, Junction boxes, Cable management

1. H1 2023

2. 2019 to 2022 in constant currency





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

What we sell

LED lighting - Luceco



UK market size	c £700 m
Established	2013
UK market position / approx market share	Top 10 / 4%
LED Revenue as % of Group total ^{1,3}	37%
Revenue 3-year CAGR % ^{2,3}	14% (4% organic)
Operating margin ^{1,3}	5%
Product categories	Residential interior, Residential exterior, Commercial interior, Commercial exterior, Work & site lighting

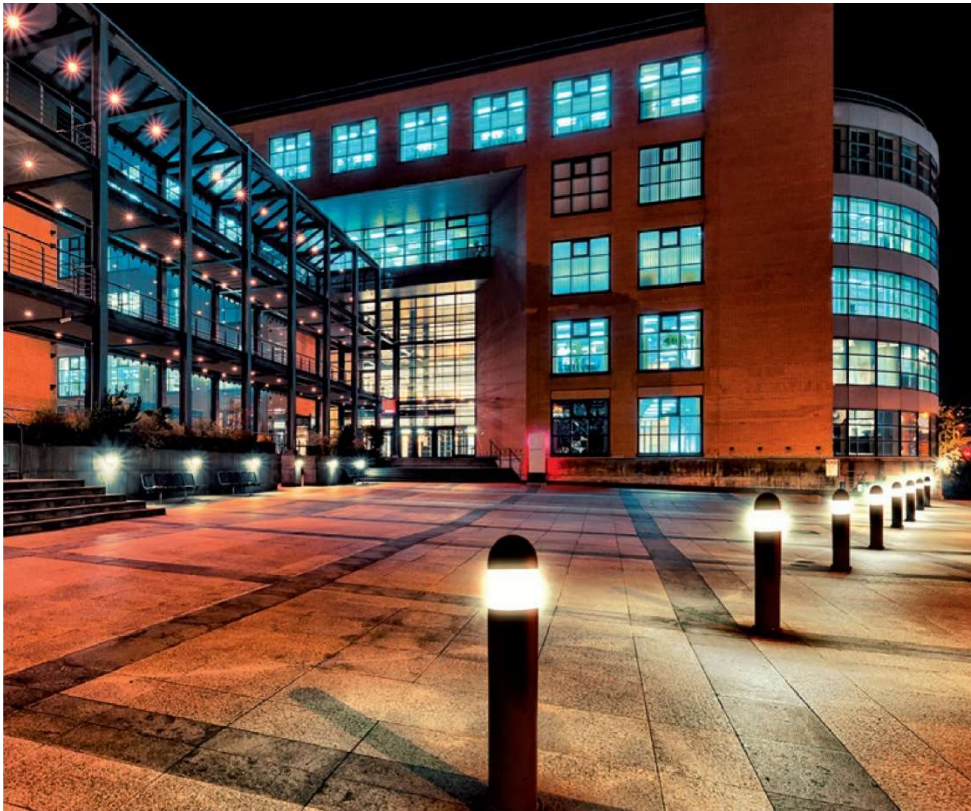
1. H1 2023

2. 2019 to 2022 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%
LED Revenue as % of Group total ^{1,3}	37%
Revenue 3-year CAGR % ^{2,3}	14% (4% organic)
Operating margin ^{1,3}	5%
Product categories	Private realm exterior lighting

1. H1 2023

2. 2019 to 2022 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	UK #4 / 13%
LED Revenue as % of Group total ^{1,3}	37%
Revenue 3-year CAGR % ^{2,3}	14% (4% organic)
Operating margin ^{1,3}	5%
Product categories	Public realm exterior lighting

1. H1 2023

2. 2019 to 2022 in constant currency

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

What we sell

Portable Power – Masterplug and BG Sync EV



UK market size	c £250m
Established ³	1988
UK market position / approx market share ³	UK #1 / 40%
Revenue as % of Group total ¹	22%
Revenue 3-year CAGR % ²	2% (-1% organic)
Operating margin ¹	8%
Product categories	Extension leads, Cable reels, Adaptors and accessories, EV Chargers

1. H1 2023

2. 2019 to 2022 in constant currency

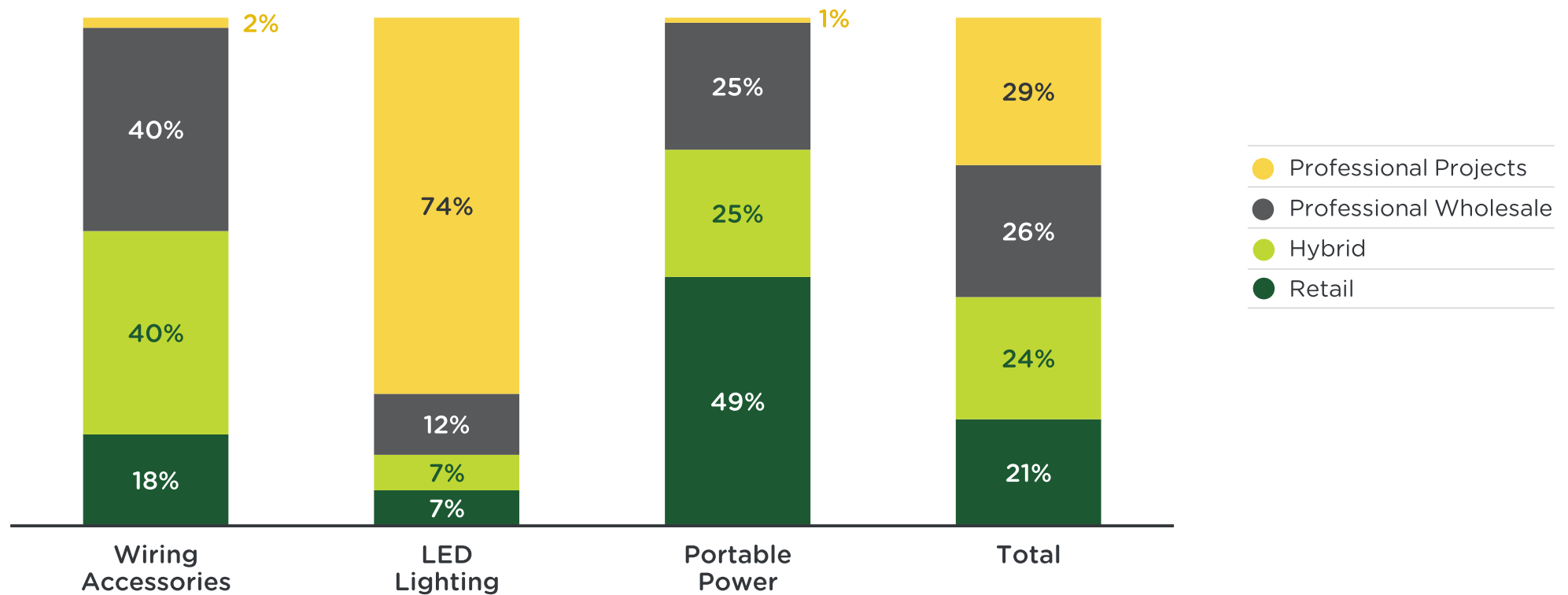


Who we sell to

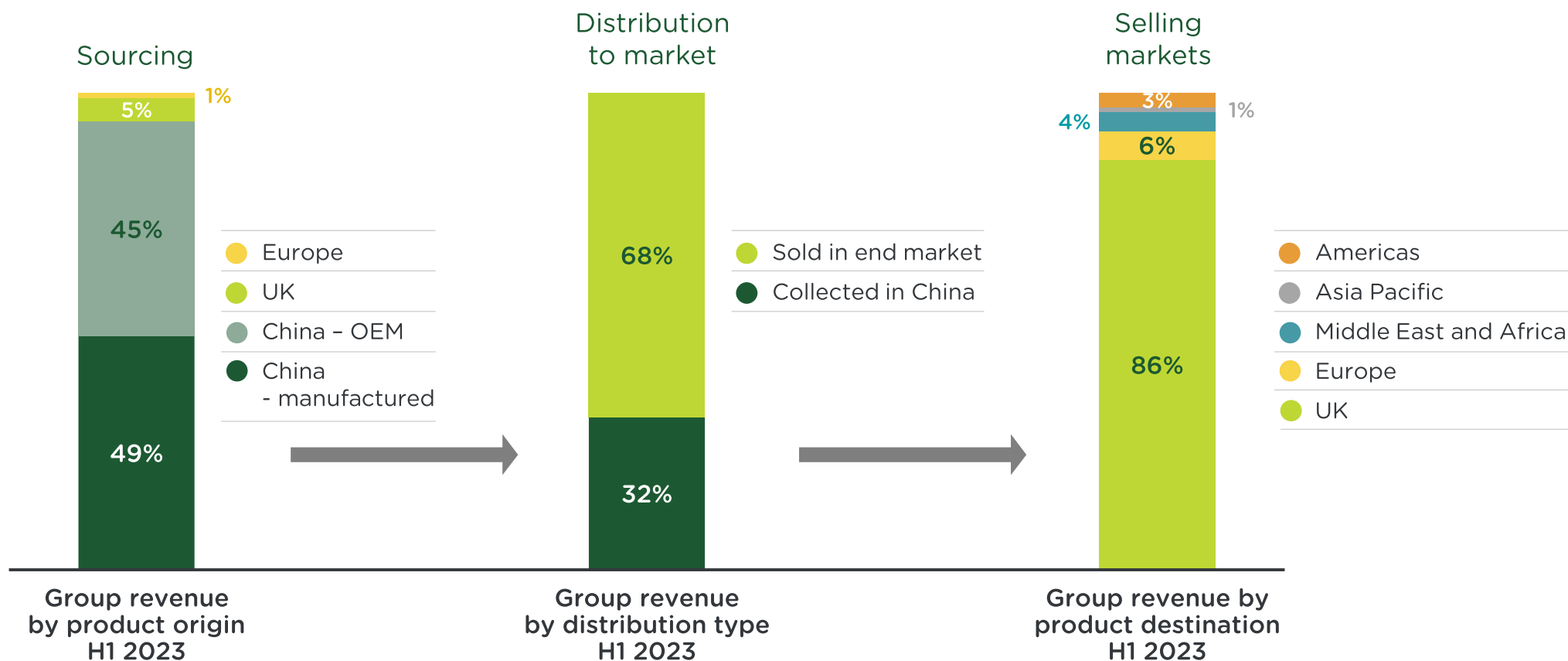
Sales channel	Description	Example customers
Retail 21% of revenue	DIY chains Pure play online Retail grocers	      
Hybrid 24% of revenue	Chains selling to both professionals and consumers	 
Professional Wholesale 26% of revenue	Chains selling to professionals only	    
Professional Projects 29% of revenue	Sale agreed direct with professionals	Electrical and general contractors Design & Build Contractors Architects Lighting designers Housebuilders

Who we sell to

Product segmental sales by sales channel (as % of total) - H1 2023



Where we operate



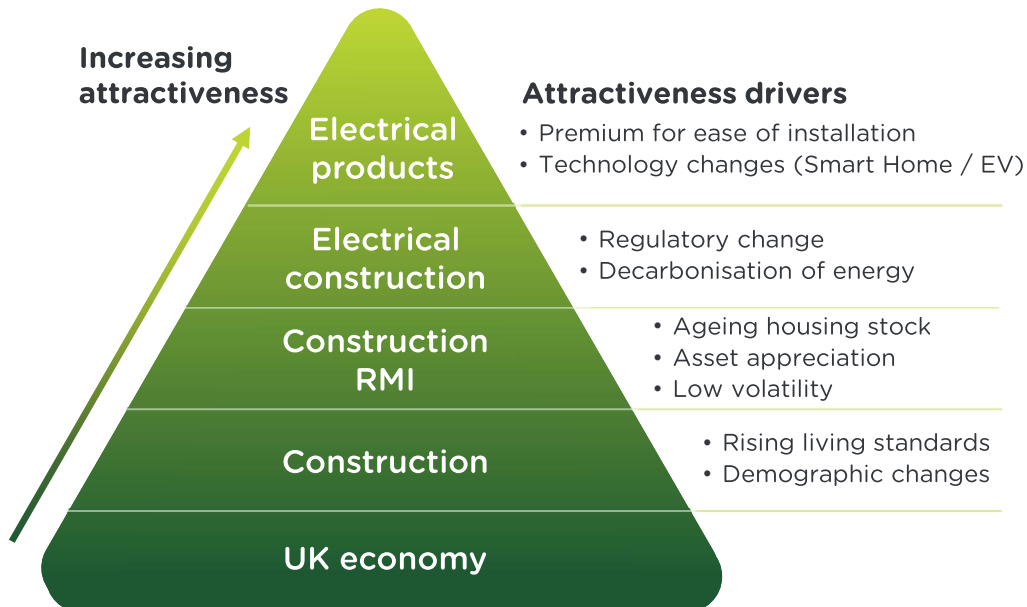
Three reasons to invest

01 We operate in attractive markets

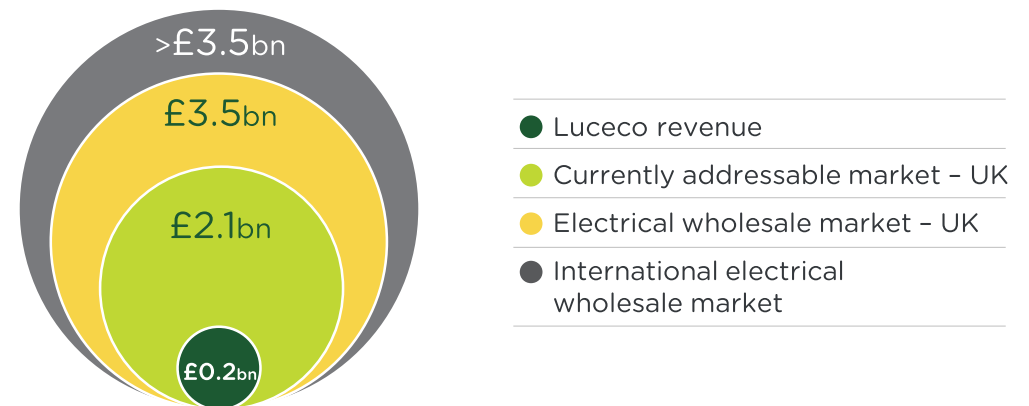
Strong positions . . .

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 and 2022

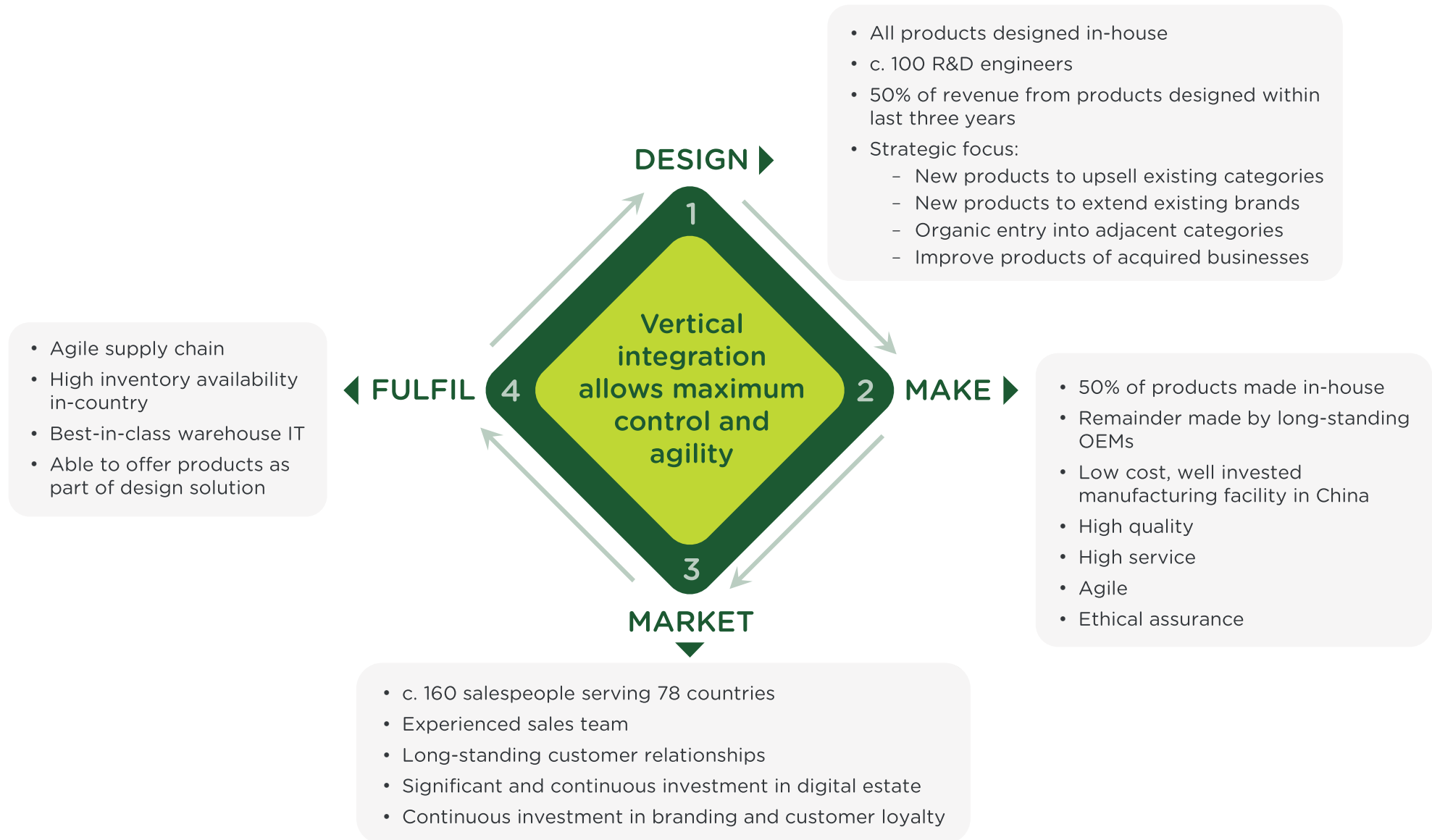
Joined CDP in 2021

Joined SBTi 2022

£100m
of **revenue from low carbon products by 2025** (2022: £78m)

Three reasons to invest

02 We have an advantaged business model



Three reasons to invest

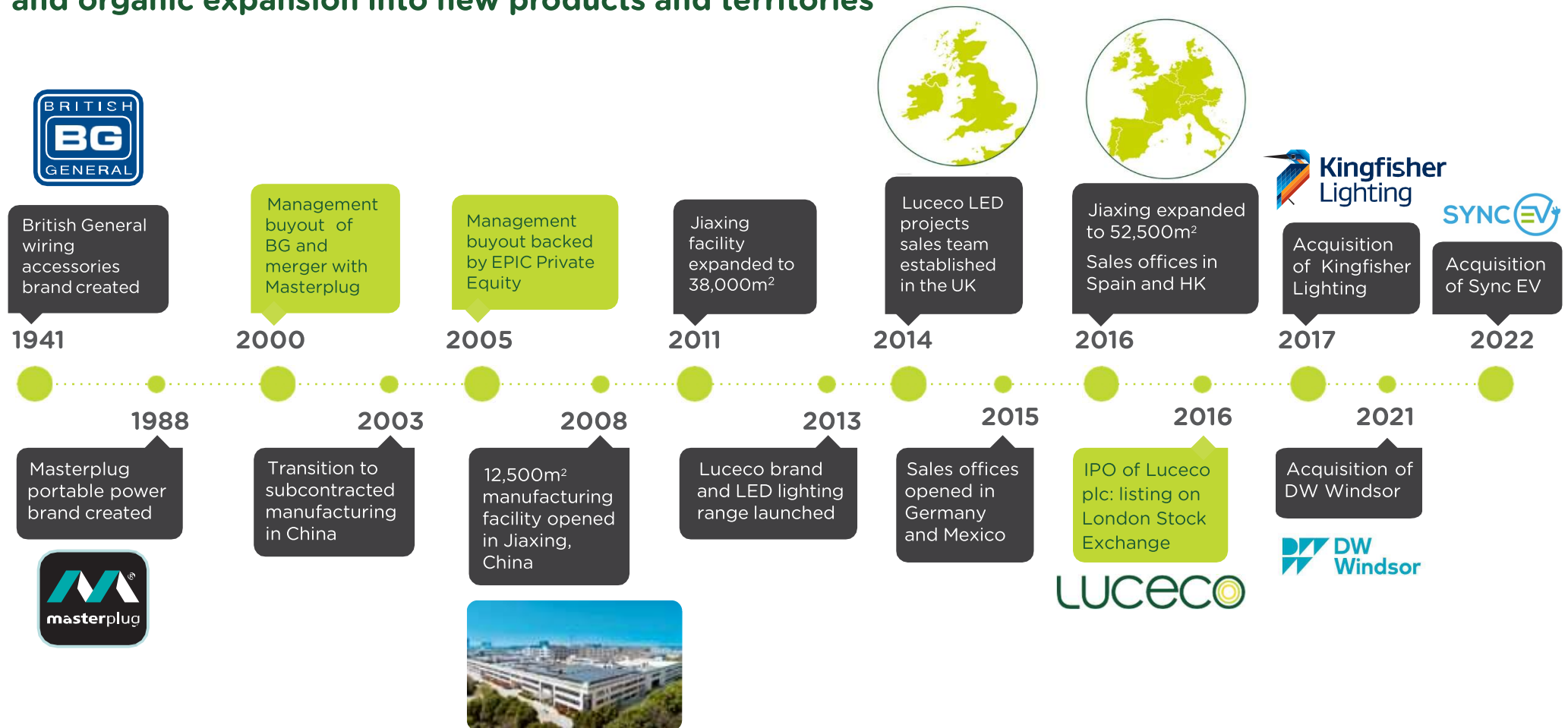
03 We deliver compelling financial outcomes

Component	Metric	Target ¹	2020 Results	2021 Results	2022 Results
Revenue	Total revenue growth	>5%	2.4%	29.5%	(9.6)%
Profit	Adjusted Operating Margin %	12% to 15%	17.0%	17.1%	10.7%
Cash	Adjusted Operating Cash Conversion %	>100%	113.7%	89.7%	198.6%
Dividends	Earnings payout ratio	40% to 60%	40.0%	40.0%	41.4%
Capital structure and Returns	Return on Capital Invested %	>20%	35.7%	36.4%	18.2%
	Covenant Net Debt : Covenant EBITDA	1.0x to 2.0x	0.4x	0.7x	0.8x

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

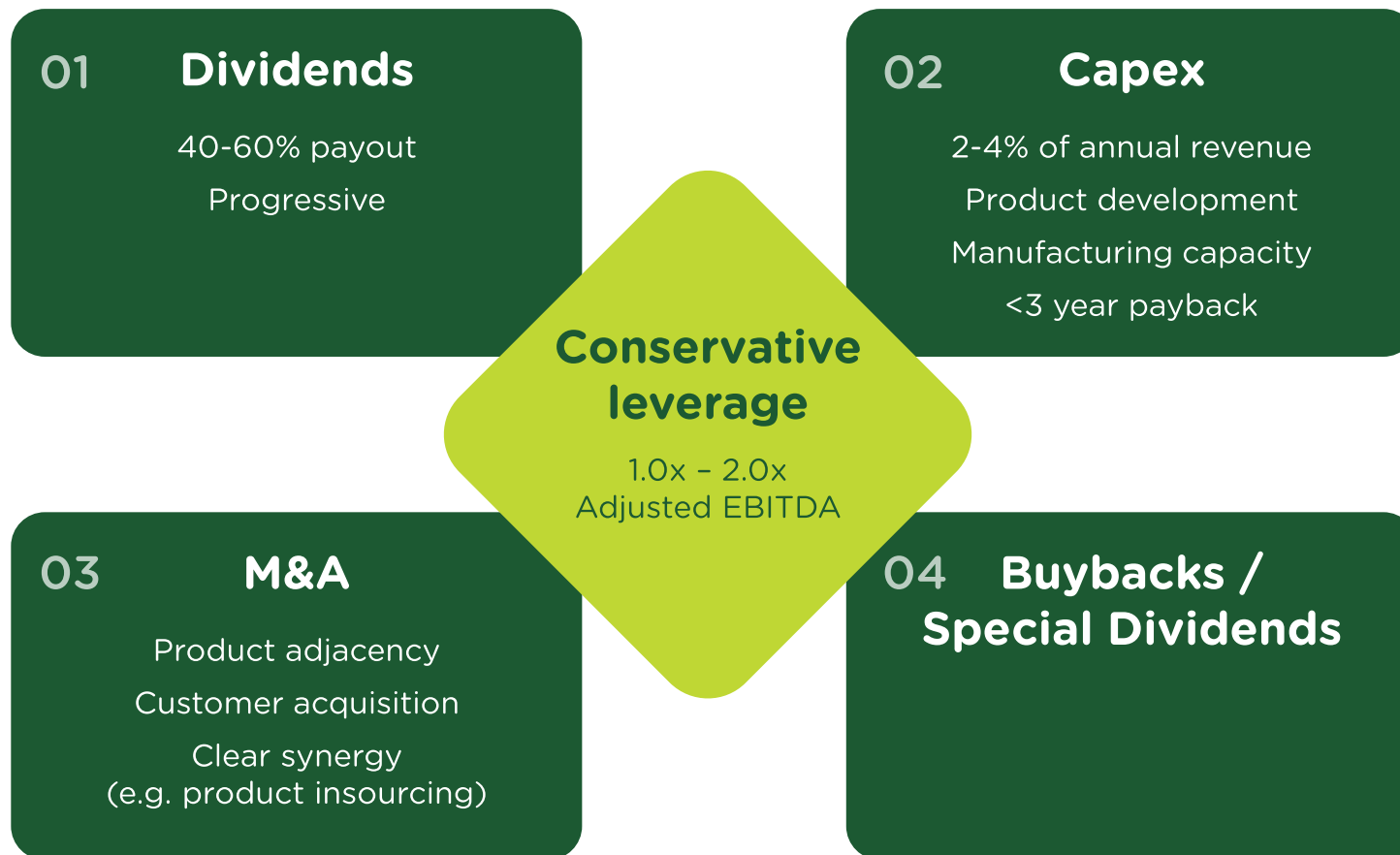
Group history

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



Corporate events

Capital allocation policy



2013 to 2022 financials

Adjusted metrics

Income Statement

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	65.6	82.3	103.1	133.7	167.6	163.9	172.1	176.2	228.2	206.3
<i>Growth %</i>		25.5%	25.3%	29.7%	25.4%	(2.2%)	5.0%	2.4%	29.5%	(9.6)%
Gross Profit	18.3	25.1	33.8	40.5	48.4	50.6	62.3	70.2	84.7	74.3
<i>Gross Margin %</i>	27.9%	30.5%	32.8%	30.3%	28.9%	30.9%	36.2%	39.8%	37.1%	35.8%
Overheads	(12.4)	(16.7)	(16.7)	(26.0)	(33.7)	(42.1)	(44.3)	(40.2)	(45.7)	(52.3)
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0	22.0
<i>Operating Margin %</i>	9.0%	10.2%	11.2%	10.8%	8.8%	5.2%	10.5%	17.0%	17.1%	10.7%
Net finance expense	(3.7)	(2.9)	(3.2)	(2.8)	(1.9)	(2.2)	(2.2)	(1.3)	(1.6)	(2.6)
Profit Before Tax	2.2	5.5	8.3	11.7	12.8	6.3	15.8	28.7	37.4	19.4
Taxation	(0.9)	(1.0)	(2.5)	(2.5)	(2.3)	(1.7)	(3.7)	(4.7)	(6.2)	(2.2)
<i>Effective tax rate %</i>	40.9%	18.2%	30.1%	21.4%	18.0%	27.0%	23.4%	16.4%	16.6%	11.3%
Profit After Tax	1.3	4.5	5.8	9.2	10.5	4.6	12.1	24.0	31.2	17.2
Basic EPS (p)	n/a	n/a	n/a	6.4	6.5	2.9	7.7	15.5	20.2	11.1

2013 to 2022 financials continued

Adjusted metrics

Balance Sheet

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹	2022
Fixed assets	22.4	24.6	27.5	33.5	47.2	44.8	42.6	43.9	69.4	70.5
Inventory	14.0	23.8	26.2	35.4	44.2	32.8	32.2	37.2	56.6	47.5
Trade receivables	10.5	17.1	20.4	26.5	33.4	39.5	42.8	70.1	67.9	50.4
Trade payables	(13.2)	(21.8)	(23.1)	(35.4)	(49.6)	(26.7)	(22.1)	(39.7)	(38.8)	(24.2)
Net working capital	11.3	19.1	23.5	26.5	28.0	45.6	52.9	67.6	85.7	73.7
Other assets and liabilities	(1.8)	(1.5)	(1.8)	2.3	1.5	(17.0)	(21.0)	(22.8)	(29.3)	(28.1)
Capital invested	31.9	42.2	49.2	62.3	76.7	73.4	74.5	88.7	125.8	116.1
Net debt	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)	(29.4)
Net assets	(7.5)	(2.5)	2.5	32.8	40.0	41.2	47.1	70.4	87.7	86.7
Non-recourse factoring					9.0	12.4	5.0	-	-	-
Capital invested including factored receivables	31.9	42.2	49.2	62.3	85.7	85.8	79.5	88.7	125.8	116.1
Return on Capital Invested					19.9%	9.9%	21.8%	35.7%	36.4%	18.2%

1. 2021 has been restated for the finalisation of acquisition accounting for DW Windsor

2013 to 2022 financials continued

Adjusted metrics

Cash flow statement

£m	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Profit	5.9	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0	22.0
Depreciation & amortisation	1.4	1.9	2.6	3.2	4.4	6.5	7.9	6.1	6.7	7.1
EBITDA	7.31	0.3	14.1	17.7	19.1	15.0	25.9	36.1	45.7	29.1
Working capital	0.4	(8.8)	(5.8)	(11.3)	1.4	0.9	1.3	(2.0)	(10.7)	14.6
Operating Cash Flow	7.7	1.5	8.3	6.4	20.5	15.9	27.2	34.1	35.0	43.7
Capital expenditure	(2.6)	(3.6)	(5.3)	(7.6)	(10.0)	(4.7)	(3.6)	(4.4)	(6.4)	(5.6)
Interest paid	(2.8)	(3.6)	(3.5)	(3.0)	(1.9)	(2.2)	(2.1)	(1.3)	(1.7)	(2.7)
Tax paid	(0.6)	-	(1.0)	(1.3)	(3.1)	(1.3)	(2.6)	(5.7)	(8.1)	(4.7)
Free Cash Flow	1.7	(5.7)	(1.5)	(5.5)	5.5	7.7	18.9	22.7	18.8	30.7
<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>	<i>14.9%</i>
Acquisitions / Associate investment	—	—	—	—	(9.7)	—	—	—	(18.4)	(7.8)
Dividends	—	—	—	—	(1.8)	—	(1.9)	(4.9)	(11.2)	(10.9)
IPO proceeds / (share purchases)	—	—	(1.4)	24.3	(1.2)	—	(2.9)	(2.7)	(1.3)	(2.4)
IFRS 16 adoption impact / new leases	—	—	—	—	—	—	(3.1)	(1.0)	(5.4)	(0.8)
Factoring repayment / Adjusting items	—	0.4	0.9	(1.6)	—	(3.2)	(6.2)	(5.0)	(2.3)	(0.1)
Movement in net debt	1.7	(5.3)	(2.0)	17.2	(7.2)	4.5	4.8	9.1	(19.8)	8.7
Net debt b/f	(41.1)	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)
Net debt c/f	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)	(29.4)
Covenant Net Debt: Covenant EBITDA	5.4	4.3	3.3	1.7	1.9	2.1	0.9	0.4	0.7	0.8

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