



2023 Full Year Results

March 2024

www.lucecoplc.com

BRINGING POWER TO LIFE

LUCECO  plc

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 consolidated financial statements

Highlights

Revenue

£209.0m

+1.3%
vs 2022

Operating profit

£22.2m

+62.0%
vs 2022

Adjusted
Operating Profit

£24.0m

+9.1%
vs 2022

Adjusted
Operating Margin

11.5%

+0.8ppts
vs 2022

Adjusted
Free Cash Flow

£18.0m

-£12.7m
vs 2022

Covenant
Net Debt Ratio

0.6x

-0.2x
vs 2022

Adjusted EPS

11.1p

-
vs 2022

Dividend

4.8p

+0.2p
vs 2022

Highlights (continued)

- **Innovation and channel mix aiding growth, markets challenging:**
 - Secured market share gains and revenue growth despite weak markets
 - Performance supported by our key strategic positions in Hybrid channel
 - Outstanding growth in our LED Lighting projects
 - Channel and product mix improvement driving Gross Margin %
 - EV revenue growth of c.44%, strong pipeline of EV related products
- **Strong free cash flow of £18.0m and acquisition of D-line for £8.6m**
 - Strong FCF in 2023 despite purchase of new £2.5m distribution facility
 - Last four years free cash generation of £90m
 - Earnings enhancing acquisition of D-Line for £8.6m (plus contingent consideration of £3.8m)



Financial Review

Will Hoy
CFO



Income statement

Adjusted £m	2023	2022	Change (%)
Revenue	209.0	206.3	+1.3%
Gross profit	82.3	74.3	+10.8%
Gross margin %	39.4%	36.0%	+3.4ppts
Overhead costs	(58.3)	(52.3)	+11.5%
Operating profit	24.0	22.0	+9.1%
Operating margin %	11.5%	10.7%	+0.8ppts
Net finance expense	(2.8)	(2.6)	+7.7%
Profit before tax	21.2	19.4	+9.3%
Tax	(3.9)	(2.2)	+77.3%
Profit for the period	17.3	17.2	+0.6%
Basic EPS (p)	11.1	11.1	—

- **Revenue of £209.0m:**

- 1.7% like for like growth despite challenging market conditions
- Hybrid and Professional projects particularly strong in the year

- **Gross margin of 39.4%:**

- Gross margin normalising despite headwind from FX
- Easing of material prices, freight and duty costs since post-COVID highs

- **Overheads of £58.3m (increase of £6.0m):**

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

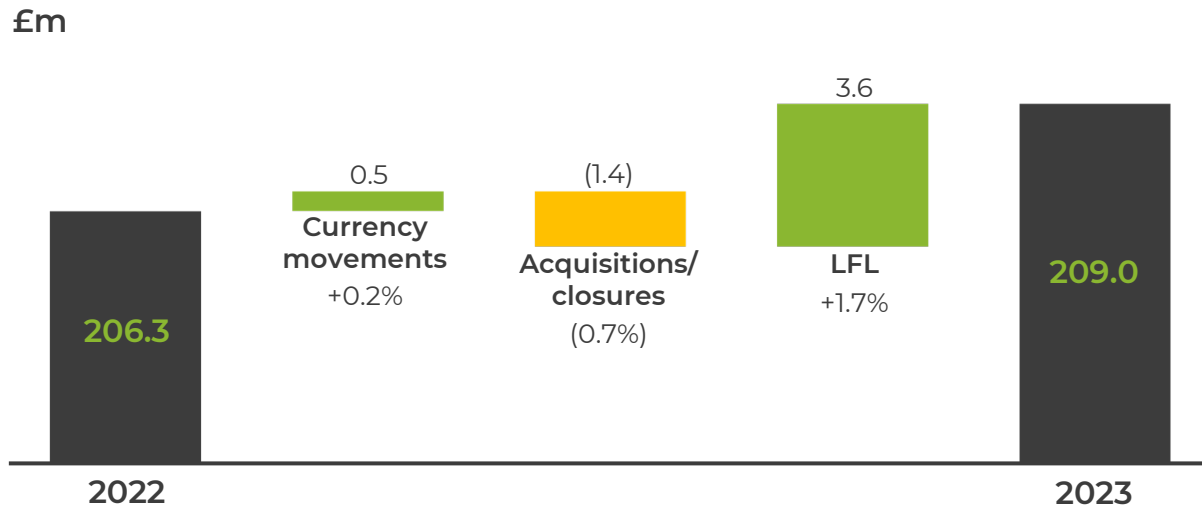
- **Adjusted Operating Profit of £24.0m:**

- 9% ahead of the prior year, margin +0.8ppts

- **Adjusted EPS of 11.1p**

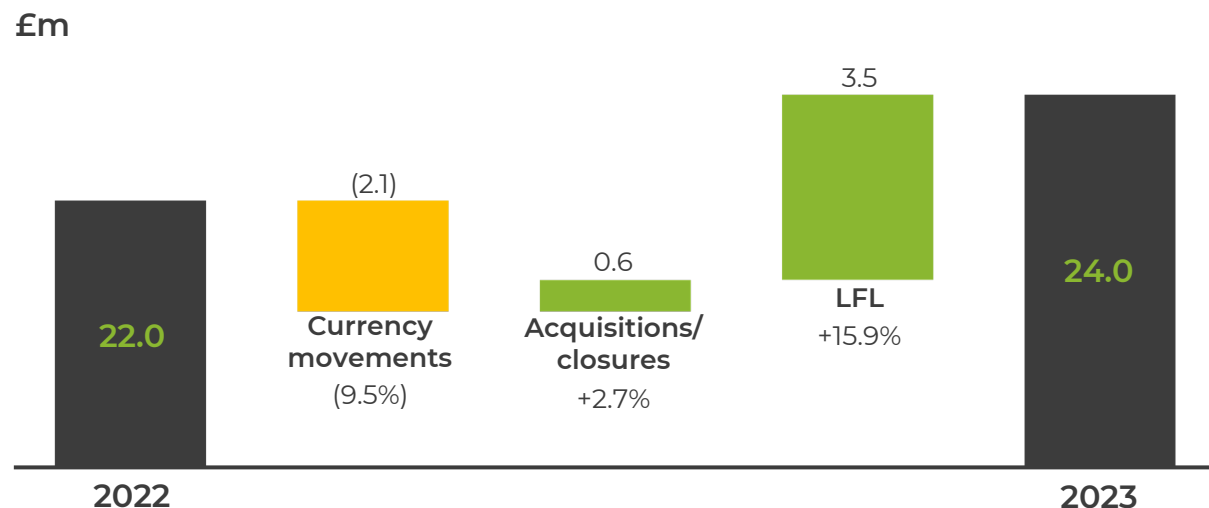
- UK tax rate increase in 2023 impacting overall EPS

Revenue bridge



- **Revenue increase of 1.3%**
 - Like-for-like increase of 1.7%
 - Acquisitions/closures change due to closure of Germany in 2022
- **Currency favourable for USD revenue in year:**
 - However, headwind for operating profit due to movement in RMB
- **Revenue by channel highlights:**
 - Hybrid and Professional Projects grew strongly in the year
 - Normalisation of stocking levels has returned
 - Retail declined but largely due to higher destocking of Portable Power products

Adjusted Operating Profit bridge



- **Strong underlying operating profit improvement**

- Like-for-like increase of 15.9%
- Driven by returning efficiency in factory and lower material and freight costs

- **Currency headwinds in 2023**

- 9.5% headwind from currency in 2023
- 2024 rates more helpful so far

- **Operating cost leverage**

- Operating margin of 11.5% in 2023 which is up by 80 basis points on the prior year

Improving momentum in 2023

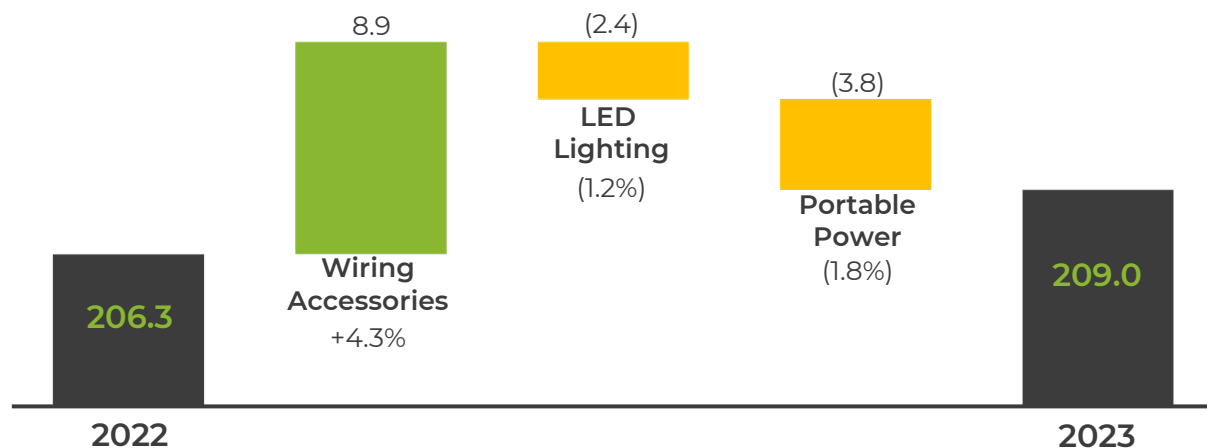
	2022		2023		Change 2023 v 2022	
Adjusted £m	H1	H2	H1	H2	H1	H2
Revenue	106.4	99.9	101.1	107.9	(5.3)	+8.0
Gross profit	36.2	38.1	39.8	42.5	+3.6	+4.4
Gross margin %	34.0%	38.1%	39.4%	39.4%	+5.4ppts	+1.3ppts
Overhead costs	(24.7)	(27.6)	(29.0)	(29.3)	(4.3)	(1.7)
Operating profit	11.5	10.5	10.8	13.2	(0.7)	+2.7
Operating margin %	10.8%	10.5%	10.7%	12.2%	(0.1ppts)	+1.7ppts

- **Strong progression in profitability since H1 2022:**

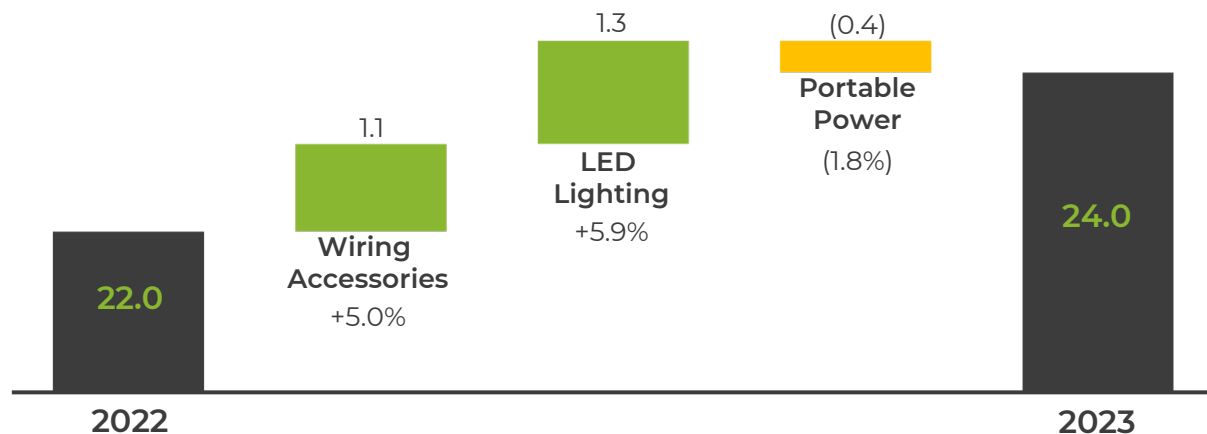
- Each half showing improving trend
- Operating costs rose in response to cost of living increases largely in the UK
- Very strong operating margin in H2 2023 at 12.2% illustrating the strong operating leverage of the business

Operating segment review

Revenue Bridge (£m)



Adjusted Operating Profit Bridge (£m)



• Wiring Accessories

- Strong growth of revenue despite market
- Good operating profit drop-through from additional revenue

• LED

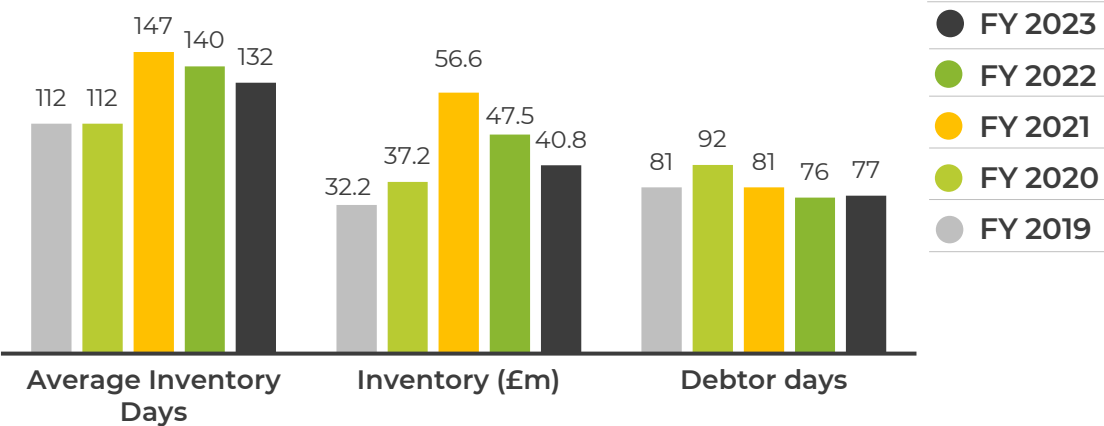
- LED lighting revenue in decline by just 1.2%, reflects exit from Germany
- Growth in Professional Projects channels a highlight

• Portable Power

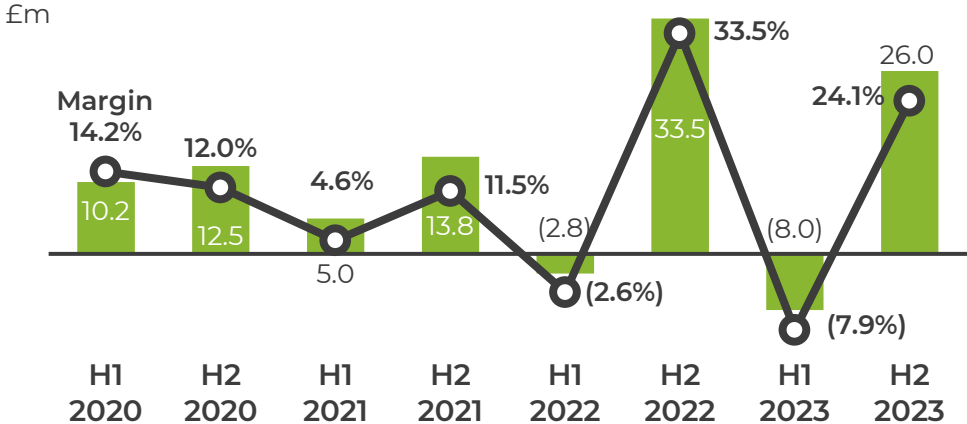
- Most impacted by destocking in 2023
- Portable Power operating margins remains over 9% helped by growing EV sales

Free Cash and Covenant Net Debt

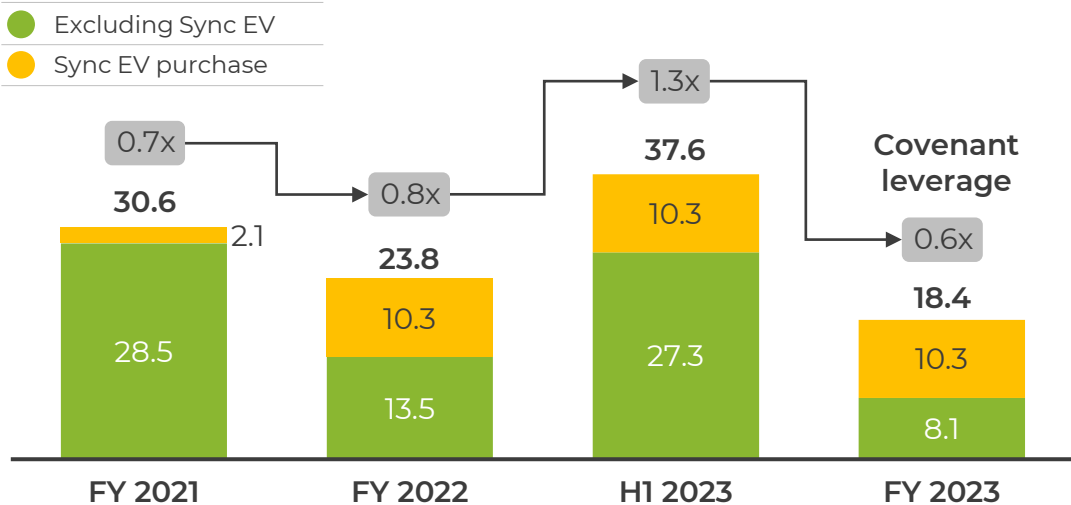
Working capital management



Adjusted Free Cash Flow by half year



Covenant Net Debt / (Cash) (£m)



- Covenant Net Debt significantly below target range of 1-2x at 0.6x
- Inventory days reduced in 2023 as stocks normalised
- Free cash flow generation since 2019 of over £90m
- Significant M&A optionality given strong free cash flow and low net debt

Business Review

John Hornby
CEO

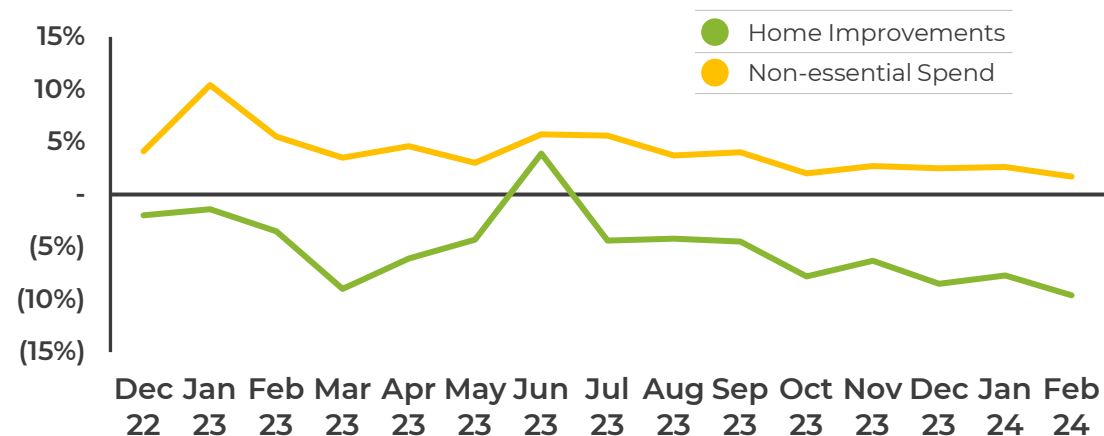
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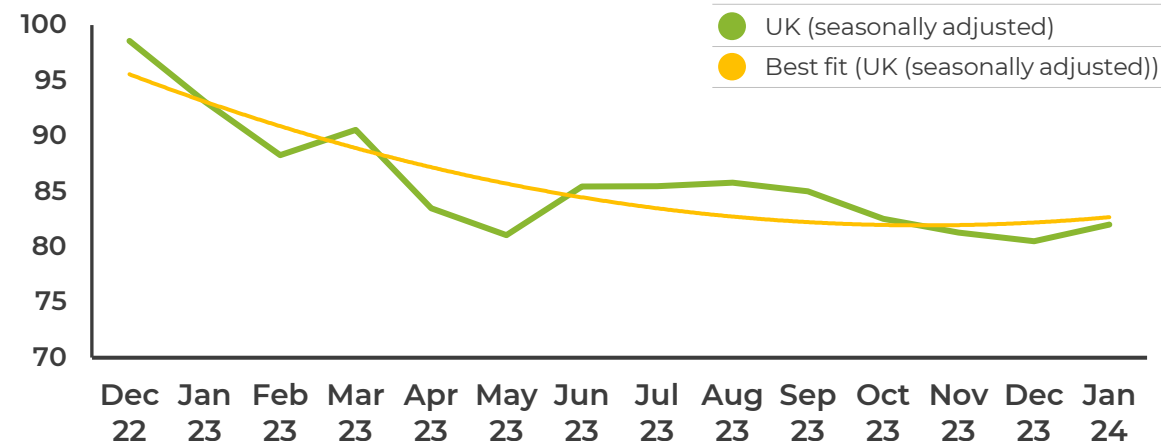


Underlying demand

Barclays Consumer Spending year-on-year



UK residential property transactions ('000s)



Addressable market forecast

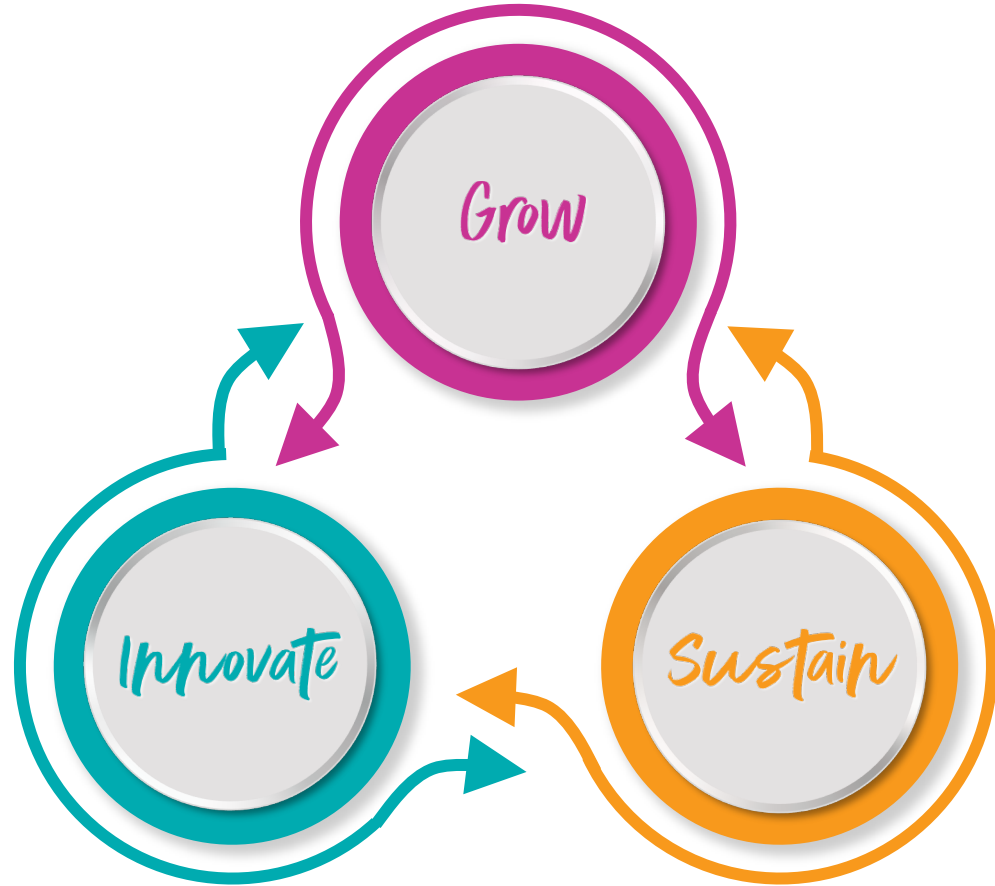
Market volume change	% of Group revenue	UK Forecast FY23 ¹
Residential RMI	60%	-8.0%
New Residential Housing	5%	-17.1%
Non-residential RMI	20%	-0.8%
New Infrastructure	15%	-1.1%
Addressable market forecast	100%	-5.8%

1. Company estimates using data from the Construction Products Association

- DIY home improvement spend lagging non-essential spend
- UK residential property transactions below historic monthly average of 98,000
- Market output forecast to have reduced 5.8% by the end of 2023
- Luceco has **outperformed** addressable markets in 2023, gaining market share through distribution strength and product innovation

Strategic review

Our Strategy



Our purpose

To help people
harness
power
sustainably
in everyday life

Innovate: Functionality our customers need

Why we Innovate

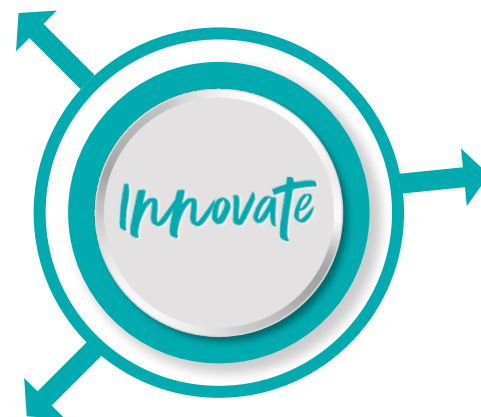
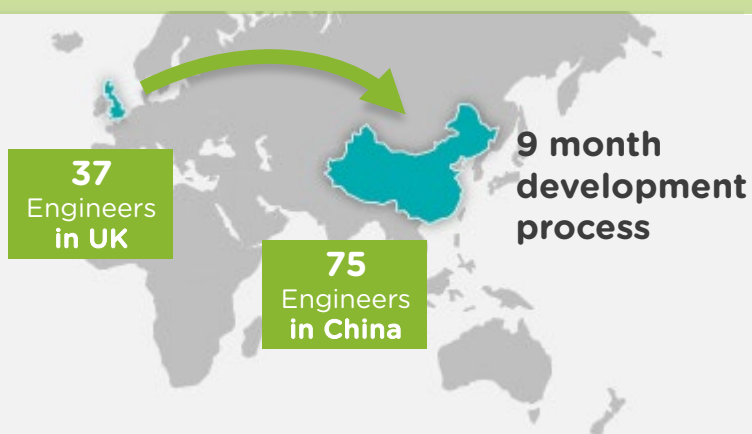
1. Drives growth of the business

- **£13.7m** revenue in 2023 from new products

2. Sustains our competitive advantage

- Developing new low-carbon products

How we Innovate



Key achievements

1. EV Chargers

- Released our second series of EV chargers
- **x3** times faster charging for commercial settings

2. Enhancing core offering

- New F-type downlight range launched

3. DW Windsor synergies

- Integrated back-office support functions and ERP system
- Key commercial ranges now manufactured at our China facility
- **5.4ppts** improvement in gross margin

4. Enhancing our delivery

- Development of specialised interior projects customer services team

Grow: Above market organic growth



Market growth drivers

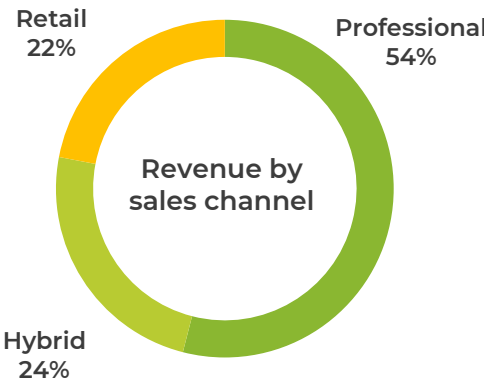
- 1. Regulatory change and new technology**
 - New UK Wiring Regulations every c. 2 years
 - **+60%** Increase in Luceco consumer unit sales during EICR regulation change
 - **5m** additional EV charging vehicles by 2028
- 2. Investment in the built environment**
 - **4 million** UK homes below Decent Homes Standard
- 3. Climate emergency**
 - **£40bn** annual investment required for UK to meet net zero

Our competitive advantage powers above market growth

Strong product development



Enviably market positions

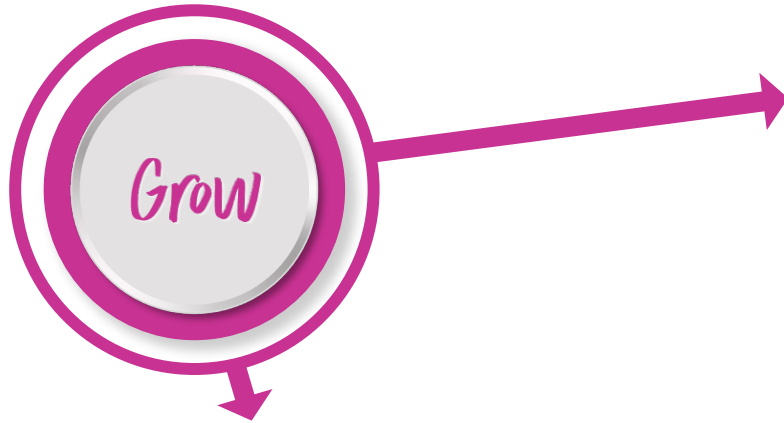


Well invested, expandable brands

Market	Channel	Wiring Accessories		LED Lighting		Portable Power	
		Wiring devices	Circuit protection	Interior	Exterior	Master-plug	EV chargers
Residential RMI	Retail	●	●	●	●	●	●
	Pro	●	●	●	●	●	●
	Hybrid	●	●	●	●	●	●
New Residential Housing	Pro	●	●	●	●		●
Non Residential RMI	Pro	●	●	●	●	●	
	Hybrid	●	●	●	●	●	
Infrastructure	Pro				●		

● Full product offer ● Part range

Grow: Investment and M&A opportunities



eEnergy

- During the year an investment was made with eEnergy Group PLC for £1.7m in November 2023.
- eEnergy Group PLC are based in London, England. The business is a net zero energy services provider.
- Already a significant relationship for our LED Projects Team
- The holding represented 9% of eEnergy at 31 December 2023.

D-Line

- 29 February 2024, acquisition of D-line for £8.6m initial cash consideration and up to £3.8m of contingent consideration
- Supplier of cable management solutions consisting of decorative cable trunking and accessories, fire-rated cable supports, floor cable protector and cable organisers
- The business supplies retail, wholesale and eCommerce customers mainly in the UK, Europe and North America.
- The business supports its customers in North America from a sales and distribution facility in Kentucky, USA.
- For the unaudited 12 month period ended 30 November 2023 D-Line generated revenue of £17.0m and underlying operating profit of £1.4m.



D-Line®

Sustain: Maintaining our competitive advantage

Investing in our business

1. Kingfisher Lighting investment

- **£2.5m** investment to purchase Kingfisher lighting an enhanced manufacturing facility
- **49%** growth in Kingfisher Lighting sales since acquisition

2. Driving further operating leverage

- EV Chargers and key DW Windsor ranges moved to our production facility in China



Investing in people

1. Contractor training and development

- **47** CPD training events held in 2023
- Training extended to include EV chargers
- **Sponsor** of eFIXX 30 under 30 awards

2. Developing our team

- Over **3,000** employee training sessions completed
- Enhanced SIP scheme offered to all UK employees

Operating Sustainably

Carbon neutral operations since 2021

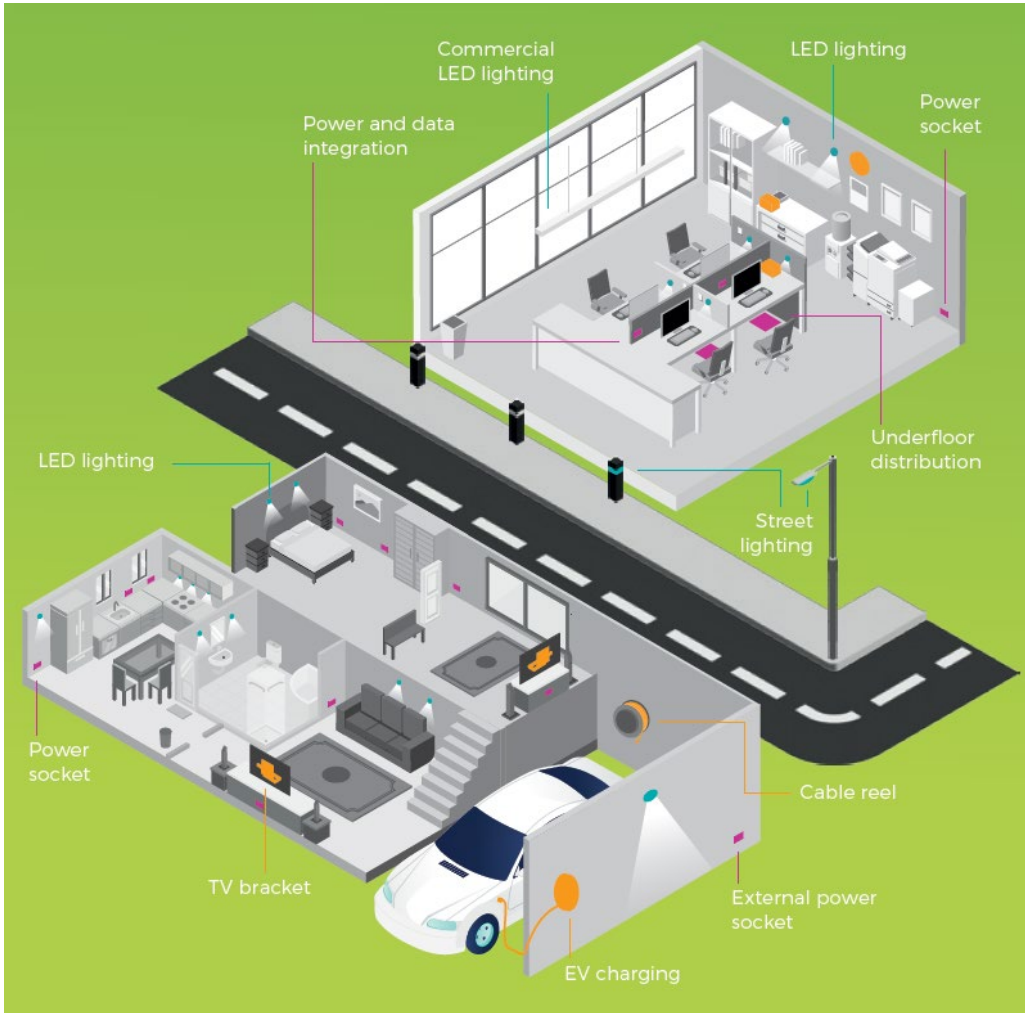
£80m low carbon product sales in 2023

SBTi targets validated

DW Windsor won **Sustainability** Project of the Year



Net zero pathway: Our interconnected strategy



Sustain

- £40bn annual investment required for UK to meet net zero
- Future Homes Standard effective in 2025
- 1 million homes per year to be converted to low carbon electric heating solutions

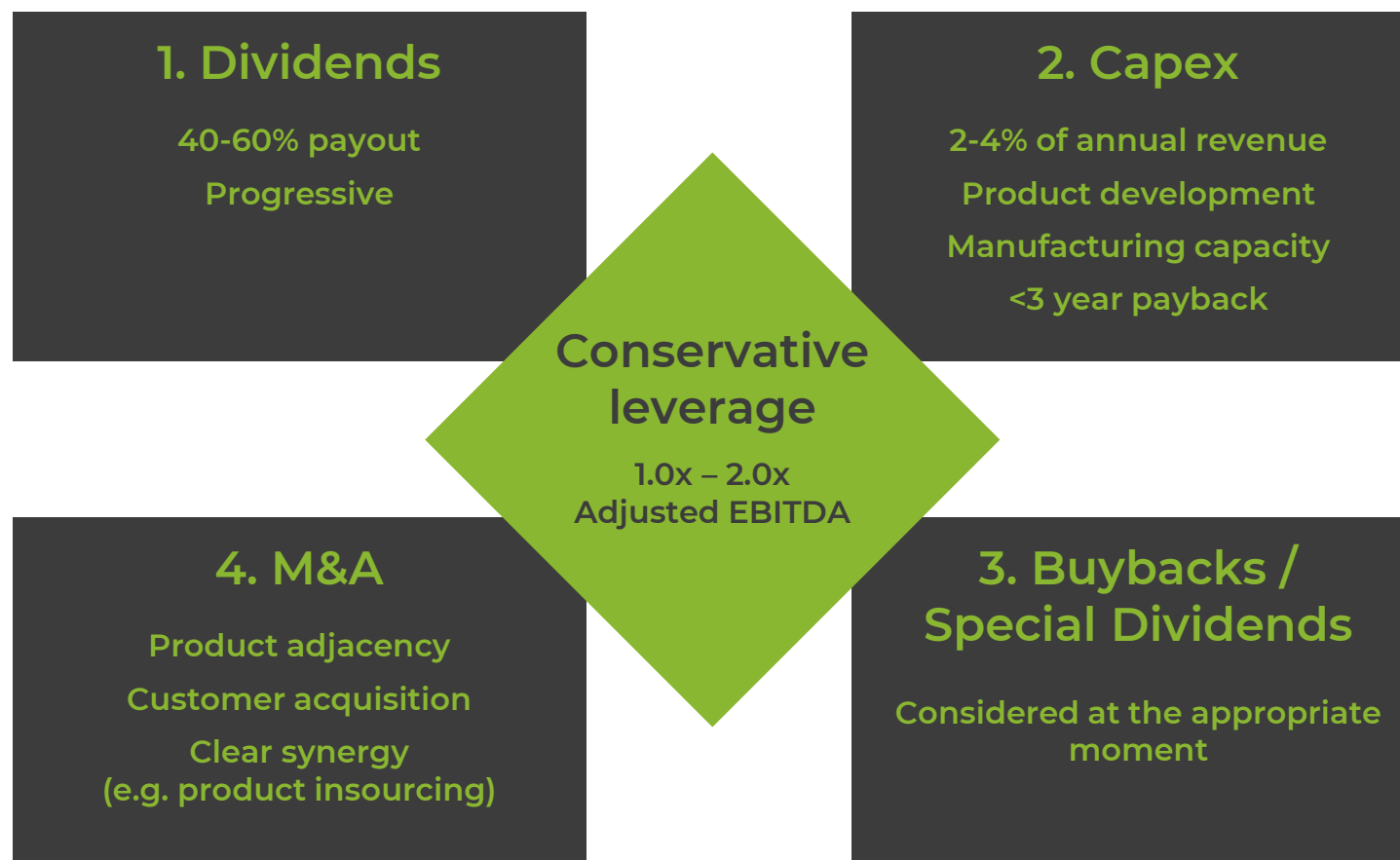
Innovate

- Broad, high quality and electrified core product range
- EV charger range developed
- We have the expertise and experience required to help customers deliver net zero solutions

Grow

- Kingfisher Lighting and DW Windsor acquisitions complement existing low carbon ranges
- Forecast to be 5 million additional EV charging vehicles by 2028
- Further opportunities from increasing electrification of the home

Capital allocation policy




Outlook

John Hornby
CEO

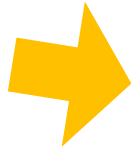


Market outlook


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

Indicators		Overall
Barclays Consumer Spending Index – Last three months	-8.6%	
Housing Transactions – Q4 23 vs Q4 22	-20.3%	


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

Indicators		Overall
CPA 2024 Forecast – Residential RMI	-2.7%	
FMB State of Trade Survey – Contractor enquiries	-23	

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

Indicators		Overall
CPA 2024 Forecast – Non-residential RMI	1.0%	
RIBA Future Trends Index – Architects workloads	-8	

Infrastructure (c.20% of Group)

Indicators		Overall
CPA 2024 Forecast – Infrastructure	-0.5%	
Purchasing Managers Index – Activity reducing if less than 50	47.3	

Outlook

- Our strong 2023 performance has continued into the start of 2024 and we are achieving further growth
- Our order book, especially in the Retail and Trade channels, is ahead of where it was this time last year
- We are monitoring the situation in the Red Sea, the headwind we are seeing from additional freight costs has so far been mitigated by other savings
- Whilst we remain mindful of the uncertain macroeconomic environment and the potential impact it may have on our markets in 2024, the outlook for the current financial year remains unchanged thanks to our attractive market positions, strong business model and robust strategy

Luceco is well positioned to benefit from operational leverage given its integrated, resilient and agile business model



Q&A

John Hornby

CEO

Will Hoy

CFO

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Appendix



Group 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

Innovate
Grow
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**

What we sell

Wiring Accessories - British General



Established	1941
Revenue as a % of Group total	39%
Revenue 4-year CAGR % ¹	4%
Operating margin	18.2%
Product Categories	Switches and sockets, Circuit protection, Weatherproof, Junction boxes, Cable management

1. 2019 to 2023 in constant currency



What we sell

Commercial Power - Nexus



Established	2021
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



Established	2013
Revenue as a % of Group total ¹	38%
Revenue 4-year CAGR % ^{1,2}	9% (2% organic)
Operating margin ¹	5.9%
Product Categories	Residential interior, Residential exterior, Commercial interior, Commercial exterior, Work & site lighting

1. For total LED Lighting segment (Luceco, Kingfisher Lighting and DW Windsor)
2. 2019 to 2023 in constant currency



What we sell

LED lighting - Kingfisher



Established	1988
Product Categories	Private realm exterior lighting



What we sell

LED lighting - DW Windsor



Established	1975
Product Categories	Private realm exterior lighting



What we sell

Portable Power - Masterplug and BG Sync EV



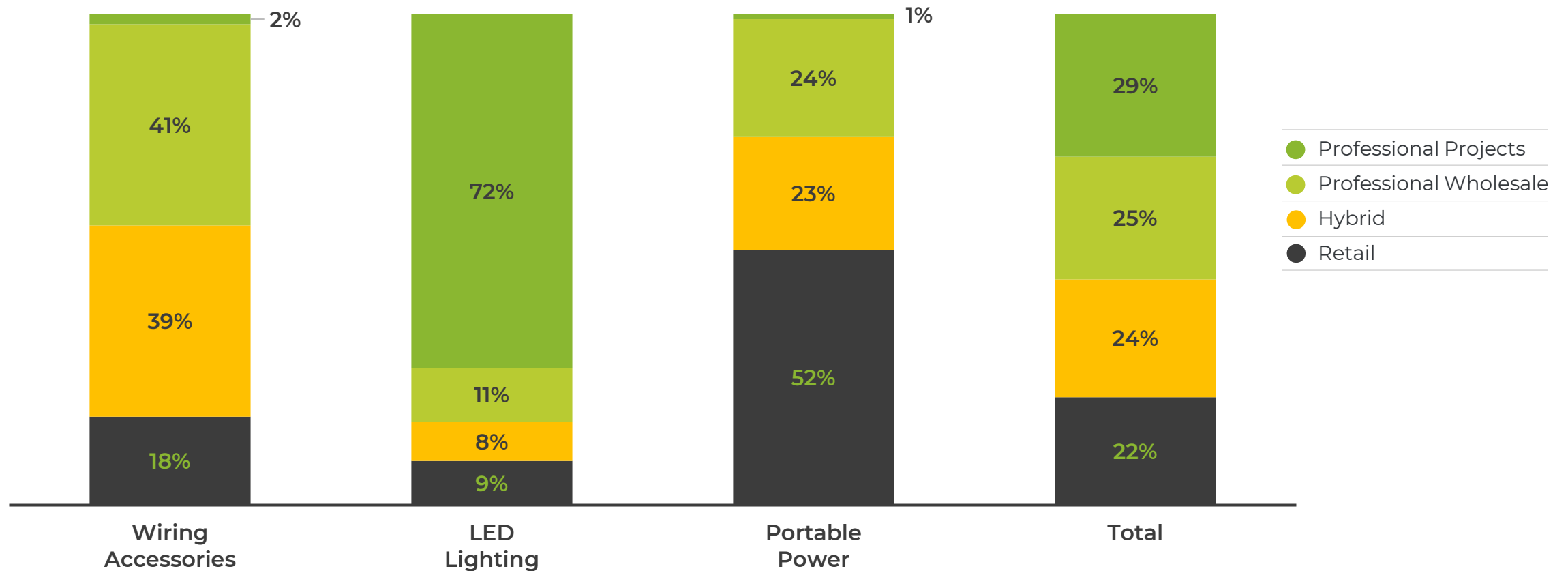
Established	1988
Revenue as a % of Group total	23%
Revenue 4-year CAGR % ¹	-1% (-5% organic)
Operating margin ¹	9.1%
Product Categories	Extension leads, Cable reels, Adaptors and accessories, EV Chargers

1. 2019 to 2023 in constant currency

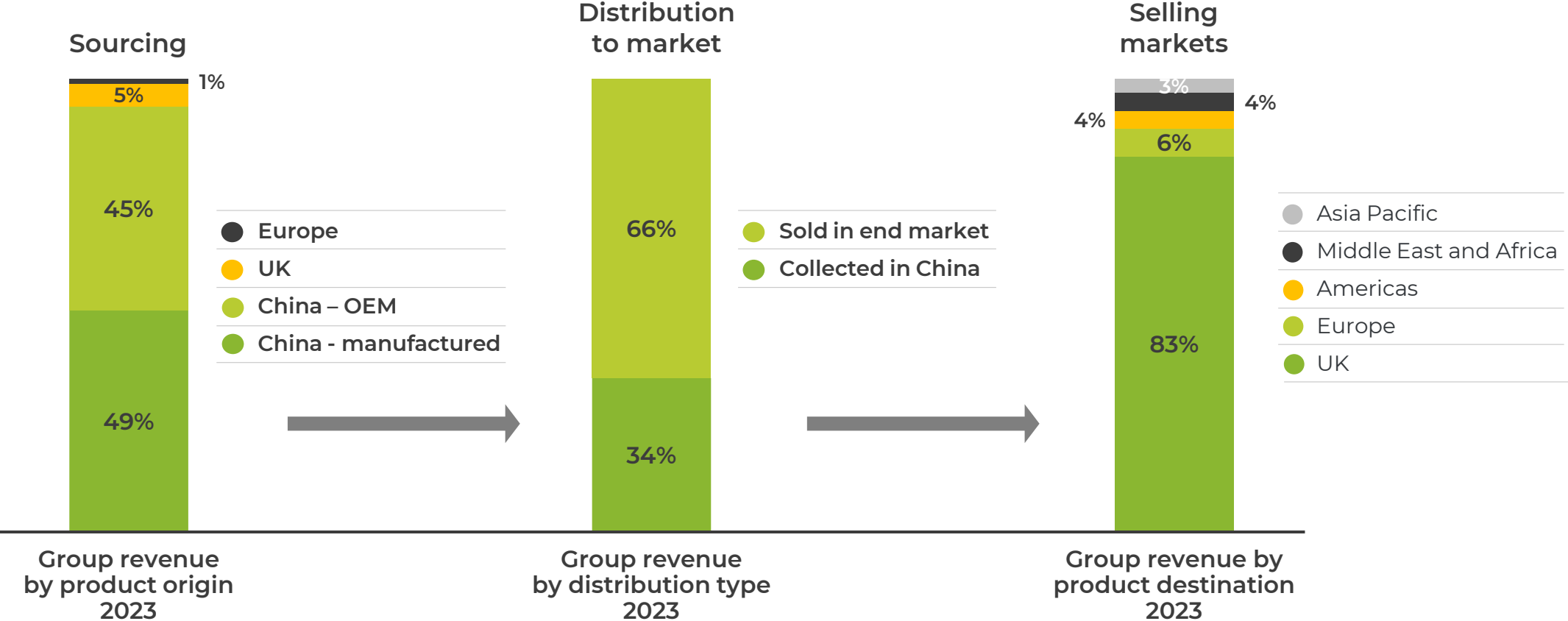


Who we sell to

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

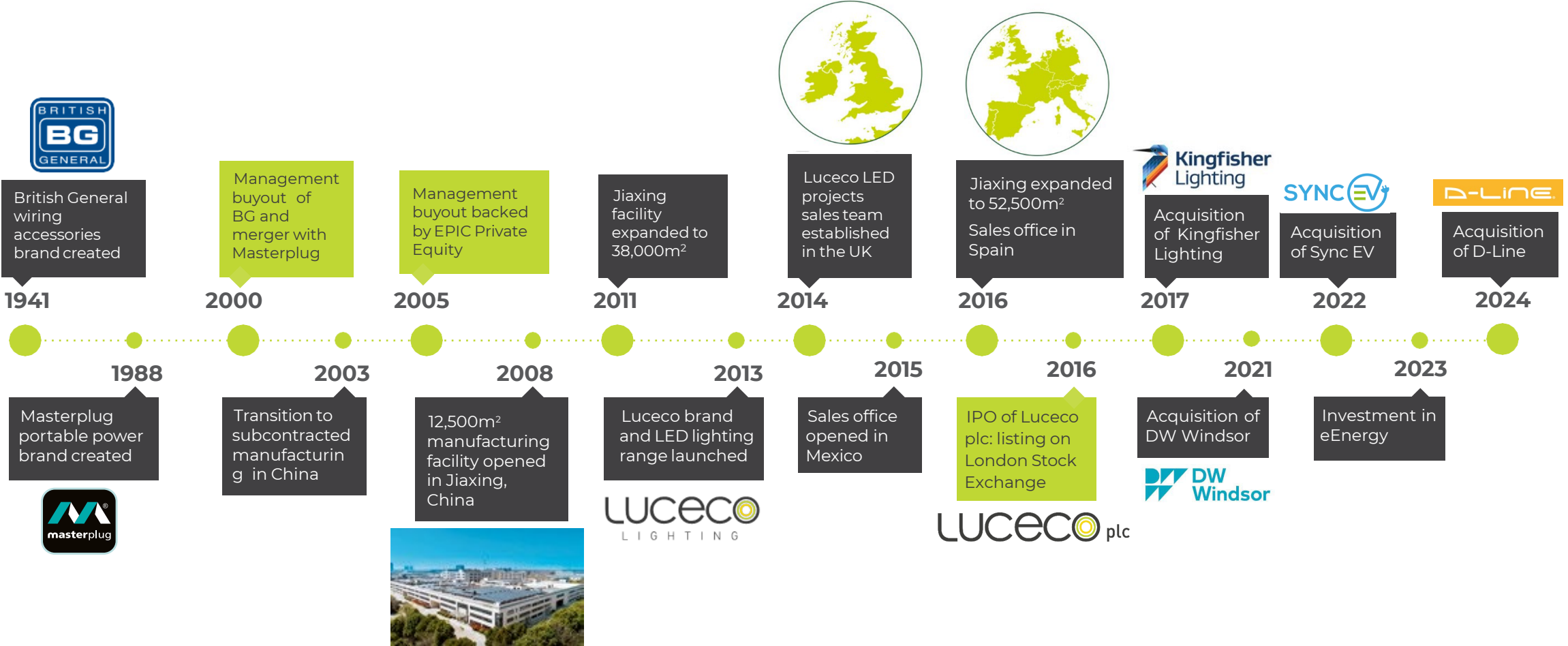


Where we operate



Group history

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



Five year revenue progression

Revenue by operating segment

£m	2019	2020	2021	2022	2023
Wiring Accessories	70.1	81.3	104.5	73.7	82.6
LED Lighting	54.2	49.5	63.2	81.4	79.0
Portable Power	47.8	45.4	60.5	51.2	47.4
Total Group	172.1	176.2	228.2	206.3	209.0

Revenue by geographical location of customer

£m	2019	2020	2021	2022	2023
UK	135.1	140.3	181.2	165.3	173.6
Europe	17.6	18.4	24.0	19.7	12.9
Middle East and Africa	9.0	7.0	7.6	8.7	8.3
Americas	4.3	6.7	10.6	8.0	8.6
Asia Pacific	6.1	3.8	4.8	4.6	5.6
Total Group	172.1	176.2	228.2	206.3	209.0

Ten year financials

Adjusted metrics

Income Statement

£m	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	82.3	103.1	133.7	167.6	163.9	172.1	176.2	228.2	206.3	209.0
Growth %	25.5%	25.3%	29.7%	25.4%	(2.2%)	5.0%	2.4%	29.5%	(9.6)%	1.3%
Gross Profit	25.1	33.8	40.5	48.4	50.6	62.3	70.2	84.7	74.3	82.3
Gross Margin %	30.5%	32.8%	30.3%	28.9%	30.9%	36.2%	39.8%	37.1%	35.8%	39.4%
Overheads	(16.7)	(16.7)	(26.0)	(33.7)	(42.1)	(44.3)	(40.2)	(45.7)	(52.3)	(58.3)
Operating Profit	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0	22.0	24.0
Operating Margin %	10.2%	11.2%	10.8%	8.8%	5.2%	10.5%	17.0%	17.1%	10.7%	11.5%
Net finance expense	(2.9)	(3.2)	(2.8)	(1.9)	(2.2)	(2.2)	(1.3)	(1.6)	(2.6)	(2.8)
Profit Before Tax	5.5	8.3	11.7	12.8	6.3	15.8	28.7	37.4	19.4	21.2
Taxation	(1.0)	(2.5)	(2.5)	(2.3)	(1.7)	(3.7)	(4.7)	(6.2)	(2.2)	(3.9)
Effective tax rate %	18.2%	30.1%	21.4%	18.0%	27.0%	23.4%	16.4%	16.6%	11.3%	18.4%
Profit After Tax	4.5	5.8	9.2	10.5	4.6	12.1	24.0	31.2	17.2	17.3
Basic EPS (p)	n/a	n/a	6.4	6.5	2.9	7.7	15.5	20.2	11.1	11.1

Ten year financials

Adjusted metrics

Cash flow statement

£m	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Profit	8.4	11.5	14.5	14.7	8.5	18.0	30.0	39.0	22.0	24.0
Depreciation & amortisation	1.9	2.6	3.2	4.4	6.5	7.9	6.1	6.7	7.1	7.4
EBITDA	0.3	14.1	17.7	19.1	15.0	25.9	36.1	45.7	29.1	31.4
Working capital	(8.8)	(5.8)	(11.3)	1.4	0.9	1.3	(2.0)	(10.7)	14.6	1.2
Operating Cash Flow	1.5	8.3	6.4	20.5	15.9	27.2	34.1	35.0	43.7	32.6
Capital expenditure	(3.6)	(5.3)	(7.6)	(10.0)	(4.7)	(3.6)	(4.4)	(6.4)	(5.6)	(8.2)
Interest paid	(3.6)	(3.5)	(3.0)	(1.9)	(2.2)	(2.1)	(1.3)	(1.7)	(2.7)	(2.8)
Tax paid	-	(1.0)	(1.3)	(3.1)	(1.3)	(2.6)	(5.7)	(8.1)	(4.7)	(3.6)
Free Cash Flow	(5.7)	(1.5)	(5.5)	5.5	7.7	18.9	22.7	18.8	30.7	18.0
<i>Free Cash Flow Margin %</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>	<i>8.6%</i>
Acquisitions / Associate investment	—	—	—	(9.7)	—	—	—	(18.4)	(7.8)	(1.7)
Dividends	—	—	—	(1.8)	—	(1.9)	(4.9)	(11.2)	(10.9)	(7.2)
IPO proceeds / (share purchases)	—	(1.4)	24.3	(1.2)	—	(2.9)	(2.7)	(1.3)	(2.4)	(1.6)
IFRS 16 adoption impact / new leases	—	—	—	—	—	(3.1)	(1.0)	(5.4)	(0.8)	(0.8)
Factoring repayment / Adjusting items	0.4	0.9	(1.6)	—	(3.2)	(6.2)	(5.0)	(2.3)	(0.1)	(0.1)
Movement in net debt	(5.3)	(2.0)	17.2	(7.2)	4.5	4.8	9.1	(19.8)	8.7	6.6
Net debt b/f	(39.4)	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)	(29.4)
Net debt c/f	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)	(29.4)	(22.8)
Covenant Net Debt: Covenant EBITDA	4.3	3.3	1.7	1.9	2.1	0.9	0.4	0.7	0.8	0.6

Ten year financials

Adjusted metrics

Balance Sheet

£m	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fixed assets	24.6	27.5	33.5	47.2	44.8	42.6	43.9	69.4	70.5	72.8
Inventory	23.8	26.2	35.4	44.2	32.8	32.2	37.2	56.6	47.5	40.8
Trade receivables	17.1	20.4	26.5	33.4	39.5	42.8	70.1	67.9	50.4	53.1
Trade payables	(21.8)	(23.1)	(35.4)	(49.6)	(26.7)	(22.1)	(39.7)	(38.8)	(24.2)	(20.6)
Net working capital	19.1	23.5	26.5	28.0	45.6	52.9	67.6	85.7	73.7	73.3
Other assets and liabilities	(1.5)	(1.8)	2.3	1.5	(17.0)	(21.0)	(22.8)	(29.3)	(28.1)	(29.5)
Capital invested	42.2	49.2	62.3	76.7	73.4	74.5	88.7	125.8	116.1	116.6
Net debt	(44.7)	(46.7)	(29.5)	(36.7)	(32.2)	(27.4)	(18.3)	(38.1)	(29.4)	(22.8)
Net assets	(2.5)	2.5	32.8	40.0	41.2	47.1	70.4	87.7	86.7	93.8
Non-recourse factoring				9.0	12.4	5.0	-	-	-	-
Capital invested including factored receivables	42.2	49.2	62.3	85.7	85.8	79.5	88.7	125.8	116.1	116.6
Return on Capital Invested				19.9%	9.9%	21.8%	35.7%	36.4%	18.2%	20.6%

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