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FY2021 RESULTS PRESENTATION

19 AUGUST 2021

Beacon
LIGHTING

Beacon Lighting Group Limited

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RESULTS OVERVIEW

1 FY2021 HIGHLIGHTS



- Record sales and profit result for the Beacon Lighting Group
- Company store comparative sales increased by 13.3%
- Record Online sales of \$26.0m an increase of 60.3%
- Record Beacon International sales of \$12.3m an increase of 45.3%
- Focused on better serving our Trade Customers. Trade Loyalty Club sales increased by 50.1%
- Opened new company stores at Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW)
- Upgraded the Beacon Lighting website to enhance the online customer experience
- 50% interest in a Property Fund which purchased four large format retail properties



FY2021 STATUTORY RESULT

\$'000	Statutory FY2020	Statutory FY2021	Change \$	Change %
Sales	251,749	288,679	36,930	14.7%
Gross Profit	160,274	197,335	37,061	23.1%
<i>Gross Profit Margin %</i>	63.7%	68.4%		
Operating Expenses ⁽¹⁾	(106,536)	(112,190)	(5,654)	5.3%
<i>% of Sales</i>	42.3%	38.9%		
EBITDA	62,572	85,962	23,390	37.4%
<i>EBITDA Margin %</i>	24.9%	29.8%		
EBIT	38,066	59,502	21,436	56.3%
<i>EBIT Margin %</i>	15.1%	20.6%		
Net Profit After Tax	22,225	37,658	15,433	69.4%
<i>NPAT Margin %</i>	8.8%	13.0%		

(1) Operating Expenses excludes interest, depreciation and amortisation

FY2021 COMPARABLE RESULT

\$'000	Underlying FY2020 ^{(1) (2)}	Statutory FY2021 ⁽¹⁾	Change \$	Change %
Sales	250,391	288,679	38,288	15.3%
Gross Profit	163,482	197,335	33,853	20.7%
<i>Gross Profit Margin %</i>	65.3%	68.4%		
Operating Expenses ⁽³⁾	(104,621)	(112,190)	(7,569)	7.2%
<i>% of Sales</i>	41.8%	38.9%		
EBITDA	59,915	85,962	26,047	43.5%
<i>EBITDA Margin %</i>	23.9%	29.8%		
EBIT	35,423	59,502	24,079	68.0%
<i>EBIT Margin %</i>	14.1%	20.6%		
Net Profit After Tax	20,369	37,658	17,289	84.9%
<i>NPAT Margin %</i>	8.1%	13.0%		

(1) Refer to Appendix 1 for further information on Non-IFRS financial measures

(2) Refer to Appendix 2 for a reconciliation of the FY2020 statutory profit to the underlying profit

(3) Operating Expenses excludes interest, depreciation and amortisation

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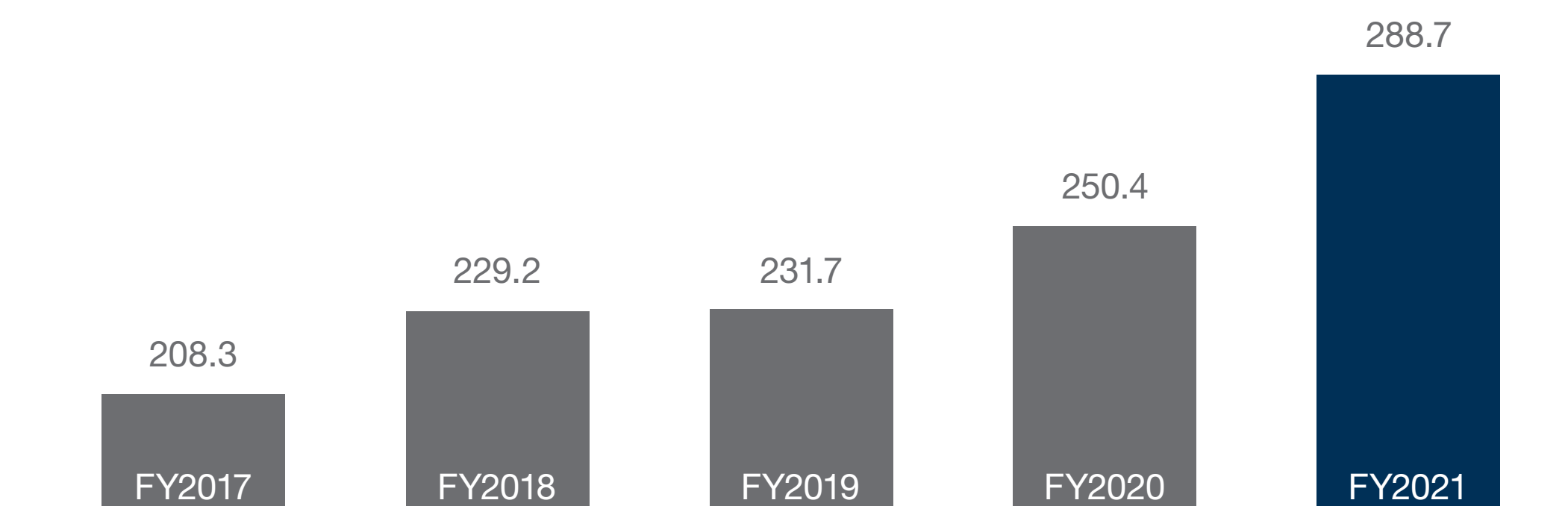
FINANCIALS

SALES: \$288.7m increased by 15.3% | **COMPANY STORE COMPARATIVE SALES:** Increased by 13.3%

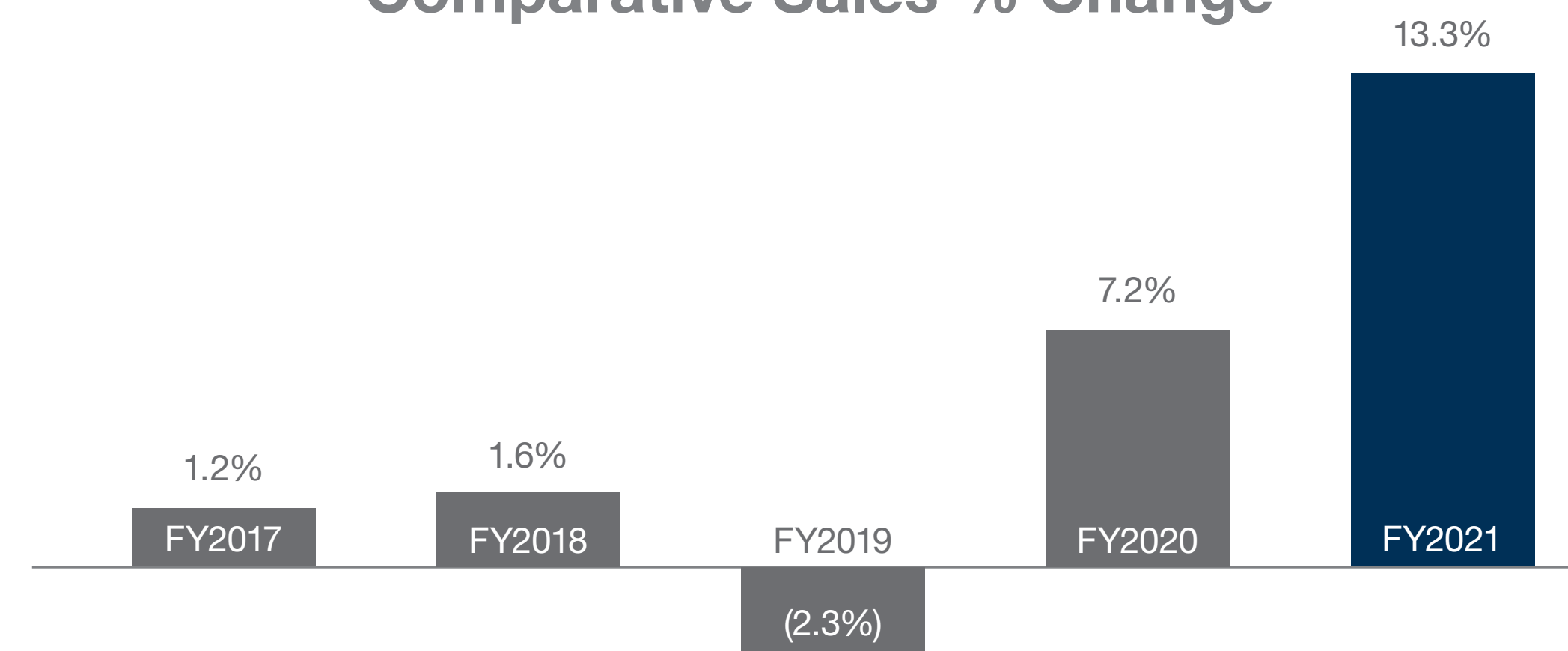
- Company store sales were very exciting throughout Q1 to Q3 FY2021 with a comparative increase of 22.1%
- Company store comparative sales declined in Q4 FY2021 by 10.2% vs Q4 FY2020 but increased by 14.2% vs Q4 FY2019
- Best performing retail states were WA, QLD, SA and NSW
- Online sales increased by 60.3% to \$26.0m
- Beacon International sales increased by 45.2% to \$12.3m



Sales \$m ⁽¹⁾ ⁽²⁾



Comparative Sales % Change



(1) Underlying result for FY2019 and FY2020

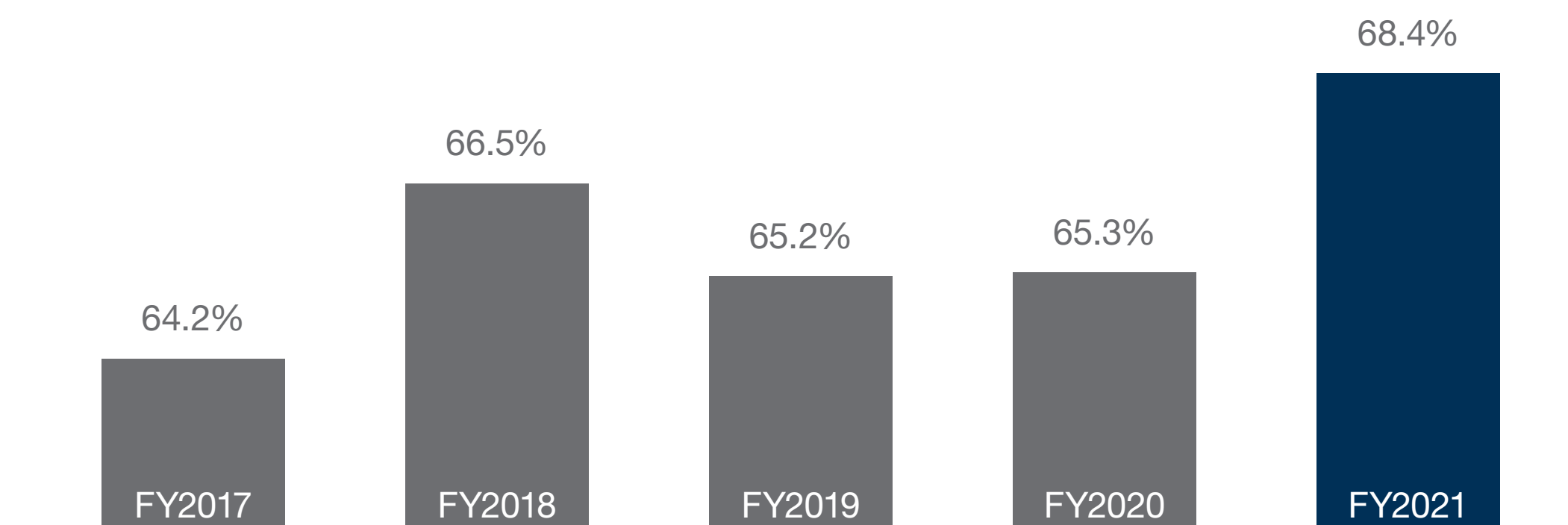
(2) Statutory result for FY2017 and FY2018 less Beacon Energy Solutions

GROSS PROFIT: 68.4% of Sales to \$197.3m

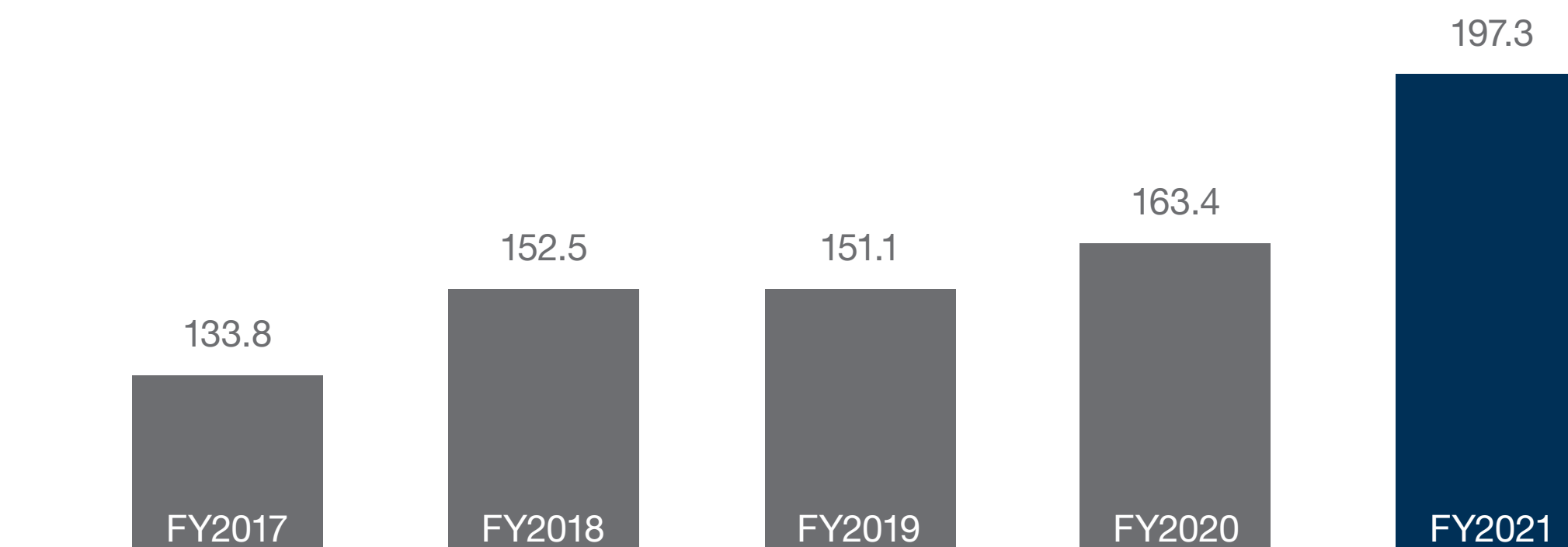
- Gross profit dollars have increased by 20.7% with a margin of 68.4%
- Everyday pricing and improved procurement negotiations have supported the margin
- The strengthening of the Australian dollar has supported the product cost base
- The introduction of over 600 new products designed and developed in Australia continues to excite our customers and support our margins



Gross Profit % ⁽¹⁾ ⁽²⁾



Gross Profit \$ ⁽¹⁾ ⁽²⁾



(1) Underlying result for FY2019 and FY2020

(2) Statutory result for FY2017 and FY2018 less Beacon Energy Solutions

2 OPERATING EXPENSES

OPEX: Decreased by 3.6% of Sales to \$112.2m

- Good productivity leverage was achieved with Operating Expenses
- Significant leverage was achieved with Selling and Distribution Expenses
- Expenses were cautiously managed as a result of the uncertainty caused by the COVID pandemic
- No JobKeeper subsidies were received



\$'000	FY2020	FY2021	Change \$	Change %
Marketing Expenses	13,535	13,045	(490)	(3.6%)
<i>% of Sales</i>	5.4%	4.5%		
Selling and Distribution	78,662	82,809	4,147	5.3%
<i>% of Sales</i>	31.4%	28.7%		
General and Admin	14,339	16,336	1,997	13.9%
<i>% of Sales</i>	5.7%	5.7%		
Operating Expenses	106,536	112,190	5,654	5.3%
<i>% of Sales</i>	42.5%	38.9%		
Depreciation	24,506	26,460	1,954	8.0%
<i>% of Sales</i>	9.8%	9.2%		
Finance Costs	6,179	5,744	(435)	(7.0%)
<i>% of Sales</i>	2.5%	2.0%		

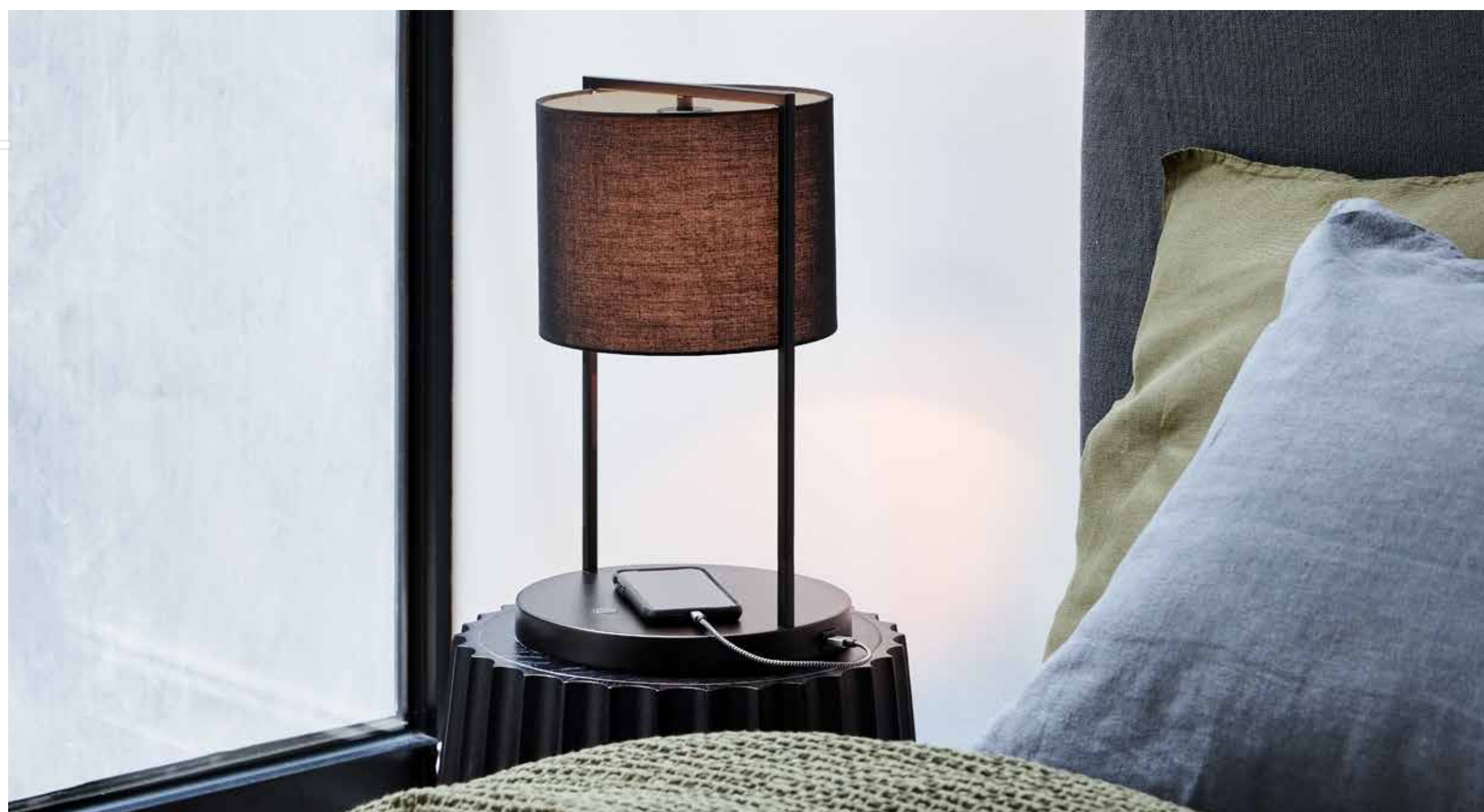
- Strong profit performance has generated strong cash flows
- Tax paid in FY2021 includes the tax on the Parkinson Distribution Centre (PDC) Sale from FY2020
- Continued investment in the future with CAPEX and acquisitions
- \$15.2 million payment for investments in the Property Fund
- Increase in dividends paid to \$12.6m



\$'000	FY2020	FY2021
Cash Flow from Operations		
Receipts from Customers	280,458	318,869
Payment to Suppliers & Employees	(211,899)	(234,302)
Other	(5,915)	(5,730)
Income Tax Paid	(7,306)	(17,615)
Net Operating Cash Flow	55,338	61,222

\$'000	FY2020	FY2021
Other Items		
Capital Expenditure	(6,315)	(7,911)
Acquisitions	(1,314)	(1,150)
Payment for Equity Interest in Associates	0	(15,240)
Proceeds from Sale of PDC	28,000	0
Reduction in Borrowings	(19,601)	(11,781)
Dividends Paid	(8,081)	(12,642)

- Strong cash balance of \$33.8m
- Inventories increased despite supply chain challenges
- Increase in right of use assets and lease liabilities as a result of new stores, new leases and acquisitions
- Investment property purchases were \$15.2m
- Repayment of non current borrowings of \$13.2m



\$'000	FY2020	FY2021
Cash	44,856	33,830
Receivables	8,620	7,788
Inventories	63,082	67,936
Other	1,496	1,337
Total Current Assets	118,054	110,891
Property, Plant and Equipment	32,847	35,252
Intangible	12,953	13,528
Right of Use Assets	88,719	100,746
Investments in Associates	-	15,241
Other	14,641	14,367
Total Non Current Assets	149,160	179,134
Total Assets	267,214	290,025
Payables	22,132	23,417
Borrowings	17,197	18,617
Lease Liabilities	23,242	25,079
Other	13,416	12,097
Total Current Liabilities	75,987	79,210
Borrowings	13,200	-
Lease Liabilities	90,076	97,680
Other	983	939
Total Non Current Liabilities	104,259	98,619
Total Liabilities	180,246	177,829
Net Assets	86,968	112,196

- Record dividend declared for FY2021
- Declared a fully franked dividend of 8.80 cents per share for FY2021 compared to a fully franked dividend of 5.00 cents per share for FY2020
- The fully franked dividend was declared for H2 FY2021 of 4.60 cents per share while a fully franked dividend was paid for H1 FY2021 of 4.20 cents per share
- Dividend payout ratio target continues to be between 50% to 60%
- The Dividend Reinvestment Plan will remain suspended until further notice



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STRATEGIC PILLARS OF GROWTH

Customer | Underpinning everything we do at Beacon is a deep understanding of our customers' needs.

Retail

A REWARDING
CUSTOMER EXPERIENCE
THE LATEST RANGE OF
LIGHTING & FANS
INSPIRATIONAL STORE DESIGN
VIP MEMBER BENEFITS
STORE NETWORK EXPANSION
& OPTIMISATION

Trade

INDUSTRY LEADING
TRADE CLUB
PRODUCT EXTENSION
& DIVERSIFICATION
CUSTOMER LED
& DATA DRIVEN
BUILD TRADE & COMMERCIAL
PARTNERSHIPS

eCommerce

ENGAGING WEBSITES
ONLINE SALES GROWTH
SEAMLESS CUSTOMER
EXPERIENCE IN-STORE
AND ONLINE

New Business

EMERGING BUSINESSES
INTERNATIONAL SALES
OPPORTUNITIES
NEW BUSINESS ACQUISITIONS
PROPERTY

3 STRATEGIC PILLARS OF GROWTH



STRATEGIC
PILLAR

FY2021
UPDATE

RETAIL

- All 115 Beacon Lighting stores have enjoyed a record-breaking year
- Company store comparative sales increased by 13.3%
- Opened new company stores at Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW)
- Major refits at the Waurin Ponds (VIC) and Albury (NSW) stores and the relocation of the Underwood (QLD) store
- Store network research has identified the potential of 184 Beacon Lighting stores in Australia
- Designed and developed 602 exclusive new products for our customers
- 1,389 Beacon Design Studio projects generated more than \$5.8 million in sales

3 STRATEGIC PILLARS OF GROWTH



STRATEGIC
PILLAR

FY2021
UPDATE

TRADE

- Improving service to our Trade Customers remains the number one growth priority for the Group
- Beacon Lighting stores now open at 7:30 am to make it easier for our Trade Customers to shop at Beacon Lighting
- New trade specific products are being developed and progressively released to stores
- Recent store renovations have included a dedicated trade service counter
- Trade Loyalty Club customers have increased from 35,800 to 44,100 in FY2021
- Trade Loyalty Club sales increased by 50.1%
- 48.7% increase in Commercial Lucci Design consultations to the Volume Residential Builders

3 STRATEGIC PILLARS OF GROWTH



STRATEGIC
PILLAR

FY2021
UPDATE

ECOMMERCE

- Re-platformed the Beacon Lighting websites to provide for an enhanced online experience for our customers today and for many years to come
- Online sales increased by 60.3% to \$26.0 million
- Online sales increased to be 9.8% of company store sales
- Seamless integration between the online sales channel and the Beacon Lighting stores
- Online infrastructure responded well to the increase in demand as a result of the lockdowns
- Online Trade Loyalty Club sales increased by 98.0%

3 STRATEGIC PILLARS OF GROWTH



STRATEGIC
PILLAR

FY2021
UPDATE

NEW BUSINESS

- Beacon International continues to develop new sales channels to new customers in new markets
- Beacon International sales increased by 45.3% to \$12.3 million
- Acquired the Ballarat franchised store and converted it into a company store
- New Custom Lighting Gallery was opened in Malvern (VIC)
- Acquired a 50% interest in a Property Fund which purchased four large retail properties in Southport (QLD), Traralgon (VIC), Cannington (WA) and Auburn (NSW) for a total investment of \$15.2 million.
- The Cannington (WA) property has established tenants in Beacon Lighting and Forty Winks while the other three properties are development projects

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FY2022 OUTLOOK

- Whilst the macro-economic environment remains supportive of Beacon Lighting, rolling state lockdowns continue to affect retail sales
- Development of new trade products, enhanced trade marketing program and the implementation of a new Trade Loyalty Club program are all designed to improve the Trade Customer experience
- Three Property Fund development projects include the opening of new Beacon Lighting stores at Auburn (NSW), Traralgon (VIC) and Southport (QLD)
- Open additional new stores at Ellenbrook (WA), Butler (WA) and Melton (VIC)
- Relocate Beacon Lighting stores at Port Macquarie (NSW), Burleigh (QLD), Camberwell (VIC) and Lake Haven (NSW)
- The launch of the new beaconlighting.us direct to consumer sales website in the USA
- The expansion of Beacon International sales for Australian Designed products into the China market



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QUESTIONS

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APPENDIX

1. Other Information
2. Reconciliation of the FY2020
Statutory Profit to the
Underlying profit

DISCLAIMER

The presentation contains “forward-looking statements”. All statements other than those of historical facts included in the presentation are forward-looking statements. Where the Group expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. The Group will not necessarily release publicly any revisions to any such forward-looking statement.

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The Group’s results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Group discloses certain Non-IFRS measures in this presentation, that are not audited or reviewed by the Group’s auditor. The Directors believe the presentation of Non-IFRS financial measures are useful for the users of this presentation as they provide additional and relevant information that reflect the underlying financial performance of the Group. Non-IFRS measures have been reconciled to the financial statements in Appendix 2 and Appendix 3.

APPENDIX 2: RECONCILIATION OF THE FY2020 STATUTORY PROFIT TO THE UNDERLYING PROFIT

\$'000	Statutory FY2020	Less BES ⁽¹⁾	Less PDC Sale ⁽²⁾	Underlying FY2020 ⁽³⁾
Sales	251,744	1,358		250,391
Gross Profit	160,274	(3,208)		163,482
<i>Gross Profit Margin %</i>	63.7%	(236.3%)		65.3%
Operating Expenses ⁽⁴⁾	(106,536)	(1,915)		(104,621)
<i>% of Sales</i>	42.3%	141.0%		41.8%
EBITDA	62,572	(5,123)	7,780	59,915
<i>EBITDA Margin %</i>	24.9%	(377.3%)		23.9%
EBIT	38,066	(5,137)	7,780	35,423
<i>EBIT Margin %</i>	15.1%	(378.3%)		14.1%
Net Profit After Tax	22,225	(3,567)	5,423	20,369
<i>NPAT Margin %</i>	8.8%	(262.7%)		8.1%

(1) Result for Beacon Energy Solutions in FY2020 which was being closed

(2) PDC Sale was for the sale of the Parkinson Distribution Centre in December 2019

(3) FY2020 underlying result to be used as comparison to the FY2021 statutory result

(4) Operating Expenses excludes interest, depreciation and amortisation