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# H1 FY2022 RESULTS PRESENTATION

17 FEBRUARY 2022



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# RESULTS OVERVIEW



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# 1 FINANCIAL HIGHLIGHTS



**\$151.3m**

Sales

**+150 bps**

Gross Profit Margin

**\$49.3m**

Record EBITDA

**\$22.6m**

Record NPAT

**\$83.4m**

Record Inventory

**4.3 cents**

Declared fully franked  
dividend per share

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# 1 OPERATIONAL HIGHLIGHTS



**3 & 3**

3 New Stores  
3 Relocated Stores

**20.4%**

Trade sales  
growth

**48,000**

Trade Club  
customers

**41.0%**

Online sales  
growth

**65.0%**

Beacon International  
sales growth

**B2C USA**

Launched B2C  
website in the USA

\$'000	Statutory H1 FY2021	Statutory H1 FY2022	Change \$	Change %
<b>Sales</b>	<b>151,343</b>	<b>151,305</b>	(38)	(0.0%)
<b>Gross Profit</b>	<b>103,601</b>	<b>105,961</b>	2,360	2.3%
<i>Gross Profit Margin</i>	68.5%	70.0%		
<b>Other Income <sup>(1)</sup></b>	<b>544</b>	<b>426</b>	(118)	(21.7%)
<i>% of Sales</i>	0.4%	0.3%		
<b>Operating Expenses <sup>(2)</sup></b>	<b>(56,669)</b>	<b>(57,085)</b>	(416)	0.7%
<i>% of Sales</i>	37.4%	37.7%		
<b>EBITDA <sup>(3)</sup></b>	<b>47,476</b>	<b>49,302</b>	1,826	3.8%
<i>EBITDA Margin %</i>	31.4%	32.6%		
<b>EBIT <sup>(3)</sup></b>	<b>34,653</b>	<b>35,181</b>	528	1.5%
<i>EBIT Margin %</i>	22.9%	23.3%		
<b>Net Profit After Tax</b>	<b>22,164</b>	<b>22,567</b>	403	1.8%
<i>NPAT Margin %</i>	14.6%	14.9%		

(1) Other Income includes other revenue, other income and a share of net profits of associates

(2) Operating Expenses exclude depreciation, amortisation and finance costs

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



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# FINANCIALS



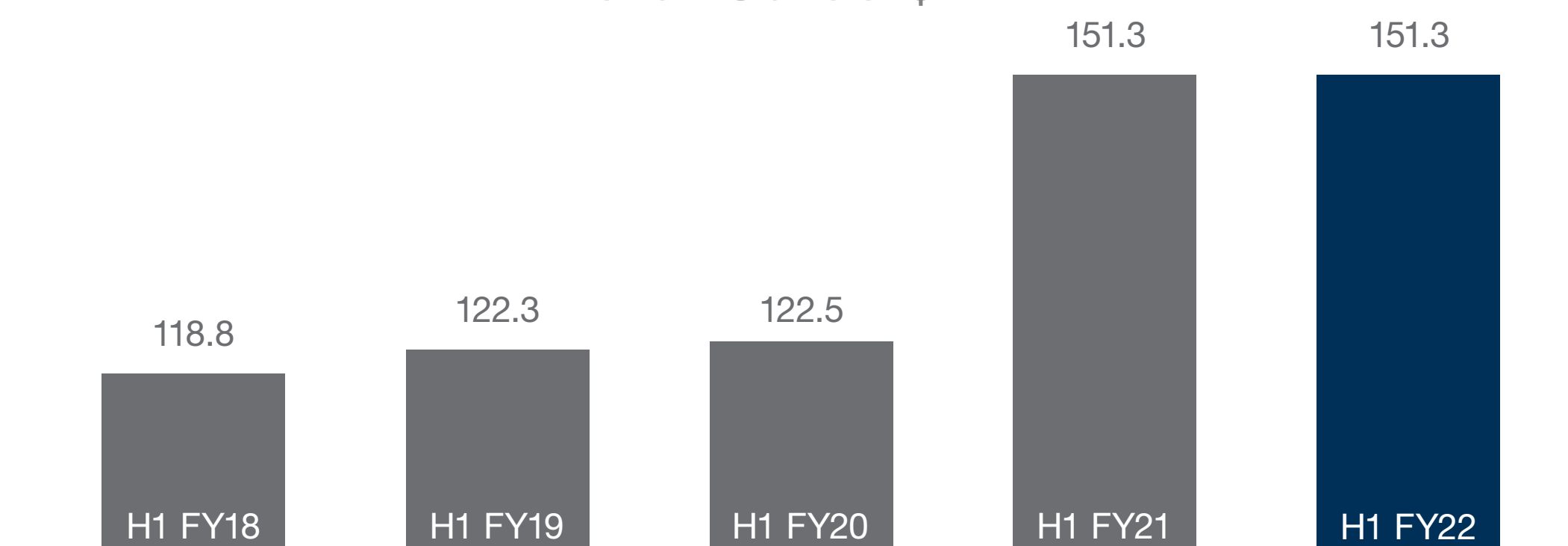


## GROUP SALES: \$151.3m in line with H1 FY2021

Sales	H1 FY22 vs H1 FY21	H1 FY22 vs H1 FY20
Group Sales	— 0.0%	▲ 23.0%

- Company store comparative sales declined by 7.1% versus last year, but the two year increase versus H1 FY2020 was 15.9%
- Comparative sales were significantly impacted by the NSW lockdown. Q2 sales were much improved
- Trade sales increased by 20.4% and online trade club sales increased by 70.3%
- Online sales increased by 41.0% to \$20.3 million
- Beacon International sales increased by 65.0% to \$8.1 million

### Total Sales \$m <sup>(1)</sup>



(1) Group sales less sales for Beacon Energy Solutions



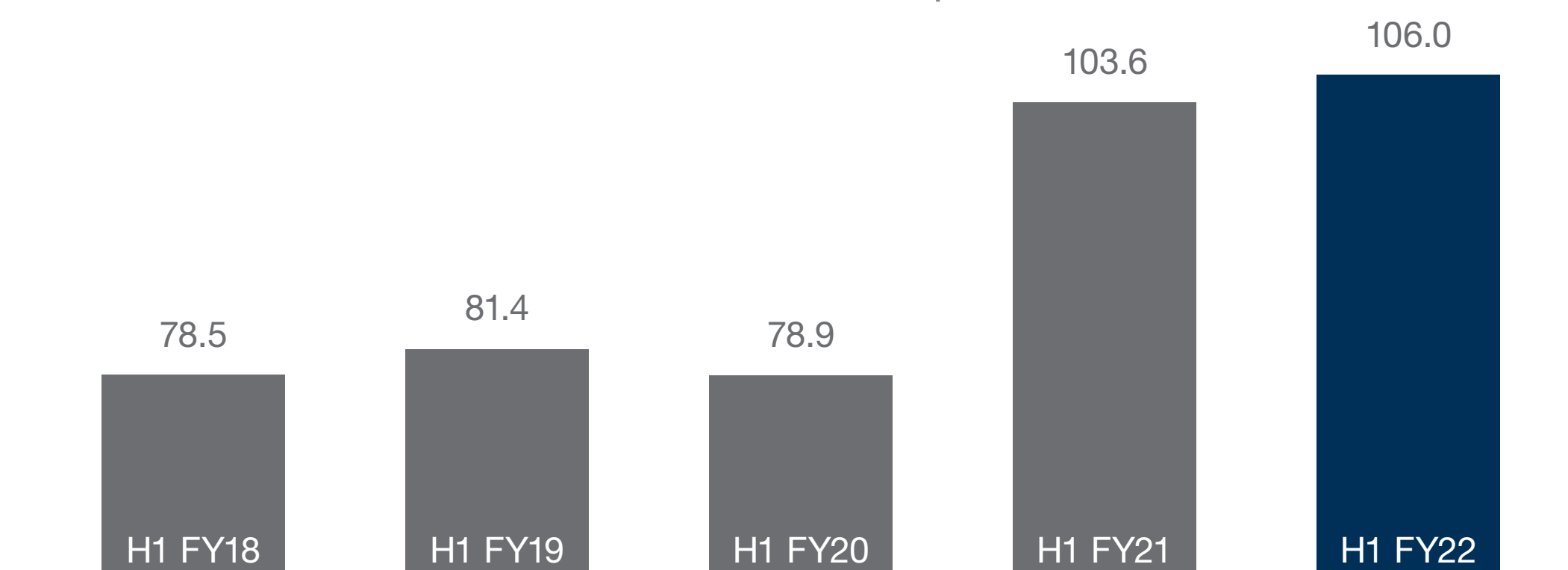


## GROSS PROFIT: Increased to \$106.0m

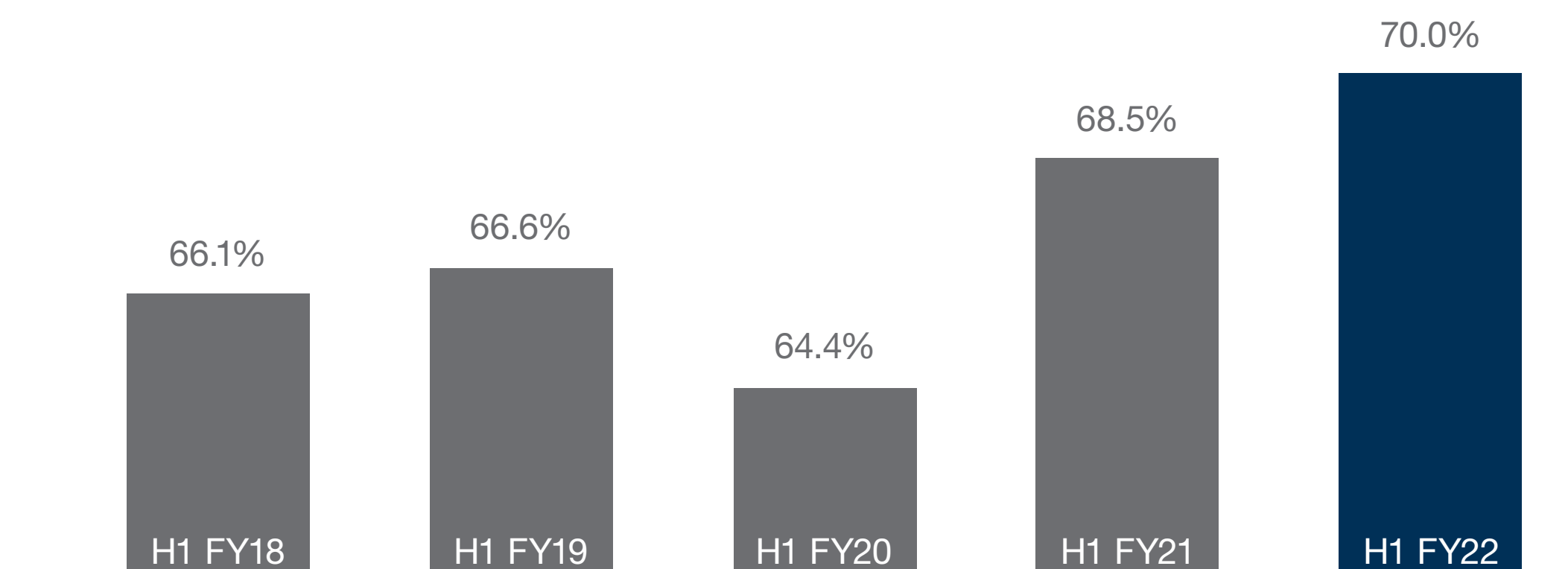
- Gross profit dollars increased by \$2.4 million to \$106.0 million
- Beacon Lighting has designed and developed 231 exciting new products
- Exciting product range continues to offer great value to our customers



Gross Profit \$m <sup>(1)</sup>



Gross Profit % <sup>(1)</sup>

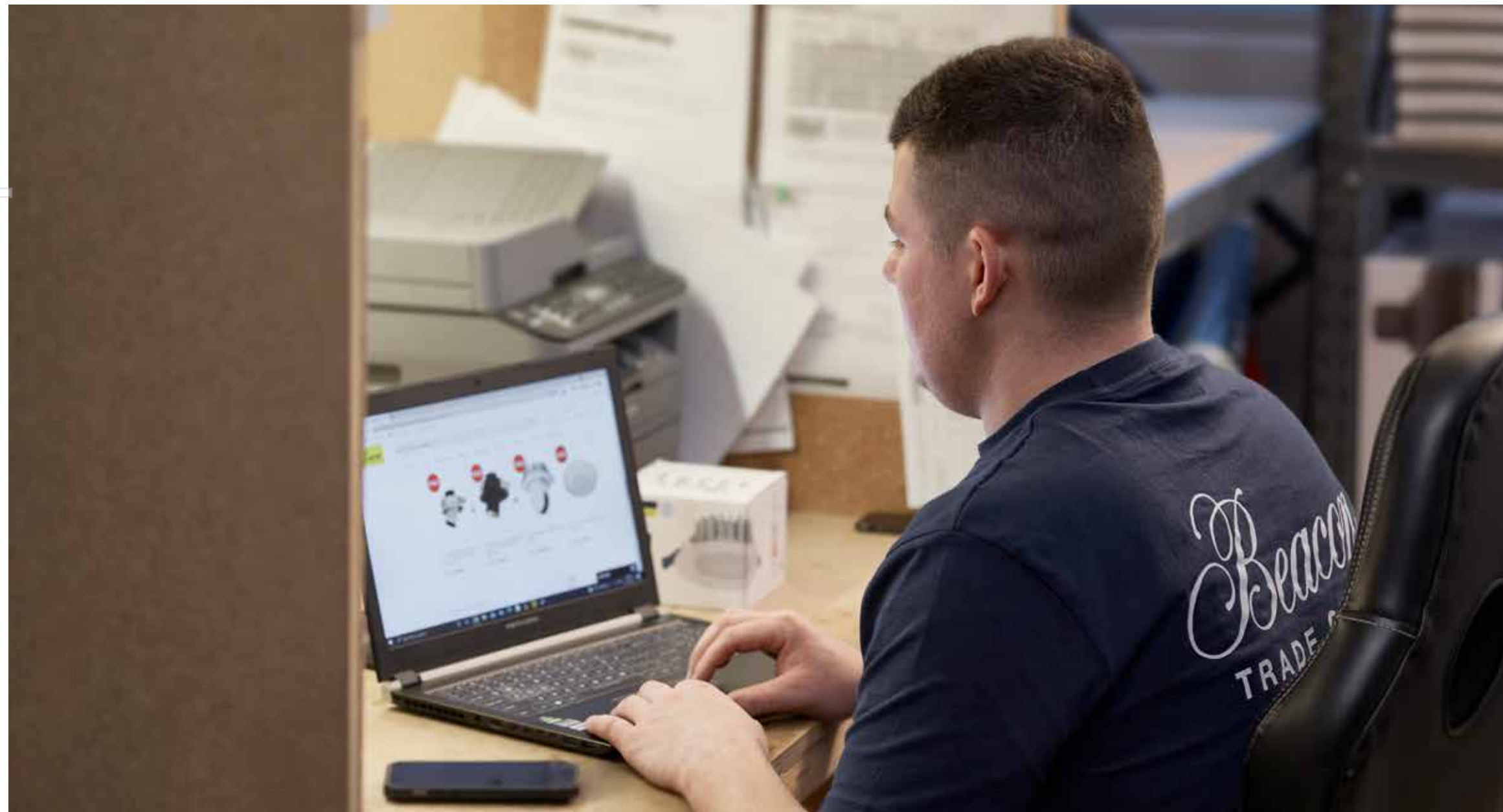


(1) Group gross profit less Beacon Energy Solutions gross profit



### OPEX: Increased by 0.3% of Sales to \$57.1m

- Increased investment in marketing
- Increased investment in selling and distribution expenses and depreciation to support the business growth
- General and administration expense savings were realised



\$'000	H1 FY2021	H1 FY2022	Change \$	Change %
<b>Marketing Expenses</b>	<b>6,805</b>	<b>7,322</b>	517	7.6%
<i>% of Sales</i>	4.5%	4.8%		
<b>Selling and Distribution</b>	<b>40,850</b>	<b>41,512</b>	662	1.6%
<i>% of Sales</i>	27.0%	27.4%		
<b>General and Admin</b>	<b>9,014</b>	<b>8,251</b>	(763)	(8.5%)
<i>% of Sales</i>	6.0%	5.5%		
<b>Operating Expenses</b>	<b>56,669</b>	<b>57,085</b>	416	0.7%
<i>% of Sales</i>	37.4%	37.7%		
<b>Depreciation</b>	<b>12,823</b>	<b>14,121</b>	1,298	10.1%
<i>% of Sales</i>	8.5%	9.3%		
<b>Finance Costs</b>	<b>2,868</b>	<b>2,889</b>	21	0.7%
<i>% of Sales</i>	1.9%	1.9%		



- Some of the operating cash flows have been invested in additional inventory to support future sales
- Capital expenditure of \$6.2 million to support further growth
- Investment of \$4.2 million into property
- Increased dividend payment to \$10.3 million



\$'000	H1 FY2021	H1 FY2022
<b>Cash Flow from Operations</b>		
Receipts from Customers	168,921	165,813
Payment to Suppliers & Employees	(119,942)	(121,995)
Other	(2,724)	(2,881)
Income Tax Paid	(7,557)	(9,875)
<b>Net Operating Cash Flow</b>	<b>38,698</b>	<b>31,062</b>
<b>Net Cash (Outflow) from Investing</b>	<b>(9,068)</b>	<b>(10,388)</b>
<b>Net Cash (Outflow) from Financing</b>	<b>(23,586)</b>	<b>(20,335)</b>
<b>Net Increase (Decrease) Cash</b>	<b>6,044</b>	<b>339</b>

\$'000	H1 FY2021	H1 FY2022
<b>Other Details</b>		
Capital Expenditure	(3,506)	(6,183)
Property Investment	(8,452)	(4,200)
Dividends Paid	(3,263)	(10,273)



- Record inventory levels at \$83.4 million
- Continued investment in receivables and property, plant and equipment
- Total investment in (property) associates at \$19.4 million
- Borrowings at \$20.7 million
- Cash balance of \$34.2 million



\$'000	H1 FY2021	H1 FY2022
Cash	50,700	34,169
Receivables	6,583	8,320
Inventories	68,761	83,438
Other	6,115	1,468
<b>Total Current Assets</b>	<b>132,159</b>	<b>127,395</b>
Property, Plant and Equipment	33,706	38,247
Right of Use Asset	101,153	106,671
Investment in Assoicates	8,452	19,398
Intangible	13,748	13,728
Other	14,456	13,447
<b>Total Non Current Assets</b>	<b>171,515</b>	<b>191,491</b>
<b>Total Assets</b>	<b>303,674</b>	<b>318,886</b>
Payables	26,527	33,107
Borrowings	21,352	20,683
Lease Liability	23,972	26,036
Other	16,345	12,060
<b>Total Current Liabilities</b>	<b>88,196</b>	<b>91,886</b>
Lease Liability	100,131	101,523
Other	1,032	903
<b>Total Non Current Liabilities</b>	<b>101,163</b>	<b>102,426</b>
<b>Total Liabilities</b>	<b>189,359</b>	<b>194,312</b>
<b>Net Assets</b>	<b>114,315</b>	<b>124,574</b>



# 3

## 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

H1 FY2022  
UPDATE

## RETAIL

- Lockdowns in NSW and VIC significantly impacted the sales volumes in those states during Q1. Encouraging recovery in sales in Q2 FY2022
- Company store comparative sales for H1 FY2022 decreased by 7.1%. Two years comparative sales from H1 FY2020 to H1 FY2022 increased by 15.9%
- Opened new company stores at Ellenbrook (WA), Bundaberg (QLD) and Traralgon (VIC)
- Relocated stores at Port Macquarie (NSW), Burleigh (QLD) and moved Camberwell (VIC) to Hawthorn (VIC)
- Closed the Parramatta (NSW) store in preparation for the opening of the new Auburn (NSW) store
- Beacon Lighting now has 118 stores. Store network research (from December 2020) identified the potential for 184 Beacon Lighting stores in Australia
- Beacon Design Studio sales have increased by 28.0%
- Designed and developed 231 exclusive new products to complement the core range of 3,000 products
- Growth in VIP customers to 890,000, receiving special offers and services



# 3 STRATEGIC PILLARS OF GROWTH



STRATEGIC  
PILLAR

H1 FY2022  
UPDATE

## TRADE

- Improving service to our Trade Customers continues to be the number one growth priority for the Beacon Lighting Group
- Trade sales have increased by 20.4%
- Trade Club customers have increased to 48,000 compared to 39,800 in December 2020
- Online Trade Club sales increased by 70.3%
- Appointment of an industry expert to the new role leading Beacon Trade
- Continued roll out of trade service counters to more Beacon Lighting stores
- New trade specific products are being developed and progressively rolled out to stores
- Introduced new marketing initiatives, new trade rewards and establish new partnerships for our Trade Club customers
- Commercial design consultations have increased by 41.0%



# 3 STRATEGIC PILLARS OF GROWTH



STRATEGIC  
PILLAR

H1 FY2022  
UPDATE

## ECOMMERCE

- Online sales increased by 41.0% to now be \$20.3 million
- Online sales are now 15.4% of Group retail sales
- Online Trade Club customer visits have increased by 73.4% while online Trade Club transactions have increased by 81.7%
- 3 hour customer delivery in major metropolitan markets
- Launched the Beacon Lighting America B2C website to build the Beacon Lighting market presence in the USA
- Upgraded the Fanaway, Lucci Air and Beacon International websites to a new technology platform. Also implemented new website functionality to enhance the online experience for our customers
- Continued to have seamless integration between the online sales channel and Beacon Lighting stores



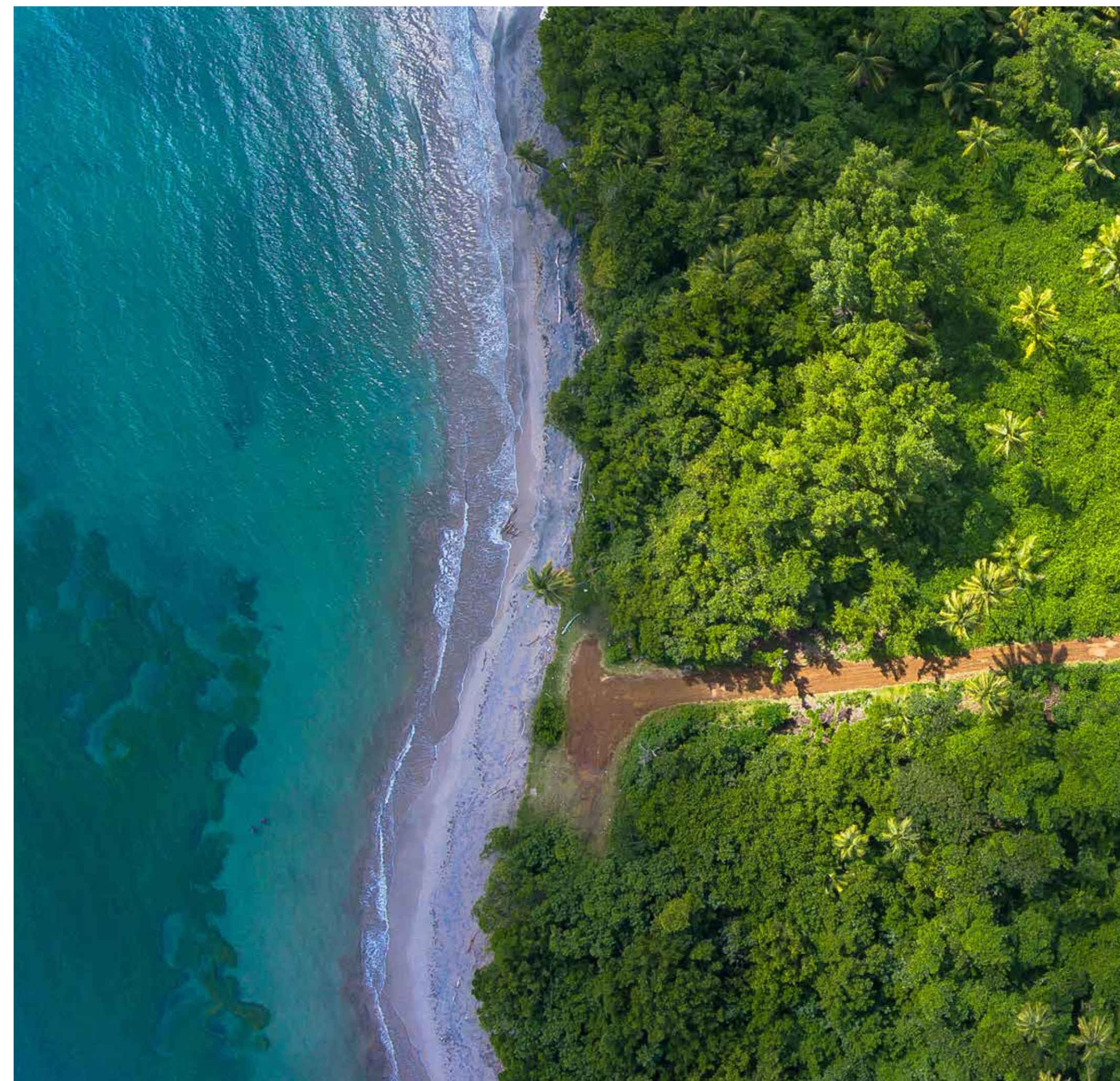
STRATEGIC  
PILLARH1 FY2022  
UPDATE**NEW BUSINESS**

- Beacon International sales increased by 65.0% to \$8.1 million
- Established a new USA sales channel with the launched of the Beacon Lighting America B2C website
- In 2021, customer numbers for Beacon Lighting America increased by 130.8% compared to 2020
- Established a new online ceiling fan sales channel in China with Tmall Global
- Custom Lighting and Masson For Light had sales increases of 32.6% and 18.4% respectively, despite the Melbourne lockdowns
- The property trust development site in Traralgon (VIC) opened as a Beacon Lighting store
- The property trust <sup>(1)</sup> purchased the Modbury (SA) property which includes Beacon Lighting, Petstock and two other minor tenancies

(1) The Beacon Lighting Group owns 50% of the property trust



- Beacon Lighting has installed 61 solar systems on our stores generating electricity during peak operating periods throughout the day
- In November 2021, the Australian Packaging Covenant Organisation (APCO) awarded Beacon Lighting with the Outstanding Achievement Award in Sustainable Packaging Operations
- In November 2021, the Lighting Council Australia (LCA) awarded Beacon Lighting with the Sustainability Award for demonstrating “a long-standing commitment to advancing the sustainability and environmental aims of LCA”
- The Beacon Lighting Group has continued to innovate and develop the latest energy efficient globes, lighting and fan products for Australia and other parts of the world





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## H2 FY2022 OUTLOOK



- Company store comparative sales have made an encouraging start to H2 FY2022
- Development of new trade products, delivery of the enhanced trade marketing program and the continued development of the Trade Loyalty Club will continue to improve the Trade Club customer experience
- Continue to grow the new international sales channels leading into the Northern Hemisphere summer
- Work with our design and development team to ensure further product development and our supply chain partners to ensure continuity of supply
- Manage the Auburn (NSW) and Southport (QLD) property development projects for future Beacon Lighting stores
- Open new stores at Butler (WA) and Tuggerah (NSW) and strategically reinvest in existing stores





5

QUESTIONS





# 6

# APPENDICES





## 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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## NON-IFRS FINANCIAL MEASURES

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.



\$'000	AASB 16 H1 FY2021	AASB 16 H1 FY2022
<b>Sales</b>	-	-
<b>Gross Profit</b>	-	-
<i>Gross Profit Margin</i>		
<b>Other Income</b>	-	-
<i>% of Sales</i>		
<b>Operating Expenses <sup>(1)</sup></b>	(13,318)	(14,774)
<i>% of Sales</i>		
<b>EBITDA <sup>(2)</sup></b>	(13,318)	(14,774)
<i>EBITDA Margin %</i>		
<b>EBIT <sup>(2)</sup></b>	(2,803)	(3,214)
<i>EBIT Margin %</i>		
<b>Net Profit After Tax</b>	510	712
<i>NPAT Margin %</i>		

(1) Operating Expenses exclude depreciation, amortisation and finance costs

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