



2024 Interim Results

September 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

£109.6m

+8.4%
vs H1 2023

Operating profit

£10.1m

+36.5%
vs H1 2023

Adjusted
Operating Profit

£12.6m

+16.7%
vs H1 2023

Adjusted
Operating Margin

11.5%

+0.8ppts
vs H1 2023

Adjusted
Free Cash Flow

(£1.7m)

+£6.3m
vs H1 2023

Bank
Net Debt Ratio

1.1x

Improved by 0.2x
vs H1 2023

Adjusted EPS

5.7p

+0.7p
vs H1 2023

Dividend

1.7p

+0.1p
vs H1 2023

Highlights (continued)

- **Strong first half revenue increase and 17% operating profit growth:**

- Strong revenue growth of +8.4% driven by organic and acquisition-led growth
- Organic growth of 3.6% despite a challenging market decline of c.3%
- Operating profit up 16.7% to £12.6m with operating margin up 80 basis points
- Encouraged by sales growth of nearly 10% in the residential RMI sector
- Our Residential EV Charging business is growing strongly
- Good pipeline of new products: excited by the imminent launch of EV Chargers for Commercial Premises, as well as a Home Energy Management System for integrating Residential Batteries, EV Chargers, PV Solar Systems and Heating Controls
- Acquisition of D-Line in February 2024, integration of the business is on track
- Bank net debt ratio at the lower end of target range 1.1x (1-2x target)
- The Group continues to perform in line with expectations



Financial Review

Will Hoy
CFO



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Income statement

Adjusted £m	H1 2024	H1 2023	Change (%)
Revenue	109.6	101.1	+8.4%
Gross profit	44.9	39.8	+12.8%
Gross margin %	41.0%	39.4%	+1.6ppts
Overhead costs	(32.3)	(29.0)	+11.4%
Operating profit	12.6	10.8	+16.7%
Operating margin %	11.5%	10.7%	+0.8ppts
Net finance expense	(1.4)	(1.4)	—
Profit before tax	11.2	9.4	+19.1%
Tax	(2.4)	(1.7)	+41.2%
Profit for the period	8.8	7.7	+14.3%
Basic EPS (p)	5.7	5.0	+14.0%

- **Revenue of £109.6m:**

- Up 8.4% through both organic growth and acquisitions
- Residential RMI particularly strong at nearly 10%
- Residential growth compensating for infrastructure decline

- **Gross margin of 41.0%:**

- Gross margin normalising
- Easing of material prices, elevated freight costs but well below pandemic highs

- **Overheads of £32.3m:**

- Acquisition of D-Line added £1.4m
- Labour/wage inflation the key driver for underlying cost increase

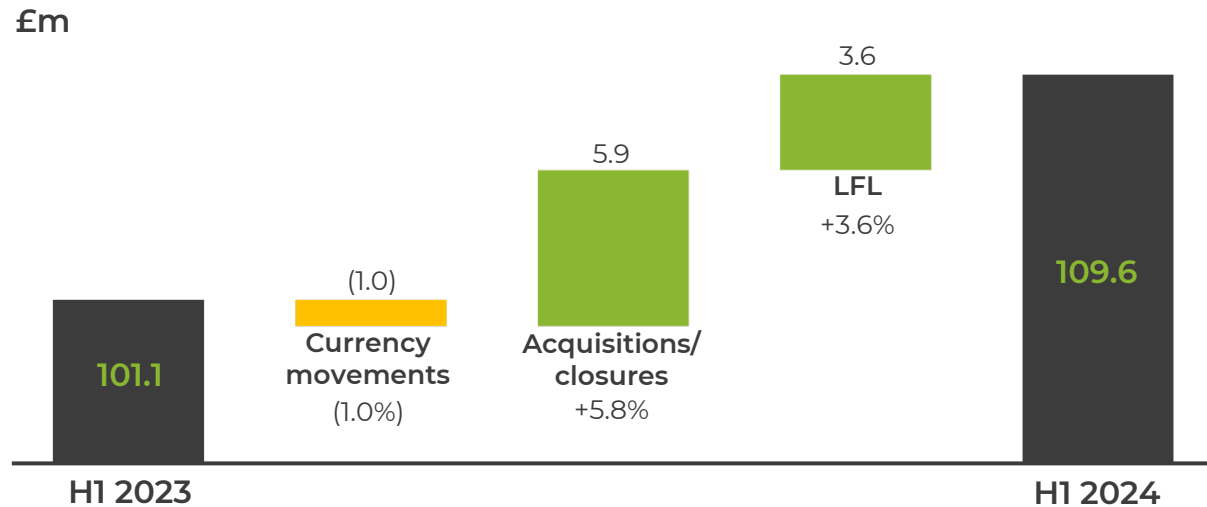
- **Adjusted Operating Profit of £12.6m:**

- 16.7% ahead of the prior year, margin +0.8ppts

- **Adjusted EPS of 5.7p**

- UK tax rate increases impacting overall EPS

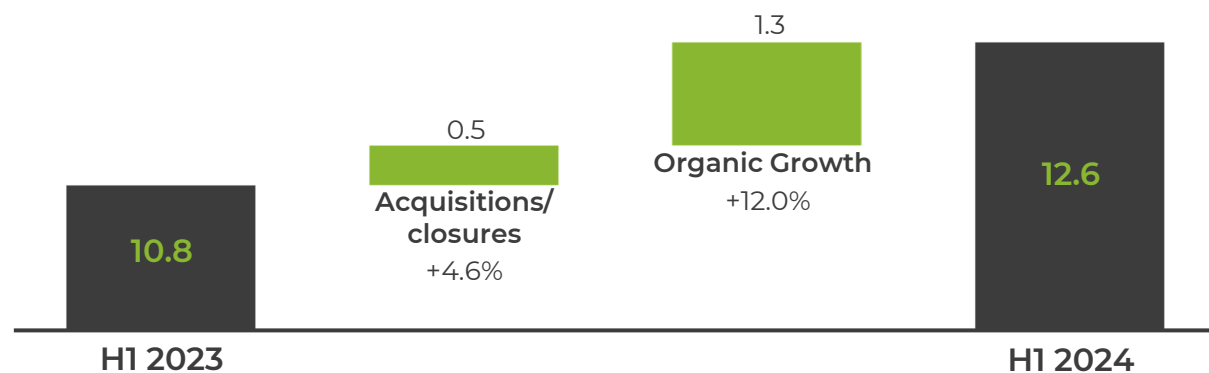
Revenue bridge



- **Revenue increase of 8.4%**
 - Like-for-like increase of 3.6%
 - Acquisitions/closures reflect the addition of D-Line in February 2024.
- **Currency unfavourable for USD revenue in year**
- **Revenue by channel highlights:**
 - Sales for Residential RMI grew strongly in the year
 - Normalisation of stocking levels has returned
 - Reduction in exterior LED lighting, which can be impacted by individual project timings

Adjusted Operating Profit bridge

£m



- **Strong organic growth**

- Driven by efficiency improvements in factory and lower material and product cost savings
- Elevated freight prices but well below pandemic highs
- Underlying growth in gross profit partially offset by overhead increases linked to national living wage

- **Operating cost leverage**

- Operating margin of 11.5% in 2024 which is up by 80 basis points on the prior year

- **Acquisitions/closures**

- Increase of 4.6% results from the acquisition of D-Line in February 2024

Improving momentum in 2024

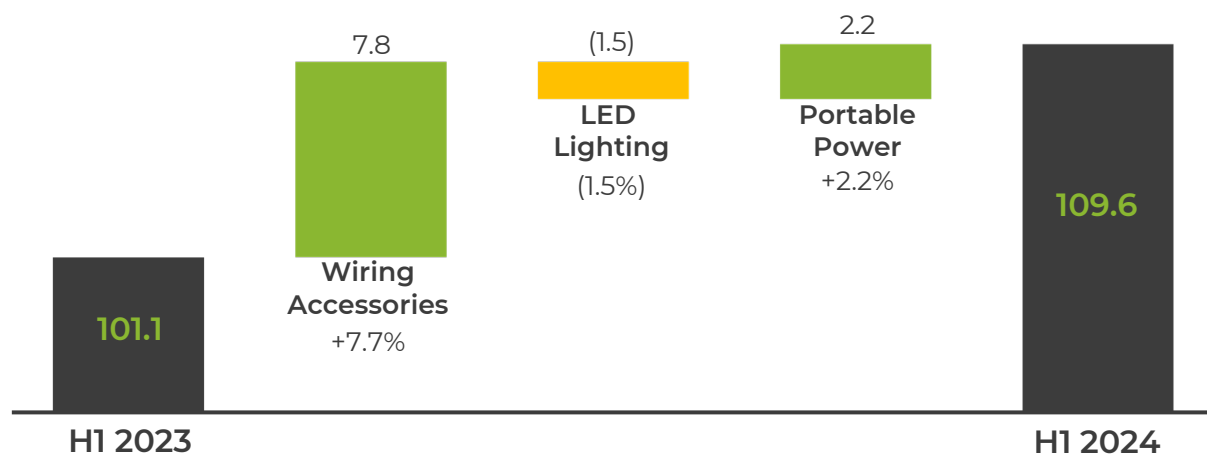
	2022		2023		2024	H1 24 vs.	
Adjusted £m	H1	H2	H1	H2	H1	H1 23	H2 23
Revenue	106.4	99.9	101.1	107.9	109.6	+8.5	+1.7
Gross profit	36.2	38.1	39.8	42.5	44.9	+5.1	+2.4
Gross margin %	34.0%	38.1%	39.4%	39.4%	41.0%	+1.6ppts	+1.6ppts
Overhead costs	(24.7)	(27.6)	(29.0)	(29.3)	(32.3)	(3.3)	(3.0)
Operating profit	11.5	10.5	10.8	13.2	12.6	+1.8	(0.6)
Operating margin %	10.8%	10.5%	10.7%	12.2%	11.5%	+0.8ppts	-0.7ppts

- **Strong progression over H1 2023:**

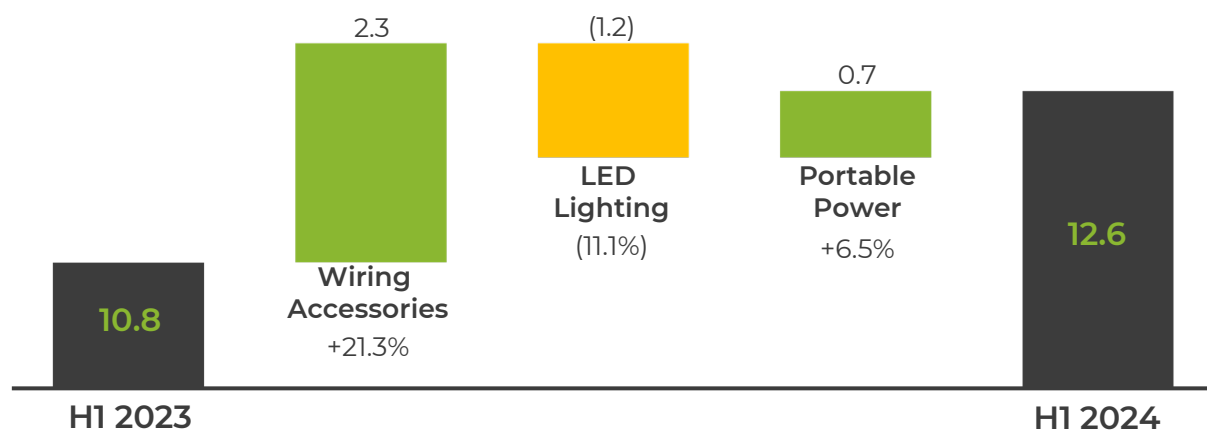
- Each half showing progress
- Operating costs rose in response to cost of living increases largely in the UK
- H2 historically stronger than H1

Operating segment review

Revenue Bridge (£m)



Adjusted Operating Profit Bridge (£m)



• Wiring Accessories

- Strong growth in revenue despite market
- D-Line integrating well
- Good operating profit drop-through from additional revenue

• LED

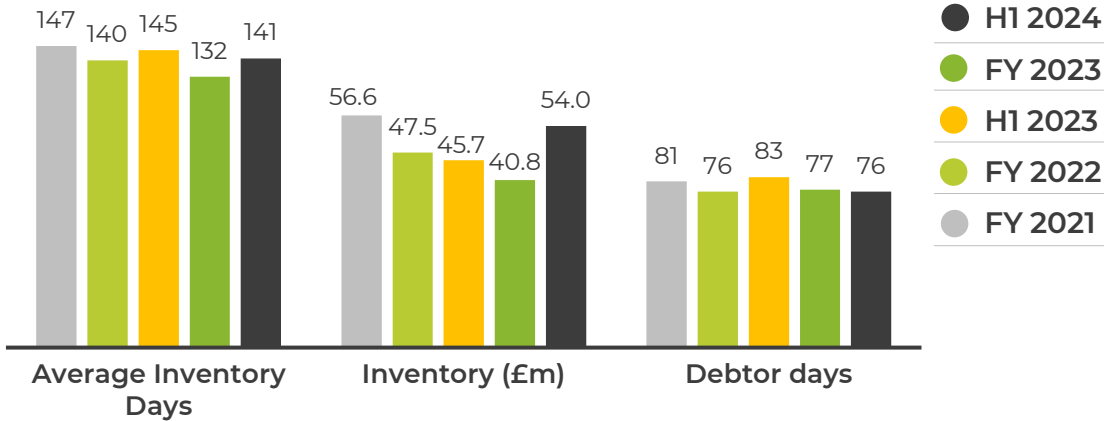
- LED lighting revenue reduced following slower demand for significant infrastructure spend
- Professional Projects business continuing to perform well

• Portable Power

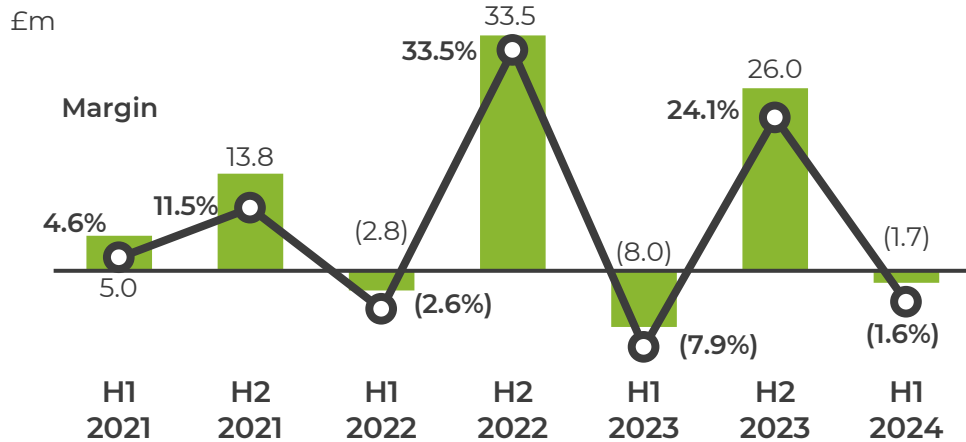
- Growth in both Masterplug and EV Charger ranges
- Achieved operating margin over 10%

Free Cash and Bank Net Debt

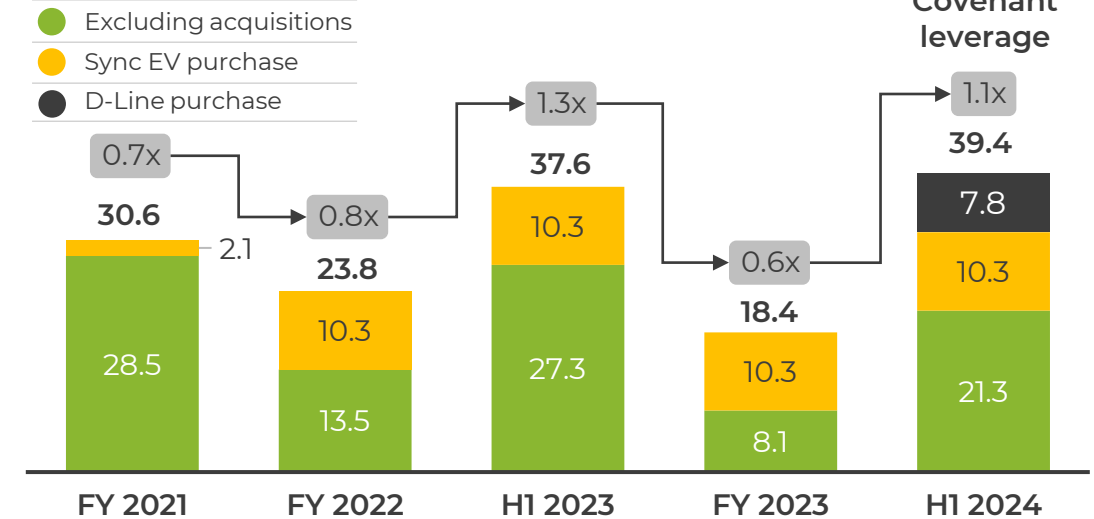
Working capital management



Adjusted Free Cash Flow by half year



Bank Net Debt / (Cash) (£m)



- Bank Net Debt within target range of 1-2x at 1.1x
- Inventory days below H1 2023
- Free cash flow generation H2 weighted normally, sea freight disruption may affect this year
- Significant M&A optionality given strong free cash flow and low net debt

Business Review

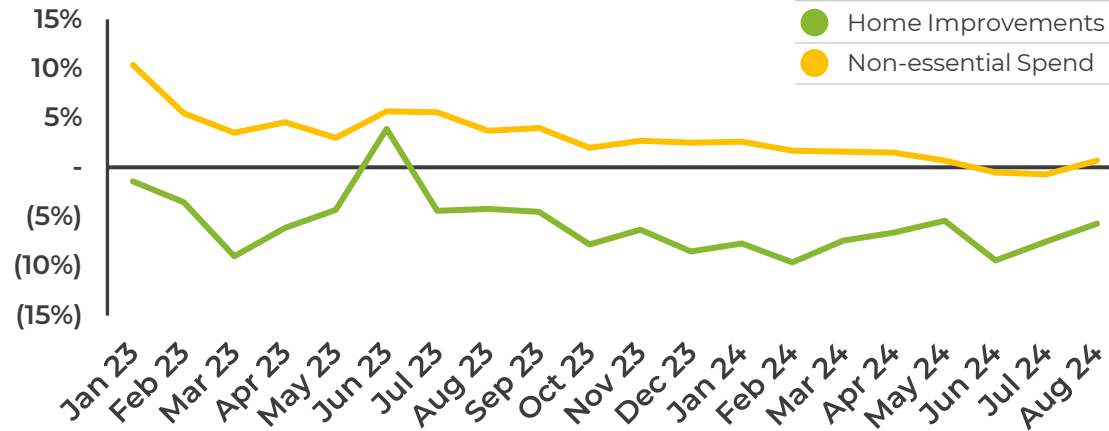
John Hornby
CEO

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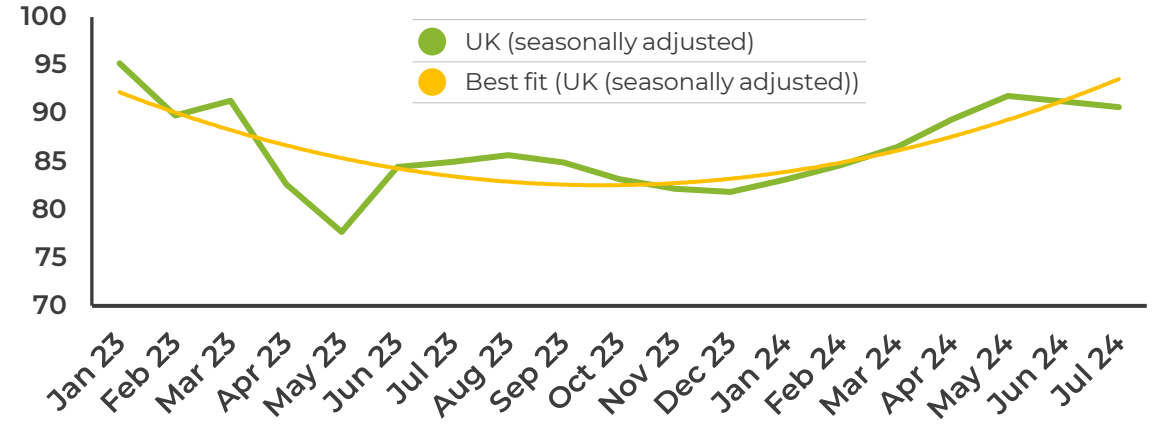


Underlying demand

Barclays Consumer Spending year-on-year



UK residential property transactions ('000s)



Addressable market forecast

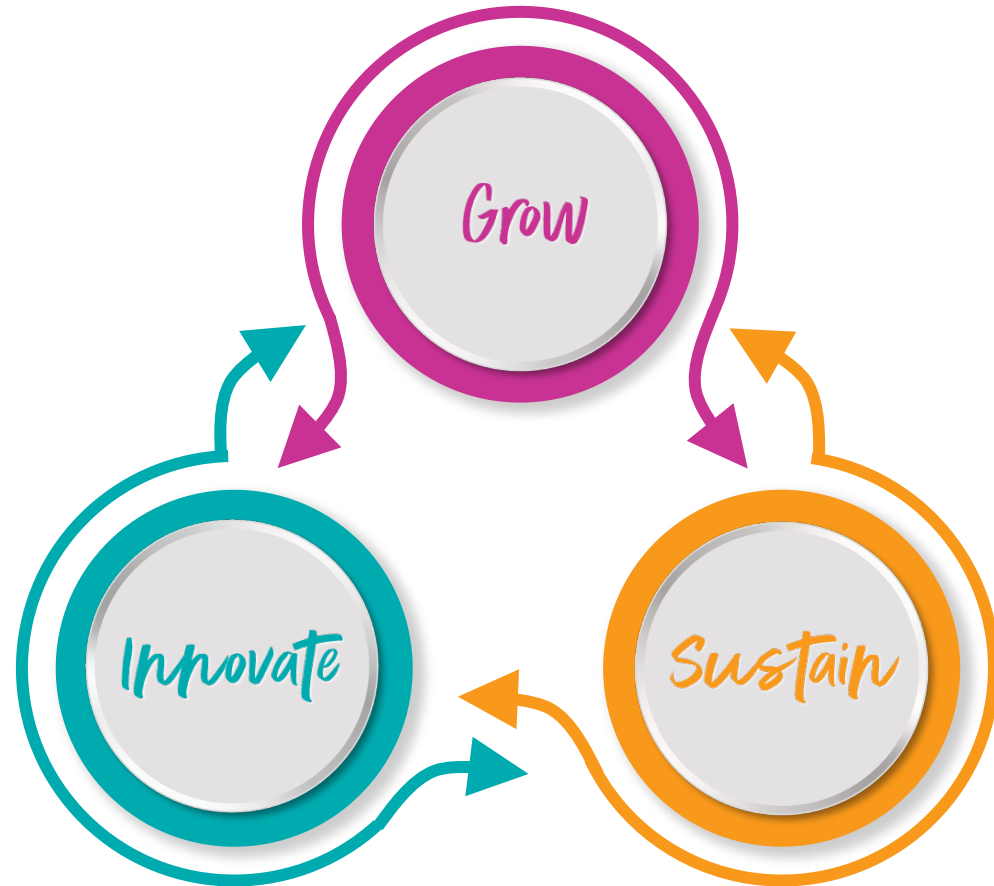
Market volume change	% of Group revenue	UK Forecast FY24 ¹
Residential RMI	60%	-4.4%
New Residential Housing	5%	-7.4%
Non-residential RMI	20%	+1.0%
New Infrastructure	15%	nil
Addressable market forecast	100%	-2.8%

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 97,000
- Market output forecast to have reduced c.3% by the end of 2024
- Order book indicates Luceco will **outperform** addressable markets in 2024

Strategic review

Our Strategy



Our purpose

To help people
harness
power
sustainably
in everyday life

Innovate: Functionality our customers need

Why we Innovate

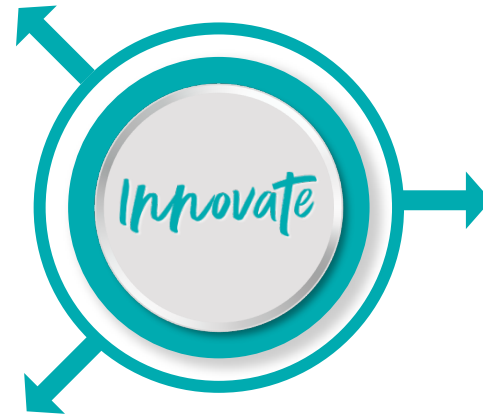
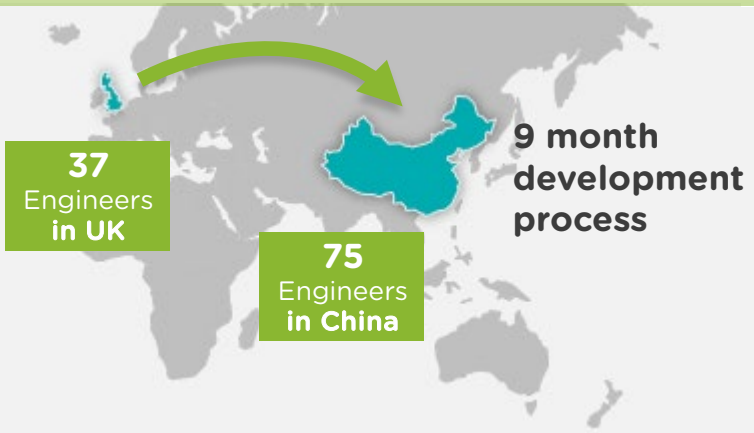
1. Drives growth of the business

- £7m revenue in H1 2024 from new products

2. Sustains our competitive advantage

- Developing new low-carbon products

How we Innovate



Key achievements

1. EV Chargers

- Imminent launch of our first commercially focused “Pro Charge” range
- Expansion of EV charger range for International markets also

2. Home Energy Management System

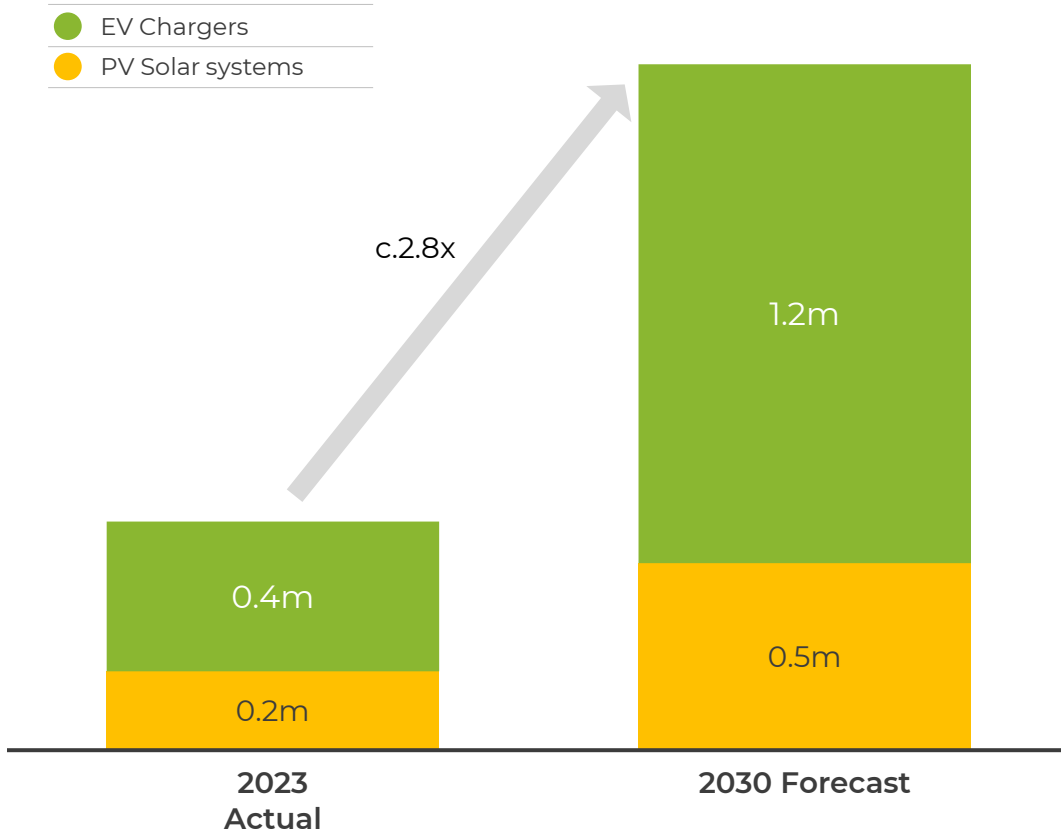
- Imminent launch of Smart Invertors, Batteries, and Heating Controls which integrate with our EV chargers and third-party Solar PV

3. Enhancing core offering

- On going upgrades and improvement to our core product ranges
- For example, total relaunch of USB charging offer to encompass superfast USB-C wall sockets

Growth of the Home Energy Management Solution

UK Residential clean energy installations¹ (units, m)



1. Company estimates using data from LCP Delta and SMMT vehicle forecasts



Growth Drivers

- Future Homes Standard effective in 2025 requires new homes achieve a 75-80% reduction in carbon emissions
- Will drive implementation of electric heating, solar power and EV charging
- Homeowners will favour single ecosystems to integrate multiple technologies, such as EV Chargers, Solar PV and Batteries

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

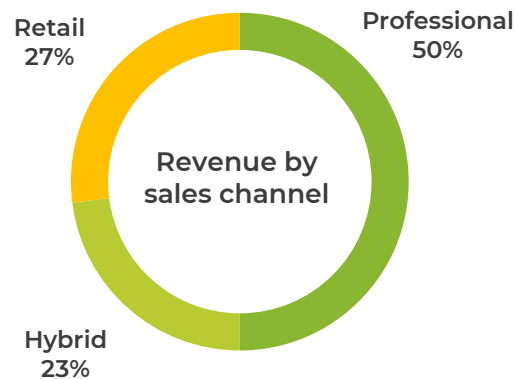
- **£40bn** annual investment required for UK to meet net zero

Our competitive advantage powers above market growth

Strong product development



Attractive 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

Sustain: Maintaining our competitive advantage

Investing in our business

1. Kingfisher Lighting investment

- **£2.5m** investment to purchase Kingfisher Lighting an enhanced manufacturing facility

2. Driving further operating leverage

- Significant sourcing and overhead cost synergies being realised at D-Line
- 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 FY23
- 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

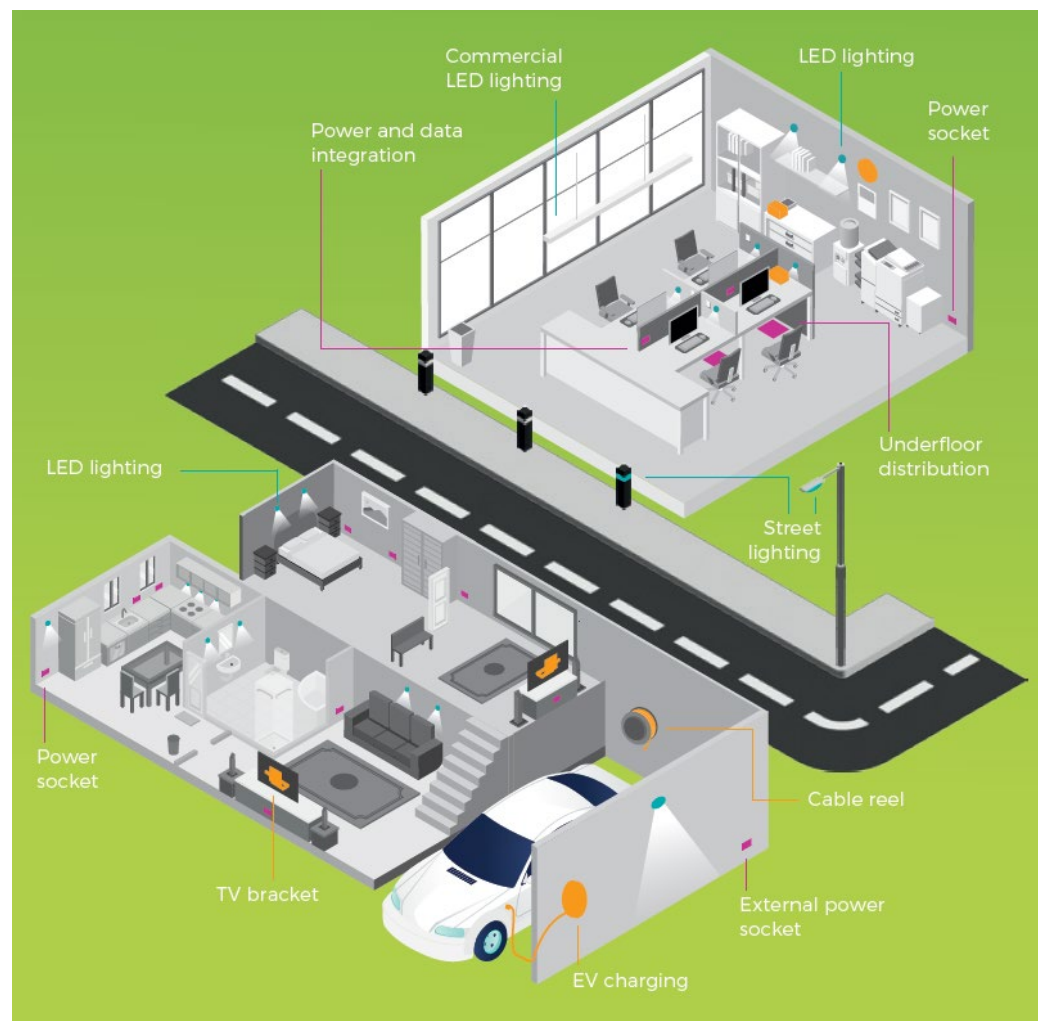
£80m low carbon product sales in FY23

SBTi targets on track

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

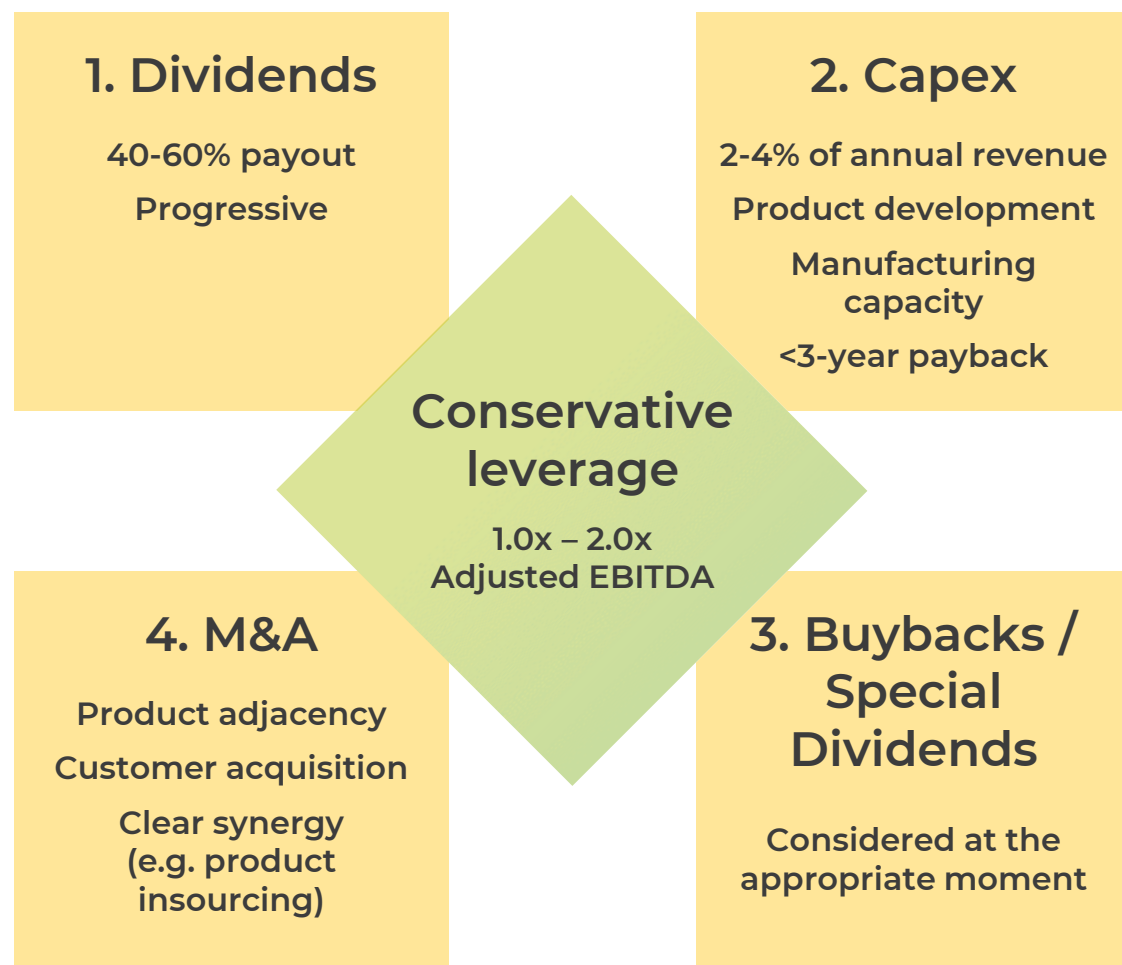
Innovate

- Broad, high quality and electrified core product range
- Residential and commercial EV charger ranges 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 Home Energy Management Solutions

Capital allocation policy and M&A



D-Line

- 29 February 2024, acquisition of D-line for £8.6m
- 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



Outlook

John Hornby
CEO

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Outlook

- The group continues to perform in line with full year expectations
- With UK interest rates easing we are hopeful that confidence in our sectors of the economy will begin to return, providing reasons to be more optimistic for 2025 and beyond
- Our Residential EV Charging business is growing strongly and we are excited by the imminent launch of EV Chargers for Commercial Premises, as well as a Home Energy Management System for integrating Residential Batteries, EV Chargers, PV Solar Systems and Heating Controls
- The cost of container shipping remains high but has begun to ease recently
- We continue to explore M&A opportunities, in line with our capital allocation policy

Luceco has the flexibility to continue to invest in new organic and M&A opportunities with a recovering market



Q&A

John Hornby

CEO

Will Hoy

CFO

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Appendix



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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 ¹	45%
Revenue 4-year CAGR % ²	4%
Operating margin ¹	19.2%
Product Categories	Switches and sockets, Circuit protection, Weatherproof, Junction boxes, Cable management

1. H1 2024
2. 2019 to 2023 in constant currency



What we sell

Wiring Accessories - D-Line

Established

July 2004

Product Categories

Decorative cable trunking and accessories, Fire-rated cable supports, Floor cable protector and Cable organisers



What we sell

Wiring Accessories - Commercial Power - Nexus

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 ^{1,2}	33%
Revenue 4-year CAGR % ^{2,3}	9% (2% organic)
Operating margin ¹	1.9%
Product Categories	Residential interior, Residential exterior, Commercial interior, Commercial exterior, Work & site lighting

1. H1 2024

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

3. 2019 to 2023 in constant currency



LUCECO
LIGHTING



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 ¹	22%
Revenue 4-year CAGR % ²	-1% (-5% organic)
Operating margin ¹	10.2%
Product Categories	Extension leads, Cable reels, Adaptors and accessories, EV Chargers

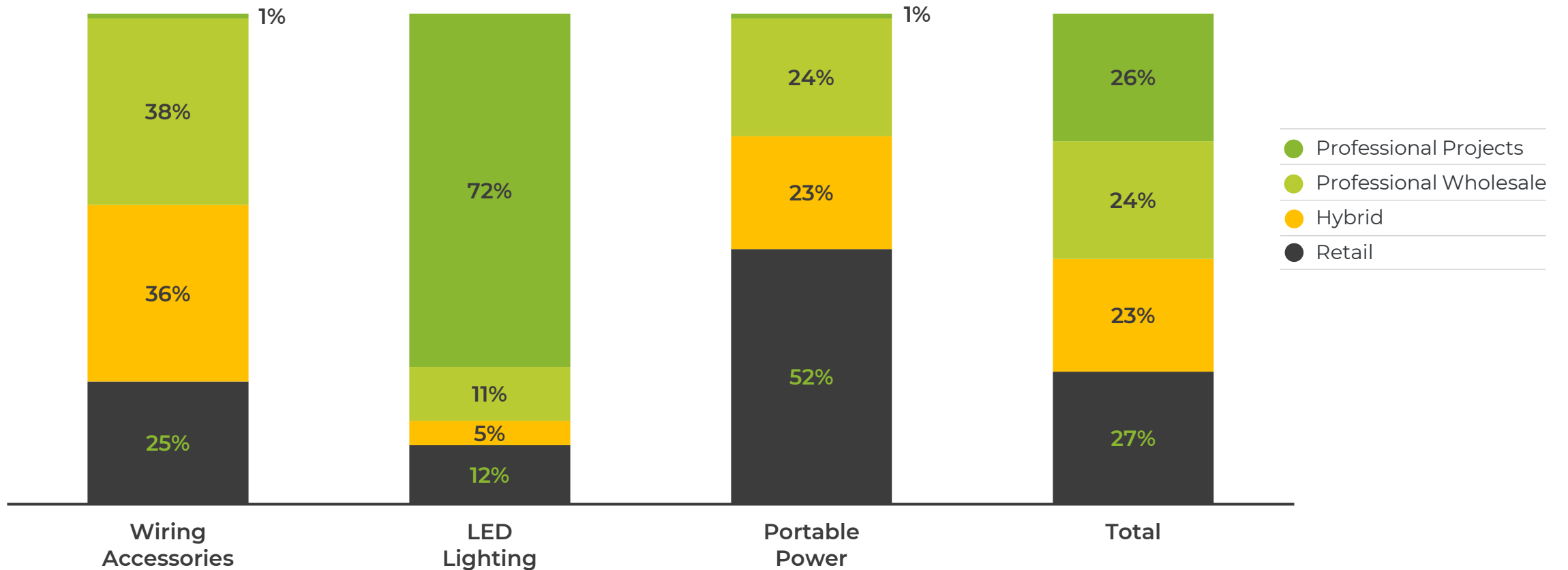
1. H1 2024

2. 2019 to 2023 in constant currency

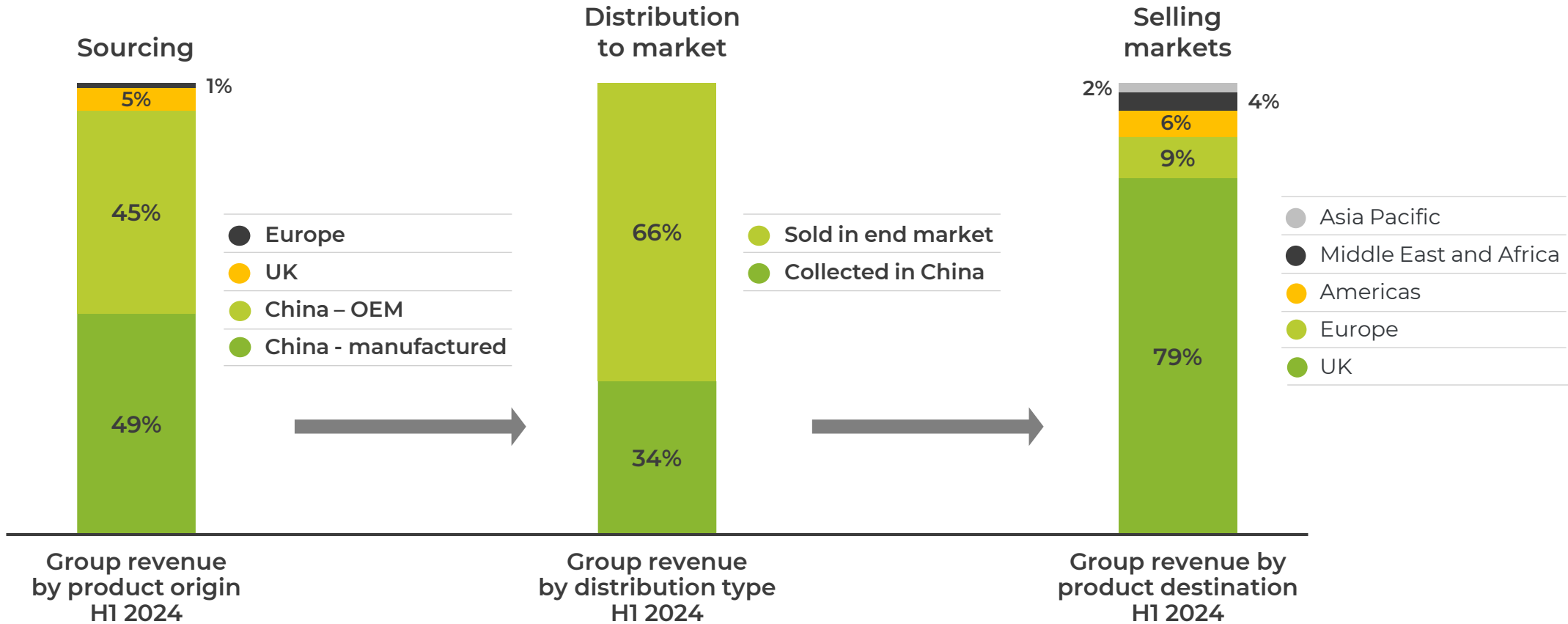


Who we sell to

Product segmental sales by sales channel (as % of total) – H1 2024

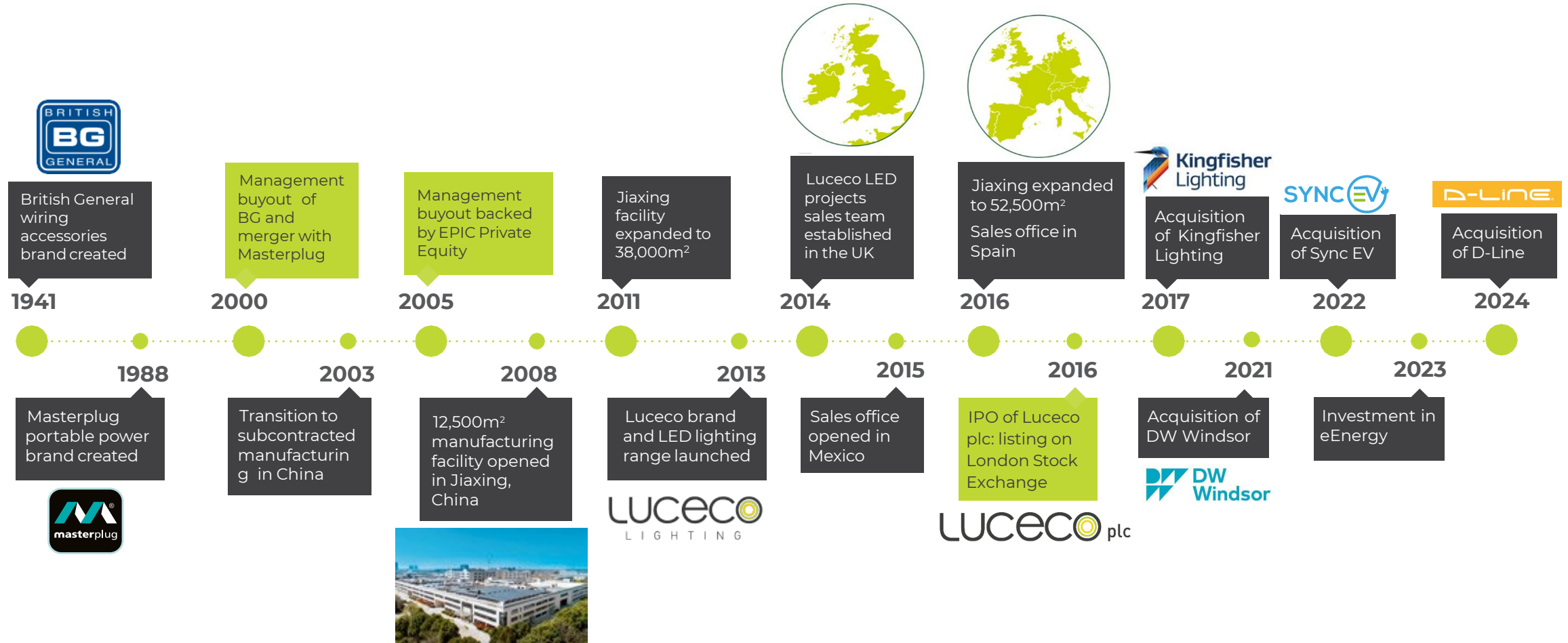


Where we operate



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
<i>Growth %</i>	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
<i>Gross Margin %</i>	30.5%	32.8%	30.3%	28.9%	30.9%	36.2%	39.8%	37.1%	35.8%	39.4%
Overheads	(16.7)	(22.3)	(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
<i>Operating Margin %</i>	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)
<i>Effective tax rate %</i>	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	10.3	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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