Beacon Lighting Group Limited

# AGM CEO PRESENTATION

**Glen Robinson**Chief Executive Officer
15 October 2014



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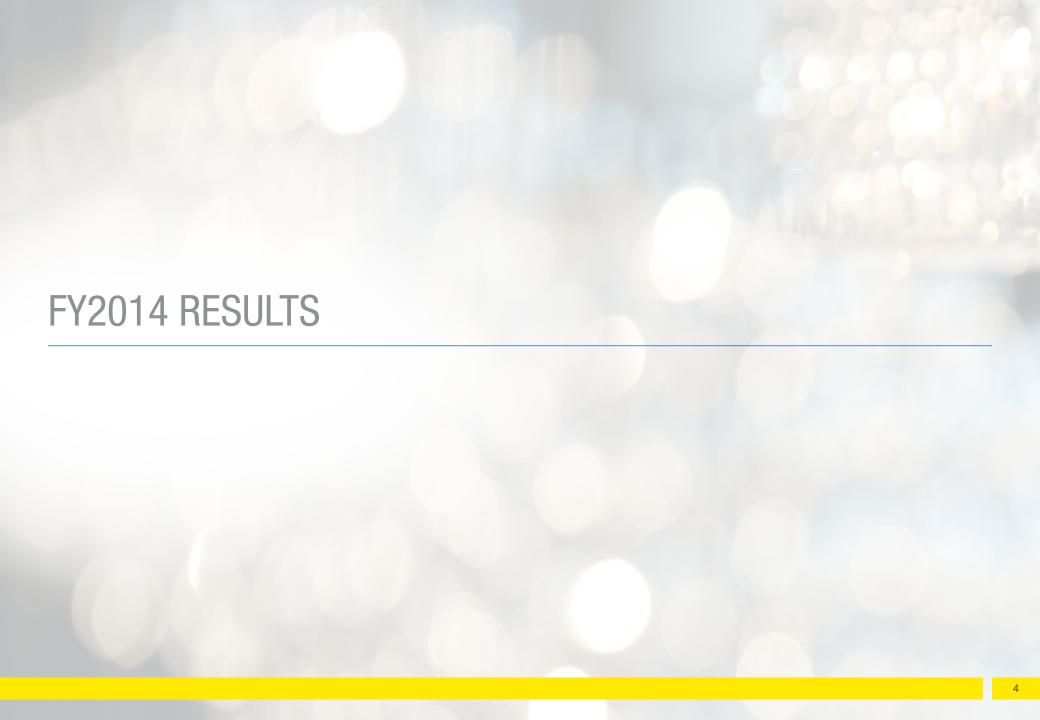
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# **AGENDA**





- FY2014 RESULTS
- 2. GROWTH STRATEGIES
- 3. FY2015 OUTLOOK
- 4. QUESTIONS



### HIGHLIGHTS



- Successful IPO on April 15th 2014
- Prospectus forecast achieved
- Record sales and profit results
- Sales increased by \$17.4m, 13.1% ahead of last year
- Designed and developed 440 exclusive new products
- Opened six new stores, plus purchased one franchise store
- Company store comparative sales increase of 5.7%
- Operating expenses down 0.7% of sales compared to last year
- EBITDA increased \$3.5m, 20.9% ahead of last year
- NPAT increased \$2.3m, 24.8% ahead of last year



# YEAR-ON-YEAR RESULT



\$ '000	FY2013 <sup>(1)</sup>	FY2014	\$ Inc / Dec on Last Year	% Inc / Dec on Last Year
Sales	132,932	150,338	17,406	13.1%
<b>Gross Profit</b>	85,599	96,660	11,061	12.9%
Gross Profit Margin	64.4%	64.3%		
Other Income	4,575	5,521	946	20.7%
% of Sales	3.4%	3.7%		
Operating Expenses (2)	(73,559)	(82,095)	(8,536)	11.6%
% of Sales	55.3%	54.6%		
EBITDA	16,615	20,086	3,471	20.9%
EBITDA Margin %	12.5%	13.4%		
EBIT	14,511	18,066	3,555	24.5%
EBIT Margin %	10.9%	12.0%		
Net Profit After Tax	9,456	11,797	2,341	24.8%
NPAT Margin %	7.1%	7.8%		

<sup>(1)</sup> Based on the 52 Week FY2013 Pro Forma Historical result in the Prospectus dated 12 March 2014

<sup>(2)</sup> Operating Expenses exclude depreciation, amortisation and financing costs

# GROWTH STRATEGIES

# FOUNTAIN GATE STORE



- Fountain Gate franchise store will be acquired on 27<sup>th</sup> October 2014.
- Number 2 Beacon Lighting store in terms of sales \$
  in the Group in FY2014.
- Services the growing market of Melbourne's SE Suburbs.





# **INNOVATIVE PRODUCTS**



#### **Energy Efficient Technology**



**Infinity Downlight** 

**Fashion** 



# **GROWTH STRATEGY UPDATE**

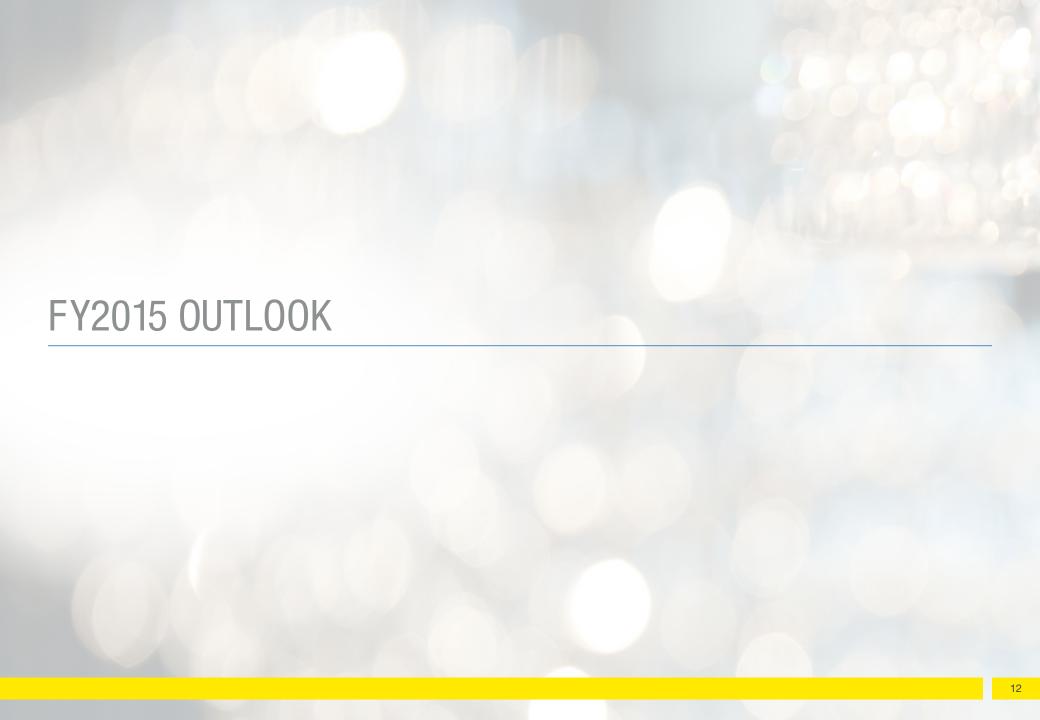


GROWTH STRATEGY	DETAIL	UPDATE
NEW STORE ROLLOUT	Target 6 new stores per year	<ul> <li>Committed to 6 net new stores</li> <li>Opened Mittagong (NSW) in July 2014</li> <li>Small store formats and regional store success enables expansion to new locations</li> <li>Independent analysis conducted showing growth for additional locations for the foreseeable future</li> <li>Closure of Hawthorn (VIC) in FY2015, will open Camberwell (VIC) in FY2015</li> </ul>
OPTIMISING STORE PORTFOLIO AND OPERATIONS	Optimise store size, fit out, merchandising and operations	<ul> <li>2 major refurbishments at Moorabbin (VIC) and Taren Point (NSW)</li> <li>Drive increased sales and profit from the existing store network</li> <li>Continue to grow trade sales by catering to their product and service requirements</li> </ul>
NEW PRODUCTS AND RANGES	Refresh the range with new fashion, technical and energy efficient items	<ul> <li>Introduce the latest fashion orientated products, developed by our own internal team exclusively for Beacon Lighting</li> <li>Increase the breadth and depth of our exclusive globe range</li> <li>Introduce new LED products and the latest advancements in that technology</li> <li>Continue to build awareness of our internal product brand 'Lucci'</li> <li>Increase the range of trade lighting, globes and ceiling fans to better cater to that market</li> </ul>
ONLINE	Optimise customer experience across our online assets	<ul> <li>Better functionality within our core website</li> <li>Introduce social media to drive traffic and brand awareness</li> <li>Introduce potential new websites to capture additional sales opportunities</li> </ul>

# **GROWTH STRATEGY UPDATE**



GROWTH STRATEGY	DETAIL	UPDATE
ACQUISITIONS	Businesses that have synergies with the core Beacon business	<ul> <li>Consider acquisitions of existing lighting retail stores in Australia</li> <li>Consider acquisitions of Franchise operated Beacon Lighting stores</li> <li>Acquisitions need to meet strict financial parameters</li> </ul>
EMERGING BUSINESSES	Beacon Solar and Beacon International	Continue to support the emerging business as they continue to have synergies with the core business
EFFICIENCY GAINS	Improve productivity throughout the business	<ul> <li>Further efficiency gains can be realised by better control of the cost base as the business grows, this includes evaluating processes, systems and technology to make better use of resources within the business</li> </ul>



## FY2015 OUTLOOK



#### **Beacon Lighting**

- Strong comparative company store sales have continued into Q1 FY2015
- Store roll out is on track for 6 new company stores.
   Purchase the Fountain Gate (Vic) franchise store in October 2014
- Need for greater energy efficiency continues to drive rapid innovation in lighting technology
- Operating efficiencies remain a focus throughout the business
- A solid pipeline of fashion, technical lighting and ceiling fan releases for FY2015
- Actively investigating further acquisition opportunities

#### **Market Conditions**

General market conditions remain supportive of Beacon Lighting and the lighting industry in Australia

#### **Summary**

 Beacon Lighting expects the current growth strategies to continue to drive improved sales and profits in FY2015

