



LFRA PRESENTATION

November 2014

A bright future



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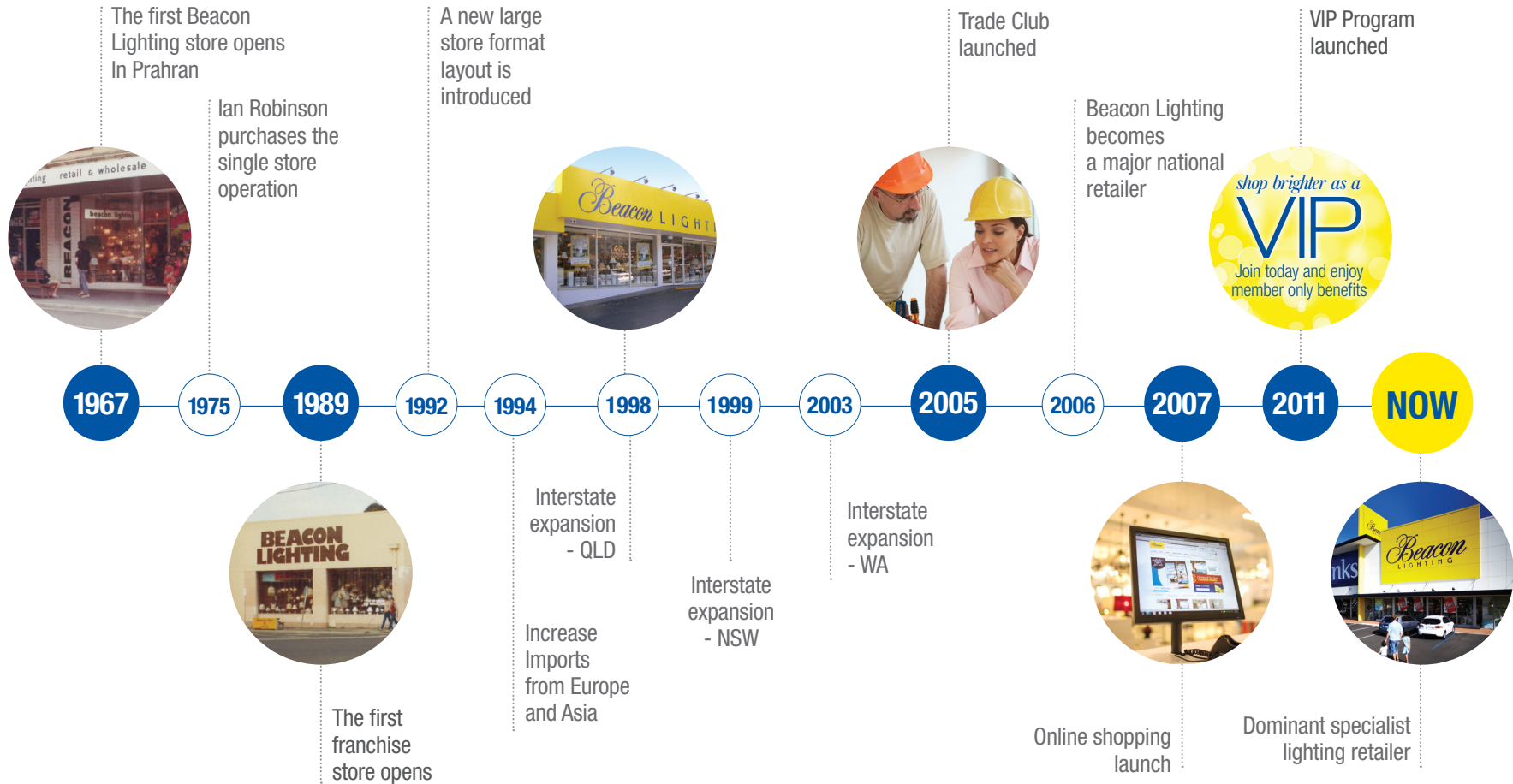
INTRODUCTION



- Successful listing on ASX on April 15 2014.
- Beacon Lighting Group is the leading specialist lighting retailer in Australia.
- From a single store in Melbourne in 1967, Beacon Lighting has grown to now operate 88 stores nationally with scope for significant additional expansion.
- The business has continued to experience growth through the difficult retail environment of recent years.
- Early stage of a dynamic period of change in lighting.
- Beacon lighting conducted an IPO to facilitate the exit of a passive long term shareholder who held 45% of the issued shares.
 - No sell-down from the founder of the business.



THE HISTORY OF BEACON LIGHTING



BEACON LIGHTING INVESTMENT HIGHLIGHTS



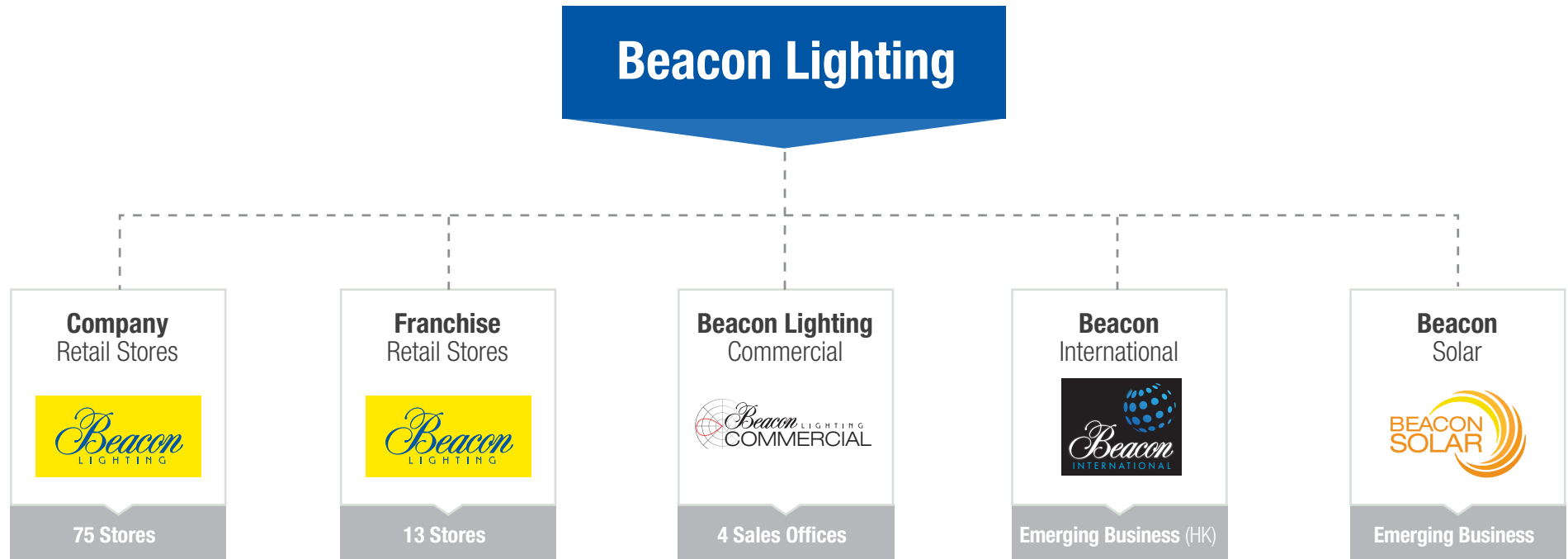
- 1 A long and proud history of growing revenue and profit since formation in 1967
- 2 A strong financial position with no material debt and solid cashflow
- 3 Dominant specialist lighting retailer with 92 locations around Australia
- 4 A proven retail model capable of being rolled out further
- 5 Strong and experienced senior management team
- 6 Vertically integrated – import, distribution and retail business
- 7 Exclusively designed and manufactured product
- 8 Strong and well recognized brand name built up over 40 years
- 9 Dynamic change in the lighting industry



GROUP OVERVIEW



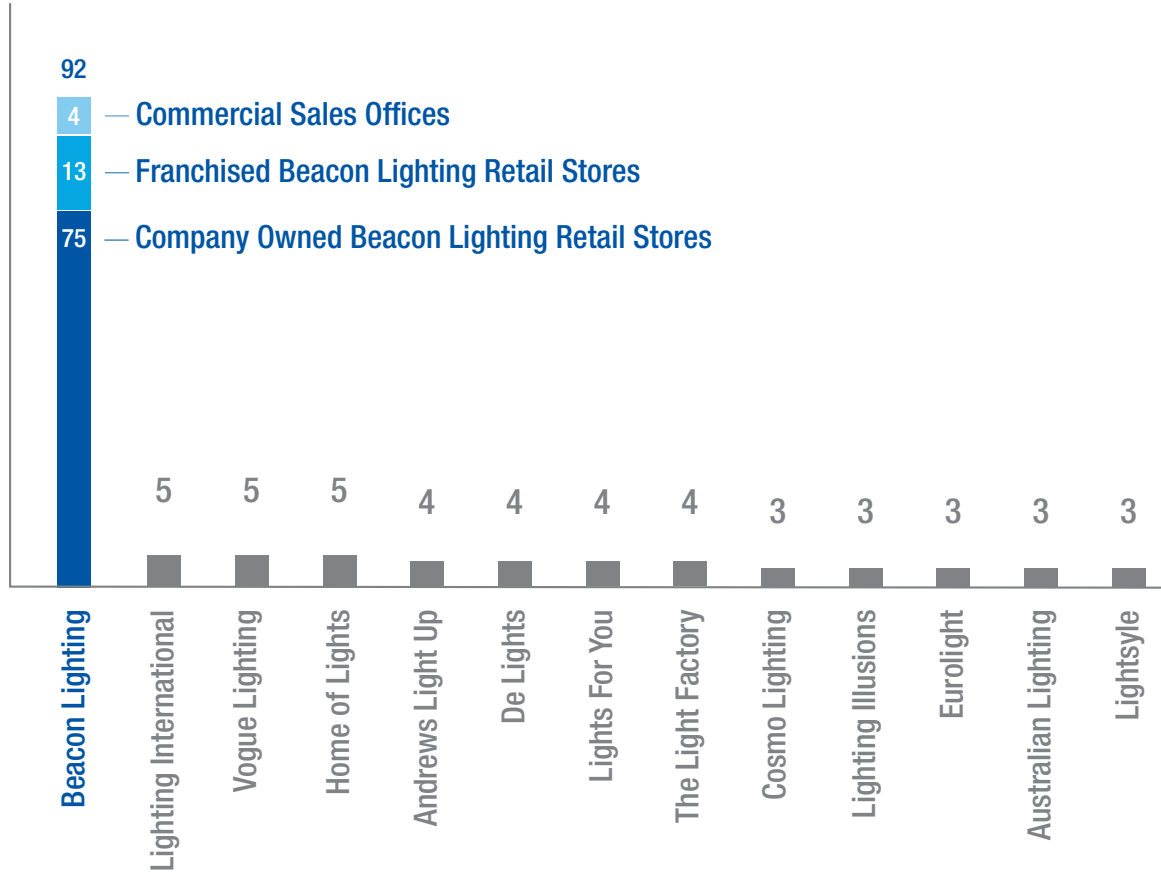
Beacon Lighting



SPECIALITY RETAIL LIGHTING STORES



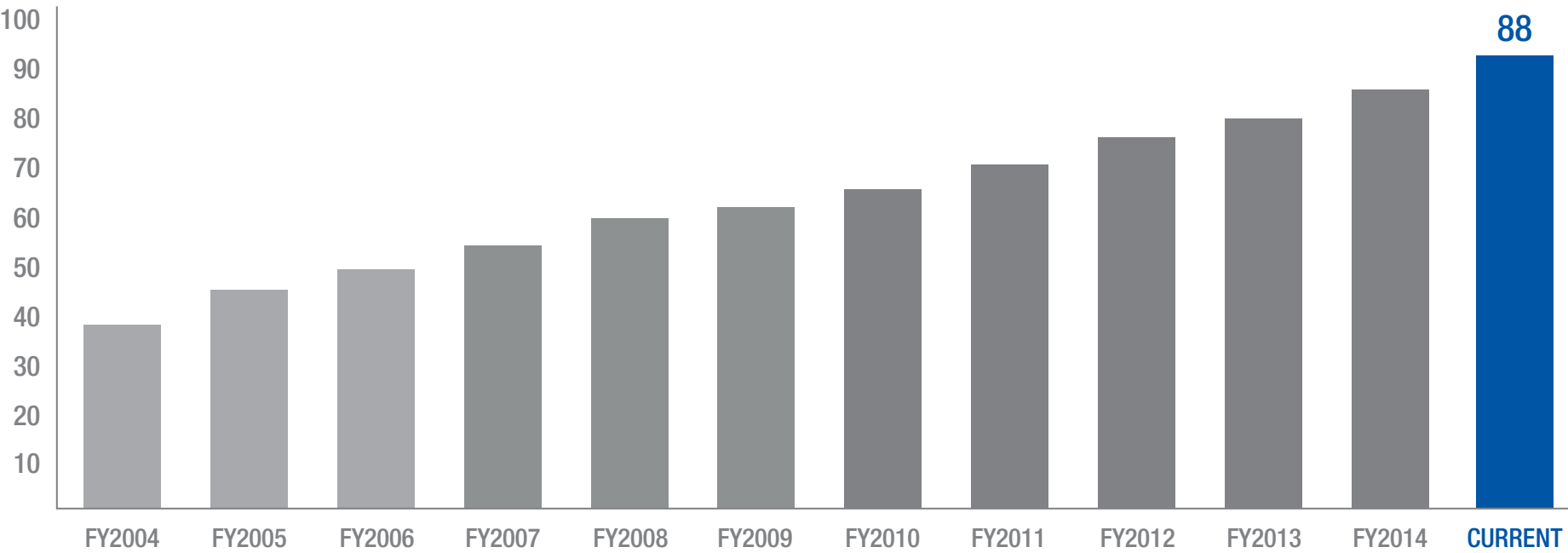
NUMBER OF STORES & SALES OFFICES



Source: Company Research

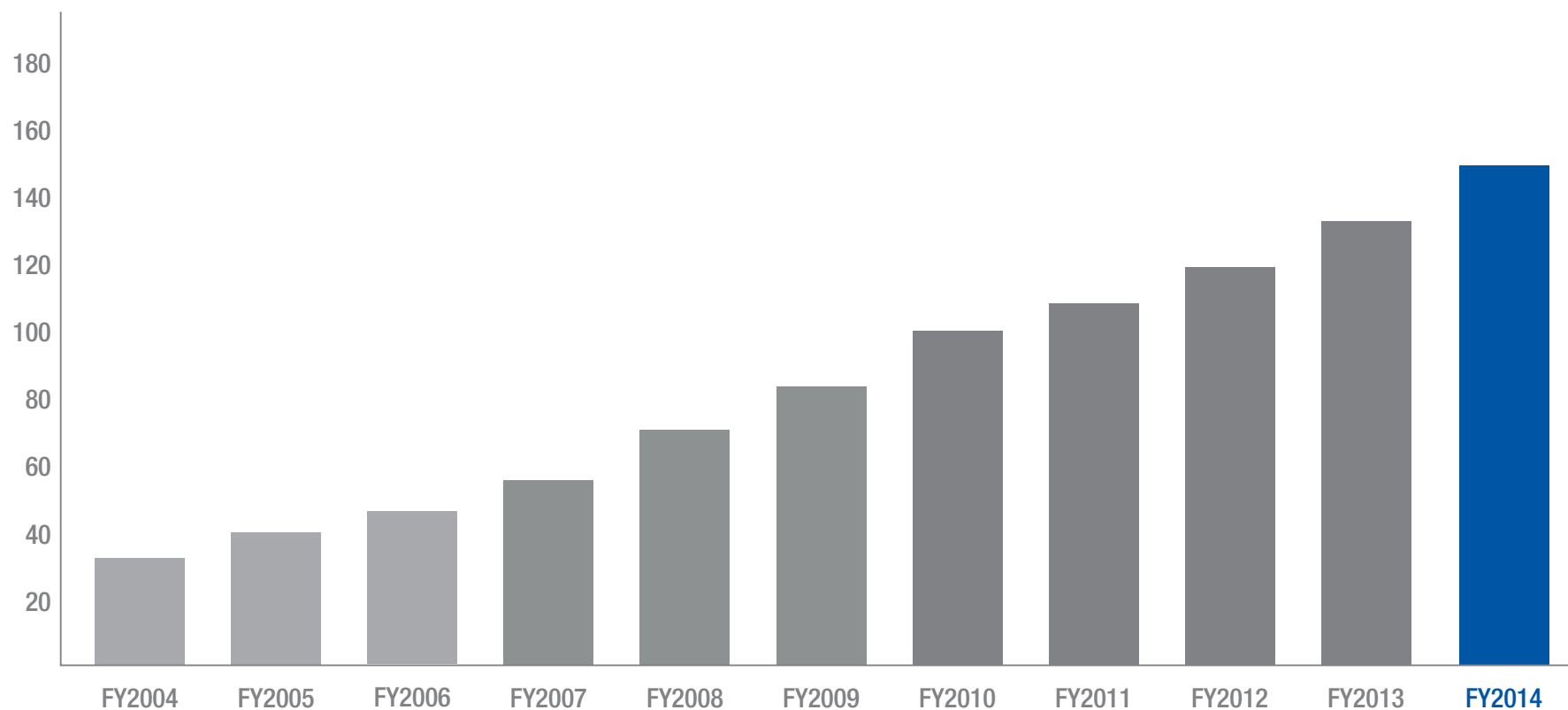


BEACON LIGHTING STORE NUMBERS



NOTE: Includes franchise stores but does not include 4 commercial sales offices.

BEACON LIGHTING SALES \$ MILLIONS



1. Sales are normalised and shown for continuing businesses only.
2. Sales include company stores, wholesale sales to franchise stores, Beacon Solar and Beacon International sales.

PRODUCT RANGE



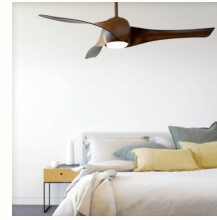
Pendants



Table Lamps



Floor Lamps



Ceiling Fans



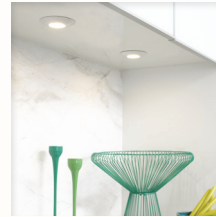
Chandeliers



Exteriors



Globes



Downlights



Wall Lights



Spotlights



Bathroom



Batten Fix



Flush Mounts



Accessories



Solar Panels

KEY INDUSTRY DRIVERS



- **Housing activity**
 - Decorating and Renovating
 - New home starts
 - Auction clearance rates
- **Technological advancement**
 - Energy efficiency
 - LED lighting
 - Increasingly technical product “*Smart Lighting*”
- **Regulation**
 - Phase out of incandescent lighting
 - Increasing efficiency requirements (MEPS)



GROUP PERFORMANCE



- Growth has been delivered by the strategy of continued store rollout and increased self supply.
- Continued comparative and total store sales growth.
- Continued growth in trade sales.
- The business continues to make significant investment in product development/engineering as a result of increasing demand for technology driven products.
- Demand for lighting becoming more design and fashion driven.
- Ceiling fan sales increasing - complementary or alternative to air conditioners.
- Beacon Solar and Beacon International are emerging business opportunities.

CONSIDERATIONS OF WHY TO GO TO AN IPO



Majority shareholder wishes to protect the investment for the future.

Improve the governance of the business, to protect the investment.

Establish appropriate Boards.

Board of Directors to play a more formal role.

Audit Committee

Remunerations Committee



A CHANGE IN LEADERSHIP IS REQUIRED

- New CEO appointed.
- Other senior positions need to be secured for the future.



REASONS FOR IPO

- **45% shareholder partner was interested in an exit.**
 - A relatively small investment has appreciated substantially.
 - Time to capitalize on the increased value.
- **The company is now of a size that requires more formal processes.**



THE PROCESS

Establish a Due Diligence Committee

- Corporate advisor
- Non-Executive Directors
- Investigating accountants
- ASX Legal advisory firm



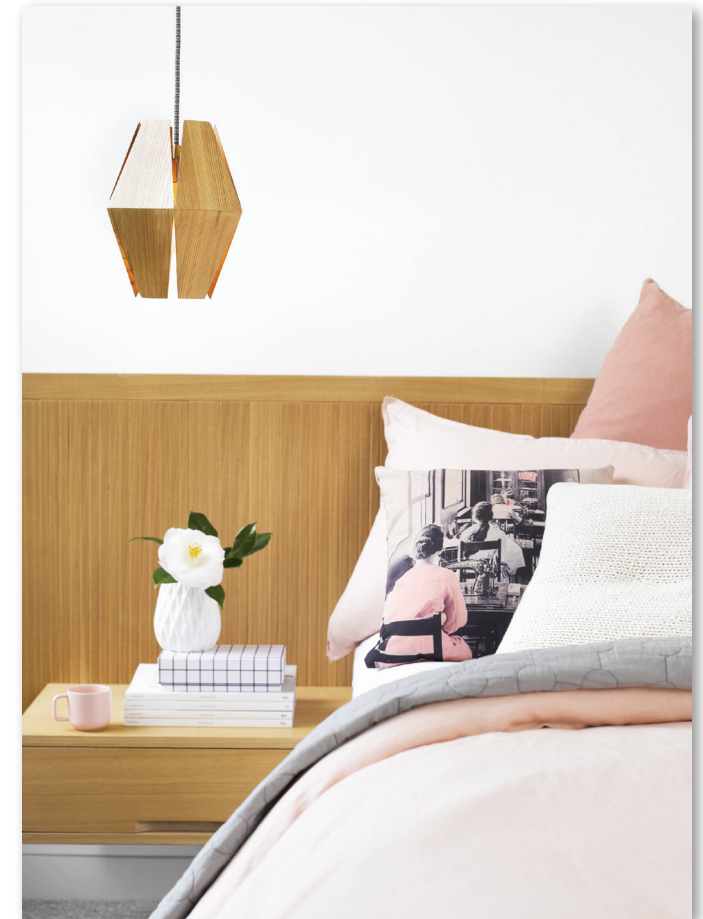
PREPARATIONS

- Financial performance needs to be adequate to cover the costs approx. 5% of funds raised.
- All Boards need to be established minimum 6 months preferably 18 months prior.
- Produce a Prospectus.



BASIS OF IPO VALUATION

- Value of the business is calculated on Net Profit after Tax, by a multiplier.
- Reasonable value for new retail companies is 10 to 13 times NPAT.
- Established retail businesses can perform at significantly higher multiples.



REASON FOR EXCEEDING EXPECTATIONS

- **IPO offer price 66 cents, opens and holds \$1.06**

Brand well known, high awareness.

Average sales increase over the last 10 years is 13%.

Housing Industry buoyant.

Dominant position in the category.



REFLECTIONS



- Definitely achieved goals.
- New energy with a new CEO.
- Many Beacon Associates are now Shareholders.
- Business is more highly regarded as a Public company, especially in the eyes of the larger customers.
- The structure is now more appropriate for the long term.

