



# FÖS

CAPITAL

## Coffee Microcaps Presentation

ASX: FOS

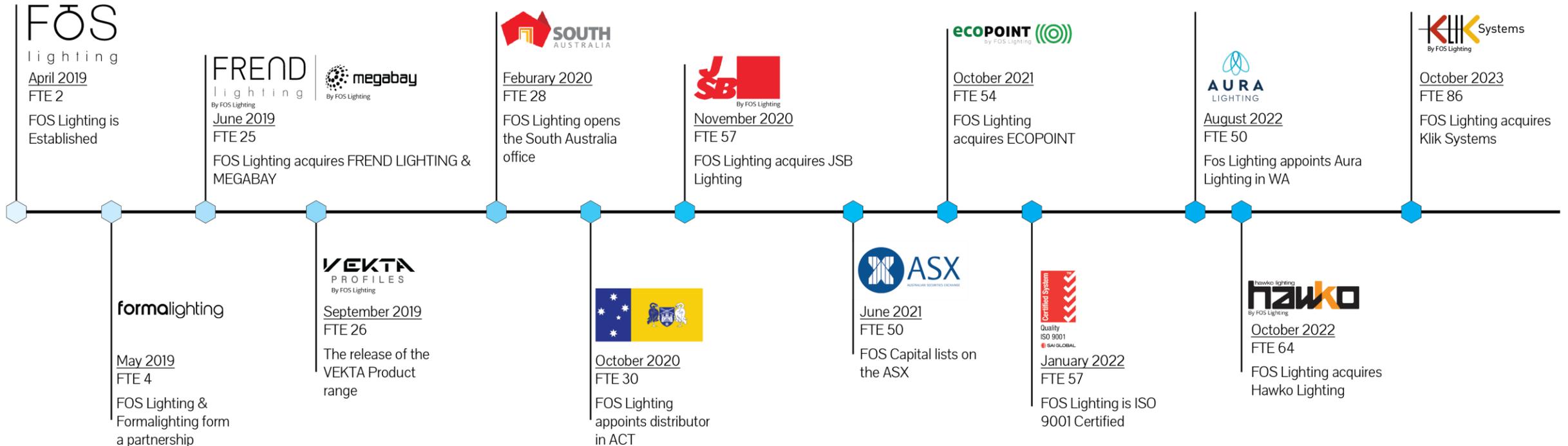
# FOS Overview

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- FOS Capital founded April 2019 and listed in June 2021. (management have +35 years in the industry)
- FOS manufactures & distributes commercial & architectural LED lighting to the project specification market
- Immediate market FOS operates in estimated sales +\$500M (broader market +\$1B)
- Medium term target market share 15% (currently 5%)
- Targeted EBITDA +10%
- M&A strategy to consolidate a fragmented industry
- 5 acquisitions to date
  - Created ANZ business with Annualised revenues +\$25m and 79 staff
  - 2 manufacturing facilities
  - 16 Brands
- Multiple accretive opportunities available
- Scale up business to extract synergies and drive margins
- Consolidating manufacturing facilities improves gross margins through scale and purchasing power
- Experienced management with proven ability to execute

# Milestones

## Track record of accretive acquisitions



# KLIK Strategic Acquisition



- KLIK 40+ years in operation in design, manufacture & distribution of quality LED linear & handrail lighting solutions
- The acquisition of KLIK Systems forms part of a strategy to consolidate the linear lighting market in Australia.
- Significant presence in US market with 70 agents across North America
- FOS commenced manufacturing of linear lighting in Brisbane October 2019.
- FOS acquired Sunshine Coast linear lighting manufacturer Hawko Lighting November 2022.
- FOS acquired Sydney based linear lighting manufacturer KLIK Systems October 2023.
- Over the 2H of FY2024 FOS will consolidate the manufacturing of these products to the KLIK factory in Sydney in order to extract significant manufacturing and purchasing synergies.
- FOS have made a \$500K restructuring provision in its half year accounts directly related to the KLIK acquisition.
- The restructuring provision includes the following major items that will be implemented by June 2024.
  - Closure of factory on the Sunshine Coast
  - Redundancy's related to closure of Sunshine Coast factory
  - Relocation of Sunshine Coast production to KLIK in Sydney

# FOS 1H24 Key Takeaways



**\$9.9m**

1H Sales +15%  
SOLID 1H



**\$7.2m**

Q2 Sales +30%  
RECORD



**\$2.7m**

December Orders Intake  
KLIK IMPACT



**\$11.1m**

Order Book  
RECORD



**0.9m**

EBITDA\* +43%  
VOLUMES INCREASE MARGINS



**KLIK Systems**

ACQUISITION



**10 Consecutive  
Profitable half years**

RESILIENT BUSINESS



**\$100m**

Pipeline  
GOOD VISIBILITY

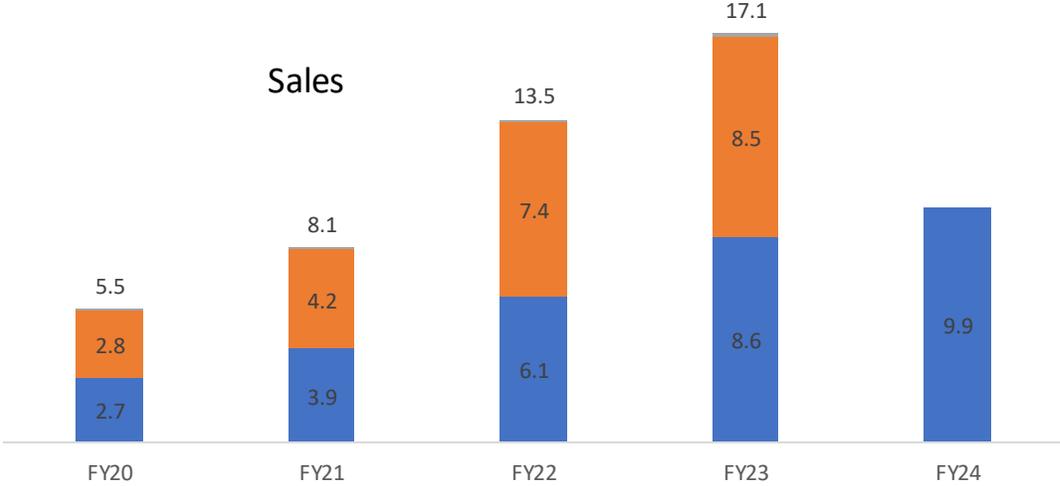
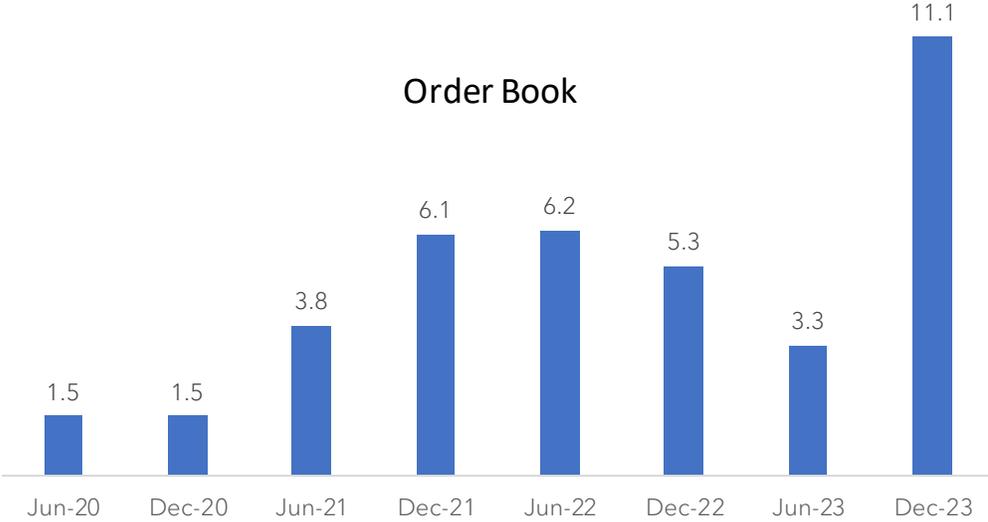
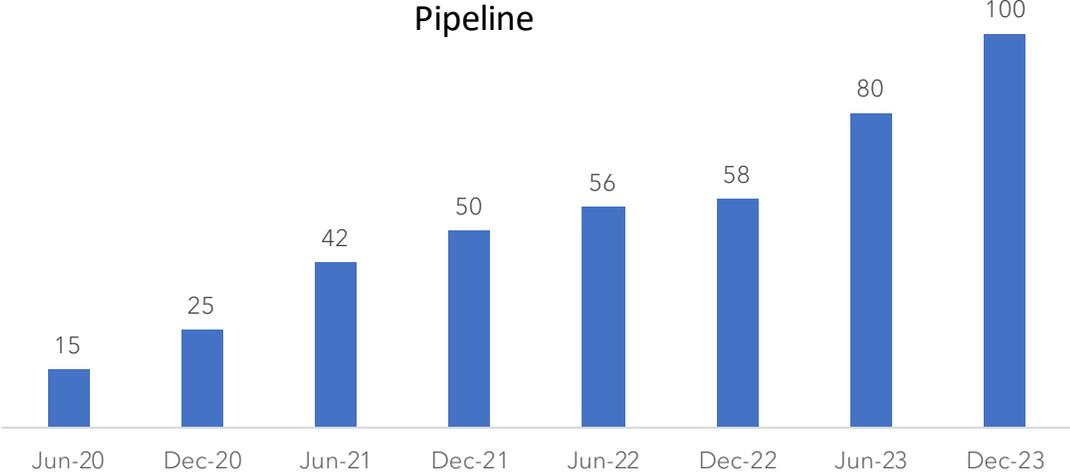
\*Excludes KLIK restructure provision

# Financials

| P&L (\$m)            | 1H24 | 1H23 |
|----------------------|------|------|
| Sales                | 9.9  | 8.6  |
| Gross Profit         | 4.3  | 3.3  |
| Other Income         | .1   | .1   |
| Operating Expenses   | 3.5  | 2.8  |
| EBITDA               | .9   | .6   |
| Int & Dep            | .2   | .1   |
| Operating Profit     | .7   | .5   |
| Klik Restructure Exp | .5   | 0    |
| PBT                  | .2   | .5   |
| PAT                  | .1   | .4   |

| Balance Sheet      | Dec 23 | Dec 22 |
|--------------------|--------|--------|
| Cash & Receivables | 5.9    | 5.2    |
| Stock, P&E, Other  | 13.0   | 9.9    |
| Total Assets       | 18.9   | 15.1   |
| Payables           | 2.1    | 2.9    |
| Debt               | 2.8    | 0      |
| Other              | 4.6    | 3.1    |
| Total Liabilities  | 9.5    | 5.9    |
| Net Assets         | 9.4    | 9.2    |

# Comparative Analysis



# Outlook

- ANZ operation with 79 staff well poised for further growth
- Commercial construction industry continues to be robust with orders being released
- Acquisition of KLIK expected to deliver significant manufacturing synergies
- New revenue streams from expanded geographical presence with the addition of 4 new distributors via KLIK
- Entry into new export markets
- Order book over \$11m with active quotes now at +\$100m
- Continued focus on product consolidation
- Seeking further acquisition opportunities

# FOS Interactive Investor Hub



<https://investorhub.foscapital.com.au/welcome>

