



Beacon Lighting Group Limited

Annual General Meeting

CEO PRESENTATION
OCTOBER 11, 2016

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 Company 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 Company will not necessarily release publicly any revisions to any such forward-looking statement.

The Presentation contains general background information about the Company and its activities current as at the date of this presentation. The information in this Presentation is in summary form only and does not contain all the information necessary to fully evaluate whether or not to buy or sell shares in the Company. It should be read in conjunction with the Company’s other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

This Presentation is not a prospectus, disclosure document or other offering document. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and does not form the basis of any contract or commitment.

CONTENTS



1 INTRODUCTION TO BEACON LIGHTING

2 FY2016 RESULTS OVERVIEW

3 GROWTH STRATEGIES

4 FY2017 OUTLOOK

5 QUESTIONS





1

INTRODUCTION TO BEACON LIGHTING

1 BEACON LIGHTING TODAY



- Beacon Lighting is Australia's leading specialist retailer of light fittings, ceiling fans and light globes
- 98 Beacon Lighting Stores: 88 Company Stores and 10 Franchised Stores
- 4 Commercial Sales Offices and a Wholesale Operation selling products to Franchised Stores
- Vertically integrated retailer with 95% self supply, including 85% of products exclusively branded
- Emerging Businesses: Beacon International, Light Source Solutions and Beacon Solar



1 COMPETITIVE POSITIONING



- Beacon Lighting has the widest range of products, including the latest styles and designs
- Beacon Lighting has experienced and technically capable Associates who can assist our customers with exciting lighting solutions
- Beacon Lighting has 98 conveniently located and well designed stores
- Beacon Lighting is competitively priced on like products and offers attractive promotions
- Beacon Lighting is able to provide a comprehensive retail offer to our customers



1 BEACON LIGHTING TEAM





2 FY2016 RESULTS OVERVIEW

- Record sales and profit result
- Sales increased by \$13.8m, 7.7% ahead of FY2015
- Gross profit dollar increased by \$7.4m, 6.4% ahead of FY2015
- Opened 5 new company stores and purchased 2 franchised stores
- Established Light Source Solutions, the GE globe distribution business
- Designed and developed 509 exclusive new products
- Operating expenses down 0.9% of sales compared to last year
- EBITDA increased \$1.8m, 6.5% ahead of FY2015
- NPAT increased \$0.9m, 5.1% ahead of FY2015
- FY2016 dividends of 4.7 cents per share, an increase of 11.9% over FY2015



| \$'000 | FY2015 | Underlying Profit FY2016 ⁽¹⁾ | \$ Inc / Dec on Last Year | % Inc / Dec on Last Year | Statutory Profit FY2016 |
|--|-----------------|--|------------------------------|-----------------------------|----------------------------|
| Sales | 179,386 | 193,179 | 13,793 | 7.7% | 193,179 |
| Gross Profit | 116,041 | 123,483 | 7,442 | 6.4% | 124,194 |
| <i>Gross Profit Margin</i> | 64.7% | 63.9% | | | 64.3% |
| Other Income | 3,949 | 3,647 | (302) | (7.6%) | 3,647 |
| <i>% of Sales</i> | 2.2% | 1.9% | | | 1.9% |
| Operating Expenses ⁽²⁾ | (92,595) | (97,965) | (5,370) | 5.8% | (97,965) |
| <i>% of Sales</i> | 51.6% | 50.7% | | | 50.7% |
| EBITDA | 27,395 | 29,165 | 1,770 | 6.5% | 29,896 |
| <i>EBITDA Margin %</i> | 15.3% | 15.1% | | | 15.5% |
| EBIT | 25,042 | 26,619 | 1,577 | 6.3% | 27,330 |
| <i>EBIT Margin %</i> | 14.0% | 13.8% | | | 14.1% |
| Net Profit After Tax | 16,939 | 17,800 | 861 | 5.1% | 18,298 |
| <i>NPAT Margin %</i> | 9.4% | 9.2% | | | 9.5% |

(1) During FY2016, the Beacon Lighting Group implemented a new inventory valuation system and conducted a review of the supply chain costs to be capitalised into inventory. The effect of this change in methodology was to increase inventory and gross profit by \$0.7 million.

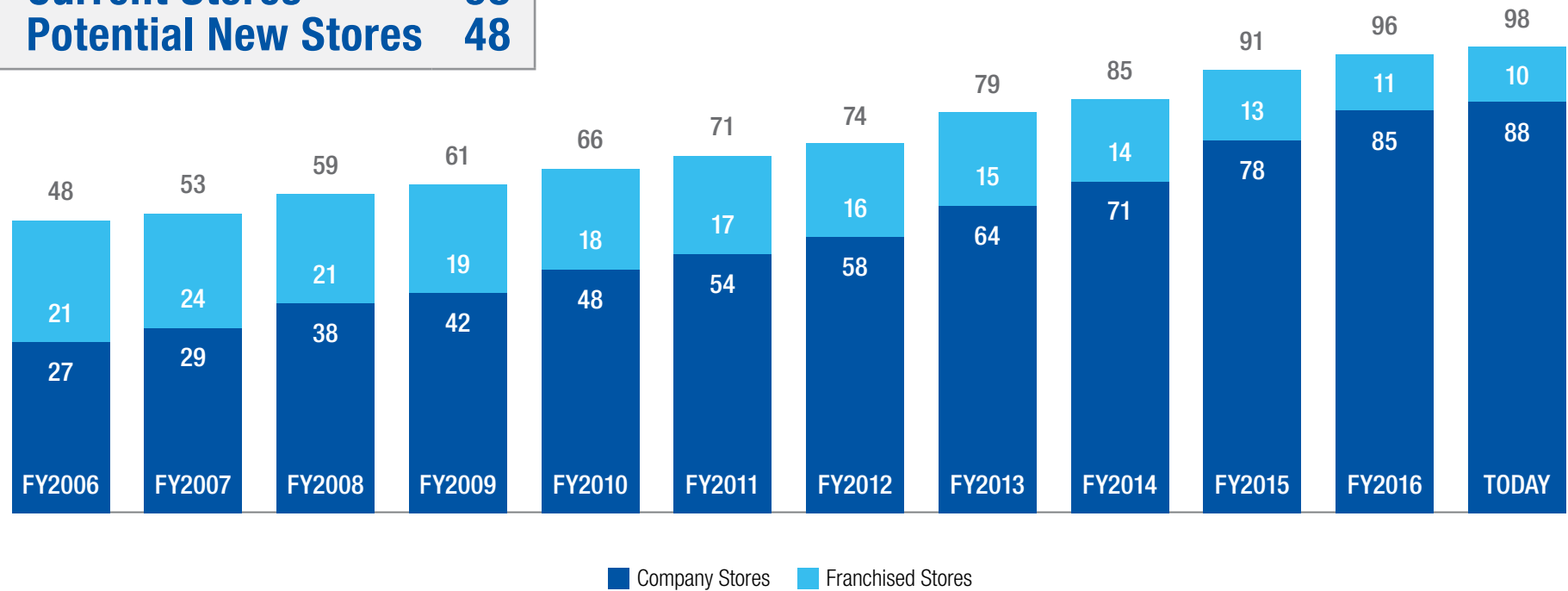
(2) Operating Expenses excludes interest, depreciation and amortisation.



3 GROWTH STRATEGIES

Beacon Lighting will continue to target the opening of six new company operated stores in Australia each year.

Current Stores 98
Potential New Stores 48



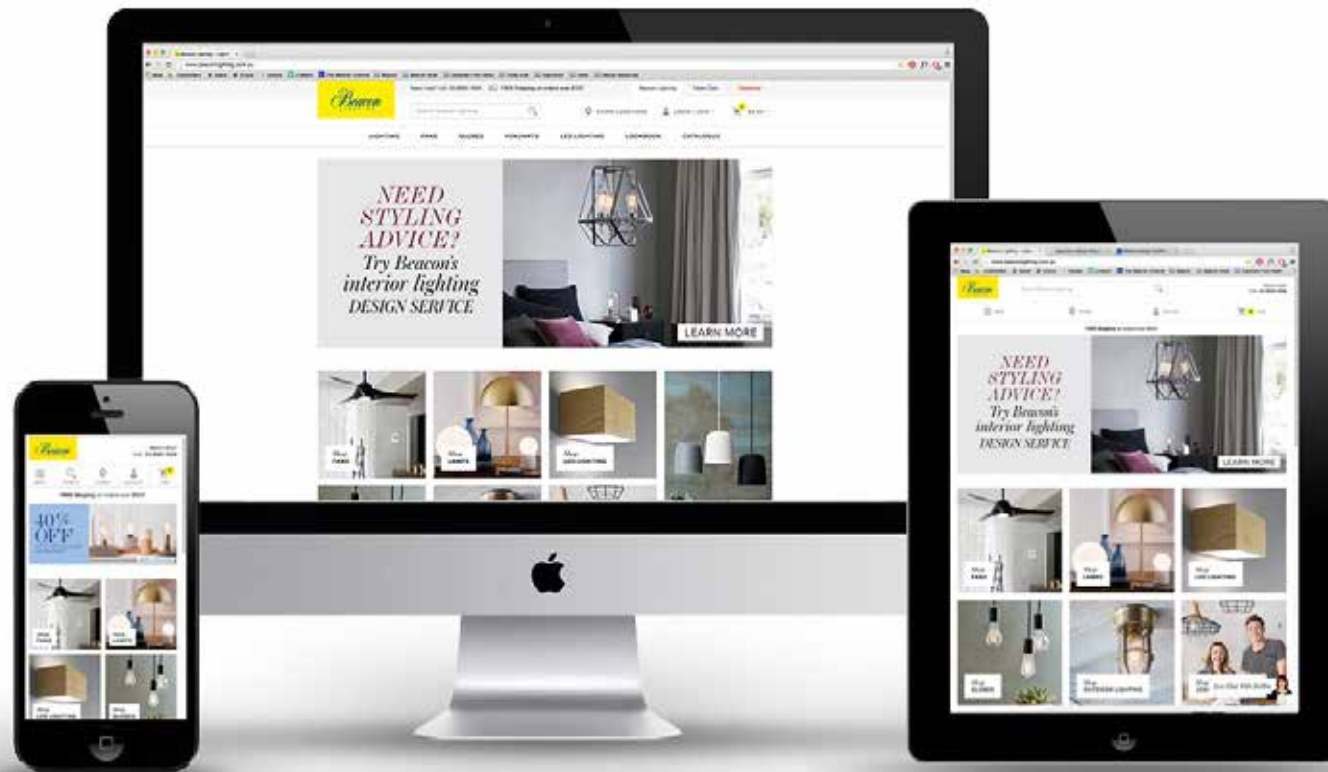
Excludes the four Commercial Sales Offices.

Beacon Lighting believes it is able to grow sales and profit through the continued investment in the existing stores network.

- Sales Team
- Product Innovation
- Store Presentation
- Marketing Promotions



Beacon Lighting will continue to enhance our online presence in order to drive incremental sales.



Beacon Lighting will continue to grow our emerging businesses: Beacon International, Light Source Solutions and Beacon Solar.



LIGHT & FAN SOURCING

**LIGHT
SOURCE
SOLUTIONS**



Distributor
GE Lighting



COMMERCIAL ENERGY
EFFICIENCY SPECIALISTS

Beacon Lighting intends to investigate and pursue local and international business opportunities that complement the core business activities.



Beacon Lighting will continue to target expense efficiency gains and manage the growth of expenses.



Beacon
LIGHTING

Beacon LIGHTING

Beacon LIGHTING

4

FY2017 OUTLOOK

Beacon Lighting

- Company store comparative sales growth were positive in Q1 FY2017
- Jindalee (QLD) franchised store was converted to a company store
- Moonah (TAS) and Frankston (VIC) franchised stores will be converted to company stores in Q2 FY2017
- The Masson for Light (VIC) architectural lighting store was purchased in July 2016
- New stores in South Melbourne (VIC) and Marsden Park (NSW) have opened
- New stores in Brookvale (NSW), Claremont (WA), North Lakes (QLD) and Gladesville (NSW) are expected to open in FY2017
- Closely monitor the actions of Masters as they progress to closing all of their stores by December 11, 2016
- Expressed interested in a number of Masters sites

Summary

- Beacon Lighting expects our key growth strategies to continue to drive improved sales and profits in FY2017





5 QUESTIONS