



# H1 FY2021 RESULTS PRESENTATION

## 18 FEBRUARY 2021

Beacon Lighting Group Limited

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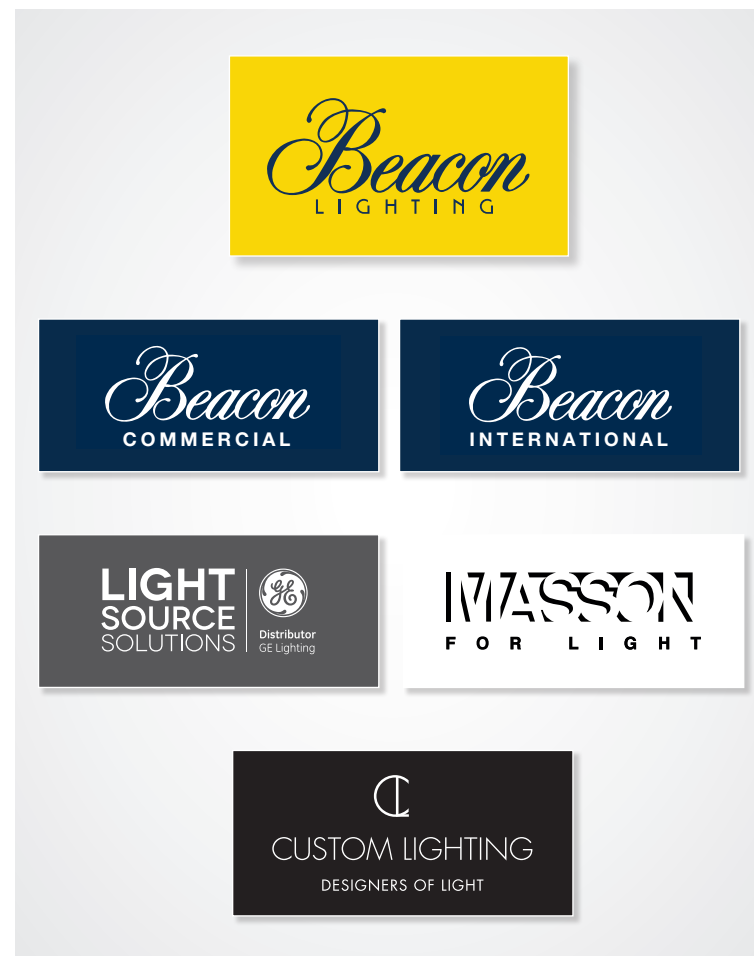
# 1 RESULTS OVERVIEW

# 1 H1 FY2021 KEY RESULTS



- Record H1 sales and profit result for the Group
- Group NPAT result of \$22.2m an increase of 132.8% <sup>(1)</sup>
- No JobKeeper subsidies were received
- Group sales result of \$151.3m an increase of 23.5% <sup>(1)</sup>
- Company store comparative sales increased by 24.9%
- Record Online and Beacon International sales
- Group gross profit margins increased to 68.5%
- Focused on building better partnerships with our Trade Customers
- Opened new company stores at Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW)
- Upgraded the Beacon Lighting website to enhance the online customer experience
- Purchased the Molendinar (QLD) and Traralgon (VIC) properties to be developed into Beacon Lighting stores

(1) Comparison of the statutory result for H1 FY2021 and underlying result for H1 FY2020 (refer page 6)



# 1 H1 FY2021 STATUTORY RESULT



\$'000	Statutory H1 FY2020	Statutory H1 FY2021	Change \$	Change %
<b>Sales <sup>(1)</sup></b>	<b>123,038</b>	<b>151,343</b>	28,305	23.0%
<b>Gross Profit</b>	<b>76,724</b>	<b>103,601</b>	26,877	35.0%
<i>Gross Profit Margin</i>	<i>62.4%</i>	<i>68.5%</i>		
<b>Other Income</b>	<b>8,361</b>	<b>544</b>	(7,817)	(93.5%)
<i>% of Sales</i>	<i>6.8%</i>	<i>0.4%</i>		
<b>Operating Expenses <sup>(2)</sup></b>	<b>(51,898)</b>	<b>(56,669)</b>	(4,771)	9.2%
<i>% of Sales</i>	<i>42.2%</i>	<i>37.4%</i>		
<b>EBITDA <sup>(3)</sup></b>	<b>33,187</b>	<b>47,476</b>	14,289	43.1%
<i>EBITDA Margin %</i>	<i>27.0%</i>	<i>31.4%</i>		
<b>EBIT <sup>(3)</sup></b>	<b>21,240</b>	<b>34,653</b>	13,413	63.1%
<i>EBIT Margin %</i>	<i>17.3%</i>	<i>22.9%</i>		
<b>Net Profit After Tax</b>	<b>12,664</b>	<b>22,164</b>	9,500	75.0%
<i>NPAT Margin %</i>	<i>10.3%</i>	<i>14.6%</i>		

(1) Sales less sales discounts

(2) Operating Expenses exclude depreciation, amortisation and finance costs

(3) Refer to Appendix 1 for further information on Non-IFRS financial measures

# 1 H1 FY2021 COMPARABLE RESULT



\$'000	Underlying H1 FY2020 <sup>(1) (2)</sup>	Statutory H1 FY2021 <sup>(2)</sup>	Change \$	Change %
<b>Sales</b>	<b>122,539</b>	<b>151,343</b>	28,804	23.5%
<b>Gross Profit</b>	<b>78,879</b>	<b>103,601</b>	24,722	31.3%
<i>Gross Profit Margin</i>	<i>64.4%</i>	<i>68.5%</i>		
<b>Other Income</b>	<b>581</b>	<b>544</b>	(37)	(6.4%)
<i>% of Sales</i>	<i>0.5%</i>	<i>0.4%</i>		
<b>Operating Expenses <sup>(3)</sup></b>	<b>(50,763)</b>	<b>(56,669)</b>	(5,906)	11.6%
<i>% of Sales</i>	<i>41.4%</i>	<i>37.4%</i>		
<b>EBITDA</b>	<b>28,697</b>	<b>47,476</b>	18,779	65.4%
<i>EBITDA Margin %</i>	<i>23.4%</i>	<i>31.4%</i>		
<b>EBIT</b>	<b>16,757</b>	<b>34,653</b>	17,896	106.8%
<i>EBIT Margin %</i>	<i>13.7%</i>	<i>22.9%</i>		
<b>Net Profit After Tax</b>	<b>9,519</b>	<b>22,164</b>	12,645	132.8%
<i>NPAT Margin %</i>	<i>7.8%</i>	<i>14.6%</i>		

(1) Refer to Appendix 2 for a reconciliation of the H1 FY2020 statutory profit to the underlying profit

(2) Refer to Appendix 3 for additional disclosure regarding AASB 16 Lease Accounting

(3) Operating Expenses exclude depreciation, amortisation and finance costs

(4) Refer to Appendix 1 for further information on Non-IFRS financial measures

A modern, minimalist living room with large floor-to-ceiling windows offering a panoramic view of a coastline and a distant lighthouse. The room features a light-colored wooden ceiling with a black ceiling fan, a grey sectional sofa with patterned and solid-colored pillows, a round wooden coffee table with a tray of decorative items, and a grey armchair next to a black metal side table with a red vase and fruit. The walls are clad in vertical white wood slats.

## 2 FINANCIALS

## 2 SALES

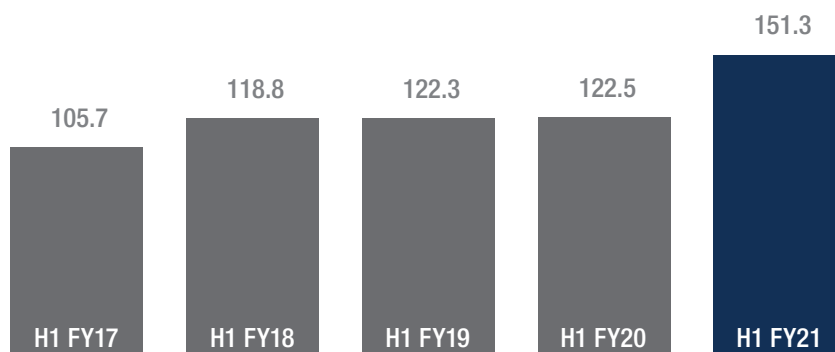


**SALES:** \$151.3m increased by 23.5%

**COMPANY STORE COMPARATIVE SALES:** Increased by 24.9%

- Company store sales were very exciting throughout H1 FY2021 with a comparative increase of 24.9%
- Spectacular sales growth throughout all states. Strong sales growth in VIC was still achieved despite the extended lock down period
- Online sales increased by 111.1% to \$14.4 million
- Beacon International sales increased by 45.2% to \$5.0 million

**Total Sales \$m** <sup>(1)</sup> <sup>(2)</sup>



(1) Sales less sales discounts

(2) Group sales less sales for Beacon Energy Solutions



## 2 GROSS PROFIT

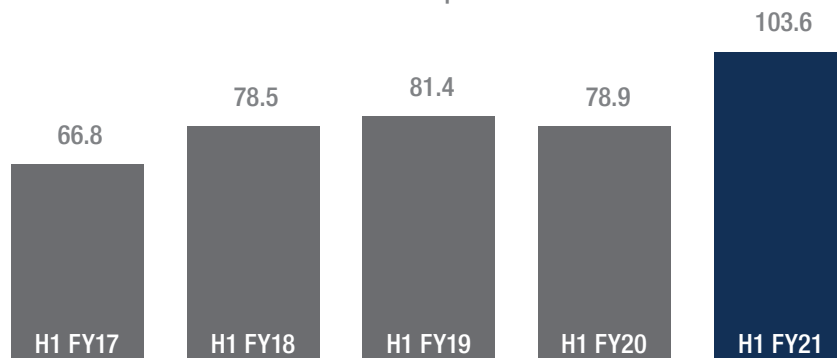


### GROSS PROFIT: 68.5% of Sales to \$103.6m

- Gross profit margin has increased by 4.1% of sales to 68.5%
- Exciting product ranges assisted by less promotional discounting has supported the gross profit margin
- Product cost base has declined with the support of an improved AUD to USD FX rate

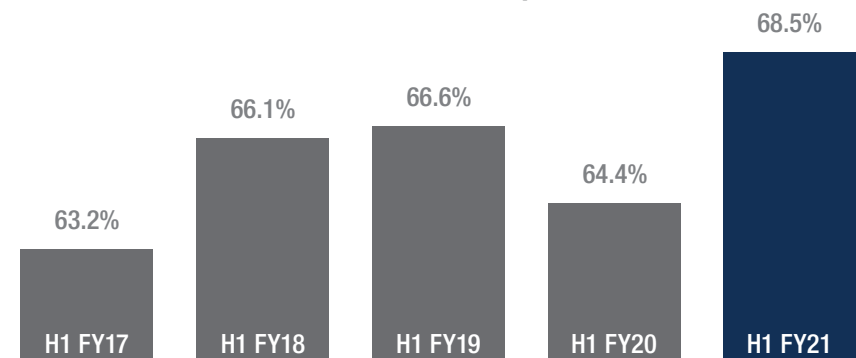


Gross Profit \$ millions <sup>(1)</sup>



(1) Group Gross Profit \$ less Beacon Energy Solutions Gross Profit \$

Gross Profit % <sup>(1)</sup>



(1) Group Gross Profit less Beacon Energy Solutions Gross Profit

## 2 OPERATING EXPENSES / OTHER INCOME



### OPEX: Decreased by 4.0% of Sales to \$56.7m

- Other Income continues to decline as franchise stores are converted into company stores
- All expense categories declined as a percentage of sales in H1 FY2021 demonstrating improved leverage
- Management of expenses continues to be priority despite the improvement in sales and margins



\$'000	H1 FY2020	H1 FY2021	Change \$	Change %
<b>Other Income</b>	<b>581</b>	<b>544</b>	(37)	(6.4%)
<i>% of Sales</i>	0.5%	0.4%		

<b>Marketing</b>	<b>7,040</b>	<b>6,805</b>	(235)	(3.3%)
<i>% of Sales</i>	5.7%	4.5%		
<b>Selling and Distribution</b>	<b>35,808</b>	<b>40,642</b>	4,834	13.5%
<i>% of Sales</i>	29.2%	26.9%		
<b>General and Admin</b>	<b>7,915</b>	<b>9,222</b>	1,307	16.5%
<i>% of Sales</i>	6.5%	6.1%		
<b>Operating Expenses</b>	<b>50,763</b>	<b>56,669</b>	5,906	11.6%
<i>% of Sales</i>	41.4%	37.4%		

<b>Depreciation</b>	<b>11,947</b>	<b>12,823</b>	876	7.3%
<i>% of Sales</i>	9.7%	8.5%		

<b>Finance Costs</b>	<b>3,150</b>	<b>2,868</b>	(282)	(9.0%)
<i>% of Sales</i>	2.6%	1.9%		

## 2 CASH FLOW

- Strong profit performance has generated strong cash flows
- Invested \$8.5m in retail properties 50% co-funded by non-controlling interests
- Continued investments in new stores, business projects and a franchise store purchase
- Repaid \$19.1m in debt
- Final FY2020 dividend declared \$5.3m and dividend paid \$3.3m (after DRP)

\$'000	H1 FY2020	H1 FY2021
<b>Cash Flow from Operations</b>		
Receipts from Customers	139,775	168,921
Payment to Suppliers & Employees	(115,922)	(119,942)
Other	(3,029)	(2,724)
Income Tax Paid	(3,292)	(7,557)
<b>Net Operating Cash Flow</b>	<b>17,532</b>	<b>38,698</b>
<b>Net Cash (Outflow) from Investing</b>	<b>22,868</b>	<b>(9,068)</b>
<b>Net Cash (Outflow) from Financing</b>	<b>(25,931)</b>	<b>(23,586)</b>
<b>Net Increase (Decrease) Cash</b>	<b>14,469</b>	<b>6,044</b>

\$'000	H1 FY2020	H1 FY2021
<b>Other Details</b>		
Capital Expenditure / Acquisitions	(5,245)	(3,506)
Dividends Paid	(3,338)	(3,283)



## 2 BALANCE SHEET

- Strong cash position with a balance of \$50.7m
- Net cash position (after debt) of \$29.3m
- Borrowings have reduced from \$40.5m to \$21.4m



\$'000	DECEMBER 2019	DECEMBER 2020
Cash	32,789	50,700
Receivables	8,671	6,583
Inventories	75,561	68,761
Other	2,122	6,115
<b>Total Current Assets</b>	<b>119,143</b>	<b>132,159</b>
PPE	32,801	33,706
Right of Use Asset	93,025	101,153
Investment Properties	-	8,452
Intangible	12,963	13,748
Other	15,620	14,456
<b>Total Non Current Assets</b>	<b>154,409</b>	<b>171,515</b>
<b>Total Assets</b>	<b>273,552</b>	<b>303,674</b>
Payables	17,152	26,527
Borrowings	33,121	21,352
Lease Liability	23,425	23,972
Other	13,587	16,345
<b>Total Current Liabilities</b>	<b>87,285</b>	<b>88,196</b>
Borrowings	7,400	-
Lease Liability	95,597	100,131
Other	843	1,032
<b>Total Non Current Liabilities</b>	<b>103,840</b>	<b>101,163</b>
<b>Total Liabilities</b>	<b>191,125</b>	<b>189,359</b>
<b>Net Assets</b>	<b>82,427</b>	<b>114,315</b>

## 2 DIVIDEND

- Declared a fully franked dividend of 4.2 cents per share for H1 FY2021 for a total of \$9.4m
- The declared fully franked dividend for H1 FY2021 represents a 61.5% increase compared to the 2.6 cents per share declared for H1 FY2020.
- The Dividend Reinvestment Plan (DRP) has been suspended



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# STRATEGIC PILLARS OF GROWTH

Customer | Underpinning everything we do at Beacon is a deep understanding of our customers' needs.

## Retail

A REWARDING  
CUSTOMER EXPERIENCE

THE LATEST RANGE OF  
LIGHTING & FANS

INSPIRATIONAL STORE DESIGN

VIP MEMBER BENEFITS

STORE NETWORK EXPANSION  
& OPTIMISATION

## Trade

INDUSTRY LEADING  
TRADE CLUB

PRODUCT EXTENSION &  
DIVERSIFICATION

CUSTOMER LED  
& DATA DRIVEN

BUILD TRADE & COMMERCIAL  
PARTNERSHIPS

## eCommerce

ENGAGING WEBSITES

ONLINE SALES GROWTH

SEAMLESS CUSTOMER  
EXPERIENCE IN-STORE  
AND ONLINE

## New Business

EMERGING BUSINESSES

INTERNATIONAL SALES  
OPPORTUNITIES

NEW BUSINESS ACQUISITIONS  
PROPERTY

STRATEGIC PILLARS	H1 FY2021 UPDATE
Retail	<ul style="list-style-type: none"> <li>• The safety of our teams and customers always remained the number 1 priority for the Group</li> <li>• Company store comparative sales increased by 24.9%</li> <li>• Opened new company stores at Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW)</li> <li>• New store network research has identified the potential for 184 Beacon Lighting stores</li> <li>• Designed and developed 321 exclusive new products to complement the core range of 3,000 products</li> <li>• More than 730 Beacon Design Studios projects have generated more than \$3.0 million in sales</li> <li>• More than 660,000 VIP customers have received special offers, prices and services</li> </ul>
Trade	<ul style="list-style-type: none"> <li>• Beacon Lighting stores now open at 7:30 am to make it easier for our Trade Customers to shop at Beacon Lighting</li> <li>• New trade specific products are being developed and progressively released to stores</li> <li>• Now have 39,800 Trade Club customers compared to 32,700 at December 2019</li> <li>• Trade Club sales increase by 50.8%</li> </ul>

STRATEGIC PILLARS	H1 FY2021 UPDATE
eCommerce	<ul style="list-style-type: none"> <li>• Upgraded the Beacon Lighting website to a new technology platform to provide an enhanced online experience for our customers</li> <li>• Online sales increased by 111.1% to \$14.4 million</li> <li>• Online sales now 10.8% of company store sales</li> </ul>
New Business	<ul style="list-style-type: none"> <li>• Beacon International sales increased by 45.2% to \$5.0 million</li> <li>• Custom Lighting has opened an exciting new showroom in Malvern (VIC)</li> <li>• Acquired the Ballarat franchised store and converted it into a company store</li> <li>• Established a property trust structure with a 50% ownership by the Beacon Lighting Group</li> <li>• Property trusts purchased sites at Molendinar (QLD) and Traralgon (VIC) as development sites for future Beacon Lighting stores</li> </ul>



4 H2 FY2021 OUTLOOK

## 4 H2 FY2021 OUTLOOK

- Company store comparative sales have continued at an elevated level compared to the start of H2 FY2020
- Trade Strategy Taskforce continues to focus on ways to better service the need of our Trade Customers
- There will be further enhancements to the [beaconlighting.com.au](https://beaconlighting.com.au) website and other Group websites
- Launch the new [beaconlighting.us](https://beaconlighting.us) direct to consumer sales website in the USA
- Store refits at Waurin Ponds (VIC), Fountain Gate (VIC) and Albury (NSW)
- Purchased the Beckenham (WA) property with two tenancies leased to Beacon Lighting and Forty Winks
- Develop properties at Molendinar (QLD) and Traralgon (VIC) into Beacon Lighting stores





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QUESTIONS



## 6 APPENDICES

## 6 APPENDIX



1. Other Information
2. Reconciliation of the H1 FY2020 Statutory Profit to the Underlying profit
3. Additional Disclosure Regarding AASB 16 Lease Accounting



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

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The Group’s results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Group discloses certain Non-IFRS measures in this presentation, that are not audited or reviewed by the Group’s auditor. The Directors believe the presentation of Non-IFRS financial measures are useful for the users of this presentation as they provide additional and relevant information that reflect the underlying financial performance of the Group.

# APPENDIX 2: RECONCILIATION OF THE H1 FY2020 STATUTORY PROFIT TO THE UNDERLYING PROFIT

\$'000	Statutory H1 FY2020	BES <sup>(1)</sup>	PDC Sale <sup>(2)</sup>	Underlying H1 FY2020
<b>Sales</b>	<b>123,038</b>	<b>(499)</b>	<b>-</b>	<b>122,539</b>
<b>Gross Profit</b>	<b>76,724</b>	<b>2,155</b>	<b>-</b>	<b>78,879</b>
<i>Gross Profit Margin</i>	<i>62.4%</i>			<i>64.4%</i>
<b>Other Income</b>	<b>8,361</b>	<b>-</b>	<b>(7,780)</b>	<b>581</b>
<i>% of Sales</i>	<i>6.8%</i>			<i>0.5%</i>
<b>Operating Expenses <sup>(3)</sup></b>	<b>(51,898)</b>	<b>1,135</b>	<b>-</b>	<b>(50,763)</b>
<i>% of Sales</i>	<i>42.2%</i>			<i>41.4%</i>
<b>EBITDA <sup>(4)</sup></b>	<b>33,187</b>	<b>3,290</b>	<b>(7,780)</b>	<b>28,697</b>
<i>EBITDA Margin %</i>	<i>27.0%</i>			<i>23.4%</i>
<b>EBIT <sup>(4)</sup></b>	<b>21,240</b>	<b>3,297</b>	<b>(7,780)</b>	<b>16,757</b>
<i>EBIT Margin %</i>	<i>17.3%</i>			<i>13.7%</i>
<b>Net Profit After Tax</b>	<b>12,664</b>	<b>2,301</b>	<b>(5,446)</b>	<b>9,519</b>
<i>NPAT Margin %</i>	<i>10.3%</i>			<i>7.8%</i>

(1) BES was the Beacon Energy Solutions result for H1 FY2020

(2) PDC Sale was the sale of the Parkinson Distribution Centre in H1 FY2020

(3) Operating Expenses exclude depreciation, amortisation and finance costs

(4) Refer to Appendix 1 for further information on Non-IFRS financial measures

## APPENDIX 3: ADDITIONAL DISCLOSURE REGARDING AASB 16 LEASE ACCOUNTING

To assist in the analysis of the results, the following balances relate to the AASB 16 Lease Accounting transactions:

\$'000	AASB 16 H1 FY2020	AASB 16 H1 FY2021
<b>Sales</b>	-	-
<b>Gross Profit</b>	-	-
<i>Gross Profit Margin</i>		
<b>Other Income</b>	-	-
<i>% of Sales</i>		
<b>Operating Expenses <sup>(1)</sup></b>	<b>(12,214)</b>	<b>(13,318)</b>
<i>% of Sales</i>		
<b>EBITDA <sup>(2)</sup></b>	<b>(12,214)</b>	<b>(13,318)</b>
<i>EBITDA Margin %</i>		
<b>EBIT <sup>(2)</sup></b>	<b>(2,519)</b>	<b>(2,803)</b>
<i>EBIT Margin %</i>		
<b>Net Profit After Tax</b>	<b>496</b>	<b>510</b>
<i>NPAT Margin %</i>		

(1) Operating Expenses exclude depreciation, amortisation and finance costs

(2) Refer to Appendix 1 for further information on Non-IFRS financial measures