

H1 FY2023 RESULTS PRESENTATION

16 FEBRUARY 2023



BEACON LIGHTING GROUP



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1

RESULTS OVERVIEW

BEACON
LIGHTING
GROUP

Beacon
LIGHTING

Beacon
TRADE

Beacon
COMMERCIAL

Beacon
INTERNATIONAL

**LIGHT
SOURCE
SOLUTIONS**

CONNECTED
LIGHT SOLUTIONS

MASSON
FOR LIGHT


CUSTOM LIGHTING
DESIGNERS OF LIGHT

1 OPERATIONAL HIGHLIGHTS

RELAUNCHED
**BEACON
TRADE**

NEW TRADE
PRODUCTS &
MERCHANDISE

21.5%
TRADE SALES
INCREASE

NEW STORES

Pimpama (QLD)
Armadale (WA)

6.4%

Company Store
Comparative
Sales Increase

**RECORD
SALES**

for many of the
New Businesses

\$164.7m
Record Sales

68.0%
Gross Profit Margin

\$48.2m
EBITDA

\$21.1m
NPAT

\$26.5m
Cash

4.3¢
Declared fully
franked dividend
per share

\$'000	H1 FY2022	H1 FY2023	Change \$	Change %
Sales	151,305	164,673	13,368	8.8%
Gross Profit	105,961	112,045	6,084	5.7%
<i>Gross Profit Margin %</i>	70.0%	68.0%		
Other Income⁽¹⁾	426	542	116	27.2%
<i>% of Sales</i>	0.3%	0.3%		
Operating Expenses⁽²⁾	(57,085)	(64,428)	(7,343)	12.9%
<i>% of Sales</i>	37.7%	39.1%		
EBITDA⁽³⁾	49,302	48,159	(1,143)	(2.3%)
<i>EBITDA Margin %</i>	32.6%	29.2%		
EBIT⁽³⁾	35,181	33,169	(2,012)	(5.7%)
<i>EBIT Margin %</i>	23.3%	20.1%		
Net Profit After Tax	22,567	21,070	(1,497)	(6.6%)
<i>NPAT Margin %</i>	14.9%	12.8%		

(1) Other Income includes other revenue, other income and a share of net profits of associates

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

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

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FINANCIALS



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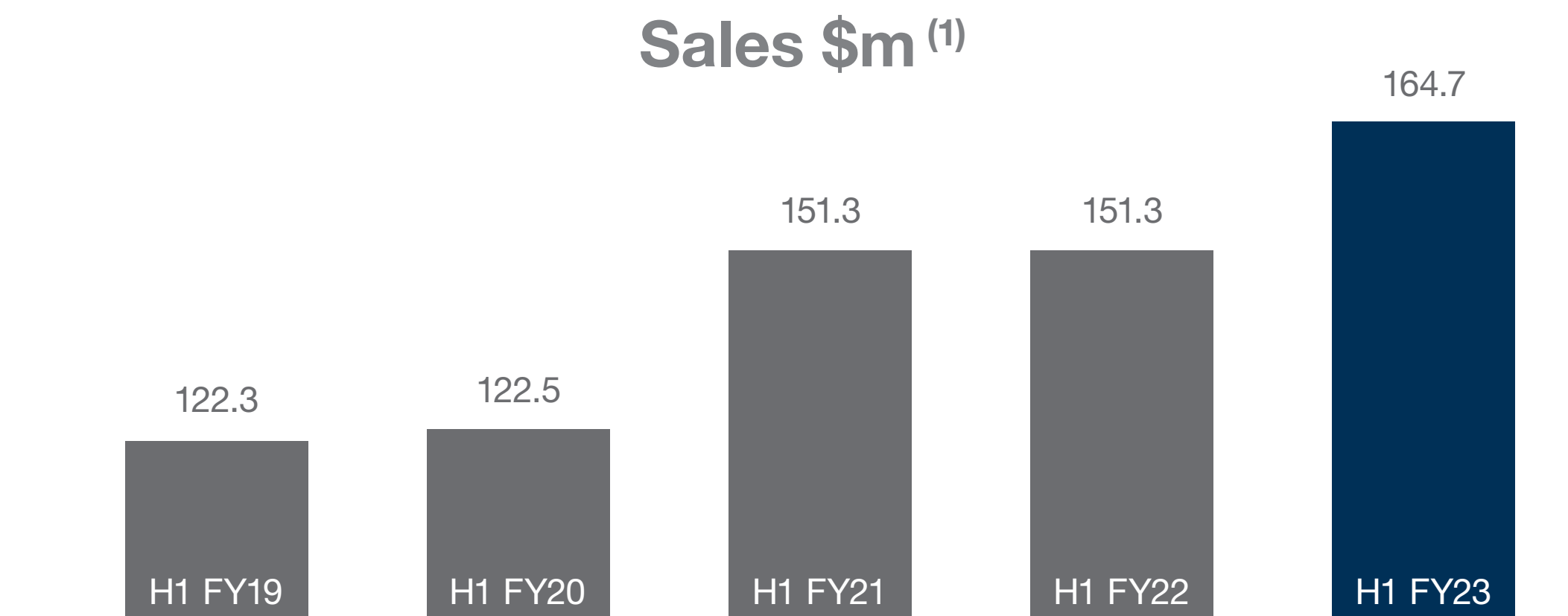
**MASSON
FOR LIGHT**


CUSTOM LIGHTING
DESIGNERS OF LIGHT

2 SALES

SALES: Increased by 8.8% to \$164.7 million

- Company store comparative sales increased by 6.4%
- Trade sales increased by 21.5% and online trade club sales increased by 22.6%
- Record sales results for many of the new businesses
- Variable weather has impacted upon the sales of fans and outdoor lighting
- Improved in stock position helped to support customer service and sales



(1) Group sales less sales for Beacon Energy Solutions



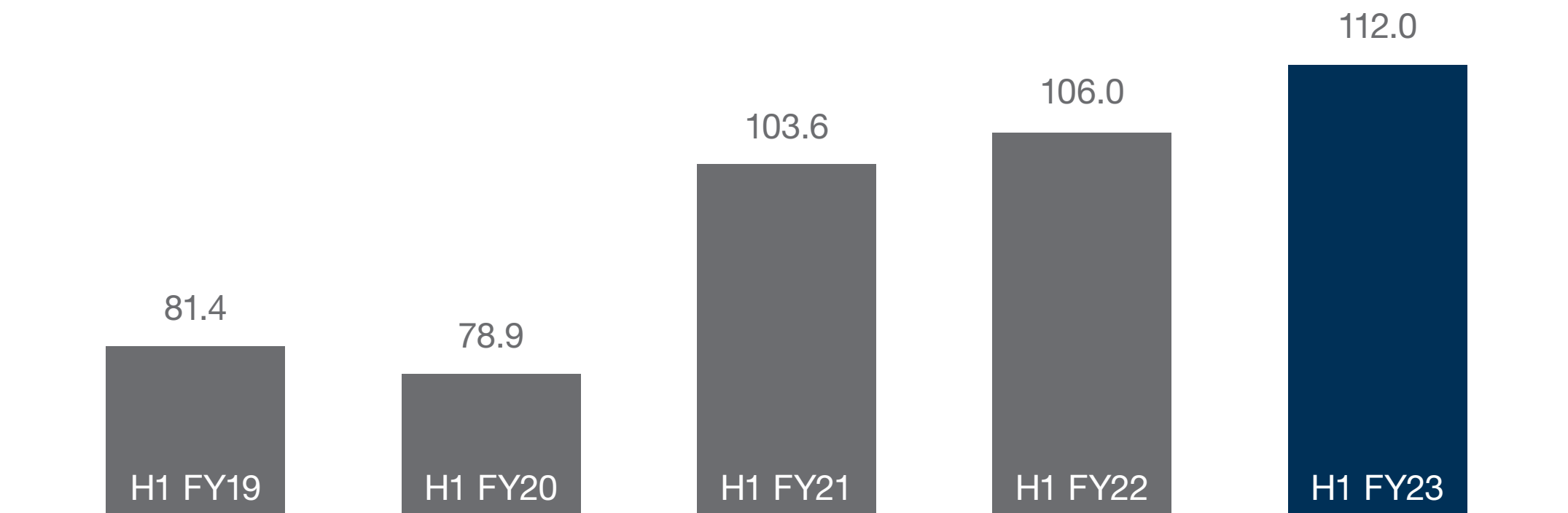
2 GROSS PROFIT

GROSS PROFIT: Increased to \$112.0 million

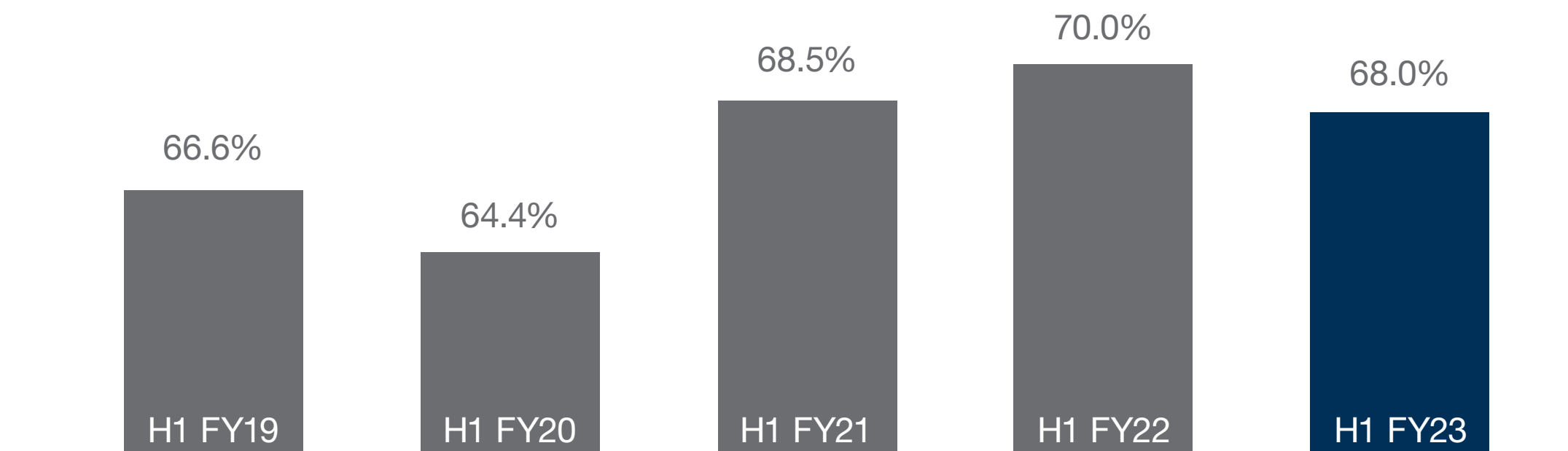
- Gross product dollars increased by \$6.1 million or 5.7% to \$112.0 million
- Despite the increases in product related costs and the significant increase in trade sales, strong gross profit margins were achieved
- Exciting product ranges continued to offer great value to our retail and trade customers



Gross Profit \$m ⁽¹⁾



Gross Profit % ⁽¹⁾



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

2 OPERATING EXPENSES

OPEX: Increased by 1.4% of Sales to \$64.4 million

- Continued investment in marketing with an increased focus on the Beacon Trade offer
- Inflation is impacting upon selling and distribution expenses, particularly relating to freight, 3PL costs and travel
- General and administration expenses and finance costs as a % of sales has been maintained
- Depreciation has increased reflecting the opening of new stores and other business investments



	\$'000	H1 FY2022	H1 FY2023	Change \$	Change %
Marketing Expenses		7,322	8,260	938	12.8%
<i>% of Sales</i>		<i>4.8%</i>	<i>5.0%</i>		
Selling and Distribution		41,512	47,158	5,646	13.6%
<i>% of Sales</i>		<i>27.4%</i>	<i>28.6%</i>		
General and Admin		8,251	9,010	759	9.2%
<i>% of Sales</i>		<i>5.5%</i>	<i>5.5%</i>		
Operating Expenses		57,085	64,428	7,343	12.9%
<i>% of Sales</i>		<i>37.7%</i>	<i>39.1%</i>		
Depreciation		14,121	14,990	869	6.2%
<i>% of Sales</i>		<i>9.3%</i>	<i>9.1%</i>		
Finance Costs		2,889	3,068	179	6.2%
<i>% of Sales</i>		<i>1.9%</i>	<i>1.9%</i>		

2 CASH FLOW

- Receipts from customers reflecting the increase in sales
- Payments to suppliers reflecting the increased investment in inventory and the significant reduction in supplier lead times
- Capital expenditure of \$5.3 million to support future growth
- Increased dividend payment to \$11.2 million



\$'000	H1 FY2022	H1 FY2023
Cash Flow from Operations		
Receipts from Customers	165,813	178,797
Payment to Suppliers & Employees	(121,995)	(149,248)
Other	(2,881)	(2,977)
Income Tax Paid	(9,875)	(7,923)
Net Operating Cash Flow	31,062	18,649
Net Cash (Outflow) from Investing	(10,388)	(5,257)
Net Cash (Outflow) from Financing	(20,335)	(14,931)
Net Increase (Decrease) Cash	339	(1,539)

\$'000	H1 FY2022	H1 FY2023
Other Items		
Capital Expenditure	(6,188)	(5,343)
Property Investment	(4,200)	0
Dividends Paid	(10,273)	(11,166)

- Increased investment in inventory to \$107.1 million
- Increase in trade sales is reflected in a receivables increase to \$9.3 million
- Borrowings have increased to \$29.9 million
- Cash balance maintained at \$26.5 million



\$'000	DEC 2021	DEC 2022
Cash	34,169	26,457
Receivables	8,320	9,318
Inventories	83,438	107,074
Other	1,468	3,192
Total Current Assets	127,395	146,041
PPE	38,247	41,559
Right of Use Asset	106,671	103,361
Investment in Associates	19,398	20,135
Intangible	13,728	13,708
Other	13,447	14,179
Total Non Current Assets	191,491	192,942
Total Assets	318,886	338,983
Payables	33,107	25,613
Borrowings	20,683	29,907
Lease Liability	26,036	27,291
Other	12,060	15,833
Total Current Liabilities	91,886	98,644
Lease Liability	101,523	94,479
Other	903	1,771
Total Non Current Liabilities	102,426	96,250
Total Liabilities	194,312	194,894
Net Assets	124,574	144,089

2 DIVIDEND

- The Dividend Reinvestment Plan (DRP) will be reinstated for the FY2023 interim dividend to support future Beacon Lighting investment opportunities
- Shares issued pursuant to the DRP will be at a 5% discount to the market price
- Declared a fully franked dividend of 4.3 cents per share for H1 FY2023 (compared with 4.3 cents in H1 FY2022)
- H1 FY2023 Dividend: Record date March 3, 2023, payment date March 10, 2023
- Annual payout ratio expected to be 50% to 60% of Net Profit After Tax



3

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

INVESTMENT IN THE
PROPERTY FUND

3 RETAIL



- Beacon Lighting now has 118 company stores and 2 franchise stores. Store network research (from December 2020) identified the potential for 184 Beacon Lighting stores in Australia
- Company stores comparative sales for H1 FY2023 increased by 6.4%
- Opened new stores in Pimpana (QLD) and Armadale (WA) and closed the Clarkson (WA) store
- A total of 35 Beacon Design Studios generated a sales increase of 54.1%
- Rolled out range extender screens to 73 stores for the convenience of our retail and trade customers
- Designed and developed 300 exclusive new products to support the core range of 3,500 products
- More than 956,000 VIP customers have continued to receive special offers, prices and services

- The number one priority for Beacon Lighting is to continue to have a positive impact upon the lives and businesses of our trade customers
- Re-launched the Beacon Trade Club on the new technology platform in December 2022
- Total trade sales increased by 21.5% and Beacon Trade sales through stores increased by 22.5%
- Beacon Commercial sales increased by 11.7% while outstanding sales orders increased by 52.3%
- Trade sales through Beacon Design Studios increased by 126.2%
- Migrated 46,400 active Trade Club customers over to the new Beacon Trade technology platform
- Introduced new trade specific products and continued to roll out new trade merchandising displays to stores
- Continued to invest in the trade marketing program, the trade website and trade rewards to better meet the needs of our trade customers





- Beacon Lighting now has 14 dedicated business websites with the primary website being www.beaconlighting.com.au
- Integrated the Beacon Lighting websites to the new Beacon Trade technology platform
- Online Beacon Trade customer visits have increased by 60.0% while online Trade Club sales increased by 22.6%
- Three-hour customer delivery in major metropolitan markets or one hour click and collect in store for our online retail and trade customers
- As customers were able to shop in our retail stores throughout H1 FY2023, some online retail sales have been re-directed to stores. Online sales were 10.0% of retail sales
- Continued to offer seamless integration between the online sales channel and Beacon Lighting stores for our retail and trade customers

- Beacon International sales in Europe and Hong Kong increased by 54.6% and 10.8% respectively
- Beacon International USA sales to USA showrooms increased by 65.4% and accounts with new customers increased by 44.4%
- Total USA sales were impacted by a downturn in sales through the eCommerce channel and the USA market being overstocked, particularly in the DIY Hardware channel. Overall, USA sales decreased as a result
- Sales growth of more than 200.0% was achieved for the Tmall Global sales channel in China
- Connected Light Solutions, Masson For Light and Custom Lighting had sales increases of 80.4%, 61.2% and 49.2% respectively
- 50% investment in seven Large Format Retail Properties. Progress continues to be made in converting Large Format Retail Properties at Auburn (NSW) and Southport (QLD) into Beacon Lighting stores





- Beacon Lighting has installed 61 solar systems on our stores generating electricity during peak trading periods throughout the day
- Energy efficient LED lights have been installed throughout all Beacon Lighting stores, Distribution Centres and Offices
- Replaced all customer plastic carry bags with paper carry bags made from recycled material
- Substantially eliminated all polystyrene from all packaging for new products purchased. Complete elimination of polystyrene is expected to be completed in FY2023
- All Trade Customers can return all their Beacon Lighting packaging for free recycling
- Beacon Lighting continues to innovate and develop new retail and trade products and upgrade existing products with the latest available energy efficient technology



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H2 FY2023 OUTLOOK

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- Company store comparative sales are holding up well for the first seven weeks in H2 FY2023, remaining close to the record sales achieved during the same period last year. Furthermore they are significantly ahead of sales for the same period in H2 FY2021
- Improving the lives and businesses our trade customers continues to be the number one priority for Beacon Lighting. Trade sales positive momentum has continued into the new half year
- Roll out the benefits of the re-platformed Beacon Trade Club to all trade customers and their referral customers
- Continue to acquire new trade products in order to offer a comprehensive range of specialist products for our trade customers
- Investment in inventory has reduced in January 2023 and will remain a focus
- Develop and open the Large Format Property Fund properties at Auburn (NSW) and Southport (QLD) into new Beacon Lighting stores
- Open new stores at Nunawading (VIC) and Mt Barker (SA). Relocate the Store Support Centre above the Nunawading (VIC) store





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QUESTIONS

6 APPENDIX: OTHER INFORMATION

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