

# FY2023 RESULTS PRESENTATION

17 AUGUST 2023

BEACON LIGHTING GROUP

*Beacon*  
LIGHTING

*Beacon*  
TRADE

*Beacon*  
COMMERCIAL

*Beacon*  
INTERNATIONAL

**LIGHT**  
SOURCE  
SOLUTIONS

**CONNECTED**  
LIGHT SOLUTIONS

**WASSON**  
FOR LIGHT

  
CUSTOM LIGHTING  
DESIGNERS OF LIGHT



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LIGHTING  
GROUP

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# RESULTS OVERVIEW



## BEACON LIGHTING GROUP

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**\$312.0m**

Record Sales

**67.7%**

Gross Profit Margin

**\$33.6m**

NPAT

**34.3%**

Sales Increase  
from FY2019

**107.3%**

NPAT Increase  
from FY2019

**\$96.9m**

Inventory



\$'000	FY2022	FY2023	Change \$	Change %
<b>Sales</b>	<b>304,299</b>	<b>311,955</b>	7,656	2.5%
<b>Gross Profit</b>	<b>210,368</b>	<b>211,333</b>	965	0.5%
<i>Gross Profit Margin %</i>	69.1%	67.7%		
<b>Other Income<sup>(1)</sup></b>	<b>991</b>	<b>1,062</b>	71	7.2%
<i>% of Sales</i>	0.3%	0.3%		
<b>Operating Expenses<sup>(2)</sup></b>	<b>(118,628)</b>	<b>(126,756)</b>	(8,128)	6.9%
<i>% of Sales</i>	39.0%	40.6%		
<b>EBITDA<sup>(3)</sup></b>	<b>92,731</b>	<b>85,639</b>	(7,092)	(7.6%)
<i>EBITDA Margin %</i>	30.5%	27.5%		
<b>EBIT<sup>(3)</sup></b>	<b>63,793</b>	<b>54,830</b>	(8,963)	(14.1%)
<i>EBIT Margin %</i>	21.0%	17.6%		
<b>Net Profit After Tax</b>	<b>40,726</b>	<b>33,643</b>	(7,083)	(17.4%)
<i>NPAT Margin %</i>	13.4%	10.8%		

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

(2) Operating Expenses exclude interest, depreciation and amortisation

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



# 1 OPERATIONAL HIGHLIGHTS

RELAUNCHED  
**BEACON  
TRADE**

**21.6%**  
Trade  
Sales Increase

**2 & 2**  
2 New stores  
2 Relocated Stores

**NEW TRADE**  
Products and Other  
Trade Initiatives

**36.0%**  
Online Trade  
Sales Increase

**+7.6%**  
Investment  
in Marketing



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# FINANCIALS

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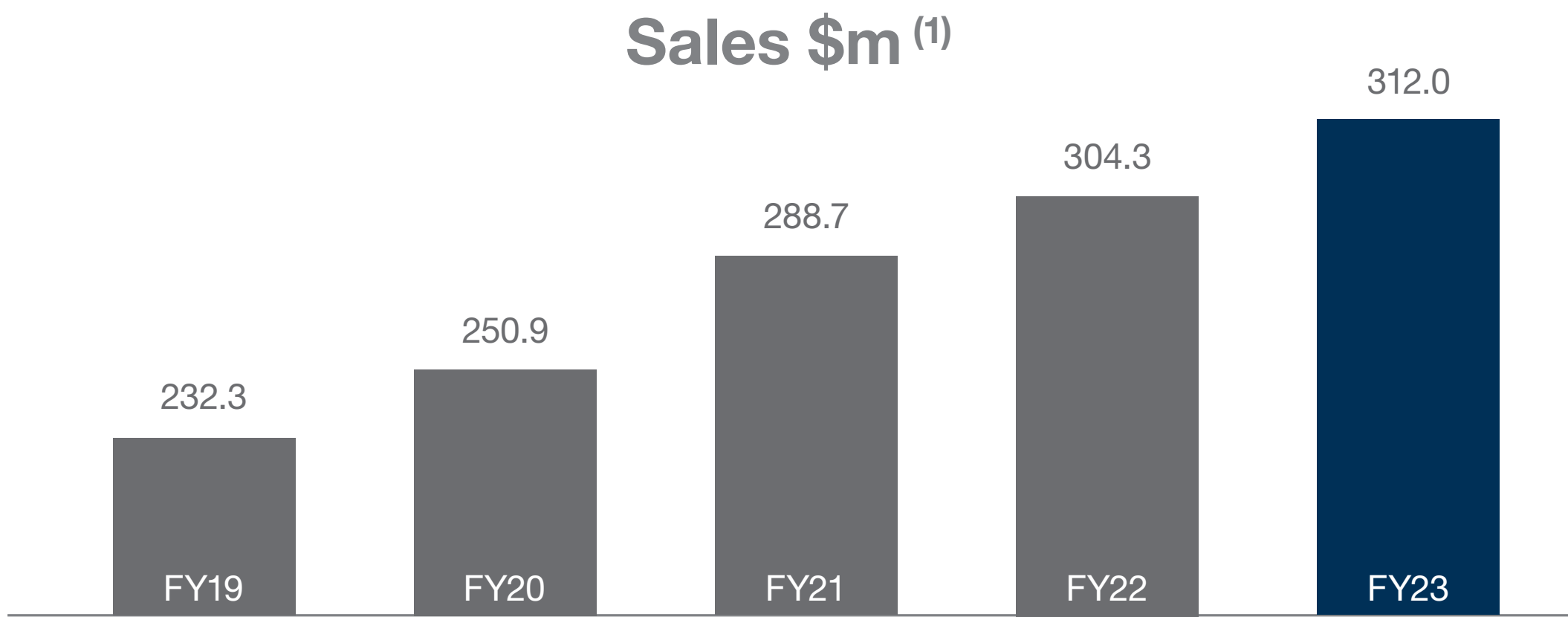
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## 2 SALES

**SALES:** \$312.0m increased by 2.5%

- Company Store comparative sales increased by 0.4%
- Trade sales increased by 21.6%
- Online Trade sales increased by 36.0%
- Record sales for Beacon Lighting Commercial and Custom Lighting



(1) Underlying result for FY2019 and FY2020





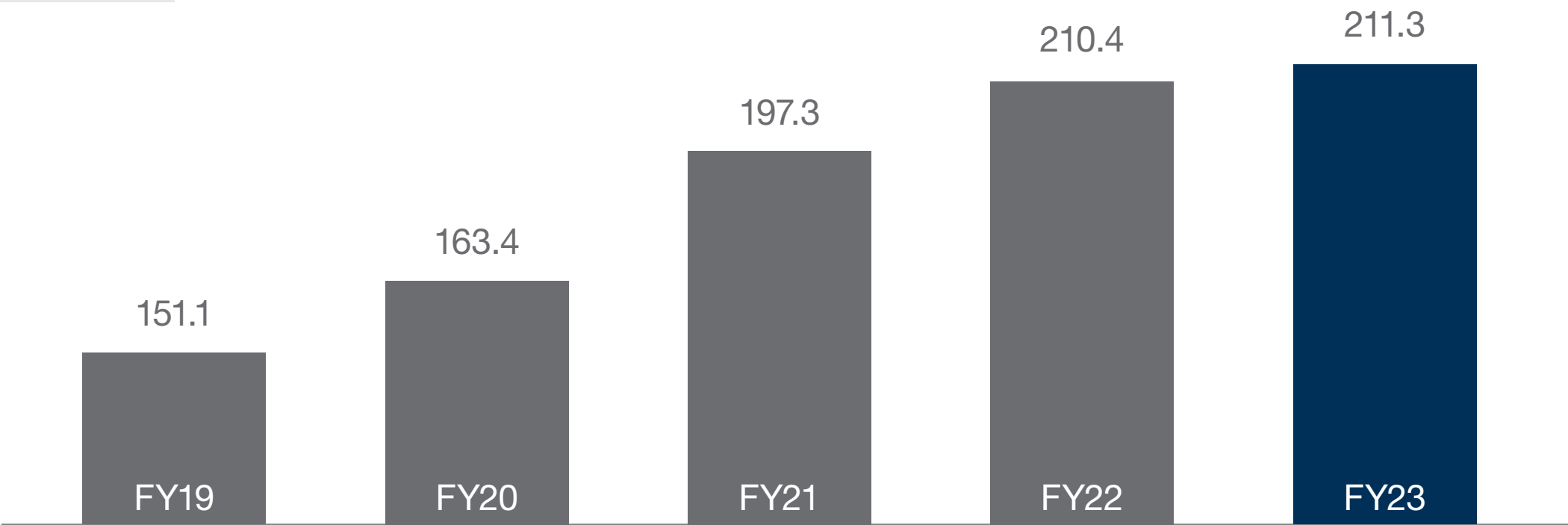
## 2 GROSS PROFIT

**GROSS PROFIT:** 67.7% of sales and increased to \$211.3m

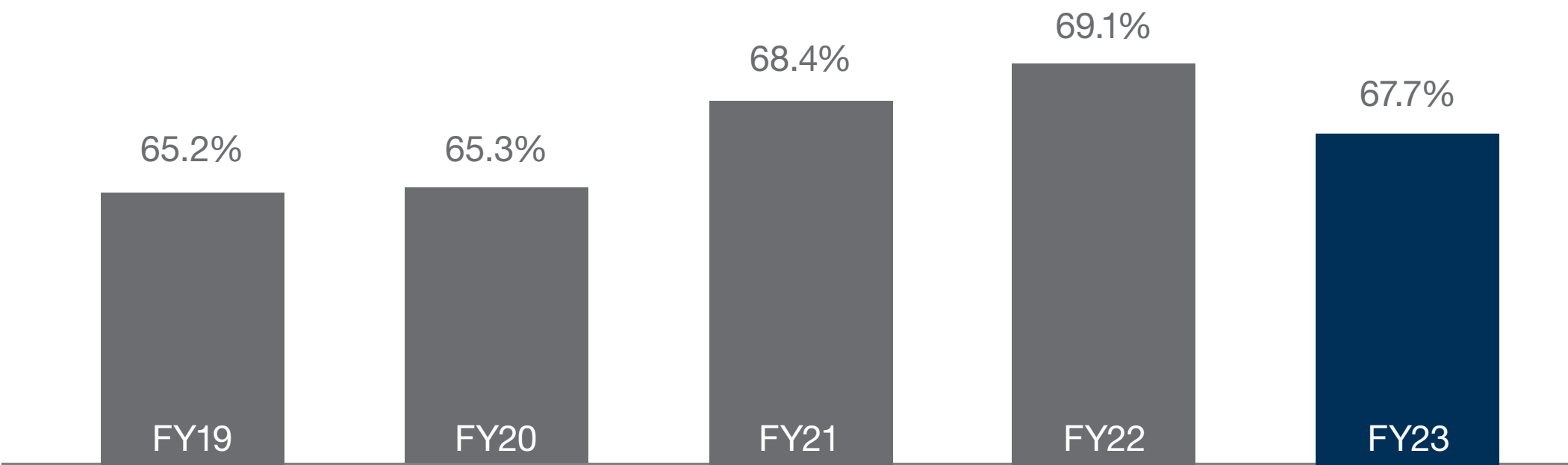
- Being a vertically integrated business, Beacon Lighting can manage the supply chain from factory to customer
- Despite the change in the sales mix towards Trade, strong gross profit margins were maintained
- Innovative new products designed and developed in Australia continue to excite our customers and support our margins



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



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



(1) Underlying result for FY2019 and FY2020



## OPEX: 40.6% of sales for a total of \$126.8m

- Despite the cost pressures from inflation, operating expenses continue to be carefully managed with a particularly good outcome in H2 FY23
- Increased investment in Beacon Trade marketing
- Expenses including freight, costs and maintenance have all contributed to the increase in selling and distribution expenses
- Modest increase in general and administration expenses
- Finance costs have increased reflecting the rising interest rates



\$'000	FY2022	FY2023	Change \$	Change %
<b>Marketing</b>	<b>14,459</b>	<b>15,558</b>	<b>1,099</b>	<b>7.6%</b>
<i>% of Sales</i>	<i>4.8%</i>	<i>5.0%</i>		
<b>Selling and Distribution</b>	<b>87,348</b>	<b>93,917</b>	<b>6,569</b>	<b>7.5%</b>
<i>% of Sales</i>	<i>28.7%</i>	<i>30.1%</i>		
<b>General and Admin</b>	<b>16,821</b>	<b>17,281</b>	<b>460</b>	<b>2.7%</b>
<i>% of Sales</i>	<i>5.5%</i>	<i>5.5%</i>		
<b>Operating Expenses</b>	<b>118,628</b>	<b>126,756</b>	<b>8,128</b>	<b>6.9%</b>
<i>% of Sales</i>	<i>39.0%</i>	<i>40.6%</i>		
<b>Depreciation</b>	<b>28,938</b>	<b>30,809</b>	<b>1,871</b>	<b>6.5%</b>
<i>% of Sales</i>	<i>9.5%</i>	<i>9.9%</i>		
<b>Finance Costs</b>	<b>5,764</b>	<b>6,648</b>	<b>884</b>	<b>15.3%</b>
<i>% of Sales</i>	<i>1.9%</i>	<i>2.1%</i>		



- Increased trade receivables by \$1.5 million
- Inventories increased modestly to \$96.9 million
- Total borrowings increased to \$22.4 million
- Closing cash balance of \$20.7 million



\$'000	JUNE 2022	JUNE 2023
Cash	27,996	20,682
Receivables	8,591	13,200
Inventories	93,094	96,936
Other	2,081	2,298
<b>Total Current Assets</b>	<b>131,762</b>	<b>133,116</b>
PPE	38,957	44,744
Intangible	13,718	13,748
Right of Use Asset	105,186	108,017
Investment in Associates	19,971	19,963
Other	12,952	13,331
<b>Total Non Current Assets</b>	<b>190,784</b>	<b>199,803</b>
<b>Total Assets</b>	<b>322,546</b>	<b>332,919</b>
Payables	29,096	19,164
Borrowings	20,315	19,405
Lease Liability	26,718	26,771
Other	12,739	13,540
<b>Total Current Liabilities</b>	<b>88,868</b>	<b>78,880</b>
Lease Liability	97,742	100,206
Borrowings	-	3,000
Other	1,801	1,736
<b>Total Non Current Liabilities</b>	<b>99,543</b>	<b>104,943</b>
<b>Total Liabilities</b>	<b>188,411</b>	<b>183,823</b>
<b>Net Assets</b>	<b>134,135</b>	<b>149,096</b>



- Operating cash flow declined due to increase in inventory, receivables and reduction in creditors
- Continued Capex investment in the Group for \$11.6 million
- Dividend payments for \$18.6 million



\$'000	FY2022	FY2023
<b>Cash Flow from Operations</b>		
Receipts from Customers	333,410	340,817
Payment to Suppliers & Employees	(258,060)	(271,283)
Other	(5,593)	(6,461)
Income Tax Paid	(17,348)	(14,148)
<b>Net Operating Cash Flow</b>	<b>52,409</b>	<b>48,925</b>

\$'000	FY2022	FY2023
<b>Other Items</b>		
Capital Expenditure	(9,604)	(11,644)
Payment for Equity Interest in Associate	(4,840)	0
Borrowings	943	2,844
Dividends Paid	(19,876)	(18,613)



## 2 DIVIDEND



- The Dividend Reinvestment Plan (DRP) was reintroduced in FY2023
- Shares issued pursuant to the DRP will be at a 5% discount to the market price
- Declared a fully franked dividend of 4.0 cents per share for H2 FY2023
- Paid or declared a fully franked dividend of 8.3 cents per share for FY2023
- The annual dividend payout ratio is expected to be between 50% to 60% of Net Profit After Tax



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# STRATEGIC PILLARS OF GROWTH

## CUSTOMER

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

### STORES

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





- Beacon Lighting finished FY2023 with a total of 119 stores, with 117 company stores and 2 franchise stores
- Opened new stores in Pimpama (QLD) and Armadale (WA), relocated Nunawading (VIC) and Southport (QLD) to new stores and closed the Clarkson (WA) and Crossroads (NSW) stores
- Company Store comparative sales increased by 0.4% in FY2023. There was a strong comparative increase in H1 followed by a decrease in H2
- The number of Beacon Design Studios projects won increased by 38.0%
- Rolled out range extender screens to 74 stores for the convenience of our retail and trade customers
- Designed and developed 636 exclusive new products to inspire our customers
- More than 989,000 VIP customers have received special offers, prices and services
- Store network research was refreshed in March 2023 and identified the potential for 195 stores in Australia with the potential for a 63.9% growth in the Store network



- The number one priority for Beacon Lighting throughout FY2023 was to have a positive impact upon the lives and businesses of our trade customers
- Re-launched Beacon Trade on an industry leading technology platform in December 2022
- Total trade sales increased by 21.6%
- 36.0% of all Beacon Design Studio projects were for Beacon Trade customers
- More than 50,700 Beacon Trade members
- Beacon Lighting Commercial sales increased by 18.5%
- Introduced 200 new Trade specific products and continued to roll out trade merchandising displays to stores
- Continued to invest in the trade marketing program, the trade website and trade rewards to excite our Trade customers







- Beacon Lighting now has 16 dedicated business websites with the primary websites being **[www.beaconlighting.com.au](http://www.beaconlighting.com.au)** and **[www.beacontrade.com.au](http://www.beacontrade.com.au)**
- Two new branded websites being “GE Imagine Smart Lighting” and “Made by Mayfair” were launched
- Online Beacon Trade visitation increased by 47.0% while online Beacon Trade sales increased by 36.0%
- Expanded the personalised onsite experience utilising customer data and smart tools to enhance the online customer experience
- 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 stores throughout FY2023, some online sales have been redirected to stores. Online sales were 10.0% of Store sales
- Continued to offer seamless integration between the online sales channel and Beacon Lighting stores for our retail and trade customers



- Beacon Lighting Europe sales increased by 53.0%
- The number of lighting showroom customers in the USA increased by 32.8%
- Beacon Lighting USA sales were impacted by some customers being overstocked at the end of FY2022 and the less elevated sales through the eCommerce channel. Beacon Lighting USA sales were 22.6% ahead of their sales in FY2021
- Sales increased in the Tmall Global sales channel in China by nearly 100%
- Custom Lighting, Connected Light Solutions, Masson For Light and Light Source Solutions (in New Zealand) all had sales increases of 32.5%, 29.3%, 16.4% and 6.7% respectively
- Beacon Lighting has a 50% interest in the Large Format Property Fund which owns seven retail properties
- The Large Format Property Fund development project at Southport (QLD) opened as a Beacon Lighting store in June 2023







- Beacon Lighting has installed 62 solar systems on our operating properties to generate electricity during peak daylight hours
- Began a globe recycling trial for some NSW and SA stores allowing our retail and trade customers to return all their used globes and tubes for recycling for free
- Replaced all customer plastic carry bags with paper bags made from recycled materials
- Substantially eliminated all polystyrene packaging for new products purchased
- Beacon Lighting has removed all outer packaging for all goods that are shipped to Australia from overseas suppliers. All deliveries to Beacon Lighting stores are made on returnable wooden pallets
- Beacon Lighting's latest energy efficient LED globe range already complies with the Australian government draft determinations on LED and incandescent globes as a part of their Lighting (Globes) Energy Efficiency regulations
- Beacon Lighting continues to innovate and upgrade the product range with the latest energy efficient technologies that are available



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# FY2024 OUTLOOK

## BEACON LIGHTING GROUP

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- Company Store comparative sales made a slower start to FY2024 compared to the elevated post-COVID sales result in Q1 FY2023
- Improving the lives and businesses of our Trade customers continues to be the number one priority for Beacon Lighting. The trade sales positive momentum has continued into FY2024
- Current gross profit margins remain consistent with the results of FY2023
- Plan to open eight new stores: Mt Barker (SA), Mildura (VIC), Auburn (NSW), Warrawong (NSW), Busselton (WA), Devonport (TAS), Gregory Hills (NSW) and Ballina (NSW)
- Relocate the Cranbourne (VIC) store
- Develop the Large Format Property Fund property at Auburn (NSW) featuring a new Beacon Lighting store
- Continued expansion of Australian designed fan and light products into the USA, Asian and European markets
- Remain at the forefront of technology, fashion and energy-efficient changes in the lighting industry in order to continue to inspire our retail and trade customers







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# QUESTIONS

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# 6 APPENDIX: OTHER INFORMATION

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