



Beacon Lighting Group Limited

MORGANS *2014* ANNUAL QLD CONFERENCE

Glen Robinson
Chief Executive Officer
8 October 2014

Beacon
LIGHTING

AGENDA



1. BACKGROUND
2. FY2014 RESULTS
3. GROWTH STRATEGIES
4. FY2015 OUTLOOK
5. QUESTIONS

BACKGROUND

BUSINESS BACKGROUND



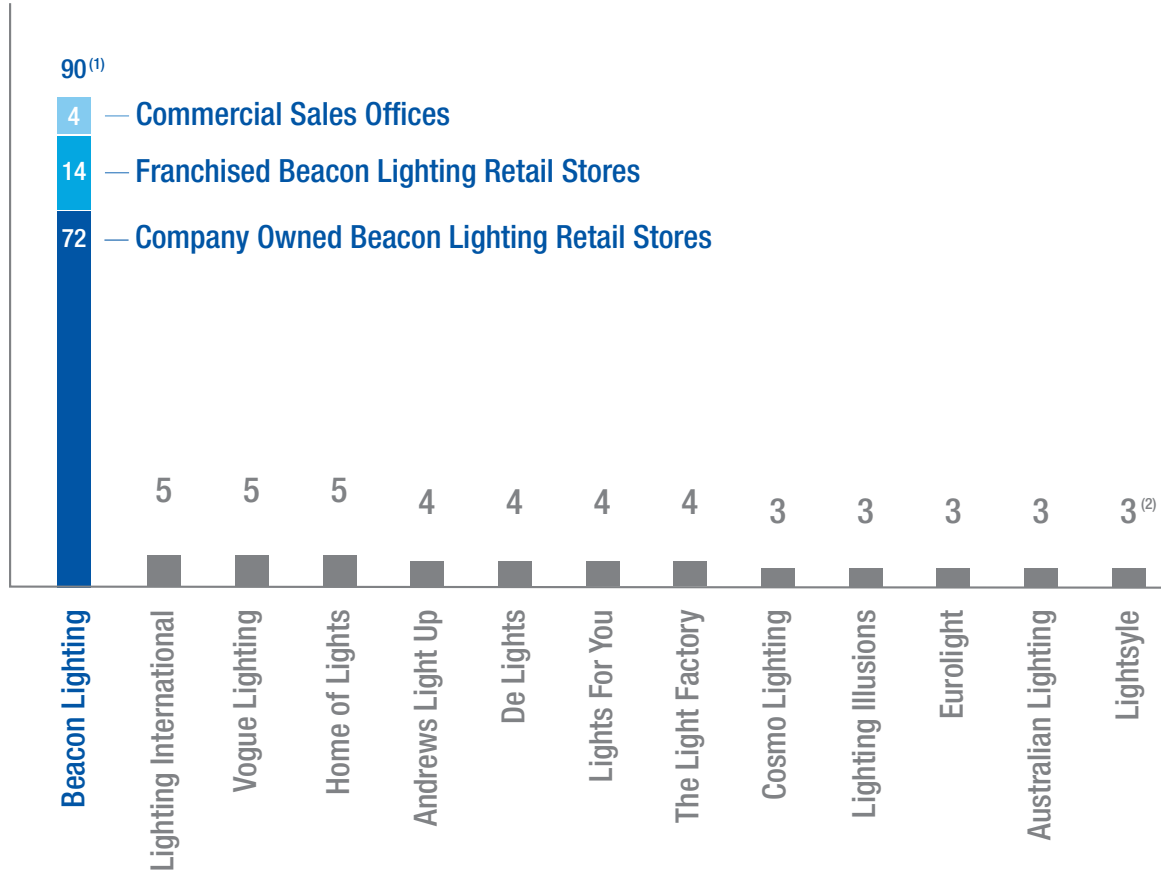
- Beacon Lighting Group is the leading specialist lighting retailer in Australia.
- From a single store in Melbourne in 1967, Beacon Lighting has grown to now operate 86 stores nationally with scope for significant additional expansion.
- The business has continued to experience growth through the difficult retail environment of recent years.
- Trading conditions are more supportive this year than in recent years with key indicators such as housing starts and auction clearance rates strengthening.
- We are in the early stage of a dynamic period of change in lighting.
- We successfully listed on the ASX in April 2014.



SPECIALITY RETAIL LIGHTING STORES



NUMBER OF STORES & SALES OFFICES

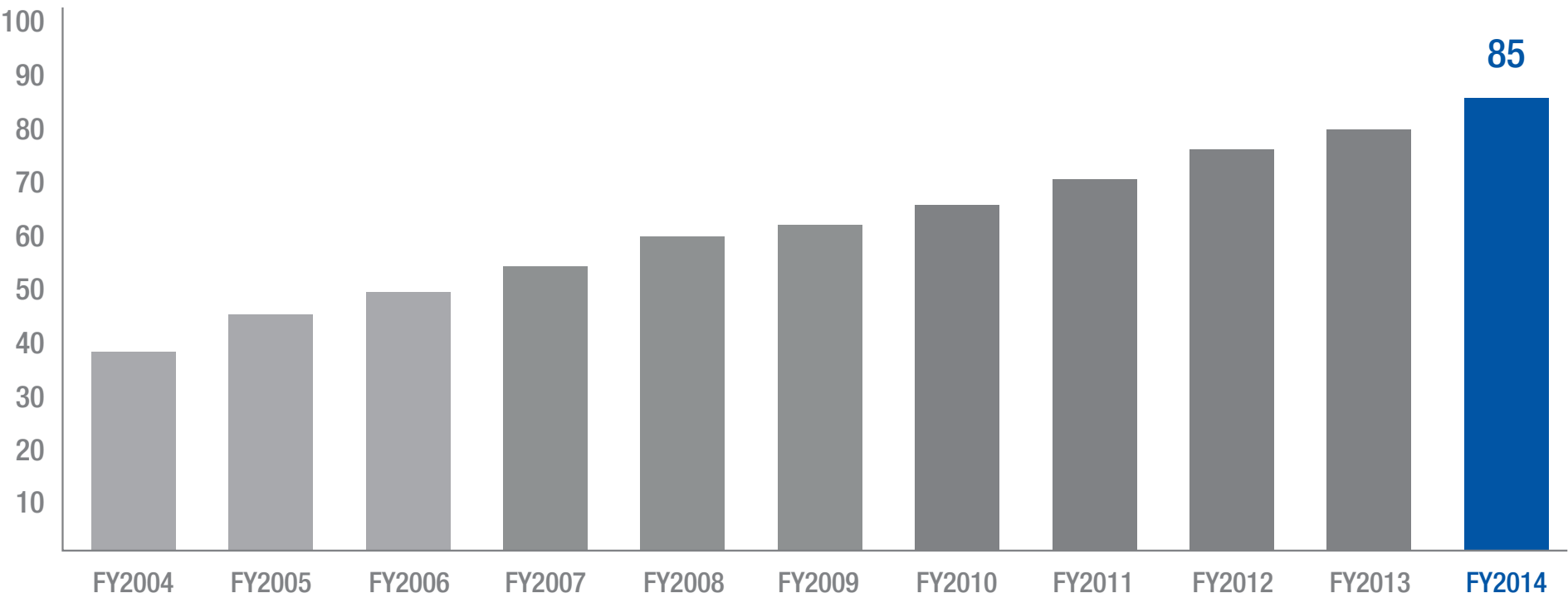


(1) Beacon Lighting details as at Sept 2014

(2) Competitor stores as at Feb 2014

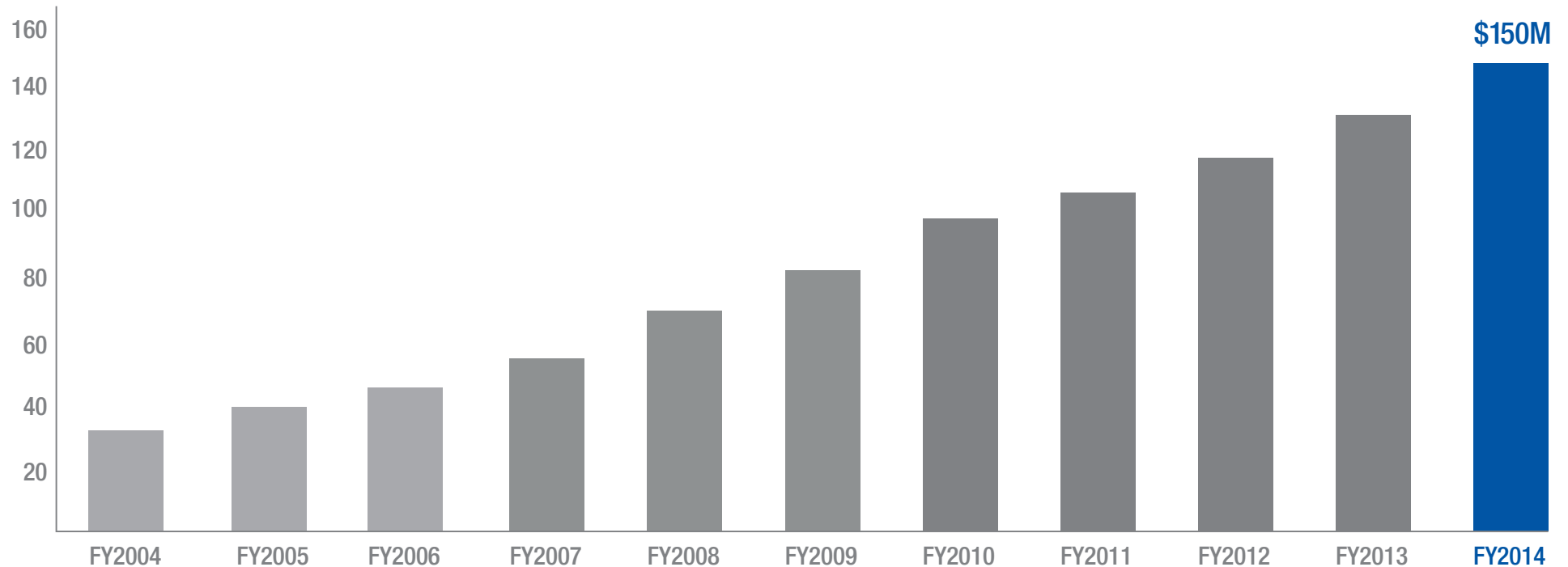


BEACON LIGHTING STORE NUMBERS



NOTE: Includes franchise stores but does not include 4 commercial sales offices.

BEACON LIGHTING SALES \$ MILLIONS



(1) Sales are normalised and shown for continuing businesses only.

(2) Sales include company stores, wholesale sales to franchise stores, Beacon Solar and Beacon International sales.

FY2014 RESULTS

HIGHLIGHTS



- Successful IPO on April 15th 2014
- Prospectus forecast achieved
- Record sales and profit results
- Sales increased by \$17.4m, 13.1% ahead of last year
- Designed and developed 440 exclusive new products
- Opened six new stores, plus purchased one franchise store
- Company store comparative sales increase of 5.7%
- Operating expenses down 0.7% of sales compared to last year
- EBITDA increased \$3.5m, 20.9% ahead of last year
- NPAT increased \$2.3m, 24.8% ahead of last year



YEAR-ON-YEAR RESULT



\$ '000	FY2013 ⁽¹⁾	FY2014	\$ Inc / Dec on Last Year	% Inc / Dec on Last Year
Sales	132,932	150,338	17,406	13.1%
Gross Profit	85,599	96,660	11,061	12.9%
<i>Gross Profit Margin</i>	64.4%	64.3%		
Other Income	4,575	5,521	946	20.7%
<i>% of Sales</i>	3.4%	3.7%		
Operating Expenses ⁽²⁾	(73,559)	(82,095)	(8,536)	11.6%
<i>% of Sales</i>	55.3%	54.6%		
EBITDA	16,615	20,086	3,471	20.9%
<i>EBITDA Margin %</i>	12.5%	13.4%		
EBIT	14,511	18,066	3,555	24.5%
<i>EBIT Margin %</i>	10.9%	12.0%		
Net Profit After Tax	9,456	11,797	2,341	24.8%
<i>NPAT Margin %</i>	7.1%	7.8%		

(1) Based on the 52 Week FY2013 Pro Forma Historical result in the Prospectus dated 12 March 2014

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

GROWTH STRATEGIES

FOUNTAIN GATE STORE



- Fountain Gate franchise store will be acquired on 27th October 2014.
- Number 2 Beacon Lighting store in terms of sales \$ in the Group in FY2014.
- Services the growing market of Melbourne's SE Suburbs.



INNOVATIVE PRODUCTS

Energy Efficient Technology



Infinity Downlight

Fashion



Nord Pendant

GROWTH STRATEGY UPDATE



GROWTH STRATEGY	DETAIL	UPDATE
NEW STORE ROLLOUT	Target 6 new stores per year	- Committed to 6 net new stores - Opened Mittagong (NSW) in July 2014 - Small store formats and regional store success enables expansion to new locations - Independent analysis conducted showing growth for additional locations for the foreseeable future - Closure of Hawthorn (VIC) in FY2015, will open Camberwell (VIC) in FY2015
OPTIMISING STORE PORTFOLIO AND OPERATIONS	Optimise store size, fit out, merchandising and operations	2 major refurbishments at Moorabbin (VIC) and Taren Point (NSW) - Drive increased sales and profit from the existing store network - Continue to grow trade sales by catering to their product and service requirements
NEW PRODUCTS AND RANGES	Refresh the range with new fashion, technical and energy efficient items	- Introduce the latest fashion orientated products, developed by our own internal team exclusively for Beacon Lighting - Increase the breadth and depth of our exclusive globe range - Introduce new LED products and the latest advancements in that technology - Continue to build awareness of our internal product brand 'Lucci' - Increase the range of trade lighting, globes and ceiling fans to better cater to that market
ONLINE	Optimise customer experience across our online assets	- Better functionality within our core website - Introduce social media to drive traffic and brand awareness - Introduce potential new websites to capture additional sales opportunities

GROWTH STRATEGY UPDATE



GROWTH STRATEGY	DETAIL	UPDATE
ACQUISITIONS	Businesses that have synergies with the core Beacon business	• Consider acquisitions of existing lighting retail stores in Australia • Consider acquisitions of Franchise operated Beacon Lighting stores • Acquisitions need to meet strict financial parameters
EMERGING BUSINESSES	Beacon Solar and Beacon International	• Continue to support the emerging business as they continue to have synergies with the core business
EFFICIENCY GAINS	Improve productivity throughout the business	• Further efficiency gains can be realised by better control of the cost base as the business grows, this includes evaluating processes, systems and technology to make better use of resources within the business

FY2015 OUTLOOK

FY2015 OUTLOOK



Beacon Lighting

- Company store comparative sales have made a positive start to the year
- Store roll out is on track for 6 new company stores.
Purchase the Fountain Gate (Vic) franchise store in October 2014
- Need for greater energy efficiency continues to drive rapid innovation in lighting technology
- Operating efficiencies remain a focus throughout the business
- A solid pipeline of fashion, technical lighting and ceiling fan releases for FY2015
- Actively investigating further acquisition opportunities

Market Conditions

- General market conditions remain supportive of Beacon Lighting and the lighting industry in Australia

Summary

- Beacon Lighting expects the current growth strategies to continue to drive improved sales and profits in FY2015

QUESTIONS
