



Beacon Lighting Group Limited

Morgans QLD Conference
10 October 2019

STRATEGY



Transformation from Australia's leading specialist Lighting Retailer to Australia's leading Lighting Business and International Wholesaler of Lighting and Fan products

Growth Strategies:

- Brand and Customer
- Store Network Optimisation
- New Store Rollout
- New Product Ranges
- Online and Social Media
- Key Emerging Businesses
- New Business Opportunities



BRAND AND CUSTOMER



Beacon Lighting will continue to enhance the brand and the customer experience in order to increase differentiation and drive incremental sales

- As observed internationally, Retailers who adapt to changes in shopping habits and invest in the customer experience remain relevant and successful
- 111 stores online provide an omni channel solution providing customer convenience and choice
- Beacon Design Studio service now in 28 stores
- 333 Accredited Lighting Design Consultants
- Providing inspiration to our customers through active participation with The Block, House Rules and Selling Houses
- Beacon Lighting Commercial has embedded Lighting Designers for 50% of Australia's leading volume residential builders



STORE NETWORK OPTIMISATION



Beacon Lighting will continue to target the growth of sales and profit through the optimisation of the existing store network

- Implementation of the Emarsys system to optimise digital direct marketing to our 465,000 VIP customers and 30,000 Trade Club members
- Since FY2014, 31 new company stores have opened which are yet to mature
- Recently closed the Subiaco (WA), Sunshine (VIC) and Mandurah (WA) stores to improve network performance in those regions
- Interactive smart lighting displays in stores
- Focus on lighting design solutions
- Building relationships with our Trade Club members through attractive prices, quality, warranty and great service



NEW STORE ROLLOUT



Beacon Lighting will target the opening of new company operated stores in Australia each year

- In FY2019, Beacon Lighting opened five new company stores at Warrnambool (VIC), Mackay (QLD), Moore Park (NSW), Modbury (SA) and Craigieburn (VIC)
- Targeting the opening of new company stores at Virginia (QLD) and Belmont (WA) in FY2020 with additional stores possible
- Market research supports future store network expansion



NEW PRODUCT RANGES



Beacon Lighting will offer an extensive range of the latest fashion, energy efficient, home automation lighting and fan products at competitive and value for money pricing to our customers

- The largest and most progressive range of lighting and fans available within Australia
- Design and develop 400 - 500 exclusive new products each year to meet ever changing demands and trends
- Introduced an extensive range of Smart Lighting including Google Home, Amazon Echo, LIFX and Lucci Connect
- Looking to enhance the latest lighting trends including custom made LED strip lighting, LED fixtures, wall scones and pendants
- Introduction of more trade dedicated ranges
- Innovation remains at the core of the product development vision for the Group

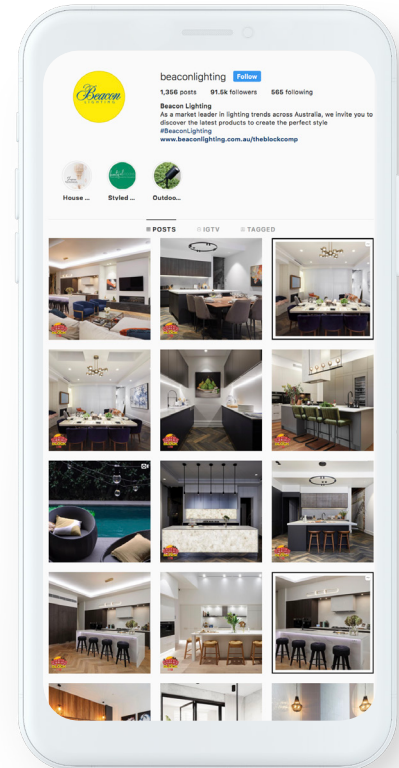


ONLINE AND SOCIAL MEDIA



Beacon Lighting will continue to enhance its online customer experience in order to drive incremental sales

- Retail shopping buying habits are changing and Beacon Lighting is adapting to these changes through greater investment in online and social media
- Launched an enhanced Click and Collect service on our website allowing customers to see stock availability across the store network
- Launched an enhanced online order fulfilment engine by allocating orders to stores with the best stock availability
- Introduced online purchasing directly off social media platforms
- Currently working on re-platforming and enhancing the beaconlighting.com.au and other business websites



KEY EMERGING BUSINESSES



Beacon Lighting will continue to target the growth in sales and profit from the emerging businesses

Beacon International

- Strategy is to leverage the product development for Australia to suit international markets
- Sales Offices in Hong Kong, China, USA and Europe
- Hong Kong sells to customers in many countries including New Zealand, Greece, China, Vietnam and South Africa
- USA E-Commerce customers include Wayfair, Home Depot, Amazon and Houzz. Sales agent channels continue to be developed
- European customers include E-Commerce customers (Amazon) and wholesale and retail customers (throughout Europe)
- Key growth opportunities include growing the product ranges to existing customers and developing new customers

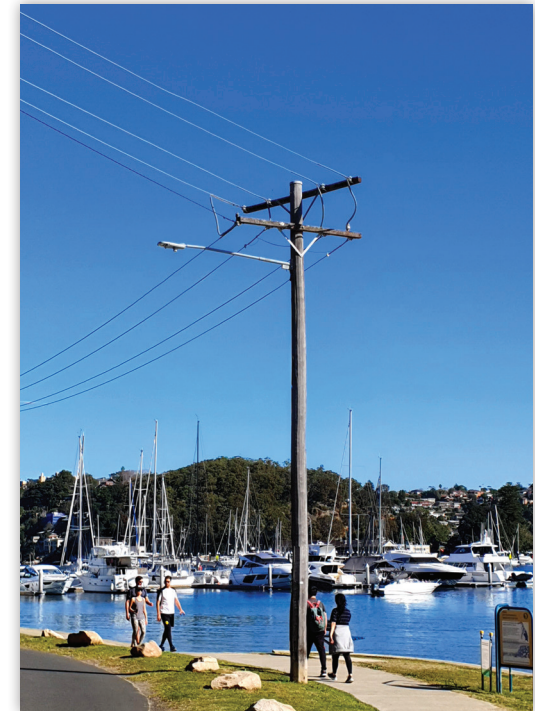


KEY EMERGING BUSINESSES (CONTINUED)



Light Source Solutions Roadway

- Australian street light landscape is at the beginning of a transformation from old inefficient technology to the latest LED technology
- Supply of old technology mercury vapour lamps will reduce as international manufacturers cease production and force greater adoption of LED technology in Australia
- Products are technically complex and continue to be developed under the GE Brand for residential and major road lighting
- After the mass replacement of street lights has occurred there will be a focus on smart lighting controls for cities



**LIGHT
SOURCE
SOLUTIONS**



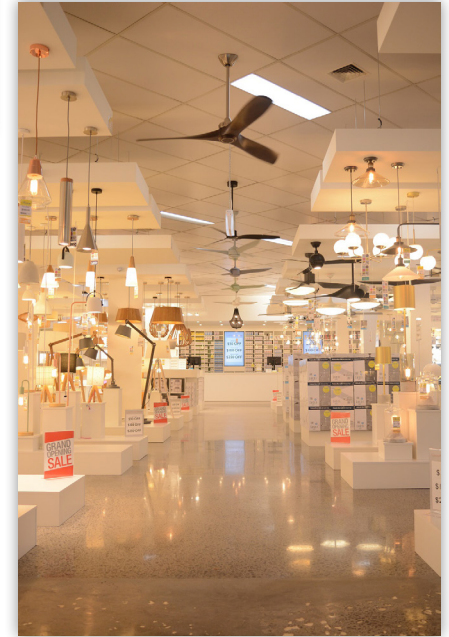
Distributor
GE Lighting

NEW BUSINESS OPPORTUNITIES



Beacon Lighting will investigate and pursue local and international business opportunities that complement the core business activities of the Group

- Purchased the ex Masters store in Parkinson (QLD) to operate as a Distribution Centre to improve the supply chain in terms of capabilities and cost effectiveness
- In the last 12 months, Beacon Lighting has purchased the Underwood (QLD), Albury (NSW) and Myaree (WA) franchised stores and converted them to company stores
- Other national and international acquisition opportunities are being continually reviewed



FY2020 OUTLOOK



- Comparative sales trends for the core business have shown improved momentum in August and September 2019
- Tailwinds: Record low interest rates, improving house prices, tax cuts and reduced mortgage lending requirements.
- Headwinds: Low housing churn rates, weak AUD and instability in global markets
- The Beacon Lighting Group remains closely aligned to the housing sector and anticipated improved housing sales volumes and renovation expenditure in the future to support sales and profit growth in the core business





QUESTIONS

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