



Beacon Lighting Group Limited

The background of the slide is a photograph of a modern kitchen. It features light-colored wooden cabinetry, a long concrete countertop, and a long, thin, horizontal light fixture with two white cylindrical lights. On the counter, there are several brass-colored decorative items, including a bowl and a vase. Two black bar stools are visible in the foreground.

H1 FY2020 RESULTS PRESENTATION

20 FEBRUARY 2020

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1 RESULTS OVERVIEW

1 H1 FY2020 KEY RESULTS



- Group statutory NPAT result of \$12.7m, an increase of 8.7%
- Group underlying NPAT result of \$9.0m, a decrease of 21.6%⁽¹⁾
- Group sales result of \$123.1m, an increase of 0.3%⁽¹⁾
- Record sales for Beacon Lighting Company Stores, Online Sales Channels, Light Source Solutions Roadway and Beacon International
- Significant profit realised on the sale and leaseback of the Parkinson Distribution Centre (QLD) reducing the net debt to \$7.7 million
- Purchased the Beacon Lighting franchised store at Myaree (WA)
- Purchased Custom Lighting in Malvern (VIC), a premium lighting design store
- Announced the closure of Beacon Energy Solutions
- Declared a fully franked dividend of 2.60 cents per share

(1) Comparison of the underlying results for H1 FY2020 and H1 FY2019 (refer page 6)



H1 FY2020 STATUTORY RESULT

\$'000	H1 FY2019	H1 FY2020	Change \$	Change %
Sales	128,296	123,609	(4,687)	(3.7%)
Gross Profit	83,239	77,480	(5,759)	(6.9%)
<i>Gross Profit Margin %</i>	<i>64.9%</i>	<i>62.7%</i>		
Other Income	816	8,361	7,545	924.6%
<i>% of Sales</i>	<i>0.6%</i>	<i>6.8%</i>		
Operating Expenses ⁽¹⁾	(64,278)	(52,654)	11,624	(18.1%)
<i>% of Sales</i>	<i>50.1%</i>	<i>42.6%</i>		
EBITDA ⁽²⁾	19,777	33,187	13,410	67.8%
<i>EBITDA Margin %</i>	<i>15.4%</i>	<i>26.8%</i>		
EBIT ⁽²⁾	17,574	21,240	3,666	20.9%
<i>EBIT Margin %</i>	<i>13.7%</i>	<i>17.2%</i>		
Net Profit After Tax	11,646	12,664	1,018	8.7%
<i>NPAT Margin %</i>	<i>9.1%</i>	<i>10.2%</i>		

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

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

H1 FY2020 UNDERLYING RESULT

\$'000	Underlying H1 FY2019 ^{(1) (2)}	Underlying H1 FY2020 ^{(1) (3)}	Change \$	Change %
Sales	122,799	123,110	311	0.3%
Gross Profit	81,931	79,635	(2,296)	(2.8%)
<i>Gross Profit Margin %</i>	<i>66.7%</i>	<i>64.7%</i>		
Other Income	816	581	(235)	(28.8%)
<i>% of Sales</i>	<i>0.7%</i>	<i>0.5%</i>		
Operating Expenses ⁽⁴⁾	(63,170)	(63,733)	(563)	0.9%
<i>% of Sales</i>	<i>51.4%</i>	<i>51.8%</i>		
EBITDA ⁽¹⁾	19,577	16,483	(3,094)	(15.8%)
<i>EBITDA Margin %</i>	<i>15.9%</i>	<i>13.4%</i>		
EBIT ⁽¹⁾	17,381	14,238	(3,143)	(18.1%)
<i>EBIT Margin %</i>	<i>14.2%</i>	<i>11.6%</i>		
Net Profit After Tax	11,502	9,023	(2,479)	(21.6%)
<i>NPAT Margin %</i>	<i>9.4%</i>	<i>7.3%</i>		

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

(2) Refer to Appendix 2 for a reconciliation of the H1 FY2019 statutory profit to the underlying profit

(3) Refer to Appendix 3 for a reconciliation of the H1 FY2020 statutory profit to the underlying profit

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

A modern dining room interior featuring a dark, round dining table with a curved wooden chair. On the table is a dark vase with dried flowers and a small decorative object. Above the table hangs a contemporary brass chandelier with multiple cylindrical light fixtures. In the background, there is a white arched doorway and a white shelf with a potted plant and a glass sphere. The overall aesthetic is minimalist and sophisticated.

2 FINANCIALS

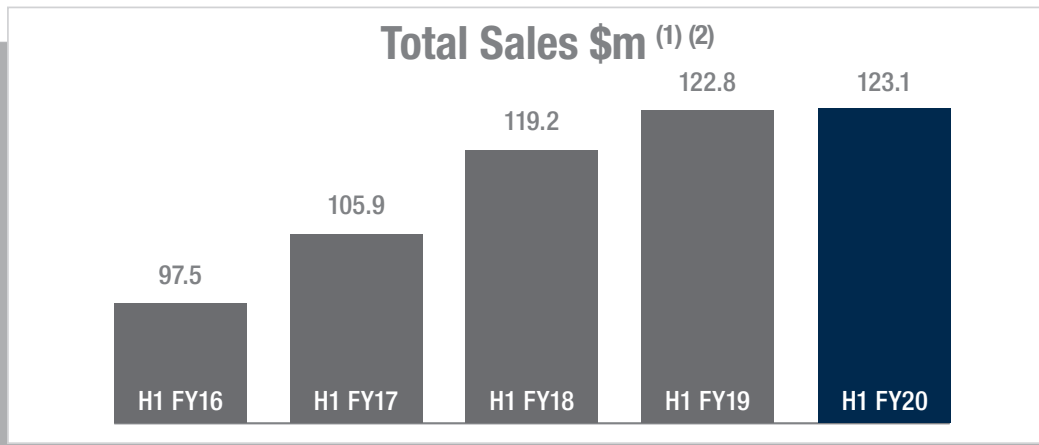
2 SALES



SALES: \$123.1m increased by 0.3% ⁽¹⁾

COMPANY STORE COMPARATIVE SALES: Decreased by 1.9%

- Sales remain inconsistent from week to week and month to month
- Modest sales growth for total company stores. Encouraging recovery in WA. Solid result for NSW
- Sales declined for the emerging businesses, but record sales were achieved for Light Source Solutions Roadway and Beacon International
- Online sales continued to grow strongly



(1) Underlying sales for H1 FY2019 and H1 FY2020

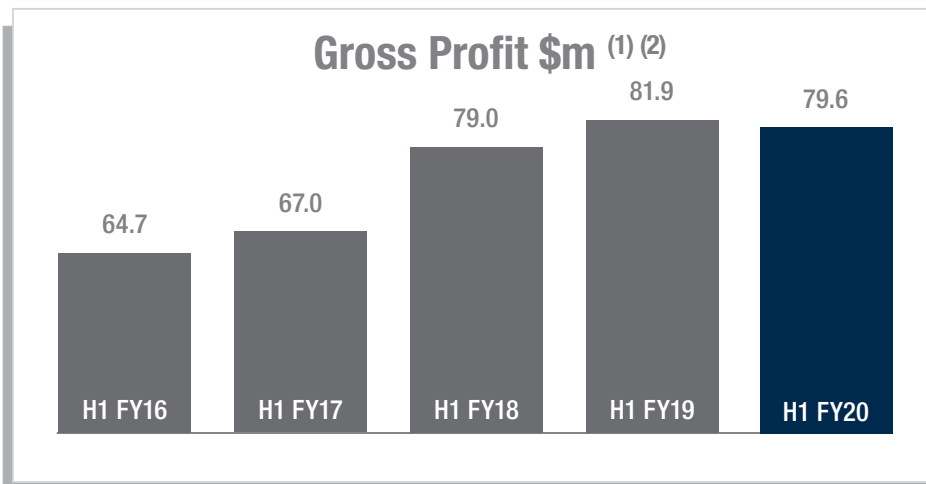
(2) Beacon Lighting Group less Beacon Energy Solutions



2 GROSS PROFIT

Gross Profit: 64.7% of sales to \$79.6m ⁽¹⁾

- Gross profit margin remains strong but has declined due to the movement in the AUD
- Continued innovation in product development provides opportunity to manage margins going forward



(1) Underlying gross profit for H1 FY2019 and H1 FY2020

(2) Beacon Lighting Group less Beacon Energy Solutions



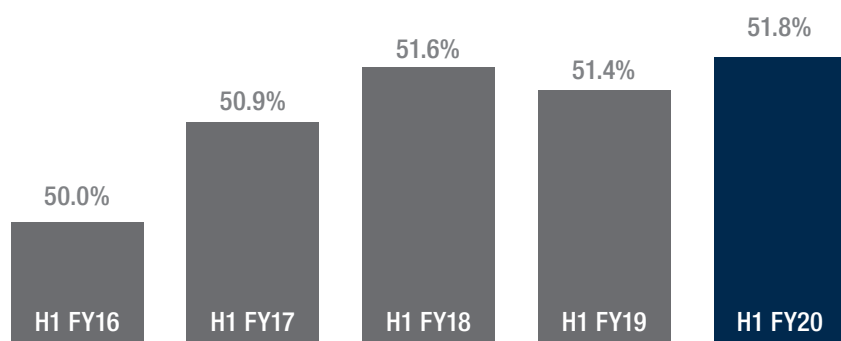
2 OPERATING EXPENSES / OTHER INCOME



OPEX: Increased by 0.4% of sales to \$63.7m ⁽¹⁾

- Other Income continues to decline as franchised stores are converted into company stores
- Operating Expenses have been well managed across all expense types and increased by 0.9%

Operating Expenses % of Sales ^{(1) (2)}



\$'000	Underlying H1 FY2019 ⁽¹⁾	Underlying H1 FY2020 ⁽¹⁾	Change \$	Change %
Other Income	816	581	(235)	(28.8)%
<i>% of Sales</i>	<i>0.7%</i>	<i>0.5%</i>		

Marketing	7,052	7,040	(12)	(0.2)%
<i>% of Sales</i>	<i>5.7%</i>	<i>5.7%</i>		
Selling & Distribution	47,956	48,356	400	0.8%
<i>% of Sales</i>	<i>39.1%</i>	<i>39.3%</i>		
General & Admin.	8,162	8,337	175	2.1%
<i>% of Sales</i>	<i>6.6%</i>	<i>6.8%</i>		
Operating Expenses ⁽³⁾	63,170	63,733	563	0.9%
<i>% of Sales</i>	<i>51.4%</i>	<i>51.8%</i>		

(1) Underlying Operating Expenses /Other Income for H1 FY2019 and H1 FY2020

(2) Beacon Lighting Group less Beacon Energy Solutions

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

2 CASH FLOW

- Cash flow has been supported by the sale of the Parkinson Distribution Centre (QLD)
- Purchased the Beacon Lighting franchised store at Myaree (WA)
- Purchased Custom Lighting in Malvern (VIC), a premium lighting design store
- Purchased new factory facilities for Masson Manufacturing at Epping (VIC)



\$'000	H1 FY2019	H1 FY2020
Cash Flow from Operations		
Receipts from Customers	140,142	139,775
Payments to Suppliers & Employees	(118,883)	(115,906)
Other	(946)	(3,029)
Income Tax Paid	(5,453)	(3,292)
Net Operating Cash Flow	14,860	17,548
Net Cash (Outflow) from Investing/Financing	(2,480)	(3,064)
Net Increase (Decrease) Cash	12,380	14,484

\$'000	H1 FY2019	H1 FY2020
Other Details		
Capital Expenditure / Acquisitions	(4,579)	(5,245)
Dividends Paid	(4,336)	(3,338)

2 BALANCE SHEET



- Strong cash position
- Receivables decline due to closing down of Beacon Energy Solutions
- Inventories have increased due to flat sales and currency-driven inflation
- Current borrowings have increased to fund inventory
- AASB 16 Right of Use Assets and Lease Liabilities has been introduced



\$'000	H1 FY2019	H1 FY2020
Cash	23,051	32,789
Receivables	12,561	8,671
Inventories	67,641	75,561
Other	1,838	2,122
Total Current Assets	105,091	119,143
PPE	32,200	32,801
Intangible	11,320	12,963
Right of Use Asset	-	93,025
Other	7,659	15,620
Total Non Current Assets	51,179	154,409
Total Assets	156,270	273,552
Payables	25,441	17,152
Borrowings	27,513	33,121
Lease Liability	282	23,425
Other	10,084	13,587
Total Current Liabilities	63,320	87,285
Borrowings	5,500	7,400
Lease Liability	122	95,597
Other	3,519	843
Total Non Current Liabilities	9,141	103,840
Total Liabilities	72,461	191,125
Net Assets	83,809	82,427



3 GROWTH STRATEGIES

STRATEGY		UPDATE
Brand and Customer	Beacon Lighting will continue to enhance the brand and the customer experience in order to increase differentiation and drive incremental sales	• Core range consists of more than 3,000 of the latest, fashionable, technologically advanced and energy efficient lighting and fan products • Unique service experience with 330 Accredited Lighting Design Consultants and Premium Lighting Design Services in 28 stores • 500,000 VIP customers and 32,000 Trade Club customers receiving special offers and benefits • Store and online sales channel alignment providing customers with convenience and choice
Online and Social Media	Beacon Lighting will continue to enhance our online presence in order to drive incremental sales	• Online sales increased by 22.0% across all online sales channels • Improved website order fulfilment by splitting online orders to multiple stores based on inventory availability • Implemented Emarsys to enable personalised communication with customers • Continued to work with social influencers who endorse Beacon Lighting

STRATEGY		UPDATE
New Product Ranges	Beacon Lighting will offer an extensive range of the latest, fashionable, on trend, energy efficient and home automation lighting and fan products to our customers	• Designed and developed 267 exclusive new products for our customers • Formally launched the new Mammoth Fan range including a dedicated website • Launched the Masson For Light custom LED strip lighting range in our stores • Expanded the innovative Fanaway retractable blade ceiling fan range with three new decorative designs
New Store Rollout	Beacon Lighting will target the opening of new company operated stores in Australia each year	• Opened new company stores at Warrnambool (VIC), McKay (QLD), Moore Park (NSW), Modbury (SA) and Craigieburn (VIC) in the last 18 months • Market research supports future store network expansion
Store Optimisation	Beacon Lighting will target the growth of sales and profit through the optimisation of the existing store network	• Store maturity cycle will still provide further growth opportunities for many stores • Closed the Mandurah (WA) and Sunshine (VIC) stores • Refurbishments of the current network continue to ensure a great bricks and mortar shopping experience

STRATEGY		UPDATE
Emerging Businesses	Beacon Lighting will target the growth of sales and profits of the Emerging Businesses	• Record sales for Light Source Solutions Roadway and Beacon International • Beacon International opened a wholesale lighting showroom in Dallas (USA) • Purchased new facilities for Masson Manufacturing at Epping (VIC) • Announced the closure of Beacon Energy Solutions
New Business Opportunities	Beacon Lighting will investigate and pursue local and international business opportunities that complement the core activities of the Group	• Parkinson Distribution Centre (QLD) was sold and leased back for a period of 8 years • Purchased the Myaree (WA) franchised store and converted it into a company store • Purchased Custom Lighting in Malvern (VIC) which uniquely services the premium lighting design market • Continue to review business and property opportunities as they become available

A modern interior space featuring a wooden ceiling fan with five blades, a large window with blue curtains, and a wooden cabinet. The room is bright and airy, with natural light coming through the window. The ceiling has a white, ribbed texture. The window looks out onto a cityscape with a bridge. The wooden cabinet is on the right side of the frame. In the foreground, there is a white countertop with a small white vase and some dried flowers. The text "4 H2 FY2020 OUTLOOK" is overlaid on the bottom left of the image.

4 H2 FY2020 OUTLOOK

4 H2 FY2020 OUTLOOK

- Recent company store comparative sales have had a modest improvement compared to H1 FY2020
- The company store at Virginia (QLD) is currently under construction
- Exciting new concept showroom is expected to open for Custom Lighting in Malvern (VIC)
- Re-platforming of the beaconlighting.com.au website and other online sales channels
- Currently well positioned with inventory to buffer against any potential product supply issues from China due to the Coronavirus
- The closure of the Beacon Energy Solutions business
- Exciting new product ranges will be introduced for stores, Commercial, International, Light Source Solutions Roadway, Light Source Solutions Globes, Masson For Light and Custom Lighting





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QUESTIONS

6 APPENDIX

1. Other Information
2. Reconciliation of the H1 FY2019 Statutory Profit to the Underlying Profit
3. Reconciliation of the H1 FY2020 Statutory Profit to the Underlying Profit



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

The presentation contains general background information about the Company and its activities current as at the date of this presentation. The information in this presentation is in summary form only and does not contain all the information necessary to fully evaluate whether or not to buy or sell shares in the Company. It should be read in conjunction with the Company’s other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

This presentation is not a prospectus, disclosure document or other offering document. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and does not form the basis of any contract or commitment.

NON-IFRS FINANCIAL MEASURES

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.

Non-IFRS measures have been reconciled to the financial statements in Appendix 2 and Appendix 3.

Reconciliation of the H1 FY2019 Statutory Profit to the Underlying Profit

\$'000	Statutory H1 FY2019	Less BES ⁽¹⁾	Underlying H1 FY2019 ⁽²⁾
Sales	128,296	5,497	122,799
Gross Profit	83,239	1,308	81,931
<i>Gross Profit Margin %</i>	<i>64.9%</i>		<i>66.7%</i>
Other Income	816	-	816
<i>% of Sales</i>	<i>0.6%</i>		<i>0.7%</i>
Operating Expenses ⁽³⁾	(64,278)	(1,108)	(63,170)
<i>% of Sales</i>	<i>50.1%</i>		<i>51.4%</i>
EBITDA ⁽²⁾	19,777	200	19,577
<i>EBITDA Margin %</i>	<i>15.4%</i>		<i>15.9%</i>
EBIT ⁽²⁾	17,574	193	17,381
<i>EBIT Margin %</i>	<i>13.7%</i>		<i>14.2%</i>
Net Profit After Tax	11,646	144	11,502
<i>NPAT Margin %</i>	<i>9.1%</i>		<i>9.4%</i>

(1) BES was the Beacon Energy Solutions result for H1 FY2019

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

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

Reconciliation of the H1 FY2020 Statutory Profit to the Underlying Profit

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

(2) PDC Sale was the sale of the Parkinson Distribution Centre H1 in FY2020. Under the sale and leaseback accounting rules, the cash flow profit before tax was \$13.5 million and the realised pre-tax profit was \$7.8 million. The remaining \$5.7 million will be realised as a reduction in AASB 16 depreciation over the first term of the lease

(3) AASB 16 was for the introduction of AASB 16 Lease Accounting in H1 FY2020

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

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

\$'000	Statutory H1 FY2020	Less BES ⁽¹⁾	Less PDC Sale ⁽²⁾	Less AASB 16 ⁽³⁾	Underlying H1 FY2020 ⁽⁴⁾
Sales	123,609	499	-	-	123,110
Gross Profit	77,480	(2,155)	-	-	79,635
<i>Gross Profit Margin %</i>	<i>62.7%</i>				<i>64.7%</i>
Other Income	8,361	-	7,780	-	581
<i>% of Sales</i>	<i>6.8%</i>				<i>0.5%</i>
Operating Expenses ⁽⁵⁾	(52,654)	(1,135)	-	12,214	(63,733)
<i>% of Sales</i>	<i>42.6%</i>				<i>51.8%</i>
EBITDA ⁽⁴⁾	33,187	(3,290)	7,780	12,214	16,483
<i>EBITDA Margin %</i>	<i>26.8%</i>				<i>13.4%</i>
EBIT ⁽⁴⁾	21,240	(3,297)	7,780	2,519	14,238
<i>EBIT Margin %</i>	<i>17.2%</i>				<i>11.6%</i>
Net Profit After Tax	12,664	(2,301)	5,446	496	9,023
<i>NPAT Margin %</i>	<i>10.2%</i>				<i>7.3%</i>