

Beacon Lighting Group Limited

RESULTS PRESENTATION

41 FY2016



Beacon
LIGHTING

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PLEASE NOTE



For the purposes of this presentation, please note the following:

- H1 FY2016 was for the 26 weeks ending 27 December 2015
- H1 FY2015 was for the 26 weeks ending 28 December 2014
- H1 FY2014 based on the pro forma historical results presented in the Prospectus
- H1 FY2013 based on the pro forma historical results presented in the Prospectus



1 RESULTS OVERVIEW

1 H1 FY2016 HIGHLIGHTS

- Record first half year sales and record profit result
- Sales increased by \$7.7m, 8.5% ahead of H1 FY2015
- Company store comparative sales increased by 5.1%
- Gross profit dollars increased by 11.5%
- Opened two new company stores and purchased two franchised stores
- Designed and developed 205 exclusive new products
- Light Source Solutions, our GE globe distribution business commenced
- Continued to realise productivity gains within the Group
- EBITDA increased \$3.1m, 21.4% ahead of H1 FY2015
- NPAT increased \$2.0m, 22.1% ahead of H1 FY2015



1 H1 FY2016 RESULT



	H1 FY2015 \$'000	H1 FY2016 \$'000	\$ Inc / Dec on Last Year	% Inc / Dec on Last Year
Sales	90,829	98,514	7,685	8.5%
Gross Profit	58,247	64,934	6,687	11.5%
<i>Gross Profit Margin</i>	<i>64.1%</i>	<i>65.9%</i>		
Other Income	2,034	1,763	(271)	(13.3%)
<i>% of Sales</i>	<i>2.2%</i>	<i>1.8%</i>		
Operating Expenses ⁽¹⁾	(45,817)	(49,143)	(3,326)	7.3%
<i>% of Sales</i>	<i>50.4%</i>	<i>49.9%</i>		
EBITDA	14,464	17,554	3,090	21.4%
<i>EBITDA Margin %</i>	<i>15.9%</i>	<i>17.8%</i>		
EBIT	13,393	16,316	2,923	21.8%
<i>EBIT Margin %</i>	<i>14.7%</i>	<i>16.6%</i>		
Net Profit After Tax	9,089	11,098	2,009	22.1%
<i>NPAT Margin %</i>	<i>10.0%</i>	<i>11.3%</i>		

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



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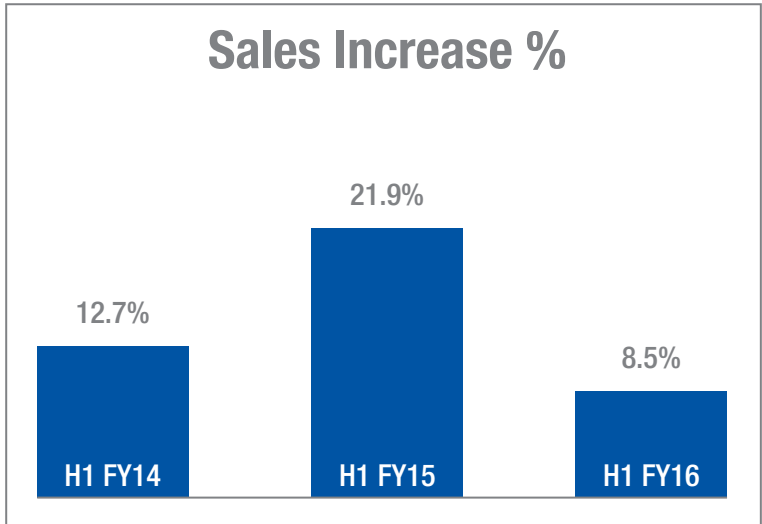
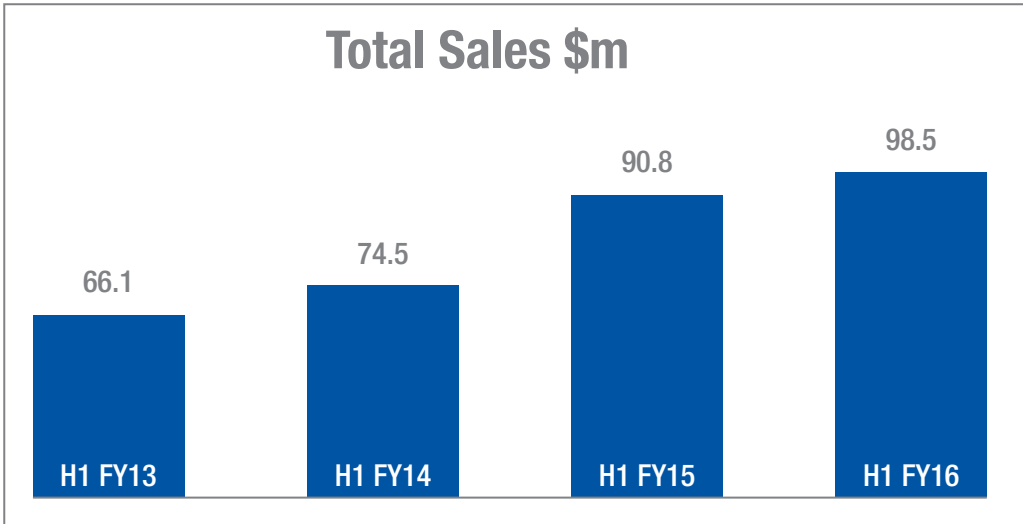
TRADING PERFORMANCE

2 SALES



SALES: +8.5% Increased to \$98.5m

- Record first half year sales
- Company store sales increased by 11.5%
- Sales to trade and commercial customers increased by 13.7%
- Acquired franchised stores contributed to sales to Australian wholesale customers decreasing by 27.8%



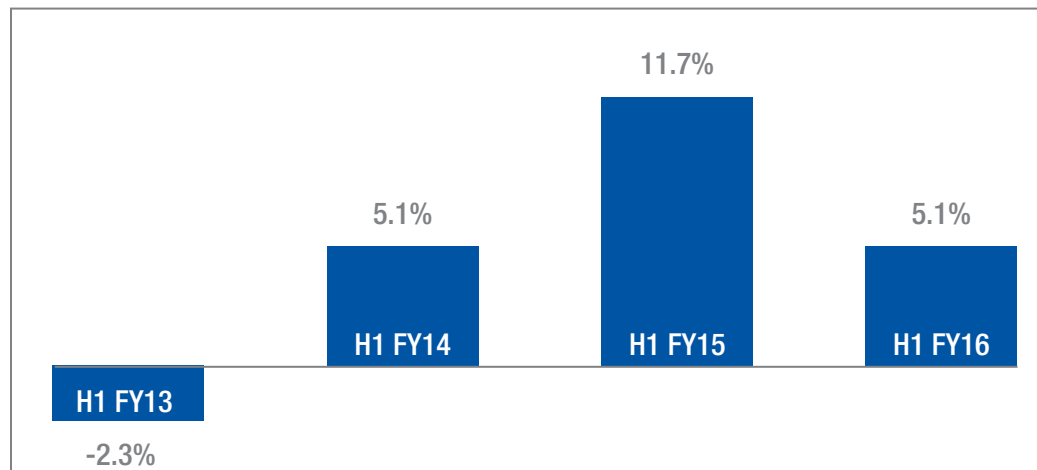
2 COMPANY STORE COMPARATIVE SALES



COMPARATIVE SALES: +5.1% Increase

- Solid 5.1% comparative sales growth over a very strong H1 FY2015 increase of 11.7%
- Stronger comparative sales growth in Q2 FY2016 compared to Q1 FY2016
- Strong comparative sales in NSW and QLD
- Positive comparative sales momentum in WA

Company Store Comparative Sales Growth

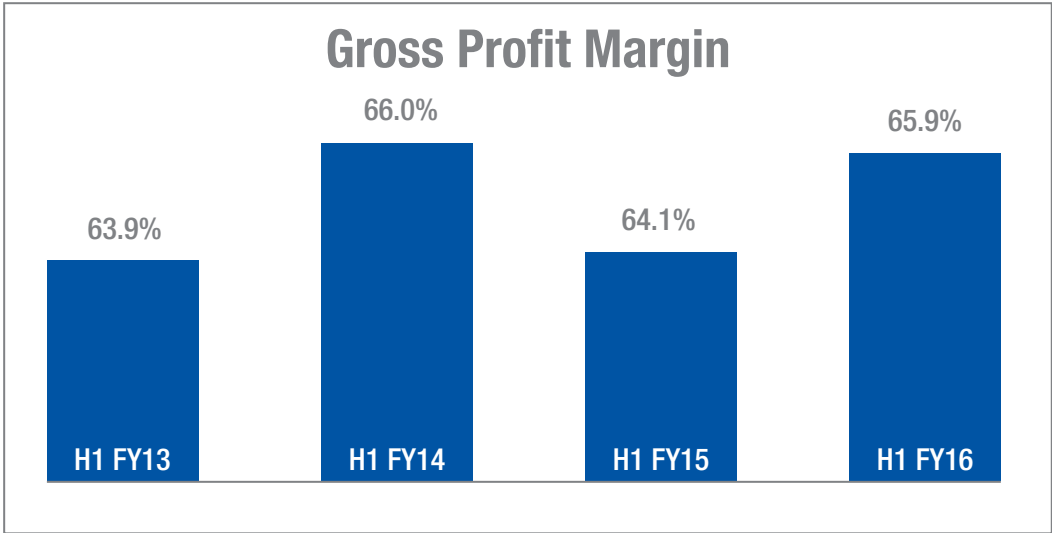
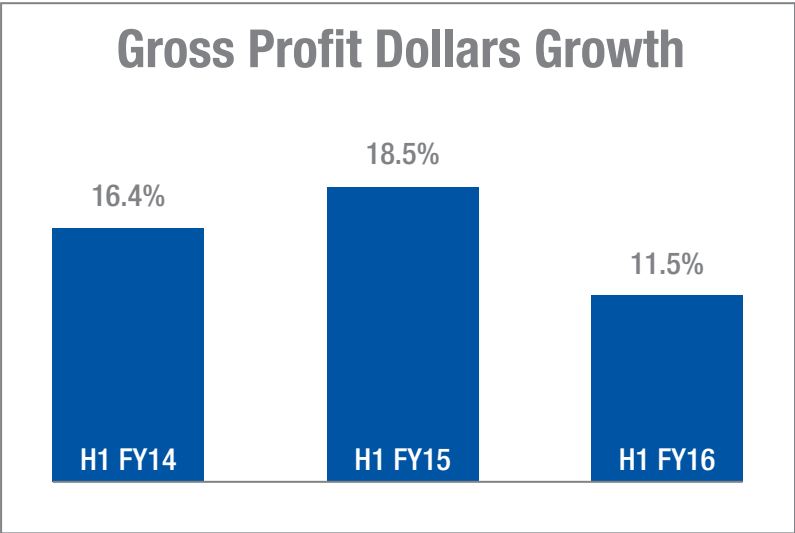


2 GROSS PROFIT



Gross Profit \$: +11.5% Increased to \$64.9m

- Gross profit \$ increased by \$6.7m or 11.5%
- Gross profit margin for H1 FY2016 was 65.9% compared to 64.1% for H1 FY2015
- Strong results due to innovative new products, price management and FX cover

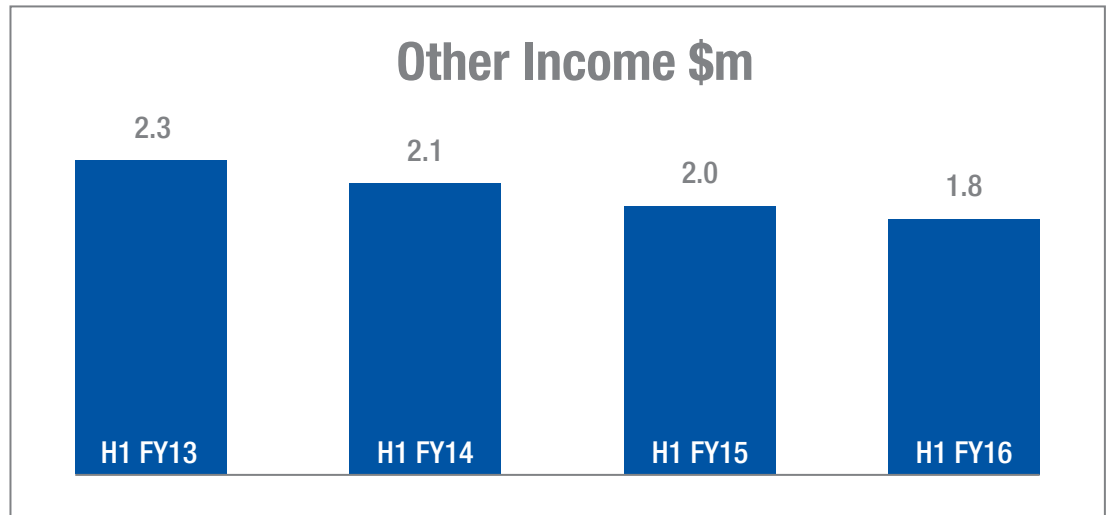


2 OTHER INCOME



Other Income: -13.3% Decreased to \$1.8m

- Other Income decreased by \$271k or 13.3%
- Core marketing and royalty income continues to decline as franchised stores are acquired and converted into company operated stores

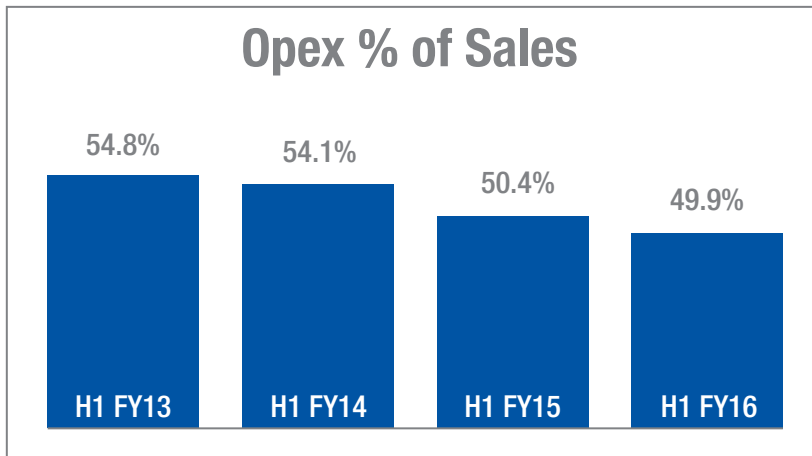


2 OPERATING EXPENSES



Opex: Down 0.5% of Sales to \$49.1m

- Operating expenses decreased by 0.5% of sales compared to H1 FY2015
- Productivity gains continue to be realised in relation to operating expenses



\$ '000	H1 FY15	% to Sales	H1 FY16	% to Sales
Sales	90,829		98,514	
Operating Expenses ⁽¹⁾				
- Marketing Expenses	5,619	6.2%	6,003	6.1%
- Selling and Distribution	32,216	35.5%	34,839	35.4%
- General and Admin	7,982	8.8%	8,302	8.4%
Total	45,817	50.4%	49,143	49.9%

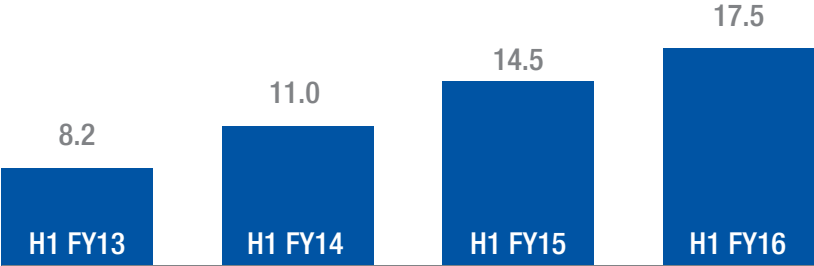
(1) Operating Expenses exclude depreciation, amortisation and financing costs

2 EARNINGS

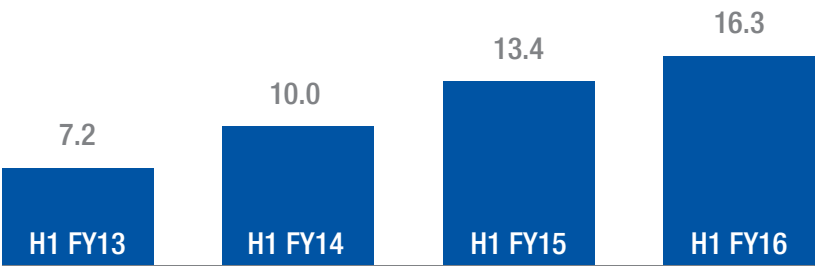


EBITDA: +21.4% to \$17.5m
EBIT: +21.8% to \$16.3m
NPAT: +22.1% to \$11.1m

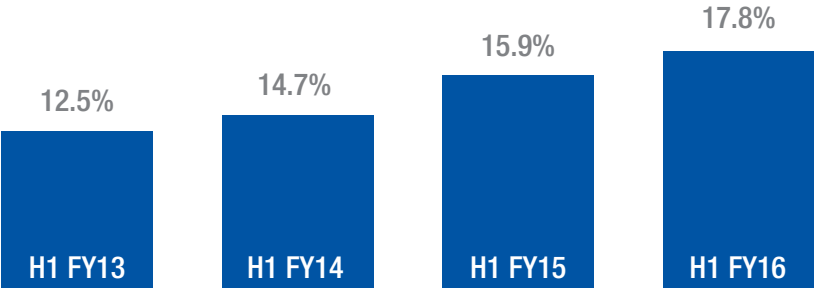
EBITDA \$m



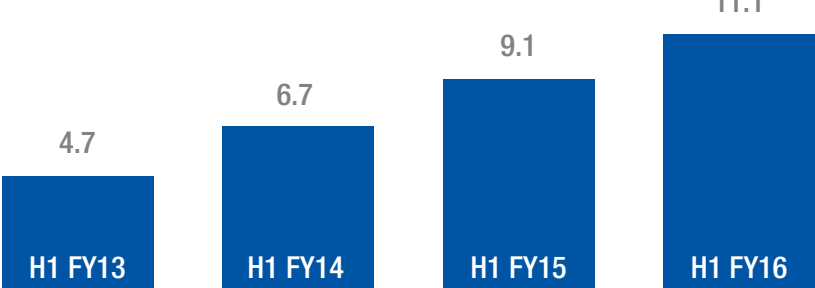
EBIT \$m



EBITDA Margin



NPAT \$m





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3 CASH FLOW,
BALANCE SHEET & DIVIDENDS



Beacon LIGHTING



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Capital Expenditure \$2.7m

- New Stores Capex \$1.0m
- Information Tech. \$0.9m
- Major Refits \$0.3m
- Motor Vehicles \$0.2m
- Other \$0.3m

\$ '000	H1 FY15	H1 FY16
Cash Flow from Operations		
Receipts from Customers	101,629	105,935
Payments to Suppliers & Employees	(99,345)	(94,869)
Other	(590)	(499)
Income Tax Paid	(2,404)	(3,379)
Net Operating Cash Flow	(710)	7,188
Net Cash (Outflow) from Investing	(3,898)	(4,110)
Net Cash (Outflow) from Financing	3,728	(1,750)
Net Increase (Decrease) Cash	(880)	1,328

\$ '000	H1 FY15	H1 FY16
Other Details		
Capital Expenditure	(2,516)	(2,720)
Dividends	(3,011)	(5,164)

3 BALANCE SHEET



Debtors

- Commercial \$3.8m
- Franchise \$3.3m

Payables

- Trade Creditors \$9.3m

Borrowings

- Trade Finance \$21.1m
- Asset Finance \$1.7m

FX Position

- All stock in Australia is held in AUD plus forward cover today to mid April 2016 for future FX purchases

Gearing Ratio ⁽¹⁾: 15.0%

(1) Net Debt / (Net Debt + Equity) at balance date

\$ '000	DEC 2014	DEC 2015
Cash	10,547	13,107
Receivables	8,079	8,317
Inventories	47,612	52,251
Other	681	837
Total Current Assets	66,919	74,512
PPE	18,083	20,526
Intangible	4,926	6,073
Other	5,515	6,225
Total Non Current Assets	28,524	32,824
Total Assets	95,443	107,336
Payables	19,106	17,742
Borrowings	20,614	21,932
Other	8,000	9,236
Total Current Liabilities	47,720	48,910
Borrowings	576	849
Other	2,290	2,629
Total Non Current Liabilities	2,866	3,478
Total Liabilities	50,586	52,388
Net Assets	44,857	54,948



- Earnings Per Share (EPS) increased by 22.1% to 5.16 cents per share
- Fully franked dividend of 2.3 cents per share for H1 FY2016
- Dividend increase of 27.8% over H1 FY2015
- Record date 4th March 2016
- Payment date 25th March 2016
- Payout ratio in the future expected to be 50% to 60% of annual NPAT

A modern dining room interior. A long, dark wood pendant light fixture hangs over a light-colored wooden table. On the table, there is a stack of dark green ceramic bowls, a translucent green glass bottle, and a small basket of avocados. In the background, a large window with a black frame looks out onto a lush green garden with bamboo stalks. A wooden chair with a curved back is visible on the left. A blue cabinet is partially visible on the right.

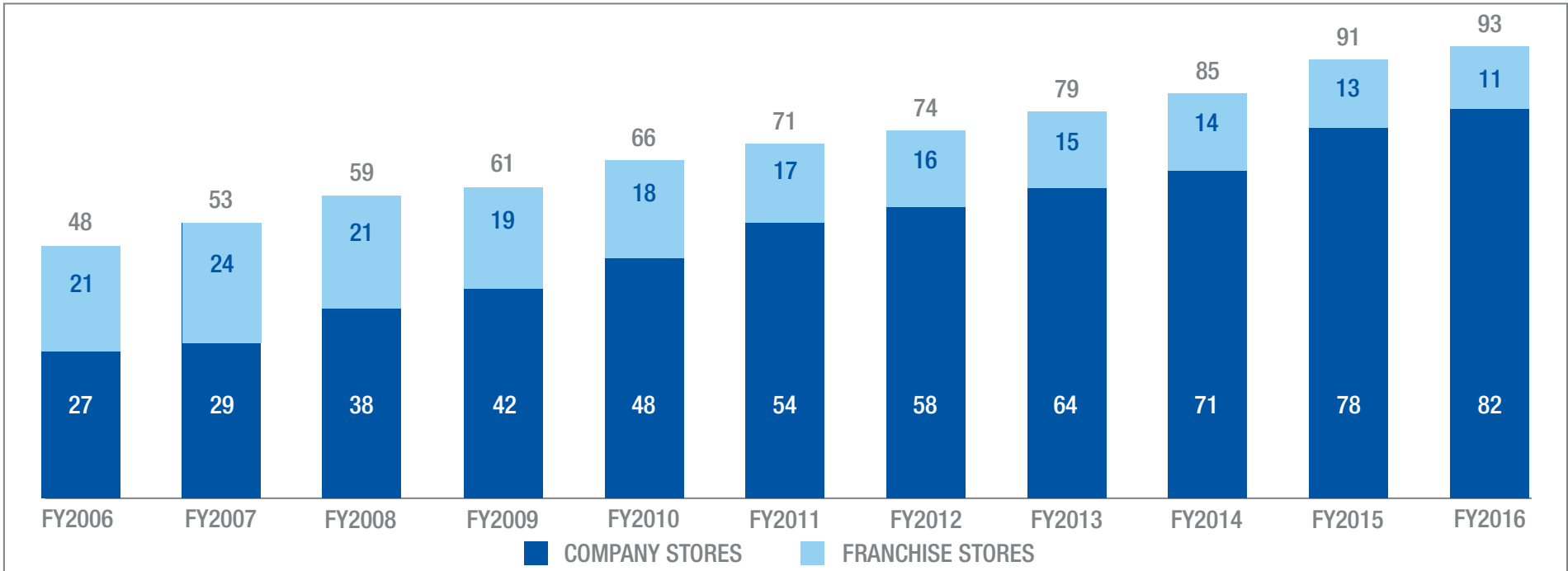
4 GROWTH STRATEGIES

4 NEW STORE ROLLOUT



H1 FY2016 Store changes:

- Purchased the Essendon (VIC) and Watergardens (VIC) franchise stores and converted them to company stores
- Opened the Bundall (QLD) and Maribyrnong (VIC) stores
- Expanded the Alexandria (NSW) Store



Excludes the four Commercial Sales Offices

4 LATEST PRODUCTS



Latest fashion, on trend and technologically advanced products for our customers



- Commenced Light Source Solutions, our GE globes distribution business in September 2015 in both Australia and New Zealand
- Established company infrastructure to support the new business
- Agreed to purchase all the existing GE stock at a discount to book value
- Purchase new GE branded stock FOB ex Asia factory
- Introduced new GE products (e.g. Bright Stik)
- Pay an ongoing royalty to GE
- Light Source Solutions is meeting our early expectations



4 OMNI CHANNEL



- Continued to leverage the benefits of a strong online presence combined with our bricks and mortar stores
- Online fulfilment from all 93 stores. Click and collect available in all stores
- Online sales grew by 20.0% to be 2.5% of total retail sales
- Opened an eBay Beacon Lighting store in July 2015
- Plan to upgrade website in H2 FY2016 to improve the mobile online user experience
- Customers continue to be socially engaged through Facebook, Pinterest and Instagram
- 34.0% of customers researched online before visiting our stores





- JustEnough forecasting and replenishment system implemented for all stores
- Increased interstate store supply through the 3PL supply network by 33.1% to 24.7% of wholesale distribution
- 198 Accredited Lighting Design Consultants in the Group (including franchised stores)
- Acquisitions with synergy to core business continue to be reviewed and considered
- Continue to support the emerging businesses in Beacon International and Beacon Solar
- Continue to leverage Group infrastructure to target ongoing productivity gains



5 H2 FY2016 OUTLOOK

Beacon Lighting

- Continue to drive company store comparative sales which have made a positive start to the new half year
- Gungahlin (ACT), Preston (VIC) and Fairfield (QLD) are all planned to open
- Continue to drive product innovation for our customers with 322 new fashion, on trend and energy efficient products to be released in H2 2016
- Support, grow and develop the Light Source Solutions, Beacon International and Beacon Solar businesses
- Consider property investment opportunities in relation to Beacon Lighting locations
- Continue to investigate and evaluate acquisition and expansion opportunities

Market Conditions

- General market conditions remain supportive of Beacon Lighting

Summary

- Beacon Lighting expects the current growth strategies to continue to drive improved sales and profits in H2 FY2016



6 QUESTIONS