

Full year results presentation

Year ended 30 September 2021

9 December 2021



DISCLAIMER

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Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this presentation. As a result, you are cautioned not to place reliance on such forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

AGENDA



Overview



FY21 financial results



Key drivers and strategic progress



Q&A

Today's speakers



OVERVIEW

- ✓ **Record results** as the **business made a step change in scale**, consolidating our position as the UK's number one online choice for bathroom products
- ✓ **Completed an IPO in June** 2021 which sets the Group up for its next phase of growth
- ✓ Our **well-defined strategy** has three horizons: core B2C, trade, and adjacent products
- ✓ Victorian Plumbing has never been stronger: **robust balance sheet, highly cash generative and great inventory availability**
- ✓ We are using these factors to our advantage in a competitive market as **consumer behaviour patterns normalise** and we lap last year's performance
- ✓ **The core strengths of the business** that have proved an advantage over the past decade remain unchanged
- ✓ **Continued confidence in medium-term targets** and the growth opportunity

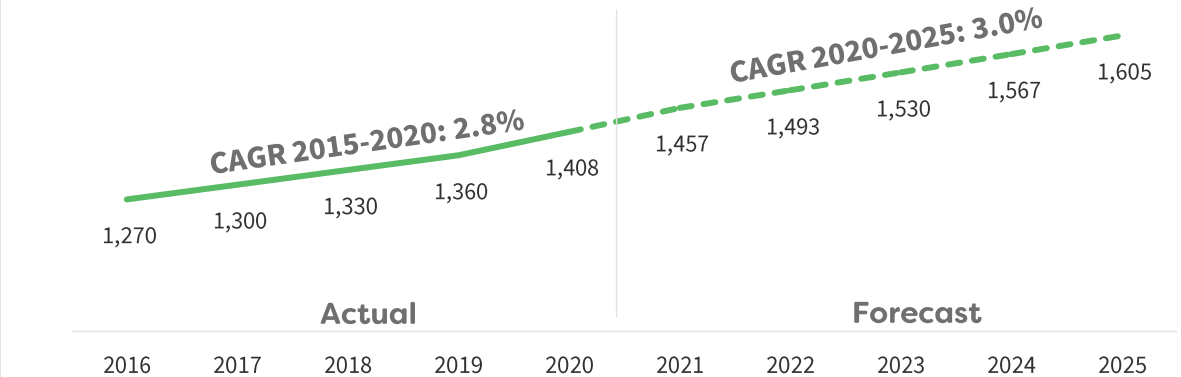
VICTORIAN PLUMBING IS THE LARGEST ONLINE RETAILER OF BATHROOM PRODUCTS IN A GROWING MARKET

What makes Victorian Plumbing so special?

- 1** **Digitally-native brand** disrupting a large and traditional industry
- 2** **One-stop-shop** to drive full basket purchases
- 3** **Product differentiation** created through design and innovation coupled with sourcing strength
- 4** Creative, brand-focused, multi-channel **marketing strategy**
- 5** Underpinned by a scalable, **proprietary tech stack**
- 6** **Founder-led** entrepreneurial management team
- 7** **Impressive track record** of robust growth, profitability and attractive cash generation
- 8** Opportunities for further penetration of the **B2C online market** and growth in B2B

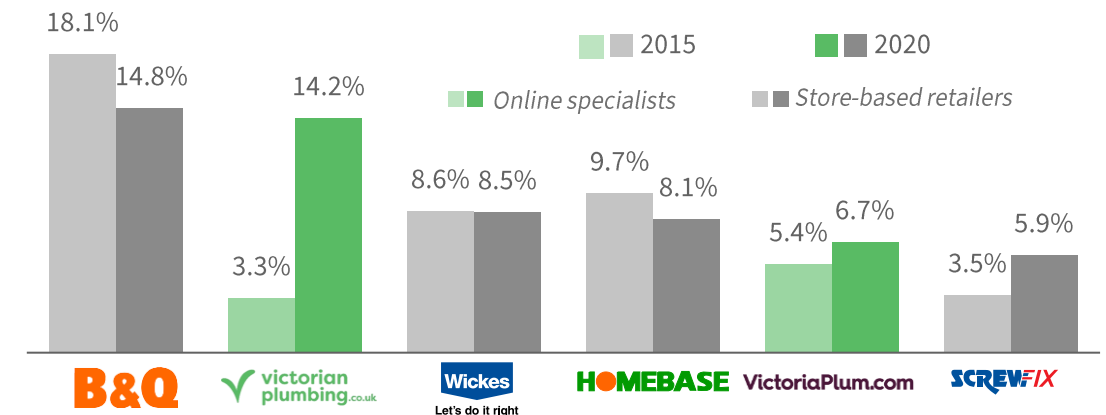
Sales of core bathroom products and bathroom accessories in the UK

Market value (£m inclusive of VAT)



Source: Mintel

Market share of bathrooms by revenue



Source: Mintel

FINANCIAL RESULTS

Financial year ended
30 September 2021



FINANCIAL HIGHLIGHTS

29%

Revenue up 29% to £268.8m (2020*: £208.7m)

42%

Gross profit up 42% to £130.5m (2020*: £92.0m) with **Gross profit margin** up five percentage points to 49% (2020*: 44%)

53%

Adjusted EBITDA up 53% to £40.1m (2020*: £26.2m) with **Adjusted EBITDA margin** up two percentage points to 15% (2020*: 13%)

81%

Operating cash flow up 18% to £32.6m (2020*: £27.6m) with **Operating cash conversion** of 81% (2020*: 105%). Net cash of £32.7m at 30 Sept (2020: £10.5m)

£19.7m

After accounting for £9.4m of exceptional costs relating to the IPO in June 2021 and share-based payments of £7.7 million, **profit before tax** reduced by 17% to £19.7 million (2020*: £23.7 million)

OPERATIONAL HIGHLIGHTS

17%

Total orders up 17% to 906,000 (2020: 776,000)

10%

Average order value up 10% to £297 (2020: £269)

13%

Active customers up 13% to 638,000 (2020: 565,000)

26%

Marketing spend as a percentage of revenue of 26% (2020: 25%)

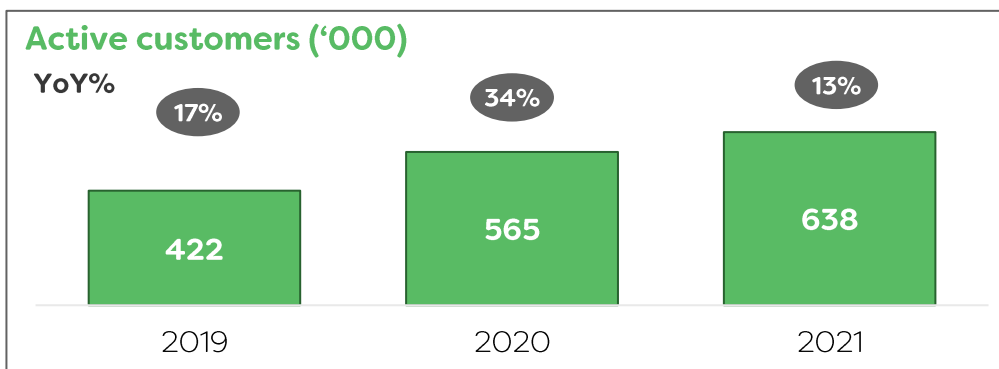
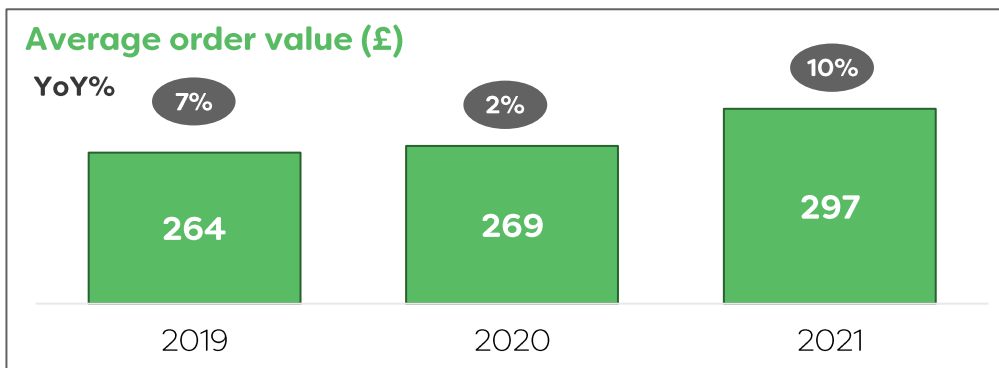
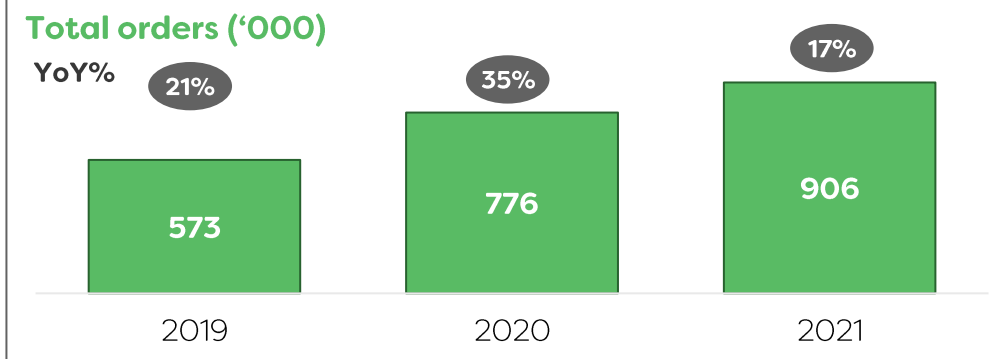
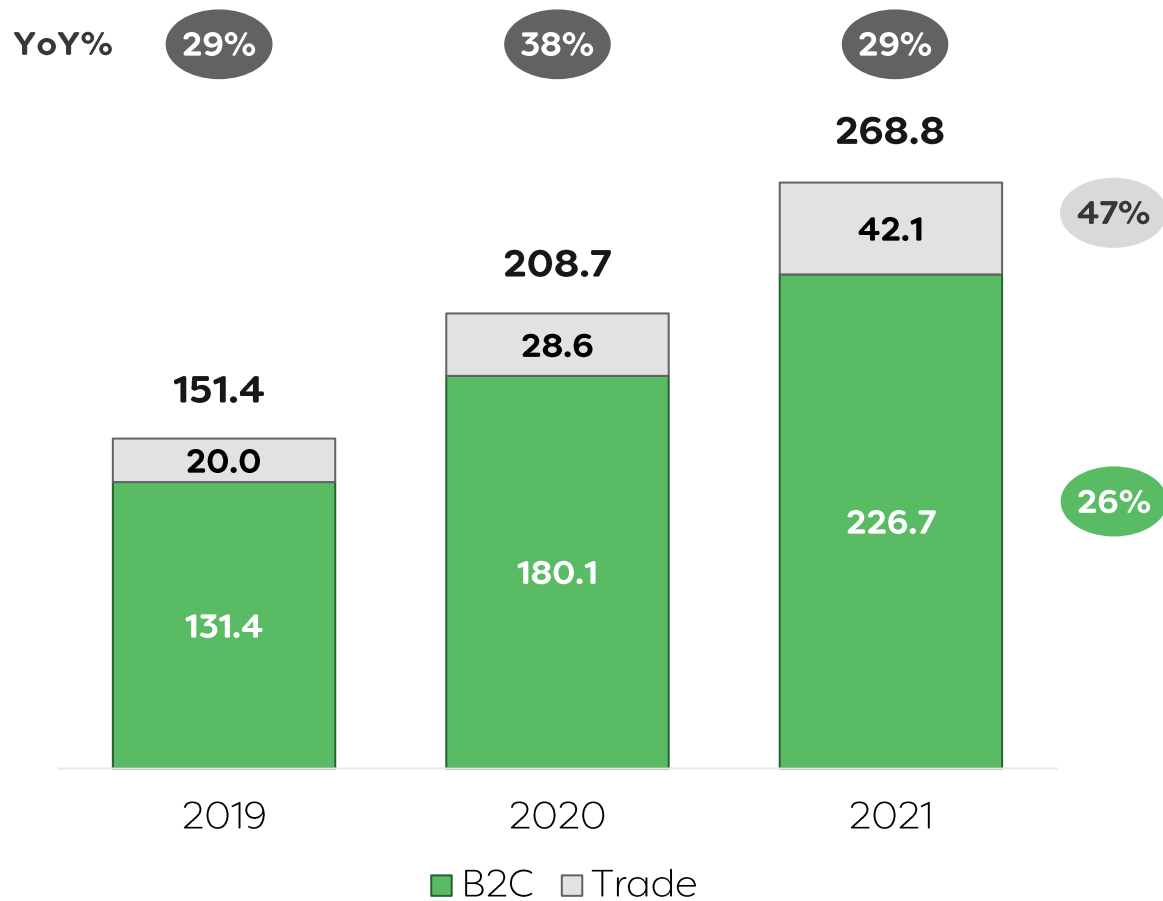
4.3

Maintained our Excellent **Trustpilot rating** at an average of 4.3 (2020: 4.3) across 27,500 reviews in the year

REVENUE

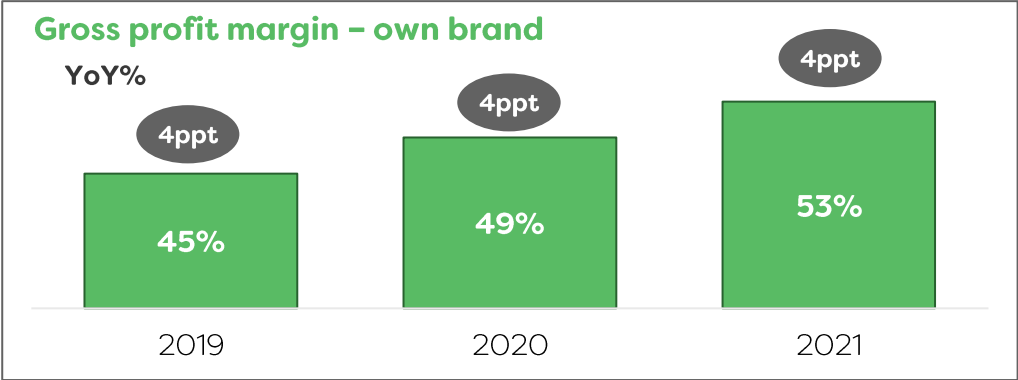
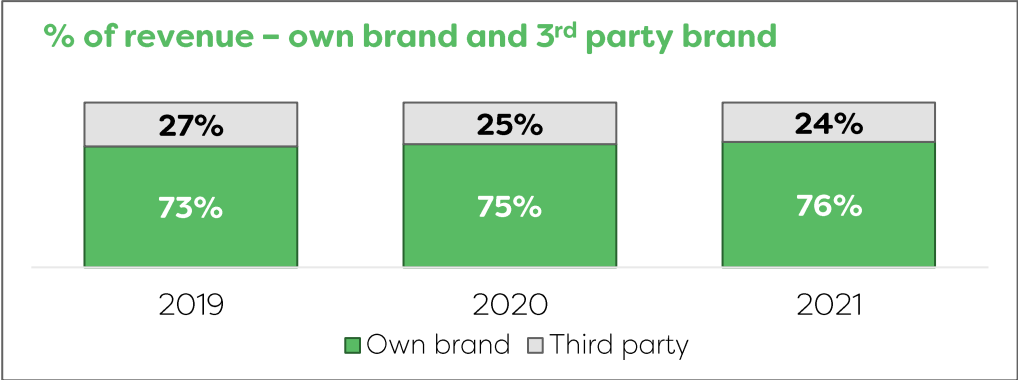
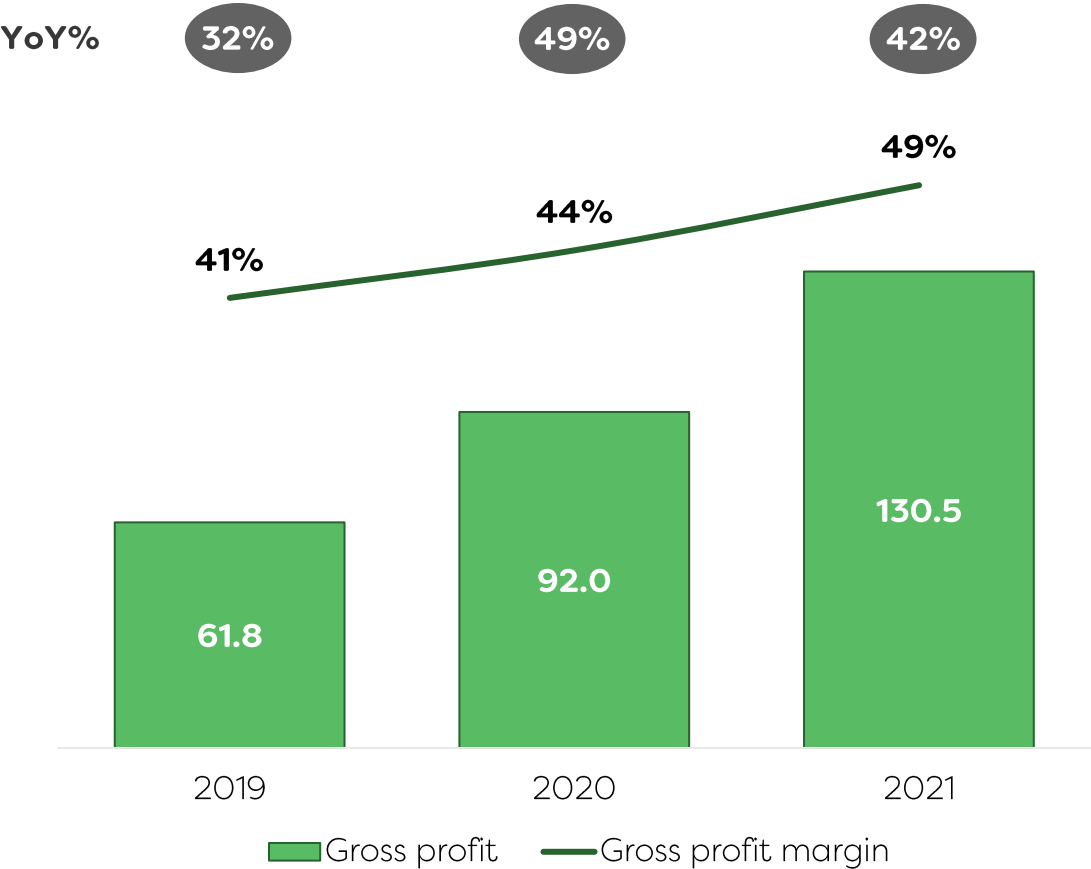
Revenue (£m)

Year ended 30 September 2021 shown as 2021



GROSS PROFIT

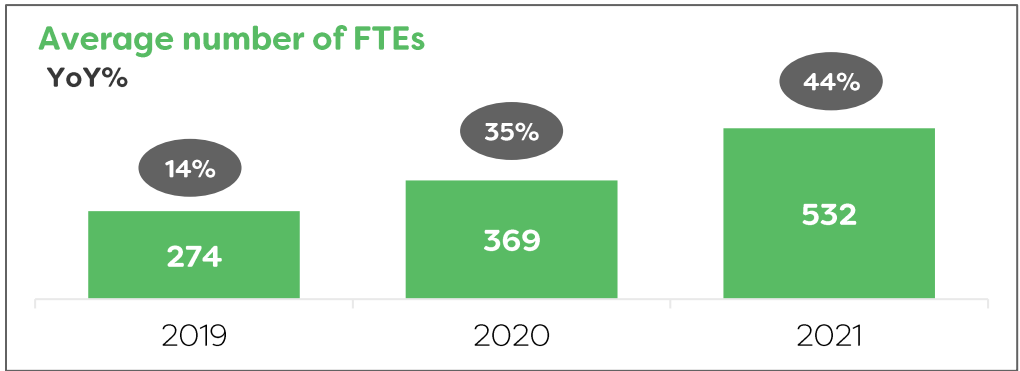
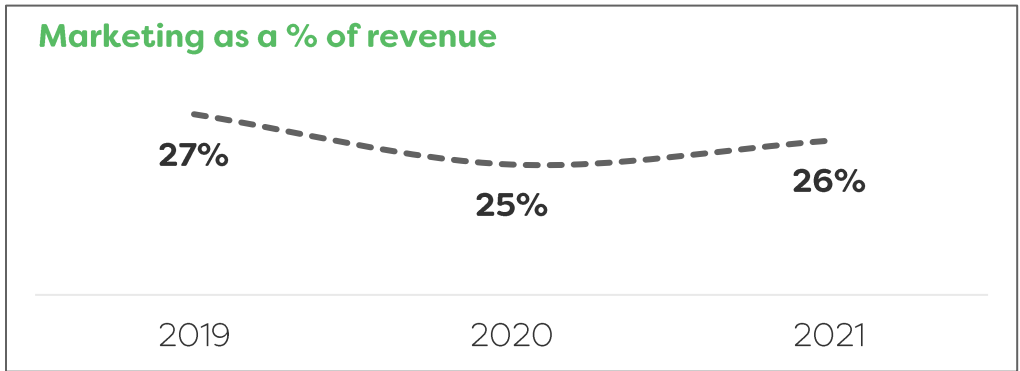
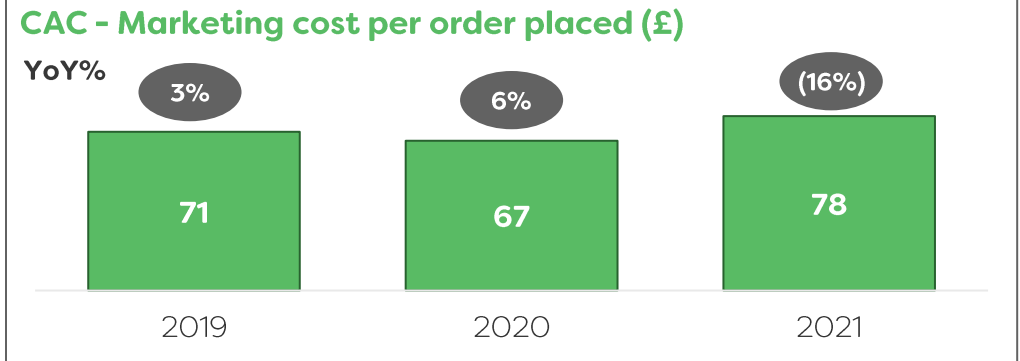
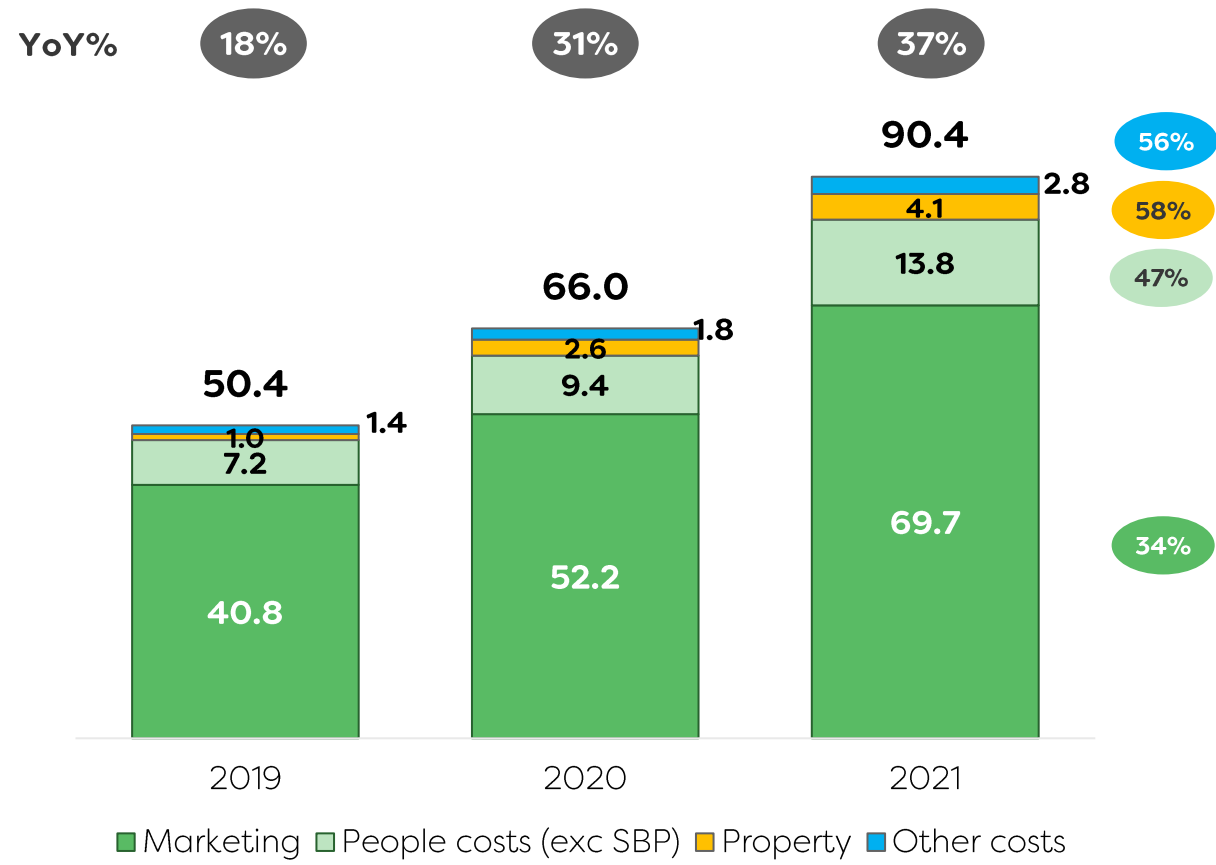
Gross profit (£m) and Gross profit margin (%)
Year ended 30 September 2021 shown as 2021



UNDERLYING COSTS

Underlying costs (£m)

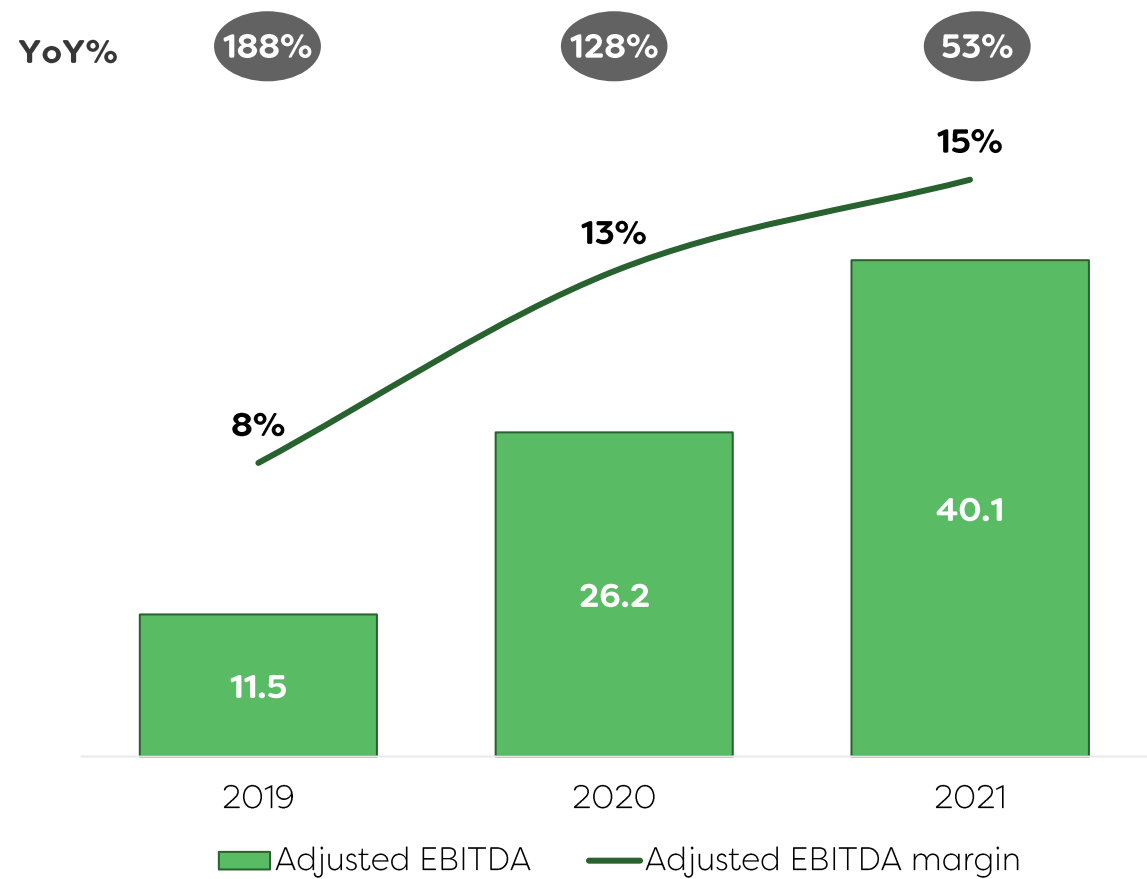
Year ended 30 September 2021 shown as 2021



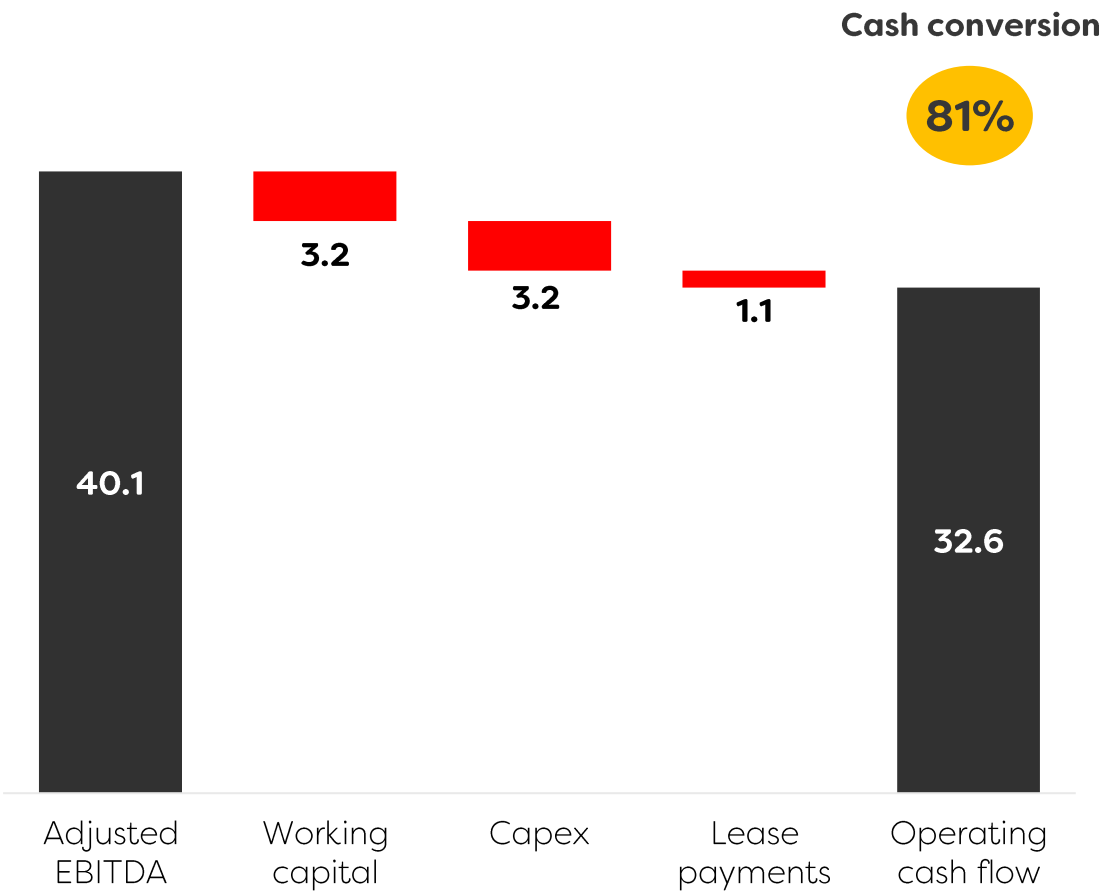
ADJUSTED EBITDA AND CASH CONVERSION

Adjusted EBITDA and Adjusted EBITDA margin (%)

Year ended 30 September 2021 shown as 2021



Operating cash flow and cash conversion

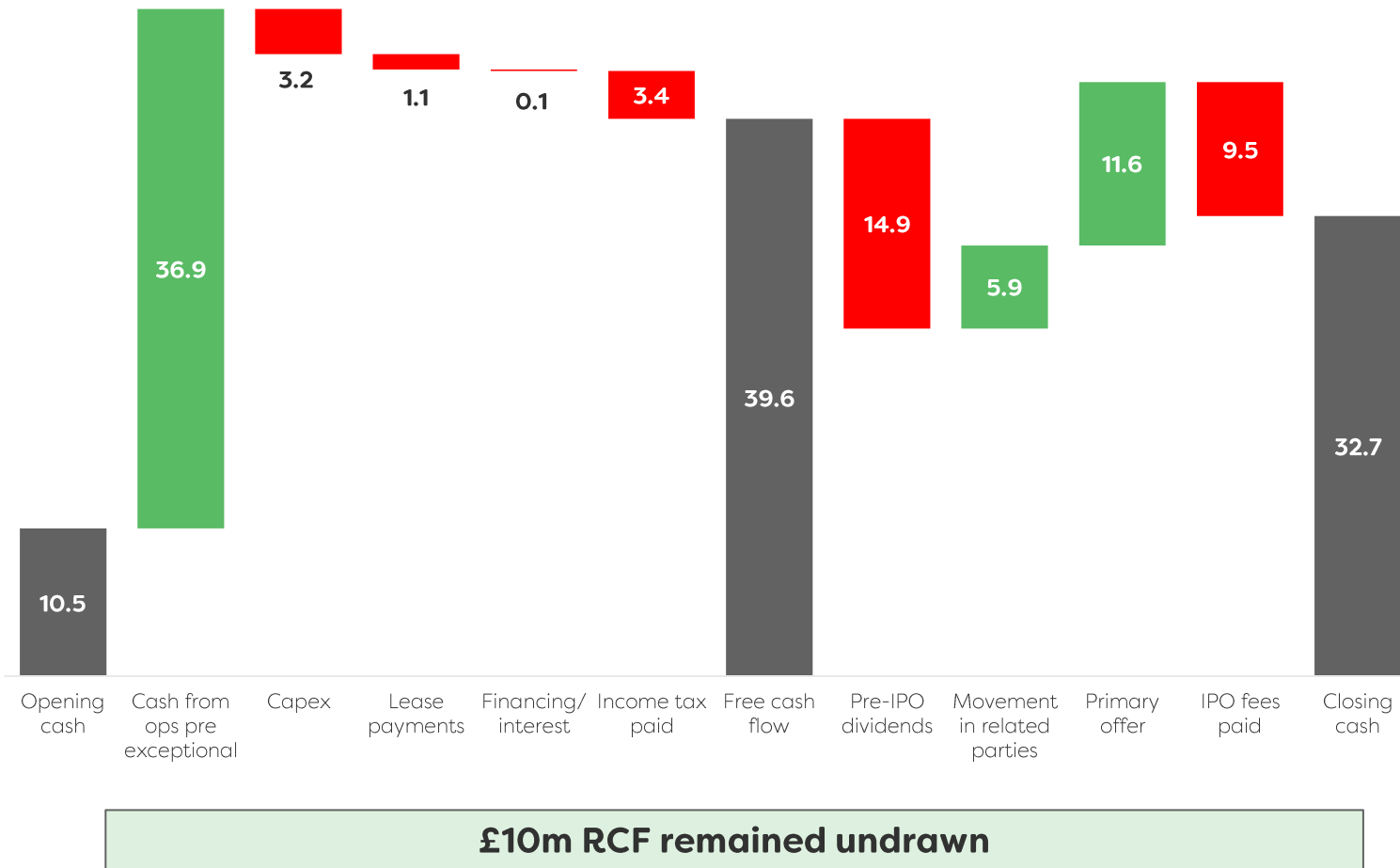


INCOME STATEMENT

Income statement (£m)	2021	2020*	YoY %
Revenue	268.8	208.7	29%
Cost of sale	(138.3)	(116.7)	19%
Gross profit	130.5	92.0	42%
Underlying costs	(90.4)	(66.0)	37%
Other operating income	-	0.2	100%
Adjusted EBITDA	40.1	26.2	53%
Share-based payments	(7.7)	-	n.m.
Exceptional items	(9.4)	-	n.m.
Depreciation and amortisation	(3.0)	(2.2)	36%
Operating profit	20.0	24.0	(17%)
Interest	(0.3)	(0.3)	-
Profit before tax	19.7	23.7	(17%)
Tax	(5.4)	(4.0)	35%
Profit after tax	14.3	19.7	(27%)
EPS (pence)			
Basic	5.3	7.4	(28%)
Adjusted basic	11.0	7.4	49%

CASHFLOW AND CAPITAL ALLOCATION

Year-on-year net cash reconciliation



- ✓ The Group ended the year with £32.7 million of cash, up from £10.5 million at Sept-20
- ✓ Prior to the IPO, dividends of £14.9m were paid and a £5.9m loan made to a related party was repaid
- ✓ The Group raised £11.6m at IPO and used this to settle IPO fees of £9.5m
- ✓ On 22 June the Group signed into a 3-year £10m RCF which was unused through the period

Capital allocation

- ✓ Due to the short time since IPO, a final dividend for 2021 has not been declared
- ✓ The current intention of the Board is to pay a dividend for FY22

STATEMENT OF FINANCIAL POSITION

Summary Statement of financial position		2021	2020	YoY %
	Intangible assets	2.7	2.5	8%
	PPE & right of use assets	7.0	6.8	3%
	Total non-current assets	9.7	9.3	4%
1	Inventories	32.4	23.0	41%
2	Trade and other receivables	4.9	10.0	(51%)
	Tax recoverable	1.0	2.3	(57%)
	Cash and cash equivalents	32.7	10.5	211%
	Total current assets	71.0	45.8	55%
	Non-current liabilities	5.0	5.8	(14%)
3	Trade and other payables	36.0	28.1	28%
	Contract liabilities	7.9	7.3	8%
	Current lease liabilities	0.9	0.7	29%
	Provisions	0.1	0.2	(50%)
	Total current liabilities	44.9	36.3	24%
4	Net assets	30.8	13.0	137%

1 Stock holding increased to mitigate well documented risks associated with supply chains.

2 Reduction in trade and other receivables relates to related party debtor settled in the year

3 Trade and other payables increased by 28%, partly due to increased stock. Terms with key suppliers were renegotiated in the year

4 Strong net assets position at the year end

EVOLUTION OF KEY DRIVERS



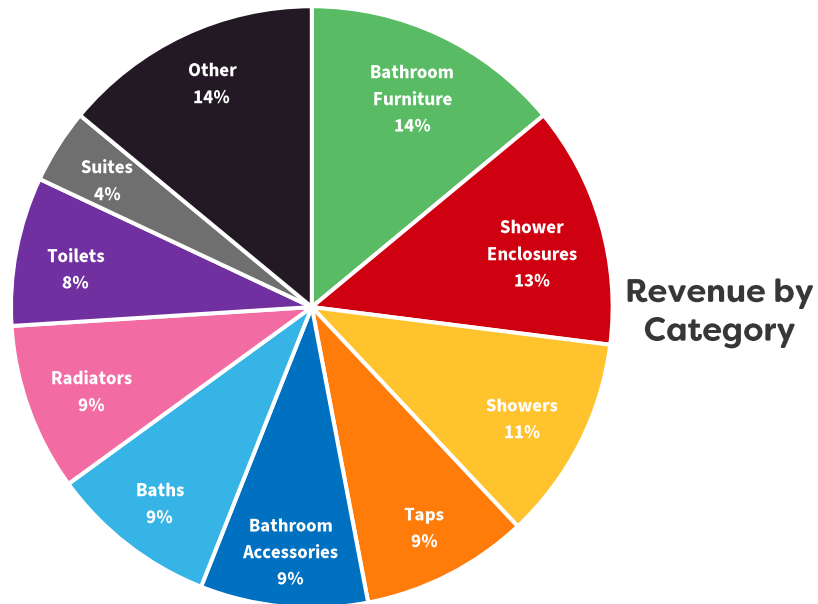
OUR STRATEGY

We think about our strategy with reference to 3 horizons which are not time based



WE PROVIDE AN UNRIVALLED CHOICE OF PRODUCTS ...

- ✓ Increased the number of products stocked to over 24,000 SKUs
- ✓ Over 125 brands including >100 third party brands and >25 own label brands



Two new premium brands added this year



... AND CONTINUE TO INVEST IN BOLD MARKETING ...

Television



- ✓ Adverts are creative and celebrity-focused to stand out
- ✓ Campaigns have been very popular and a driver for brand awareness
- ✓ Target audience of media buying is 25-55 year olds with a focus on homeowners

Email



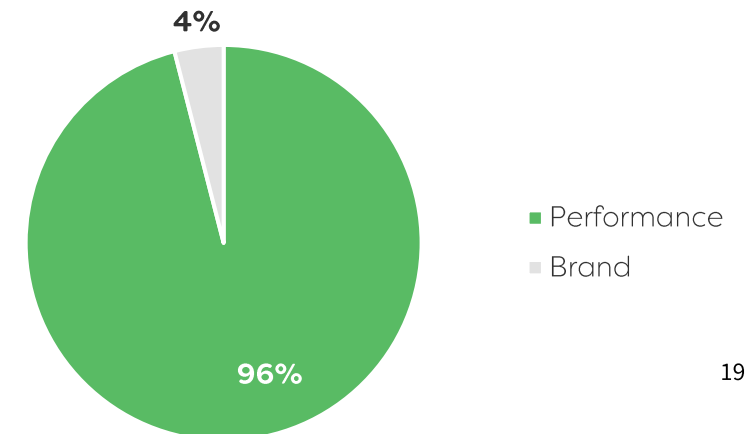
- ✓ Growing level of email marketing
- ✓ Segmentation based on interest to reduce the likelihood of showing as a spam email

Pay-per-click

- ✓ Data-driven understanding of key words for what is popular
- ✓ c.200k key words targeted every day
- ✓ Employ logistics and multipliers
- ✓ Follow latest methodologies

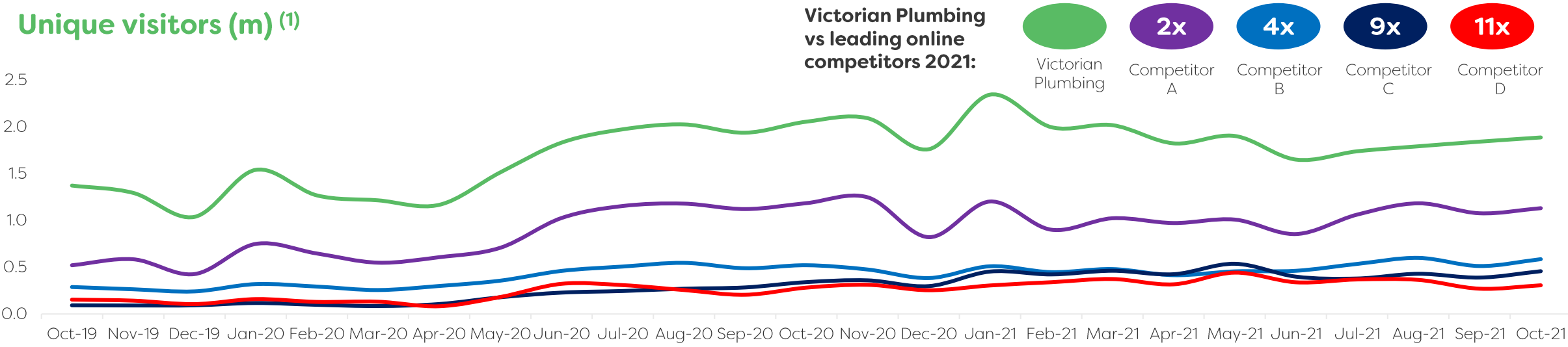
Brand vs performance spend

Year ended 30 September 2021

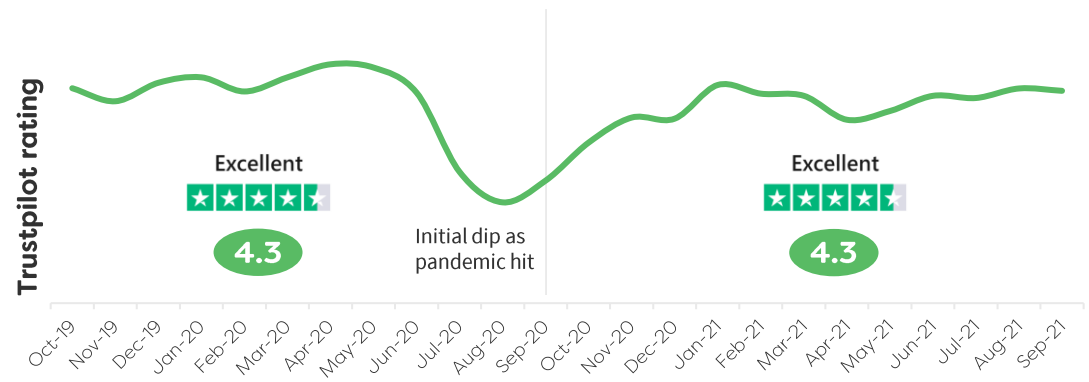


... WHICH ALLOWS US TO MAINTAIN OUR LEADING POSITION

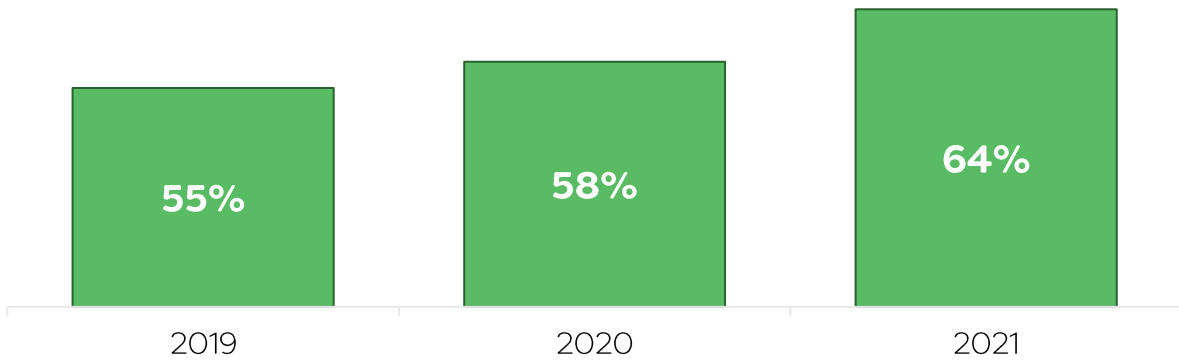
Unique visitors (m) (1)



Trustpilot rating (2)



Brand awareness (3)



(1) SimilarWeb data – unique visitors
(2) Average star rating from customer reviews made in the month
(3) Prompted brand awareness measured in February each year by YouGov

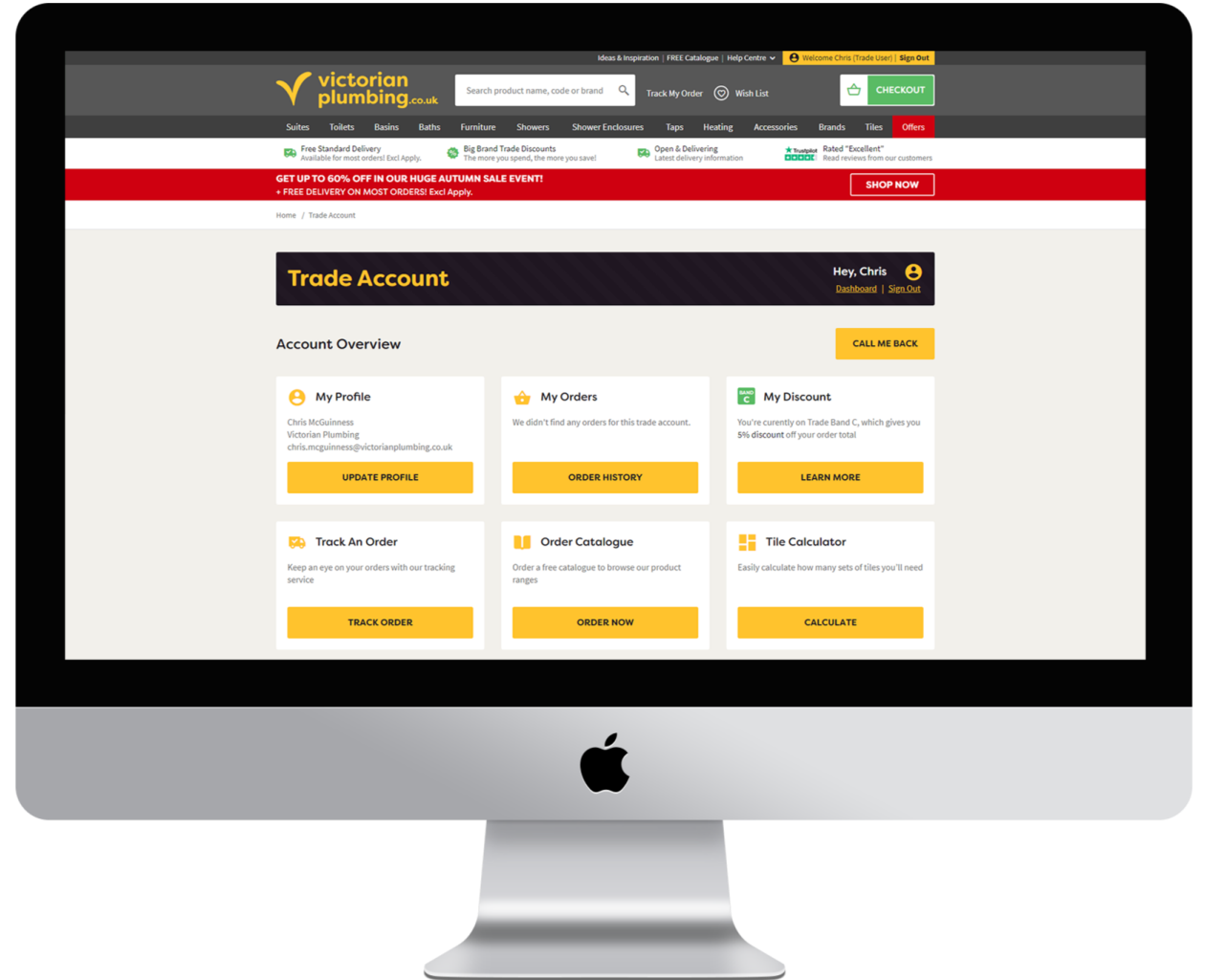
WE ARE INVESTING IN OUR PLATFORM

- ✓ Our in-house technology & infrastructure team are developing bespoke software solutions
- ✓ On track to launch the re-platformed website mid-2022
- ✓ New platform will allow more incremental changes that we can test at speed



TRADE CUSTOMERS

- ✓ Trade portal gives customers easy access to their account, which is supported by a dedicated account management team
- ✓ Prices shown to the customer through the portal incorporate the agreed customer discount, increasing transparency
- ✓ Work underway on an app to increase efficiency for trade customers
- ✓ The new 'tile calculator' provides trade customers with a simple tool while promoting an adjacent product
- ✓ The new 'call me back' functionality increases efficiency for our customers



ADJACENT PRODUCTS

Wall and floor tiles

- ✓ Over 570 different tile ranges as of September 2021
- ✓ Revenue generated in the year of £3.4 million up from £2.9 million in 2020



Lighting

- ✓ Increased our supplier base for lighting
- ✓ Number of products available increased to over 500



MAKING A SPLASH IN ESG

We are early in our ESG journey, but we have identified three areas which we would like to focus on. Our reporting will look to align with TCFD and SASB frameworks



Governance and ethics

- ✓ Plc Board meeting the Code requirements has been formed and a rhythm established quickly
- ✓ Developed a supplier audit programme and have audited 34 of our suppliers in China
- ✓ Suite of policies have been developed



Diversity and inclusion

- ✓ We have a values led culture and recognise the value of a diverse and inclusive workforce
- ✓ We appreciate that there is a lot we could do to make our business more diverse
- ✓ We launched our first annual employee engagement survey in September 2021



Environmental sustainability

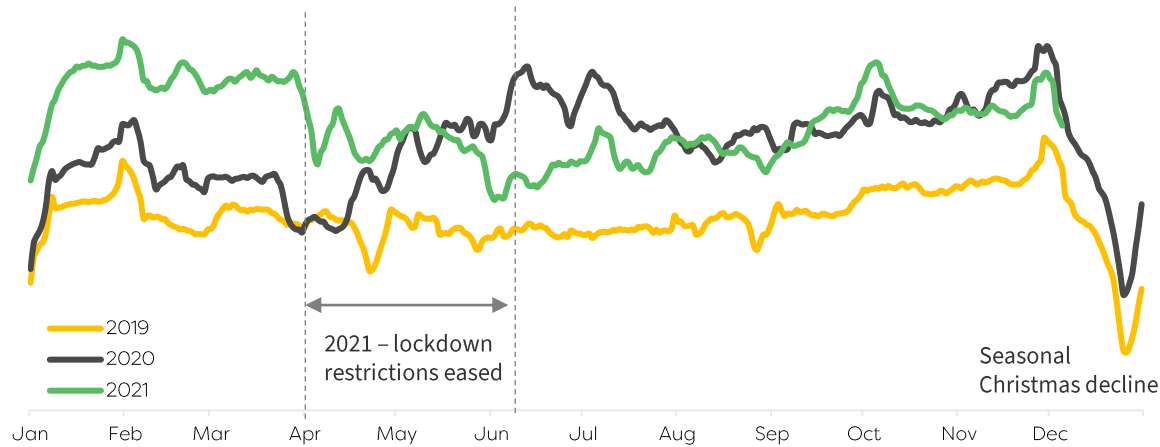
- ✓ We will report our scope 1 and scope 2 emissions in our annual report and have reduced our carbon intensity year-on-year
- ✓ In the coming year we will look to extend our reporting to scope 3 and once we understand those emissions we will work on establishing a strategy for moving towards net zero
- ✓ We are developing our website to help consumers find more sustainable bathroom products

CURRENT TRADING AND OUTLOOK

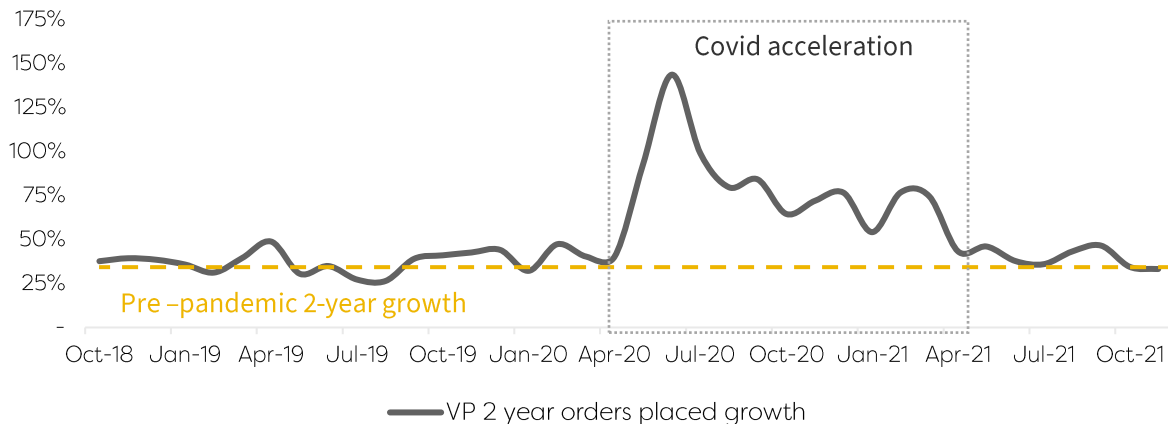


CURRENT TRADING AND OUTLOOK

Number of orders placed (rolling 7 days)



Orders placed growth over 2 years



- ✓ Through the first two months of FY22 demand and revenue have been broadly the same as last year and 41% ahead of FY20.
- ✓ Good inventory position backed by our own brand offering, allows us to absorb most of the supply chain pressures.
- ✓ However, as we look to balance revenue growth with profitability in the short-term, gross margins may move closer to those achieved in FY20.
- ✓ As consumer buying behaviour normalises, we are being even more aggressive on our marketing approach targeting further market share gains.

ON TRACK DESPITE SHORT TERM HEADWINDS

- ✓ Our business is built on good foundations. We have grown revenue rapidly over a number of years and operate with industry leading margins, driving a highly cash generative model with no debt
- ✓ This strong balance sheet is an advantage in a competitive market, supporting being bold in our marketing and investing in stock as we deal with the near-term uncertainty and challenges
- ✓ We have a well-defined and unchanged growth strategy centered on core B2C, trade, and adjacent products
- ✓ Our long-term goals and strategy are unchanged and, despite current challenges, we are fully confident in the future growth prospects of Victorian Plumbing

APPENDIX



4 YEAR RECORD

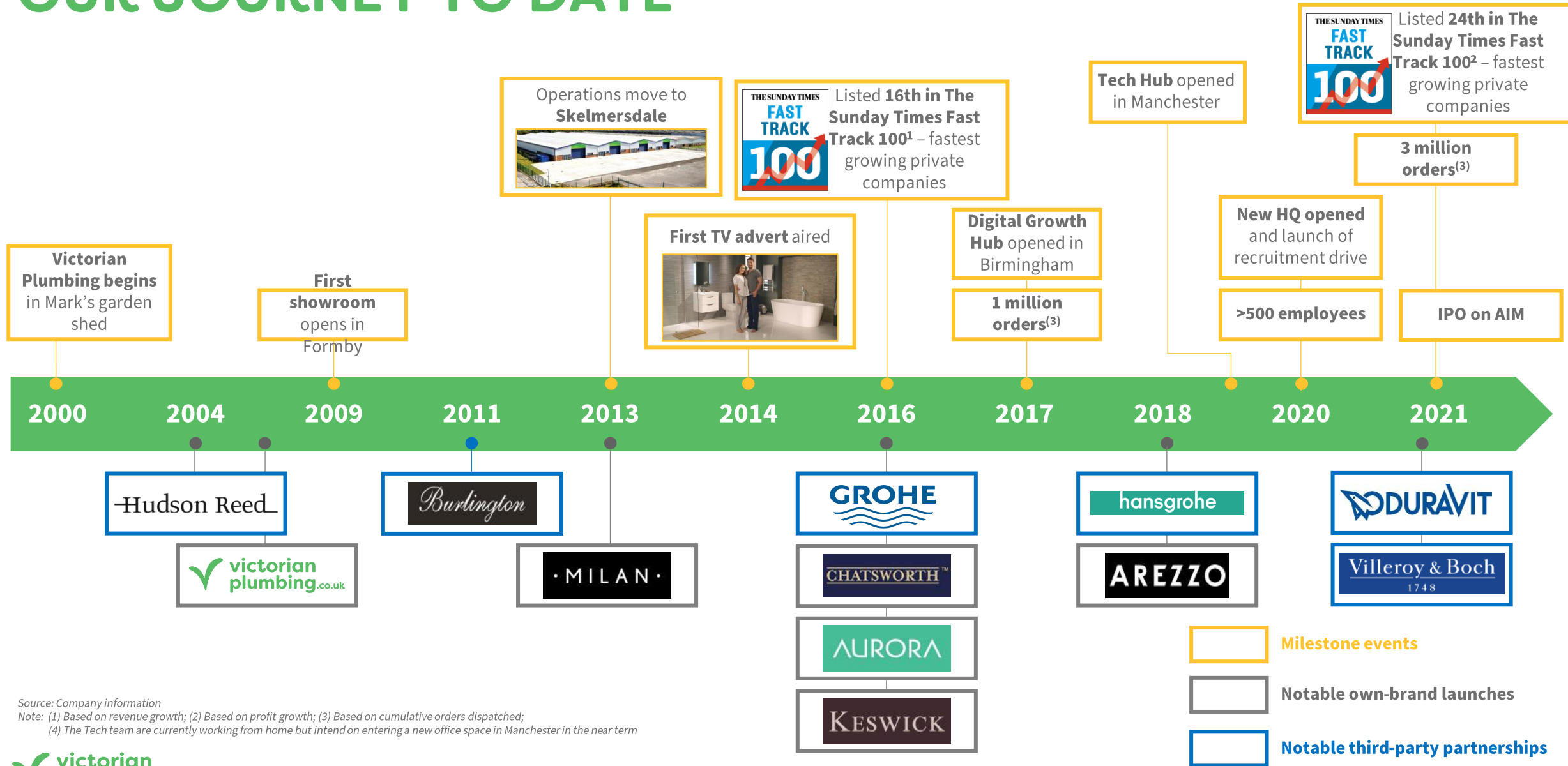
Year to 30 September	2018 £m	2019 £m	2020 £m	2021 £m
Revenue	117.4	151.4	208.7	268.8
Cost of sales	(70.7)	(89.6)	(116.7)	(138.3)
Gross profit	46.7	61.8	92.0	130.5
Gross profit margin	40%	41%	44%	49%
Underlying costs	(42.7)	(50.4)	(66.0)	(90.4)
Other operating income	-	0.1	0.2	-
Adjusted EBITDA	4.0	11.5	26.2	40.1
Adjusted EBITDA margin	3%	8%	13%	15%
Depreciation & amortisation	(1.5)	(1.7)	(2.2)	(3.0)
Share-based payments	-	-	-	(7.7)
Exceptional items	-	-	-	(9.4)
Operating profit	2.5	9.8	24.0	20.0
Finance costs	(0.2)	(0.2)	(0.3)	(0.3)
PBT	2.3	9.6	23.7	19.7
Tax	(0.4)	(1.8)	(4.0)	(5.4)
Profit after tax	1.9	7.8	19.7	14.3
Total orders ('000)	474	573	776	906
Average order value (£)	248	264	269	297
Marketing as % revenue	30%	27%	25%	26%
Operating cash conversion (%)	93%	68%	105%	81%
Net assets (£m)	(1.5)	2.8	13.0	30.8
Net cash/ (debt) (£m)	0.6	2.7	10.5	32.7

2019 YoY%	2020 YoY%	2021 YoY%
29%	38%	29%
(27%)	(30%)	(19%)
32%	49%	42%
1%pt	3%pt	4%pt
(18%)	(31%)	(37%)
n/a	100%	(100%)
188%	128%	53%
4%pt	5%pt	2%pt
(13%)	(29%)	(36%)
n/a	n/a	n/a
n/a	n/a	n/a
292%	145%	(17%)
-	50%	-
317%	147%	(17%)
(350%)	(122%)	(35%)
311%	153%	(27%)
21%	35%	17%
7%	2%	10%
(3%pt)	(2%pt)	1%pt
(25%pt)	38%pt	(24%pt)
4.3	10.2	17.8
2.1	7.8	22.2

CASH FLOW STATEMENT

Cash flow statement	2021	2020
Cash gen. from ops. before exceptionals	36.9	30.9
Cash flows from exceptionals	(9.1)	-
Cash generated from operating activities	27.8	30.9
Income tax paid	(3.4)	(6.5)
Net cash generated from operating activities	24.4	24.4
Purchase of intangible assets	(1.8)	(2.0)
Purchases of PPE	(1.4)	(0.6)
Movement in related parties	5.9	(3.8)
Cash used in investing activities	2.7	(6.4)
Dividends	(14.9)	(9.5)
Finance arrangement fees	(0.1)	-
IPO proceeds net of costs	11.2	-
Lease payments (interest + principal)	(1.1)	(0.7)
Net cash used in financing activities	(4.9)	(10.2)
Net increase in cash and cash equivalents	22.2	7.8
Cash at the beginning of the year	10.5	2.7
Cash at the end of the year	32.7	10.5

OUR JOURNEY TO DATE



Source: Company information

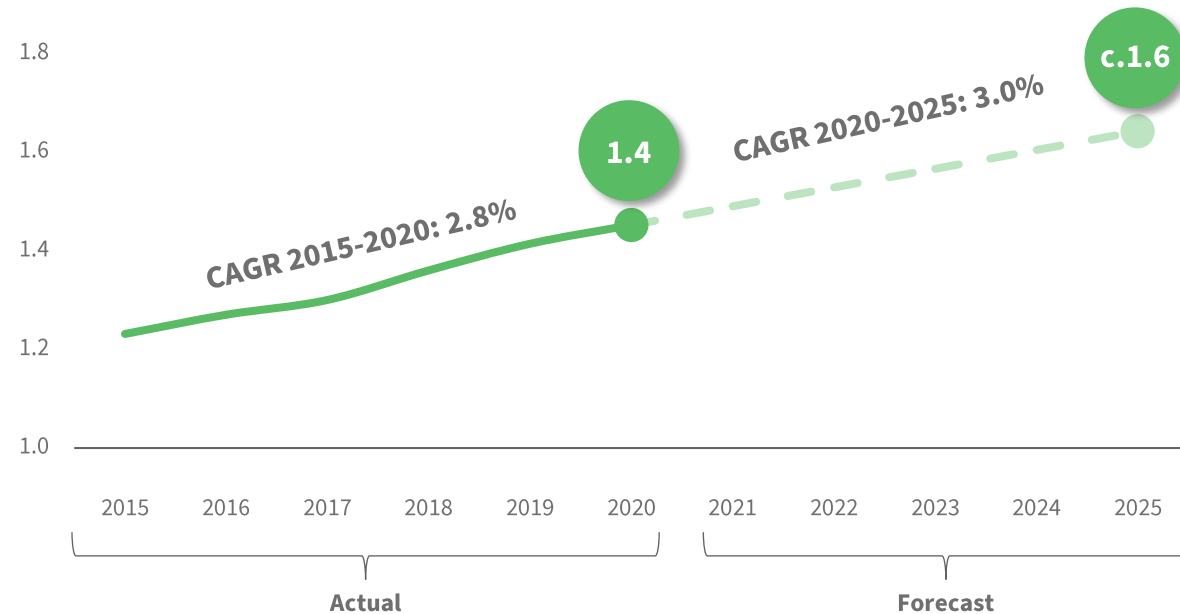
Note: (1) Based on revenue growth; (2) Based on profit growth; (3) Based on cumulative orders dispatched;

(4) The Tech team are currently working from home but intend on entering a new office space in Manchester in the near term

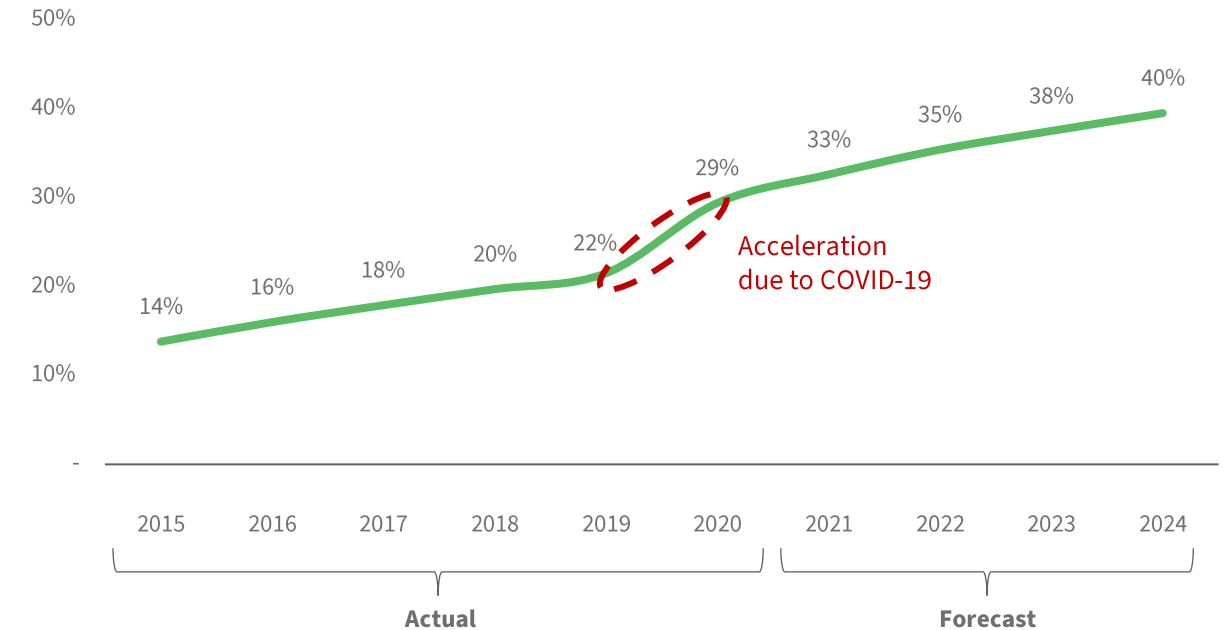
LARGE AND GROWING MARKET OPPORTUNITY

Sales of core bathroom products and bathroom accessories in the UK

Market value (£bn inclusive of VAT)



UK home improvement and gardening e-commerce penetration⁽¹⁾



KEY TRENDS



Online and virtual shopping here to stay



Innovation and technological advancements



New generation of DIYers emerging



Shift towards renovations



Recovering consumer confidence



More time spent at home



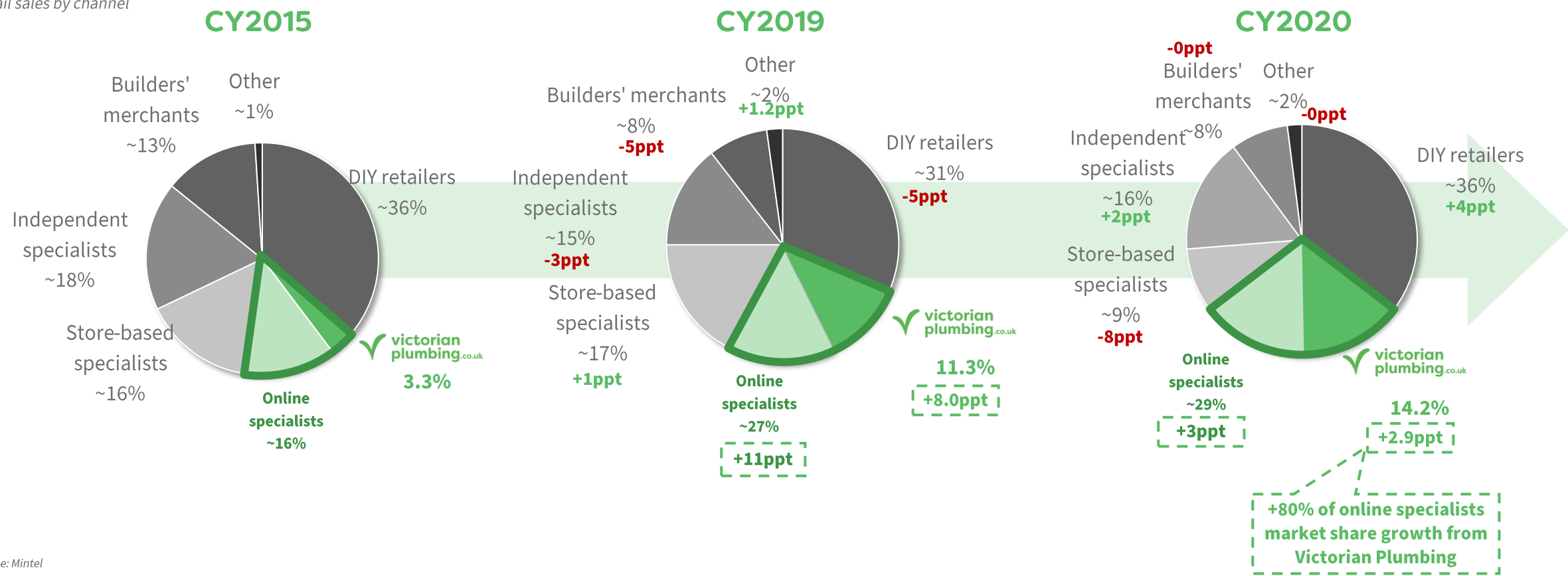
Home as a 'hub and nest'



Government incentives

ONLINE SPECIALISTS ARE TAKING MARKET SHARE, WITH VICTORIAN PLUMBING TAKING AN OUTSIZED SHARE

Retail sales by channel

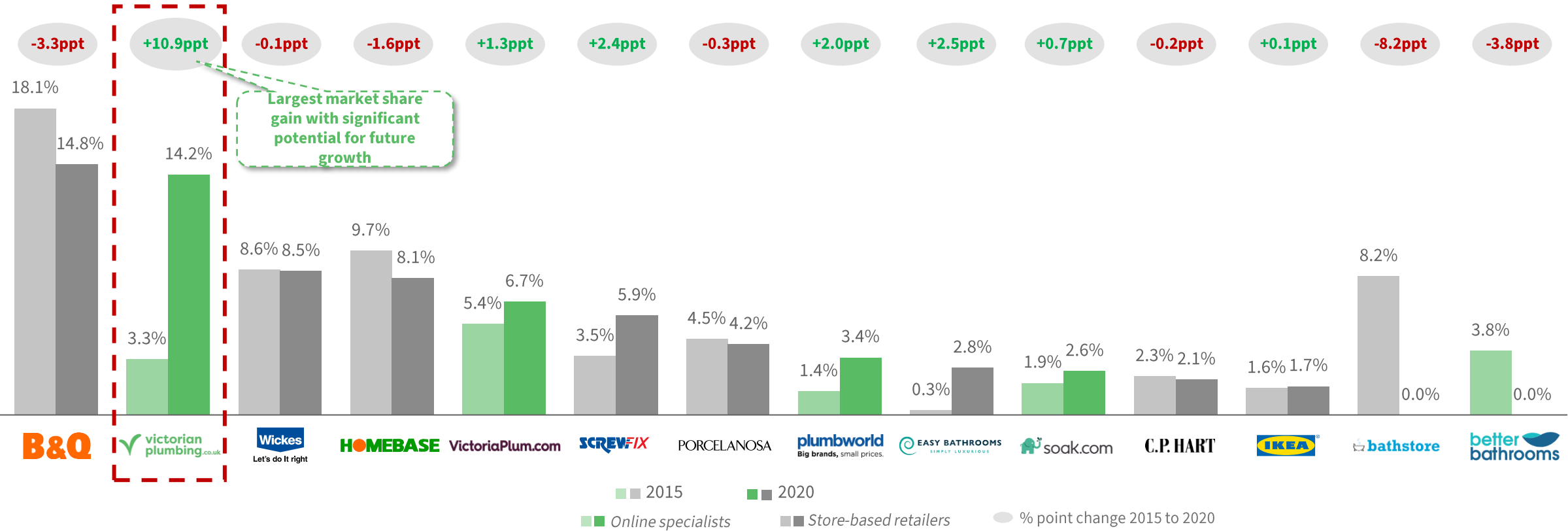


Source: Mintel

VICTORIAN PLUMBING IS THE ONLINE MARKET LEADER

Rapid market share expansion to become #1 online bathroom brand in the UK and #1 specialist bathroom brand

Market share of bathrooms by revenue

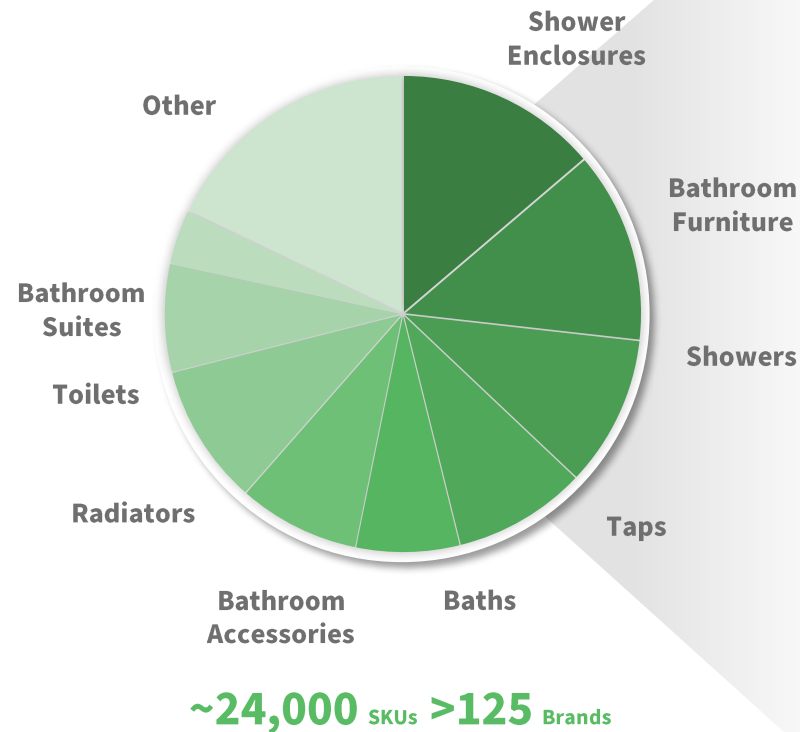


Superior customer value, extensive range and high quality online experience driving market share gains

Source: Mintel – calendar years 2015 and 2020

ONE-STOP SHOP FOR A CUSTOMER'S BATHROOM NEEDS

FY21 Revenue⁽¹⁾ by product category



Bathroom Furniture

~3,200 SKUs 51 Brands

Shower Enclosures

~2,600 SKUs 39 Brands

Showers

~2,500 SKUs 42 Brands

Baths

~1,350 SKUs 49 Brands

Taps

~2,800 SKUs 46 Brands

Toilets

~1,050 SKUs 41 Brands

Bathroom Accessories

~4,250 SKUs 97 Brands

Radiators

~1,150 SKUs 29 Brands

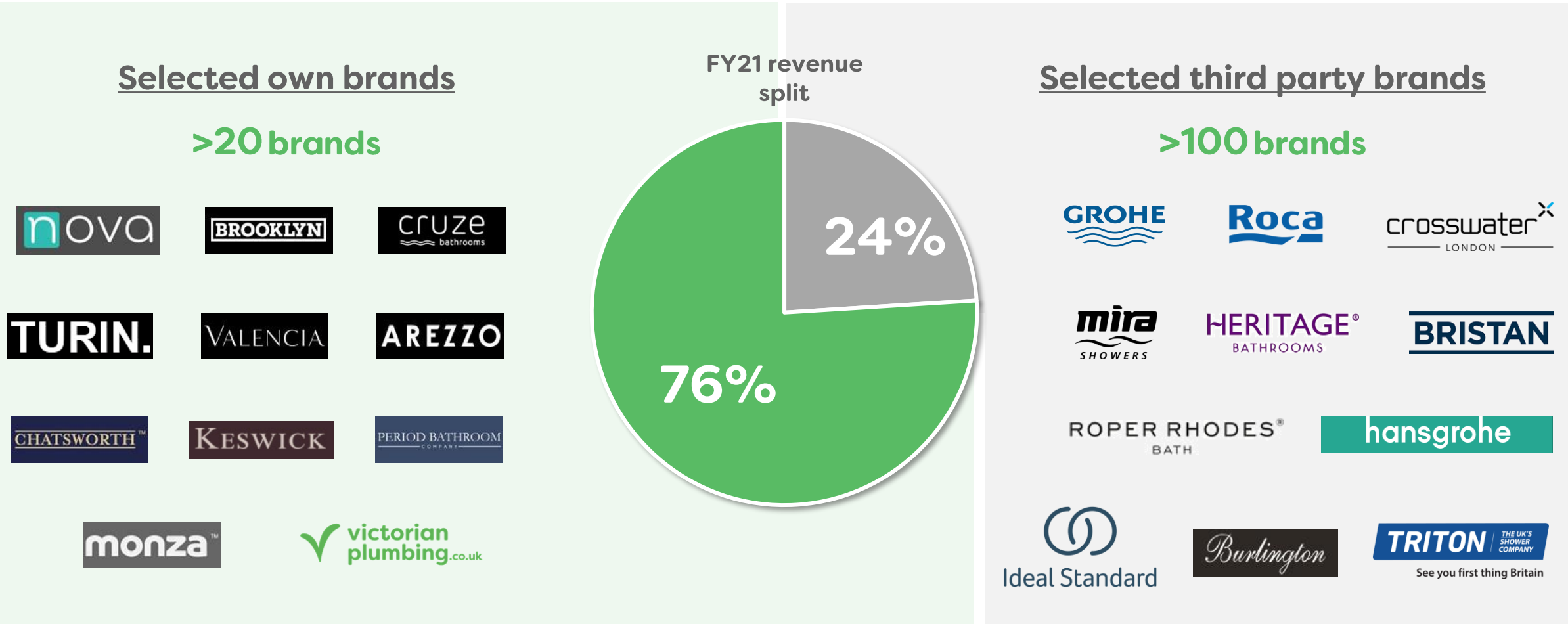
Bathroom Suites

~950 SKUs 27 Brands

Source: Company information (as at 15/04/21, unless stated otherwise)
Notes: (1) Revenue is recorded on a dispatched basis

STRONG STABLE OF OWN & 3RD PARTY BRANDS

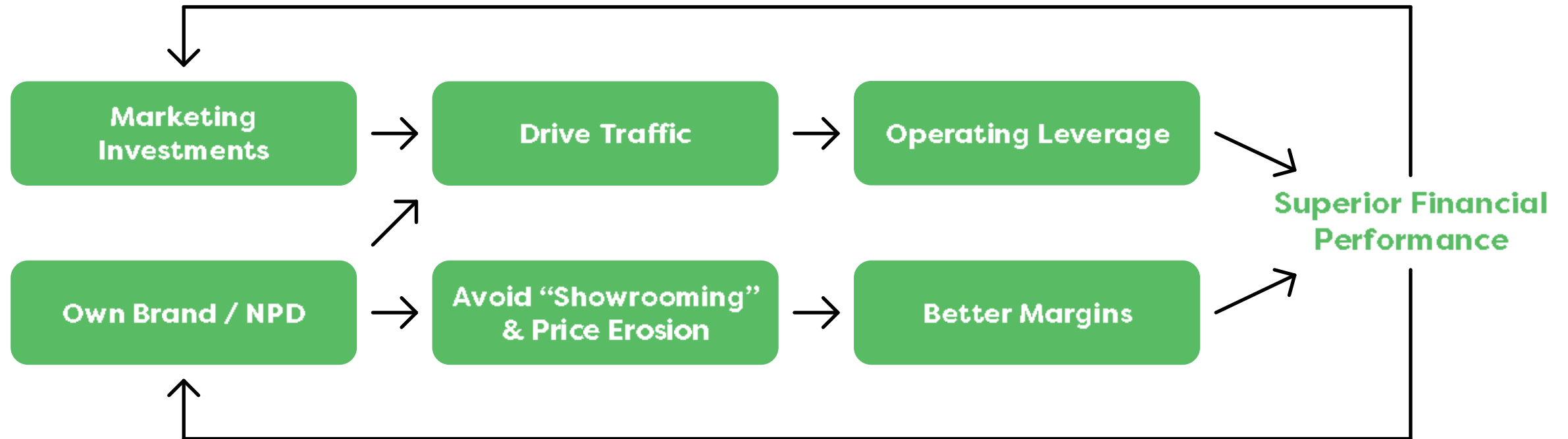
Own brand gross margin significantly higher than third party brands



Source: Company information

OUR BUSINESS MODEL

Victorian Plumbing's business model benefits from a virtuous cycle of investments in NPD & marketing building competitive moats



Source: Company information

