

Victorian Plumbing Group plc

FULL YEAR RESULTS PRESENTATION

YEAR ENDED 30 SEPTEMBER 2024

Presented by Mark Radcliffe (CEO) and Daniel Barton (CFO)

15 JANUARY 2025



2024 OVERVIEW

SUMMARY OF STRATEGIC PROGRESS AND OPERATIONAL PERFORMANCE INDICATORS IN 2024.

STRATEGIC PROGRESS



Lease exchange – January 2023.
Fit-out start – October 2023.
First dispatched order – August 2024.
Project complete – December 2024.

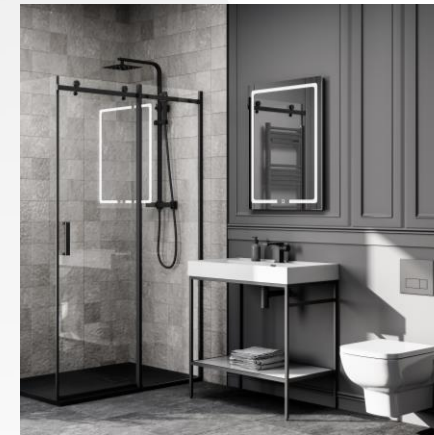
**Victoria
Plum.com**

Acquired – May 2024.
Decision to close – August 2024.
Website redirected – November 2024.
Building exit – January 2025.



Investment in brand advanced with **new creative content** and **dedicated marketing campaigns** aimed at both our **trade** and **expansion category** growth.

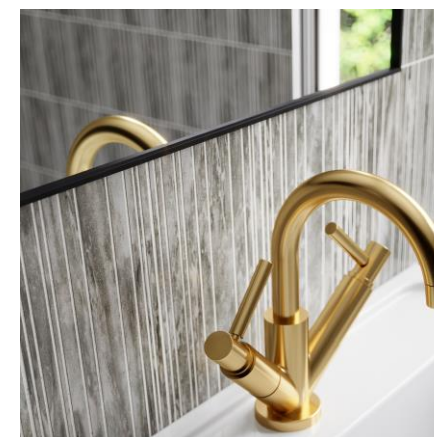
2024 OPERATIONAL KPIs (LIKE-FOR-LIKE)



Revenue of £281.0m (-1%), **outperforming the wider RMI market¹**.

**TRADE
ACCOUNT**

Trade revenue grew by **8%** to £64.0m in 2024, now representing 23% of Victorian Plumbing's revenue.



Tiles & décor revenue grew by **23%** to £12.4m, despite being capacity constrained.

REVIEW OF FINANCIALS

INCOME STATEMENT

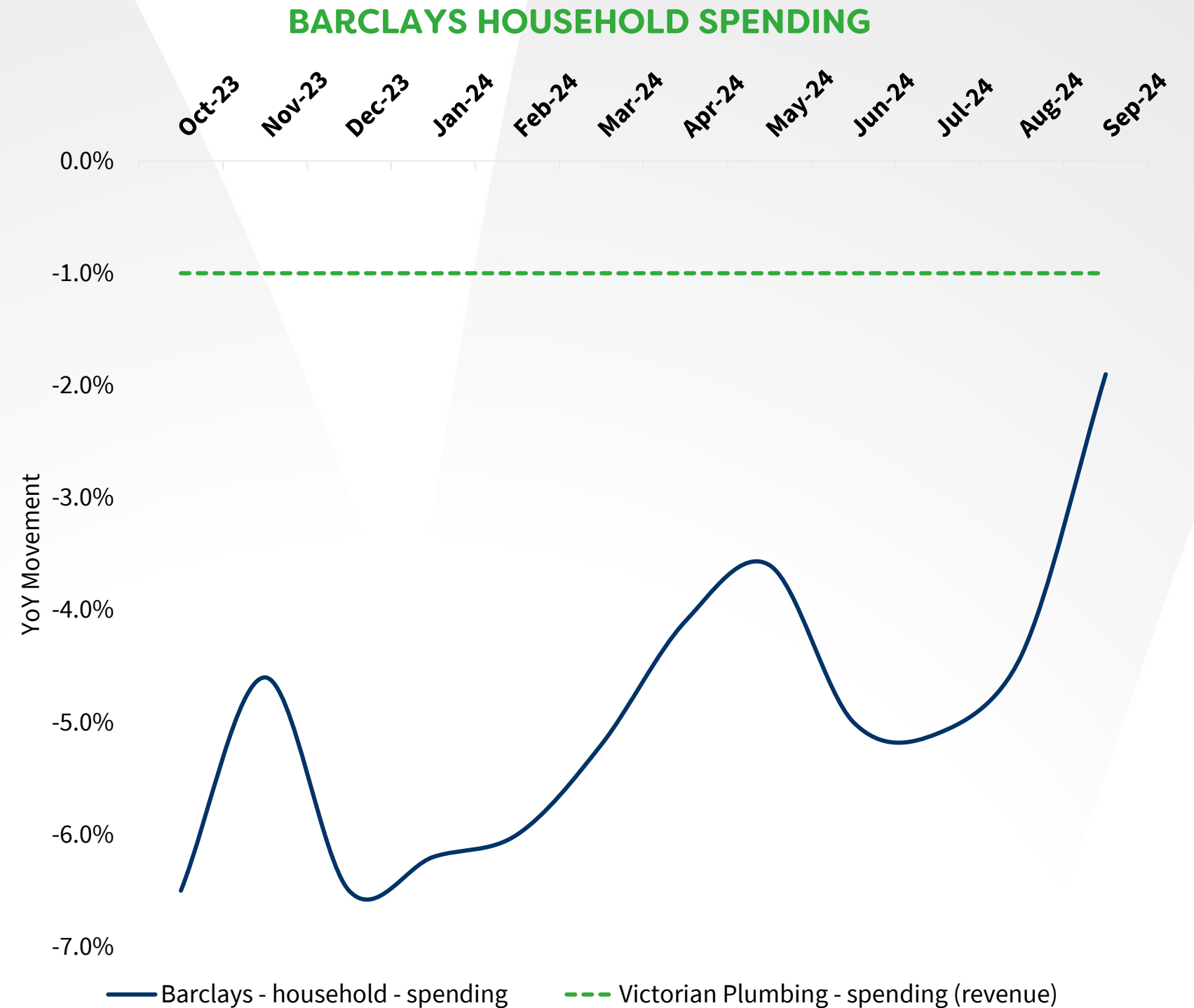
2024 GROUP REVENUE GROWTH OF 4% AND ADJUSTED EBITDA GROWTH OF 14%, IN LINE WITH MARKET EXPECTATIONS.

FINANCIAL SUMMARY

	Victorian Plumbing £m	Victoria Plum £m	2024 £m	2023 £m	YoY Group	YoY LFL
Revenue	281.0	14.7	295.7	285.1	4%	(1%)
Cost of sales	(139.3)	(8.6)	(147.9)	(150.5)	2%	8%
Gross profit	141.7	6.1	147.8	134.6	10%	5%
Gross profit margin %	50%	41%	50%	47%	3ppt	3ppt
Underlying costs	(112.3)	(8.3)	(120.6)	(110.8)	(8%)	(1%)
Adjusted EBITDA	29.4	(2.2)	27.2	23.8	14%	24%
Adjusted EBITDA margin %	10%	(15%)	9%	8%	1ppt	2ppt
Depreciation and amortisation	(4.7)	-	(4.7)	(3.8)	(19%)	(19%)
Finance income/(cost)	0.6	-	0.6	0.3	100%	100%
Adjusted PBT	25.3	(2.2)	23.1	20.3	14%	25%
Adjusted PBT margin %	9%	(15%)	8%	7%	1ppt	2ppt
Tax effect			(5.8)	(4.9)	(15%)	
Adjusted PAT			17.3	15.4	12%	
Adjusted diluted EPS (p)			5.3	4.7	13%	
Proposed full year ordinary dividend (p)			1.61	1.40	15%	

REVENUE – ORDERS

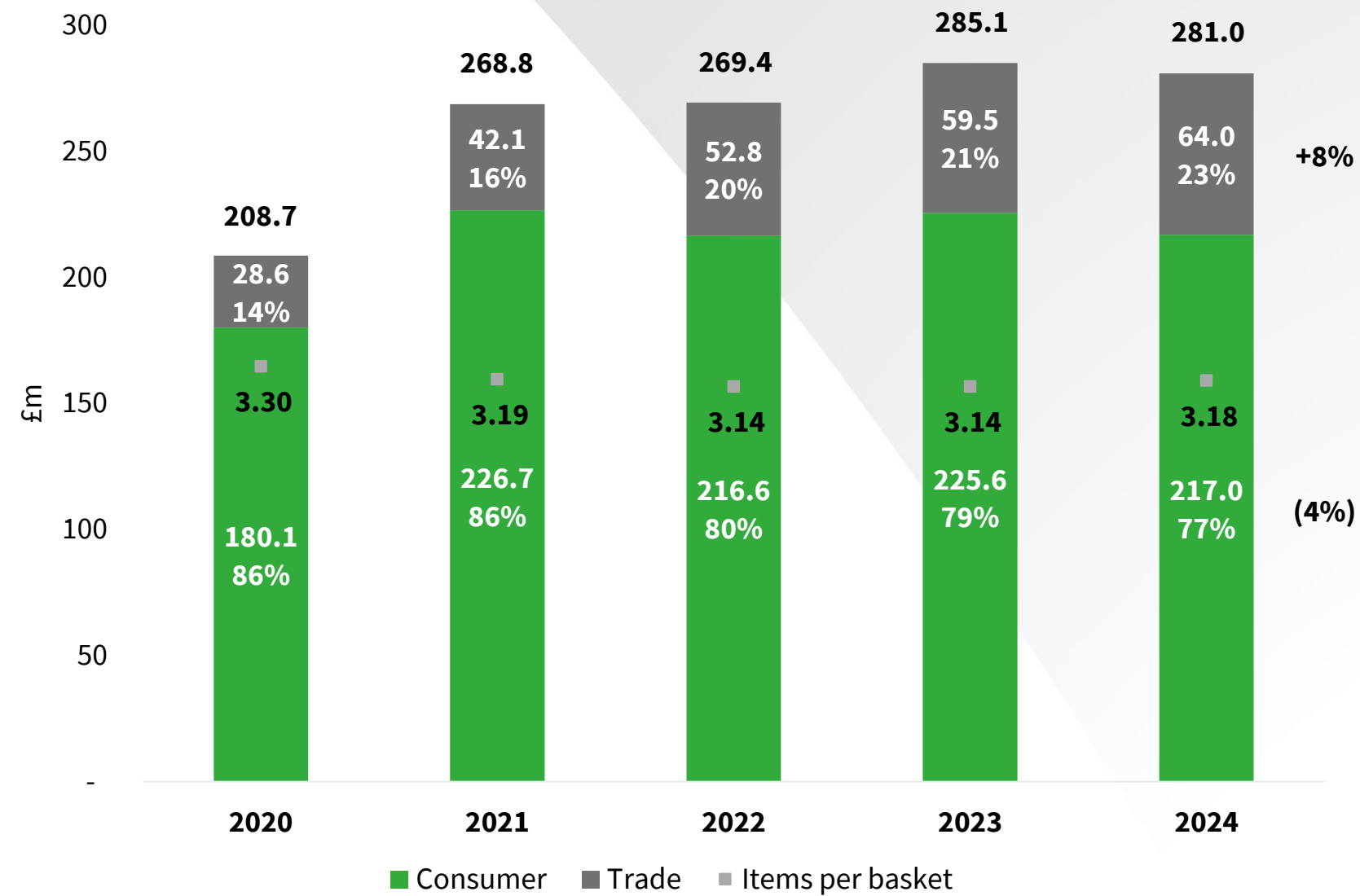
ORDER VOLUME UP 3%, WITH OVERALL SPENDING OUTPERFORMING THE WIDER RMI MARKET.



REVENUE – OVERALL

CONTINUED SHIFT TO OWN BRAND PRODUCTS REFLECTED IN A REDUCED AOV.

REVENUE



AVERAGE ORDER VALUE

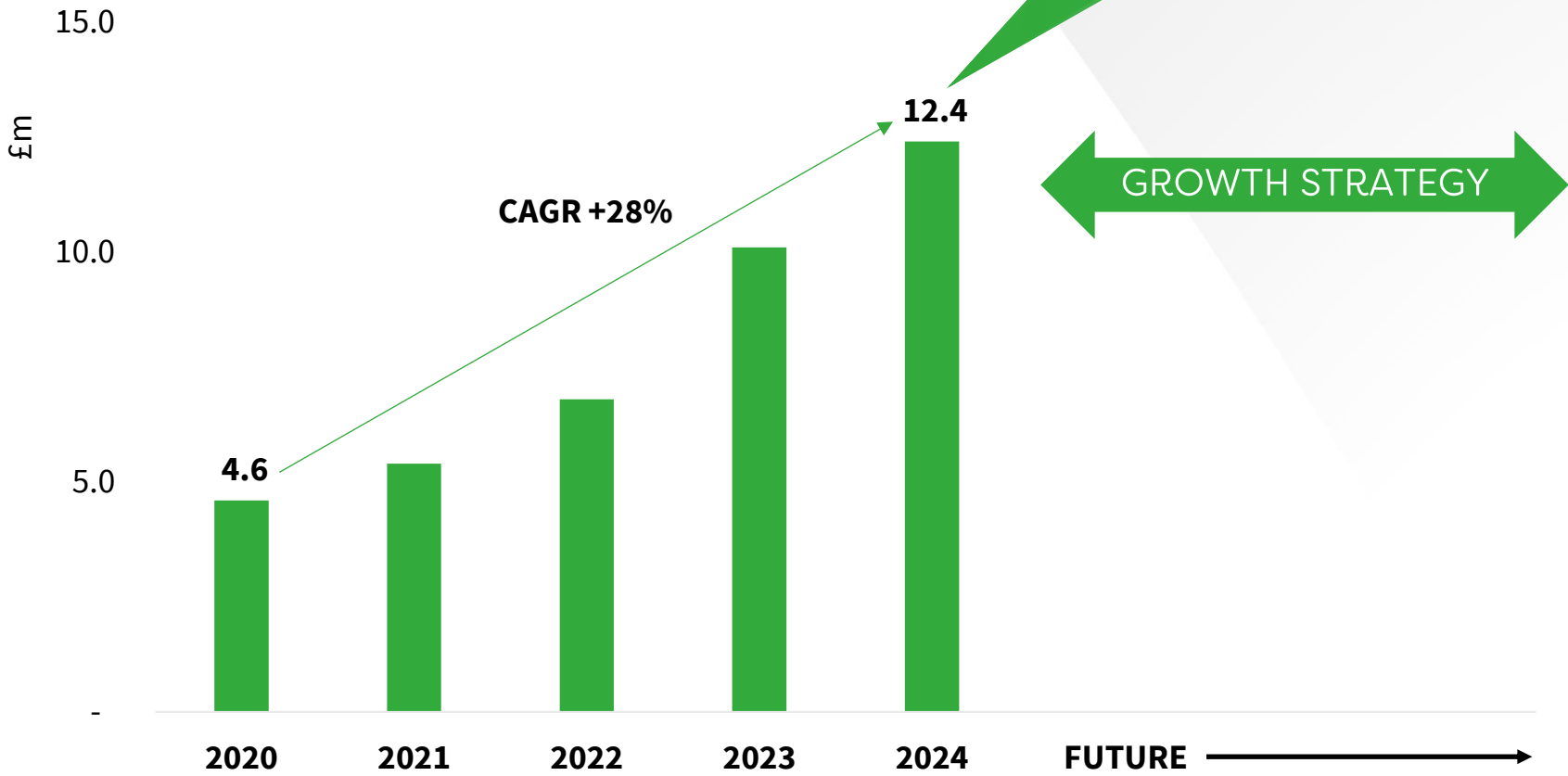


YoY growth	2020: 38%		2021: 29%		2022: 0%		2023: 6%		2024: -1%	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Trade	37%	49%	57%	38%	20%	30%	20%	6%	7%	9%
Consumer	30%	54%	45%	10%	-9%	1%	7%	1%	-4%	-4%

REVENUE – EXPANSION CATEGORIES

23% GROWTH IN TILES & DÉCOR REVENUE TO £12.4M, WITH MORE TO COME...

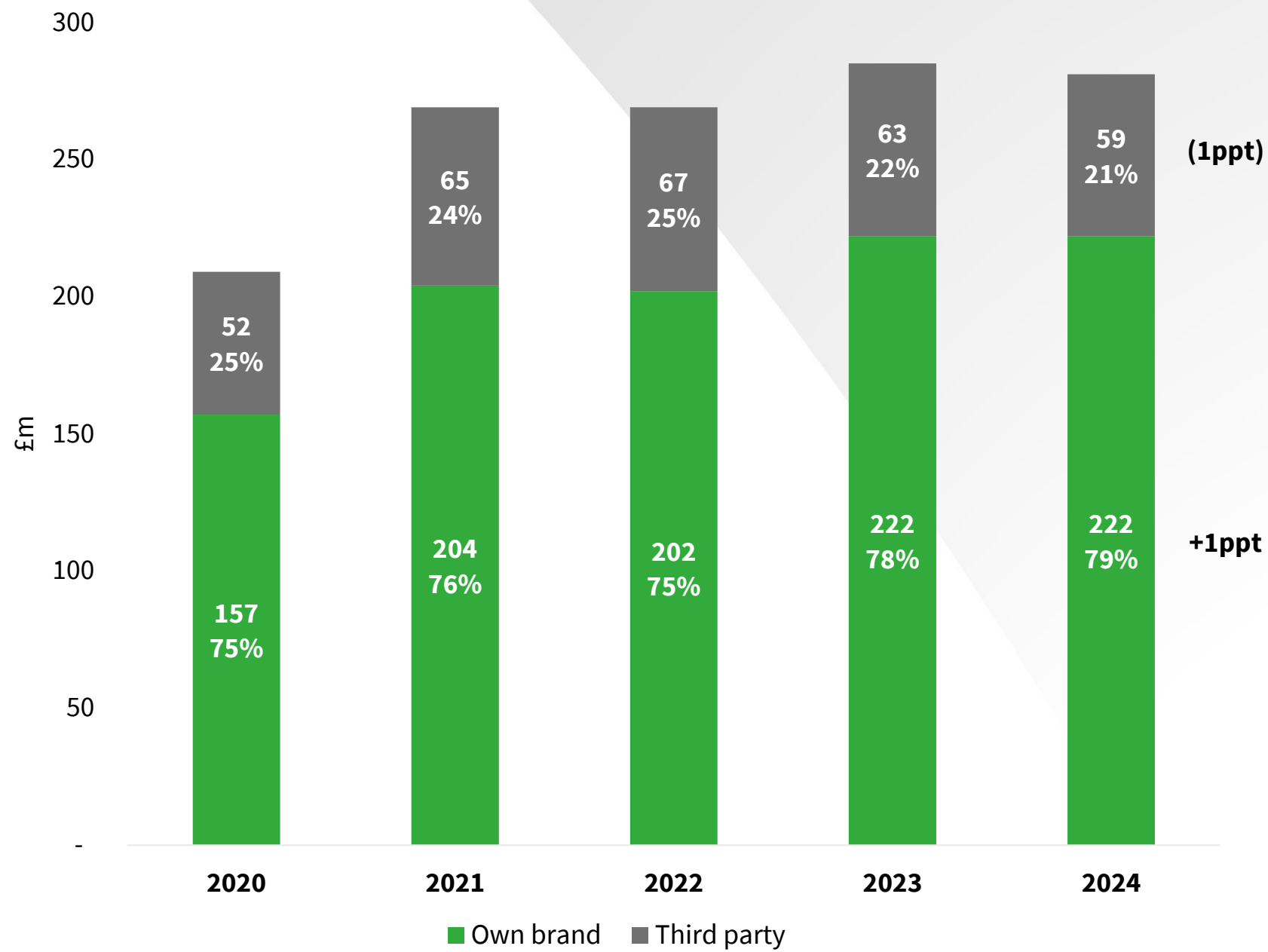
REVENUE: TILES & DÉCOR



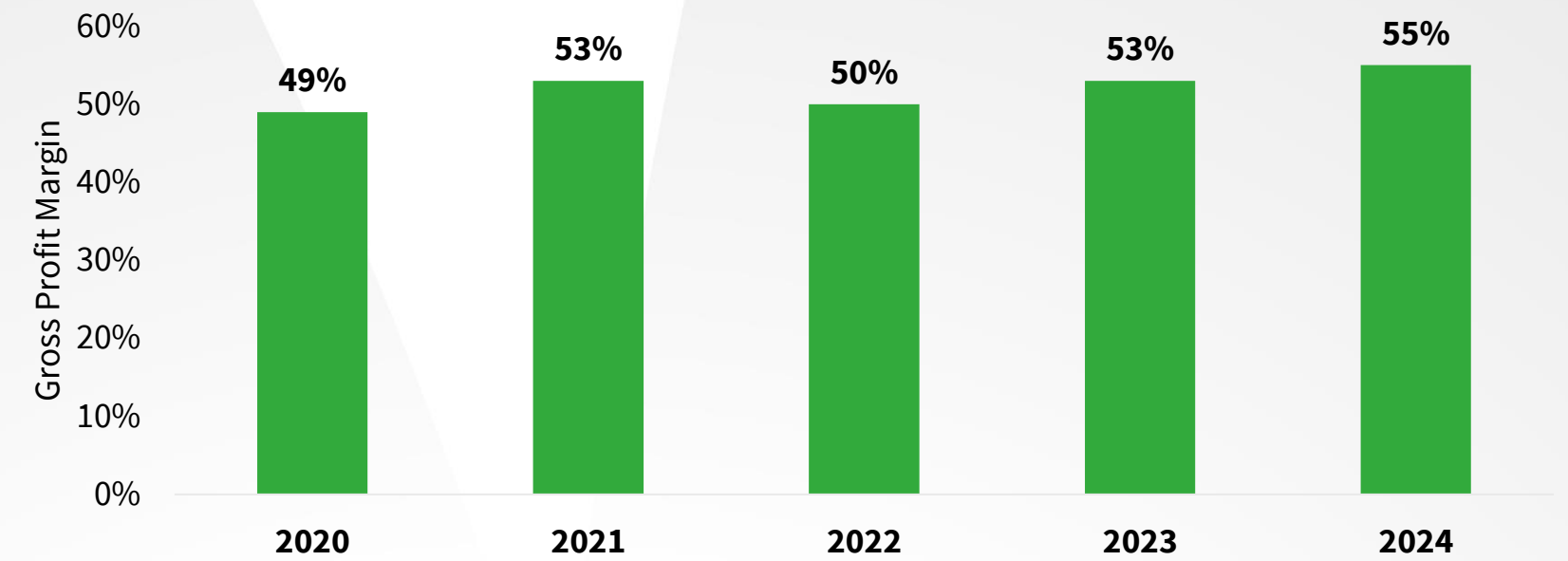
REVENUE – PRODUCT MIX

CONTINUED BENEFIT FROM SHIFT TO OWN BRAND PRODUCTS MAINTAINS HIGH GROSS MARGIN.

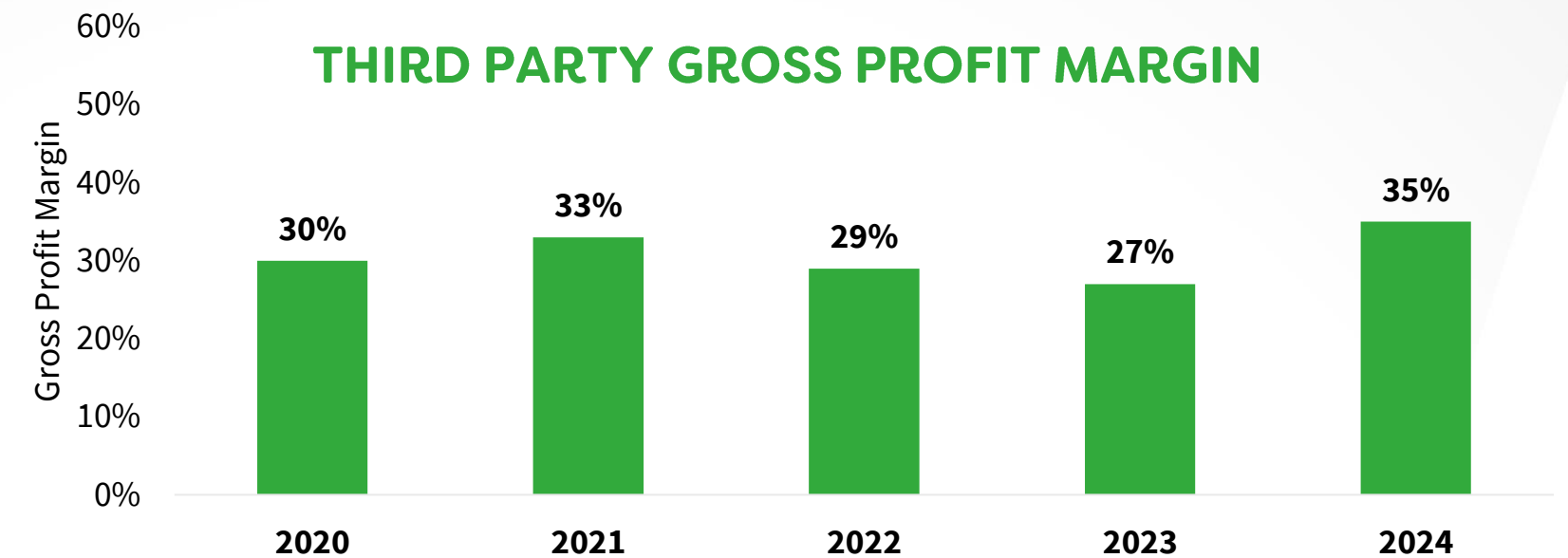
OWN BRAND VS. THIRD PARTY REVENUE



OWN BRAND GROSS PROFIT MARGIN



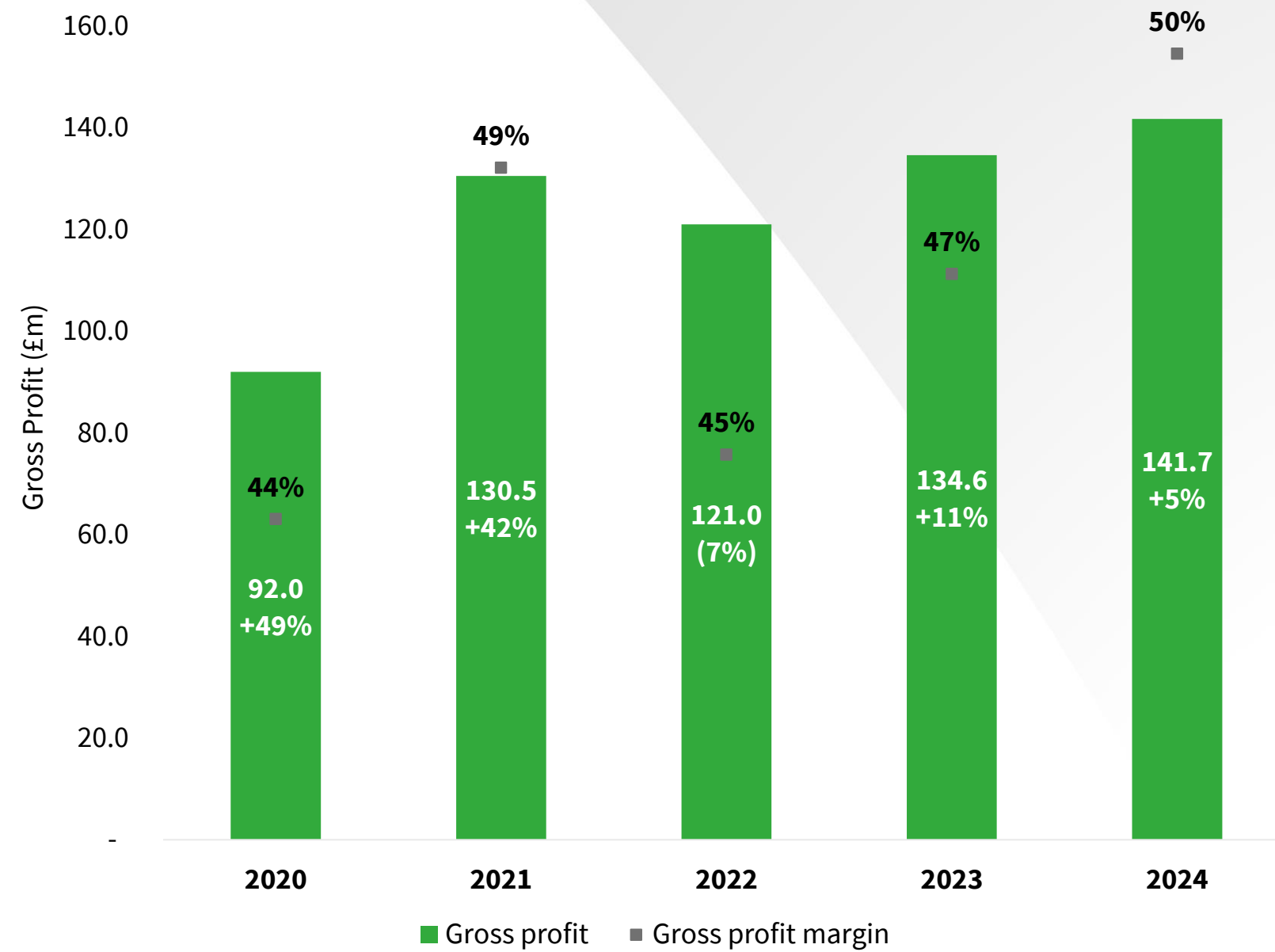
THIRD PARTY GROSS PROFIT MARGIN



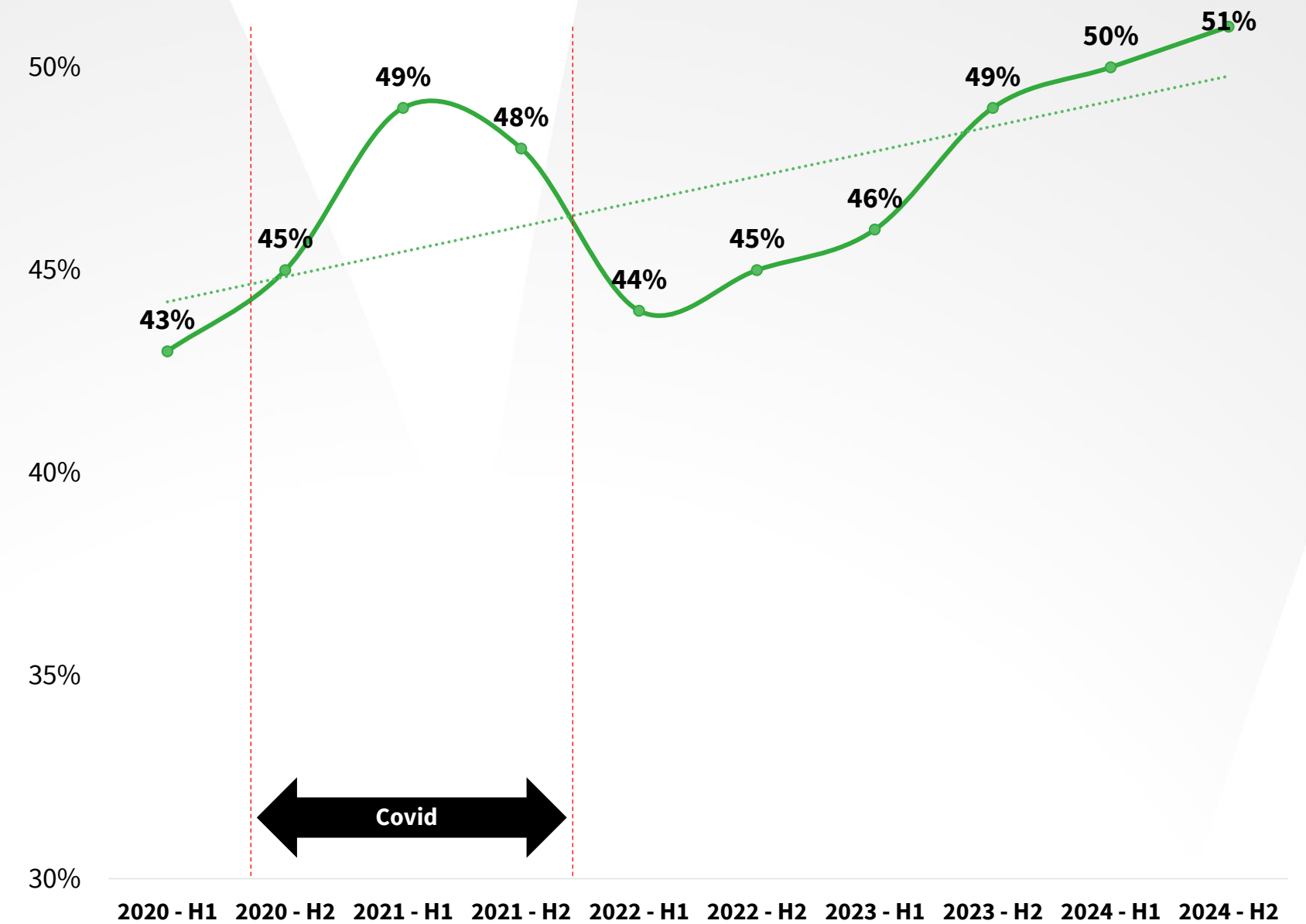
GROSS PROFIT

GROSS PROFIT INCREASED BY 5% TO £141.7M, WITH GROSS PROFIT MARGIN INCREASING BY 3PPTS TO 50%.

GROSS PROFIT & GROSS PROFIT MARGIN



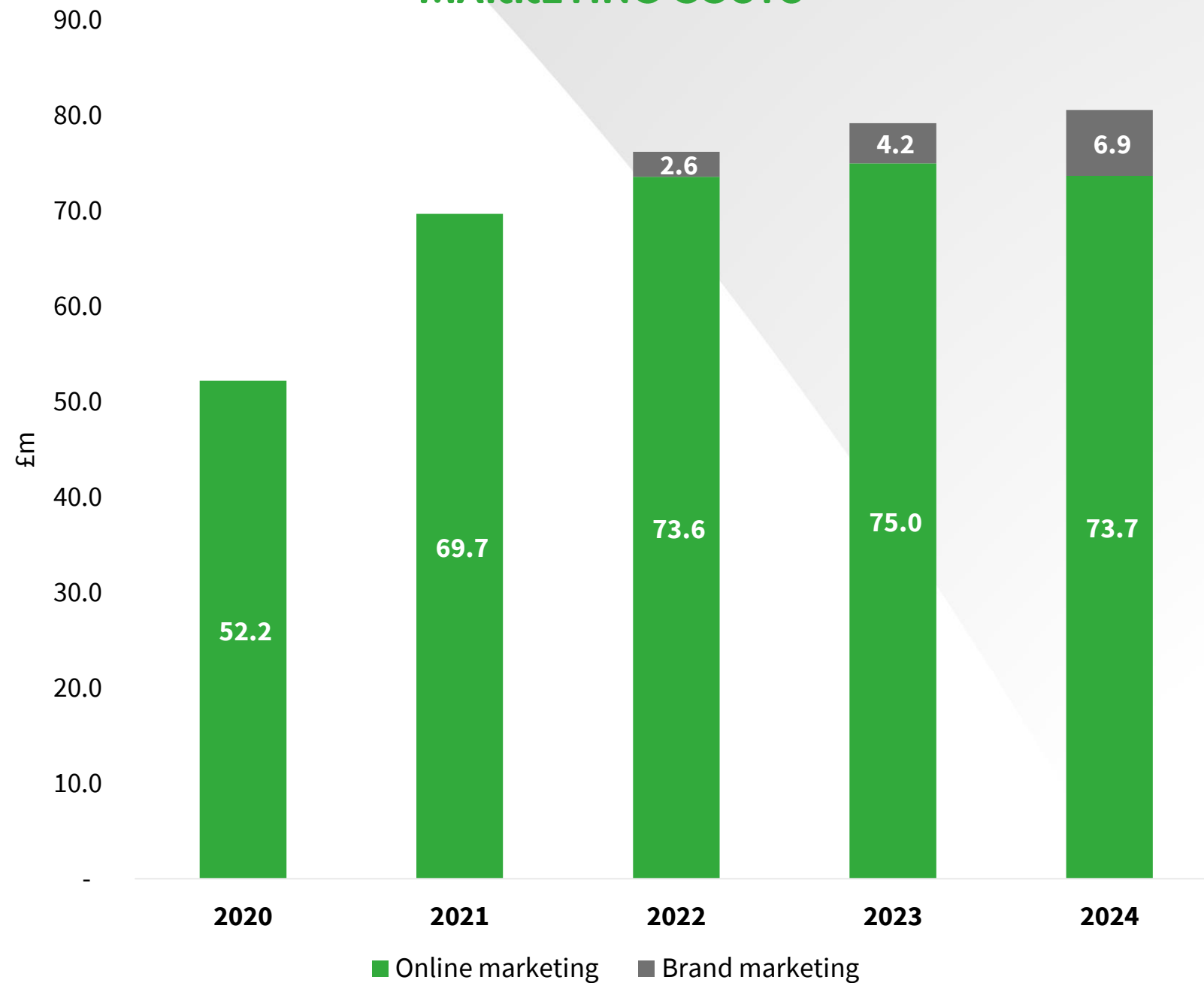
MARGIN REMAINS ABOVE COVID PEAK



MARKETING

CONTINUED INVESTMENT IN BRAND MARKETING, PAVING THE WAY FOR FUTURE GROWTH.

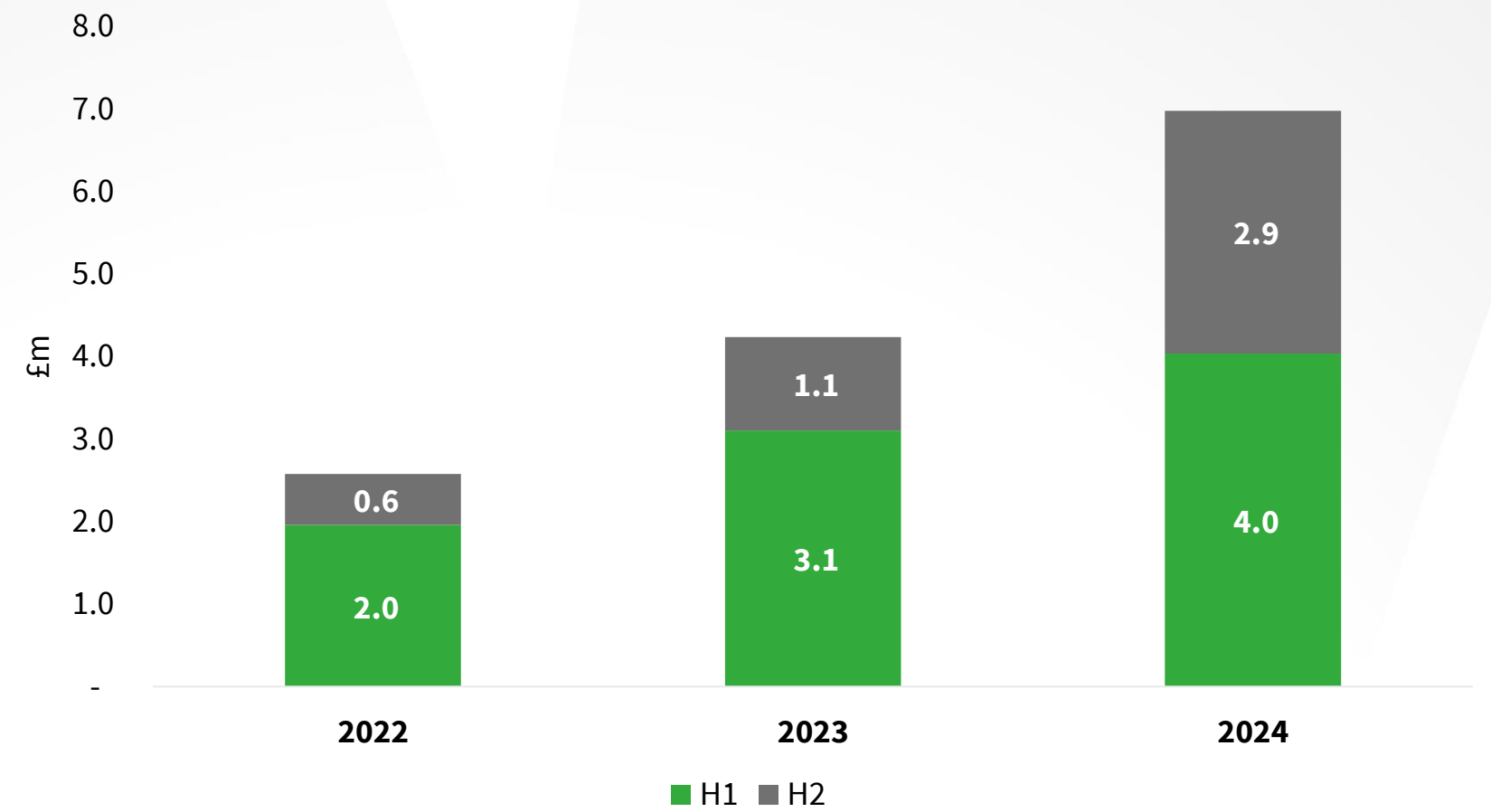
MARKETING COSTS



MARKETING COSTS AS % REVENUE

	2020	2021	2022	2023	2024
Online marketing	25.0%	25.9%	27.3%	26.3%	26.2%
Brand marketing	-	-	1.0%	1.5%	2.5%
Total marketing	25.0%	25.9%	28.3%	27.8%	28.7%

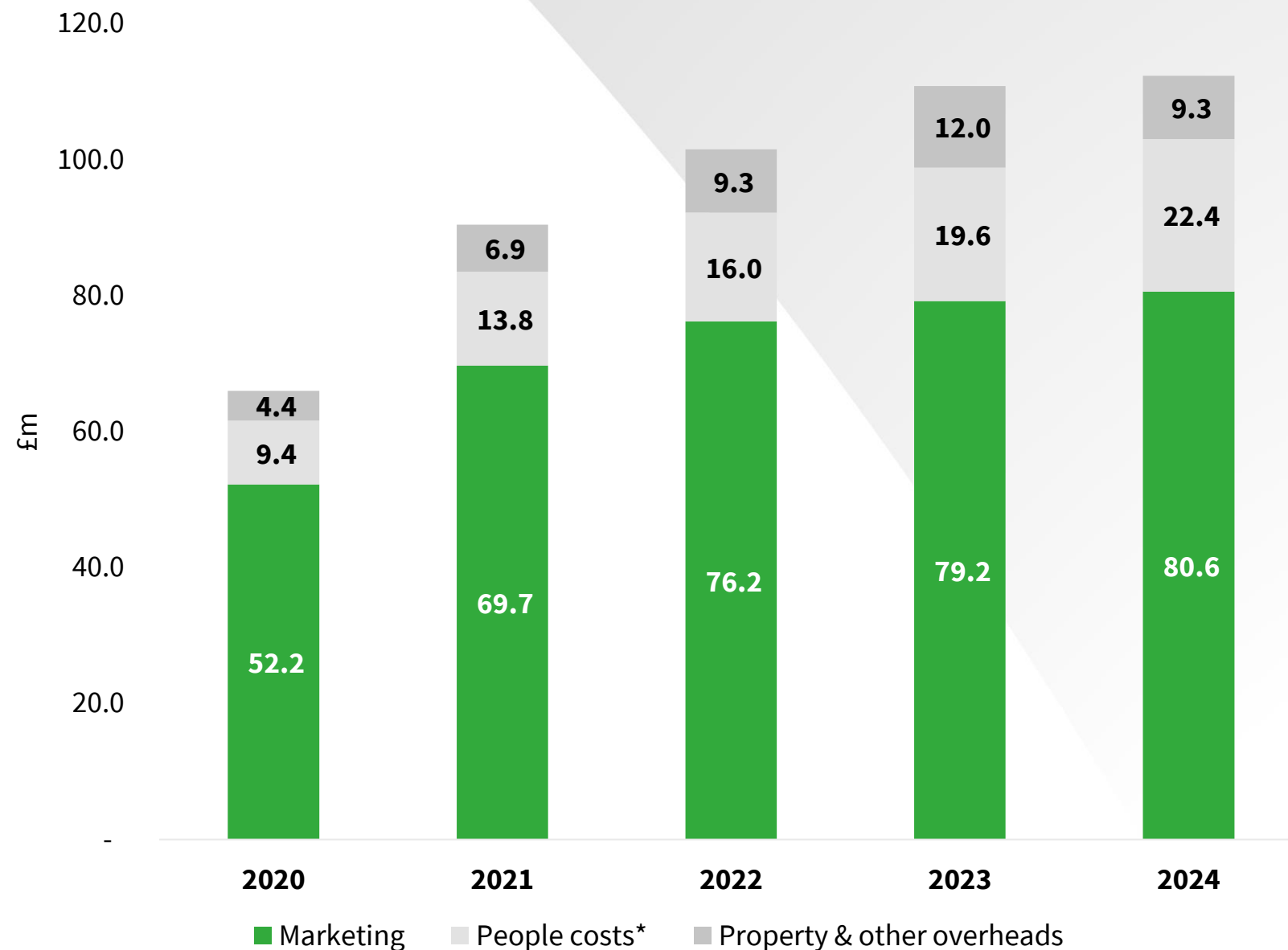
BRAND MARKETING COSTS



UNDERLYING COSTS

MARKETING AND PROPERTY EFFICIENCIES OFFSET BY RISING PEOPLE COSTS.

UNDERLYING COSTS



YoY growth	2020	2021	2022	2023	2024
Underlying costs	22%	37%	12%	9%	1%

UNDERLYING COSTS AS % REVENUE

	2020	2021	2022	2023	2024
Marketing	25.0%	25.9%	28.3%	27.8%	28.7%
People costs*	4.5%	5.1%	5.9%	6.9%	8.0%
Property & other overheads	1.2%	1.5%	1.9%	2.2%	1.4%
Underlying costs	31.6%	33.6%	37.7%	38.9%	40.0%

People costs

- Average FTEs increased from 612 to 665 (+9%), as we transitioned away from expensive agency staff.
- National Living Wage increases of 9.8% in April 2024.
- Productivity improvement to follow once ways of working in our new warehouse infrastructure are embedded.
- Unexpected increases in national insurance to be absorbed by these improvements.

Property and other overheads

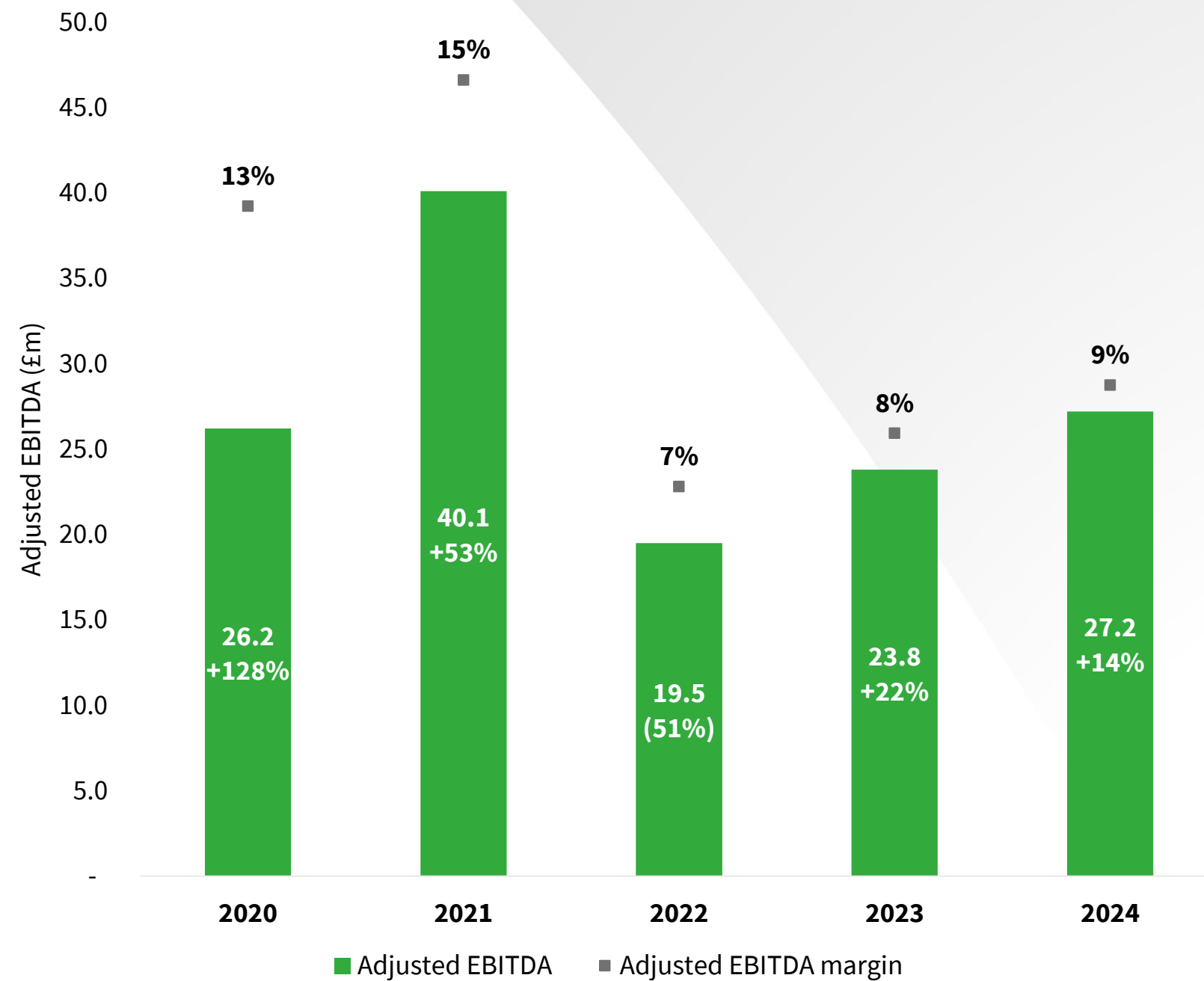
- Savings reflect the Group exiting expensive, third party properties in the latter half of the year as we transitioned warehouse operations to our new distribution centre in Lancashire.

*Excluding share-based payments

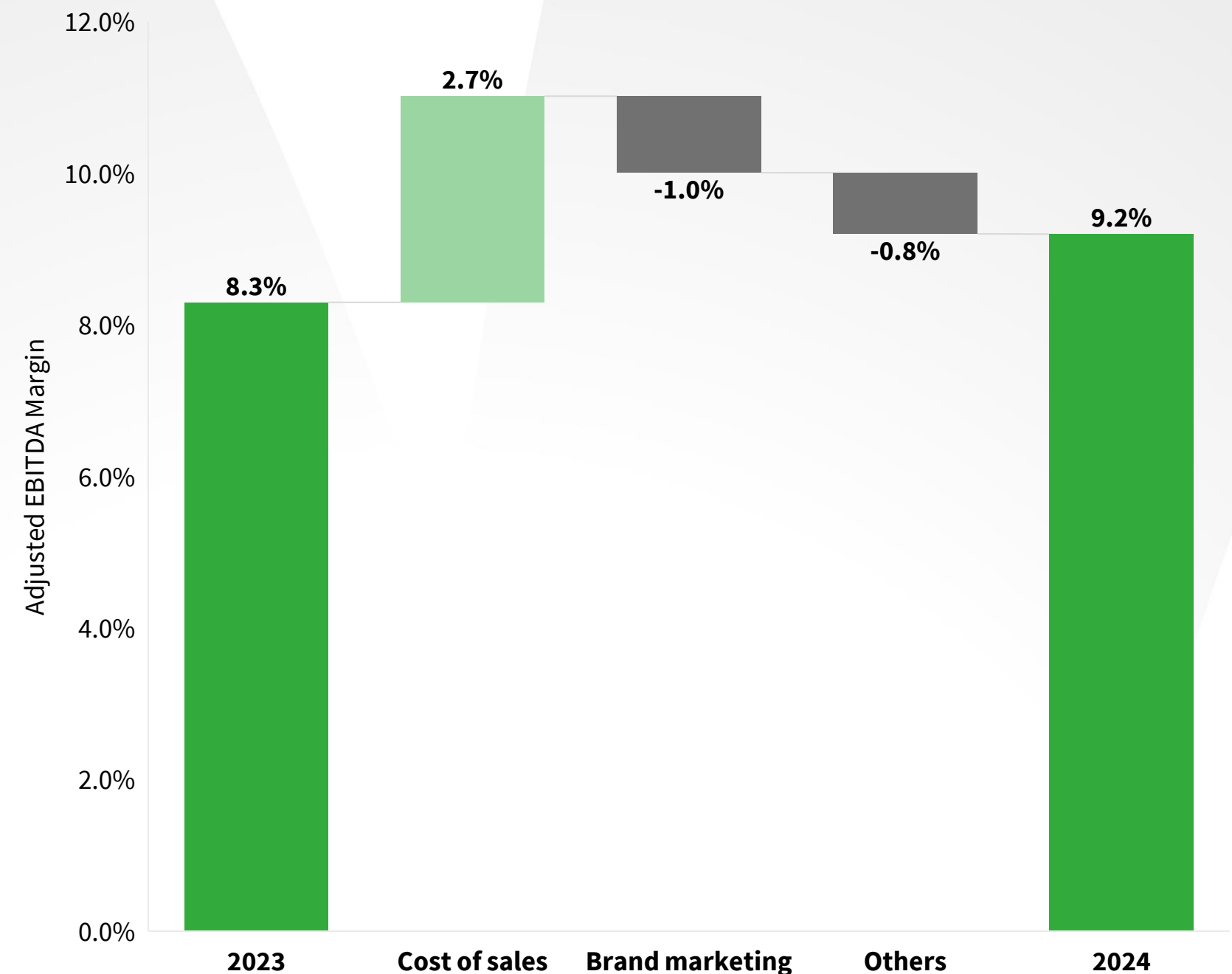
GROUP ADJUSTED EBITDA

SHIFT IN PRODUCT MIX IS A KEY CONTRIBUTOR TO A 14% INCREASE IN ADJUSTED EBITDA AND A 1PPT INCREASE IN ADJUSTED EBITDA MARGIN.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



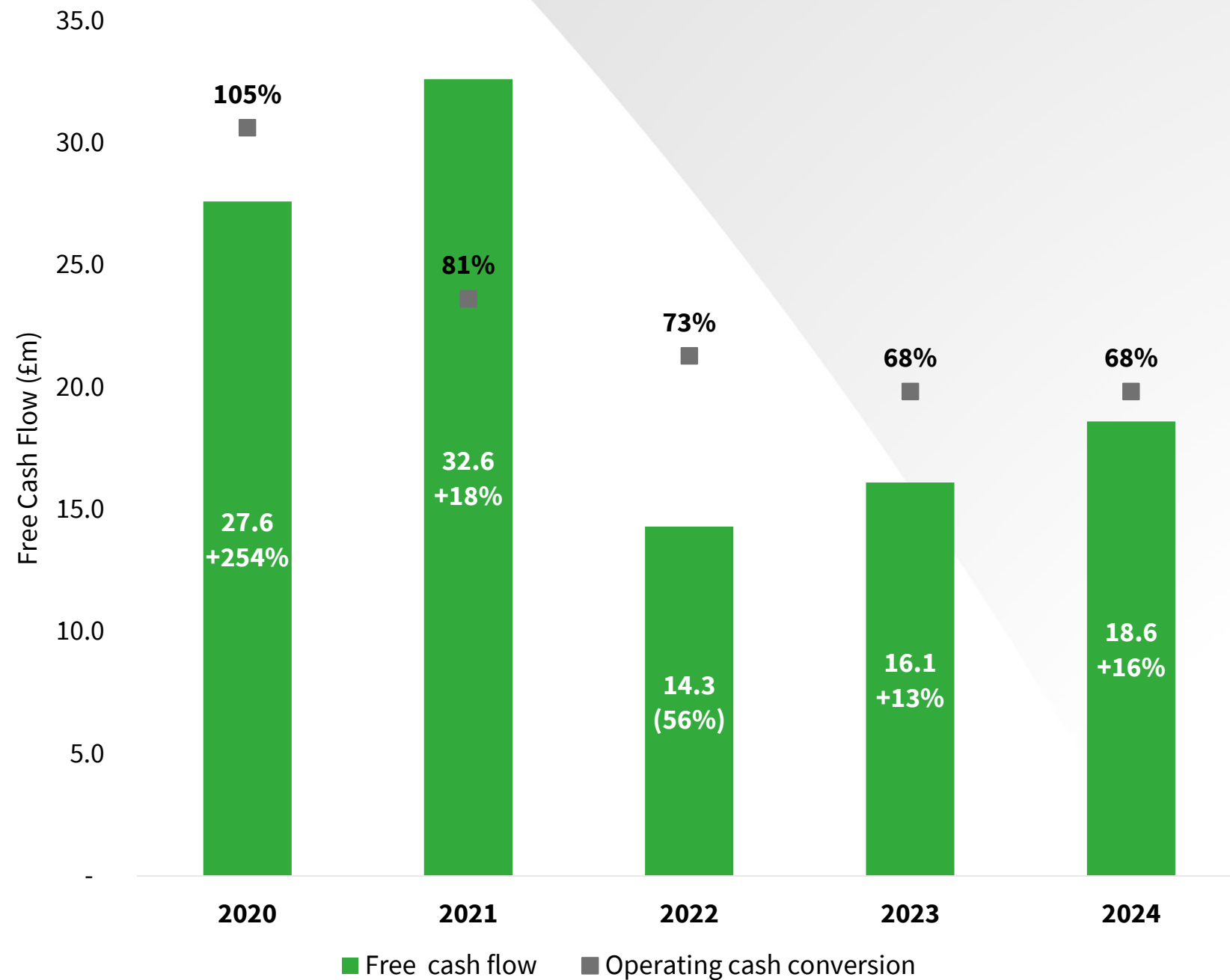
ADJUSTED EBITDA MARGIN BRIDGE



FREE CASH FLOW & OPERATING CASH CONVERSION

CONTINUE TO ACHIEVE STRONG CASH GENERATION, WITH A 16% INCREASE IN FREE CASH FLOW TO £18.6M, RESULTING IN ROBUST OPERATING CASH CONVERSION OF 68%.

FREE CASH FLOW¹ & OPERATING CASH CONVERSION²



¹ Free cash flow is cash generated from operating activities before exceptional items and taxation less routine capital expenditure and cash flows relating to routine leases.

² Operating cash conversion is free cash flow as a percentage of adjusted EBITDA.

CLOSURE OF VICTORIA PLUM & WAREHOUSE TRANSFORMATION

UPDATE ON VICTORIA PLUM

ACQUIRED. CLOSED. CONFUSION FACTOR REMOVED. PAVES THE WAY FOR FUTURE GROWTH.

**Victoria
Plum.com**

RATIONALE FOR CLOSURE

- Underlying fixed cost base was disproportionately large compared to its customer base.
- Working from home culture impaired turnaround strategy.
- Doncaster lease expired in December 2024 (subsequently extended to January 2025).

STRENGTHENING OUR POSITION IN THE MARKET

- Victoria Plum customers no longer confused and now shopping with Victorian Plumbing.
- Enables the business to more confidently focus on brand awareness improvement.
- Removal of the nuisance factor frees up management time to focus on wider growth strategy.

THE NEW WAREHOUSE

A REMINDER OF THE BENEFITS.

REMOVES CAPACITY CONSTRAINTS TO SUPPORT FUTURE GROWTH:

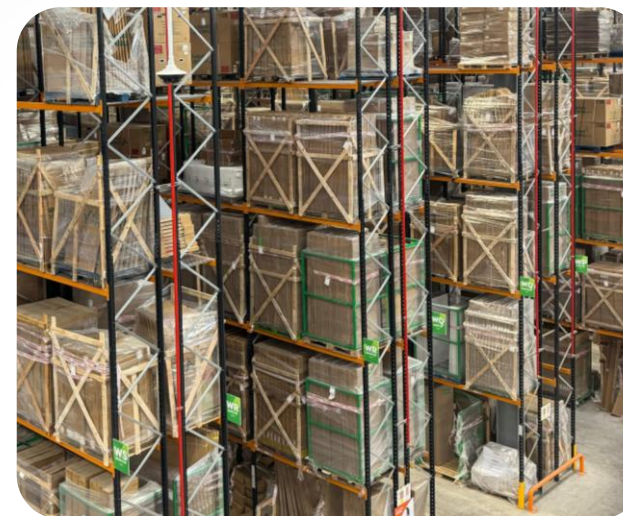
- Space to grow core bathrooms and expansion categories.
- Enhances the customer experience (e.g. extended next day ordering).

SIGNIFICANT EFFICIENCY IMPROVEMENTS:

- Replaces margin dilutive expensive short-term rental cost that impedes profitable growth.
- Facilitates scalability and increased efficiency to support growth following the introduction of semi-automation.
- More of what we do under one roof – reduced shunting, improved ways of working, more effective logistics etc.

CREATES OPPORTUNITY TO FURTHER IMPROVE OUR ESG CREDENTIALS:

- Solar panels mounted to the roof and automated guided vehicles.
- Improved on-site facilities to include gym, canteen etc.



STRATEGY UPDATE

STRATEGIC FOCUS

OUR STRATEGY REMAINS UNCHANGED. WE CONTINUE TO FOCUS ON THREE GROWTH HORIZONS.



CORE BATHROOMS

Number one UK bathroom retailer, continuing the market shift from offline to online.

Growing our core bathroom products and accessories through our **market leading online platform**.

Increasing users of the **Victorian Plumbing app**.



EXPANSION CATEGORIES

Increasing our growth in expansion categories by dedicated **marketing campaigns**.

Extending our product ranges in all expansion categories.

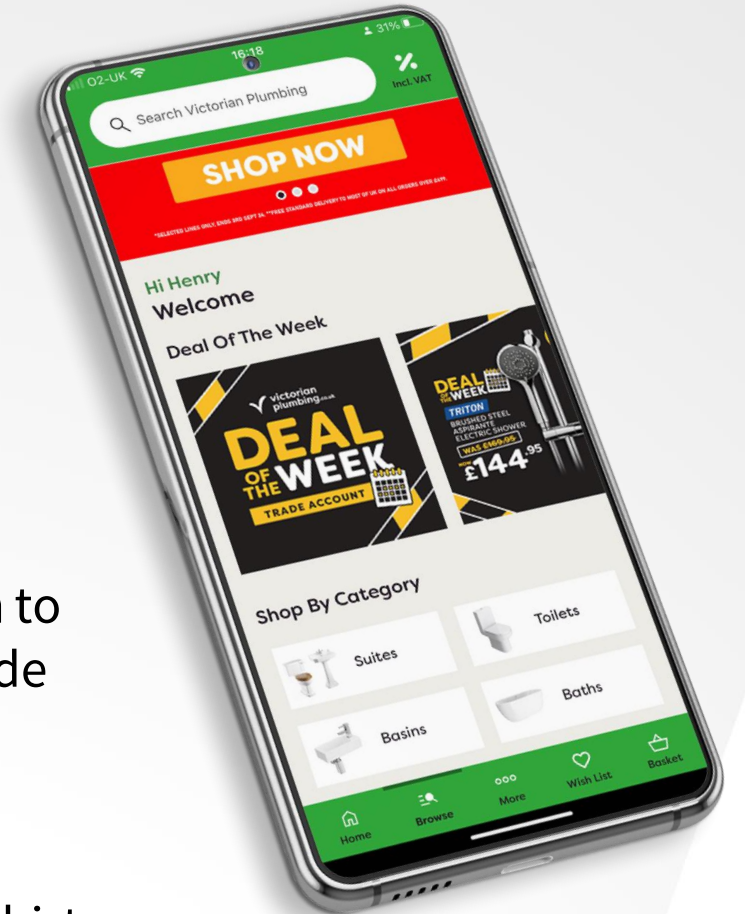
Opportunistic approach for **acquisitions**.

TRADE CUSTOMERS

Broadening our **marketing approach** to specifically target trade customers

Marketing via sports:

- Title and front of shirt sponsor for **Bolton Wanderers Football Club**.
- Sponsored the **Victorian Plumbing UK Championship 2024**, one part of snooker's Triple Crown Series.



RESILIENCE OF OUR OPERATING MODEL

OUR 2024 FINANCIAL PERFORMANCE DEMONSTRATES THE RESILIENCE OF OUR BUSINESS MODEL AND COMPETITIVE ADVANTAGE, UNDERPINNING OUR CONFIDENCE IN PROFITABLE GROWTH.

ONE-STOP SOLUTION FOR CONSUMERS

Unrivalled product range and excellent availability: more than **36,000 products** from over **150 brands**.



Both **third party** and **own brand** products side-by-side, offering a **variety of prices** to suit all budgets.

STRONG BALANCE SHEET & UNRIVALLED APPROACH TO MARKETING

A resilient balance sheet with **strong cash generation** and **high cash conversion**.

Well-established global supplier relationships.



Ongoing and **targeted marketing strategy**.

WAREHOUSE TRANSFORMATION

New 544,000 square feet **distribution centre** in Lancashire with a **semi-automated** design.

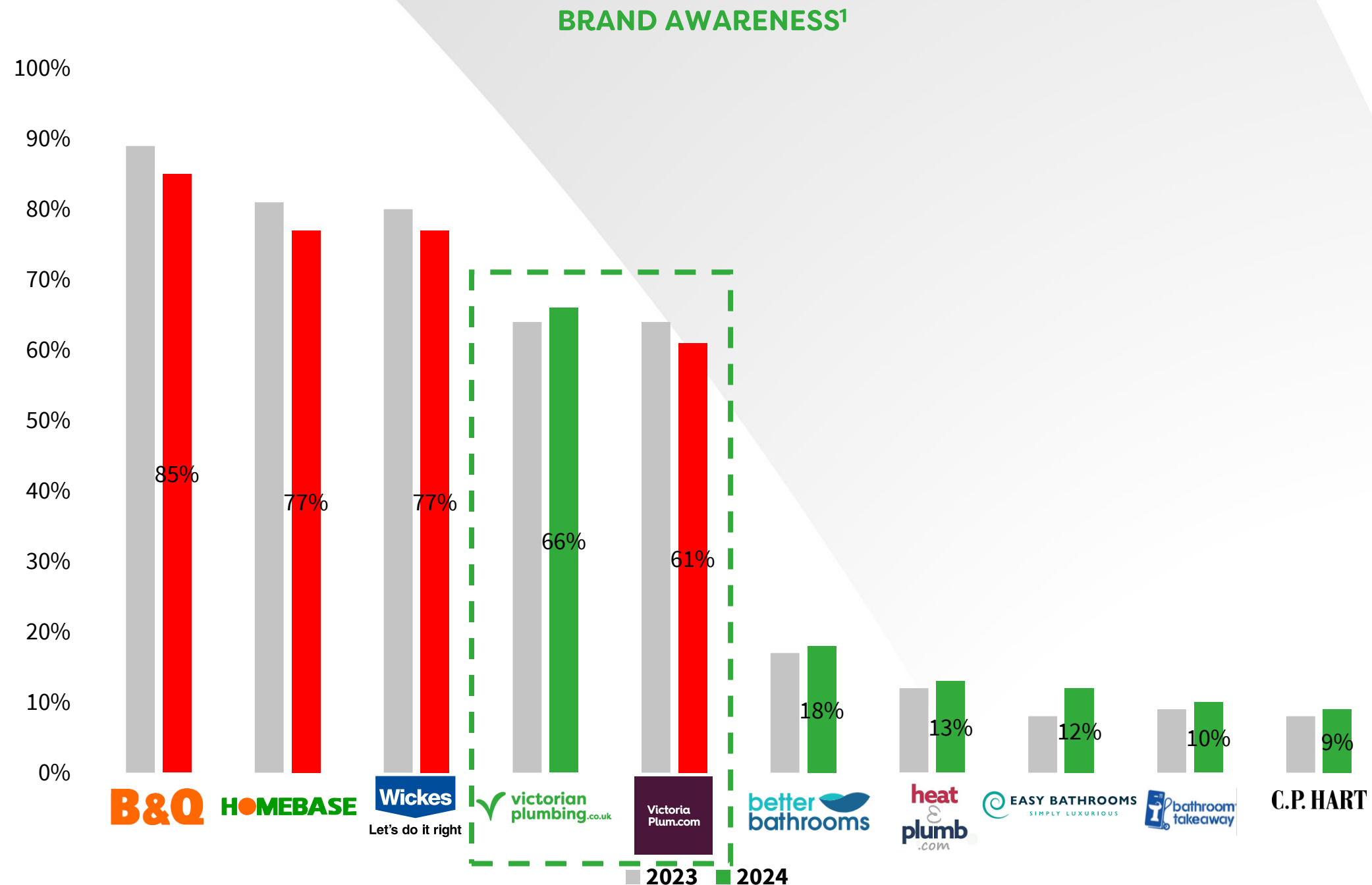
Larger, ongoing project to **transform our warehouse operations**.

Continuous enhancement of our online platform and warehouse management system.



DRIVING BRAND STRATEGY

INVESTING IN OUR FUTURE THROUGH CATEGORY LEADING BRAND AWARENESS.



- Continued growth of our brand awareness to 66% (2023: 64%).
- Closing the gap on bricks & mortar retailers.
 - B&Q 89% in 2023 (+25ppt on Victorian Plumbing), reducing to 85% in 2024 (+19ppt)
- Launch of two new creative ads to support core and expansion categories.

A STRONG BRAND FOR THE FUTURE

- By reinvesting paid search (PPC) efficiencies back into brand budgets, we invest further in the future of the Victorian Plumbing brand.
- Closure of Victoria Plum drives natural improvements in advert attribution and strengthens our brand position.
- We continue to invest across a diverse range of media types.



OUR SUPPLY CHAIN & CUSTOMER OFFERING

WE ARE THE ONE-STOP SOLUTION WHEN CONSIDERING A BATHROOM-RELATED PURCHASE.



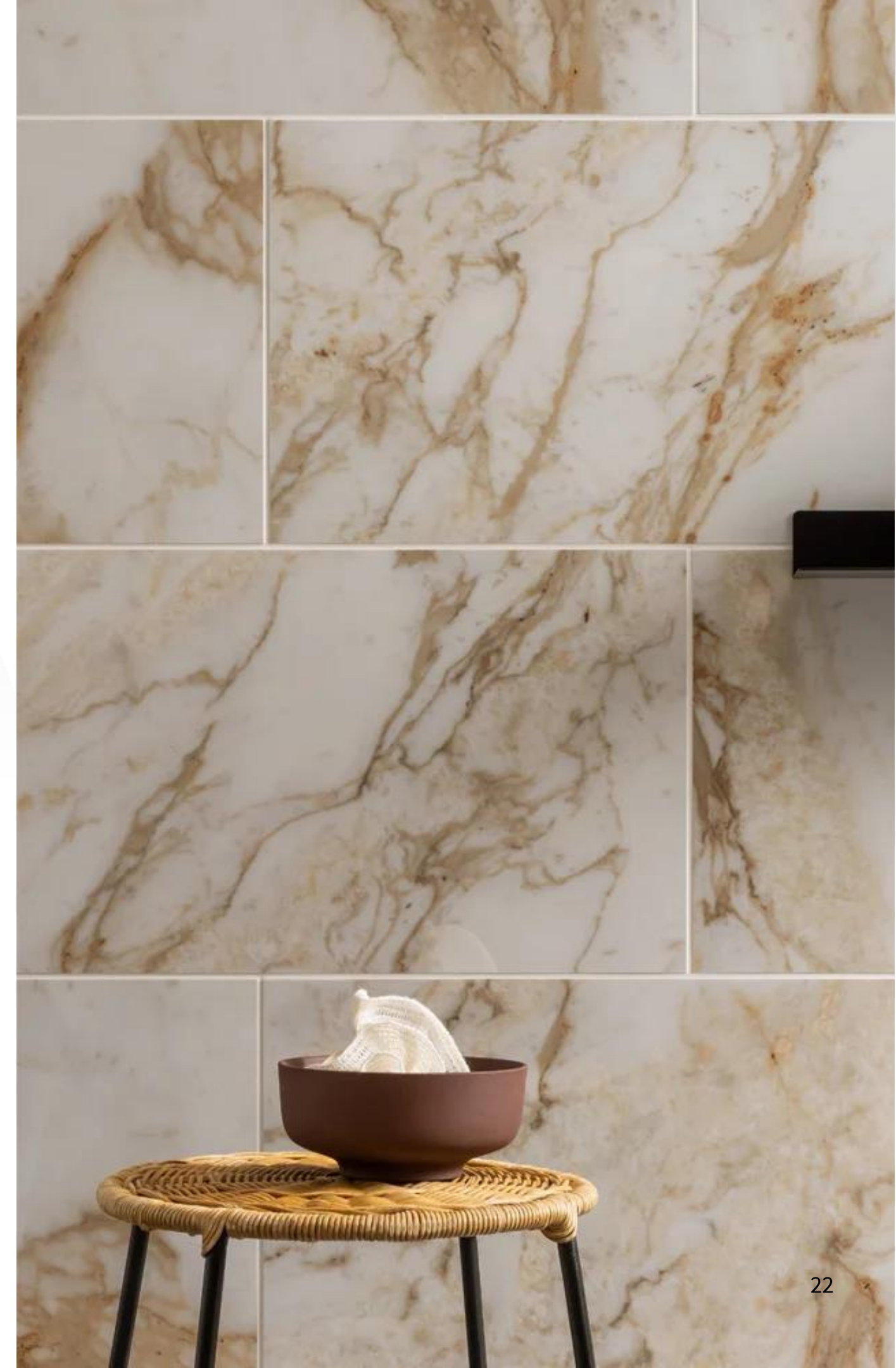
SUPPLY CHAIN & CUSTOMER OFFERING

- Unrivalled product range and excellent availability.
- Developed over 25 own brands, all exclusively available on the Victorian Plumbing platforms.
- Local experts and partners internationally on the ground to solve any potential supply issues.



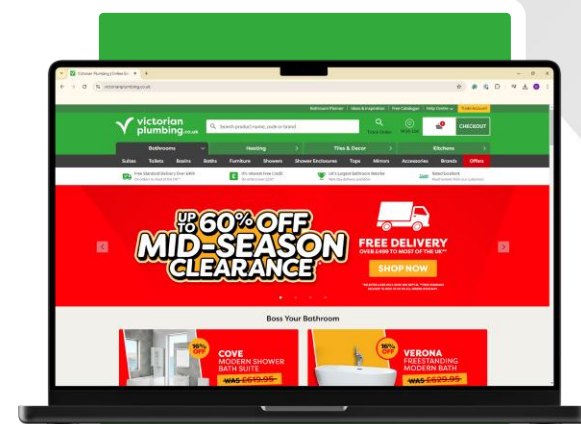
TRUSTPILOT

- Rated 'Excellent' by Trustpilot and have improved our average score in the year to 4.6 / 5.0 (2023: 4.5).
- In 2024 we surpassed 225,000 reviews, the highest of any specialist bathroom retailer. The Group now has over 370,000 reviews, reflecting the merged account with Victoria Plum.



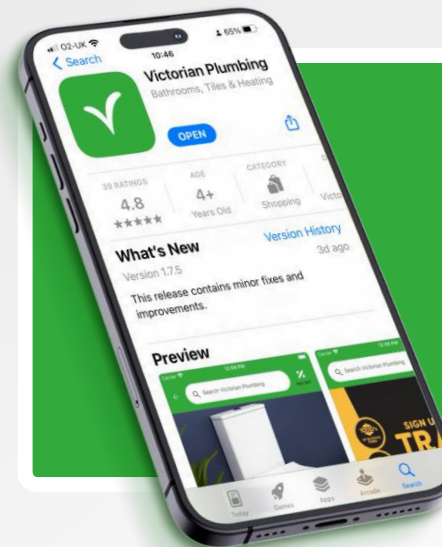
TECHNOLOGY DEVELOPMENTS

WE CONTINUE TO DEVELOP OUR BESPOKE PLATFORMS, ADVANCING OUR FUNCTIONALITY AND IMPROVING THE CUSTOMER EXPERIENCE.



PLATFORM DEVELOPMENT

- Development of an in-house AI model to **improve the speed and accuracy** of customer search.
- Piloting **digital trade credit** with wider rollout in 2025.
- Developing **free tile samples** with express checkout functionality.



VICTORIAN PLUMBING APP

- App released in October 2023 with **full launch** in summer 2024: c.2% revenue through the app.
- Development of additional features, relating to:
 - Enhancing both the consumer and trade customer experience.
 - Testing '**Customer Projects**'.



OPERATIONAL EFFECTIVENESS

- **Enhancing our existing warehouse management system** alongside a larger project to transform warehouse operations.
- Advanced back end **integration with our couriers**.
- **Auto-ordering** functionality for all UK stock suppliers.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ENVIRONMENTAL, SOCIAL & GOVERNANCE

WE TAKE OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITIES SERIOUSLY AND ARE CONTINUOUSLY TAKING ACTION TO MAKE A DIFFERENCE TO OUR PEOPLE, OUR COMMUNITIES AND THE WIDER ENVIRONMENT.



ENVIRONMENTAL SUSTAINABILITY

- Solar panels mounted to the roof of our new distribution centre.
- Investment in a new fleet of electric automated warehouse vehicles.
- Partnership with Gilston Waste Management ensures we continue to send no waste to landfill.
- Electricity contracts from 100% renewable sources.



DIVERSITY & INCLUSION

- Increased the proportion of women in leadership positions to 28% (2023: 26%).
- Reduction in our mean hourly gender pay gap to 6.7% (2023: 9.7%).
- Investment in a state of the art fitness studio, as well as a staff canteen, at our new distribution centre.
- Our Mental Health Champions, in partnership with Health Assured, continue to support all employees across the Company especially during our transition of warehouse operations.



GOVERNANCE & ETHICS

- Supplier audit programme continued throughout 2024 – 13 full audits of new suppliers and 18 re-audits of existing suppliers.
- All existing and new suppliers required to adhere to our Supplier Code of Conduct.
- Continued commitment to maintaining a safe working environment for all our workforce.
- Embedding our new finance system with continued governance and control improvements.

2025 CURRENT TRADING & OUTLOOK

2025 CURRENT TRADING & OUTLOOK

- Overall Q1 revenue was up 3% on 2024, against a tough comparator.
 - Trading in October and November was soft, impacted by:
 - A cautious approach to marketing as we sought to bed in our new warehouse infrastructure without disrupting the customer experience; and
 - Ongoing UK consumer uncertainty.
 - As the transition to our new warehouse infrastructure neared completion, we reverted to our usual marketing approach and, pleasingly, we recorded high single digit growth in December.
- Gross profit margin improvement continues and the benefits of the closure of Victoria Plum and our new warehouse infrastructure are starting to come through (albeit some of this benefit will be eroded by above inflationary increases in National Living Wage and employer national insurance costs).
- Through 2025 we will prioritise our expansion category growth plans and more confidently spend on efficient marketing to drive more volume.
- We remain confident in delivering profit in line with full year market expectations.



Q&A

APPENDICES

BALANCE SHEET

ROBUST BALANCE SHEET RECOGNISING OUR NEW DISTRIBUTION CENTRE IN LANCASHIRE AS A RIGHT-OF-USE ASSET AND CORRESPONDING LEASE LIABILITY. SIGNIFICANT INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT FOR WAREHOUSE TRANSFORMATION.

CLOSING BALANCE SHEET

	2024	2023
	£m	£m
Goodwill	18.8	-
Property, plant and equipment	27.8	4.9
Right-of-use assets	45.4	4.3
Other non-current assets	4.7	4.4
Non-current assets	96.7	13.6
Inventory	43.7	34.2
Cash	11.2	46.4
Other current assets	6.9	4.8
Current assets	61.8	85.4
Lease liabilities	43.0	3.8
Other non-current liabilities	5.2	-
Non-current liabilities	48.2	3.8
Trade and other payables	44.5	38.0
Other current liabilities	13.5	8.4
Current liabilities	58.0	46.4
Net assets	52.3	48.8
Share capital / share premium / other reserves	(309.0)	(309.0)
Retained earnings	361.3	357.8
Equity	52.3	48.8

	2024	2023
	Days	Days
Creditor days	64	72
Stock days (reported)	181	142
Stock days (excluding Victoria Plum)	135	142

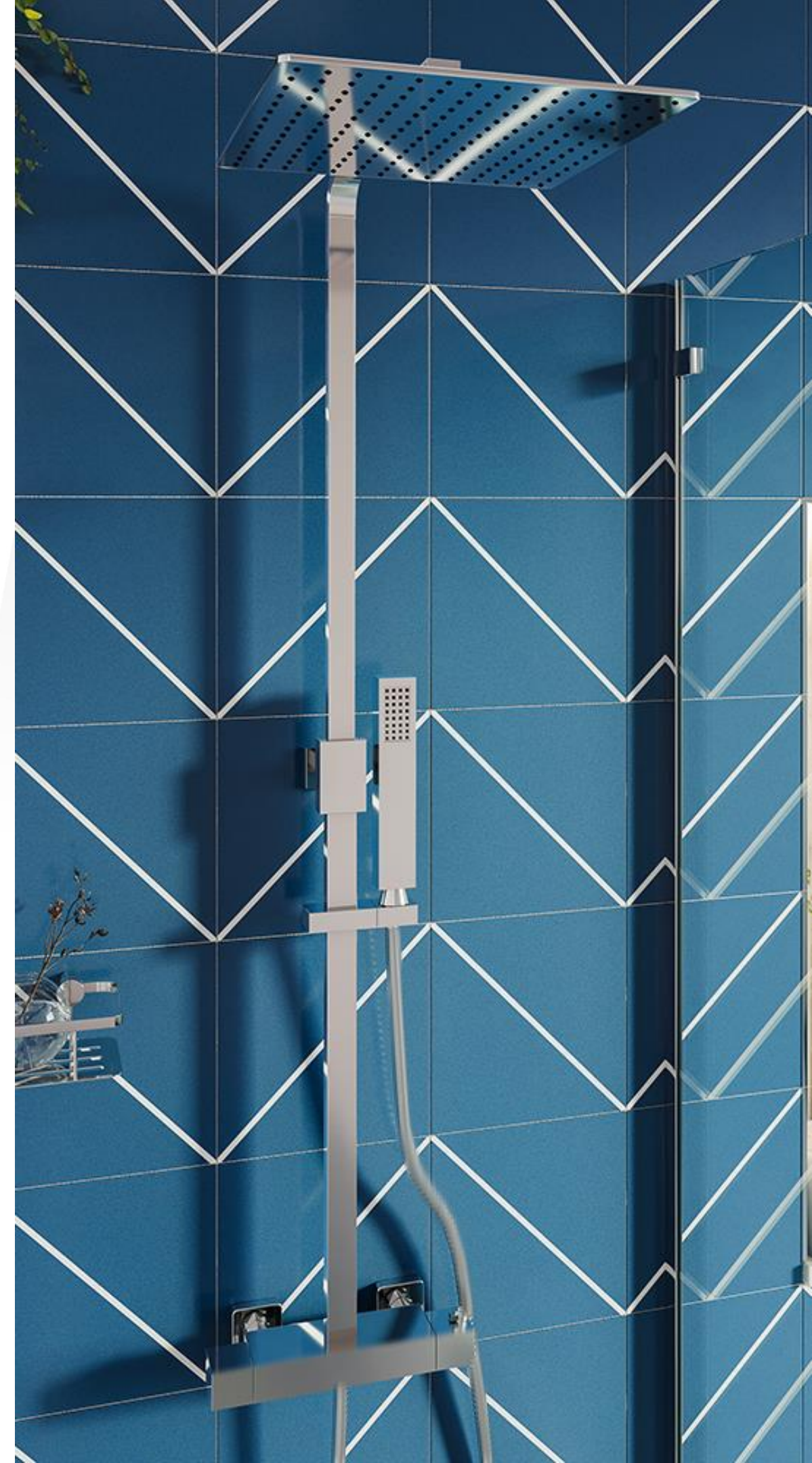


CASH FLOW

CLOSING CASH OF £11.2M FOLLOWING SIGNIFICANT INVESTMENT IN THE ACQUISITION OF VICTORIA PLUM AND WAREHOUSE TRANSFORMATION SPEND.

CASH FLOW STATEMENT

	Victorian Plumbing	Victoria Plum	2024 £m	2023 £m
Adjusted EBITDA	29.4	(2.2)	27.2	23.8
Movement in working capital	(5.9)	1.1	(4.8)	(4.0)
Cash generated from operating activities before exceptionals	23.5	(1.1)	22.4	19.8
Exceptional & share based payment cash outflow	(3.5)	-	(3.5)	(0.6)
Cash generated from operating activities	20.0	(1.1)	18.9	19.2
Tax paid	(2.5)	-	(2.5)	(2.1)
Interest received	1.0	-	1.0	0.6
Net cash generated from operating activities	18.5	(1.1)	17.4	17.7
Maintenance capital expenditure	(3.7)	-	(3.7)	(3.0)
Exceptional capital expenditure (warehouse)	(21.1)	-	(21.1)	(2.0)
Acquisition of subsidiary - net of cash acquired	(19.1)	-	(19.1)	0.0
Cash used in investing activities	(43.9)	-	(43.9)	(5.0)
Dividends paid	(4.8)	-	(4.8)	(10.6)
Finance arrangement fees	(0.1)	-	(0.1)	(0.1)
Lease payments	(3.8)	-	(3.8)	(1.1)
Cash used in financing activities	(8.7)	-	(8.7)	(11.8)
Net increase in cash and cash equivalents	(34.1)	(1.1)	(35.2)	0.9
Cash and cash equivalents at beginning of year			46.4	45.5
Cash and cash equivalents at end of year			11.2	46.4



UPDATE ON VICTORIA PLUM

THE JOURNEY TO CLOSURE.

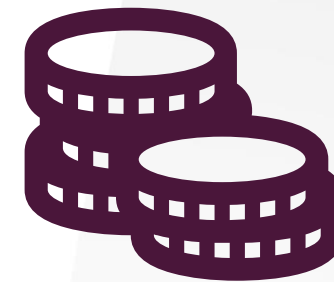


**17 May
2024**

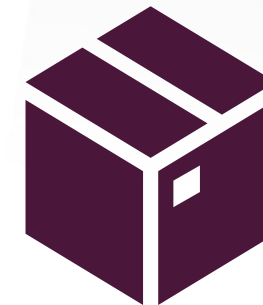
Victorian Plumbing Ltd acquires AHK Designs Ltd on cash free, debt free basis for £22.2m (from existing cash reserves)



2025



Further **closure costs** c.£7m



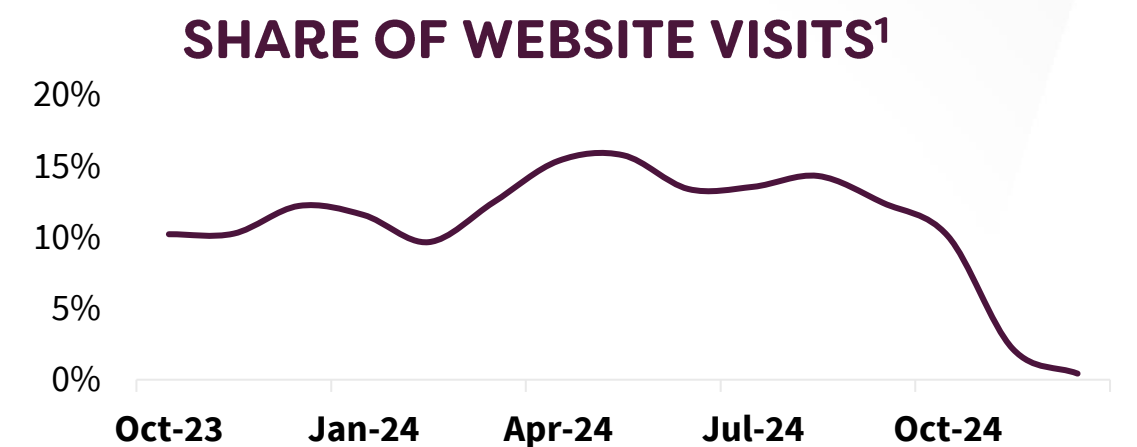
Stock transferred to Victorian Plumbing c.£8.5m

ACQUISITION

TRADING (4.5 MONTHS)

- Purchase price: £22.2m
- Annualised revenue: c.£40m
- Ongoing workforce: c.150

- Revenue: £14.7m
- Adj. EBITDA loss: £2.2m
- Closure costs incurred: £1.1m

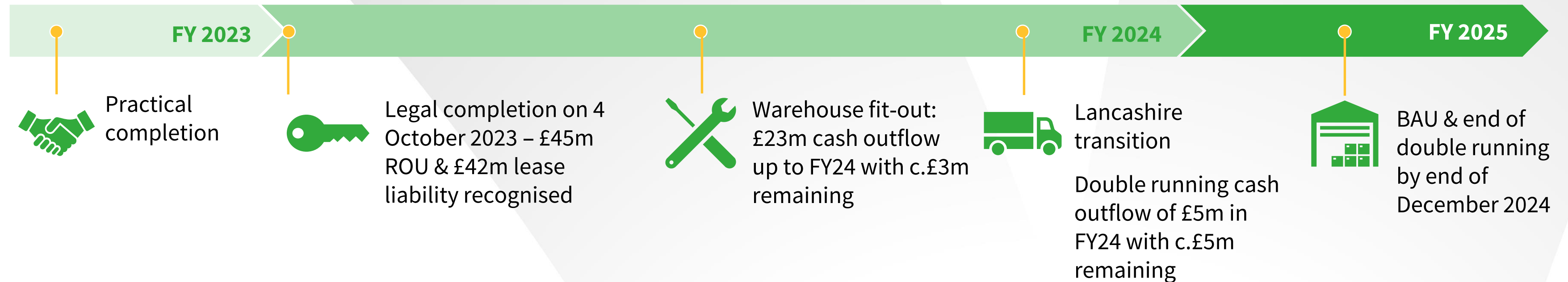


¹ SimilarWeb – share of website visits amongst online specialist bathroom retailers.

WAREHOUSE TRANSFORMATION

WAREHOUSE FIT-OUT COMPLETE WITH ALL ORDERS NOW BRING DISPATCHED FROM THE NEW WAREHOUSE INFRASTRUCTURE.

WAREHOUSE TRANSFORMATION JOURNEY



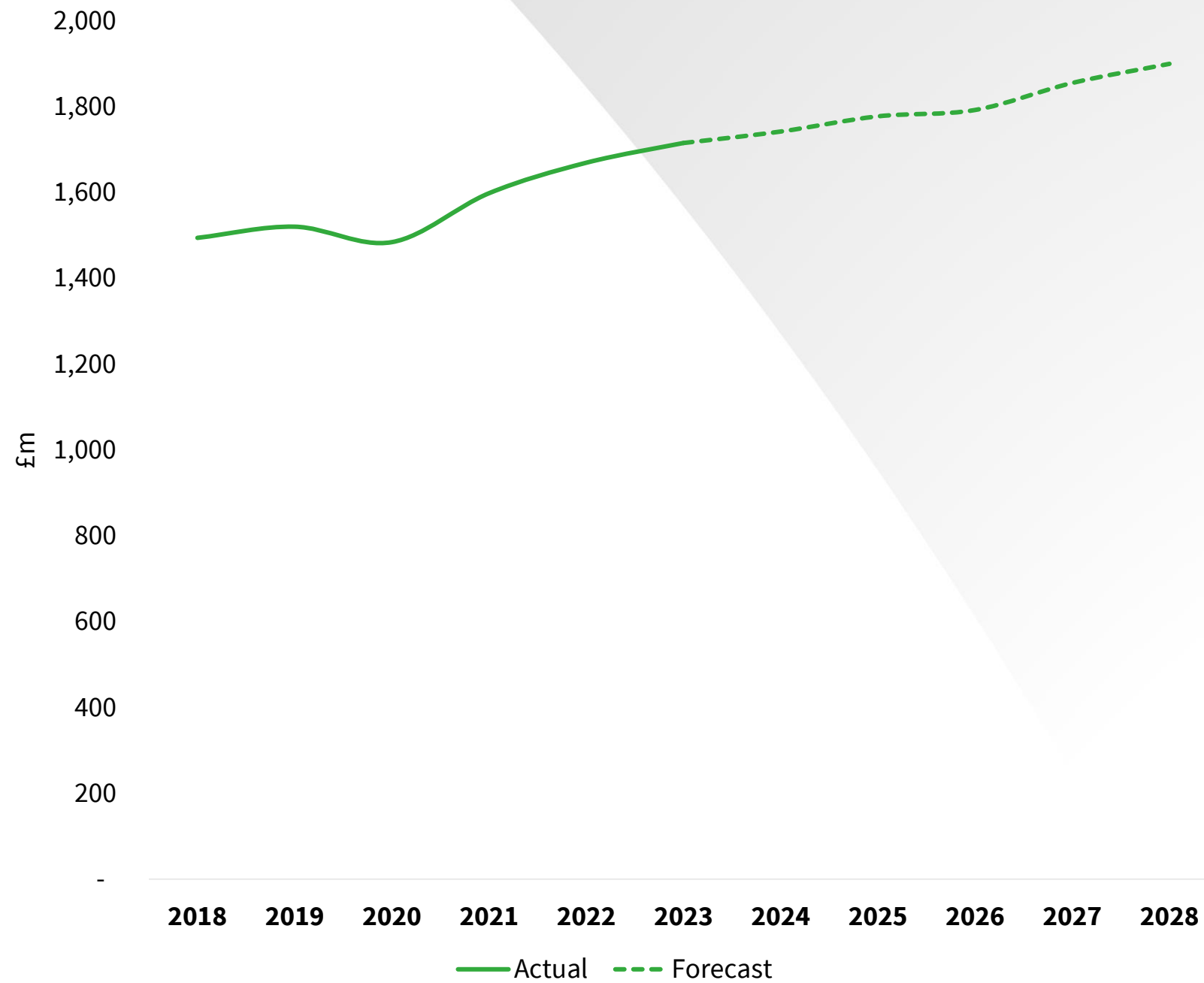
WHERE ARE WE NOW?

- Warehouse fit-out complete.
- Expensive, third party sites reduced.
- All orders now being dispatched from the new warehouse infrastructure.
- Semi-automation installed with benefits to follow.

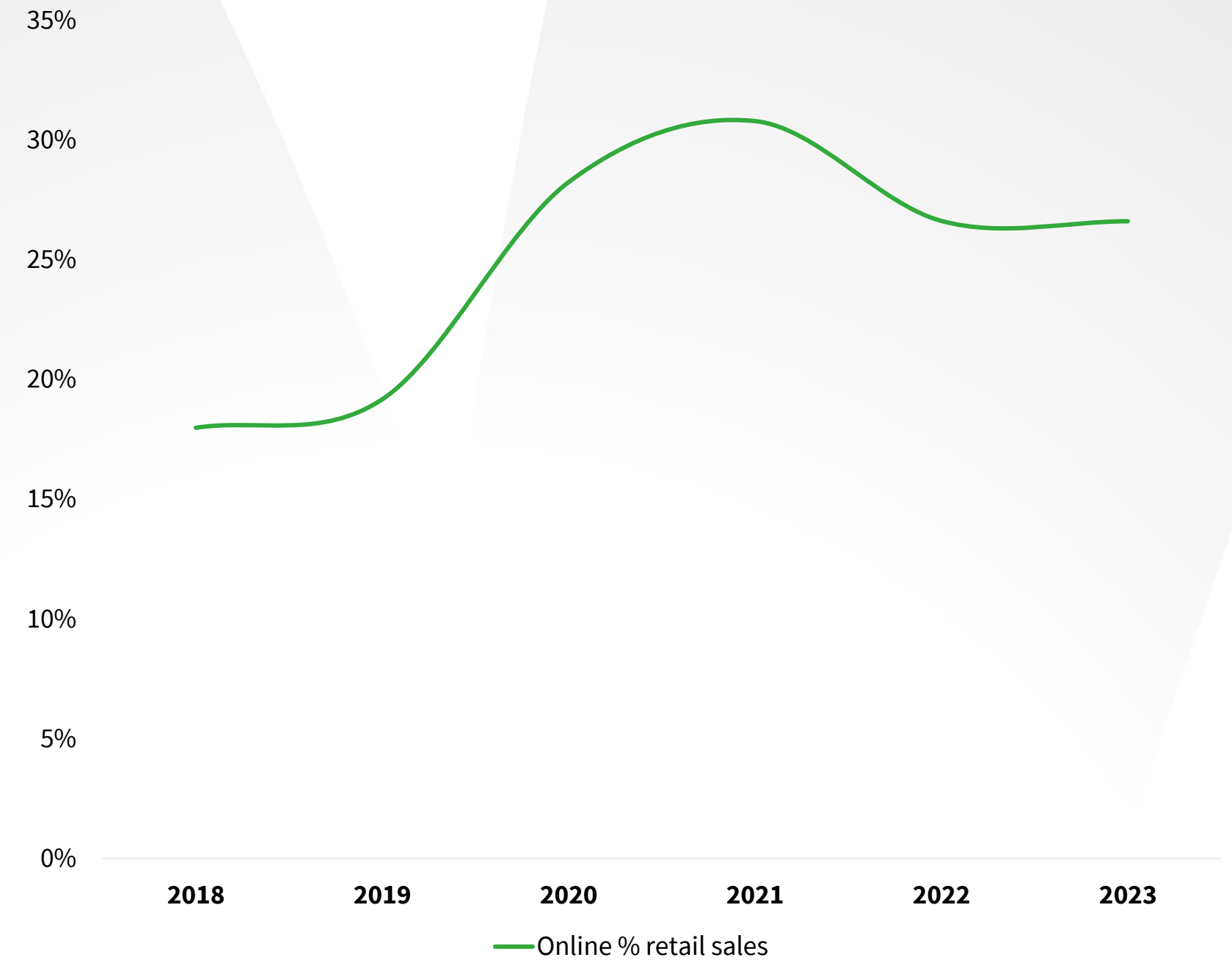
MARKET

BATHROOM AND BATHROOM ACCESSORIES MARKET FORECAST TO GROW BY 1.6% IN 2024 TO £1,742M. UPTICK IN GROWTH EXPECTED IN 2027 AND 2028 TO 3.5% AND 2.4%, RESPECTIVELY.

BATHROOM & BATHROOM ACCESSORIES MARKET VALUE¹



ONLINE RETAIL PENETRATION²



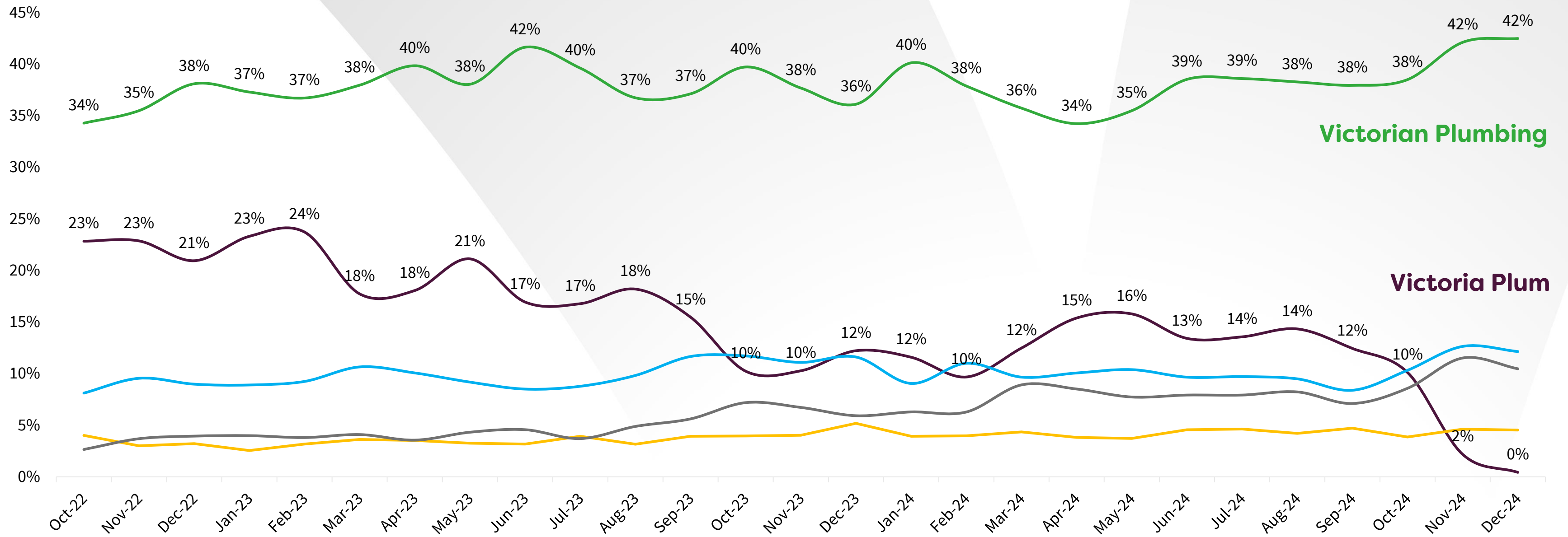
¹Mintel Bathroom and Bathroom Accessories – UK – 2024. Values inclusive of VAT.

²ONS Retail Sales Index

WE ARE THE LEADING BATHROOM RETAILER

CONSISTENT MARKET LEADER AMONGST ONLINE SPECIALIST BATHROOM RETAILERS, WITH A GROWING ONLINE MARKET SHARE.

SHARE OF WEBSITE VISITS AMONGST ONLINE SPECIALIST BATHROOM RETAILERS¹

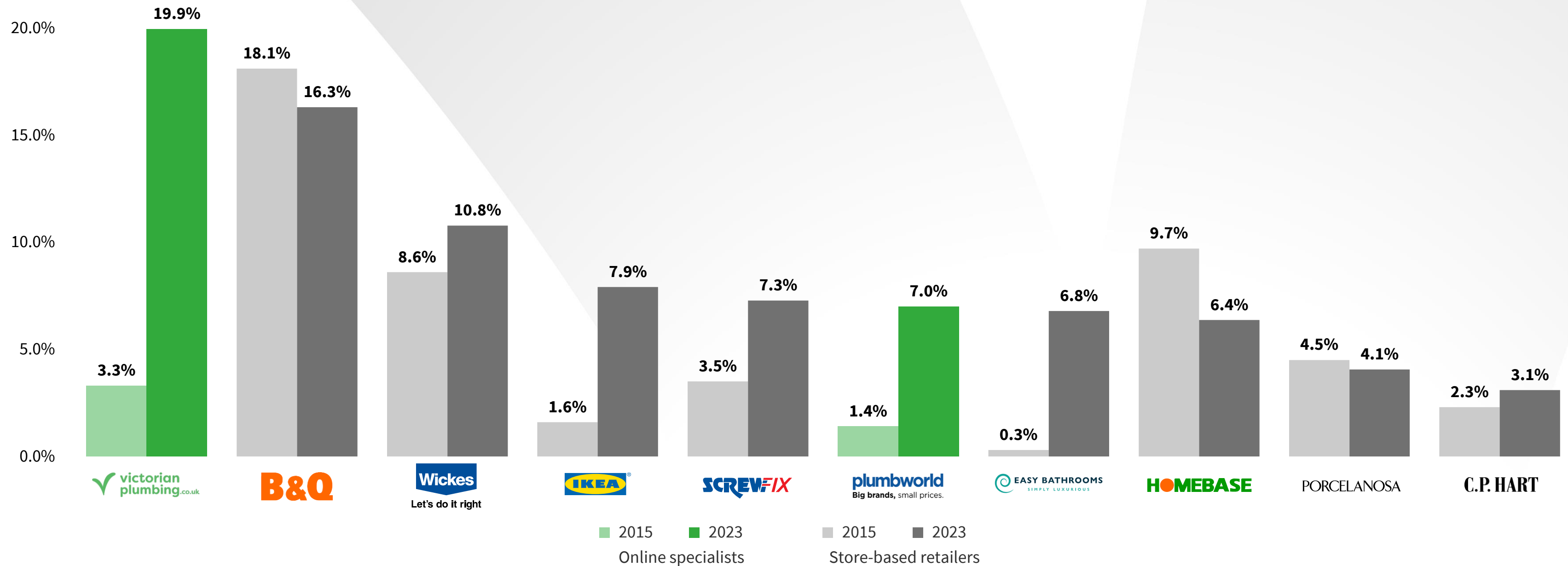


¹ SimilarWeb

WE ARE THE LEADING BATHROOM RETAILER

NUMBER ONE RETAILER FOR BATHROOM PRODUCTS ACROSS BOTH ONLINE AND OFFLINE CHANNELS.

TOP BATHROOM & BATHROOM ACCESSORY RETAILERS¹



¹Mintel Bathroom and Bathroom Accessories UK, 2021 & Mintel Bathroom and Bathroom Accessories – UK – 2024.

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