

FY22 Trading Update

25 January 2023



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Agenda

Highlights

Shanker Patel, CEO

FY22 Financial Highlights

Chris Day, CFO

Equity Story & Outlook

Shanker Patel / Chris Day

Q&A



Highlights

A year of positive strategic progress underpinned by strong financial performance

- Continue to demonstrate delivery of the Group's growth strategy set out at the time of the Company's IPO in 2021
- FY22 results ahead of current market expectations* with record financial performance across all key metrics
- Positioning within robust demand segments of RMI continues to provide reoccurring revenue base
- Extensive organic growth opportunities remain for the Group to execute on in the medium term – new product range, new geography, new customers
- Acquisition pipeline remains active with H1-22 acquisitions fully integrated and performing inline with management expectations

() Current consensus analyst forecasts are for FY22 revenues of £436.7 million (with a range of £435.4 million to £438.0 million), FY22 Adjusted EBITDA of £26.5 million (with a range of £25.7 million to £27.2 million) and Adjusted Profit Before Tax of £15.7 million (with a range of £15.5 million to £15.9 million).*



Scott Nunn, Forklift Driver, AW Lumb

FY22 Financial Highlights



Team at Beaconsfield, Lords Builders Merchants

FY22 Financial Highlights

- Outstanding financial performance across all metrics, reflecting excellent execution of the Group's growth strategy
- Adjusted EBITDA of £28.3m¹ with Adjusted EBITDA Margin of 6.3% with 0.2% growth in FY22, 0.9% growth since FY20
- The Group retains a strong balance sheet with Net Debt⁴ of £23.5m

Year ended 31 December (Pre Audit)	FY22 ³	FY21	Change
Revenue	£450m	£363.3m	+£86.7m / +23.9%
Adjusted EBITDA ¹	£28.3m	£22.3m	+£6.0m / +26.9%
Adjusted EBITDA Margin	6.3%	6.1%	+0.2%
Adjusted Profit Before Tax ²	£16.0m	£12.3m	£3.7m / +30.1%

1 Adjusted EBITDA is EBITDA (defined as earnings before interest, tax, depreciation and amortisation and, in accordance with IFRS) but also excluding exceptional items and share-based payments

2 Adjusted Profit before tax (basic) is defined as profits before tax before exceptional items, share based payments and amortisation of intangible assets

3 Guidance of not less than for Adjusted EBITDA and Adjusted Profit Before Tax

4 Net debt is defined as borrowings less cash and cash equivalents

FY22 Highlights - Merchandising

FY22 results reaffirm strategy of taking market share through organic like-for-like and acquisitive growth levers

Organic LFL growth of 17.4% in FY22 delivered through:

- Taking share of existing customer wallet through extended product range
- New customer acquisition in regional markets through exceptional customer service and product knowledge
- Product price inflation softened through FY22, pass through rates improved

Year ended 31 December (Pre Audit)	FY22	FY21	Change
Total revenue	£220.8m	£130.5m	+£90.3m / +69.2%
<i>LFL Growth vs FY21</i>	+17.4%		

- 3 acquisitions completed during FY22, all trading inline with management expectations – Advance Roofing (Jan'22), AW Lumb (Mar'22), Buildbase Sudbury (Apr'22)



George Lines, Heathrow

FY22 Highlights – Plumbing & Heating

P&H continued progress in FY22 of delivering accretive EBITDA margin growth initiatives, led by product mix and pricing strategies.

Sales growth of -1.6% linked to industry wide boiler supply issues masks another year of significant strategic progress for P&H:

- Accretive margin extended product range offers multi year sales growth upside
- Customer demand for energy efficient products continues to grow - Lords brands well placed in supply chain to capitalise
- Pricing upside remains with business intelligence tools enabling improved terms

Year ended 31 December (Pre Audit)	FY22	FY21	Change
Total revenue	£229.1m	£232.8m	-£3.7m / -1.6%
<i>LFL Growth vs FY21</i>	-9.1%		

- One P&H acquisition completed during FY22, trading inline with expectations – DH&P trading as HRP Trade and Direct Heating (Apr'22)



Tim, Warehouse Manager, Mr Central Heating

Equity Story & Outlook



The Lords Equity Story

A leading, high growth distributor of building materials in the UK

Unique Customer First Proposition

- Customer service excellence is the central pillar of our strategy
- Engaged colleagues, fundamental to differentiated customer service
- Specialist highly-recognisable brands, local and regional leadership
- Creates loyal, long-term customer relationships

Successful Value-Creative M&A History

- Track record of acquiring specialist merchants at 4-6x EBITDA
- 15 acquisitions in last 5 years, delivering 20%+ return (ROI)
- Independent merchants (£2-100m turnover) hold 40% of market and are prime for consolidation
- Attractive buyer for family businesses – good continuity and development

Substantial Organic & Margin Accretive Growth

- New markets and customers via new store roll out of existing brands
- Accelerating digital capabilities create new repeat customers
- Increasing share of customer wallet through marketing new products
- Growing penetration of decarbonisation products drives margin expansion

Strong Financial Profile

- On track to deliver £500m revenue target by 2024
- Growth levers will enhance EBITDA margin to 7.5% in medium term
- Highly cash generative, attractive working capital profile
- Dividend paying and progressive dividend policy

Well Positioned In Substantial UK RMI Market

- <1% market share in highly fragmented markets
- 45% of revenue within essential and resilient “Repair” sector
- Track record of high growth – 5yr revenue CAGR of 47.9% vs market growth¹ of 1.4%

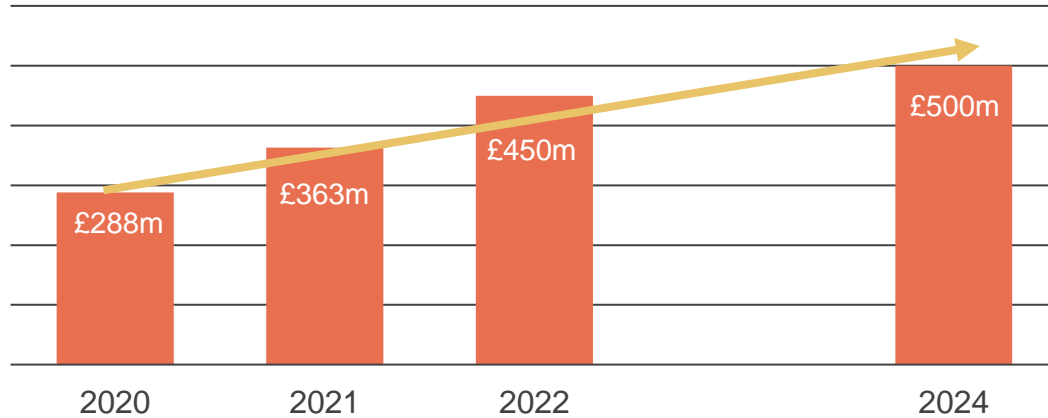
Management Track Record

- Recognised industry leaders
- Aligned with shareholders via significant majority shareholding

¹ Office for National Statistics 2017 to 2022, All R&M

Medium Term Targets

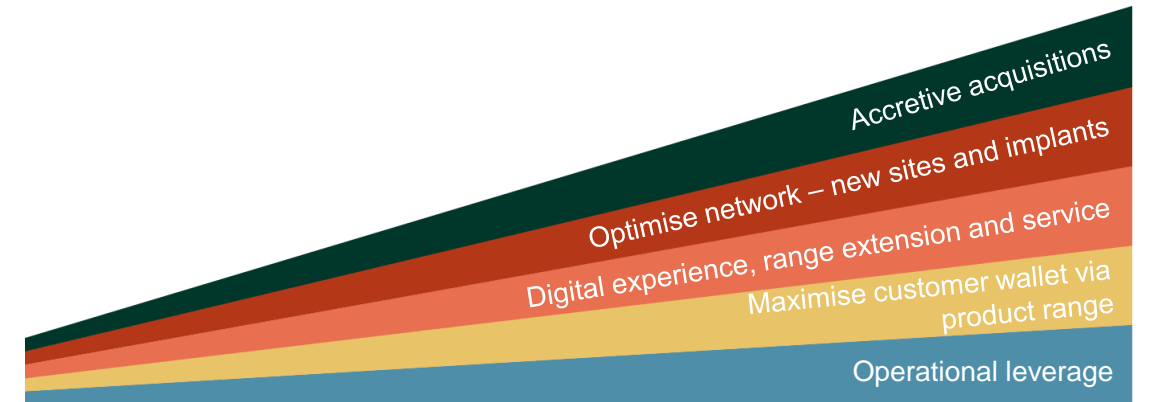
Revenue growth target: £500m by 2024



Revenue growth driven by:

- Organic – product range extension, new geographies
- Digital – in-house expertise, high growth opportunity
- Core Acquisitions – £5m to £50m revenue per transaction, 3 to 4 transactions per annum

Medium term EBITDA margin of 7.5%



Illustrative and not to scale

Our targets:

1. Grow revenues to £500m by 2024, +38% upside v FY21
2. 1.5% growth in EBITDA margin over medium term v FY21
3. Progressive dividend policy

Outlook & Summary

Whilst mindful of the uncertain macro-economic environment and its impact on the sector in the short term, the fundamentals of the Lords investment proposition remain:

- Lords holds <1% of £55bn building materials market
- Customer demand remains robust in our well positioned RMI segments
- H1-22 acquisitions performing in line with expectations
- Significant organic growth levers enable market outperformance
- FY22 results have exceeded consensus expectations and reaffirms our growth opportunity
- Well on track to deliver £500 million revenue in 2024, and 7.5% EBITDA margin in the medium term



John Laker, Showrooms Manager, Lords Bathroom Showroom

Q&A

