

PORTMEIRION GROUP PLC

FY2020 Results



FY2020 Results



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Agenda

1. Overview
2. FY20 Results
3. Strategy
4. Our Sustainability
5. Forward View & Summary



Mike Raybould
Chief Executive



David Sproston
Group Finance Director



Overview & FY2020 Results

PORTMEIRION GROUP PLC

FY2020 Results

Overview

Resilient trading; growing momentum

- Sales down 11.2% like for like, 7% above half year Covid forecast
- H2 Profitable: £4.1m headline PBT
- Improving trend through H2 2020 continued in Q1 2021
- Strong balance sheet; net cash positive
- Expect to return to growth in 2021
- Expect to resume dividend payments in FY2021
- Successful £11m equity raise June 2020 to invest & accelerate our growth strategy
- Already seeing benefit of online / digital transformation, remains biggest opportunity
- Continued to invest throughout 2020 & good progress on strategic initiatives since fundraise

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FY2020 Results

FY2020 Performance

	2020 £m	2019 £m	Change
Revenue	87.9	92.8	-5.3%
Headline* profit before tax	1.4	7.4	-81%
Headline* operating profit margin	2.5%	8.4%	-70%
Headline* EPS	4.96p	56.32p	-51.36p
Dividends	0.00p	8.00p	-8.00p
Net cash/(debt)	0.7	(12.3)	13.0

*Headline numbers exclude exceptional items, restructuring, equity raise, Covid-19 and acquisition costs.

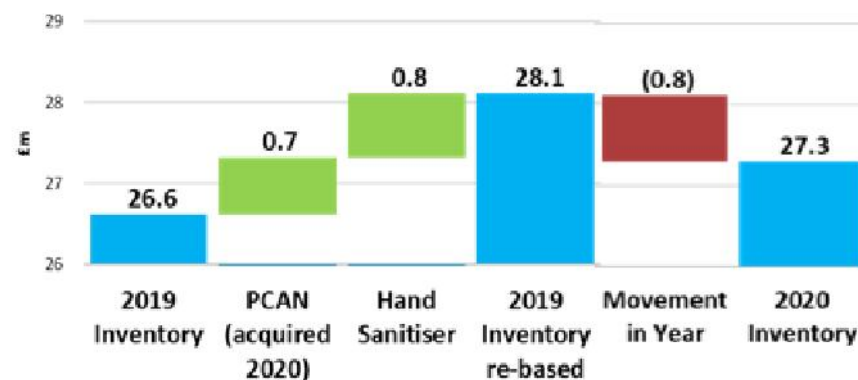
- Revenue down 5.3% (LFL down 11.2%)
- Nambé full year adds revenue but not profit (Covid)
- Profit ahead of expectations
- Anticipate resuming dividend payments in 2021
- Positive operating cash following agile response to Covid leading to net cash position



Strong Balance Sheet Maintained

	2020 £m	2019 £m	Change
Non-current assets	35.2	35.1	0.3%
Inventory	27.3	26.6	2.6%
Trade & other receivables	15.8	19.5	-19.0%
Cash	11.6	1.2	866.7%
Total current assets	54.7	47.3	15.6%
Trade & other payables	-20.6	-20.4	1.0%
Borrowings	-10.9	-13.5	-19.3%
Pension scheme	-2.7	-0.4	575.0%
Net assets	55.7	48.1	15.8%

- Significant facility headroom with funds to invest behind growth strategy
- Working cap improvement of £3.7m
- Like for like stock reduced by 3% (£0.8m); further stock reduction expected in 2021



Sales Analysis By Market

Sales by country	2020 £m	2019 £m	Change
UK	31.8	32.6	-2.3%
US	33.5	32.5	3.1%
South Korea*	13.1	20.7	-36.7%
Europe	3.2	3.2	0.0%
Canada	2.1	1.0	110.0%
Australia	1.1	0.6	83.3%
Middle East	1.0	0.8	25.0%
Rest of World	2.1	1.4	50.0%
TOTAL	87.9	92.8	-5.3%

(*South Korea sales estimate includes distributor / retailer sales plus estimate of grey shipped product)

- Covid retail shutdowns impact on all markets
- UK / US resilient with strong online sales growth
- Korea
 - Planned reduction to reduce historical overstocking/ grey shipping
 - Focus and increased discipline in grey shipping
- Distributor sales out up 15% YOY despite Covid
- 2019 new product selling through well in market
- Much more stable and expect growth in 2021/22
- Canada – now under full ownership



Strategy Update

Strategy recap: Our 6 areas of focus

1. Focused Brand & Product development

Fully leverage our strong brands and product development engine to drive sales growth.

2. Digital & Online Transformation

Accelerate our online transformation and the growth opportunities therein.

3. Continued focus on South Korean market

Ongoing discipline and diversification to protect our brands there long term.

4. Leverage Wax Lyrical and Nambé opportunities

Leverage our Wax Lyrical and Nambé acquisitions - new product categories and ROW market expansion.

5. Targeted ROW Export growth

More targeted focus on key ROW growth opportunities.

6. Operating & Procurement Efficiency and Capabilities

Become more efficient and agile: in our factories, our processes and how we work across our global teams.

Sales Growth



Deliver consistent & accelerated sales growth

Operating Margin



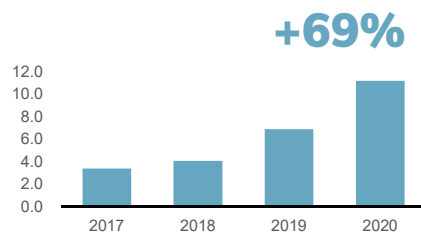
Deliver consistent operating margin growth

Key Sales Drivers : Online & Digital Transformation

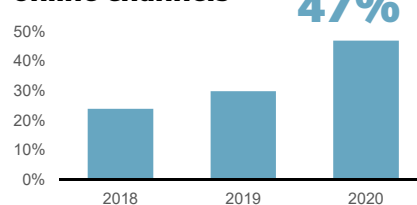
Target

- Own ecommerce 15% + ; New target over 20% on larger Group sales base
- UK / US core markets : Over 50% + through online channels

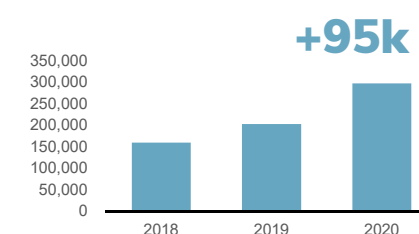
Ecommerce Sales £m



% UK/US sales in all online channels



Customer List Growth



Progress / Headlines 2020

- 69% growth own ecommerce to £11.1m (12.6% of Group sales, 2019 7.1%)
- UK website sales up 81% in H2 at higher average price: 12% higher GM% vs 2019
- US websites re-platforming Oct 2020 drives improved conversion 20%+
- UK / US now 47% through online channels (2019 30%)
- Customer list grows 95,000 in 12 months (+47%) drives future sales growth
- 50%+ website sales are from returning customers

Strong 2020 progress and significant upside to come in sales & margin

Online & Digital Roadmap Update



Comprehensive transformation roadmap touching people, platforms, content, data, product format, systems and warehousing

Key Sales Drivers: New Product Launches

Target

- Improved commercial sales success rate from new product that drives top line growth



Progress

- Kept NPI 2021 on track despite Covid disruption
- Virtual showroom launched Feb 2021
- Focus 2021/2022 on new online formats for existing best selling ranges.

- Key 2021 launches include:
- New range for best selling Sophie Conran for Portmeirion includes ceramic, glass, cutlery, wood
 - New Spode Creatures of Curiosity

- New home fragrance ranges tied to best selling Wrendale / Sophie ceramic ranges
- Key Heritage line extensions – Christmas Tree / BG Harmony/Nambé

Key 2021 launches remain on track despite Covid disruption

Key Sales Drivers: Targeted ROW Export Growth

Target

- Build out 2-3 new significant sales markets to complement UK/US/ South Korea



Progress

- ROW sales team reset H2 2020 and new leadership recently hired
- Dubai / China local team and office established
- Progress on adding new distributors despite pandemic lockdowns
- Key growth market targets
 - M East
 - F East / China
 - Europe
- Canadian JV acquired Aug 2020
 - H2 Sales ahead of forecast
 - People and operations merged into existing US infrastructure
 - Rolling out 2021 digital marketing and online sales strategy

Expect growth in 2021 from ROW markets and momentum into 2022/23 once footfall returns post pandemic

Key Sales Drivers: Leverage Wax Lyrical Opportunity

Target

- Significantly increase size of home fragrance business



Made In England



Lakes



Fired Earth



Wrendale

Progress

- Wax Lyrical 2020 sales held flat YOY despite higher proportion of physical retail sales
- Hand & Body factory extension ready late Q2 2021 – builds on 2020 hand sanitiser experience

Core Markets

- New matching fragrance ranges for best selling Sophie Conran and Wrendale tableware ranges
- Sales out of UK retail/online customers that are open are up YOY
- Focus on increasing online penetration

New Geography

- US agents in place / US website live from May 2021
- New distributor signed for China H2 2020

New Categories

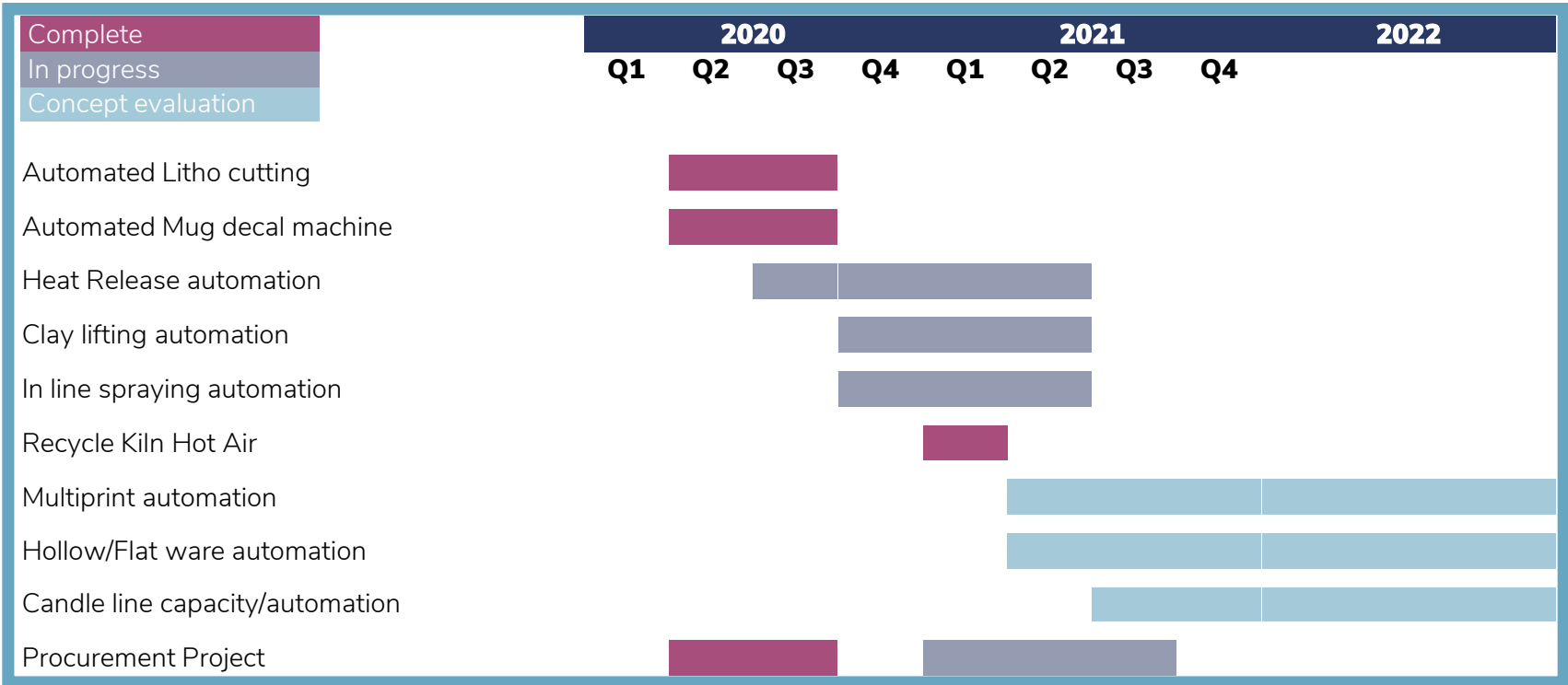
- New hand & body category sales expected from July 2021 – initial launches photos above
- Phase 2 in 2022 will be gift sets / more online formats

Expect growth in 2021 and beyond particularly once UK retail re-opens

Enhancing Operating Margin drivers: efficiencies & capabilities

Target

- 10% cost/unit reductions; increased capacity and procurement savings – to enhance margin



Progress

Significant programme of investment on track to deliver cost saving, capacity increase and environmental benefits

- £1.5m capex projects on track 2021 completion with 2-3 yr payback
- On track for £1m/pa procurement savings by end 2022

Our Sustainability

Ambition: We strive to do business ethically and sustainably – for our shareholders, the environment, our people, our customers, our suppliers and the communities we operate in.



Environment

- Almost 60% of energy used at our Wax Lyrical site in Cumbria was provided by wind turbine
- 100% of waste clay & glaze at our Stoke factory is reused within our manufacturing process
- We reduced kiln firing temperatures in 2020 to lower energy usage
- Our reed diffusers use a natural blend meaning fragrance lasts longer reducing carbon footprint

Social

- Implemented Covid safe working conditions across our sites
- 100% of our manufacturing employees received H&S training in 2020
- Our UK sites achieved Investors in People Gold accreditation

Governance

- Continue to apply QCA corporate governance code
- Enhanced Board capabilities in 2020 through new exec and non-exec appointments
- Robust policies and stakeholder engagement process

Developing our framework for ethical & sustainable business

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FY2020 Results

Summary & Outlook

Strong strategic progress; momentum into 2021

- Resilient performance in a very disruptive year
- Improving sales trend seen in H2 2020, momentum continued into Q1 2021
- UK sites operating at good output levels with enhanced Covid safe measures
- Significant investment in our operations and capabilities to enable execution of growth strategy
- Ongoing increased investment levels funded by equity raise to drive:
 - Sustained sales growth
 - Improved operating margins
- Expect to return to growth 2021 despite ongoing Covid impacts.
- Expect to resume dividend payments for FY21 balancing sustainable pay-out with the need to invest behind growth strategy

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Appendix



Mike Raybould
Chief Executive



Jacqui Gale
Chief Commercial Officer



Mick Knapper
Operations Director



David Sproston
Group Finance Director



Bill Robedee
President of North America



Dick Steele
Non-executive Chairman



Andrew Andrea
Non-executive Director



Angela Luger
Non-executive Director



Claire Askem
Non-executive Director

Board Personnel

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FY2020 Results

CONTACT DETAILS

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