

2022 Preliminary Results

March 2023

PORTMEIRIONGROUP PLC





Agenda

- Who we are
- Our Investment Case
- Overview & FY22 Results
- Ambition & Group Strategy
- Sustainability
- FY22 Summary



About Portmeirion Group



ABOUT PORTMEIRION GROUP

Who we are

1960

FOUNDED IN
STOKE-ON-
TRENT

6

CONSUMER
HOMEWARE
BRANDS

750+

YEARS OF
COLLECTIVE
HERITAGE

80+

MARKETS
DISTRIBUTED
TO WORLDWIDE

- We are an omni-channel British homewares manufacturer and retailer
- An unrivalled portfolio of heritage and contemporary brands, comprising tableware, home fragrances and hand & body products
- Global demand across diversified international markets, including key geographies of the US, UK and South Korea

PORTMEIRION®

Spode®

pimpernel®

WAX LYRICAL

nambe®

ROYAL
WORCESTER®
ESTABLISHED 1751

Our brands

PORTMEIRION®

*Beautiful tableware
taking inspiration from
nature*

Since 1960



Spode®

*Unmistakeable
homeware design*

Since 1770



pimpernel.

*The premier brand for
placemats*

Since 1945



WAX LYRICAL

*UK made home
fragrance and body care*

Since 1980



nambe®

*Iconic mid-century
modern design in
homewares and giftware*

Since 1951



ROYAL
WORCESTER®
ESTABLISHED 1751

*Refined design and
heritage for the table*

Since 1751



Our investment case

01

Owner, manufacturer and omnichannel retailer of leading homeware brands globally

02

Sales model and brand heritage offers worldwide diversification and revenue visibility

03

Proven capital-light and well developed, self funded growth strategy

04

Substantial margin improvement opportunity to transform profitability

05

Strong balance sheet, cash generative and dividend paying



ABOUT PORTMEIRION GROUP

Confident vision



Significant opportunity for long-term revenue growth



Leveraging brands through global geography and omni-channel routes to market



Long-term operating margin target of 12.5+%

Our customers

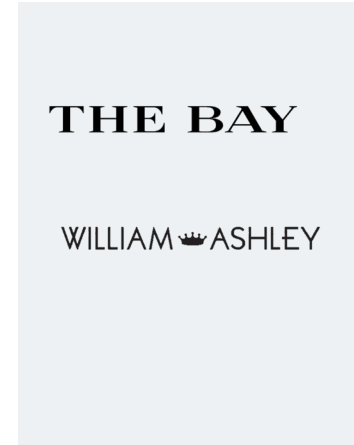
UK



USA



CANADA



GLOBAL



KOREA



CHINA



MEXICO



AUSTRALIA



MALAYSIA





Overview & FY2022 Results



OVERVIEW & FY2022 RESULTS

FY22 overview

- 5% sales growth over 2021 record sales despite tougher economic backdrop
- Benefit of geographical diversification / US exposure and online channel gains
- Profit +11%, EPS + 20%
- Operating margin 7.8% (+60 bps) as part of medium-term target of 10% and long-term target of 12.5%
- Strong pipeline of new product launches and ROW geography opportunities should mitigate short-term market conditions
- 2023 trading started in line with forecasts and healthy order book

FY2022 performance

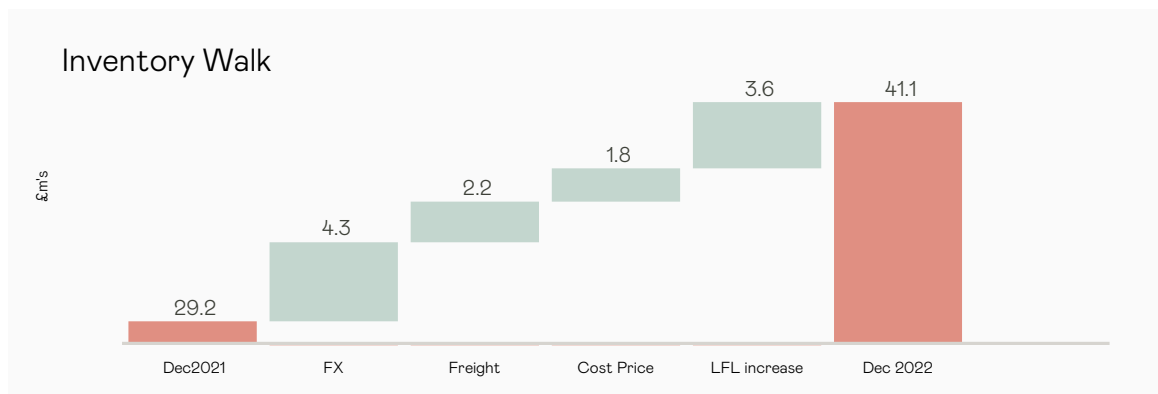
- Sales growth +5% on record 2021 sales demonstrates strong repeat business nature of revenue
- Sales now +19% ahead of pre-Covid levels
- Profit +11% reflecting operating margin growth
- Dividends +19% due to improved trading performance and ongoing confidence
- Net debt increase due to cost inflation/FX and higher inventory levels

	2022 £m	2021 £m	2019 £m	2022 v 2021 Change	2022 v 2019 Change
Revenue	110.8	106.0	92.8	5%	19%
Headline* profit before tax	8.0	7.2	7.4	11%	8%
Headline* operating profit margin	7.8%	7.2%	8.4%	+0.6%	-0.6%
Headline* EPS	46.59p	38.85p	56.32p	20%	-17%
Dividends	15.50p	13.00p	8.00p	19%	94%
Net cash/(debt)	(10.1)	0.7	(12.3)	-10.8	+2.2

*Headline numbers exclude exceptional items; acquisition and restructuring costs.

Strong balance sheet maintained

- Net assets increased by 8%
- Significant facility headroom
- Net debt £10.1 million
- Inventory increase driven by cost inflation/FX and greater stock depth
- Targeting normalising inventory back to 2021 volume levels by Dec 23



	2022 £m	2021 £m	2019 £m	2022 v 2021 Change	2022 v 2019 Change
Non-current assets	40.7	36.9	35.1	10%	16%
Inventory	41.1	29.2	26.6	41%	55%
Trade & other receivables	20.7	19.9	19.5	4%	6%
Cash	1.7	7.6	1.2	-78%	42%
Total current assets	63.5	56.7	47.3	12%	34%
Trade and other payables	-26.0	-25.7	-20.4	1%	27%
Borrowings	-11.8	-6.9	-13.5	71%	-13%
Pension scheme	0.3	0.9	-0.4	-67%	-175%
Net assets	66.7	61.9	48.1	8%	39%

Sales analysis by market

- US, our largest market, had strong Christmas sell through
- UK impacted by weak consumer sentiment due to cost of living pressures
- South Korea growth due to expanded number of ranges and new online distribution routes.
- Further growth in Canada following Covid lockdowns in 2021
- China/Far East up 100% from small base
- Russia/Eastern Europe impacted by Ukraine war
- Total ROW markets +6% and +81% against 2019 (excl Russia/E Europe)

Sales by country	2022 £m	2021 £m	2019 £m	2022 v 2021 Change	2022 v 2019 Change
US	43.8	42.5	32.5	3%	35%
UK	28.3	32.9	32.6	-14%	-13%
South Korea	26.7	18.7	20.8	43%	28%
Canada	5.2	4.2	1.0	23%	420%
Europe	2.6	2.8	3.2	-7%	-19%
Australia	1.2	1.3	0.6	-8%	100%
China/Far East	1.2	0.6	0.1	100%	1100%
Middle East	0.6	0.8	0.8	-25%	-25%
Russia/Eastern Europe	0.2	0.9	0.5	-78%	-60%
Other	1.0	1.3	0.7	-23%	43%
Total	110.8	106.0	92.8	5%	19%

Sales analysis by brand

- Spode grew by 4% in 2022 and now 39% ahead of pre-Covid level
- c40% of Group sales from key heritage ranges Portmeirion Botanic Garden and Spode Christmas Tree which continue to sell strongly
- Nambe strong performance up 13% YOY and now 17% ahead of pre-acquisition USD base
- Wax Lyrical sales -7% but expect to benefit from AromaWorks synergies in 2023

Sales by brand	2022 £m	2021 £m	2019 £m	2022 v 2021 Change	2022 v 2019 Change
Portmeirion	46.0	42.6	43.8	8%	5%
Spode	21.4	20.5	15.4	4%	39%
Royal Worcester	6.7	7.5	6.3	-11%	6%
Pimpernel	5.7	5.9	4.7	-3	21%
Nambe	17.4	15.3	7.8	13%	123%
Wax Lyrical*	11.3	12.2	14.6	-7%	-23%
Other**	2.3	2.0	0.2	15%	1050%
Total	110.8	106.0	92.8	5%	19%

(*Wax Lyrical includes sales of AromaWorks acquired August 2022).
(**Other includes hand sanitiser which is excluded from Wax Lyrical).



Ambition & Group Strategy

Significant opportunity for top line growth over next 5 years



Geography : Grow ROW sales outside of core markets

- Developing new markets in Asia and leveraging our full range portfolio in Australia, Canada, Europe



Online : Further develop online sales channels in core markets to reach more customers

- Continue to build own ecommerce D2C business (2022 14% of UK/US sales) and retailer.com



New product launches

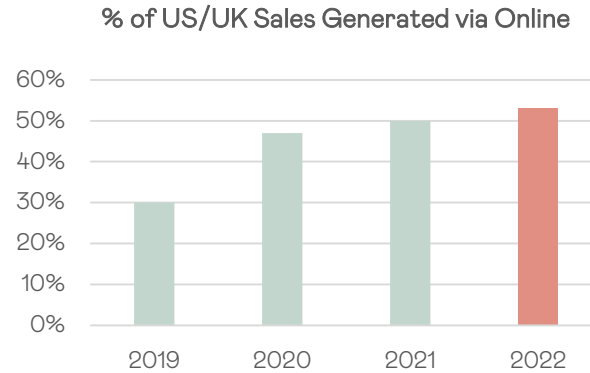
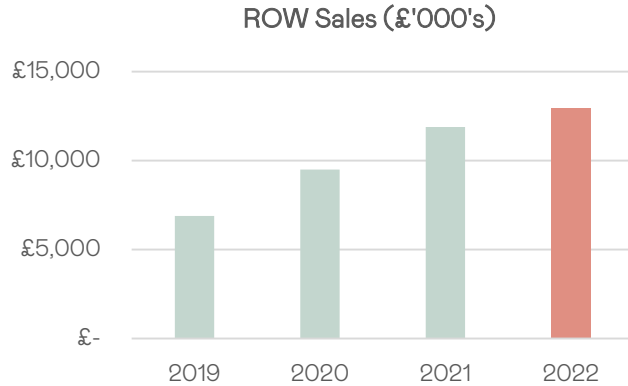
- Extend hugely successful heritage ranges and takes further market share in contemporary/giftware



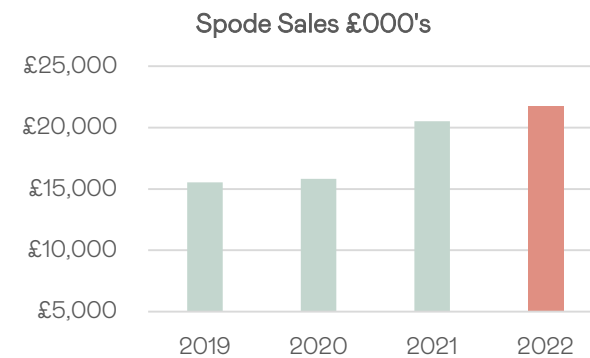
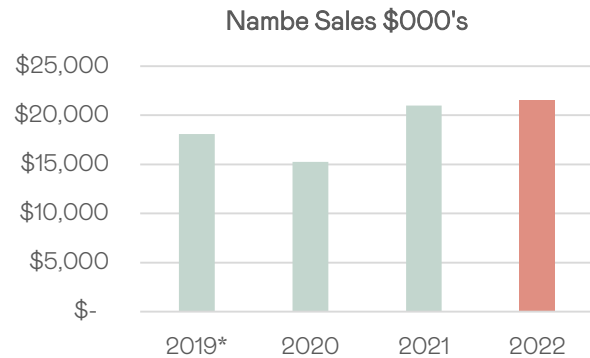
Leveraging our full brand/range portfolio more effectively

- Cross sell opportunity to drive basket size on ecommerce and across global distributors

Continued progress on sales growth strategy



- ROW sales up 6% YOY (excl Russia/EE) and 81% on 2019
- Online sales growth retained despite physical retail reopening in UK/US expanded from 30% to 51% 2022 (2021: 50%)
- Own ecomm -8% YOY; +63% on 2019
- Nambe sales up 13% YOY and now 17% on 2019 acquisition year (LFL currency)
- Spode sales up 4% on record 2021 and up 39% on 2019



* Acquisition year

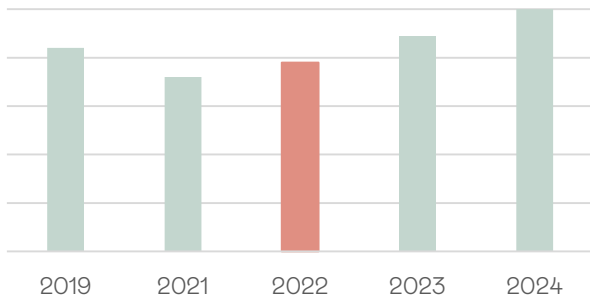
Medium & long term targets for significant operating margin growth

- Operating margin medium-term target 10% and long-term 12.5%
- Opportunity for productivity gains & automation in our UK tableware factory
 - Mid way through 4 year accelerated investment programme
- Leveraging our fixed cost base as we grow top line sales
 - Utilises spare capacity in our UK factories and leverage existing sales & distribution infrastructure and opex
- Improve profitability of Covid impacted home fragrance division
 - Add scale through 2022 acquisition and targeted new customer wins
 - AromaWorks acquisition plan on track-> all 2023 orders will be absorbed in existing Wax Lyrical facility c£3m - £4m
 - Targeting new business wins
 - Leveraging existing range more effectively around world

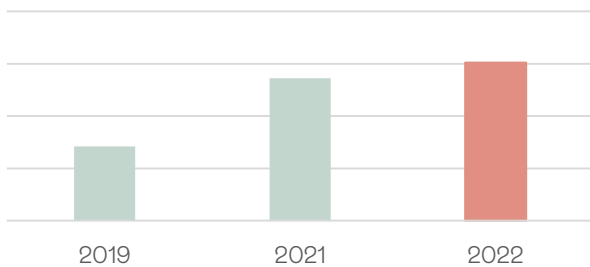


Progress on operating margin growth strategy

OP Margin % inc target 23/24



Stoke factory productivity
(volume per hour worked)



- 2022 60bps increase despite significant global cost inflation
- Historical level and long-term ambition is 12.5%
- Productivity gains & automation
 - 2% increase YOY; 13% YO3Y; new dipping lines Q3 2023
- Improve profitability of home fragrance division
 - £0.5m improved profitability in 2022
 - AromaWorks acquisition plan on track; adds scale to factory





AMBITION & GROUP STRATEGY

Home fragrance division: update on AromaWorks acquisition

- Acquired brand / certain assets Aug 22 from administration
- Brand is in adjacent 'health & wellbeing' space – 100% natural essential oils
- Home fragrance, bath & body, skincare
- Bolt-on to add scale to our UK factory, integration plan on track
- AromaWorks factory closed Dec 2022, all production absorbed into UK factory
- Targeting c £3m - £4m (30%) WL revenues
- Minimal on cost: improves divisional profitability
- All major customers retained
- Opportunity to leverage new joint customer base and Portmeirion Group geographies

WAITROSE
& PARTNERS

Holland&Barrett

★macy's

SPACE NK

PORTMEIRION GROUP PLC
2022



Sustainability

Crafting a Better Future

Our Environment

- Q2 : launch pathway to net zero
- UK ceramics factory
 - Carbon/tonne of saleable product reduction of 10% YOY
 - Zero waste to landfill
 - New catalytic heating system installed that reduced gas consumption by 28% in the glazing area
 - Delivering Net Zero for British Ceramics Confederation 2022 Awards for Employee Engagement and Decarbonisation in Action
- UK home fragrance factory
 - 55% energy from wind turbine
 - New ISO accreditations for good manufacturing practices and quality management systems
- Global energy focus team introduced

Our People

- Equality, diversity, inclusion and opportunities
 - 54% senior roles held by female colleagues
 - Investor in People Platinum accreditation
- Supply chain transparency and improvements
 - UK ethical trade SMETA 4 Pillar audits undertaken
 - All sourced product suppliers subject to Code of Conduct and regular ethical trade audits
- Employee support programme focused on wellbeing
 - All UK employees provided health and wellbeing support
 - UK Ceramics business accredited with the NHS Workplace Wellbeing Charter

Our Communities

- Improving social mobility of our communities through outreach programmes
- Community involvement strategy
 - Supported by employee led charitable fundraising and identifying key community partnerships
- Committed to our broader stakeholders and considering them in Board decision making to meet and exceed our responsibilities.



FY22 Summary

FY2022 summary

- Sales & PBT growth despite tougher economics
- Operating margin up as part of long-term strategy to grow to 12.5%
- Benefit of geographical diversification / US exposure and online channel gains
- Opportunity to grow top line and operating margins
- Strong pipeline of new product launches and ROW geography opportunities should mitigate short-term market conditions
- 2023 trading started in line with forecasts and healthy order book
- Confident about long-term prospects for the Group





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Chief Executive



Mick Knapper
Group Operations Director



David Sproston
Group Finance Director



Bill Robedee
Global Sales Director



Dick Steele
Non-executive Chairman



Andrew Andrea
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www.portmeiriongroup.com

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