



FY 2023 Prelims

March 2024



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

ABOUT PORTMEIRION GROUP

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

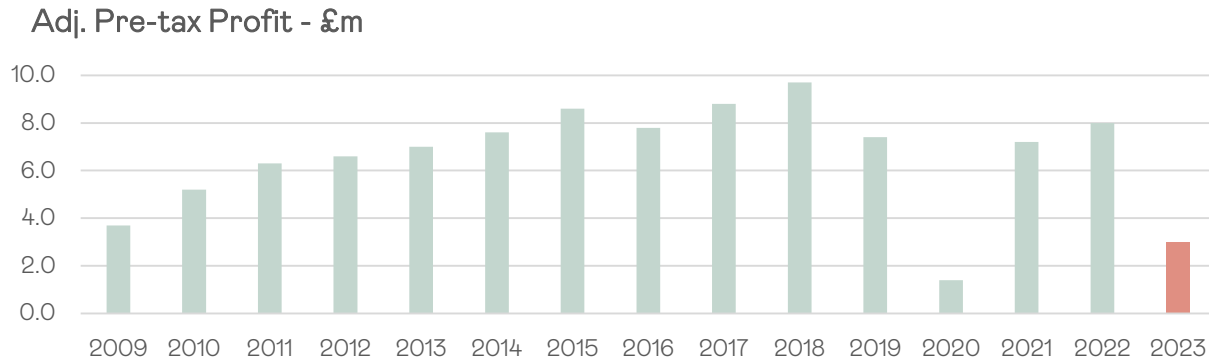
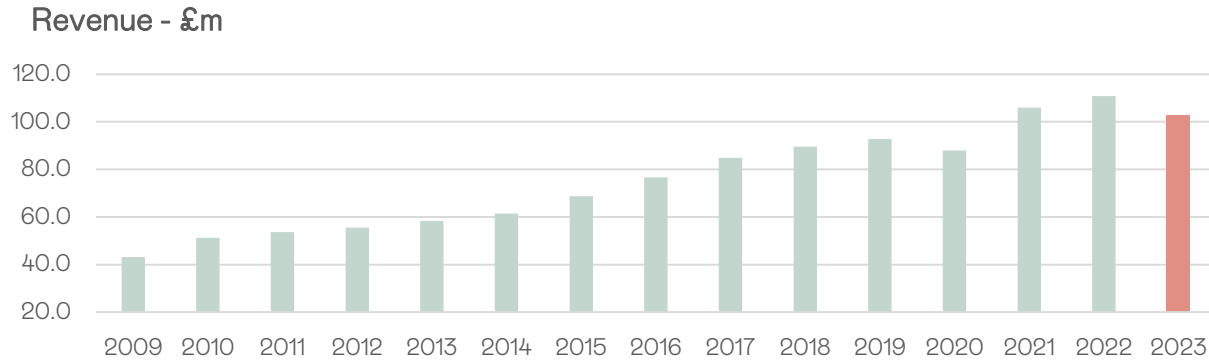


Leveraging brands through global geography and omni-channel routes to market



Medium term operating margin target of 10%

Long term track record



- LT track record of sales growth and profitability even in toughest of macro conditions
- Opportunity and strategy in place to return to historical levels of operating margin & profitability



High class global customer list

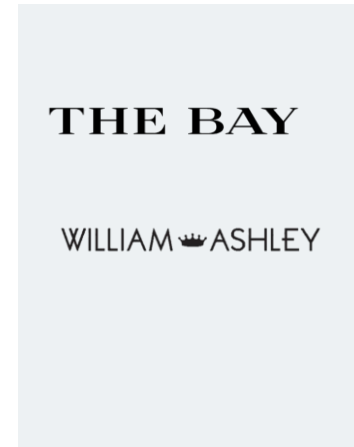
UK



USA



CANADA



GLOBAL



KOREA



CHINA



MEXICO



AUSTRALIA



MALAYSIA





OVERVIEW

FY 23 overview

- Sales & underlying PBT in line with revised market expectations
- US & Asia markets challenging, but great progress on what we can control:
 - Strong ROW market development
 - Significant home fragrance sales improvement
 - GM% up 130bp in US
 - Much improved FCF, reduced net debt
 - Significant leaner cost base from 2024 (10% /£4m lower)
- Dividends reduced in short term; prioritise debt and interest reduction
- Expect to return to modest growth in UK, US, ROW in 2024 with improving margins but lower South Korean sales in short term will impact H1 2024
- Focus on operating margin growth 2024 through 2026

FY 2023 performance

- Sales fall 7% versus record 2022 sales due to stock rebalancing and macro conditions in US & South Korea
- Sales remain 11% ahead of 2019 pre-Covid levels
- 130 bp gross margin improvement in US
- Wax Lyrical sales rebound up 24%
- ROW sales growth continues + 16%
- Net debt reduced 20% driven by ongoing inventory reduction
- Dividend reduced in short term as we prioritise debt and interest cost reduction

	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Revenue	102.7	110.8	92.8	-7%	+11%
Headline* profit before tax	3.0	8.0	7.4	-62%	-59%
Headline* operating profit margin	4.7%	7.8%	8.4%	-3.1%	-3.7%
Headline* EPS	21.36p	46.59p	56.32p	-54%	-62%
Dividends	5.50p	15.50p	8.00p	-10.00p	-2.50p
Net debt	(7.9)	(10.1)	(12.3)	2.2	4.4

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

Strong balance sheet maintained

- Much improved free cash flow (+£4.4m; 2022 outflow £8.7m)
- Net debt reduced and expect further reduction in 2024
- Like-for-like inventory reduction of 10% ; similar focus in 2024
- Pension scheme small surplus
- Wax Lyrical (non cash) technical goodwill impairment due to increased discount rate (2023:17.5% vs 2022: 8%) and slower sales rebound post Covid
- Significant bank facility headroom

	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Non-current assets	31.6	40.7	35.1	-22%	-10%
Inventory	36.0	41.1	26.6	-13%	35%
Trade & other receivables	19.1	20.7	19.5	-8%	-2%
Cash	0.9	1.7	1.2	-47%	-25%
Total current assets	55.9	63.5	47.3	-14%	18%
Trade and other payables	-24.8	-26.0	-20.4	-5%	-22%
Borrowings	-8.8	-11.8	-13.5	-25%	-35%
Pension scheme	1.1	0.3	-0.4	266%	-175%
Net assets	55.0	66.7	48.1	-18%	14%

Sales analysis by market

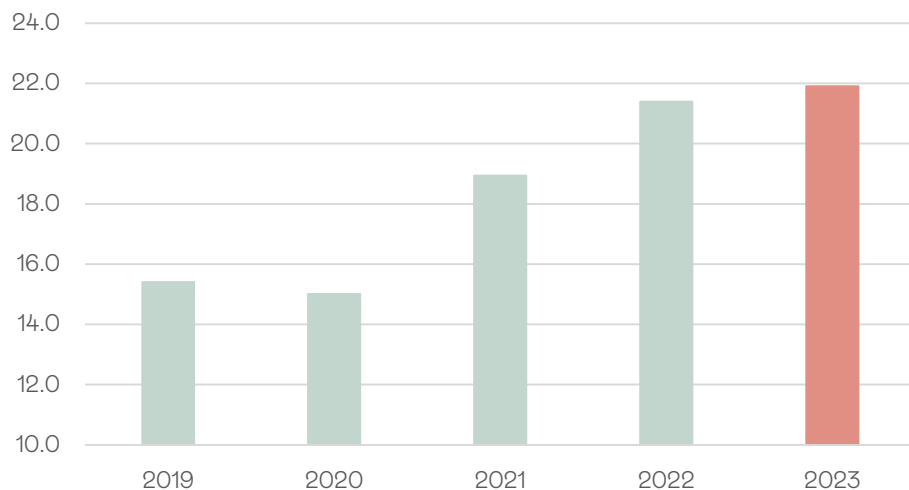
- US & Canada impacted by retailer destocking and tough macro conditions
- Good Christmas sell through in the US and still improving market share despite tough macros
- UK sales +9%
- South Korea down after strong 2022 – premium department stores / macro conditions
 - Anticipate further reduction 2024 H1 against tough 2023 comp, and hopeful start to normalise during H2 2024
- Ongoing ROW ceramic markets growth +16%: part of long term strategy

Sales by country	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
North America	42.4	48.9	33.5	-13%	27%
UK	30.8	28.3	32.6	9%	-6%
South Korea	21.5	26.7	20.8	-19%	3%
Europe	3.5	2.8	3.7	25%	-5%
China/Far East	2.6	1.2	0.1	117%	2500%
Other	1.9	2.9	2.1	-35%	-10%
Total	102.7	110.8	92.8	-7%	11%

Sales analysis by brand

- Tough North America & Asia (South Korea) market conditions particularly impact Portmeirion & Nambé brands
- Spode continues to grow; now 42% above 2019 levels
- Wax Lyrical returns to growth + 24% following Covid induced contraction of customer base

Spode revenue growth - £m



Sales by brand	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Portmeirion	39.7	46.0	43.8	-14%	-9%
Spode	21.9	21.4	15.4	2%	42%
Royal Worcester	6.1	6.7	6.3	-10%	-3%
Pimpernel	4.6	5.7	4.7	-19%	-2%
Nambé	14.5	17.4	7.8	-17%	86%
Wax Lyrical*	14.1	11.3	14.6	24%	-3%
Other	1.8	2.3	0.2	-22%	800%
Total	102.7	110.8	92.8	-7%	11%

(*Wax Lyrical includes sales of AromaWorks acquired August 2022).

OVERVIEW

US market review

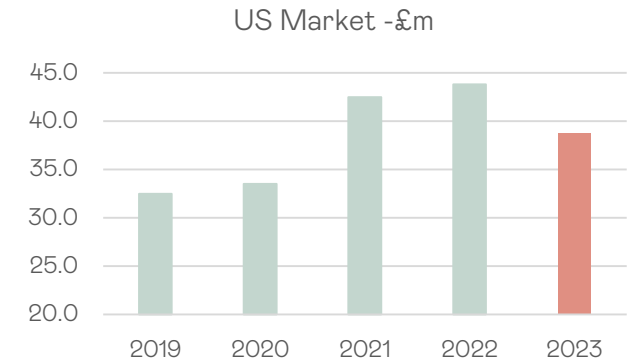
- 2023 tough consumer sentiment compounded by significant de-stocking
- Backdrop of good run of growth & market share gains 2019-2022
- Nambé brand impacted by premium department store/decline in tourism
- Our brands performing better than overall market/category
- Christmas strong with good sell through
- GM% improved 130bp

Secured significant new listings to help mitigate market conditions include:

- William Sonoma: new Spode range - expected to grow in 2024
- Firmdale hotels Spode contract: NY & London hotels / consumer range in Macys & Bloomingdales
- Spode Christmas Tree: increased store listings & successful NPI

2024 Outlook

- Expect return to modest growth with further GM% improvement
- Remain cautious on Nambé D2C due to market conditions & tourist footfall decline
- US 2024 Christmas advance order book up significantly YOY



OVERVIEW

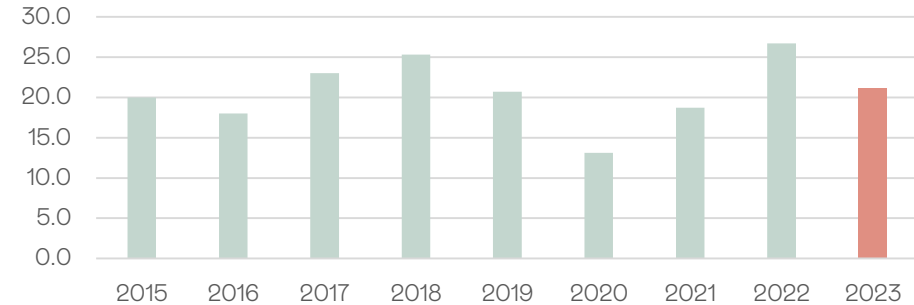
South Korea market review

- Strong performance in 2021/22 but significant market slowdown 2023
- Premium department stores worst hit
- Distributor model means stock in supply chains takes longer to sell through
- Portmeirion Botanic Garden remains one of leading brands and retaining leading market share

2024

- Expect significantly lower H1 sales against tough 2023 H1 comp
- Retailers hopeful H2 conditions to improve
- Self help: we are focused on opportunities to expand ranges/ brands in market incl Spode Christmas Tree, Nambé, new stoneware range and new categories

South Korean Market - £m



Home fragrance division update

- Sales up 24% driven by new grocery ranges & FYI of AromaWorks (AW) acquisition
- AW integration successful - factory volumes absorbed into existing factory /resource levels
- Profitability improving

2024

- Growth of 15-20% forecast on continued roll out of new Grocery strategy incl Asda, Tesco
- Developed stronger Christmas gifting product line up ready for 2024
- Expect substantial improvement in profitability driven by forecast sales growth
- Factory now running at much higher and improved utilisation levels

Goodwill impairment

- Impairment of £10.9m; reserves/ non cash
- Reflects required discount rate rising from 5% (2021) to 17.5%
- Business expected to be profitable 2024 and sales well up YTD



ASDA

WAITROSE
& PARTNERS

Boots

TESCO

Dunelm

M&S



Ambition & Group Strategy

Significant opportunity for top line growth over next 5 years



Geography: Grow ROW sales outside of core markets

- Developing new markets and leveraging our full range portfolio
- ROW ceramic sales continue to grow (+16% in 2023)



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

- Own ecommerce decline vs. PY but much improved operating margins
- Own customer lists continue to grow
- Expanding ranges online incl in South Korea



New product launches

- Extending hugely successful heritage ranges
- Spode Christmas Tree
- Targeting contemporary



Leveraging our full brand/range portfolio more effectively

- Leveraging wider ranges across South Korea and other ROW markets
- Working on potential launches of Botanic Garden into new categories
- Spode sales continue to grow

Medium & long term targets for significant operating margin growth

Operating margin medium-term target 10% and long-term 12.5%

1. Driving productivity gains & automation in our UK tableware factory
2. Leveraging our fixed cost base as we grow top line sales
3. Improve profitability of Covid impacted home fragrance division



Leveraging our heritage ranges to drive top line growth

Botanic Garden – 50+ years old / one of the most famous ranges in tableware category

- New Meadows range launches H1 '24
- New bedding category range expected to launch Q3 '24

Spode Christmas Tree – Since 1938 & No.1 US market 'holiday' tableware range

- 2023 - third successive year of growth
- Range extensions for US market 2024
- Focused on driving growth in UK / South Korea / Europe in 2024/25
- Launching UK made special edition for 2024

Spode Blue Italian – Since 1816

- New contemporary Steccato range launches H1 2024 – standalone or mix and match

2025/26 – Exploring license/other category opportunities



Growing our share in contemporary market

Portmeirion Minerals stoneware range

- Launches exclusively in John Lewis Q1 2024
- Roll out to other customers Q2 and Korea Q3 2024



Spode Kit Kemp Collaboration

- Now in 4 hotels across New York & London with potential for further roll out
- Consumer range listings include Bloomingdales (US)
- Targeting other markets in 2024 and Christmas range & decorations for Q4 24



Wax Lyrical England (Home Fragrance) range

- Launched H2 2023 in Asda
- Further roll out 2024 in Grocery channel: Asda, Tesco (H2 2024) and Boots
- Extended fragrances for H2 24 including seasonal



How we deliver medium term target 10% Operating Margin

(1) Reduce high operating gearing

- (1) Q1 '24: Restructured to leaner operating model : £4m (10%) lower operating cost



+4%

(2) Wax Lyrical profitability

- (1) Expect further 20% sales growth 2024
- (2) On target to be profitable 2024



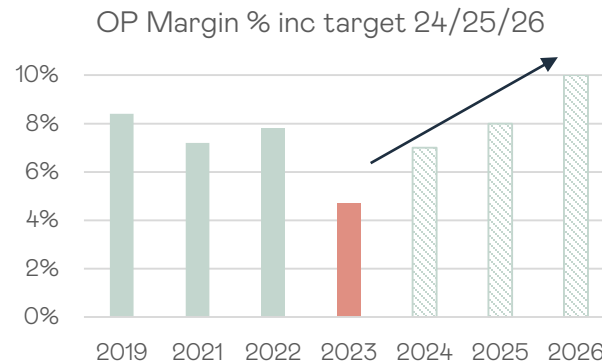
+1%

(3) Top line leverage

- (1) Expect c.£10m sales pick up when US & Korea markets normalise
- (2) Will improve factory utilisation for Stoke ceramics
- (3) Further supercharged by recent automation/efficiency investments



+2%



Energy & Carbon Net Zero

- Launched new net zero & sustainability ambition: 'Crafting a better future'
- New global Energy & Sustainability committee in place, reporting to CEO
- Energy consumption in operations successfully reduced by 8%
 - Kiln efficiency projects
 - Energy efficiency of new automation projects
 - Replacement of heaters and more efficient spray glazing equipment
- Ongoing work to:
 - Significantly further reduce energy usage
 - Increase use of sustainable energy and self generation
 - Greener packaging solutions



Carbon net zero ambition by 2040

Summary

- Tougher markets, particularly US and Asia, but great progress on what we can control:
 - ROW market development
 - WL profit and sales improvement
 - GM% up in US
 - Much improved FCF, reduced net debt
 - Significant leaner cost base from 2024 (10% /£4m lower)
- 2024 Outlook
 - Modest growth in US / UK and improved sales margins
 - Strong sales and profit improvement WL / ROW continue to grow
 - Asia (mainly South Korea) expected to remain tough in 2024
 - Further strong FCF and net debt reduction
 - 10% lower overheads
- On track to achieve Board's FY24 profit expectations
 - H1 sales expected to be down YOY (Asia) and H2 in growth
 - Encouraged by significant growth in US advance Christmas order book

