

# PORTMEIRION GROUP

HY2021 Results



## HY2021 Results



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# Agenda

1. Overview
2. HY21 Results
3. Strategy
4. Our Sustainability
5. Forward View & Summary



**Mike Raybould**  
Chief Executive Officer



**David Sproston**  
Group Finance Director



# Overview & HY2021 Results

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HY2021 Results

# Overview

## Excellent first half trading with continued strong online growth

- Record H1 revenue of £43.1m up 35% on 2020 and 24% over 2019; like-for-like sales in constant currency up 7% against 2019
- H1 Profitable: £1.5m headline PBT significantly ahead of 2020 and pre-Covid 2019.
- Strong balance sheet; remain net cash positive despite increased capital investment
- Expect continued growth in second half and into FY22
- Expect to resume dividend payments for FY21
- Continued strong own online growth with 15% constant currency growth over 2020 combined with +900bps gross margin improvement
- Group remains confident of achieving FY21 market expectations\* despite significant supply chain disruption and inflation

\* Current consensus market expectations for 2021 : revenue £90.0 million and PBT of £6.4 million.

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# HY2021 Performance

	HY2021 £m	HY2020 £m	HY2019 £m	21 v 20 Change	21 v 19 Change
Revenue	<b>43.1</b>	32.0	34.9	35%	24%
Headline* profit/(loss) before tax	<b>1.5</b>	(2.7)	0.5	4.2	1.0
Headline* operating profit margin	<b>4.0%</b>	-6.9%	1.9%	10.9%	2.1%
Headline* EPS	<b>9.12p</b>	-20.71p	3.96p	29.83p	5.16p
Dividends	<b>0.00p</b>	0.00p	8.00p	0.00p	-8.00p
Net cash/(debt)	<b>0.1</b>	1.1	(5.8)	-1.0	5.9

\*Headline numbers exclude exceptional items.

- Record H1 revenue up 35% (up 24% on 2019)
- Strong trading performance against backdrop of Covid-19 disruption to sales markets and supply chains
- Profit ahead of 2019 performance and in line with expectations
- Positive operating cash flows
- Dividend payments to resume for FY21

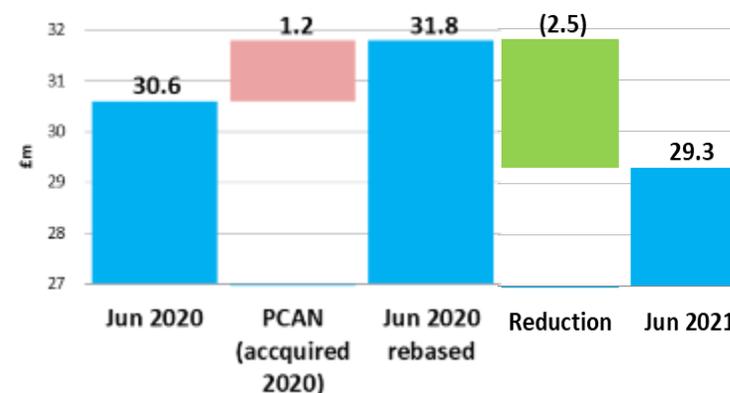


# Strong Balance Sheet Maintained

	2021 £m	2020 £m	2019 £m	21 v 20 Change	21 v 19 Change
<b>Non-current assets</b>	<b>35.4</b>	<b>34.5</b>	<b>30.3</b>	<b>3%</b>	<b>17%</b>
Inventory	29.3	30.6	24.2	-4%	21%
Trade & other receivables	12.3	11.3	12.9	9%	-5%
Cash	9.0	13.0	2.2	-31%	309%
<b>Total current assets</b>	<b>51.6</b>	<b>55.6</b>	<b>39.3</b>	<b>-7%</b>	<b>31%</b>
Trade & other payables	-12.1	-12.7	-10.7	5%	-13%
Borrowings	-8.9	-11.9	-8.0	25%	-11%
Pension scheme	1.1	-2.0	0.6	155%	83%
<b>Net assets</b>	<b>58.6</b>	<b>56.5</b>	<b>45.5</b>	<b>4%</b>	<b>29%</b>

- Significant facility headroom with funds to continue increased investment behind growth strategy
- Strong YOY cash performance despite net £4.0m capital expenditure in past twelve months
- Like for like stock reduced by 8% (£2.5m) over prior year; continued focus on driving better stock turn

## Inventory Walk



# Sales Analysis By Market

Sales by country	HY2021 £m	HY2020 £m	HY2019 £m	Change	Change
UK	<b>13.3</b>	12.7	13.5	5%	-1%
US	<b>15.1</b>	10.5	8.5	44%	78%
South Korea*	<b>9.7</b>	6.2	9.3	57%	4%
Europe	<b>1.0</b>	1.0	1.5	-	-33%
Canada	<b>1.5</b>	0.4	0.5	275%	200%
Australia	<b>0.7</b>	0.2	0.3	250%	133%
Middle East	<b>0.5</b>	0.2	0.6	150%	-17%
Rest of World	<b>1.3</b>	0.8	0.7	63%	86%
TOTAL	<b>43.1</b>	32.0	34.9	35%	24%

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

- Encouraging growth in largest market of US with further online penetration
- Korea
  - Back in growth after Covid impact on H1 2020
  - Continued discipline on grey shipping into Korea
  - New product selling through well in market
  - Stable and expect further growth in H2 2021 and 2022
- ROW sales + 93% over 2020 and +40% on 2019
- Progress against 2020 in Australia and Middle East and full ownership of Canada



# Strategy Update

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# 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

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# Unlocking The Potential Of Our Brands

## Key Sales Drivers

- Online & Digital transformation
- Unlocking new geography
- More successful, consumer focused NPD
- Growing underweight brands and realising potential of Wax Lyrical & Nambe



- 2021 : Back to 2019 pre Covid levels
- 2022-24: Sustainable 10% pa growth

## Profit Drivers

- Sales volume growth
- Online sales mix drives accretive to Gross Margin %
- Operating Efficiency projects to reduce cost per unit by 10% and increase factory capacity
- Procurement & process improvements



- 2022: Operating margin to 10%
- 2023-25: Grow Operating margin from 10% up to 13%+ range

# Benefit Of Deepening Our Relationship With End Customer

1

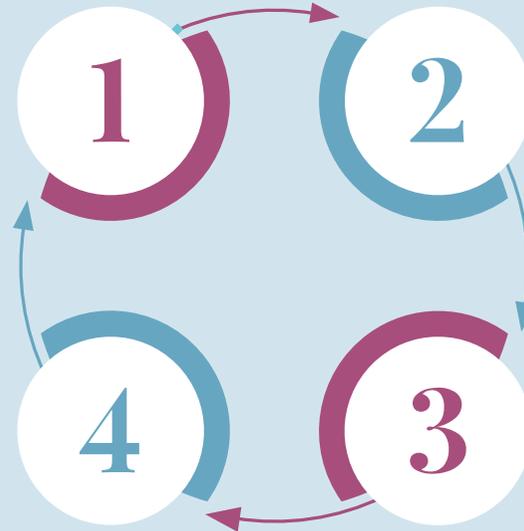
- Brands with 750 yrs history
- Known and respected around the world
- Products already in many millions of homes

2

- Tell brand/product stories to end customer
- Reduce friction and improve all touch points with end consumer
- Build D2C end customer lists
- Expand our customer reach - new product, new markets, new categories (gifting)

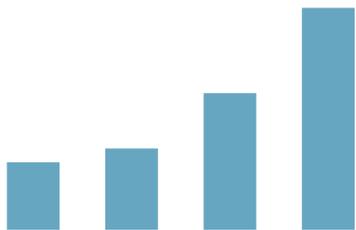
3

- Leverage our high % Returning Customer KPI
- Drives repeat business and deepens lifetime customer relationship



4

Generates stronger sales & margin growth

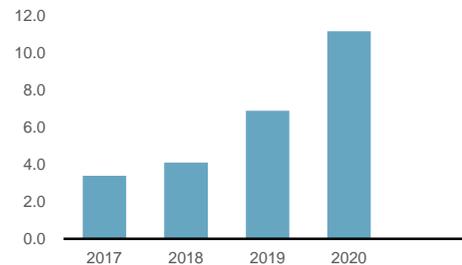


# Key Sales Drivers : Online & Digital Transformation

## Target

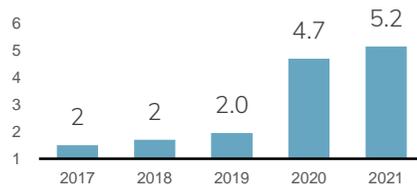
- Own ecommerce 15-20% + of Global sales
- UK / US core markets : Over 50% + through online channels

## Ecommerce Sales FY £m



## Ecommerce Sales H1 £m

**+15 % YOY + 900bp GM gain  
+124% YO2Y**



- 15% YOY growth (constant currency) against strong H1 2020 comparative, 124% YO2Y like for like
- Combined with 900bps GM improvement vs H1 2020 through higher pricing
- Own website sales 12% of Group sales
- Gains in US sites performance following major Oct2020 re-platform exercise
- Launched Canadian website July 21
- Launched Wax Lyrical USA website June 21
- Huge ongoing roadmap of improvement work through 2021/22

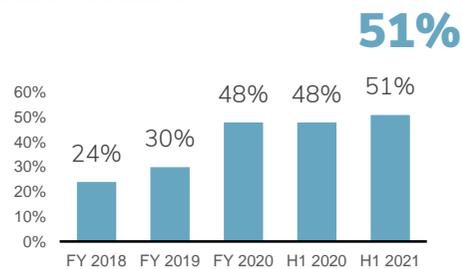
**Further YOY growth despite retail reopening & significant margin points gain**

# Key Sales Drivers : Online & Digital Transformation

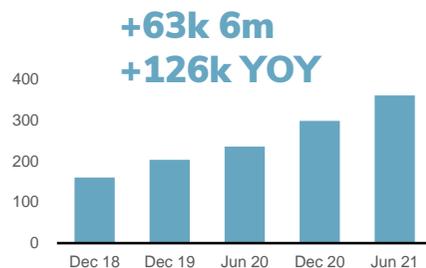
## Target

- Own ecommerce 15-20% + of Global sales
- UK / US core markets : Over 50% + through online channels

## % UK/US sales in all online channels



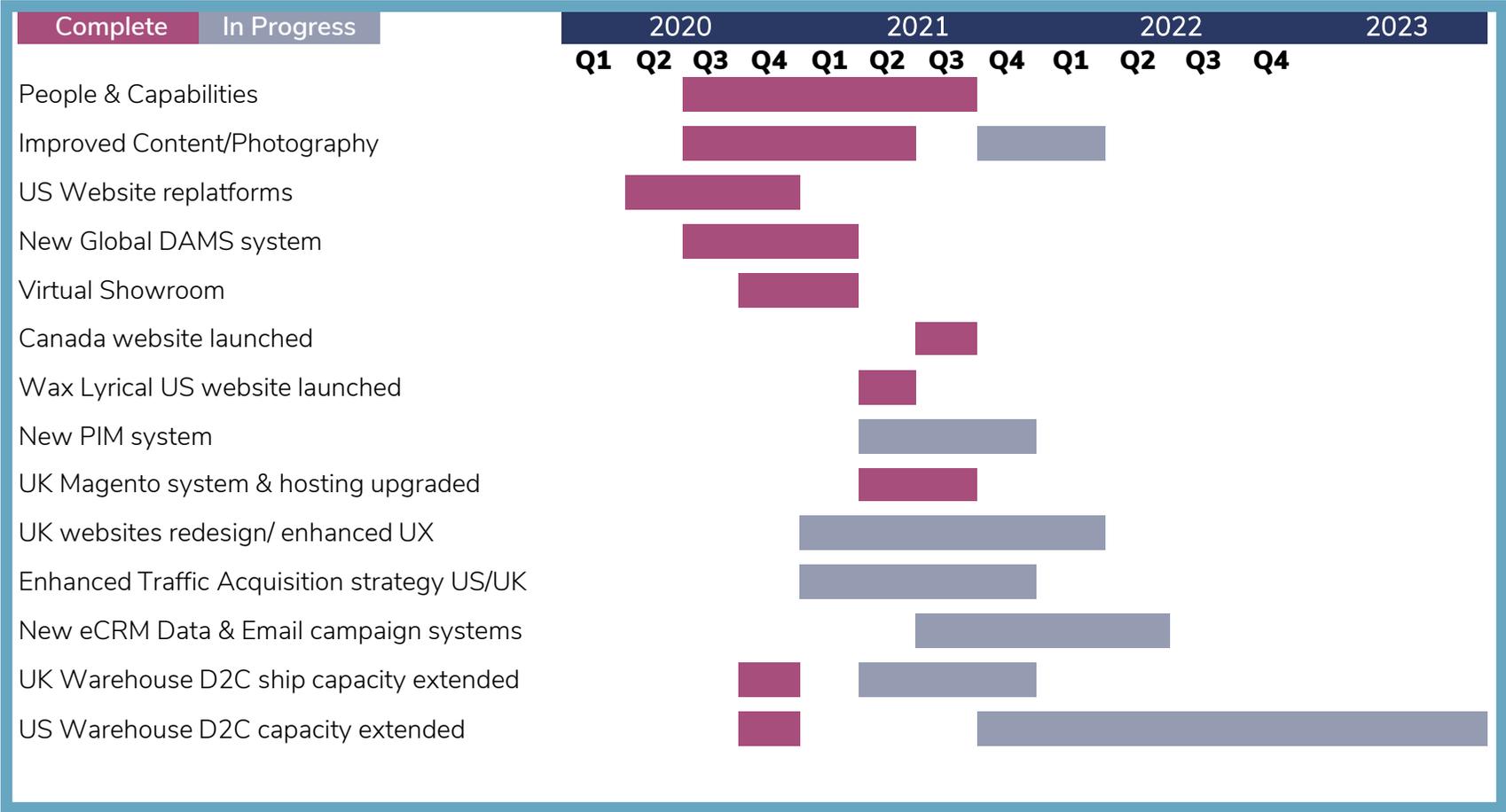
## Customer List Growth



- UK / US now above 50% through online channels
- Retaining strong 2020 online growth in UK/US national omni-channel retailers since bricks & mortar retail re-opened
- Customer list grew 63k in 6 month period and 126k in 12m vs June 2020
- High repeat customer purchase KPI drives future growth

**Retaining 2020 retailer.com growth when physical stores reopened**

# Online & Digital Roadmap Update



- +9 further FTE added since Dec 20 (+50%)
- New US websites (Oct 20) drive improved performance
  - Conversion rates
  - Quality sessions (resulting in transaction) up >50%
- UK warehouse doubling of D2C pick capacity goes live Oct 1

**Comprehensive transformation roadmap in progress**

# 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
- Some supply delays have restricted sales but pleased with initial customer reactions
- Still achieved 10%+ product vitality sales from new launches

Key 2021 launches include:

- New range for best selling Sophie Conran for Portmeirion
- Spode Creatures of Curiosity
- Sophie Conran home fragrance
- Spode Christmas Tree giftables
- Botanic Garden Harmony extensions
- Wrendale extensions

- Hand & Body ranges started shipping Sept 21

**New product launches contribute 10%+ of sales despite Covid supply delays**

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# 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 2020 and new leadership hired
- Progress on adding new distributors despite pandemic lockdowns
- Key growth market targets
  - M East
  - F East / China
  - Europe – Germany / Scandinavia
- Major new China distributor signed Sept 21
- Canadian JV acquired Aug 2020
  - Toughest retail lockdown most of H1 2021
  - Launched new website
  - Sales returning well Q3

**ROW markets grow 93% YOY and 40% Yo2Y on pre Covid.**

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# Key Sales Drivers: Leverage Wax Lyrical Opportunity

## Target

- Significantly increase size of home fragrance business



Hand and Body



Sophie Conran



Hand and Body



New Fill Line

## Progress

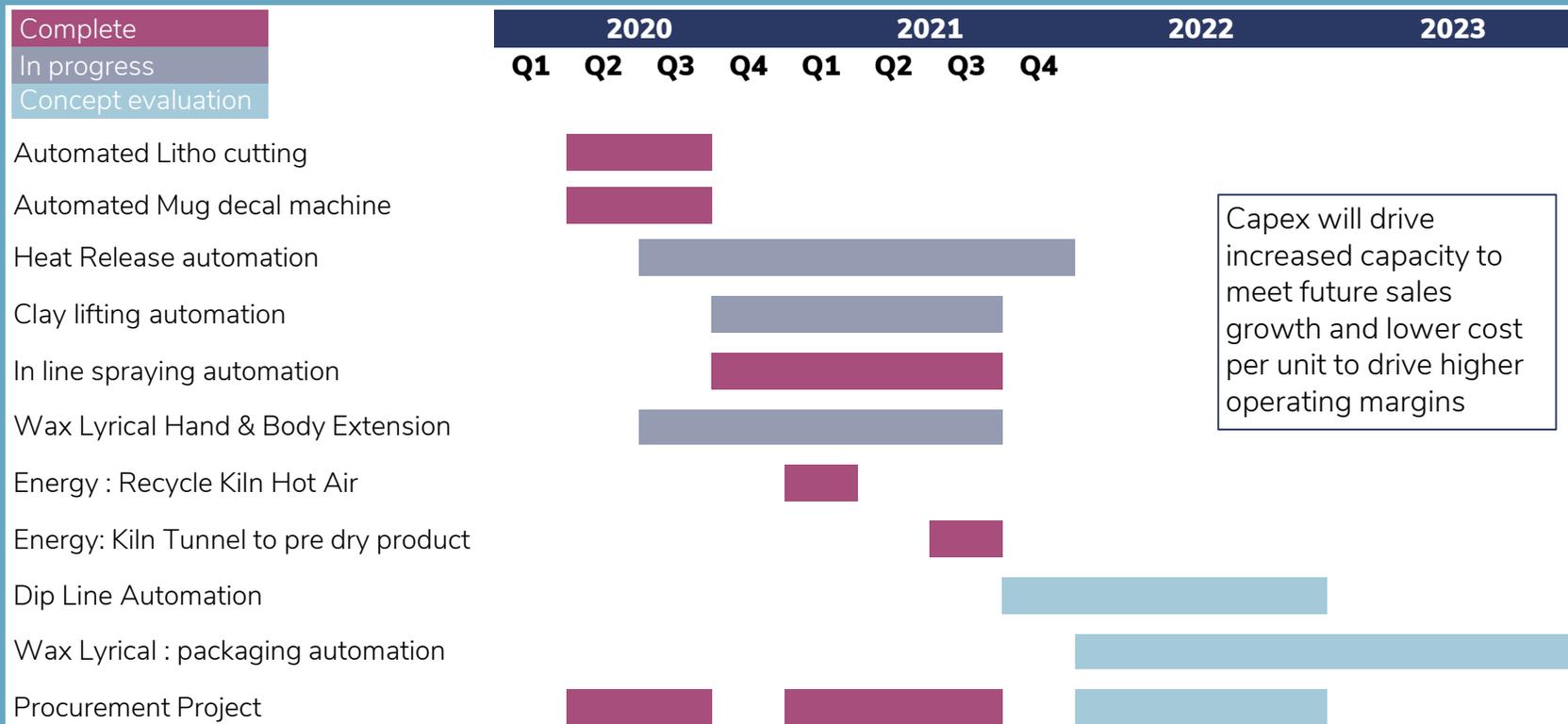
- Tough H1 due to 4 month UK retail shutdown and low current online penetration
- Hand & Body factory extension finished Aug; product started shipping Sept
- 3 months delay in Hand & Body factory due to Covid contractor and parts issues
- Progress in online channel development to 20% of sales, but need for further penetration
- Second half order book stronger than 2020

**Tough H1 due to UK retail lockdowns; H2 order books recovering**

# Enhancing Operating Margin Drivers: Efficiencies & Capabilities

## Target

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



## Progress

Significant programme of investment to deliver cost savings, capacity increase and environmental benefits

- Short ( 3 month) supplier delays on several factory projects due to global electronic chip supplier shortage
- Still achieved higher tableware production at lower cost per unit

# 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

- 60% of energy used at our Wax Lyrical site in Cumbria was provided by wind turbine
- Stoke factory 50% reduction in plastics packaging
- New heat circulation / recycling projects drive in most recent months vs LY
  - 10% improved energy efficiency / tonne
  - 10% lower carbon emissions/ tonne
- Major project in advance stage to map our full global supply chain carbon footprint

## Social

- Continued Covid safe working conditions across our sites
- Our UK sites achieved Investors in People Platinum accreditation for first time in Sept 21

## Governance

- Continue to apply QCA corporate governance code
- Robust policies and stakeholder engagement process

**Continue to drive YOY energy / emissions savings**

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# Summary & Outlook

## Strong strategic progress; momentum into 2022

- **Record H1 revenue** despite ongoing Covid disruption
- LFL sales growth 7% over pre-Covid levels in 2019
- Growth in all major markets and **strong order book for important H2 trading**
- **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**
- Remain confident of **achieving FY21 market expectations** despite significant supply chain disruption and inflation
- Committed to **resuming dividend payments for FY21** balancing sustainable pay-out with the need to invest behind growth strategy

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# Appendix

# Board Personnel



**Mike Raybould**  
*Chief Executive  
Officer*



**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*



**Clare Askem**  
*Non-executive  
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# Contact details

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## **[www.portmeiriongroup.com](http://www.portmeiriongroup.com)**

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