

PORTMEIRIONGROUP



2018 Annual Results Presentation

PORTMEIRION®

Spode.

ROYAL
WORCESTER®
ESTABLISHED 1751

pimpernel.

WAX LYRICAL
ENGLAND ¹

Disclaimer

- The information contained in this confidential document (“Presentation”) has been prepared by Portmeirion Group PLC (the “Company”). It has not been verified by the Company and is subject to material updating, revision and further amendment. This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000 and therefore it is being delivered for information purposes only to a very limited number of persons and companies who are persons who have professional experience in matters relating to investments and who fall within the category of person set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or are high net worth companies within the meaning set out in Article 49 of the Order or are otherwise permitted to receive it. Any other person who receives this Presentation should not rely or act upon it. By accepting this Presentation and not immediately returning it, the recipient represents and warrants that they are a person who falls within the above description of persons entitled to receive the Presentation. This Presentation is not to be disclosed to any other person or used for any other purpose.
- The matters referred to in the Presentation may (in whole or in part) constitute inside information for the purposes of the Market Abuse Regulation (“MAR”). Without limiting the obligations imposed under MAR, by receiving the Presentation you agree that you must not deal in (or encourage another person to deal in) the Company's shares or securities or base any behaviour on such information until such information has ceased to be inside information for the purposes of MAR.
- While the information contained herein has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties or other assurance (express or implied) as to, or in relation to, the accuracy, fairness, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers, including the talks given by presenters and any question and answer sessions (all such information being referred to as “Information”) and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.
- Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.
- This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. In particular, this Presentation does not constitute, or form part of, any offer or invitation to subscribe for or purchase any securities and neither this Presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.
- Neither this Presentation nor any copy of it may be (a) taken or transmitted into Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or the United States of America (each a “Restricted Territory”), their territories or possessions; (b) distributed to any U.S. person (as defined in Regulation S under the United States Securities Act of 1933 (as amended)) or (c) distributed to any individual outside a Restricted Territory who is a resident thereof in any such case for the purpose of offer for sale or solicitation or invitation to buy or subscribe for any securities or in the context where its distribution may be construed as such offer, solicitation or invitation, in any such case except in compliance with any applicable exemption. The distribution of this document in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.
- By receiving this document, you agreed to be bound by the restrictions in this disclaimer.

Agenda

- Group Overview
- 2018 Highlights
 - Sales Update
 - Financial Review
- Forward growth strategy
- Q&A

Lawrence Bryan
CEO

Mike Raybould
Group Finance Director



PORTMEIRIONGROUP



Group Overview

Lawrence Bryan

A Leading Global Homewares Group

- Strong brands with hundreds of years of history :

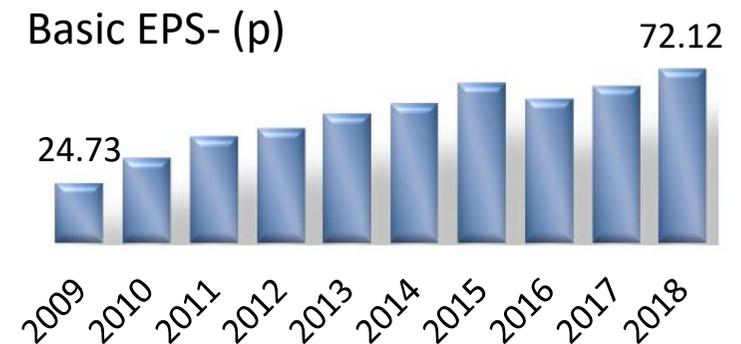
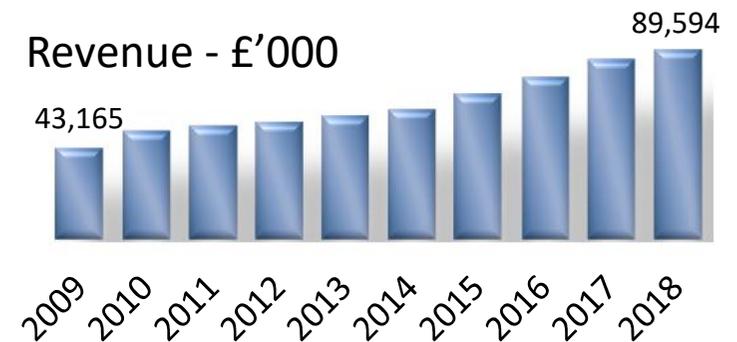


- Well diversified across 72 markets

- UK
- US
- South Korea
- Rest of World

- Consistent track record of growth

- 10th consecutive year of record sales
- Progressive dividend



Our Business Model

Our key assets are:

- British brands known around the world
- Established global sales channels
- In-house UK factories with capacity for growth
- Strong balance sheet



Our aim is to leverage these assets to drive profitable sales growth:

- New product lines
- Brand extensions
- ROW market development
- Focused M&A

PORTMEIRIONGROUP



2018 Highlights

Lawrence Bryan
Mike Raybould

Full Year 2018 Highlights

Financial performance

- 5.7% sales growth (7.2% constant currency)
- PBT £9.7m vs. £8.8m (+10.1%)
- Operating margin % increases 40 bps

Sales markets

- Key markets – UK,US show good growth
- South Korea back to growth
- Own Online sales grew 24%

Products

- New gifting ranges - Wrendale and Sara Miller continue to deliver strong growth
- Line extensions to Botanic Garden, Variations and Spode Christmas Tree worked well

Home Fragrance

- 11.1% sales growth
- Good account wins in UK
- New product pipeline strong

People

- Angela Luger joins as NED (March 2019)
- Jacqui Gale (ex Crabtree & Evelyn) joined as Wax Lyrical MD August 2018

Full Year 2018 Financial Performance

	2018 £m	2017 £m	Change
Revenue	89.6	84.8	5.7%
Operating profit	9.9	9.1	9.1%
Operating profit margin	11.1%	10.7%	+40 bps
Profit before tax	9.7	8.8	10.1%
Pre-tax profit margin	10.8%	10.4%	+40bps
Basic earnings per share	72.12	65.07	10.8%
Diluted earnings per share	71.90	64.79	11.0%
Dividends	37.50	34.66	8.2%
Net cash	2.3	1.6	



- Sales growth of 5.7% drives 10.1% profit growth
- Operating margin % grow 40 bps; second consecutive year of growth
- EPS up 10.8%
- Dividend increased 8.2% to 37.50p; 10th consecutive year of increase
- Net cash grows to £2.3m

Balance Sheet

	Dec-18 £m	Dec-17 £m	Change
Total non-current assets	25.1	26.3	-4.6%
Inventory	19.2	18.1	6.1%
Trade & other receivables	15.6	12.4	25.8%
Cash	7.2	8.5	-15.3%
Total current assets	42.0	39.0	7.7%
Trade & other payables	-13.5	-11.9	13.4%
Borrowings	-4.9	-6.9	-29.0%
Pension scheme deficit	-	-1.7	-100.0%
Net assets	48.7	44.8	8.7%
Share Capital	0.6	0.6	0.0%
Share premium	7.3	7.2	1.4%
Investment in own shares	-3.2	-1.9	68.4%
Retained earnings	41.0	36.3	12.9%
Other reserves	3.0	2.6	15.4%
Total equity	48.7	44.8	8.7%

- Net assets grow £3.9m
- Net cash improves £0.7m to £2.3m
- Trade receivables increase due to sales growth and mix change in ROW/Korea
- **IAS Pension deficit eliminated**
 - Cash injection £1.2m
 - Improved forward assumptions



Sales analysis by market



Sales by Country	2018	2017	Change
	£m	£m	
US	26.7	25.2	6.0%
UK	31.5	28.8	9.2%
South Korea	8.2	6.6	24.6%
Taiwan	5.5	4.1	34.1%
India	0	1.2	-100%
Europe	7.7	9.4	-18%
Rest of World	10.0	9.5	5.3%
TOTAL	89.6	84.8	5.7%

- Strong growth in core UK, US markets
- Korea stabilised and now growing again
- India/Europe down as manage grey shippers

Korea update +24.6%

Progress

- Market stabilised and back in growth after 3 years of decline
- New product launches helped 2018 growth
- Working closely with distributor on controlling grey ship market
- Expect market to grow 2019

Korea Sales	2018	2017
	£m	£m
Total FY	8.2	6.6



Sales analysis by market – home fragrance only

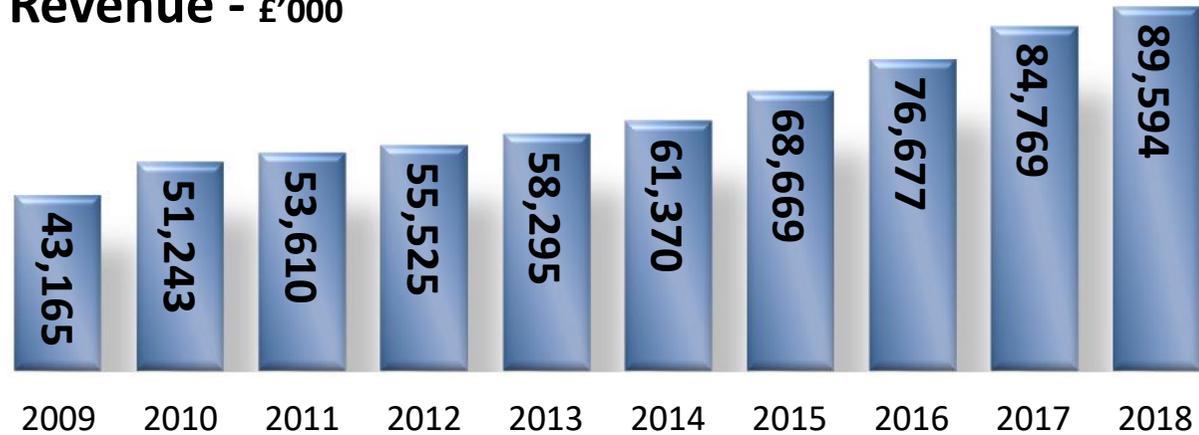


Home Fragrance	2018 £m	2017 £m	Change
UK	13.0	10.8	20.4%
US	0.5	0.3	66.7%
Rest of world	2.0	2.8	-28.6%
TOTAL	15.5	13.9	11.1%

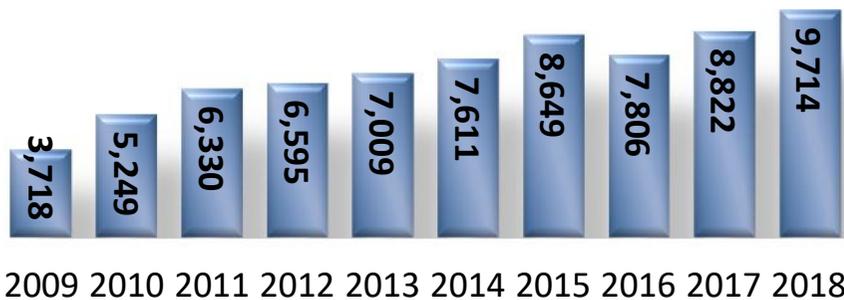
- New Sales director Jan 18 - initial focus on UK growth
- New MD hired August 18 to take business to next level – has significant industry experience at European level
- Dec 18/Jan 19 hired new export sales team and opened French sales office
- Progress on ROW growth expected 2019 following rebranding

Consistent track record of growth

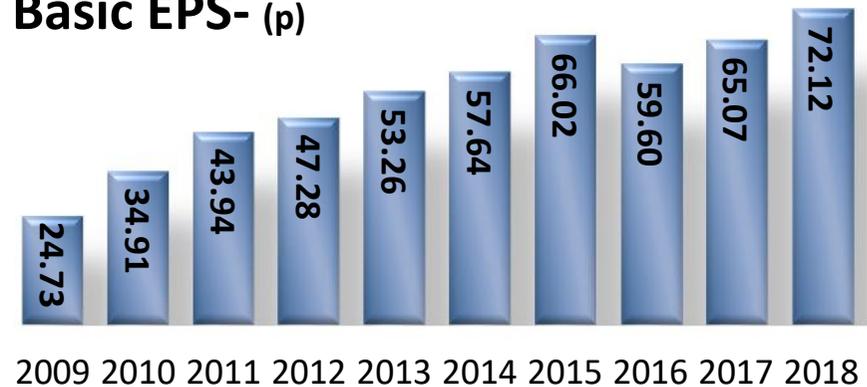
Revenue - £'000



Pre-tax Profit - £'000



Basic EPS- (p)



PORTMEIRION®

Spode.

ROYAL
WORCESTER®
ESTABLISHED 1751

pimpernel.

WAX LYRICAL
ENGLAND

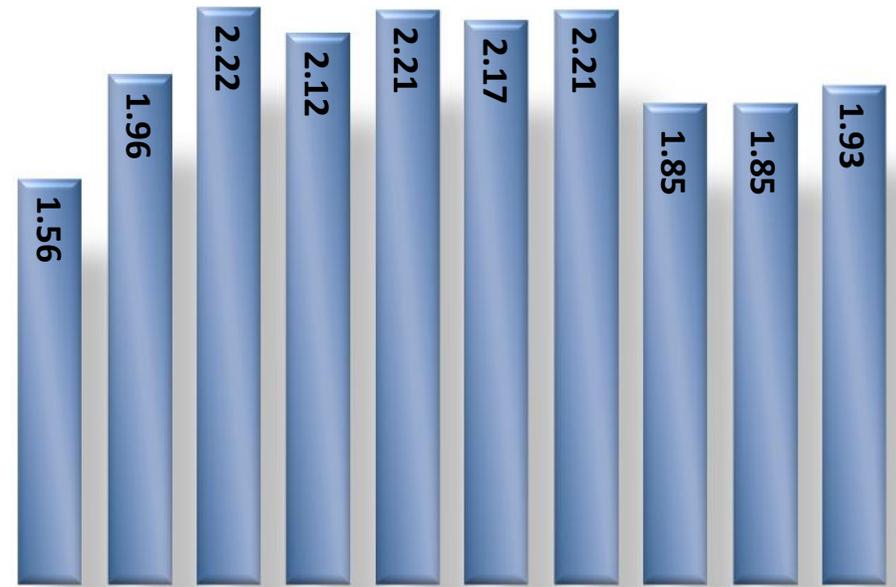
Strong dividend record

Dividends Per Share- (p)



2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Dividend Cover



2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

- 2018 dividend /dividend cover are proposed and subject to approval
- Final dividend expected to be paid 30 May 2019 for shareholders on register on 26 April 2019

PORTMEIRIONGROUP



Forward Growth Strategy

5 Year Forward Growth Plan

Core Markets/Ranges

- Drive sales growth through new product & brands



Focus on specific opportunities :

- Build significant online sales channel
- Build global Home Fragrance division
- Maximise key Spode brand
- Grow Operating margin %
- Targeted M&A that accelerates our strategy

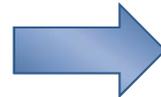


5 Year Forward Growth Plan

Online Sales

Target: increase from underweight 4.1% of sales (2017) to 10% + within 5 yrs.

- New improved ecommerce sites around the world
- Quadruple direct customer database to 250k
- Leverage 'lifetime' direct sales opportunity
- Introduce product personalisation
- Backed by strong customer service promise and execution



Update

- +24% sales growth in 2018
- New ecommerce sites built
 - UK launched Q1 2019
- Expanding warehouse direct fulfilment capacity for Q4 2019

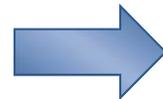


5 Year Forward Growth Plan

Maximise Home Fragrance division potential (acquired 2016)

Target: Double division sales within 5 yrs.

- Move from UK centric to global sales division
- Refine and develop brands
- More focus on product innovation and packaging
- Develop ecommerce platform including personalisation / subscription model



Update

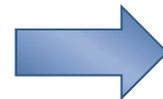
- +11.1% sales growth in 2018
- Hired new talent
 - MD Aug 18
 - Senior export sales staff Jan 19
- Opened France sales office Jan 19
- New branding and hierarchy launches mid year 2019

5 Year Forward Growth Plan

'Spode' Brand : Maximise potential

Target: Double brand sales within 5 yrs.

- Currently £15.1m sales globally
- Develop brand through online, social media and influencers
- Investigate brand partnerships/licensing to extend brand reach
- New product development including contemporary ranges



Update

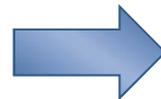
- Marketing budget to maximise Spode brand 250th anniversary in 2020
- Investigating online and brand partnership opportunities 2019

5 Year Forward Growth Plan

Operating Margin % Growth

Target: increase from 10.7% (2017) to 13% by 2022

- Higher margin direct online and ROW export business
- Leverage in-house factories with higher volume throughput
- Invest capex in factory automation and warehouse efficiency



Progress

- 40 bps increase in 2018 to 11.1%
- Investment in new ecommerce sites
- Increased focus on innovation and capital project budgets in UK factories

5 Year Forward Growth Plan

Objectives & Criteria for M&A Targets

Accelerate progress against **strategic and financial goals of the Group:**

- Acquire new sales markets
- Bolt on and expand direct to consumer sales
- Transfer any ceramic production into our factory to maximise efficiency

And meet **financial criteria:**

- Accelerate growth of top and bottom line numbers faster than organic growth
- Enhance EPS and Gross margins

Track record of successful M&A includes: Spode, Royal Worcester, Pimpernel, Wax Lyrical



Summary

- Delighted with 2018 : strong top and bottom line performance
 - ahead of expectations
- Optimistic for 2019 growth but aware of Brexit /tariff war risks
- Sales growth opportunities on key areas of focus, including:
 - Online
 - Home Fragrance
 - Spode brand
- New product / range pipeline healthy with strong interest from customers
- Strategic M&A remains a priority



Q&A



PORTMEIRIONGROUP



Appendix

Management Team



Lawrence Bryan
Group Chief
Executive Officer



Phil Atherton
Group Sales &
Marketing
Director



Mick Knapper
Operations
Director



Mike Raybould
Group
Finance
Director



Dick Steele
Non-executive
Chairman



Janis Kong
Non-executive
Director



Andrew Andrea
Non-executive
Director



Angela Luger
Non-executive
Director

Contact



Mike Raybould

Group Finance Director

Email: mraybould@portmeiriongroup.com

Direct Tel: 01782744721

Mobile Tel: 07808730288

Hudson Sandler: Dan de Belder

Email: ddebelder@hudsonsandler.com

Direct Tel: 02077964133

www.portmeiriongroup.com

Portmeirion, Spode, Royal Worcester, Pimpernel and Wax Lyrical are registered trade marks of Portmeirion Group

