

The Wickes logo is a blue shield-shaped emblem with a white border, containing the word "Wickes" in white, bold, sans-serif font.

Wickes

The background is a collage of three images: a man in a blue t-shirt and safety glasses working with a power saw on a table; a woman in a white sweater and black leggings smiling in a modern kitchen; and a woman in a blue and white striped shirt painting a wall with a roller. A cardboard box labeled "LOUNGE" is visible in the bottom right corner.

2023 Full Year Results

A solid green horizontal banner with white text.

19 March 2024

The Wickes logo consists of the word "Wickes" in a bold, white, sans-serif font, centered within a dark blue shield-shaped emblem with a white border.

Wickes

Introduction

David Wood

Agenda

1

Key Highlights

David Wood

[Page 4](#)

2

Financial Review

Mark George

[Page 5](#)

3

Business Update

David Wood

[Page 12](#)

4

Q&A

David Wood & Mark George

[Page 22](#)



Robust sales performance with PBT ahead of expectations

- **Balanced business model** delivers robust sales performance in a challenging market
- **Continued successful investment in proven growth levers**
 - TradePro sales growth +11%
 - Record customer satisfaction scores
 - Wickes Lifestyle Kitchens relaunch: H2 sales +24%
 - 3 new stores and 11 refits
 - Entry into energy-saving solutions with Solar Fast acquisition
- **Strong cost management and productivity** resulting in adjusted PBT ahead of market expectations
- **£97.5m year end cash** following £10.1m buyback
- Delivering attractive returns to shareholders
 - Full year **dividend maintained** at 10.9p
 - **£10m of buyback completed** in FY23¹
- Comfortable with FY24 market consensus²



The Wickes logo consists of the word "Wickes" in a bold, white, sans-serif font, centered within a dark blue shield-shaped emblem with a white border.

Wickes

Financial Review

Mark George

Good performance in challenging market conditions

Revenue **£1,554m**

Group LFL (0.3)%

Gross margin

+0.2ppts

Strong balance sheet
with **£98m** year end cash

£155m average cash

Retail¹ LFL **0.1%**

Design & Installation²

LFL **(1.7)%**

Adjusted PBT

£52.0m

FY dividend 10.9p

£10.1m of buyback
completed³

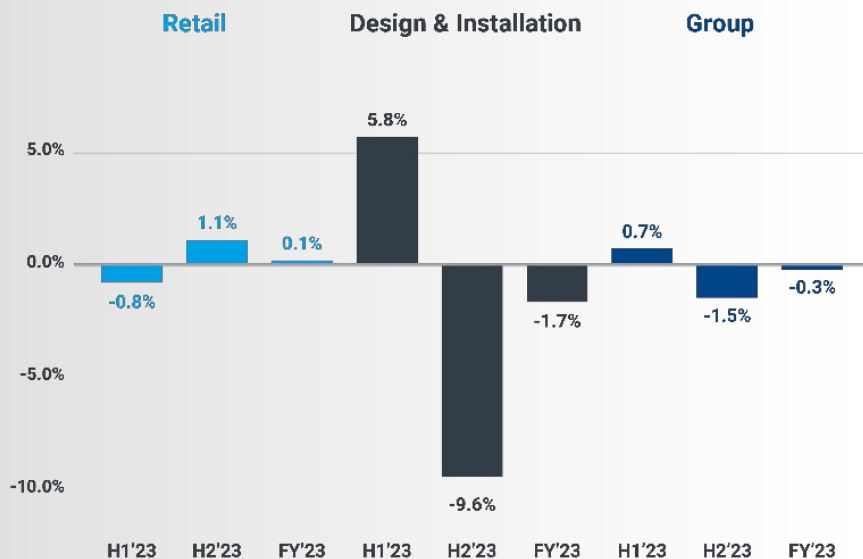
Solid profit performance supported by strong cost control

| £m ¹ | FY 2022 | FY 2023 | Change % |
|---------------------------------|----------------|----------------|----------------|
| Revenue | 1,559.0 | 1,553.8 | (0.3)% |
| LFL, % | 3.5% | (0.3)% | N/A |
| Gross profit | 567.1 | 568.1 | 0.2% |
| Gross profit margin | 36.4% | 36.6% | +19bps |
| Selling & admin costs | (463.2) | (494.3) | 6.7% |
| % of sales | (29.7)% | (31.8)% | +2.1ppts |
| Operating profit | 103.9 | 73.8 | (29.0)% |
| Operating profit margin | 6.7% | 4.7% | -1.9ppts |
| Interest | (28.5) | (21.8) | (23.5)% |
| Adjusted PBT (post SaaS) | 75.4 | 52.0 | (31.0)% |
| Adjusted PBT (pre SaaS) | 75.4 | 59.5 | (21.1)% |

- **Revenue and LFL sales broadly in line** with prior year
- **Gross margin +19bps** as a result of careful management of price & promotions and productivity in distribution costs
- **Strong cost control** and **productivity gains** offset cost inflation excluding energy, in line with expectations
- SaaS IT investments now expensed, reducing adj.PBT by £7.5m

Balanced business model delivers resilient LFL sales

LFL sales H1/H2 divisional split



Retail (Trade & DIY)

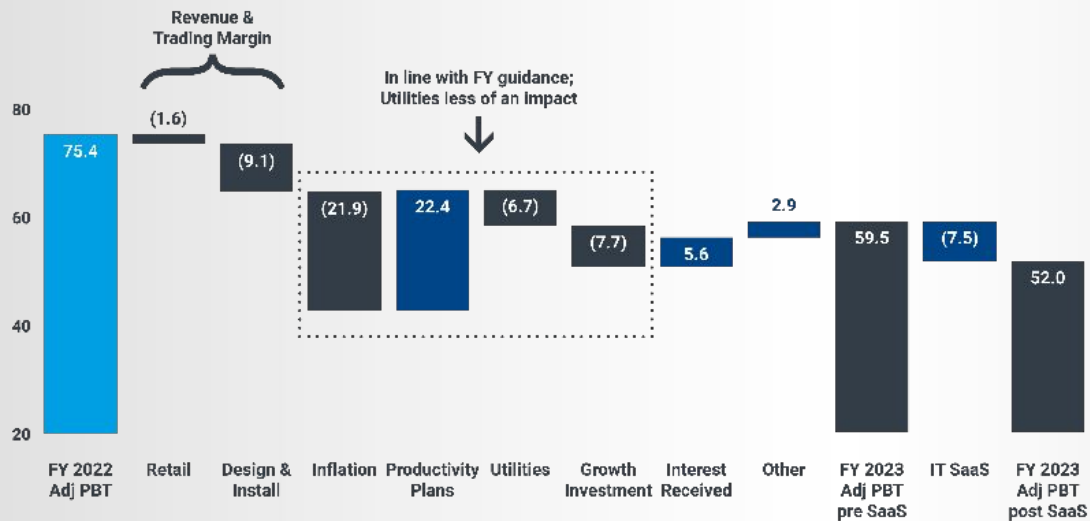
- Three consecutive quarters of Retail LFL sales growth
- Positive **volume growth in H2** as inflation turned to mild deflation
- **Record TradePro customer growth** with 881k members at year end; TradePro **sales +11%**

| | Q1 | Q2 | Q3 | Q4 |
|------------------|-------------|-----------|-----------|-----------|
| Inflation | 9% | 4% | (1)% | (2)% |
| Volume | (13)% | (2)% | 2% | 3% |
| LFL sales | (4)% | 2% | 1% | 1% |

Design & Installation

- H1 benefitted from elevated order book
- H2 impacted by normalising order book, software implementation and weaker demand for new orders
- **Significantly reduced enquiries** partially offset by **stronger conversion and higher AOV**

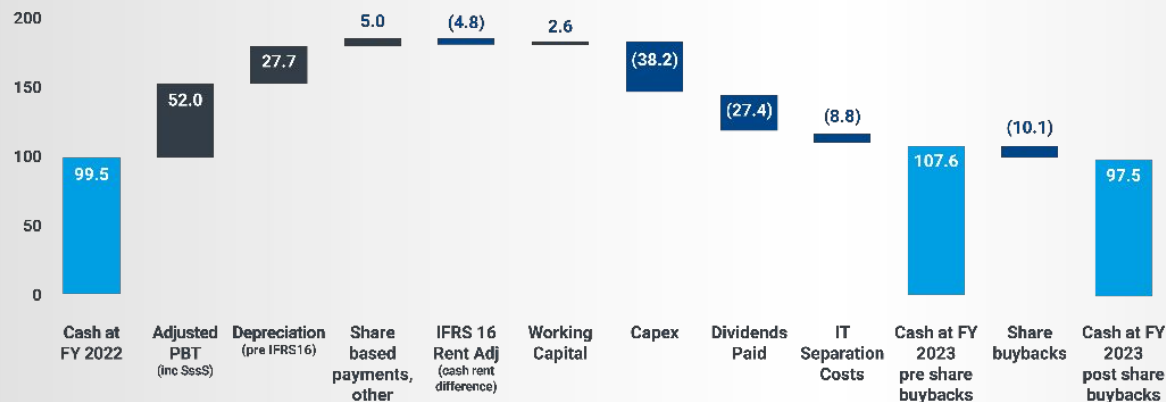
Adjusted PBT £52m after SaaS impact



- Trading margin down YoY, particularly in Design & Installation, which experienced softening demand and had higher interest costs for consumer credit
- **Strong cost control and productivity gains of £22m mitigated cost inflation** (excluding energy), in line with guidance
- Utilities increase lower than expected, helped by energy saving initiatives
- **Growth investment** includes rollout of new Customer Experience Centre, IT costs and property-related costs
- Higher interest received on cash balances
- As already announced, impact of SaaS will cease to be separately reported from 2024 onwards

Cash ahead of guidance; £37.5m returned to shareholders

FY 2023 cash flow bridge (£m)



- Strong cost and stock control delivers **net cash at YE of £97.5m**, after £10.1m of share buyback
- **Average cash through the year of £154.9m**, reflecting normal working capital cycle
- Working capital benefit from reduction in stock
- **Capex broadly in line with guidance**
 - 2023 guidance of £40-45m included IT costs, o/w £7.8m SaaS expense
- IT separation project now complete
- **Dividend maintained** at 10.9p
- **£37.5m returned to shareholders** in dividend plus buyback

Outlook and guidance for 2024

Outlook

- During the first 11 weeks, Retail sales in line with last year
- Challenging environment continues for larger Design & Installation purchases
- Well placed to continue to outperform the market
- Strong cost control & productivity will not offset all cost headwinds (NMW, business rates)
- Comfortable with FY24 market consensus¹

Technical guidance for 2024

- Net interest costs £20-25m
- Adjusted tax rate 25-26%
- Capex c.£30m²
- Remainder of current £25m share buyback programme to be completed by 30 September 2024
- Based on current expectations dividend expected to be maintained at 10.9p
- Cash at YE to be lower as a result of share buyback and Solar Fast acquisition



The Wickes logo is a dark blue shield-shaped emblem with a white border. Inside the shield, the word "Wickes" is written in a bold, white, sans-serif font.

Wickes

Business Update

David Wood

Winning strategy based on proven growth levers



Strongest ever growth in TradePro membership

- TradePro **sales +11%**
- Further improvements to TradePro app with **new functionality**
 - Digital receipts
 - Filter for pricing excl.VAT
 - Project planning functionality
- **Machine learning tool** driving significant incremental revenues
- **Trade pipelines remain healthy** - 1 in 4 have work lined up for >12 months¹
- **Building B2B customer base**



Successful innovation in Design & Installation

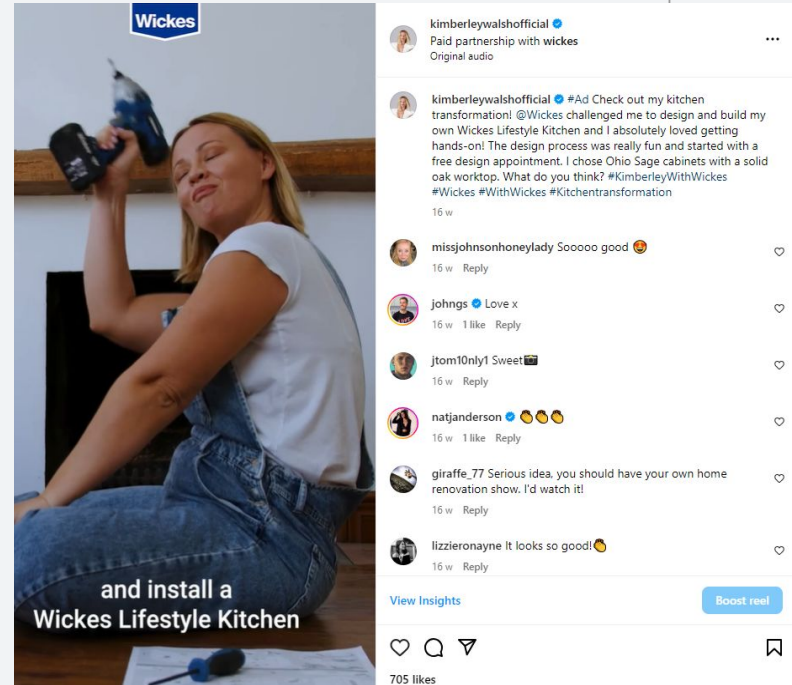
- Innovation in showroom, relaunched as **Wickes Bespoke Kitchens** with eight new ranges
- Successful relaunch of our value range as **Wickes Lifestyle Kitchens**, with sales **+24%** in H2, driven by free design service¹
- Investment in technology to enhance service
 - New **Customer Experience Centre**
 - Field service management (FSM) tech
 - Customer **Net Promoter Scores of 92%**
- Further differentiation through installation
 - **>3,000 installer teams** nationwide
 - **Over half** of customers use Wickes installers
 - Awarded '**Distinction**' by **Institute of Customer Service** for third time



1) Sales of Wickes Lifestyle Kitchens which include a design element are classified as Design & Installation revenues, whereas self-serve purchases of the Wickes Lifestyle Kitchen range are classified as Retail revenues.

Digital offer and more approachable brand have broadened our DIY appeal

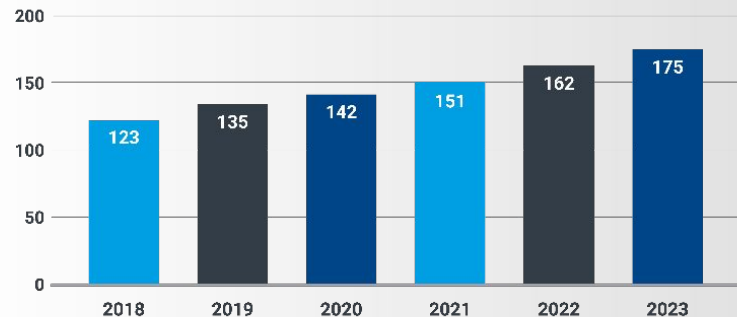
- **17 range reviews** to innovate and expand product ranges in key DIY customer segments, in particular **smaller DIY projects**
- Introduced **new energy efficient products**
- Over **1 in 4 customers are female**¹
- Extended range of **digital payment options**
 - **Increased digital wallet** - Apple Pay / Google Pay
 - Accessed **Buy Now Pay Later** market with Klarna
- 1.5ppts growth in **digital market share**²



Good progress on new stores and refits

- **Three new stores**
 - Chelmsford, Widnes and Torquay
 - Creating c. 90 new jobs
- **Refitted 11 stores** into new format
 - Sales uplift on refitted stores **+25%**
 - ROCE on refitted stores **>25%**
 - **>75% of estate** now in new format
- Added >36,000 sq.ft of fulfilment capacity in stores to support home delivery and click & collect services
- **Good pipeline for 2024:** 8 refits, 4 new stores

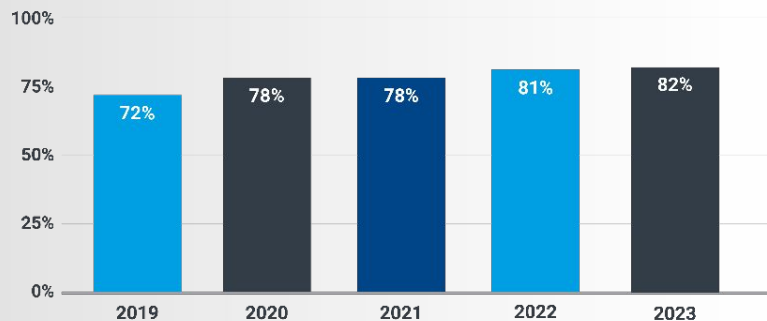
Number of new format stores



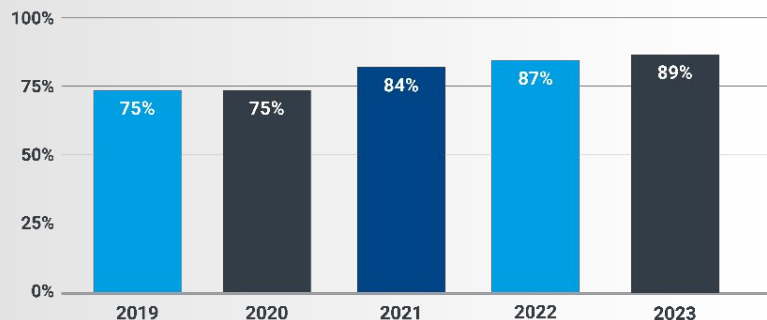
Continued progress across key measures

Customer satisfaction

Click & Collect

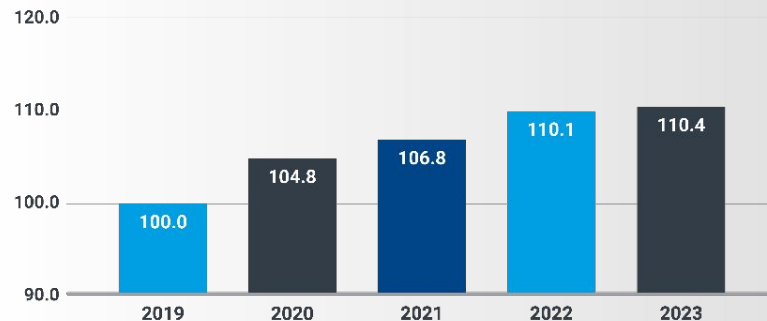


Home Delivery



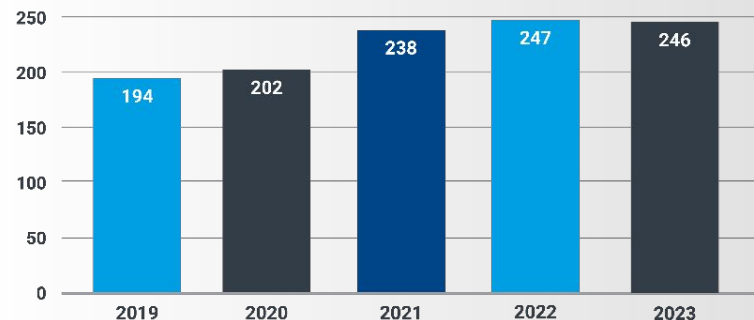
Market share

Retail market share (indexed, 2019 = 100)



Sales densities

Sales per square foot (£)



Great progress in our 'Built to Last' Responsible Business strategy



- **8 out of 10 colleagues fully engaged¹** in the business
- Winner of 'Large Organisation of the Year 2023' at the Rainbow Honours
- Supported **c1,500 community projects**, reaching **c.500,000 people** across our communities



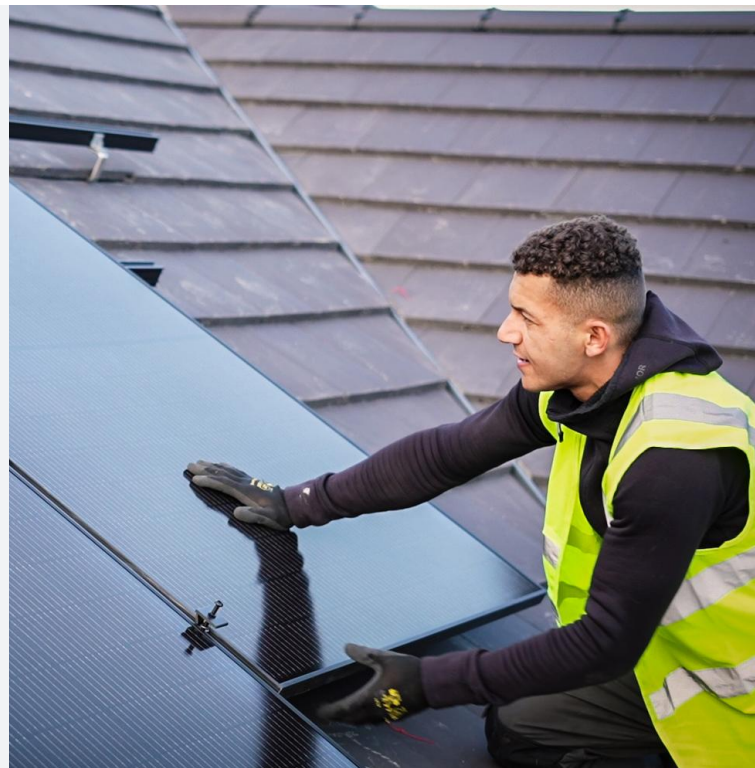
- Achieved **B rating in 2023 CDP** Climate Change (2022: B-)
- 36.9% reduction in Scope 1 & 2 emissions², **on track for near term Science-based target**
- Switched to **100% renewable electricity** for all our sites



- Launched new energy efficient products - **solar products, air source heat pumps, EV chargers**
- **Eliminated all unnecessary packaging** in Wickes own brand products
- Partnered with NatWest to promote Wickes energy efficient house to their customers

Entry into energy-saving solutions with Solar Fast acquisition

- Opportunity to expand our range of Design & Installation services beyond kitchens & bathrooms
- Solar is a **strongly growing market**
 - UK market expected to be worth **£1.5bn pa by 2028¹**
 - Highly fragmented market, no clear brand leader
- With a **trusted brand** and **significant experience in design and installation services at scale**, Wickes is well-placed to be a market leader
- **Solar Fast is a leading nationwide operator**
 - Family-run business based in Castleford
 - Installed c3,700 solar projects across 2022 and 2023
 - Heritage in gas boiler services provides good platform to launch heating solutions (incl. air source heat pumps) in due course
- Plan to grow business with management team
- **Majority stake** with option to buy out remainder



Conclusion

- **Balanced business model** delivers robust sales performance in a challenging market
- **Strong cost management and productivity** resulting in profit ahead of market expectations
- Delivering **attractive returns** to shareholders
- Comfortable with FY24 consensus
- Continued successful investment in **proven growth levers** means we are well placed to benefit as economy recovers



Wickes

Q&A

The Wickes logo consists of the word "Wickes" in a bold, white, sans-serif font, centered within a dark blue shield-shaped emblem with a white border.

Wickes

Appendix

Capital allocation

Revised policy announced in July 2023

- Maintain strong balance sheet with significant liquidity at all times
 - Hold **min.£50m** cash at December YE, the seasonal low point
 - **Average cash considerably higher** in a normal trading cycle, typically by £30-50m
- RCF provides additional liquidity
- **Capital investment** to maintain store estate and invest in high-returning proven growth levers
- Target dividend cover **1.5x - 2.5x** (previously 40% dividend payout ratio). Currently outside the target range but expect cover to rebuild in future years
 - FY2023 dividend maintained at **10.9p**
- **Share buyback** programme to return excess cash to shareholders
 - Current programme to return £25m, of which £10m completed during 2023



Disclaimer

This presentation has been prepared by Wickes Group Plc. To the extent it includes forward-looking statements, these statements are based on current plans, estimates, targets and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Neither Wickes Group Plc, nor any of its officers, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Wickes Group Plc does not undertake any obligation, other than in accordance with our legal and regulatory obligations, to update or revise any forward-looking or other statement, whether as a result of new information, future developments or otherwise.

