

Investor Introduction

4th February 2022



Exec Team



Shanker Patel (Group CEO)

- Shareholder since 1993, MD from 1999 before becoming Group CEO in 2009
- Leading the Group to Revenue growth from £1.8m in 1999 to £360m in 2021
- BSc from London School of Economics, Dip LLB/LPC and Exec Ed (OPM) from Harvard Business School
- Strong industry profile through H&B designated membership and BMF board membership



Chris Day (Group CFO)

- Joined Lords in 2017 to drive the Groups strategic growth plan
- BA (Hons) degree, CGMA qualified with MSc in Supply Chain Management from Cranfield University.
- Previously held senior finance roles at Travis Perkins Plc, Monsoon Accessorize Ltd and Clipper Logistics Plc

Company Overview

Lords Group Trading is a leading distributor of building materials est. 1985

Revenue

*FY21E £365m** *FY20A £288m*

EBITDA

*FY21E £16.2m** *FY20A £11.4m*

20%+ ave. acquisition ROI
(last 6 acquisitions 2016 – 2020)

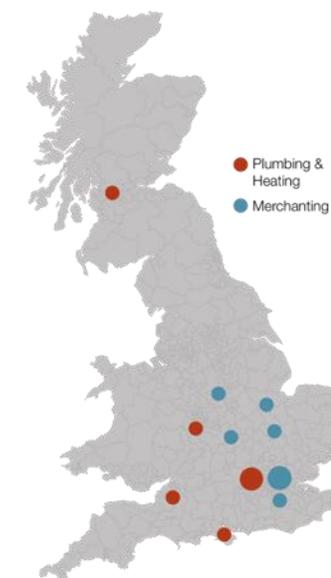
750 employees

11 Core Brands

36 Locations

- Oversubscribed £52m IPO in July 2021
- Highly cash generative. Progressive dividend policy
- Continued growth in RMI** market – accounts for 80% of LGT turnover
- Strong position in local markets; loyal & growing customer base
- Exceptional colleague and customer engagement – Platinum FEEFO accredited
- Our platform is delivering organic and acquisitive growth
- Aim to become a £500m turnover building materials distributor group by 2024 with a focus on e-commerce and technological initiatives

* Market Consensus FY21E pre IFRS. ** Repairs Maintenance Improvement



What our customers say

★★★★★
4.7/5
Independent Service
Rating based on 9718
verified reviews
feefo
Read all reviews



Group Divisions

Well diversified Group operating across multiple channels, sectors and product ranges

Merchanting

£132m Revenue / £8.2m EBITDA (Market Consensus FY21E pre IFRS)
£84m Revenue / £4.0m Adj. EBITDA (Audited FY20)



Weldit



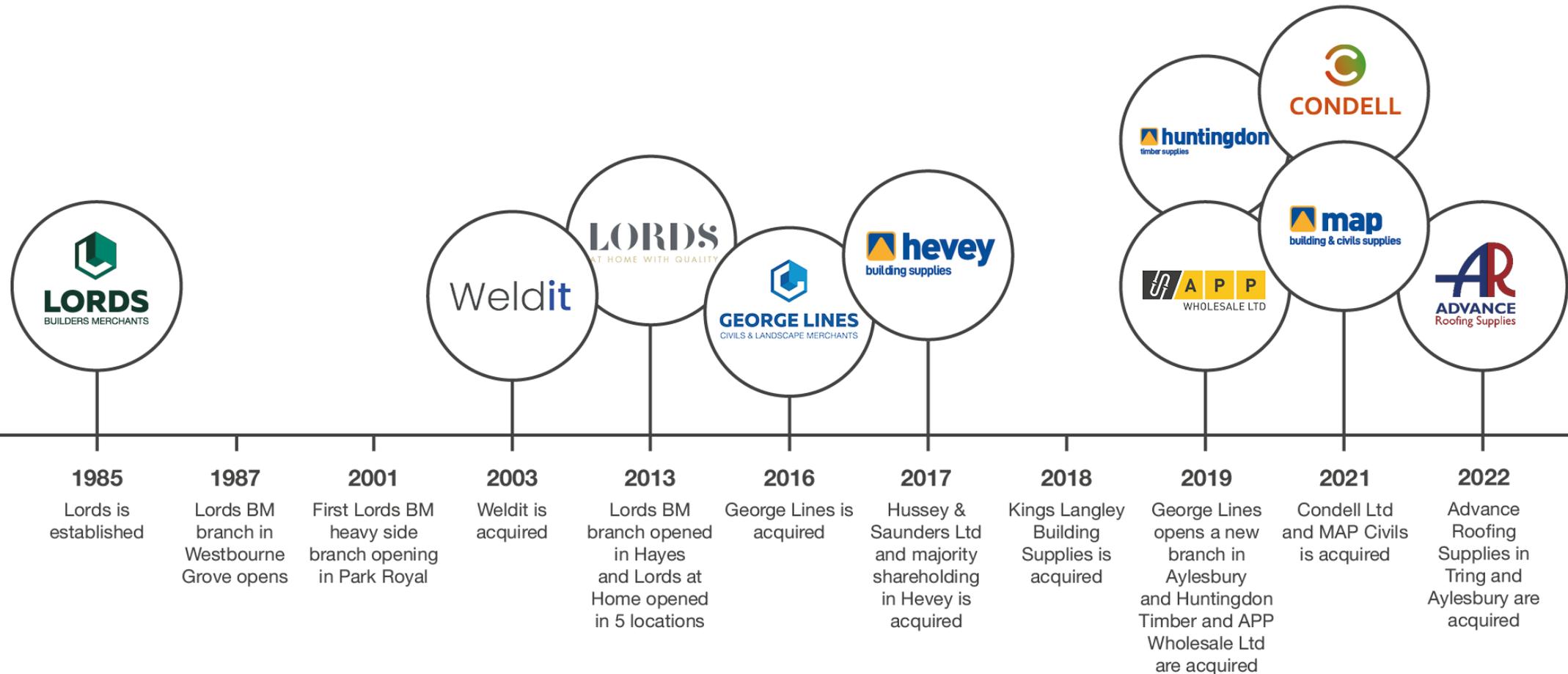
Plumbing & Heating

£233m Revenue / £8.0m EBITDA (Market Consensus FY21E pre IFRS)
£204m Revenue / £7.4m Adj. EBITDA (Audited FY20)



Group History

A strong history of organic and acquisitive led growth. The Group has completed 15 transactions in the last 10 years, acquisitions since 2016 average ROI in excess of 20%



Merchandising

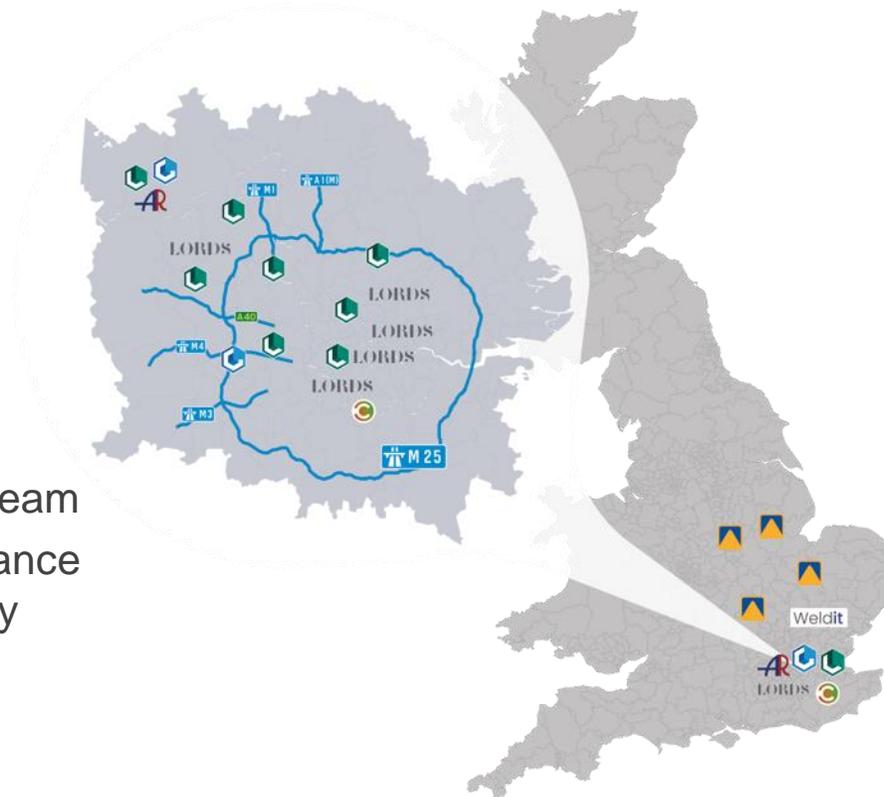


Merchanting

A consolidator of specialist merchants across the South East and Midlands adding value to the supply of building materials through product expertise and next day delivery across 15,000 products

Merchanting Profile

- Strong customer relationships:
 - Customer obsessed colleagues
 - Product expertise
 - Product range
 - Product Availability
 - Service excellence
- Highly experienced management team
- Technology driven strategy to enhance customer experience and efficiency
- Part of a strong buying group
- Prime locations, modern and well invested premises



**£132m Revenue /
£8.2m EBITDA***

27 Locations

90+ Strong Fleet

500+ employees

Strong Heritage Brands

*Market Consensus FY21E pre IFRS

Plumbing & Heating



Plumbing & Heating

A specialist distributor of Plumbing and Heating products to the UK network of merchants. Expert product knowledge, strong availability and next day delivery

Plumbing & Heating Profile

- Provides the Group with accelerated ecommerce capability, scale advantage and extended range
- Strong customer service ethos – rated 4.7 / 5.0 and a FEEFO platinum supplier
- A key part of the P&H supply chain providing manufacturers a competitive route to market – high barriers to entry
- Own brand products developed in-house
- Significant organic growth potential - more locations / shift to online
- Offers customers an industry first boiler recycling scheme



**£233m Revenue /
£8.0m EBITDA***

9 Sites

70+ Strong Delivery Fleet

Strong Online Capability

Next Day Nationwide Delivery

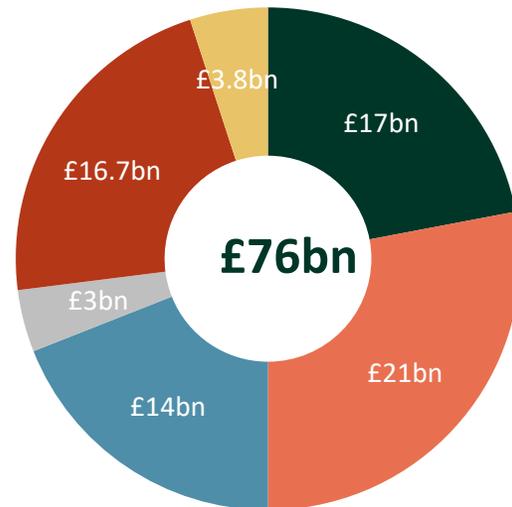
*Market Consensus FY21E pre IFRS

Market Size

c.£55bn addressable market with strong market drivers

Building Materials Distribution Market by Turnover¹

- General Merchants
- Specialist Merchants
- Direct to site via Merchant
- Pure Play Online
- Retail/DIY
- Fixed price operators



Lords Group Trading addressable markets = c£55bn

1. Travis Perkins Plc Investor Website and 2020 Annual Accounts
2. Satisfactory is EER band level A-C

Market Drivers



Changing demographics are fuelling the need for new buildings



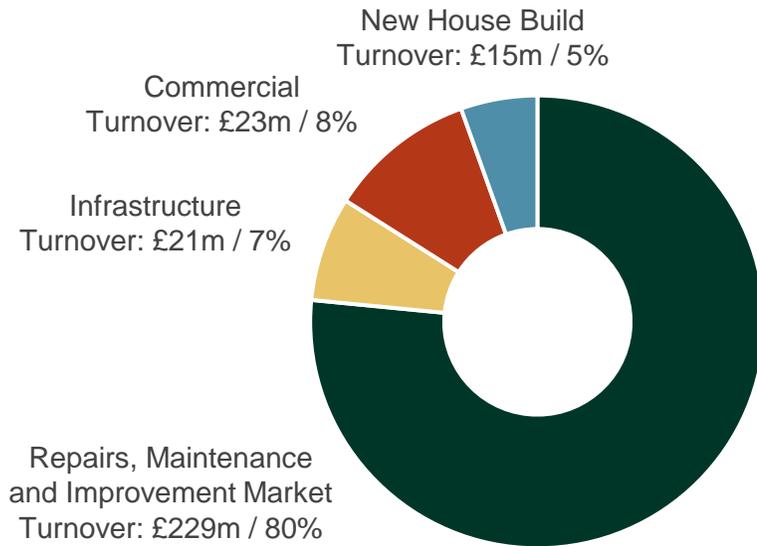
Only 36%² of buildings are maintained to a satisfactory level = high future demand



27.8m homes across the UK – our markets have vast potential

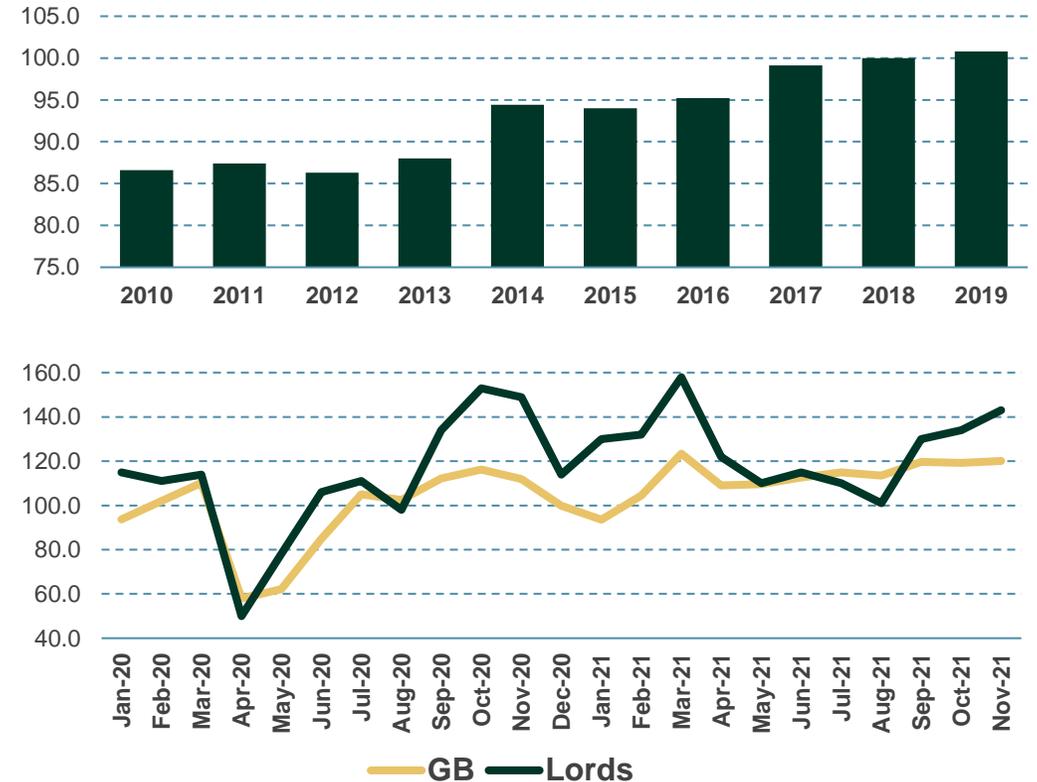
Market - RMI

The Group is favourably focused on the Repairs, Maintenance and Improvement sector of the wider construction market



1. Management Information.
2. Office for National Statistics.

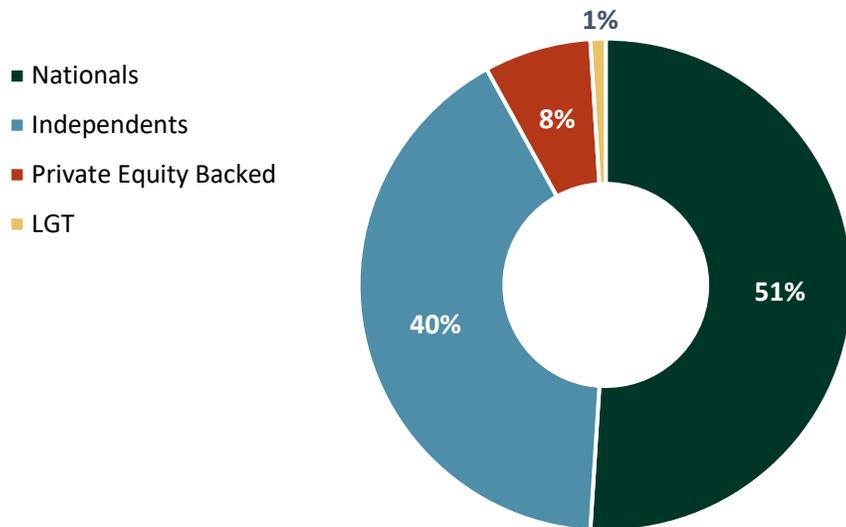
GB Construction Output Volume – RMI2 (2018 = 100)



Market - Competition

The builders merchant market is highly fragmented - 2,300 merchants with Nationals making up 51% of revenues

Industry Market Share by Turnover¹



Market is highly fragmented

- Nationals make up 51% of industry revenues (Travis Perkins, Jewson/Saint-Gobain, Wolseley, Grafton)
- Market leaders are not increasing their market share
- 2,300 merchants listed in the national directory – long tail
- Lords makes up just over 1% of industry turnover – vast opportunity
- 40% of the market are Independents and prime for consolidation
- Very limited number of Independent Merchant Groups are pursuing a buy & build strategy – LGT uniquely placed

1. National Merchant Buying Society
2. PBM UK merchant sector Top 20 – 2020 calendar year

Growth Strategy

Organic Growth

- Substantial investment has been made providing a strong platform for further growth
- Acceleration of digital platforms and logistics
- Housebuilding and RMI market expected to continue growing
- Market expectations for 5% year-on-year organic growth

Acquisition Strategy

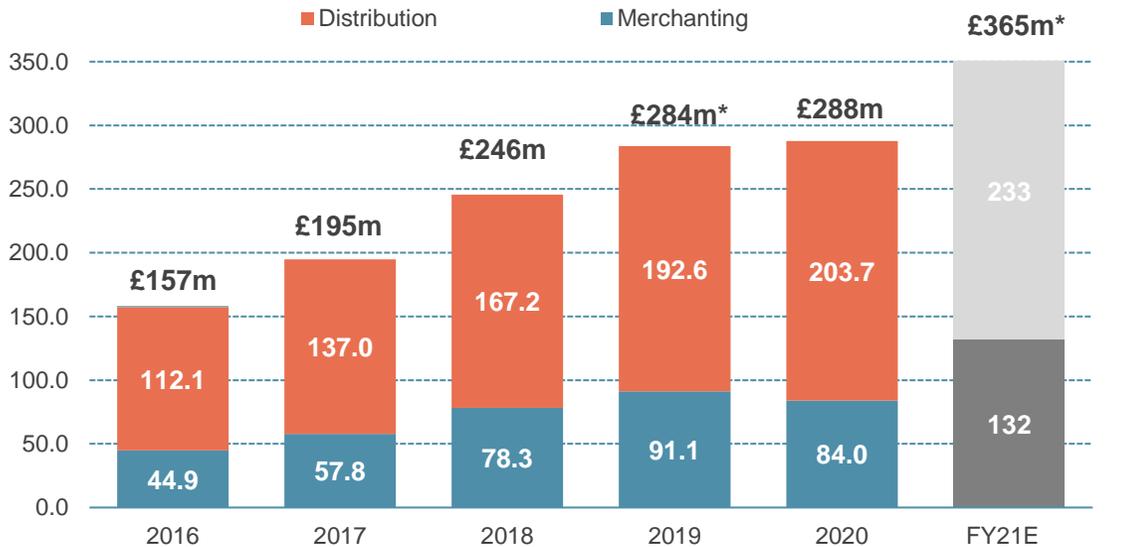
- Management teams retained, invested and incentivised to perform
- A strong track record of acquisitions with in-house M&A expertise – average 20% ROI
- 5-10 opportunities under commercial diligence at any point
- Targeting acquisitions on 3-6x maintainable EBITDA



Revenue and EBITDA

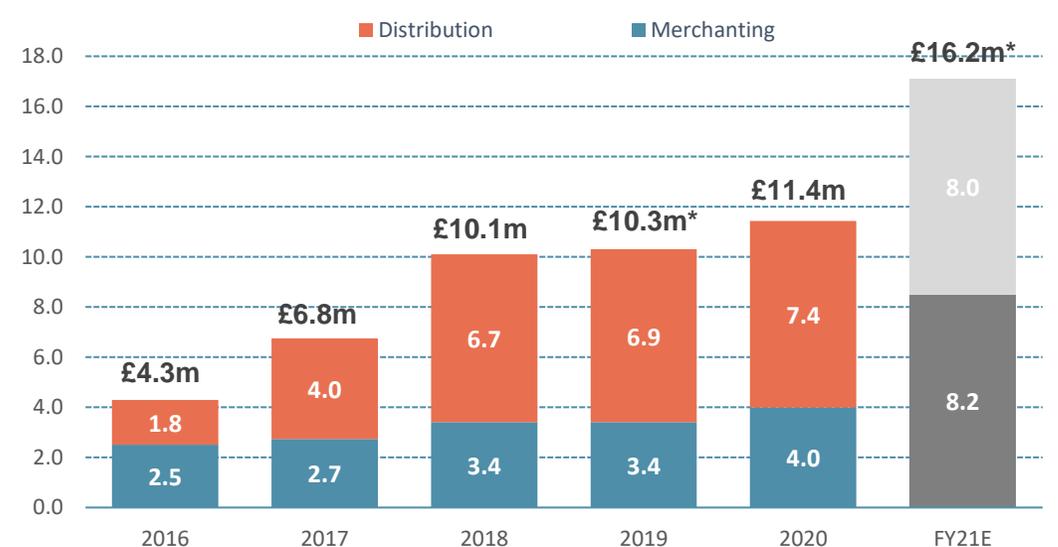
- Proforma EBITDA CAGR of over 30.4% in the last 5 years
- Strong cashflow generation enables investment in growth strategy
- 20% return on historic acquisitions and future organic investments
- Investments are EBITDA margin accretive

Group Proforma Turnover (£m)



*Market Consensus FY21E pre IFRS

Group Proforma EBITDA (£m)



*Market Consensus FY21E pre IFRS

Summary

- **All brands have strong growth potential**
- Continued **organic growth initiatives and acquisition opportunities** in both divisions
- **Highly experienced management** with sector and buy and build expertise
- **Customer obsessed** through highly engaged, well incentivised teams
- **Highly cash generative** with track record of 20%+ ROI, enables growth and progressive dividend
- **Very realistic ambition to reach £500m by 2024**

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