

INVESTOR PRESENTATION  
PRELIMINARY RESULTS FY 2017



The world  
leader in kettle  
controls



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# Agenda



- Highlights and Business Overview
- Financial Review
- Market Development
- Growth Strategy
- New Product Development
- Current Trading and Outlook



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# Highlights and Business Overview



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# 2017 Highlights



## Strong performance in line with market expectations

- Revenues up 2.9% and Adjusted EBITDA up 4.8%
- Gross Margin improved by 1.2% to 40.7%



## Strong cash flow and significantly improved net debt position

- Net cash from operating activities increased by 5.6% to £33.8m
- Net debt reduced to £45.9m since IPO



## Maintained global market share of c.38% in kettle controls

- Taken IP action against c.20 electronic appliances in China
- Stable share in all market segments



## Successfully launched U9 series of controls

- Implemented fully automated production with 75% reduction in operators
- c.50 U9 appliance specifications secured for launch in 2018



## Secured significant growth in Aqua Optima distribution

- Increased UK share by over 100% to c.12%
- Secured major contract with UK retailers including Tesco and Boots in Q4 2017



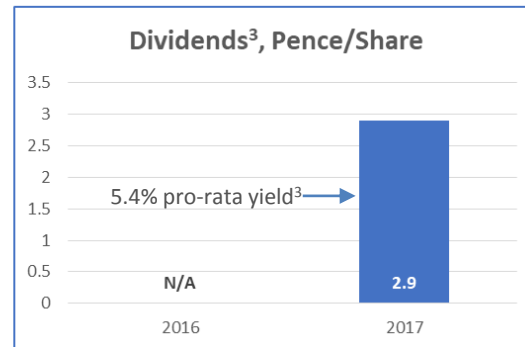
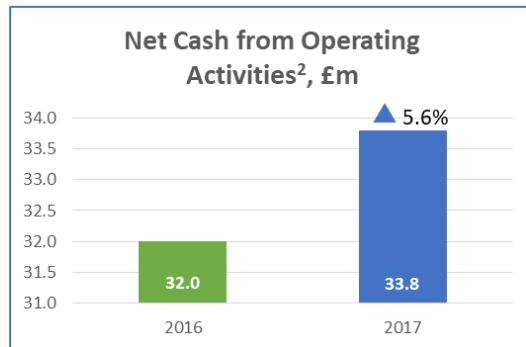
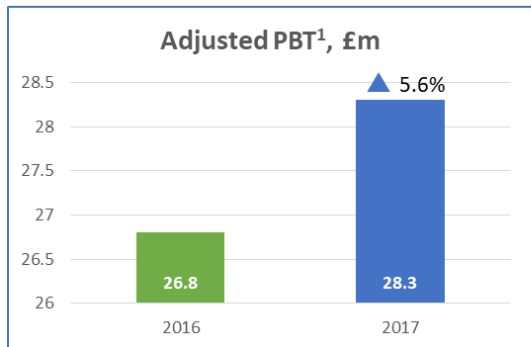
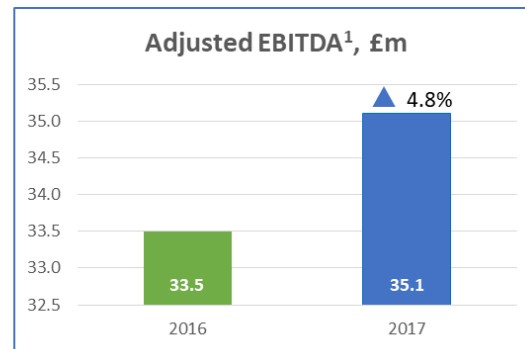
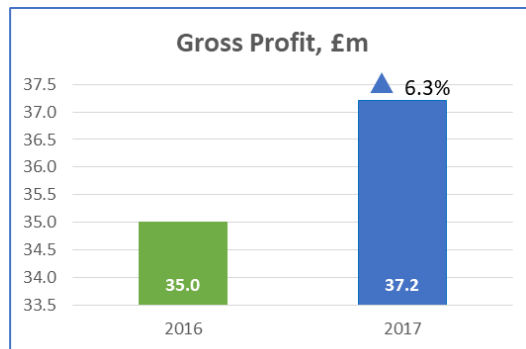
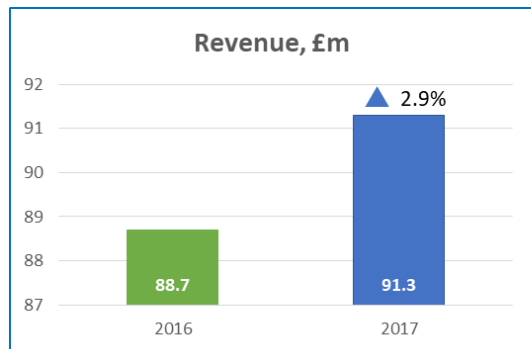
# Financial Review



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# Financial Highlights



Notes:

<sup>1</sup> Adjusted results excludes royalty charges and exceptional items which includes share based payment costs, is a non-GAAP metric used by management and is not an IFRS disclosure

<sup>2</sup> Net cash generated from operating activities is sourced from consolidated cash flow statement

<sup>3</sup> Declared for 2017 fiscal year pro-rata post IPO; yield % based on 20 March 2018 closing price



# Profit and Loss Summary

£m	2017	2016	% Change
Revenue	91.3	88.7	+2.9%
Gross Profit	37.2	35.0	+6.3%
Other Operating Costs - before exceptional	(8.5)	(8.5)	-
Other Operating Costs - after exceptional	(11.3)	(11.0)	+2.7%
Adjusted PBT*	28.3	26.8	+5.6%
Adjusted EBITDA*	35.1	33.5	+4.8%
Adjusted PAT*	27.5	24.7	+11.3%
Net Debt**	45.9	n/a	n/a
Adjusted EPS*,**	14.5p	n/a	n/a

\* Adjusted results exclude royalty charges and exceptional items, which include share based payment transactions. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure

\*\* 2016 EPS and net debt is not comparable, being pre IPO when a different capital structure was in place





# Net Debt

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Net debt at 31 December 2017

**£45.9m**

(2016: n/a)

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Revolving credit facility

**£70.0m**

with facility termination date of July 2022

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Net debt: Adjusted EBITDA ratio

**1.3x**

at 31 December 2017

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RCF balance at 31 December 2017

**£56.0m**

after £60.8m drawn down in August 2017

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Unutilised facility at 31 December 2017

**£14m**

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Covenant requirement:

**<2.5x**

for 12m period ending 31 March 2018 onward



# Market Development

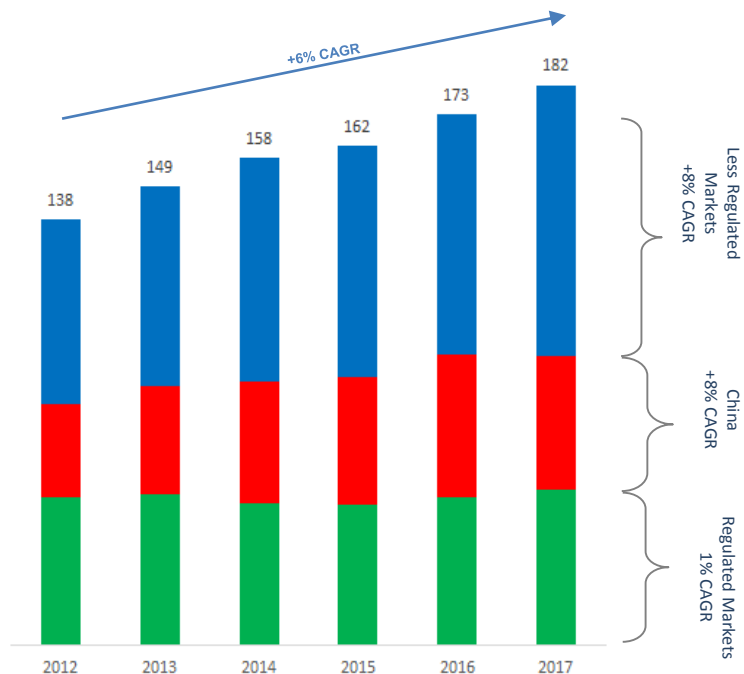


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# Kettle Controls Market Development – Historical Growth

## HISTORICAL MARKET PERFORMANCE (Volume in millions)



Note: Market data +/- 3%

## LESS REGULATED MARKETS

- Historically penetration has been low, driving growth
- Demand driven by rising living standards and demand for Western-style convenience goods
- The Far East and Middle East in particular have expanded rapidly
- Strix market share up to c.19% in 2017

## CHINA

- Largest market - experiencing economic expansion
  - Growth in demand driven by a growing middle class and sustained urbanization
- Strix market share c.50% in 2017

## REGULATED MARKETS

- Key growth drivers:
  - Population growth / growth in the number of households
  - Shortening replacement cycle
- Market grew c.6% in 2017 – Strix market share c.61%
- Volumes in Western Europe, the largest market, continue to recover
- Growth in USA driven by increasing low kettle penetration base – c.13% vs c.120% in UK

Steady growth driven predominantly by strong growth in China / Less Regulated Markets where kettle penetration is lower



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# Growth Strategy



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# Growth Strategy

## Core KJC

- Continue to develop “Best in Class” control portfolio raising the bar for competition across all segments
- Secure incremental market growth with roll out of U9 Series
- Continue focus on safety actions to protect regulated market
- Expand automated production to optimize cost and efficiency



## New Technologies

- Leverage on relationships across value chain to launch mature technologies and develop full portfolio of products within the Hot Water on Demand category
- Continue to research new heating technologies within the SDA market for manufacture in an extended facility in China
- Expand both products and geographies within the mother and baby segment with new technologies



**Key:**

SDA: Small domestic appliances

## Aqua Optima

- Position Aqua Optima as the Global Challenger Brand
- Execute on new distribution partnership with China launch in 2018
- Expand production capability to support growth opportunities
- Continue to develop distribution in both UK and Europe to drive growth



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# New Product Development



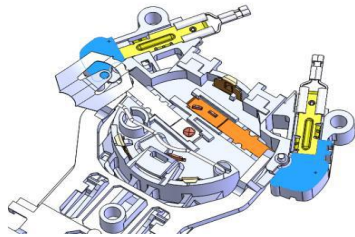
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# Product Update: U9 Series – Growth Across all Markets

## OEM AND BRAND BENEFITS

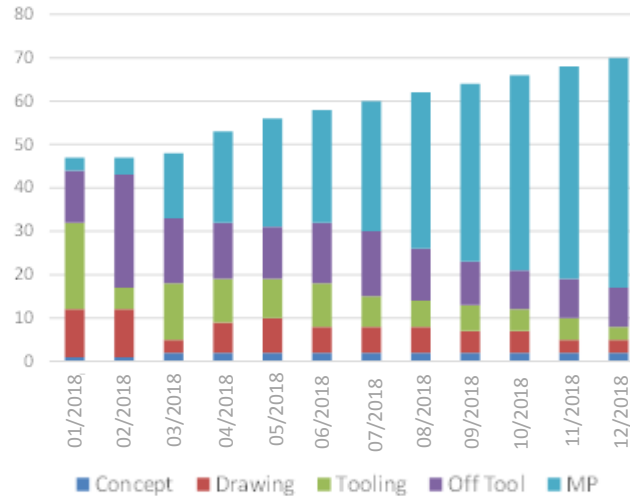
- U9 Series offers OEM and Brand benefits
- Designed for robustness, capability and automation
- Improved safety performance, stronger mounting plate fixing, integrated flash shields
- OEM assembly improvements, like stronger fixed tabs and simplified wire management
- Enables use of smaller elements, reducing cost of overall appliance



## U90/U91/U92 LAUNCHED TO ALL MARKETS

- External approvals from Intertek, UL and CCC/CQC are in place
- Increasing number of appliances shipping, with c.50 live projects (specifications won)

U9 Projects

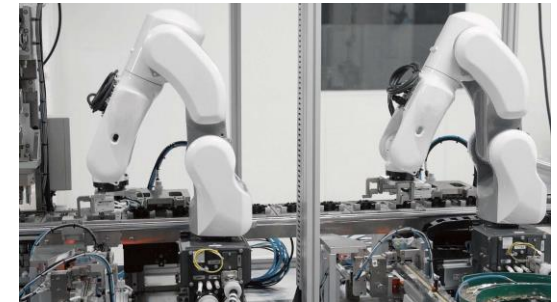


## GROWTH THROUGH NEW VARIANTS

- New variants U9 mini and U7 in development (on same architecture)
- Expands the addressable market for U9-series into smaller-sized and split-switch appliances

## AUTOMATION RUNNING IN LINE WITH EXPECTATION

- Connector automation now running at target rate



# Market Safety Actions and IPR Update

## Intellectual Property Rights

COPYRIGHT CASE FOR FACSIMILE COPY OF IMMERSSED SWITCH IN NETHERLANDS

- Successfully settled out of court.

EK3 INFRINGEMENT CASES IN CHINA ( Multi – Cookers )

- Successfully defended two invalidation attempts at China Patent Review Board. Initial steps in Infringement hearing.
- Launched second Invalidation case at the Shanghai IP Court.

EK3 TAKEDOWNS FROM INTERNET IN EUROPE

- Successfully removed infringing kettles from Amazon Market place.

## Safety

GERMANY

- Two Rapex issued against copy fitted appliances for fire risk and earthing risk.

GLOBAL

- c.20 appliances removed from shelves following safety awareness actions.



**HAUSHALTSGERÄTE 7. DEZEMBER 2011**  
**Rückruf: Stromschlag**  
**Online-Mall ruft Wasse**

Die R&W Online-Mall ruft den Cordes Kettle Typ C03<sup>®</sup> zurück

mitteilt, wurde bei einer behördlichen Kontrolle festgestellt, dass der Schutzleiterkontakt bei diesen Wasserkochern fehlt. Es bestehe die Gefahr, dass...



**HAUSHALTSGERÄTE 15. SEPTEMBER 2017**

**Rückruf: Kurzschluss möglich – POCO ruft AFK Wasserkocher zurück**

Das europäische Schnellwarnsystem RAPEX informiert über Brandgefahr durch einen Wasserkocher der Marke AFK. Vertrieben wurde das Gerät von POCO Besitzer eines betroffenen Wasserkochers sollten diesen nicht mehr nutzen und umgehend von der Stromversorgung trennen....





# Current Trading and Outlook



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# Current Trading and Outlook

- Q1 performance positive and in line with market expectations
- Secured c.50 new specifications following the successful launch of the U9 series of controls
- Aqua Optima UK distribution has doubled with 1,000 new distribution points
- The new Baby Prep appliance was launched by Tommee Tippee in March 2018
- Focus on the Hot water on Demand technology has resulted in MOU's being secured with two leading Brands
- Sales and commercial initiatives in place to deliver market growth expectations





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