



VICTORIA PLC

*Objective: to create wealth for
shareholders*

April 2016

CARPET/FLOORING INDUSTRY

- 4 dominant markets:
 - North America
 - Australasia
 - UK
 - Europe
- Carpet Market (at manufacturing):

1. IBIS World 2. Eurostat	Total	Victoria Group
Australasia	\$813 million ¹	\$140 million
UK	£945 million ^{1,3}	£160 million ³
Europe	€1,200 million ²	<€10 million

3. Excludes underlay

- Growing 2-3% pa
- Significant opportunity to grow market share

KEY REVENUE DRIVERS



Redecorating

- UK: 26.4 million households (2/3 owner-occupied)
- Australia: 8.1 million households
- Households replace carpet on average every 9 years



Housing Transactions

- Steady growth in UK and Australia
- Leading indicator: 12-18 months delay



New Builds

- UK: Building c.200,000 new houses pa
- Australia: Building c.100,000 new houses pa

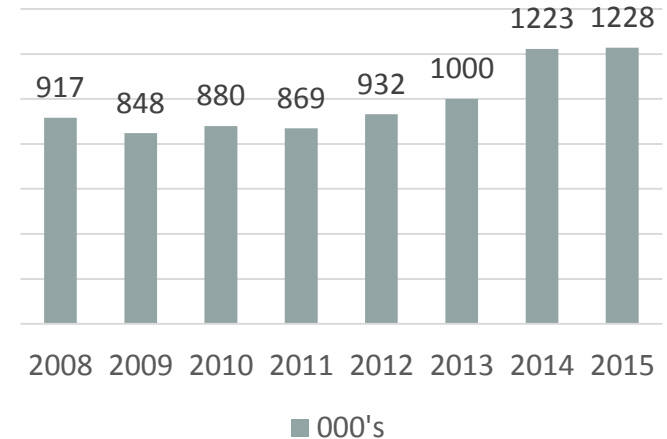


Insurance replacement

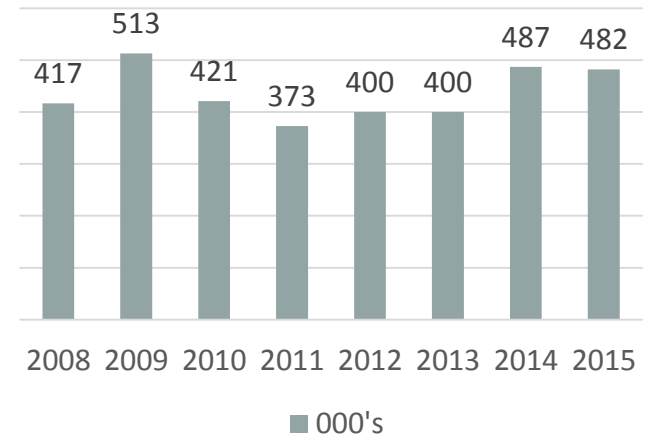


Sales Leadership!

UK Housing Sales



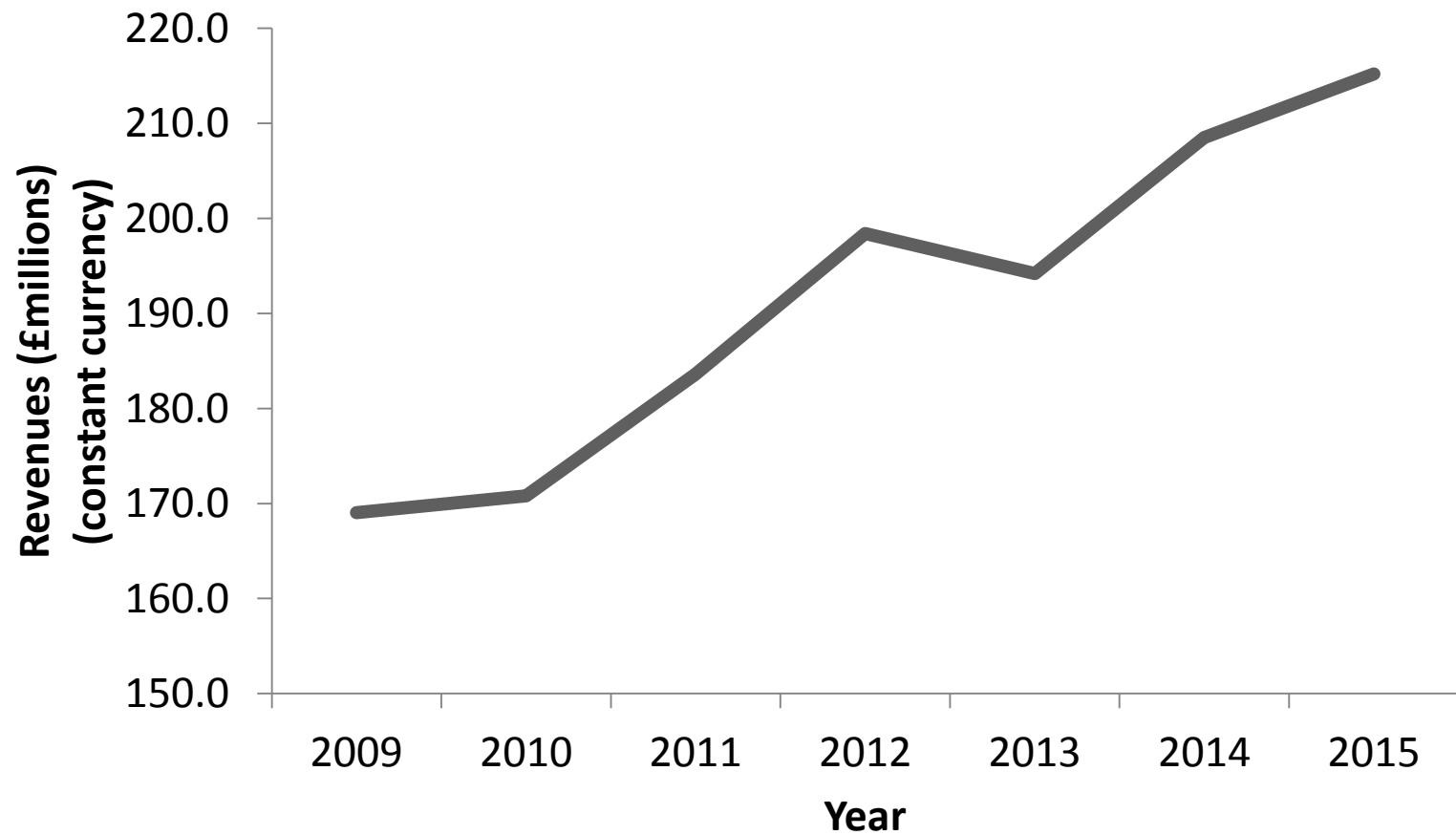
Australian Housing Sales



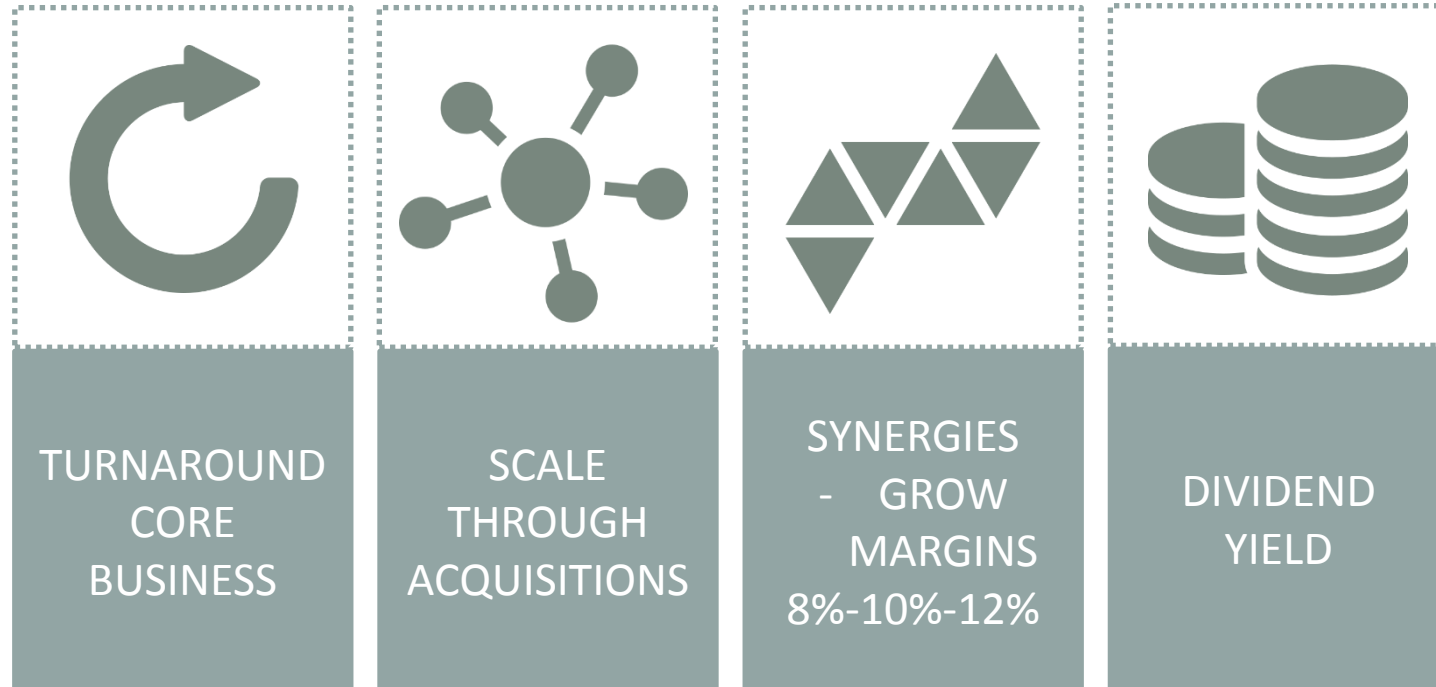


SALES LEADERSHIP

What recession?



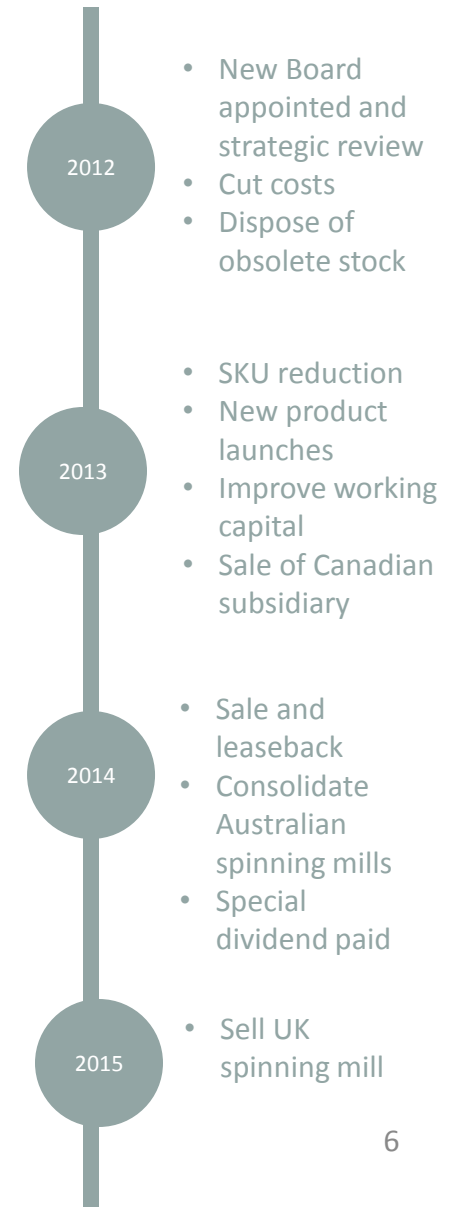
VICTORIA PLC's WEALTH CREATION STRATEGY



TURNAROUND CORE BUSINESS

Nothing magic

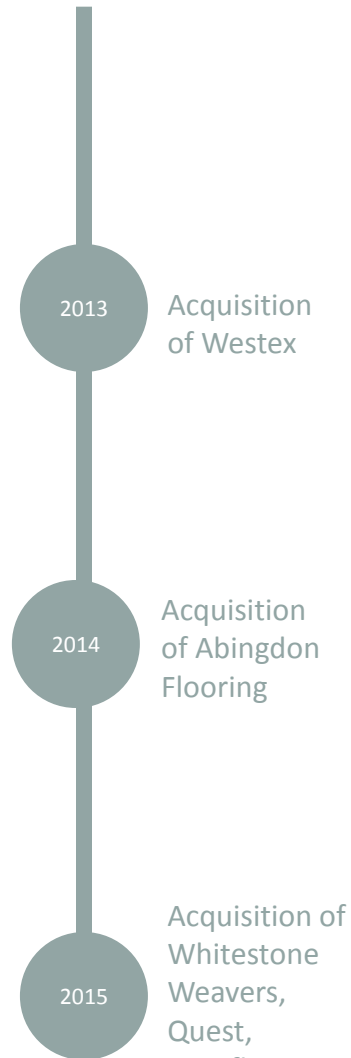
- **Cost savings**
 - Headcount
 - Suppliers
 - Sale and leaseback of assets
- **Price increases = volumes down, margins up**
- **“Reinvigorated” sales team and management**
- **Focus on ROCE**
- **3 – 5 % organic growth rate**





SCALE - ACQUISITIONS

- **Consolidator in a highly-fragmented, inefficient industry**
 - Aging owners
 - > 250 UK and European flooring manufacturers
- **Highly selective acquisitions**
 - Competitive advantage (channels, distribution, product)
 - Growing
 - Sustainable, above average margins
 - Committed management
 - Broad distribution channels
 - Modern plant
 - Fair price





SYNERGIES

- **Retain individual brands, sales teams, distribution channels, management, etc.**
 - Co-operation, not integration
 - Carpet isn't just carpet = brand distinction important for retailers
 - Manageable size – responsiveness, flexibility
 - Customer-facing = autonomous

- **High level integration drives hard synergies**
 - Manufacturing facilities
 - Logistics
 - Warehousing/distribution centres
 - Buying power – raw materials
 - Cross-selling/SKU-reduction
 - IT



DIVIDEND YIELD

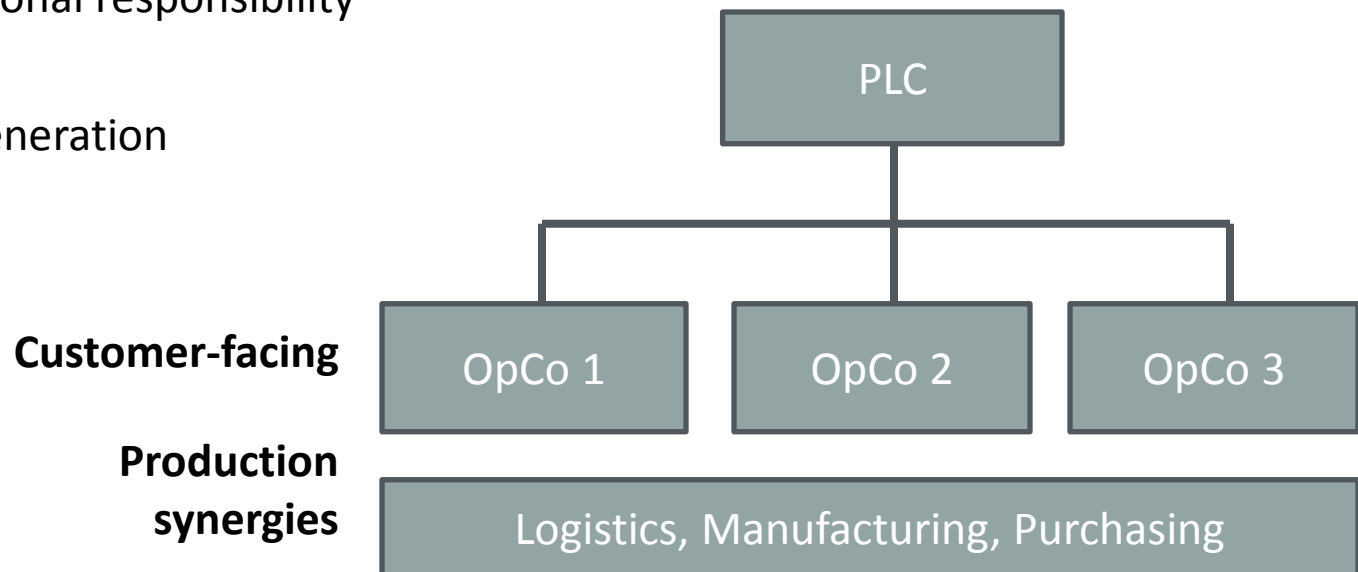
- **Warren Buffet acquired Shaw Industries (world's 2nd largest carpet mfr) for its free cash flow**

- **Operating free cash-flow = 105% of EBITDA. Why?**
 - Plant longevity (Grandad's axe)
 - Plant relatively inexpensive
 - Consolidate production capability (e.g. Australian spinning mills)
 - Product rationalisation (SKU reduction, increased stock turn)

- **Benefit**
 - Rapid debt reduction during acquisition phase
 - High dividend yield when 'steady state'

GROUP OPERATIONAL STRUCTURE

- **PLC**
 - Holding company
 - Capital allocation
- **Operating Companies “OpCo”**
 - Operational responsibility
 - Profits
 - Cash generation



- **Volkswagen AG**

COMPETITIVE STRENGTHS

NOW:

- **Management team**
 - Proven
 - Highly motivated

- **Distribution**
 - More than 3,000 customers:
 - independent retailers,
 - buying groups,
 - distributors,
 - large retailers (JLP, Carpetright, ScS etc.)

Brands



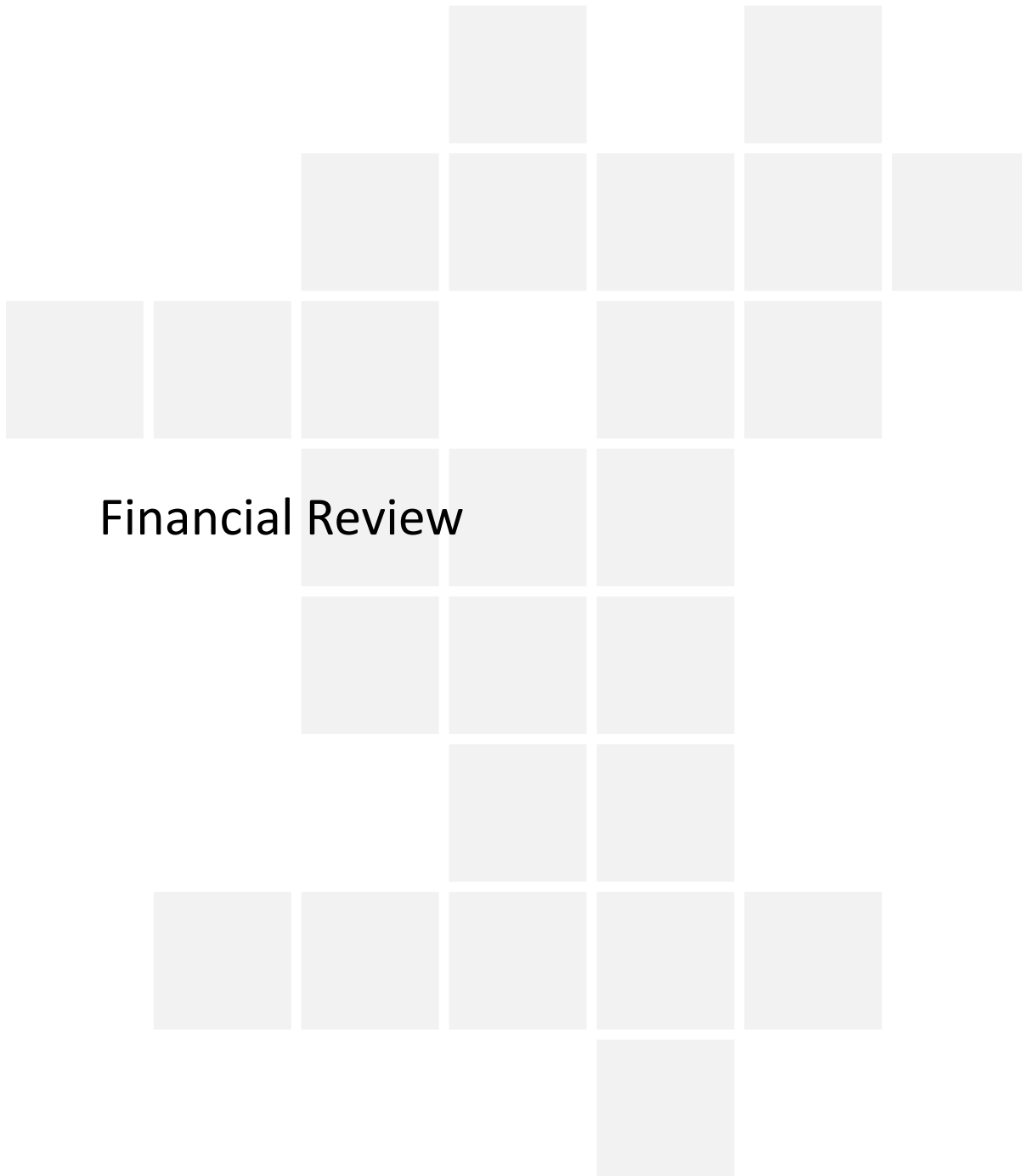
DELIVERING:

- **Logistics/Service**
 - Sales density lowers delivery cost and improves customer service

- **Lowest cost producer**
 - Scale = lower raw material prices
 - Rationalise production facilities

APPENDICIES

- **Finance Review – debt position, earnings, balance sheet**
- **Shareholder Register**
- **Business overview – fast facts**



DEBT POSITION

- The Group has remained strongly cash generative from operating activities
- Supportive bankers – HSBC and Barclays - £125m facility (including accordion)
- Bank debt/EBITDA <2.25x at November 2015
- Interest cover:
 - 6.1x FY16
 - 7.2 x FY17
 - (Analyst consensus)
- Net debt
 - £61.5m at March 2016
 - £48.0m at March 2017
 - (Analyst consensus)

INCOME STATEMENT

Income Statement £'000	2017F*	2016F*	2015	2014	2013
Revenue	311,300	256,100	128,304	71,386	70,909
Gross profit	101,600	82,900	41,609	20,842	17,230
EBITDA	32,400	23,500	11,883	5,135	2,331
Depreciation	(5,900)	(4,900)	(3,003)	(2,484)	(2,700)
Operating profit/(loss) (pre amortisation & exceptional items)	26,500	18,600	8,880	2,651	(369)
Amortisation	(300)	(300)	(270)	(70)	(52)
Operating profit/(loss) (pre exceptional items)	26,200	18,300	8,610	2,581	(421)
Finance costs	((3,700))	(3,030)	(1,643)	(531)	(465)
Profit/(loss) before tax (pre exceptional items)	22,500	15,300	6,967	2,050	(886)
Exceptional items	n/a	n/a	(9,920)	231	(2,634)
Profit/(loss) before tax			(2,953)	2,281	(3,520)
Earnings per share (basic adjusted) (pence)	95.3p	72.7p	45.5p	27.1p	(11.0)p
Gross profit margin (%)	32.6%	32.4%	32.4%	29.2%	24.3%
EBITDA margin (%)	10.4%	9.2%	9.3%	7.2%	3.3%
Operating profit (pre amortisation & exceptionals) margin (%)	8.4%	7.1%	6.9%	3.7%	(0.5)%

* Market consensus forecast numbers

BALANCE SHEET

Balance Sheet £'000	3 Oct-15	28 Mar-15	29 Mar-14	30 Mar-13
Goodwill, Intangibles, investments and deferred tax asset	82,459	17,422	9,309	1,751
Property, plant & equipment	29,432	22,489	18,681	23,778
Non-current assets	111,891	39,911	27,990	25,529
Current assets	108,472	74,301	50,906	33,870
Current liabilities	(66,338)	(59,488)	(24,064)	(17,333)
Non-current liabilities	(100,392)	(34,894)	(20,193)	(3,593)
Net assets	53,633	19,830	34,639	38,473
Net debt	81,108	36,280	1,481	7,508
Adjusted net debt / adjusted EBITDA *	2.46 times *	1.79 times	0.3 times	3.3 times
Operating assets †	134,741	56,110	36,120	45,981
Return on operating assets (%) †	n/a	15.34%	7.15%	(0.92)%

* As calculated for bank covenant purposes. Adjusted net debt excludes the £10m loan notes with the Business Growth Fund. Adjusted EBITDA is calculated on a 12 month historical basis including annualised figures for acquisitions. This ratio reduced to less than 2.25 times immediately following the conditional placing to raise a net £8.46m, which completed on 6 October 2015

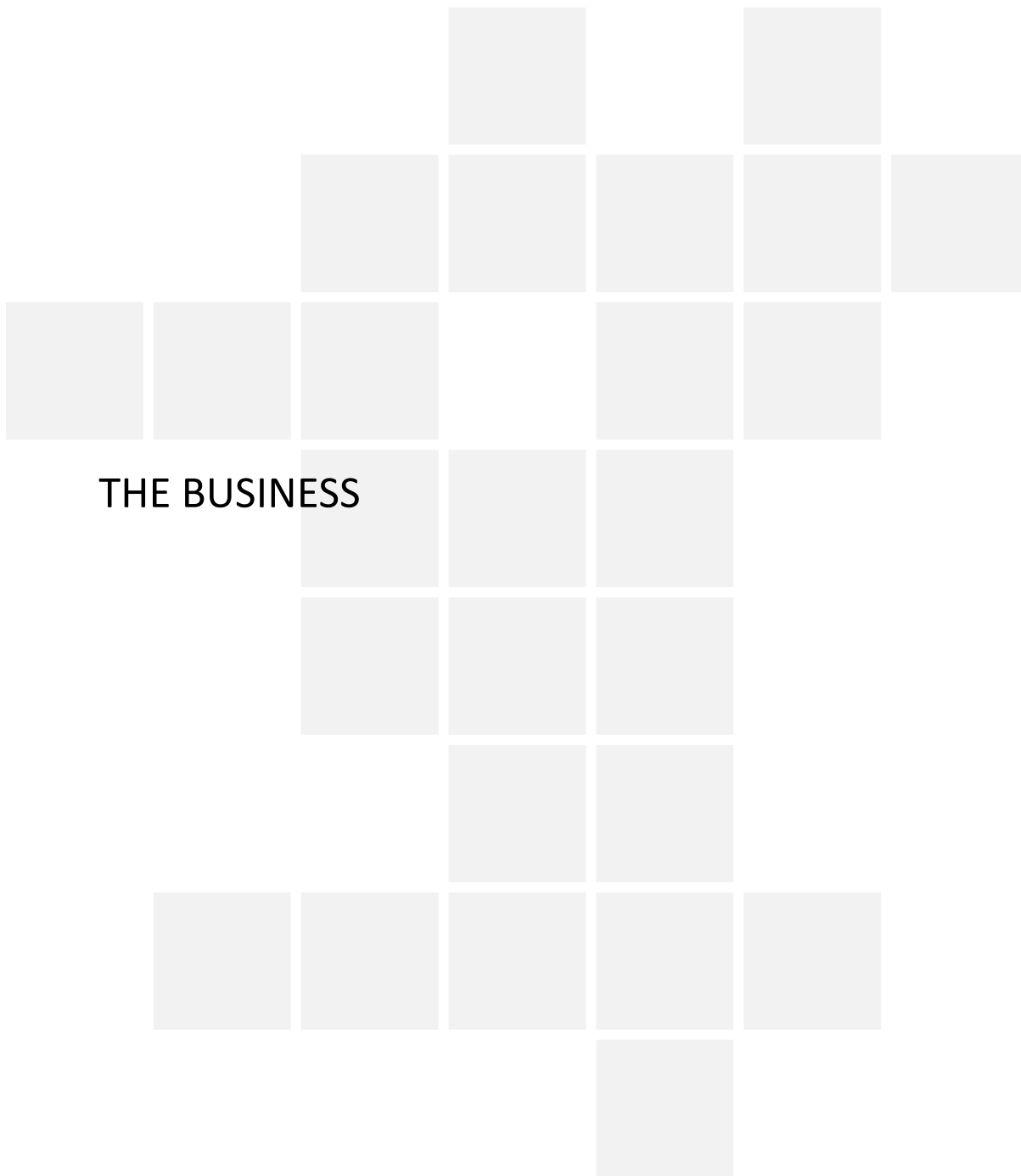
† Operating assets excludes financing items. Return on operating assets = operating profit (pre exceptional items) / operating assets



SHAREHOLDER REGISTER

VICTORIA PLC SHAREHOLDER REGISTER

Rank	Investor Name	Holding as of 29 Jan 16	%
1	Mr Geoff Wilding	6,087,730	33.47
-	Private Investors (UK)	1,243,367	6.83
2	Old Mutual Global Investors	1,088,904	5.99
3	Hargreave Hale	1,040,787	5.72
4	Schroder Investment Management	1,011,180	5.56
5	BlackRock Investment Management	582,620	3.20
6	Hargreaves Lansdown Asset Management	484,807	2.67
7	AXA Investment Managers	451,000	2.48
-	Private Investors (Europe)	392,024	2.16
8	Shore Capital Stockbrokers	365,855	2.01
9	JPMorgan Asset Mgt	365,434	2.01
10	Mr Charles Anton	322,755	1.77
11	Henderson Global Investors	318,302	1.75
12	Mr Rooney Style	253,000	1.39
13	TD Direct Investing	247,899	1.36
14	Broadwalk Asset Management	221,860	1.22
15	Rowan Dartington & Co	220,642	1.21
16	Miss Georgina Anton	201,300	1.11
17	Miss Francesca Anton	200,000	1.10
18	Mrs Noelle Anton	184,535	1.01
19	BMO Global Asset Management	177,063	0.97
20	Mr Peter Anton	176,460	0.97



THE BUSINESS

SITE OVERVIEW



BOARD OF DIRECTORS

Geoff Wilding

Chairman

Geoff Wilding is a former investment banker. He set up his own investment company in New Zealand in 1989. Geoff was appointed Executive Chairman at the General Meeting on 3 October 2012.

Michael Scott

Group Finance Director

Prior to his appointment in January 2016, Michael spent eight years at Rothschild where, as part of their Global Financial Advisory business, he worked across a wide range of public and private company transactions, M&A and debt and equity-related fund raisings. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

Alexander Anton

Non-Executive Director

Alexander Anton, a member of the founding family of Victoria, was appointed to the main Board in 1995 and is a former Chairman. He is currently Chairman of Legacy Portfolio.

Andrew Harrison

Non-Executive Director

Andrew Harrison has more than twenty years as a solicitor in private practice, specialising in company law. He has advised on a wide variety of corporate transactions, including management buy-outs and buy-ins, corporate acquisitions and disposals and listed company take-overs.

Gavin Petken




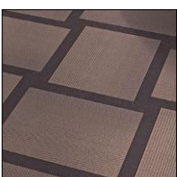

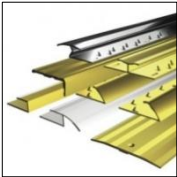
Non-Executive Director

Gavin Petken is the Business Growth Fund's Regional Director for the Midlands and has developed the firm's local investment activities in the Midlands region for smaller entrepreneurial companies. He has also been actively involved with their major strategic initiative to extend the firm's provision of growth capital to listed companies, providing similar access to long term funding.

FAST FACTS

- Victoria is an international designer, manufacturer and distributor of innovative floorcoverings
- Established in 1895, it listed on the London Stock Exchange in 1963.
- It set up its first factory in Australia in 1954. It now operates from three sites in the state of Victoria.
- The largest carpet manufacturer in the UK and second-largest in Australia, the Victoria Group is a major supplier to the independent retail sector, the insurance replacement market, and national retail chains such as Carpetright, ScS, and the John Lewis Partnership
- The Group manufactures broadloom carpets, carpet tiles, underlay and flooring accessories
- Also markets and distributes a complementary range of third-party manufactured carpets, luxury vinyl tiles and hardwood flooring
- Products are primarily within the mid-to-upper end of the market in terms of retail price
- The Group owns a large number of strong, well known flooring brands
- Victoria Carpets was awarded the Queen's Royal Warrant in January 2013.

Key products

 <p>Tufted broadloom carpet</p>	 <p>Underlay</p>
 <p>Woven broadloom carpet</p>	 <p>Carpet tiles</p>
 <p>Luxury Vinyl Tile (LVT) and hardwood flooring</p>	 <p>Accessories</p>



VICTORIA PLC

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Geoff Wilding, Executive Chairman
Michael Scott, Group Finance Director

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