JULY 2021

VICTORIA PLC

INVESTOR PRESENTATION

Preliminary Results for Year Ending 3 April 2021

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Executive Summary 2021 Financial Results

EXECUTIVE SUMMARY
Overview

"2021 was another record year in terms of revenues and operating earnings, with consistent strong cash flow conversion and significant margin expansion post-lockdown"

- **REVENUE: £662.3m**
  - *+6.6% y-o-y growth*
  - *+6.3% like-for-like growth[1] post initial lockdown*
- **EBITDA[2]: £127.4m**
  - *7.9% y-o-y growth*
  - *19.2% margin*
  - *+340bps organic improvement[1] post initial lockdown*
- **PBT[2]: £50.1m; ADJUSTED EPS[2]: 30.21p**
- **OPERATING CASH FLOW[3]: £93.9m**
  - *83% conversion from pre-IFRS 16 EBITDA*
  - *Free cash generated of £38.8 million, after tax, interest and replacement capex*
- **NET DEBT[4]: £345.7m**
  - *£20m reduction from prior year*
- **LEVERAGE[4]: 3.10x**

Note

1. *Like-for-like revenue growth and EBITDA margin improvement shown on a constant-currency basis, with a full-year effect of prior year acquisitions and the impact of current year acquisitions removed*
2. *EBITDA, PBT and EPS shown before exceptional and non-underlying items. Adjusted EPS shown on a fully-diluted basis, excluding the dilution impact of unutilised preferred equity funding, which was deployed for acquisitions post year-end*
3. *Operating cash flow defined as underlying EBITDA, less operating payments, non-cash items, plus movement in working capital. Free cash flow is before acquisition, refinancing and other exceptional items*
4. *Net debt shown before right-of-use lease liabilities, preferred equity, bond premia relating to embedded derivatives and before the deduction of prepaid finance costs. Leverage (Net debt / underlying EBITDA) consistent with the measure used by our lending banks*

EXECUTIVE SUMMARY

1 **Resilient performance and positive outlook despite the pandemic**

- In spite of the COVID-19 related challenges in our markets, the Group achieved record results for FY21, highlighting the resilience of the business and the benefits of the 2019/20 synergy projects.
- Consistent *organic* revenue growth over the last 15 years

2 **Robust balance sheet**

- More than £300m available cash and undrawn credit lines at the year-end
- Senior Debt: long-dated, covenant-lite bonds. Pro forma net leverage of 3.10x[1]
- Stated financial policy of net debt / EBITDA c.3x maintained

3 **Like-for-like margin improvement**:

- +340bps organic margin improvement post initial lockdown
- Record underlying EBITDA margin of 20.6% post initial lockdown (19.2% across the year)

4 **Cash generation:**

- c. £40m of free cash flow in the year (after interest, tax and replacement capex), of which c. £13m invested in organic projects (c. £8m growth capex, c. £5m reorganisation projects in the UK (factory closure) and Italy (acquisition integration)) and c. £27m invested in acquisitions / earn-outs and associated M&A costs

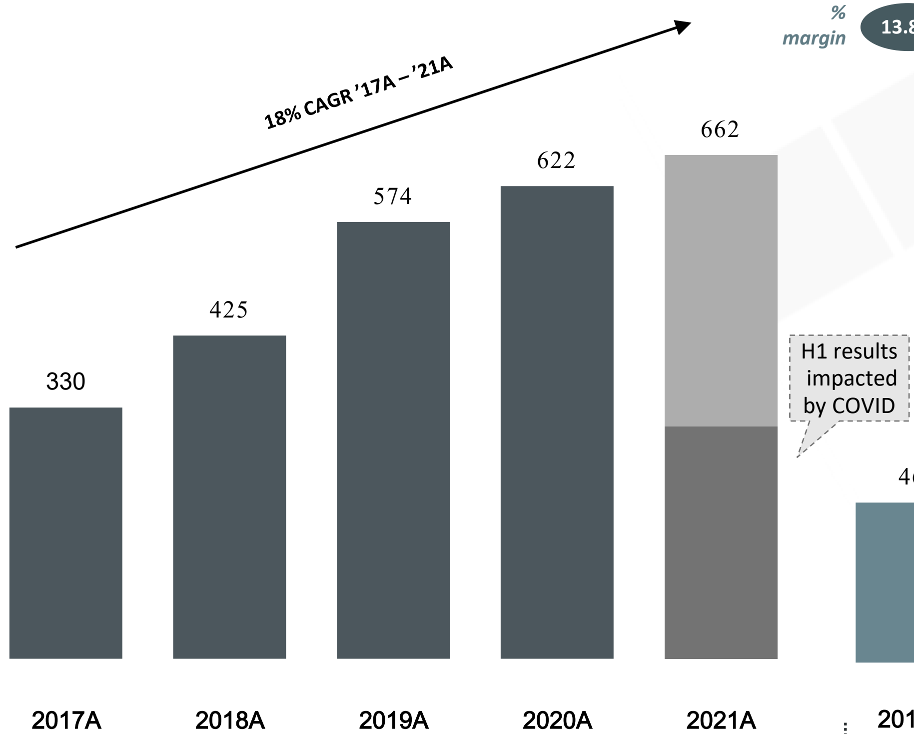
5 **Divisional highlights:**

- UK& Europe – Soft Flooring: record underlying EBITDA margin of 17.5% (+290bps)
- UK & Europe – Ceramic Tiles: revenue growth of 15.8%
- Australia: underlying EBITDA margin growth +590bps

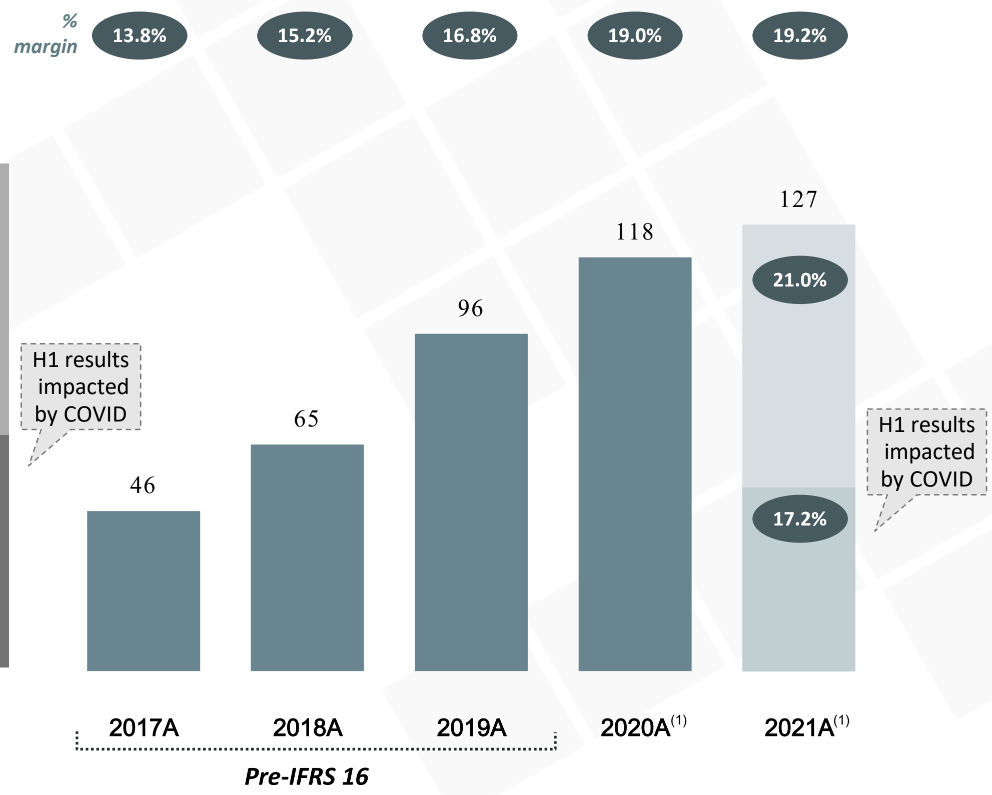
Note:
1. *Leverage (Net debt / underlying EBITDA) consistent with the measure used by our lending banks*

EXECUTIVE SUMMARY
Track record of robust growth and margin improvement

Revenue (£m)



Underlying EBITDA (£m)



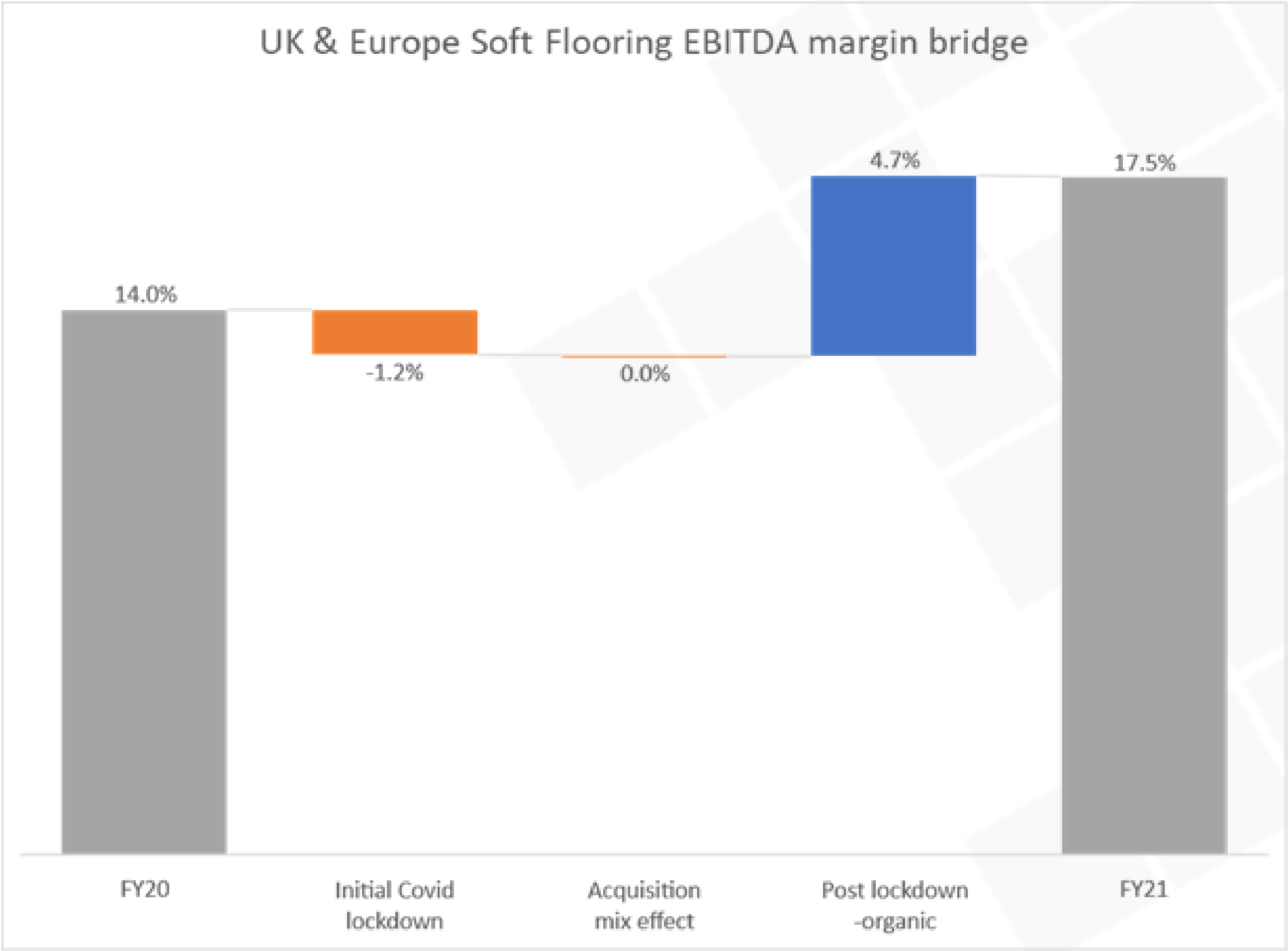
EXECUTIVE SUMMARY
Segmental Performance

Continuing operations[1] £m	2021					2020				
	UK & Europe – soft flooring	UK & Europe – ceramic tiles	Australia	Central costs	TOTAL	UK & Europe – soft flooring	UK & Europe – ceramic tiles	Australia	Central costs	TOTAL
Revenue	**280.4**	**282.4**	**99.6**	**-**	**662.3**	**282.0**	**243.9**	**95.6**	**-**	**621.5**
% growth	*-0.6%*	*+15.8%*	*+4.1%*	*n/a*	*+6.6%*	*+3.3%*	*+25.7%*	*-4.4%*	*n/a*	*+9.7%*
Gross profit	**97.8**	**102.9**	**34.1**	**-**	**234.9**	**95.2**	**102.2**	**29.0**	**-**	**226.4**
% margin	*34.9%*	*36.4%*	*34.2%*	-	*35.5%*	*33.8%*	*41.9%*	*30.3%*	-	*36.4%*
Underlying EBITDA[2]	**49.0**	**63.1**	**16.6**	**(1.3)**	**127.4**	**41.3**	**68.3**	**10.3**	**(1.8)**	**118.1**
% margin	*17.5%*	*22.3%*	*16.7%*	-	*19.2%*	*14.6%*	*28.0%*	*10.8%*	-	*19.0%*
Underlying EBIT[2]	**28.7**	**40.4**	**11.9**	**(1.3)**	**79.8**	**21.7**	**51.5**	**5.8**	**(1.9)**	**77.1**
% margin	*10.2%*	*14.3%*	*12.0%*	-	*12.0%*	*7.7%*	*21.1%*	*6.1%*	-	*12.4%*

Note

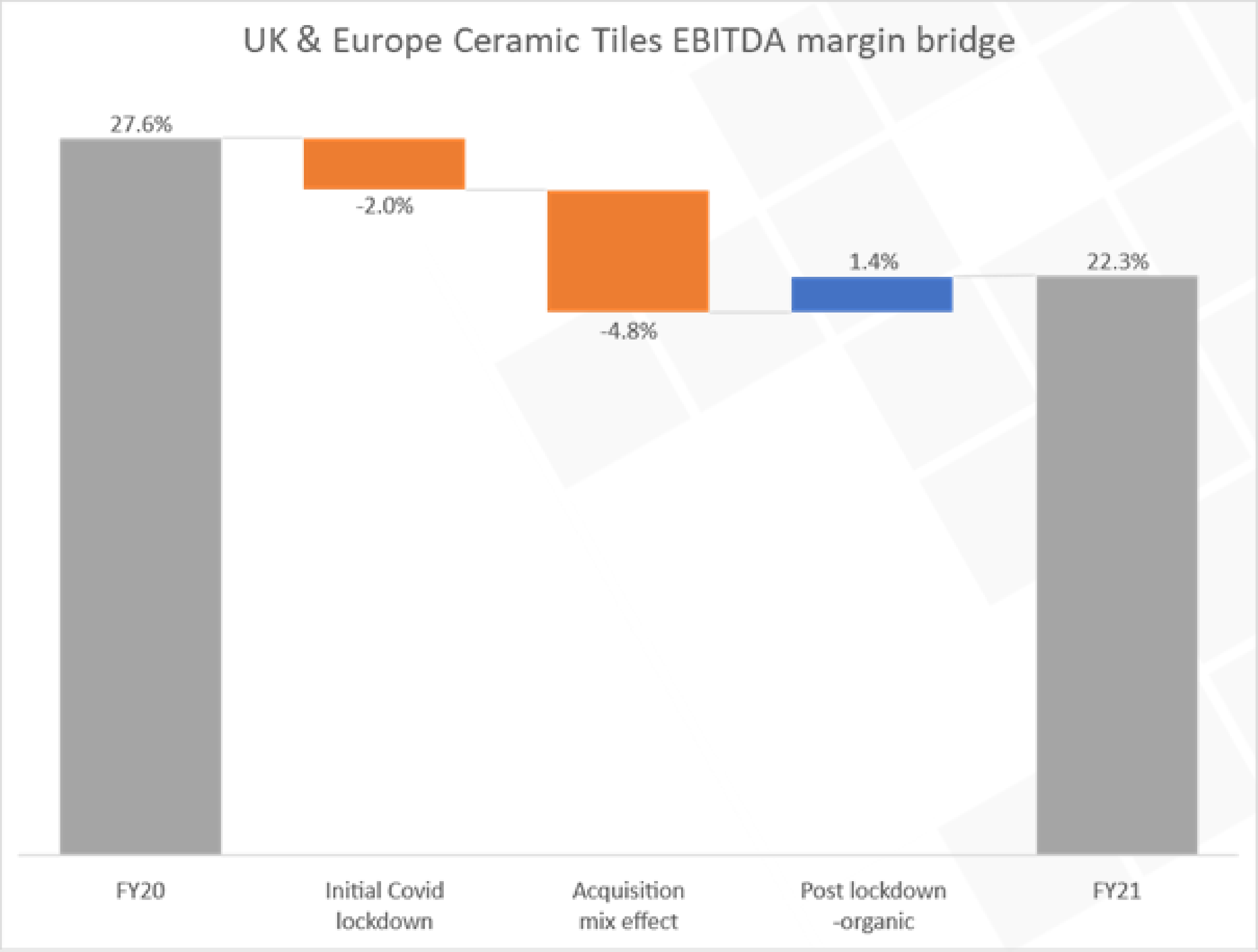
1. *Continuing operations – not including a small disposal from UK & Europe – Soft Flooring division in the prior year*
2. *Figures presented are underlying, pre-exceptional*

EXECUTIVE SUMMARY
UK & Europe Soft Flooring – underlying EBITDA margin bridge



Note
1. *FY20 margin shown post credit loss provision*
2. *Initial lockdowns occurred during April and May 2020*
3. *Organic margin improvement calculated by capturing a full-year effect of prior year acquisitions and removing the impact of current year acquisitions*

EXECUTIVE SUMMARY
UK & Europe Ceramic Tiles – underlying EBITDA margin bridge



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1. *FY20 margin shown post credit loss provision*
2. *Initial lockdowns occurred during April and May 2020*
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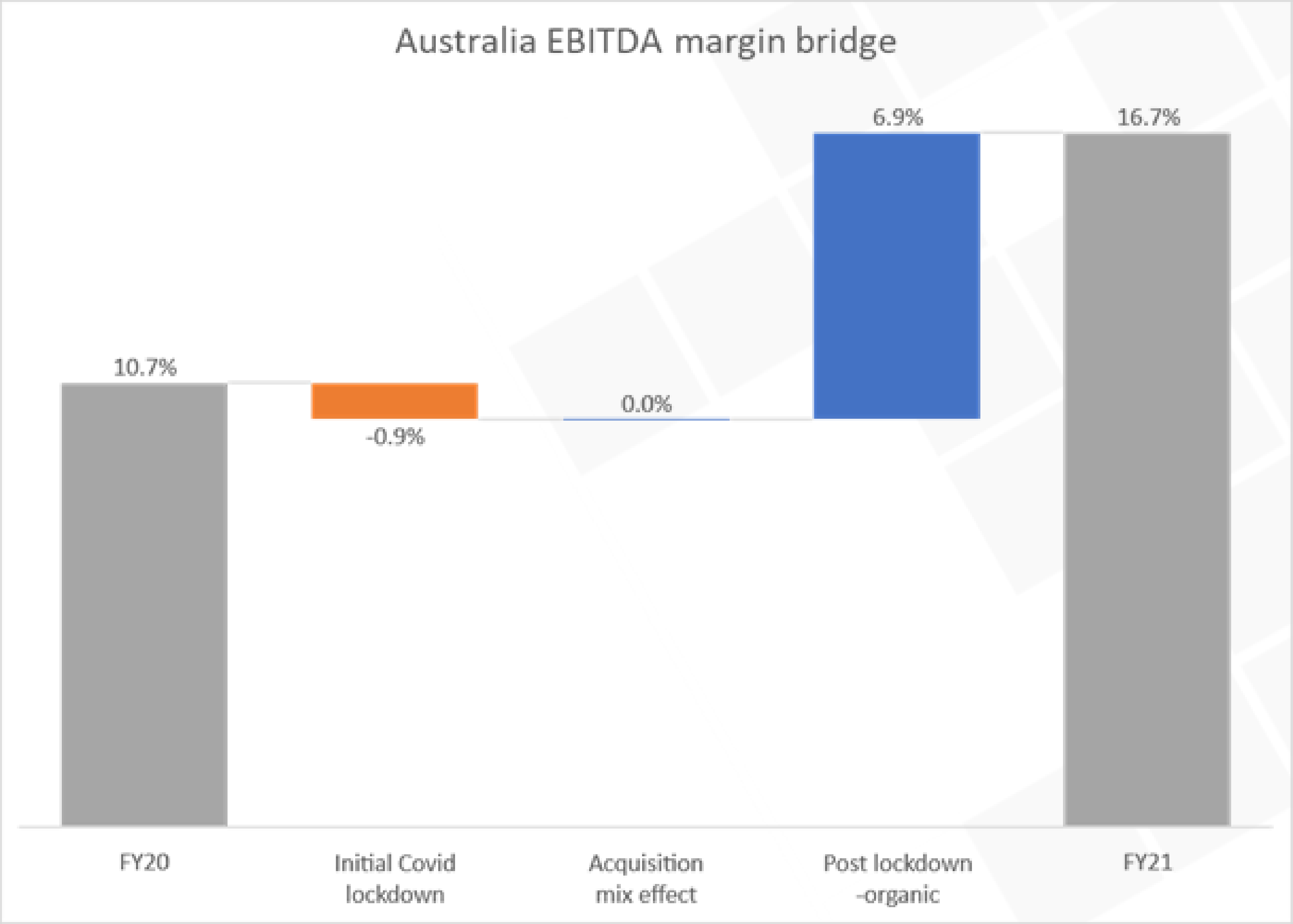
EXECUTIVE SUMMARY
Australia – underlying EBITDA margin bridge



Note

1. *FY20 margin shown post credit loss provision*
2. *Initial lockdowns occurred during April and May 2020*
3. *Organic margin improvement calculated by capturing a full-year effect of prior year acquisitions and removing the impact of current year acquisitions*

EXECUTIVE SUMMARY
Non-underlying items

Non-underlying items, £m	2021 Covid-19 related	2021 Refinancing related	2021 Acquisition related	2021 Other	2021 TOTAL	2020 TOTAL
Exceptional items						
Acquisition and disposal related costs			(3.0)		**(3.0)**	(2.2)
Reorganisation costs				(5.5)	**(5.5)**	(3.5)
Negative goodwill arising on acquisition			6.5		**6.5**	5.8
Goodwill impairment					**-**	(50.0)
Contingent consideration linked to positive tax ruling			(5.7)		**(5.7)**	-
	-	-	(2.2)	(5.5)	**(7.8)**	(49.9)
Other non-underlying operating items						
Acquisition-related performance plans			1.7		**1.7**	(2.0)
Non-cash share incentive plan charge				(1.0)	**(1.0)**	(5.9)
Amortisation of acquired intangibles			(26.8)		**(26.8)**	(25.0)
	-	-	(25.1)	(1.0)	**(26.1)**	(32.9)
Finance items						
Release of prepaid finance costs		(7.3)			**(7.3)**	(4.4)
Net cost of redemption premium on refinancing of previous senior notes		(6.3)			**(6.3)**	-
Underwriting fees and costs relating to previous bank facilities					**-**	(6.5)
Preferred equity – host instrument cost				(3.4)	**(3.4)**	-
Preferred equity – movement in value of warrants and other items				(9.7)	**(9.7)**	-
Acquisition-related items			(2.1)		**(2.1)**	(3.1)
Interest on short-term draw of Group revolving credit facility	(1.4)				**(1.4)**	-
Fair value adjustment to notes redemption option				4.6	**4.6**	(7.3)
Unsecured loan redemption premium (charge) / credit				(0.2)	**(0.2)**	0.2
Mark to market adjustments on foreign exchange forward contracts				(4.2)	**(4.2)**	3.2
Translation difference on foreign currency loans				6.3	**6.3**	(13.0)
	(1.4)	(13.6)	(2.1)	(6.6)	**(23.7)**	(30.8)

Cash items

EXECUTIVE SUMMARY
Consistent strong operational cash generation

£m	2015	2016	2017	2018	2019	2020[1]	2021	2015-21 CAGR
Revenue	127	255	330	*425*	*574*	*622*	*662*	
% growth	77.9%	100.9%	29.5%	*28.6%*	*35.3%*	*9.7%*	*6.6%*	
Underlying EBITDA	**16**	**32**	**46**	**65**	**106**	**118**	**127.4**	
% margin	12.4%	12.7%	13.8%	*15.2%*	*16.8%*	*19.0%*	*19.2%*	
Payments under right-of-use lease obligations	-	-	-	-	-	(11.6)	(14.4)	
Non-cash items	(0.2)	(0.1)	(0.5)	(0.2)	(0.8)	(0.8)	(0.8)	
Underlying movement in working capital	2.2	0.1	(1.6)	(0.2)	10.2	(8.0)	(18.3)	
Operating cash flow before interest, tax and exceptional items	**18.0**	**32.0**	**44.0**	**64.0**	**106.0**	**97.6**	**93.9**	***31.7%***
% EBITDA conversion[3]	*113%*	*100%*	*95%*	*99%*	*110%*	*92%*	*83%*	
Interest paid	(1.0)	(3.0)	(4.0)	(7.0)	(17.0)	(25.0)	(30.4)	
Income tax paid	(2.0)	(3.0)	(6.0)	(11.0)	(16.0)	(8.6)	(4.9)	
Replacement capex	(5.0)	(10.0)	(11.0)	(14.0)	(24.0)	(25.4)	(20.9)	
Proceeds from fixed asset disposals	1.0	1.0	-	2.0	1.0	0.7	1.2	
Free csah flow before exceptional items	**10.0**	**17.0**	**24.0**	**35.0**	**50.0**	**39.2**	**38.8**	***25.4%***
% EBITDA conversion[3]	*63%*	*51%*	*52%*	*54%*	*51%*	*38%*	*34%*	
Expansionary capex	-	-	-	(14.0)	(21.0)	(8.4)	(7.6)	
Deferred consideration and earn-out payments	(1.0)	(8.0)	(10.0)	(15.0)	(9.0)	(12.1)	(21.3)	
Exceptional cash items	-	-	-	(3.0)	(19.0)	(5.7)	(8.8)	
Dividends	-	-	-	-	-	-	-	

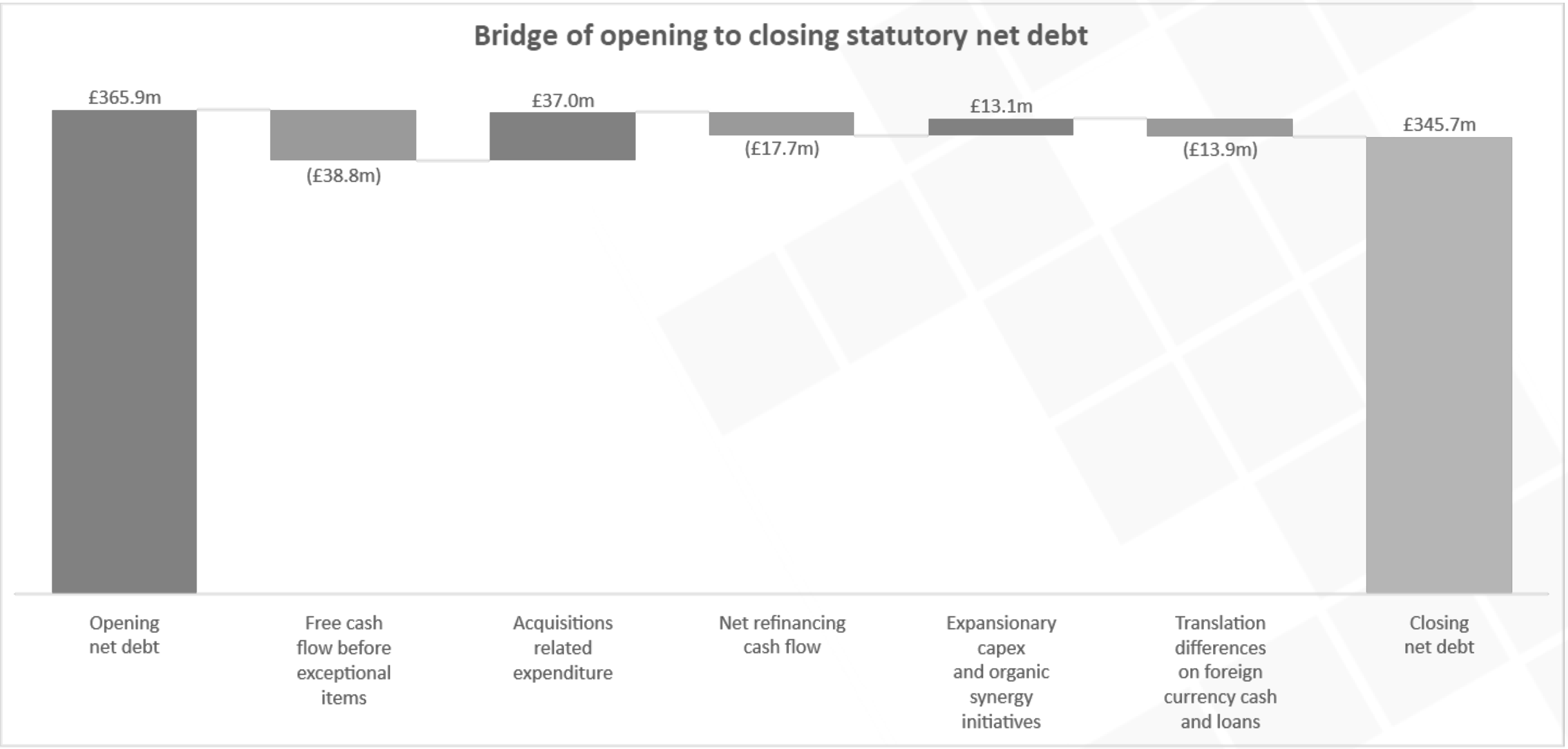
Note

1. 2020 figures are from continuing operations and before the increase in credit loss provision

2. Conversion against EBITDA on a pre-IFRS 16 basis

EXECUTIVE SUMMARY

Free cash flow re-invested – £20m reduction in net debt from prior year



Note

1. *Net debt shown before right-of-use lease liabilities, bond premia and prepaid finance costs, consistent with the measure used by our lending banks*

EXECUTIVE SUMMARY
Reduction in net debt

£m	2021	2020
Net cash and cash equivalents	344.8	174.7
Senior secured debt (at par)	(637.7)	(523.4)
Unsecured loans	(51.7)	(15.6)
Finance leases and hire purchase arrangements (pre IFRS 16)	(1.1)	(1.6)
Net debt (before obligations under right-of-use leases)	**(345.7)**	**(365.9)**
Bond embedded redemption option	9.0	-
Bond premium – cash	-	(7.5)
Bond premium – non-cash (related to embedded redemption option)	(4.3)	(6.8)
Prepaid finance costs on senior debt	10.9	9.9
Preferred equity, and associated instruments (classed as financial instruments under IFRS 9)	(76.2)	-
Obligations under right-of-use leases (incremental over pre-IFRS 16 finance leases)	(86.0)	(78.2)
Statutory net debt (net of prepaid finance costs)	**(492.2)**	**(448.5)**
Adjusted net debt / EBITDA	**3.10x**	**3.04x**

Operational Overview – driving revenues and margins

UK & Europe Soft Flooring – record underlying EBITDA margin of 17.5%

	FY21	FY20	Growth
Revenue	£280.4 million	£282.0 million	-0.6%
Underlying EBITDA	£49.0 million	£41.3 million	+18.7%
Underlying EBITDA margin	17.5%	14.6%	+290bps
Underlying EBIT	£28.7 million	£21.7 million	+32.3%
Underlying EBIT margin	10.2%	7.7%	+250bps

Carpet & Underlay - continued focus on margin and bottom slicing of margin dilutive products

- Invested in brand new production facilities in Dewsbury, Yorkshire for our prestigious Westex brand and closed the old factory at nearby Cleckheaton., improving productivity and margins.
- The creation of WIP stock to allow for more flexible warehousing and 'Just In Time' carpet finishing. Reduces working capital.
- Further reduced cost of tufting and backing in both plants (Newport and Dewsbury). Labour cost has been reduced by 20% since 2018. 2 new high-speed tufting machines have been installed to further increase productivity.
- Introduction of beaming activity (iso racks) to allow for the production of smaller batches thus reducing the working capital
- Introduction of "RENU", a sustainable carpet underlay made from 98% recycled material and 100% recyclable (includes the use of Bio-film made from carbon positive sugar cane and PU derived post-consumer waste
- Successful transfer of Interfloor's central European customer base to our subsidiary Estillon to improve service levels for our European customers

Logistics – investment in logistics to differentiate Victoria from competitors, driving 'share of wallet'.

- Roll-out of Microlise electronic POD system which is now live at Hemel and Kidderminster
- 91% of UK mainland is now delivered every day. On-time-delivery for available stock across the country in 3 days increased to 94%
- Increased productivity in the 3 warehouses: We are now cutting and delivering 45% more orders with 25% fewer employees. We are currently shipping about 24k orderliness (cuts and rolls) per week over our 3 distribution centres
- 85% of the fleet (270 vehicles) are now 'EURO 6' compliant and all recent acquired equipment can run on HVO (hydrotreated vegetable oil)
- Alongside improved customer service, increased productivity has reduced the cost to deliver that service by £1m per annum

UK & Europe Ceramic Tiles – revenue growth of 15.8%

	FY21	FY20	Growth
Revenue	£282.4 million	£243.9 million	+15.8%
Underlying EBITDA	£63.1 million	£68.3 million	-7.7%
Underlying EBITDA margin	22.3%	28.0%	-570bps
Underlying EBIT	£40.4 million	£51.5 million	-21.4%
Underlying EBIT margin	14.3%	21.1%	-680bps

Italy

- The Ascot & Dom acquisition added c.7.5m m² of extra capacity, to meet demands from our existing business and to insource part of the outsourced production.
- Integration has allowed a reduction of 129 FTE's alongside increased output post-completion.
- Investment in the Serra plant (sorting & packing) has added 1.2m m² of extra capacity in red body tiles
- All extra capacity has been absorbed by the market by strong demand from the DIY in Germany, France and Eastern-Europe. Extra demand has been covered by a post-balance date bolt-on acquisition of the Santa Maria plant adding the capacity of another 5.5m m².
- The unique combination of bolt-on acquisitions with replacement and growth capex in our very lean and low-cost Italian plants provides a highly efficient way for profitable growth.
- New investment plan will be rolled out to engage (make iso buy) in the profitable segment of polished tiles

Spain

- Extended lock-downs and almost non-existent government support meant the Spanish part of the business was more negatively impacted than the Italian factories
- Strong recovery post-lockdown delivered a solid second half year once the inventory shortages were overcome.
- Less inflationary raw material price pressure (natural vs synthetic) and supply chain disruption
- Completion of the marketing and commercial merger of our brands Ibero and Casa Infinita (CasaIbero). Result is stronger growth in all regions, less inventory and reduced sales & marketing cost
- Successful expansion of the US key account customer base
- Completion of the integration of our Spanish factories with a lower production cost of Saloni and Ibero by about 7 % (relocation of products between factories, increase productivity per kiln, reduction of raw material cost and energy due to standardisation and joint negotiation
- Fast implementation of the Initial Silica protection as per the new European regulation (industry benchmark)

Australia – underlying EBITDA margin +590bps

	FY21	FY20	Growth
Revenue	£99.6 million	£95.6 million	+4.1%
Underlying EBITDA	£16.6 million	£10.3 million	+60.7%
Underlying EBITDA margin	16.7%	10.8%	+590bps
Underlying EBIT	£11.9 million	£5.8 million	+105.4%
Underlying EBIT margin	12.0%	6.1%	+590bps

- Our Australian management had to cope with a particularly uncertain operating environment during FY2021, with numerous short-term, yet highly disruptive, local lockdowns being imposed throughout the period.
- The introduction of new products (especially PES and LVT) sustained the post-lockdown momentum seen in the interim results
- Completion of the relocation of the underlay factory to Sydney which is delivering the expected synergies and contributing to Australia's significant margin expansion

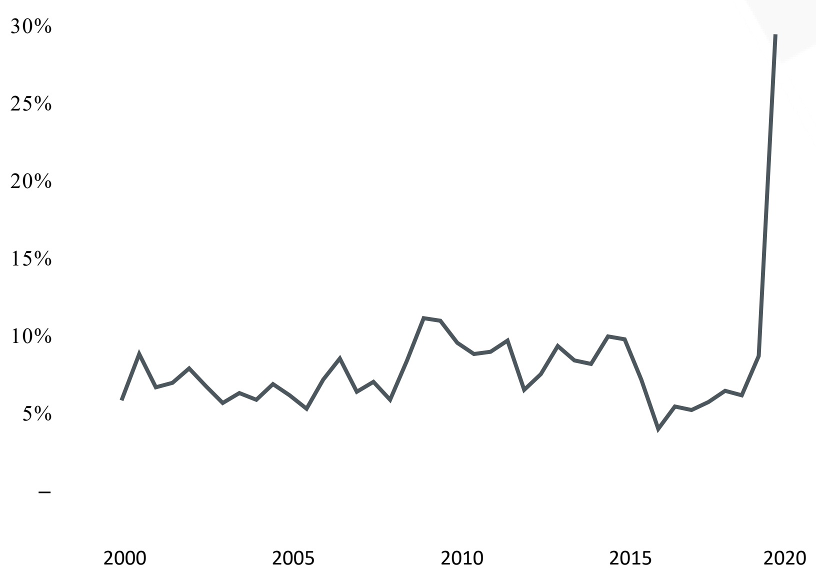
Outlook

Positive Industry and Business outlook

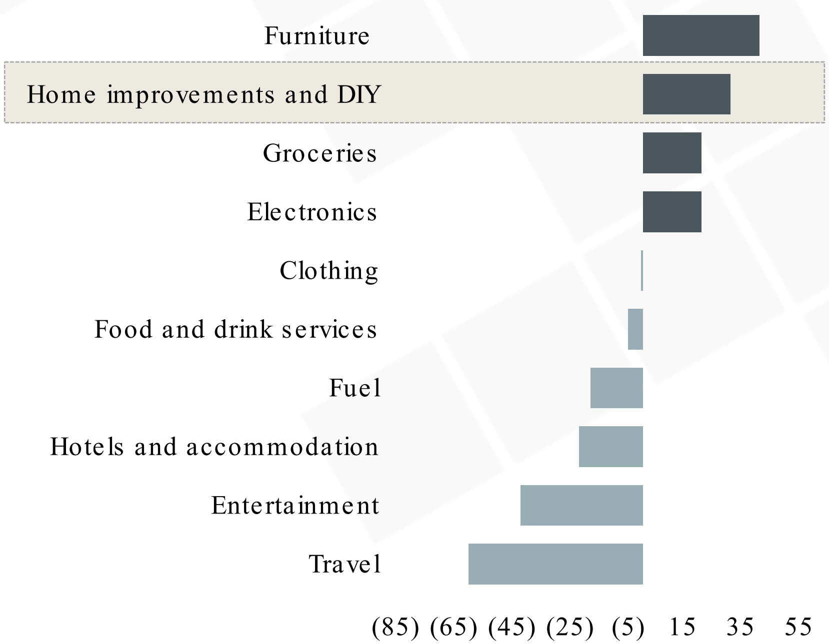
Economic factors

- Residential renovation market proven to be extremely resilient as consumers are spending more time at home and re-focusing expenditure away from travel and leisure
- Household savings have increased dramatically - Weighted towards higher income households (Victoria's key target markets)
- House sales, a 12-18 month leading indicator of flooring purchase, have rebounded across Victoria's key markets
- Unemployment skewed towards the young who tend not to be homeowners
- Management expects positive home improvement trend to continue in the medium term

Savings as % of disposable income[(2)]



Annual growth in spending in selected categories, 2020 Q3



(1) According to Rightmove.
(2) Source: ONS as H1 2020.

Revenue and Margin outlook for FY22 is positive

- Uplift in margin performance is sustainable due to completed synergy projects
- Recent increases in raw material prices have been successfully mitigated

Key organic growth initiatives / drivers

- ✓ **Development of new brands and new product ranges, broadening target markets**
- ✓ **Leveraging of cross-selling opportunities**
- ✓ **Co-ordinated cross-product approach to contract and market specification**
- ✓ **Margin expansion through leveraging economies of scale and achieving operational synergies (procurement, logistics, production)**

Impressive like for like ("LfL") financial performance despite Covid

LfL y-o-y revenue growth post initial lockdown	LfL y-o-y EBITDA margin expansion post initial lockdown
↑ 6.3%	↑ 340bps

Post Year End Acquisitions +£27 million EBITDA

Victoria's strategy

1

SUSTAINABLE ORGANIC AND ACQUISITIVE GROWTH

2

SYNERGIES AND INTEGRATION TO DRIVE MARGINS

3

GENERATION OF FREE CASH FLOW TO ENABLE STRONG DELEVERAGING

Consistent organic revenue growth and margin improvement coupled with synergistic acquisitions has delivered strong profit growth and cash flow generation

Recent Acquisitions:

£27m EBITDA added for an investment of c.£160m

First steps towards adding £100m of EBITDA

Substantial financial firepower remains

Italian Ceramics

Acquisition of ceramic tile businesses, Ceramica Colli, Vallelungo, & Ceramiche Santa Maria

- Total consideration: €35m (£30.1m); post-integration EBITDA €10m (£8.6m)(1)
- Synergies
  - From insourcing tile production that is currently outsourced because of a lack of capacity at our Italian factories due to significant revenue growth over the last 12 months,
  - Plus capitalising on the new brands to drive revenue growth.

Artificial Grass

Acquisition of Netherlands-based artificial grass manufacturer Edel Group BV

- Total consideration €69m (£53.0m); EBITDA €10m (£8.6m)(1)
- Synergies
  - Insource c.4m sqm of production
  - Leverage extensive, but largely non-overlapping distribution networks across Europe
  - Improve operating margins with lower raw material costs and improved factory productivity

US Online & Channel Flooring Distributor

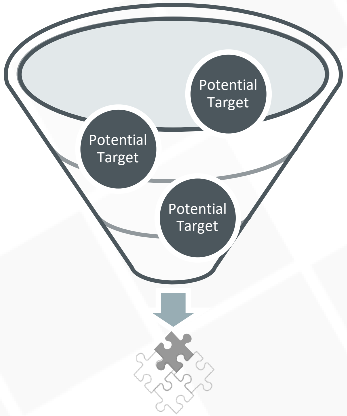
Acquisition of San Diego-based LVT and natural hard flooring distributor Cali Bamboo Holdngs Inc.

- Total consideration US$103.9m (£75.2m); EBITDA US$13.8m (£10.0m)(1)
- Synergies
  - Expand Victoria's existing $33m per annum US flooring distribution business
  - Additional products (artificial grass and underlay) sold through Cali's distribution
  - Gives Victoria access to the IP and online management experience of Cali, which will be used to accelerate growth in its existing UK, European, and Australasian markets.

(1) EBITDA expected to be delivered in the first 12 months post synergies.

Acquisition criteria & strategy

- **Competitive advantage** – across production, distribution or products
- **Growing and profitable businesses** – no turnarounds
- **Sustainable, above average margins**
- **Committed management team** – track record of successfully delivering against targets
- **Broad distribution channels**
- **Modern plants / facilities** – minimizing cash outflow post acquisition
- **Fair price**



Identification & relationship development

Structuring

Due Diligence

Victoria walks away if…

1. Management not trustworthy
2. Vendor wants too high a price or too low an earn out hurdle
3. Issue with quality of earnings or cash

…and has walked away from a greater number of opportunities than have been completed

Acquisition track record and pipeline

20 deals completed since 2012	**Total cumulative M&A spend of approx £0.8bn**	**Up to £200m of EBITDA identified**

Attractive acquisition opportunities
All acquisitions evaluated under strict disciplines

Consolidator in a fragmented industry

European flooring sector is worth **€23 billion** at factory gate

Motivated sellers – retirement, capital structure under pressure

Deal structure minimises downside risk

Pro-active deal origination – Victoria actively prospects for opportunities

Synergies create strong levers for margin expansion

Better buying power on raw materials

Rationalisation of product lines and cross selling via new distribution channels

Ability to affect price increases

Distribution, warehousing and logistics

Consolidation of manufacturing capacity

Risk management

- Deep industry expertise
- Contingent earn outs
- Attractive valuation
- Sustainable capital structure in line with financial policy

Strict criteria

- Strong flooring businesses in Europe and North America
- Revenue and/or cost synergies
- Broad distribution channels
- Modern plant & facilities
- Committed management team

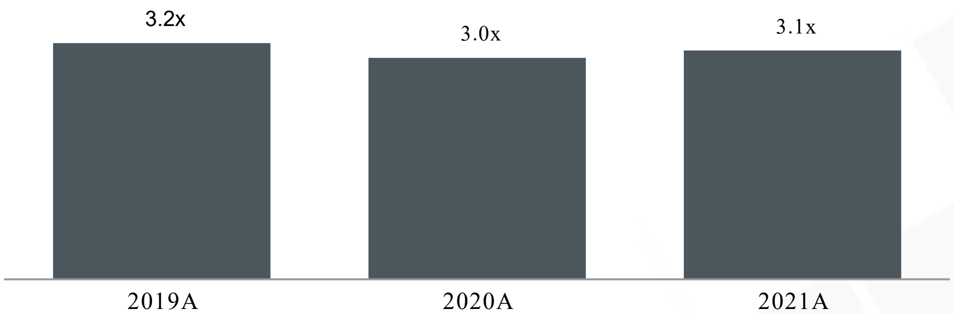
Illustrative example: Buying £70m EBITDA

Purchase price:	
£70m EBITDA (from one or more targets) at 7x multiple:	£490m
Funding:	
Senior debt: 3 x £70 million EBITDA:	£210m
Ordinary / Preferred Equity:	£133m
Earn-out (30% of purchase price):	£147m
Total funding:	**£490m**

Capital structure and financing capacity

Capital structure and capital allocation summary

Stable leverage profile (Net debt / PF EBITDA)



Approach to dividends

- Over the last eight years Victoria has consistently converted operating profits into cash (after paying tax), and then **reinvested this cash into further acquisitive and organic growth opportunities**
- Victoria has **no intention of paying a dividend for the foreseeable future** as the Group prioritizes deploying the free cash-flow generated within the Group and on strategic acquisitions

Strong liquidity position

£m	FY21	Maturity
Net cash and cash equivalents	**(344.8)**	
£75m Super Senior RCF (undrawn)	-	
€500m Senior Secured debt due 2026 (at par)	425.1	Aug-26
€250m Senior Secured debt due 2028 (at par)	212.6	Mar-28
Unsecured loans	51.7	
Finance leases and unsecured loans (pre-IFRS16)	1.1	
Net debt (before obligations under right-of-use leases)	**345.7**	
Adjusted net debt / PF LTM EBITDA	*3.10x*	

- £75m undrawn RCF facility
- Two bond issues in 2021:
  - €500m 2026 3.625% and €250m 2028 3.75%
  - Rationale:
    - Covenant lite, lower cost and long duration
    - Confirmed funding for acquisitions
- Long dated, covenant lite bonds with strong liquidity position with significant cash and undrawn credit lines
- Committed to its financial policy of c. 3x senior net debt/EBITDA post-acquisition, **falling to 2x when in ‘steady state’**

Note:
Net debt shown before right-of-use lease liabilities, bond issue premia, notes redemption option and prepaid finance costs.

Koch Equity Development Investment

£175 million of preferred equity to accelerate Victoria's acquisition plans

Koch Equity Development ("Koch") becomes a major shareholder in Victoria

- Koch undertook extensive due diligence on Victoria's business, management team, and the market opportunity
- Koch have acquired 10.7% of Victoria's equity in the secondary market
- Koch has committed to £175 million of perpetual preferred equity – "fuel in the tank" of which £75m has been subscribed already

Preferred equity capital to fund the acquisition pipeline as appropriate

- Preferred equity will be invested in cash-flow generating acquisitions targets

Victoria will continue its conservative financial policy

- New perpetual preferred equity reinforces its prudent approach to capital management
- If the perpetual preferred equity does not convert, then it may be refinanced via a similar instrument or common equity

"We are delighted to be partnering with Victoria… we are confident in Victoria's strategy, its management team, and the size of the market opportunity. This investment will help Victoria accelerate execution of its clear growth plans, creating value for all the company's shareholders."

Blake Ressel, Managing Director, Koch Equity Dev.

Koch Equity Development Investment

A supportive long-term partner with demonstrated experience in industrial investments

Koch Industries

- Founded in 1940
- Owned by the Koch family
- Under the leadership of its current CEO, Charles Koch, the company has grown revenues from around US$400m to $115bn and is now one of the largest privately-held companies in the US
- Koch owns a diverse group of companies involved in refining, chemicals and biofuels; forest and consumer products; fertilizers; polymers and fibres; electronics, software and data analytics; automotive components; process and pollution control equipment and technologies; commodity trading; minerals; ranching; and investments
- Koch has significant experience and expertise in the flooring sector through its Invista and Stainmaster carpet businesses, predominantly focused on the US markets

Koch Equity Development ("KED")

- Koch Equity Development is Koch's acquisition and investment subsidiary and has the primary responsibility in investing the firm's excess capital
- It has invested $30 billion since 2012
- With its long-term investment horizon, KED is an attractive partner for Victoria and will bring expertise and market access alongside its shareholding and capital contribution
- KED has high structuring and duration flexibility and a streamlined decision making process, with a minimum investment of $100m

INVISTA™

STAINMASTER® CARPET

Investment Case

Why invest in Victoria?

The Victoria Group presents a unique investment proposition

1. Entrepreneurial culture drives success
2. Global business diversified across products, customers and geographies
3. High structural barriers to entry
4. Stable flooring market underpinned by the resilient improvement & repair segment
5. Resilient operating profits and high cash conversion
6. Proven acquisition track record and ability to realize synergies
7. ESG strategy aligned with optimising profitability
8. Experienced management team with proven track record of value creation

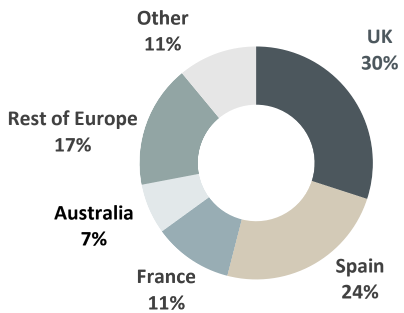
1. Entrepreneurial Culture Drives Success

- 49% inside ownership align interest and incentives with shareholders
- Unique, enterprising culture attracts and retains the highest calibre management
- “Team of Teams” management structure promotes co-operation and motivation
- Operational decisions pushed as far down into the Group as feasible to drive engagement
- Meritocracy – Victoria is a true equal opportunity employer
- Total Shareholder Return >40% per annum since new management team appointed in 2012

2. Global business diversified across products, customers and geographies

Highly diversified geographic exposure

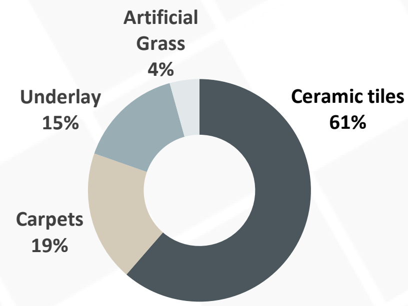
Split of EBITDA by destination country[(1)]



Flexibility to produce in and serve multiple geographies

Well balanced mid- high end product portfolio

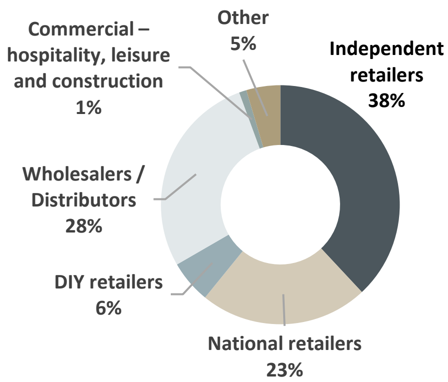
Split of EBITDA by product category[(2)]



Wide product offering increases cross selling opportunities, visibility and pricing power

Multi-channel customer base

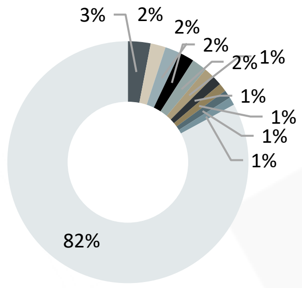
Split of revenue by customer type[(2)]



Largest group of customers are independent flooring retailers having brand loyalty and long term relationships

Low customer concentration

Split of revenue by key customer[(2)]



Top 10 customers account for 18% sales with largest customer accounting for 3%

Source: Company information.
(1) Based on FY20 underlying EBITDA.
(2) Based on FY20 pro-forma revenues.

3. High structural barriers to entry

Fragmented customer base & long-standing relationships
= very high cost of customer acquisition by competitors

Established and trusted brands, well known with retailers for certainty of supply and quality
= customer (retailer) "stickiness"

Manufacturing scale is key: raw material prices lower and long production runs significantly more efficient than smaller operations / contract manufacturing

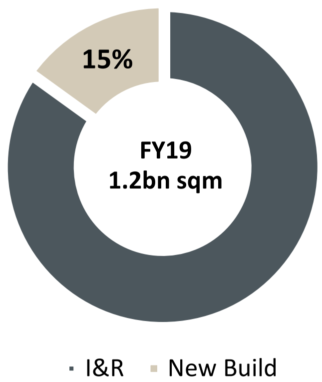
Scale is key for efficient logistics – logistics costs are a significant component of total cost of sale and scale critical to minimize costs

Deep product knowledge and technical expertise – vital to underpin operational efficiency and innovation

4. Stable flooring market underpinned by the resilient improvement and repair segment

Victoria's revenues have increased *organically* every year for the last 15 years

Improvement & repair is the primary driver of the Western European and Australian residential flooring markets



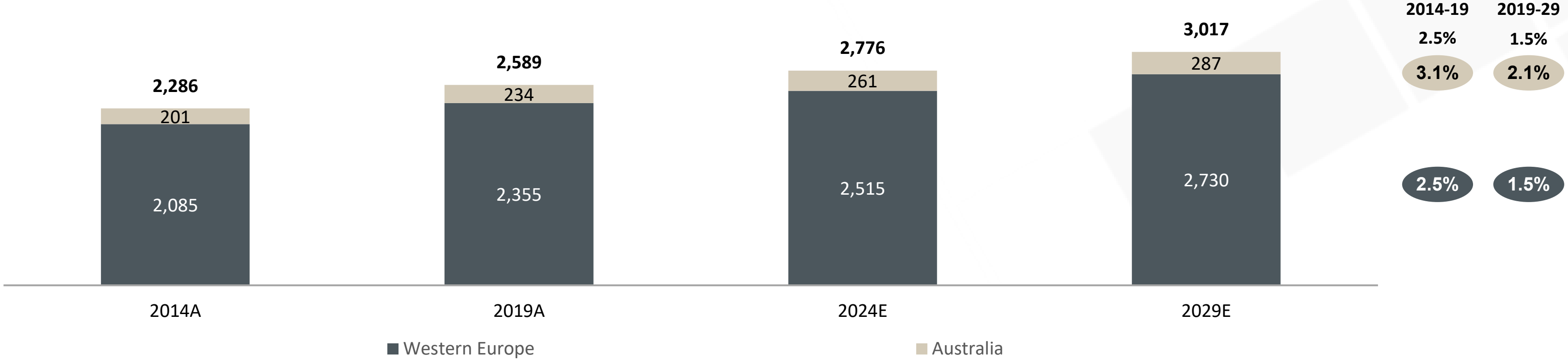
I&R end market **5-6x larger** than new construction

Key advantages of I&R vs. new build

- **End users less price sensitive**
- **More stable through the cycle given lower cost vs. new build**

Victoria operates in developed markets with steady growth drivers

Western European and Australian flooring market (m sqm)

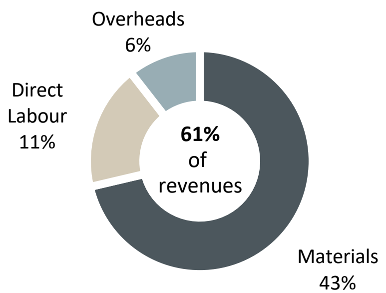


Source: Freedonia Global Flooring Market Report (Apr-21).

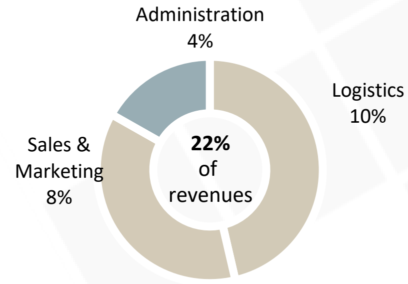
5. Resilient operating profits and high cash conversion

Low Operational Gearing

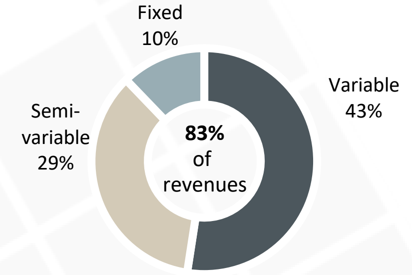
Cost of sales(1)



SG&A(1)

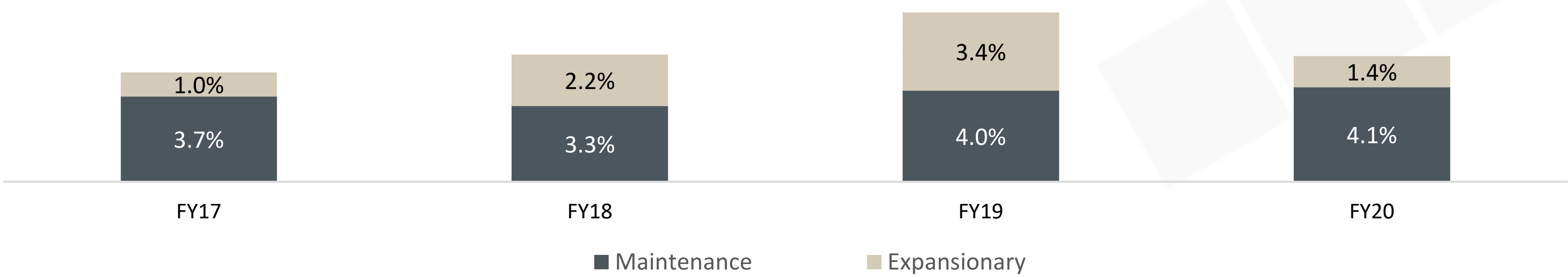


Total cost base(1)



- Variable cost – varies directly with revenues
- Semi-variable cost – flexibility within a few months
- Fixed cost (can still be subject to synergies)

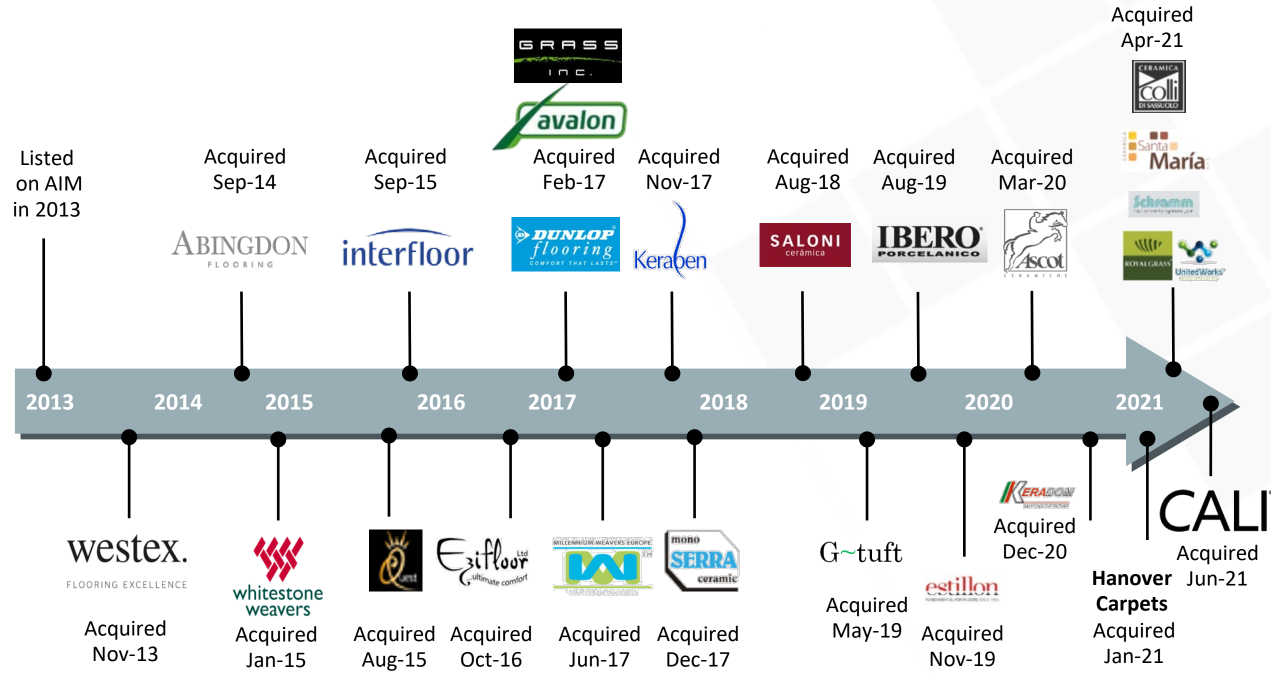
Capex % of revenue – low maintenance requirement



Note: Based on underlying FY20 figures.
(1) Represent costs within underlying EBITDA.

6. Proven acquisition track record and ability to realise synergies

Value accretive acquisitions driving EBITDA growth



Synergies create strong levers for margin expansion

- Better buying power on raw materials
- Rationalisation of product lines and cross selling
- Ability to effect price increases
- Distribution, warehousing and logistics
- Consolidation of manufacturing capacity

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	2021
Underlying EBITDA	£2.3m	£5.1m	£15.8m	£32.3m	£45.7m	£64.7m	£96.3m	£118.1m(1)	£127.4m(1)
% margin	*3.0%*	*7.0%*	*12.4%*	*12.7%*	*13.8%*	*15.2%*	*16.8%*	*19.0%*	*19.2%*

Source: Company information.
(1) FY20 and FY21 EBITDA shown post- IFRS16

7. ESG strategy aligned with optimising profitability

***Consistent with its mission statement* Victoria is committed to its ESG responsibilities**

Environmental	**Meaningful reduction in environmental impact is entirely consistent with optimizing operating earnings:** • Energy efficiency and carbon emissions - Investment in efficient machinery reduces energy usage and emissions from manufacturing operations - Optimisation of routing and use of fuel-efficient vehicles in order to minimise fossil fuel usage and emissions - Power generation using excess heat from clay atomisation process – net producer of electricity in Spain • Waste reduction – various initiatives across the group to both reduce waste and recycle waste arising from our processes: - Recycled raw materials incorporated in the production of some ceramic tile - Ceramic tiles fully-recyclable; wool carpets bio-degradable - Key raw materials used in manufacturing of underlay are waste products from other industries - Optimised packaging processes to minimise plastic waste • Minimal use of hazardous substances, with strict controls over use, storage and transport
Social	**Victoria is committed to being an equal opportunities employer with clear policies around diversity and inclusion** • Endeavour to be an employer of choice: - Family-friendly working practices - Equality and transparency in all employment procedures and practices - Provision of relevant ongoing training programmes • Health and safety focused, committed to continued improvement, has resulted in above industry-average performance • Supply chain auditing carried out to ensure adherence to CSR policy
Governance	**Board-level engagement in ESG strategy** • Quoted Companies’ Alliance (QCA) corporate governance code adopted in 2018 • Committed to continued development of governance practices and reporting

8. Experienced management with a proven track record of sustainable value creation – more than 40% CAGR total shareholder return since 2012

Geoffrey Wilding
Executive Chairman

Philippe Hamers
Chief Executive

Michael Scott
Group Finance Director

Wider Management Team

- Experience, product knowledge, enthusiasm, skill, second to none
- Actively incentivized in Victoria's future with significant investment in shares, LTIP plans, and cross-unit Board membership / project

Retention of management

- All managers retained post acquisition earn-out period, excluding retirees
- Almost all managers have meaningful amounts of their net worth invested in VCP

Value Creation

- Proven record of disciplined capital allocation focussed on strategic fit and return on invested capital
- >40% CAGR in total shareholder return since 2012

Appendices

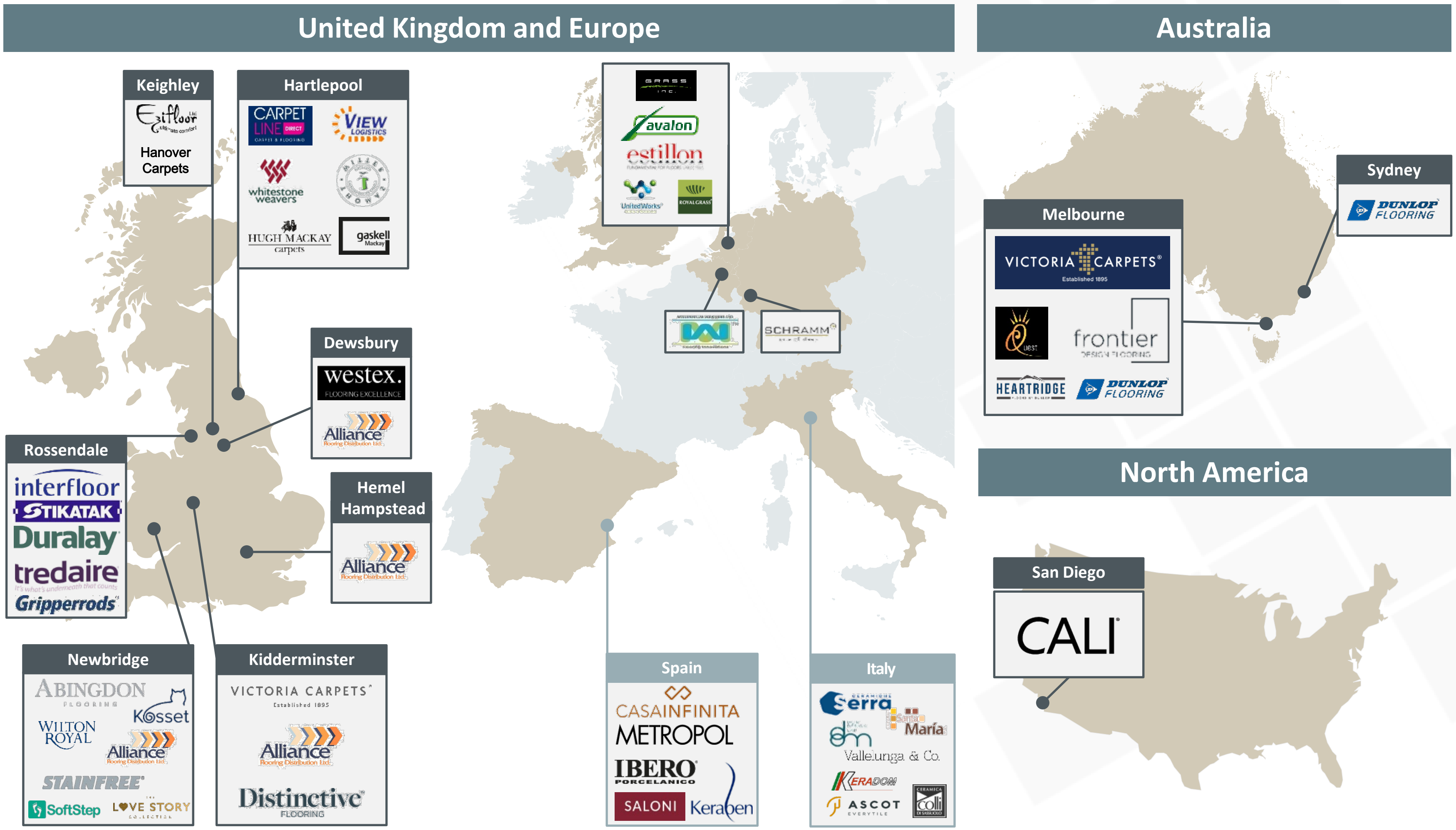
Income Statement

Continuing operations £m	2021	2020	2021 margin
Revenue	662.3	621.5	
Cost of sales	(427.4)	(395.1)	
Gross profit	**234.9**	**226.4**	**35.5%**
Distribution and admin. Expenses	(159.0)	(153.2)	
Other operating income	3.9	4.0	
Underlying operating profit	**79.8**	**74.3**	**12.0%**
Underlying finance costs	(29.7)	(26.4)	
Underlying PBT	**50.1**	**50.7**	**7.6%**
Amortisation of acquired intangibles	(26.8)	(25.0)	
Exceptional and non-underlying costs	(7.1)	(7.8)	
Exceptional goodwill impairment	-	(50.0)	
Non-underlying finance costs	(23.7)	(30.8)	
Reported PBT	**(7.5)**	**(65.6)**	
Tax	**10.3**	**(4.2)**	
Reported net profit	**2.8**	**(69.8)**	

Balance Sheet

Continuing operations £m	2021	2020
Property, plant & equipment	202.3	211.8
Current assets	314.5	309.5
Current liabilities	(188.2)	(202.7)
Non-current liabilities	(15.6)	(15.2)
Net tangible operating assets	**313.0**	**303.4**
Net cash and cash equivalents	344.8	174.7
Senior secured debt (at par)	(637.7)	(523.4)
Bond embedded redemption option	9.0	-
Bond issue premium – cash	-	(7.5)
Bond issue premium – non-cash (related to embedded redemption option)	(4.3)	(6.8)
Unsecured loans	(51.7)	(15.6)
Pre paid finance costs on senior debt	10.9	9.9
Preferred equity, associated warrants and embedded derivatives	(76.2)	-
Finance leases and hire purchase arrangements (pre IFRS 16)	(1.1)	(1.6)
Obligations under right-of-use leases (incremental)	(86.0)	(78.2)
Net debt including right-of-use leases	**(492.2)**	**(448.5)**
Goodwill and intangibles	389.0	416.9
Deferred tax liability	(45.7)	(63.5)
Right-of-use lease assets	82.6	78.5
Deferred and contingent earn-out liabilities	(38.6)	(46.1)
Intangible assets and other items	**387.3**	**385.8**
Overall net assets	**208.2**	**240.6**

Victoria's locations



Flooring

Ceramic tiles

Source: Company information.

Shareholder register

Rank	Investor Name	Holding as of May 2021	% IC
1.	Mr Geoff Wilding	22,438,650	19.2
2.	Spruce House Investment Mgt	22,170,000	19.0
3.	KED Victoria Investments	12,500,000	10.7
4.	Camelot Capital Partners	7,070,453	6.1
5.	Morgan Stanley Investment Mgt	6,784,165	5.8
6.	Vulcan Value Partners	4,333,218	3.7
7.	Columbia Threadneedle Investments	4,123,326	3.5
8.	Mubadala Investment Company	2,911,417	2.5
9.	Baillie Gifford & Co	2,829,147	2.4
10.	Mr M Karim	2,231,500	1.9
11.	Shore Capital Stockbrockers	1,744,603	1.5
12.	Hargreaves Lansdown Asset Mgt	1,720,296	1.5
13.	Deans Knight Capital Mgt	1,635,000	1.4
14.	BlackRock Investment Mgt – Index	1,360,155	1.4
15.	Banque Syz & Co.	1,334,339	1.1
Total shares on issue		**116,851,909**	

Source: Company register.