

NOVEMBER 2021



ACQUISITION OF GRANISER CERAMICS

INVESTOR PRESENTATION
10 November 2021



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Victoria Investment Track Record

In the 9 years since the current board was appointed by shareholders

SHAREHOLDER RETURNS¹

£63.55

Current value of £1
invested in October 2012

+6,255%

Growth since 2012

TOP LINE GROWTH

£662m

FY2021 Revenue

+27%

CAGR since 2012

OPERATING PROFIT²

£127m

FY2021 Underlying EBITDA

+39.6%

CAGR since 2012

OPERATING MARGIN

19.2%

FY2021 underlying EBITDA
margin

+970bps

Growth since 2012

CASH GENERATION

£0.77

FY2021 underlying operating
cash flow per share^{3,5}

+38.9%

CAGR since 2012

EARNINGS PER SHARE

£0.30

FY2021 diluted adjusted EPS^{4,5}

+22.8%

CAGR since 2012

Note

1. Calculation as of November 9, 2021. Assumes all dividends re-invested.
2. EBITDA shown before exceptional and non-underlying items. 2012-2021 CAGR calculation adjusted for IFRS 16.
3. Underlying operating cash flow per share before interest, tax, and exceptional items. Underlying operating cash flow per share is an alternative performance measure as shown in the 2021 Annual Report.
4. Adjusted EPS shown on a fully-diluted basis.
5. Excludes the dilution impact of unutilised preferred equity funding at the year-end, which was deployed for acquisitions post year-end.

CERAMICS INDUSTRY OVERVIEW



Ceramics is the largest flooring category in the world

	2017	2022	2027	'17-22 CAGR
Global Flooring Demand (sqm in millions)	18,000	20,950	24,300	3.1%
Global Ceramic Flooring Demand (sqm in millions)	7,045	8,305	9,850	3.3%
Ceramic Selling Price Per Square Metre (\$/sqm)	7.85	8.65	9.45	2.0%
Ceramics Global Market Value (revenue \$ millions)	55,303	71,838	93,083	5.3%

Large and growing complementary wall tile market (excluded above).

Advantages of ceramic flooring:

- ✓ Cost effective
- ✓ Environmentally friendly:
 - fully recyclable
 - manufactured from naturally-occurring materials that are in abundant supply
- ✓ Low maintenance, high resistance to stains, moisture, heat, fading
- ✓ Convincingly replicates hardwood and stone with high design content product enabled by high-resolution digital printing
- ✓ Both indoor and outdoor use

Source: Freedonia Global Flooring Report



GRANISER CERAMICS COMPANY OVERVIEW
- a low-cost production platform

Transaction overview

- Graniser:
 - Revenue: €59.4 million
 - EBITDA: €9.0 million¹
- €48.2 million total consideration.
 - 5.4x EV/EBITDA
 - Funded using existing cash
- Earnings and cash flow accretive on completion.
- Self-sourced, bilateral transaction provided Victoria with extensive diligence period in which to identify synergies and improvements.
 - Discussions with seller commenced 3 years prior to announcement of transaction.
 - Victoria to immediately start executing plan to deliver operational and commercial synergies.

1. Current underlying EBITDA



Above & Below: Graniser showrooms



Graniser : Company Overview

CERAMICS

- Designs, manufactures and sells branded and white label glazed porcelain tiles, ceramic floor tiles and wall tiles.
 - Glazed Porcelain Tiles: 76% of 2020 revenues
 - Ceramic Floor Tiles: 6% of 2020 revenues
 - Wall Tiles: 18% of 2020 revenues
- International sales accounted for ~63% of total sales in 2020 and are expected to reach ~75% in 2021, *resulting in € and \$ income and TL-denominated costs.*
 - Graniser exports to more than 40 countries, and accounts for 7% of Turkey's tile exports by volume.
 - Major export markets include Israel, UK, US and Germany.
- Efficient, company-owned, 75,000 square meter manufacturing facility in the Aegean region of Turkey, close to Izmir port, a major export hub.
 - Attractive manufacturing cost.
 - 20.8 million square meters of annual production capacity.
 - Well positioned for export-driven growth.
- Strong local management team.



Above: Automated continuous production line
Below: Automated product packaging & handling



Key Financial Metrics – Earnings and Cash Flow Accretive

	2020
Revenue	€59.4 million
Underlying EBITDA (pre-IFRS16)	€9.0 million
Underlying EBITDA margin	15.2%
Underlying EBIT	€8.0 million
Underlying EBIT margin	13.5%



Exchange Rate TL/€: 2020: 8.0; LTM May'21: 9.0

Graniser : Production Facility

CERAMICS

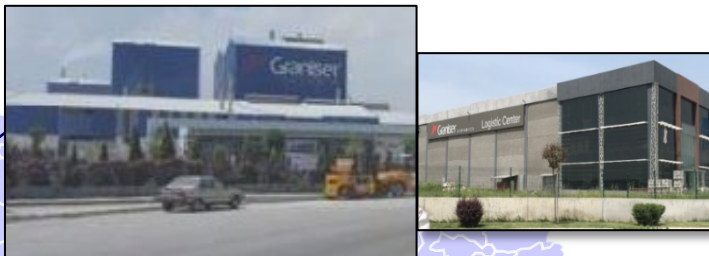
- Graniser's production facility is located in Akhisar, Manisa on a total area of 275,000 sqm and has 75,000 sqm of enclosed manufacturing space.
- The facility is located 1.1km from the Izmir-Istanbul highway in an organized industrial zone. Organized industrial zones provide an investor-friendly environment with ready-to-use infrastructure and social facilities.
 - Easy access to Izmir port – a major export hub in Turkey, as well as to major trade regions within Turkey such as Istanbul, Bursa, Kocaeli, and Ankara.
- Facility has a cogeneration plant and utilizes laser guided robotics for greater efficiency (*see right*).



Above: Kiln exit with electricity co-generation
Below: Laser-guided robotic forklifts



Production facility





ACQUISITION RATIONALE & SYNERGIES

- a low-cost production platform**
- material (75%) EBITDA upside**

Strategic rationale

- ✓ Materially lower cost manufacturing environment: 35% lower per square meter manufacturing cost (details on Slide 13).
- ✓ Adds >20 million square metres of cost-efficient production capacity.
 - Expands Victoria's manufacturing capacity by ~38%.
- ✓ Commercial synergies with Victoria Ceramics will accelerate significantly higher margin export shift.
 - Proximity to major Turkish export hub.
- ✓ Identified upside from operational improvements.
 - Moderate targeted capex projects identified during diligence expected to significantly improve product value and pricing in international markets.



Above: One of 10 kiln lines at the Izmir factory

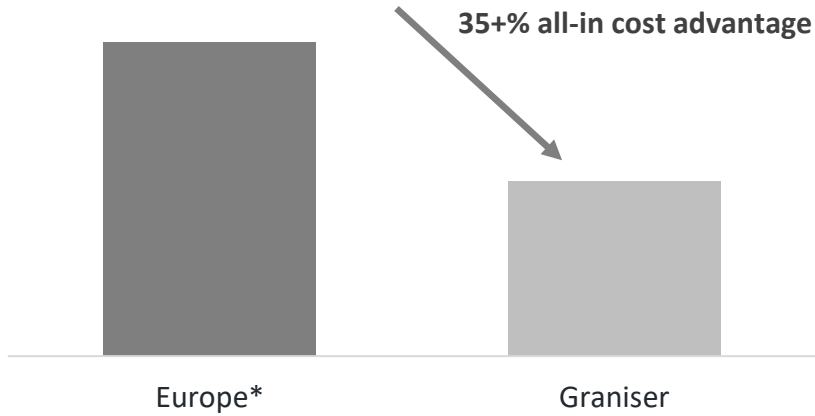
Below: Sorting line at Izmir



Graniser adds >20 million square meters of cost-advantaged production capacity that Victoria will commercialise globally using its brand and design capabilities

Significant manufacturing cost advantage*

€ per m²



Clay powder	- 50%
Labor	- 40%
Packaging	-15%
Emissions Rights	- 100%

Note: Above analysis is indicative only. Represents illustrative cost advantage of similarly equipped plants in Turkey and Spain.

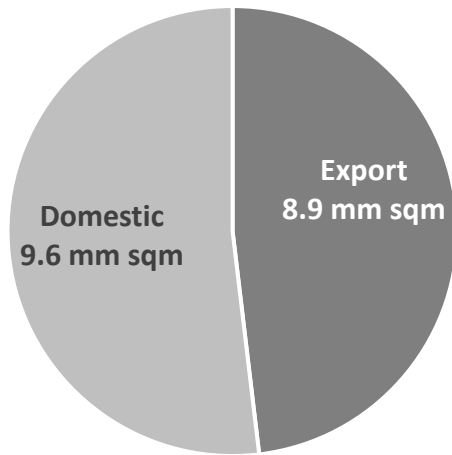
**Relative to Europe-based manufacturing.*



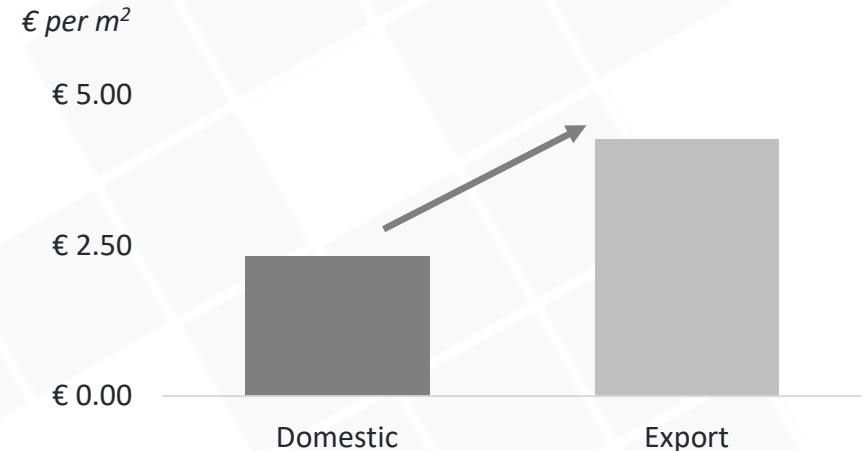
Above: Rigorous quality control at each stage of production
Below: In-house product design studio



Graniser export vs. domestic volumes*



Graniser export unit price significantly higher



Commercial & operational synergies

- Leverage extensive distribution capabilities of Victoria's ceramics division to grow higher-margin export sales.
- Victoria's Italian ceramics division will open European DIY market for Graniser.
- Utilise Graniser's surplus production capacity to in-source production that is currently out-sourced to meet demand from Victoria's existing customers, as well as segments where the group has no presence.
- Planned plant/operational improvements will increase product attractiveness and value in export markets.
- Existing Victoria brands and design will be leveraged to grow Graniser (European design/quality; Turkish manufacturing cost).
- Graniser opens up Middle Eastern market to Victoria (growing, 800 million sqm/annum ceramics market).

Victoria's plans to increase Graniser's export volume expected to lead to >75% EBITDA improvement

*2020 Graniser volumes.



An earnings-accretive acquisition, at an attractive valuation, with material, synergy-led earnings upside.