29 NOVEMBER 2022

VICTORIA PLC

“creating wealth for shareholders”

INTERIM RESULTS INVESTOR PRESENTATION

H1 ended 1 October 2022

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FY2023 H1 Executive Summary

- ***Inflationary pressures successfully managed***
- ***Revenue and earnings growth maintained***
- ***Full year earnings expected to be in line with market consensus***
- ***£100 million cash generation** after **exceptional costs expected in H2***

EXECUTIVE SUMMARY
Record Revenue & Earnings

REVENUE

£776.1m

H1 FY22: £489.0m

+59%

EBITDA[1]

£100.1m

H1 FY22: £84.5m

+19%

EBIT[1]

£61.1m

H1 FY22: £58.6m

+4%

PRE-TAX PROFIT

£53.1m

H1 FY22: £2.9m

CASH FLOW PER SHARE[2]

£0.19

H1 FY22: £0.52

-63%

LEVERAGE[3]

3.4x

Net Debt/EBITDA

H1 FY22: 3.3x

Note

1. *EBITDA and EBIT shown before exceptional and non-underlying items*
2. *Cash flow per share based on underlying operating cash flow before interest, tax and exceptional items, and current number of shares outstanding (non-diluted)*
3. *Applying our lending banks' measure of financial leverage (adjusted net debt / EBITDA), adjusting to take into account the full annual contribution from acquisitions and consistent translational FX*

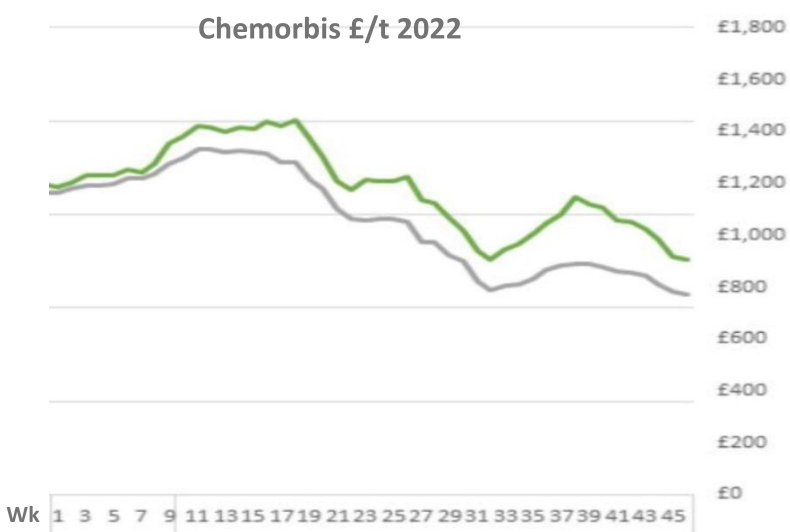
Key drivers

- *Inflation*
- *Demand*
- *Cash generation*

Key drivers: Inflation

Inflation

- **Calibrated price increases**
  - H1 prices increases limited to cash margin to protect market share
  - Future price increases calibrated to recover % margin
- **Product re-engineering**
- **Hedging and/or contracted pricing**
- **Service:** Best-in-class logistics reduces customer sensitivity to price increases



Margin Expansion

- **Synergy Gains**
  - Consolidation of manufacturing capacity
  - Insourcing logistics.
  - Rationalisation of duplicated costs
- **Input Costs**
  - Extreme inflation in key input costs (polypropylene fibre, energy, shipping containers) stabilised for H2 (see below)

Key drivers: Demand

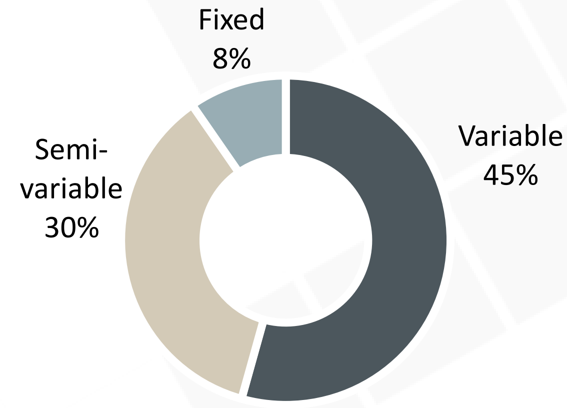
Demand

- **Flooring is a Global Core Industry**
  - Long-term positive, predictable, and consistent demand growth
- **Geographic diversification**
  - Manufacturing in 8 countries
  - Export across the globe
- **Cost Efficient Manufacturer**
  - Victoria is one of the sector's most cost-efficient, with modern and well-invested factories. Industry-leading margins provide room for manoeuvre against higher-cost competitors
- **Mid-High End Product Offering**
  - The Group's focus on mid-to-high product ranges and emphasis on the residential repair and remodel end market have historically manifested in dampened revenue volatility for Victoria (relative to some competitors who focus more on builder or commercial end-markets)

Demand continued

- **Low Operational Gearing**
  - 45% of costs (e.g. raw materials, energy, transportation) are directly variable with revenue. Another 30% (e.g. labour, marketing) can be varied by management actions

Total cost base as % of revenue (FY2022)



Key drivers: Balance Sheet Strength & Cash Generation

Financial Resilience

- **Cash + Undrawn Credit lines**
  - >£250 million
- **Bond Financing**
  - Long-Dated
  - Fixed-Rate
  - Covenant-lite
- **Growing Free Cash Flow after all Exceptional costs**

Cash Generation

£100 million net positive cash flow in H2

- **Inventory levels normalised**
  - £60+ million invested in inventory to

    1. Protect raw material supply

    2. Protect finished goods supply – primarily tiles from energy supply and/or price disruption
  - Minimal earnings impact due to Cassa Integrazione (Italy) & ERTE (Spain)
- **SKU Rationalisation**
  - Integration of Balta progression
- **H2 Operating Profits**
  - Expected to meet market consensus
- **Surplus Asset sales**
  - Real estate
  - Plant & Machinery

H1 FY2023 Financial Report

H1 FY2023 FINANCIAL REPORT
Segmental performance

Continuing operations £m	H1 FY2023						H1 FY2022					
	UK & Europe – Soft Flooring	UK & Europe – Ceramic Tiles	Australia	North America	Central costs	TOTAL	UK & Europe – Soft Flooring	UK & Europe – Ceramic Tiles	Australia	North America	Central costs	TOTAL
Underlying revenue	**372.0**	**254.4**	**64.2**	**80.9**	**-**	**771.5**	**214.0**	**182.5**	**53.4**	**39.1**	**-**	**489.0**
% growth	*+73.8%*	*+39.4%*	*+20.2%*	*+106.6%*	*n/a*	*+57.8%*	*+69.8*	*+37.7%*	*+13.6%*	*-*	*n/a*	*+60.1%*
LFL growth[1]	**0.0%**	**+15.6%**	**+15.5%**	**+13.4%**	**n/a**	**+7.7%**						
Underlying gross profit	**94.1**	**78.6**	**20.1**	**37.2**	**-**	**230.0**	**75.7**	**64.2**	**17.3**	**16.1**	**-**	**173.4**
% margin	*25.3%*	*30.9%*	*31.3%*	*46.0%*	*-*	*29.8%*	*35.4%*	*35.2%*	*32.4%*	*41.2%*	*-*	*35.5%*
Underlying EBITDA[2]	**37.2**	**51.0**	**8.2**	**4.9**	**(1.2)**	**100.1**	**38.6**	**37.4**	**7.1**	**2.6**	**(1.2)**	**84.5**
% margin	*10.0%*	*20.0%*	*12.8%*	*6.0%*	*-*	*13.0%*	*18.0%*	*20.5%*	*13.3%*	*6.6%*	*-*	*17.3%*
Underlying EBIT[2]	**15.7**	**37.5**	**5.6**	**3.7**	**(1.3)**	**61.1**	**27.0**	**25.9**	**4.8**	**2.1**	**(1.2)**	**58.6**
% margin	*4.2%*	*14.7%*	*8.8%*	*4.6%*	*-*	*7.9%*	*12.6%*	*14.2%*	*9.1%*	*5.4%*	*-*	*12.0%*

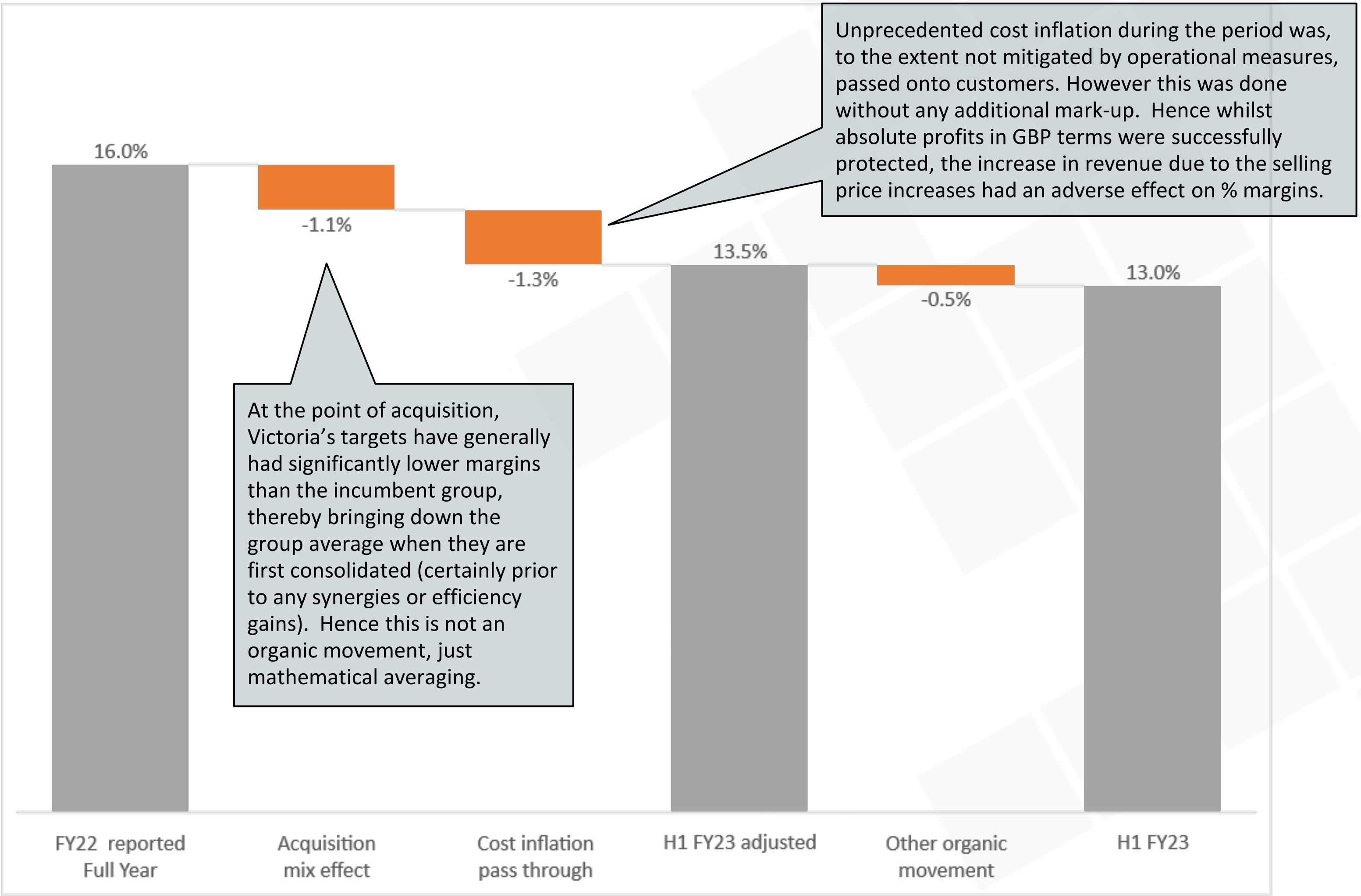
- **An analysis of divisional EBITDA margin trend is shown on slides 16 to 24**

Note

1. *LFL revenue growth is shown before the impact of acquisitions and on a constant currency basis*
2. *Underlying figures are presented before exceptional and non-underlying items*

H1 FY2023 FINANCIAL REPORT

Group – underlying EBITDA margin bridge from full-year FY2022



Note

1. *Calculation of cost inflation pass-through within LFL margin analysis based on average cost and price inflation, using volume growth for key product categories. Overall cost inflation is assessed using an average operating leverage of 70% variable, which is assessed based on previously disclosed ratios of fixed costs, fully variable costs and semi-variable costs (assumed 50:50).*

Non-underlying items

Non-underlying items, £m	H1 FY2023 Acquisition related	H1 FY2023 Other	H1 FY2023 TOTAL	H1 FY2022 TOTAL
Exceptional items				
Acquisition and disposal related costs	(1.9)		**(1.9)**	(4.4)
Reorganisation costs		(4.3)	**(4.3)**	(1.2)
Negative goodwill arising on acquisition	61.5		**61.5**	(1.9)
	59.6	(4.3)	**55.3**	(7.5)
Other non-underlying operating items				
Acquisition-related performance plans	(4.0)		**(4.0)**	(1.7)
Non-cash share incentive plan charge		(1.2)	**(1.2)**	(1.0)
Amortisation of acquired intangibles	(21.0)		**(21.0)**	(16.0)
Unwind of fair value uplift to acquisition opening inventory	(9.5)		**(9.5)**	(4.7)
Depreciation of fair value uplift to acquisition property	(0.2)		**(0.2)**	-
Hyperinflation accounting adjustment		1.5	**1.5**	-
	(34.7)	0.3	**(34.4)**	(23.4)
Finance costs				
Preferred equity – host instrument cost		(14.3)	**(14.3)**	(10.4)
Fair value adjustment to notes redemption option		(2.7)	**(2.7)**	1.1
Unsecured loan redemption premium charge			**-**	(0.1)
Mark to market adjustments on foreign exchange forward contracts		5.0	**5.0**	2.4
Translation difference on foreign currency loans		3.0	**3.0**	(0.3)
Hyperinflation monetary gain		1.4	**1.4**	-
	-	(7.6)	**(7.6)**	(7.3)

Cash items

H1 FY2023 FINANCIAL REPORT

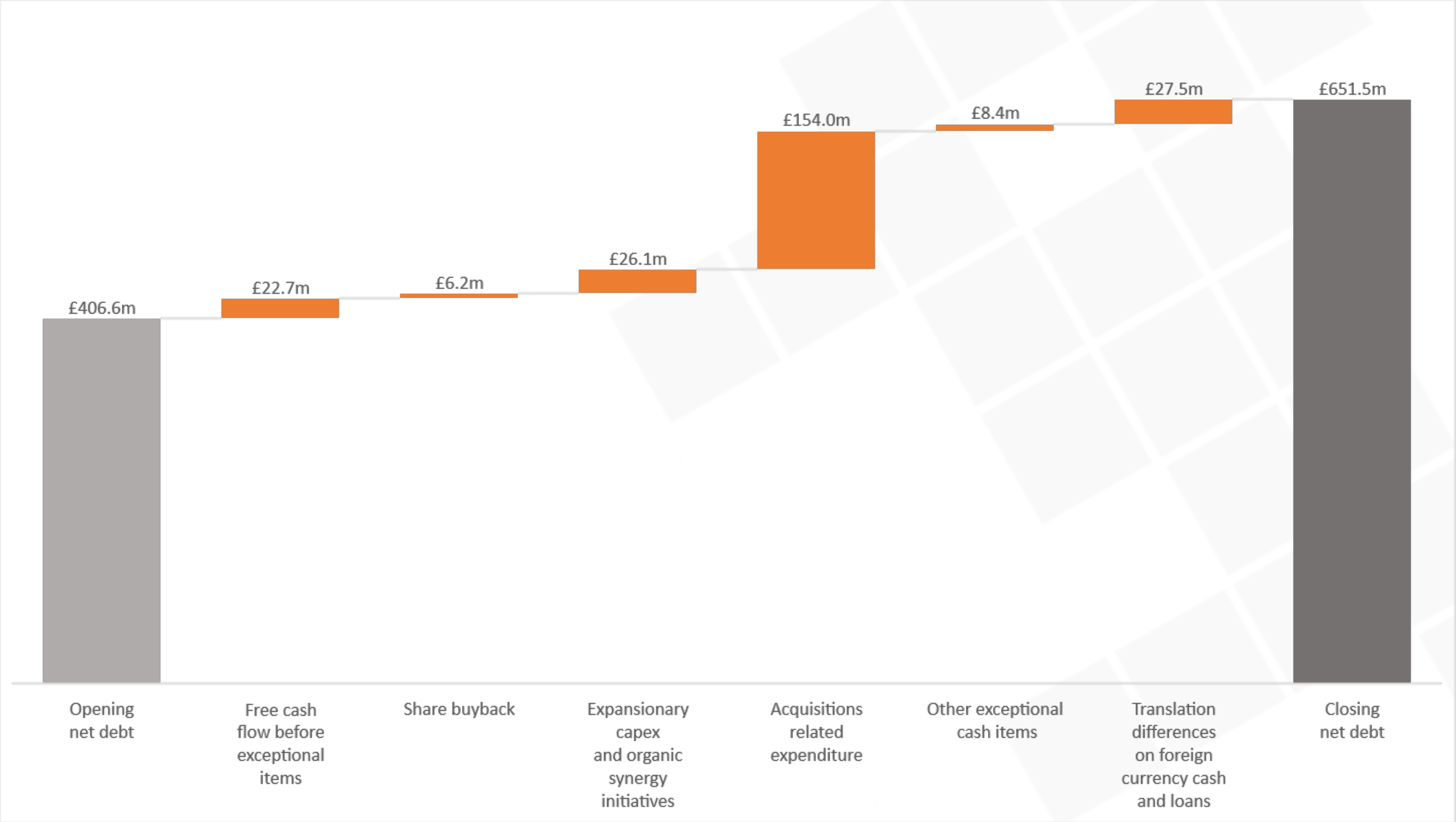
Cash Flow – temporary inventory increase to protect market share

£m	H1 FY2023	H1 FY2022	Full year FY2022
Revenue	*776*	*489*	*1,020*
% growth	*58.7%*	*60.1%*	*54.1%*
Underlying EBITDA	**100.1**	**84.5**	**162.8**
% margin	*13.0%*	*17.3%*	*16.0%*
Payments under right-of-use lease obligations	(13.5)	(8.9)	(18.8)
Non-cash items	(0.4)	(0.4)	(5.9)
Movement in working capital	(64.1)	(14.0)	(26.3)
Operating cash flow before interest, tax and exceptional items	**22.1**	**61.2**	**111.8**
% EBITDA conversion[1]	*25%*	*81%*	*78%*
Interest paid	(20.4)	(16.1)	(28.4)
Income tax paid	(7.3)	(6.6)	(13.7)
Replacement capex	(19.5)	(22.5)	(40.9)
Proceeds from fixed asset disposals	2.4	2.0	5.3
Free cash flow before exceptional items	**(22.7)**	**18.0**	**34.2**
% EBITDA conversion[1]	*(26)%*	*24%*	*24%*
Expansionary capex	(21.8)	(8.1)	(12.4)
Deferred consideration and earn-out payments	(3.5)	(14.0)	(20.5)
Exceptional cash items	(1.9)	(4.4)	(13.2)
Dividends	-	-	-

Note

1. *Conversion against EBITDA on a pre-IFRS 16 basis*

H1 FY2023 FINANCIAL REPORT
Net debt bridge



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

Overview of net debt – stable leverage

£m	H1 FY23	H1 FY22	YE FY22
Net cash and cash equivalents	73.5	167.9	258.0
Senior secured debt at par *(2026 notes @3.625%; 2028 notes @3.75%)*	(659.4)	(642.0)	(631.6)
Unsecured loans and finance leases (pre- IFRS16)	(65.6)	(45.3)	(33.0)
Net debt (before obligations under right-of-use leases)	**(651.5)**	**(519.3)**	**(406.6)**
Bond embedded redemption option	-	10.1	2.7
Bond premium – non-cash (related to initial value of redemption option)	(4.3)	(4.3)	(4.3)
Pre-paid finance costs on senior debt	8.8	10.0	9.8
Preferred equity and associated instruments (classed as financial instruments under IFRS 9)	(268.5)	(83.6)	(254.2)
Obligations under right-of-use leases (incremental to pre-IFRS 16 finance leases)	(156.0)	(109.2)	(104.8)
Statutory net debt (net of prepaid finance costs)	**(1,071.5)**	**(696.4)**	**(757.4)**
Adjusted net debt / EBITDA	**3.4x**	**3.3x**	**2.7x**

Operational overview

- ***Focus on operations and acquisition integration***
- ***Significant synergies will drive material earnings and cashflow growth over the next 2 years***

UK & Europe Soft Flooring – focus on integration and productivity

Underlying metrics	H1 FY23	H1 FY22	Growth
Revenue	£372.0 million	£214.0 million	+73.8%
EBITDA	£37.2 million	£38.6 million	-3.5%
EBITDA margin	*10.0%*	*18.0%*	*-802bps*
EBIT	£15.7 million	£27.0 million	-41.7%
EBIT margin	*4.2%*	*12.6%*	*-838bps*

Carpet

- Victoria is now UK & Europe's largest carpet / rug manufacturer
- Victoria's mid-high end product offering is mitigating softer consumer demand
- Integration of Balta underway and expected to realise €15m (+2% margin) of synergies when completed
- The closure of one plant (Avelgem, Belgium) actioned
- Yarn extrusion moving partially to Turkey and further insourced, restoring the business's competitive footprint
- New 5,000m² factory built on our premises in Usak (Turkey) for capacity expansion. 6 new looms installed as well as a lamination line and labelling and packing equipment

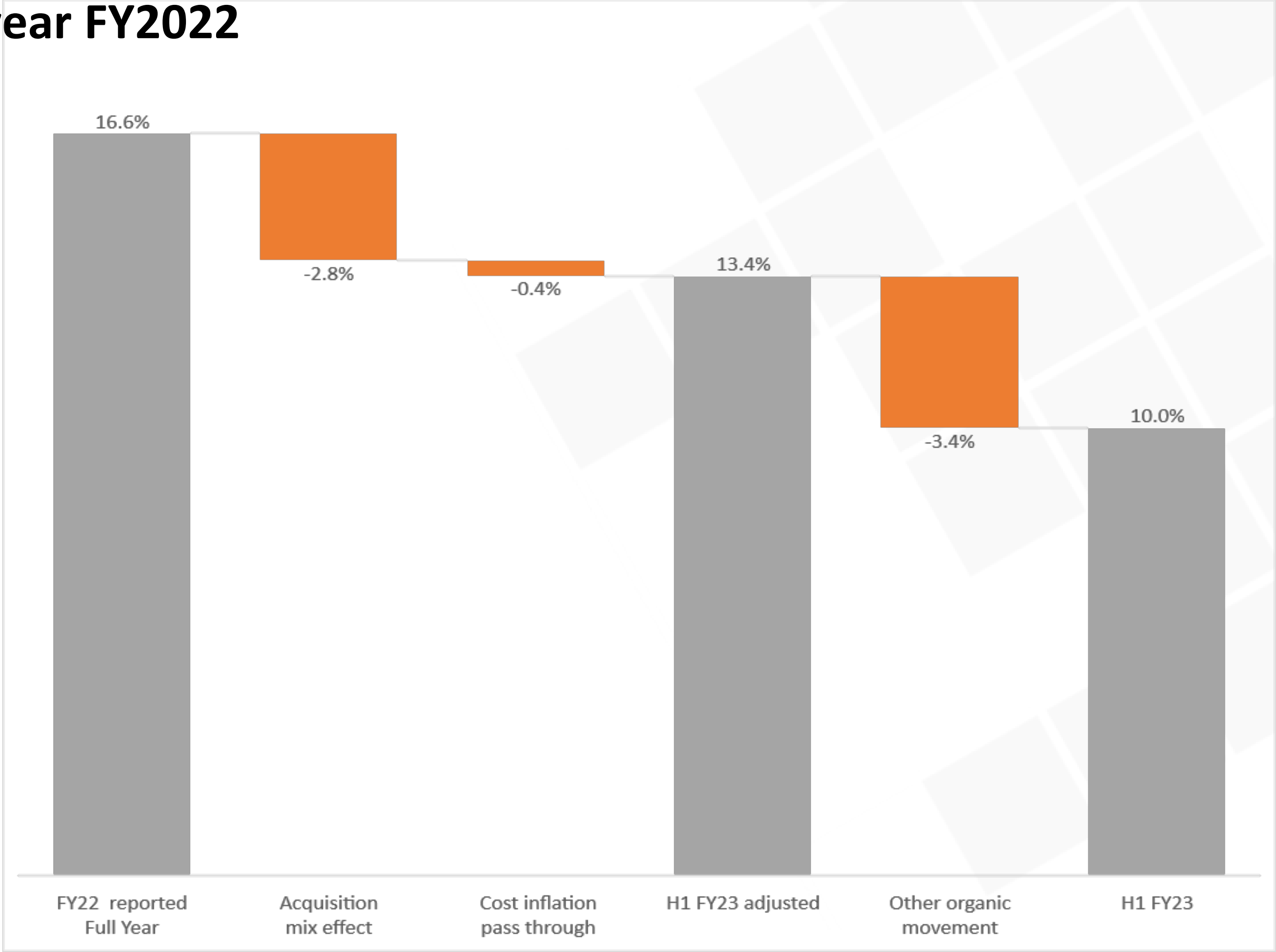
Logistics

- Key differentiator – driving market share gains
- Victoria's brand-new and environmentally-friendly (net zero carbon) 190,000ft^2, distribution centre in Worcester is on schedule for completion in February 2023. This replaces the existing Kidderminster warehouse and will lower our operating costs, enhance service levels, and allow for further sales growth

Underlay

- Entered the massive US underlay market through a distributor as well as through CALI
- Progressed the new 'Acoustics' Division with the development of a technologically sophisticated underlay product under the new brand 'Sonixx' for attacking the acoustic building market

UK & Europe Soft Flooring – underlying EBITDA margin bridge from full-year FY2022



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UK & Europe Ceramic Tiles – record revenues and profits

Underlying metrics	H1 FY23	H1 FY22	Growth
Revenue	£254.4 million	£182.5 million	+39.4%
EBITDA	£51.0 million	£37.4 million	+36.1%
EBITDA margin	*20.0%*	*20.5%*	*-48bps*
EBIT	£37.5 million	£25.9 million	+44.5%
EBIT margin	*14.7%*	*14.2%*	*+52bps*

Higher energy costs mitigated by energy surcharges, product engineering, price increases, and production diversification across three countries with different gas pricing profiles has helped alleviate higher energy costs

Italy

- Strong demand continues in the DIY business in Europe & the US with the introduction of new sizes and new products
- Purchase of an additional atomiser allows self-sufficiency in clay supply – increasing production capacity and lowering raw material costs
- Further capacity has been deployed in H1 at Serra with the replacement of an old kiln to a brand new multi-purpose kiln at the end of FY22
- A brand new, large-format production line became operational in the Ascot factory in late-September, which allows for increased output in larger tile sizes

Spain

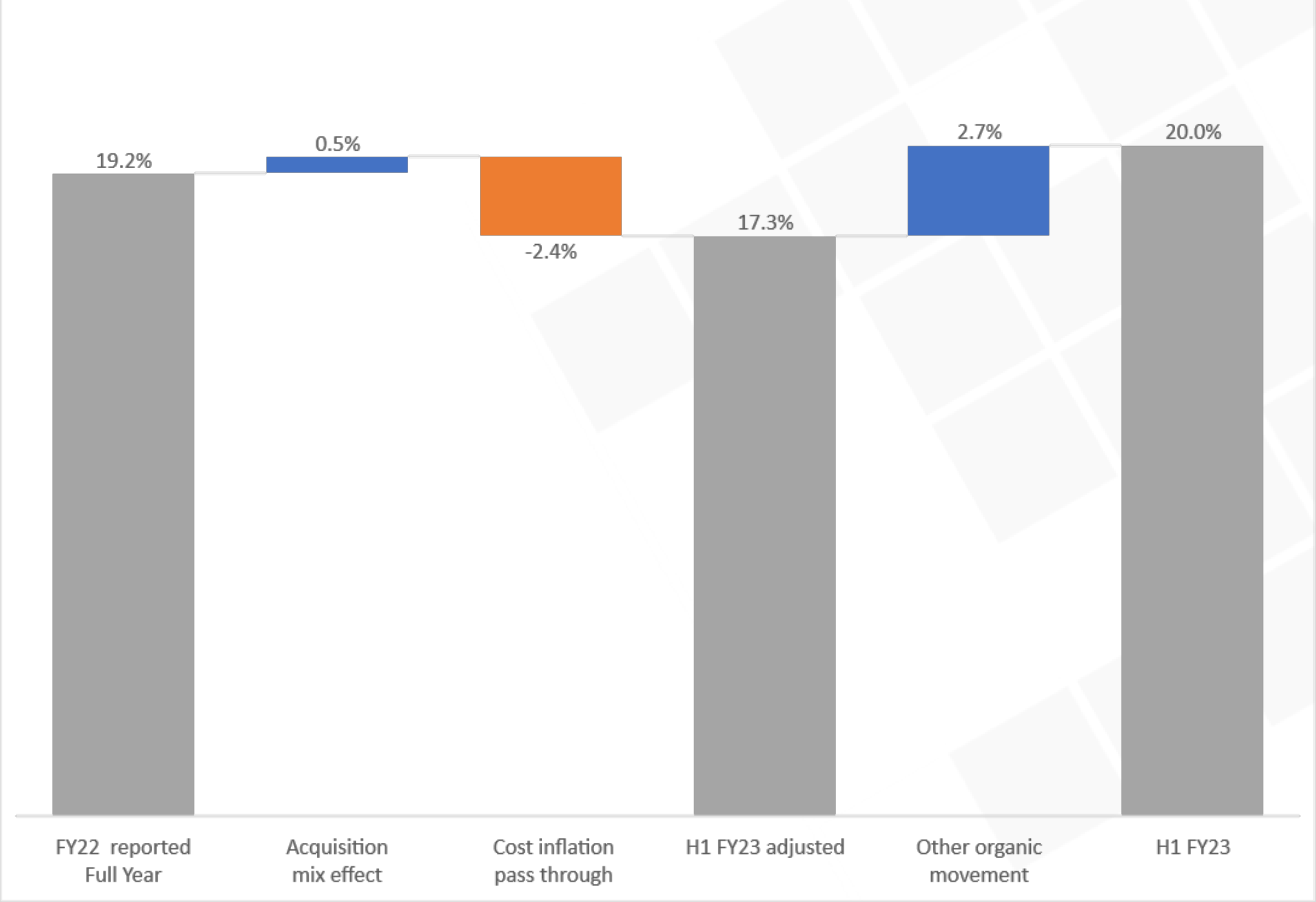
- The post-acquisition re-positioning of Saloni as a commercial brand has resulted in strong revenue growth with the strong post-lockdown demand from commercial customers
- New product offering very well received driving revenue

Turkey

- Core strategy is to grow export revenue to 100% (versus 70% today). Capex to align production & packaging quality to export standards. 40%+ ROI with completion scheduled for December 2023
- A synergy program has been launched with the Italian plants to drive increased productivity and reduced costs in the Turkish factory

OPERATIONAL OVERVIEW

UK & Europe Ceramic Tiles – underlying EBITDA margin bridge from full-year FY2022



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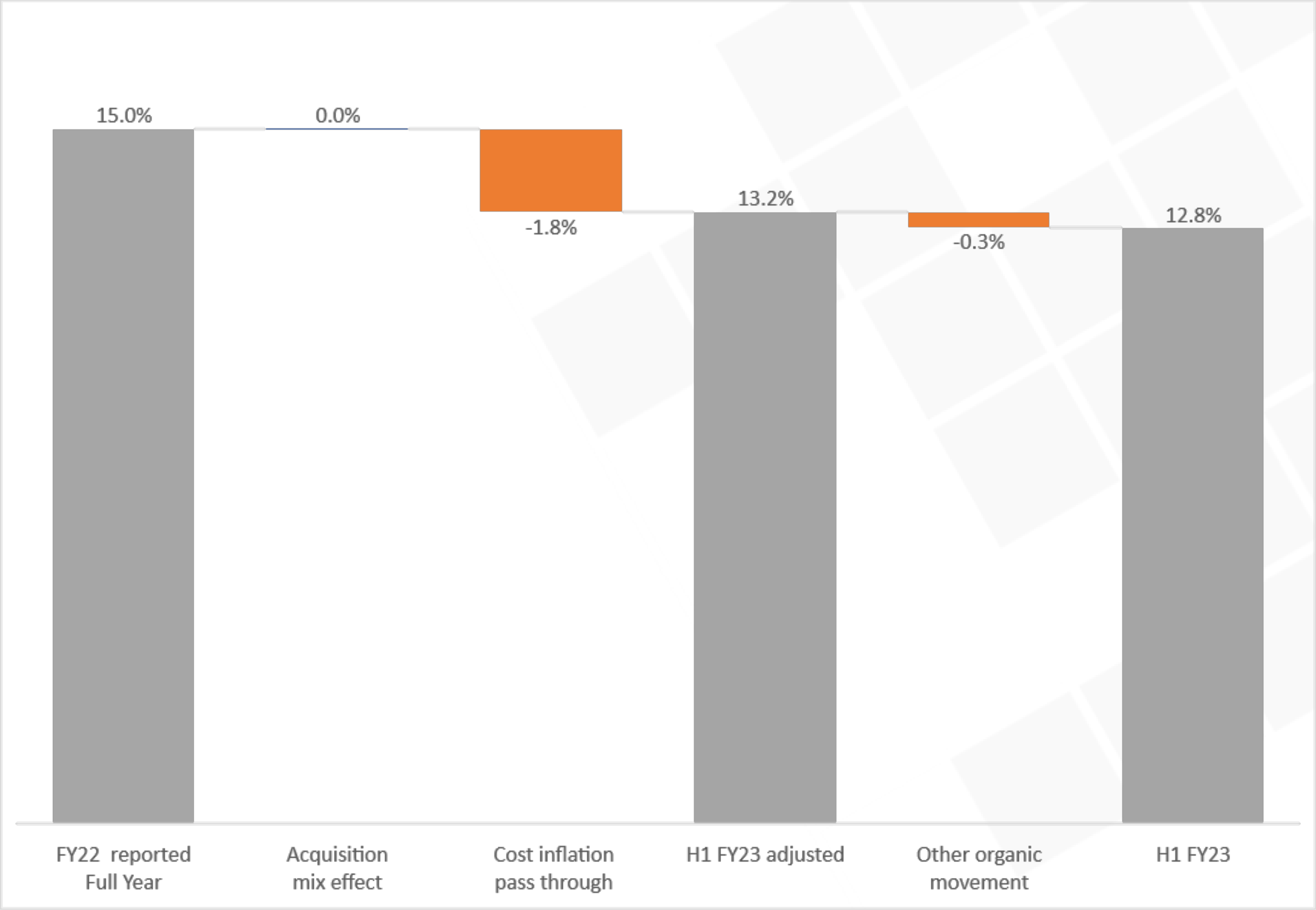
Australia – strong organic revenue and EBITDA growth

Underlying metrics	H1 FY23	H1 FY22	Growth
Revenue	£64.2 million	£53.4 million	+20.2%
EBITDA	£8.2 million	£7.1 million	+15.8%
EBITDA margin	*12.8%*	*13.3%*	*-49bps*
EBIT	£5.6 million	£4.8 million	+15.6%
EBIT margin	*8.8%*	*9.1%*	*-35bps*

- Volumes and profitability have been in-line with expectations
- Retail spending has been robust as consumers take advantage of savings accumulated during the pandemic
- Inflation on input prices and supply chain disruption has been less severe than in Europe. Covid restrictions have been eased later and the demand in the market has been solid throughout H1
- Our Dunlop LVT brands have introduced new collections and an elevated service proposition, which have contributed to the improved results
- Underlay sales in Australia have been consistent with previous years and production is at maximum capacity

OPERATIONAL OVERVIEW

Australia – underlying EBITDA margin bridge from full-year FY2022



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North America – +13% LFL revenue growth and efficiency gains

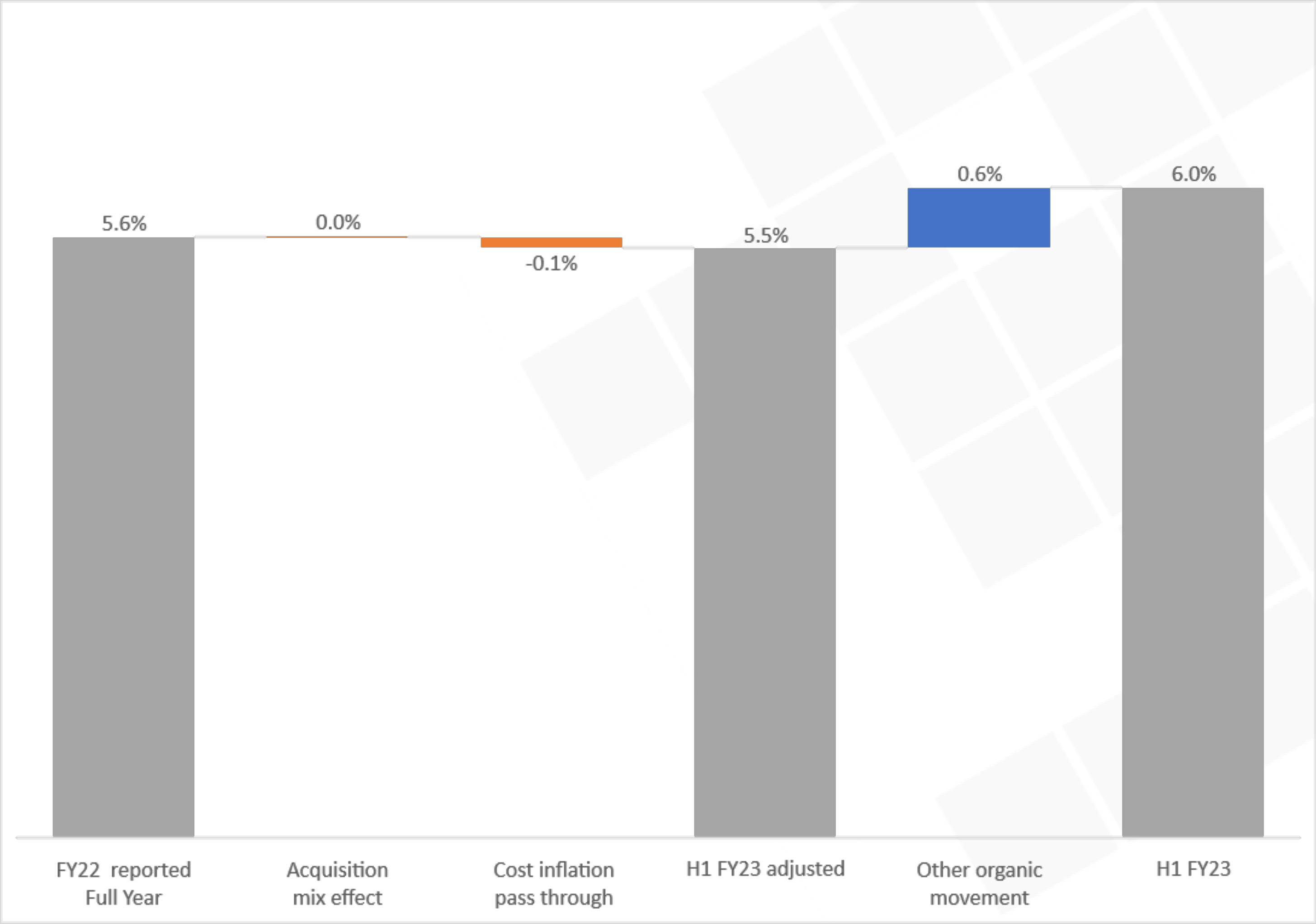
Underlying metrics	H1 FY23	H1 FY22	Growth
Revenue	£80.9 million	£39.1 million	+106.6%
EBITDA	£4.9 million	£2.6 million	+88.6%
EBITDA margin	*6.0%*	*6.6%*	*-57bps*
EBIT	£3.7 million	£2.1 million	+75.7%
EBIT margin	*4.6%*	*5.4%*	*-81bps*

Distribution

- Victoria's US strategy is to acquire distribution (not manufacturing) businesses, which sell similar product categories as the Group manufactures, and where there are material synergy opportunities from integrating US distribution capability into our existing business
- Important to understand that the US is not a monolithic market. Some regions continue to exhibit good growth despite national consumer spending downturn
- Victoria's US annual revenue now >$400 million = valuable geographic diversification
- H1 highlights include:
  - Sea container prices have fallen recently, easing cost pressures on CALI for H2
  - Launched rugs and artificial turf sourced from Victoria companies
  - Became a core supplier to a major national flooring retailer with over 2,500 store fronts.
  - Expanded an existing customer relationship, a major nationwide home improvement group, and is in the process of rolling out new product categories across 750+ stores
  - Insourced logistics led to 24% fewer fulfilment errors for the two months ended Sept 2022 (versus the same period in 2021), increasing customer satisfaction to 81.5 (from 62% in the prior year)

OPERATIONAL OVERVIEW

North America – underlying EBITDA margin bridge from full-year FY2022



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Appendix – Shareholders

Shareholder register

Rank	Investor Name	Holding as of October 2022	% IC
1.	Spruce House Investment Mgt	23,545,000	20.5
2.	Mr Geoff Wilding	22,438,500	19.5
3.	Vulcan Value Partners (Birmingham AL)	12,792,708	11.1
4.	KED Victoria Investments	12,500,000	10.9
5.	Capital Research Global	7,741,690	6.7
6.	Camelot Capital Partners	6,176,282	5.4
7.	Baillie Gifford & Co	3,898,085	3.4
8.	Columbia Threadneedle Investments	3,714,397	3.2
9.	Morgan Stanley Investment Mgt	2,617,745	2.3
10.	Mr. M Karim	2,231,500	1.9
11.	Hargreaves Lansdown	1,614,708	1.4
12.	Banque Syz & Co.	1,334,339	1.2
13.	Mr. Rodney Style	1,313,000	1.2
14.	Interactive Investor	1,217,197	1.1
15.	Ravenscroft	1,185,000	1.1
Total top 15 shareholders:		104,320,151	90.5
Total shares on issue		**115,213,482**	

Source: Company register.