

# Strix Group

Capital Markets Day Q4 2023



# Introduction to the team



# Introduction to the Board of Directors



## Gary Lamb

### Non-Executive Chairman of the Board

Gary joined the Plc Board in 2017 and is a qualified accountant (CIMA) who has gained extensive business experience over the past 25 years in numerous senior roles.



## Mark Kirkland

### Non-Executive Director

Mark joined the Plc Board in 2017 qualified as a Chartered Accountant with PricewaterhouseCoopers in London and has extensive corporate experience gained over the last 25 years having held numerous senior roles in public and private companies.



## Richard Sells

### Non-Executive Director

Richard joined the Plc Board in 2020 and has over 30 years' experience working across multinational corporations, public companies, entrepreneur-led SME enterprises and private-equity backed businesses.



## Mark Bartlett

### Chief Executive Officer

Mark joined Strix in 2006. He leads the organisation, setting the strategic direction and policy and works closely with his leadership team to translate Strix's strategy into tangible results.



## Raudres Wong

### Chief Financial Officer

Raudres joined Strix in 2011 she is responsible for financial management and she has over 25 years of international experience in corporate finance, business management and mergers and acquisitions.

# Introduction to the Divisional and Operational Directors



**Frank Gao**  
**Chief Operating Officer**  
Joined 2012



**Harry Kyriacou**  
**MD, Strix Consumer Goods**  
Joined 2019



**Rachel Pallett**  
**MD, Strix Controls & Billi**  
Joined in 2023



**Nicolo Zanuso**  
**Finance Director, Strix Consumer Goods**  
Joined 2021



**Neil Geoghegan**  
**Finance Director, Strix Controls & Billi**  
Joined 2021



**Emma Cox**  
**Group Human Resources Director**  
Joined 2020

# Divisional structure and Strategic Business Objectives

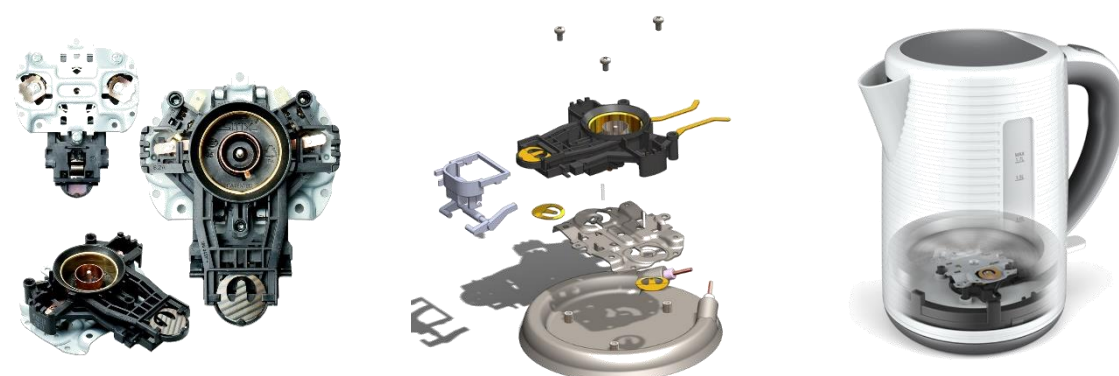


# New reporting structure

## Strix Controls & Billi (SCB)

### Kettle Controls

- Strix’s core product line of safety controls for small domestic appliances.
- Remains the strong market leader within the kettle controls market and with a reputation for safety.
- Established and maintained a strong reputation for dependable products that will achieve the highest level of performance while meeting all of the relevant safety requirements.



### Premium Filtration Systems

- A leading brand for the supply of premium instant boiling, chilled and sparkling filtered water systems.
- Clear #2 player within Australia, New Zealand and the UK.
- With a 30+ year history, Billi is renowned for its premium and innovative products.
- Successful history of growth, with double digit revenue growth over the past five years, attractive margins and is highly cash generative.



ADVANCED MULTI-STAGE FILTRATION TECHNOLOGY

## Strix Consumer Goods (SCG)

- Consumer Goods portfolio includes numerous products through its Aqua Optima, LAICA and Astrea brands.
- Continued focus on innovation, solving real problems and providing meaningful benefits through convenient, simple and sustainable solutions.
- Applying our water, temperature and steam management technologies to relevant, value-driven consumer appliances.



## Reallocated Revenue & Gross Profit

	H1 2023	H1 2022
Revenue	£28.8m	£34.8m
Gross Profit	£10.7m	£15.0m
Gross Margin	37.2%	43.1%

	H1 2023	H1 2022
Revenue	£21.5m	-
Gross Profit	£10.0m	-
Gross Margin	46.3%	-

	H1 2023	H1 2022
Revenue	£14.9m	£15.9m
Gross Profit	£3.3m	£4.5m
Gross Margin	21.8%	28.2%

# Strategic Business Objectives (SBOs) to be delivered by the end of 2026

Defining clear objectives and Critical Success Factors to deliver

- 1. KJC** – Profitably grow Control revenue from £68m to £88m by 2026, delivering a Gross Profit in excess of 40% through the introduction of innovative new products focused on sustainability, safety and convenience.
- 2. Billi** - Leverage the new product development and expand the geographical distribution in both residential and commercial markets to deliver £58m of revenue with a GP in excess of 45% by 2026.
- 3. Consumer Goods** – Grow consumer goods business beyond market growth through innovation, world class sourcing and commercial excellence, delivering revenue of £60m and Gross Profit in excess of 30%.
- 4. Geographical Expansion** – Become a true global presence with a market leading position in our chosen fields of SDA, Water Filtration and multi functional hot tap solutions - EMEA, APAC, NAM & LATAM.
- 5. Talent and Skills** – Right People, Right place, Right Skills, motivated and engaged to deliver strategic objectives.
- 6. Technology** - Develop the leading, innovative technology in the fields of water heating, safety control systems and water treatment of drinking water to support the business growth.

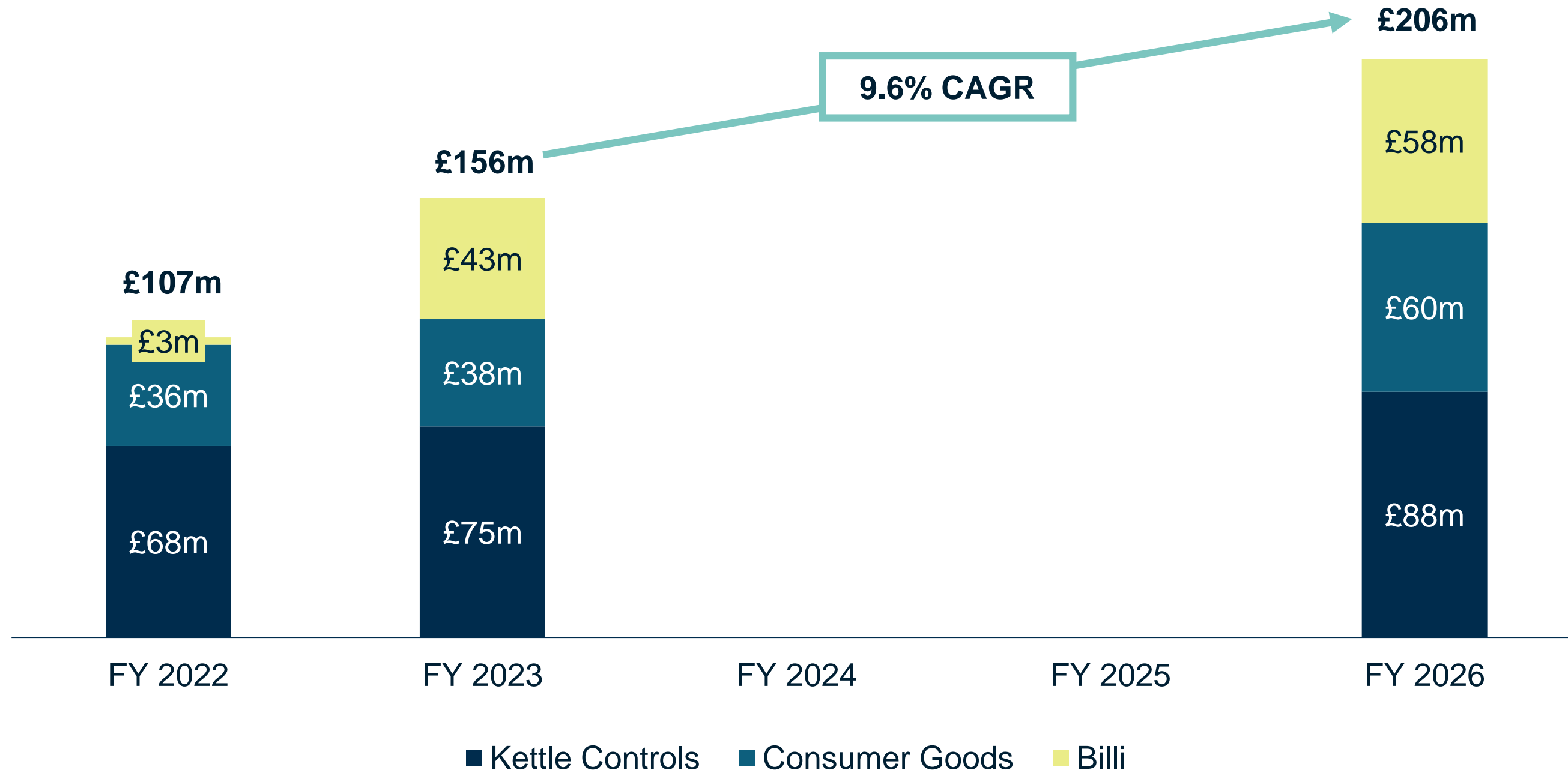
# Group financials





# Revenue growth projections 2022 – 2026

Revenue targets



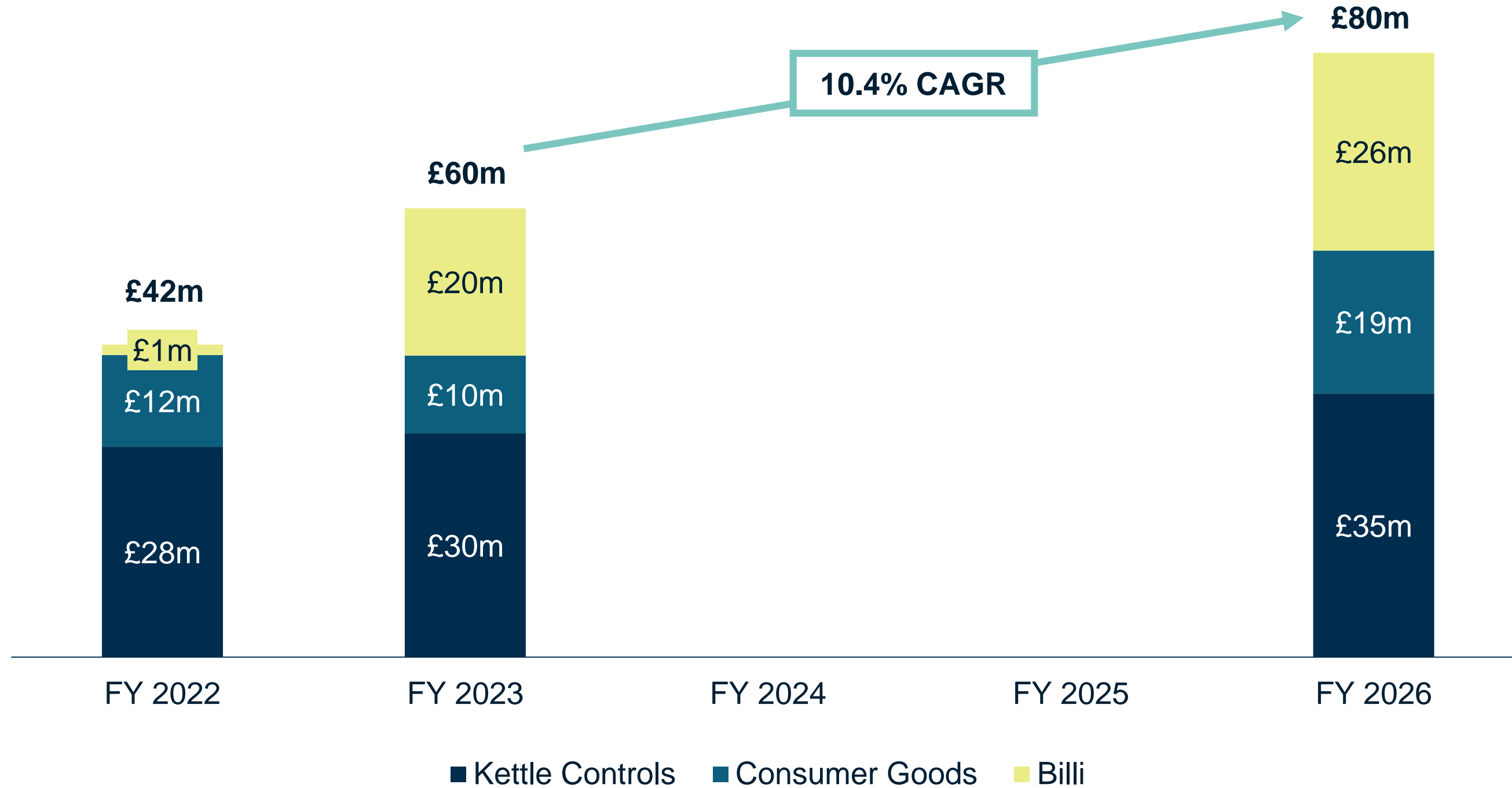
Kettle Controls  
**16.4%**  
 Revenue Growth  
 2023 – 2026

Consumer Goods  
**57.7%**  
 Revenue Growth  
 2023 – 2026

Billi Group  
**35.3%**  
 Revenue Growth  
 2023 – 2026

# Gross profit growth projections 2022 – 2026

Gross profit targets



Kettle Controls  
**17.8%**  
 Gross Profit Growth  
 2023 – 2026

Consumer Goods  
**83.4%**  
 Gross Profit Growth  
 2023 – 2026

Billi Group  
**34.3%**  
 Gross Profit Growth  
 2023 – 2026

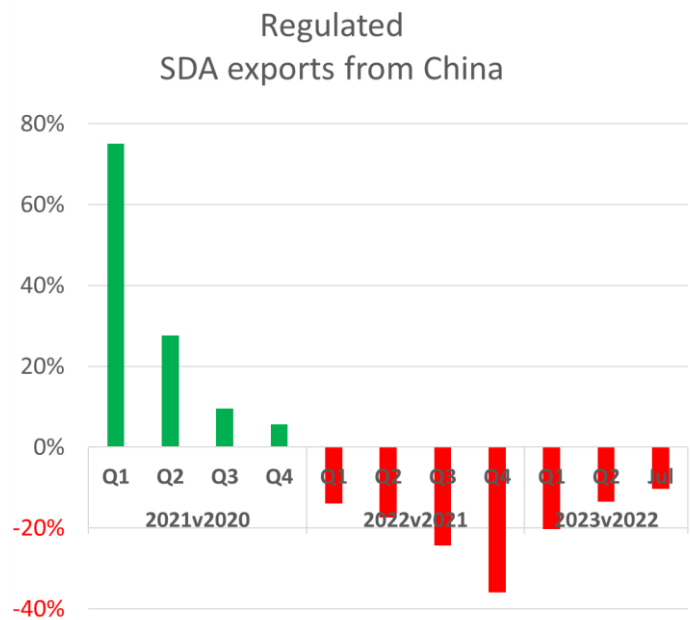
# Strix Kettle Controls



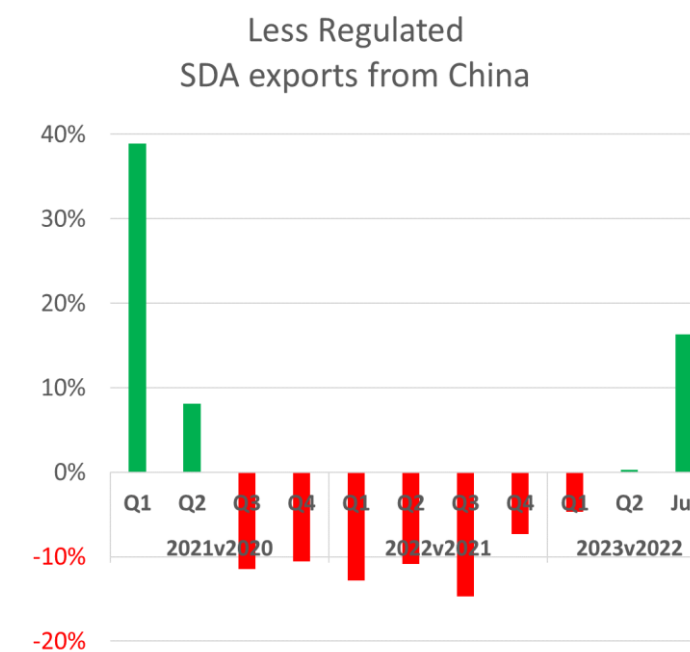
# Market conditions are improving but at a slower rate than anticipated

## Kettle Controls

### Q4 performance in Kettle Controls

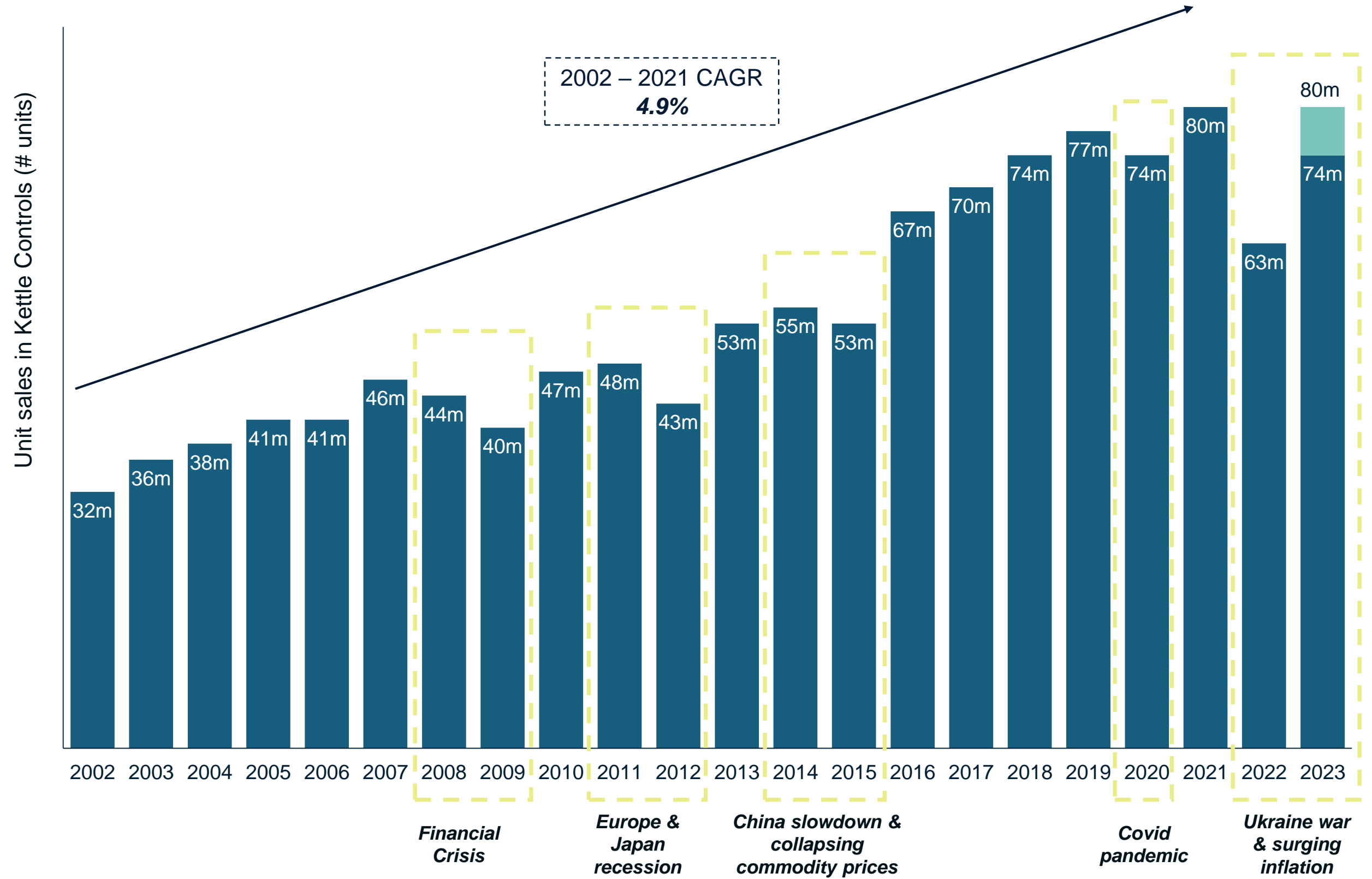


- The Regulated Market, which accounts for >60% of Strix's control sales by value, has been posting Q on Q recovery during 2023 with July being only 10% lower than July 2022, but YTD the regulated market is still 16% down.
- Countries performance varies, with UK 19% up in July v July 2022 (YTD -1%) whereas Japan is worsening with July at -30% (-20%)



- The Less Regulated Market, which accounts for 25% of Strix's control sales by value, has recovered strongly in H1 and July was 16% up on July 2022 (YTD was 0.5% up).
- The key driver of growth is Russia up 82% YTD, but this has not benefited Strix as our key sales in Russia were through the Global brands who remain exited from Russia.

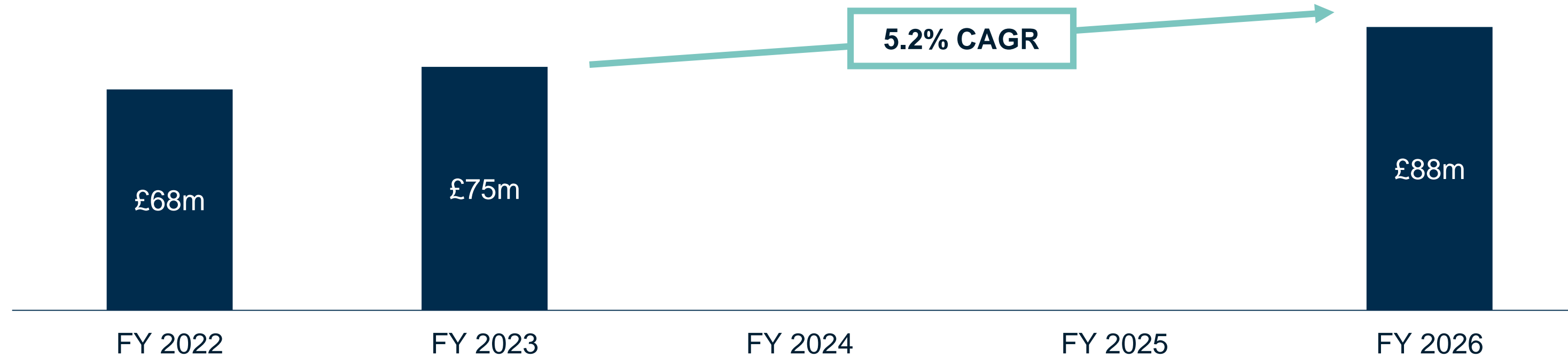
### Kettle Controls business historically recovers and has been highly resilient over time



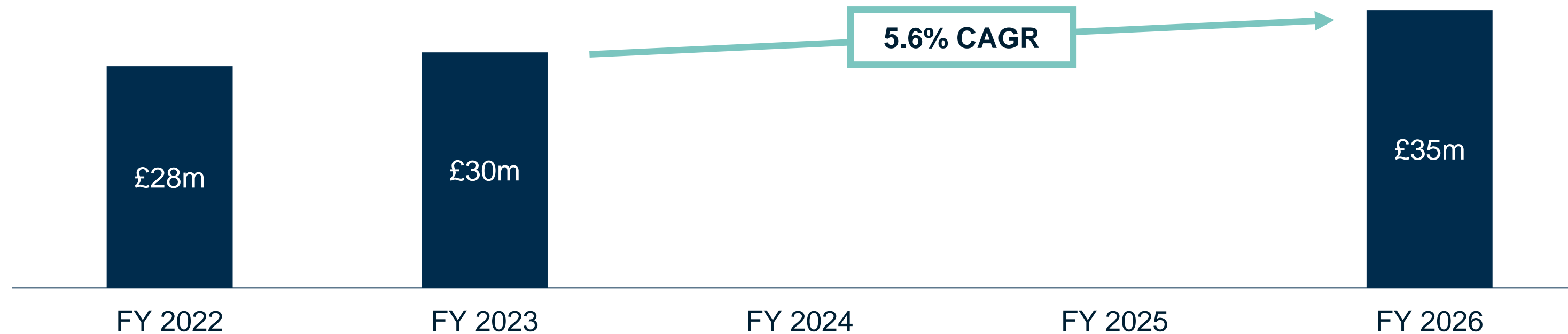
# Kettle Controls growth projections 2022 - 2026

Kettle Controls

## Kettle Controls Revenue Targets



## Kettle Controls Gross Profit Targets



## Growth Drivers 2023 - 2026

Market Recovery  
**1.2% Revenue CAGR**  
 Assumes a slower recovery of the kettle market over the 3 year period

Commercial Initiatives  
**5.7%**  
 Continue to leverage on value share and services

New Product Development  
**6.9%**  
 Leverage on series Z to open adjacent opportunities and increase addressable market within the kettle market

# Billi

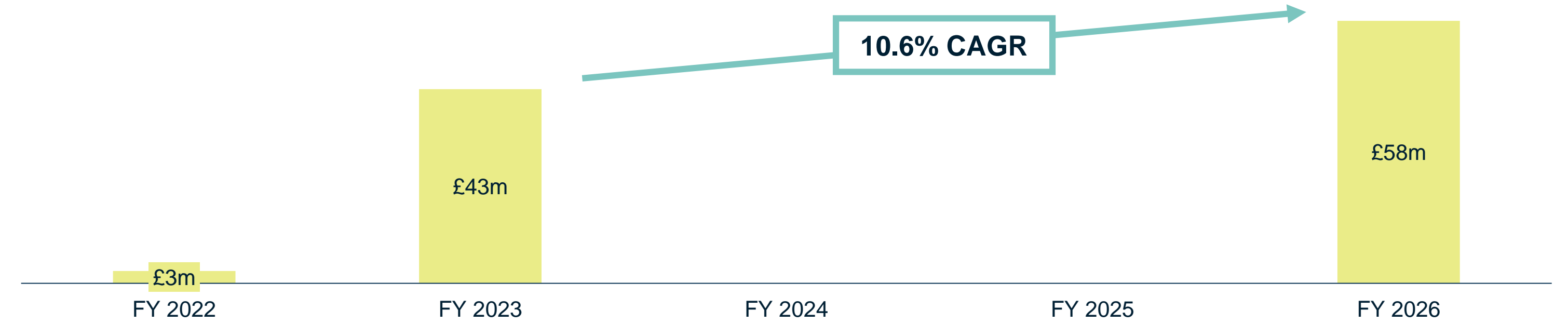
Multifunction Taps



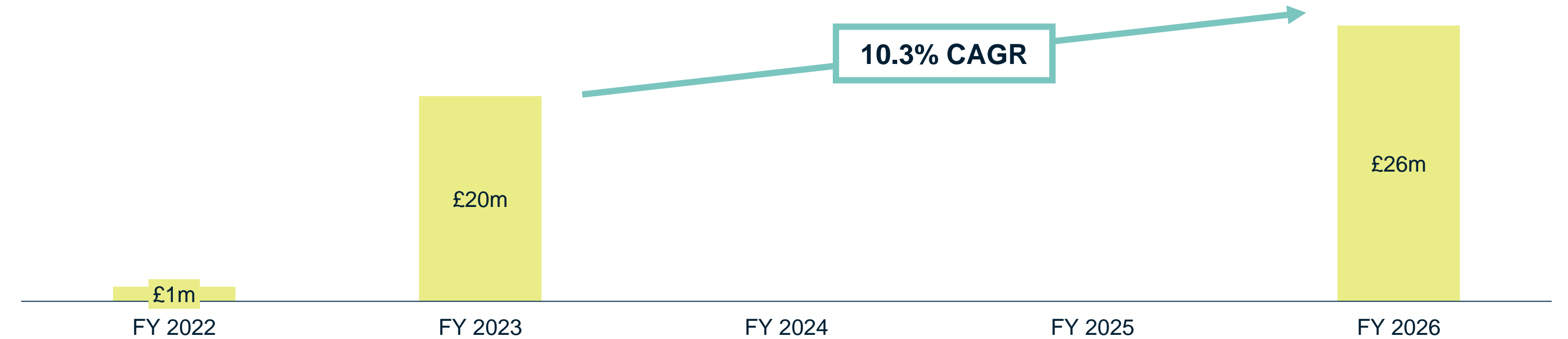
# Billi growth projections 2022 - 2026

Billi

## Billi Revenue Targets



## Billi Gross Profit Targets



### Commentary

- Projected revenue growth of 35.3% between 2023 - 2026
- Revenue growth to be driven by a mix of commercial, residential, service excellence and new product.
- Average margin target of 45% despite continuing cost pressures
- Note: 2022A only includes December 2022 of Billi UK and ROW sales

# Billi's growth drivers

Billi

1. New Product Development

3. Residential Service model

2. Elevate the Brand

4. Marketing

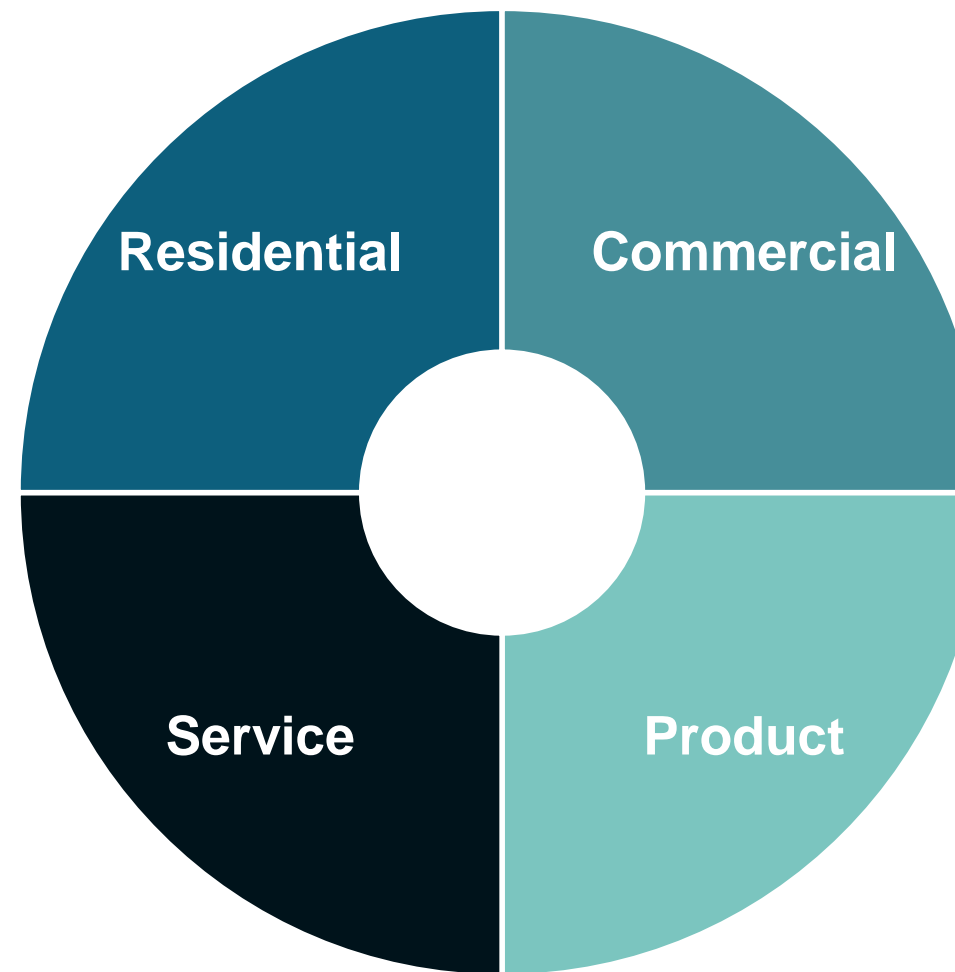
1. Customer centric approach

4. Train and re-train select 3rd party service agents

2. Online Shop

3. Invest in the frontline

Residential Brand reboot



WATER COOLED TECHNOLOGY



ENERGY EFFICIENT



RANGE OF FINISHES



GREENTAG CERTIFIED



HEAT EXCHANGE TECHNOLOGY



NO CUPBOARD VENTILATION REQUIRED



SPACE SAVING DESIGN

1. Salesforce Effectiveness

4. Key Account Management

2. Sales pipeline enhancements

5. New products

3. Inside Sales development

6. Consumables sales

7. Invest heavily in Marketing

1. New Product Development Roadmap

-Under bench module

-Tapware suite

-Consumables

3. Quality improvements

4. Value engineering to support profitability & price

5. Global Supply Chain recovery

2. Key points of difference

6. Invest heavily in Factory and R&D



# Current NPD

Billi

1



### Multifunction Mixer tapware.

- Available end 2023
- BCS, BC, BA and CA variants avail
- Nominated and successful *Good Design Award* winner (Sept 9<sup>th</sup>)

2



### XT2 Contactless

- Available early 2024
- Adds Sparkling to XT dispenser with new UI
- Boiling, Chilled & Sparkling + Boiling & Chilled + Chilled & Ambient + Boiling & Ambient variants
- First to market as a Contact AND Contactless operable dispenser.

3



### OmniOne and Billi Home BCS

- **OmniOne Pro60** and **OmniOne Plus 9** available now (Charcoal)
- Billi Home BCS launching October (Blue)
- BCS, BC, BA and CA variants avail
- First to market as a Contact AND Contactless operable dispenser.

4

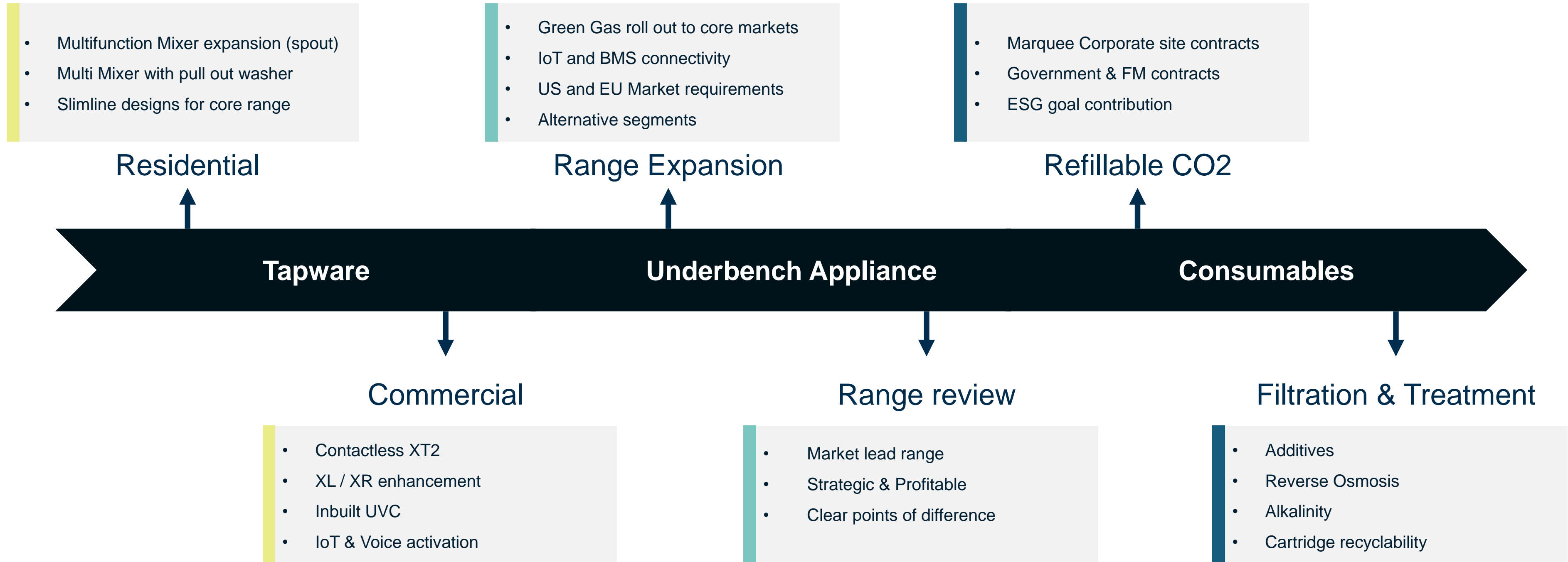


### Luxgarde UVC Purification Device

- 4 variants with install kits to suit core range
- 99.999% efficacy
- Inline, modular, retrofittable
- Competitor product only sold as package with limited systems (2 SKUs)

# NPD roadmap

Billi



# TSA exit

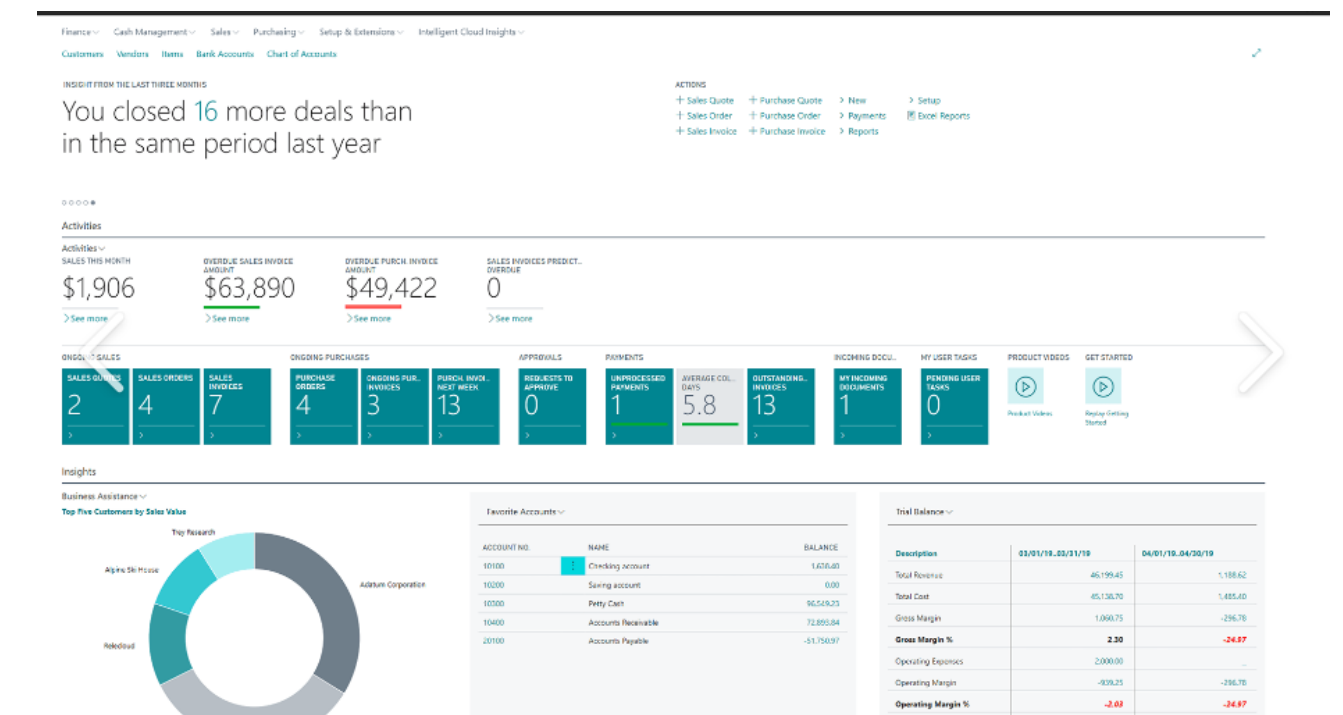
Billi

## ANZ TSA Exit November 2022

- Manufacturing Hub secured in Thomastown
- Manufacturing facility & Head Office
- Technician Ops & Warehousing
- Regional Sales Offices secured and being populated nationally
- Waterlogic remains a customer of Billi in Australia for parts & filters

## UK TSA Exit Occurred on 31 August 2023

- 3PL Secured with Repleo and all inventory transferred from WL during July
- ERP Secured and functional 1 August with Microsoft Dynamics supported by Tecvia
- London Hub (Showroom) functional and receiving visitors formally, strong ROI outlook
- Major contracts closed with aid of high functioning demo & meeting space
- Wolverhampton Operational Centre secured and Operational Nov 2022
- Expansion works complete to accommodate headcount & growth
- Thurrock Service and Distribution Centre secured, operational during September



# Consumer Goods

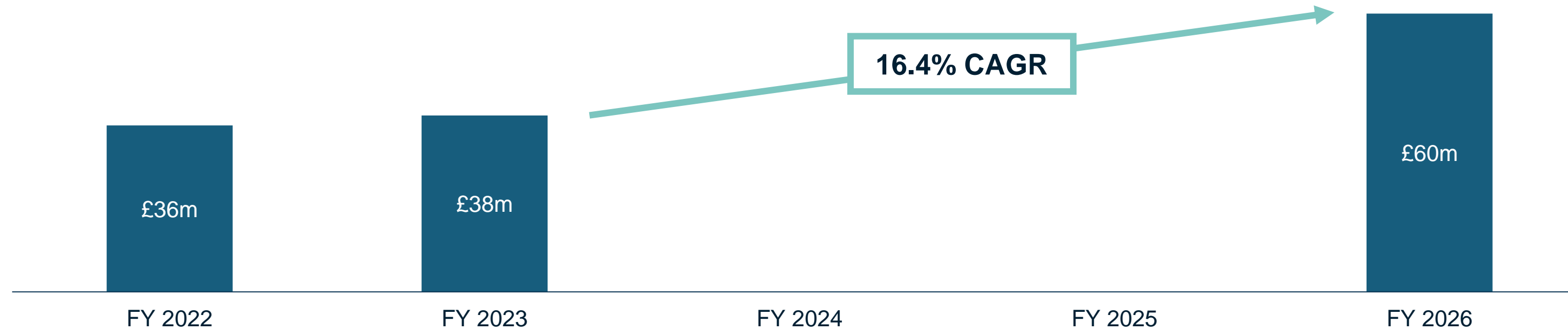
Appliances & Water Categories



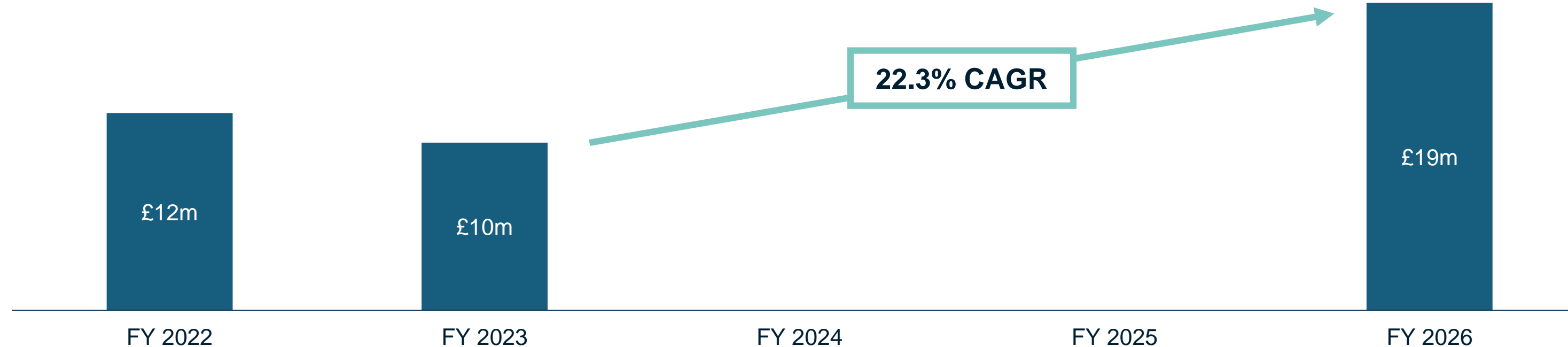
# Consumer Goods growth projections 2022 - 2026

Strix Consumer Goods

## Consumer Goods Revenue Targets



## Consumer Goods Gross Profit Targets



## Growth Drivers 2023 - 2026

Market Growth  
**2.7% Revenue CAGR**  
 2020 CMD: 13% CAGR 2020 – 2025

Commercial Initiatives  
**25.0%**  
 Through new contracts and geographical expansion

New Product Development  
**24.3%**  
 Primary focus on 'category leadership' & Consumer Goods Manufacturing

# Market Dynamics & Trends

**+8%**  
2023-2026

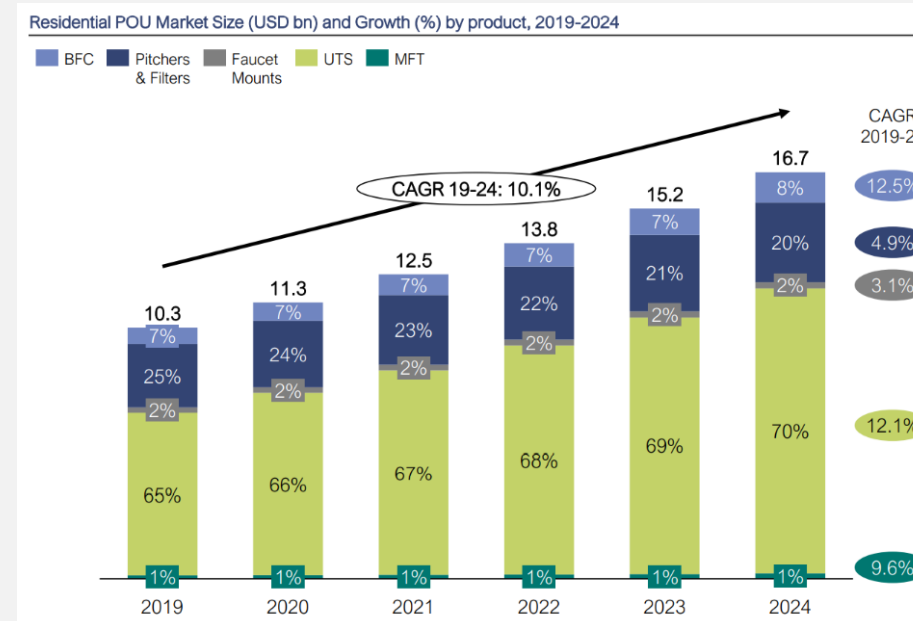
Strix Consumer Goods

## Macro

- Changing purchasing habits and disposable income challenges mean less consumer loyalty, and a rise in private label and challenger brands.
- **Our brands are well positioned to take market share vs. the market leader in water filtration.**
- **Strix holds significant contracts within the private label water filtration market** and is poised to grow as many consumers trade down to private label alternatives.
- Despite the cost of living crisis, **sustainability remains a key concern** and consideration in many consumer purchase journeys.
- Strix continues to develop **products to address sustainability problems.**

## Water

- **10% Category CAGR (2019-2024) with steady 5% CAGR in core 'pitchers & filters' segment.**
- Strong opportunity for growth within **faucet mounts** and under the sink solutions.
- Steady growth predicted across Europe, with key LAICA market, **Italy, expected to grow the fastest at 8.5% CAGR.**



## Appliances

- Statista estimate the Small Appliances segment is **expected to grow annually by 3.94%** (CAGR 2023-2028).
- Bounce back to **steady growth expected in UK market, with 3.87% CAGR from 2023-2028.**
- USA Water dispenser market is **expected to grow at a CAGR of 8.9% from 2022-2030.**
- APAC household appliances market **expected to grow at CAGR of 4.26% from 2023-2028.**



# New Product Development

Strix Consumer Goods

## AQUA OPTIMA

### Water

## LAICA

Focus on simplicity & value

## AQUA OPTIMA

### Appliances

## LAICA

Focus on health, quality & sustainability

# 2020 – 2022 Highlights

Evolve+



Perfect Pour Jugs



GlaSSmart Carafe



myLAICA Filter Bottles



HydroSmart Tap Filter



HydroSmart + Metal-STOP Tap Filter



Aurora Hot



Aurora Hot & Chilled



Aurora Chilled



Smart Vacuum Canisters



# 2023

Evolve+ Advance



Perfect Pour Dispenser



Anti-Bac Filter - APAC



Bi-Flux Limescale stop



Slimline Tea & coffee Biflux Filter



Aurora Coffee

Filter Kettles (NAM)



## AQUA OPTIMA



Dual Flo Breakfast Set

Air Treatment



Sparkling Water Maker



ISEO Breakfast Set

## LAICA

# Future Roadmap



Next Gen Evolve Filter



Next Gen Bi-Flux Health Filter



Premium Filter Jug

Aurora Range Refresh & Expansion



Handheld Vacuum Sealer



Core Vacuum Range Refresh

Core Scales Range Refresh

Premium Beverage Station Range



+24%  
2023-2026

# NPD & Commercial Initiatives

Strix Consumer Goods

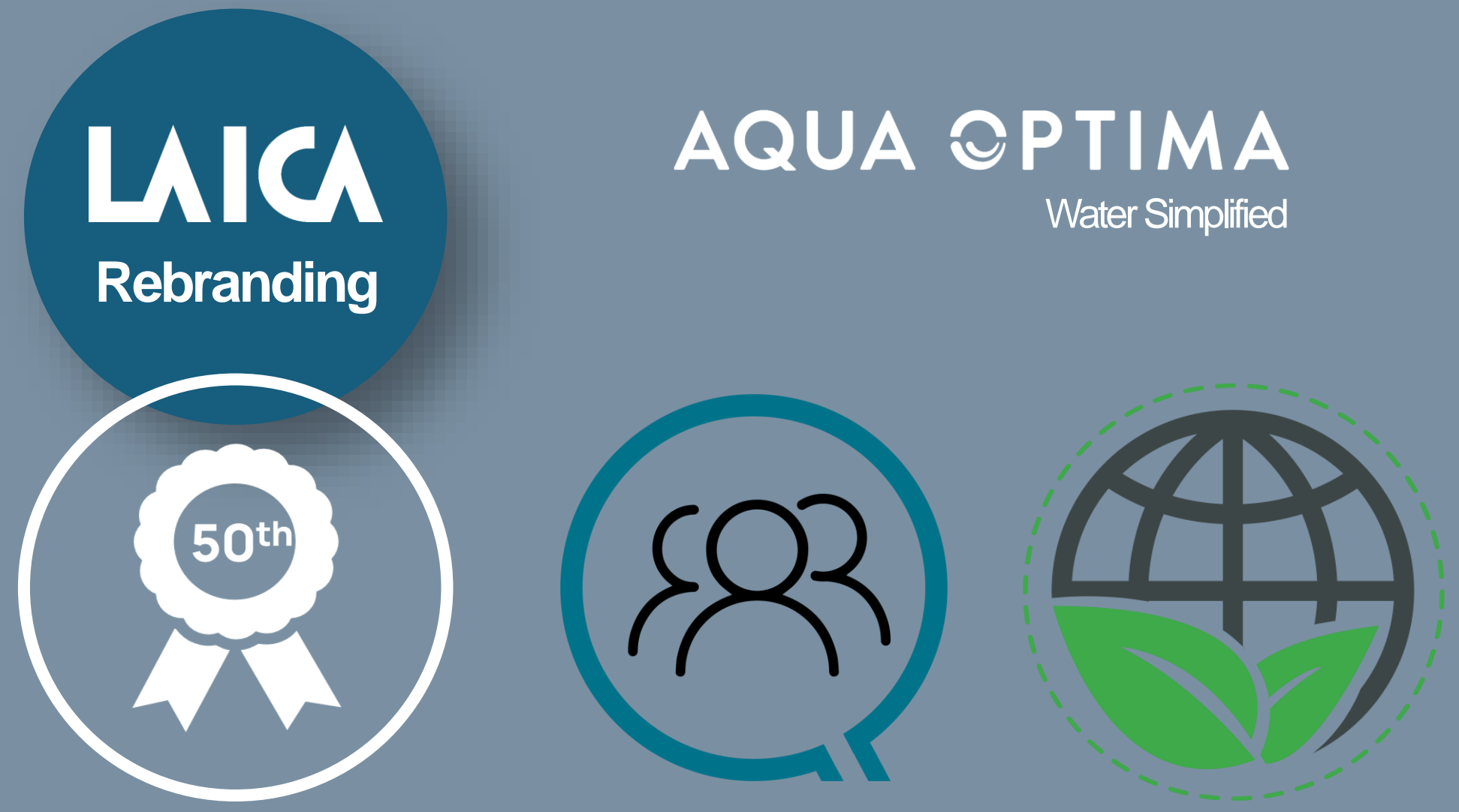
+25%  
2023-2026

+24%  
2023-2026

## 2020 – 2023 Highlights

## 2024 – 2026 Approach for Growth

Marketing  
Consumer-  
Led,  
Sustainable  
Innovation



Expanding  
Manufacture  
&  
Technology  
Business





# Human Resource Strategy



# Resourcing & On-boarding

- Focus is on enhancement of global intellectual capability, bench strength and “growing our own”:
  - Acquisition of Billi has added significant R&D and manufacturing IP to the group.
  - Appointment of new Business Unit MD who brings with them significant commercial acumen coupled with a strong engineering background.
  - New Business Unit structure has created a number of opportunities for promotion into new roles, including Head of Group Products Approvals & Validations, Test House & CTF Supervisor, Senior Category & Insights Manager, Group Industrial Design Lead.
- Dedicated in-house specialists now manage recruitment, ensuring consistent quality of advertisements and shortlisted applicants in line with our commitment to equality and diversity. CVs are sent to hiring managers anonymised to remove any unconscious bias. Recruitment spend carefully monitored and agencies only used for specialised or difficult to fill roles. PSL of Agencies with negotiated terms means recruitment spend is tightly managed and remains within our location specific KPIs (for West, KPI is cost to hire is less than £5k).
- On-boarding significantly improved, from automated workflows to ensure everything is in place from day one, to training of operational line leaders to enhance the employee experience which has reduced turnover of operatives. Voluntary turnover across the group was less than 4% in 2022, with average tenure at circa 6 years.

## Training & Development

- YOY trend for increase in training hours is 18% without any increase in training spend.
- Learning Management System (LMS) that offers extensive range of developmental courses, as well as mandatory compliance sessions. Bespoke content added on a regular basis, allowing for consistent training and messaging on topics such as GDPR compliance, Cyber Security, Equal Opportunities and Neuro-diversity awareness.

# Engagement & Retention

- Maintained over 80% of workforce when moving China factory through careful consultation, consideration for increased travel times and improved employee accommodation facilities
- Consistently improving employee terms and conditions
  - Reduction in weekly working hours from 40 to 38 in West, plus uplift in holiday by over one day a year. Effectively a 5% pay increase
  - Remote and hybrid working arrangements increasingly common as we spread geographically
  - Generous “hardship allowance” fund provided to lower earners in West in recognition of cost of living crisis
  - Significant revision of holiday allowance in China, with an increase of 1 day per every 4 years served
  - New factory in China with excellent employee facilities
  - Significant modernisation of IOM factory employee areas
  - Active charity leave scheme, allowing paid time off to participate in charity of community events, plus regular in-house charity events and awareness raising sessions e.g. Talks by the Samaritans, Cancer survivors, Mental health awareness tool-box talks

# ESG



# Recent journey

## Environmental

### Strategy

- Ambitious targets set across the group
- Net zero Scope 1&2 by 2023

### Scope 1&2

- Renewable energy contracts signed
- Significant investment in solar

### ISO - Roll-out across group

- 14001 (environmental management)
- 45001 (health & safety)
- 50001 (energy management)

### Scope 3

- Primary analysis undertaken

### NPD programme

- Environmental roadmap fully integrated

## Social

### China - employee

- New factory and associated upgraded facilities (catering, accommodation etc)

### West - employee

- Improved hours/working practices
- Enhanced training programme
- EAP and/or trained mental health first aiders access for all

### Values recognition programme

- "Passion" includes passion for our planet.

### Social

- UK volunteering days introduced
- China programme expanded

## Governance

### Board

- Structure and exec committee established
- NED with oversight appointed
- Exec remuneration linked to targets
- Sustainability incorporated into group strategy
- TCFD reporting incorporated early

### Acquisitions

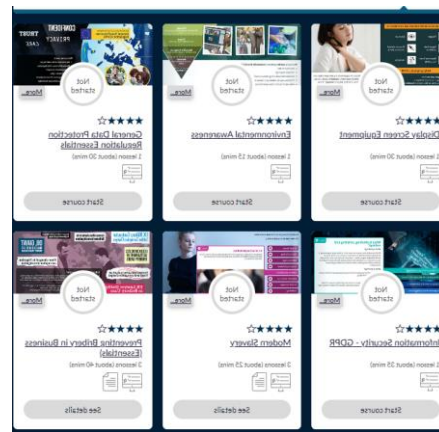
- Laica integration enacted
- Billi integration planning

# Future plans

4 out of 5 targets on track. Programmes in place for full achievement

KPI	Measurement	Units	2021	2022	Target
Climate action	Scope 1&2 (absolute)	tCO2e	7,695	6,356	Net zero scope 1&2 emissions by 2025
	Scope 1&2 (intensity)	tCO2e/tm	64.4	59.2	
Resource intensity	Energy consumed	MWh	15,666	14,052	3% intensity reduction
	Energy intensity	MWh/tm	131	115	
	Third party energy consumed	MWh	15,666	12,859	
	Third party energy intensity	MWh/tm	131	124	
Waste & recycling	Own electricity generated from renewables	%	0.0	9.3	3% intensity reduction
	Waste generated	tonnes	1,969	1,301	
	Waste intensity	t/tm	16.5	12.5	
Clean water and sanitation	Recycled waste	%	95.1	94.1	Growth in the wider Business 2x Group
	Water consumption	m <sup>3</sup>	46,848	34,600	
Health & safety	Water intensity	m <sup>3</sup> /tm	392	333	Reduces LTI on a rolling three year basis
	Water category growth	%	8	7	
Gender equality	Lost time injury frequency rate	per 200,000 hours	0.9	1.0	Further embed diversity thinking throughout the organisation
	LTI 3 year average	per 200,000 hours	1.3	0.9	
Innovation	Women in senior management	%	27.3	27.3	Continuous reduction in process resources leading to the increased use of recycled materials
	R&D	€k	5,324	4,996	
	R&D/Sales	%	4.5	4.7	

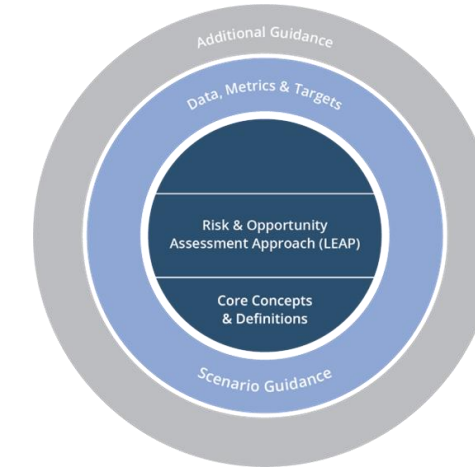
Bespoke ESG training material on Kallidus on-line system for Q1 '24



Green financing expected in 2024 inclusive of Billi



Expand community engagement programme in China



In line with guidance from the TNFD



Prepare full compliance with IFRS S1 and S2



KPIs and targets agreed for potential introduction in 2024 inc roadmap to Scope 1&2 neutral

# Emissions Scope 1,2 & 3

## Scope 1&2

- On track for net zero Scope 1&2 in 2023
- Level of offsets for Scope 2 less than 3% of 2022 total Scope 1&2 emissions
- Own electricity generated from solar
- ISO being implemented to assist reduce energy consumption
- Billi roadmap net zero to be completed in 2023

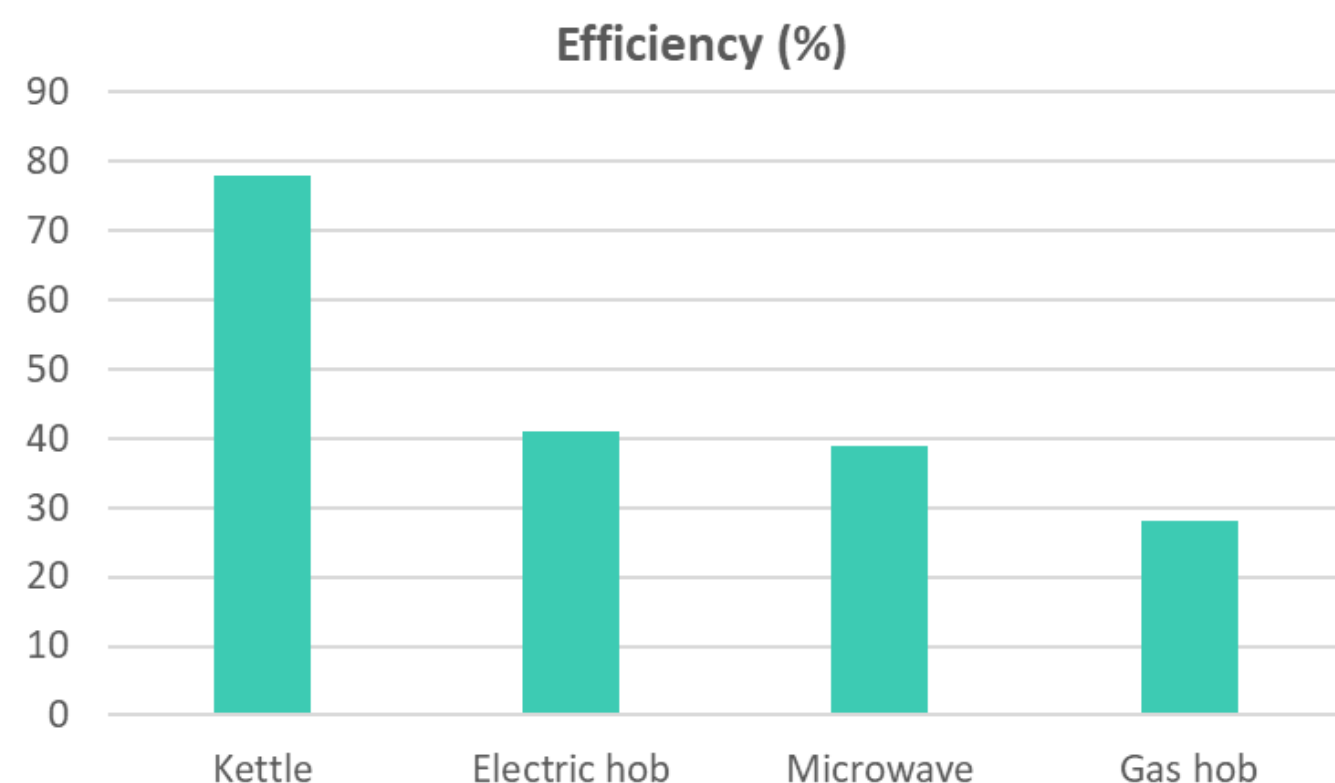
**Customer engagement accelerating as they investigate their Scope 3 emissions offering potential competitive advantage for Strix**

## Scope 3

- Primary analysis undertaken in 2022
- Refining methodology and integrating Billi
- In-use dominates at c94% of total emissions. Engrained into new product design roadmap. Next generation control 30% less material and associated emissions.
- Engaged with top 10 suppliers to enhance reporting and attain future commitments (c5% of Scope 3)
- Analysis and action plan for other categories . Limited overall impact (c2% of total) but where Strix can take direct action

# Environmental footprint benefits

## Scope 4 avoided emissions



- Kettle the most efficient way to boil water
- Annual Strix controlled kettles lifetime emissions saving 13mtCO<sub>2</sub>e equivalent to the annual emissions of 2.5m cars
- Electric heated the only carbon neutral option today

## Plastic waste

- Laica water bottles and 4.5m filters sold in 2022 potentially saved over 450m single use plastic bottles.
- Internal KJC packaging reusable rate increasing in partnership with our OEM's
- Aurora 'Coffee' launched with ECO packaging
- ECO packaging roadmap under development
- Group recycling rate 94.1%



# New products – sustainability driven



The Aqua Optima offers instant hot & boiling water at the press of a button

- Energy efficient by only boiling the water needed
- Variable temperature relevant for each type of drink
- Strix heating technology ensures a fast delivery with minimum heat up times.
- Multi award winning inc 2023 IER Awards – Highly Commended: Best Smart Innovation for small domestic appliances

Unique offering of combined kettle and hot water dispenser

- One cup dispense automatically pours the desired volume (saving water and energy)
- Hands free solution (health & safety)



## HYDROSMART + METAL STOP

- Filters water for heavy metals, microplastics, sand, rust and suspended particles, chlorine, chlorinated organic herbicides and organic solvents
- Retains natural minerals
- Recyclable



# Executive summary



# Executive summary

- Alongside the interim results, Strix is announcing Strategic Business Objectives to be delivered by the end of FY 2026
  - In summary, Group expects to deliver revenue growth from £107m to £206m and Group gross profit growth from £42m to £80m by end of FY 2026 reflecting the attractiveness of the underlying markets that Strix operates within
- Given the increase in net debt due to the strategic acquisition of Billi and with the high interest rates environment, the Board continues to take precautions to balance the capital allocation priorities
- To be prudent, the Board has decided to prioritise the reduction of debt with a clear plan to net debt / EBITDA to below 1.5x over the medium term
- Going forward the Group will implement a payout ratio of 30% of adjusted profit after tax which will enable sustainable returns to be delivered to our shareholders
- Over the medium term, Strix has a clear plan to reduce net debt / EBITDA to below 1.5x and will then have the ability to return excess capital to shareholders subject to their future requirements and the prevailing macro environment



**Thank You**