



Good  
builds  
start  
here

Dean Murray, CEO

Sue Packer, COO

Jonathan Lamb, CFO

Strictly private and confidential

# Introduction to CMO



UK's leading disruptive online-only retailer of building materials



Strategy to expand the range of product categories, organically and through M&A



Competitive pricing with high level of service

**£76.3m**  
FY21  
Revenue

**Over 180k  
customers  
served in  
2021**

**£3.7m**  
FY21  
EBITDA

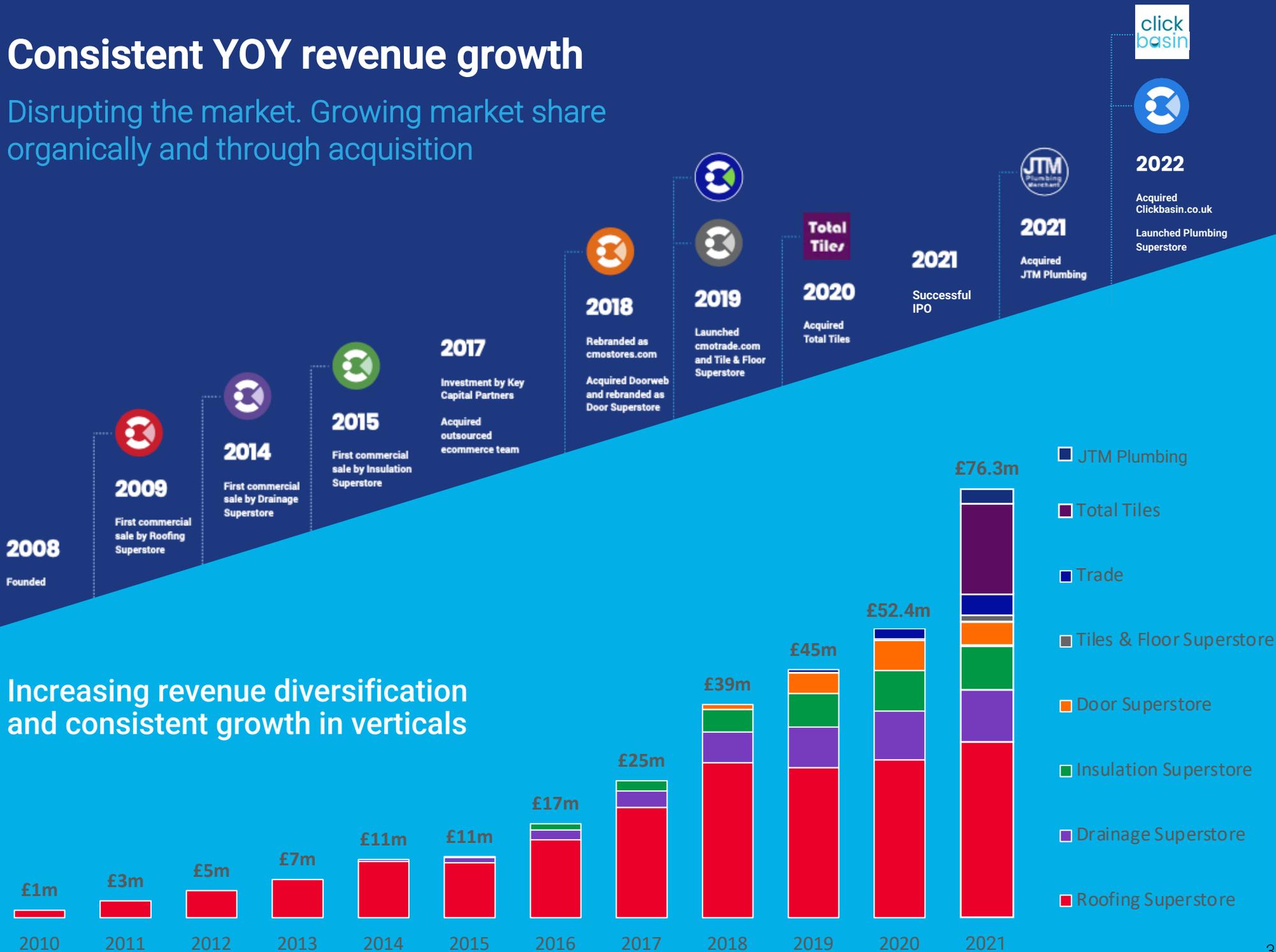


Disrupting the £27bn<sup>1</sup> domestic repair, maintenance and improvements market

Negative working capital model

# Consistent YOY revenue growth

Disrupting the market. Growing market share organically and through acquisition



## Increasing revenue diversification and consistent growth in verticals

# Deep category authority and expertise under the Group umbrella

## Unique combination of specialist expertise and pureplay eCommerce capability

**roofing** superstore®  
Reviews 17,832 • Excellent  
★★★★★ 4.4

c. 44,000 products from c.230 brands

Brands include Velux, Eurodec, Calder, Redland, Marley and Fakro

**insulation** superstore®  
Reviews 2,659 • Excellent  
★★★★★ 4.6

c. 7,800 products from c.130 brands

Brands include Kingspan, Celotex, Rockwool, Knauf, Visqueen and Xtratherm

**tile & floor** superstore®  
Reviews 297 • Excellent  
★★★★★ 4.5

c. 2,500 products from c.30 brands

Brands include Johnson, Quickstep, Milliken, Swiss Krono, Junckers and UltraTileFix

Trade focused

**Total Tiles**  
Boutique Tiles | Online Prices  
Reviews 748 • Excellent  
★★★★★ 4.8

750 products

DIY focused

**drainage** superstore®  
Reviews 4,288 • Excellent  
★★★★★ 4.4

c. 31,000 products from c.175 brands

Brands include Clearwater, ACO, Kingspan, Lindab, Wrekin and Naylor

**door** superstore®  
Reviews 3,416 • Excellent  
★★★★★ 4.4

c. 14,000 products from c.50 brands

Brands include XL Joinery, LPD Doors, JBKind, Jeld Wen, Premdor and ZOO Hardware

**cmo** trade®

Over 2,000 trade accounts

Trade credit, incentives and a one-stop-shop for trade accounts

**plumbing** superstore

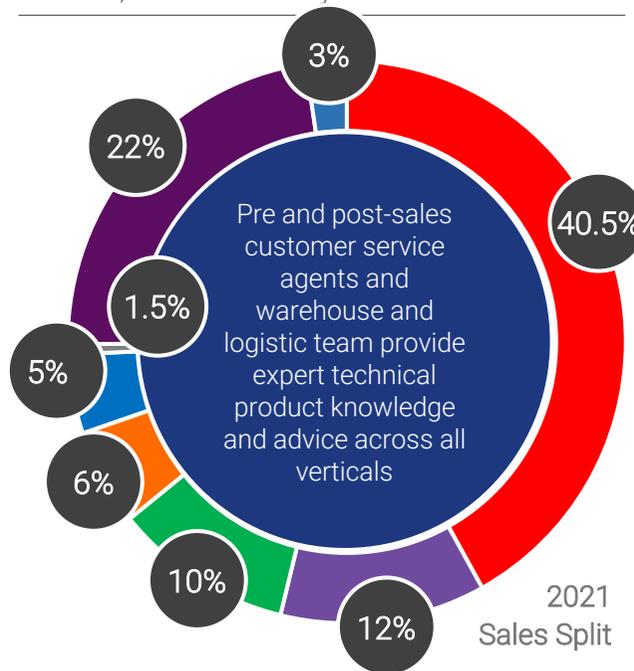
c. 19,000 products from c.95 brands

Integrating JTM and Click Basin ranges

**clickbasin**  
Reviews 4,979 • Excellent  
★★★★★ 4.9

Consumer focused

Access to c£800m online bathroom market

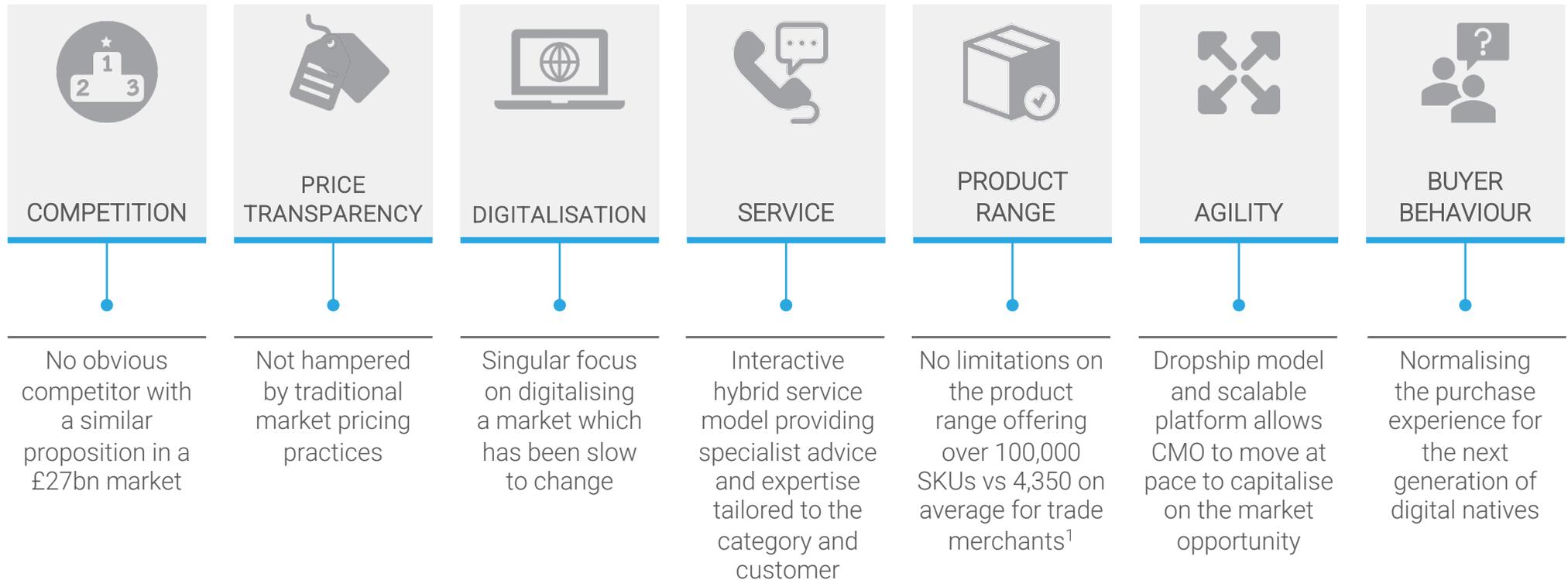


**JTM** Plumbing Merchant  
Reviews 11 • Great  
★★★★☆ 3.8

Trade focused

Access to c£800m online plumbing and heating market

# CMO is leading the disruption of this market with an online only offering



**Note:** (1) Calculated as an average of Travis Perkins and MKM



# Interim results for the period ended 30 June 2022

## Revenue

**£41.9m**

up 10% ↑  
2021: £37.7m

## Gross margins

**£8.5m**

up 15% ↑  
2021: £7.4m

## Market share

**1%** 2021: 1%

Market share gains held post-pandemic

39% growth since pre-pandemic period

## EBITDA

**£1.3m**

down 39% ↓  
2021: £2.0m

Reflecting overhead and marketing cost increases



# Financial progress

Interim Results Jun 22	H1 FY22	H1 FY21	FY21
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Traffic	7,051	10,629	18,285
Conversion	1.75%	1.45%	1.49%
AOV	311	257	274

<b>Revenue</b>	<b>41,869</b>	<b>38,195</b>	<b>76,340</b>
<i>Growth [%]</i>	<i>10%</i>		

CoS	(33,380)	(30,772)	(60,997)
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<b>Product Margin</b>	<b>8,489</b>	<b>7,424</b>	<b>15,343</b>
<i>Margin [%]</i>	<i>20.3%</i>	<i>19.4%</i>	<i>20.1%</i>

Digital Marketing	(2,292)	(1,574)	(3,271)
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<b>Contribution</b>	<b>6,185</b>	<b>5,850</b>	<b>12,009</b>
<i>Contribution [%]</i>	<i>14.8%</i>	<i>15.3%</i>	<i>15.7%</i>

Marketing	(184)	(256)	(509)
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Wages	(3,673)	(2,820)	(5,997)
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Overheads	(839)	(538)	(1,471)
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Other	(246)	(184)	(384)
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<b>EBITDA</b>	<b>1,254</b>	<b>2,052</b>	<b>3,711</b>
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<i>Margin [%]</i>	<i>3.0%</i>	<i>5.4%</i>	<i>4.9%</i>
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Notes:

H1 FY22 sales increased by 10% to £41.9m compared to £38.2m in H1 FY21

LFL revenue growth 5% for CMO and (-10%) for Total Tiles  
CMO sales increased by contribution to Group by acquisition of JTM Plumbing and Clickbasin.co.uk

Growth in sales driven by an improvement in UX delivering increases in conversion and AOV. Conversion also supported by reduction in low quality/low intent searches in prior year

Product margins enhanced to 20.3% from 19.4% in FY21  
Increased contribution from higher margin verticals partially offset by product and carriage cost increases

Digital marketing (PPC) costs reflect increase in market rates per click

Overhead increase reflects acquisitions, investment in people and infrastructure as well as PLC costs

EBITDA was £1.3m (3.0%) compared to £2.0m (5.4%) in FY21

# Summary balance sheet and cashflow

Inventory levels increased to maintain service levels and mitigate ongoing lead time and availability issues

Trade debtors reflect growth of cmotrade and inclusion of JTM which has a strong trade customer base

Payables - deferred consideration for Total Tiles has been paid (£3m). Balance includes deferred consideration of £2.5m relating to Clickbasin and JTM

Loan and borrowings is drawdown on acquisition RCF for acquisition of JTM (£3.5m) and Clickbasin (£1m)

FY21 balance sheet reflects pre-IPO ownership structure which included £17.5m of loan notes and accrued loan note interest

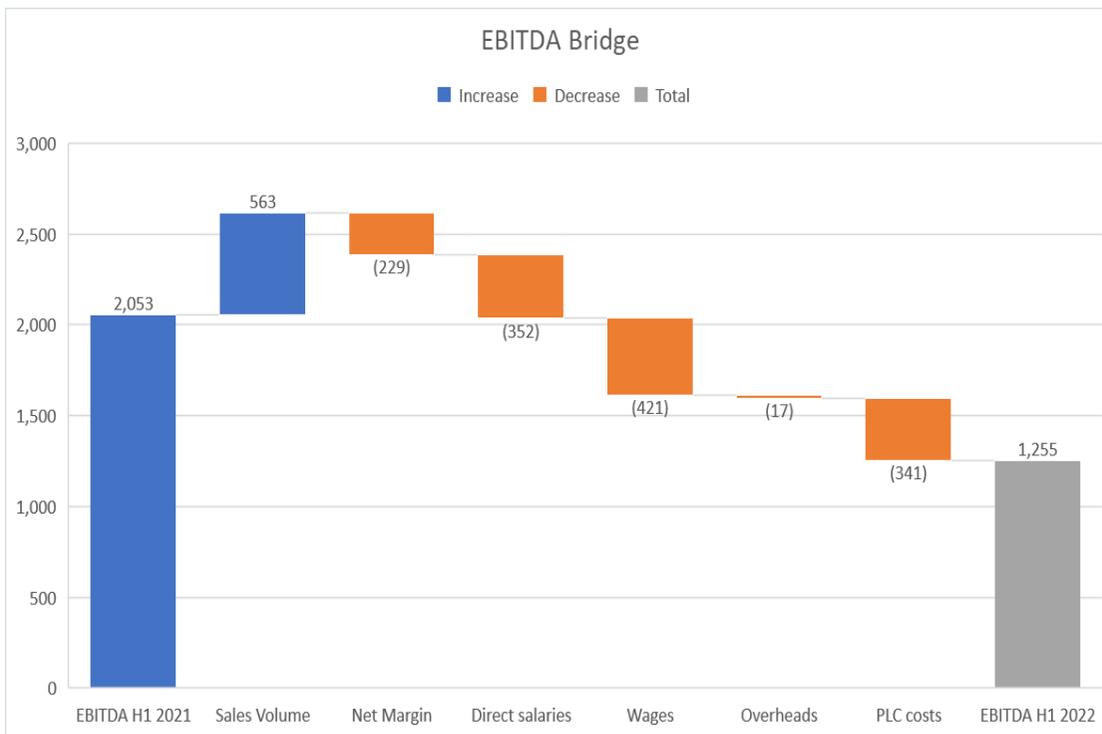
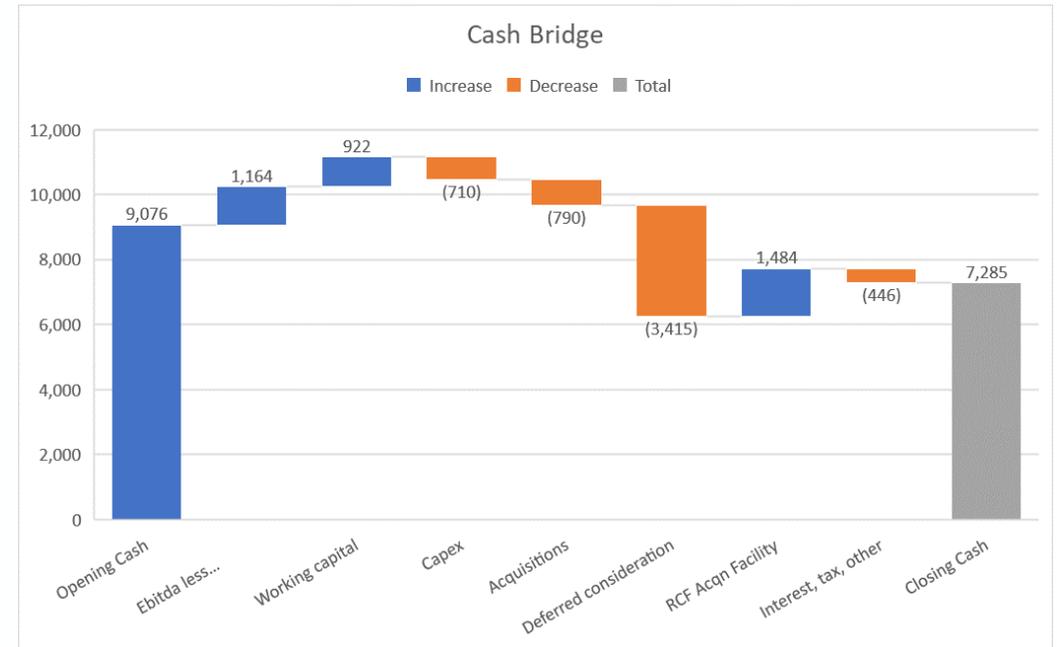
As at June 2022 CMO had £7.3m cash compared to £9.1m at June 2021 after paying £3m deferred consideration.

Interim Results 30 June 2022	H1 FY22	H1 FY21	FY21
Inventories	7,137	3,850	5,474
Trade and other receivables	2,593	1,439	2,942
Cash and cash equivalents	7,285	9,064	9,076
<b>Total current Assets</b>	<b>17,015</b>	<b>14,354</b>	<b>17,492</b>
Trade and other payables	(18,714)	(19,359)	(20,056)
Loans and borrowings	(3)	(5,935)	(3)
Lease liabilities	(172)	(138)	(311)
Current tax liabilities	(196)	(471)	-
<b>Total Current Liabilities</b>	<b>(19,084)</b>	<b>(26,203)</b>	<b>(20,370)</b>
Loan and borrowings	(4,572)	(12,298)	(3,088)
Lease liabilities	(140)	(458)	(140)
<b>Total non-current liabilities</b>	<b>(4,712)</b>	<b>(12,756)</b>	<b>(3,229)</b>
<b>Net assets / (liabilities)</b>	<b>18,282</b>	<b>(5,038)</b>	<b>18,046</b>
Interim Results 30 June 2022	H1 FY22	H1 FY21	FY21
EBITDA	1,254	2,052	3,711
Change in working capital	922	2,372	708
Acquisition 1	(790)	0	(2,187)
CAPEX	(710)	(467)	(694)
<b>Free cash flow</b>	<b>676</b>	<b>3,956</b>	<b>1,538</b>
<i>Free cash flow %</i>	<i>54%</i>	<i>193%</i>	<i>193%</i>
Exceptional	(90)	(131)	-
<b>Adjusted free cash flow</b>	<b>586</b>	<b>3,825</b>	<b>1,538</b>
<i>Adjusted free cash flow %</i>	<i>47%</i>	<i>186%</i>	<i>41%</i>

Notes: (1) Cash paid for acquisitions net of cash acquired

# Adjusted EBITDA and Cash

- Margin increase from additional sales volumes has been offset by margin dilution from product and carriage cost inflation
- Margin anticipated to correct in H2
- Majority of increase in direct salaries (contact centre and warehouse costs) are acquisition related
- Wages cost increases reflect development of functional capability to support growth



- Opening cash of £9.1m
- Cash generated from EBITDA of £1.2m enhanced by £1.0m working capital inflow.
- Requirement to hold additional inventory has diluted working capital benefit which remains ongoing
- Net cash out flow for CapEx and acquisitions including deferred consideration totals £2.7m including £1.5m drawdown from acquisition RCF.
- Closing cash of £7.3m. Total drawn on acquisition RCF is £4.6m producing closing net cash of £2.7m
- Strong financial position with undrawn RCF of £5.4m

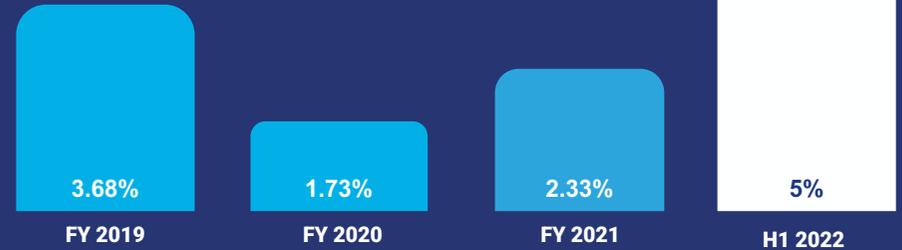
# Operational KPIs



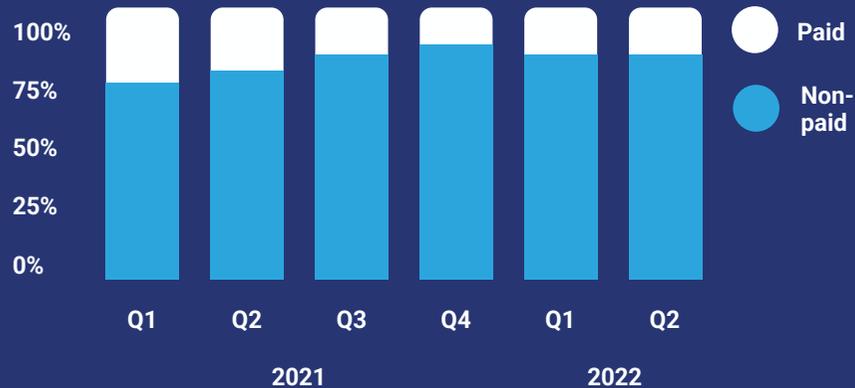
AOV and CVR have both increased by over

**+20%**

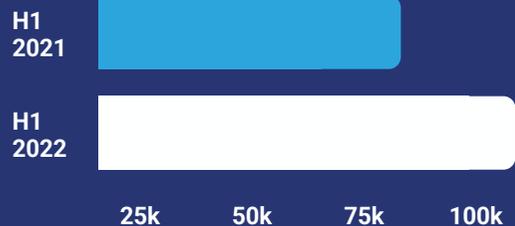
Marketing cost remains in line with expectations



Traffic remains balanced



**44%**  
of orders from repeat customer



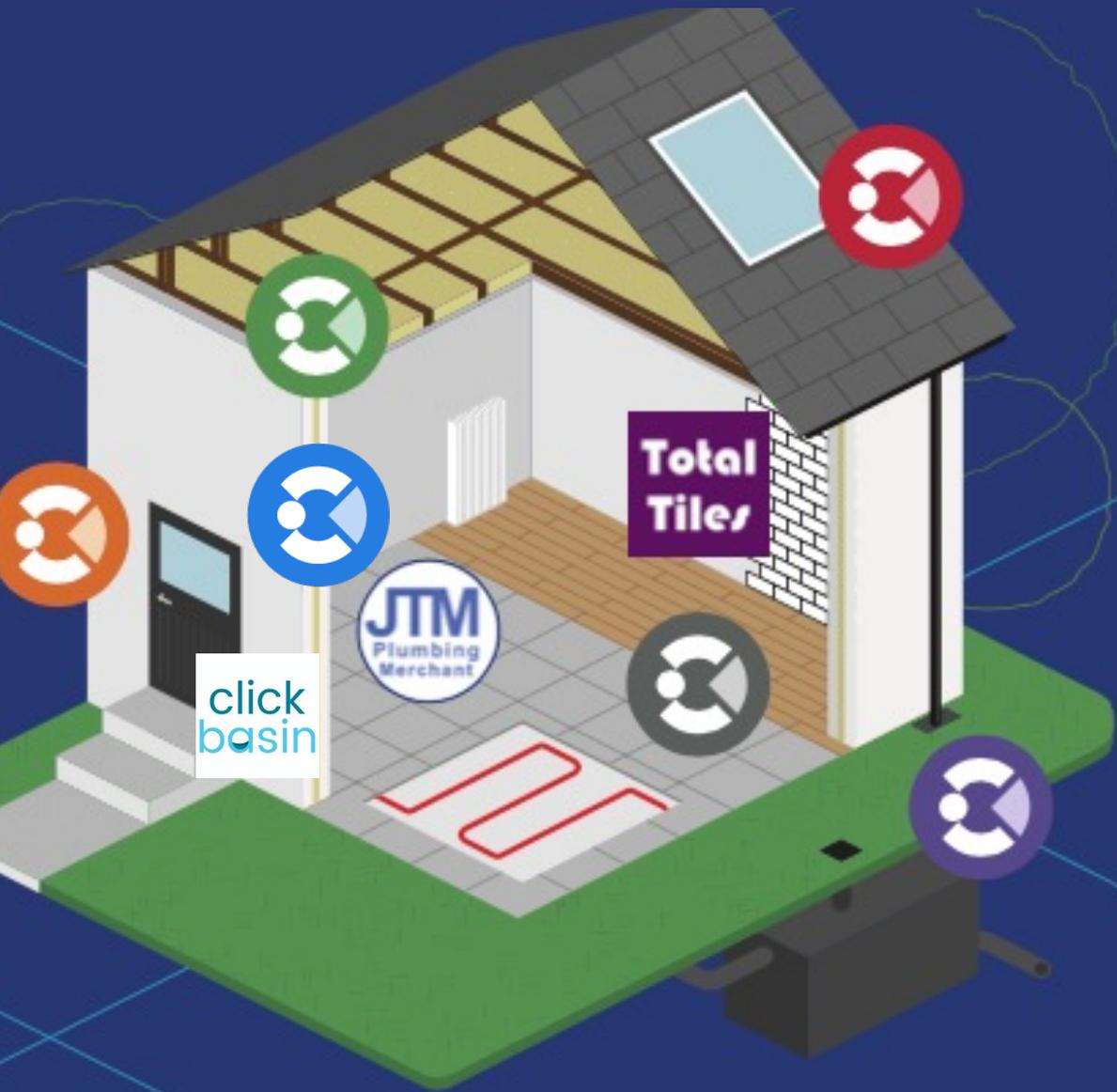
SKUs up  
**+25%**



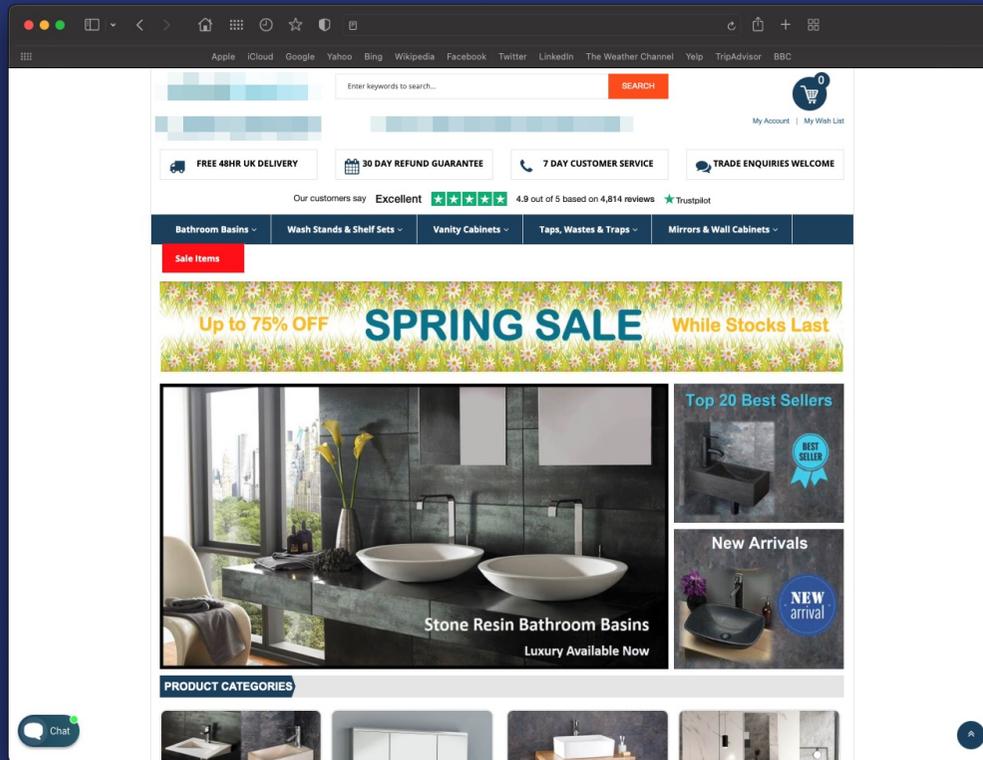
Marketable database has grown by

**+24%**

# Key operational highlights H1



- Acquired Clickbasin in June 2022.
- Launched Plumbingsuperstore.co.uk in September 2022.
- Commenced replacement of current web admin platforms with suite of AWS-hosted micro-services.
- Commenced project to centralise all warehouse stock movements through new microservices and Gartner Tier 1 WMS.
- Developed new unified branding for Superstores completed and moving to delivery phase.

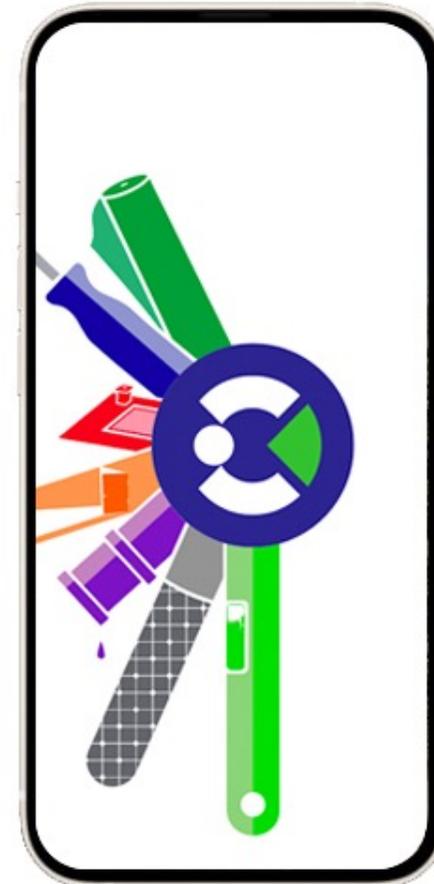


# Clickbasin acquisition

- £1.25m acquisition of Clickbasin.co.uk, building online offering in bathrooms
- Further accelerates reach into c£800m market following acquisition of JTM in 2021
- Launch pad for new own label sanitaryware
- Track record of profitable growth
- Increase to Group sales and EBITDA
- This is a typical example of the way that we are forming new verticals which will then grow strongly organically

# Plumbingsuperstore.co.uk and Trade APP

- 7% revenue growth in the category YTD Vs pre-acquisition.
- c19,000 SKUs in catalogue with a further 2k due to be listed by year end.
- Following soft launch, the Trade App is now contributing 6% of traffic to CMO Trade supporting the 45% growth in H1 2022 of CMO Trade.



# What's coming in 2022/23



CMO's strategic goal is to provide our customers with everything they need to build or maintain a home, through a simple, convenient and supported shopping experience. In support of this strategy we can announce:

- Launch of critical new ranges:
  - Bricks and blocks
  - Windows
  - Bathroom sanitaryware
- Creation of a clear vision to a new, more consumer-focused site experience including dual UX experience through differentiated trade and consumer templates. Rollout plan commenced.
- An entirely refreshed social journey to engage further with our engaged homeowners. Social Manager recruited.
- Launch of phase 1 of the homeowner project store.
- New vertical launch planned for 2023.

# ESG progress – leading the way

- Tree planting fundraising target will be reached by FY 2022 enabling the planting 5k trees.
- Already moved from estimates in the 2021 reporting year to actuals on Scope 1 and 2 for 2022.
- Trialing methodology for Scope 3 measurement using a combination of spend and EPD certificates, that focus on 5 key categories.
- This approach will significantly increase accuracy and robustness and is considered a class leading solution.
- Expectation is to have Scope 3 measurement trial completed and with robust processes in place by the time of the 2022 annual report.
- CMO have an overall aim to make carbon reporting of the products they sell accessible to customers to enable more sustainable choices to be made.



# Macro impactors

<b>Cost of living</b>	Flexible low-cost model gives us agility to adapt to changes in demand.
<b>Product</b>	Inflationary price increases being passed on.
<b>Carriage</b>	Free delivery incentives moved with agility, with a view on competitor dynamics.
<b>Energy</b>	E.g. gas surcharges. Prices being passed on and product bought appropriately for effective stock management to avoid higher surcharge months.
<b>People</b>	Overhead as a proportion of business being actively managed.
<b>Supply</b>	Product that was brought into stock has been reverted to drop ship as availability has eased through active stock management.
<b>Exchange rates</b>	Low exposure – USD are c.1% purchases, EUR 6%.
<b>Interest rates</b>	Low exposure with limited levels of borrowing.

# Current trading – July-August '22

Total group growth

↑ **13.3%**

1YR LFL\*

↑ **3%**

3YR LFL\*

↑ **31%**

SUPERSTORES

**5%**

TOTAL TILES

**-3%**

(Vs -10% in H1)

GROUP GROWTH

**81%**

\*Excludes carriage



## Current trading and market context



<b>Versus 2021</b>	<b>Q1</b>	<b>Q2</b>	<b>July/August</b>	<b>Cumulative</b>
Group growth	11.8%	7.6%	13.3%	10.5%
1 yr LFL*	2.9%	0.2%	2.7%	1.8%
Wickes (core)	-11.0%	-0.2%	-	-5.5%
B&Q	-18.3%	-7.4%	-	-13%
<b>Versus pre-pandemic (2019)</b>	<b>Q1</b>	<b>Q2</b>	<b>July/August</b>	<b>Cumulative</b>
Group growth	86.2%	90.1%	80.7%	86.3%
3 yr LFL*	31.5%	38.9%	31.0%	35.2%



\*Excludes carriage

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