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Good Builds  
start with our **SUPER**  
stores

# CMO Group Plc Half Year 2024 results

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# Financial highlights



## Financial Performance

- Resilient performance against a difficult market backdrop
- H1 2024 total revenue £30.3m (H1 2023: £36.9m)
- Gross profit of £6.4m (H1 2023: £8.0m)
- EBITDA<sup>1</sup> of £38k (H1 2023: £613k)
- Operational costs reduced £1m year-on-year
- Net debt position of £2.2m (H1 2023: net cash £1m)
- £2.5m cash at the end of H1 2024 (H1 2023: £4.7m), with available facilities of £3.0m

<sup>1</sup> Adjusted EBITDA is defined earnings before interest, tax, depreciation and amortisation, foreign exchange, share option expense, and other costs as defined by management.



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# Strategic highlights



## Market share gain and continued progress on strategy

- 2.7 percentage points growth in online market share<sup>1</sup> of Builders Merchant
- Maturing of LANDSCAPING SUPERSTORE
- Launch of SUPER REWARDS customer loyalty program
- Marketable database has increased 17%
- Migration of server infrastructure to AWS

<sup>1</sup>Source: GfK



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# Financial Summaries



# Consolidated Income Statement for the Period Ended 30 June 2024

Total revenue was £30.3m (H1 2023: £36.9m).

Gross profit £6.4m (H1 2023: £8.0m).

Continued focus on margin, improving carriage recovery and overhead cost efficiencies.

Operational costs reduced £1m.

Adjusted EBITDA<sup>1</sup> was £38k (H1 2023: £613k) driven by challenging tiles trading.

	Year ended 30-Jun-24	Year ended 30-Jun-23	Year ended 31-Dec-23
	£000 Unaudited	£000 Unaudited	£000 Audited
Revenue	30,327	36,878	71,504
Cost of sales	(23,916)	(28,829)	(56,584)
<b>GROSS PROFIT</b>	<b>6,411</b>	<b>8,050</b>	<b>14,920</b>
Administrative expenses	(7,639)	(8,551)	(16,606)
<b>OPERATING (LOSS) / PROFIT</b>	<b>(1,228)</b>	<b>(501)</b>	<b>(1,686)</b>
Finance income		1	
Finance costs	(384)	(263)	(642)
<b>NET FINANCE COST</b>	<b>(384)</b>	<b>(262)</b>	<b>(642)</b>
<b>(LOSS) / PROFIT BEFORE TAX</b>	<b>(1,612)</b>	<b>(763)</b>	<b>(2,328)</b>
Income tax expense	361	136	493
<b>(LOSS) / PROFIT FOR THE PERIOD</b>	<b>(1,251)</b>	<b>(628)</b>	<b>(1,835)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(1,251)</b>	<b>(628)</b>	<b>(1,835)</b>
Basic earnings per share	-1.74	-0.87	-2.55
Diluted earnings per share	-1.74	-0.87	-2.55
Adjusted Basic earnings per share	-1.32	-0.69	-1.56
Adjusted diluted earnings per share	-1.32	-0.69	-1.56

<sup>1</sup> Adjusted EBITDA is defined earnings before interest, tax, depreciation and amortisation, foreign exchange, share option expense, and other costs as defined by management



# Consolidated Statement of Financial Position for the Period Ended 30 June 2024

Stock level reduction reflects continued rebalance of stock holdings towards the dropship model.

Trade and other receivables in line with 2023.

Trade and other creditors have decreased by £1m include reductions in trade creditor balances as supplier credit insurance continues to be restricted.

Loan and borrowings is drawdown on acquisition element of RCF.

Net debt at June 2024 £2.2m compared to £0.5m at December 2023.

Available working capital facilities of £3m.

	6 months ended 30-Jun-24 Unaudited £000	6 months ended 30-Jun-23 Unaudited £000	Year ended 31-Dec-23 Audited £000
<b>Assets</b>			
<b>Current assets</b>			
Inventories	4,851	5,385	5,063
Trade and other receivables	2,431	2,659	1,951
Cash and cash equivalents	2,482	4,669	4,681
<b>Total Current Assets</b>	<b>9,764</b>	<b>12,713</b>	<b>11,695</b>
<b>Non-current assets</b>			
Property plant and equipment	1,134	1,444	1,416
Right of use assets	1,109	1,182	1,109
Goodwill	20,445	20,481	20,445
Other Intangible assets	2,976	2,857	3,086
Deferred tax assets	1,176	460	817
<b>Total Non-current assets</b>	<b>26,840</b>	<b>26,424</b>	<b>26,873</b>
<b>Total Assets</b>	<b>36,604</b>	<b>39,137</b>	<b>38,568</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(15,567)	(16,540)	(15,781)
Loans and borrowings	(3)	(1)	(2)
Lease liabilities	(435)	(585)	(499)
Current tax liabilities	0	(56)	0
<b>Current tax liabilities</b>	<b>(16,005)</b>	<b>(17,182)</b>	<b>(16,282)</b>
<b>Non-current liabilities</b>			
Loans and borrowings	(4,750)	(3,688)	(5,250)
Lease liabilities	(699)	(621)	(636)
<b>Total non-current liabilities</b>	<b>(5,449)</b>	<b>(4,309)</b>	<b>(5,886)</b>
<b>Total liabilities</b>	<b>(21,454)</b>	<b>(21,490)</b>	<b>(22,168)</b>
<b>Net assets / (liabilities)</b>	<b>15,150</b>	<b>17,646</b>	<b>16,401</b>





# Cash Flow for the Period Ended 30 June 2024

The Group continues to have a sound financial position.

Movement in working capital is in line with our expectations.

Closing cash of £2.5m (H1 2023: £4.7m), with available facilities of £3.0m.

CAPEX of £0.6m predominantly relating to development of the trading platforms.

Drawn facilities of £4.75m (31 December 2023: £5.3m) relate to acquisition funding.

Deferred consideration paid in full in prior periods with no further liabilities.

	6 months ended 30-Jun-24 Unaudited £000	6 months ended 30-Jun-23 Unaudited £000	Year ended 31-Dec-23 Audited £000
<b>Cash flow from operating activities</b>			
Loss for the period	(1,251)	(628)	(1,835)
SBP credit	0	0	109
Finance costs	384	263	642
Corporation tax	(361)	(136)	(493)
Operating profit / loss	<u>(1,228)</u>	<u>(501)</u>	<u>(1,577)</u>
Depreciation	336	409	644
Amortisation	643	573	1,229
Decrease in inventories	211	69	391
(Increase)/Decrease in trade and other receivables	(480)	73	781
(Increase)/Decrease in trade and other payables	(17)	988	873
<b>Net cash flow from operating activities</b>	<u>(535)</u>	<u>1,611</u>	<u>2,340</u>
<b>Cash flow from investing activities</b>			
Payments to acquire intangible fixed assets	(554)	(472)	(1,366)
Payments to acquire tangible fixed assets	(21)	(43)	(50)
Cash outflow on business combinations	0	(1,000)	(1,697)
<b>Net cash flow from investing activities</b>	(575)	(1,515)	(3,114)
<b>Cash flow from financing activities</b>			
Proceeds from other borrowing draw downs	(500)	(1,100)	462
Repayment of lease liabilities	(283)	(274)	(576)
Interest paid on lease liability	(46)	(23)	(96)
Interest paid	(262)	(239)	(546)
Dividends paid			
<b>Net cash flow from financing activities</b>	<b>(1,091)</b>	<b>(1,636)</b>	<b>(756)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(2,199)</u>	<u>(1,541)</u>	<u>(1,529)</u>
<b>Cash and cash equivalents beginning of period</b>	4,681	6,210	6,210
<b>Cash and cash equivalents end of period</b>	<u>2,482</u>	<u>4,669</u>	<u>4,681</u>

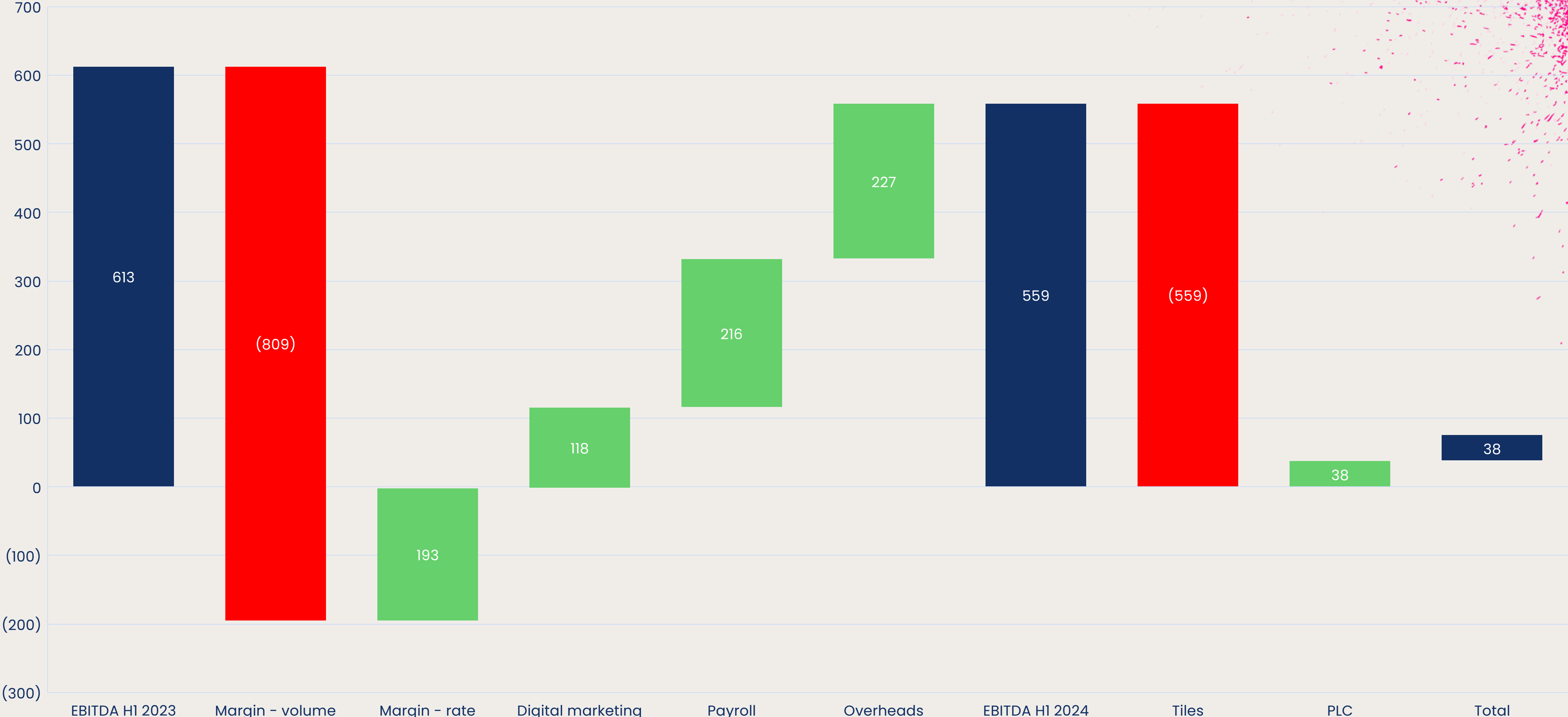


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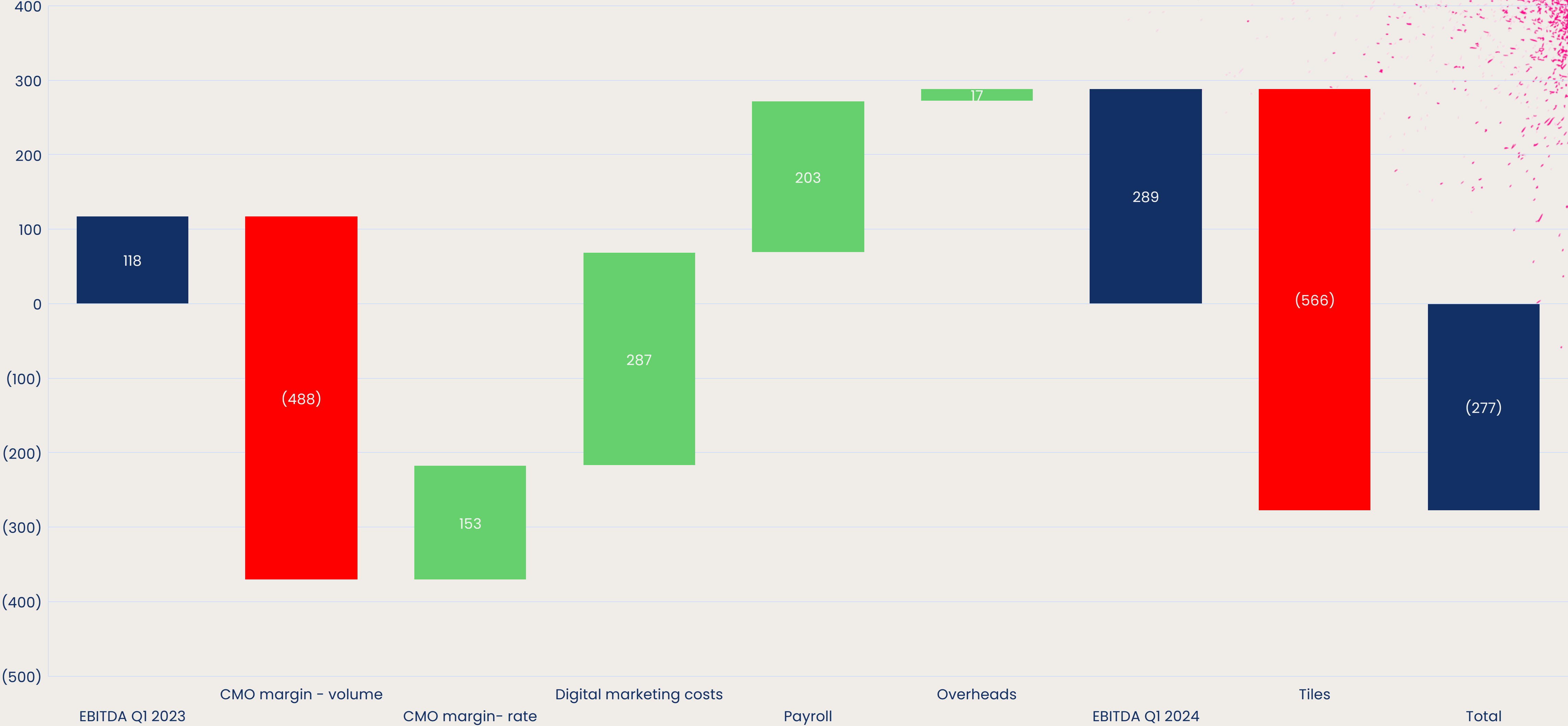
# Financial Bridge



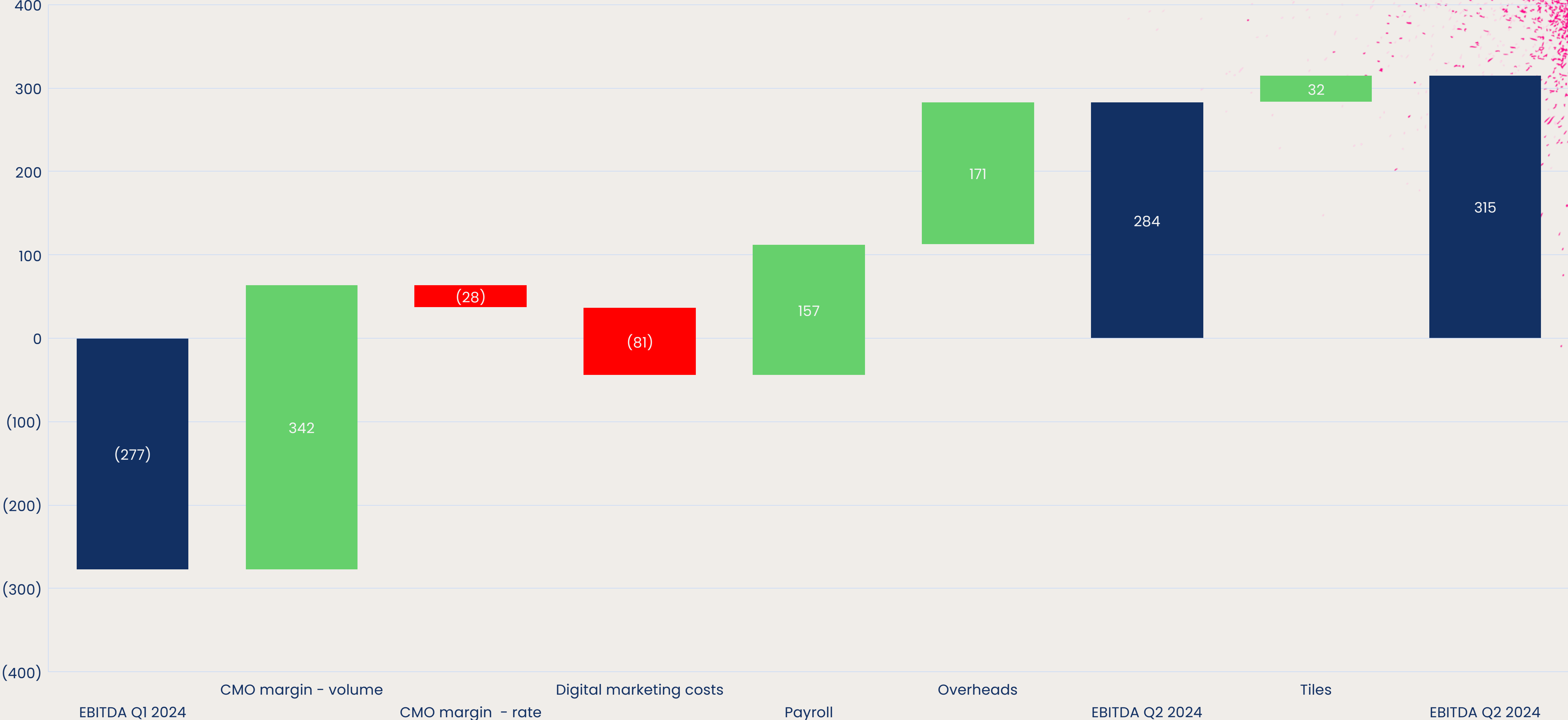
# EBITDA bridge H1 2024 vs. H1 2023



# EBITDA bridge Q1 2024 vs. Q1 2023



# EBITDA bridge Q2 2024 vs. Q1 2024



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# Market backdrop



## Market share gain and continued progress on strategy

- (2%) decline in total construction output<sup>1</sup>
- (8%) decline in new works<sup>1</sup>
- (9%) decline in brick deliveries<sup>2</sup>
- R&M grew 9% driven by supply side inflation<sup>1</sup>
- (6)% decline Builders Merchant value<sup>3</sup>

<sup>1</sup> Source: Office for National Statistics. <sup>2</sup> Source: Department for Business and Trade. <sup>3</sup> Source: GfK.



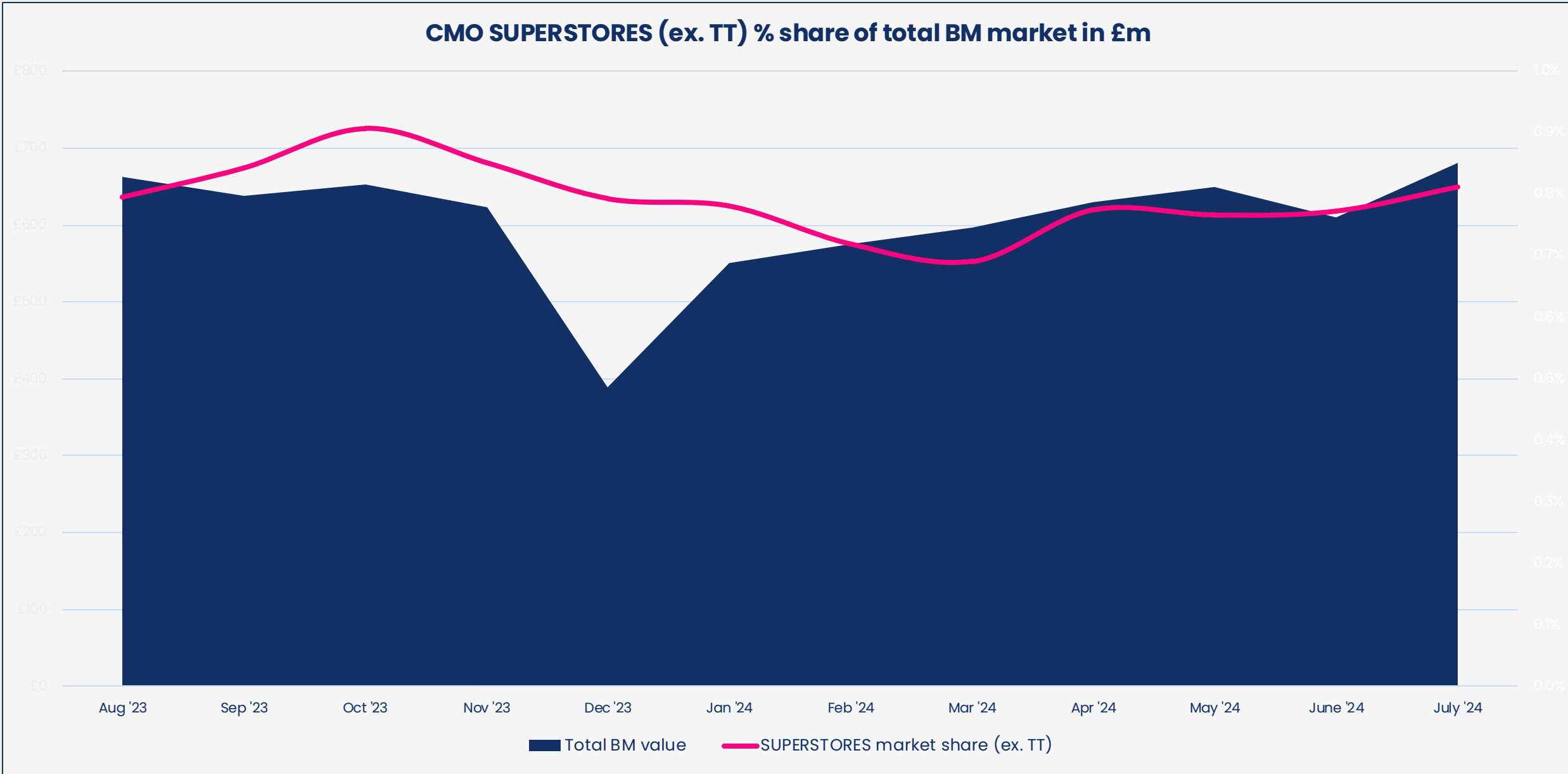
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# Market Share

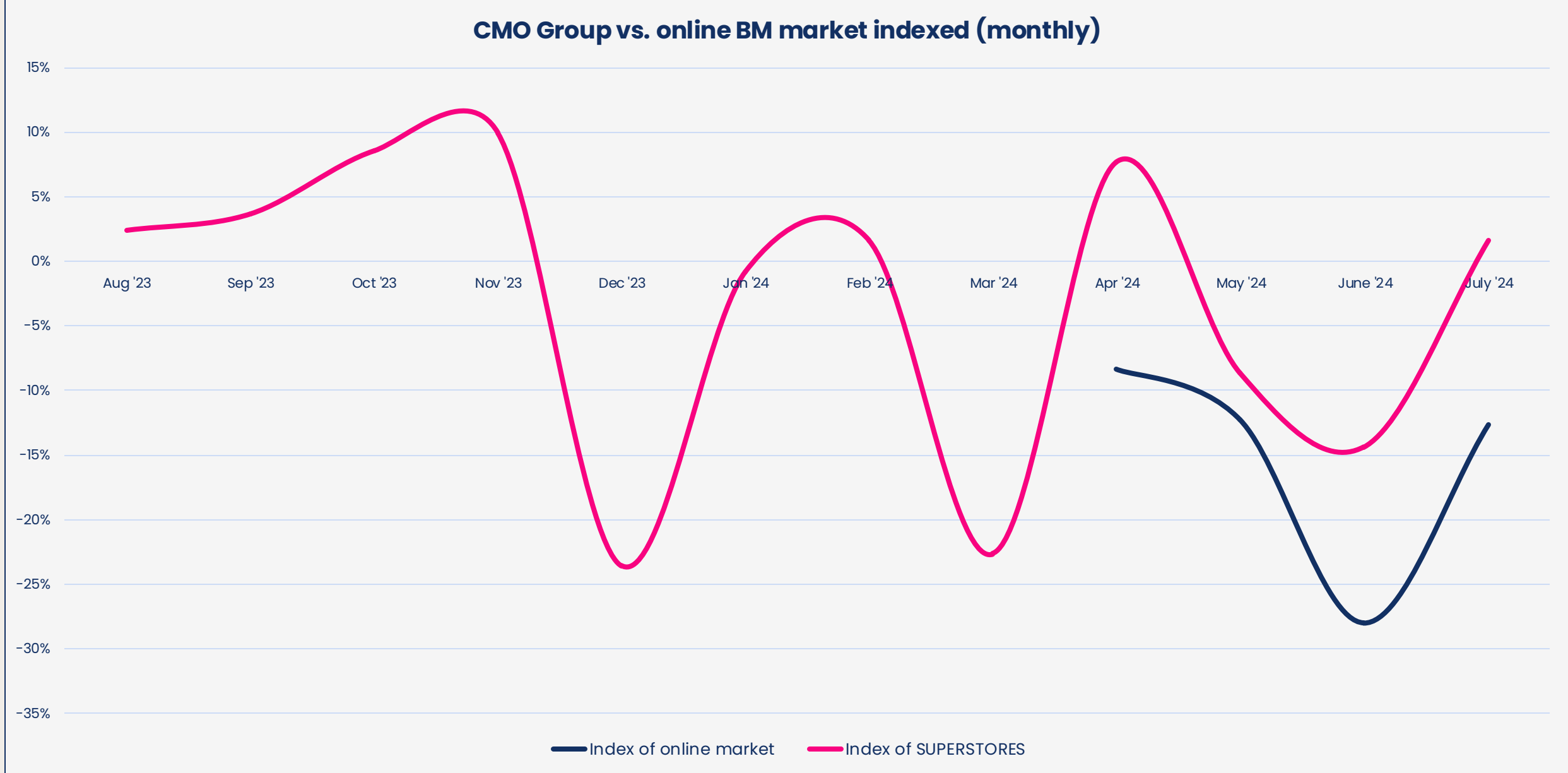
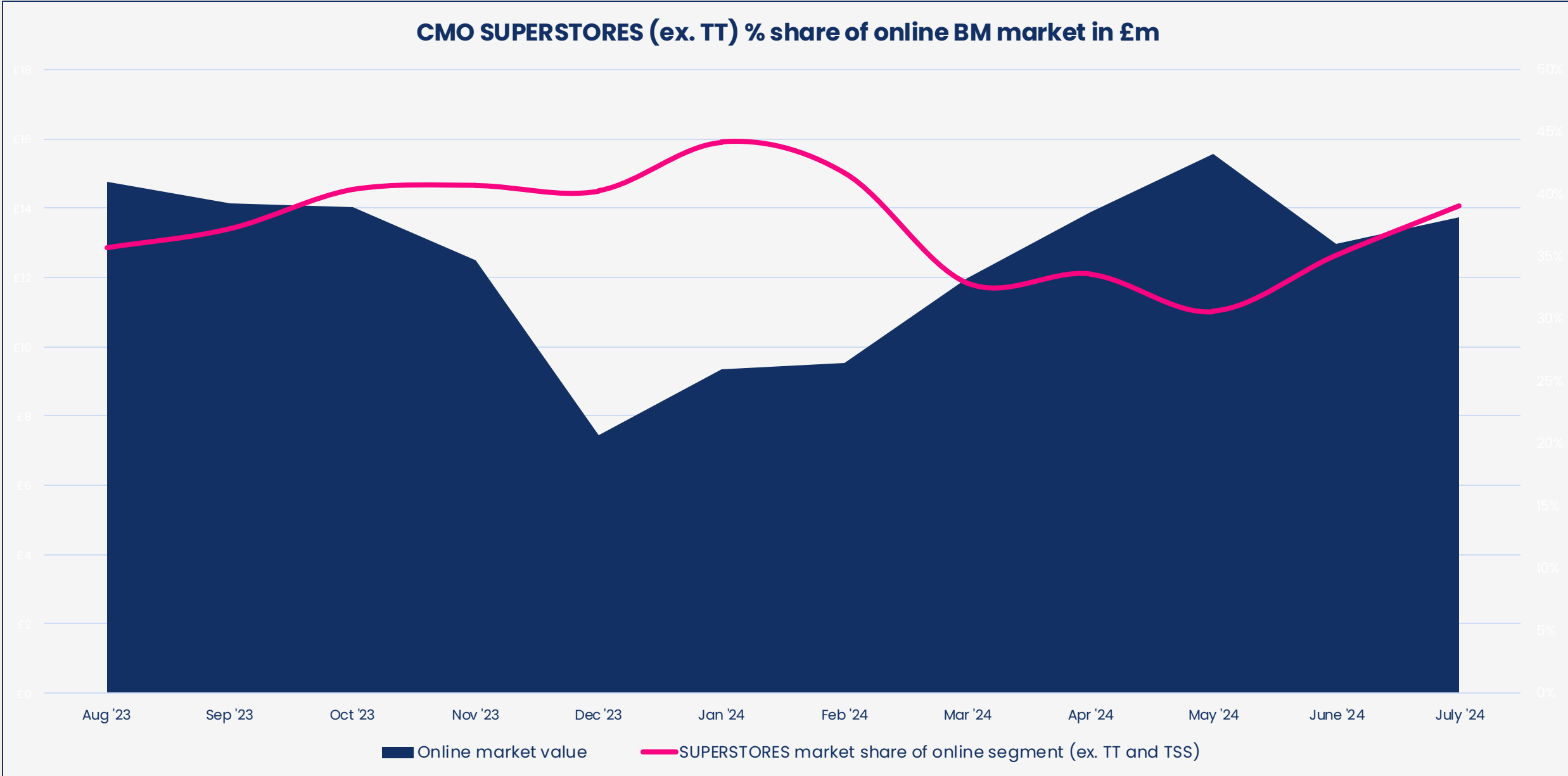
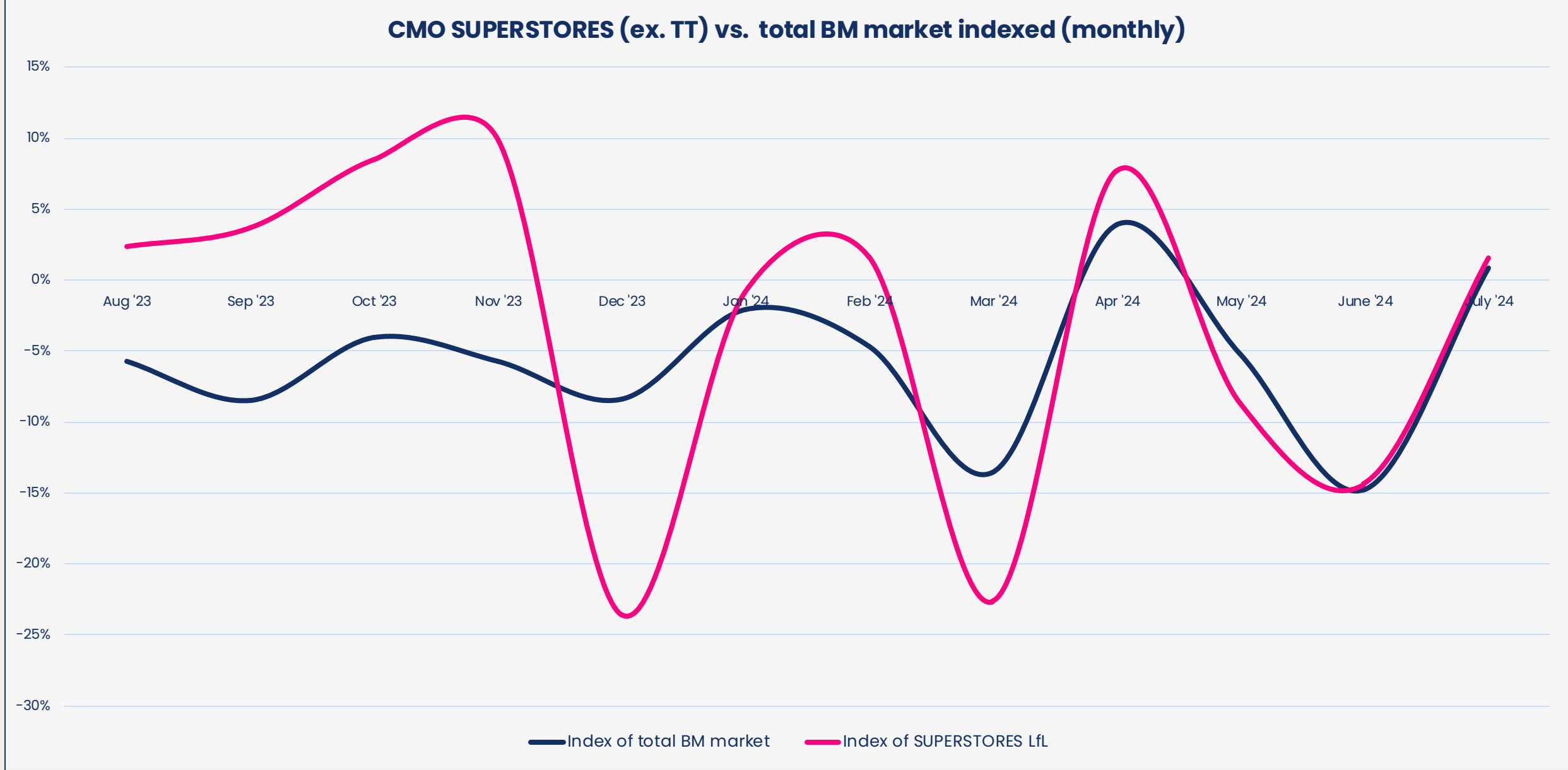




# Market share: rolling 12 months



# Market share: LFL index



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# Operational initiatives



Margin	Refund Control pre-delivery	Product experts	Carriage recovery	Tiles recovery	Stock turn & sell through
<p>2023 margin increased 1% YoY</p> <p><u>2023 actual</u> Product: 23.9% After carriage: 20.8%</p> <p>Aim to improve further in 2024</p>	<p><u>2023 Actual</u> 6.7% of orders</p> <p>Aim to reduce below 5%</p>	<p>Increased Product Training across the business</p> <p>Growing our lines per order (LPO)</p> <p>Increase in Average Order Value (AOV) and Conversion Rate (CVR)</p>	<p>56% improvement to carriage recovery in 2023</p> <p>Gains to be Maintained!</p>	<p>Increase share of total group revenue</p> <p>Margin enhancing</p> <p>Improving our sample process &amp; driving conversion</p>	<p>2023 Year End £5.1m in Stock</p> <p>Continuous product stream identified via the dropship model</p> <p>Slow turning stock, to be sold through or returned to vendor</p>

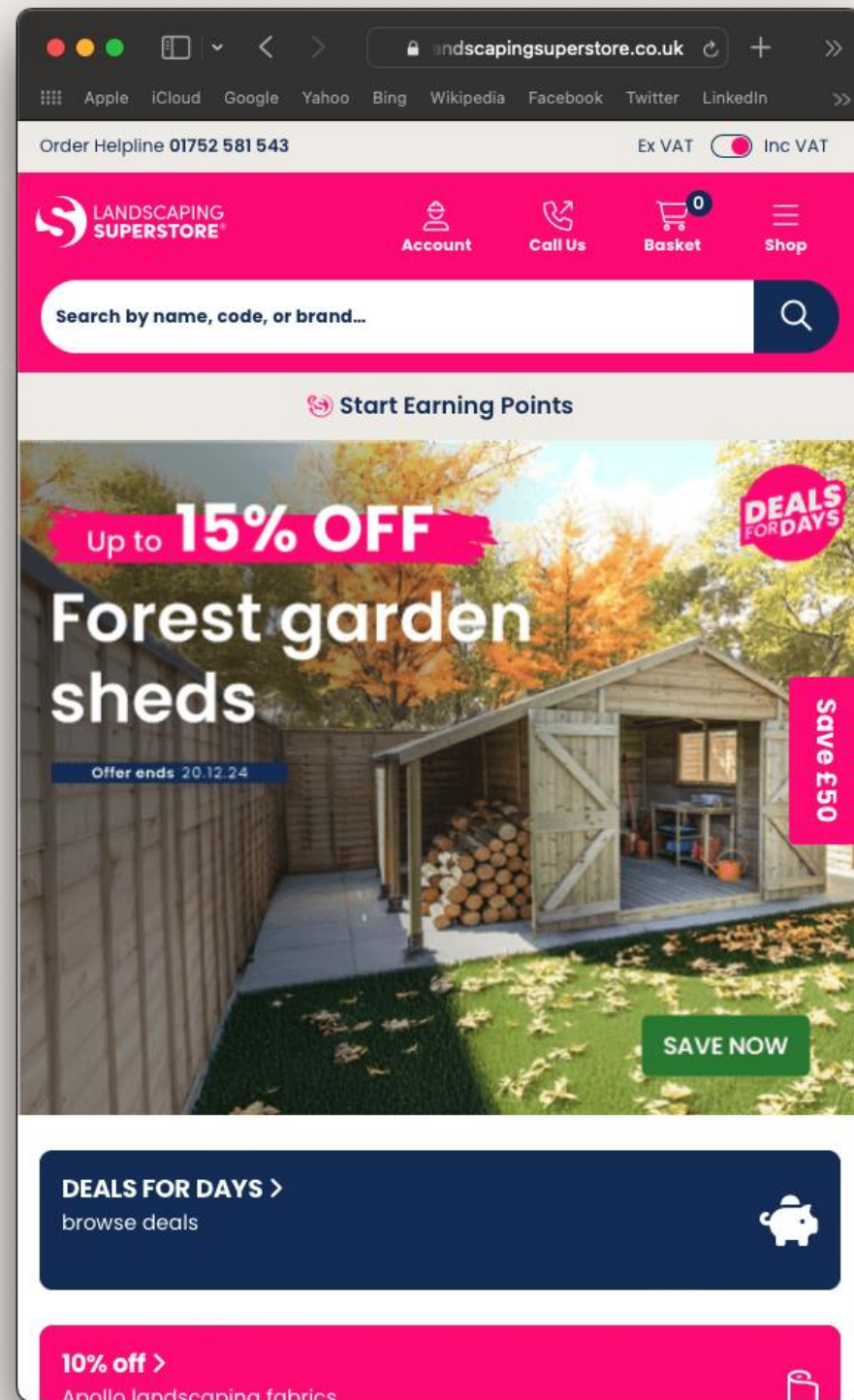


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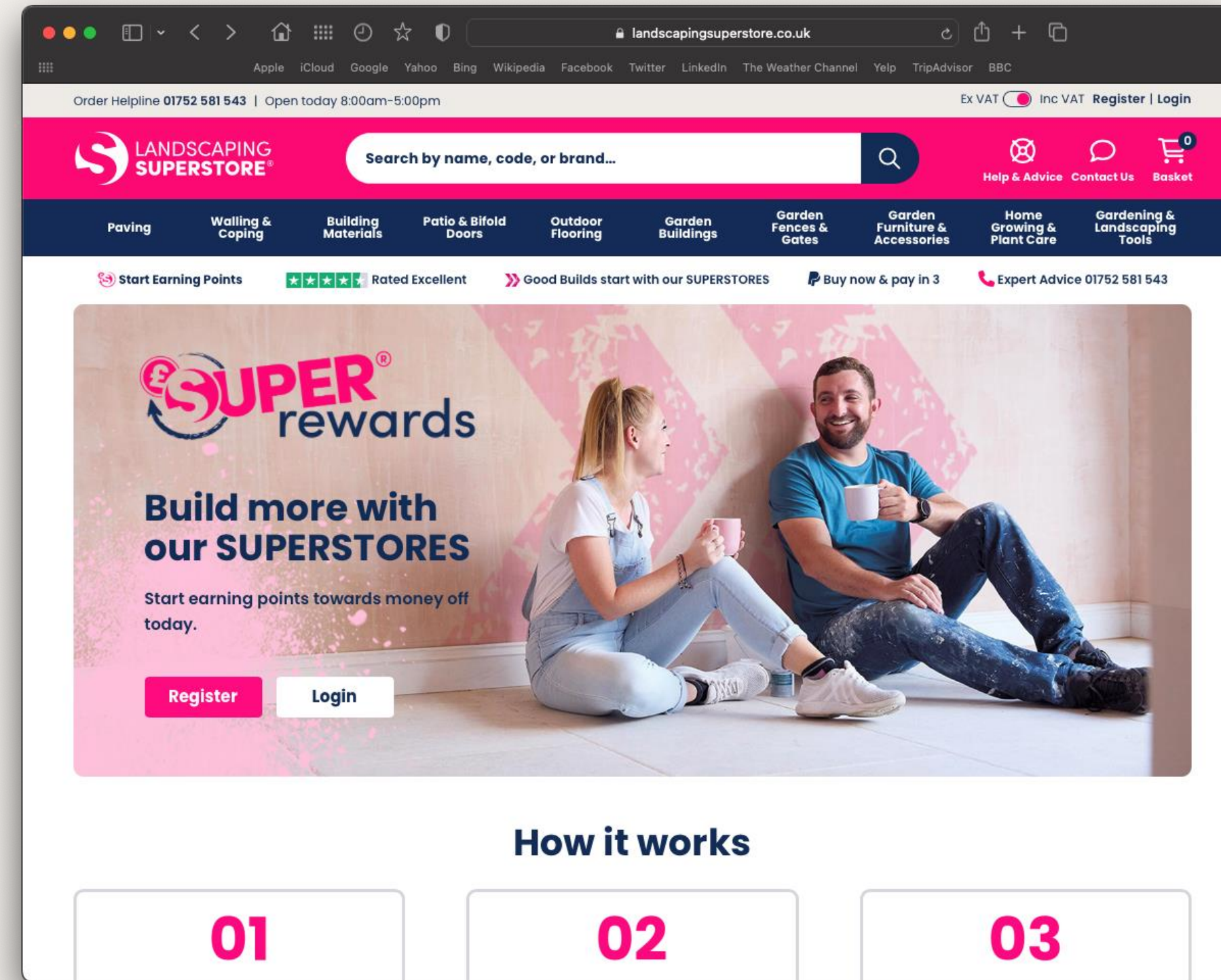
# Key Strategic initiatives



# LANDSCAPING SUPERSTORE



# SUPER REWARDS



# Amazon Web Services



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# Current Trading and Outlook



## Quarter on Quarter recovering sales trend

Like-for-like sales	Q1	Q2	H1	July & August	September Orders (to date)
<b>Building</b>	(16.2)%	(10.0)%	(13.0)%	(7.6)%	7.4%
<b>Plumbing</b>	(19.5)%	(3.3)%	(12.4)%	(0.3)%	(10.6)%
<b>Tiles</b>	(41.9)%	(30.1)%	(36.3)%	(23.5)%	(29.8)%
<b>Total</b>	(21.3)%	(12.8)%	(17.0)%	(9.1)%	0.4%



# Order funnel performance

Like-for-like KPIs	Q1	Q2	H1	July & August	September (to date)
Sessions <sup>1</sup>	(18.5)%	9.6%	(4.7)%	5.0%	15.0%
Net CVR	17.1%	(12.2)%	(8.7)%	(14.0)%	(18.0)%
Net AOV	(8.7)%	(1.5)%	(5.3)%	1.7%	1.8%

<sup>1</sup>Understanding the data. Google Analytics 4 (GA4) is Google's next-generation measurement solution and has replaced Universal Analytics (GA3) as of July 1 2023. Development and migration to GA4 was necessary due to changing technology and the regulatory ecosystem. Consequently the underlying data and measurement framework that informs GA4 is fundamentally different to GA3.





## Outlook

- The market remains challenging, especially in the Tiles category
- Maintained margin gains and implemented operational efficiencies
- Encouraging early signs of market improvement
- Q3 trading has shown positive trends
- Primed for growth



Thank you

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**Any questions?**

