

Commercial in confidence

Good Builds
start with our **SUPER**
stores

CMO Group Plc Half Year 2023 results

Dean Murray, CEO

Sue Packer, COO

Jonathan Lamb, CFO

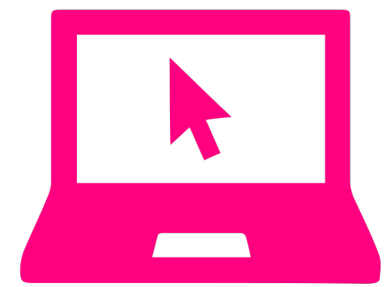


clickbasin

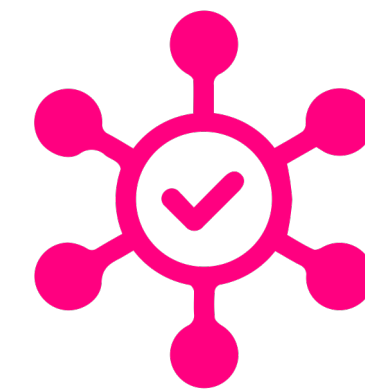


Total Tiles
Boutique Tiles | Internet Prices

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

£36.9m revenue

57% revenue growth on 4-year view

£0.6m H1 23 adjusted EBITDA*



Disrupting the £29bn domestic repair, maintenance and improvements market (RMI)**

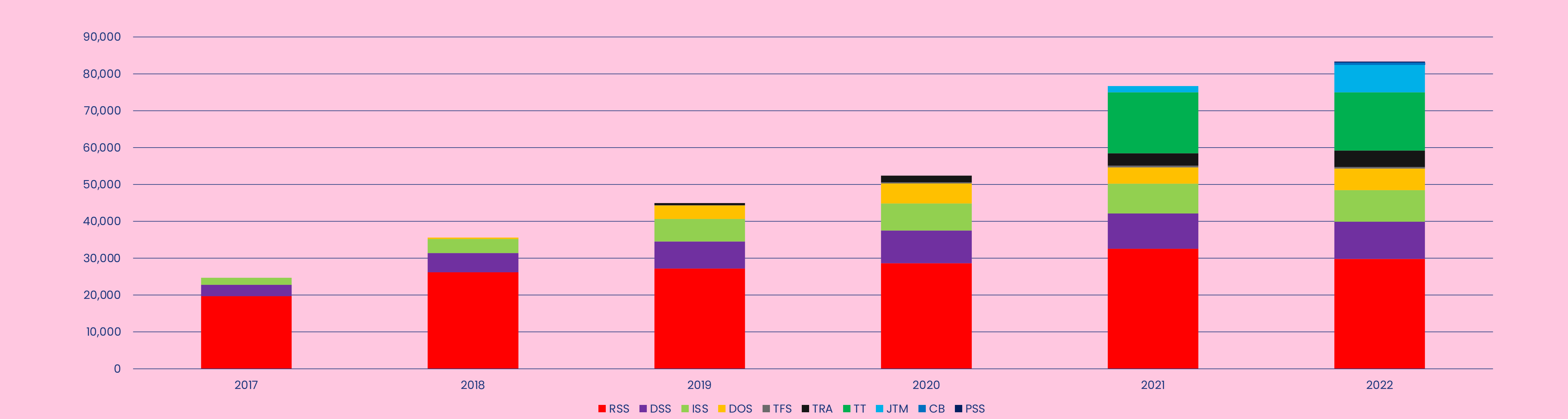
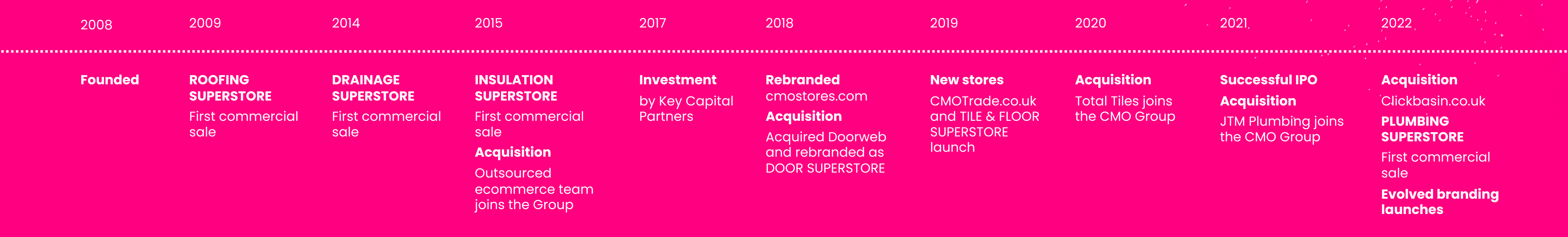
Negative working capital model

*Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, foreign exchange, exceptional and acquisition costs.

**Source: (1) RMI Index, Travis Perkins, November 2022



Started in 2008, we have scale and competitive advantage



Deep category authority and expertise under the Group umbrella

Unique combination of specialist expertise and eCommerce capability

BUILDING SUPERSTORE

Over 2,000 trade accounts

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



Clickbasin

★★★★★

TrustScore 4.8 | 5,153 reviews

Consumer focused

Access to c.£800m online bathroom market



Door Superstore

★★★★★

TrustScore 4.3 | 3,849 reviews

c. 14,000 products from c.50 brands

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



Drainage Superstore

★★★★★

TrustScore 4.4 | 4,768 reviews

c.31,000 products from c.175 brands

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



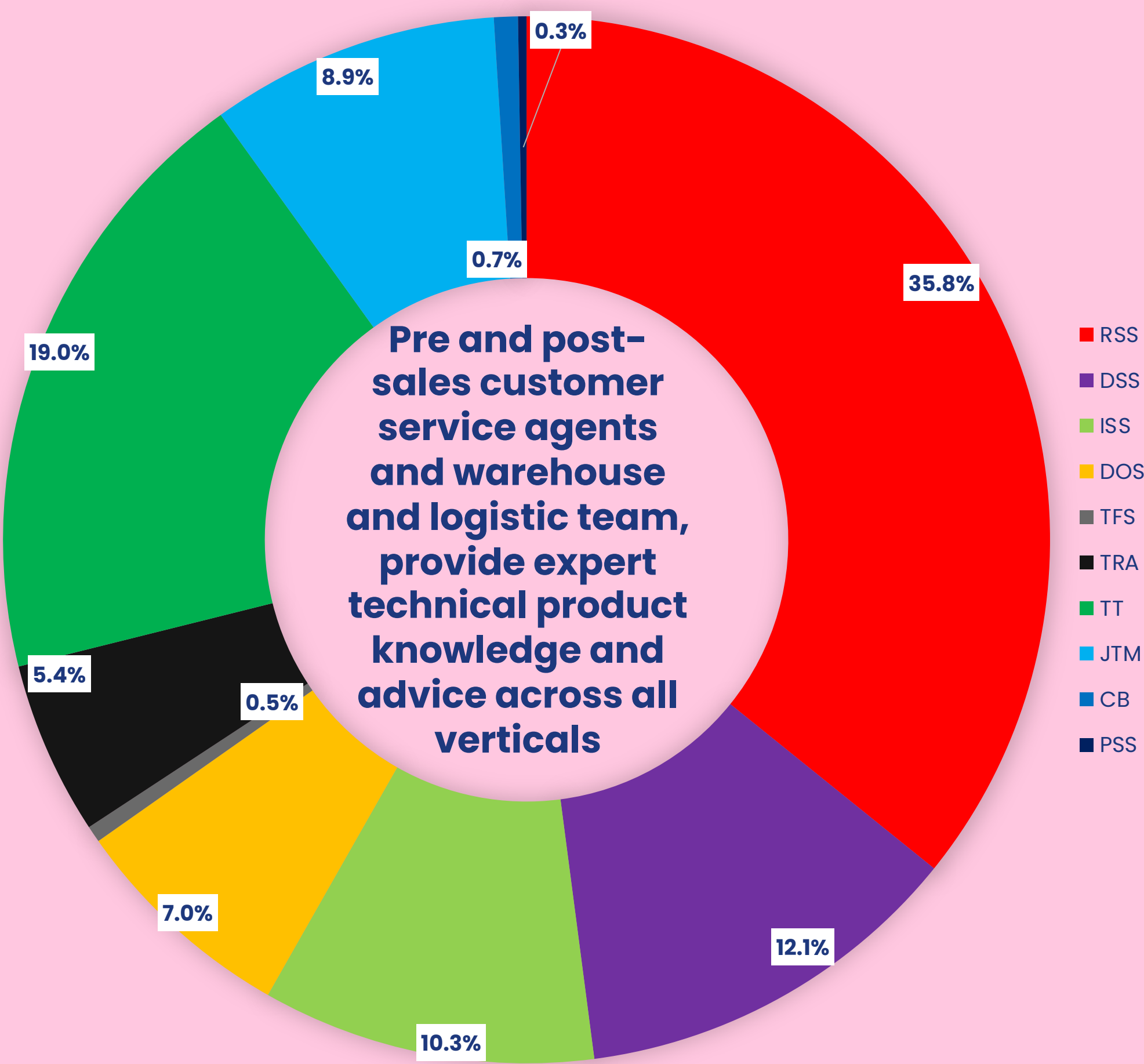
Insulation Superstore

★★★★★


TrustScore 4.5 | 3,076 reviews

c.7,800 products from c.130 brands

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



2022 sales split; Trust Pilot reviews as 27 May 2023




JTM Plumbing

★★★★★

TrustScore 3.4 | 16 reviews

Trade focused

Access to c£800m online plumbing and heating market




Plumbing Superstore

★★★★★

TrustScore 4.6 | 217 reviews

c.19,000 products from c.95 brands

Integrating JTM and Click Basin ranges




Roofing Superstore

★★★★★

TrustScore 4.4 | 18,956 reviews

c.44,000 products from c.230 brands

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




Tilesuperstore

★★★★★

TrustScore 4.4 | 340 reviews

c.2,500 products from c.30 brands

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



Total Tiles

★★★★★

TrustScore 4.7 | 769 reviews

750 products

DIY focused



CMO is leading the disruption of this market with an online-only service-led offering



COMPETITION

No obvious competitor with a similar proposition in a £29bn market



PRICE TRANSPARENCY

Not hampered by traditional market pricing practices



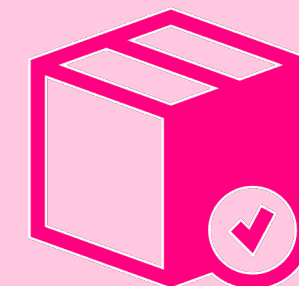
DIGITALISATION

Singular focus on digitalising a market which has been slow to change



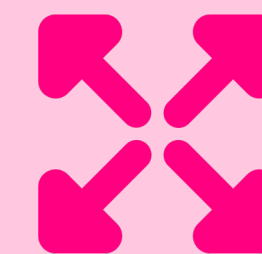
SERVICE

Interactive hybrid service model providing specialist advice and expertise tailored to the category and customer



PRODUCT RANGE

No limitations on the product range offering over 137,000 SKUs vs 4,350 on average for trade merchants*



AGILITY

Dropship model and scalable platform allows CMO to move at pace to capitalise on the market opportunity



BUYER BEHAVIOUR

Normalising the purchase experience for the next generation of digital natives

*Note: calculated as an average of Travis Perkins and MKM



2023 half year results



Financial highlights

Total sales of £36.9m (H1 2022: £41.9m), 57% up on four-year view

Adjusted EBITDA* £0.6m (2022: £1.2m)

Operating profit/loss of (£0.5m) (2022: £0.5m)

Net cash of £1.0m

Good progress on the strategic drivers for 2023

TILES performing in line with market decline (c. 33% YTD, source: GFK)

*Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, foreign exchange, exceptional and acquisition costs.



Key messages – strategic highlights for the half year ended 30 June 2023

Building a platform for future growth

Margin growth

1.9% Vs FY 2022

Carriage cost control

56% recovery improvement

Overhead efficiency

18% reduction in headcount

Improving sales trend

Improving trend in the SUPERSTORES, TILES in line with market

Brand Consolidation: 5 to 2

JTM Plumbing integrated into PLUMBING SUPERSTORE



Outlook for profitable growth

Building a platform for future growth

Period	Focus	Activity
Q4	SALES	Starting to re-invest in growth
Q3	DIGITAL MARKETING	Re-engineered digital approach for greater efficiency
H1	MARGIN	



Product margin

Increased by 1.9% and
2.7% excluding tiles



Carriage cost

Reduced by 56%



Mix

Fall In tile
mix



Understanding the TILES category

Challenges in Tiles market in the period has had outsized impact on Group performance.

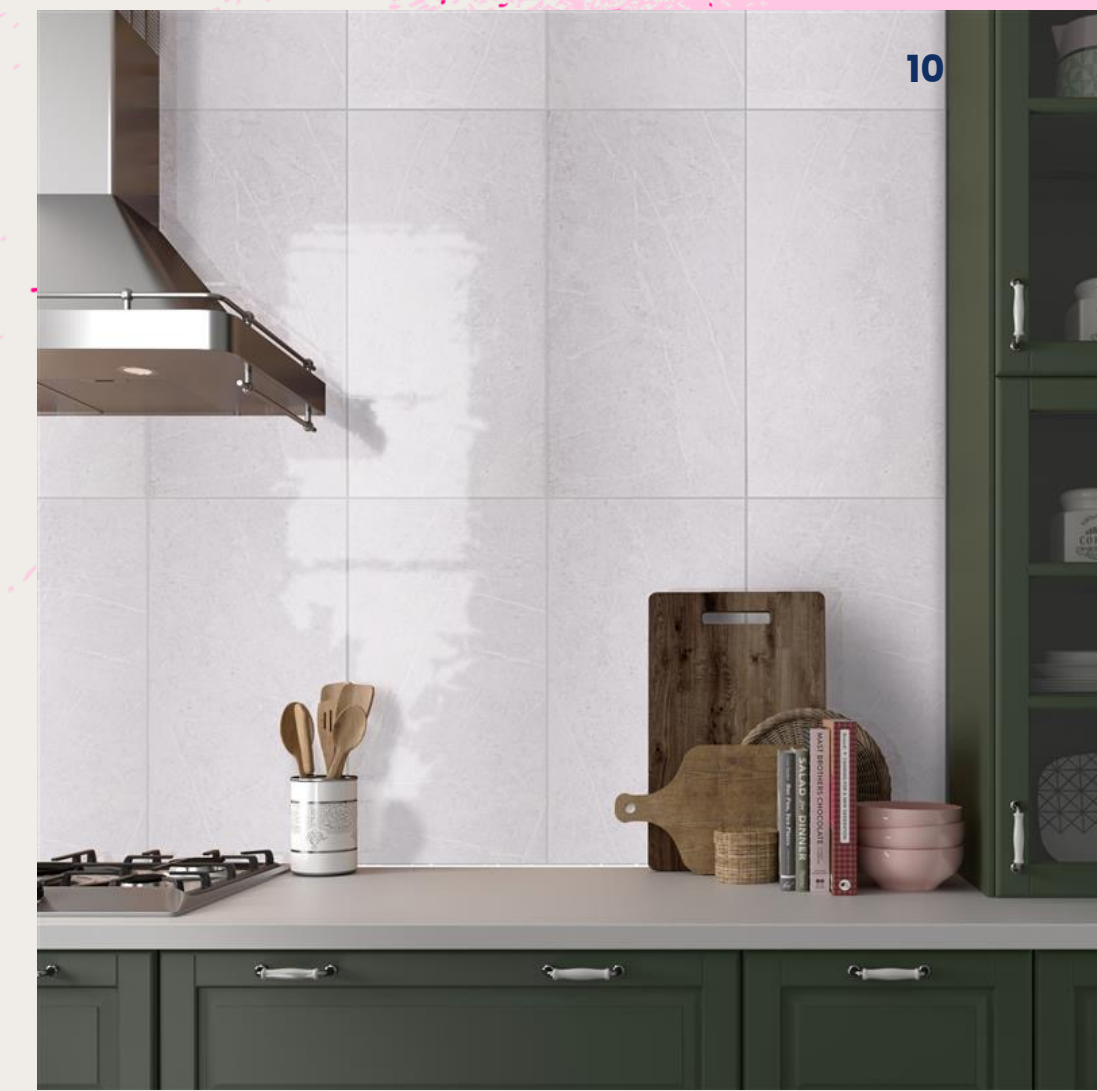
Movement year on year – decline in the period H1 2023 Vs H1 2022.

	% of total sales	Sales	% of sales decline	Margin	% of margin decline	EBITDA	% of EBITDA decline
		£m		£m		£m	
Total delta exc. Group costs		(5.00)		(0.39)		(0.72)	
SUPERSTORES	83%	(3.08)	62%	0.38	(97%)	(0.22)	31%
Total Tiles	17%	(1.92)	38%	(0.77)	197%	(0.50)	69%



Driving the TILES category

- Management team changed.
- Cost control program.
- Efficiencies in digital marketing.
- Rebranded website.
- Investing in trend data to enable enhanced product selection and listing.
- Introducing a more consumer-focused journey.
- Investing in CGI.
- Investing in the Ipswich tile showroom to promote our hybrid model.
- Regional radio marketing.




Digital Marketing



Whilst maintaining our key principals of balance of traffic and cost of digital marketing, we have re-engineered our PPC activity embracing new technology and emerging techniques to improve reach, drive down cost-per-click (CPC), and improve conversion (CVR) against revenue goals.

Sponsored

 **Roofing Superstore**
https://www.roofingsuperstore.co.uk

Roofing Superstore Official
Massive Range Of Roofing Products
Choose From A Wide Range Of Roofing
Buy Discounts. Excellent Review Rating

Roof Windows
Huge Range of Loft & Roof Windows

Clay Roof Tiles
Huge Range of Clay Roof Tiles from


Flat Roof Windows
Range Of Flat Roof Windows Flat Roof

Corrugated PVC Sheets
Corrugated PVC roofing sheets & fittings

Search ads

- Changed bidding strategies from manual CPC to target ROAS (tROAS), favouring CVR over sessions.
- Aggressive change in keyword match strategy to broad match, utilising Ai to focus on high propensity to purchase customers.
- Additional focus on ad quality through a wider selection of unique headlines and descriptions helping to lower CPCs.

Sponsored · Shop velux



VELUX GGL FK04
2070 White Centre
Pivot Window...
£336.00
Roofing Superstore
★★★★★ (466)

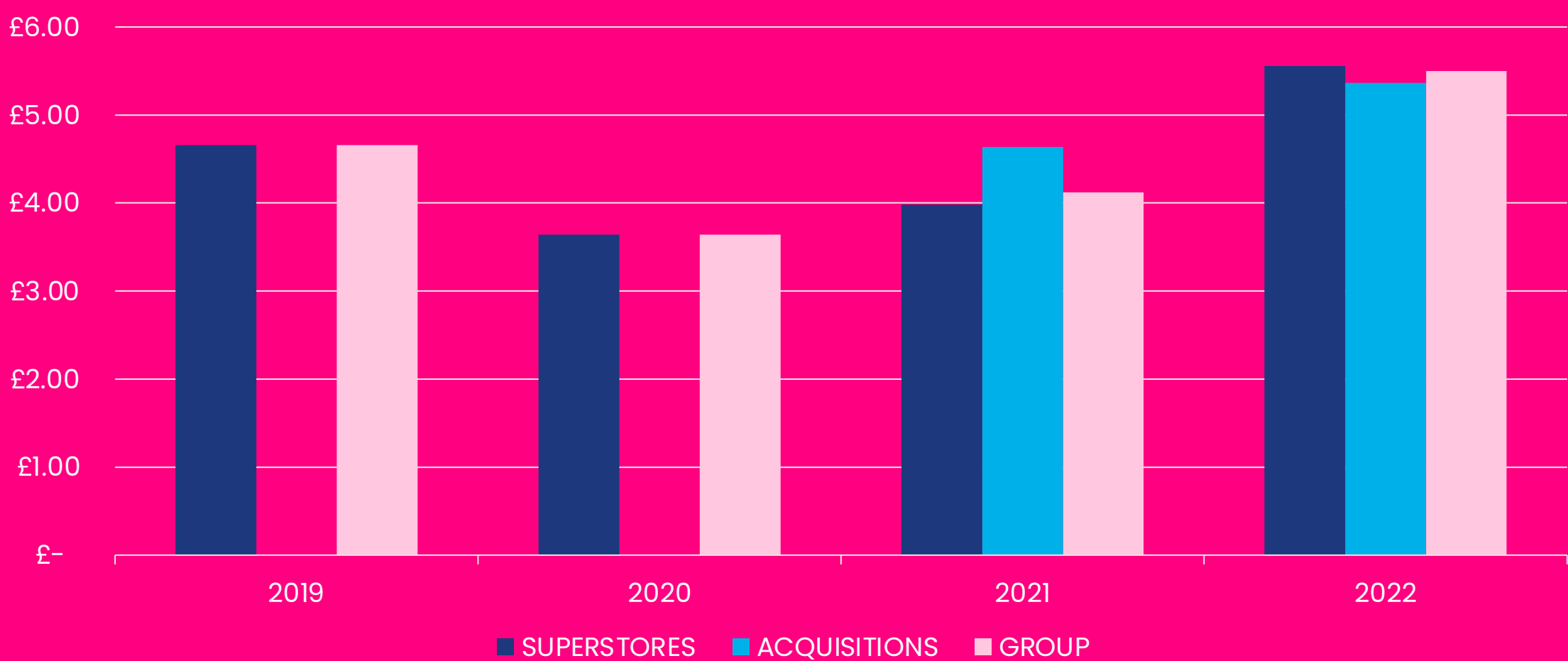
Shopping ads

- Moved 7 of the Group brands over to a Comparison Shopping Service (CSS) – delivering improved CPCs.
- Campaigns migrated from manual bidding strategies to automated tROAS bidding, favouring CVR over sessions.
- Moved from test phase to wide ranging roll out of Smart Shopping Performance MAX campaigns.
- Additional focus on ad quality with full asset review; including images, headlines and descriptions.

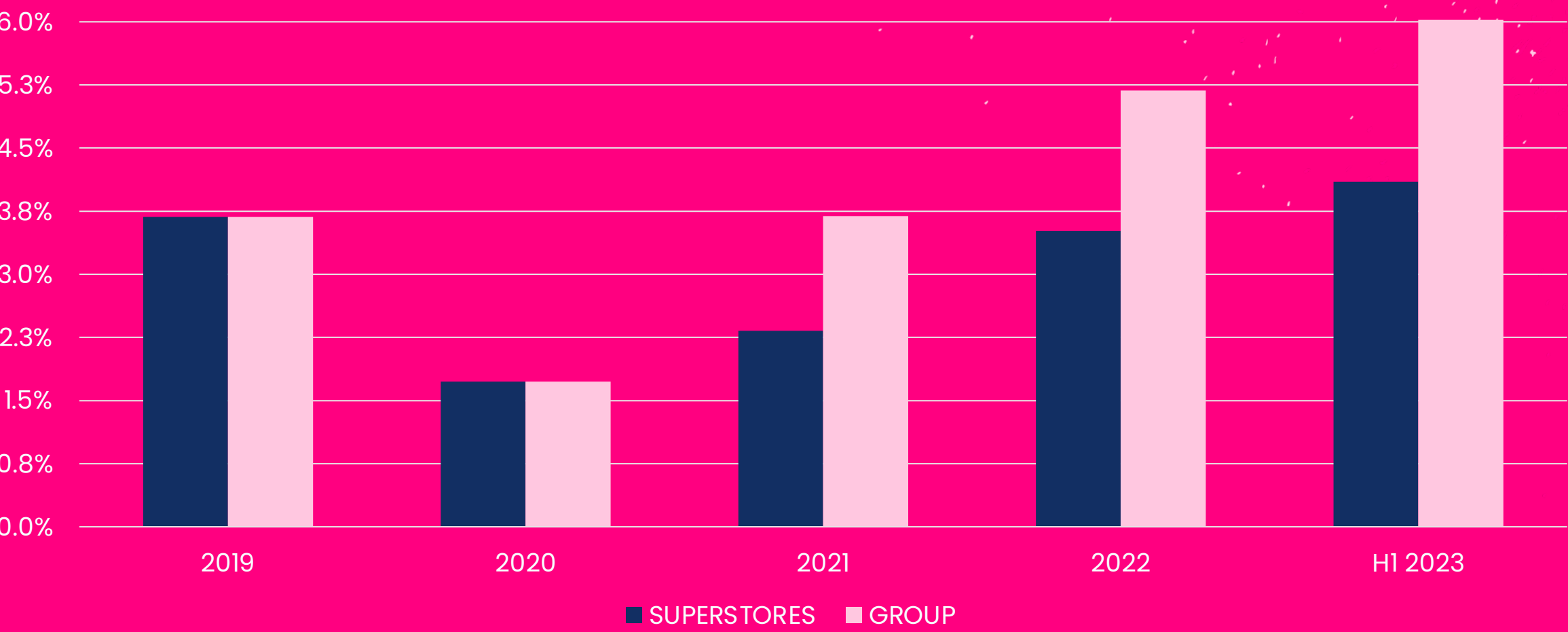


Key messages – operational KPIs

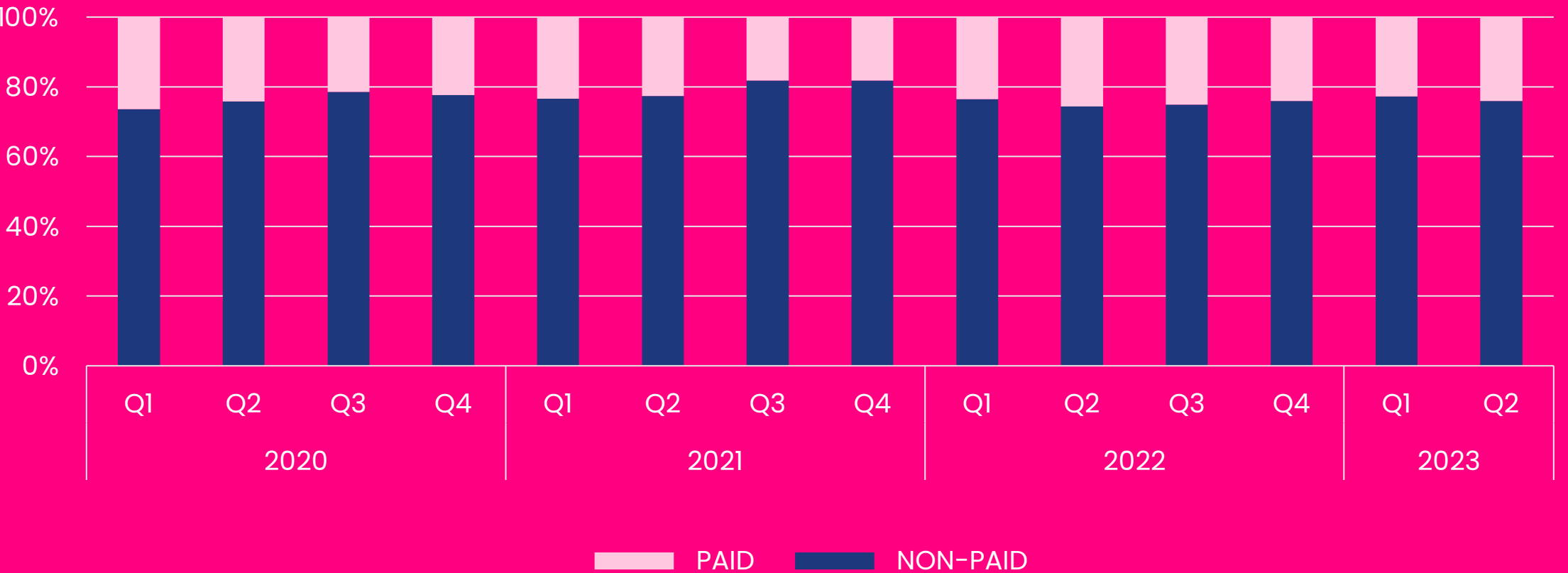
Revenue per session +16% YTD



Digital marketing cost remains in line with expectations



Customer acquisition remains balanced



Marketable database up

+14%

Repeat customer up

+20%



2023 financial update



Key messages – financial highlights for the half year ended 30 June 2023

Revenue **£36.9m**

2021: £41.9m

↑ **57% up on four-year basis**

Gross profit **21.8%**

2023: 21.8%, £8.0m | 2022: 20.2%, £8.5m

Adjusted EBITDA* **£0.6m**

2021: £1.2m

Adjusted EBITDA*

↑ **+200% from Q1 to Q2**

*Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, foreign exchange, exceptional and acquisition costs.



Financial update

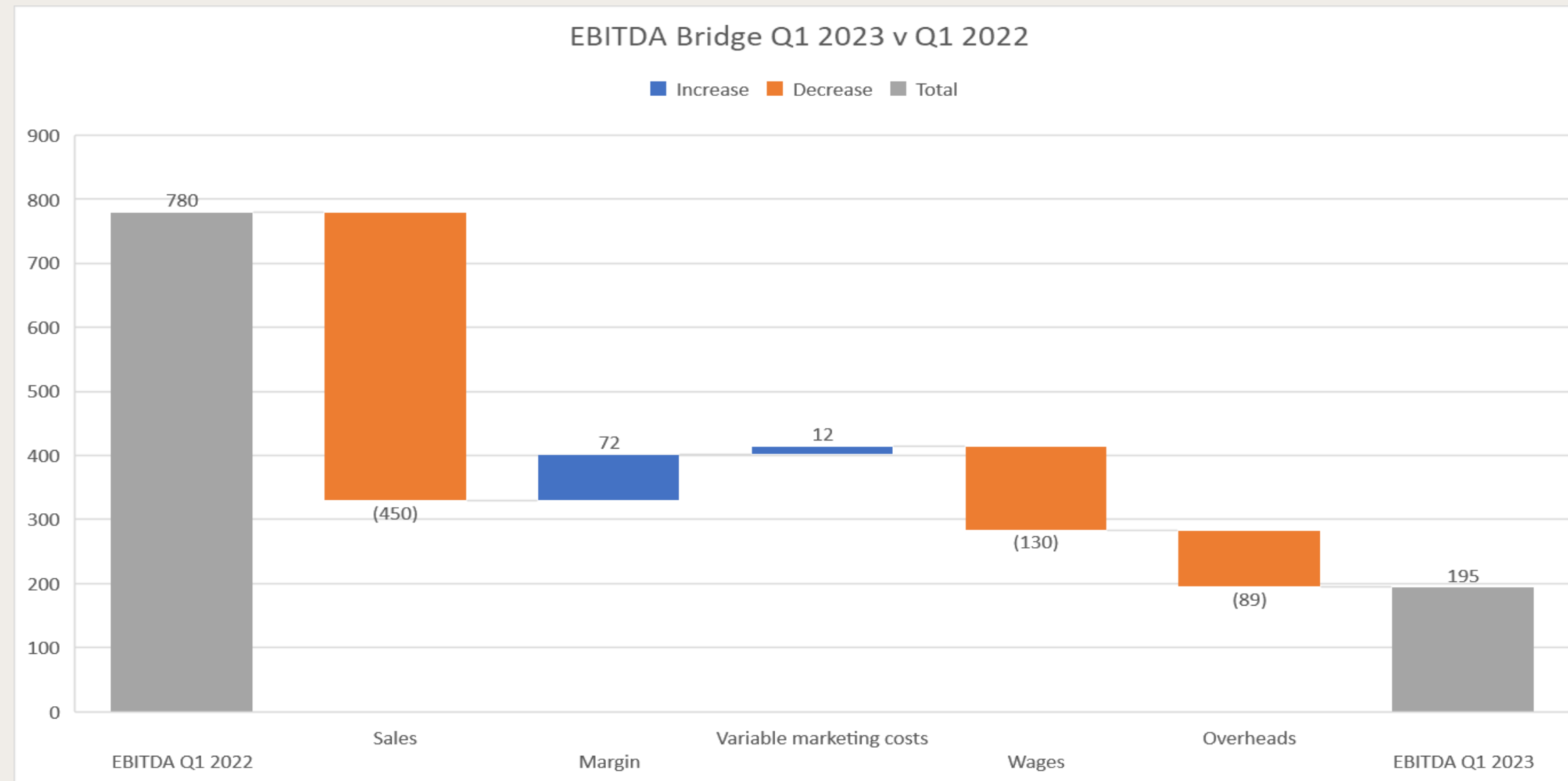
- Sales reduced by 12% to £36.9m compared to £41.9m in H1 2022.
- LFL revenue down 10% for CMO and 24% for Total Tiles.
- Improving sales trend following difficult first half.
- Focus on profitable sales has increased net margin 1.5% compared to June 2022.
- Tiles performing in line with weak online market.
- Digital marketing costs reflect competition driving higher cost per click but lower activity levels.
- Employment costs level compared to June 2022 reflecting headcount reductions.
- Overheads increased by higher infrastructure costs of and systems investment.
- Adjusted EBITDA was £0.6m compared to £1.2m at June 2022.

Interim Results 30 June 2023

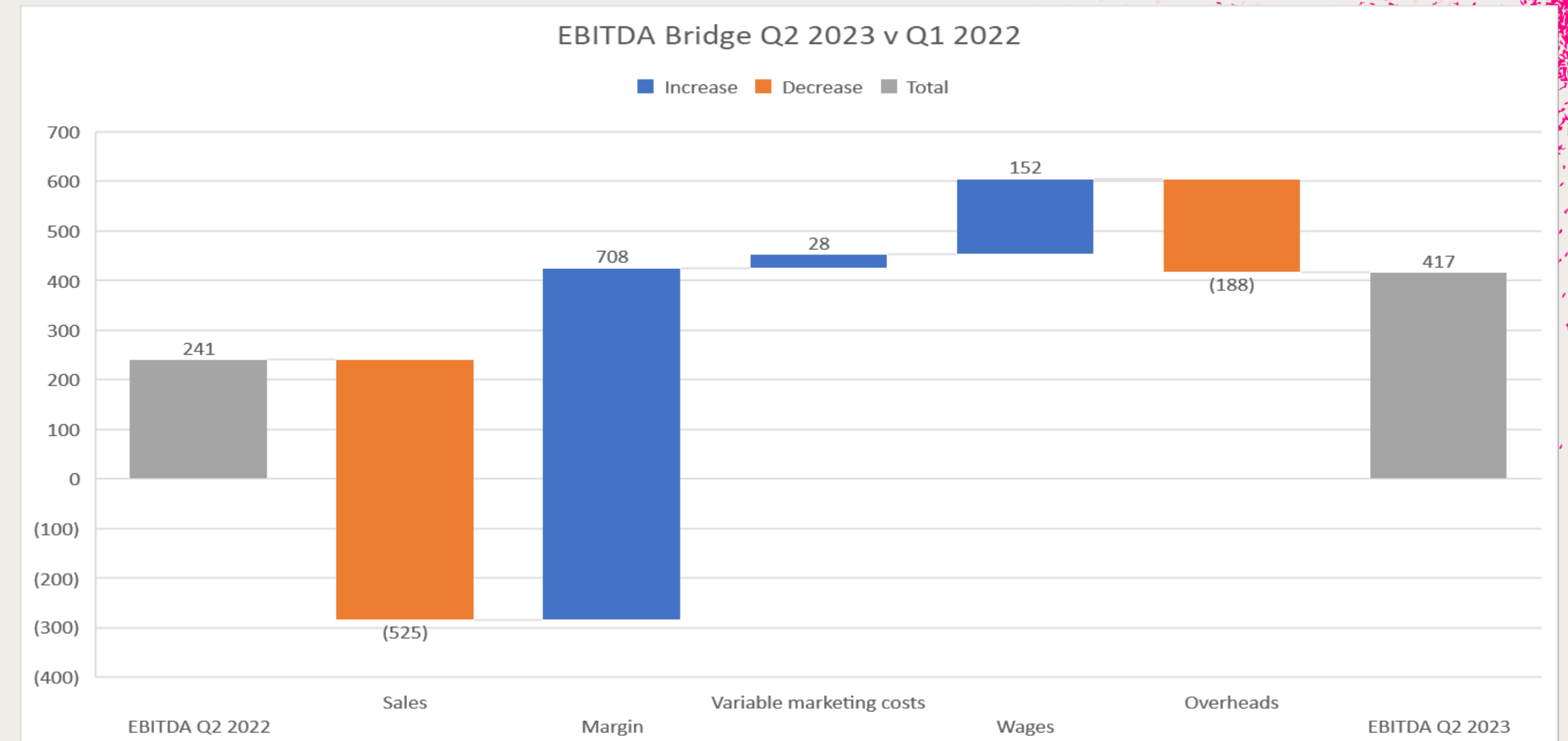
	H1 2023	H1 2022	FY21
Revenue	36,878	41,869	83,073
<i>Growth [%]</i>			
CoS	(28,828)	(33,380)	(66,531)
Product Margin	8,050	8,489	16,542
<i>Margin [%]</i>	<i>21.8%</i>	<i>20.3%</i>	<i>19.9%</i>
Digital Marketing	(2,264)	(2,292)	(4,629)
Contribution	5,786	6,185	11,931
<i>Contribution [%]</i>	<i>15.7%</i>	<i>14.8%</i>	<i>14.3%</i>
Marketing	(271)	(184)	(450)
Employment	(3,642)	(3,673)	(7,176)
Overheads	(1,241)	(1,085)	(2,233)
EBITDA	613	1,254	2,054
<i>Margin [%]</i>	<i>1.7%</i>	<i>3.0%</i>	<i>2.5%</i>



Adjusted EBITDA and Cash



- Q1 reduction in sales of 10% against challenging comparatives – Q1 2022 delivered 38% of 2022 EBITDA.
- The volume driven decline has seen margin reduction over Q1 2022 of £450k.
- Margin improvements driven by better pricing and purchase costs recovered £72k of this, and variable marketing spend, a further £12k
- Q1 execution of a redundancy program, alongside increased infrastructure spend due largely to acquisitions, led to an overall EBITDA reduction in Q1 of £585k.



- Q2 was much improved compared to Q1
- Revenue reduction offset by margin enhancement, reduced net carriage cost and overhead cost savings.
- Result is Q2 increase in EBITDA in Q2 of £176k compared to Q2 2022.
- Overheads remain higher than the prior year, due to inflationary pressures and costs in the acquired businesses.



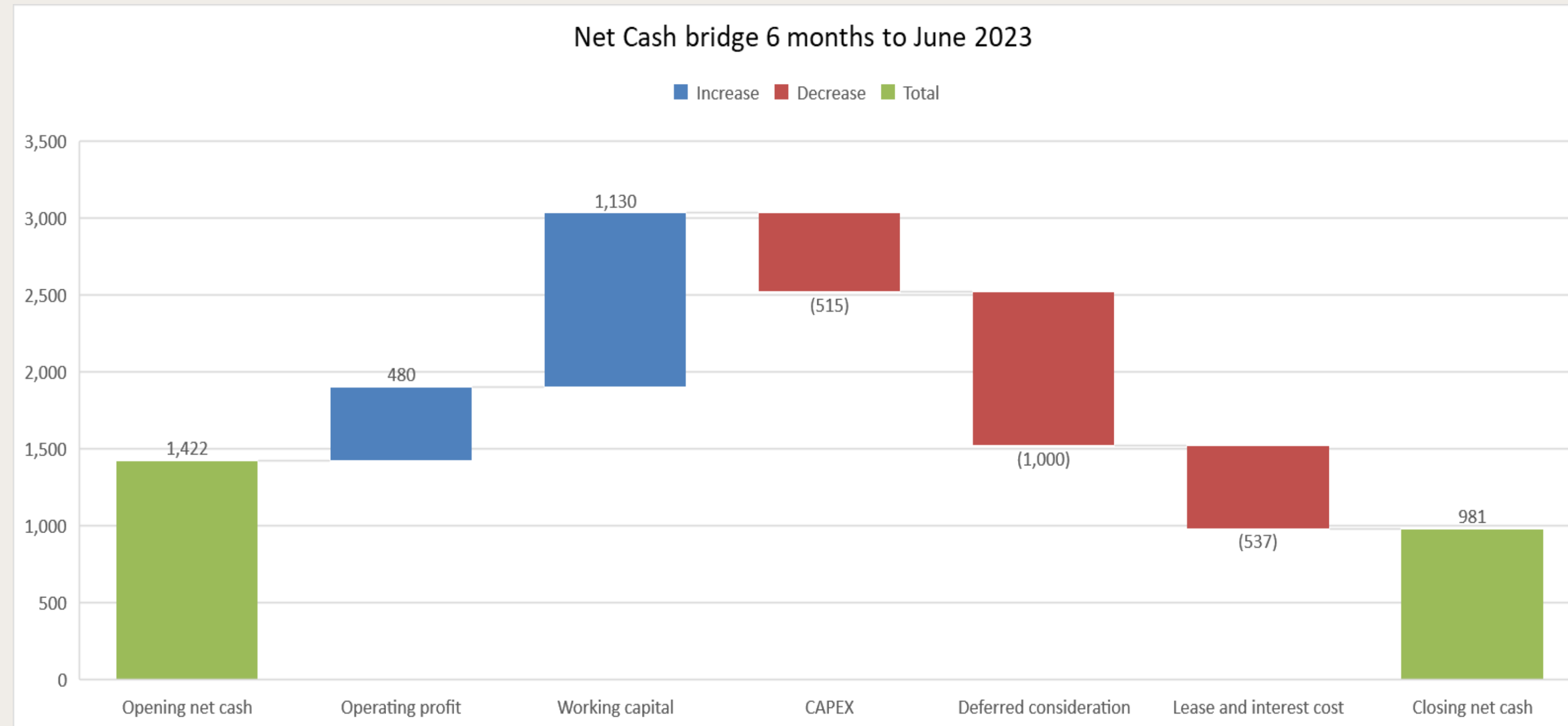
Summary balance sheet and cashflow

- Inventory levels £1.8m down on June 2022. Reflecting rebalancing of dropship to stock ratio.
- Trade debtors slightly lower than 2022 offset by an increase in prepayments. Availability of credit insurance has impacted our ability to extend credit.
- Trade payables decreased £2.2m compared to June 2022 driven by payment of £1m deferred consideration, reduced activity offset by £0.9m VAT.
- VAT withheld at request of HMRC as it works to put a VAT group in place.
- Payables balance includes deferred consideration of £0.5m relating to JTM (paid July 2023).
- Loan and borrowings is drawdown on acquisition element of RCF.
- Lease liabilities have increased – reflects break clause at Plymouth and lease extension / additional space at Ipswich.
- At June 2023 CMO had £1.0m net cash compared to £1.4m at December 2022.

Key balance sheet extracts	H1 2023	H1 2022	FY22
Fixed assets	26,424	25,063	25,308
Inventories	5,385	7,137	5,454
Trade and other receivables	2,659	2,593	2,732
Cash and cash equivalents	4,669	7,285	6,210
Total current Assets	12,713	17,015	14,396
Trade and other payables	(16,541)	(18,718)	(16,326)
Lease liabilities	(585)	(210)	(210)
Current tax liabilities	(56)	(196)	–
Total Current Liabilities	(17,181)	(19,084)	(16,790)
Loan and borrowings	(3,688)	(4,572)	(4,788)
Lease liabilities	(621)	(140)	–
Total non-current liabilities	(4,309)	(4,712)	(4,788)
Total net assets	17,646	18,282	18,127



Cashflow bridge



- We remain focussed on cash generation and robust balance sheet.
- Cash generated from operating profit of £0.5m enhanced by £1.1m working capital inflow.
- Net cash out flow for CapEx and acquisitions includes £1.0m for JTM Deferred.
- Closing net cash of £1.0m. (Closing net cash at December 2022 of £1.4m.)
- Total drawn on acquisition RCF is £3.7m compared to £4.8m at December 2022.
- Strong focus on cash. Sept. net debt c. £1.2m expected to be maintained at year-end.
- Sound financial position. Undrawn working capital facility of up to £4m and flexible banking partner expected to provide sufficient headroom for continued Group development



2023 strategic delivery



What drives us?

**We will be the destination of choice,
for anyone, building or improving
homes in the UK**

Our strategy

**To acquire or build new verticals and
horizontals in support of our vision**

How do we know when we've delivered this?



The goal

Consumer
horizontal



Specialist
stores



Trade
horizontal



Key strategic delivery – brand consolidation

JTM Plumbing



Click Basin



Total Tiles



SUPER 
stores®



 **PLUMBING
SUPERSTORE**®

 **TILE
SUPERSTORE**®



Key strategic delivery – Brand



- 22% higher engagement on ecommerce branded touchpoints.
- 80% uplift in click throughs from email.
- 27% more likes on Facebook.
- Repeat customers up 20% YoY (H1 2022 Vs H1 2023).

- CMO Trade rebranded as BUILDING SUPERSTORE – prompted brand awareness has risen 100% when comparing CMO Trade to BUILDING SUPERSTORE (Source: FIX MEDIA).
- Lorry livery on partner courier Q4 2023.
- Loyalty set to launch Q1 2024.

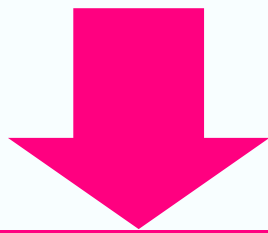


2023 trading update



Trading performance – like-for-like

	QTR 1	QTR 2	JUL and AUG
SUPERSTORES	-10%	-11%	-5%
TILES	-20%	-27%	-37%



	APR	MAY	JUN
SUPERSTORES	-13.8%	-12.6%	-6.9%



Outlook

Market conditions to remain challenging:

- Market forecasts
- Competition
- Sector announcements

Strategic initiatives continue to deliver improved sales trend

Tiles performance remains subdued, but improving

Full year sales of c. £73m and adjusted EBITDA in H2 of c. £1m

Continued focus on cash management



Thank you

Good Builds
start with our **SUPER** stores

Any questions?



clickbasin

