



UP GLOBAL SOURCING HOLDINGS PLC

INTERIM RESULTS FY18

UP[®]
ULTIMATE PRODUCTS
HOME OF BRANDS



Beldray Cordless Iron.
Cordless. Effortless.

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Introduction

Simon Showman



Financial Review

Graham Screawn



Strategy & Outlook

Andrew Gossage



Questions & Answers



Salter Soup Maker
Fresh, Healthy Soups and Smoothies the Easy Way.

Who We Are

EST. IN
1997
IN MANCHESTER

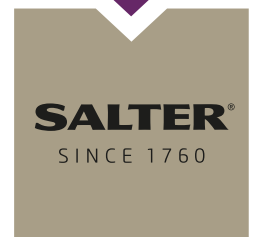
EMPLOY
228
PEOPLE ACROSS
THE GROUP

SELL TO
300+
RETAILERS ACROSS
38 COUNTRIES



Salter Set of 4 Chopping Boards
Stylish and Practical Design.

- Established in Manchester in 1997
- A brands house of consumer goods for the home
- Mass market and value led
- Six product categories: Audio, Heating & Cooling, Housewares, Laundry, Luggage and Small Domestic Appliances
- Employ 228 people across the group
- Offices in Manchester, Cologne and Guangzhou
- Sell to over 300 retailers across 38 countries and also online
- Source products from 12 countries



FY18 H1 Summary

REVENUE

£48.4m

- 28.9%

(FY17 H1: £68.1 m)

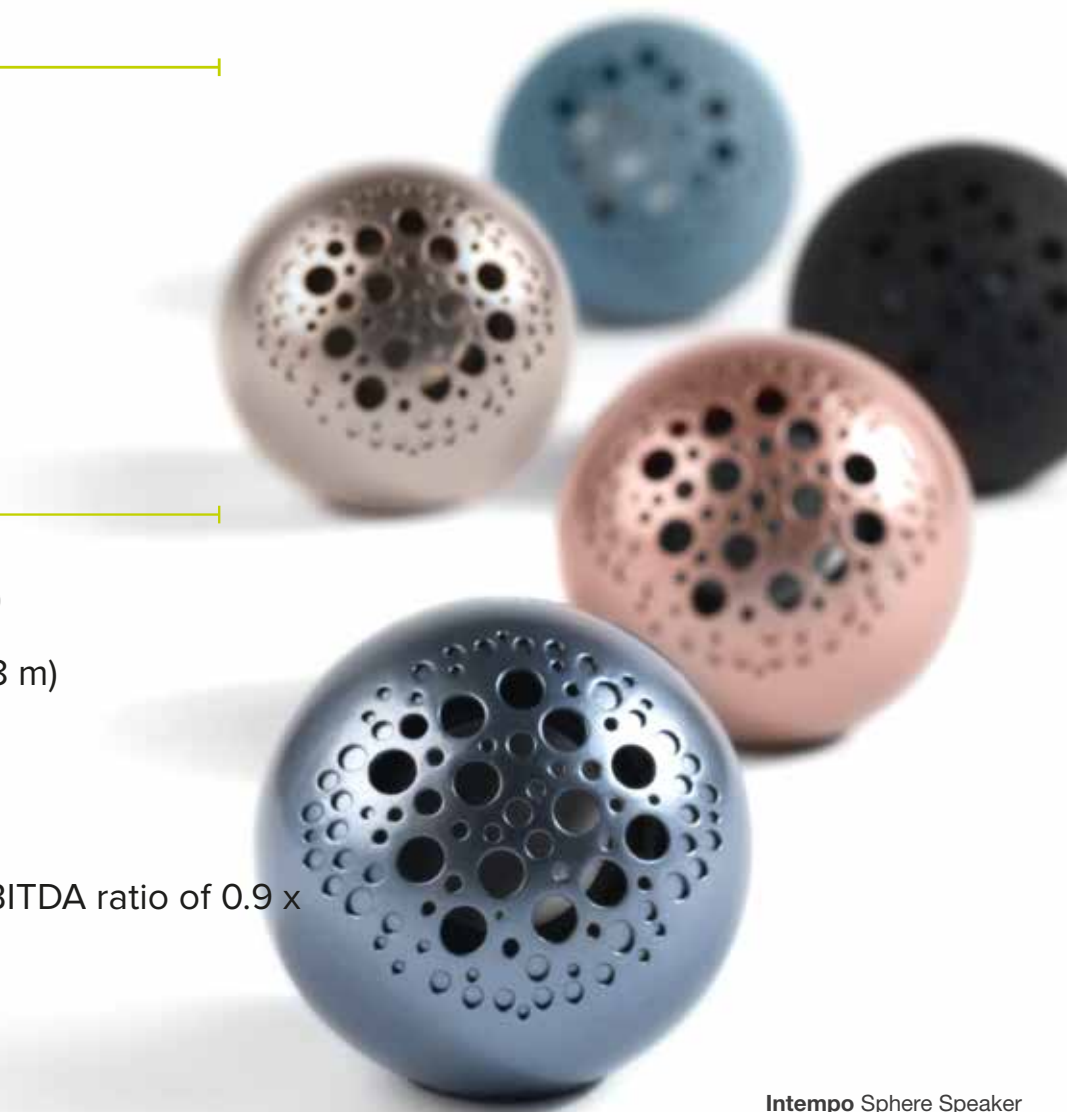
UNDERLYING PBT

£4.0m

- 51.9%

(FY17 H1: £8.4 m)

- Total revenue decreased 28.9% to £48.4 m (FY17 H1: £68.1 m)
- Underlying EBITDA decreased 49.5% to £4.5 m (FY17 H1: £8.8 m)
- Gross margin stable at 22.4% (H1 2017: 22.3%)
- Underlying PBT decreased 51.9% to £4.0 m (FY17 H1: £8.4 m)
- Net debt of £6.7 m (down £3.5 m) and net debt/underlying EBITDA ratio of 0.9 x
- Interim dividend of 0.83 p per share
(FY17: Interim dividend 1.62 p, final dividend 3.495 p)



Intempo Sphere Speaker
Small Design. Big Sound.

Operational Highlights



new SINGLE PICK FACILITY
TO SUPPORT ONLINE GROWTH

Operational Highlights



new COLOGNE SHOWROOM NOW OPEN



Operational Highlights

RELAUNCH

OF HERITAGE BRAND

PROGRESS®

Est. 1931



Key Customers



Innovation
& Progression
Est. 1931

Operational Highlights



GRADUATE RECRUITED

Operational Highlights

new ONLINE PLATFORM



An automated link **between** our systems and our customers

80%+ time saving generated

Better **stock** management

Easier to **focus** on the winners



FY18 H1 Financial Review

Graham Screawn

Income Statement

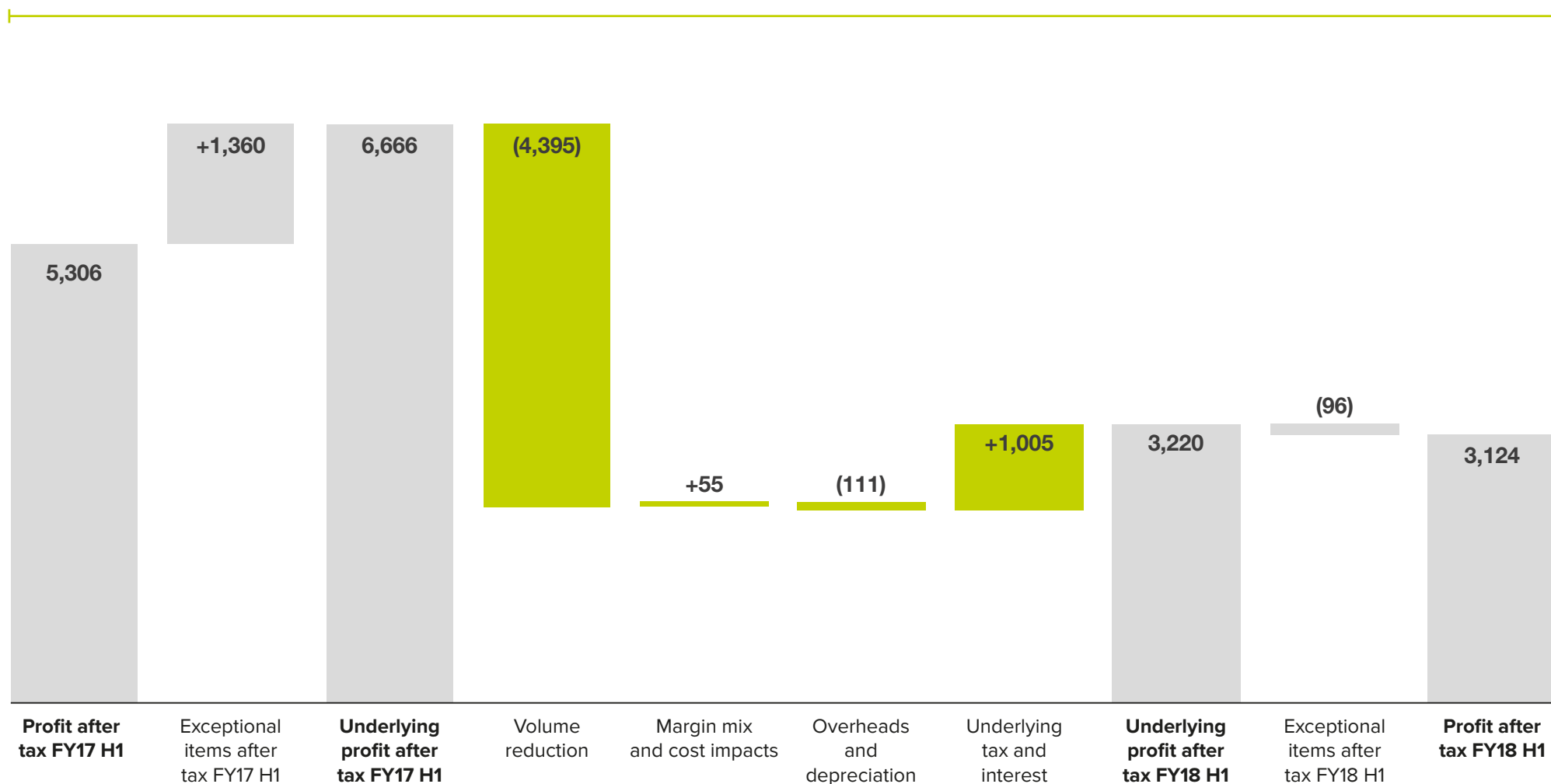
- Gross margin up 0.1% on HY17 H1 in spite of competitive pressures, pricing headwind from the Far East and US\$ impacts (after hedging)
- Overheads are level with FY17 H1, having absorbed wages and salary increases and plc costs.
- Exceptional items comprise shareholder bonuses (ceased FY17), IPO expenses and share based payment charges.
- Underlying EPS of 3.9 p
- Interim dividend proposed of 0.83p per share (FY17 interim 1.62 p, final 3.495 p)

| | 12M JUL ¹⁾ 2016 £'m | 12M JUL ¹⁾ 2017 £'m | 6M JAN ²⁾ 2017 £'m | 6M JAN ²⁾ 2018 £'m |
|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Turnover | 79.0 | 110.0 | 68.1 | 48.4 |
| Gross Profit | 18.9 | 24.6 | 15.2 | 10.9 |
| % | 23.9% | 22.3% | 22.3% | 22.4% |
| Overheads | (10.7) | (13.1) | (6.4) | (6.4) |
| Underlying EBITDA | 8.2 | 11.5 | 8.8 | 4.5 |
| % | 10.4% | 10.5% | 12.9% | 9.2% |
| Exceptional Items | (1.2) | (3.2) | (1.7) | (0.1) |
| Reported EBITDA | 7.0 | 8.3 | 7.1 | 4.4 |
| Depreciation | (0.3) | (0.4) | (0.1) | (0.3) |
| Operating Profit | 6.7 | 7.9 | 7.0 | 4.1 |
| Net Interest | (0.4) | (0.5) | (0.3) | (0.2) |
| Profit Before Tax | 6.3 | 7.4 | 6.7 | 3.9 |
| Taxation | (1.4) | (1.9) | (1.4) | (0.8) |
| Profit After Tax | 4.9 | 5.5 | 5.3 | 3.1 |
| Underlying Profit Before Tax | 7.5 | 10.7 | 8.4 | 4.0 |
| Underlying Profit After Tax | 5.9 | 8.4 | 6.7 | 3.2 |

¹⁾ Audited

²⁾ Unaudited

Profit After Tax Bridge



Balance Sheet

- Increase in non-current assets reflects the refurbishment costs of the Heron Mill distribution centre
- Net bank debt of £6.7 m (FY17 H1: £10.3 m)
- Net bank debt/underlying EBITDA – 0.9 x
- Facility covenants comfortably met with funding headroom of £8.0 m at the end of H1 2018
- Stock comprises that held to order and Free Stock, with Free Stock typically in the range of £5.0 m – £6.5 m
- FY17 debtor days were exceptionally low (36 days), increasing to 44 days at H1 FY18 (H1 FY17 : 50 days). Debtor days are typically expected to be in the range 48–52 days
- Most stock suppliers on open account with average creditor days in a range of 30 – 37 days

| | 31 JUL 1) 2016 £'m | 31 JUL 1) 2017 £'m | 31 JAN 2) 2017 £'m | 31 JAN 2) 2018 £'m |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-current Assets | | | | |
| Tangible Assets | 1.0 | 1.7 | 1.4 | 1.9 |
| Deferred Tax | 0.2 | 0.2 | 0.2 | 0.1 |
| | 1.2 | 1.9 | 1.6 | 2.0 |
| Current Assets | | | | |
| Stock | 10.6 | 11.1 | 11.8 | 11.8 |
| Debtors | 16.2 | 12.2 | 20.6 | 11.6 |
| Cash | 0.1 | 0.1 | 0.1 | 0.1 |
| | 26.9 | 23.4 | 32.5 | 23.5 |
| Creditors | (16.9) | (12.5) | (17.5) | (12.0) |
| Net Current Assets (excl debt) | 10.0 | 10.9 | 15.0 | 11.5 |
| Debt | | | | |
| Bank – Senior Debt | (2.9) | (4.5) | (4.3) | (2.7) |
| Bank – Working Capital | (7.2) | (1.6) | (6.2) | (4.1) |
| Management Loan Notes | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | 0.1 | 0.1 | 0.1 |
| | (10.0) | (6.0) | (10.4) | (6.7) |
| Net Assets | 1.2 | 6.8 | 6.2 | 6.8 |

¹⁾ Audited

²⁾ Unaudited

Cash Flow

- Tax credit on IPO reduced FY17 and FY18 H1 tax payments by £0.8 m each, with a further benefit of £0.5 m due in FY18 H2
- Working capital movement in FY18 H1 includes payment of FY17 shareholder bonus (scheme now ceased)
- Fixed asset investment in refurbishment of Heron Mill in FY16 and FY17

| | 12M JUL ¹⁾ 2016 £'m | 12M JUL ¹⁾ 2017 £'m | 6M JAN ²⁾ 2017 £'m | 6M JAN ²⁾ 2018 £'m |
|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Net Cash from Operations | | | | |
| EBITDA | 7.0 | 8.3 | 7.1 | 4.4 |
| Share Based Payment Expense | 0.0 | 0.1 | 0.0 | 0.1 |
| Working Capital Movements | (2.0) | 1.7 | (3.5) | (1.7) |
| Tax Paid | (1.3) | (0.7) | (0.6) | (0.1) |
| | 3.7 | 9.4 | 3.0 | 2.7 |
| Cash Flows From Investing | | | | |
| Net Purchase of Tangible Assets | (0.7) | (1.1) | (0.6) | (0.4) |
| | (0.7) | (1.1) | (0.6) | (0.4) |
| Cash Flow From Financing | | | | |
| Bank Borrowings (Net) | 5.6 | (4.1) | 0.3 | 0.8 |
| Loan Notes (Net) | (6.1) | 0.0 | 0.0 | 0.0 |
| Interest Paid | (2.3) | (0.5) | (0.3) | (0.1) |
| Dividends Paid | 0.0 | (3.8) | (2.4) | (2.9) |
| Other | (0.1) | 0.1 | 0.0 | (0.1) |
| | (2.9) | (8.3) | (2.4) | (2.3) |
| Net Increase in Cash | 0.1 | 0.0 | 0.0 | 0.0 |

¹⁾ Audited

²⁾ Unaudited



Salter Megastone
Metal Utensil Safe Cookware.

1

Discount

2

UK Supermarkets

3

Online Channels

4

Germany & International

Appendices

Beldray®
Est 1872
Nobody Does It Better

Beldray (originally 'Bradley and Co. Ltd) is our trademark brand, a brand that since its beginnings in 1872 has become prominent in cleaning and safety equipment. The first manufacturer of steel ironing tables in the UK and inventor of the adjustable ironing board. Acquired in 2009, Beldray now offers a wide range of products, including vacuum cleaners, steam cleaners, ironing boards, airers and pedal bins as well as fans, heaters and electric fires.



Laundry



Bathroom



Garment Care



Floorcare

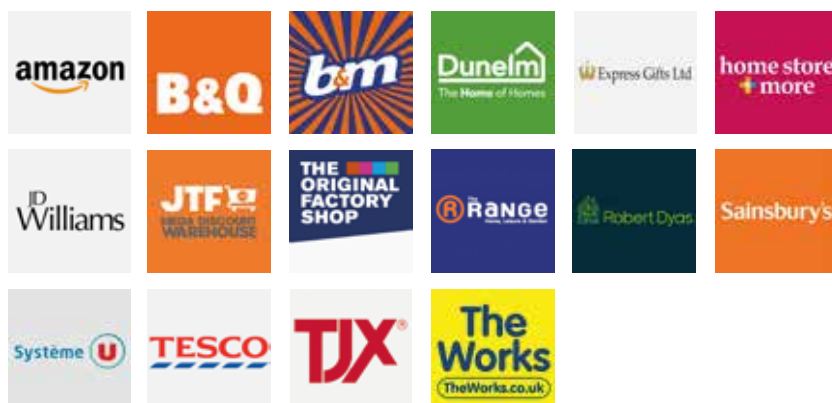


Heating



Cooling

Key Customers



| | 12M JUL 2015 £'m | 12M JUL 2016 £'m | 12M JUL 2017 £'m |
|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | |
| Turnover | 14.3 | 19.1 | 30.8 |
| Annual Growth | +30.2% | +33.4% | +61.1% |
| Compound Growth | | | +46.6% |

intempo

Making Music Cool

At Intempo, we take the latest technology and create audio products that we believe look great and sound even better. Our exciting range has been designed to support many applications, including iPad, iPhone and other devices. From the beginning, we have set out to prove that high quality audio, trending fashions and the latest, cutting edge technology really do go hand in hand. We create stunning products that look fabulous both in customers' homes and as a fashion accessory in the street, without ever compromising on sound quality. Intempo's philosophy is simple – we love music and we love our customers.



Headphones



Bluetooth



Party Speakers



Retro



LED



Mobile Accessories

Key Customers



| | 12M JUL 2015 £'m | 12M JUL 2016 £'m | 12M JUL 2017 £'m |
|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | |
| Turnover | 2.7 | 5.8 | 10.0 |
| Annual Growth | +81.2% | +114.7% | +72.1% |
| Compound Growth | | | +92.2% |

SALTER®

SINCE 1760

For over 250 years, Salter has proudly created and manufactured great products to enhance your lifestyle. A brand synonymous with precision and quality, it is a familiar household name with a proud heritage that continues to develop to this day, providing the very best in stylish and reliable products. Licensed since 2011 until 2024 for kitchen electrical and cookware.



Blenders



Air Fryers



Grills



Prep



Cookshop



Floorcare

Key Customers



| | 12M JUL 2015 £'m | 12M JUL 2016 £'m | 12M JUL 2017 £'m |
|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | |
| Turnover | 4.6 | 12.1 | 16.1 |
| Annual Growth | +189.9% | +165.3% | +32.8% |
| Compound Growth | | | +87.7% |

Russell Hobbs

Loved by the Great British public for over half a century, Russell Hobbs is a household brand with a strong heritage and is famous for its stylish and high quality products. Licensed since 2011 until 2020 for a wide variety of products from cookware, bakeware and ovenware to tableware and kitchen utensils. Russell Hobbs provides a wealth of choice for the home. It's hard to believe that it all started with a coffee maker and a kettle!



Pans



Ovenware



Vitreous Enamel



Ironing Boards



Knives



Waste Management

Key Customers



| | 12M JUL 2015 £'m | 12M JUL 2016 £'m | 12M JUL 2017 £'m |
|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | |
| Turnover | 5.1 | 6.7 | 8.5 |
| Annual Growth | +10.7% | +31.3% | +26.2% |
| Compound Growth | | | +28.7% |

PROGRESS®

Est. 1931



Established in 1931 in Burnley, Lancashire, Progress has 86 years of heritage as a Northern brand, renowned for great quality, great value products. To this day, it remains a classic brand with a 21st century feel, offering everything a kitchen could need.

We use innovative designs and progressive colours to match our forward-thinking culture. We always stay one step ahead, giving our designs a superior edge, like introducing mixed substrates by combining plastics with metals.

With an emphasis on moving forward, and still not forgetting our roots, the result is a range of great value products featuring attractive colours and clear-cut designs. The brand has stood the test of time and will still be continuing to offer fantastic products at great prices for the next 86 years.



Pans



Prep and Tools



Knives



Blenders



Kettles



Grills



Progress Digital Hot Air Fryer
The Lighter Way to Fry



Jim McCarthy (62)
Independent
Non-Executive
Chairman

Jim has over 40 years' experience in the fast-moving retail industry, having previously held the position of Chief Executive Officer of Poundland Group plc ('Poundland'), a single price retailer. He stepped down in September 2016, after 10 years service having joined in August 2006. During his tenure, Poundland's sales grew from £300 m to £1.3 bn per annum. The business was floated on the London Stock Exchange in March 2014 and was acquired by Steinhoff International in September 2016. Prior to joining Poundland, Jim was Managing Director of Convenience, J Sainsbury plc and was a member of the operating, retail and investment boards. His experience includes 10 years as Chief Executive Officer of T&S Stores plc, operating over 1200 stores and sold to Tesco plc in 2003, as well as holding the positions of Managing Director of Neighbourhood Retailing (part of Next plc) and Managing Director of Birmingham Post & Mail Limited's retail estate.



Simon Showman (44)
Chief Executive
Officer

Simon began his career working for an auctioneer before founding Ultimate Products in 1997. Initially a clearance business buying discontinued and excess stock, with investment from Barry Franks who became the majority shareholder, Simon was able to grow the business into the full service sourcing and importing operation we see today. During the early 2000s, Simon began to source regular products from countries around the globe such as Portugal, Vietnam and, in time, from China. This led to investment by Lloyds Development Capital (LDC), enabling Simon to become the Chief Executive Officer and largest management shareholder in 2005. As the company grew, Simon was able to use his increasing knowledge to change the focus of the business in 2014, moving away from own label and unbranded products to fine-tuning key brands. This led to the buyout of LDC's shareholding using personal money and support from HSBC. Simon is now directly responsible for the key trading functions of sales and buying, continuing to be the driving force behind the ongoing development of the Group, always striving for progression and innovation.



Andrew Gossage (46)
Managing Director

Andrew is a chartered accountant and started his career with Arthur Andersen where he held positions in audit and transaction support. In 1998, he transferred into industry, taking on the role of Finance Director & General Manager of Mersey Television, an independent television producer of continuing drama including Hollyoaks, Brookside and Grange Hill. He was a key member of their management team, which was backed by private equity investment from LDC in 2002, leading the sale of the business to All3Media in 2005. Andrew joined Ultimate Products in 2005, initially as Finance Director, and was an integral part of the management buyout team that year. In 2014, together with Simon Showman, he led the buyout of LDC using personal money and support from HSBC. At this point, Andrew was promoted to Managing Director. Andrew is currently responsible for the strategic direction of the Group and non-trading functions including finance, supply chain, human resources, IT and legal.



Graham Screawn (51)
Chief Financial Officer

Graham is a chartered accountant and member of the Chartered Institute of Taxation. He started his career with KPMG where he began working in audit and latterly moved to tax advisory roles. In 1995, he made his first move into industry with Hilti, a specialist power tools company. Here, he held various finance and business analysis roles before being promoted to Finance Director in 2006. He was also trustee of the Hilti defined benefit pension scheme. Graham joined Ultimate Products in 2010 as Finance Director, responsible for the finance function and all external finance relationships. In 2013 and 2016, Graham led the successful renewal of the Group's banking facilities with HSBC.



Alan Rigby (61)
Senior Independent
Non-Executive
Director

Alan has spent the majority of his working career at HSBC plc, joining in 1975 and gaining broad experience through a range of management positions including credit and risk, retail, commercial, large corporate and global banking markets. Prior to his retirement from HSBC, he was Head of Corporate Banking in Manchester between 2004 and 2014. Since 2014, Alan has provided independent consultancy services to private companies on strategy, corporate transactions and refinancing.



Robbie Bell (45)
Independent
Non-Executive
Director

Robbie is the Chief Finance Officer at Welcome Break Group. Prior to that, and since 2009, he had been the Chief Financial Officer of Screwfix Direct Limited. Here he oversaw strong business growth, of more than £0.5 bn to over £1 bn, driven by impressive like-for-like growth and a strong development programme opening more than one store per week. As well as expansion into Germany, the multi-channel business now has over 500 sites in the UK. Screwfix is a subsidiary of Kingfisher plc, an FTSE 100 constituent. Robbie was also previously the UK Finance Director of Travelodge between 2006 and 2008, with involvement in a number of Private Equity transactions. Having started his career at Whitbread plc, Robbie gained a broad range of retail exposure, with experience working with a number of their formats/brands, before moving to Tesco plc where he completed the acquisition and integration of a London based convenience retailer.



Barry Franks (71)
Non-Executive
Director

Barry Franks has 50 years' experience in the retail and wholesale trade. In the 1970s and 1980s, he was Managing Director of Parker & Franks, a North West based retailer and wholesaler with 35 stores and 500 employees at its peak. In 1990, Barry left Parker & Franks and founded Barimar, a clothing importer and supplier to UK and European retail. During this period, Barry built up substantial experience in discount retailing and sourcing from China and South Asia. In 1997, Barry invested in Ultimate Products alongside Simon Showman, becoming the majority shareholder. This subsequently led to an investment into the business by LDC in 2005 and, at this point, Barry became a Non-Executive Director. In 2014, Barry invested alongside Simon Showman and Andrew Gossage in the buyout of LDC's shareholding.



