

CREIGHTONS_{plc}

PRELIMINARY RESULTS PRESENTATION

HALF YEAR 2019-2020

20 NOVEMBER 2019

The logo for potter+moore innovations ltd features a stylized white drop or teardrop shape above a curved line that sweeps upwards and to the right. The text "potter+moore" is in a lowercase sans-serif font, with "innovations ltd" in a smaller lowercase sans-serif font below it.
potter+moore
innovations ltd

POTTER & MOORE
— (DEVON) LIMITED —

CREIGHTONS_{plc}

BERNARD JOHNSON
GROUP MANAGING DIRECTOR

INTRODUCTION

Quality

Service

Innovation

Creightons plc is a public company quoted on the main exchange (CRL)

Operating in the Health + Beauty sector we have grown rapidly in recent years to £45m pa

We manufacture and market our own brands as well as developing and manufacturing of brands and product for other companies

A very significant part of our business is our full service Private Label contracts for the main high street and grocery retailers

QUALITY SERVICE INNOVATION

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Haircare



Well-Being



Skincare



CURRENT PERFORMANCE

Quality

Service

Innovation

In the past 6 months we have continued to deliver for all our stakeholders

Increased Cash, Profit and another step in the Margin Ladder for our shareholders

A motivating Bonus for our employees

Winning Awards for Service and Quality from our customers

Winning New Customers as well as extending business with current

Tighter and stronger partnerships with our Suppliers and Contractors

QUALITY SERVICE INNOVATION

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Bath + Shower



Gifting



Self-Tan





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PAUL FORSTER
GROUP FINANCE + COMMERCIAL DIRECTOR

FINANCIAL HIGHLIGHTS

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Revenue increased by 6.3% to £23.8m (2018: £22.3m)

-

Gross margin % improved by 3.7% to 42.0% (2018: 38.3%)

-

Operating profit margin of 7.7% (2018: 6.3%)

-

Profit before tax increased by 28.0% to £1,766,000 (2018: £1,380,000)

FINANCIAL HIGHLIGHTS

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Diluted earnings per share at 2.06p (2018: 1.80p)

-

ROCE 13.4% in the period (2018: 11.0%)

-

Proposed interim dividend 0.15p per ordinary share (2018: 0.15p)

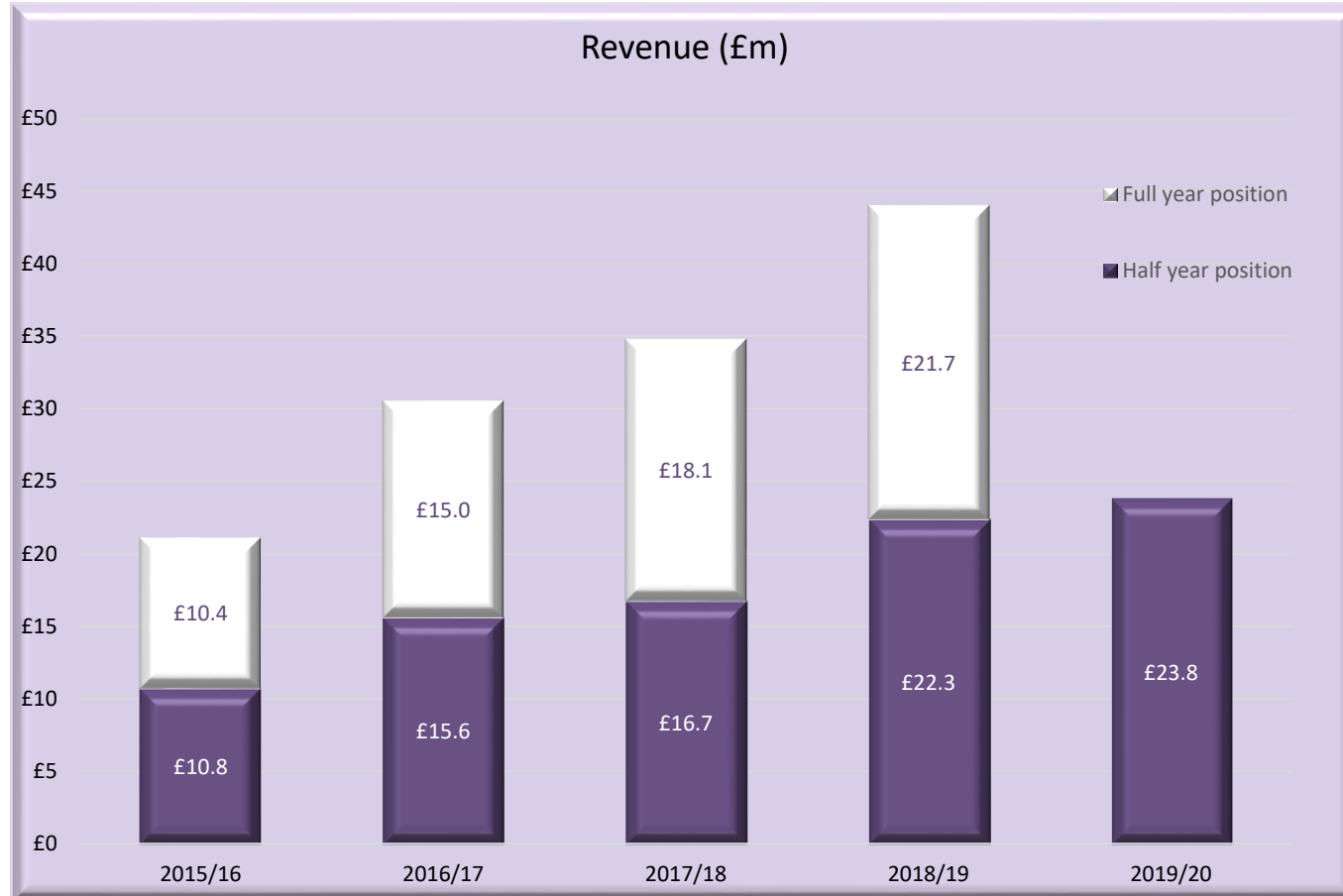
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Net cash inflow from operating activities of £3,258,000 (2018: net cash outflow of £1,350,000)

-

Net cash on hand £1,745,000 (2018: net borrowing £1,963,000)

REVENUE



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**Revenue increased by 6.3% to
£23.7m (2018: £22.3m)**

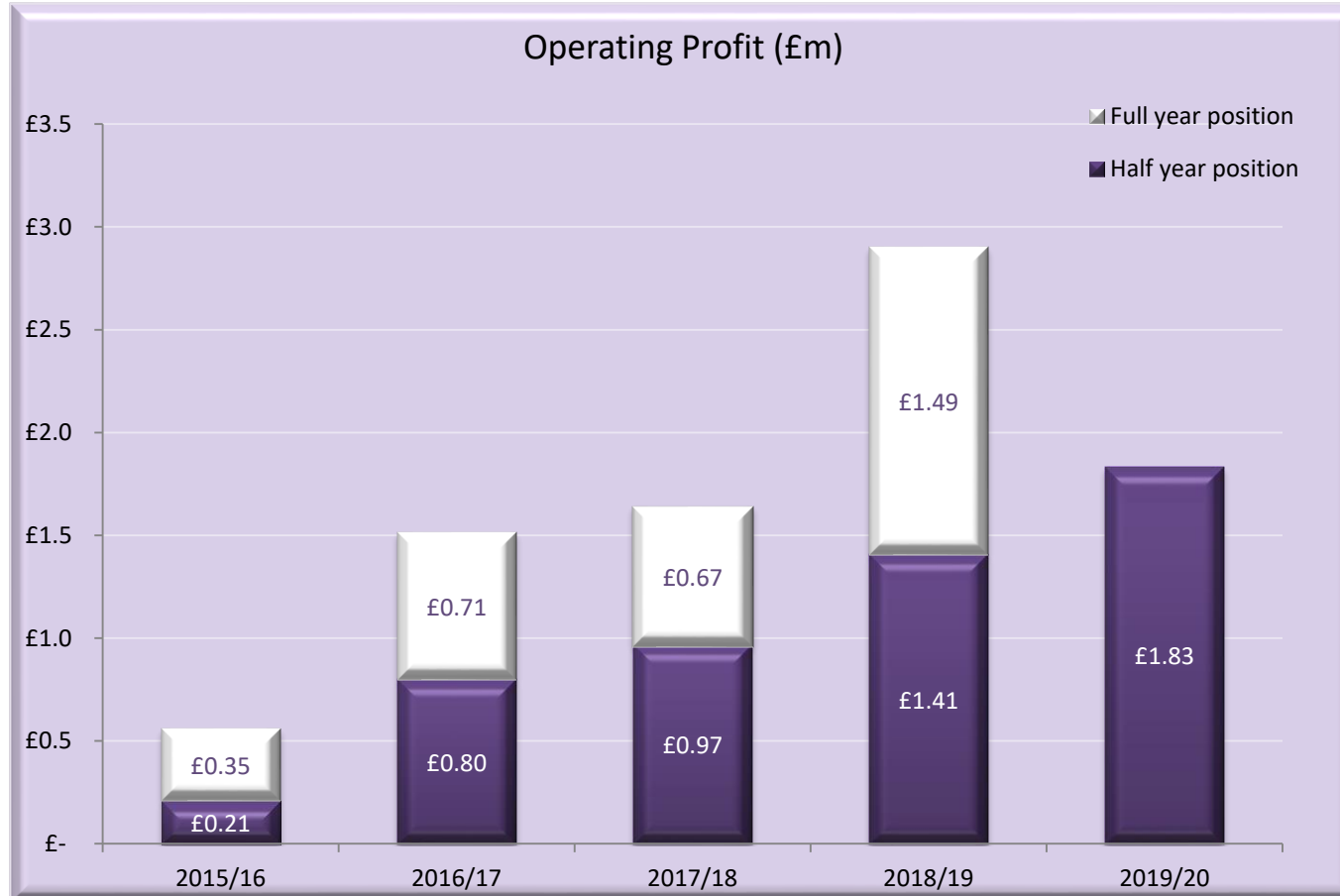
**6 months to Sep 19 at £23.8m
exceeds full year to Mar 16 at
£21.2m**

**Balance Active Formula
skincare brand contributed
£304,000 of sales**

QUALITY SERVICE INNOVATION

OPERATING PROFIT

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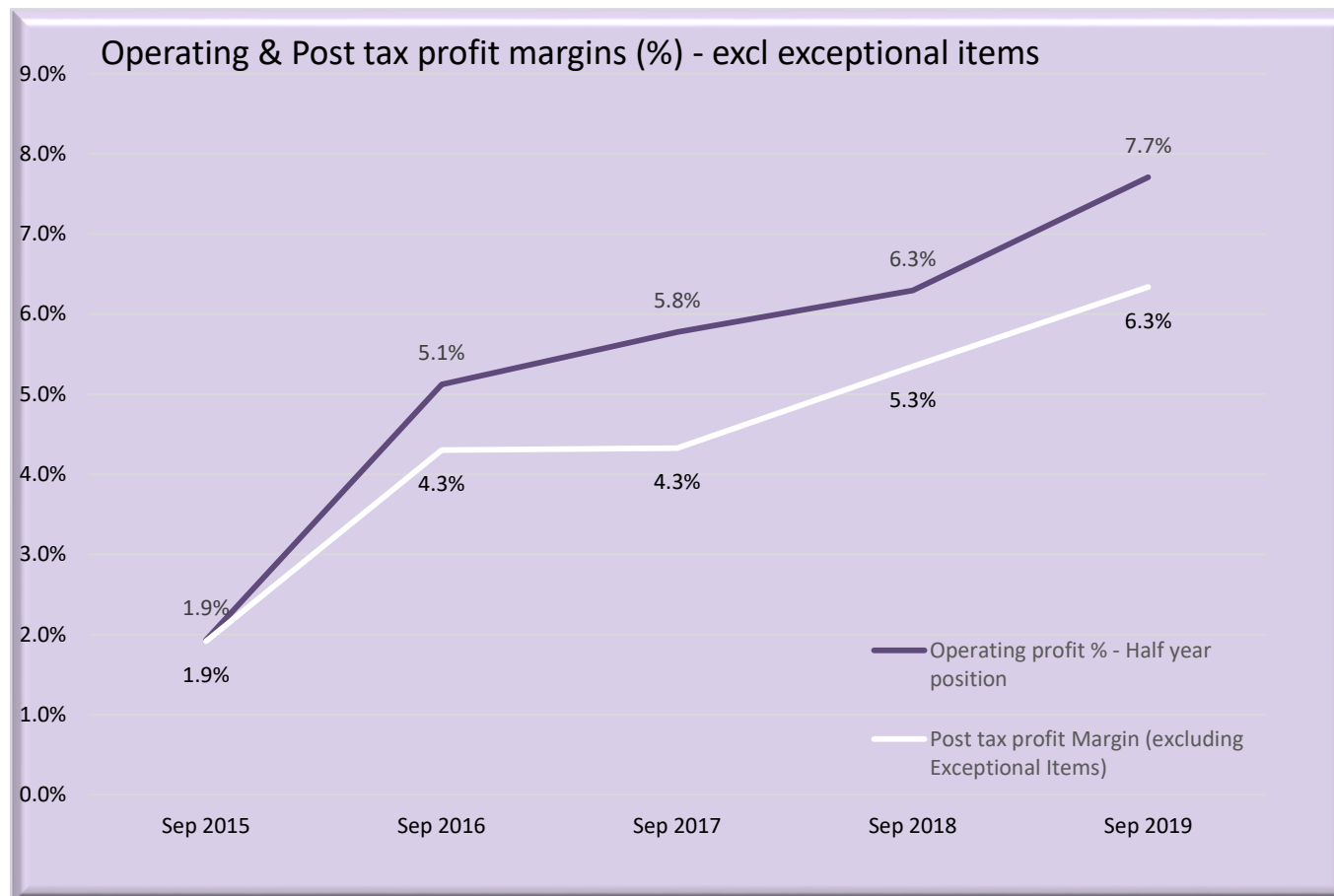
Operating profit increased by 30.3% to £1,832k

Distribution costs increased to enable sales growth

Administration costs increased by 13.9% as we plan for future growth

PROFIT MARGINS

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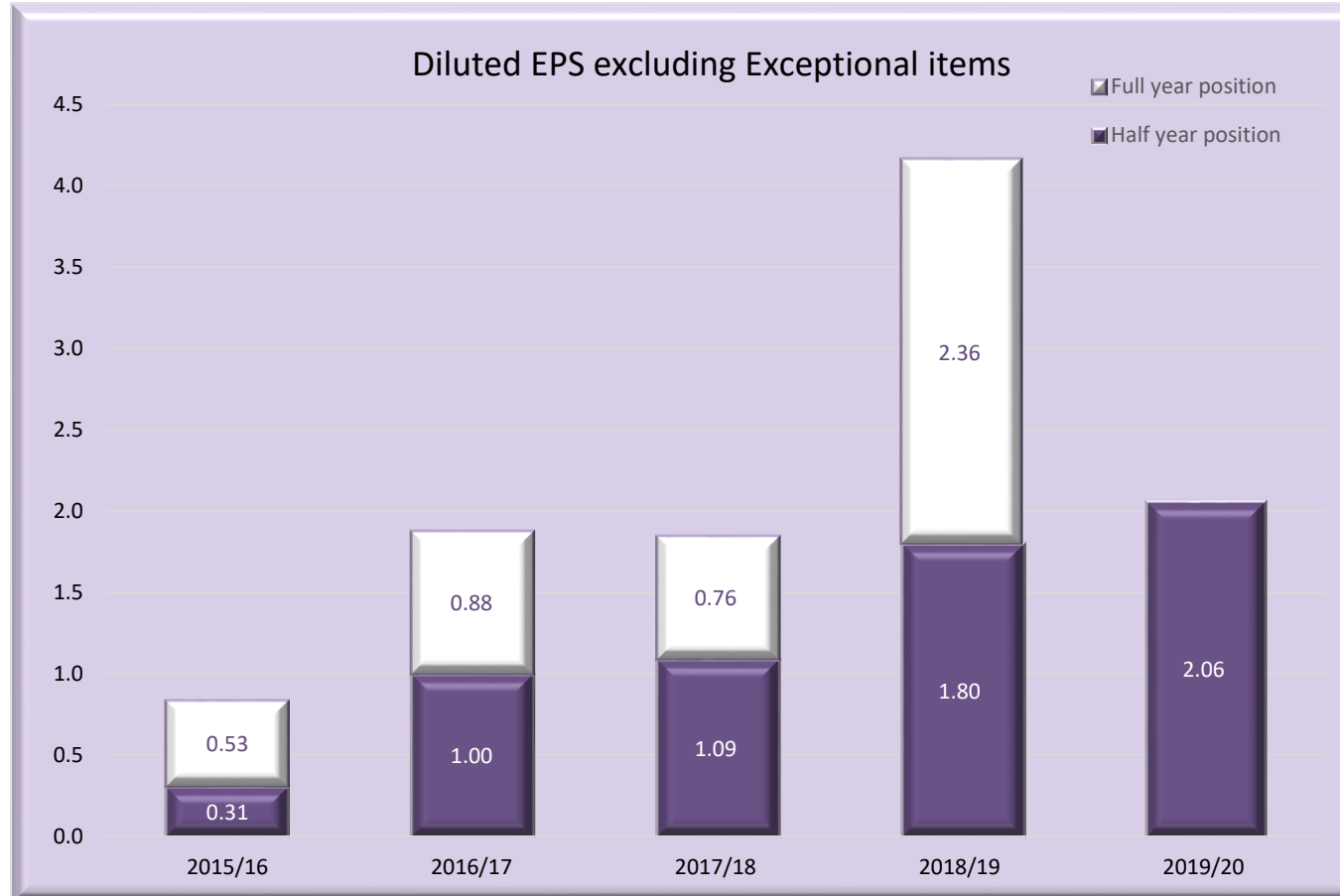


**Operating profit margin up by
1.4% to 7.7%**

**Tax charge of 14.7% to
September 2019 (2018: 13.5%)**

DILUTED EPS

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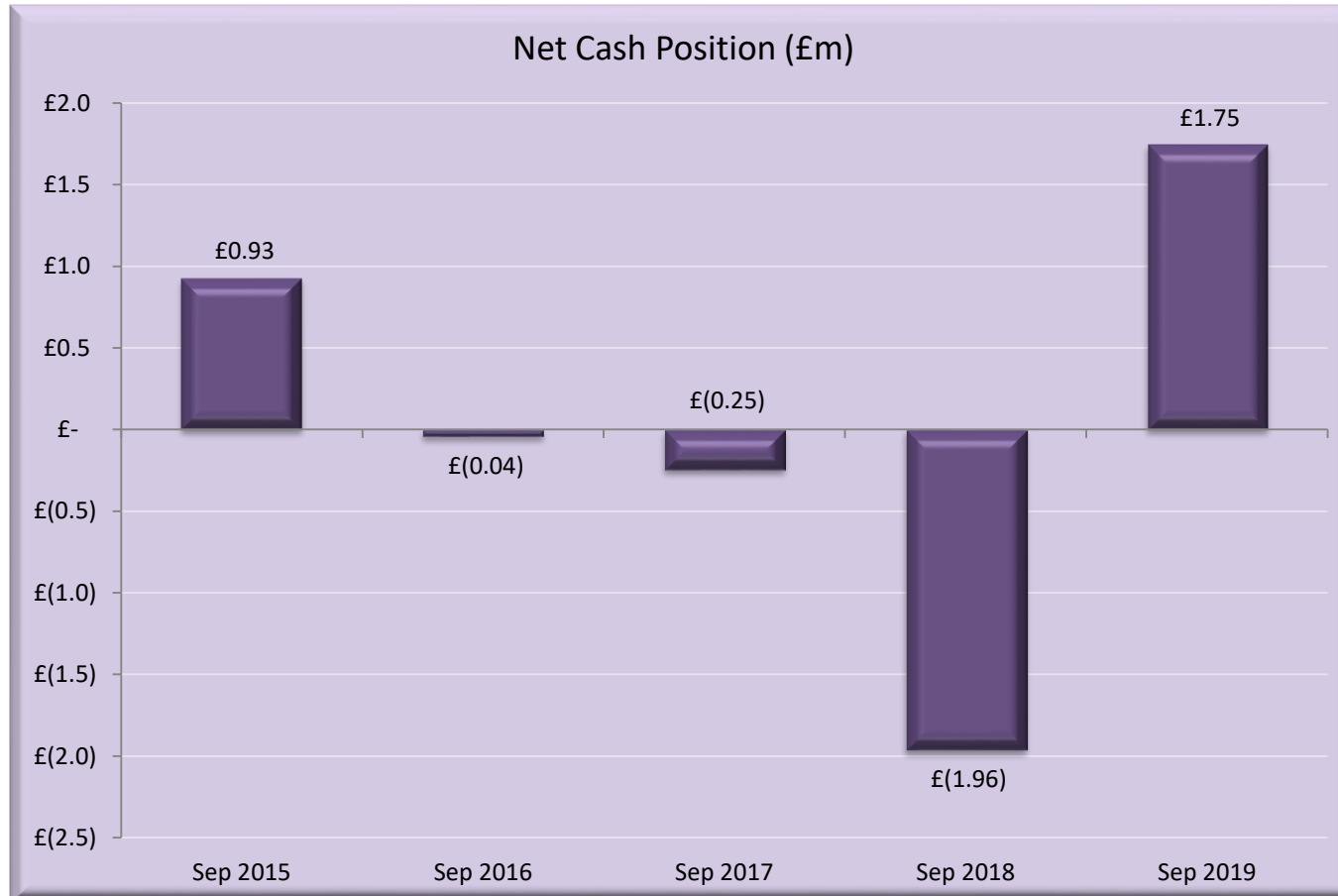


**Increase of 14.4% compared
to September 2018**

**Increased by 665% from
September 2015
to September 2019**

NET CASH

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Net cash inflow from operating activities £3,258k (2018: outflow £1,350k)

Cash generated from working capital £566k (2018: cash utilised £3m)

Purchase of Balance Active Formula for £506k

Working capital headroom of £7.7m at September 19

WORKING CAPITAL

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Stock levels in line with 2018 levels.

Stock turn (Historic Cost of sales) remains as last year at 3.8 times

Working capital control

Debtors decreased by 10%, compared to sales growth of 6.3%

**Trade debtor days
2019: 49 days
2018: 61 days**

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PIPPA CLARK

GLOBAL SALES + MARKETING DIRECTOR

DIVISION PERFORMANCE

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APRIL–SEPTEMBER
2018

43%

Private Label

+61% sales

34%

Contract
Manufacturing

+20% sales

22%

Owned
Brands

+13% sales

APRIL–SEPTEMBER
2019

50%

Private Label

+27% sales

30%

Contract
Manufacturing

-8% sales

20%

Owned
Brands

-3% sales

PRIVATE LABEL HIGHLIGHTS

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Significant growth with Key UK Retailers

High Street Grocery Drugstore

PRIMARK®

Wins with Key International Retail Partners

Haircare Babycare Bath + Shower

Superdrug[☆]

Margin Enhancing, Value Add Categories



Innovative, Speed to Market Launches

New Year Advent Calendar

Skincare Trends – ingredients + format



Award Winning

Supplier of the Year + Service Level of the Year

No 1 Private Label supplier

Product Awards

TV featured

QUALITY SERVICE INNOVATION

Bath +
Shower

Babycare

Self-Tan

Skincare

Fragrance

Male
Grooming

Haircare

Well-
Being

BRAND HIGHLIGHTS



CVS, USA early 2020
Tesco UK, early 2020



Clicks, South Africa in Oct 2019
TVSN, Australia, Jan 2020
Boots UK + Ireland, Spring 2020



ETOS, Netherlands
400 store roll out 2019/2020



First 4 months trade
exceeding expectations by 20%

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BRAND DEVELOPMENTS

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BODY BLISS

Body Bliss – relaunch and rebrand of Ingredients

Range of bath + body products

Cleaner formulas

Post consumer-recycled plastic,

Vegan

Natural Ingredients

Global Launch - February 2020



QUALITY SERVICE INNOVATION

BRAND DEVELOPMENTS



The Humble Promise

Biodegradable Formulations

Eco-Friendly Packaging Options

Natural Ingredients

Luxury Formulas




**Spoil
yourself**
**NOT THE
ENVIRONMENT**

DIGITAL

Launched new customised platform
Creightons.com

Relaunched Individual Brand Sites

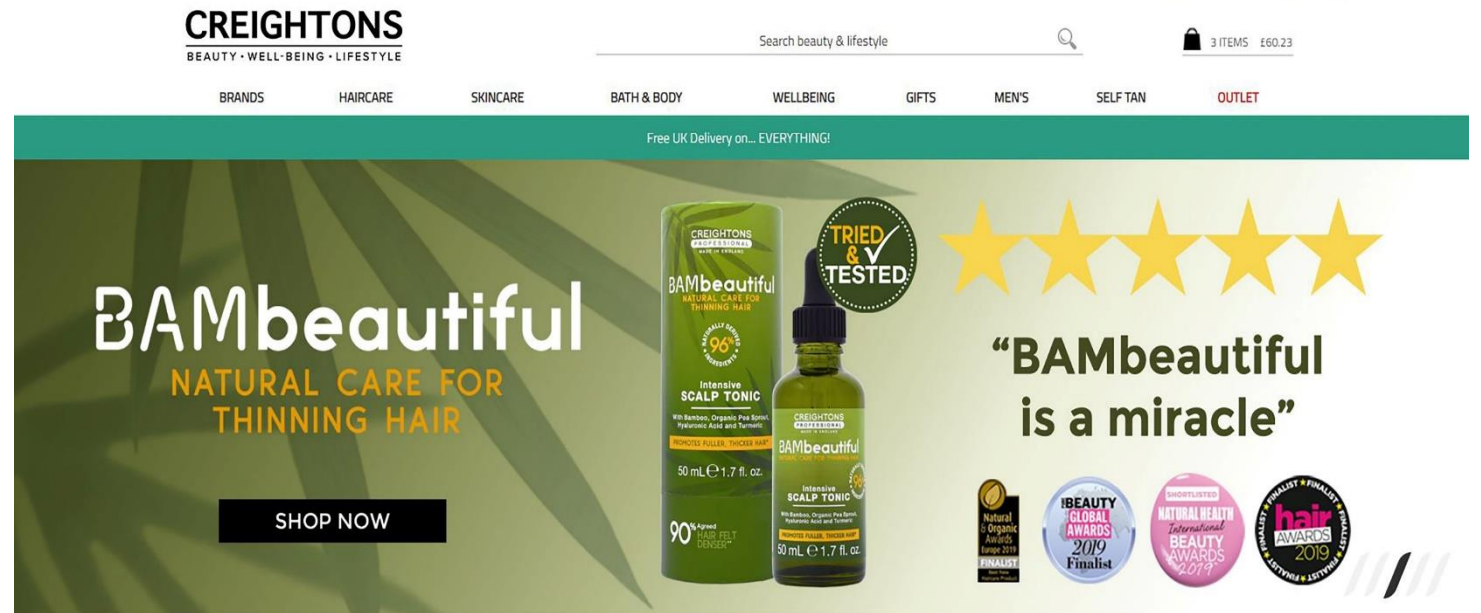
Digitally + Data Driven

Active Social Media Programmes

Direct to Consumer Communications

Team Investment
Digital + Communications

QUALITY SERVICE INNOVATION

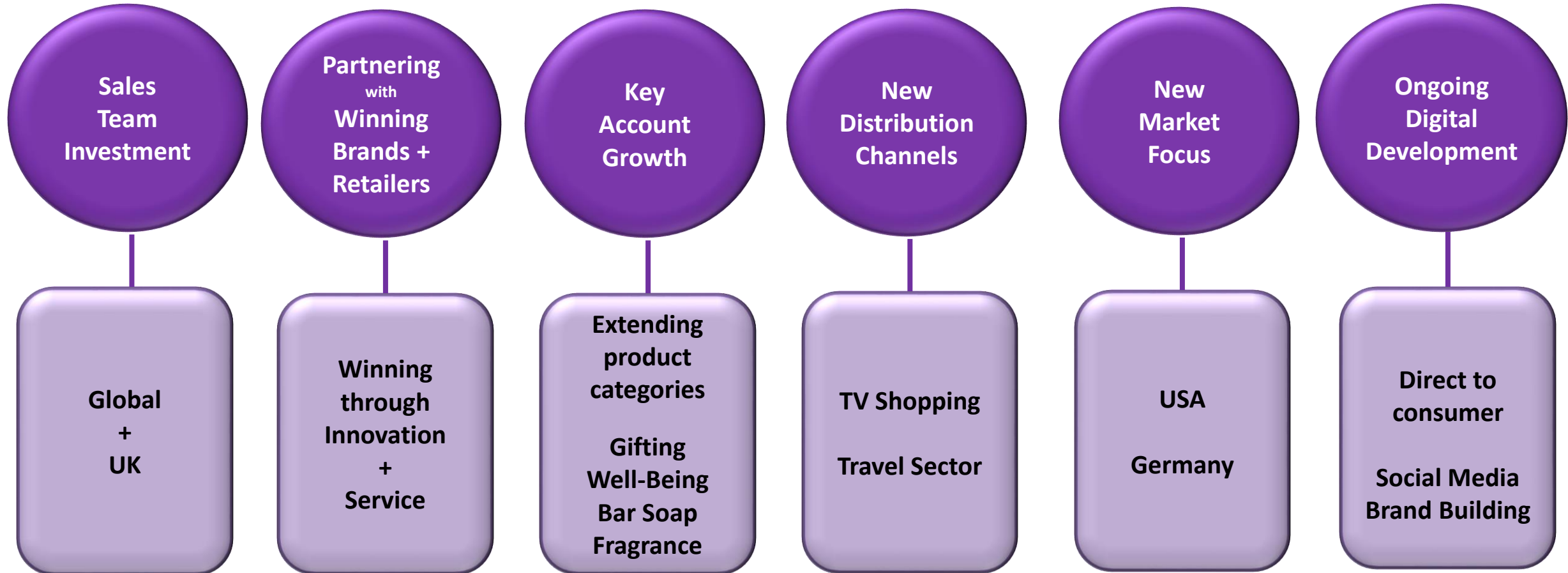


FOLLOW US ON SOCIAL MEDIA



DRIVERS FOR GROWTH

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BERNARD JOHNSON
GROUP MANAGING DIRECTOR

FOR THE FUTURE

Quality

Service

Innovation

Brexit Uncertainty : Currency Fluctuations : Trade
Tensions : High Street Mayhem : Hi Speed Tech Evolution
If there are opportunities we will take them

We continue to hunt down higher margin contracts
within each section of our business, particularly where
we can deliver equally high margin to our customers

Creightons are keen to develop as well as purchase good
Brands with higher margins, such as Balance Active.. a
recent and very successful small brand acquisition

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Travel



Fragrance



QUALITY SERVICE INNOVATION

THANK YOU & QUESTIONS

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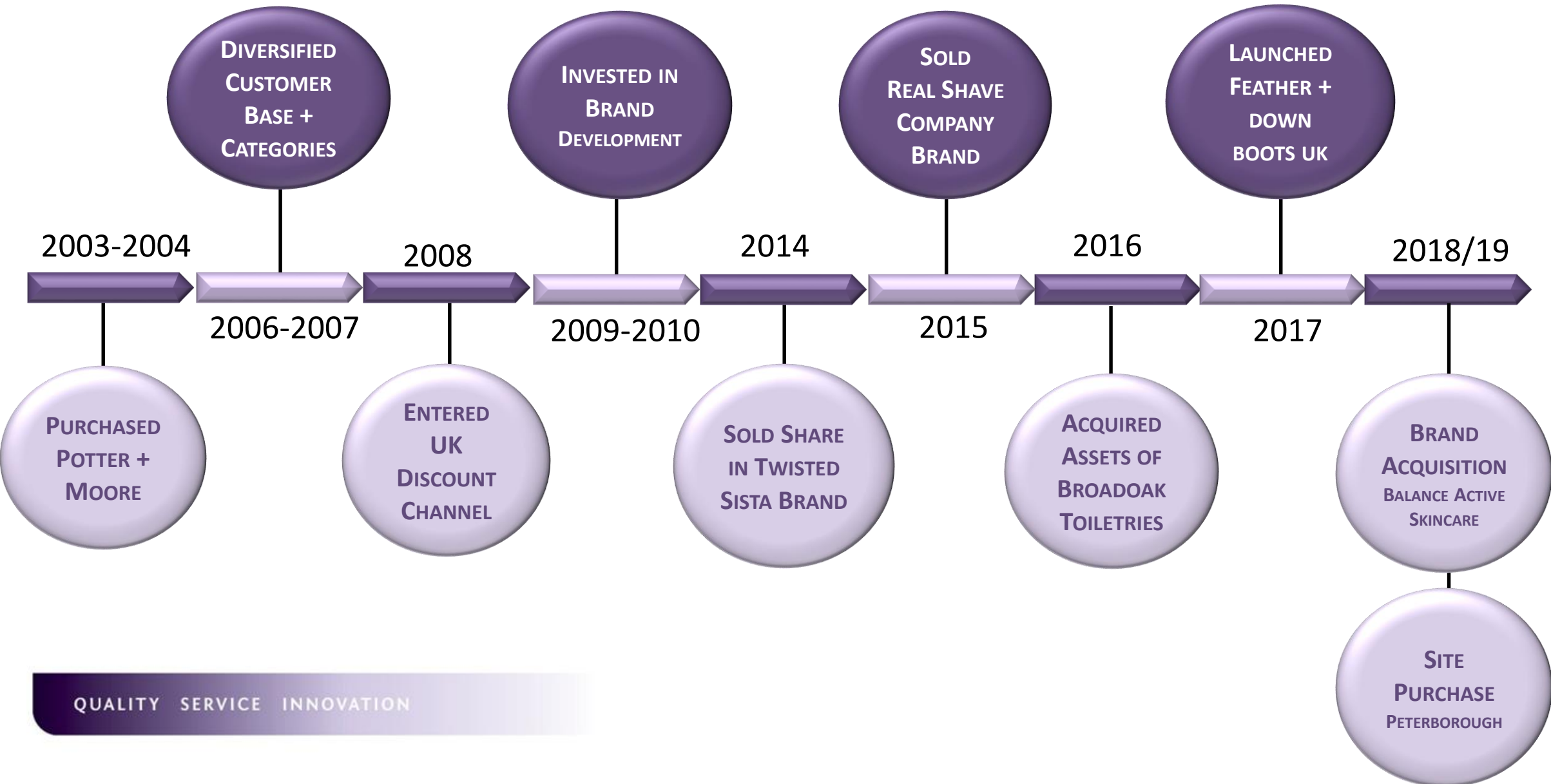
APPENDICES

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potter+moore
innovations ltd

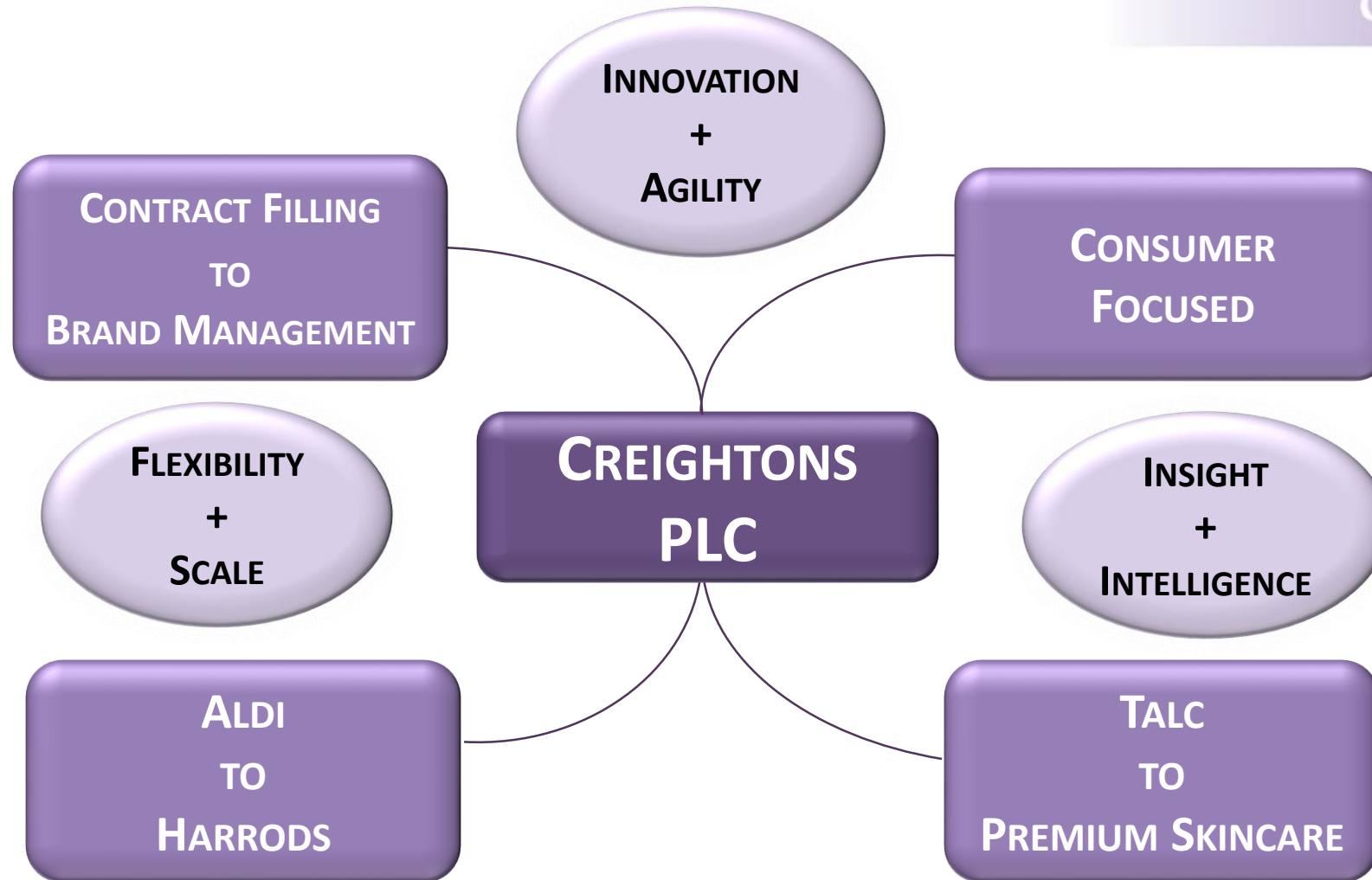
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HISTORY



OUR USP

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QUALITY SERVICE INNOVATION

How We Do It

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MORE THAN A MANUFACTURER SOLUTION PROVIDER

THREE
BUSINESS
CHANNELS

DIVERSE
CUSTOMER
BASE

CATEGORY
EXPERTISE

BUYING
POWER

FLEXIBLE
MANUFACTURE

R+D
EXPERTISE

BRANDS
OWNED +
LICENSED

PRIVATE
LABEL

CONTRACT
MANUFACTURING

VALUE
MASS
PREMIUM

10 BEAUTY +
PERSONAL
CARE
CATEGORIES

MULTIPLE
SOURCES

VOLUME
TRADE

RISK
MANAGEMENT

LOW TO HIGH
VOLUME RUNS

WIDE RANGE
FORMULATIONS

DIVERSE
PACKAGING

FIRST TIME
ON TIME

ROBUST
NPD

QUALITY SERVICE INNOVATION

PRODUCTION CAPABILITIES

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Liquid Mixing

11 vessels

Batch sizes = 150kg – 6.5 tonnes

Alcohol Mixing

5 Alcohol vessels

Batch sizes = 25kg – 3 tonnes



BOTTLES

4 SEMI
AUTOMATIC
LINES (INC 1
HIGH SPEED)



TUBES

4 SEMI
AUTOMATIC
LINES (INC 1
HIGH SPEED)
+ 1 METAL TUBE



JARS

4 SEMI
AUTOMATIC
LINES



**POWDER &
SALTS**

2 SEMI
AUTOMATIC
LINES



ALCOHOL

3 SEMI
AUTOMATIC
LINES

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PRODUCTION CAPABILITIES

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SOAP

1 SOAP LINE
WITH AUTO
STAMPING



GIFT

4 GIFT PACKING
LINES



DIFFUSERS

1 DIFFUSER
FILLING, PACKING
LINE,
CELLOPHANE
FINISH

PRODUCTION CAPABILITIES

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PACKAGING

- In house capabilities to manage tooling projects for bespoke packaging
- Global sourcing capabilities



FILLING

- Glass blown prior to production
- Pump testing: evacuation testing, functionality, compatibility
- Chill filtering for fragrance clarity
- Ability to fill higher levels of ethanol



FINISHING

- Glass finishes: Acid etching, spray etching, printed glass
- Tamper Evidence/ Cellophane wrapping
- Cartoning Finishes: Flocked, Fabric, metallic

QUALITY SERVICE INNOVATION

OWNED BRANDS

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KEY FEATURES

Develop & sell value, performance products at all levels of retail positioning

- Value
- Mass/High Street
- Premium
- Export

Trend/Consumer led/Innovation

Speed to market



QUALITY SERVICE INNOVATION

PRIVATE LABEL

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KEY FEATURES

Service performance, technical expertise + flexibility

Award winning supplier

Forecast based supply

Stock holding – day 1 for day 3 delivery

Volume variation 10k – 500k/annum

Contract filling to brand management



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CONTRACT MANUFACTURING

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KEY FEATURES

Make to order

3-4 month advanced order book

Wide breadth of customers

Excel at accounts standard fillers cannot manage

Niche position based on performance formulas,
technical expertise and flexibility



QUALITY SERVICE INNOVATION

WILLIAM MCILROY – CHAIRMAN

Mr William McIlroy who has been Chairman and Chief executive of the Company for sixteen years has an extensive knowledge and experience of the personal care industry.

BERNARD JOHNSON – GROUP MANAGING DIRECTOR

Bernard Johnson has been with the company for fifteen years working as Managing Director. He has been in similar senior positions with manufacturing businesses over the past 30 years, in many cases brought in on a rescue and recovery basis.

MARTIN STEVENS – GROUP DEPUTY MANAGING DIRECTOR

Martin is a Chartered Chemist and has worked in the cosmetics industry for 32 years with extensive experience across the personal care and household sector in Research & Development, Quality Assurance, Production and Procurement. Martin has been Technical Director at Potter & Moore Innovations Ltd (the Company's principal trading business) and Creightons Plc for the past 16 years. He has previously been Technical Director of Norit Body Care Toiletries, Technical Director at the manufacturing division of AAH Pharmaceuticals Ltd, Chief Chemist at Columbia Products Co Ltd after initially entering the industry with L'Oreal working with brands such as Lancôme and Cacharel.

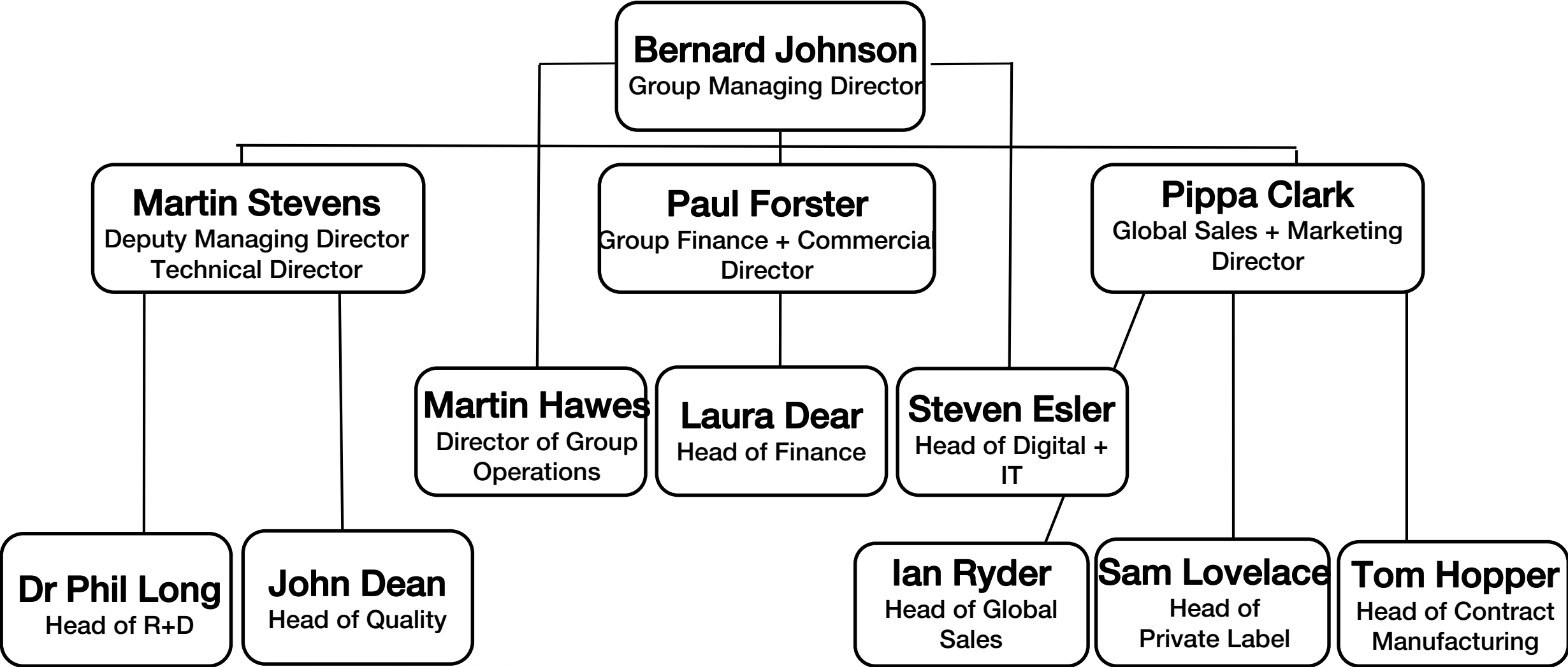
PIPPA CLARK – GLOBAL SALES + MARKETING DIRECTOR

Pippa has worked within the industry for 20 years in a wide and extensive range of sales, marketing and commercial roles across private label, branded and contract businesses. In recent years she has headed up the development of the Creightons branded portfolio growing and extending the reach of the Company's award winning brands into multiple channels and international markets whilst also overseeing the development of the strengthening private label division of the business.

PAUL FORSTER – GROUP FINANCE + COMMERCIAL DIRECTOR

This is a new role with responsibility encompassing manufacturing, logistics and procurement. Paul has been with the Potter & Moore Innovations business for 28 years, primarily working as Chief Financial Officer but also including spells overseeing manufacturing. Previously he was Finance Director of Beauty International Fragrance Ltd (BIF), who distributed the Coty fragrance range throughout Europe and the Far East. Prior to joining BIF Paul qualified as a Chartered Accountant with Touche Ross

MANAGEMENT STRUCTURE



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