



# CREIGHTONS

— MADE IN ENGLAND —

QUALITY . SERVICE . INNOVATION



**Results Presentation**  
**Full Year March 2024**

24 July 2024



# AGENDA

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01

## **Company Introduction and Highlights**

Pippa Clark,  
Group Managing Director

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02

## **Financial Review**

Qadeer Mohammed,  
Director of Finance

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## **Strategy Update**

Pippa Clark,  
Group Managing Director

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## **Summary**

Pippa Clark,  
Group Managing Director

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05

## **Q+A**

Pippa Clark, Group Managing Director

Qadeer Mohammed, Director of Finance

Martin Stevens, Group Manufacturing  
Director/Deputy MD

Paul Forster, Non-executive Chairman



# COMPANY INTRODUCTION AND HIGHLIGHTS

Pippa Clark  
Group Managing Director



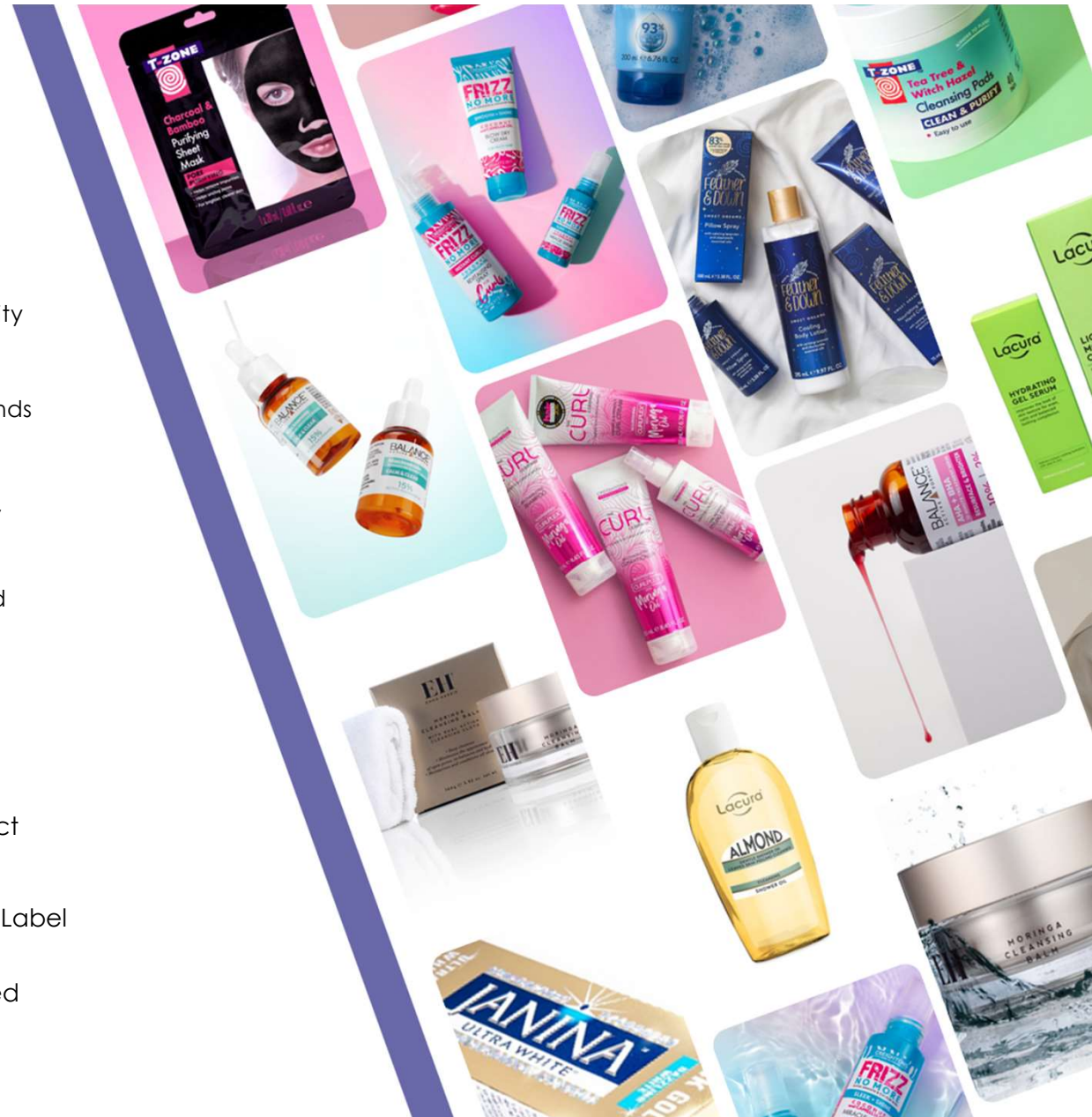
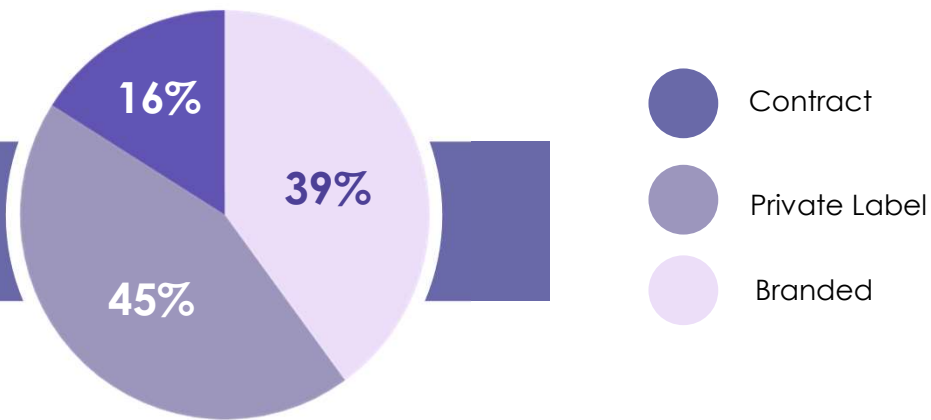


# CREIGHTONS

MADE IN ENGLAND

- Creightons designs, develops, manufactures and distributes high quality beauty and personal care products in a broad range of categories
- Route to market via three revenue streams; Private Label, Owned Brands and Contract Manufacturing
- 400 employees over two manufacturing sites in the UK; Peterborough, Cambridgeshire and Tiverton, Devon
- Full-service supply to key brands and major retails chains in the UK and International markets

## Group Sales by Revenue Stream April 23 – March 24



# FINANCIAL HIGHLIGHTS



## Improved performance

Improved performance on lower revenue £53.2m (2023 : £58.6m)



## Gross Margin improvement

By 1.3% to 42.9% (2023: 41.6%)



## Pre - Exceptionals

£1.5m (2023: £1.6m)



## EBITDA

£3.2m (2023: £3.0m)

**Key Drivers: Margin Improvement, Cost Reduction, Product Portfolio Rationalisation**



## Net Cash on hand positive

£2.2m (2023: negative £1.2m)



## Proposed Dividend

0.45p share (2023 : Nil)

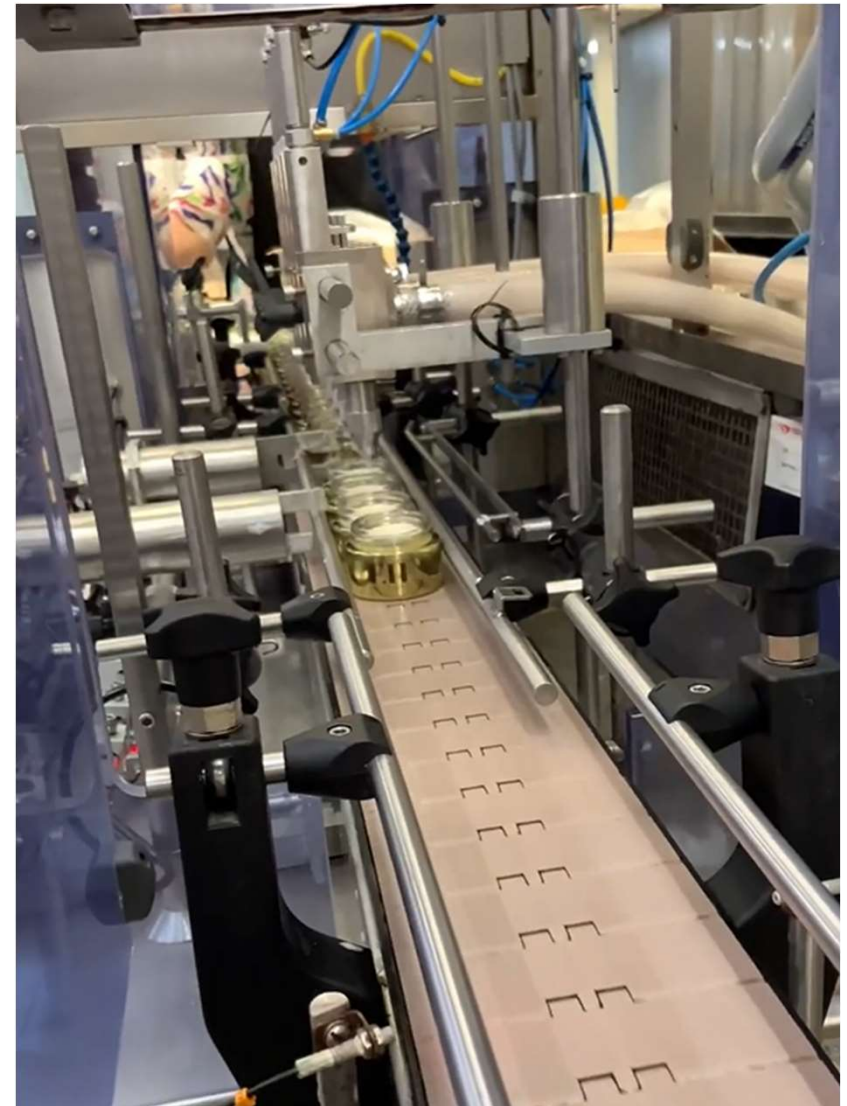


## Adjusted Diluted EPS

Increased to 1.42p (2023: 1.05p)

# OPERATIONAL HIGHLIGHTS

- 01 Reduction in overheads by £1.5m
- 02 Cost Price Increase Implementation
- 03 Improved manufacturing efficiencies
- 04 Reduction in stock £8.2m (2023: £10.2m)
- 05 Completion of restructuring warehousing - 75% now inhouse from 40% end March 2023
- 06 Emma Hardie full team and operational integration







# FINANCIAL REVIEW

Qadeer Mohammed  
Director of Finance



# FINANCIAL SUMMARY

## Revenue reduction year on year of 9.2% to £53.2m

- Challenging market within Contract and Branded sales
- Decision to exit from non-profitable product offerings

## Gross profit margin improved year on year by 1.3% to 42.9%

- Inflationary pressures across the cost of labour, raw materials, componentry, and commodity prices had the impact of eroding Gross profit margins.
- Improving Gross Margin due to product re-engineering, re-formulating, and increasing customer selling prices

## Operating profit margin before exceptional costs increased to 2.9% (2023: 2.7%)

- Implemented a strategy of cost rationalisation to allow it to re-align its overhead base with the current level of activity

As a direct result of the strong operating performance, the Group has been able to generate £3.2m of EBITDA in the year to March 2024 (2023: £3.0m).

Together with the reduction in stock levels and working capital, this has resulted in an improvement of net cash on hand increasing to £2.2m (2023: negative £1.2m)





# REVENUE STREAMS



Revenue for the year was £53.2m (2023: £58.6m), a reduction of 9.2%.



Private label increased by 7.9% to £23.7m

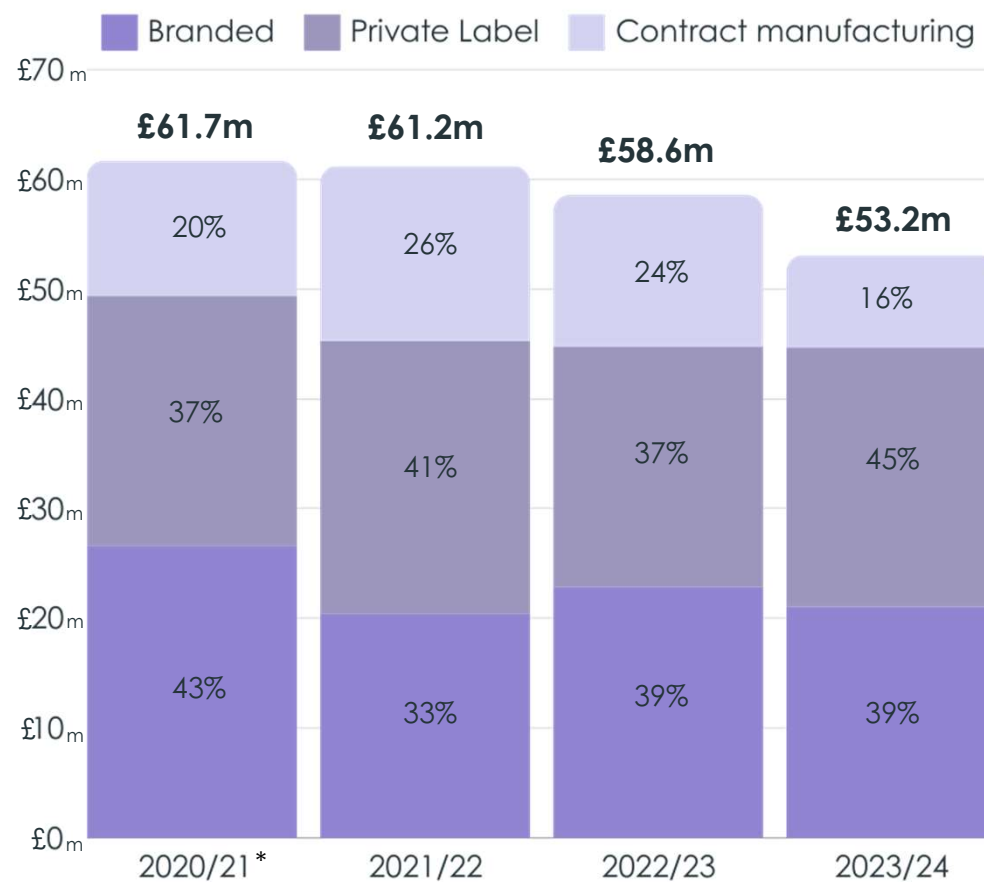


Branded decreased by 7.6% to £21.0m



Contract decreased by 38.9% to £8.5m

Revenue (£m)



\*24% from hygiene products (Covid -19) included in branded sales

# OPERATING PROFIT BEFORE EXCEPTIONAL COSTS

Despite a reduction in Revenue the operating profit before exceptional items is comparable year on year.

**Distribution costs decreased by 10.6% to £3.5m (2023: £3.9m)**

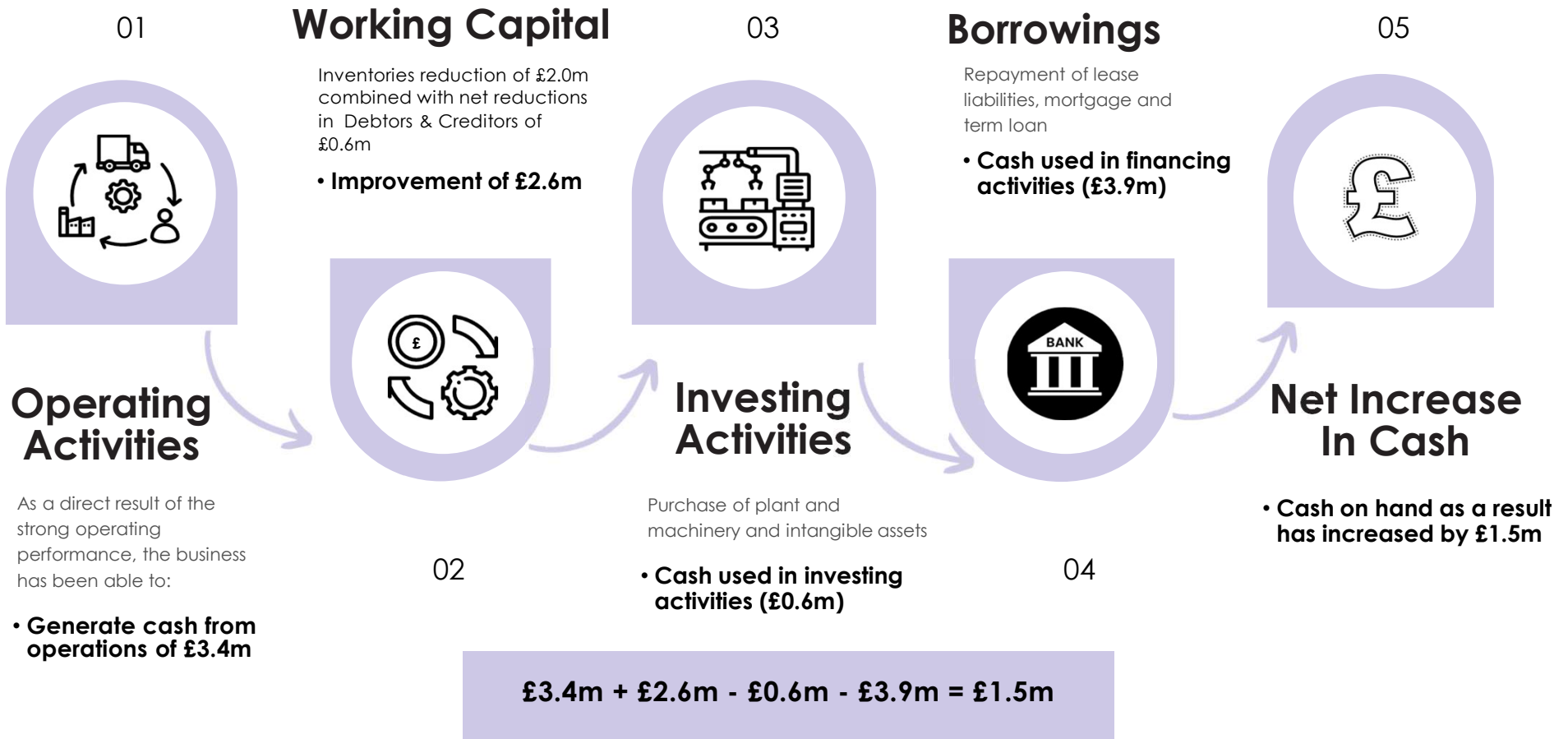
Reduction in manufacturing volumes & exit third-party logistics providers and bringing picking and packing of finished goods in house

**Admin expenses have decreased by 5.6% to £17.8m (2023: £18.9m)**

Strategy of cost rationalisation to allow it to re-align its overhead base with the current level of sales activity  
Efficient utilisation of the factory has meant reduction in utility costs

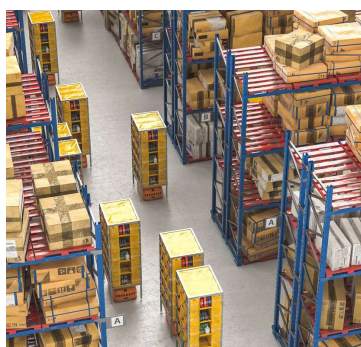


# CASH GENERATION





# WORKING CAPITAL



**Stock levels decreased by £2.0m compared to March 2023**

Targeted reduction in purchasing quantities and manufacturing batch sizes, thereby enabling the transfer of finished goods from third-party warehousing to the main site in Peterborough.



**Stock turn (Historic Cost of sales) is 3.7 times (2023 3.3 times)**

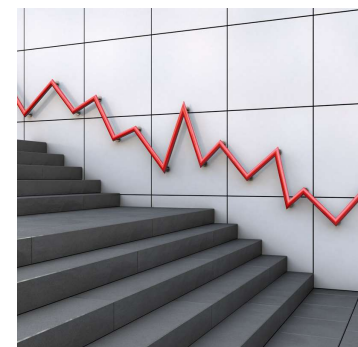
Faster inventory movement, implying effective sales strategies, reduced holding costs, and potentially lower risk of obsolete inventory.



**Trade debtor days 2024: 58 days 2023: 63 days**

Debtors decreased by £2.0m compared to March 2023.

Collecting receivables more quickly, which improves cash flow and provides funds for daily operations, investment, and debt repayment.



**Creditors decreased by £1.6m compared to March 2023**

A function of reduced purchasing quantities and activity.

# EXCEPTIONAL ITEM – IMPAIRMENT OF EMMA HARDIE BRAND VALUE



01

Following the difficult trading years of the Emma Hardie subsidiary, management have assessed that the brand value acquired on acquisition in relation to Emma Hardie has been impaired by £4.4m.



02

This is shown as a separate line item in the Consolidated profit and loss account as it is an expense that is not in line with the normal trading operations of the Group.



03

The impact of this impairment is not cash impacting in the current year, this is an entry that reduces the intangible assets (Brand value for Emma Hardie) on the balance sheet with a corresponding entry in the Consolidated income statement. The associated goodwill and deferred tax liability was derecognised from the balance sheet.



04

The remaining associated intangible asset value of £0.66m reflects an accounting assessment of discounted future cash flows from Emma Hardie, based upon current performance and an estimate of future sales and costs.

# DIVIDEND



## Operational Performance

The Group has exhibited strong operational performance and generated cash which in turn has improved the Group's liquidity and reduced its gearing.



## The Objective

This is consistent with the Boards' objective to align future dividend payments to the future underlying earnings and cash requirements of the business.



## Proposed Final Dividend

The Board proposes a final dividend for the year ended 31 March 2024 of 0.45 pence per ordinary share (2023: nil).





# STRATEGY UPDATE

Pippa Clark  
Group Managing Director



# STRATEGY TO WIN

Private Label

Core Brands

New Brands

Digital Sales

R+D

Manufacturing  
strategy

Environment +  
Sustainability



# DEVELOP + CULTIVATE PRIVATE LABEL



## Best-in-class retailers

Work with the best-in-class retailers



## R+D category development

Ensure R+D category development drives new sales opportunities



## UK supply

Retain the dominant position in UK supply



## Margin positive products

Focus on margin positive products

8

Customers

14














Categories

356

SKUs

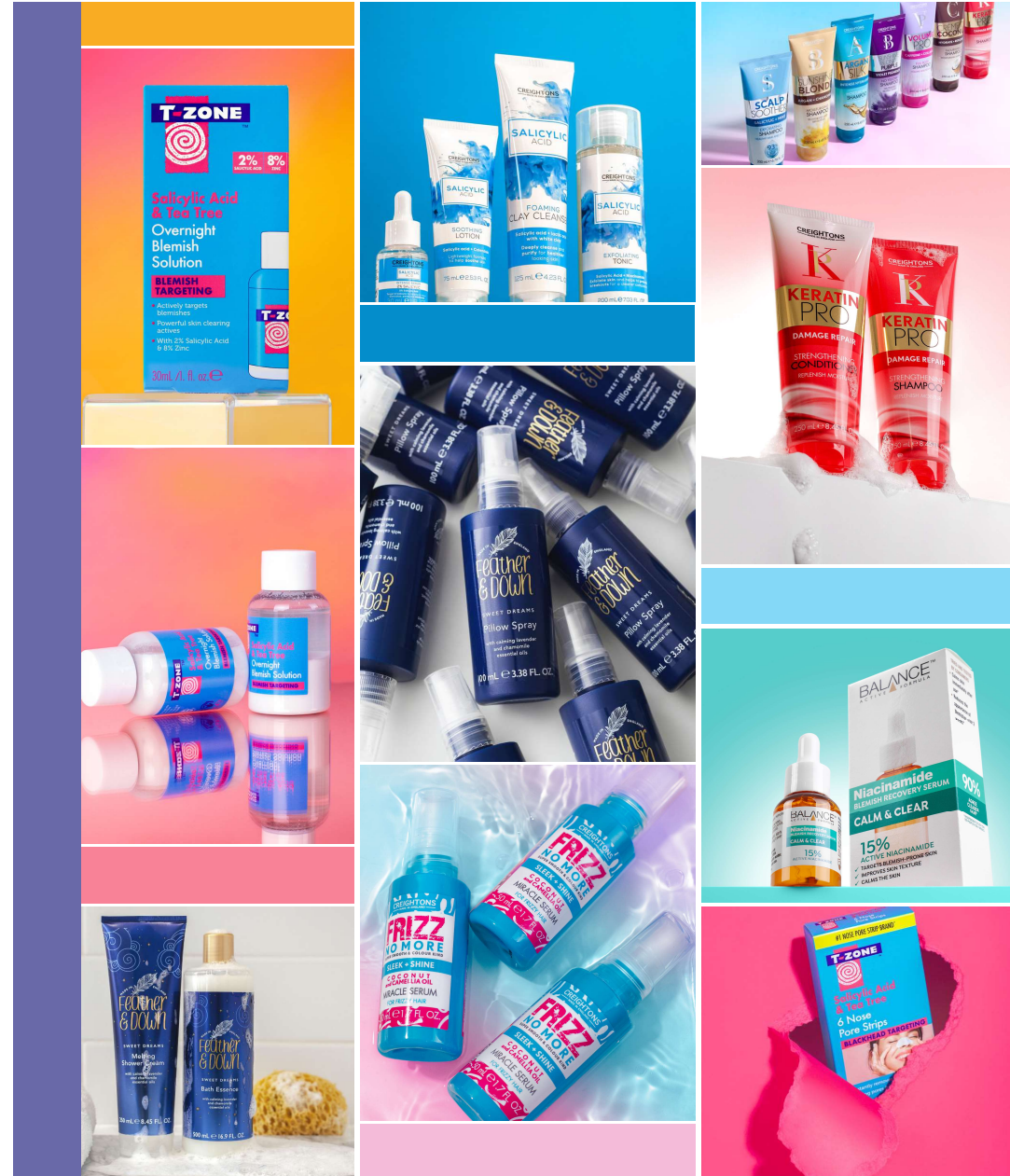


# BUILD + DEVELOP CORE BRANDS

						
Value % of total branded review	37%	18%	14%	11%	11%	10%
YOY	-5%	-28%	-5%	10%	5%	31%
Customers	20	15	11	9	5	5
Stores UK (approx.)	3256	2859	119	3359	1067	940
Stores Int'l (approx.)	2479	800	95	300	300	1752
New Listing UK						
New Listing Int'l						

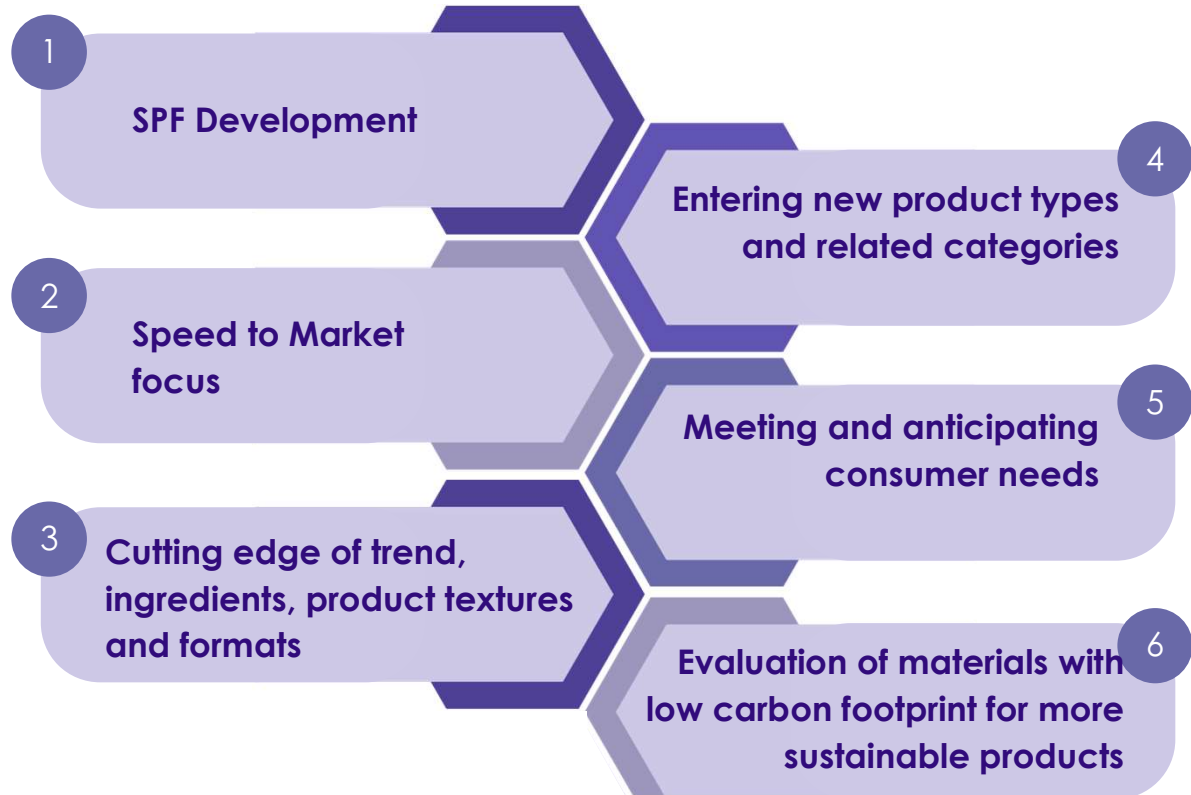
# EXPAND WITH NEW BRANDS

- 01 Created In-house or Acquired
- 02 Where the fit is right and adds value to the Groups total Brand portfolio
- 03 Where the opportunity and positioning fill the 'white space'
- 04 Where the opportunity meets an unfulfilled consumer need
- 05 Where the sales and margin enhancement deliver additional business value

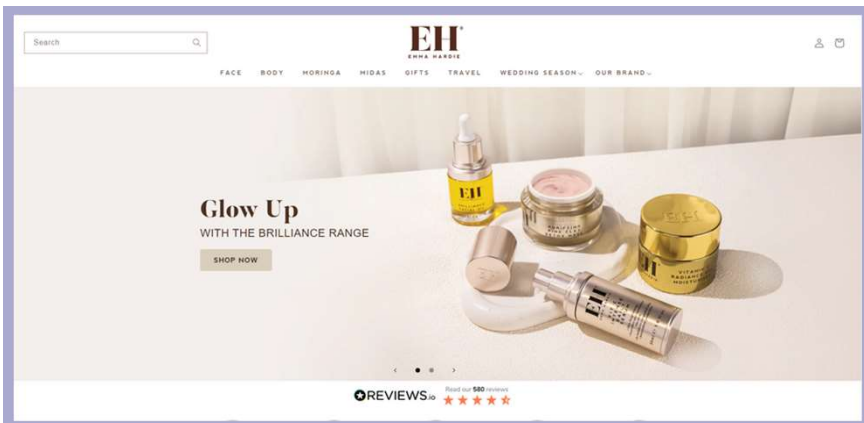
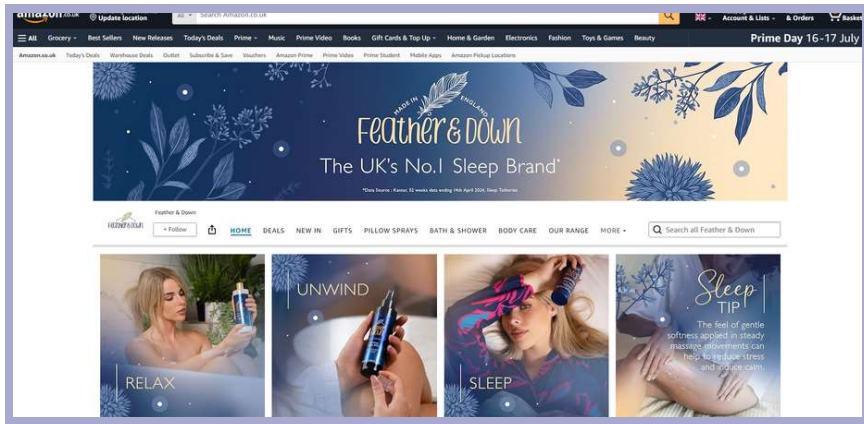




# INVEST IN R+D AND CATEGORY EXPERTISE



# BUILD ON DIGITAL SALES



**AMAZON  
VENDOR + SELLER**

**.COM**

**GROW  
RELATIONSHIPS**

- Ongoing development of Amazon Vendor + Seller including developing selected international markets
- Investment into our own .com site for Emma Hardie where the brand positioning engages the consumer and is profitable
- Grow relationships with key pure beauty players where the brand fit makes sense



# MANUFACTURING STRATEGY

## CAPITAL INVESTMENT

Output, capacity and efficiency focused  
Explore where AI can benefit

## COST FOOTPRINT

Ensure continual fit to sales and profit profiles

## TRAINING PROGRAMMES

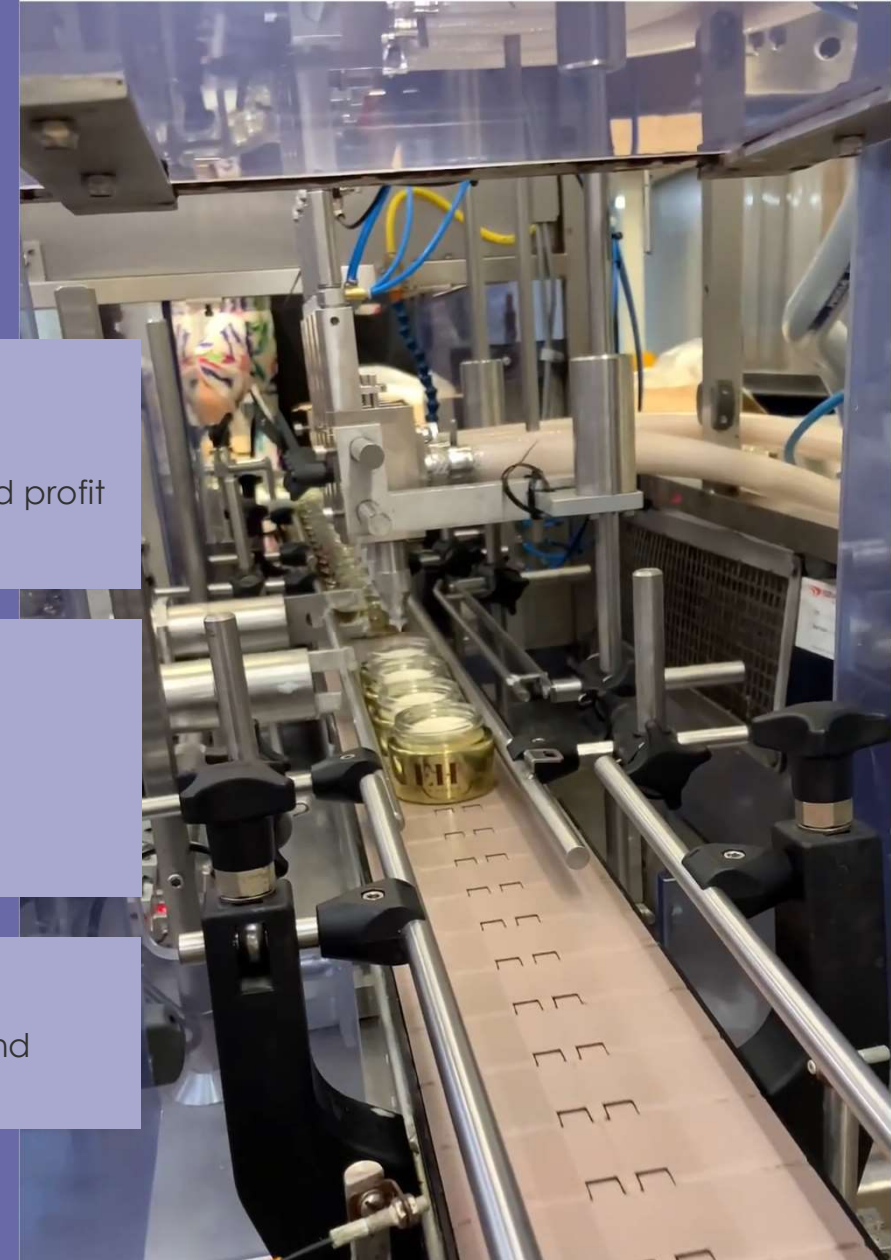
Structured and targeted operational skills training and core management team development

## OPERATIONAL CONTROL

Review and utilise technology advancements to maximise productivity and investments

## ENVIRONMENTAL AND SAFETY REQUIREMENTS

Ensure the Group's costs and asset base match demand, environmental and safety requirements



# MEET ENVIRONMENTAL AND SUSTAINABILITY TARGETS

Scope 1-2 Emissions to Drop 42%, Scope 3 by 25% by 2030

10 Years of RSPO Supply Chain Accreditation Completed

5.3% Increase in Recycled Plastic in Packaging for FY23/24



Business Commits to SBTi-Validated Emissions Targets

7.8% Decrease in Scope 1 and 2 Emissions for FY23/24

99.9% Palm Derivatives from RSPO Sustainable Sources

CDP Climate Module Completion FY24/25



# SUMMARY

Pippa Clark  
Group Managing Director





## SUMMARY

- Achieved profitable operational business and returned to positive cash
- Focus on value generating, profitable growth areas: channels, customers and products
- Continued investment in current brands



**Restructured sales team**



**Ongoing marketing investments; trade + social media**



**Ecom platforms  
Extend where profitable**



**Extending distribution  
International focus**

- Strong momentum in private label revenue stream
- Re-focused and motivated management team





# Q+A

Paul Forster  
Pippa Clark  
Qadeer Mohammed  
Martin Stevens



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