

Capital markets event

Stelrad Group plc

**Well positioned with
structural opportunities
to drive profitable
growth**

14 November 2024



WELCOME

Presenting today



Trevor Harvey
Chief Executive Officer

- Joined Stelrad in 2000
- >35 years' industry experience
- Former MD of primary competitor



Leigh Wilcox
Chief Financial Officer

- Joined Stelrad in 2012
- Appointed CFO in 2024
- Qualified at PwC



Chris Humphreys
Strategic Marketing Director

- Joined Stelrad in 2007
- >30 years' industry experience
- Early career in Automotive sector



David Taylor
Group Operations Director

- Joined Stelrad in 2014
- >30 years' industry experience
- Previously with primary competitor



Koen Mannaerts
European Commercial Director

- Joined Stelrad in 1999
- >25 years' industry experience
- Leads European sales team



Mike Brady
Consultant, Eden McCallum

- First worked with Stelrad in 2008
- >30 years' professional experience
- LEK and Bain background

WELCOME

Agenda

14:30: Introduction - Trevor Harvey

14:35: Market overview - Chris Humphreys

14:40: Increasing premiumisation - Chris Humphreys and Mike Brady, Eden McCallum

15:00: Positioning effectively for decarbonisation - Koen Mannaerts

15:15: Coffee break

15:40: Flexible, state-of-the-art, low-cost manufacturing – David Taylor

15:50: Market-leading customer service and product availability – David Taylor

16:05: Leading competitive position – Chris Humphreys

16:20: Financial framework – Leigh Wilcox

16:30: Summary and conclusions – Trevor Harvey

16:35: Q&A

17:00: Reception and product show

Stelrad is Europe's leading radiator manufacturer

Our core purpose is helping to heat homes sustainably

1,400+
people

500+
customers

40+
countries

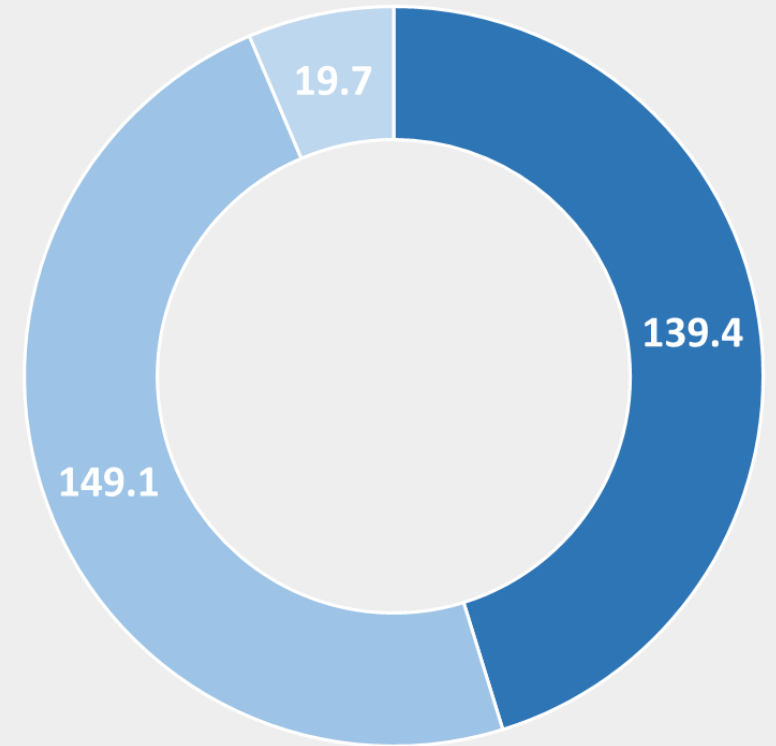
5
market leading brands

#1
In hydronic heat emitters

- 11.8% overall market share
- 20.2% steel panel market share
- Stelrad is Europe's #1 brand



2023 revenue £308.2m



■ UK & Ireland ■ Europe ■ Turkey & International

INTRODUCTION

The Group has a comprehensive portfolio of heat emitters suitable for all heating systems



Standard steel panel



Premium steel panel



Low surface temperature



Towel warmer



Column



Decorative steel tubular



Hybrid low temperature



Electric

Four key strategic objectives to drive profitable growth

Growing market share

1

- Strive for cost leadership
- Provide market leading product availability
- Selectively target share growth in key geographic markets
- Act as a market consolidator

Improving product mix

2

- Accelerate upselling to premium steel panel and design products
- Pursue complementary acquisition opportunities

Optimising routes to market

3

- Adapt quickly to channel evolution
- Embrace digital transformation

Positioning effectively for decarbonisation

4

- Maximise sales of current products compatible with low temperature systems
- Develop products appropriate for low temperature and decarbonised systems
- Leverage our market position to unlock adjacent opportunities

Today's focus

Stelrad has an attractive market opportunity, with positive underlying dynamics and a significant installed base

Two key structural growth drivers will drive demand for higher margin, higher added-value product, enabling Stelrad to grow ahead of the market

- Increasing premiumisation
- Drive for decarbonisation

Three sustainable competitive advantages position the Group effectively to take advantage of this evolving market opportunity

- Flexible, lowest-cost manufacturing
- Leading levels of customer service and product availability
- Leading competitive position



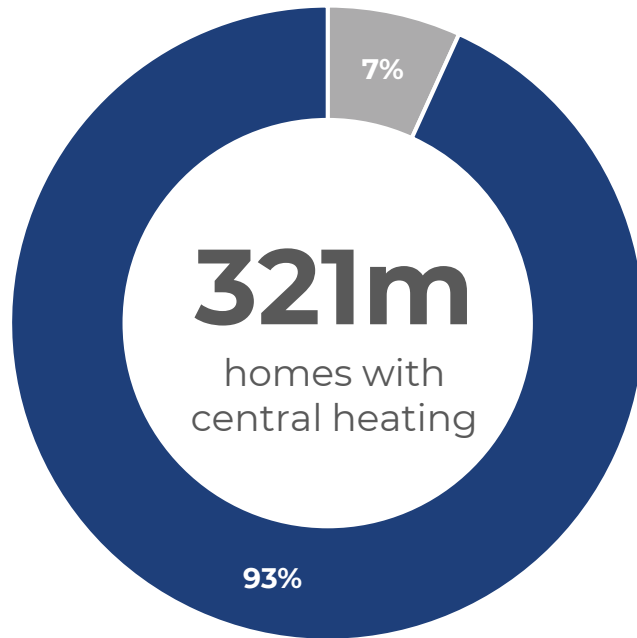
Market overview



Chris Humphreys
Group Strategic Marketing Director

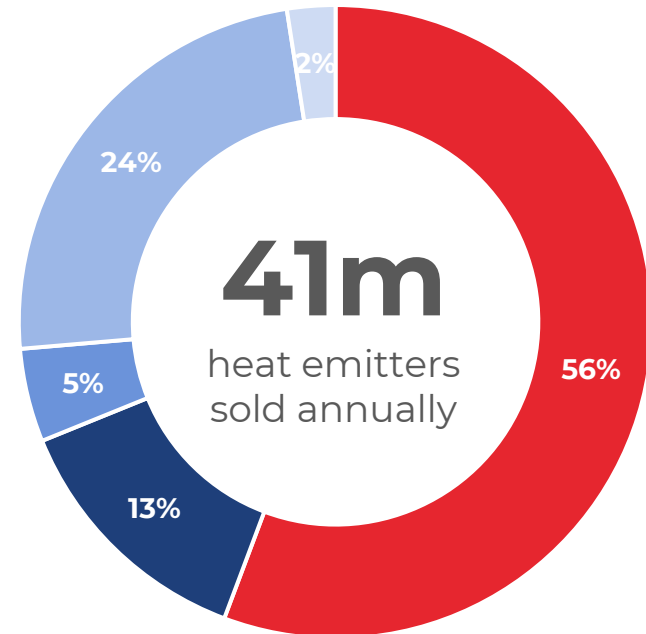
Hydronic systems dominate the market

Hydronic systems represented 93% of the European market in 2023



■ Dry ■ Hydronic

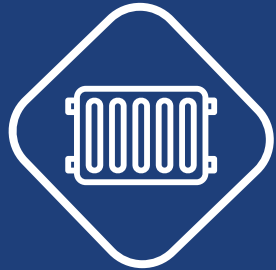
With steel panel radiators accounting for 56% of European hydronic heat emitter volume in 2023



■ Steel panel ■ Towel warmer ■ DST & other steel ■ Aluminium ■ Others

- **>1.8 billion hydronic heat emitters currently installed**
- **Significant long-term replacement market regardless of heat source**

Three key macro trends



1: Replacement The key volume driver

- With an installed base of >1.8 bn units, long-term demand for hydronic radiators is assured
- In 2023, replacement demand was 54% of steel panel volume
- By 2027, this is forecast to rise to a more typical level of 59%



2: Premium and designer Profitable growth potential

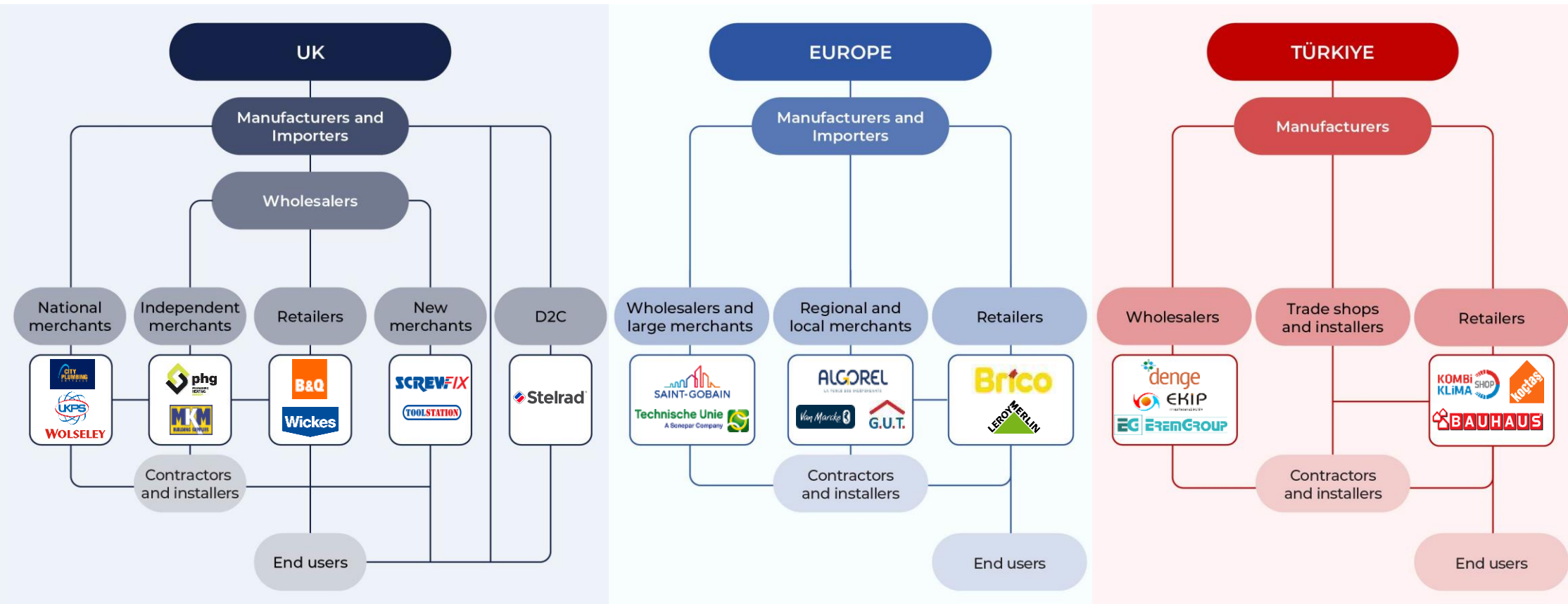
- Increased consumer focus on home design is driving demand for designer radiators
- Significant opportunity to develop the UK market, which has low levels of premium steel panel penetration



3: Decarbonisation Long-term demand driver

- Legislation mandating home heating decarbonisation will drive installation of larger, higher-value conventional radiators alongside hybrid and electrical emitters
- Potential to bring forwards the replacement cycle

As routes to market evolve, Stelrad's strong specifier and distributor relationships provide unrivalled market access



Stelrad's strong brands, market leadership position and unrivalled specifier influence makes the Group a valuable partner in all geographies and market channels



Increasing premiumisation

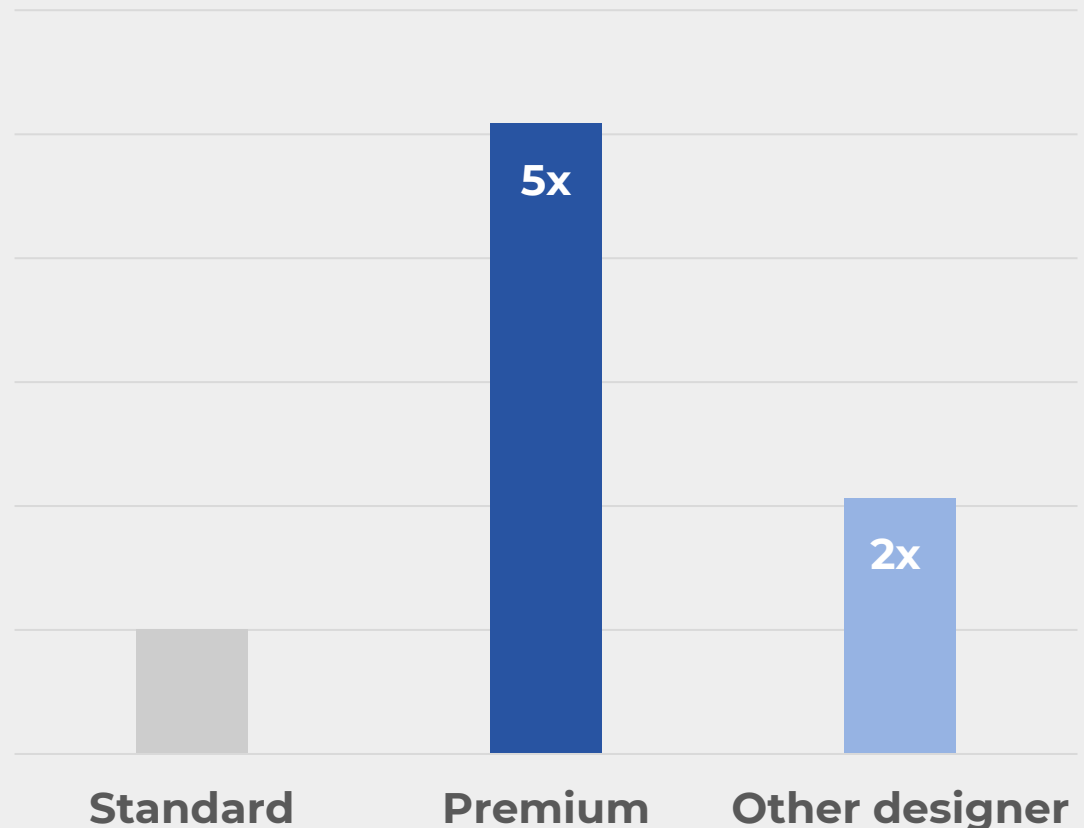


Chris Humphreys
Group Strategic Marketing Director

Improving product mix is a key growth driver

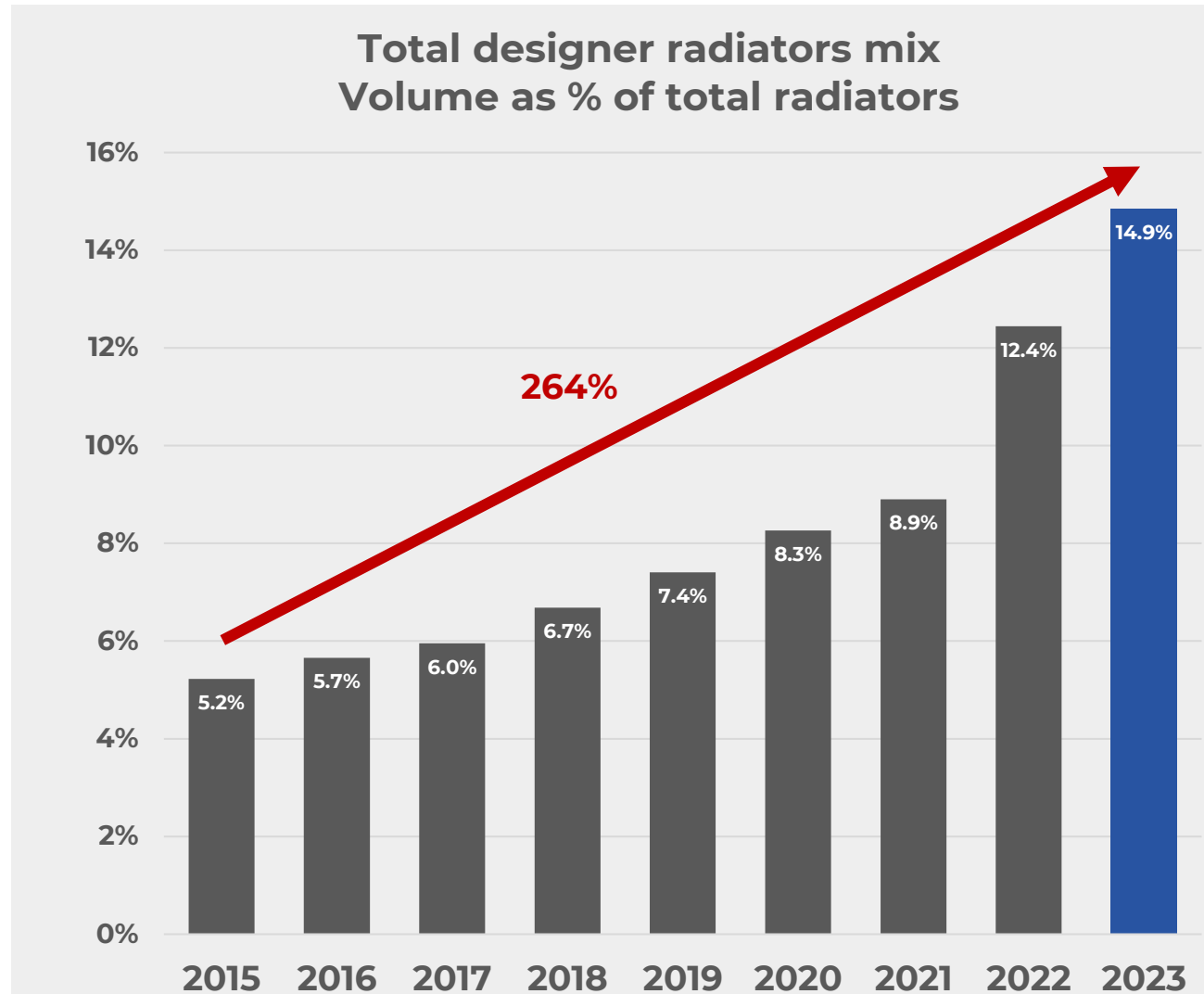
- Premium steel panel and other designer radiators **offer significantly higher contribution** relative to standard
 - Other designer – 2x
 - Premium steel panel – 5x
- Radiators SpA acquisition provides a comprehensive design radiators portfolio
 - Stelrad’s market-leading channel access enables volume growth
- Stelrad has sustainable competitive advantage in premium steel panel radiators
 - Market innovator
 - Low-cost manufacturing base

Premium and designer contribution relative to standard steel panel radiators



Clear strategic focus has driven 264% designer radiator volume growth since 2015

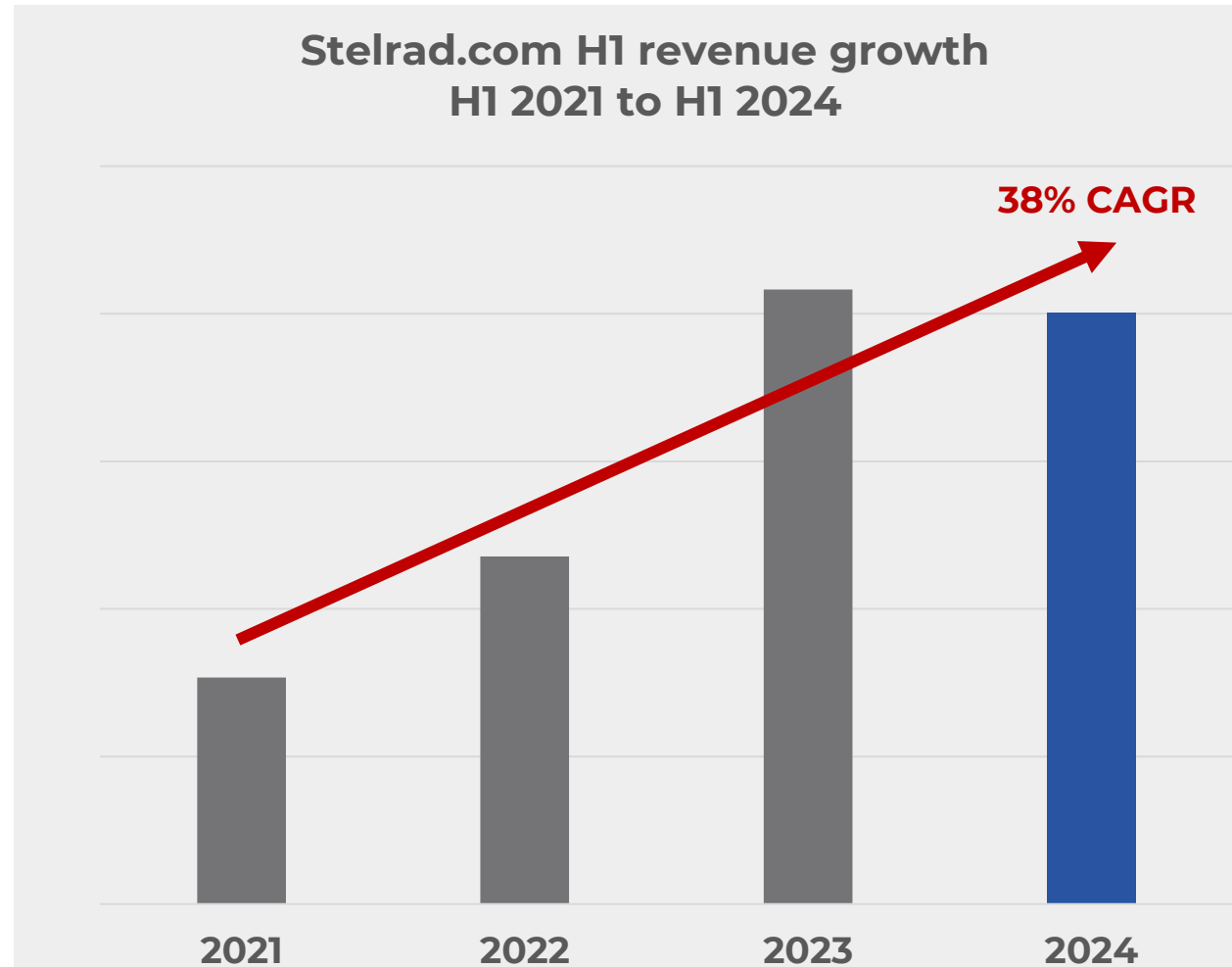
- In 2023, premium steel panel share of all steel panel radiator volume reached a high of 6.2%
- Total designer radiator mix increased to 14.9% in 2023
 - Up 2.5 ppts versus 2022
 - Up 9.7 ppts since 2015
 - Volume CAGR 2015 to 2023 was 12.9%
- Radiators SpA acquisition accelerated growth from 2022 onwards following year-on-year organic gains



INCREASING PREMIUMISATION

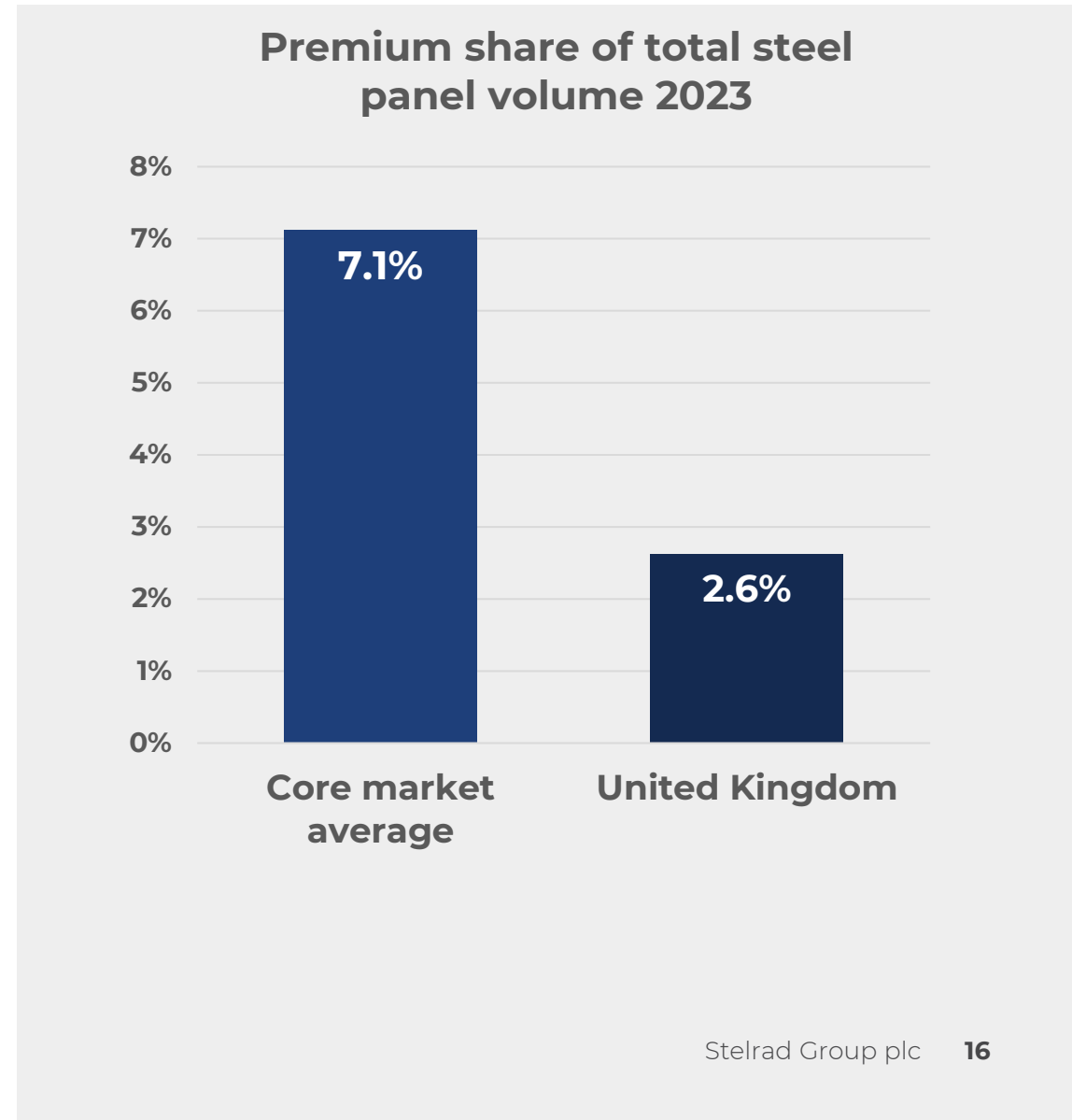
The UK provides considerable potential for Stelrad's profitable growth...

- One of Europe's largest markets for all design radiator categories
 - Stelrad has developed premium steel panel and column business with Kingfisher's Screwfix operation
 - Stelrad.com has experienced significant growth since launch, with 38% revenue CAGR between H1 2021 and H1 2024 and 50.5% designer radiator mix



...with premium a notable opportunity

- The UK is under penetrated in premium steel panel radiators
- Stelrad has sustainable competitive advantage
 - In core markets, premium steel panel has 5%-26% penetration: in the UK just 3%
 - Stelrad is leveraging >50% share market leadership and #1 brand through both conventional merchant and evolving channels to market





eden
mccallum

**Increasing
premiumisation**

**Market survey
insights**



Mike Brady
Eden McCallum consultant

Update on insights and implications from Stelrad's recent market survey

Key findings

- What has changed since 2017; what remains important?

Implications for strategy

- How should Stelrad flex its strategy for market and consumer developments?

Target size of prize

- What might Stelrad target in premium panel and designer sales?

Primary data informing strategy

2017

Interviews

25 plumbers/heating engineers
19 builders
7 architects/interior designers
13 consumers

Quantitative surveys

518 consumers (+428 partial completes)
503 tradespeople (+583 partials)

2024

Interviews

9 merchants/other channel partners
1 competitor
15 consumers
10 plumbers/heating engineers/builders

Quantitative surveys

1,009 consumers (+207 partials)
446 tradespeople (+405 partials)

Key findings from independent survey

The **consumer is the key decision-maker**: around two-thirds choose design themselves

But **installers remain important**, and are increasingly likely to recommend specific (often designer) radiators

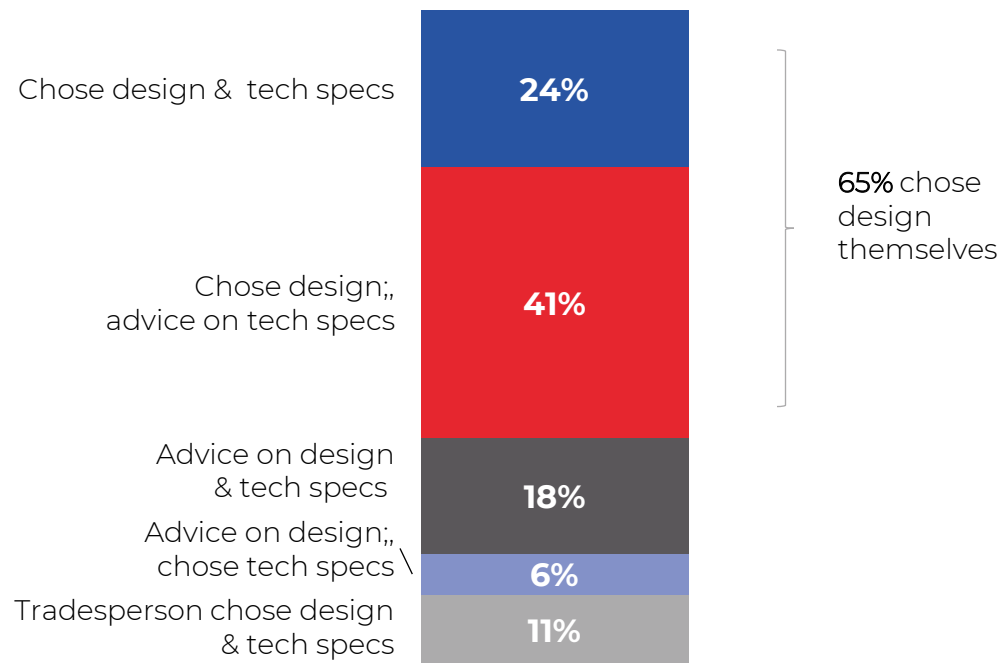
Designer radiators **are not a niche product, but have broad appeal across income groups**

Consumers are increasingly likely to buy designer radiators themselves (~45-60% do so)

While merchants remain the core purchasing channel for installers, **D2C is the fastest growing consumer channel**

The consumer is the key decision maker on choice of designer radiator

Consumer survey: % of consumers who received advice in their last designer radiator installation

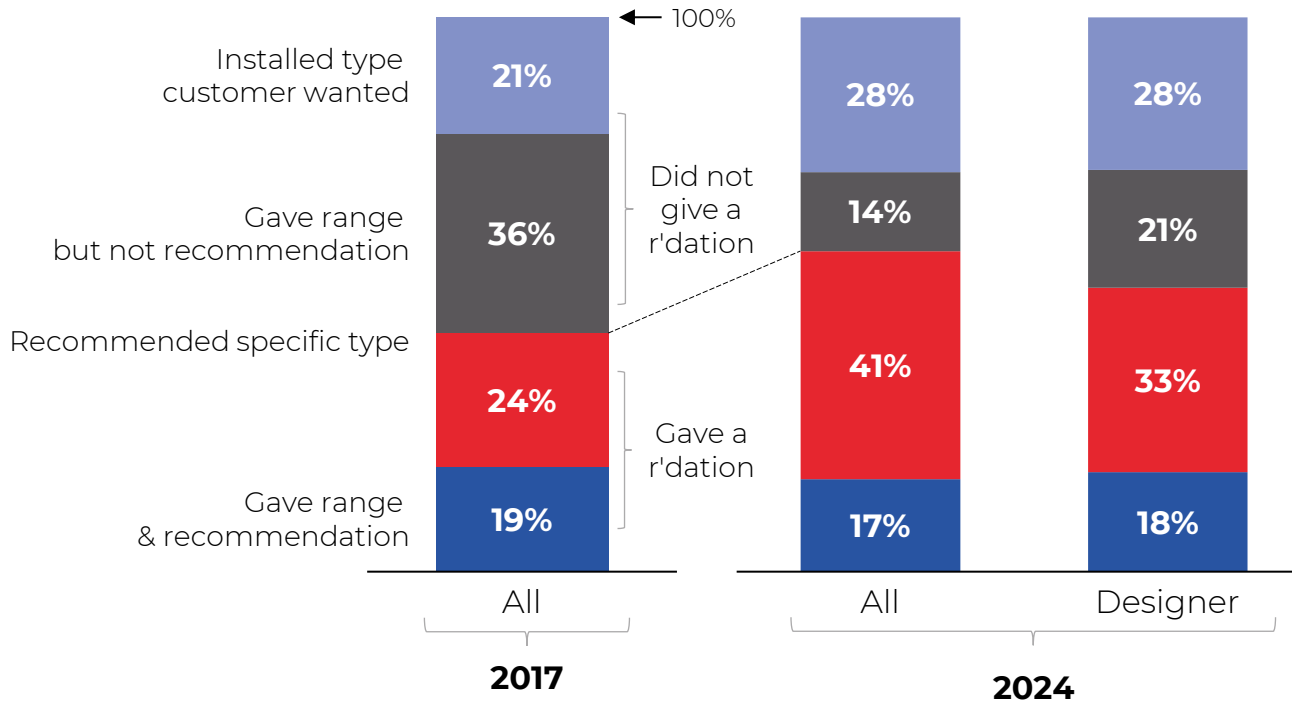


Commentary

- Most (80%) consumers research choices – and only check technical matters with installer:
“... I got an idea of what I wanted through Instagram/TikTok, read reviews online, then put the options to the plumber to make sure I’d made the right decision...”
Stephanie, Kent
- Installers say <30% of consumers ask for advice on radiator design choice

But installers remain important, and are now more likely to recommend a specific radiator

Installer survey: Recommendation and advice



"... I would generally price a job including standard radiators only and give the customer the option of upgrading to premium radiators ..."

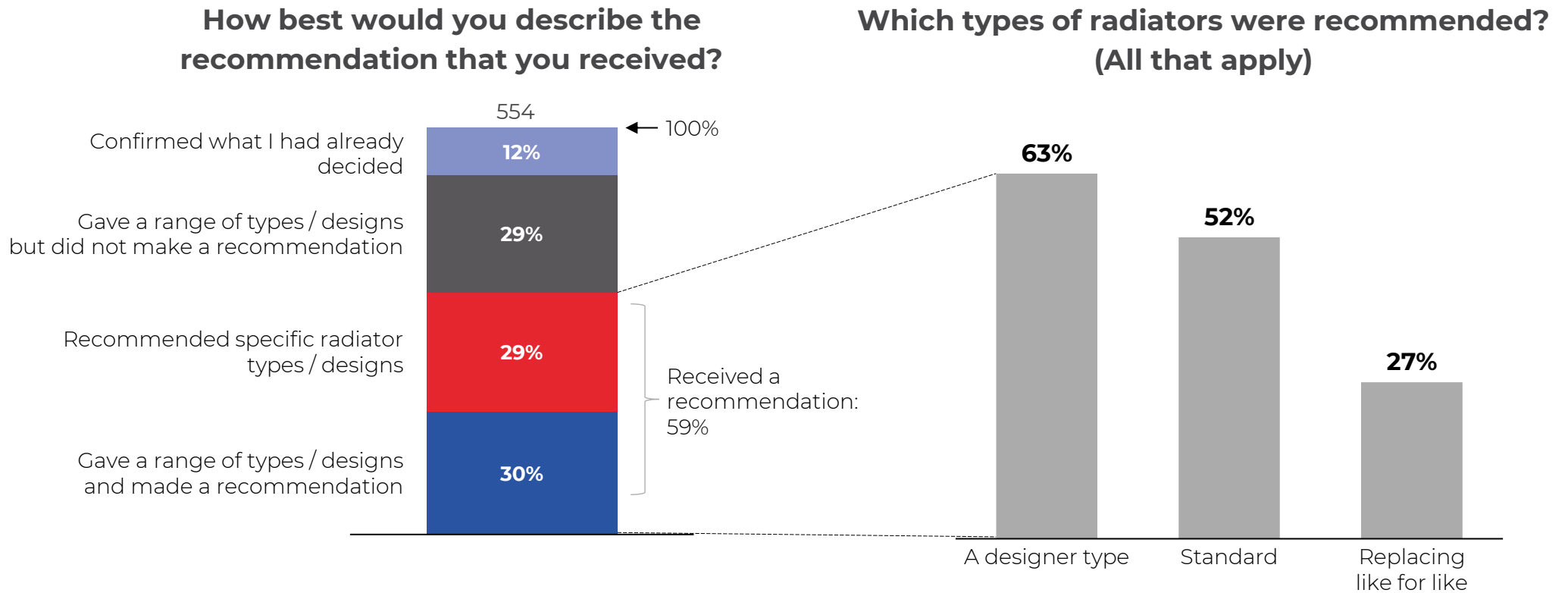
Jamie, Builder

"... When we quote, we always start with basic, but offer options which fit the character of the house – not a hard recommendation, but more as a thing for the customer to think about..."

Paul, Builder

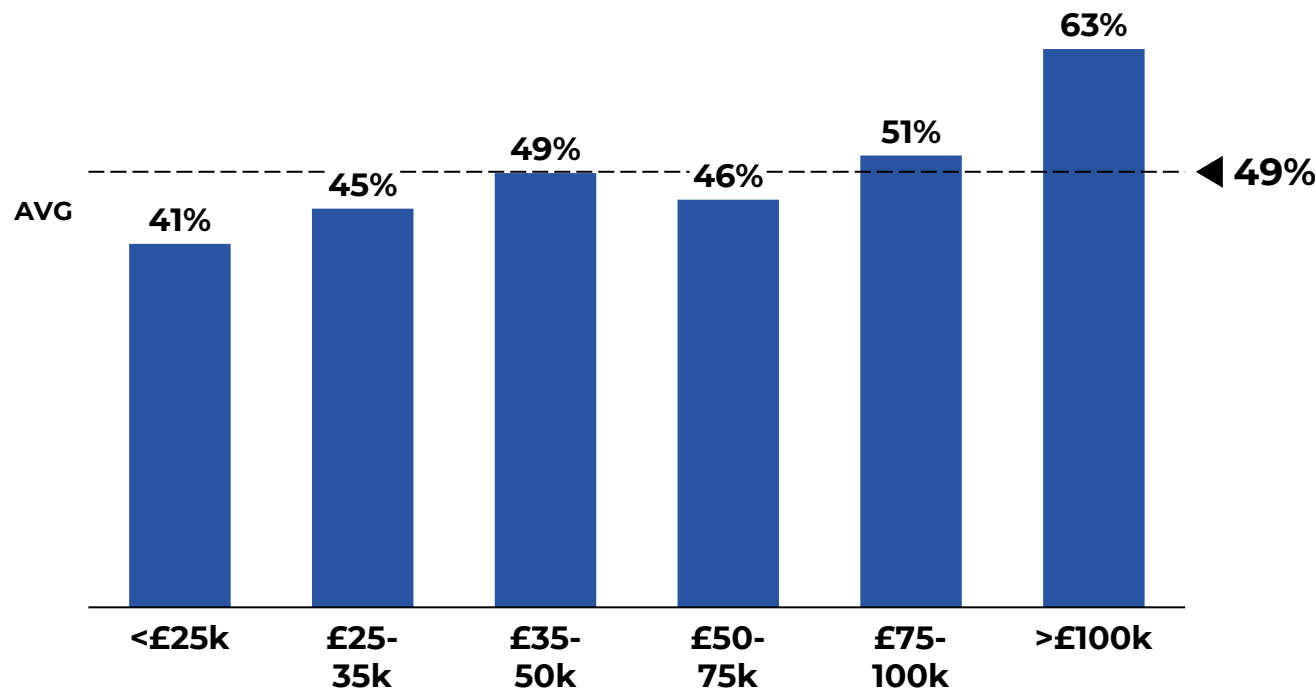
... And nearly two-thirds of recommendations from installers include designer radiators

Consumer survey: Of those consumers who received advice – Radiator type Recommendations received



Designer radiators appeal across income groups, with consumers seemingly willing to pay for the right radiator

Consumer survey: % respondents who bought Designer radiator in last purchase – by household income



"... The priority was not the price, but the style – as a radiator is a one-off purchase that should last for a long time, I was happy to spend a bit more..."

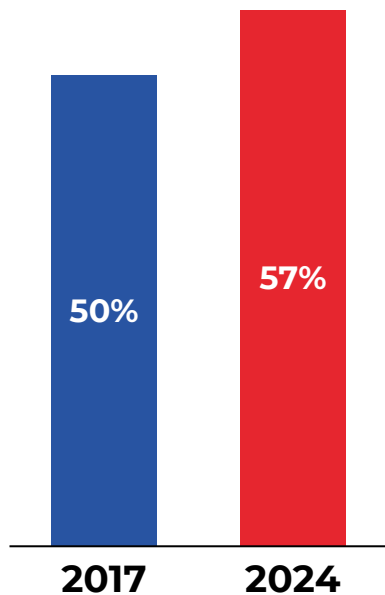
Aisha, Herts

"... I was most concerned with design; price was a minor consideration given the relatively small purchase size..."

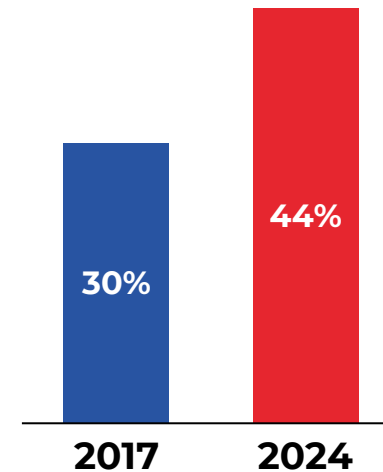
Angharad, Surrey

Consumers are more likely to buy their own designer radiators than in 2017

Consumer survey: % of consumers who bought designer radiators themselves

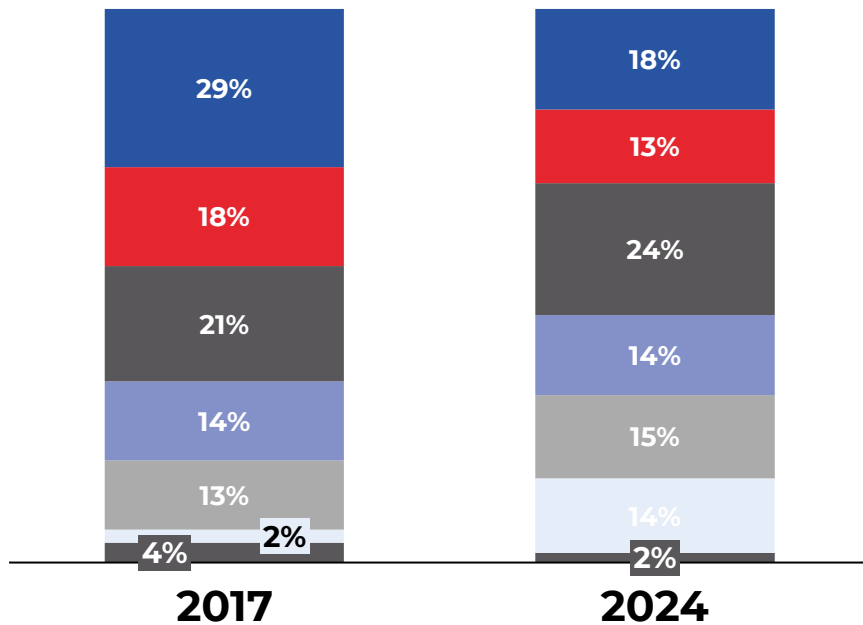


Installer survey: % of consumers who bought designer radiators themselves

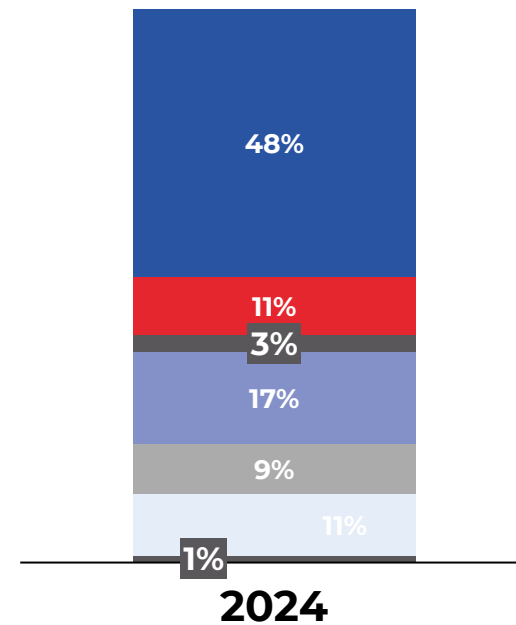


Shifting buying patterns alter the importance of different channels: D2C increasingly key for consumers, merchants still core for installers

Of consumers who bought designer radiators themselves – where bought, by type




Of installers who bought designer radiators themselves – where bought, by type



- Plumber & builder merchant
- DIY retailer (e.g. Wickes)
- Bathroom retailer
- Other
- New merchants (e.g. Screwfix)
- Online heating retailer
- Directly from the radiator manufacturer

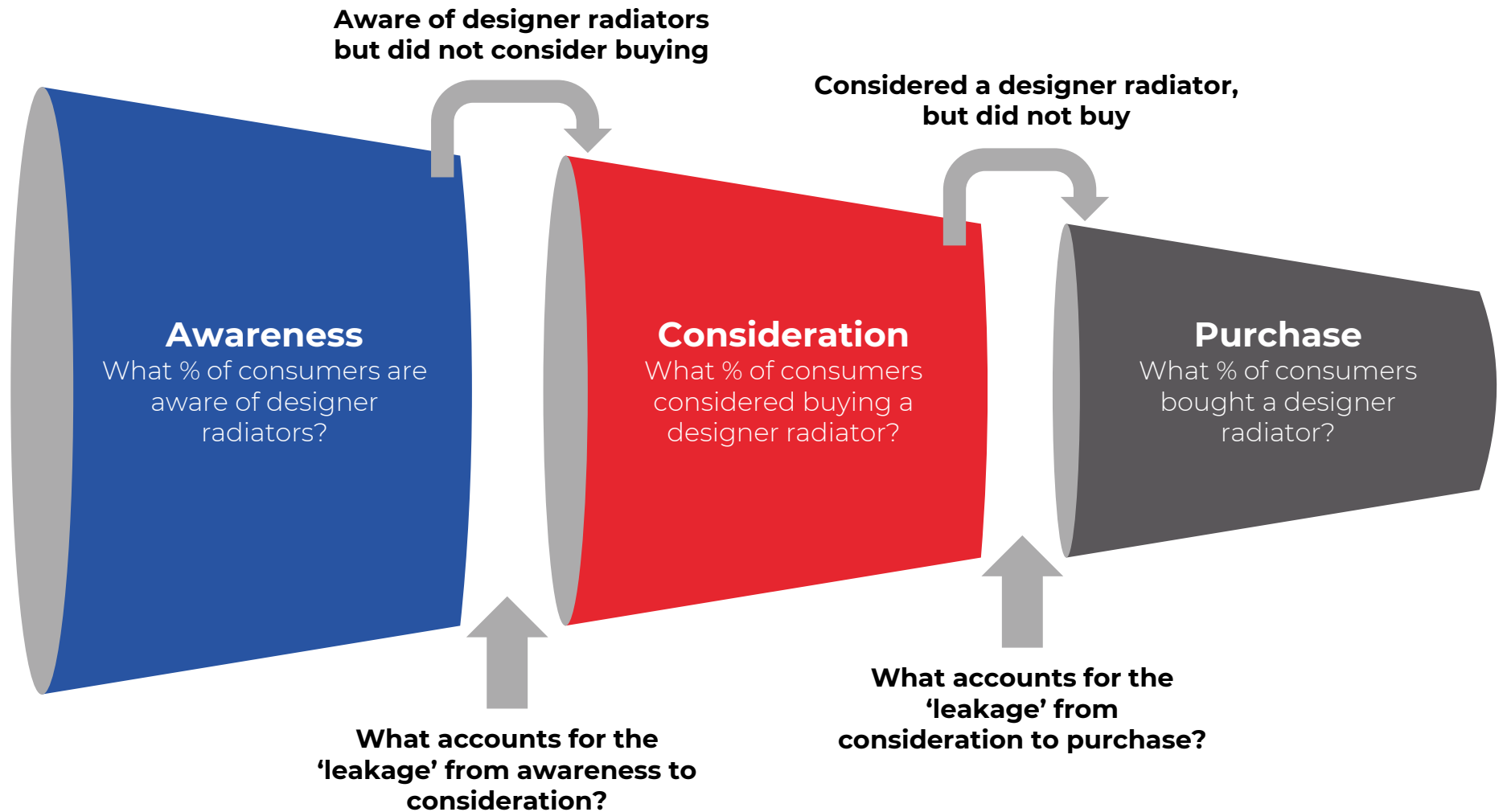
Recap – key findings

- The **consumer is the key decision-maker**: around two-thirds choose design themselves
- But **installers remain important**, and are increasingly likely to recommend specific (often designer) radiators
- Designer radiators **are not a niche product, but have broad appeal across income groups**
- **Consumers are increasingly likely to buy designer radiators themselves** (~45-60% do so)
- While merchants remain the core purchasing channel for installers, **D2C is the fastest growing consumer channel**

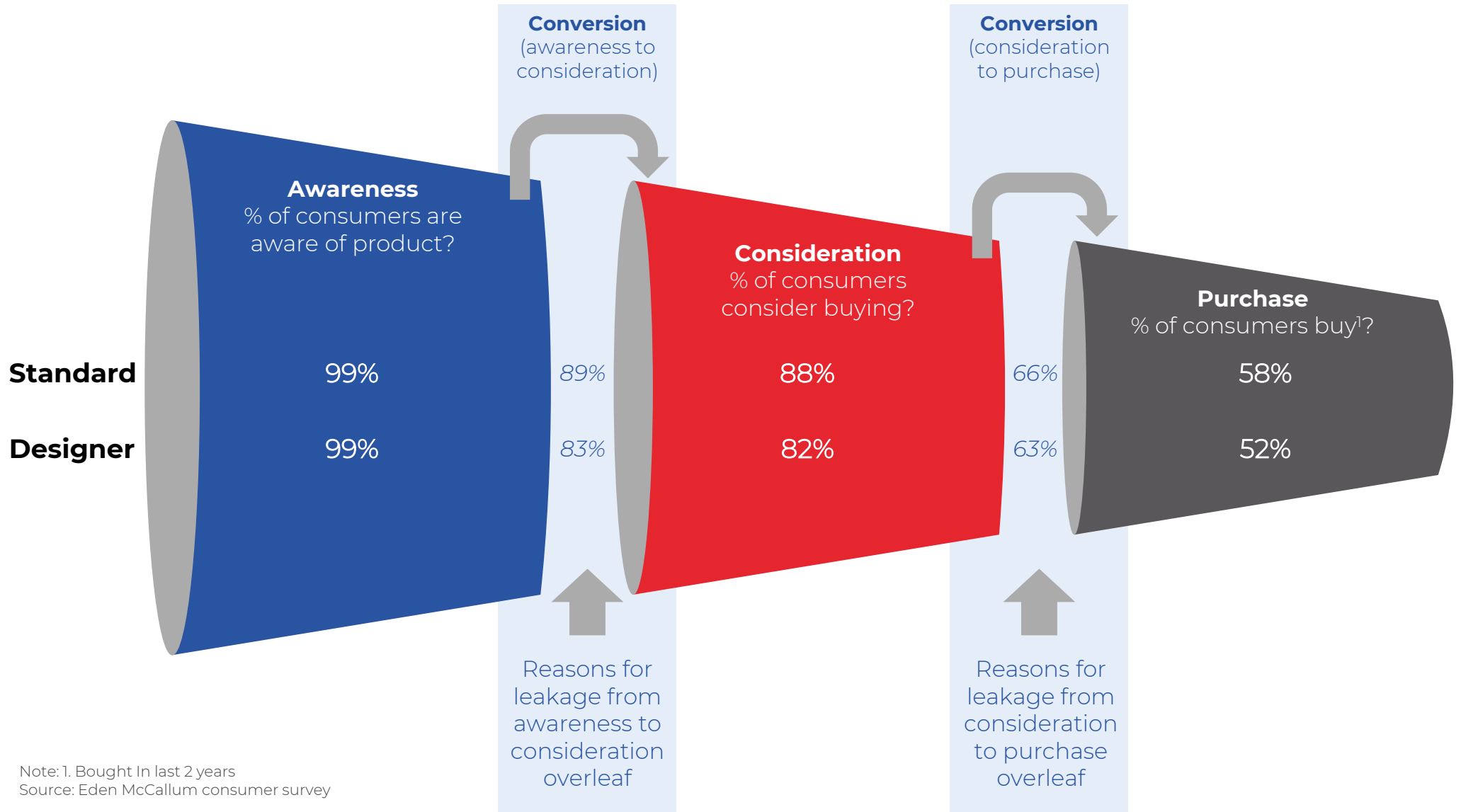


To inform Stelrad strategy, we need to understand **which barriers to purchase of designer radiators Stelrad needs to overcome** and what are the **designer radiator choice factors that Stelrad can leverage**

To understand barriers to purchase, we need to understand the consumer 'conversion funnel'



In designer radiators, the biggest leakage is from consideration to purchase

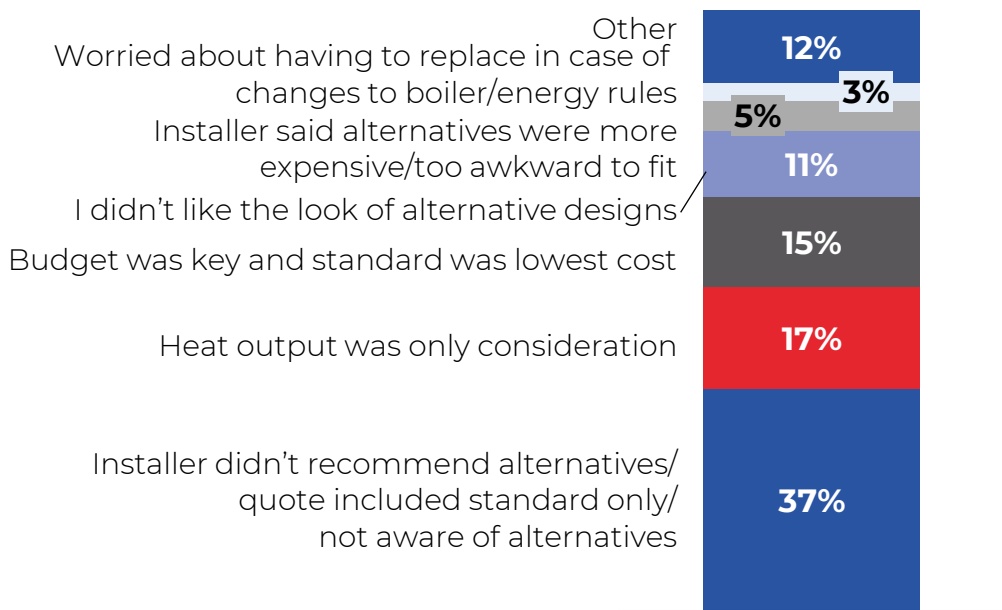


Note: 1. Bought In last 2 years
Source: Eden McCallum consumer survey

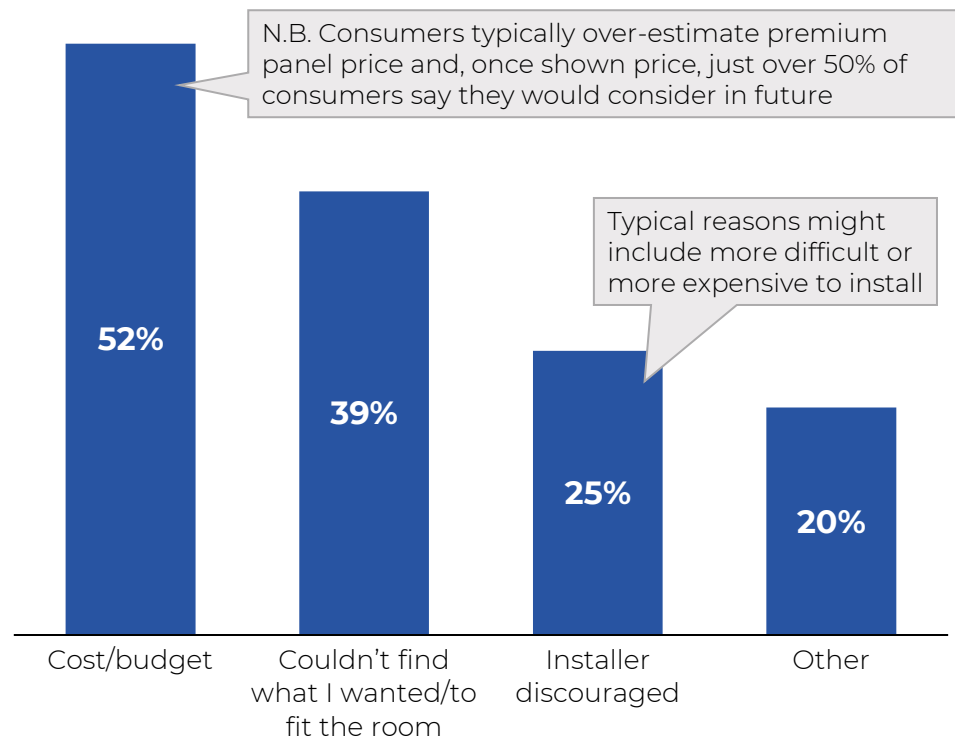
Identifying reasons for leakage indicates areas for Stelrad to focus on

Main reasons for leakage from awareness to consideration to purchase for designer radiators

From awareness to consideration

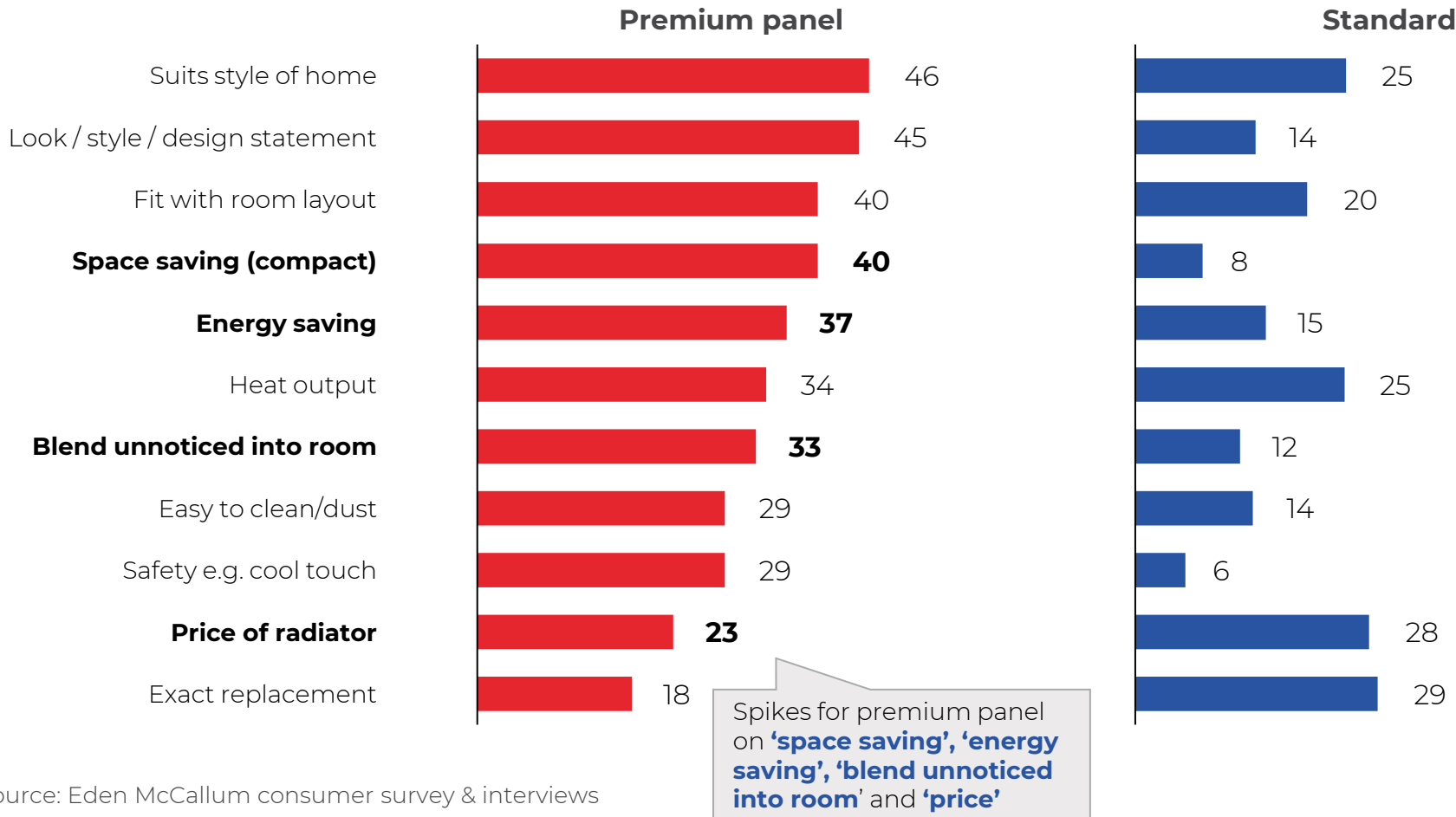


From consideration to purchase



Design is the key choice factor, but there are also spikes for premium panel which Stelrad can leverage

Consumer survey: Main reasons for installing each type of radiator in last purchase – % who selected



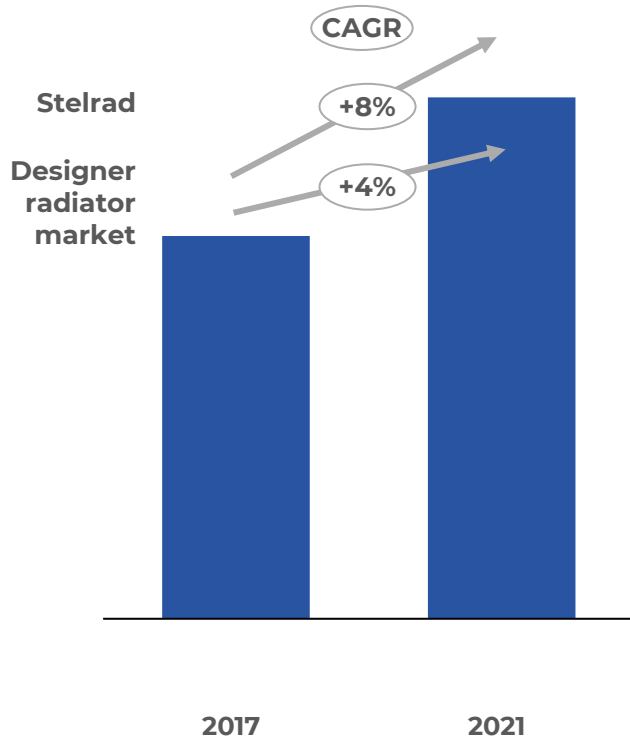
Stelrad has a clear strategy to capitalise on this structural growth opportunity...



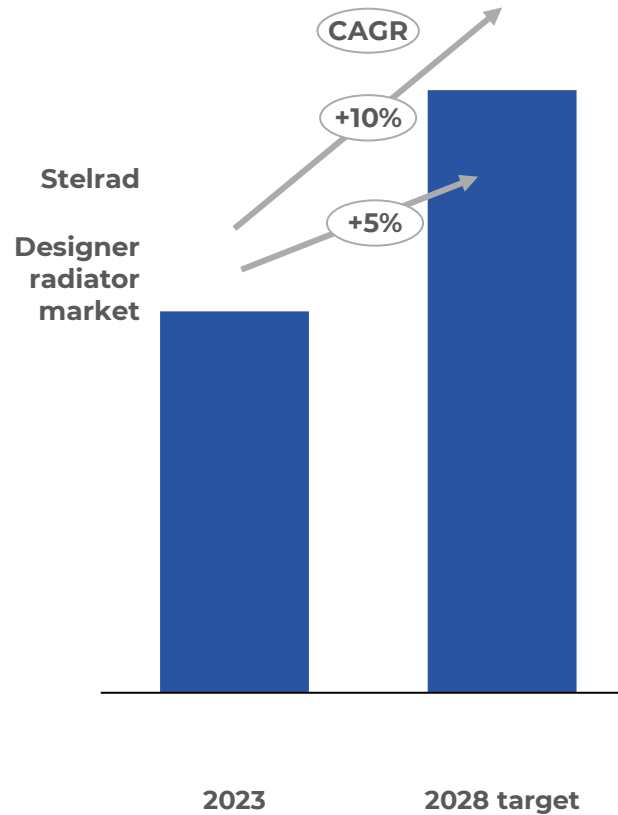
... driving demand for higher margin, higher value add product

With the right execution, Stelrad will grow ahead of the designer radiator market

Stelrad designer sales 2017-21
(# units, indexed)



Stelrad designer potential sales 2024 onwards (# units, indexed)



- 'Size of prize' estimated based on addressing leakages in consumer conversion funnel
- Analysis indicates **Stelrad can target accelerated growth vs. 2017-21** period



Positioning effectively for decarbonisation



Koen Mannaerts
European Commercial Director

2050 net zero commitments provide a legislative tailwind across all markets



Reduce net greenhouse gas emissions by $\geq 55\%$ by 2030

- 2021 - **mandatory nearly zero-energy buildings** (NZEB) standard for all new buildings
- December 2021 - **Energy Performance of Buildings directive**
- Long-term renovation strategy the goal of **national Building Renovation Plans**
- Target **10 million** heat pump systems installed per annum by 2028
- **ETS2 likely to shift taxation burden** from electricity to fossil fuels










Reduce net greenhouse gas emissions by $\geq 78\%$ by 2035

- April 2022 - **Boiler Upgrade Scheme** launched
- June 2022 - **Revised Building Regulations Part L**
- **2025's Future Homes Standard** will go further
- October 2024 - **£500m Warm Homes: Social Housing Fund Wave 3 New plan** launched

Stelrad is increasingly well-positioned to capitalise on this transition

Steel panel radiators will remain the leading emitter technology regardless of heat source

	Steel panel 	Electric 	Hybrid 	Hydronic underfloor
 Adoption level	High Common in all countries for new build and RMI	Low/moderate Country specific and where impractical for hydronic systems	Low For low temperature systems, targeting new build and RMI	Low Growing in Western Europe, high-value new build orientated
 Advantages	<ul style="list-style-type: none"> • Proven technology • Easy to install • Long life • Fast response time • Fully recyclable 	<ul style="list-style-type: none"> • Easy to install, no hydronic connection • Fast response time • More control options 	<ul style="list-style-type: none"> • Fast response time • Relatively small size • More control options 	<ul style="list-style-type: none"> • Unobtrusive • Large surface area facilitates low temperature system
 Disadvantages	<ul style="list-style-type: none"> • Large/heavy • Bigger sizes needed for low temperature systems 	<ul style="list-style-type: none"> • High running costs • Noise from convector types • Needs separate water heating solution 	<ul style="list-style-type: none"> • Needs both hydronic and electrical connection • Noise when fan-assisted 	<ul style="list-style-type: none"> • Complex to install, difficult to retrofit • Suited to hard floors, often ground level • Slow response time • Made from plastic
 Installation cost	• Low	• Low	• Low/moderate	• High
Running costs	• Low	• Moderate/high	• Low	• Low

Innovating to ensure profitable growth from all future heating systems

- Heat emitters suitable for the low and zero carbon systems of the future have the potential to deliver increased revenue and higher levels of profitability
- Stelrad's product development strategy positions the Group effectively for profitable growth however the market develops over the longer term

Promote high output conventional radiators

1



Develop hybrid products for low temperature systems

2



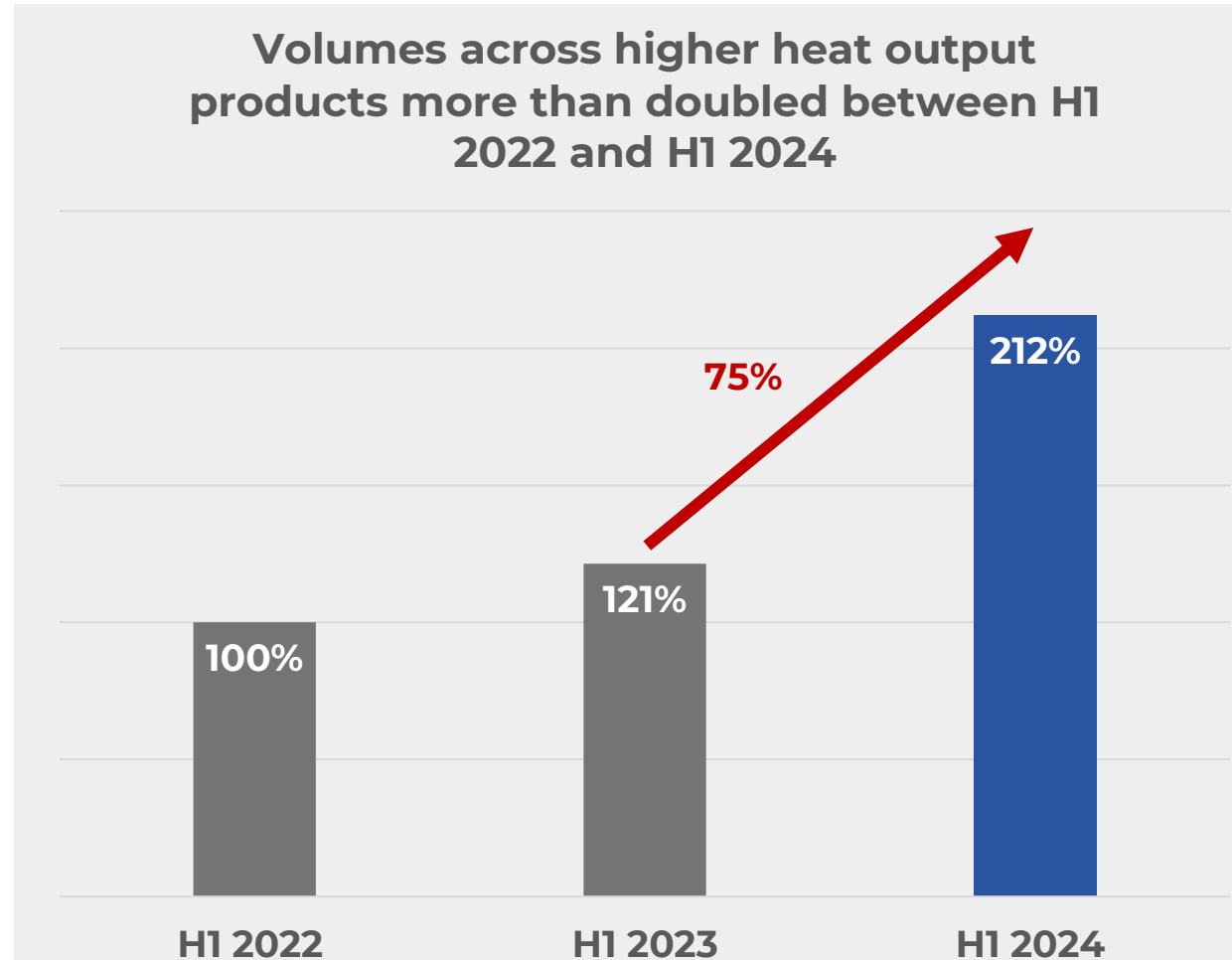
Introduce electric ranges into core markets

3



1 Promoting high output conventional radiators

- Stelrad has worked closely with new build, social housing and commercial specifiers to find cost-effective, high-performance solutions for low temperature systems
- Stelrad extended its UK product portfolio of higher heat output products
 - K3 triple panel, triple convector
 - Vertical radiators
 - H900
- Driven by changes in UK Building Regulations, Stelrad's average heat output per radiator increased 7% H1 2024



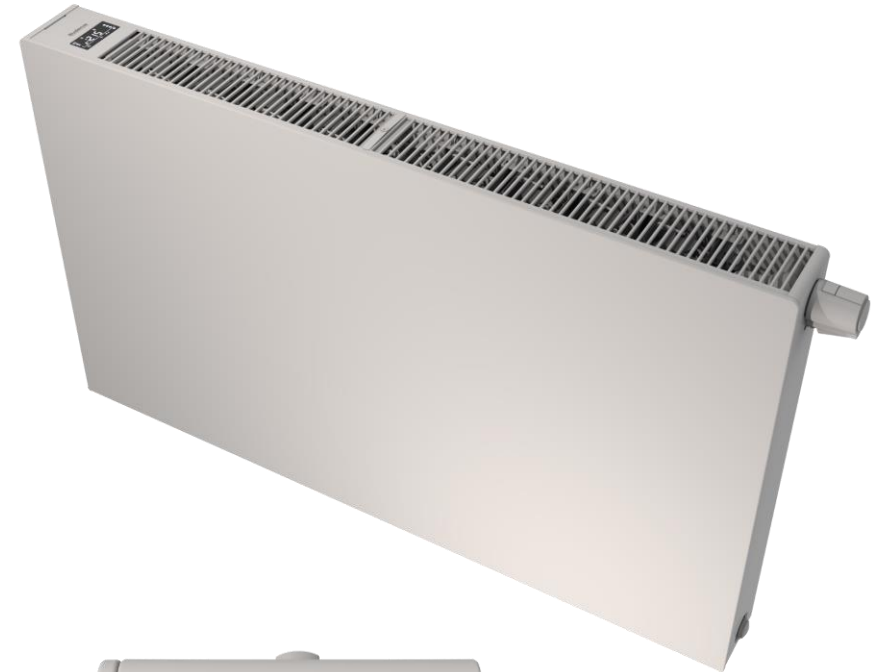
Case study: Barnsley Hospital

- K3 radiators specified to maximise heat efficiency from low-temperature heating system
- Barnsley Hospital installed over 300 Stelrad K3 radiators when replacing gas boilers with air source heat pumps
- Multi-million-pound project, funded through the government's public sector decarbonisation fund
- Barnsley Hospital is targeting carbon neutrality by 2040 through various sustainability measures
- Stelrad radiators not only enhance heating efficiency but also contribute to the hospital's broader environmental goals



2 Developing hybrid products for low temperature systems

- In July 2024, Stelrad launched a new range of hybrid radiators
- Partnership with a long-standing customer, a leading European heat source manufacturer and system supplier
- Fan-assisted convection provides high heat output relative to product size
- Suitable for low and very low temperature heating systems
- Targeting the German RMI market



3 Introducing electric ranges into core markets

- Acquisition of Radiators SpA in 2022 provided Stelrad with an electric radiator portfolio and design capability
- Stelrad is leveraging its market position, trusted brands, strong customer relationships, channel access and specifier influence in core markets to introduce focused ranges
- Electric Series launched H2 2023, targeted at the small but growing UK market
- Well received in both new build and replacement segments



Summary

- In a decarbonising market, the outlook for Stelrad is positive
- Forecasting future market demand for different heat emitter technologies is difficult at this relatively early stage in the decarbonisation journey
- However, Stelrad's brand strength, trusted advisor status, channel access and operational infrastructure, coupled with trade body influence, will enable the Group to play a significant role
- Stelrad's product development strategy positions the Group effectively for profitable growth as the market develops over the longer term
 - Promoting high heat output conventional radiators - most appropriate for the majority of conventional hydronic systems
 - Developing hybrid products for low temperature systems
 - Introducing electric ranges into core markets

Well prepared to meet growing demand for higher value emitters in low/zero carbon systems



Coffee



Recap

Stelrad has an attractive market opportunity, with positive underlying dynamics and a significant installed base



Two key structural growth drivers will drive demand for higher margin, higher added-value product, enabling Stelrad to grow ahead of the market

- Increasing premiumisation
- Drive for decarbonisation



Three sustainable competitive advantages position the Group effectively to take advantage of this evolving market opportunity

- Flexible, lowest-cost manufacturing
- Leading levels of customer service and product availability
- Leading competitive position



**Flexible,
state-of-the-art,
low-cost
manufacturing**



David Taylor
Group Operations Director



Corlu, Türkiye



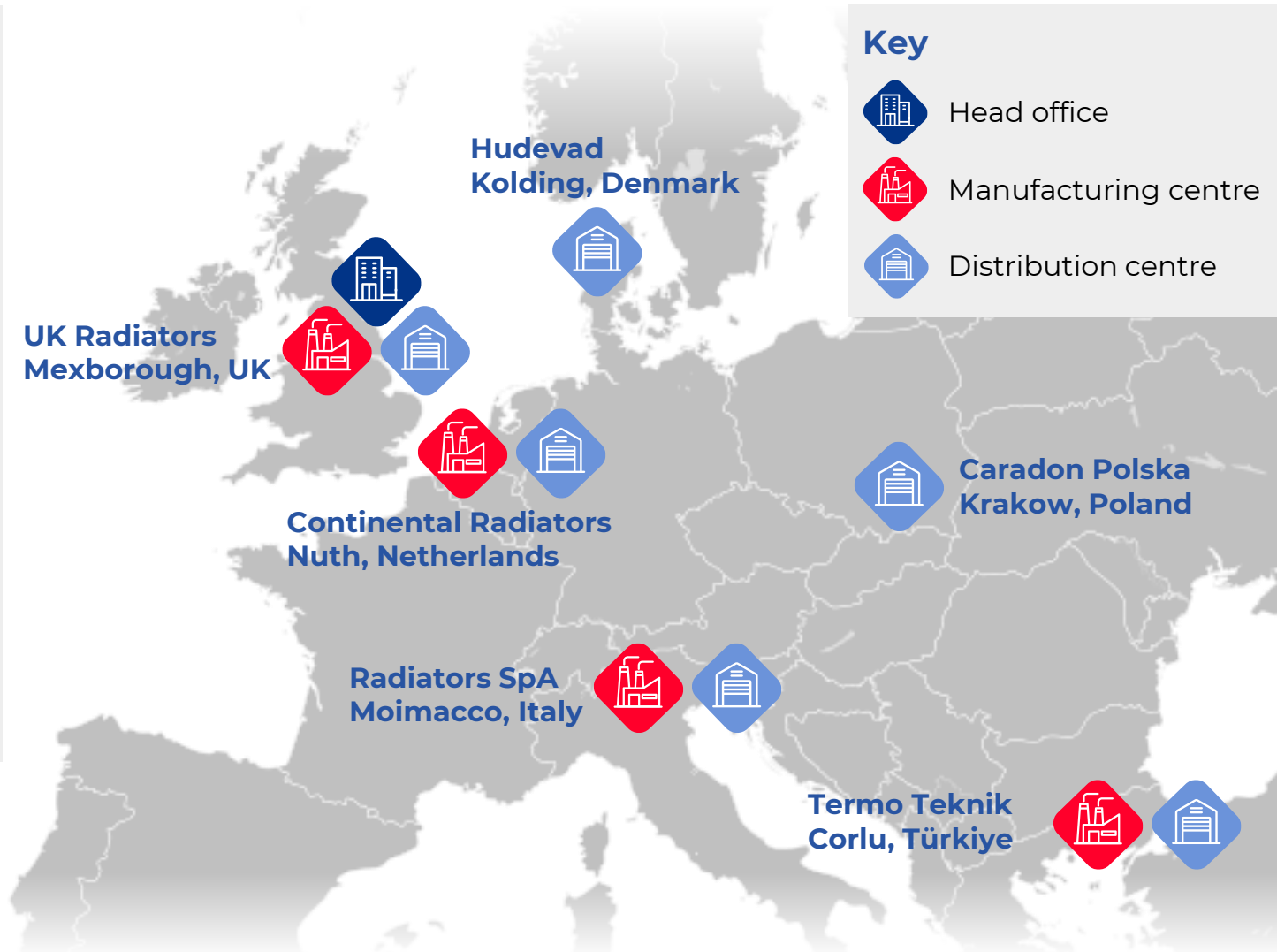
Video

FLEXIBLE, STATE-OF-THE-ART, LOW-COST MANUFACTURING

Strategically located facilities

Overview

- 4 production units
- 6 finished goods stock locations
- 1,414 permanent employees
- 8.3 m radiator output capacity
- 18 production lines
- Robust inter-co supply chain
- Specialist local manufacturing Supported by low-cost facilities



Standardised core heat emitter design

Benefits

- Pan-European procurement
- Cost optimisation
- High-capacity optimisation
- Shared specialist knowledge

Common design platform allows pan-European manufacturing



Core



Compact



Premium



Hybrid

Well-invested, industry-leading asset base

£40m recent incremental investment in manufacturing facilities, resulting in low-cost manufacturing and enhancing future profit margins

Türkiye



- 8 fully invested production lines
- Hybrid line
- Extensive robotics

Netherlands



- 3 fully invested production lines
- Vertical line
- Colour painting facility

Italy



- State of the art panel line
- Leading edge column manufacture
- Electrical radiator assembly

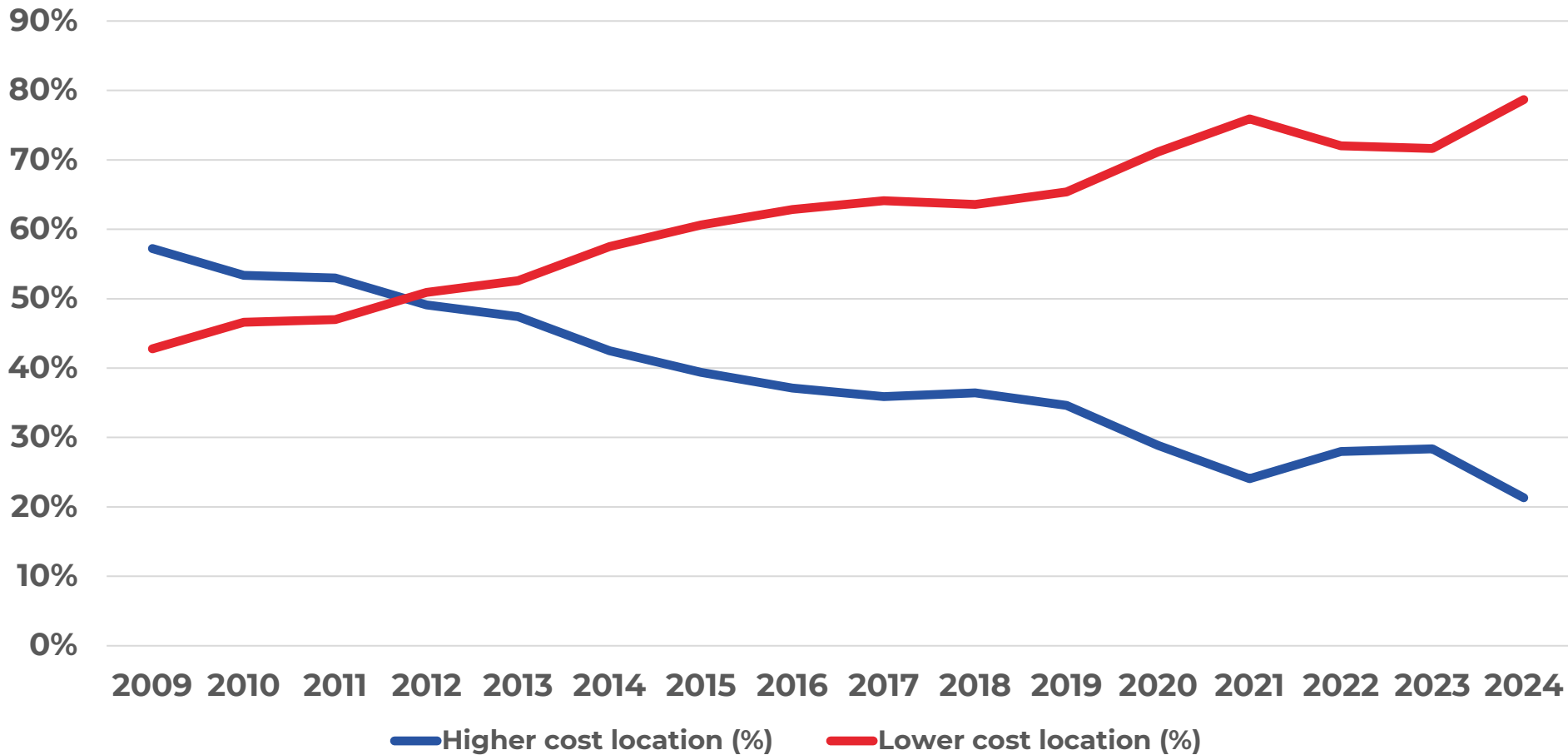
UK



- 3 fully invested production lines
- Co-located distribution centre

Reconfigured asset base has driven lower-cost production capacity

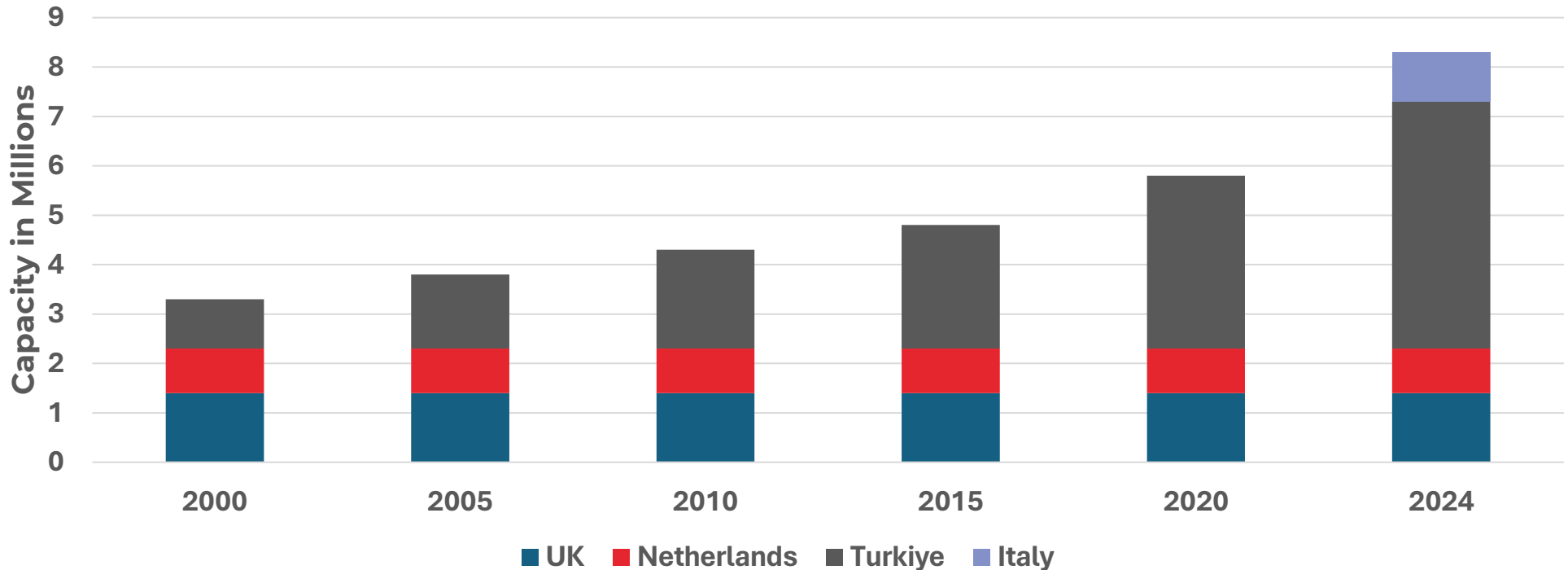
Over the last 15 years, production has shifted to lower cost locations



Capacity positioned to maximise market opportunities

- Technical advancement in conjunction with capacity growth
- Largest capacity within the industry
- Cost benefits from combining flexibility/capacity/location

Stelrad pan-European steel panel radiator capacity 2000 to 2024



Security of supply & partnerships

- Optimised levels of raw material and FG Stock
- Long-term supplier relationships
- Global supply chain, multiple suppliers , security of supply
- Steel pricing agreements to guarantee continuity of supply and price visibility
- Raw materials transferability between sites
- High % of materials are European sourced
- Non-European suppliers underpinned with local European supply

posco
INTERNATIONAL

FreiLacke

voestalpine


ArcelorMittal

 **BORÇELİK**

AkzoNobel



The Selmó logo features the word 'Selmó' in a serif font, with a blue and purple wave-like graphic element above the 'o'.

BERG
Forming Technologies

m
sc

PPG

cepac

TATA STEEL



**Market-leading
customer service
and product
availability**



David Taylor
Group Operations Director



Stelrad's well-invested distribution centres drive competitive advantage



Video

Distribution capability underpins best-in-class lead times

Mexborough, UK



350k
Capacity

3 Day
Lead
Time

2m+
Units per
Year

Heerleen, Netherlands



200k
Capacity

1 Week
Lead
Time

1m+
Units per
Year

Corlu, Türkiye



250k
Capacity

Containers
Direct to
Europe

5m+
Units per
Year

Moimacco, Italy



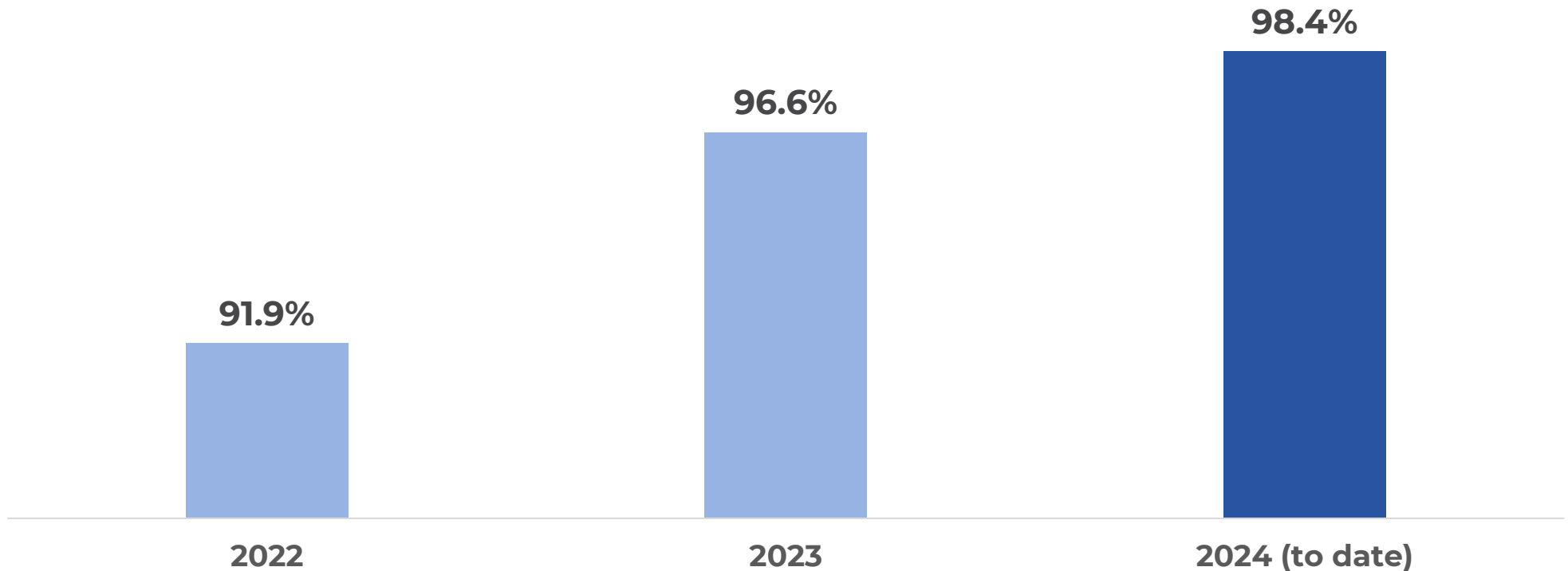
150k
Capacity

Trucks
Direct to
Europe

1.5m+
Units per
Year

Industry leading OTIF - UK

Consistent improvement in On-Time In Full “OTIF” delivery



- **Consistent annual improvements in Stelrad OTIF delivery performance due to improvements in finished goods stock mix and supplier management**

MARKET-LEADING CUSTOMER SERVICE AND PRODUCT AVAILABILITY

Award winning customer service



'Highly Commended' Domestic Heating Product of the Year: Electric Series (September 2024)

"We work with Stelrad radiators in many of our projects...and we do so because they offer a combination of quality and ease of installation for our team,"

**Riz Mustafa
Yorkshire Building Services**



Stelrad Ltd

Reviews 2,969 • Excellent



"We've been impressed by the work we've done with Stelrad... They offer good looking, reliable and effective heating appliances that meet our requirements "

**David Keddie
Quintain Living**

"We're delighted with the quality of the radiators...The finish in the apartments is truly top quality and this is why we selected Stelrad radiators ahead of anything else on the market."

**Scott Spence
Parker Technical Services**

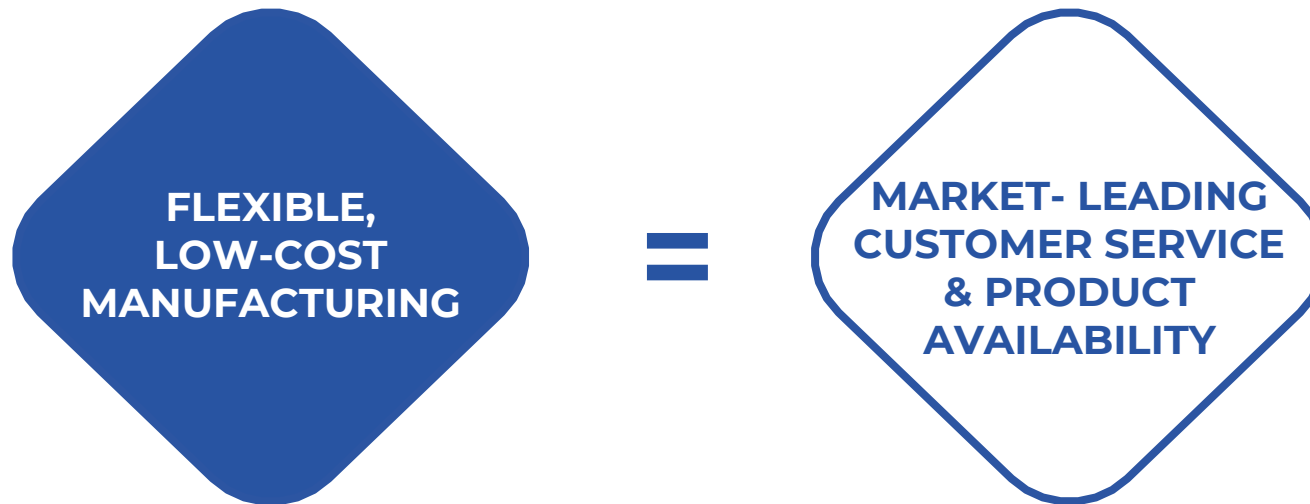


Heating Brand of the Year (June 2024)



Supplier of the Year 2023 (May 2024)

Well positioned to capitalise on structural opportunities



Best in class customer service driven by product availability, underpinned by

1. Strategic network of distribution and manufacturing sites
2. Standardised core product design and manufacturing processes
3. Investment in technology to drive productivity, capacity and capability
4. Security of supply and partnerships
5. Distribution capability



Leading competitive position

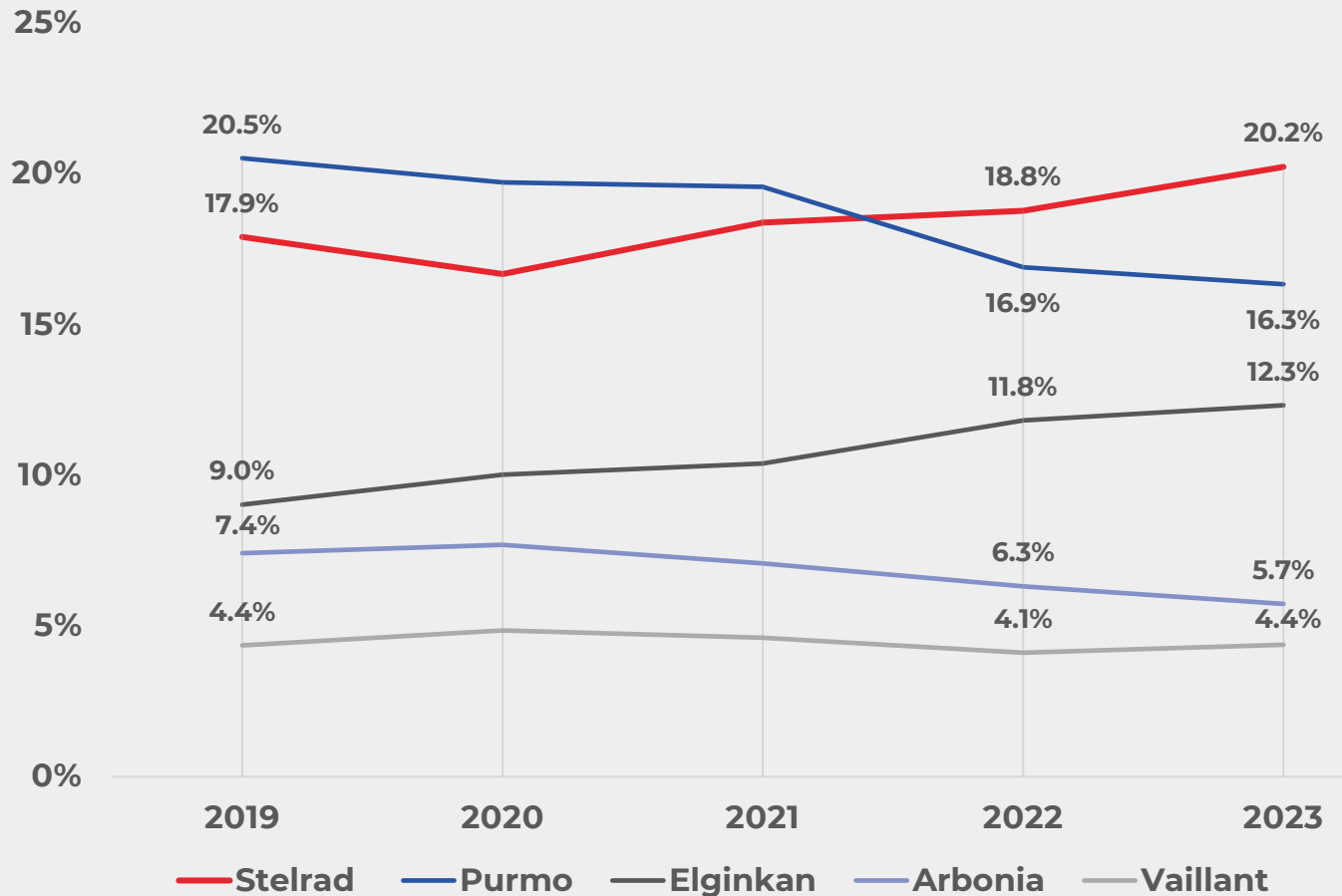


Chris Humphreys
Group Strategic Marketing Director

In 2023, Stelrad extended its European steel panel radiator market leadership

- Outperforming other key players, the Group increased share 2023 vs 2022 by 1.4 ppts to 20.2%
- Stelrad benefitted from its #1 UK position with market volume relatively strong versus mainland Europe
- Traditional competitors Purmo and Arbonia have experienced year-on-year share decline
- Market leadership and continued share gains position Stelrad well for growth as markets recover

European steel panel radiators
Top 5 manufacturers' share evolution 2019 - 2023



Our focus on ten core markets is delivering long-term share growth

- Since 2019, Stelrad has grown share in nine of ten core markets, with double digit growth in five
- The Group overtook long-established players to gain market leadership in France and is now the challenger in Sweden and Poland
- Radiators SpA acquisition helped drive 11.4 ppts share growth and #3 market position in Germany

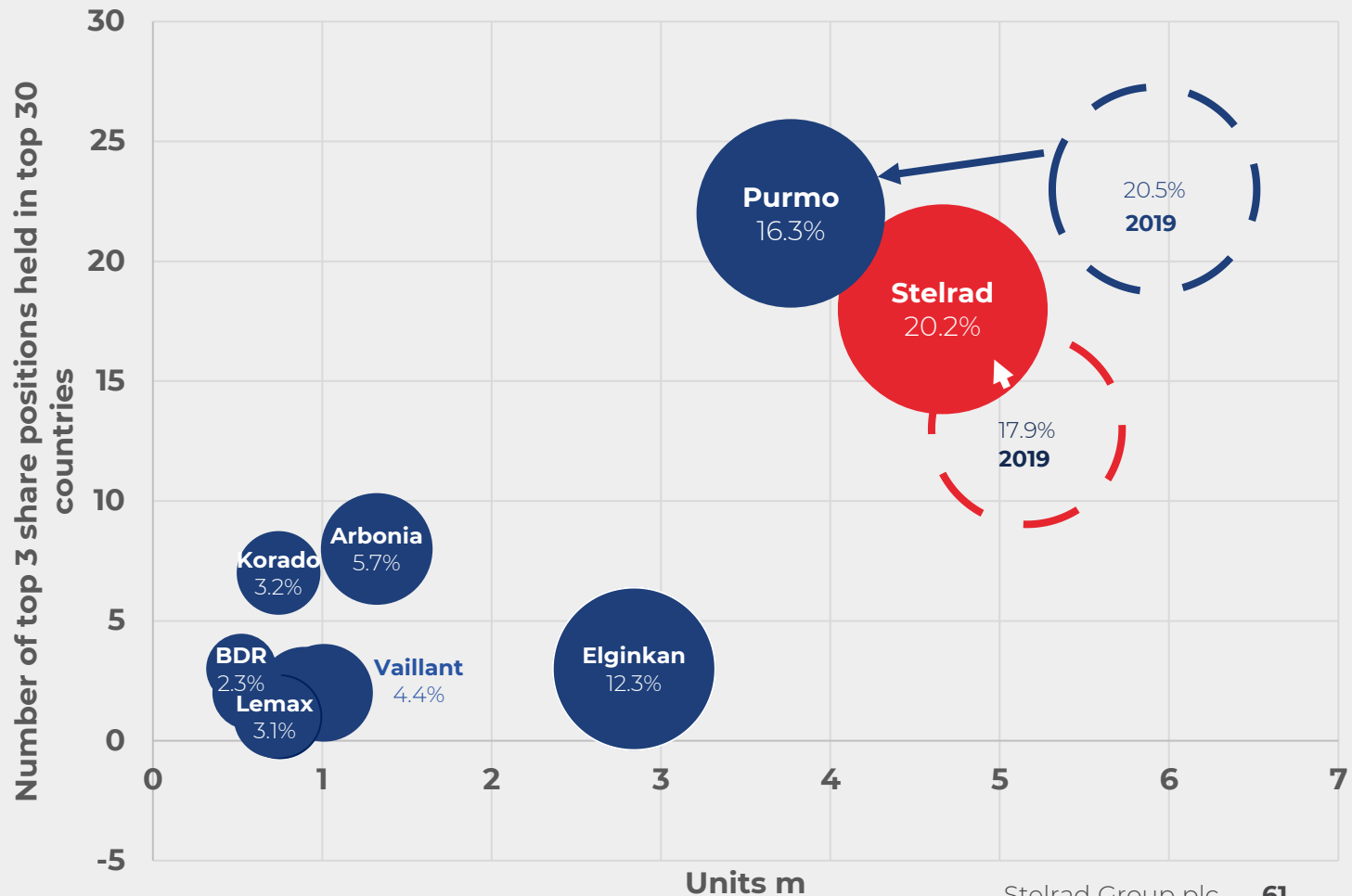
Market	Share	Position	Gains Since 2019	
UK	52.6%	#1	+2.9 ppts	=
Denmark	48.9%	#1	+14.6 ppts	=
Netherlands	47.6%	#1	+10.3 ppts	=
Ireland	38.3%	#1	+0.1 ppts	=
France	34.6%	#1	+19.7 ppts	+2
Belgium	33.7%	#1	+2.6 ppts	=
Sweden	21.7%	#2	+16.4 ppts	+2
Germany	17.5%	#3	+11.4 ppts	+2
Poland	10.6%	#2	+1.9 ppts	+1
Türkiye	7.8%	#5	- 0.6 ppts	-1

Stelrad is leveraging scale and strong brands to drive sustainable competitive advantage

- In 2019, Stelrad was #2 player with 17.9% share
- The Group had top 3 positions in 13 countries
- In 2022, Stelrad gained market leadership with 18.8% share
- In 2023, the Group consolidated its #1 position with 20.2% share, up 1.4 ppts versus prior year
- Stelrad now holds a top 3 position in 18 markets and is #1 in 7*

*Seventh market (Greece) defined as non-core (as per slide on page 60)

2023 Steel Panel Radiator market - Europe
Market share by manufacturer with sales > 0.5m units in 2023

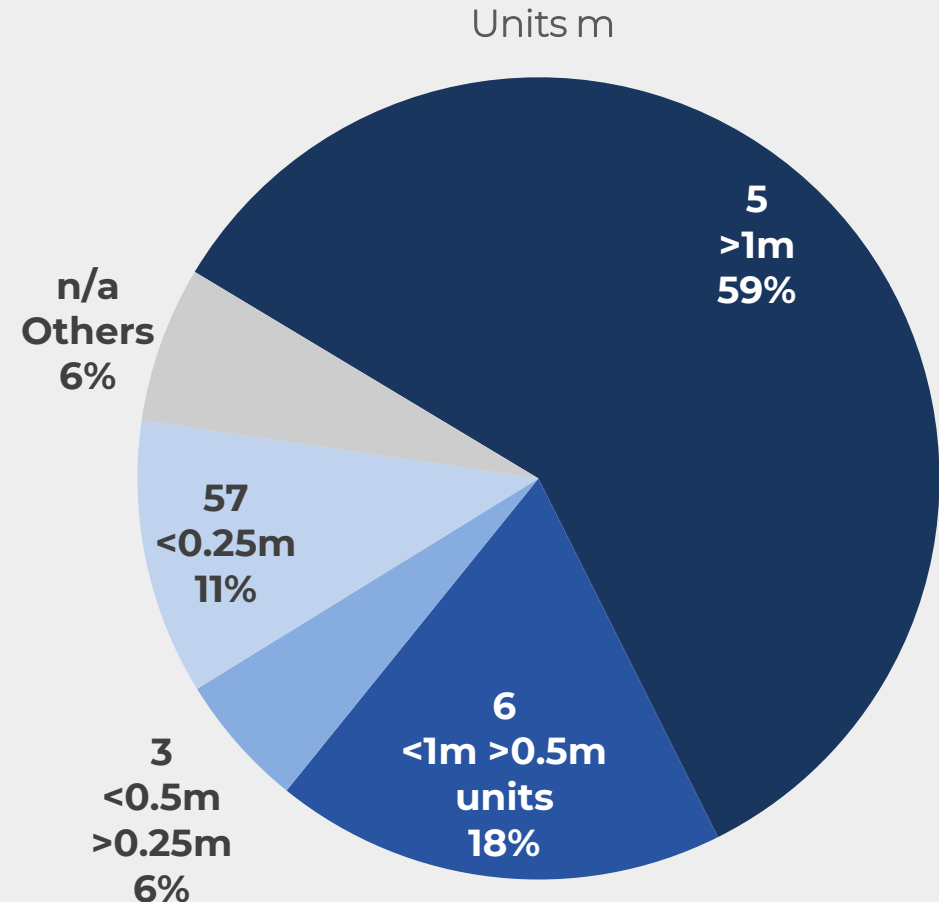


LEADING COMPETITIVE POSITION

The steel panel radiator market offers significant potential for consolidation

- In 2023, the top 11 players with sales volume >0.5m units
 - Held 77% market share
 - Sold a combined 17.8m units
- >60 competitors with sales volume <0.5m units
 - Held 23% share
 - Sold a combined 5.3m units
 - Operate nationally/regionally
- As an international player with globally recognised brands, Stelrad benefits as smaller competitors exit the market
 - Organic share gains, e.g. QRL Radiators
 - Acquisition opportunities, e.g. Radiators SpA

Steel panel radiator market is fragmented beyond operators of scale





Radiators SpA



[Video](#)

Market leadership positions Stelrad well to benefit from future consolidation

- In 2023, Stelrad led the European hydronic heat emitter market, with 11.8% share
- The Group's market leadership is driven by #1 position in the largest product category, steel panel radiators, where Stelrad has 20.2% share
- Clear strategic focus on growing share in 10 core markets has driven consistent share growth over the longer-term
- Stelrad has scale: it is one of only five steel panel players with volume >1m units per annum
- As markets consolidate, Stelrad is well-positioned, with:
 - strong, market leading brands
 - comprehensive product portfolio, fit for the future
 - leading levels of product availability and customer service
 - cost advantages of scale and low-cost manufacturing
- The Group has clear growth potential both organically and through complementary acquisitions

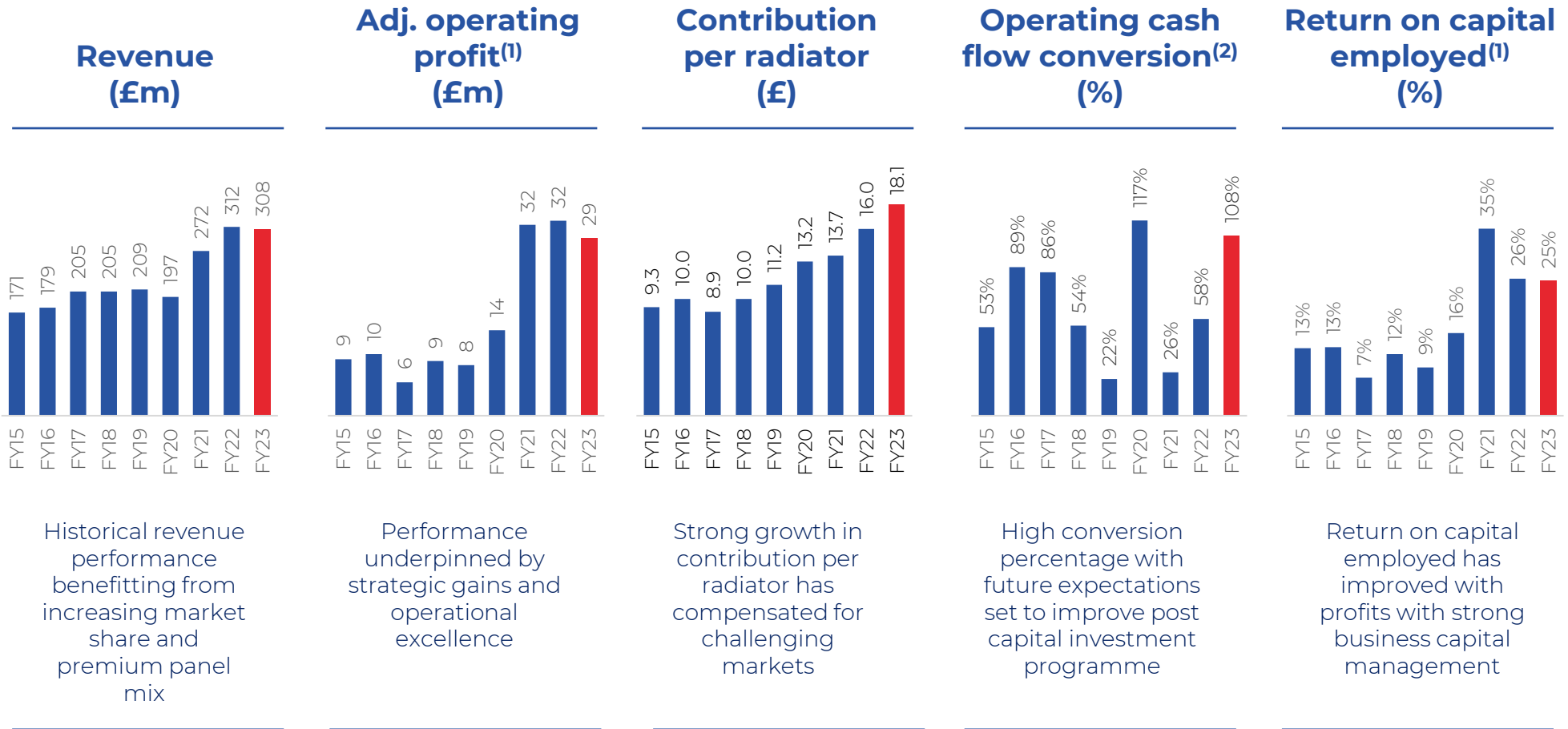


Financial framework



Leigh Wilcox
Chief Financial Officer

Strong financial track record reflecting consistent strategic and operational delivery



(1) 2015 – 2022 restated for hyperinflation

(2) 2015 – 2023 numbers are suppressed by £40m incremental capital spend programme

(1) 2015 – 2022 restated for hyperinflation

Ambitious medium-term targets underpinned by clear strategic objectives

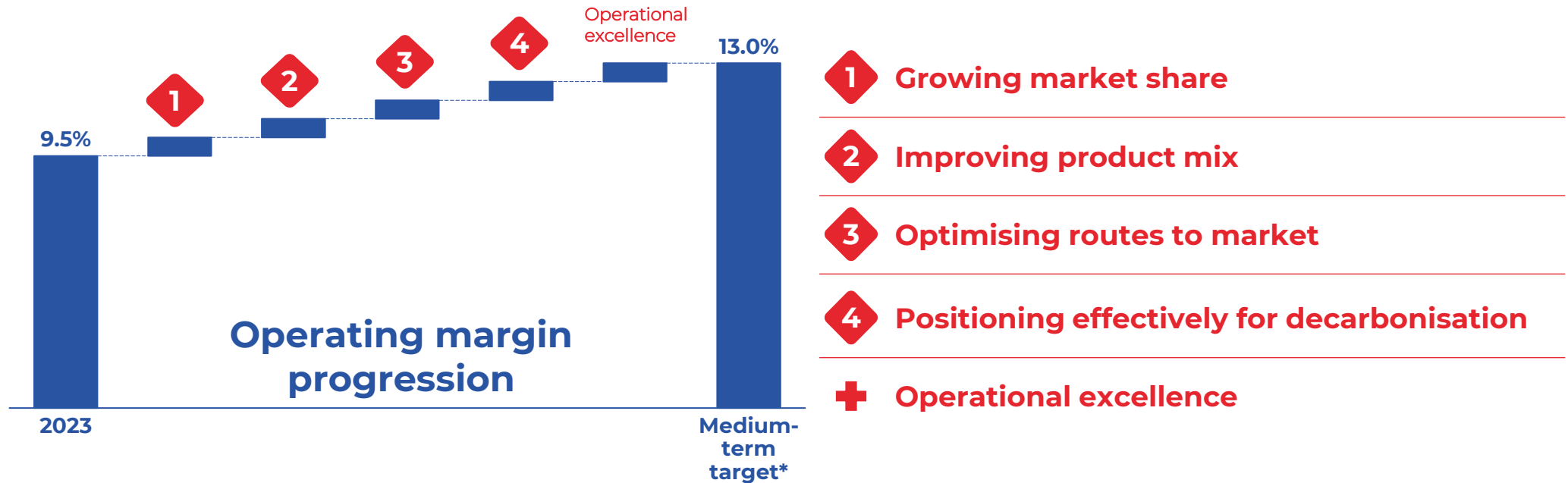
Strategic objectives



Key medium-term targets

Market share improvement	Contribution per radiator	Operating profit margin	Operating cash flow conversion	Return on capital employed
1–2% (FY23 market share – 20.2%)	>£21.0 (FY23: £18.1)	13% (FY23: 9.5%)	>90% (FY23: 108%)	>30% (FY23: 25.5%)

Multiple levers to deliver operating margin target – plus upside from market recovery

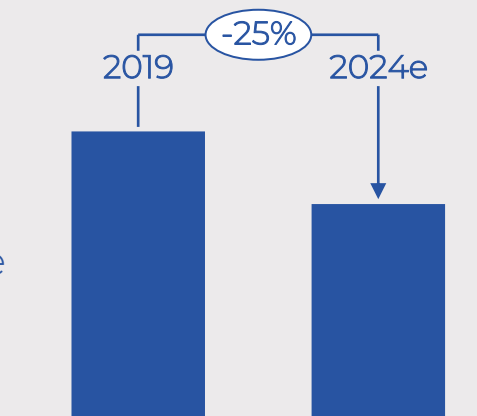


Well set for market recovery

Steel panel radiator volumes 25% below 2019 levels

Market recovery at enhanced contribution per radiator levels would provide additional margin upside beyond that given by our strategic drivers

* Medium-term target excludes market recovery



Medium-term operating margin target driven by management actions independent of a market recovery

Clear capital allocation priorities

Strong free cash flow growth

Capital allocation priorities

Investment for organic growth

Continued investment in:

- New product development
- Operational excellence
- Customer service

Shareholders returns

Via a progressive dividend policy

Controlled leverage

Targeting a leverage of c.1.0-1.5 x EBITDA* to enable:

- Reduced lending costs
- M&A flexibility

*Pre-lease liabilities

Selective acquisitions

Based on our consolidation criteria:

- Range enhancement
- Acquiring routes to market
- Acquiring brands



Summary and conclusions



Trevor Harvey
Chief Executive Officer

Summary

Stelrad has an attractive market opportunity, with positive underlying dynamics and a significant installed base



Two key structural growth drivers will drive demand for higher margin, higher added-value product, enabling Stelrad to grow ahead of the market

- Increasing premiumisation
- Drive for decarbonisation



Three sustainable competitive advantages position the Group effectively to take advantage of this evolving market opportunity

- Flexible, lowest-cost manufacturing
- Leading levels of customer service and product availability
- Leading competitive position



Our investment case

1

Leading market position

- #1 steel panel radiator market share position in Europe
- Well positioned to benefit from consolidation in the market

2

Robust business model

- Attractive long-term dynamics led by replacement demand
- Proven financial resilience through demand cycles

3

Experienced management and effective strategy

- Customer-orientated leadership team with unparalleled sector experience
- Multibrand strategy and proactive adaption to evolving routes to market

4

Strong financial position

- >80% growth in contribution per radiator between 2018-2023
- Sector leading margins, strong cash generation and ROCE

5

Long-term focus on decarbonisation and ESG

- Favourable legislative agenda in Europe aiding growth drivers for higher output heat emitters



Questions



