

Marketplace.

The Group services a diverse range of clients across a variety of different sectors. These sectors are targeted by our sales teams, sector specialists and product experts as well as dedicated company specialisms in areas such as lighting controls, emergency and outdoor lighting. The product portfolio across the Group gives us the ability to deliver a complete project, from boiler room to board room and beyond.

Market Overview

There was some level of normality this year following a number of years of disruption that impacted supply chains and influenced order books. Material costs stabilised in the main, however, there has been disruption to shipping routes that increased costs and introduced lead time delays. While the Group managed to reduce stock holding during the year, the Group continues to hold safety stock where required.

The Group has diverse coverage from both a territory and sector perspective. The UK market continued to secure orders from target sectors, the increase in revenue in the Netherlands was driven by the Lightronics portfolio, the rest of Europe was subdued with investment delayed in Germany given economic conditions. Australia took a step forwards supported by Thorlux and Lightronics, improving the revenue from our Other Countries segment.

Product development remains a key pillar to success, differentiating the Group from its competitors with innovative products and systems. This year included the introduction of wood as a sustainable material to form our products. SmartScan continues to evolve, adding further features and benefits to keep us ahead of our competitors.

Competition is in a variety of forms, from private businesses to listed multinationals and from the information available, financial performance has been muted given that the last few years were supported by sales price increases.

The Group continues to invest in business development and selling resources, supporting the peaks and troughs of demand across various sectors. The Group continually assesses how to deploy its selling capabilities and routes to market in order to target specific sectors and territories.

The product and technology portfolio continues to evolve, enabling us to compete across different sectors and geographies. We continue to focus on certain sectors and territories where we have a specific selling presence.

UK +0.5%

- Continued to secure orders from target sectors
- Services revenue lower but improved gross contribution
- Tunnel projects delivered by TRT, street lighting lower

Netherlands +13.6%

- Growth at Lightronics, steady Famostar business
- Margin improvement at Lightronics drove operating profit increase, similar operating result at Famostar

Rest of Europe -12.3%

- Revenue in line with expectations, lower levels in France via Zemper
- Germany lower, investment delayed by SchahILED industrial customers

Other countries +19.3%

- Improved demand in Australia
- Dampened demand in UAE

Market-specific drivers . . .

01 Increase in demand for technology

What this means

- Evolution of controls technology – wireless
- Connectivity with the internet and other devices – the Internet of Things
- Ability to offer customers additional functionality by adding different sensor technology and presenting data
- The Group's shift to LED sales now representing over 90% of total revenue

Opportunities

- Improves ability to hold specification business with our own controls offering
- Potential to supply retrofit projects with wireless controls where wired controls are cost prohibitive
- Offer solutions to provide additional data specific to the market sector

How we are responding

- SmartScan continues to evolve since launching in 2016, the latest generation successfully launched
- Further development of the SmartScan platform, bringing other non-lighting devices into the web portal
- Occupancy profiling, air quality sensing, and the ability to change colour temperature are all features
- All new product developments are LED based
- Continual review of LED technology offerings to take advantage of the latest advances and ensure we are offering the best solutions to our customers

02 Drive for energy efficiency and carbon reduction

What this means

- Global emissions targets
- High energy costs in Europe

Opportunities

- Increased demand for sustainable, energy efficient lighting solutions
- Demand for retrofit lighting solutions driving energy savings using both LED and wireless controls technology
- Ability to harvest data to satisfy ongoing reporting requirements

How we are responding

- Continue to offer energy saving technology and the ability to report on energy usage with the SmartScan platform
- Financing options with partners to make solutions more affordable to customers to match the savings achieved
- Offering turnkey packages to customers to enable change
- Investment in electric vehicle charging products with Ratio

Macroeconomic drivers . . .

01 International economic conditions

What this means

- Countries are now dealing with the resurgence of tensions and conflict in the Middle East
- Pressure remains on global supply chains particularly with regard to logistics time and costs
- Certain sectors could slow investment given concerns over future economic growth and government debt levels

Opportunities

- Higher energy costs are resulting in shorter payback periods for energy saving lighting projects
- Renewed focus on carbon saving investments with support from governments
- Potential to win market share or acquire competitors who struggle in these economic conditions

How we are responding

- Ensure our businesses are not reliant on any one sector in particular
- Continue to develop innovative product solutions in all our businesses
- Target sectors where demand is stable or increasing
- Redirect selling resource as appropriate

02 Globalisation

What this means

- Responding to the demands of our traditional customers who are developing a global footprint
- Harmonisation of technology from the adoption of LED brings the threat of increased competition

Opportunities

- Chance to establish ourselves in new territories with established customers in the countries we currently supply into
- Sourcing opportunities – chance to review what is sourced from where. Considering not only price, quality, carbon footprint but the security of supply
- Potential for customers to reconsider sourcing strategies and buy “local”

How we are responding

- Working with global customers
- Continual development of the supply chain
- Potential to establish new offices in chosen locations to support both customer and supply chain development in the future
- Continual review of LED technology offerings to take advantage of the latest advances and ensure we are offering the best solutions to our customers

Marketplace continued

38%
of sales from
safety products (emergency
lighting systems)
2023: 36%

97%
of sales from
LED technology, energy
saving controls and
related services
2023: 96%



Market sectors



Pharmaceutical



Research & development



Industrial



Hospitality



Commercial



Infrastructure



Display



Facilities



Healthcare



Housing



Retail



Manufacturing



Advertising



Education

