

Victoria PLC (AIM: VCP)

Company Summary

Investment profile

1. Over 50% management ownership
2. 10 years of over 30% per year shareholder returns
3. Strategy focussed on maximising medium-term free cash flow per share
4. Very large growing market underpinning long-term organic growth
5. Highly diversified global business across products, customers and geographies

Share information

Ticker	VCP
Share Price	495p
Shares in issue	125m
Market Cap	£565.85m
12m Hi/Low	300/630p

(Source: The London Stock Exchange, May 2023)

12-Month share price



(Source: The London Stock Exchange, May 2023)

Major Shareholders (as of May 2023)

Name	%
The Spruce House Partnership LP*	20.67
Camden Holdings Limited*	19.51
KED Victoria Investments, LLC*	10.87
Vulcan Value Partners, LLC	8.56
The Capital Group Companies, Inc	6.96
Camelot Capital Partners	5.28
Columbia Threadneedle Investments	3.46
Baillie Gifford & Co	3.28

(Source: Company website)

*Board & Management Shareholders

Company overview

www.victoriapl.com

Established in 1895 and listed since 1963 (on AIM since 2013), Victoria PLC, is an international manufacturer and distributor of innovative flooring products. The Group, which is headquartered in Kidderminster, UK, designs, manufactures, and distributes a range of carpet, rugs, flooring underlay, ceramic tiles, LVT (luxury vinyl tile), artificial grass and flooring accessories. Victoria has a **Royal Warrant** having supplied carpets to Buckingham Palace, Sandringham, Balmoral and supplying **the red carpet at the Duke and Duchess of Cambridge's Royal Wedding**.

Victoria has operations in the UK, Spain, Italy, Belgium, the Netherlands, Germany, Turkey, the USA, and Australia and employs approximately 5,800 people across 31 sites. Victoria is Europe's largest carpet and rug manufacturer and the second largest in Australia, as well as the largest manufacturer of underlay in both regions.



The Group's strategy is designed to create value for its shareholders and is focused on consistently increasing earnings and cash flow per share via acquisitions and sustainable organic growth. Market consensus forecasts for the current financial year is for further growth and revenue of £1.5 billion and EBITDA in excess of £210 million.

Earnings enhancing acquisition strategy

Since 2013, Victoria has successfully integrated 23 acquisitions, generating significant earnings enhancing synergies leading to increased scale and sustainable, above average margins. The Company creates wealth for its shareholders by leveraging its deep operating expertise and growing earnings, not just by acquiring existing EBITDA at an attractive valuation.

The fragmented nature of the flooring market lends itself to a roll-up acquisition strategy and the extraction of synergies through economies of scale and operating efficiencies. Victoria has demonstrated a consistent track record of profit improvement and operational enhancement across all of its acquisitions to date.

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Underlying EBITDA	£2.3m	£5.1m	£15.8m	£32.3m	£45.7m	£64.7m	£96.3m	£107.2m	£127.4m	£162.8m
% margin	3.0%	7.0%	12.4%	12.7%	13.8%	15.2%	16.8%	17.3%	19.7%	16.0%

All acquisitions serve a strategic purpose: to increase efficiencies; expand into new markets; and acquire new products.

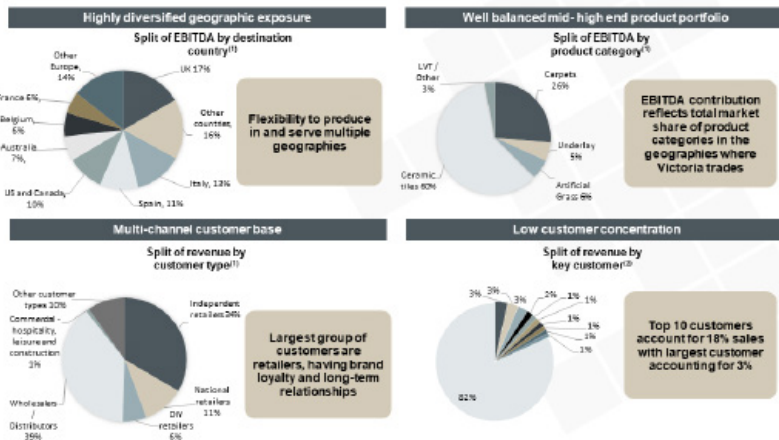
Koch Industries

Koch Equity Development, part of Koch Industries, one of the largest privately held US businesses and with £125 billion annual revenues, is a significant backer of Victoria with a 11% shareholding and £225 million of preferred equity to accelerate Victoria's acquisition plans. Koch undertook extensive due diligence and is a firm believer in Victoria's growth opportunity - **Victoria PLC is their only UK listed investment**.



Highly diversified global business

Victoria is a highly diversified global business across products, customers and geographies. The diversification provides a resilient basis to trading which, together with acquisitions, has delivered 34% CAGR revenue growth over the last 10 years.



Significant and stable market underpinning 15 years of organic growth

Flooring is an extremely resilient long-term growth sector, with a CAGR of 3% in global flooring volume (m²) growth (2% in Europe, 2.5% in the US) over the past 15 years. Short term deviation from the growth trend-line is always recovered within 24 months. The combined value of the US and European flooring markets was estimated to be worth £113 billion in 2020, growing to £152 billion by 2026 (Sources: Mordor Intelligence/ AMA Research).

High structural barriers to entry

Due to the fragmented nature of the flooring market and the long-standing relationships developed between individual retailers and their customers, there is a very high cost of customer acquisition for would-be competitors. Victoria boasts a large portfolio of established and trusted brands, well known to their customers for certainty of supply and quality.

Central to this is Victoria's manufacturing economies of scale, resulting in lower raw material prices and more efficient production compared to smaller operations. Larger scale also alleviates the significant logistics costs which are a substantial part of the total cost of sale, and ensures Victoria has stock available regardless of changes to style.

Latest investor presentation



Management team



Victoria PLC is led by **Executive Chairman Geoff Wilding**. Geoff was appointed Executive Chairman in 2012 and has driven the Company's strategy, resulting in a period of exponential growth. Under his leadership, Victoria's market capitalisation has grown from £15m to over £600m in 2023. Geoff is a former investment banker with a strong track record of delivering acquisition-led growth.

Geoff is supported operationally by **CEO Philippe Hamers**. Philippe has over 25 years' experience in the flooring industry and headed Europe's largest carpet manufacturing operation at Balta Group. Prior to this, Philippe was General Manager of the Tufted and Woven Division of Beaulieu International Group.



Brian Morgan joined Victoria in 2022 as **CFO**, prior to which he was Director of Group Finance at Synthomer plc. Brian worked in several FTSE 250 multi-national companies in senior commercial finance and head office roles.

Both the Board and executive management team have invested in the business and are therefore **highly committed and heavily aligned with investors**. As such, both are focused on driving value for Victoria's shareholders.

Forecasts (Source: Factset)

	FY'22 (Actual)	FY'23 (Est.)	FY'24 (Est.)	FY'25 (Est.)
Sales (£m)	1,020	1,442	1,505	1,529
EBITDA (£m)	163	203	214	223
PBT (£m)	74	78	88	94
EPS IFRS (p)	40.2	50.7	56.9	60.8

