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.

UK +8%

- Increased business from target sectors
- Services revenue with improved gross contribution
- Street lighting sector improved, supplemented with smaller tunnel projects

Netherlands +5%

- Growth in both the Lightronics and Famostar businesses
- Margin pressure at Lightronics continued but improved in the second half, similar operating profit at Famostar

Germany +163%
(+34% ex SchahlLED acquisition)

- Continued growth in Germany driven by SmartScan and the addition of SchahlLED
- Margin pressure continued at Zemper driven by material and utility cost increases

Rest of Europe +57%

- Revenue in line with expectations, improved levels in France via Zemper
- Scandinavian market continued to be positive

Rest of World +21%

- Improved demand in Australia, difficulty with logistics continued
- Dampened demand in UAE

Market Overview

FW Thorpe commenced the year with higher than usual order books and a backdrop of component shortages that had resulted in extended lead times for customers.

Normal service levels have resumed during the year with supply stabilising. Increased costs had been common in the prior year, these have now slowed, and we are starting to see some reversals in certain components and commodities. This has also allowed the Group to reduce stock holding in some areas, with further reductions expected in 2023/24.

There has been less focus on redesign this year, allowing our engineering teams to focus on product development. We continue to differentiate ourselves with product and system innovation, combined with our ability to service our markets through the life cycle of a project.

Across our domestic and international markets we face competition from listed multinationals as well as solid private businesses. Where information is available, we have seen improved financial performance of our main competitors perhaps buoyed by the ability to increase sales prices in the current economic climate.

Our continued investment in business development supports the ebbs and flows of demand across various sectors. We continually assess how to deploy our selling resource 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, with renewed vigour around those that may have reduced in prior years.

Market sectors

- Pharmaceutical
- Hospitality
- Display
- Housing
- Advertising
- Research & development
- Commercial
- Facilities
- Retail
- Education
- Industrial
- Infrastructure
- Healthcare
- Manufacturing

Market-specific drivers...

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

The opportunity

- Improves ability to hold specification business with our own controls offering
- Potential to supply retrofit projects with wireless controls where wired controls were 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

Drive for energy efficiency and carbon reduction

What this means

- Global emissions targets
- High energy costs in Europe

The opportunity

- 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...

International economic conditions

What this means

- Countries are now dealing with the impact of the conflict in Ukraine and the global energy crisis
- Pressure remains on global supply chains – raw material price pressure, component shortages
- Certain sectors could slow investment given recent interest rate raises and concerns over future economic growth

The opportunity

- 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 al our businesses
- Target sectors where demand is stable or increasing
- Redirect selling resource as appropriate

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
- Resilience in the supply chain is being tested post-pandemic and with increased logistics costs

The opportunity

- 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
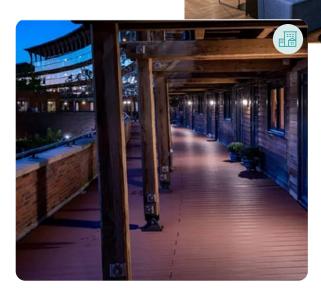
Marketplace.

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

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

Market sectors

- Pharmaceutical
- Hospitality
- Display
- Housing
- Advertising

- Research & development
- Commercial
- Facilities
- Retail
- Education

- Industrial
- Infrastructure
- Healthcare
- Manufacturing