WALKER GREENBANK PLC

INTERIM RESULTS SIX MONTHS ENDED 31 JULY 2019

AGENDA

- Interim Results six months ended 31 July 2019
- Strategy Review October 2019
- Current Trading and Outlook

INTERIM RESULTS
SIX MONTHS ENDED 31 JULY 2019

OPERATIONAL HIGHLIGHTS

- Significant progress on review of Company's strategy
- Strengthened senior leadership team - 3 important appointments
- Morris & Co. and Clarke & Clarke strong sales performance
- Kravet Inc. appointed in July 2019 to represent the Clarke & Clarke and Studio G brands in the US
- Core licensing growth
- Efficiency and cost-saving initiatives - expected to deliver £2m of annualised cost savings of which approximately £1m will be delivered in the current financial year

INTERIM RESULTS
SIX MONTHS ENDED 31 JULY 2019

FINANCIAL HIGHLIGHTS

- Total Group revenue up 2.3% driven by the recognition of future guaranteed licensing income
- Profit for the period down 14.9% as a result of non-underlying items of £1.1m
- Non-underlying includes £0.7m relating to the warehouse and back office integration of Clarke & Clarke
- Interim dividend of 0.52p per share (H1 2018: 0.69p) with full year dividend pay-out ratio expected to be maintained

INCOME STATEMENT	H1 2020 £000	H1 2019 £000	CHANGE
Revenue	**55,932**	54,682	+2.3%
Net other income	2,694	3,278	(17.8%)
Underlying profit before tax	**4,573**	**3,905**	+17.1%
Non-underlying items	(1,058)	(38)	
Profit before tax	**3,515**	**3,867**	(9.1%)
Tax charge	(892)	(784)	
Profit for the period	**2,623**	**3,083**	(14.9%)
Underlying profit before tax	**4,573**	**3,905**	
LTIP accounting charge	-	68	
Net defined benefit pension charge	359	323	
Adjusted underlying profit before tax	**4,932**	**4,296**	+14.8%
Underlying adjusted * EPS Basic	**5.54p**	**4.73p**	+17.1%
Interim dividend per share	**0.52p**	**0.69p**	(24.6%)

NON-UNDERLYING ITEMS	H1 2020 £000
Amortisation of acquired intangible assets	(508)
Restructuring and reorganisation costs relating to C&C	(694)
Anstey fire net insurance reimbursement	144
Total non-underlying charges included in profit before tax	**(1,058)**

* Adjusted underlying profit before tax excludes accounting charges relating to share- based incentives, defined benefit charge and non-underlying items.

SEGMENTAL ANALYSIS

- Total Brand product sales up 1.2% in reportable currency, up 0.1% in constant currency (LFL -2.7% in constant)
- Licence income up 60.0% in both reportable and constant currency, due to recognition of future guaranteed licensing income and strong core licensing. Excluding IFRS 15 and apparel, core licensing +12.2%,
- UK market continues to be challenging -3.9%
- US LFL sales -6.2% reflecting impact of the disruption to Clarke & Clarke distribution following RADG entering chapter 11
- Western Europe +5.2%, direct model in Germany contributing half this growth
- Total third-party manufacturing sales down 4.7% driven by lower UK sales offset in part by strong overseas manufacturing sales up 16.6%. Total Manufacturing sales including Group sales up 5.1% in reportable currency

REVENUE	H1 2020 £000'S	H1 2019 £000'S	% CHANGE
Total Brands (inc. licensing)	46,346	44,619	3.9%
Manufacturing	17,143	16,308	5.1%
	63,489	60,927	4.2%
Internal Manufacturing	(7,557)	(6,245)	21.0%
Group	55,932	54,682	2.3%

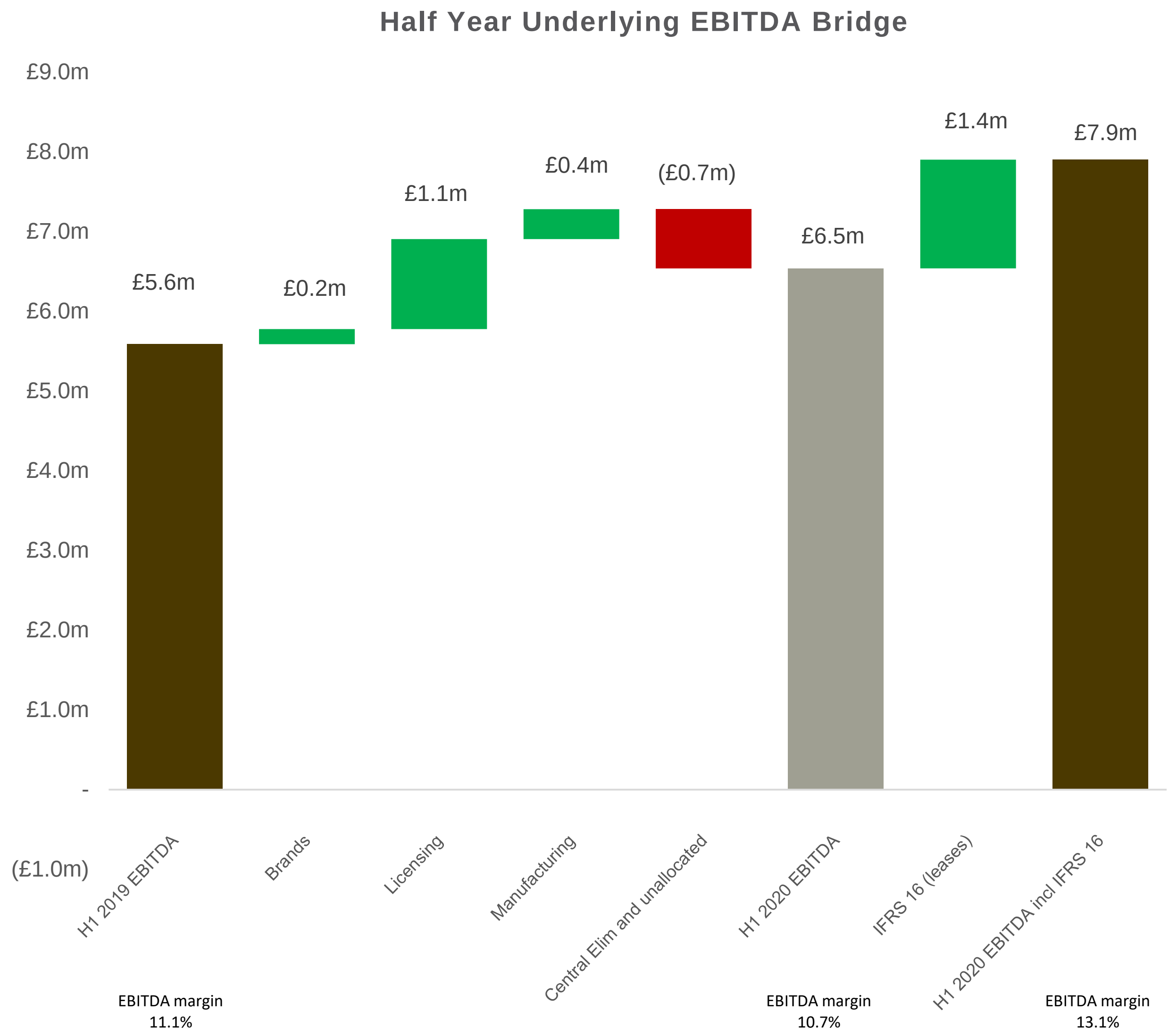
LICENSING BRIDGE	H1 FY20 £000's	H1 FY19 £000's	%
Licensing Income	3,239	2,000	60.0%
Less			
Accelerated Income	(1,955)	(106)	
Apparel/ One Off	(153)	(607)	
Add			
Partners actual performance in excess of minimum guarantee	425	100	
Total Core excl Apparel	1,556	1,387	12.2%

	Half year ended 31 July		Change		
	2019	2018	Reported	Constant currency	Like-for-like*
UK Brand product sales	£22.2m	£23.1m	(3.9%)	n/a	n/a
International Brand product sales	£20.9m	£19.5m	7.2%	4.8%	(1.3%)
-US	£8.0m	£6.9m	15.9%	9.7%	(6.2%)
-Western Europe	£6.1m	£5.8m	5.2%	5.4%	n/a
-Rest of the World	£6.8m	£6.8m	-	1.0%	n/a
Total Brand product sales	£43.1m	£42.6m	1.2%	0.1%	(2.7%)

*LFL - Reflecting a temporary change to the Company's US operating model for Clarke and Clarke sales whereby revenue in the half year was recorded on an agency basis whereby sales in the prior half year were recorded on a distribution basis

UNDERLYING EBITDA

- Brands reflects growth at Clarke & Clarke partially offset by Style Library due to lower UK retail volumes together with cost to serve savings
- Licensing driven by IFRS 15 accelerated income and strong core growth
- Manufacturing driven by overhead recovery due to increased Group volumes - eliminated in part in Central
- Central costs driven by higher people costs and intra Group profit elimination
- IFRS 16 Leases – New accounting standard applicable for Y/E 31 January 2020 (operating lease costs replaced with depreciation)



CASH AND CASH EQUIVALENTS

WORKING CAPITAL
Driven by accrued accelerated licensing income and increase in stock in preparation for Brexit

CAPEX
Includes Anstey investment in a digital printer

LEASE PAYMENTS
Comprising capital element of £1.3m and interest of £0.1m

PENSION
£1m cash contribution to DB schemes

IAS 19 Balance Sheet liability reduced to £5.2m driven by strong asset performance

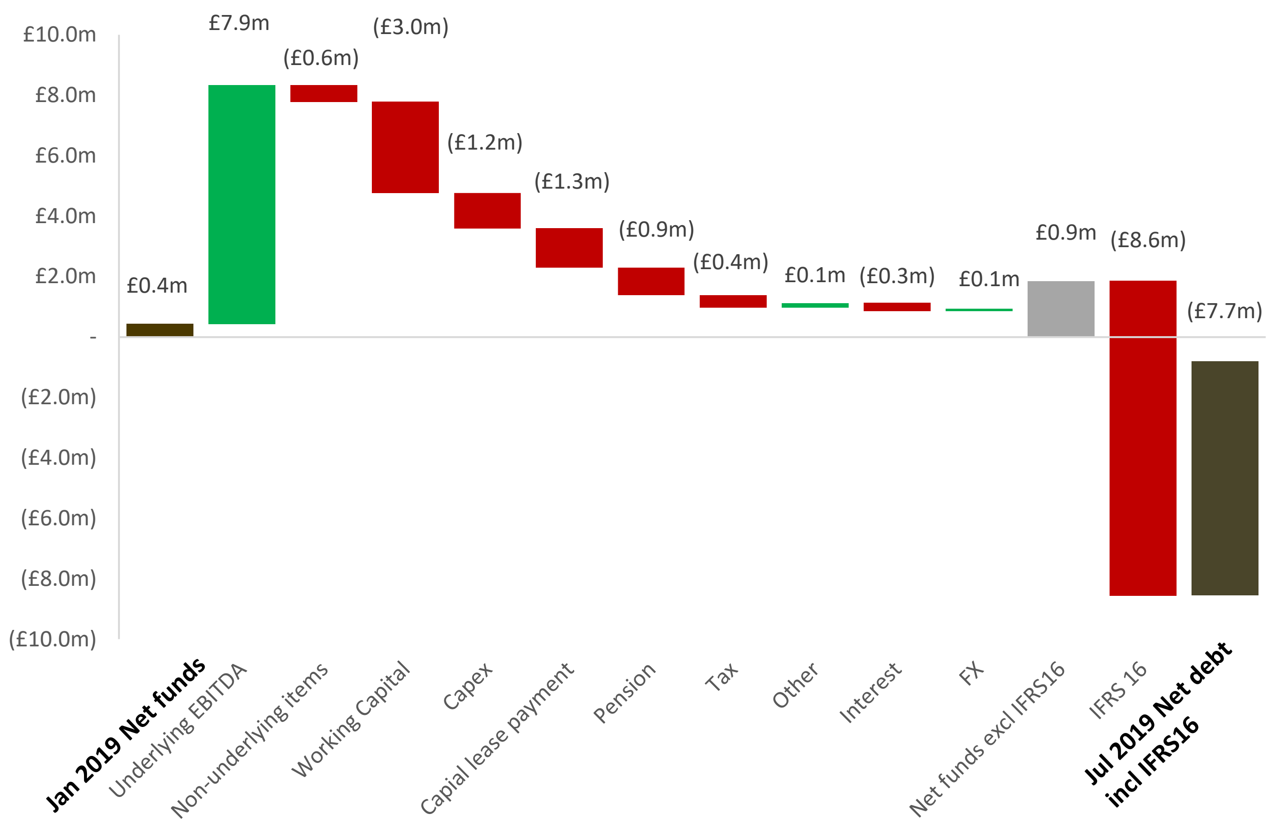
NET DEBT

Following the adoption of IFRS 16 'Leases' down to £7.7m (31 January 2019: £9.2m). Excluding impact of IFRS 16 net funds of £0.9m (31 January 2019: net funds of £0.4m)

New five year bank facilities to 2024 comprising £12.5m rolling credit facility and £5m accordion

FULL YEAR GUIDANCE

- Interest c.£0.3m (on IFRS 16 basis)
- Capex c.£3m (c.£6m on IFRS 16 basis)
- Pension c.£2.0m



WALKER GREENBANK PLC

STRATEGY REVIEW OCTOBER 2019

ZOFFANY HARLEQUIN Sanderson MORRIS & Co scion CLARKE & CLARKE

SHARP FOCUS ON CORE

The Company's strategy going forward will:

- **Drive the brands (not Style Library)**
- **Focus on wallpaper, fabric and paint**
- **Partner with core customers**
- **Invest in people**
- **Grow key geographies – UK, Northern Europe and USA**
- Improve efficiency and productivity

To deliver this turnaround effectively we will set milestones that reflect industry lead-times, design and product cycles

OUR BUSINESS

BRANDS AND DESIGN

- Market-leading portfolio of British brands
- Extensive historic archive of design gives us authority, provenance and authenticity
- Unique design expertise, specialised in colour and scale
- Strong international appeal
- Design solutions for consumers of all ages
- Good opportunities to scale

MANUFACTURING AND DESIGN

- UK's leading high-end wallcoverings and printed fabric manufacturers
- Innovative production techniques including digital
- Unique proposition of blended processes
- Design capability and own extensive archives
- High quality product

STRATEGIC PILLARS

Strengthening the foundations for long term value creation

BRANDS	CORE PRODUCTS	KEY CUSTOMERS	GEOGRAPHIES
Amplify the power of each brand	Focus on fabric and wallpaper; expand paint	Service the industry	Focus on UK, USA and Northern Europe

PEOPLE
Recruit, retain and nurture talent for the future

EFFICIENCY AGILITY INNOVATION
Reduce SKUs; focused launches; design ROI

SUPPLY CHAIN
Improve processes; reduce cost & waste

FINANCIAL STRATEGY
Tightly manage inventory and cash while continuing to reduce overheads

DRIVE THE POWER BRANDS

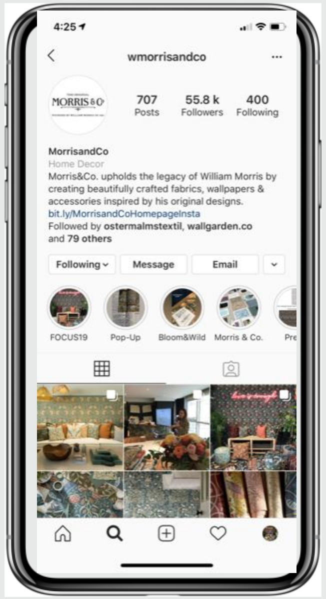
LUXURY & HERITAGE

PREMIUM

DRIVE BRAND ENGAGEMENT

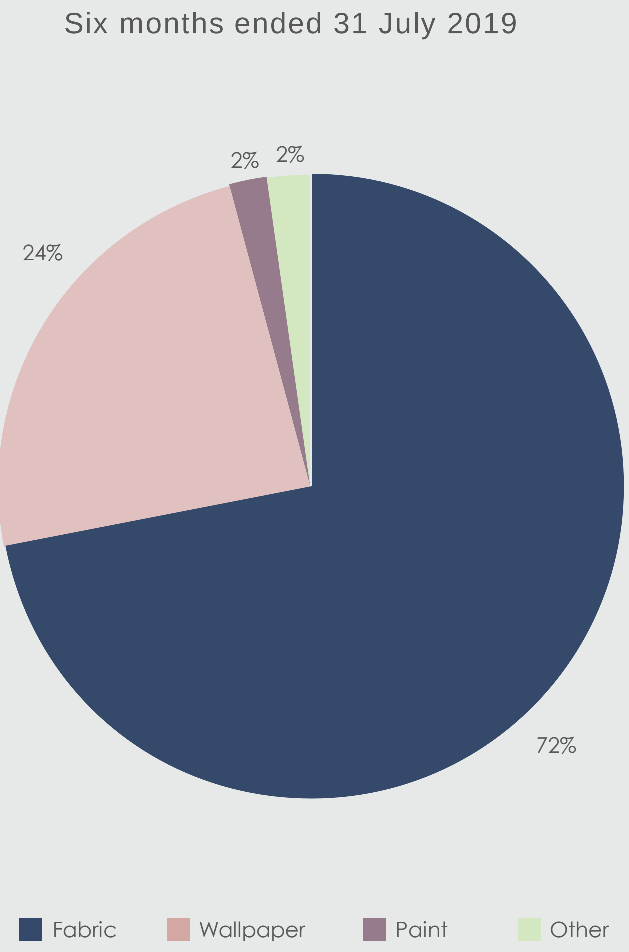
- Build engagement of the brands in core markets
- Digital marketing strategy
- Targeted PR
- Social Media to attract consumers
- Content plan to tell rich stories
- Events and collaborations
- Hire Marketing Director

Morris followers +41% Mar'19 to Sep'19 driven by pop-up etc



CORE PRODUCTS

Amplify the brands to drive demand for core product and to deliver sales back to the trade customer. Product portfolio remains unchanged



KEY CUSTOMERS

- Partner closely with core customers globally
- Promote brands to consumers to drive sales back to the trade
- Enhance services to independent retailers
- Support interior designers
- Develop more contract-ready collections
- Build closer ties with licence partners
- Increase average order size

Brewers DECORATOR CENTRES

JOHN LEWIS & PARTNERS

Fresh Ideas Love Your Home

Jane Clayton & COMPANY

THE NED LONDON

Le ROYAL MERIDIEN BEACH RESORT & SPA DUBAI

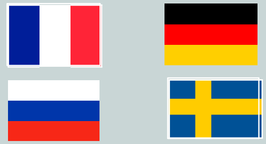
FOCUS ON THREE KEY GEOGRAPHIES

UK

- Trade relationships
- Promote brands
- Interior designers
- Track samples and conversion
- Increase average order
- Enhanced services

USA

- Interior designers
- Road representatives
- Brand marketing
- Collaborate with Kravet
- Canada and Mexico



NORTHERN EUROPE

- Focus in France, Germany, Nordics and Russia
- Languages on all material
- Brand awareness
- Key brands in each market
- Local collaborations and events
- Market relevance

	UK	USA	NORTHERN EUROPE
PRIORITY	KEY DOMESTIC MARKET	SECOND LARGEST MARKET	DIRECT OPERATIONS FRANCE GERMANY RUSSIA
OPPORTUNITY	MARKET LEADER	LOW BRAND AWARENESS	LOW PENETRATION
AMBITION	MATERIAL REVENUE GROWTH	DOUBLE REVENUE	DOUBLE REVENUE

PEOPLE STRATEGY

Creating a great place for our customers to do business through enabling our people to build an inclusive culture with engaged talent and effective leadership

SUCCESS IS:

Creating and embedding a dynamic and inclusive **high performing** culture to engage employees, empower our leaders, strengthen capabilities, develop our talent, simplify how we work and drive positive sustainable change across every part of our Company

THROUGH ...

Deepening the talent pool and widening our collective experience, attracting outstanding external talent and developing our own people

HOW

- Engagement survey
- Bright ideas
- Training and development
- Internal communications
- Recognition
- CSR community projects

SUPPLY CHAIN

Analysis underway to determine future investment, Group Operations Director appointed

STANDFAST & BARRACKS

- Invest in technology
- Continue to develop new techniques
- Improve overhead absorption rate
- Celebrate heritage
- Grow Clock Tower factory shop
- Training and development
- CSR

ANSTEY

- Invest in digital
- Promote blended techniques
- Exploit wallcovering trends
- CSR

EXTERNAL SUPPLIERS

- Supplier review
- Strengthen partnerships
- Shared planning
- Reduce lead times

EFFICIENCY, AGILITY AND INNOVATION

EFFICIENCY

- Reduce SKU's
- Fewer stronger collection launches
- Reduce minimum order
- Improve forecasting
- Compilation books
- Right size inventory
- Reduce lead times

AGILITY

- Flexible books
- Digital printing
- Supply chain review
- Made in Britain
- Cultural mindset

INNOVATION

- Invest in new tech
- New digital printers
- Develop new finishes
- Invest in design
- Creative marketing

MILESTONES AND FINANCE

12 MONTHS TO JAN'21

- Leadership team effective
- Brands differentiated
- Trade customers stabilised
- CSR immersive program in place
- Kravet distribution showing growth
- Manufacturing Analysis complete
- Digital Strategy complete
- Fewer Collection launches
- Website language-enabled
- KPIs in place for SKU ROI

24 MONTHS TO JAN'22

- Return UK sales to growth
- Accelerate US sales growth
- SKUs reduction programme commenced
- ROI per new SKU increase
- CSR progress reduction in emissions
- Continue to drive Core licensing growth
- Reinvigorate contract business
- Focus on paint sales growth
- Brand Engagement increase per social media
- Customer audience built through direct dialogue

36 MONTHS TO JAN'23

- All Brands growing
- UK, US and Europe growing
- SKUs reduction
- ROI per SKU continues to improve
- Channel Strategy reviewed by brand
- Retail presence in UK & US
- Contract business growing YoY
- Licence income growing YoY

CAPEX

Invest in innovative printing techniques and digital printers

INVENTORY

Tightly manage inventory, optimising the numbers of products launched; Flexible books; Reduce minimum order

LEVERAGE

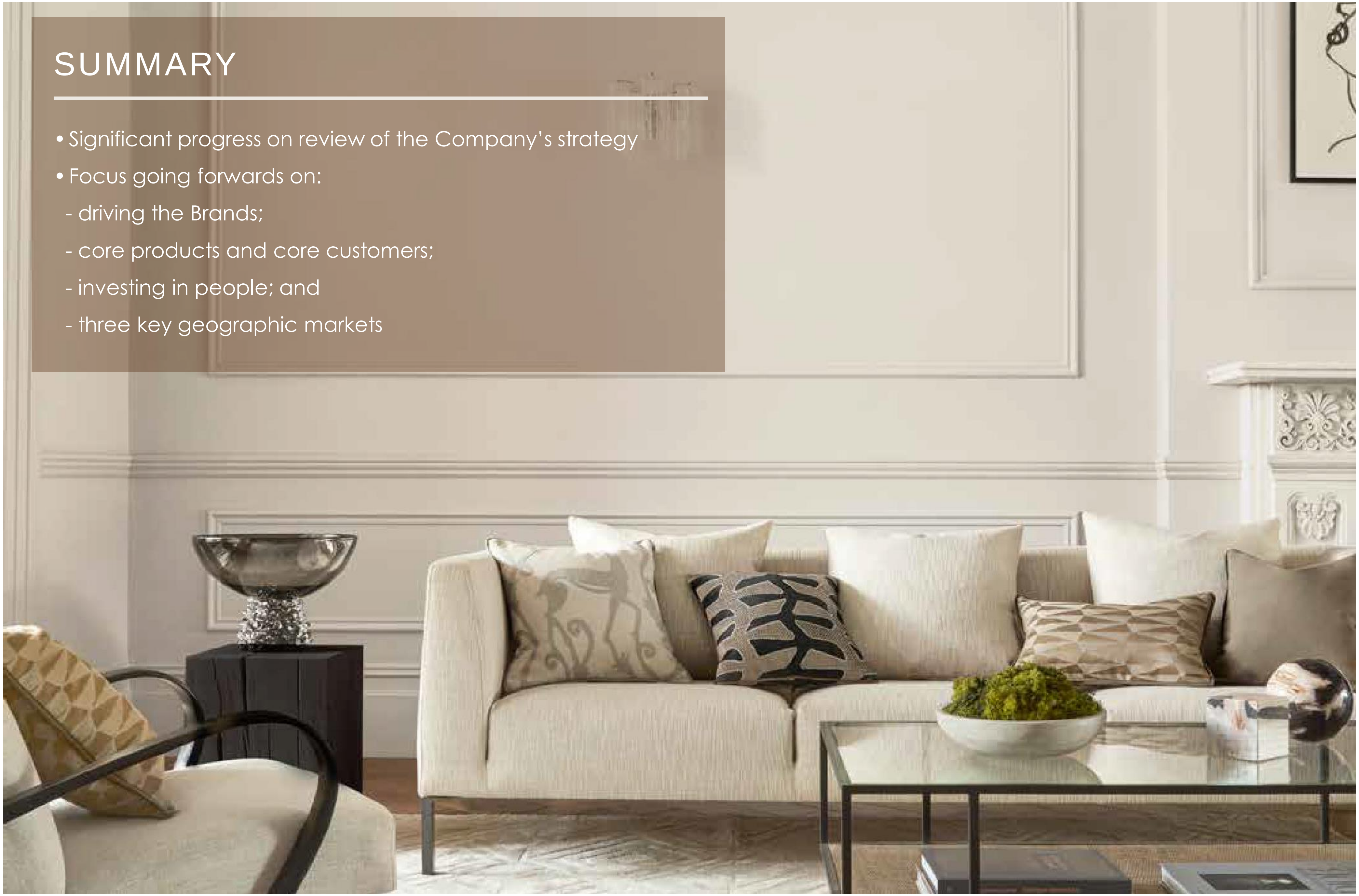
New Barclays 5 year RCF and accordion; Gearing objectives, Pension and Lease adjusted, below c.1.5x (IFRS 16)

CASH

Tightly manage cash through working capital control

DIVIDEND

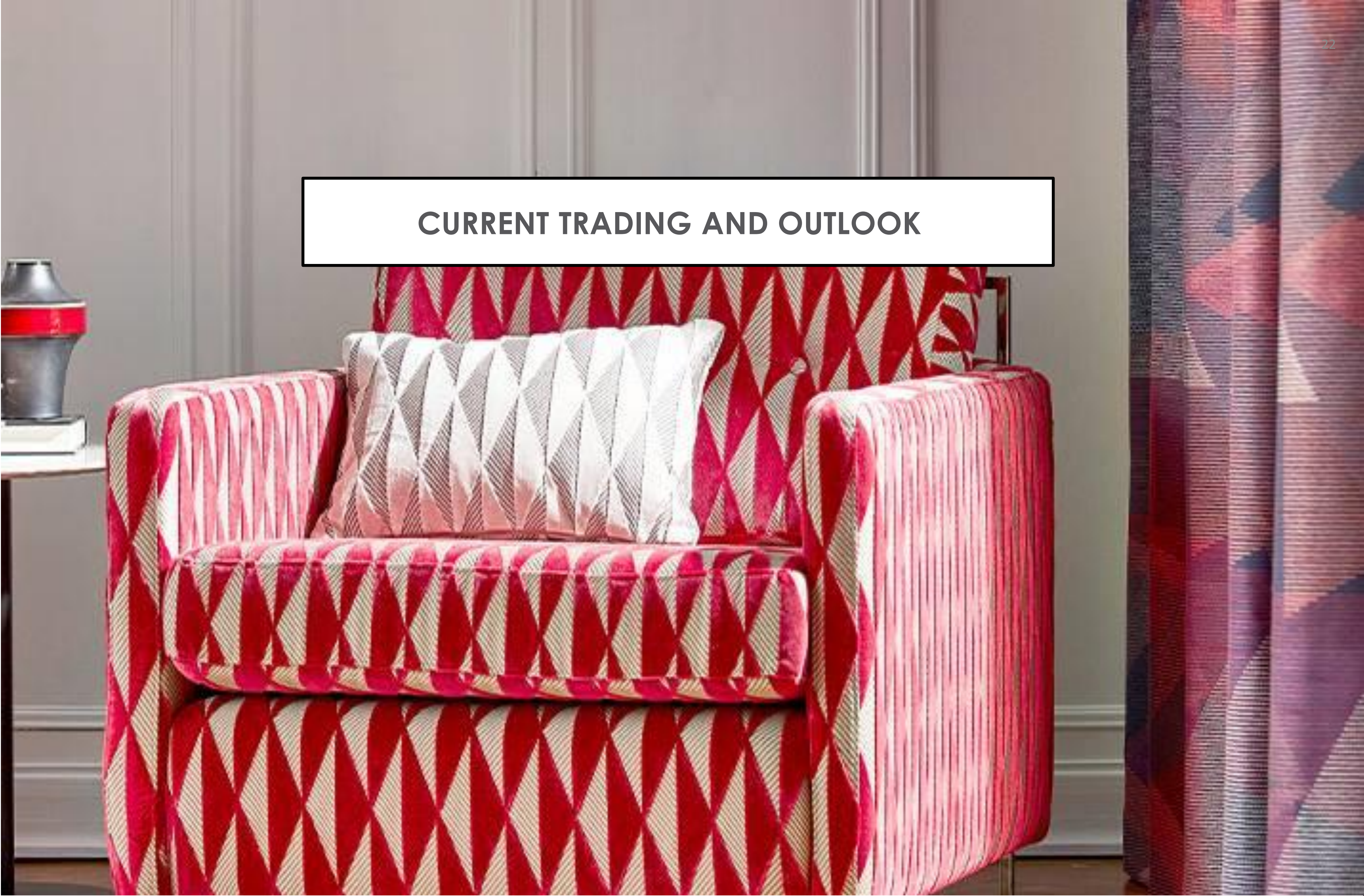
30% payout ratio assuming normal level of historic capex



SUMMARY

- Significant progress on review of the Company's strategy
- Focus going forwards on:
  - driving the Brands;
  - core products and core customers;
  - investing in people; and
  - three key geographic markets

CURRENT TRADING AND OUTLOOK



ZOFFANY HARLEQUIN Sanderson MORRIS & Co scion CLARKE & CLARKE

CURRENT TRADING AND OUTLOOK

"Trading in the first half of the year was in line with the Board's expectations and continues to reflect the challenges affecting the consumer sector both in the UK and internationally. We have made significant progress with our strategy review and have begun taking steps to increase the focus of the business going forwards to drive sales and increase efficiency. At this stage of the year, as we enter the autumn selling period, we continue to expect the full year out-turn to meet the Board's expectations."

Q&A

APPENDICES

BALANCE SHEET

GROUP	AS AT H1 2020 £000	AS AT H1 2019 £000	AS AT FY 2019 £000
Non-current assets			
Intangible assets	**30,291**	31,419	30,816
Property, plant & equipment	**14,679**	15,929	15,227
Right-of-use asset	**8,793**	-	-
	53,763	**47,348**	**46,043**
Net current assets			
Inventories	**28,807**	27,878	28,020
Receivables	**21,077**	22,116	18,857
Current liabilities	**(22,380)**	(20,545)	(21,839)
Deferred income tax liabilities	**(1,510)**	(1,542)	(970)
	25,994	**27,907**	**24,068**
Funds			
Net Funds / (Debt)	**922**	(3,368)	434
Finance lease liabilities	**(8,666)**	-	-
Retirement benefit obligation	**(5,186)**	(6,620)	(9,663)
Net assets	66,827	**65,267**	**60,882**
Capital and reserves			
Share capital	**710**	710	710
Share premium account & other reserves	**58,851**	58,757	58,780
Retained earnings	7,266	5,800	1,392
Equity shareholders funds	66,827	**65,267**	**60,882**

CASH FLOW

GROUP	HY 2020 £000	HY 2019 £000
Underlying EBITDA	**7,901**	**5,587**
Non-underlying items	(550)	470
Reported EBITDA	**7,351**	**6,057**
Insurance reimbursement	(144)	(650)
Insurance proceeds relating to operating activities	144	650
Working Capital	(3,018)	(1,052)
Other (*)	(778)	(824)
Net interest	(266)	(125)
Tax	(402)	(694)
Cash from operating activities	**2,887**	**3,362**
Capital expenditure	(1,176)	(1,612)
Capital element of lease payments	(1,291)	-
Free cash flow	**420**	**1,750**
Opening Cash	434	(5,263)
FX on cash held	68	145
Net funds/(debt)	**922**	**(3,368)**

* Includes share based payments charge, Pension, impairment of fixed assets and unrealised exchange gains.

IFRS 16 – LEASE ACCOUNTING

- New accounting standard IFRS 16 'Leases' applicable for Y/E 31 January 2020
- The Group has adopted the standard with no restatement of comparatives
- Resulted in a number of leases (vehicles & property) previously accounted for as operating leases being capitalised within fixed assets as Right of Use (ROU) asset and depreciated over lease term with a corresponding lease liability and interest charge

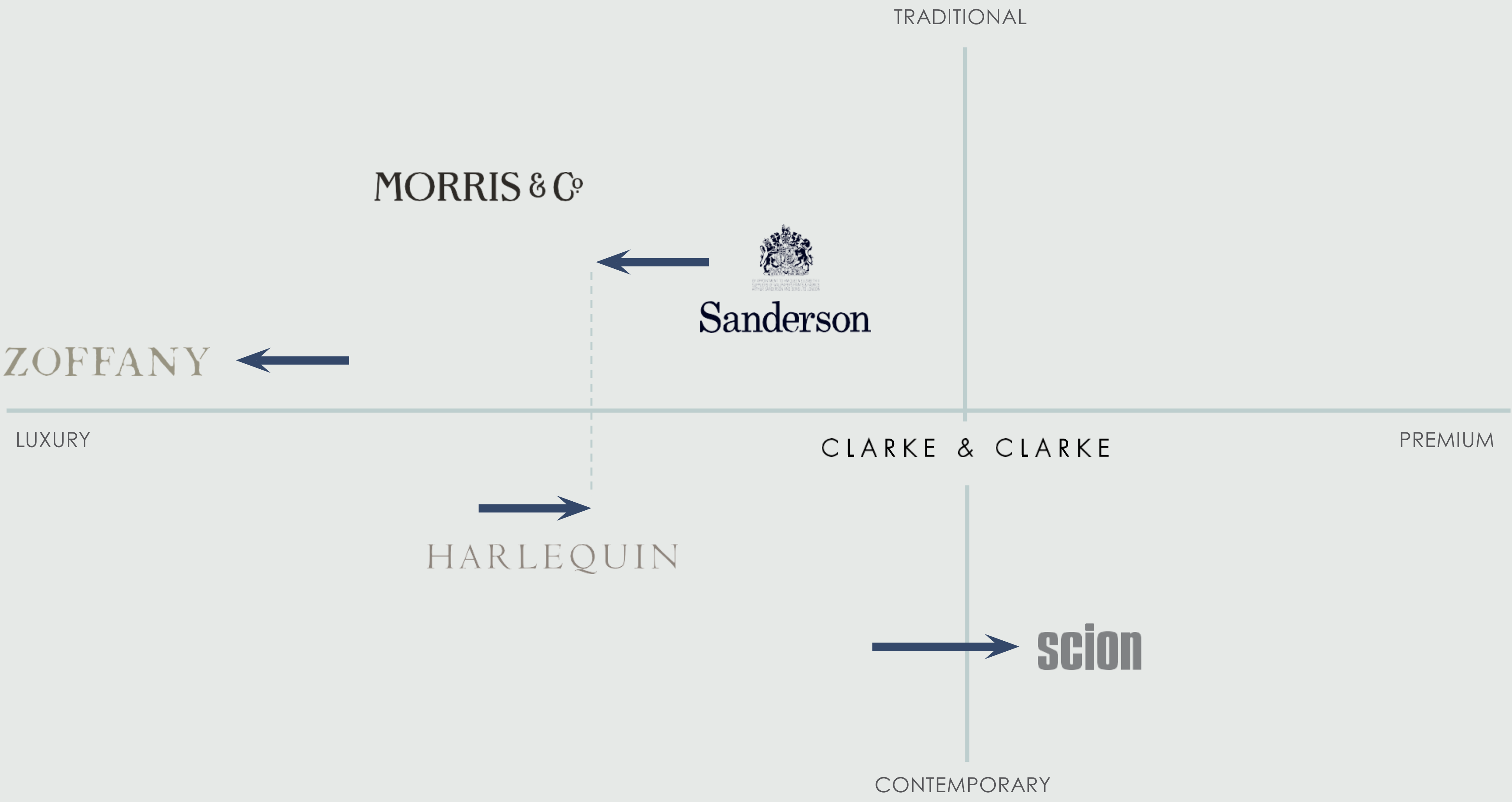
IMPACT

- Purely an accounting change, PBT decrease by c.£0.1m as rental charge is replaced by depreciation and interest charges, with no impact on either cash flows or how the business is managed.
- Fixed asset and net debt increased by c.£9m
- Covenants unaffected

PAINT

- Expand Zoffany and Sanderson paint portfolio to include new finishes and qualities
- Reposition Zoffany as the luxury paint brand for designers in all key markets
- Launch the first Harlequin paint in September 2020
- Aim to own more than 5% (currently <1%) of the ca £100m premium paint market in the UK within 3 years
- Over the next three years launch paint within other existing brands to complement fabric and wallpaper giving access to new markets

PORTFOLIO POSITIONING



THE BOARD OF DIRECTORS

DIANNE THOMPSON
CHAIRMAN

LISA MONTAGUE
CEO

MIKE GANT
CFO

CHRISTOPHER ROGERS
NED

VIJAY THAKRAR
NED

GROUP LEADERSHIP TEAM

LISA MONTAGUE
CHIEF EXECUTIVE OFFICER
(6 months)

- MIKE GANT
  CHIEF FINANCIAL OFFICER
  (5 years)
- CLAIRE VALLIS
  CREATIVE DIRECTOR
  (25 years)
- CARLA BARNETT
  HR DIRECTOR
  (3 years)
- MAURICIO SOLODUJIN
  GLOBAL COMMERCIAL DIRECTOR
  AUGUST 2019
- OPERATIONS DIRECTOR
  JANUARY 2020
- MARKETING DIRECTOR
  NOVEMBER 2019