Beacon Lighting

Code: **BLX** | Rating: **HOLD** | Price target: **A$3.55** | Last close: **A$3.53** | Market cap: **A$807m** | Analyst: **Emily Porter** | Latest research: **BLX - 20-Feb-2025** | **FY25 Reporting Calendar**

Reporting date: **28 August 2025**

Surprise risk

☐ Positive	☒ Neutral	☐ Negative

Financial summary (A$m)

Y/E June	FY24A	FY25F	FY26F	FY27F
Revenue	317.1	331.3	351.1	371.8
EBITDA Norm	85.0	89.5	95.1	101.3
NPAT Norm	29.6	31.4	35.6	40.1
EPS Norm (cps)	13.1	13.8	15.7	17.7
EPS Growth (%)	-12.2	5.4	13.3	12.8
P/E Norm (x)	26.9	25.5	22.5	20.0
DPS (Acps)	7.9	7.8	8.6	9.7
Dividend Yield (%)	2.2	2.2	2.4	2.7
Franking (%)	100	100	100	100
EV/EBITDA (x)	10.7	10.2	9.5	8.8
Net Debt/EBITDA (x)	1.31	1.27	1.09	0.90

Source: Company data, Morgans forecasts. Priced: 15-Aug-2025

Morgans vs consensus (A$m)

FY25F	Morgans	Consensus	% difference
Revenue	331.3	331.7	-0.1
EBITDA	89.5	87.5	2.4
NPAT	31.4	30.0	4.7
EPS (cps)	13.8	13.2	4.6
FY26F	**Morgans**	**Consensus**	**% difference**
Revenue	351.1	358.9	-2.2
EBITDA	95.1	96.7	-1.7
NPAT	35.6	35.2	1.2
EPS (cps)	15.7	15.5	1.2

Source: Visible Alpha, Morgans forecasts

Share price performance



Source: Iress 15-Aug-2025

Earnings forecasts

(A$m)	1H24A	2H24A	FY24A	1H25A	2H25F	FY25F	2H25F % chg on pcp	FY25F % chg on pcp
Revenue	**164.9**	**152.2**	**317.1**	**170.6**	**160.7**	**331.3**	**5.6%**	**4.5%**
Gross profit	114.3	104.2	218.5	118.3	110.3	228.6	5.9%	4.6%
Gross profit margin (%)	69.3%	68.5%	68.9%	69.3%	68.6%	69.0%	17bp	8bp
Operating expenses	67.9	65.6	133.5	70.9	68.1	139.0	3.8%	4.1%
Opex % of sales	41.2%	43.1%	42.1%	41.6%	42.4%	42.0%	-74bp	-15bp
EBITDA	**46.4**	**38.6**	**85.0**	**47.4**	**42.2**	**89.6**	**9.4%**	**5.4%**
EBITDA margin (%)	28.1%	25.4%	26.8%	27.8%	26.3%	27.0%	91bp	23bp
EBIT	**29.8**	**21.1**	**50.9**	**29.7**	**23.5**	**53.2**	**11.6%**	**4.5%**
EBIT margin (%)	18.1%	13.9%	16.0%	17.4%	14.6%	16.1%	78bp	1bp
Underlying NPAT	**18.1**	**11.6**	**29.6**	**17.6**	**13.8**	**31.4**	**19.2%**	**6.1%**
Underlying EPS (cps)	8.0	5.1	13.1	7.8	6.1	13.9	19.2%	5.4%
DPS (cps)	4.1	3.8	7.9	4.1	3.7	7.8	-2.6%	-1.3%

Source: Company data, Morgans forecasts

Bright future ahead

Trade continues to be the growth engine

Beacon Lighting's trade business continues to be the growth engine for the company. We expect this result will show another year of growth (+20%), and will likely offset ongoing weakness in the retail business. Victoria continues to be a tough market, of which Beacon over indexes (~30% of stores), but we think Queensland and Western Australia's sales momentum is robust. Gross margins have been resilient, we forecast 69.0%. We expect margins broadly flat, given low single digit LFL sales growth, and ongoing inflationary cost pressures on the largely fixed cost base. We forecast NPAT of $31.4m, up 6.1% on the pcp.

Plenty of growth ahead for Trade

BLX's strategy to push into trade has proven successful thus far and has grown at ~20% p.a. over the last few years. We forecast trade sales of $130m in FY25, up 20% and representing ~40% of total sales. BLX is taking market share from electrical wholesalers but is still a relatively small player in the large ($2bn) and growing electrical wholesale market. BLX has started making good inroads with trade customers in high volume products like cable and down lights, and to date has had limited dilution to margins, but this may be yet to play out. BLX is tracking well towards its target of 50/50 trade and retail by FY28.

Retail has been weak, but perhaps through the worst

Over the last few years, retail sales have been tough, but we are possibly through the worst. Consumer confidence has bounced off record lows, and with the prospect of further interest rates to come, combined with potential improving home renovation market, we expect this will support retail demand. If retail returns to growth, the upside leverage could be significant.

Store rollout

We expect BLX has opened 4 new stores, relocated and expanded 2, leaving the total store count at 30 June at 130 stores. BLX has identified the potential for 195 stores, and expects to open 4-6 new stores p.a. giving the business significant runway for growth ahead. We don't rule out the possibly of the business trialling new store formats, particularly around trade specific stores.

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