

Howdens 2018 Half Year Report

26th July 2018



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE

Richard Pennycook

Chairman



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE

Andrew Livingston

Chief Executive Officer



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE

Pressing Ahead

Positive start to 2018

H1 revenue and profit growth

Strong operating cash generation

Pressing Ahead

New product

New distribution

New depots



Mark Robson

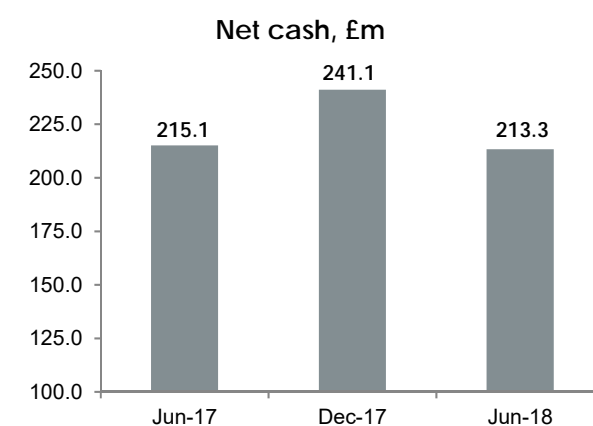
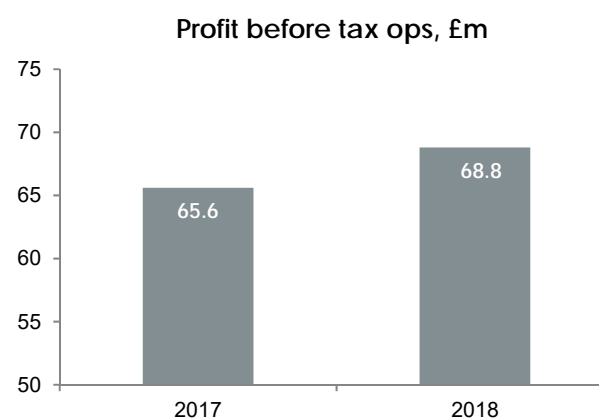
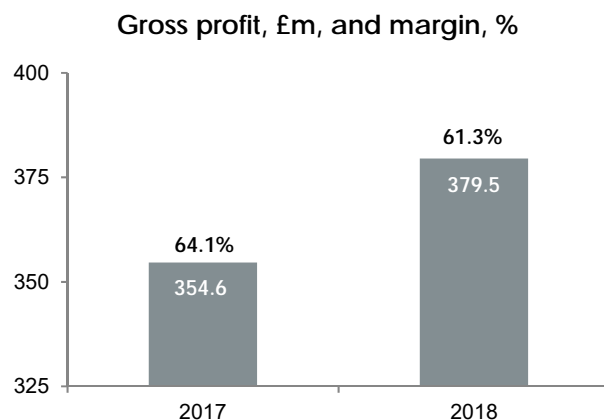
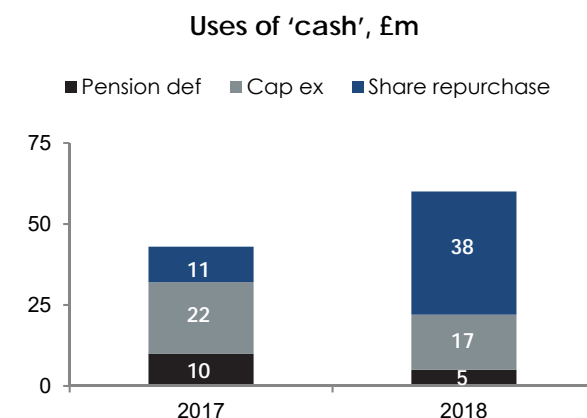
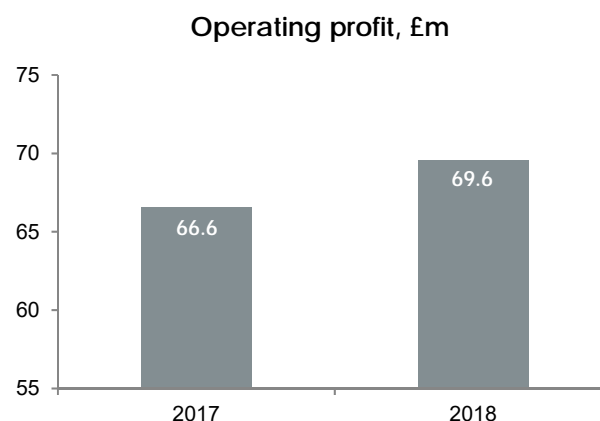
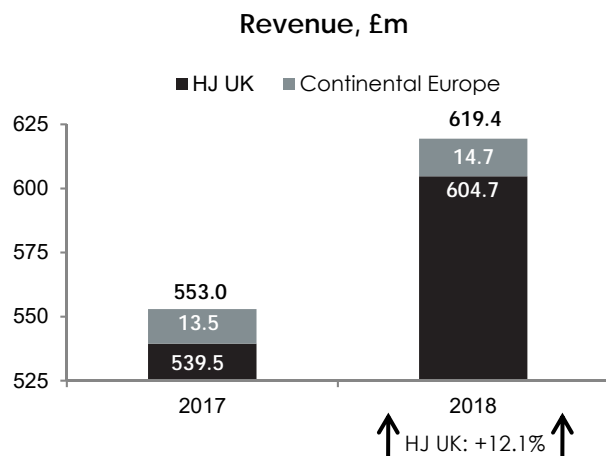
Deputy CEO and
Chief Financial Officer



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE

Highlights



Interim dividend of 3.7p per share recommended (2017: 3.6p)

Revenue

2018 UK depot revenue £604.7m

Total +12.1%
LFL +10.7%

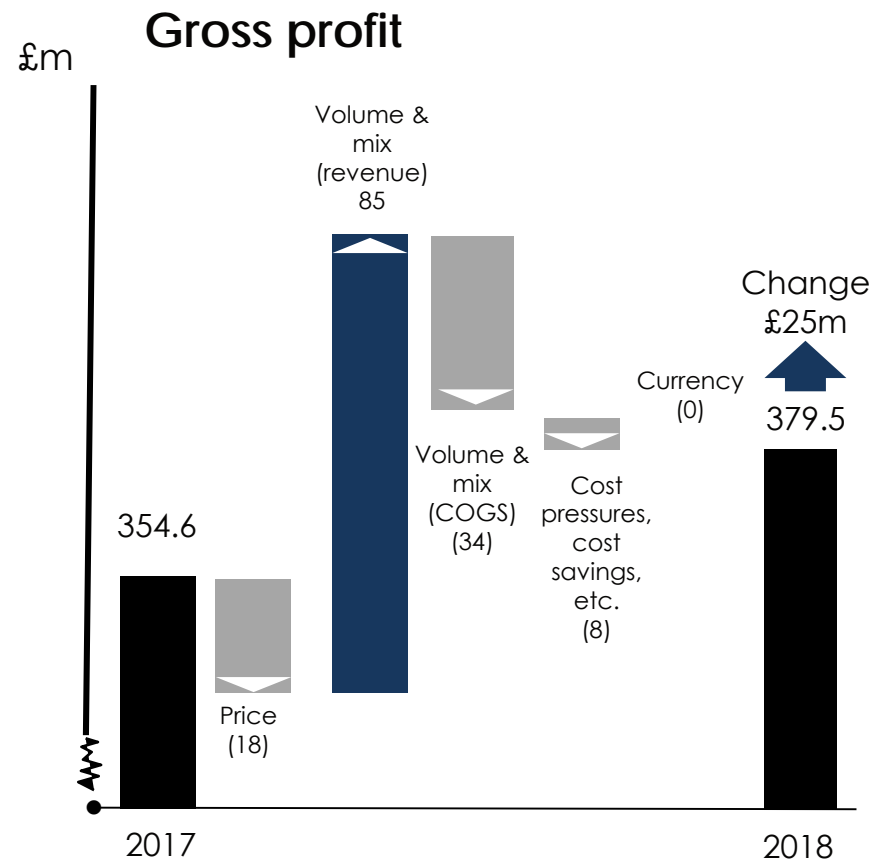
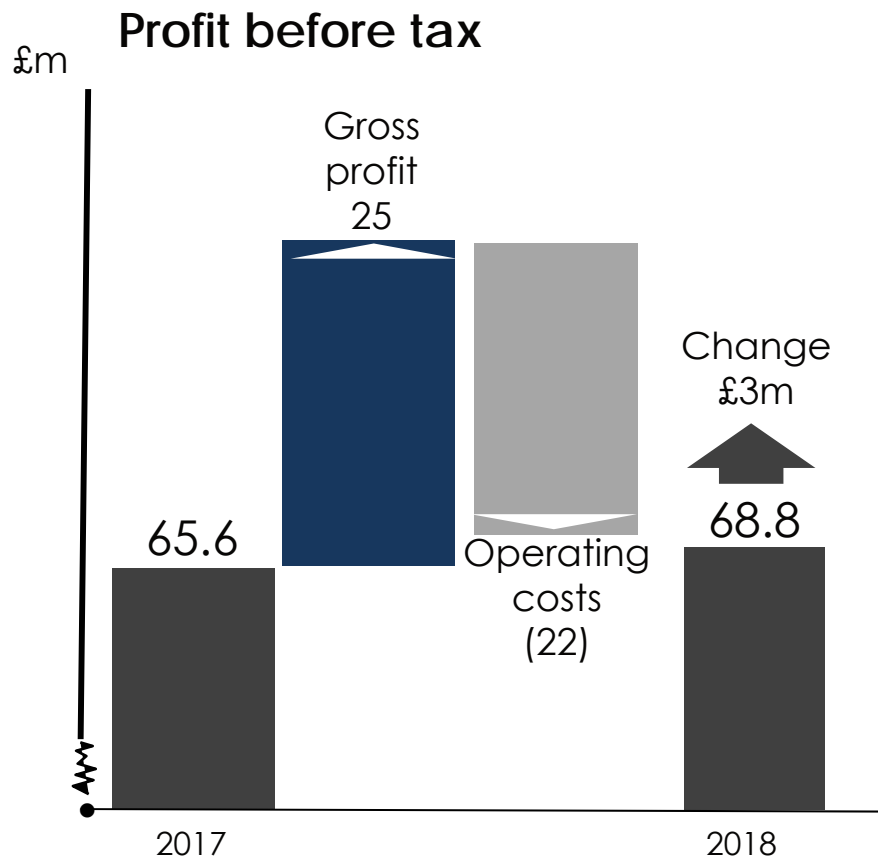
2018 continental Europe revenue £14.7m

France depots
5.5% in €s

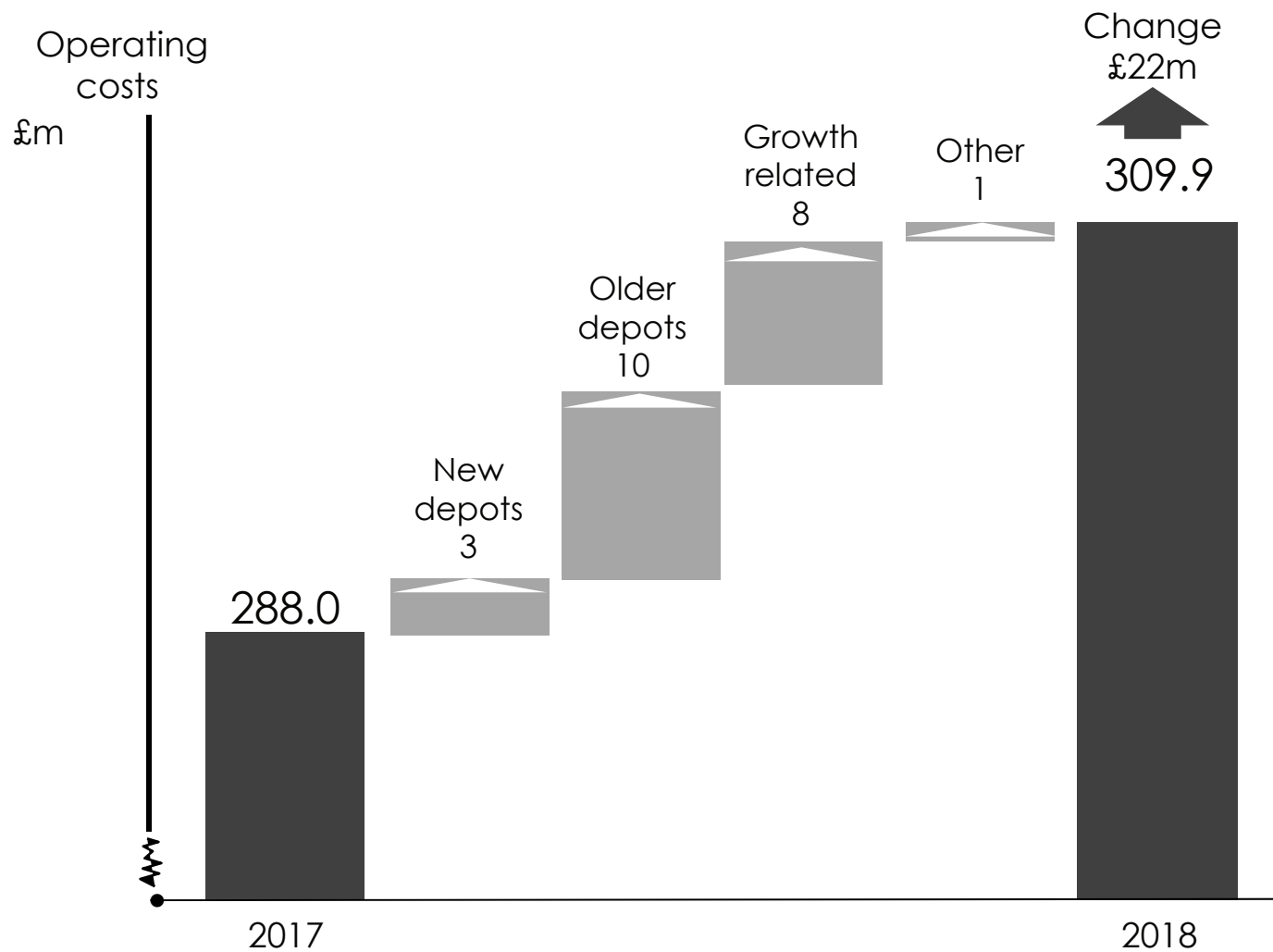
Profit before tax

Group gross profit margin

▶ 2017: 64.1% ▶ 2018: 61.3%



Operating costs



Income statement

£m	H1 2018	H1 2017
Revenue	619.4	553.0
Cost of goods sold	<u>(239.9)</u>	<u>(198.4)</u>
Gross profit	379.5	354.6
Operating costs	<u>(309.9)</u>	<u>(288.0)</u>
Operating profit	69.6	66.6
Net interest	<u>(0.8)</u>	<u>(1.0)</u>
Profit before tax	68.8	65.6
Tax	<u>(14.3)</u>	<u>(13.5)</u>
Profit for the period	54.5	52.1

EPS, dividends & share repurchase

H1 2018 H1 2017

Earnings per share	8.9p	8.4p
--------------------	------	------

Interim dividend per share	3.7p	3.6p
----------------------------	------	------

▶ Share repurchase expenditure of £38.3m

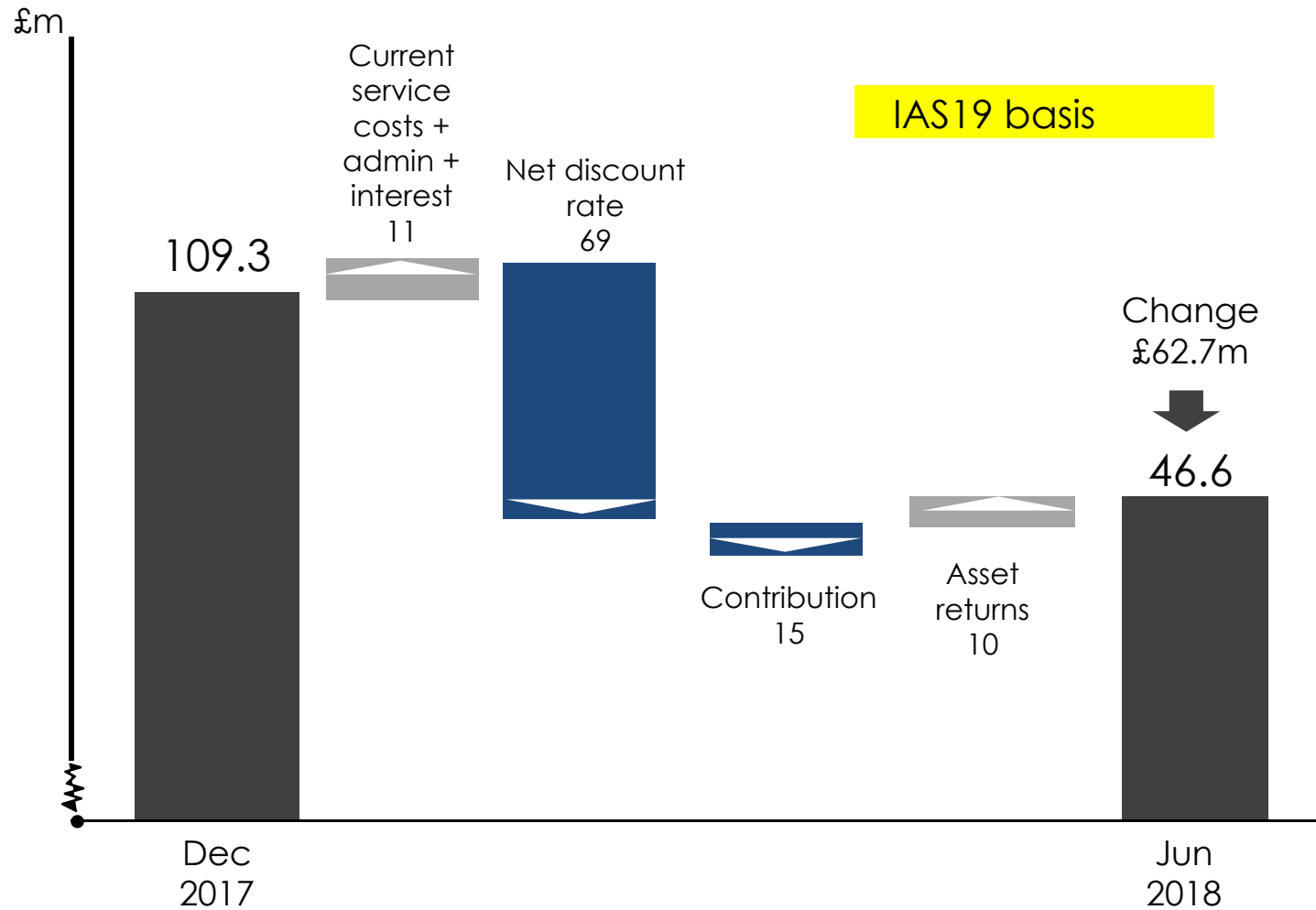
Net cash and cash flow

£m	H1 2018	H1 2017
Opening net cash	241.1	226.6
Operating cash flows before movements in working capital	85.4	81.0
Working capital	(33.4)	(31.2)
Capital expenditure	(17.1)	(22.0)
Interest (net)	0.3	0.1
Tax paid	(21.1)	(20.0)
Share repurchases	(38.3)	(11.3)
Pension contribution	(4.5)	(9.5)
Other	0.9	1.4
Closing net cash	213.3	215.1

Working capital

- ▶ Working capital increased £33.4m
 - stock up £14.5m
 - debtors up £51.1m
 - creditors up £32.2m

Pension scheme deficit



Recent trading and outlook for 2018

- ▶ UK depot sales in Period 7 increased 5.3%
- ▶ 2018 outlook unchanged
- ▶ Capital expenditure and operating costs expectations unchanged

Andrew Livingston

Chief Executive Officer



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE

Trade Customer

Time is money

It's the small details that matter

We get the job back on track

Trade Model

A photograph showing three men loading boxes into the back of a white van. The man on the left, wearing a blue hoodie, is handing a box to the man in the center, who is wearing a black vest over a white shirt. A third man in a black jacket is standing in the background. The van's rear door is open, and the interior is filled with boxes and other items.

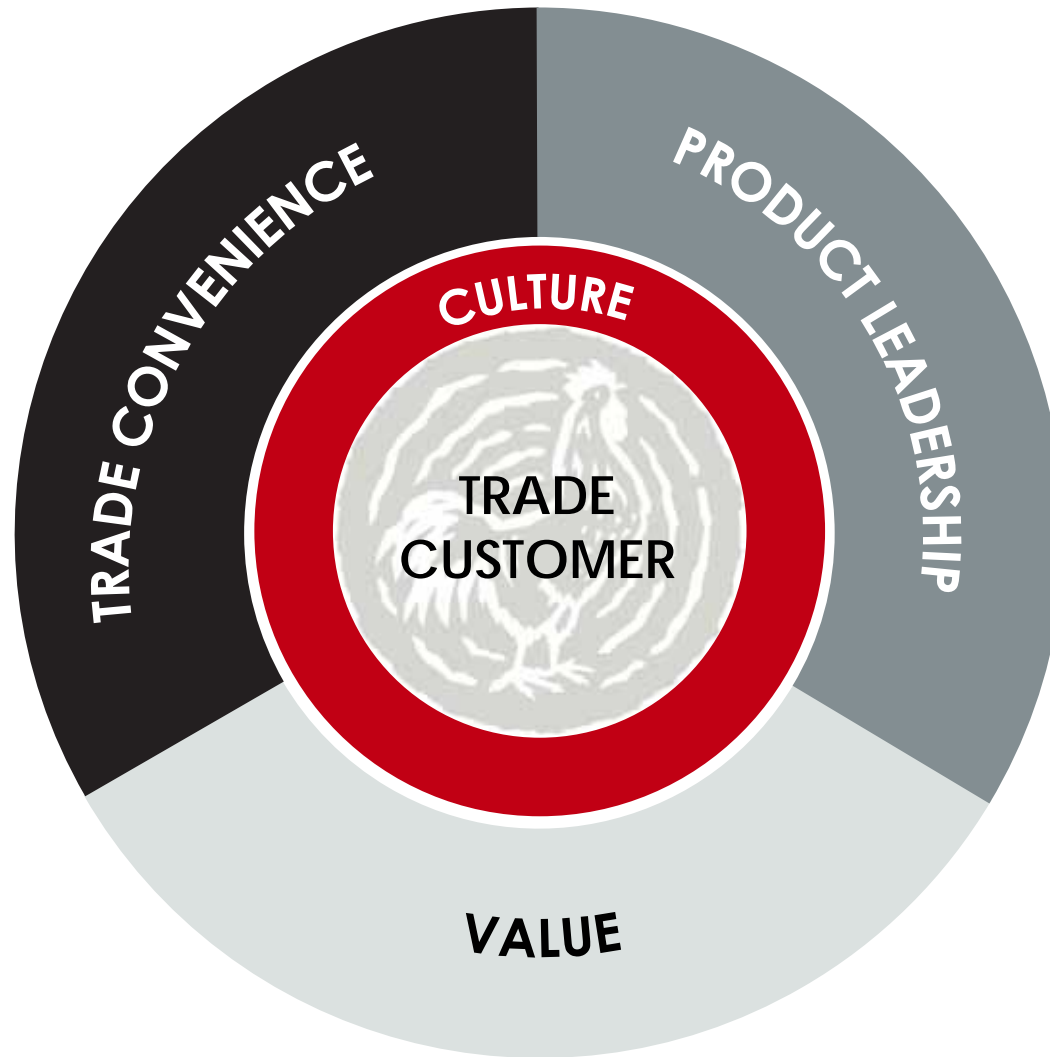
We have local relationships

We fix it and offer services

We project manage



Business Priorities



Trade Convenience



668 UK depots

30 depots by the end of the year

800 depot opportunity with Northern Ireland depots in scope



HOWDENS JOINERY CO.

Trade Convenience



Stock availability

Clearer on stock ranging per depot

Improving our disciplines in replenishment





Trade Convenience

Supply Infrastructure

Product launches at speed

Peaks in trading delivery, particularly in Period 11



Trade Convenience



Online mobile technology

Re-platforming our website

New appointment of e-Commerce Director

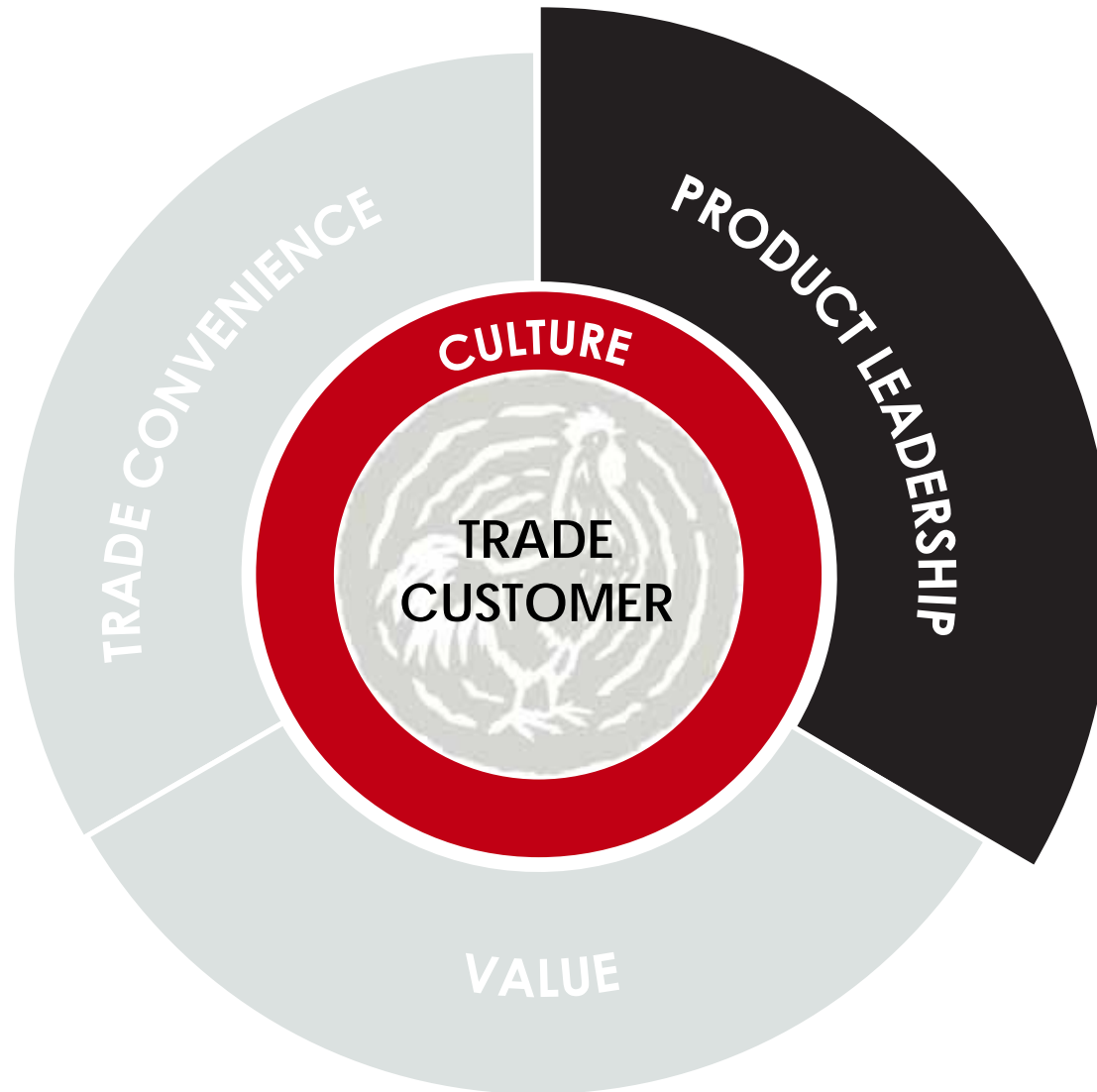


HOWDENS JOINERY CO.

Business Priorities



Business Priorities



Trade Product Leadership



Trade Product Leadership



Trade Product Leadership



Easier to choose

Easier to stay in stock

Easier to manufacture and source



Trade Product Leadership



Extended appliance ranges to 400

More high quality laminate worktops and quartz



Trade Product Leadership



Trade Product Leadership



Time saving pre-finished doors

Extended range of fire doors and fire-rated hardware



Trade Product Leadership



Trade Product Leadership



Trade Value



Site visit to Howden

Credit to the customer

Trade Value



20 depots in France

2 in Belgium, 1 in the Netherlands & 1 in Germany



Summary

Positive first half

On track to open 30 depots

Strong line of new product

Focus on delivering H2 & Period 11 2018



Howdens 2018 Half Year Report

26th July 2018



HOWDENS
JOINERY CO.

MAKING SPACE MORE VALUABLE