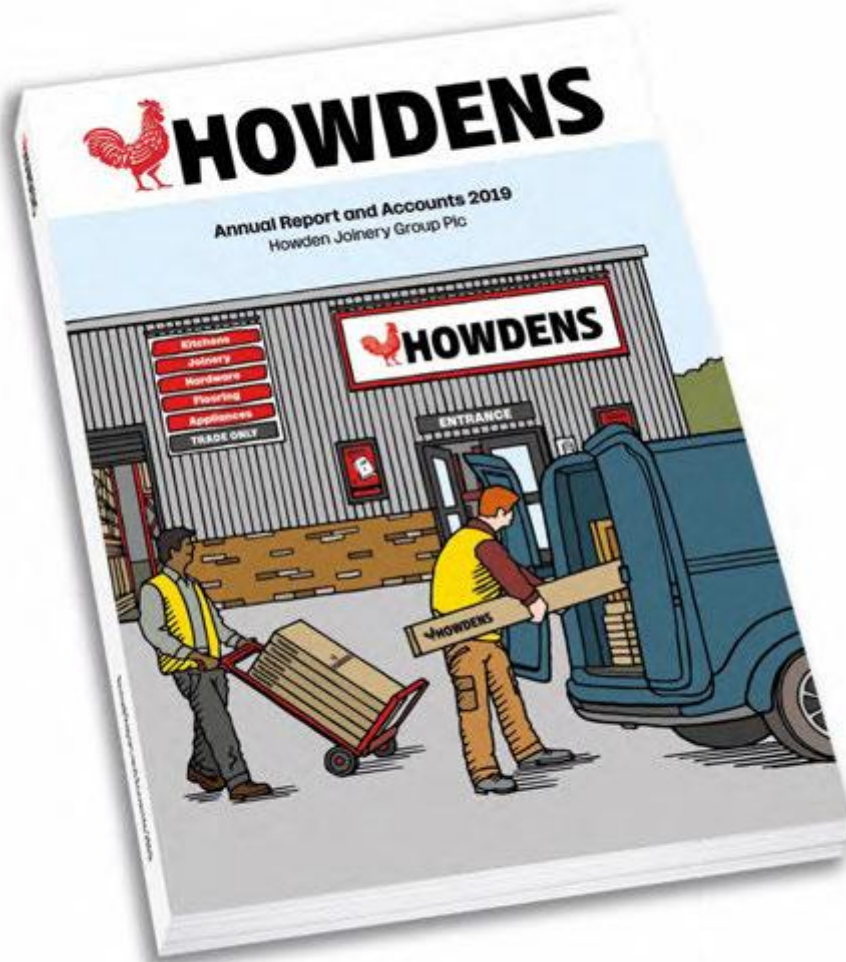




2019 Preliminary Results
27th February 2020



Andrew Livingston
Chief Executive Officer



- Operating Profit increased at a higher rate than revenues
 - Sales 4.8%
 - Gross Profit 5.8%
 - Operating Profit 8.3%
- Price increase in January
- More profitable balance between volume and price
- Period 11 record sales
- Continued to make investments in the business



DEPOT EVOLUTION



RANGE AND SUPPLY
MANAGEMENT



DIGITAL DEVELOPMENT



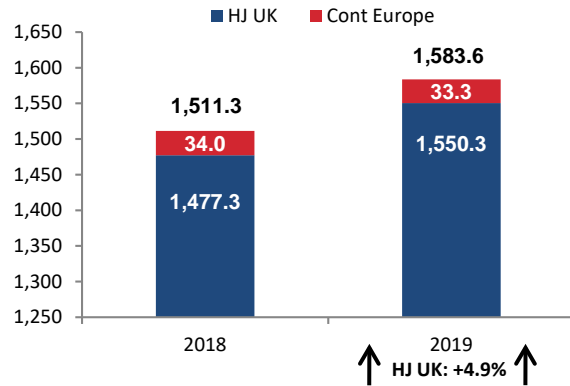
INTERNATIONAL



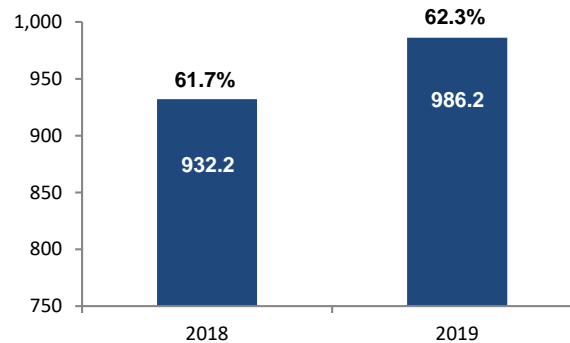
Mark Robson

Deputy CEO and Chief Financial Officer

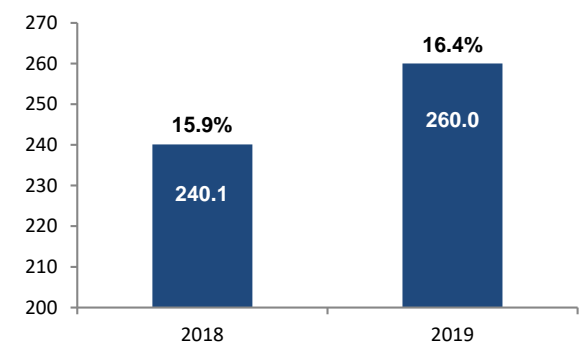
Revenue, £m



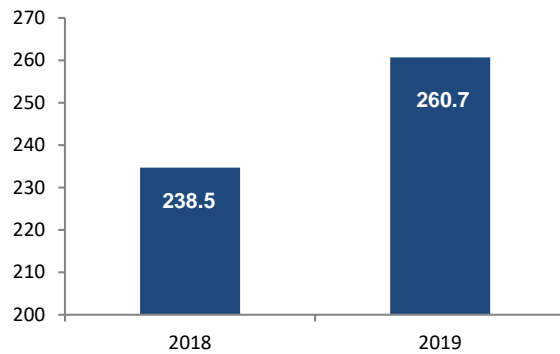
Gross profit, £m, and margin, %



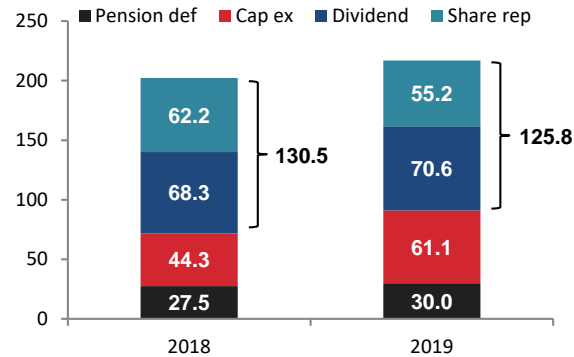
Operating profit, £m, and margin, %



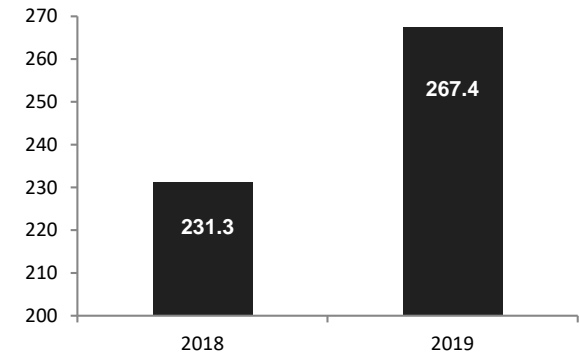
Profit before tax, £m



Uses of 'cash', £m



Net cash, £m



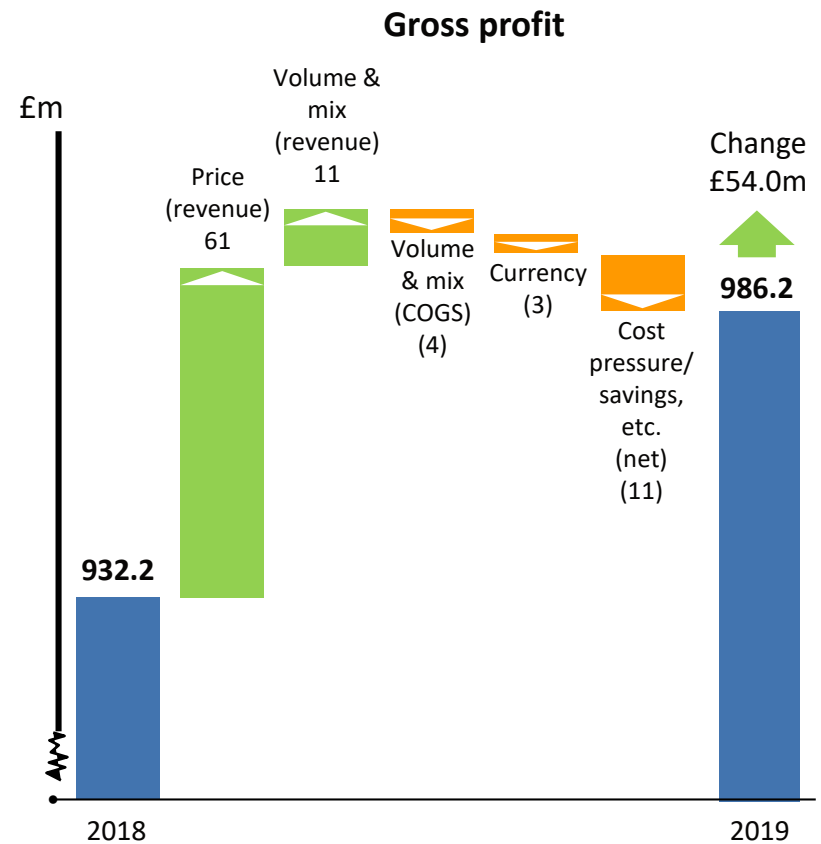
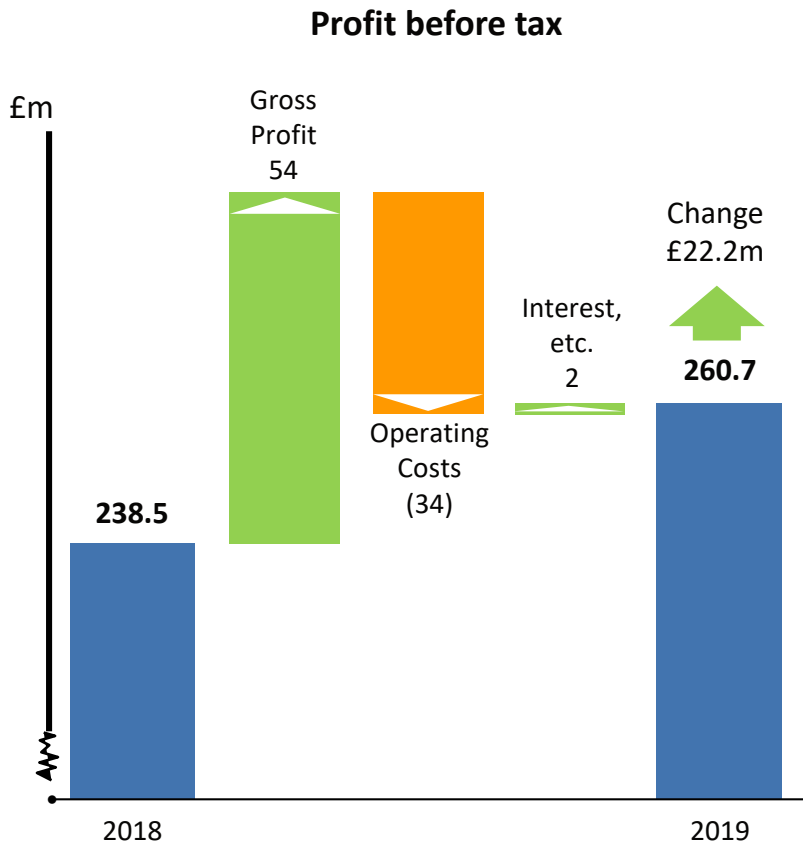
2019 UK depot revenue £1,550.3m

- total +4.9% • LFL +2.5%

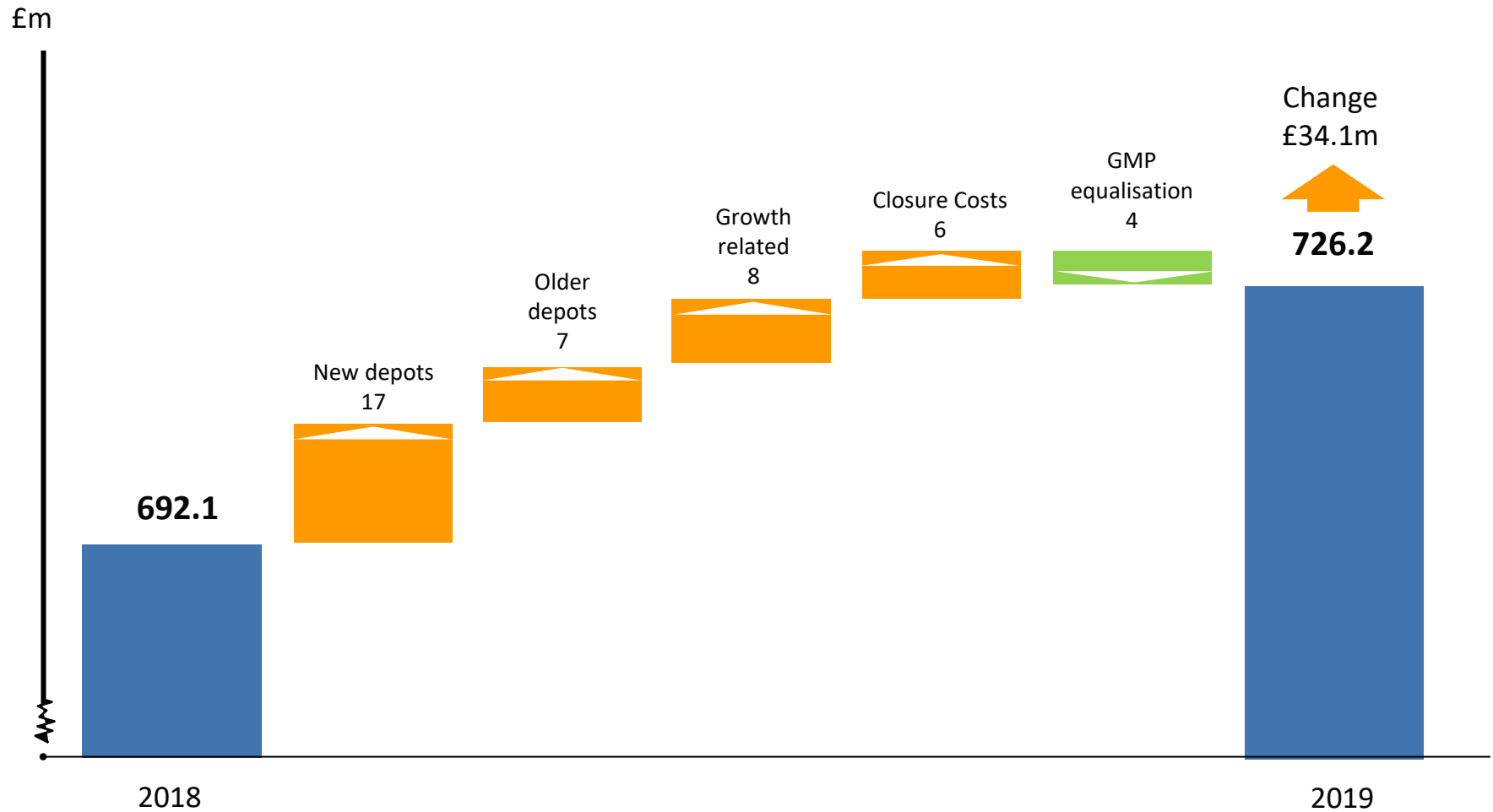
2019 Continental Europe depot revenue £33.3m

- France total (€) +3.8% • LFL +3.1%

Group gross profit margin
 • 2018: 61.7% • **2019: 62.3%**



Operating costs



Income statement



£m	2019	2018
Revenue	1,583.6	1,511.3
Cost of goods sold	(597.4)	(579.1)
Gross profit	986.2	932.2
Operating costs (before GMP equalisation charge)	(726.2)	(688.3)
GMP equalisation charge	-	(3.8)
Operating profit	260.0	240.1
Net interest	0.7	(1.6)
Profit before tax	260.7	238.5
Tax	(51.7)	(48.1)
Profit for the period	209.0	190.4

£m	2019	2018
• Earnings per share	35.0p	31.3p
• Dividend		
- Final (recommended)	9.1p	7.9p
- Full year	13.0p	11.6p

2019 final dividend costing £54.9m

Net cash and cash flow



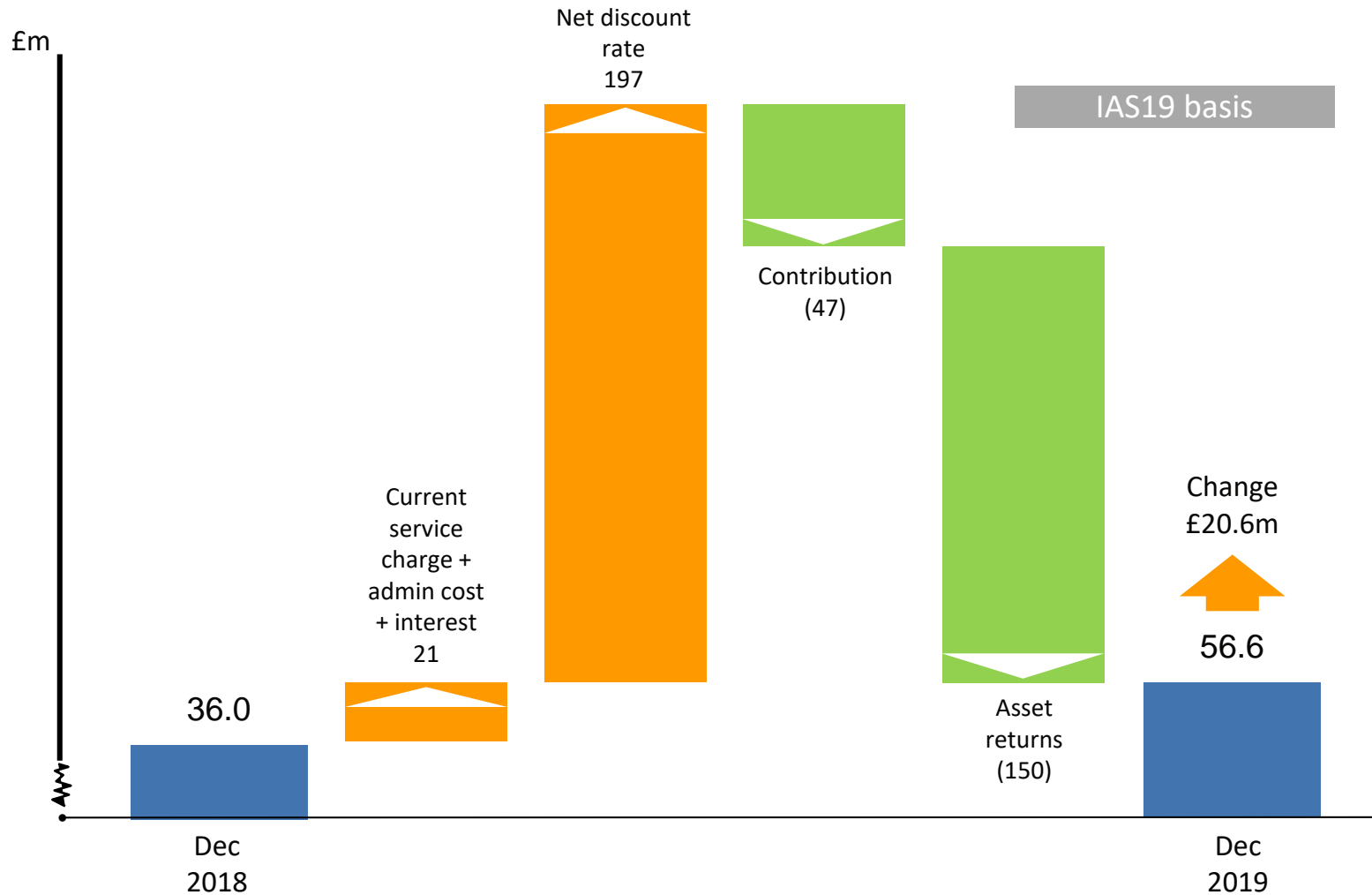
£m	2019	2018
Opening net cash	231.3	241.1
Operating cash flows before movements in working capital	300.8	274.6
Working capital	(6.3)	(49.7)
Capital expenditure	(61.1)	(44.3)
Tax paid	(46.2)	(45.4)
Dividends	(70.6)	(68.3)
Share repurchases	(55.2)	(62.2)
Pension contribution	(26.9)	(16.3)
Other	1.6	1.8
Closing net cash	267.4	231.3

- Working capital increased £6.3m
 - stock up £5m
 - debtors up £7m
 - creditors up £6m

- Two year share repurchase programmes:
 - February 2017: £80m
 - March 2018: £60m
 - February 2019: £50m
 - February 2020: £85m

<u>Shareholder Returns</u>	2018	2019	2020	Total
Feb 2017 programme	32	-		80
March 2018 programme	30	30		60
Feb 2019 programme	-	25	25	50
Feb 2020 programme	-	-	45	85
Total share repurchases	62	55	70	
Dividends	69	71		
Total shareholder returns	131	126		

Pension scheme deficit



2019 Preliminary Results

- UK sales in first two periods up 1.6%, LFL down 0.2%
Excluding week 1 +3.5%, LFL +1.6%
- Operating expenditure
 - Cost benefit £6m
 - Europe
 - Cost investment £20m
 - phase 2 Raunds transfer (dual running)
 - digital development
 - pension increases
 - depreciation
 - Cost pressures
 - growth & inflation
 - additional depots inc. France
- Capital expenditure c.£80m



Andrew Livingston
Chief Executive Officer



DEPOT EVOLUTION



RANGE AND SUPPLY
MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL

Customers spending more with us, more frequently

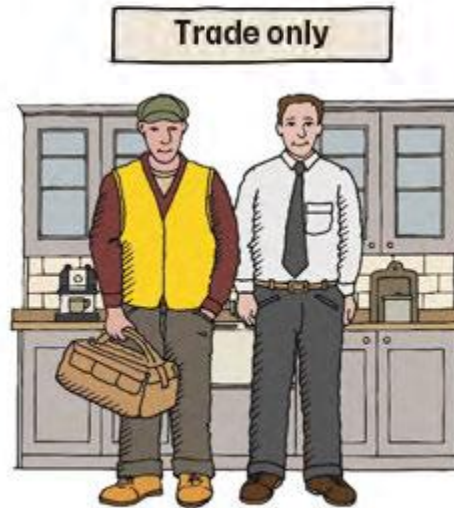


- 470,000 Credit and Cash Trade Accounts
- Sales per customer increased
- More transactions per customer
- New customer spend up
- Profit per new account up
 - Lower acquisition costs

Our model: locally empowered depot teams ...



Local Recruitment



Local Relationships

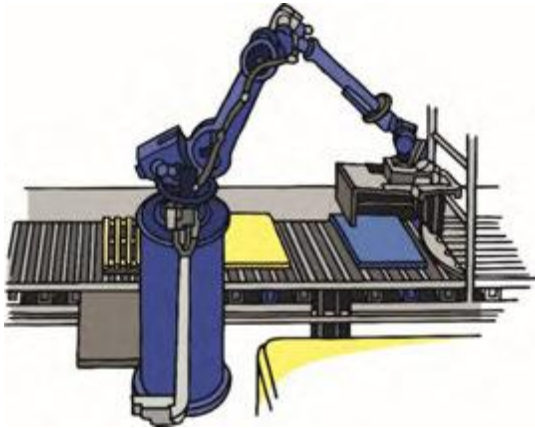


Local Pricing

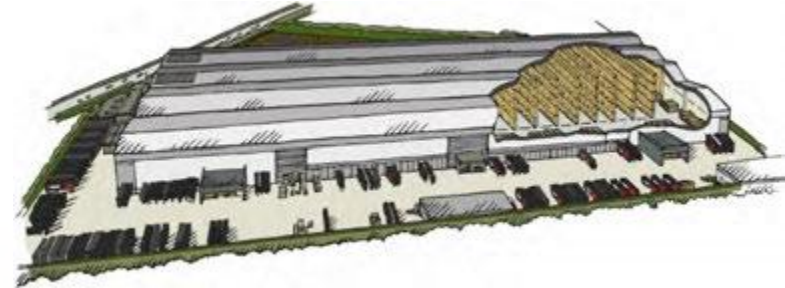


Local Stock

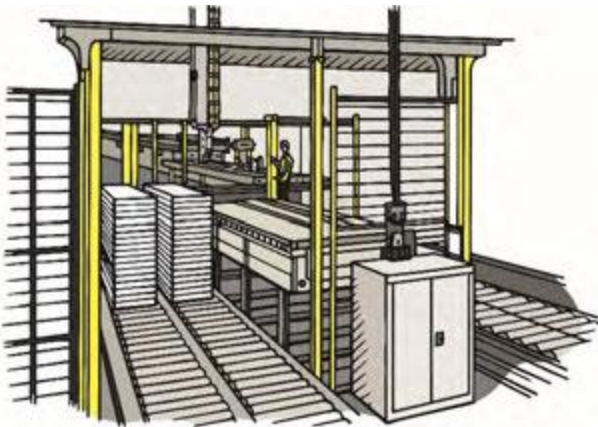
... served by dedicated supply chain



Changing requirements



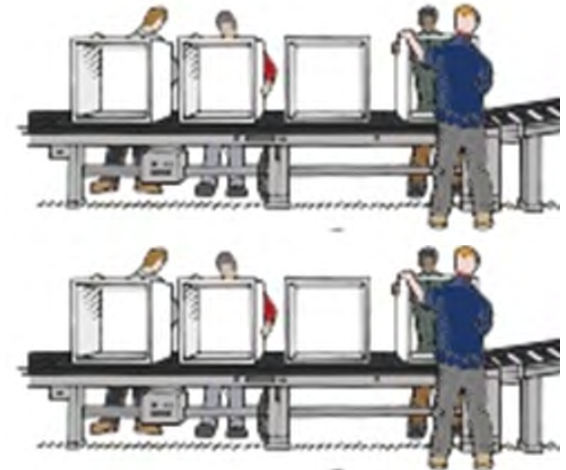
Scale



Size



700+ customers



2x Peak Trading

A key feature of Howdens success is that we are trade only



 Builder forums held regularly across the country





DEPOT EVOLUTION



RANGE AND SUPPLY
MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL



DEPOT EVOLUTION



RANGE AND SUPPLY MANAGEMENT

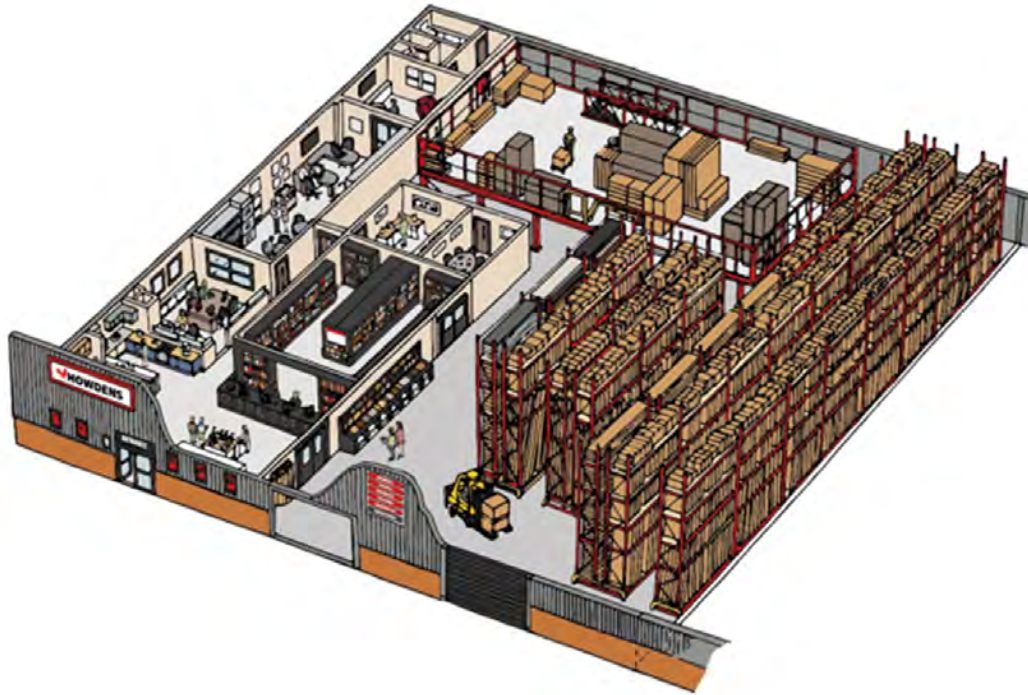


DIGITAL DEVELOPMENT



INTERNATIONAL

New depot format to create best business environment



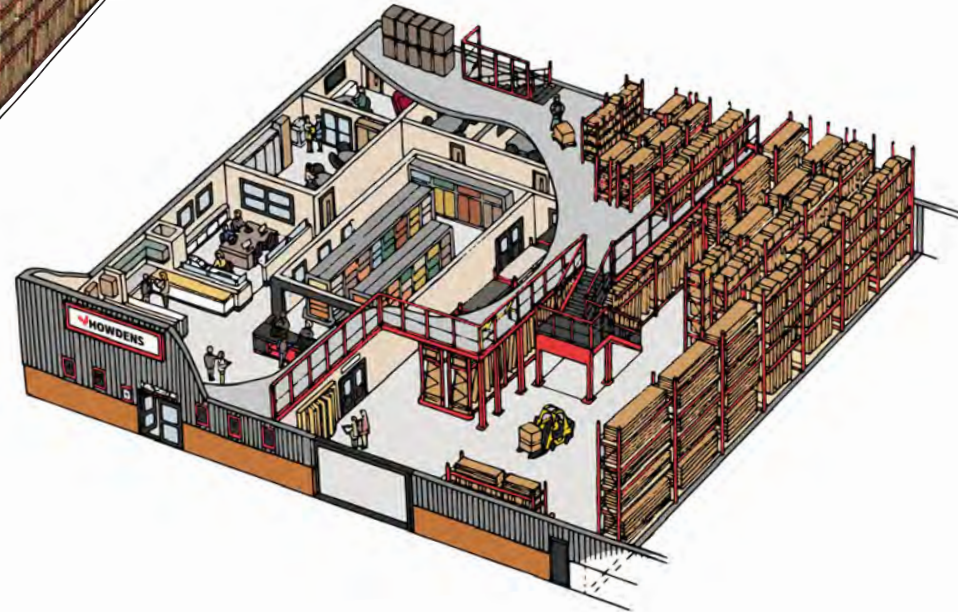
- Vertical racking of product in the warehouse
 - Space utilisation improvements
 - Potential for productivity gains

New depot format to create best business environment



- Open front area connecting depot staff and customers
- Visibility and standard of design area improved
- Doubling the display space for kitchens
- Small items picking area behind the counter
- Improved format at no extra cost
- Adopted for all UK depots opened in 2019
- Also for those to be opened in 2020

Improved densities: option to open smaller depots



- Smaller depots of c. 6,000 square feet
- 8 smaller format depots opened in 2019
- Gives potential for 850 depots in the UK

Number of new depot openings increased in 2019



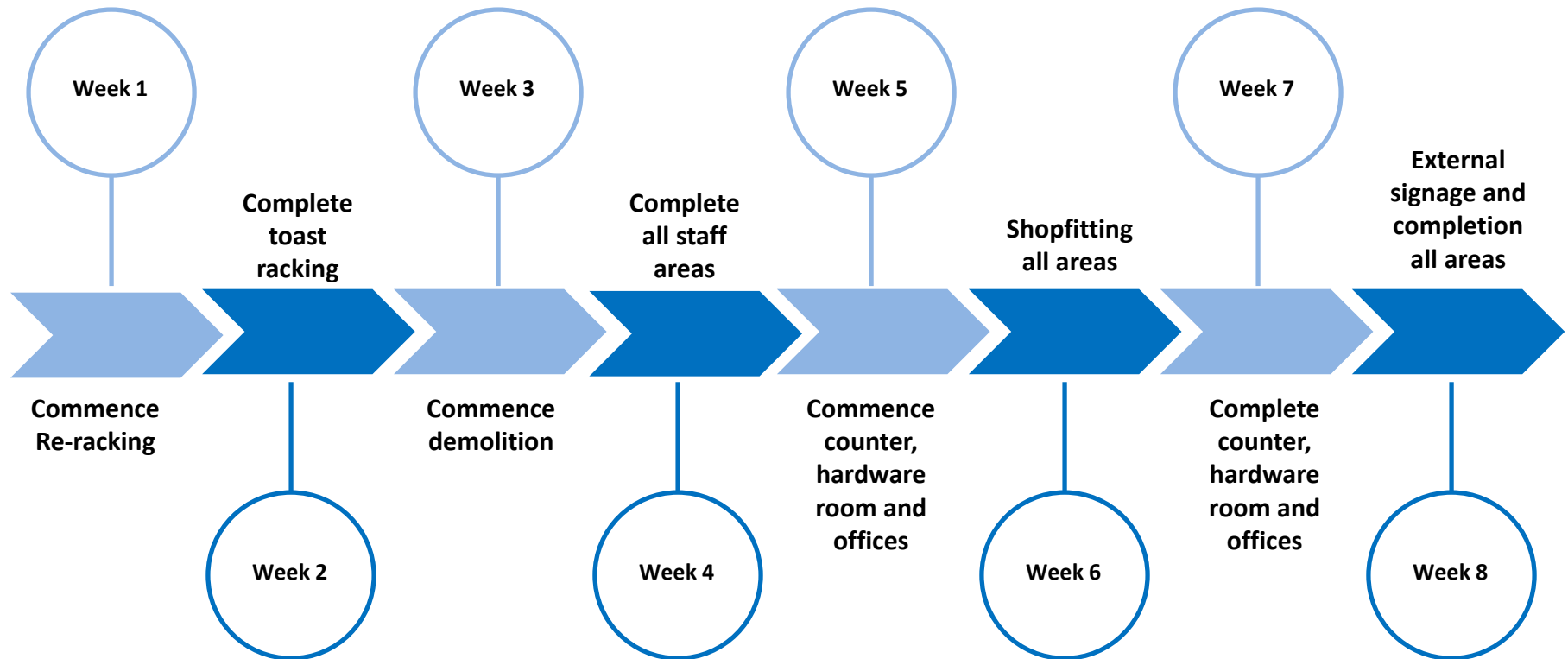
- 39 new UK depots including 5 in Northern Ireland, all in new format
- Plan to open around 30 UK depots this year



- Initially converted 3 older depots
 - Park Royal, Swansea & Guilford
 - Trading for 8 months
 - Encouraging performance
- A further 8 older depots completed prior to P11
 - Deployed several capital spends

Learnings from reformat to date

- Improved our skill base and understanding of when to implement reformat during the year
- Developed our thinking about how to scope, structure and execute a reformat
- Now able to complete in 8 weeks, at lower cost
- Refined the format, reducing refurbishment and ongoing running costs



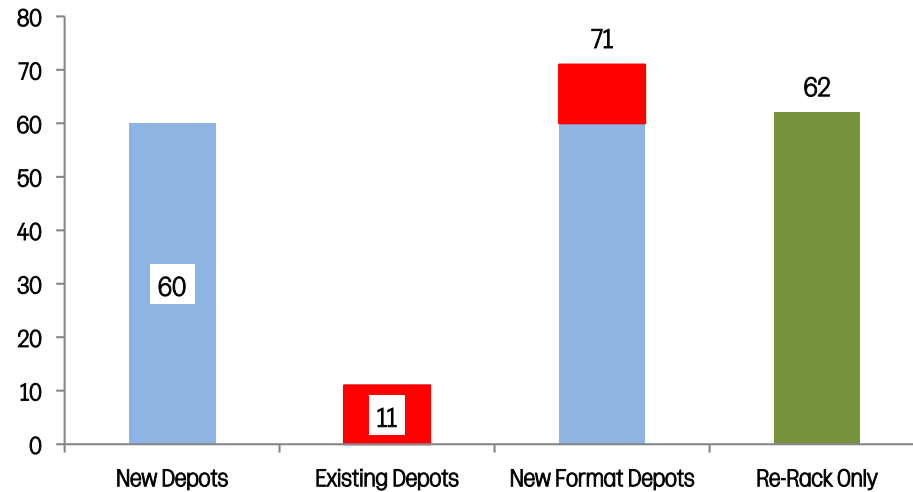
More reformats planned in 2020



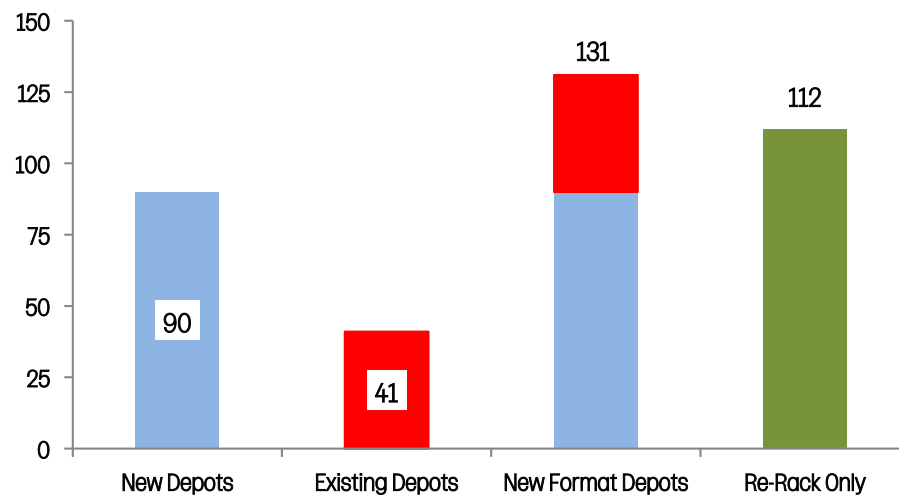
- Positive feedback from depots and customers at the converted depots
- Encouraged by performance to date and expectations for 2020
- Plan to convert 30 more in 2020
- Budgeting for a average re-format cost of £225k

New format depots and re-racked depots

End 2019 : Total Depots in New Format &/or Re-racked



End 2020 : Total Depots in New Format &/or Re-racked





DEPOT EVOLUTION



**RANGE AND SUPPLY
MANAGEMENT**



DIGITAL DEVELOPMENT



INTERNATIONAL

12 new kitchen ranges launched in 2019





Contrasting colours and cleaner shaker look





2019: Traditional cabinet updated



2019: Anthracite colour storage systems introduced



2019: Extended range of worktops



LAMONA Steam Assist Oven

**LAMONA APPLIANCE
3 YEARS
GUARANTEE**

DEDICATED PRE-PROGRAMMED STEAM FUNCTION

TELESCOPIC RUNNERS FOR EASY REMOVAL OF BAKING TRAYS


MULTI-FUNCTION OVEN

7L CAPACITY

LAMONA




Steam Cooking



Better Rise when Baking



Steam Cleaning



Time Saving







BENEFITS OF PRE-FINISHED DOORS



- ✓ We are so confident in the quality and finish, we offer a 5 year guarantee
- ✓ Ultra durable, superior factory finish
- ✓ UV stable (reduced discolouration)
- ✓ Touch up kits available
- ✓ Fire door options available
- ✓ Toughened glass on all glazed doors



- ✓ Less mess and disruption
- ✓ Job finished quicker

TIME SAVING*

*On finishing time



2019: New technology vinyl flooring, quicker and easier to fit



2020: 13 new kitchen ranges in first half, 2 new styles



2020: Chilcomb, new timber range



2020: More colours in new ranges, Fairford Green





SPRING/SUMMER 2020 **TRADE ONLY**

 **HOWDENS**

NEW HANDLELESS CABINETS

KITCHENS AND CABINETS 05
STORAGE 91
WORKTOPS 103
SINKS AND TAPS 133
APPLIANCES 151
KITCHEN HANDLES 201
BATHROOM FURNITURE 213
FLOORING 235
DOORS 271
FIRE DOORS 333
SLIDING WARDROBE DOORS 363
JOINERY 373
LIGHTING 385
HARDWARE AND TOOLS 393
USEFUL INFORMATION 491

 **UK MANUFACTURED** **25 YEARS**

EVERYTHING YOU NEED LOCALLY FROM STOCK

LINEAR KITCHENS - HANDLELESS

NEW HANDLELESS CABINETS AND PROFILES EXPLAINED

PRE-NOTCHED, PRE-BUILT CABINETS WITH READY TO ATTACH PROFILES FOR A HANDLELESS DESIGN

- ✓ Easy to install and fit. Same great quality as our standard rigid cabinets
- ✓ No mitre cuts required on profiles (rail clips, corners and end caps available)



WORKTOP PROFILE



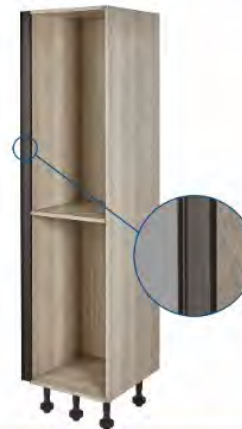
SUITABLE FOR
High-line base units and push to open drawer units

WORKTOP AND DRAWER PROFILE



EXCLUSIVE TO OUR NEW HOCKLEY RANGE
Suitable for all drawer applications

TOWER PROFILE



SUITABLE FOR
Tower units (including appliance tower units)

CABINET AND PROFILE COLOURS



Light Grey Oak

White

WORKTOP PROFILE COLOURS:

Brushed Aluminium

Matt Black

DRAWER PROFILE COLOURS:

Brushed Aluminium

Matt Black

WE ALSO STOCK MATCHING PLINTHS

*Including Fitting Profiles

NEW

2020: New handleless platform to meet demand for the linear style



2020: New handleless platform, many more style options

Modern

Hockley Mirror Gloss

Thickness: 20mm



White Page 18
Silver Grey Page 20
Slate Grey Page 22

Hockley Super Matt

Thickness: 15mm



Travertine Grey Page 26
Slate Grey Page 28
Charcoal Page 30

Clarendon Gloss

Thickness: 20mm



White Page 42
Ivory Page 44
Cashmere Page 46
Pebble Page 48
Dove Grey Page 50
Grey Page 52
Slate Grey Page 54
Graphite Page 56

Clarendon Super Matt

Thickness: 20mm



White Page 60
Cashmere Page 62
Pebble Page 64
Grey Page 66
Slate Grey Page 68
Graphite Page 70
Charcoal Page 72
Navy Page 74
Dark Navy Page 76

Greenwich Gloss

Thickness: 20mm



White Page 78
Ivory Page 80
Pebble Page 82
Dark Grey Page 84
Grey Page 86
Slate Grey Page 88
Charcoal Page 90

Greenwich Super Matt

Thickness: 20mm



White Page 92
Grey Page 94
Graphite Page 96
Charcoal Page 98

Greenwich

Thickness: 20mm



White through Cashmere Page 100
Dove Grey Page 102
Light Grey Oak Page 104
Natural Oak Page 106
Dark Teak Page 108

Accent Collection

Thickness: 20mm



Cashmere Effect Page 110
Dark Teak Page 112

Linear

Batham Gloss

Thickness: 20mm



White Page 114
Dove Grey Page 116

Hockley Mirror Gloss Handleless

Thickness: 20mm



White Page 118
Dove Grey Page 120
Slate Grey Page 122

Hockley Super Matt Handleless

Thickness: 20mm



Dove Grey Page 124
Slate Grey Page 126

Greenwich Gloss Handleless

Thickness: 20mm



White Page 130
Grey Page 132
Pebble Page 134

Greenwich Super Matt Handleless

Thickness: 15mm



White Page 136
Grey Page 138

Greenwich Super Matt Handleless

Thickness: 15mm



Graphite Page 140
Charcoal Page 142

Greenwich Handleless

Thickness: 20mm



White Smooth Page 144
Dove Grey Page 146
Light Grey Oak Page 148
Natural Oak Page 150

Chelford Handleless

Thickness: 20mm



White Page 152
Ivory Page 154
Pebble Page 156
Dove Grey Page 158
Slate Grey Page 160
Navy Page 162

Shaker

Chilcomb

Thickness: 20mm



Pebble Page 164
Navy Page 166

Tewkesbury

Thickness: 20mm



Antique White Page 170
Cashmere Page 172
Dove Grey Page 174
Slate Grey Page 176

Tewkesbury Framed

Thickness: 20mm



Sage Green Page 180
Light Oak Page 182

Fairford

Thickness: 20mm



Antique White Page 184
Cashmere Page 186
White Page 188
Dark Green Page 190

Fairford

Thickness: 20mm



Pebble Page 192
Dove Grey Page 194
Grey Page 196
Slate Grey Page 198
Graphite Page 200
Charcoal Page 202
Sage Green Page 204
Dark Green Page 206

Fairford

Thickness: 20mm



Blue Page 208
Navy Page 210

Chelford

Thickness: 20mm



White/Ivory Page 212
Pebble Page 214
Dove Grey Page 216
Slate Grey Page 218
Navy Page 220

Allendale

Thickness: 20mm



White Page 222
Antique White Page 224
Cashmere Page 226
Dove Grey Page 228
Slate Grey Page 230

2020: New handleless platform: more affordable price points **HOWDENS**





Modern

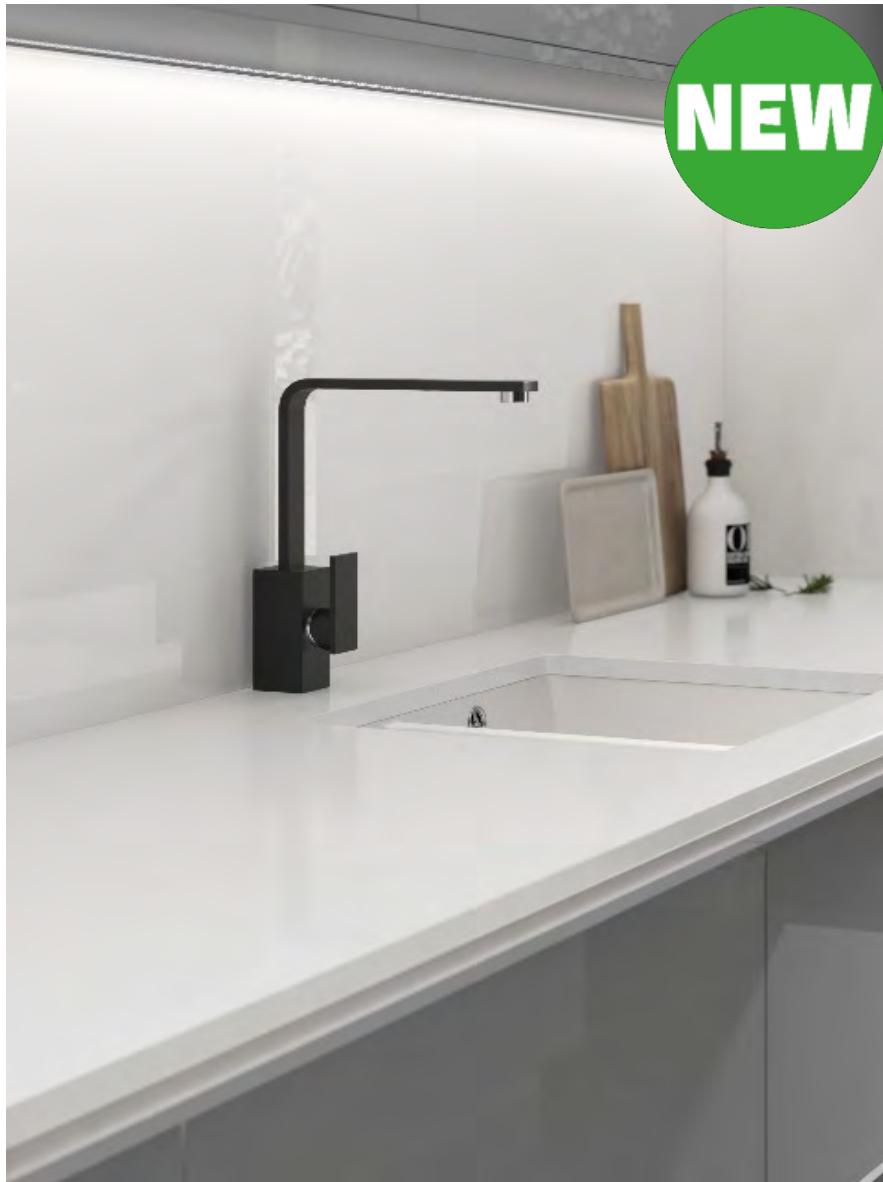


Linear



Shaker

2020: New worktops, lighter shades and thinner profiles

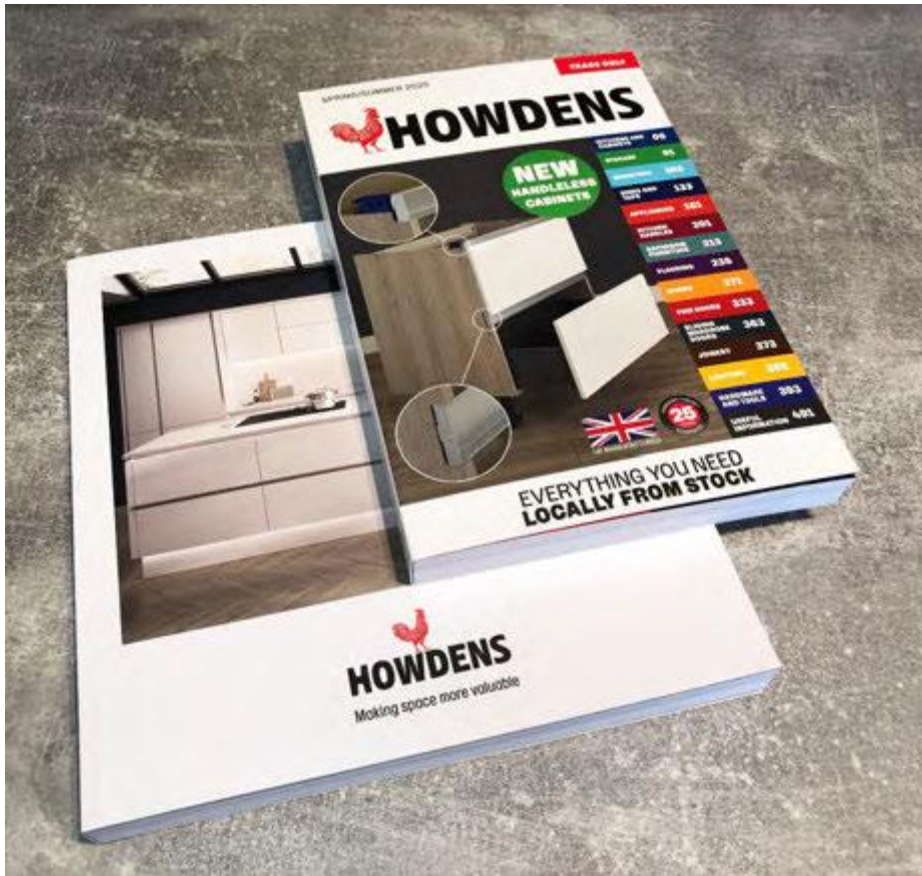


2020: New technology Lamona at lower price points





- 19 ranges cleared during the year
- End of 2019, 67 current ranges, including some 2020 pre-launch stock
- Around 65 current ranges is appropriate for our market at present
- In 2020, we are aiming to remove at least the number of ranges we add



- Clearer accountabilities for ranging decisions
- Accessing of supply chain benefits
- Improve communication across the business and suppliers



- New kitchen and trade book launched week 3
- Strengthened promotional programme
- All new products in stock prior to launch
- Supplier support for 2020 plans for improved range, availability and price



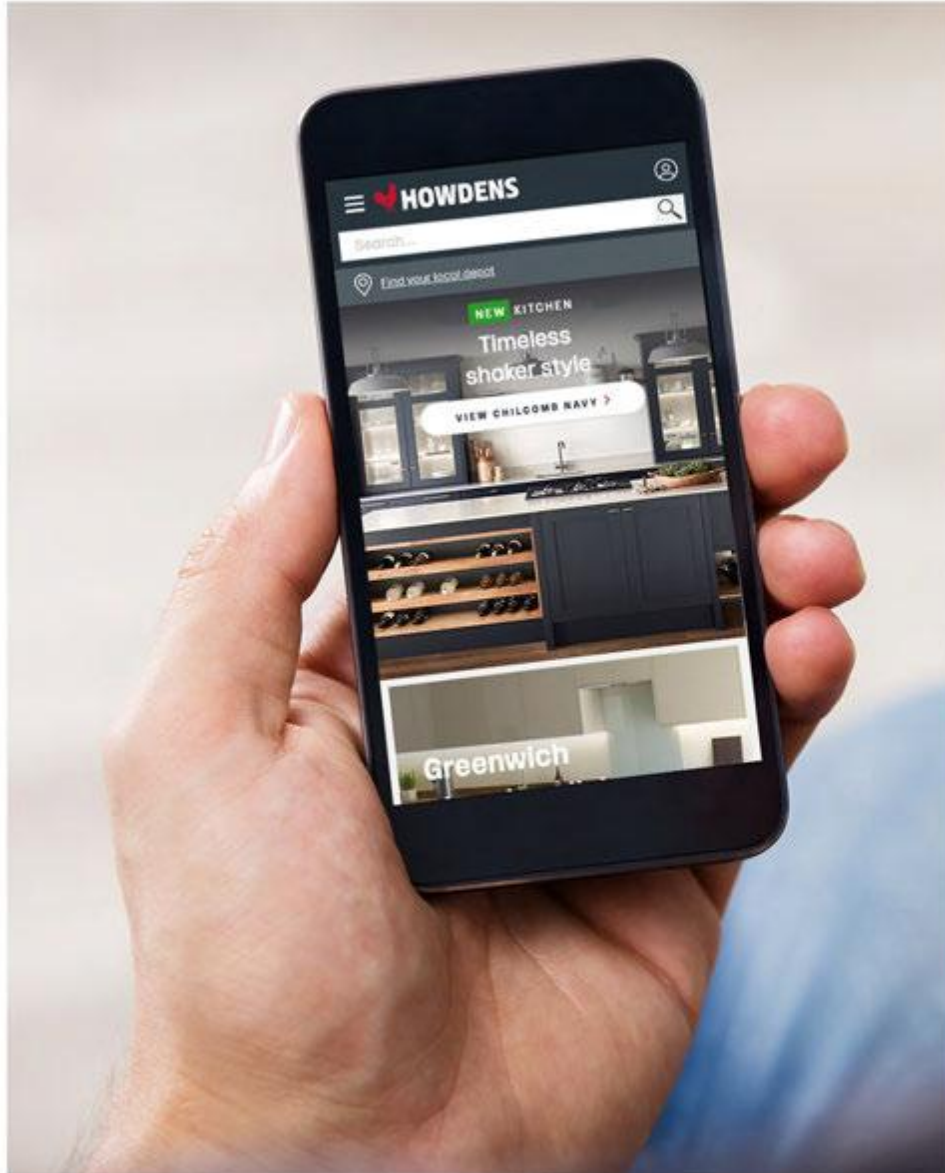


- Making doors for 5 of our new kitchen ranges
 - Reducing costs of these doors
 - Increasing supply chain flexibility
- Installed a small batch production line
 - Makes low volume, important SKUs
 - Which third party vendors cannot supply at competitive prices
- Awarded Manufacturing Guild Mark



- Royal Warrant re-awarded





Increase awareness

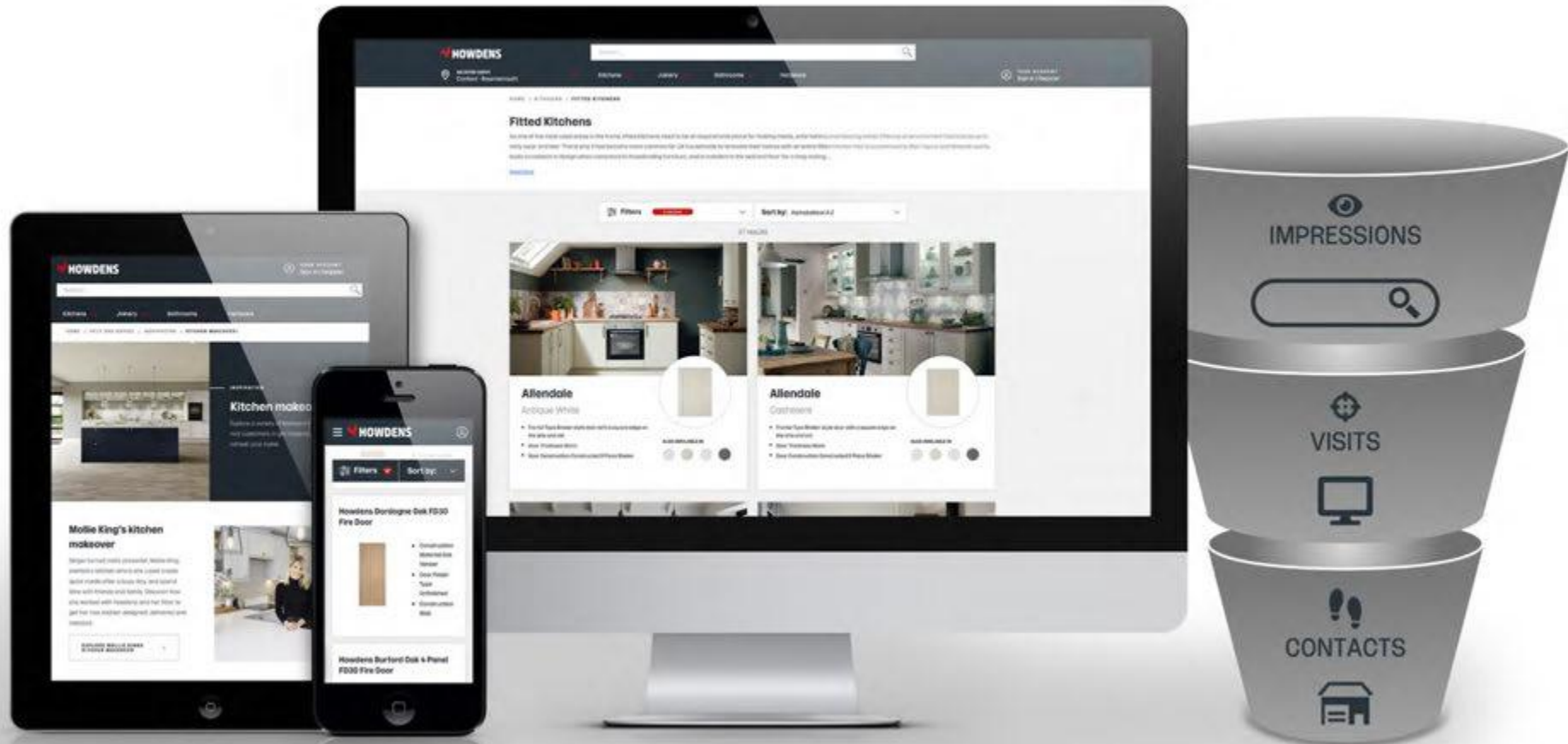


Improve communications

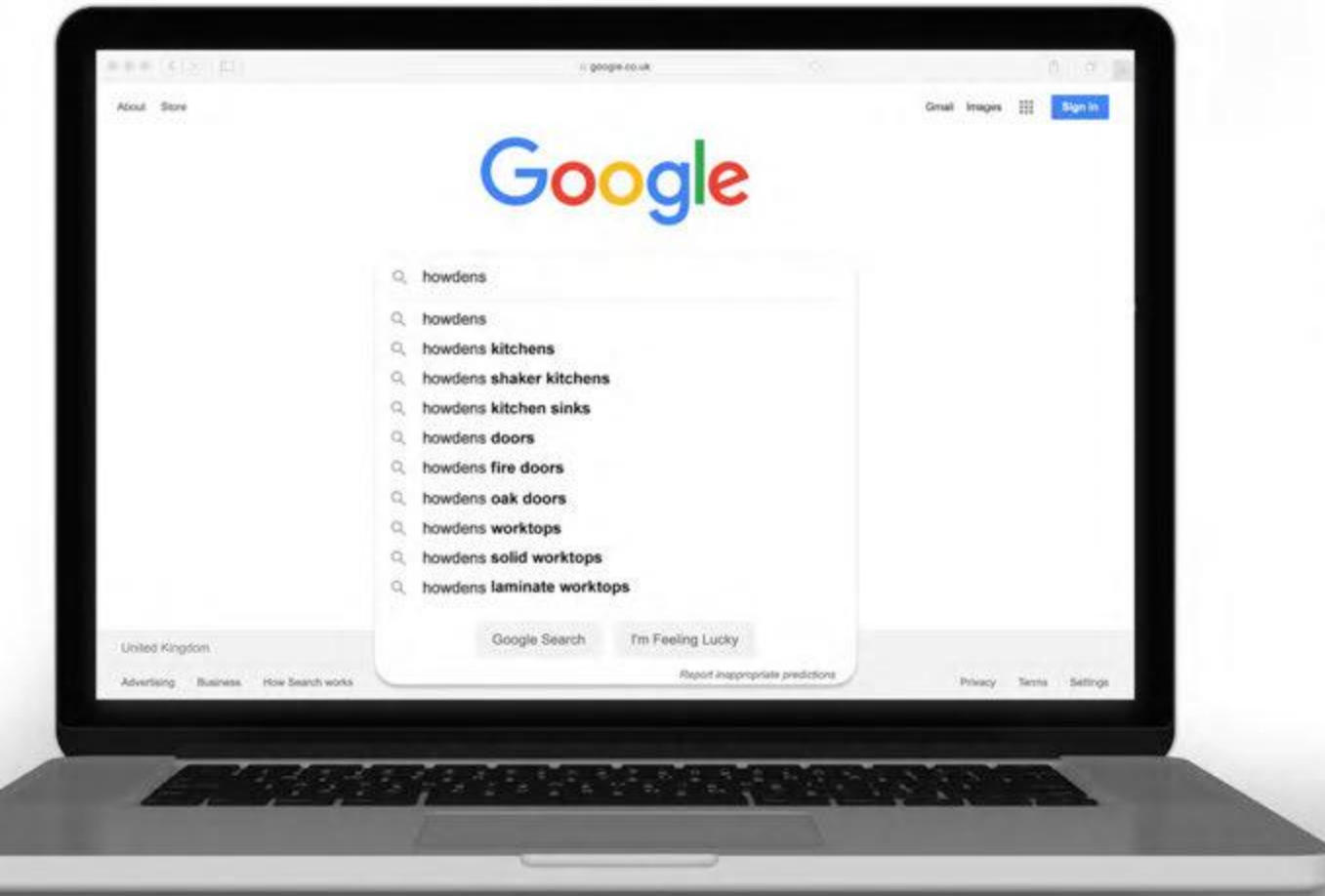


Streamline processes

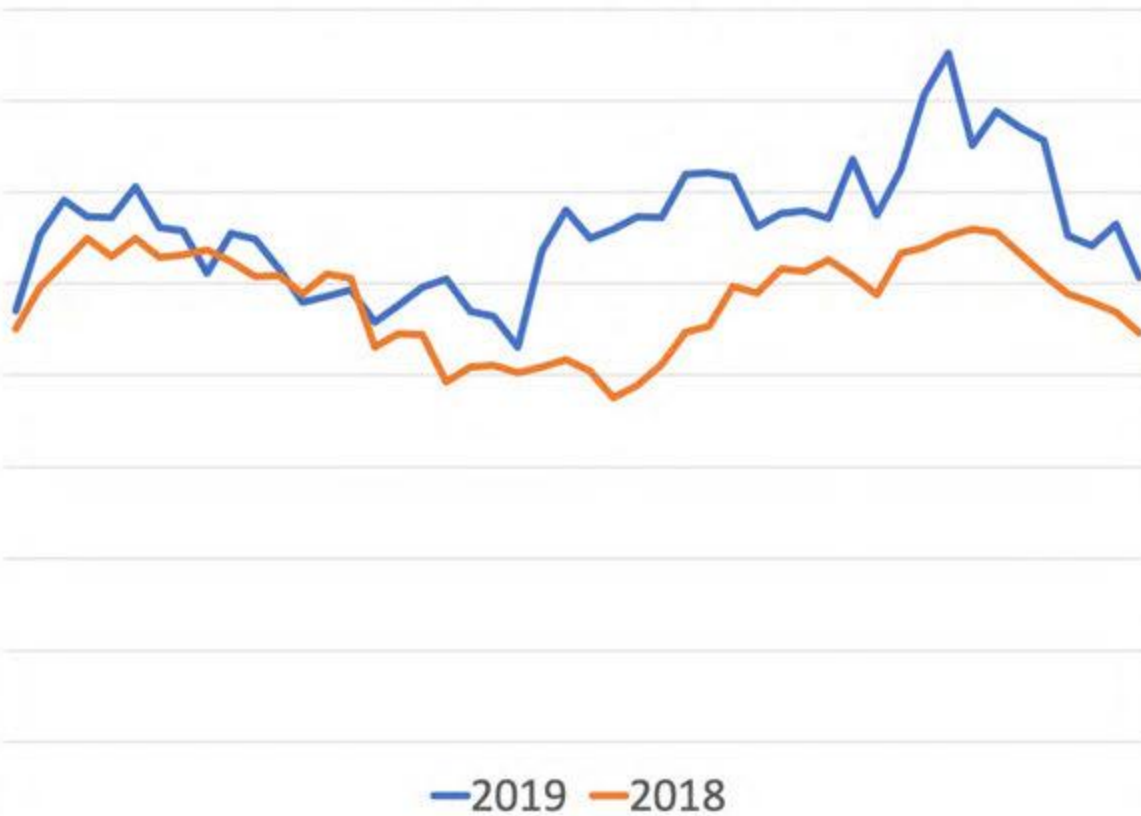
Our responsive platform is increasing builder and consumer awareness



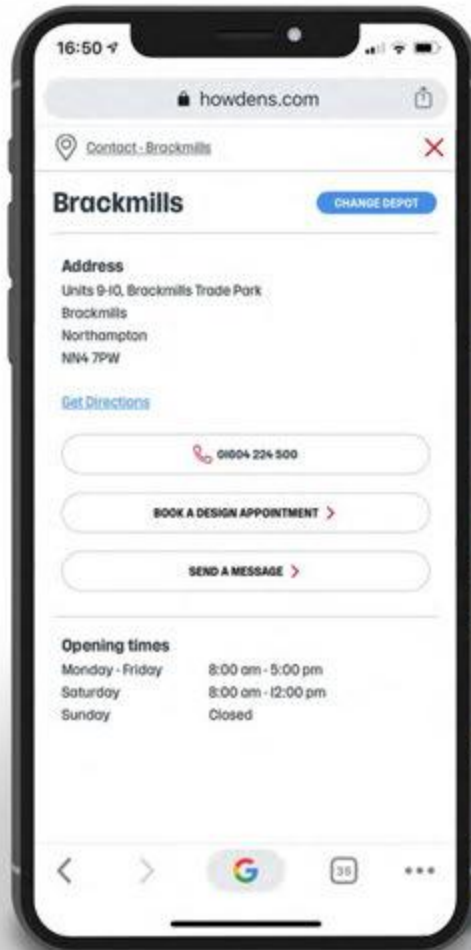
1.5m more search impressions per month



Website Sessions by Week

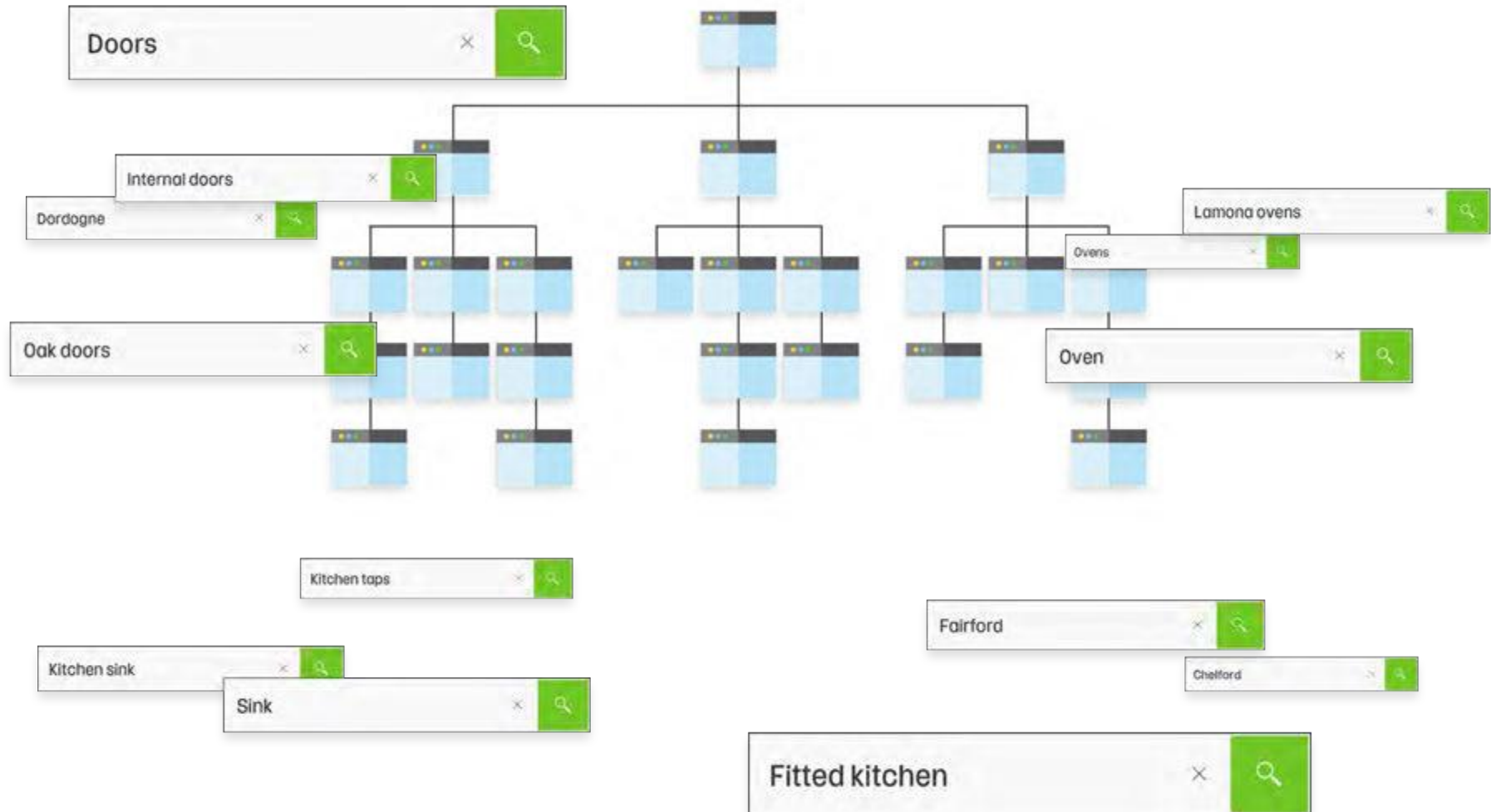


Depot leads via the website up 35% year on year



New hierarchy enables swifter access to relevant pages

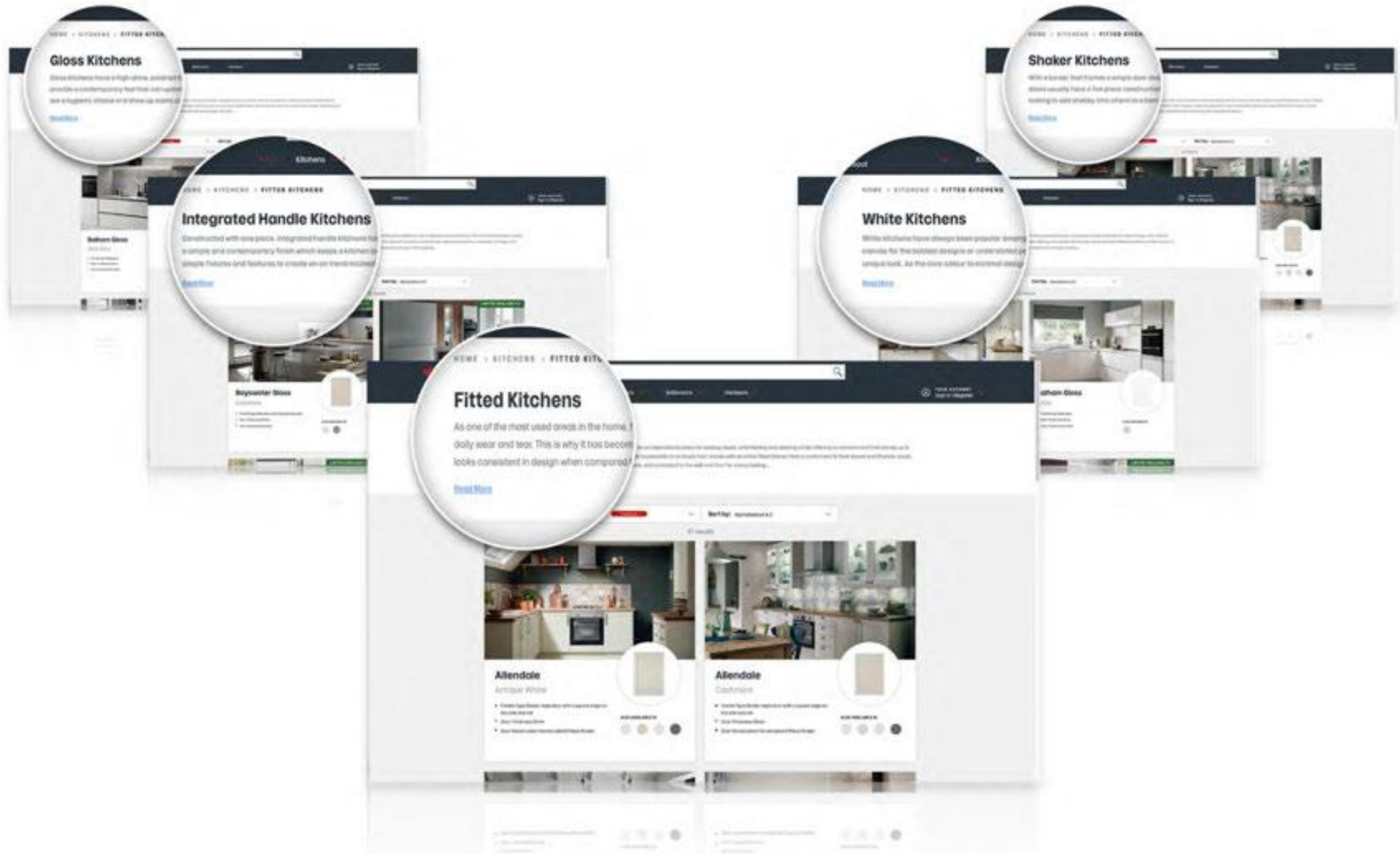
80% of visits land on pages linked to specific searches



Product category views have increased significantly



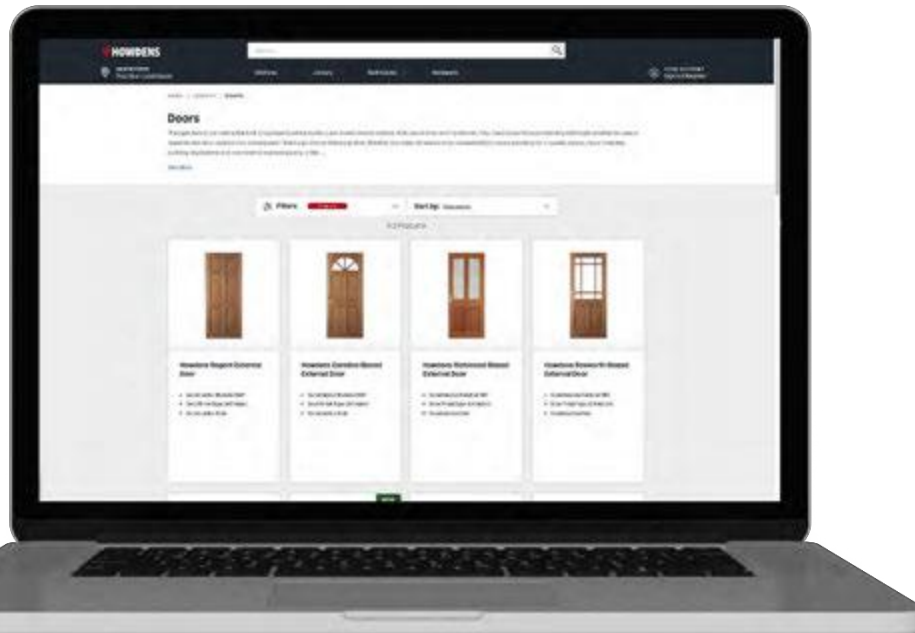
+ 43% ↑



Richer content is enabling more successful search returns



+ 77% ↑



Exterior door
External door
Exterior door
External doors
Interior doors
Interior door
Internal door
Internal doors

Internal fire doors
Fire doors
Fire door
Glazed fire door
FD30

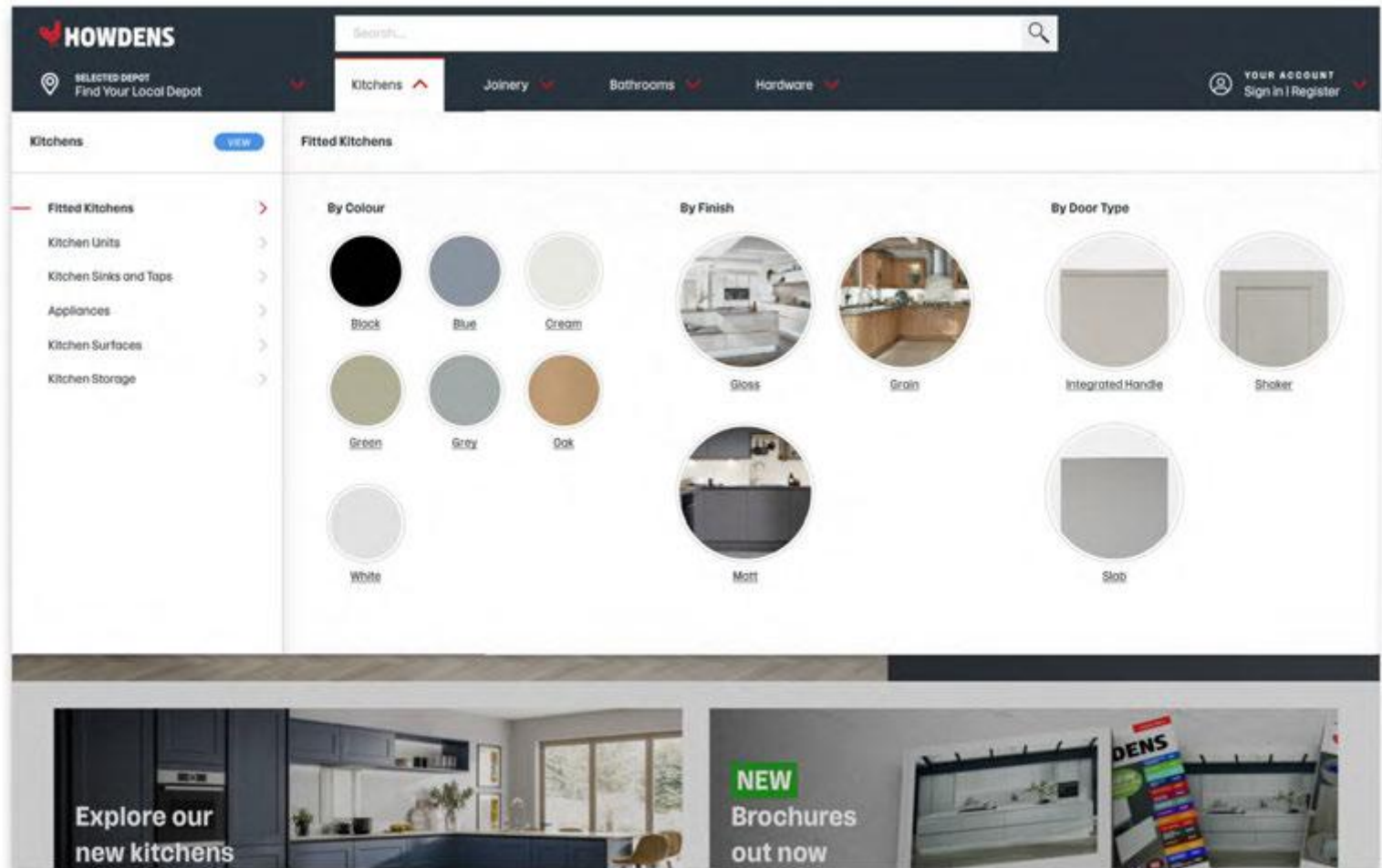
Glazed door
Glazed doors
Glazed internal doors
Internal glass doors
Cottage door
Worcester panelling
Linear doors
Linear oak
Internal oak door

Dordogne oak
Dordogne door
Genoa doors
Genoa oak
Holdenby doors

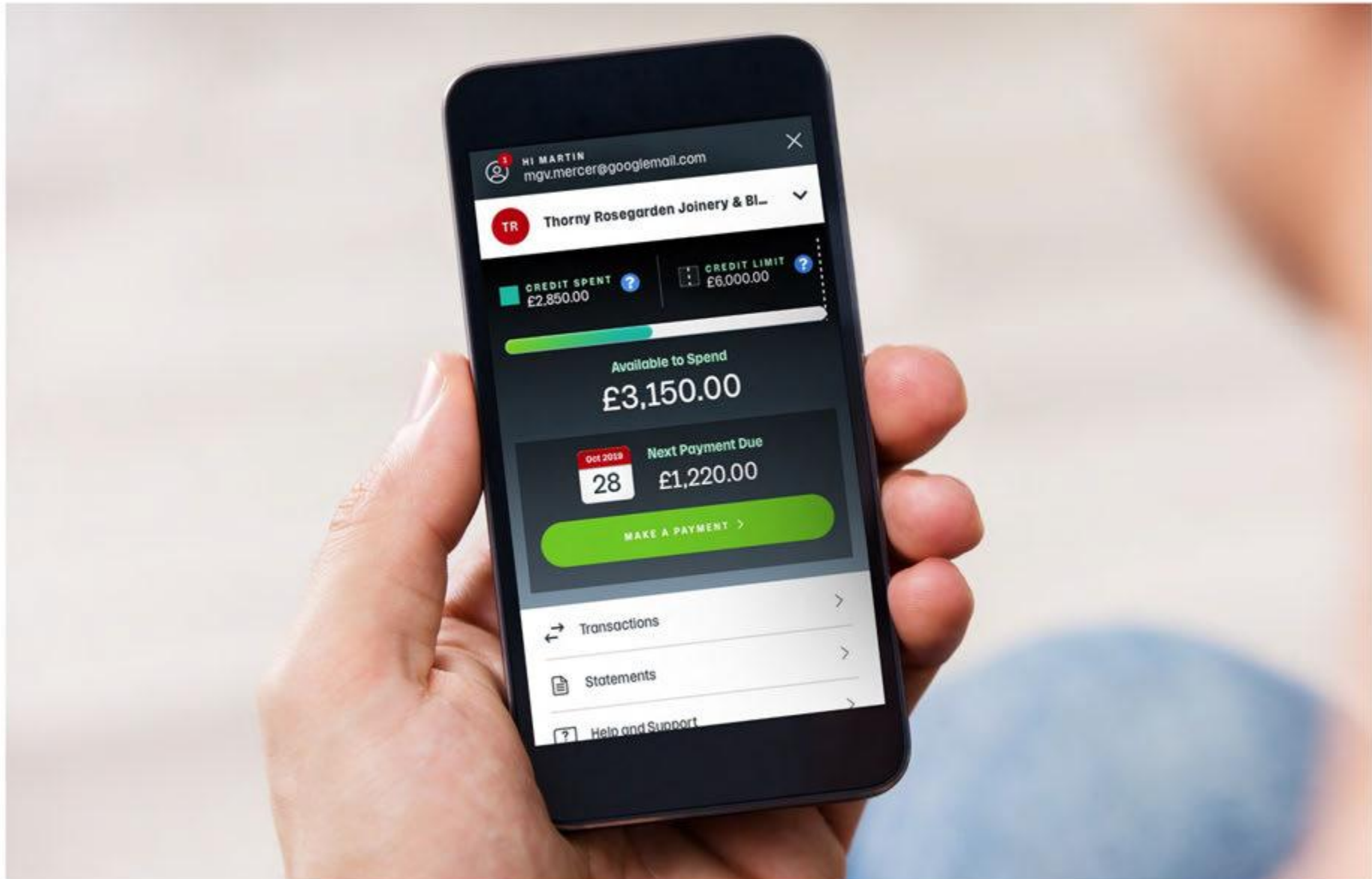
Bi fold
Bi fold doors
Bifold door
Bifold doors
6 panel door
6 panel doors
4 panel doors
Front doors
Front door
External door frame

White doors
White internal doors
Internal white doors
Internal oak doors
Oak door
Oak veneer doors
Oak internal door door
Grey doors
Pine doors

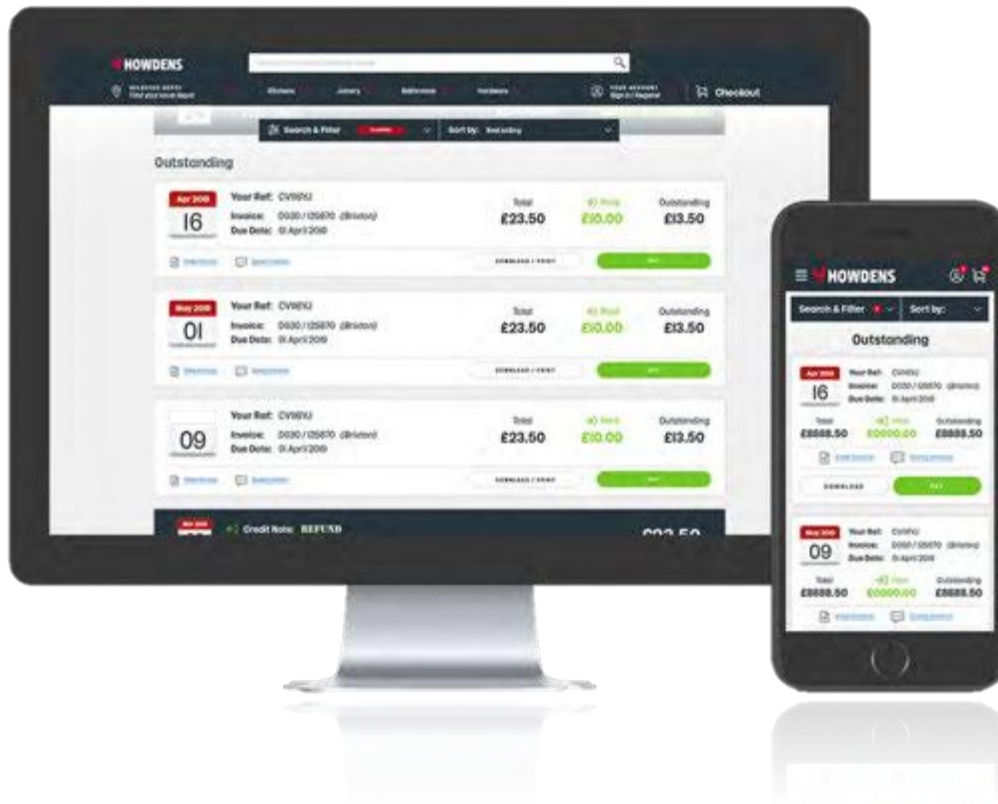
Search refinements can be tailored by users to match their requirements



New, secure trade only platform



Co-built functionality with our trade customers



Uses clear language

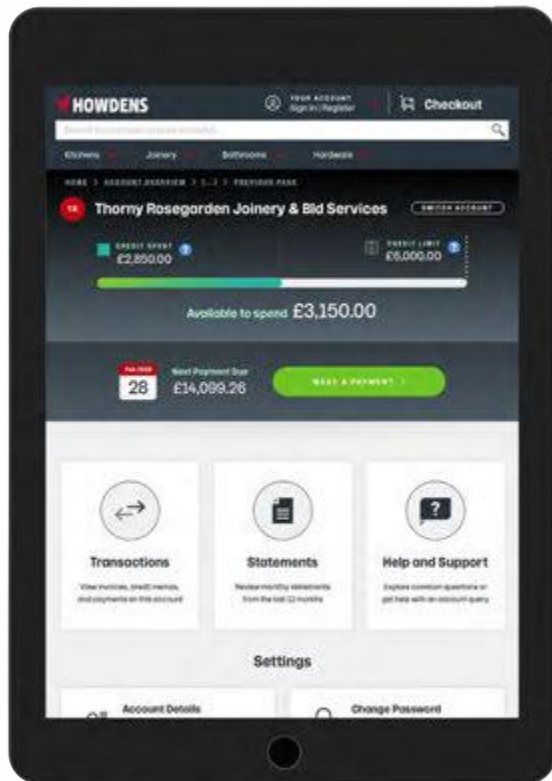


Simple tile based design

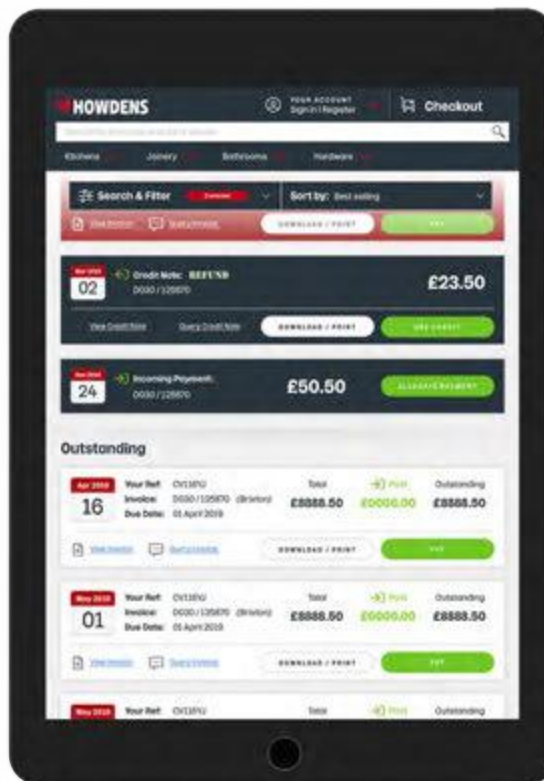


Mobile friendly user experience

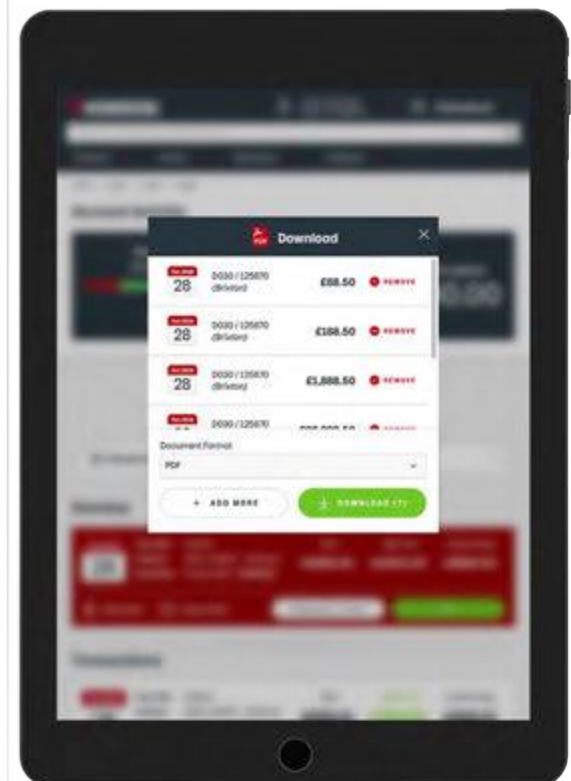
Key user needs addressed



Manage their accounts and relationship with depot

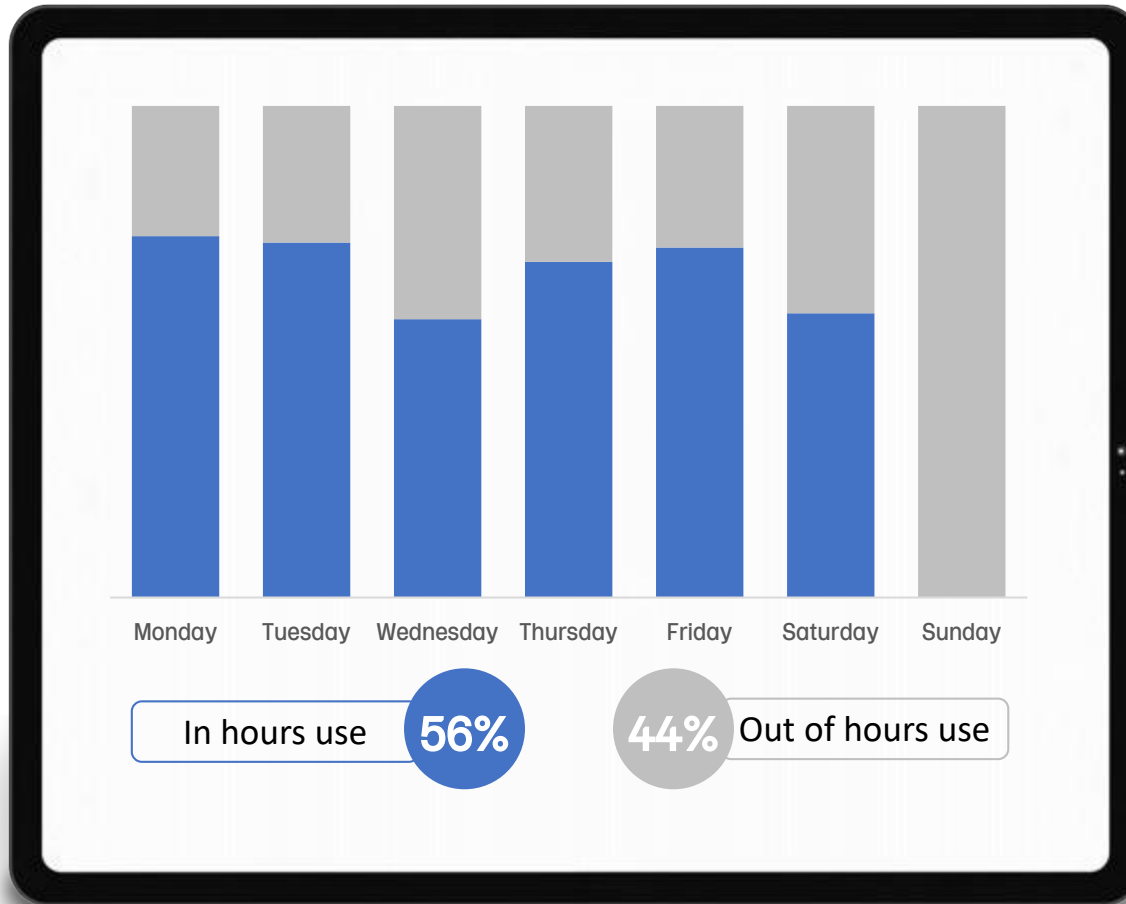


View credit details and make payments



Download invoices and information

Trial assisted understanding of usage behaviours



Significant out of hours use



60% of users made a payment



50% of users downloaded documents



Above average payments

Since roll-out feedback favourable, usage much higher than on previous facility



"Good, clear system, easy access to all bills"

"Quite easy system for a novice at computer like me"

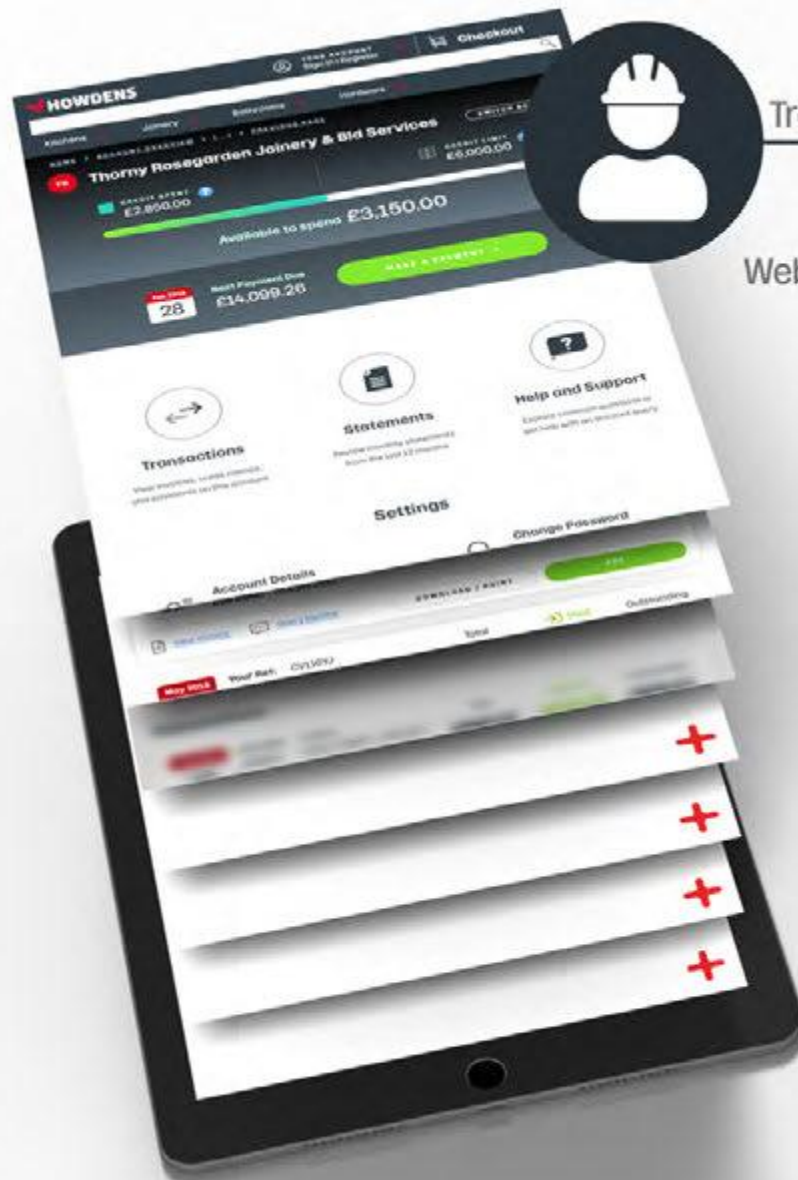
"Utterly superb, especially bringing up invoice and see details. Best one by a country mile. Well done"

"Very clear, easy to navigate and all-important info is there at a glance"

"It's very user friendly"



In 2020, we will continue to improve content and add more capabilities to our platform



Trade Account Login

Web Content





DEPOT EVOLUTION



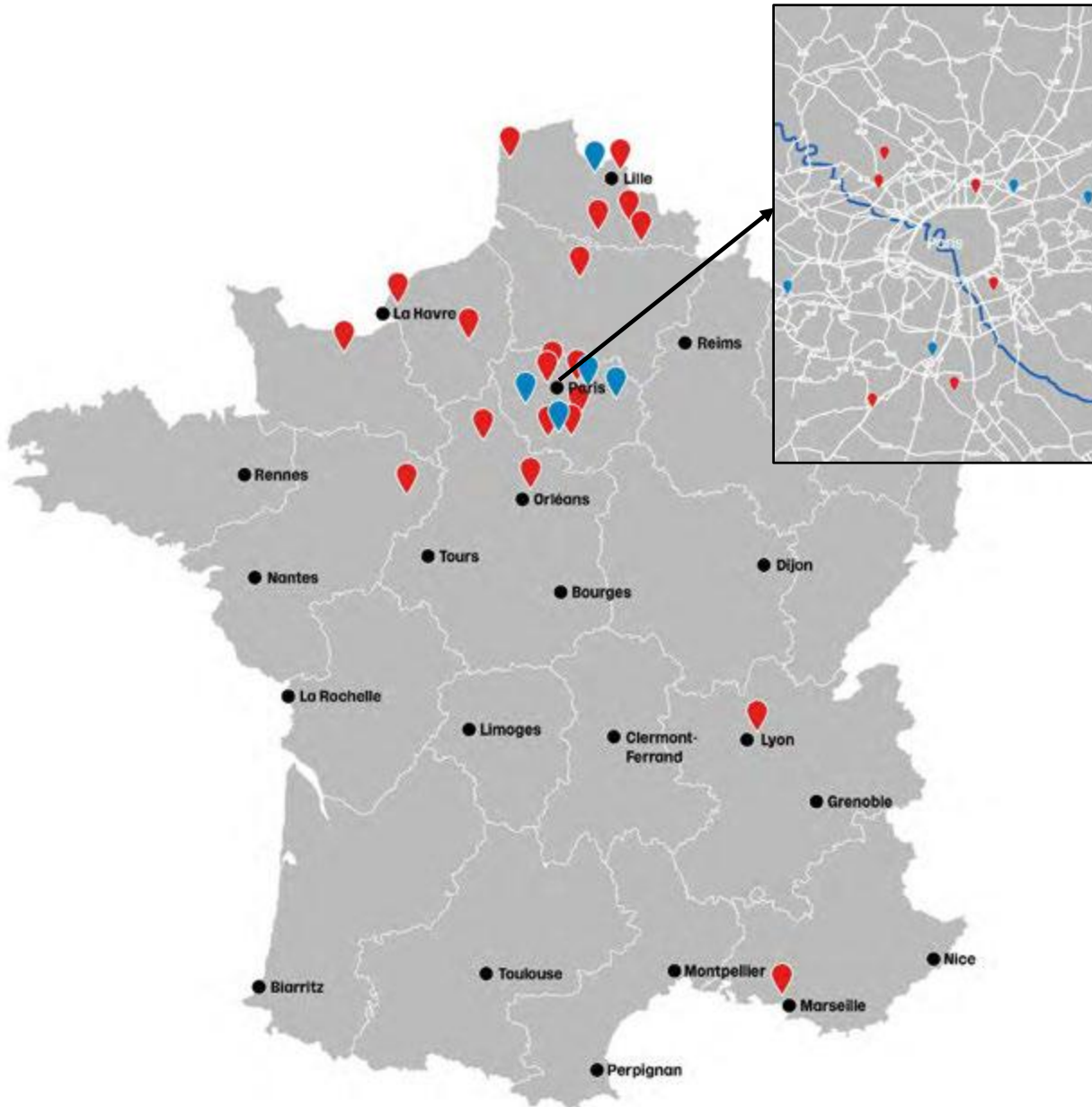
RANGE MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL



- 5 depots opened in 2019
- New branding and leadership
- Business Leader appointed
- Germany & Holland closures completed



Noisy le sec



Massy

- Depots opened before 2019 now cover all central costs
- Further suitable sites identified
- Howden trained teams available to staff more depots in 2020
- Five depot openings planned subject to business performing in line with expectations

2019 - A year of progress

- Improved profitability
- Invested in people, infrastructure, depots and product
- Pleased with the response to the initiatives

In 2020

- Aim to retain a profitable balance between price and volume
- Continue depot openings and test roll back opportunity further
- Well executed NPI plans and stronger promotions should benefit sales during 2020
- Making more in the UK
- The digital trade platform being promoted to all account holders, further content and capabilities to be added

Current Trading

- P1 + P2 Sales +3.5% , LFL 1.6% (excl. week 1)
- We remain cautious on market conditions
- Brexit trade negotiations
- Coronavirus



Thursday 16th April 2020





2019 Preliminary Results
27th February 2020