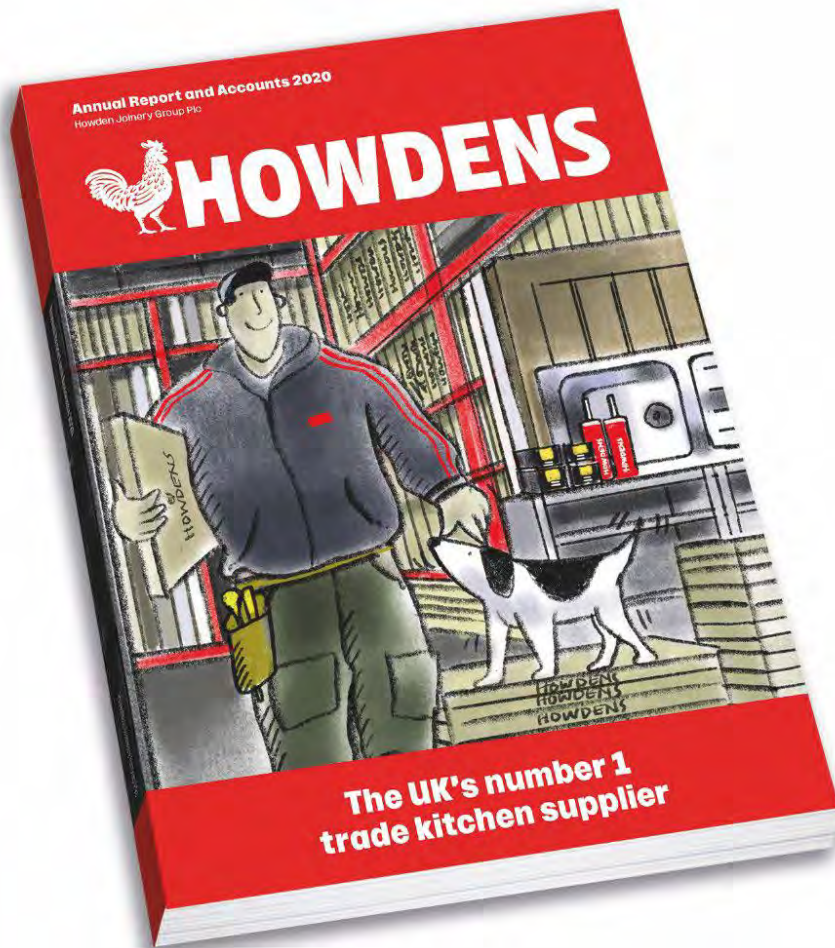




2020 Full Year Results
25th February 2021



Andrew Livingston
Chief Executive Officer



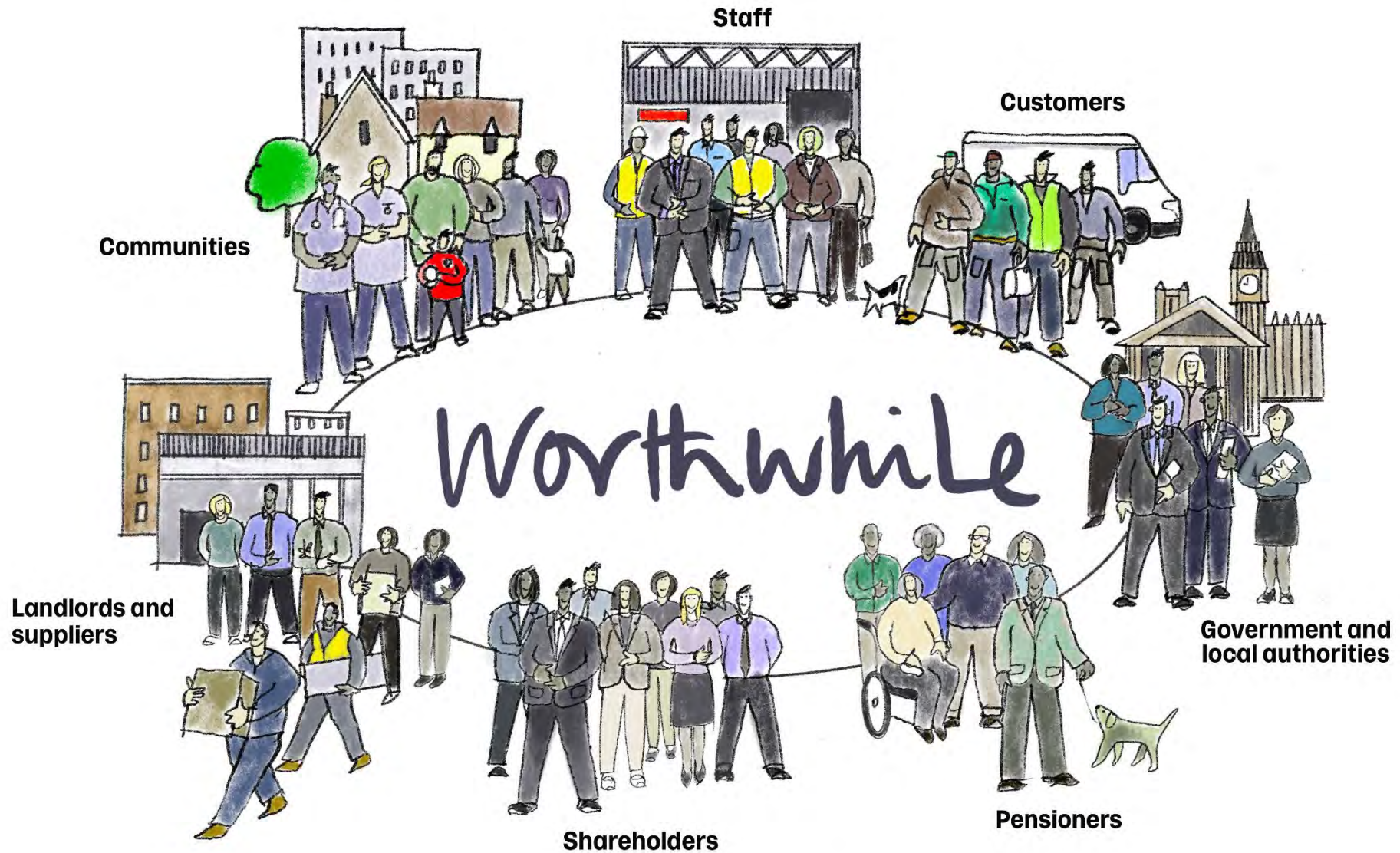
Annual Report & Accounts 2020

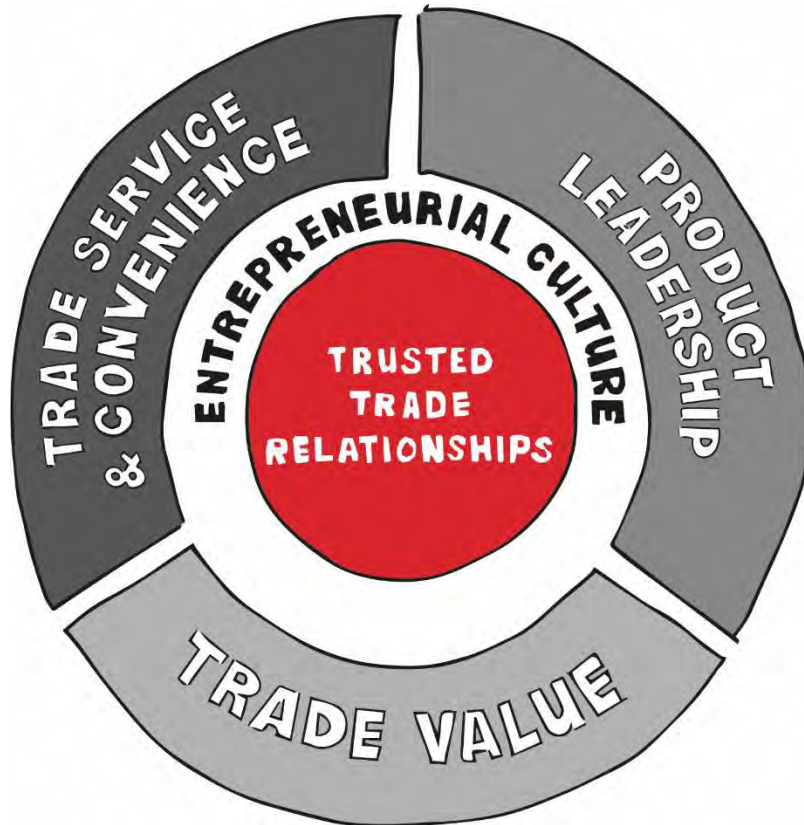
- Adapted to Covid conditions
- Progressed strategic priorities
- Strength of our trade only model, founded on local relationships
- Ability to evolve the business
- Whilst prioritising health and well being of staff & customers

Results reflects Q2 lockdown then increase in 2nd half Sales & Profit **HOWDENS**

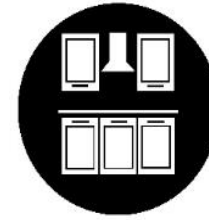


- H1 UK Sales -29%
 - Shortfall vs 2019 all in Q2
- H2 UK Sales +16%
 - Sales trending upwards across H2
- Performance reflects measures to help staff work safely and support for Customers
- New services, lower prices, high stock availability and a safe trading environment
- Increased spend on the home
- Flexed Peak Autumn Sale Period over P10 & 11
 - Sales exceeded expectations
 - Supply chain & service benefits





DEPOT EVOLUTION



RANGE AND SUPPLY
MANAGEMENT



DIGITAL DEVELOPMENT

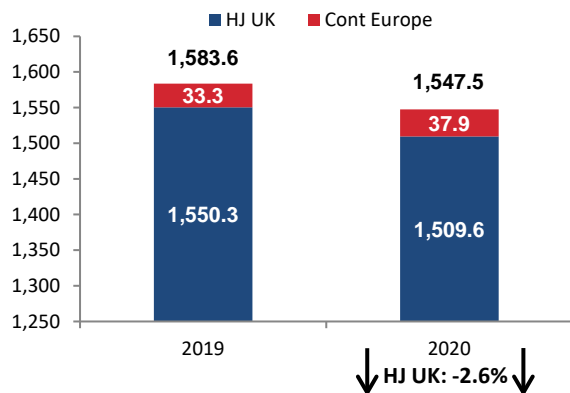


INTERNATIONAL

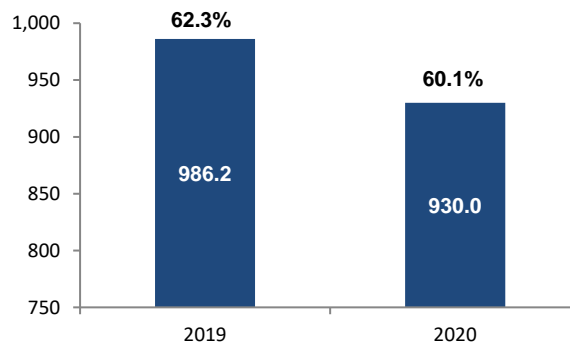


Paul Hayes
Chief Financial Officer

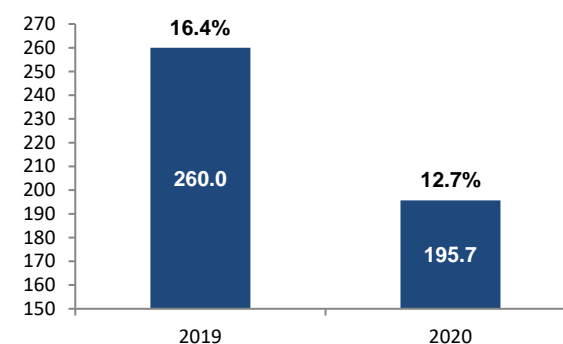
Revenue, £m



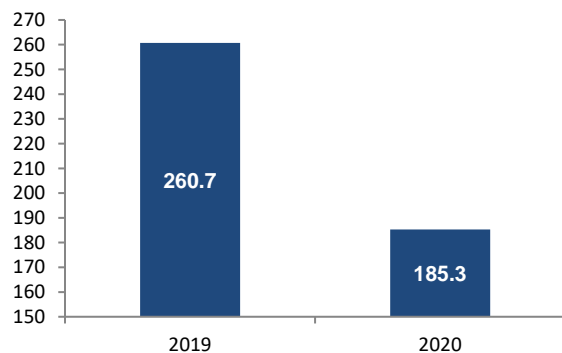
Gross profit, £m, and margin, %



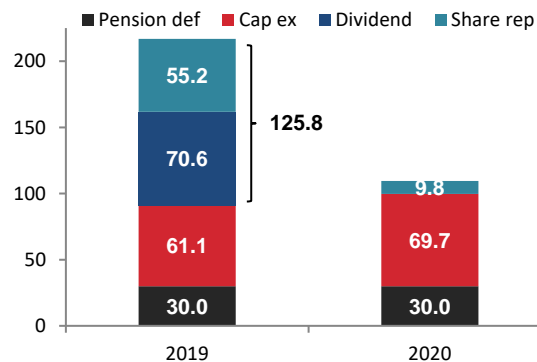
Operating profit, £m, and margin, %



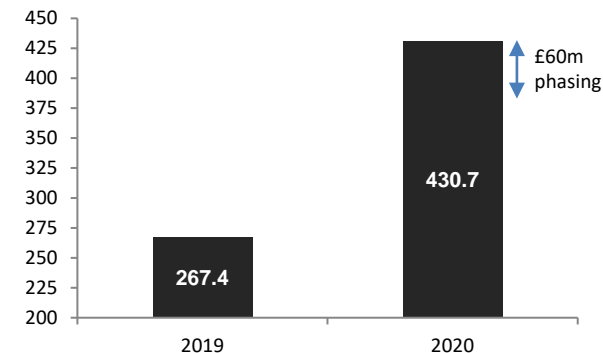
Profit before tax, £m



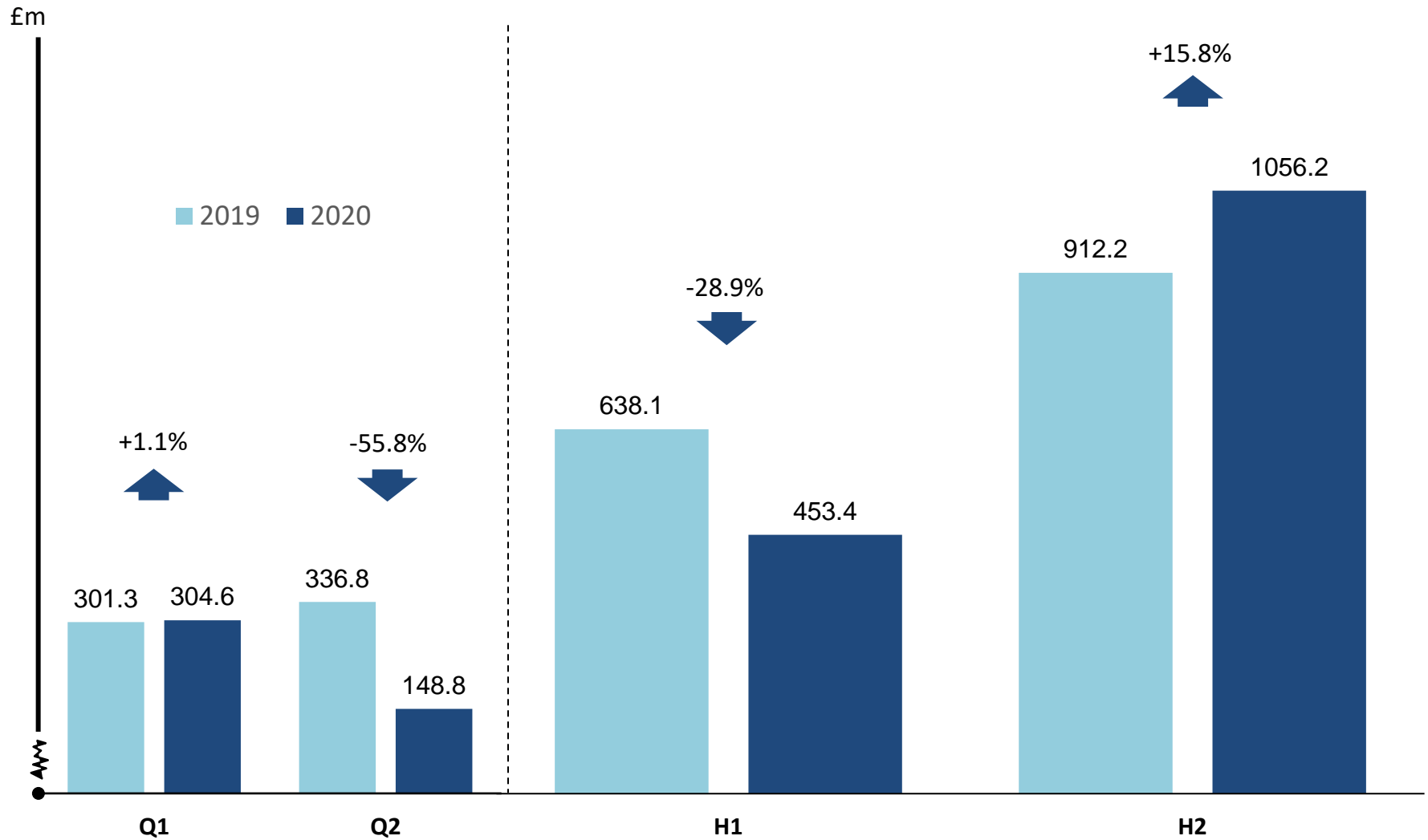
Uses of 'cash', £m



Net cash, £m

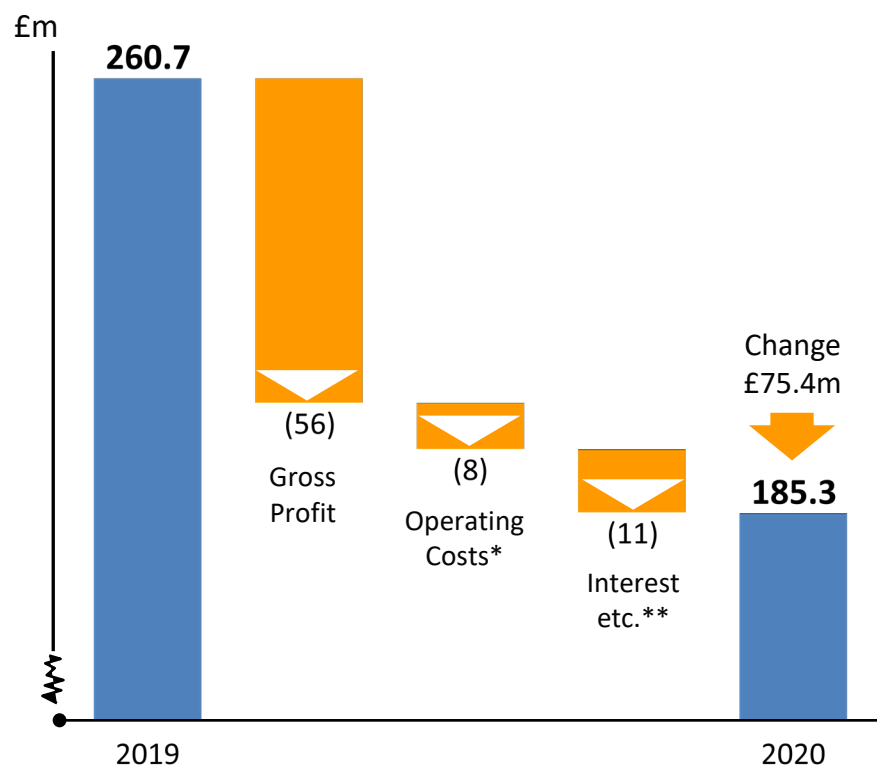


	UK	Europe
2020 Total sales	£1,509.6m	€42.6m
Total growth	-2.6%	13.0%
Same depot basis	-4.5%	2.5%
Number of depots	748	30
New in 2020	16	4

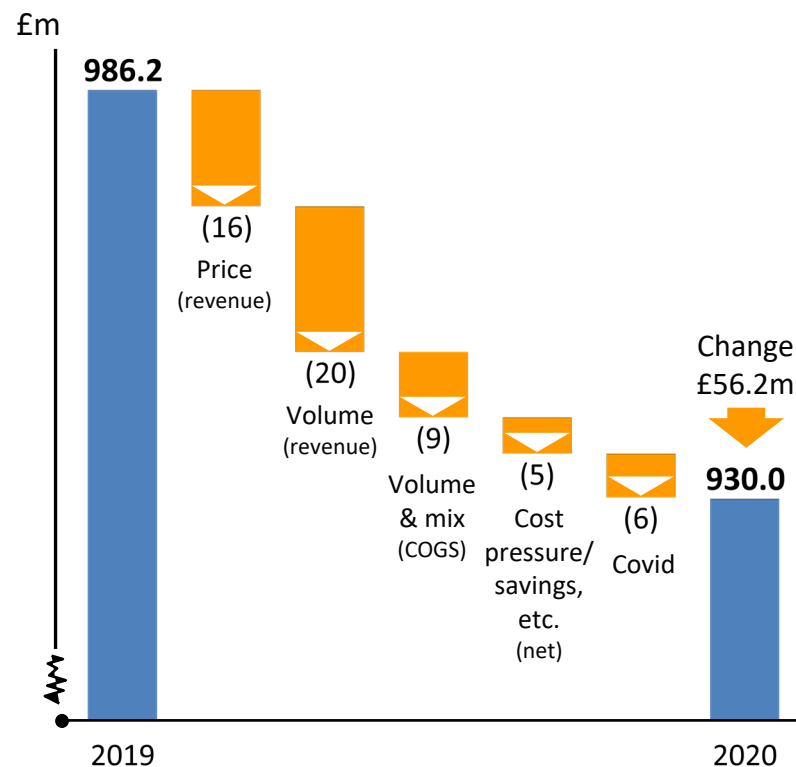


Group gross profit margin
 • 2019: 62.3% • 2020: 60.1%

Profit before tax



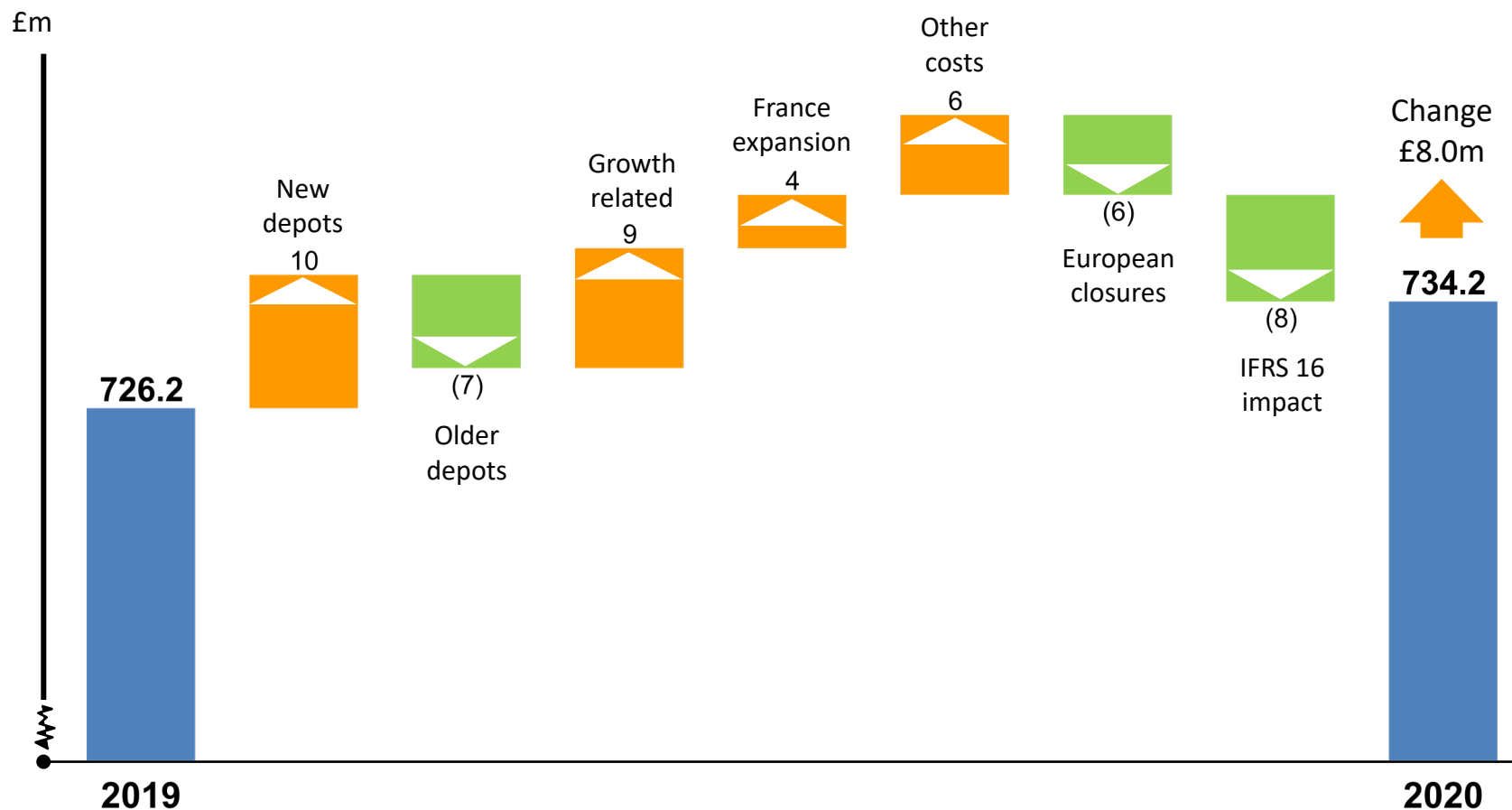
Gross profit



* Operating costs include £8m impact of IFRS16

** Interest includes £(10)m impact of IFRS16

Net IFRS16 impact £(2)m on PBT



£m	FY 2020 pre-IFRS16	Impact of IFRS16	2020	2019
Revenue	1,547.5	0.0	1,547.5	1,583.6
Cost of goods sold	(617.5)	0.0	(617.5)	(597.4)
Gross profit	930.0	0.0	930.0	986.2
Operating costs	(742.4)	8.1	(734.3)	(726.2)
Operating profit	187.6	8.1	195.7	260.0
Net interest	(0.1)	(10.3)	(10.4)	0.7
Profit / (loss) before tax	187.5	(2.2)	185.3	260.7
Tax	(37.7)	0.0	(37.7)	(51.7)
Profit / (loss) for the period	149.8	(2.2)	147.6	209.0

	2020	2019
• Earnings per share	24.9p	35.0p
• Share buybacks	£9.8m	£55.2m

Board have recommended

- Final dividend 9.1p
Dividend cover 2.7x
- Special dividend 9.1p*
- The Board expects to announce a 2021 interim dividend in July of 3.0p, in line with policy of paying one third of 2020 full year dividend.

* The special dividend is equivalent to the cancelled 2019 final dividend

Net Cash and Cash Flow



£m	2020	2019
Opening net cash	267.4	231.3
Operating cashflows before IFRS16 depreciation	233.8	300.8
IFRS16 depreciation	79.5	-
Operating cash flows before movements in working capital	313.3	300.8
Working capital*	70.3	(6.3)
Capital expenditure	(69.7)	(61.1)
Tax paid	(32.2)	(46.2)
Share repurchases	(9.8)	(55.2)
Dividends	-	(70.6)
Pension contribution (over and above the P&L charge)	(22.2)	(26.9)
IFRS16: Interest paid including on lease liabilities	(10.4)	-
Repayment of principal on lease liabilities	(77.2)	-
Other	1.2	1.6
Closing net cash	430.7	267.4

* changes in working capital are calculated using the opening asset and liability balances after adjustments on adopting IFRS 16

Working capital decreased by £70.3m

- stock up £23m
- debtors down £2m
- creditors up £91m

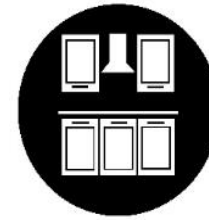
- UK sales in periods 1 & 2 up 5.1%, LFL up 4.5%
 - excluding week 1 +7.1%, LFL +6.5%
- International sales up 32.3%, LFL up 31.2%
 - excluding week 1 +38.6%, LFL +37.5%
- Continuation of market uncertainties and near term costs of Covid-19
- Price increase but commodity & freight pressures
- Impact of rollout of new depots and revamps
- Continued investment in strategic priorities
- £80m Capital expenditure



Andrew Livingston
Chief Executive Officer



DEPOT EVOLUTION



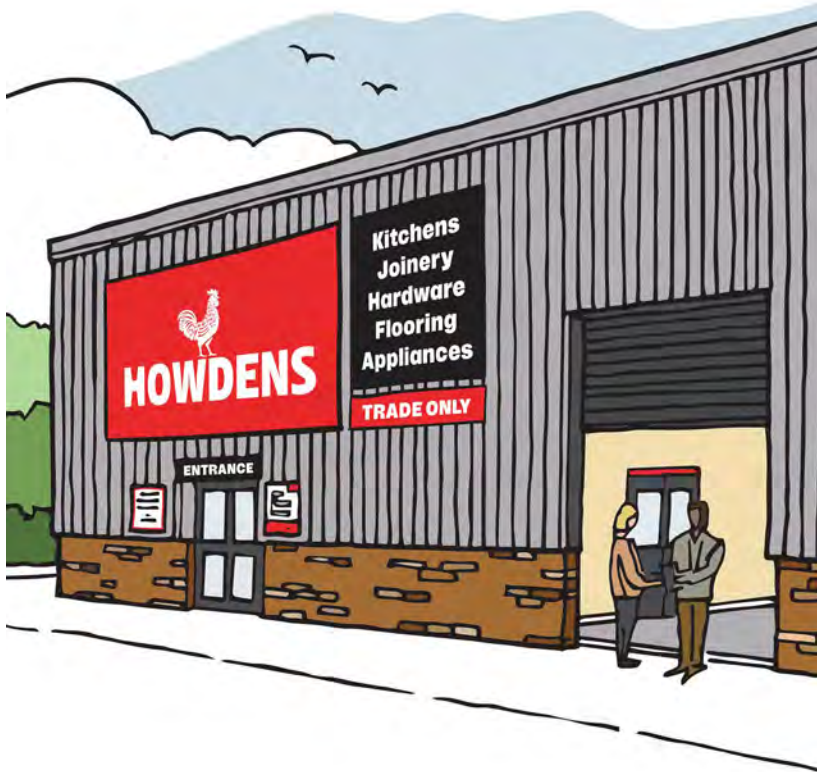
RANGE AND SUPPLY
MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL



DEPOT EVOLUTION



RANGE AND SUPPLY MANAGEMENT

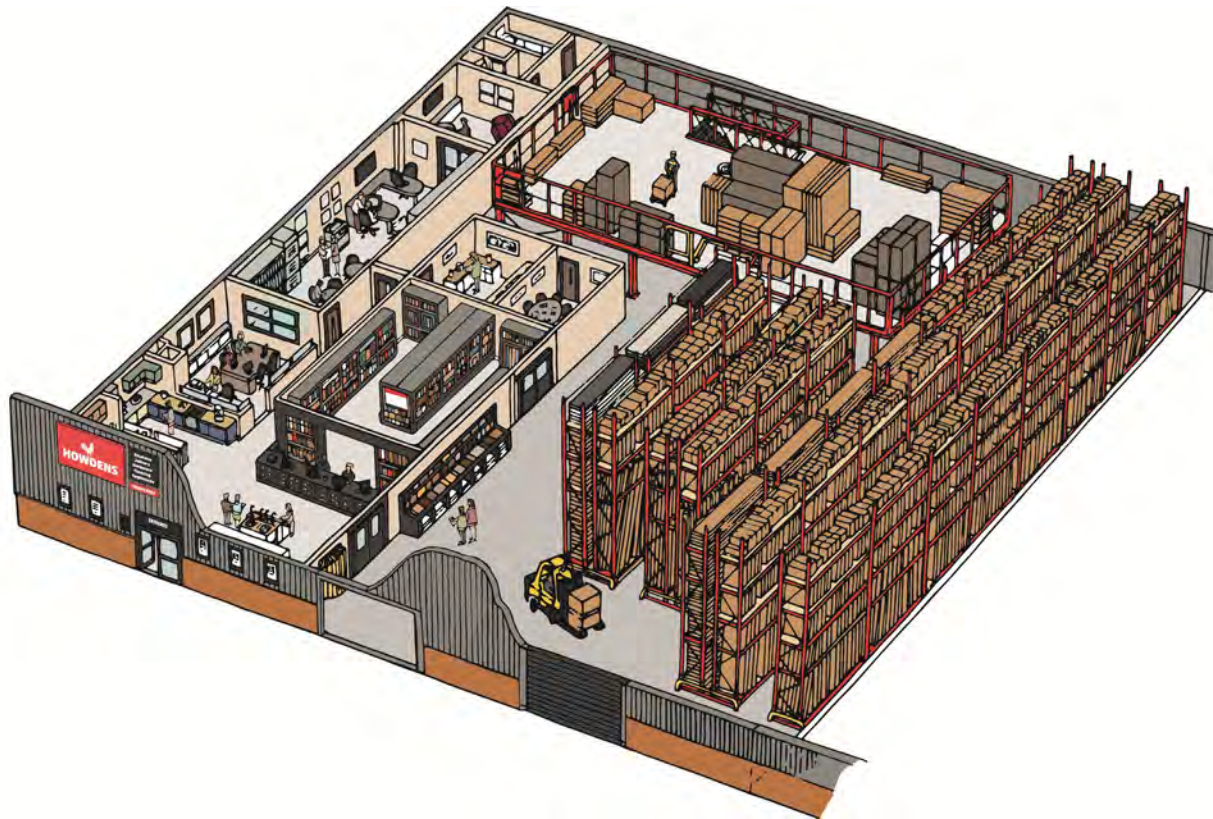


DIGITAL DEVELOPMENT

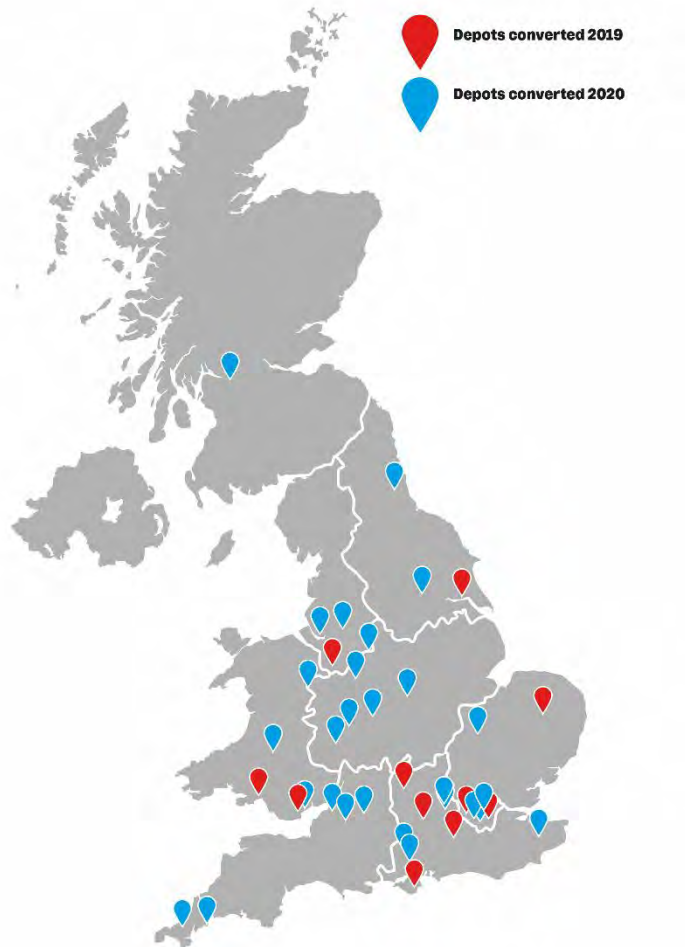


INTERNATIONAL

Updated format, no change to fit-out cost

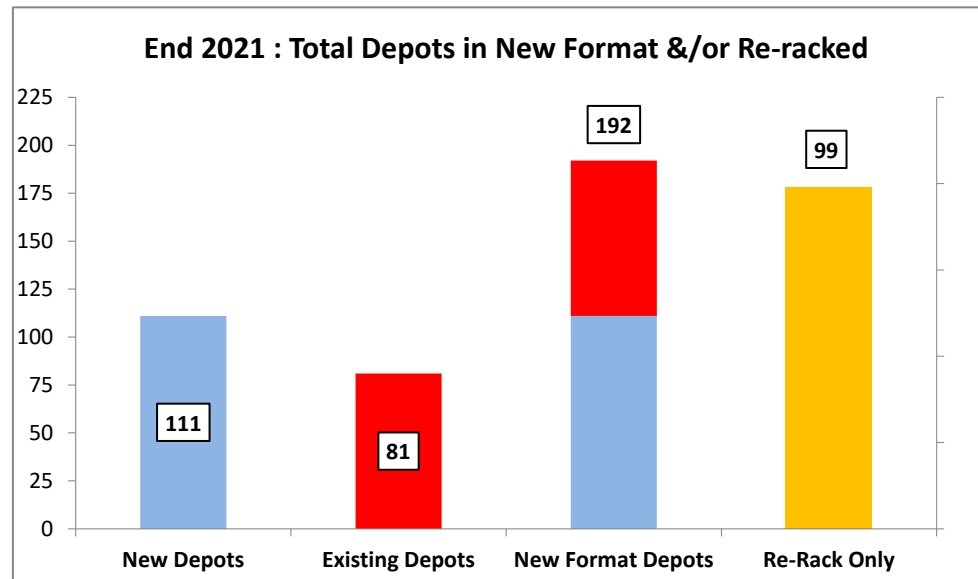
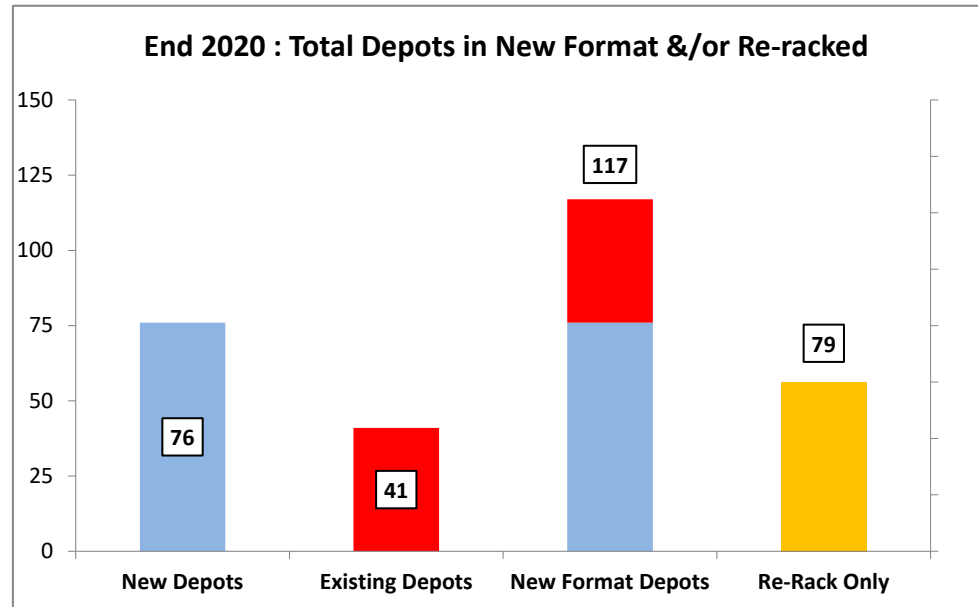


- In 2020 UK depot openings fewer than planned
- Opening programme on hold in 1st Half
 - Prioritised cashflow
 - Finding safe ways for depots to trade
- Opened 16 depots in 2nd Half
- Circa 35 openings planned for 2021



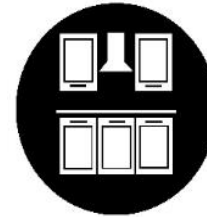
- 30 conversions in 2020 in line with plan
 - Having reduced the number of depot openings and re-racks
 - Average cost per depot in line with budget (£225k)
 - Plan to convert 40 depots in 2021 (similar average cost to 2020)
-
- In 2021, plan to re-rack the warehouses of a further 20 depots without making other modifications, having re-racked 17 in 2020

New format depots and re-racked depots





DEPOT EVOLUTION



**RANGE AND SUPPLY
MANAGEMENT**



DIGITAL DEVELOPMENT



INTERNATIONAL

"NPI" sales significant contributor to total sales each year



- 18 new kitchens in 2020
- Handleless platform for more affordable linear look
- 2020 "NPI" Kitchens on sale earlier than 2019
 - Well positioned with product as depots re-opened
 - 2020 NPI sales ahead of 2019



Elmbridge (Dove Grey)

Contemporary shaker range





Hockley Sandstone handleless

New colourways to entry price points



Hockley navy


New added value decorative accessories



2021 : New Product on sale earlier than previous years



Winter 2020/21 TRADE ONLY

 **HOWDENS**

Howdens have everything we need in stock

Kitchens & Cabinets	07
Storage	83
Worktops	97
Sinks & Taps	139
Appliances	149
Kitchen Handles	205
Surrounding Hardware	217
Flooring	261
Paints	279
Fire Doors	339
Building Workbooks	375
Joinery	381
Laminate	395
Handovers & Tools	406

WE WON'T BE BEATEN ON PRICE

TRADE ONLY

 **HOWDENS**

Rooster DEALS

We're fully stocked

OUR BIGGEST EVER ROOSTER!
4th January - 20th February 2021

Great Price!
ONLY **£49.99** NET

Holdenby Oak Door
Impreg. 21" DEED03, 22" DEED04, 23" DEED05 or 24" DEED06
Metric: 538mm DEED03, 738mm DEED04, 538mm DEED05 or 738mm DEED06

Great choice of kitchen cabinets
ONLY **£33.99** NET

500mm Flat pack H-Line Base Unit

Newington Latch Pack
ONLY **£9.99** NET

Scrim Polished Chrome
DPU990

Lamona Package
ONLY **£199.99** NET

Lamona 60cm Conventional Oven, Gas Hob and Cooler Hood
LMP0300

3 YEARS WARRANTY

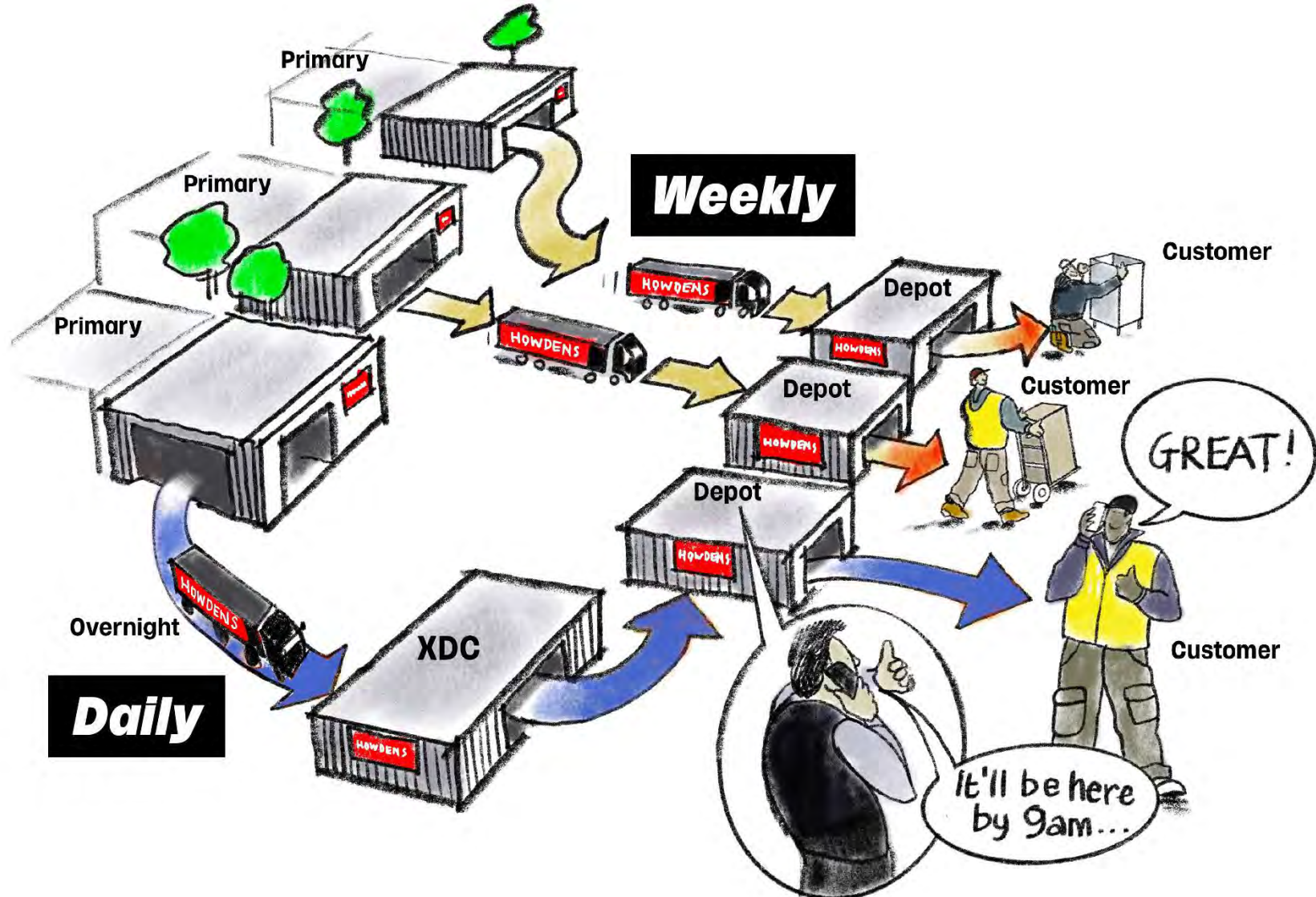
★ Trustpilot  **HOWDENS.COM**

All new kitchens in-stock by end of Q2

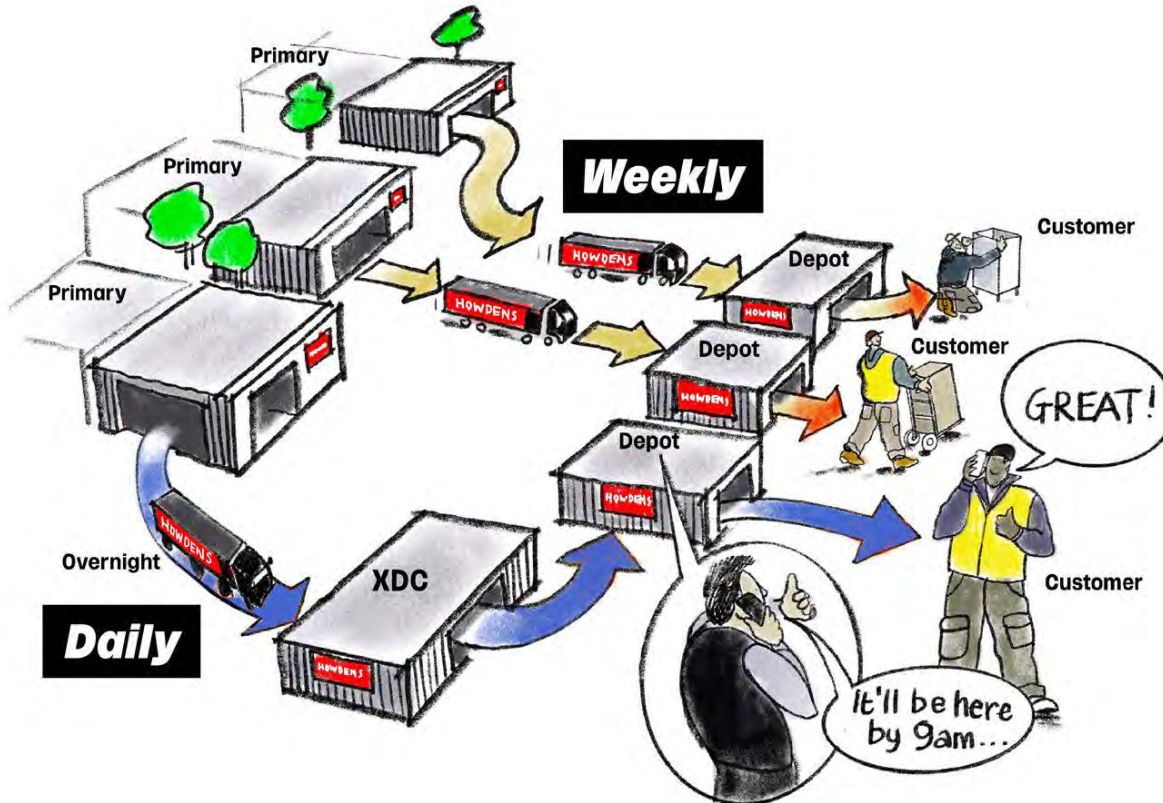


- End of 2019, 67 current ranges
- By end of 2020, 63 current ranges
- Around 65 current ranges is appropriate for our market at present
- Managing ranges to around this number in 2021

"XDC" : Improving service and availability



"XDC" : rebalancing stock levels and delivery pattern of some lines **HOWDENS**



Simpler & more efficient for depots to

- ✓ deliver superior service
- ✓ improve product availability
- ✓ free up time and resources spent on stock management

- Using third party logistics partners and their infrastructure
- Service available to 120 depots at present, increasing to c. 250 depots during Q2 2021





- Initially closed substantially all of manufacturing & supply
- Developed additional safety measures, new work processes with support of Employees
 - Re-opened manufacturing and distribution in April
 - Maintained stock availability as demand changed
- Continued to work with and develop COVID compliant processes
 - Can manufacture all products whilst maintaining social distancing
 - Efficiency much improved
 - Accommodated rise in 2nd Half volumes

Protecting our in stock offer against supply chain disruption **HOWDENS**



- Increased levels of safety stock and back-up sources of supply
- Utilised disaster recovery capacity
- Took extra temporary warehouse capacity and more space at Raunds than planned
- Significant engagement with Supply base
- Protecting stock availability further in 2021

Make or buy to improve cost, supply chain resilience & flexibility **HOWDENS**



Howden - 75 acres



Runcorn - 25 acres

Making more doors for our kitchen ranges



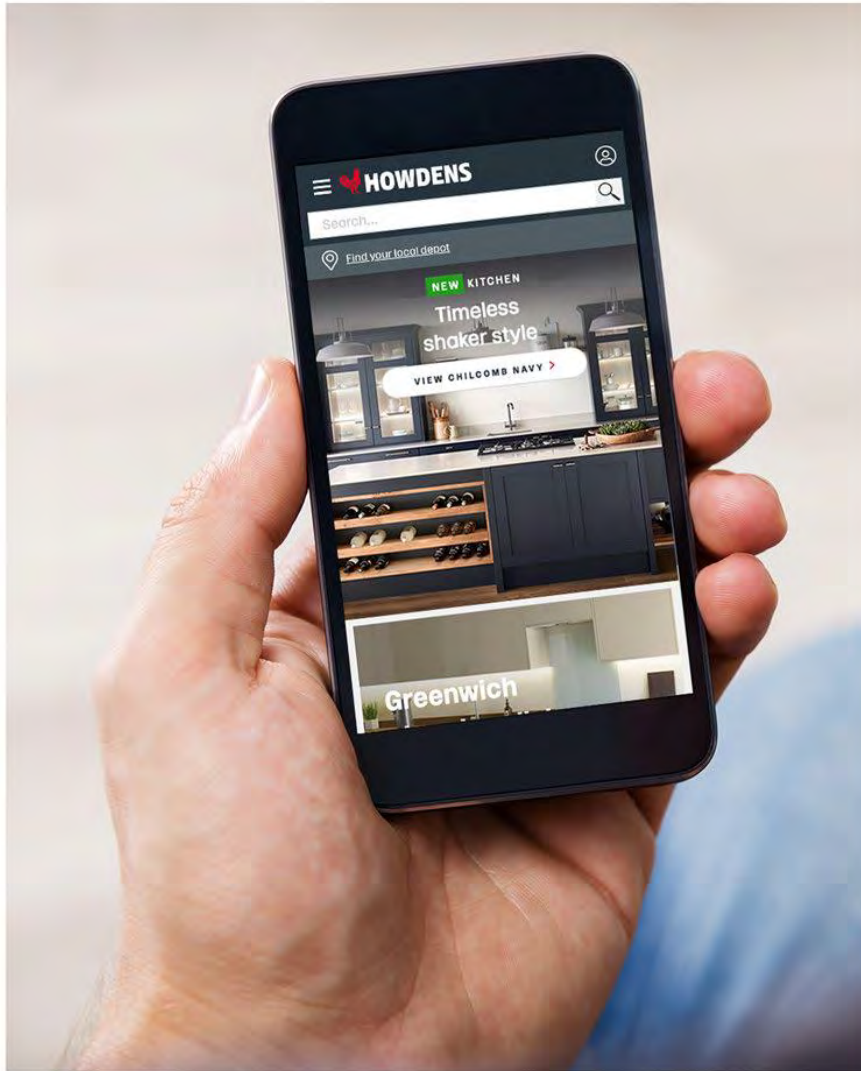
- Investment to make Hockley kitchen doors in 2019
- Upscaling frontal manufacturing with new line at Howden site
- Operational in 2nd Half 2022

Increased capacity for architrave and skirting on stream H1 2022 **HOWDENS**





- Acquired assets of a leading UK fabricator
- Competitive price v building new facilities
- Factory operational during 2021



DEPOT EVOLUTION



RANGE AND SUPPLY
MANAGEMENT

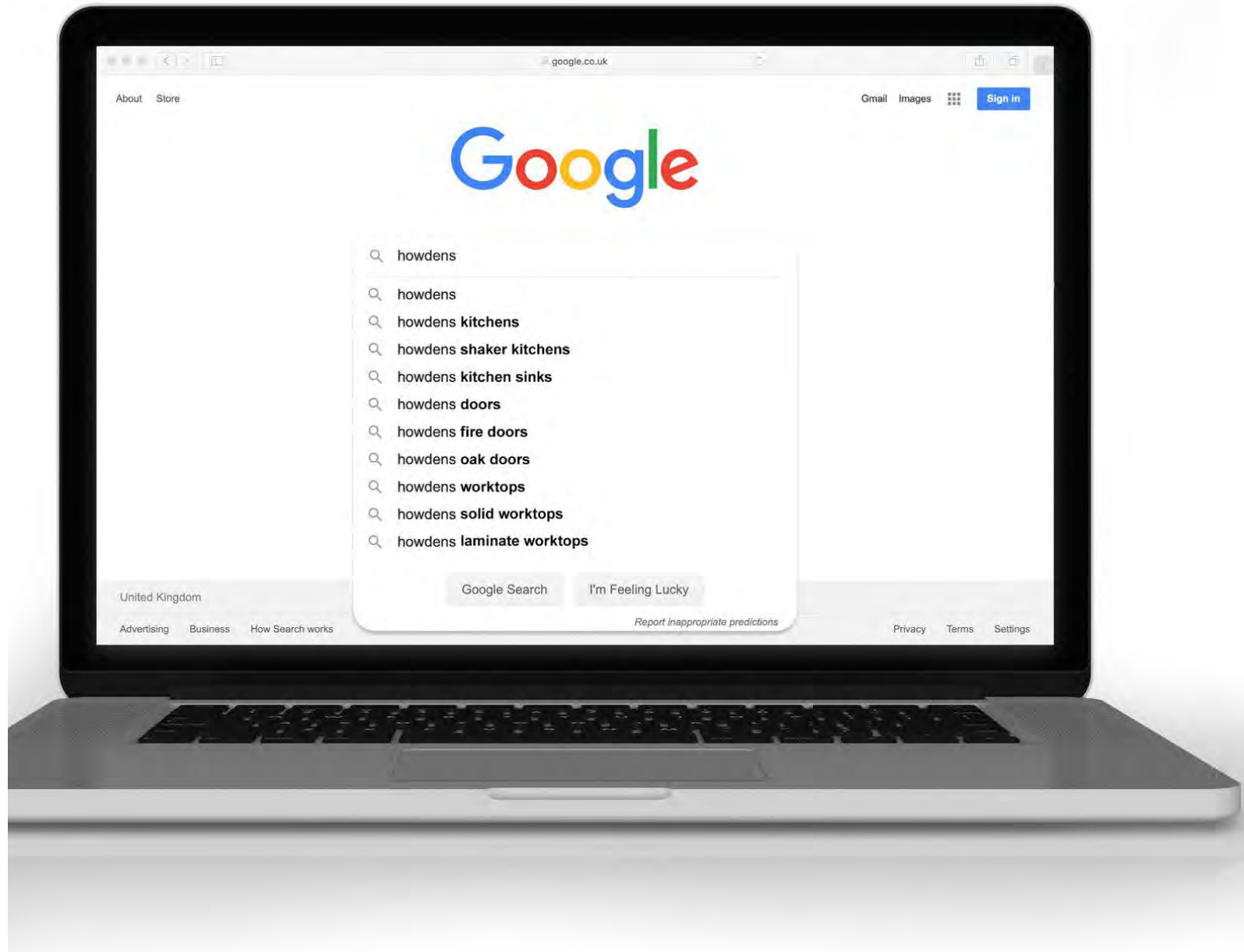


DIGITAL DEVELOPMENT

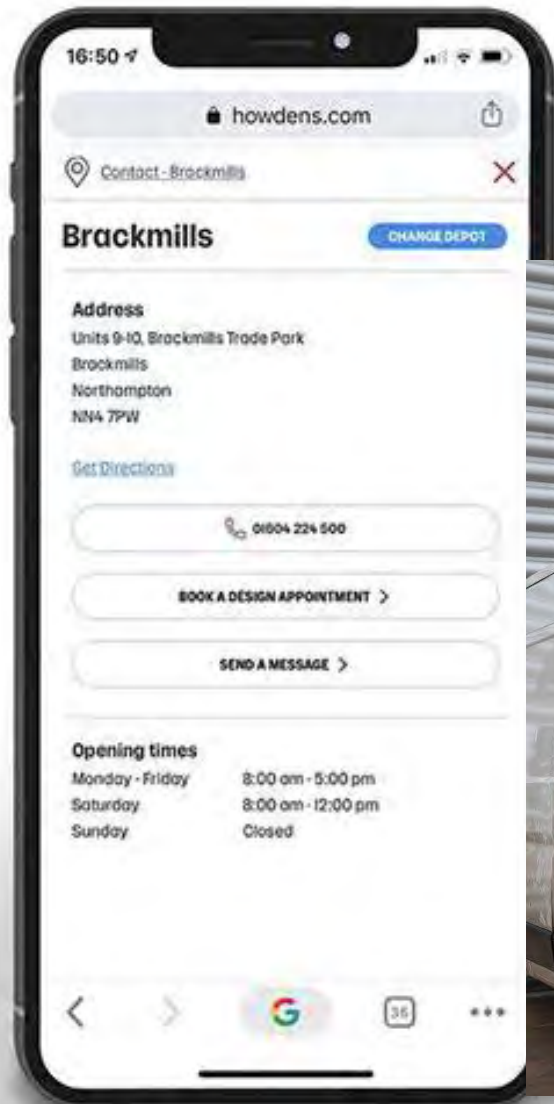


INTERNATIONAL

48% more search impressions a month, site visits up 53%



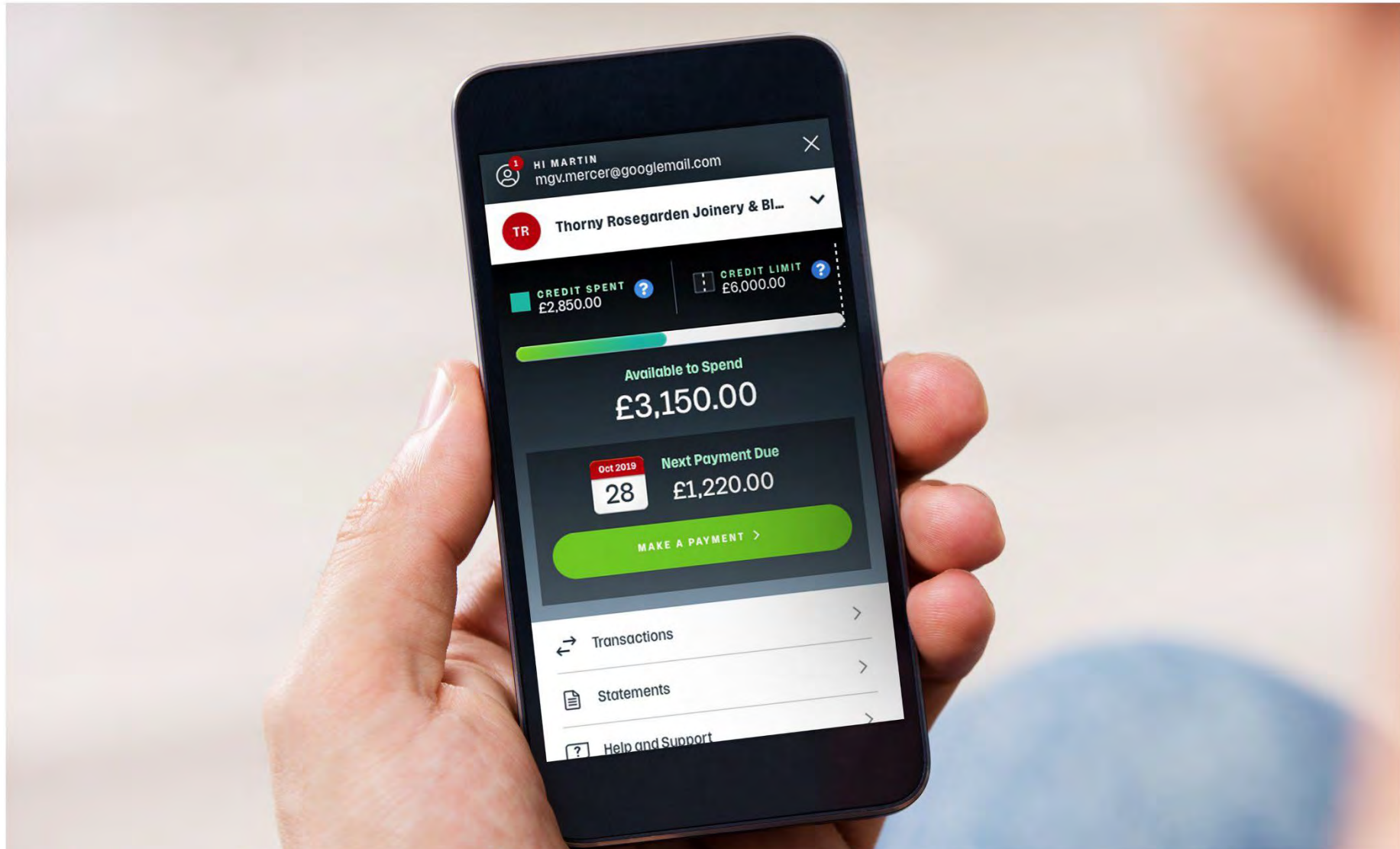
Depot leads via the website up 88% year on year, brochure requests +39%  **HOWDENS**



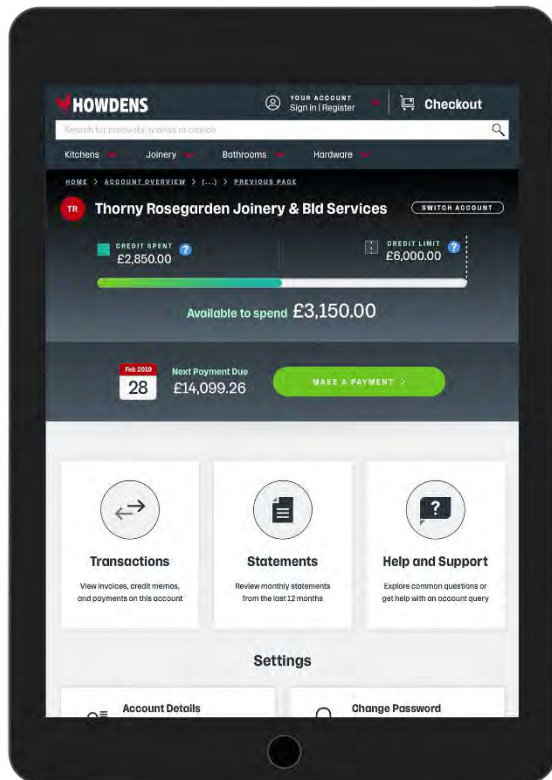


- Follower base 213,000 by end of 2nd Half, up 119%
- Reaching over 8 million users a month
- With active engagement up 165% year on year

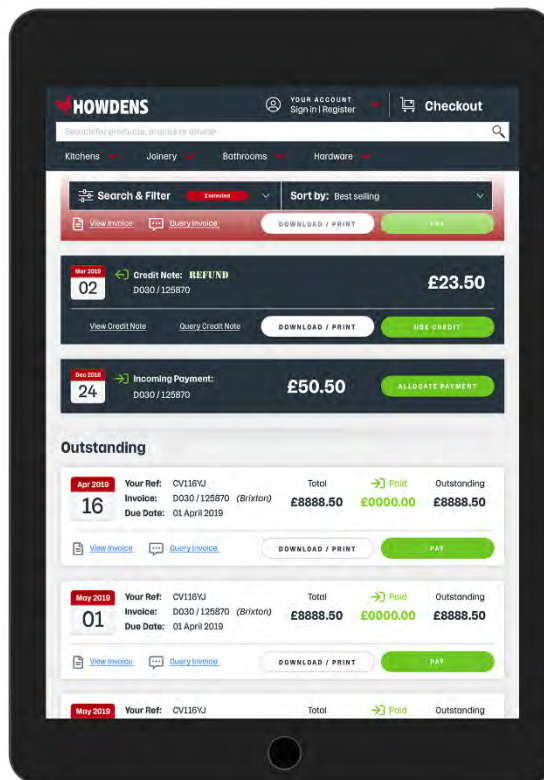




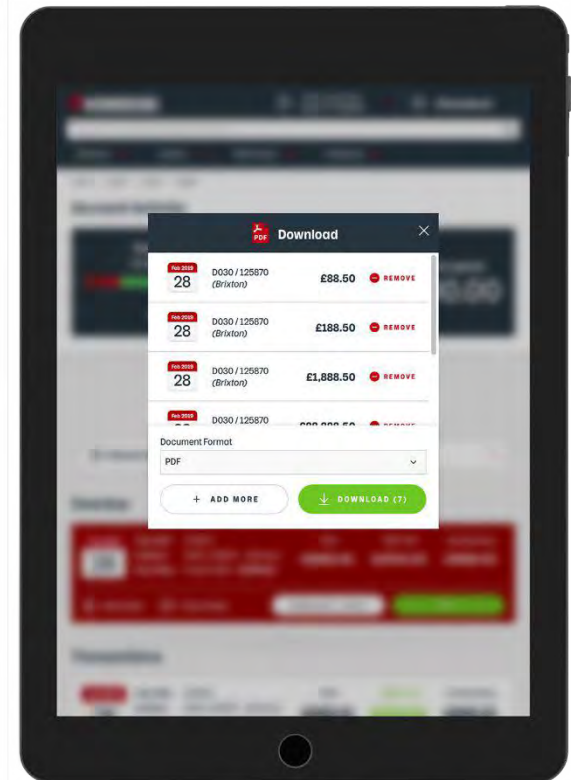
Roll-out of on-line account facilities



Manage accounts and relationship with depot

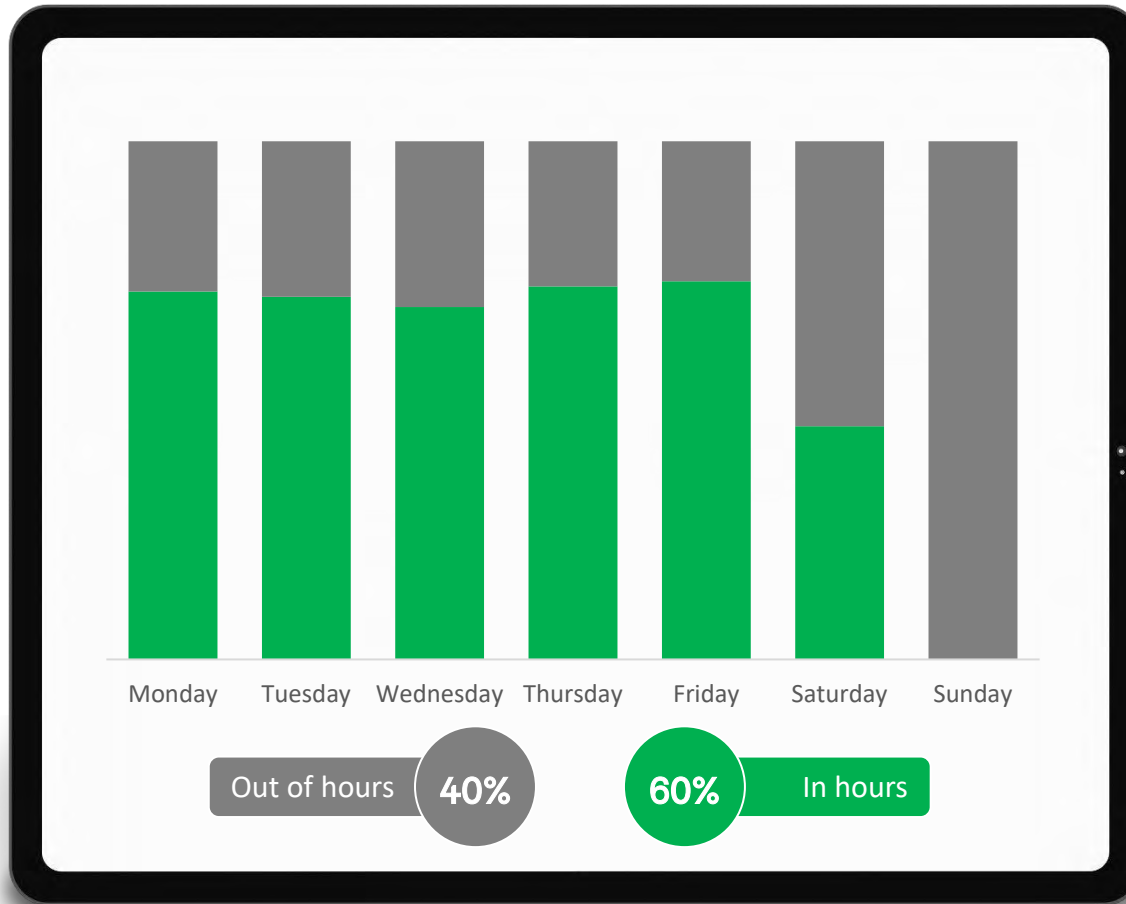


View credit details and make payments



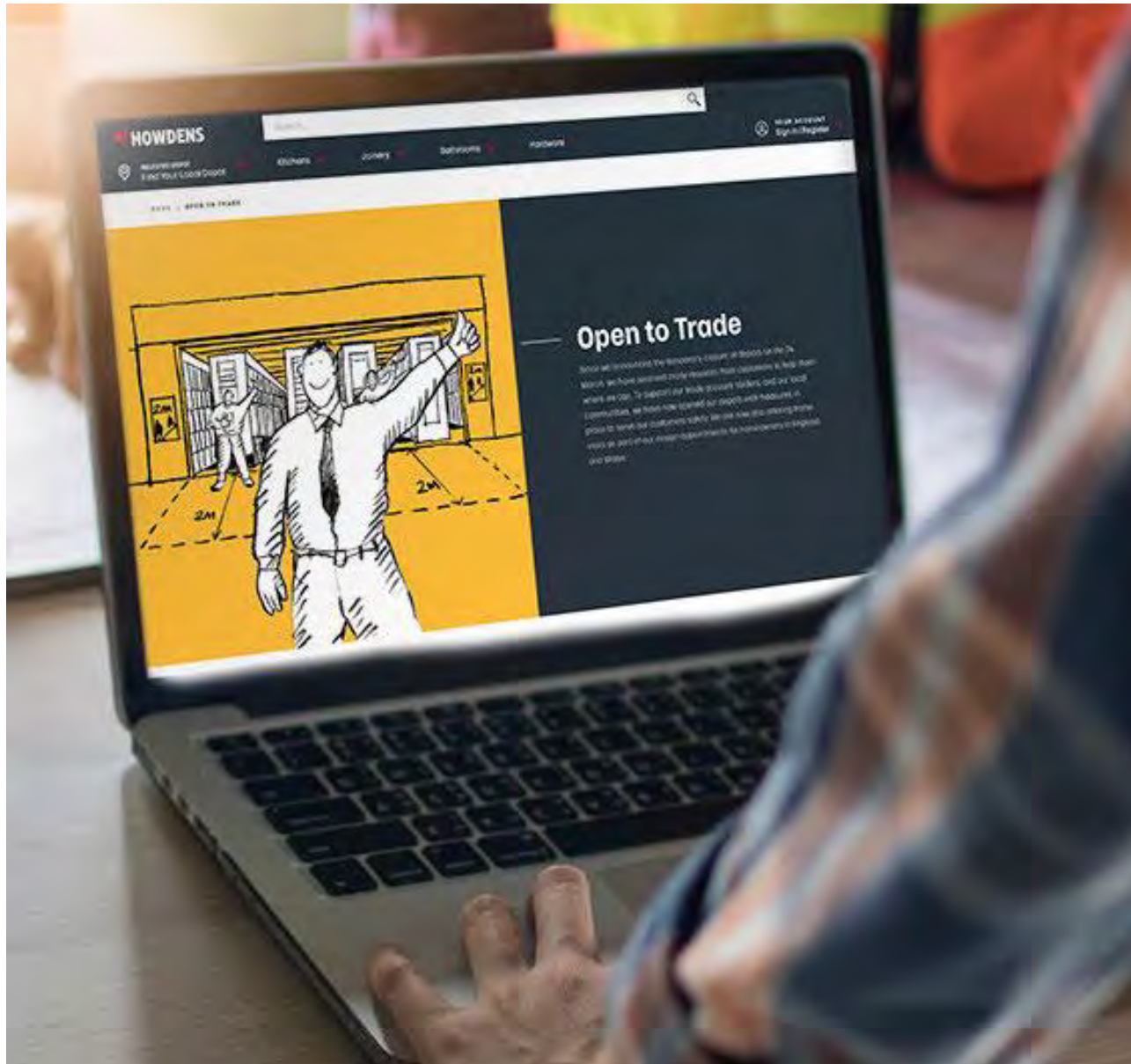
Download invoices and information

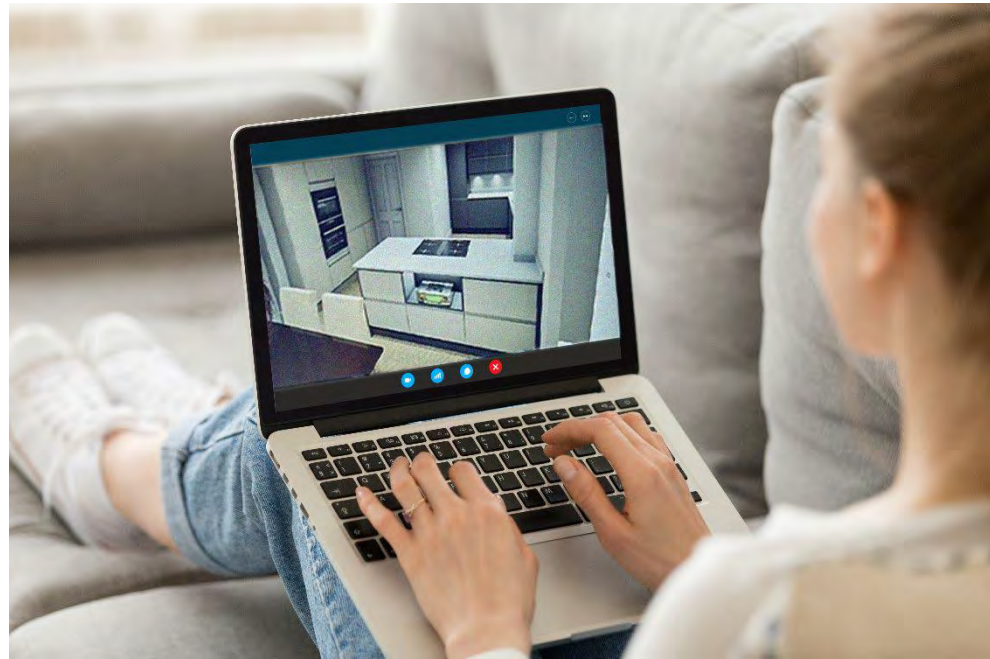
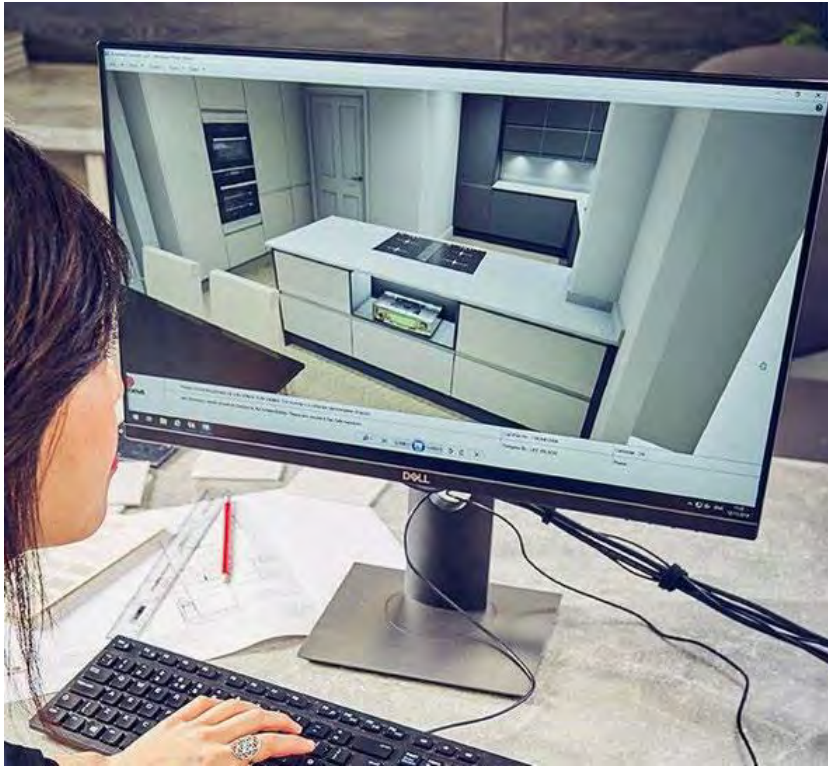
30% of credit account holders on-boarded by end 2020



- Significant out of hours use
- 43% of users made a payment
- 68% of users viewing documents

Call and collect service launched







TRADE ONLY

HOWDENS

Anytime Ordering

Your confidential trade pricing, available online



Mr and Mrs Jones

Item	Price
Howdens Oak Door 1' 6" x 2' 2"	£89.99
Howdens Oak Door 1' 6" x 2' 2"	£139.98
Howdens Oak Door 1' 6" x 2' 2"	£14.99
Howdens Oak Door 1' 6" x 2' 2"	£29.98
Total	£502.95

ORDER AT HOWDENS.COM

- "Anytime Ordering" available from February
- Major upgrade on "Call & Collect" Service
- Efficiencies for Depots & Customers
 - Bespoke pricing for each customer
 - Account holders can see their prices, order product and quote for jobs out of hours
 - Select a depot collection point and delivery time
- Service integrated with Lead Management System



DEPOT EVOLUTION



RANGE MANAGEMENT

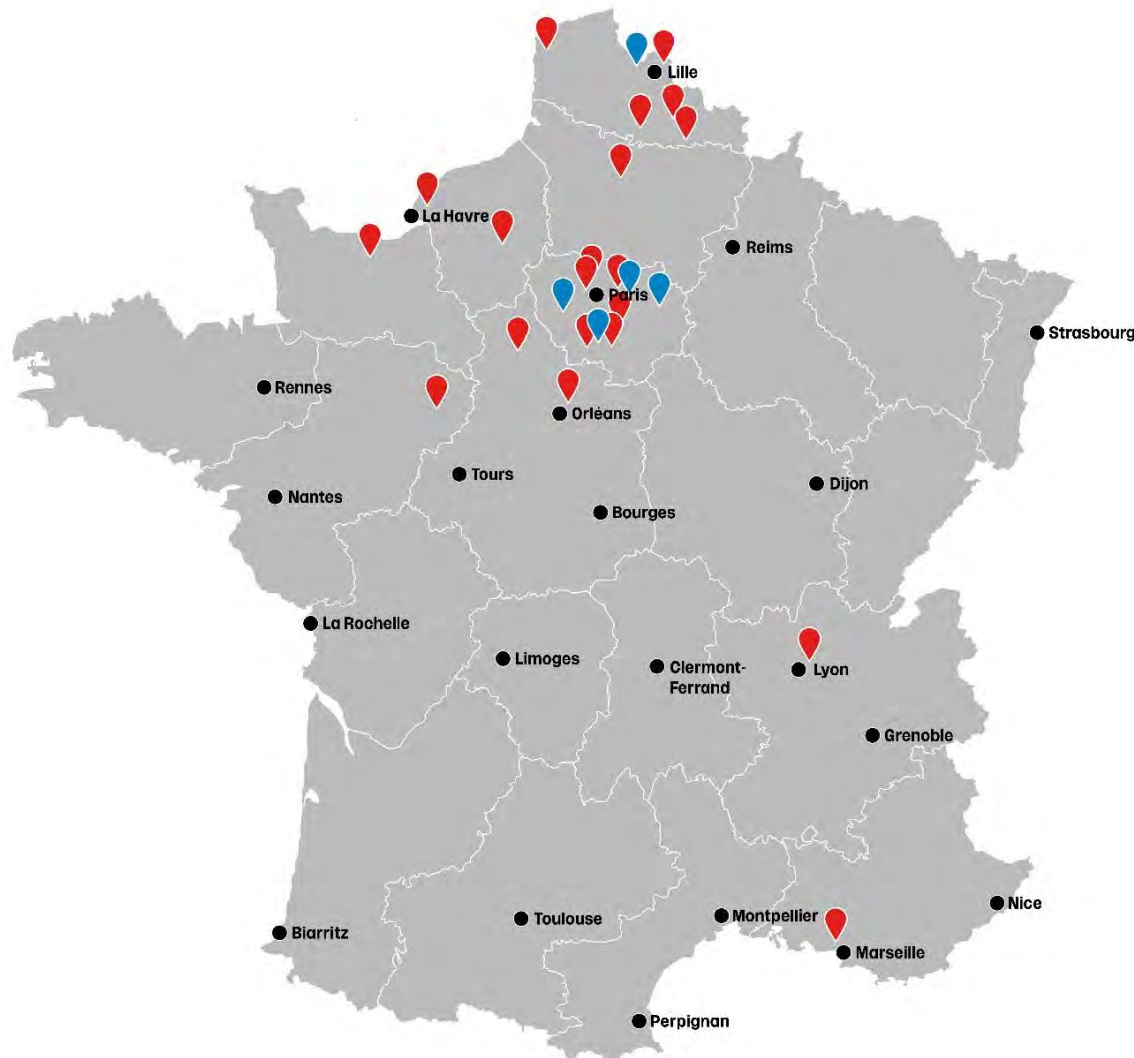


DIGITAL DEVELOPMENT



INTERNATIONAL

In 2019, we re-focussed International



- City based approach based in France
- Operations in Germany and Netherlands closed
- Business Leader appointed
- Renewed trade only focus
- 5 depots opened in 2019

2020 performance gives confidence to open more depots



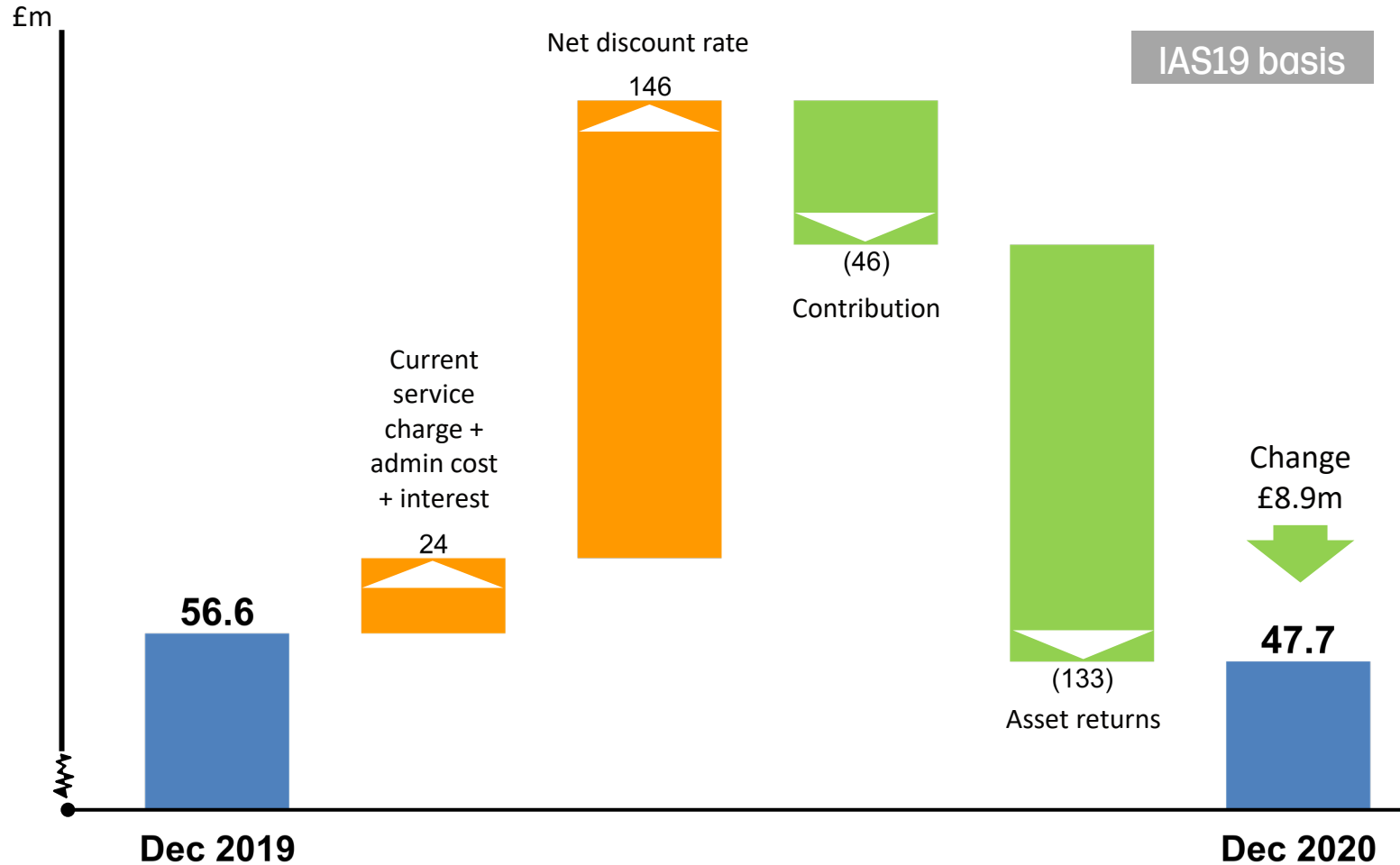
- Step change in performance post lockdown
- Similar approach to re-opening as UK
- 1st Half Sales down circa 18%, up in last two periods
- 2nd Half Sales up 38%, 13% for year
- 4 depot openings in 2nd Half, taking total to 30
- 11 depot openings in 2021 planned



- Safety of staff & customers first priority, Covid contingency plans in place
- Increased prices, profitable balance between margin and volume with costs aligned
- Stock cover increased
- 2021 ranges on sale earlier than 2020
- Improvements to service and availability by utilising XDCs
- Investments in door, solid surface and skirting capabilities
- New Digital platform capabilities, with "Anytime Ordering" the centre piece
- Around 35 UK depot openings & 40 revamps
- 11 depot openings in France



Appendix





2020 Full Year Results
25th February 2021