

TRADE PROFILE



Overview:

Screwfix is the UK's largest multi-channel supplier of Trade Tools, Plumbing, Electrical, Kitchens, Bathrooms, accessories and hardware products. With over 30 years experience, Screwfix despatches tens of thousands of parcels every week for next day and weekend delivery to tradesmen, handymen and serious DIY enthusiasts nationwide.

The company's growth has been impressive. Starting from humble beginnings as the Woodscrew Supply Company back in 1979, Screwfix was acquired by the Kingfisher plc group in 1999. Kingfisher plc is Europe's largest home improvement retail group and the third largest in the world, with over 1,150 stores in eleven countries, and sales of over £11billion, and its acquisition and investment in Screwfix has enabled the company to continue to experience and enjoy rapid growth.

Based in Yeovil, Somerset, Screwfix started as a mail order business. Its first catalogue consisted of a single page, solely dedicated to screws! In 1987, this was increased to a four page version, called Handimail, offering hardware to DIY and Trade professionals. Today's Screwfix catalogue details over 11,000 products all of which can be ordered over the phone or online.



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Key Personnel:

Veronique Laury - Kingfisher Group Chief Executive Officer
Andrew Livingston - Chief Executive Officer
James Mckenzie - Commercial & E-commerce Director
John Mewett - Marketing Director
Samantha Wilson - Digital Development Director
Stuart Livingstone - Retail Director
Graham Bell- Operations Director
Alex Hardy - Interim Customer Marketing Director
Robbie Bell - Finance Director
Elizabeth Bell - HR Director

Overview continued...

Screwfix has a very strong online presence, selling goods via its transactional website www.screwfix.com, offering free next day delivery on orders over £50 Monday to Friday and over £100 Saturday and Sunday. Key product categories include Heating & Plumbing, Electrical & Lighting, Bathrooms & Kitchens, Outdoor & Gardening, Screws, Nails & Fixings, Security & Ironmongery as well as Building & Joinery.

Screwfix predominantly targets the small tradesman and cites its main shopping mission as convenience. To this end, Screwfix now has over 450 trade stores nationwide as a result of its rapid expansion programme over the last twelve years. These stores offer thousands of products all of which are available for same day collection backed by Screwfix's own dedicated distribution centre. In addition to its UK expansion, Screwfix recently launched a shipping service to 23 countries across Europe and opened 4 trial stores in Germany in 2014 employing a further 82 members of staff.

Today, Screwfix is in a healthy position. UK results for Screwfix year ending January 31st 2015 demonstrate growth in sales, up 25.5% (+ 13.4% LFL) to £835m driven by new ranges, strong promotional programme reinforcing value credentials and the continued roll out of new outlets (60 in 2014). These results have been complemented by further digital and mobile development whilst operating efficiencies and cost control measures combined are helping to maintain the company's profitability.



Trading Strategy continued...

Screwfix prides itself as being “where the trade buys” offering a straightforward and transparently-priced retail experience that enables busy tradesmen, and more and more, enthusiastic DIYers, to shop thousands of products in the most convenient way possible, at the time that is most convenient to them.

Screwfix’s trading strategy focuses fundamentally on providing a truly multi-channel retail experience – be that over the phone, online, via mobile or in store.

Developments since the production of the first Screwfix Direct catalogue in 1992 clearly demonstrate the company’s consistent trading strategy:

- 1999:** Launch of first Screwfix website and the opening of its Contact Centre
- 2000:** Trading hours extend to 7 days a week. Next day deliveries within mainland UK introduced.
- 2002:** Re-launch of website which was awarded E-tailer of the year.
- 2004:** To meet increased demand, a fully automated, 325,000 sq ft distribution centre opens in Stoke on Trent, fulfilling next day orders.
- 2005:** First seven Screwfix stores open.
- 2007:** Second distribution centre opens in Stafford to service these stores.
- 2008:** 100th store opens in Epsom.
- 2010:** 150th store opens in Farnborough
- 2011:** Click & Collect service launches alongside mobile website.
- 2012:** Click & Collect accessible via the mobile and 200th store opens in Heathrow.
- 2013:** Shipping service offered to 23 European countries.
- 2014:** Screwfix opens its 350th store in Brixton.
- 2015:** Screwfix opens 60 new stores across UK.
- 2016:** New store programme continues. Port Talbot, Wolverhampton and Newton Abbot are just three of those open within first six months.

As a result of this single-minded strategy, customers are able to contact the call centre free 7 days a week (including bank holidays), visit Screwfix stores 7 days a week and conveniently purchase supplies online via the Click & Collect service and then collect from store just five minutes later.

Screwfix’s website states, “We are a very fast growing brand and a business that has doubled in size over the last five years and is still growing fast. Our customers are tradesmen and serious DIYers who need to get their job done quickly, affordably and right first time and we have developed our business to respond to these needs”

More recent developments continue to demonstrate Screwfix’s multi-channel retailing strategy. In 2013 Screwfix launched a European shipping service. The decision to extend Screwfix’s offering came after intense interest from international customers with thousands of hits online per week from European visitors from as far afield as Finland and Latvia.

Screwfix is now delivering to 23 countries across Europe, with doorstep deliveries for all orders. John Mewett, marketing director at Screwfix comments, “No matter where our customers are ordering from, they have the convenience of being able to buy from a brand they know and have used before. Plus, with delivery under a week, they have a hassle-free way of getting the tools or products they require”

In 2014 four new trial stores opened in Germany offering over 9,000 products using the same successful model as UK stores. Five further stores have been opened more recently taking the total to nine.

CEO Andrew Livingston has confirmed that Screwfix has also been testing two-hour deliveries in some areas of London since the beginning of 2016, explaining at a conference recently that “next-day delivery is just not good enough for our customers these days”, though it remains to be seen whether this delivery trial will be rolled out further to other regions.



Trading Strategy continued...

Technology/Online presence

The first Screwfix website was launched in 1999, just five months prior to the company being acquired by Kingfisher Plc

The company then re-launched their website in 2002, and was awarded E-tailer of the year. In 2004, The Screwfix Community, an online forum, was also launched which has proved to be a further success story for the trade with over 100,000 members, over 1.2 million posts and over 130,000 discussions.

Screwfix currently offers over 26,000 products online. Since the introduction of the Click & Collect service in 2011, customers have the option to order and pay online with goods available for collection in their store of choice 5 minutes later. Click & Collect now accounts for over 65% of orders placed on the main website and approximately 80% of orders placed on their mobile site.

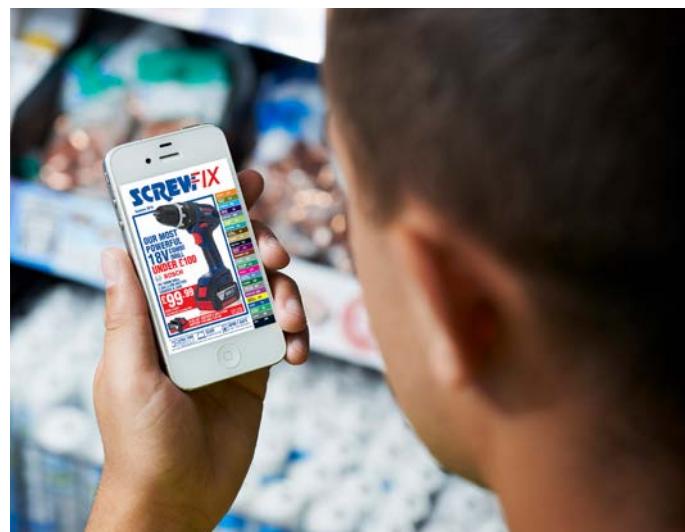
Further technological developments took place in 2015 when Screwfix launched their Quickshop app, which allows customers to build their order on their smartphone and generate a QR code which can be scanned at the till point in store.



Whilst Screwfix's direct website receives well over 1.5 million unique visitors per week, mobile is currently the fastest growing channel with hundreds of thousands of visitors each week now accessing its website via tablets and mobile apps.

For the last few years Screwfix has been developing its catalogue app which had reached 500,000 downloads by July 2015; approximately 1 in 10 of Screwfix's customers.

The catalogue app mirrors the increasing trend for customers to use their mobile devices to shop, with Screwfix's website already receiving over 500,000 unique visits per week from smartphones and tablets alone. The catalogue app supports the move toward mobile by enabling Screwfix customers to engage with its products from any location using their own device, and to take advantage of the popular five minute click and collect service from more than 400 stores nationwide.



The same app enables Screwfix customers to receive push notifications as soon as a new deal is published, they can then download the publication and save it to their device. Chris Chapman, Senior Marketing Manager at Screwfix says:

"We know that time is money for our customers so making things more convenient for them is vital. The catalogue is our heritage and historically our trade customers have always had one in the van, on site and at home, now they can carry it round in their pocket too".

Screwfix also has a significant presence on social media sites using these sites to communicate with customers in a number of different ways. Achieving over 165,000 Facebook fans, 40,000 followers on Twitter and over 6,000 subscribers and 7 million views on Screwfix's YouTube, social media will without a doubt continue to play a significant role in engaging with tradesmen.

Trading Strategy continued...

Marketing

One of the biggest investments in advertising for the company is the iconic Screwfix catalogue. The latest catalogue is the largest yet with more than 300 new products. Each item can be ordered 24 hours a day, 365 days a year. Orders can be placed online or by Freephone and having recently produced a digital version, customers can now access whenever and wherever they want.

Back in 2008 Screwfix took advantage of their successful model and segmented their customer base further introducing the Plumbfix catalogue and the Electricfix catalogue the following year.

Screwfix have also invested their media support in TV advertising, using clear and simple no nonsense adverts to promote their strong value and convenience messaging. In addition Screwfix have sponsored Sky Sports football league and have produced a series of short 10-18 second adverts to top and tail ITV coverage of England football.

Recently, Screwfix has seen a continuation of recognition. In 2015 the company was named the Gallup Great Workplace Award winner for its outstanding workplace culture and in recognition of its world class workplace where engaged employees thrive. In addition, they were honoured with the title of 'Supply Chain Team of the Year' at the 2015 Retail Week Supply Chain Awards and 'Best DIY & Gardening Retailer' at the Verdict's Satisfaction Awards.

More recently, in March 2016, The Retail Week Awards crowned Screwfix as "Multi-channel Retailer of the Year" and "Employer of the Year". They were selected after judges recognised their significant achievements over the last 12 months, including consistently internally filling over 60% of all manager appointments, it's 24/7 contact centre and 5 minute click and collect service.



Stores and Employees

Year	Store Numbers	Employee Numbers
2011	162	3,492
2012	215	3,945
2013	275	4,727
2014	371	4,914
2015	395	6,656
2016	457 (June ytd)	6,161

Screwfix currently employs over 6,000 full-time equivalent staff across its trade stores, Head Office and Contact Centre in Yeovil as well as distribution centres in Stafford and Stoke-on-Trent.

Screwfix opened its first store in Yeovil and a further six stores within twelve months back in 2005. Since then an aggressive store opening programme has followed. In 2007 a new distribution centre in Stafford was built to service these stores and by 2008 the company was opening its 100th store in Epsom. By February 2012 Screwfix's 200th store had opened in Heathrow and in 2014 the company moved into Northern Ireland opening eight stores.

There are now over 450 Screwfix Stores throughout Great Britain and Northern Ireland. Each store stocks over 11,000 products and anything not stocked can be ordered and delivered in to that store the next day.



Based on the success of UK stores, in 2014 Screwfix announced its expansion into the European market with the launch of four new trial stores in Germany employing 82 people all from the local area. Customers across

Germany can also order for next day delivery through a dedicated German website, www.screwfix.de where they can shop a range of more than 9,000 products.

Sir Ian Cheshire, outgoing Group Chief Executive of Screwfix's parent company Kingfisher plc, said:

"Screwfix is a business with great potential for international expansion. Its low-cost stores and cutting-edge online operations make for a very powerful combination."

Screwfix's omnichannel offer in the UK continues to deliver strong growth. Senior Management continue to review the scale of the UK market opportunity and now believe that there is potential for around 600 outlets versus the 457 today, providing even greater convenience for customers.

The Screwfix Germany trial remains on track with a further five outlets opening, taking the total to nine. Although it is still early days, the company is encouraged by the performance. The concept has been well received and there are encouraging signs of repeat business from a growing number of customers, both in store and online.

Screwfix have announced their intention to continue to roll out a further nine outlets in Germany during 2016/17, alongside wider development activity planned in Screwfix Europe.

It was named Employer of the Year in 2016 in recognition of its investment in its 8,500 strong workforce, which has driven real business growth. The judges praised its "impressive development programme", which consistently internally fills over 60% of all manager appointments, and also the way in which employees on the ground can directly develop and suggest programmes to innovate the business based on customer needs they identify.

Andrew Livingston, CEO of Screwfix, comments:

"We are absolutely delighted to win these awards. It's another fantastic milestone for Screwfix and offers real recognition for our team's hard work."

Financials

In 2013, Kingfisher advised that from 2013/14, reporting in the UK will mirror its current practice in France and provide one overall profit figure along with a commentary on the sales performance of each major business. Kingfisher stated that the decision was taken because “B&Q and Screwfix are increasingly operating together, sharing a distribution network, jointly developing several major initiatives including omnichannel, the provision of energy efficiency products and services and adopting a complementary strategy for UK growth.”

In Kingfisher's latest annual report, the results demonstrate the growing importance of Screwfix in terms of sales (with turnover now over £1bn for the first time) which is putting their more established chains to shame. More importantly the profitability and scaleability of the model, which already has 457 stores in the UK, is very obvious.

When commenting on the Kingfisher results, Véronique Laury, Chief Executive Officer, said: “This has been a very productive and important year. We have delivered a good ‘business as usual’ result with both sales and profit growth in constant currencies, driven by our performance in Poland and the UK, driven largely by Screwfix, as well as a stable performance in France”

The Kingfisher report highlights Screwfix's opportunity across mainland Europe which could be very significant indeed. The existing nine stores in Germany are already generating £3m of sales from a standing start with plans to open a further nine in the next year.

During the year ended 31st January 2016, Screwfix grew total sales by 26.3% (+15.3% LFL) to £1,054 million, driven by strong growth from the specialist trade desks exclusive to plumbers and electricians; strong digital and mobile growth (e.g. mobile +100%; click & collect +52%); new and extended ranges; and the continued roll out of new outlets.

Year	Turnover £m	Operating Profit £m	Pre-tax Profit £m	Turnover Growth %	Notes
2011	478,682	24,324	24,366	1.6%	Year ending 29-01-2011
2012	515,128	30,106	30,697	8.2%	Year ending 28-01-2012
2013	577,247	39,813	34,223	9.8%	Year ending 02-02-2013
2014	665,263	44,971	45,328	17.6%	Year ending 01-02-2014
2015	835,569	61,520	62,006	20.4%	Year ending 31-01-2015

Note: All data taken from Companies House filings with the exception of turnover growth which is as given by Kingfisher.

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