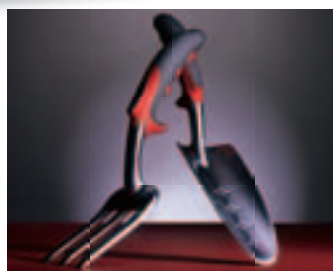
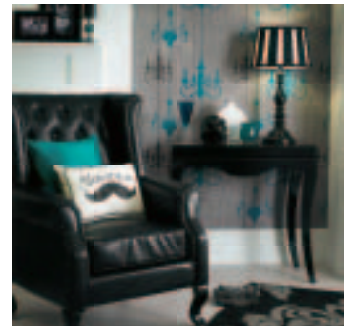


# An action packed year



**wilkinson**  
Annual Review 2012



# One to remember

A summary of our year



With 50% of its products brand new after a major category review, our Garden range is set to grow and grow.

# 50%

NEW PRODUCTS



February

# 2012

PRIORITIES

We held a leadership conference which covered our Extraordinary Leader Programme, Triton and our business priorities for 2012.

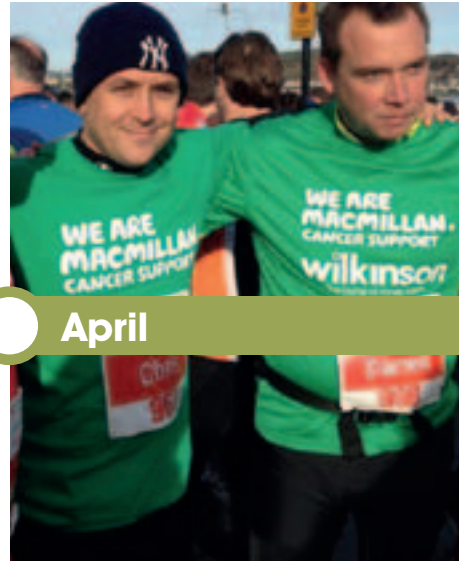


March



# YES!

A resounding 'yes' vote from our people to support 29 local charities rather than just one national charity.

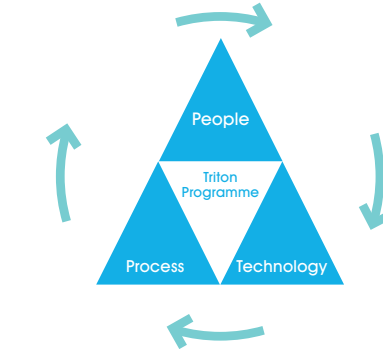


April



# 29

LOCAL CHARITIES



May



Blueprint workshops enable all parts of our business to set out their requirements for our Triton business management system.

# 372

TOTAL NUMBER OF STORES

Throughout 2012 we opened 7 new stores and completed 27 rebrands. We now have 372 stores within our estate, two thirds of which have been rebranded.



June



# 2/3

OF OUR ESTATE HAS BEEN REBRANDED

There were some real highlights in terms of sales growth, greetings cards and kids' stationery saw positive growth, with improved quality and on-trend colours and designs.



July



"What do you get when you mix 139 journalists, 79 national titles and 278 pieces of press coverage?" The best press show yet!

# 278

PIECES OF COVERAGE ACHIEVED THE BEST YET

The future of retail is here – our new 28,000 sq ft concept store in Crawley opens its doors to an excited crowd.

# NEW CRAWLEY STORE OPENS



August

# 900

# OWN LABEL PRODUCTS

A refreshed Kitchen range hits stores with no less than 900 Own Label products.

# HITTING THE RIGHT NOTES

Our fantastic new toy instrument range proved to be a Christmas favourite with team members at our Christmas Conference and our customers too!



September



Our partnership with Clipper means we can promise customers next day delivery when they order online.

# 50%

We welcomed the McEerie family to the business. More than 50% of our entire Halloween range was brand new. Among the fresh ideas on show were bake-your-own-treat McEerie cupcakes, flags, stands and bakeware, plus a range of pumpkin lanterns.



October



# 100%

POSITIVE FEEDBACK



November



We held our second press show of 2012 and showcased our Garden and Home ranges. 88 journalists from 53 national media titles attended the press show. All attendees gave positive feedback about the quality of our products!

December



# 80

STORES OPEN BOXING DAY

We opened 80 stores on Boxing Day for the first time, with team members volunteering to work, giving our customers even more convenience.



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IN THE RIGHT PLACE



Even more great ways  
to shop on page 28



## A year of transformation

### A tough but rewarding year

It's been a tough year for UK retailing and in particular, for shops on the UK high street, with sales being quoted as down by 1.9% in 2012 versus 2011.

And within the generally depressed retailing market other themes continued to emerge with consumer confidence at an all time low and the cost of living having a severe impact on consumers' ability to spend. Shopping continues to move from high streets to out-of-town retail parks, which offer free parking and a strong recreational experience to shoppers. Shopping also continues to move online, with both internet and mobile retailing growing at pace.

During the year, 54 household names went into administration, including Peacocks, Comet, Clintons and JJB Sports, affecting 3,951 stores and 48,000 employees. And at the same time many other retailers remain fragile.

It would be crazy to suggest that we weren't negatively impacted by all of this. We were – that's the environment in which we traded.

The good news is that we continue to trade and we do so solidly with respectable sales, a loyal customer and supplier base, controlled costs, and a strong balance sheet. We also continue to deliver profit, and dividend, to our shareholders. Oh and on top of all of that, we are still investing heavily in the future of our business and delivering on most (if not all) of our strategic objectives for 2012/13.

Our vision for 2012/13 was a strong one: to deliver **extraordinary** shopping in the heart of the community. This year has seen us take decent steps forward in our pursuit of this.

### Passionate about product

We told you last year that product is at the heart and soul of what we do – it's the lifeblood of our business. We love our customers and we know what they really want from us are great products at truly great prices. So we've carried on working on our offer, section by section, using our thorough audit process, which we call Major Category Reviews (MCR).

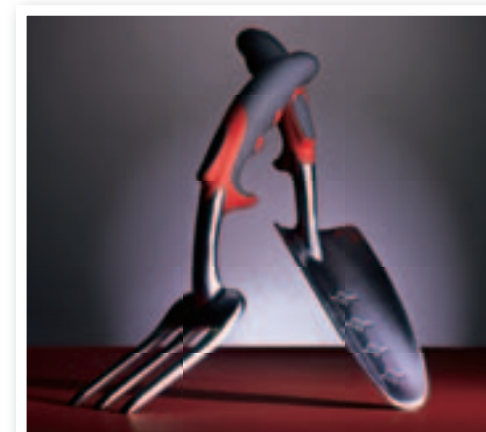
Last year we reviewed our Pets category. This year the reviews continued across our Garden, Stationery, Kitchen, Halloween and Christmas categories. We left the year having reviewed nearly a third of our shop floor. 2013/14 will see us land reviews in Home and Cleaning and work is already underway on Decorating, D.I.Y and Health and Beauty, ready for 2014/15. Our seasonal ranges of Garden, Halloween and Christmas get full reviews every year and all ranges get a full trend review twice per year – all of which is on top of all the regular refreshes we have to make sure we stay relevant to our customers' ever changing needs

As we audit our products, we work on:

- **Range** – making sure we include all the products our customers want from us
- **Brands** – making sure that all the brands our customers expect us to have are there
- **Price** – it just wouldn't be Wilko if it wasn't an everyday good deal for our customers
- **Promotions** – we like to throw in some eye-watering deals just for excitement
- **The three tiers of Own Label** – Wilkinson (our very best), Wilko (the heart and soul of what we do) and Wilko FUNctional (our entry level price fighting product). We work hard to ensure that each offers the range, quality and price proposition that's right for the role it fulfils for our customers

2013

is going to be just as challenging as 2012 for high street retailers. It's essential that we continue to pull together to **deliver extraordinary shopping in the heart of the community.**







- **Quality** – this work is ongoing whether during a review or not, we're always working tirelessly to improve product quality for our customers at a price they can afford
- **Trend** – we know that to many customers being bang on trend, coordinated and able to 'get the look for less' is incredibly important. This was the first year that we've integrated trend fully across our range and it really comes to life in Garden, Home, Kitchen and Stationery. We're proud of what we've achieved so far, but watch this space for more to come
- **Our product adjacencies and display techniques** – in the past we may not have won many prizes for trend or visual merchandising. Even an 80+ year old business has things to learn and we like to think we're learning this – fast. We have great products at great prices, but sometimes our customers don't see everything we have to offer because we don't get the adjacencies or displays right. This is something we've been working really hard to get right and will continue to do so into 2013/14

**Shop with us anytime, any place, anywhere**  
We continue to expand our retail offer to our customers. There were many highlights in 2012/13...

**New stores**  
We opened an additional seven stores in 2012/13 – these were Bicester, Devizes, Washington, Falmouth, Crawley, Pwllheli and Edmonton Green.

**Closures**  
Regrettably though we closed our store in Beeston as we made way for the new tram route.

So we entered the year with 366 stores and left it with 372 stores.

**Rebranding**  
We continued to revamp our existing estate with an additional 27 rebrands carried out during the year. This brings the total rebranded stores to 261, representing two thirds of our estate overall.

**Trial stores**  
As part of our ongoing in-store experience development programme we trialled new customer experiences in Crawley, Edmonton Green and Pwllheli. These were our first stores to have the name Wilko above the door and a new format for zoning our space. We internally call the zones Everyday family needs, Functional home, Decorative home and Leisure-time. We lowered the height of our shelving to improve customer lines of sight, introduced modern visual merchandising



Despite a tough year, our engagement index **increased by 1% to 76%**

76%



techniques, helped the customer to navigate by product, rather than words, worked on our customer order points and improved click & collect. In 2013/14 we'll be finessing this work with a second round of trials.

**More ways to shop**  
We also continue to improve our 'more ways to shop' opportunities for our customers:

- We introduced click & collect across the entire estate. Order from our full range in any store or from home and have your order delivered to the Wilko store of your choice for collection at a time suitable to you
- We're utilising a fulfilment centre, Clipper, to ensure that click & collect works smoothly for our customers
- We introduced Wilko mobile shopping for the first time and we now have 162,000 customers using our mobile site every week
- We continue to make improvements to our online offer:
  - We renamed it wilko.com
  - We continue to add breadth of range, with total online listings now standing at over 22,000
  - Having listened to our customers, we improved the shopability of our site and we will continue to do so next year
  - We improved our site experientially – and there's more to do on this too
- We produced 4.2m catalogues during the year to help our customers in their ease of shop

So you really can shop with Wilko anytime, any place, anywhere.

**Our central nervous and circulatory systems**  
We continue to work on our infrastructure. This may not be directly customer facing but it is vital that we get it right because it impacts indirectly on every single aspect of our customer experience.



The MCRs generated more than **5,000 new products**

5,000

Throughout 2012/13 dedicated teams have worked tirelessly on our SAP implementation project, the 'buy it' phase of which is due to land in 2013 with further phases to follow. SAP implementation is costly, complicated and time consuming and in our case will take a number of years and a number of phases to complete. But getting it right is critical to delivering a strong customer experience moving forwards. And we will be getting it right.

**Maybe it's time to talk**  
We're on our way and the journey won't be changing for us for a little while. We're doing loads and it's keeping us busy. It's safe to say we're a business in transition and we're grateful to our customers, team members, suppliers and shareholders for sticking with us through the rough and the smooth of a bumpy transition process and not in the calmest of climates either.

And perhaps if we're guilty of neglecting doing one thing along the way it's this – making enough time to talk to all our stakeholders and fill them in on where we're going. So as part of our big plans for 2013/14 and 2014/15, we're starting to plan how we talk to people, including people outside Wilko.

**And the thanks**  
It wouldn't be Wilko if we didn't say thanks to our companions on the journey. A heartfelt thank you to our customers, shareholders, Board, EMT, senior leadership team, team members, suppliers and advisors. We continue to appreciate and value your unswerving and loyal support.

*Karin Swann Lisa Wilkinson*  
**Karin Swann & Lisa Wilkinson**  
Family Non-Executive Directors





"I loved the Sustain range –  
gorgeous colours!"

Amy Curtis, Managing Editor, Good Homes

# Fresh look

Ensuring quality for our customers

Providing our customers with excellent quality and choice is just as important to us as providing them with outstanding value for money. That's why we've reviewed our ranges to ensure that we're always bringing our customers the best possible products at the best prices, both in store and online.

Wilkinson has always provided outstanding value for the whole family, but as money becomes tighter on the high street, our mission is to make sure that our vision to deliver **extraordinary** everyday shopping in the heart of the community is achieved. So, over the last year we've taken big steps to make sure we're also the home of choice and quality too. At the heart of this work has been reviewing our product ranges on Garden, Stationery, Kitchen and Christmas over the last year.

Plus, we're preparing for two more in 2013: Home and Household Cleaning. These are helping the way our stores look and the products we sell to deliver great quality, on-trend products to our customers.



"Lots of fab products, very  
on trend and a good deal  
of research into the quality."

Laurie Davidson, Deputy Chief Sub-Editor  
and Writer, 25 Beautiful Homes



# Focusing in on product

We've looked at the quality of every product within the reviews and delivered thousands of quality improvements for our customers, covering numerous product areas, from Christmas decorations to microwaves and A4 notepads.

We've added **more than 5,000 new products** as a result of reviewing our ranges over the last 12 months.

# 5,000



our technicians rigorously test the quality of every product

## NEW DESIGNERS



Wilkinson took another step into the limelight by **sponsoring the annual New Designers show.**

It was a great way to make a statement and change perceptions of our brand, as well as show that we support young designers and original, quality design.



Our **press shows and launches** have been enthusing journalists about our brand and new products. The Garden and Home show and the Christmas show were very well received and we also started national press advertising before Christmas for the first time.

## 278

PIECES OF COVERAGE ACHIEVED, THE BEST YET!

You snapped these up!



There were some real highlights in terms of sales growth. Greetings cards, kids' stationery and our small domestic appliances **all saw positive growth**, with improved quality and on-trend colours and designs.

We saw positive market share growth in every category that we reviewed last year

A review of our current product ranges takes months of planning, customer research, reviewing the quality of our products and making sure they're bang on trend



"I spent more time admiring the Wilko Christmas show than any other this year."

Editor, Ideal Home

After scouring the world, we identified **seven new trends** that are helping us to source and develop innovative products for all categories in 2013.

## 7 trends



# 2013

We're preparing even more product range reviews in 2013 – Home and Household Cleaning – **again bringing thousands of great new products to our customers.**

"Reviewing our ranges enables us to combine several improvements into one big change – and bring that change to our customers in a very systematic, organised way."

Frankie Adams. Head of Buying



# Something for everyone

Wilkinson is all about **extra**ordinary everyday shopping in the heart of the community. With our carefully tailored Own Label product ranges, spanning not one but three price brackets, we're catering for every taste and purse.

Our Own Label ranges help us meet our customers' expectations and fulfil our product ambitions



## everyday value

Our everyday value range allows us to compete more effectively on the high street – catering for every taste and purse.

400

products in our everyday value range

Our everyday value product range is aimed at customers on a budget as well as savvy shoppers, and gives them great value at equally great prices.



## Wilko Own Label

Overall participation of Wilko mid-tier range has seen steady positive growth throughout 2012.

10,000

products in our Own Label range

We've put a lot of effort into improving the 10,000 products in our mid-tier Own Label range, focusing on trends and constantly introducing exciting and great looking new products.



## Premium range

Our Premium range has grown from **80 to 130 products**, all of which offer the very best quality at competitive prices. Early feedback suggests our customers love the quality!

130

products in our Premium range

We benchmark the quality of all our premium products against the best on the high street and offer longer guarantees on many of them. But don't expect higher prices – our premium range still offers savings of up to 50% on our major competitors.

“Customers like our everyday value range because of the great value for money they get. If you're not an enthusiastic gardener you would probably buy an everyday value spade, whereas a more serious gardener can find something at a higher price and greater quality in our Wilko range.”

Adam Lambert, Own Label Controller

## Own Label comes into its own

It's been an exciting first year for Own Label, from the launch of trend books to ensure our ranges are on trend and fully coordinated from spring 2013, to sponsoring the New Designers exhibition – a great source of new product ideas.



## Our big launches of 2012

### Kitchen.

We launched 900 Own Label products in line with our trends and also upgraded the quality of a number of ranges, including a two-year guarantee on kitchen electrics and white dinnerware. **Stationery.** We launched 1,200 Own Label products in line with the trends. **Christmas.** With the introduction of the Christmas trend book, our new product development and buying teams delivered our best ever Christmas.

Five themes were on trend and supported by improved quality. **Gifting.** We created 200 products across seven on-trend gifting ranges.

**Halloween.** We launched the 'McEerie family' with over 200 products completely unique to Wilko Own Label.

Wilko Own Label is our bread and butter and represents just over 45% of sales. The massive range includes more than 10,000 different products across different ranges.



# Greenfingers at the ready

In February last year we landed our new garden ranges in store.

With unit sales in excess of **650,000** our slug treatments enjoyed great sales.

650,000



In a year when it felt like the rain was never going to stop, our pest and chemical sales held up well

Our decorative planters changed substantially from previous years with **new designs and colours** resulting in a positive sales growth for the range.



50%

For Garden, we changed 50% of the products in line with our new quality and trend requirements.

Our picnic offer attracted a lot of attention, with positive sales and growth across the range. Our offer was presented with clear 'good, better, best' range and pricing details. Unique designs and colour themes were in line with trend and consistent across drinkware, tableware and accessories, enabling our customers to get a completely coordinated look.



# Going in the write direction

Our launch of a new stationery range in July was certainly something to write home about.



our greetings card sales grew on the previous year thanks to an injection of new designs and colours

5.5m

Since the relaunch of Stationery, we've sold 5.5 million single greetings cards from our new range. We're proud of our new designs and improved quality.



50,000

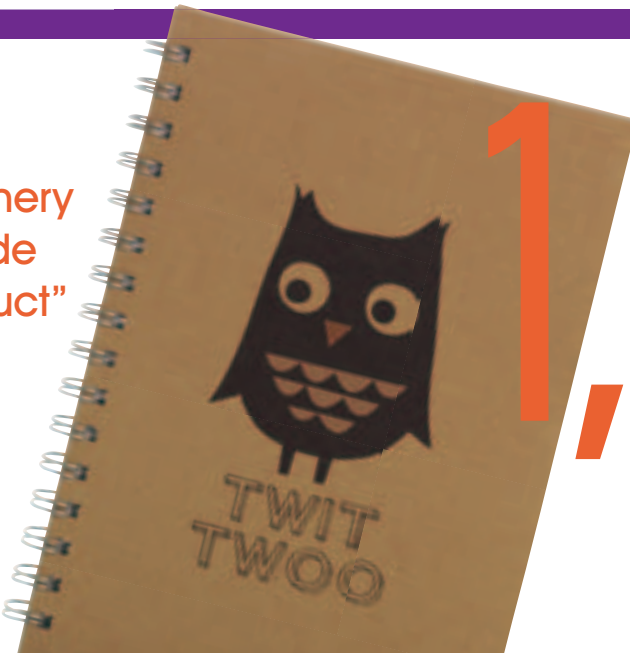
The new Wilko Own Label copier paper is thicker and whiter. Since the relaunch, we've sold 500,000 packs, or to put it another way, 250 million sheets of paper.



We spotted an opportunity and increased our range of kids' stationery during the review.

"Improved quality and a broader range in stationery greeting cards has made them a real 'hero' product"

Frankie Adams, Head of Buying



1,200

Our relaunched Stationery range includes 1,200 Own Label products.



# What's cooking?

# 900

We changed 50% of the products in Kitchen and **launched 900 Own Label products.**



**We've seen positive growth** in our small domestic appliance ranges since reviewing our Kitchen range.

After months of preparation, we finally hit stores in August with an all-new and improved Kitchen offer. Here's a taste of the highlights.

# 10,000

One of the best-selling products has been the mechanical scales, with over **10,000 units sold** in black and cream alone.



**Kitchen electricals has been a key highlight.** We've significantly stepped up our Own Label offer with much stronger packaging, a two-year guarantee, on-trend colours and great value.

The red microwave was a real bestseller



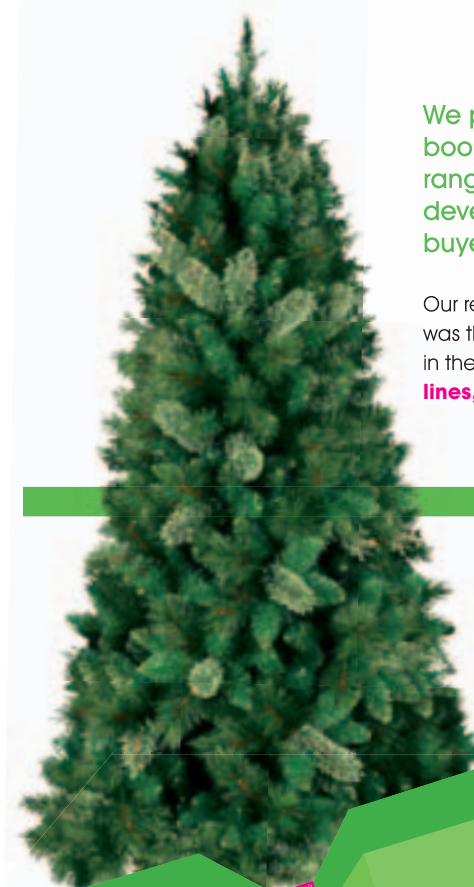
"We're at the stage now where we're looking at extending the Premium range, particularly in bakeware."

Gavin White, Wilkinson Premium Brand Manager

# Our best Christmas ever!

We put together a Christmas trend book that showed exactly how a range should look, and our product development team used this to help buyers source on-trend ranges.

Our real success during Christmas 2012 was the level of newness and innovation in the range. **Of our top 10 performing lines, six were new products.**



one of our best-selling trees was the Wilkinson 6 foot tree

# 139

For the first time Wilkinson staged a Christmas press show to showcase its seasonal range. Some **139 journalists** from **79 national media titles** attended with **60 one-to-one appointments** taking place between our trends team and key titles, such as Good Housekeeping, Prima and Ideal Home. **The feedback was 100% positive.**

our new wooden toy instrument range was a real hit at Christmas



**Our 2m wrapping paper was very successful.** Our two kids' varieties were loved by our customers, as the designs were on trend and the thickness of the paper was improved.





# A happy Halloween

With the UK market value of Halloween growing twice as fast as in the US, we were determined to make this our very best Halloween yet. So to raise Halloween's profile among our customers we arranged direct email drops each week and in-store flyers to highlight offers. We also featured Halloween in our catalogue and press show.



50%

# No tricks, just treats

**More than 50% of our entire Halloween range was brand new.** We also engaged with team members and customers with 'How-to guides' – like carve your own pumpkin.

We've improved the quality of our packaging and artwork – all costumes now come in resealable packs to make it easy for customers to touch and feel them in store

We improved value across our range,  
**with 74% of products under £5**

74%



In 2012, we really stepped up our game and featured **more than 300 Halloween products online**. That's the biggest range we've put together in the history of Halloween at Wilkinson – and it really helped to support our multichannel offer.

300



Our Halloween range included 43 costumes for kids, 15 for adults and a further 127 lines available online – **a staggering 185 in total!**

our team members volunteered to get dressed up and pose for all our Halloween packaging photography

185







# All together better

Bringing product and people together

As well as investing in our products, we're investing in our people, providing them with the skills and knowledge to give customers a memorable experience in store.

What customers feel about us is strongly influenced by their experience of shopping in our stores. So, for the retail team, **customer service has always been a top priority** – a way of setting us apart from the competition and encouraging customers to return time and again.

#### Training to be the best

We've used the various product range reviews as an opportunity to deliver bespoke training to all our team members, so they can deliver excellent customer service and share their knowledge on the products and trends we sell.

With more than 5,000 new products to contend with, we wanted to help them spot opportunities and go that extra mile for customers, like helping elderly customers to their car with their shopping or sourcing out of stock products online. It's things like this that make our customer service truly unique.

From this training we've already seen increased customer satisfaction scores in our stores!



"Investment in our team members is absolutely key to ensuring that we improve the customer experience."

Robin Lassiter, Head of Retail





# Our people, our future

Attracting the best people and developing their skills is key to our future success. We continue to extend our development programmes to make sure all our people fulfil their potential and are ready to lead the business in the future.

## Focusing on talent

Since 2011 we've added the foundation level to our internal talent development programme, Aspire. The foundation is designed to identify rising stars capable of meeting the short and long-term needs of the business and give them all the help they need to achieve their very best.

Already 48 team members have taken part in the foundation level of the programme and are now applying their new skills across the business.

457 executive and managerial team members in the business.

457

869

retail executives and managerial team members.

## Focusing on leadership

Another first for Wilkinson is our **Extraordinary Leader Programme**, which is aimed primarily at executive and managerial team members. It focuses on developing leadership potential and performance management skills, as well as focusing on how we live our values and creating a culture of safety.

## Focusing on the future

Recruitment at Wilkinson has remained fairly constant, but we've invested in some parts of the business, including both ICT and Own Label.

Wilkinson is an important employer in the communities in which we operate. Our people reflect our customers and we take our responsibilities to a diverse workforce seriously. However, in line with the tough current economic conditions, we've had to reshape our business during the year to ensure we're in good shape for 2013 and beyond.

Our people understand the need for tough business decisions and this was illustrated by our engagement survey late in 2012. Despite a tough year our engagement index increased to 76% (up 1%). The excellent response rate of 96% (up 3%) is further evidence of our engaged workforce.

In a major review of our pensions arrangements in March 2013 we began driving membership of our Group Personal Pension Scheme and introduced auto-enrolment.

"Everyone comes out of the Aspire programme slightly shaken, but having enjoyed the experience. They find it a personal challenge that helps develop them as individuals."

Richard Clague, Head of HR



76%

Despite a tough year our overall engagement index stands at 76%.



# Our stores

Maintaining 'business as usual' at store level, while managing the immense changes of the last year has been the task of the property team.

2012 was our third year in the 'One Touch' store rebrand, and our Property team completed 27 stores, bringing the total rebrand to two thirds of our estate.

However, after re-evaluating our brand and space model, we made a decision to put the project on hold and concentrate instead on our new concept store in Crawley.

Rebranded stores saw a positive sales growth and we're committed to developing Crawley and have since refined the concept for our stores in Edmonton Green and Castleford. We'll then consider rolling it out further.

# 372

Wilkinson has **372 stores** across the UK.



Edmonton Green

# 21,774

Of **21,774 team members**, nearly 20,000 work in retail.



Washington

# 27

2012 saw us open **7 new stores and rebrand 27** of our existing stores.



"The new visual merchandising approach is very informal, chatty and engages our customers. It's quirky, humorous, different, has lots of personality and is distinctively Wilko."

Ian Cutts, Head of Property

Crawley

**Crawley.** Lower shelving, better lighting and additional wall signage with plenty of personality to encourage customers to shop the whole store. Customer feedback has been excellent.



# 2/3 OF OUR ESTATE HAS NOW BEEN REBRANDED

# OVER 6.5 MILLION square feet

Wilkinson has **nearly 6.5 million square feet** of retail space.



# The right product in the right place

We've gone far to create a world-class supply chain, providing a quicker, more responsive and safer service for retail that supports our ambitions for the future.

The supply chain is a vital component of any retail business – even more so when you have thousands of products, many being made and shipped from halfway around the world.

We've spent time learning from the best examples of supply chain management worldwide. The exercise showed that while much of what we were already doing was best practice, there was more we could do to improve our efficiency, speed, costs and, most importantly, the safety of our team members.

one billion

We moved nearly **one billion units** in 2012.

We began 2012 by focusing on the basics, identifying clear models of how we flow stock, creating a clear business structure and introducing accountability and standard methods of working from a health and safety perspective.



Supply chain now takes a more end-to-end approach – we ask where is the right place to source products? What are the costs of moving the product? And what are the implications of sourcing product from different parts of the world? This helps to make sure we maximise the availability for our customers while minimising our costs to deliver great, quality products on time to our stores.



3.6 MILLION

We've achieved our **mileage reduction target of 3.6 million**, despite opening over 100 stores since 2006.

Reduced travel on UK roads by

2.5 MILLION KILOMETRES

We're working with a third party – Clipper – to distribute product much more efficiently, cutting the number of lorry journeys and distance travelled, and reducing our carbon footprint.

A detailed analysis of costs associated with every single task in our distribution centre is enabling us to introduce further efficiencies. Triton will play an important role in taking this further when it goes live from August 2013.

**"The best supply chains plan, they don't react."**

Nick Walker, Head of Supply Chain

# Going for growth

The past year has seen Wilko Asia go from strength to strength.

Not only has the Hong Kong-based team expanded to 65 team members, including UK team members relocating to create a truly integrated team, but it's also set to expand its horizons.

It will enable us to manage product quality, the supply chain and expectations, as well as develop some long-lasting partnerships with trusted, local suppliers.

The Hong Kong team continues to contribute significantly to the business, with a clear focus on upgrading the quality of our products and taking buyer's briefs from the new product development team. Wilko Asia works with over 230 suppliers to source products, manage costs and ensure quality standards.

A rigorous quality inspection process is handled by a dedicated third party team, which makes sure that what we're shipping is in line with our expectations and worthy of being our Own Label.

1,000

About **1,000 products** are now sourced from India.



We deal with more than 230 suppliers

7,000

Over **7,000 Own Label products** are sourced via our Hong Kong office.



one million

The team in Hong Kong **raised over 1 million HKD** to open a school in rural China for **250 underprivileged children**.

**"The Home category now includes a lot of product from India, which is very strong in design and innovation – and offers a huge range of textiles."**

Rajnish Kapur, Managing Director – Wilko Asia

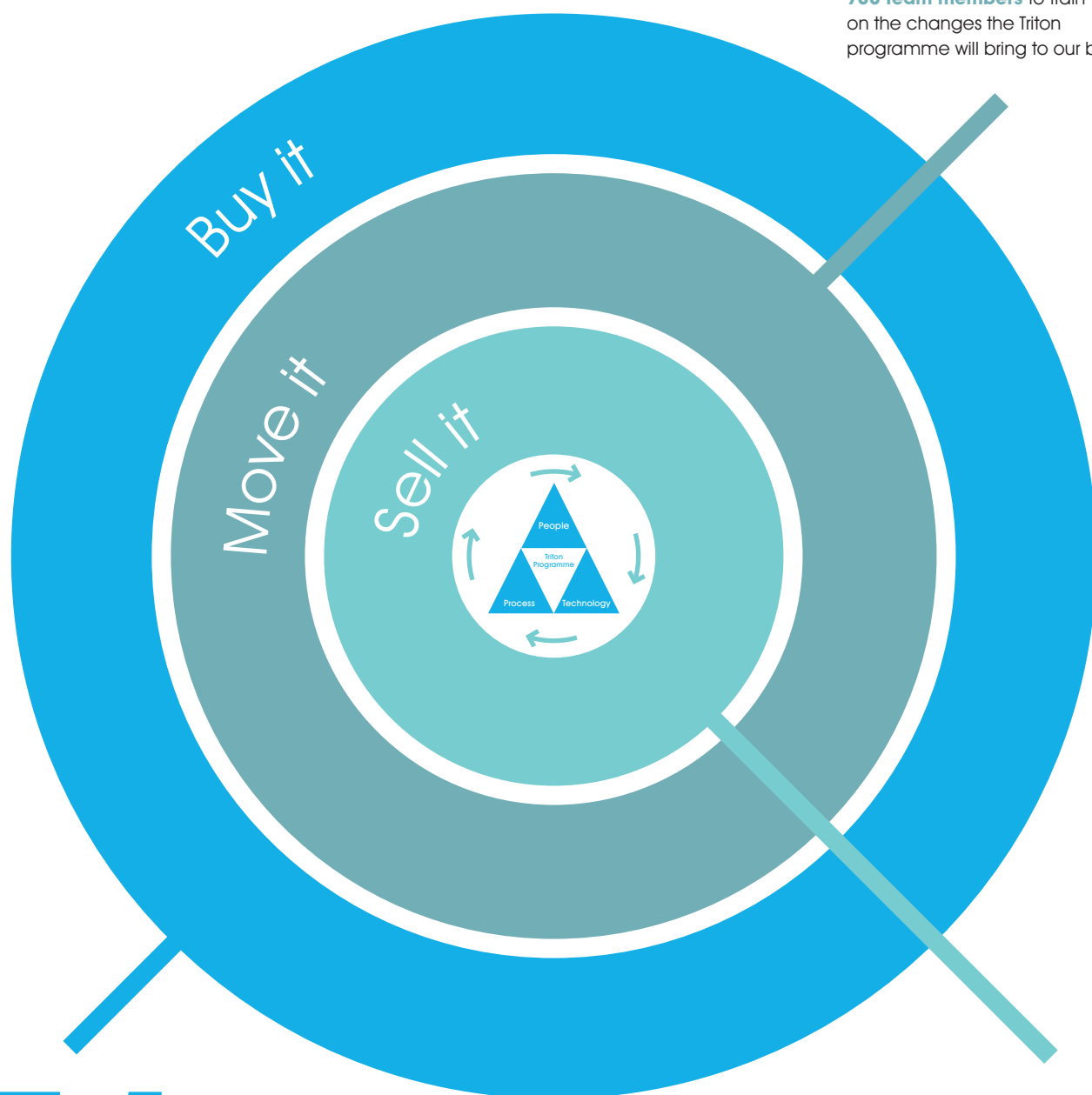


Investing in  
a great future

Triton will be the  
biggest ever change  
to our business

700

We'll be engaging with more than  
**700 team members** to train them  
on the changes the Triton  
programme will bring to our business.



54  
WORKSHOPS

Triton training consists of  
**78 modules** condensed  
into **54 workshops**.

Triton will touch every  
aspect of our business  
from source to store

"Triton will underpin  
everything we do and  
how we do it – how we  
buy, move and ultimately  
sell our products"

Shaun Gunn, Program Manager for Triton

Triton will be the biggest  
change Wilkinson has  
ever undertaken and  
will create a sustainable  
platform for our growth  
over the next 20 years.

By joining all our systems, processes  
and procedures, Triton will free our  
team members to focus on what's really  
important – our customers.

More than ever before retailers depend on data  
– about suppliers, shipping, stock control, product  
sales and more. In fact, data is the backbone of  
Wilkinson. Even so, in the past it's been generated  
by lots of different systems, not all of which have  
been comparable.

So, from this year, we're introducing a cutting-edge  
business management system, SAP, to give us more  
accurate and consistent data. It'll streamline how  
we input data, saving time and effort, and will also  
improve our efficiency. Triton will underpin everything  
we do and how we do it – how we buy, move and  
ultimately sell our products.



# More ways to shop

Customers have said they want convenience, so we've invested in a multichannel approach – a key part of our sustainable offer for the future.

Modern retail is changing. More and more customers are purchasing online as they look for convenience as well as value.

So we've made some big changes in response – by making more of our products available online, by launching a fully operational mobile transaction

site and by launching a product ratings and review option on the website.

We've also moved our online and fulfilment delivery operation to a third party provider – Clipper – with immediate benefits in customer service and speed of delivery.



## Hello wilko.com

We've made some real improvements to our multichannel offer in the last year. We've added more products to the site, trialled new in-store concepts, reduced the cost of delivery to its lowest ever level and we've introduced next day delivery options.

With 5% of all our customers visiting our website before shopping in our stores and part of our plan to become a truly multichannel retailer, we've also given our

website a major facelift and taken the opportunity to change our online name to wilko.com.

The new brand is in line with what many customers already know us as – Wilko. It also represents the modernisation of our brand – the next step into the future.

Early indications from the launch of the improved wilko.com site have been positive.

### Going mobile

The mobile site is already attracting a high proportion of sales and the product ratings option is really winning customers over – more than 10,000 have reviewed products they bought, and most of those are positively glowing.



**“Our customers are shopping in a different way now. Many use online to research their shop purchase. We have a great opportunity to use the website to acquire new customers and drive footfall to stores.”**

**Simon Hathway**, Head of Multichannel

over 50% of website visitors – 260,000 people a week – were researching a store purchase



# 60%

**60% of orders are through click and collect, that's over 1.4 million products** delivered back to store last year!

# 20,000

We've expanded our online product range by 25% to **more than 20,000 products.**



# 20%

Over the Christmas period, our mobile site generated **20% of our customer online visits** and 8% of online sales.

There are now **10,000 reviews on our new product ratings** and reviews service, of which 85% are top 4-5 star ratings.

Top growth categories were Paint, Home, Decorating & D.I.Y and Kitchen

# 10,000



# Charity begins at home



Being at the heart of the community is really important to us and we like to give something back where we can. That goes for our team members too. They are hugely generous at both store and individual levels and very supportive of causes in their local area.

Our decision last year to **support 29 local charities** instead of one national charity was a bold new strategy – and one that’s paid dividends. Team members in each region nominated local charities they were passionate about or had a connection with, and ended up doubling the amount of funds they raised in 2011.

£300,000

Wilkinson donated an **additional £300,000** supporting local charities and community groups in need of support.



Big hugs for Macmillan Cancer Support

## Top five fundraising stores



“Not only was a huge sum raised, but it also really engaged team members and made the community live and breathe in our stores.”

Clare Jones, Charity Officer

Our Annual Engagement Survey showed **an increase of 7%** when our team members were asked ‘do we make a difference to our local communities?’ This was the highest increase in the survey in 2012!

7%

Purple's the new black for our Luton store



A big shout out to Wilko



Well done everybody!

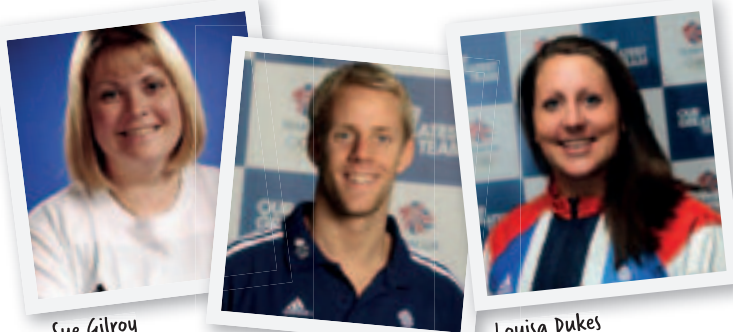
Our team members **volunteered over 5,000 hours** of time to their nominated local charities.

5,000hrs

## Local stars

We sponsor people from all over the UK who either have a special talent, are an inspiration to others or help in their local community.

**Sue Gilroy** played table tennis at the London Paralympics 2012 and has previously been awarded BBC Disabled Sports Personality of the Year for Yorkshire in 2002 and Lincolnshire in 2006. **Ross Davenport** competed in the 200m freestyle relay in the 2012 Olympics, Ross and the team came sixth overall. **Louisa Dukes** played handball at London 2012 Olympics and has given a new lease of life to the sport.



Sue Gilroy

Ross Davenport

Louisa Dukes

Lynne flies the flag (or balloon!) for Hannah's Holiday Home Appeal in sunny Florida





# Executive Business Review

Given the tough retail environment that existed at the start of 2012 there was little room for optimism in the coming year, so the Board took some pragmatic decisions early in the year to protect our cash and profit position. Unfortunately, our pessimism was correct and the UK economy showed a worsening position with a 0.1% decline in GDP over the year. It is true to say that certain optimism returned to our customers during the summer, especially with the effect of the Olympics, however, overall after a lot of solid preparation work, its effect was fairly neutral. As has become traditional now for the retail industry, there were a number of businesses which fell into administration and in recent months these included Comet, HMV, Republic and Jessops.

However, given the gloomy economic picture, I am pleased to report that we have managed to deliver a pre-tax profit of £27.5m which, although is below our planned expectation at the start of the year, is an increase from last year of 21%.

It should be noted that 2012 was a 53-week period for us but as our sales were at a low point during January this extra week only had a slight effect on our results. Our total sales decline excluding VAT was 2.3% and it was supported by the addition of seven new stores on top of a like-for-like sales decline driven by fewer customer visits. On a more positive note our customer spend increased, another achievement given our customers' continued search for value on all their shopping trips and concentration on their essential spending.

The profit growth was only achieved because of our realistic view of the trading prospects for 2012 and the resultant actions to reduce costs and improve efficiency, our considered slowdown in our store refurbishment programme (although we still refurbished 27 stores during the year) and our careful management and reduction of costs in all the areas of retail, supply chain and support. We still believe there is future scope to reduce our cost base further in 2013. Our internet business continues to perform well, but is behind our expectations. However, the improvements in this area should accelerate following the introduction part way through the year of a dedicated supply centre to ensure that our delivery promises to customers are always met. 2013 will also see the introduction of a new-look website under wilko.com and further progress is being made within our proposition to become truly multichannel. As an example of this, during the year we introduced a mobile channel which now accounts for a large proportion of our internet sales.

Our financial position remains strong with a net cash inflow from operating activity of £64.0m, compared with £44.3m last year. At the end of the year we had £31.5m net funds in the bank compared with £3.7m last year. We have continued to invest in our future through our strategic projects.

Our Major Category Review programme will ensure that the quality and range of our products continues to improve whilst we maintain our core value of providing 'extraordinary everyday shopping in the heart of the community'. During the year we launched our new Stationery and Kitchen ranges along with a completely new look for Christmas 2012. This year's new Garden ranges have landed well and our biggest major category launch yet, Home, was launched in March 2013 with its implementation incorporating all the lessons we had learnt from the earlier Major Category Review launches. This was the first real range change that incorporated all the outcomes from the trend work that we have done over the last 18 months to make sure that our customers are benefiting from truly up-to-date products and designs at great value. We are pleased with the quality and range of our 2012 category reviews and we need to ensure that we reap the benefits from these new ranges over the coming months and years and ensure that the ranges remain refreshed and relevant to the customer. We have also continued with our significant investment in our business processes and technology to improve the way we support the business. We will launch the first 'buy it' phase of our upgraded technology platform at the end of August and phase this in throughout September and October.

Our property and retail teams continued to open new stores in seven locations during 2012 and delivered an extra 223 weeks of trading. These new stores were located across the country and included the opening of our stores in Crawley, Edmonton Green and Pwllheli, in which we trialled our new-look concept store which we are currently planning to take into two existing stores during the first half of 2013/14. Reluctantly, we decided to slow down and then halt our one-touch rebrand and refurbishing programme so that as we move forward we can incorporate the learning from these trialled concept stores. Also, during the year we had to close our Beeston store following a compulsory purchase order to allow the extension of the Nottingham Tram Network.

We continued our planned reduction in costs with further rollout of our warehouse on wheels initiative, and our supply chain and retail team members have continued to drive out costs from our business to maximise their contribution during this time of sales decline. Our team in Hong Kong has continued to strengthen our supply base in Asia and proved to be an invaluable component in the Major Category Review process. As ever, health and safety is a key concern for our business and this year saw the rollout of our new awareness campaigns which featured 'Albi', a young child getting up to mischief in the work environment with the theme being if your child was doing this, would you just let it pass without saying something?

All our stores have embraced our 2012/13 charity programme, which enables them to play an active role in their local community. The decision this year to allow each region, the distribution centres and head office to choose their own local charity to support, rather than run with a national charity, has been extremely successful. As I write this report the total raised is standing at £1.5m against our target of £1.5m with our charity year ending in May 2013. In addition our team members have provided both direct and indirect support to a number of these chosen charities through volunteering across a range of activities from gardening at a hospice to redecorating sheltered housing (with the odd 'leg waxing' thrown in too!).

Our Extraordinary Leader Training Programme was rolled out across the business during the year. The three levels of the programme explained how we should live our values as a leader and team member, apply them to the challenge of leading performance and creating a focused safety culture. Our internal talent development programme, Aspire, and our new foundation level development programme continue to develop our talent pool. We have retained our Investors In People status for the 16th consecutive year and have achieved, yet again, a gold standard award.

Stuart Mitchell left the business in July 2012 and our thanks go to him for his clear leadership during his 6 years with the company. He oversaw a period of change in our history as we expanded from 273 to 369 stores, the start of our multichannel activity, the rebranding of our estate programme, the formulation of our Major Category Reviews, numerous efficiency initiatives across the business and the opening of the office and supply chain function in Hong Kong.

Robin Terrell joined as a Non-Executive Director in 2012 but sadly left us in February 2013 to take up a new executive position at Tesco. He made a significant contribution to both the multichannel aspects of our business and the core estate in the short time he was on board. There have been no further changes to the executive management team during the year.

2012 has been another challenging year in which the business has had to face some difficult decisions, but significant achievements have been made. As always this progress would not have been possible without the hard work and commitment of our 23,000 team members, suppliers and family shareholders.

**I A Ellis**, Chief Finance Officer



# Financial review

## Consolidated profit and loss account

PERIOD ENDED 1 FEBRUARY 2013 (53 WEEKS)

	2013 £'000	2012 £'000
<b>Turnover</b>	1,529,668	1,565,400
Cost of sales	<u>905,586</u>	<u>947,539</u>
<b>Gross profit</b>	624,082	617,861
Operating expenses	<u>(598,782)</u>	<u>(598,601)</u>
<b>Operating profit</b>	25,300	19,260
Interest receivable and similar income	<u>2,302</u>	<u>3,782</u>
	<u>27,602</u>	<u>23,042</u>
Interest payable and similar charges	<u>(90)</u>	<u>(306)</u>
<b>Profit on ordinary activities before taxation</b>	27,512	22,736
Tax on profit on ordinary activities	<u>(10,584)</u>	<u>(8,758)</u>
<b>Profit on ordinary activities after taxation</b>	<u>16,928</u>	<u>13,978</u>

## Consolidated cash flow statement

PERIOD ENDED 1 FEBRUARY 2013 (53 WEEKS)

	2013 £'000	2012 £'000
<b>Net cash inflow from operating activities</b>	63,936	44,338
Returns on investments and servicing of finance	112	(231)
<b>Taxation</b>	(8,838)	(13,550)
Capital expenditure	(23,916)	(44,178)
<b>Equity dividends paid</b>	<u>(3,489)</u>	<u>(2,201)</u>
Increase/(decrease) in cash in the period before financing	27,805	(15,822)
<b>Financing</b>	<u>(6,214)</u>	<u>(6,214)</u>
Increase/(decrease) in cash in the period after financing	<u>21,591</u>	<u>(22,036)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(decrease) in cash in the period	21,591	(22,036)
Cash flow from movement in debt and lease financing	<u>6,214</u>	<u>6,214</u>
Movement in net funds in the period	27,805	(15,822)
Net funds at start of the period	<u>3,698</u>	<u>19,520</u>
Net funds at end of the period	<u>31,503</u>	<u>3,698</u>

## Consolidated balance sheet

AT 1 FEBRUARY 2013

	2013 £'000	2012 £'000
<b>Fixed assets</b>		
Tangible assets	229,060	247,699
<b>Current assets</b>	148,872	133,398
Stocks	22,920	25,843
Debtors	<u>32,855</u>	<u>11,264</u>
Cash at bank and in hand	204,647	170,505
<b>Creditors: amounts falling due within one year</b>	<u>(184,604)</u>	<u>(178,387)</u>
Net current assets/(liabilities)	<u>20,043</u>	<u>(7,882)</u>
<b>Total assets less current liabilities</b>	249,103	239,817
<b>Creditors: amounts falling due after more than one year</b>	-	(1,352)
<b>Provisions for liabilities</b>	<u>(8,770)</u>	<u>(9,326)</u>
<b>Net assets excluding pension (liability)/asset</b>	240,333	229,139
Pension (liability)/asset	(9,902)	1,340
<b>Net assets including pension (liability)/asset</b>	<u>230,431</u>	<u>230,479</u>
<b>Capital and reserves</b>		
Called up share capital	33	33
Other reserves	171	171
Profit and loss account	230,227	230,275
<b>Shareholders' funds</b>	<u>230,431</u>	<u>230,479</u>

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Mary Edgerton

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NG1 6GR

**Bankers**  
Lloyds TSB Bank PLC

The figures and financial information for the financial period 2012/13 and comparatives do not constitute the statutory financial statements for those periods. The financial statements for the financial period ended 1 February 2013 will be filed at Companies House following the Annual General Meeting on 9 July 2013, and include the auditors report which was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under section 498 (2) or (3) of the Companies Act 2006.



