

Strategic Report

# Our resilient business model - built for the Trade

## What we do

### 1 Product manufacturing and sourcing

- Our expert teams make and source attractive products that are trade quality and easy to fit.
- We design and manufacture all of our own cabinets, as well as some cabinet frontals, worktops and skirting boards.
- We're agile and we keep the make vs. buy decision under review. We make what it makes sense for us to make in our UK factories, and we buy other product in from our suppliers.
- We buy in thousands of different products from hundreds of trusted suppliers around the world, including appliances, joinery, flooring and hardware. We offer everything necessary to complete any kitchen.

### 2 Distribution

- Our in-house distribution operation delivers from our factories and central warehouses to our network of over 950 depots.
- No two deliveries are alike, and each one must be correct, complete and on time. We can guarantee this because we control our own distribution.

### 3 Depots designed for our trade customers

- Decentralised depot business model. Entrepreneurial depot managers leading highly motivated and incentivised depot teams. Trusted relationships with their local builders.
- A typical Howdens depot is in an edge-of-town location - more convenient for trade customers, and cheaper to rent. 88% of our UK customers live within 5 miles of a Howdens depot.
- Our in-stock model means that builders can get the products they need at short notice, even when plans change part way through a job.
- We offer the builder quality products, excellent levels of service and trade accounts that allow them up to eight weeks to pay. We focus on helping our customers succeed. When they make money, we make money.

### 4 Consumers/ homemakers

- We have over 2,000 specialist kitchen designers who support the builder by visiting the end-user's home, or work with them remotely using our free virtual design service, and help them choose, plan and design their dream kitchens.

## The value we create

### 1 Customers

- Builders save time and money with Howdens. Trade quality, full product range for the complete kitchen, available from stock at competitive, confidential prices.
- Trusted personal relationships providing outstanding service. From free design and planning to delivery and aftersales support.
- Trade accounts allow the builder to finish their project and get paid by their customer before they need to pay us.
- Online account management, click and collect and anytime ordering tools help the busy builder.

### 2 Staff

- A growing company with opportunities for training, development and career progression.
- A safe working environment, good salary, pension and benefits, with local profit-sharing and incentives.

### 3 Suppliers

- Strong and enduring relationships based on trust.
- Cooperative engagement on new products and the scale necessary to support suppliers' businesses and their investment plans.

### 4 Investors

- Long-term value creation, generating cash for further profitable investment in the business and to support a growing dividend.
- Surplus cash after investment and dividends is returned to shareholders through share buybacks.

### 5 Communities and environment

- Employment opportunities and a good neighbour in over 970 communities.
- Supporting local and national charities.
- Responsible ESG practices and policies.
- See our Sustainability report on page 42.

