HOWDEN JOINERY GROUP PLC

2015 PRELIMINARY RESULTS

HIGHLIGHTS

Chief Executive, Matthew Ingle, said:

"Howdens delivered another good set of results in 2015. Sales grew to £1.2bn, profitability increased and we saw strong cash flow. As a result, we are recommending an increase in our dividend and announcing an additional £55m cash return to shareholders by way of a share repurchase programme.

"We have continued to invest in all aspects of the business, improving our operations, pursuing the growth opportunities before us and taking advantage of better market conditions. In the UK, we opened 30 new depots and we pushed forward with an expanded trial in continental Europe, opening five additional depots in northern France and our first outlet in Holland.

"The service proposition that Howdens provides to our small builder customers is supported by the unique combination of our locally empowered depots and our supply operations. The strength of this has enabled us to continue to increase the number of account holders by 35,000 to over 425,000, who form the bedrock of our business.

"We are well positioned and look forward to continued growth in 2016. We will continue to invest in the business, to ensure that we can take advantage of the short and long-term growth opportunities that we foresee, and to address the challenges of a more complex market and security of supply. This investment will be in both our day-to-day operations and our supply chain capacity.

"Looking at 2016, trading conditions seen in 2015 have continued into the early part of the year. As well as planning to open 30 new depots in the UK, we plan to open two more depots in northern France, a second larger outlet further south in France and a similar outlet in Germany.

"However, we remain watchful, given the increased uncertainty surrounding the economic outlook and will react accordingly, should things change."

Financial results (continuing operations)

The information presented here relates to the 52 weeks to 26 December 2015 and the 52 weeks to 27 December 2014, unless otherwise stated.

- Howden Joinery UK depot revenue increased by 11.9% to £1,203.8 (up 9.2% on same depot basis). Group revenue was £1,220.2m (2014: £1,090.8m);
- Gross profit margin was 64.3% (2014: 63.7%), reflecting a currency gain;
- Operating profit rose from £189.8m to £221.9m;
- Profit before tax increased to £219.6m (2014: £188.8m), the net finance charge rising by £1.3m (reflecting an increase in the pensions finance expense);
- Basic earnings per share increased from 23.2p to 27.3p;
- Net cash of £226.1m at year-end (27 December 2014: £217.7m net cash), after £45.3m was returned to shareholders by way of a share repurchase programme;
- Final dividend of 7.1p recommended, giving full year dividend of 9.9p per share (2014: 8.4p);
- £55m to be returned to shareholders, through a share repurchase programme[1].

1 This is in addition to the outstanding £25m from the two-year £70m share repurchase programme announced in February 2015.

Business developments

- Investment in the future growth of the business continues:
  - 30 new depots opened in UK in 2015, bringing total to 619;
  - capital expenditure totalled £45.9m as investment in supply operations to support further growth and increase resilience was stepped up;
  - French trial extended, with five new depots opened, and a new outlet opened in Holland.

Current trading

- Howden Joinery UK depot revenue in the first two periods of 2016 rose by 7.1%[1], in line with our expectations;
- Our outlook for the business for 2016 remains unchanged.

1 This excludes the first week, which had two fewer trading days in 2016 than in 2015.

Enquiries

Investors/analysts:

Gary Rawlinson
Head of Investor Relations   +44 (0)207 535 1127 (not 25 February 2016)
+44 (0)7989 397527

Media:

Maitland   +44 (0)207 379 5151
Greg Lawless
Robbie Hynes

Note for editors:

Howden Joinery Group Plc is the parent company of Howden Joinery. In the UK, Howden Joinery is engaged in the sale of kitchens and joinery products to trade customers, primarily small local builders, through over 600 depots. Around one-third of the products it sells are manufactured in the company's own factories in Runcorn, Cheshire, and Howden, East Yorkshire. The business also has small operations in France, Belgium and Holland.

Website: www.howdenjoinerygroupplc.com

SUMMARY OF GROUP RESULTS

The information presented here relates to the 52 weeks to 26 December 2015 and the 52 weeks to 27 December 2014.

Continuing operations[1], £m	**2015**	2014
Revenue		
- Group	**1,220.2**	1,090.8
- Howden Joinery UK depots	**1,203.8**	1,075.5
Gross profit	**784.4**	694.5
Gross profit margin, %	**64.3**	63.7
Operating profit	**221.9**	189.8
Profit before tax	**219.6**	188.8
Basic earnings per share	**27.3p**	23.2p
Dividend per share	**9.9p**	8.4p
Net cash at end of period	**226.1**	217.7

1 There were no discontinued operations in 2015. In 2014, there was an exceptional profit after tax on discontinued operations of £9.1m.

FINANCIAL REVIEW

FINANCIAL RESULTS FOR 2015

The information presented here relates to the 52 weeks to 26 December 2015 and the 52 weeks to 27 December 2014 (continuing operations), unless otherwise stated [1].

The financial performance of the Group during 2015 benefited from the Group's competitive position and the continuing focus on improving operational performance.

Total Group revenue increased by £129.4m to £1,220.2m.

Revenue £m	**2015**	2014
Group	**1,220.2**	1,090.8
comprising:		
Howden Joinery UK depots	**1,203.8**	1,075.5
Howden Joinery continental Europe depots	**16.4**	15.3

Howden Joinery UK depot revenue rose by 11.9% to £1,203.8m, increasing by 9.2% on a same depot basis.

This growth was achieved through several factors and is a testament to the strength of the Howdens business model. In particular, we have continued to open new depots and increased the number of customer accounts, which enabled us to grow turnover in existing depots of all ages.

Sales by our depots in continental Europe rose by £1.1m to £16.4m. Within this, underlying sales of our original depots in France increased by 4% in constant currency terms.

Gross profit rose by £89.9m to £784.4m. The gross profit margin for the year increased to 64.3% (2014: 63.7%). This included a benefit from the strengthening of the pound against the euro. It also reflected the continuing focus on efforts within supply to reduce the cost of manufactured and bought-in products, and margin achievement across all depots. Excluding the currency gain, the gross profit margin would have been 63.5%, a slight decline versus 2014 reflecting the impact of sales of discontinued product and, to a lesser extent, the cost of promoting granite worktops.

Selling and distribution costs, and administrative expenses increased by £57.8m to £562.5m. The increase reflects the costs of new depots, investment in both short and longer term growth, and the impact of inflation, including on payroll costs, as well as an increase in pension costs.

Operating profit increased by £32.1m to £221.9m.

The net interest charge rose by £1.3m to £2.3m, reflecting a higher finance expense in respect of pensions. The net result was profit before tax rose by £30.8m to £219.6m.

The tax charge on profit before tax was £44.2m, an effective rate of tax of 20.1%.

Basic earnings per share were 27.3p (2014: 23.2p).

At 26 December 2015, the pension deficit shown on the balance sheet was £49.2m (27 December 2014: £142.6m). The decrease in the deficit was due to lower liabilities arising primarily from an increase in the discount rate and the Group's contribution to fund the deficit (£45m), partly offset by lower than expected asset returns.

We saw strong cash flow in 2015.

There was a net cash inflow from operating activities of £158.3m. This was after the cash contribution to the Group's defined benefit pension scheme to fund the deficit.

Working capital increased by £19.2m. An increase in stock was partly offset by an increase in trade creditors and a decrease in trade debtors.

Also included within net cash flows from operating activities was tax paid totalling £35.3m.

Payments to acquire fixed assets totalled £45.9m (2014: £32.8m), reflecting increased investment in our supply operations (see Operational Review).

In line with the announcement of a two-year £70m share repurchase programme made in February 2015, £45.3m was spent acquiring the Group's own shares. These shares, totalling 9,152,000, are held in treasury, to use for future obligations for company share schemes.

Reflecting the above, there was a net cash inflow of £8.4m in 2015, the Group having net cash of £226.1m at the end of the year (27 December 2014: £217.7m net cash).

DIVIDEND AND RETURN OF SURPLUS CASH TO SHAREHOLDERS

The Group's dividend policy is to target dividend cover of between 2.5x and 3x, with one third of the previous year's dividend being paid as an interim dividend each year.

In light of this policy, given the operational performance of the business in 2015, the Board has decided to recommend to shareholders a final dividend of 7.1p, giving a total dividend for the year of 9.9p (2014: 8.4p). This equates to a dividend cover of 2.75x.

As previously stated, the Board intends to target a capital structure that is both prudent and recognises the benefits of operational and financial leverage, and, after considering our capital requirements, to return surplus cash to shareholders as appropriate. The Group has significant property leases for the depot network, and continues to have a material deficit in the Group pension fund and a small number of remaining legacy liabilities related to the Group's former ownership of MFI. Taking into account this underlying level of gearing, the Board believes it is appropriate for the Group to be able to operate through the annual working capital cycle without incurring bank debt.

The Board has reviewed the cash balances in light of the Group's future investment opportunities, expected peak working capital requirements and trading outlook. As a result, it has decided to return an additional £55m of cash to shareholders by way of a share repurchase programme. This will be implemented over the course of the next two years.

Shares that are bought in the market by our brokers will either be held in treasury, to use for future obligations for company share schemes, or cancelled.

1 There were no discontinued operations in 2015. In 2014, there was an exceptional profit after tax on discontinued operations of £9.1m.

OPERATIONAL REVIEW

The business model of Howden Joinery is "To supply from local stock nationwide the small builder's ever-changing, routine, integrated kitchen and joinery requirements, assuring best local price, no-call-back quality and confidential trade terms".

Since it started in autumn 1995, the business has opened new depots and increased turnover continuously, except for a 12-month period in 2008-9.

Even today, with over 600 depots across the UK, we continue to see the opportunity to transform the scale of the business, seeing scope for up to 800 UK depots. We continue to invest in all aspects of the growth and performance of the business, including new depots and depot operations, existing and new employees, product development, and manufacturing and distribution.

UK depot network and operations

During the course of 2015, 30 new depots were opened, bringing the total number of depots trading at the end of the year to 619. In addition, seven depots were relocated and seventeen were extended.

Our account base continued to grow, increasing by 35,000 net new accounts in 2015. While there has been a significant increase in accounts, our debt collection performance continues to be robust.

Growth was seen in depots of all ages. To enable us to deliver this, while maintaining the level of service that our small builder customers expect, employee numbers in existing depots were increased by more than 500.

Product and marketing

We continue to enhance our product offering, having introduced a number of new products during the year across all product categories. Notable amongst these were the introduction of 20 new kitchens. These included 'tongue and groove' options within our popular Burford family, along with the extension of stone coloured options to most of our existing kitchen families and the introduction of ivory coloured options to a number of our kitchen ranges.

In autumn 2014, we commenced selling affordable granite worktops from stock, beginning in a small number of depots. During 2015, the trial was extended, granite now being sold in all of our depots.

Since its launch in 2009, our Lamona range of kitchen appliances has been very successful and we continue to invest in the range, as we develop it further. Following on from the success of the premium touch control pyrolytic oven that we introduced in 2014, we launched two premium touch control double multi-function ovens during 2015.

Supporting our offering of Lamona premium ovens, after an initial trial of additional branded appliances, we are now selling a selection of AEG and Neff cooking, refrigeration, dishwashing and laundry appliances throughout our depot portfolio.

We continue to invest in our marketing communications and brand advertising.

- In our kitchen collection brochure, we have introduced a new format to highlight each kitchen family and have added a flooring section. We have also redesigned our appliance literature, introducing lifestyle photographs to make it more appealing and aspirational for end-consumers.
- To further raise awareness of the Howdens brand, we attended 15 county shows and agricultural fairs throughout the UK during the summer.

Where appropriate, our branding now includes the Royal Arms, following the award to Howden Joinery of a Royal Warrant By Appointment to Her Majesty the Queen in 2015. This features on our websites and vehicle fleet livery, and in our marketing material.

Manufacturing and logistics operations

Our UK-based manufacturing and logistics operations play a vital role in ensuring that we are able to supply our small builder customers from local stock nationwide at all times. This requires us to have the space and the flexibility to respond to each depot's individual needs, even during our critical 'period 11', when sales are more than double the level seen in other periods.

In February 2015, we said that we had undertaken a review of the medium and longer-term growth prospects for the business and had identified more opportunities than previously foreseen. On the basis of this, we said that we had considered how to ensure that we are best placed to deal with and take advantage of what the future might bring. One outcome of this work was the identification of a programme of investment in our supply operations that would prepare them for future growth and improve the resilience of our cabinet manufacturing operations.

During the course of 2015, we undertook or commenced a number of projects, the most significant of which were as follows.

- **Manufacturing operations**

  Work commenced on projects to replace two aging cabinet panel production lines at our Howden site and increase production capacity of the cabinet component lines at our Runcorn site.

  Work commenced on a number of projects that will increase the resilience of our cabinet manufacturing operations by reducing risk and increasing back-up. These include the development of a new production facility at Howden.

  The existing obsolete boiler and associated heating infrastructure at Runcorn was replaced by a state-of-the-art biomass heating system. Like the system installed at our Howden site in 2014, the heat generated attracts payments provided by the Renewable Heat Incentive programme.

- **Logistics**

  A number of small warehouses have been taken on short-term leases and fitted-out to ensure that we have sufficient capacity while a major project to provide sufficient warehousing for our longer-term needs is progressed. In respect of this, we have entered in to a long-term agreement to occupy a new 650,000 sq ft warehouse that is being built near Raunds, which is to the east of our existing national distribution centre in Northampton. We expect that this will be ready for us to begin occupation in the final quarter of 2016.

  During the year, we replaced our fleet of 460 'trailer units' for our fleet of lorries. These have been custom designed and built to meet our requirements, and have a revised livery that has been designed to improve brand awareness. This follows the replacement of the fleet's 100 'tractor' units in 2014.

Continental Europe

At the end of 2014, we said that we intended to add a second phase of seven depots to our existing operations in northern France. To this end, in 2015, we opened five new depots, the remaining two having opened recently. Elsewhere, we opened an outlet in Amsterdam and are planning to open a similar outlet in Germany in the course of 2016, which will allow us to learn about different markets. These complement an existing larger outlet in the south of France and two depots in Belgium, which were opened in late 2014, and a further outlet in the south of France that has just started trading.

GROUP DEVELOPMENTS

Banking arrangements

The Group has reached agreement to extend its existing £140m committed bank facility until July 2019, having previously run to July 2016.

Pension scheme funding

In July 2015, we announced that agreement had been reached with the Trustees of the Group's defined benefit pension scheme in relation to the schedule of payments towards the funding of the scheme's deficit from April 2015. As a result, the Group will continue to make deficit contributions equivalent to £35m per annum until 30 June 2017.

Payments until then, along with those made since 6 April 2014, will fund the deficit calculated as at the actuarial valuation date of 5 April 2014.

The extent to which any further contributions are required beyond 30 June 2017 will be assessed as part of the next formal actuarial valuation of the scheme.

CURRENT TRADING AND OUTLOOK FOR 2016

Howden Joinery UK depot sales in the first two periods of 2016 (to 20 February) were up 7.1% on the same period last year (this excludes the first week, which had two fewer trading days in 2016 than in 2015), in line with our expectations. Along with the evidence we have of trading prospects, this would suggest that market conditions remain stable.

The Group remains committed to its view that the number of depots in the UK can be increased from the 619 operating at the end of 2015, seeing the opportunity for up to 800 depots. During the course of 2016, we are currently planning to open around 30 depots in the UK, four of them already trading. In continental Europe, we plan to open our first outlet in Germany, as we continue our trial.

As already mentioned, 2015 saw us take the first steps to increase our warehousing capacity, invest in our manufacturing operations and expand our trial in continental Europe. As well as impacting operating costs in 2015, we anticipate that operating costs will rise by around £15m in 2016 as a result of these developments. This is in addition to higher costs that will arise from the on-going growth of the business and inflation. Our investment in the resilience and capacity of our supply operations means that capital expenditure is expected to be around £75m.

We are well positioned and look forward to continued growth in 2016. However, we are watchful of the increased risks to the UK economy, from a less predictable global picture and the uncertainty that the EU referendum might bring, and the currently weaker exchange rate. As in recent years, we will act quickly and appropriately adapt our business model to the market and economic conditions we encounter.

GOING CONCERN

The Group meets its day to day working capital requirements through cash generated from operations. If required, the Group also has access to an asset backed lending facility of £140m until the facility expires in July 2019.

The Group's forecasts and projections have been stress-tested for reasonably possible adverse variations in trading performance. The results of this testing show that the Group should be able to operate within the level of its current net cash balances and its committed bank facility, and that it would not breach the facility covenants.

After making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

Howdens operates in an environment that includes different types of risk. Our approach to risk is adaptive, and is designed to ensure that we are protecting what we have while also responding to opportunities to grow and create value.

The following describes our principal risks and what we do to mitigate them.

Changes in market conditions

Description, impact and link to strategy

The Group's products are sold from stock to local builders, most of whom run small businesses, for installation in public and private housing, mainly in the repair, maintenance and improvement markets. The Group's results are consequently dependent on levels of activity in these markets, which are affected by many factors including general economic conditions, consumer confidence, interest rates and credit availability, unemployment, demographic trends and, in the short term, weather.

A change in market conditions could affect our ability to achieve our sales and profit forecasts, which in turn could put pressure on our cash availability and banking covenants. On the other hand changed market conditions could also provide opportunities to exploit new markets and create value.

Mitigating factors

We monitor the market closely and can take swift management action as necessary in response to changes, ensuring the business is aligned to market conditions, consequently helping to ensure that we have sufficient cash and borrowing facilities for business needs and adequate covenant headroom.

Deterioration of business model and culture

Description, impact and link to strategy

The future success of the business depends on the successful implementation of the Group's business model and on its locally-enabled, entrepreneurial culture. Our local managers provide excellent service to local business people who trust us to support them, and to local communities who rely on us to behave responsibly. If the Group fails to implement its business model in the locally-enabled, decentralised manner envisaged, there may be an adverse impact on the Group's future financial condition and profitability.

Mitigating factors

Led by the actions of the Board and Executive Committee, the business model and Howdens' culture are at the centre of the activities and the decision-making processes of the Group, and are continually emphasised. The Executive and senior management teams regularly visit our depots and factories and hold frequent events at which they reinforce the importance of the Group's business model and culture. Throughout the business, successful implementation of the Howdens business model and culture forms the basis of the incentive structure.

Failure to maximise growth potential of the business

Description, impact and link to strategy

Customers' changing expectations and demands, new market opportunities, the extent and configuration of the depot network, and the performance of existing depots all present Howdens with significant opportunities for growth. Failure to recognise, understand and exploit the potential these offer, in line with our business model and risk appetite, or failure to align current structures and skills to meet the challenges they present, could affect our ability to obtain maximum benefit from our growth opportunities.

Mitigating factors

The Group places continuing focus on the opportunities, challenges and additional requirements related to growth. The potential for growth is incorporated into Group strategic plans and budgets, and existing structures and skills are reviewed in the context of growth, and adjusted where necessary.

Interruption to continuity of supply

Description, impact and link to strategy

The Group's business model requires every depot to be able to supply product from local stock. Any disruption to our relationship with key suppliers or interruption to manufacturing operations could adversely affect the Group's ability to implement the business model.

Mitigating factors

With suppliers, the Group implements multiple sourcing strategies wherever possible in order to mitigate the effect of a key supplier being unable to deliver goods or services. We also enter into long-term contracts to secure supply of our key materials. Good supplier relationships are maintained by prompt settlement of invoices, regular communication, and an annual supplier conference. Within our manufacturing operations, we adopt best practice health & safety and fire prevention procedures. Business continuity plans are in place for key production processes, and significant investment in disaster recovery capability is in place. The Group has announced a major programme of investment in its manufacturing facilities to ensure that manufacturing capacity is sufficient to match our expected growth, as well as in further cabinet production capacity to provide additional cover in the event of an interruption to manufacturing operations.

Loss of key personnel

Description, impact and link to strategy

Howdens' model relies upon people to behave in a way which reflects the culture and values of the business: this is critical to the success of the decentralised business model. The skills, experience and performance of key members of the Group's management team make a major contribution to the success of the business. The loss of a key member of the Group's management team could adversely affect the Group's operations.

Mitigating factors

The Group uses the Remuneration Committee to ensure that key team members are appropriately compensated for their contributions and incentivised to continue their careers with the Group.

Credit control failure

Description, impact and link to strategy

Our customers rely on our credit facilities to enable them to get paid for completed projects before they have to pay for the products and materials they have used. Cash flow is critical to their business. To help support them, Howdens provides each account holder with a credit account on nett monthly terms. Failure to provide, or service, these credit facilities could affect our ability to continue to support our customers, and potentially our ability to collect debt.

Mitigating factors

Howdens has an effective credit policy used to agree terms with our customers and efficient processes for the collection of debt which are closely and regularly monitored. These are supported by robust systems and tested business continuity plans. Good personal relationships are maintained with builders, both at depot level and within the credit control department. In addition, concentration of debt is limited, as debt exposure is spread across over 360,000 customer accounts.

Cyber security incident

Description, impact and link to strategy

The Group depends on a core set of critical IT systems which are fundamental to the day-to-day running of the business. These systems are at risk from increasingly sophisticated security threats. Should a security breach occur, this could cause a system and/or sensitive data to be compromised.

Mitigating factors

Sophisticated security measures are in place across the business including security policies developed by our Information Systems team, laptop encryption, anti-virus and anti-malware protection, e-mail scanning and IT perimeter and firewall monitoring. External specialists are used to test system vulnerabilities via penetration tests. A comprehensive infrastructure design is employed, and disaster recovery capability and business continuity plans are in place and tested periodically.

CAUTIONARY STATEMENT

Certain statements in this Preliminary Results announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

DIRECTORS' RESPONSIBILITY STATEMENT

The following statement will be contained in the 2015 Annual Report and Accounts.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings including the consolidation taken as a whole;
- the Annual Report and Accounts includes a fair review of the development and performance of the business, and the position of the Group and Company and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

By order of the Board

M Ingle	M Robson
Chief Executive	Deputy Chief Executive and Chief Financial Officer

24 February 2016

Consolidated income statement

	Notes	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Continuing operations:			
Revenue – sale of goods		**1,220.2**	1,090.8
Cost of sales		**(435.8)**	(396.3)
Gross profit		**784.4**	694.5
Selling & distribution costs		**(475.0)**	(423.9)
Administrative expenses		**(87.5)**	(80.8)
Operating profit		**221.9**	189.8
Finance income	3	**1.8**	0.6
Finance expense	4	**-**	(0.1)
Other finance expense - pensions	4	**(4.1)**	(1.5)
Profit before tax		**219.6**	188.8
Tax on profit	5	**(44.2)**	(40.1)
Profit after tax		**175.4**	148.7
Discontinued operations:			
Exceptional item - loss on discontinued operations		**-**	(2.1)
Exceptional item – tax on discontinued operations		**-**	11.2
Profit after tax	10	**-**	9.1
Profit for the period attributable to the equity holders of the parent		**175.4**	157.8
Earnings per share:			
From continuing operations			
Basic earnings per 10p share	6	**27.3p**	23.2p
Diluted earnings per 10p share	6	**27.2p**	23.0p
From continuing and discontinued operations			
Basic earnings per 10p share	6	**27.3p**	24.6p
Diluted earnings per 10p share	6	**27.2p**	24.4p

Consolidated statement of comprehensive income

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Profit for the period	**175.4**	157.8
Items of other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on defined benefit pension scheme	**58.4**	(119.6)
Deferred tax on actuarial (gains)/losses on defined benefit pension scheme	**(11.7)**	23.9
Deferred tax on pension contributions	**-**	(6.3)
Current tax on pension contributions	**-**	6.8
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(0.9)**	(0.2)
Other comprehensive income for the period	**45.8**	(95.4)
Total comprehensive income for the period attributable to equity holders of the parent	**221.2**	62.4

Consolidated balance sheet

	Notes	26 December 2015 £m	27 December 2014 £m
Non-current assets			
Other intangible assets		**4.6**	3.4
Property, plant and equipment		**129.2**	107.1
Deferred tax asset		**18.6**	40.3
Long term prepayments		**0.6**	-
Bank borrowings net of prepaid fees		**-**	0.3
		153.0	151.1
Current assets			
Bank borrowings net of prepaid fees		**-**	0.6
Inventories		**177.1**	143.1
Trade and other receivables		**129.5**	133.1
Investments		**60.0**	85.0
Cash at bank and in hand		**166.1**	131.9
		532.7	493.7
Total assets		**685.7**	644.8
Current liabilities			
Trade and other payables		**(197.7)**	(186.1)
Current tax liability		**(5.2)**	(7.9)
Current borrowings		**-**	-
		(202.9)	(194.0)
Non-current liabilities			
Non-current borrowings		**-**	(0.1)
Pension liability		**(49.2)**	(142.6)
Deferred tax liability		**(2.0)**	(2.6)
Provisions	8	**(9.9)**	(10.6)
		(61.1)	(155.9)
Total liabilities		**(264.0)**	(349.9)
Net assets		**421.7**	294.9

Consolidated balance sheet - continued

	Notes	26 December 2015 £m	27 December 2014 £m
Equity			
Share capital		**65.2**	64.7
Share premium account		**87.5**	87.5
ESOP reserve		**11.0**	2.4
Treasury shares		**(45.3)**	-
Other reserves		**28.1**	28.1
Retained earnings		**275.2**	112.2
Total equity		**421.7**	294.9

The financial statements were approved by the Board and authorised for issue on 24 February 2016, and were signed on its behalf by Mark Robson – Deputy Chief Executive and Chief Financial Officer.

Consolidated statement of changes in equity

	Called up share capital £m	Share premium account £m	ESOP reserve £m	Treasury shares £m	Other reserve £m	Retained profit £m	Total £m
At 28 December 2013	**64.3**	**87.5**	**(6.3)**	**-**	**28.1**	**88.1**	**261.7**
Accumulated profit for the period	-	-	-	-	-	157.8	157.8
Net actuarial loss on defined benefit scheme	-	-	-	-	-	(95.7)	(95.7)
Deferred tax on pension contributions	-	-	-	-	-	(6.3)	(6.3)
Current tax on pension contributions	-	-	-	-	-	6.8	6.8
Current tax on share schemes	-	-	-	-	-	5.0	5.0
Deferred tax on share schemes	-	-	-	-	-	(1.9)	(1.9)
Currency translation differences	-	-	-	-	-	(0.2)	(0.2)
Net movement in ESOP	-	-	8.7	-	-	-	8.7
Issue of new shares	0.4	-	-	-	-	(0.4)	-
Dividends declared and paid	-	-	-	-	-	(41.0)	(41.0)
At 27 December 2014	64.7	87.5	2.4	-	28.1	112.2	294.9
Accumulated profit for the period	-	-	-	-	-	175.4	175.4
Net actuarial gain on defined benefit scheme	-	-	-	-	-	46.7	46.7
Current tax on share schemes	-	-	-	-	-	3.8	3.8
Deferred tax on share schemes	-	-	-	-	-	(1.6)	(1.6)
Currency translation differences	-	-	-	-	-	(0.9)	(0.9)
Net movement in ESOP	-	-	8.6	-	-	-	8.6
Issue of new shares	0.5	-	-	-	-	(0.5)	-
Purchase of shares into treasury	-	-	-	(45.3)	-	-	(45.3)
Dividends declared and paid	-	-	-	-	-	(59.9)	(59.9)
At 26 December 2015	**65.2**	**87.5**	**11.0**	**(45.3)**	**28.1**	**275.2**	**421.7**

The ESOP Reserve includes shares in Howden Joinery Group plc with a market value on the balance sheet date of £29.2m (2014: £23.8m), which have been purchased in the open market and which are held by the Group's Employee Share Trusts in order to satisfy share options and awards made under the Group's various share-based payment schemes.

The Other Reserve was created in the year to 30 April 1994, following a Group reconstruction.

Consolidated cash flow statement

	Notes	**52 weeks to 26 December 2015 £m**	52 weeks to 27 December 2014 £m
Group operating profit before tax and interest			
Continuing operations		**221.9**	189.8
Discontinued operations		**-**	(2.1)
Group operating profit before tax and interest		**221.9**	187.7
Adjustments for:			
Depreciation and amortisation included in operating profit		**21.6**	20.8
Share-based payments charge		**7.5**	6.4
Loss on disposal of property, plant and equipment, and intangible assets		**0.9**	0.4
Exceptional items (before tax)		**-**	2.1
Operating cash flows before movements in working capital		**251.9**	217.4
Movements in working capital			
Increase in stock		**(34.0)**	(19.7)
Decrease/(increase) in trade and other receivables		**3.6**	(10.7)
Increase in trade and other payables and provisions		**11.2**	23.9
Difference between pensions operating charge and cash paid		**(39.1)**	(32.8)
		(58.3)	(39.3)
Cash generated from operations		**193.6**	178.1
Tax paid		**(35.3)**	(30.3)
Net cash flow from operating activities	9	**158.3**	147.8

Consolidated cash flow statement - continued

	Notes	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Net cash flows from operating activities		**158.3**	147.8
Cash flows used in investing activities			
Payments to acquire property, plant and equipment, and intangible assets		**(45.9)**	(32.8)
Receipts from sale of property, plant and equipment, and intangible assets		**-**	0.3
Interest received		**0.7**	0.6
Net cash used in investing activities		**(45.2)**	(31.9)
Cash flows from financing activities			
Interest paid		**-**	(0.1)
Payments to acquire own shares		**(45.3)**	-
Receipts from release of shares from share trust		**1.1**	2.3
Decrease in prepaid loan fees/loans		**0.9**	0.1
Increase in long term prepayments		**(0.6)**	-
Repayment of capital element of obligations under finance leases		**(0.1)**	-
Dividends paid to Group shareholders		**(59.9)**	(41.0)
Net cash used in financing activities		**(103.9)**	(38.7)
Net increase in cash and cash equivalents		**9.2**	77.2
Cash and cash equivalents at beginning of period		**216.9**	139.7
Cash and cash equivalents at end of period	9	**226.1**	216.9

There are no cash flows from discontinued operating, investing or financing activities.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of presentation and preparation

The Group's accounting period covers the 52 weeks to 26 December 2015. The comparative period covered the 52 weeks to 27 December 2014.

The preliminary results for the year ended 26 December 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted for use in the European Union and International Financial Reporting Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. They therefore comply with Article 4 of the EU IAS Regulation.

The accounting policies, presentation methods and methods of computation followed are the same as those detailed within the 2014 Annual Report and Accounts, which is available on the Group's website (www.howdenjoinerygroupplc.com).

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the 52 weeks to 27 December 2014 have been filed with the Registrar of Companies. The statutory accounts for the 52 weeks ended 26 December 2015 will be filed in due course. The auditors' report on these accounts was not qualified or modified and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

2 Segmental reports

(a) Basis of segmentation

Information reported to the Group's Executive Committee is focused on one operating segment, Howden Joinery. Thus, the information required in respect of profit or loss, and assets and liabilities can all be found in the consolidated income statement and consolidated balance sheet.

The Howden Joinery business derives its revenue from the sale of kitchens and joinery products.

(b) Other information

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Capital additions	**45.9**	32.9
Depreciation and amortisation	**(21.6)**	(20.8)

3 Finance income

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Bank interest receivable	**0.8**	0.6
Other interest receivable	**1.0**	-
Total finance income	**1.8**	0.6

The other interest relates to the release of an accrual for potential interest payable to HM Revenue & Customs regarding a corporation tax dispute. We received partial judgement in our favour in the year to December 27 2014 and some of the accrued interest was released in that period.

During the current period, we have received notice of a final settlement, which means that the remainder of the interest accrual is no longer required. Accordingly, it has been released in full.

4 Finance expenses and other finance expense – pensions

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Finance expenses		
Interest payable on bank loans	**-**	(0.1)
Other finance expense - pensions		
Pensions finance expense	**(4.1)**	(1.5)

5 Tax

(a) Tax in the income statement

	Continuing operations		Discontinued operations		Total	
	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m	**52 weeks to 26 December 2015 £m**	52 weeks to 27 December 2014 £m	**52 weeks to 26 December 2015 £m**	52 weeks to 27 December 2014 £m
Current tax:						
Current year	**41.1**	44.1	**-**	-	**41.1**	44.1
Adjustments in respect of previous years	**(4.6)**	(1.7)	**-**	(11.2)	**(4.6)**	(12.9)
Total current tax	**36.5**	42.4	**-**	(11.2)	**36.5**	31.2
Deferred tax:						
Current year	**7.3**	(0.6)	**-**	-	**7.3**	(0.6)
Adjustments in respect of previous years	**0.4**	(1.7)	**-**	-	**0.4**	(1.7)
Total deferred tax	**7.7**	(2.3)	**-**	-	**7.7**	(2.3)
Total tax charged/(credited) in the income statement	**44.2**	40.1	**-**	(11.2)	**44.2**	28.9

UK corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the period. Tax for other countries is calculated at the rates prevailing in the respective jurisdictions.

(b) Tax relating to items credited to equity

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Deferred tax charge/(credit) to equity on actuarial gain/loss on pension scheme	**11.7**	(23.9)
Deferred tax charge to other comprehensive income on pension contributions	**-**	6.3
Current tax credit to other comprehensive income on pension contributions	**-**	(6.8)
Deferred tax charge to equity on share schemes	**1.6**	1.9
Current tax credit to equity on share schemes	**(3.8)**	(5.0)
	9.5	(27.5)

The tax relating to items credited to equity all relates to continuing operations.

(c) Reconciliation of the total tax charge

The total tax charge for the year can be reconciled to the result per the income statement as follows:

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Profit before tax:		
Continuing operations	**219.6**	188.8
Discontinued operations	**-**	(2.1)
	219.6	186.7
Tax at the UK Corporation tax rate of 20.25% (2014: 21.5%)	**44.5**	40.1
IFRS2 share scheme charge	**(0.3)**	0.2
Expenses not deductible for tax purposes	**1.5**	2.1
Overseas losses not utilised	**1.1**	0.2
Change of tax rate*	**0.7**	0.1
Non-qualifying depreciation	**0.9**	0.7
Tax adjustments in respect of previous years in relation to legacy properties**	**-**	(11.1)
Other tax adjustment in respect of previous years	**(4.2)**	(3.4)
Total tax charged in the income statement	**44.2**	28.9

* In November 2015, Parliament approved the Finance Bill which reduces the UK standard rate of Corporation Tax from 20% to 19% with effect from 1 April 2017 and 19% to 18% from 1 April 2020. All deferred tax assets and liabilities have been recognised at 18% with the exception of items expected to reverse before the rate reduces to 18%.

** See note 10 (c).

6 Earnings per share

	52 weeks to 26 December 2015			52 weeks to 27 December 2014		
	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
From continuing operations						
Basic earnings per share	**175.4**	**642.8**	**27.3**	148.7	640.7	23.2
Effect of dilutive share options	**-**	**1.6**	**(0.1)**	-	6.2	(0.2)
Diluted earnings per share	**175.4**	**644.4**	**27.2**	148.7	646.9	23.0
From discontinued operations						
Basic loss per share				9.1	640.7	1.4
Effect of dilutive share options				-	6.2	-
Diluted loss per share				9.1	646.9	1.4
From continuing and discontinued operations						
Basic earnings per share	**175.4**	**642.8**	**27.3**	157.8	640.7	24.6
Effect of dilutive share options	**-**	**1.6**	**(0.1)**	-	6.2	(0.2)
Diluted earnings per share	**175.4**	**644.4**	**27.2**	157.8	646.9	24.4

7 Dividends

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the 52 weeks to 26 December 2015 – 2.8p/share	**17.9**	-
Final dividend for the 52 weeks to 27 December 2014 – 6.5p/share	**42.0**	-
Interim dividend for the 52 weeks to 27 December 2014 – 1.9p/share	**-**	12.2
Final dividend for the 52 weeks to 28 December 2013 – 4.5p/share	**-**	28.8
	59.9	41.0
Dividends proposed at the end of the period (but not recognised in the period)		
Proposed final dividend for the 52 weeks to 26 December 2015 - (7.1p/share)	**45.2**	
Proposed final dividend for the 52 weeks to 27 December 2014 - (6.5p/share)		41.6

The directors propose a final dividend in respect of the 52 weeks to 26 December 2015 of 7.1p per share, payable to ordinary shareholders who are on the register of shareholders at 20 May 2016 and payable on 17 June 2016.

Dividends have been waived indefinitely on all shares held by the Group's employee share trusts, which have not yet been awarded to employees.

The proposed final dividend for the current period is subject to the approval of the shareholders at the 2016 Annual General Meeting and has not been included as a liability in these financial statements.

8 Provisions

	Property £m	Warranty £m	French post-retirement benefits £m	Business closure £m	Total £m
At 28 December 2013	9.0	2.9	-	0.1	12.0
Additional provision in the period	3.3	3.6	0.2	-	7.1
Provision released in the period	(0.2)	-	-	(0.1)	(0.3)
Utilisation of provision in the period	(5.3)	(2.9)	-	-	(8.2)
At 27 December 2014	6.8	3.6	0.2	-	10.6
Additional provision in the period	2.4	4.1	-	-	6.5
Provision released in the period	(1.9)	-	-	-	(1.9)
Utilisation of provision in the period	(1.8)	(3.5)	-	-	(5.3)
At 26 December 2015	**5.5**	**4.2**	**0.2**	**-**	**9.9**

Property provision

The property provision covers two main area: (i) onerous leases on any non-trading leased properties, and (ii) obligations to make dilapidations payments to landlords of leased properties.

The timing of outflows from the provision is variable and is dependent on property lease expiry dates, on opportunities to surrender leases, and on the timing of dilapidations assessments and works.

Warranty provision

The warranty provision relates to amounts due in respect of product warranties. As products are sold, the Group makes provision for claims under warranties. As claims are made, the Group utilises the provision and then uses this historical data to periodically revise the basis on which it makes further provision.

French post-employment benefits

This provision relates to a benefit which is payable to employees in our French subsidiaries under French law on retirement. It is a lump sum payable on retirement, not a recurring pension. It will only be payable if any of the eligible employees are employed by our French subsidiary immediately before their retirement.

The provision represents our best estimate of the potential liability and it is calculated based on several factors, mainly the age profile and salary details of the current workforce in France, and the current rate of staff turnover.

9 Notes to the cash flow statement

	52 weeks to 26 December 2015 £m	52 weeks to 27 December 2014 £m
(a) Reconciliation of net cash		
Net cash at start of period	**217.7**	140.5
Increase/(decrease) in cash	**34.2**	(7.8)
(Decrease)/increase in short term investments	**(25.0)**	85.0
Decrease in bank loans/prepaid fees	**(0.9)**	(0.1)
Decrease in finance leases	**0.1**	0.1
Net cash at end of period	**226.1**	217.7
Represented by:		
Cash at bank and in hand	**166.1**	131.9
Short term investments	**60.0**	85.0
Bank loans/prepaid loan fees	**-**	0.9
Finance leases	**-**	(0.1)
	226.1	217.7

(b) Analysis of net cash

	Cash at bank and in hand £m	Short term investments* £m	**Subtotal:** Cash and cash equivalents £m	Bank loans/prepaid loan fees £m	Finance leases £m	**Net cash £m**
As at 27 December 2014	131.9	85.0	216.9	0.9	(0.1)	217.7
Cash flow	34.2	(25.0)	9.2	(0.9)	0.1	8.4
As at 26 December 2015	**166.1**	**60.0**	**226.1**	**-**	**-**	**226.1**

* The short term investments have a maturity of less than three months and, as such, are considered to be cash equivalents for the purposes of the cash flow statement.

10 Discontinued operations

There were no discontinued operations in 2015.

All discontinued operations in 2014 are discontinued exceptional items and are analysed as follows:

	Notes	52 weeks to 27 December 2014 £m
Increase to discontinued property provision	(a)	**(2.2)**
Release of discontinued interest accrual	(b)	**0.1**
Exceptional item - loss on discontinued operations		**(2.1)**
Release of tax creditor for discontinued operations	(c)	**11.1**
Tax credit on increase to discontinued property provision	(a)	**0.1**
Exceptional profit after tax		**9.1**

(a) Increase to discontinued property provisions

During 2014, we increased the provision for our remaining legacy properties.

(b) Release of discontinued interest accrual

In periods prior to 2014, the Group had been accruing for possible interest which would be due in relation to overdue tax in the event that we were unsuccessful in our dispute with HMRC relating to discontinued operations (see (c) below). Following the partial resolution of this dispute in the current period, we now have certainty that some of this accrual will no longer be needed. We therefore released this amount in the prior period.

(c) Release of tax creditor for discontinued operations

During 2014, we received a First Tier Tribunal judgement which gave a partial resolution of a dispute with HMRC, regarding the tax treatment of certain expenses relating to our legacy properties which had been incurred in prior periods.

In prior years, we had prepared our tax computations for accounts purposes on the basis that the disputed expense items would not be deductible for tax, and we provided for tax on that basis. Since the judgement gave us certainty that particular expenses may be treated as deductible for tax, we recognised a credit of £11.1m of tax in the current period.

FINANCIAL CALENDAR

2016	
Trading update	28 Apr
Half Yearly Report	21 July
Trading update	3 November
End of financial year	24 December