



2019 Half Year Report
25 July 2019



Andrew Livingston
Chief Executive Officer



AUTUMN/WINTER 2019

TRADE ONLY

HOWDENS

NEW Anthracite storage

NEW Natural Oak cabinets

UK MANUFACTURED

25 YEARS GUARANTEE

EVERYTHING YOU NEED LOCALLY FROM STOCK

KITCHENS	05
STORAGE	77
WORKTOPS	89
SINKS AND TAPS	119
APPLIANCES	139
KITCHEN HANDLES	177
BATHROOM CABINETS	185
FLOORING	203
DOORS	243
FIRE DOORS	311
JOINERY	341
LIGHTING	353
HARDWARE AND TOOLS	359
USEFUL INFORMATION	440

Operating Profit increased at a higher rate than revenues

Sales +5.5%

Operating Profit +11.5%

More profitable balance between volume and price

Continued to make investments in the business



470,000 Credit and Cash Trade Accounts

Improved customer loyalty

Sales per customer increased

More kitchens per customer

Higher returns on customer acquisition

New Customer Spend

Profit per new account

Locally empowered depot management with dedicated supply

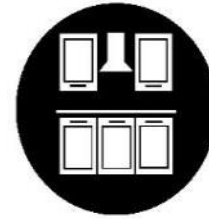
Customer partnerships - Trade only



Customer feedback sessions - Over 1,000 of our customers have attended these sessions



DEPOT EVOLUTION



RANGE MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL



DEPOT EVOLUTION



RANGE MANAGEMENT

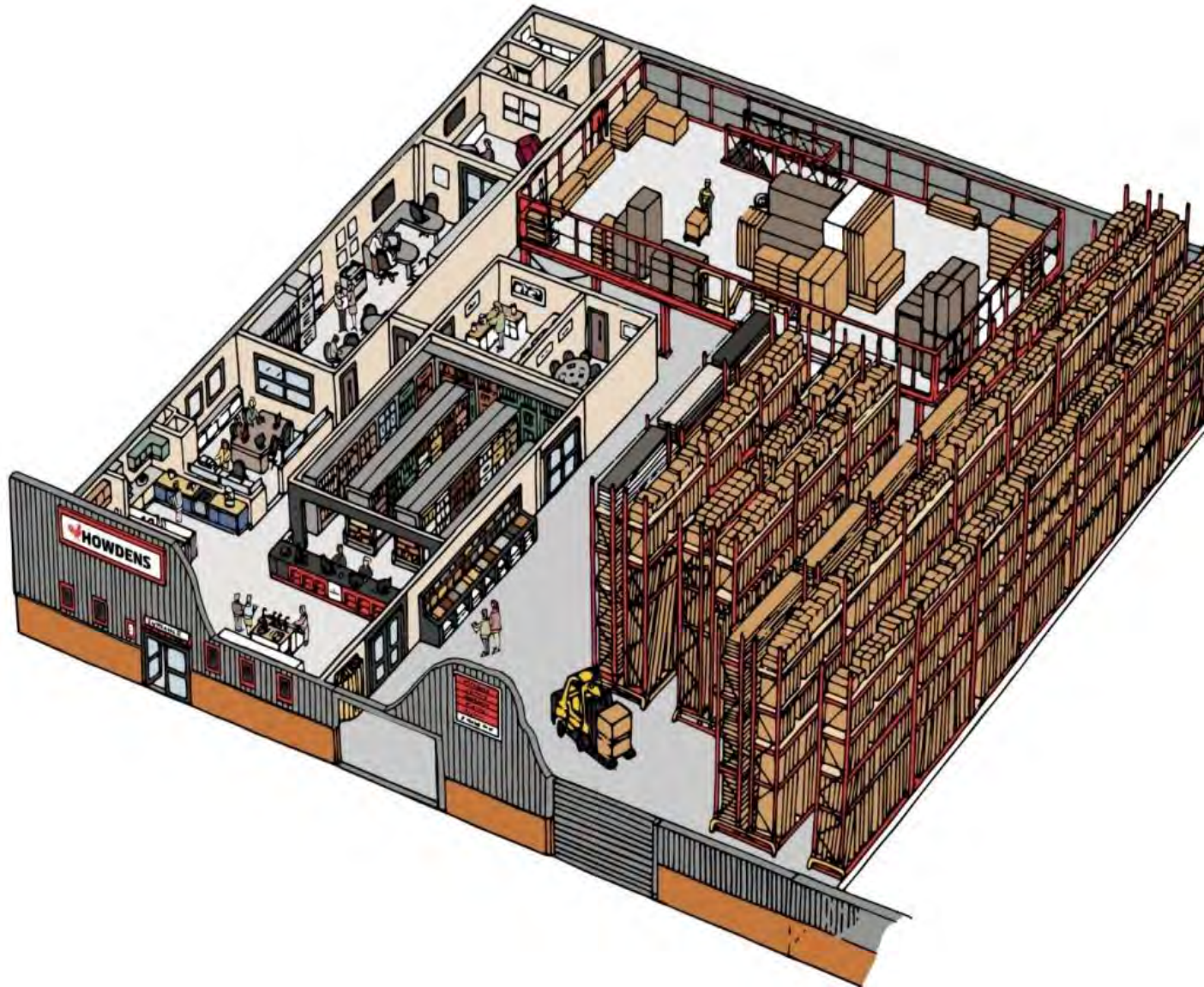


MARKETING & DIGITAL



INTERNATIONAL

New depot format to create best business environment for our customers



Total of 88 depots have been re-racked (including new format depots)

New depot openings

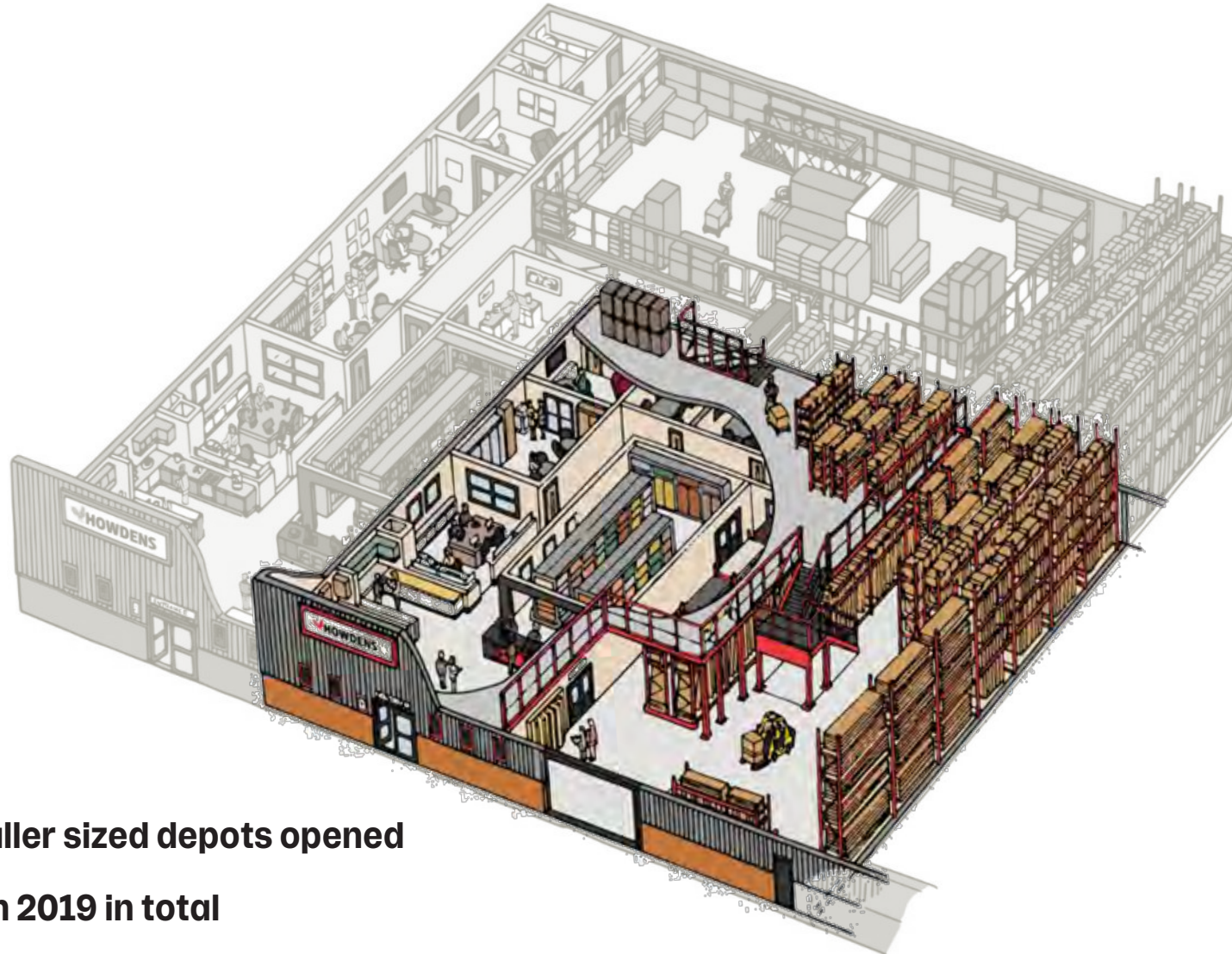


Romsey depot

14 new UK depots including 5 in Northern Ireland

On track to open around 40 UK depots this year

Smaller sized depots



4 smaller sized depots opened

c.16 in 2019 in total

Potential for 850 UK depots

Testing roll-back opportunity

Park Royal



Swansea



Guildford



Converted 3 older depots

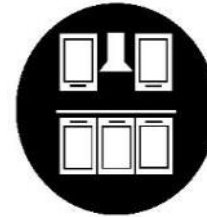
Positive feedback from Depot teams and customers

A further 8 by September

Trade these 11 through P11



DEPOT EVOLUTION



RANGE MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL





New product introductions



Updated our traditional cabinet



Introduced new anthracite coloured storage systems



Extended range of worktops



LAMONA Steam Assist Oven

NOW WITH 3 YEAR GUARANTEE

LAMONA APPLIANCES NEW 3 YEAR GUARANTEE

DEDICATED PRE-PROGRAMMED STEAM FUNCTION

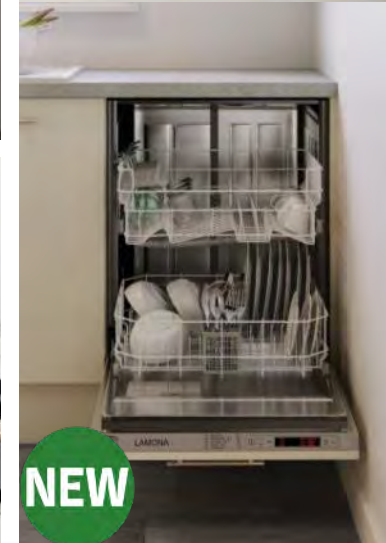
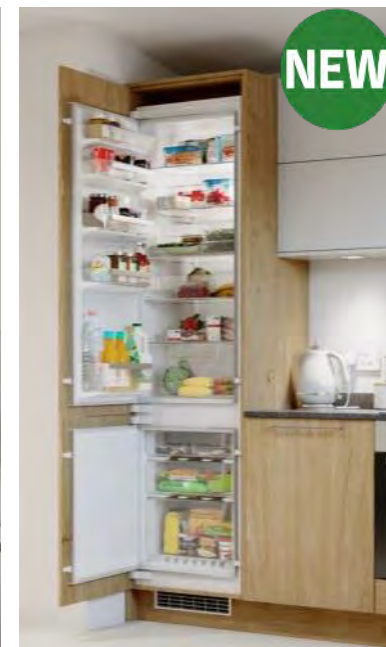
TELESCOPIC RUNNERS FOR EASY REMOVAL OF BAKING TRAYS

MULTI-FUNCTION OVEN

77L CAPACITY



- Steam Cooking
- Better Rise when Baking
- Steam Cleaning
- Time Saving



LAMONA

EXCLUSIVE TO HOWDENS

- ✓ 3 year guarantee on all Lamona appliances
- ✓ Over 90 appliances available locally from stock
- ✓ Tested to the highest standards for reliability and safety
- ✓ Excellent aftercare support for extra peace of mind



LAUNDRY · DISHWASHERS · REFRIGERATION

OVENS · MICROWAVES · HOBS · EXTRACTORS

NOW WITH
3 YEAR
GUARANTEE



TRADE ONLY

HOWDENS

ESSENTIALS

OVER 1000 ESSENTIAL TRADE PRODUCTS

SEALANTS & ADHESIVES	03
SCREWS & FIXINGS	09
IRONMONGERY	15
NEW POWER TOOLS & ACCESSORIES	43
TOOLS	51
NEW ELECTRICAL	57
LIGHTING	63
TAPS	69
NEW PLUMBING	77
JOINERY	85
WORKWEAR & SAFETY	95
DECORATING & CLEANING	99

EVERYTHING YOU NEED **LOCALLY FROM STOCK**

Best performing lines identified from initial trial results

250 lines being introduced across estate

Roll-out completed ahead of Period 11

Pre-finished doors save fitting time



Installation time reduced by 25 mins per door

Disciplined kitchen range management: service & profits HOWDENS



8 new ranges in H1

Total of 12 new ranges for the year

15 ranges exited in H1

21 exited by year end

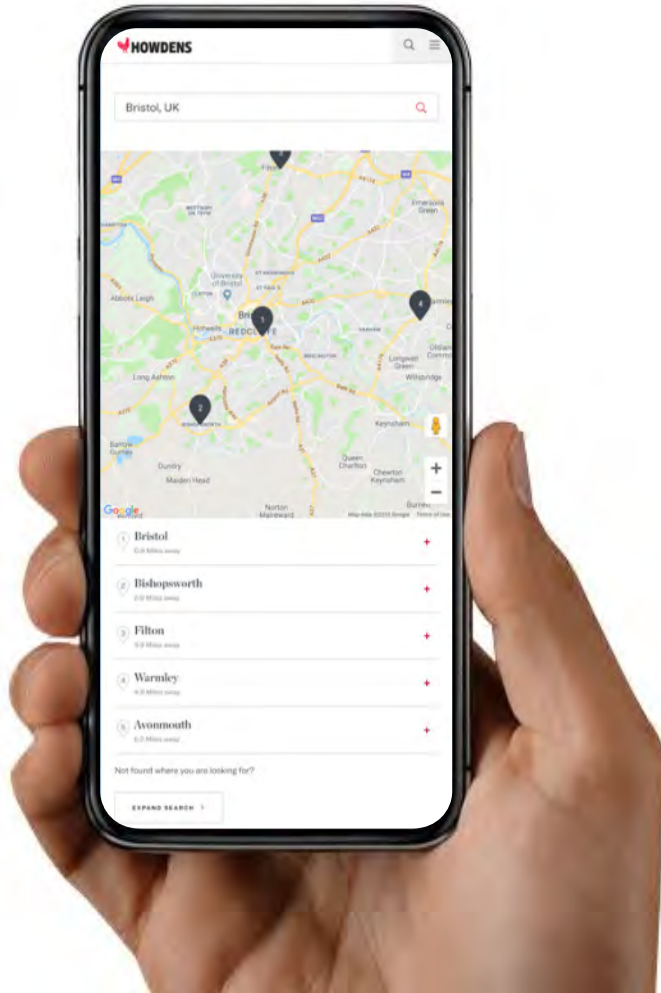
Around 65 current ranges by year end

Clearer accountability for ranging decisions

Accessing of Supply Chain benefits

Longer term product planning

First to market at best value for customer



DEPOT EVOLUTION



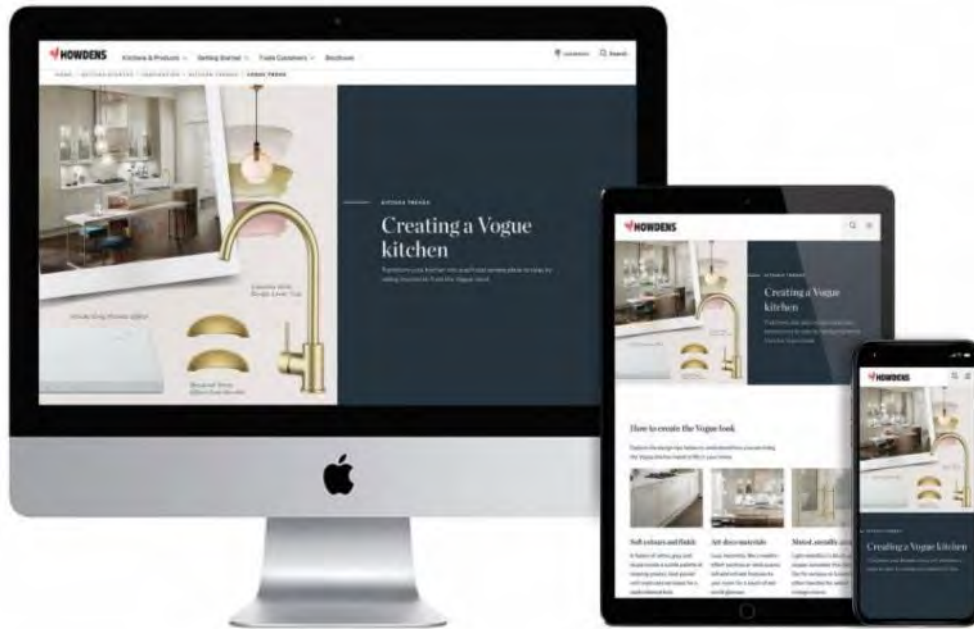
RANGE MANAGEMENT



DIGITAL DEVELOPMENT



INTERNATIONAL



Increase awareness



Improve communications



Streamline process



8x

Appearing in more search results per week

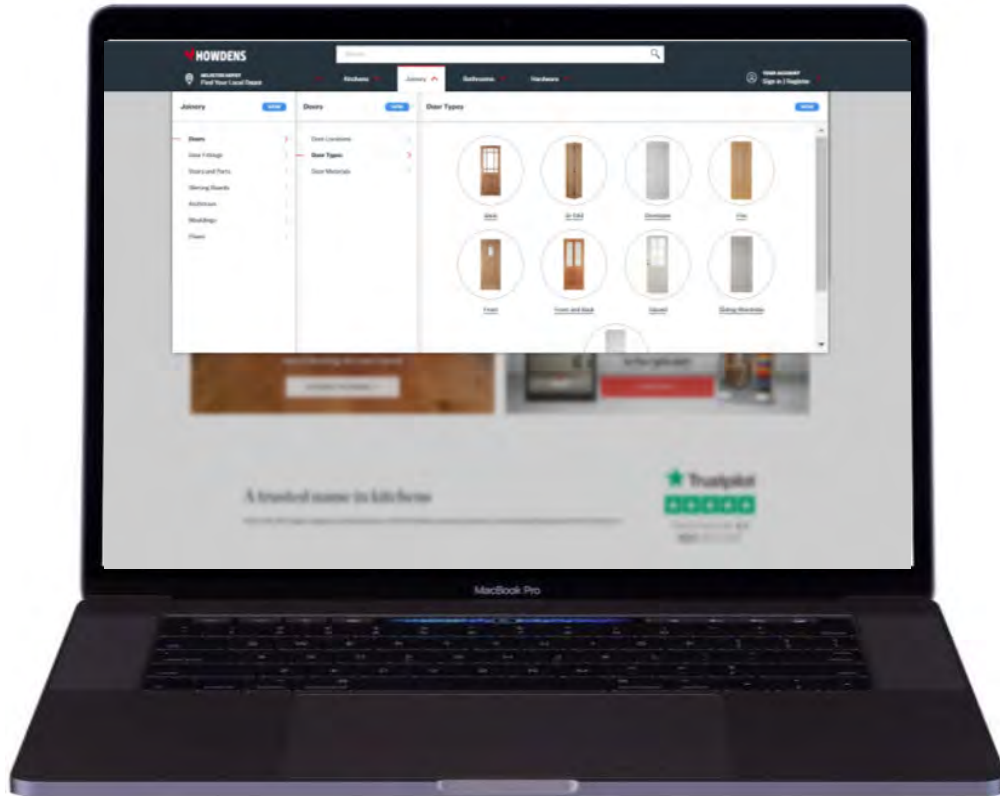
42%

Growth in weekly visits to website

30%

Contact engagements per week

Product content enriched and search facilities improved



80%

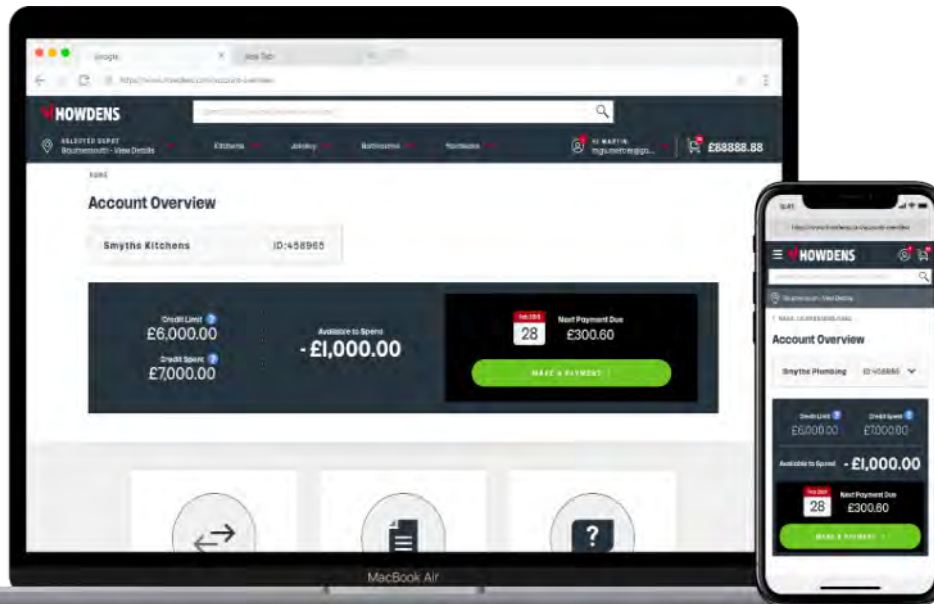
Visits now direct to category pages

Hardware
50%

Views of under-represented product categories increasing



Refining style & product selection easier



Improve communication with local depots



Manage payment and access invoices



More efficient account opening process



DEPOT EVOLUTION



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INTERNATIONAL



1 depot opened in H1, 4 planned for H2

Re-branding

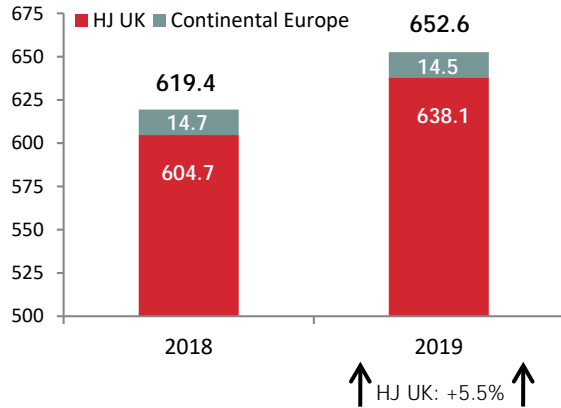
New business leader appointed

Germany & the Netherlands closures completed

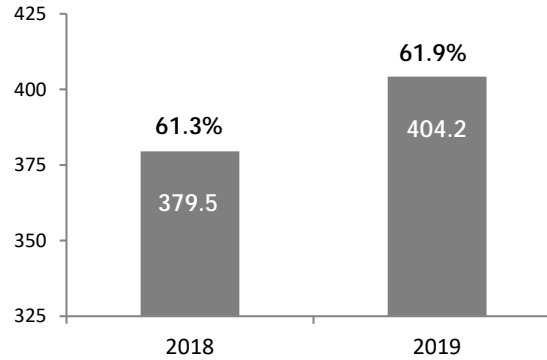


Mark Robson
Deputy CEO and Chief Financial Officer

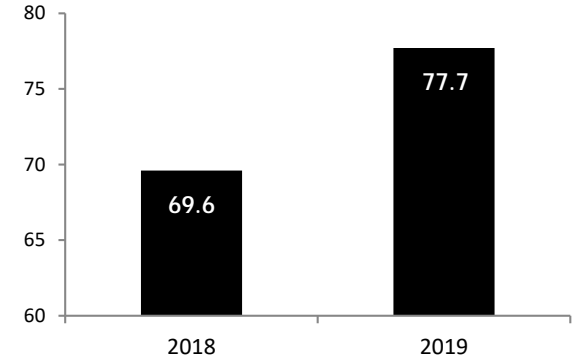
Revenue, £m



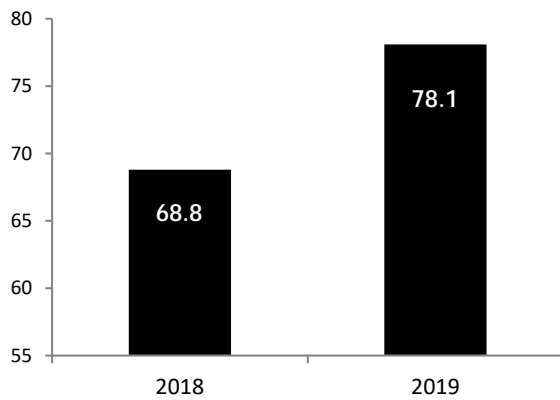
Gross profit, £m, and margin, %



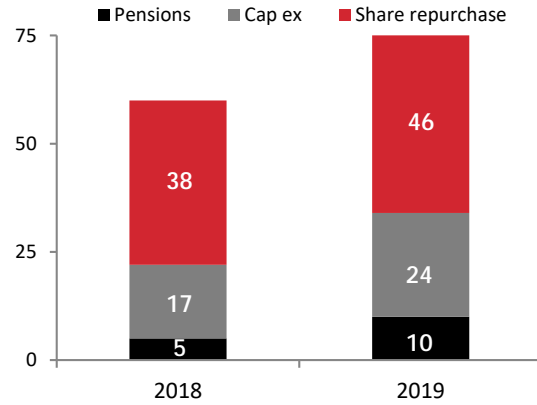
Operating profit, £m



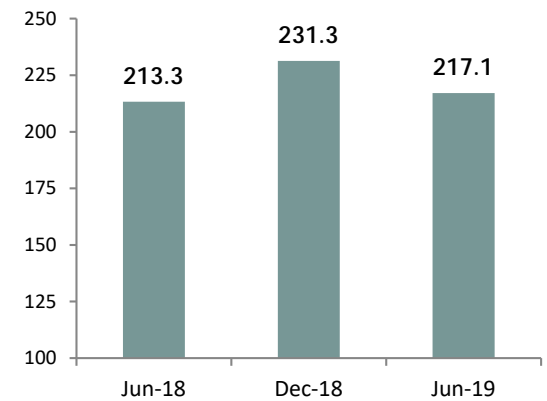
Profit before tax, £m



Uses of 'cash', £m



Net cash, £m



Interim dividend of 3.9p per share declared (2018: 3.7p)

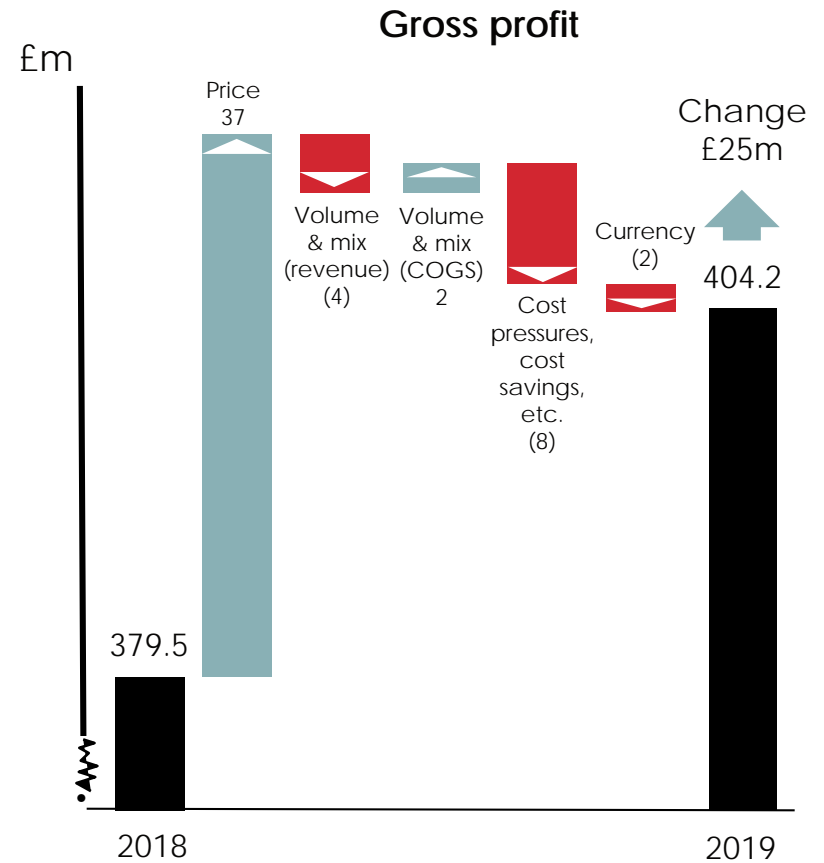
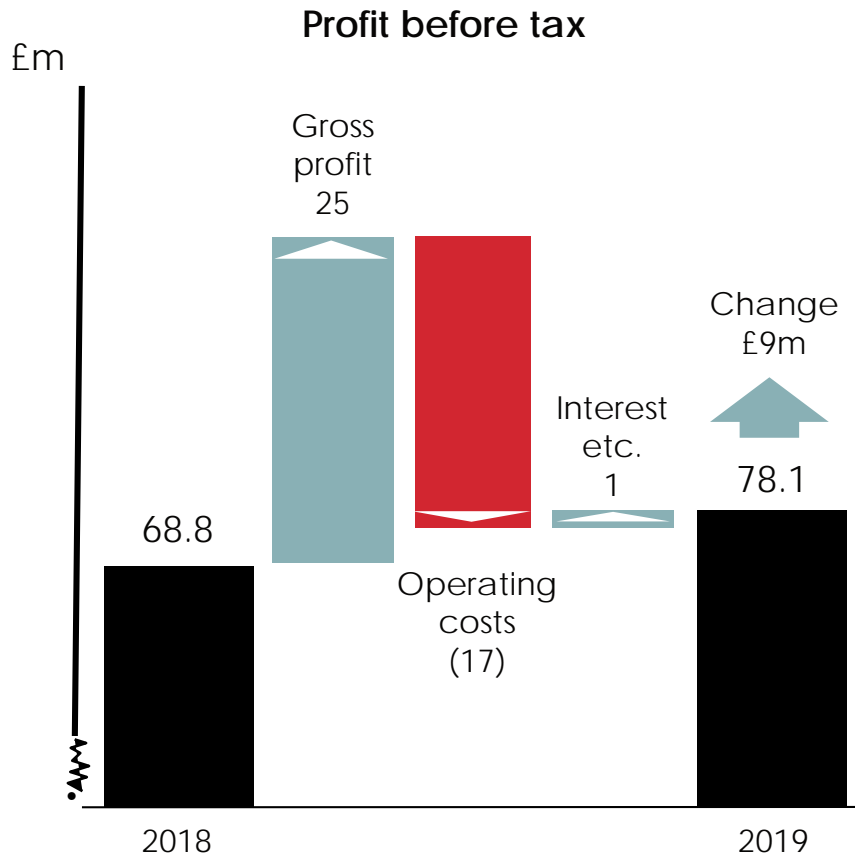
2019 UK depot revenue £638.1m

Total +5.5%
LFL +3.4%

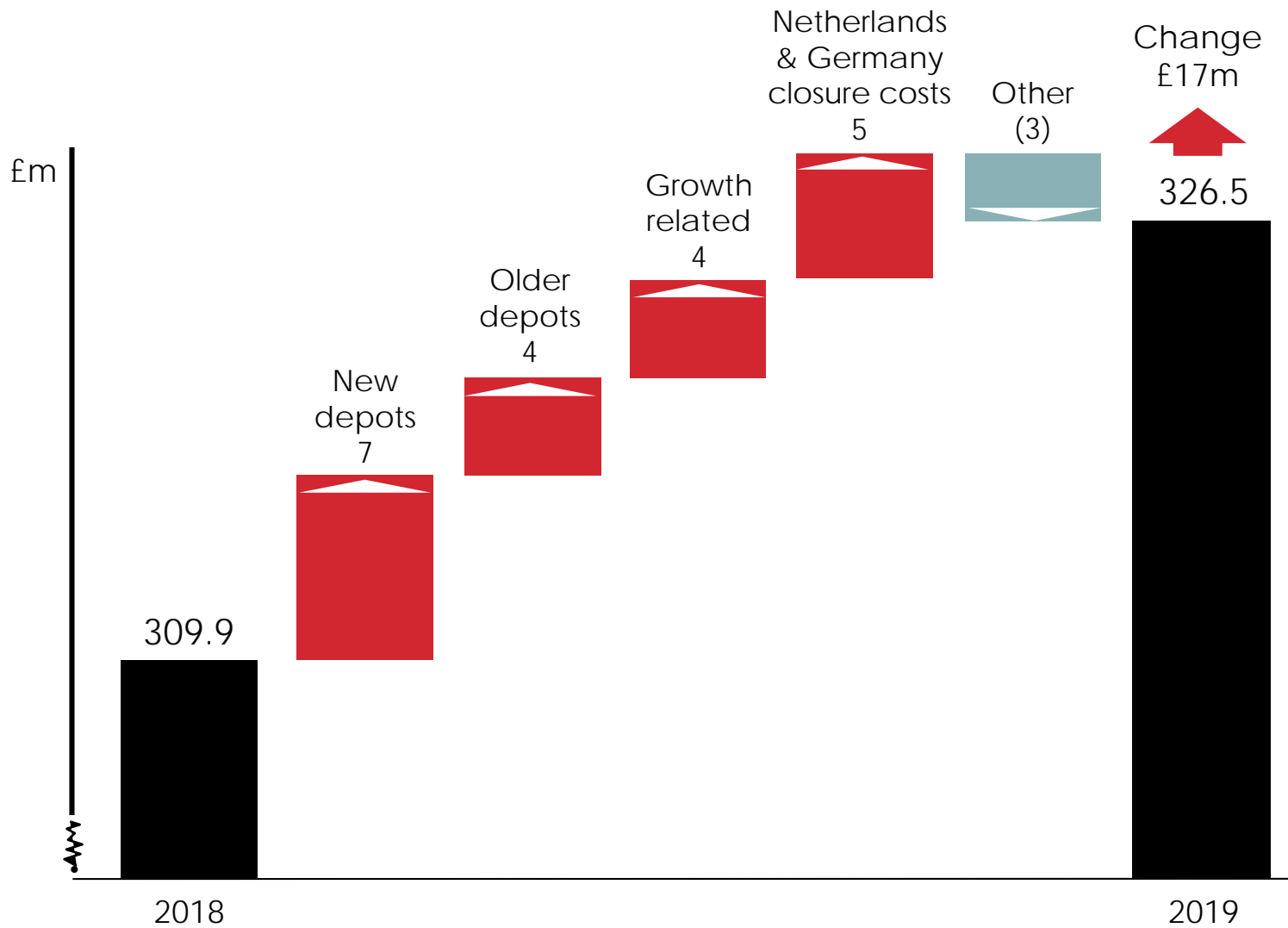
2019 continental Europe revenue £14.5m

France & Belgium
+4.0% in €s

Group gross profit margin
 2018: 61.3% 2019: 61.9%



Operating costs



Income statement

£m	H1 2019	H1 2018
Revenue	652.6	619.4
Cost of goods sold	(248.4)	(239.9)
Gross profit	404.2	379.5
Operating costs	(326.5)	(309.9)
Operating profit	77.7	69.6
Net interest	0.4	(0.8)
Profit before tax	78.1	68.8
Tax	(16.4)	(14.3)
Profit after tax	61.7	54.5

£m	H1 2019	H1 2018
Earnings per share	10.3p	8.9p
Interim dividend per share	3.9p	3.7p

<u>Shareholder Returns</u>	2018	H1 2019	Total
Feb 2017 £80m programme b/fwd	32	-	32
Mar 2018 £60m programme	30	30	60
Feb 2019 £50m programme	-	16	16
Total share repurchases	62	46	
Dividends	69	71 *	
Total shareholder returns	131	133	

*£47m 2018 final plus £24m 2019 interim paid in H2

Net cash and cash flow



£m H1 2019 H1 2018

Opening net cash	231.3	241.1
Operating cash flows before movements in working capital	96.7	85.4
Working capital	(9.8)	(33.4)
Capital expenditure	(24.1)	(17.1)
Interest (net)	0.4	0.3
Tax paid	(20.8)	(21.1)
Share repurchases	(46.3)	(38.3)
Pension contribution	(9.8)	(4.5)
Other	(0.5)	0.9
Closing net cash	217.1	213.3

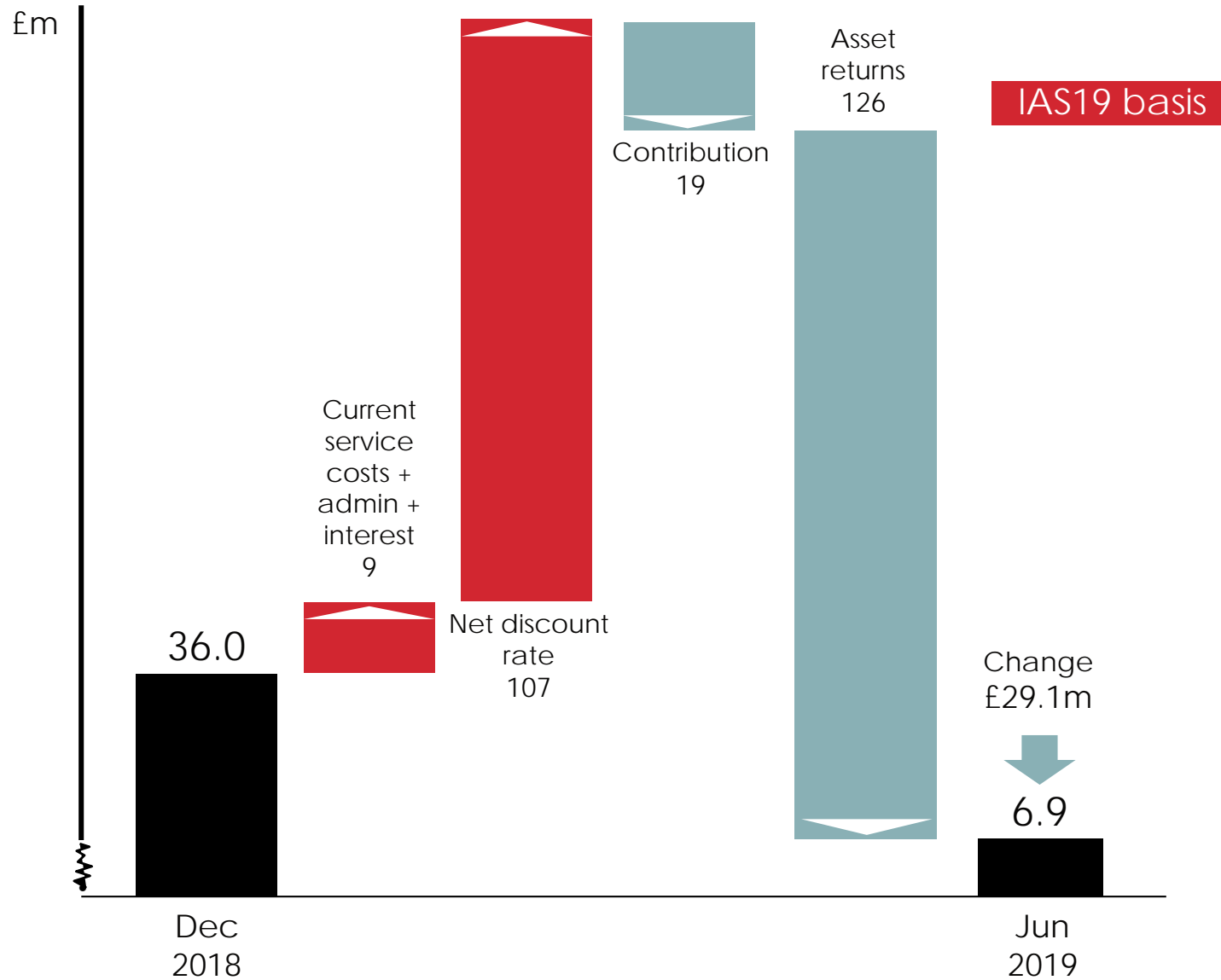
Working capital increased £9.8m

- stock up £21.3m

- debtors up £17.0m

- creditors up £28.5m

Pension scheme deficit



- UK depot sales in Period 7 up 7.5% (LFL +4.8%)
- 2019 plans on track
- Brexit planning



Andrew Livingston
Chief Executive Officer



Positive first half

**Invested in infrastructure,
people, depots and product**

**Pleased with responses to
initiatives**

P7 UK depot sales +7.5%

Cautious on market conditions

**With Period 11 ahead of us, on
track with our plans for the full
year**



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