Andrew Livingston
Chief Executive Officer
A successful year for Howdens

- Record Sales & Profit, exceptional trading conditions
- Sales increase v 2019 trending upwards across year
- Improved profitability
  - Profit increased at a higher rate than revenues
- Progressed our strategic plans for the business and our ESG agenda
- Strong cashflow generation and robust balance sheet
  - Returning more cash to shareholders and increased final dividend
Strength of our in-stock model founded on local relationships in exceptional market conditions

Performance reflects:

- Combination of strong product line-up, high stock availability & very engaged team
- Plus strategic investments and 2020 measures to support our customers
- Serviced heightened demand and benefitted from extended delivery times amongst competitors
- Enhanced trust in our stock availability amongst customers & improved service
- Raised prices, helped combat cost increases
- Significant rise in volumes
Strength of in-stock model

- Repeated 2020 “P21” approach to peak trading
- P21 Sales exceeded initial expectations
- Record results in both periods (P10 and P11)
- Momentum maintained in P12 & P13 versus tough comparators
- Successfully navigated dual challenges of sharp demand rises and stock shortages
Initiatives to increase volumes & profits

- Depot Evolution
- Range and Supply Management
- Digital Development
- International
# Record growth in revenue and operating profit

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>2,093.7</td>
<td>1,547.5</td>
<td>1,583.6</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,289.0</td>
<td>930.0</td>
<td>986.2</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>61.6%</td>
<td>60.1%</td>
<td>62.3%</td>
</tr>
<tr>
<td><strong>Operating costs</strong></td>
<td>(887.3)</td>
<td>(734.3)</td>
<td>(726.2)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>401.7</td>
<td>195.7</td>
<td>260.0</td>
</tr>
<tr>
<td><strong>Operating Margin %</strong></td>
<td>19.2%</td>
<td>12.6%</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Net interest</strong></td>
<td>(11.4)</td>
<td>(10.4)</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>390.3</td>
<td>185.3</td>
<td>260.7</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>(75.8)</td>
<td>(37.7)</td>
<td>(51.7)</td>
</tr>
<tr>
<td><strong>Profit / (loss) for the period</strong></td>
<td>314.5</td>
<td>147.6</td>
<td>209.0</td>
</tr>
</tbody>
</table>

* 2019 figures are presented on a pre-IFRS16 basis

- **Differentiated service and industry leading stock availability**
- **Above market revenue growth:**
  - + 35% on 2020
  - + 32% on 2019
- **Gross margin progression YOY through disciplined pricing offset cost up pressures**
- **Operating costs reflect higher variable costs and strategic investments to drive growth**
## Revenue growth

<table>
<thead>
<tr>
<th></th>
<th>Actual 2021</th>
<th>Growth vs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>UK Revenue</td>
<td>£2,043.3m</td>
<td>35.4%</td>
</tr>
<tr>
<td>Same depot basis</td>
<td></td>
<td>33.7%</td>
</tr>
<tr>
<td>Number of depots</td>
<td>778</td>
<td>748</td>
</tr>
<tr>
<td>International Revenue</td>
<td>€58.4m</td>
<td>37.3%</td>
</tr>
<tr>
<td>Same depot basis</td>
<td></td>
<td>32.5%</td>
</tr>
<tr>
<td>Number of depots</td>
<td>40</td>
<td>30</td>
</tr>
</tbody>
</table>

- **UK very strong underlying growth and benefit of new and revamped depots**
- **Record P21 performance**
- **Encouraging sales in higher priced kitchen ranges**
- **Continued France expansion:**
  - Paris and major cities
  - In stock, trade only model gaining traction
2 year comparison of profit before tax 2021 vs 2019

Group gross profit margin
2019: 62.3%  2021: 61.6%

- Strong volume growth
- Disciplined pricing
- Investment in operating costs to support additional volume and drive growth initiatives

£m

<table>
<thead>
<tr>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume / mix</td>
<td>254</td>
</tr>
<tr>
<td>Sales increase +91</td>
<td>91</td>
</tr>
<tr>
<td>Price (revenue)</td>
<td>(42)</td>
</tr>
<tr>
<td>Product cost pressure / saving etc</td>
<td>(12)</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>261</td>
</tr>
<tr>
<td>Gross Margin +303</td>
<td>390</td>
</tr>
</tbody>
</table>
Operating costs include:

- New UK depots
- Higher activity levels in existing depot network incl. headcount/ incentives
- Warehousing & transportation
- Investment in digital and promotional / marketing
- France expansion
## Strong cashflow with investments in inventory

<table>
<thead>
<tr>
<th>£m</th>
<th>2021</th>
<th>2020</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cash</td>
<td>430.7</td>
<td>267.4</td>
<td></td>
</tr>
<tr>
<td>Operating cash flows*</td>
<td>530.7</td>
<td>313.6</td>
<td></td>
</tr>
<tr>
<td>Working capital</td>
<td>(1.7)</td>
<td>70.3</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(85.9)</td>
<td>(69.7)</td>
<td></td>
</tr>
<tr>
<td>Tax paid</td>
<td>(73.1)</td>
<td>(32.2)</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(133.6)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Share repurchases</td>
<td>(50.0)</td>
<td>(9.8)</td>
<td></td>
</tr>
<tr>
<td>Pension contribution (over and above the P&amp;L charge)</td>
<td>(18.5)</td>
<td>(22.2)</td>
<td></td>
</tr>
<tr>
<td>IFRS16: Repayments &amp; Interest paid</td>
<td>(85.8)</td>
<td>(87.6)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2.5</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>Closing cash</td>
<td>515.3</td>
<td>430.7</td>
<td></td>
</tr>
</tbody>
</table>

- **Working capital movements:**
  - Stock: £(47)m
  - Debtors: £(39)m
  - Creditors: £84m
- Investment in stock to support customer service
- Increase in debtors reflects higher levels of business, offset by higher creditors
- Strong returns to shareholders
- Pension scheme currently in surplus
- Capex of c.£100m in 2022 plus additional one-off investment in land of £10m.
Capital allocation

1. Investing in organic growth in line with the strategy
2. Progressive and sustainable ordinary dividend growth through the cycle
3. Modest investment in adjacencies e.g. solid work surfaces
4. Return surplus cash to shareholders
   - Distribute cash in excess of £250m*

*Broadly equivalent to gearing of 0.7x Net Debt to EBITDA after taking into account total lease liabilities
## Earnings Per Share and Shareholder Returns

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>53.2p</td>
<td>24.9p</td>
<td>35.0p</td>
</tr>
<tr>
<td>Share buybacks</td>
<td>£50.0m</td>
<td>£9.8m</td>
<td>£55.2m</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>£133.6m</td>
<td>-</td>
<td>£70.6m</td>
</tr>
<tr>
<td>Interim dividend pence per share</td>
<td>4.3p</td>
<td>-</td>
<td>3.9p</td>
</tr>
<tr>
<td>Final dividend pence per share</td>
<td>15.2p</td>
<td>9.1p</td>
<td>-</td>
</tr>
<tr>
<td>Special dividend pence per share</td>
<td>-</td>
<td>9.1p</td>
<td>-</td>
</tr>
<tr>
<td>Total dividend pence per share</td>
<td>19.5p</td>
<td>18.2p</td>
<td>3.9p</td>
</tr>
</tbody>
</table>

- Share buyback of £250m announced today.
**Current Trading and Summary**

**Revenue growth**

<table>
<thead>
<tr>
<th></th>
<th>Periods 1-2</th>
<th>Periods 1-2 adj*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>LFL%</td>
</tr>
<tr>
<td>UK depots</td>
<td>17.1%</td>
<td>15.6%</td>
</tr>
<tr>
<td>International depots**</td>
<td>21.4%</td>
<td>18.9%</td>
</tr>
</tbody>
</table>

* compared with 2021 which had 38.5 trading days, 1 more than 2022 in the UK, trading days are the same in Continental Europe in both 2021 and 2022.
** excludes 5 depots which will be closed in 2022.

**Great progress in 2021:**

- Record financial results and good progress on strategic initiatives.
- Our strong balance sheet and cash flow supports continued investment and attractive returns for shareholders.
- Business is in great shape and we remain confident in our business model.
Initiatives to increase volumes & profits

- DEPOT EVOLUTION
- RANGE AND SUPPLY MANAGEMENT
- DIGITAL DEVELOPMENT
- INTERNATIONAL
Initiatives to increase volumes & profits

DEPOT EVOLUTION

RANGE AND SUPPLY MANAGEMENT

DIGITAL DEVELOPMENT

INTERNATIONAL
Extending the UK footprint - High service levels valued by customers

- Cost effective updated format
- 31 depots opened in 2021
- Testing new smaller sized format (increase site options & for local infills)
- Potential for at least 950 depots in the UK, plan to open circa 25 in 2022
Converting more existing depots to the updated format

- Focus on older depots with most incremental sales potential
- Positive feedback from depot teams and customers
- 62 Depots revamped in 2021 (103 in total)
- Average cost per depot of £225k going forward
- Investment to be recouped in less than 4 years
- Depots motivated to deliver incremental sales (local P&L charged for revamp costs)
- Plan to convert a further 70 depots in 2022
New format depots and re-racked depots

End 2021 : Total UK Depots in New Format &/or Re-racked

End 2022 : Total UK Depots in New Format &/or Re-racked

55 %¹ of Depots by Dec 2022

¹ 438 UK depots trading in updated format/re-racked by end of 2022

*Number of re-racked depots excludes such depots subsequently re-formatted
Initiatives to increase volumes & profits

- Depot Evolution
- Range and Supply Management
- Digital Development
- International
“NPI“ is a significant contributor to our competitive position

- Product lifecycles shortening
- Customers expect new product from us
- 17 new kitchen ranges in 2021
- More emphasis on higher priced kitchens
- Making most popular styles accessible to all budgets
- New product sales much higher than in 2020 and 2019
- Higher priced kitchens represented higher proportion of mix
- Mix contributed to significant increase in average kitchen invoice value
Benefitting from alignment of business teams and better planning

• Improved range performance and rhythm of product launches

• Pre-Christmas launch of brochure, trade book and promotional materials

• 2021 Ranges in stock four weeks earlier than 2020

• Similar approach for 2022

• Aligned Rooster promotions
Disciplined range management for best availability and profitability

- Re-organised range architecture and removed duplications in recent years
- Plus improved balance between introductions and discontinuations
- More efficient way of testing new kitchen colours and finishes adopted
- 2022 line-up includes several from these tests
- Managing to around 80 ranges in 2022, organised in nine kitchen families
New product for 2022 features 20 new kitchens
New entry priced Shaker family, Witney

Witney
Dove Grey Kitchen

- Frontal Type: Shaker style door with a square edge on the stile and rail
- Door Thickness: 16mm
- Door Construction: 5 Piece Shaker
New colours for timber Shaker families

Chilcomb In-Frame Reed Green
New colours for timber Shaker families

Chilcomb Charcoal
New colours for timber Shaker families
New In-Frame solution

Elmbridge In-Frame Pebble
Refreshed look for our most successful families

HOCKLEY WALNUT AND MARINE BLUE

INSPIRED BY GERMAN DESIGN
PERSONALISED | MULTI-FUNCTIONAL | RICH TEXTURES

The rich, warm hues of Marine Blue work beautifully to enhance the walnut timber effect for a confident, modern style. Pair with black accents for added intensity.

Maximise functionality with lifestyle zones to create a true multi-functional kitchen, inspired by German precision.
Market-leading product introductions in other categories
Using XDCs to facilitate high stock availability
XDC: Rebalancing stock levels and delivery pattern of some lines

- More warehouse space to faster selling lines
- Simpler and more efficient for depots to:
  - deliver superior service
  - improve product availability
- Frees up time and resources spent on stock management
- Using third party logistics partners and their infrastructure
- Service available to 400 depots by year end via 6 XDCs (c.300 depots added in year)
- To depots in all regions during 2022 (12 XDCs), subject to finding right sites
Protecting our in-stock offer against supply chain disruption

• Increased levels of safety stock and back-up sources of supply
• Policy retained for 2022
• “DR” manufacturing capacity utilised for peak trading
• Significant engagement with Supply base
Make or buy to improve cost, supply chain resilience and flexibility

Howden - 75 acres

Runcorn - 25 acres
Making more doors for our kitchen ranges

- Investment to make Hockley kitchen doors in 2019
- Frontal capability broadened with investment in a new facility at Howden site
- Operational in 2nd Half 2022
Increased architrave & skirting capability ready July 2022
New solid surface capabilities, a growing market segment

• Acquired assets of a UK fabricator to create Howdens Work Surfaces
• Factory operational in April 2021, original capacity now fully utilised
Capacity increased, leading solid surface provider acquired

- Acquired Sheridan a leading solid surface provider in February 2022
- As an HWS partner, Sheridan is well known to the business
- More of our solid surface capability in-house, with associated margin benefits
- Supports roll-out of HWS to all regions
Dedicated manufacturing: A key part of our in-stock offer
3 year plan to increase scale & scope of manufacturing at Howden site

- Acquiring land adjacent to Howdens site
- Space to increase cabinet making capacity
- Capability to make more kitchen door styles
- Ability to make doors for majority of kitchen ranges
- Benefits of external sourcing retained (c. 50% of doors by volume)
- New lines operational early 2025
Investing in new warehouse & distribution centre at Capitol Park near Howden

- Capitol Park will be PDC for Howden Manufactured product
- Howden site dedicated to manufacturing (some bulk storage retained)
  - Site efficiencies and room to expand further
- Efficient, purpose built facility (storage + 80%, space + 30%)
- Two year build programme
Initiatives to increase volumes & profits

- Depot Evolution
- Range and Supply Management
- Digital Development
- International
28% more search impressions a month, site visits up 11%
Time spent on page +20%, pages viewed / session +11%
Increasing social media presence

- **c.400,000**
  - Follow base by year end

- **49%**
  - Increase on previous year

- **+34%**
  - User reach

- **1.3m**
  - Active users engaging monthly
Showcasing our kitchens in people's homes

17.2m image views
Kitchen Visualiser introduced
New search functionality on-line in Autumn 2021
Online Trade Account Management
Over 100,000 new account registrations in 2021

Manage accounts and relationship with depot

View credit details and make payments

Download invoices and information
Usage across the week and both in and out of hours

Payments by users up 70% by value

Users viewing documents up 41%
Anytime Ordering launched

- “Anytime Ordering” launched February 2021
- Efficiencies for Depots & Customers
- Bespoke pricing for each customer
- Account holders can see their prices, order product and quote for jobs out of hours
- Select a depot collection point and delivery time
Anytime Ordering valued by customers & depots

- Weekly trade platform logins + 160% year on year
- c.70% of users looking at price
- On line account holders trade more frequently
- Spend more across more categories
- Service integrated with Lead Management System
New app-based functionality for 2022

- Trade app live February 2022
- Manage account details and see credit status
- View open order summaries
- Rapid check-in at all depots
- Immediate notification of order updates
- Easy collection using QR codes
Initiatives to increase volumes & profits
2021 performance gives us confidence to open more depots in France

- Sales up 37% on 2020, 55% on 2019
- Increased recognition of the advantages of our model
- Number of accounts +37%
- 10 depot openings in 2021
- C.60 depots trading by end 2022 (2021:40)
Opening for business in the Republic of Ireland

- “City Based” approach as in France
- Initially c.5 depots around Dublin
- All open by June 2022
- Supported by UK infrastructure and Group digital platform

Target locations
1. Ballymount
2. Finglas
3. Sandyford
4. Tallaght
5. Swords
Well planned on our strategic initiatives

- Increased stock cover in place to protect high availability
- 20 new kitchen ranges on sale by end June
- Howdens Work Surfaces available to all depots, backed by further investment
- Improvements to service & availability by utilising XDCs
- Increased range of services and functionality provided on-line
- Manufacturing more in the UK, with new door and skirting lines operational
- Around c.25 UK depot openings and c.70 revamps
- C.60 depots trading in France by end 2022
- Opening for business in Republic of Ireland
• Encouraging start to 2022

• Price rises implemented at end 2021

• Continuance of sales gains v comparable periods in P1 & P2

• Surveys and Lead Bank suggest customers remain busy

• Macro economic and other uncertainties may impact performance as year progresses

• Trading against record comparators following a year of heightened demand

• Momentum, at present, for a successful 2022
1 year comparison of profit before tax for 2021 vs 2020

Group gross profit margin
• 2020: 60.1% • 2021: 61.6%

- £205m
- £439
- +107
- 107
- -30
- 390
- 185
- 282
- +439
- +107
- (30)
- (153)
- (1)
- Gross Margin +359
- Volume / mix
- Sales increase
- Cost pressure / savings etc (net)
- Operating Costs
- Price (revenue)
- interest etc

£m
1 year comparison of Operating Costs of 2021 vs 2020

New UK depots: £11m
Existing depots: £70m
Warehouse & Transport: £28m
Digital / Commercial: £10m
International growth: £13m
Other costs: £21m
Change: £153m
Pension Scheme moves into surplus

£m

IAS19 basis

Change £189m

Asset returns 58

Contribution 25

Net discount rate 113

Current service charge + admin cost + interest (7)

Dec 2020 (48)

Dec 2021 141