

26 March 2020

HOWDEN JOINERY GROUP PLC

COVID-19 UPDATE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Howden Joinery Group Plc ("Howdens" or "the Group"), the UK's largest kitchen supplier, is today providing an update on the impact of the COVID-19 pandemic on its business and the measures it is taking to manage the risks presented by the virus.

People

Since the start of the COVID-19 outbreak our primary concern has been the welfare of our people, their families, customers and the local communities in which we work. We have implemented several measures to protect those people and engaged in frequent communication to help them respond safely to the spread of the virus.

Operations

As a result of the rapidly changing situation regarding COVID-19 and having regard to the new measures announced by the UK Government on 23 March 2020, Howdens announced on 24 March 2020 that it had decided to close all UK depots temporarily, having already closed its depots in Continental Europe. Our manufacturing operations were also closed on the same day.

In light of the greater clarity on Government guidelines, we are reopening selected depots to provide support to trade customers. We will comply with health and safety guidance and operate social distancing measures. Attendance at depots will be strictly Trade only and we will not be open to members of the public.

The Group will keep these decisions under constant review and will provide further updates as appropriate.

Trading update and FY2020 financial guidance

As announced with the Group's Preliminary Results on 27 February 2020, Howden Joinery UK depots sales in the first two periods of the new financial year (to 22 February) increased by 1.6% (-0.2% on a same depot basis¹), with one fewer trading day than in 2019. After a soft year-on-year performance in Period 1, in part reflecting the number of trading days, Howden Joinery UK depot sales in Period 2 (to 22 February) increased by 4.3% (2.3% on a same depot basis¹).

Compared to the comparative period in 2019, sales in Period 3 (to 21 March) were broadly flat (slightly down on a same depot basis¹).

At this stage, there is no way of predicting the impact that COVID-19 will have on our future sales and profitability as governments and individuals take action to contain and delay the spread of the virus. Therefore, the Group withdraws any market guidance for the remainder of the current financial year, ending 26 December 2020, but will provide further updates on trading activity when there is greater clarity.

¹ Same depot basis for any year excluded depots opened in that year and the prior year.

Financial position and management actions

The Group started the year with £267m net cash and an undrawn committed borrowing facility of £140m, due to expire in December 2023. The Group remains in close contact with its banks, which remain supportive.

In order to protect the Group's financial position, we are reducing cash expenditure where possible to preserve liquidity by taking the following actions:

Final dividend and share buyback

The Board has decided to suspend the share buyback programme until further notice and is withdrawing its recommendation for the final dividend of 9.1p per ordinary share in respect of the 2019 financial year, which was originally recommended to shareholders in the preliminary results announcement on 27 February 2020.

Accordingly, the dividend resolution to be proposed at the AGM will be withdrawn and the final dividend will not be paid.

The Board is not changing its capital and dividend policies and intends to resume the share buyback programme and dividend payments as soon as it has greater clarity about the impact of COVID-19 on the performance of the Group.

Capital expenditure deferral

We have re-evaluated our capital expenditure plans and intend only to complete programmes that are essential, underway or committed.

As a result, we intend to complete the depots currently being refurbished, whilst deferring any further planned refurbishments and new depot openings. In our supply chain, the move to the new Raunds distribution facility is expected to go-ahead as planned, being scheduled to replace the old National Distribution Centre early next year.

With these actions, we expect this financial year's capital expenditure to now total around £40m.

Government support

The Group intends to make use of all appropriate Government support measures as they become available.

Liquidity

In response to this period of uncertainty, the Group is taking steps to preserve cash and making contingency plans to adjust its cost base, in order to be able to rapidly respond to the changing environment. Based on current assumptions, the Board believes that the Group has the financial capacity to withstand this challenging period.

Chief Executive Officer, Andrew Livingston, said:

"While the challenges currently facing the business are unprecedented, our primary concern remains the welfare of our people, their families, our customers and the communities within which we operate.

"We expect to have sufficient liquidity and contingency plans to work our way through this current level of disruption. Howdens is fortunate to enter this period with a strong balance sheet. Working with all our stakeholders - across customers, colleagues and financing partners - we are taking the necessary actions to mitigate the risks that the business faces."

Enquiries:

Guy Stainer

Head of Investor Relations

+44 (0)7739 778187

Note to editors:

Howden Joinery Group Plc is the parent company of Howden Joinery (Howdens). In the UK, Howdens is engaged in the sale of kitchens and joinery products to trade customers, primarily small local builders, through approximately 730 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 operates a total of 27 depots in France and Belgium.

For details and more information, please see: www.howdenjoinerygroupplc.com.

Cautionary statement:

Certain statements in this 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.

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