

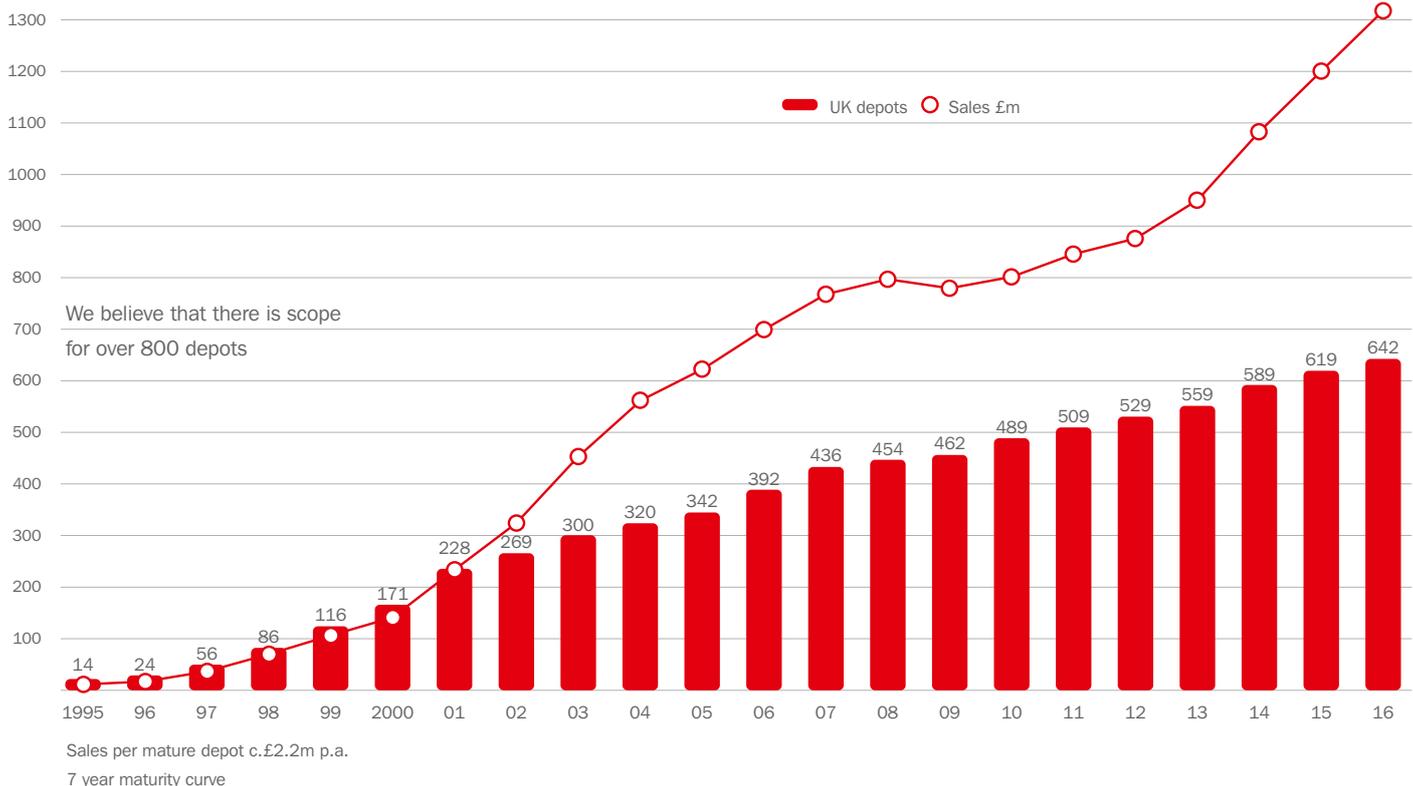


Howdens' mission statement

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.....and to provide the builder's customer with enough choice, advice and aftersales to make a home to be proud of.

- Howden Joinery Group plc is the parent company of Howdens Joinery, the UK's leading supplier of kitchens and joinery to trade customers
- Howdens was founded in 1995 and has grown rapidly. In 2016, Howdens reported annual sales of over £1.3bn, with profit before tax of £237m. Howdens operates over 600 depots across the UK, and sees scope for up to 800 depots
- Howdens addresses the 'done for you' market, selling kitchens and joinery from local depots exclusively to trade professionals, who then install them for end-users in all parts of the UK market - owner-occupiers, private landlords, local authorities, housing trusts and small developers
- Howdens supplies over 400,000 account holders, all building trade professionals, with 4 million kitchen cabinets, 2.4 million doors and 1m worktops and breakfast bars each year
- Howdens employs over 8,000 people, mainly in the UK and mostly in depots, manufacturing, sourcing, and logistics
- Howdens has built its own appliance brand, Lamona, from scratch in 2009 and now sells more than 650,000 Lamona appliances per year. The Lamona single oven, dishwasher, fridge-freezer and built-under fridge are all the best-selling integrated appliances in their category in the UK
- Howdens offers around 50 kitchen ranges organised into design 'families' for easy comparison and selection. As well as kitchen cabinets and frontals, Howdens sells appliances, sinks, taps, worktops, flooring, hardware, lighting and a wide range of joinery doors, skirting and architrave that co-ordinate with the different range

Continuing growth since 1995



Financial highlights

£m unless stated	FY14	FY15	FY16
<i>Continuing operations (before exceptional items)</i>			
Revenue - Group	1,090.8	1,220.2	1,307.3
Revenue - UK depots	1,075.5	1,203.8	1,281.7
Gross margin	63.7%	64.3%	64.2%
Operating profit	189.8	221.9	237.2
Profit before tax	188.8	219.6	237.0
Basic earnings per share	23.2p	27.3p	29.5p
Dividend per share	8.4p	9.9p	10.7p
Net cash at year end	217.7	226.1	226.6
Number of depots (UK)	589	619	642

What makes Howdens different?

1. Focus on one customer

Howdens is focused solely on the small builder and everything the business does is geared towards making the builder's life easier. Howdens offers builders a relevant, well-designed, high-quality range of kitchens, together with appliances, joinery, flooring and hardware, via trade-only depots that are always in stock. The builder benefits from a confidential discount and good credit terms that allow him to manage his business and determine an appropriate margin for each job he undertakes.

2. Entrepreneurialism, accountability and control

Howdens' depot managers are responsible for their own profit and loss accounts, for hiring local staff, setting local pricing and doing their own local marketing. Managers and staff are highly incentivised to open local trade accounts and build profitable relationships with account holders. Howdens' control of sourcing, range design and specification, manufacturing, distribution and customer credit helps drive an efficient, low-cost business.



3. Low-cost operations

At depot level, Howdens has none of the costs associated with kitchen retailers, e.g. showrooms, delivery and installation services and national advertising. A typical Howdens depot occupies around 10,000 square feet, costs £300,000 to fit out and breaks even once it has achieved sales of £650,000. Howdens controls its own supply chain and is investing in the growth and resilience of these operations. The business has also invested in a robust, scalable systems infrastructure that helps ensure consistent product quality and availability at lowest cost.

Prospects

Howdens is a highly profitable, cash-generative business with significant scope for further growth. The business has identified scope for up to 800 depots in the UK, and expects to open 30 new depots in 2017.

Howdens also expects to be able to realise further growth from the 25% of depots that are not yet mature, and to effect continuing performance improvements across its depot portfolio. Howdens benefits from a flexible, scalable infrastructure that will allow it to deliver further efficiencies as the business grows.



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Registered company number

Howden Joinery Group Plc is registered in England and Wales,
with the no. 02128710