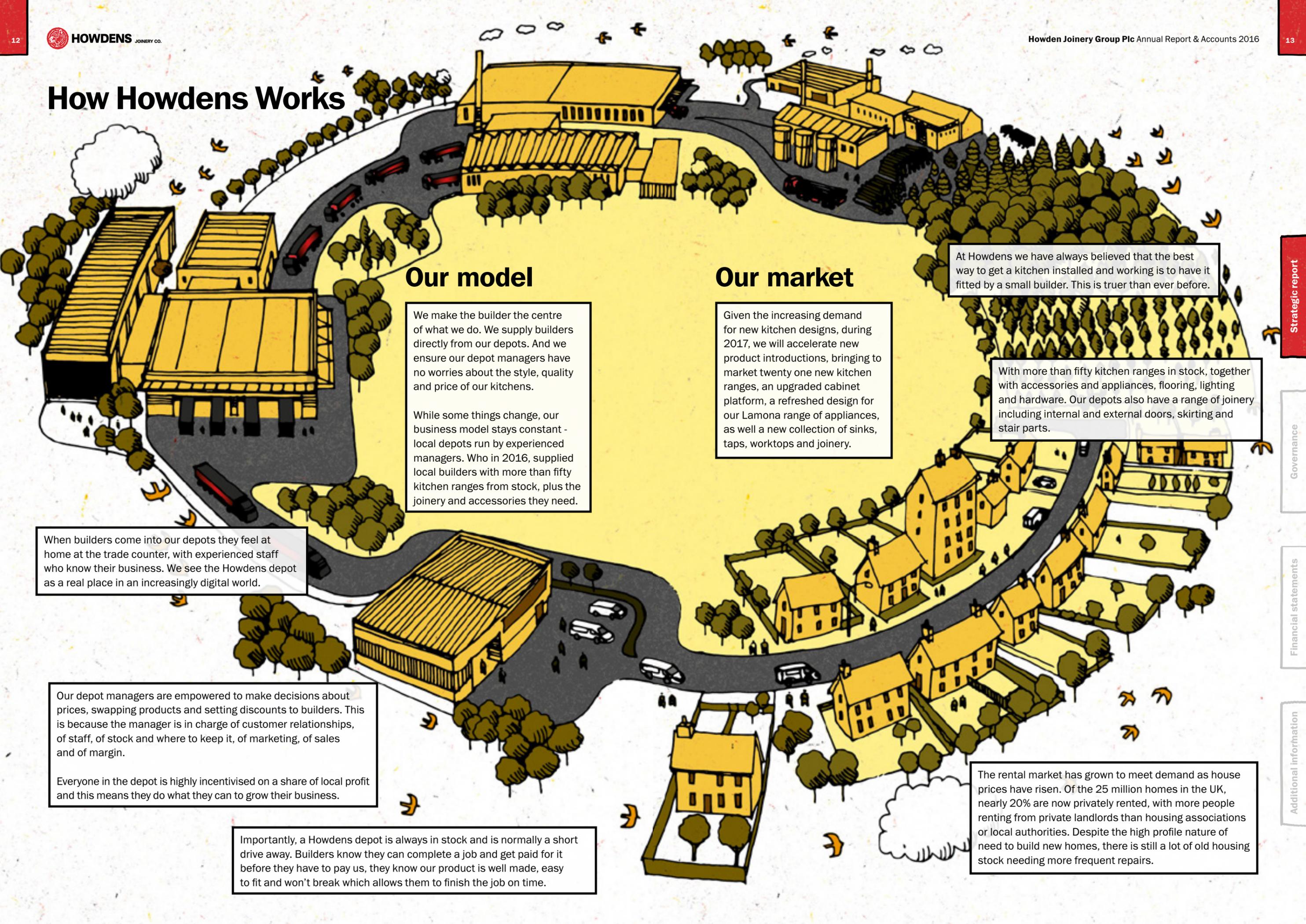


# How Howdens Works



## Our model

We make the builder the centre of what we do. We supply builders directly from our depots. And we ensure our depot managers have no worries about the style, quality and price of our kitchens.

While some things change, our business model stays constant - local depots run by experienced managers. Who in 2016, supplied local builders with more than fifty kitchen ranges from stock, plus the joinery and accessories they need.

## Our market

Given the increasing demand for new kitchen designs, during 2017, we will accelerate new product introductions, bringing to market twenty one new kitchen ranges, an upgraded cabinet platform, a refreshed design for our Lamona range of appliances, as well a new collection of sinks, taps, worktops and joinery.

At Howdens we have always believed that the best way to get a kitchen installed and working is to have it fitted by a small builder. This is truer than ever before.

With more than fifty kitchen ranges in stock, together with accessories and appliances, flooring, lighting and hardware. Our depots also have a range of joinery including internal and external doors, skirting and stair parts.

When builders come into our depots they feel at home at the trade counter, with experienced staff who know their business. We see the Howdens depot as a real place in an increasingly digital world.

Our depot managers are empowered to make decisions about prices, swapping products and setting discounts to builders. This is because the manager is in charge of customer relationships, of staff, of stock and where to keep it, of marketing, of sales and of margin.

Everyone in the depot is highly incentivised on a share of local profit and this means they do what they can to grow their business.

Importantly, a Howdens depot is always in stock and is normally a short drive away. Builders know they can complete a job and get paid for it before they have to pay us, they know our product is well made, easy to fit and won't break which allows them to finish the job on time.

The rental market has grown to meet demand as house prices have risen. Of the 25 million homes in the UK, nearly 20% are now privately rented, with more people renting from private landlords than housing associations or local authorities. Despite the high profile nature of need to build new homes, there is still a lot of old housing stock needing more frequent repairs.