



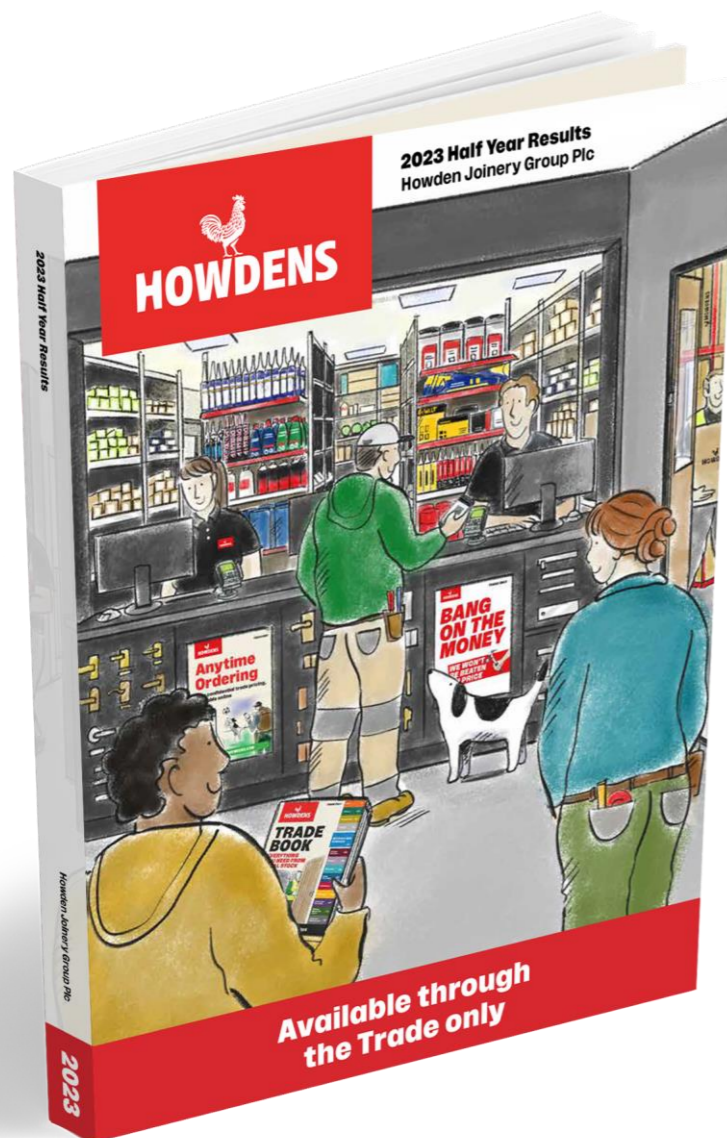
2023 Half Year Results

20th July 2023



Andrew Livingston
Chief Executive Officer

Group performed well in a more challenging marketplace



Sales and profit for the 24 weeks met our expectations

- Group Sales +1.5 % v 2022 and +42% v 2019
- Gained more market share
- Profit lower than last year when 1st half contributed more to annual profit than usual (+86% up on 2019 v sales +40%)
- This year profit v 2019 +43% (similar rate to sales)
- Industry leading gross profit margin maintained
- Operating costs held at 2022 levels (excluding strategic initiatives)

Progressed our strategic plans for the business

Strong cashflow generation and robust balance sheet

- Increased interim dividend and a further share buy-back programme completed

**Milestone 1 :
Net Zero plan submitted to SBTi, 12 months ahead of schedule**

Direct emissions halved by 2030 and net zero by 2050



**ROAD TO
ZERO**
OUR JOURNEY TO
**ZERO WASTE
ZERO EMISSIONS**

**Milestone 2 :
Carbon neutral accreditation at solid surface factory with
Howden and Runcorn recertified**

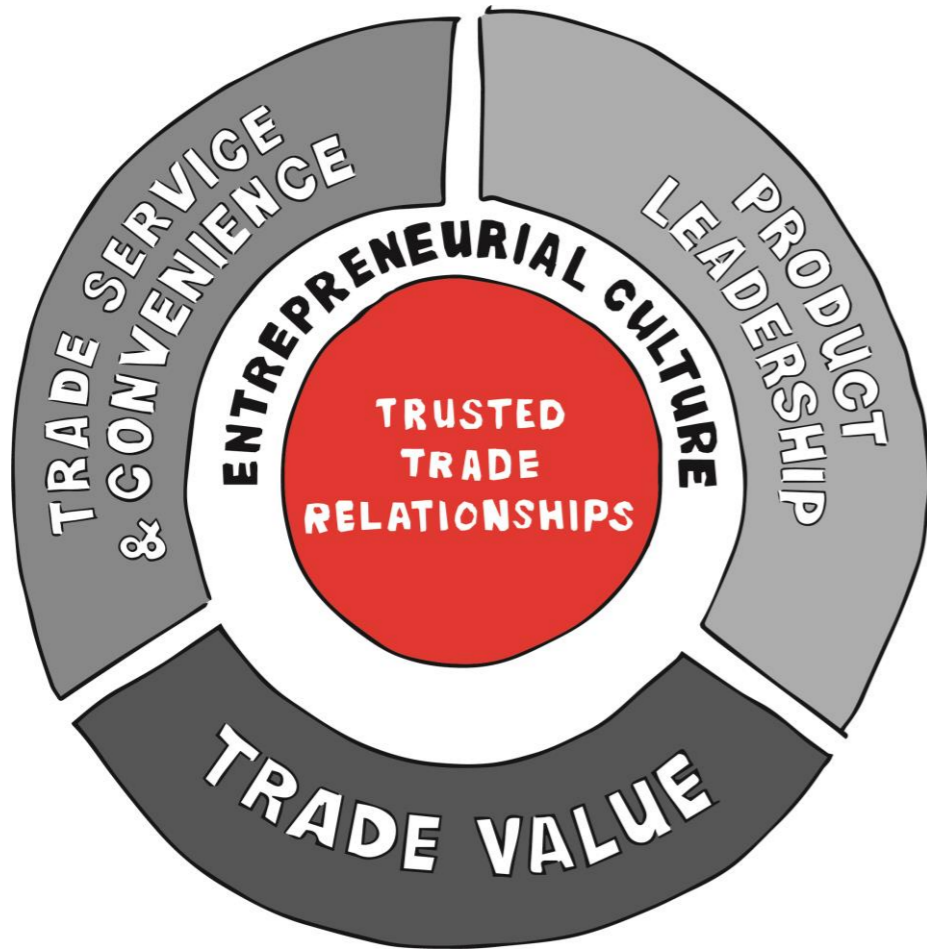


Performance demonstrates strength of our in-stock model founded on local relationships



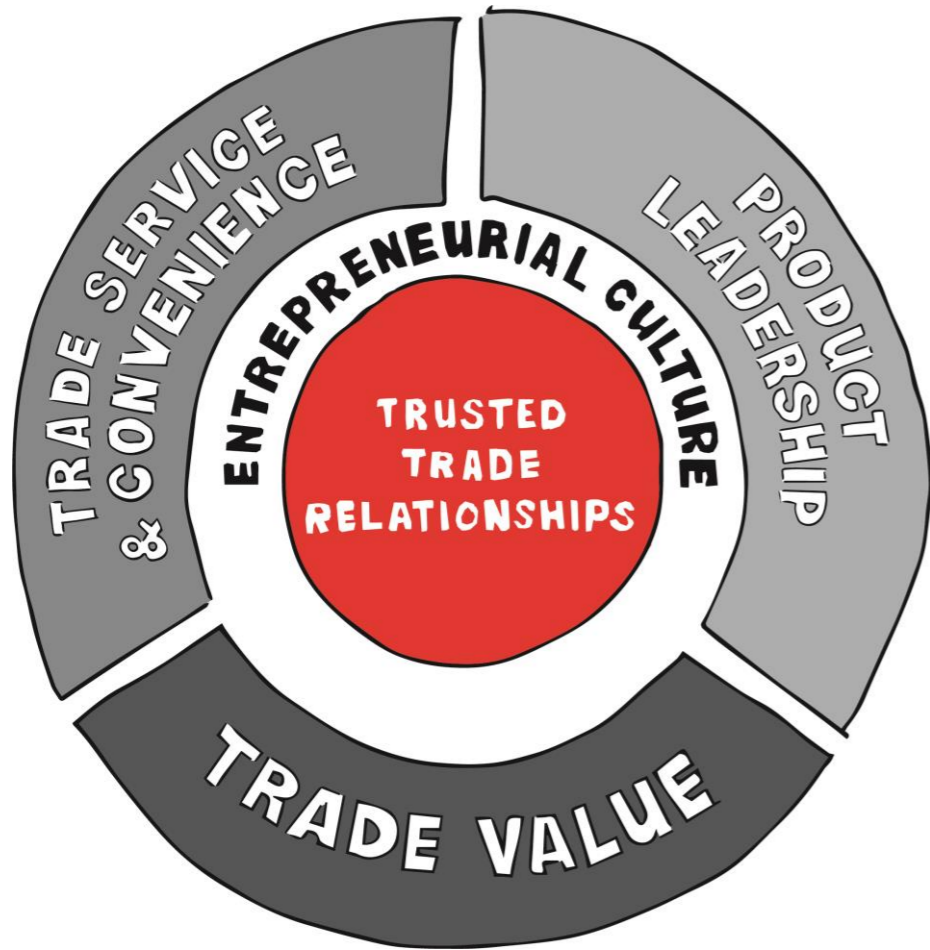
- Reflects combination of strong product line-up, high stock availability, industry leading service levels and a very engaged team
- Benefits of ongoing investment in customer focused strategic initiatives
- Record number of customers accounts as at half year end
- Raised some prices to help combat cost increases and sharpen prices on some lines
- “KPI” volumes well ahead of pre-COVID times
- H2 sales trends similar to those in H1

Robust business model across changing market conditions



- Expected and prepared for a more challenging market 2023
- Model capable of delivering sustainable market share gains across changing conditions
- Significant longer term growth opportunities
- Investing in business commensurately

Initiatives to increase market share and profits



Depot Evolution



Range and Supply Management



Digital Development



International



FINANCIAL REVIEW



Paul Hayes
Chief Financial Officer



Financial highlights

Encouraging first half in more challenging markets

£m	H1 2023	H1 2022	Change
Revenue	926.9	913.1	+1.5%
Gross profit	565.4	565.0	
Gross margin %	61.0%	61.9%	
Operating costs	(448.4)	(415.9)	
Operating profit	117.0	149.1	-21.5%
Operating margin %	12.6%	16.3%	
Net interest	(5.1)	(4.1)	
Profit before tax	111.9	145.0	-22.8%
Tax	(27.3)	(30.7)	
Profit for the period	84.6	114.3	

- Revenue growth against very strong prior year comparatives
- Maintained sector leading gross margins vs high % comparative
- Productivity and efficiency gains offset higher inflationary costs
- Operating costs increased solely from strategic investments to drive growth
- Profit before tax c.43% ahead of pre-pandemic levels in 2019

Revenue growth

Solid performance against very strong comparatives

UK (£m)	H1 2023	H1 2022	Growth
Revenue	895.1	889.3	+0.6%
Same depot basis	881.1	880.6	-
Number of depots	816	788	+28

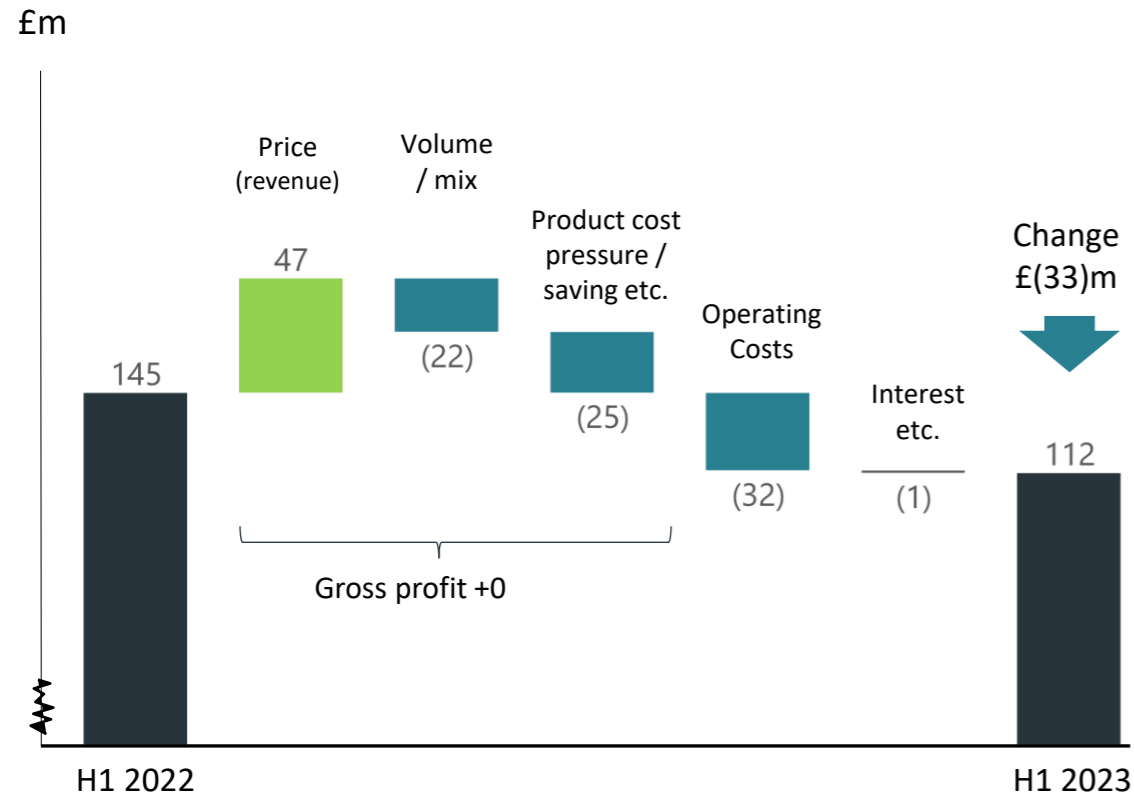
International (€m)	H1 2023	H1 2022	Growth
Revenue	36.3	28.2	+28.4%
- excluding closed depots	36.3	27.5 ¹	+31.8%
Same depot basis	27.9	27.2	+2.6%
Number of depots	66	43 ¹	+23

- More challenging marketplace
- Continued disciplined approach to pricing
- UK market share gains
- Further emphasis on new product introductions
- Strong International performance

¹ 5 French depots closed in H1 2022

Profit before tax

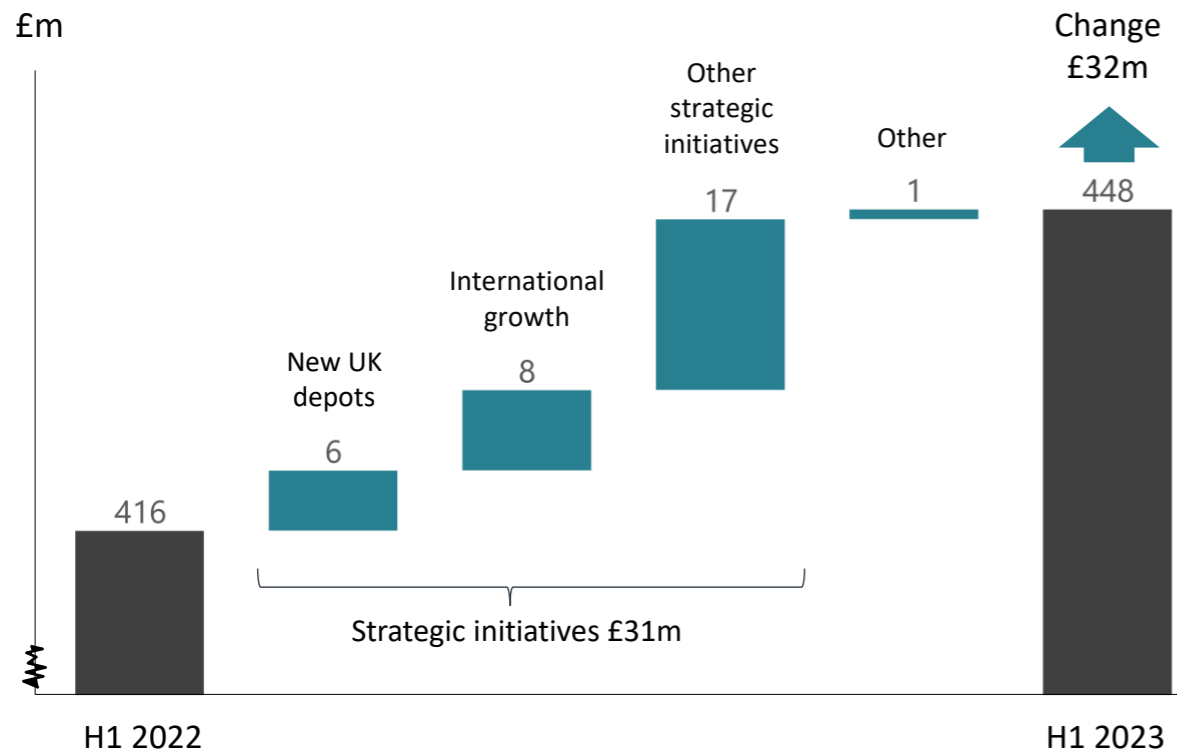
Continued investment in strategic initiatives to drive future growth



- Price increases more than offset lower volumes/ mix
- Expanded manufacturing capabilities including skirting, new panel lines and solid work surfaces
- Commodity and energy cost increases partially offset by productivity improvements
- Further investment in operating costs to drive strategic initiatives

Operating expenses

Maintaining investment in our strategic initiatives through the cycle



- Productivity and efficiencies offset inflationary cost increases
- Strategic initiatives include:
 - New UK and international depots
 - XDC network supporting sector-leading availability
 - Differentiated solid work surface service
 - Digital developments

e

Cashflow

Strong cash generation supports investments and capital returns

£m	2023	2022
Opening cash	308.0	515.3
Operating cash flows ¹	182.3	209.2
Working capital increase	(108.9)	(104.0)
Capital expenditure	(46.7)	(46.0)
Acquisition ²	-	(24.6)
Tax paid	(21.2)	(42.4)
Dividends	(87.8)	(88.9)
Share buy back	(50.0)	(139.5)
Pension	(11.5)	-
IFRS16: Repayments and interest paid	(50.5)	(30.9)
Other	4.1	1.5
Closing cash	117.8	249.7

¹ (before movements in working capital)

² £15m for the acquisition of the Sheridan business, £10m for the site.

- £138m returned to shareholders in dividends and buy-backs
- Working capital movements :
 - Stock increase £40m
 - Debtors increase £6m
 - Creditors decrease £63m
- Stock build ahead of P21
- Ageing of debtors remains good
- Capital expenditure to support growth



Earnings per share and dividends

Delivering sustainable dividend growth and attractive returns to shareholders

	H1 2023	H1 2022	Change
Basic earnings per share (p per share)	15.4p	19.6p	(4.2p)
Share buybacks	£50.0m	£139.5m	
Dividend paid	£87.8m	£88.9m	
	£137.8m	£228.4m	
Interim dividend (p per share)	4.8p	4.7p	+2.1%

- Earnings per share of 15.4p
- Continued investment in organic growth and return of surplus capital
- Interim dividend of 4.8p



Technical guidance for the year ending 30 December 2023

Income statement

Impact of additional 53rd week	(£17m)
Patent box impact on Group effective tax rate (ETR)	3% lower
Opex: ongoing investment in strategic initiatives	
Full year impact : foreign exchange sensitivity:	+/- €0.01 = £1.9m +/- \$0.01 = £0.9m

Cashflow

Capital investment	£130m
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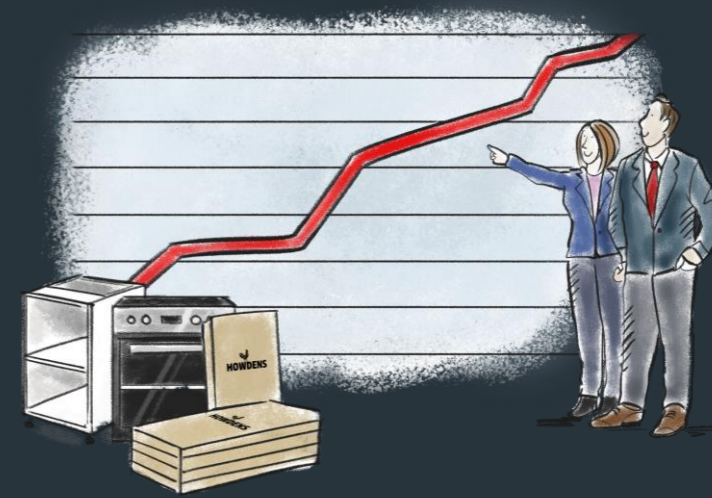
Pensions

IAS19 pension deficit at June 2023	£15m
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- 53rd week in December when depot network is closed
- Expect 2023 ETR of c. 23% including 3% patent box benefit
- Capital investment in line with last year reflecting strategic initiatives
- Triennial valuation of the pension scheme underway

Summary

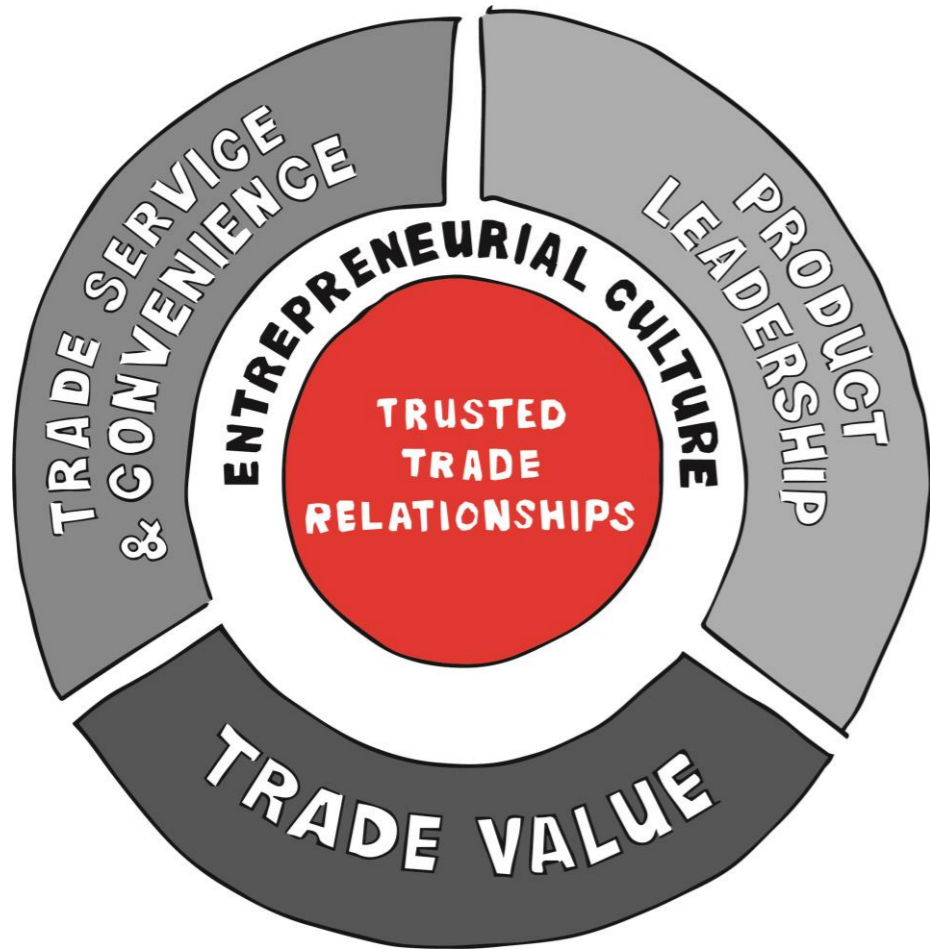
- Performed well in the first half in a more challenging marketplace
- Strong balance sheet and cash generation supports investment in strategic initiatives
- Ongoing productivity and efficiency savings in a challenging market
- Since the start of H2 overall revenue trends have been similar to H1
- Full year expectations for 2023 unchanged





Andrew Livingston
Chief Executive Officer

Initiatives to increase market share and profits



Depot Evolution



Range and Supply Management

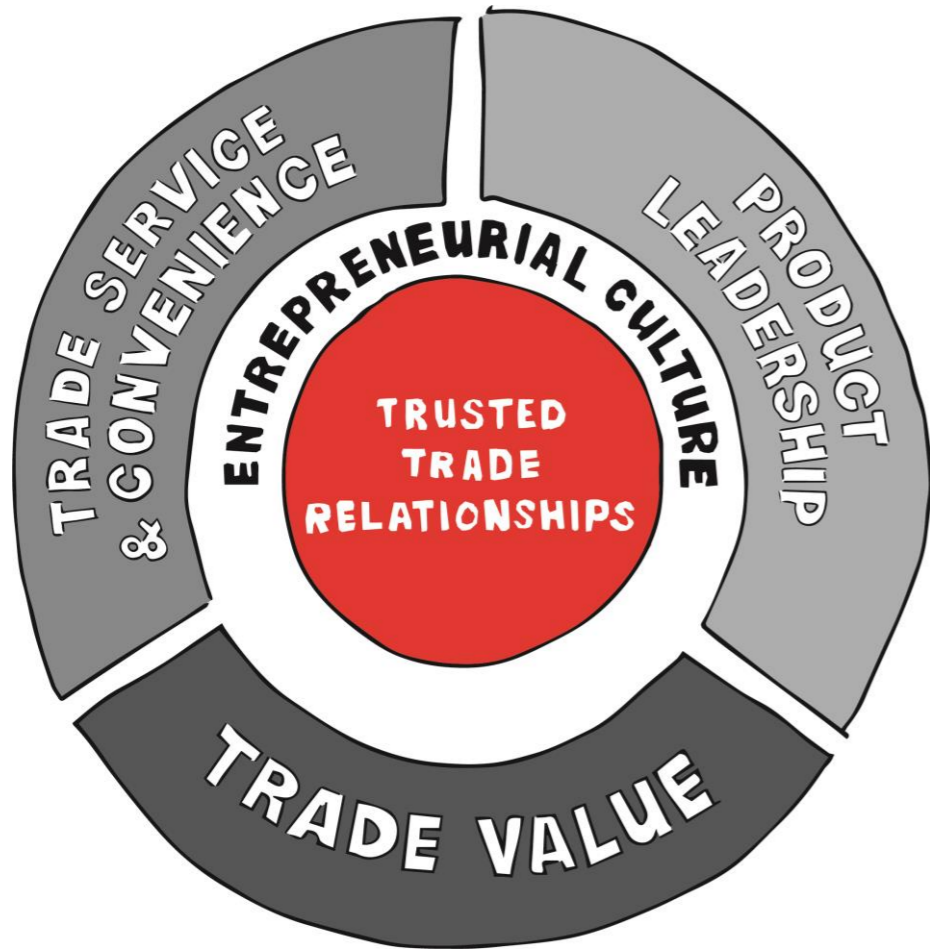


Digital Development



International

Initiatives to increase market share and profits



Depot Evolution



Range and Supply Management



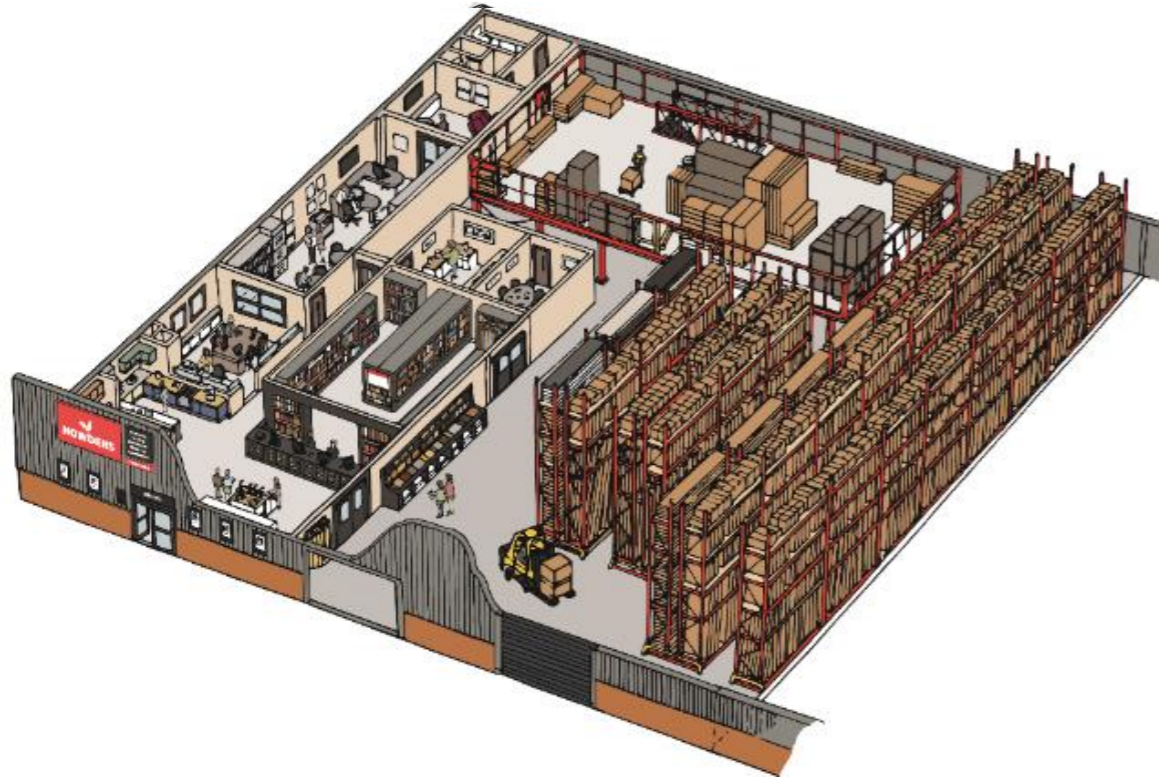
Digital Development



International

Extending the UK footprint

High service levels valued by customers



- Modern working and trading environment
- Cost effective updated format
- Scope for around **1,000** depots in the UK
- versus the **808** trading at year-end
- Plan to open **33** new depots in 2023
- Including some more in new smaller sized format

Converting more depots to the updated format

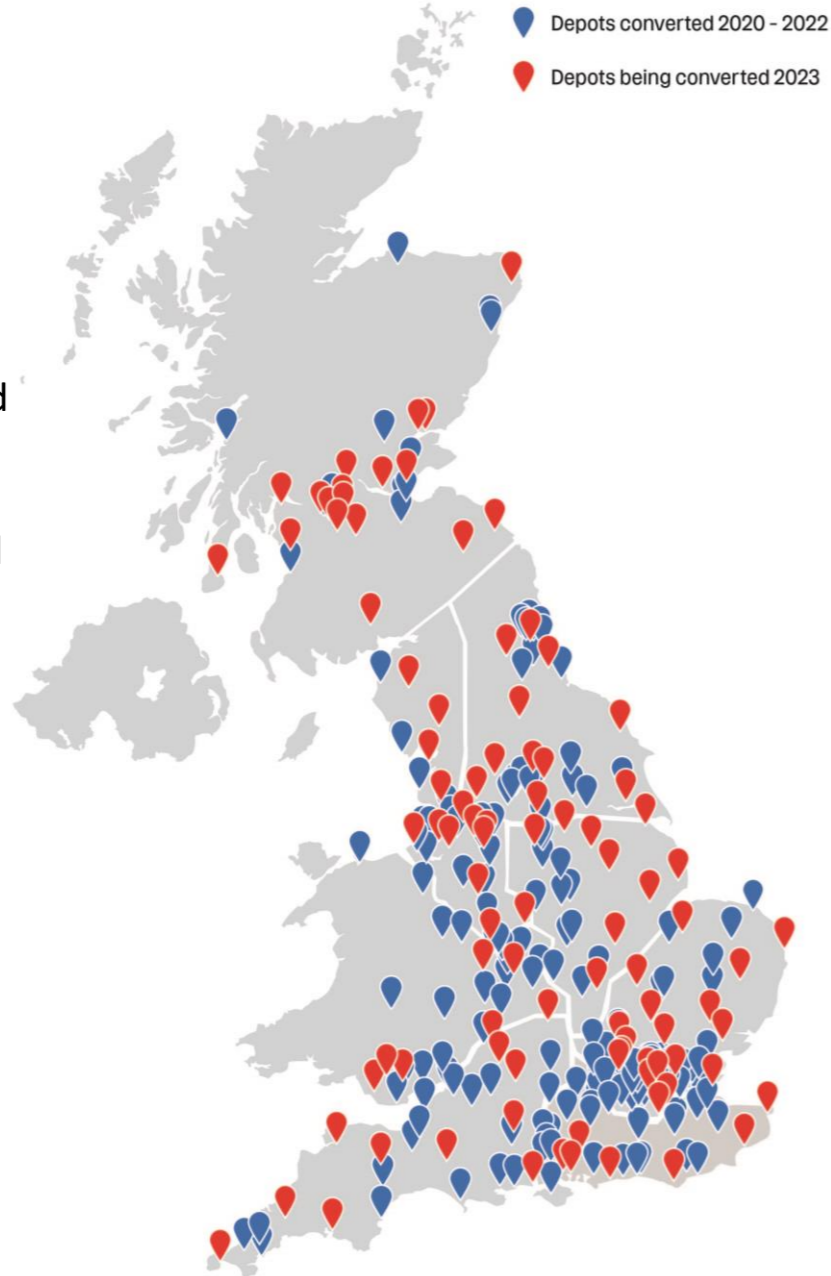


~41%

of depots opened in the old format revamped by end of 2023

~53%

of all depots trading in the updated format by end of 2023



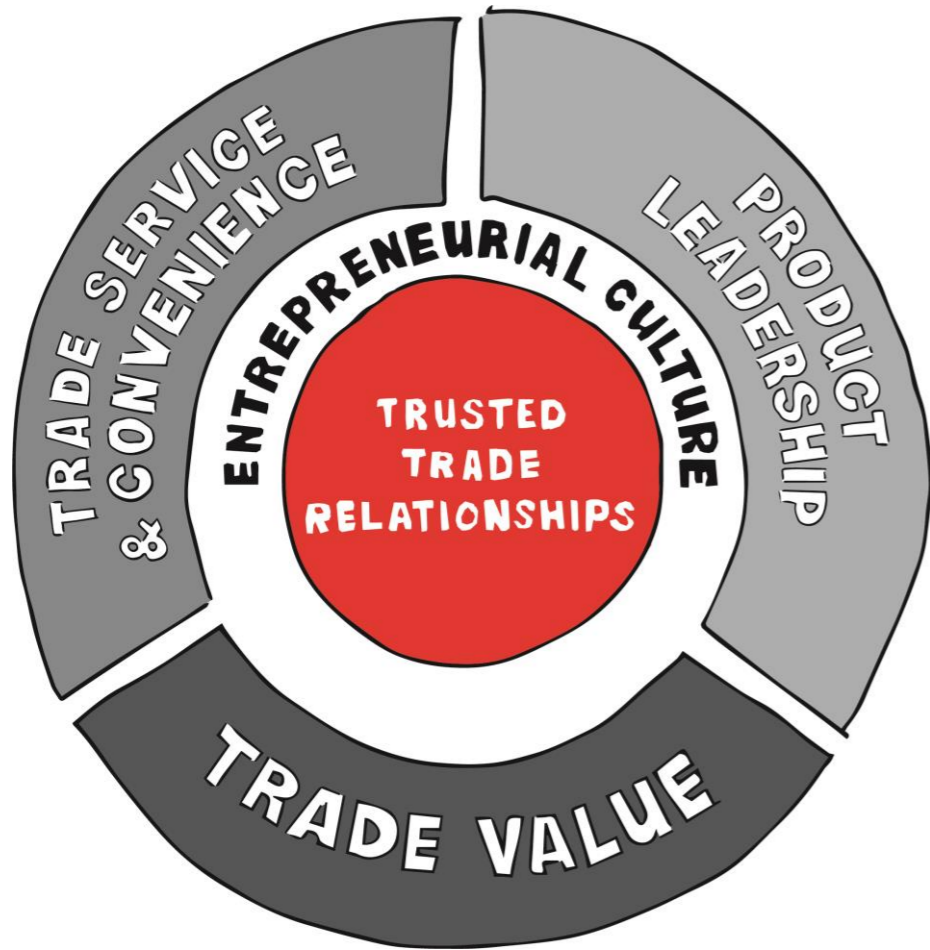
- Positive feedback from depot teams and customers

185 depots reformatted by end of 2022

- Investment to be recouped in less than four years
- Depots motivated to deliver incremental sales (local P&L charged for revamp costs)
- Now varying “standard re-format” when relatively smaller or less mature depots are re-vamped

90 or so full revamps in 2023 (ten more than previous guidance)

Initiatives to increase market share and profits



Depot Evolution



Range and Supply Management



Digital Development



International

Efficient range management for best availability and profitability

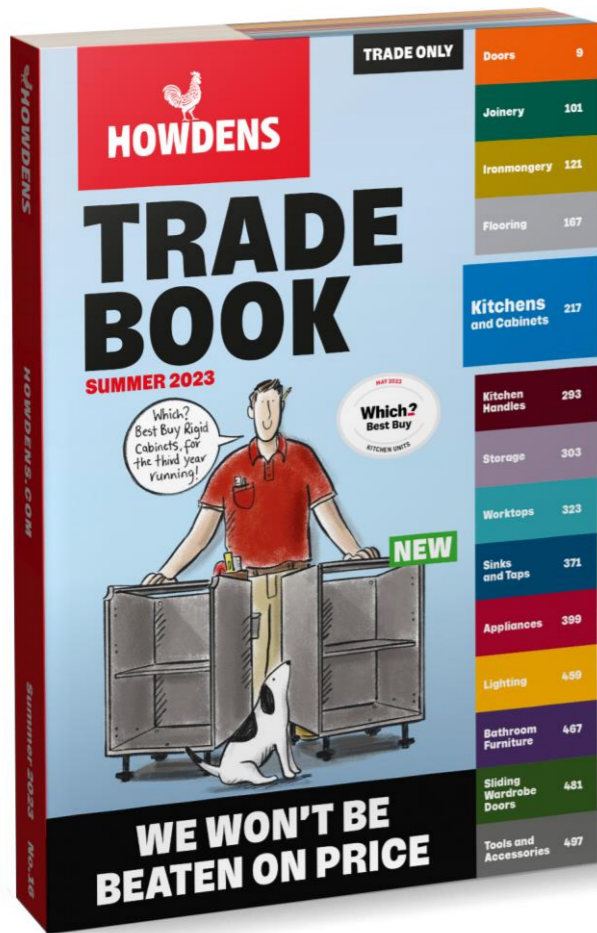


- Re-organised range architecture and removed duplications in recent years
- Improved the balance between introductions and discontinuations
- More efficient NPI testing enables us to bring more proven colours and styles to market more quickly

90 kitchen ranges in stock

organised into **Ten** families

Sales of new product (“NPI”) make a significant contribution to our performance



- Upgraded new product programme in recent years

16% of total UK 1st half sales were of new product introduced in 2022/2023 (same value as last year)

- Versus around 13% in 2021 and 2020

95% increase in sales of product launched in 1st half of 2022

- As in 2022, higher priced kitchens continued to contribute more to our kitchen mix by volume than previously
- Which has a positive impact on average kitchen invoice value

Market leading and competitively priced product is a key feature of our model



23 new kitchen ranges for 2023

- Enhanced worktops offering
- Reinvigorated line-up in other product categories
- Emphasis on value for money at all price points
- Increased net range of entry and mid-level kitchens
 - Making more popular styles accessible to all budgets
 - Major contributor to keeping unit cost of manufacture low
- Further development of our premium kitchen offer
 - Under-represented in this large segment of the market (30%+ of total Market)

2023:

NEW colours for our entry level
ranges



Greenwich
Reed Green

2023:

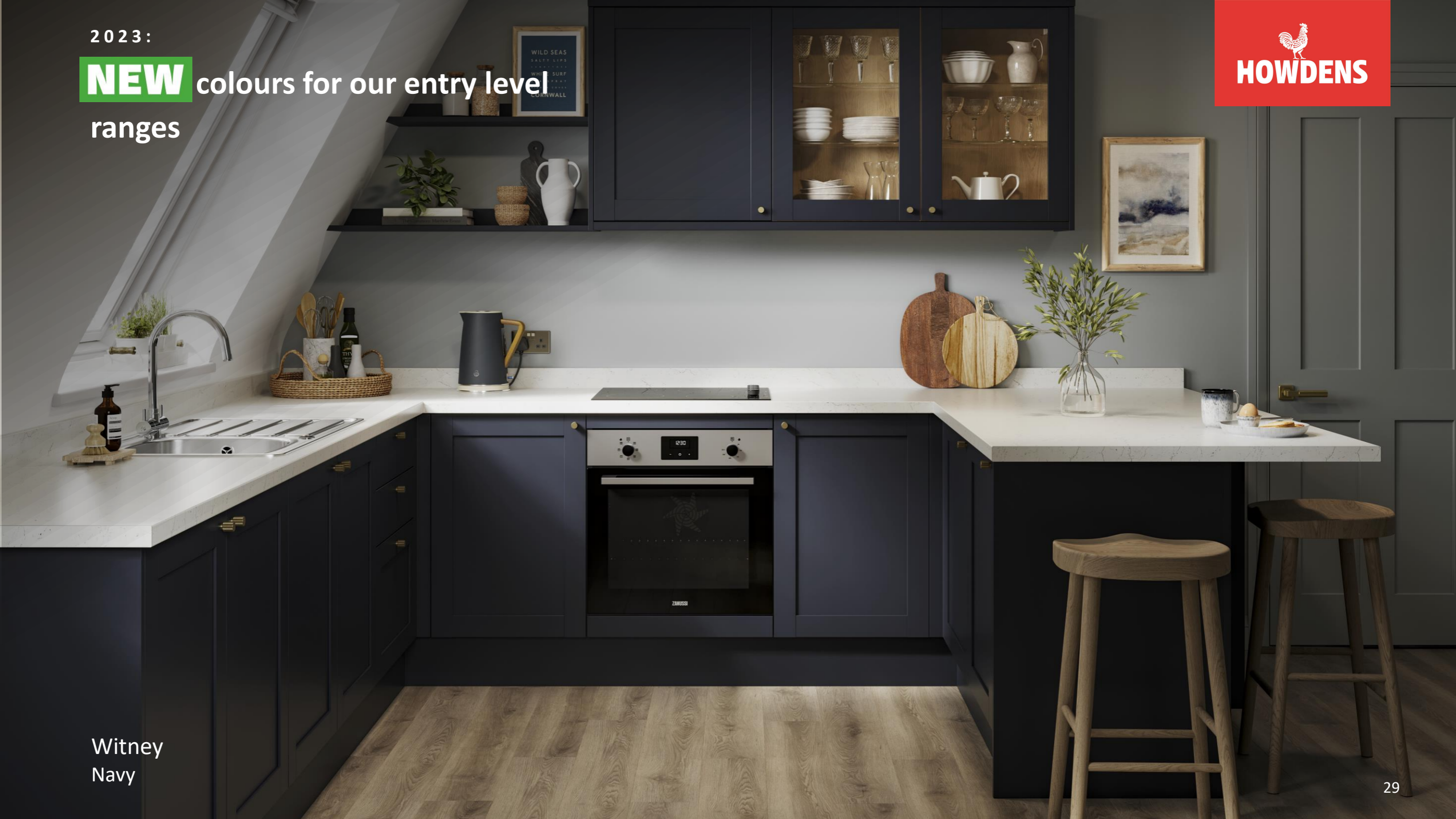
NEW colours for our entry level
ranges



Witney
Pebble

2023:

NEW colours for our entry level
ranges



Witney
Navy

2023:

NEW

colours for our entry level
ranges



Allendale
Dusk Blue

2023:

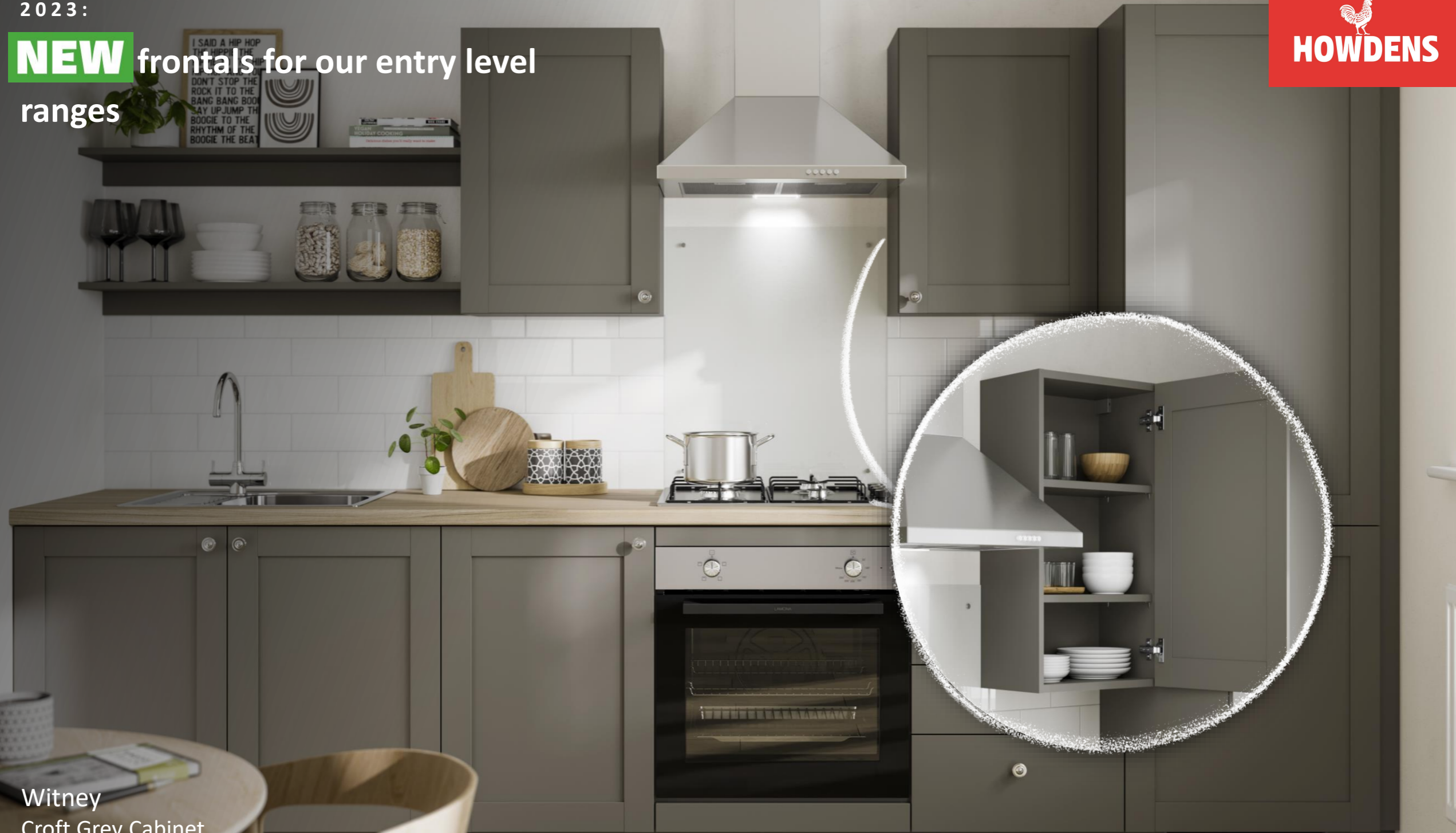
NEW frontals for our entry level
ranges



Greenwich
Croft Grey Cabinet

2023:

NEW frontals for our entry level ranges



Witney
Croft Grey Cabinet

2023:

NEW

Refreshed look for best-selling shaker family



Halesworth
Charcoal

2023:

NEW mid-priced
beaded shaker family, Bridgemere


HOWDENS



Bridgemere
Porcelain

2023:

NEW market leading colours for premium kitchens



Hockley
Black

2023:

NEW market leading colours for premium kitchens



Hockley
Fir Green

2023:

NEW market leading colours for
premium kitchens



Chilcomb
Marine Blue

New paint to order service for premium kitchens

Colour Palette

The curated palette includes beautiful core colours, available immediately from local stock. You can also select from our stunning bespoke paint to order colours, which may take a little longer. Your Howdens kitchen designer can guide you through the classic, contemporary and eclectic options.



*Our paint to order colours are expertly painted especially for your order and have a longer lead time. Please speak to your depot for more details.
**Charcoal, Marine Blue and Reed Green are core colours in Chilcomb, however they are paint to order colours in Elmbridge.



- Priced at a premium to colours available from stock
- **15 new colour choices + 9 from stock**
- More bespoke look, competitively priced
- Available on a short lead time, if this is required

Developing a market leading solid work surface capability

- Solid worktops often associated with sales of higher priced kitchens and a growing market segment
- Our manufacturing capacity for these products is now amongst the largest in UK
- Orders have increased significantly across 2023 to date
- **Six** more solid surface decors added for 2023
- Industry leading template to fit time being introduced



2023:
Reinvigorated
line-up in other categories



Howdens Lennox Glazed Door
Black/Clear Glaze



OAKE & GRAY
BEAUTIFUL FLOORING IN A SINGLE CLICK

Herringbone Timeless Oak



Granite Composite Sink
Dark Grey



Lamona Built In Single Fan Oven and Grill
Black

2023:

Reinforced focus on price and promotions which demonstrate the value we offer and promotes footfall



TRADE ONLY

BANG ON THE MONEY

WE WON'T BE BEATEN ON PRICE

Howdens.com

TRADE ONLY

Rooster DEALS

SUMMER TRADE DEALS

AMAZING VALUE!

ONLY £99

SPECIAL MULTI-BUY VAN ESSENTIALS

3 FOR £7	2 FOR £10	2 FOR £10	2 FOR £12
2 FOR £13	13 FOR £22	13 FOR £30	

WE'RE FULLY STOCKED, TAKE AWAY TODAY!

HOWDENS.COM

HOWDENS

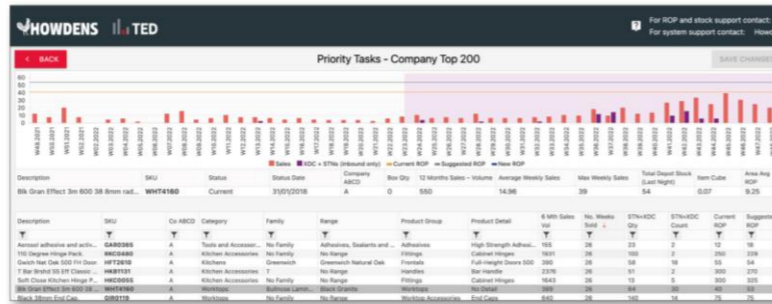
MONDAY - FRIDAY
7.30 AM - 5.00 PM

SATURDAY
8.00AM - 12.00PM

SUNDAY
CLOSED



Enhancing customer service levels through “Daily Traders” initiative

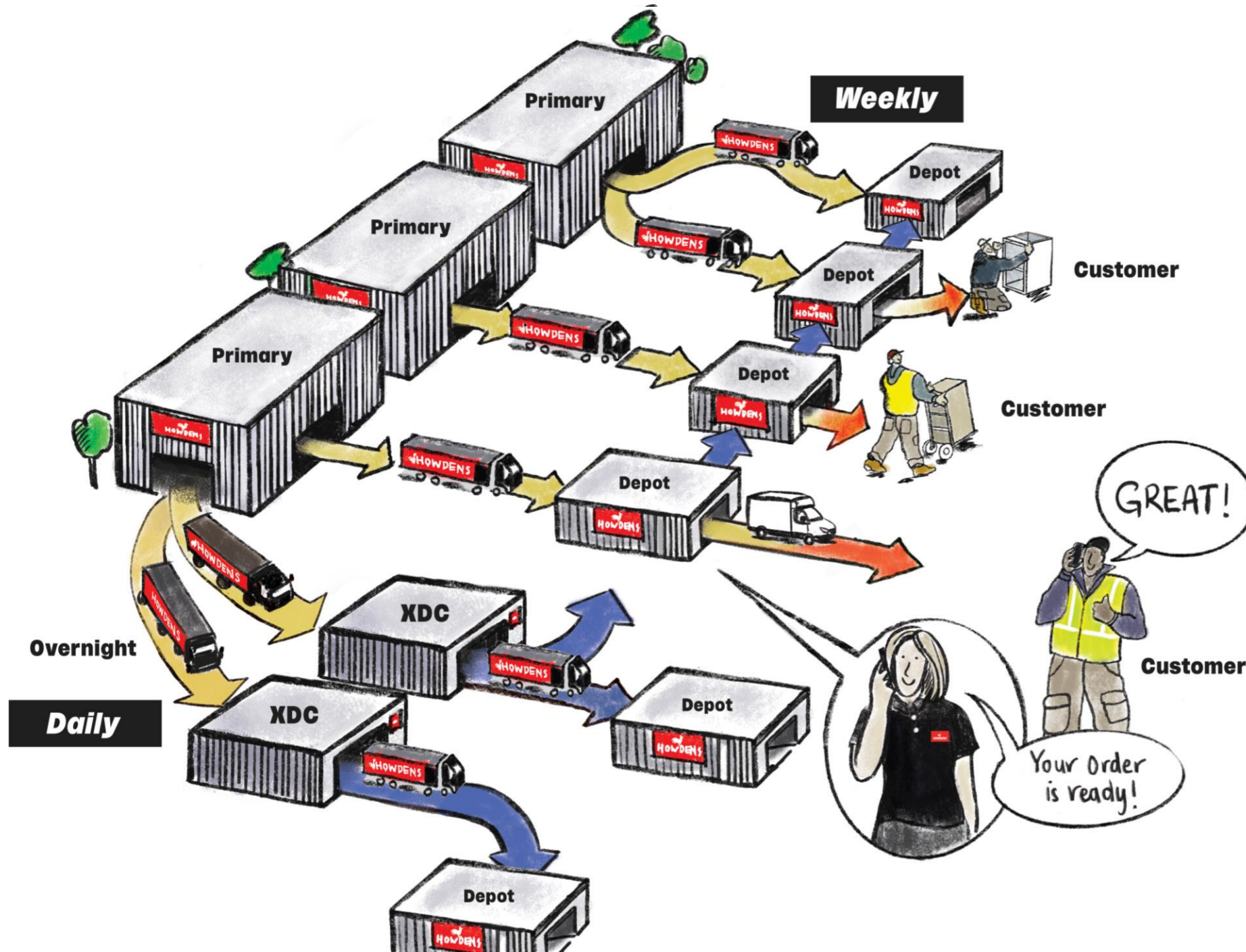


New stock management system

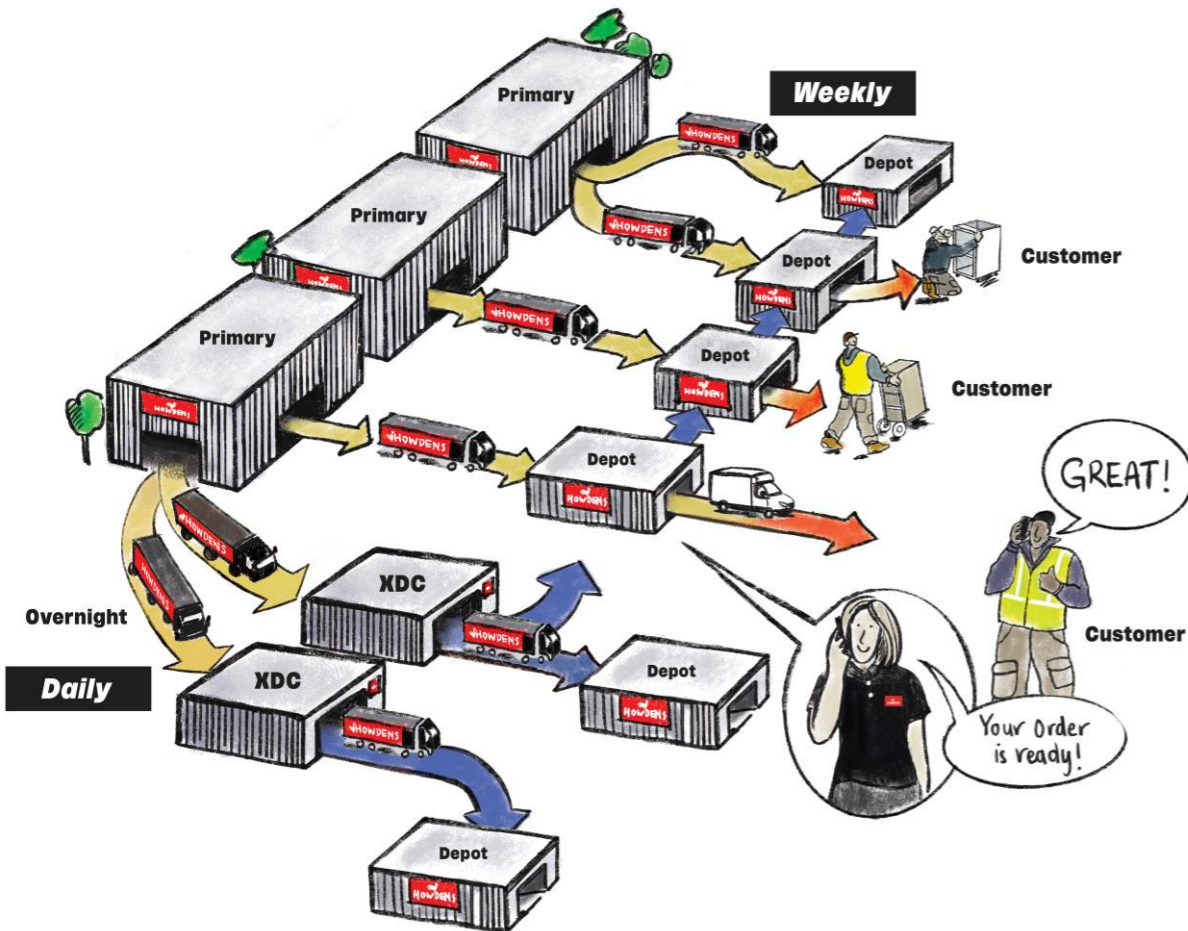


- Daily Traders initiative trialled at the end of 2022 and subsequently rolled out to all UK depots
- Initiative to improve customer service levels and sales
- By optimising in-depot stock holdings of best-selling items and associated range completers
- Sales of these outperforming those of non-Daily Trader skus
- Reduction in customer back-orders
- Increased proportion of stock replenished using lowest cost mode of delivery

Using XDCs to facilitate high stock availability



Rebalancing stock levels and the delivery pattern of some lines for best availability

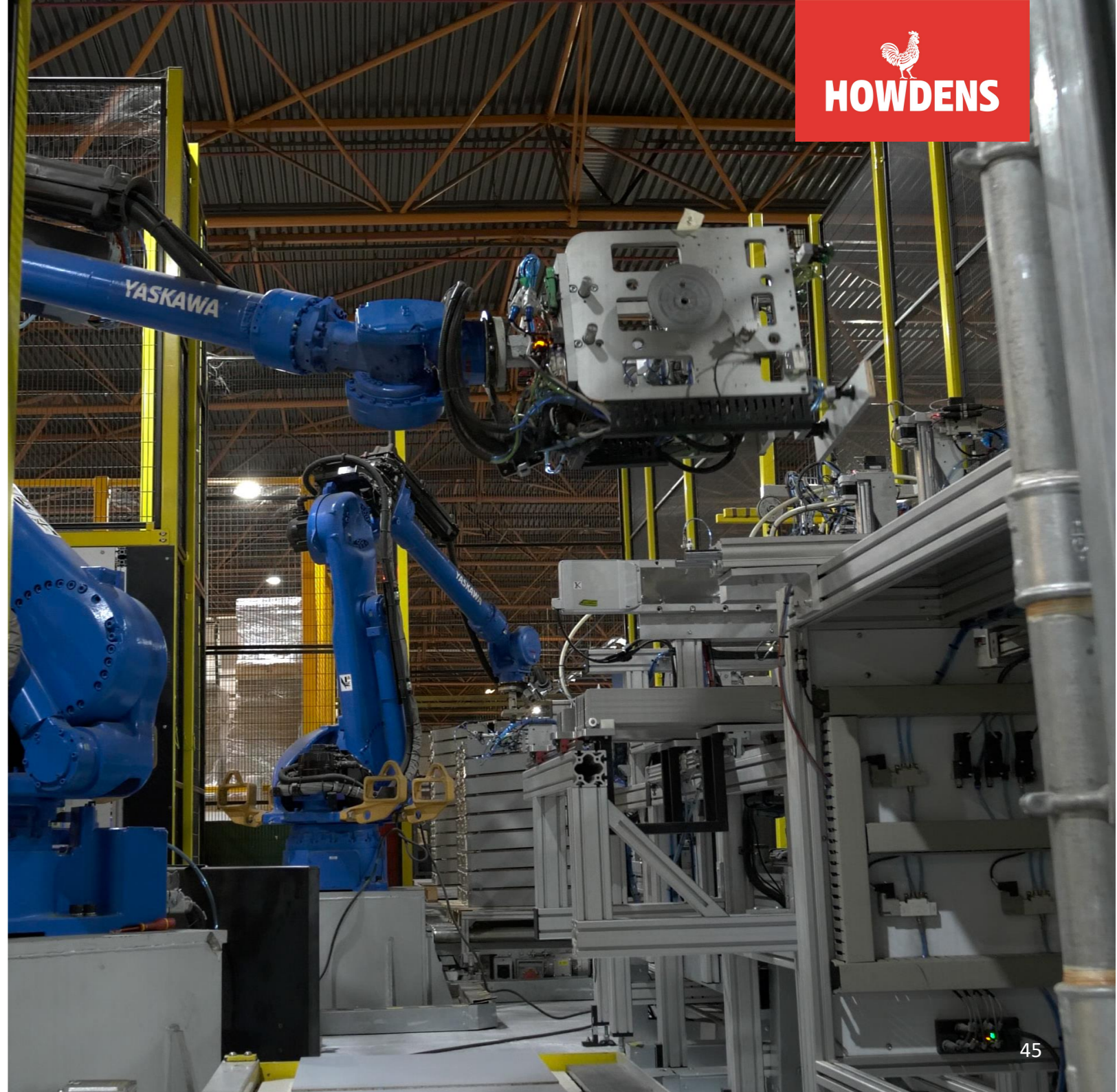


- Depots can hold deeper stocks of faster selling lines
- Simpler and more efficient for depots to:
 - deliver superior service
 - improve availability of all products
- Frees up time and resources spent on stock management
- Using third party logistics partners and in the main their infrastructure
- Now operating across all UK mainland regions (supplied by 12 XDCs)
- Focus is now on using these assets most efficiently
- Annualised capacity reduced (enabled by adoption of new re-ordering system and Daily Traders initiative)

2023:

Making more of the furniture for more of our kitchen ranges

- Initial investment to make Hockley kitchen doors in 2019
- Manufacturing capabilities then broadened with investment in new lines at the Howden site
- Same quality as externally sourced product
- Lower cost and reduced lead time to delivery
- Scaling up production in 2023



2023:

New “paint to order” capability

- Investment in two new lines
- Facilitates our paint to order initiative for our premium kitchens
- Located in purpose - built facility
- Industry leading capability for these products

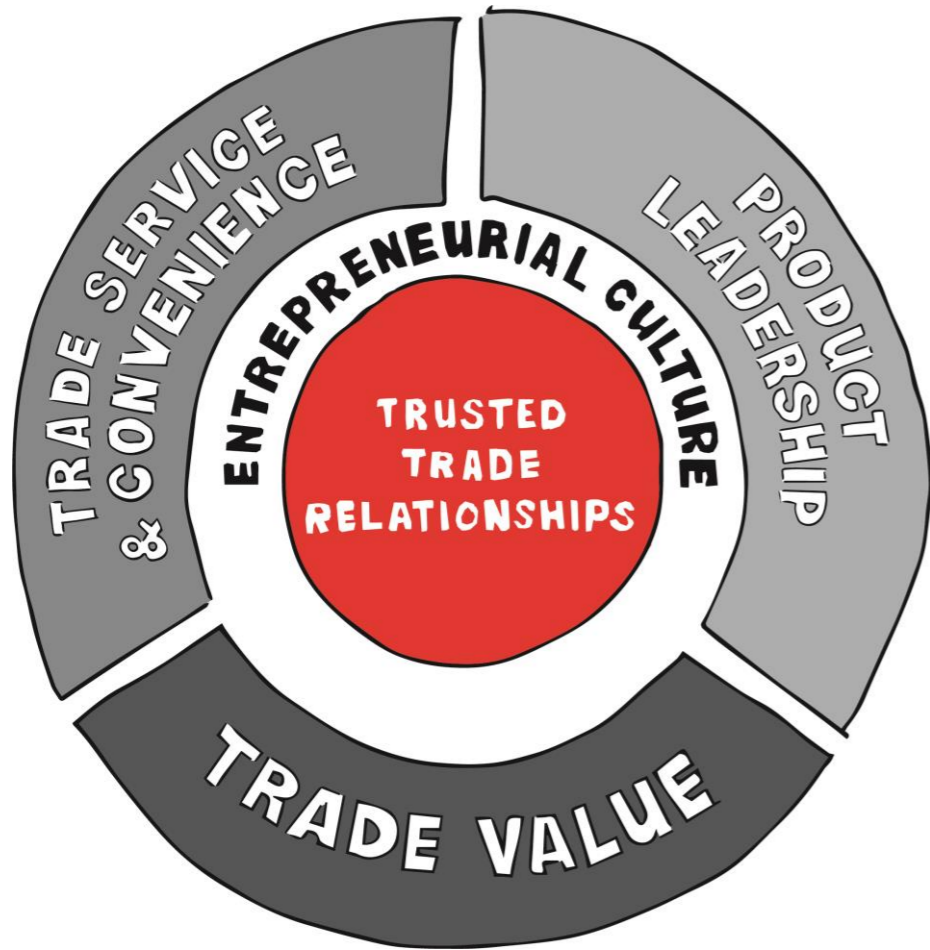


2023:

Increased architrave and skirting capability



Initiatives to increase market share and profits



Depot Evolution



Range and Supply Management



Digital Development



International

Increasing use of online trade account management



Online services valued by customers and depots



- **36,000** new account registrations so far in 2023
- **45%** of customers have an online account
- Weekly trade platform logins **+7%**
- **c.70%** of users looking at their confidential prices
- Online account holders trade more frequently
- and spend more across more categories

High levels of engagement with our web platform



- 18 % more search impressions a month
- 9.5 million site visits
- #1 for fitted kitchen site visits
- Page view metrics at consistently high levels

Increasing social media presence

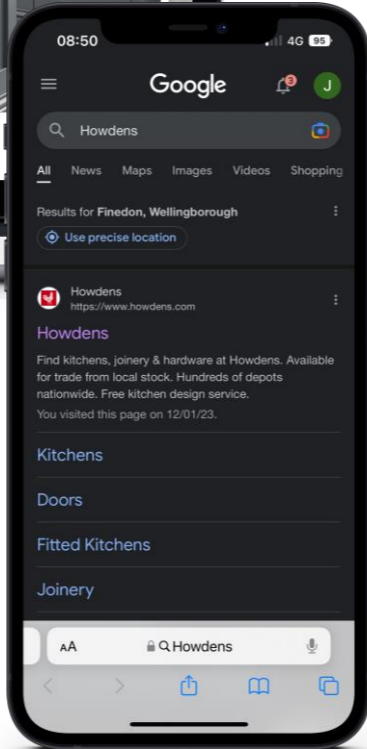
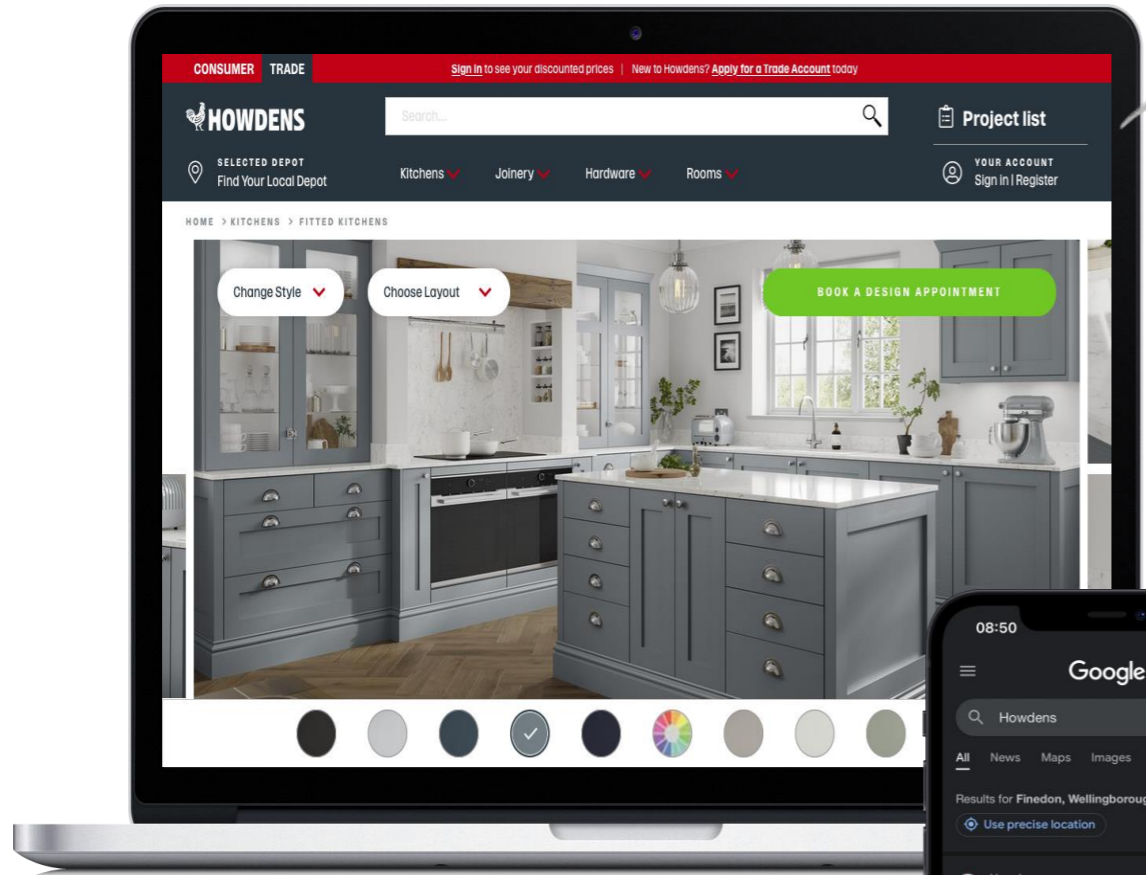


- c.480,000 followers base by the half year end
- 11 % increase on 2022 in the same period
- 3.6m monthly engagements



- New on-line forum for builder community

Growing brand awareness amongst end-users



2023:

Range of new services and capabilities for customers and depots



Manage your projects with Multi List

To find out more scan the QR code or visit [Howdens.com](https://www.howdens.com)

THE UK'S NUMBER 1 TRADE KITCHEN SUPPLIER



Testing digitised in-depot stock management



CHATBOT

Depot product queries answered instantly

Enhanced tools for jobs and leads

Further Trade App functionality

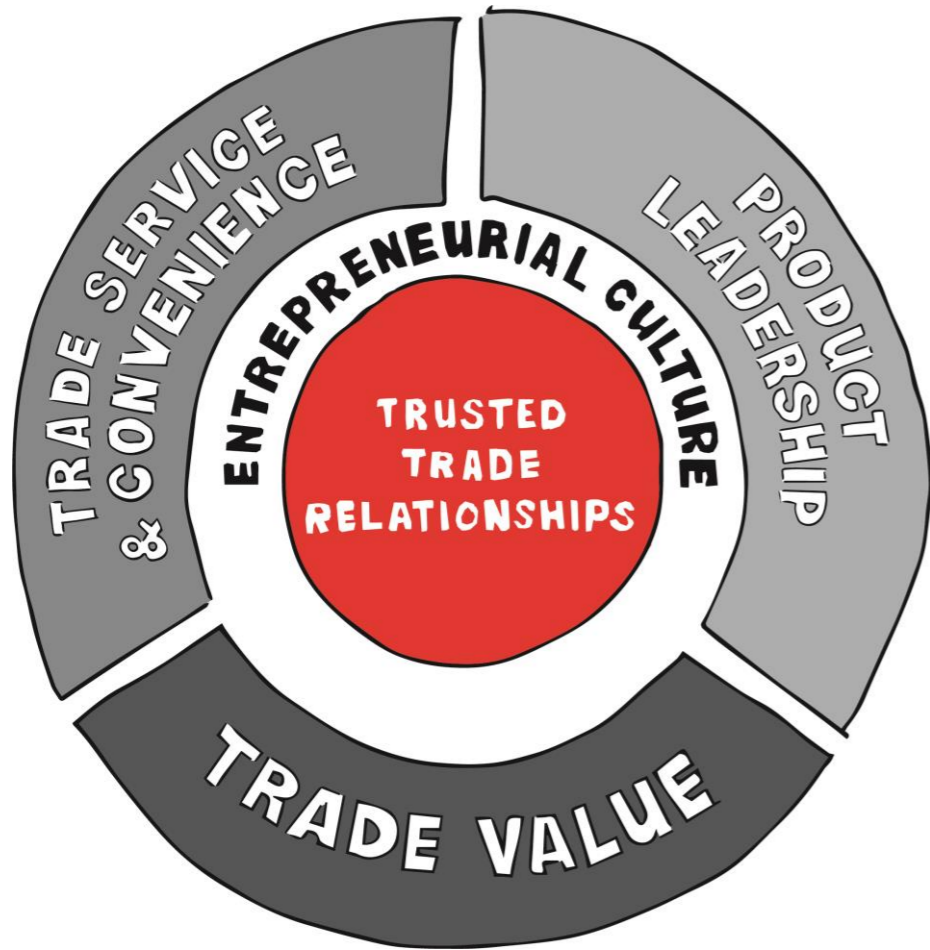
Using digital to enhance our inter-action with customers and end-users

Creating higher quality leads for our designers and customers



- “Kitchen visualiser” to raise end-user familiarity with our products
- Market leading search functionality
- New and more visible design booking process
- Upgraded kitchen design tools
- End-user content displayed more prominently on website

Initiatives to increase market share and profits



Depot Evolution



Range and Supply
Management



Digital Development



International

Operations based in France continued to make progress



- €4.3bn kitchen market*
- City-based approach adopted from 2019
- 60 depots trading at end of 2022 (twice the 2020 total)
- Increased recognition of our model's advantages
- Scale benefits as 90% of range is common to the UK
- Flexed peak trading over two periods this year
- Plan to open around 20 depots over the next 18 months

*Excludes appliances

Opening more depots in the Republic of Ireland



- Similar location strategy to France
- Supported by UK infrastructure and group digital platform
- Opened five depots around Dublin in 2022
- Two opened so far this year
- Plan to have around 10 depots trading by end of 2023

Well planned on our strategic initiatives

- Continued use of stock policies to protect high availability (at more normalised levels)
- 23 new kitchen ranges now in stock
- Rooster promotional activity and other price initiatives
- Improvements to service and availability by utilising XDCs and through Daily Trader initiative
- Increased range of services and functionality provided online
- Manufacturing more in the UK, as new lines ramp up to fuller scale production and solid surface business grows
- Around 33 UK depot openings and c.90 revamps
- C.65 depots trading in France by end 2023
- And c.10 trading in Republic of Ireland



2023:

Confident of our business model across changing market conditions and our expectations for this year are unchanged

- Aim to retain a profitable balance between price and volume
- Maintain competitive pricing with operating costs aligned
- Working with suppliers to keep input costs controlled
- Prepared for more challenging market conditions
- Trading against record comparators
- Well placed to outperform our competitors again in 2023
- Continued investment in our key capabilities and growth opportunities





Questions & Answers

Appendix



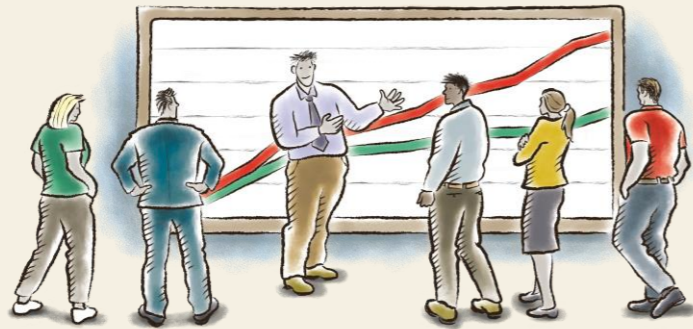
**The UK's #1 Specialist Kitchen
and Joinery Supplier**

An introduction to Howdens (July 2023)

We are the UK's leading specialist trade-only kitchen and joinery supplier



2022 financial highlights:



£2.3bn

Revenue

£415m

Operating profit

60.9%

Gross margin

65.8p

EPS

20.6p

Total dividend

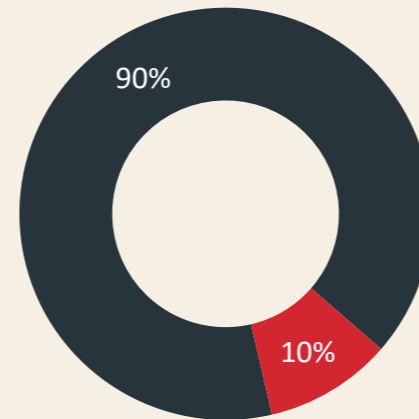
£308m

Cash at end of period

Attractive end markets:

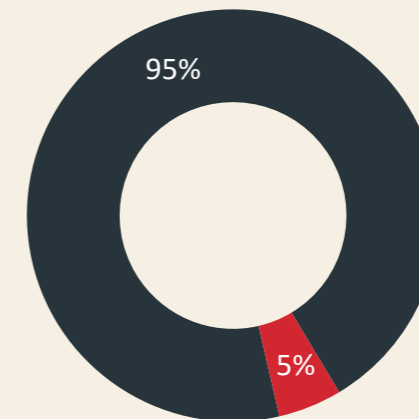


Residential



Non-residential

Repair Maintenance and Improvement (RMI)



New Construction

% Howdens revenue

Our business is about helping our trade customers achieve exceptional results



CORE STRENGTHS

- Trade only focus and the best local prices.
- Local delivery model – 85% of customers are less than 5 miles from a Howdens' depot.
- Product leadership - always in-stock and easy to fit to get the job done.
- Efficient UK based manufacturing, global sourcing and distribution.

11K

Employees

16K

Kitchen and joinery products

11M_{ft}²

UK footprint

90

Kitchen ranges

Empowered depot teams support the needs of the local builder

882

Local depots

~500K

Local customers



Backed by UK manufacturing, global sourcing and an efficient distribution network

~33%

Volume of products manufactured as % of COGS



~300

Global suppliers



A unique business model focused on long-term customer relationships and exceptional service



Market leading Kitchen and Joinery product ranges



Trade only: focused on our customers' needs



An empowered, depot-led business, close to the trade



Products immediately available locally

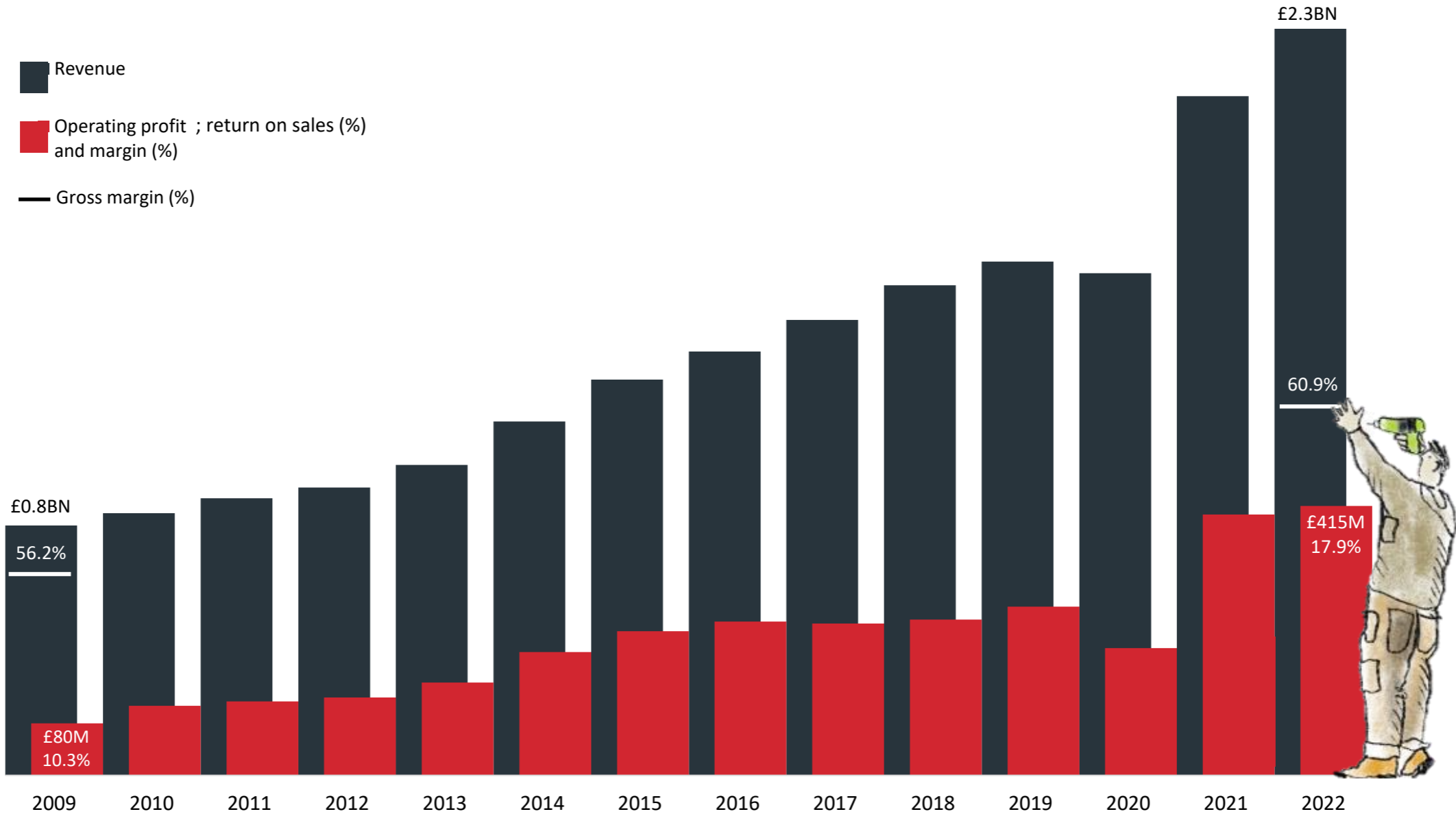


Competitive confidential pricing



Knowledgeable depot teams to support the builder

We've delivered consistent revenue growth and sector leading margins



Our business model is resilient even in the current challenging macro-economic conditions

Dynamic

Anticipated duration

Howdens' advantage

Supply chain constraints

6-12 months

- Vertically integrated
- Long term supplier agreements
- Strong balance sheet

Inflation

Moderation in quarters to come

- Lowest cost manufacturing
- Scale purchasing, distribution and supply chain
- Unique and individual customer pricing

Consumers under pressure

At least next 12 months

- Broad end-user segments, e.g. social housing
- Operate across all pricing points, e.g. 'good', 'better' and 'best'
- Focus on both 'improve' and 'move'

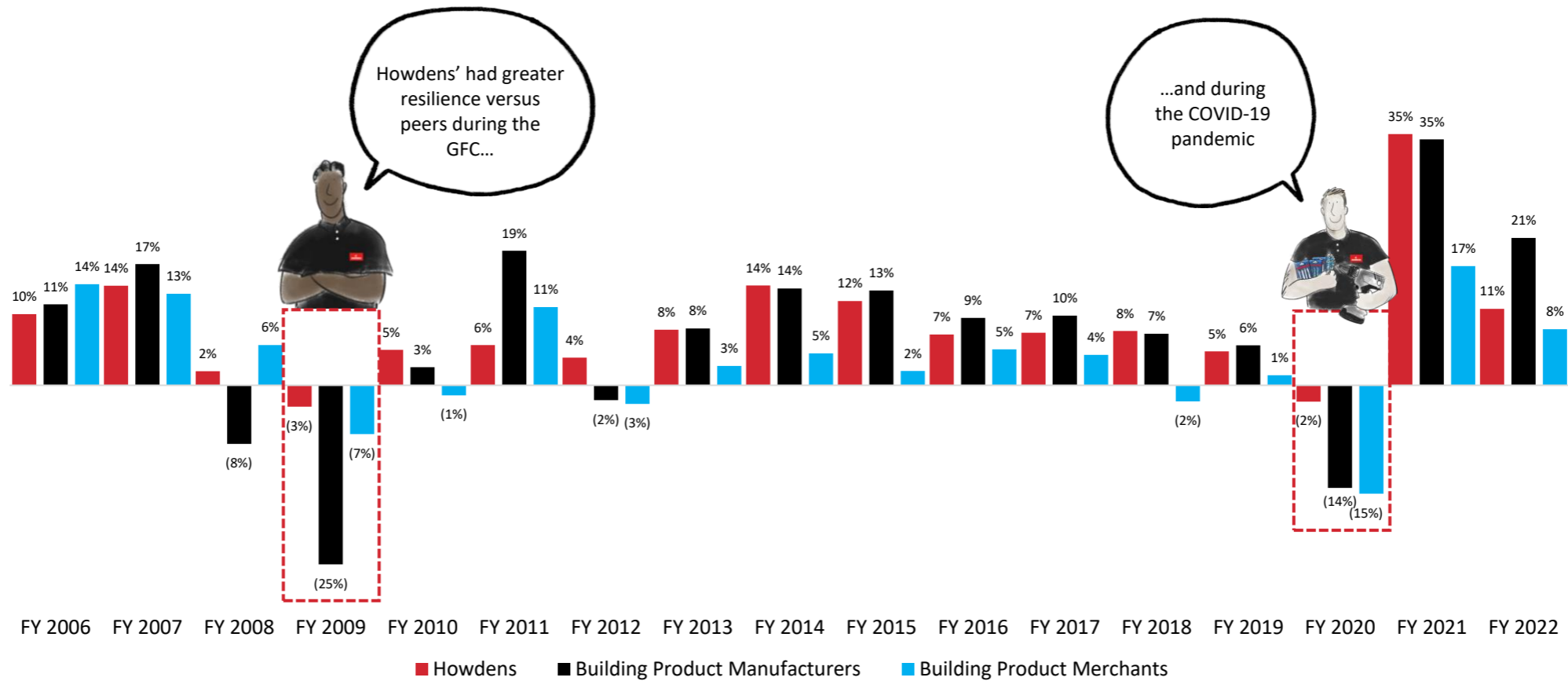
These dynamics favour Howdens' market strength and strong balance sheet



Historic sales growth has been robust in previous downturns

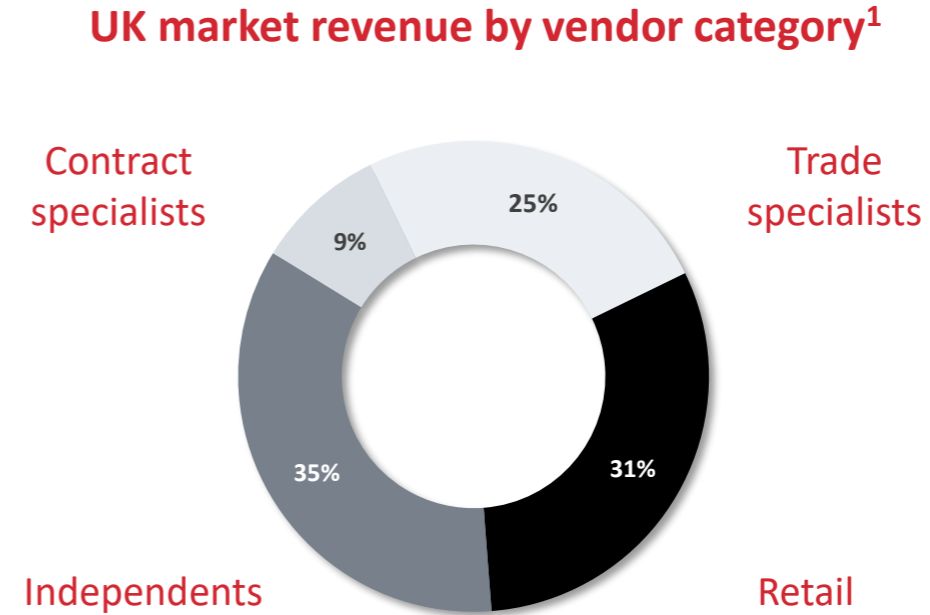
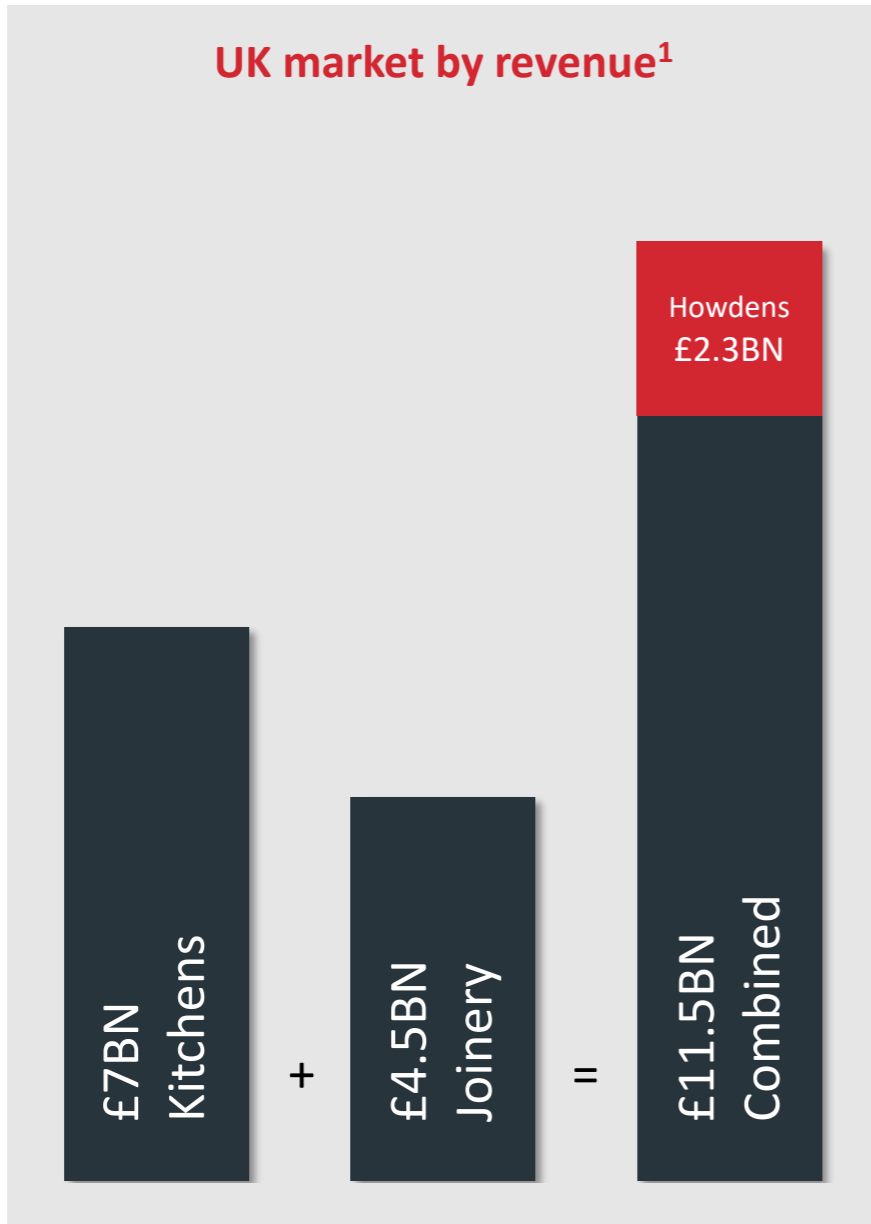


Year over year revenue growth (%)



Source: FactSet as of 12 July 2023

Our markets are large and attractive with significant future growth potential



¹ Howdens' estimates based on proprietary data

The long-term drivers of the kitchen and joinery market support continued growth



Structural drivers

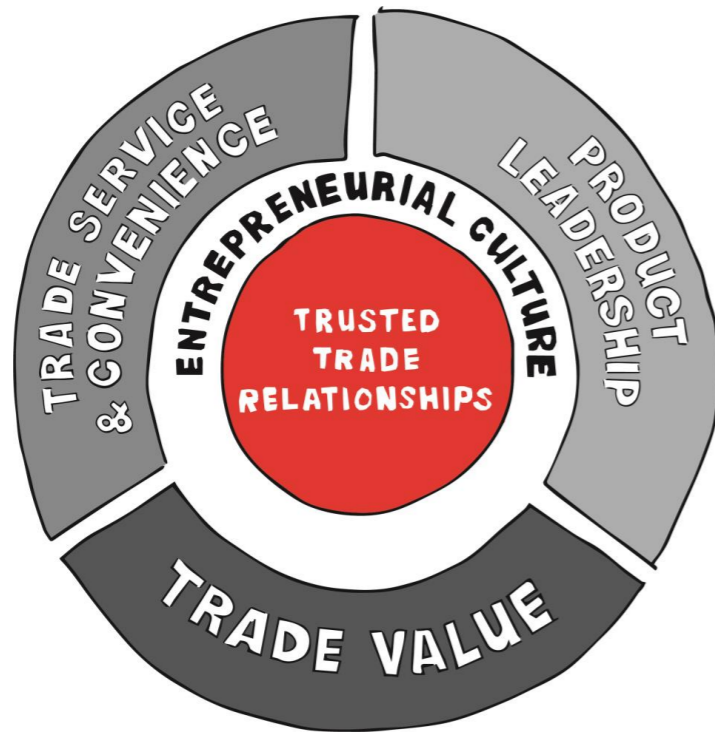
- Population growth (by 2030 UK population will grow by 5% and will have 2m new citizens - ONS).
- Ageing UK housing stock will drive renovation – (Ave. age of UK stock is 70 years - ONS).
- Healthy consumer balance sheets and high employment (UK consumer saved over £200 billion during the pandemic - ONS).
- Increased end user interest in sustainable products (44% of households are switching off or moving to more energy efficient appliances - NatWest).
- Entrepreneurial builders are well placed to win kitchens and joinery work as part of wider home refurbishment projects. They are supported by Howdens’ in-stock, trade-only business model.

Recent trends

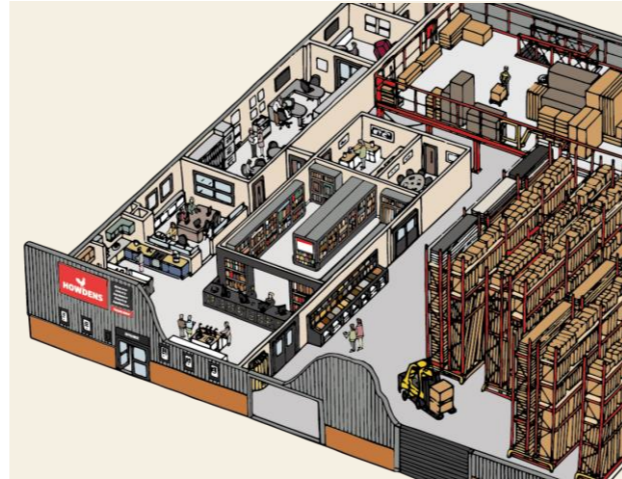
- Post pandemic UK hybrid working up to 5 times the level pre-pandemic (McKinsey) leads to increased wear and tear in the home.
- Consumer mindset more focused on design and use of kitchen space to maximise flexibility (Howdens’ proprietary data).
- An ageing population with significant purchasing power choosing to age in place (baby boomers own nearly half, £2tn, of all British housing equity - FT).
- Accelerated millennial housing formation will drive renovation (in 2020, 16% of all house purchases were by young millennials far outpacing all other age cohorts – HMDA).



We have a well-established and ambitious strategy to achieve growth



Worthwhile



Depot Evolution



Range & Supply Management



Digital Development



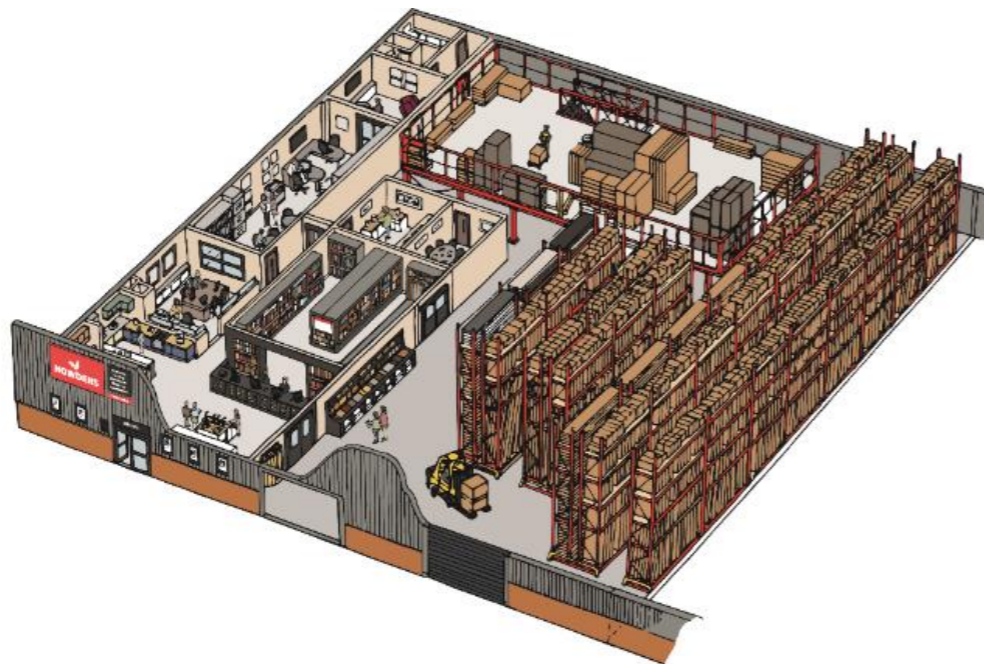
International

We are expanding and re-formatting our UK depot network to increase sales and productivity



Depot Evolution

- We see scope for around 1,000 depots in total (808 in 2022) in the UK including 30 new depots during 2022.
- Our updated format provides the best environment for depot teams, customers and their customers to do business.
- Our revamp programme promotes increased sales volumes at 'mature' UK depots.

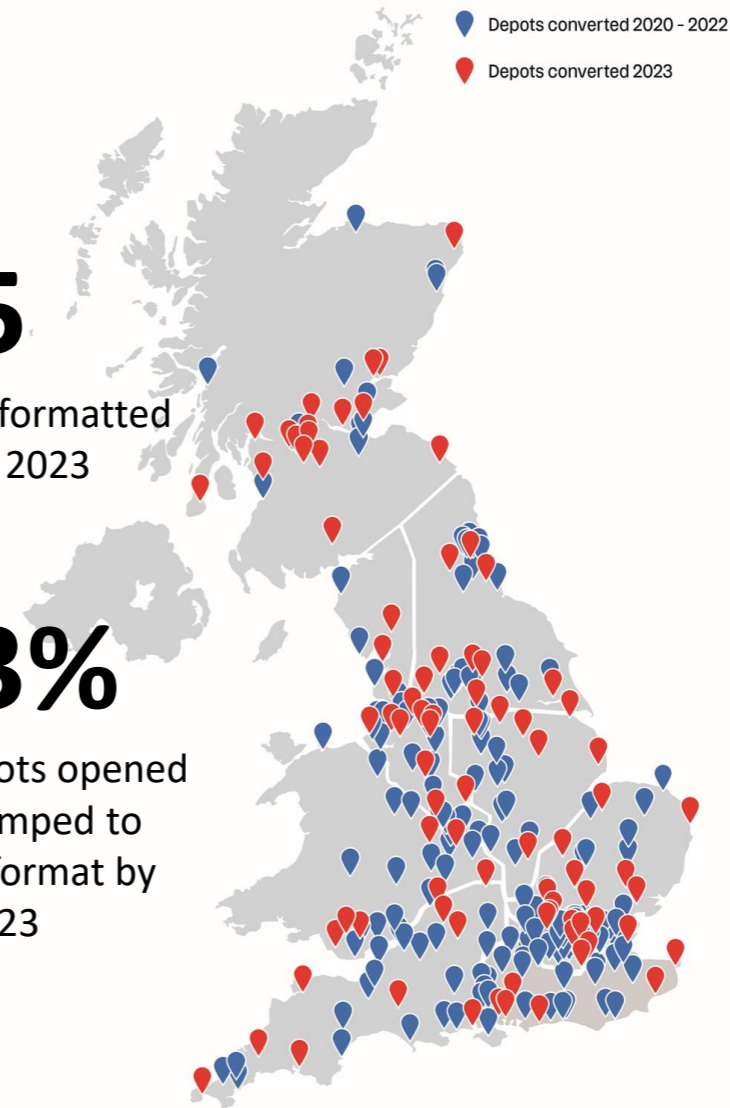


275

depots reformatted
by end of 2023

~53%

of all depots opened
in or revamped to
updated format by
end of 2023



We have a significant opportunity to win market share in kitchens



Product range

Howdens has a healthy market share in 'Good' with an opportunity to grow market share in the 'Better' and 'Best' segments.

Howdens Relative Market Share in Kitchens by Price Band

'Good' Entry level (0-£4k)

HIGH RMS*

~£1.5bn market value



Greenwich



Witney



Allendale

BEST ON BUDGET

'Better' Mid-ranges (£4-8k)

MED RMS*

~£3.0bn market value



Clerkenwell



Chelford



Halesworth




Bridgemere


'Best' Higher price £8k+

LOW RMS*


~£2.1bn market value



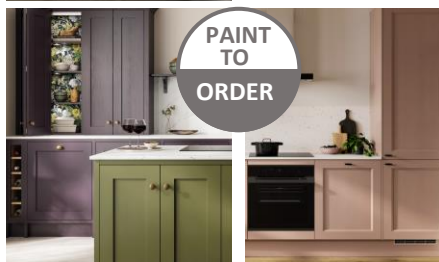
Hockley



Elmbridge



Chilcomb



PAINT TO ORDER

* RMS – Howdens relative market share (source: company estimates based on 2021 data)

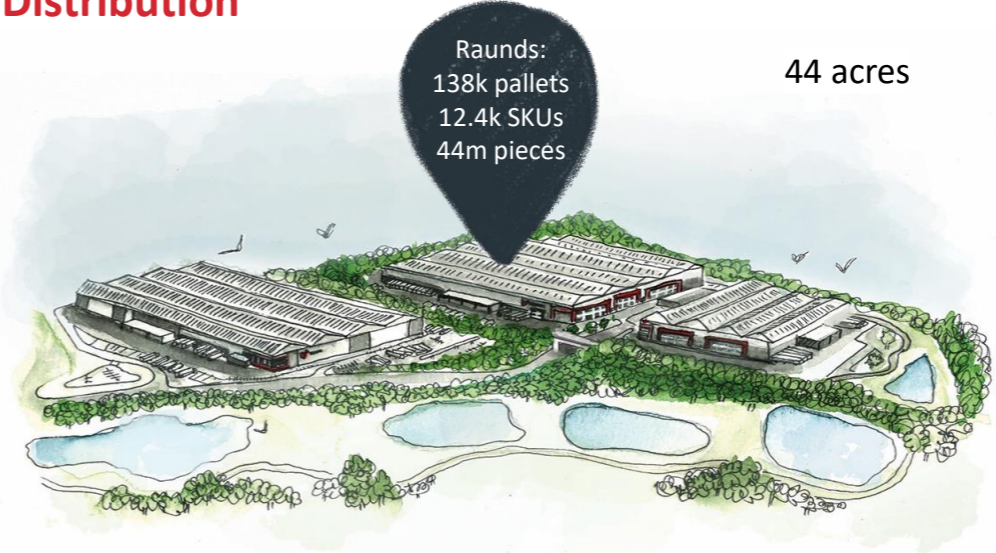
We are investing in manufacturing and further expanding our degree of vertical integration



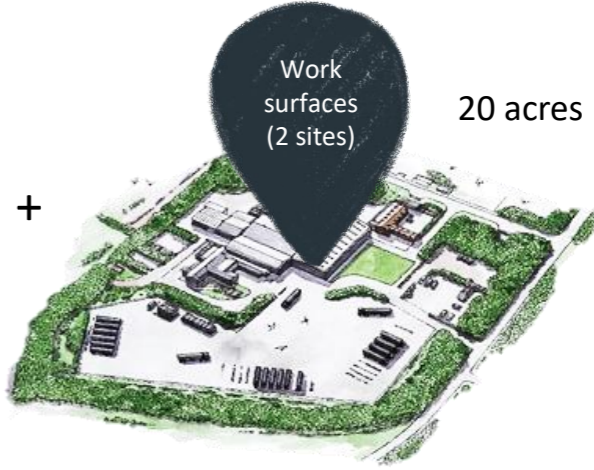
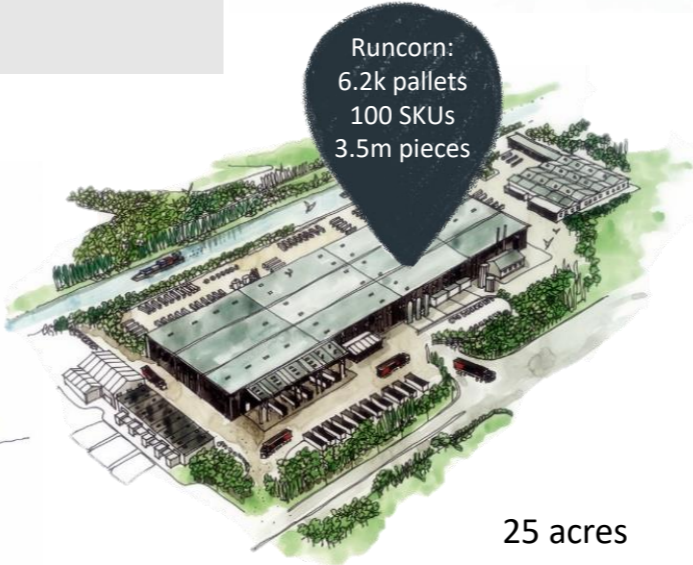
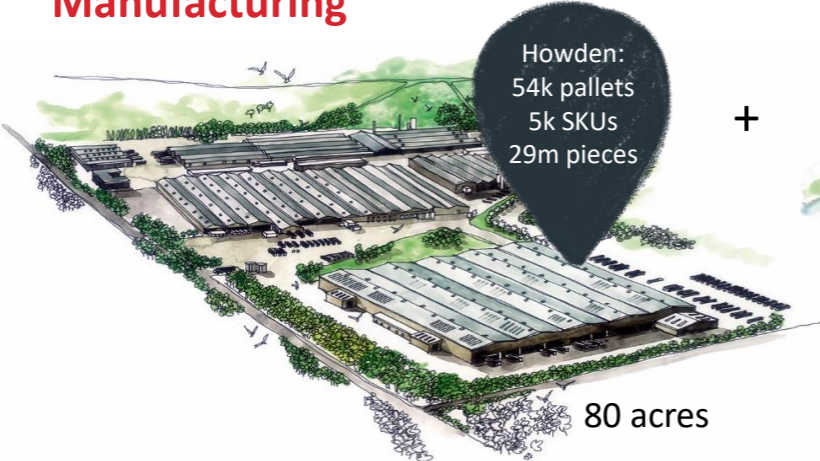
Supply Management

- Increase manufacturing volume (as % COGS) from 30%
- Investment in additional capacity including door frontals, laminated worktops, skirting and architraves.
- Expand new solid surface capacity to support growth in higher priced kitchen volumes.
- Efficient distribution: On-time-in-full delivery in P21 2022 to UK depots was 99.97%.
- Total: 198K pallets, 2.6m SQFT, 16k SKUs and 74m outbound pieces

Distribution



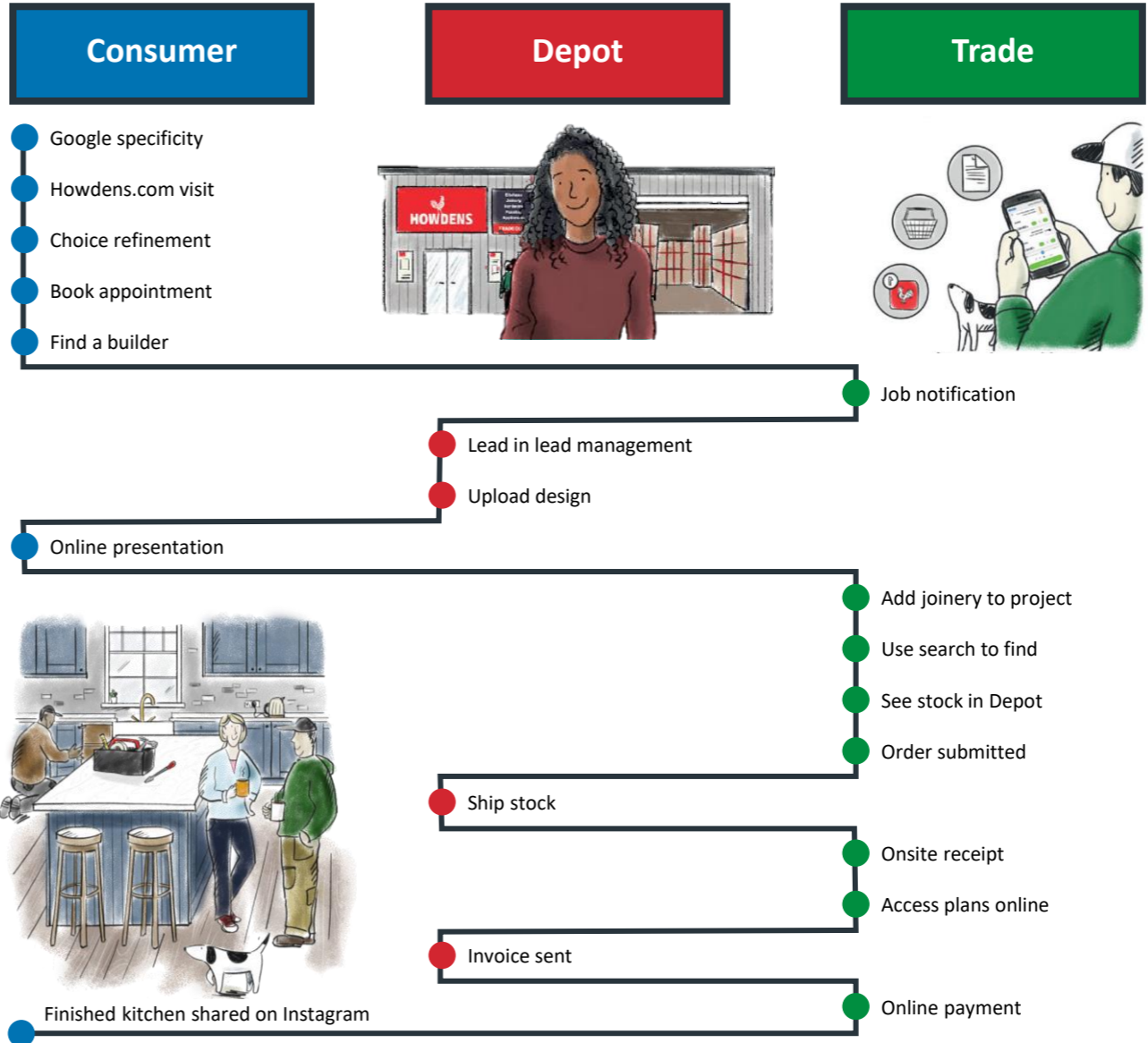
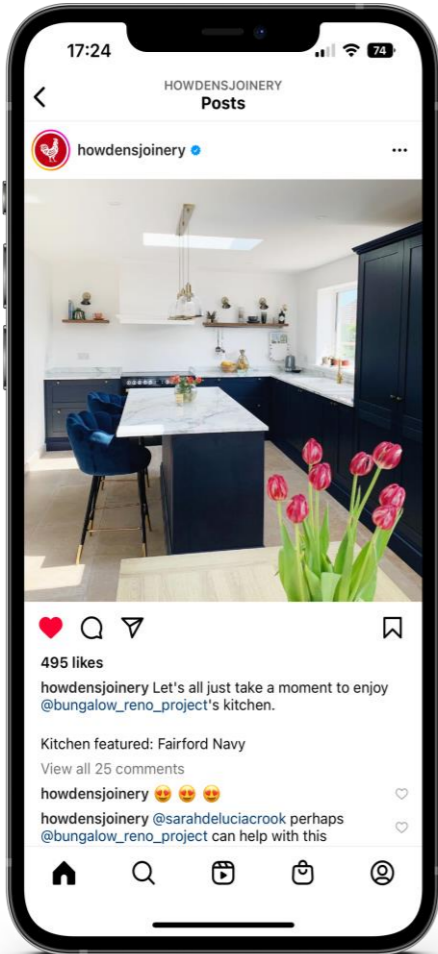
Manufacturing



We are digitally connecting people, experiences and services



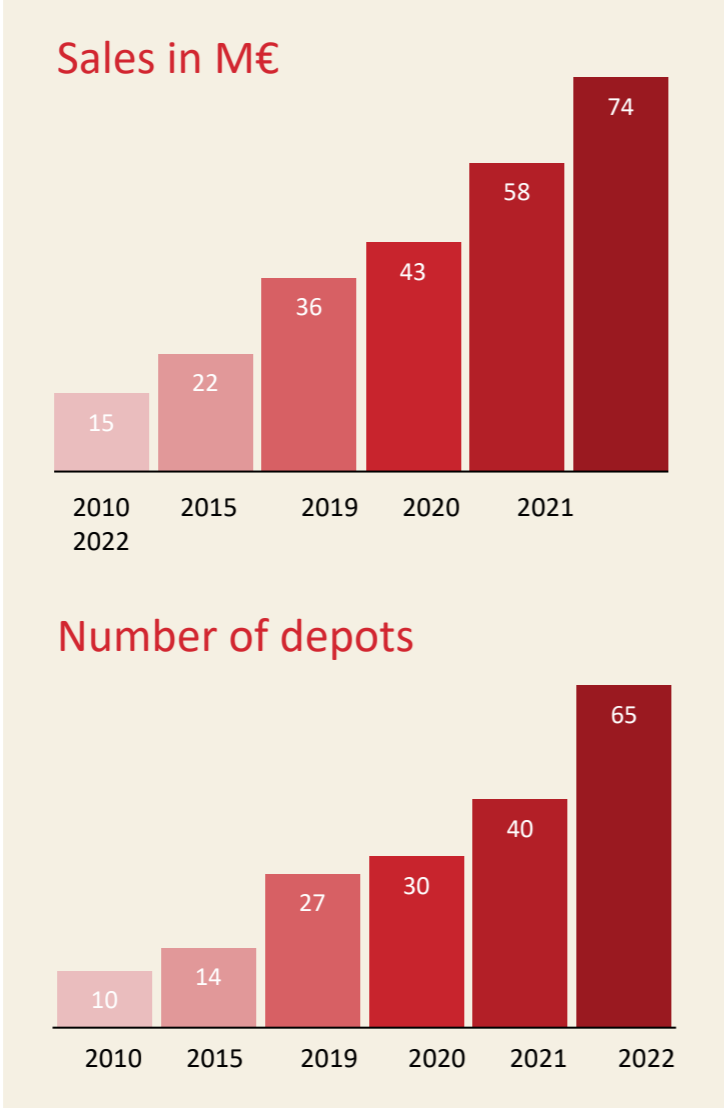
Digital Development



Attractive international markets with significant growth opportunities



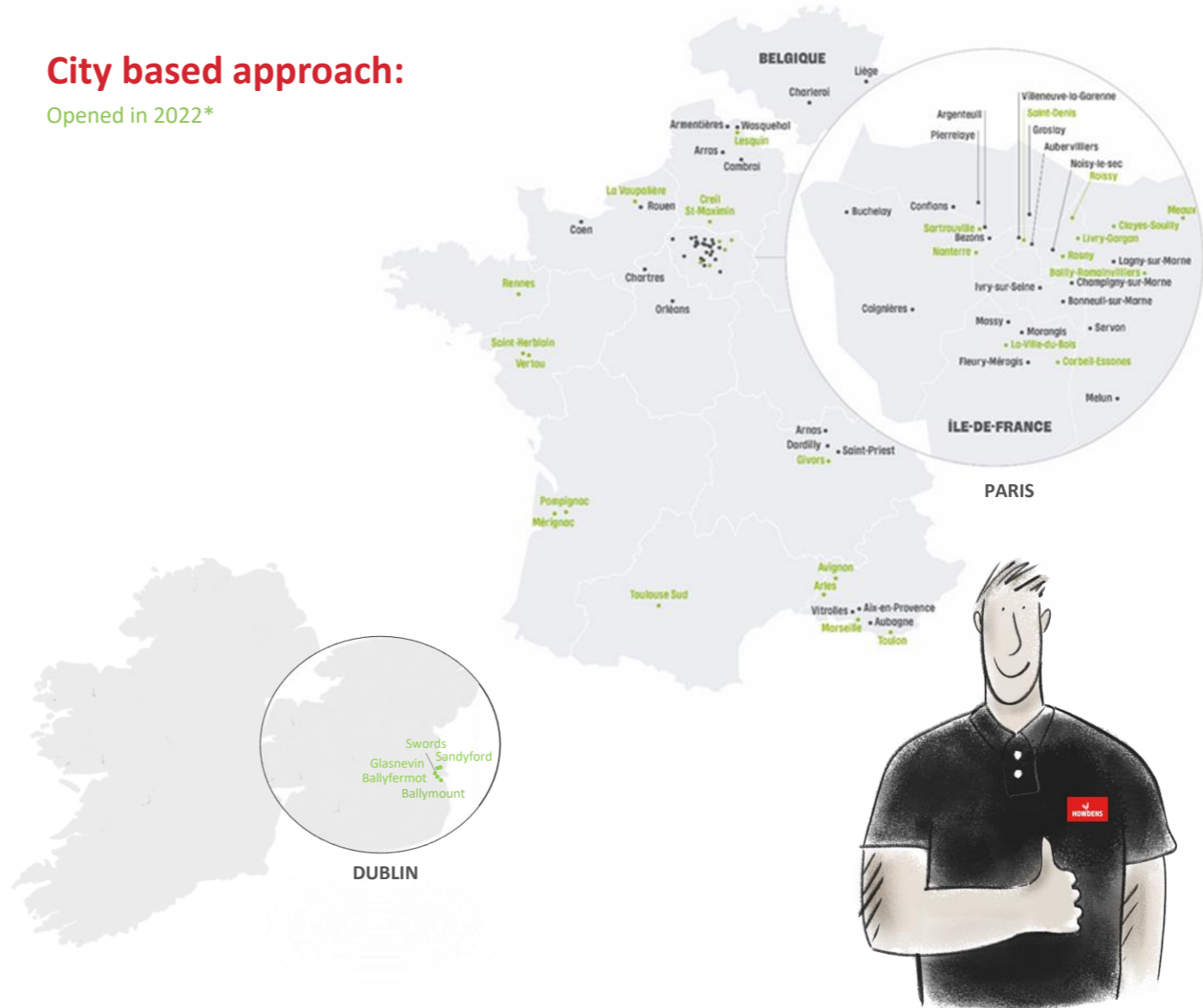
International Growth



* NB 5 depots were closed in 2022 which are not shown

City based approach:

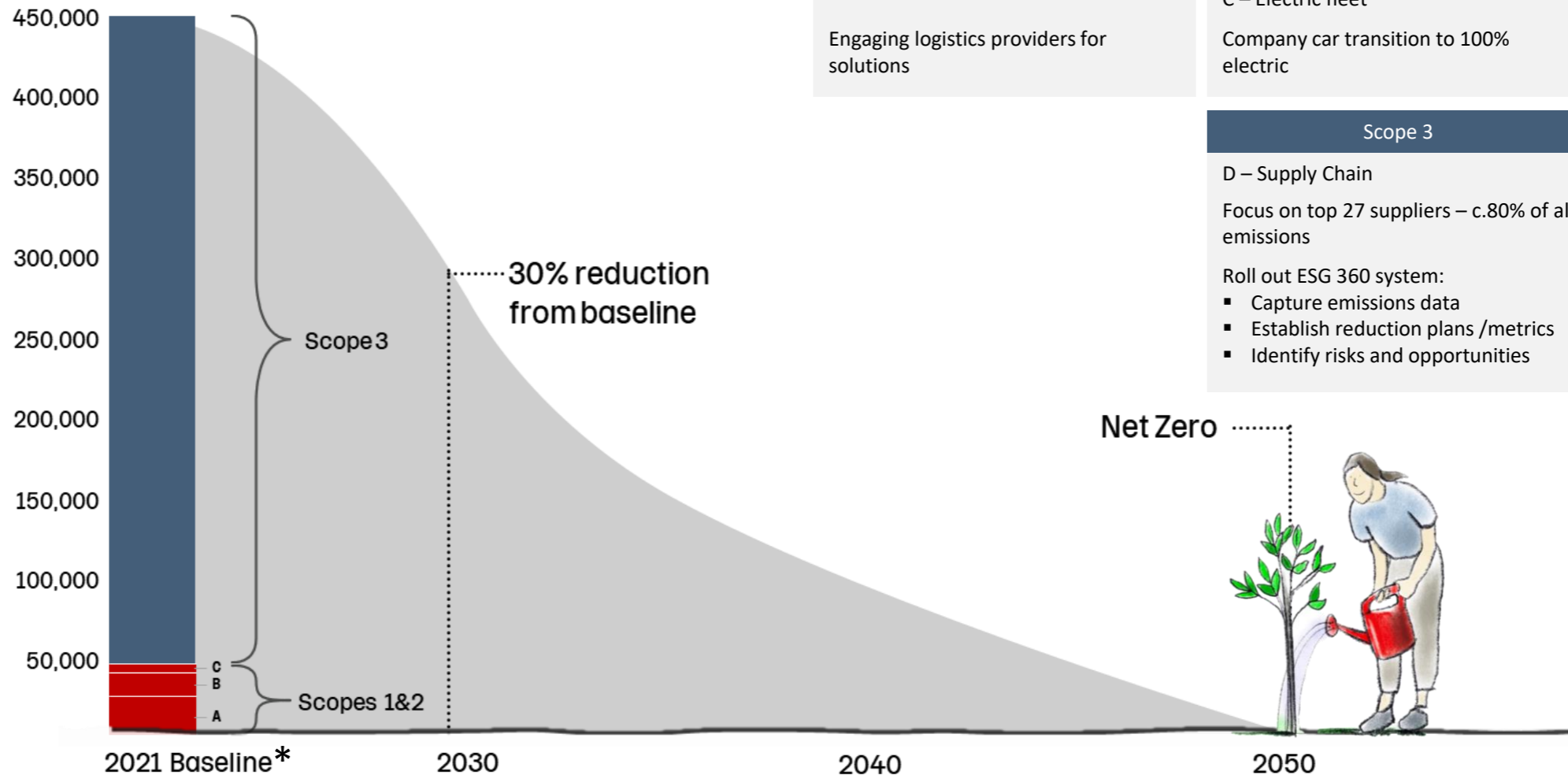
Opened in 2022*



We have identified the major steps to achieve net zero emissions



Tonnes of CO₂



2021 Baseline*

2030

2040

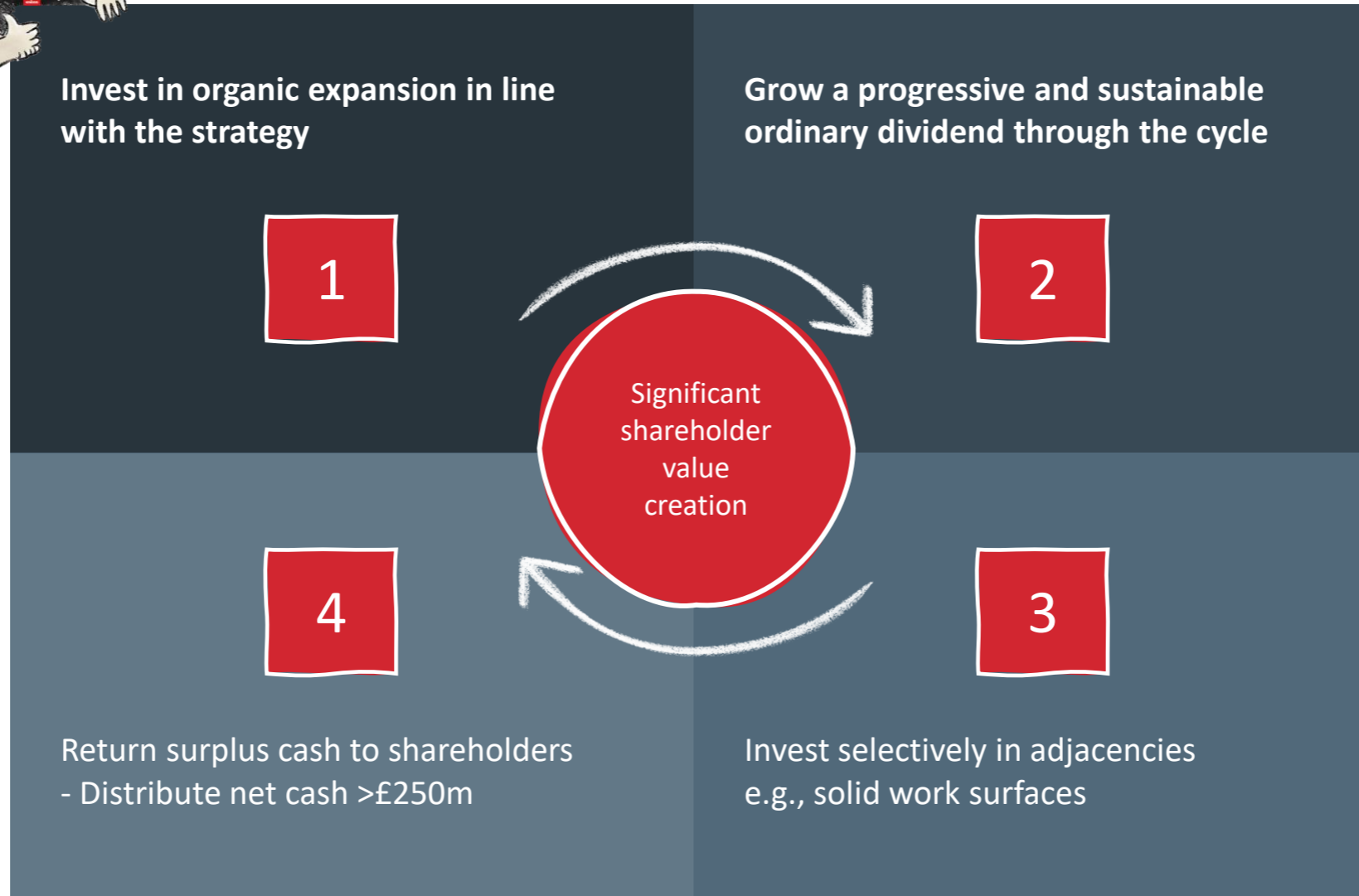
2050

Net Zero



*Howdens signed up to the Science Based Targets Initiative (SBTi) Net-Zero Initiative in 2022

We have a strong balance sheet and clear capital allocation priorities



We have a strong track record of cash generation, investment and capital returns



Over the past 10 years:

£2.6bn

Generated in operating cashflow

£611m

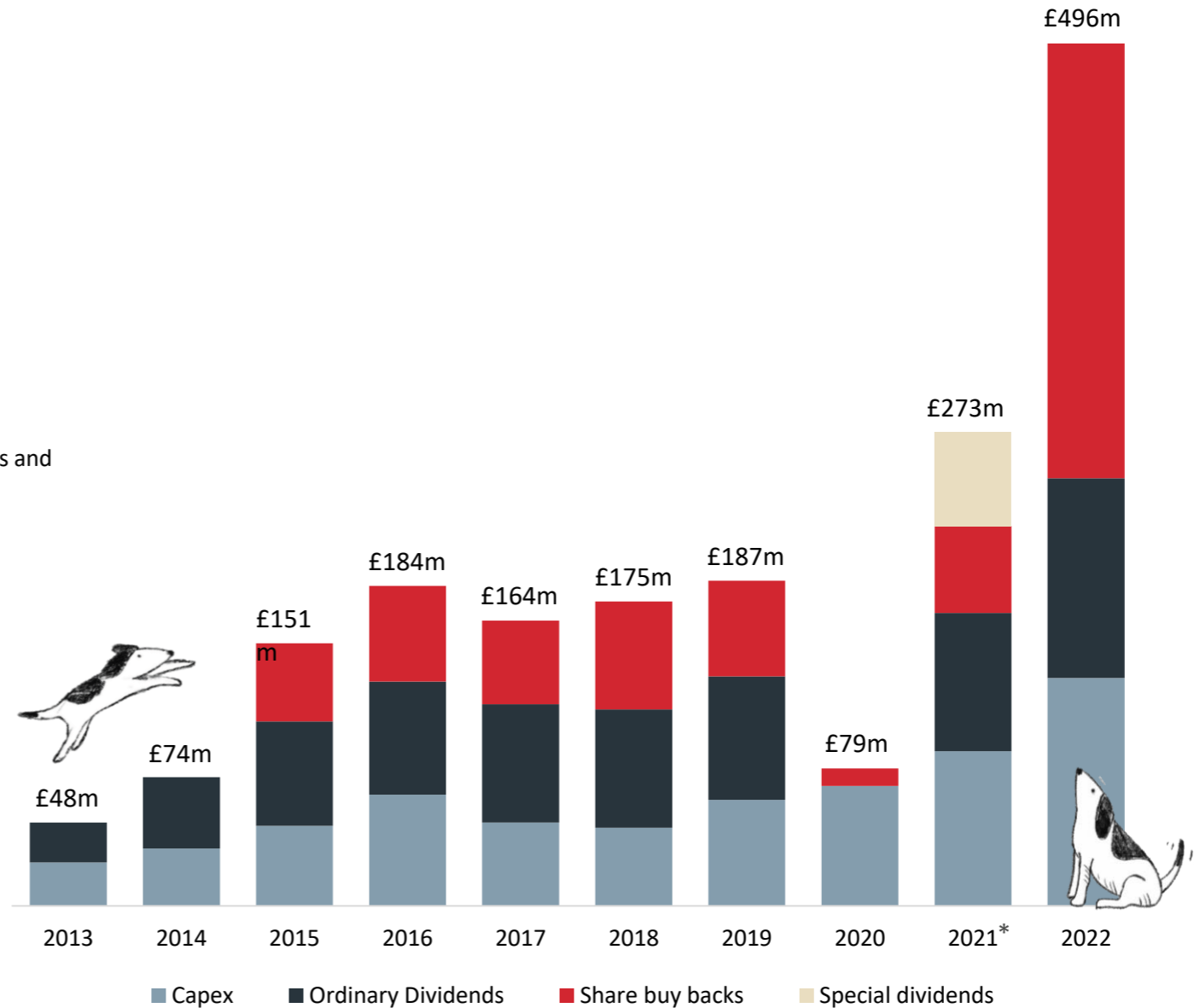
Invested in capex

£645m

Returned in ordinary dividends

£629m

Returned in buy backs and special dividends



*The special dividend paid in 2021 was a catch up given the suspension of dividends in 2020 due to COVID-19.

Howdens' investment case



Sustainable growth, sector leading margins and strong cash generation

A differentiated business model with benefits of scale and local customer relationships

A well-established strategy to deliver profitable growth

Leading positions in attractive markets with opportunities to gain share

and...
Great returns for shareholders