

“one **industry**
one **voice**”

Builders Merchant Building Index



Monthly Report for April 2016

Building the Industry & Building Brands from Knowledge



Introduction

John Newcomb, Managing Director BMF



The Builders Merchant Building Index (BMBI) report uses data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain.

GfK's Builders Merchants Panel started collecting data in July 2014, and all trend data in the BMBI is indexed on the 6 month period July 2014 to December 2014. The monthly series tracks what is happening in the market month by month and includes an in-depth review every Quarter. This trend series gives our industry access to far more accurate and comprehensive data than that available to other construction sectors.

Data from GfK's Builders Merchants Panel is setting a new standard to give us a reliable market picture. Unlike data from sources based on estimates, or sales from suppliers into the supply chain, this up-to-date data is based on actual sales out from merchants to builders and other trades.

Measuring the level of RMI work in the economy is hugely important to everyone including Government. Yet until now there has not been any decent measure of RMI, or even an approximation of it. The Builders Merchants Panel provides a reliable measure on a national scale.

We recognise the importance of sharing this data. In this spirit, MRA Marketing produces the Builders Merchant Building Index to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands. We now have eight Expert Brands: Crystal Direct, Keylite Roof Windows, Timbmet, Alumasc Water Management Solutions, Hanson Cement, IKO plc, Keystone Lintels and Knauf Insulation providing valuable commentary on market trends and influences.

GfK insights go deeper than the category sectors contained in this document. They can trace product group performance and track features that are relevant to you. GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join in to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or Suppliers who are interested in getting involved should contact Ricky Coombes at Ricky.Coombes@gfk.com

Monthly Index and Categories

January 2015 – April 2016 (Indexed on monthly average, July 2014 – December 2014)

VALUE EX VAT £	Index	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Total Builders Merchants	100	86.7	91.3	108.6	106.7	102.2	114.5	116.4	101.3	111.2	111.8	102.2	74.6	88.9	102.2	110.9	114.6
Timber, Sheet & Joinery Products	100	90.0	92.0	107.0	102.5	99.9	110.4	113.9	100.5	110.8	112.3	103.1	74.8	91.5	101.8	107.2	109.0
Heavy Building Materials	100	85.4	91.1	109.1	107.3	101.2	115.4	116.5	101.1	111.6	112.0	101.0	72.8	87.8	101.6	110.9	115.2
Decorating & Renovation	100	88.0	88.5	103.2	98.1	95.1	108.3	113.0	103.0	110.1	111.0	101.6	77.2	89.5	99.7	104.9	105.8
Tools	100	87.9	86.6	98.0	96.9	93.2	102.0	104.8	91.6	102.0	102.6	100.7	73.6	87.0	96.8	101.0	103.8
Workwear & Safetywear	100	99.8	93.0	93.6	85.7	95.8	103.8	103.4	95.7	117.3	116.6	116.8	74.0	109.9	104.0	103.1	94.0
Ironmongery	100	95.2	93.9	106.4	105.1	98.9	111.0	115.1	102.4	112.7	113.3	109.0	85.1	101.4	109.9	114.0	113.7
Landscaping	100	67.6	78.7	114.6	141.3	135.7	146.9	141.7	116.0	114.6	108.9	89.1	63.1	69.8	95.2	123.9	147.4
Plumbing, Heating & Electrical	100	103.5	103.5	111.3	100.1	95.8	105.6	109.1	95.1	113.1	121.0	120.2	91.0	108.0	116.5	117.1	112.7
Renewables & Water Saving	100	89.3	87.3	121.3	97.8	79.7	102.8	74.3	66.5	102.1	97.7	94.1	74.6	76.7	70.5	71.2	65.8
Kitchens & Bathrooms	100	90.3	99.7	109.3	97.0	96.9	106.5	112.3	97.0	110.3	109.5	108.6	77.4	91.6	108.9	110.5	106.7
Miscellaneous	100	95.3	88.6	97.3	92.2	86.6	101.4	102.9	93.5	103.7	106.5	100.0	81.0	100.6	104.0	109.3	109.5
Services	100	86.3	94.0	111.9	99.1	98.6	106.7	112.4	102.2	108.1	111.1	102.1	82.9	85.9	102.0	114.3	111.0

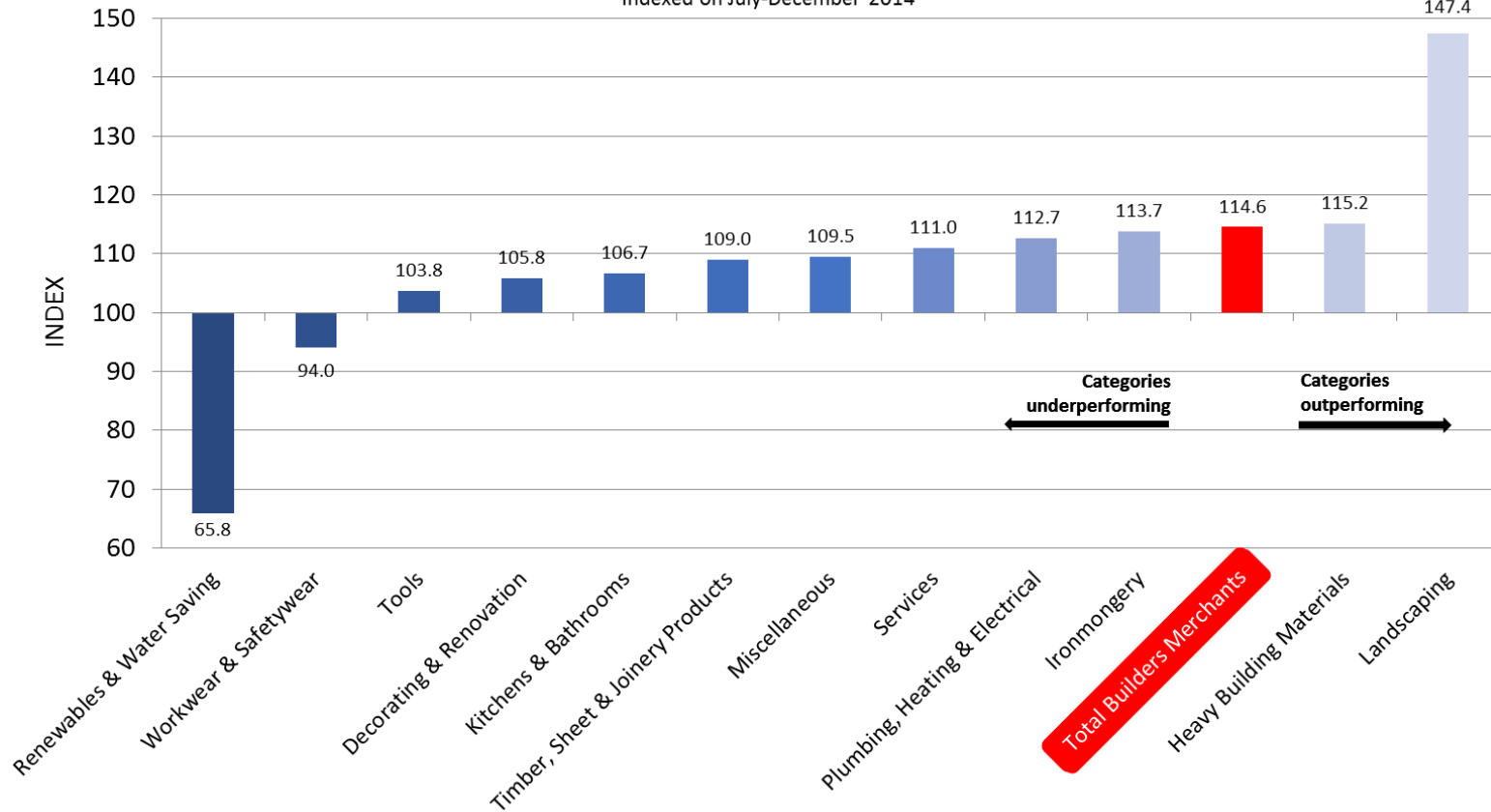
Monthly Index and Categories

April 2016

The upper scale of this chart is set to 150, rather than the usual 130

April 2016 Index

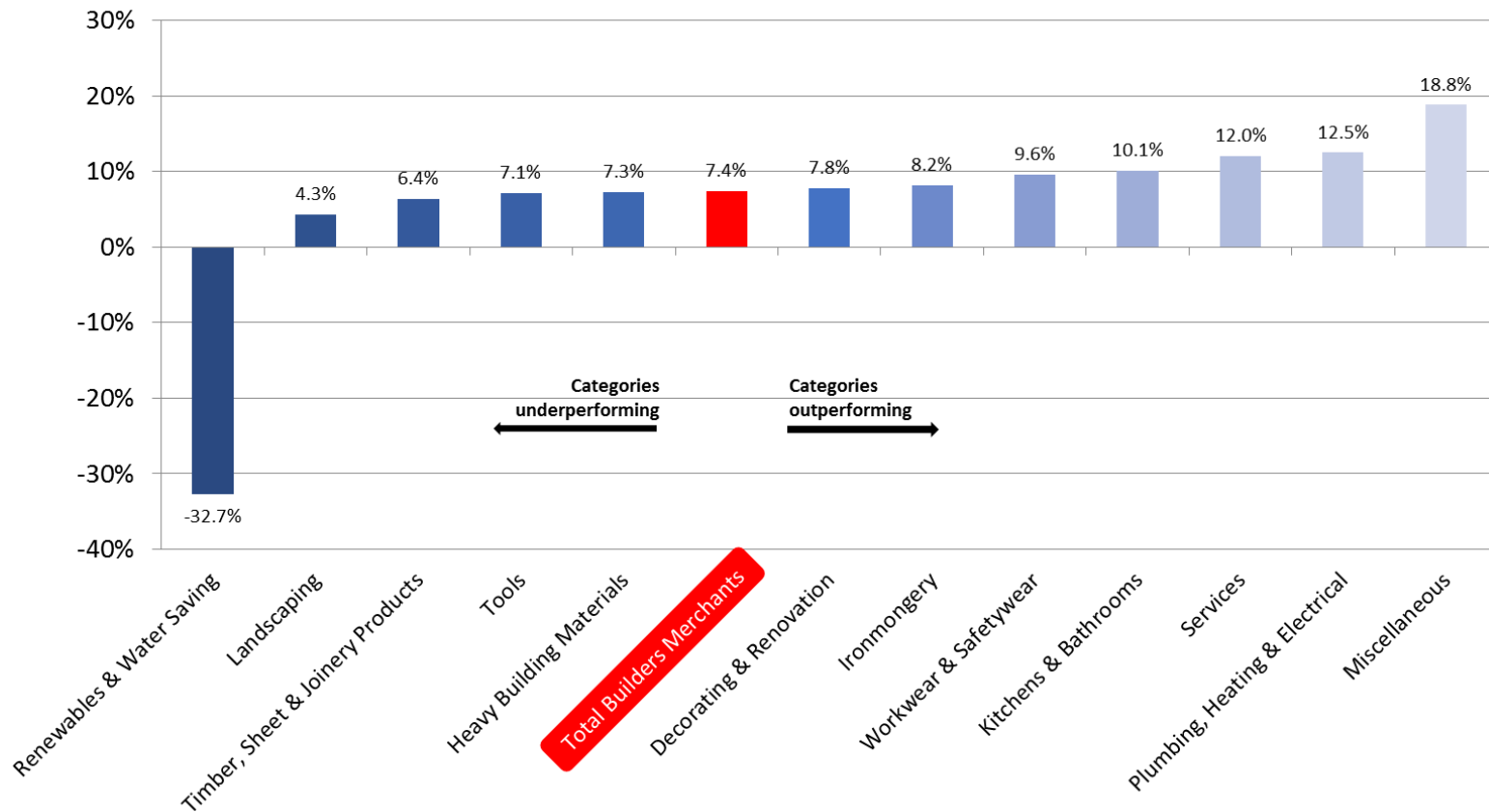
Indexed on July-December 2014



Overall and Categories - Monthly

April 2016

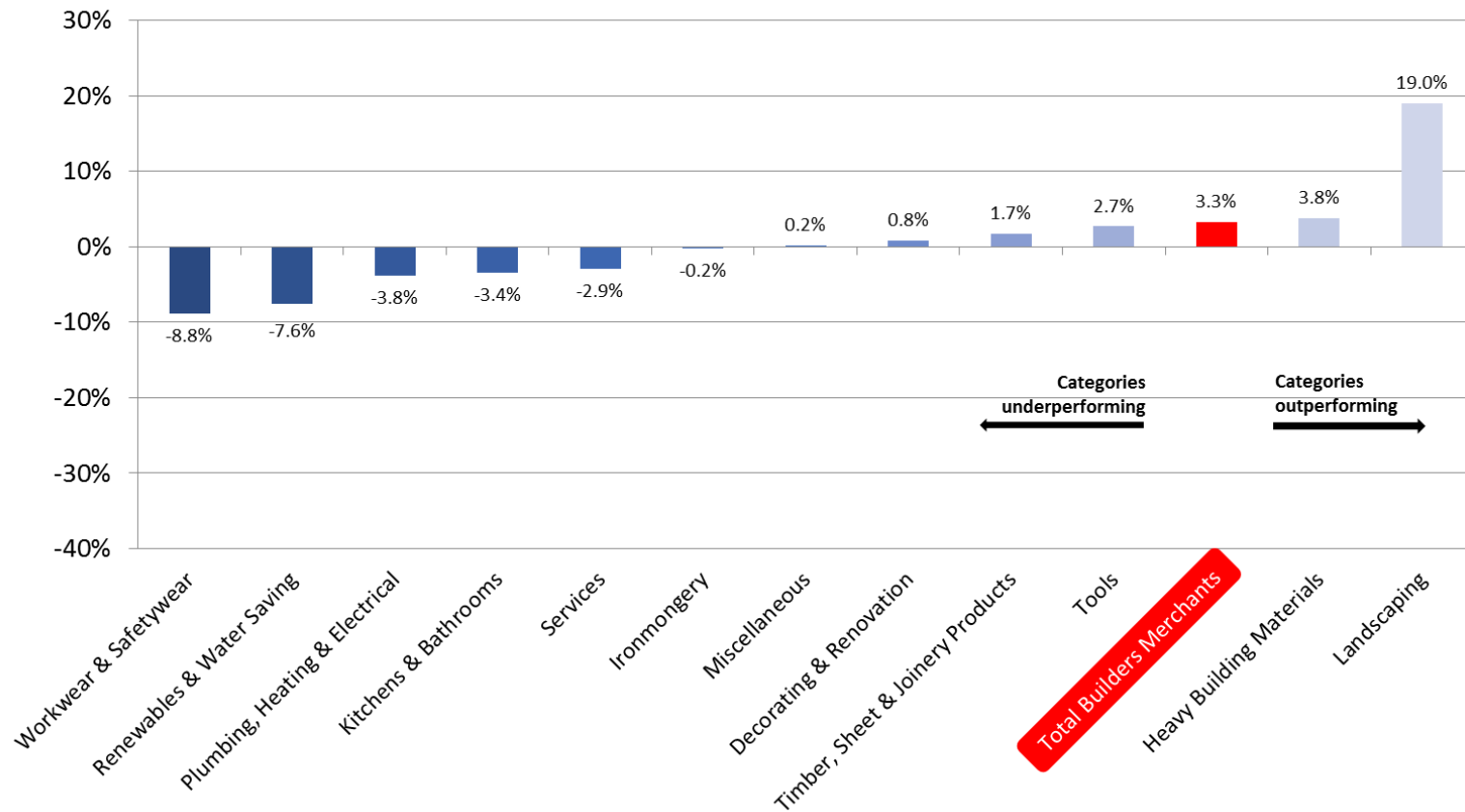
April 2016 v April 2015



Overall and Categories - Monthly

April 2016

April 2016 v March 2016



Quarterly Index and Categories

Q1 2015 – Q1 2016 (Indexed on July to December 2014)

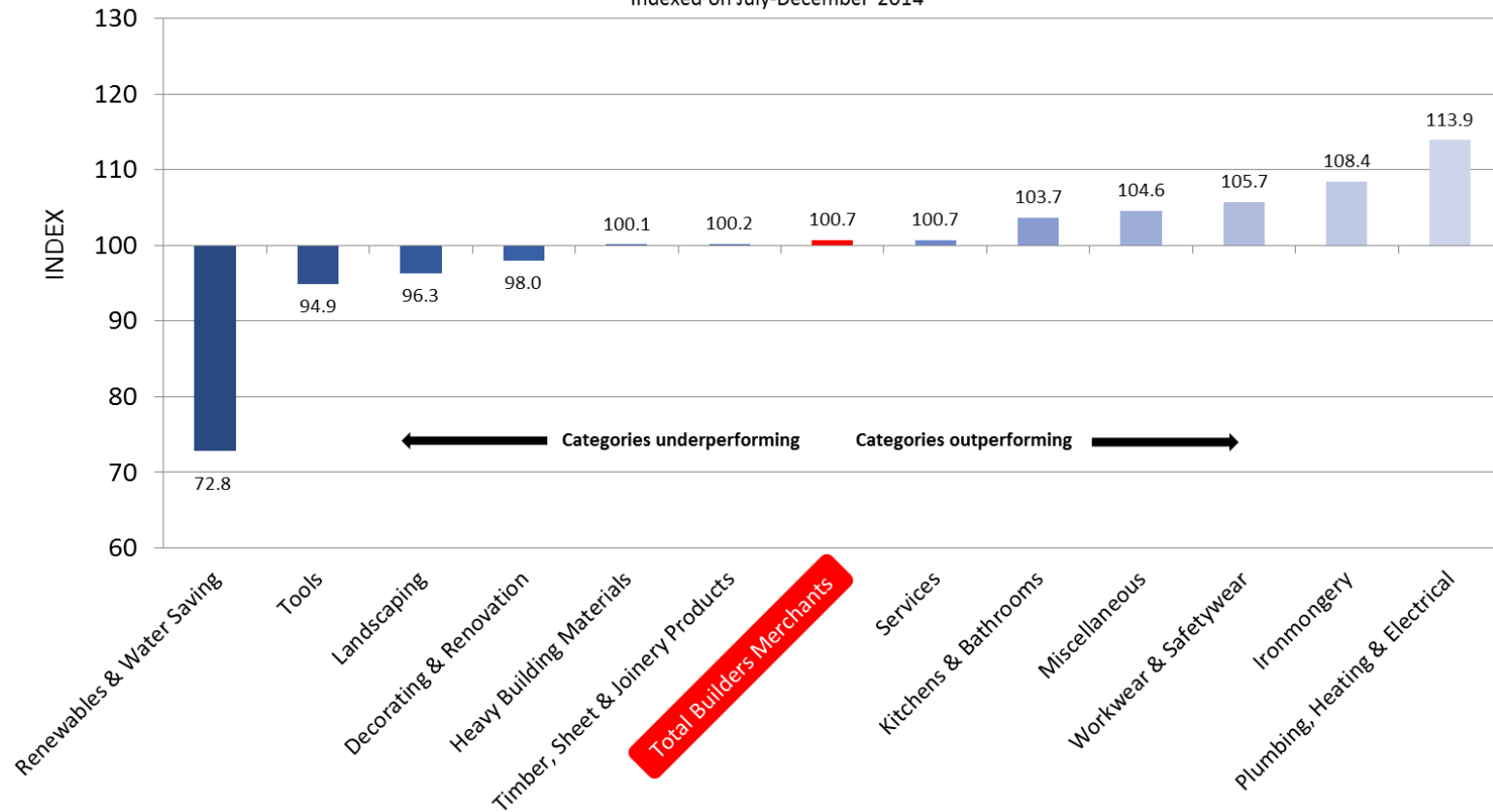
VALUE EX VAT £	Index	Q1, 2015	Q2, 2015	Q3, 2015	Q4, 2015	Q1, 2016
Total Builders Merchants	100	95.5	107.8	109.6	96.2	100.7
Timber, Sheet & Joinery Products	100	96.3	104.3	108.4	96.7	100.2
Heavy Building Materials	100	95.2	108.0	109.7	95.3	100.1
Decorating & Renovation	100	93.2	100.5	108.7	96.6	98.0
Tools	100	90.8	97.4	99.5	92.3	94.9
Workwear & Safetywear	100	95.5	95.1	105.5	102.4	105.7
Ironmongery	100	98.5	105.0	110.1	102.5	108.4
Landscaping	100	87.0	141.3	124.1	87.1	96.3
Plumbing, Heating & Electrical	100	106.1	100.5	105.8	110.8	113.9
Renewables & Water Saving	100	99.3	93.4	81.0	88.8	72.8
Kitchens & Bathrooms	100	99.8	100.1	106.5	98.5	103.7
Miscellaneous	100	93.8	93.4	100.0	95.8	104.6
Services	100	97.4	101.5	107.6	98.7	100.7

Quarterly Index and Categories

Q1 2016

Quarter 1, 2016

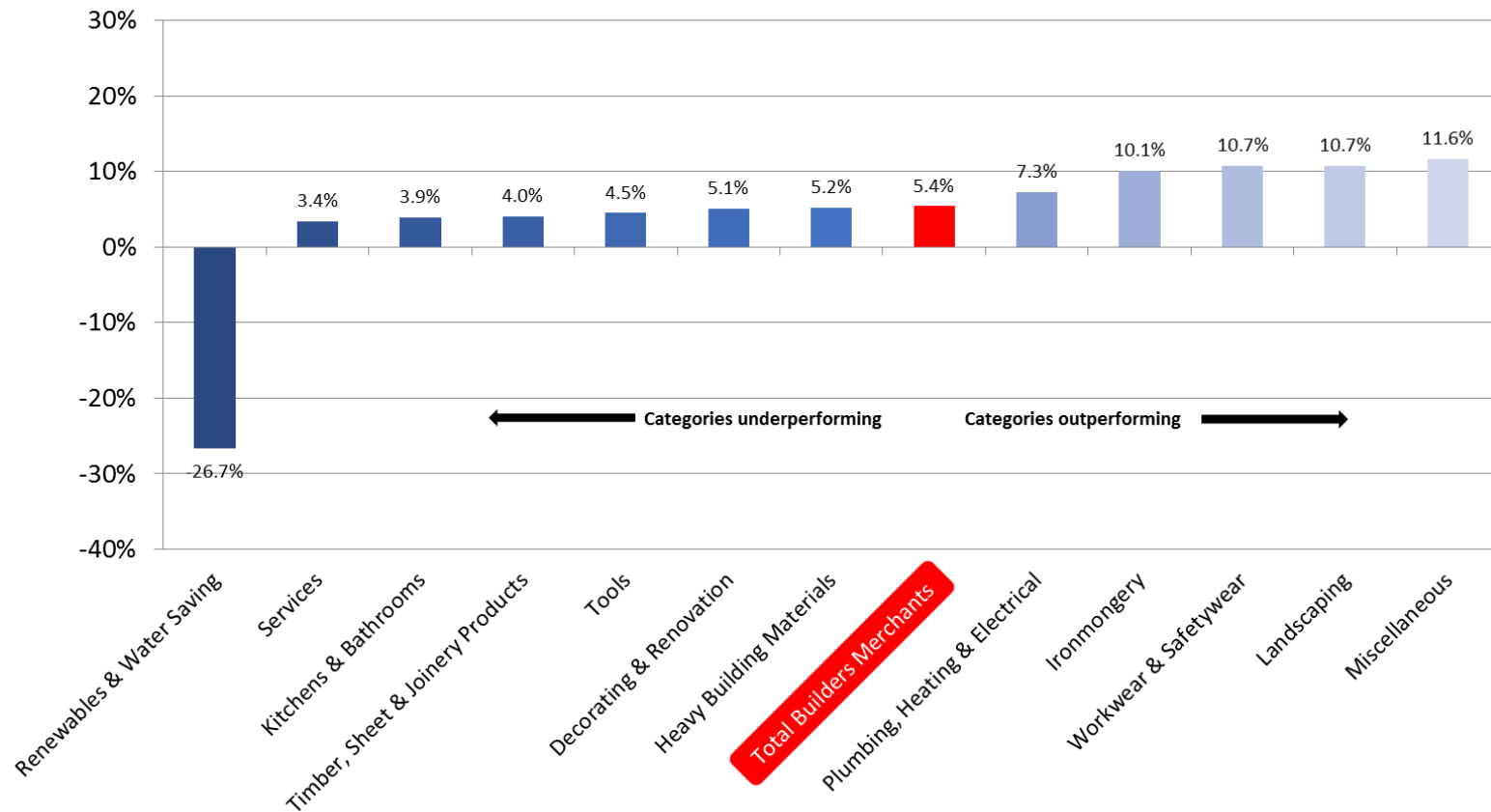
Indexed on July-December 2014



Overall and Categories - Quarterly

Q1 2016

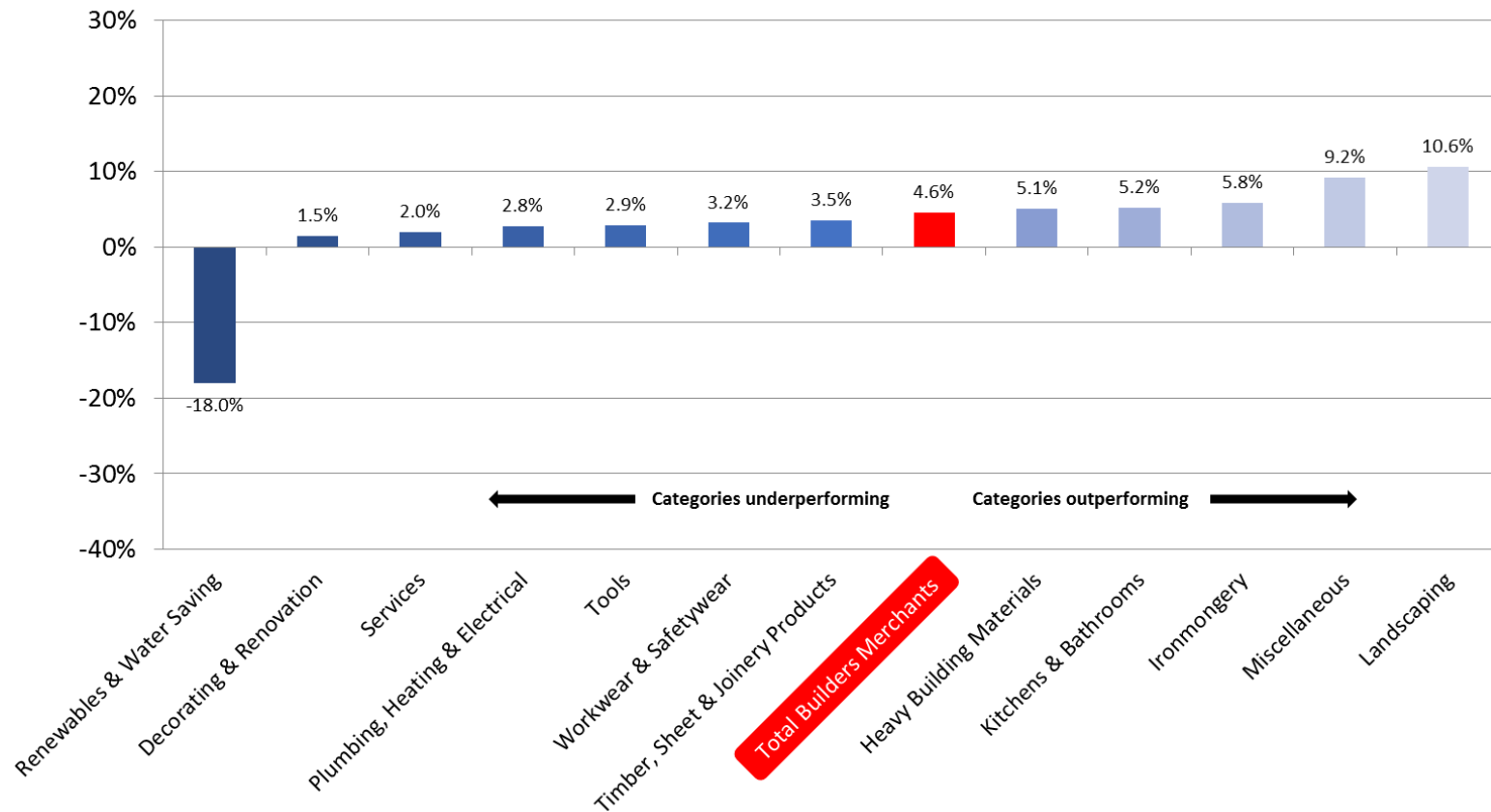
Quarter 1 2016 v Quarter 1 2015



Overall and Categories - Quarterly

Q1 2016

Quarter 1 2016 v Quarter 4 2015



Overview

John Newcomb, Managing Director BMF



April was a positive month for builders' merchants, with most categories performing well.

Year on year

Total Builders Merchants sales in April 2016 were 7.4% higher than in April 2015, helped by one extra trading day this year. All categories except one increased. Renewables & Water Saving, a volatile category dependent on a small number of transactions, was down by -32.7%. Amongst the strongest categories were Plumbing Heating & Electrical (+12.5%) and Kitchens & Bathrooms (+10.1%). Heavy Building Materials and Timber Sheet & Joinery Products, the two largest categories, were up +7.3% and +6.4% respectively.

Month on month

Sales in April 2016 were ahead of March 2016 by +3.3%. Landscaping (+19%) and Heavy Building Materials (+3.8%) did better than Total Builders Merchants, whereas Tools (+2.7%) and Timber Sheet & Joinery Products (+1.7%) grew but underperformed the total market. Workwear & Safetywear (-8.8%), Renewables & Water Saving (-7.6%), Plumbing Heating & Electrical (-3.8%) Kitchens & Bathrooms (-3.4%) and Ironmongery (-0.2%) sold less in April compared with March.

April Index

April's overall index of 114.6 was the highest since July 2015. Landscaping (147.4) was particularly strong, reflecting the category's seasonality. Heavy Building Materials (115.2) was the only other category to out-perform the Total Builders Merchants index. All but two of the remaining categories had indices above 100, including Ironmongery (113.7), Plumbing Heating & Electrical (112.7) and Timber Sheet & Joinery Products (109.5). Workwear & Safetywear (94) did less well, as did Renewable & Water Saving (65.8).

The report provides insights and reliable facts. Use it to compare your sales with market trends. The following charts enable you to see how each of the 12 contributing categories has performed in more detail.

The Expert Panel

Speaking for their markets



The Builders Merchant Building Index (BMBI) includes a growing panel of industry Experts. In each quarterly report they comment on the market, with a particular focus on the story behind the trends.

Experts are leading brands, or brands aspiring to become leaders, who are the voice of their markets.

To access the Q1 2016 report, which includes commentary from our experts, go to <http://bit.ly/1NBvclu>

Meet the Builders Merchant Building Index Experts:

Steve Halford, Managing Director, Crystal Direct is BMBI's Expert for PVCU Windows and Doors



Steve Durdant-Hollamby, Managing Director, AWMS is BMBI's Expert for Civils, Metal Rainwater & Drainage



Derrick McFarland, Managing Director, Keystone Group UK is BMBI's Expert for Lintels



John Duffin, Managing Director Keylite Roof Windows is BMBI's Expert for Roof Windows.



Keith Ellis, Commercial Director, Hanson Cement is BMBI's Expert for Cement and Aggregates



John Sinfield, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation



Nigel Cox, Managing Director Timbmet is BMBI's Expert for Timber & Panel Products



Andy Williamson, Group Managing Director IKO plc is BMBI's Expert for Roofing Products



Additional Experts will be joining the panel throughout 2016

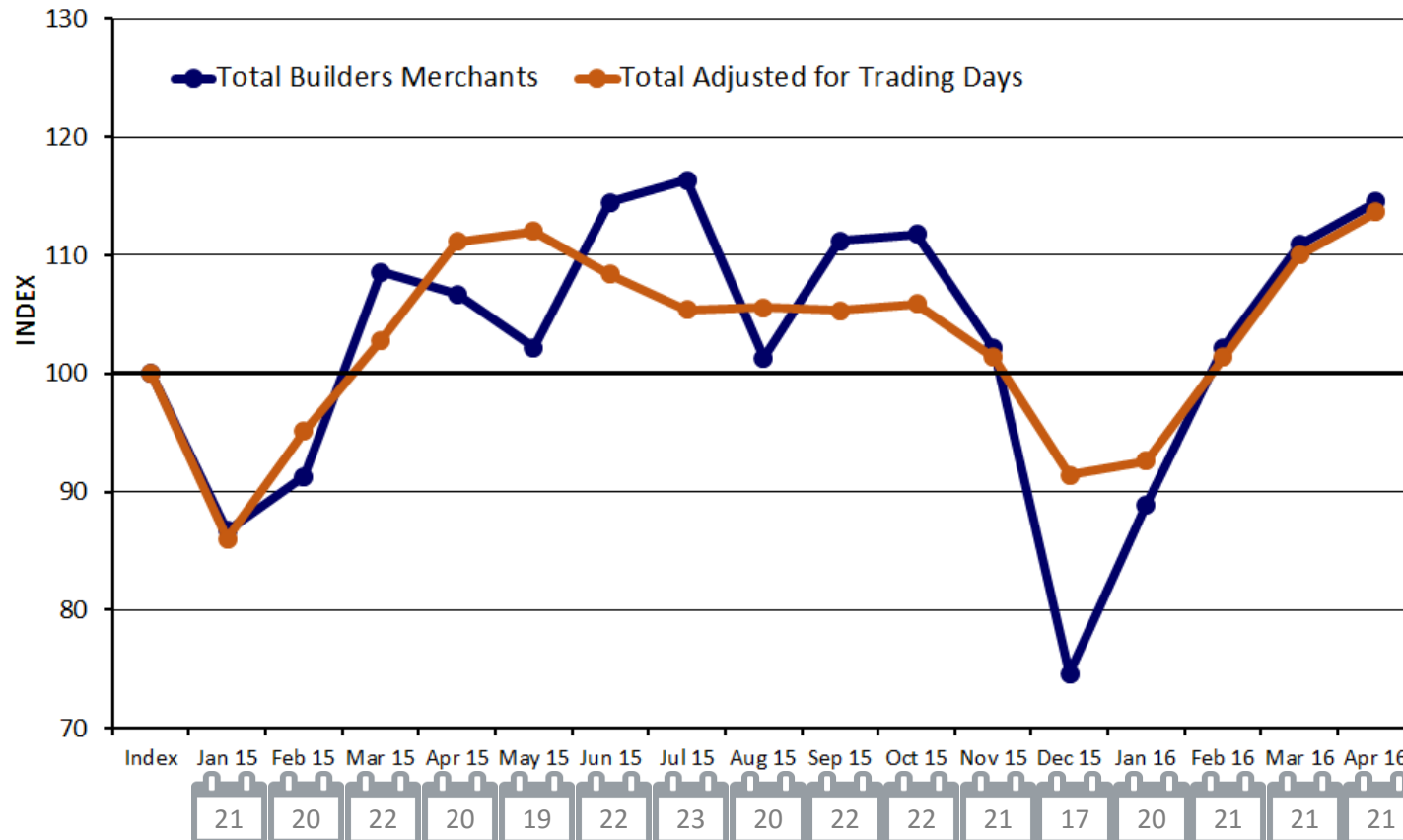


Monthly Report

Adjusted for Trading Days



Total Builders Merchants Index v Total Adjusted for Trading Days Index



Index Jan 15 Feb 15 Mar 15 Apr 15 May 15 Jun 15 Jul 15 Aug 15 Sep 15 Oct 15 Nov 15 Dec 15 Jan 16 Feb 16 Mar 16 Apr 16

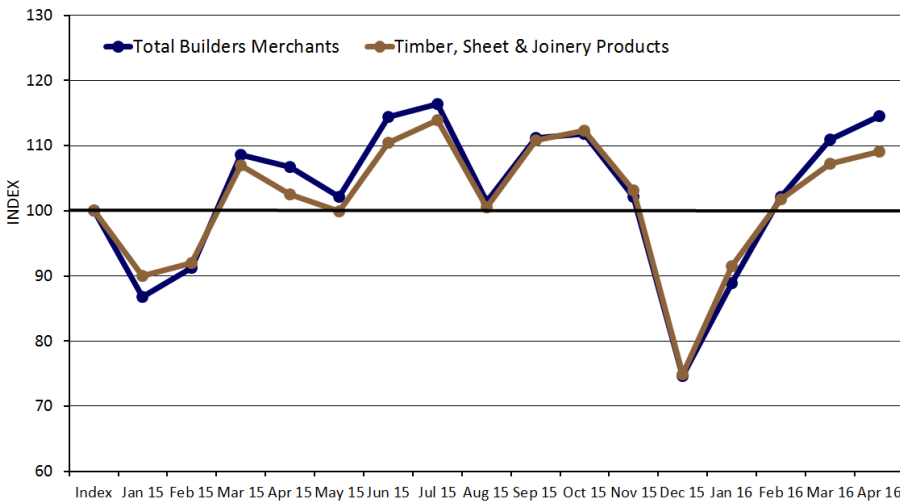
21 20 22 20 19 22 23 20 22 22 21 17 20 21 21 21

Monthly Report

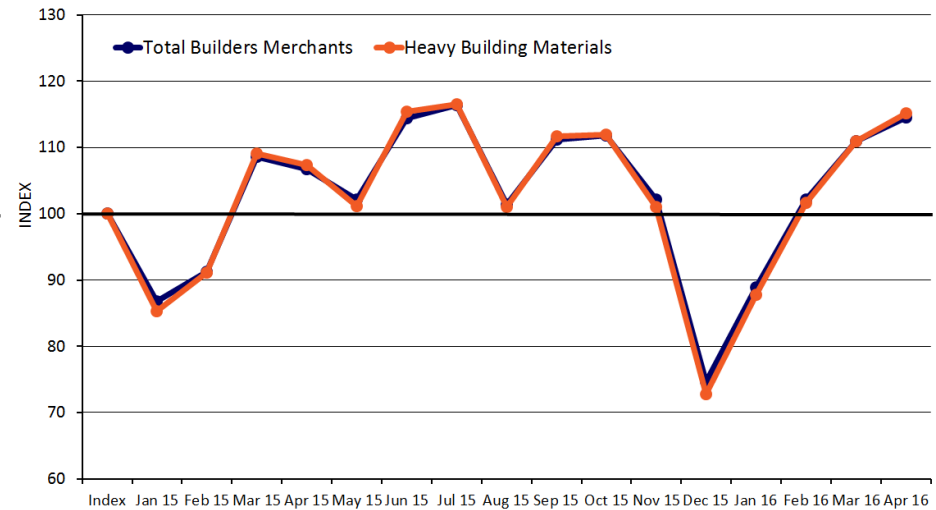
April 2016



Timber, Sheet & Joinery Products



Heavy Building Materials



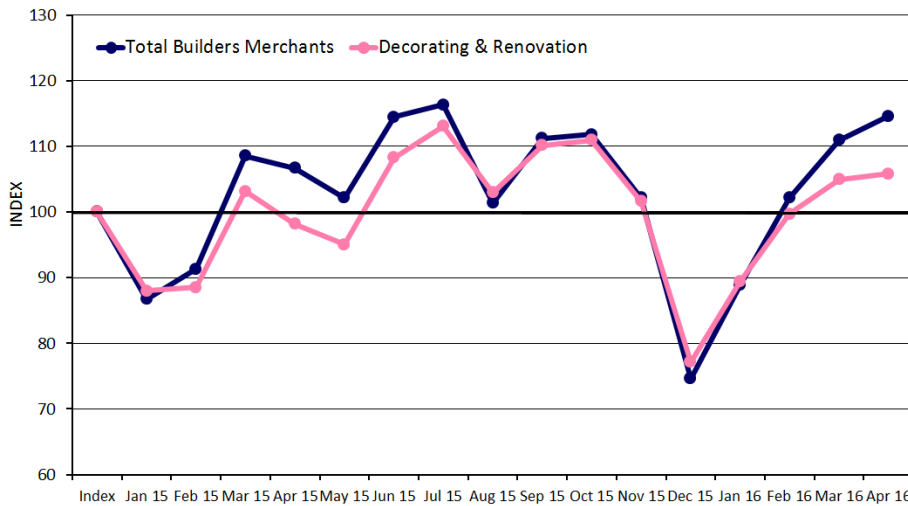
Charts indexed on July – December 2014

Monthly Report

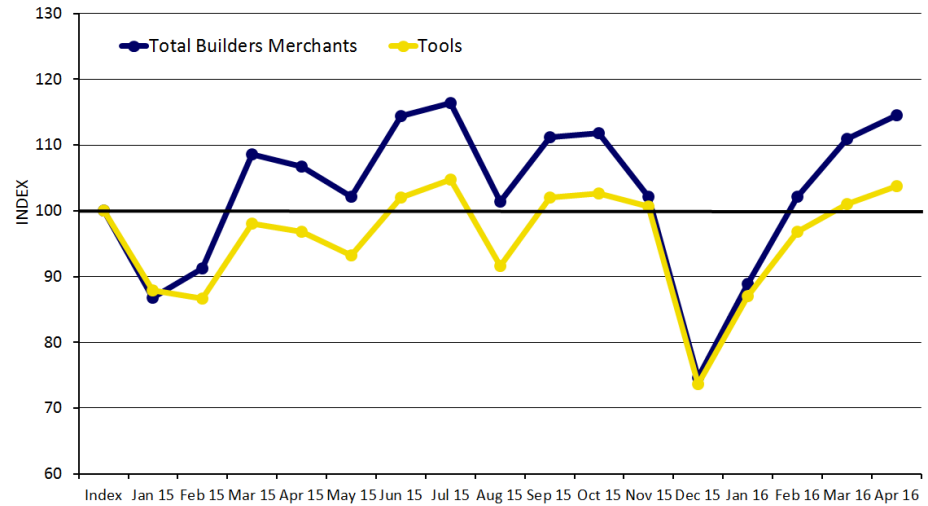
April 2016



Decorating & Renovation



Tools



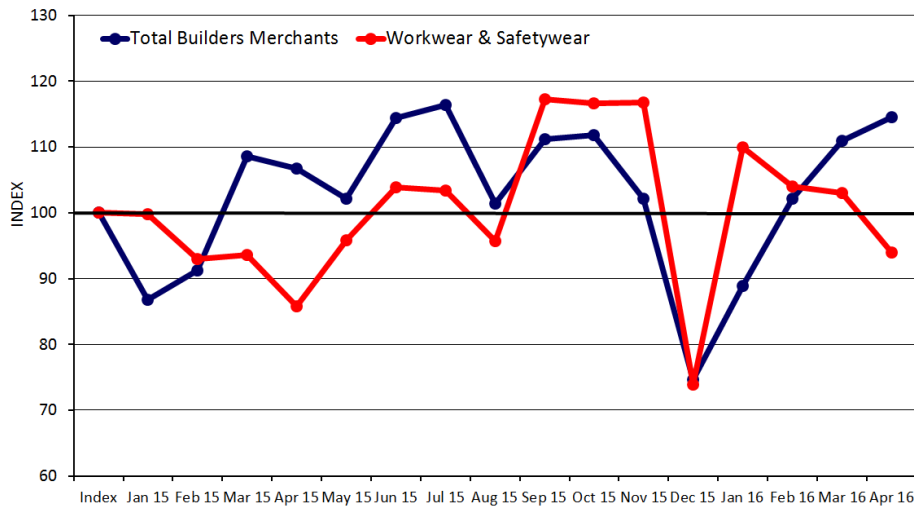
Charts indexed on July – December 2014

Monthly Report

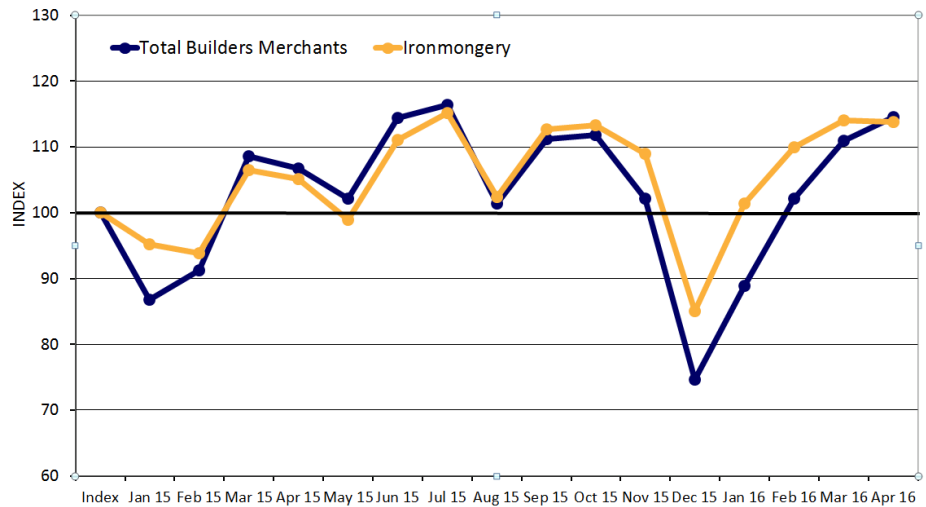
April 2016



Workwear & Safetywear



Ironmongery



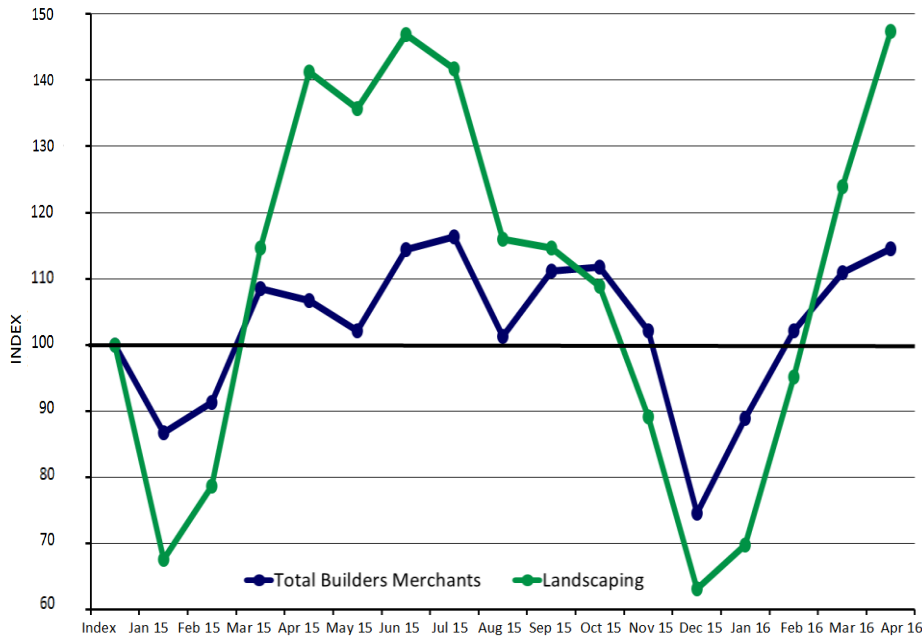
Charts indexed on July – December 2014

Monthly Report

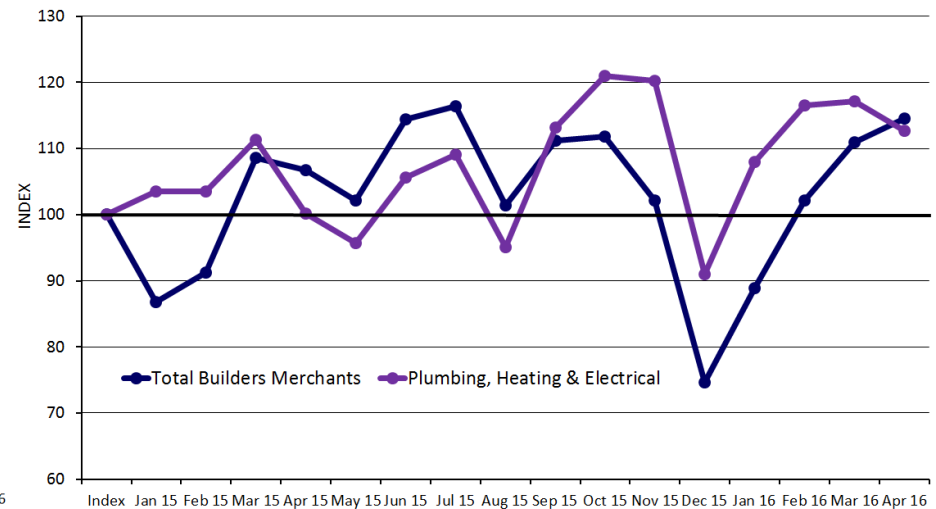
April 2016



Landscaping



Plumbing, Heating & Electrical



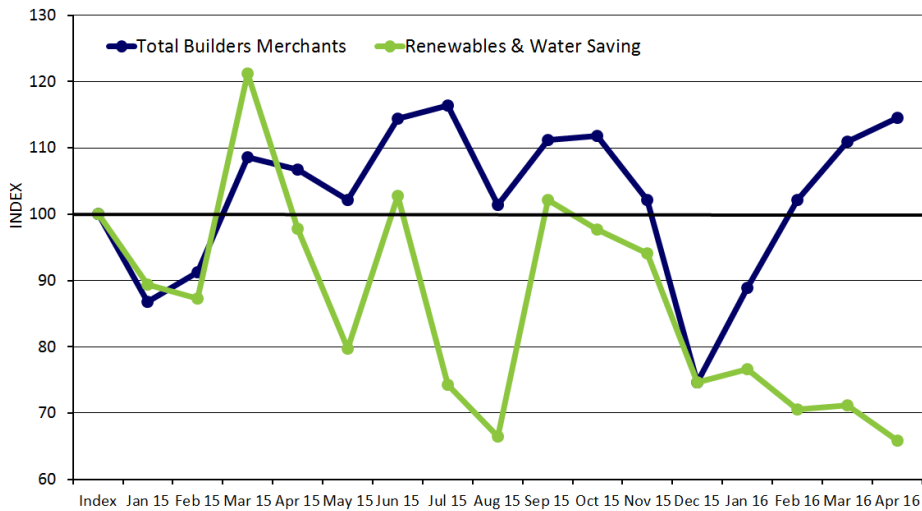
Charts indexed on July – December 2014

Monthly Report

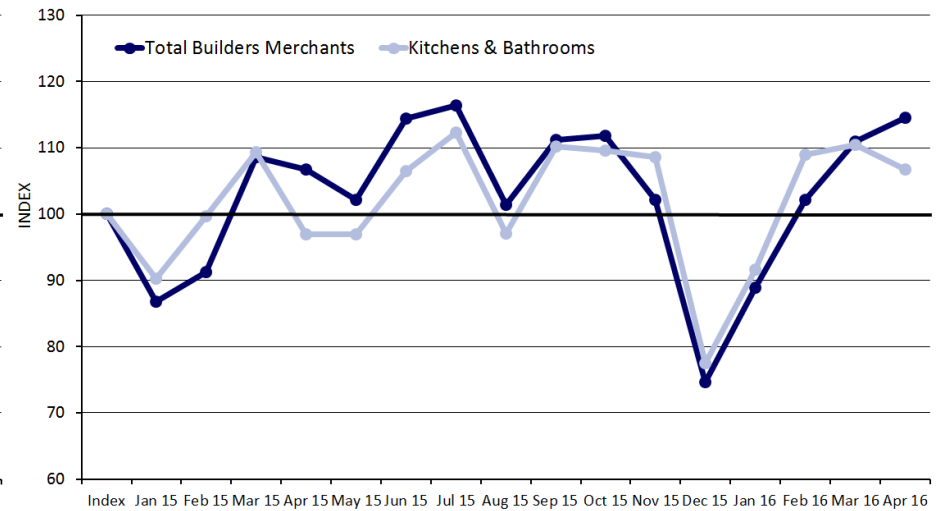
April 2016



Renewables & Water Saving



Kitchens & Bathrooms



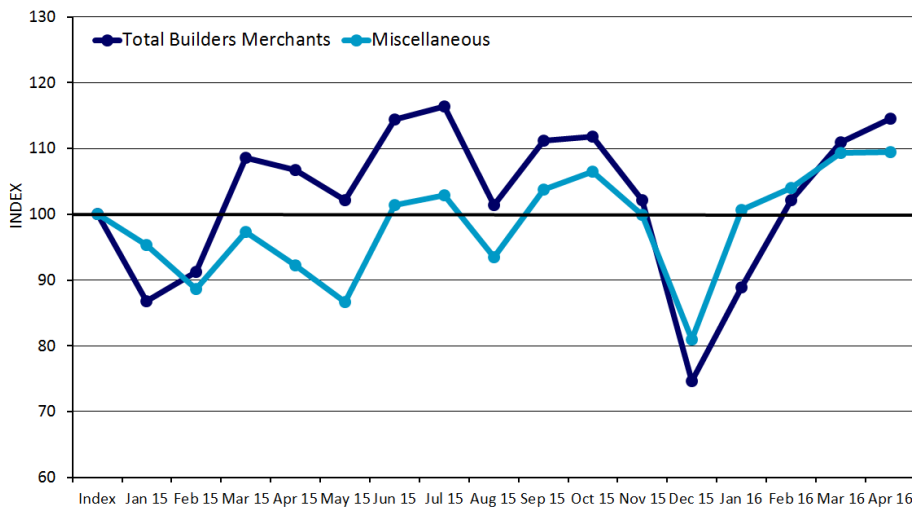
Charts indexed on July – December 2014

Monthly Report

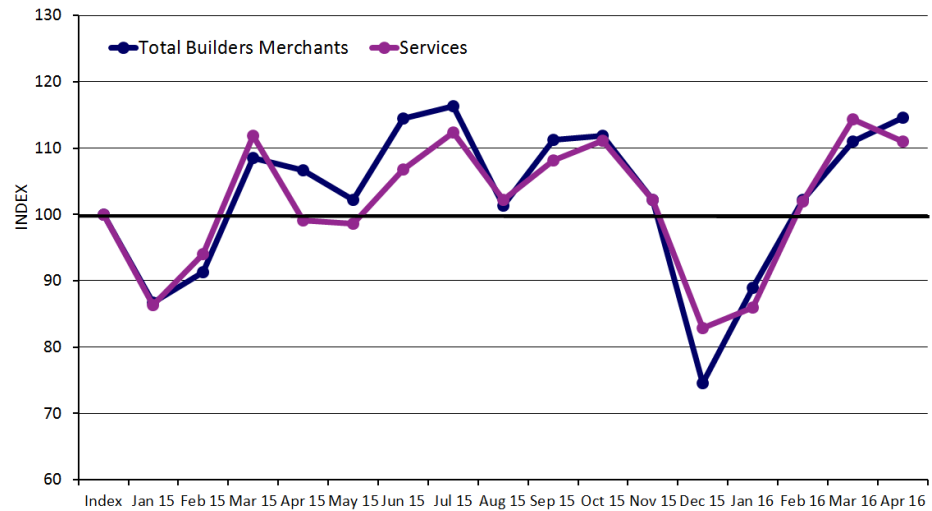
April 2016



Miscellaneous



Services



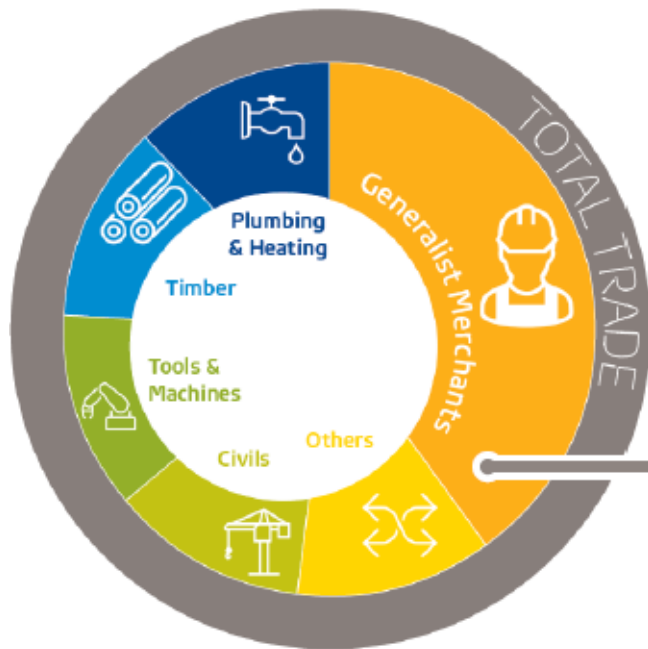
Charts indexed on July – December 2014

GfK's Panel

Generalists Builders Merchant Panel (GBMs)



The Multiple Generalist Builders Merchants Channel



Generalist Builders Merchants

Builders Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

Examples include:

National

- BUILDBASE**
- JEWSON**
- TP Travis Perkins**

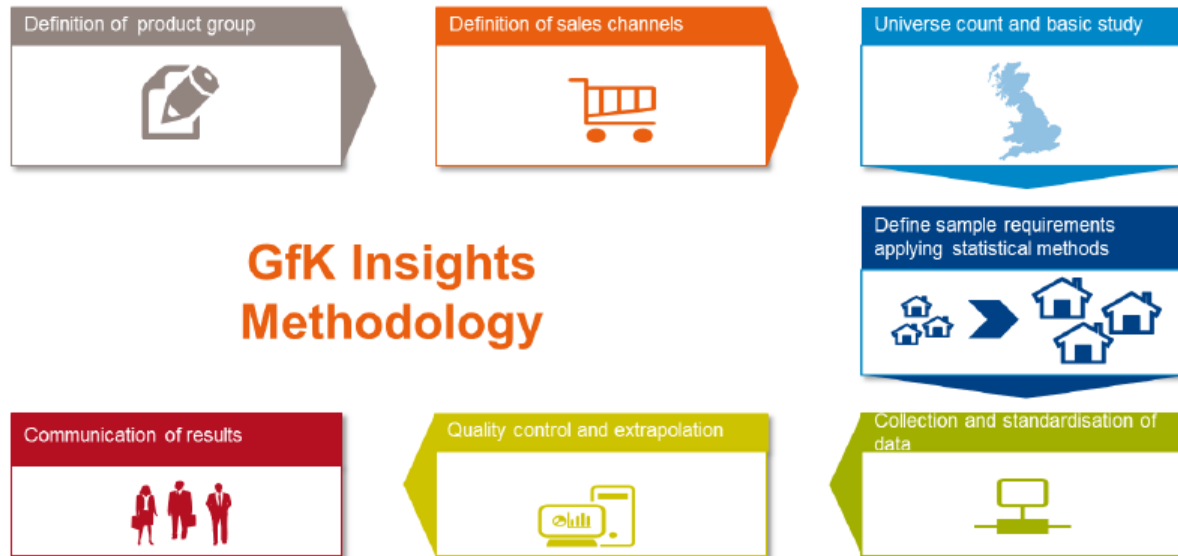
Multi Regional

- EH Smith**
- MKM BUILDING SUPPLIES**
- gibbs & dandy**

Regional

- RIDGEONS Timber & Builders Merchants**
- Bradford's BUILDING SUPPLIES**
- COVERS Timber & Builders Merchants**

GfK Insights Methodology



GfK collect live sales-out data from our panel of merchant partners.

We add value to that data through the application of each sold product's unique technical features. We compare like-for-like products and categories from like-for-like merchants and aggregate this within our reports.

Our international methodology is based on robust scientific principles and delivers continuous, reliable information that can be applied to your business requirements.

GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



Headline values available

Timber & Joinery Products

Timber
Sheet Materials
Cladding
Flooring & Flooring Accessories
Mouldings
Stairs & Stairparts
Window & Frames
Doors/Door Frames

Heavy Building Materials

Bricks Blocks & Damp Proofing
Drainage/Civils/Guttering
Lintels
Cement/Aggregate/Cement Accs
Concrete Mix/Products
Plasters Plasterboards And Accessories
Roofing Products
Insulation
Cement Mixers/Mixing Buckets Products
Builders Metalwork
Other Heavy Building Equipment/Material

Decorating

Paint/Woodcare
Paint Brushes Rollers & Pads
Adhesives/Sealants/Fillers
Tiles And Tiling Accessories
Decoration Preparation & Decorating Sundries
Wall Coverings

Tools

Hand Tools
Power Tools
Power Tool Accessories
Ladders & Access Equipment

Workwear And Safetywear

Clothing
Safety Equipment

Ironmongery

Fixings And Fastenings
Security
Other Ironmongery

Landscaping

Garden Walling/Paving
Driveways/Block Paving/Kerbs
Decorative Aggregates
Fencing And Gates
Decking
Other Gardening Equipment

Plumbing Heating & Electrical

Plumbing Equipment
Boilers Tanks & Accessories
Heating Equipment/Water Heaters/Temperature Control/Air Treatment
Radiators And Accessories
Electrical Equipment
Lighting And Light Bulbs

Renewables And Water Management

Water Saving
Renewables & Ventilation

Kitchens & Bathrooms

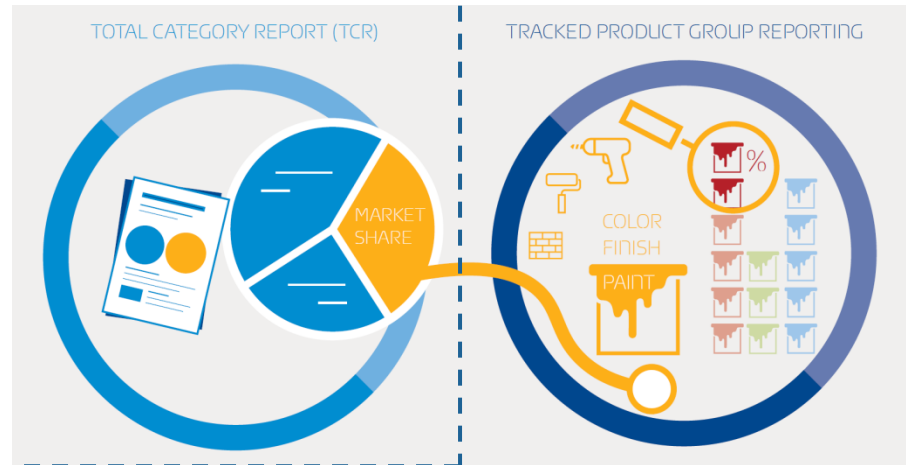
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

Miscellaneous

Cleaning/Domestic/Personal
Automotive
Glass
Other Furniture & Shelving
Other Misc

Services

Toolhire / Hire Services
Other Services



In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Pete Church at GfK (pete.church@gfk.com).

Available categories:

Heavyside

Bricks
Insulation

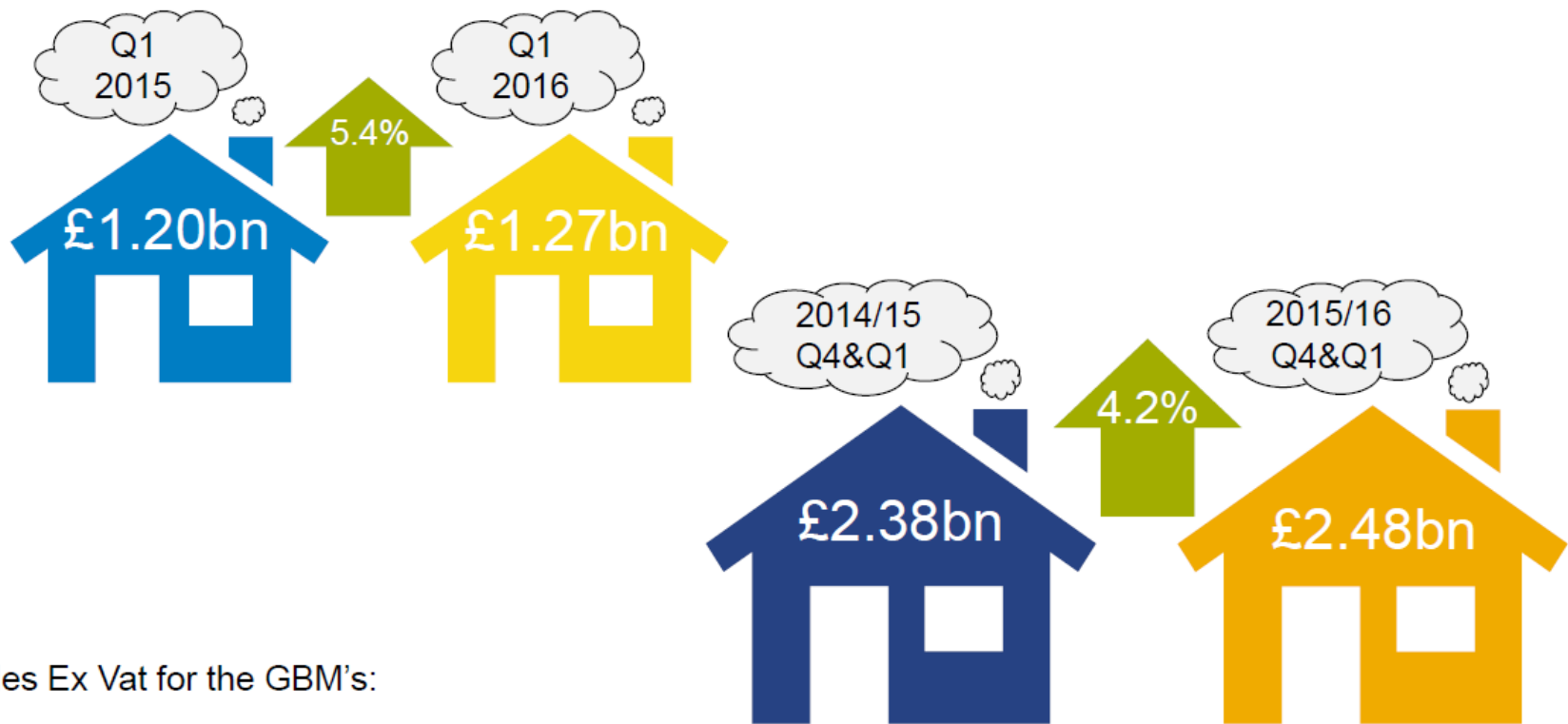
Lightside

Emulsion Paints (incl. Masonry & Base)
Trim Paints
Primers/Undercoats
Woodcare
Adhesives
Sealants
Fillers/PU Foam
Tile Fixing (Adhesives/Grout)

GfK Insights



Quarter 1 2016 has shown increased growth YoY and faster than the last half year trend.



Sales Ex Vat for the GBM's:

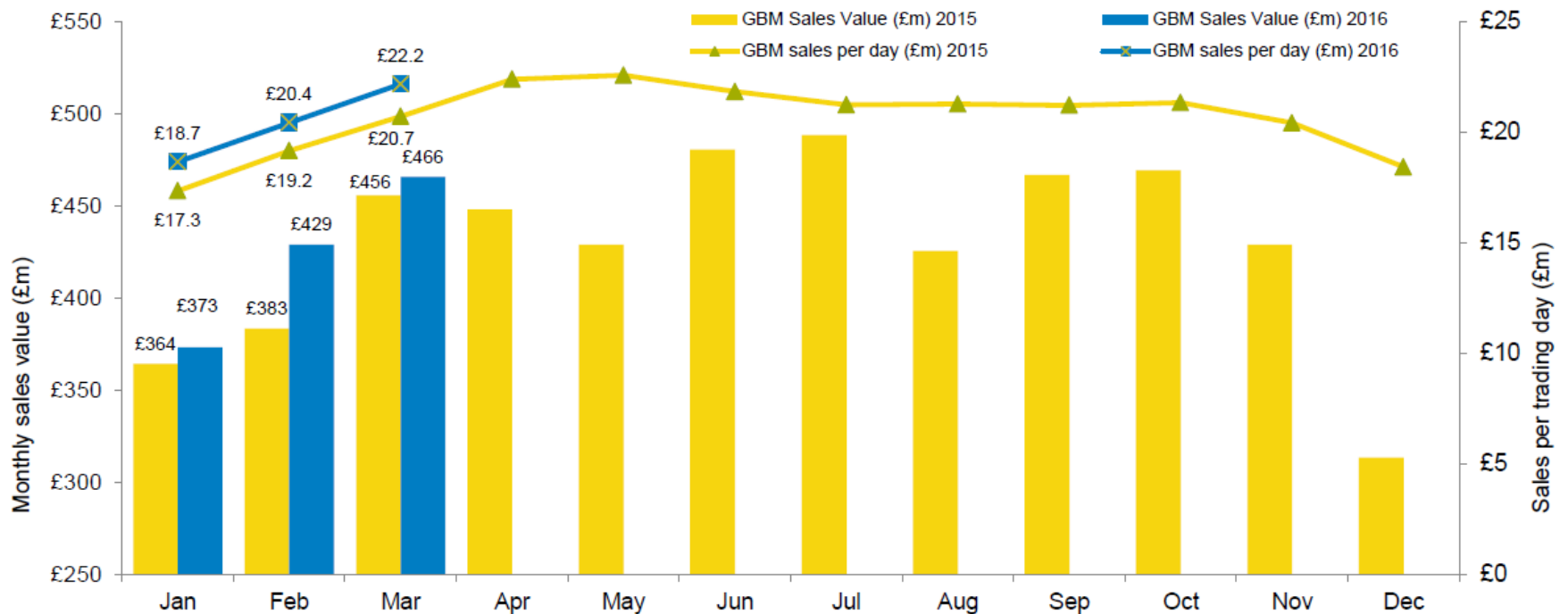
Source: GfK's GBM TCR report. Data July 2014 to Mar 2016 showing £ ex Vat Value

© GfK May 13, 2016 | BMF Q1 2016 General Builders Merchant Panel update

GfK Insights



Strong Growth through all 3 Q1 months YoY.
Jan & March showing 2+% growth despite one less trading day each.



TRADING DAYS	JAN	FEB	MAR
2015	21	20	22
2016	20	21	21

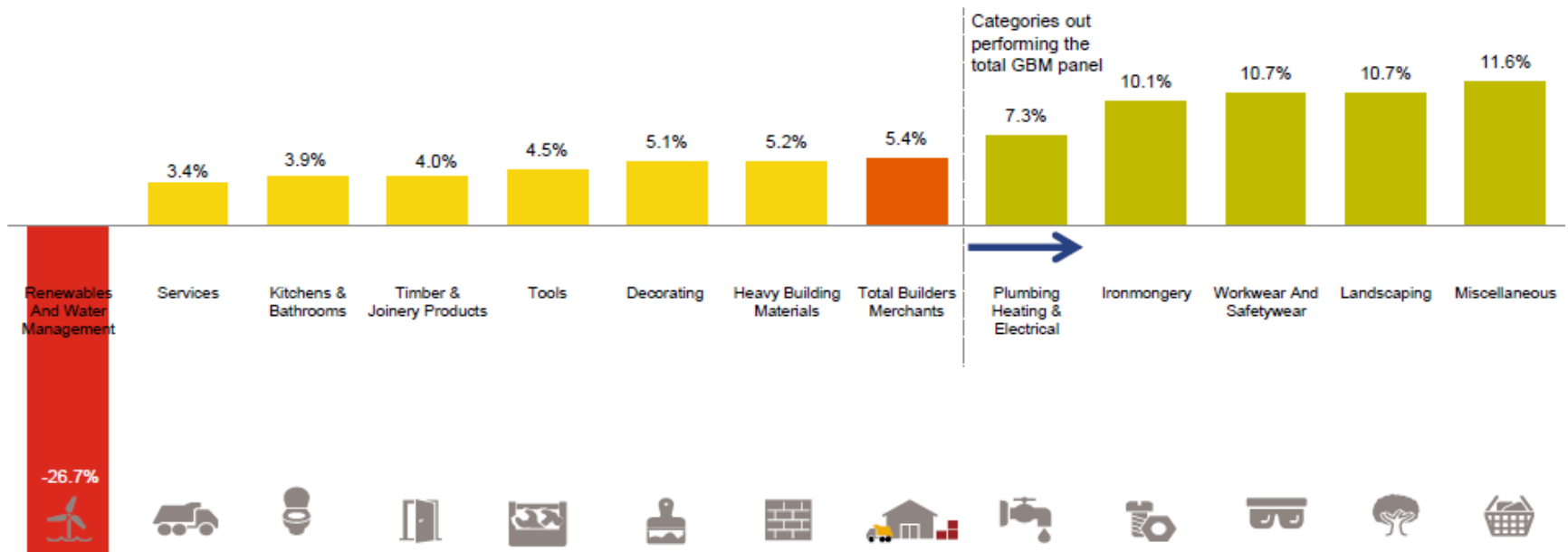
Source: GfK's GBM TCR report. Data July 2014 to Mar 2016 showing £ ex Vat Value

© GfK May 17, 2016 | BMF Q1 2016 General Builders Merchant Panel update

GfK Insights



YoY growth in all categories except Renewables. Particularly strong in Landscaping. The other major categories, Heavy Building and Timber, also delivering excellent growth.



Source: GfK's GBM TCR report. Data July 2014 to Mar 2016 showing £ ex Vat Value

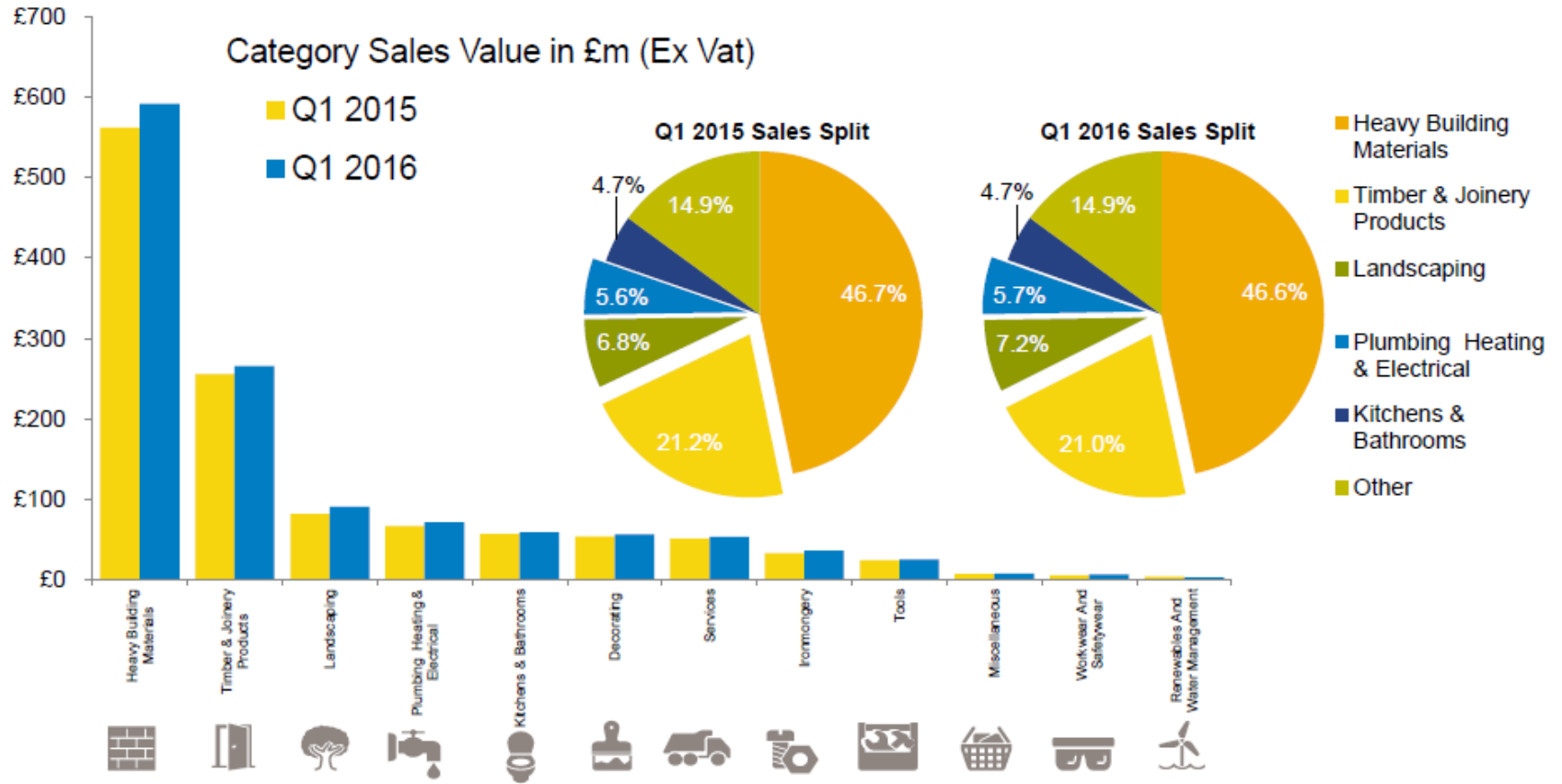
© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

GfK Insights



Total GBM sales value by Category.

Landscaping and Plumbing & Heating increasing share of sales value YoY.



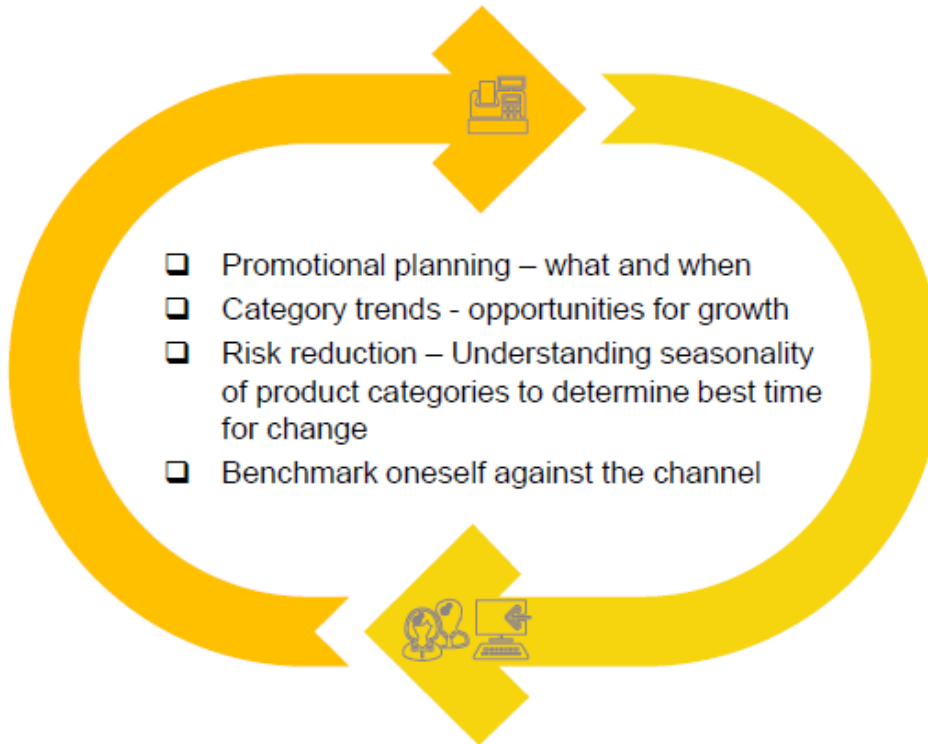
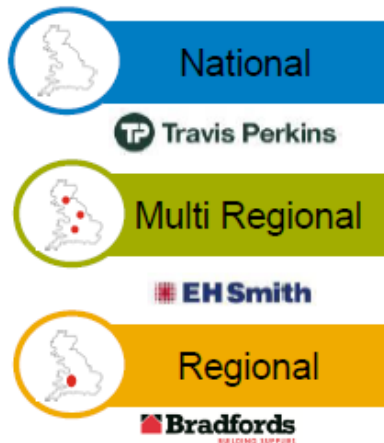
Source: GfK's GBM TCR report. Data Oct 2014 to March 2016 showing £ ex Vat Value

© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

GfK Insights



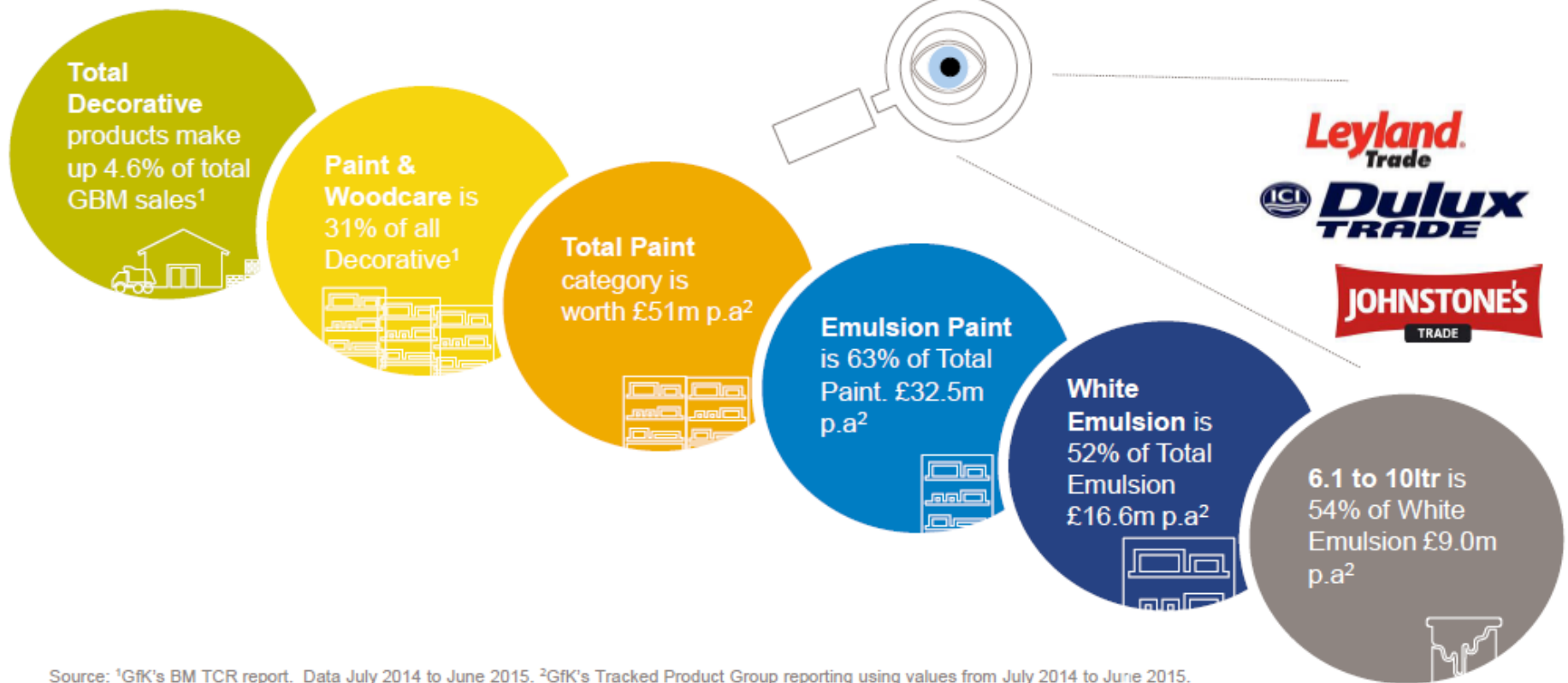
How can these top level insights help.



GfK Insights



Product group insights at feature by brand level are available.
Enabling informed strategic and tactical decision making.



Source: ¹GfK's BM TCR report. Data July 2014 to June 2015. ²GfK's Tracked Product Group reporting using values from July 2014 to June 2015.

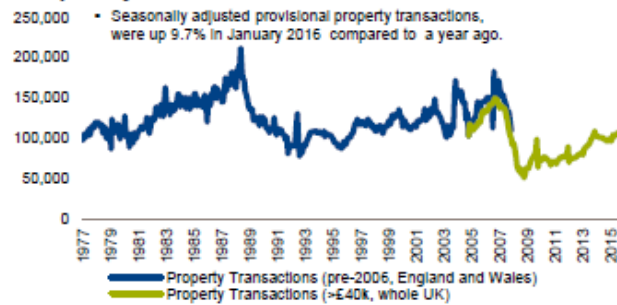
© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

Macro factors impacting Merchants

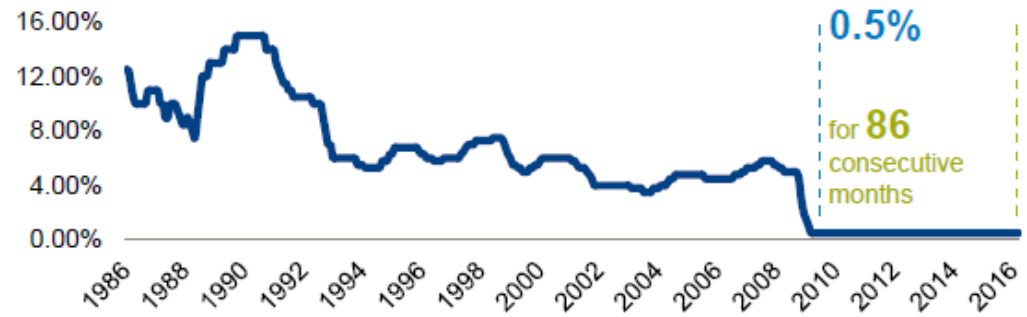


“What if’s”: Possible barriers to consumer spending

Property moves



Interest rates

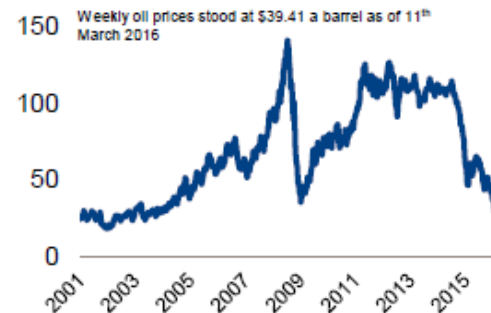


Average house prices

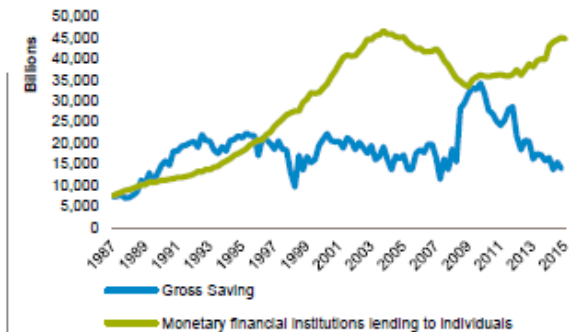
Average Price (year end)

1995	£62,374	-10%
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2013	£174,220	+3%
2014	£189,426	+8%
2015	£208,286	+10%

Oil Prices (USD)



Borrowings and Savings



Sources: ONS, BoE, Lloyds Banking Group, GfK Consumer Experiences

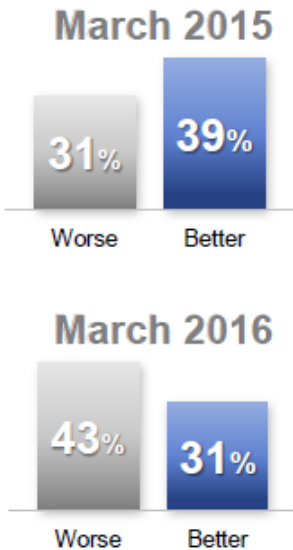
© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

Macro factors impacting Merchants

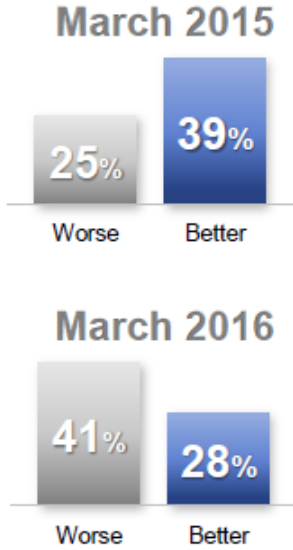


Consumer confidence headline number is at 0 in March. UK consumer confidence in the “country’s situation” being impacted by multiple de-stabilising elements. Personal finance still holding up with positive projections.

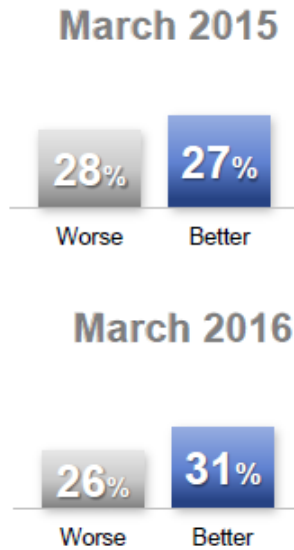
How do think this country’s general economic situation has progressed over the last year?



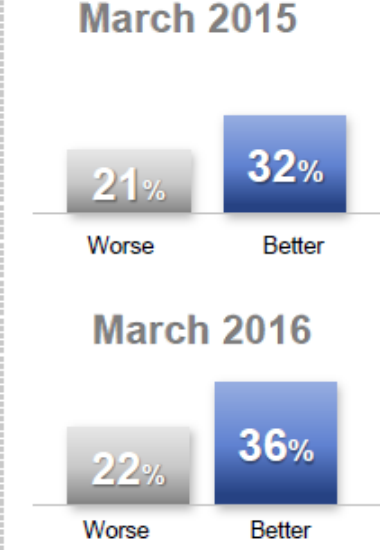
How do think this country’s general economic situation will progress over the next year?



How does your household’s current financial situation compare to 12 months ago?



How do you think your household’s financial position will change in the next year?



Major purchase index

March 2015



March 2016



© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

Source: GfK Consumer Confidence Mar 2016

Macro factors impacting Merchants

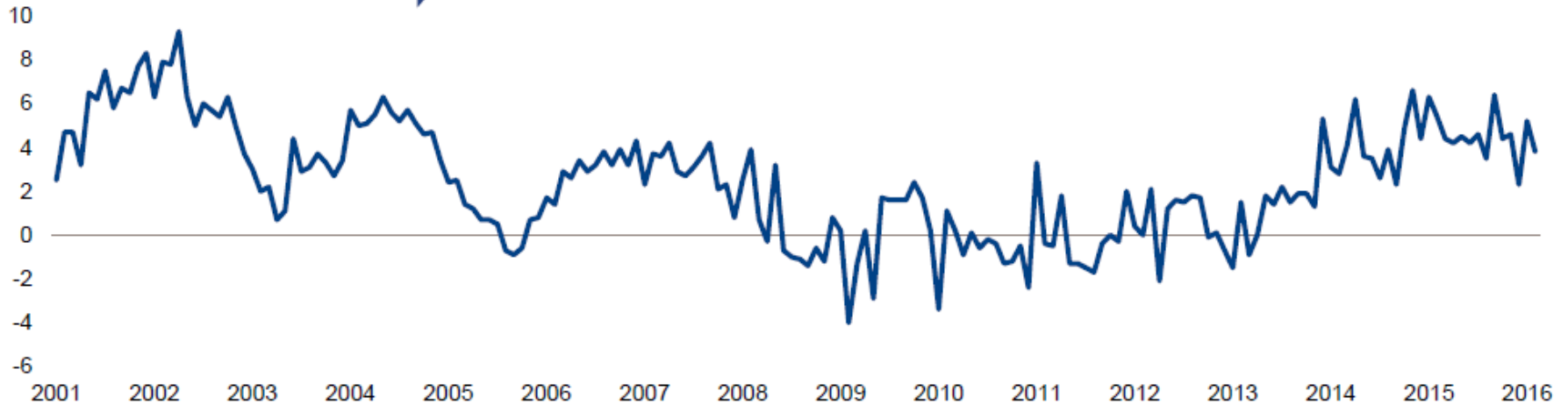


Retail sales – volume growth

All retailers (monthly year on year % change)

▪ Year-on-year changes in the estimates of the quantity bought in the retail industry (All Retailing, Including Automotive Fuel)

▪ The Year-on-year estimates in the quantity bought in the retail industry continued to show growth for the 34th consecutive month in February 2016, increasing by 3.8% compared with February 2015



Source: Office for National Statistics

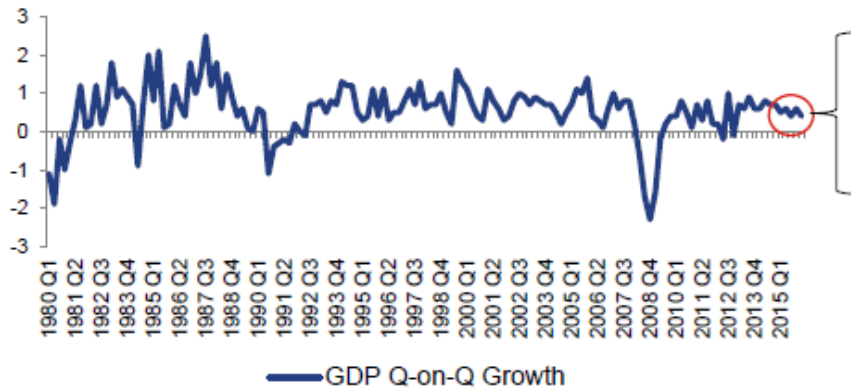
© GfK May 12, 2016 | BMF Q1 2016 General Builders Merchant Panel update

Macro factors impacting Merchants

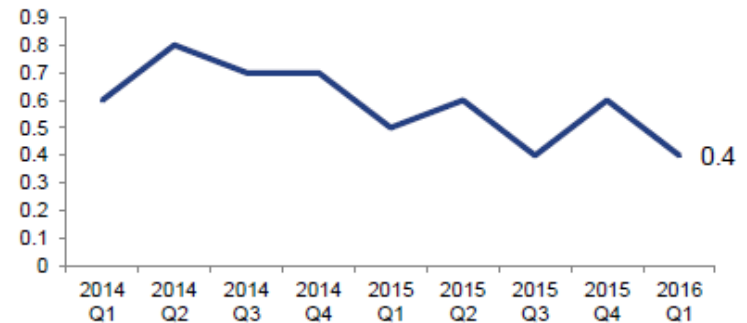


Latest Q-on-Q Growth for GDP from the ONS shows a slowing. Manufacturing output slips into decline.

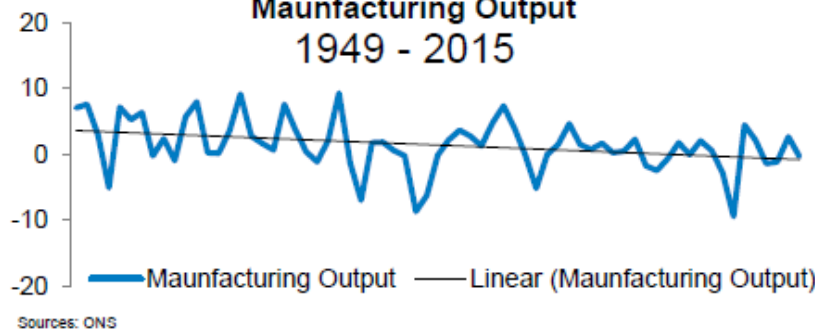
GDP Q-on-Q Growth



GDP Q-on-Q Growth



Maunufacturing Output
1949 - 2015



Total production output is estimated to have decreased by 0.4% between Quarter 4 (Oct to Dec) 2015 and Quarter 1 (Jan to Mar) 2016. ONS. UK Index of production: Mar 2016

Contact Us

For further information



Ricky Coombes

Channel Account Manager

ricky.coombes@gfk.com

+44 (0) 7810 633 119

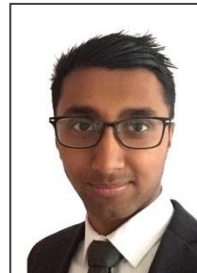


Richard Frankcom

Senior Account Manager (Trade)

richard.frankcom@gfk.com

+44 (0) 20 7890 9543



Rikesh Patel

BMF Industry Analyst

rikesh.patel@bmf.org.uk

+44 (0) 2476 854987



Lucia Di Stazio

Director

lucia@mra-marketing.com

+44 (0) 1453 521621



Mike Rigby

Managing Director

mike@mra-marketing.com

+44 (0) 7785 367 716



Peter Church

Business Development Manager

pete.church@gfk.com

tel +44 (0) 7342 056 050



Tom Rigby

Business Development Manager

tom@mra-marketing.com

+44 (0) 7584 198134