

“one **industry**
one **voice**”

Builders Merchant Building Index



Monthly Report for February 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 proposed creating 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 each quarter. The Q4, 2015 report featured five Experts and more will follow (see page 10). Mike Rigby and his team at MRA Marketing produce the Builders Merchant Building Index and will contact you to explain how this works and outline the opportunities it brings.

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

Overall Index and Categories

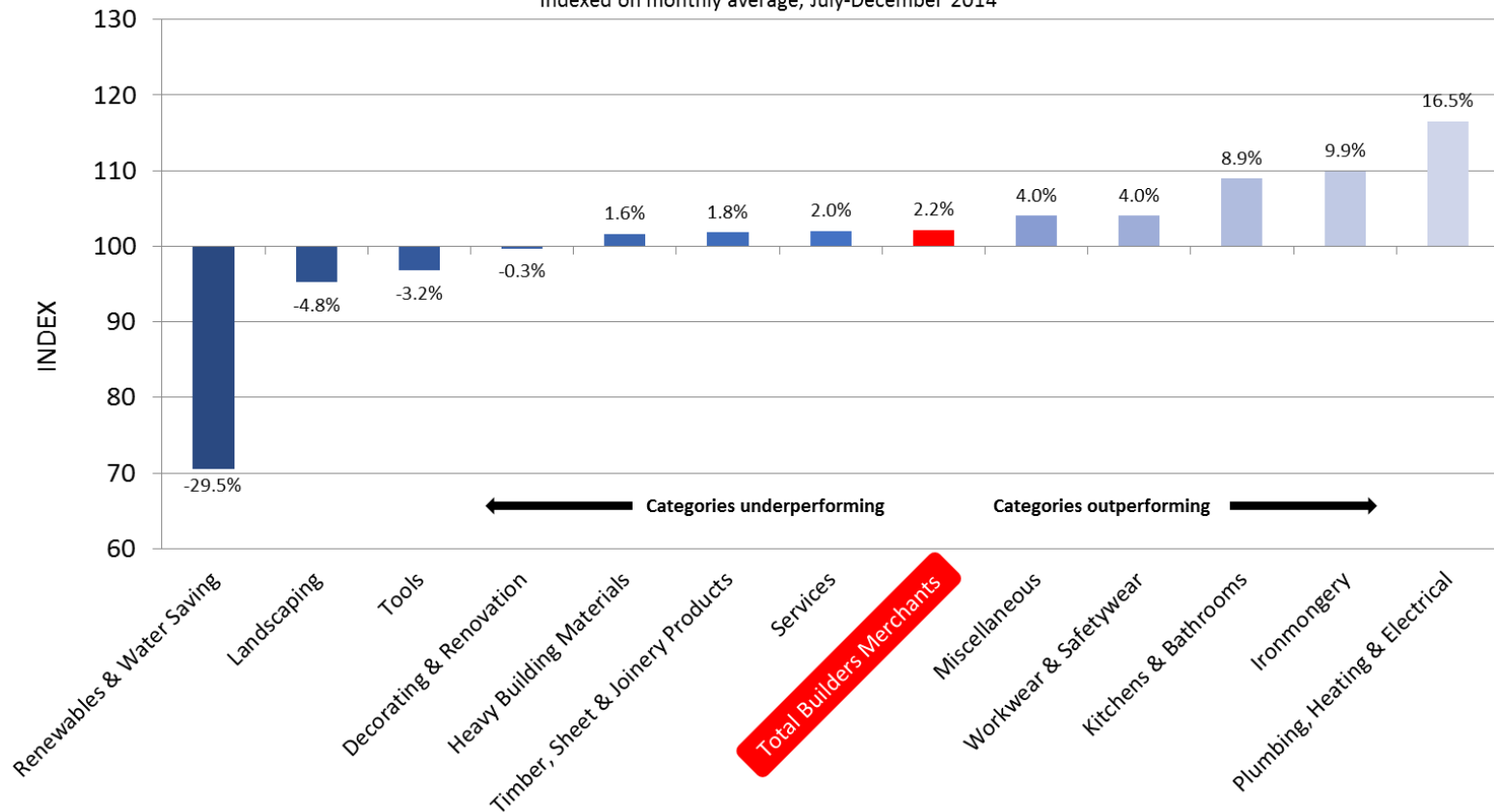
January 2015 – February 2016 (Indexed on monthly average, July 2014 – December 2014)

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	Dec15	Jan16	Feb 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
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
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
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
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
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
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
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
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
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
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
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
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

Overall Index and Categories

February 2016 Index

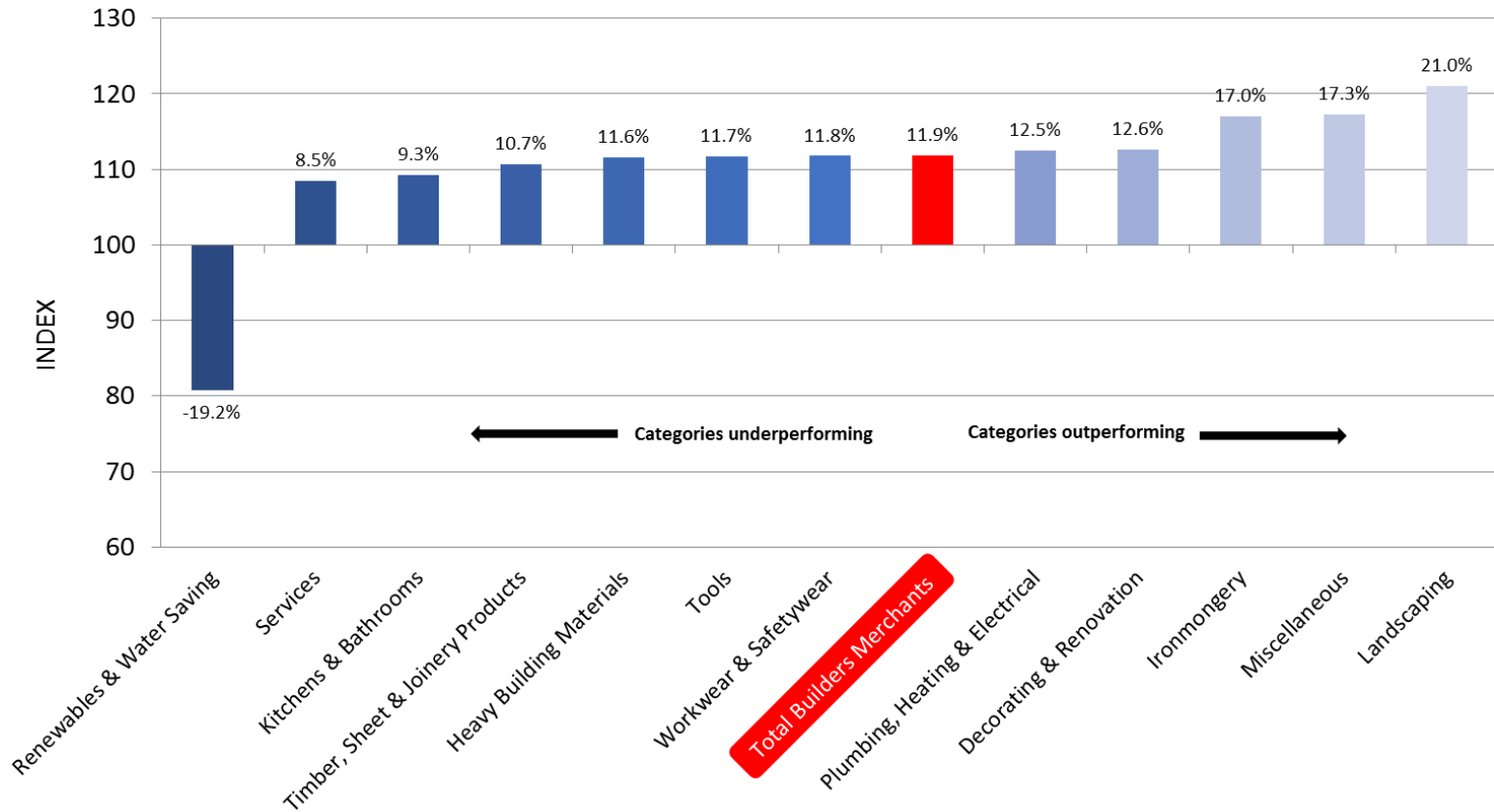
Indexed on monthly average, July-December 2014



Overall Index and Categories

February Year-on-Year Data

February 2016 v February 2015



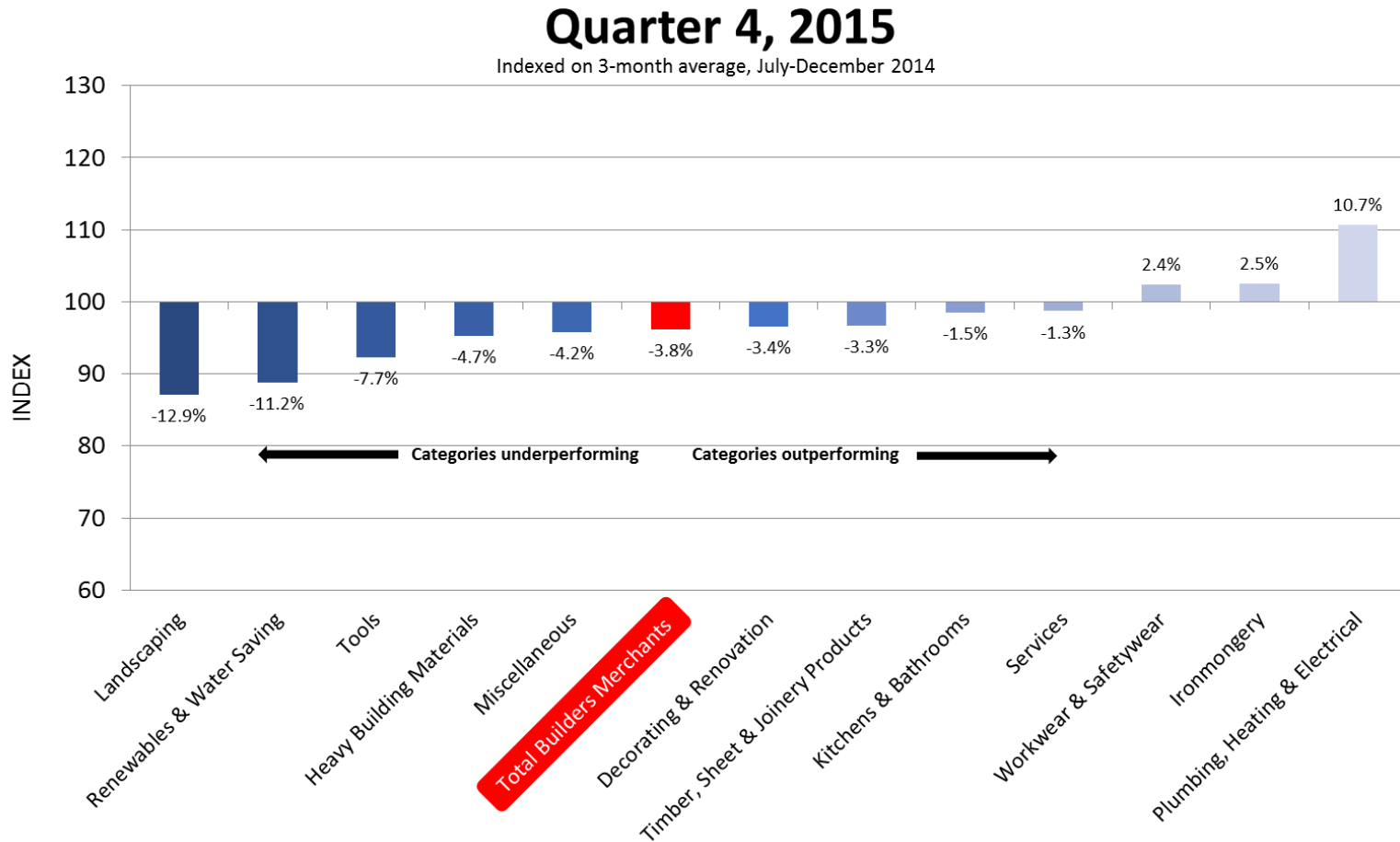
Overall Index and Categories

Quarterly (Indexed on 3-month average, July to December 2014)

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

Overall Index and Categories

Q4 2015



Overview

John Newcomb, Managing Director BMF



Year on year

Compared with February 2015, Total Builders Merchants sales were 11.9% higher in February 2016.

Five categories outperformed total merchant sales: Landscaping (+21.0%), Miscellaneous (+17.3%), Ironmongery (+17.0%), Decorating & Renovation (+12.6%) and Plumbing, Heating & Electrical (+12.5%).

Heavy Building Materials (+11.6%) and Timber & Joinery Products (+10.7%) were a little weaker than total merchant sales, but were well ahead of February last year. Renewables & Water Saving was the only category to fall year on year (-19.2%).

Month on month

February's overall sales were 15.0% higher than the previous month. Landscaping (+36.5%), Kitchens & Bathrooms (+19.0%), Services (+18.7%) and Heavy Building Materials (+15.7%) increased more than Total Builders Merchants. Only Workwear & Safetywear (-5.4%) and Renewables and Water Saving (-8.0%) sold less in February than January.

February Index

February's Total Builders Merchant sales index was positive at 102.2. The index is calculated relative to the average sales from July 2014 to December 2014. Six months provides a more robust base for comparisons than a single month. Seven categories had indices above 100, five beating the total sales index. Plumbing, Heating & Electrical (116.5), Ironmongery (109.9) and Kitchens & Bathrooms (108.9) were the high performers. Only four were below 100: Decorating (99.7), Tools (96.8), Landscaping (95.2) and Renewables & Water Saving (70.5). Renewables & Water Saving is a particularly volatile category which is dependent on a small number of transactions.

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 Q4 2015 report, which includes commentary from our experts, go to <http://bit.ly/1STwfOz>

Meet the Builders Merchant Building Index Experts:

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



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



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



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



Additional Experts will be
joining the panel in 2016

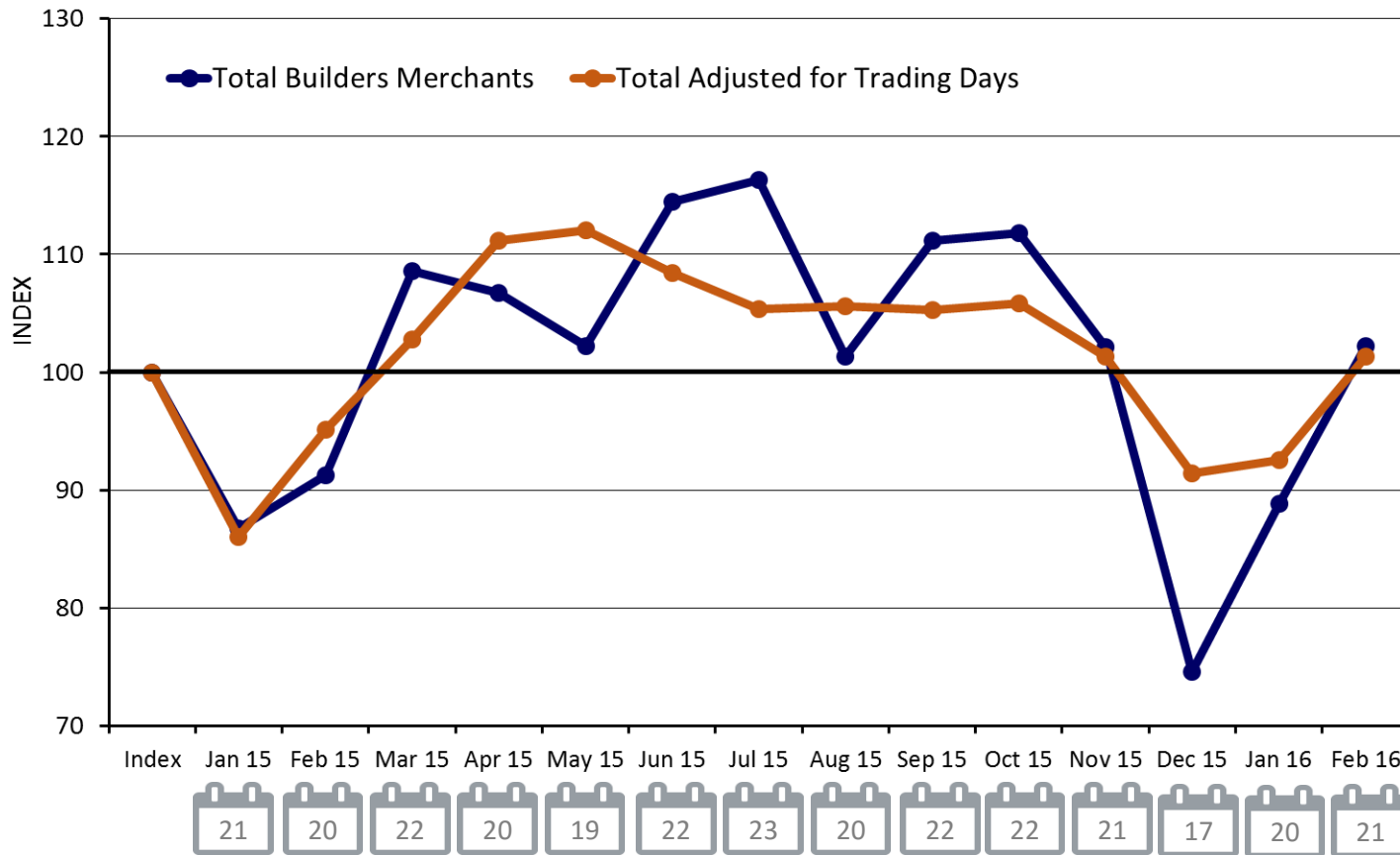


Monthly Report

Adjusted for Trading Days



Total Builders Merchants Index v Total Adjusted for Trading Days Index

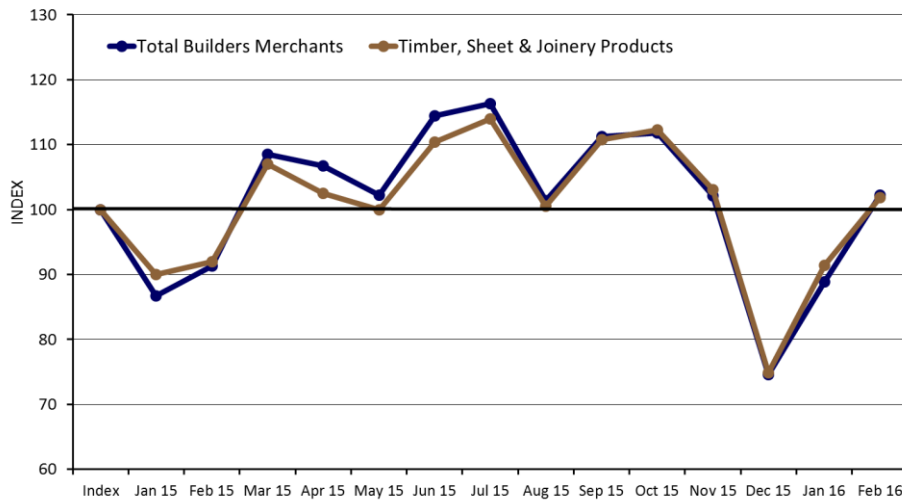


Monthly Report

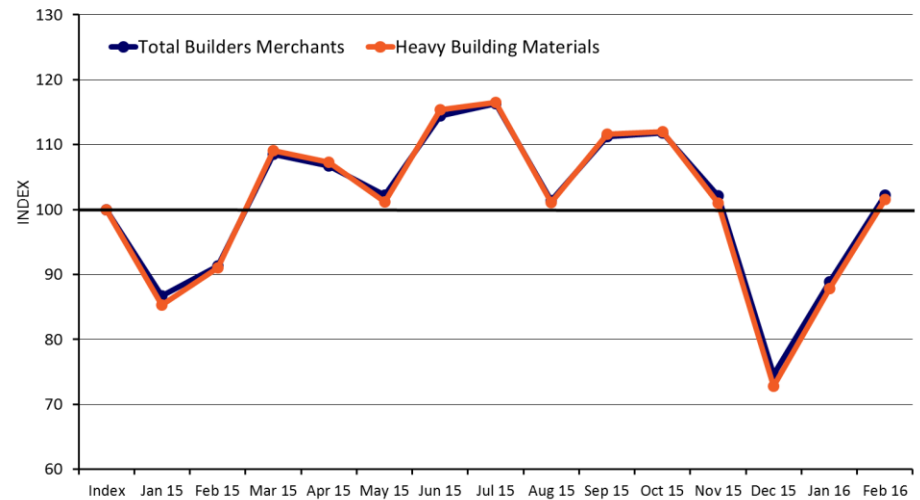
February 2016



Timber, Sheet & Joinery Products



Heavy Building Materials



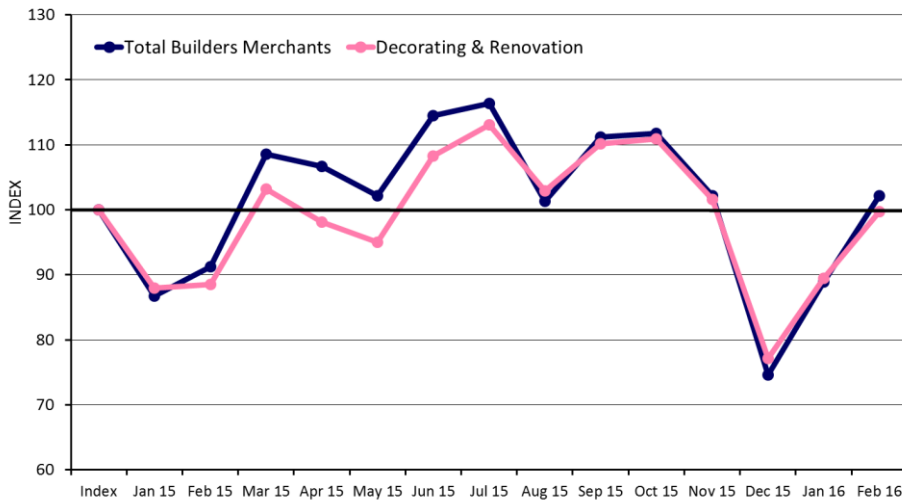
Charts indexed on July – December 2014

Monthly Report

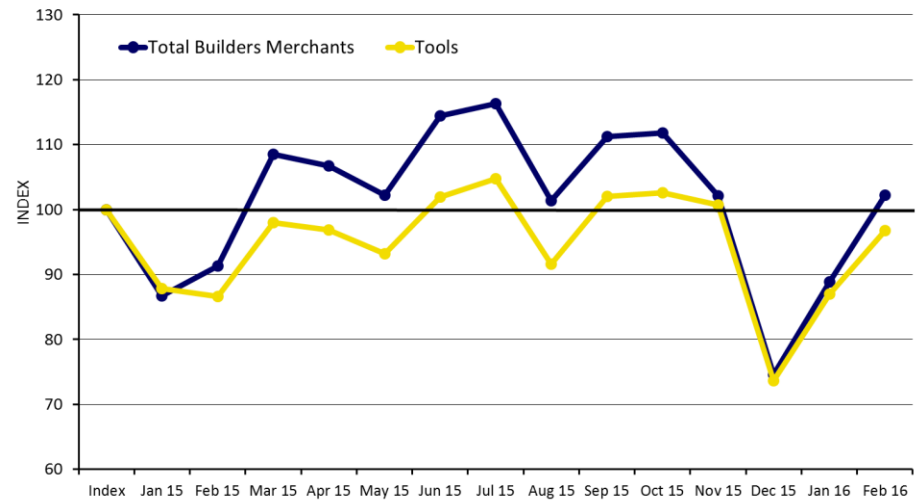
February 2016



Decorating & Renovation



Tools



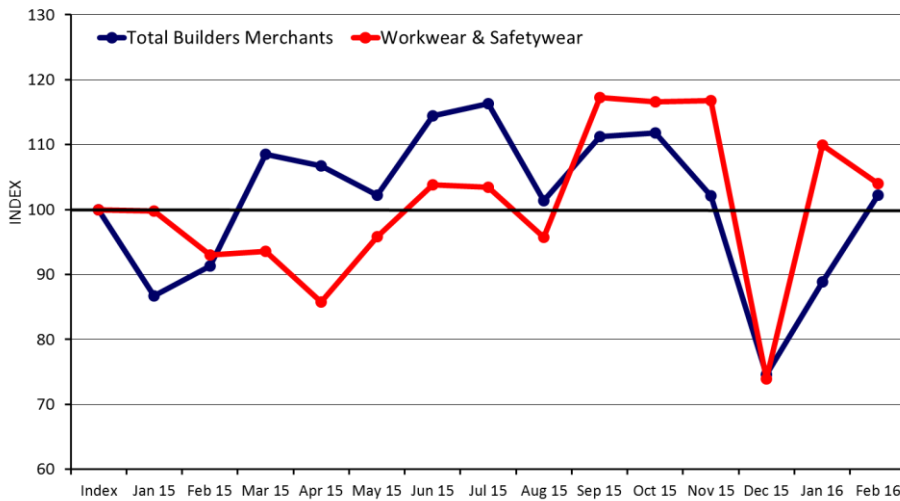
Charts indexed on July – December 2014

Monthly Report

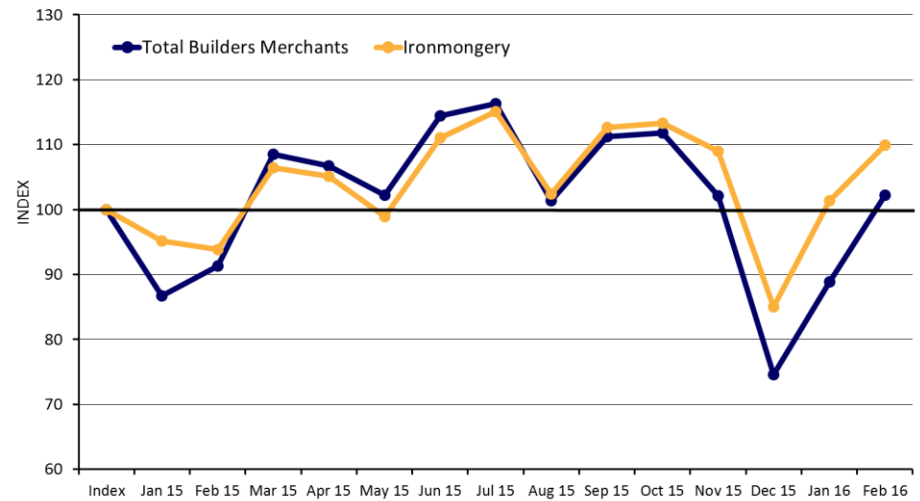
February 2016



Workwear & Safetywear



Ironmongery



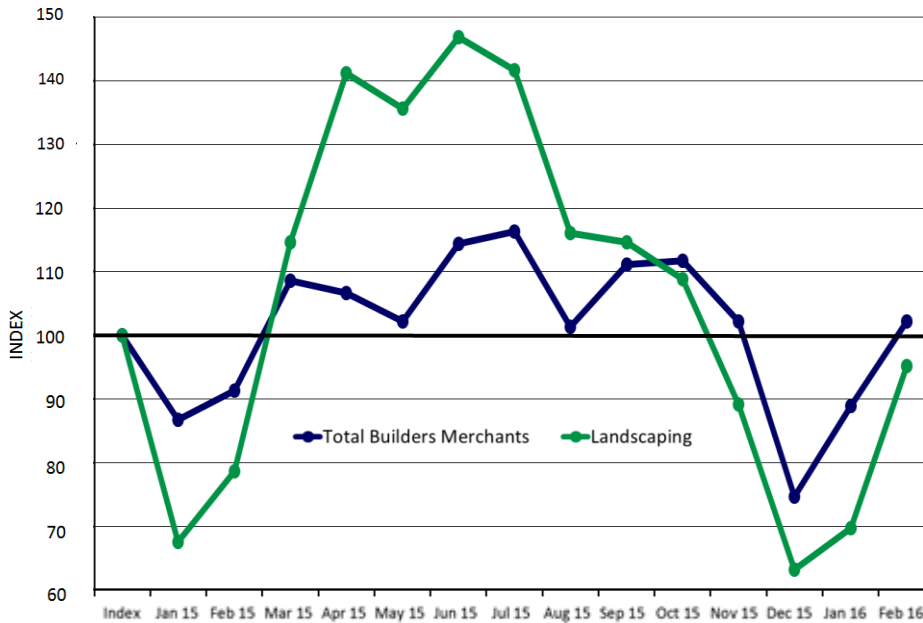
Charts indexed on July – December 2014

Monthly Report

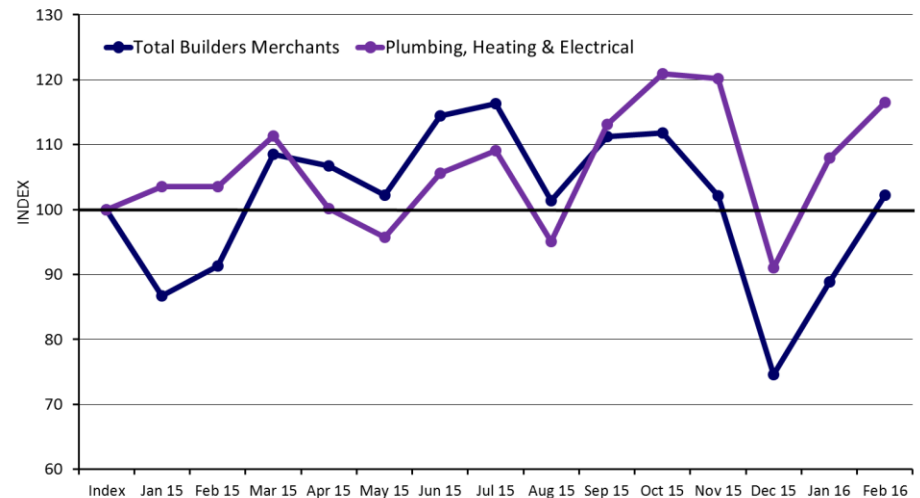
February 2016



Landscaping



Plumbing, Heating & Electrical



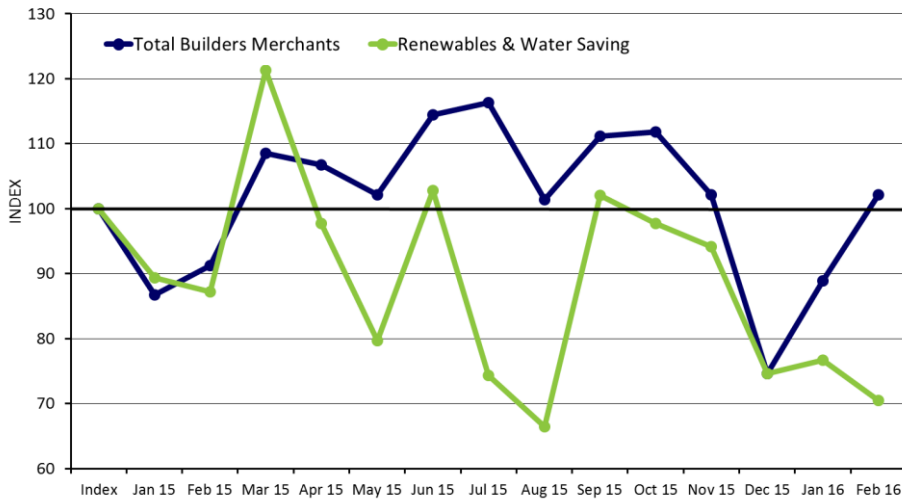
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Monthly Report

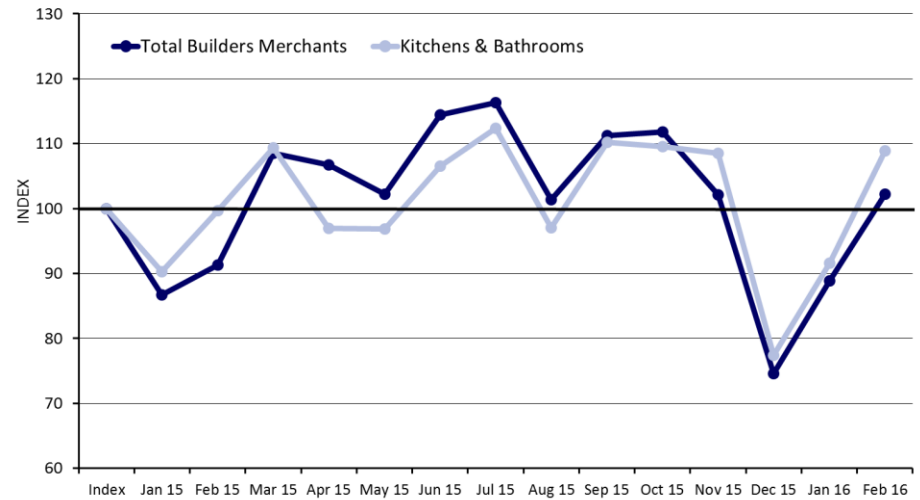
February 2016



Renewables & Water Saving



Kitchens & Bathrooms



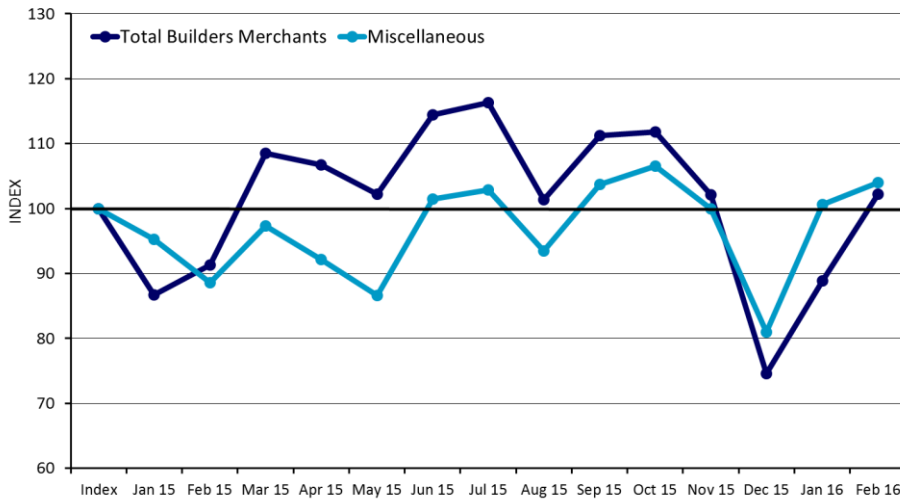
Charts indexed on July – December 2014

Monthly Report

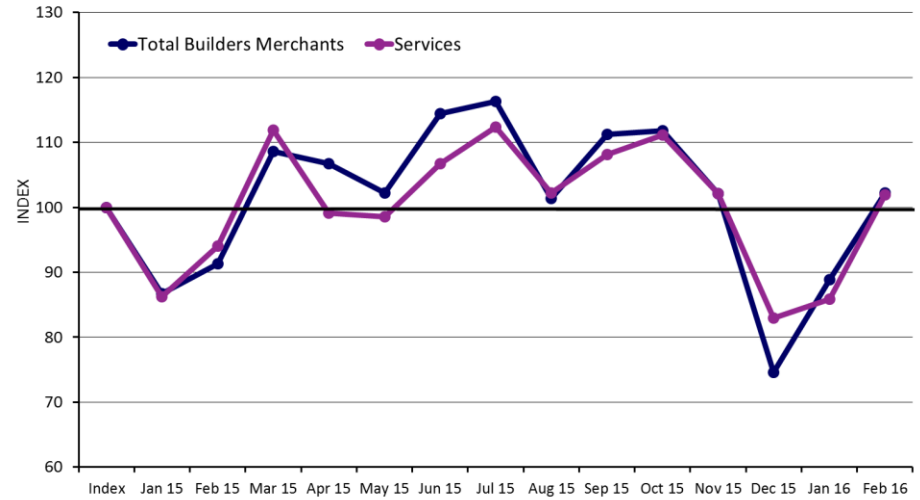
February 2016



Miscellaneous



Services



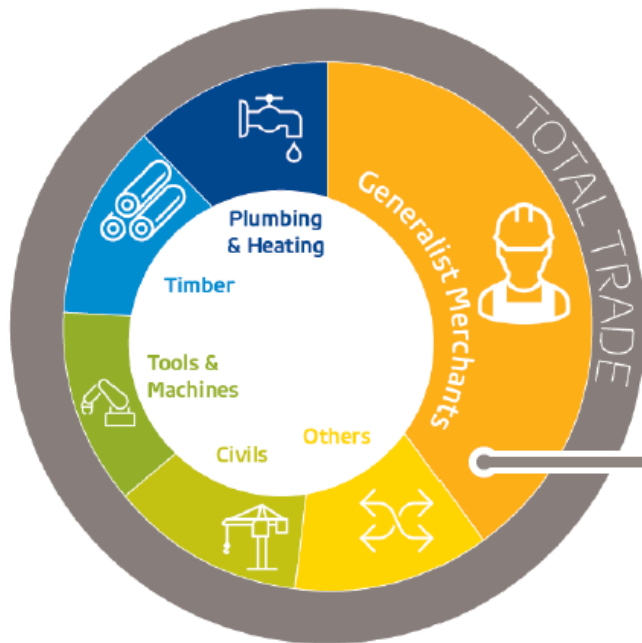
Charts indexed on July – December 2014

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**

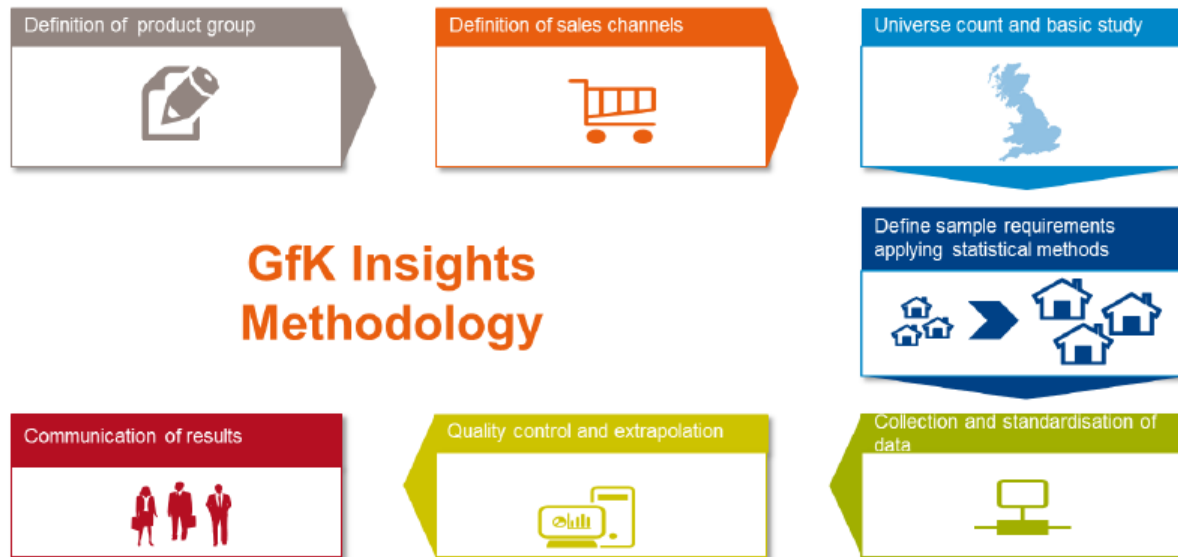
Multi Regional

- 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



TIMBER, SHEET & JOINERY

TIMBER

SHEET MATERIALS

FLOORING

MOULDINGS

STAIRS & STAIRPARTS

WINDOW & FRAMES

DOORS/DOOR FRAMES

OTHER TIMBER PRODUCTS

HEAVY BUILDING MATERIALS

BRICKS / BLOCKS / DAMP PROOFING

DRAINAGE/ CIVILS/ GUTTERING

LINTELS / PADSTONES

CEMENT / AGGREGATE / CEMENT ACCS

PLASTERS, PLASTERBOARDS AND ACCESSORIES

ROOFING PRODUCTS

INSULATION

BUILDERS METALWORK

OTHER HEAVY BUILDING EQUIPMENT/MATERIAL

DECORATING & RENOVATION

PAINT / WOODCARE

PAINT BRUSHES / ROLLERS / PADS

ADHESIVES / SEALANTS / FILLERS

TILES AND TILING ACCESSORIES

DEC PREPARATION AND SUNDRIES

TOOLS

HAND TOOLS

POWER TOOLS

POWER TOOL ACCESSORIES

SITE / BUILDING EQUIPMENT

LADDERS & ACCESS EQUIPMENT

WORKWEAR & SAFETYWEAR

CLOTHING

PPE

SAFETY EQUIPMENT

IRONMONGERY

FIXINGS AND FASTENINGS

SECURITY

DOOR FURNITURE

OTHER IRONMONGERY

LANDSCAPING

GARDEN WALLING / PAVING

DRIVEWAYS / BLOCK PAVING / KERBS

DECORATIVE AGGREGATES

FENCING AND GATES

DECKING

GARDEN HAND TOOLS

GARDEN POWER TOOLS

OTHER GARDENING EQUIPMENT

PLUMBING, HEATING & ELECTRICAL

PLUMBING EQUIPMENT

BOILERS, TANKS AND ACCESSORIES

HEATING EQUIPMENT AND WATER HEATERS

RADIATORS AND ACCESSORIES

ELECTRICAL EQUIPMENT

LIGHTING AND LIGHT BULBS

RENEWABLES & WATER MANAGEMENT

WATER SAVING

RENEWABLES & VENTILATION

KITCHENS & BATHROOMS

BATHROOM

SHOWERING

FITTED KITCHENS

MAJOR APPLIANCES

MISCELLANEOUS

CLEANING

AUTOMOTIVE

OTHER

SERVICES

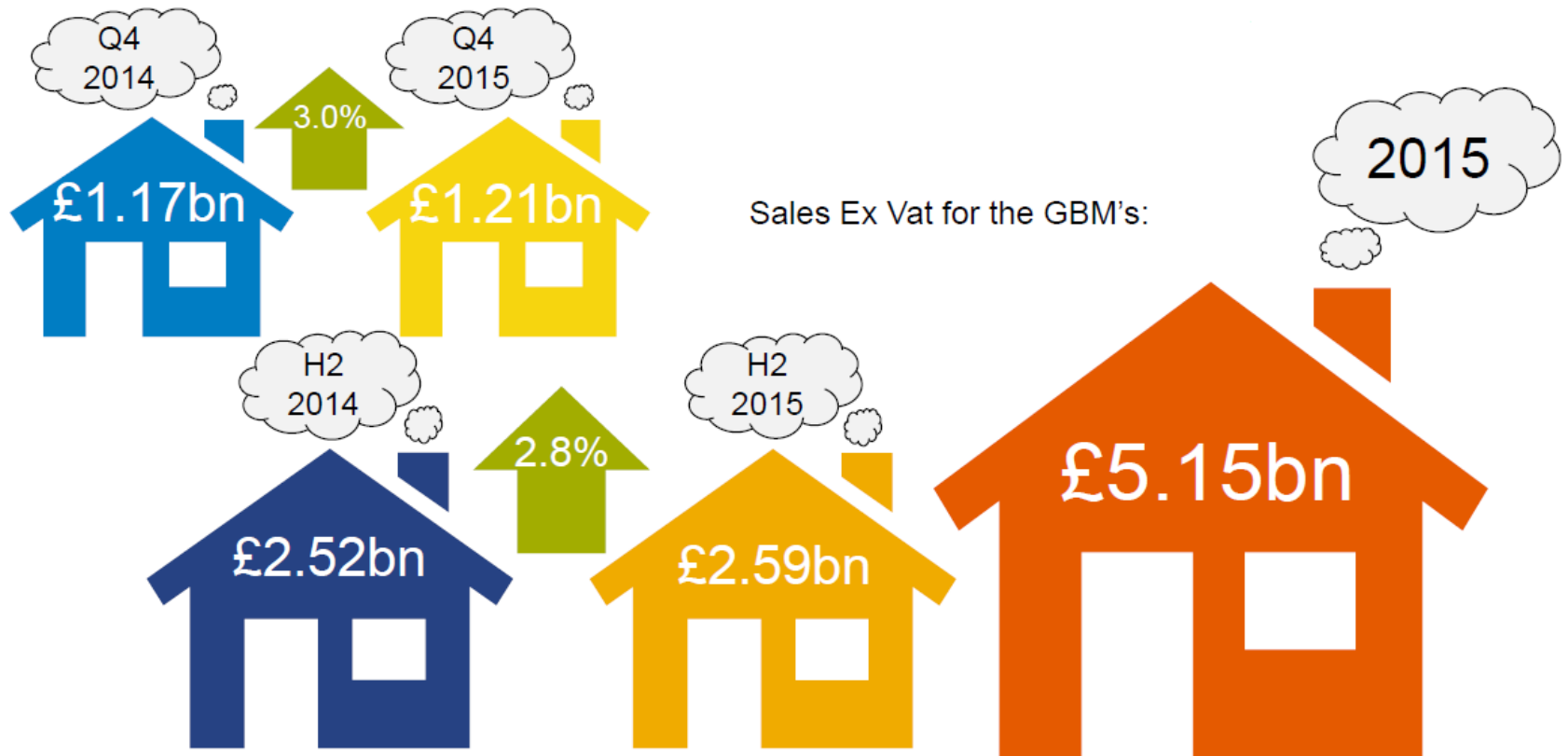
TOOL HIRE

OTHER SERVICES

GfK Insights



Quarter 4 has continued the trend of growing faster year on year than the UK average level of 2.4% and also out performed retail volume growth of 2.6%



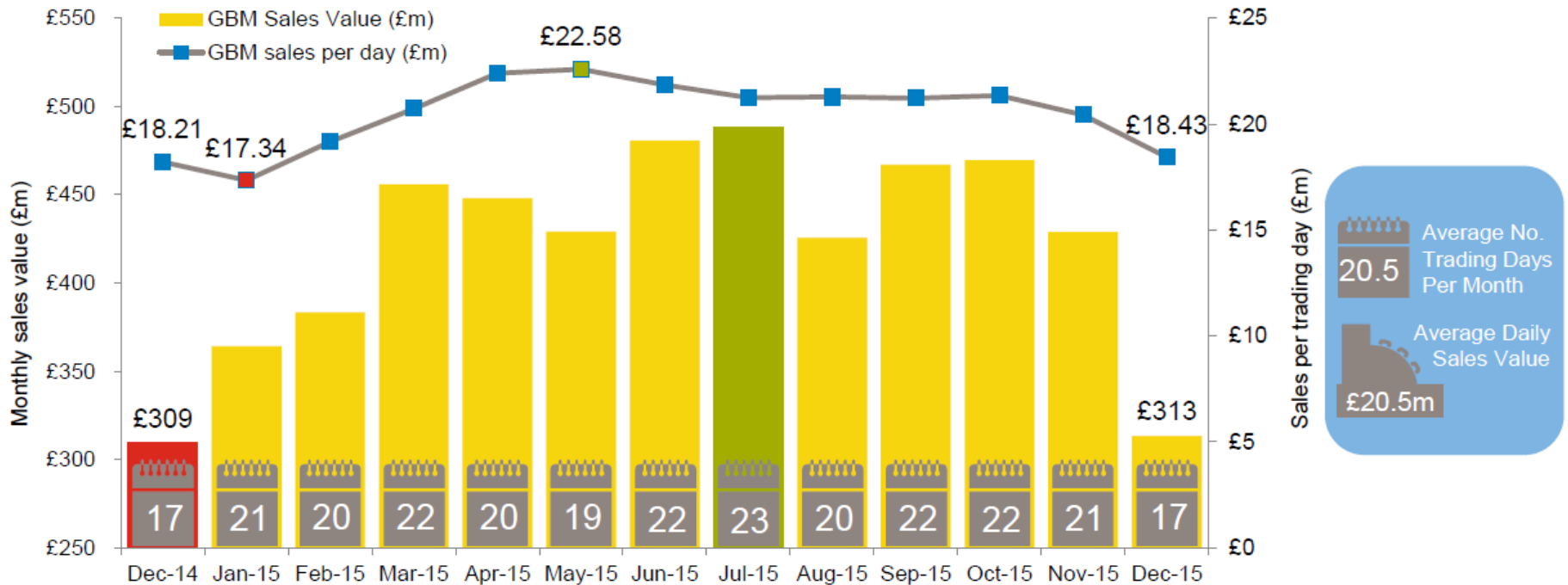
Source: GfK's GBM TCR report. Data July 2014 to Dec 2015 showing E ex Vat Value

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GfK Insights



October out performed September for the second year running, however, by a larger % this year 0.5% vs 0.1%.



Source: GfK's GBM TCR report. Data Dec 2014 to Dec 2015 showing £ ex Vat Value

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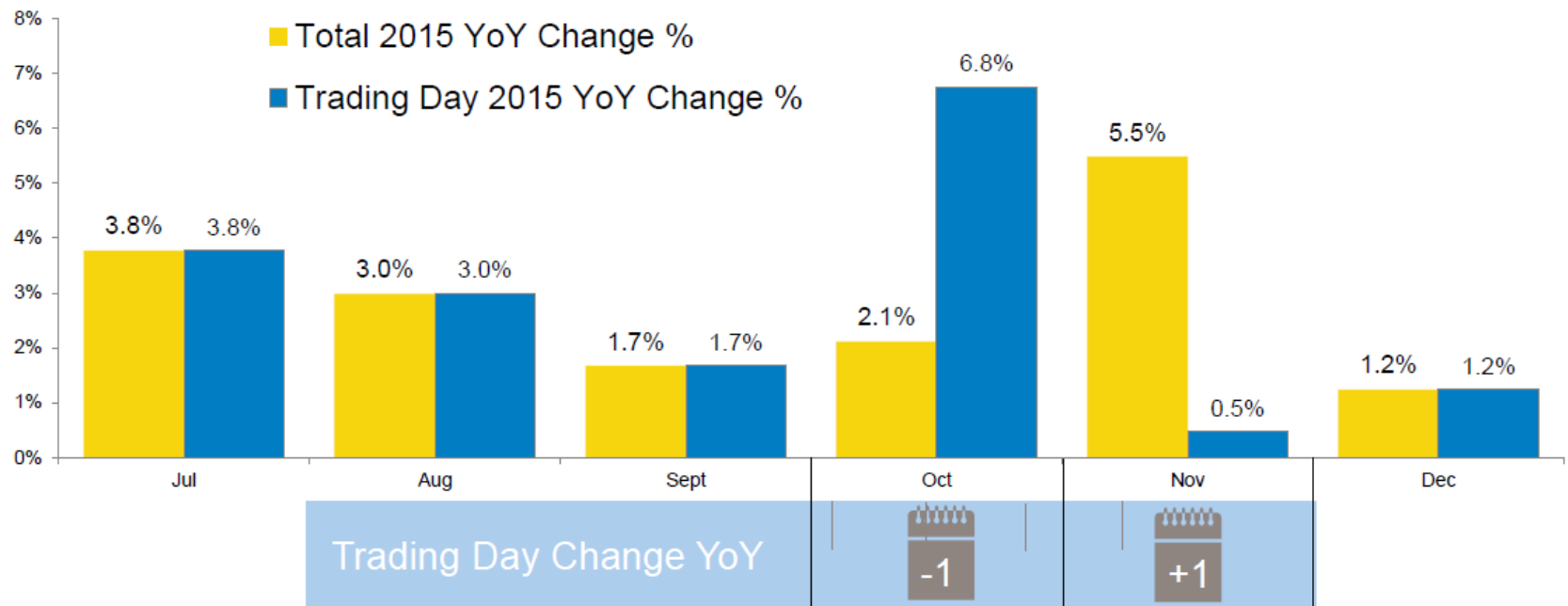
GfK Insights



October shows largest YoY growth per trading day when taking into account the shift of trading day from October into November.



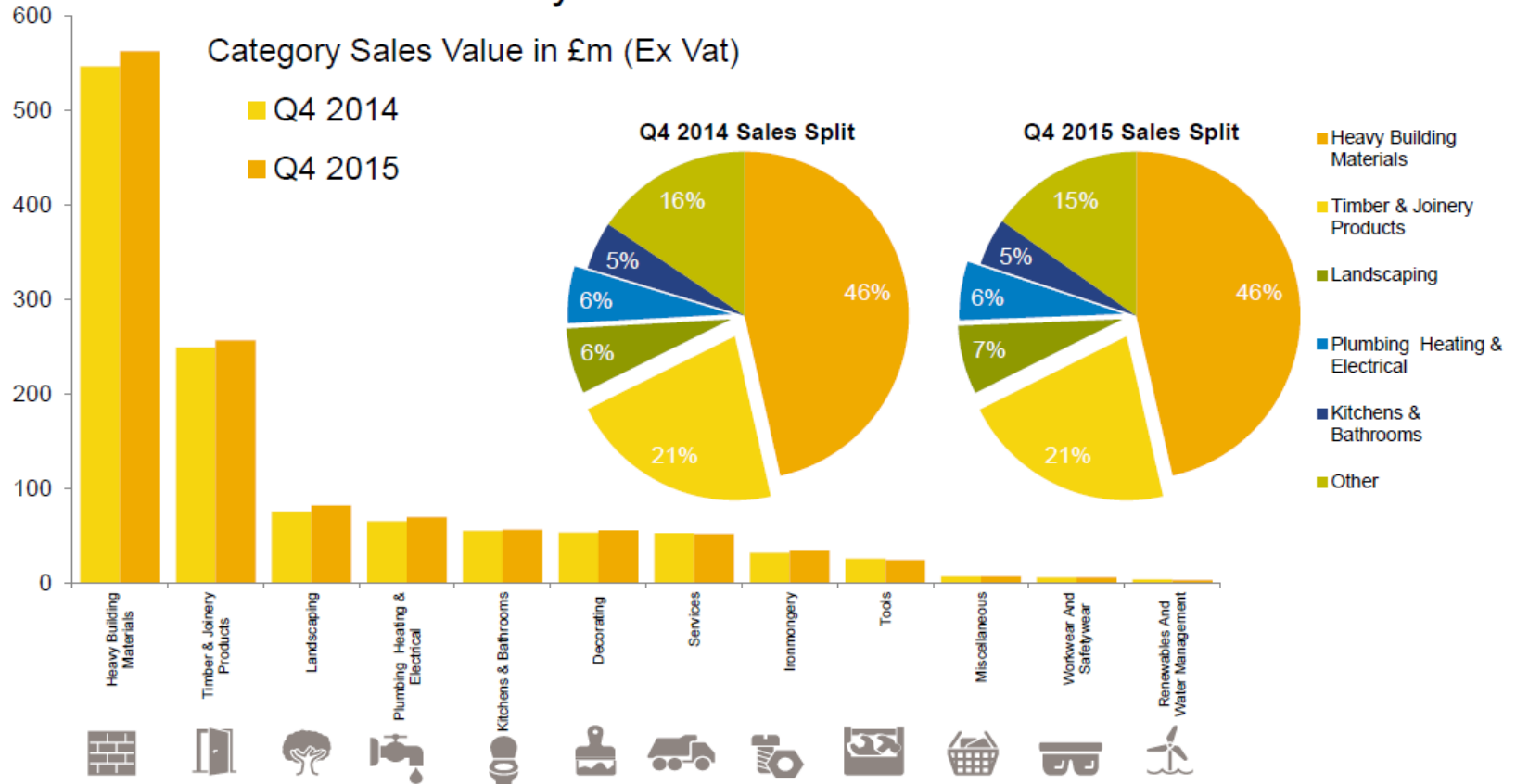
Change when taking trading days into account



Source: GfK's GBM TCR report. Data July 2014 to Dec 2015 showing £ ex Vat Value

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Total GBM sales value by Category – Year on Year Landscaping split of total sales increased YoY by 1%



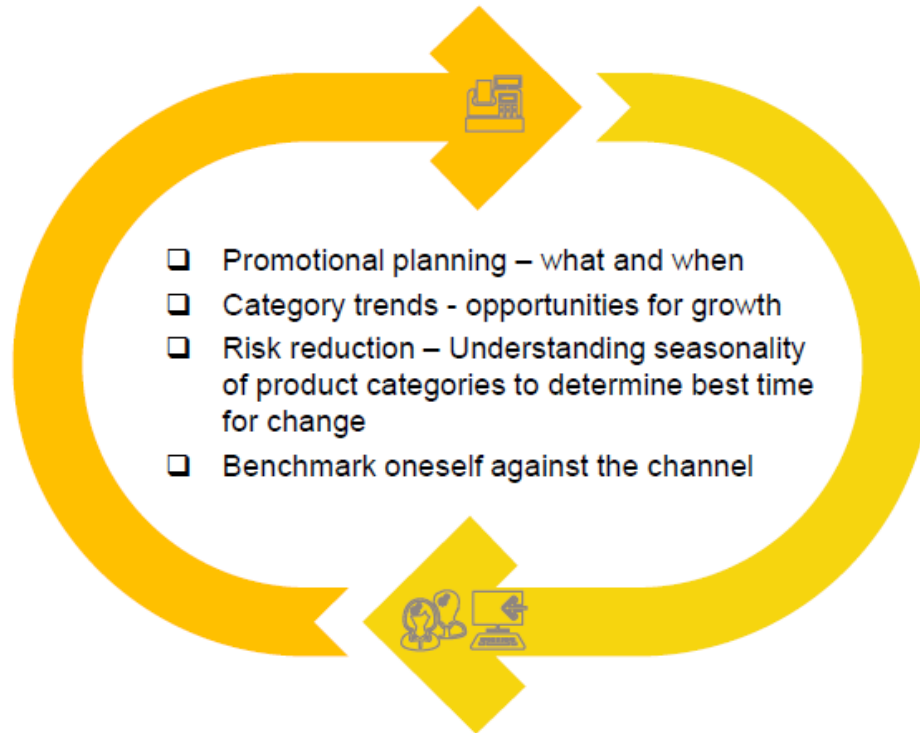
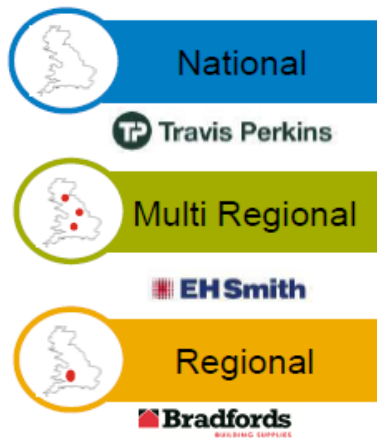
Source: GfK's GBM TCR report. Data Oct 2014 to Dec 2015 showing £ ex Vat Value

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GfK Insights



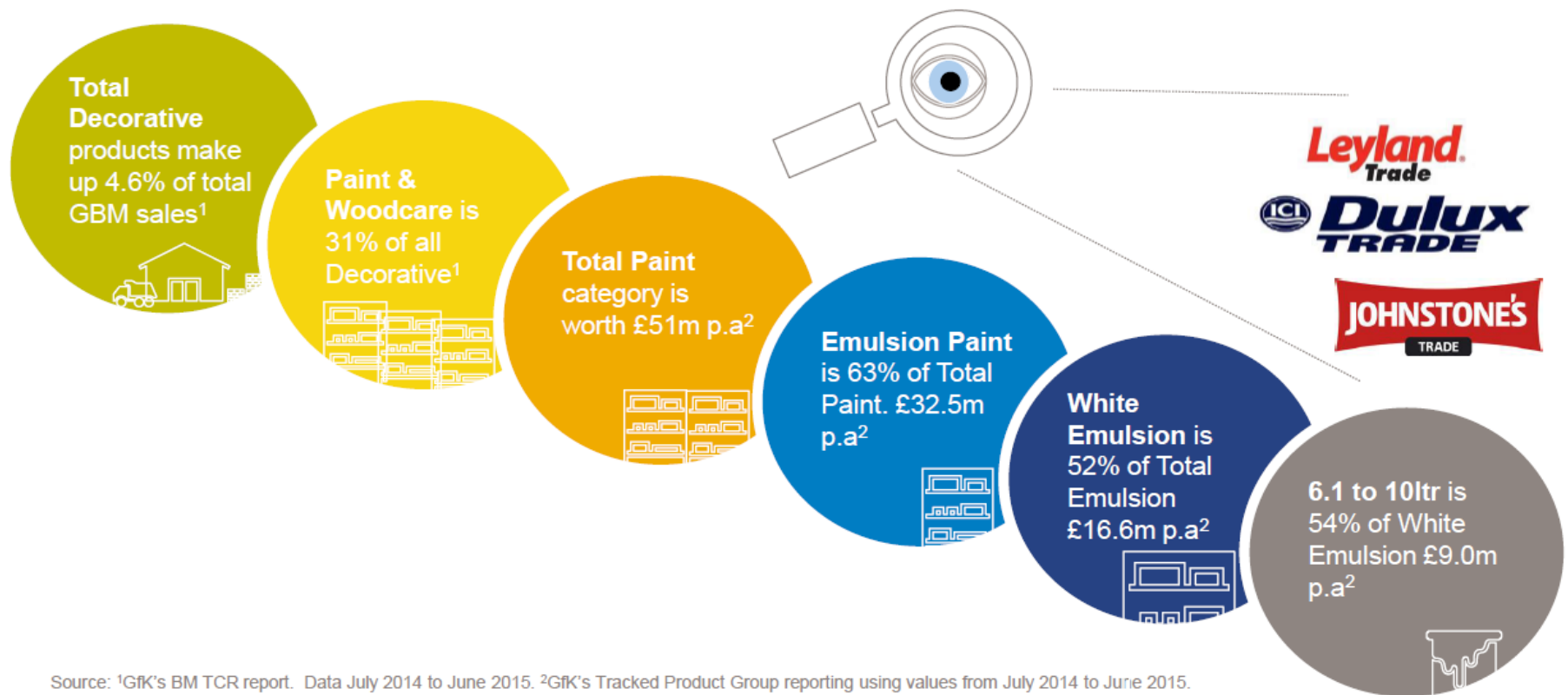
How can these top level insights help.



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.

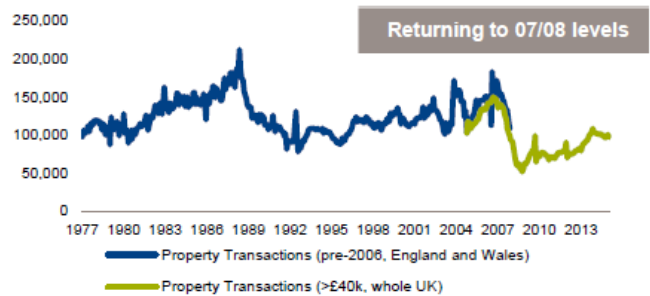
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Macro factors impacting Merchants

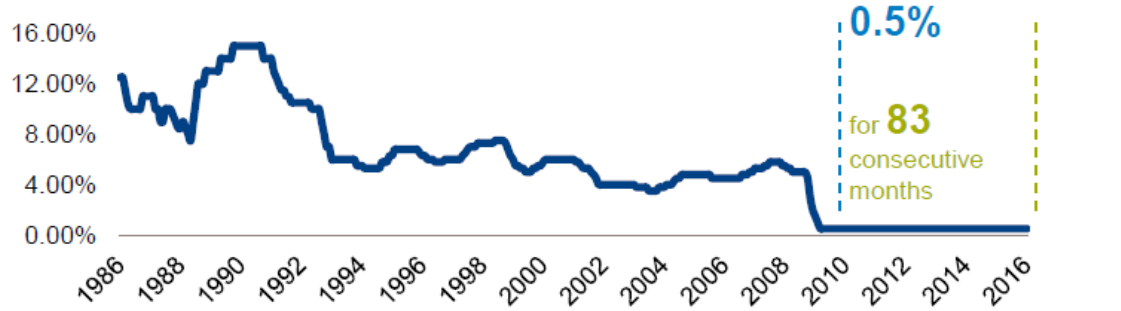


“What if’s”: possible barriers to consumer spending

Property moves



Interest rates



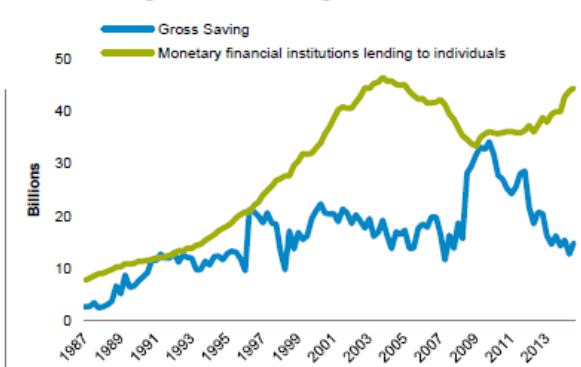
Average house prices



Oil Prices (USD)



Borrowings and Savings



Sources: ONS, BoE, GfK Consumer Experiences

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Macro factors impacting Merchants



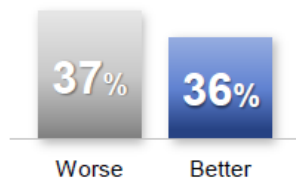
Consumer confidence Headline number is at +2 in December.
This is made up from the below.

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

December 2014

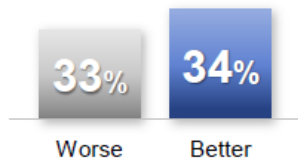


December 2015

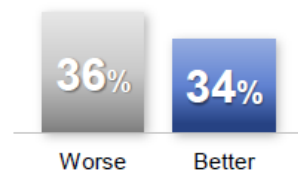


How do think this country's general economic situation will progress over the next year?

December 2014

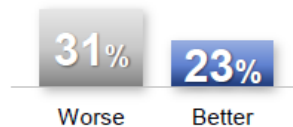


December 2015

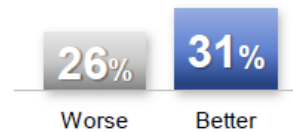


How does your household's current financial situation compare to 12 months ago?

December 2014

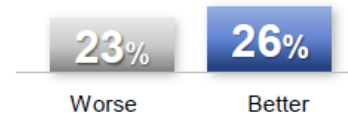


December 2015

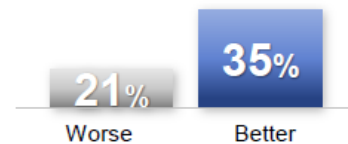


How do you think your household's financial position will change in the next year?

December 2014



December 2015



Major purchase index

December 2014



December 2015



Macro factors impacting Merchants

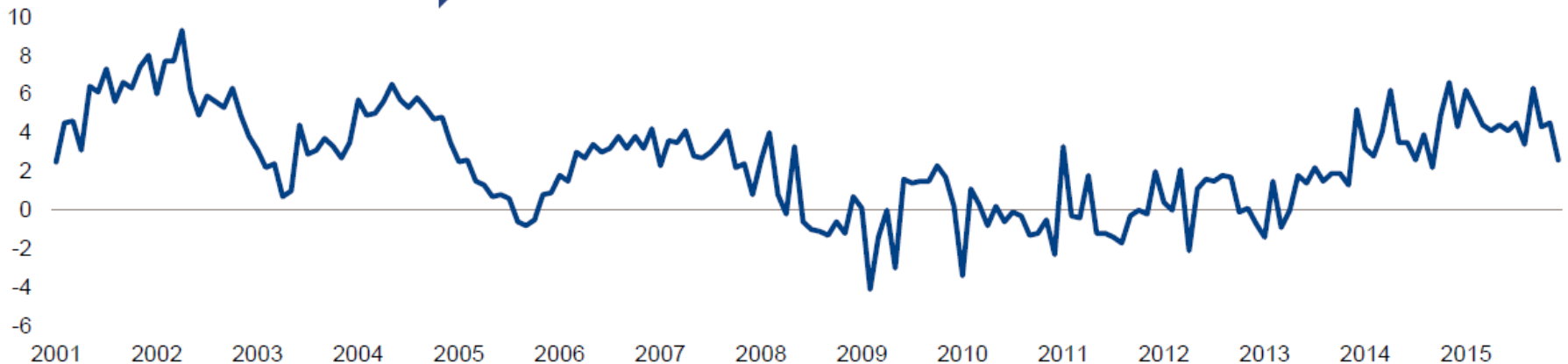


Retail sales – volume growth

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 32nd consecutive month in December 2015, increasing by 2.6% compared with December 2014



Source: Office for National Statistics

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Contact Us

For further information



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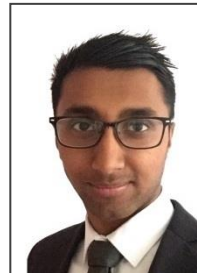


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