

“one **industry**
one **voice**”

Builders Merchant Building Index



Q1 2016

Building the Industry & Building Brands from Knowledge



Introduction

John Newcomb, Managing Director BMF



The Builders Merchant Building Index (BMFI) 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 BMFI 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 now 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. This quarter, three new Expert Brands, Knauf Insulation, Keylite Roof Windows and Timbmet have joined the existing five Experts, Alumasc Water Management Solutions, IKO plc, Hanson Cement, Keystone Lintels and Crystal Direct.

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 – March 2016 (Indexed on monthly average, July 2014 – December 2014)

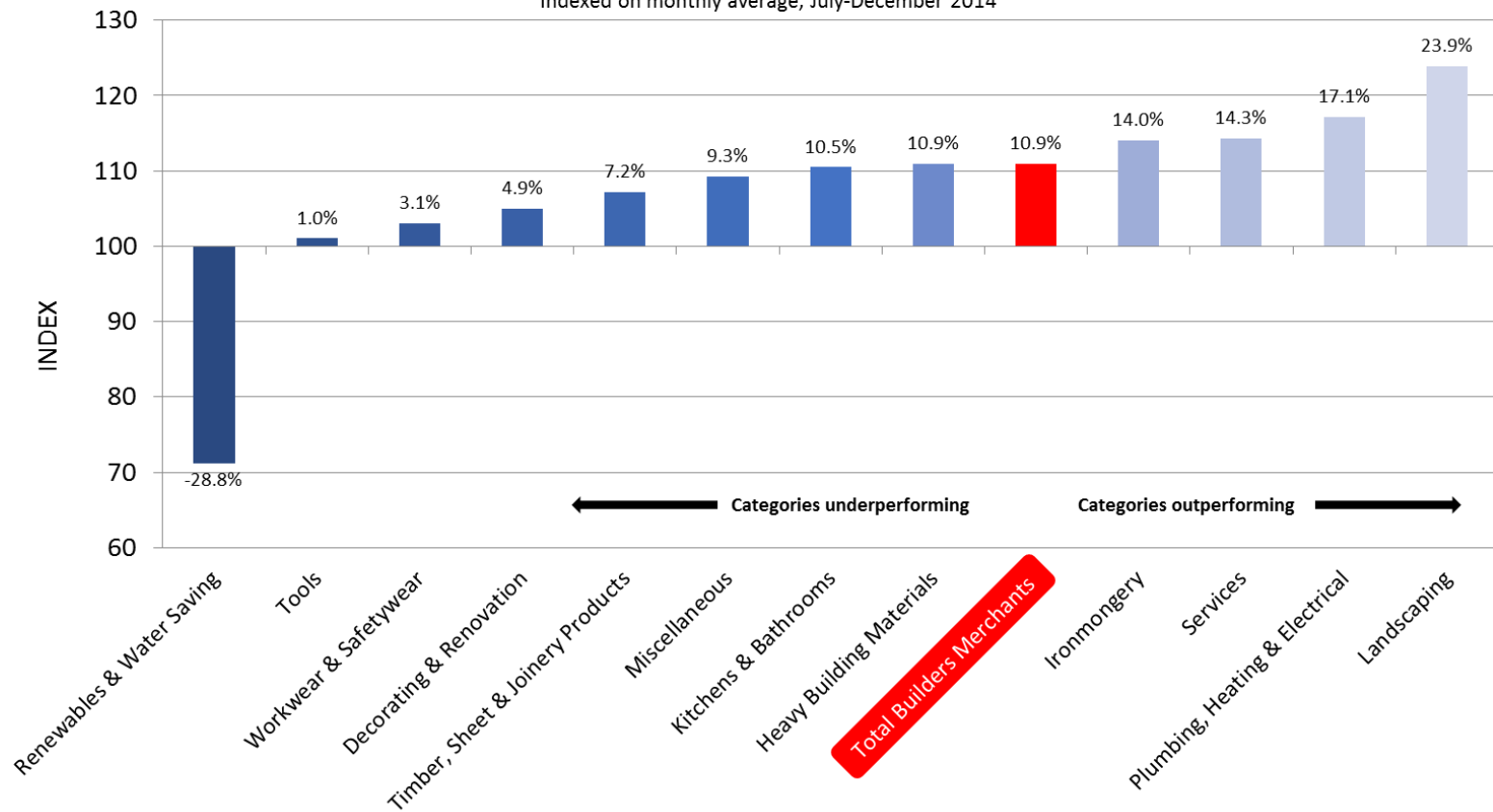
| VALUE EX VAT £ | Index | Jan 15 | Feb 15 | Mar 15 | Apr 15 | May 15 | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 | Dec 15 | Jan 16 | Feb 16 | Mar 16 |
|----------------------------------|------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |

Overall Index and Categories

March 2016

March 2016 Index

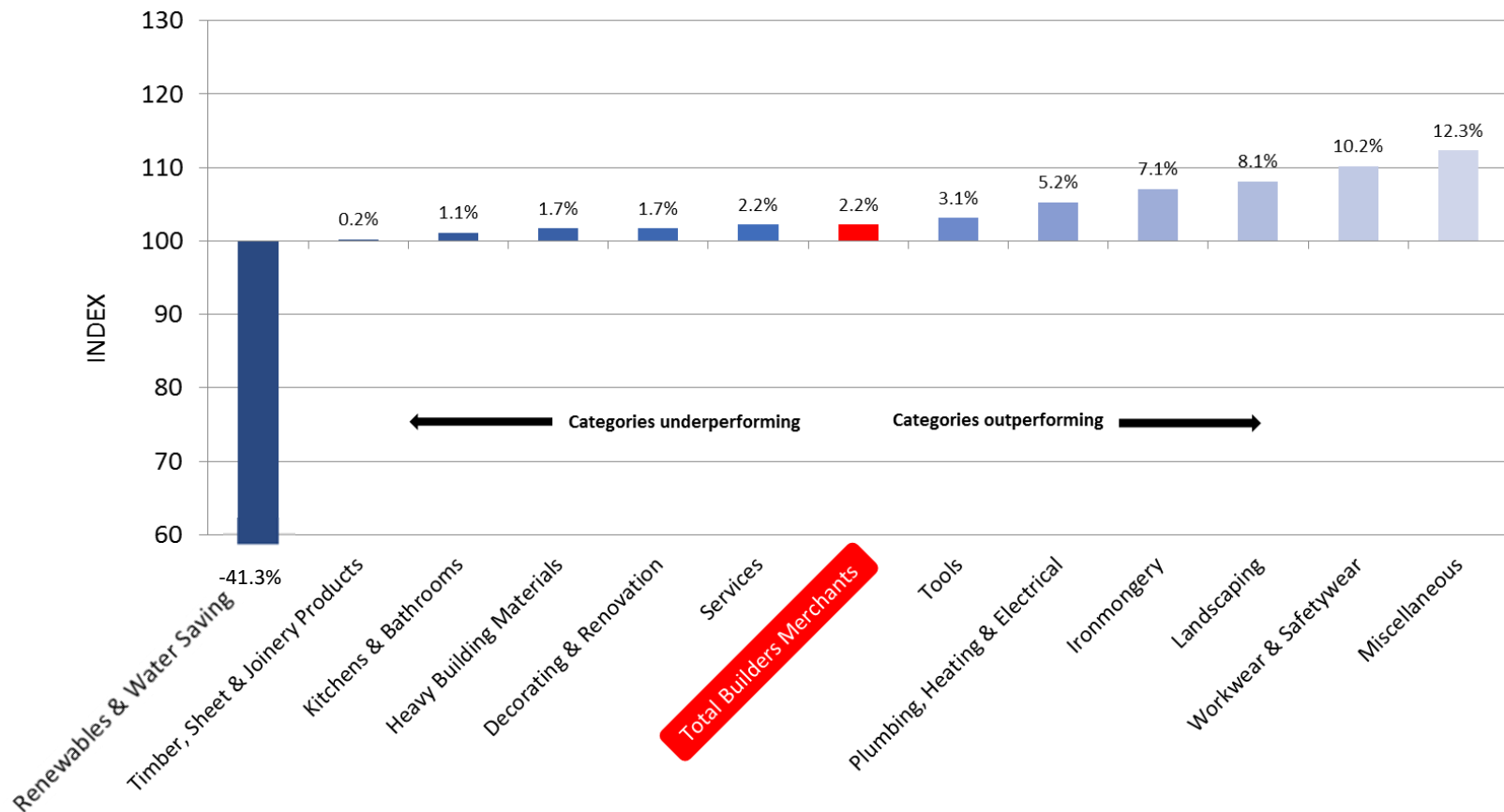
Indexed on monthly average, July-December 2014



Overall Index and Categories

March 2016

March 2016 v March 2015

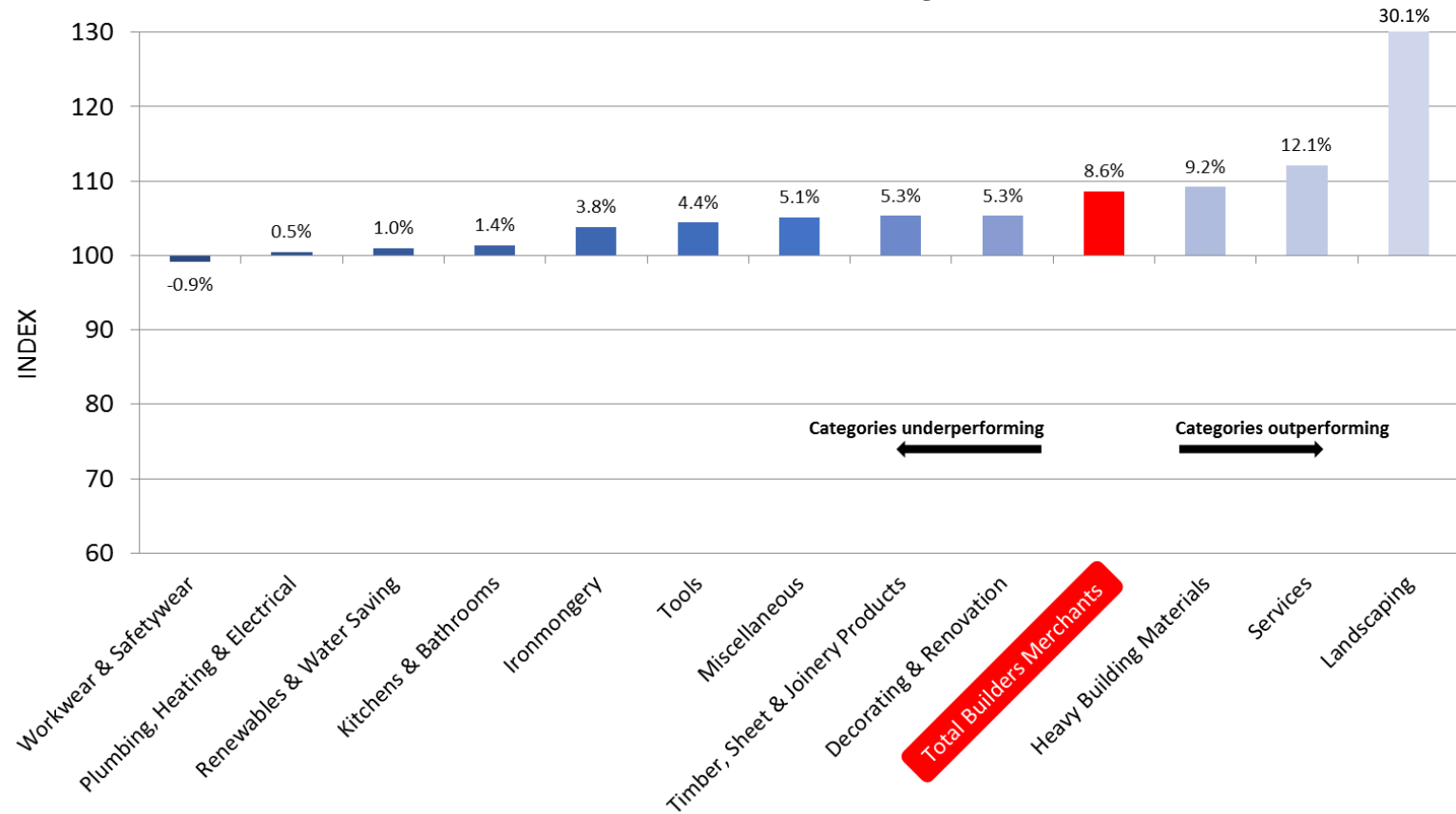


Quarterly Report

March 2016



March 2016 v February 2016



Overall Index and Categories

Quarterly (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 |

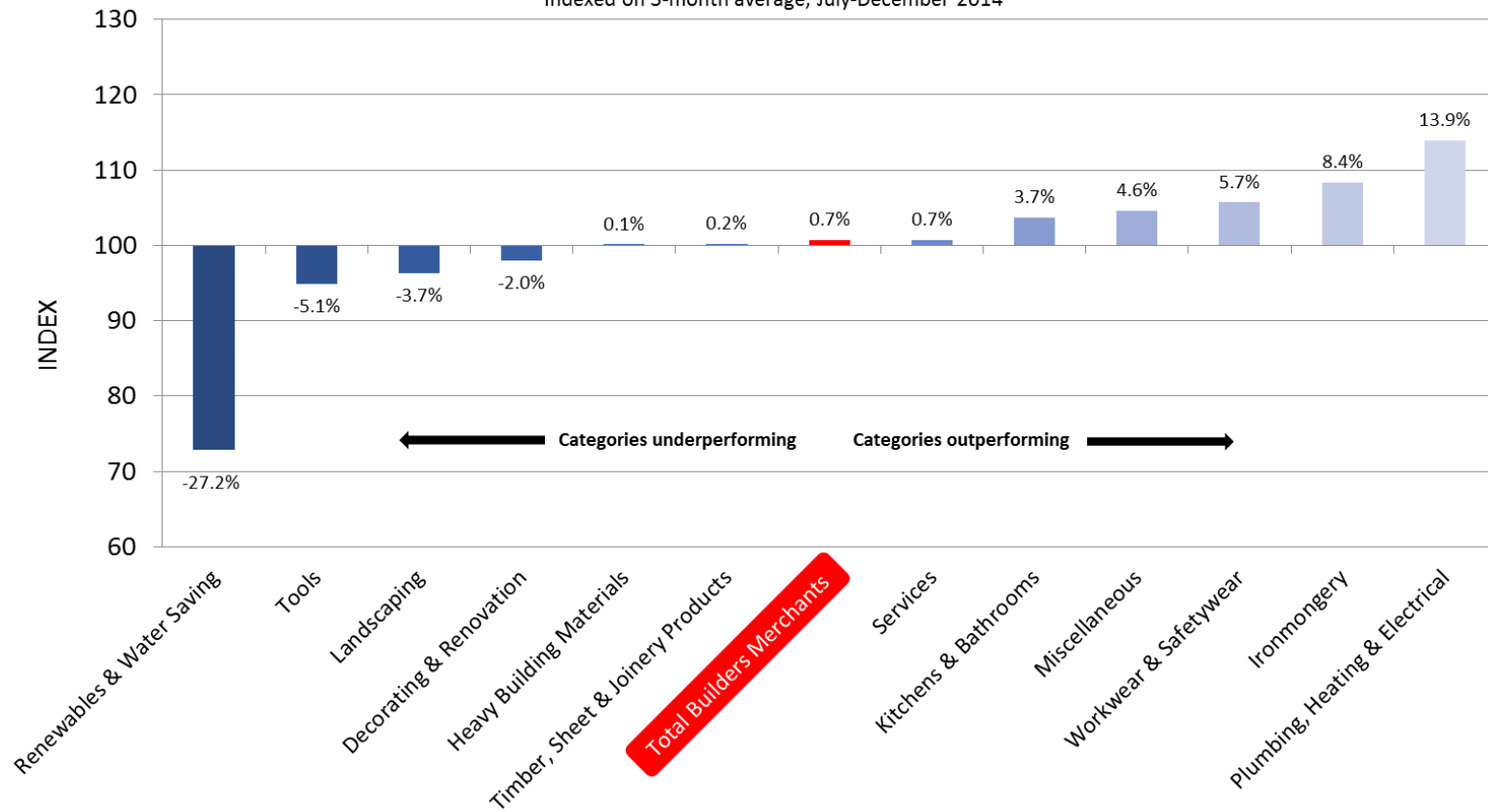
Quarterly Report

Q1 2016



Quarter 1, 2016

Indexed on 3-month average, July-December 2014

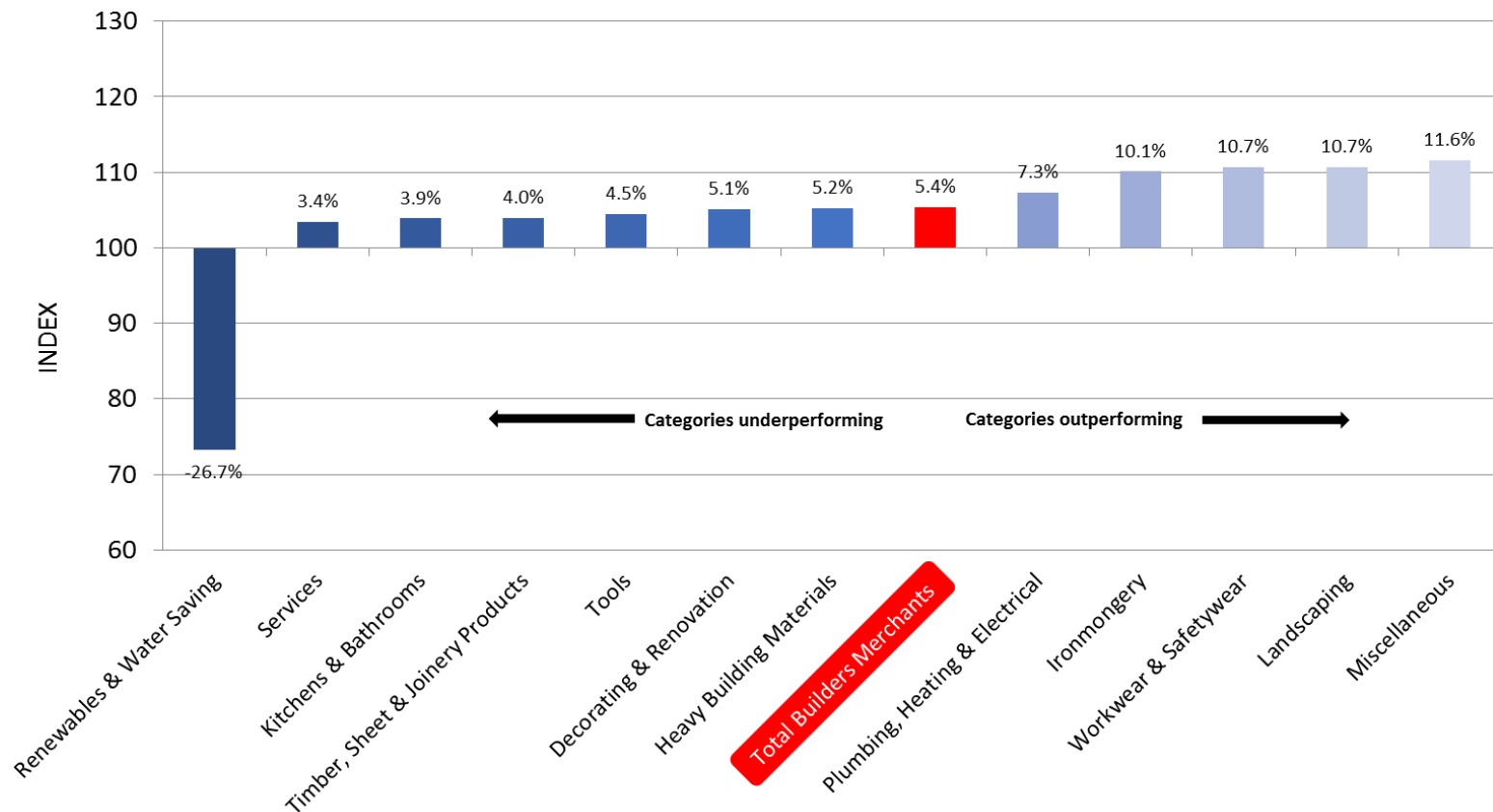


Quarterly Report

Q1 2016



Quarter 1 2016 v Quarter 1 2015

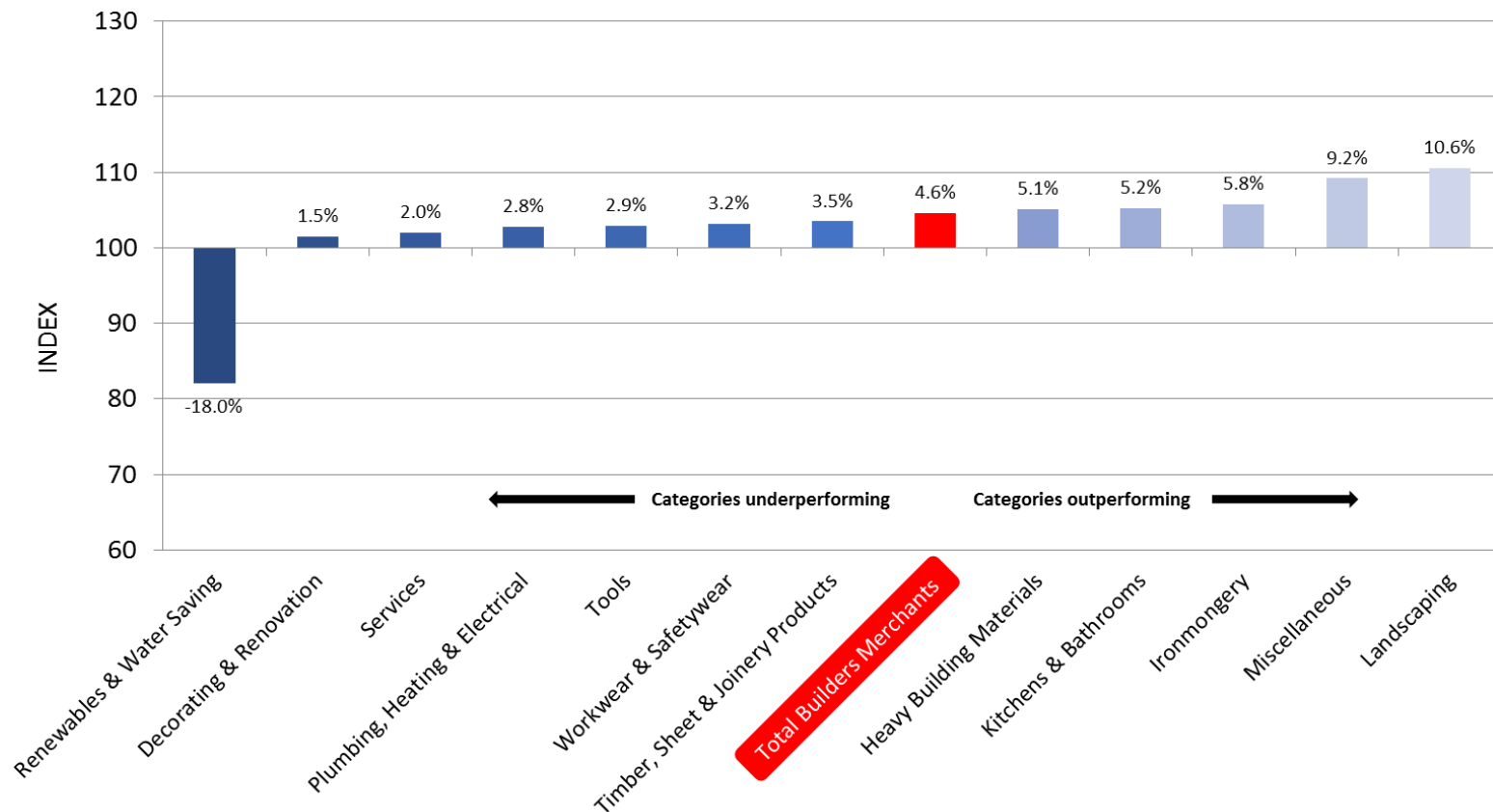


Quarterly Report

Q1 2016



Quarter 1 2016 v Quarter 4 2015



Overview



John Newcomb, Managing Director BMF

The industry is getting solidly behind the Builders Merchant Building Index, and we now have eight leading Industry Experts to explain trends and their markets.

Year on Year

Total Builders' Merchant monthly sales were up 2.2% in March 2016 compared with March last year. With one exception, all categories were up. The two largest categories grew more slowly, with Heavy Building Materials up 1.7% and Timber Sheet & Joinery Products 0.2% higher.

Sales in Q1 2016 were up 5.4% on Q1 2015 with total ex-VAT sales-out of £1.27bn compared to £1.20bn. Q1 sales also rose by 4.6% on Q4 2015. There was strong growth in each of the first three months with both January and March up over 2% growth year on year despite one less trading day in each month.

Landscaping (+10.7%) and Plumbing Heating & Electrical (+7.3%) were amongst the strongest categories in Q1 2016. Heavy Building Materials grew 5.2% and Timber Sheet & Joinery Products came in 4.0% higher.

March 2016 v February 2016

March sales were up 8.6% compared with February 2016. All categories increased except Workwear & Safetywear (-0.9%). Landscaping (+30.1%) improved the most. Heavy Building Materials (+9.2%) out-performed total merchants but Timber Sheet & Joinery Products (5.3%) grew more slowly.

Indices

March's Total Builders Merchant index of 110.9 was up on February (102.2). Q1's index was marginally positive (100.7) and up on Q4 2015 (96.2).

Year on year Q1 2016 growth of 5.4% is encouraging. However the recent ONS construction output figures are down 1.9%, which have been challenged by the Construction Products Association (CPA). Our data which is not an estimate but over 80% of actual sales-out supports the CPA's Q1 survey. ONS figures have been revised in the past so they may yet come back with a more positive picture reflecting what is actually happening in the market.

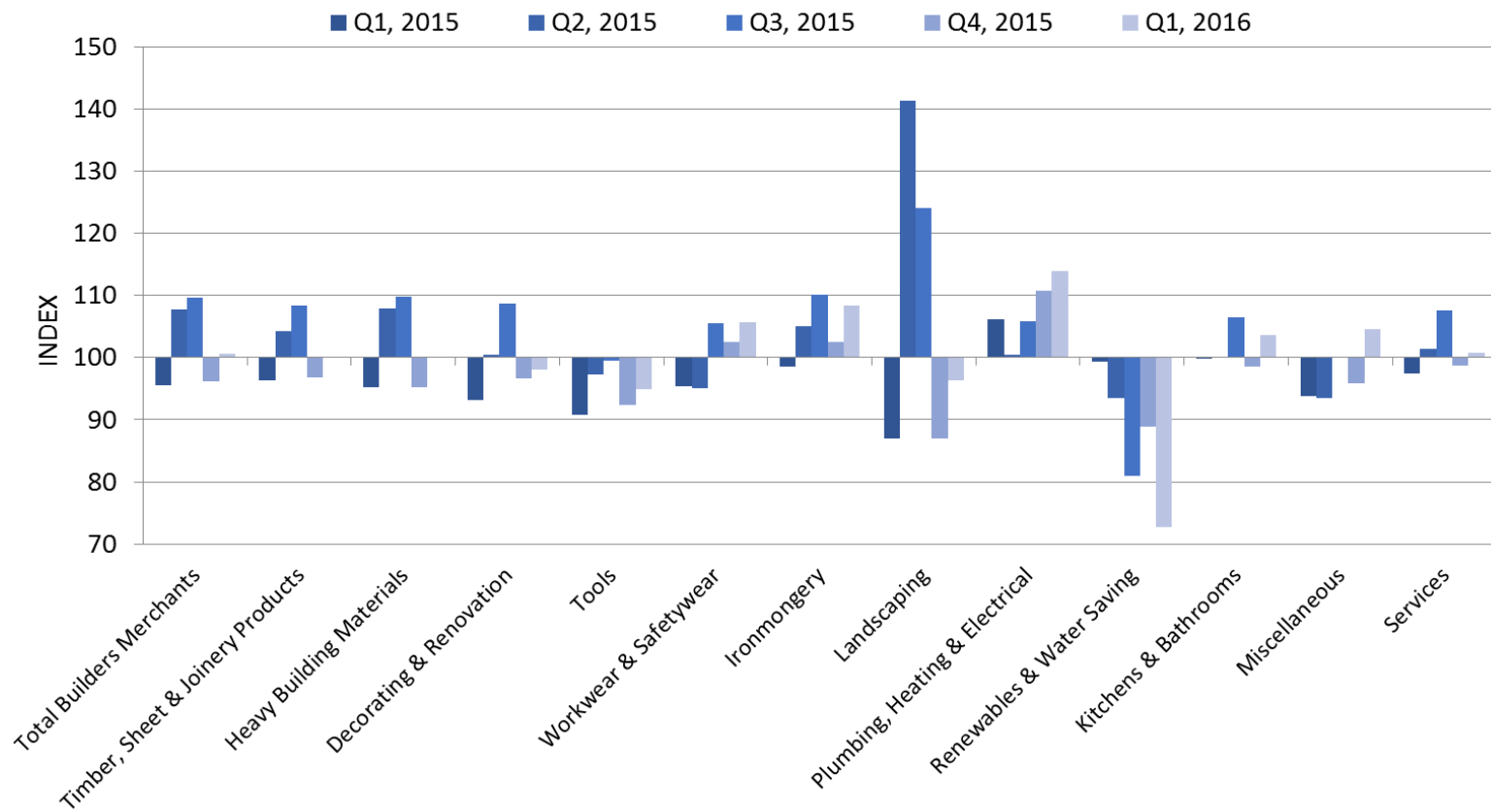
Quarterly Report

Q1 2016



Quarterly Index

Indexed on 3-month average, July-December 2014

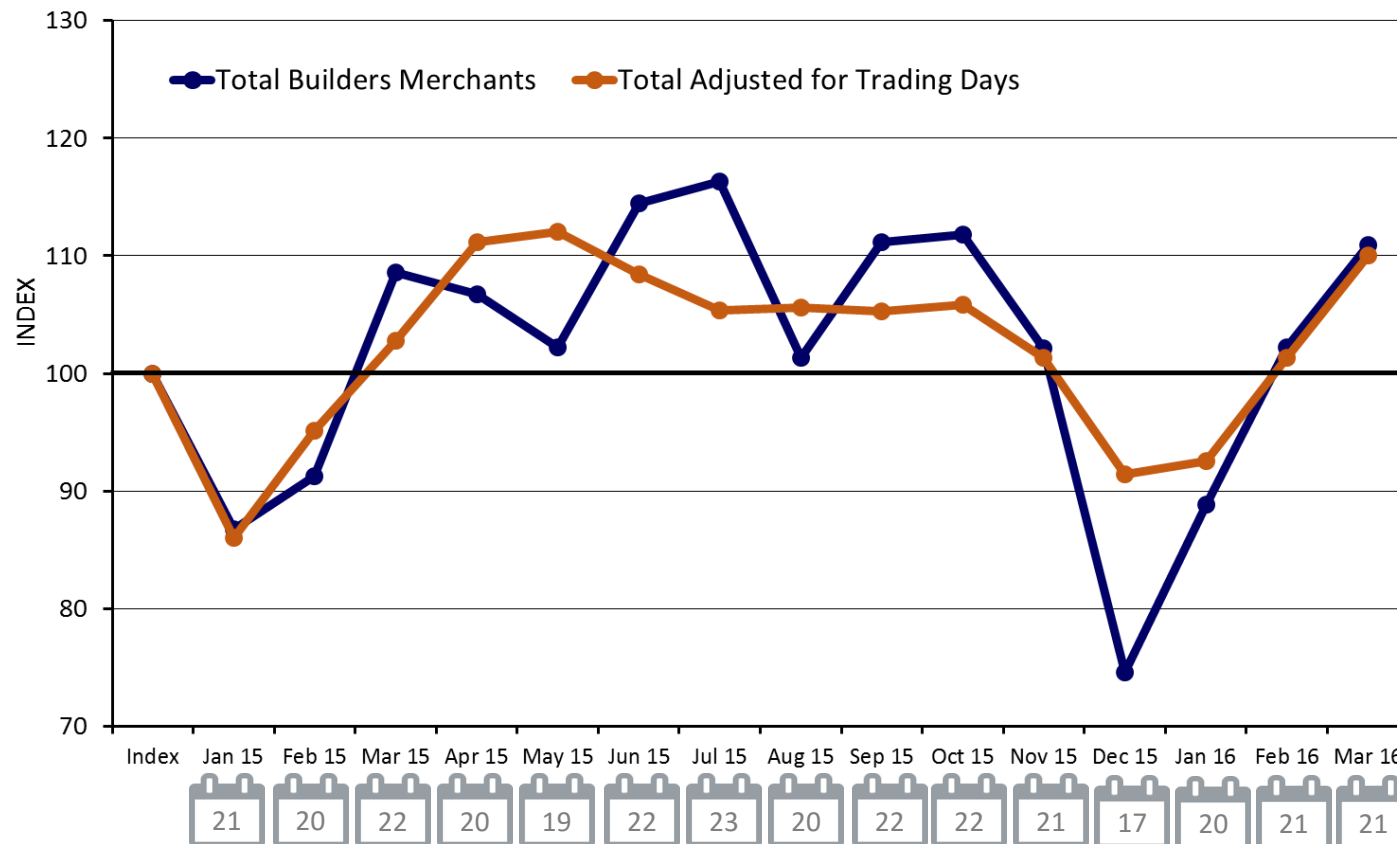


Quarterly Report

Adjusted for Trading Days



Total Builders Merchants Index v Total Adjusted for Trading Days Index



Expert Panel

PVC-U Windows & Doors (part of Timber, Sheet & Joinery Products)



No.1 for choice • No.1 for colour



Steve Halford, Managing Director Crystal Direct is BMBI's Expert for PVC-U Windows & Doors.

Builders' merchants' sales of PVC-U windows and doors are growing explosively fast. Starting from a small base of merchants selling bespoke PVC-U in 2014, the number of merchants selling it grew substantially in 2015. Sales to builders in the first three months of this year are around 10 times sales in the first quarter of 2015.

Why this explosive growth?

When builders discovered the benefits of PVC-U windows and doors they switched rapidly from timber but they had to buy PVC-U windows from window manufacturers because builders' merchants didn't sell bespoke PVC-U. Merchants used to sell timber windows in stock sizes, like other products, but PVC-U is a bespoke business and it was difficult for merchants to sell bespoke. So builders went elsewhere. Merchants also lost the sales of other products they bought with windows and doors.

With a service and support that's dedicated to make it easy for builders to buy a full range of colours, sizes, designs and styles of bespoke windows and doors at their branch, builders' merchants are rapidly taking back their lost market. Builders' sales of PVC-U windows, doors & conservatories are also growing fast.

Making it possible and overcoming the fear of bespoke means closing the skills gap with training and web-based user friendly solutions. Intuitive, secure, configurator software enables builders and builders' merchant counter staff to quickly and easily select the size, style, hardware and colour of the window they want at the prices and terms they pay, while it prevents them ordering impossible configurations. It means providing quality products delivered in a few days, direct to the builder - another benefit to merchants as they need no specialist logistics for safe and secure transportation.

Starting with independent and regional merchant chains, the national merchants have followed and are now throwing their weight behind the bespoke PVC-U market. We expect further fast growth.

Expert Panel

Roof Windows (part of Timber, Sheet & Joinery Products)



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

The roof window market had a strong start to the year with a busy first quarter, 8-9% up on the first three months of 2015. The overall market may not have been buoyant but the 'room in a roof' market is growing at just under 10% a year, more strongly in London and the south east where living space is limited and at a premium. This market is a big driver for roof windows.

'Room in a roof' is becoming a bigger part of the mix for large housebuilders, but around 60% of roof windows are installed in existing buildings, mostly by small builders. Homeowners and landlords are making the most of the space available. Rising house prices make it harder and expensive for people to move. Converting unused space in the roof to a practical, relatively low cost living area is an attractive alternative. Many loft conversions in existing homes are highly energy efficient, comfortable and airy; one of the better rooms in the home.

Roof window design is evolving quickly to reflect changing regulations as for the first time their performance is included in SAP targets to ensure thermal bridging is minimised. This makes it important for merchants to select and stock products which feature enhanced thermal efficiency as standard.

Similarly, the much reported skilled labour shortages are prompting builders to favour products which are quick and easy to fit and this is a further factor for merchants to consider when choosing products to promote.

As homeowners and builders increasingly switch on to the value of the space above them roof windows are becoming a key design feature, making buyers more aware and open to higher specification versions. This is a positive trend for merchants going forward as the opportunity to promote added value products will result in additional sales revenue from roof windows.

Expert Panel

Timber & Panel Products (part of Timber, Sheet & Joinery Products)



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

The market for timber and panel products is ahead of 2015.

Housebuilders, particularly national housebuilders, have been building more which has a positive impact on sales of timber and panel products. The recent agreement, or 'statement of intent' signed by the Home Builders Federation's 14 largest housebuilder members and a number of other companies is good news for Britain and construction. The agreement commits big housebuilders to significantly increase the number of new homes they build to meet the Government's target of building 1 million homes by 2020.

The debate about Brexit has created uncertainty. Businesses are delaying project decisions and investments until the outcome is known. Timber is an international business with products sourced from all over the world, and the uncertainty is also affecting exchange rates. Hardwood is bought six to nine months ahead, and although importers plan for variations, the timber they buy may vary by as much as 5% either way depending on the US dollar or Euro rates. When these prices feed through into the market they have a disruptive effect. This instability is likely to extend some months beyond the referendum.

Increasingly customers want to know their timber and panel products are sustainable. China and the Far East play a big part in timber markets worldwide, particularly in plywood, but concerns about sustainability and its environmental impact are driving the trend towards certified products. We are seeing certified OSB used as a substitute for Far Eastern plywood as deforestation concerns and lack of traceability mean that it's hard to know where this Far Eastern plywood comes from.

At the other end of the plywood spectrum, demand for Birch plywood continues to grow, particularly throughout mainland Europe. Consequently, this is resulting in supply shortages to the UK, and purchasers will need to be mindful of this when considering future stock levels.

Expert Panel

Civils, Metal Rainwater & Drainage (part of Heavy Building Materials)



Steve Durdant-Hollamby, Managing Director Alumasc Water Management Solutions (AWMS) is BMBI's Expert for Civils, Metal Rainwater & Drainage.

A mild winter and spring has been good for trading, particularly for metal rainwater and drainage. Sales in the first quarter were up 6% on last year, ahead of expectations. Order books are good. But we're expecting growth to slow because of delays in orders developing into sales.

The industry is experiencing 'starvation in the supply chain'. Contractors have surplus work and are selecting which projects to progress, which is slowing sales. They're not investing in more workers and are focused on projects in hand. The skills shortage and uncertainty of Brexit is compounding the problem. Our industry desperately needs more skilled tradesmen but banks are not lending money and investment in new company start-ups is being held back until people know where they stand on Europe.

In civils, much of the growth is tied up in 'what's to come'. There is massive potential for infrastructure spend and it will happen, but we don't expect to see the benefits for another 3-4 months.

Having been kicked back to the Commons by the House of Lords, potential amendments to the Housing and Planning Bill will affect the rainwater and drainage markets. The new Bill, currently in consultation, aims to improve the housing shortage, and could potentially fast-track thousands of new homes through planning. The extent of environmental impact assessment and consideration of sustainable surface water management has become a tussle between the Lords and Commons.

With more violent storms, heavy rains dropping more water in a day than previously fell in a year, and extensive flooding, the focus should be on designing buildings and surrounding hard standing with the capacity and resilience to cope with additional rainwater. We also need to balance the mix of soft and engineered sustainable drainage to achieve practical solutions at any scale. Overall it requires joined-up solutions and integrated thinking from rain to drain.

Expert Panel

Cement & Aggregates (part of Heavy Building Materials)



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

Cement and aggregate sales in line with other Mineral Product Association products were generally flat over the first quarter despite annual sales being positive. In the twelve months to March 2016, aggregates, ready mixed concrete and mortar sales rose just over 3% compared to the previous twelve months.

Despite a slight slowdown in the commercial and industrial sectors, infrastructure continues to perform well. The market is predicted to grow faster than other sectors over the next few years with projects such as Hinkley Point Nuclear Power station, HS2 rail connection, high rise buildings in Canary Wharf, Thames Tideway Tunnel and a planned government £15.2 billion road investment scheme.

This year builder's merchants are seeing a growing demand from builders for plastic packaged cement in response to increasingly wet conditions and waste issues. Although paper bags with plastic lining keep cement in good condition for up to 6 months, builders pay a premium for a plastic packed product. Merchants are also beginning to see the advantage of being able to store cement outside in their yards to free up more valuable space in store.

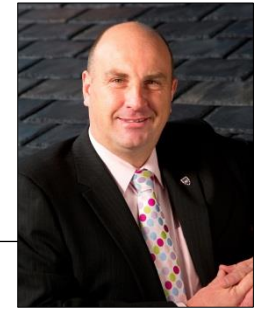
Despite an early Easter, sales of packed aggregates increased well ahead of last year, and the demand for packed mortars and other ready-to-use cementitious products is strong and is expected to continue.

Sustainability and the environment are key issues facing the cement industry. There are challenges ahead with the implementation of Phase 4 of the EU Emission Trading Scheme (EUETS) in 2020, which is designed to reduce CO2 emissions. It's expected these changes, amongst other things, may lead to increasing the replacement levels of additions such as GGBS, limestone and PFA in bulk and packed cements over the next few years to reduce associated CO2.

These changes and others in combination could increase the cost of production over the next few years.

Expert Panel

Roofing Products (part of Heavy Building Materials)



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

Roofing had a slow first quarter, echoing the recently published manufacturing figures. The storms late last year may also have pulled forward roofing works that might have been fixed in Spring in better weather.

There's been a significant slowdown in new build commercial and retail projects; 10-20% down on last year. This will impact our sector in 6-8 months' time when contractors would normally be putting the roofs on. The 'Brexit effect' undoubtedly has something to do with this. Housebuilding could do with more of a boost too as we're simply not building enough houses overall, but housebuilders have little incentive to increase supply and lower prices and profits.

It's difficult to get a handle on RMI at the moment – some commodity products are doing well although commercial and public sector refurbishment had a slow start to the year. There are a lot of projects in the pipeline – so no major concerns – but funding cuts from local government seem to be taking effect as schools, for example, don't get the new roofs they need.

Retail is unsettled as Bunnings acquires Homebase and is pricing aggressively to take market share, with an 'Every Day Low Prices' strategy designed to tackle consumer perception of their previously expensive retail prices. Homebase leapt over B&Q & Wickes for the lowest priced basket in year-on-year comparisons in the Insight iPaint 30 report. Who will it affect the most, and who will come out fighting? We'll have to wait and see.

Skills shortages and recruitment continues to be a constraint on current work and a concern for the future. When projects are approved, we should all be worried about how the industry will service them. Are there enough skilled workers out there? This comes full circle back to Brexit again, as the UK was built through the employment of immigrants from the Poles to the Irish.

Expert Panel

Steel Lintels (part of Heavy Building Materials)



Derrick McFarland, Managing Director Keystone Lintels is BMBI's Expert for Steel Lintels.

The year started positively for the steel lintels market which is strongly associated with new housebuilding. January and February were particularly strong. The overall market for steel lintels in the first three months of 2016 rose 8% compared with the same period last year.

Although concerns about the impact of Brexit are unsettling housebuilders' shares, housebuilding continues to grow particularly among the nationals. Regional housebuilders are also performing well, but demand varies by area and fluctuates more than the nationals, who have the resources to take a longer view on investing in new developments.

The market plateaued in April and we don't expect this to change until we know where we stand with Brexit. Long term investment strategies are being held back until the market knows which way the voting goes and the implications of that decision.

The Government's decision to scrap Zero Carbon Homes was challenged recently in the House of Lords and knocked back to the Commons. It's still unclear what the Commons will accept and what the next step will be but we may see a return of this regulation in some form, together with a review on how carbon neutral is measured.

Initially introduced in 2006 as part of the Government's Green Agenda, the aim of Zero Carbon Homes was to improve significantly the energy performance of new buildings from the way they are built – the fabric – through to the reduction of CO2 emissions from lighting, ventilation and heating. Reviving it opens up new opportunities. Manufacturers will be challenged to innovate and introduce new products and systems to help meet new energy efficiency targets.

SAP ratings remain relevant to housebuilding, and will continue to challenge builders who are just getting to grips with 2013 regulations, but they're a necessary step to zero carbon.

Expert Panel

Mineral Wool Insulation (part of Heavy Building Materials)



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

Knauf Insulation is pleased to be associated with the BMBI. In this increasingly unpredictable world any source of good, authoritative information is to be applauded.

Unpredictable is the right word to describe the insulation sector this year. While the overall market has performed in line with the BMBI indices there have been some significant sectoral shifts. New build housing has been strong and housebuilders' use of the higher performing products in the 032 lambda range continues to increase.

By contrast mineral wool sales for housing RMI, the housing refurbishment sector, has been very poor this year, due to the effective demise of the Green Deal. Office refurbishment is one bright spot where we've seen strong activity in all major cities.

In non-domestic new build, warehouses remains very strong, as is the South East generally.

All the merchants have referenced some 'Brexit hangover' in their public statements, and I feel the entire industry will breathe a sigh of relief on the 24th June irrespective of the result. At least we will know one way or the other.

So – the future. As has become the norm in the insulation market, we have an ever shifting legislative pipeline. No Zero Carbon Homes; no improved Part L; no clarity about thermal & acoustic regulations over the next few years. Try selling that lack of visibility to your board as a base for an investment plan!

As I write this, we're waiting for the final report from The Bonfield Review to be published. I and the rest of the industry hope this will provide a robust framework the industry can adopt and use as a solid foundation for reviving the semi-comatose domestic refurbishment market.

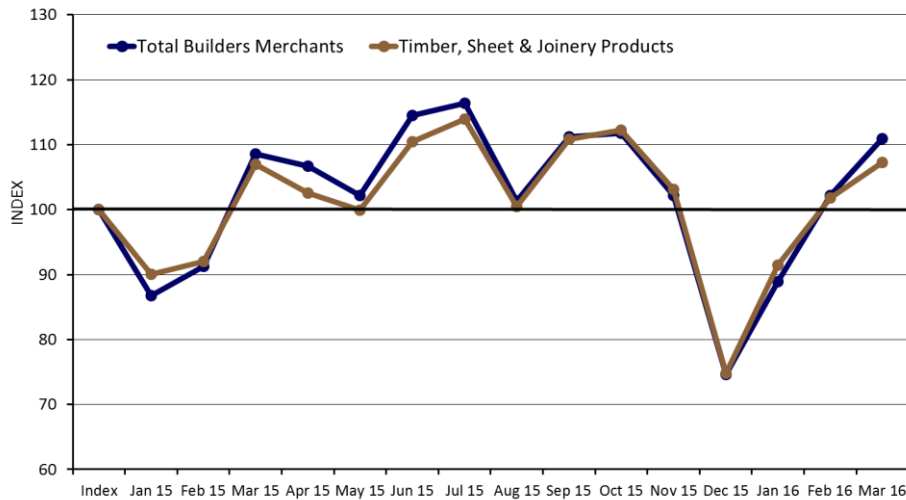
Next time I put pen to paper we will be post-referendum. Will be an interesting one I feel...

Quarterly Report

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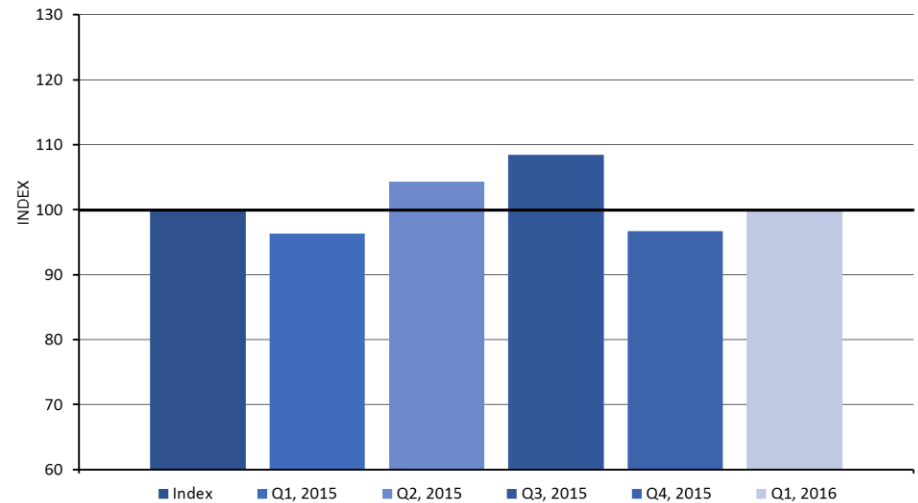


Timber, Sheet & Joinery Products



Monthly chart indexed on July – December 2014

Timber, Sheet & Joinery Products - Quarterly



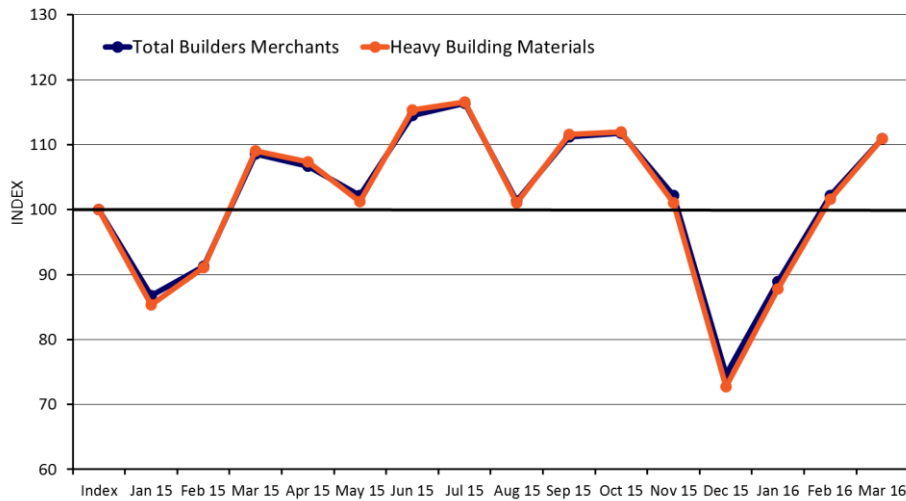
Quarterly chart indexed on July – December 2014

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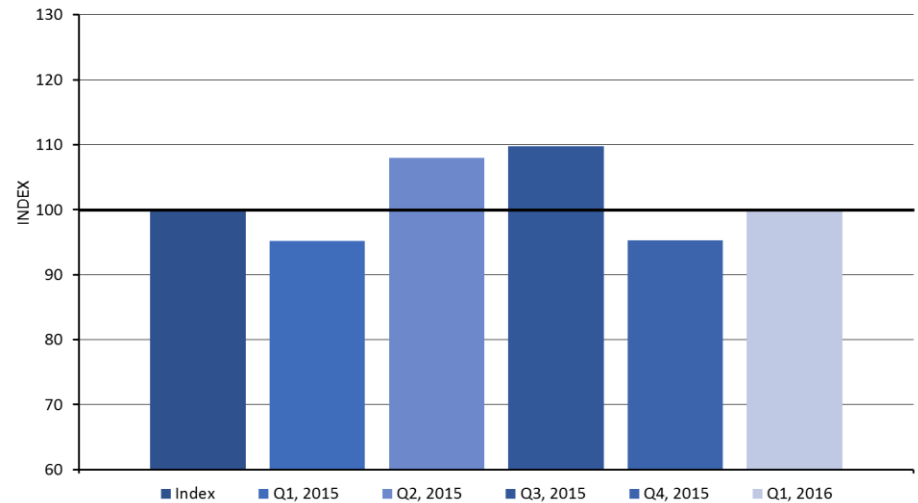


Heavy Building Materials



Monthly chart indexed on July – December 2014

Heavy Building Materials - Quarterly



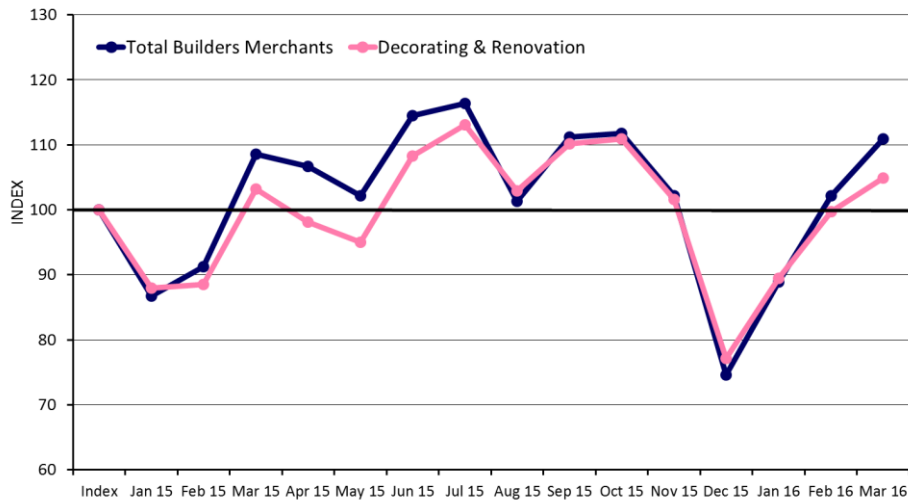
Quarterly chart indexed on July – December 2014

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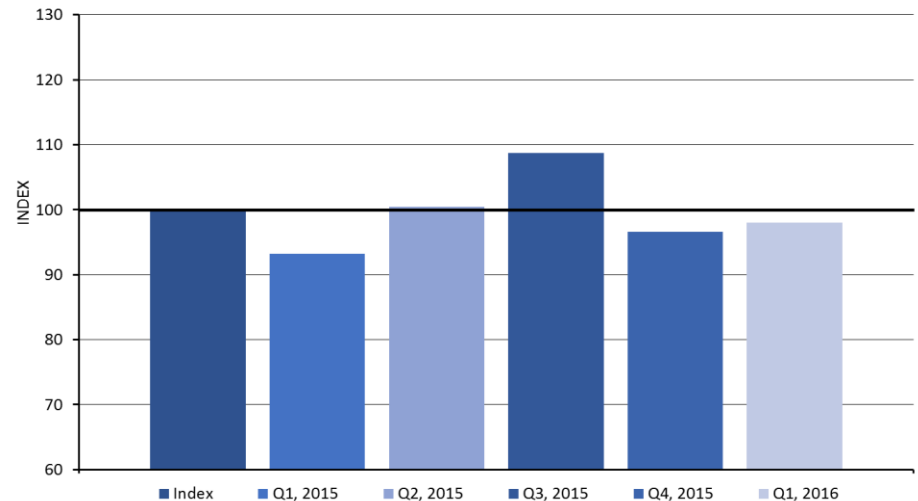


Decorating & Renovation



Monthly chart indexed on July – December 2014

Decorating & Renovation - Quarterly



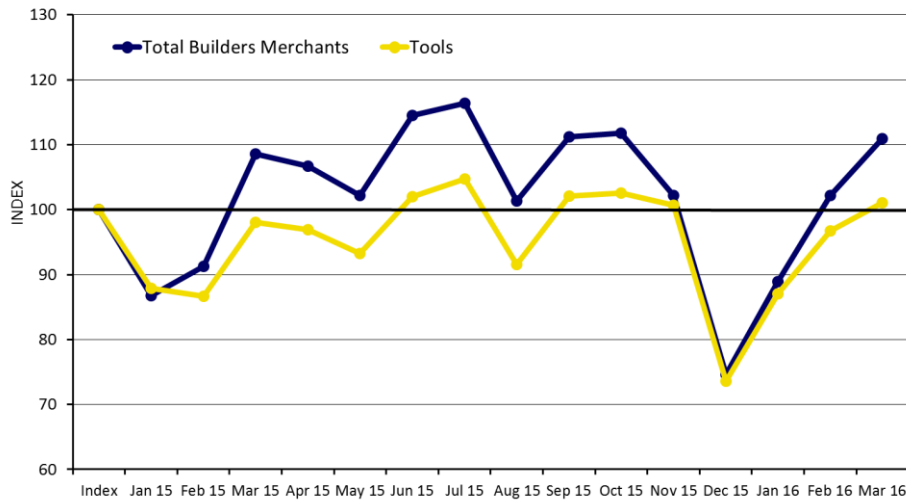
Quarterly chart indexed on July – December 2014

Quarterly Report

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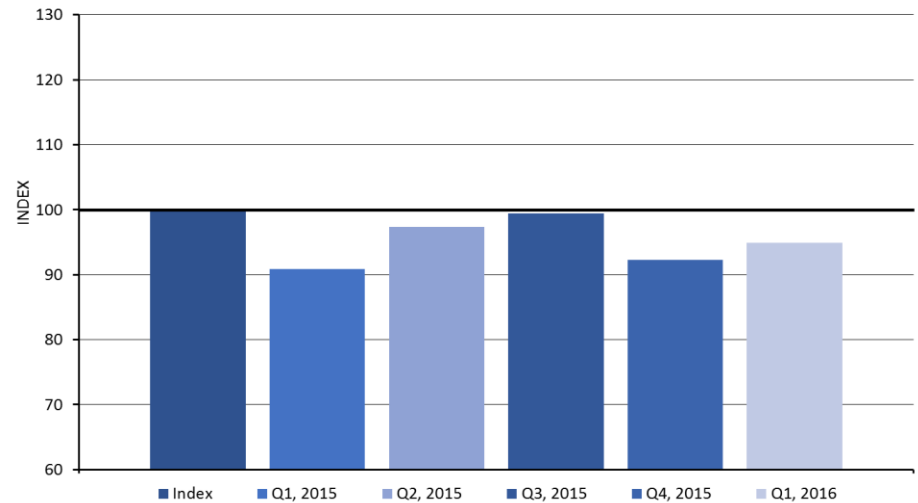


Tools



Monthly chart indexed on July – December 2014

Tools - Quarterly



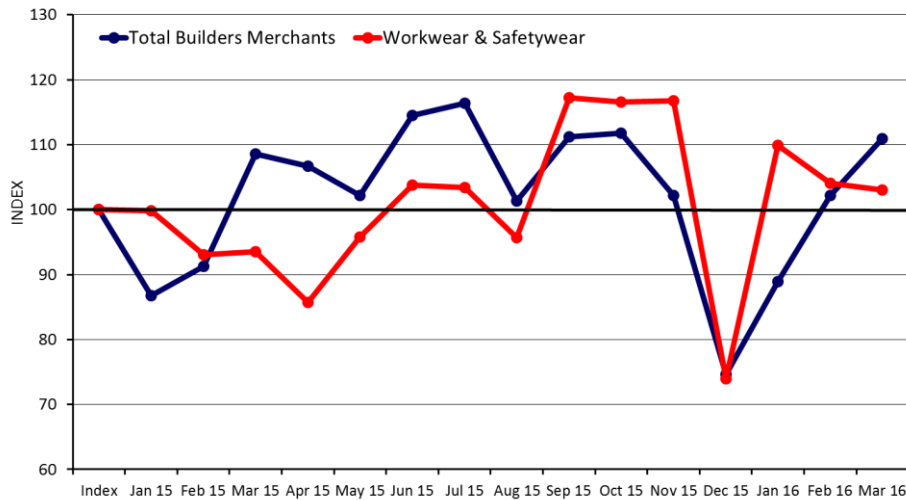
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

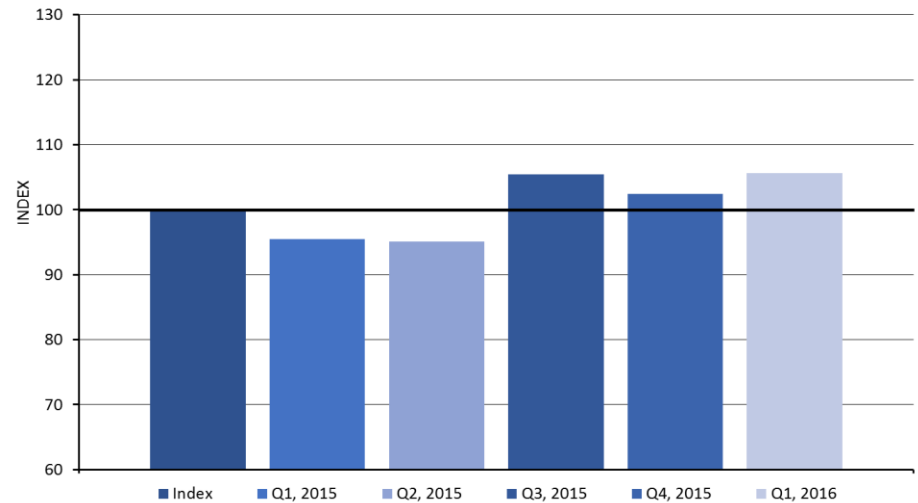


Workwear & Safetywear



Monthly chart indexed on July – December 2014

Workwear & Safetywear - Quarterly



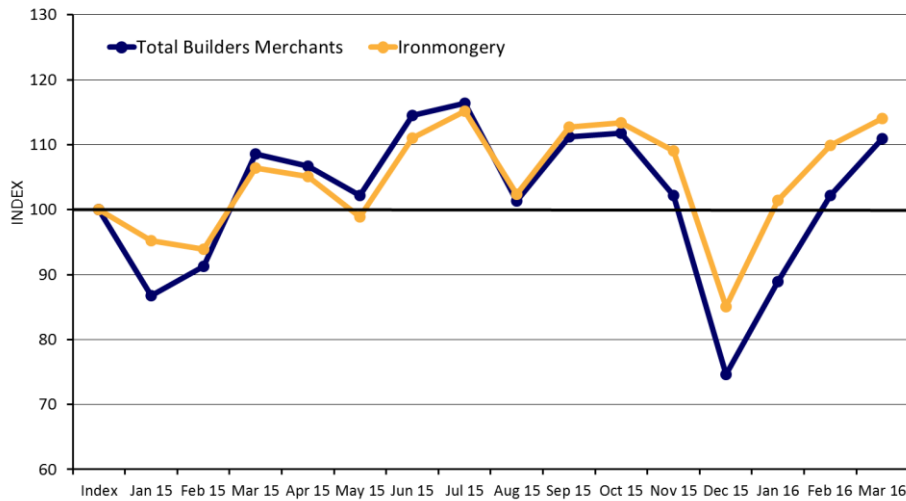
Quarterly chart indexed on July – December 2014

Quarterly Report

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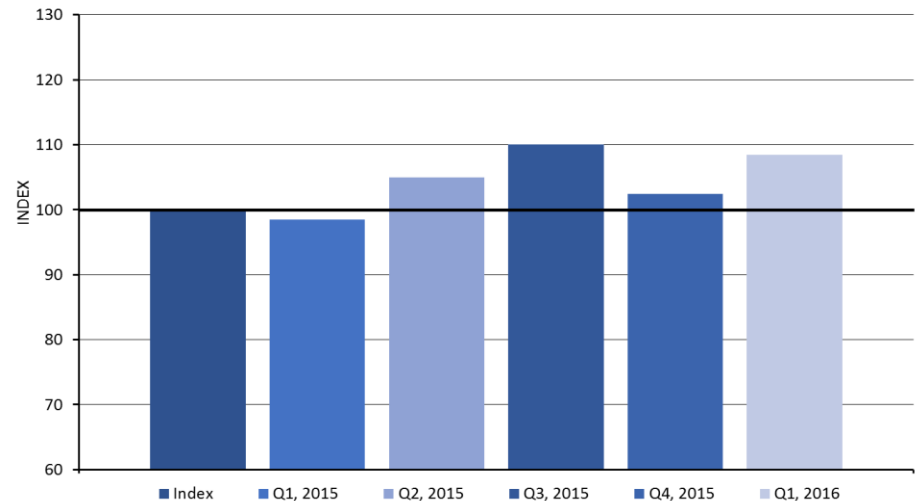


Ironmongery



Monthly chart indexed on July – December 2014

Ironmongery - Quarterly



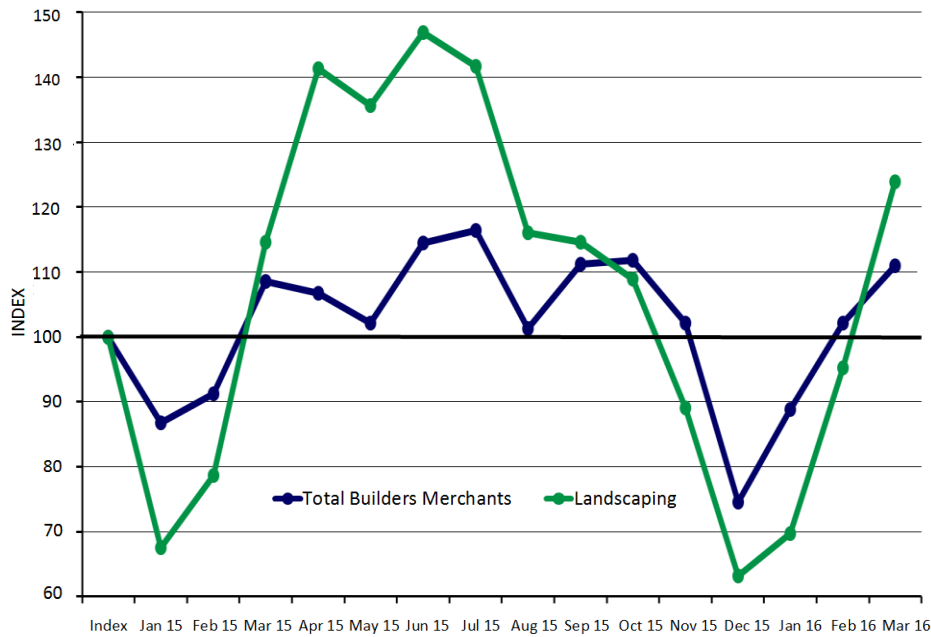
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

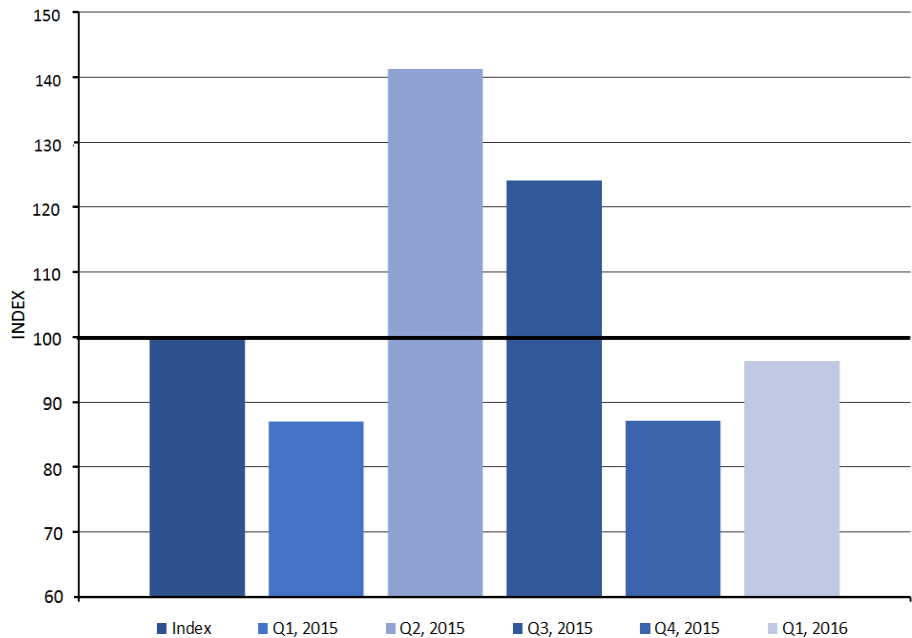


Landscaping



Monthly chart indexed on July – December 2014

Landscaping - Quarterly

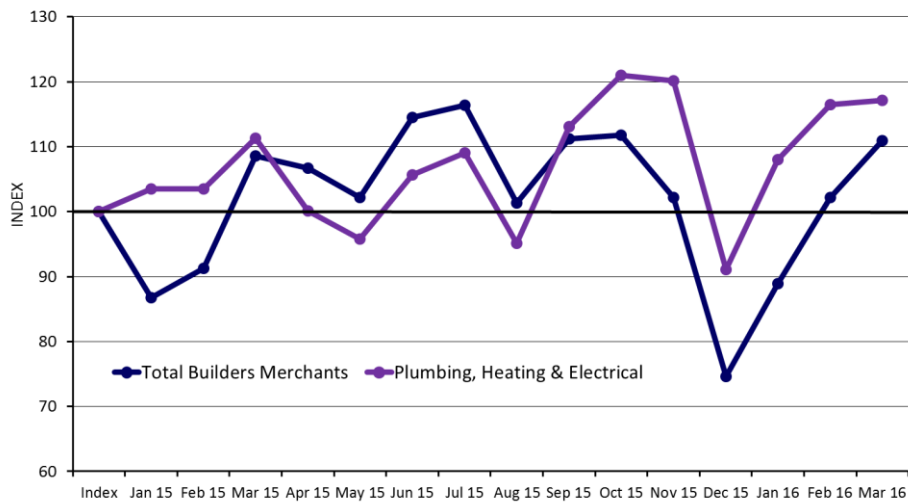


Quarterly chart indexed on July – December 2014

Quarterly Report

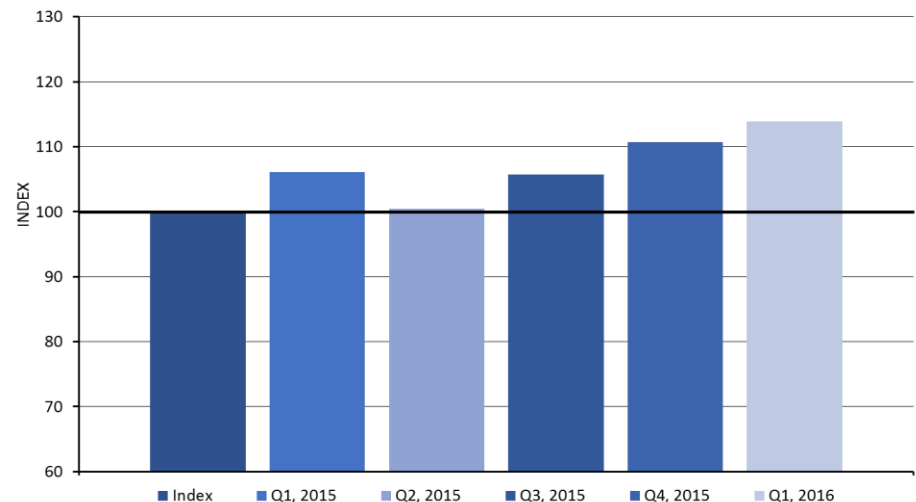
Q1 2016

Plumbing, Heating & Electrical



Monthly chart indexed on July – December 2014

Plumbing, Heating & Electrical - Quarterly



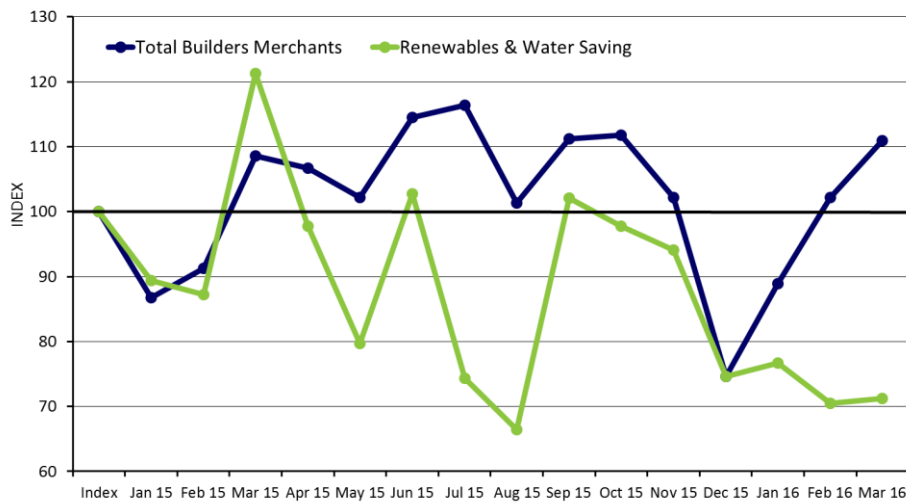
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

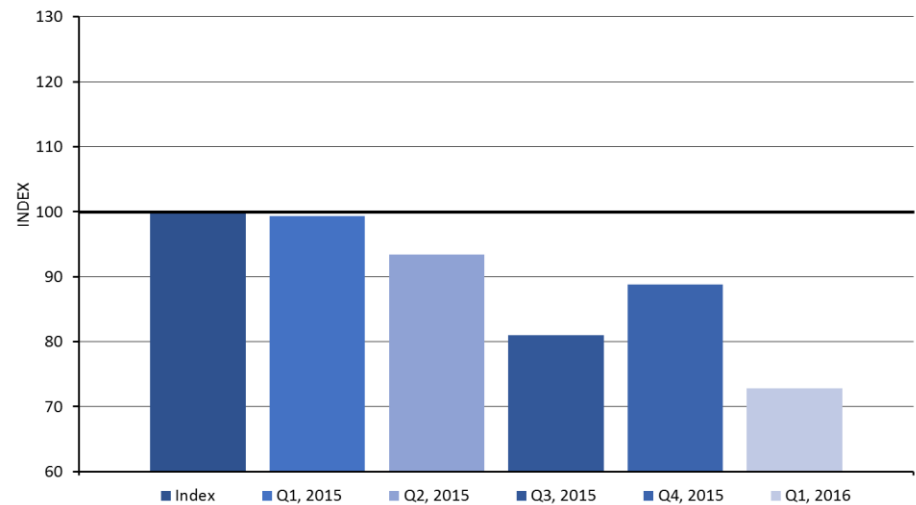


Renewables & Water Saving



Monthly chart indexed on July – December 2014

Renewables & Water Saving - Quarterly



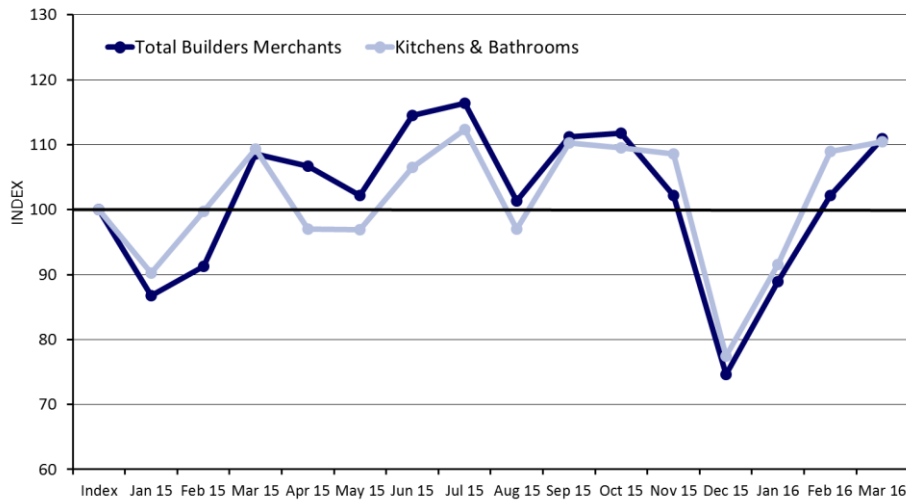
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

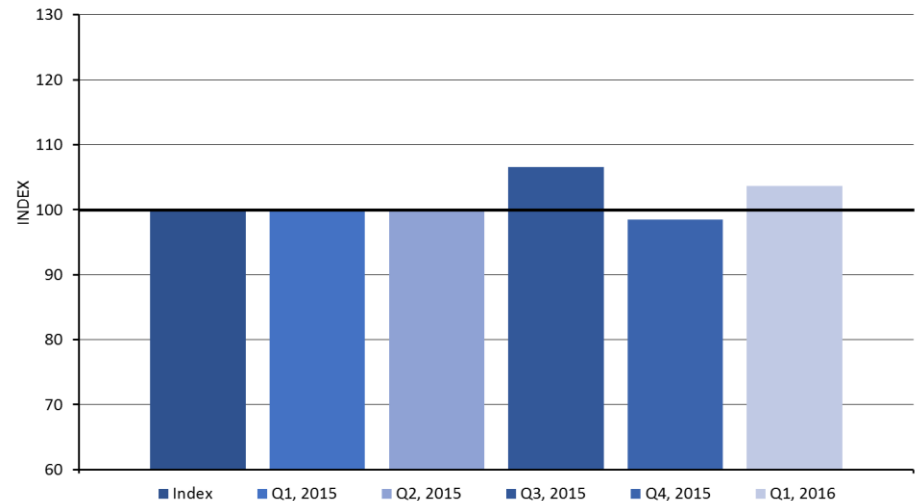


Kitchens & Bathrooms



Monthly chart indexed on July – December 2014

Kitchens & Bathrooms - Quarterly



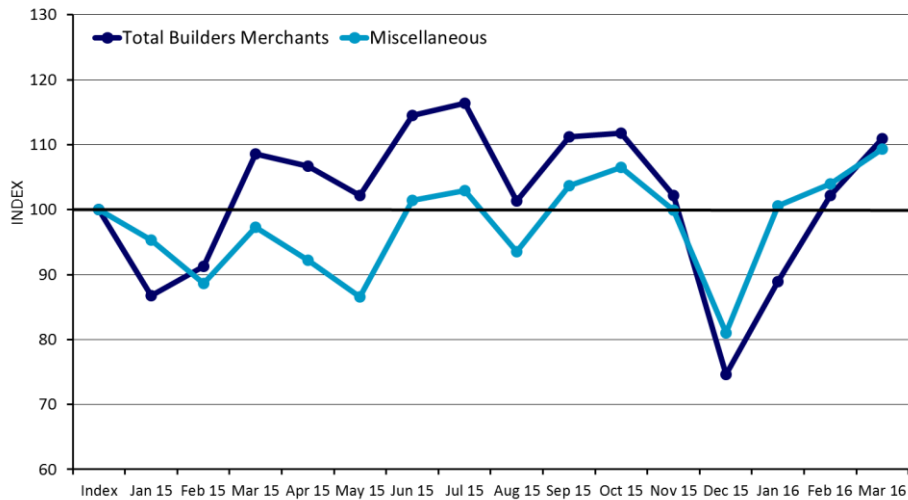
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

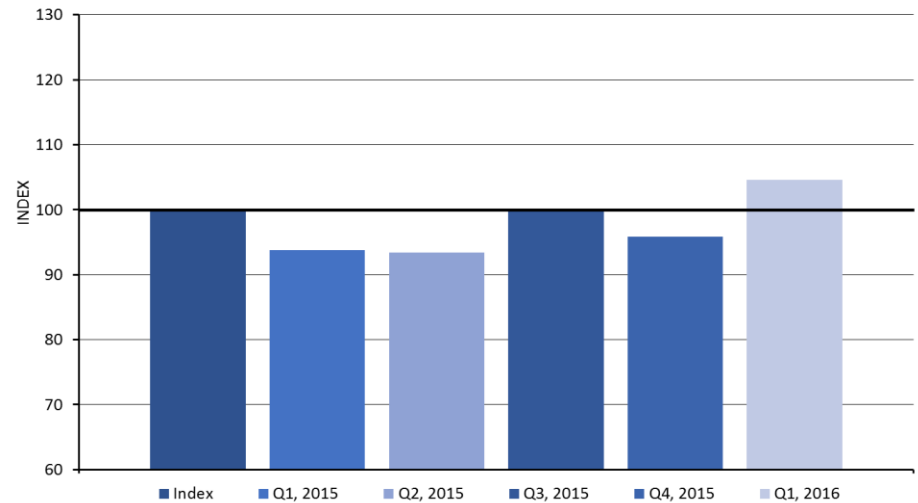


Miscellaneous



Monthly chart indexed on July – December 2014

Miscellaneous - Quarterly



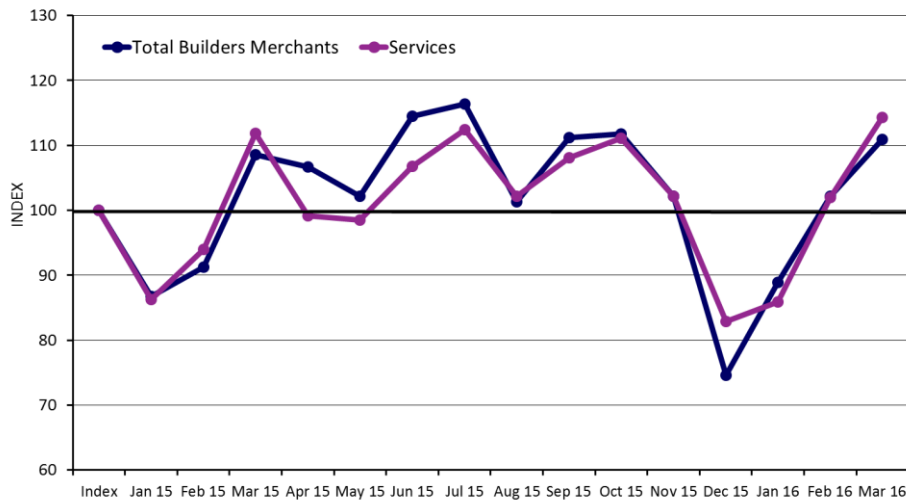
Quarterly chart indexed on July – December 2014

Quarterly Report

Q1 2016

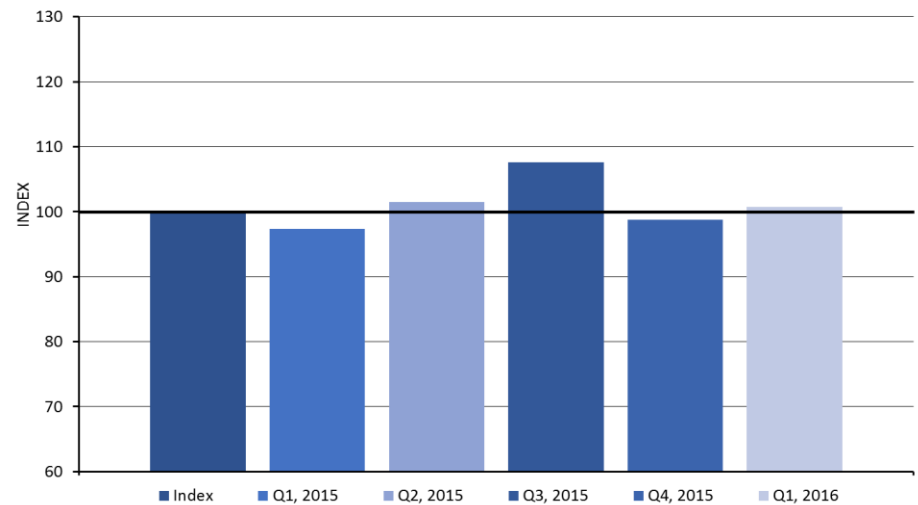


Services



Monthly chart indexed on July – December 2014

Services - Quarterly



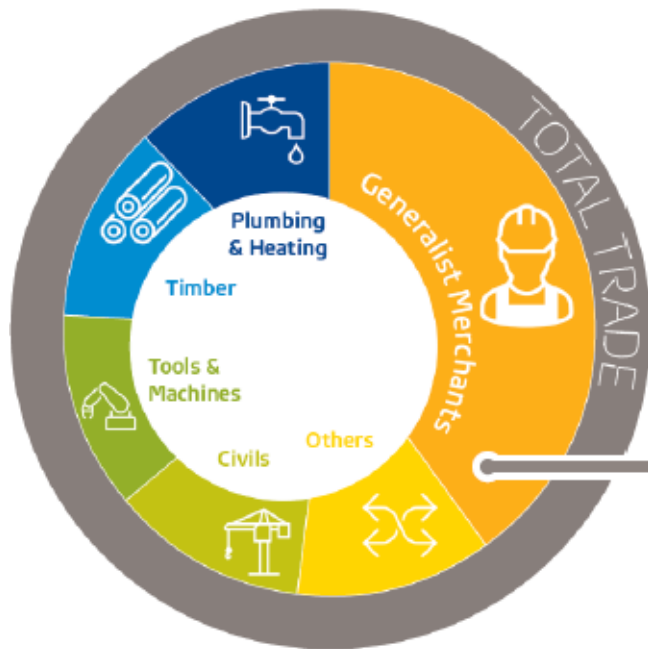
Quarterly chart indexed on July – December 2014

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**

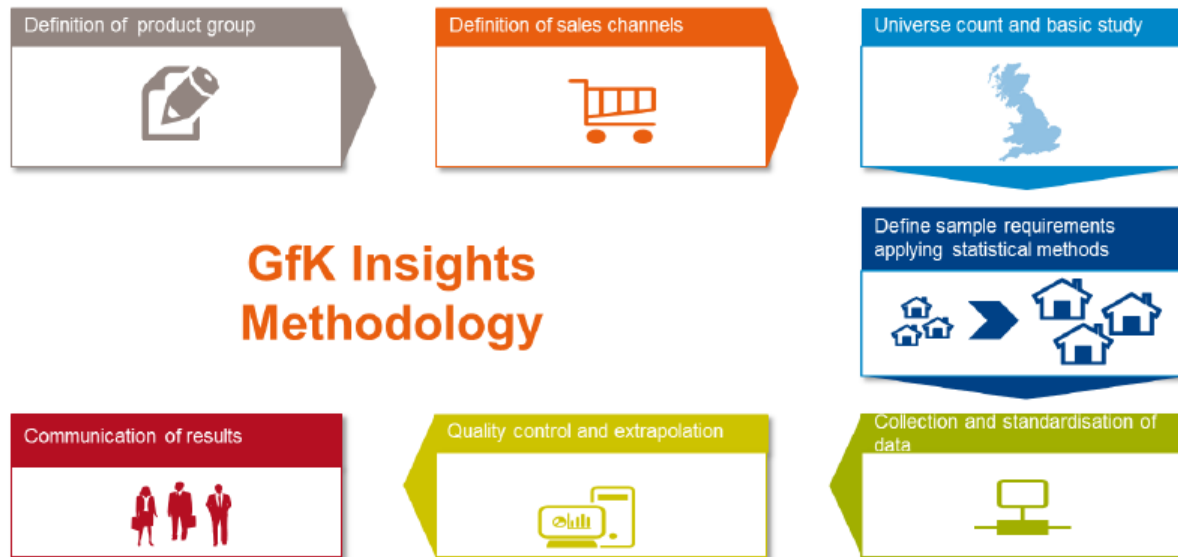
Multi Regional

- 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

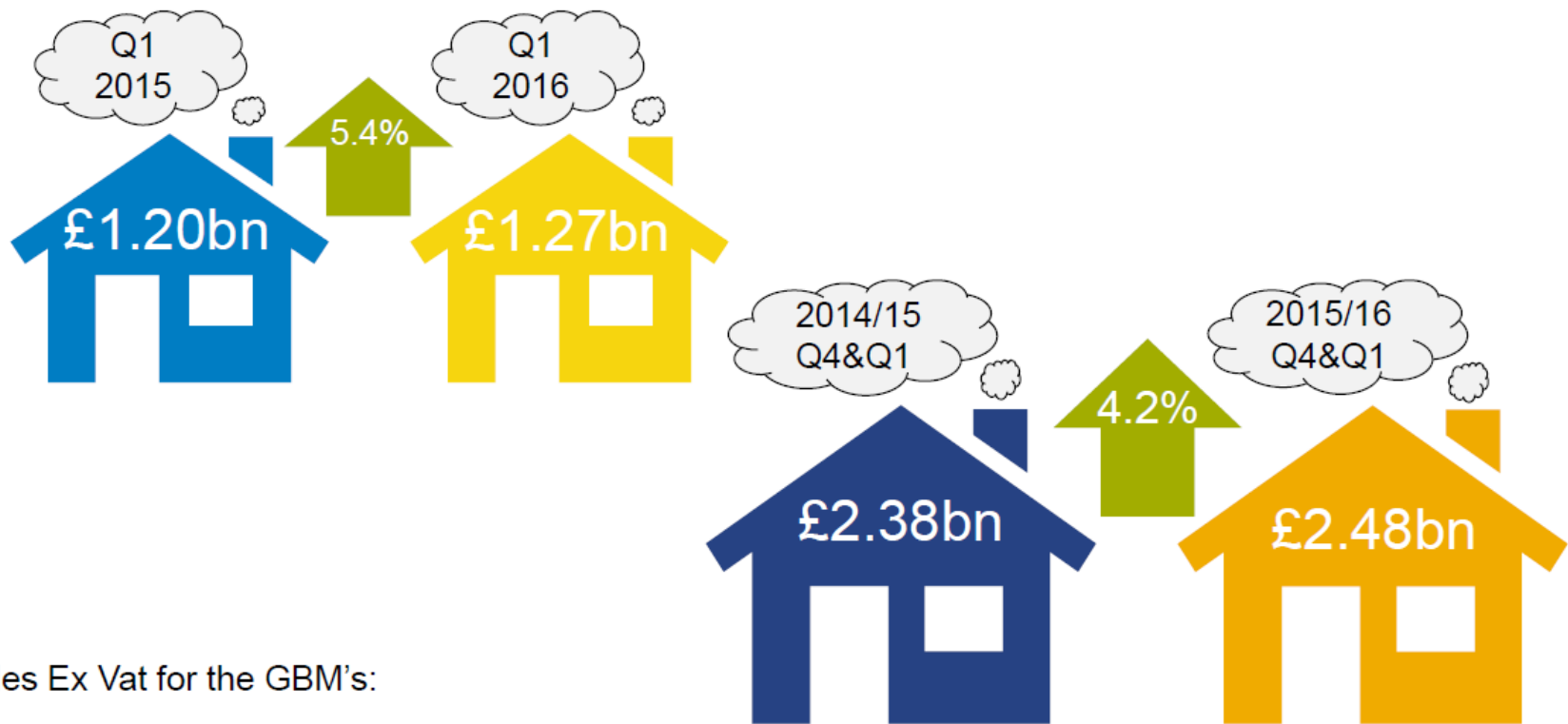
TOOL HIRE

OTHER SERVICES

GfK Insights



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



Sales Ex Vat for the GBM's:

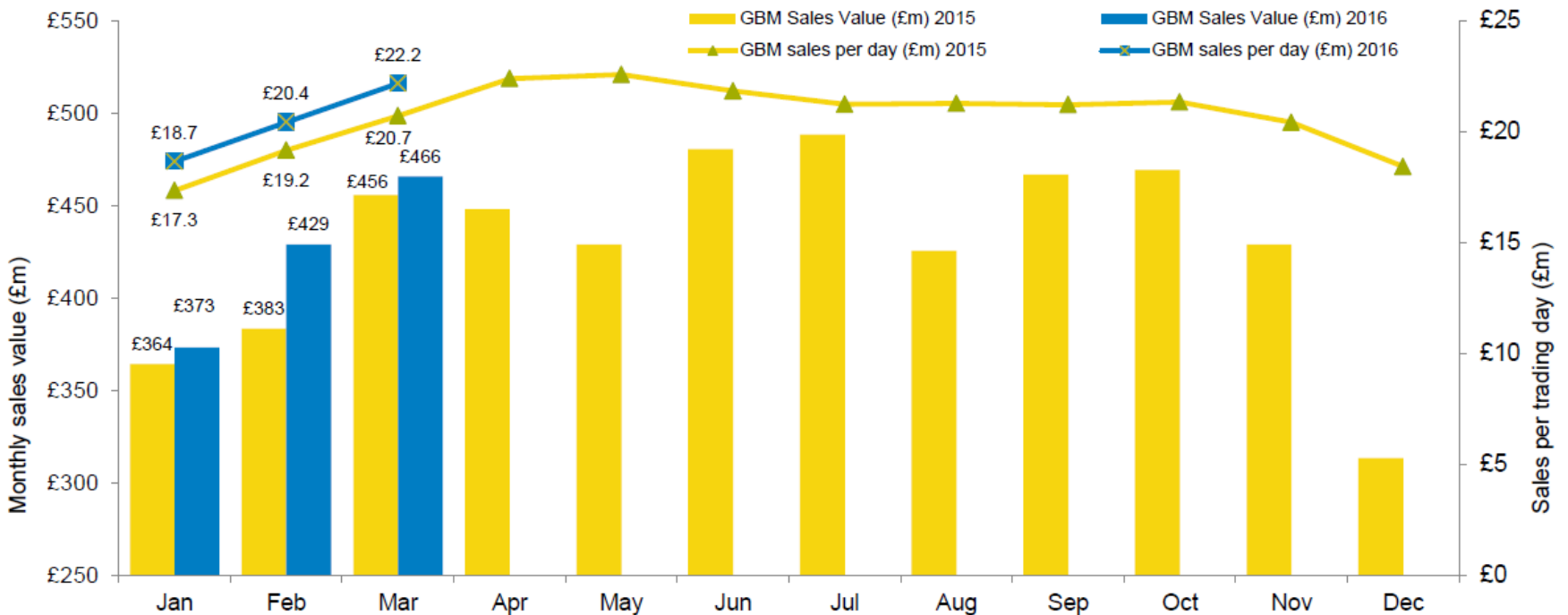
Source: GfK's GBM TCR report. Data July 2014 to Mar 2016 showing £ ex Vat Value

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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 |

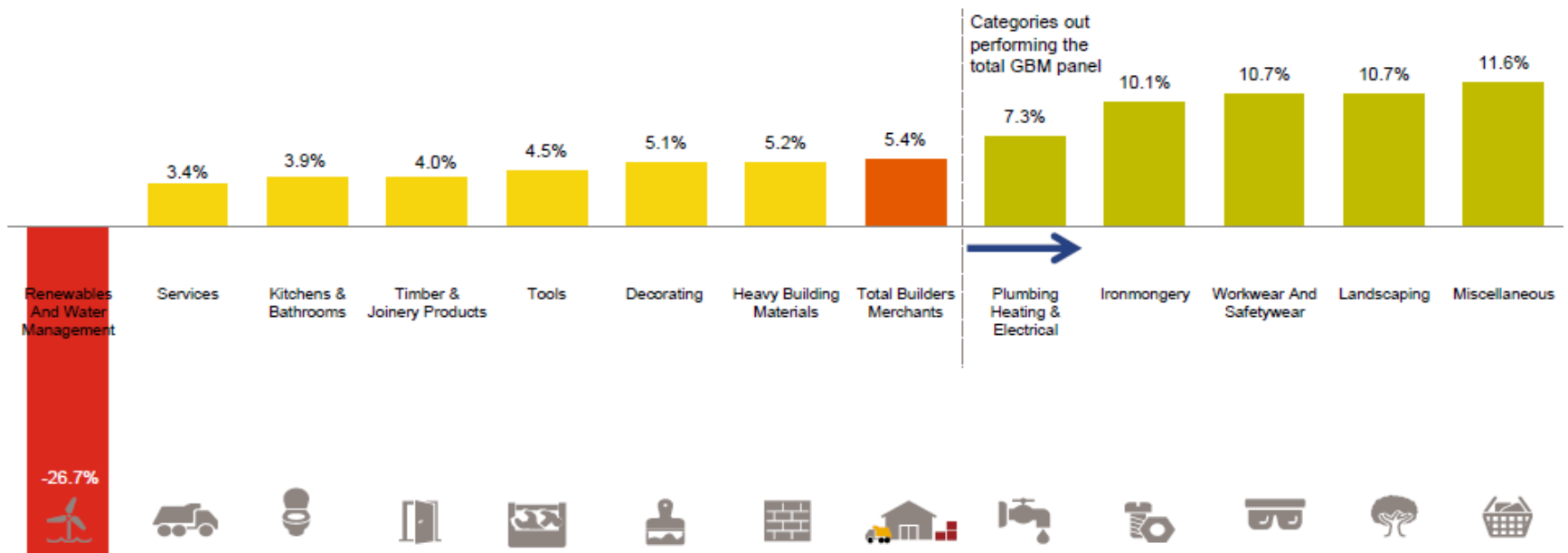
Source: GfK's GBM TCR report. Data July 2014 to Mar 2016 showing £ ex Vat Value

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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.



Categories out performing the total GBM panel



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

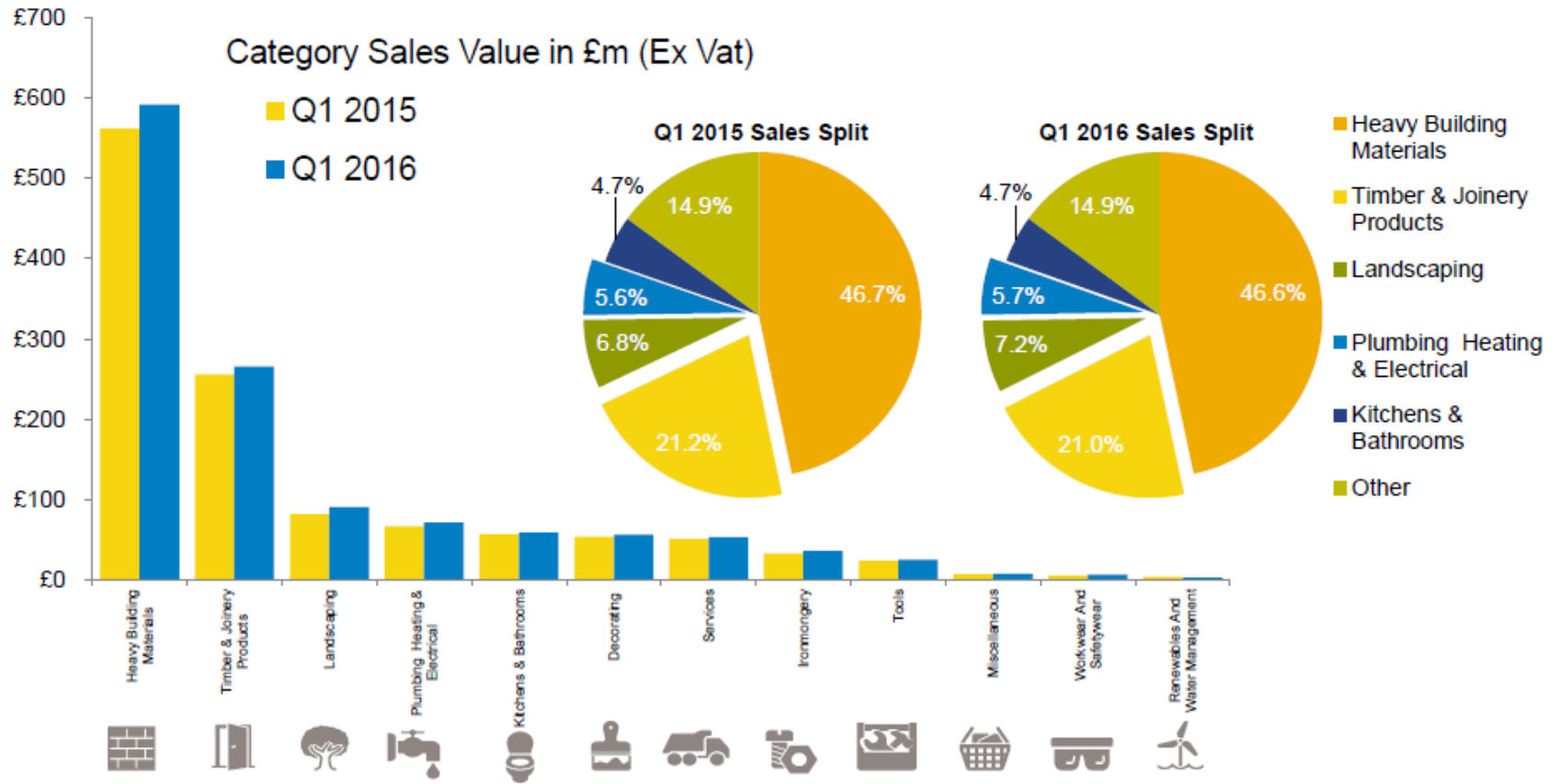
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GfK Insights



Total GBM sales value by Category.

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



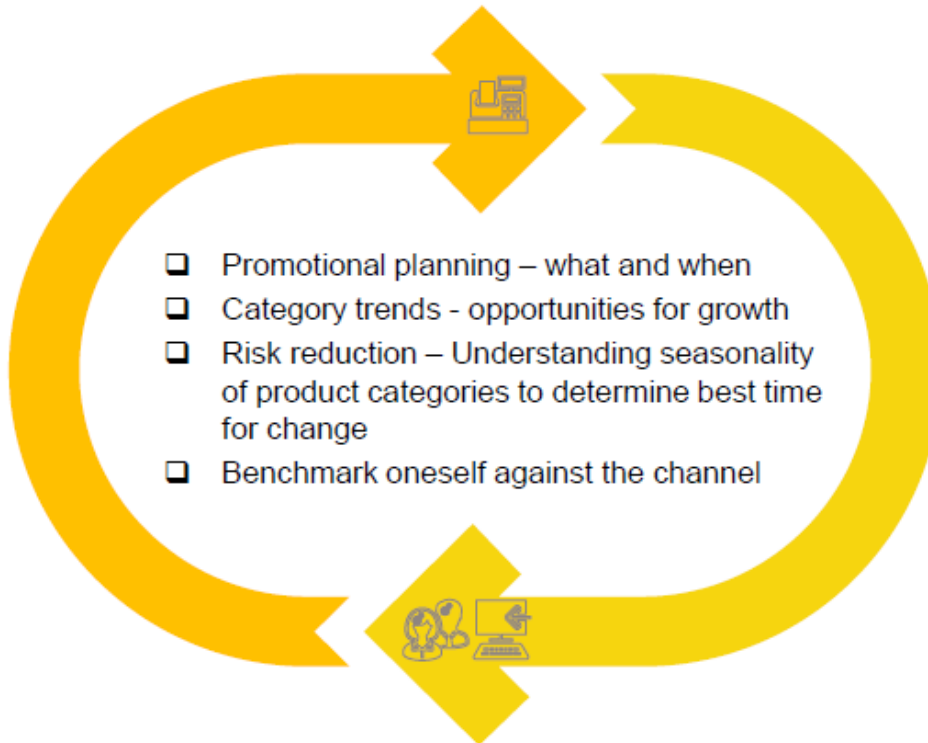
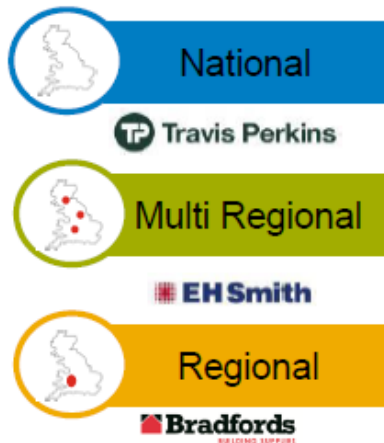
Source: GfK's GBM TCR report. Data Oct 2014 to March 2016 showing £ ex Vat Value

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GfK Insights



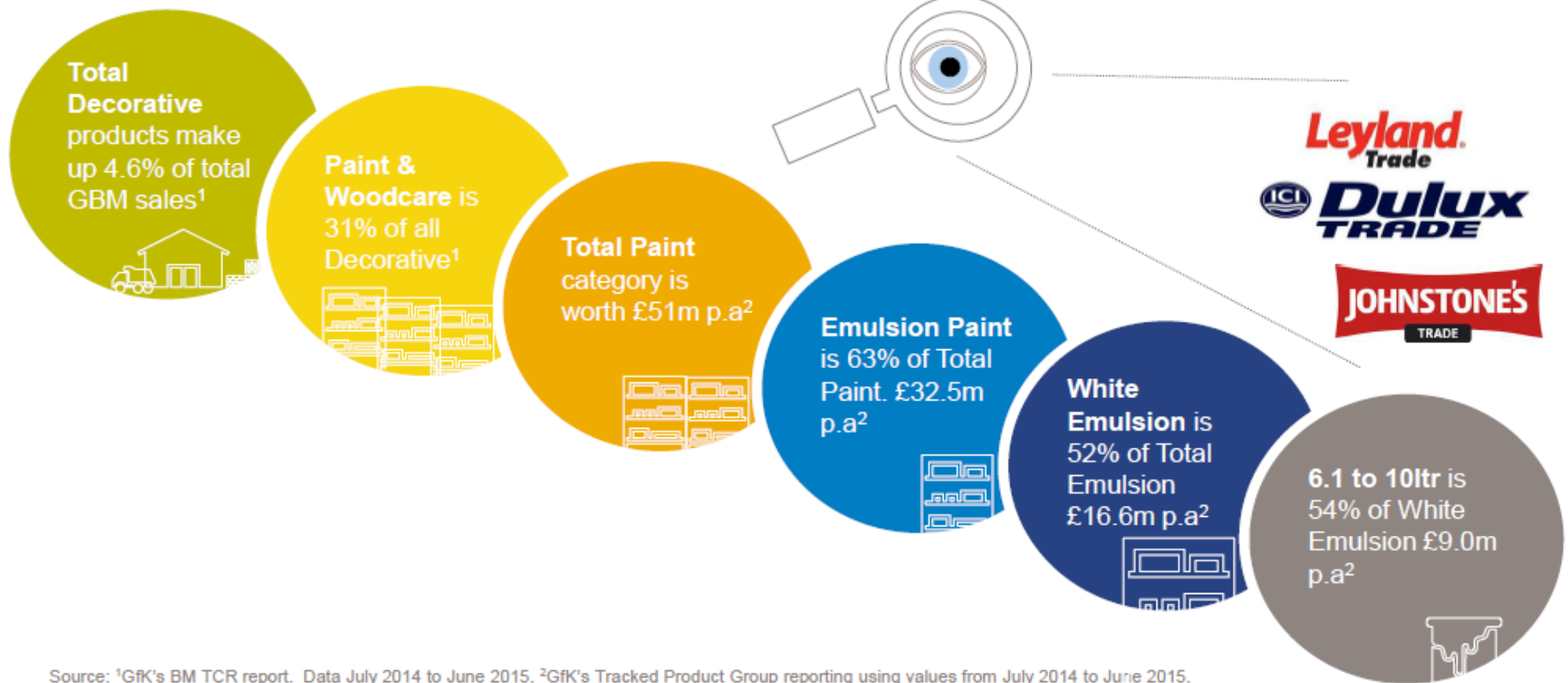
How can these top level insights help.



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.

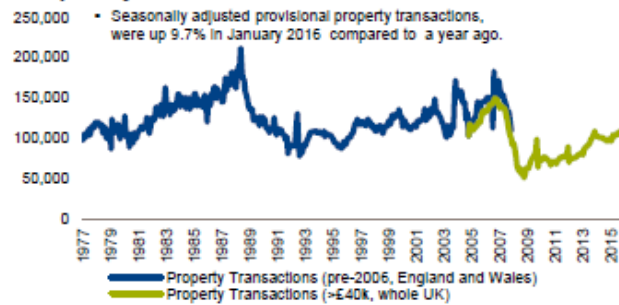
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Macro factors impacting Merchants

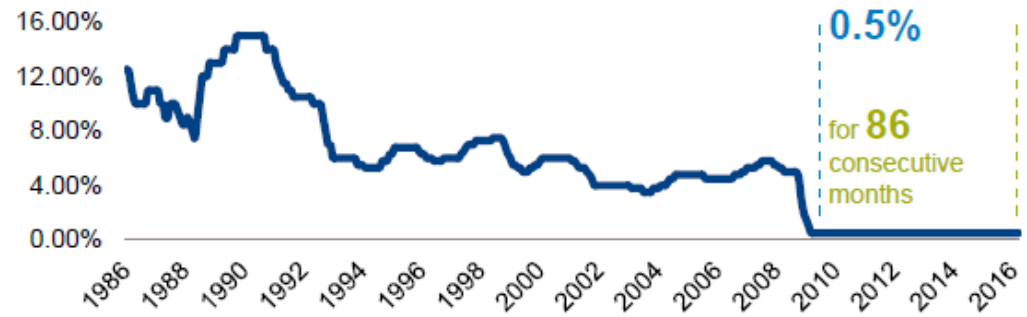


“What if’s”: Possible barriers to consumer spending

Property moves



Interest rates



Average house prices

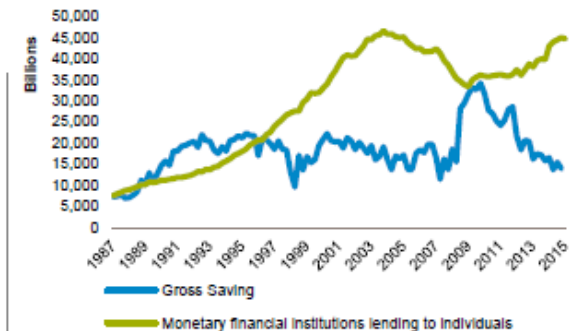
Average Price (year end)

| | | |
|------|----------|------|
| 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

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Macro factors impacting Merchants

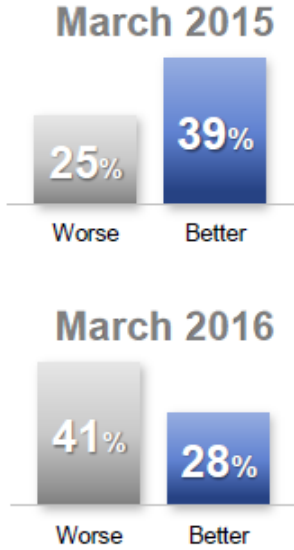


Consumer confidence headline number is at 0 in March. UK consumer confidence in the “country’s situation” being impacted by multiple de-stabilising elements. Personal finance still holding up with positive projections.

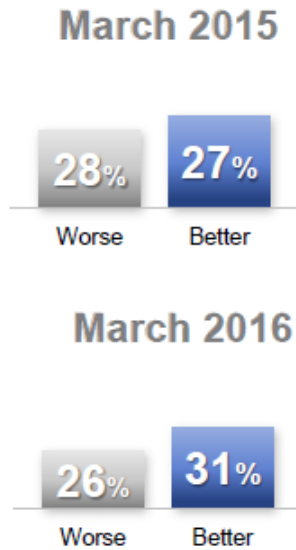
How do think this country’s general economic situation has progressed over the last year?



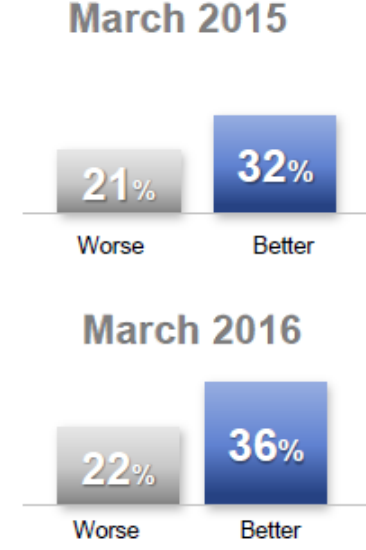
How do think this country’s general economic situation will progress over the next year?



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



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Source: GfK Consumer Confidence Mar 2016

Macro factors impacting Merchants

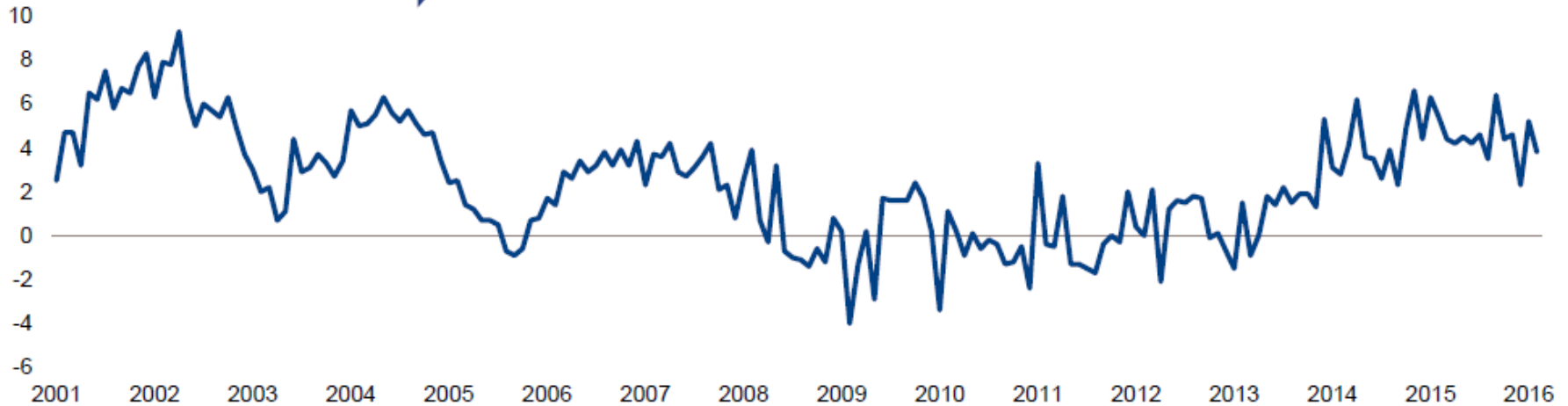


Retail sales – volume growth

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

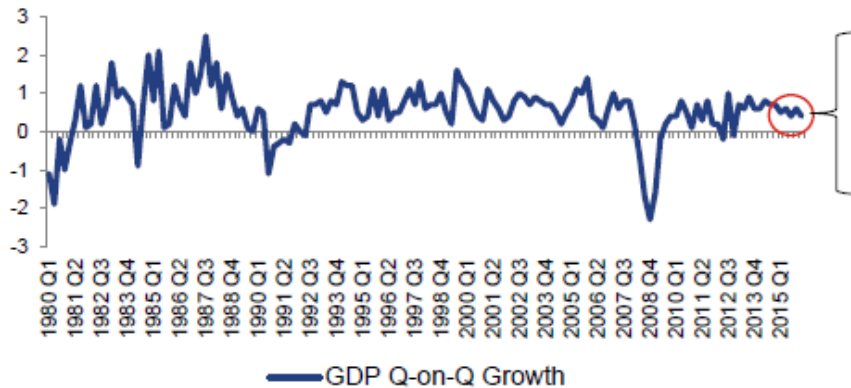
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Macro factors impacting Merchants

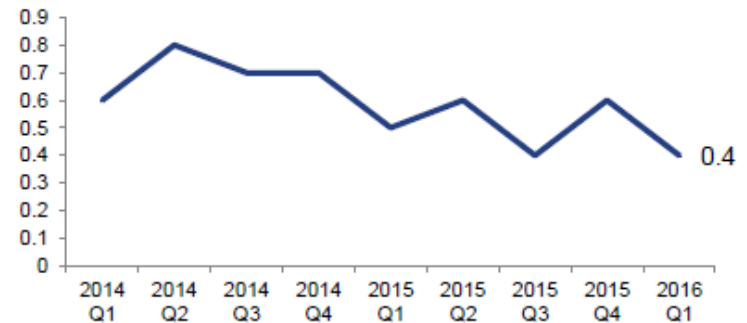


Latest Q-on-Q Growth for GDP from the ONS shows a slowing. Manufacturing output slips into decline.

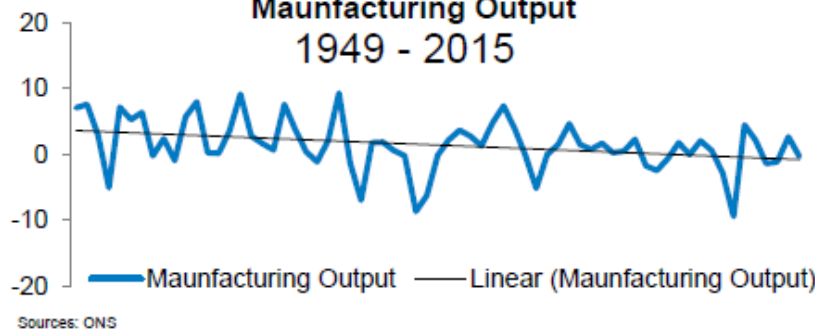
GDP Q-on-Q Growth



GDP Q-on-Q Growth



Manufacturing 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



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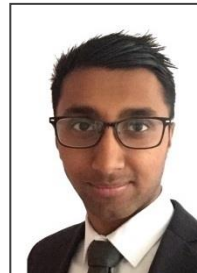


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