

“one **industry**
one **voice**”

Builders Merchant Building Index



Q4 2015

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.

The monthly index tracks what is happening in the market month by month plus an in-depth review every quarter. This trend series gives our industry access to far more accurate and comprehensive data than is available to other construction sectors.

Instead of looking to Government, the ONS, the CPA or individual surveys to find out what is happening in the market, data from the Builders Merchants Panel is setting a new standard to give us a thoroughly reliable market picture which can also inform the wider construction industry.

Unlike data from other sources, which tends to be 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. For want of one, some economists have turned to their own informal measures – such as counting skips in the road where they live. The Builders Merchants Panel provides an accurate alternative 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. This quarter, our first two Experts, Alumasc Water Management Solutions and IKO plc have been joined by three new Expert Brands. Hanson speaking for Cement & Aggregates, Keystone UK speaking for Lintels and Crystal Direct speaking for PVC-U Windows & Doors.

This is a great opportunity for brands to get involved and support the index and Mike Rigby and his team who produce the BMFI will contact you to explain how this will work and outline the opportunity 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

An important change

Mike Rigby, Managing Director MRA Marketing



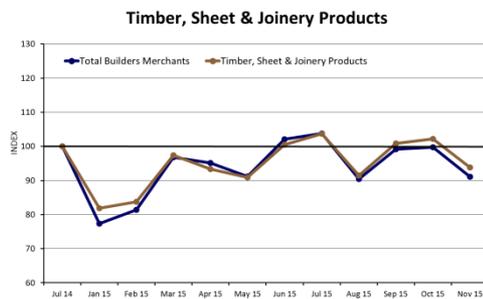
Every new set of data starts somewhere. An index compares the months that follow with the starting month the index is based on. If that starting month was a strong month, following months look weak; if the starting point was weak, following months look stronger.

To overcome this, once the index has established enough data points, it is good practice to recalculate it based on a more representative starting point.

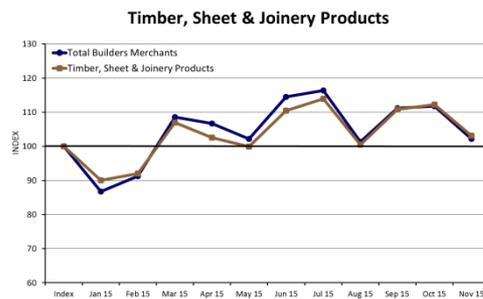
We've now revised the original index base to cover an average of six months (July to December 2014), rather than a single arbitrary month (July 2014). This will mitigate seasonal and other trading influences relating to July 2014, and provide a more accurate reflection of the market. When we have more data we plan to index against a full 12 months to remove any remaining influences.

With July to December 2014 as the basis from which indices are calculated, charts exclude these months and now start from January 2015, rather than August 2014.

The basic shape of each chart shows the same monthly or quarterly movements, but the levels are a little different – especially for categories prone to more marked seasonality. For example, we illustrate here Timber, Sheet & Joinery Products.



Original chart indexed on July 2014



Recalculated chart based on a more robust six months (July to December 2014)

The two charts broadly follow the same pattern but, as July 2014 was an above-average month for these products, most subsequent months saw lower sales – resulting in indices below 100.

Indexing against the new six-month average eliminates this exaggerated effect and shows a more positive performance.

At the end of this report we have included a full set of charts based on both indices

Overall Index and Categories

January 2015 – December 2015 (Indexed on July – December 2014)

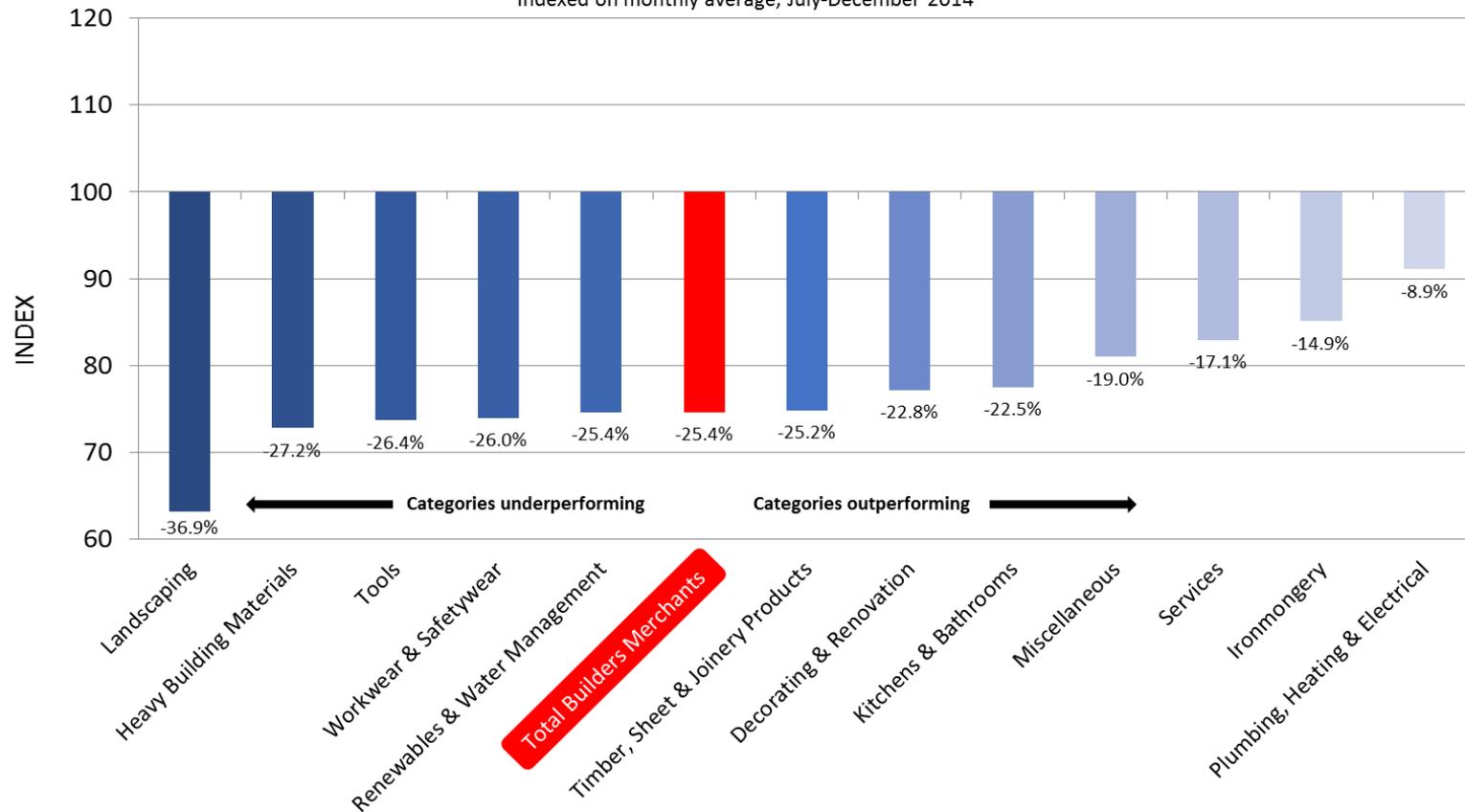
VALUE EX VAT £	Index	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec15
Total Builders Merchants	100	86.7	91.3	108.6	106.7	102.2	114.5	116.4	101.3	111.2	111.8	102.2	74.6
Timber, Sheet & Joinery Products	100	90.0	92.0	107.0	102.5	99.9	110.4	113.9	100.5	110.8	112.3	103.1	74.8
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
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
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
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
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
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
Plumbing, Heating & Electrical	100	103.5	103.5	111.3	100.1	95.8	105.6	109.1	95.1	113.2	121.1	120.3	91.1
Renewables & Water Management	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
Kitchens & Bathrooms	100	90.3	99.7	109.3	97.0	96.9	106.5	112.4	97.0	110.3	109.5	108.6	77.5
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
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

Overall Index and Categories

December 2015

December 2015 Index

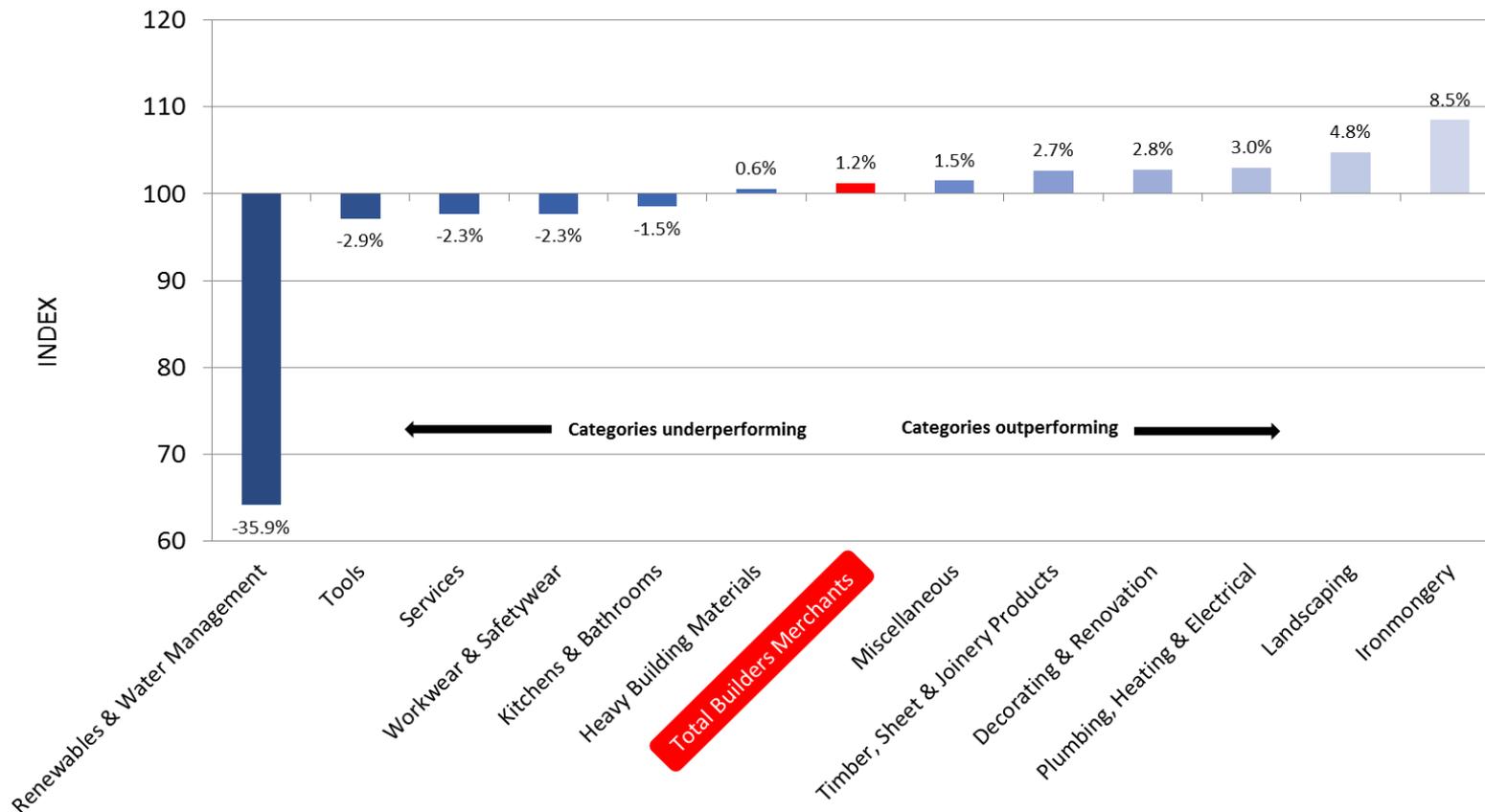
Indexed on monthly average, July-December 2014



Overall Index and Categories

December 2015

December 2015 v December 2014



Overall Index and Categories

Quarterly (Indexed on 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

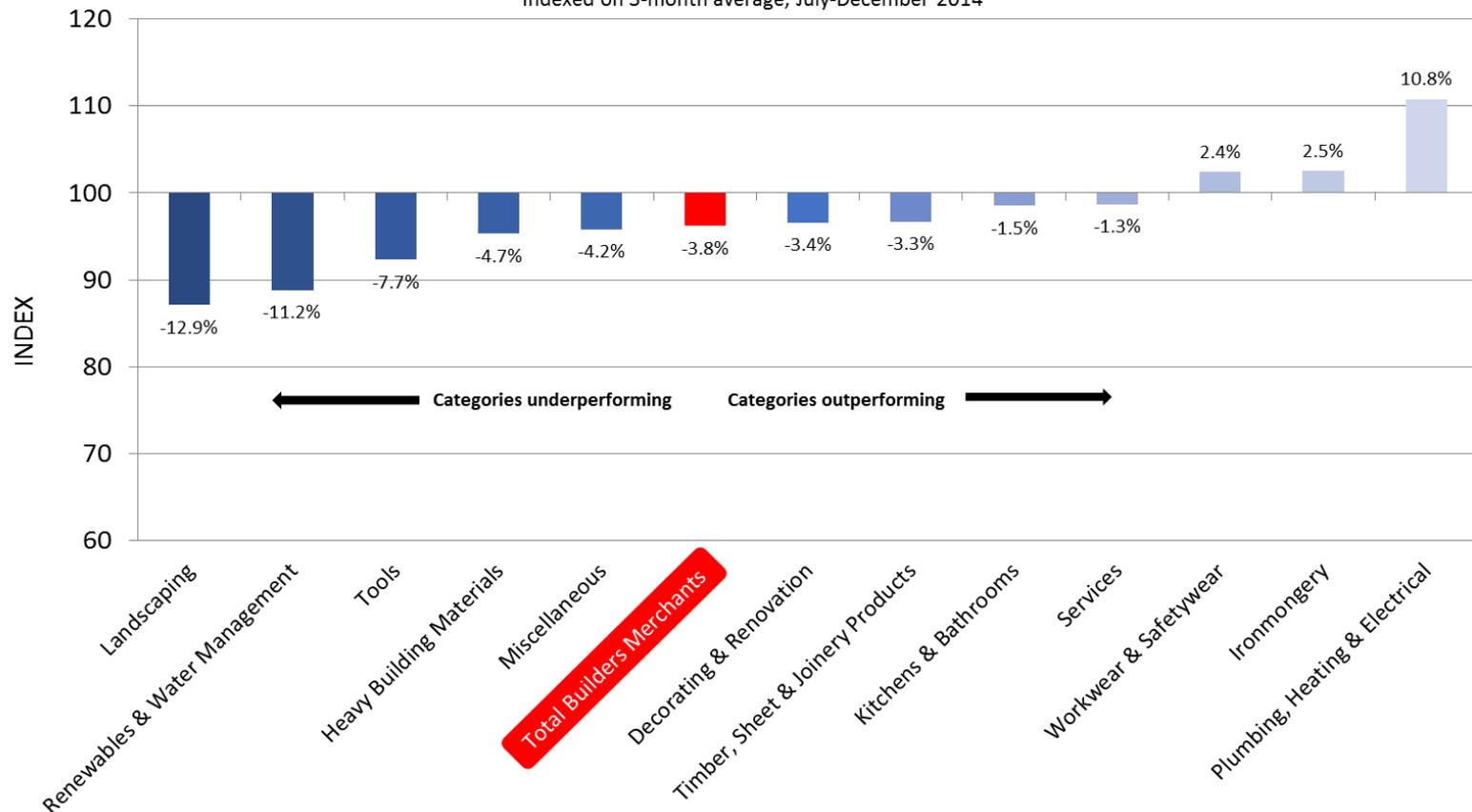
Quarterly Report

Q4 2015



Quarter 4, 2015

Indexed on 3-month average, July-December 2014



Overview

John Newcomb, Managing Director BMF



We have reached another landmark. GfK's Builders Merchants Panel started in July 2014 and we now have 18 months of data. This Q4 2015 report completes our first full calendar year.

We also have our first five Industry Experts explaining trends and their markets.

2015 started well but lost momentum in the run up to the national elections. Growth was also hampered by skills shortages. Storms, high winds and floods at the end of the year brought misery to many and prevented many builders from working. They also created demand for repair and improvement in the early months of 2016. With this report we can see what happened in 2015:

Total Builders Merchant sales for Q4 2015 were up 3.0% compared to Q4 2014, and up 2.9% taking the number of trading days into account.

Landscaping increased the most, up 7.9%, against the same quarter last year. Ironmongery and Plumbing, Heating & Electrical were up 7.8% and 6.4% respectively.

Comparing Q4 to Q3 2015, total sales decreased 12.4%. Most categories fell but Landscaping fell the most, down 29.9%, while Renewables & Water Management increased by 9.7%, and Plumbing, Heating & Electrical by 4.7%.

Adjusted for trading days, Total Builders Merchant sales in Q4 were down 5.6% compared to the previous quarter.

Compared to the same month in 2014, December's Total Builders Merchant sales were up 1.2%.

Tools dropped 2.9% in December, year on year, and both Services and Workwear & Safetywear slipped 2.3%. Renewables & Water Management, a small volatile category, fell 35.9%.

The total Builders Merchant Building Index dropped to 75 in December from 102 in November reflecting the industry's year end shut-down.

Being less influenced by December's seasonality, the quarterly index for Total Builders Merchants dropped to 96.2 in Q4 from 109.6 in Q3 2015.

2016 has started well and, despite concerns over the global economy and the prospects of an in-or-out EU referendum, the CPA is forecasting growth driven by housebuilding and infrastructure. On balance, builders' merchants are likely to be as busy in 2016 as they were in 2015.

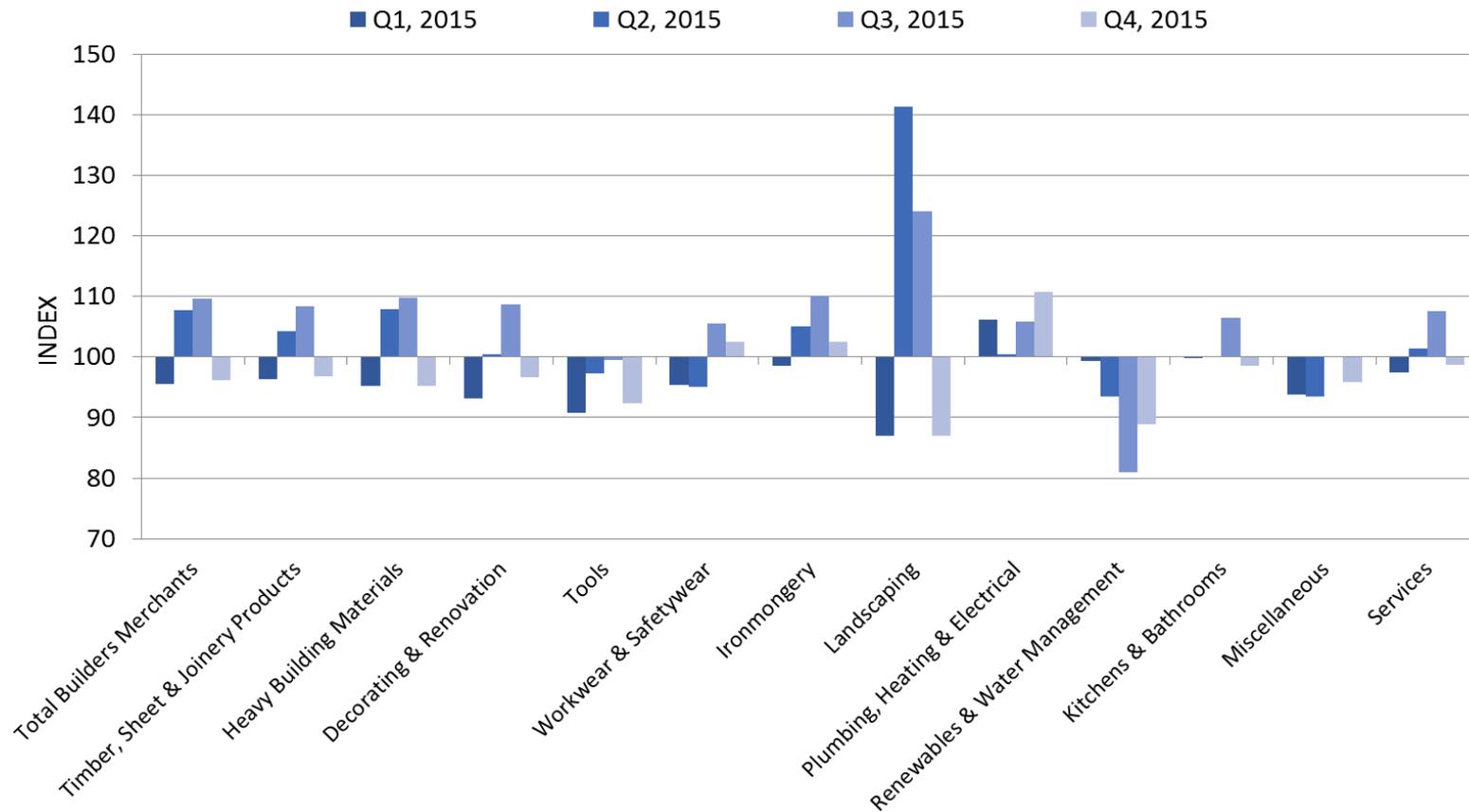
Quarterly Report

Q4 2015



Quarterly Index

Indexed on 3-month average, July-December 2014

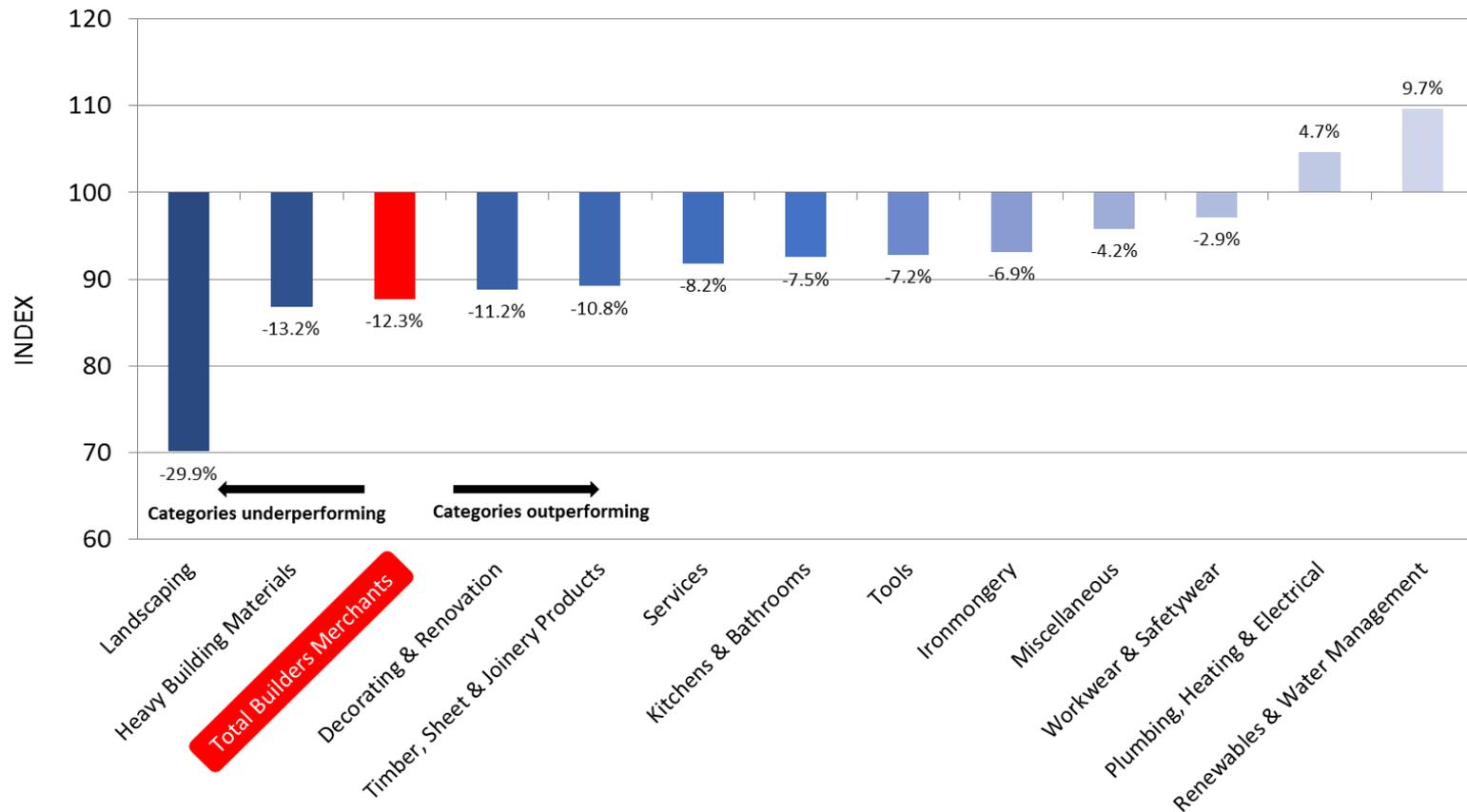


Quarterly Report

Q4 2015



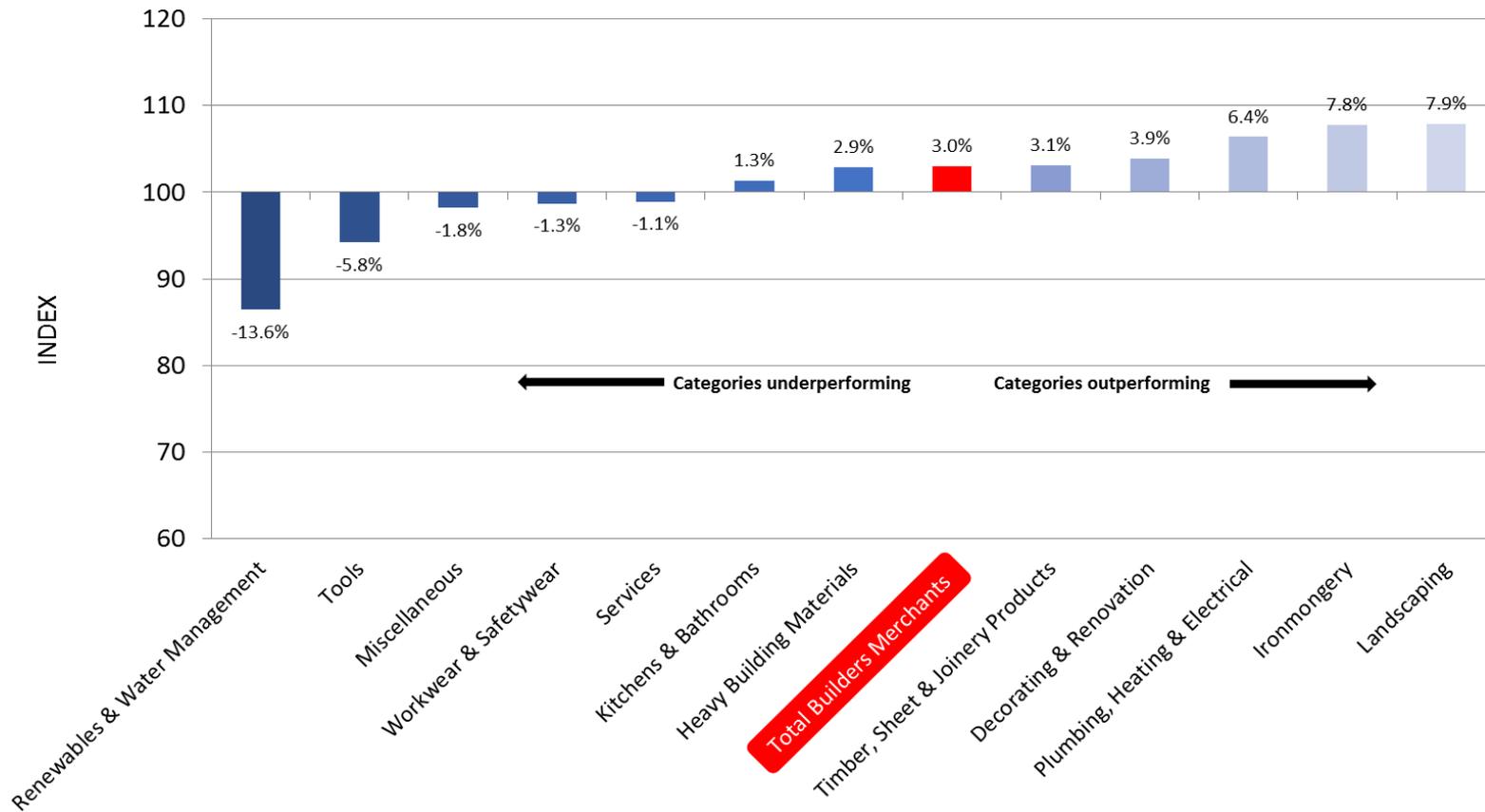
Quarter 4 2015 v Quarter 3 2015



Quarterly Report

Q4 2015

Quarter 4 2015 v Quarter 4 2014

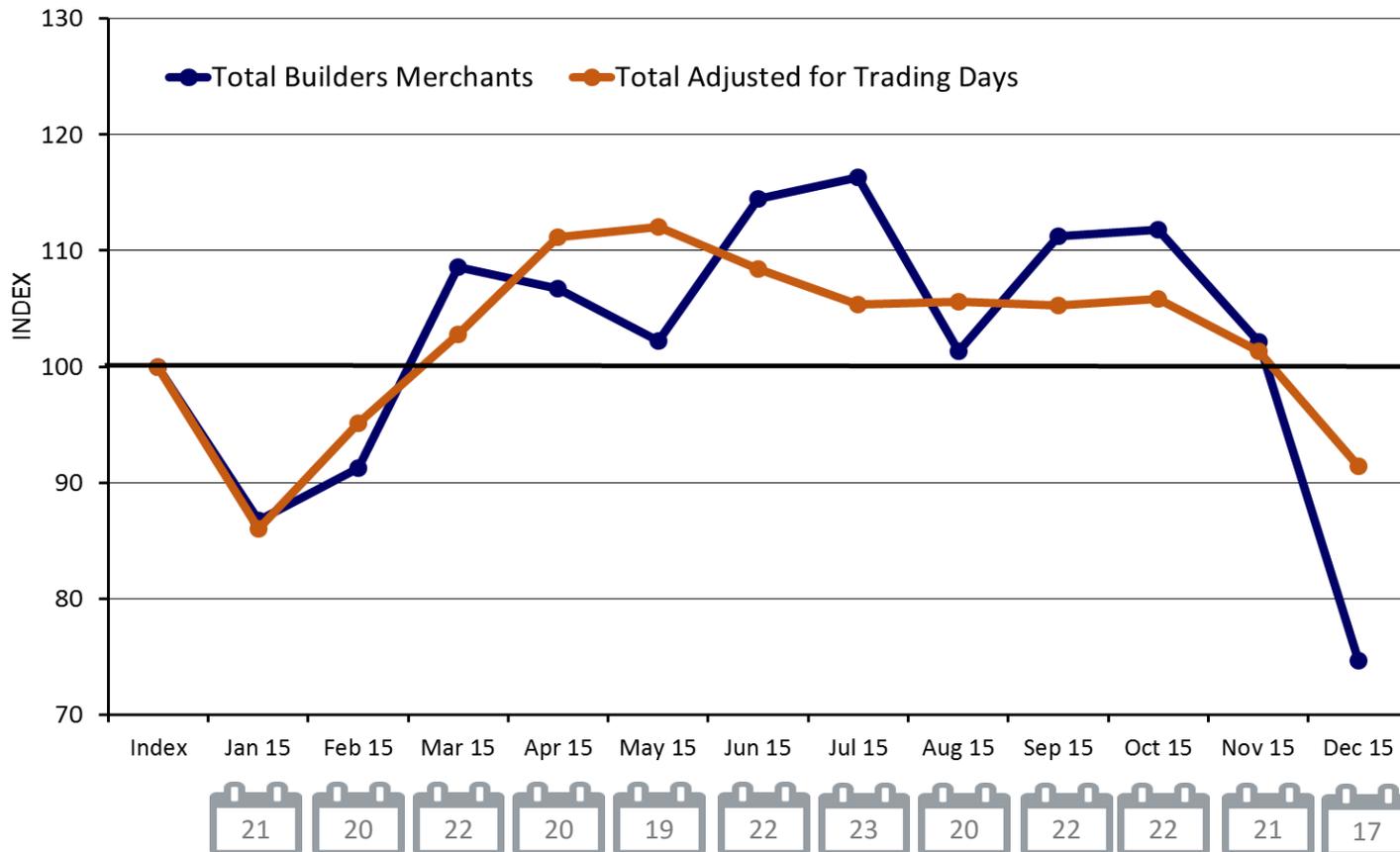


Quarterly Report

Adjusted for Trading Days



Total Builders Merchants Index v Total Adjusted for Trading Days Index



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.

Moving in line with Heavy Building Materials, Civils, Metal Rainwater and Drainage was 3% up in the fourth quarter of 2015 compared to the same three months of 2014. December was marginally up on December 2014. With a broad range of water management products that collect and channel rainwater from roofs or from the surface to below ground and away, this market moves broadly in line with Heavy Building Materials.

Last year started well but, coming too soon after the Scottish referendum, the national elections and the threat of further austerity cast a shadow over the economy. The uncertainty this created caused delays in planned investment in new and refurbishment projects and took some of the momentum out of the market in the first half. However both Q3 and Q4 were ahead of the same quarters in 2014.

We expect steady growth in 2016 for Civils, Metal Rainwater and Drainage, and January started well, helped by the exceptionally mild weather. However, labour and skills shortages, and rising imports of cheaper products are a threat to our market and many other sectors in the industry.

Six devastating storms in six weeks at the end of Q4 2015 underlined, as nothing else could, the importance of water management to the economy. It also exposed how poorly prepared Britain is to manage the effects of climate change.

We have to get a lot better at forecasting rain, and a lot better at dealing with it when it gets here. But that can only be done if we stop looking at solutions or projects in isolation. We need to account for a changing climate in the way we build, and look at every aspect of project design.

We can't prevent floods, but we can try to minimise the damage to buildings and infrastructure by working together as an industry to invest, budget and build for the future not the past.

Expert Panel

Cement & Aggregates (part of Heavy Building Materials)



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

The cement and aggregates markets have grown strongly over the last few years, driven principally by an upturn in private housing starts and major infrastructure projects such as London's Crossrail. We expect this growth to continue in the short to mid-term, led by further expansion in the commercial, industrial and infrastructure sectors and continuing, though slower growth in private housing and repair maintenance and improvement.

Compared to the rest of Europe, per capita sales of both aggregates and cement remain relatively low, at about 32% and 48% respectively behind the rest of the EU. So there is considerable scope for market growth in the UK.

Bulk cement accounts for around 82% of sales. It is used in readymixed concrete, factory produced mortars, precast concrete, building chemicals and major civil engineering projects. Commercial, infrastructure and housing markets are the main drivers. Packed cement accounts for the remaining 18%, most of which is supplied to builder's merchants and DIY sheds for the repair, maintenance and improvement markets.

Bulk cement sales are expected to grow faster than packed cement in the next few years, fuelled by the infrastructure, commercial and private housing sectors, particularly in the South and South East of England, which accounts for much of the current growth in construction activity.

The demand for weatherproof packaging in packed cement and packed cementitious product markets continues to grow, despite supply shortages last year. Merchants and builders like the advantages of this type of packaging. It's tear resistant, rain proof, and less product is wasted. Most importantly, it can be stored outside in the merchant's yard, so space inside can be used for more valuable products and a price premium can be achieved. Nearly half of all packed cements purchased is now supplied packaged in plastic or some other form of weatherproof packaging. The use of weatherproof packaging will continue to grow as manufacturing capacity improves.

Expert Panel

Roofing Products (part of Heavy Building Materials)



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

Six major storms in the last six weeks of 2015 - Abigail, Barney, Clodagh, Desmond, Eva and Frank – brought damage to homes and misery to homeowners. Climate change is bringing us more extreme events.

November was a record 22.4°C which also brought more than 200% of average rainfall to the North-West. December was the warmest since 1910, and exceptionally wet and windy, with record-breaking rainfall over much of northern UK.

Winter is always tough on roofs. Slates and tiles are lifted, wind and rain penetrate and suddenly roofers are busy making emergency repairs. Roofers have had lots to do this January and February. But sudden peaks in demand are difficult to satisfy. The weather which caused the problem can also prevent safe work on repairs.

More significantly, there aren't enough skilled workers available to respond. It's been a problem since five years of recession and financial uncertainty forced many in the trade to seek alternative work. When business picks up you can't simply call on a reserve of skilled roofers to do the work. They've found new jobs, left the industry.

Many companies have addressed the skills shortage, taking on apprentices and trainees to fill the gap, but that's a long-term project. In the short term these recruits aren't yet ready to work unsupervised. We need to do more to attract skilled trades back to our industry.

It's good news that the Government has announced plans to invest £100bn in Britain's infrastructure. But high profile projects such as Crossrail or HS2 attract skilled workers away from smaller scale, less glamorous jobs, so where will the workers come from to fulfil these plans? It's something Government and industry urgently needs to address.

Expert Panel

Lintels (part of Heavy Building Materials)



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

The lintels market moves broadly in line with Heavy Building Materials, which were 2.9% up in Q4 2015 compared to Q4 2014.

Heavy Building Materials did better than total construction. The Office of National Statistics (ONS) estimates construction grew by just 0.4% compared to Q4 2014.

Private house building was up 5.4% year on year, and new housing continues to be one of the stronger performers in construction. That's important because new buildings need lintels above every window and door.

Government has challenged housebuilders to improve the SAP ratings of their buildings. The Standard Assessment Procedure (SAP) assesses the energy ratings of new homes.

The Government's adoption of SAP, as part of a UK national standard to improve carbon emissions and the energy efficiency of our housing, is having a huge effect on the way we build. The calculation of SAP ratings takes account of the structure of the building, the heating and hot water system, internal lighting and renewable technologies in the home. The higher the score, the lower the running costs.

The calculation is complicated, but determining the optimum design is more complicated because housebuilders need to achieve higher ratings without significant increases in cost. Everyone wants more energy efficient homes. But they don't want to pay a lot more for them. Helping housebuilders achieve higher ratings is driving innovation in all components, including lintels, to develop technically advanced, thermally efficient products.

Competition has intensified and expanded to include any product solution that helps housebuilders achieve better, cost effective SAP ratings. So, lintels now compete with rival brands of lintels, plus renewables, lighting and a wide range of products.

New, innovative lintels must perform structurally and thermally, while being easy to install. Currently the most advanced lintels are acknowledged by housebuilders to be the single most cost effective solution for lowering carbon emissions within SAP.

Expert Panel

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



No.1 for choice • No.1 for colour



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

Until recently, both builders and the builders' merchants who supplied them took windows and doors to mean timber windows and doors. Traditionally, that meant supplying standard sizes from stock, with space limitations and margin implications for builders' merchants. It also meant choice and service limitations for their customers: builders and tradesmen of all sizes, from white van man to private developers, national and regional house builders.

A large and growing market, that bypassed merchants, developed to supply bespoke PVC-U windows and doors tailored to fit particular openings in particular buildings. They are supplied direct to installers and builders with short lead times at competitive prices.

In recent years, builders' merchants have lost sales and margin as builders have switched from timber to PVC-U to meet a growing demand from their customers for low maintenance, long life windows and doors. They've been buying windows and doors from other suppliers, and getting used to made-to-measure PVC-U rather than standard size timber windows and doors from stock.

PVC-U accounts for over 80% of the New Build and repair maintenance and improvement window and door market. It's a big market, worth around £5.5bn a year at installed value.

A large and growing number of builders' merchants have now geared up to supply made-to-measure PVC-U windows and doors, and merchants' sales to builders are growing rapidly. With a wider range of accessible, higher performance windows and doors, in a wide choice of types, designs and colours, merchant's builder customers are winning more business with bespoke PVC-U windows and doors.

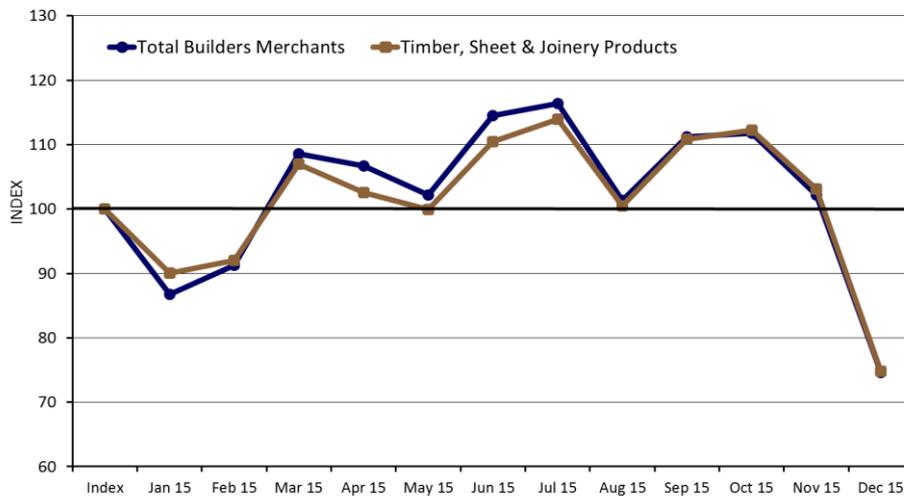
We expect sales through builders' merchants to grow strongly during 2016. Whether the overall window and door market slows or speeds up, sales by builders' merchants to builders will grow as merchants make it easier for their customers to buy PVC-U windows at their branch.

Quarterly Report

Q4 2015

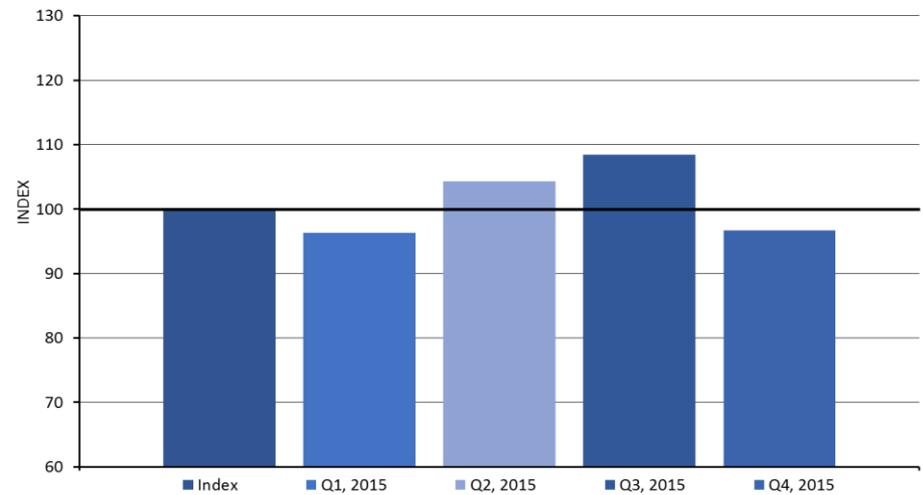


Timber, Sheet & Joinery Products



Monthly chart indexed on July – December 2014

Timber, Sheet & Joinery Products - Quarterly



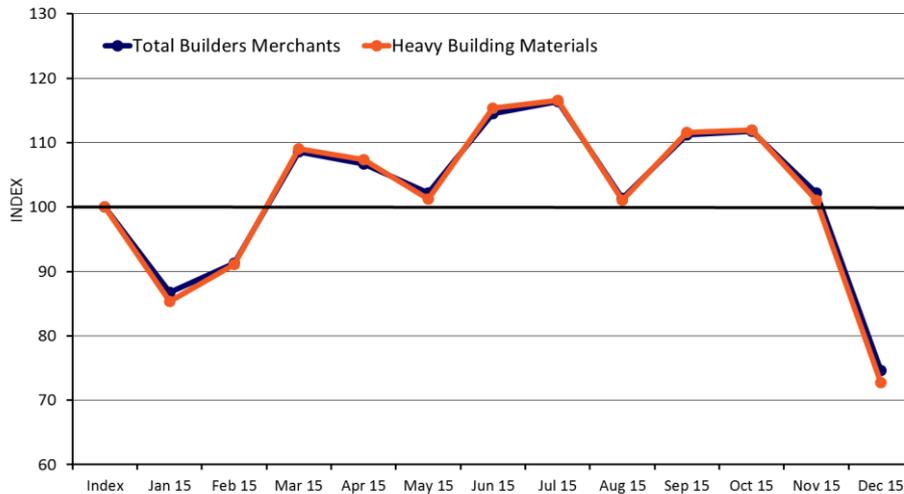
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

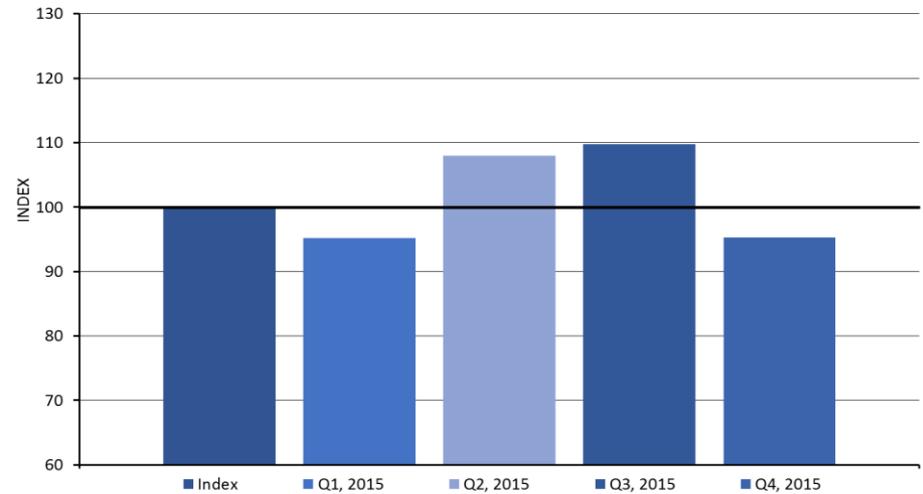


Heavy Building Materials



Monthly chart indexed on July – December 2014

Heavy Building Materials - Quarterly



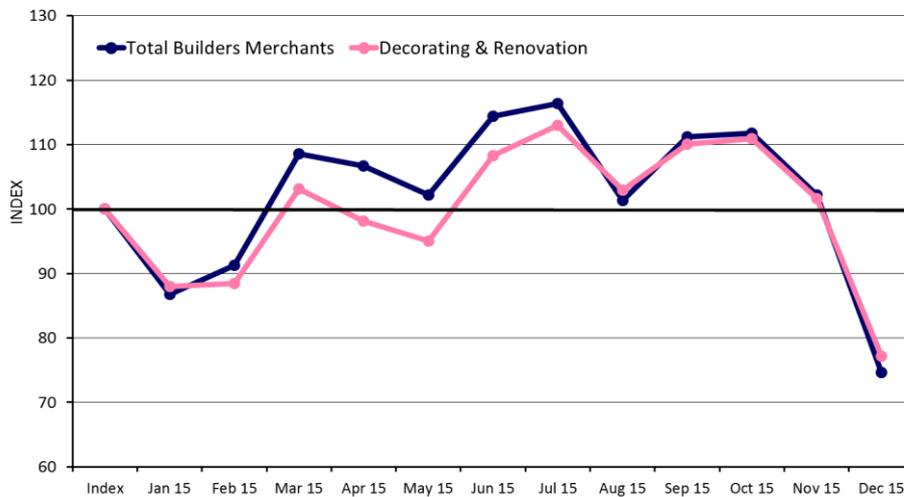
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

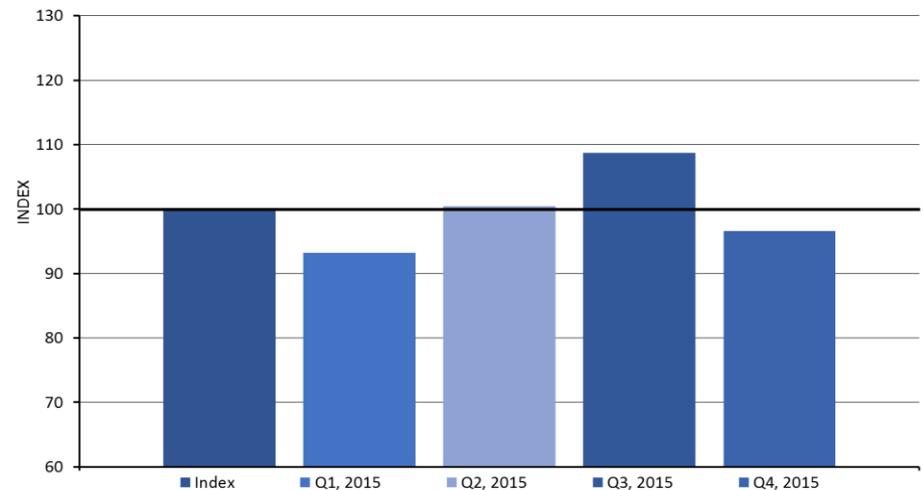


Decorating & Renovation



Monthly chart indexed on July – December 2014

Decorating & Renovation - Quarterly



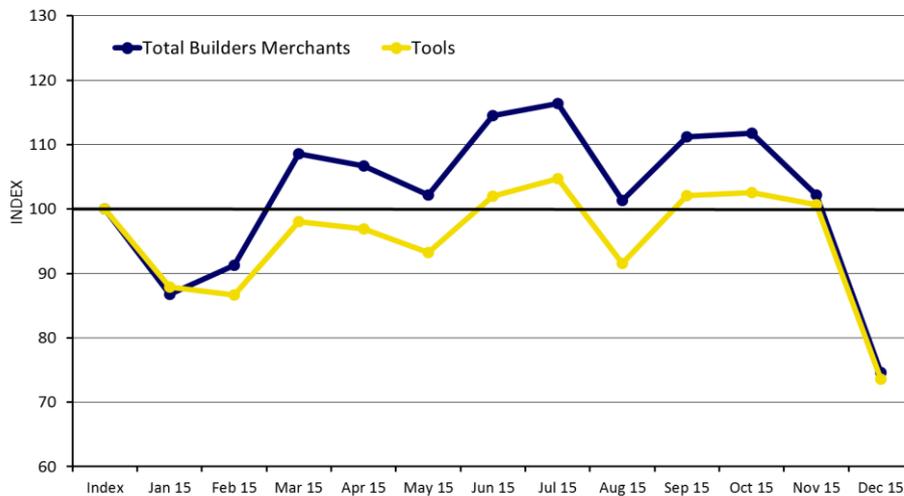
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

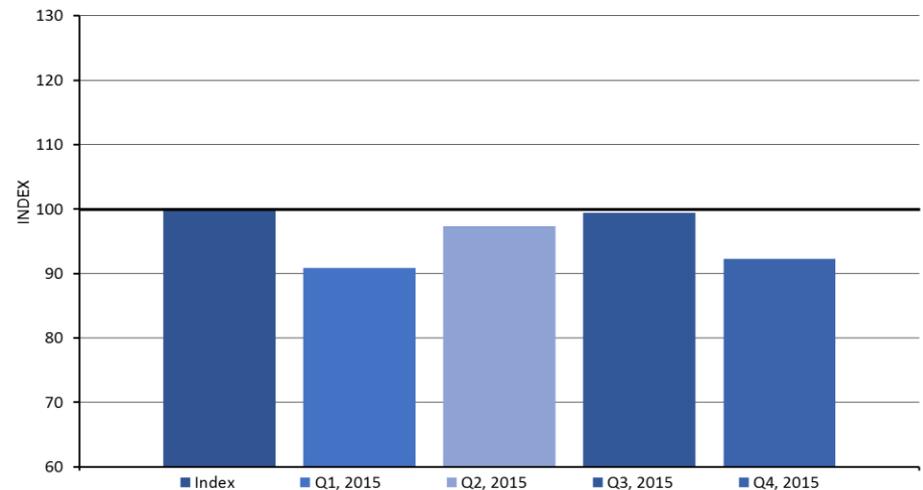


Tools



Monthly chart indexed on July – December 2014

Tools - Quarterly



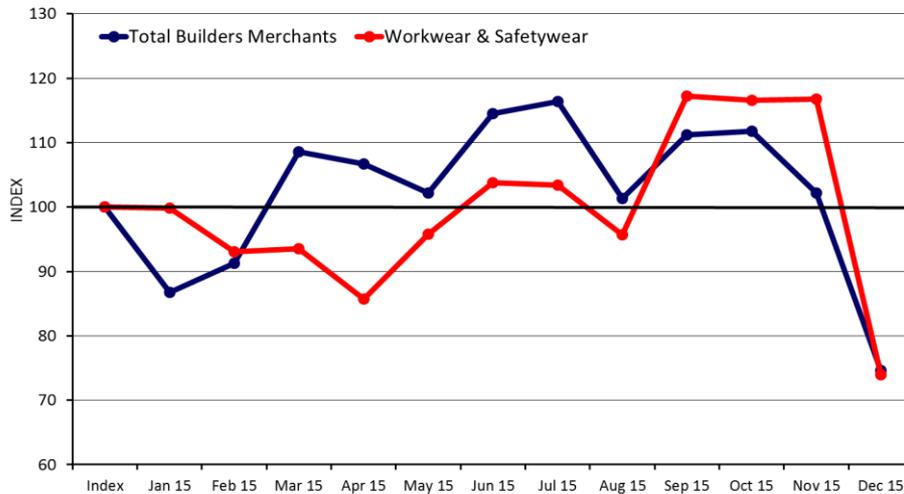
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

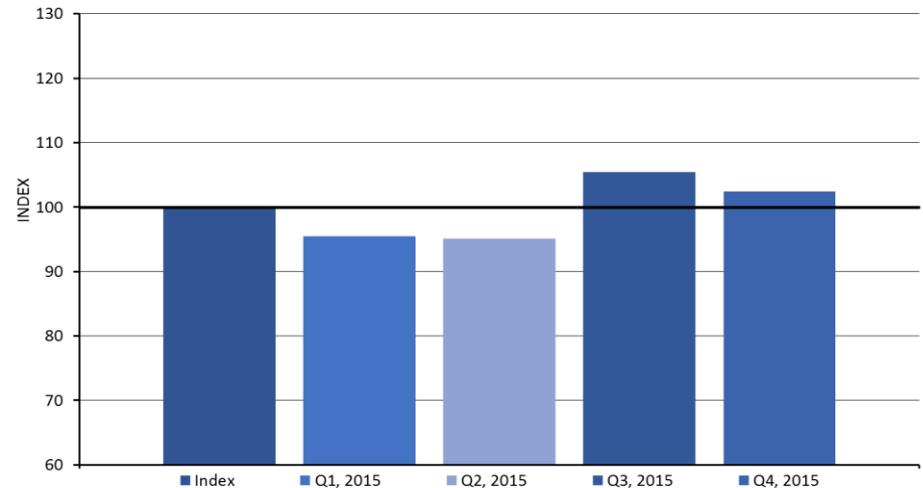


Workwear & Safetywear



Monthly chart indexed on July – December 2014

Workwear & Safetywear - Quarterly



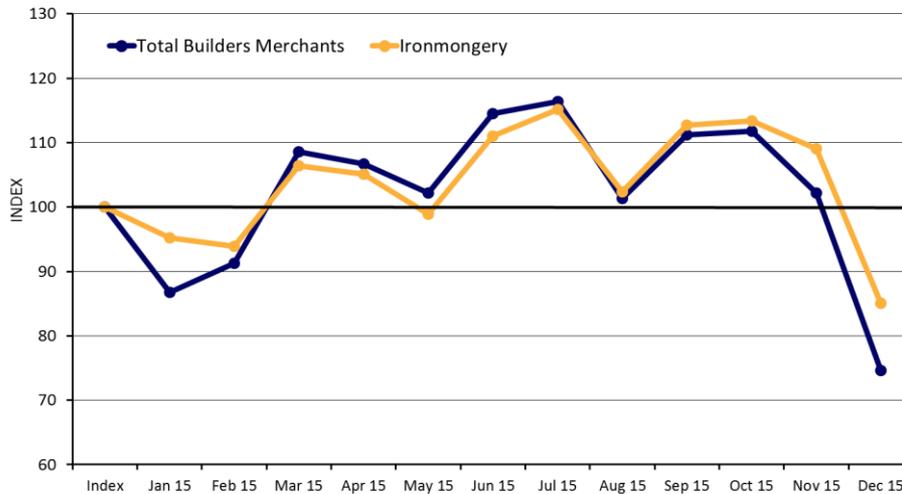
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

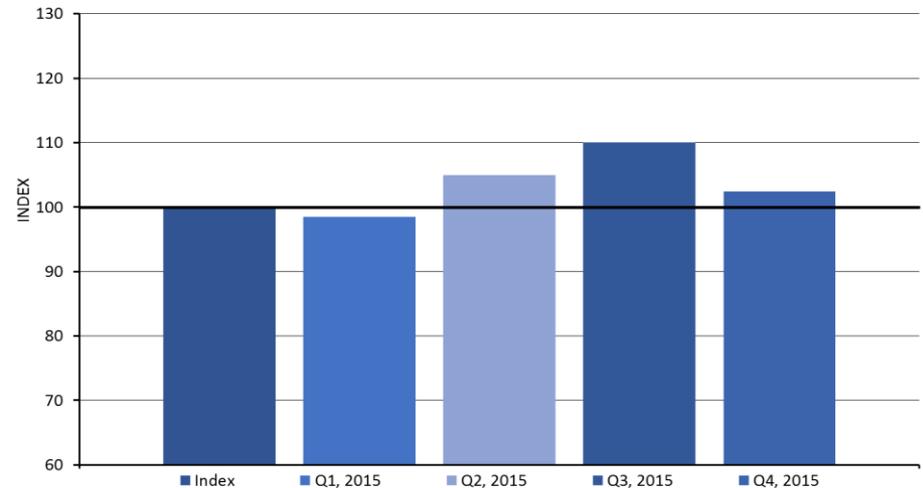


Ironmongery



Monthly chart indexed on July – December 2014

Ironmongery - Quarterly



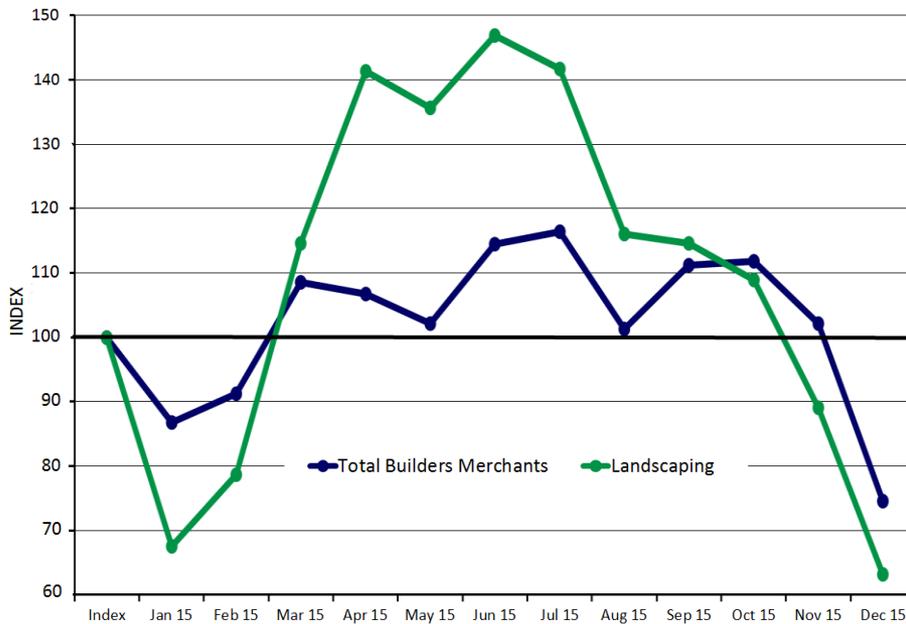
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

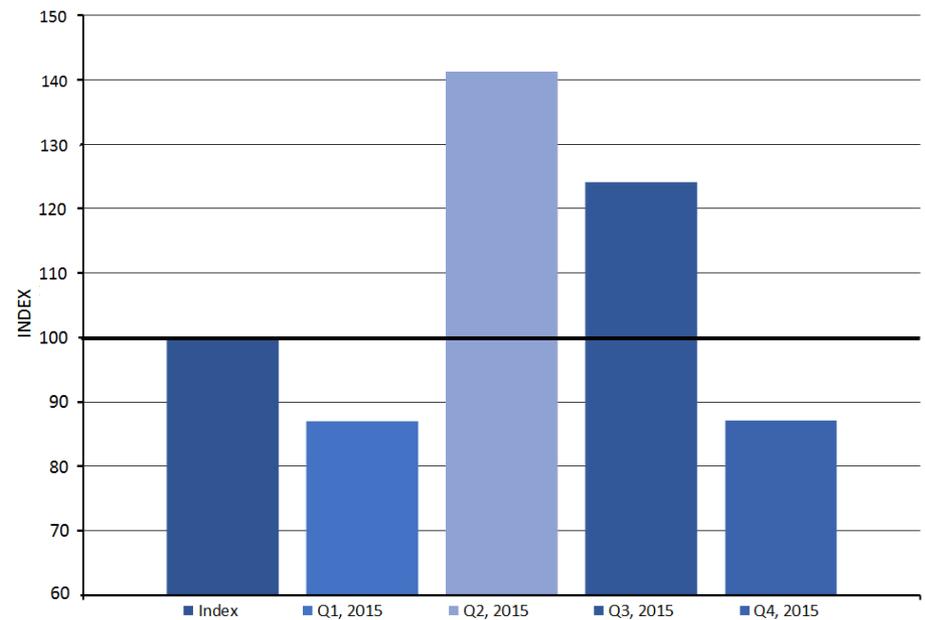


Landscaping



Monthly chart indexed on July – December 2014

Landscaping - Quarterly

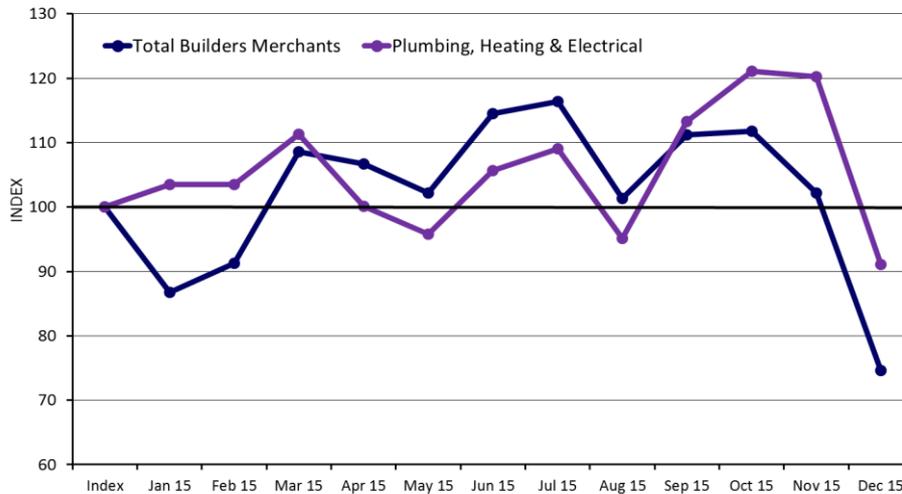


Quarterly chart indexed on July – December 2014

Quarterly Report

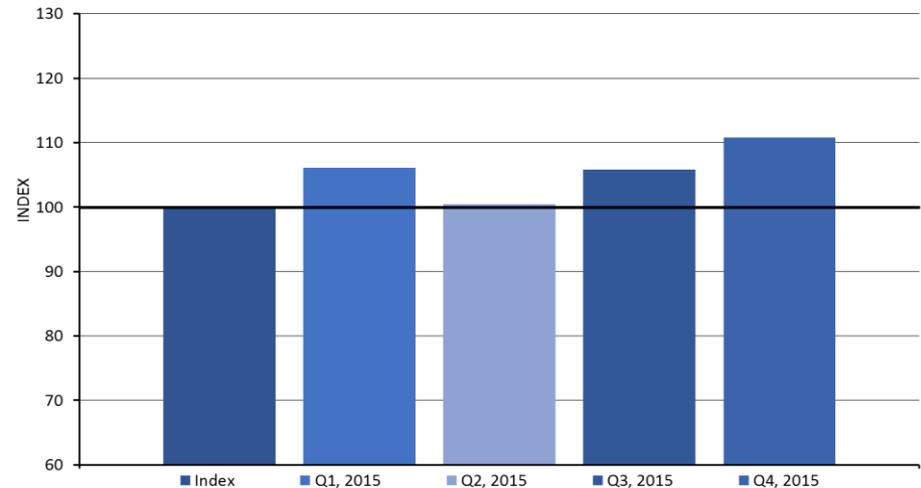
Q4 2015

Plumbing, Heating & Electrical



Monthly chart indexed on July – December 2014

Plumbing, Heating & Electrical - Quarterly

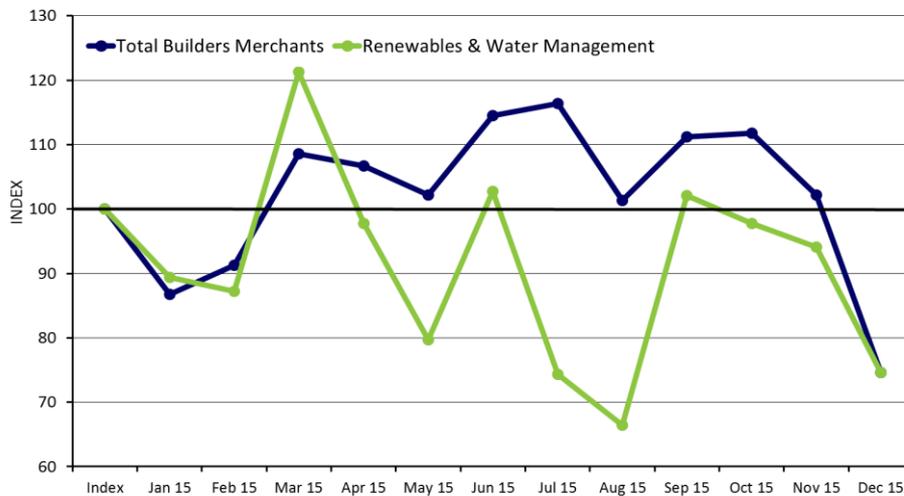


Quarterly chart indexed on July – December 2014

Quarterly Report

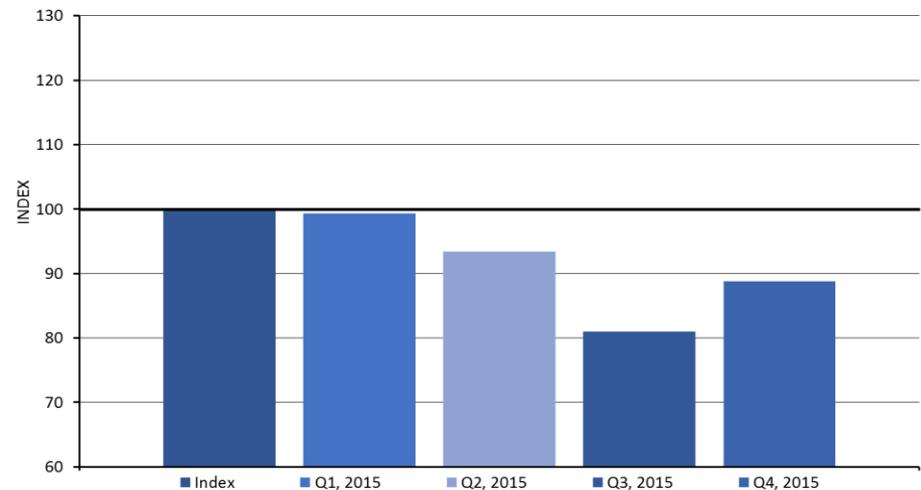
Q4 2015

Renewables & Water Management



Monthly chart indexed on July – December 2014

Renewables & Water Management - Quarterly



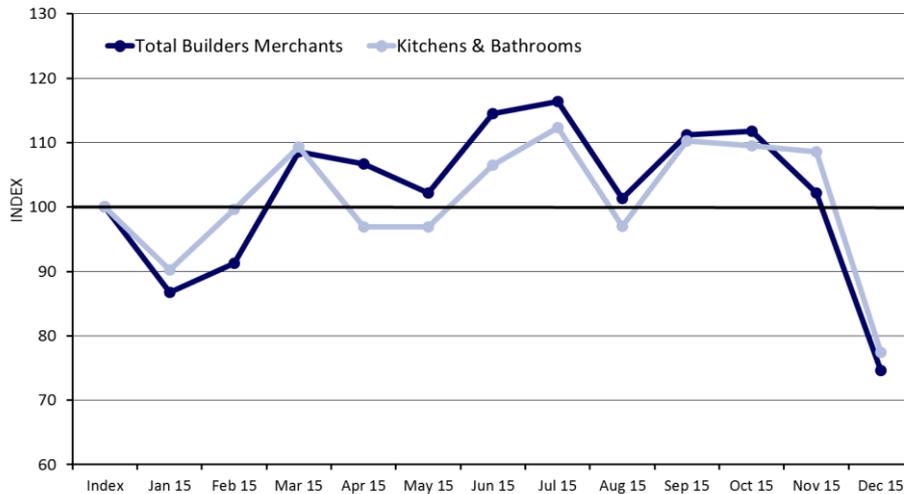
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Q4 2015

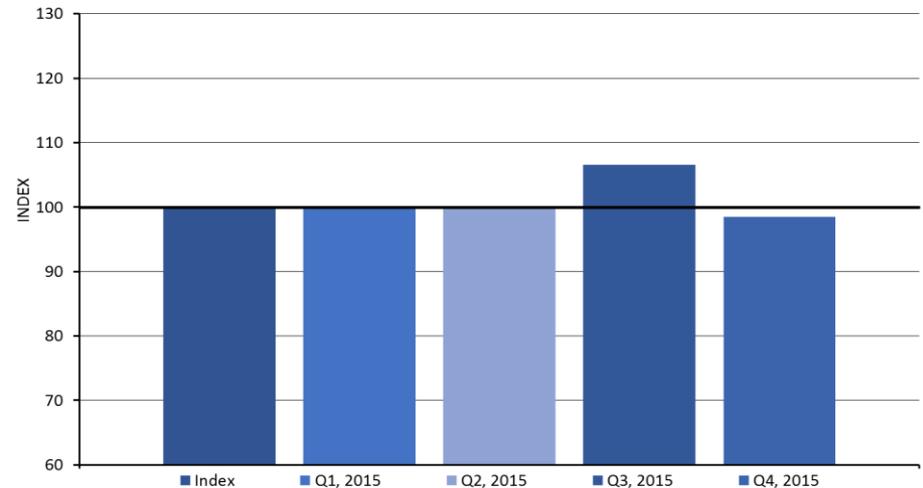


Kitchens & Bathrooms



Monthly chart indexed on July – December 2014

Kitchens & Bathrooms - Quarterly



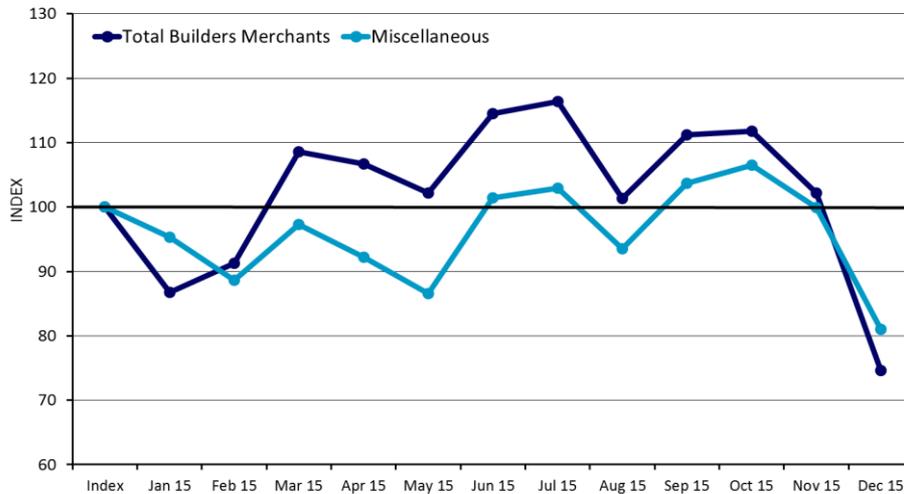
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Quarterly Report

Q4 2015

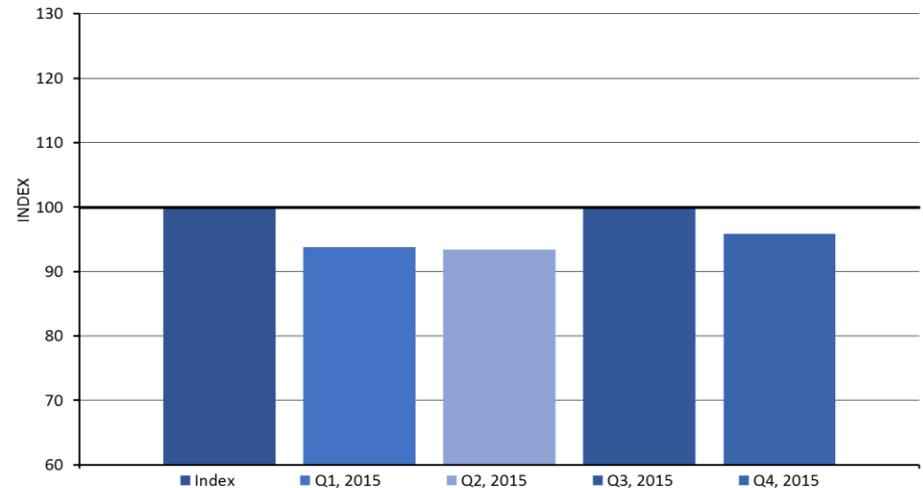


Miscellaneous



Monthly chart indexed on July – December 2014

Miscellaneous - Quarterly



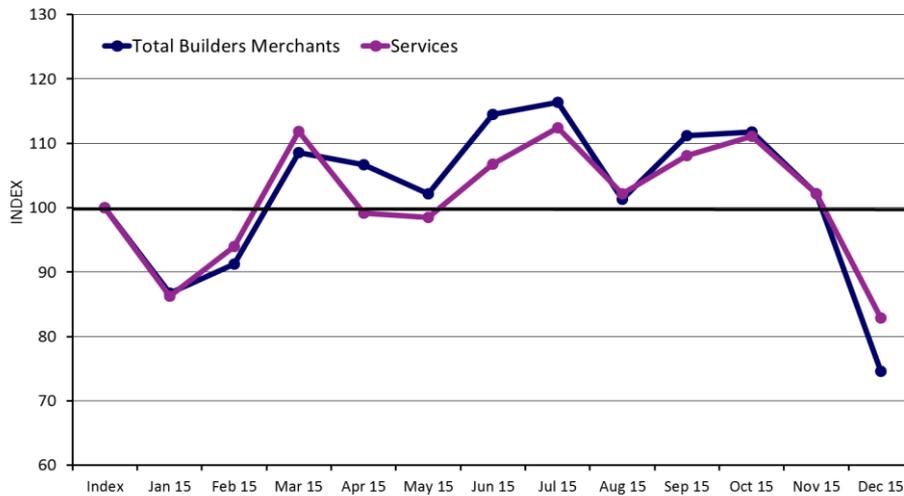
Quarterly chart indexed on July – December 2014

Quarterly Report

Q4 2015

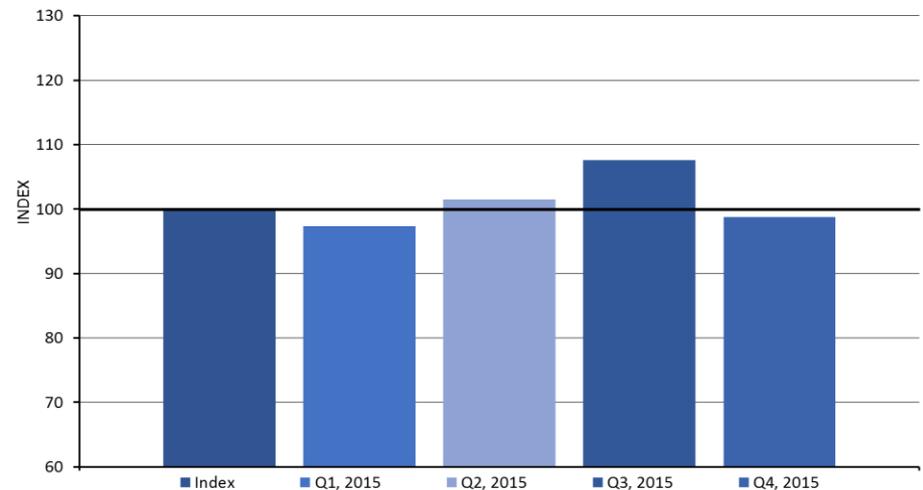


Services



Monthly chart indexed on July – December 2014

Services - Quarterly



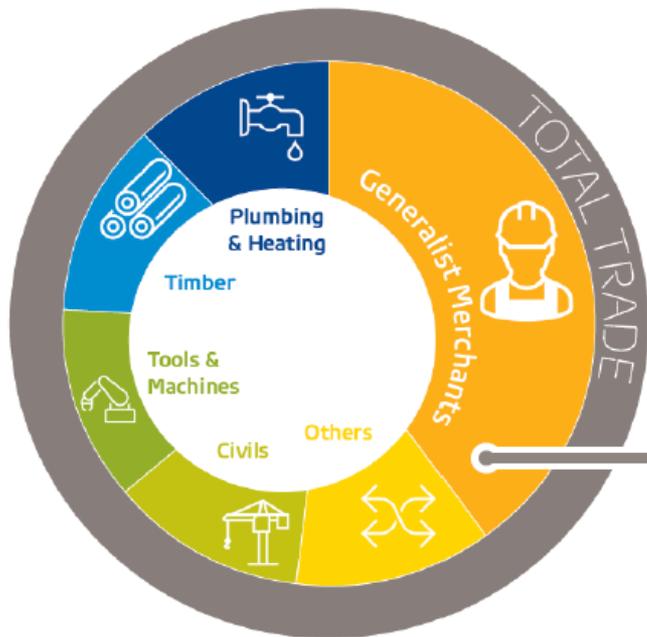
Quarterly chart indexed on July – December 2014

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
	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

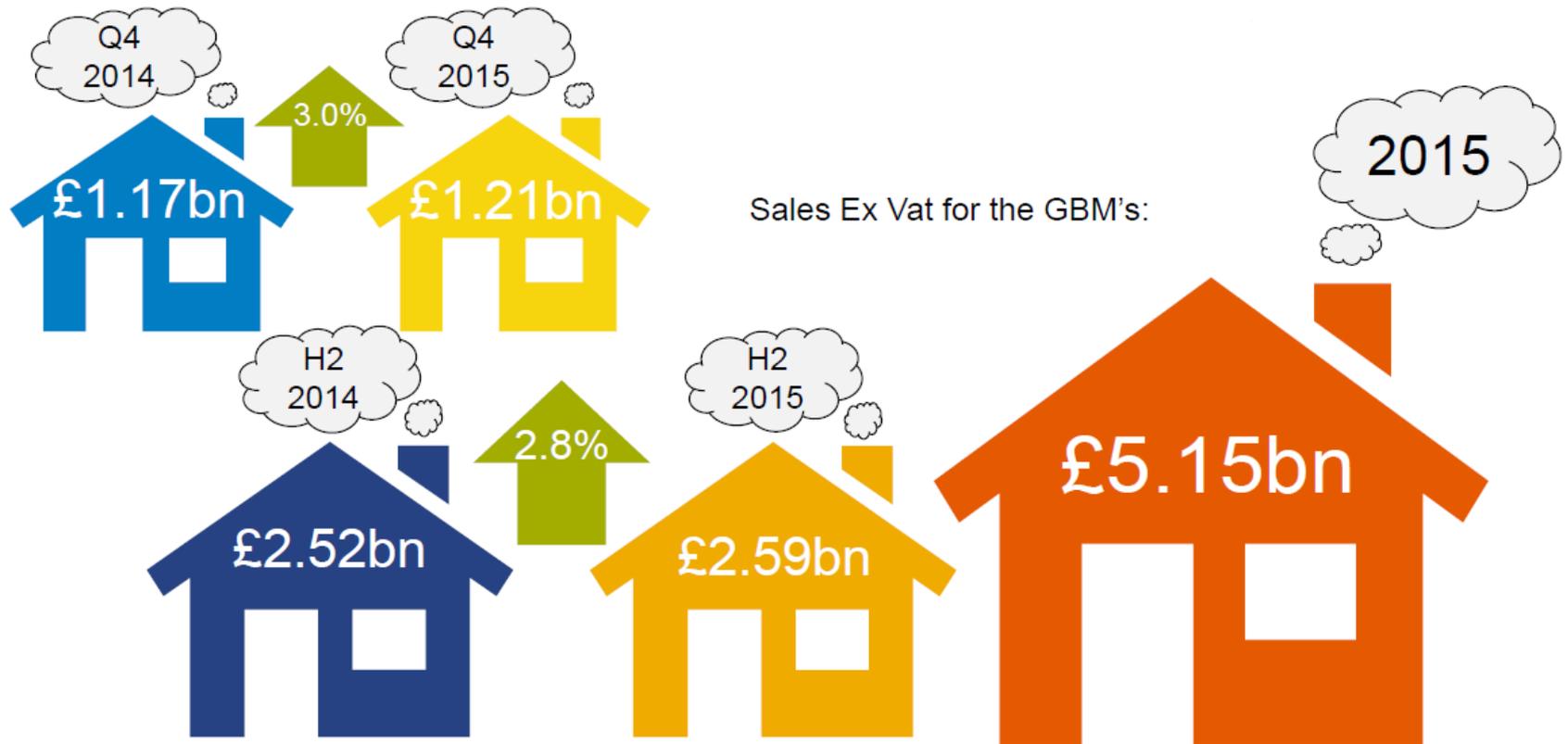
TOOL HIRE

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%



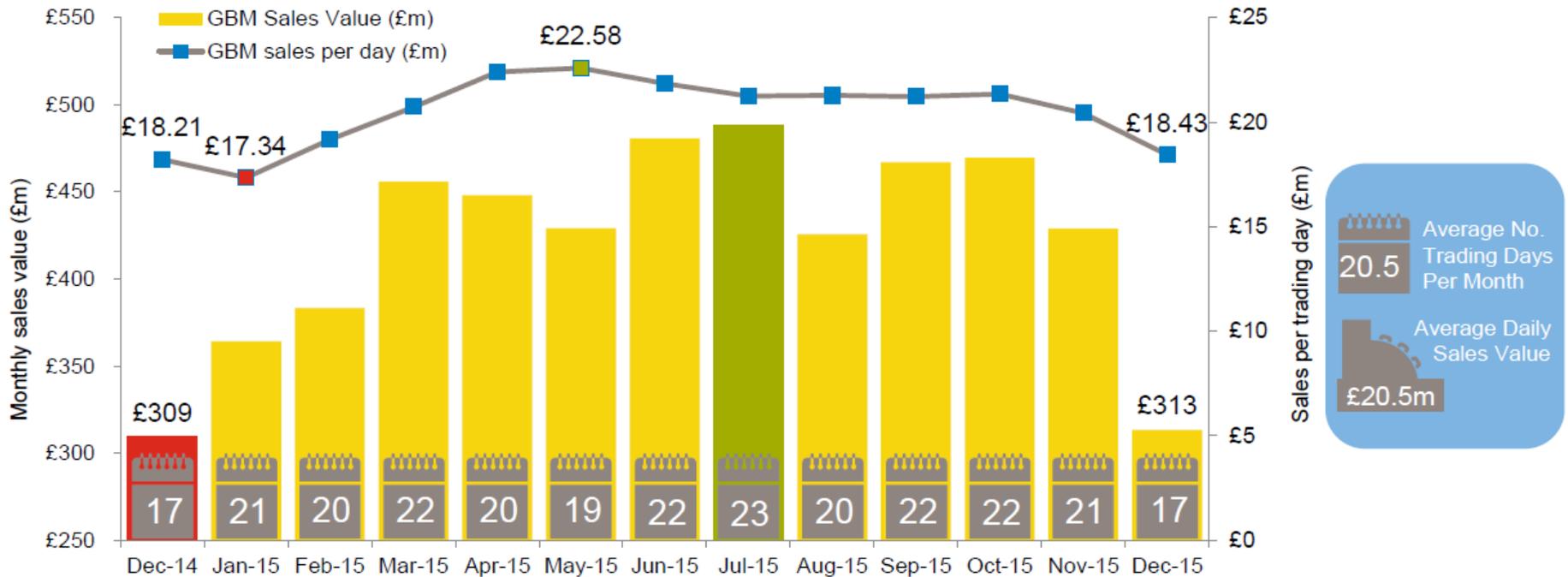
Source: GfK's GBM TCR report. Data July 2014 to Dec 2015 showing E ex Vat Value

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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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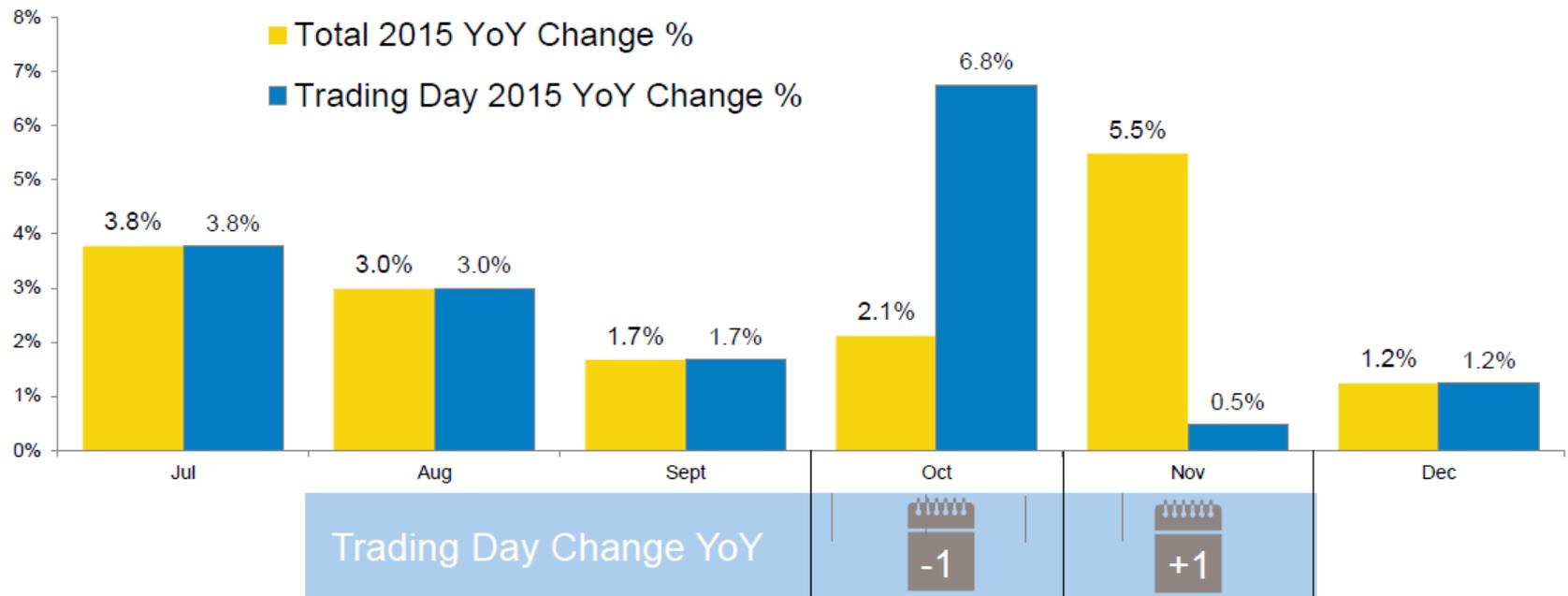
GfK Insights



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



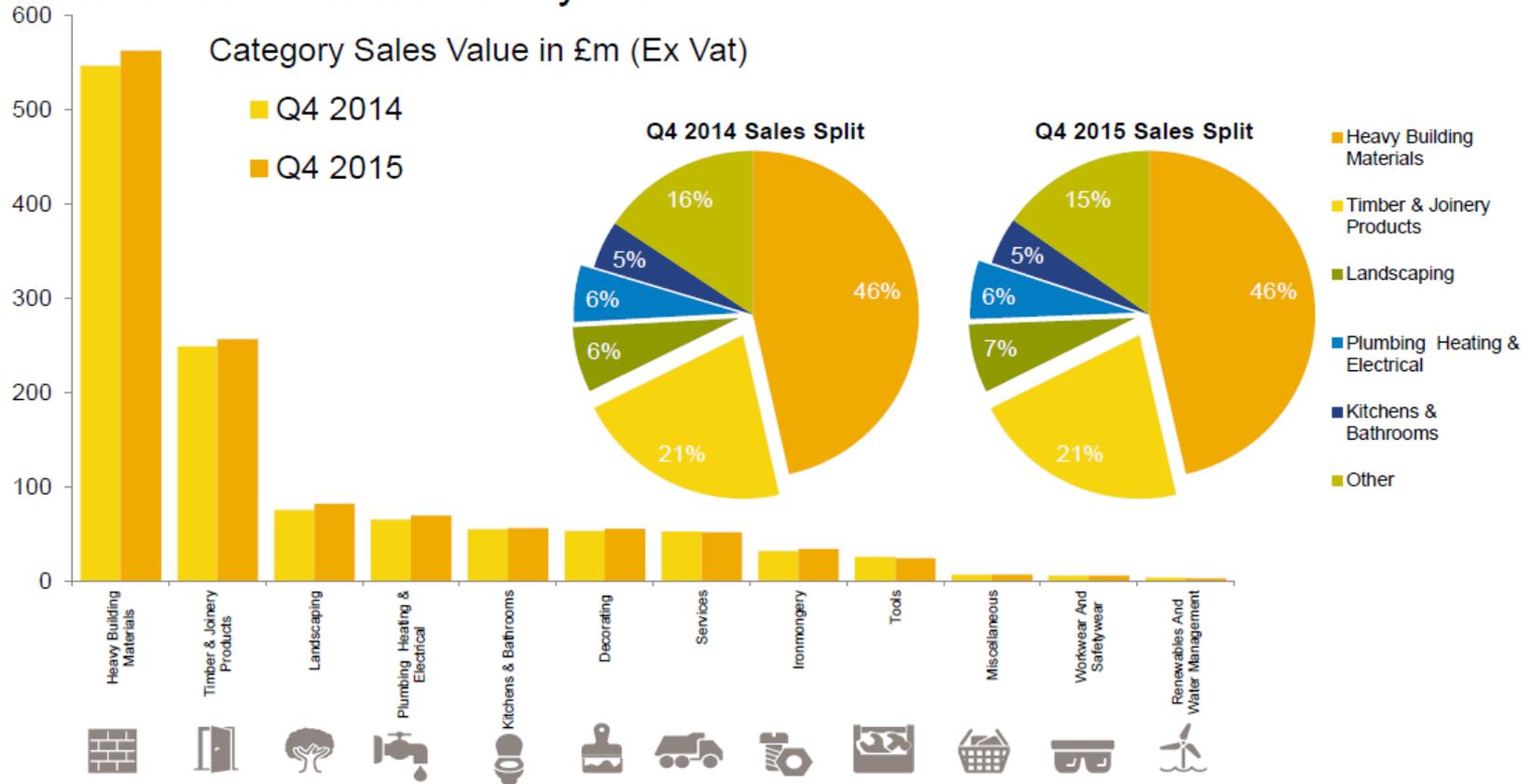
Change when taking trading days into account



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%



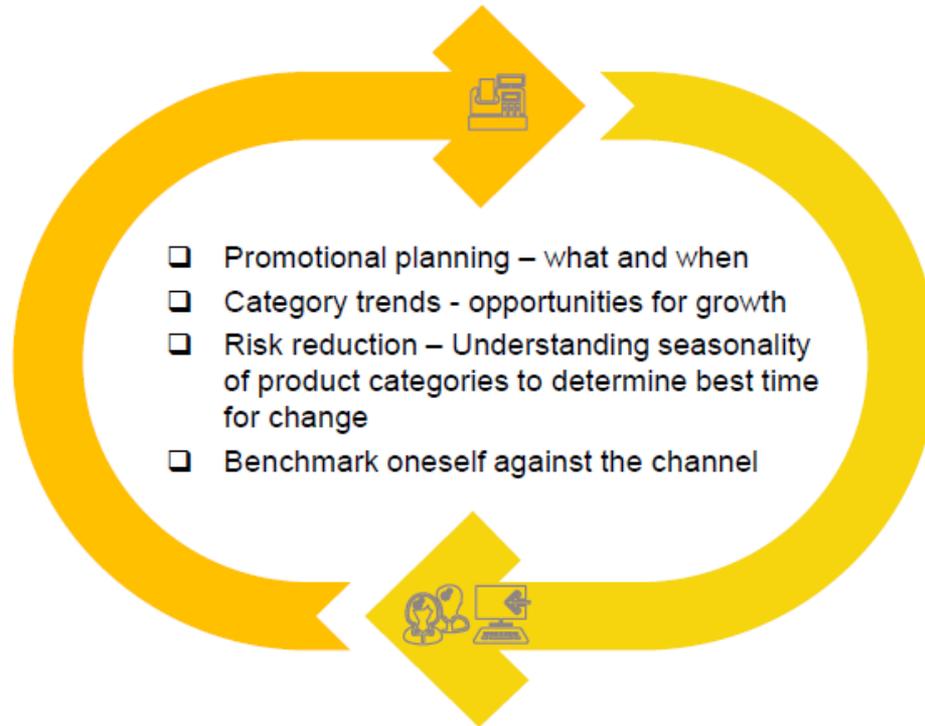
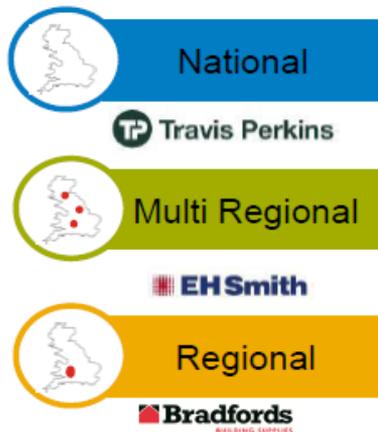
Source: GfK's GBM TCR report. Data Oct 2014 to Dec 2015 showing £ ex Vat Value

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GfK Insights



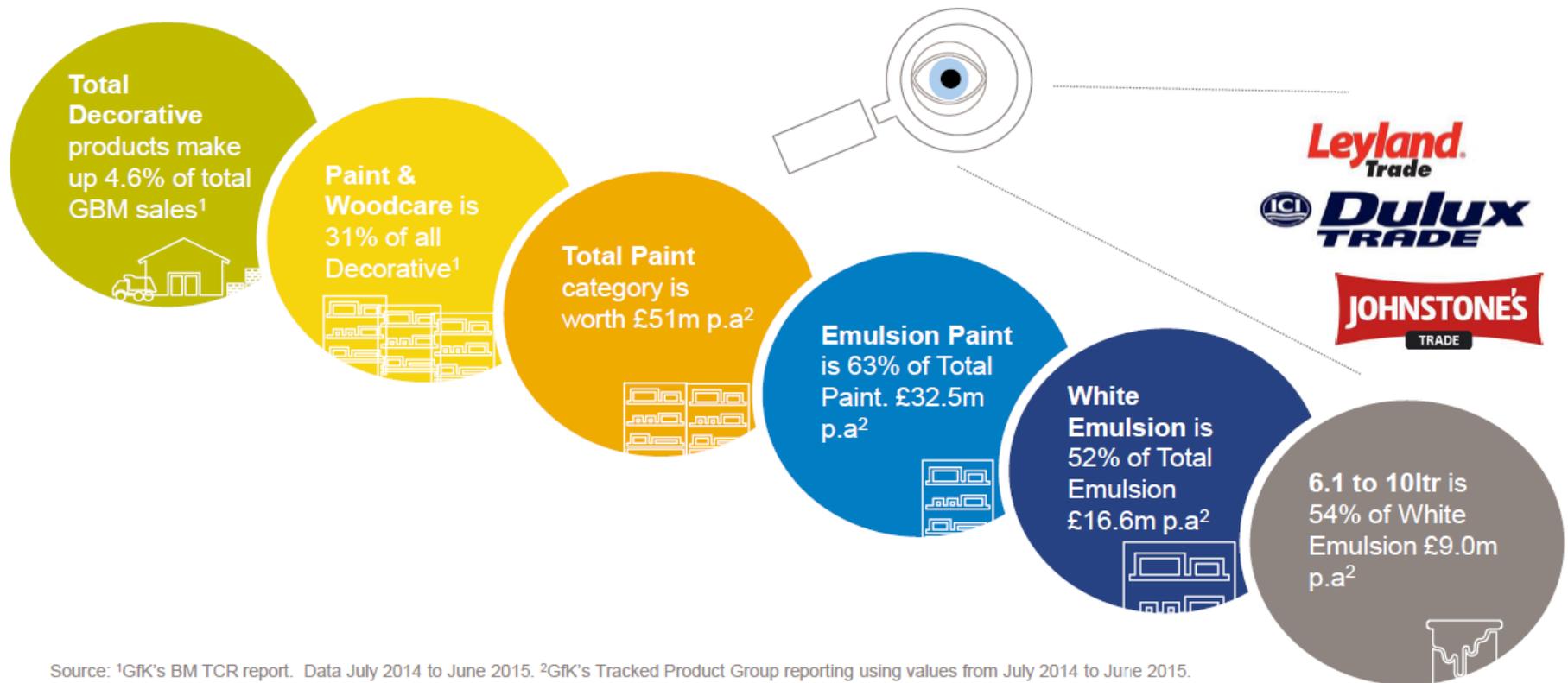
How can these top level insights help.



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.

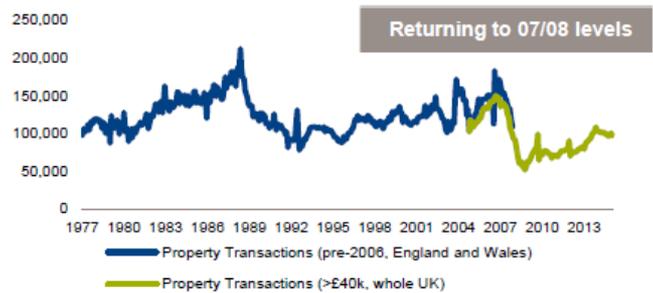
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Macro factors impacting Merchants

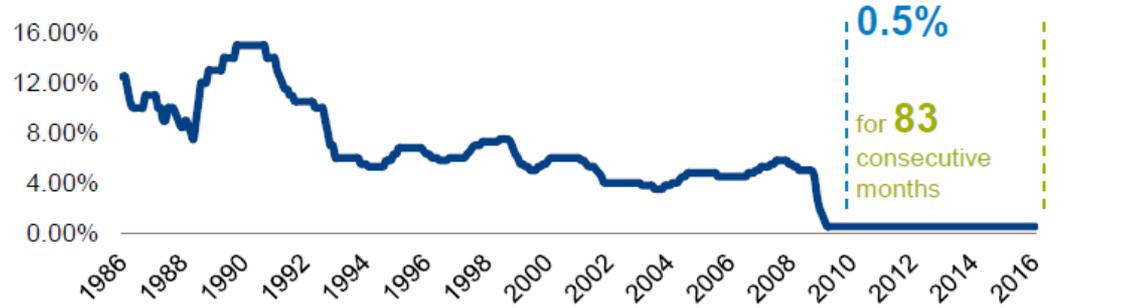


“What if’s”: possible barriers to consumer spending

Property moves



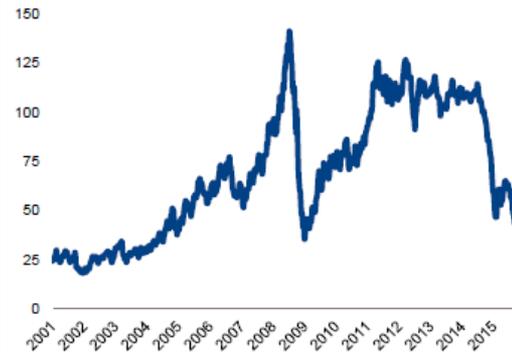
Interest rates



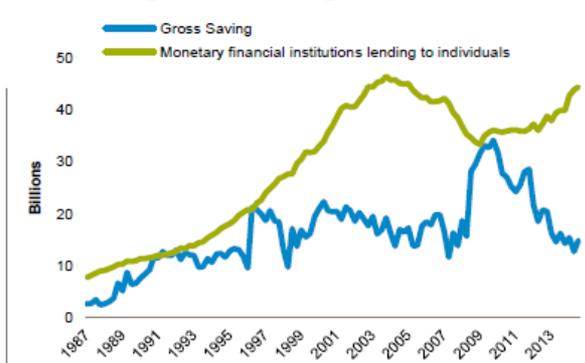
Average house prices



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

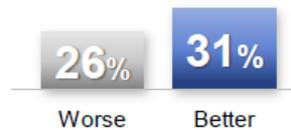


How does your household's current financial situation compare to 12 months ago?

December 2014



December 2015

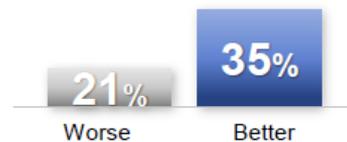


How do you think your household's financial position will change in the next year?

December 2014



December 2015



Major purchase index

December 2014



December 2015



Macro factors impacting Merchants

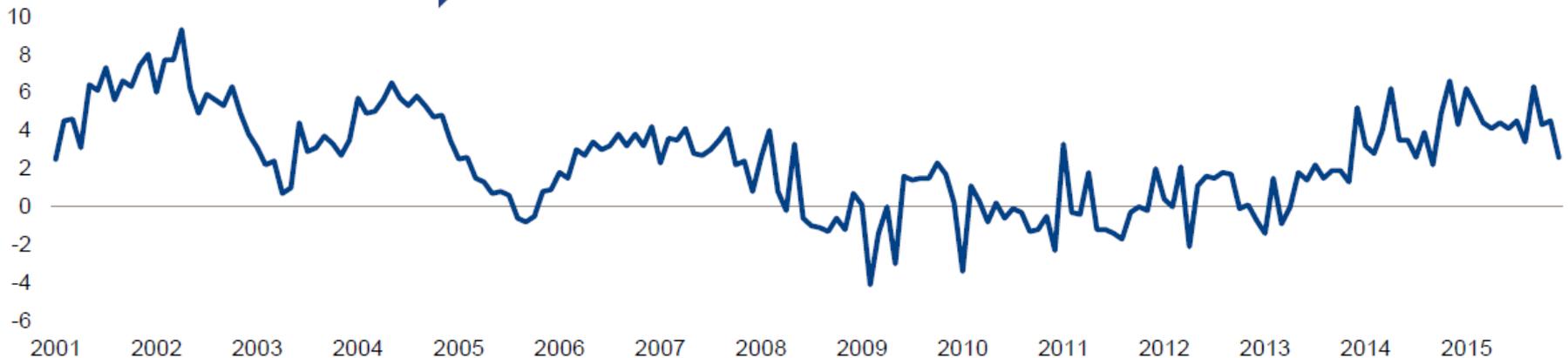


Retail sales – volume growth

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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BMF Sales Indicators

December 2015 - Summary



The Builders Merchants Federation's Sales Indicators are compiled every month from sales turnover information from the majority of merchant members outlets.

BMF Members distribute over £17.5bn of building materials per annum from 4,000 outlets around the U.K.

Builders Merchants Sales nationally when adjusted for both price inflation & trading day differences were up 1.0% for the three months October 2015 – December 2015 when compared with the same three months in 2014 and were down 19.3% when compared with the preceding three month period July 2015 – September 2015.

The 12 month comparison was up by 5.8% over the previous 12 month period and the monthly comparison was up 2.3% over December last year.

It should be noted that the sales figures in the BMF Sales Indicators Report for the corresponding month a year ago may differ from those published previously. This is due to changes in the sample of reporting Members. The representative sample is approximately 40 merchant member companies.

Unadjusted figures show the percentage change in the actual cash values of sales between given dates with no allowance made for any increases or decreases in building materials prices over the periods.

Adjusted figures show the percentage change in the value of sales between given dates taking into account price changes computed from Merchant members' own building materials price inflation data.

In addition, the Adjusted comparisons allow for differences in the number of trading days.

If you are a merchant interested in participating or would like access to the full report, please contact Rikesh Patel, BMF on 02476 854987 or email rikesh.patel@bmf.org.uk

Appendix

All charts – original and revised indices



As notes on page 4 explain, this edition of the Builders Merchants Building Index includes charts and tables indexed on a revised and more robust base, covering the six months between July and December 2014, rather than just July 2014.

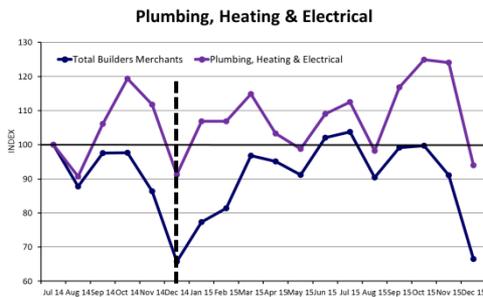
Page 46 highlights three examples of monthly charts and comments on the differences. The following pages show all of the indexed charts in this report, displaying the original and revised bases side by side for comparison.

Monthly charts using the original base show results for August 2014 through to December 2015. The revised versions show January 2015 to December 2015, as the months prior to that now form the base.

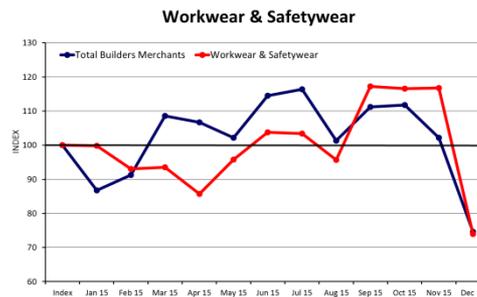
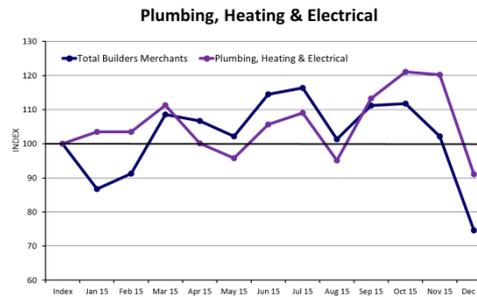
Quarterly charts using the original base show results for Q4 2014 through to Q4 2015. The revised versions cover Q1 2015 through to Q4 2015.

Appendix

Original chart indexed on July 2014



Recalculated chart based on more robust six months (July to December 2014)



A selection of charts is included here for comparison. Those indexed on July 14 plot seventeen months and the dotted line separates the directly comparable periods:

Kitchens and Bathrooms broadly follows Total Builders Merchants activity and the recalculated indices show a generally stronger performance for both.

Plumbing and Heating originally appeared to out-perform Total Builders Merchants activity when indexed against July 2014. Adopting the more robust index shows how this category more closely mirrors Total Merchant activity.

In contrast, **Workwear and Safetywear** is little changed by the revised index. However it is now clear that the category performed less-strongly than Merchant activity generally.

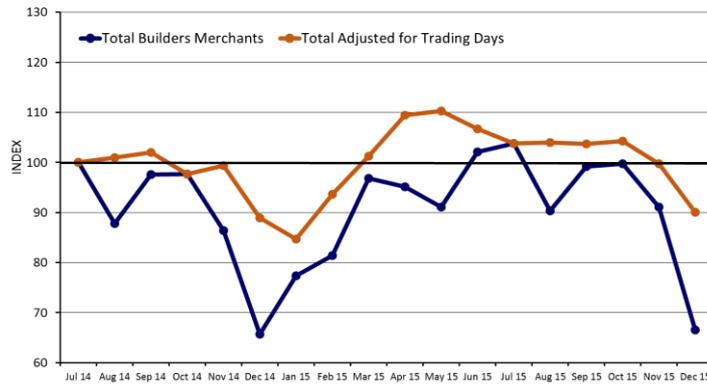
Appendix

Original charts indexed on July 2014

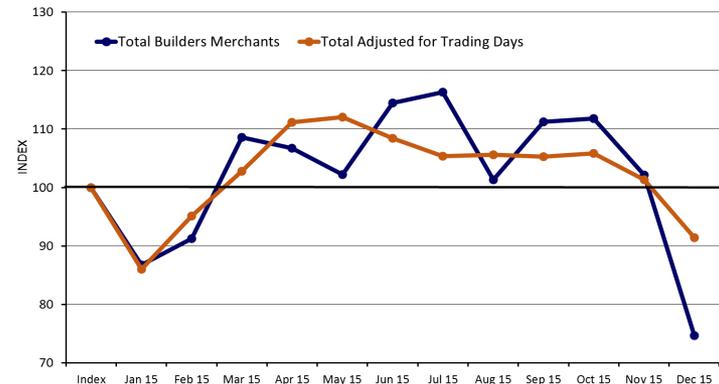
Recalculated charts indexed on more robust six months period (July to December 2014)

Monthly

Total Builders Merchants Index v Total Adjusted for Trading Days Index

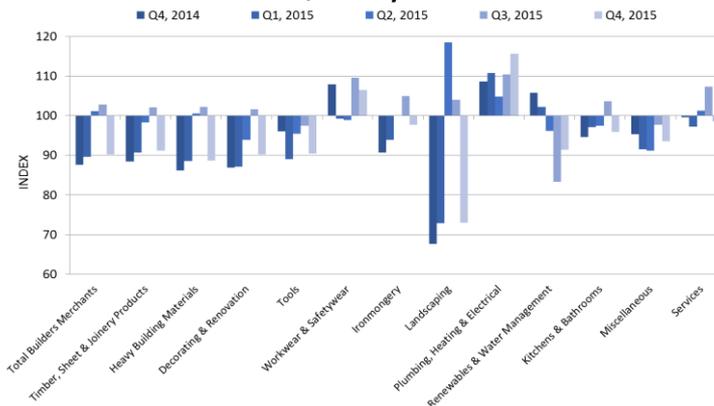


Total Builders Merchants Index v Total Adjusted for Trading Days Index

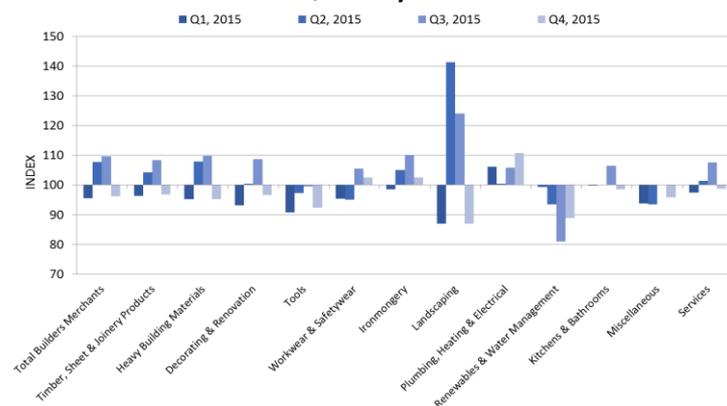


Quarterly

Quarterly Index



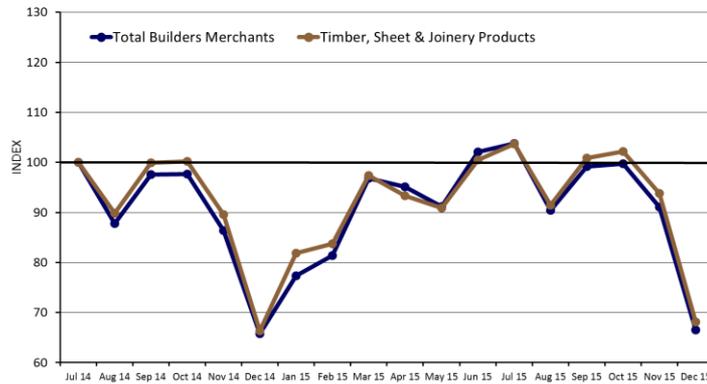
Quarterly Index



Appendix

Original charts indexed on July 2014

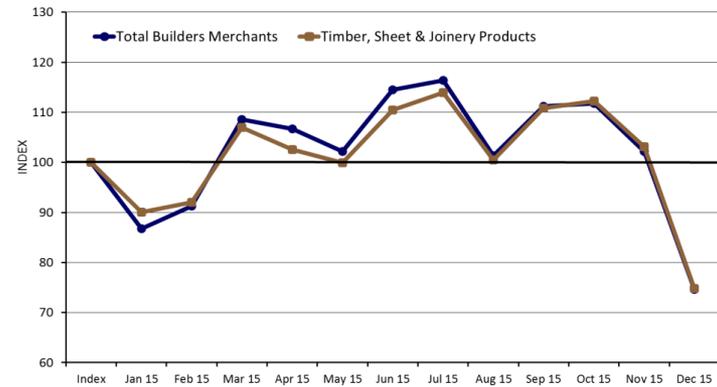
Timber, Sheet & Joinery Products



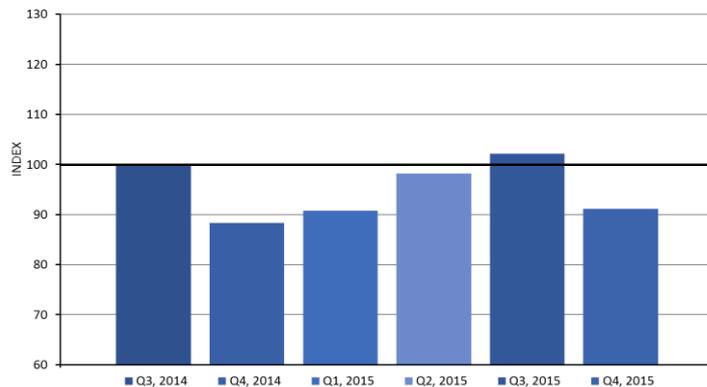
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Timber, Sheet & Joinery Products

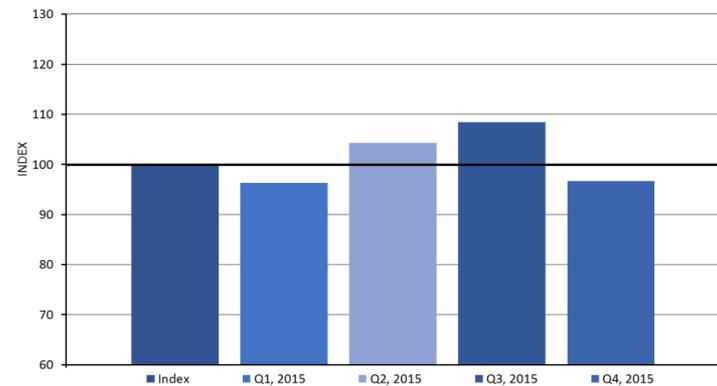


Timber, Sheet & Joinery Products - Quarterly



Quarterly

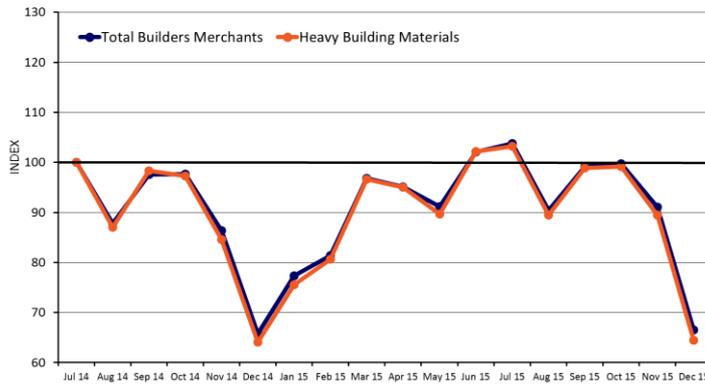
Timber, Sheet & Joinery Products - Quarterly



Appendix

Original charts indexed on July 2014

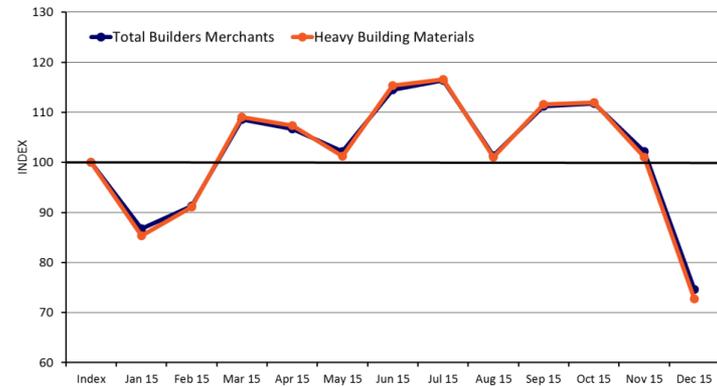
Heavy Building Materials



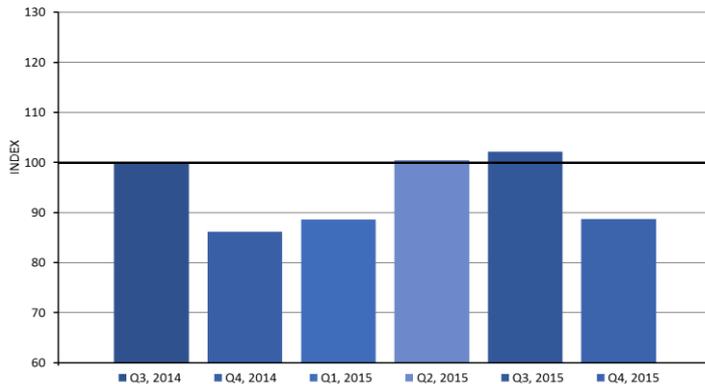
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Heavy Building Materials

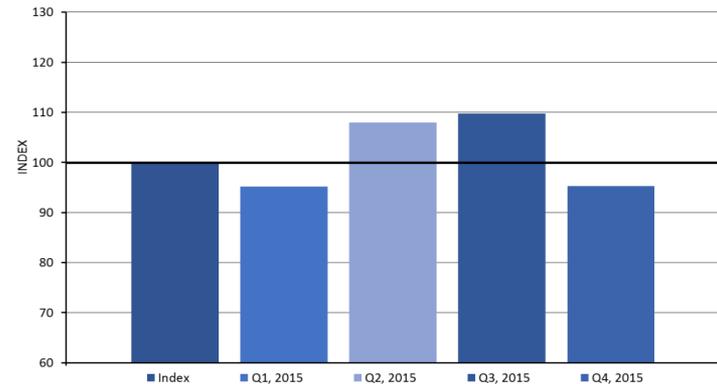


Heavy Building Materials - Quarterly



Quarterly

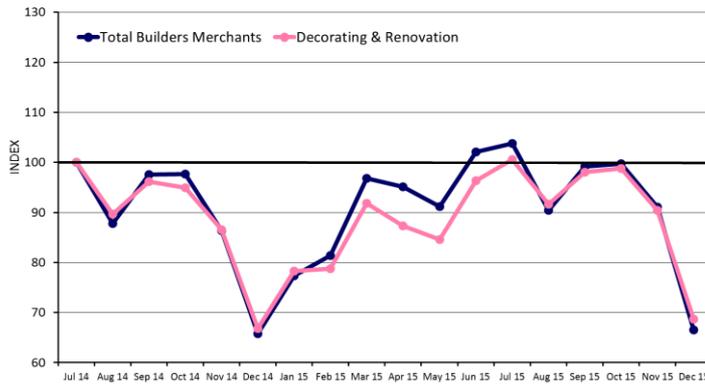
Heavy Building Materials - Quarterly



Appendix

Original charts indexed on July 2014

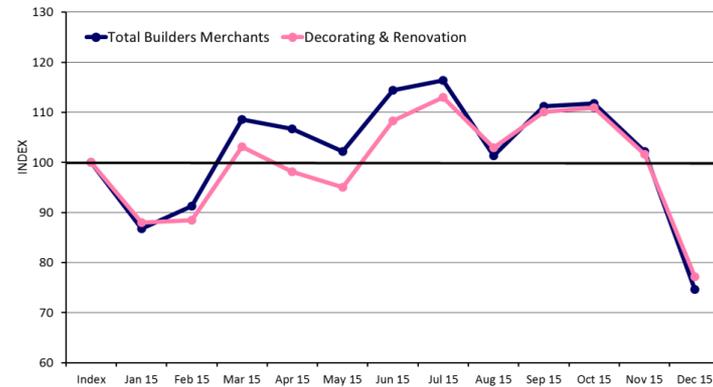
Decorating & Renovation



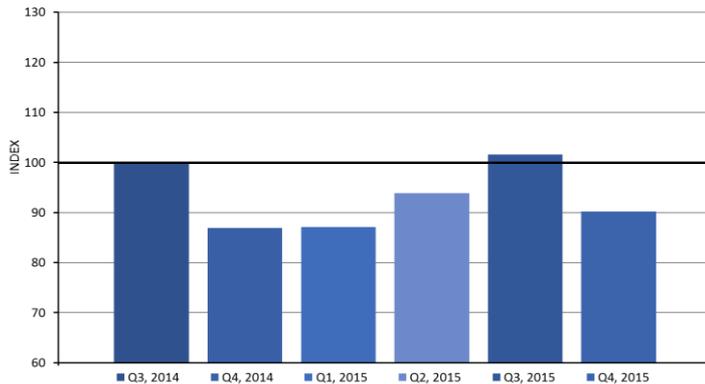
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Decorating & Renovation

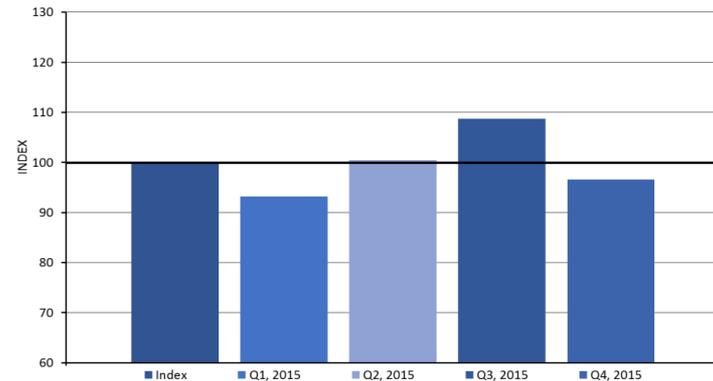


Decorating & Renovation - Quarterly



Quarterly

Decorating & Renovation - Quarterly



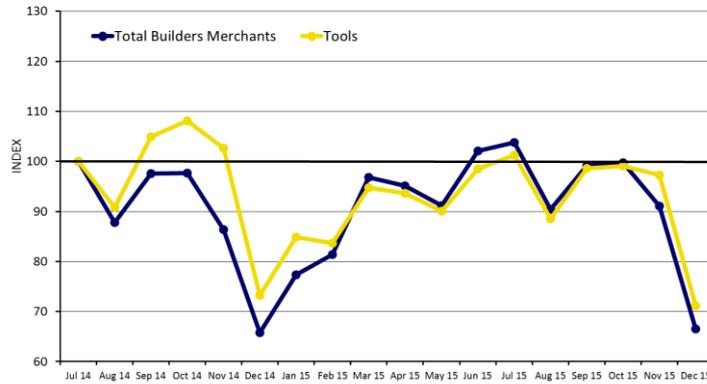
Appendix

Original charts indexed on July 2014

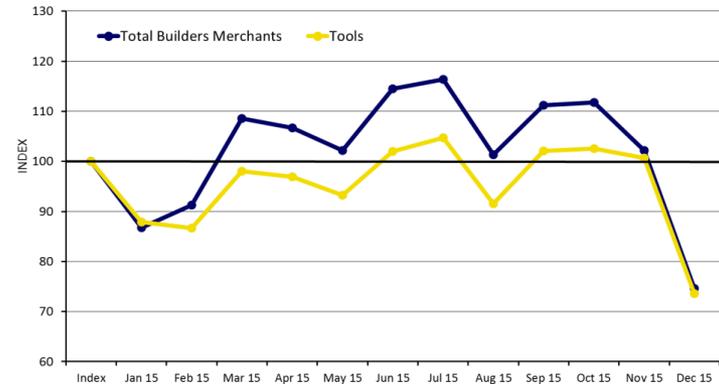
Recalculated charts indexed on more robust six months period (July to December 2014)

Monthly

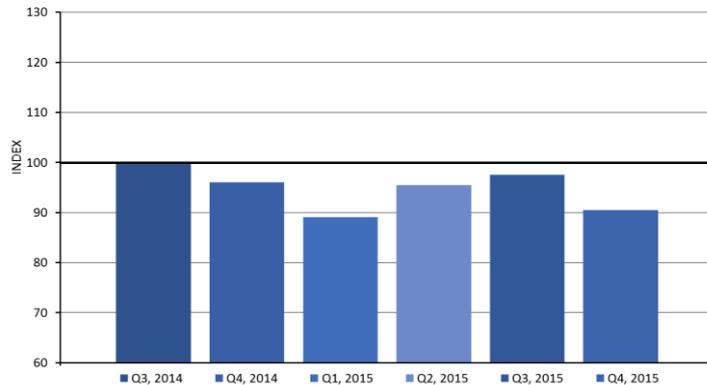
Tools



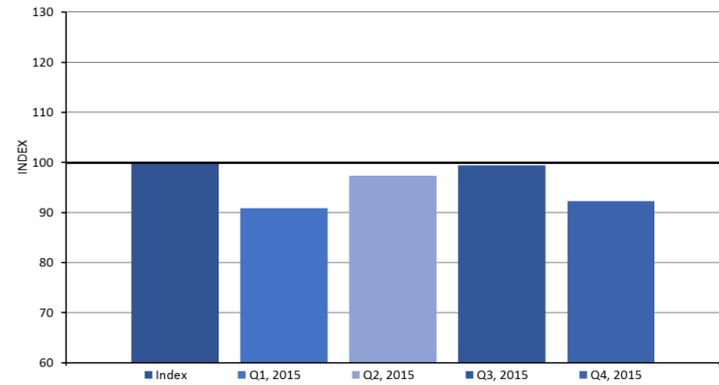
Tools



Tools - Quarterly



Tools - Quarterly

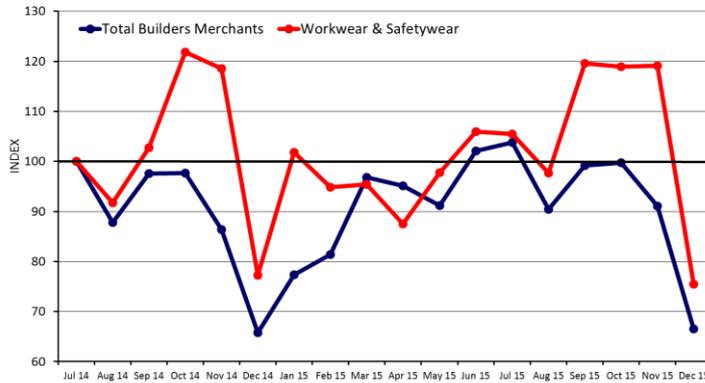


Quarterly

Appendix

Original charts indexed on July 2014

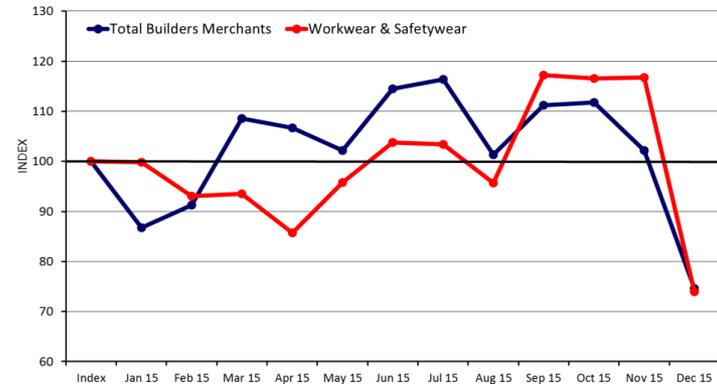
Workwear & Safetywear



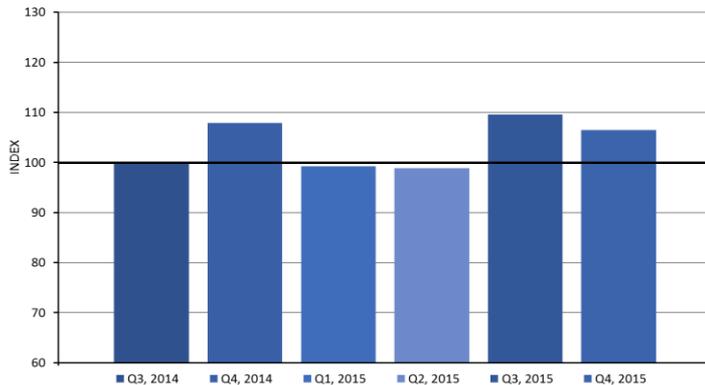
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Workwear & Safetywear

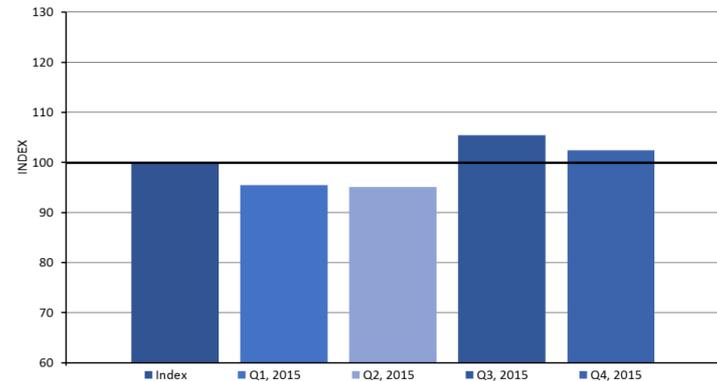


Workwear & Safetywear - Quarterly



Quarterly

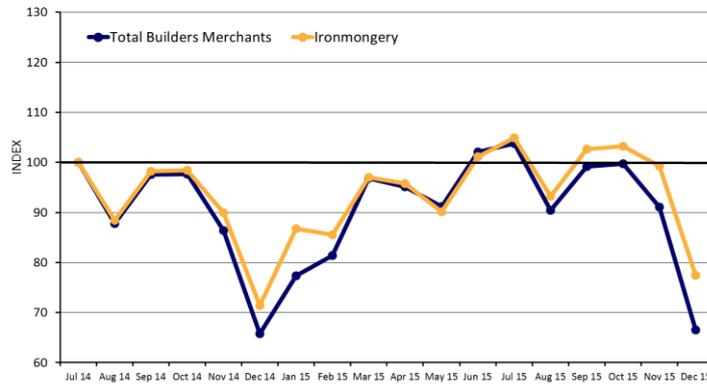
Workwear & Safetywear - Quarterly



Appendix

Original charts indexed on July 2014

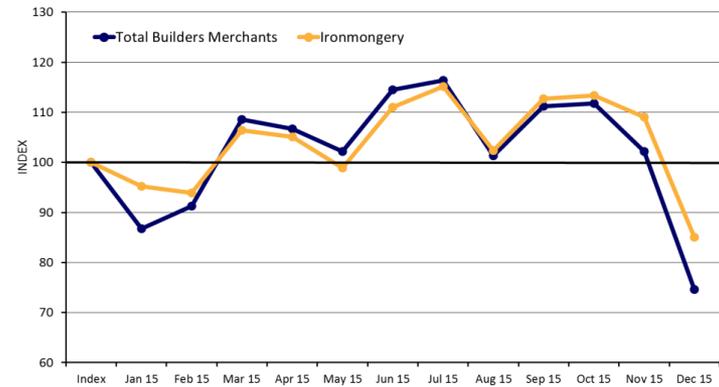
Ironmongery



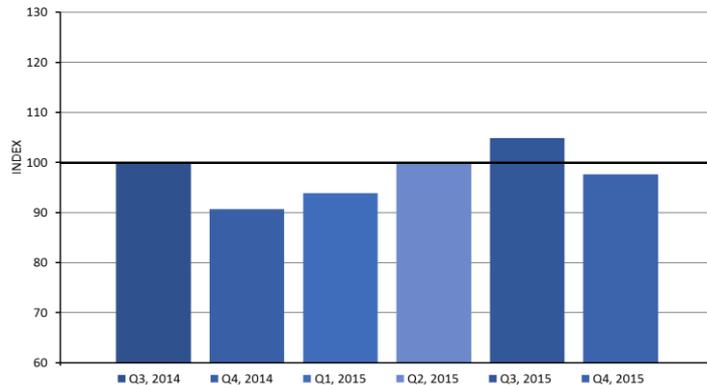
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Ironmongery

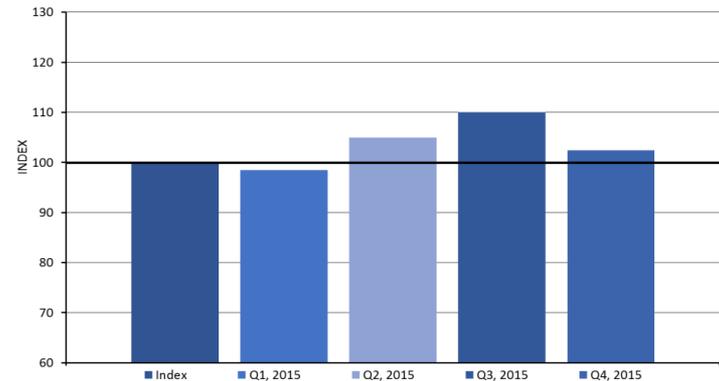


Ironmongery - Quarterly



Quarterly

Ironmongery - Quarterly



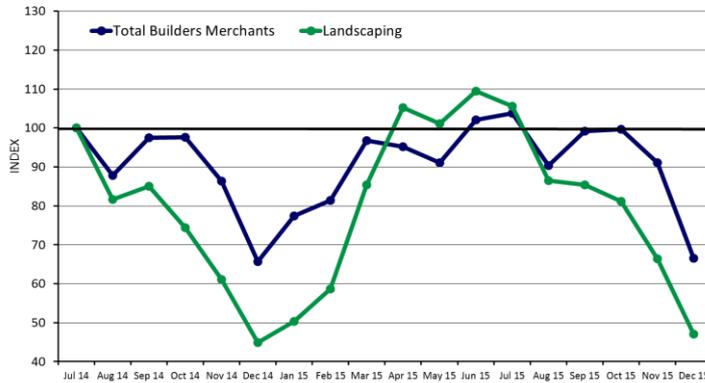
Appendix

Original charts indexed on July 2014

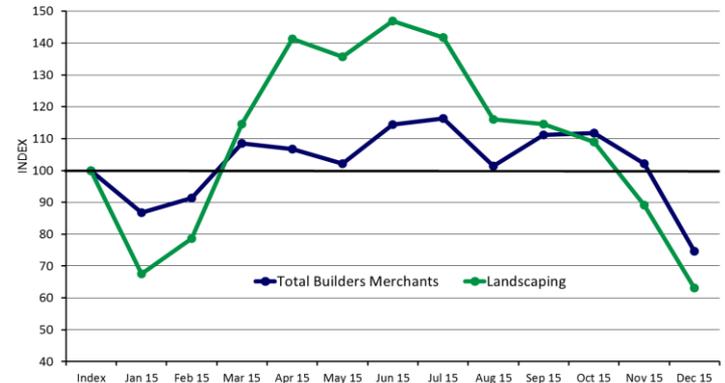
Recalculated charts indexed on more robust six months period (July to December 2014)

Monthly

Landscaping

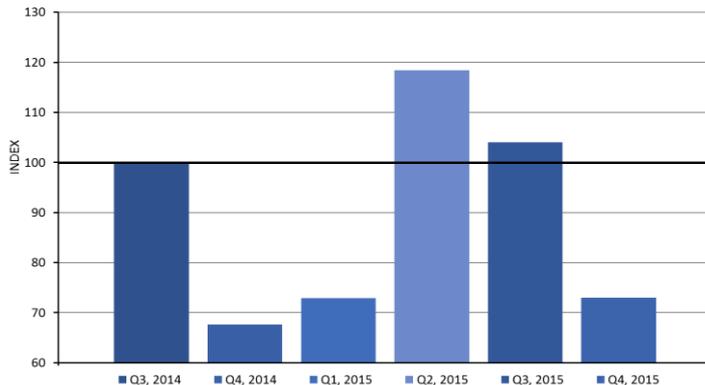


Landscaping

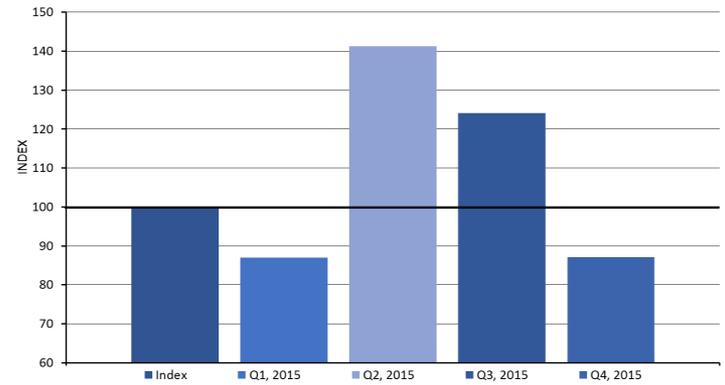


Quarterly

Landscaping - Quarterly



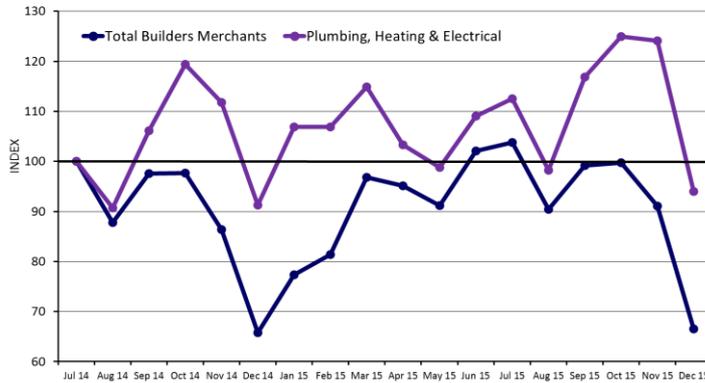
Landscaping - Quarterly



Appendix

Original charts indexed on July 2014

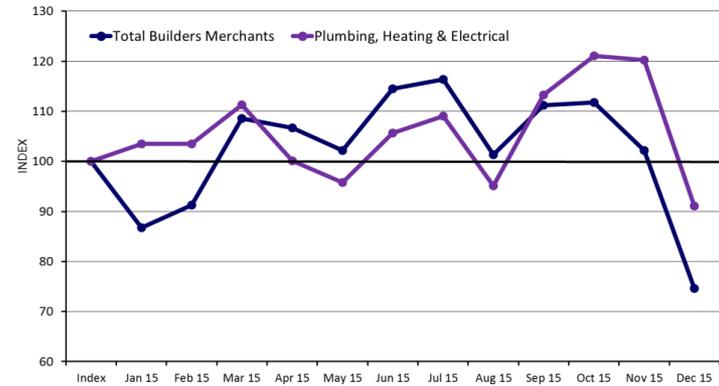
Plumbing, Heating & Electrical



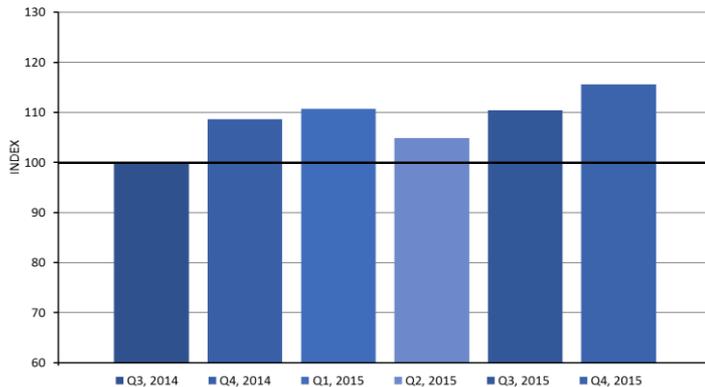
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Plumbing, Heating & Electrical

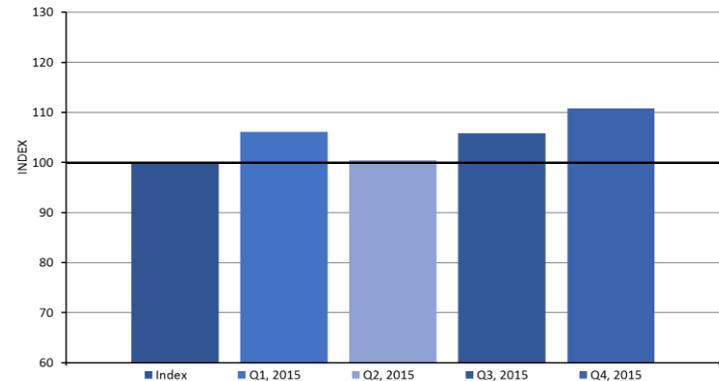


Plumbing Heating & Electrical - Quarterly



Quarterly

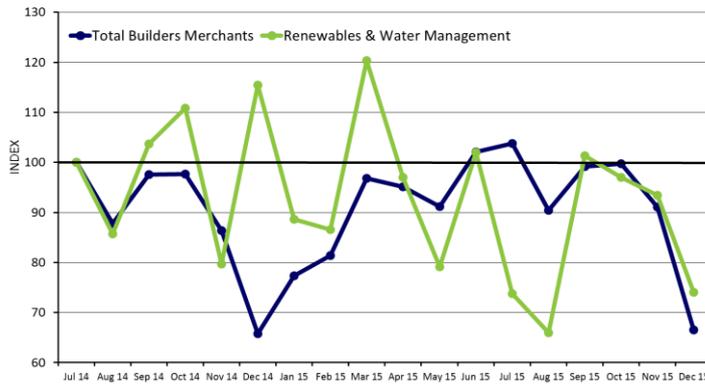
Plumbing Heating & Electrical - Quarterly



Appendix

Original charts indexed on July 2014

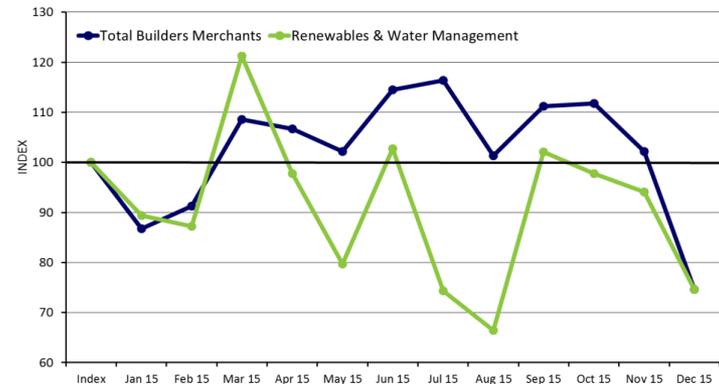
Renewables & Water Management



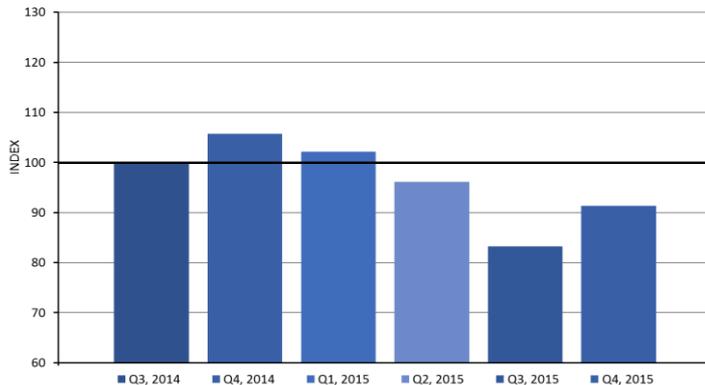
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Renewables & Water Management

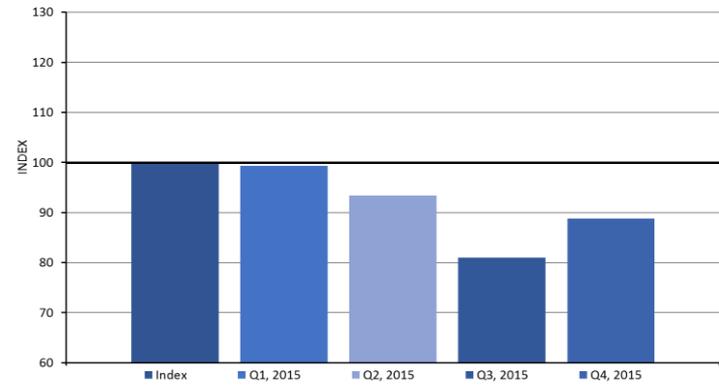


Renewables & Water Management - Quarterly



Quarterly

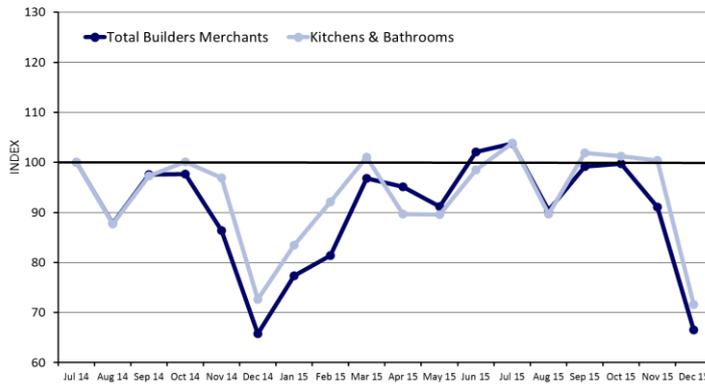
Renewables & Water Management - Quarterly



Appendix

Original charts indexed on July 2014

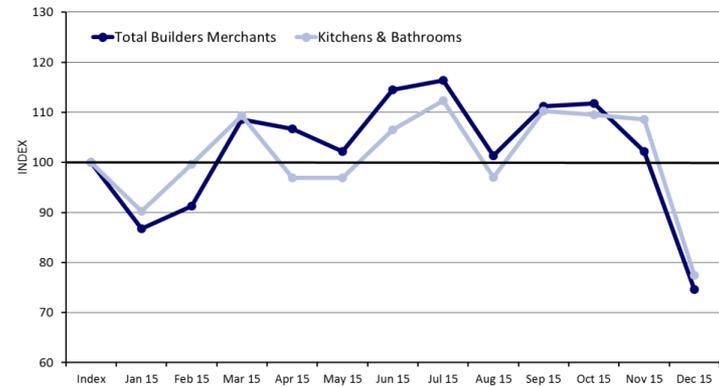
Kitchens & Bathrooms



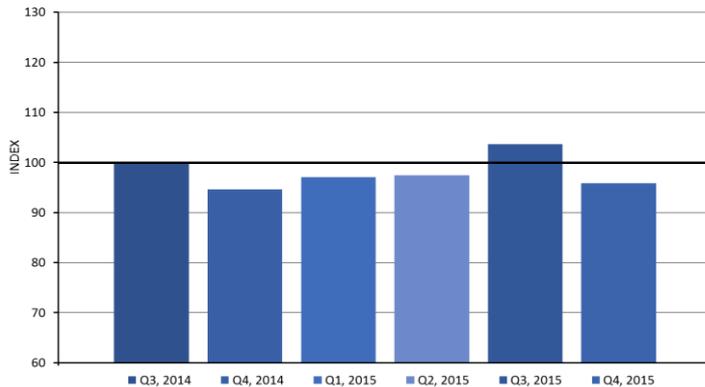
Monthly

Recalculated charts indexed on more robust six months period (July to December 2014)

Kitchens & Bathrooms

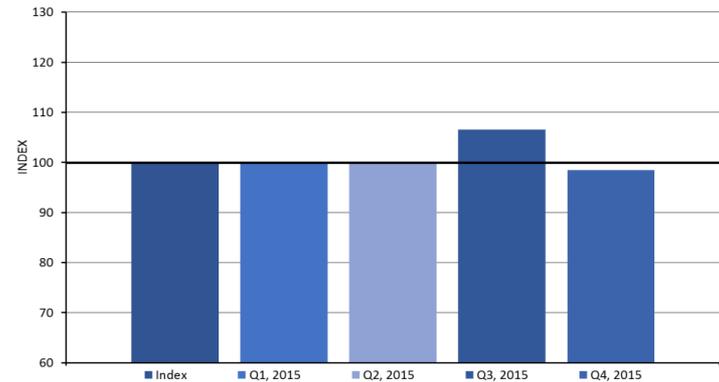


Kitchens & Bathrooms - Quarterly



Quarterly

Kitchens & Bathrooms - Quarterly



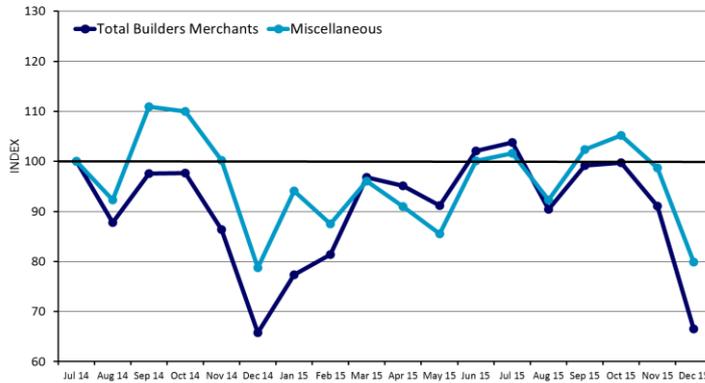
Appendix

Original charts indexed on July 2014

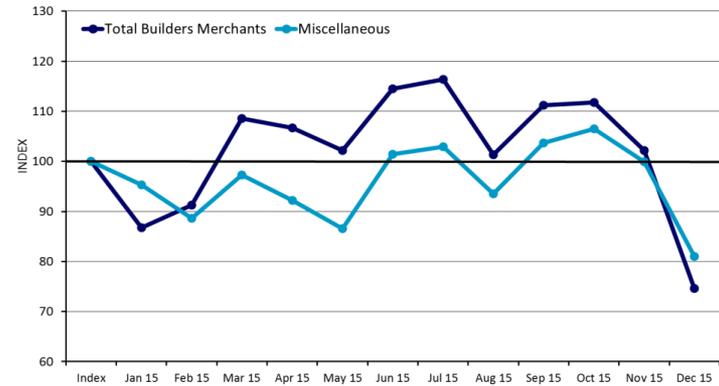
Recalculated charts indexed on more robust six months period (July to December 2014)

Monthly

Miscellaneous

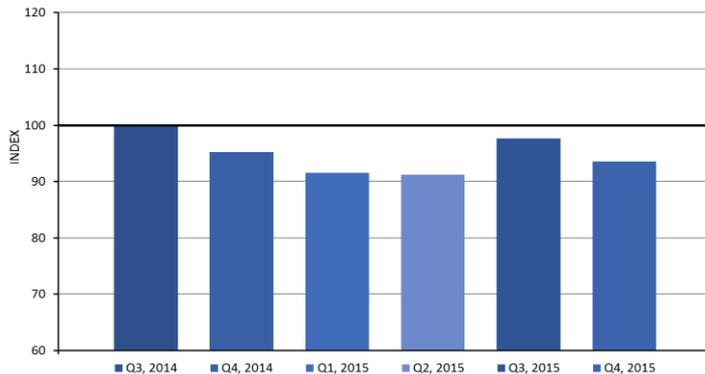


Miscellaneous

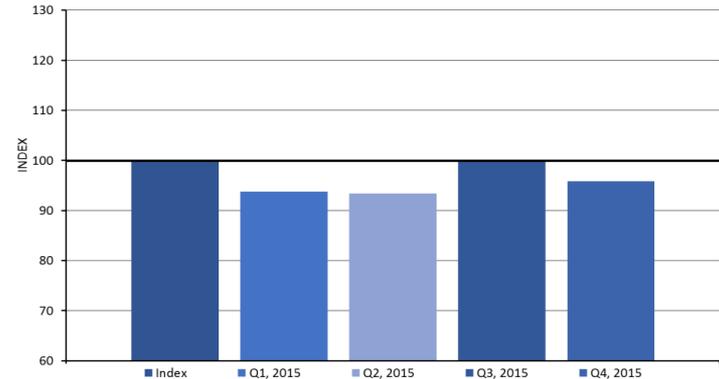


Quarterly

Miscellaneous - Quarterly



Miscellaneous - Quarterly



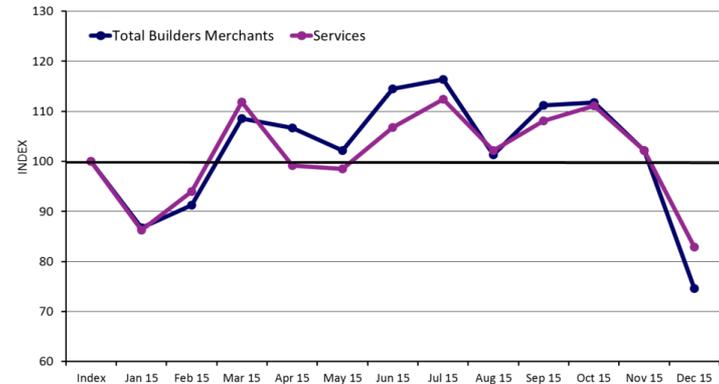
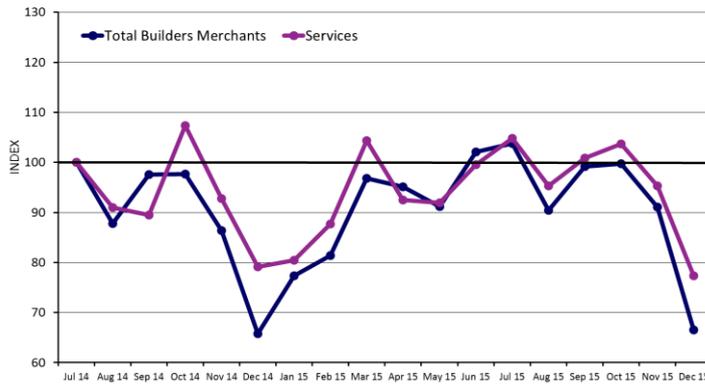
Appendix

Original charts indexed on July 2014

Recalculated charts indexed on more robust six months period (July to December 2014)

Services

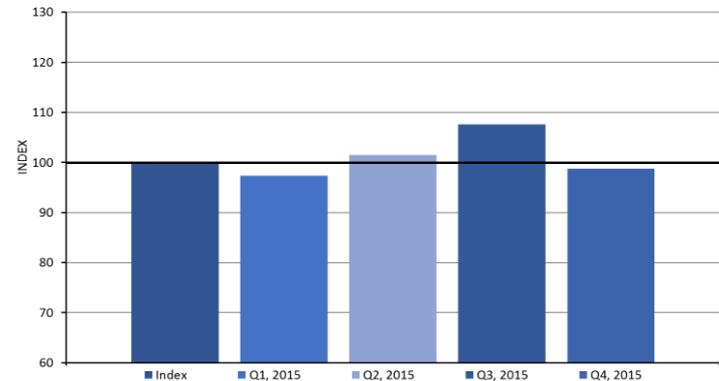
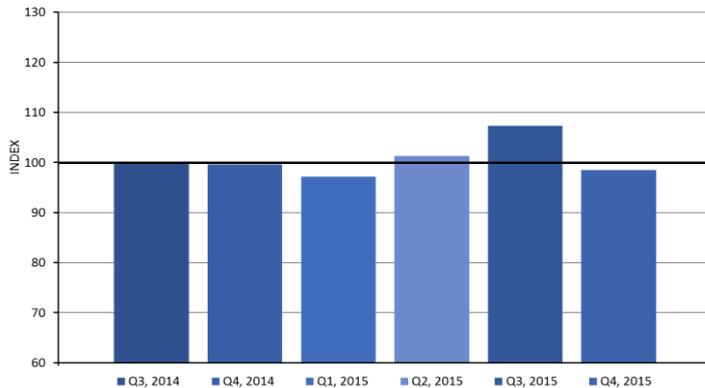
Services



Monthly

Services - Quarterly

Services - Quarterly



Quarterly

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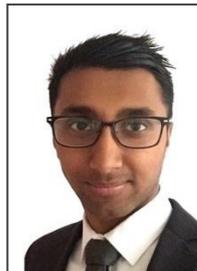


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