

Share Review

In Andrew' Portfolio :Howden Joinery PLC [HWDN.L] 12 Feb 2014 £3.66

Howden Joinery is a leading supplier of kitchens and joinery to trade customers across the UK. Howden's was founded in 1995. Howden Joinery Group PLC engages in the procurement, manufacture, distribution, and sale of kitchens, joinery, and associated products to trade customers in France and the UK. Its products include kitchens, doors, appliances and worktops, kitchen cabinets, flooring, breakfast bars, and kitchen frontals. The Company's UK based facilities produced 3.5 million kitchen cabinets. By the end of December 2012, it had grown to a company with a turnover of nearly £900 million. **Some Key Facts**

- Howden Joinery supplied over 270,000 credit account holders, all building trade professionals, with around 3.5 million kitchen cabinets, 2 million doors and 400,000 complete kitchens.
- Howden's employs around 6,300 people across the UK, mainly in manufacturing, sourcing, logistics and depots.
- Howden's currently operates 530 depots across the UK, with plans to open 20 – 30 in 2013, and operates 11 depots in France.
- Howden's has a unique business model. It addresses the 'done for you market,' selling kitchens and joinery from local depots to small builders nationwide. As such, it has none of the costs associated with retail businesses such as showrooms, delivery or advertising.
- Howden's operates an 'always in stock' model, and the focus is on building strong local relationships through excellent service. Account holders benefit from good credit terms (up to 60 days) and confidential discounts.
- Delayed demand for Kitchens could be in evident on the need for refurbishment of households as a result of flooded homes.

Recent News – The recent upturn in housing market activity and the bad weather through flooding in parts of the UK might reflect in increased demand for kitchens. Since Howden released their 2013 half yearly report in July 2013, they have opened 15 new depots in the UK in 2013 bringing the total to 544.

FUNDAMENTAL ANALYSIS

Company Statements [Presentation -HWDN.](#) : [interim_results_july2013](#)

Financial Highlights (2013 unaudited)

	2012 £m	2013 £m	% move
Revenue	364.6	390.8	7.2
Gross Profit	219.8	240.4	9.4
Gross Profit Margin	60.3%	61.5%	2.0
EPS Basic	3.2p	5.0p	56.3
Dividend per share	0.3p	1.0p	303.0
Current Ratio	2.9	2.55	-13.7
Retained Earnings	-47.7	3.7	100+
Total Equity	112.8	170.7	51.3

TECHNICAL ANALYSIS – Howden Joinery PLC [HWDN.L] REASSESSED This share was first reviewed on 17 January 2014 when priced at £3.37 **Technical Diagnosis – Moving Averages** give a good indication of the vitality of the share in the long run. All moving averages continue to progress in an upward direction and with the share price now tracking above them. The share has seen accelerated growth in its price since January 2012 with a 87.9% year on year change (11 Feb 2013 £1.78 10 Feb 2014 £3.57). The progressing upward incline in the 200 Day moving average suggests that momentum is still evident in this share. On 28 January there was a inverted hammer on a downtrend suggesting a reversal in price was imminent. Since then, Bullish candlesticks have been the trend. The general share upward momentum has seen the share exceed its most recent high. It has continued its robust performance and a return to the upside as predicted on 17 January, saw the previous £3.48 resistance level being broken. Given recent share performance *I decided to buy shares in Howden* in anticipation of further upside potential. Please note this analysis is not advice but interpretation of potential market moves. First share reviewed on 19 January 2014 £3.37. Share Reassessed on 11 February and purchased at £3.58 as a sign of my commitment to this share. Current price 12 February £3.66.



