

Half Year Review – June 2023

Overview

The commentary provided is based on the results of the Huws Gray Group, this includes the legacy Huws Gray business and the acquired businesses from Grafton Group plc (project “Fleming”).

Against a backdrop of reduced consumer confidence and an uncertain macro-economic climate, trading in the first half of 2023 has been broadly in line with the most recent forecasts and laps a strong comparative.

The business has managed to maintain a stable gross margin across the first half of the year despite inflationary pressure, mix shifting away from cash sales and deflation in timber prices, while the adjusted EBITDA margin decreased from 10% to 7% YoY as result of inflation seen in overheads together with a sales volume shortfall.

Strategic Developments

Outlook for the second half of 2023:

- Trading headwinds to remain with pressure on margin from inflation and competitor activity.
- Operational size being reset to match current activity levels and manage the underlying cost base.
- Key synergy programs to continue to deliver P&L resilience through procurement gains and central headcount reduction.
- Significant working capital initiatives underway in to support operating cash generation across H2.
- Continued investment in growing the business, with some optionality on investment to preserve cash in the short term.

Fleming integration is well underway and ahead of plan with Merchancing system transition completed in 2022. The final organisational design and synergy plans are finalised and currently being implemented.

No acquisitions or disposals have been made in H1 2023, with management’s focus being on Integration, the implementation of the combined operating model and roll out of systems.

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