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FABRICATOR & INSTALLER MARKET REPORT

The comprehensive market report on the UK window, door and conservatory industry

April 2015

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THE INSIGHT REPORT

2014 Fabricator & Installer Market Report

Launched in 2012, the annual 'Insight Report' provides the clearest, most concise snapshot of window, door and conservatory companies in the UK.

While most industry reports research a cross sample of companies and amplify this to create a broad picture, the Insight Report uses data collated during extensive telephone research and interviews carried out with almost 15,000 companies on the Insight database.

Elements of the report are supplemented by financial information taken from publicly available sets of company accounts, provided to us by a credit reference agency.

This report also includes the Insight Top 30, which highlights the 30 largest PVC-U fabricators by turnover and 30 strongest by net worth.

INDUSTRY OVERVIEW

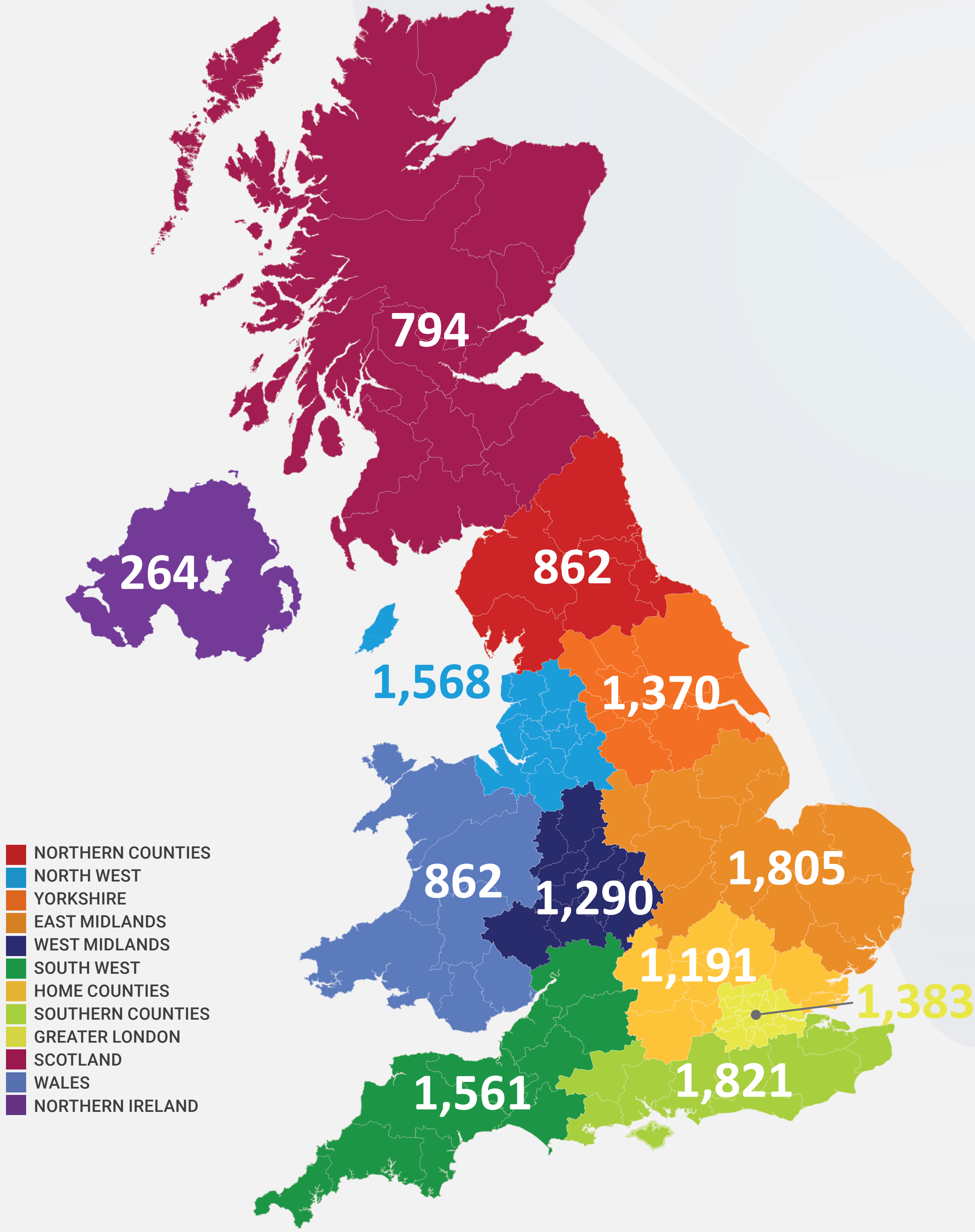
The Southern Counties is the UK hot spot for window companies, with 1,821 trading firms, followed closely by the East Midlands. The Northern Counties saw the highest net increase in firms with an additional 18 companies in the area, taking it to 862 firms. Northern Ireland had the lowest number of companies at 264.

The churn rate is a key factor in assessing the market. There are over 1,200 changes every month on the Insight database, from changes of management to business relocations. But it is the number of companies added to the database and those being removed (ceased trading) that give a strong indicator of churn in the market.

During 2014 Insight added 455 new companies and removed 819 that had ceased trading. Ceased trading was a combination of business failure and owner retirement.

The year ended with 14,771 window, door and conservatory fabricators and installers on the Insight database. Page 3 shows a map of the UK Fenestration industry by region.

FABRICATORS & INSTALLERS BY REGION



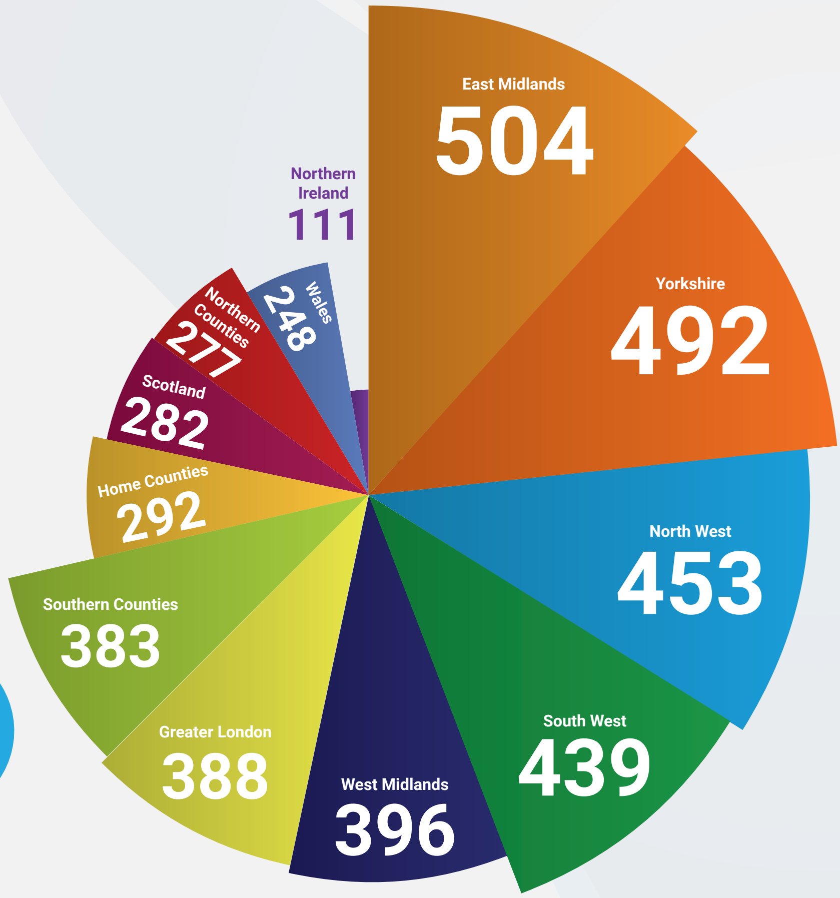
MANUFACTURING/FABRICATION

The number of companies who manufacture windows and doors (all materials) has stabilised, with a very small reduction overall (less than 0.5%). However there is an underlying shift in product material, with a reduction in PVC-U fabricators.

The number of PVC-U, aluminium or timber manufacturers now stands at 4,265 with the East Midlands having the highest number of fabricators and Northern Ireland the lowest number.

The diagram below shows more companies fabricate timber than PVC-U or aluminium. While most timber fabricators are historically small joinery shops, timber should not be overlooked as the market has seen renewed interest in timber. This is particularly relevant to glass, hardware and component suppliers identifying new customers.

NUMBER OF FABRICATORS PER REGION



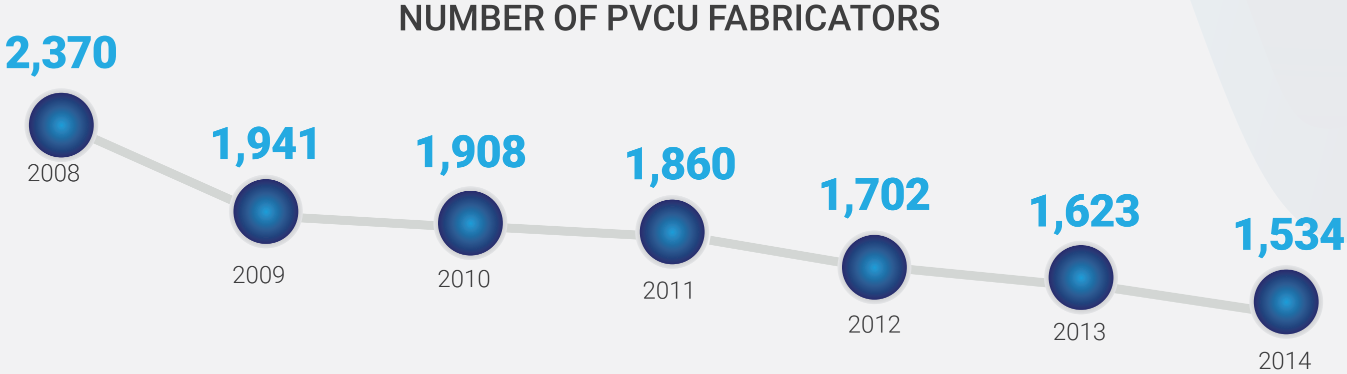
NUMBER OF FABRICATORS BY MATERIAL

(Note to graph: the figures combined equate to more than the total number of fabricators because a high number of companies manufacture more than one material).

PVCU FABRICATORS

While the number of PVC-U fabricators continues to decline the average frame-count per fabricator has increased, as companies on average improve production output in response to a general upturn in business.

NUMBER OF PVCU FABRICATORS



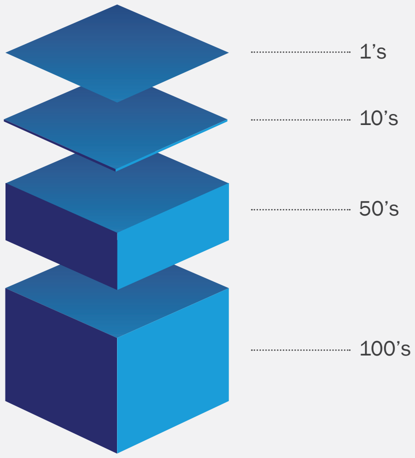
(PVC-U fabricator trend shows a steady decline, but average frame count has increased)

LIFESTYLE FABRICATORS DECLINING

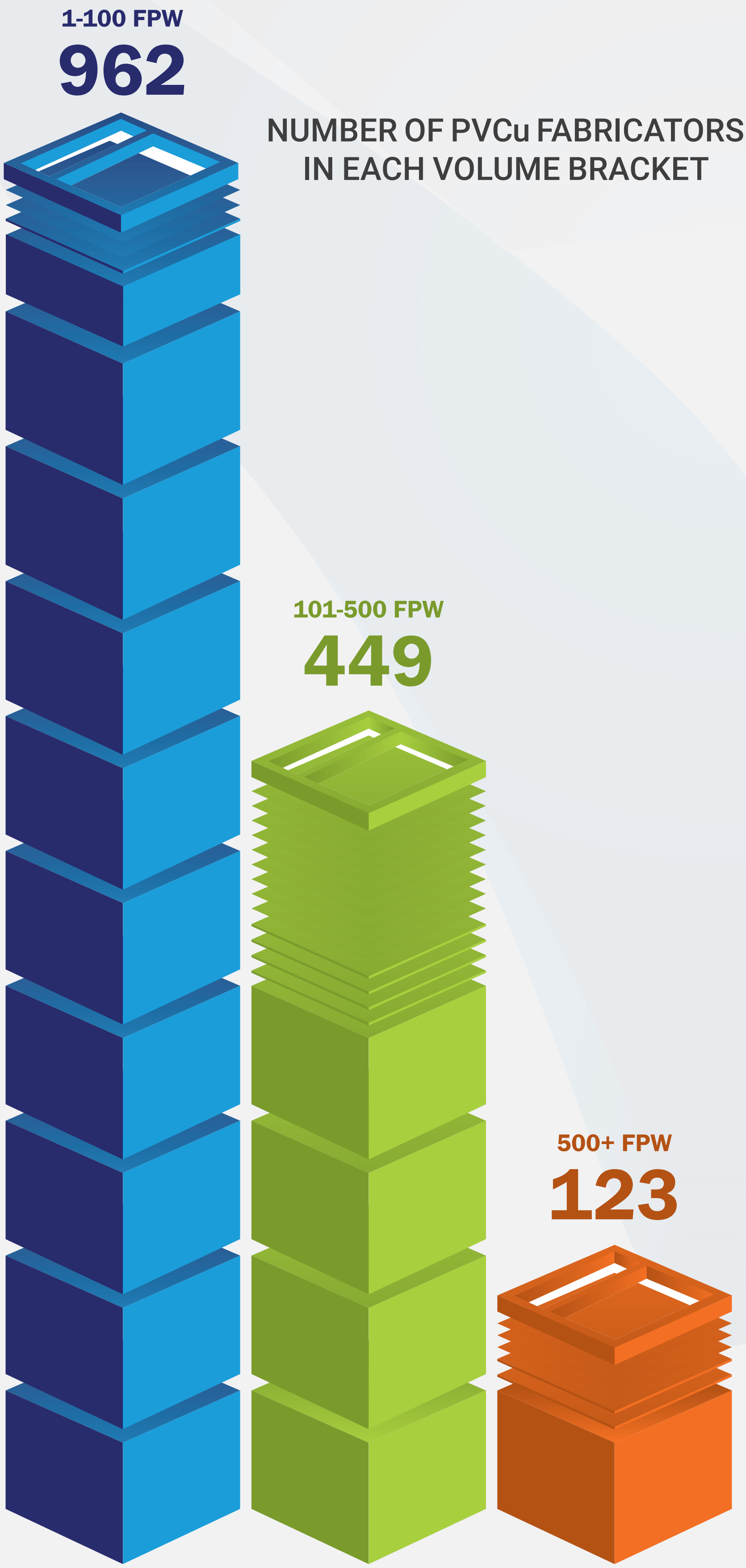
One of the most notable changes in 2014 is ‘lifestyle fabricators’. Small companies producing under 50 frames per week had been content fabricating for themselves. However, there has been a significant swing away from manufacturing at this level, with the number of small fabricators dropping by 94.

Meanwhile, the number of PVC-U fabricators making 500+ frames per week has increased by 15% to 123 companies.

(65% of PVC-U fabricators still manufacture 100 frames per week or less)



NUMBER OF PVCu FABRICATORS IN EACH VOLUME BRACKET



(63% of PVC-U fabricators still manufacture 100 frames per week or less)

GROWTH OF ALUMINIUM

There continues to be a shift towards aluminium among fabricators and installers, driven by demand for aluminium bi-folds and a renaissance in aluminium patio doors.

A brief review of aluminium systems companies gives a clearer picture of the market. Two companies in particular – Smart Systems Ltd and Aluk (GB) Ltd have achieved dramatic growth in sales and profit compared with their PVC-U counterparts.

Smart Systems has seen sales increase during the last three published financial years from £31m to £52m with an impressive pre-tax profit of £12m in their latest filed accounts (December 2013), while Aluk has seen a 52% turnover increase in the last financial year, returning 15% pre-tax profit.

These figures, together with other positive results from aluminium systems companies, reflect the growth of the market.

CONSERVATORY MANUFACTURING

The conservatory market suffered for several years, but in recent times has been reinventing itself driven by a chronic shortage of housing stock and rising house prices, as well as product innovation which is creating renewed consumer desire.

Conservatories have evolved from classic bolt-on rooms with standard Victorian/Edwardian or lean-to roofs, through to more sophisticated 'orangery' style rooms and now to integrated, bespoke glazed extensions.

Conservatory companies are witnessing increased demand for replacement roofs on existing conservatories from homeowners wanting better performance and aesthetics in their living space.

It is interesting to note that the UK's largest window and door retailer, Safestyle, has confirmed it is branching out into the conservatory market, but operating exclusively in the 'replacement' of existing conservatories, which they estimate to be 20,000 units a year.

Demand is also rising for solid-roof solutions for both new and upgraded conservatories, and several conservatory fabricators are already reaping the benefits of manufacturing this type of product.

The number of companies manufacturing PVC-U/aluminium conservatory roofs now stands at 277, while a large number of timber and joinery companies will manufacturer their own timber roof.

COMPOSITE DOORS FABRICATORS

The number of companies who fabricate composite doors continues to increase year-on-year, although only marginally in the last 12 months, reflecting a more stable and mature market.

The number of fabricators now stands at 392, and they can be split into two categories. Those that manufacture from 'blank' slabs are larger fabricators with their own CNC machining facilities, while smaller manufacturers tend to fabricate from 'prepped' slabs from suppliers who size and prep the slab ready to fit in a door set.

RISE OF THE BUILDER INSTALLER

The number of window, door and conservatory installers has increased again for another year and now stands at 12,609 firms.

The landscape for installers is changing; many have now become home improvement companies rather than specialist window companies, and offer a wider range of products such as garage doors or roofline products.

A return to economic growth in the UK has been good news for installers, but they also face new challenges with greater legislation and compliance, and competition from a fast growing sector – local builders.

There are now over 22,000 local builders active in home improvements, extensions and self-build projects all of which can include windows, doors and conservatories.

During 2014 the activity among builders has increased dramatically. With the growth of trade counter outlets (see ‘trade counters’) builders can now offer the same products as traditional installers without the overheads and sales/marketing costs associated with a typical double glazing business.

DIVERSIFICATION

Of the 12,609 installers 10,706 buy-in products from a fabricator or trade-counter depot, while the remaining continue to fabricate and install.

Diversification was an underlying theme of 2014. In addition to expanding into other home improvement products installers increased their core product offerings.

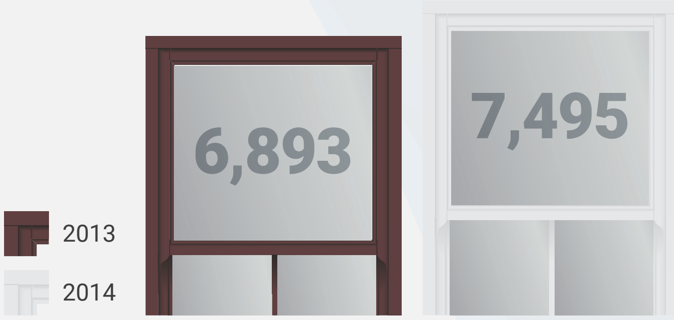
Aluminium windows and doors, including bi-folding doors and patio doors, are now offered by 4,834 installers, an increase of 291 compared to the previous year. But it isn’t all about aluminium; installers continue to promote premium PVC-U products including flush sash and coloured frames.

Composite doors are now an established product offering among installers, however there is dramatic increase in the number of installers offering homeowners a choice of composite doors from different manufacturers.

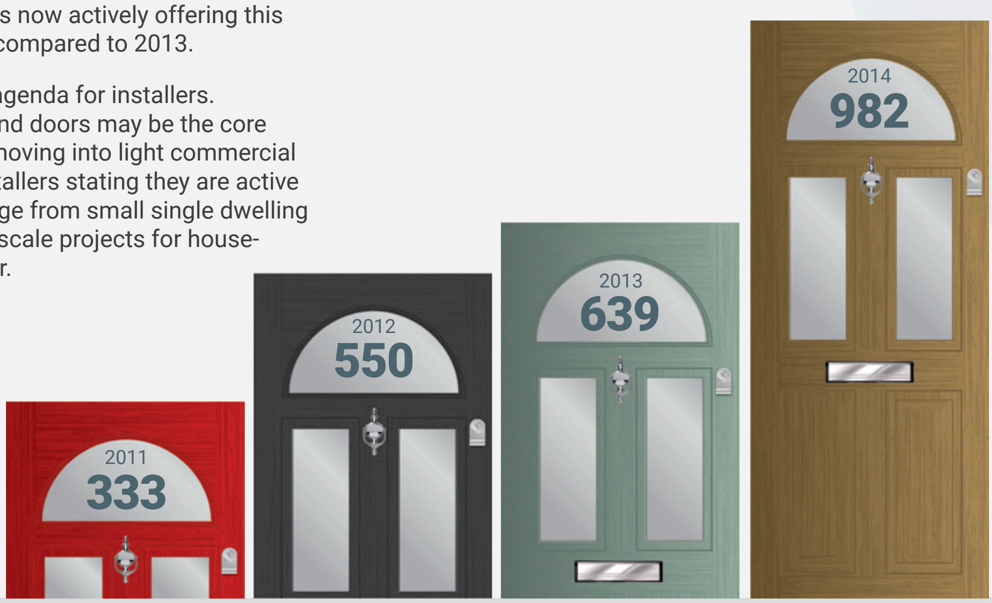
The stand-out PVC-U product in 2014 was vertical sliding sash windows, with 7,495 installers now actively offering this product, an increase of 600 firms compared to 2013.

New sectors are also high on the agenda for installers. Domestic replacement windows and doors may be the core business, but more installers are moving into light commercial and new-build, with over 7,100 installers stating they are active in new build projects. This can range from small single dwelling projects and self-build up to large scale projects for house-builders, depending on the installer.

INSTALLERS OF VERTICAL SLIDING SASH WINDOWS



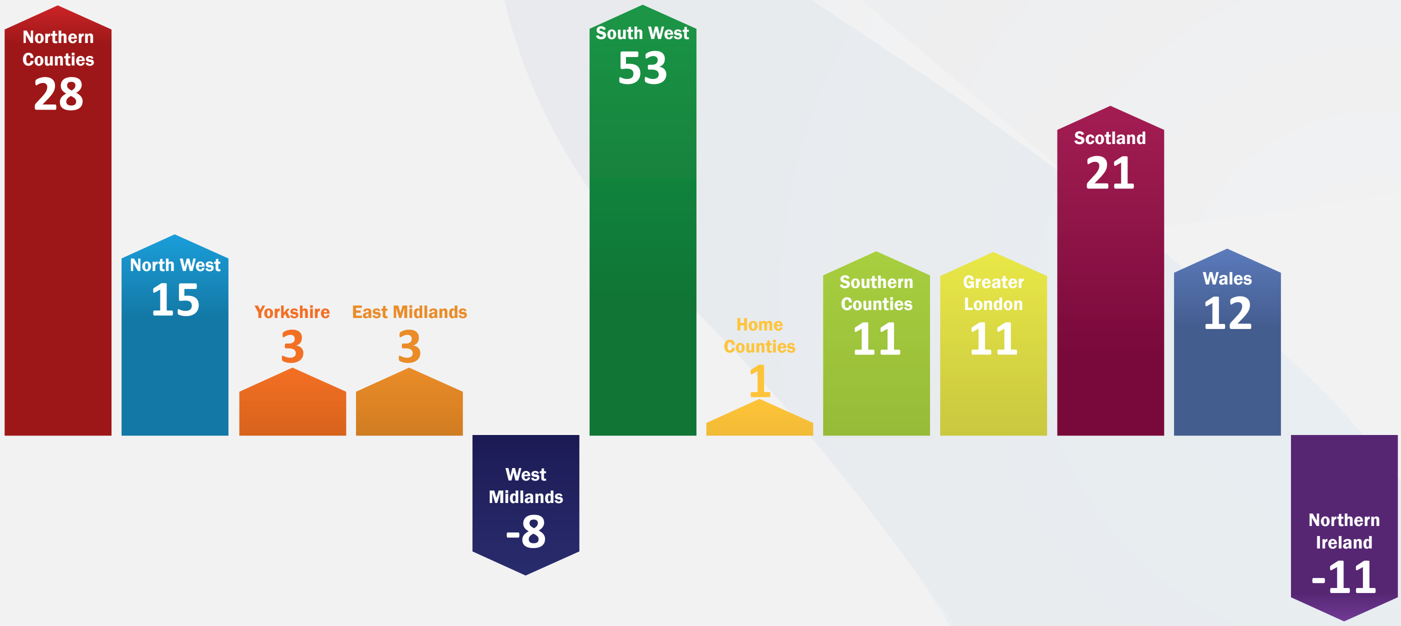
INSTALLERS OFFERING MORE THAN ONE COMPOSITE DOOR



See Right - Composite door installers offering more than one door

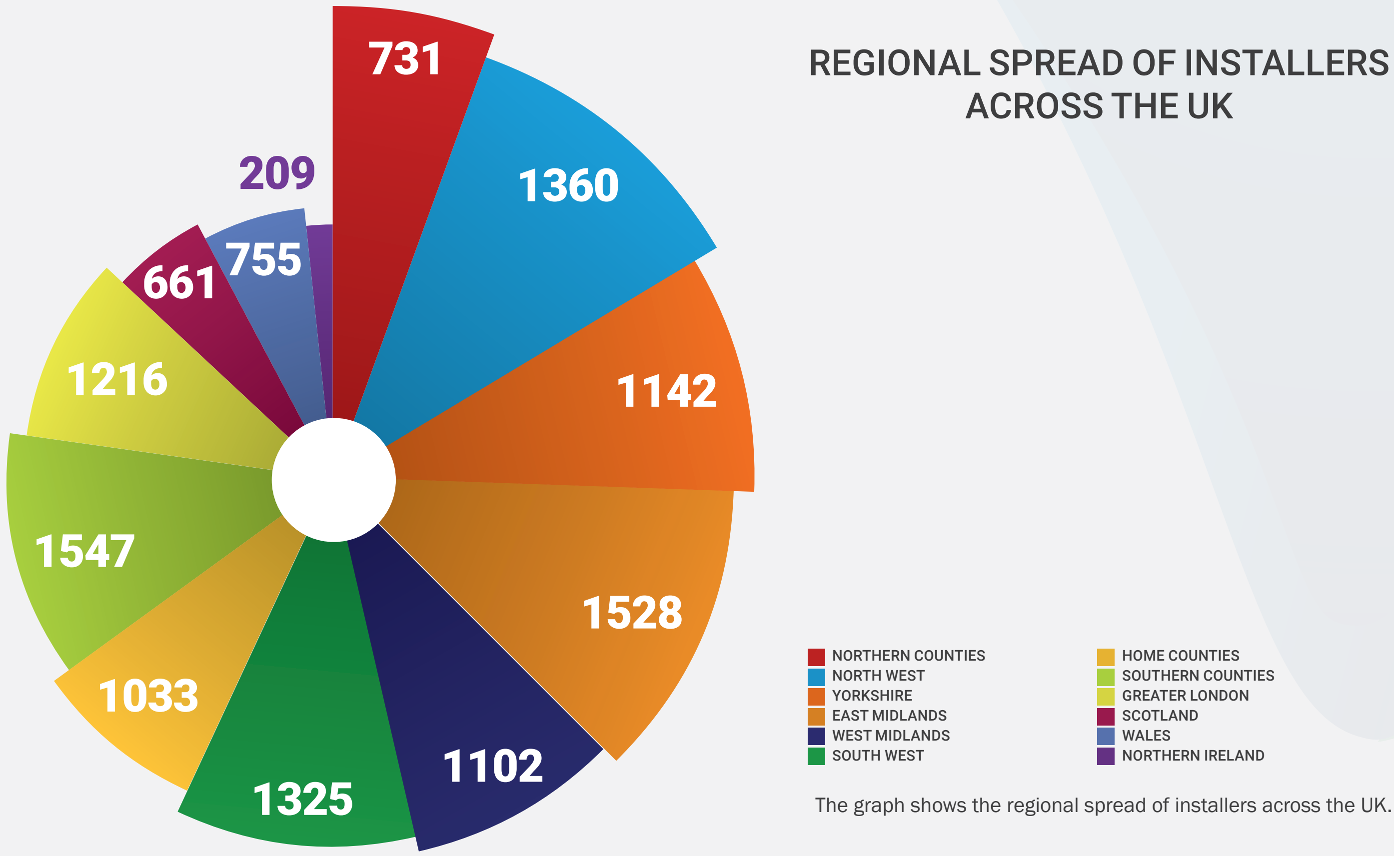
REGIONAL DEVELOPEMENT

NET VARIATION IN THE NUMBER OF INSTALLERS OVER THE LAST 12 MONTHS



Graph (above) shows the net increase or decrease in window and door installers across the UK, with the far North and Scotland recording the highest increase while the West Midlands and Northern Ireland saw a slight decline in numbers.

REGIONAL SPREAD OF INSTALLERS ACROSS THE UK



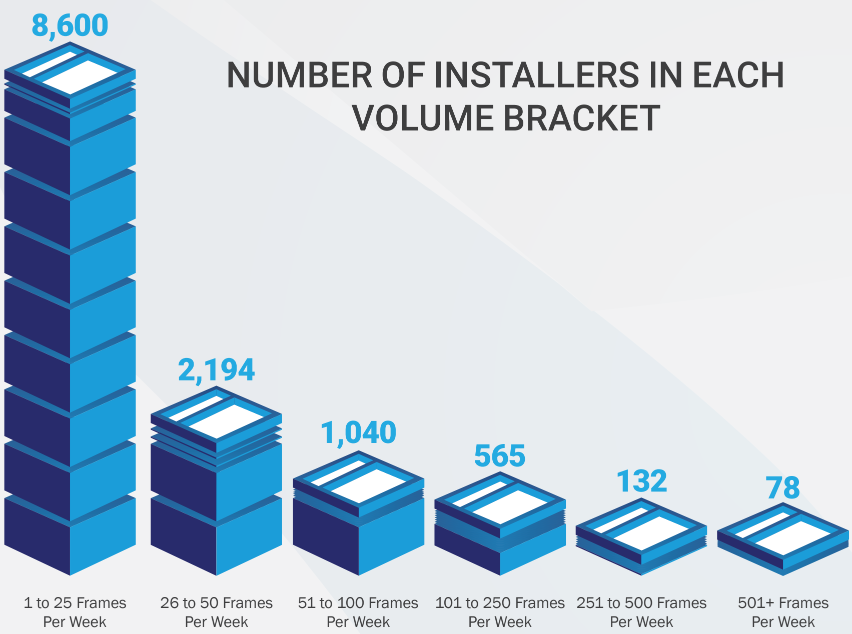
The graph shows the regional spread of installers across the UK.

BUSINESS SIZE

Graph (right) shows the number of installers (vertical) against the frames-per-week volume. Across all volume categories, except 26-50 frames per week, the number of installers has risen. The market is still dominated by small companies, with 8,600 installers fitting 1 to 25 frames per week.

With greater competition from local builders who are now offering the same or similar products via trade-counter depots, installers are seeking other ways to differentiate their product offering. One way of doing this is a showroom, and it is interesting to note that after many years in decline, the number of companies with a showroom presence has risen sharply in the last two years and now stands at 3,473.

NUMBER OF INSTALLERS IN EACH VOLUME BRACKET



INCREASE IN THE NUMBER OF SHOWROOMS

THE INDUSTRY DISRUPTOR: TRADE COUNTERS

The single biggest shift in the window industry is in distribution channels. Trade Counter Depots supplying products directly to local installers, builders and other markets (including DIY or self-build) is the big growth market.

Trade Depots can be a wholesale/re-sell model, whereby the operators buy-in products from manufacturers and sell through their trade counter (similar to a small Builders Merchant) or they can be vertically integrated whereby the manufacturer is operating their own outlet to supply local markets.

There are now 816 window/door trade counter outlets across the UK, a rise of 44 depots in the last year, ranging from independent distributors to large national chains.

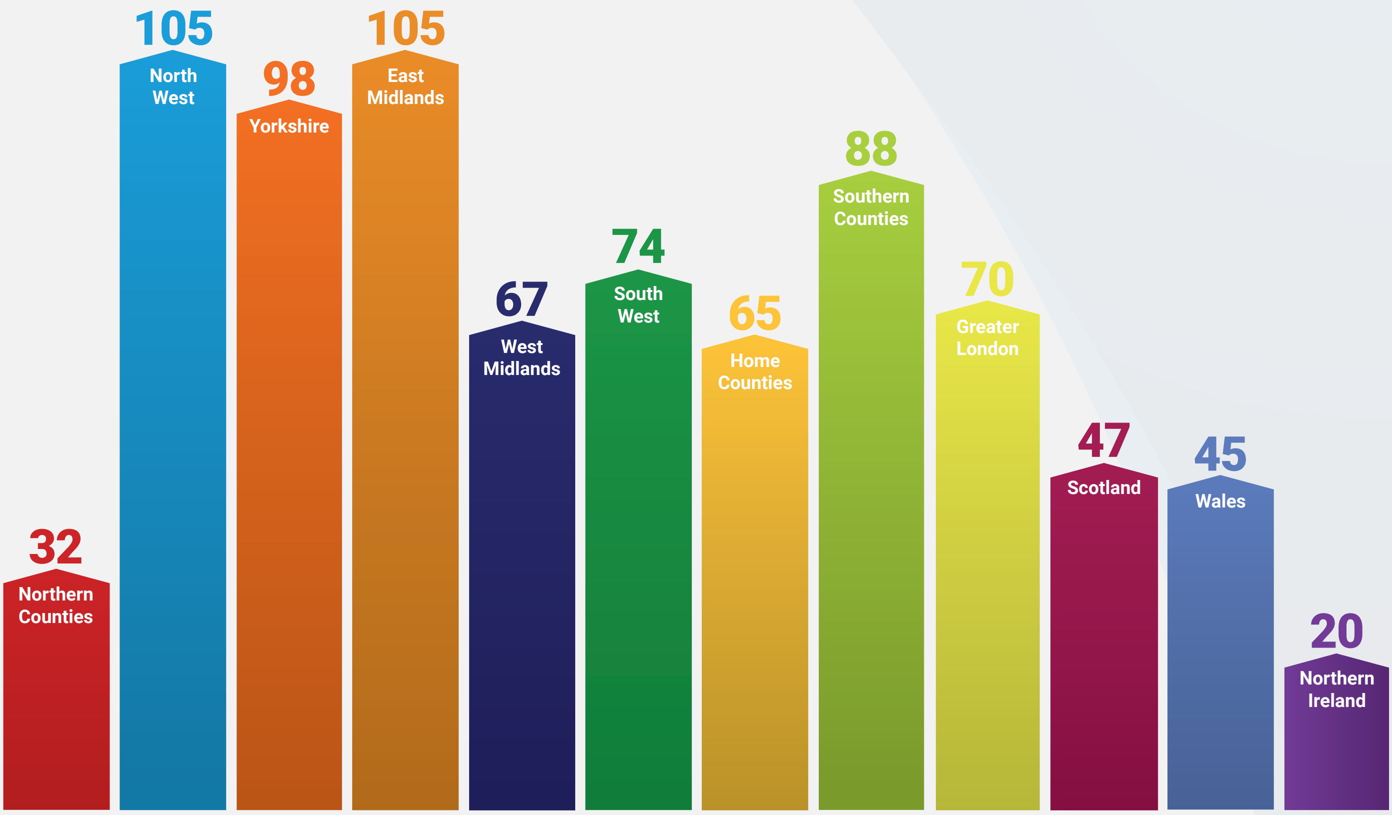
Some regional independents are seeing spectacular growth, with companies like Truemans Windows Ltd supplying 800 – 1,000 frames per week across three depots, without the need to fabricate.

Several national suppliers also operate in this sector including Masco, Epwin Group and the newly rebranded SIG Windows.

Several major PVC-U fabricators are now recognising the growth potential and benefits of a vertically integrated distribution network and have launched, or are launching, their own networks.

It is this growth in trade counter networks that is fuelling the 'Builder Installer', with over 22,000 local builders now actually offering windows, doors, conservatories and other products directly to consumers.

TRADE COUNTERS BY REGION



Graph above shows the regional spread of Trade Counters across the UK.

INSIGHT TOP 30 PVC-U FABRICATORS

The Insight Top 30 is focused on PVC-U fabricators in the UK. The report assesses information collated from the Insight fabricator and installer database, cross-referenced with financial data provided by a credit reference agency.

The report shows the top 30 fabricators by turnover, and the top 30 fabricators by net worth. Where the company has not disclosed sufficient financial information on their annual returns, they are excluded from the report.

The financial data is the publicly available company accounts that represent the latest filed records, available to Insight Data as of January 2015.

Turnover is not necessarily an indication of performance; a domestic/retail fabricator will have a significantly higher turnover compared to a trade fabricator producing the same volume of frames.

In addition, some companies offer a wider range of products and services but a financial breakdown of these is not available.

There is no clear market sector that is most profitable; the report demonstrates a spread of companies across retail, trade, commercial and new-build markets.

FINANCIAL ANALYSIS

The total revenue/turnover of the Top 30 represents almost £1billion in sales, rising by 6% to £971.8m compared to 2013, while the entry level to reach the Top 30 List has increased from £10.9m sales in 2013 to £12.3m in 2014.

Two companies, Conservatory Outlet and Sternfenster have both entered the Top 30 List for the first time reflecting impressive growth.

The total net worth of the Top 30 has increased by 4% to £196.8m, while the entry level to meet the Top 30 List has risen from £1.7m in 2013 to £2.2m in 2014.

2014	2013	COMPANY NAME	TURNOVER (£)
1	(1)	Anglian Windows Ltd	229,154,000
2	(3)	Safestyle UK	124,796,392
3	(2)	Everest Ltd	120,372,000
4	(4)	A and B Glass Company Ltd	36,885,882
5	(5)	Camden Group Ltd	29,557,800
6	(6)	Crystal Windows and Doors Limited	27,489,909
7	(7)	Sidey Limited	24,969,808
8	(8)	Nationwide Windows Ltd	23,825,399
9	(10)	Sovereign Group Ltd	20,753,662
10	(9)	Total Glass Ltd	20,345,123
11	(12)	Polyframe (Trade) Ltd	20,336,986
12	(13)	CWG Choices Ltd	19,670,987
13	(11)	C R Smith Glaziers (Dunfermline) Limited	19,574,291
14	(16)	CMS Enviro Systems Ltd	19,556,875
15	(17)	Glazerite Windows Ltd	17,865,412
16	(19)	Graham Holmes Astraseal Limited	17,276,031
17	(14)	Affordable Window Systems Ltd	17,192,909
18	(23)	Garrard Windows Ltd	17,112,402
19	(27)	Direct Trade (Yorkshire) Ltd	15,801,377
20	(20)	Dunraven Manufacturing Ltd/Sun Trade	14,881,816
21	(25)	Emplas Window Systems Ltd	14,671,342
22	(29)	Ford Windows Ltd	14,524,519
23	(24)	Customade (UK) Ltd	14,521,793
24	(21)	Consort Limited	14,458,651
25	(18)	Tradelink Direct Ltd	13,959,800
26	(26)	John Fredericks Plastics Ltd	12,882,402
27	NEW	Conservatory Outlet Ltd	12,467,568
28	(30)	Sash UK Ltd	12,358,710
29	NEW	Starglaze Ltd/Sternfenster	12,312,829
30	(28)	Modplan Ltd	12,303,390

2014	2013	COMPANY NAME	NET WORTH (£)
1	(1)	Anglian Windows Ltd	65,477,000
2	(2)	Safestyle UK	19,492,273
3	(3)	Crystal Windows and Doors Limited	12,277,821
4	(4)	Graham Holmes Astraseal Limited	8,269,527
5	(8)	Sekura Trade Frames Ltd	6,776,123
6	(5)	Tradelink Direct Ltd	6,253,480
7	(7)	Solar Windows Ltd	6,027,786
8	(6)	Camden Group Ltd	5,068,232
9	(12)	CWG Choices Ltd	4,959,492
10	(9)	Nova Group Ltd	4,843,364
11	(10)	Dunraven Manufacturing Ltd/Sun Trade	4,527,352
12	(14)	A and B Glass Company Ltd	3,644,741
13	(15)	Sash UK Ltd	3,535,076
14	NEW	McMullan & O'Donnell Ltd	3,476,648
15	(11)	Roundbrand Ltd	3,466,305
16	(13)	Consort Limited	3,411,550
17	(17)	Britannia Windows (UK) Ltd	3,105,736
18	(20)	Total Glass Ltd	2,924,265
19	(29)	CMS Enviro Systems Ltd	2,850,013
20	NEW	Direct Trade (Yorkshire) Ltd	2,688,963
21	(18)	Warwick Development (North West) Ltd	2,665,115
22	(23)	Nationwide Windows Ltd	2,597,131
23	(21)	Sovereign Group Ltd	2,554,264
24	(19)	Dungannon Window Company Ltd	2,341,598
25	NEW	H Jarvis Ltd	2,307,046
26	(16)	Dempsey Dyer Ltd	2,305,314
27	(30)	Crest Glazing Ltd	2,262,940
28	(27)	Customade (UK) Ltd	2,260,077
29	(26)	Sidey Limited	2,253,376
30	(22)	Exterior Plas Ltd	2,180,462

CONCLUSION

The Insight Report provides a snapshot of the industry, it is not designed as an in-depth analysis or forecast. However, several trends are emerging from our review of the industry.

The number of PVC-U fabricators continues to decline, but the rate of decline has slowed. Meanwhile, fabricators are diversifying, manufacturing a wider range of products and often in other materials.

Fabricators and installers are both chasing higher value PVC-U solutions, from flush sash windows and colours, to vertical sliders. We expect to see continued growth in this area, particularly around vertical sliders.

Aluminium is now firmly established as an alternative to PVC-U, and it's no longer just about bi-fold doors. We predict rapid growth in large-span aluminium patio doors.

The composite door market has remained consistent, but the conservatory market is going through another transition as solid roofs become increasingly popular and the 'replacement' market is finally taking hold (frames and roofs, or roofs only).

Trade counter depots are the disruptor. The business model is changing the supplier/installer relationship, and also opening the floodgates to a further 22,000 new trade customers – "Builder Installers".

We predict that as window companies evolve into home improvement specialists, and builders capitalise on the availability of window and door products through trade-counters, the line between installer and builder will dissolve, and we will see 34,000 home improvement companies.

This report is produced by Insight Data Ltd and provided free of charge for the benefit of the industry.

Insight Data is the leading provider of business and marketing data for the fenestration and building industry. The data is produced by a team of Insight researchers and data analysts, with a call centre making over 20,000 research calls per month and a sophisticated software system that manages 7 different research and update methods.

Insight is registered as a data controller with the Information Commissioners Office, is a full member of the internationally recognised Direct Marketing Association (DMA), the UK based GGF (Glass and Glazing Federation), and is twice winners of the Government backed Enterprise Agency Business of the Year Awards.

The report is compiled and written by Insight Data's founder and Managing Director, Andrew Scott. Andrew has 25 years' experience in the window and conservatory industry and is a past member of the GGF Marketing Communications Committee, a Fellow of the Institute of Sales & Marketing Management and an accredited member of the Institute of Direct Marketing. He studied at Queens University, Belfast and Cranfield School of Management.

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