

A BIG THANK YOU BEFORE THE HEATING SEASON

As you can see from Andrew's summary, the wood and solid fuel burning markets continue to be difficult – having said that, thank goodness we are a Solid Fuel, Gas & Electric business as Gazco continues with momentum. It is worth bearing in mind that Stovax is down but by no means out – it only takes a macro change in oil pricing and solid fuel could come 'roaring' back!

Thank you all for your continued efforts. It is certainly not easy to maintain high levels of motivation and enthusiasm when these kinds of business results are communicated, but I ask you all to keep the faith and want to let you know your efforts are appreciated. Our efforts are showing in the results for Gazco – thank you all, we need to keep driving to support Stovax during this market dip.

It's a busy time of year as we prepare

for the next heating season. Our New Products bulletin has been released with some exciting new offerings, Otter Building has been closed (thanks to David and his team) saving a significant amount of money, the Customer Service combination to a 'Group' function has begun with key departments moving to facilitate this. Furthermore, we've seen upgrades to our buildings, such as lighting in certain areas and a much needed lift to the Stovax warehouse 'facilities', plus new access routes to our warehousing ensuring pedestrians can move around safely. And, of course, we have just carried out our people review and pay increase processes are well under way etc.

In summary, although we are slightly behind budget with money understandably tight and whilst clearly any spending needs to be carefully controlled,

we are a financially stable, well-supported business and will continue to spend on worthwhile improvement projects.

Finally, I would like to acknowledge our Production teams (this includes purchasing & warehousing) for the significant efforts in not only smashing our back order book down but for the huge effort in preparing for the coming heating season. We are in hugely better shape than previous years – this has not been easy it has taken focus and effort. I am 100% confident our customers will see a difference!

Enjoy the summer (I hope the current weather improves!) - Alistair



CONGRATULATIONS!

Congratulations to Craig Marks (Area Sales Representative), who reached 10 years of service on 8th June!



THE FIGURES

The ongoing trend continues with Gazco growing ahead of last year (albeit by a smaller amount in the month of May), and Stovax continuing to be behind whilst operating in a difficult market.

Material margins have improved a little, though the level of warranty cost in Gazco is still a concern. We continue to invest in sales & marketing promotions, meaning that overheads are running slightly above budget, once currency effects are discounted.

Currency continues to be volatile and difficult to predict with May reversing losses from earlier in the year. Overall, our results were slightly ahead of last year but slightly down on budget.

MOVIN' ON UP!

Some of the biggest news for the company lately has been the big move across Stovax and Gazco offices. Firstly, thank you to everyone so far for making this move work well and with little disruption. Thank you to Ian Mancey and the IT department, for arranging the logistics of the move, and of course, to all of our employees who have tidied, cleared, lifted furniture, and moved their offices across the two sites.



For some of us, this may have been a particularly emotional move – we appreciate that many of our employees will have been in their respective office for many, many years, so this is a big change. It is, however, so encouraging to see so many of us meet this challenge with positivity both for their own roles and for the aims of the business. Emma Billings, Group Customer Services Manager, said: “This move will be in aid of creating a UK Group CS department in-line with our existing Group Export and TCS teams, consolidating our separate customer services teams. For both teams there will be a period of cross training on product, but initially, the first aim is to have everyone based in one building, and working together.

We need to be able to react to the changing market, making sure we have a multi-skilled workforce, ready to react to our customer needs now, but also to be able to flex this resource for the future.

The UK Group CS should allow customers to have one point of contact for both companies and harmonise working practices between the two brands.” We hope that everyone is now either settled into their new home, or looking forward to their new office. Thanks again to everyone for their understanding and co-operation during this time. If anyone has any questions or concerns, please do feel free to raise these with Emma Billings, Ed Henry, Matt Beckenham or Caroline Carr.

CREAM TEAS FOR CANCER!

Thank you to everyone who has taken part in Force Cancer Charity's fundraiser. We have raised a total of £130.



FIVE MINS WITH... SIMON HART

CONTINUOUS IMPROVEMENT
SUPERVISOR

How long have you worked for Stovax & Gazco?

It was 16 years in June!



Describe a typical working day.

Starting at 6am every day, at the moment my typical day is working on new and existing work instructions, timing different products against their BOM times, and involvement of the day-to-day running of the metal shop.

What's been the highlight of the year so far?

Seeing the changes in the metal shop with the rivet line moving, increased technology, and the operation bookings stations.

What is your main challenge for the rest of 2019?

To pass my CMI course before the end of year!

Favourite TV programme?

Has to be Ricky and Morty.

What's the best way to spend a weekend?

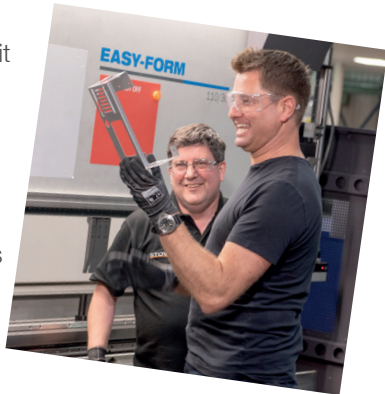
It would have to be watching Exeter City on a Saturday, then seeing a band. To top the weekend off, a Sunday walk on Dartmoor, followed by watching a film in the evening... ideal!

GEORGE CLARKE VISITS STOVAX & GAZCO!



Last month, we had a very exciting visit from TV presenter and architect, George Clarke. The day ran very well, following a gas product that will end up in an end-user's home on the series, whilst also telling the story of the wealth of products the company has to offer.

Although not confirmed yet, it seems we should get some nice airtime with all going to plan, and George really enjoyed getting stuck in with various stages of a product's lifecycle – including a bit of spot welding!



ANOTHER HAPPY CUSTOMER...

We'd like to commend Chris Luke in Customer Services for the following complimentary thank you from an end-user:

"Mr. Chris Luke is a reliable and helpful employee. When there was a problem with the delivery of the package, Chris, solved the problem. Such employees will always create good opinions of employers, and I will 100 percent recommend your company. I have a plan to buy a second fireplace, and I will definitely use your company. Thank you."



WHAT'S NEXT IN HEALTH & SAFETY?



FIRE RISK ASSESSMENTS

We are beginning to undertake Fire Risk Assessments across every site – a very involved process that results in a detailed document for each and every site. These are important to us as a business, with the overriding purpose being to comply with statutory requirements for life safety but the risk assessments also ensure that we:

- meet insurance requirements and,
- meet business continuity and financial requirements.

Thank you for your continued cooperation and commitment to health and safety.



VEHICLES AND PEDESTRIAN SAFETY

Traffic in the workplace includes both pedestrians and vehicles. Across all sites, there are marked walkways and crossings to access and move around safely. A small reminder that it is the responsibility of the pedestrian or car driver to stop and give way to Forklift Trucks and lorry movements. Please never assume a Forklift truck or Lorry driver has seen you or knows you are there.

All staff and pedestrians must:

- Use only the designated pedestrian routes, walkways, crossings and entry/exit points at all times.
- Give way to all vehicle movements.
- Keep out of the Marshalling areas. There are constant vehicle movements/operations and loading/unloading throughout every location, every day, all day.
- NEVER assume a Forklift truck or Lorry driver has seen or knows you are there.

All Car, Van and Motorcycle Drivers must:

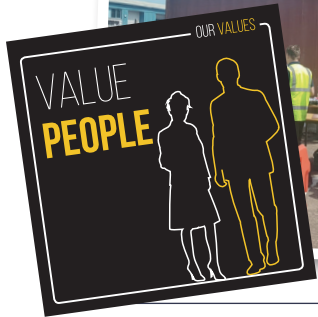
- Obey the site vehicle speed limit of 5mph, at all times
- Obey signage, traffic routes & one-way systems.
- Use only designated car/bike parking.
- Use only the designated pedestrian routes, walkways, crossings to and from the car parks

Always use designated parking spaces and never block access routes, entrances and exits. It is critical that emergency vehicles can access our sites and buildings at any time.

SAFE ATTITUDES • SAFE PLACES • SAFE PEOPLE

SUMMER BBQS

Somehow, we were lucky enough to have enough sunshine last month for a company BBQ. Hopefully we all had chance to grab a burger at one of the two events – they were once again a big hit!



STOVAX FEATURED IN FRENCH TRADE FAIR



Two Stovax products were displayed at the Foire Internationale de Bordeaux this year! This event is a large international trade fair held annually since 1921, near Bordeaux in South West France. The fair ran from 1-10 June, with 1200 exhibitors representing all aspects of business relating to lifestyle, culture and the home. Local retailer Aäsgard Bordeaux exhibited the Studio 2 Freestanding and Elise 540T woodburning stoves on their stand, and were very satisfied to see a lot of interest in the products, selling five Stovax stoves during the fair and making numerous contacts for future sales.

GAZCO FEATURED IN DUBLIN'S IDEAL HOME SHOW



Earlier in the year, Gazco were featured prominently on a retailer's stand in the Ideal Home Show in Dublin. Seeing almost 30,000 visitors, this show offers ideas and information direct to consumers looking to make changes to their home. Flame Fire Centre, a retailer based in Carlow, Ireland, featured several Gazco products on their stand, and offered a discount at the show itself.

Jon Myers, Field Sales Manager, spent 3 days at the show with the retailer to help them to set up. He said "they did very well from the show, and even if consumers don't buy there and then, many come back at a later date when their home is ready for it."

BUMPER BIRTHDAYS

Happy birthday to the following people who celebrated some milestone birthdays recently... Alex Otero (Marketing), Peter Treen (Assembly), Nigel Nockles (Planning), Tony Dye (Prototype), and coming soon in June, Mark Newberry and Thomas Ahearn.

Happy birthday from all of us at Stovax & Gazco!



NEW PRODUCT PREVIEW OUT NOW!

The annual preview of our new products has been printed and mailed to our retailer network. With a striking front cover, and an array of eye-catching new products, we hope that our retailers will enjoy the offering we have for the heating season this year.



WHERE'S THE VALUE?

One of the flags from the Staff Survey results was that there is still work to be done in recognising our company values. There are nine to be found in this Word Search.

For example
Communicate Openly =
Communicate

P	X	N	P	A	S	S	I	O	N	P	A	Y	V	C
T	E	Q	O	A	Z	K	W	I	M	C	V	T	C	O
C	E	O	M	I	I	F	J	S	C	R	T	I	G	M
Z	U	V	P	Q	T	S	W	O	L	C	F	R	A	M
E	C	S	Q	L	C	A	U	K	E	O	F	G	L	U
G	O	T	T	I	E	N	V	P	H	M	Y	E	E	N
O	L	F	J	O	T	H	S	O	Q	R	B	T	F	I
Z	K	O	W	A	M	E	Y	B	N	O	I	N	K	C
L	C	X	B	J	R	E	S	G	O	N	C	I	P	A
P	B	L	J	U	K	T	R	F	W	O	I	J	L	T
G	E	J	F	E	L	W	P	F	P	Q	F	K	E	E
H	I	T	N	E	M	N	O	R	I	V	N	E	Y	W
J	B	H	S	L	C	L	S	I	S	R	A	Z	T	F
I	U	L	C	G	M	G	D	U	C	Y	S	W	R	M
Q	G	H	S	C	R	S	N	V	F	D	G	T	Q	Y

187

STAFF RESPONDED

59% OF STAFF

NO DEPARTMENT IS A DETRACTOR

FOR LEAVING WITHIN THE NEXT YEAR



"WOULD YOU REAPPLY FOR YOUR CURRENT ROLE?" SCORED AVERAGE 6.8 & "WOULD YOU REFER SOMEONE TO WORK HERE?" SCORED AVERAGE 6.5

THERE WERE NO DETRACTORS AROUND UNDERSTANDING THE PRIORITIES OF THE COMPANY, WE'RE PLEASED THAT THE ROUND TABLE/ NEWSLETTERS ETC. ARE HAVING THE REQUIRED EFFECT.

THERE IS A LACK OF AWARENESS OF OUR

COMPANY VALUES

THERE IS STILL WORK TO BE DONE ON THESE VALUES AS PEOPLE BELIEVE WE DON'T LIVE BY THE VALUES.

6.8

AVERAGE SCORE FOR "HOW HAPPY ARE YOU AT WORK?"

OVERALL STAFF FEEL THAT THE MANAGEMENT TEAM IS NOT

TRANSPARENT, OR WORK WELL TOGETHER AS A TEAM.



GENERALLY NO DEPARTMENT IS SATISFIED WITH THEIR PAY, WITH AROUND 70% OF STAFF RAISING THIS AS AN ISSUE. STAFF WERE HOWEVER BETTER SATISFIED WITH OTHER BENEFITS WHICH HAVE IMPROVED OVER RECENT TIMES.

STOVAX | GAZCO
Fire Your Imagination

STRIVING FOR IMPROVEMENT

We would like to thank everyone who participated in the survey, your feedback is extremely valuable so we can better understand where we are getting things right, and of course where there might be room for improvement.

Here is a brief summary of the survey results in an easy to digest format. Rest assured that we will be looking at all these points in much more detail with a view to taking some actions towards improvement wherever required and possible - we hope to communicate these out later in the year.

When viewing the scoring, 1-10, most people won't give a score of 9 or 10, and so high 6's and above are reasonable scores. We are not complacent, and will work to try to get these scores up to a 7, 8, 9.



AVERAGE SCORE FOR JOB SECURITY
6.7



HEALTH & SAFETY WAS CONSIDERED GOOD IN ALL AREAS, AND ACROSS THE BUSINESS ON THE WHOLE.



THERE IS A VERY NEGATIVE FEELING ABOUT LACK OF TRAINING IN THE BUSINESS, DESPITE THE NUMBER OF TRAINING HOURS IN 2018 INCREASED DRAMATICALLY FROM THAT OF 2017.

STAFF FEEL THAT THEY ARE VALUED AT WORK,

RECEIVE RECOGNITION, ARE RESPECTED BY THEIR MANAGERS AND THAT THEIR MANAGERS HANDLE ISSUES WELL WITH SCORES OF BETWEEN 6.3 AND 7.



DO YOU HAVE FUN AT WORK?
SCORED 6.8



45%

RAISED CONCERNS WITH RESOURCE LEVELS OF THE BUSINESS