



Here comes the Sun...



At last, it feels like summer is coming. Although it is obviously not great for our incoming orders, it's nice to see people enjoying the warm sunshine. We have had a reasonable start to the year, so thank you to all for your efforts. We are facing some headwinds, specifically in Stovax, with air quality and our perceived contribution to pollution heavily covered in the press. I think on balance the harsh headline-grabbing statements were offset by the facts: using newer Ecodesign Ready stoves with good quality seasoned wood is the answer. We did however see a spike in calls with concerns, mainly around end users who were worried that their recently purchased stove is soon to be banned. This is clearly not the case, and I would encourage everyone to read the material Ed Henry is distributing and placing on noticeboards, preparing you to 'champion' our cause. Unfortunately, I do think this will slow an already flat marketplace so we all need to focus on delivering exemplary service to our customers to ensure we get more than our fair share of the business, which is out there.

On a far more positive note, the plans for Gazco production are going well – with Laurie, Keith and the assembly teams preparing to move to the new facility next week and for our new Brake Presses to be installed during the shutdown. We will then focus on 'fill rates' – on time deliveries to our customers. There are exciting times ahead.

We held a UK sales meeting last month – it was great to get the perception from the 'coal face'. The team had a huge amount of insight to offer and it was a pleasure spending time with them. We will implement many of their ideas and suggestions. An extremely busy sales period is approaching, with Dealer Days almost here, and we have an exciting range of products to show across both companies. There has been some great work by all to get them ready (too many names involved to individually call out) and by Marketing, showing them off in the 2018 New Product Preview. I am looking forward to meeting as many of our customers as I can, and urge everyone to support our sales people by interacting with the customers – show them we care and appreciate the business they place with us.

Finally thanks again for the efforts. For those out on the 'shutdown' period, have a good break and come back ready to continue with our first 4 months' success.

Alistair

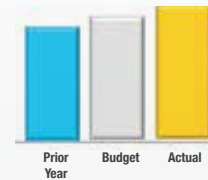


The Figures

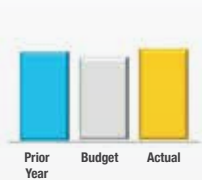
Group sales were up by 33% against last year to £3.7m, but there were 20 trading days compared to 18 last year, so some of this was to be expected. However, underlying sales were up by 20%, more than making up for March being down. Orders in also decreased by 17%, on a like for like basis.

Strong underlying sales growth continues in Gazco, offsetting a more muted performance in Stovax. The level of back orders fell very slightly during the month, but our order book still remains nearly a third higher than last year. Margins have stabilised, following sharp declines last year but the currency markets remain volatile.

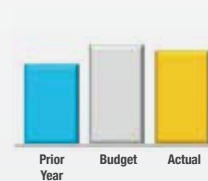
Year to Date Revenue



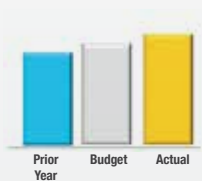
Year to Date Profit before Tax



Year to Date Overhead



Year to Date Margin



Overheads, meanwhile, are virtually on budget. Overall, our results for the first four months were a satisfactory start, but, as usual, it is the last quarter of the year which will be critical. The major focus is now on clearing the existing back orders, before the current warmer weather leads to cancellation of orders, and planning for next season.

Work on the move of the assembly lines to the D units has progressed well and the project to dispose of obsolete stocks can now be accelerated to free up further warehouse space.

Upcoming Dealer Days

Preparation for Dealer Days is underway, with exciting work starting on the new electric fires showroom in the Innovation Centre during May. Work will also start on a new seating area at Gazco, which will put the outdoor tables out of action for a week or two, but all in the interest of sprucing up our space ready to welcome our retailers.

Changes will also be made in the main showroom, with new products slowly appearing on display, and the Nordic Cabin at Sanderling court will also receive its annual rejuvenation.

Dealer Days will run throughout July, and for some, into early August. Martyn Allen, Associate Director of UK Sales, said:

"We hope to see similar numbers to last year, consisting of customers from the UK and Export markets – perhaps even Australia! I am often asked why we do 'Dealer Days'. Sometimes I, and all of the Sales

team, ask the same question... usually when we are running behind on the Showroom refit, or when showing customers round our new products in 90-degree heat...

"A successful launch of new products is pivotal to our success, and there is nothing better than customers leaving Exeter excited and expectant of how these products can improve their sales with us."

It is important that we take our dealers behind the scenes, strengthening our relationships with them as we showcase our ongoing improvements and how these will benefit them and further cement our partnership going forward. There will be a lot of Hi-Vis vests roaming around all of the sites during July and much can be gained by a smile and a hello if you see them passing. If anyone wants to find out more about Dealer Days, get in touch with Martyn for a chat.



Congratulations!

Congratulations to Russell Bassett and Gavin Russell, who have been promoted to Quality Team Leaders, and to Marc Berry who has been promoted to Warehouse Supervisor for Otter. Also congratulations to Natalie Boyce, Customer Service Team Leader & Trainer, who celebrated 20 years of service in May.



First student to pass an apprenticeship in the company

Tyler Haydon, Warehouse Operative, is the first and only student to pass an apprenticeship in the company. Tyler's apprenticeship included a Performing Manufacturing Operations NVQ and an Industrial Environment Awareness exam, where he learned how to work with efficiency, with a consideration for health and safety, and to understand potential impacts on the environment when working in a manufacturing workplace.



Stay well at work!

Staying hydrated is vital to our productivity, energy levels and overall health. Water helps us stay alert and refreshed, and promotes clear thinking – especially now that we're edging into summer. In the interest of taking care of our environment, bring a reusable water bottle to work that you can refill throughout the day.



New Production Engineering Team



An important new team has been brought together to provide much needed resource to help develop production capability at Gazco.

The Production Engineering team, consisting of Dave Clow, Izaak Douglas and Harry Lee who joined in May, is located in the heart of the Gazco factory in the new Production Engineering office, previously the Marketing meeting room. Each of the engineers bring their specific strengths to the group: Izaak with his lean experience reporting into John Myhill, Dave with considerable quality and problem solving experience and Harry who has had solid Engineering training, much of it gained in tool room work.

The combination of these skills within the team, applied to the task of improving all aspects of production, both in the metal shop and assembly areas, will enable us to really embrace continuous improvement within Production.

Laurie Bayliss, Production Director, said: "Whether addressing the processes and

production methodology, helping to ensure the best possible 'Design for Manufacture', or implementing the strategic development plans for Production at Gazco I am very excited to see this group coming together."

The new team already have a good list of improvement projects to address. Gazco also has a new Production Planning Manager Andy Clennan who also joined us in May. Andy will lead the Production Planning team as they act in their pivotal role ensuring customer demand, purchasing supply and factory output all work in harmony to achieve the best possible customer service.

Andy joins us from Branston Ltd in Somerset and brings a wealth of managerial and planning experience to help develop the planning processes and support the team during a period of considerable change. Laurie adds: "Please join me in helping these new starters feel welcome and settled in to their demanding roles."

New Stovax Stoves Brochure

Our Stovax stoves brochure has been given a new look, with a sophisticated black cover that is reminiscent of last year's eye-catching New Products Preview. The result is a very premium brochure that we hope will encourage consumer sales.

The brochures now have much more of a lifestyle feel to them, and also include the new Vogue and Vision Midi T multi-fuel models alongside the Stockton 5 Wide and Stockton Cook Stoves.



Five mins with...

Jack Drew

Electrical Development Engineer

What is your role?

Well, I am the only Electrical Development Engineer (the Electrical Department), so I cover anything to do with the electric fires, and I am involved with the electrical systems in use in or around our other fires.

Mostly my role is about growing the electrical side of the business, to develop market leading electrical products that increase sales in line with the expanding electric fire market.

How long have you worked here?

1 year almost exactly.

Describe your average working day.

Hmm... there's a lot of variety in my role, so every day is different!



My most common work involves developing my new prototype fires & fuels in the lab, and working closely with our Technical Publications team... and more!

What has been your biggest work achievement so far?

Developing a new prototype Electric Stove that produces a brand new flame effect. It's not finished yet, but it's coming along nicely!

If you could be any animal, what would you be and why?

A Tigger! Because tiggers are wonderful things! And because like my role, the most wonderful thing about tiggers is I'm the only one.

What does your ideal packed lunch look like?

Yummy leftovers! Or Pizza Friday...

What's the best way to spend a weekend?

Spending it with my wife, having lunch and a kayak by the sea, and going to the cinema.

HOG ROAST

The Hog Roast lunch days held in April were a big hit, drawing in crowds of eager hungry faces. Hopefully we will have all had the chance to enjoy at least one, if not two, three or more hog or veggie buns!

For those that attended the Gazco-based lunch in particular, the weather was practically tropical – ideal for enjoying some food al fresco! A big thanks to all that helped to organise and serve on these two successful days!



Emergency Staff Information

There is now an area on the Stovax & Gazco website where emergency staff information is displayed. To access this area, go to www.stovax.com/staff. This can also be accessed from home, so for example in the event of adverse weather conditions, this area will be updated accordingly to provide information on company opening/closure.



Green Fingered Gardener



You may have noticed that Stovax's outdoor spaces are looking particularly pretty and trim, with new flowers added and tidy borders. This is thanks to Richard Collin, Professional XQ Customer Service Advisor, who has lovingly cared for this green space all in his own time.

Richard has also cleverly up-cycled a number of items from the scrap pile into some creative planters. As a small thank you from us all, there are some gift vouchers on their way to Richard so he can buy something nice for his own garden.



What you can do for IT security

It's important we are all aware of general IT security and what we can do in the office to avoid a data breach. Email scammers work on familiarity, threat, complacency and temptation. Falling foul of a phishing email can result in the loss of personal or company data, unauthorised access to your online accounts and giving up control of your PC, tablet or mobile phone.

Use these tips to safeguard yours and our information and systems alike:

- **Check the 'from' address.** The sender's name may look familiar but the associated email address may be unusual.
- **Is the greeting impersonal or inappropriate?** Is there poor spelling, grammar and presentation? Scammers are getting better at this but there is often a clue in the way they address you and the format of the email.
- **Check contact information and other weblinks.** Hover your mouse over any weblinks to see where the link will take you if it was clicked on. Contact information on these emails may also be incorrect.
- **Check branding.** Real companies spend a lot of time and money in this area and there are often subtle differences in the official branding from legitimate senders compared to the phishing version.
- **Check if the linked website is legitimate.** Do not click on links that ask you to check an urgent message on your account. Go to the official site via a web browser and log in that way.
- **Asking for personal, security or financial details?** Official and reputable company emails will never ask for personal or security details via email. Google their phone number and call them if unsure.
- **Trying hard to be 'official'?** The use of supposed ID or account numbers and messages shouting 'official!' is a common trick. Check your own records to verify any details.
- **Trying to rush you?** Exclusive and time-sensitive deals are designed for you to drop your guard. It's better to miss out on a genuine deal than risk compromising your personal details or money.
- **Social Media.** Reading articles and searching for information declares your interest in something. Don't be surprised if you start getting targeted ads and emails. In fact, tread more carefully.





Retailer Portal

The Retailer Portal allows our retailers to securely place their orders, and provides an easy way of viewing order progress, history, and checking stock levels and product availability.

As it is such a valuable tool, it is essential we all remember our own impact on the portal, and consequently our retailer network. It's therefore vital that any information we collate or add to the portal is accurate and up-to-date.



Project of the month



After having spotted a striking minimalist home online that featured a Stovax product, we contacted the designers at Scenario Architecture to learn more about what drew them to the Studio Duplex woodburner for this project.

Scenario Architecture explained that they needed a fire that followed slick lines, and fitted in with the minimal decoration that their clients required. The double-sided fire helped to give the impression that the house was much bigger and more complex than it really is.

Their project is featured on our website at stovax.com/review.

Six Lucky Winners



Following a recent staff suggestion around monthly awards, we now will see a monthly raffle on our pay slips, which started on May's pay day. Picked completely at random, six pay envelopes per month will have a numbered star shaped sticker on them.

The recipient of the stickered slips can come to the HR office to collect a small corresponding gift to the number on the star, which may be chocolates, wine, a gift voucher, or something of a similar nature. This was a great staff suggestion to add a little fun each month – congratulations to the six winners from May!

Shut down to help the environment

It's easy to leave at the end of the day without shutting down our computers, keen to miss as much traffic as possible or simply get home for tea! Leaving our workstations on, however, does have a negative effect on the environment – but this is something we can all work together to reduce.

Each machine left on can be putting as much as half a tonne of additional CO₂ into the environment each year through wasted electricity. If we all remember to turn off our computers, not only do we reduce our electricity bill significantly, but we help our environment, too.

