

ignite

CHRISTMAS 2018

View all issues at: ignite.stovax.com

WISHING YOU ALL A HAPPY FESTIVE SEASON!



Wow! It seems like yesterday that I was writing for the 2017 Christmas Edition – this year has flown by. 2018 has been a huge year of change, and I am pleased to say that most of the changes have paid dividends with several notable successes, and we are now set in a much better position to face the 2018 challenges. I would like to say a thank you to all for embracing the changes.

As you can see from Andrew's numbers section financially, we have done what I would class as 'OK'. The top line was achieved (through Gazco over-performing) but there is work to do on our profitability. I would especially call out Gazco, and the huge effort made by everyone. You have achieved a record year, regularly smashing all individual financial records along the way. This did not happen through luck – you should all be very proud of your 2018 performance!

As I am sure everyone is aware, we are facing a continuing period of uncertainty, and as such 2019 will bring new obstacles to overcome.

However, the keys to us winning are the same:

- Ensure we get our share of solid fuel market through Stovax.
- Maintain the excellent momentum created by Gazco, to which every department contributed.
- Maintain tight control of our cost base in line with the sales levels.
- Continue our 'people' efforts in making Stovax & Gazco a great place to work.

It only leaves me to wish all of you and your families a happy Christmas, an enjoyable rest, and a prosperous New Year.

I look forward to seeing you in 2019.

Thanks again,

Alistair



THE FIGURES

We saw record sales again in Gazco, beating last month's record by another 9%. Stovax, by contrast, was 10% down on last year. Overall, however, Group sales were up by 11% against last year.

Our orders received increased by a lower 4.5%, as back order levels decreased during the month and our order book has now fallen below last year's for the first time in many months. Material margins remain fairly stable, though below last year, and the level of warranty cost in Gazco is still a concern.

Overheads, meanwhile, remain virtually on budget, once currency effects are discounted.

On the whole, our results are running behind budget, but slightly up on last year. The increased sales in Gazco are not sufficient, in the season, to offset the budget shortfall in Stovax.



YTD – as illustrated above, overall sales are ahead of last year by inflation, plus a little more, but profits are virtually flat.

Against budget sales, we are on target, but profits are below target due to the impacts of currency, distribution and warranty cost.

BIG CHRISTMAS RAFFLE!

There are over 70 great prizes up for grabs from Gift Vouchers to Games Consoles, Fitbits to Flying Lessons and Treatments to Televisions - and of course nobody will leave empty handed as there will be the obligatory tins of chocolates for all in attendance. We are also providing a turkey and stuffing roll for everyone, so make sure you've picked one up! Vegans, veggies and those who are gluten free are also all catered for.



MONTHLY TURNOVER RECORD!

We are still validating the numbers for November, but indications are that October and November invoicing was excellent for Gazco, with Gazco setting a new 'month turnover' record in both of these months.

Congratulations and thanks to everyone. This was down to hard 'graff' and teamwork right across the business – this effort is very much appreciated.

As advised in 2017, where we achieve two record months, in a rolling 12-month period, in either company, we will celebrate with £20 vouchers for each Employee of the Group. These will be with us all very shortly.

Thanks again for your continued hard work as we look to finish December with a strong performance.



GAZCO WINS GOVERNMENT BIDS FOR EXCITING HYDROGEN PROJECT



Hy4Heat, a Government-commissioned project looked after by BEIS (Business, Energy and Industrial Strategy) is looking at the possibility of decarbonising domestic gas supply and replacing natural gas with hydrogen. Gazco was invited to tender for three projects, for developing hydrogen versions of:

- An open-fronted 16" gas fire
- A glass-fronted gas fire
- A balanced flue 16" gas fire

Gazco put bids in for all three projects, but also suggested a fourth, which was a hydrogen version of an aspirational gas fire.

All members of the HyFires Group consortium, consisting of Gazco, Glen Dimplex and Charlton & Jenrick, first put in bids for the development of these four projects. Each of the four sections revolves around the redevelopment of an existing product: a Valor open fronted fire;

a Charlton & Jenrick glass-fronted fire; and the final two projects looking at Logic HE balanced flue and Reflex fires.

We are thrilled to announce that Gazco won the bids for all four projects, now focused on Phase 1, which is to put forward a business case for the technicalities for how these projects will be developed, when they will be developed, and any obstacles and challenges involved. This first phase is to be completed and submitted at the end of February, where we will then find out if we can move forward to funding for development, approvals, and further down the line even the chance to produce samples for field-testing.

This is a very exciting time for the business, as our success would mean not only Government funding, but also the opportunity of being pioneers in the development of hydrogen-run gas fires with zero-carbon emissions.



FIVE MINS WITH... LINDA ABBOTT

GROUP HR ADMINISTRATOR

What is your job title?

Group HR Administrator

How long have you been working for Stovax & Gazco?

14 months

Describe a typical working day.

It's busy! Very varied, but all of it is good. I never really have a "typical day".

What is your favourite part of your job?

It would have to be solving issues & helping people – I like to get things right!

What is it like around Christmas time at work?

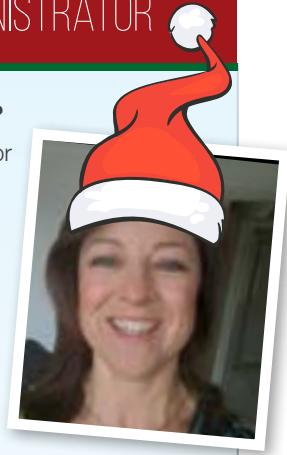
Fun! There's a relaxed Christmas atmosphere – we're all getting ready for our extended break.

What's the best part of Christmas/the festive season?

Food, parties, friends & family!

Favourite Christmas song?

Driving Home for Christmas (or Grandma got run over by a reindeer!)



CHRISTMAS DATES

11 DAY BREAK!

Now is a good opportunity to remind ourselves of the Christmas closure dates this year. We will be closing at 5.30pm on Fri 21st Dec, returning to work again on 2nd Jan 2019. In summary this is:

- Mon 24th Dec – closure, holiday for all staff
- Tue 25th Dec – Christmas Day
- Wed 26th Dec – Boxing Day
- Thur 27th Dec - closure, holiday for all staff
- Fri 28th Dec - closure, holiday for all staff
- Mon 31st Dec - closure, holiday for all staff
- Tues 1st Jan – New Year's Day
- Wed 2nd Jan – open, return to work



FRAMES BAY RELOCATING IN LEAN IMPROVEMENT

The area on the mezzanine in the Gazco warehouse that was previously the Logic line is being reconfigured to accommodate a move of the Frames assembly team, who are currently based on the ground floor of the warehouse.

Repurposing the space and relocating this team will eliminate their current overflow into goods out/the fork lift area, which often causes congestion, and will increase the work-in-progress (WIP) storage capacity of the paint line. It will also provide the Frames team space to store their WIP pieces in designated areas, eliminating the need for lifting operations and increasing stock control.

Led by Izaac Douglas, Lean Process Engineer, the new layout has been designed with a linear flow in mind to reflect the Frames team's operations. Currently preparing for the move, the team have cleared the space and repainted the floor – including working over a weekend to get the area ready.

Speaking for his team, Adam Kocinski, Team Leader, said that apart from the efficiency and lean improvements the relocation would have, "it's the little things that make a working environment an enjoyable place to be in. You would be surprised what a bit of paint can do!"



Izaac Douglas handing the new space over to team leader, Adam Kocinski.



OTHER LEAN IMPROVEMENTS

We have recently made the decision to bring all of our un-painted Dovre castings in-house to utilise free capacity on our paint line. This presented a challenge when it came to storage.

The racking previously used was limited to a 1 tonne load rating, meaning we were unable to utilise our racking correctly. As a single stack of our castings can weigh in excess of 600kg, our old racking only allowed us to safely load two pallets per bay. To overcome this, we purchased a more heavy duty grade racking, which allows a load of 2.3 tonnes per bay, increasing the number of stacks we can load and giving full utilisation of the racking.

We then identified that the method itself of pallet storage for the castings was also incorrect, causing further storage limitations. We have put in place a system to rectify this: by storing the pallets so the narrow width of the pallet is the "pick up point" for the fork lift, three pallets can be stored on a single bay rather than two, therefore increasing the storage capacity whilst reducing the quantity of racking required. This method of storage is universally utilised and should be the first stage in breaking the bad habit.





BUILD IT AWARDS



Matt Beckenham, Associate Director of Marketing, and Annabelle Carvell, PR Officer, recently attended the Build It Awards ceremony, held in central London. Despite fierce competition and a record number of entries, three of just five shortlisted products belonged to the Stovax Heating Group in the Best Stove or Fire category – a huge compliment to our excellence within the industry.

Although we did not take the crown this year, this pivotal awards ceremony celebrates all aspects of self-build and renovation, and raises awareness for the heating industry. We were very proud to have got so far with three striking products - the Gazco Vogue Electric, Gazco Reflex 75T multi-sided, and the Lotus Jubilee 10.



RAISING MONEY FOR HOSPISCARE



You might remember from last year's Christmas Ignite newsletter that every year, Tony Bailey, Production Operative at Gazco, puts on a stunning Christmas lights display at his home in Beacon Lane to raise money for the Hospiscare charity.



Tony puts up the lights each year in memory of his wife, who he sadly lost to cancer. If you would like to donate to this very worthy cause, please pop down to Tony's light display and look out for the collection boxes around the area.

- Where: 19 Beacon Lane, Exeter
- When: 2nd December – 6th January, at 5pm daily

ANNIVERSARY OF OUR ENVIRONMENTAL MANAGEMENT SYSTEM

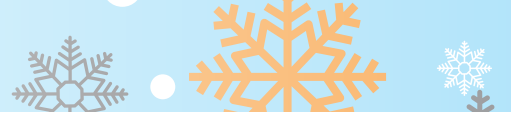
As we approach Christmas, it's a good time to cast our minds back over the last twelve months as we are celebrating the anniversary of our Environmental Management System being certified to ISO14001. Here are some snap shots of how far we have come:

- We had over 30 General Waste bins; about half of our bins are now Dry Mixed Recycling.
- We have also reduced the number of bins in the offices and now have dedicated recycling bins throughout the company.
- In 2017, we paid Biffa to take nearly 40 tonnes of cardboard away.
- Since March 2018, Viridor have collected nearly 30 tonnes of cardboard – and paid us for it!
- We have also trained nearly 40 Emergency Responders in how to handle spills of different materials, and have located spill kits in all key work areas.

So, what's next and how can we all help?

Remember to turn lights and equipment off when they are not in use. As the weather gets colder, please do not leave heaters on unnecessarily – including air conditioning units. If you have any amazing ideas for environmental schemes, such as ways to reduce waste or energy, or reuse or recycle materials, send in your staff suggestions and you could be rewarded with either £10 or £25.





SUPPORT OUR #FESTIVEFIRESIDE CAMPAIGN!

To raise brand awareness whilst also getting involved with festive cheer this season, we are running a #FestiveFireside social media campaign – inviting homeowners to share their fireplace and be in with a chance to win a hamper.

Although we can't win the hamper as employees, sharing your own fireside photos on social media using #festivefireside will really help to spread and support this campaign.



RETAILER PROFILE



Based in the market town of Wimborne, East Dorset, Low Carbon Energy Centre Ltd has been supplying and installing woodburning and multi-fuel stoves since 2007. The company went through a rebrand in June 2016 when 2 sub divisions were introduced: 'fire BY DESIGN' and the renewable energy side 'energy BY DESIGN'.

Low Carbon Energy Centre was devised from the recession in the 2000's when the long standing building company was hit by lower uptake and the owner, Andy King, realised the potential of this growing industry. Low Carbon Energy Centre was born and was fronted by Richard King, Sarah Nduva and Chris Roper.

Their Wimborne Showroom hosts around 70 varying models with a mix of wood, multi-fuel, gas and electric appliances.

Speaking to Nicola Williams, Showroom Assistant, she revealed: "gas is doing incredibly well for us this year, and the Riva2 500 is still a firm favourite. But I personally love the Loft. I like that it is versatile and can suit many different locations, along with meeting many design aspects."

Nicola said: "We find it very easy to deal with Stovax and Gazco. The ranges are vast so there truly is something for everyone."



SPECIAL VOUCHER FUEL OFFER

We are currently working with fuel distributor, CPL, who have kindly offered us all a one-time 10% off voucher for all staff across the Group. Redeem your 10% off any of the products on the Logs2U website by using: STOVAXEMP10. This voucher code can be used from 14th – 28th December 2018.

www.logs2u.co.uk

SMOKELESS FUEL ALSO AVAILABLE!



LOGS2U

Delivered to your Door!



NOMINATED FOR THE HOME AND GARDEN AWARDS



We've been nominated for the inaugural Home and Garden Awards, hosted by BUILD Magazine.



BUILD Magazine say: "We are looking to showcase the businesses and enterprises who provide us with the products and services which make our living environments, not just a place in which we exist, but embodiments of our hopes and dreams. With this in mind, I am pleased to advise that Stovax & Gazco has been put forward as a nominee. The nomination has been placed within the wider category of: Fireplace Specialists".

There is now an eight-week period of research, after which we should hear the results.

LE GRAND "HIGH TECH CHALLENGE 2018"

Our French retailers have again had the chance to take part in the annual Stovax & Gazco High Tech Challenge this year, allowing them to win a selection of stunning prizes ranging from iPads to beer dispensers, and even including a Parrot Bebop 2 drone! As in previous years, the challenge took place during the 3-month period from 1st Sept to 30th Nov and during this time retailers had to beat their total sales for the same period last year by a certain amount.

To widen the challenge this year and to maximise the promotion of Stovax and Gazco products in France, new customers were included for the first time, allowing them to win prizes by passing certain sales thresholds. As always, the challenge has been a great success, incentivising sales from new accounts as well as creating goodwill amongst



our valued French customers. One retailer even boosted their sales enough this year to claim 4 "gold" prizes, each worth up to €400 – c'est formidable!

GAZCO FEATURES IN POP-UP STORE IN PARIS!



Gazco is part of French initiative L'ÉMOTION GAZ, which sees manufacturers and suppliers of gas heating solutions collaborate to promote gas products in France. L'ÉMOTION GAZ works in partnership with national company GRDF, which distributes natural gas in France. Thanks to our French Sales Manager Lionel Mathé's work behind the scenes, Gazco was proud to take part in its latest event, in the form of a pop-up store in the beautiful Marais district in the centre of Paris.

The interior was designed to evoke the layout of a Parisian apartment, where people were invited to wander from room to room, finding six different gas stoves and fires in situ. Gazco's product was the Studio 2 Freestanding with white front and matching bench, which looked amazing against the beautiful bare sandstone walls of the historic building where the store was situated. Before the event, large posters of the Studio 2 Freestanding and other products on display at the pop-up store could be seen in various Metro stations around the capital. Vive le Gazco!

