

# Reporting tips

## Market factors



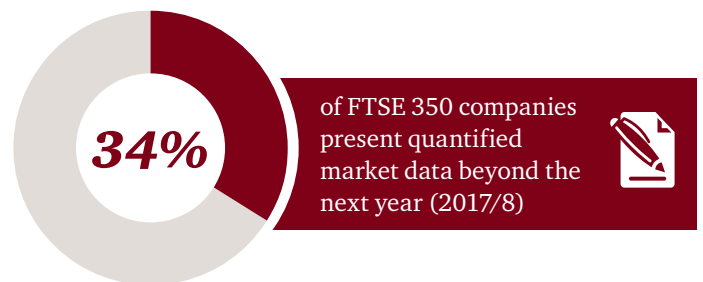
**Provide context to your results by illustrating how you are responding to market trends. Give management's perspective on the competitive landscape and macro environment to allow the reader to evaluate your strategic choices and actions along with the quality and sustainability of performance.**

At a time when so much uncertainty exists, it is more important than ever for management to put across their perspective on the markets they operate in and how they are responding to the changes and trends. Whilst most companies do a decent job of talking about the market factors in their industry, very few go on to describe how they are responding to these trends and dealing with them or indeed, how they are capitalising on the opportunities that these trends present. Moreover, two thirds of companies still do not quantify market trends which can therefore make it difficult for the reader to comprehend the impact of market factors.

*“I need an analysis of what markets they are in: what their position is and what drives their business model. But you very rarely find anything like that.”*

Analyst

### What companies are doing today



(Source: PwC 2017 review of FTSE 350 narrative reporting)

# Good practice example

## Marshalls plc annual report 2016

### Serving the market

Marshalls' marketing team constantly tracks the key market indicators and drivers to ensure that the organisation is able to quickly and effectively react to current and future changes in the market environment.

Clear articulation and identification of market trends

Disclosure of forward looking data points

FIND OUT MORE  
 ▶ Strategy pages 14 – 15  
 ▶ Financial Review pages 29 – 33

#### MARKET TREND

##### Recovery in total UK construction output to pre-recession levels

Construction output is expected to grow by 0.8 per cent in 2017 and 0.7 per cent in 2018 according to the latest forecasts by the CPA. In addition, construction output is expected to grow by 2.2 per cent in 2019. However, this growth masks a considerable degree of variation in the fortunes of the key construction sectors and sub-sectors.

##### CPA all work winter 2016 value forecast



#### OUR RESPONSE – 2020 STRATEGY

Marshalls will continue to analyse the individual market sectors and sub-sectors to focus the organisation on those areas with sustainable growth. This analysis will drive innovation and the introduction of new products and propositions. The digital strategy will drive development.

- Ongoing focus on those market areas where future demand is considered to be greatest.

#### LONG-TERM STRATEGIC RESPONSE

- Marshalls' analysis goes further than the base forecasts and seeks to understand the long-term drivers of market and product growth.
- The FutureSpaces analysis ties together macro trends with core market indicators to enable effective targeting of resources.

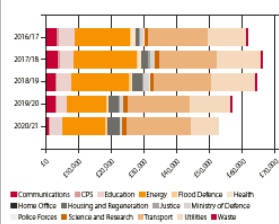
Find out more online  
[www.marshalls.co.uk/futurespaces](http://www.marshalls.co.uk/futurespaces)

#### MARKET TREND

##### Changes in the Government construction pipeline

Public sector spending represents around 25 per cent to 30 per cent of the total UK construction market, and the current published data indicates that 3 sectors will dominate public projects over the course of the current spending review. These sectors are Energy, Transport and Public Housing.

##### Government construction pipeline £1m



#### OUR RESPONSE – 2020 STRATEGY

- Marshalls will continue to focus on these growth sectors.
- This will continue to drive new product development in the areas of Infrastructure, Rail and New Build Housing.

#### LONG-TERM STRATEGIC RESPONSE

- The Government's construction pipeline also shows the growth in spending on areas such as flooding which is met by Marshalls' Water Management products which will also benefit from a focus on climate change mitigation.

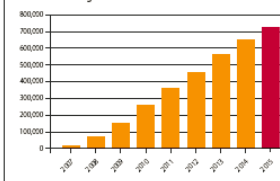
Find out more online  
[www.marshalls.co.uk/rail](http://www.marshalls.co.uk/rail)

#### MARKET TREND

##### New housebuilding

New housebuilding generally represents around 20 per cent to 25 per cent of the total UK construction market and in 2007 the Government set an annual target of building 240,000 new homes per annum. The recent housing white paper confirmed the need to significantly increase UK new housebuilding.

##### Housing units cumulative shortfall since Government target set in 2007



#### OUR RESPONSE – 2020 STRATEGY

- Marshalls have 4 product categories that cover the new housebuilding market.
- The core landscaping product range of Domestic drives and patios, the Commercial infrastructure products, Natural Stone and Reconstituted Walling and Mortars.

#### LONG-TERM STRATEGIC RESPONSE

- New product development for both the Domestic homeowner and Commercial new housebuilder markets will continue to track trends in lifestyles and aesthetics and ensure that products can be efficiently and effectively installed.

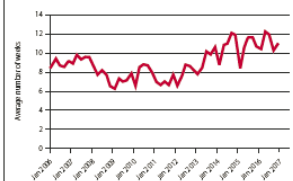
Find out more online  
[www.marshalls.co.uk/home](http://www.marshalls.co.uk/home)

#### MARKET TREND

##### Domestic installer order books

Marshalls carries out a survey of Domestic installer order books regularly throughout the year and in 2016 has seen levels that average around 11 weeks, considerably higher than the pre-recession average of around 9 weeks.

##### Domestic installer order books



#### OUR RESPONSE – 2020 STRATEGY

- Marshalls operates the UK's largest approved garden and driveway installers scheme. This is focused on customer service, quality and sustainability.
- This links consumers to landscape installers that have been assessed trained and monitored by Marshalls to ensure the highest standards of installation, giving the consumer peace of mind.

#### LONG-TERM STRATEGIC RESPONSE

- Marshalls' product development continues to focus not only on meeting consumer needs but also on increasing the speed of installation to enable installers to become more productive and efficient.

Find out more online  
[www.marshalls.co.uk/homeowners](http://www.marshalls.co.uk/homeowners)

Company specific response – both in terms of long term and 2020 strategy

## Further information



### A foot in the past and an eye to the future

The importance of forward looking information in corporate reporting



### Accountability in changing times

Analysis of FTSE 350 reporting trends in 2017

## Contact

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