

The Wickes logo is a blue shield-shaped emblem with the word "Wickes" written in white, bold, sans-serif capital letters.

Wickes

The background of the slide is a collage of eight photographs showing Wickes employees in various roles: three staff members in blue uniforms standing in a store aisle; a staff member in a wheelchair assisting a customer; a staff member wearing a headset and a high-visibility vest; a staff member in a warehouse setting; a staff member using a power saw on a workbench; a staff member operating a yellow forklift; a group of four staff members smiling; and a staff member in a warehouse setting.

Digitally-led Service-enabled Home improvement business

Capital Markets Day | January 2020

Today's agenda

Capital Markets Day presentation



Rationale for Demerger

Alan Williams (Travis Perkins Group CFO)

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Introducing Wickes

David Wood (CEO)

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Home improvement market overview

David Wood (CEO)

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Wickes business: customer proposition/enablers

Fraser Longden (COO)

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Wickes business: foundations

David Wood (CEO)

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Financial framework

Julie Wirth (CFO)

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Levers for growth

David Wood (CEO)

Page 67



Closing remarks

David Wood (CEO)

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Q&A



Store Visit



Rationale for Demerger

Rationale for Demerger



Consistent with the Travis Perkins strategy to simplify the Group, and to focus on its advantaged trade businesses



Merchanting and Retail businesses require distinct strategies and business models to serve differing end-markets



More disciplined capital allocation in Travis Perkins, and allows the Wickes' management to pursue its own strategy and approach to capital allocation



Potential value upside created from a Travis Perkins business more focused on trade end-markets and a standalone, focused retail strategy at Wickes



Introducing Wickes

A compelling investment case

Our mission is to be the partner of choice for home improvers and Local Trade



Distinctive and hard
to replicate customer
proposition



Uniquely balanced
business



Low cost and efficient
operating model



Proven levers
for growth

Underpinned by colleagues, a winning culture and growing responsibly

Wickes Management Team

David Wood
Chief Executive
Officer



Julie Wirth
Chief Financial Officer



Fraser Longden
Chief Operating
Officer



Mark Cooke
Chief Commercial
Officer



Gary Kibble
Chief Marketing
& Digital Officer



Sonia Astill
Chief People Officer



Helen O'Keefe
Company Secretary



Jo Lord
Property Director



Broad experience across a range of relevant roles

Travis Perkins 

Kingfisher

TESCO

 THE VERY GROUP


Unilever

Argos

HOME BASE

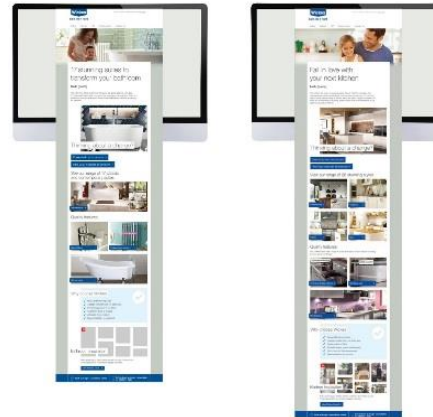
A transforming business

The old Wickes



Wickes today: a digitally-led, service enabled home improvement business

Digital estate



Physical estate



A business with real clarity of purpose

Vision

A Wickes project in every home

Ambitious growth agenda

Everyone is welcome

Customer project focus

Mission

Partner of choice for home improvers
and Local Trade

Partnership



Projects



Pride



Let's do it right!

Business overview

£25bn
market

2.5%
market CAGR^(a)

£1.3bn
2019 revenue

5.5%
revenue CAGR^(b)

50%
sales digitally-led

~500k
TradePro members

>40,000
installations

~7,000
colleagues



^(a)5 years CAGR 2013-2018

^(b)6 years CAGR 2013-2019

Wickes transformation to date

'2014

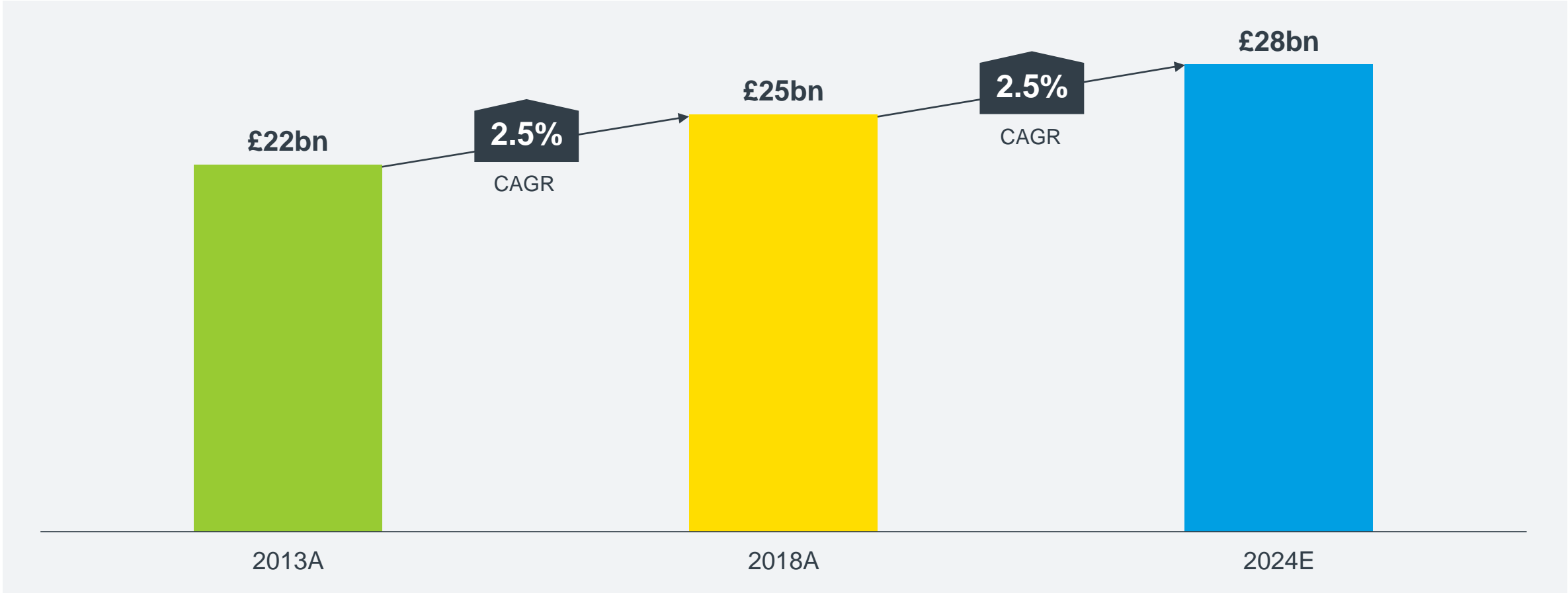




Home improvement market overview

Wickes operates in a large and growing market

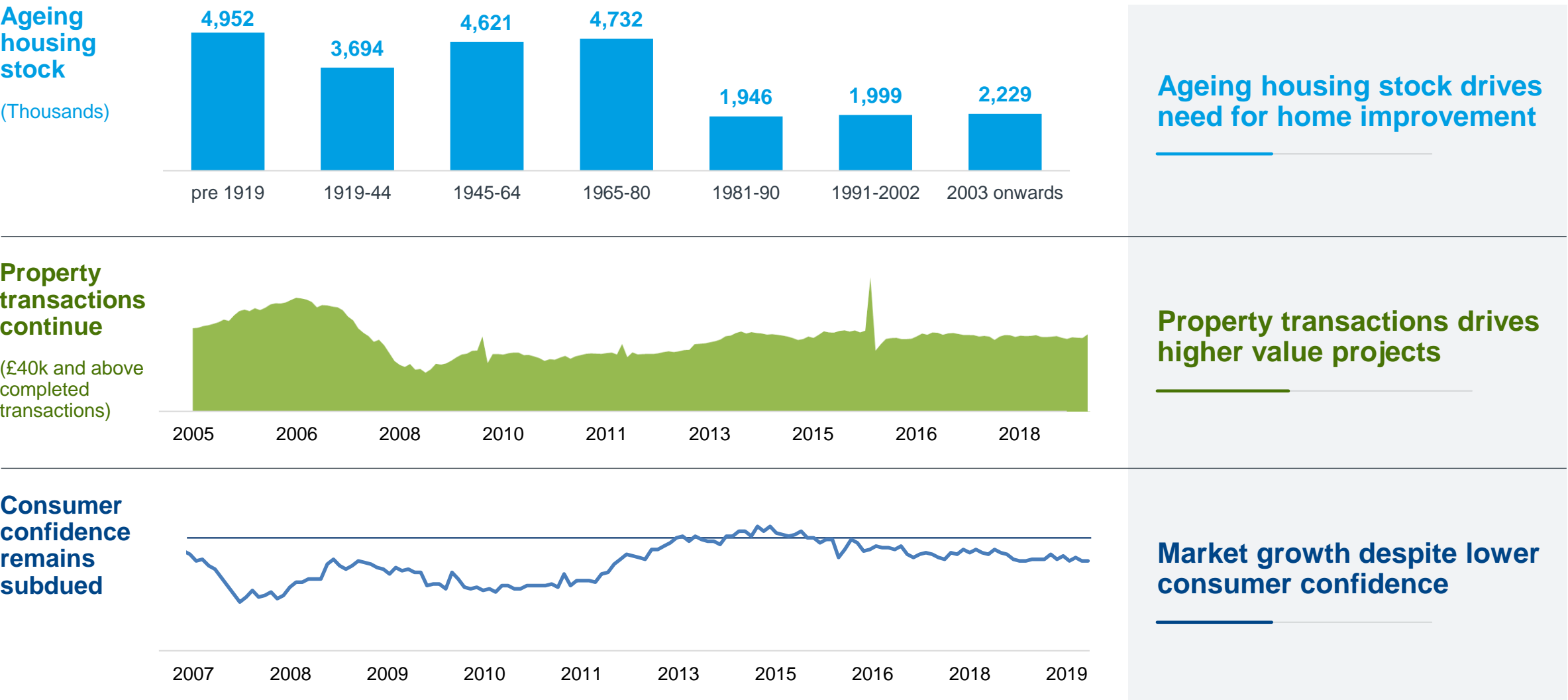
Wickes operates in a home improvement market of **£25bn** growing at **2.5% p.a.**



Sources: Company accounts, AMA Research, Global Data, Mintel 2019

Encompassing RMI / home improvement spend by the home owner (DIY) or assisted through expert providers (DIFM) and Local Trade)

Market growth is underpinned by solid fundamentals



Source: Gfk, Gov.uk.

Consumer trends defining the need for change

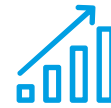
Customer trend



Convenience / speed



Value / quality



Digital growth



Desire for better homes
(declining DIY skills)



What this means for home improvement?

Simple ranges / ease of choice

Small store formats

Flexible home delivery

Turnkey solution for
major projects

Clear, simple pricing

Own brand / known brand

Guaranteed services

Transparency, price,
stock, range

Scale / coverage

Information / inspiration

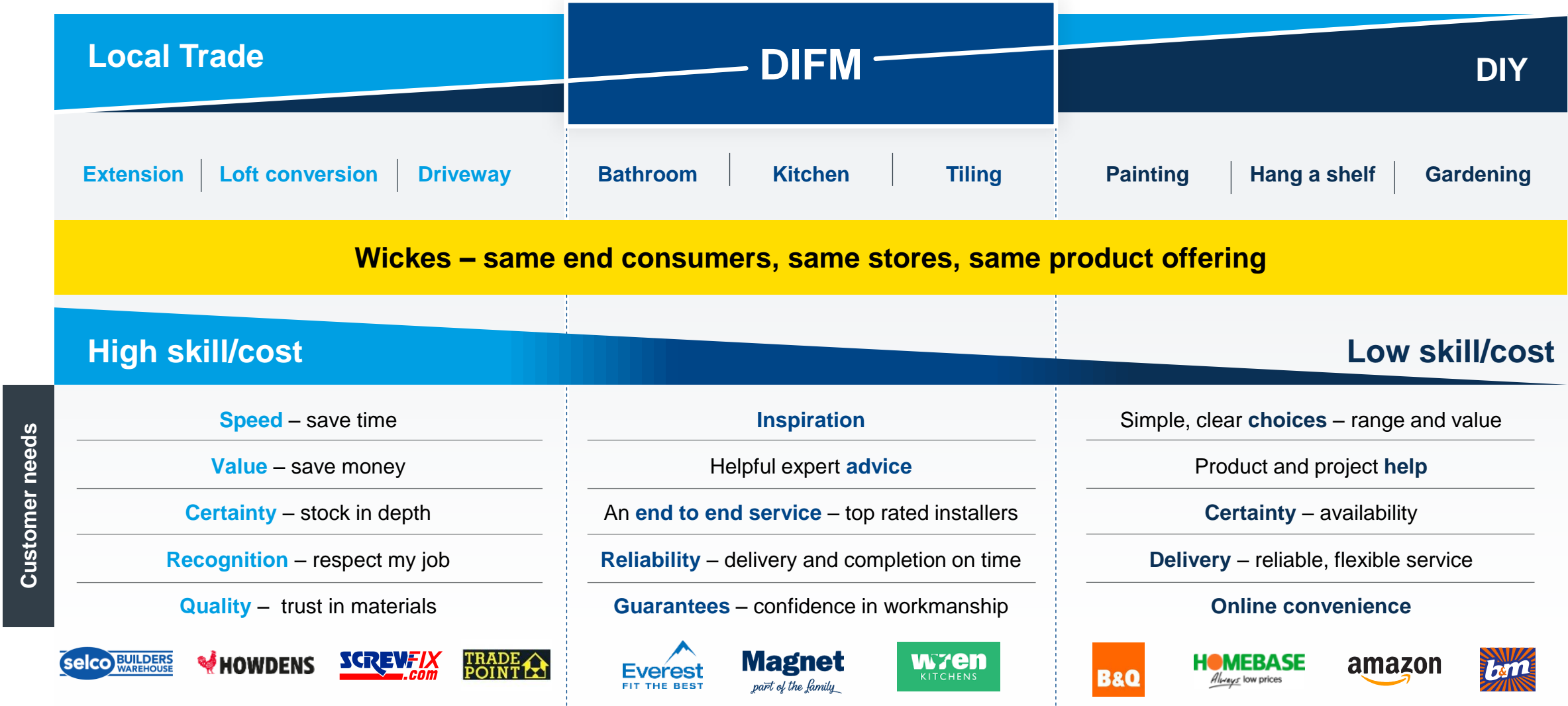
Never say no

Growth of 'Do It For Me'

Growth of quality Local Trade

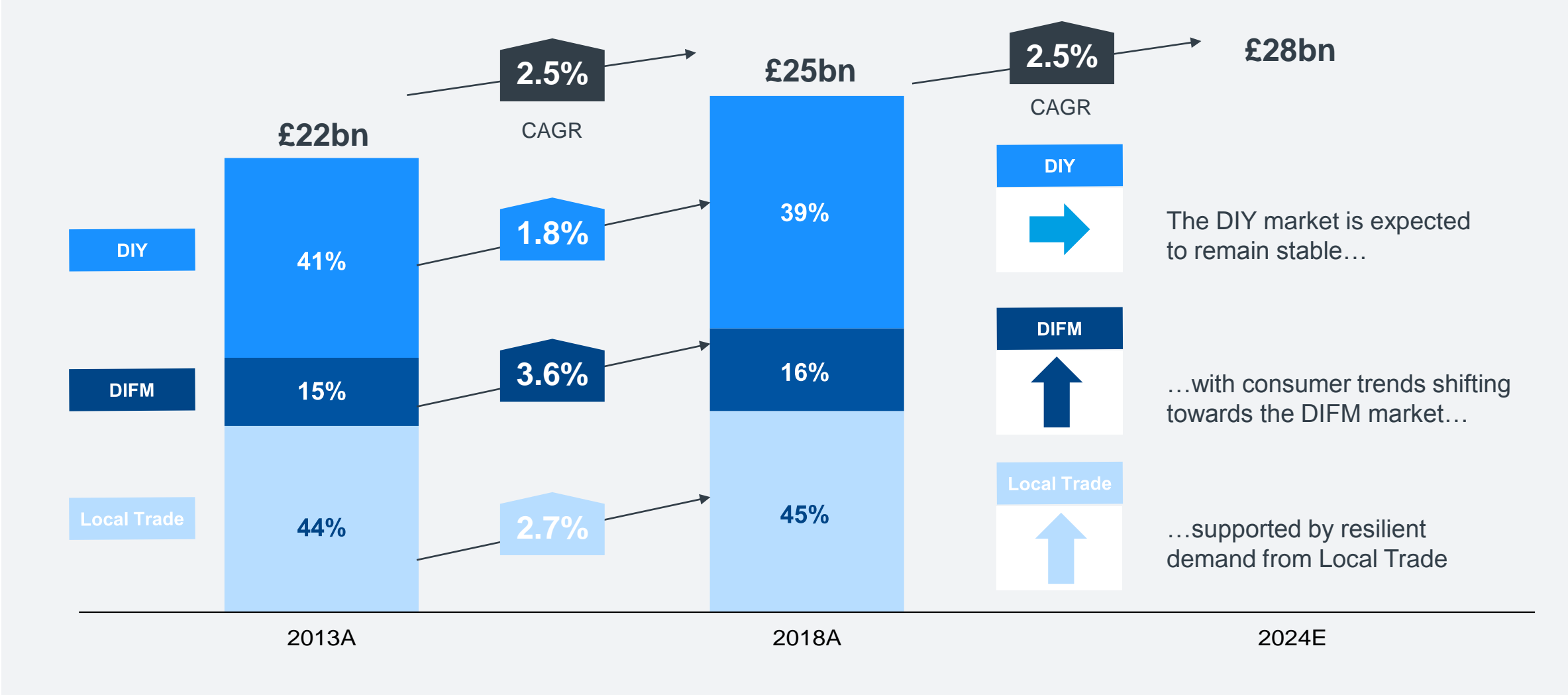
Give confidence to try

Three distinct customer routes to complete projects



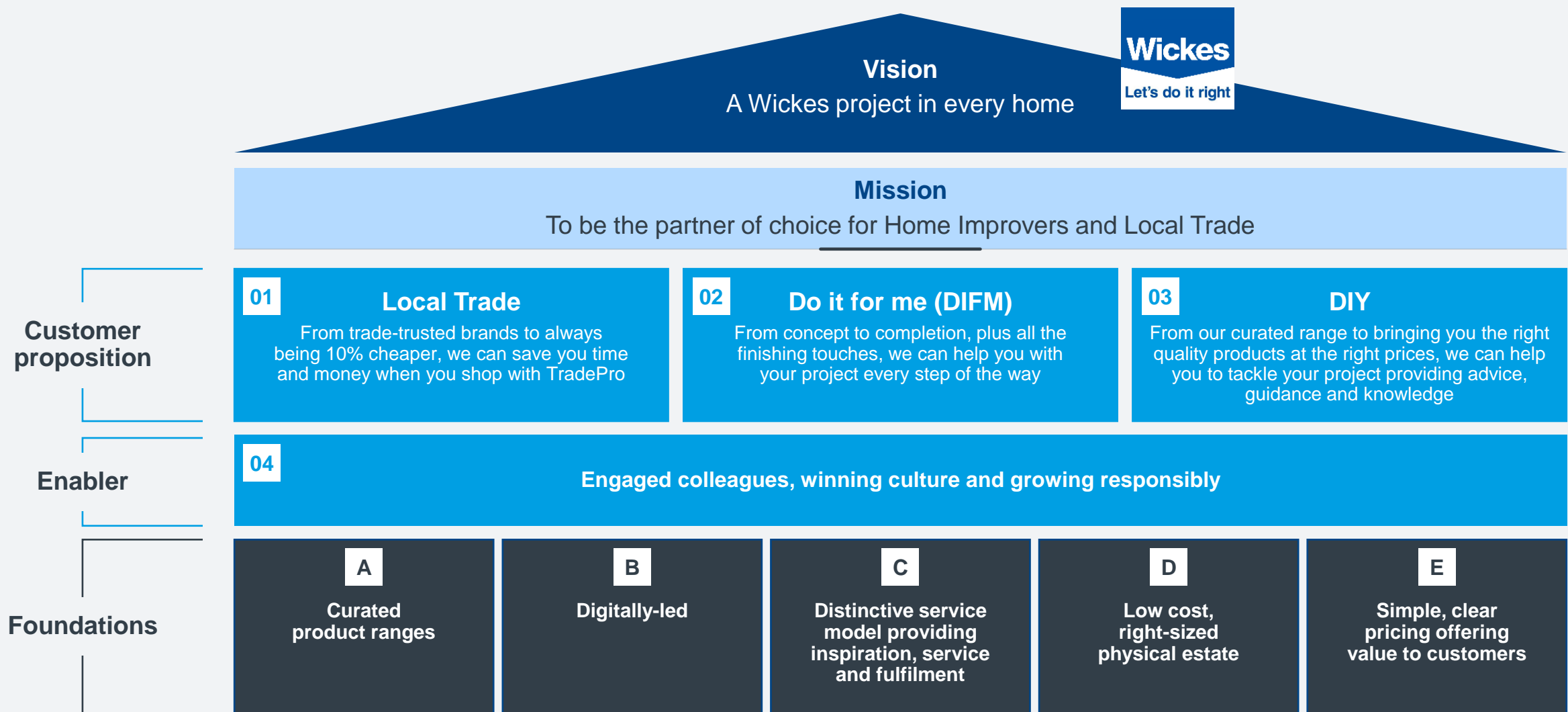
Sources: Company estimates

DIFM and Local Trade driving market growth



Sources: Company accounts, AMA Research, Global Data, Mintel 2019

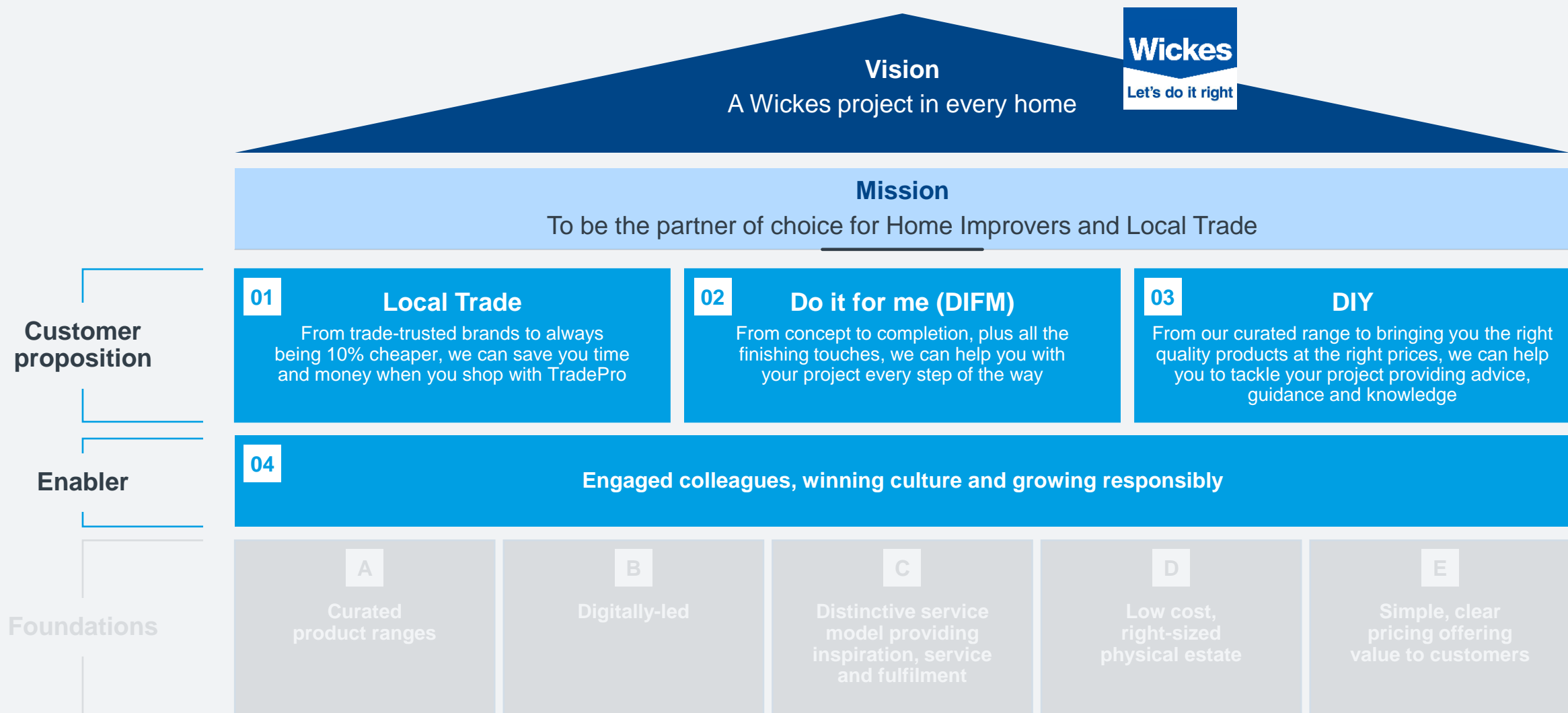
A clear framework to win





Wickes business: customer proposition

Digitally-led, service enabled home improvement business



Simple proposition for Local Trade

Customer needs

Save time

Save money

Quality products and
trade trusted brands

Certainty
Stock in depth

Recognition
Respect my job



Our proposition

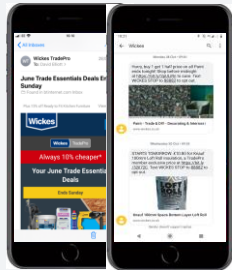
From trade trusted brands, to always being 10% cheaper, we can help you save time and money with any of your projects



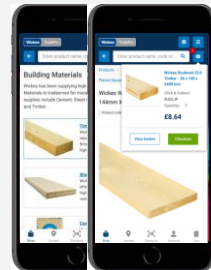
Saving time and saving money for Local Trade

Digitally-led

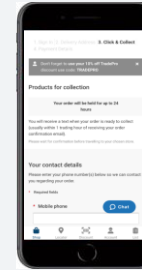
01



Receive
TradePro
comms via
email or SMS



Go into App
and **Check**
stock and
availability



Place **Click and**
Collect order
with discount



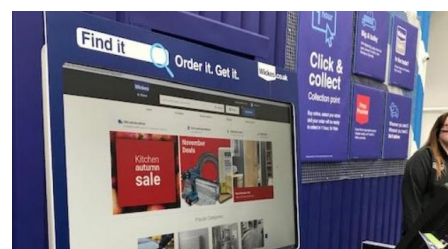
**Always
10%
cheaper
with
TradePro**

Service enabled

02



Go to store to **find your**
order ready and waiting



Order extended range through
OLI for next day delivery

03



Load van
close to store

TradePro enhances the level of engagement with Local Trade customers

Why we win for customers

Local Trade customers want to be treated differently to DIY

Simplicity of proposition

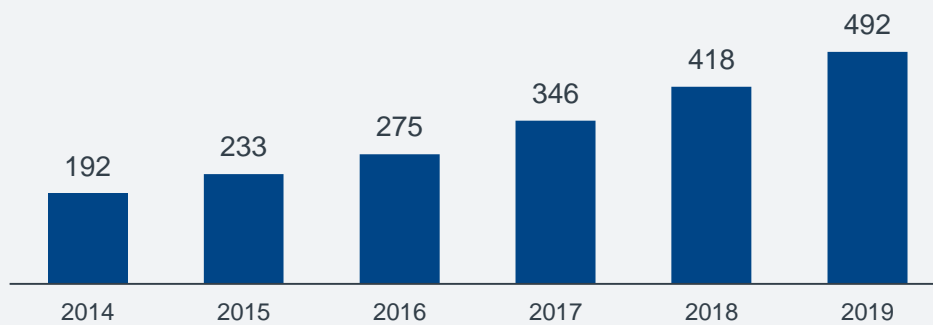
A clear 10% off saving time and money with no minimum spend

TradePro members access the scheme digitally



Success factors

TradePro members ('000)



Indexed average order value



Why this works for Wickes

> Half of Local Trade sales in 2019

Customer loyalty
Top 10% most loyal members is the fastest growing segment

A valuable database of TradePro members, which is growing

~25% TradePro Revenue growth in 2019

Wickes creates bespoke solutions for DIFM customers

Customer needs

Inspiration

Help and advice

An end-to-end service

Reliability: Delivery and
completion on-time

Guarantees and trust

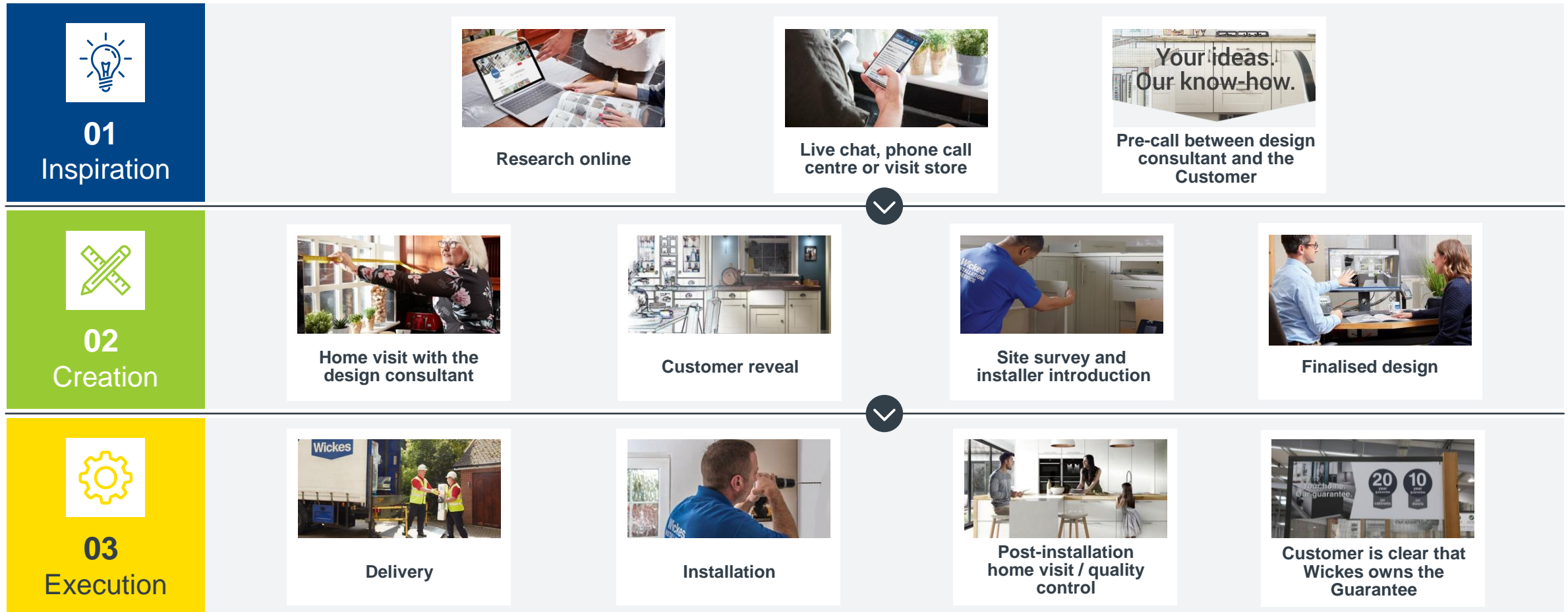


Our proposition

From concept to completion, with all the finishing touches, we can help you with your project every step of the way



Unique experience for DIFM customers at every step



We are with the customer every step of the way

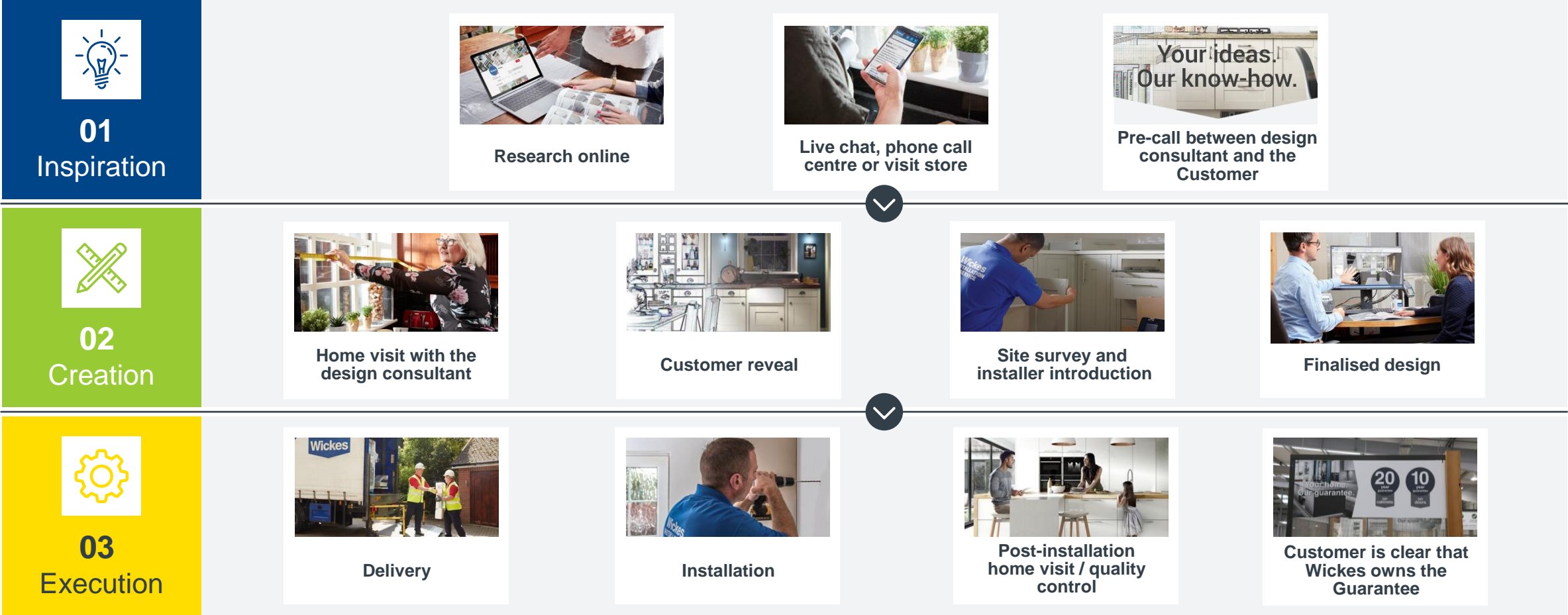
Design Consultant sharing DIFM creation



You ideas. Our know-how.

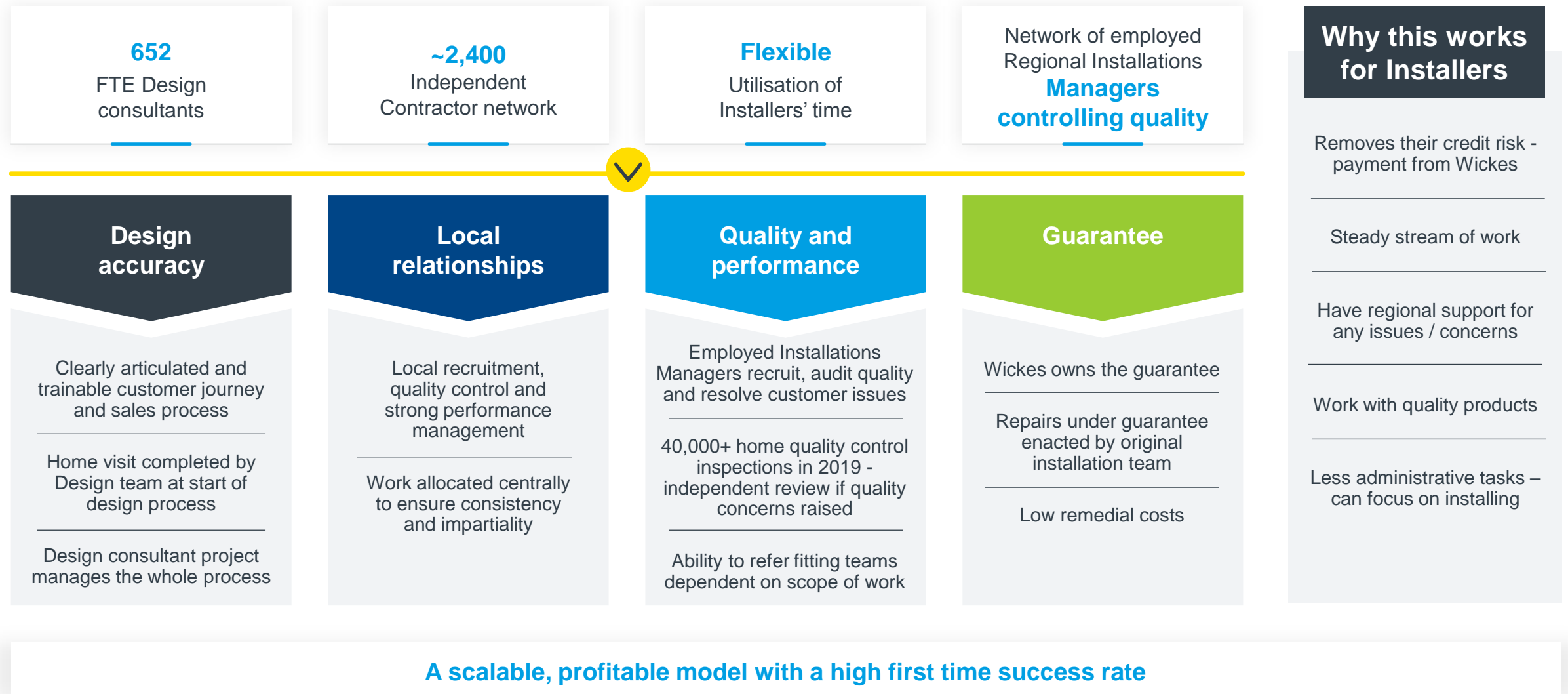
Bring your ideas to life with our
experienced Design Consultants

Unique experience for DIFM customers at every step



We are with the customer every step of the way

Installer network enables seamless DIFM customer journey



DIFM customers value a quality end-to-end service proposition

Why we win for customers

Online web leads model to capture home browsing

Stylish, modern quality ranges offering inspiration online and in store

Design consultants and experts to help

Award winning installation teams

Products for the whole project

Right first time

Wickes owns the guarantee

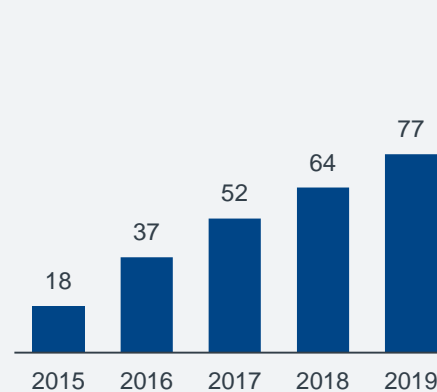


(a) For Kitchen and Bathrooms

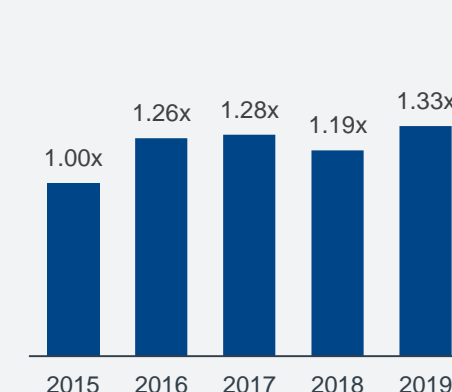
(b) Net promoter score from 2019 - Wickes Installations – with Distinction

Success factors

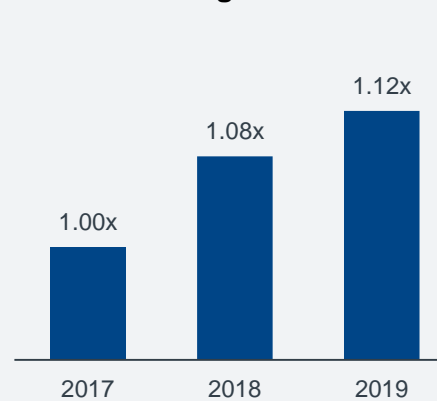
Online web leads^(a) ('000)



Indexed Sales Per Lead



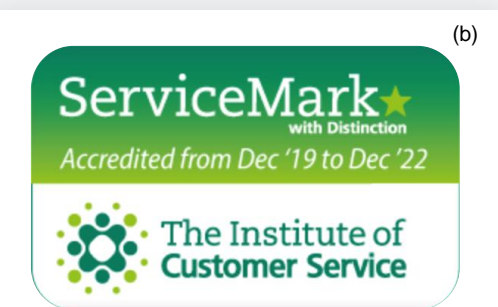
Indexed average order value



Indexed Installation sales growth



Why this works for Wickes



91%

net promoter score

Full project virtuous circle

Products selling more services
and service selling more
products

Both profitable

Upselling

Across wider ranges

Case study: Tiling demonstrates potential growth from extensions in DIFM

Why Tiling

Key part of a bathroom and also some elements of the kitchen

Natural extension to existing K&B offering

Started as an attachment to K&B



Early signs of success

57%

Tile attachment rate across Kitchens and Bathrooms offering

90%

Tile attachment rate in Bathroom installations

7,000

Installations sold from launch

Only 2

Issues out of 4,000 completed installations

The next phase in Tiling

Opportunity as a distinct DIFM offering

Launch online

High quality installer network

A key learning opportunity for further DIFM extensions



Wickes caters for all DIY needs

Customer needs

Simple, clear choices -
range and value

Product and project help

Certainty - availability

Delivery - reliable,
flexible service

Good simple value in
one single journey



Our proposition

From our curated range to bringing you the right quality products at the right prices,
we can help you to tackle your project providing advice, guidance and knowledge



Case study: coloured emulsion range review drove significant growth

Why coloured emulsion

Hard to understand and see colour

Hard to compare to market leader

Too many colours

Poor availability

Outdated colours

Confusing packaging



What did we do

156 colours curated to
90 modern colours

Creation of colour valley – Wickes own
brand mirrors market leader

New number system to match sample
to swatch to pot

New vertical merchandising
by colour block



What were the results

~15%
sales growth

>35%
Wickes brand growth



Simplicity and service are key determinants of success

Why we win for customers

Research and select products online

Simple edited ranges / stores that are easy to navigate

Simple value with strong own brand offering

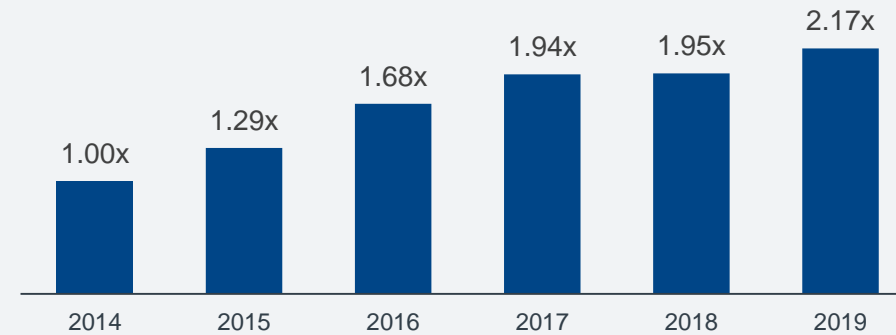
Assisted sales in store

Flexible delivery with local fulfilment

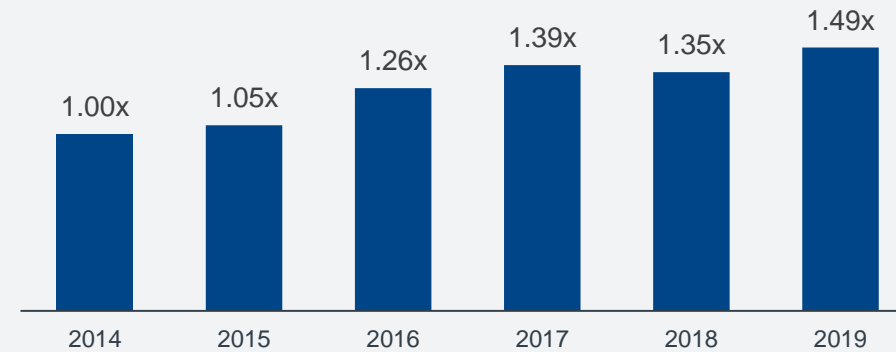


Success factors

Indexed Garden maintenance sales



Indexed Colour paint sales



Why this works for Wickes

Under Indexed
in many categories

Weekend store footfall
driven by DIY

>£100
online ATV



Wickes business: enablers

Engaged colleagues are critical to delivering the service proposition

Foundations to our culture

The Wickes culture



Winning



Can do
spirit



Being at
your best



Humility



Authentic

Inclusion and Diversity



**Wickes
Inclusive**
BAME

Let's have fairness
through transparency



**Wickes
Inclusive**
Youth
Board

Let's plan for
the future



**Wickes
Inclusive**
Ability



**Wickes
Inclusive**
Wellbeing

Let's create a place
of wellbeing



Wickes

Let's do it with pride



Wickes

Balance for better

Engaged colleagues

Strong levels
of engagement
across the
business

100%

Regional leaders

94%

Store managers

81%

Design consultant

70%

Total business

Retention
rates

93%

Regional leaders

92%

Store managers

87%

Design consultants

70%

Total business

72% of Store Managers promoted internally^(a)



(a) Data from 2019

Growing Responsibly - supporting and protecting our people



17% Reduction in Lost Time Incidents 2019 vs 2018

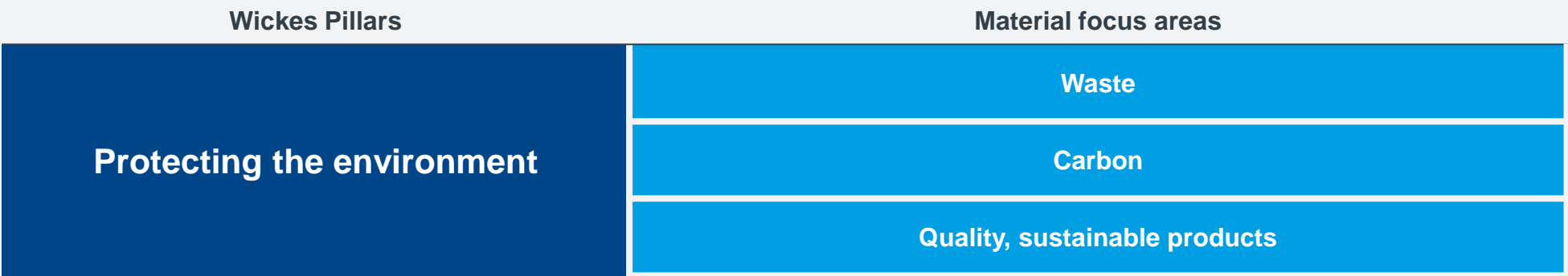


All Store Managers Mental Health First Aid trained in 2020



Awarded best float at Manchester Pride event

Growing Responsibly - protecting the environment



97%
of waste from Kitchen and
Bathroom projects recycled



97%
of all timber purchased by
Wickes is FSC or PEFC certified



Over 50%
of the estate updated with
energy efficient lighting

Growing Responsibly - valuing and supporting diverse communities

Wickes Pillars

Material focus areas

Supporting
our community

Charity and community partners

Supporting Skills in the Community



£2.3m raised for
Alzheimer's Research UK



YOUNG MINDS

selected as new
Charity partner in 2020



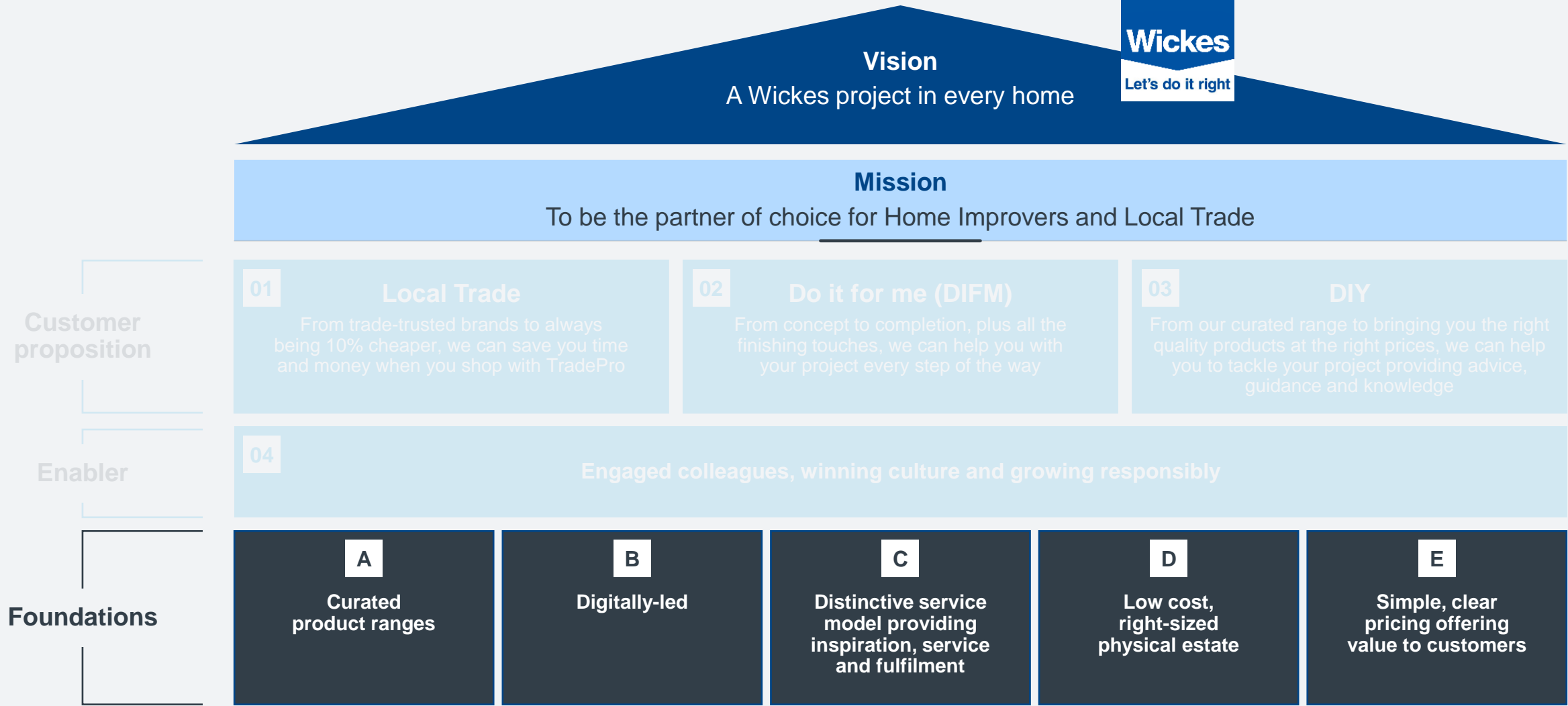
6,230

young people engaged in
Volunteer It Yourself (VIY) leading
to **3,827** Vocational Qualifications



Wickes business: foundations

Digitally-led, service enabled home improvement business



Curated product ranges deliver value and efficiency

Key highlights

5x
Inventory
stock turn

65%
Own brand
sales

9,500
Number of products
in store across heavy
and lightside

~300
Suppliers across
heavy / light side

Key benefits

Curated ranges drive:

Ease of customer choice

Inventory productivity / availability

Efficient buying / replenishment

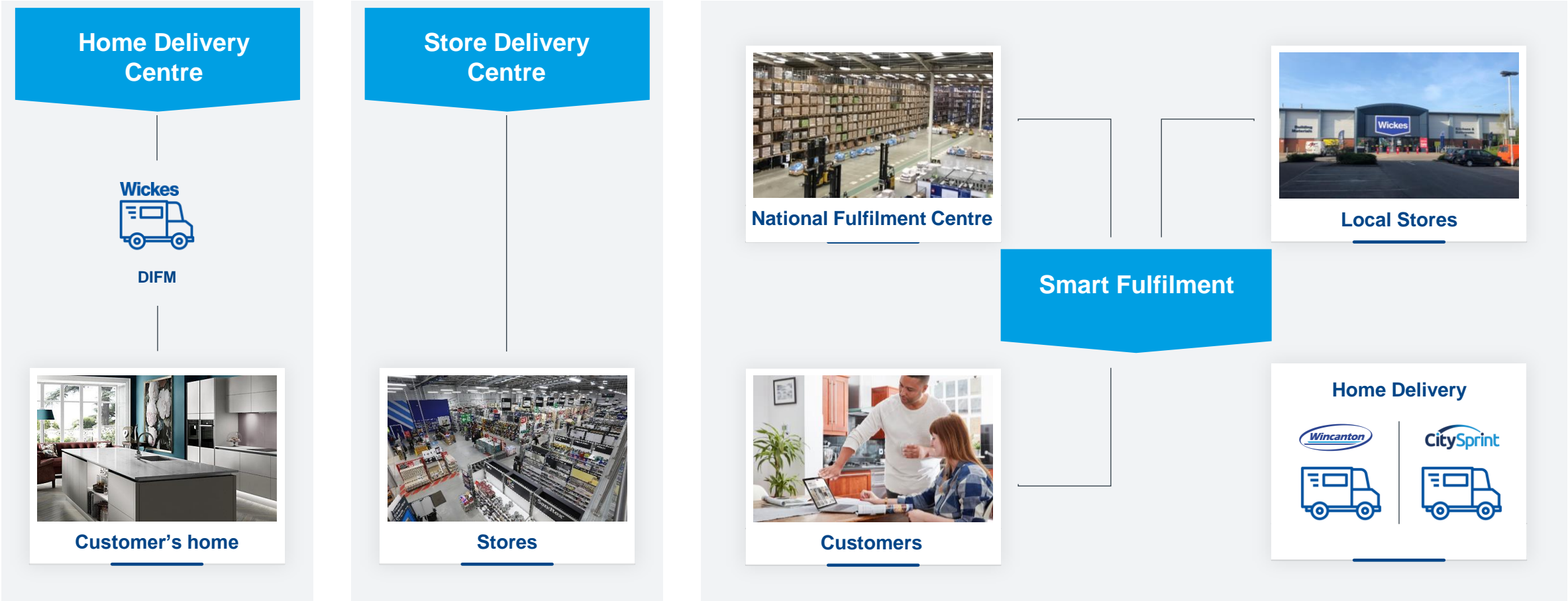
Cheaper category resets

Agile digital access to extended range

High own brand participation supports
strong value position

All categories purchased by all customer groups

Lean distribution and smart local fulfilment network



Digitally-led integrated approach to sales

Digital leading our journeys

Over half our customer journeys involve digital as customers demand:



Convenience



Certainty



Value

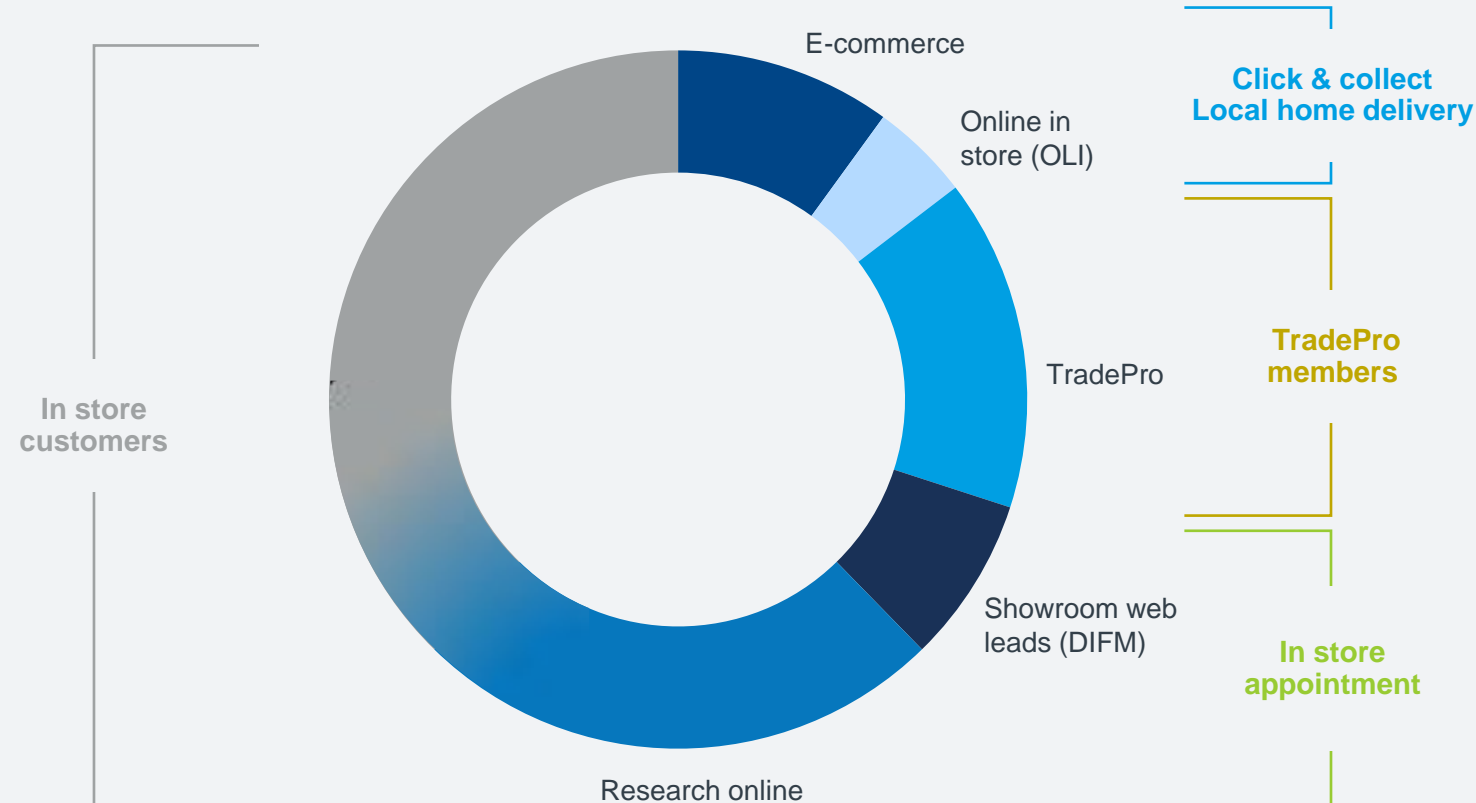


Help and advice



Delivery

Over half of our sales are digitally-led



Store model underpins the digital journey – 95% of sales touch the store



Digitally-led proposition drives efficiency and sales density across the physical store network

Right sized profitable estate

Key highlights

96%

of our stores
contribute to profit ^(a)

28k sq. ft.

average instore size

~£200

sales per square
foot in 2019

Only 12

Oversized stores

135

stores in our
new format

+25%

sales increases
from 100+ refits

(a) Full Year 2019 basis

Well distributed national presence



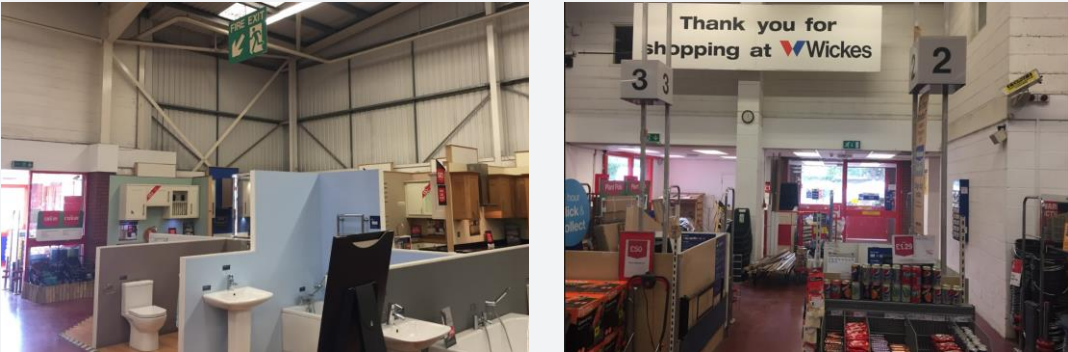
235 stores

strategically located
for maximum footfall

Case study: Crewe refit programme delivered strong returns

Vast uplift to the Crewe store offering

Old store format



New store format



(a) 2019 versus control

Clear evidence of refits driving performance at the Crewe store

Key highlights

+71%

Core sales^(a)

+197%

K&B sales^(a)

~£0.7m

Refit spend

40%

ROCE

Landlord contribution

10 year

Lease extension following 2019 refit with landlord contribution

Clear value proposition with price leadership for customers

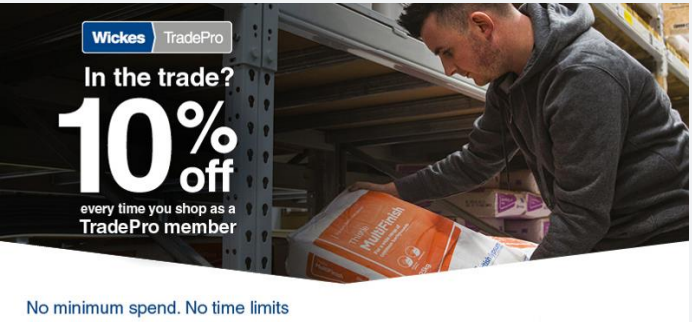
Wickes has a strong price index both overall and on our top selling lines, benefiting all customer types

Price index by competitor (Wickes = 100)

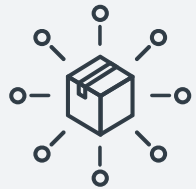


Note: Average of weekly price index between Jan-19 and Oct-19 | Source; Wickes analysis

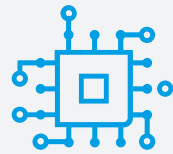
Clear and simple pricing in store



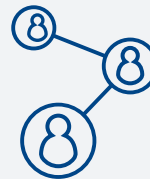
An efficient and integrated model underpins the value proposition



Curated
product ranges



Digitally-led



Distinctive service
model providing
inspiration, service
and fulfilment



Low cost, right-
sized physical
estate



Simple, clear
pricing offering
value to customers



Financial framework

Strong financial framework



Revenue CAGR of 5.5%
over the last 6 years



Balanced underlying
gross profit margin



‘Right sized’ cost base



Balanced fixed and
flexible cost base



Strong returns on
capital investment



Cash generative

Basis of preparation



Financial year

January through
December

4 / 4 / 5 – 53rd
week every
four years (2021)



Historical information

2017, 2018, 2019
to be disclosed within
the prospectus

2019 revenue
fully reported

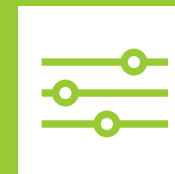
2019 profit represented
as 12 months to
June 2019 (LTM)



IFRS based

Retrospective
adoption of IFRS 16

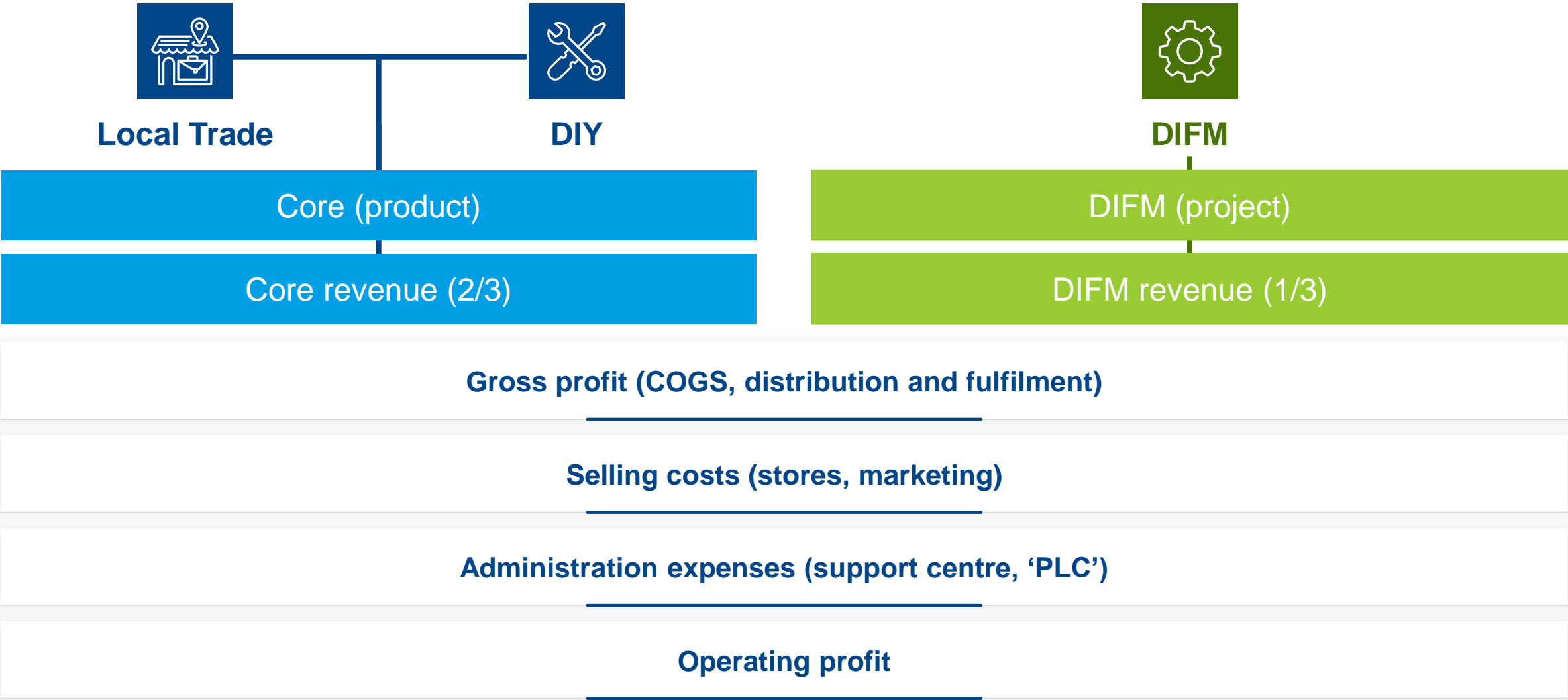
Retain ability to report
pre & post-IFRS 16



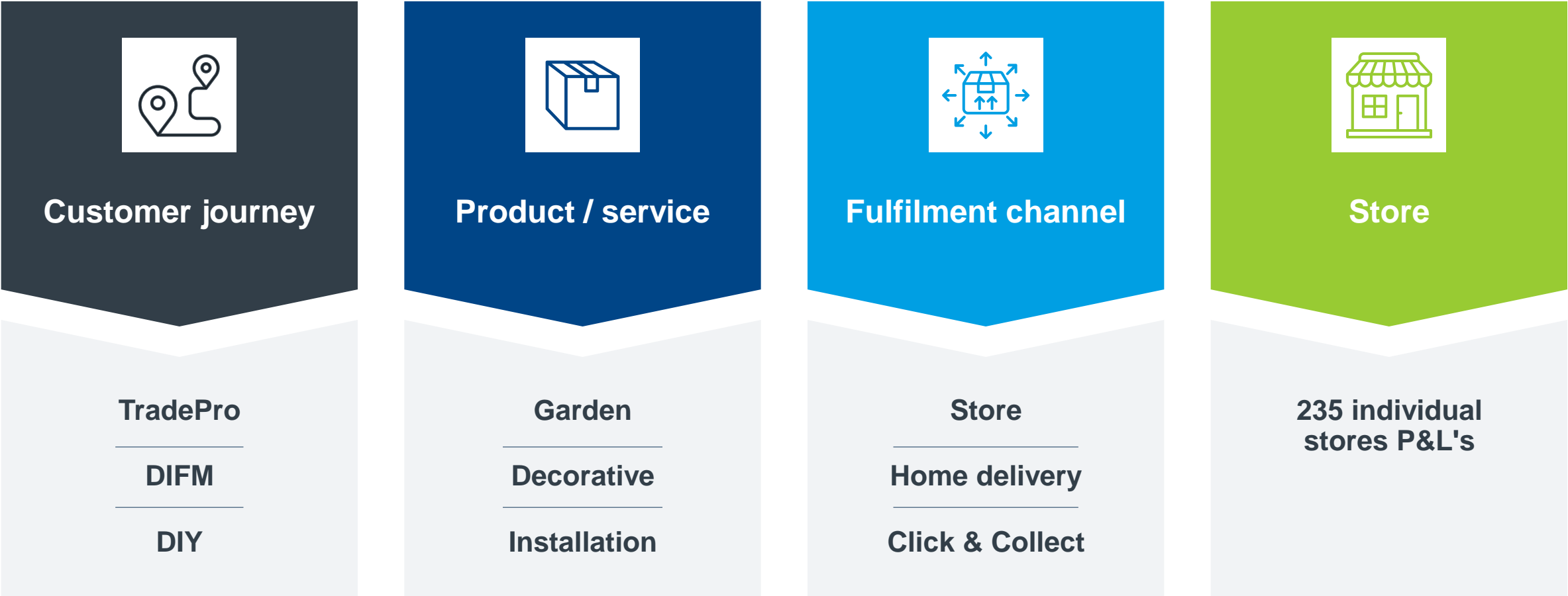
Adjusting items

Generally excluded
from operating profit
(eg. restructuring,
separation, etc.)

Reporting framework reflects an integrated business



We analyse the business through a number of lenses



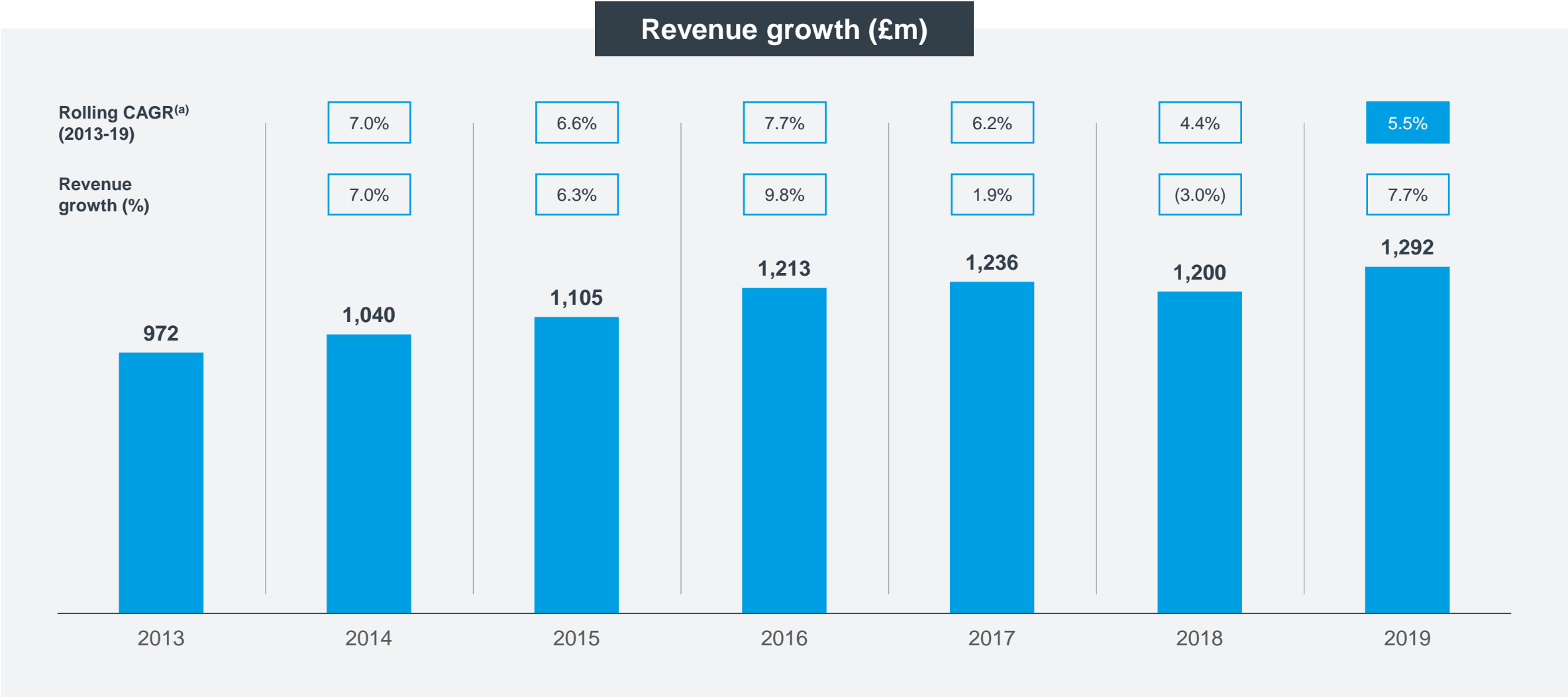
Analysis assures focus on incremental cash profitability and cost efficiency

Profitability ratios are variable, dependent on a number of factors

	Core (products)		DIFM (projects)		Influenced by
	TradePro	DIY	Product	Services	
Gross profit margin (%)	Lower	Higher	Higher	Lower	Product and promotional mix
Selling / admin costs (%)	Average	Average	Higher	Lower	Service model
Operating profit margin (%)	Average	Higher	Higher	Lower	

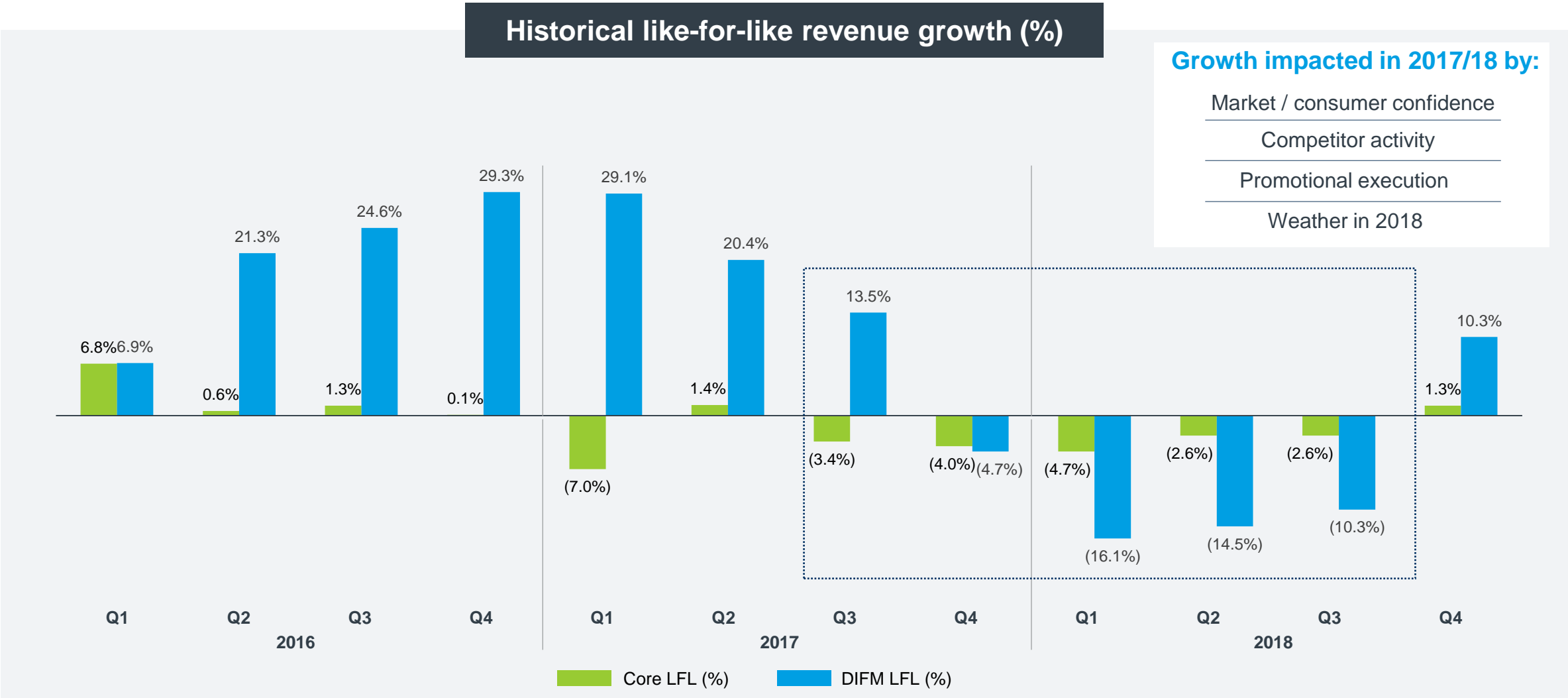
All of these four elements drive incremental cash profit

Market leading revenue growth over the last 6 years



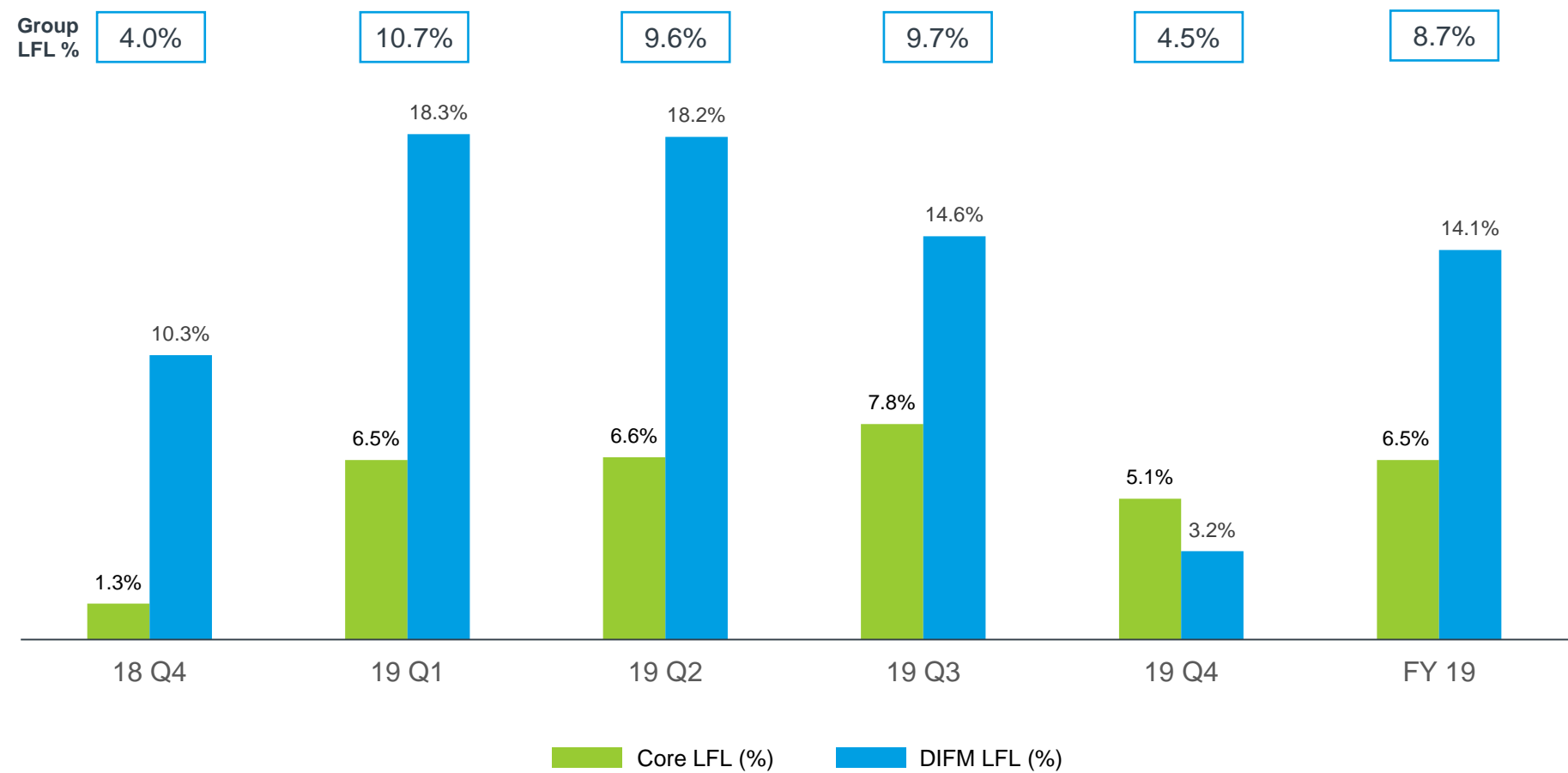
(a) Compound annual growth rate versus 2013A. Market growth rate of 2.5%.

A number of headwinds impacted LFL growth in 2017 and 2018



Strong and consistent revenue growth recovery since 18 Q4

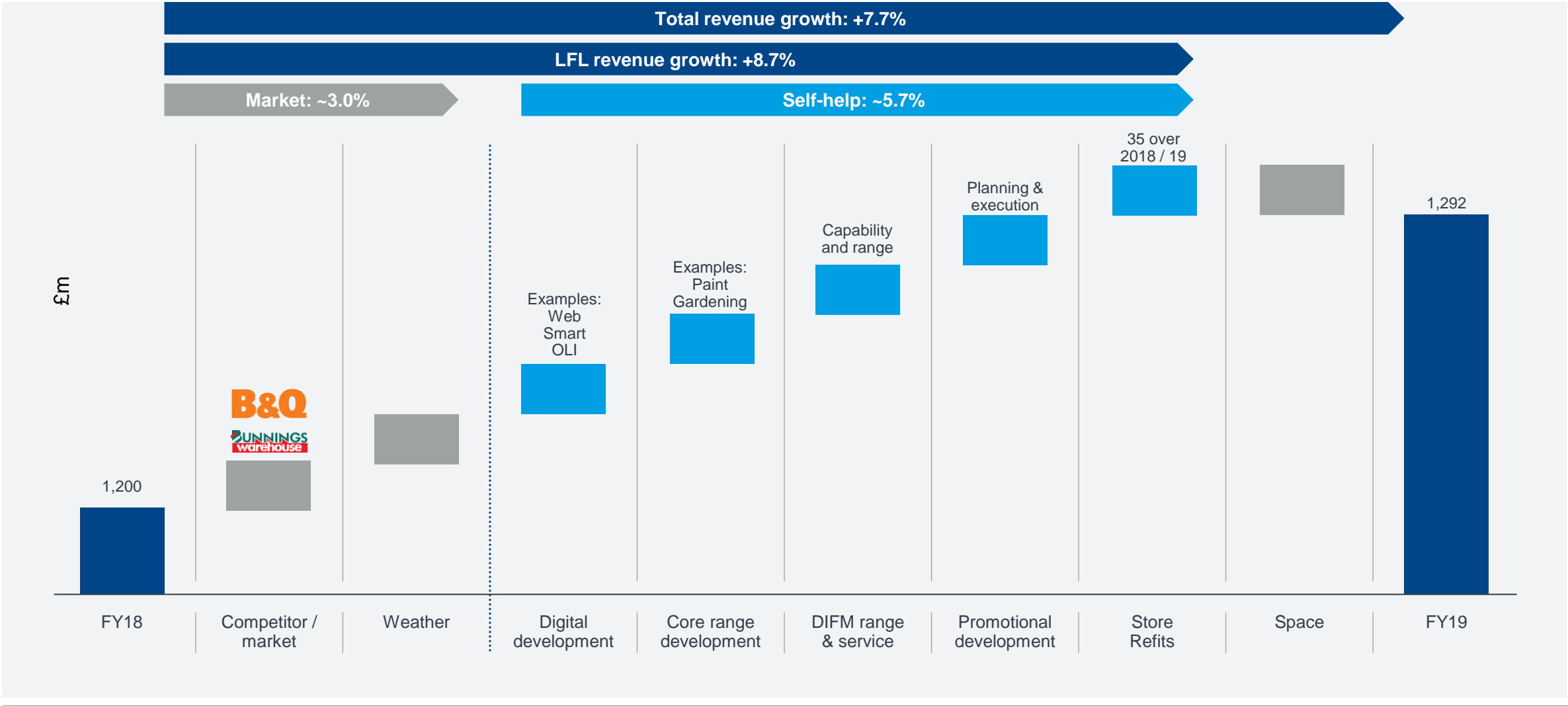
Like-for-like revenue growth by quarter (%)



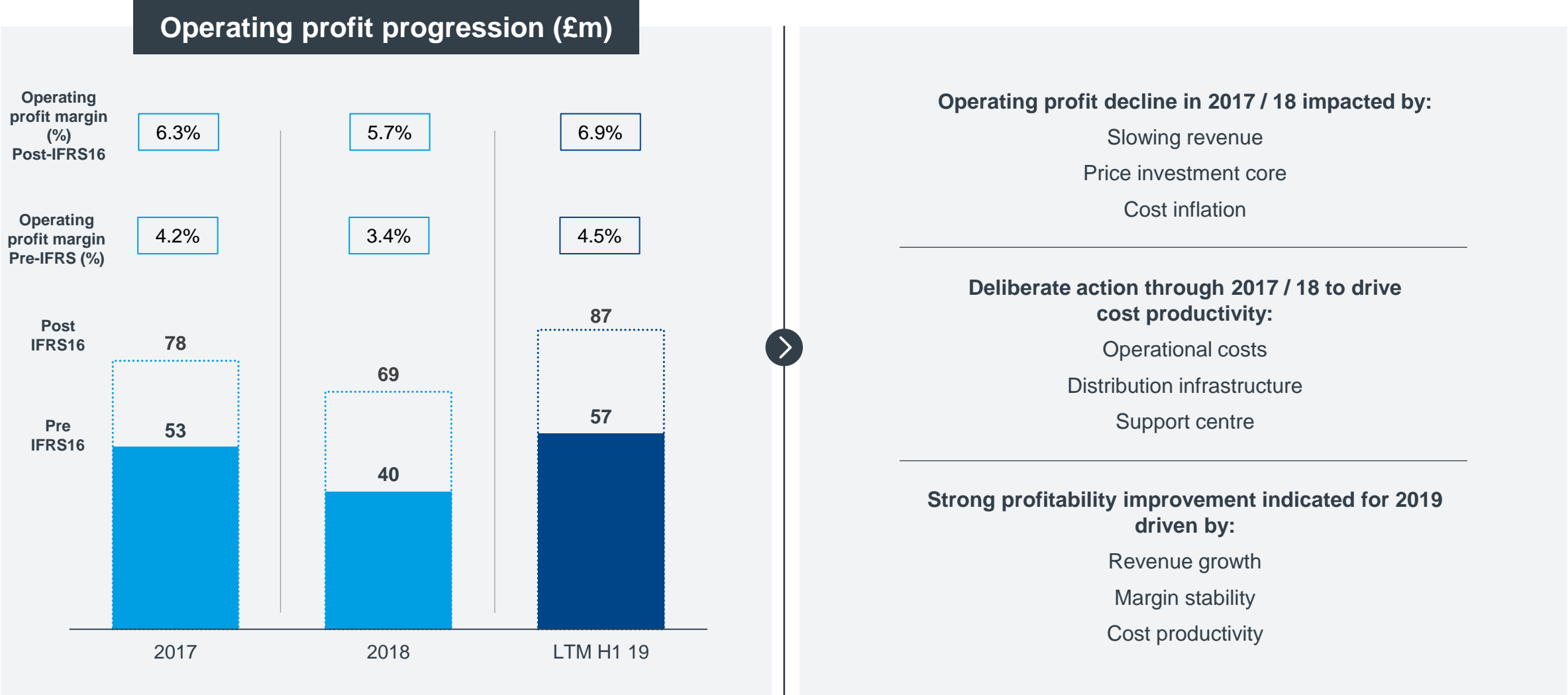
Positive revenue growth consistently delivered since 18 Q4 across both Core and DIFM

2 Year like-for-like revenue growth of 4%

2019 revenue growth driven by a combination of market driven factors and self-help



Strong profit improvement indicated for 2019



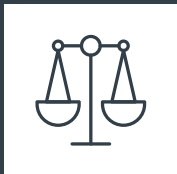
Note: 2017-19 shown on a pro-forma basis including £5m of 'PLC' costs

Adjusted income statement ratios show an improving trend into 2019

	2017A	2018A	LTM at Jun-19
Revenue	£1,236m	£1,200m	£1,257m
Gross profit	£498m	£470m	£491m
Gross profit %	40.3%	39.2%	39.0%
Selling and administration costs	£(420)m	£(401)m	£(404)m
% of sales	34.0%	33.4%	32.1%
Operating profit	£78m	£69m	£87m
Operating profit margin %	6.3%	5.7%	6.9%

Note: 2017-19 shown on a pro-forma basis including £5m of 'PLC' costs

Cost efficiency underpins the Wickes operational model



Balanced fixed vs flexible resourcing

Call centre outsourced

Customer fulfilment outsourced

Installation / independent contractors

Right-sized profitable store estate



Operational productivity

Leverage volume growth

Focus on shrinkage and remedial costs

Targeted investment



Headcount & wages

Minimum wage employer

Store wage cost / sales ratio <10%

Lean support centre

Reward structures



'PLC' costs

Incremental costs
c.£5m-£7m

~£30m of separation costs
over the next two years

Capital investment focused on driving the customer proposition

	(£m)	2017A	2018A	2019E	Future capex
Proposition	New space	6	4	1	Minimal
	Refit	23	20	9	Continue
	IT / Digital	8	5	3	Continue
	Range development	3	2	-	DIFM investment
Efficiency	Other	10	6	5	Minimal
Capital investment		50	37	18	~£30m per annum

Capex initially expected to be broadly in line with ~£30m depreciation (ex IFRS-16)

2019E – Final Capital expenditure to be finalised for the Travis Perkins 2019 Full Year Results on the 03 March 2020

Strong returns on capital investment maintained

Key highlights



Targeted ROCE:
>25%



Payback generally **<4 years**



'Proposition'
focused

Refits

Performance **benchmarked**
against our control stores

Sustained **revenue uplift (~25%)**
delivered from year 1

Revenue uplifts **strengthening**
as refit programme progresses

2019 sales per square foot differential of 29% post-refit

£167

in our Heritage stores

£215

in our new format stores

Leasehold property estate influences our 'IFRS 16' capital structure

Entire portfolio
leasehold

Diverse landlord base

Average remaining
term is 9 years

Rent cashflow at
~£100m per annum

Lease renewal profile
accelerates from 2026

IFRS 16 places ~£830m
of lease debt onto the
Wickes balance sheet



Whenever you need it.
Wherever you need it.
We'll deliver.



Expected to be cash generative noting material separation costs in the near term



Working capital

Expected to be broadly neutral

Seasonal variations to support trading activity

Stock £140-£150m reflecting stock turn of ~5x

Minimal trade debtors (no Local Trade credit)

Creditors recently separated – KPIs to be established



Other cashflow

Capex

Tax consistent with UK corporate tax rate

Share based remuneration

Dividends

Capital structure will be appropriate for a business of our size/scale



IFRS 16 adjustments

**IFRS 16 places ~£830m
lease debt onto our
balance sheet**

Operating profit
increases by ~£30m

Cashflow not impacted



Positive cash position

**Net cash balance
at demerger**



Credit facility

**Revolving credit
facility to support
working capital
variation**



Dividend

**Progressive
dividend policy whilst
maintaining financial
flexibility**

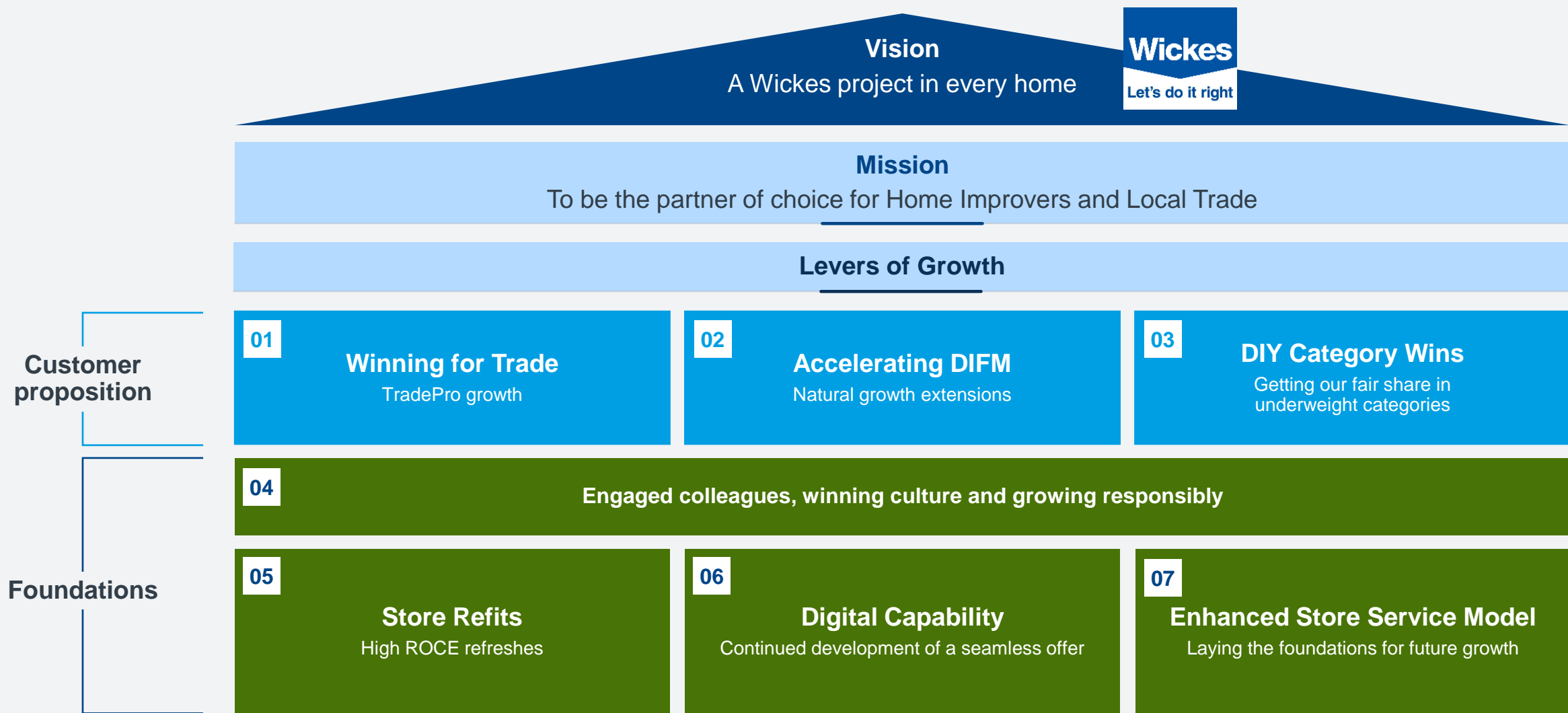
Wickes business underpinned by strong financials to support future growth



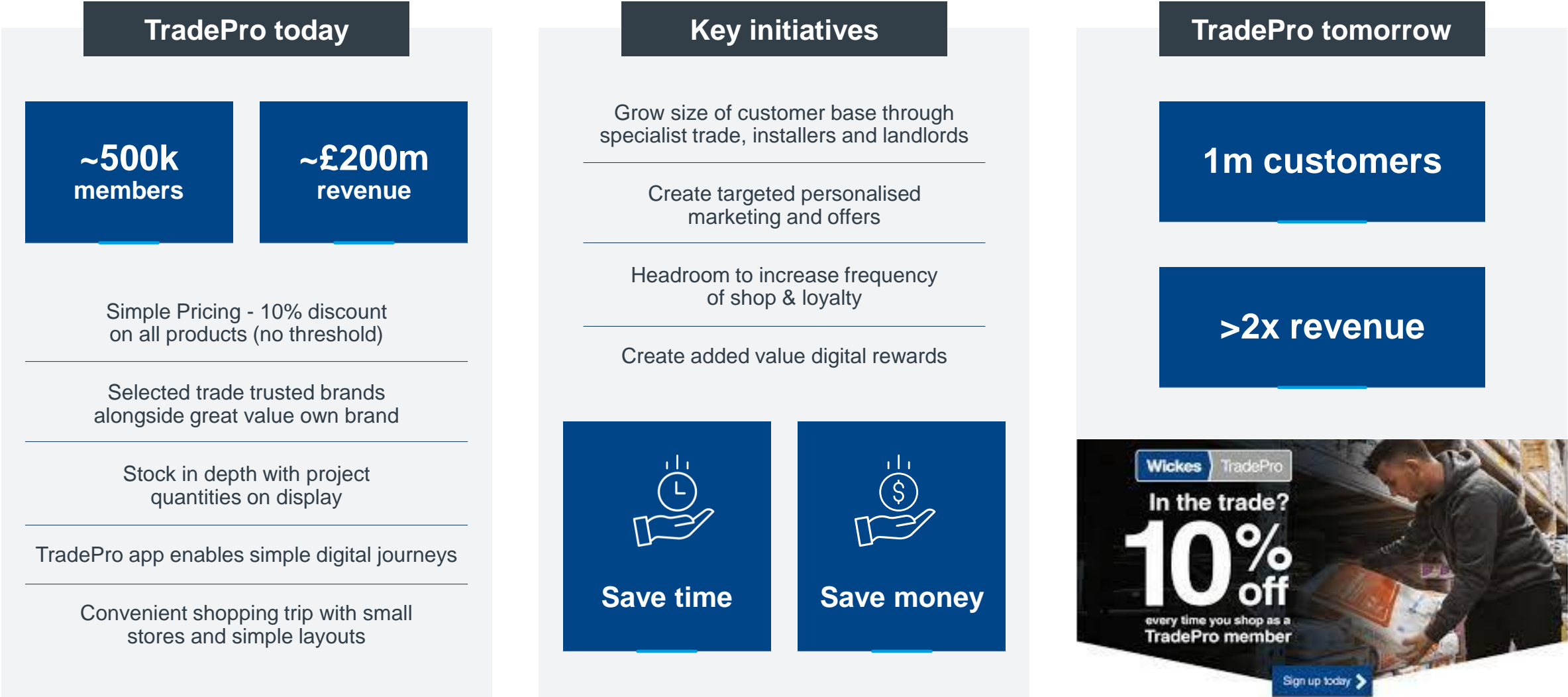


Levers for growth

Strong plans to drive growth throughout our framework



TradePro will continue to drive Local Trade growth and loyalty



DIFM will grow through increased penetration of existing proposition

DIFM today

Unique sales process
and customer journey

Only national bathroom
installation service

Installation service
independently profitable

Manage the process
extremely well

Re-appliable skills
for other categories

Significant investment Kitchens and Bathrooms

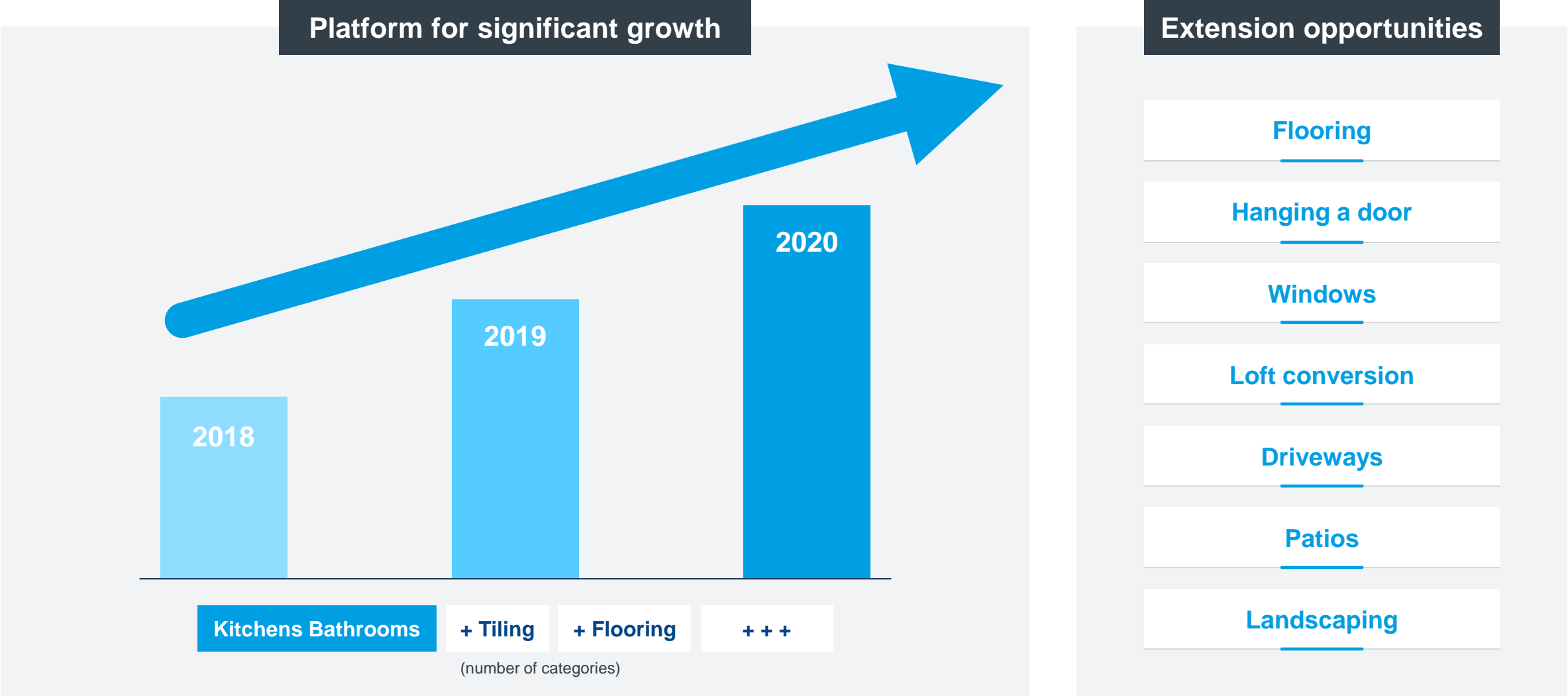
New 2020
kitchen ranges

Refresh
showrooms
and refits

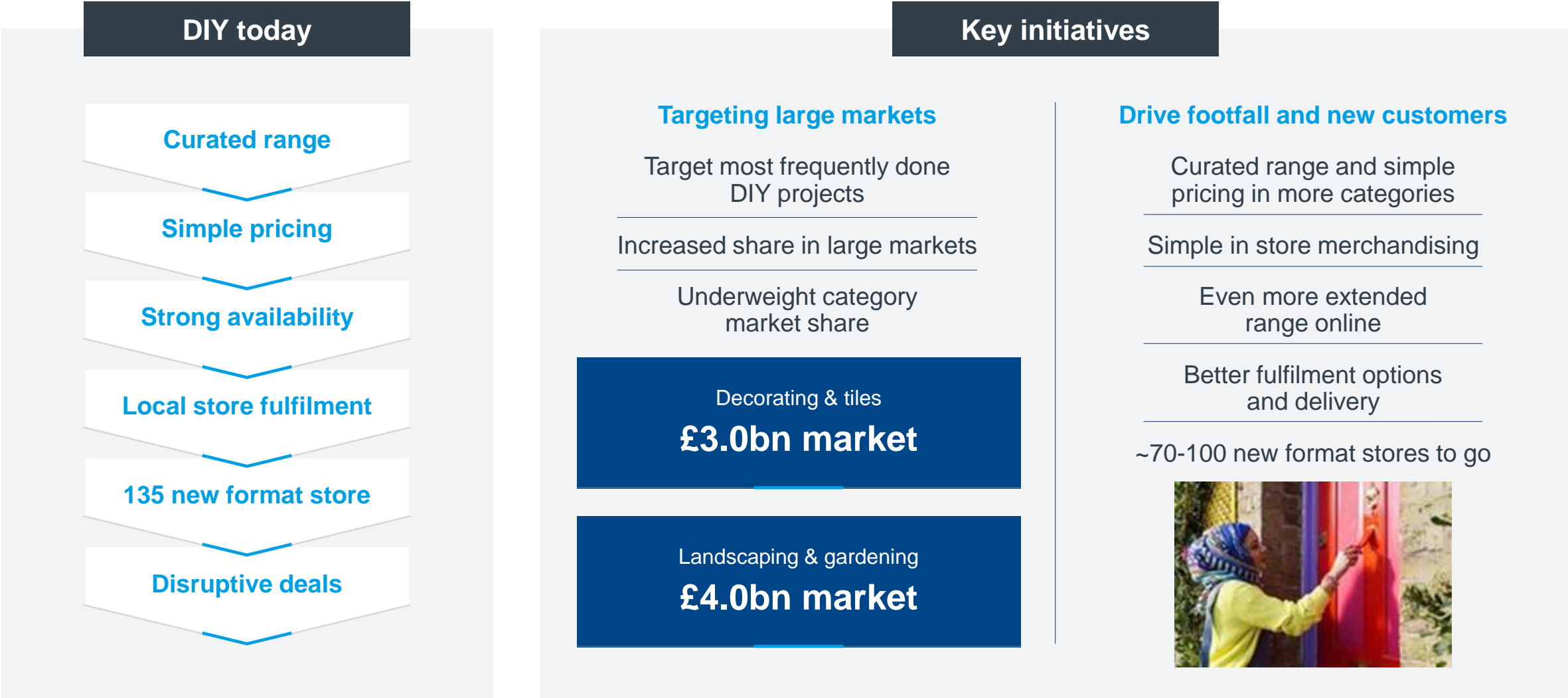
Relaunch
bathrooms



Category extensions will provide new growth platforms

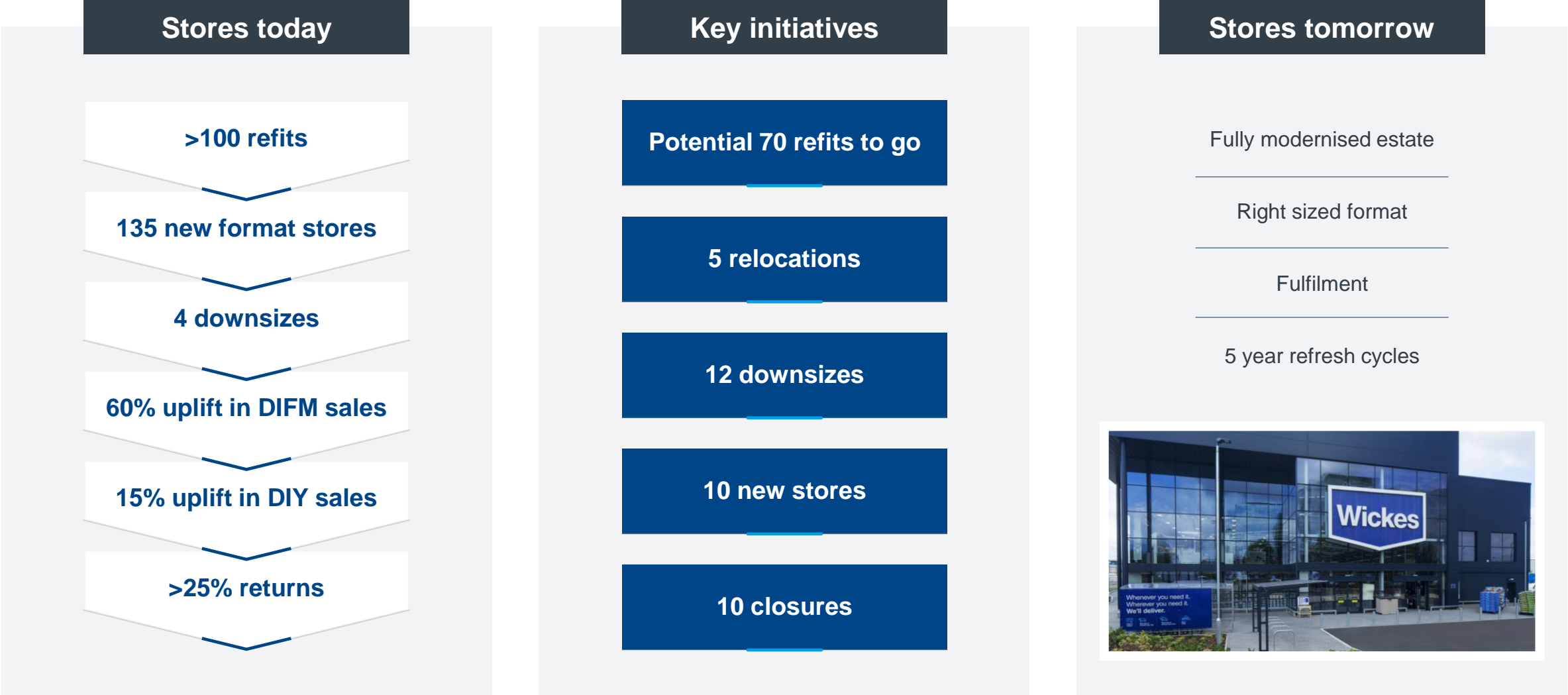


Driving volume growth by increasing market share within core DIY categories



Market size data from Global Data UK DIY and Garden Report 2019

Store refits will continue to enhance returns



Building upon Wickes' digital capability

Digital today

**Digitally-led
sales approach**

**£100-150
AOV online**

**16% core sales fulfilled
to customer homes**

Key initiatives

Double fulfilment capacity in stores

Semi-dark areas of stores to drive efficiency


Create DIFM quote service online

Personalised web experience using AI

Project and bundle focus

Wickes Dip Treated Overlap Fence Panel - 6 X 6ft

Product code: 540053 1029 Reviews Write a Review



New and improved straighter edge design. A sturdy, well-built example of a traditional overlap dip-treated fence panel.

[View product details](#)

[Save to project list](#)

[Share product](#)

£21.50

Currently in Stock - Delivery Next day available




Quantity:

[Add for Delivery](#)

[Click & Collect](#)

[Check your local store](#)

Frequently bought together

 <p>Wickes Dip Treated Overlap Fence Panel - 6 X 6ft</p> <p>£21.50</p> <p>QTY <input type="text" value="1"/></p>	 <p>Blue Circle Ready To Use Postcrete - 20kg</p> <p>£4.75</p> <p>QTY <input type="text" value="1"/></p>	 <p>Easi 15 Incised Timber Fence Post - 75 X 75mm X 2.4M</p> <p>£11.50</p> <p>QTY <input type="text" value="1"/></p>	<p>PRICE SUMMARY</p> <p>Main Product £21.50</p> <p>2 Add-on(s) Selected £16.25</p> <p>Total bundle price £37.75</p> <p>Add Bundle To Basket</p>
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Digital tomorrow

**All customer journeys
start online**

**70% DIFM leads
generated online**

**1/3 core sales fulfilled
to customer homes**

Backing our people is core to growth

People today

70% Engagement
(vs. 30-40% industry)

72% roles appointed internally

“Winning behaviours”

High retention rates

Lean and efficient Head Office

Key initiatives

Flexible working

Continue to improve diversity

Apprenticeships

Accredited store managers as performance coaches

New performance measures for design consultant

People tomorrow

80% Engagement

>70% internal progression for critical roles

Teams that reflect customers we now serve



Building the aspirational store of the future

A store with

Digitally-led sales

70% DIFM leads
generated On-line)

100+ customer
deliveries a day

Double TradePro
membership

Managing multiple
DIFM projects



Driving greater returns from existing asset base



Closing remarks

A compelling investment case

Our mission is to be the partner of choice for home improvers and Local Trade



Distinctive and hard
to replicate customer
proposition



Uniquely balanced
business



Low cost and efficient
operating model



Proven levers
for growth

Underpinned by colleagues, a winning culture and growing responsibly



Q & A



Next Steps

Next Steps

01

03 March 2020 - Travis Perkins plc full year 2019 results

02

Late March / early April 2020 - Wickes prospectus issued

03

28 April 2020 – Travis Perkins plc AGM

04

Q2 2020 – Targeted demerger for Wickes