

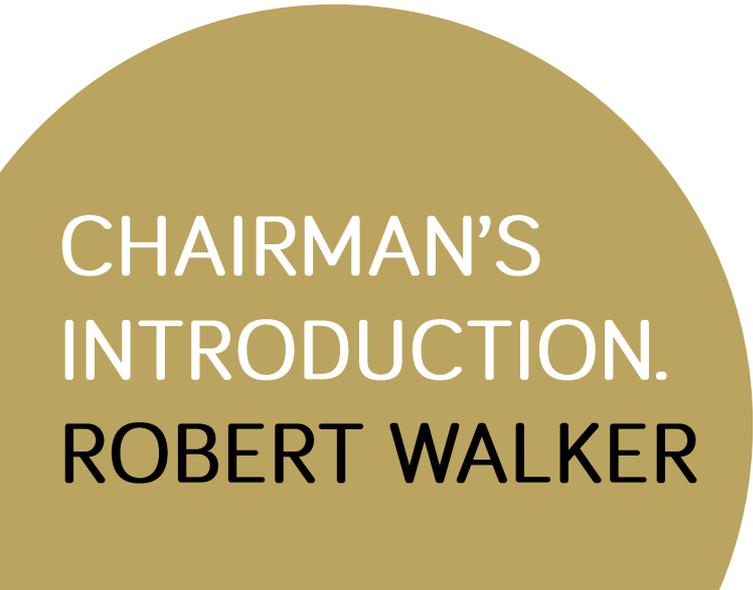


2014 INTERIM.  
30 July 2014

BUILDING  
BETTER.  
TOGETHER

THE BATHROOM SHOWROOM

Travis Perkins 



CHAIRMAN'S  
INTRODUCTION.  
**ROBERT WALKER**

# CHAMPIONS 2014

PREMIERSHIP  
RUGBY



# Agenda

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Performance highlights

John Carter

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Financial review

Tony Buffin

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Wickes transformation

Tony Buffin

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Outlook & investment priorities

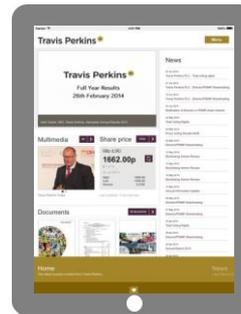
John Carter

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*Appendices*

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<https://itunes.apple.com/gb/app/travis-perkins-investor-relations/id89500110?mt=8>

# Group performance highlights

- Continued sales growth outperformance — Revenue +11.5% to £2.7 billion
- Good growth in operating profit — 19% EBITA growth to £175m
- Strong earnings growth — 22% adj. EPS growth to 53.4p
- Improving return on capital — LAROC +100bps to 10.5%
- Dividend growth underpinning TSR — Dividend growth of 22.5% to 12.25p

*Definitions disclosed in Appendix VII*

# Group performance summary

<i>Six months ended 30 June</i>	H1 2014	H1 2013	<i>Year-on-year change</i>	
Revenue	£2,731m	£2,450m	11.5%	↑
Like-for-like sales growth	10.2%	0.9%	9.3pt	↑
Adjusted EBITA	£175m	£147m	18.8%	↑
Adjusted profit before tax	£162m	£136m	19.4%	↑
Adjusted net profit after tax	£130m	£106m	23.5%	↑
Operating cash flow	£222m	£166m	33.8%	↑
Adjusted earnings per share	53.4p	43.9p	21.6%	↑
Dividends per share	12.25p	10.0p	22.5%	↑
Lease adjusted ROCE	10.5%	9.5%	100bps	↑
Net debt	£297m	£406m	£(109)m	↓

Definitions disclosed in Appendix VII

# General Merchanting performance summary

<i>Six months ended 30 June</i>	H1 2014	H1 2013	Δ
Revenue	£908m	£787m	15.3%
Like-for-like growth	14.6%	2.8%	11.8ppt
EBITA	£89m	£73m	22.6%
<i>EBITA margin</i>	9.8%	9.2%	60bps
Lease adjusted ROCE	17%	16%	1ppt



**BENCHMARKX**  
Kitchens and Joinery

- Outperformance against the market
- Sector leading margins sustained (ex property gains)
- Renewed focus on branch format and supply chain
- Improved lease adjusted ROCE

*Definitions disclosed in Appendix VII*

# Consumer performance summary

Six months ended 30 June	H1 2014	H1 2013	Δ
Revenue	£638m	£587m	8.8%
Like-for-like growth	6.8%	(1.1)%	7.9ppt
EBITA	£36m	£30m	22.4%
EBITA margin	5.6%	5.0%	60bps
Lease adjusted ROCE	6%	6%	-

- Kitchen & Bathroom market difficult in Q1, better in Q2
- Wickes LFL momentum improved in Q2
- Good cost control throughout the half
- Strong performance by Toolstation continued

**Wickes**

**TILE GIANT**  
Ceramic Tile Merchants

**TOOLSTATION**

Definitions disclosed in Appendix VII

# Plumbing & Heating performance summary

Six months ended 30 June	H1 2014	H1 2013	Δ
Revenue	£672m	£619m	8.4%
Like-for-like growth	7.4%	(2.3)%	9.7ppt
EBITA	£24m	£19m	27.5%
EBITA margin	3.6%	3.1%	50bps
Lease adjusted ROCE	8%	6%	2ppt

- Solid performance in a tough market
- Gross margins affected by weaker market & boiler mix
- Underlying EBITA margin of 3.3%
- PTS / CPS network reconfiguration commenced at the end of H1 2014



Definitions disclosed in Appendix VII

# Contracts performance summary

Six months ended 30 June	H1 2014	H1 2013	Δ
Revenue	£513m	£457m	12.4%
Like-for-like growth	11.1%	4.9%	6.2ppt
EBITA	£35m	£33m	5.5%
EBITA margin	6.8%	7.2%	(40)bps
Lease adjusted ROCE	12%	12%	-

- Good sales growth
- Gross margin impacted by changing product mix
- Solid cost control
- Market recovery expected later than residential
- Investing in range & service improvements



Definitions disclosed in Appendix VII

# FINANCIAL REVIEW. TONY BUFFIN



CITY PLUMBING  
SUPPLIES  
part of the Travis Perkins Group

THE BATHROOM  
SHOWROOM

**BENCHMARK**  
Kitchens and Joinery

**TP** Travis Perkins  
ALL THE BUILDING  
MATERIALS YOU NEED

**TP**  
Travis Perkins  
**HIRE**

Entrance

Customer Sales



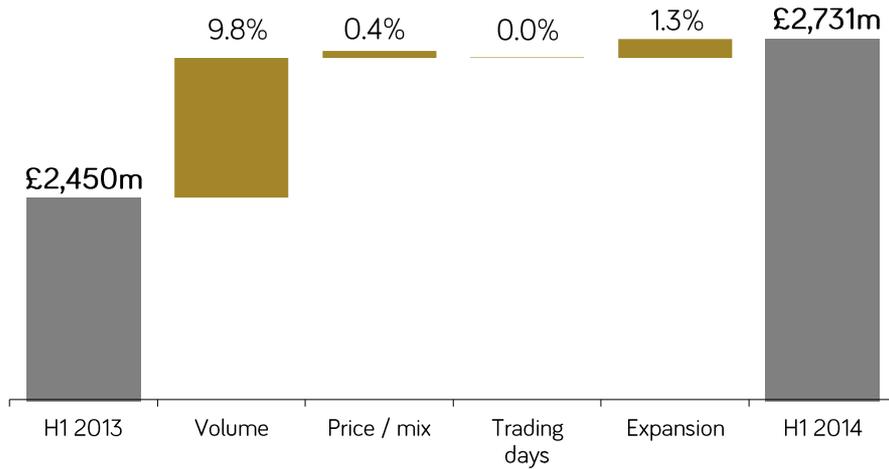
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Dividends per share	12.25p	10.0p	22.5%	↑
Lease adjusted ROCE	10.5%	9.5%	100bps	↑
Net debt	£297m	£406m	£(109)m	↓

Definitions disclosed in Appendix VII

# Continued sales growth outperformance

Group revenue growth



- 2013 volume momentum continued into H1 2014
- Modest deflation offset by positive sales mix
- Accelerating contribution from new space adding 1.3% to sales
- 2-year LFL trend giving confidence for full-year outlook

LFL sales growth

	Q1	Q2	H1
2013	(2.9)%	4.4%	0.9%
2014	12.7%	8.1%	10.2%
2 year growth	9.3%	12.4%	10.8%

Definitions disclosed in Appendix VII

# Improving operating leverage

	General Merchandising	Consumer	Plumbing & Heating	Contracts	Group
2013 EBITA margin	9.2%	5.0%	3.1%	7.2%	6.0%
Gross margin	(0.1)%	(2.0)%	(0.9)%	(0.7)%	(0.8)%
Overheads	-	2.6%	1.4%	0.3%	1.0%
Property profits	0.7%	-	-	-	0.2%
<b>2014 EBITA margin</b>	<b>9.8%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>6.8%</b>	<b>6.4%</b>

- Sector-leading margins sustained in TP
- Property profits made a positive contribution
- Consumer gross margin impacted by Kitchen & Bathroom market
- Underlying margin improved 20bps to 6.2%

*Definitions disclosed in Appendix VII*

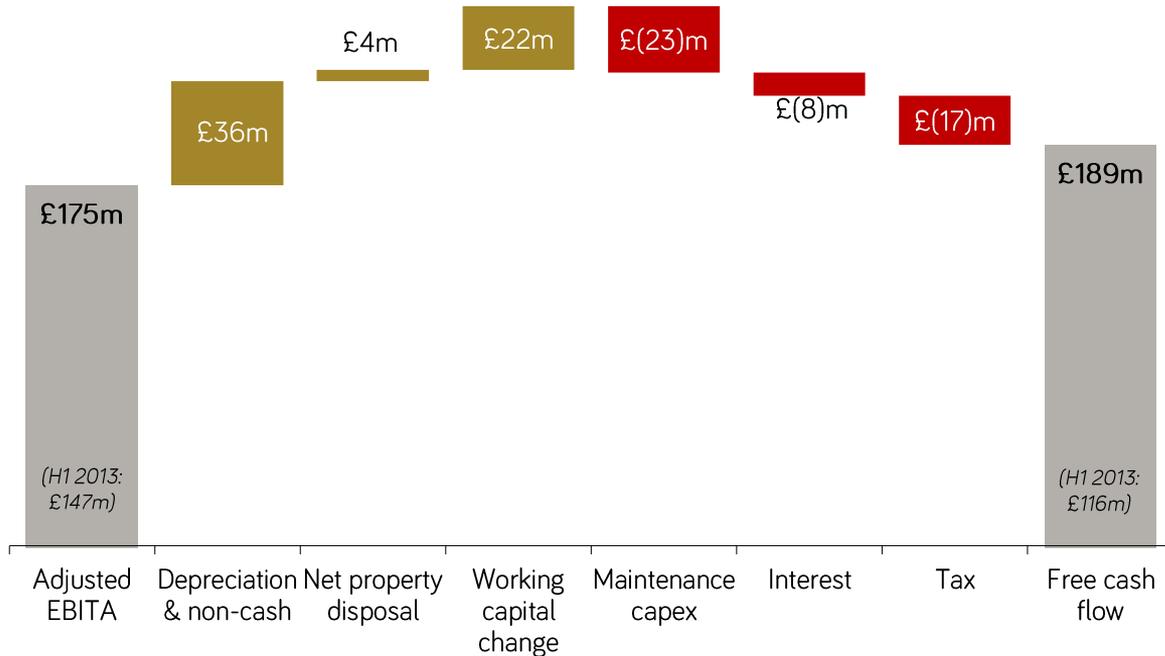
# Strong & sustainable earnings growth

Six months ended 30 June	H1 2014	H1 2013	Δ
Adjusted EBITA	£175m	£147m	18.8%
Net finance cost	£(13)m	£(11)m	11.4%
Adjusted profit before tax	£162m	£136m	19.4%
Adjusted tax	£(32)m	£(30)m	5.2%
<b>Adjusted profit after tax</b>	<b>£130m</b>	<b>£106m</b>	<b>23.5%</b>
Weighted average shares	244m	240m	1.5%
<b>Adjusted earnings per share</b>	<b>53.4p</b>	<b>43.9p</b>	<b>21.6%</b>
Dividends per share	12.25p	10.0p	22.5%

- Timing of property profits helping effective tax rate lower to 19.8% from 21.3%
- Confidence to increase dividends ahead of earnings growth
- Moving dividend cover into range of 2.5x-3.25x for the full year

Definitions disclosed in Appendix VII

# Strong cash flow generation



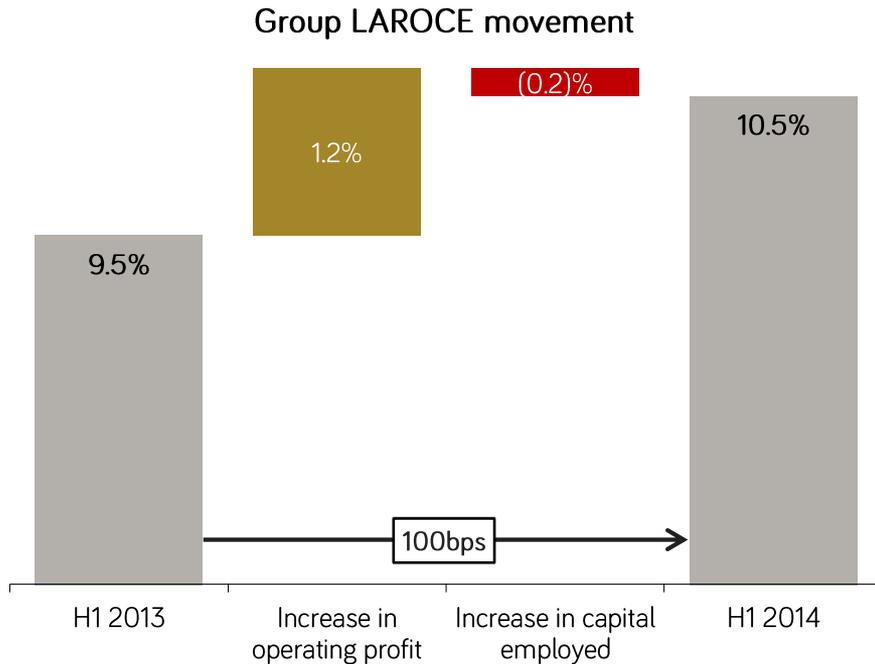
- Cash conversion increased from 86% to 108%
- Disciplined working capital management
- Potential cash outflow of £50m in H2 relating to 2010 tax provision

Definitions disclosed in Appendix VII

# 2014 investment plans progressing well

		Examples	Capex YTD
1	Extending leadership	Strong returns	<ul style="list-style-type: none"> <li>New TP / Wickes</li> <li>Toolstation / Benchmarkx implants</li> </ul> £16m
2	Investing to grow	Good returns	<ul style="list-style-type: none"> <li>New formats</li> <li>Regional DC</li> </ul> £1m
3	Re-engineering & infrastructure build	Range of returns	<ul style="list-style-type: none"> <li>IT systems</li> <li>Branch relocations</li> </ul> £11m
		Property Maintenance	£14m
		Group capex	£23m
			<b>£65m</b>

# Disciplined capital management



- Capital investment stepping up
- Investments generating good incremental returns
  - new branches & implants
  - targeted supply chain investments enabling faster & easier supply
  - range extension intensifying use of existing branch network
- LAROCCE benefitted from weaker comparatives

Definitions disclosed in Appendix VII

# Improving financial position

<i>Six months ended 30 June</i>	<i>Medium term guidance</i>	H1 2014	H1 2013	$\Delta$	
Net debt	-	£297m	£406m	£(109)m	↓
Lease adjusted debt	-	£1,806m	£1,854m	£(48)m	↓
LA Gearing	-	44.1%	48.8%	(4.7)ppt	↓
Fixed charge cover	3.5x	3.0x	2.8x	0.2x	↑
LA Debt : EBITDAR	2.5x	2.8x	3.2x	(0.4)x	↓

Definitions disclosed in Appendix VII

# On-track to meet 2014 expectations

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- Improving inflation outlook
- Property profits of ~£20m
- Effective tax rate moving towards ~21%
- Confident in £130-150m capital expenditure guidance
- No change to associated operating cost investment of ~£10-15m
- Dividends move to within medium-term range (2.50x-3.25x)



**WICKES  
TRANSFORMATION.  
TONY BUFFIN**

# Accelerating Wickes transformation

- New team in place
- Priority to increase LFL performance
  - Range, value, communication, service & standards
  - Format renewal
- Accelerate new store openings
- Targets remain consistent with medium term guidance

## Wickes Management Team



Simon King

- Managing Director
- 1 year 6 months in role
- 30 years experience with Tesco & Asda



Mike Ashley

- Chief Commercial Officer
- 4 months in role
- 20 years experience with Dixons, Home Retail, Boots



Andy Morrison

- Chief Operating Officer
- 6 months in role
- 28 years experience with Sainsbury's, B&Q, Toolstation, Tile Giant



Ian Crook

- Chief Marketing Officer
- 6 months in role
- 18 years experience with Tesco (inc. Online & ClubCard)



Duncan Kendal

- Supply Chain Director
- 16 months in role
- 9 years experience with Amazon & HRG



Antony Smith

- Finance Director
- 9 months in role
- 16 years experience with Premier Foods, Alfred McAlpine, RAC, AMP

# Wickes position for sustainable growth



#### Trade customer definitions

Large Revenue > £2m p.a.

Medium Revenue £80k-£2m p.a.

Small Revenue <£80k p.a.

#### Private consumer definitions

Expert High skill, high interest

Functional Medium skill, mid-low interest

Style-led Low skill, high interest

# Immediate priorities for Wickes

## Range

- Increase space & range in under-penetrated categories (e.g. paint, seasonal)
- Clearer good, better, best range architecture
- Selective branded product introductions

## Value

- Fewer & bigger promotions
- Investing more in KVI pricing
- Sustained price advantage
- Re-engineer private label products

## Service & Standards

- Investment in store standards and customer engagement (e.g. assisted sales)
- Step-change in-store presence of enhanced multi-channel offer
- Optimise labour planning / scheduling

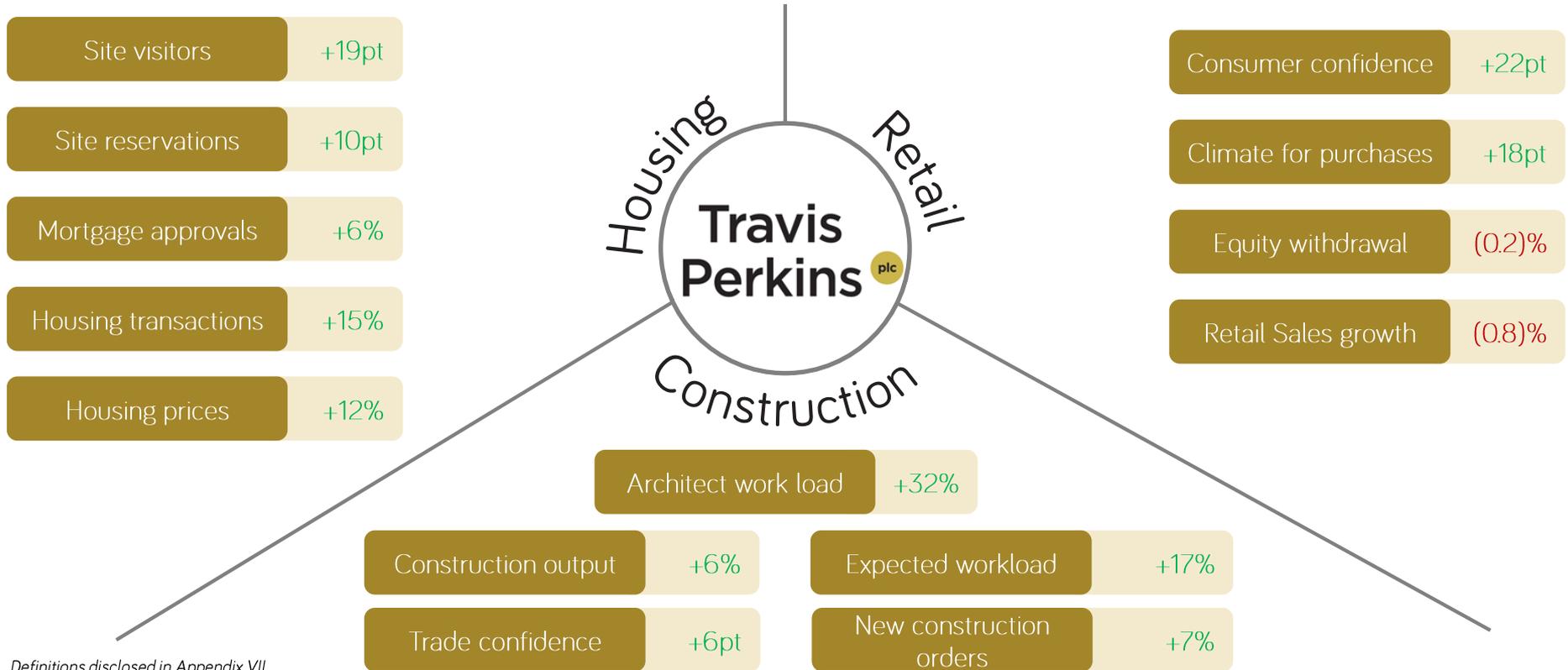
## Stores

- Improved store layout
- Reinvigorated store refurbishment programme
- Accelerated new store opening programme

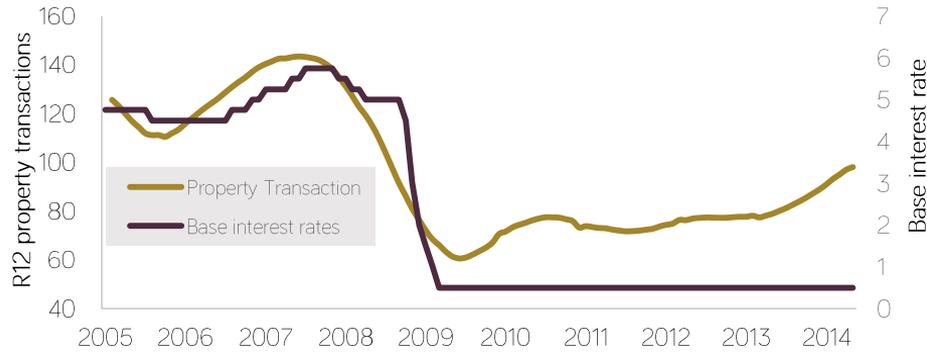


**OUTLOOK &  
INVESTMENT  
PRIORITIES.**  
**JOHN CARTER**

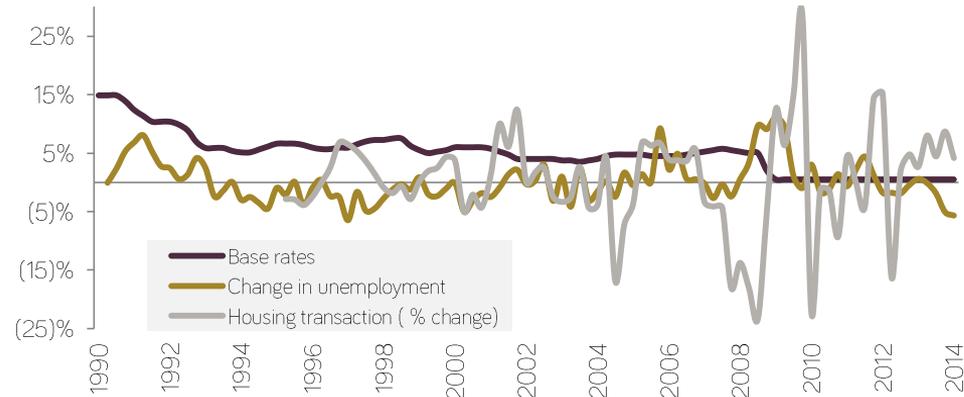
# Encouraging market indicators



# Encouraging market indicators



Source: HM Revenue & Customs / Bank of England, July 2014



- Good growth in rolling 12 month property transactions
- Rate of growth expected to naturally slow through 2014
- Unemployment rates and consumer confidence critical

# Levers of value creation

## Customer innovation

- Improved value
- Extended range
- Product development
- Format renewal
- Technology enabled
- Multi-channel

## Optimising network

- TP expansion & modernisation
- Wickes national footprint
- Plumbing & Heating format clarity
- Implants intensify returns
- Trade parks

## Scale advantage

- Supply chain investment
- Leverage property capability
- Group sourcing benefits
- Shared technology investment

## Portfolio management

- Streamlined central functions
- Devolved management responsibility
- Disciplined planning & capital allocation
- Regular market updates

Enabled through people & evolution of unique culture

# Stepping up our investment for the customer

Customer  
innovation

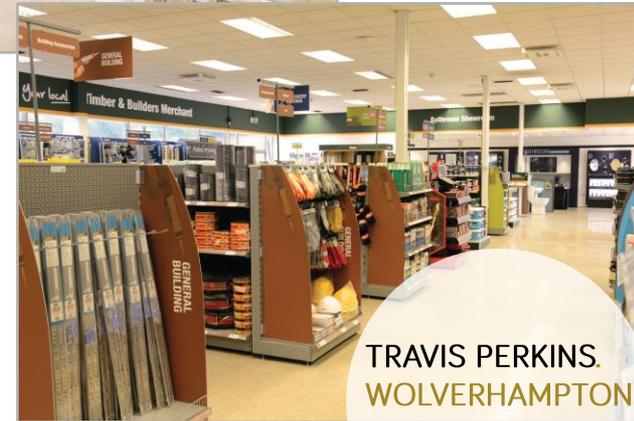
- TP modernisation plan
- Heavyside range extension via Regional DCs
- Multi-channel investment progressing
- Investment in better value
  - Trade Offers in TP
  - Fewer, bigger promotions & stronger KVI pricing in Wickes



# Network optimisation continuing at pace

Optimising  
network

- Format development
  - TP format trial in Wolverhampton
  - P&H network reconfiguration
  - 17 sites re-branded between TP & Keyline
- Implants progressing
  - 27 Benchmarx conversions
  - 20 CPS bathroom showroom installations
  - 22 Toolhire installations
- Trade Park performance encouraging



TRAVIS PERKINS.  
WOLVERHAMPTON

# Scale advantage accelerating

Scale  
advantage

- Second primary lightside hub on track for Q1 2015
- Warrington regional heavyside DC enhancing sales growth
  - second & third regional heavyside DCs in Wales & South East on track
- New branded product launches
- Direct sourcing growth



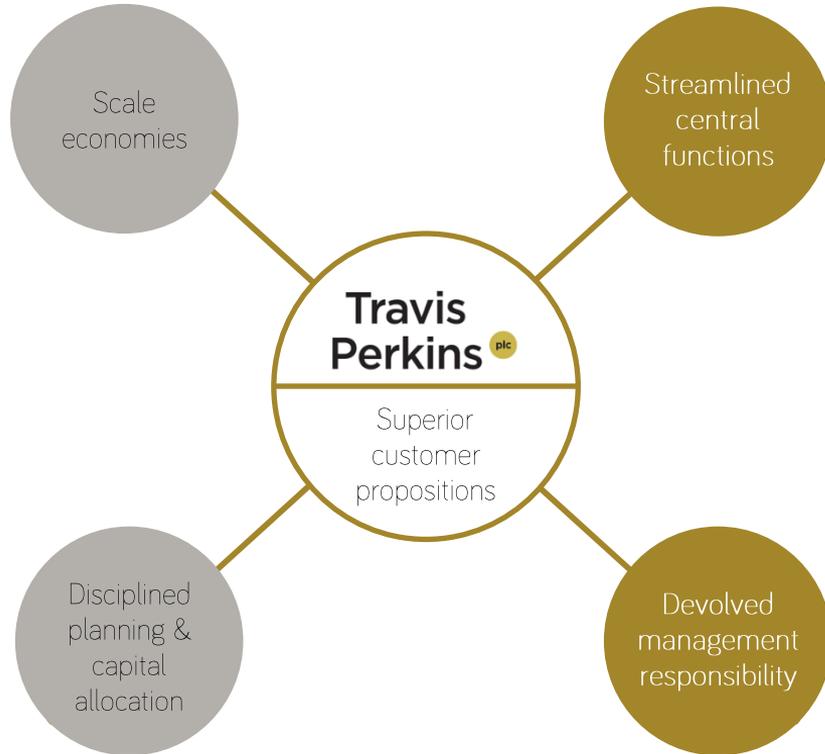
NEW REGIONAL  
DISTRIBUTION HUB.  
WARRINGTON

**PUNK.**

EXCEPTIONAL RANGE OF  
HIGH PERFORMANCE,  
PREMIUM QUALITY,  
PROFESSIONAL POWER  
TOOL ACCESSORIES



# Portfolio model driving change



- IT investment commenced
  - Central systems enabling efficiency
  - Core merchandising systems
- Higher calibre divisional boards
- Business unit incentives being tailored to performance

# Confident in consistent medium term guidance

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- On track to meet 2014 expectations
- Encouraging early progress with strategic priorities
- Further update at Operational Briefing (27 November 2014)
- ‘Self-help’ growth opportunities enabling outperformance
  - Modernise Travis Perkins
  - Transform Wickes
  - Reconfigure Plumbing & Heating



**QUESTIONS.**

SEKTOR

SEKTOR

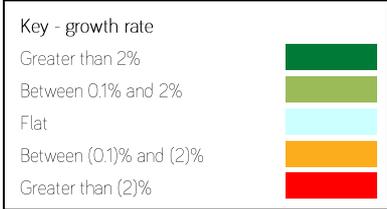
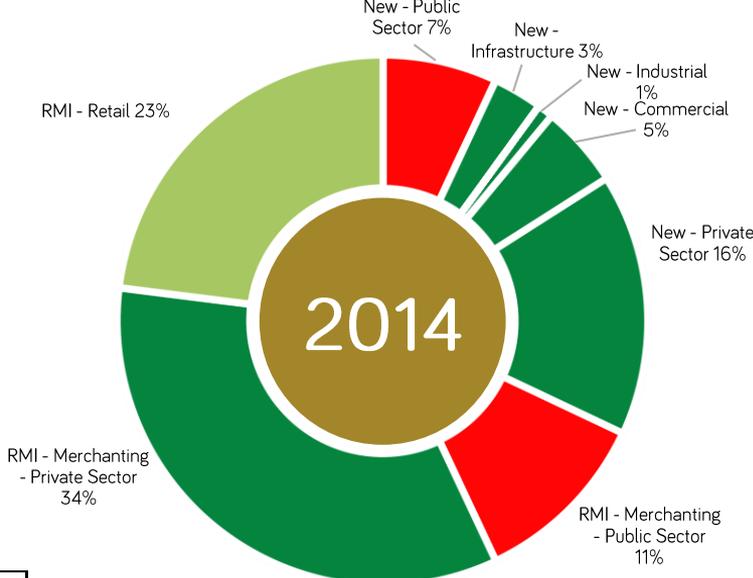
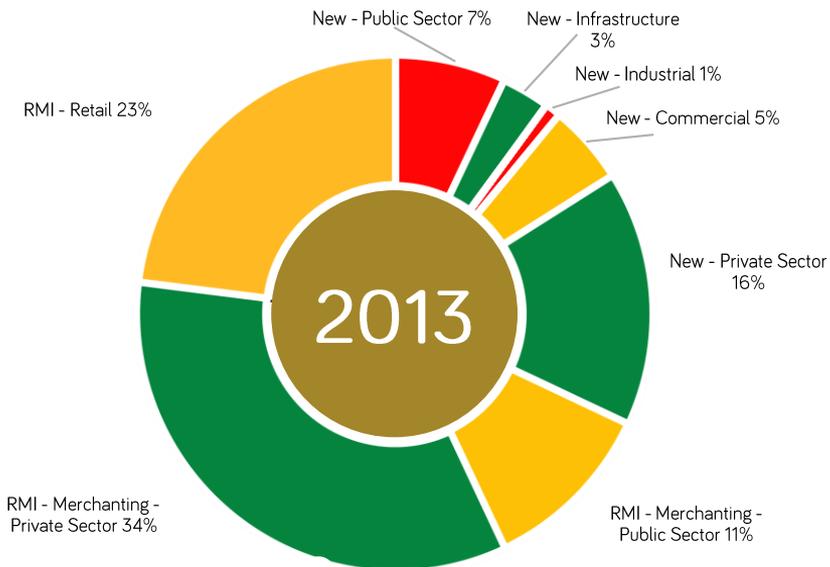
SEKTOR

# APPENDICES.



- I. Market growth
- II. Revenue analysis
- III. Adjusted earnings rec.
- IV. Branch numbers
- V. Like-for-like sales growth
- VI. Division structure re-alignment
- VII. Definitions

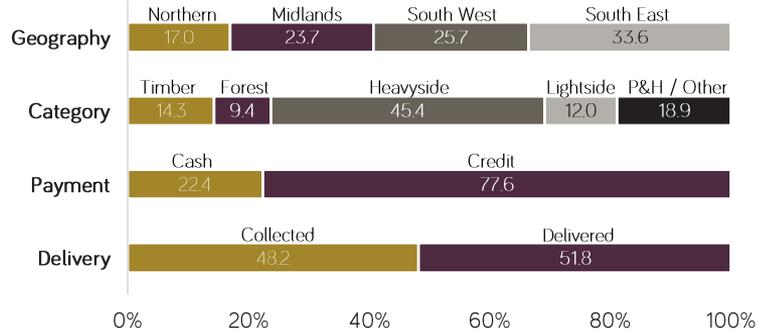
# I. End-user market growth



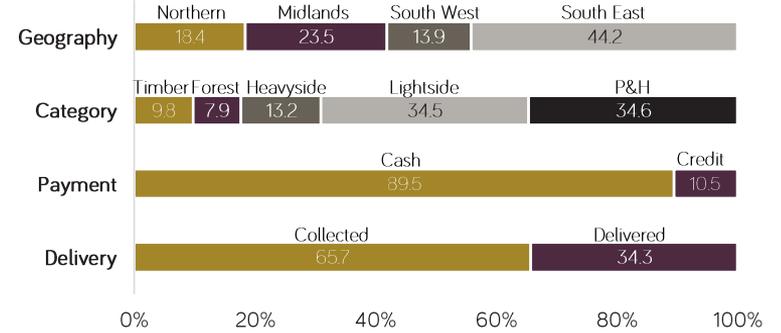
Source: Travis Perkins plc internal analysis

# II. Revenue analysis – 6 months ended 30 June 2014

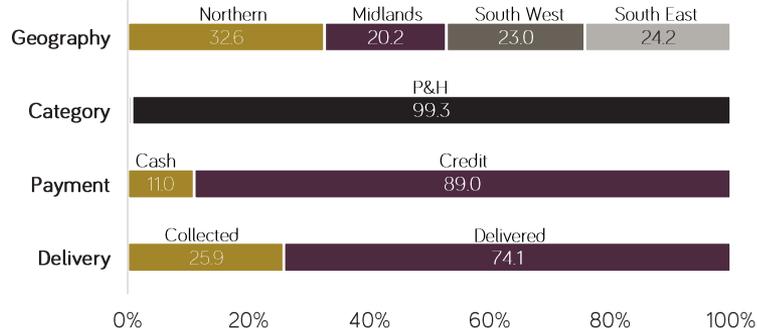
## General Merchancing



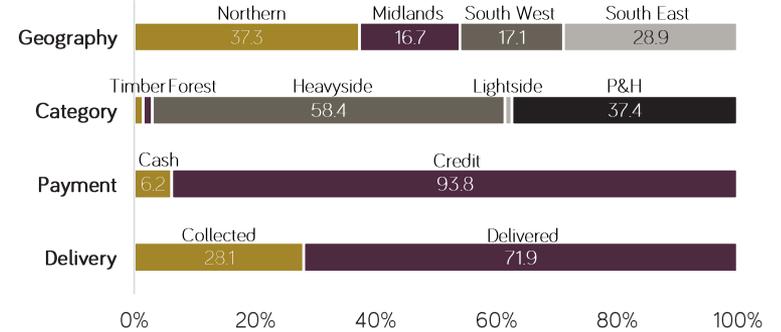
## Consumer



## Plumbing & Heating



## Contracts



# III. Adjusted earnings reconciliation

<i>Six months ended 30 June</i>	H1 2014		H1 2013	
	PAT	EPS	PAT	EPS
<b>Statutory earnings</b>	£123m	50.6p	£106m	44.2p
Minority interest	-	(0.1)p	-	-
Exceptional investment income	-	-	£(7)m	(3.2)p
Amortisation of intangibles	£9m	3.6p	£9m	3.8p
Tax on amortisation	£(2)m	(0.7)p	£(2)m	(0.9)p
<b>Adjusted earnings</b>	<b>£130m</b>	<b>53.4p</b>	<b>£106m</b>	<b>43.9p</b>

# IV. Branch numbers

	Dec-13	Brownfield	Implants	Closures	Rebrand	Jun-14
Travis Perkins	643	5	-	(5)	11	654
Benchmark *	85	1	27	-	-	113
Rinus Roofing Supplies	14	-	-	-	-	14
<b>General Merchandising</b>	<b>742</b>	<b>6</b>	<b>27</b>	<b>(5)</b>	<b>11</b>	<b>781</b>
Keyline	87	-	-	-	(12)	75
CCF	31	-	-	-	1	32
BSS Industrial	64	-	-	-	-	64
<b>Contracts</b>	<b>182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>171</b>
Plumbing Trade Supplies	311	1	-	(11)	(2)	299
City Plumbing	193	-	-	(1)	2	194
Direct Heating Spares	1	-	-	-	-	1
F&P Wholesale	9	-	-	-	-	9
Connections	1	-	-	-	-	1
PTS Ireland	7	-	-	-	-	7
Birchwood Price Tools	3	-	-	-	-	3
Solfex	1	-	-	-	-	1
<b>Plumbing &amp; Heating</b>	<b>526</b>	<b>1</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>515</b>
Wickes **	229	1	-	-	-	230
Tile Giant	108	1	4	(3)	-	110
Toolstation ***	152	7	8	-	-	167
<b>Consumer</b>	<b>489</b>	<b>9</b>	<b>12</b>	<b>(3)</b>	<b>-</b>	<b>507</b>
<b>Group</b>	<b>1,939</b>	<b>16</b>	<b>39</b>	<b>(20)</b>	<b>-</b>	<b>1,974</b>

\* Travis Perkins K&B showrooms rebranded to Benchmark

\*\* includes 16 stand-alone K&B showrooms

\*\*\* includes 5 stores in The Netherlands

## 5-year network growth

	2009	2010	2011	2012	2013
Opening	1,262	1,303	1,813	1,868	1,896
New	46	519	120	48	58
Closures	(5)	(9)	(65)	(20)	(15)
<b>Closing</b>	<b>1,303</b>	<b>1,813</b>	<b>1,868</b>	<b>1,896</b>	<b>1,939</b>

# V. Like-for-like sales growth

<i>Six months ended 30 June 2014</i>	General	Contracts	Consumer	P&H	Total
Volume	11.4%	9.5%	9.8%	8.1%	9.8%
Price / mix	3.2%	1.6%	(3.0)%	(0.7)%	0.4%
<b>Like-for-like sales</b>	<b>14.6%</b>	<b>11.1%</b>	<b>6.8%</b>	<b>7.4%</b>	<b>10.2%</b>
Trading days	-	-	-	-	-
Expansion	0.7%	1.3%	2.0%	1.0%	1.3%
<b>Total sales growth</b>	<b>15.3%</b>	<b>12.4%</b>	<b>8.8%</b>	<b>8.4%</b>	<b>11.5%</b>

# V. Like-for-like sales growth

## Like-for-like by quarter

<i>Six months ended 30 June 2014</i>	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
General	(2.1)%	7.1%	10.3%	10.1%	16.6%	13.3%
Contracts	0.9%	8.6%	9.4%	7.4%	12.8%	9.7%
P&H	(2.5)%	(2.0)%	4.7%	20.5%	13.2%	1.2%
Consumer	(7.3)%	4.4%	-	6.9%	6.9%	6.8%
<b>Like-for-like sales</b>	<b>(2.9)%</b>	<b>4.4%</b>	<b>6.3%</b>	<b>11.8%</b>	<b>12.7%</b>	<b>8.1%</b>

## Like-for-like by half year

<i>Six months ended 30 June 2014</i>	H1 2013	H2 2013	H1 2014
General	2.8%	10.1%	14.6%
Contracts	4.9%	8.5%	11.1%
P&H	(2.3)%	12.8%	7.4%
Consumer	(1.1)%	3.3%	6.8%
<b>Like-for-like sales</b>	<b>0.9%</b>	<b>9.0%</b>	<b>10.2%</b>

# VI. Division structure re-alignment

## 2013 operating structure

General Merchancing		H1 2013	H2 2013
	Revenue	£754m	£824m
EBITA	£73m	104m	

Consumer		H1 2013	H2 2013
	Revenue	£587m	£593m
EBITA	£30m	£33m	

Plumbing & Heating		H1 2013	H2 2013
	Revenue	£792m	£938m
EBITA	£36m	£58m	

Specialist		H1 2013	H2 2013
	Revenue	£317m	£344m
EBITA	£16m	£15m	



## 2014 operating structure

General Merchancing		H1 2013	H2 2013
	Revenue	£787 m	£861m
EBITA	£73m	£104m	
LAROCE	16%	16%	

Consumer		H1 2013	H2 2013
	Revenue	£587m	£593m
EBITA	£30m	£33m	
LAROCE	6%	6%	

Plumbing & Heating		H1 2013	H2 2013
	Revenue	£619m	£746m
EBITA	£19m	£38m	
LAROCE	8%	6%	

Contracts		H1 2013	H2 2013
	Revenue	£457m	£499m
EBITA	£33m	£35m	
LAROCE	12%	12%	



Travis Perkins

**BENCHMARK**  
Kitchens and Joinery

**Wickes**

**TILE GIANT**

**TOOLSTATION**



# VII. Definitions

Metric	Definition
EBITA	Earnings before interest, tax and amortisation
Earning per share (“EPS”)	Ratio of net profit after taxation to weighted number of ordinary shares outstanding
Adjusted EBITA / Adjusted EPS	EBITA or EPS adjusted for exceptional income items and amortisation (see Appendix III for reconciliation)
Lease adjusted ROCE	Ratio of earnings before interest, tax, amortisation and 50% of annual property rental expense to debt plus equity plus eight times annual property rental expense
Lease adjusted debt	On-balance sheet debt plus eight times annual property rental expense
LA Gearing	Ratio of lease adjusted debt to equity plus lease adjusted debt
Fixed charge cover	Ratio of earnings before interest, tax, depreciation, amortisation and property rentals to interest plus property rentals
LA Debt : EBITDAR	Ratio of lease adjusted debt to earnings before interest, tax, depreciation, amortisation and property rentals
Dividend cover	Ratio of earnings per share to dividends per share
Free cash flow (“FCF”)	Net cash flow before dividends, growth capital expenditure, pension contributions & financing cash flows
Total Shareholder Return (“TSR”)	Ratio of opening market price per share to closing market price per share less opening market price per share plus dividends per share during the period

# VII. Definitions (continued)

Metric	Definition
Site visitors	House Builders Federation Survey / monthly / May 2014 / Balance score compared to a year ago
Site reservations	House Builders Federation Survey / monthly / May 2014 / Balance score compared to a year ago
Mortgage approvals	Bank of England & British Bankers Association / monthly / May 2014 / number of approvals % change year on year
Housing transactions	HM Revenue & Customers / monthly / June 2014 / number of houses sold above £40k % change year on year
Housing prices	Nationwide & Halifax / monthly / June 2014/ house price inflation % change year on year
Consumer confidence	GFK / monthly / June 2014/ index score
Climate for purchases	GFK / monthly / June 2014 / index score
Equity withdrawal	Bank of England / quarterly / Q1 2014 / Change in Equity withdrawal as % of net earnings
Retail sales growth	British Retail Consortium / monthly / June 2014 / LFL % change year on year
Architect work load	Mirza and Nacey Survey / quarterly / Q1 2014 / Index
Construction output	Construction output YTD ONS / monthly / May 2014 / % change year on year
Trade confidence	Travis Perkins survey/ quarterly / Q2 2014 view of Q3 2014 / Balance score
Expected workload	Federation of Master Builders / quarterly / Q2 2014 view of Q3 2014 / Balance score % increase year on year
New construction orders	Office for National Statistics / quarterly / Q1 2014 / % change year on year



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