



INTERIM RESULTS. 2015

Travis Perkins 

Agenda

Group highlights

John Carter

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2015 interim key messages

- 1 Continued market outperformance**
 - Strong volume growth and continued outperformance of our markets
 - Pleasing performance across TP, Consumer and Contracts (notably Keyline & CCF)
- 2 Investing in sustainable growth**
 - Focused increase in capex to £131m to drive strong returns
 - Continued branch expansion with deep pipeline
 - Still only 18 months into the five year plan, lots more work still to do
- 3 Growth not market constrained**
 - Majority of our markets remain fragmented
 - Our businesses building on strong structural advantages
 - All businesses investing to further enhance customer propositions

Investing to drive sustainable growth in earnings and TSR

Group performance highlights

- Continued sales growth outperformance — Revenue growth of 7.8% to £2.9bn
- Strong underlying profit growth — 9.0% EBITA growth (ex-Property)
- Investing for long-term growth — Capex doubled to £131m
- Strong return on capital — LAROC maintained at 10.5%
- Dividend growth underpinning TSR — Dividend growth of 20% to 14.75p

Definitions disclosed in Appendix VI



**FINANCIAL
REVIEW.**
TONY BUFFIN

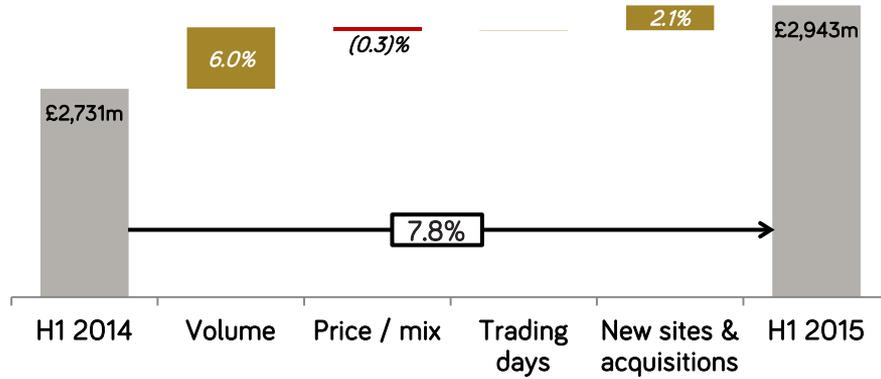
Group performance summary

<i>Six months ended 30 June</i>	H1 2015	H1 2014	<i>Year-on-year change</i>	
Revenue	£2,943m	£2,731m	7.8%	↑
Like-for-like sales growth	5.7%	10.2%	(4.5)ppt	↑
Adjusted EBITA	£185m	£175m	5.7%	↑
Adjusted EBITA excluding property profits	£182m	£167m	9.0%	↑
Adjusted profit before tax	£167m	£162m	3.1%	↑
Adjusted net profit after tax	£134m	£130m	3.1%	↑
Free cash flow	£156m	£189m	(17.5)%	↓
Adjusted earnings per share	54.2p	53.4p	1.5%	↑
Dividends per share	14.75p	12.25p	20.4%	↑
Lease adjusted ROCE	10.5%	10.5%	-	↔
Lease adjusted net debt	£1,824m	£1,807m	£17m	↔

Definitions disclosed in Appendix VI

Continued sales growth outperformance

Group revenue growth



- Good volume growth outperforming our markets
- Consistent low inflation
- New branches & businesses contributing 2.1%
- Good H1 sales growth and strong two-year LFL growth

LFL sales growth

	Q1	Q2	H1
2014	12.7%	8.1%	10.2%
2015	5.1%	6.3%	5.7%
2 year growth	18.4%	14.9%	16.5%

Definitions disclosed in Appendix VI

Underlying operating leverage maintained

	General Merchenting	Plumbing & Heating	Contracts	Consumer	Group
H1 2014 EBITA margin	9.8%	3.6%	6.8%	5.6%	6.4%
Gross margin	1.7%	1.0%	(1.2)%	0.2%	0.8%
Operating costs	(1.3)%	(1.5)%	0.7%	(0.2)%	(0.7)%
<i>H1 2015 EBITA before Δ in property profits</i>	<i>10.2%</i>	<i>3.1%</i>	<i>6.3%</i>	<i>5.6%</i>	<i>6.5%</i>
Property profits	(0.8)%	-	-	0.3%	(0.2)%
H1 2015 EBITA margin	9.4%	3.1%	6.3%	5.9%	6.3%

- General Merchenting underlying margins sustained
- P&H 2014 result benefitted from one-off contract and sourcing income
- Mix of business growth in Contracts reducing Division margin
- Timing of property profits impacting reported margin

Definitions disclosed in Appendix VI

General Merchandising performance summary

<i>Six months ended 30 June</i>	H1 2015	H1 2014	Δ
Revenue	£979m	£908m	7.8%
Like-for-like growth	6.7%	14.6%	(7.9)ppt
Adjusted EBITA	£92m	£89m	3.4%
<i>EBITA margin</i>	9.4%	9.8%	(40) bps
Underlying EBITA (ex-Property profit)	£91m	£81m	12.3%
Lease adjusted ROCE	16%	17%	-

- Good sales growth from all regions
- Good cost price management and focus on pass-through
- Strong Benchmarkx growth following showroom upgrades
- Underlying profit growth – up 12.3%



BENCHMARKX
Kitchens and Joinery

Definitions disclosed in Appendix VI

Plumbing & Heating performance summary

<i>Six months ended 30 June</i>	H1 2015	H1 2014	Δ
Revenue	£667m	£672m	(0.7)%
Like-for-like growth	(2.9)%	7.4%	(10.3)ppt
Adjusted EBITA	£21m	£24m	(12.5)%
<i>EBITA margin</i>	3.1%	3.6%	(50) bps
Underlying EBITA (ex-Property profit & one-off items)	£21m	£22m	(4.5)%
Lease adjusted ROCE	8%	8%	-

- Re-segmentation on plan with CPS now consistently showing positive like-for-like growth
- Improving sales growth throughout the half
- Tough heating market and strong Q1 comparatives
- Primaflow integration progressing well



Definitions disclosed in Appendix VI

Contracts performance summary

<i>Six months ended 30 June</i>	H1 2015	H1 2014	Δ
Revenue	£605m	£513m	17.9%
Like-for-like growth	13.9%	11.1%	2.8ppt
Adjusted EBITA	£38m	£35m	8.6%
<i>EBITA margin</i>	6.3%	6.8%	(50) bps
Underlying EBITA (ex-Property profit)	£38m	£35m	8.6%
Lease adjusted ROCE	13%	12%	1ppt

- Both EBITA and ROCE improved
- Keyline growth remains well ahead of the market
- CCF accelerating market share gains
- Competitive BSS market with later cycle growth



Pipeline & Heating Solutions



Definitions disclosed in Appendix VI

Consumer performance summary

<i>Six months ended 30 June</i>	H1 2015	H1 2014	Δ
Revenue	£693m	£638m	8.6%
Like-for-like growth	6.5%	6.8%	(0.3)ppt
Adjusted EBITA	£41m	£36m	13.9%
<i>EBITA margin</i>	5.9%	5.6%	30 bps
Underlying EBITA (ex-Property profit)	£39m	£36m	8.3%
Lease adjusted ROCE	7%	6%	1ppt

- Wickes share gains and double-digit 2-year LFL
- Good underlying profit growth
- Range review costs of £4m in H1 to continue
- New Wickes format trials underway
- 18 new Toolstation stores opened in the half

Wickes



Definitions disclosed in Appendix VI

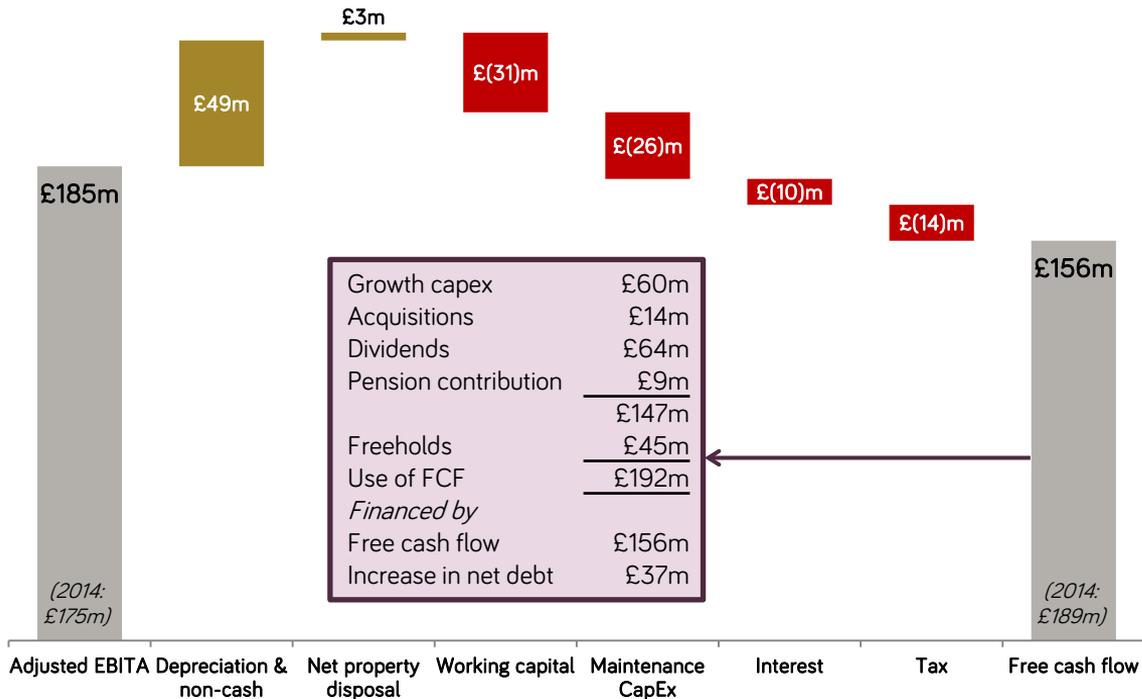
Strong & sustainable earnings growth

<i>Six months ended 30 June</i>	H1 2015	H1 2014	Δ
Adjusted EBITA	£185m	£175m	5.7%
Net finance cost	£(18)m	£(13)m	(38.5)%
Adjusted profit before tax	£167m	£162m	3.1%
Adjusted tax	£(33)m	£(32)m	3.1%
Adjusted profit after tax	£134m	£130m	3.1%
Weighted average shares	247m	244m	1.2%
Adjusted earnings per share	54.2p	53.4p	1.5%
Dividends per share	14.75p	12.25p	20.4%

- £5m lower property profits
- Adverse non-cash currency MTM charge of £4m
- Confidence to increase interim dividend by over 20%

Definitions disclosed in Appendix VI

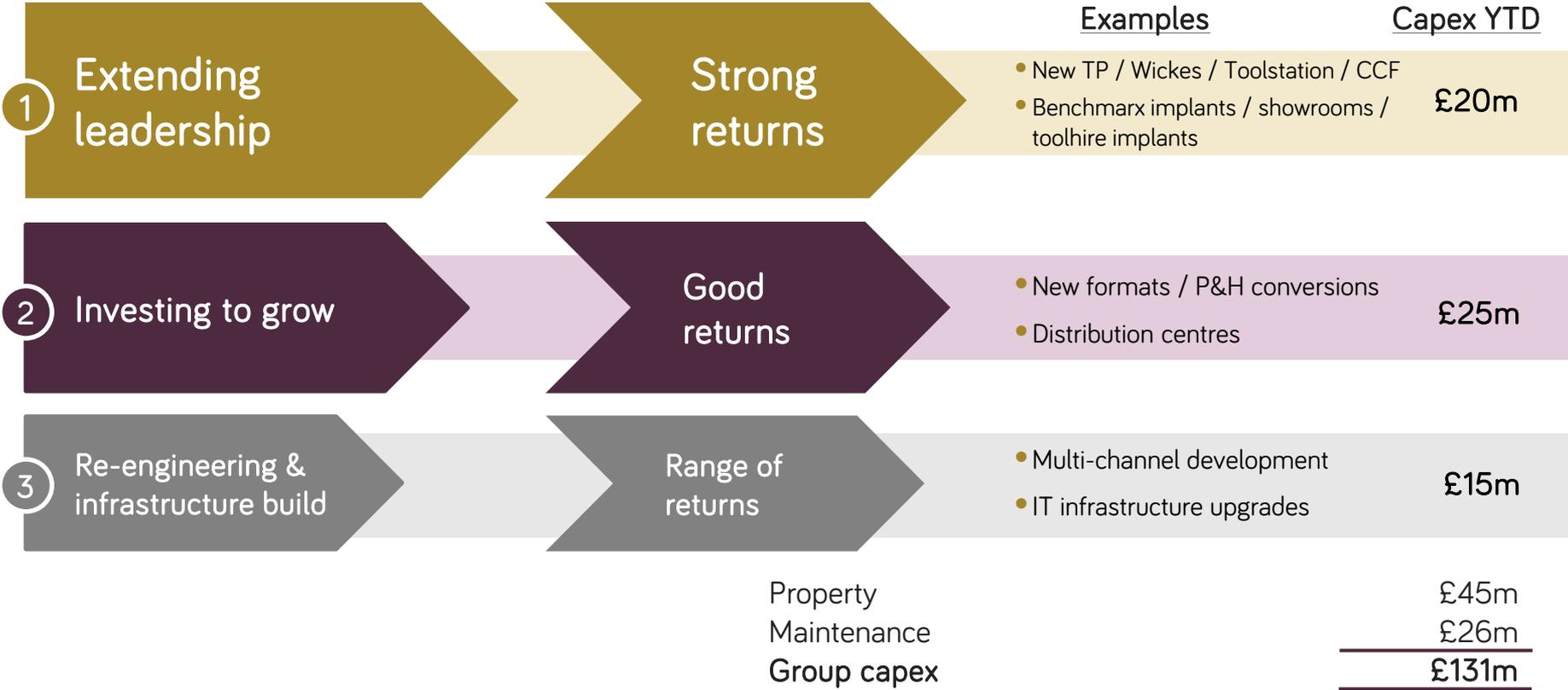
Cash flow funding investments & growing dividend



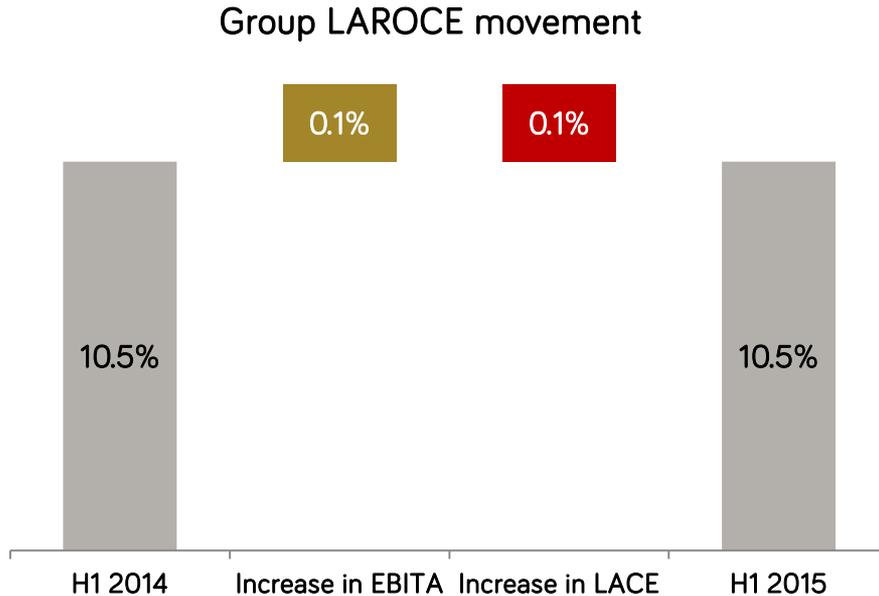
- Cash conversion of 84%
- Solid working capital management despite Contracts growth
- Modest growth in net debt to fund freeholds

Definitions disclosed in Appendix VI

Investment plans drive returns



Disciplined capital management



- 10.5% LAROCCE maintained:
 - increased capital investment
 - freehold property acquisitions
 - contract business growth
 - very strong 2014 cash flow
- Strong returns from new investments
 - new branches & implants
 - branch conversions & refurbishments
 - heavyside & lightside distribution capabilities

Definitions disclosed in Appendix VI

Good progress towards medium-term ratios

<i>Six months ended 30 June</i>	<i>Medium term guidance</i>	H1 2015	H1 2014	YoY Δ		YE 2014
Net debt	-	£395m	£298m	£97m	↑	£358m
Lease debt	-	£1,429m	£1,509m	£(80)m	↓	£1,469m
Lease adjusted debt	-	£1,824m	£1,807m	£17m	↔	£1,827m
LA Gearing	-	43.8%	44.1%	(30)bps	↓	44.1%
Fixed charge cover	3.5x	3.3x	3.0x	0.3x	↑	3.1%
LA Debt : EBITDAR	2.5x	2.8x	2.8x	-	↔	2.8x

Definitions disclosed in Appendix VI

Reiterate 2015 full year guidance

- Mixed inflation outlook
- 6-7% sales growth expected in 2015
- Low double digit EBITA growth
- Property profits of ~£20m *(2014: £26m)*
- Effective tax rate maintained at ~20% *(2014: 19.7%)*
- Capex expected to be >£200m given freehold property purchases
- Dividend growth above EPS – medium-term cover range 2.50x-3.25x

Definitions disclosed in Appendix VI



STRATEGY
UPDATE.
JOHN CARTER



Our growth not constrained by the market

1 Market fragmentation

- Majority of the markets we compete in are highly fragmented
- Proliferation of small family-owned businesses
- Our businesses are #1 or #2 in each of our markets, but with relatively low market shares

2 Structural advantages

- **Branch network:** 2,000 locations in UK with strong financial position underpinning tight yields & site access
- **Sourcing & supply chain:** sourcing terms, range, stocking and distribution efficiency
- **IT:** selective shared development of software platforms and volume hardware purchasing

3 Superior propositions

- **Range & value:** improved promotions & KVI pricing, range extension, own label development, availability
- **Space:** new branch & store opening programme with implants intensifying space
- **Channel, format & customer service:** investment in online channels, new formats and better service

Fragmented markets + structural advantage + superior proposition = sustainable market share gains

Medium-long term sustainable RMI growth



Smaller families driving 225,000 new households per year



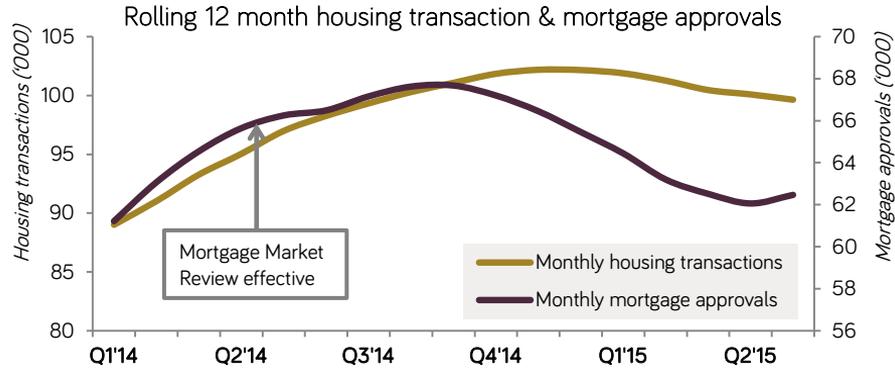
27.8m homes across the country



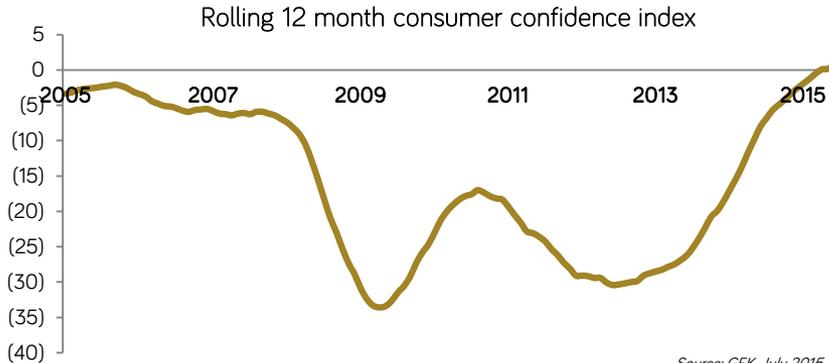
Only 60% maintained to a satisfactory level

Source: Office of National Statistics

Stable environment for continued investment



Source: HM Revenue & Customs / Bank of England, July 2015



Source: GfK, July 2015

- Property transactions softened following MMR
 - Lagged effect on RMI in Q2
 - H2 improvement expected
- First positive consumer confidence index in 10 years
 - Falling unemployment trend
 - Real wage growth
 - Consistent regional house price growth

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

Innovation in our customer propositions

General Merchandising

- Branch format trial underway
- Range extended through supply chain investments
- Trade Offers site launched
- Benchmarx 'selection centre' proving a differentiator



Contracts

- New Keyline branch operating model trial
- Division-wide project tracking
- Sector / product specialists
- National tool hire coverage



Plumbing & Heating

- City Plumbing largest trade network of showrooms
- Re-segmentation adding 180 City Plumbing branches
- Ongoing improvement to PTS operating model



Consumer

- Value advantage maintained
- Range reviews in progress
- Concept store trial underway
- Wickes online upgrade
- Toolstation same day click & collect



Optimising our branch and store network

Expanding the network

Last 18 months delivered:

- 17 new Travis Perkins branches
- 7 new Wickes stores
- 50 new Toolstation stores
- 54 new Benchmarx branches
- 2 new Tile Giant stores
- 3 new CCF branches

Guidance remains consistent:

- 5-15 new Travis Perkins p.a.
- 10-15 new Wickes p.a.
- 30+ Toolstation p.a.
- 1-2% Contracts space p.a.



Optimising the network

- P&H network segmentation programme involving 180 branches
- More than 100 implants delivered across Toolstation, Benchmarx, Tool Hire, Tile Giant, Spares over last 18 months
- 16 Contracts branches reconfigured with TP
- 7 trade parks now operating
- More implants and ~5 trade parks p.a.



Exploiting our structural advantages

Supply Chain

- Creation of unique infrastructure
- 2 lightside hubs complete
- 3 of 4 heavyside range centres
- Continuous improvement to availability, range and flow



Property

- Management of tail estate
- Placing right business in right site
- Releasing cash whilst ensuring ownership of strategic sites
- Ongoing property profit stream



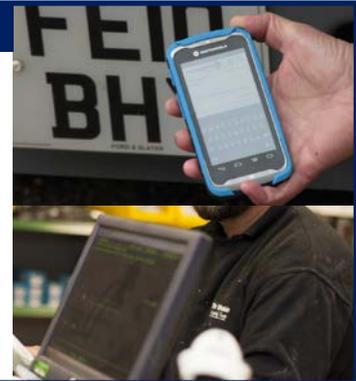
Sourcing

- Consolidating volume orders in key categories
- 55 strong direct sourcing team in China
- Innovation through own-label development



IT

- TP core systems upgrade underway
- Electronic proof of delivery (ePod) rolling out
- CRM under development
- Developing a digital mindset



Empowered management driving performance

1

Devolved management responsibility

- Business Unit and Division management teams strengthened
- Management teams responsible for strategic planning and operational decisions
- Group provides support, allocates capital, incentivises and monitors performance

2

Disciplined planning & capital allocation

- Annual planning process now in its third cycle
- Ongoing capital approval for all material capex and opex
- Rigorous capital approval structure and increased competition for capital

3

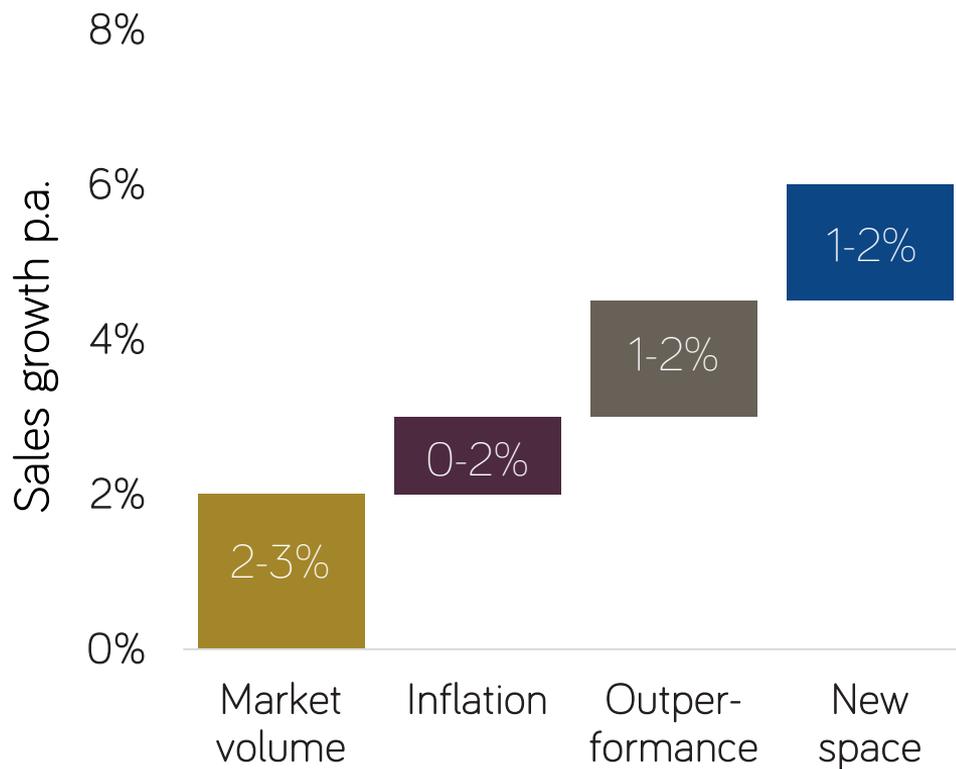
Streamlined central functions

- Property, HR, Supply Chain & Finance teams now embedded in businesses
- IT remains largely centralised for efficiency whilst systems upgraded
- Ongoing work to embed low cost culture to support businesses

Driving sustainable growth in earnings and TSR

Sustainable medium-term revenue growth

- Low-single digit market volume growth assumed
- Low levels of inflation
- Structural advantages & investment opportunities generate consistent market outperformance
- ~6-7% revenue growth p.a.



Consistent guidance

- Continue to outperform in majority of our markets
- Good operating margin prospects for the Group over the long term
- Targeting sustainable low double digit EBITA growth p.a.
- Add 200-300bps to lease adjusted ROCE over medium term
- Focus on 3 key areas:
 - Modernise Travis Perkins
 - Transform Wickes
 - Re-segment Plumbing & Heating businesses

Supply chain investor briefing
6 November 2015
At our new Heavyside Range
Centre in Tilbury



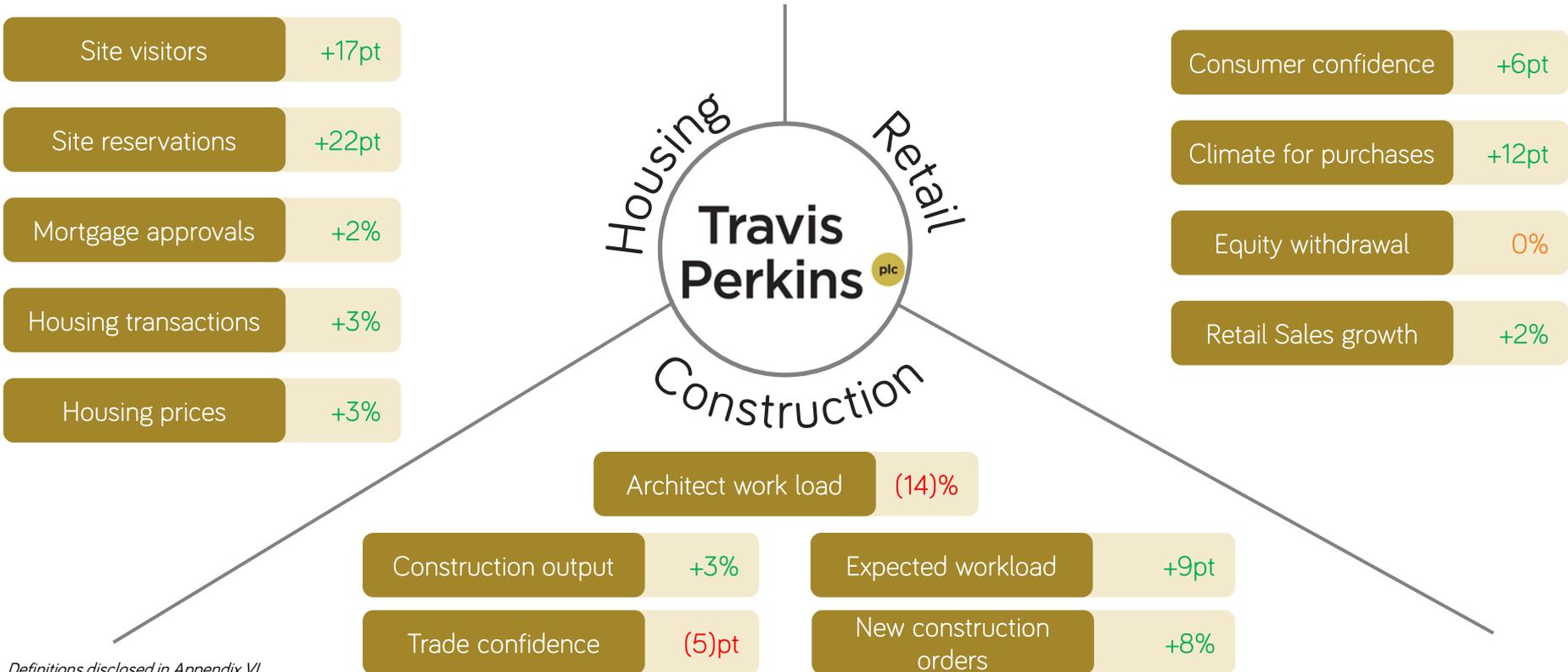
QUESTIONS.

APPENDICES.



- I. Market indicators
- II. Revenue analysis
- III. Adjusted earnings rec.
- IV. Branch numbers
- V. Like-for-like sales growth
- VI. Definitions

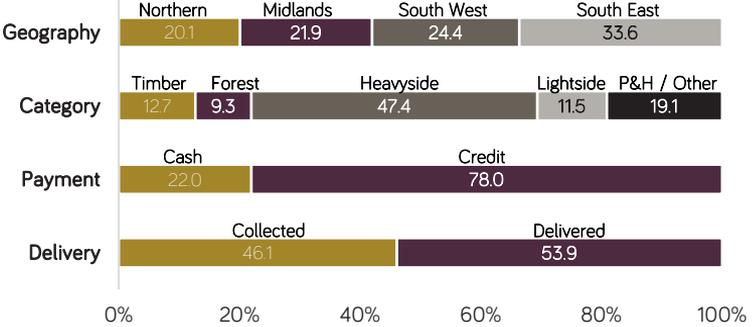
I. Market indicators



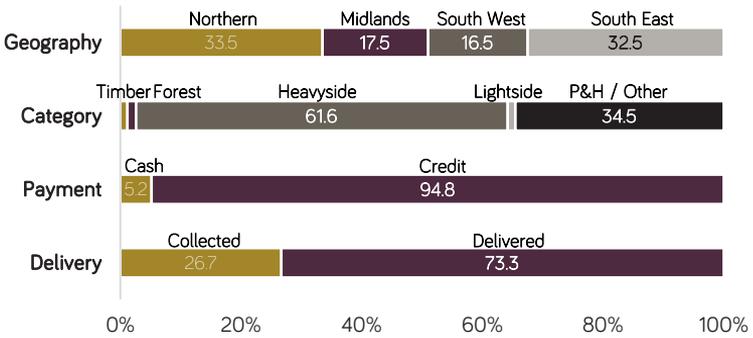
Definitions disclosed in Appendix VI

II. Revenue analysis – six months ended 30 June 2015

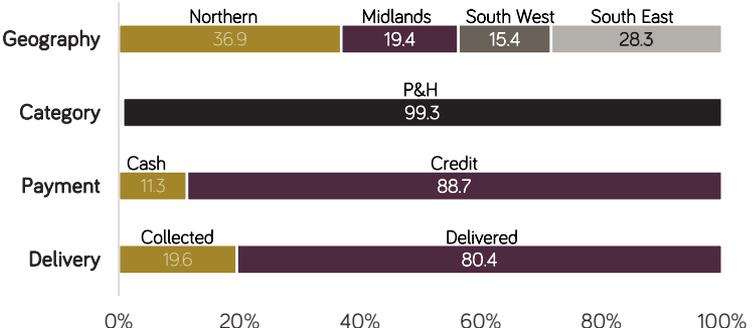
General Merchancing



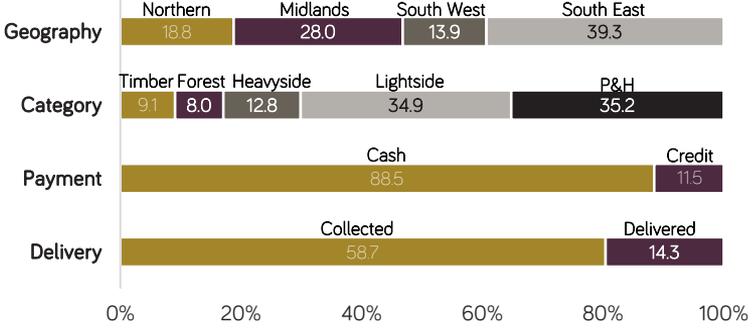
Contracts



Plumbing & Heating



Consumer



III. Adjusted earnings reconciliation

<i>Six months ended 30 June</i>	H1 2015		H1 2014	
	PAT	EPS	PAT	EPS
Statutory earnings	£127m	51.3p	£123m	50.5p
Amortisation of intangibles	£9m	3.6p	£9m	3.6p
Tax on amortisation	£(2)m	(0.7)p	£(2)m	(0.7)p
Adjusted earnings	£134m	54.2p	£130m	53.4p

IV. Branch numbers

	31 December 2014	New sites	New implants	Closures	Rebrands	30 June 2015
Travis Perkins	653	7	-	-	-	660
Benchmark	119	11	9	-	-	139
General Merchandising	772	18	9	-	-	799
City Plumbing	236	2	-	(5)	48	281
PTS	239	2	-	(20)	(48)	173
Other	30	-	-	-	-	30
Plumbing & Heating	505	4	-	(25)	-	484
Keyline	75	1 + 4*	-	-	-	80
BSS	64	-	-	(1)	-	63
CCF	32	2	-	-	-	34
Contracts	171	7	-	(1)	-	177
Wickes	232	2	-	(2)	-	232
Toolstation	184	18	-	-	-	202
Tile Giant	111	-	-	(1)	-	110
Consumer	527	20	-	(3)	-	544
Group	1,975	49	9	(29)	-	2,004

Historical network growth

	2009	2010	2011	2012	2013	2014	H1'15
Opening	1,262	1,303	1,813	1,868	1,896	1,939	1,975
New	46	519	120	48	58	101	58
Closures	(5)	(9)	(65)	(20)	(15)	(65)	(29)
Closing	1,303	1,813	1,868	1,896	1,939	1,975	2,004

* 4 Rudridge branches acquired and still branded as Rudridge
Branch numbers exclude City Heating Spares, Managed Services and Toolhire implants

V. Like-for-like sales growth

<i>Six months ended 30 June 2015</i>	General	P&H	Contracts	Consumer	Total
Volume	4.9%	(2.1)%	12.1%	10.8%	6.0%
Price / mix	1.8%	(0.8)%	1.8%	(4.3)%	(0.3)%
Like-for-like sales	6.7%	(2.9)%	13.9%	6.5%	5.7%
Trading days	-	-	-	-	-
Expansion	1.1%	2.2%	4.0%	2.1%	2.1%
Total sales growth	7.8%	(0.7)%	17.9%	8.6%	7.8%

V. Like-for-like sales growth

Like-for-like by quarter

	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
General	10.3%	10.1%	16.6%	13.3%	10.9%	11.6%	8.1%	5.3%
P&H	4.7%	20.5%	13.2%	1.2%	(5.1)%	(13.3)%	(6.1)%	1.0%
Contracts	9.4%	7.4%	12.8%	9.7%	9.6%	15.8%	15.1%	12.9%
Consumer	-	6.9%	6.9%	6.8%	6.4%	6.7%	6.0%	6.9%
Like-for-like sales	6.3%	11.8%	12.7%	8.1%	5.7%	3.5%	5.1%	6.3%

Like-for-like by half year

	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015
General	2.8%	10.1%	14.6%	11.3%	6.7%
P&H	(2.3)%	12.8%	7.4%	(9.7)%	(2.9)%
Contracts	4.9%	8.5%	11.1%	12.4%	13.9%
Consumer	(1.1)%	3.3%	6.8%	6.4%	6.5%
Like-for-like sales	0.9%	9.0%	10.2%	4.6%	5.7%

VI. 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 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 (excluding derivative fair valuation adjustments) 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

VI. Definitions (continued)

Metric	Definition
Site visitors	House Builders Federation Survey / monthly / May 2015 / Balance score compared to a year ago
Site reservations	House Builders Federation Survey / monthly / May 2015 / Balance score compared to a year ago
Mortgage approvals	Bank of England / monthly / June 2015 / number of approvals % change year on year
Housing transactions	HM Revenue & Customers / monthly / June 2015 / number of houses sold above £40k % change year on year
Housing prices	Nationwide / monthly / June 2015/ house price inflation % change year on year
Consumer confidence	GFK / monthly / July 2015/ index score – movement on previous year
Climate for purchases	GFK / monthly / July 2015 / index score – movement on previous year
Equity withdrawal	Bank of England / quarterly / Q1 2015 / Change in Equity withdrawal as % of net earnings
Retail sales growth	British Retail Consortium / monthly / June 2015 / LFL % change year on year
Architect work load	Mirza and Nacey Survey / quarterly / Q1 2015 / Index
Construction output	Construction output YTD ONS / monthly / May 2015 / % change year on year
Trade confidence	Travis Perkins survey materials spend / quarterly / Q2 2015 view of Q3 2015 / Balance score
Expected workload	Federation of Master Builders / quarterly / Q2 2014 view of Q3 2015 / Balance score
New construction orders	Office for National Statistics / quarterly / Q1 2015 / % change year on year



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