

19 October 2017

Travis Perkins plc

Third quarter 2017 trading update – “Trading on track despite a challenging market backdrop”

Highlights

- Third quarter total Group sales growth of 3.5% and like-for-like sales growth of 4.1%
- Continued strong growth across all businesses in the Contracts division
- Significant improvement in sales performance in the Plumbing & Heating division

John Carter, Chief Executive, commented:

“We have delivered a good like-for-like sales performance across the Group in the third quarter against a challenging market backdrop of input cost inflation and market volatility. Volumes were broadly flat with inflation driven price increases the main component of our like-for-like growth. Whilst it is relatively early days in the transformation plan, it is encouraging to see positive progress in the Plumbing & Heating division.

Trading conditions in our markets continue to be mixed, with consumer discretionary spending under pressure from rising inflation and on-going uncertainty in the UK economy. We maintain our confidence in the long-term fundamental drivers of our markets, and this underpins our plan to invest in our businesses to improve our customer propositions and extend our competitive advantage.”

Q3 2017 sales growth	General Merchenting ⁽¹⁾	Plumbing & Heating ⁽¹⁾	Contracts ⁽¹⁾	Consumer ⁽²⁾	Group
Like-for-like sales	2.4%	5.4%*	7.7%	2.4%	4.1%
Net new space and acquisitions	0.7%	(2.5)%	0.6%	2.6%	0.6%
Trading day differences**	(1.6)%	(1.6)%	(1.6)%	-	(1.2)%
Total sales	1.5%	1.3%	6.7%	5.0%	3.5%
Two-year like-for-like	3.0%	1.1%	13.8%	8.9%	6.2%

YTD 2017 sales growth	General Merchenting ⁽¹⁾	Plumbing & Heating ⁽¹⁾	Contracts ⁽¹⁾	Consumer ⁽²⁾	Group
Like-for-like sales	0.7%	0.9%*	8.6%	4.6%	3.3%
Net new space and acquisitions	0.9%	(0.9)%	(0.4)%	2.7%	0.7%
Trading day differences**	(0.5)%	(0.5)%	(0.5)%	(0.8)%	(0.6)%
Total sales	1.1%	(0.5)%	7.7%	6.5%	3.4%

*Plumbing & Heating LFL sales figures exclude sales from branches closed since 01 July 2017

**Total Group sales growth in Q3 was impacted by one fewer trading day in 2017 in the merchant businesses: General Merchenting, Plumbing & Heating and Contracts

Total Group sales grew by 3.5% in the third quarter, with like-for-like sales growth of 4.1%, in part benefiting from a relatively weak comparable in 2016. Sales price inflation across the Group in the third quarter was 3.9%, (3.4% YTD), reflecting pass through of cost price inflation driven by foreign currency movements since June 2016 and recent increases in commodity prices, particularly in timber, copper and some specialist insulation materials. The combined Merchenting divisions (General Merchenting, Plumbing & Heating and Contracts) delivered like-for-like sales growth of 4.7% and total sales growth of 2.9%.

General Merchenting like-for-like sales grew by 2.4%. In the period, the heavyside range centre network was extended to support all Travis Perkins branches in England and Wales, with this market-leading proposition now available to a significantly larger customer base.

Plumbing & Heating like-for-like sales growth improved significantly in the third quarter, with better performance in the City Plumbing and wholesale businesses partially offset by continued challenging trading conditions in the

contract installer market. The transformation programme progressed, with 33 branches closed in the quarter, a transactional website now in place for City Plumbing, and improved promotional activity in the local trade and wholesale markets delivering encouraging results.

Strong like-for-like sales growth continued in the Contracts division, with BSS, CCF and Keyline all demonstrating good growth and outperforming their markets, supported by the continued strength of new residential housebuilding and pass through of cost price inflation.

Like-for-like growth in the Consumer division slowed in the third quarter to 2.4%, primarily due to more subdued growth in Wickes reflecting very strong comparatives from Q3 2016 and an increasingly difficult market environment. The roll out of the Toolstation network in the UK and the Netherlands continued, demonstrating excellent like-for-like and overall sales growth.

The Group continues to make both capital and operating cost investments to enhance its propositions to better serve its customers. Work continued in the third quarter to build the future ERP platform for the merchant businesses, and to enhance digital capabilities across the Group. The step-up in operating costs associated with these investments will deliver a long-term competitive advantage and position the Group to outperform its markets. The Group remains cautious on the market outlook and continues to carefully manage its underlying cost base. Despite these headwinds the Group remains on track to achieve full year expectations.

Enquiries

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Footnotes

1. Like-for-like sales growth for the three month period ended 30 September 2017 compared to the three month period ended 30 September 2016 adjusted for the impact of an extra trading day in the 2016 period. Total sales growth for the three month period ended 30 September 2017 compared to the three month period ended 30 September 2016 not adjusted for the impact of an extra trading day in the 2016 period.
2. Wickes like-for-like growth for the 13 week period ended 30 September 2017 compared to the 13 week period ended 1 October 2016. Wickes total sales growth for the 92 day period ended 30 September 2017 compared to the 92 day period ended 1 October 2016.