INTERIM RESULTS. 2018

Travis Perkins plc

Agenda

INTRODUCTION.

JOHN CARTER

Introduction

- Trade businesses have performed well despite tough market conditions
- DIY market remains difficult, with subdued consumer confidence and significant market disruption impacting Wickes
- Substantial cost reduction activities to mitigate volatility in trading conditions

FINANCIAL REVIEW.

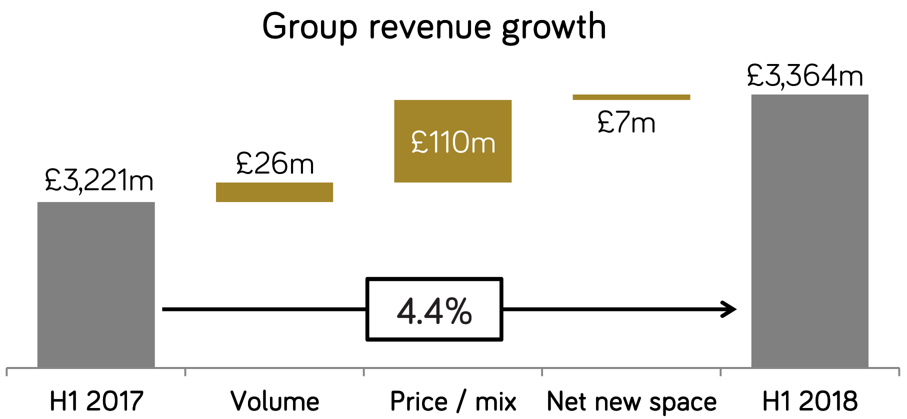
ALAN WILLIAMS

Key financial highlights

Six months ended 30 June	H1 2018	H1 2017	*Year-on-year change*
Revenue	£3,364m	£3,221m	*4.4%*
Like-for-like sales growth	**4.2%**	**2.7%**	***1.5ppt***
Adjusted EBITA	£179m	£190m	*(5.8)%*
Adjusted EBITA excluding property profits	**£162m**	**£183m**	***(11.5)%***
Adjusted earnings per share	53.5p	55.8p	*(4.1)%*
Net debt	**£461m**	**£377m**	***£84m***
Dividends per share	15.5p	15.5p	-
Lease adjusted ROCE*	**10.1%**	**11.2%**	***(110)bps***
Adjusting items**	£(286)m	-	

** H1 2017 LAROCE has been restated to account for the impairment of £246m of goodwill held against Wickes*
*** A full reconciliation of adjusted to statutory results can be found in Appendix II*

Successful recovery of input cost inflation



LFL	Q1	Q2	H1	Q3	Q4	H2	FY
2016	4.2%	2.3%	3.1%	2.0%	2.5%	2.2%	2.7%
2017	2.7%	2.7%	2.7%	4.1%	3.2%	3.7%	3.3%
2018	3.0%	5.9%	4.2%				

2yr LFL	Q1	Q2	H1	Q3	Q4	H2	FY
2017	7.0%	5.1%	5.9%	6.2%	5.8%	6.0%	6.1%
2018	5.8%	8.8%	7.0%				

*Net new space includes acquisitions

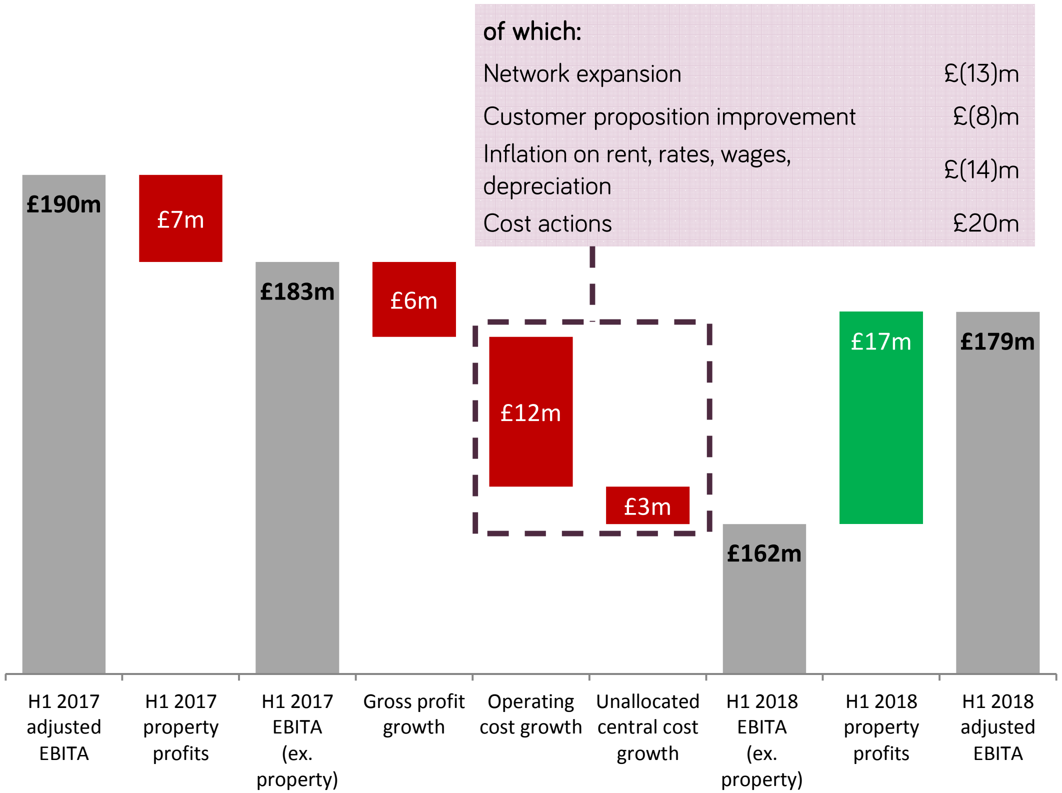
- Group volume growth of 0.8% driven by P&H, with some offset principally in Wickes
- Successful recovery of cost price inflation across trade businesses
- Store openings in Toolstation offset by closures in P&H, Keyline and TP

Group gross margin impacted by business mix

	General Merchanting	Plumbing & Heating	Contracts	Consumer	Group
H1 2017 adjusted operating margin (excluding property profits)	9.2%	1.9%	6.1%	5.5%	**5.7%**
Change in gross margin	**0.0%**	**(0.8)%**	**(0.3)%**	**(2.7)%**	**(1.5)%**
Margin impact of change in operating costs	(1.1)%	1.5%	0.2%	0.8%	**0.6%**
H1 2018 adjusted operating margin (excluding property profits)	8.1%	2.6%	6.0%	3.6%	4.8%

- General Merchanting - gross margin protected by recovery of cost price inflation
- Mix of strong P&H sales growth weighted towards lower margin wholesale business
- Consumer margins driven by lower K&B sales and competitive price pressure
- Operating cost leverage delivered with further cost benefits to be realised in H2

Management of overheads a key priority



- Expansionary investment in Toolstation, range centre extension and Wickes store refits
- Cost reduction programme more than offsetting inflation:
  - Wickes operating cost reduction of £9m in H1
  - P&H benefitting from branch closures in 2017

General Merchanting – solid gross margins

Six months ended 30 June	H1 2018	H1 2017	Δ
Revenue	**£1,065m**	**£1,055m**	**0.9%**
Like-for-like growth	0.6%	(0.1)%	0.7ppt
Adjusted EBITA ex-property profits	**£86m**	**£97m**	**(11.3)%**
Underlying EBITA margin	8.1%	9.2%	(1.1)ppt
Lease adjusted ROCE*	**12%**	**14%**	**(2)ppt**
Branch network*	843	850	(7)

- Encouraging sales recovery following inclement weather
- Successful recovery of cost price inflation brings gross margin in line with H1 2017
- Operating profit declined due to expected step up in operating costs including range centre extension
- Benefits from H1 cost actions will underpin H2 performance recovery

* Comparison data from 31 December 2017

Plumbing & Heating – benefits of transformation

Six months ended 30 June	H1 2018	H1 2017	Δ
Revenue	**£774m**	**£669m**	**15.7%**
Like-for-like growth	19.8%	(1.2)%	21.1ppt
Adjusted EBITA ex-property profits	**£20m**	**£13m**	**53.8%**
Underlying EBITA margin	2.6%	1.9%	0.7ppt
Lease adjusted ROCE*	**13%**	**11%**	**2ppt**
Branch network*	388	391	(3)

- Strong like-for-like growth with substantial market share gains
- Strong growth in wholesale business resulted in a lower gross margin
- Improved branch range, availability and customer engagement driving profit growth
- Tight cost control – benefits from 46 branch closures in H2 2017

* Comparison data from 31 December 2017 (30 June 2017: 428 branches)

Contracts – continued progress despite headwinds

Six months ended 30 June	H1 2018	H1 2017	Δ
Revenue	**£718m**	**£675m**	6.4%
Like-for-like growth	5.1%	9.1%	(4.0)ppt
Adjusted EBITA ex-property profits	**£43m**	**£41m**	4.9%
Underlying EBITA margin	6.0%	6.1%	(0.1)ppt
Lease adjusted ROCE*	**14%**	**14%**	-
Branch network*	165	169	(4)

- Slow start to 2018 but strong recovery in like-for-like growth in Q2 to 9.5% - taking market share
- Successful recovery of significant cost price inflation of around 6%
- Modest gross margin decline driven by direct-to-site deliveries
- Good operating cost leverage and efficiency improvements

Keyline BSS Pipeline & Heating Solutions CCF

* Comparison data from 31 December 2017

Consumer – UK DIY market remains challenging

Six months ended 30 June	H1 2018	H1 2017	Δ
Revenue	£807m	£822m	(1.8)%
Like-for-like growth	(4.2)%	4.7%	(8.9)ppt
Adjusted EBITA ex-property profits	£29m	£45m	(35.6)%
Underlying EBITA margin	*3.6%*	*5.5%*	(1.9)ppt
Lease adjusted ROCE*	7%	7%	-
Branch network*	696	666	30

Wickes
Let's do it right

TOOLSTATION

Toolstation

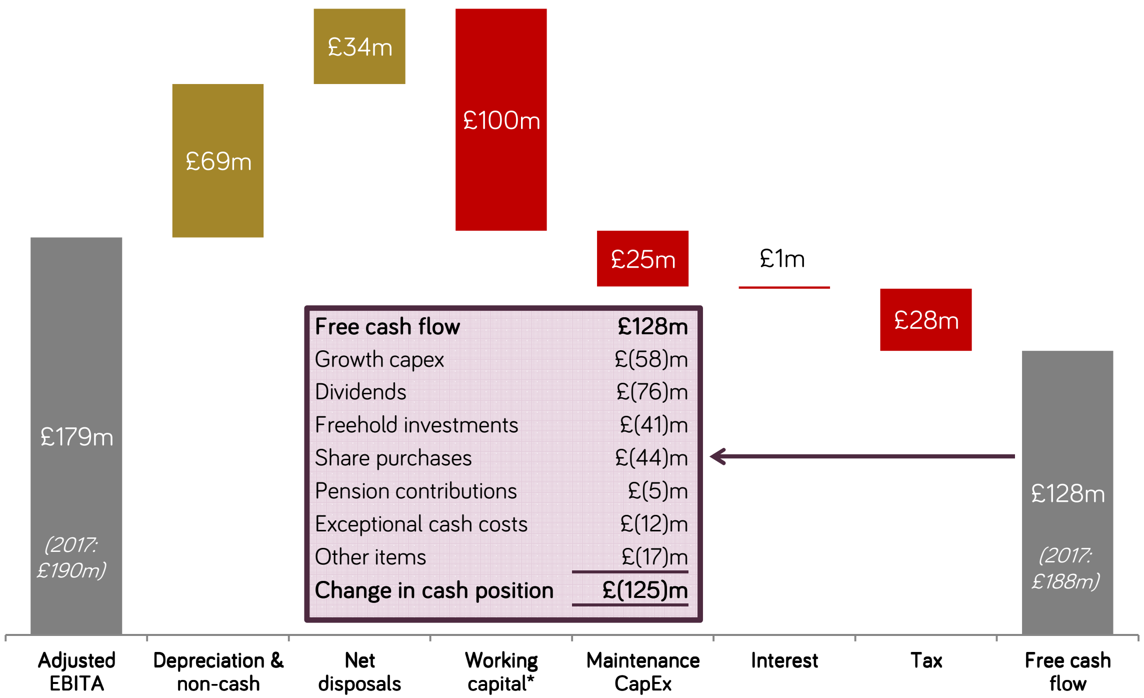
- Strong sales growth of 17.6% (10.7% lfl)
- Growth investment continues at pace resulting in a modest profit decline

Wickes

- Like-for-like sales declined by 7.7%
- Profit decline due to weak K&B sales and intense market pricing competition
- Comprehensive cost reduction plan to mitigate challenging market

* Comparison data from 31 December 2017

Working capital phasing impacts H1 cash conversion



Free cash flow	**£128m**
Growth capex	£(58)m
Dividends	£(76)m
Freehold investments	£(41)m
Share purchases	£(44)m
Pension contributions	£(5)m
Exceptional cash costs	£(12)m
Other items	£(17)m
Change in cash position	**£(125)m**

- Cash conversion of 72%
- Working capital outflow driven by strong credit sales in May and June will reverse in H2
- Move to purchase shares rather than new issuance for employee schemes (£44m in H1 2018)

*H1 2018 change in net working capital figure excludes £7m in relation to the development of cloud-based software (H1 2017: £5m)

Strong balance sheet supports the businesses

	Mid-term ambition	H1 2018	FY 2017	Δ
Net debt	-	£461m	£342m	£119m
Lease debt	-	£1,540m	£1,525m	£15m
Lease adjusted debt	-	£2,001m	£1,867m	£134m
LA gearing	-	47.6%	42.6%	(5)ppts
Fixed charge cover	*3.5x*	3.1x	3.1x	-
LA Debt : EBITDAR	*2.5x*	3.0x	2.7x	0.3x

- Change in debt position driven by timing of net working capital
- Expect net debt increase to reverse in H2
- LA Debt / EBITDAR impacted by higher debt and lower earnings

Capital expenditure – disciplined approach

	H1 2018	H1 2017
Maintenance (including vehicles)	(25)	(25)
IT - Merchant ERP / digital capabilities*	(24)	(24)
Growth capex - new stores/store refits	(34)	(32)
Base capital expenditure	**(83)**	**(81)**
Freehold property - new sites/existing leases	(41)	(23)
Gross capital expenditure	**(124)**	**(104)**
Property disposals	51	50
Net capital expenditure	**(73)**	**(54)**

*IT investments exclude payments in relation to the development of cloud-based software (H1 2018: £7m, H1 2017: £5m)

- Disciplined investments in growth businesses and IT
- Growth capex spend concentrated in first half – lower spend planned in H2 2018
- Toolstation network expansion accelerating
- 2018 base capex investment to be between £140m and £160m
- Property disposals fund freehold purchases

2018 outlook

- Expectations for trade-focused businesses remain unchanged
- UK DIY market to remain challenging, particularly for big ticket items
- Comprehensive cost reduction programme underway to mitigate volatile trading conditions
- Group EBITA is anticipated to be in the lower half of the range of analyst expectations

Range of sell-side analyst expectations for FY2018 Group EBITA of £360m to £390m
Technical guidance for 2018 is provided in Appendix I

OPERATIONAL UPDATE.

JOHN CARTER

Navigating tough market conditions

Trade businesses

- Trade businesses have performed well in tough market conditions
  - Slow start to the year for large construction
  - Significant impact of sustained poor weather in March and April
  - Encouraging sales recovery in May and June

Consumer UK DIY

- DIY and wider UK retail trends continue to be extremely challenging
  - Consumer confidence remains subdued - particularly big ticket items
  - UK DIY market undergoing significant disruption which has made the short-term market difficult

Self help actions

- Taking decisive action on cost to underpin business performance
- Disciplined capital allocation in advantaged businesses
- Investments and improvements in our businesses leave them well placed to navigate difficult market conditions

Near-term self help through cost reduction

Significant progress on cost reduction initiatives realised around £20m in H1 2018

- Wickes operating costs £9m lower than H1 2017 through store and supply chain efficiencies and reduction of shrinkage
- P&H cost base benefitting by around £6m from branch closures in 2017
- General Merchanting and Contracts businesses driving operational efficiency

Further cost plans are underway with benefits realised in H2 2018 and into 2019

- General Merchanting – c. £10m savings from branch network, improving the flexibility of the cost base and streamlining the above-branch organisation
- Additional benefits to be realised in Wickes, including head office restructuring
- Initiatives to manage central costs will deliver savings in H2 2018 and into 2019

Wickes – responding to challenging DIY market

Significant disruption in H1 2018

- Sharp fall in retail kitchen leads after good start to 2018
  - Opportunity following change in installed kitchen competitor landscape
- Wickes core DIY sales down throughout H1
  - Consumer disposable income under pressure
  - Significant competitor disruption in market
  - DIY recovery focused in outdoor categories – not a footfall driver in Wickes

Trading plans in place to drive sales performance in H2

- Kitchen & Bathroom showroom:
  - Reinvigorated K&B promotional programme
  - Leverage installation capability to deliver end-to-end projects to customers
- Core DIY
  - Value based promotions to drive improved DIY consumer footfall
  - Continue to leverage TradePro loyalty scheme

Cost reduction programme underpins recovery in business performance

- Restructuring head office support functions reducing headcount by 30%
- Shrinkage reduced by 25% in H1
- On-going store productivity programme
- Further cost benefits to be realised in H2

General Merchanting – levers for growth

- Continuing branch format trials to improve ranging and customer experience
- Reorganisation of sales teams to cultivate closer relationships with our important local customers
- Strong performance in the Managed Services business with attractive new contracts won or retained
- Positive Tool Hire growth with a new supplier partnership improving asset availability and utilisation

Plumbing & Heating – strong recovery continues

- Transformation delivering growth ahead of expectations
- Better product availability from improved supply chain
- Initial Electric City implant trials in 9 branches showing encouraging results – further trials planned
- Wholesale business is growing its customer base and range of products offered
- Encouraging growth in online sales:
  - Specialist online categories in underfloor heating, boiler and shower spares all performing strongly
  - CPS website rapidly expanding range

Contracts – driving for further market share gains

- Key focus on high quality customer service
- Increase breadth of range, availability and customer convenience
- Driving profit growth through operational efficiency across the network

Keyline Driving incremental returns	BSS Simplifying the business	CCF Completely Customer Focused
• Moving from legacy branches to fewer, fit-for-purpose, low cost to serve branches • Using top line growth to drive growth in profits and returns	• Simplification and streamlining of business processes driving cost reduction • Step up in revenue growth • Significant preparation underway for new Merchant ERP deployment in early 2019	• Targeting further market share gains through a new business development team • Disciplined sales growth at acceptable margins • Selective branch opening to expand the network as needed

Toolstation – accelerating growth investment

Toolstation UK

- Like-for-like growth rates accelerating, consistently double digit
- Network expansion investment accelerating – 22 stores opened in H1
- Construction of third distribution centre to support 500+ store network
- Improved proposition driving sales density:
  - Front-of-counter ranges
  - Larger catalogue with trade focus and more online-only and drop-ship ranges
  - Extended to 6-day delivery capability and 10 minute click & collect

Toolstation Europe

- Expansion of The Netherlands business continuing at pace:
  - Like-for-like growth accelerating
  - Five new stores opened, total now 26
  - New distribution centre capable of supporting 100+ store network
- Online sales growing strongly in Holland and France with web presence building in Belgium and Germany
- Six branches now open in France – early sales growth is encouraging

Business and operational review underway

- Changing market conditions expected to continue
- Comprehensive review of the business
- Focus on driving stronger performance and enhanced value for shareholders over the medium-term
- Update on conclusions at a Capital Markets Day in December

Summary

- Trade businesses have performed well despite tough market conditions
- Short-term challenges in the DIY market, but opportunities exist in the medium term and Wickes remains well structured to succeed
- Robust cost plans and self help measures are underway to mitigate challenges in the remainder of 2018 and beyond
- Long-term growth drivers remain favourable and our businesses are increasingly well placed for the medium term

QUESTIONS.

APPENDICES.

I. Technical guidance

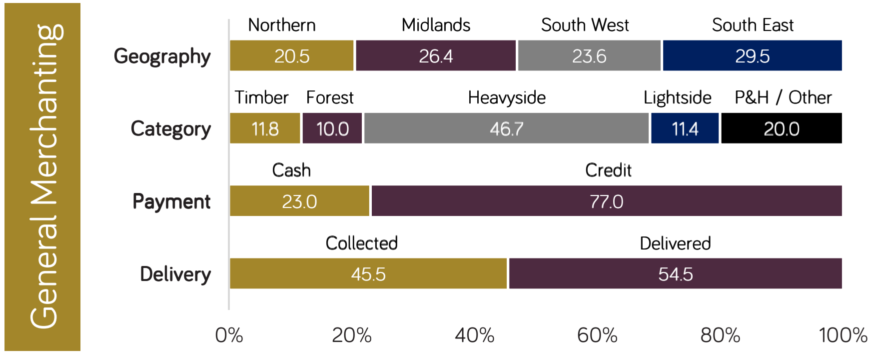
- Effective tax rate of ~ 19%
- Finance charges similar to 2017
- Capex of £140m -160m, excluding freehold purchases
- Property profits of approximately £25m
- Dividend pay-out underpinned by strong cash generation

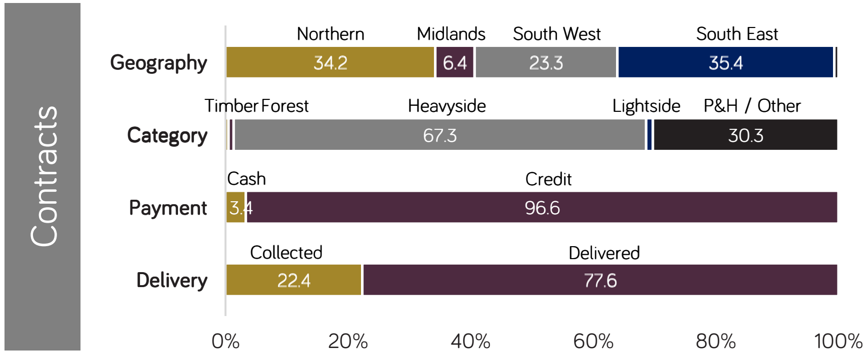
II. Reconciliation of adjusted to statutory results

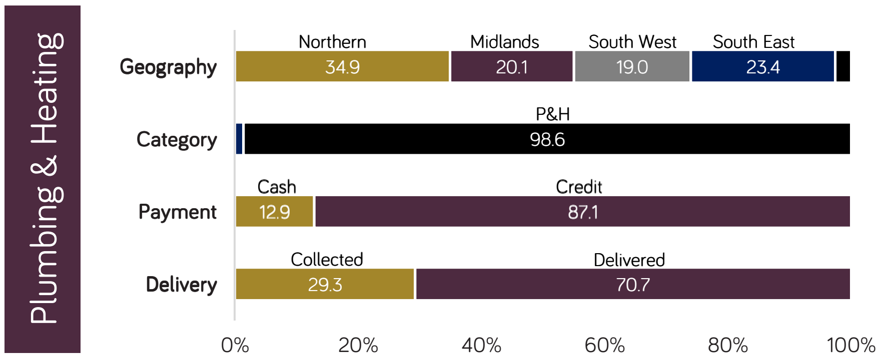
Six months ended 30 June	H1 2018	H1 2017
Adjusted EBITA	£179m	£190m
Plumbing & Heating division transformation*	£(35)m	-
Impairment of Wickes goodwill*	£(246)m	-
Wickes restructuring and software impairment*	£(10)m	-
Pension curtailment gain*	£5m	-
Amortisation of acquired intangible assets	£(5)m	£(7)m
Operating (loss)/profit	**£(112)m**	**£183m**
Share of associates' results	£(1)m	-
Net finance costs	£(10)m	£(16)m
(Loss)/profit before tax	**£(123)m**	**£168m**

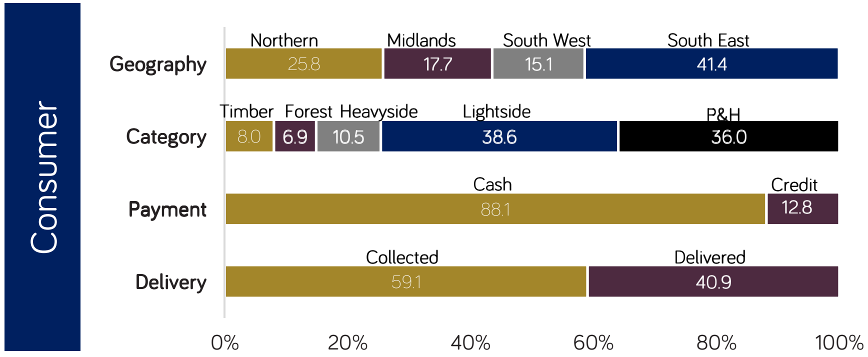
**Total adjusting items in H1 2018 of £(286.3)m*

III. Divisional revenue analysis – 30 June 2018

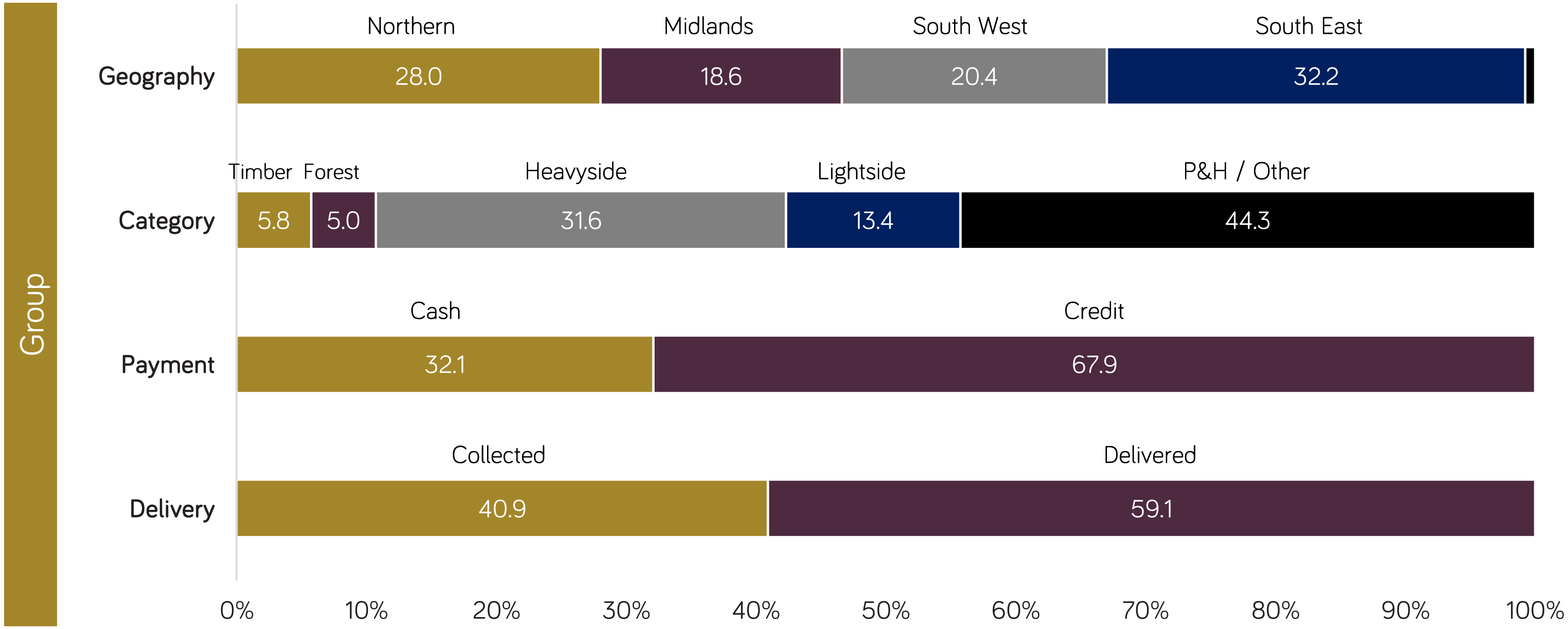








III. Group revenue analysis – 30 June 2018



IV. Market lead indicators

Travis Perkins plc

Housing

Site visitors	(36)pt
Site reservations	(9)pt
Mortgage approvals	(1)%
Housing transactions	(6)%
Housing prices	+2.5%

Retail

Consumer confidence	(9)pt
Climate for purchases	0pt
Equity withdrawal	0%
Retail Sales growth	1.1%

Construction

Architect work load	6%
Construction output	0%
Trade confidence	(4)pt
Expected workload	(7)pt
New construction orders	(7)%

V. Branch numbers

	30-Dec-17	New	Closures	Acquisitions	30-Jun-18
Travis Perkins	666	4	(10)	-	660
Benchmarx	183	3	(3)	-	183
General Merchanting	850	7	(13)	-	843
City Plumbing	305	1	(3)	-	303
PTS	70	-	(1)	-	69
Other	16	-	-	-	16
Plumbing & Heating	391	1	(4)	-	388
Keyline & Rudridge	66	-	(5)	-	61
BSS & TF Solutions	62	1	-	-	63
CCF	41	-	-	-	41
Contracts	169	1	(5)	-	165
Wickes	244	3	(2)	-	245
Toolstation UK	295	22	-	-	317
Toolstation Europe	23	9	-	-	32
Tile Giant	104	-	(2)	-	102
Consumer	666	34	(4)	-	696
Built	1	-	-	-	1
Group	2,076	43	(26)	-	2,093

Historical network growth

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 H1
Opening	1,262	1,303	1,813	1,868	1,896	1,939	1,975	2,028	2,053	**2,076**
New	46	519	120	48	58	101	124	82	86	**43**
Closures	(5)	(9)	(65)	(20)	(15)	(65)	(71)	(57)	(63)	**(26)**
Closing	**1,303**	**1,813**	**1,868**	**1,896**	**1,939**	**1,975**	**2,028**	**2,053**	**2,076**	**2,093**

Branch numbers exclude City Heating Spares and Toolhire implants
Built has been reclassified out of General Merchanting and into its own reporting line

VI. Sales drivers by Division

Total revenue	General Merchanting	Plumbing & Heating	Contracts	Consumer	Group
Volume	(2.3)%	16.5%	(0.9)%	(6.1)%	0.8%
Price and mix	2.9%	3.3%	6.0%	1.9%	3.4%
Like-for-like revenue growth	**0.6%**	**19.8%**	**5.1%**	**(4.2)%**	**4.2%**
Network expansion and acquisitions	0.3%	(4.1)%	1.2%	2.3%	0.2%
Trading days			-	-	-
Total revenue growth	**0.9%**	**15.7%**	**6.3%**	**(1.9)%**	**4.4%**

VII. Like-for-like sales growth

Like-for-like by quarter

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
General	4.7%	1.1%	0.6%	0.3%	(0.3)%	0.3%	2.4%	2.6%	(1.3)%	3.0%
P&H	2.2%	(1.4)%	(4.1)%	(2.7)%	(1.1)%	(1.9)%	5.4%	6.1%	19.7%	20.1%
Contracts	2.1%	3.1%	5.7%	9.2%	12.1%	6.4%	7.7%	7.9%	0.9%	9.5%
Consumer	7.3%	6.4%	6.3%	5.8%	2.9%	6.5%	2.4%	(2.6)%	(4.6)%	(3.1)%
Group	**4.2%**	**2.3%**	**2.0%**	**2.5%**	**2.7%**	**2.7%**	**4.1%**	**3.2%**	**3.0%**	**5.9%**

Like-for-like by half

	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
General	2.9%	0.5%	(0.1)%	2.5%	0.6%
P&H	0.4%	(3.4)%	(1.2)%	5.8%	19.8%
Contracts	2.7%	7.3%	9.1%	7.7%	5.1%
Consumer	6.5%	6.2%	4.7%	0.1%	(4.2)%
Group	**3.1%**	**2.2%**	**2.7%**	**3.7%**	**4.2%**

VIII. 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 II 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
WALE	Weighted average expiry of property leases

VIII. Definitions (continued)

Metric	Definition
Site visitors	House Builders Federation Survey / monthly / May 2018 / Balance score compared to a year ago
Site reservations	House Builders Federation Survey / monthly / May 2018 / Balance score compared to a year ago
Mortgage approvals	Bank of England / monthly / May 2017 / number of approvals % change year on year
Housing transactions	HM Revenue & Customs / monthly / June 2018 / number of houses sold above £40k % change year on year
Housing prices	Nationwide / monthly / June 2018/ house price inflation % change year on year
Consumer confidence	GFK / monthly / June 2018 / index score
Climate for purchases	GFK / monthly / June 2018 / index score
Equity withdrawal	Bank of England / quarterly / Q1 2018 / Change in Equity withdrawal as % of net earnings compared to previous quarter
Retail sales growth	British Retail Consortium / monthly / June 2018 / LFL % change year on year
Architect work load	Mirza and Nacey Survey / quarterly / Q1 2018 / Index - balance score % increase/decrease
Construction output	Construction output YTD ONS / monthly / May 2018 / % change year on year
Trade confidence	Travis Perkins survey materials spend / quarterly / Q2 2018 view of Q3 2018 / Balance score movement
Expected workload	Federation of Master Builders / quarterly / Q2 2018 view of Q3 2018 / Balance score movement
New construction orders	Office for National Statistics / quarterly / Q1 2018 / % change year on year

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