

# Travis Perkins <sup>plc</sup>

## 2019 FULL-YEAR RESULTS

### 03 MARCH 2020



# Agenda

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# **WELCOME** **STUART CHAMBERS**

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# INTRODUCTION

## NICK ROBERTS

# 2019 - a year of significant progress

## Making good progress towards strategic goals

- Focusing on advantaged trade businesses
- Simplifying the Group to reduce complexity and costs
- Demerger of Wickes well advanced
- Disposal of PF&P wholesale



## Underpinned by positive trading performance

- Like-for-like growth of 3.8%
- Market outperformance in Travis Perkins and specialist merchants
- Another fantastic year for Toolstation
- Improving profitability in P&H
- Strong recovery in Wickes

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# FINANCIAL REVIEW

## ALAN WILLIAMS

# Context: difficult market conditions

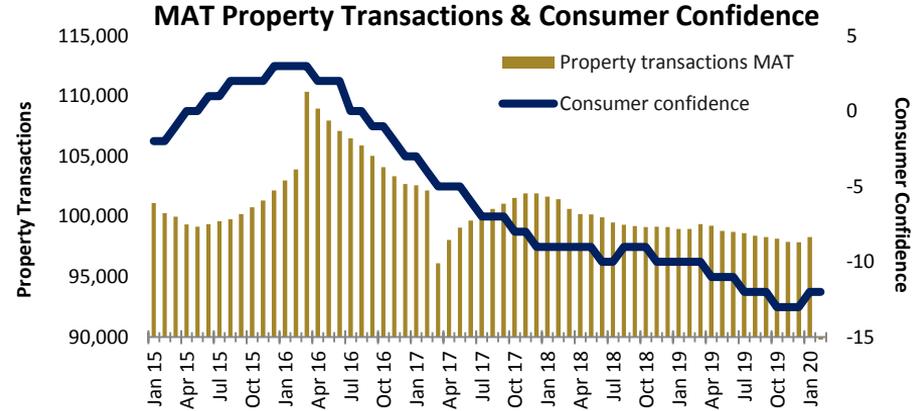
## Positive RMI market fundamentals...

- Fundamental long-term growth drivers remain robust
- Shortage of housing in the UK and underinvestment in existing housing stock

**270k**  
demand  
for new  
homes

**c.180k**  
homes  
built in  
2019

Average  
property  
age:  
**70 yrs**



## ...but challenges remain in the short-term

- Significant uncertainty causing weakness in consumer confidence, especially on big-ticket items
- Early positive signs in lead indicators, but 6-9 month lag to RMI spending

# Basis of results

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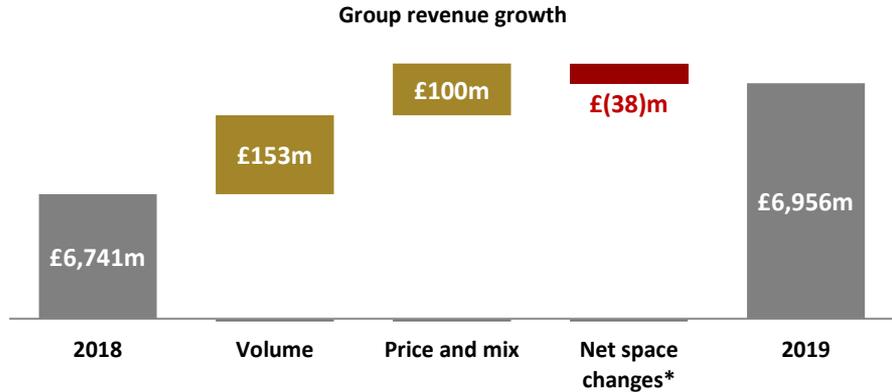
- Reporting segments as defined in the 2018 results presentation:
  - Merchants, Toolstation, Plumbing & Heating, Retail
- Toolstation Europe consolidated from 01 October 2019
- Application of IFRS16 - Leases:
  - Not required to fully restate 2018 results on an IFRS16 basis
  - Have provided illustrative comparatives of 2018 results
- Free cash flow : excludes freehold transactions, includes all base capex

# Key financial highlights

<i>Year ended 31 December 2019</i>		<b>FY 2018 as reported</b>	<b>FY2018 IFRS16 illustrative comparative</b>	<b>Year-on-year change*</b>
Revenue	£6,956m	£6,741m		3.2%
<b>Like-for-like sales growth</b>	<b>3.8%</b>	<b>4.9%</b>		<b>(1.1)ppt</b>
<b>Adjusted EBITA excluding property profits</b>	<b>£421m</b>	<b>£348m</b>	<b>£393m</b>	<b>7.1%</b>
Adjusted EBITA	£442m	£375m	£410m	7.8%
<b>Adjusted earnings per share (pence)</b>	<b>112.7p</b>	<b>114.5p</b>	<b>106.0p</b>	<b>6.3%</b>
Adjusting items - operating	£(200)m	£(387)m		
<b>ROCE</b>	<b>10.1%</b>	<b>10.5%</b>	<b>9.6%</b>	<b>+0.5ppts</b>
Covenant net debt	£344m		£300m	<b>+£44m</b>
Dividends per share	48.5p		47.0p	3.2%

\*Changes calculated versus 2018 illustrative comparatives including the impact of IFRS 16 as previously disclosed

# Growing revenues in a challenging market



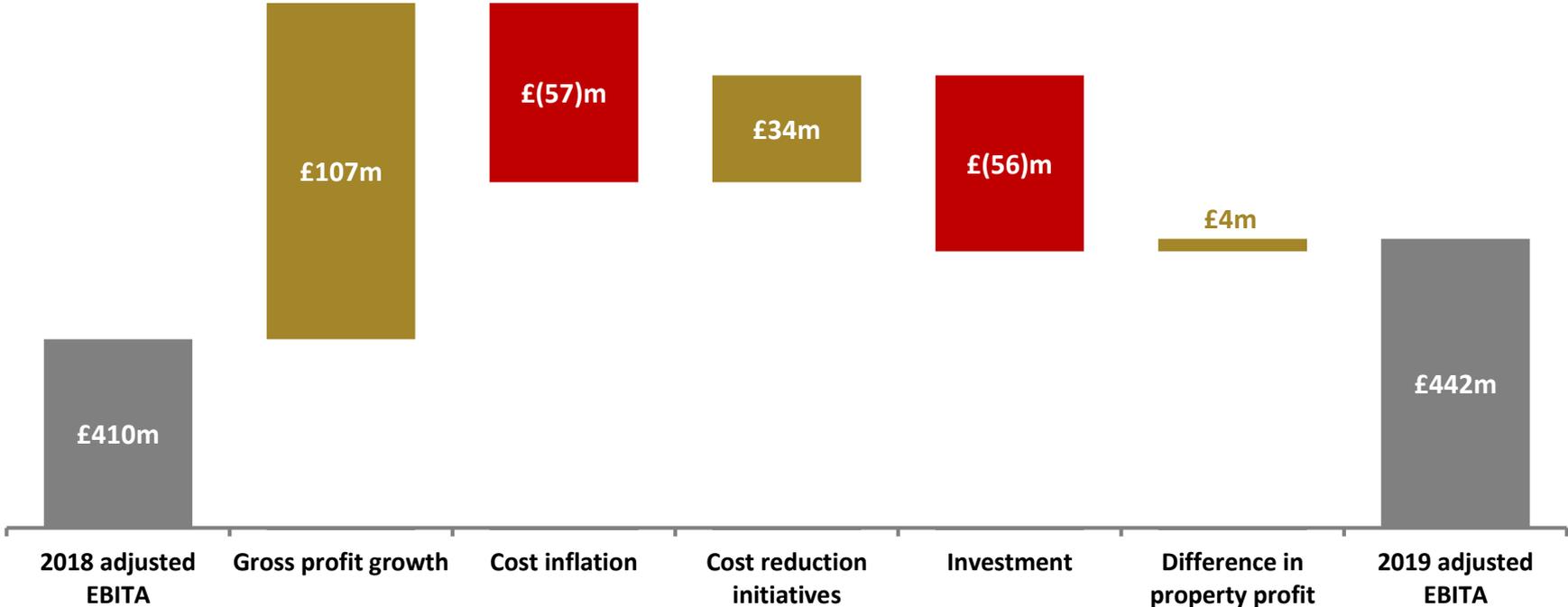
LFL	Q1	Q2	H1	Q3	Q4	H2	FY
2018	3.0%	5.9%	4.2%	4.1%	6.9%	5.5%	4.9%
2019	7.3%	3.4%	5.3%	3.4%	1.2%	2.3%	3.8%

2yr LFL	Q1	Q2	H1	Q3	Q4	H2	FY
2018	5.8%	8.8%	7.0%	8.4%	10.3%	9.4%	8.4%
2019	10.5%	9.5%	9.7%	7.7%	8.2%	7.9%	8.9%

- Like-for-like volume growth of 2.3%
- Pricing inflation of c.1.5% driven by Merchants and P&H
- H1 stronger than H2
- Continued network expansion in Toolstation UK and Europe
- Net closures across Merchanting primarily from consolidation of smaller branches in Travis Perkins

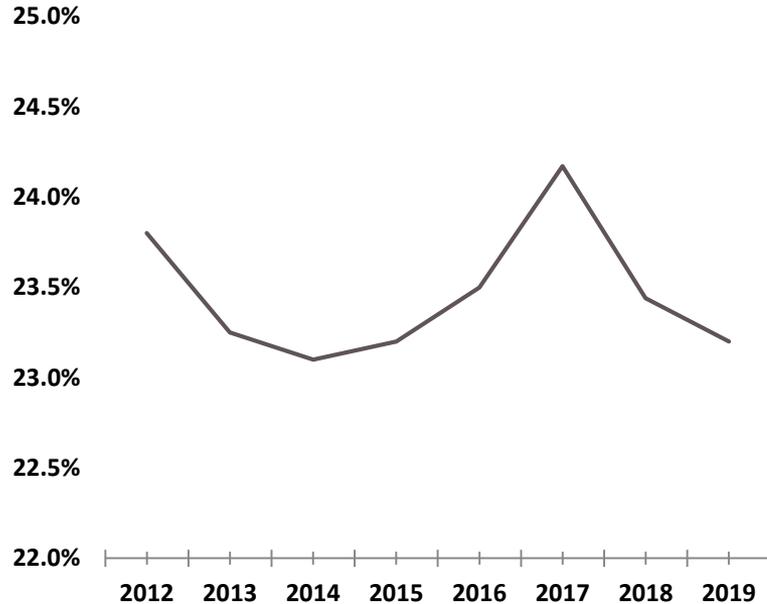
\*Net space changes includes acquisitions and disposals

# Good adjusted operating profit performance



# Overhead costs declining as a proportion of sales

Group overhead to sales ratio



- Cost reduction actions have modestly exceeded the mid-2020 target of £20-30m:
  - Removal of above-branch costs, including Merchanting divisional structure
  - Closure of heavyside range centres
- Cost reduction actions offsetting overhead cost inflation in rent, rates and salaries
- Ratio declining despite ongoing investment in advantaged businesses:
  - Toolstation network expansion
  - Front-line sales resources in Merchanting

**Continued focus on cost management**

\*Overhead cost to sales ratio per Note 2a in the Annual Report

# Merchandising - actions driving outperformance

	FY 2019	FY 2018*	Change
Total revenue	<b>£3,703m</b>	£3,609m	2.6%
Like-for-like growth	<b>3.3%</b>	3.6%	(0.3)ppt
Adjusted operating profit**	<b>£284m</b>	£279m	1.8%
Adjusted operating margin**	<b>7.7%</b>	7.7%	-
ROCE	<b>12%</b>	12%	-
Branch network	<b>984</b>	1001	(17)

- Focus on outstanding customer service driving consistent market outperformance
- End-markets weakened through H2 following strong H1
- Operating margin stable despite stronger growth with larger customers and increase in direct deliveries
- Cost reduction and efficiency improvements offsetting cost inflation



\*2018 figures used are illustrative comparatives including the impact of IFRS 16 as previously disclosed  
 \*\*Segmental adjusted operating profit figures are presented excluding property profits

# Toolstation - sector leading growth

	FY 2019	FY 2018*	Change
Total revenue	<b>£445m</b>	£354m	25.7%
Like-for-like growth	<b>16.3%</b>	11.4%	4.9ppt
Adjusted operating profit**	<b>£25m</b>	£24m	4.2%
Adjusted operating margin**	<b>5.6%</b>	6.8%	(120)bps
ROCE	<b>7%</b>	10%	(3)ppt
Branch network (UK)	<b>400</b>	335	65
Branch network (Europe)	<b>66</b>	40	26
<b>Memo:</b>			
Adjusted operating profit - UK	<b>£29m</b>	£24m	20.8%



- Double-digit like-for-like sales growth throughout 2019 - revenue more than doubled since 2014
- Accelerated branch network growth, extended trade proposition and improved digital platforms
- Acquisition of Toolstation Europe controlling share in September 2019
- Toolstation UK profits up over 20% to £29m
- Change in operating margin and ROCE reflects £4m TSE loss in Q4 - expect annualised loss in 2020 of c. £20m

\*2018 figures used are illustrative comparatives including the impact of IFRS 16 as previously disclosed  
 \*\*Segmental adjusted operating profit figures are presented excluding property profits

# P&H - transformation driving improvement

	FY 2019	FY 2018*	Change
Total revenue	<b>£1,465m</b>	£1,528m	(4.1)%
Like-for-like growth	<b>(1.7)%</b>	16.1%	(17.8)ppt
Adjusted operating profit**	<b>£48m</b>	£44m	9.1%
Adjusted operating margin**	<b>3.3%</b>	2.9%	40bps
ROCE	<b>13%</b>	11%	2ppt
Branch network	<b>375</b>	373	2

- Reduction in sales primarily through low-margin wholesale business
- Good like-for-like growth of 3.3% in the branch-based business
- Transformation programme driving earnings performance through cost reductions and improving efficiency
- Improvement in ROCE by 2ppts
- Completed sale of PF&P Wholesale in Jan 2020



\*2018 figures used are illustrative comparatives including the impact of IFRS 16 as previously disclosed  
 \*\*Segmental adjusted operating profit figures are presented excluding property profits

# Retail - strong recovery in Wickes performance

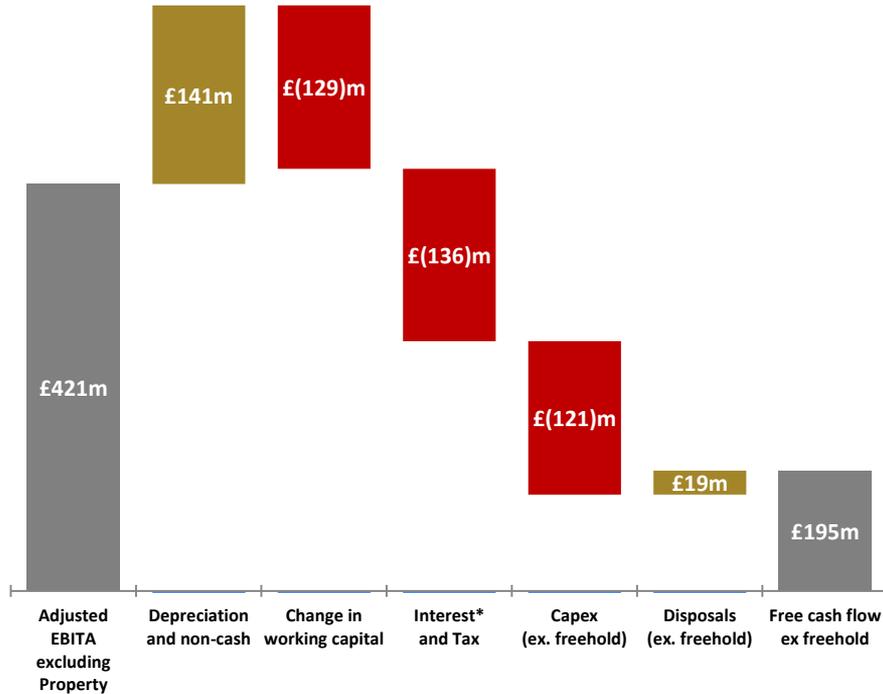
	FY 2019	FY 2018*	Change
Total revenue	<b>£1,342m</b>	£1,250m	7.4%
Like-for-like growth	<b>8.6%</b>	(4.3)%	12.9ppt
Adjusted operating profit**	<b>£97m</b>	£77m	26.0%
Adjusted operating margin**	<b>7.2%</b>	6.2%	100bps
ROCE	<b>7%</b>	5%	2ppt
Store network - Wickes	<b>235</b>	241	(6)
Store network - Tile Giant	<b>94</b>	96	(2)



- Strong Wickes recovery in 2019 across Core and DIFM categories
- Wickes LFL sales growth of 8.7% (2-year LFL of 4.0%)
- Earnings improvement through operating leverage
- Increasing proportion of showroom sales installed - extended into tiling
- Over half of Wickes stores now in modern format

\*2018 figures used are illustrative comparatives including the impact of IFRS 16 as previously disclosed  
 \*\*Segmental adjusted operating profit figures are presented excluding property profits

# Good free cash flow generation



- Free cash flow of £195m, up £38m on a 2018 comparative figure - mainly driven by higher EBITA
- Cash conversion of 54%\*\* (2018: 46%) despite higher working capital due to £60m 'Brexit' inventory build
- Some unwind in stock expected in 2020, but uncertainty remains
- Capex £22m lower than 2018

\*Interest cost includes £57m 'Interest on leased assets' recognised under the implementation of IFRS16 - Leases

\*\*Cash conversion is calculated excluding the 'Interest on leased assets' recognised under the implementation of IFRS16 - Leases

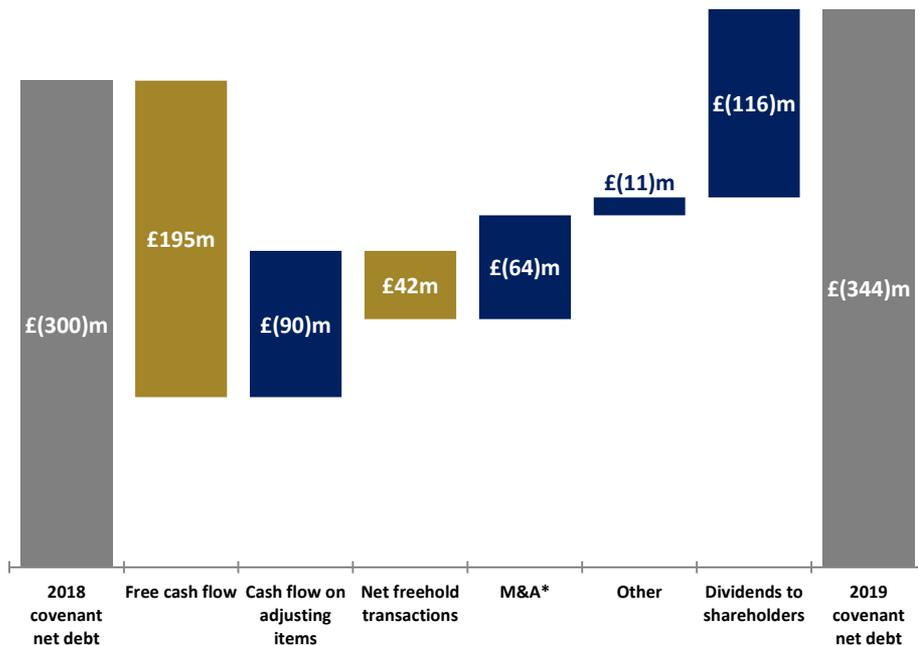
# Capital expenditure - spend and trend

(£m)	2019	2018
Maintenance	(56)	(57)
IT	(12)	(42)
Growth capex	(53)	(44)
<b>Base capital expenditure</b>	<b>(121)</b>	<b>(143)</b>
Freehold property	(22)	(48)
<b>Gross capital expenditure</b>	<b>(143)</b>	<b>(191)</b>
Disposals*	82	98
<b>Net capital expenditure</b>	<b>(61)</b>	<b>(93)</b>

- Maintenance capex stable year-on-year; concentrated on vehicle fleet
- IT capex significantly reduced as Merchant ERP programme halted - preparation of alternative plan underway
- Growth capex investment in 2019 driven by more Toolstation openings and investments in Travis Perkins
- Expect 2020 base capex profile excluding Wickes of £100-120m

\*Proceeds from disposals includes £63m of proceeds from freehold disposals and £19m proceeds from other asset disposals

# Modest increase in covenant net debt



- Cash cost of adjusting items of £90m:
  - P&H transformation and separation
  - Wickes autonomy
  - Group cost reduction actions
- Net cash inflow from freehold property transactions of £42m
- Higher M&A spend driven by acquisition of Toolstation Europe

**Maintaining a strong balance sheet is key to underpinning the Group's strategy**

\*Includes £21m of investment in Toolstation Europe to 30 September 2019 while accounted for as an Associate

# Wickes - demerger process on track

## Significant reduction in Group leverage post-demerger

2019 Balance sheet metrics	TP Group including Wickes	Wickes	TP Group excluding Wickes
Covenant net debt / (cash)	<b>£344m</b>	£(130)m	<b>£474m</b>
IFRS16 Lease liabilities	<b>£1,413m</b>	£824m	<b>£589m</b>
Other debt like items	<b>£31m</b>	-	<b>£31m</b>
IFRS16 Net debt	<b>£1,788m</b>	£694m	<b>£1,094m</b>
Net debt : Adjusted EBITDA	<b>2.5x</b>		<b>c.2.2x</b>

- Actions to separate the Wickes business are well advanced
- Capitalisation of Wickes with c. £130m as at 1 January 2020
- Capital Markets event held in late January to present Wickes equity story
- Targeting EGM at the end of April
- On track to complete demerger in Q2 2020

# Impact of portfolio changes and technical guidance

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## *Impact of portfolio changes:*

- Wickes results in 2020, up to the point of demerger, to be shown as a discontinued operation
- Consolidation of Toolstation Europe will include a c.£(20)m loss in the Toolstation segment
- Group results will exclude PF&P wholesale following sale completion in January 2020

## *Technical guidance:*

- Effective tax rate of 20%
- Underlying finance charges, before the impact of IFRS16 lease liabilities, similar to 2019
- Base capital expenditure in 2020, excluding Wickes, of £100m to £120m
- Property profits of around £20m (after the application of IFRS 16)
- Progressive dividend underpinned by strong cash generation

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# **OPERATIONAL REVIEW & STRATEGIC UPDATE**

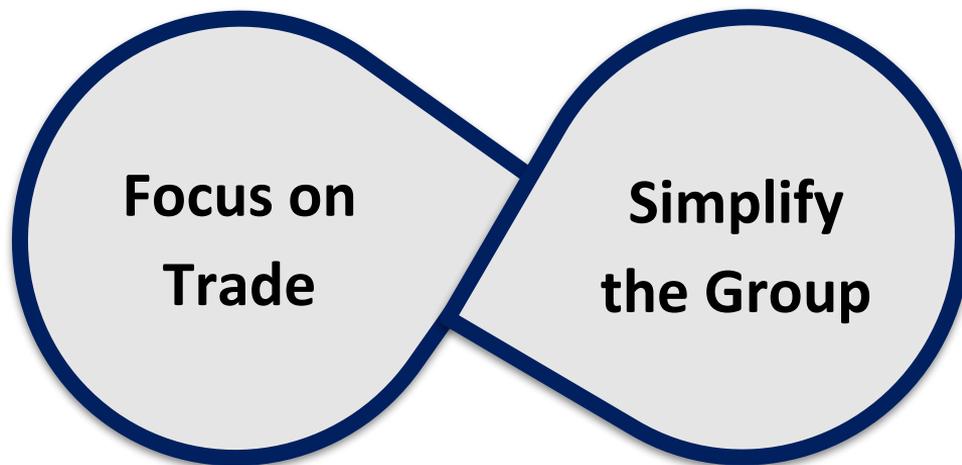
## **NICK ROBERTS**



# Executing strategy to build stronger foundations

Long term drivers are positive, but near-term uncertainty remains

The Group has grown, but also become more complex



Driving sustainable market outperformance

Careful management of cost structure

Disciplined capital allocation

# Current key priorities

- 1 Successful demerger of Wickes
- 2 Continue regeneration of Travis Perkins
- 3 Accelerate expansion of Toolstation
- 4 Delivering an organisational platform which is fit for the future



# The first choice trade merchant

## Actions laid out at the 2018 CMD

- Rebalance the business:
  - Increase local empowerment
  - Decision making closer to the customer
  - Relationships with 'Best builders in town'
- Address customer needs on pricing - particularly price consistency
- Aim to win a greater share of wallet from customers
- Recycle capital in the branch estate to enhance growth potential

Return to sustainably outperforming the market

## Encouraging early progress in 2019

- Strong colleague engagement - especially with the branch manager community
- Identification and removal of pain-points for branches
- Increased localised decision making:
  - Localised ranging and stock depth
  - Streamlined pricing decisions
- Closure of range centre network
- Tailoring propositions to suit individual customer requirements

Last 10 months consistent market outperformance\*

\*Source: GfK

# Prioritising fundamentals to drive customer service

Empowering branches to deliver outstanding customer service



## Range

- Ranging that reflects local requirements with increased depth in branch
- Regional planning to maximise efficiency
- Guidance and coordination from centre

## Service

- Complete journey from enquiry to after-sales
- Branches feel responsible for delivering high-quality customer service
- Right-first-time approach with swift issue resolution

## Supply

- Minimal handling of product reduces costs and damage
- Closer relationships between suppliers and branches/regions
- Cost efficient routing to get products into branches and to customers

## Estate

- Top 50 conurbations - currently under-indexing
- 25% of the estate has improvement potential from refit or relocation
- Some 'white space' opportunity, but network sq ft size broadly stable

# Consistent outperformance by specialist merchants

## Customer Focus

- Putting the customer at the forefront of every decision
- Industry leading account management
- Relevant and appropriate ranges



## Service excellence

- On time in full delivery - tailored to fit to customer requirements
- Technical expertise in a specialist product set
- Appropriate network footprint



## Right cost to serve

- Business models tailored to match customer demands with efficient operation
- Tight control of “cost-to-serve”; actively reduced in last 5 years



Specialist merchants are a proven success story - replicable across the group

# Toolstation - accelerating UK expansion



2019: 23% sales growth; 16% LFL sales growth

## Network

- Network expansion of +65 branches in 2019 to 400 - one opened every six days!
- Successful small-catchment trials

## Proposition

- Range focused on Trade customers
  - 4,000 new products added in 2019
  - New categories - kitchen and bathroom accessories and home automation
- “Always Low” pricing comparison to peers

## Digital

- 5 minute click & collect - growth of 80%+
- Increased digital ‘personalised’ marketing

2020 - maintaining growth momentum

- 2020 branch pipeline strong with most agreements already in place
- Significant runway for estate growth

- Further 4,000 products to be added across branches, online and drop-ship
- Range extension to achieve ‘full project’ ranging (e.g. fitting a boiler)
- Mix of core-trade and own-brand products

- Further development of web platform driving higher conversion rates
- Relaunch of APP to optimise journey for mobile users

# Toolstation Europe - exciting opportunity

- Growth in line with UK experience
- Took opportunity to acquire majority ownership in September 2019 - now fully consolidated
- Timing ahead of plan - enables acceleration of growth investment



## The Netherlands

- 54 branches now open, demonstrating strong LFL growth
- Branch expansion ongoing, targeting over 20 new branches in 2020

## Belgium

- Encouraging growth through online channel
- Initiated branch network trial - fulfilled from Dutch distribution network

## France

- Exploring ways to scale up encouraging trial in Rhône-Alpes Region
- 11 branches open in 2019

# Delivering an organisational platform for the future

Strengthening the Group's foundations is vital to delivering sustainable future growth

## Carefully designed and controlled cost structure

- Lean approach to support services
- Disciplined cost investments to drive growth
- Careful management of branch network - right sized and right locations

## People - with the right skills and motivation

- Customer service relies on motivated colleagues with the right knowledge and skills
- Supplementing existing huge colleague experience with further skills development

## A robust and capable technology platform

- Improving IT capability represents a significant opportunity for service and efficiency
- Disappointing outcome from previous ERP programme - scoping out lower risk approach

## Ensuring a sustainable approach to growth

- Sustainability is becoming increasingly fundamental to the Group's long-term strategy
- Focus across four pillars of responsibility: People, Social, Environmental and Industry

# Progress towards simplifying the Group

## Wickes

Demerger will drive focused decision making:

- Travis Perkins Group to deploy capital to advantaged trade businesses
- Wickes driving growth through investment in store refits and Do-It-For-Me proposition
- Focused capital allocation drives value creation



## P&H

- Sale of Primaflow F&P (wholesale business) in January 2020 simplifies P&H business
- Maintain intention to divest P&H - but only at the right value for shareholders
- Business transformation continues: driving greater efficiency and higher-margin sales mix



# Focusing on priorities to drive performance

## Promising early steps in 2019



- Made encouraging progress towards our strategic goals
- Good financial performance; demonstrating market share gains in challenging trading conditions

## Absolute focus on our key priorities



- Group focused on our key priorities to drive near-term performance and build solid foundations for the future
- Overall aim to outperform our end-markets and generate sustainable returns for our shareholders

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# QUESTIONS

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# APPENDIX

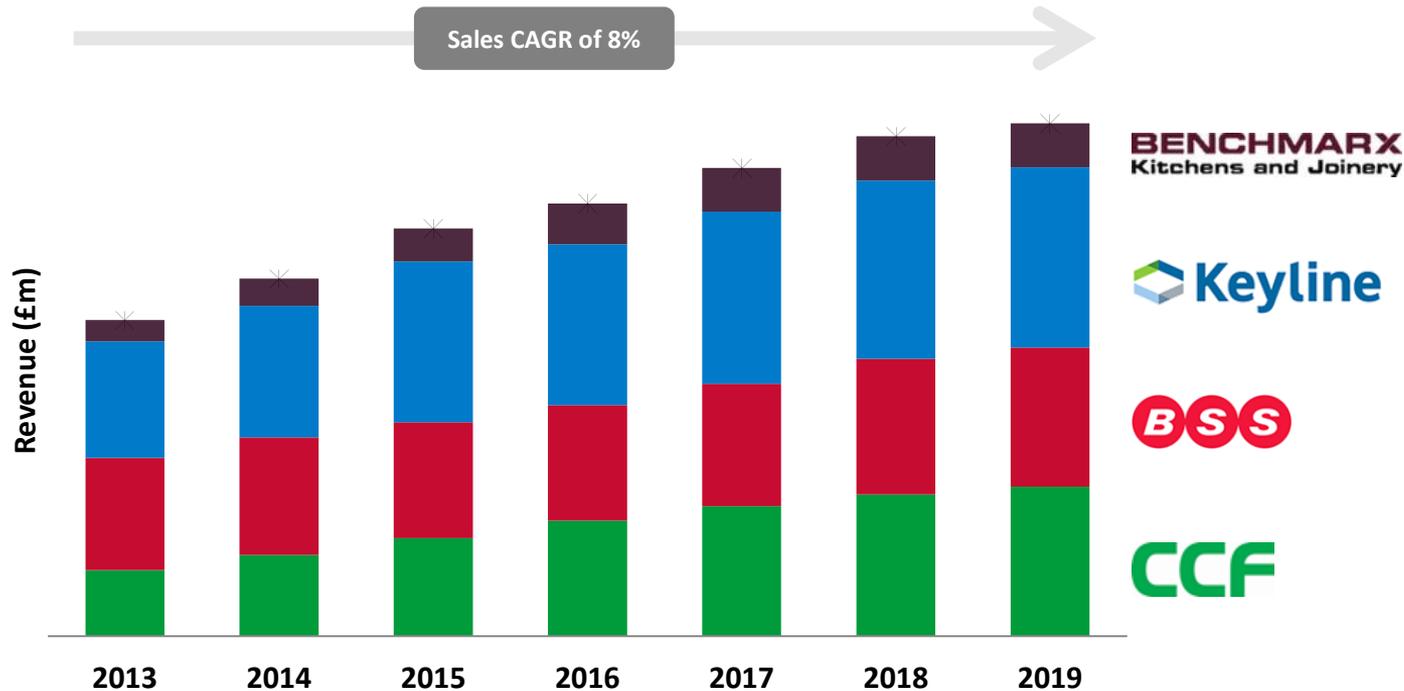
# I - Reconciliation from adjusted to statutory results

		2019		2018
<b>Adjusted EBITA</b>		<b>£442m</b>		<b>£375m</b>
Adjusting Items		<b>£(200)m</b>		<b>£(387)m</b>
Plumbing & Heating segment transformation	£(47)m		£(45)m	
Impairment of Wickes & Tile Giant goodwill	-		£(252)m	
IT-related impairment charge	£(108)m		£(16)m	
Loss on closure of built	£(13)m		-	
Wickes autonomy and demerger	£(12)m		-	
Restructuring	£(22)m		£(58)m	
Pension related items	-		£(5)m	
Loss on disposal of BPT	-		£(10)m	
Amortisation of acquired intangible assets		<b>£(9)m</b>		<b>£(10)m</b>
<b>Operating Profit/(loss)</b>		<b>£232m</b>		<b>£(22)m</b>
Adjusting items - business acquisitions (Gain on acquisition of TSE)		<b>£40m</b>		-
Share of associates results		<b>£(4)m</b>		<b>£(4)m</b>
Net finance costs		<b>£(87)m</b>		<b>£(24)m</b>
<b>Profit/(loss) before tax</b>		<b>£181m</b>		<b>£(49)m</b>

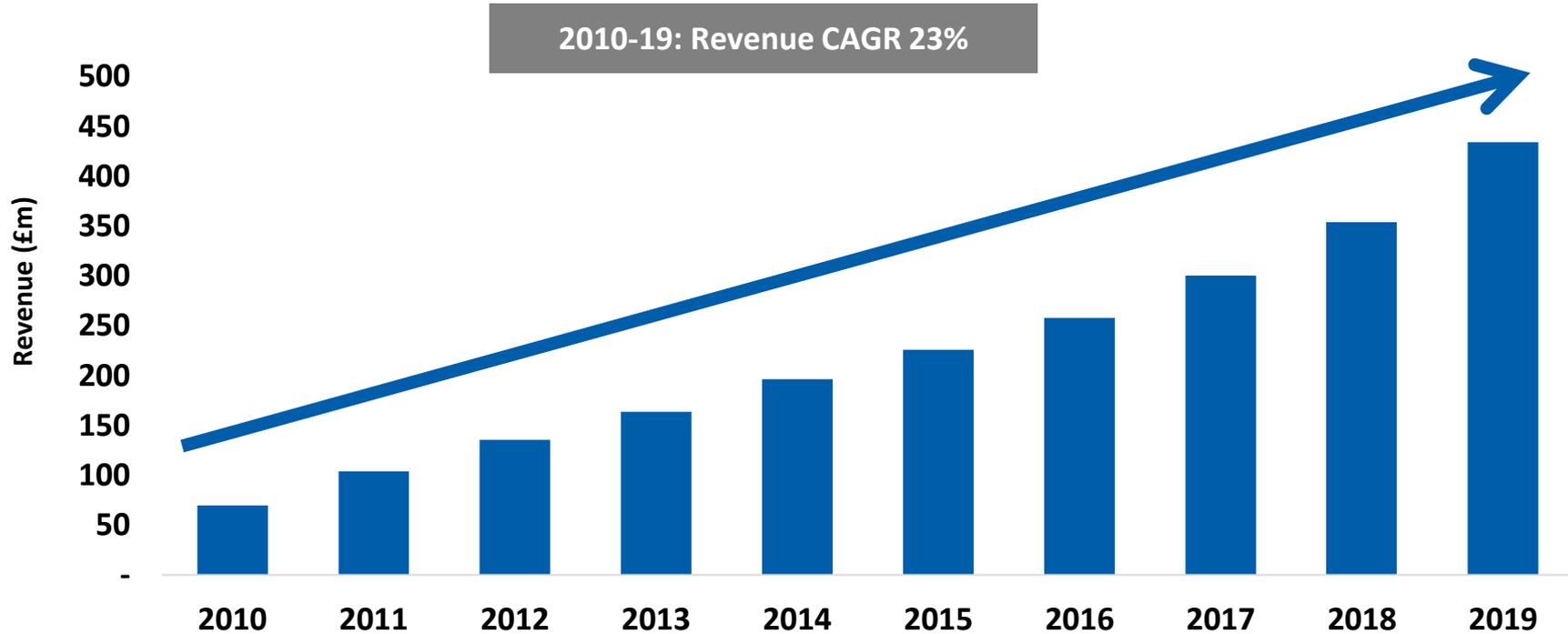
# II – 2019 results rebased for portfolio changes

Operating Profit	2019 Actuals	2019 Underlying for Remaining Group
<b>Merchandising</b>	<b>£284m</b>	<b>£284m</b>
Toolstation UK	£29m	£29m
Toolstation Europe	£(4)m	£(16)m
<b>Toolstation</b>	<b>£25m</b>	<b>£13m</b>
Tile Giant	-	-
Wickes	£97m	-
<b>Retail</b>	<b>£97m</b>	<b>-</b>
PF&P	£7m	-
Remaining P&H	£41m	£41m
<b>Plumbing &amp; Heating</b>	<b>£48m</b>	<b>£41m</b>
<b>Property</b>	<b>£21m</b>	<b>£21m</b>
<b>Unallocated Costs</b>	<b>£(33)m</b>	<b>£(33)m</b>
<b>Remaining Group</b>	<b>£442m</b>	<b>£326m</b>
<b>Memo – Wickes</b>	<b>-</b>	<b>£97m</b>
<b>Total including Wickes</b>	<b>£442m</b>	<b>£423m</b>

# III - Specialist Merchants – Revenue performance



# IV - Toolstation UK – Revenue performance



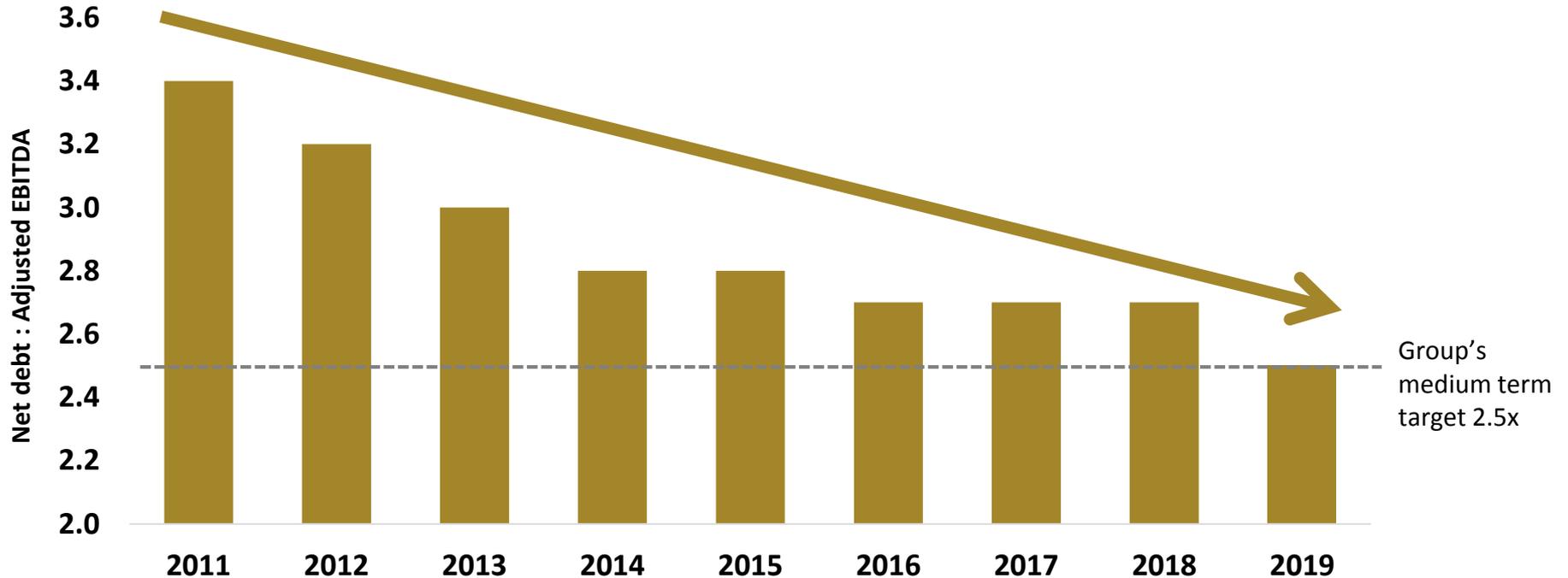
# V - P&H – excluding wholesale (PF&P) business

2019	P&H	F&P	P&H ex F&P
Total revenue	£1,465m	£269m	£1,196m
Like-for-like growth	(1.7)%	(18.1)%	2.9%
Adjusted operating profit*	£48m	£7m	£41m
Adjusted operating margin*	3.3%	2.6%	3.4%
Branch network	375	5	370



\*Segmental adjusted operating profit figures are presented excluding property profits

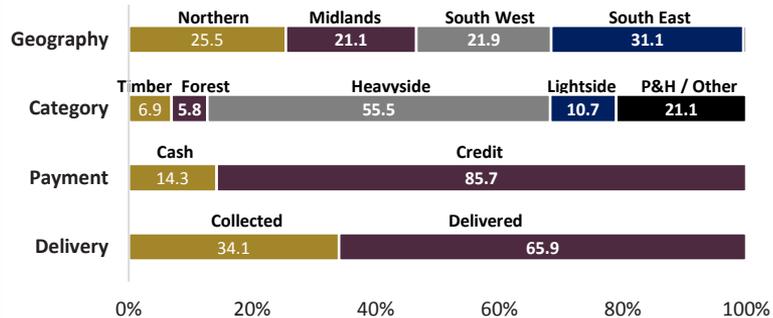
# VI - Net debt : Adjusted EBITDA



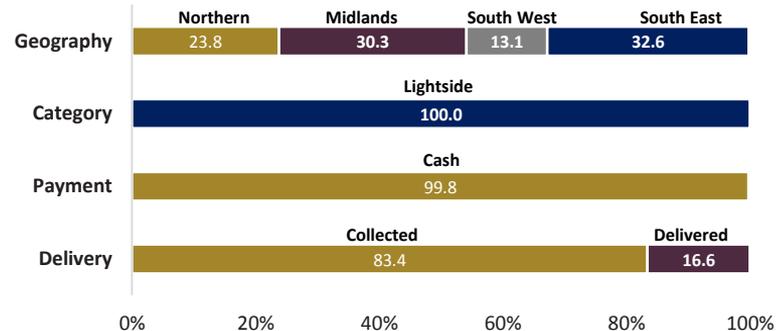
2011 - 2018 comparative figures calculated as a Lease Adjusted measure with a lease adjustment based on 8x the annual net rent charge. 2019 based on a post IFRS 16 basis. Whilst not directly comparable the two methods are broadly consistent.

# VII - Segmental revenue analysis – 2019 Full Year

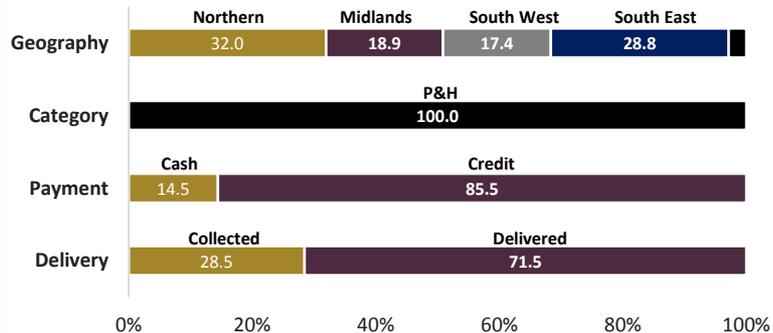
## Merchandising



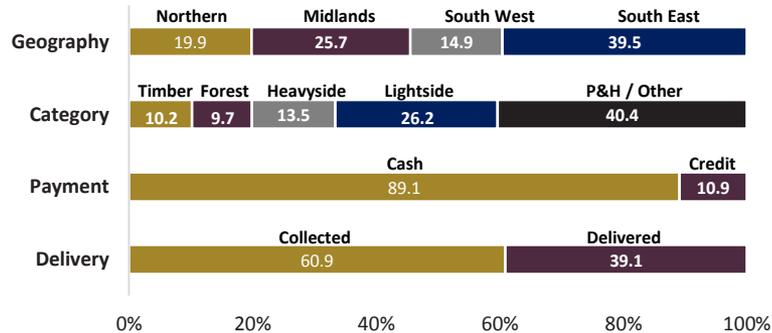
## Toolstation



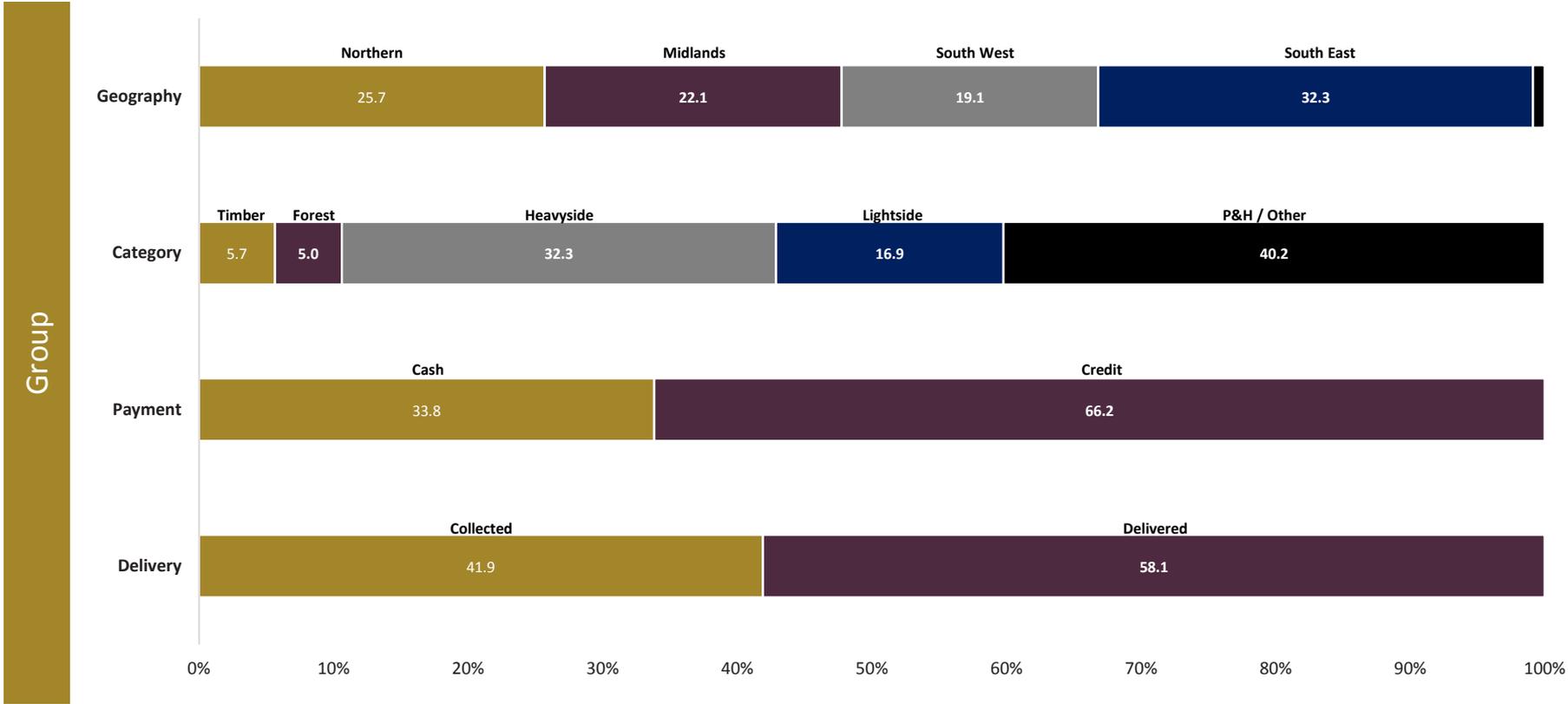
## Plumbing & Heating



## Retail



# VIII - Segmental revenue analysis – 2019 Full Year



# IX - Branch numbers

	31-Dec-18	New	Closures	Acquisitions	31-Dec-19
Travis Perkins	655	7	(20)	-	642
Benchmark	182	5	(6)	-	181
Keyline	60	1	(6)	-	55
CCF	41	1	-	-	42
BSS & TF Solutions	63	1	-	-	64
<b>Merchandising</b>	<b>1,001</b>	<b>15</b>	<b>(32)</b>	<b>-</b>	<b>984</b>
Toolstation UK	335	67	(2)	-	400
Toolstation Europe	40	26	-	-	66
<b>Toolstation</b>	<b>375</b>	<b>93</b>	<b>(2)</b>	<b>-</b>	<b>466</b>
PTS	64	1	(1)	-	64
City Plumbing	294	6	(4)	-	296
Other	15	-	-	-	15
<b>P&amp;H</b>	<b>373</b>	<b>7</b>	<b>(5)</b>	<b>-</b>	<b>375</b>
Wickes	241	1	(7)	-	235
Tile Giant	96	1	(3)	-	94
<b>Retail</b>	<b>337</b>	<b>2</b>	<b>(10)</b>	<b>-</b>	<b>329</b>
Built	1	-	(1)	-	-
<b>Group</b>	<b>2,087</b>	<b>117</b>	<b>(50)</b>	<b>-</b>	<b>2,154</b>

## Historical network growth

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Opening	1,262	1,303	1,813	1,868	1,896	1,939	1,975	2,028	2,053	2,076	2,087
New	46	519	120	48	58	101	124	82	86	75	117
Closures	(5)	(9)	(65)	(20)	(15)	(65)	(71)	(57)	(63)	(64)	(50)
<b>Closing</b>	<b>1,303</b>	<b>1,813</b>	<b>1,868</b>	<b>1,896</b>	<b>1,939</b>	<b>1,975</b>	<b>2,028</b>	<b>2,053</b>	<b>2,076</b>	<b>2,087</b>	<b>2,154</b>

Branch numbers exclude City Heating Spares and Toolhire implants

# X - Sales drivers by segment

Total revenue	Merchanting	Toolstation	Retail	Plumbing & Heating	Group
Volume	1.7%	15.7%	8.9%	(4.1)%	2.3%
Price and mix	1.6%	0.6%	(0.3)%	2.4%	1.5%
<b>Like-for-like revenue growth</b>	<b>3.3%</b>	<b>16.3%</b>	<b>8.6%</b>	<b>(1.7)%</b>	<b>3.8%</b>
Network expansion and acquisitions	(0.7)%	9.3%	(1.2)%	(2.4)%	(0.6)%
Trading days	-	-	-	-	-
<b>Total revenue growth</b>	<b>2.6%</b>	<b>25.6%</b>	<b>7.4%</b>	<b>(4.1)%</b>	<b>3.2%</b>

# XI - Like-for-like sales growth

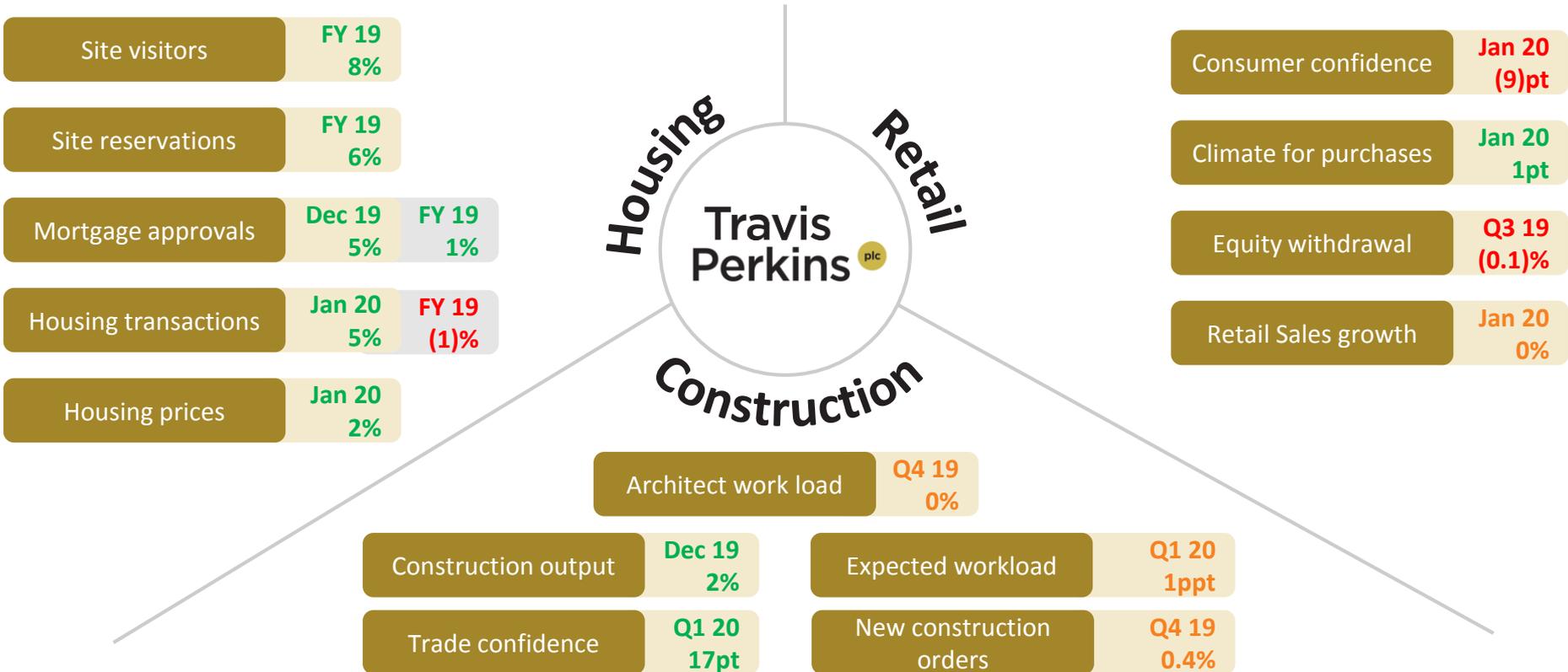
## Like-for-like by quarter

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Merchants	4.3%	2.5%	4.4%	4.6%	(0.5%)	5.5%	4.3%	5.2%	10.6%	2.7%	1.6%	(1.4)%
Toolstation	5.8%	10.3%	13.5%	10.7%	10.6%	10.4%	8.4%	13.3%	19.1%	15.7%	15.4%	15.3%
Retail	2.3%	6.1%	0.4%	(5.7%)	(7.9%)	(6.0%)	(7.2%)	3.5%	10.0%	9.4%	9.7%	4.6%
P&H	(1.1)%	(1.9)%	5.4%	6.1%	19.7%	20.1%	14.8%	12.0%	(4.0)%	(3.9)%	0.0%	0.9%
<b>Group</b>	<b>2.7%</b>	<b>2.7%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>5.9%</b>	<b>4.1%</b>	<b>6.9%</b>	<b>7.3%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>1.2%</b>

## Like-for-like by half

	H1 2017	H2 2017	FY 2017	H1 2018	H2 2018	FY 2018	H1 2019	H2 2019	FY 2019
Merchants	3.3%	4.5%	3.9%	2.4%	4.7%	3.6%	6.4%	0.2%	3.3%
Toolstation	8.1%	12.1%	10.7%	10.7%	12.0%	11.4%	17.3%	15.4%	16.3%
Retail	4.3%	(2.5%)	1.4%	(7.4%)	(1.8%)	(4.3%)	9.7%	7.2%	8.6%
P&H	(1.2)%	5.8%	2.1%	19.8%	12.9%	16.1%	(3.9)%	0.4%	(1.7)%
<b>Continuing Group</b>	<b>2.7%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>4.2%</b>	<b>5.5%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>2.3%</b>	<b>3.8%</b>

# XII - Market lead indicators



# XIII - Driving sustainable growth responsibly

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## 1. People

- 12 sustainability focus areas are material to the Group
- These have been grouped under four pillars

## 2. Social

- Pillars were determined through stakeholder consultation
- Take into account risks, opportunities & supporting success

## 3. Environmental

Continued focus in these areas enables the Group to:

- Build resilience and operations efficiencies
- Underpin a robust social value offer to customers
- Improve behaviours in the supply chain

## 4. Industry

# XIV - Sustainability supports our long term strategy

## 1. People Responsibility

Purpose:  
**Be the best employer**

### Focus areas:

Safety & wellbeing  
Diversity & inclusion  
Development  
Reward & benefits  
Employee voice & engagement

## 2. Social Responsibility

Purpose:  
**Conduct all business with integrity**

### Focus areas:

Modern slavery & human rights  
Responsible sourcing  
Legal compliance  
Community & charity

## 3. Environmental Responsibility

Purpose:  
**Mitigate operational impact on the environment**

### Focus areas:

Carbon  
Waste

## 4. Industry Responsibility

Purpose:  
**Innovate to meet future needs**

### Focus areas:

Sustainable products and services

# XV - Value alignment and achievements

Alignment:

The focus areas highlight **what** the Group does on sustainability.  
The cornerstones, or principles, define **how** the Group does it

Upholding  
family  
values

Keeping  
people  
Safe

Making  
decent  
returns

Working  
for our  
customers

Being  
the  
best

- 25% LTI frequency rate improvement
- 27% improvement in severity rate
- 94% waste diverted from landfill
- 38% carbon reduction per £m deflated sales since 2013
- 97% FSC or PEFC Certified Timber purchased
- £3.8m raised for chosen charities
- £100k generated by payroll and lottery schemes
- 565 colleagues enrolled on apprenticeships
- 61% graduates passed with *distinction*
- 8% increase in female branch managers
- Gender pay gap reduced to 10%
- 62% of senior leadership roles internally appointed
- 37 promotions from senior leadership talent pool
- 130 *Colleague Voice* listening forums held
- 8.9% improvement in Travis Perkins engagement score

# XVI - Definitions

Metric	Definition
Site visitors	House Builders Federation Survey / monthly / December 2019 / Balance score compared to a year ago
Site reservations	House Builders Federation Survey / monthly / December 2019 / Balance score compared to a year ago
Mortgage approvals	Bank of England / monthly / December 2019 / number of approvals % change year on year
Housing transactions	HM Revenue & Customs / monthly / January 2020 / number of houses sold above £40k % change year on year
Housing prices	Nationwide / monthly / January 2020 / house price inflation % change year on year
Consumer confidence	GFK / monthly / January 2019 / index score
Climate for purchases	GFK / monthly / January 2019 / index score
Equity withdrawal	Bank of England / quarterly / Q3 2019 / Change in Equity withdrawal as % of net earnings compared to previous quarter
Retail sales growth	British Retail Consortium / monthly / January 2020 / LFL % change year on year
Architect work load	Mirza and Nacey Survey / quarterly / Q4 2019 / Index - balance score
Construction output	Construction output YTD ONS / monthly / December 2019 / % change year on year
Trade confidence	Travis Perkins survey materials spend / quarterly movement / Q4 2019 view of Q1 2020 / Balance score (sample: 1,965)
Expected workload	Federation of Master Builders / quarterly movement / Q4 2019 view of Q1 2020 / Balance score (publish later than TP survey, smaller sample of ~400)
New construction orders	Office for National Statistics / quarterly / Q4 2019 / % change year on year

# XVII – Definitions (continued)

Metric	Definition
Operating profit	Earnings before results of associates, interest, tax and amortisation of acquisition-related intangible assets
Earning per share (“EPS”)	Ratio of net profit after taxation adjusted for minority interests to weighted number of ordinary shares outstanding
Adjusted operating profit / Adjusted EPS	Operating profit / EPS before adjusting items and amortisation of acquisition-related intangible assets
ROCE	Ratio of adjusted operating profit to debt plus equity
Covenant net debt	On-balance sheet debt excluding lease liabilities and pension SPV liability
Net debt	On-balance sheet debt including lease liabilities
Net Debt : EBITDA	Ratio of Net debt to earnings before adjusting items, interest, tax, depreciation and amortisation
Free cash flow (“FCF”)	FCF excludes all freehold property transactions, both investments and disposals, and includes all base capex: the sum of maintenance and investment capital expenditure
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



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