

New kitchens and extensions spruce up Travis Perkins

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The owner of Wickes has significantly outperformed Kingfisher (Andre Camara/The Times)

Britain's biggest builder's merchant has widened the gap with its closest rival after profits soared on increasing numbers of homeowners adding extensions and installing kitchens.

Travis Perkins said that adjusted pre-tax profit jumped by 19.4 per cent to £162.5 million in the six months to June 30, as it experienced growth in all divisions that drove up revenue by 11.5 per cent to £2.7 billion.

The strong performance means that it has significantly outperformed Kingfisher, which owns B&Q and Screwfix, which last week reported a 5.1 per cent rise in first-half sales. Kingfisher added in its pre-close statement that it had found trading during the second quarter difficult.

Growth at Travis Perkins, owner of Wickes, Tile Giant and BSS, was driven by the market in new homes and repairs and maintenance. There is generally a nine-month lag between housing transactions and sales of goods used in repairs and maintenance, and the recent gains made in the housing market are driving the top line at Travis Perkins.

About 20 per cent of its sales come from the new homes sector, with the majority, 80 per cent, derived from the jobbing builder putting in extensions and doing repairs.

Travis Perkins said that it expected strong sales to continue into the second half, pointing out that an estimated 27 million households in Britain needed of some form of repair.

John Carter, the chief executive, said: “We clearly have a better housing environment and economy, and new housing starts help our business enormously, but it is really more about people moving and the number of housing transactions.

“We are at about 100,000 [housing transactions] a month, and people tend to tidy up a bit and maybe decorate a room or two before they sell and then, when they move, do up the new house to put their stamp on it. So housing moves are good for us.”

Mr Carter said that although the macro situation had helped, a number of “self-help” initiatives had also driven its performance and the 1.6 per cent increase in its earnings per share to 53.4p. He said the group had worked hard to provide a stronger range of products with better availability and had raised the level of customer service.

Travis Perkins operates nearly 2,000 branches across the UK and plans to expand its estate by about 20 to 30 stores each year. It owns about 25 per cent of its stores, and during the period it sold off some sites. Profits from its property sales helped to drive the sharp increase in the operating margin from 0.4 per cent to 6.4 per cent.

Its best performing division was general merchandising, whose like-for-like sales rose by 14.6 per cent. Its consumer division, including Wickes, experienced a 6.8 per cent rise in like-for-like sales. Shares in Travis Perkins rose by 44p, or nearly 2.7 per cent, to close at £16.89.

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