

22 April 2015

Travis Perkins plc

First quarter 2015 trading update – disciplined investment in sustainable growth

### Highlights

- Total sales growth of 7.2%
- Like-for-like sales growth of 5.1%
- Two-year like-for-like sales growth of 18.4% demonstrates strong and consistent progress
- Overall trading in line with expectations

John Carter, Chief Executive, commented:

“The majority of our businesses performed well against strong comparators in the first quarter, driven by the investments we have made to improve our propositions in the initial stages of our five-year plan.

The modernisation programme in General Merchancing is now underway and contributed to our market outperformance. The Wickes team have built on the positive customer feedback and success of 2014 and continue to take market share. The Plumbing & Heating division is fully focused on its branch network re-segmentation, however the market remains challenging. The Contracts division continues to grow strongly through significant market share gains.

Our three priorities for the year ahead remain unchanged; the modernisation of Travis Perkins, the transformation of Wickes, and the re-segmentation of the Plumbing & Heating businesses. The progress we are making underpins our confidence that the plans we have in place and the investments we are making will support further outperformance of our markets, medium-term double digit operating profit growth and continued growth in return on capital.”

Q1 2015 sales growth	General Merchancing <sup>(1)</sup>	Consumer <sup>(2)</sup>	Plumbing & Heating <sup>(1)</sup>	Contracts <sup>(1)</sup>	Group
Total sales	9.4%	8.7%	(3.7%)	17.3%	7.2%
Like-for-like sales	8.1%	6.0%	(6.1%)	15.1%	5.1%
Two-year like-for-like	26.0%	13.3%	6.3%	29.8%	18.4%

Q1 2014 sales growth	General Merchancing <sup>(3)</sup>	Consumer <sup>(4)</sup>	Plumbing & Heating <sup>(3)</sup>	Contracts <sup>(3)</sup>	Group
Total sales	19.2%	9.0%	16.3%	16.6%	15.6%
Like-for-like sales	16.6%	6.9%	13.2%	12.8%	12.7%

Group sales grew by 7.2% in the first quarter, with like-for-like sales growth of 5.1%, despite the anticipated sales decline in the Plumbing & Heating division. Group two-year like-for-like sales growth of 18.4% demonstrates a continuation of the strong and consistent growth experienced throughout 2014.

General Merchancing performed well through the quarter, with like-for-like sales up 8.1%. Growth was particularly strong in heavyside categories, direct sales and the Toolhire business. Price inflation weakened modestly through the quarter with lower inflation on heavyside categories and modest price deflation on lightside categories.

The momentum established in the Consumer businesses in 2014 has continued into 2015 with sales growth of 8.7%. Kitchen & Bathroom sales recovered against a weak comparative period, but this was partially offset by lower roofing and fencing sales following significant levels of storm damage in early 2014. Although still early in the implementation, the expanded outdoor product range has been well received by customers. Wickes has also extended its investment in price to further enhance its market leading position with attractive offers on insulation, paint and power tools. Online sales continued to grow strongly particularly through the implementation of Click & Collect.

The Plumbing & Heating division has made good progress in its branch re-segmentation programme, albeit in a difficult trading period. Overall sales were down 3.7% with like-for-like sales down 6.1%. Sales declines were driven by the continued impact of the Government ECO scheme which pulled forward boiler sales into the first quarter of 2014 and the short term disruption of the re-segmentation programme. The boiler market remained depressed throughout the quarter, but with some signs of recovery towards the end of the period. This had a negative impact on the PTS and F&P businesses, although this was partially offset by good like-for-like sales growth in City Plumbing. The early performance of the converted branches offers longer term encouragement and management remain convinced of the merits of re-allocating capital to higher return opportunities.

The Contracts division has had a strong start to 2015, with significant market share gains and like-for-like sales growth of 15.1%. CCF and Keyline both recorded strong sales growth in the quarter whilst BSS maintained sales compared to the prior year in an increasingly competitive market.

Teams across the Group have further progressed the work to deliver the strategic plans:

#### *Accelerate innovation of our customer propositions*

The Travis Perkins format trial continues, with a further four new format stores now open. Wickes online customers have benefitted from an enhanced Click & Collect service, with collection now available in just one hour. Wickes has also opened two new trial format stores in Chatham and Doncaster, which combine better use of space with improved range and an enhanced in-store experience.

#### *Expand the network and intensify use of space*

During the first quarter of 2015 new stores and branches were opened across the Group; including nine Toolstation shops, three new Travis Perkins branches and seven new Benchmarx showrooms. Five new Toolhire implants were opened in Travis Perkins branches. One new Keyline branch was opened, alongside the addition of the four Rudridge branches following the acquisition. The re-segmentation of the Plumbing & Heating division progressed with the conversion of a further 17 PTS branches into the City Plumbing format. In addition 11 existing City Plumbing branches benefited from a new bathroom showroom.

#### *Exploit our scale advantage*

Following the successful development of the two heavyside range centres in Warrington and Cardiff, two further centres are being developed in Tilbury and Coventry. Tilbury is due to commence operations in mid-2015 and will serve around 130 Travis Perkins branches in London and the South East. In Coventry, land has been purchased and planning consent has been agreed. Coventry is planned to open in the first half of 2016 which will bring heavyside range centre coverage of the Travis Perkins branch network to over 90%.

During this period of investment the Group remains committed to disciplined capital management to ensure returns are generated on these investments on a sustainable basis over the medium term.

## **Enquiries**

### *Investor / analyst enquiries*

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## **Footnotes**

1. Total sales and like-for-like sales growth for the three month period ended 31 March 2015 compared to the three month period ended 31 March 2014.
2. Total sales and like-for-like sales growth for the 13 week period ended 28 March 2015 compared to the 13 week period ended 29 March 2014.
3. Total sales growth for the three month period ended 31 March 2014 compared to the three month period ended 31 March 2013 (not adjusted for one additional trading day in 2014). Total sales on a comparable trading day basis and like-for-like sales growth for the three month period ended 31 March 2014 compared to the three month period ended 31 March 2013 (2013 period adjusted for the effect of one more trading day in 2013 period).
4. Total sales and like-for-like sales growth for the 13 week period ended 29 March 2014 compared to the 13 week period ended 30 March 2013.