



INTERIM RESULTS. 2016

Travis Perkins 

Agenda

Group highlights

John Carter

p3

Financial review

Tony Buffin

p6

Strategy Update & Outlook

John Carter

p19

Appendices

p27

2016 interim key messages

1 Good first half performance

- Strong sales growth with outperformance in all key areas
- Plumbing & Heating market has continued to be tough
- Performance in June was below expectations and in part due to EU referendum

2 Outlook for 2016/7 not yet certain

- Early signs from lead indicators are mixed
- 2016 performance dependent on customer demand in Q4
- Continue investments in high returning areas and IT upgrade programme

3 Extended structural advantage

- Recent investments intended to deliver through the cycle
- Customer proposition, property, format and supply chain improvements ensure businesses are in a stronger competitive position
- Strong balance sheet and significant improvement in financial position

Remain focused on sustainable growth and returns over long term

Group performance highlights

- Continued sales growth outperformance — Revenue growth of 5.8% to £3.1bn
- Good underlying profit growth — 4.9% EBITA growth (ex-Property)
- Investing for long-term growth — Capex of £120m
- Modest decline in returns — LAROC declined 20bps to 10.9%
- Continued dividend growth — Dividend increased to 15.25p

Continued focus on delivering strategic plans

- 1 Significant improvements in first half of plan**
 - Strong improvements in customer propositions in all businesses
 - Branch network expanded by 200 outlets and 200 branches reconfigured
 - Growing scale advantage in sourcing and supply chain
- 2 Focus on investment in high return areas**
 - High return investments in TP, Benchmarx, Wickes and Toolstation to continue
 - IT systems upgrade to ensure fit for the future
 - Plumbing & Heating and Contracts network capacity changes largely complete
- 3 Stronger position**
 - Leading merchanting supply chain with next-day availability on 30,000 SKUs
 - Significant improvements to branch network across all businesses
 - Materially strengthened financial position providing stability and flexibility

Flexibility to take advantage of changing market conditions



FINANCIAL
REVIEW.

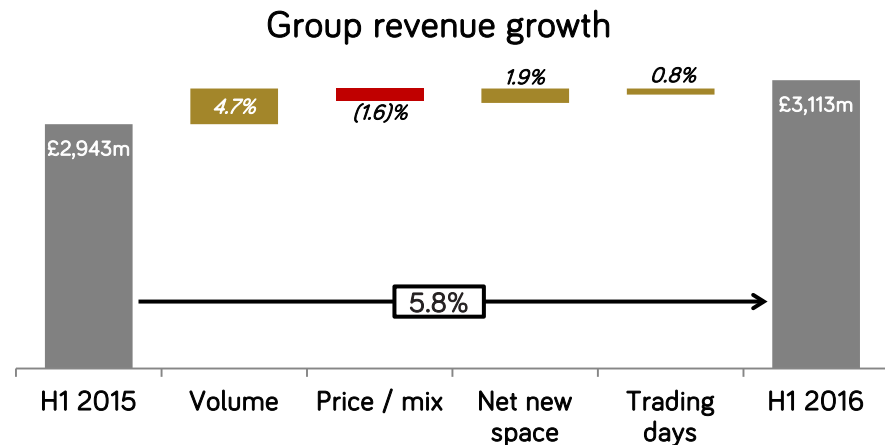
TONY BUFFIN



Group performance summary

<i>Six months ended 30 June</i>	H1 2016	H1 2015	<i>Year-on-year change</i>	
Revenue	£3,113m	£2,943m	5.8%	↑
Like-for-like sales growth	3.1%	5.7%	(2.6)ppt	↓
Adjusted EBITA	£194m	£185m	4.9%	↑
Adjusted EBITA excluding property profits	£191m	£182m	4.9%	↑
Adjusted profit after tax	£145m	£134m	8.2%	↑
Free cash flow (excluding exceptional tax payment)	£165m	£156m	5.8%	↑
Adjusted earnings per share	58.4p	54.2p	7.7%	↑
Dividends per share	15.25p	14.75p	3.4%	↑
Lease adjusted ROCE	10.9%	11.1%	(20)bps	↓

Further sales growth outperformance



- Good trading through first five months
- Noticeable slow-down in June
- Deflation in all Divisions, Wickes price investment maintained
- New TP, Benchmarx, Wickes, Toolstation and CCF outlets delivering strong growth

LFL sales	Q1	Q2	Q3	Q4	2015	Q1	Q2	H1'16
Prior Yr	12.7%	8.1%	5.7%	3.5%	7.3%	5.1%	6.3%	5.7%
Current Yr	5.1%	6.3%	2.6%	1.4%	3.8%	4.2%	2.3%	3.1%
2-year growth	18.4%	14.9%	8.4%	4.9%	11.4%	9.5%	8.7%	9.0%

Operating margin maintained

	General Merchanting	Plumbing & Heating	Contracts	Consumer	Group
2015 EBITA margin	9.4%	3.1%	6.3%	5.9%	6.3%
Gross margin	(1.1)%	(0.5)%	(1.0)%	(0.4)%	(0.5)%
Operating costs	1.4%	0.2%	0.6%	0.5%	0.5%
<i>2016 EBITA before Δ in property profits</i>	<i>9.7%</i>	<i>2.8%</i>	<i>5.9%</i>	<i>6.0%</i>	<i>6.3%</i>
Change in property profits	0.3%	(0.1)%	-	(0.3)%	(0.1)%
2016 EBITA margin	10.0%	2.7%	5.9%	5.7%	6.2%

- General Merchanting modest solid operating leverage
- Plumbing & Heating margins declined due to tough trading conditions
- Mix impacts in Contracts from stronger Keyline and CCF growth
- Consumer demonstrated continued momentum offset by lower property profits

General Merchancing performance summary

<i>Six months ended 30 June</i>	H1'16	H1'15	Δ
Revenue	£1,045m	£979m	6.7%
Like-for-like growth	2.9%	6.7%	(3.8)ppt
Adjusted EBITA	£104m	£92m	13.0%
<i>EBITA margin</i>	<i>10.0%</i>	<i>9.4%</i>	<i>60bps</i>
Underlying EBITA (ex-property profit)	£100m	£91m	9.9%
<i>Underlying EBITA margin</i>	<i>9.6%</i>	<i>9.3%</i>	<i>30bps</i>
Lease adjusted ROCE	16%	16%	-

- Strong sales growth in first five months
- Good net margins despite investment and June slow-down
- Efficiency measures from H2 2015 delivering benefits
- LAROCCE maintained with solid investment pipeline



BENCHMARKX
Kitchens and Joinery

Plumbing & Heating performance summary

<i>Six months ended 30 June</i>	H1'16	H1'15	Δ
Revenue	£679m	£667m	1.8%
Like-for-like growth	0.4%	(2.9)%	3.3ppt
Adjusted EBITA	£18m	£21m	(14.3)%
<i>EBITA margin</i>	2.7%	3.1%	(40)bps
Underlying EBITA (ex-property profit)	£19m	£21m	(9.5)%
<i>Underlying EBITA margin</i>	2.8%	3.1%	(30)bps
Lease adjusted ROCE	7%	10%	-

- Solid sales performance against continued tough market
- Return to positive like-for-like growth
- Significant gross margin pressure in all businesses offset by efficiency work
- 2015 LAROCCE benefitted from one-off property income in H2'14



Contracts performance summary

<i>Six months ended 30 June</i>	H1'16	H1'15	Δ
Revenue	£623m	£605m	3.0%
Like-for-like growth	2.7%	13.9%	(11.2)ppt
Adjusted EBITA	£37m	£38m	(2.6)%
<i>EBITA margin</i>	<i>5.9%</i>	<i>6.3%</i>	<i>(40)bps</i>
Underlying EBITA (ex-property profit)	£37m	£38m	(2.6)%
<i>Underlying EBITA margin</i>	<i>5.9%</i>	<i>6.3%</i>	<i>(40)bps</i>
Lease adjusted ROCE	14%	15%	(1)ppt

- All businesses grew in H1 against strong comparator
- 2-year LFL of 17%
- Revenue & profit impacted by 13 branches transferred to TP
- Majority of branch network now in place
- LAROCCE slightly lower owing to 20% increase in CCF estate



Consumer performance summary

<i>Six months ended 30 June</i>	H1'16	H1'15	Δ
Revenue	£766m	£693m	10.5%
Like-for-like growth	6.5%	6.5%	-
Adjusted EBITA	£44m	£41m	7.3%
<i>EBITA margin</i>	<i>5.7%</i>	<i>5.9%</i>	<i>(20)bps</i>
Underlying EBITA (ex-property profit)	£44m	£39m	12.8%
<i>Underlying EBITA margin</i>	<i>5.7%</i>	<i>5.6%</i>	<i>10bps</i>
Lease adjusted ROCE	8%	7%	1ppt

- Strong sales growth from all businesses
- Wickes store refits performing above expectations – driving LAROCCE improvement
- Toolstation LFL sales growth accelerated
- Returns approaching an acceptable level

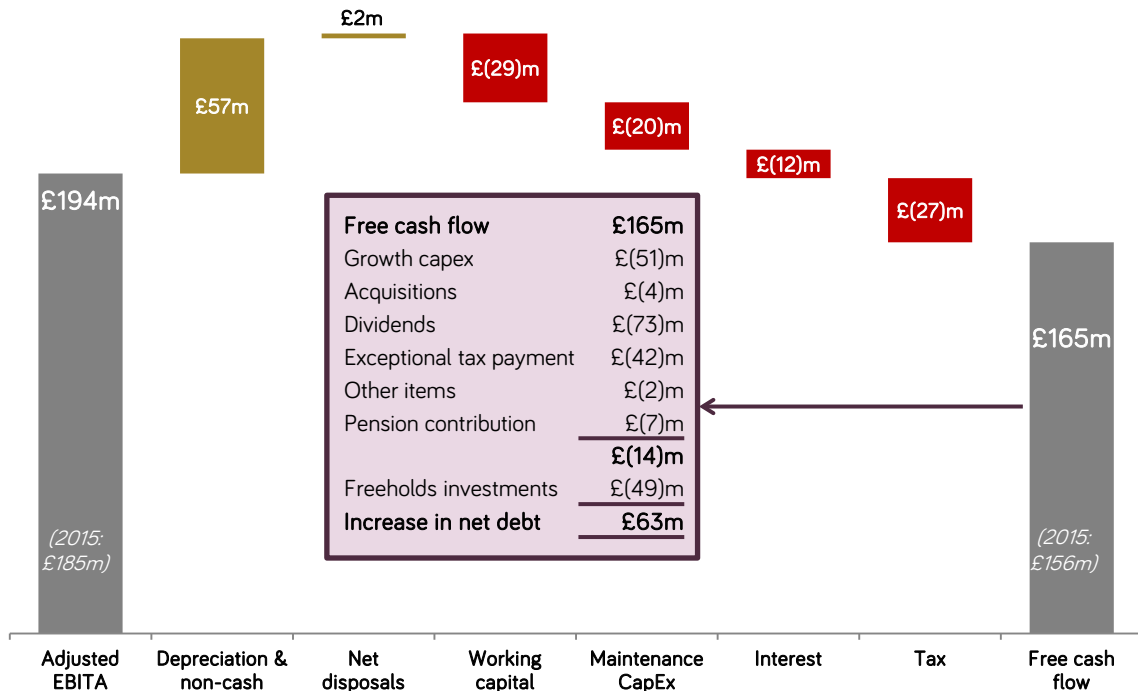


Sustainable earnings growth

<i>Six months ended 30 June</i>	H1'16	H1'15	Δ
Adjusted EBITA	£194m	£185m	4.9%
Net finance cost	£(10)m	£(18)m	44.4%
Adjusted profit before tax	£184m	£167m	10.2%
Adjusted tax	£(39)m	£(33)m	(18.2)%
Adjusted profit after tax	£145m	£134m	8.2%
Weighted average shares	249m	247m	0.8%
Adjusted earnings per share	58.4p	54.2p	7.7%
Dividends per share	15.25p	14.75p	3.4%

- Underlying finance cost maintained despite increased borrowings
- £2m currency mark-to-market gain (2015: £(5)m loss)
- Dividend increased to 15.25p

Cash flow funding investments & growing dividend



- Good working capital management
- £42m exceptional tax payment related to ongoing HMRC dispute
- Cash conversion of 85% (ex-exceptional tax payment)

Investments to drive medium-term returns

1	Extending leadership	Strong returns	Examples <ul style="list-style-type: none"> New TP / Wickes / Toolstation / CCF Benchmark implants / showrooms / toolhire implants 	Capex £13m
2	Investing to grow	Good returns	<ul style="list-style-type: none"> New formats / P&H conversions Distribution centres 	£20m
3	Re-engineering & infrastructure build	Range of returns	<ul style="list-style-type: none"> Multi-channel development IT infrastructure upgrades 	£18m
Growth capex				£51m
Maintenance capex				£20m
Capex (ex-freehold)				£71m
Property additions				£49m
Total capex				£120m

Medium term ratios in line with plan

	<i>Mid-term ambition</i>	H1'16	YE'15	H1'15	YoY Δ
Net debt	-	£510m	£447m	£395m	£115m
Lease debt		£1,484m	£1,444m	£1,409m	£75m
Lease adjusted debt	-	£1,994m	£1,891m	£1,804m	£190m
LA Gearing	-	45.8%	44.6%	43.5%	2.3ppt
Fixed charge cover	3.5x	3.3x	3.3x	3.3x	-
LA Debt : EBITDAR	2.5x	2.9x	2.8x	2.8x	(0.1)x

- Materially stronger financial position
- Net debt increased due to one-off tax payment
- Financial metrics in line with our expectations

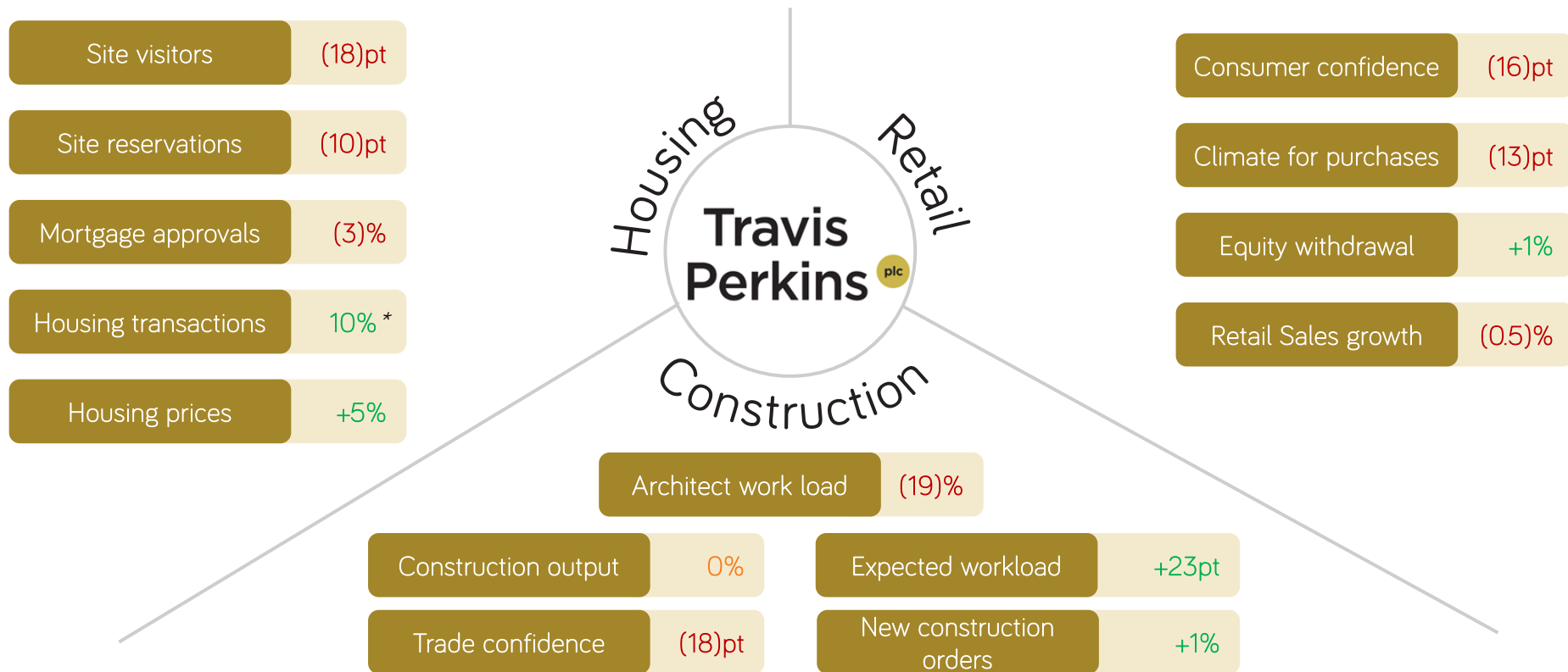
2016 outlook

- Trading improved through July, albeit against weaker comparatives
- Too early to provide precise guidance following Brexit
- Expect to continue to outperform the market
- Price inflation given recent exchange rate movement in H2 2016
- Property profits of ~£20m assuming no change in conditions
- Capex of ~£200m including freehold
- Maintain funding strength to invest and provide flexibility

A photograph of two workers in a lumber yard. A man in a blue cap, safety glasses, and a high-visibility vest is pointing at a large stack of lumber. A woman in a blue cap and safety vest is looking at the same stack. In the background, there are more stacks of lumber and a blue forklift with the license plate 'N32'.

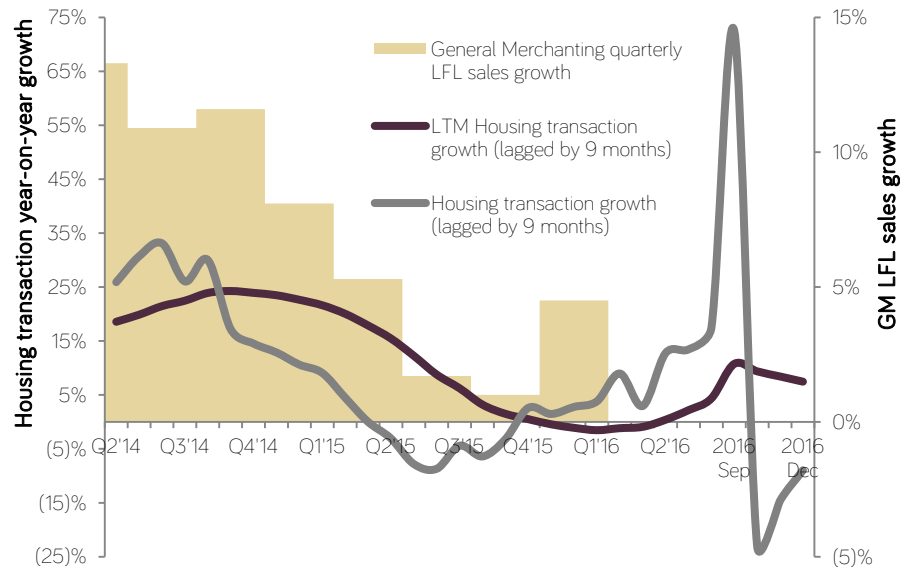
STRATEGY UPDATE & OUTLOOK. JOHN CARTER

Lead indicators mixed, outlook less certain



*Jan-June average year-on-year growth

Market conditions difficult to read



Strategic Plan positions Group to outperform

- Almost £600m invested since start of the plan
- Significant investment increase
 - step up in growth capex in high returning investments
 - catch up on legacy underinvestment in key areas
- Significant benefits still to come as investments mature
- ~£100m freehold not yet in use

Investment area	2014 - H1'16 capex	LAROCCE range	Maturity profile
Extending leadership	£96m	20 - 30%	3 - 5+ years
Investing to grow	£94m	15 - 20%	3 - 5+ years
Infrastructure	£75m	0 - 30%	0 - 5+ years
Freehold investment	£188m	15 - 20%	n.a.
Total	£453m		
Maintenance	£125m	n.a.	n.a.

Freehold investment usage

In use	£74m
2016 completions	£47m
2017 completions	£50m
2018+ completions	£17m
Total	£188m

Extended structural advantage

Customer innovation

- Better value credentials in trade and consumer businesses
- Format improvements in Wickes, TP, Benchmark, P&H, Keyline
- Strong consumer Click & Collect
- Group online sales >£200m



Optimising network

- 200 new outlets (inc. 100 implants & concessions)
- Contracts & P&H network programmes largely complete
- TP, Wickes, Toolstation, Benchmark pipeline



Scale advantage

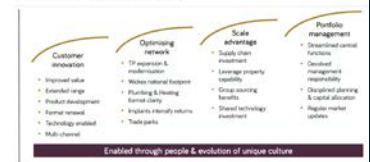
- Unique lightside & heavyside distribution capability
- Sourcing consolidation provides own-brand strength
- Merchandising systems upgrade underway



Portfolio management

- Significant improvement in business management teams
- Greater responsibility and accountability in businesses
- Enhanced capital allocation & planning approach

Levers of value creation



Focus on strategic plans with flexibility to respond

1

Focused investment in high return areas

- Continued investment in high return areas (TP, Benchmarx, Wickes, Toolstation)
- IT upgrade programme to continue
- Contracts and Plumbing & Heating change programmes largely complete

2

Maintain improved financial position

- Long duration and significant depth of committed funding
- Very strong liquidity enabling ability to invest
- Plans well developed to drive further improvements in cash generation

3

Flexibility in changing market conditions

- Capital and cost management options available for varying market conditions
- Proven track record of decisive actions with swift implementation
- Investments maturing and freehold benefits still to come

Continued focus on returns over the medium-long term

A stronger position to capitalise on opportunities

- Strong delivery of strategy at mid-point of the plan
- Good performance in the first half of 2016
- Focus on investing in high return areas
- Flexibility to take advantage of changing market conditions
- Robust financial position with significant liquidity
- Continued focus on delivering sustainable growth in returns



QUESTIONS.





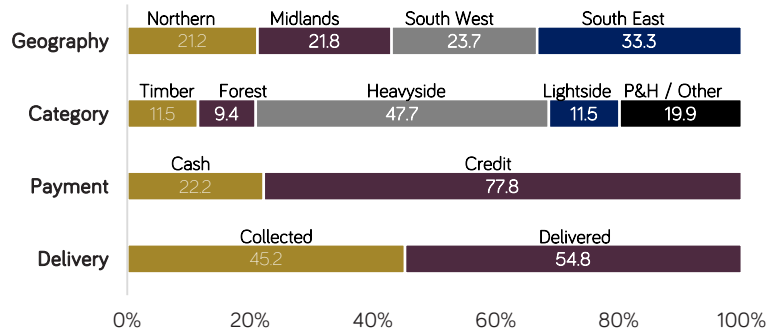
APPENDICES.



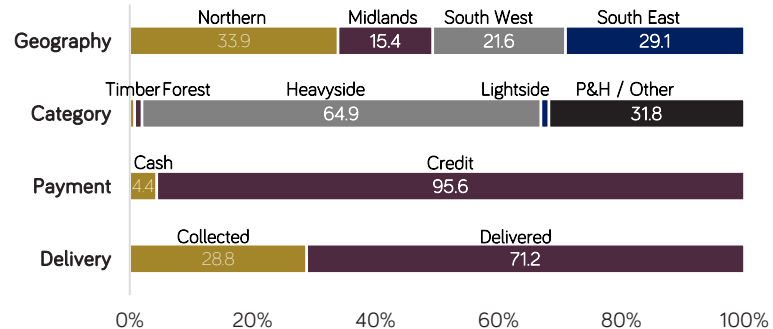
- I. Revenue analysis
- II. Adjusted earnings rec.
- III. Branch numbers
- IV. Sales drivers by Division
- V. Like-for-like sales growth
- VI. Definitions

I. Revenue analysis – 6 months ended 30 June 2016

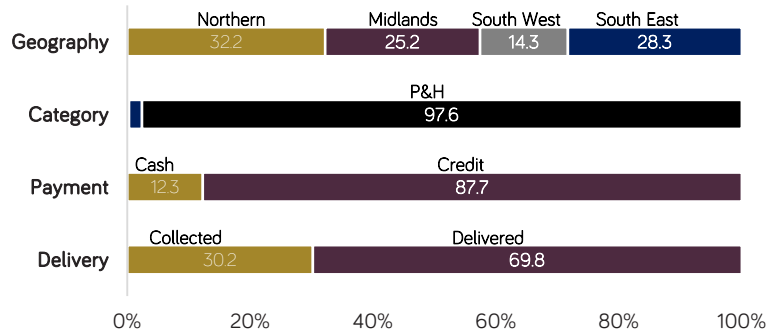
General Merchancing



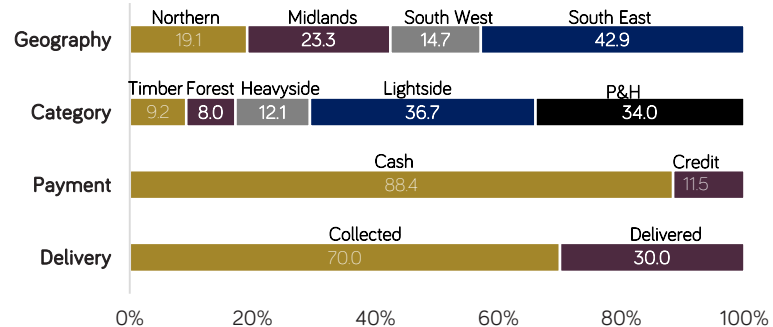
Contracts



Plumbing & Heating



Consumer



II. Adjusted earnings reconciliation

<i>Six months ended 30 June</i>	H1 2016		H1 2015	
	Earnings	EPS	Earnings	EPS
Basic earnings & EPS	£139m	55.7p	£127m	51.3p
Amortisation of intangibles	£8m	3.3p	£9m	3.6p
Tax on amortisation	£(2)m	(0.6)p	£(2)m	(0.7)p
Adjusted earnings & EPS	£145m	58.4p	£134m	54.2p

III. Branch numbers

	31 December 2015	New sites	Implants	Closures	Rebrands	30 June 2016
Travis Perkins	656	7	-	(7)	13	669
Benchmark	157	7	3	-	-	167
General Merchandising	813	14	3	(7)	13	836
City Plumbing	344	-	-	(3)	-	341
PTS	95	1	-	(7)	-	89
Other	24	1	-	(6)	-	19
Plumbing & Heating	463	2	-	(16)	-	449
Keyline & Rudridge	80	-	-	-	(13)	67
BSS	61	-	-	-	-	61
CCF	40	-	-	-	-	40
Contracts	181	-	-	-	(13)	168
Wickes	236	1	-	(1)	-	236
Toolstation	224	21	-	-	-	245
Tile Giant	111	-	(1)	(2)	-	108
Consumer	571	22	(1)	(3)	-	589
Group	2,028	38	2	(26)	-	2,042

Historical network growth

	2009	2010	2011	2012	2013	2014	2015	H1'16
Opening	1,262	1,303	1,813	1,868	1,896	1,939	1,975	2,028
New	46	519	120	48	58	101	124	40
Closures	(5)	(9)	(65)	(20)	(15)	(65)	(71)	(26)
Closing	1,303	1,813	1,868	1,896	1,939	1,975	2,028	2,042

Branch numbers exclude City Heating Spares and Toolhire implants

IV. Sales drivers by Division

<i>Six months ended 30 June</i>	General	P&H	Contracts	Consumer	Total
Volume	3.4%	3.5%	3.5%	8.8%	4.7%
Price / mix	(0.5)%	(3.1)%	(0.8)%	(2.3)%	(1.6)%
Like-for-like sales	2.9%	0.4%	2.7%	6.5%	3.1%
Trading days	0.8%	0.8%	0.8%	0.8%	0.8%
Expansion	3.0%	0.6%	(0.5)%	3.2%	1.9%
Total sales growth	6.7%	1.8%	3.0%	10.5%	5.8%

V. Like-for-like sales growth

Like-for-like by quarter

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
General	10.9%	11.6%	8.1%	5.3%	1.7%	1.0%	4.7%	1.1%
P&H	(5.1)%	(13.3)%	(6.1)%	1.0%	1.7%	(1.9)%	2.2%	(1.4)%
Contracts	9.6%	15.8%	15.1%	12.9%	5.5%	1.5%	2.1%	3.1%
Consumer	6.4%	6.7%	6.0%	6.9%	2.3%	6.1%	7.3%	6.4%
Like-for-like sales	5.7%	3.5%	5.1%	6.3%	2.6%	1.4%	4.2%	2.3%

Like-for-like by half year

	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016
General	2.8%	10.1%	14.6%	11.3%	6.7%	1.4%	2.9%
P&H	(2.3)%	12.8%	7.4%	(9.7)%	(2.9)%	(0.3)%	0.4%
Contracts	4.9%	8.5%	11.1%	12.4%	13.9%	3.6%	2.7%
Consumer	(1.1)%	3.3%	6.8%	6.4%	6.5%	4.2%	6.5%
Like-for-like sales	0.9%	9.0%	10.2%	4.6%	5.7%	2.0%	3.1%

VI. 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 III 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

VI. Definitions (continued)

Metric	Definition
Site visitors	House Builders Federation Survey / monthly / May 2016 / Balance score compared to a year ago
Site reservations	House Builders Federation Survey / monthly / May 2016 / Balance score compared to a year ago
Mortgage approvals	Bank of England / monthly / June 2016 / number of approvals % change year on year
Housing transactions	HM Revenue & Customs / monthly / June 2016 / number of houses sold above £40k % change year on year
Housing prices	Nationwide / monthly / June 2016/ house price inflation % change year on year
Consumer confidence	GFK / monthly / July 2016 / index score – movement on previous year
Climate for purchases	GFK / monthly / July 2016 / index score – movement on previous year
Equity withdrawal	Bank of England / quarterly / Q1 2016 / Change in Equity withdrawal as % of net earnings compared to previous quarter
Retail sales growth	British Retail Consortium / monthly / June 2016 / LFL % change year on year
Architect work load	Mirza and Nacey Survey / quarterly / Q1 2016 / Index
Construction output	Construction output YTD ONS / monthly / May 2016 / % change year on year
Trade confidence	Travis Perkins survey materials spend / quarterly / Q2 2016 view of Q3 2016 / Balance score
Expected workload	Federation of Master Builders / quarterly / Q1 2016 view of Q2 2016 / Balance score
New construction orders	Office for National Statistics / quarterly / Q1 2016 / % change year on year



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