



INTERIM RESULTS. 2017

Travis Perkins plc

Agenda

| | | |
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| Chairman's introduction | Robert Walker | p3 |
| Financial review | Alan Williams | p4 |
| Operational update | John Carter | p12 |
| Plumbing & Heating transformation | Tony Buffin | p21 |
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Chairman's introduction

- Executing well against a challenging market backdrop
- Strong cash generation and balance sheet
- History of nurturing, growing and transforming businesses

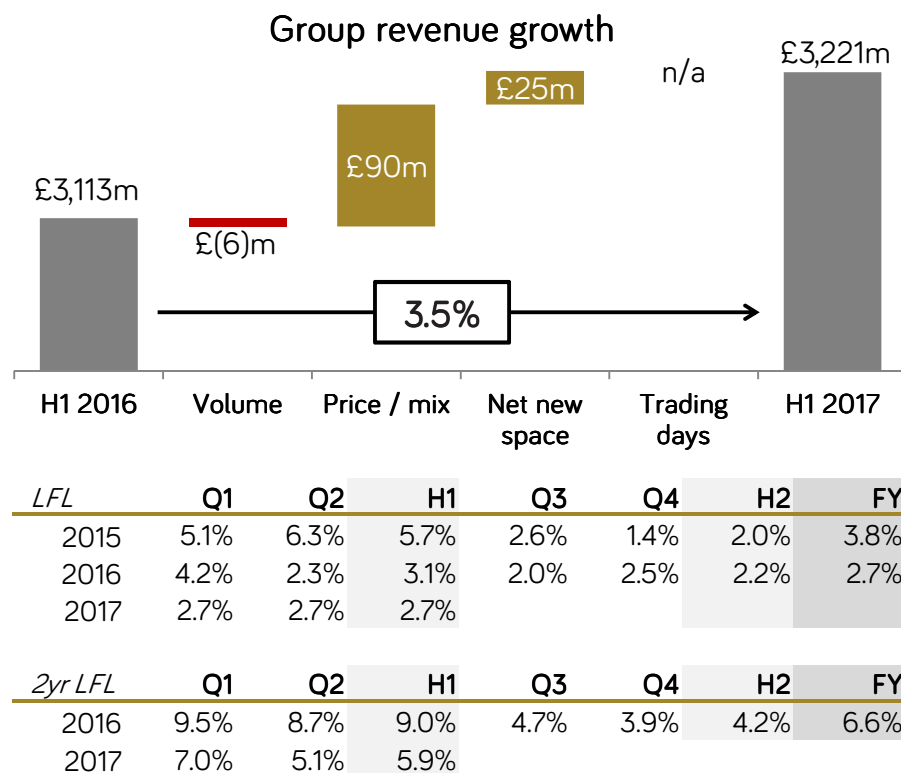


Key financial highlights

| <i>Six months ended 30 June</i> | H1 2017 | H1 2016 | <i>Year-on-year change</i> |
|---|---------|---------|----------------------------|
| Revenue | £3,221m | £3,113m | 3.5% |
| Like-for-like sales growth | 2.7% | 3.1% | (0.4)ppt |
| Adjusted EBITA | £190m | £194m | (2.1)% |
| Adjusted EBITA excluding property profits | £183m | £191m | (4.2)% |
| Adjusted earnings per share | 55.8p | 58.4p | (4.5)% |
| Underlying free cash flow (excluding exceptional tax payment in 2016) | £188m | £165m | +£23m |
| Dividends per share | 15.5p | 15.25p | 1.6% |
| Lease adjusted ROCE | 10.6% | 10.9% | (30)bps |

Solid overall performance with strong cash generation

Good sales growth despite market conditions



- Like-for-like sales growth of 2.7%
- Stable volumes as business recovered input cost inflation
- Overall sales growth of 3.5%
- Continued investment in new space in advantaged businesses

Gross margins maintained, investing in propositions

| | General Merchandising | Plumbing & Heating | Contracts | Consumer | Group |
|---|--------------------------|-----------------------|-------------|-------------|-------------|
| H1 2016 adjusted operating margin (excluding property profits) | 9.6% | 2.8% | 5.9% | 5.7% | 6.1% |
| Change in gross margin | 0.0% | (1.0)% | 0.3% | 0.0% | 0.1% |
| Margin impact of change in operating costs | (0.4)% | 0.1% | (0.1)% | (0.2)% | (0.5)% |
| H1 2017 adjusted operating margin (excluding property profits) | 9.2% | 1.9% | 6.1% | 5.5% | 5.7% |

- GM gross margins flat with operating cost investment to drive growth
- P&H margin decline primarily due to challenging market conditions
- Contracts margins reflect volume growth and recovery of cost inflation
- Consumer margins reflect investment in new stores and refits

Property investment supports strategic plans

Investing in property to support future business growth

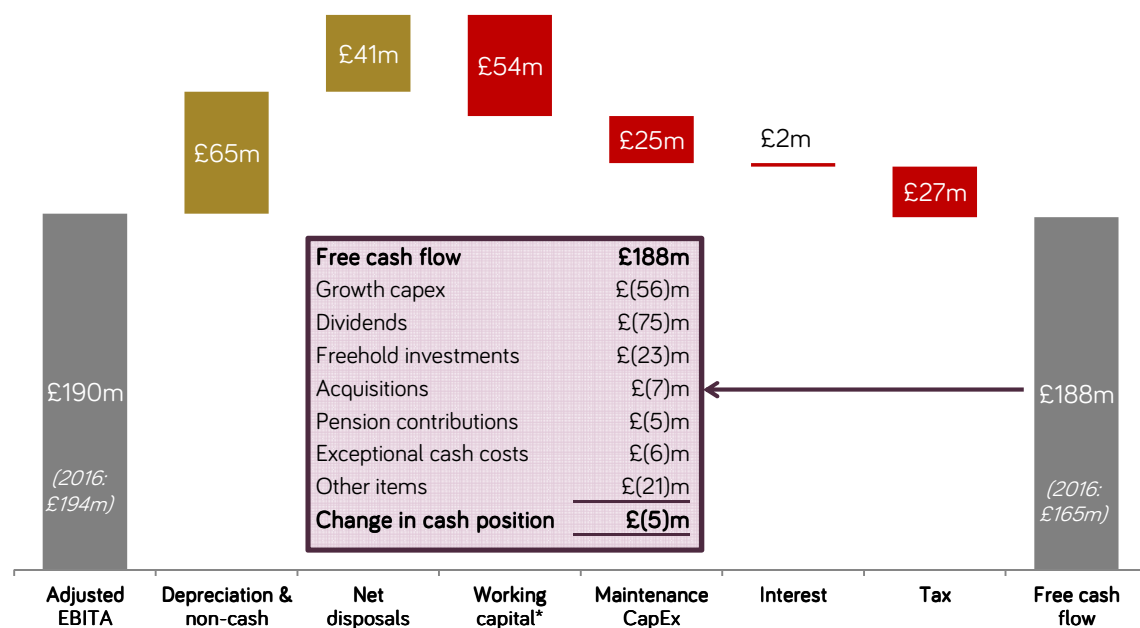
- 10 freehold properties purchased in H1 2017 at cash cost of £19m
- £4m spent on site construction and development
- Property profits of £7m recognised in H1 2017 (£3m H1 2016)

Property transactions generate additional cash

- Disposal of non-strategic sites released £50m for investment in the first half
- Sale & lease back transaction on 8 Wickes stores
- Net cash release of £27m through property recycling activity

Recycling property to deploy capital efficiently and realise value

Strong cash flow generated



- Excellent cash conversion of 99%
- Selective investments in growth capex and freeholds
- Further opportunities to optimise working capital

*2017 change in net working capital net working capital figure excludes £5m in relation to the development of cloud-based software

Debt metrics continue to improve

| | <i>Mid-term ambition</i> | H1 2017 | FY 2016 | Δ |
|---------------------|--------------------------|----------------|----------------|--------------|
| Net debt | - | £377m | £378m | £(1)m |
| Lease debt | - | £1,502m | £1,506m | £(4)m |
| Lease adjusted debt | - | <u>£1,879m</u> | <u>£1,884m</u> | <u>£(5)m</u> |
| LA gearing | - | 43.4% | 45.3% | (190)bps |
| Fixed charge cover | 3.5x | 3.3x | 3.3x | - |
| LA Debt : EBITDAR | 2.5x | 2.6x | 2.7x | (0.1)x |

- Net debt £133m lower than June 2016 and in line with December 2016
- Continued steady reduction in LA gearing
- Significant liquidity headroom with long term funding in place

Maintaining balance sheet strength

Financial summary & outlook

- Solid trading performance based on good execution
- Strong cash generation funding selective investments
- Balance sheet strength provides security and flexibility
- Investments made in recent years leave the Group well positioned for the future

Technical guidance for 2017 is provided in Appendix I



Operational update

- 1 Long term market opportunity remains compelling, despite near-term macro uncertainty
- 2 Resilient performance by adopting appropriate trading stances
- 3 Continue to invest selectively to drive long-term shareholder value

Market fundamentals strong; near-term uncertain

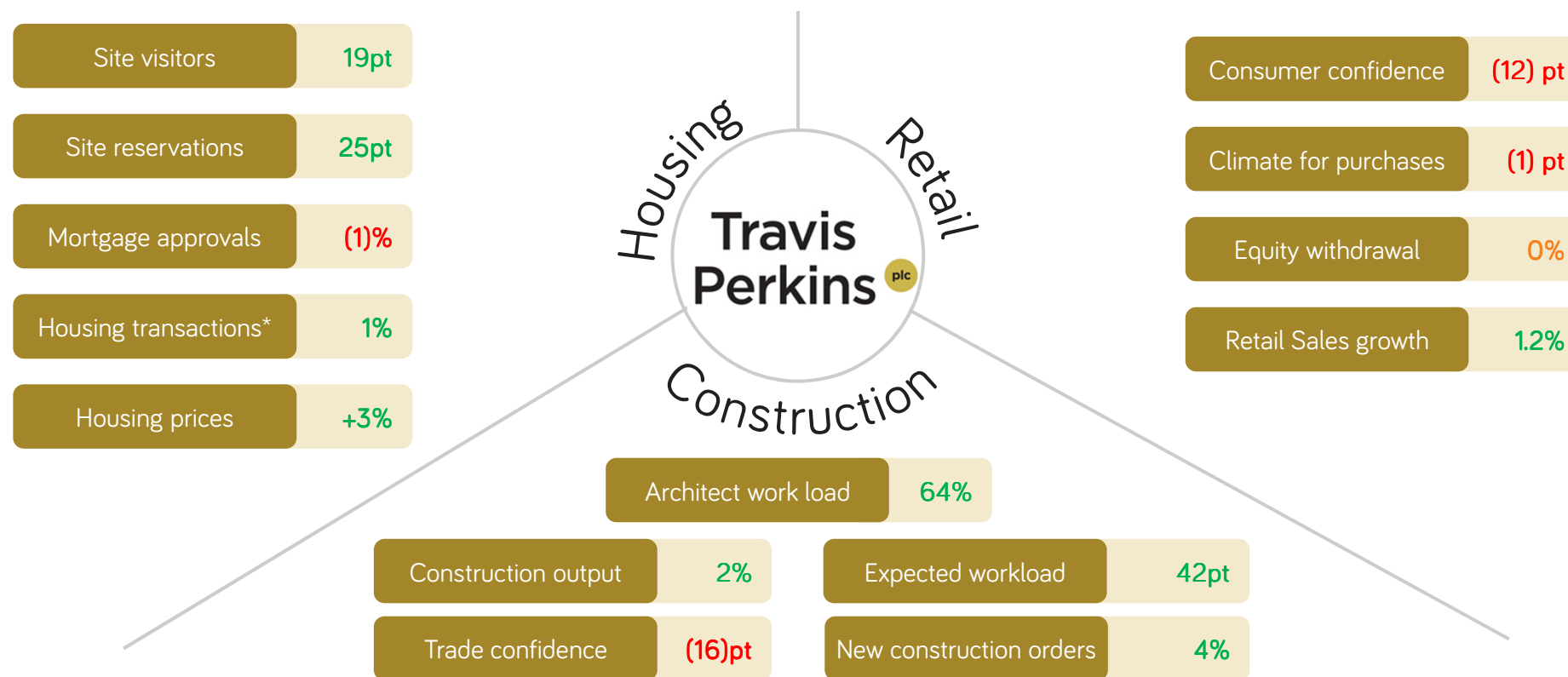
Long-term market drivers are strong ...

- Annual new household formation remains above 230k
- New house building c.160k p.a.
- Chronic UK housing shortage, over 2.5m over last 20 years
- Structural underinvestment in residential RMI continues

... but markets uncertain in the near-term

- Market uncertainty stems from macro events – data mixed
- GDP growth slowing through H1
- Consumer confidence falling: -12 in July – lowest since Brexit vote
- Inflation eroding consumers' real disposable income
- Secondary housing transactions steady but mortgage approvals falling

Market lead indicators give mixed picture of future



General Merchancing – gross margins maintained

| <i>Six months ended 30 June</i> | H1 2017 | H1 2016 | Δ |
|------------------------------------|---------|---------|----------|
| Revenue | £1,055m | £1,045m | 1.0% |
| Like-for-like growth | (0.1)% | 2.9% | (3.0)ppt |
| Adjusted EBITA ex-property profits | £97m | £100m | (3.0)% |
| Underlying EBITA margin | 9.2% | 9.6% | (40)bps |
| Lease adjusted ROCE | 15% | 15% | - |
| Branch network | 851 | 833 | 18 |

- Deliberate trading stance taken to recover cost price inflation
- Operating cost investment in distribution network and IT
- Further expansion of Benchmarx network with 11 new branches opened



BENCHMARX
Kitchens and Joinery

General Merchanting – investments to drive growth

| | |
|-------------------------|--|
| Pricing framework | <ul style="list-style-type: none">• Provides better information for managers to make informed pricing decisions• Improved pricing consistency for customers |
| Cost efficiencies | <ul style="list-style-type: none">• Leveraging scale to drive cost efficiencies and sourcing benefits• Optimising delivery vehicle utilisation |
| Range & availability | <ul style="list-style-type: none">• Extension of range centre service to cover all TP branches in England & Wales• Leverage distribution network to extend range breadth and improve availability |
| Digital & IT capability | <ul style="list-style-type: none">• Online transactional capability supported by the distribution network• Significant on-going investment in Merchant IT systems |

Proposition underpins sustainable returns and future growth

Contracts – stand-out performance

| <i>Six months ended 30 June</i> | H1 2017 | H1 2016 | Δ |
|------------------------------------|---------|---------|--------|
| Revenue | £675m | £623m | 8.3% |
| Like-for-like growth | 9.1% | 2.7% | 6.4ppt |
| Adjusted EBITA ex-property profits | £41m | £37m | 10.8% |
| Underlying EBITA margin | 6.1% | 5.9% | 20bps |
| Lease adjusted ROCE | 13% | 12% | 1ppt |
| Branch network | 168 | 167 | 1 |

- 2-year LFL growth of 12%
- Continued momentum and share gains in Keyline & CCF
- Encouraging performance in BSS
- Profitability improving through volume and efficiency
- LAROCCE up to 13%



Consumer – continuing strong growth

| <i>Six months ended 30 June</i> | H1 2017 | H1 2016 | Δ |
|------------------------------------|---------|---------|----------|
| Revenue | £822m | £766m | 7.3% |
| Like-for-like growth | 4.7% | 6.5% | (1.8)ppt |
| Adjusted EBITA ex-property profits | £45m | £44m | 2.3% |
| Underlying EBITA margin | 5.5% | 5.7% | (20)bps |
| Lease adjusted ROCE | 8% | 8% | - |
| Store network | 642 | 617 | 25 |

- Strong market share gains in both Wickes and Toolstation
- 18 Wickes store refits completed in H1, 82 new format stores now in operation
- Accelerating LFL in Toolstation and 19 new stores opened
- Increasing investment in Toolstation Europe



Plumbing & Heating – tough market

| <i>Six months ended 30 June</i> | H1 2017 | H1 2016 | Δ |
|------------------------------------|---------|---------|----------|
| Revenue | £669m | £679m | (1.5)% |
| Like-for-like growth | (1.2)% | 0.4% | (1.6)ppt |
| Adjusted EBITA ex-property profits | £13m | £19m | (31.6)% |
| <i>Underlying EBITA margin</i> | 1.9% | 2.8% | (90)bps |
| Lease adjusted ROCE | 8% | 10% | (2)ppt |
| Branch network | 428 | 439 | (11) |

- Positive like-for-like growth in City Plumbing and wholesale businesses
- Contract installer revenue decline despite growth in new housing
- Operating profit impacted by volume reduction and competitive market
- Strategic review undertaken in Q2 as planned – actions underway



THE BATHROOM SHOWROOM

PLUMBING &
HEATING REVIEW.
TONY BUFFIN



P&H – challenging market, complex business model

Transformation plan builds on good work completed over the last 3 years:

Branch rationalisation, acquired digital businesses and invested in specialist categories

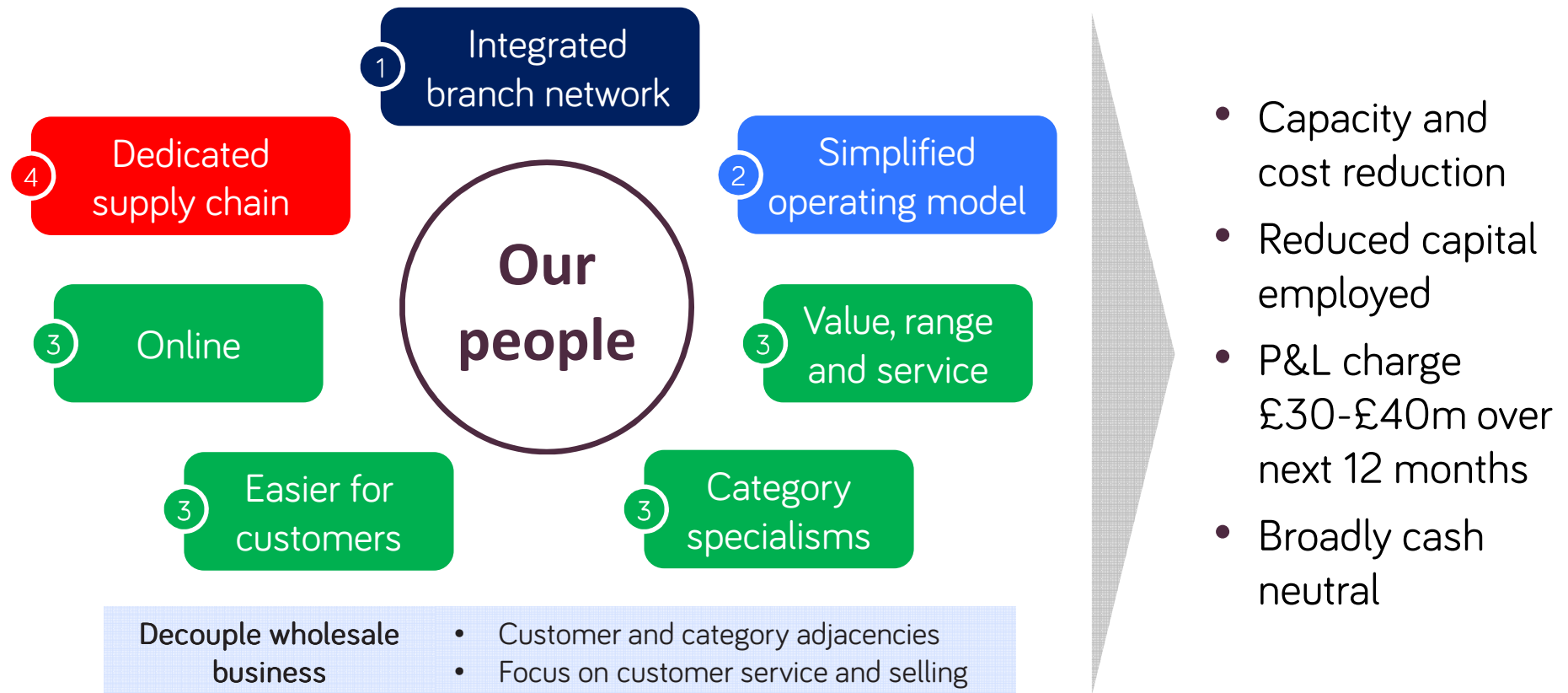
Traditional merchant channel challenged

- Overcapacity from Government incentives
- Supplier strength
- Aggressive price competition
- Fixed price generalists targeting higher margin consumable categories
- Rapid growth of online specialists

Areas requiring focus

- Discrete contract & installer businesses has created customer confusion
- Fragmented supply chain with high fixed costs and variable service
- Multiple specialist businesses not integrated - complex organisation
- Faster evolution of proposition needed

P&H – stabilising profit, creating options to grow



P&H – early changes show encouraging signs

- Simplified operating, sales and commercial team structures
- Branch manager incentives restructured to reward outperformance
- Extended bathroom showroom opening hours to meet end-consumer needs
- Rolling out over 1,100 best- selling lines to all City Plumbing branches
- An enhanced promotional programme, doubling customer participation in Q2
- Improved digital capabilities - launch of a transactional City Plumbing website, upgrade of specialist channel websites
- Improved customer service and upselling in the wholesale business

H2 trading expected to continue to soften before stabilising in 2018



Disciplined investment to drive shareholder value

Merchanting

- Investments in freehold property:
 - Pipeline of high quality operating sites
 - Increase in multi-fascia trade parks
 - Long-term ownership of strategic sites
- Selective network investment in Benchmarx and Contracts
- Investment in IT platforms and digital capability to improve customer service
- Continue to use Group scale to gain sourcing benefits

Consumer

- Maintain Wickes outperformance:
 - Store refit programme
 - Selective store openings
 - Further enhance digital capabilities
- Increased investment in advantaged Toolstation model:
 - Accelerated UK investment
 - Ramp up of Dutch branch openings
 - Next test market is France – first physical branches opening in H2 2017

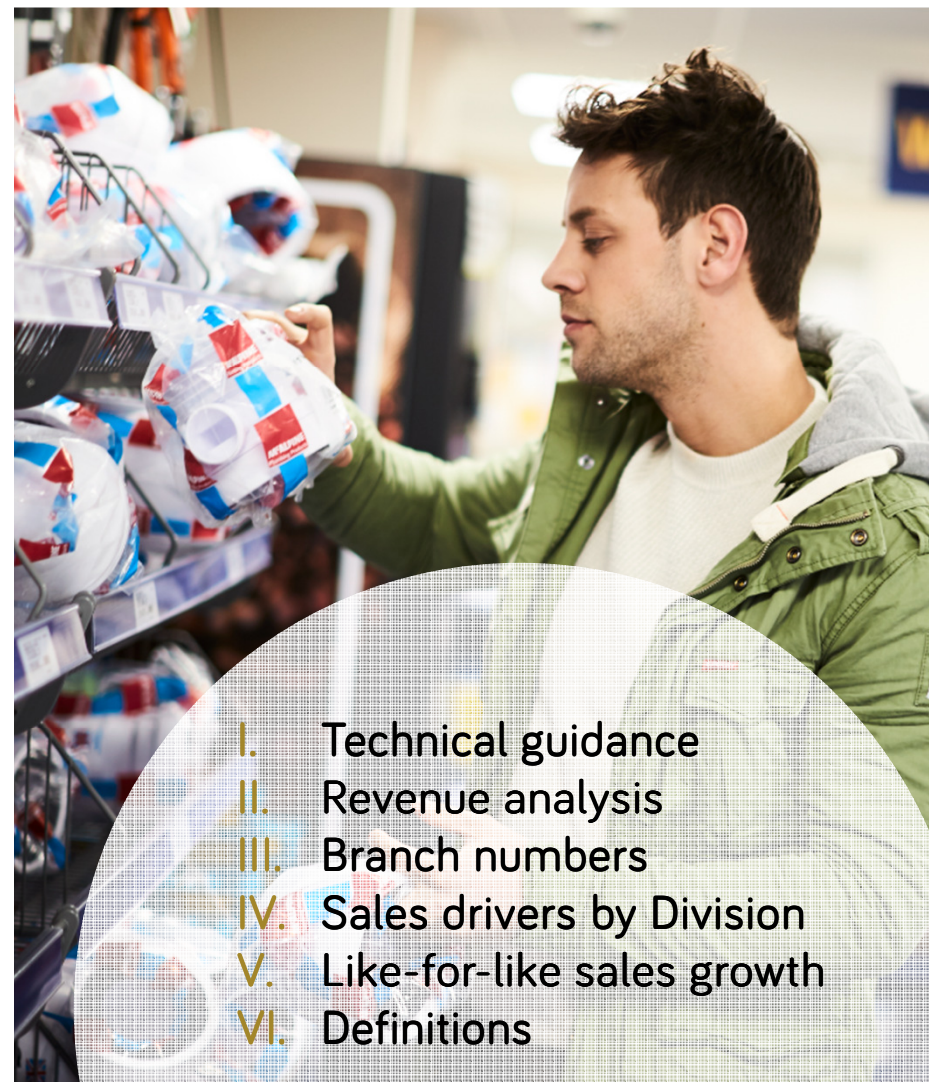
Summary

- 1 Long term market opportunity remains compelling, despite near-term macro uncertainty
- 2 Resilient performance by adopting appropriate trading stances
- 3 Continue to invest selectively to drive long-term shareholder value



QUESTIONS.

APPENDICES.



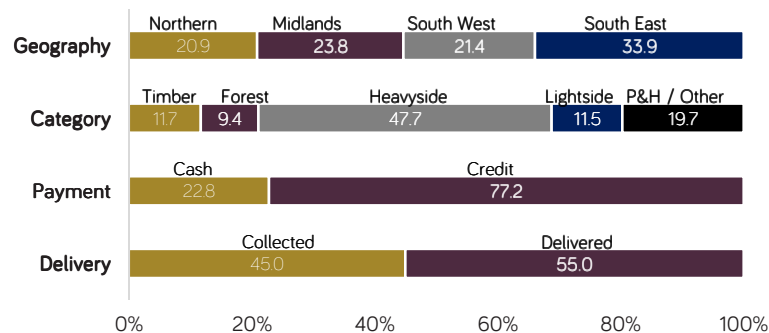
- I. Technical guidance
- II. Revenue analysis
- III. Branch numbers
- IV. Sales drivers by Division
- V. Like-for-like sales growth
- VI. Definitions

I. Technical guidance

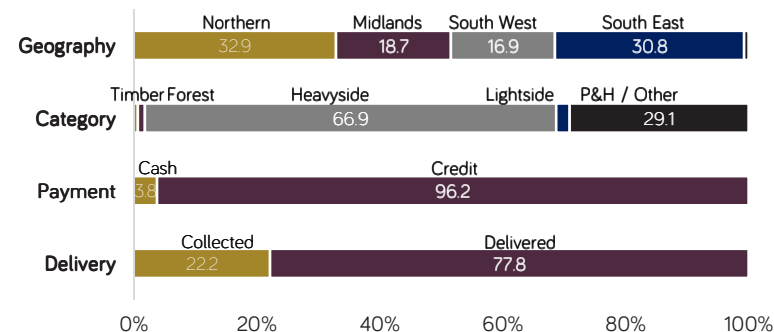
- Tax consistent at ~20%
- Interest similar to 2016
- Capex of £170-190m excluding freehold purchases
- Property profits of ~£20m
- Progressive dividend policy underpinned by strong cash flows

II. Revenue analysis – 30 June 2017

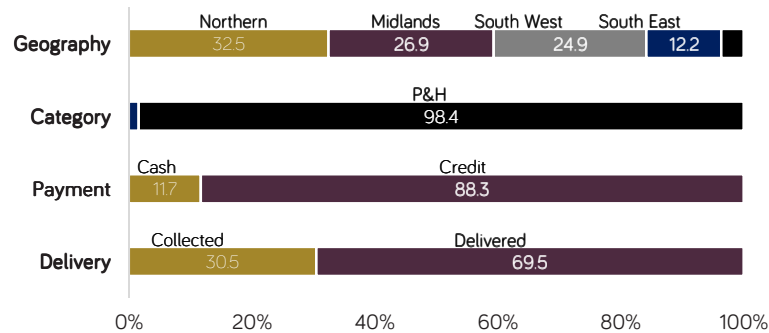
General Merchancing



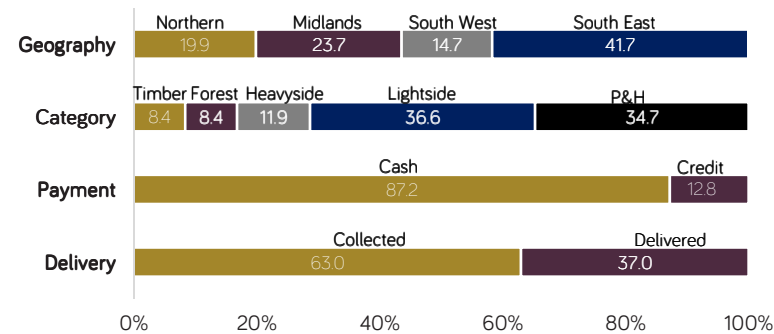
Contracts



Plumbing & Heating



Consumer



III. Branch numbers

| | 31 December 2016 | New | Closures | Acquisitions | 30 June 2017 |
|-------------------------------|---------------------|-----------|-------------|--------------|--------------|
| Travis Perkins | 661 | 9 | (2) | - | 668 |
| Benchmark | 172 | 11 | - | - | 183 |
| General Merchandising | 833 | 20 | (2) | - | 851 |
| City Plumbing | 336 | 1 | (2) | - | 335 |
| PTS | 84 | - | (6) | - | 78 |
| Other | 19 | - | (4) | - | 15 |
| Plumbing & Heating | 439 | 1 | (12) | - | 428 |
| Keyline & Rudridge | 65 | - | - | - | 65 |
| BSS & TF Solutions | 61 | - | (2) | 3 | 62 |
| CCF | 41 | - | - | - | 41 |
| Contracts | 167 | - | (2) | 3 | 168 |
| Wickes | 241 | 2 | - | - | 243 |
| Toolstation | 267 | 24 | - | - | 291 |
| Tile Giant | 109 | 1 | (2) | - | 108 |
| Consumer | 617 | 27 | (2) | - | 642 |
| Group | 2,056 | 48 | (18) | 3 | 2,089 |

Historical network growth

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 H1 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening | 1,262 | 1,303 | 1,813 | 1,868 | 1,896 | 1,939 | 1,975 | 2,028 | 2,056 |
| New | 46 | 519 | 120 | 48 | 58 | 101 | 124 | 85 | 48 |
| Closures | (5) | (9) | (65) | (20) | (15) | (65) | (71) | (57) | (18) |
| Closing | 1,303 | 1,813 | 1,868 | 1,896 | 1,939 | 1,975 | 2,028 | 2,056 | 2,089 |

Branch numbers exclude City Heating Spares and Toolhire implants

IV. Sales drivers by Division

| <i>6 months ended 30 June 2017</i> | General Merchanting | P&H | Contracts | Consumer | Group |
|--|------------------------|---------------|-------------|-------------|-------------|
| Volume | (2.5)% | (4.4)% | 4.2% | 3.0% | (0.2)% |
| Price / mix | 2.4% | 3.2% | 4.9% | 1.7% | 2.9% |
| Like-for-like sales | (0.1)% | (1.2)% | 9.1% | 4.7% | 2.7% |
| Expansion | 1.1% | (0.3)% | (1.2)% | 2.6% | 0.7% |
| Acquisitions | - | - | 0.4% | - | 0.1% |
| Total sales growth | 1.0% | (1.5)% | 8.3% | 7.3% | 3.5% |

V. Like-for-like sales growth

Like-for-like by quarter

| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General | 8.1% | 5.3% | 1.7% | 1.0% | 4.7% | 1.1% | 0.6% | 0.3% | (0.3)% | 0.3% |
| P&H | (6.1)% | 1.0% | 1.7% | (1.9)% | 2.2% | (1.4)% | (4.1)% | (2.7)% | (1.1)% | (1.9)% |
| Contracts | 15.1% | 12.9% | 5.5% | 1.5% | 2.1% | 3.1% | 5.7% | 9.2% | 12.1% | 6.4% |
| Consumer | 6.0% | 6.9% | 2.3% | 6.1% | 7.3% | 6.4% | 6.3% | 5.8% | 2.9% | 6.5% |
| Group | 5.1% | 6.3% | 2.6% | 1.4% | 4.2% | 2.3% | 2.0% | 2.5% | 2.7% | 2.7% |

Like-for-like by half year

| | H1 2014 | H2 2014 | H1 2015 | H2 2015 | H1 2016 | H2 2016 | H1 2017 |
|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General | 14.6% | 11.3% | 6.7% | 1.4% | 2.9% | 0.5% | (0.1)% |
| P&H | 7.4% | (9.7)% | (2.9)% | (0.3)% | 0.4% | (3.4)% | (1.2)% |
| Contracts | 11.1% | 12.4% | 13.9% | 3.6% | 2.7% | 7.3% | 9.1% |
| Consumer | 6.8% | 6.4% | 6.5% | 4.2% | 6.5% | 6.2% | 4.7% |
| Group | 10.2% | 4.6% | 5.7% | 2.0% | 3.1% | 2.2% | 2.7% |

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 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 |

VI. Definitions (continued)

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



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