

Travis Perkins plc

Financial Results

6 Months Ended 30 June 2008

Good performance and positioning

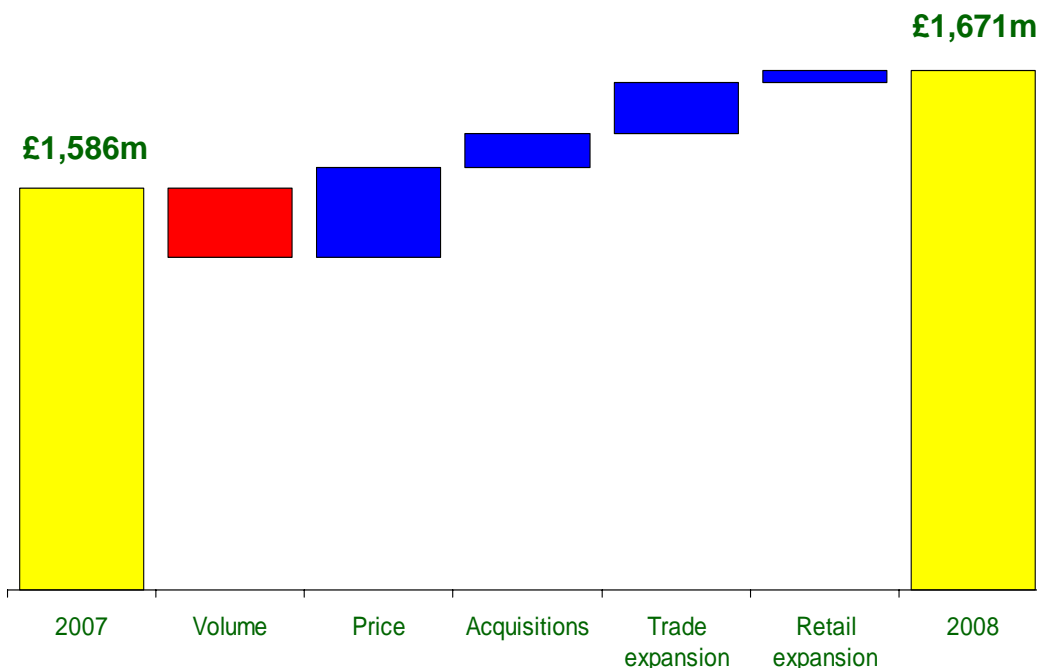
- **Good out-turn on all financial indicators**
- **Increased our sources of resilience**
 - **Diversified revenue**
 - **Increased penetration of growing sectors**
 - **Continuous management of cost base**
- **Phoney war is now over**
- **Strategy adapted to market outlook**

Financial highlights

Turnover	£1,671m	+5.4%
Operating profit	£156m	+0.2%
Profit before tax	£125m	-3.2%
Adjusted EPS ⁽¹⁾	74.4p	+3.0%
Dividend	14.5p	+0.0%
Adjusted operating cash flow	£212m	+19.1%

(1) After adjusting for £4.3m exceptional deferred tax credit in 2007

Continued expansion and price growth



Volume (3.3)%
 Price (Trade 5.2%; Retail 1.9%) 4.1%

Like-for-like 0.8%

Acquisitions 2.6%
 Trade expansion 1.3%
 Retail expansion 0.7%

Expansion 4.6%

Total 5.4%

May and June sales trends weaker

	Like-for-like 4m to April	Like-for-like 2m to June	Like-for-like 6m to June
General	3.0 %	(0.5) %	1.7 %
Specialist	3.1 %	(1.8) %	1.3 %
Total trade	3.0 %	(0.9) %	1.6 %
Core	(2.8)%	2.1 %	(1.0) %
Showroom	(3.9)%	3.8 %	(1.3) %
Total retail	(3.0)%	2.4 %	(1.1) %
Total Group	1.3 %	0.1 %	0.8 %

July like-for-like sales performance weaker

General	(3.8) %
Specialist	(6.0) %
Total trade	(4.6) %
Core	(2.9) %
Showroom	(3.3) %
Total retail	(2.9) %
Total Group	(4.1) %

Industry leading operating margins

	Merchandising	Retail	Group
2007 operating margin	11.2 %	6.7 %	9.8 %
Gross margin	0.3 %	0.4 %	0.4 %
Overheads	(0.8) %	(0.9) %	(0.9) %
2008 operating margin	10.7 %	6.2 %	9.3 %

Adjusted operating cash flow up by 19%

	2008	2007
	£m	£m
Operating profit	156	156
Depreciation	31	27
Other non-cash movements	3	3
Gain on disposal of property, plant & equipment	(4)	(2)
Movement in working capital	50	12
Net replacement capital expenditure	(24)	(18)
	<hr/>	<hr/>
Adjusted operating cash flow	212	178
Facility fee paid	(9)	-
Net interest paid	(32)	(29)
Income taxes paid	(34)	(38)
	<hr/>	<hr/>
Free cash flow	137	111

Net debt reduction of £30m

	2008	2007
	£m	£m
Free cash flow	137	111
Dividends	(36)	(31)
Expansion capital expenditure	(41)	(28)
Acquisition of businesses (incl. Toolstation)	(36)	(18)
Additional pension contributions	(5)	(4)
Other cash movements	-	3
	<hr/>	<hr/>
Increase in cash balances	19	33
Net debt at 1 January	(941)	(804)
Non cash movements:		
- Derivative financial instruments	-	11
- Finance charges netted off bank debt	9	-
- Finance leases surrendered	2	1
	<hr/>	<hr/>
Net debt at 30 June	(911)	(759)
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Over 30% headroom on banking covenants

	Jun 2008 £m	Dec 2007 £m
Tangible fixed assets	540	511
Other fixed assets	1,533	1,492
Net working capital	124	167
Taxation creditors and provisions	(167)	(181)
Net debt	(911)	(941)
Pension deficit	(42)	(11)
Net assets	1,077	1,037
<u>Key ratios</u>		
Adjusted interest cover (times)	5.1	5.4
Adjusted net debt / EBITDA (times)	2.45	2.48
Gearing	84.6%	90.7%
Working capital % of annualised sales	3.8%	5.2%

Increase in pension deficit as equities decline

	£m
Gross deficit at 1 January 2008	(16)
Service costs charged to P&L	(5)
Contributions	10
Other finance income	2
Actuarial losses	(34)
Gross deficit at 30 June 2008	(43)
Deferred tax asset	12
Net deficit at 30 June 2008	(31)

“Battening down the hatches”

- Strong cash generation from working capital gains
- Significant covenant headroom
- Reduction in overheads
- Reduction in capital expenditure and expansion spend
- Banking facilities

Introduction

- Channels to market and customer segmentation
- Deliberately targeting growth segments
- Operational resilience in a challenging market
- Movements in the network

Greater coverage of channels and segments

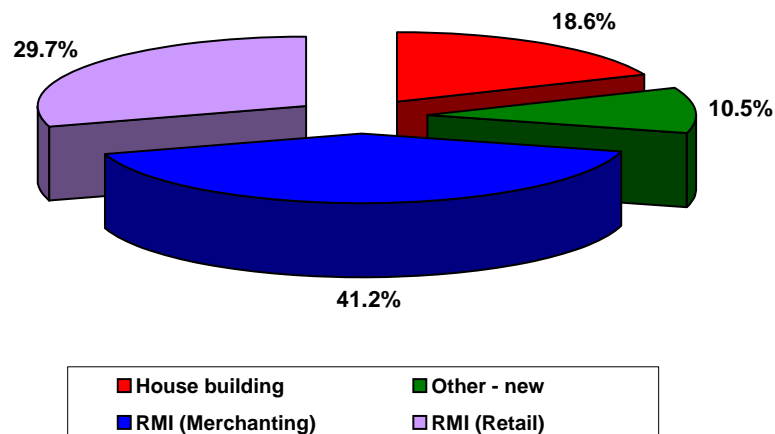
Trade Specialists	Trade Generalist Merchants	Fixed Price Merchants	Harder DIY	Softer DIY
	TP Generalists			
TP Specialists			Wickes	
			Tile Giant	
		Toolstation		
Grafton				
Wolseley			Bathstore	
Saint Gobain				
			Homebase	
		Kingfisher		
House Builders				
Large National Contractors				
		General builders & contractors serving RMI		
		Cash based builders		
			Serious DIYer	
			Casual DIYer	

Deliberately targeting growth segments

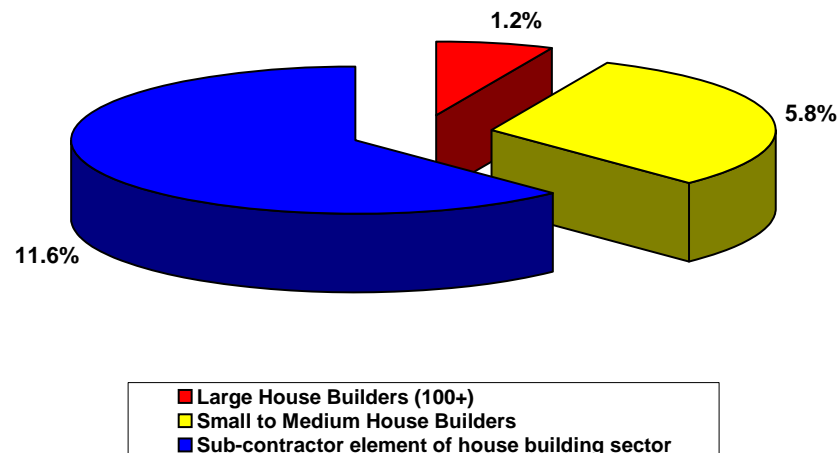
- More construction, less house builders
- Cash based builders through Wickes and Toolstation
- Local Councils and Housing Associations

Analysis of Group turnover

% of Group sales
(6 months to June 2008)



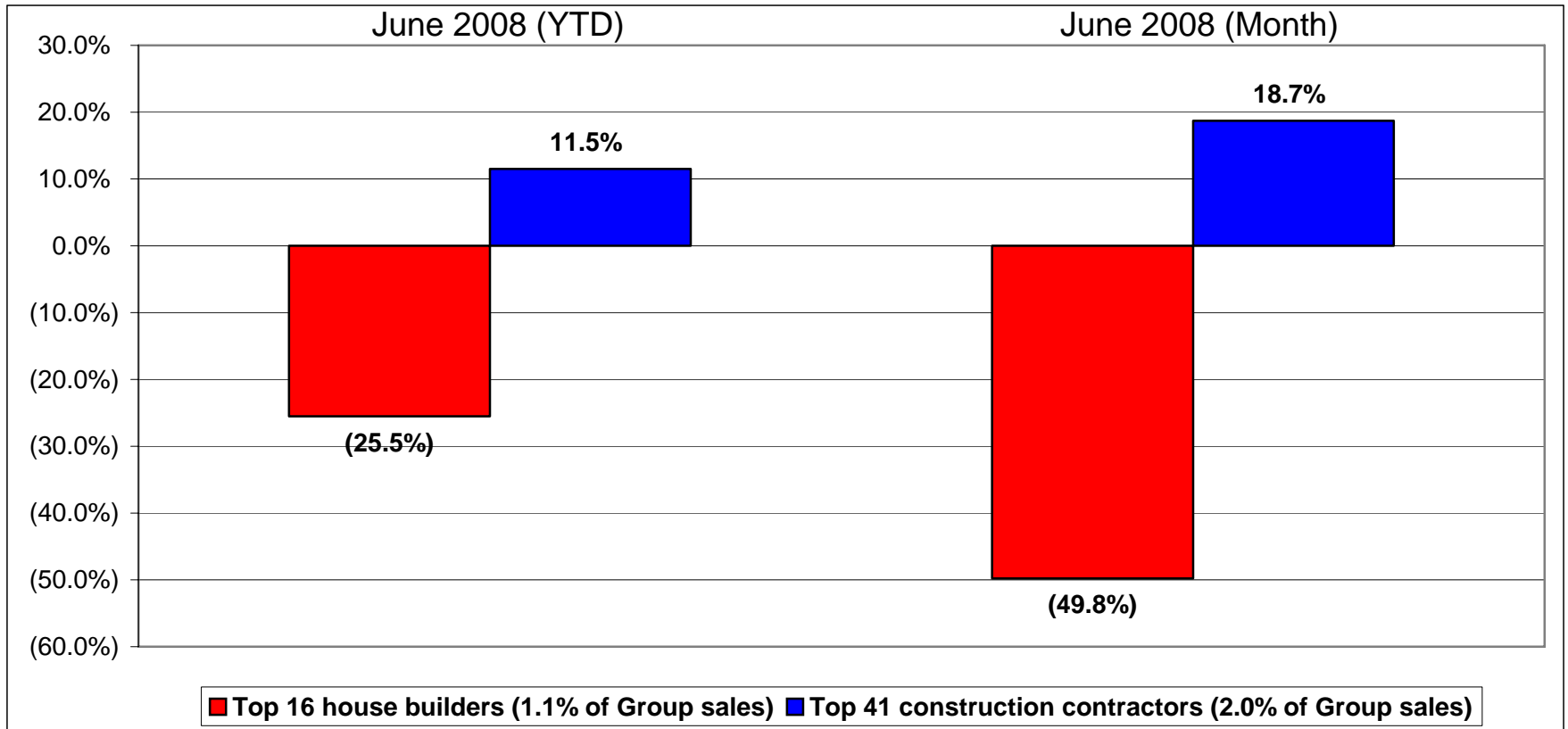
Total house building activity (18.6% of Group sales)
(June 2008)



- RMI represents 70.9% of Group activity
- House building represents 18.6%, so exposure is limited

More construction, less house builders

Like for like sales movement by major customers within key segments (June 2008)



- Actively targeted construction and contractors' sector
- Higher gross profit returns from contractors

Targeting the cash based builder through Wickes



- **Strong and compelling proposition**
 - Tight assortment of high quality products
 - Very competitively priced
 - Low cost operation, but providing fast shopping
 - In stock, in project quantity, all the time

- **Multi channels – stores, internet and catalogue**

- **In challenging markets where customers:**
 - renovate rather than move
 - use cash based builders
 - seek more competitive prices

Targeting Public Sector RMI

Managed Services

Stand Alone Stores Operations

- Increased our focus in early 2006
- Gaining market share within the sector
- Local Councils and Housing Associations outsourcing their Stores function
- Normally 5 year contracts
- 20 Dedicated Stores Contracts
- Servicing the RMI local housing stock
- Capital works projects



Targeting Public Sector RMI

Managed Services

Local Service Agreements

- 36 agreed contracts with Local Councils and Housing Associations
- Utilising our branch network
- Dedicated trade counters
- 3 to 5 year arrangements
- Servicing the RMI of the local housing stock



Targeting Public Sector RMI

Managed Services

- 6 further contracts won
- 4 stand alone
- 2 in branch
- Strong pipeline for future opportunities
- Offers a stable ongoing revenue stream



Stepped up our marketing and direct selling

➤ Trade

- Now segmented and profiled our trade customer base
- Successes from our life cycle work (welcome, activation and dormant)
- Penetration achieved from our growth campaigns (low spenders, cross sell and up sell)

➤ Retail

- Increased effort – more people “getting” Wickes
- Dramatically increased “spontaneous brand awareness”
- Increased market share for 69 out of the last 72 weeks

Operational resilience – Call to Arms

➤ Sales

- Deliberately targeting attractive segments
- Stepping up our marketing efforts
- Freeing up more selling time
- Targeting customers at a local level

➤ Margins

- Deeper collaboration with Branded Manufacturers
- Increased Global Sourcing effort
- Margin uplift from new pricing technology trials
- Improving our sales mix

Operational resilience – Call to Arms

➤ **Overheads**

- Focus on productivity and our key ratios
- Reducing people cost to reflect market conditions
- Reducing transport and distribution costs
- Shutting down network expansion
- Shutting down discretionary spend

➤ **Availability**

- Right product, right place, right time, in project quantity

Operational resilience – Call to Arms

➤ Supply chain

- Reduced slow and over-stocks
- Further improved our availability
- Improved our working capital

➤ People

- More walking, more talking with the frontline troops
- Keeping morale high
- Attention to detail

Movements within the network

	31 Dec 2007	Acquisition	Brownfield	Consolidation	30 Jun 2008	Net movement since Jun	30 Jul 2008
TP	581	7	15	-	603	2	605
Keyline	79	2	1	-	82	-	82
CCF	34	-	-	-	34	-	34
City Plumbing	189	-	2	-	191	2	193
Wickes	185	7	1	-	193	1	194
Benchmarx	25	-	3	-	28	-	28
Tile Giant	32	33	4	-	69	1	70
Total	1,125	49	26	-	1,200	6	1,206

Toolstation (in which the Group holds a 30% investment) had 17 stores at 30 June 2008 which are NOT included in the above total (30 July 2008: 20 stores).

Summary

- Good out-turn and performance for H1
- All our businesses continue to grow market share
- Driving organic growth from our existing estate
- Have put the brakes on network expansion
- Moved to a Wartime and Profit Protection mind set
- Highly experienced and stable management team
- Morale and focus of our people extremely high
- Continue to deliver sector leading performance

Group positioned for slowing markets

- **Businesses continuing to outperform their markets**
- **Phoney war is now over**
- **Action to protect performance taken ahead of anticipated slowing of sector**
- **Priority on cash generation / debt reduction**

Businesses continue to outperform

Trade out-performance steady	<ul style="list-style-type: none">•Struggling competitors and sharper pricing•Capacity reductions imminent
Retail out-performance growing	<ul style="list-style-type: none">•Wickes benefiting from 'value seeking' by customers•'Soft end' weak•Little impact of competitor price action
Gross margins ahead	<ul style="list-style-type: none">•Material input inflation remains strong•Inflation set to continue in H2

Phoney war is now over

Housing and consumer lead indicators continue to worsen	<ul style="list-style-type: none">•Both now materially worse, and for longer•More rapid deceleration
Near-term trade indicators now weakening	<ul style="list-style-type: none">•Impact expected in H2
Some regions and sectors still growing	<ul style="list-style-type: none">•London•Large construction•CO₂ related•Cash-based builders•Don't move – renovate?

Early action taken ahead of slowing in markets

Active management of revenue/margin at branch level	<ul style="list-style-type: none">• Attractive customer groups targeted• Pricing tools being rolled out• Good sourcing gains• Wickes price advantage maintained
Business operating with c.900 people below plan	<ul style="list-style-type: none">• Posts taken out since mid 2007• Negligible re-structuring cost
Further reductions underway	<ul style="list-style-type: none">• Actions taken in 2008 deliver cost reductions in 2009 full year• Minimal re-structuring costs• Flexibility retained to cut further

Early action taken ahead of slowing in markets

No branch closure programme anticipated	<ul style="list-style-type: none">•New branches exceeding expected returns•Less than 10 mature branches not contributing•None worth closing•Property programme fixes most of these
Expansion programme has slowed	<ul style="list-style-type: none">•Goodwill prices too high•Landlords under pressure, but still unrealistic
Expansion now limited	<ul style="list-style-type: none">•Pipeline of confirmed openings•Very few new projects being approved

Summary

- **Out-performance**
- **Tougher times expected from H2**
- **Priority on cash performance**

Travis Perkins plc

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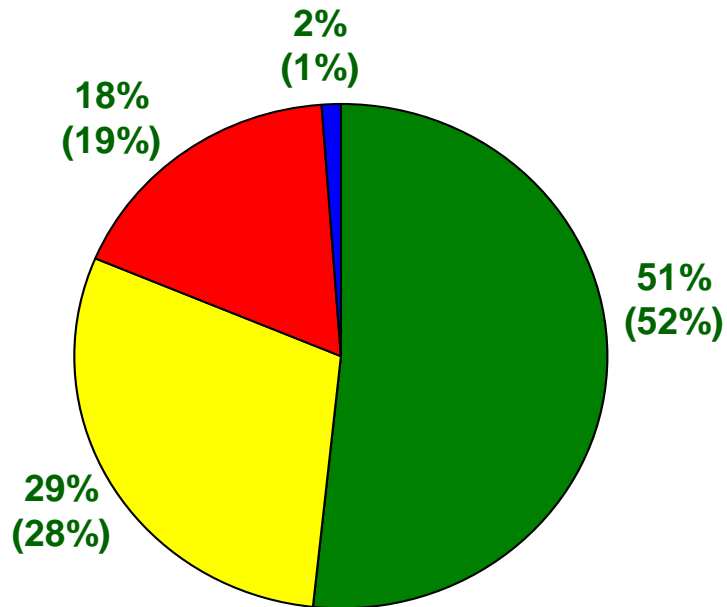
6 Months Ended 30 June 2008

Appendix

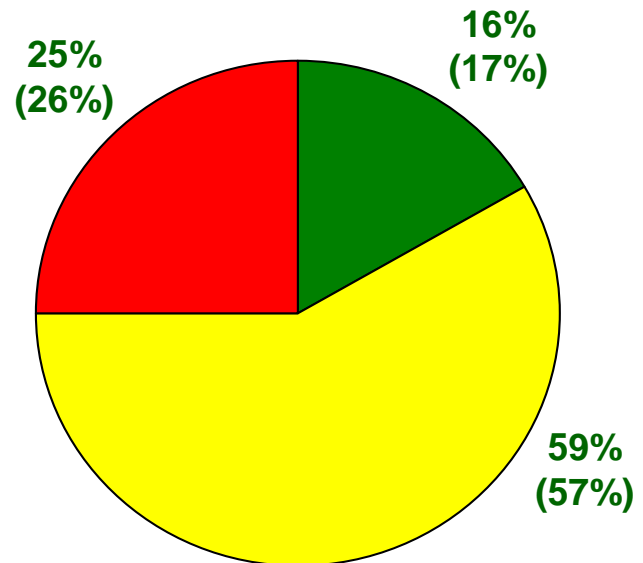
Travis Perkins plc further analysis

Mix of business

Merchandising



Retail



■ Heavy Building Materials

■ Timber & Forest Products

■ Lightside (incl. P&H)

■ Toolhire

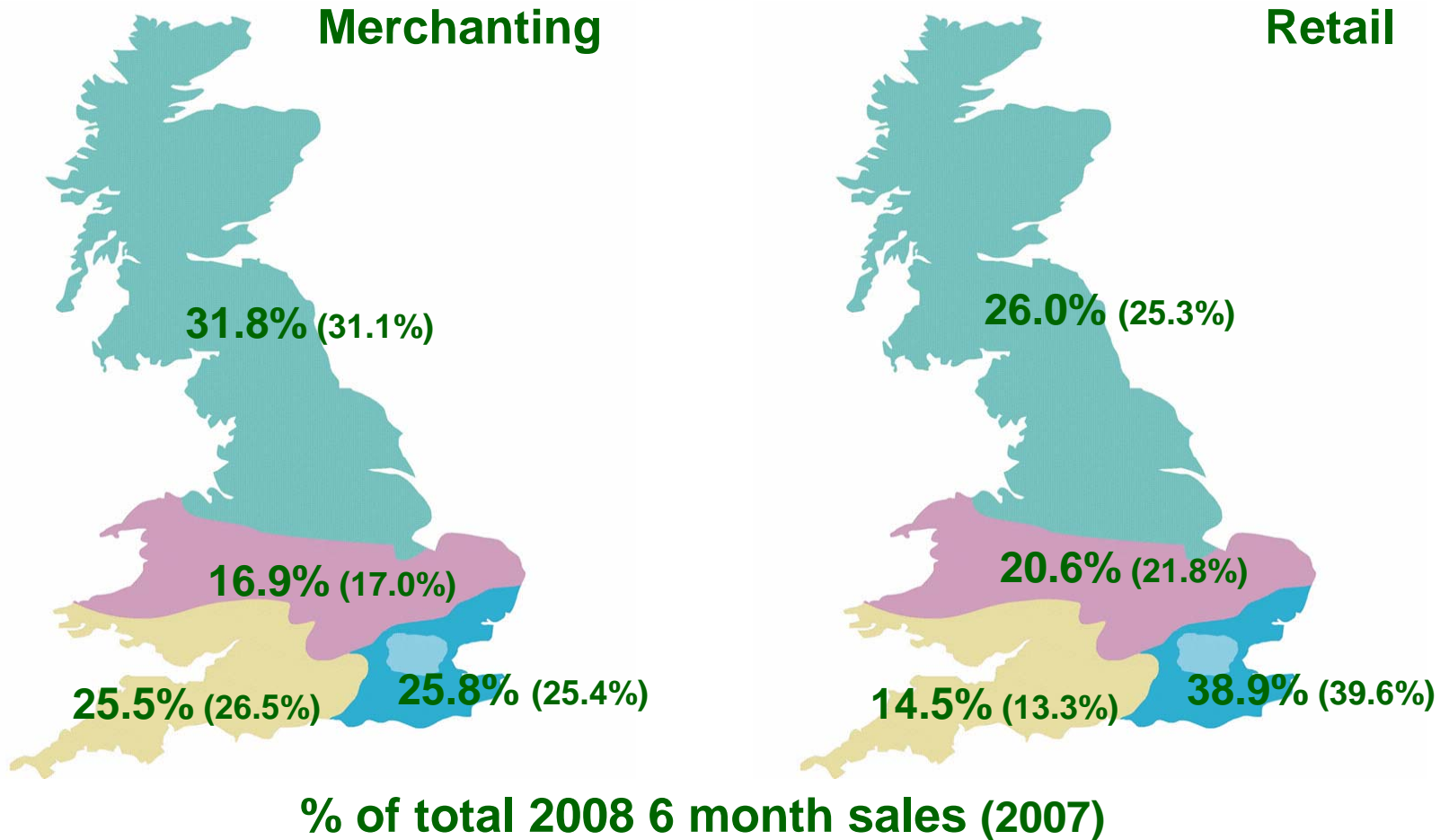
6 months ended 30 June 2008 (2007)

Merchanting trading ratios

6 months ended 30 June 2008 (2007)

Cash	18.8% (19.7%)	Credit	81.2% (80.3%)
Yard	83.2% (82.7%)	Direct	16.8% (17.3%)
Collected	41.8% (42.2%)	Delivered	58.2% (57.8%)

Geographical sales distribution



Productivity per employee

Sales per employee

Year ended 31 December



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6 Months Ended 30 June 2008