

Travis Perkins plc

Financial Results

Year ended 31 December 2008

Highlights

- Market deterioration late but serious and rapid
- Significant switch of management priorities
- Rapid implementation of plans to manage 2008 and also prepare for 2009
- 2008 results reflect changes in markets and priorities

Financial highlights

Turnover	£3,179m	-0.3%
Operating profit ⁽¹⁾	£272m	-15.1%
Profit before tax ⁽¹⁾	£203m	-22.5%
Adjusted EPS ^{(1) (2)}	123.0p	-17.9%
Dividend	14.5p	-67.7%
Free cash flow	£185m	+42.8%

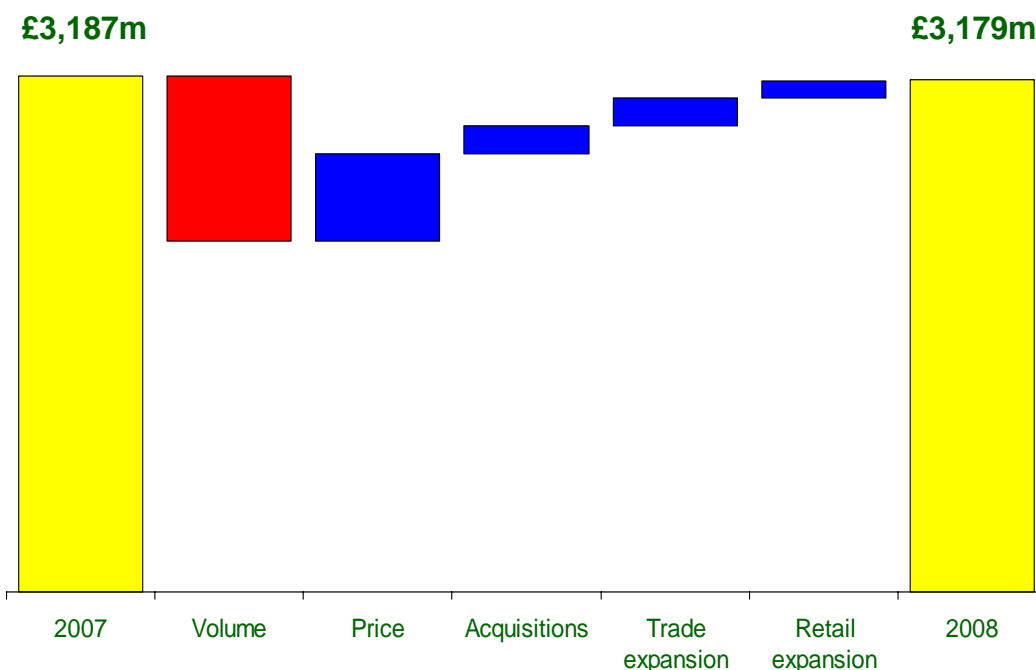
(1) Before exceptional items of £56.2m in 2008

(2) After adjusting for £4.2m exceptional deferred tax credit in 2007

Exceptional items

	£m
Redundancy costs	10
Onerous leases and rates	40
Asset write downs	6
Total exceptional costs	56
No goodwill impairment	

Volume decline mitigated by inflation



Volume	(9.6)%
Price (Trade 6.4%; Retail 1.7%)	5.1%
Like for like	(4.5)%
Acquisitions	1.6%
Trade expansion	1.6%
Retail expansion	1.0%
Expansion	4.2%
Total	(0.3)%

Key 2009 market product inflation

Product	2009 increase
Plasterboard	9%
Concrete goods	11% - 13%
Cements	20%
Blocks	8%

Industry leading operating margins

	Merchanting	Retail	Group
2007 operating margin	11.4 %	6.7 %	10.0 %
Gross margin	0.3 %	(0.5)%	0.2 %
Overheads	(1.7)%	(1.1)%	(1.7)%
2008 adjusted operating margin (before exceptional costs)	10.0 %	5.1 %	8.5 %
Exceptional costs			(1.7)%
2008 operating margin			6.8 %

Free cash flow up by 43%

	2008	2007
	£m	£m
Adjusted operating profit	272	320
Depreciation	63	56
Other non-cash movements	6	4
Gain on disposal of property, plant & equipment	(6)	(7)
Movement in working capital	23	(31)
Additional payment run	-	(28)
Replacement capital expenditure	(44)	(42)
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Adjusted operating cash flow	314	272
Facility fee paid	(15)	-
Net interest paid	(63)	(72)
Income taxes paid	(66)	(75)
Proceeds from sale of fixed assets	15	5
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Free cash flow	185	130

Net debt before FX movements reduced by £32m

	2008 (£m)	2007 (£m)
Free cash flow	185	130
Dividends	(53)	(48)
Expansion capital expenditure and acquisitions	(75)	(130)
Loan to associates	(21)	-
Own shares purchased	-	(76)
Additional pension contributions	(12)	(10)
Exceptional items and other cash movements	(7)	(1)
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Increase / (decrease) in cash balances	17	(135)
Net debt at 1 January	(941)	(804)
Non cash movements:		
- Finance charges netted off bank debt	12	(2)
- Finance leases surrendered	3	2
Exchange rate movement	(108)	(2)
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Reported net debt at 31 December	(1,017)	(941)
Exchange loss / (gain) included in net debt	80	(28)
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Net debt before exchange movements	(937)	(969)
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Covenantable interest - 2009

<u>Rate (including margin)</u>		Mix
Fixed	5.58%	70%
Variable	3.40%	30%
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Blended average rate	4.93%	
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<u>Net Debt</u>	£m	
Opening net debt per covenant calculation	925	
Adjustment re mid-month dip	60	
Average improvement in cash flow	(48)	
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Average net debt for interest purposes	937	
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Covenantable interest	46	
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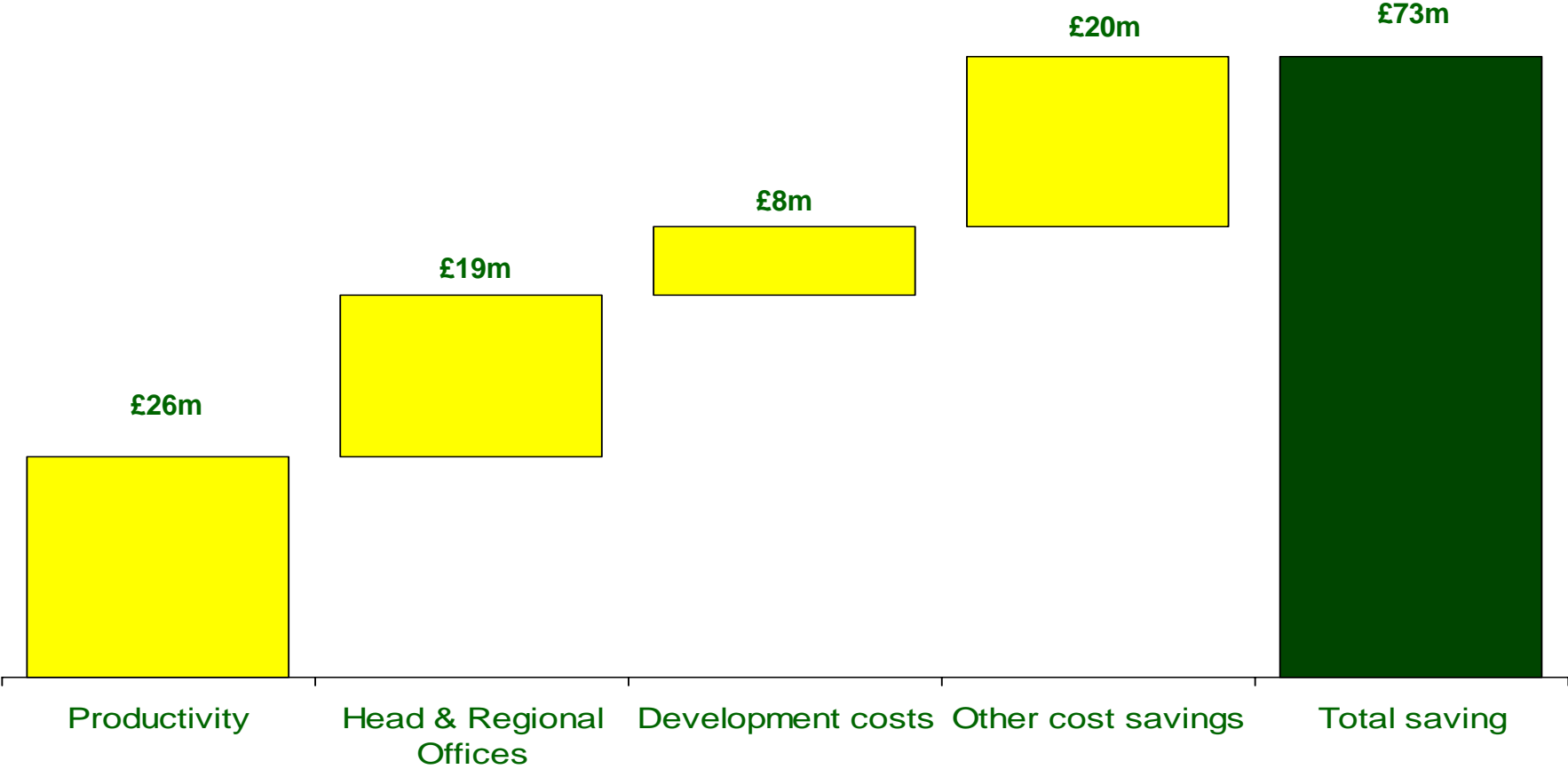
Significant headroom on banking covenants

	Dec 2008 £m	Dec 2007 £m
Tangible fixed assets	535	511
Other fixed assets	1,539	1,492
Net working capital	131	167
Taxation creditors and provisions	(120)	(181)
Net debt	(1,017)	(941)
Net pension deficit	(50)	(11)
Net assets	1,018	1,037
<u>Key ratios (covenant basis)</u>		
Adjusted interest cover (times)	4.3	5.6
Adjusted net debt / EBITDA (times)	2.80	2.52
Gearing	90.8%	90.7%
Working capital % of annualised sales	4.2%	5.2%

Pension deficit

	£m
Gross deficit at 1 January 2008	(16)
Service costs charged to P&L	(9)
Contributions	20
Other finance income	5
Actuarial losses	(70)
Gross deficit at 31 December 2008	(70)
Deferred tax asset	20
Net deficit at 31 December 2008	(50)

Cost saving actions delivered



Branch closures expected to be minimal

- High operating margins
- Attractive returns on capital
- Very few loss making branches at contribution (to head office and rent) level
- Therefore, minimal closures expected

Battened down the hatches

- Overhead savings ahead of target (£73m plus further £20m)
- Emphasis on cash generation and debt reduction (target £125m)
- £35m reduction in capital expenditure in 2009
- Increased focus on credit
- Long term bank facilities re-negotiated (£1billion, 5 year)

Brand highlights



Travis Perkins

Wickes

- Rated top among National Merchants
- Retains top slot in consumer DIY surveys



- Affected by downturn, early and hard

CCF

- Less affected sector, further progress



- Steady and positive progress

BENCHMARKX
Kitchens and Joinery

- Improved format lowers break-even point

TILE GIANT
Ceramic Tile Merchants

- Strong growth and performance

TOOLSTATION

- Strong growth and performance

Second half sales trends weaker

	Like-for-like 6m to June	Like-for-like 3m to Sep	Like-for-like 3m to Dec	Like-for-like 12m to Dec
General	1.7%	(6.3)%	(13.9)%	(4.1)%
Specialist	1.3%	(6.6)%	(12.9)%	(4.3)%
Total trade	1.6%	(6.4)%	(13.5)%	(4.2)%
Wickes core	(1.0)%	(5.7)%	(12.0)%	(4.8)%
Wickes showroom	(1.3)%	(5.3)%	(25.2)%	(8.1)%
Tile Giant *	n/a	n/a	5.5%	5.5%
Total retail	(1.1)%	(5.6)%	(14.1)%	(5.3)%
Total group	0.8%	(6.2)%	(13.7)%	(4.5)%

* Represents November & December 2008 (2 months)

Prepared to weather the storm

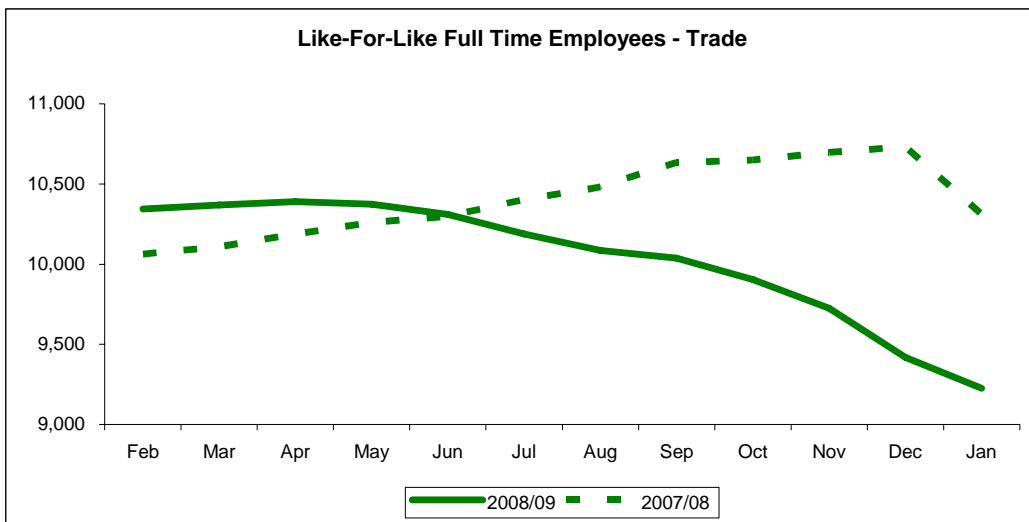
COST REDUCTION PROGRAMME AND REDUCING DEBT

- Reduced headcount and distribution costs
- Reduced capital expenditure and shut down network expansion
- Making our capital work harder

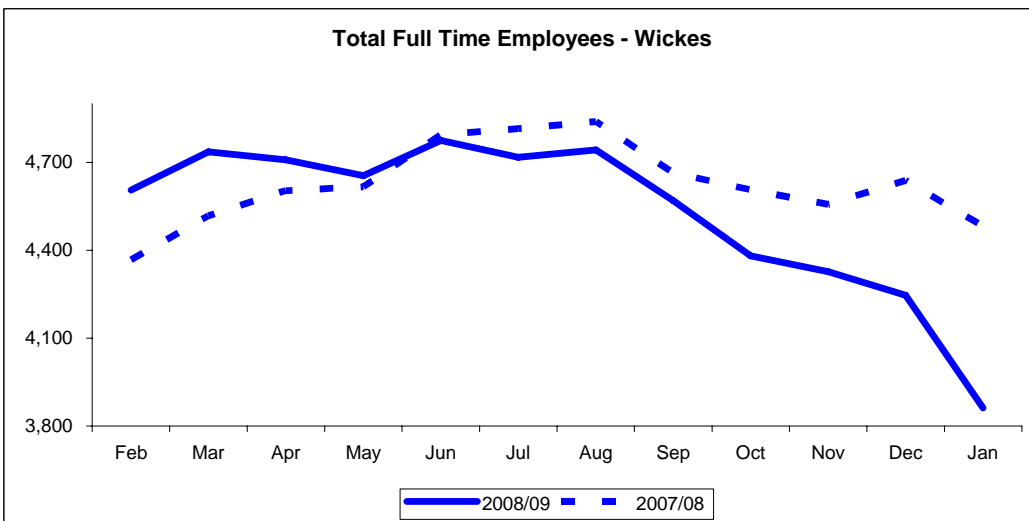
DRIVING SALES AND PROTECTING MARGIN

- Free up time for staff to sell
- Winning sales in attractive markets
- Introduced Market Place Pricing

Dramatically reduced headcount



1,507 (14%) like-for-like FTE reduction from December 2007 in Trade



994 (21%) like-for-like FTE reduction from December 2007 in Wickes

2,501 (16%) like-for-like FTE Group* reduction from December 2007

Making our capital work smarter

	2008	2007	Movement
Trade			
Underlying stock reduction			-£28.6m
Underlying stock reduction			-10%
Stock turnover	9.9 weeks	10.1 weeks	-0.2 weeks
Mandated stock availability	96.2%	94.2%	+2.0%
Commercial vehicles	1,950	2,256	-306
Wickes			
Underlying stock reduction			-£5.5m
Underlying stock reduction			-7%
Stock turnover	7.0 weeks	7.2 weeks	-0.2 weeks
Stock availability	99.5%	98.8%	+0.7%

Out-performing our markets

- Targeted sales activity and segments
- Focused marketing activity
- Enhancing our customer service levels
- Right product, right place, right time
- Keeping our managers freed up and focused

Operational efficiency through improved systems

- Continued buying benefits from both branded UK suppliers and enhanced global sourcing activity
- Improved availability driving both sales and margin
- Development of Market Place Pricing (MPP)
- Consolidation of our timber manufacturing platform
- Introduction of telematics across our transport fleet
- Managing waste more effectively

Wickes – stepping up marketing activity

- Thorough review of marketing strategy and structure
- Econometric modelling and research
- Based on a platform of “Getting Wickes Better”
 - Awareness
 - Quality of product
 - “Value for Money” proposition
- Only a marginal increase in marketing spend

Current like-for-like sales performance

January 2009

	Delivered	Ordered
General	(17.5)%	
Specialist	(12.9)%	
Total trade	(15.8)%	(15.8)%
Wickes core	(10.8)%	
Wickes showroom	(21.1)%	
Tile Giant	(5.0)%	
Total retail	(12.2)%	+1.5%
Total group	(14.7)%	(10.1)%



Market update

- Longer range lead indicators stabilised for 3 to 4 months now
- We assume continued sharp fall in market activity to middle of 2009
- Pricing pressure is being mitigated by reductions in capacity
- No sign of any recovery in activity levels – most optimistic view is for stability

Capital requirements

- We have set realistic assumptions about trading conditions
- We are ready to take further actions on costs and cash if necessary
- We have sufficient financial resources in this scenario
- Contingent plans for capital protection closely monitored

Property

- Quality and book value of freeholds improved to £257.3m (408 sites out of 1,307)
- £49.5m cash and £28.7m profits generated over 3 years from 22 transactions involving 56 sites
- Property market conditions have reduced prospects for upfront cash
- With 24 active projects (51 sites) in progress, we are confident of at least matching the run rate of cash and profit

Summary

- All management focus and resources concentrated on cash generation, cost reduction and margin protection
- Business prepared for tough 2009 and 2010 and ready to take further action from scenario modelling
- Main management capabilities protected and ready for longer term growth

Appendix

Travis Perkins plc further analyses

Movements within the network

	31 Dec 2007	Acquisition	Brownfield	Consolidation	31 Dec 2008	Net movement since Dec	19 Feb 2009
TP	581	8	24	(2)	611	2	613
Keyline	79	2	2	-	83	-	83
CCF	34	-	-	(1)	33	-	33
City Plumbing	189	-	8	(1)	196	-	196
Benchmark	25	-	4	-	29	-	29
Total Merchanting	908	10	38	(4)	952	2	954
Wickes	185	7	3	(2)	193	1	194
Tile Giant	32	33	13	-	78	-	78
Total Retail	217	40	16	(2)	271	1	272
Total	1,125	50	54	(6)	1,223	3	1,226

Stores not included within the above totals:

Toolstation - 31 December 2008: 33 stores (19 February 2009: 39 stores)

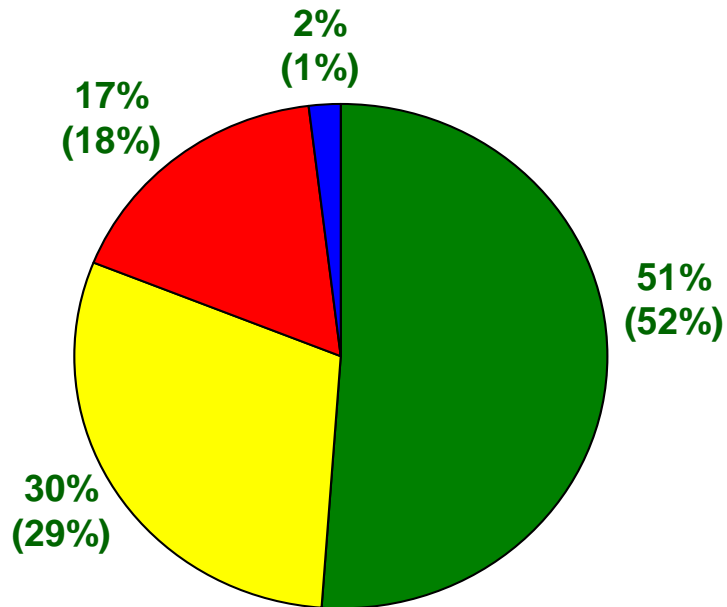
Wickes Ireland - 31 December 2008: 1 store (19 February 2009: 1 store)

Maturity of net debt

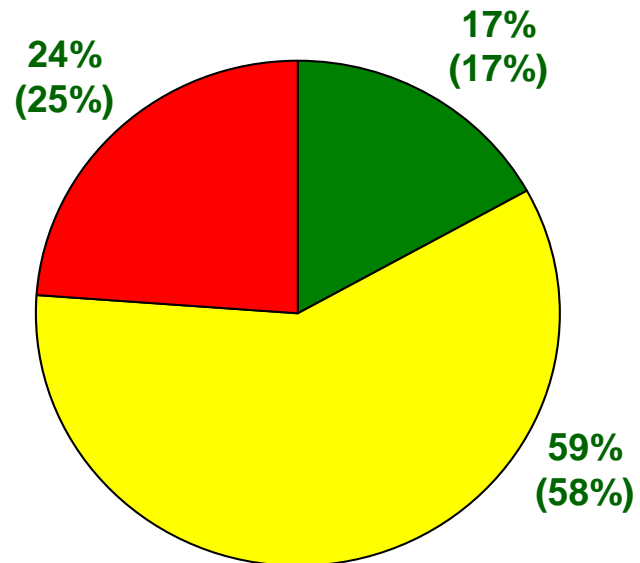
	Bank loans / overdrafts		Other borrowings	
	2008 £m	2007 £m	2008 £m	2007 £m
Cash	(19)	(26)	-	-
Less than 1 year	23	86	5	17
More than 1, less than 2	70	632	2	2
More than 2, less than 5	615	-	159	5
More than 5	-	-	174	225
Unamortised bank fees	(12)	-	-	-
Total net debt	677	692	340	249

Mix of business

Merchandising



Retail



■ Heavy Building Materials

■ Lightside (incl. P&H)

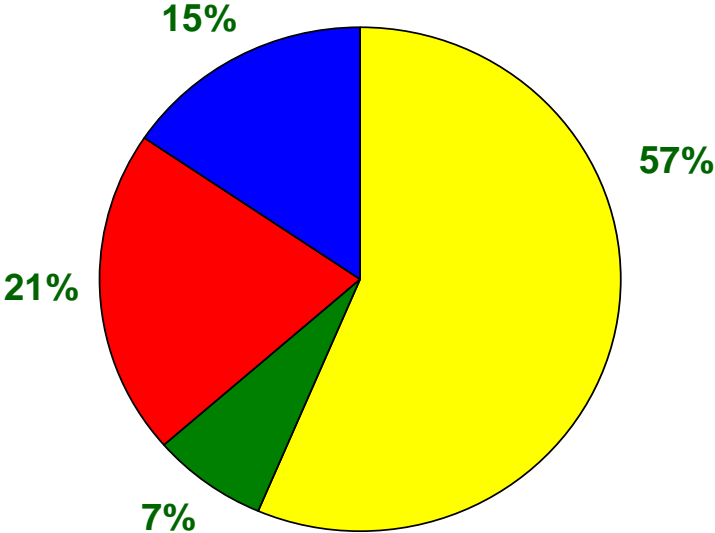
■ Timber & Forest Products

■ Toolhire

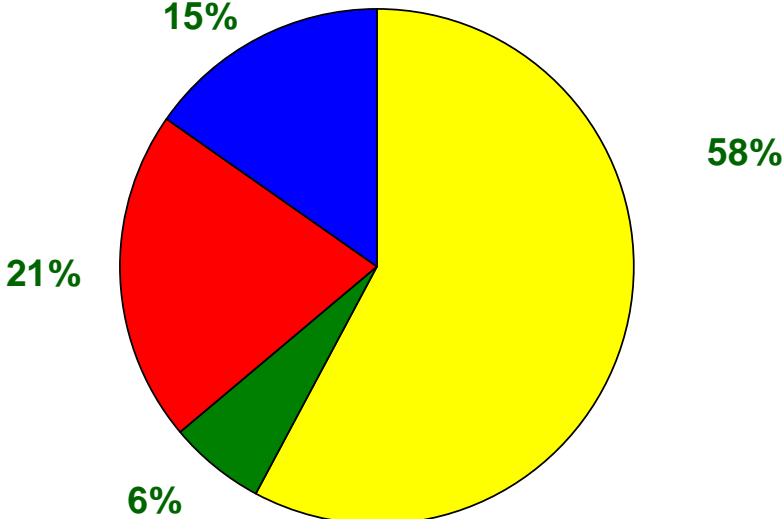
12 months ended 31 December 2008 (2007)

Analysis of turnover

Merchanting - H1



Merchanting - H2



- RMI
- New Housing (Others)

- New Housing (Housebuilders)
- Public / Infrastructure / Industrial / Commercial

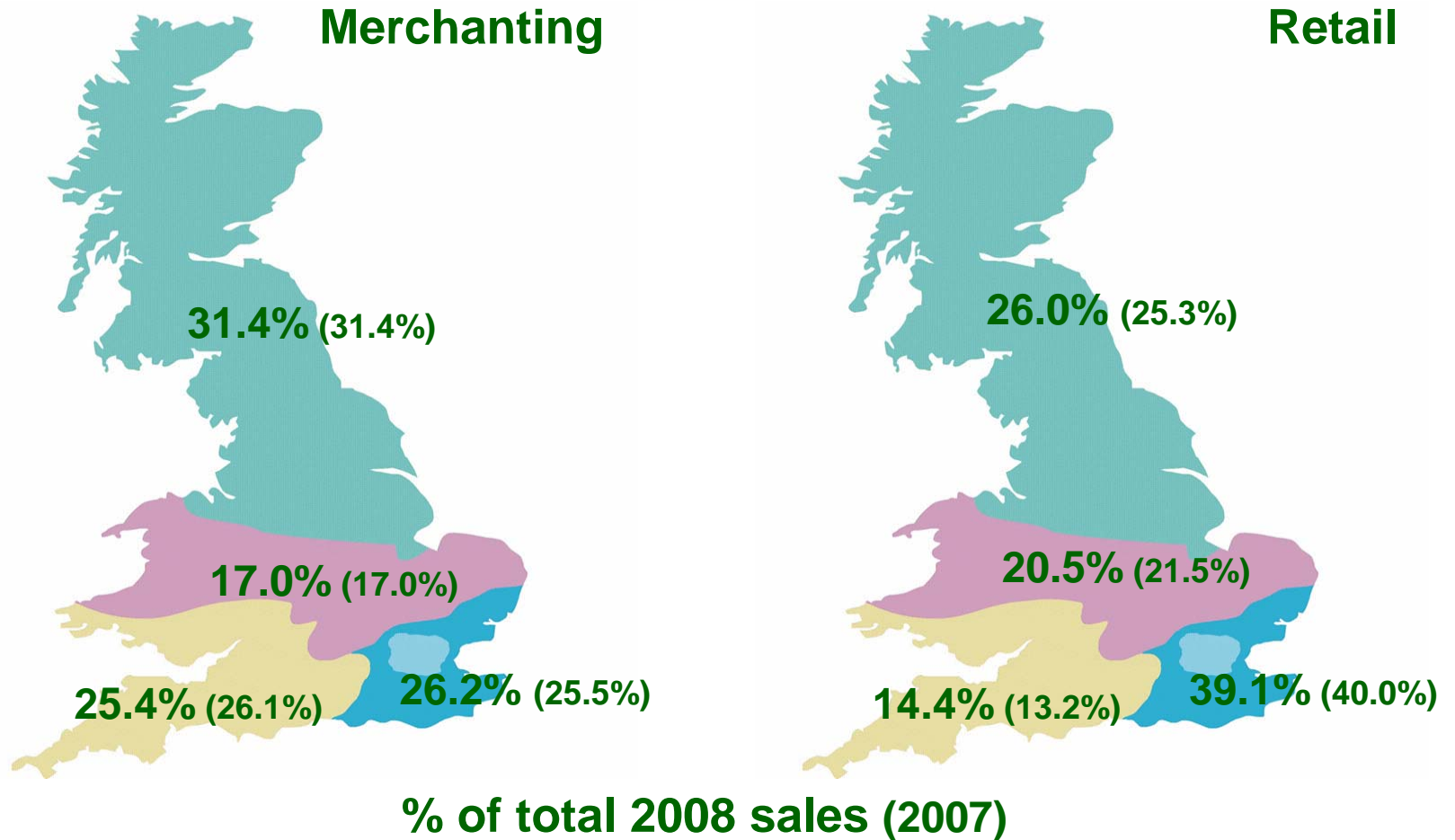
Note: Wickes' turnover relates 100% to RMI

Merchanting trading ratios

12 months ended 31 December 2008 (2007)

Cash	19.1% (19.3%)	Credit	80.9% (80.7%)
Yard	83.8% (82.9%)	Direct	16.2% (17.1%)
Collected	42.5% (42.3%)	Delivered	57.5% (57.7%)

Geographical sales distribution



Productivity per employee

Sales per employee

Year ended 31 December



Space expansion

	<u>2008 rate of growth</u>		
	Market	TP Group (excluding acquisitions)	TP Group (including acquisitions)
Merchanting	0.7%	2.3%	3.3%
Wickes	(0.2)%	3.3%	3.3%

Notes: Merchanting market is revenue capacity expansion
Retail market is space expansion

Source: Company estimates