

Travis Perkins plc

Financial Results

6 months ended 30 June 2009

Highlights

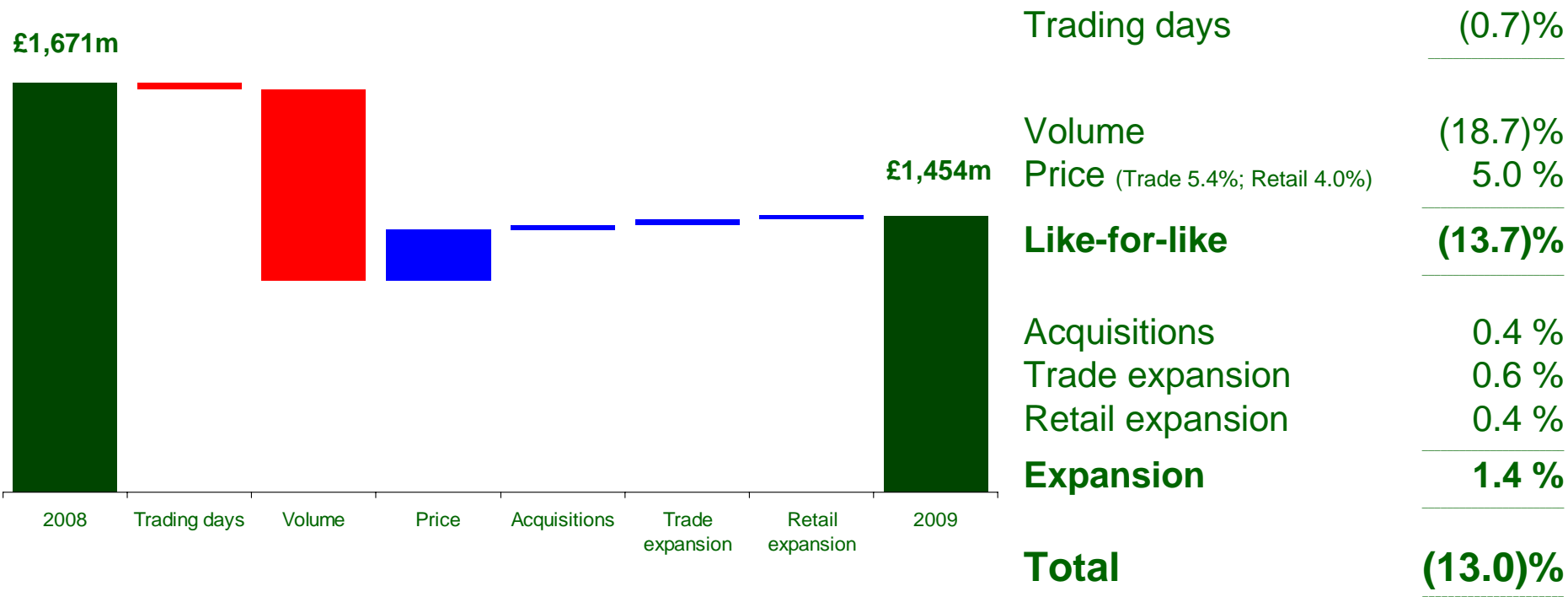
- Market stabilisation continues, but downside risk remains
- Business performance ahead of plan
- Rights Issue increases flexibility

Financial overview

Turnover	£1,454m	-13.0%
Operating profit	£118m	-24.5%
Profit before tax	£90m	-27.4%
EPS ⁽¹⁾	42.3p	-27.8%
Free cash flow	£196m	+43.1%
Net debt	£527m	-48.2%

(1) Comparative adjusted for bonus share discount impact of Rights Issue

Turnover reconciliation



Like-for-like sales trend

(All figures are % change on prior year)

	Four months to April 2009	May and June 2009	Six months to June 2009
General	(19.6)	(17.7)	(18.9)
Specialist	(18.0)	(17.3)	(17.8)
Total Trade	(19.0)	(17.6)	(18.5)
Wickes core	(6.4)	(5.2)	(5.9)
Wickes kitchens & bathrooms	12.2	25.5	16.6
Total Retail	(3.6)	(1.0)	(2.4)
Total Group	(14.4)	(12.4)	(13.7)

July like-for-like sales forecast

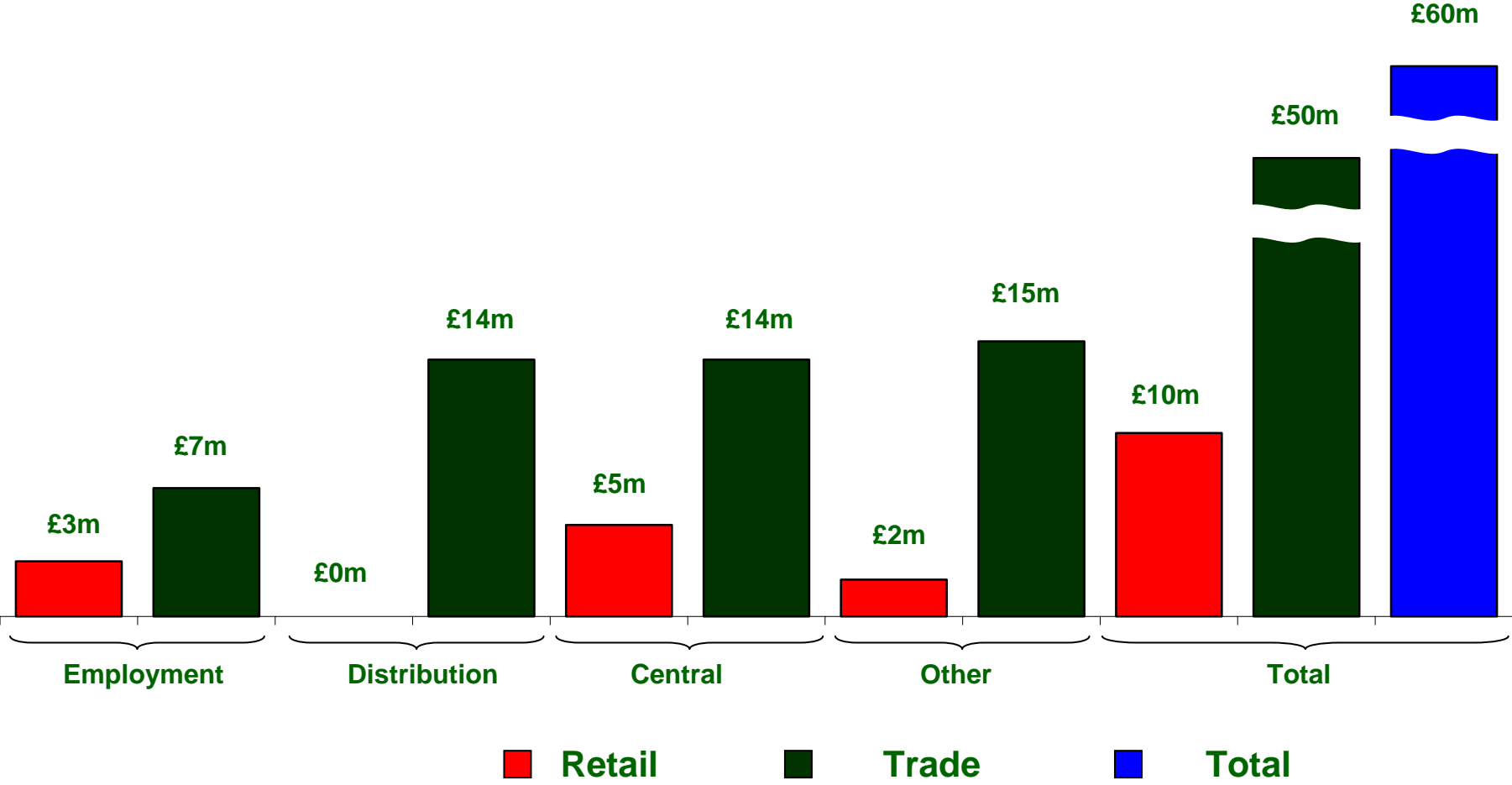
(All figures are % change on prior year)

General	(16.1)
Specialist	(15.8)
Total Trade	(16.0)
Wickes core	(0.4)
Wickes kitchens & bathrooms	17.0
Total Retail	1.3
Total Group	(11.6)

Industry leading operating margins

	<u>Trade</u>	<u>Retail</u>	<u>Group</u>
2008 operating margin	10.7%	6.3%	9.3%
Gross margin	(0.5)%	(0.9)%	(0.3)%
Overheads	(2.2)%	2.3 %	(1.2)%
Property profits	0.7 %	(0.5%)	0.3 %
2009 operating margin	8.7%	7.2%	8.1%

Overhead savings – full year 2009 v 2008



Free cash flow - up by 43%

(All figures are £'million)

	<u>2009</u>	<u>2008</u>
Operating profit	118	156
Depreciation	30	31
Other non-cash movements	1	3
Gain on disposal of property, plant & equipment	(8)	(4)
Movement in working capital	75	50
Replacement capital expenditure	(7)	(28)
	<hr/>	<hr/>
Operating cash flow	209	208
Facility fee paid	-	(9)
Net interest paid	(18)	(32)
Income taxes paid	(6)	(34)
Proceeds from sale of fixed assets	11	4
	<hr/>	<hr/>
Free cash flow	196	137
	<hr/> <hr/>	<hr/> <hr/>

Net debt - £50m ahead of full year target

(All figures are £'million)

	<u>2009</u>	<u>2008</u>
Free cash flow	196	137
Dividends	-	(36)
Expansion capital expenditure and acquisitions	(6)	(77)
Loan to associates	(9)	-
Additional pension contributions	(6)	(5)
Exceptional items (from 2008 charges)	(2)	-
Swap cancellation payment	(29)	-
Proceeds of share issues	300	-
Increase in cash balances	444	19
Net debt at 1 January	(1,017)	(941)
Non cash movements	(2)	11
Exchange rate movement	48	-
Reported net debt at 30 June	(527)	(911)
Exchange loss / (gain) included in net debt	32	(28)
Net debt before exchange movements	(495)	(939)
Finance leases and bank fees	13	17
Covenantable net debt	(482)	(922)

Balance sheet strength restored

(All figures are £'million unless stated)

	Jun 2009	Dec 2008
Tangible fixed assets	509	535
Other fixed assets	1,549	1,539
Net working capital	63	131
Taxation creditors and provisions	(164)	(120)
Net debt	(527)	(1,017)
Net pension deficit	(84)	(50)
Net assets	1,346	1,018
 <u>Key ratios (covenant basis)</u>		
Adjusted interest cover (times)	5.5	4.3
Adjusted net debt / EBITDA (times)	1.7	2.8
Gearing	35.8%	90.8%
Working capital : annualised sales ratio	2.1%	4.2%

Increase in pension deficit

	<u>£m</u>
Gross deficit at 1 January 2009	(70)
Service costs charged to P&L	(3)
Contributions	9
Other finance costs	(2)
Actuarial losses	(51)
Gross deficit at 30 June 2009	(117)
Deferred tax asset	33
Net deficit at 30 June 2009	(84)

Guidance for H2 2009

- Rights Issue impact on interest costs
- Strong Easter
- Kitchen sales seasonality
- Trade market declining although near the trough
- Price inflation declining
- Property profit
- Macro-economic factors e.g unemployment
- Swine flu?

Superior performance in the downturn

- Trading stance
- Managing for cash, cost control and best return
- Creating value from commercial and supply chain activities
- Focused on “innovating our offer”
 - Better service
 - Better delivery
 - More customer centric
 - Sector leading returns

Selective trading stance – maximising cash margin

- Driven productivity and efficiency
- Strong product availability
- Margin enhancing activities
 - Market place pricing
 - Global sourcing
 - Incremental buying gains
 - Centralisation project
- Reduced distribution costs
- Working our capital harder



Strong performance despite difficult times

- Substantially up-weighted marketing and advertising approach
- Taken advantage of the demise of a major kitchen competitor
- Re-formatted our bathroom offering
- Driven the benefits of multi-channel:
 - Stores
 - Online
 - Call centre
 - Catalogue
 - Delivery hubs
- Remained focused on trade customers and project lead DIY'ers
- Aimed to reach more people with “value for money proposition”

The logo for Wickes, featuring the word "Wickes" in a bold, blue, sans-serif font.The logo for Tile Giant, featuring the words "Tile Giant" in a bold, green, sans-serif font. Below the main text is a green horizontal bar with the words "Ceramic Tile Merchants" in white, flanked by small yellow and red squares.

Attention to detail drives benefits

- Excellent progress in Health & Safety
- Improving trend with sickness costs
- Full review of “Bought In Goods and Services”
- Vastly reduced capital expenditure
- Tight control on discretionary spending

Supply chain



Supply chain – laying the foundations

- Configured a solid physical infrastructure
- Installed methods of measuring performance
- Developed a “language of profit” mentality
- Improved availability of mandated stock from 90% to 96%
- Reduced stock value by c.£57m in the last 18 months

Supply chain - driving value, return and innovation

- Completed a direct sourcing project for kitchens
- Developed a national door distribution facility (700 SKUs)
- Initiated a waste recovery programme
- Installed tracking technology to our customer bound fleet
- 700 previously out-sourced colleagues joined the Group
- Developed a deeper engagement with our suppliers

Managed Services – Public Sector RMI

- 24 stand-alone branches
- 55 in-branch, framework and supply agreements across the UK
- 12 new contracts awarded
- Increased success with contractor led projects
- Non discretionary spend – not influenced by economic factors
- Government pressures likely to encourage out-sourcing to improve efficiencies
- Continued growth expected for the next few years



Movements within the network

	31 Dec 2008	Acquisition	Brownfield	Consolidation	30 Jun 2009	Net movement since Jun	30 Jul 2009
TP	611	-	3	-	614	2	616
Keyline	83	-	-	-	83	-	83
CCF	33	-	-	-	33	-	33
City Plumbing	196	-	-	(2)	194	-	194
Benchmarx	29	-	-	-	29	-	29
Total Merchanting	952	-	3	(2)	953	2	955
Wickes	193	-	1	-	194	-	194
Tile Giant	78	-	3	(1)	80	1	81
Total Retail	271	-	4	(1)	274	1	275
Total	1,223	-	7	(3)	1,227	3	1,230

Stores not included within the above totals: Toolstation (50 stores at 30 June 2009); Wickes Ireland (1 store at 30 June 2009)

Delivering sector leading returns

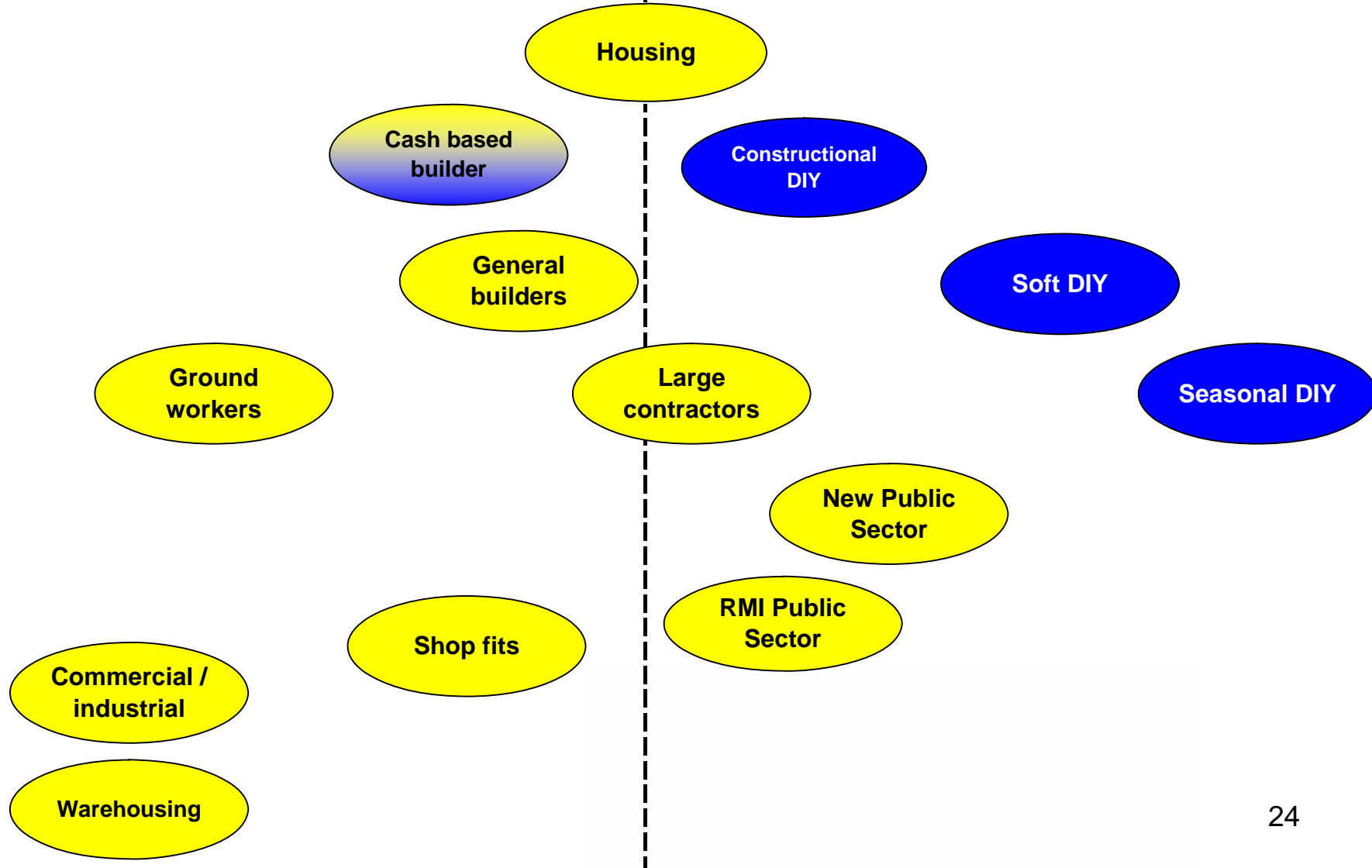
- Continually seeking better ways of serving our customers
- Introducing cost effective technologies
- Greater use of customer research and insight
- Restructured our external sales force to be more effective
- Using TV to reach more Wickes' customers
- Forensic and close to the detail in everything we do

Market update – trends to date

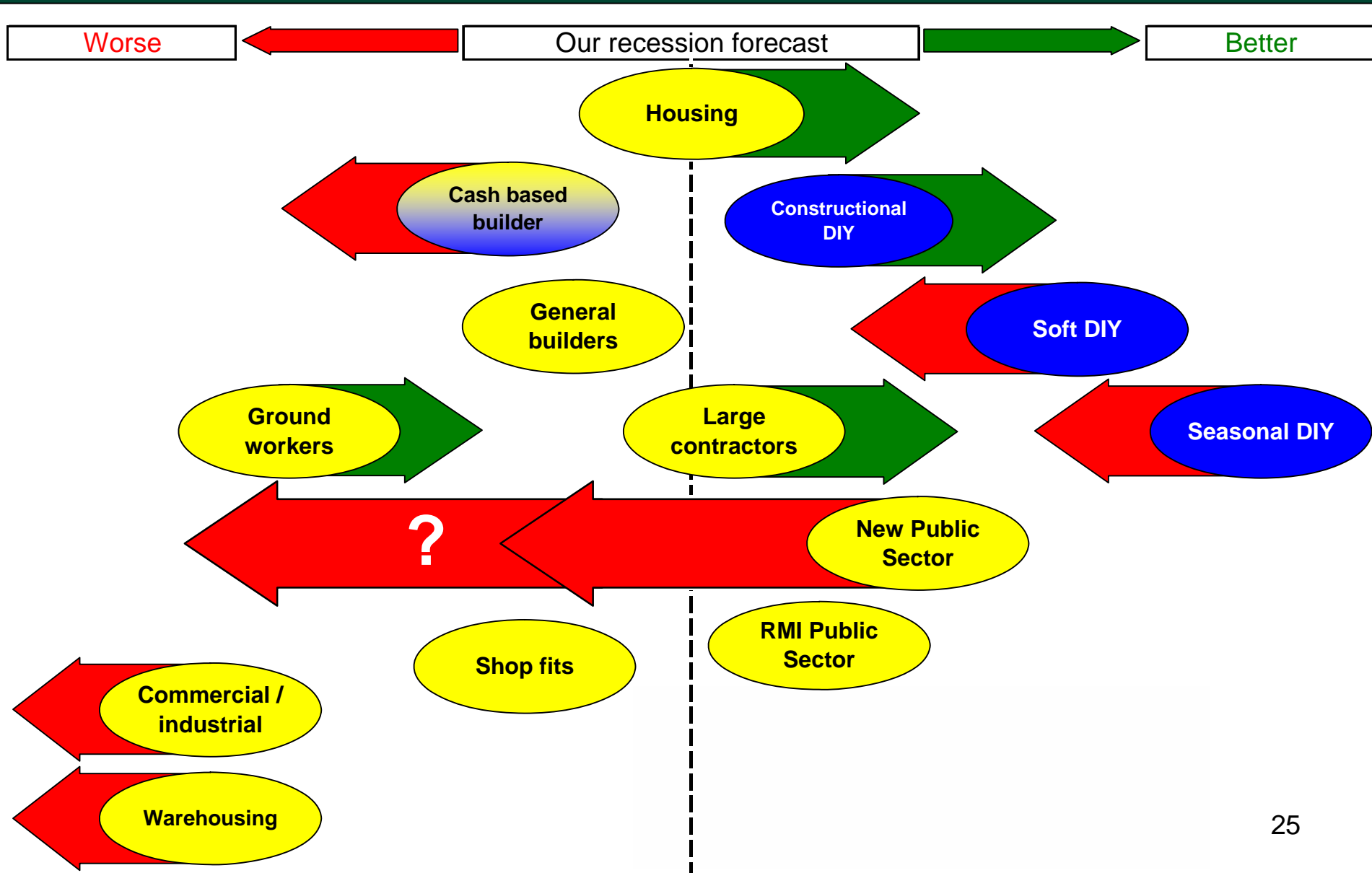
Worse

Our recession forecast

Better



Market update – next 18 months



Market capacity and acquisitions

- Few closures expected over the summer
- From peak, c.5% capacity shut across trade and retail
- Strong polarising trends
 - Regional merchants getting stronger / small independents failing
 - Segment leaders pulling ahead / some larger corporate operators struggling
- Strong seasonal DIY trends providing oxygen
- Watch and wait

Strategic priorities

- Maintain cost and cash focus
- Avoid chasing ghosts
- Invest in strengthening our offer

Summary

- Strengths of group business model and management proved in testing conditions
- Forensic flexibility maintained
- Market broadly following expected trends....so far
- Use strength to pursue growth

Appendix

Travis Perkins plc further analyses

Net finance costs

(All figures are £'million)

	<u>2009 H1</u>
Bank loans and overdrafts	13.8
Finance leases	0.6
Amortisation of issue costs	1.4
Cancellation of swaps	0.8
Amortisation of swap cancellation	3.6
Unwinding of discounts in provisions	1.9
Other finance charges - pension scheme	1.5
Re-measurement of derivatives	4.8
Finance costs	28.4
Finance income	(1.2)
Net finance costs	<u>27.2</u>

The average ongoing monthly net finance cost is £3.7m

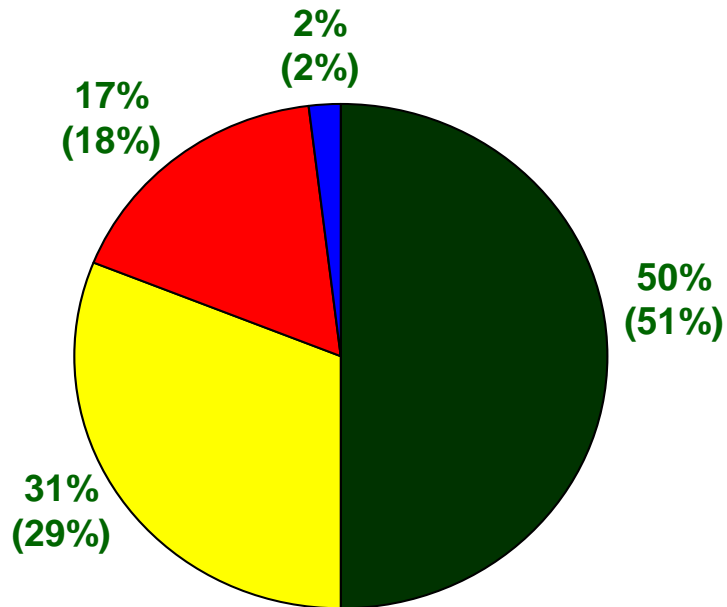
EPS calculation

TERP adjusted number of shares for EPS calculation

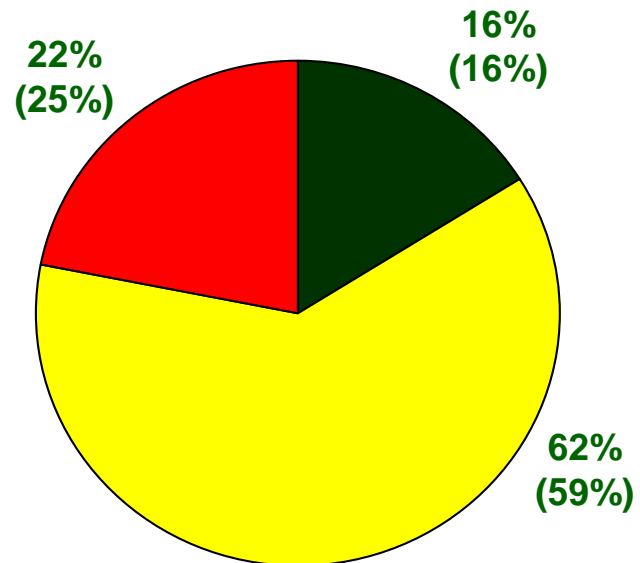
	2008	2009	2009	2010
	Half Year	Half Year	Full Year	Full Year
Number of shares	148,547,032	154,056,627	178,034,688	201,621,803

Mix of business

Merchandising



Retail



■ Heavy Building Materials

■ Timber & Forest Products

■ Lightside (incl. P&H)

■ Toolhire

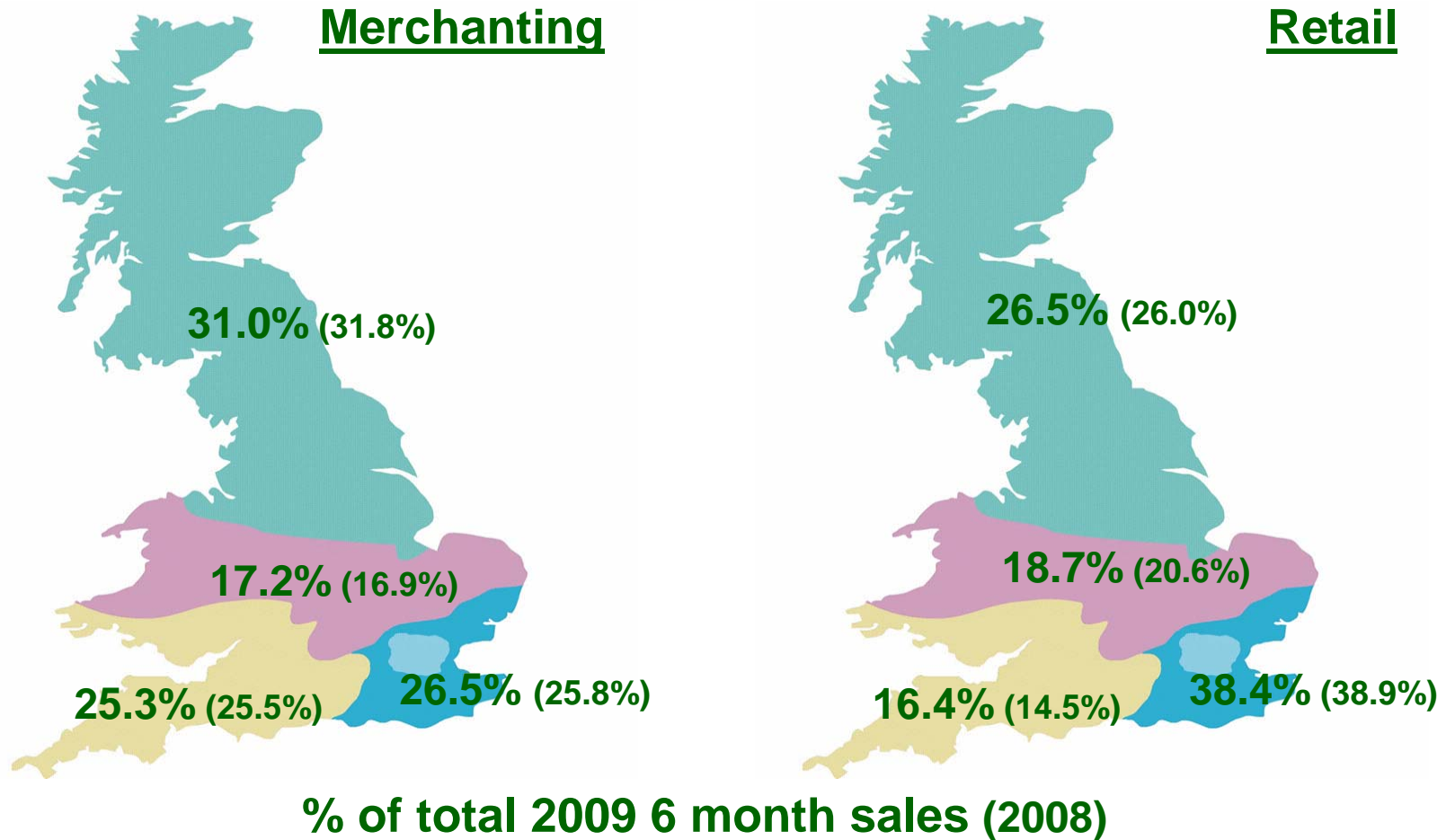
6 months ended 30 June 2009 (2008)

Merchanting trading ratios

6 months ended 30 June 2009 (2008)

Cash	21.2% (18.8%)	Credit	78.8% (81.2%)
Yard	85.0% (83.2%)	Direct	15.0% (16.8%)
Collected	43.0% (41.8%)	Delivered	57.0% (58.2%)

Geographical sales distribution



Productivity per employee

Sales per employee

Year ended 31 December

