

# Travis Perkins plc

Financial Results

6 months ended 30 June 2007

# Geoff Cooper

Chief Executive

# Strategy delivering for shareholders

- Competitiveness and propositions improved
- Market share gained in strong markets
- Expansion and investment stepped up
- Robust financial performance

# Paul Hampden Smith

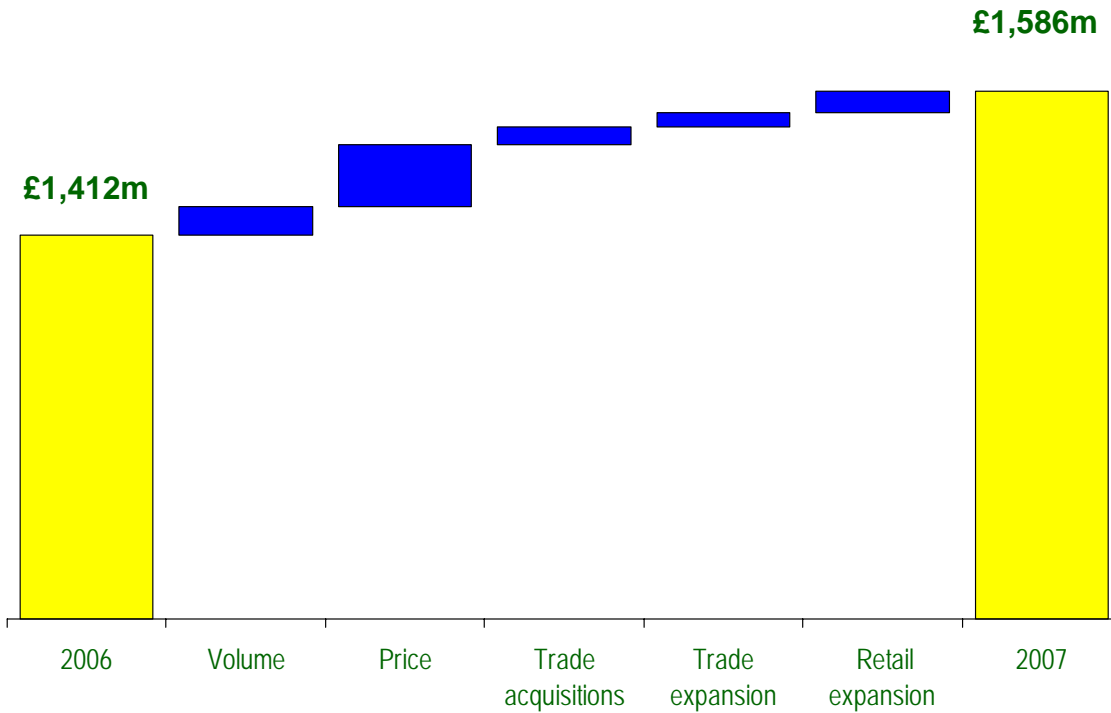
Finance Director

# Financial highlights

|                     |         |        |
|---------------------|---------|--------|
| Turnover            | £1,586m | +12.3% |
| Operating profit    | £156m   | +11.7% |
| Profit before tax   | £129m   | +16.5% |
| Net debt reduced by | £45m    |        |
| Adjusted EPS*       | 72.2p   | +14.1% |
| Dividend            | 14.5p   | +19.8% |

\* After adjusting for £4m exceptional deferred tax credit

# Excellent LFL's plus continued expansion



|                                 |              |
|---------------------------------|--------------|
| Volume                          | 2.5%         |
| Price (Trade 7.0%; Retail 4.2%) | 6.1%         |
| <b>Like for like</b>            | <b>8.6%</b>  |
| Trade acquisitions              | 1.2%         |
| Trade expansion                 | 1.0%         |
| Retail expansion                | 1.5%         |
| <b>Expansion</b>                | <b>3.7%</b>  |
| <b>Total</b>                    | <b>12.3%</b> |

# Strong performance from both divisions

|                     | <u>Like for like sales</u> | <u>Total sales</u> |
|---------------------|----------------------------|--------------------|
| Generalist          | 9.9 %                      | 12.5 %             |
| Specialist          | 9.1 %                      | 13.6 %             |
| <b>Total trade</b>  | <b>9.6 %</b>               | <b>12.9 %</b>      |
| Core                | 9.3 %                      | 14.4 %             |
| Showroom            | (7.4)%                     | (2.8)%             |
| <b>Total retail</b> | <b>6.3 %</b>               | <b>11.3 %</b>      |
| <b>Group</b>        | <b>8.6%</b>                | <b>12.3%</b>       |

# July sales performance

|                     |              |
|---------------------|--------------|
| Generalist          | 6.0 %        |
| Specialist          | 8.0 %        |
| <b>Total trade</b>  | <b>7.0 %</b> |
| Core                | 5.2 %        |
| Showroom            | (1.4)%       |
| <b>Total retail</b> | <b>4.2 %</b> |
| <b>Group</b>        | <b>6.3 %</b> |

Trade LFL July 2007 (latest estimate)

Retail LFL 4 weeks to 29 July 2007

# Underlying operating margin up 0.1%

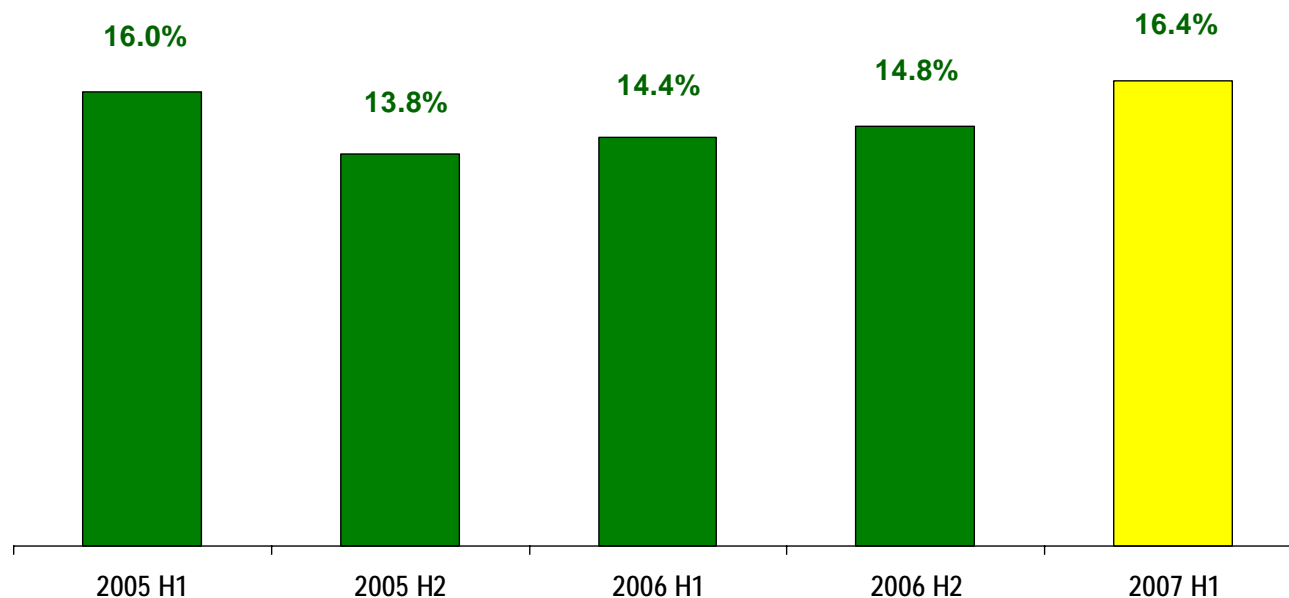
|   | Trade         | Retail       | Group         |
|---|---------------|--------------|---------------|
| <b>2006 operating margin</b>            | <b>11.0 %</b> | <b>6.2 %</b> | <b>9.9 %</b>  |
| Gross margin                            | (0.2)%        | (1.0)%       | (0.4)%        |
| Overheads                               | 0.3 %         | 1.2 %        | 0.5 %         |
|   | <hr/>         | <hr/>        | <hr/>         |
| <b>2007 underlying operating margin</b> | <b>11.1 %</b> | <b>6.4 %</b> | <b>10.0 %</b> |
| Property                                |               |              | (0.2)%        |
|   |               |              | <hr/>         |
| <b>2007 operating margin</b>            |               |              | <b>9.8 %</b>  |
|   |               |              | <hr/>         |

# Improved financial ratios

|  | 2007         | 2006         |
|--|--------------|--------------|
|  | £m           | £m           |
| Tangible fixed assets                  | 454          | 443          |
| Other fixed assets                     | 1,459        | 1,442        |
| Net working capital                    | 87           | 54           |
| Taxation creditors, provisions & other | (184)        | (182)        |
| Net debt                               | (759)        | (845)        |
| Pension surplus / (deficit)            | 1            | (69)         |
| <b>Net assets</b>                      | <b>1,058</b> | <b>842</b>   |
| <u>Key ratios (UK GAAP basis)</u>      |              |              |
| <b>Interest cover (times)</b>          | <b>5.3</b>   | <b>4.9</b>   |
| <b>Net debt / EBITDA (times)</b>       | <b>2.2</b>   | <b>2.6</b>   |
| <b>Gearing</b>                         | <b>71.7%</b> | <b>99.7%</b> |
| <b>Working capital % of sales</b>      | <b>2.8%</b>  | <b>1.9%</b>  |

# Improving return on capital employed\*

6 months ended 30 June / 31 December



\* ROCE defined as operating profit divided by average equity plus book net debt  
2005 H1 is pro-forma as if Wickes owned from 1 January 2005

# Pension fund in surplus

|  | £m          |
|--|-------------|
| <b>Gross deficit at 31 December 2006</b> | <b>(81)</b> |
| Service costs charged to P&L             | (6)         |
| Other finance income                     | 2           |
| Contributions                            | 10          |
| Actuarial gain                           | 76          |
| <b>Gross surplus at 30 June 2007</b>     | <b>1</b>    |
| Deferred tax liability                   | (-)         |
| <b>Net surplus at 30 June 2007</b>       | <b>1</b>    |

# Improved working capital, operating cash flow conversion 114%

|   | 2007<br>£m | 2006<br>£m |
|---|------------|------------|
| <b>Operating profit</b>                         | <b>156</b> | <b>139</b> |
| Depreciation                                    | 27         | 27         |
| Other non-cash movements                        | 3          | 1          |
| Gain on disposal of property, plant & equipment | (2)        | (4)        |
| Movement in working capital                     | 12         | 57         |
| Net replacement capital expenditure             | (18)       | (2)        |
|   | <hr/>      | <hr/>      |
| <b>Operating cash flow</b>                      | <b>178</b> | <b>218</b> |
| Net interest paid                               | (29)       | (28)       |
| Income taxes paid                               | (38)       | (29)       |
|   | <hr/>      | <hr/>      |
| <b>Free cash flow</b>                           | <b>111</b> | <b>161</b> |

# Net debt reduction £45m

|   | 2007         | 2006         |
|---|--------------|--------------|
|   | £m           | £m           |
| <b>Free cash flow</b>                         | <b>111</b>   | <b>161</b>   |
| Dividends                                     | (31)         | (28)         |
| Expansion capital expenditure                 | (28)         | (14)         |
| Acquisition of businesses                     | (18)         | (9)          |
| Other cash movements                          | (1)          | (-)          |
| <b>Increase / (decrease) in cash balances</b> | <b>33</b>    | <b>110</b>   |
| <b>Net debt at 1 January</b>                  | <b>(804)</b> | <b>(982)</b> |
| Derivative financial instruments              | 11           | 27           |
| Non-cash movements                            | 1            | -            |
| <b>Net debt at 30 June</b>                    | <b>(759)</b> | <b>(845)</b> |

# Summary financial highlights

- Stable operating margin
- Significantly improved ROCE
- Reduction in debt
- Pension now in surplus

# John Carter

## Chief Operating Officer

# Strategy delivering for shareholders

- In good shape
- Clearly defined goals
- Highly motivated
- Task driven management
- Sector leading operating margins
- Striving to be the customers 1<sup>st</sup> choice

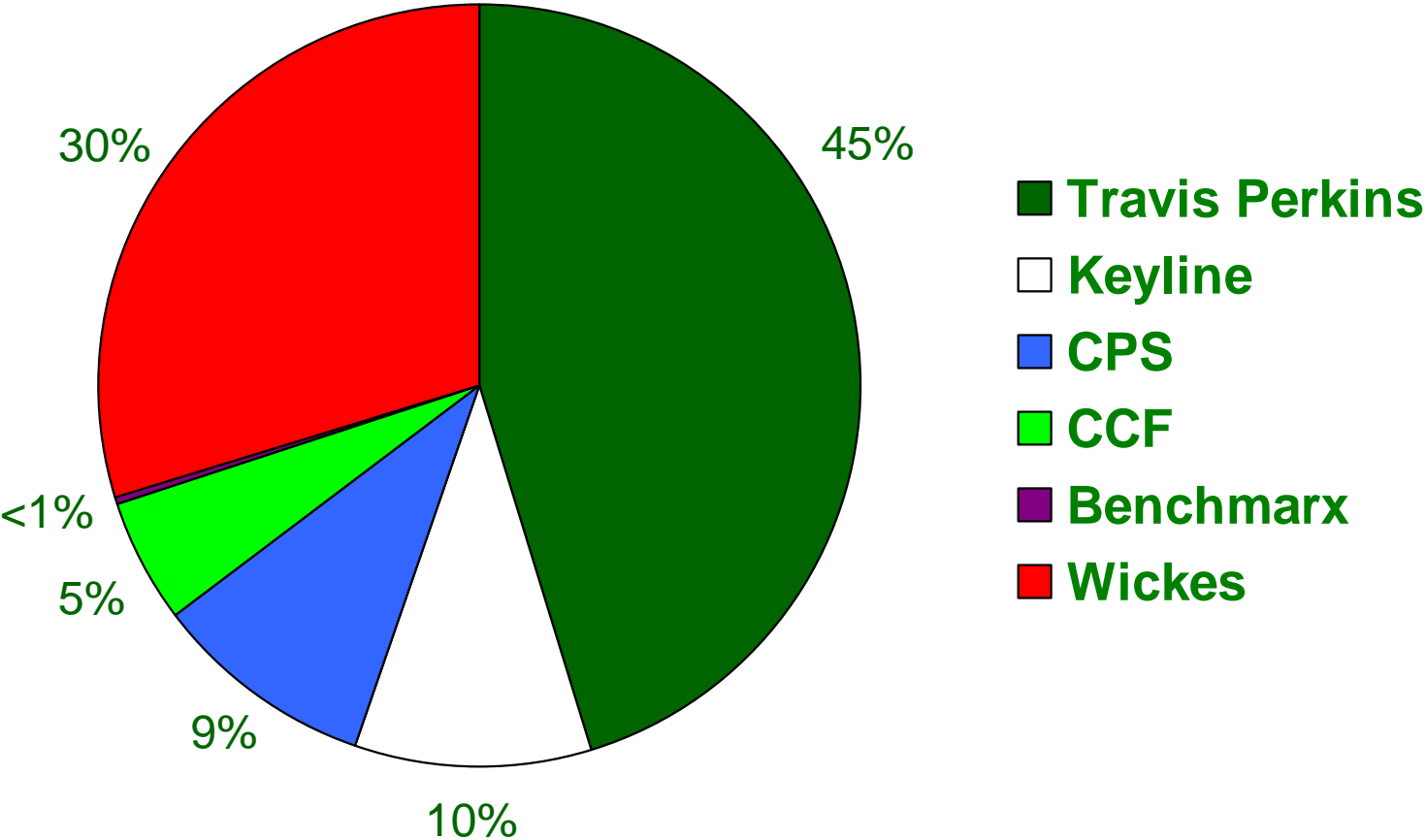
**“THE TP GROUP DOES WHAT IT SAYS ON THE CAN”**

# Accelerating branch expansion

|                       | 31 Dec<br>2006 | Acquisition | Brownfield | Consolidation | 30 Jun<br>2007 | Net<br>movement<br>since Jun | 1 Aug<br>2007 |
|-----------------------|----------------|-------------|------------|---------------|----------------|------------------------------|---------------|
| TP                    | 559            | 7           | 5          | (1)           | 570            | 1                            | 571           |
| Keyline               | 76             | -           | -          | -             | 76             | -                            | 76            |
| CCF                   | 25             | 5           | 1          | -             | 31             | -                            | 31            |
| City Plumbing         | 177            | 1           | 2          | -             | 180            | -                            | 180           |
| Wickes                | 179            | -           | 3          | -             | 182            | -                            | 182           |
| Benchmarkx            | 6              | -           | 7          | -             | 13             | 2                            | 15            |
| <b>Total branches</b> | <b>1,022</b>   | <b>13</b>   | <b>18</b>  | <b>(1)</b>    | <b>1,052</b>   | <b>3</b>                     | <b>1,055</b>  |

# Our 6 brands

Sales analysis, 6 months ended 30 June 2007



# Reliability and service for the trade



Travis Perkins

- Strong sales growth
- Performed above expectation
- Opened 12 new outlets
- Embraced the Brand Bullseye
- Best Practice projects
- Improved availability

# The trusted brand for home improvement



- Sales strategy
- Strong Core sales
- Weaker Showroom market
- Space Utilisation
- Range reviews
- Focus on trade customers

# It's all about customers

## CCF

- Strong sales growth
- One-stop shop
- Passmores joined the Group
- Market highly competitive
- Sector has good growth prospects
- Continued participation in consolidation

# The trade's one stop shop for kitchens & joinery

**BENCHMARKX**  
Kitchens and Joinery

- Opened 10<sup>th</sup> July 2006
- Now have 15 branches
- In excess of 20 branches by year end
- Refining product and service
- Attractive proposition
- Project remains on track

# Complete plumbing and heating solutions



- Strong sales growth
- Management improving performance
- Network expansion
- Market remains competitive
- Improving availability
- Pleasing progress

# Delivering outstanding service



- Strong sales growth
- Improved focus on Civils
- Dependable and consistent
- Further branch expansion
- Well managed

# Four major areas of focus and attention

**PRICING** : Systems and Controls

**AVAILABILITY** : Improved Supply Chain

**SERVICE** : Putting the Customer 1st

**PRODUCT RANGE** : Right Quality, Fit for the Trade

# In summary

- Businesses in good shape
- Accelerating network growth
- Growing market share
- Embracing Brand Bullseyes principles
- Best Practice projects
- Strong, in-depth management team

# Geoff Cooper

Chief Executive

# Strategic development

- Strategy of organic growth, scale economics and improved returns is delivering
- Channel strategy is evolving – in both current and adjacent markets
- Further channel options are being evaluated
- Markets outside UK kept under review

# Market outlook

| Economic variable     | Previous outlook 2007 | Actual 2007 H1 | New outlook 2007 | Comment                                   |
|-----------------------|-----------------------|----------------|------------------|---|
| RMI output            |                       |                |                  | Mixed picture                             |
| New housing output    |                       |                |                  | Rate of growth declining                  |
| House price inflation |                       |                |                  | Stretched affordability – slowing growth  |
| House transactions    |                       |                |                  | Interest rates will impact                |
| Consumer spending     |                       |                |                  | Rate of growth declining                  |
| Consumer confidence   |                       |                | =                | Vulnerable to further interest rate rises |
| <b>Trade overall</b>  |                       |                |                  | <b>Stable growth</b>                      |
| <b>DIY overall</b>    |                       |                |                  | <b>Recovering from 2005/06</b>            |

# Outlook

- Near-term outlook
  - Growth moderating
  - Trade pricing resistance
  - Retail price amnesia
- Long-term prospects strengthened yet further
- Better businesses, share gains, stronger results

# Travis Perkins plc

Financial Results

6 months ended 30 June 2007