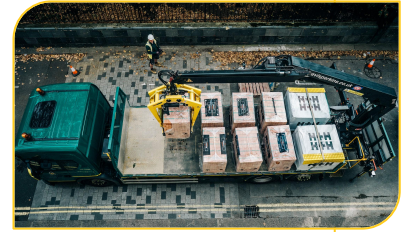


Travis Perkins ^{plc}

2023 Full Year Results Presentation

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Leading partner to
the construction
industry



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Introduction

Nick Roberts
Chief Executive Officer



A challenging year in weak market conditions

- Progressive downturn in new build housing and private domestic RMI markets leading to (2.7)% decline in Group revenue
- Operating profit down (39)% due to lower Merchanting volumes, commodity deflation and overhead pressures
- Invested to protect and build market positions with market share gains in both Toolstation and Travis Perkins General Merchant

Driving actions to support profit recovery and enhance cash generation

- Plans to accelerate transformation of the Group's operating model – £35m benefit delivered in first phase
- Further profit improvement opportunities:
 - Simplification of structures
 - Lower supply chain costs
 - Benefits from new technology
- Working on plan for potential exit of Toolstation France; strategic review of Toolstation Benelux

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Financial review

Duncan Cooper
Chief Financial Officer

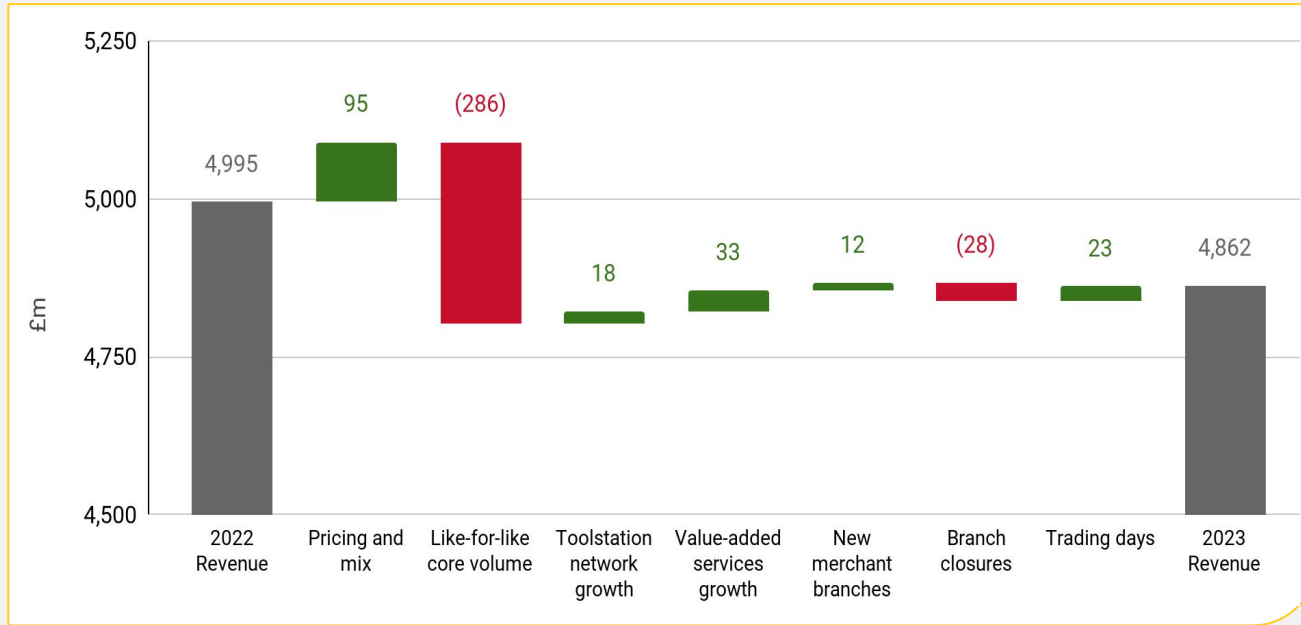


Financial overview

Year ended 31 December 2023 <i>(£m unless otherwise stated)</i>	2023	2022	<i>Change</i>
Revenue	4,862	4,995	<i>(2.7)%</i>
Adjusted operating profit	180	295	<i>(39.0)%</i>
Adjusted earnings per share (pence)	45.7p	94.6p	<i>(51.7)%</i>
Net debt / adjusted EBITDA	2.6x	1.8x	<i>(0.8)x</i>
Cash conversion	81%	67%	<i>14ppt</i>
Ordinary dividend per share	18.0p	39.0p	<i>(53.8)%</i>

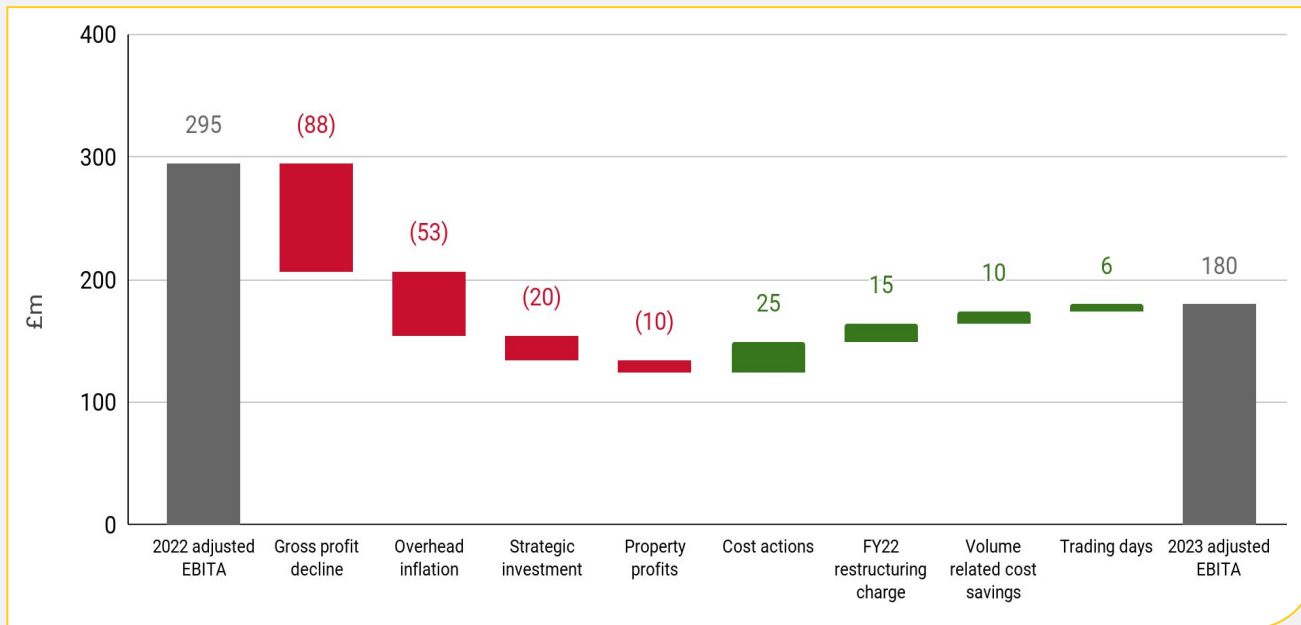
Note - Alternative performance measures are used to provide a guide to underlying performance.

Revenue impacted by weak market volumes



- Pricing strong in H1 but quickly eroded in H2 by commodity deflation
- Weak volumes in new house building and RMI markets
- New space growth from Toolstation Europe rollout and new Travis Perkins GM branches

Cost actions only partially offset gross profit decline and inflation



- Gross profit decline driven by lower volumes and impact of commodity deflation
- Significant inflation across all overhead categories, particularly on people costs
- Strategic investment in Toolstation UK distribution centre and Toolstation Europe network

Adjusting items

	£m
Restructuring charge	17
Benchmark branch closures	10
Toolstation France impairment	33
Total	60

- Reduction primarily in central and regional headcount in Q4 generating £35m of annualised cost savings
- Closure of Toolstation Bridgwater DC and proposed closure of Toolstation Daventry DC
- 39 Benchmark standalone branches closed in February 24 as part of strategy review
- Toolstation France technical impairment to assets and goodwill of the business under IAS36
- Further charges expected in FY24 as review of operating model progresses

Challenging market conditions impacting on Merchanting



	2023	2022	Change
Revenue	£4,036m	£4,220m	(4.4)%
Adjusted operating profit	£212m	£314m	(32.5)%
Adjusted operating margin	5.3%	7.4%	(210)bps
ROCE	9%	15%	(6)ppt
Branch network	769	767	2

Note - all figures above exclude property profits

- Sales volumes impacted by significant decline in housebuilding activity and weak private RMI market
- Majority of profit decline resulting from loss of volume and impact of H2 price deflation on gross margin %
- Good progress on value-added services with Hire up 6% and Managed Services up 5%

Investing for Toolstation growth



	2023	2022	Change
Revenue	£826m	£775m	6.6%
Like-for-like growth	4.0%	(3.7)%	
Adjusted operating profit - UK	£23m	£21m	9.5%
Adjusted operating profit - Europe	£(37)m	£(30)m	(23.3)%
Adjusted operating profit - Total	£(14)m	£(9)m	(55.6)%
Adjusted operating margin	(1.7)%	(1.2)%	(50)bps
ROCE	(2)%	(2)%	-
Store network (UK)	570	563	7
Store network (Benelux)	119	113	6
Store network (France)	51	45	6

Note - all figures above exclude property profits

- Good sales performance with market share gains continuing across UK and Europe
- Opened new UK DC in H2; c. £(13)m profit impact
- European losses increased due to further network expansion and weak end markets
- Forecast losses for FY24:
 - France £(20)m
 - Benelux £(12)m

Disciplined approach to future capital expenditure

£m	2023	2022
Strategic	51	75
Maintenance	52	28
IT	6	7
Base capital expenditure	109	110
Freehold property	33	38
Gross capital expenditure	142	148
Disposals	(68)	(23)
Net capital expenditure	74	125

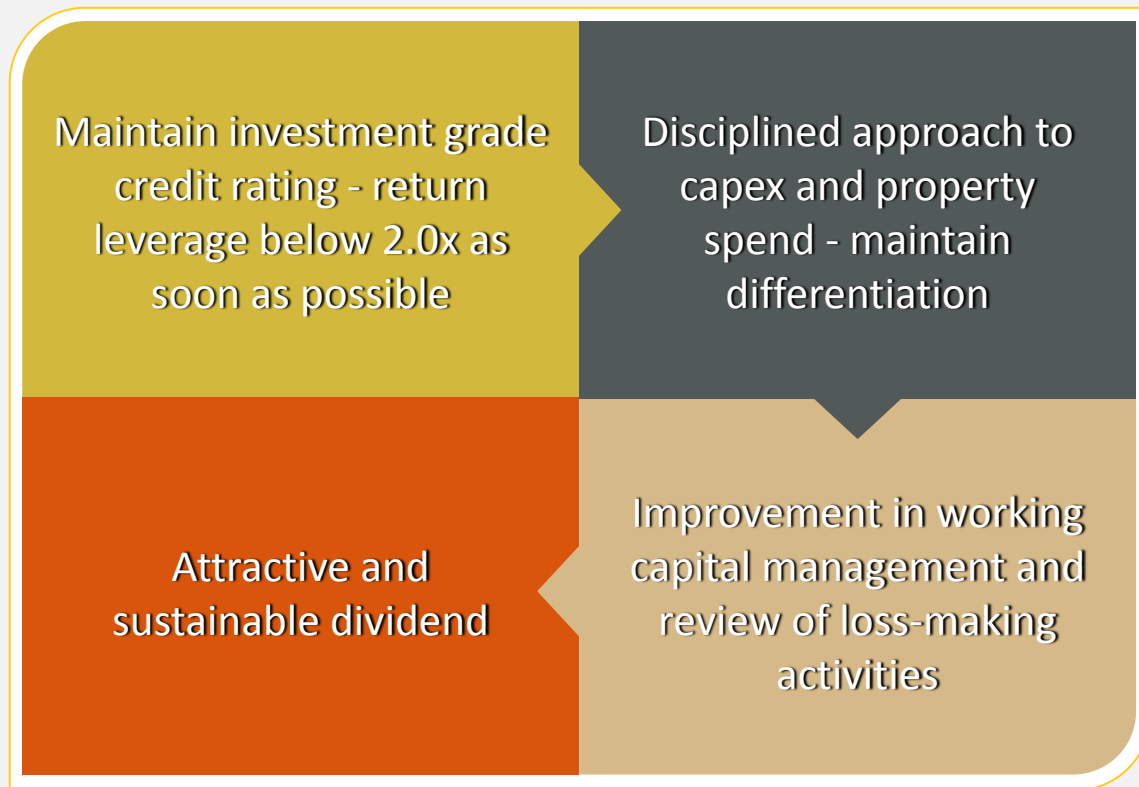
- ▶ Full year Capex of £109m; to be reduced to £80m FY24
- ▶ Strategic Capex reduced by £(24)m due to lower investment in Toolstation network and distribution capability
- ▶ Maintenance Capex £24m higher due to overdue fleet replacement

Strong liquidity with decisive action to reduce leverage

	31 Dec 2023	31 Dec 2022	Change	Covenant
Net debt	£922m	£819m	£(103)m	
Net debt / adjusted EBITDA	2.6x	1.8x	(0.8)x	<4.0x
Net debt excluding leases	£314m	£279m	£(35)m	
Net debt excluding leases / adjusted EBITDA	0.9x	0.8x	(0.1)x	

- Refinancing of 2023 bond and £375m RCF completed. No further refinancing requirements until 2026
- Lease commitments increased due to new Toolstation UK DC, Staircraft manufacturing facility and sale-and-leaseback activity
- Key focus for the Group to return leverage to target range (1.5 - 2.0x)

A clear framework for capital allocation



Outlook and guidance

Outlook

- **FY24 market conditions set to remain challenging**
 - Pricing a headwind in H1
 - Volumes expected to remain weak
 - Fiscal and monetary policy decisions from March Budget and General Election
- **Tight grip on what the Group can control**
 - £35m overhead savings delivered with more identified for FY24
 - Detailed review of discretionary spend
 - Headcount position tightly controlled
 - Working capital review underway

FY24 Guidance

- **Capital expenditure reduced to £80m**
- **Expect ETR of around 29% on UK generated profits**
- **Expect adjusted operating profit to be in the range of £160 - £180m including:**
 - Property profits of £10m
 - Forecast loss of £(20)m in Toolstation France

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Strategic and operational update

Nick Roberts
Chief Executive Officer



Near-term headwinds persist, accelerating the transformation of the operating model

Macro uncertainty remains



- Uncertainty remains over timing and pace of end market recovery
- Domestic RMI and new housebuilding expected to remain subdued

Evolving operating model



- Rebuild profitability and drive cash generation
- Accelerating structural change to deliver a simpler and more efficient business

Long term drivers remain attractive

Long term structural drivers



- ▶ UK Housing shortage exacerbated by low levels of activity
- ▶ Requirement to decarbonise UK built environment becoming increasingly urgent

Building long term competitive advantage



- ▶ Investment in technology, network and people
- ▶ Growth opportunities through Toolstation and value-added services

Driving actions to support profit recovery - £35m already delivered



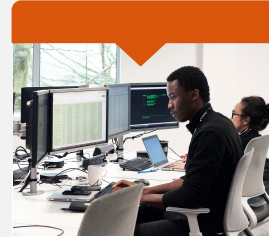
Reduction in central / regional headcount



Optimised Benchmarx network - focus on profitable standalones and integrated offer in destination branches



Consolidating Toolstation UK supply chain with closure of Bridgewater and proposed closure of Daventry DC



Tighter controls on discretionary spend



Review of loss-making activities

Working on plan for a potential exit of Toolstation France

- ▶ Losses increased to £(18)m during 2023
- ▶ Near term market conditions expected to remain challenging
- ▶ Longer term challenges with brand awareness and lower population density
- ▶ Investment and timeframe required to reach profitability no longer sustainable
- ▶ Working on a plan for a potential exit of the business in France*

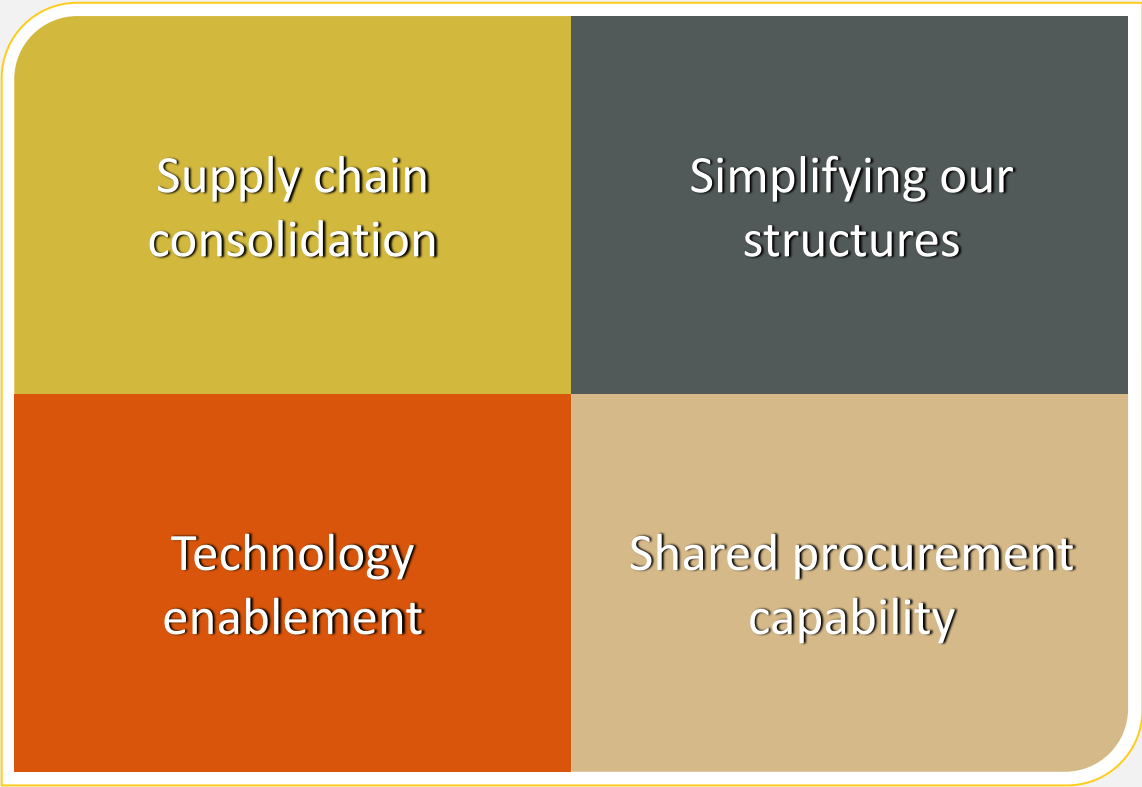
** Any decisions would be subject to the appropriate information and consultation procedures with relevant employee representatives*

Strategic review of Toolstation Benelux



- ▶ Performance below expectations in 2023 with losses increasing to £(19)m
- ▶ Netherlands now expected to reach annual break-even in 2025
- ▶ Belgium expected to reach profitability around 2028
- ▶ Strategic review of the businesses commenced

Transforming the operating model to deliver a more efficient organisation



Well positioned for market recovery and long term differentiation



Leading market positions and strong customer relationships



Strategy execution creates competitive advantage in Merchanting



Toolstation UK pathway to £1bn revenue at 8% operating margin by 2027



Toolstation Europe losses and cash outflow will be significantly reduced



Transformation of operating model will drive sustainable efficiencies

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Questions



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Appendices



I - Definitions

Metric	Definition
Operating profit	Profit before tax, financing charges and income
Earning per share (“EPS”)	Ratio of net profit after taxation adjusted for minority interests to weighted number of ordinary shares outstanding
Adjusted operating profit / Adjusted EPS	Operating profit / EPS before adjusting items and amortisation of acquisition-related intangible assets
ROCE	Adjusted operating profit divided by the combined value of balance sheet debt and equity
Covenant net debt	On-balance sheet debt excluding lease liabilities and pension SPV liability
Net debt	On-balance sheet debt including lease liabilities
Net Debt : EBITDA	The ratio of net debt to earnings before tax, interest, depreciation, amortization and adjusting items (“EBITDA”)
Free cash flow (“FCF”)	Net cash flow before dividends, freehold property purchases and disposal proceeds, pension deficit repair contributions, adjusting cash flows and financing cash flows
Like-for-like sales growth	Revenue growth adjusted for new branches, branch closures, business acquisitions and disposals and trading day differences. Revenue included in like-for-like is for the equivalent periods in both years under comparison. Branches are included once they have traded for more than 12 months.
Cash conversion %	$\text{Cash conversion \%} = \frac{\text{Adjusted EBITA excl. Property Profits} + \text{depreciation \& amortisation (excl. IFRS 16)} + \text{+/- change in working capital} - \text{non-freehold capital expenditure}}{\text{Adjusted EBITA excl. Property Profits}}$

II - Sales drivers by reporting segment

		Total Revenue		Like-for-like revenue				
		2023	2022	2023	2022			
Merchandising	Q1	(3.2)%	17.9%	(4.2)%	15.3%			
	Q2	(5.6)%	9.2%	(5.2)%	8.5%			
	H1	(4.5)%	13.3%	(4.8)%	11.7%			
	Q3	(3.4)%	11.5%	(2.9)%	8.7%			
	Q4	(5.1)%	4.7%	(5.2)%	2.3%			
	H2	(4.2)%	7.3%	(4.1)%	5.6%			
	FY	(4.4)%	10.3%	(4.4)%	8.7%			
Toolstation	Q1	8.6%	(6.0)%	4.6%	(11.9)%			
	Q2	9.7%	(3.2)%	7.2%	(9.2)%			
	H1	9.0%	(4.6)%	5.9%	(10.6)%			
	Q3	7.3%	6.1%	4.4%	0.2%			
	Q4	1.1%	12.7%	0.0%	7.2%			
	H2	4.1%	8.9%	2.2%	3.7%			
	FY	6.6%	1.9%	4.0%	(3.7)%			
Total Group	Q1	(1.5)%	13.6%	(2.9)%	10.5%			
	Q2	(3.3)%	7.1%	(3.3)%	5.6%			
	H1	(2.5)%	10.3%	(3.2)%	7.9%			
	Q3	(1.8)%	10.7%	(1.8)%	7.4%			
	Q4	(4.0)%	6.0%	(4.3)%	3.1%			
	H2	(2.9)%	7.5%	(3.0)%	5.3%			
	FY	(2.7)%	8.9%	(3.1)%	6.6%			
						Merchandising	Toolstation	Group
Price and mix						1.3%	5.4%	1.9%
Like-for-like volume						(5.7)%	(1.4)%	(5.0)%
Like-for-like revenue growth						(4.4)%	4.0%	(3.1)%
Network changes and acquisitions / disposals						(0.4)%	2.3%	0.0%
Trading days						0.4%	0.3%	0.4%
Total revenue growth						(4.4)%	6.6%	(2.7)%

III - Branch Numbers

	31 Dec 22	Openings	Closures	31 Dec 23
Travis Perkins General Merchant	547	6	(1)	552
Benchmark*	72		(2)	70
Keyline	44		(2)	42
CCF	37		(1)	36
BSS & TF Solutions	67	2		69
Merchandising	767	8	(6)	769
Toolstation UK	563	11	(4)	570
Toolstation Europe	158	12		170
Toolstation	721	23	(4)	740
Group	1,488	31	(10)	1,509

* Standalone Benchmark branches only. The group also has 96 Benchmark showrooms or implants within Travis Perkins General Merchant branches

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Contact

Matt Worster | +44 (0) 7990 088 548

matt.worster@travisperkins.co.uk

