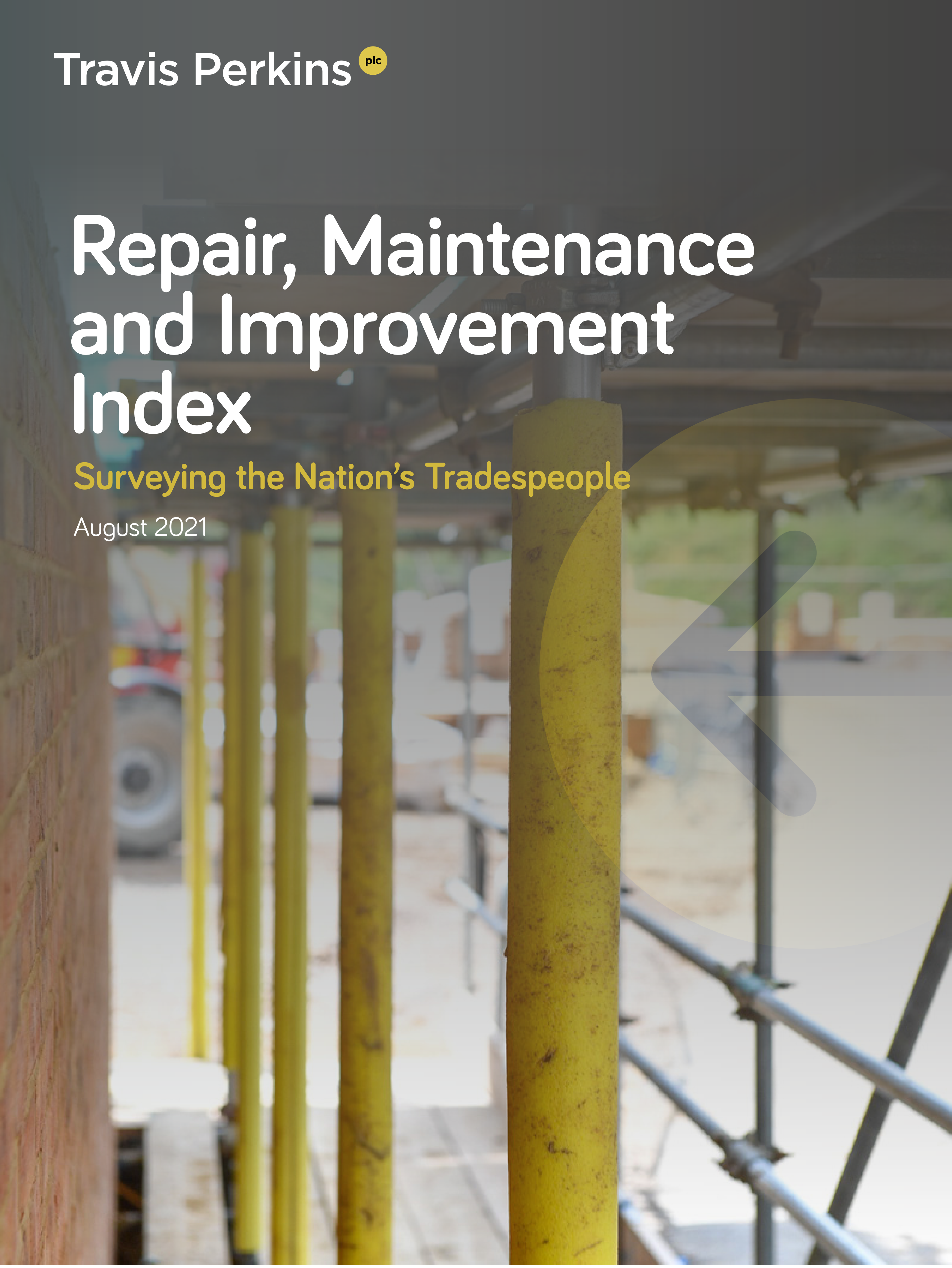
Travis Perkins plc

Repair, Maintenance and Improvement Index

Surveying the Nation's Tradespeople

August 2021



Travis Perkins | Toolstation | BSS | Keyline Civils Specialist | CCF

Contents

"Never been busier with general home improvement projects."

General Builder,
North West

"I think the coming year will pick up, after we all return to some normality."

Kitchen fitter,
South East

> Given the government's easing of restrictions a lot people are commencing with both household and business delayed projects. I expect a substantial increase in small works.

Builder,
Wales

> Am considering taking on staff, to keep up with existing strong workload.

Painter and decorator,
East Anglia

> We have enough work for the next 12 months, subject to material availability.

Joiner, West Midlands

> Construction work is booming.

Builder,
West Midlands

Foreword

Nick Roberts
CEO, Travis Perkins Plc

As the largest supplier of building materials and equipment in the country, we have been able to work closely with our suppliers to continue to provide products that are in short supply.

This is the third publication of our RMI Index, where we share with you our 'temperature check' of the nation's tradespeople and their expectations for the months ahead, and I am delighted to report that there is both optimism around the future, and resilience in the face of the evolving market dynamics and the construction sector's ongoing recovery.

A lot has happened since the publication of our previous edition in February: At the start of the year, the UK was faced with another wave of COVID-19 and a third national lockdown while the vaccine rollout was just getting underway. Our report then still suggested that the mood amongst the nation's tradesmen and women was relatively optimistic and generally positive about the outlook for the workloads ahead.

Six months later, the nation is adjusting to a new phase with fewer restrictions in the wake of a successful vaccine rollout, and it is evident that the UK's tradespeople are now feeling notably more upbeat.

We first started to survey our customers' expectations around growth and workloads nearly a decade ago, and I am delighted to report that the weighted index scores around respondents' outlook for workloads is the third highest we have seen since 2012.

Of the 1,446 people we surveyed in July, 95% expected their workloads to either remain the same, increase or even greatly increase over the next two months.

It is important that we recognise and consider that challenges still remain when we assess the wider picture in relation to tradespeople's confidence and projected workloads.

Even though the risks posed by COVID-19 are still very real, it is clear that the uncertainty caused by the pandemic is beginning to recede and our customers are telling us that it is in fact the availability of materials, rather than COVID-19 restrictions, that has most recently had the biggest impact on the UK's tradespeople.

Global supply and demand imbalances and a 'perfect storm' of multiple economies reopening post lockdown, combined with consumers with increased disposable income spending on their homes, have resulted in material supply challenges.

For customers, this has led to availability issues, particularly for timber, plasterboard and cement, although steel, copper and lighting have also been affected.

It is clear from this report that these shortages are now having a significant impact in the form of planning challenges, delays to existing projects and new project starts, but that customers are rising brilliantly to this challenge by proactively managing and working around these issues by planning further ahead and finding alternative solutions, such as trying new products and working more collaboratively.

We are still mindful of just how destabilising these issues can be, which is why we are working closely with customers to make sure they are kept informed as early as possible about potential supply delays and price increases, and that we have been taking great care to allocate products fairly and equally, to help keep projects on track.

Besides asking them to plan further ahead, we have also encouraged customers to refrain from stockpiling and emphasized the importance of open dialogue to work effectively and efficiently in partnership.

As the largest supplier of building materials and equipment in the country, we have been able to leverage our scale and work closely with our suppliers to continue to provide the products that are in short supply. At local levels, we are encouraging customers to plan ahead, but are also fulfilling orders for them from other locations where required.

These measures combined have enabled the tradespeople surveyed here to work through many of the material challenges and remain confident in their outlook for the future. This clearly demonstrates the strength and resilience of UK tradespeople, who make such a significant contribution to the national economy, so it is hugely encouraging to see their confidence in domestic repairs and maintenance as a continued key driver for growth in the months ahead.

These findings are also testament to the strength of the ongoing recovery in the UK construction sector, particularly within the repair, maintenance and improvement market where the vast majority of the respondents (70%) see the bulk of their work coming from.

With a team of over 20,000 colleagues operating from almost 2,000 branches, stores and sites around the country, we continue to play a key role in helping the UK construction industry to 'build back better' as the country recovers from the difficulties we have all faced over the past 18 months.

All of our customers, from national house builders and contractors through to the tradespeople who have taken part in this report, are central to this recovery, and we are proud to work with them, and remain completely committed to continue to support them in the best possible way.

95%

Expected their workloads to either remain the same, increase or even greatly increase over the next two months.

Who **we survey**

As the UK's largest distributor of materials and equipment to the building, construction and home improvement markets, we have a unique insight into how the country's tradespeople operate. This report captures the views of over 1,446 tradespeople from all areas of the country in order to understand their views on future workloads, areas of the market driving their business, and issues such as COVID-19 and the ongoing global shortage of raw materials.

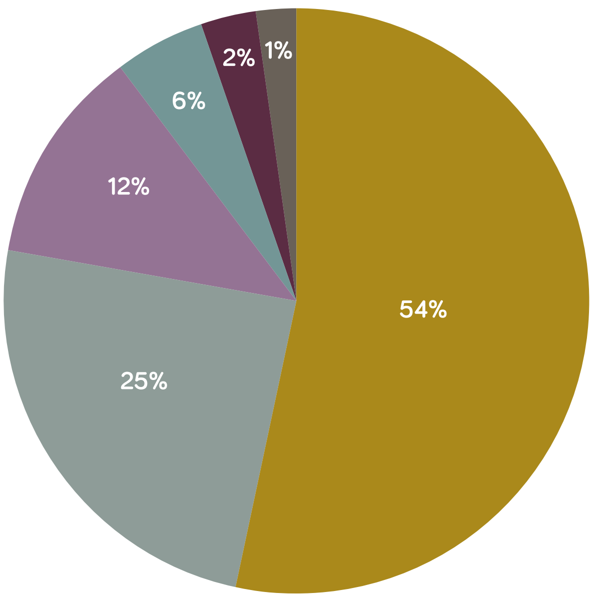
Customers from our Travis Perkins, Keyline, CCF and Toolstation businesses were surveyed via email in July and asked to look ahead to the next two months. The responses we received represent a significant cross section of the UK market and span a wide variety of company sizes, from sole traders through to companies employing up to 100 staff. The majority (54%) are sole traders while nearly four out of five employ no more than three people.

This report captures the views of

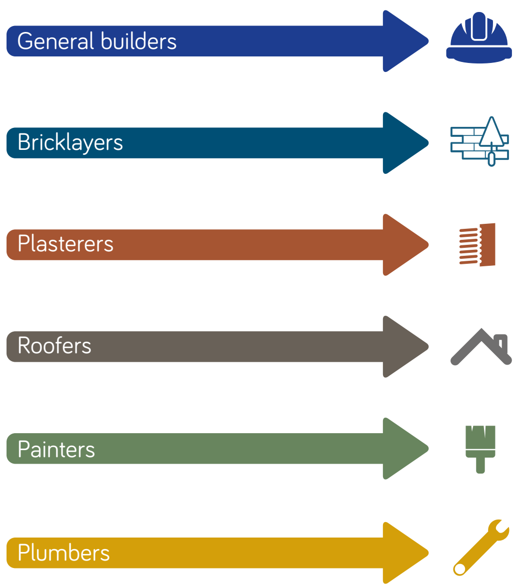
1,400+ Tradespeople

Number of employees

1 | 2-3 | 4-7 | 8-13 | 14-24 | 25-101+



Respondents were drawn from across the market and included:

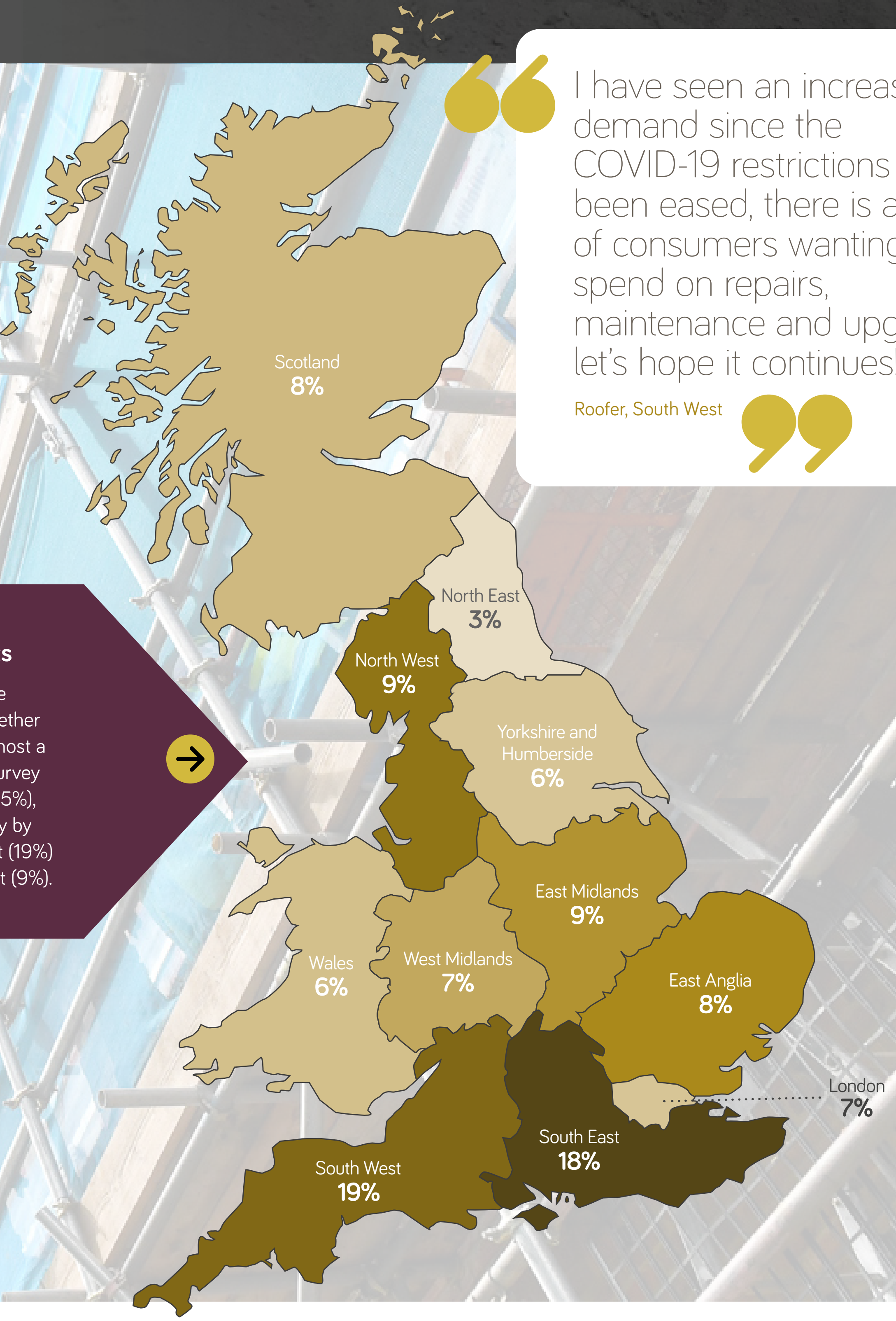


Regional **presence**

> I have seen an increase in demand since the COVID-19 restrictions have been eased, there is a trend of consumers wanting to spend on repairs, maintenance and upgrades, let's hope it continues!
>
> Roofer, South West

Survey Respondents

London and the South East together account for almost a quarter of all survey respondents (25%), followed closely by the South West (19%) and North West (9%).



Summary and **key figures**

Despite the continued challenges posed by the ongoing COVID-19 pandemic, concerns around restrictions and global supply shortages in key materials, the UK's tradespeople still remain very optimistic about the near-term outlook for their businesses with almost all expecting their workloads to either remain the same, increase or even greatly increase over the next two months.

Very few expected to see a decline in the amount of building materials they anticipate purchasing over the next two month period. For the vast majority, domestic repair and maintenance is still highlighted as the main driver of growth for their business although a significant proportion also highlighted new build housing as the expected source of most of their work.

Looking ahead to the next two months:

95% expect workloads to either remain the same, increase or greatly increase

88% say material shortages have impacted on their business in the last three months

6% expect to see a decline in the amount of building materials they anticipate purchasing

70% see domestic repairs and maintenance as a key driver of growth

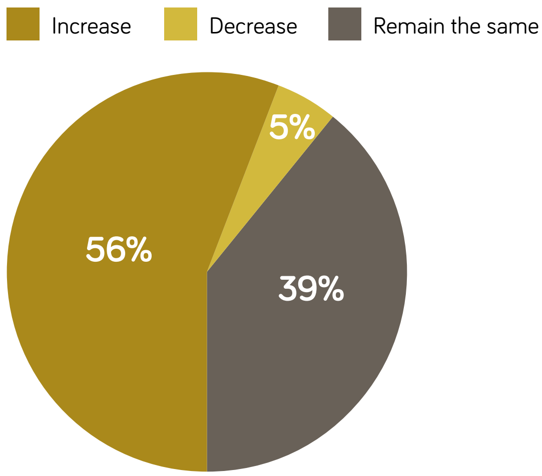
20% anticipate new build housing to be a key driver of growth

> We expect to work as normal for the rest of 2021.
>
> Carpenter, London

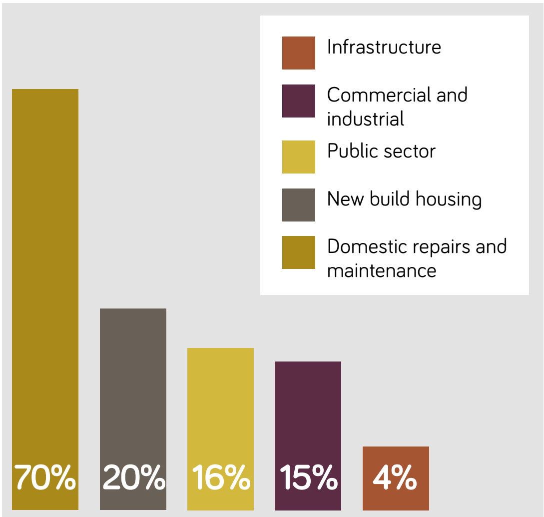
Confidence in **future workload**

Respondents remain upbeat when assessing their expected workloads over the next two months. Over half (56%) of all respondents believe workloads would increase over the next two months while 39% expect it remain unchanged with only 5% forecasting a decline in activity levels. This sentiment was broadly mirrored by respondents' assessment of their likely materials needs with 60% forecasting an increase in their materials requirements over the next two months and 34% expecting no change. Only 6% expected to see their materials requirements decline. Once again, a significant majority of respondents pinpointed the domestic repair and maintenance market as being the key driver of growth for their business with 70% highlighting this area as where they will see the majority of work coming from over the next two months. Interestingly, 20% also selected new build housing as a key driver of growth.

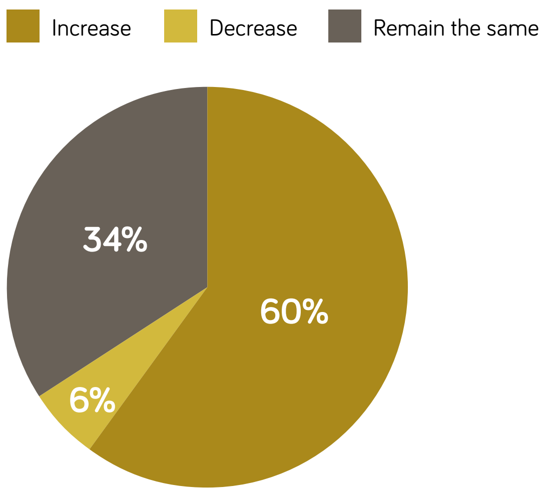
What do you expect workloads to do over the next two months?



Which industries do you see driving work over the next two months?



What do you expect materials purchases to do over the next two months?



Markets and **materials**

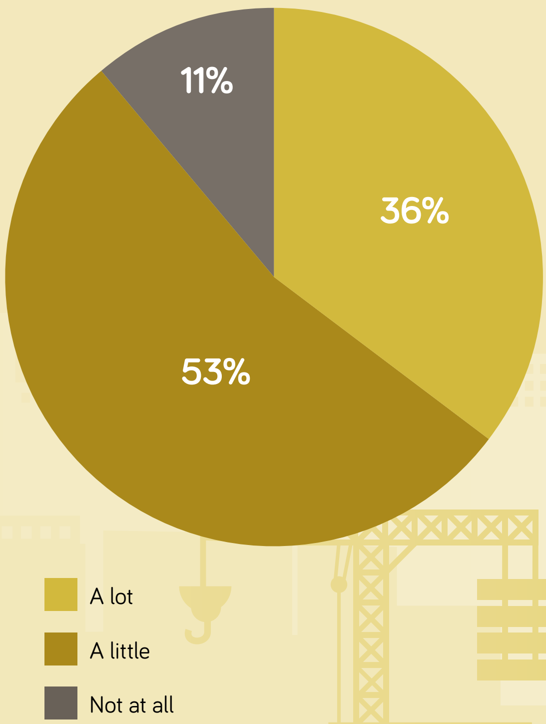
It is clear from this report that materials shortages are now having a significant impact in the form of planning challenges, delays to existing projects and new project starts.

Just over half of respondents stated that materials shortages have only had 'a little' impact on their business over the last three months, but that this impact has been in the form of rising project costs (59%%), difficulties in planning (55%) and increased project lengths (49%) as well as having to delay project starts (44%).

How have materials shortages impacted businesses in the last 3 months?*

59%	Increasing project costs
55%	Making it harder to plan
49%	Increasing length of projects
44%	Delaying project starts

How much of an impact have materials shortages had on businesses in the last three months?



> I'm seeing a lot of work that was delayed from earlier in the year come back.
>
> Builder, Scotland

*This question allowed respondents to select multiple answers to reflect the various types of work tradespeople carry out.

Markets and **materials**

How are businesses managing the current issues with materials availability?

From these findings, tradespeople are working round the issues posed by global shortages of key materials in a variety of ways. Some are using more suppliers (73%), others are using different brands (48%), some are buying materials earlier (41%) while some are sharing materials with other tradespeople.

73% Using more or different suppliers

48% Seeking alternative products or brands

41% Buying materials earlier

8% Sharing materials with others

> It has been a trying time but it will pass as the economy starts to return to normal.
>
> Plasterer, North East

Conclusion

This year has so far been intensely challenging, but it is heartening to see how resilient the UK's tradespeople have continued to be in the face of such adversity, and how optimistic they are for the future.

These tradespeople are in many ways the unsung heroes of the past 18 months. They have kept our country going by working tirelessly to keep us all dry, warm, safe and secure, and they now have a vital role to play in a recovery that is gathering momentum, delivering domestic modifications and improvements, new housing and infrastructure projects.

UK construction is a vital part of the country's economy and the only sector where output is above its pre-pandemic levels; supporting over 2 million jobs and contributing £153 billion to the UK, which is typically over 6% of total economic output, according to The Office of National Statistics. The Repair Maintenance and Improvement (RMI) market constitutes around 20% of this (£29bn in 2019); a value that is projected to continue to rise over the next two years according to Experian forecasts.

Given the sector's significant contribution to the national economy, it is hugely encouraging that our tradespeople, who make up the backbone of this market, feel confident about their future workloads as we move through and beyond COVID-19.

Like the rest of the world, we will continue to wrestle with the pandemic and global materials shortages in the near term. Our own workforce has shown that they can meet these challenges head on, however, and I am intensely grateful for their continued hard work and commitment, which has seen us reshape our proposition in line with changing customer needs.

This confident outlook by tradespeople is therefore echoed by the faith I have in our own colleagues and their ability to respond to our customers' RMI requirements, which show no signs of easing. Tradespeople remain extremely busy, as people continue to invest in their own homes, and with the government's commitment to invest in the decarbonisation of homes, the move to cleaner economic growth will continue to boost RMI and ensure this sector continues to remain strong for the foreseeable future.

Our **businesses**

Travis Perkins plc

Travis Perkins plc is the UK's leading supplier of materials and equipment to the building, construction and home improvement markets. With annual revenues of £5bn, the Group employs 20,000 colleagues across the UK, France and Benelux and is proud to have helped to build Britain for over 200 years.

www.travisperkinsplc.co.uk

Our best known businesses:

Travis Perkins

The UK's largest builders merchant supplying building materials and tool hire to trade customers.

560+ branches

Toolstation

One of the UK & Europe's fastest-growing suppliers of tools, accessories and building supplies to trade and DIY customers via a multi-channel offering.

600+ branches

BSS

The UK's largest distributor of pipeline and heating solutions, supported by in-house technical teams and tool hire facilities.

50+ branches

Keyline Civils Specialist

The UK's number one supplier of specialist civils and drainage solutions with a nationwide branch network stocking materials for all projects.

40+ branches

CCF

Distributes insulation and interior building products, and has a comprehensive stock for interior building specialists, contractors and builders.

35+ branches

Benchmarx Kitchens and Joinery

Kitchen and Joinery specialist, supplying high quality kitchens ranges, appliances, worktops and joinery to trade customers.

150+ branches

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