

Chair's statement



It brings me great pleasure to introduce the Annual Report for 2022. It has been a challenging year for businesses and many people in our society and I am proud that Travis Perkins has shown character and resilience throughout the year.

Jasmine Whitbread
Chair

Distribution to shareholders

In 2021 the Group laid out clear guidance on shareholder returns and I am pleased to reiterate those principles here. The Group will deliver returns to shareholders by:

- Achieving the best earnings number available given market conditions and in accordance with our values and long-term views.
- Paying out 30–40% of those (adjusted) earnings each year as an ordinary dividend.
- Ensuring that we fund this through strong cash conversion, disciplined capital allocation and remaining within our published leverage targets of 1.5–2 times net debt / EBITDA.

We have achieved these goals and announced a final dividend of 26.5p pence per share which, when combined with the interim dividend paid in November 2022 of 12.5p per share, will result in a total distribution of £82m for 2022.

In addition to this, the Group completed the return to shareholders of the proceeds from the sale of the Plumbing and Heating Division in 2021. A total of £321m has now been returned, comprising the special dividend of £78m and a share buy-back of £71m in 2021 and a further share buy-back of £172m in 2022, keeping the Group in the middle of our leverage target range.

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Section 172 statement

Working together with our stakeholders towards shared goals is part of how we deliver long-term sustainable success.

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Introduction

It has been a challenging year for business in 2022 as the full implications of the war in Ukraine have become apparent. The bright start to the year seems a long time ago and we have needed to adapt to a period of significant inflation and more cautious end markets. This has led to a difficult period for the share price, albeit one which has been sector and market wide. Throughout 2022 we have needed to remain focused on the fundamentals of the model laid out at our Capital Markets Update in September 2021 and I am proud of the response across the Group. We have taken the right decisions to help our customers, care for our people and be fair to our suppliers. Our Purpose and Values guide us through difficult times and this has given the Group a clear direction and sense of the right things to do.

People and Culture

The Group continued efforts building a culture of healthy sustainable performance, one where its 20,000 colleagues are successful individually and as a team, and are working together to create a fully inclusive and healthy workplace.

As I have visited the operations I have observed how the refreshed Group values have been developed, launched and integrated into our language and are also being demonstrated in actions and behaviours across the Group. Colleagues were at the heart of the development of the updated values, which reflect every part of the business and every colleague group. In a year of great workforce and workplace challenges the Group has rightly maintained keen attention on colleague voice and engagement. A group-wide engagement survey was completed and colleagues participated in the ESG materiality assessment. Pete Redfern continued as the designated workforce engagement Non-executive Director and his colleague listening focus was on drivers and new starters. Key feedback themes have included safety, belonging, equal opportunity, customer focus and corporate citizenship. Further progress on diversity, equity and inclusion (DEI) has been evident with continued improvement in overall gender balance and the extension of existing family policies.

Dividend per share**39.0p****Total cash to shareholders****£254m****Board and Leadership**

I am pleased to report further strengthening of the Board and Executive Leadership Teams.

In January 2023 we welcomed Louise Hardy to the Board, increasing the range of experience and talent available to help steer and shape the Group. A civil engineer by background, Louise has wide-ranging experience across the construction sector from the delivery of major projects at the London 2012 Olympics through to the governance of large businesses in the sector in her role as Non-executive Director at Balfour Beatty plc and Crest Nicholson plc. In addition to her business roles, Louise is a keen volunteer within the industry as a STEM ambassador and diversity champion. Louise will make a broad contribution to the Group and we look forward to working with her.

The Executive leadership team under Nick Roberts continues to deliver experienced and high-quality leadership through the challenging macroeconomic conditions. I have been impressed by the way that the Executive team has risen to the challenge of leading the agenda on a variety of issues that support the need to change our industry.

In January 2023, the Group announced that Kieran Griffin, Managing Director of Travis Perkins would leave the Group after 28 years of valued service, to be replaced by James MacKenzie, currently the Managing Director of Toolstation. James' role at Toolstation will be filled by Angela Rushforth, who is currently Managing Director of BSS. I look forward to working with these talented individuals in their new roles.

Decarbonising our industry

The Group has demonstrated its ambition to play a leading role in the creation of a more sustainable construction industry with investments in skills, knowledge and capabilities to support the modernisation and decarbonisation of the sector. The integration of ESG into the Group's strategy is driving a number of commercial-opportunity-led initiatives directly addressing customer needs in reducing waste and in reporting and reducing their carbon use. In 2022 positive progress was made against existing carbon reduction targets and the Group set interim targets for buildings, fleet and Scope 3 emissions engagement by 2027.

Summary and looking forward

I take two perspectives in looking forward. Firstly, from a macro perspective it is hard to look forward without some uncertainty. At the time of writing it is difficult to predict the shape of the UK economy in 2023 and the route it will take to recover from the current low point. The second perspective I take is on whether the Group is in good shape to meet and overcome these challenges. Here I am confident, convinced that we have the right strategy, the right skills and the high-quality leadership to ensure we win and grow our share of an exciting and attractive market.