Travis Perkins plc

Investment case



Travis Perkins TOOLSTATION BSS Keyline CIVILS SPECIALIST CCF

Travis Perkins plc - a leading partner to the construction industry

Proud to have helped to build Britain for over 200 years, Travis Perkins plc is the largest distributor of building materials in the UK with a growing presence in France, Belgium and the Netherlands through Toolstation. The Group employs over 20,000 colleagues across a portfolio of market leading businesses, which are all #1 or #2 in their markets.

Travis Perkins plc

CCF

UK's leading distributor of insulation and interior building products

35+ branches.

Travis Perkins

UK's largest builders merchant supplying building materials and hire service to trade customers

600+ branches

BENCHMARX Kitchens and Joinery

Kitchens and joinery specialist.

Travis Perkins Managed Services

Repair & maintenance management for social housing landlords.

STAIRCRAFT

Design and manufacturing of integrated stair, floor and door solutions

Keyline CIVILS SPECIALIST

UK's number one supplier of specialist civils and drainage solutions

40+ branches

BSS

UK's largest distributor of pipeline and heating solutions, including hire facilities

60+ branches

tf solutions AIR CONDITIONING AND REFRIGERATION

Distributor of air conditioning and refrigeration distributors in the UK.

TOOLSTATION

Fast growing supplier of tools and building supplies in UK and Europe

700+ branches

Travis Perkins plc - a leading partner to the construction industry with a clear strategy for growth



The Group is guided by a clear purpose

PURPOSE
We're here to help build better communities and enrich lives

AMBITION
Leading partner to the construction Industry

SUSTAINABILITY PRIORITY
Decarbonising the Industry

BUILDING FOR BETTER

Changing the game

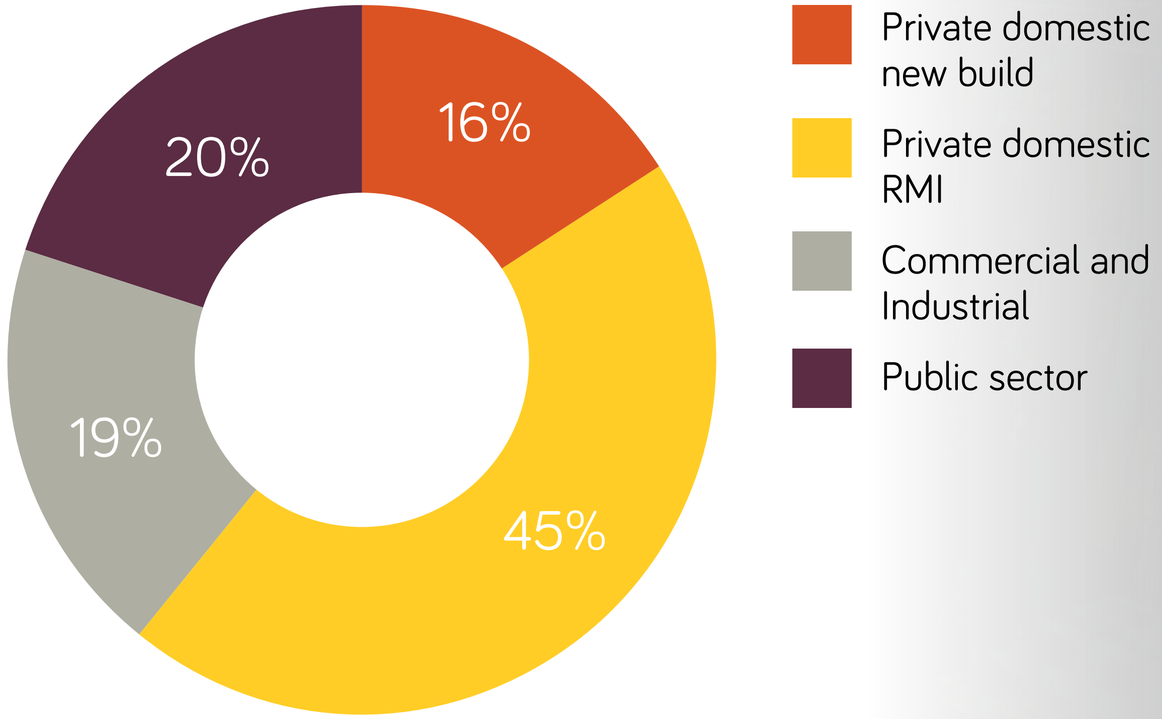
- Modernising construction
- Sourcing responsibly
- Operating sustainably
- Developing the next generation



Operating and leading in attractive markets

The market for UK construction is around £78bn annually of which £60bn is serviced by distribution

The Group benefits from diverse end market exposure across the construction sector



Long term structural growth drivers

Changing patterns of behaviour	Need to decarbonise towards Net Zero	Shortage of accommodation	Underinvestment in infrastructure
Growing need for warehousing and logistics space	Poor state of repair of UK housing stock	Lack of rental properties	Major infrastructure projects e.g. HS2
Housing remodelled for home working	Need for more sustainable new-build homes	Growing population and number of households	Retrofit of social housing to meet new standards
Offices updated for hybrid working	Pressing need to improve energy efficiency	Need for more / better quality student accommodation	Schools and hospitals rebuilding plan

Private domestic new build

Private domestic RMI

Commercial and Industrial

Public sector

Merchanting market share gains driven by network expansion and value-added services

Actions taken to refocus and modernise the business have delivered strong results with operating profit up 18%,* capital employed reduced by £(95)m and ROCE up 280bps* 2018-22

Recycling capital into larger destination branches with focus on major conurbation

Deepening relationships through digital leadership and enhanced specialist proposition

Ongoing evolution of services to elevate relationships and increase penetration

Selective bolt on M&A to address new markets and add capability

Ambition to grow value-added services



Managed Services ~£200m
- Currently serves public sector domestic RMI market
- Long-term commitments to customer contracts
- Potential to extend to other adjacent markets

Benchmarx ~£150m
- Integrated into TP with 67 implants and 84 stand-alone branches
- 30% of customers buy kitchens, currently 4% buy them from TP
- Digital developments will drive customer journey

Hire ~£110m
- 12% of TP customers hire from over 250 branches
- Customers can benefit from product and tool hire at the same time
- Full range offered to customers through 're-hire' partners

Value-added services are margin accretive

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Enabling attractive returns on investment



	New branches	Relocation / Redevelopment
Capital requirement per branch	~£1.5m	~£0.7m
Incremental revenue per branch at maturity	~£7.0m	~£2.6m
Target ROI	30%+	30%+
Potential number of projects	Up to 50 in next 5 years	Up to 50 in next 5 years

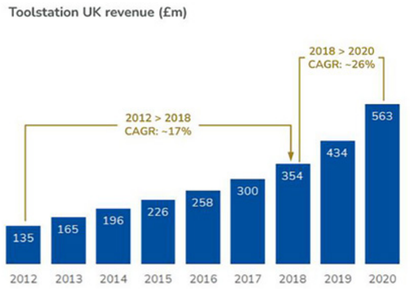
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* Excluding £15m restructuring charge in 2022

Substantial Toolstation growth potential in both UK and European markets

- Digitally-led lightside format with leading value and service proposition
- UK revenue CAGR of ~17% 2012-22 but still substantial scope for market share gains
- Significant UK maturity benefits remain with around 50% of branches yet to reach maturity. Target £1bn+ of revenue from 650 branches
- Strategy focused on deepening relationships with trade customers
- Untapped Toolstation Europe potential with first mover advantage in Benelux and France

Toolstation UK has significantly outperformed the market



Levers of growth

01 Network
- Accelerated branch opening plan, facilitated through smaller footprint branches

02 Propositional Development
- 5 minute click and collect
- Digital acceleration
- 7 day delivery with late cutoff
- Trade credit offering

03 Range Extension
- 10,000 new products

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Toolstation Europe will follow a similar route

Over time, expect businesses to be similar to UK in revenue, gross margin and net margin trajectory

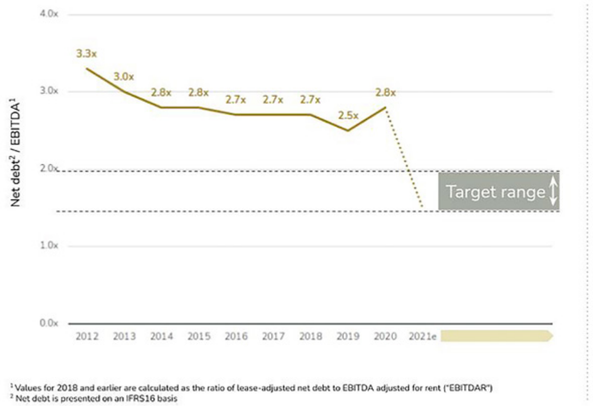
	Market Size (€bn)	Branches	Business Maturity	Potential relative to UK	
Netherlands	~€6bn	Today 66 Potential 150+		Medium	• Expect to break even in next 24 months • Gross margin growth through customer mix and supplier deals • Operating margin driven by gross margin and operating leverage
Belgium	~€5bn	Today 7 Potential 100+		Medium	• Expect to break even in 3-5 years • Continue branch rollout at pace • Shared warehousing and central costs with NL will aid move to profitability
France	~€22bn	Today 31 Potential 600+		Equivalent or larger	• Longer-term opportunity but with highest potential • Testing and refining network model and marketing proposition prior to more significant scale-up • Investment of €35-40m over next two years

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Maintaining operational agility and discipline in capital allocation

- Robust balance sheet with strong cash generation
- Leverage targets support investment grade debt metrics / pricing
- Disciplined capital allocation funded from free cashflow
- Freehold property backing protects key assets, generates earnings and recycles cash
- Focus on operational efficiency with cost base flexed to reflect market conditions

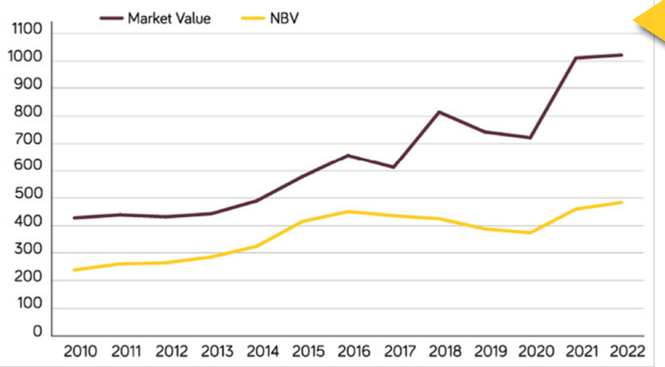
Highly achievable leverage targets



[1] Values for 2018 and earlier are calculated as the ratio of lease-adjusted net debt to EBITDA adjusted for rent ("EBITDAR")
[2] Net debt is presented on an IFRS16 basis

- Significant reduction in Group leverage since 2012 with material reduction driven by 2021 portfolio actions
- Target leverage of 1.5 - 2.0x Net debt / EBITDA
- Expect to operate in the medium term towards the lower end of the target range

Freehold property portfolio market value and Net Book Value (NBV)



Since 2010 the market value of the Group's freehold estate has grown by almost £600m and the book value has grown by c.£240m. During this period the portfolio has also generated net proceeds after reinvestment of £100m and profits of £300m. This highly capable management of the property portfolio enables the Group to access the best operational sites, generate cash and release profits.

Attractive returns for shareholders

Merchanting leadership and Toolstation expansion driving above market growth

Strong cash conversion from disciplined working capital management

Incremental cash release from freehold property development

Robust balance sheet and focused allocation of capital

- Attractive earnings growth
- Ordinary dividend (30 – 40% FY adj. earnings)
- Potential for additional return of surplus capital

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Matt Worster
+44 (0) 7990 088 548
matt.worster@travisperkins.co.uk

Travis Perkins Plc.
Ryehill House, Ryehill Close,
Lodge Farm Industrial Estate Northampton
Northamptonshire NN5 7UA.

www.travisperkinsplc.co.uk