

25 April 2023

**Travis Perkins plc - first quarter trading update for the three months to 31
March 2023**

**Resilient Q1 performance in challenging market conditions; full year
expectations unchanged**

Travis Perkins plc, a leading partner to the construction industry, delivered a resilient first quarter trading performance with total sales down by (2.8)%¹ amid challenging market conditions.

As expected, trading volumes in the Merchanting business were impacted by weakness in the new build housing and domestic repair, maintenance and improvement (RMI) markets. The commercial, industrial and public sector markets, which represent just under half of the Group's end market exposure, saw more resilient demand.

Merchanting sales price inflation moderated from the second half of 2022 but remained elevated at 9.0%. This was predominantly driven by the rollover of price increases from prior year but also reflective of pass-through of further manufacturer increases on some key product lines in 2023. Overall, Merchanting total sales were down by (4.7)%¹ in the quarter.

Longer term social and economic infrastructure projects continue as planned across areas such as social housing, road, rail, schools and hospitals with investment in these strategically important markets largely underpinned by legislation and regulation, which continue to evolve at pace. As an example, the recent announcement of nearly £2 billion in funding for The Social Housing Decarbonisation Fund presents an excellent opportunity for the Group's Managed Services business.

The Group continues to make good strategic progress with the development of value-added services as customers increasingly look for support to navigate a more complex operational and regulatory environment. In March, the Group launched its WholeHouse initiative, an innovative approach which offers a turn-key solution to SME and regional housebuilders to plan and design bespoke digital models of individual housing units with the Group supplying all materials required for the build. Whilst this remains early-stage, there has been a positive response from customers, and is an example of how Travis Perkins Group can leverage its scale, deep understanding of the market and best-in-class sustainability insights to deliver benefits for customers.

Toolstation delivered a good performance in the first quarter with total sales growth of 8.6% and like-for-like sales growth of 4.6%. In the UK, the appeal of the omni-channel model to customers continues to drive digital adoption with App downloads now passing one million and almost a third of customers now preferring to use the App to purchase from Toolstation. The business has commenced commissioning of the new partly-automated UK distribution centre in Pineham, Northamptonshire which remains on track to be fully operational by the third quarter of the year. In Europe, total sales were up 14%² during the period with equally good adoption of the App, notably amongst the trade customer base.

Nick Roberts, Chief Executive, commented:

“As we had anticipated, trading conditions were challenging in the first quarter but our diverse exposure across the construction sector has enabled us to deliver a resilient performance. The timely actions taken to prepare our businesses for a lower demand environment mean that we continue to expect to deliver a full year performance in line with market expectations³.

We are focused on ensuring the right balance between cost and capital discipline and investing to deliver against our strategic priorities. The growth opportunities provided by the need to decarbonise the UK’s built environment, improve the energy efficiency of public and private buildings and increase the UK’s housing stock remain significant. Allied to our strategy of expanding value-added services in the Merchant businesses and maximising the growth potential of Toolstation, these structural drivers leave the Group well placed for future outperformance.”

Notes

¹ Trading day adjusted

² On a constant currency basis

³ “Market expectations” are derived from company compiled analyst consensus. This stood at £272m Group adjusted operating profit for FY23 at time of publication and can be reviewed via:

<https://www.travisperkinsplc.co.uk/investors/analyst-consensus>

Q1 2023	Merchanting	Toolstation	Group
Volume	(12.2)%	1.0%	(10.2)%
Price and mix	9.0%	7.6%	8.7%
Total revenue growth	(3.2)%	8.6%	(1.5)%
Network changes	0.5%	(4.0)%	(0.1)%
Trading days	(1.5)%	0.0%	(1.3)%
Like-for-like revenue growth	(4.2)%	4.6%	(2.9)%

Travis Perkins Management team will be hosting a call for analysts and investors at 8.30am BST. Details of the call are below with participants requested to join 10 minutes before the scheduled start time;

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Please quote "Travis Perkins Q1" when prompted by the operator

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