

27 April 2017

Travis Perkins plc

First quarter 2017 trading update – start to 2017 in line with expectations

### Highlights

- Total sales growth of 4.9% and like-for-like sales growth of 2.7%
- Strong performance by Contracts Division with like-for-like sales growth of 12.1%
- Consistent strong performance by Consumer Division
- Encouraging price initiatives delivered to recover input cost inflation

John Carter, Chief Executive, commented:

“We delivered solid like-for-like sales growth in the first quarter, with volumes across the Group, as anticipated, broadly flat. Revenue growth reflected careful pricing activity to recover input cost inflation assisted by the new pricing tools implemented over the last 12 months. Our Contracts business delivered a standout performance growing well ahead of the market.

Despite mixed trading conditions expected for the remainder of 2017, we continue to be confident in the longer term outlook for the building materials market and our opportunities to grow and outperform. We continue to invest to build upon the scale advantage we have created and to extend or develop superior customer propositions. These investments will enable us to improve cash flow and returns over the longer term.”

<i>Q1 2017 sales growth</i>	General Merchanding <sup>(1)</sup>	Plumbing & Heating <sup>(1)</sup>	Contracts <sup>(1)</sup>	Consumer <sup>(2)</sup>	Group
Like-for-like sales	(0.3)%	(1.1)%	12.1%	2.9%	<b>2.7%</b>
Net new space and acquisitions	1.0%	(0.2)%	(1.5)%	2.4%	<b>0.6%</b>
Trading day differences	2.4%	2.4%	2.7%	(0.9)%	<b>1.6%</b>
Total sales	3.1%	1.0%	13.3%	4.4%	<b>4.9%</b>
Two-year like-for-like	4.2%	1.1%	14.5%	10.4%	<b>7.0%</b>

Total Group sales grew by 4.9% in the first quarter, with like-for-like sales growth of 2.7%. The combination of our Merchanding divisions (General Merchanding, Plumbing & Heating and Contracts) delivered total sales growth of 5.1% and like-for-like sales growth of 2.6%. Price inflation across the Group in the first quarter was 2.6%, reflecting the increased cost of goods driven by foreign currency movements over the last nine months. Price inflation was recorded by all Divisions, but with higher rates of inflation in the Plumbing & Heating and Contracts divisions, given the higher mix of directly imported products and commodity materials.

Total Group sales benefitted from more trading days in General Merchanding, Plumbing & Heating and Contracts, which was offset by one fewer trading day in Wickes. With Easter falling in the second quarter in 2017, reported Consumer like-for-like sales growth was impacted by approximately three percentage points and reported Group like-for-like sales growth was impacted by approximately 0.7 percentage points.

General Merchanding total sales grew by 3.1%, with like-for-like sales declining 0.3%, albeit against the toughest quarterly comparative of 2016. The broadly flat like-for-like sales is in line with management's expectation of a decline in market volume offset by price inflation. During 2016 new pricing tools were developed to provide better guidance both to customers and branch colleagues. During the first quarter, this gave customers more consistent and market competitive prices and enhanced our control over the pass-through of underlying product price inflation.

Underlying trading in Plumbing & Heating continued to be tough with a decline in like-for-like sales of 1.1%. This was a mix of encouraging like-for-like growth from City Plumbing, offset by a further deterioration of the heating market, impacting PTS and F&P. Following previously disclosed changes in the management team at the start of the second quarter, the review of these operations continues, with more information to be provided at the interim results in August.

Like-for-like sales growth in the Contracts division was strong at 12.1%, albeit against the softest comparator in 2016. Two-year like-for-like growth in Q1 2016 was still strong at 14.5%. All businesses in the division recorded encouraging growth through significant market outperformance, supported by new build volumes. The six new CCF branches opened in December 2015 are maturing well and contributed to standout growth for this business.

The reported rate of growth for the Consumer division slowed in the first quarter at 2.9%, primarily due to the timing of Easter (which fell in Q1 2016, but Q2 in 2017). This timing effect suppressed reported like-for-like growth by approximately three percentage points. Underlying performance of both Wickes and Toolstation remains strong, with particularly good growth in the Wickes showroom offer, multichannel sales and the continued network expansion of both Wickes and Toolstation.

Recent market indicators such as mortgage approvals, housing transactions, house prices and consumer sentiment have given an inconsistent picture of the strength of the RMI market for the balance of 2017. The Group has therefore ensured that it has sufficient flexibility in its operating model and financial position in order to respond to or take advantage of changing market conditions and is on track to meet its full year expectations. The Group remains committed to continued investment in improving customer propositions, enhancing the property network and strengthening the Group's scale advantage to position it to outperform over the longer term.

## Enquiries

*Investor / analyst enquiries*

Jonathan Diec | +44 7887 454 584 | [jonathan.diec@travisperkins.co.uk](mailto:jonathan.diec@travisperkins.co.uk)

Matt Johnson | +44 7584 491 284 | [matt.johnson@travisperkins.co.uk](mailto:matt.johnson@travisperkins.co.uk)

*Media enquiries*

David Allchurch | Tulchan Communications | +44 207 353 4200

## Footnotes

1. *Like-for-like sales growth for the three month period ended 31 March 2017 compared to the three month period ended 31 March 2016 adjusted for the impact of extra trading days in the 2017 period. Total sales growth for the three month period ended 31 March 2017 compared to the three month period ended 31 March 2016 not adjusted for the impact of extra trading days in the 2016 period.*
2. *Wickes like-for-like growth for the 13 week period ended 1 April 2017 compared to the 13 week period ended 2 April 2016. Wickes total sales growth for the 91 day period ended 1 April 2017 compared to the 93 day period ended 2 April 2016.*