

Travis Perkins <sup>plc</sup>

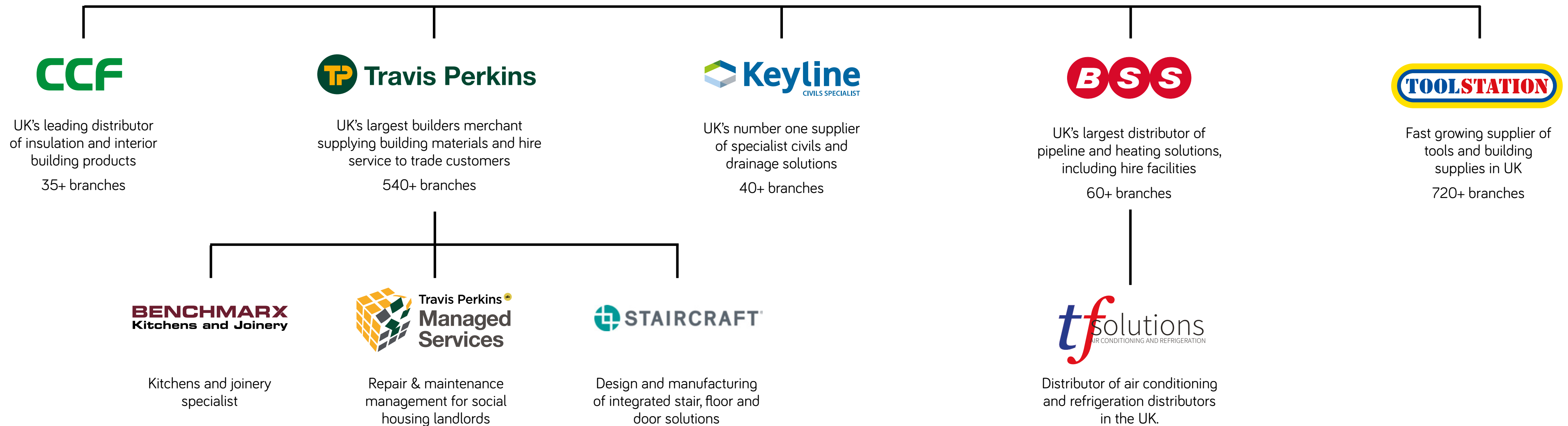
# Investment case



# 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. The Group employs over 19,000 colleagues across a portfolio of market leading businesses, which are all #1 or #2 in their markets.

## Travis Perkins <sup>plc</sup>



# 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

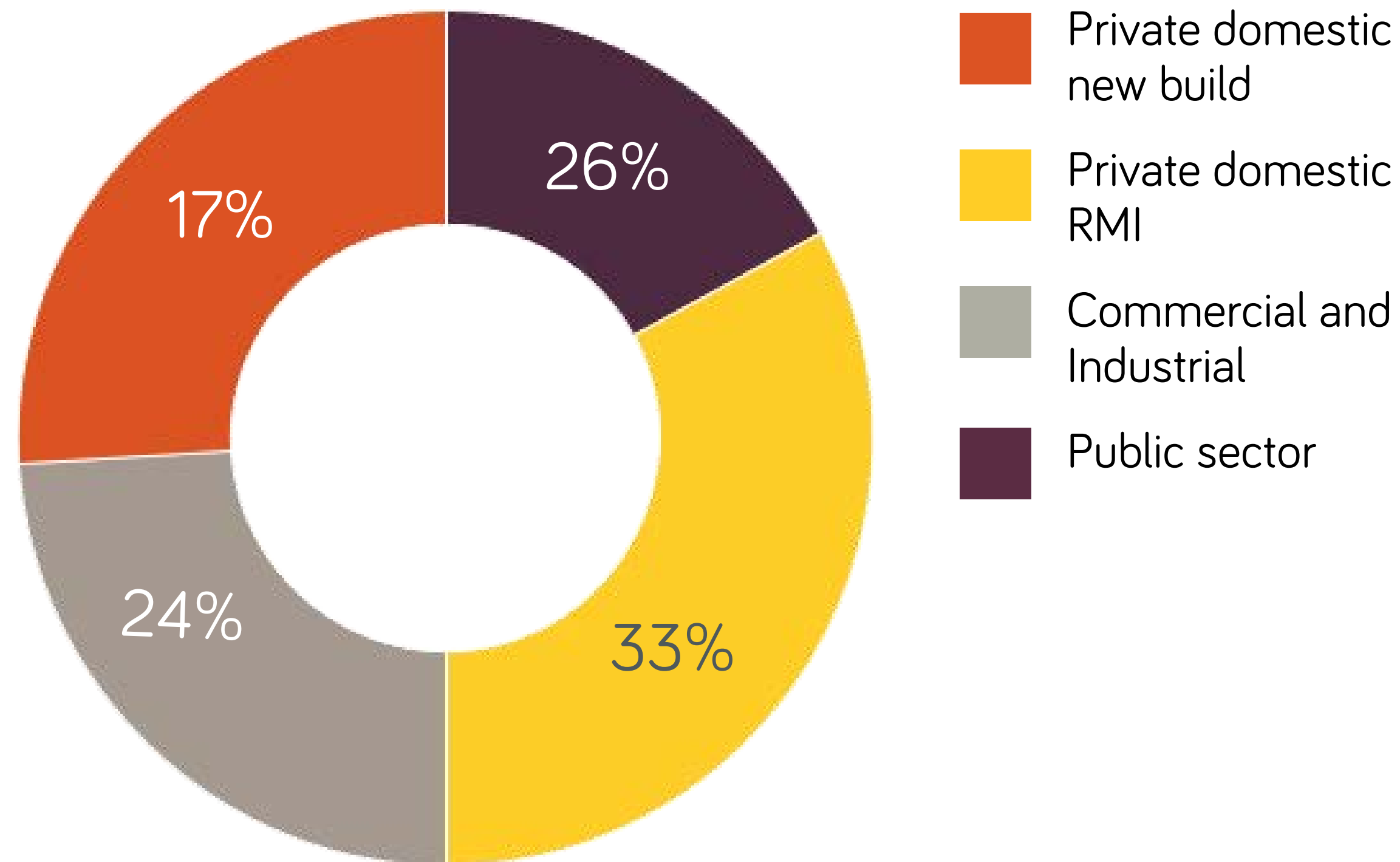
Developing the next generation



# 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

Growing need for warehousing and logistics space

Housing remodelled for home working

Offices updated for hybrid working

## Need to decarbonise towards Net Zero

Poor state of repair of UK housing stock

Need for more sustainable new-build homes

Pressing need to improve energy efficiency

## Shortage of accommodation

Lack of rental properties

Growing population and number of households

Need for more / better quality student accommodation

## Underinvestment in infrastructure

Major infrastructure projects

Retrofit of social housing to meet new standards

Schools and hospitals rebuilding plan

 Private domestic new build

 Private domestic RMI

 Commercial and Industrial

 Public sector

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

Actions taken to refocus and modernise the business

Recycling capital into larger destination branches with focus on major conurbations

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 TP



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

Travis Perkins

## Enabling attractive returns on investment TP



|  | 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   |

Travis Perkins

\* 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





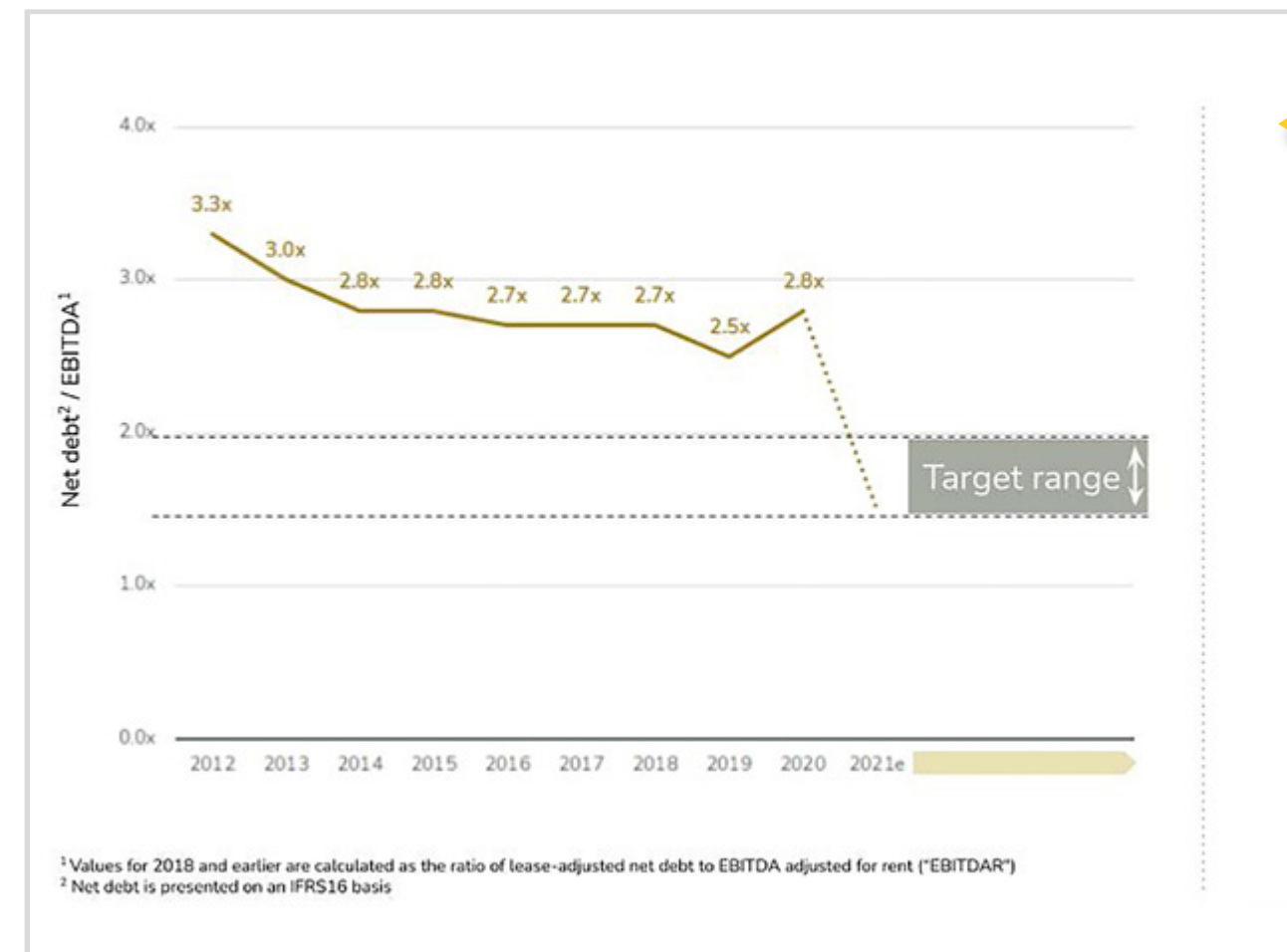
# Maintaining operational agility and discipline in capital allocation

Robust balance sheet with strong cash generation

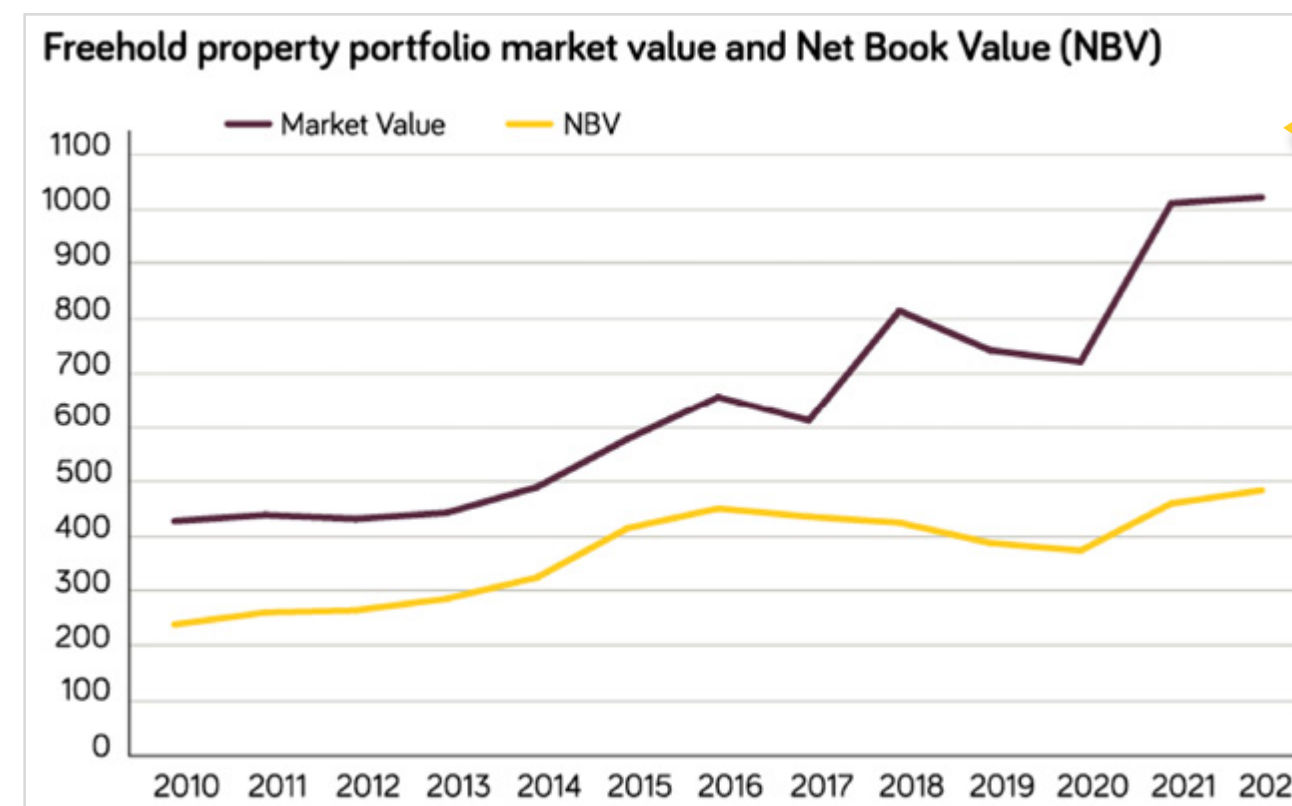
Disciplined capital allocation funded from free cashflow

Freehold property backing protects key assets, generates earnings and recycles cash

Focus on operational efficiency with cost base flexed to reflect market conditions

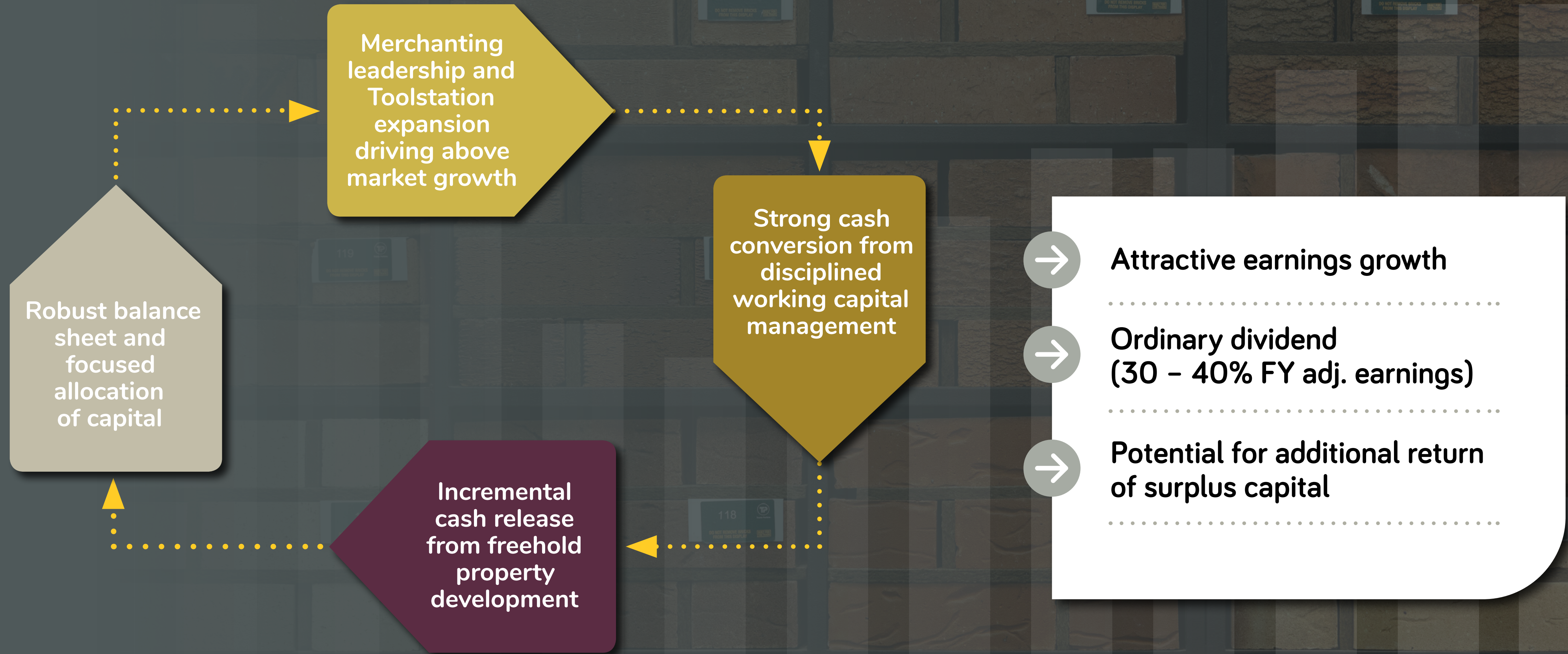


- Significant reduction in Group leverage since 2012 with material reduction driven by 2021 portfolio actions
- Target leverage of 1.5 - 2.0x Net debt / EBITDA
- Expect to operate in the medium term towards the lower end of the target range

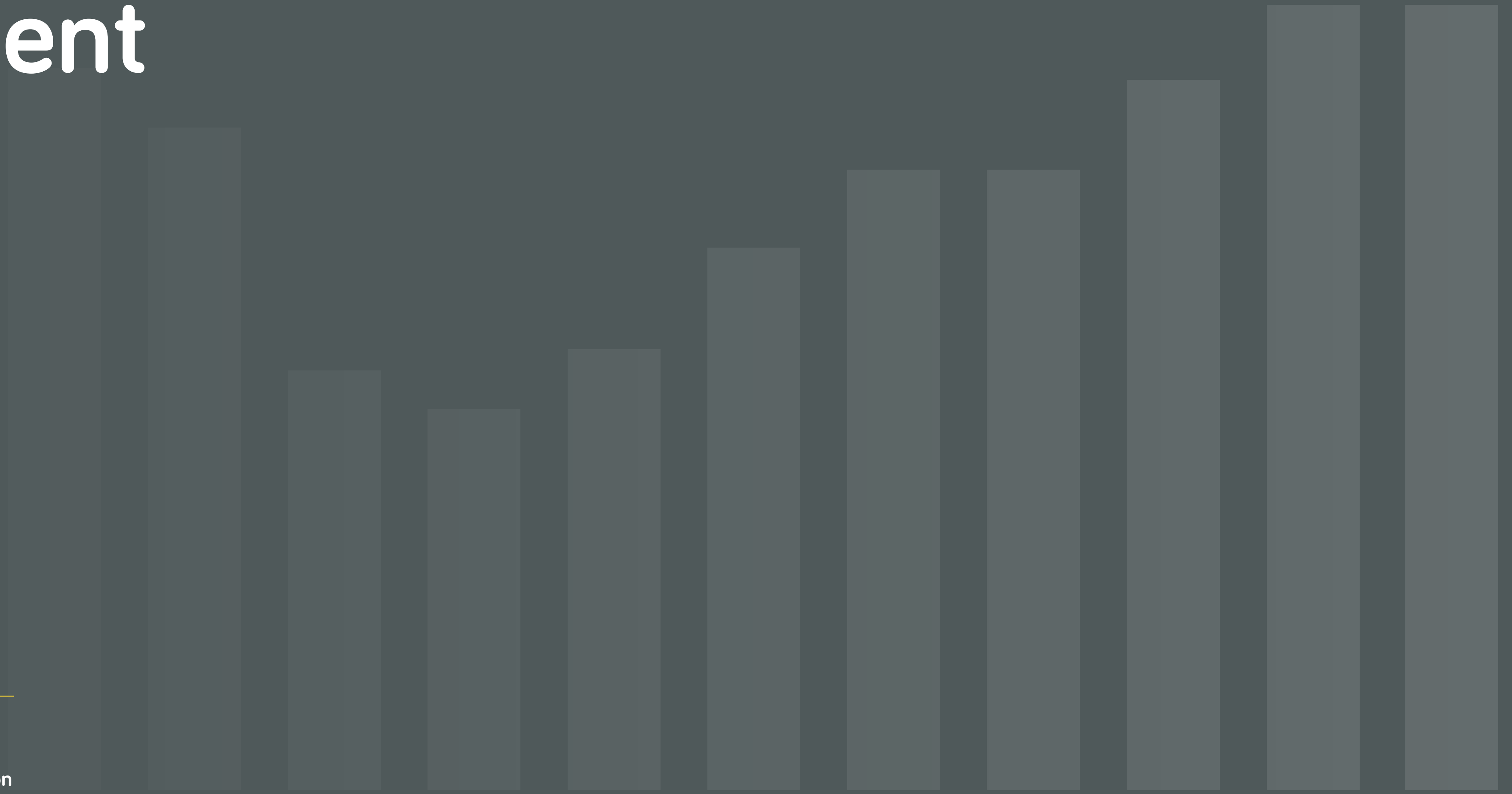


Since 2010 the market value of the Group's freehold estate has grown by almost £600m and the book value has grown by c.£240m. During this period the portfolio has also generated net proceeds after reinvestment of £100m and profits of £300m. This property portfolio management strategy enables the Group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

# Attractive returns for shareholders



# Investment case



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