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24 October 2024

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR)

Travis Perkins plc

Q3 trading update for the three months to 30 September 2024

- Group revenue down (5.7)%, driven by the Merchanting segment
- Robust performance from Toolstation, with revenue +2.9% in the UK and Benelux like-for-like sales +9.6%
- Loss-making operations in Toolstation France have ceased trading and remain on track for full closure by the end of FY24
- FY24 adjusted operating profit expected to be around £135m

Pete Redfern, Chief Executive of Travis Perkins plc commented:

“My first few weeks at Travis Perkins Group have reaffirmed that this is a business with many strengths – the quality of our nationwide branch network, strong customer and supplier relationships and, above all, an experienced team of branch managers and commercial leaders within the business.

Travis Perkins Group plays a critical role in the construction industry. Connecting our customers with the products and tools they need and removing the friction from fragmented and complex supply chains will be core to our strategy.

However, it is clear that the Group has allowed itself to become distracted and overly internally focused which has led to the underperformance in recent periods. We now need to get back to a focus on operational execution – delivering great products and great customer service and better leveraging our reach and scale.

Over the last nine months the team has made good progress on implementing cost discipline, improving working capital management and exiting Toolstation France. In addition to supporting these ongoing actions, my immediate priorities are driving and incentivising branch-led performance and motivation, identifying further ways to make the business run more efficiently and ensuring that we turn and face the anticipated recovery in the UK construction market.

During this important period, I will combine the roles of Group Chief Executive and Managing Director of the Travis Perkins General Merchant business. This will allow me to shorten reporting lines and develop our new strategy, working closely with the operational leaders of this business as well as the Group Leadership Team. I am confident that together we can bring significant improvements in performance and the execution of change.

I look forward to working with Geoff, Duncan and the wider Board over the coming months to shape the future of the business. We will provide a further update with the full year results.”

Business Performance

Group revenue declined by (5.7)% in the quarter with like-for-like revenue down by (6.8)%.

In the Merchanting segment revenue was (8.2)% lower on a like-for-like basis, driven by the General Merchant which has seen a loss of market share over the summer. Both volume and margin in the General Merchant have underperformed expectations with volume continuing to decline despite recent changes to optimise pricing. More widely the market remains mixed, with ongoing competitive intensity in some of the Group's Specialist Merchanting businesses but early signs of returning confidence in others.

Toolstation delivered a robust performance with growth of 2.9% in the quarter in the UK and Benelux like-for-like sales up 9.6%. Toolstation France remains on track for full closure by the end of FY24, with 8 branches being sold to Quincaillerie Angles as a going concern and the remaining 43 branches, alongside the transactional website, having now ceased trading.

Outlook

Given the shortfall in the Merchanting segment, the Board now expects FY24 adjusted operating profit to be around £135m.

Overall, the Group's key end markets are stabilising with some very early signs of recovery. Management expects to see positive growth in these underlying markets over the next twelve months, but that this growth will be slow and non-linear at the outset, with the benefit to financial performance starting to be realised in the second half of 2025.

Q3 2024	Merchanting	Toolstation	Group
Price and mix	(0.8)%	0.6%	(0.6)%

Like-for-like volume	(7.4)%	0.4%	(6.2)%
Like-for-like revenue growth / (decline)	(8.2)%	1.0%	(6.8)%
Network changes	(0.6)%	0.7%	(0.3)%
Trading days impact	1.7%	0.0%	1.4%
Total revenue growth / (decline)	(7.1)%	1.7%	(5.7)%

YTD 2024	Merchanting	Toolstation	Group
Price and mix	(2.7)%	1.6%	(2.0)%
Like-for-like volume	(4.2)%	(0.8)%	(3.6)%
Like-for-like revenue growth / (decline)	(6.9)%	0.8%	(5.6)%
Network changes	(0.5)%	0.9%	(0.3)%
Trading days impact	1.1%	0.4%	1.0%
Total revenue growth / (decline)	(6.3)%	2.1%	(4.9)%

Note - Toolstation segment numbers include Toolstation France

Pete Redfern and Chief Financial Officer Duncan Cooper will be hosting a call for sell-side analysts and institutional investors at 8.30am BST today.

Details of how to join the call are below. Participants are requested to join 10 minutes before the scheduled start time with pre-registration encouraged.

Advance registration

<https://www.netroadshow.com/events/login?show=890cbe67&confId=71746>

Alternatively use the numbers below:

Operator Assisted Dial-In:
United Kingdom (Local): +44 20 3936 2999
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