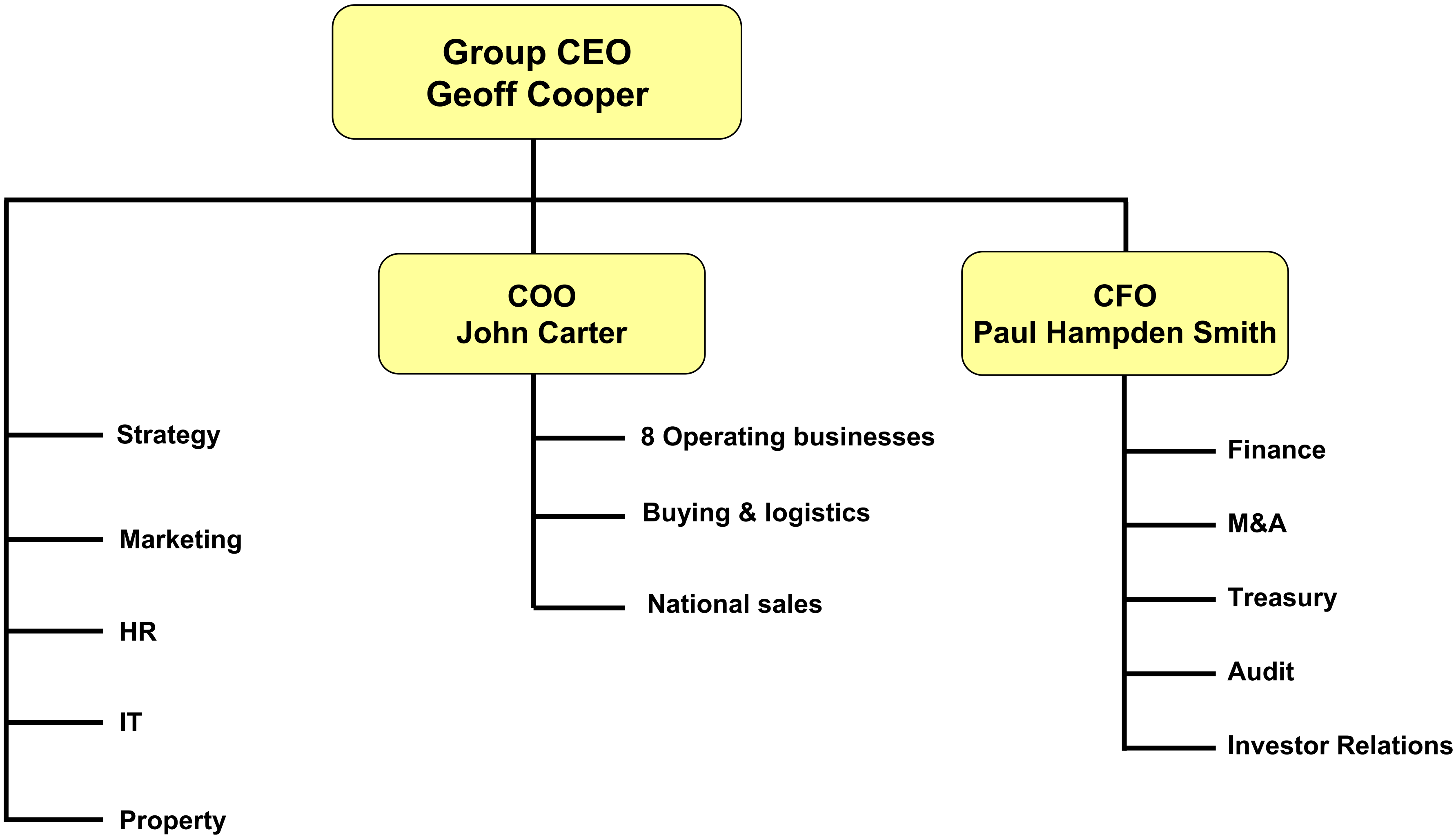
Travis Perkins Plc

COMPANY PROFILE AND PERFORMANCE

Travis Perkins Organisational Structure



Continue to deliver superior returns by......

putting in place and growing great businesses,
with outstanding people and operations,
providing comprehensive building material solutions,
to everyone creating, maintaining, repairing or improving the built environment,

...... helping to build Britain.

To ensure that anyone in Britain who wants to access any kind of building materials through any form of supply channel will have a Travis Perkins group operation as their first or first alternative choice

Section

I **Group Overview**

Travis Perkins – a significant operator with a successful track record

II **Market Overview**

Long term drivers of growth remain positive
Short term drivers of demand are set to recover towards the end of 2006

III **Competitive Positioning**

The group's businesses enjoy competitive advantage and deliver superior returns

IV **Strategy – Three key programmes**

Continue to drive scale benefits
Widen gross margins further
Drive further productivity and returns on capital

Travis Perkins has an established presence in two thirds of a total UK market worth £28bn.

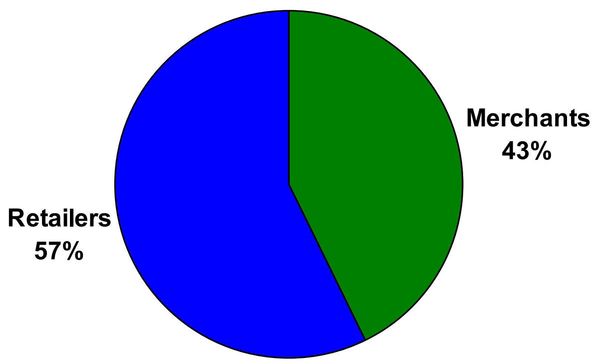
Material

c. 15 potential categories

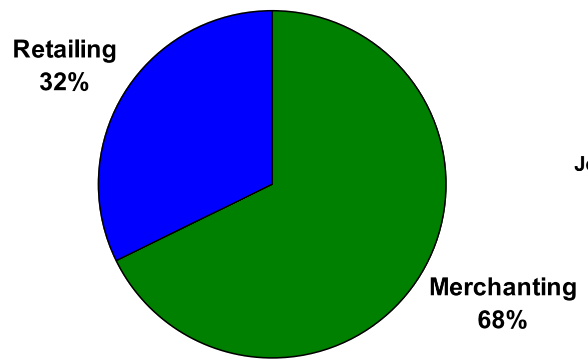
Channel	P&H	Civils	Dry Lining	Decorating, etc.
Retailing	Wickes		Wickes	Wickes
General merchanting	TP	TP	TP	TP
Specialist distribution	City	Keyline	CCF	
Direct to site	TP	TP	TP	TP

Travis Perkins is a significant operator in UK markets worth £28 billion

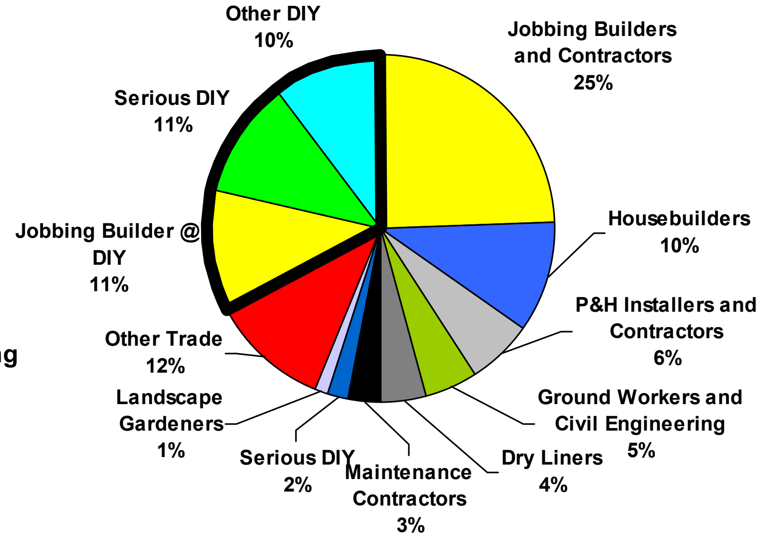
Market size £28bn



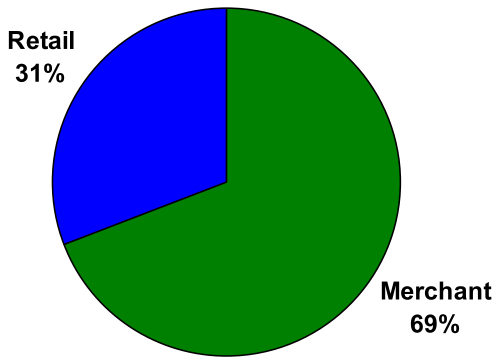
Turnover £2.7bn



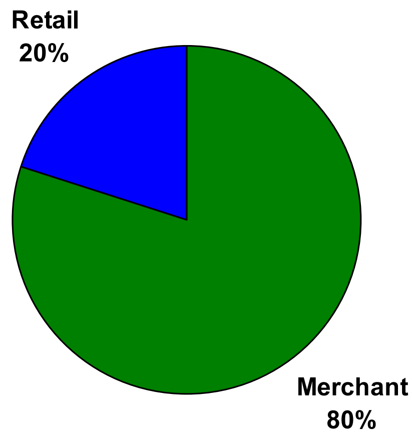
Customer split by spend



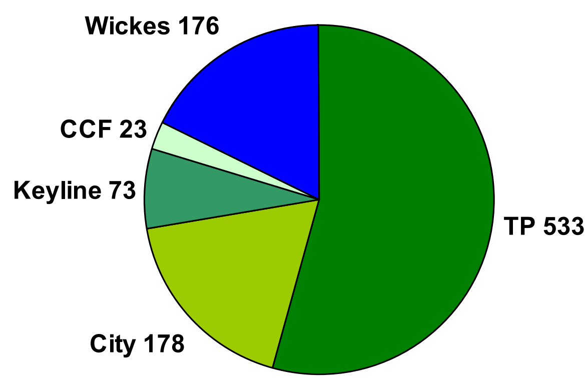
14,000 Employees



£265m EBITA



5 Brands on 983 sites

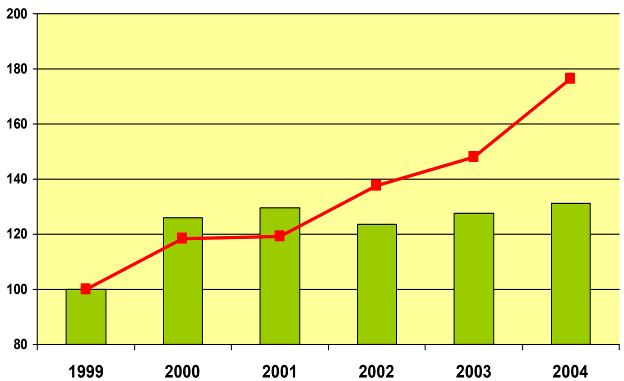


Source: Verdict and Consult GB for market data; TP internal analysis; Sales and EBITA figures based on consensus forecasts

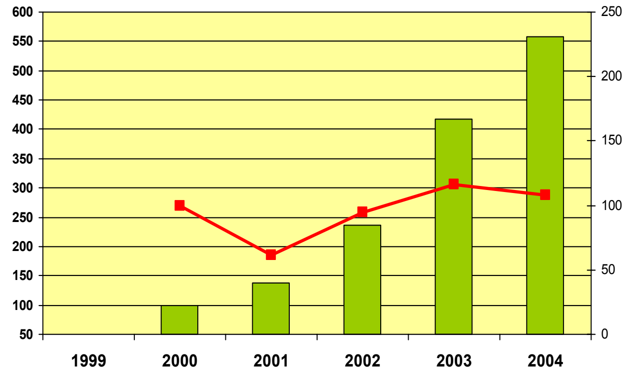
- Expanded branch network from 213 to 983
- Investigated, acquired and integrated 160 acquisitions
- Launched 120 brownfields
- Successfully entered 3 new segments – Civils, P&H and Dry Lining

Sales and RoS indices (from year of acquisition by TP)

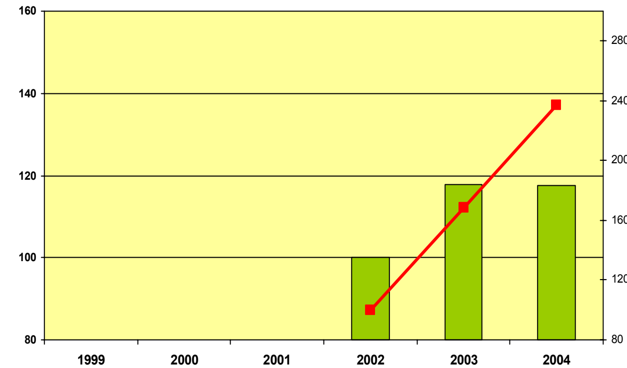
Civils - Keyline



P&H - City



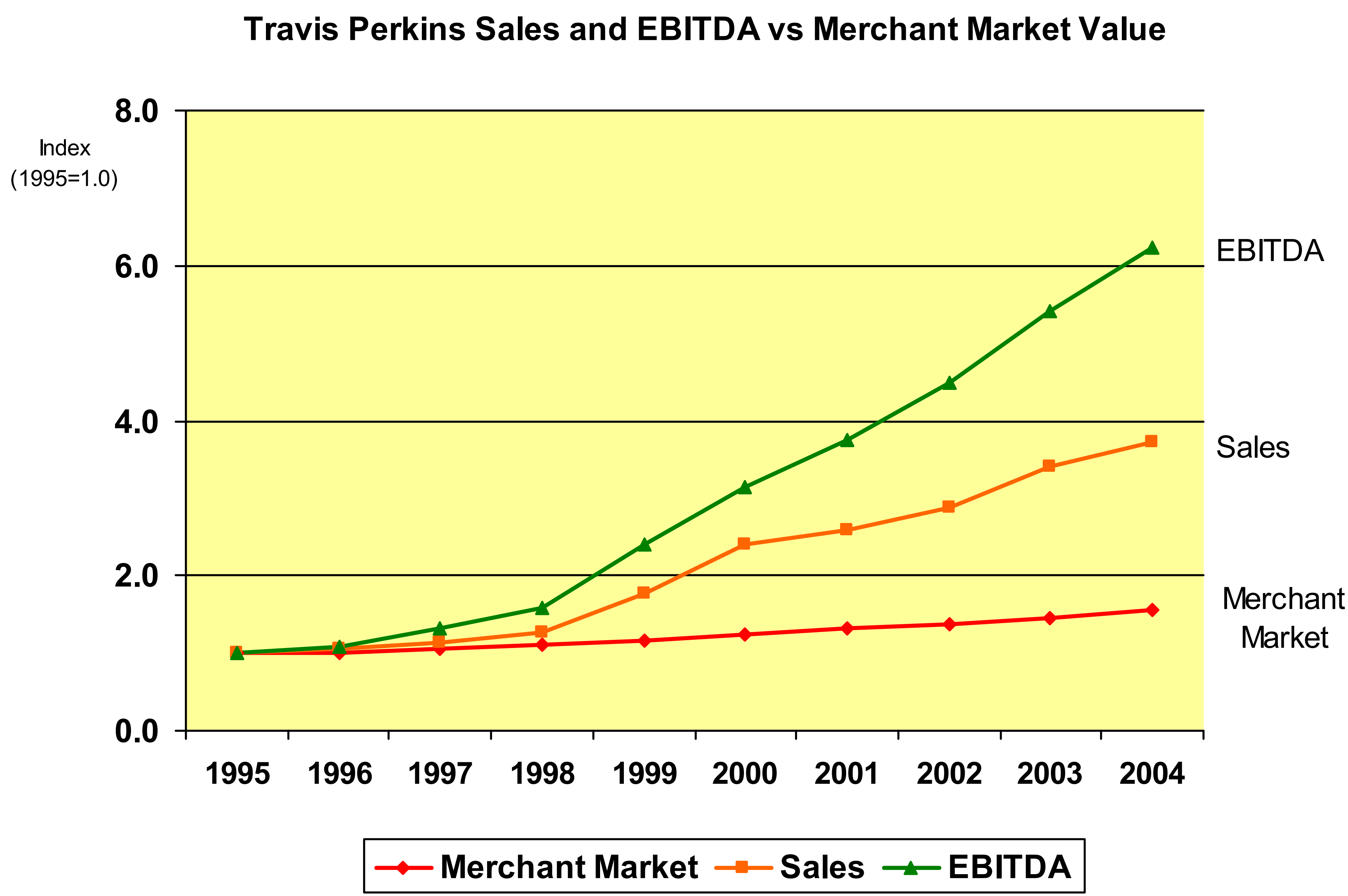
Dry lining - CCF



Sales Index   RoS Index

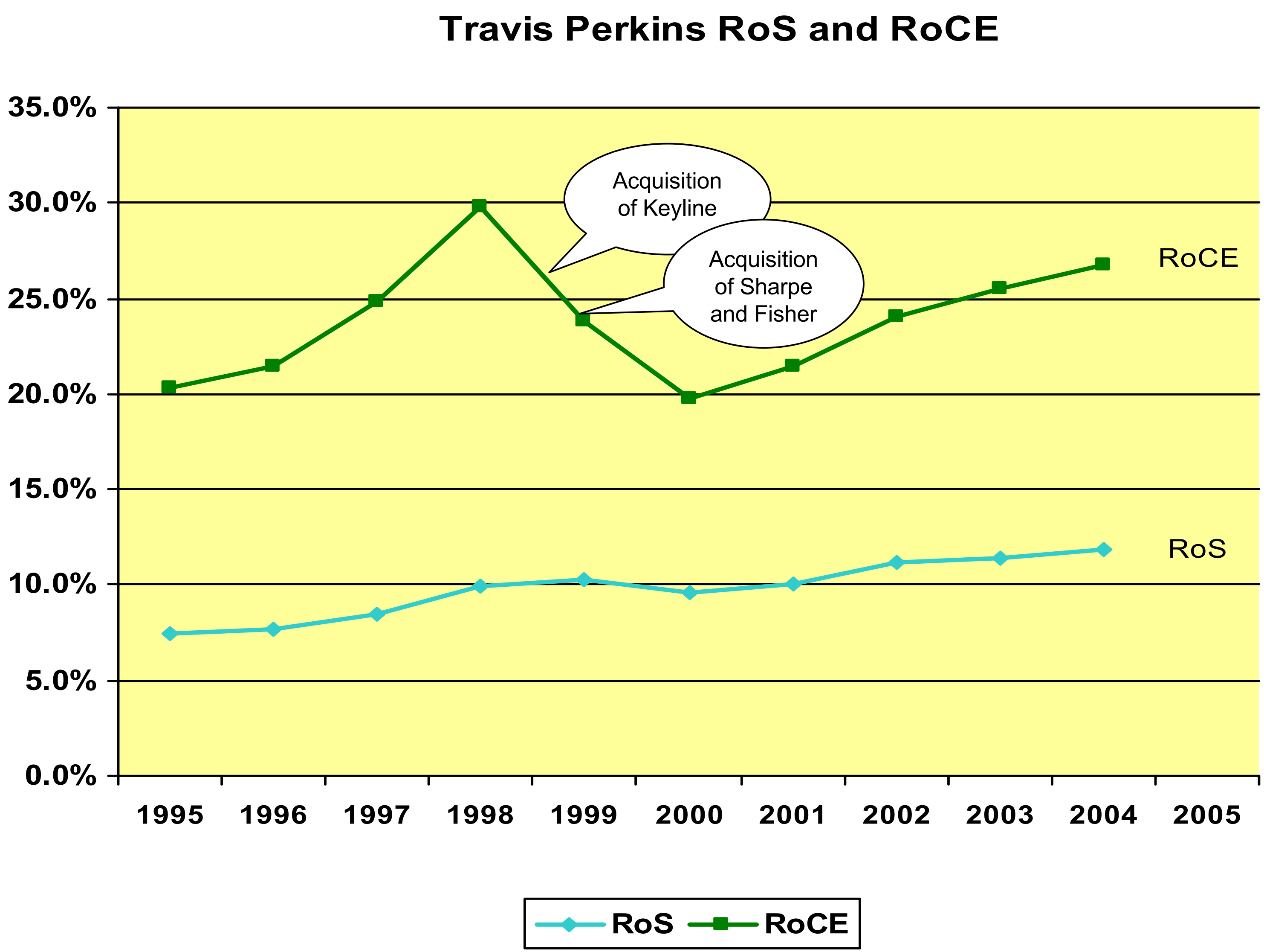
- Trained 729 managers (since 1973), 53% still in the company
- Expansion programme continues to deliver returns **above** investment case

This strategy has delivered consistent and superior growth over market rates……..



Source: BMF for market data and TP internal analysis

….. and at the same time has led to growing margins and returns after initial acquisition investment



Source: TP internal analysis

Agenda

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Widen gross margins further
Drive further productivity and returns on capital

Long term market trends remain positive

- The UK needs more new dwellings than it is building

  - People per household is falling - 2.39 in 1996, 2.29 forecast in 2006, and 2.19 in 2016
  - In England alone household growth is forecast to be almost 200,000 units p.a. from 2006
  - We are currently building circa 150,000 homes p.a. in England
  - The Barker report suggested a need for 70,000 – 120,000 incremental houses p.a.
  - Government has indicated increased funding for social housing for 2006-2008

Source: ONS data; Kate Barker report; English House Condition Survey; CPA Achievable Targets

Long term market trends remain positive

- The UK needs more new dwellings than it is building

- Existing houses are falling down

  - The UK has 1.4 million “non decent” dwellings in public sector ownership
  - Costs estimated at £1,300 per dwelling (urgent repairs) to £3,800 (comprehensive repairs)
  - On this basis the backlog of RMI to fix these is £2-5bn
  - A further 5.3 million are deemed below standard in private ownership
  - The standard of housing stock is being continuously raised

Source: ONS data; Kate Barker report; English House Condition Survey; CPA Achievable Targets

Long term market trends remain positive

- The UK needs more new dwellings than it is building

- Existing houses are falling down

- Public sector infrastructure also requires significant investment

  - £8bn RM&I backlog in schools, and £2.6bn in heath care facilities and over £3bn on roads
    - 2004 spending review provides for considerable increases
      - e.g. Investment in school buildings up to £7bn p.a. in 2007/8 from £4.2bn in 2004/5

Source: ONS data; Kate Barker report; English House Condition Survey; CPA Achievable Targets

The outlook for 2006 is mixed, but improving in 2007

Economic Variable	Influence on DIY	Influence on Merchanting	2005 Outturn	2006 Outlook	2007 Outlook
RM&I output	High	High	Slightly Negative	Slightly Positive	Positive
New housing output	High	High	Neutral	Slightly Negative	Positive
Consumer Spending	High	Medium	Negative	Slightly Positive	Neutral
Consumer Confidence	High	Medium	Negative	Slightly Positive	Neutral
House price inflation	Medium	High	Neutral	Neutral	Neutral
House transactions	High	High	Negative	Slightly negative	Slightly Positive
DIY Overall			Negative	Neutral	Positive
Merchanting Overall			Negative	Neutral	Positive

Source: TP internal analysis

Market structural trends

- Further consolidation in merchanting
- Slowdown in capacity expansion in both DIY and merchanting
- Continued blurring of retailing and merchanting channels

  - Further development of online trading

  - Further development of fixed price merchanting

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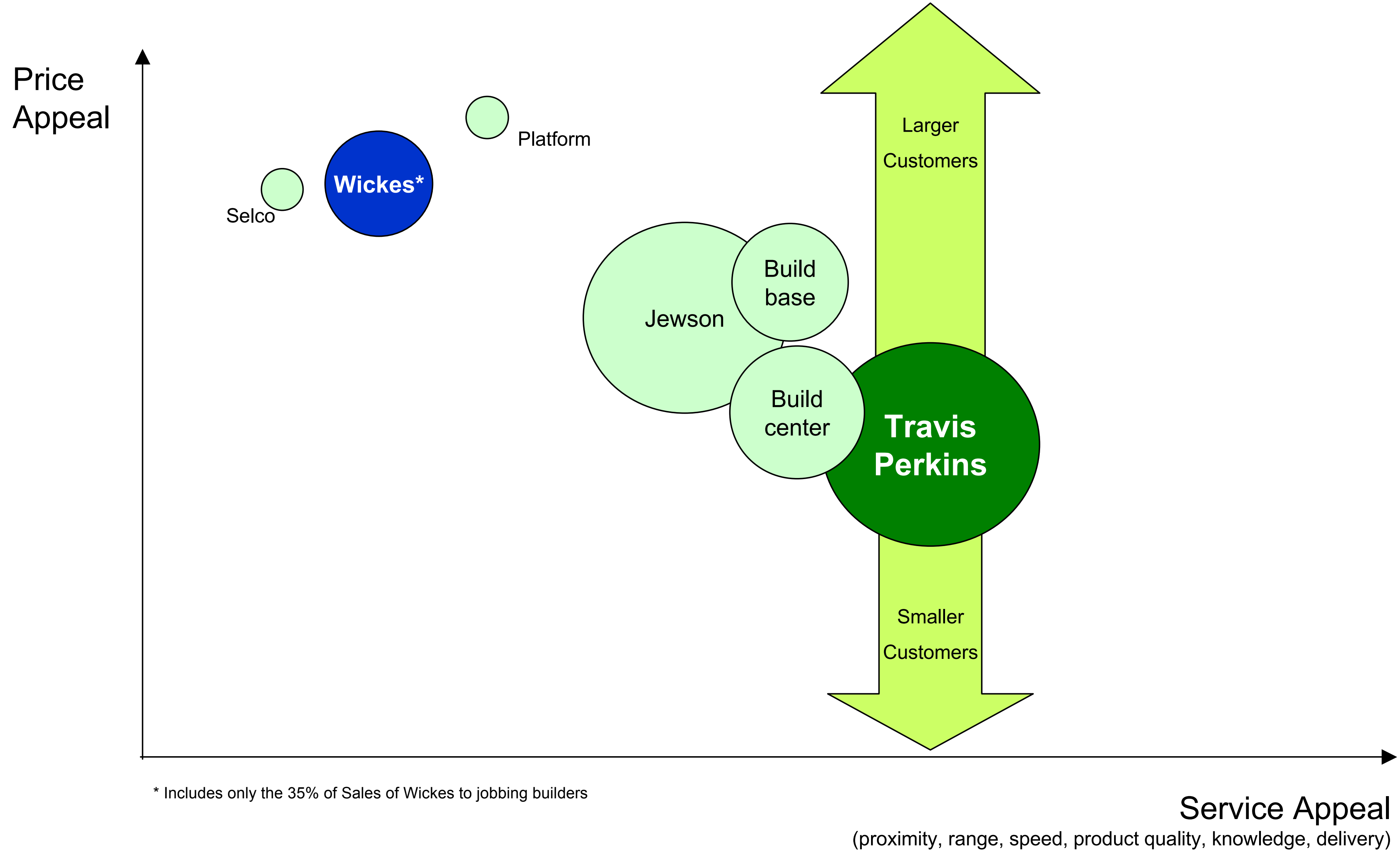
Travis Perkins' merchanting model maximises returns from each catchment

Tight central control………………….. yet……….. Tailored to markets and customers

Tight central control		Tailored to markets and customers
Core range	↔	Local requirements
Controlled price tiers	↔	Negotiated discounts
Central negotiation & rebates	↔	Local call-off discounts
Key ratio controls	↔	Autonomy on resourcing
Balanced scorecard "KRAs"	↔	Incentivised on ROCE and plan profit
Authority on capital spend	↔	Responsibility for network expansion
National sales structure	↔	Proximity to sites

Source: TP internal analysis

Customer research shows that our merchant operations offer superior service with pricing flexibility



* Includes only the 35% of Sales of Wickes to jobbing builders

Source: TP internal analysis

The merchant model delivers attractive financial returns

Current Network

Operating margin to sales	c.10%*
Return on capital employed	25% +
Operational gearing	2 times

Typical TP Brownfield (leased)

Total investment	£500k
Time to sales maturity	4 years
Post tax IRR	c.20%

* 2005 H2 run rate excluding synergies

Source: TP internal analysis

Wickes' unique low assortment model delivers significant advantages to Travis Perkins

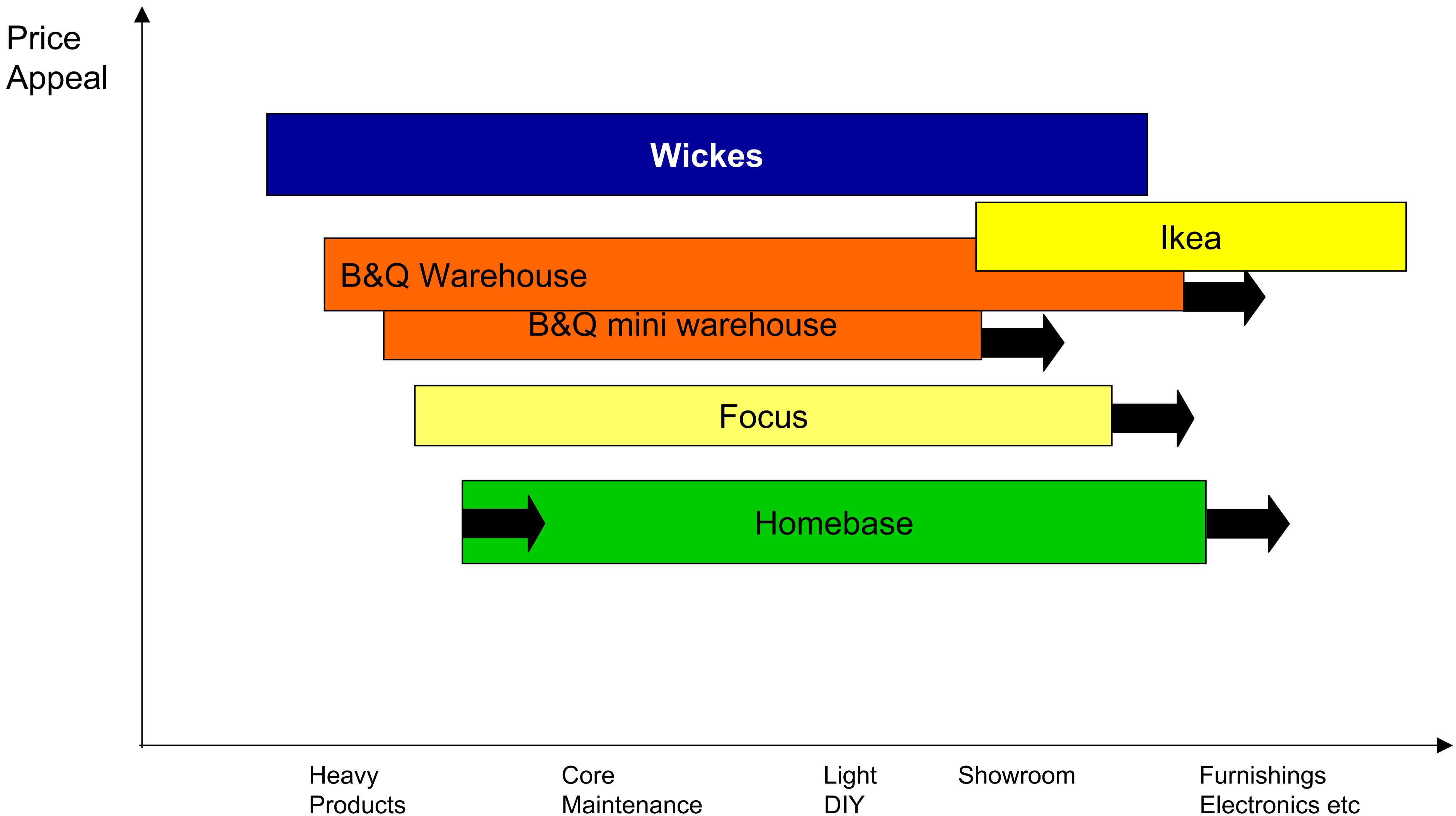
Wickes

Feature	Customer Group			Advantage to Company
	Tradesmen	Serious DIY'ers	Casual DIY'ers	
Faster, simpler product selection	●	◑	◔	Lower cost store operations
High product availability	●	●	●	Lower supply chain costs
High own label penetration	◑	●	◔	Wider margins
Market leader product quality	◑	●	◑	
Price advantage	●	●	●	Sector leading sales density
Slightly off-pitch locations	●	◑	◑	Lower property costs

◔ Low ◑ Medium ● High

Source: TP internal analysis

Wickes to maintain focus on its' core markets



Source: TP internal analysis

Wickes model also delivers attractive financial returns

Wickes

Current Network

Operating margin to sales	c.6%*
Return on capital employed	n.a.**
Operational gearing	4 times

Typical Wickes Brownfield (leased)

Total investment	£800k
Time to sales maturity	4 years
Post tax IRR	c.24%

* 2005 H2 run rate excluding synergies

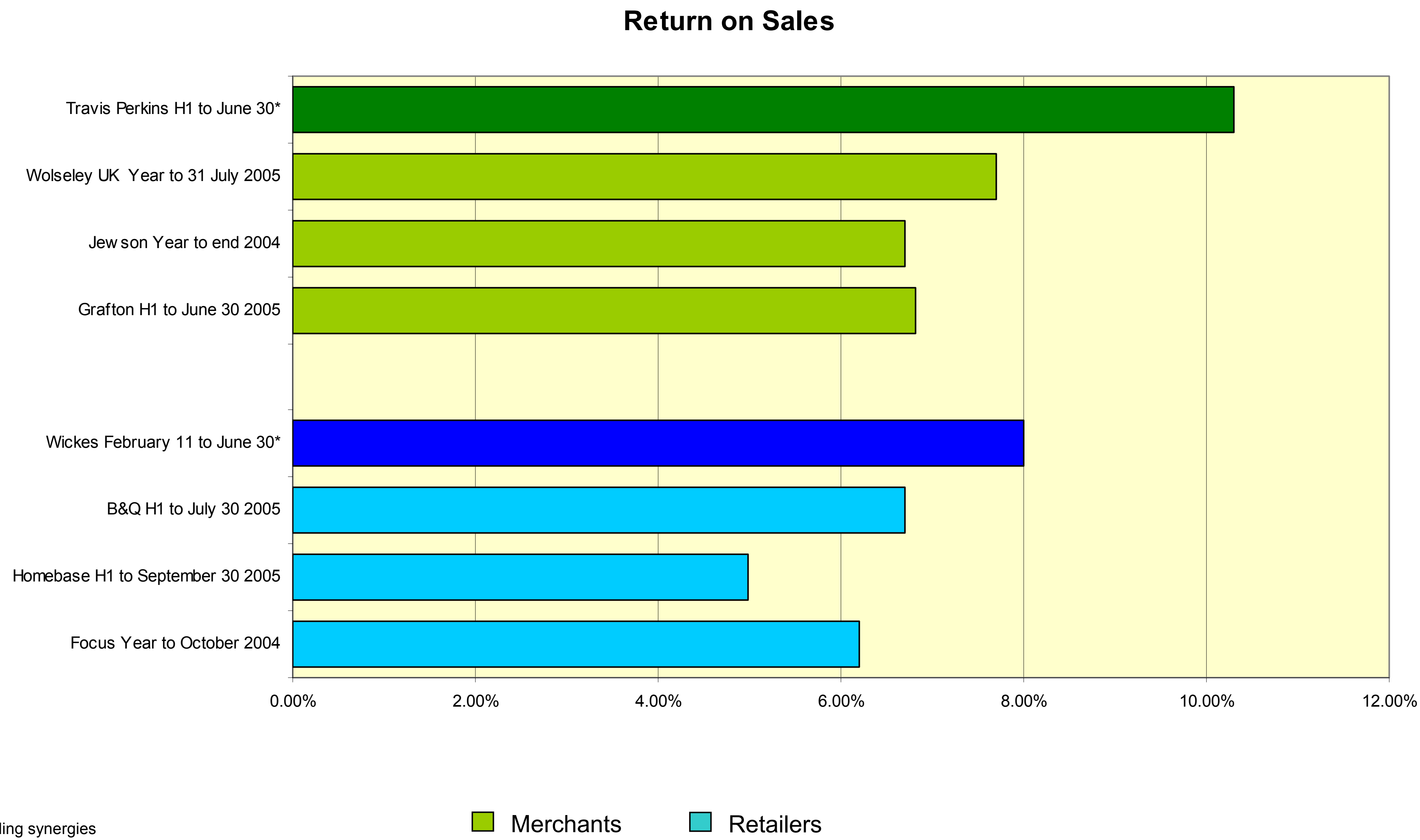
** Negative capital employed

Source: TP internal analysis

Travis Perkins operates 'front line' brands with centralised back office, buying and logistics :

- Higher rebates from consolidation of buying power
- Better overhead gearing
- Lower cost supply chain operations
- Better career opportunities

…… and enjoys sector leading operating margins



* Excluding synergies

Source: Company published accounts and TP estimates

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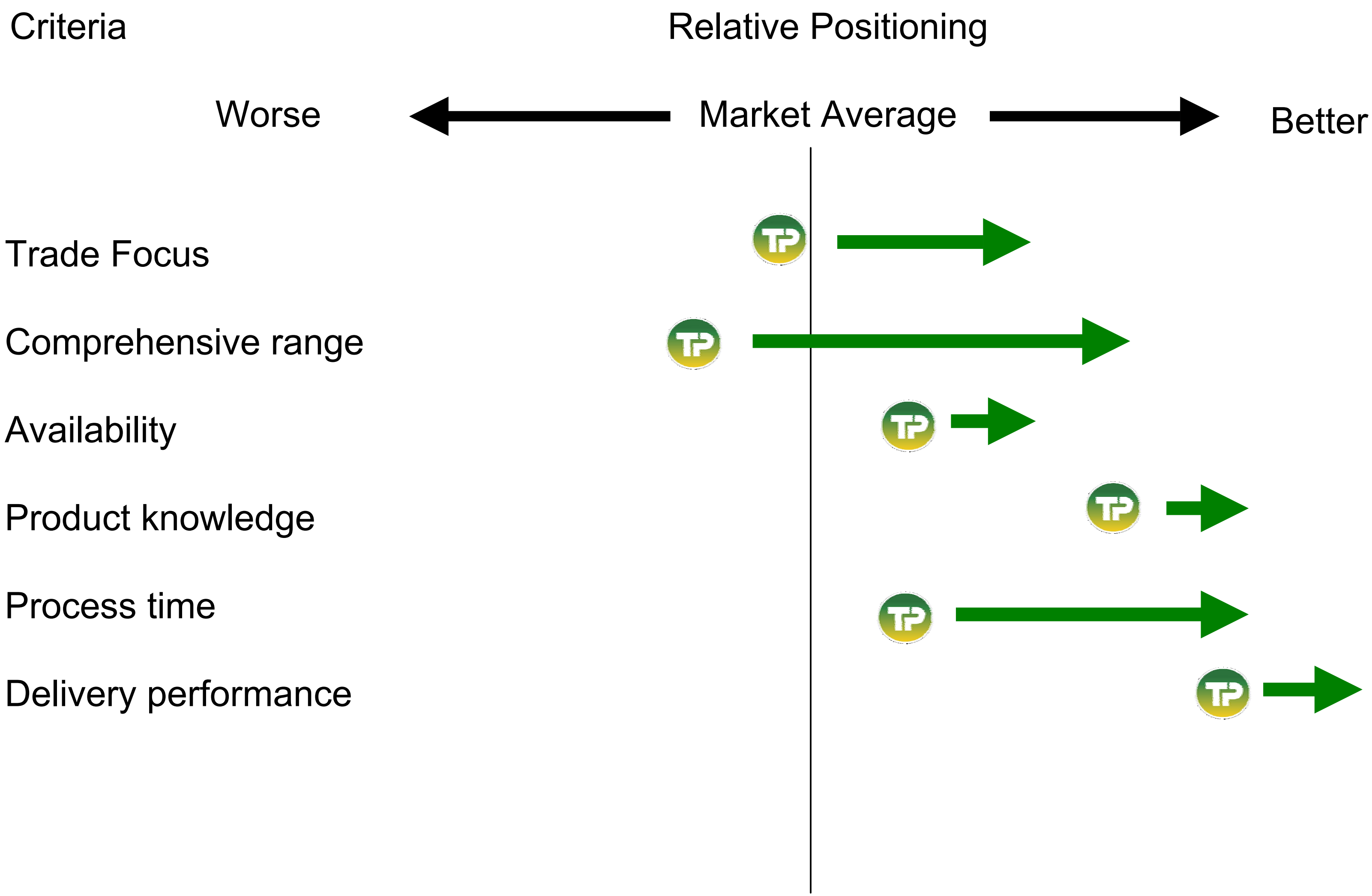
Strategy – Three key programmes

- Continue to drive scale benefits
- Seek further gross margin expansion
- Drive further productivity and returns on capital

Continue to drive scale benefits

- Refresh our service offer and gain market share
- Selectively use tactical pricing to maximise profit
- Review category presence in each outlet
- Develop or acquire specialist channels in selected categories
- Grow each brand to realise UK market potential

We aim to stretch our lead on service criteria in merchanting



Continue to drive scale benefits

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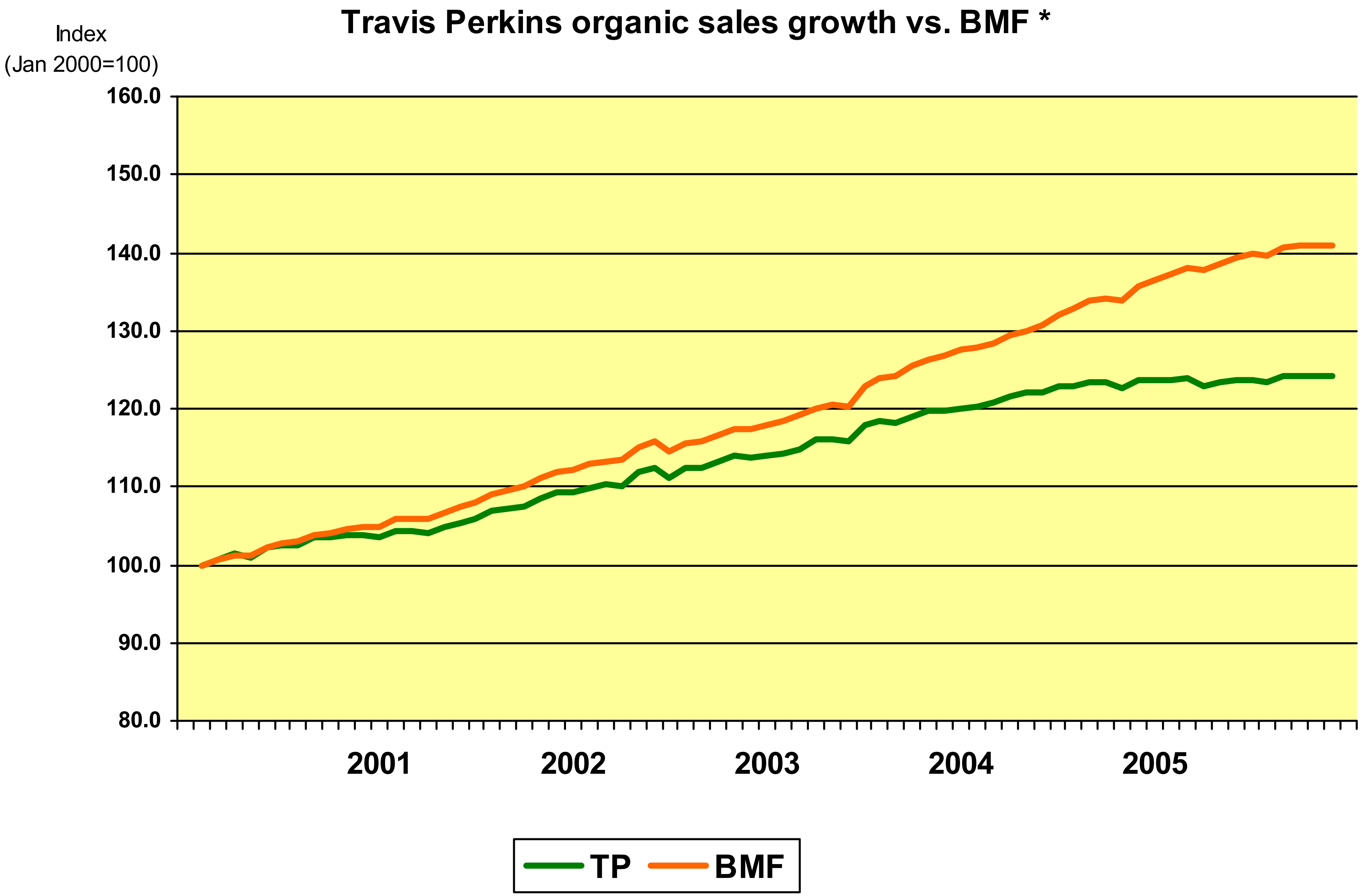
We are adapting our approach to the tougher market in merchanting

- In the ten years up to end 2004, our market grew at an average of 4.7% p.a.
- Our approach was to:
  - avoid lower margin work, growing our like for like sales by around 3.5% p.a.
  - add 12% additional volume p.a. through acquired businesses and brownfields
- This meant we:
  - continually added to our buying power
  - grew our market share by c. 100 basis points p.a.
  - grew operating margins by c. 50 basis points p.a.
- However, our pricing had moved out of line with the market and…………

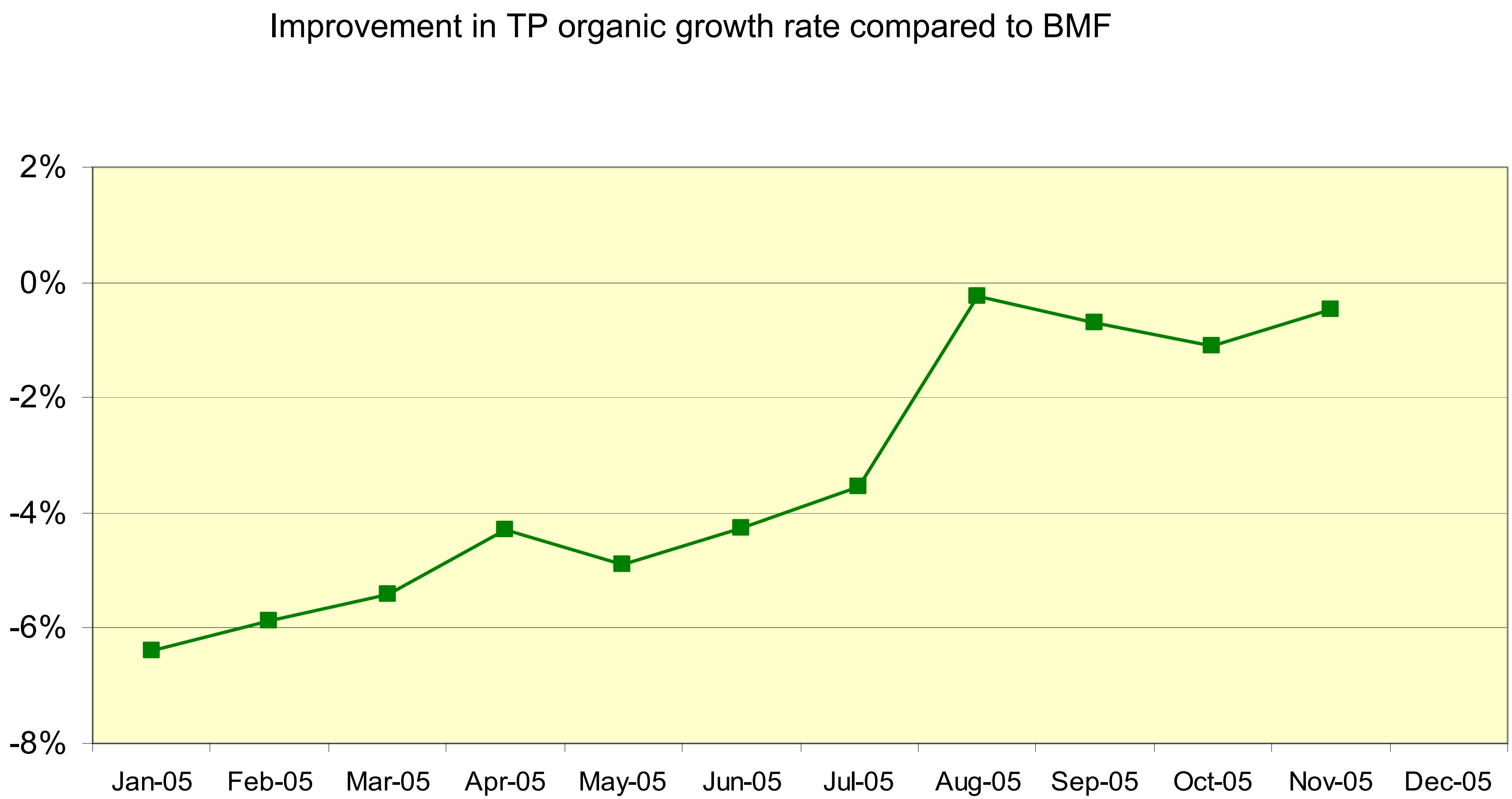
… our merchanting sales were growing at a rate lower than that of the BMF ......



* 12 month rolling average. Both BMF and TP data include brown-fields

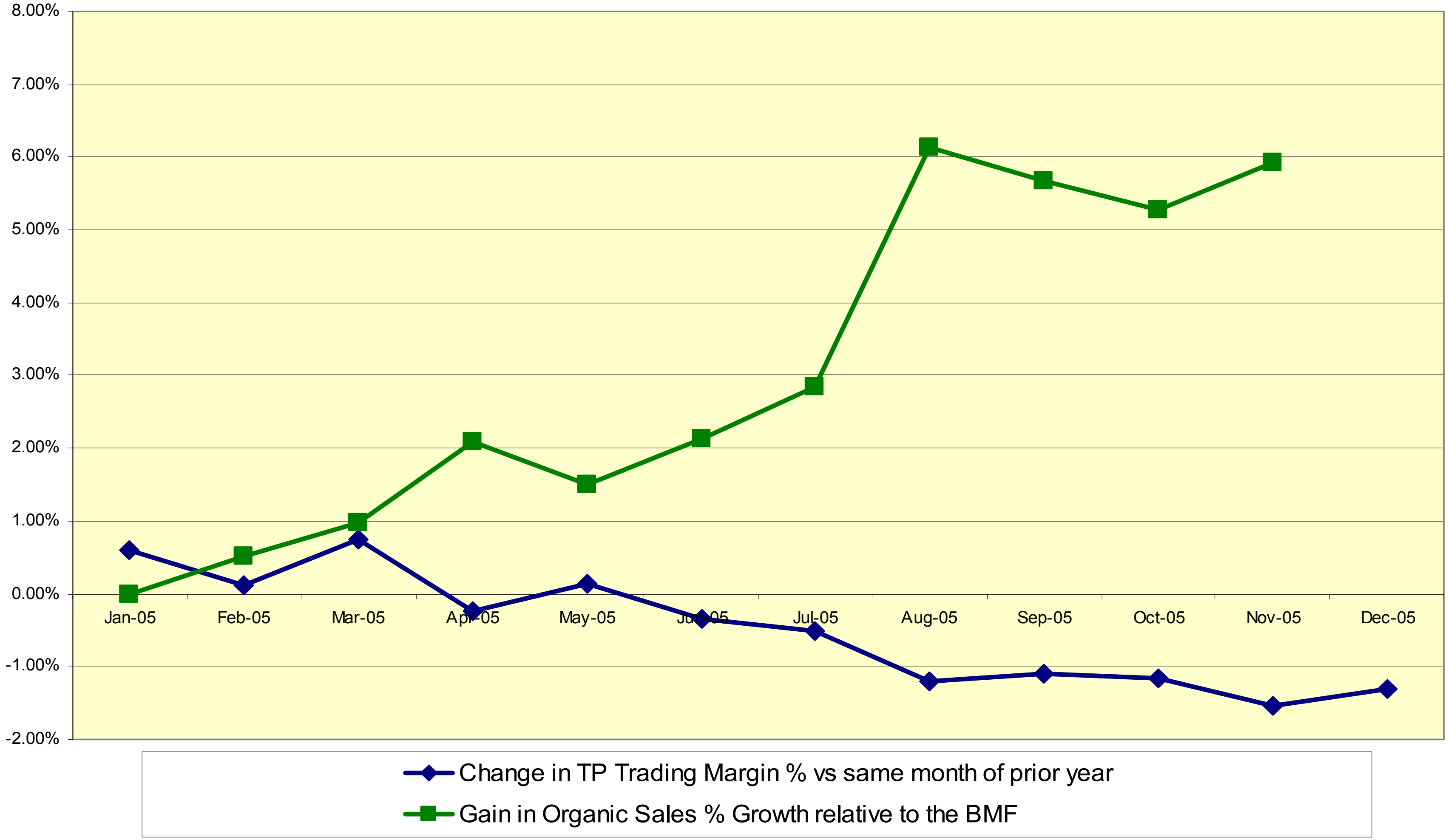
Source: TP internal analysis; BMF

.... But our new approach has significantly improved our growth rate



….and the extra volume has more than recovered the margin invested

A more aggressive pricing policy has improved performance compared to the market



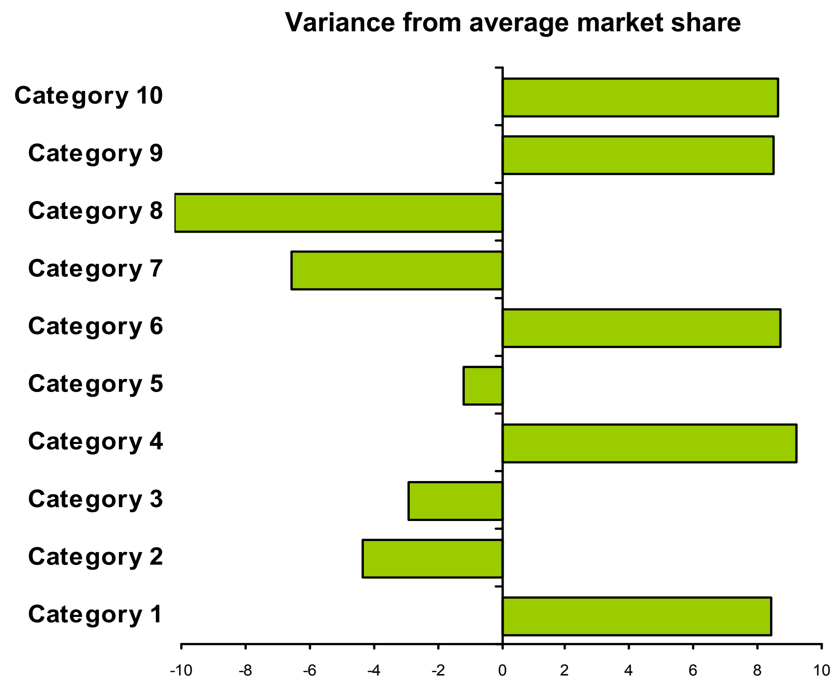
Source: TP internal analysis

Continue to drive scale benefits

- Refresh our service offer and gain market share
- Selectively use tactical pricing to maximise profit
- Review category presence in each outlet
- Develop or acquire specialist channels in selected categories
- Grow each brand to realise UK market potential

We have potential to grow in some profitable categories

- Apply category management techniques across all brands
- Extend tool hire
- Refresh Keyline civils offer
- Deepen some lightside ranges in Wickes, maintaining low assortment approach

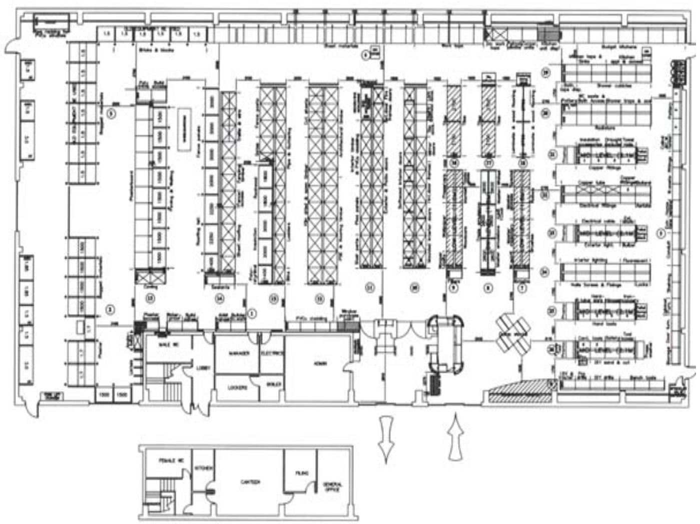


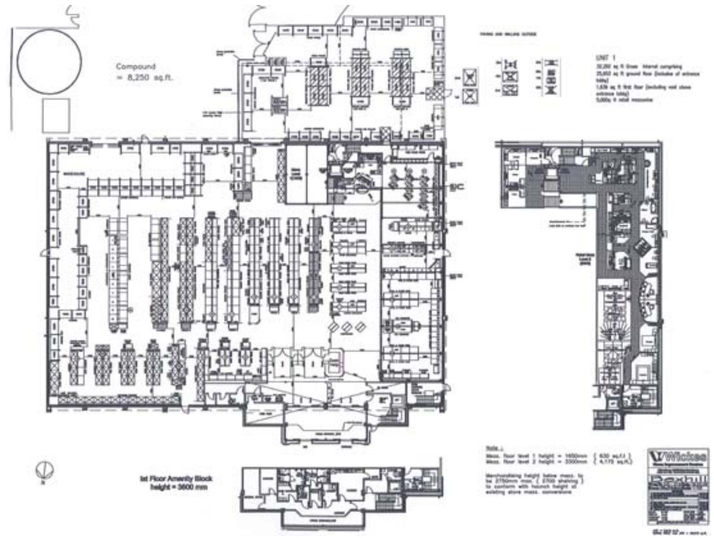
Source: Consult GB for market data and TP internal analysis

We will make the Wickes space work harder

Merton

Bexhill





Continue to drive scale benefits

- Refresh our service offer and gain market share
- Selectively use tactical pricing to maximise profit
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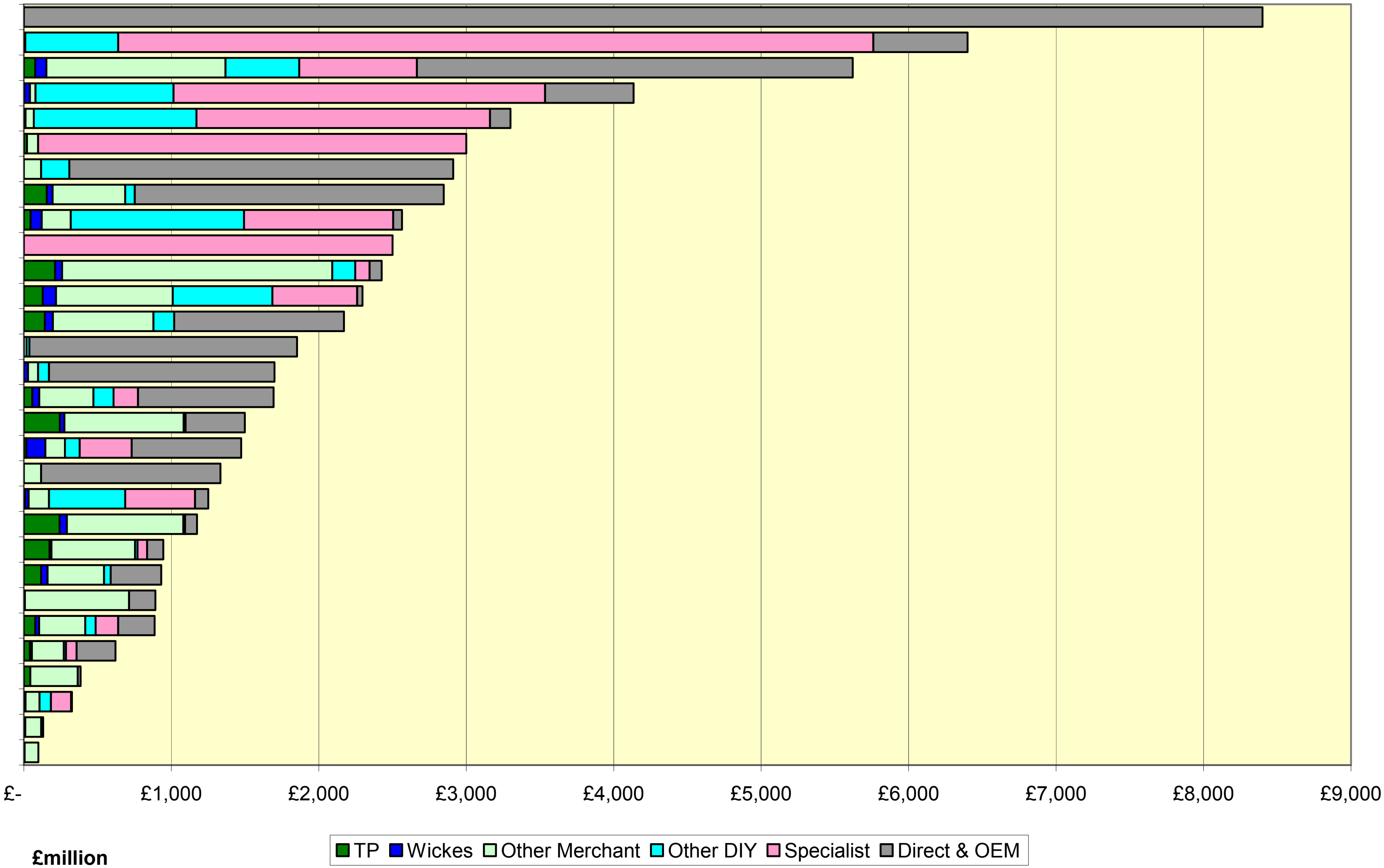
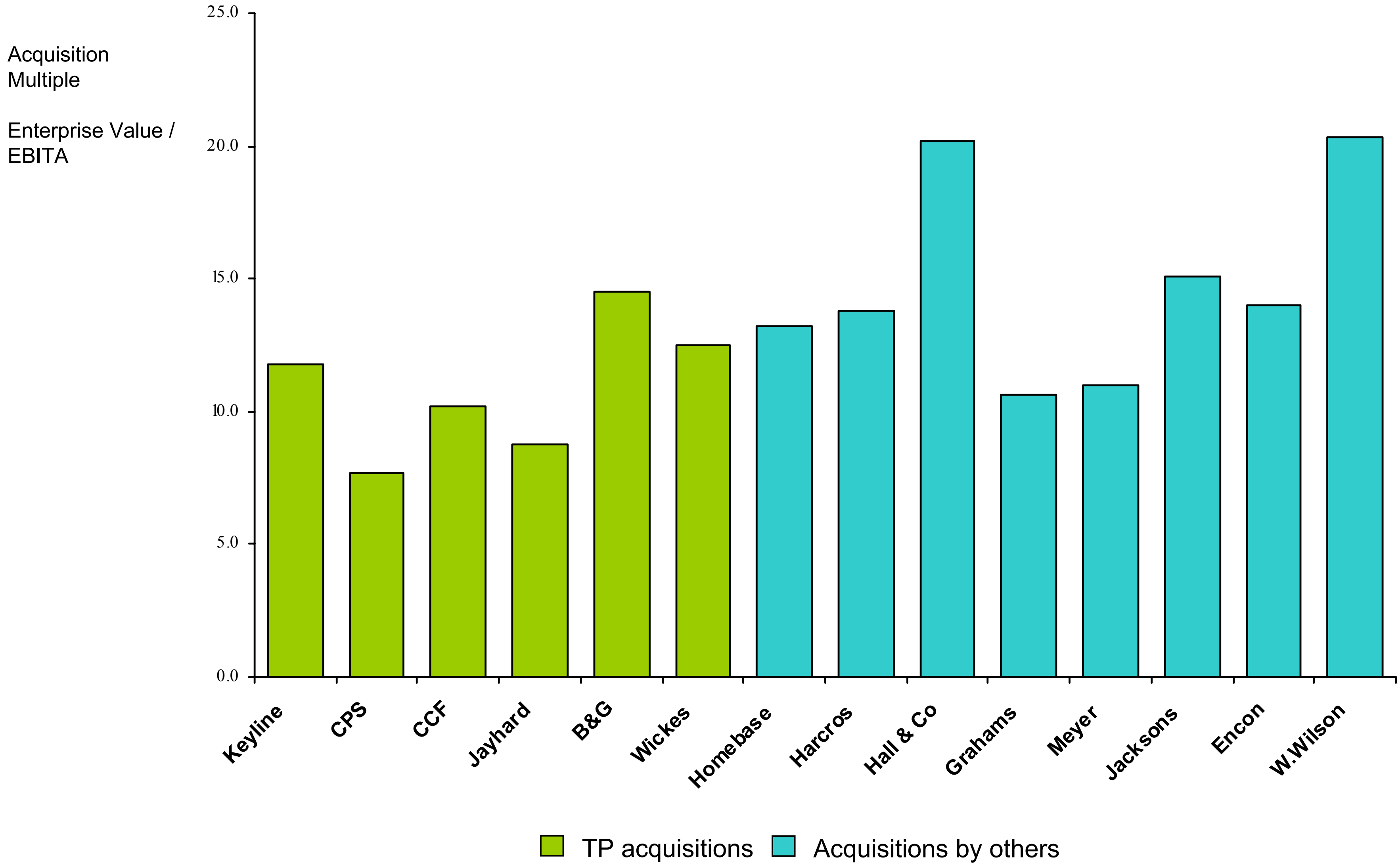
We aim to establish a presence in other specialist channels by acquisition or brownfield entry

- Candidate markets have a total value of circa £8 billion



Source: Consult GB for market data and TP internal analysis

Entry by acquisition is preferred, subject to price ……



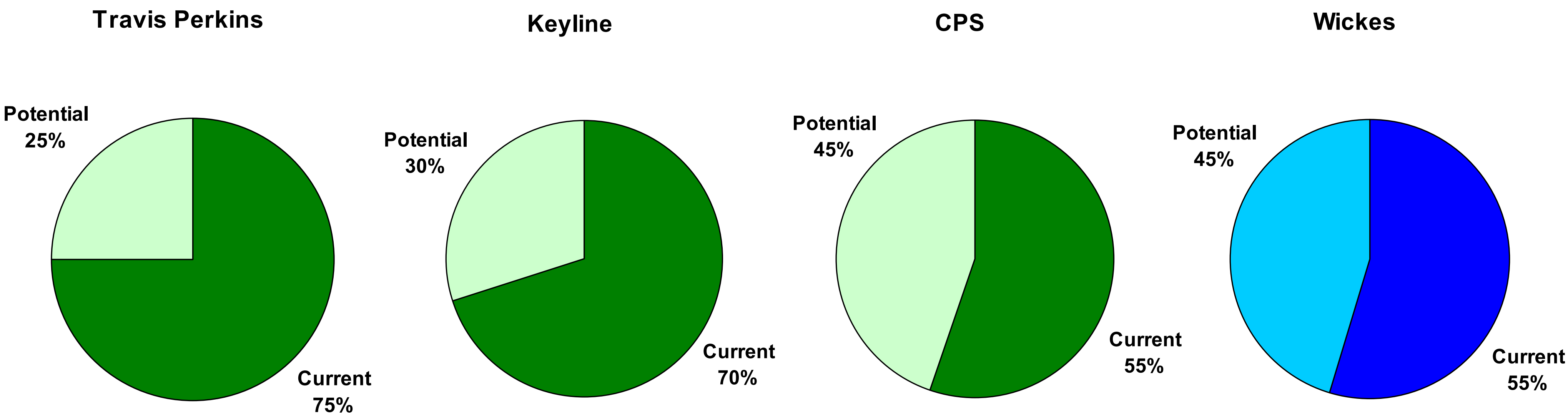
Source: Published financial data and TP estimates

Continue to drive scale benefits

- Refresh our service offer and gain market share
- Selectively use tactical pricing to maximise profit
- Review category presence in each outlet
- Develop or acquire specialist channels in selected categories
- Grow each brand to realise UK market potential

We have plenty of scope to grow each of our existing brands……

Incremental potential locations from catchment analysis

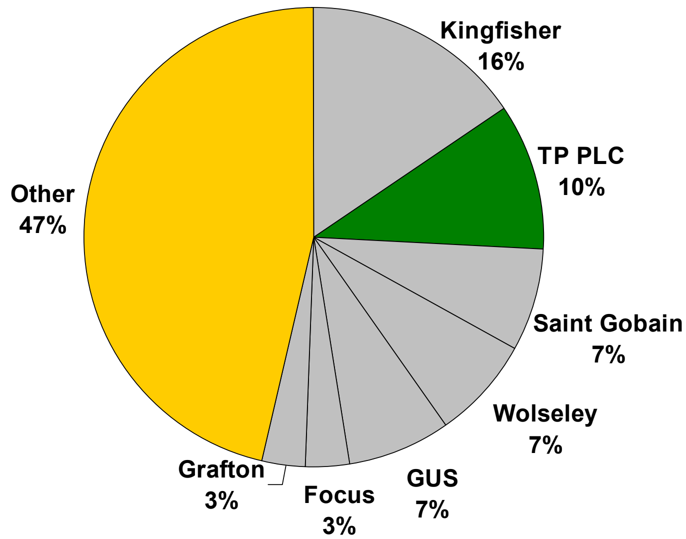


- Our pace of growth in merchant branches will be lower than that of recent years
  - we have increased our hurdle rates in the tighter market conditions
- We may open a number of specialist brownfield merchant operations
- We will continue to add space in DIY
  - Greater priority to standard stores of 25,000 sq.ft.
  - Continued small store and mezzanine expansion

Source: TP internal analysis

...... and further scope to add bolt on acquisitions

- The building materials merchanting and retailing industry remains relatively fragmented



- Fragmentation higher in the merchant industry than in DIY
- There remain more than 30 regional independent merchants with over £20m sales
- We maintain contacts with the most attractive targets

Source: TP internal analysis

Strategy – Three key programmes

- Continue to drive scale benefits
- Seek further gross margin expansion
- Drive further productivity and returns on capital

We have further opportunities to widen gross margins

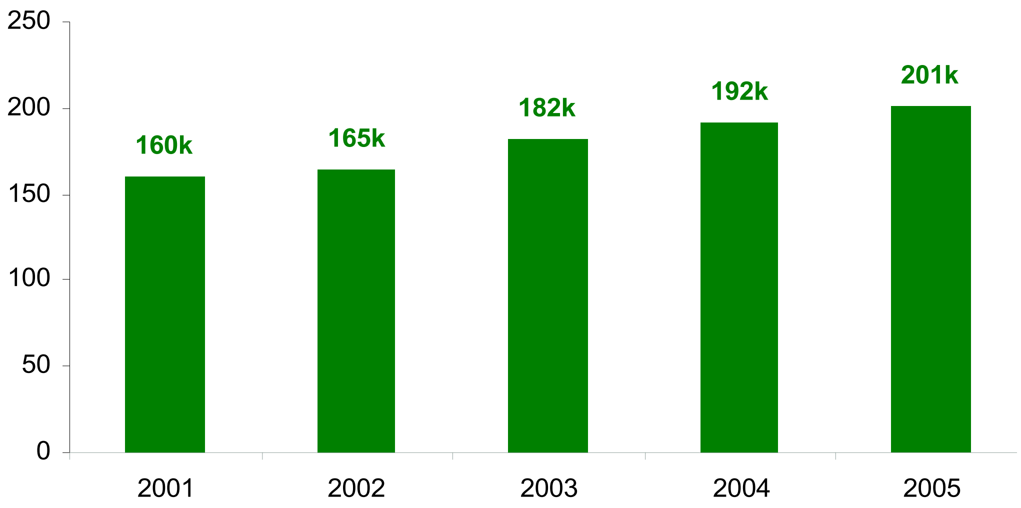
- Year 1 synergies and buying gains have exceeded targets despite lower volumes
- The Phase II synergy programme is well under way
  - Timber milling
  - Range harmonisation
  - Kitchens
  - Bathrooms
- We have established a global sourcing capability
  - Our activity here is relatively low
  - We have refreshed QA capability and are expanding warehouse capacity

Strategy – Three key programmes

- Continue to drive scale benefits
- Seek further gross margin expansion
- Drive further productivity and returns on capital

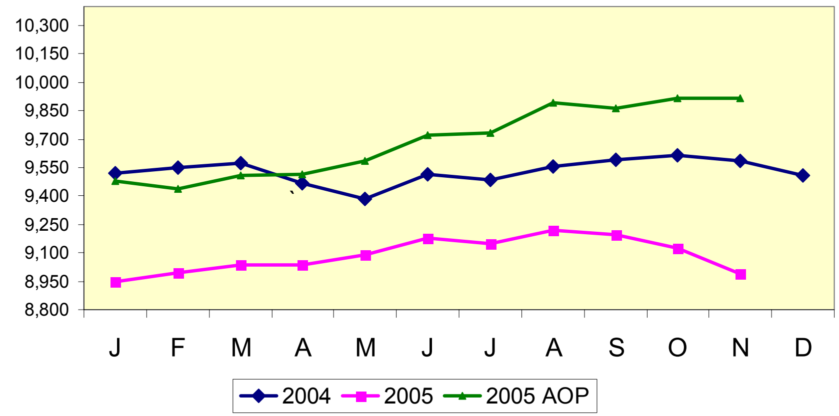
The organisation already has the capability to take swift action on productivity

TP labour productivity (Sales per employee)

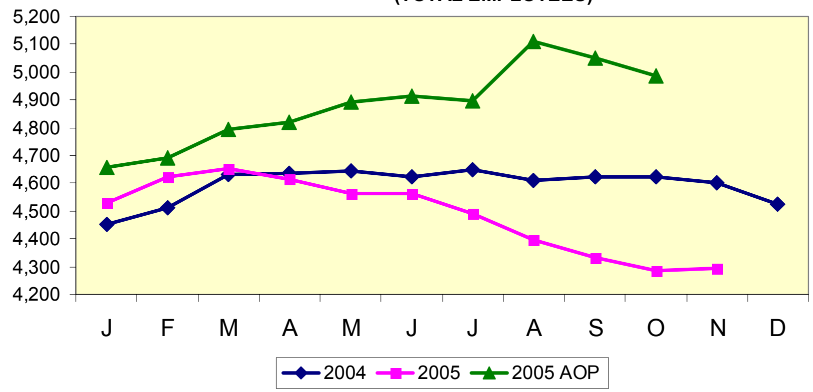


6 months ended June 30, 2005. Excluding Wickes

Like for like Employees - TRAVIS PERKINS (INCLUDING CITY AND CCF)



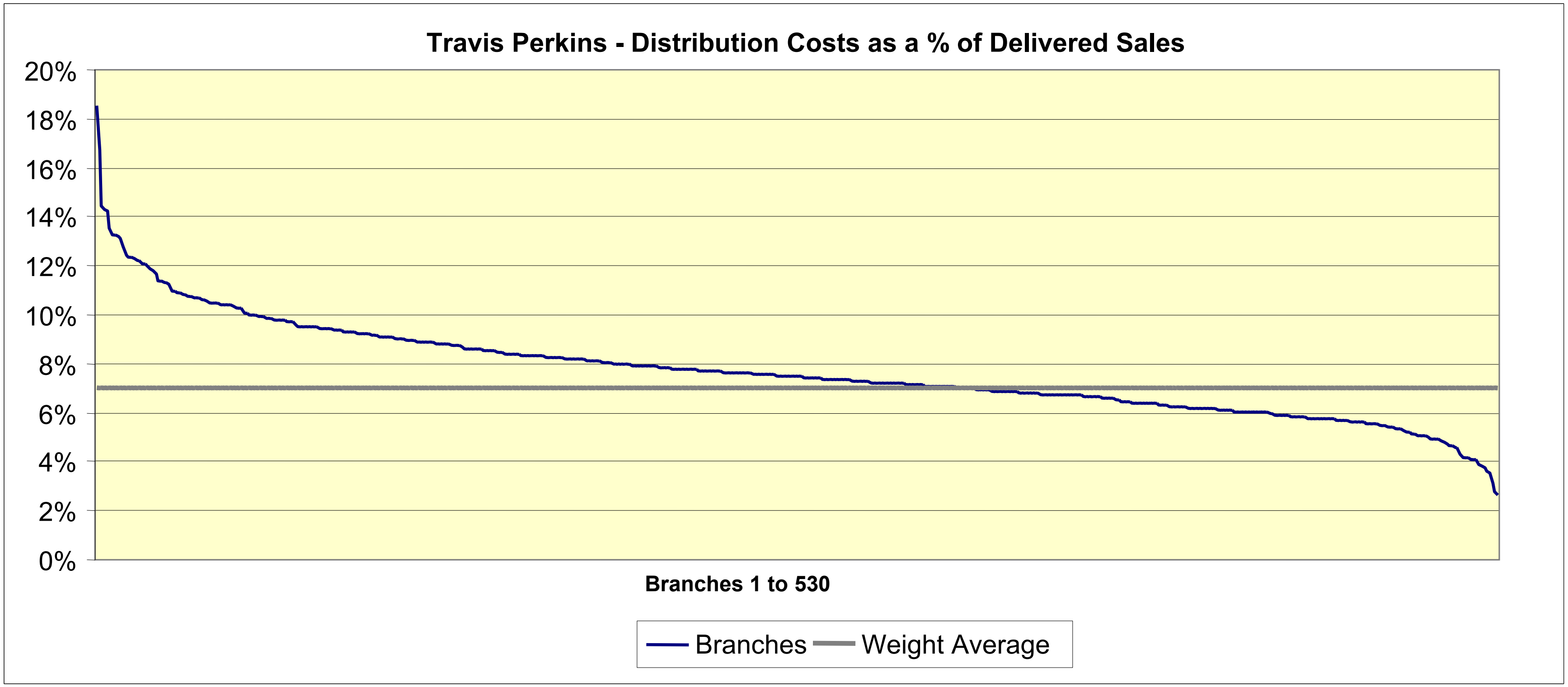
WICKES
(TOTAL EMPLOYEES)



Source: TP internal analysis

Benchmarking techniques will open up further opportunities

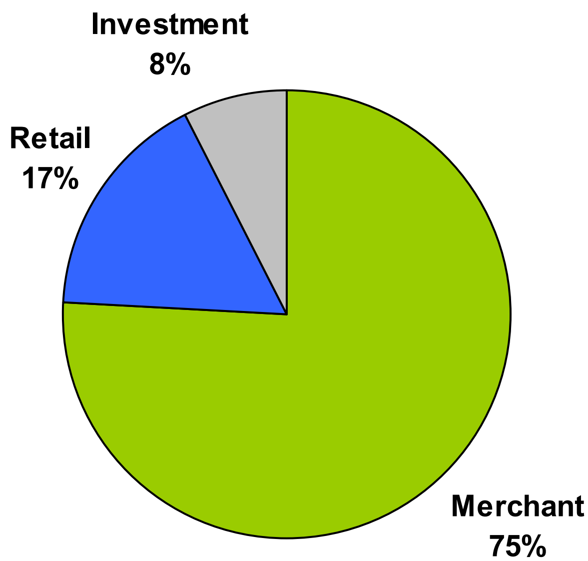
- Sales
- Marketing
- Distribution
- Information and control



Source: TP internal analysis

Create value from strategic review of properties

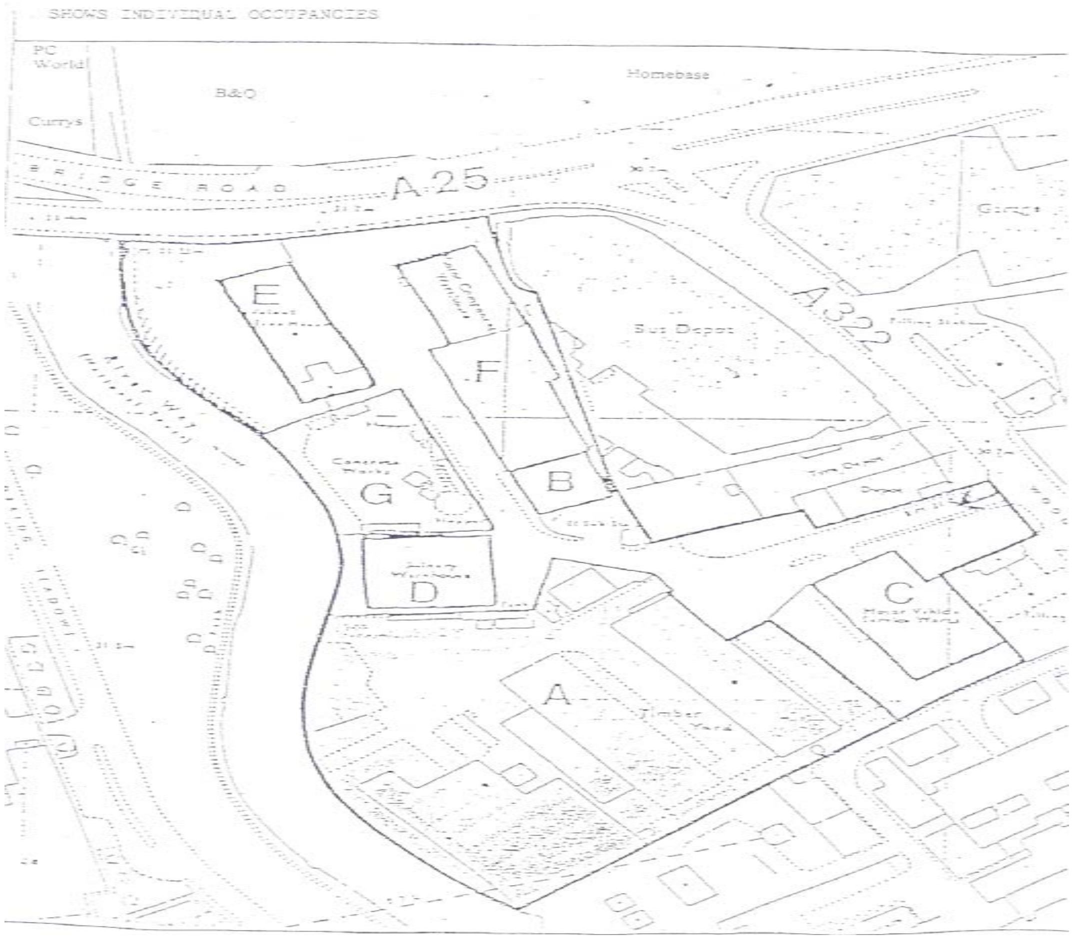
1, 089 properties



- Balance sheet net value: £192m (excluding short leasehold improvements of £77m)
- Last valuation: 1999
- Freehold / Long Leasehold: 410

Source: TP internal analysis

Opportunities - Guildford



- Existing profitable TP & CPS branches
- Low book value
- 2.4 acres of surplus land
- Redevelopment opportunity
- Potential consent for Wickes
- Surplus value in excess of £ 4m

Source: TP internal analysis

- Travis Perkins has leading positions in markets with attractive growth characteristics.

- The Group has proven ability to
  - grow organically;
  - add further channels through acquisition;
  - leverage increased buying power and overhead gearing to drive returns.

- There are strong organic growth prospects through further widening of gross margins and better productivity.

- Further opportunities to grow are positive through
  - small scale acquisitions in existing brands and in new channels;
  - the proven brownfield development programme.

Travis Perkins Plc

COMPANY PROFILE AND PERFORMANCE

PROFIT AND LOSS ACCOUNT	2004	2003	2002	2001	2000
	£m	£m	£m	£m	£m
Turnover	**1,828.6**	1,678.3	1,417.5	1,279.3	1,181.2
Operating profit before reorganisation costs and amortisation of goodwill	**218.2**	191.4	158.2	129.1	113.2
Reorganisation costs	**-**	-	-	-	(5.0)
Amortisation of goodwill	**(17.4)**	(15.3)	(12.1)	(10.5)	(10.0)
Operating profit after reorganisation costs and amortisation of goodwill	**200.8**	176.1	146.1	118.6	98.2
Profit on sale of properties	**-**	-	1.2	1.4	0.3
Net interest payable	**(7.6)**	(9.1)	(8.9)	(10.7)	(12.7)
Other finance (costs)/ income	**(2.8)**	(4.3)	(0.8)	1.2	1.6
Profit on ordinary activities before taxation	**190.4**	162.7	137.6	110.5	87.4
Tax on profit on ordinary activities	**(60.3)**	(53.8)	(45.8)	(35.5)	(27.8)
Profit on ordinary activities after taxation	**130.1**	108.9	91.8	75.0	59.6
Return on equity	**29.3%**	29.3%	29.0%	27.3%	26.5%

UK GAAP

CASH FLOW STATEMENT	2004	2003	2002	2001	2000
	£m	£m	£m	£m	£m
Net cash inflow from operating activities	**222.0**	230.8	179.8	166.9	104.7
Net cash outflow for returns on investments and servicing of finance	**(8.0)**	(9.3)	(8.3)	(13.7)	(10.2)
UK corporation tax paid	**(54.2)**	(50.9)	(42.7)	(34.7)	(26.3)
Net cash outflow for capital expenditure and financial investment	**(65.1)**	(46.9)	(31.6)	(24.2)	(32.7)
Net cash outflow for acquisitions	**(39.0)**	(72.3)	(111.5)	(16.1)	(23.8)
Equity dividends paid	**(30.0)**	(23.7)	(20.0)	(17.8)	(15.8)
Issue of ordinary share capital	**90.6**	3.5	2.8	4.9	1.1
Increase in finance leases	**-**	-	(0.1)	-	(0.3)
Increase in debt due to issue of loan notes	**-**	-	(2.0)	-	(6.5)
Increase / (decrease) in cash balances	**116.3**	31.2	(33.6)	65.3	(9.8)
Net debt at 1 January	**(128.5)**	(159.7)	(126.1)	(191.4)	(181.6)
Net debt at 31 December	**(12.2)**	(128.5)	(159.7)	(126.1)	(191.4)

UK GAAP

BALANCE SHEET	**2004**	2003	2002	2001	2000
	£m	£m	£m	£m	£m
Tangible fixed assets	**326.3**	284.7	258.2	226.4	215.8
Intangible fixed assets – goodwill	**287.4**	285.7	249.9	187.3	191.7
Investments	**3.9**	4.3	4.6	4.9	5.2
	617.6	574.7	512.7	418.6	412.7
Stocks	**200.6**	178.1	152.1	132.7	140.6
Debtors	**287.8**	265.4	250.4	215.7	211.9
Properties held for resale	**-**	0.2	1.0	1.8	1.5
Cash at bank, in hand and deposits	**116.9**	33.9	30.0	37.0	9.8
Creditors: amounts falling due within one year	**(405.4)**	(400.0)	(300.6)	(287.4)	(263.3)
Net current assets	**199.9**	77.6	132.9	99.8	100.5
Total assets less current liabilities	**817.5**	652.3	645.6	518.4	513.2
Creditors: amounts due after more than one year	**(65.0)**	(70.1)	(150.3)	(100.0)	(150.0)
Provisions for liabilities and charges	**(32.2)**	(20.1)	(14.1)	(8.9)	(5.7)
Pension (deficit)/asset	**(89.8)**	(85.1)	(85.8)	(22.7)	2.3
	630.5	477.0	395.4	386.8	359.8
Capital employed					
Called up share capital	**12.1**	11.3	11.3	11.2	11.1
Reserves	**618.4**	465.7	384.1	375.6	347.6
Total equity shareholders' funds	**630.5**	477.0	395.4	386.8	358.7
Minority interests - non equity	**-**	-	-	-	1.1
	630.5	477.0	395.4	386.8	359.8

UK GAAP

6 months ended 30 June	Non-Wickes related £m	Impact of Wickes £m	2005 £m	2004 £m	Change %
Turnover	938.5	352.7	1,291.2	913.6	41.3%
Operating profit	106.2	31.2	137.4	106.5	29.0%
Net interest payable	(3.0)	(22.2)	(25.2)	(4.1)	
Other finance cost	(1.6)	(0.6)	(2.2)	(1.8)	
Profit before tax	101.6	8.4	110.0	100.6	9.3%
Dividend per share			11.0p	9.5p	15.8%

IFRS

As at 30 June	2005 £m	2004 £m
Tangible fixed assets	456.3	325.1
Other fixed assets	1,401.7	294.1
Net working capital	148.7	199.5
Taxation creditors, dividends & provisions	(175.1)	(91.4)
Net borrowings	(1,013.9)	(120.8)
Pension deficit	(125.7)	(74.0)
Net assets	692.0	532.5
Interest cover (times)	5.7	26.0
Balance sheet gearing	146.5%	22.7%

IFRS

6 months ended 30 June	2005 £m	2004 £m
Operating profit	137.4	106.5
Depreciation	26.8	16.0
Other non-cash movements	1.2	2.0
Movement in working capital	(5.9)	9.6
Like-for-like cash flow from operations	159.5	134.1
Net interest paid	(14.5)	(3.4)
Income taxes paid	(26.7)	(26.9)
Net replacement capital expenditure	(14.1)	(18.1)
Like-for-like free cash flow	104.2	85.7

IFRS

6 months ended 30 June	2005	2004
	£m	£m
Like-for-like free cash flow	104.2	85.7
Dividends	(25.3)	(19.0)
Expansion capital expenditure	(22.5)	(14.1)
Acquisition of businesses	(1,020.7)	(21.0)
Wickes finance leases acquired	(20.0)	-
Shares issued	2.6	0.6
Special pension contributions	(1.5)	(5.1)
Increase in cash balances	(983.2)	27.1
Net debt at 1 January	(30.7)	(147.9)
Net debt at 30 June	(1,013.9)	(120.8)
Loan notes and other borrowings	(1,040.0)	(154.7)
Cash and short term deposits	26.1	33.9

IFRS