

Travis Perkins

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Travis Perkins takes down 'For sale' sign over plumbing business amid "unprecedented" uncertainty

Builders merchant Travis Perkins PLC (LON:TPK) has paused the sale of its plumbing and heating business amid what it says is "unprecedented levels of uncertainty" in the market.

The FTSE 250 firm had originally announced its intention to sell the business in December last year as part of an effort to simplify its structure, reduce costs and focus on its more profitable segments.

READ: Travis Perkins rises on reports that work on Wickes sale is speeding up. Meanwhile, the company said the demerger of its Wickes DIY business was "on track" to complete by the second quarter of next year, while efforts to achieve annualised savings of between £20-£30m by mid-2020 were also on target.

The group also purchased a controlling stake of tools and building supplies retailer Toolstation Europe during the quarter, which it said will allow it to "accelerate investments" and expand the business across the continent in the coming years.

In the figures for the quarter, Travis Perkins reported like-for-like sales growth of 3.4%, rising to 4.3% when plumbing and heating was excluded, while total sales increased by 3.8%.

The group's merchanting business saw LFL sales rise 1.6% in the period despite what the group said was a "softening" market for building materials, while Toolstation reported LFL growth of 15.4% and the retail arm, which includes Wickes, rose 9.7%.

For the year-to-date, the company saw LFL sales rise by 4.7% and total sales growth of 3.6%.

Nick Roberts, who took over as the group's chief executive from long-serving CEO John Carter in July, said the business had delivered a "solid performance" in the quarter despite "incrementally more challenging" trading conditions over the summer.

He added that the firm's full-year performance was still in line with expectations, although there was a "cautious outlook" for the near-term.

Analysts at Peel Hunt, who rate Travis Perkins at 'hold' with a 1,450p target price, said the ongoing economic uncertainty would limit progress in the shares, however, the firm was still "outperforming the sector".

The broker added that while the delay to the plumbing and heating sales was "disappointing", Brexit developments were likely to be the key driver of the share price going forward.

Price: 878.912

Market Cap: £2.22 billion

1 Year Share Price Graph



April 2019 September 2019 March 2020

Share Information

Code: TPK

Listing: LSE

52 week High Low
1841 573.8

Sector: Builders and building materials

Website: www.travisperkins.co.uk

Company Synopsis:

Travis Perkins is a leading supplier to the UK building and construction industry. Supplying more than 100,000 product lines to professionals and self-builders including general building materials, timber, plumbing & heating, kitchens, bathrooms, landscaping materials and tool hire.

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In early trading on Tuesday, Travis Perkins shares were 0.3% higher at 1,494p.

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