NEWS RELEASE

FY14 Half Year Results

3/25/2014

Results for the half year to 31 January 2014

£m	H1 2014	H1 2013 Restated (3)	Change	Like-for-like change (4)
Revenue of ongoing (1) businesses	6,412	6,096	+5.2%	+3.2%
Total revenue	6,521	6,276	+3.9%	
Trading profit (2) of ongoing (1) businesses	360	331	+8.8%	
Total trading profit (2)	352	324	+8.6%	
Exceptional items	1	(87)		
Profit before tax	316	193		
Headline earnings per share (2)	91.4p	79.3p	+15.3%	
Net debt	927	871		
Ordinary dividend per share	27.5p	22.0p	+25.0%	

‘Ongoing businesses’ excludes businesses that have been closed, disposed of or are classified as held for sale.

Before exceptional items and the amortisation of acquired intangibles.

Restated for IAS 19 (Revised) “Employee benefits”.

The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

Financial highlights

- Revenue of the ongoing businesses 5.2% ahead of last year including like-for-like growth of 3.2%.
- Gross margin of the ongoing businesses of 28.2%, 0.4% ahead of last year.

- Trading profit of the ongoing businesses £360 million, 8.8% ahead of last year.
- Headline earnings per share of 91.4 pence, 15.3% ahead of last year.
- Continued good cash generation with net debt of £927 million (2013: £871 million) after ordinary and special dividend payments of £476 million over the last year.
- Proposed interim dividend of 27.5 pence per share, 25.0% ahead of last year, including a rebasing of 15% reflecting the Group's strong and sustainable cash flows.

Operating and corporate highlights

- Good growth in the USA and UK and modest improvement in like-for-like growth in Nordics. Continued weakness in Central Europe and Canada.
- Decent flow-through of incremental revenue to trading profit.
- Trading margin for the ongoing businesses of 5.6%, 0.2% higher than last year.
- Two bolt-on acquisitions completed in the period with annualised revenue of £52 million. Previously announced acquisition of Puukeskus now completed.
- Good progress on investment in technology and processes to support the development of more efficient business models.

Ian Meakins, Chief Executive, commented:

"We delivered a good performance in our USA and UK businesses, achieving decent revenue growth and an improvement in underlying gross margins. We continued to face headwinds in Continental Europe requiring strong action on gross margins and costs to protect profitability. We have continued to invest in technology and processes to develop more efficient business models to support improvements in operational efficiency and to improve our trading margin, which is now up to 5.6 per cent for the ongoing businesses."

"An attractive and sustainable dividend is an important element of shareholder returns and we have raised the interim dividend to 27.5 pence per share, 25 per cent ahead of last year reflecting our confidence in the continued strong cash generation of our business."

Commenting on the outlook, Ian Meakins said:

"The like-for-like revenue growth rate in the USA since the end of the period has been in line with what the business generated in Q1, with the like-for-like revenue growth rate for the Group as a whole broadly consistent with the performance in the first half. We expect the Group's like-for-like revenue growth rate for the remainder of the year to be about 4%."

FULL RESULTS

Download the full Results announcement (Pdf)