NEWS RELEASE

FY15 Half Year Results

3/24/2015

Results for the half year ended 31 January 2015

£m		H1 2015	H1 2014 Restated(3)	Change	Change (at constant exchange rates)	Like-for-like Change (4)
Revenue	Ongoing businesses(1)	6,435	5,910	+8.9%	+10.3%	+7.8%
	Closed, sold or held for sale	7	157			
		6,442	6,067			
Trading profit (2)	Ongoing businesses (1)	390	351	+11.1%	+12.0%	
	Closed, sold or held for sale	(1)	-			
		389	351			
Impairment of acquired intangibles		(245)	-			
Profit before tax		103	312			
Discontinued operations		(70)	4			
Headline earnings per share (2)		103.6p	91.4p	+13.3%		
Net debt		1,221	927			
Ordinary dividend per share		30.25p	27.50p	+10.0%		

Financial highlights

- Revenue of the ongoing businesses 10.3% ahead of last year at constant exchange rates, including like-for-like growth of 7.8%.
- Trading profit of the ongoing businesses £390 million, 12.0% ahead of last year at constant FX rates.
- Trading margin for the ongoing businesses up 20 basis points to 6.1%.

- Impairment charge of £245 million relating to acquired intangibles in the Nordics arising from the acquisition of DT Group in 2006.
- Good cash generation with net debt of £1,221 million after dividends and share buybacks of £358 million in the first half.
- Interim dividend of 30.25 pence per share, an increase of 10.0%.

Operating and corporate highlights

- Continued strong growth, market share gains and record trading margin of 7.9% in the USA.
- Improving like-for-like revenue growth rates in the rest of the Group following targeted investment in sales and marketing to stimulate demand. Continuing actions to improve profitability.
- Continued progress on investments to improve the efficiency of our business model.
- Further strong growth of e-commerce, now 13% of Group revenue at £811 million.
- Completed 7 bolt-on acquisitions with annualised revenue of £57 million in line with our acquisition strategy. 5 further acquisitions since the period end with annualised revenue of £70 million.
- Close to concluding the disposal of the French wood businesses, subject to consultation, and commenced the sales process for the remaining French building materials business.

“Ongoing businesses” excludes businesses that have been closed, disposed of or classified as held for sale.
Before exceptional items, the amortisation and impairment of acquired intangibles and with respect to headline earnings per share before non-recurring tax items.
Restated to present the French businesses as discontinued operations under IFRS 5.
The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

Ian Meakins, Chief Executive, commented:

“The Group delivered a good trading performance and the ongoing trading margin improved by 20 basis points to 6.1 per cent. This was driven by the USA where all of our businesses strongly outperformed their markets and we achieved a record 7.9 per cent trading margin. We generated better like-for-like revenue growth in Europe, despite challenging markets, as we invested in sales and marketing activity to stimulate demand. We are taking action to improve profitability in Europe in the second half.”

“We continued to make good progress in our ongoing investment programme to improve the efficiency of our business model. This remains a key component of our strategy to enhance customer service, whilst driving sustained market outperformance and margin expansion.”

“Cash generation was good and our balance sheet remains strong. Growth in headline EPS of 13.3 per cent has enabled us to increase the interim dividend to 30.25 pence per share, 10 per cent ahead of last year.”

Commenting on the outlook, Ian Meakins said:

“We expect the Group’s like-for-like revenue growth rate in the second half to be about 6%. At current exchange rates, we expect Group trading profit for the ongoing businesses for the full year to be in line with the current consensus of analyst expectations.”

FULL ANNOUNCEMENT

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