

The Wickes logo is a white, stylized wordmark set within a blue shield-shaped background.The text '2021 Full year results' is centered in a large, white, sans-serif font over a collage of images showing Wickes staff in various roles.The text 'Excellent full year performance, accelerating investment for growth' is centered in a white, sans-serif font over the same collage of images.The date '25 March 2022' is displayed in white text on a bright green rectangular background.

Strictly Private & Confidential



Chief Executive

David Wood

Agenda for today

Full year Results

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David Wood

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An excellent full year, delivering record sales and profit

- **Record sales and underlying profit**, with double digit LFL sales growth and 2x market outperformance
- Continuing to **grow our customer base, improve customer satisfaction, and gain market share** in the large and growing home improvement market
- **Delivering excellent value and availability** despite challenging external factors
- **Strong progress across all growth levers**, with an opportunity to accelerate, underpinned by digital capabilities and our unique service model
- **Outlined new capital structure** to drive growth and superior returns





Financial Review

Julie Wirth

Excellent full year financial performance

Revenue **£1535m**,
up **13.0%** on
a LFL basis

Gross profit margin
reduction more than
**offset by scale benefits
and cost leverage**

IFRS 16 Net debt **£(618.7)m**
Cash **£123.4m**
Leverage down to **2.8x**

LFL sales up **18.6%**
on a two year basis
Core LFL up **35.7%**
DIFM **(21.7)%**

Full year adjusted
PBT **£85.0m**, up **71.7%**,
and up **£35.5m** on FY20

Final dividend of
8.8p taking full year
dividend **to 10.9p** or **40%**
of adjusted PAT

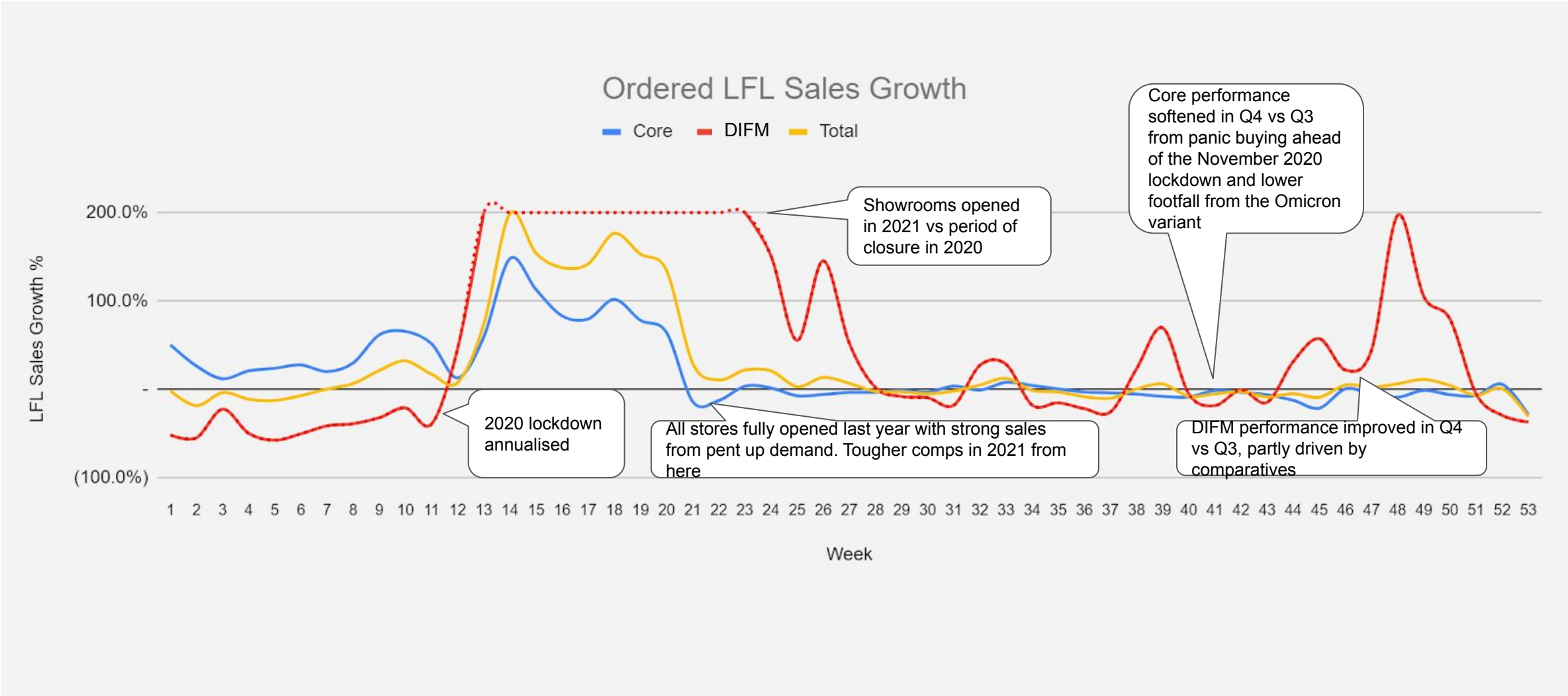
Profit growth driven by LFL sales and operational leverage

£m	2021A	2020A	Change %
Revenue	1534.9	1346.9	+14.0%
LFL (%)	13.0%	5.0%	na
Gross profit	568.5	509.1	+11.7%
Gross profit %	37.0%	37.8%	-80bp
Selling and admin costs	(452.2)	(427.5)	-5.8%
% of sales	29.5%	31.7%	+230bp
Adj Operating profit	116.3	81.6	+42.5%
Adj Op profit %	7.6%	6.1%	+150bp
Adj PBT	85.0	49.5	+71.7%
Adj tax rate %	19.4%	18.0%	na
Adj EPS	27.2p	16.1p	+68.9%

- **Strong LFL sales growth** despite challenging second half comparatives
- Retail price **inflation of c7%** for the year (first half 3%)
- **Gross margin reduction** reflects strong local trade participation, increased installation, and focus on inflationary cash margin recovery
- Significant cost ratio improvement reflects **operational leverage** despite incremental PLC costs
- Full year adjusted operating profit and margin recovered strongly, with **record level of adjusted PBT**
- Operating margin **above the 7.4% reported in 2019** (which excl plc costs)

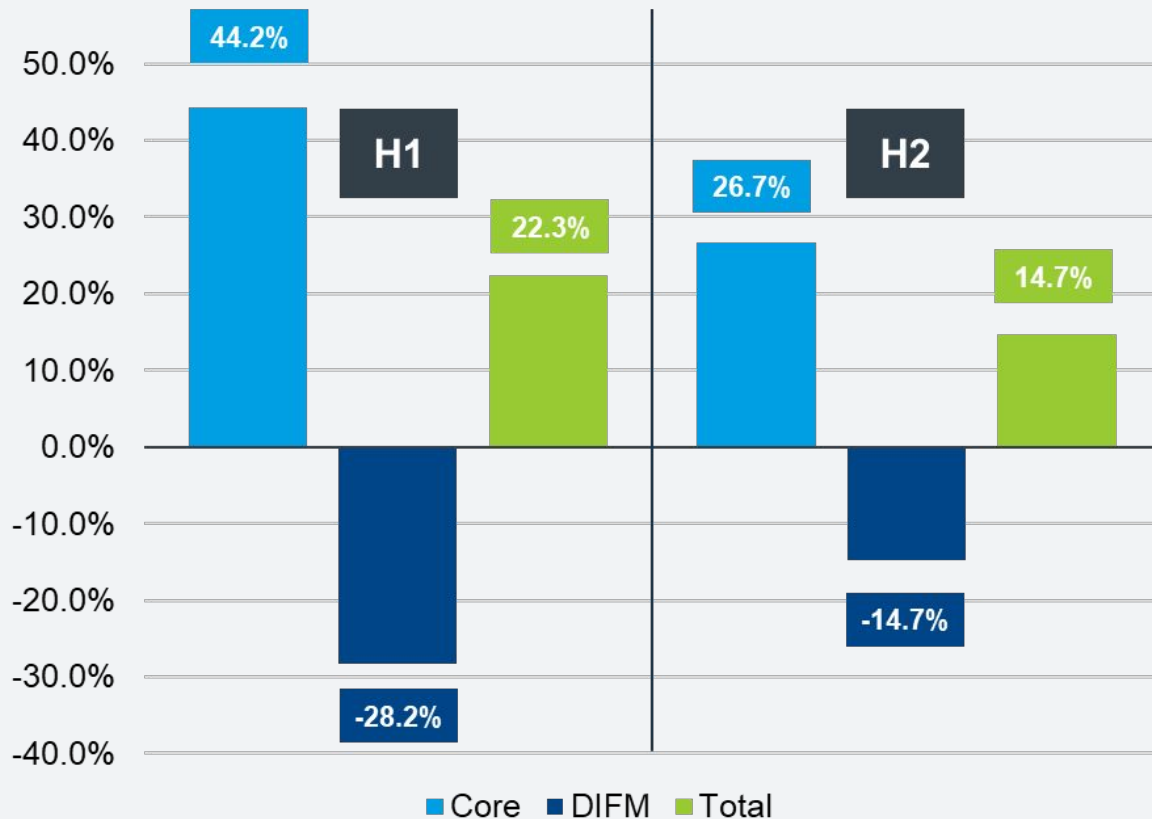
Note: FY2021 figures on a 53 week basis, other than LFL measures which are calculated on a comparable 52 week basis. Some figures affected by rounding

Sales journey through 2021



Notably strong core performance with DIFM carrying forward a strong order book

Two year delivered LFL sales growth



Note: comparable 52 week basis.

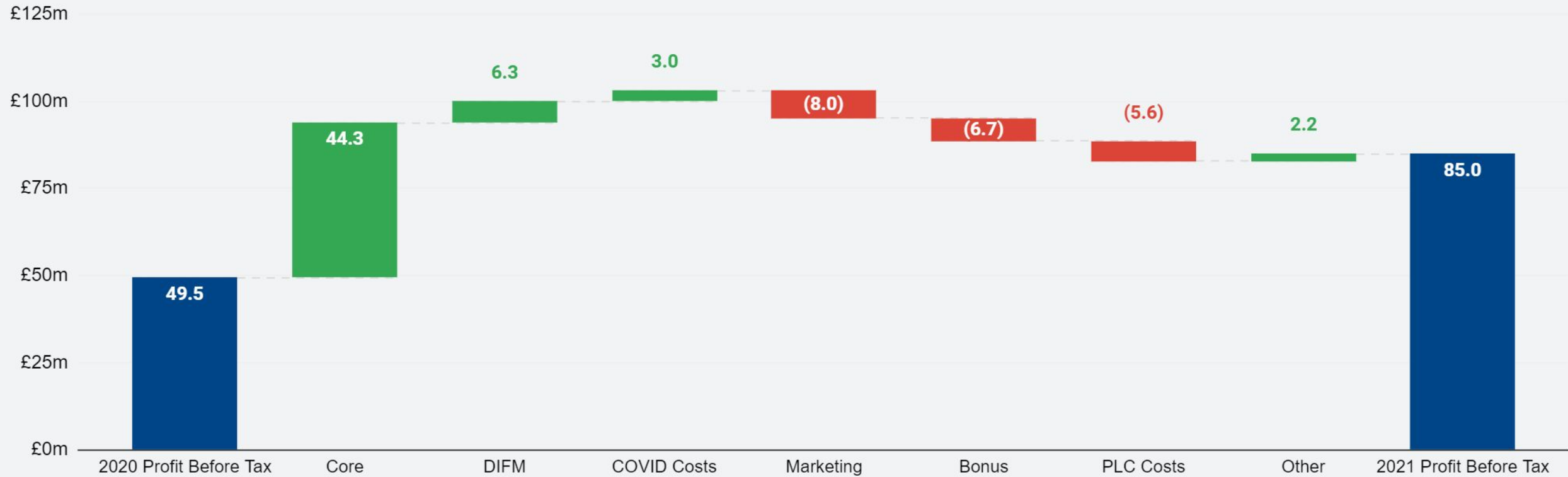
Two year Core LFL sales **growth remained robust**, moderating into H2

DIFM two-year LFL declined as a result of **showroom closures** in Q1 2021, and impact of ongoing self-isolation for customers and installers

Further **Core market share gains**, across a broad range of product categories

Ordered sales resilient with the year end order book more than double 2019 at well over £100m

Adjusted PBT has grown strongly, primarily driven by Core sales



All figures in £m

Cash is influenced by a number of factors

£123m year end cash,
reducing from H1
position of £204m
as expected

**Inventory increased
by £50m,** reflecting
volume recovery from the
prior year, cost inflation,
and additional forward cover

As previously
announced **capex
and separation costs**
were H2 weighted in 2021

**Cash position higher at
half year than full year,**
impacted by trading
and working capital cycle

**53rd week calendar
impact of c£(10)m,** given
the ongoing calendar this
will not unwind until 2023

2021 had a
**single interim
dividend payment
in H2** of £5.3m

Understanding the Wickes Balance Sheet

	2021A	2020A (pro forma)
Cash on Balance Sheet	£123m	£130m
Lease Debt	£742m	£790m
IFRS 16 Net Debt	£619m	£660m
IFRS 16 adjusted EBITDA	£219m	£185m
IFRS 16 leverage	2.8x	3.6x

- **IFRS 16 lease debt is significant and will vary** over time reflecting profile of lease renewals and new stores
- Average remaining **lease tenure 10 years**
- Lease debt is expected to **continue to reduce until 2026**
- **IFRS 16 net debt leverage target** established

Note: LTM EBITDA. Rounding may affect some figures



Our updated capital allocation priorities



Strong cash generation



Strong balance sheet
Net Debt / EBITDA
consistently < 2.75x

Cash for working
capital purposes



Investment in our
growth levers increased
to c£45m p.a.

IT separation
concludes 2023



Dividend policy
40% of adjusted
PAT



Surplus capital may be
returned to investors -
via share buybacks
or special dividend

Outlook

- Trading in the first 11 weeks is in line with last year
- As we annualise strong 2021 comparatives, Core sales are down 6.7% year on year and 26.3% ahead YO2Y
- DIFM has had a positive start to the year and the order pipeline has continued to build strongly - this gives us confidence that delivered sales will be ahead of 2019
- We expect to make further progress in the year ahead

2022 Technical guidance

- The FYE of plc costs in 2022 is expected to offset a further reduction in Covid costs
- Interest charge c£29m
- Tax rate c20%
- Capex of c£45m
- Separation costs £26m (adjusting item)

The Wickes logo consists of the word "Wickes" in a bold, white, sans-serif font, centered within a dark blue shield-shaped emblem with a white border.

Wickes

Strategy update and growth levers

David Wood

Today's focus - confidence in the market and our growth levers



- **We remain confident in our ability to grow** within the large and growing home improvement market
- **Our growth levers are working well** and driving consistent market outperformance
- We plan to **upweight investment** in targeted growth levers to:
 - accelerate store refit programme and **open new stores**
 - drive **further TradePro growth**
 - explore additional **new DIFM propositions** and conversion of large order book
 - **advance our digital leadership**, enhancing the customer experience

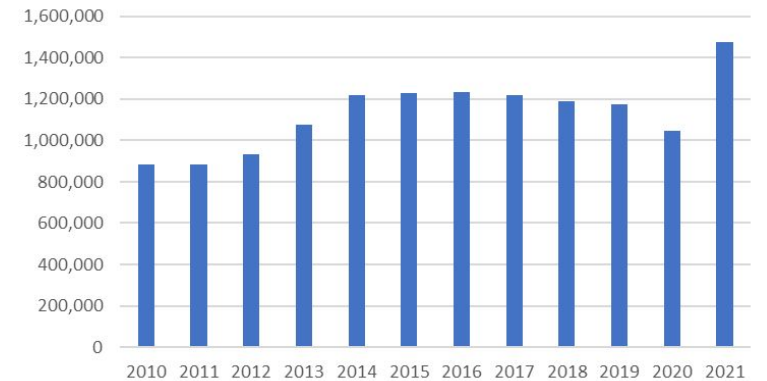


A large £26.5bn market underpinned by strong fundamentals

- 65% of UK housing stock is owner occupied with an average **house age of over 50 years**
- Housing transactions and prices are at record levels - encouraging **equity withdrawal**
- We are **spending more time at home** and want our homes and gardens to better reflect the way we're living
- Home improvement spend rises strongly with customer age, **benefitting DIFM and Local Trade**
- Increasing imperative to address **rising energy costs** and **climate change**
- In addition to underlying growth, there remains **pent-up demand** from local trade order books, our DIFM order book, and the backlog of planning permits

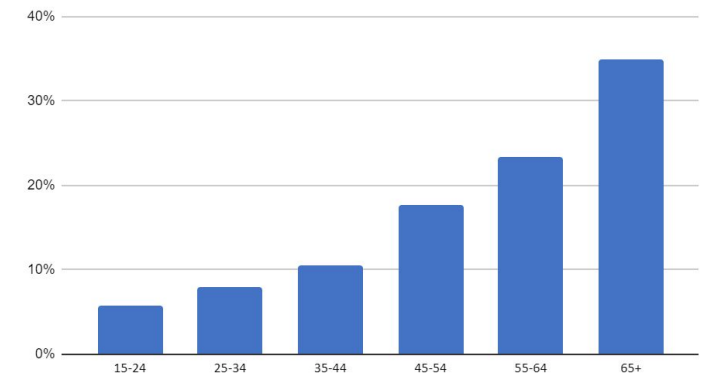
UK housing transactions

Source: gov.uk

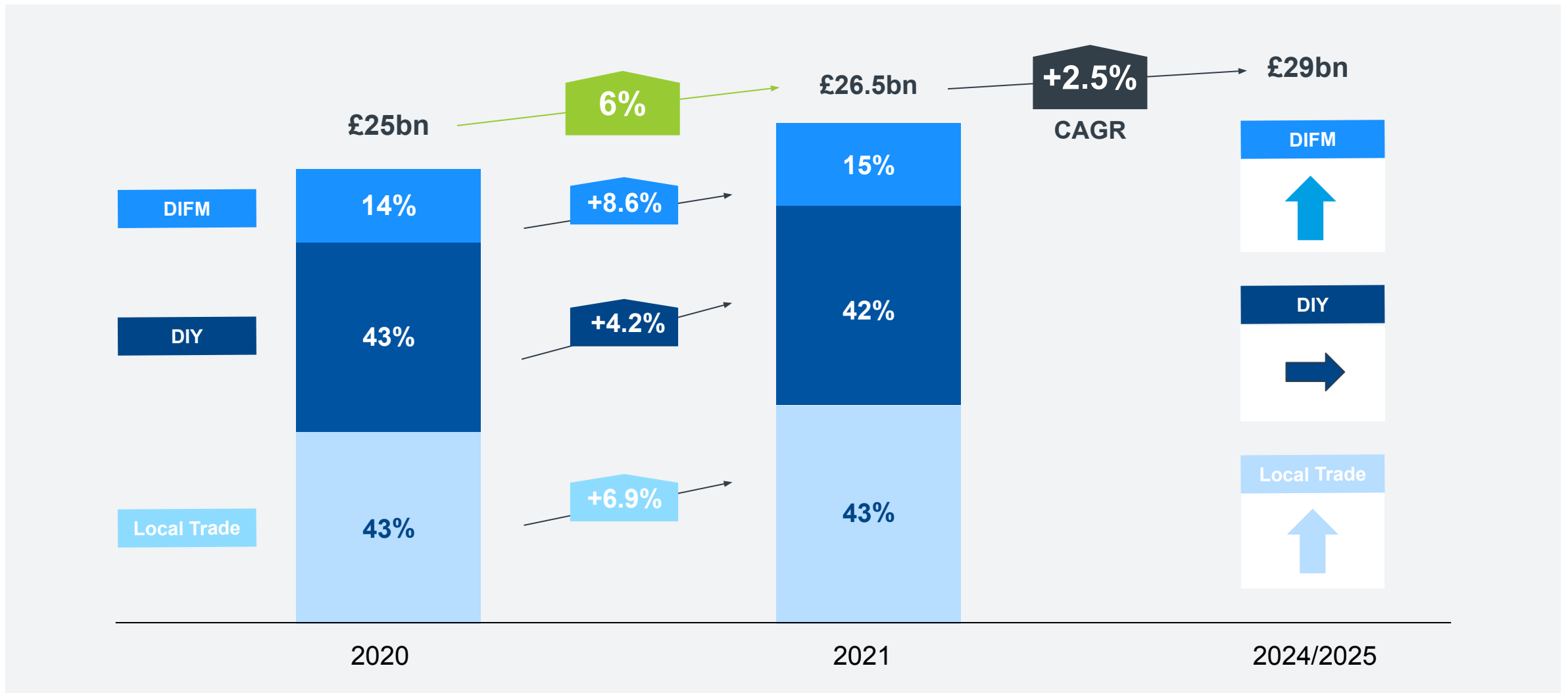


% of total spend on trade and Installer Services by age group (2021)

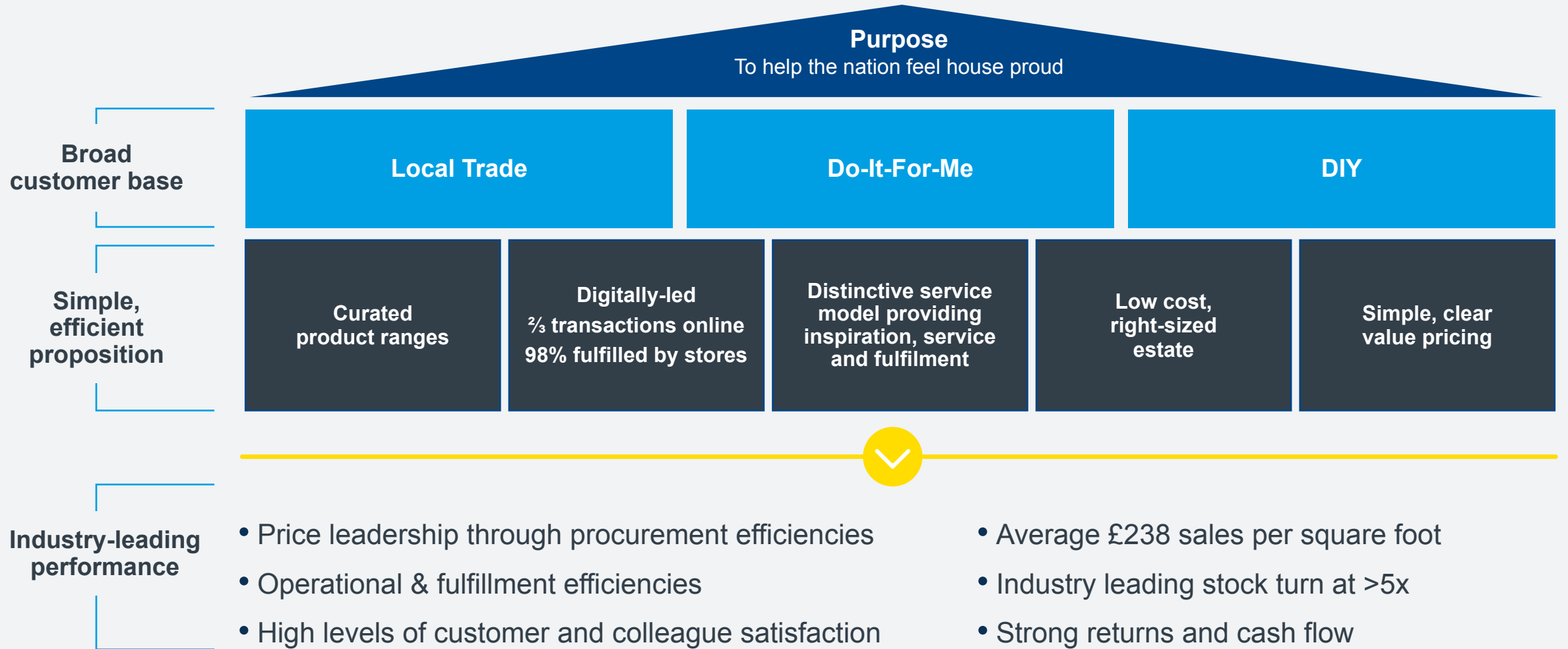
Source: GfK, TGI



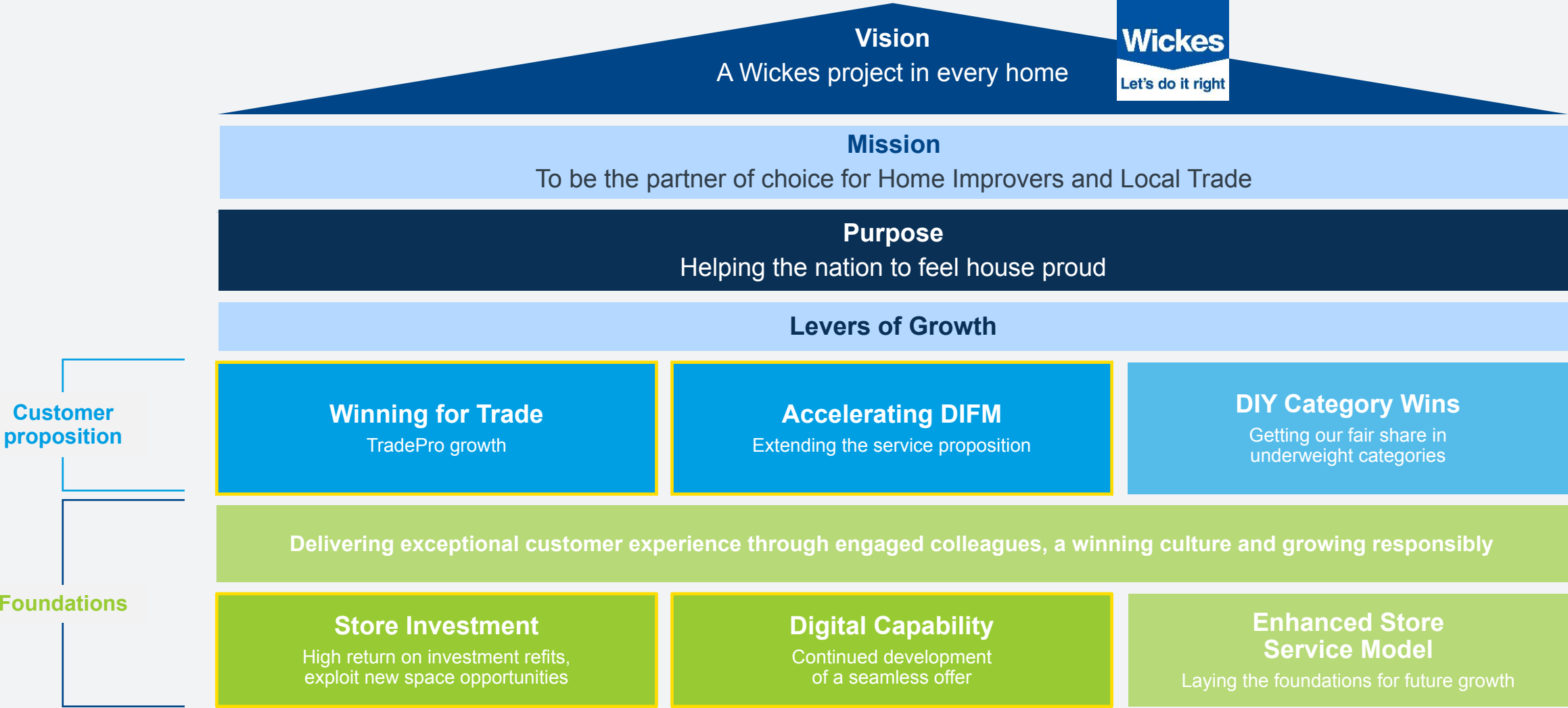
A large and growing market



Our unique business model gives us sustainable competitive advantage



Wickes has proven growth levers with much more to go for



Store refit programme driving strong uplifts, plan to accelerate

- Our focus in recent years has been on **refits and better quality space**
- In the last 3 years we have **grown sales** from £1.2bn to over £1.5bn off a **reduced footprint**
- **Over 150 stores** now in the new format; average store size of **28,000 sq ft**
- Performance of refitted stores:
 - average **sales outperformance of >25%** (DIFM 60%, Core 10%)
 - **ROCE >25%**
 - Sales per sq ft **£260** vs heritage stores at **£198**
- Plan to **accelerate the programme** with 12-15 refits pa, estate completed in c.5 years



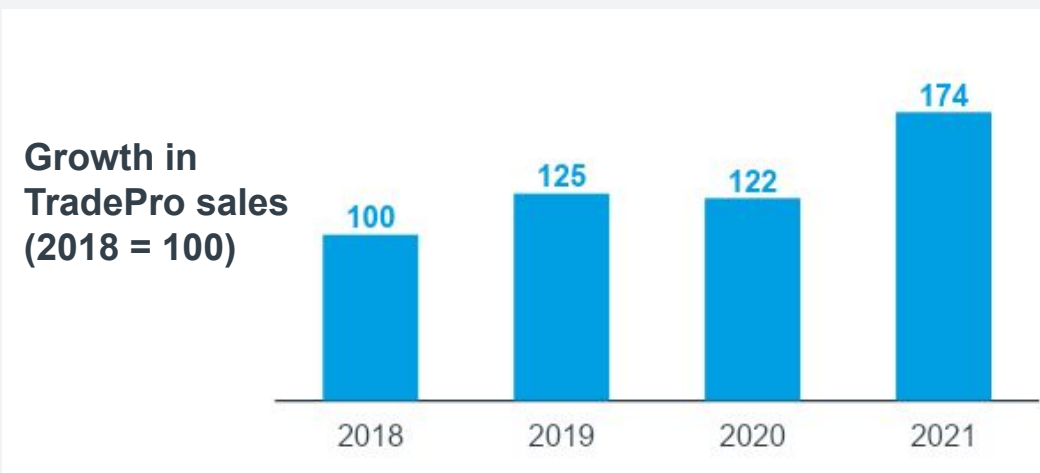
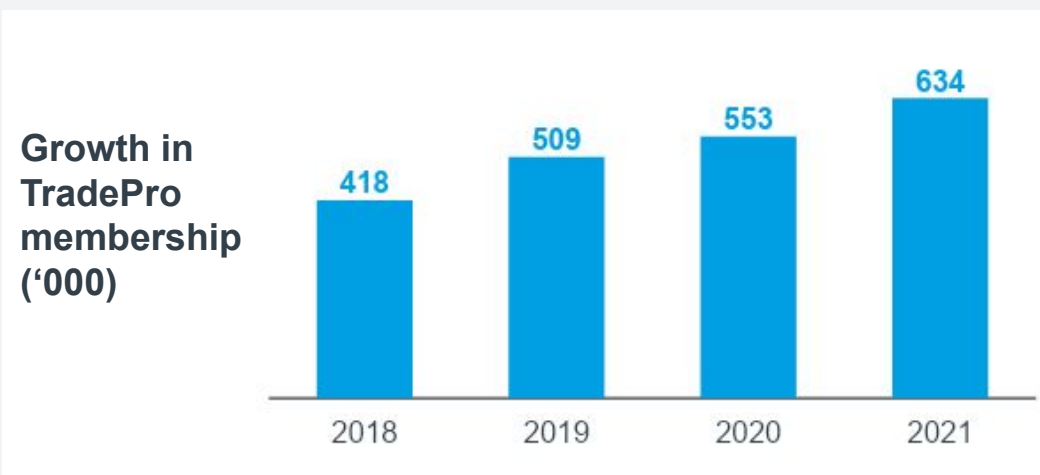
Opportunities identified for 20 new stores over the next five years

- **Our proven model** combined with **independence** provides opportunity to **open new stores**
- Switching data shows that we are **winning customers from all competitors**
- **20 new stores** targeted from 2023 onwards, creating **1000 jobs**
- “White space” opportunities include **additional stores in large catchments**, and new stores in **towns not currently served by a Wickes store**
- **Confident of strong returns on investment**, as well as additional scale benefits



Winning for Trade - record levels of TradePro growth

- **Simple, convenient, digitally-led** scheme
- Most **strategically valuable** customers
- Record sign ups: added **>80,000** in 2021 to **630,000+ members**
- **39% sales growth** on last year, driven by higher frequency and AOV
- Buoyant pipeline of work - **66% have work lined up for more than 3 months**
- Investing in TradePro app to **deepen and broaden appeal**
- Ambition to reach **1 million** TradePro customers



(Source - Wickes Quant Research Feb 2022)

Accelerating DIFM through digital and product innovation

- New **online virtual journey** continues to prove popular with customers
- Continued **high attachment rates** of installation, tiling and flooring services to Kitchen and Bathroom projects
- Installer base increased to **over 2,600 teams** and on track to increase by an **additional 25% in 2022**
- Record number of our Design Consultants hit the **£1m sales mark**
- **New ranges** already account for **>25% of sales**
- We continue to test, learn and roll out **new installation services** across internal joinery, external joinery and landscaping



New TV ad here

How digital is enhancing the customer experience



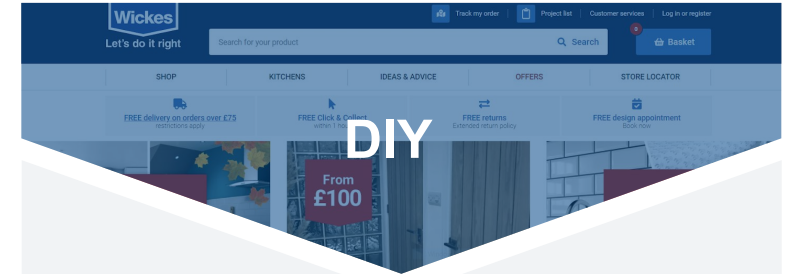
Further development of the TradePro App and features

Personalisation and customisation of experiences in digital channels



Expansion of the new Kitchen digital experience to include Bathrooms

Development of inspirational content including Augmented Reality and Virtual Reality to enhance customer experience

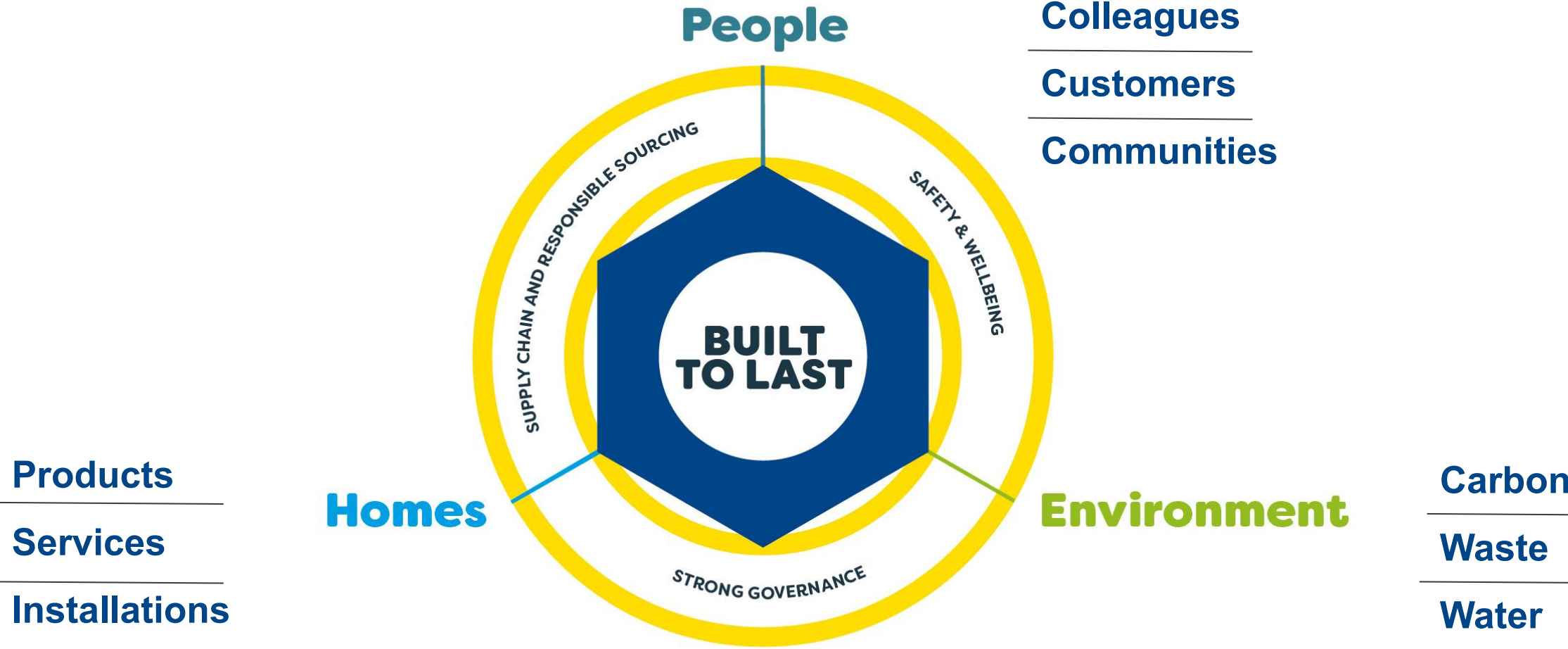


Further development of the customer App and features

Extending customer reach and range accessibility through marketplace platforms (such as Ebay)

All underpinned by our Missions Motivations Engine - identifying opportunities to drive better customer and commercial outcomes by engaging earlier in the customer project planning phase to ensure Wickes is selling the whole Mission

Launch of our new Responsible Business strategy



Our Responsible Business Strategy supports a diverse and inclusive society, an environment that is protected for the next generation, and homes that are fit for a sustainable future for everyone

Positive progress across all pillars, data mapping for target setting

	People	Environment	Homes
2021 Highlights	<p>No.2 UK retailer in the Financial Times Global Diversity Leaders 2022</p> <p>Launched 'Installer Apprenticeship' scheme</p> <p>£1 million raised for YoungMinds</p> <p>Launched new 'Feel at Home' I&D programme</p>	<p>Conducted our first full carbon footprinting exercise for Scope 1,2 and 3 emissions</p> <p>Consolidated water suppliers and billing to gain accurate measure of consumption</p> <p>Testing low-carbon technologies such as electric air-source heat pumps and electric vehicles</p>	<p>Created project guides on our website to support customers with their energy efficiency home improvement projects, including insulation, lighting and smart homes.</p> <p>Conducted consumer research to gain better understanding of customers' home improvement sustainability needs and concerns</p>
Targets	<p>Offer and support 200 Early Career places each year for the next 3 years</p> <p>Raise £2m by end of 2022 for YoungMinds</p> <p>All stores and sites to participate in Wickes' Community programme</p>	<p>Be a Net Zero Business by 2040 across all 3 emission scopes</p> <p>Committed to set Science Based Targets in 2022</p> <p>Set targets to increase our operational recycling rates and reduce waste to landfill</p>	<p>Eliminate all unnecessary packaging across our business by 2023</p> <p>All our packaging will be easy to recycle or reuse by 2025</p> <p>50% of all of our packaging materials will come from recycled materials by 2025</p>

Summary - a clear strategy to drive growth and shareholder returns



- **Distinctive business model** is our source of competitive advantage
- We plan to **accelerate investment** in our proven growth levers
- This in turn **will drive further market outperformance**
- Investment in growth levers has **attractive returns**, driving additional cash generation
- Our new capital structure framework allows scope for **future returns to shareholders**



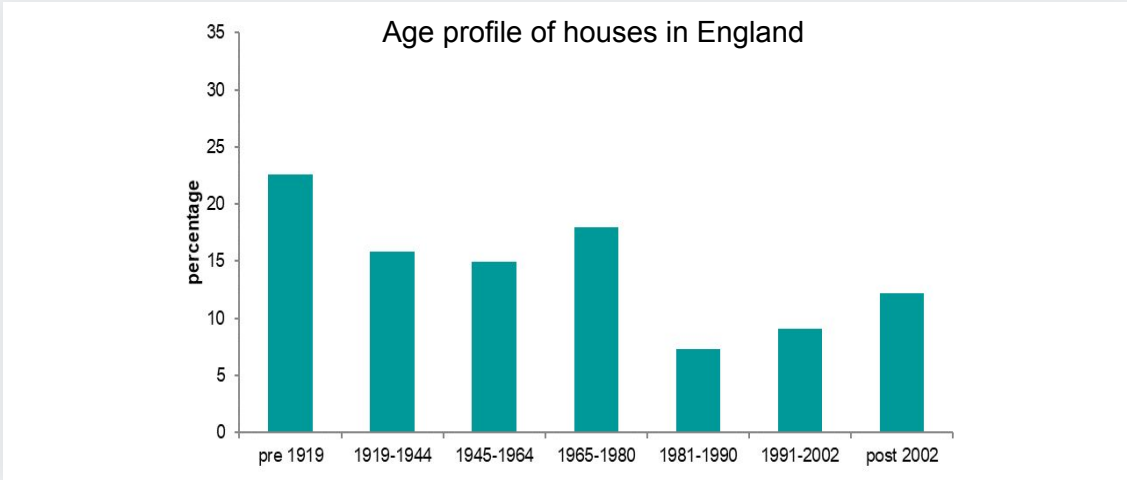
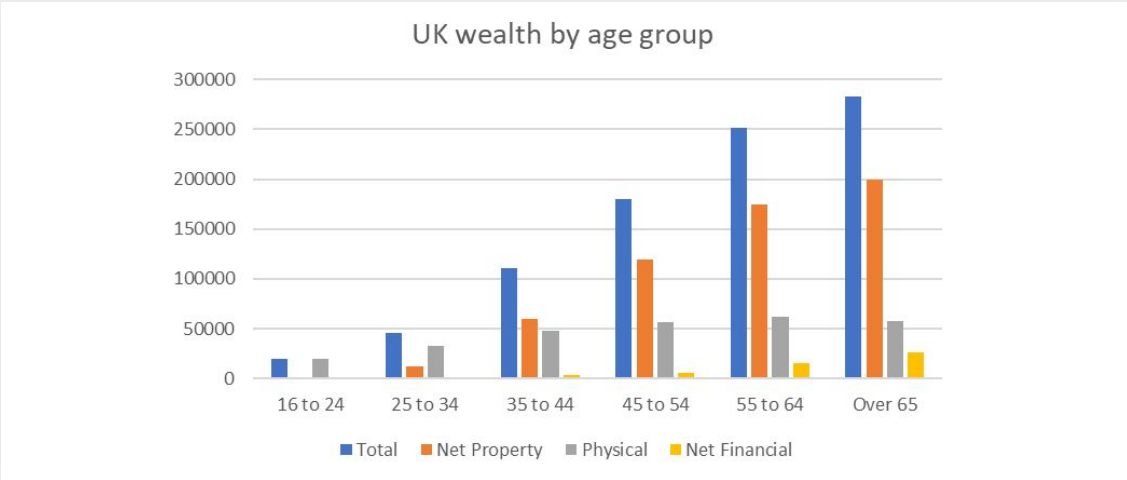
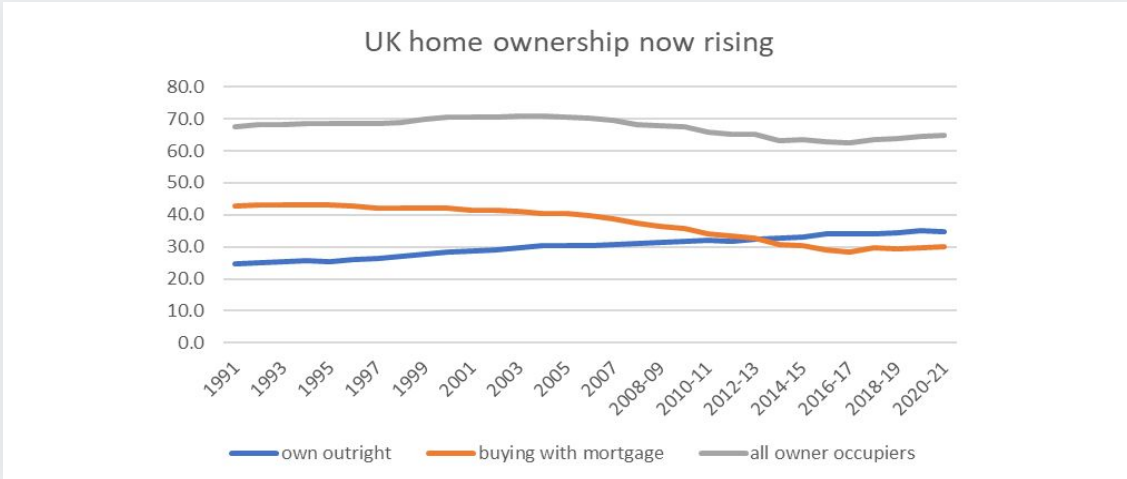
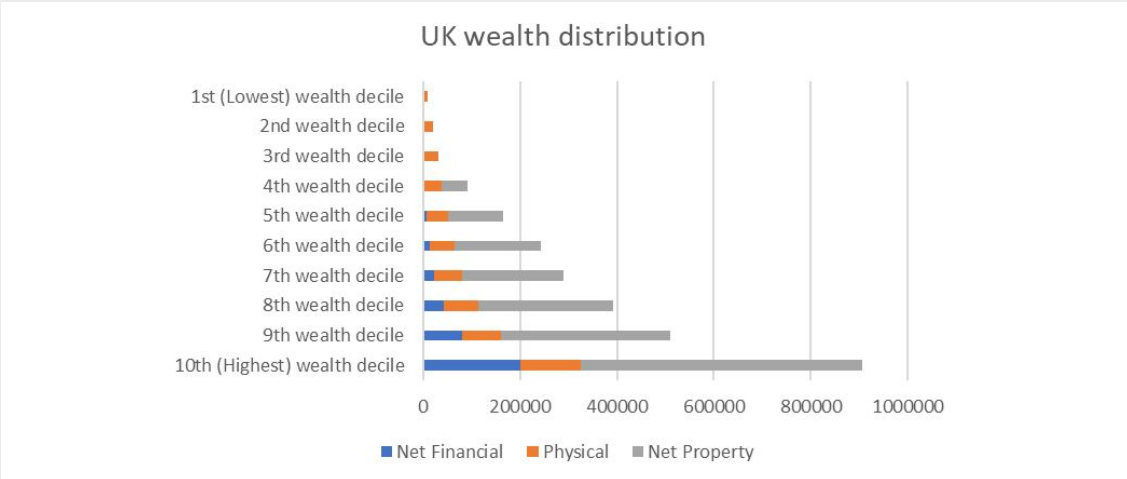


Q&A



Appendix

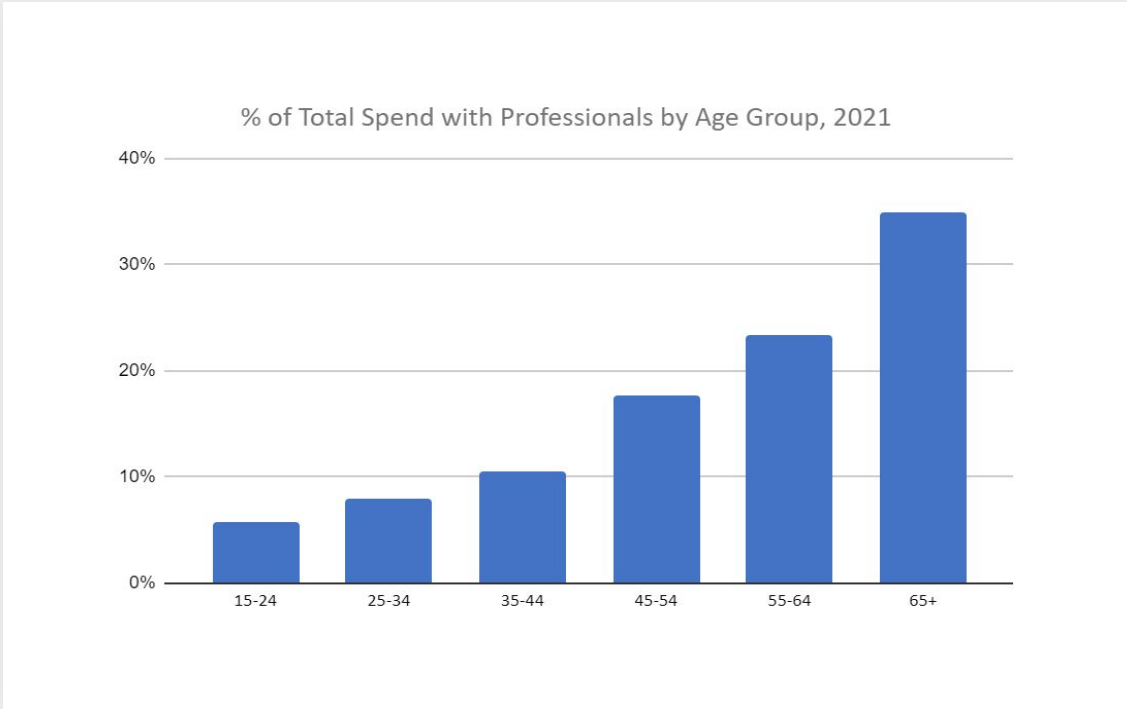
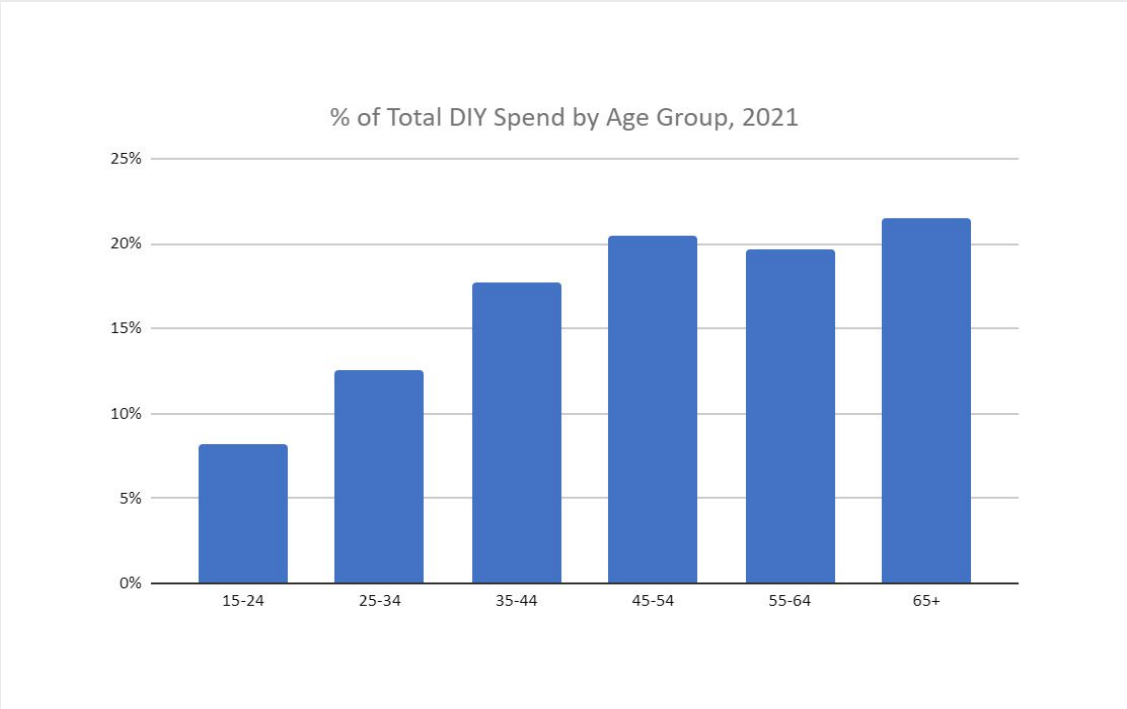
Homeowners are older and wealthier



Source: ONS

Source: English Housing Survey

Home improvement spend rises with age, but particularly using tradesmen



Source: GfK, TGI

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