

The Wickes logo is a blue shield-shaped emblem with a white border. Inside the shield, the word "Wickes" is written in a bold, white, sans-serif font.

Wickes

The background is a collage of three images related to home improvement. On the left, a man with dreadlocks and safety glasses is using a hand saw to cut a piece of wood. In the center, a woman with long blonde hair is smiling and gesturing in a modern kitchen with dark blue cabinets and a white countertop. On the right, a woman in a blue and white striped shirt is painting a wall with a roller, with a cardboard box labeled "LOUNGE" in the foreground.

2024 Half Year Results

10 September 2024



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David Wood

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Resilient performance in H1, with improved trend so far in Q3

- **Balanced business model** delivers resilient performance in H1 with record market share gains in Retail
- **Investment in proven growth levers delivering progress in key metrics**
 - TradePro sales growth +14%
 - Wickes Lifestyle Kitchens sales +19%
 - Initial roll-out of Wickes Solar in stores and online
 - 2 new stores and 3 refits
- Delivering attractive returns to shareholders
 - Interim **dividend maintained** at 3.6p
 - Current £25m buyback programme nearing completion
- **Entry into the FTSE4Good index** recognising our Responsible Business Strategy
- **Trading in Q3 so far has seen an improved trend**
- Current trading combined with actions to mitigate inflation underpins **management's outlook for adjusted PBT¹**





Financial Review

Mark George

Resilient performance in challenging H1 market conditions

Revenue **£799.9m**

Group LFL (3.9)%

Gross margin
+24 basis points

Strong balance sheet
with **£152m** cash

Retail¹ LFL **0.6%**

Design & Installation²
LFL **(18.3)%**

Adjusted PBT
£23.4m

Interim dividend 3.6p

**£25m share buyback
nearing completion³**

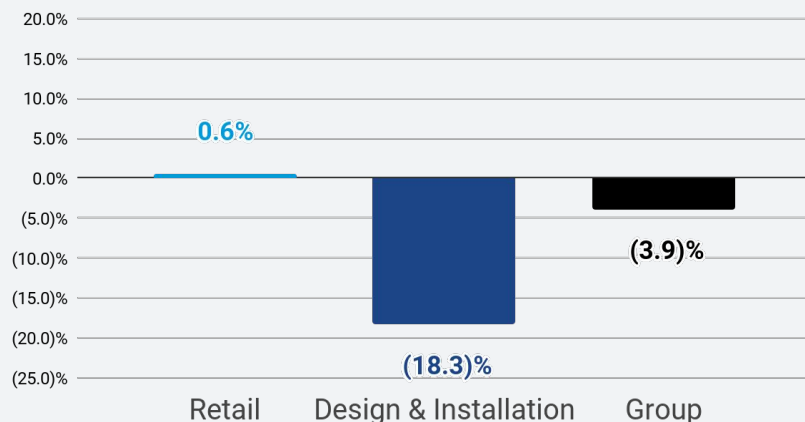
Balanced business model & tight cost control deliver resilient performance

£m ¹	HY 2023	HY 2024	Change %
Revenue	827.7	799.9	(3.4)%
LFL %	0.7%	(3.9)%	N/A
Gross profit	297.3	289.2	(2.7)%
Gross profit margin	35.9%	36.2%	+24bps
Selling & admin costs	(255.3)	(254.1)	(0.5)%
% of sales	(30.8)%	(31.8)%	-0.9ppts
Operating profit	42.0	35.1	(16.4)%
Operating profit margin	5.1%	4.4%	-0.7ppts
Interest	(10.9)	(12.0)	10.1%
Adjusted PBT	31.1	23.4	(24.8)%

- Sales & volume growth in Retail; H1 market remained challenging in Design & Installation
- **Gross margin +24bps** as a result of careful management of price & promotions
- Selling & admin costs held flat year on year
- **Planned productivity initiatives** partly offset wage inflation and other inflationary factors

Sales & volume growth in Retail; market remained challenging in Design & Installation

HY'24 LFL divisional split



Retail (Trade & DIY)

- Achieved record market share
- Positive LFL driven by volume
- TradePro **sales +14%** with 18% increase in active TradePro members and healthy trade pipelines

	Q1	Q2	HY
Inflation ¹	(2.9)%	(2.7)%	(2.8)%
Volume/mix ²	4.6%	2.5%	3.4%
LFL sales	1.7%	(0.2)%	0.6%

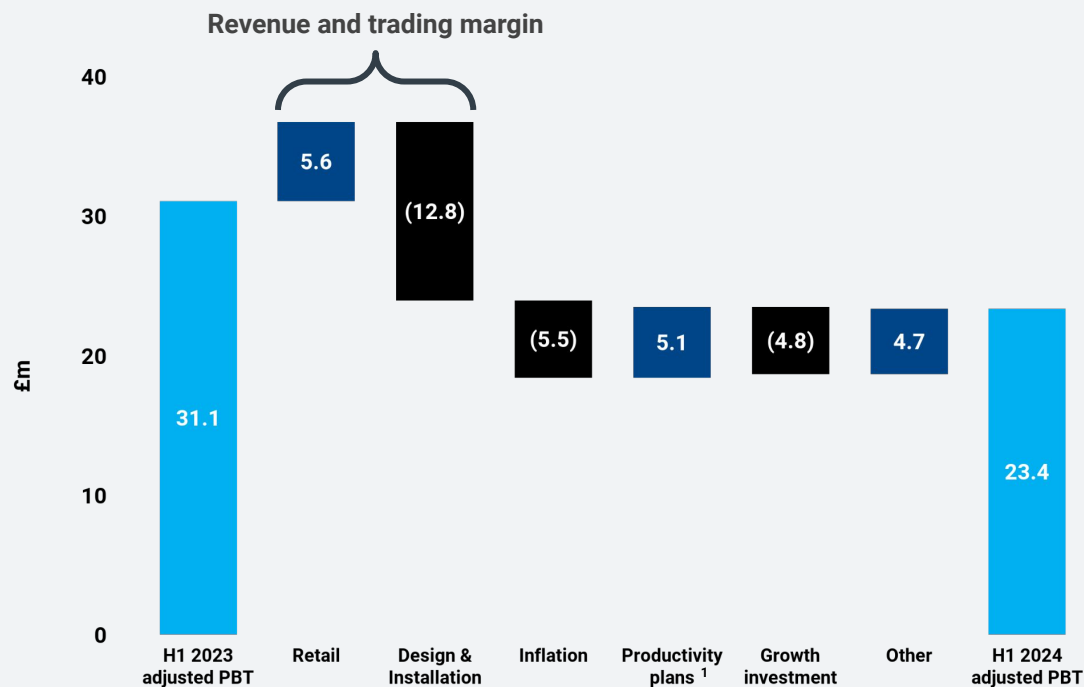
The phasing impact of Easter reduced Retail LFL in Q2 by 1.4%

Design & Installation

- Decline in delivered sales³ due to soft consumer appetite for larger ticket purchases and lapping of elevated order book
- Ordered sales⁴ showed high single digit YoY decline
- Ongoing strategic focus on **lower-priced Wickes Lifestyle Kitchens⁵** resulted in **sales +18.8% YoY**

1) Inflation represents the price change on products sold in both years. 2) Volume represents both the change in volume of products sold and the change in product mix relating to LFL products and non-LFL products. 3) Delivered sales refers to the revenue which is recognised when the Group has satisfied its performance obligation to the customer and the customer has obtained control of the goods or services being transferred. 4) Ordered sales refers to the value of orders at the point when the order has been agreed. 5) Sales of Wickes Lifestyle Kitchens which include a design element are classified as Design & Installation revenues, whereas Self Serve purchases of the Wickes Lifestyle Kitchen range are classified as Retail revenues.

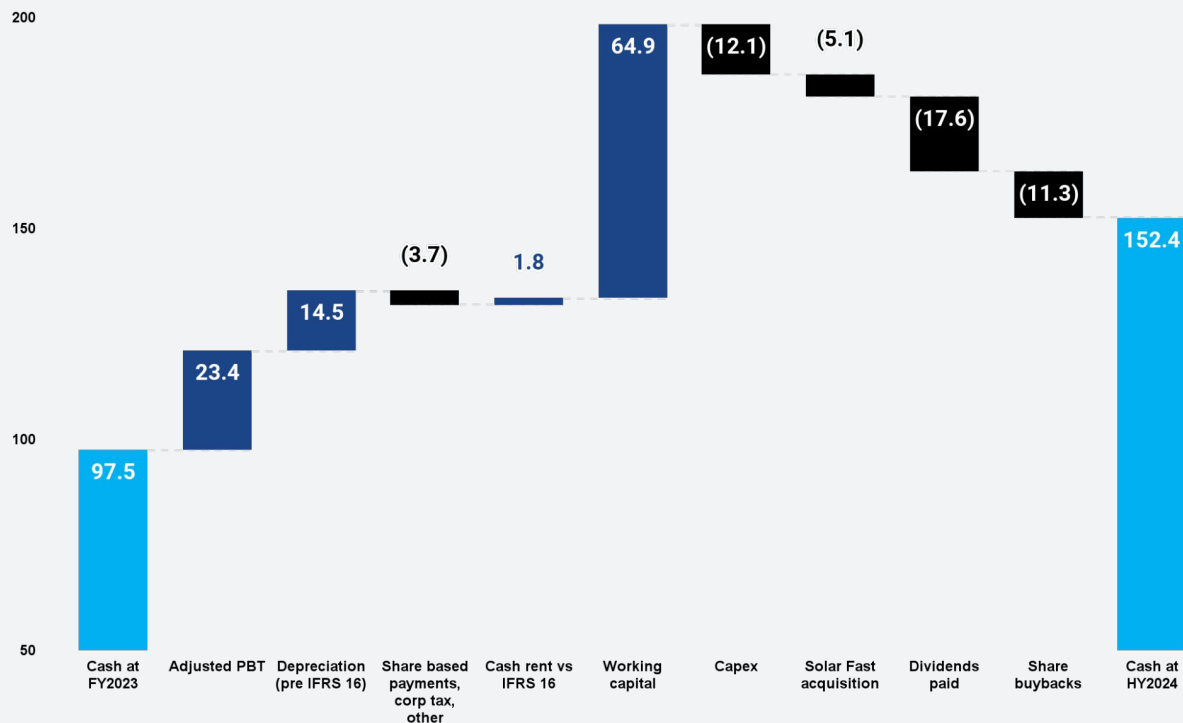
Adjusted PBT reflects challenging H1 market conditions in Design & Installation



- Trading margin expansion in **Retail**
- Weakness in **Design & Installation**, which experienced softening demand and higher interest costs for consumer credit
- Inflationary pressures in wages and central costs
- **Planned productivity initiatives** to mitigate headwinds, with savings made in areas including distribution and store shrinkage costs
- **Growth investment** includes new stores, technology and rollout of Customer Experience Centre

1) The impact of YoY savings in distribution costs is displayed in productivity plans, whereas in the statutory income statement this is included in gross margin

Cash of £152m after £29m returned to shareholders



- £65m working capital inflow reflects normal seasonal trading pattern
- **Capex broadly in line with guidance**
 - 2024 guidance of c.£30m excluding SaaS investments
- **£5.1m net initial consideration for acquisition of 51% stake in Solar Fast**
- **£29m returned to shareholders**
 - £11.3m share buybacks
 - Payment of 7.3p final dividend for FY 2023

Outlook and guidance for 2024

Outlook

- Trading in Q3 so far has seen an improved trend
- Well placed to continue to outperform the market
- Current trading combined with actions to mitigate inflation underpins management's outlook for FY24 adjusted PBT¹

Technical guidance for 2024 - unchanged

- Net interest costs £20-25m
- Adjusted tax rate 25-26%
- Capex c.£30m²
- Based on current expectations FY dividend expected to be maintained at 10.6p
- Current £25m share buyback programme expected to be completed by end September 2024
- Cash at FY24 to be lower vs FY23 as a result of ongoing share buyback and Solar Fast acquisition





Business Update

David Wood

Winning strategy based on proven growth levers



Current market trends

Trade

- Trade pipelines remain healthy:
 - **c50% of tradespeople continue to have a pipeline of over 3 months¹**
 - c25% have a pipeline of over 12 months¹
- Traders remain thrifty, with 28% being careful with quantity of materials bought²

Design & Installation

- Planned spend on a new kitchen or bathroom remains below historical norms, but stable over recent months¹
- **Demand stronger in the <£4k segment of the kitchens market**
- 15% of home improvers have considered installing solar panels over the last year³

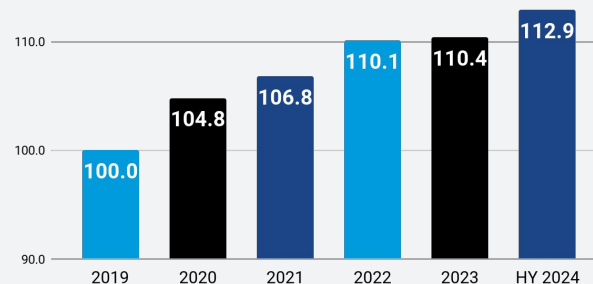
DIY

- Continued interest in DIY but focus on **smaller projects**, spending a bit less
- **Product categories linked to large projects more challenging** (eg.tiles & flooring)
- Consolidation in the UK home improvement market, following demise of Wilko, CTD Tiles and Carpetright

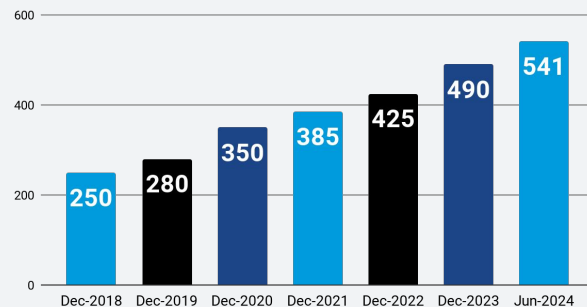
Retail continuing to outperform the market

- **Record market share¹**, with particular gains in decor, garden, tiles & flooring
- TradePro **sales +14%**
 - Active members +18%²
 - Machine learning driving deeper customer relationships and extracting greater lifetime value
 - >1m total members³
- **10 range reviews** carried out, with strategic emphasis on new and innovative products in our core categories
- **Current trading so far in Q3 improved** with strengthening LFLs

Retail market share (indexed, 2019 = 100)



Active TradePro customers (000)



Strategic differentiation in Design & Installation

- Soft market environment in H1 for large consumer purchases; particularly impacted Wickes Bespoke Kitchens
- Ongoing strategic focus on our lower-priced **Wickes Lifestyle Kitchens¹** driving sales **+19%**
- Total ordered sales² of kitchens, bathrooms & installations -4% in H1
- **Simplified customer journey** in showroom improves customer experience and reduces operating costs
- Over half of customers using Wickes installers
- Trading in Q3 so far **stabilising**



Design & Installation - Initial roll-out of Wickes Solar

- Solar is in **long-term growth**
 - UK market expected to be worth **£1.5bn pa by 2028¹**
 - Highly fragmented market, no clear brand leader
- With a **trusted brand** and **significant experience in design and installation services at scale**, Wickes is well-placed to be a market leader in home energy solutions
- **Point-of-sale assets now in 50 trial stores**
- Digital journey **live on Wickes website**
- Encouraging early response, in leads and conversion



Investment in new stores and refits driving returns

- **Refitted 3 stores into new format**
 - ROCE on refitted stores **25%**
- **Two new stores**
 - Long Eaton and Durham
 - Creating c. 60 new jobs
- **New format stores now 179**, out of 229 total
- **On track for 2024 plans**
 - 7 refits
 - 4 new stores
 - Aberdeen (opened in August)
 - Leamington Spa (opening in Q4)

Ashford - before refit



Ashford - after refit



'Built to Last' strategy recognised with entry into FTSE4Good index



- **Flexible working** rolled out to all roles in Support Centre and all store management teams, as part of our Colleague Promise
- Supported **>1,300 community projects** across the country
- Raised **>£1m** in partnership with The Brain Tumour Charity, on track for £2m target¹



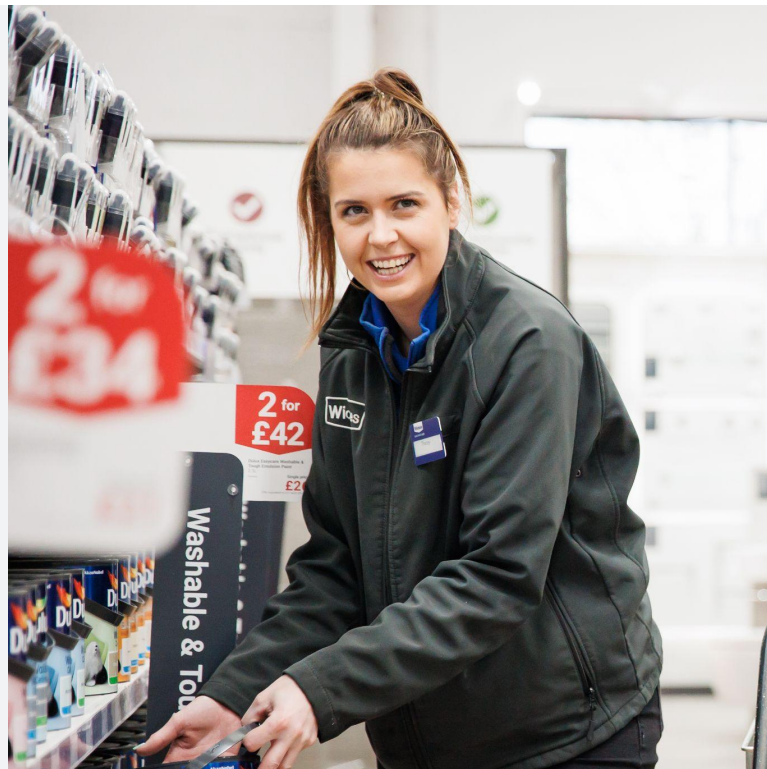
- **Amongst the first signatories to Global Scope 3 commitment of EDRA/GHIN**, the global trade body for home improvement retailers
- All of our garden products now **peat free**
- **Investing to reduce energy consumption** - voltage optimisation, solar panels, heating controls and LED upgrades in selected stores



- **Initial roll-out of Wickes Solar** online and in selected stores
- Expanding our online range of air source heat pumps and EV chargers
- Improved information on our website as to how our products support sustainability

Conclusion

- **Balanced business model** delivers resilient performance in a challenging H1 market
- **Trading in Q3 so far has seen an improved trend**
- Current trading combined with **actions to mitigate inflation underpins management's outlook for adjusted PBT**
- Delivering **attractive returns** to shareholders
- Continued successful investment in **proven growth levers** means we are well placed to benefit as economy recovers





Q&A



Appendix

A uniquely balanced business supporting three customer propositions



LOCAL TRADE

We are trusted by local tradespeople to provide the quality products they need at great value, saving them time and money.

Our digital TradePro membership scheme offers a standard 10% discount across the store and our Wickes own brand has built a strong reputation with Local Trade over the past 50 years.



881,000

TradePro members



DESIGN & INSTALLATION

For customers who are looking to buy a new bathroom, kitchen or home office, we offer a full service from concept design to installation.

Our team of design consultants and nationwide network of Wickes-approved installers are on hand to support the customer with their project.



>3,000

installer teams



DIY

We provide a highly curated range of branded and own brand products in store, and further products online, to help customers undertake their DIY project. We pride ourselves on great value, simple, clear pricing and good stock availability.

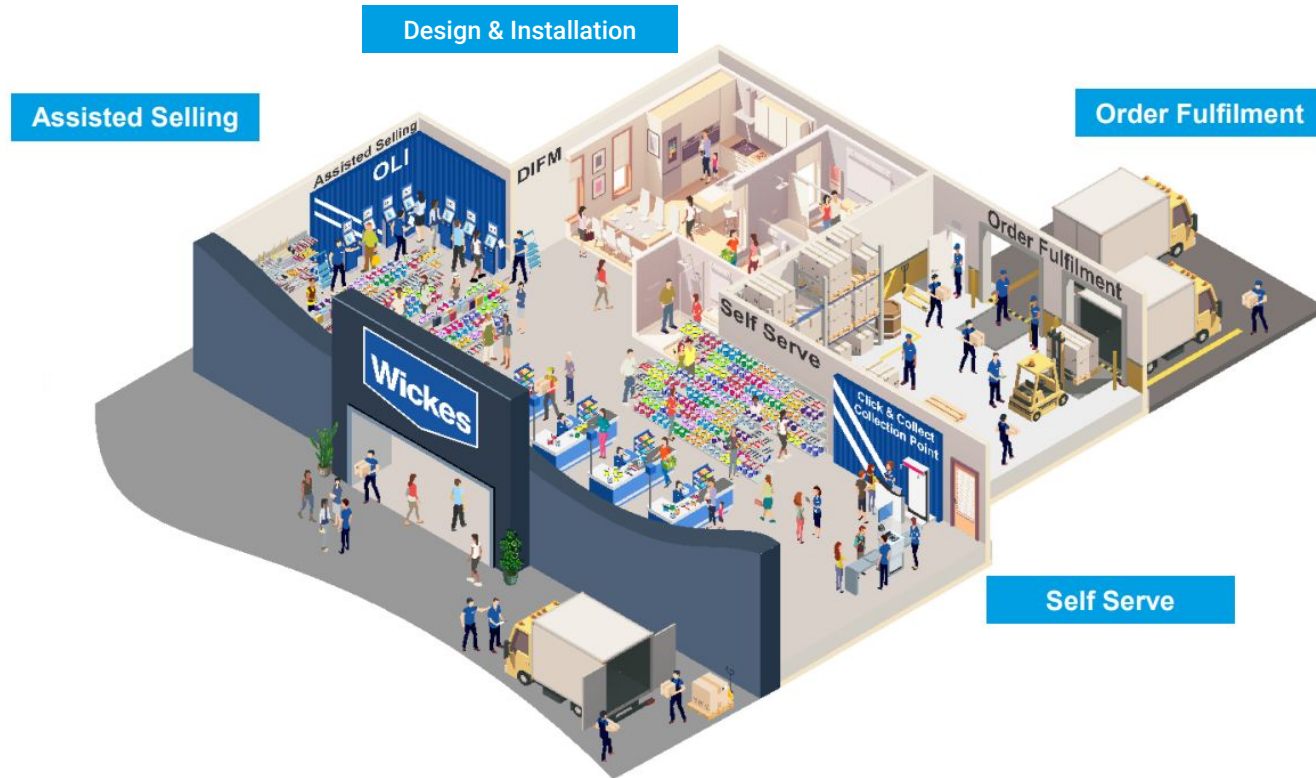
Our store teams and online guides are there to provide customers with expert advice and knowledge to support them.



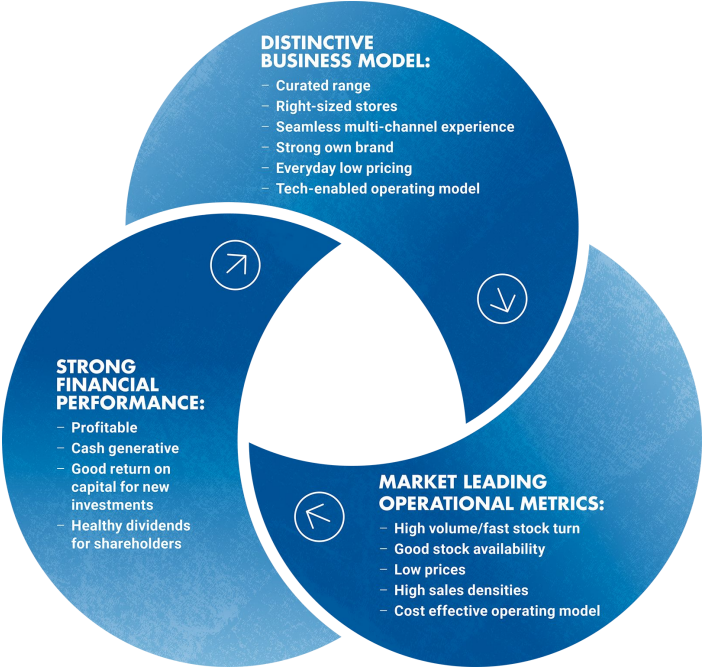
c.60%

of sales are Wickes own brand

Our 4C customer service model



How we deliver our unique customer proposition



Sustainable competitive advantage driving investment returns

LARGE AND GROWING MARKET

The c.£27bn UK home improvement market¹ has grown at 2.5% pa over the past 10 years², driven by increasing home ownership, the rising number of households, people spending more time at home due to hybrid working and consumers investing to make their homes more energy efficient.

2.5%

per annum for past 10 years

1. Source: GfK, Mintel and Wickes estimates
2. Source: GfK, between 2013-2023

MID SINGLE-DIGIT SALES GROWTH

Our balanced business model enables us to access three customer propositions of Local Trade, Design & Installation and DIY, offering greater resilience through the economic cycle. Wickes has just c6% share of the UK RMI³ market, offering significant opportunity for future growth. Continued market share gains and underlying market growth should generate mid single-digit revenue growth over the cycle.

7

Growth Levers

3. Repair, Maintenance & Installation

PROFIT GROWTH GREATER THAN REVENUE GROWTH

Our proven growth levers are successfully driving sales densities, profit contribution and returns from stores. Our efficient model keeps operating costs low, generating operating leverage so that over the economic cycle we would expect to grow profit faster than revenue.

c.20

new stores over 4-5 years

STRONG CASH FLOW

Our profitable business model generates strong operational cash flow. This cash flow supports future investment into proven growth levers such as store refits and digital, as well as enhancing shareholder returns through dividends and share buybacks. In 2023 we unveiled a revised capital allocation policy (see next page).

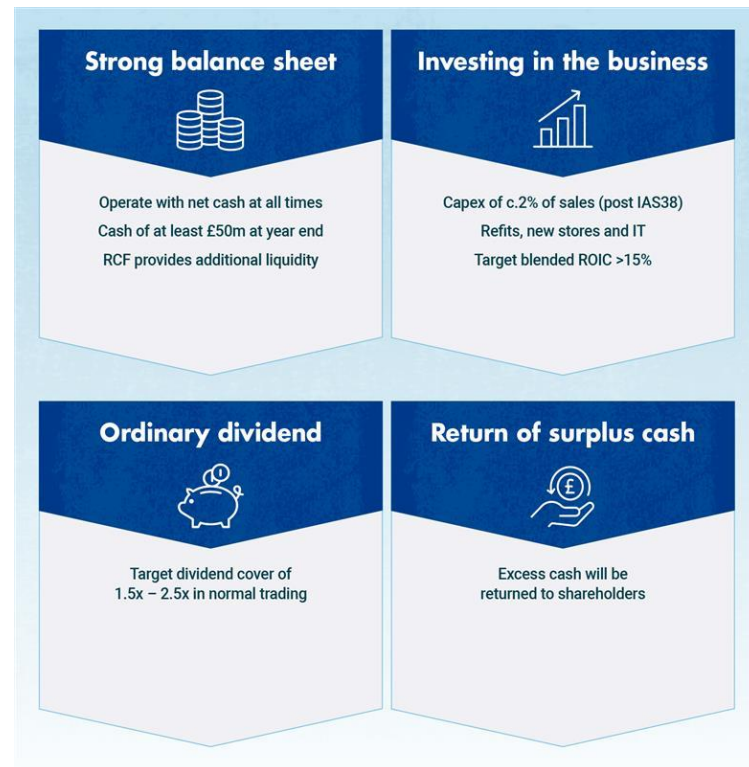
£37.2m

returned to Shareholders in 2023

Capital allocation

Revised policy announced in July 2023

- Maintain strong balance sheet with significant liquidity at all times
 - Hold **min.£50m** cash at December YE, the seasonal low point
 - **Average cash considerably higher** in a normal trading cycle, typically by £30-50m
- RCF provides additional liquidity
- **Capital investment** to maintain store estate and invest in high-returning proven growth levers
- Target dividend cover **1.5x - 2.5x** (previously 40% dividend payout ratio). Currently outside the target range but expect cover to rebuild in future years
 - FY2023 dividend maintained at **10.9p**
- **Share buyback** programme to return excess cash to shareholders
 - Current programme to return £25m expected to be completed by end September 2024



Disclaimer

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