



Travis Perkins adds Tile Magic to its tile stable

Travis Perkins has followed up last November's acquisition with the purchase of Tile & Stone Magic, the 17-store retail operation centred on London and the South East. Tile Magic's founder, Chris Ayliffe, issued a simple statement. "On Friday 29th February 2008 Tile Magic sold all its shares to Travis Perkins plc. I would like to take this time to thank all suppliers, friends and colleagues for their support over the years and wish you all well for the future. The chain will operate alongside the existing 34 stores operated by Travis Perkins under the style of Tile Giant. The acquisition increases the growing footprint of tile stores operated by Travis Perkins in line with their stated ambition to grow this part of their business. Business at the Tile Magic stores will continue as usual and one of the attractions of the purchase was the strength of the Tile Magic staff who will enjoy additional opportunities and benefits from being part of the wider Travis Perkins Group."

Travis Perkins has been enjoying a period of profitable growth. Last year the company reported adjusted pre-tax profit up 18.7% to £261 million, but has warned that the outlook for 2008 is challenging. For the year to 31st December 2007, the group's revenue rose 11.9% to £3.19 billion. This increase was driven by an 8.1% lift in like-for-like sales, with network expansion accounting for the remaining 3.8%.

Like-for-like sales for the Travis Perkins Group's DIY chain Wickes' core products were up 7.5% but showroom sales fell 4.6%, reflecting continued weakness in consumers' willingness to spend on big-ticket items. Total retail selling space at Wickes expanded by 6%, with six new stores and three re-configured stores. The re-configuration programme – including reclaiming storage space for use as selling space and installing mezzanine floors in stores – will continue this year.

According to Chief Executive, Geoff Cooper: "All of our businesses performed well, with both our trade and retail divisions growing their like-for-like sales ahead of market growth rates. This performance underlines the attractiveness to customers of our seven trade and retail brands, and enabled us to simultaneously grow market share and expand our operating margin."

"In addition to the 75 branches we added to our existing brands during the year, we entered a new market via the acquisition of Tile Giant," continued Cooper. "With like-for-like performance ahead of the market, superior operating margins to any comparable operator and a full pipeline of opportunities to expand further, we are well-placed to continue our progress in what we expect to be a more challenging market in 2008."

EDITOR'S COMMENT

"In contrast to the gloom engulfing many of Britain's retailers, the builders' merchants to DIY group Travis Perkins has reported healthy preliminary results for 2007, with revenues up by 11.9% to £3.2 billion. The company is keen to use its financial strength to take advantage of acquisition opportunities, despite concerns about weak consumer demand.



Trade kitchens and tiles are the latest two examples of Travis Perkins's expansion into new niches. Benchmarks, its kitchens format, was launched in early 2006. The business, which sells ready-made kitchen units and joinery products to trade customers, now operates from 17 sites and is earmarked for further expansion in 2008 following strong sales growth.

Travis Perkins intends to repeat this approach with Tile Giant, the specialist tile chain acquired last November. Like kitchens, tiles are a niche market dominated by one specialist, Topps Tiles. In the four months since the acquisition, Travis Perkins added a further five sites and the company recently took a major step forward with the acquisition of South East-based Tile & Stone Magic, boosting its store tally to 51.

Travis Perkins's ability to develop these businesses depends on its growing scale and strong operating margins, but the company should not be underestimated. It has shown an ability to defy the loss of confidence in the housing market, and has knowledgeable staff trusted by tradesmen. Topps Tiles and other tile retail specialists will have to fight very hard to maintain market share with this hungry new big beast prowling the UK tile marketplace."

Joe Simpson



Mandarin Stone has recently opened a new showroom in Bristol. Situated on Regent Street in the fashionable Clifton Village area, this boutique-style showroom is said to be the best Mandarin Stone showroom yet. Spread over two levels, it displays the very latest of Mandarin Stone's extensive stone ranges for floors and walls. The showroom is said to offer the discerning homeowner endless inspiration and choice whatever their style or budget.

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