



# TOPPS GROUP

Half Year Results 2025

Analyst and Investor  
Presentation



- 
- A modern bathroom interior featuring a rectangular, light-colored sink on a white vanity. The wall behind the sink is covered in large, light-colored tiles with a dark speckle pattern. Above the sink is a mirror and two round, gold-colored light fixtures. To the right of the sink is a toilet with a stack of folded towels on top. The floor is made of large, light-colored square tiles. On the left side of the image, there is a semi-transparent white box containing a list of items.
- **Summary**  
**Rob Parker**
  - **Financial Review**  
**Stephen Hopson**
  - **Strategic Review**  
**Rob Parker**



A modern kitchen and outdoor living area. The kitchen features a white countertop, a sink with a chrome faucet, and a bowl of fruit. Above the counter are wooden shelves with various dishes and jars. A large window with black frames looks out onto a garden with a wooden fence and plants. To the right, there is an outdoor seating area with a dark wooden bench, cushions, a small table, and a wicker chair. A wicker pendant light hangs over the seating area. The floor is made of large, light-colored tiles.

## Introduction

**Rob Parker**

Chief Executive Officer



## Strategic Highlights

- Clear strategic goal of 'Mission 365', £365m of sales at 8-10% net margin
- Five areas of strategic growth – good progress in each over first half
- Acquisition of CTD brand strengthens trade/B2B credentials, CMA phase 1 process now complete, 4 store disposals pending
- Five tile-centric trading brands across pureplay and omni-channel propositions
- Group sales now c.75% trade weighted
- Group online sales now 19.8% (PY 17.3%)



## Financial Highlights

- Group adjusted sales +4.1% YoY, improving trend Q2 vs Q1
- Adjusted operating costs +1.6% YoY, despite significant inflation
- Adjusted PBT of £3.2m, +3.2% YoY
- Adjusted EPS +8.7% as a result of full ownership of Pro Tiler from H2 2024

## Current Trading & Outlook

- Group sales in growth over first 7 weeks +9.5% YoY (ex CTD), Topps Tiles LFL +6.2%
- Business well-positioned to deliver sales and profit growth through differentiated offers and strong strategic execution

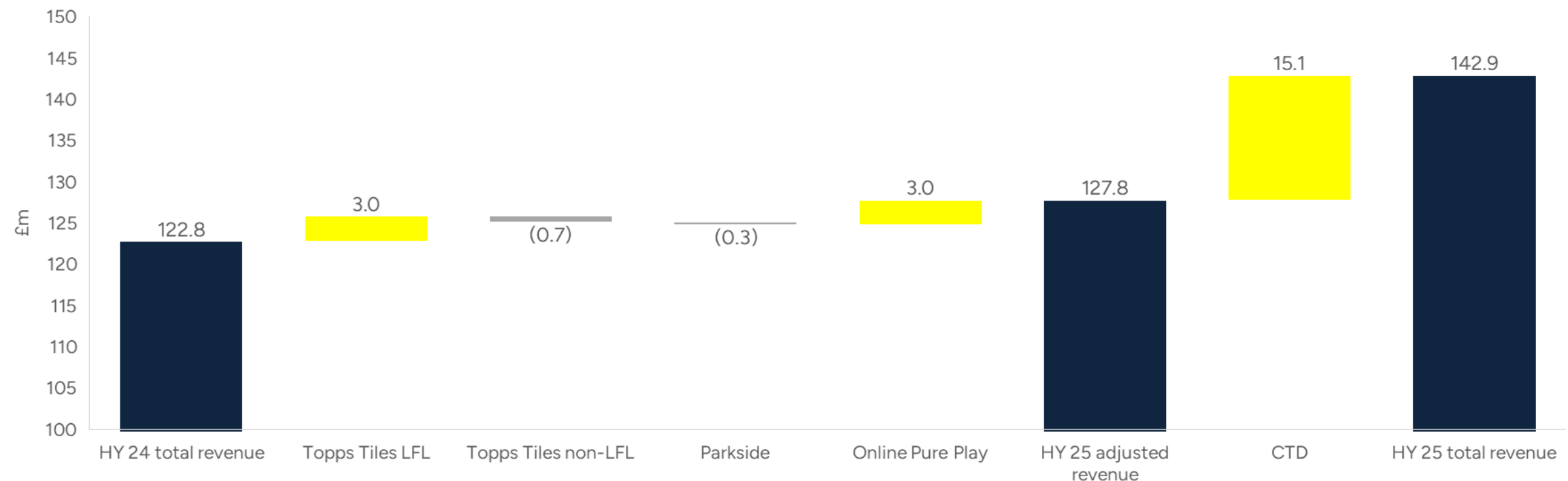




## Financial Review

**Stephen Hopson**

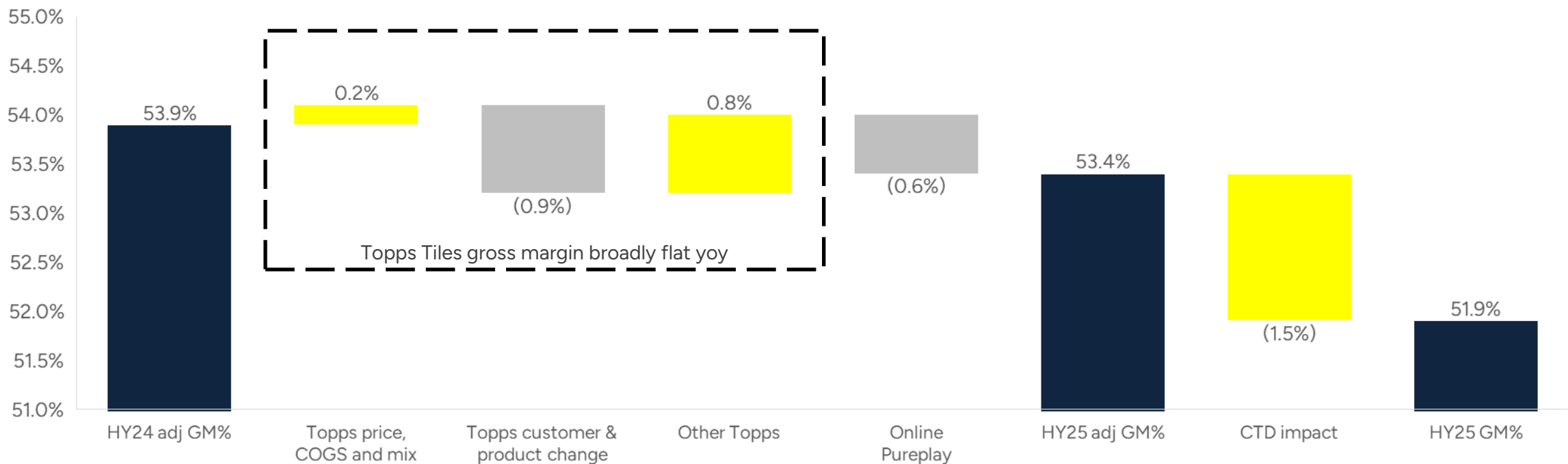
Chief Financial Officer



Total revenue:	Topps Tiles £107.1m	Parkside £3.9m	Online Pure Play £16.8m	Adj revenue £127.8m	CTD £15.1m	Group £142.9m
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- Group adjusted revenue up 4.1% - improving trend over H1 (Q1: +3.3%, Q2: +4.4%)
- Topps Tiles LFL sales +3.0% (Q1: +2.0%, Q2: +3.7%)
- Material increase in trade mix within Topps Tiles – now 67.4% of sales (HY24: 61.4%)
- Parkside sales £0.3m lower YoY
- Online Pure Play 21.7% growth YoY – Pro Tiler Tools +17.6% and Tile Warehouse sales doubled
- CTD sales currently annualise at c. £30m

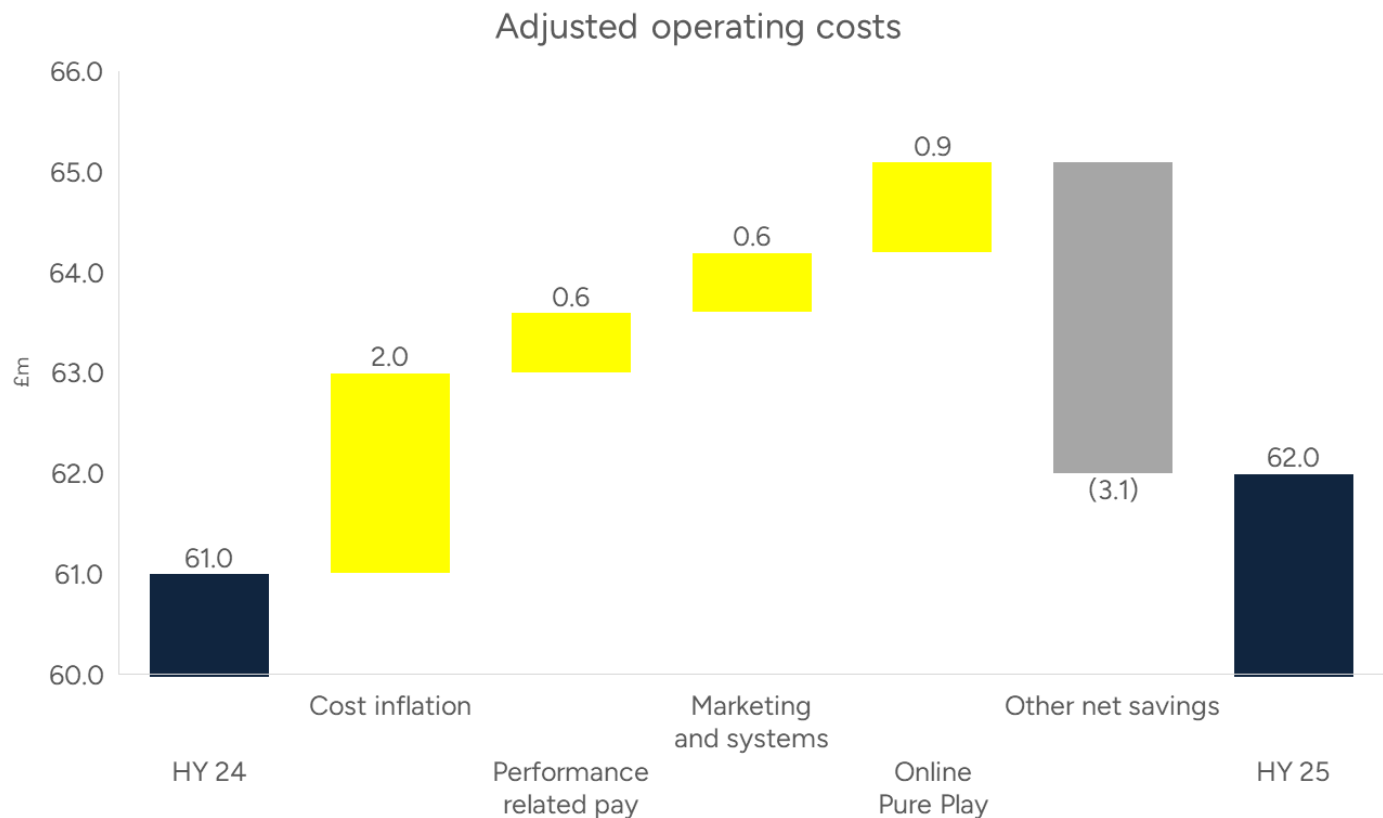
# Gross Margin %



- Adjusted GM% 50bps lower than LY due to business mix but sequentially 70bps higher than H2 FY24
- Adjusted gross profit up £2m to £68.2m
- Price/COGS benefits in Topps Tiles due to tighter discount controls & improving margins in new categories
- GM% dilution from higher trade and essentials mix : however, traders offer repeat custom and loyalty
- 'Other Topps' includes lower stock losses, FX gains yoy and rebate upside
- Strong growth in Online Pure Play dilutes Group gross margin % but improves net margin %
- CTD margin supported by £0.8m of ROT gains, underlying gross margin of 35%, will step forward in H2



# Operating Expenses and Other Income



	£m
<b>Adjusted operating costs and other income</b>	<b>62.0</b>
Vacant property and closure costs	0.4
Store impairments, reversal of impairment and lease exit gains and losses	-0.4
Removal of notional depreciation on impaired assets	-2.9
Non-operational warehouse costs	0.6
CTD underlying costs	6.3
CTD one-off items	1.1
CMA advisory costs	1.6
Restructuring and other one-off costs	0.2
<b>Statutory operating costs and other income</b>	<b>68.9</b>

- Inflation largely NLW / people & property costs
- Store commission and Pro Tiler bonus up slightly
- Investment in digital marketing and initial phase of systems upgrades started
- Continued investment in online pure play including new DC
- Savings across store operating and property costs, and other changes
- Statutory cost base includes the CTD cost base, one-off items, CMA advisory costs, but excludes notional depreciation

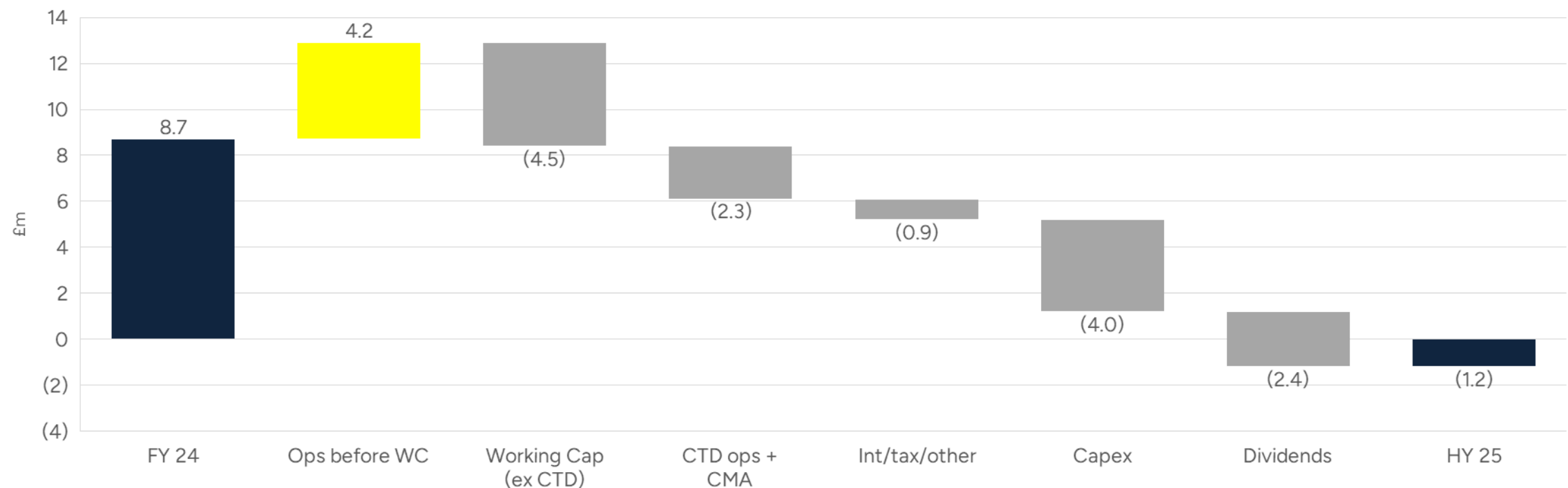


# Statement of Profit or Loss - Adjusted Measures

	HY 25	HY 24	YoY
Sales - £m	127.8	122.8	+4.1%
Gross Profit - £m	68.2	66.2	+3.0%
Gross Margin %	53.4%	53.9%	(0.5) pts
Opex - £m	(62.0)	(61.0)	+1.6%
Operating Profit - £m	6.2	5.2	+19.2%
Interest - £m	(3.0)	(2.1)	+42.9%
PBT - £m	3.2	3.1	+3.2%
PBT Margin %	2.5%	2.5%	-
EPS - pence	1.12p	1.03p	+8.7%

- Sales, gross profit and opex as per previous slides
- Adjusted operating profit +19.2% at £6.2m
- Interest includes £2.5m re IFRS16 (HY24: £2.3m), and net bank interest of £0.5m (HY24: income of £0.2m)
- PBT up £0.1m to £3.2m due to gross profit expansion and tight cost control
- EPS up 8.7% to 1.12 pence – higher growth than PBT due to full ownership of Pro Tiler Tools this year

# Adjusted Net Cash/(Debt)



- Operational cash inflows (ex CTD) of £4.2m vs £5.9m last year, including non-operational warehouse costs, relocation costs & lower provisions
- Working capital outflow of £4.5m (ex CTD) due to increased credit extended to trade customers and lower payables (lower accruals and rent payment timing)
- CTD ops includes £1.6m outflow from ops, £0.3m inflow from WC, £1m of CMA related advisory fees
- Bank interest of £0.4m (LY: income of £0.3m) due to lower cash balances
- Cash tax of £0.3m (LY: £1.9m) due to tax losses in prior years
- Capex includes £2.5m on new warehouse for PTT/CTD, £0.4m for new store openings and £1.1m for store improvements and IT
- Dividend is payment of 1.2 pence final divi from FY24
- Balance sheet remains robust – small net debt balance and £28.8m headroom to £30m facility (to October 2027)
- Interim dividend declared of 0.8 pence, in line with policy
- Expectation of full year dividend to be at least consistent with LY at 2.4 pence



# Forward Guidance

- Current trading strong with momentum continuing into H2
- Group sales +9.5% in first 7 weeks of H2
- Topps Tiles LFL +6.2% and other businesses accelerating
- Gross margins trending higher and will continue into H2
- Inflationary cost pressures of c. £4m annually from H2 from NLW/NICs
- Additional performance related pay as profits rise
- H1 – H2 phasing impacted by holiday pay accrual and higher heating costs in the winter - positive impact c. £2.2m half-on-half
- Investment to continue in marketing and systems
- Macro becoming more favourable, but sentiment remains volatile
- Strong strategic execution and differentiated brand portfolio
- Meaningful progress in sales and profits this year





## Strategic Review

**Rob Parker**  
Chief Executive Officer



# Goal & Addressable Market

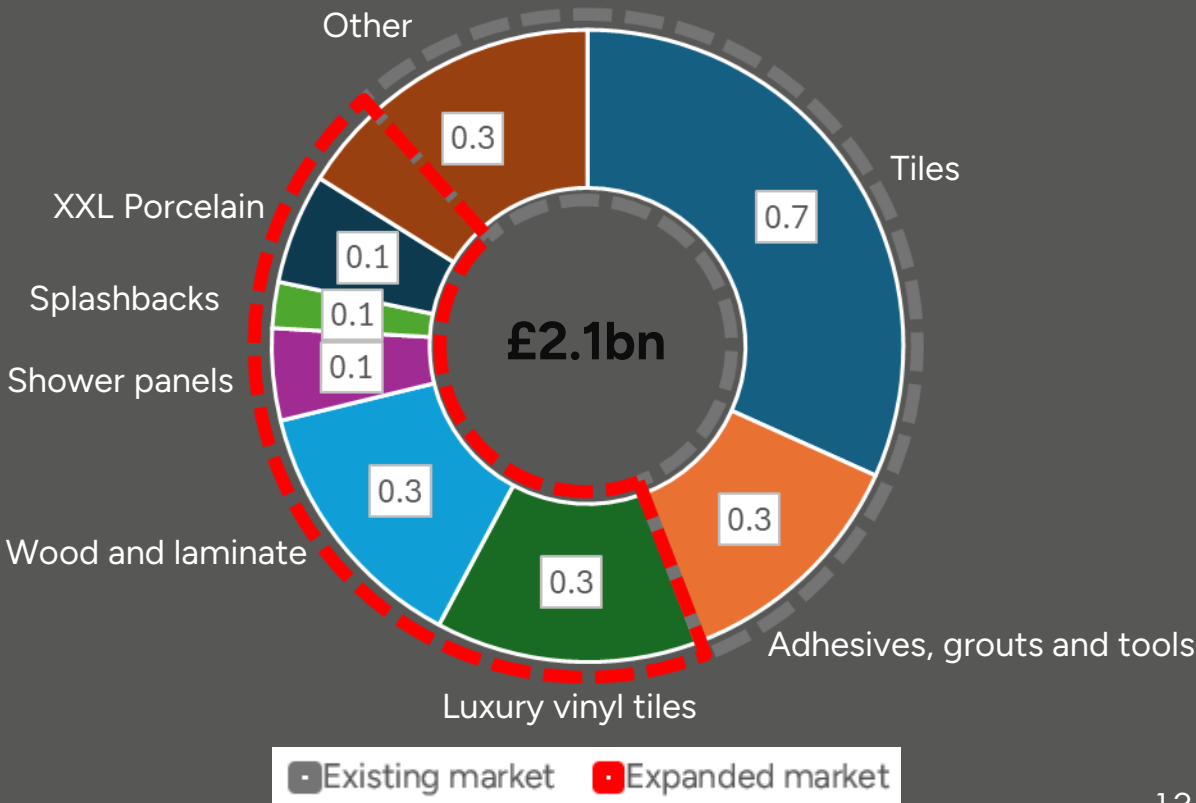
## Goal

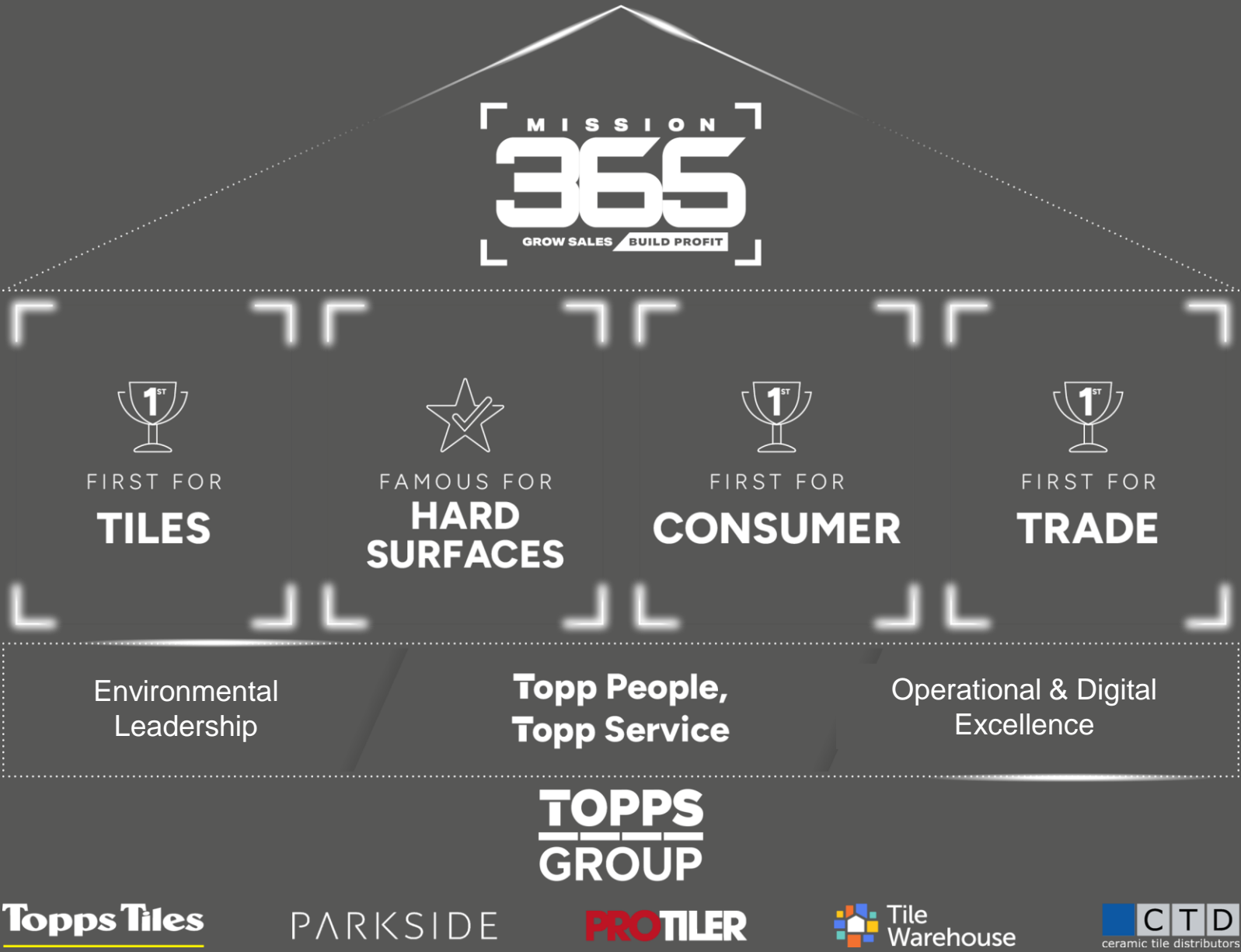
- New goal launched – Mission 365 – targeting £365m of sales in the medium term
- Focus on growing sales and building profits – target of 8%-10% adj PBT margin



## Addressable Market

- £2.1bn addressable market by extending into hard wall & floor surface coverings and related products
- Potential to add other markets/products in time

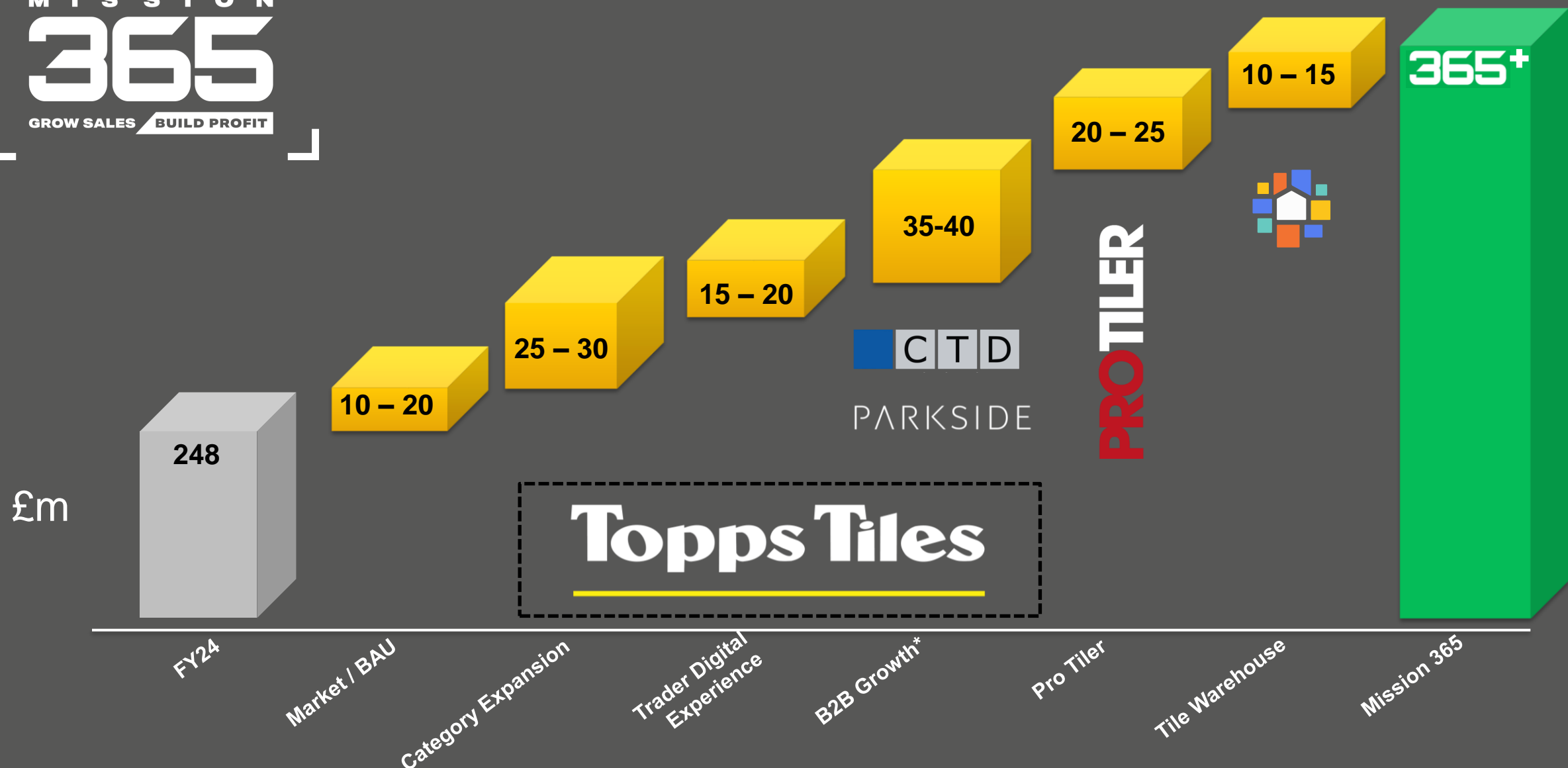








# The Road to 365



All numbers are £m and are indicative - illustrating one potential route to delivery of the Mission 365 goal. B2B upgraded from £15m-£25m following acquisition of CTD

# Category Expansion

## Progress

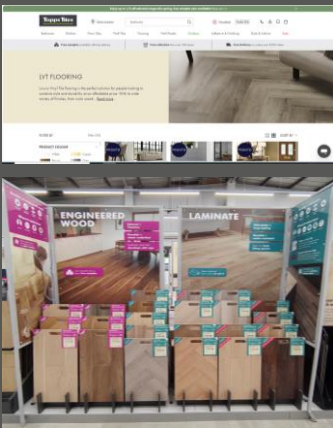
- Outdoor range extended with increased marketing support
- LVT – good growth and margin expansion
- Splashbacks, acoustic panels and shower panels now featured in stores
- Wood & laminate trial in c.50 stores

## Enablers

- Digital marketing and colleague training

## Financials

- H1 sales of £4.6m, +17% YoY
- Sourcing gains helping to deliver gross profit of +30%





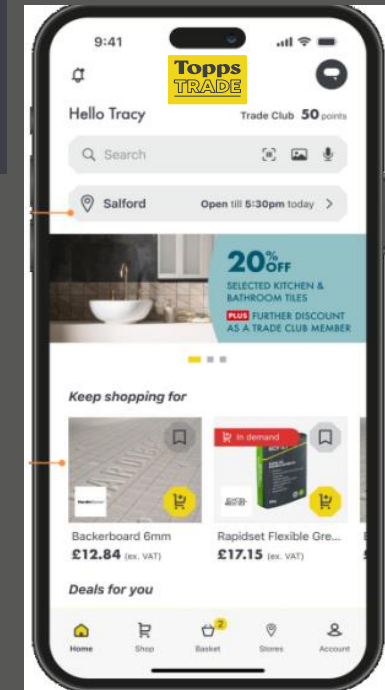
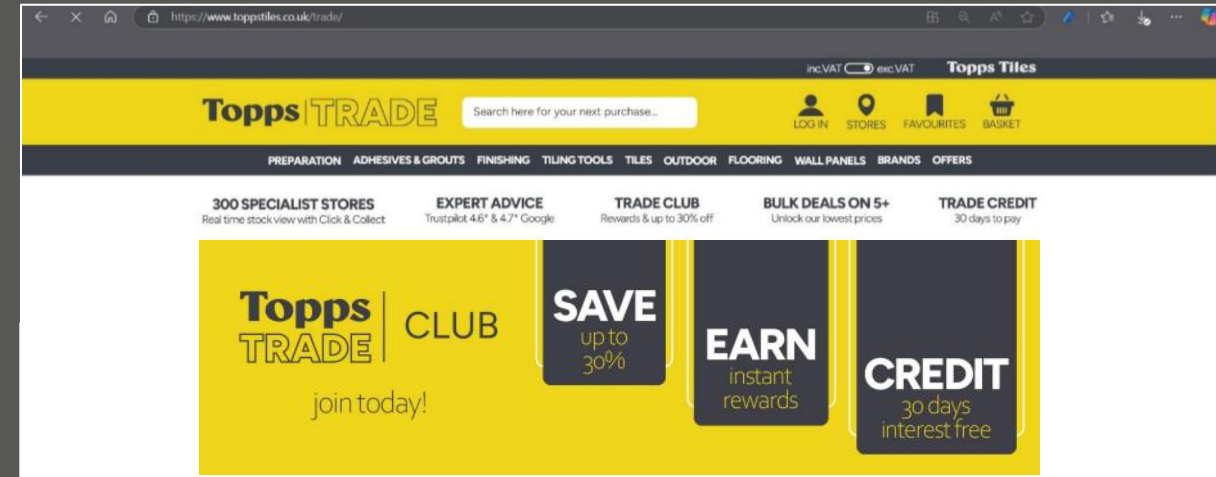
# Topps Tiles Trader Digital Experience

## Key Improvements

- Trade registration and website friction reduced
- Trade Club relaunched
- Trade credit expanded for higher spend customers
- New Trade Website & Customer Engagement Platform in development – launch in H2
- Trade App – partner selected, will launch in FY26 – becomes key gateway for trade

## Financials

- Online traffic fourfold increase YoY
- Topps Tiles online trade sales +85% YoY
- Total Topps Tiles trade sales +12% YoY
- Active traders 146,000, +11% YoY







## Topps Tiles

- c.300 stores nationwide
- Omni-channel platform
- Focusing on general builders and solus tile fitters

## PROTILER

- Pureplay online plus direct selling team
- Consumables & tools only
- Focussing on fitters and smaller contractors



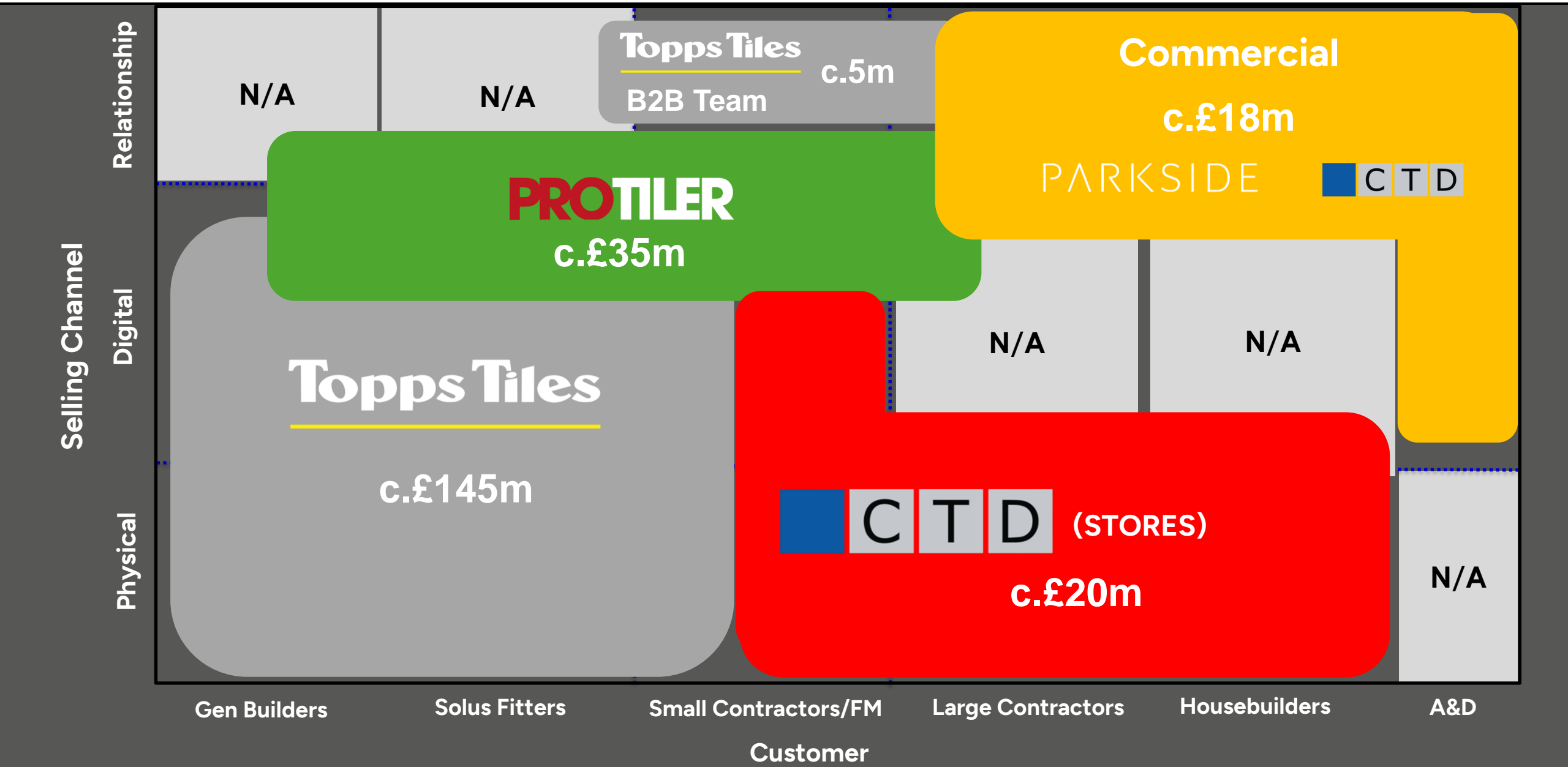
- 24 store network, very strong trade bias
- Stock depth in branch key
- Focussing on contractors and housebuilders

## PARKSIDE

- Direct selling model to A&D community
- Coverings focussed
- Bespoke or technical products & solution

**B2B growth strategy now £35m - £40m opportunity (including CTD)**

# Topps Group Trade Strategy



## Status

- CMA enquiry now complete with Phase 1 undertakings agreed – four store disposals (pending), management in control of all other operations as of 24 April
- Remaining 24 stores being integrated into Pro Tiler management (CTD brand to be retained)
- Housebuilder and A&D teams now part of Commercial operations
- Warehouse move completed in H1 – now co-located with Pro Tiler in Northampton warehouse
- H1 sales of £15.1m, annualising at £30m
- H1 underlying trading loss of £1.0m, plus £2.1m of non-repeating items

## Short Term Action Plan

- Move into profit by Q4, including
  - Resolve price differentials within Group
  - COGS/buying opportunities
  - Opex savings – including completing integration of operations (e.g. IT systems, logistics)
- FY26 focus on sales growth

## Strategic Vision

- National network providing a bulk orientated trade offer to a customer base focused on larger contractors and housebuilders





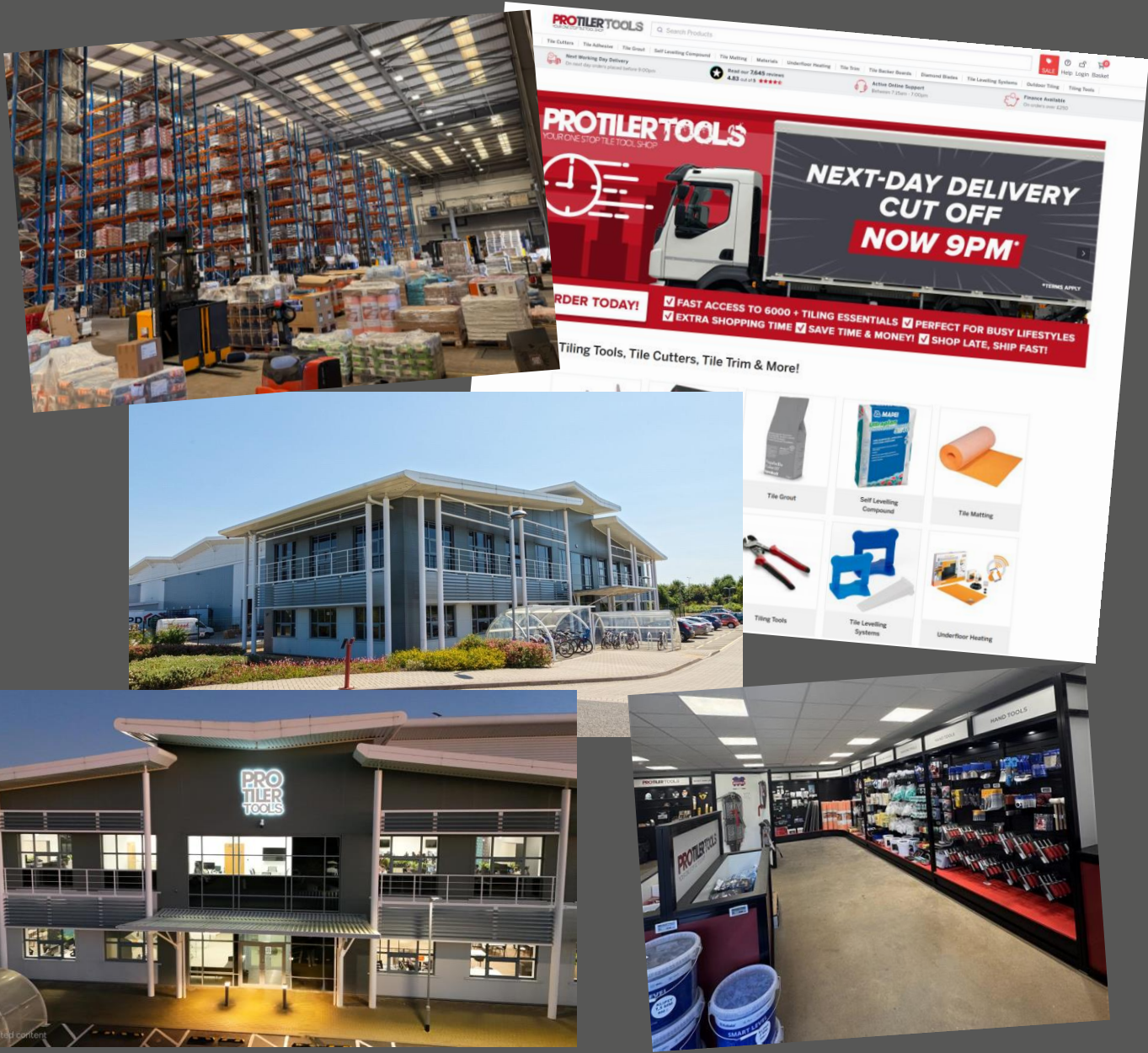


## Strategic Progress

- Relocation into new 140,000 sq ft facility (shared with CTD)
- Operational capacity to deliver £50m goal
- Specialist recruitment into key areas incl digital marketing
- New product launches incl UK exclusives
- Further operational improvements – 9pm order cut off

## Financials

- Strong continued growth, +17.6% YoY
- Sales run rate now 3x pre acquisition
- FY profit stable YoY, offsetting increased warehouse costs

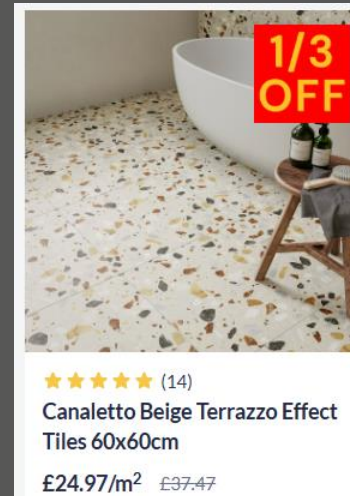
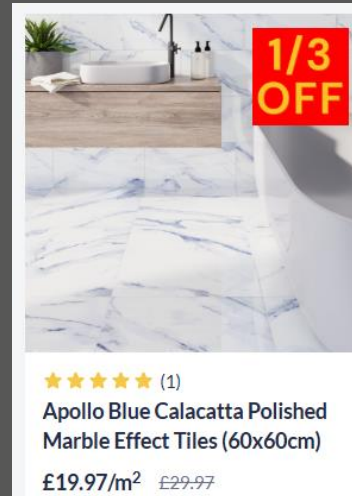
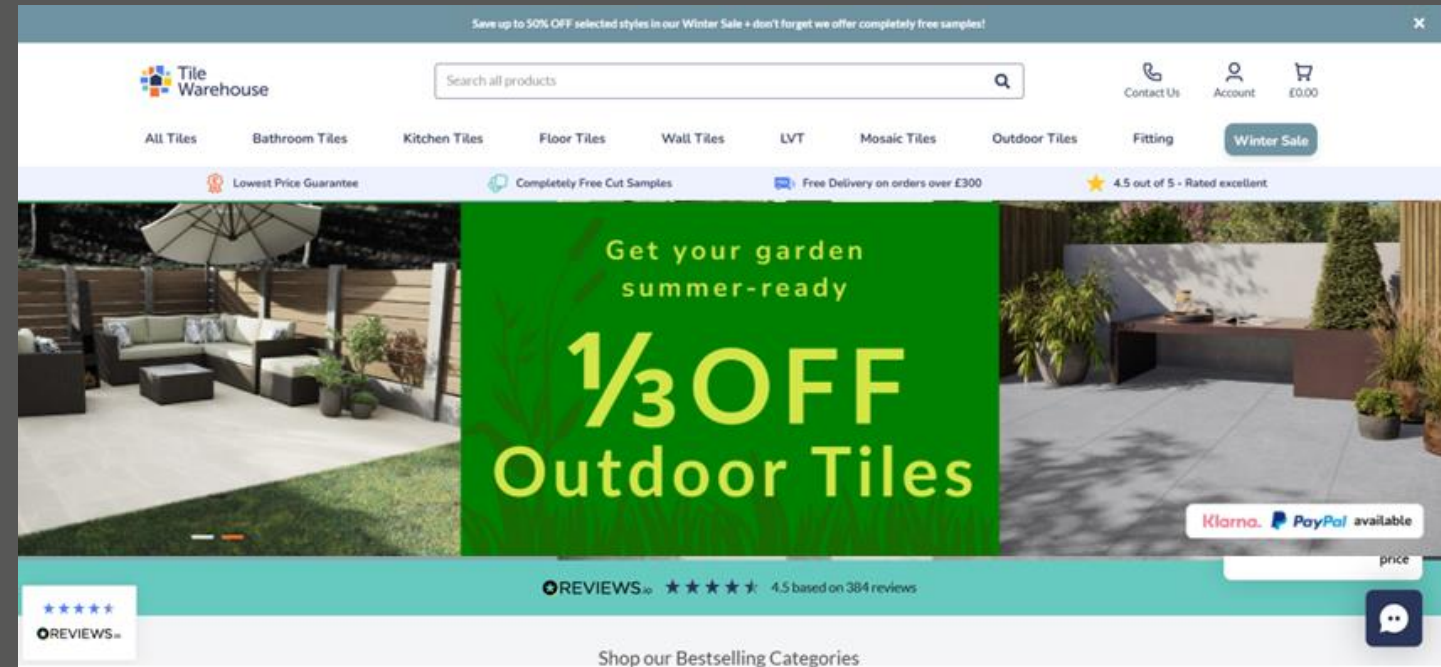


## Strategic Progress

- Established summer 22, focussed on value conscious homeowners
- Delivered consistent growth, traffic +31% over H1 and conversion higher
- Focus on traffic, conversion, ATV and samples follow up
- The UK's fastest growing tile specialist\*

## Financials

- H1 sales of £1.4m, >100% growth YoY
- H1 loss of £0.2m, halved from prior year
- Ambition remains £15m of sales



Great product, excellent customer service



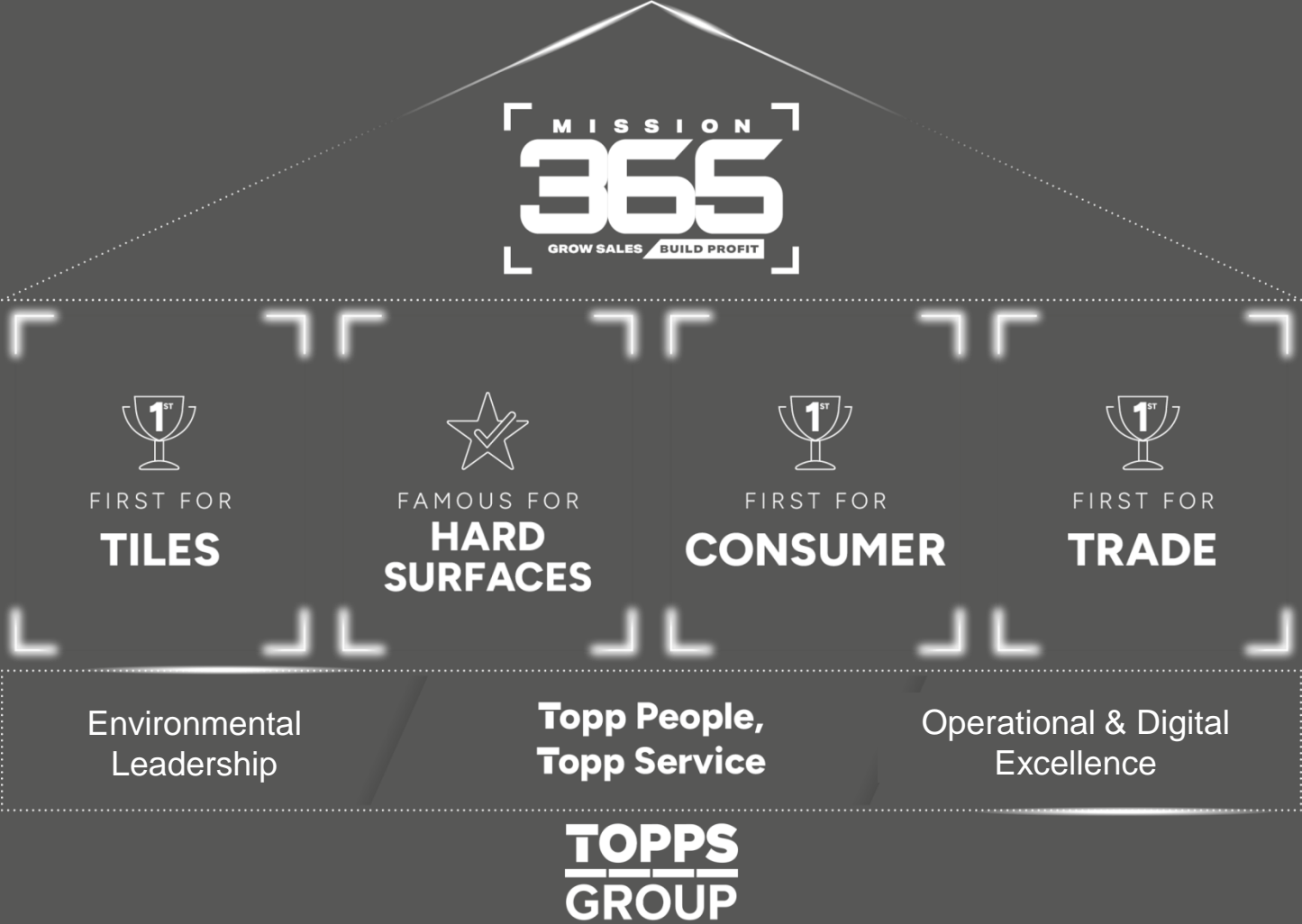
Tiles are great but their service is greater




Great prices, lovely tiles.



Mission 365 - medium-term goal of £365m sales at 8-10% adj PBT margin







A modern outdoor patio at night. The background features a wooden slat wall with a built-in fireplace made of grey stone tiles. A fire is burning in the fireplace. To the left is a white lounge chair with white cushions and a white throw blanket. To the right is a wooden lounge chair with white cushions and patterned pillows. In the center is a wooden coffee table with a bottle of wine, glasses, a lit candle, and a vase of flowers. The floor is made of large, light-colored tiles. The scene is illuminated by warm lights, creating a cozy atmosphere.

**Q&A**



# Appendix







# Topp People, Topp Service

- 'Topp People' will deliver the 'Topp Service' in our market
- World class customer service - overall satisfaction rate of 91.2%\* (to P6) (FY24: 92.1%), NPS 80.4%
- Google reviews – 27.4k reviews in H1 25, up from 1.4k reviews last year. Average score of 4.92 stars
- Colleague turnover 28.2% (FY24: 26.3%), retention at 80.8% (FY24: 81.0%)
- Charity fundraising for Alzheimer's Society – now at c.£550,000 (£1m pledged across 5 years)
- Sponsoring Level 2 Wall & Floor Tiling Apprenticeship at South & City College Birmingham and Leeds College of Building via our Government Levy



\*Overall satisfaction is measured as customers scoring us 5 out of 5 for satisfaction





Carbon  
Scope 1 & 2 – Neutral by 2030



c.2,500 tonnes



c.2,500 tonnes

Scope 3  
Measured & Engaging Suppliers



c.177,000  
tonnes

Circularity

*Minimise waste & conserve natural resources*

**49,000**  
pallets recovered

**405 tonnes**  
tile waste saved

**185 tonnes**  
Operational Waste recycled

*Bring customers & colleagues on the journey*

**200,000 M<sup>2</sup>**  
tiles sold with high recycled content

**550 tonnes**  
sand saved with Regenr8 & MM3

**15 acres**  
Rainforest protected 40:40 WLT Scheme

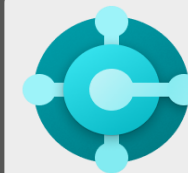
## New Warehouse Facility – Prologis Park Pineham

- Prime location just off J15a of M1, 140,000 sq ft
- 15 year lease (including 10 year break), operational from January 2025
- Pro Tiler Tools relocated over Christmas period with no downtime or lost sales
- CTD relocated from legacy facility
- Modern, fit for purpose warehouse enabling growth



## Investment in Systems and Digital

- Upgrade of existing MS Dynamics NAV2009 ERP system onto the latest MS 365 Business Central system
- Discovery phase live – started Jan '25 with phase 1 go live Q3 FY26 (£1.2m implementation cost)
- Project includes store systems and all central functions; WMS out of scope short term but will follow
- New marketing platform to be launched by end of FY25, trade app to follow in FY26



Microsoft Dynamics 365  
**Business Central**

 **LS Retail**  
an aptos company



# Mission 365 - Indicative Financial Outcomes

Metric	Drivers	Medium Term Target
Sales	<ul style="list-style-type: none"><li>• Trader digital experience, category extensions, B2B opportunity, PTT, TW</li></ul>	£365m Group revenue (+ £115m vs FY24)
Gross Margin %	<ul style="list-style-type: none"><li>• c.2% improvement due to operational focus and mix management</li><li>• c.2% decline due to coverings category expansion</li><li>• c.2% decline due to business mix change</li></ul>	c. 51-52% GM% (c. -2-3 ppts vs FY24)
PBT margin %	<ul style="list-style-type: none"><li>• Output of the above giving adj PBT margin between 8-10%</li></ul>	£30m+ Group PBT
LAROCE*	<ul style="list-style-type: none"><li>• Only minor changes to store network required</li><li>• Investment in supply chain for Pro Tiler and Topps in next 5 years (c. £5m)</li><li>• Working capital increasing in line with sales</li></ul>	Substantial incremental returns on capital

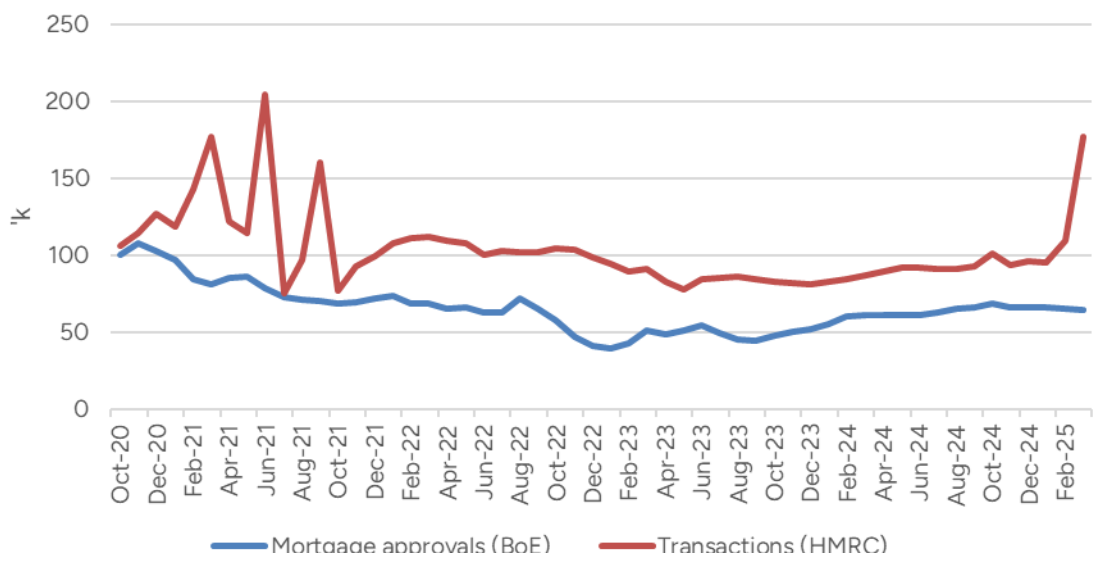
\* Lease Adjusted Return On Capital Employed



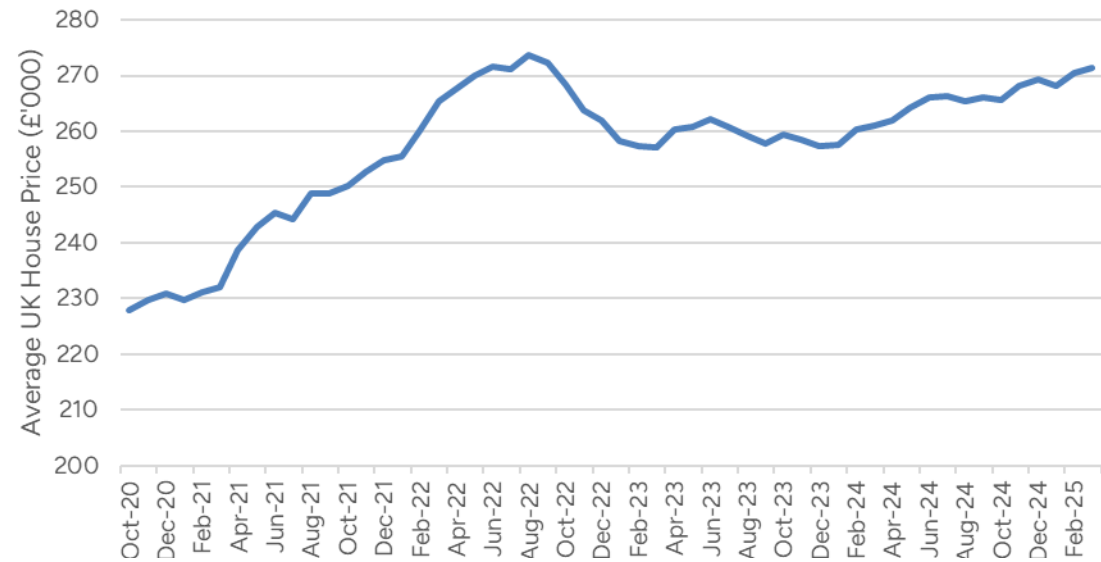


# Market Data

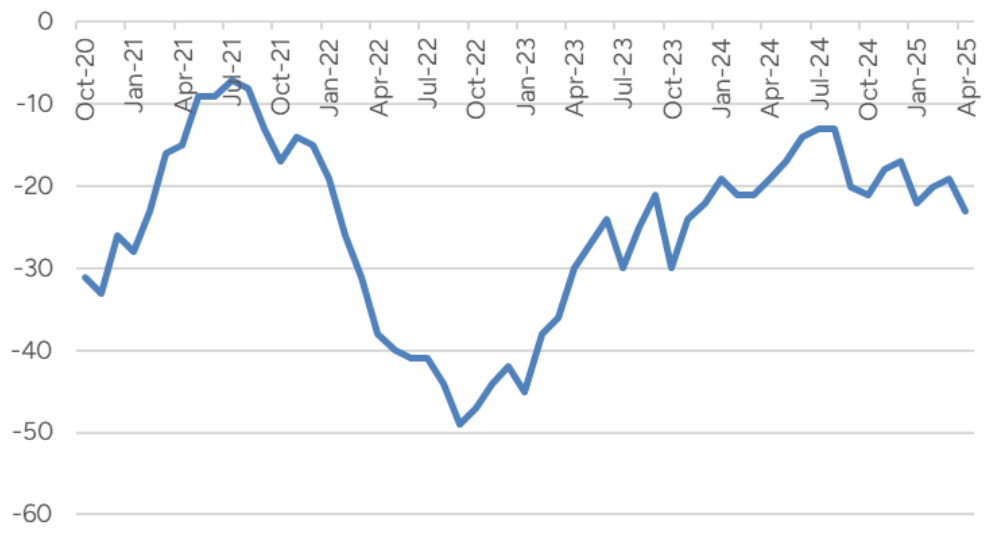
### Mortgage approvals & housing transactions



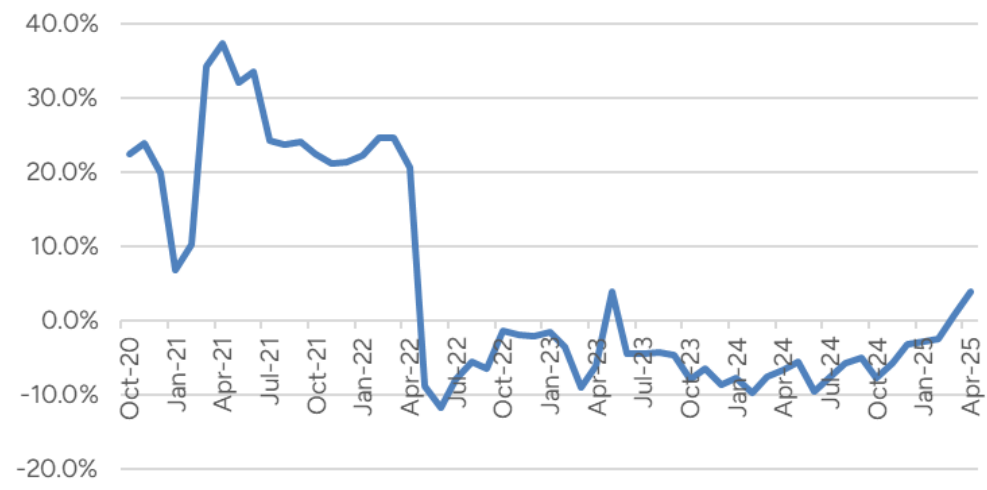
### UK House Prices (Nationwide)



### Consumer confidence (GfK)



### Barclays UK Consumer Spending Report - Home Improvement DIY Spend (yoy)



Sources: HMRC Monthly Property Transactions (residential); Bank of England mortgage approval data; Nationwide House Price Index; GfK Consumer Confidence Index; Barclays UK Consumer Spending Report



	Sales - £m	Gross Profit - £m	Opex - £m	Interest - £m	PBT - £m
<b>Adjusted P&amp;L</b>	<b>127.8</b>	<b>68.2</b>	<b>(62.0)</b>	<b>(3.0)</b>	<b>3.2</b>
Vacant property and closure costs			(0.4)		(0.4)
Store impairment, reversal and lease gains/losses			0.4		0.4
Notional depreciation			2.9		2.9
Non-operational warehouse costs			(0.6)	(0.3)	(0.9)
CTD: trading	15.2	5.3	(6.3)		(1.0)
CTD: ROT benefits		0.8			0.8
CTD: One off items	(0.1)	(0.2)	(1.1)		(1.3)
CMA advisory costs			(1.6)		(1.6)
Restructuring and other			(0.2)		(0.2)
<b>Statutory P&amp;L</b>	<b>142.9</b>	<b>74.1</b>	<b>(68.9)</b>	<b>(3.3)</b>	<b>1.9</b>

# Balance Sheet Highlights

	HY 2025	HY 2024	YoY
Goodwill/Intangibles - £m	12.3	6.6	5.7
Property, plant and equipment - £m	18.2	18.8	(0.6)
Right-of-Use & Sublease Assets - £m	72.2	76.9	(4.7)
Inventory - £m	40.3	35.1	5.2
Receivables/Payables/Provisions - £m	(46.1)	(48.4)	2.3
Borrowings - £m	(14.0)	-	(14.0)
Lease Liabilities - £m	(96.3)	(89.4)	(6.9)
Cash - £m	12.8	19.3	(6.5)
Net Cash - £m (pre-IFRS 16)	(1.2)	19.3	(20.5)
Net Assets - £m	4.3	19.7	(15.4)
Capital Employed - £m	101.9	89.8	12.1

- Intangibles relate to assets acquired as part of CTD and Pro Tiler Limited (largely goodwill and brand)
- Property, plant and equipment reduction relates to depreciation and impairment partially offset by net additions/disposals
- Right-of-use assets of £70.4m, and sublease assets of £1.8m, following impairments, impairment reversals and Prologis Park Pineham
- Inventory up to £40.2m, including c £10m of stock across Pro Tiler Tools and CTD
- Revolving credit facility utilised at period end with payments due on 31 March
- Lease liabilities of £96.3m include new lease at Prologis Park Pineham
- Net debt (pre-IFRS 16) £1.2m, a decrease of £20.5m YoY, following c £19m of M&A over the period
- Capital employed increased £12.1m to £101.9m (defined as net assets – net cash + lease liabilities) due to higher lease liabilities and movement to modest net debt



# Adjusted Net Cash Flow



	HY 2025		HY 2024		YoY	
	£m	£m	£m	£m	£m	£m
Cash generated from operations including leases, before movements in working capital and CTD/CMA	4.2		5.9		(1.7)	
Changes in working capital (excluding CTD/CMA)	(4.5)		(1.7)		(2.8)	
CTD cash flows and CMA advisory fees	(2.3)		-		(2.3)	
Net bank interest	(0.4)		0.3		(0.7)	
Tax paid	(0.3)		(1.9)		1.6	
Capital expenditure	(4.0)		(1.9)		(2.1)	
Other	(0.2)		(0.1)		(0.1)	
<b>Free cash flow</b>		<b>(7.5)</b>		<b>0.6</b>		<b>(8.1)</b>
Dividends paid	(2.4)		(4.7)		2.3	
<b>Change in adjusted net cash</b>		<b>(9.9)</b>		<b>(4.1)</b>		<b>(5.8)</b>
Adjusted net cash at start of period		8.7		23.4		(14.7)
<b>Adjusted net cash at end of period</b>		<b>(1.2)</b>		<b>19.3</b>		<b>(20.5)</b>

\* Adjusted net cash flow means net cash flow excluding lease liabilities under IFRS 16. Net cash flow refers to cash net of borrowings.