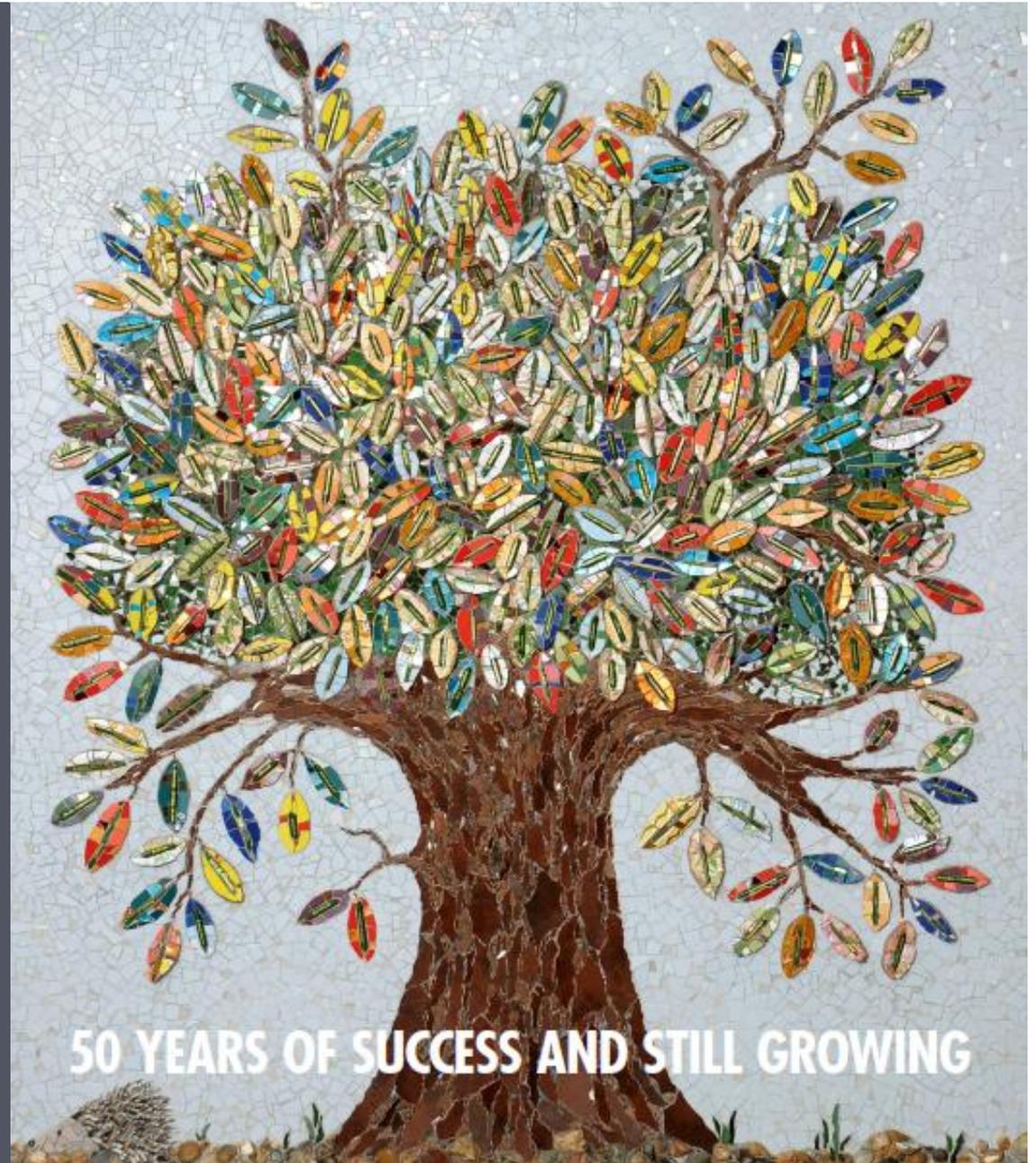


Topps Tiles

RESULTS FOR THE
26 WEEKS ENDED
29 MARCH 2014



50 YEARS OF SUCCESS AND STILL GROWING

Rob Parker
Chief Financial Officer

Income Statement Highlights - Adjusted

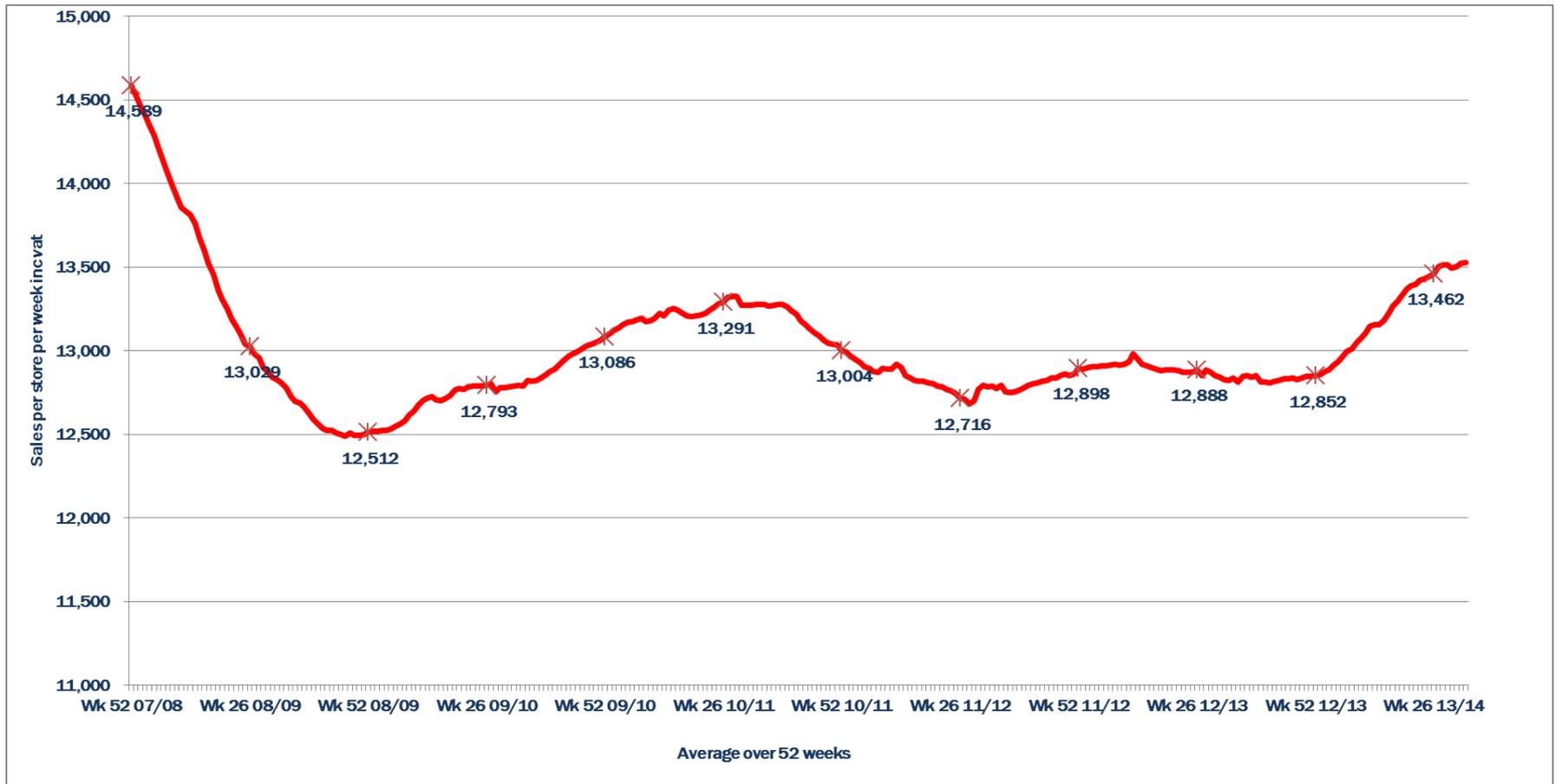
26 weeks ended 29 March 2014

Topps Tiles

	HY 13/14	HY 12/13	YoY
Sales - £m	97.7	87.4	11.8%
Gross Profit - £m	59.4	52.3	13.6%
Gross Margin %	60.8%	59.8%	1.0%
Adjusted Opex - £m	(50.5)	(45.8)	10.3%
Adjusted Operating Profit - £m	8.9	6.5	36.9%
Adjusted Interest - £m	(0.9)	(1.8)	-50.0%
Adjusted PBT - £m	8.0	4.7	70.2%
Adjusted Net Margin %	8.2%	5.4%	2.8%
Adjusted EPS - pence	3.22	1.83	76.0%

- **Strong sales growth across H1 and both quarters**
- **Gross margin improved 100bps yoy and 30 bps vs H2 run rate**
- **Opex driven by a mixture of space & inflation, investments in strategic initiatives, employee incentives and a low prior year cost base which included one offs**
- **Interest benefited from hedge exit**
- **Adjusted PBT of £8.0m, improved by £3.3m (+70%)**

52 Week Rolling Average Sales



- Sensitivity to sales is 1% LFL = c.£0.6m net profit p.a.
- £500 per store per week = c.£2.5m net profit p.a.

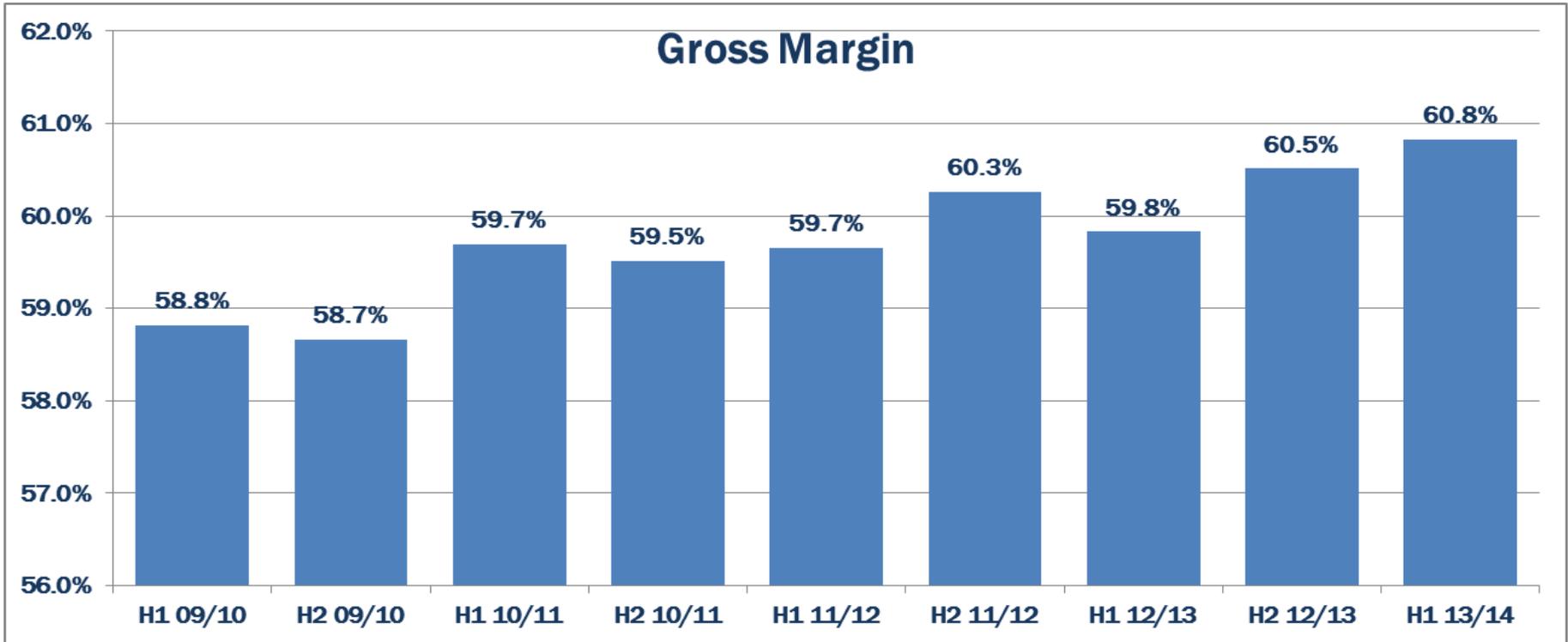
Adjusted Pre Tax Profit bridge

26 weeks ended 29 March 2014

Topps Tiles



- LFL is the key driver – c.£5m of additional gross profit
- Space growth of c.2% - traded 6 more stores over H1 yoy
- Gross margin benefit of 100bps vs H1 12/13
- Profit share includes incentives across the business
- Costs driven by a mixture of strategic initiatives, volumes, inflation and prior year one-offs



- Business continues to target gross margin with a particular focus on:
 - Working with suppliers to control cost of goods
 - Maximising benefits from our own supply chain through direct sourcing
 - New product development including product innovation, own brands and exclusivity

Income Statement Highlights - Statutory

26 weeks ended 29 March 2014

	HY 13/14	HY 12/13	YoY
Adjustments - £m	(0.1)	(0.7)	n/a
MTM - £m	0.1	0.7	n/a
PBT - £m	8.0	4.7	70.2%
Net Margin %	8.1%	5.4%	2.7%
Tax %	23.1%	26.0%	2.9%
PAT - £m	6.1	3.5	74.3%
EPS – pence	3.18	1.83	73.8%
Interim dividend - pence	0.65	0.5	+30.0%

- Adjusting items includes impairment of PPE, reduction in onerous liabilities & business restructuring costs
- MTM now only reflects movement in FX rates (interest rate derivatives all closed out)
- PBT of £8.0m, 70% increase
- Interim dividend of 0.65 pence, 30% increase

Balance Sheet Highlights

29 March 2014

Topps Tiles

	HY 2014	HY 2013	YoY
Stock	28.8	26.2	9.9%
Stock Days	143	134	6.7%
Net Assets/(Liabilities)	(5.4)	(15.2)	-64.5%
Cash	13.7	15.1	-9.3%
Borrowings	(50.0)	(60.0)	-16.7%
Net Cash/(Debt)	(36.3)	(44.9)	-19.2%
Adj EBITDA Interest Cover	13.4x	4.9x	173%

- Stock increased due more stores, increased range, and focus on availability
- Strong improvement within net liability position
- Net debt reduced c.20% year on year – strong cash generation
- EBITDA interest cover 13.4x, 173% increase yoy

Cash Flow Highlights

26 weeks ended 29 March 2014

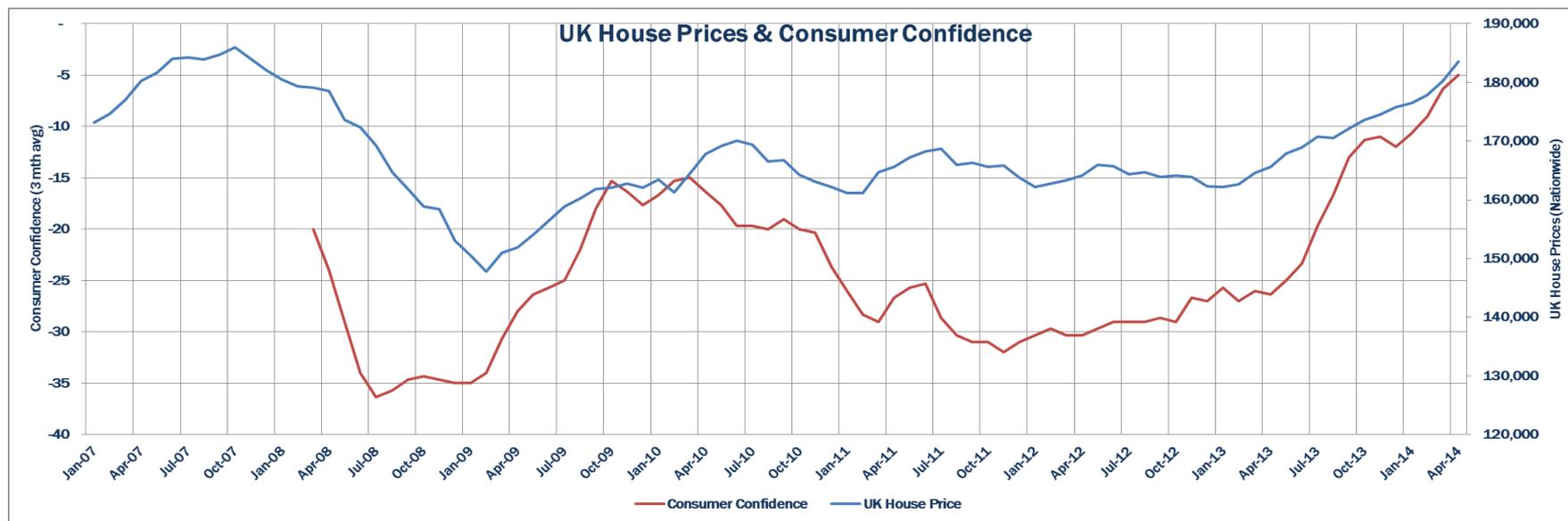
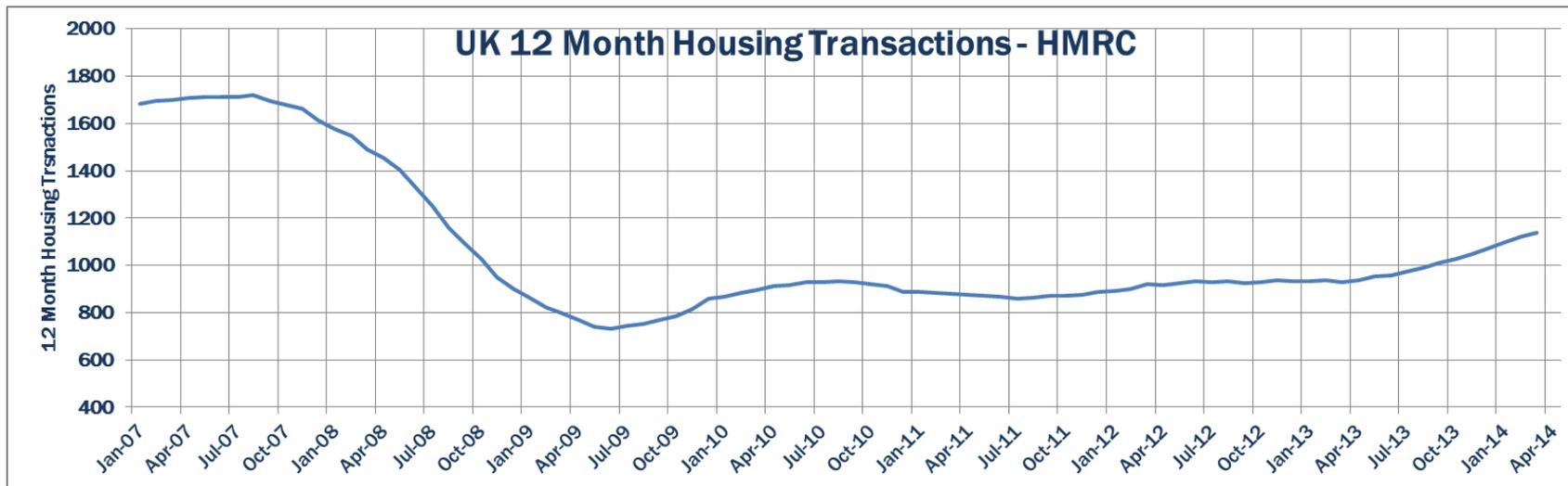
Topps Tiles

Summary Cashflow	13/14		12/13		YoY	
	£m	£m	£m	£m	£m	£m
Cashflows from operating activities (EBITDA)	11.4		8.1		3.3	
Change in working capital	(4.0)		(0.6)		(3.4)	
Interest	(0.7)		(2.1)		1.4	
Tax	(0.3)		(1.4)		1.1	
Operations		6.4		4.1		2.3
Capital Expenditure	(4.2)		(2.2)		(2.0)	
Proceeds from disposals	0.0		0.3		(0.3)	
Investments		(4.2)		(2.0)		(2.2)
Dividends	(1.9)		(1.4)		(0.5)	
Movement in loans	(5.0)		0.0		(5.0)	
Financing		(6.9)		(1.4)		(5.5)
Net movement in cash		(4.8)		0.7		(5.4)

Matthew Williams

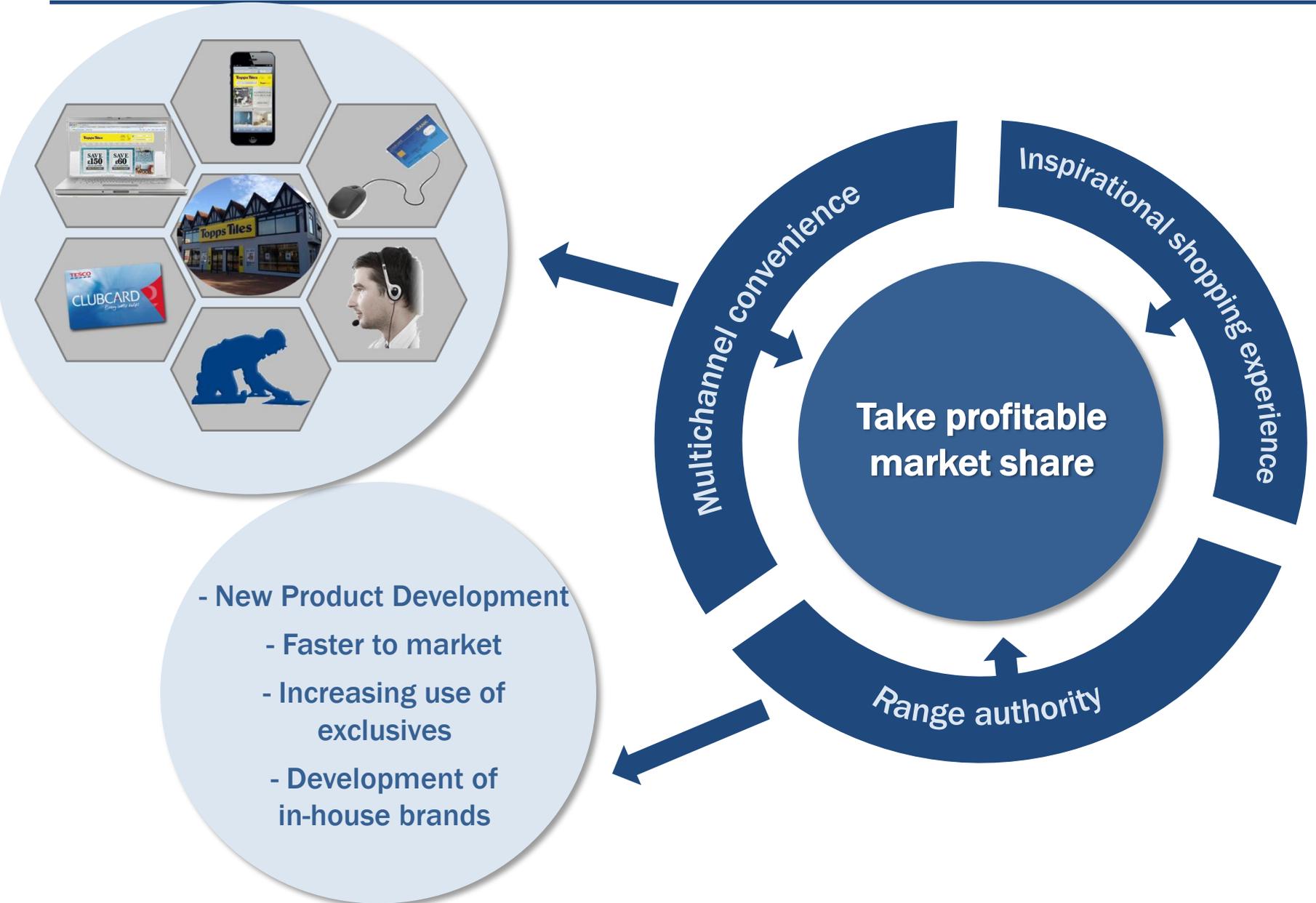
Chief Executive Officer

Topps' #1 goal is to take profitable market share, and specifically we have targeted £1 in every £3 of domestic tile spend





“Out-specialising the specialists”



Inspirational Shopping Experience

- **Service ethic is engrained in our culture:**
 - Customers need service – infrequent purchase, no brands, very limited knowledge of the product
 - Customer trends are driving bigger demand for service - growing ambition in projects
 - Experience has shown that great service drives great sales performance
 - At Topps service means - establishing a personal connection with the customer, ability to engage and inspire, focus on the project not just the tiles, technical knowledge – being THE specialist
 - Detailed mystery shop scores ensure we offer consistently great service
 - Rewarding service and performance are key to Topps' DNA



- Rolling programme of all stores improvements
 - Key focus on improving displays, new merchandising treatments, directional signage, product adjacencies
 - £1.5m of expenditure - £1.0m of capex / £0.5m of opex
 - Leveraged culture of self-help in stores
 - Rewards vital to driving goodwill
- Evaluating options for new store exterior treatments in 2015



Boutique Trial Update

- 3 stores opened over Q2
- Early trading results are encouraging
- 2 further stores to be added in H2
- Roll out decision by end of 2014
- Learning from Boutique being implemented into core store estate



- Growing ahead of the market, reflecting strategic focus on market share gains
- Strong headline sales growth has driven a 70% increase in adjusted PBT to £8.0m
- Organisation focussed on goal of £1 in every £3 spent
- Strategy of “Out-specialising the specialists” is delivering results
 - Range authority
 - Inspirational shopping experience
 - Multi-channel convenience
- Economic data continues to offer encouragement – housing and consumer confidence
- Current trading remains strong at +5.6%