



# Grafton Group plc Trading Update for Six Months Ended 30 June 2021

8 July 2021

## Introduction

- The last week has been one of the most significant in Grafton's history
  - Completion of acquisition of IKH in Finland
  - Sale of GB traditional merchanting
- Consistent with our strategy
- Underlines our disciplined approach to use of capital
- Completes our planned disposals
- Grafton on course to deliver a double digit operating margin in 2021 from continuing activities

## Sale of GB traditional merchanting

- Enterprise value of £520m plus freeholds retained with a market value of £25m
- 2020 revenue £828.8m (2019: £1.02bn) and 2020 adjusted operating profit £18.8m (2019: £33.3m)
- Lease liability of £77m as at 31 Dec 2020
- Disposal will complete before the end of Q1 2022
- GB traditional merchanting classified as Discontinued Operations

## Completed Acquisition of IKH

- One of Finland's largest workwear, PPE, tools, spare parts and accessories technical wholesalers and distributors
- Experienced management team
- Consideration payable was €199.3m on a cash and debt free basis
- Funded entirely from existing cash resources
- Year ended Feb 2021 revenue €158.8m and adjusted operating profit €21.0m
- Impressive track record of over twenty years of uninterrupted revenue growth
- Opportunities for growth in Nordics and Estonia

# Trading update

Segment	Average Daily Like-for-Like Constant Currency Revenue Growth		Total Revenue	
	Period from 1 January to 30 June		Sterling	Sterling
	2021 vs 2020	2021 vs 2019	Period from 1 January to 30 June	
	2021 vs 2020	2021 vs 2019	2021 vs 2020	2021 vs 2019
<b>Distribution</b>				
- UK (Continuing Operations)	63.5%	16.7%	64.9%	20.0%
- Ireland	33.8%	11.7%	36.0%	14.3%
- Netherlands	5.6%	3.0%	6.8%	82.2%
<b>Retailing</b>	62.9%	59.7%	59.4%	58.4%
<b>Manufacturing</b>	44.3%	(10.6%)	93.2%	20.5%
<b>Group (Continuing Operations)</b>	43.3%	17.8%	45.9%	29.6%

## Full Year Outlook and Summary

- Strong trading in the first half with revenue in May and June ahead of expectations
- Ongoing supply chain challenges around product availability and price inflation
- Group adjusted operating profit for the year in continuing operations upgraded to circa. £240 million
- Significant progress implementing our strategy in the period

<sup>1</sup> Adjusted operating profit is defined as profit before amortisation of intangible assets arising on acquisitions, exceptional items, net finance expense and income tax charge

# Questions

July 2021 Update