

# Grafton Group plc Trading Update

## Resilient Q1 Performance in Line with Expectations

Grafton Group plc (“Grafton” or “the Group”), the international building materials distributor and DIY retailer, issues this trading update for the period from 1 January 2023 to 23 April 2023 ahead of the Annual General Meeting of the Company that will be held at 10.30am today in the Irish Management Institute (IMI) Conference Centre, Sandyford Road, Dublin 16, D16 X8C3, Ireland.

Shareholders can find details of how to attend the AGM virtually in the AGM Circular which can be found at <https://www.graftonplc.com/investors/shareholder-services/shareholder-meetings/>

### Highlights

- Performance in the first quarter in line with expectations
- Maintaining full year operating profit guidance
- Third share buyback programme for up to £50 million announced
- Grafton remains in a very strong position due to its robust balance sheet, geographic diversity and market leading positions

### Performance and Trading

The Group’s overall performance in the first quarter of the financial year was in line with expectations, with Group revenue in the period to 23 April 2023 at £704.3 million, up 2.8 per cent from £685.4 million in the prior year.

March trading was a little softer than anticipated with sales of seasonal products in Ireland and the UK adversely affected by wet weather conditions.

Volumes were lower than in the same period last year in the Group’s distribution markets in the UK, Ireland and Finland and were ahead in the Netherlands. Timber and steel price deflation contributed to a moderation in the rate of building materials inflation in our Irish and UK distribution businesses. Lower demand for plants and gardening products contributed to a small decline in revenue in the retailing business in Ireland. Strong revenue growth in the UK manufacturing business was driven by volume gains and the recovery of increased input costs.

While we remain alert to macroeconomic headwinds impacting our markets, we are maintaining our operating profit expectations at this relatively early stage of the year.

### Segmental Trading

The table below shows the changes in average daily like-for-like revenue and in total revenue for the period from 1 January 2023 to 23 April 2023 compared to the same period last year.

Segment	Average Daily Like-for-Like Revenue Growth*	Total Revenue	
		Constant Currency	Actual (Sterling)
	Period to 23 April 2023 v 2022	Period to 23 April 2023 v 2022	Period to 23 April 2023 v 2022
Merchanting			
- UK	(4.3%)	(4.1%)	(4.1%)
- Ireland	(2.2%)	(1.0%)	4.5%

- Netherlands	5.4%	6.5%	12.4%
- Finland	0.0%	1.2%	6.8%
Retailing	(1.1%)	(2.0%)	3.5%
Manufacturing	10.0%	9.9%	10.3%
Group	(1.0%)	(0.5%)	2.8%

*\*Constant currency*

## UK Distribution

Revenue declined in Selco in a more challenging macroeconomic environment as households cut back on discretionary spending including non-essential RMI projects. The rate of building materials price inflation moderated to 5.5 per cent in the first quarter. A new Selco store was opened in Peterborough in April bringing the estate to 75. Leyland SDM delivered a strong performance building on the progress made in the second half of 2022. A new Leyland SDM store was opened in Hammersmith in February and a new store in Crystal Palace is scheduled to open later this year. Revenue declined in the MacBlair distribution business in Northern Ireland against the backdrop of a weaker economic environment and lower activity in the new housing and RMI markets.

## Ireland Distribution

Chadwicks operated at high levels of activity in a market that continued to be supported by strong demand fundamentals. New build activity was more resilient in the scheme housing and commercial construction markets with a softening of demand experienced for materials supplied for the construction of single homes and RMI projects.

## Netherlands Distribution

Isero performed strongly despite the decline in existing housing transactions and slowdown in new home construction. Collected branch revenue increased as customers transferred from new build to repair and maintenance projects. Revenue from key account customers engaged on large commercial construction projects was also higher.

## Finland Distribution

Revenue was flat in IKH as growth in the Finnish economy stalled and house building started to slow in response to weaker demand.

## Retailing

Revenue was marginally lower in the Woodie's DIY, Home and Garden business in Ireland reflecting a positive start to the year and lower demand for seasonal categories in March.

## Manufacturing

Double digit revenue growth in CPI Mortars was driven by the recovery of input cost increases. Demand was resilient for dry mortars supplied to the new housing market and volumes held up well while demand was somewhat weaker for packaged ready-to-use products supplied to the residential RMI market. StairBox continued to outperform and increased the volume of bespoke staircases supplied to the secondary housing market.

## Share Buyback

The Board today announces that it intends to introduce a third programme to buy back ordinary shares in the Company for an aggregate consideration of up to £50 million, reflecting its confidence in the prospects for the Group, strong balance sheet and cash generation from operations, while at the same time retaining significant capacity to invest in strategic growth opportunities.

The launch of any programme is subject to shareholder approval of the resolution to be proposed at today's Annual General Meeting to buy back up to 10 per cent of the Company's ordinary shares.

The share buyback programme is expected to complete during 2023 though the actual timing will be based on an ongoing assessment of general market conditions and further details will be announced in due course.

### Eric Born, Chief Executive Officer of Grafton Group plc commented:

"Our resilient Q1 performance reflects the strength of Grafton's diversified businesses and proximity to customers through its federated structure. The experienced management teams across the Group's portfolio of high-quality businesses have the capability to respond effectively to any changes in trading patterns that may emerge as the year develops.

"Since joining the Group five months ago, I have spent significant time working with colleagues in our businesses to refine our development plans whilst also visiting many potential acquisition opportunities in European markets and I remain confident about the medium-term prospect of increasing shareholder value."

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## Ends

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## About Grafton

Grafton Group plc is an international distributor of building materials to trade customers and has leading regional or national positions in the distribution markets in the UK, Ireland, the Netherlands and Finland. Grafton is also the market leader in the DIY, Home and Garden retailing market in Ireland and is the largest manufacturer of dry mortar and bespoke timber staircases in the UK.

Grafton trades from circa 360 branches and has circa 9,000 colleagues. The Group's portfolio of brands includes Selco Builders Warehouse, Leyland SDM, MacBlair, TG Lynes, EuroMix and StairBox in the UK; Chadwicks and Woodie's in Ireland; Isero and Polvo in the Netherlands; and IKH in Finland.

For further information visit [www.graftonplc.com](http://www.graftonplc.com)