



Agreement to Acquire IKH in Finland New Growth Platform in Nordic Region

22 June 2021

Grafton Group plc (“Grafton or the Group”), the building materials distributor and DIY retailer with operations in the UK, Ireland and the Netherlands, is pleased to announce that it has signed an agreement with Mr. Ilkka Alakortes and his family to acquire Isojoen Konehalli Oy and Jokapaikka Oy (“IKH”), one of the largest workwear and personal protective equipment (“PPE”), tools, spare parts and accessories technical wholesalers and distributors in Finland.

The consideration payable for IKH is €199.3 million on a cash and debt free basis. It will be paid in cash on completion and will be entirely funded from the Group’s existing cash resources. The acquisition is expected to complete next month.

IKH reported revenue of €158.8 million and an adjusted operating profit of €21.0 million for the year ended 28 February 2021. Gross assets were €101.7 million at 28 February 2021. The acquisition will be earnings enhancing from completion.

IKH has a track record of over twenty years of uninterrupted revenue growth and has good opportunities for further organic development. A lean cost base, scale related benefits from the distribution centre in Kauhajoki and a strong product procurement strategy contributed to the adjusted operating profit margin of 13.2 per cent in the year ended 28 February 2021.

IKH, a family owned business founded in 1956 and originally focused on agricultural spares and machinery, has approximately 400 employees and is headquartered in Kauhajoki where its well invested distribution and logistics centre is located. The current experienced management team will remain with the business following completion.

IKH’s product portfolio of over 50,000 SKUs comprises quality private label and leading technical brands offering one of the widest and deepest ranges in Finland where it has a number two market position in its core tools and PPE segment.

Products are distributed nationally in Finland through a network of independently operated IKH partner stores, third party distributors and ten owned stores located in major cities. IKH is currently developing a market presence in Sweden and Estonia through the export of its product ranges to a network of local partner stores.

IKH’s attractive positioning in core and adjacent segments of the technical trades distribution market in Finland has provided the business with sound fundamentals driven by resilient end-customer demand. End customers are primarily SMEs operating in the property construction and renovation, industrial, agricultural and repair shops sectors.

The geographic coverage provided by partner and own stores, broad product ranges and excellent stock availability in attractive segments of significant addressable markets should continue to provide IKH with a competitive advantage to support its diverse end customer base.

Commenting on the acquisition, Gavin Slark, Chief Executive Officer of Grafton said today:

"The acquisition of IKH is an exciting development that gives Grafton a presence in Finland for the first time and broadens its market position. It will also strengthen the Group's operations in the mainland European market in line with our international development strategy. IKH is a high-quality business with a strong market position and an experienced management team that provides Grafton with a new growth platform in the Nordic Region. We look forward to welcoming the IKH management team and their colleagues to Grafton."

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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 merchandising markets in the UK, Ireland and the Netherlands. Grafton is also the market leader in the DIY retailing market in Ireland and the largest manufacturer of dry mortar in the UK where it also operates a market leading staircase manufacturing business.

Grafton trades from circa 530 branches and has circa 11,200 colleagues. Its portfolio of brands includes Selco, Buildbase, Leyland SDM, MacBlair, CPI EuroMix and StairBox in the UK; Chadwicks and Woodie's in Ireland and Isero and Polvo in the Netherlands.

For further information visit www.graftonplc.com