

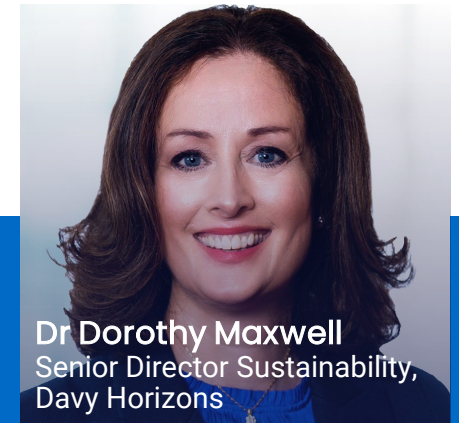
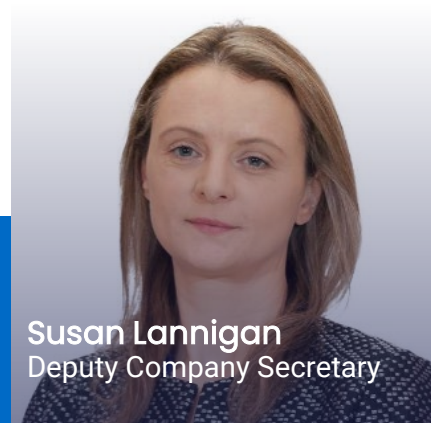
Building Progress Together

Capital Markets Event

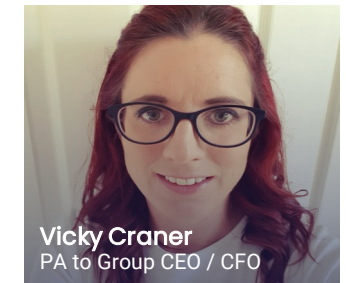
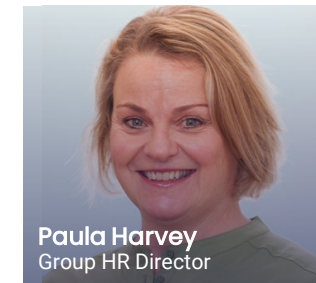
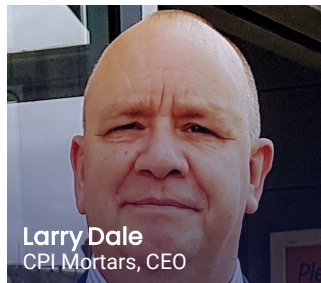
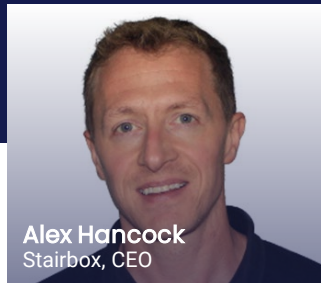
10 November 2021



Today's presenters (in person)



Management Team in attendance today



Agenda

Evolution of Grafton

Capital allocation

How sustainability is integral to what we do

How we will deliver growth

- Organic
- Digital
- Acquisitions

Concluding comments

Q&A

Drinks



Our Purpose

Building Progress Together



Construction
and related
activities

Growing and
adding value

Making a
positive
impact

In partnership
with our
stakeholders



The evolution of Grafton

Back then

Generalist builders merchanting proposition

Lower financial returns

Management transition

Consolidation post Global Financial Crisis

Narrower stakeholder engagement

Value proposition



Today

Specialist distributor – strong market positions

Higher financial returns

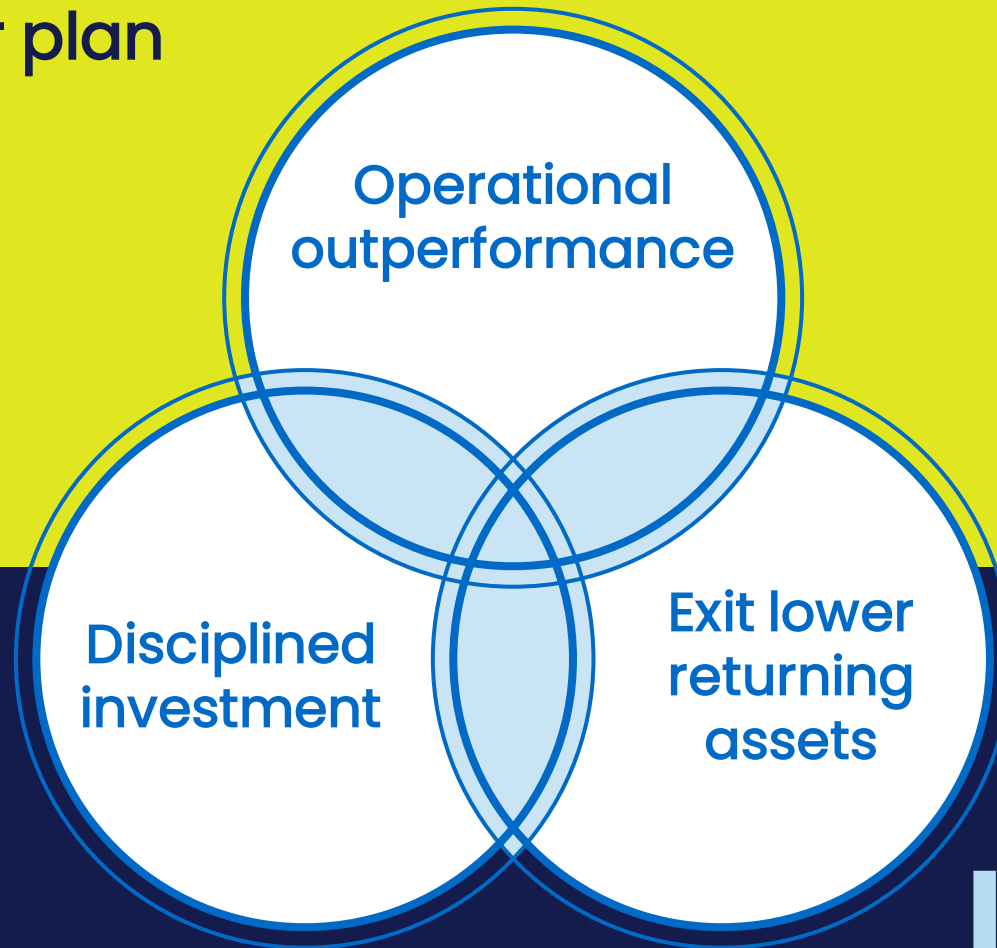
Established team delivering its plans

Strong balance sheet with significant firepower

Building progress together

Growth opportunity

How we executed our plan



How our business has evolved

By brand

Then



Distribution



Retailing



Manufacturing



Now



Distribution



Retailing



Manufacturing



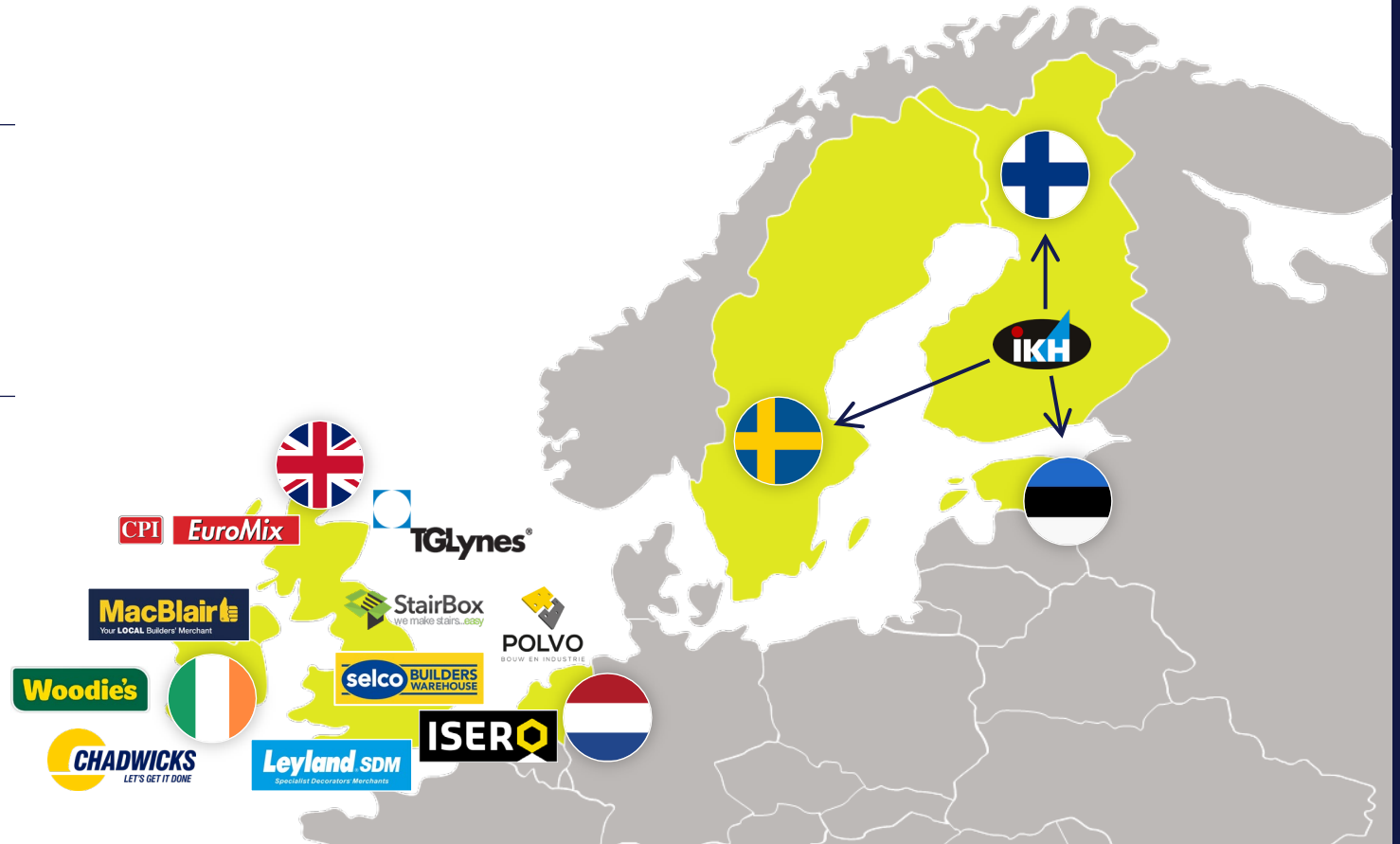
Grafton today

2021F

Sales¹
£2.04bn

EBITA¹
£256m

¹Grafton compiled analyst consensus – 8 Nov 2021



Capital allocation strategy has transformed revenue profile

Disposals

BUILDBASE
BUILDING & TIMBER SUPPLIES

The Timber Group

YouBuild
We Supply

C&L
CIVILS & UNITS

PLUMBASE

Boole's
TUBES | VALVES | FITTINGS | FLANGES

FRONTLINE
the complete bathroom

NDI

PDM BUILDBASE
SCOTLAND

BETOP
SKŁADY BUDOWLANE

SmithsBritten
a fresh approach to beautiful bathrooms

PRO

Total revenue sold¹

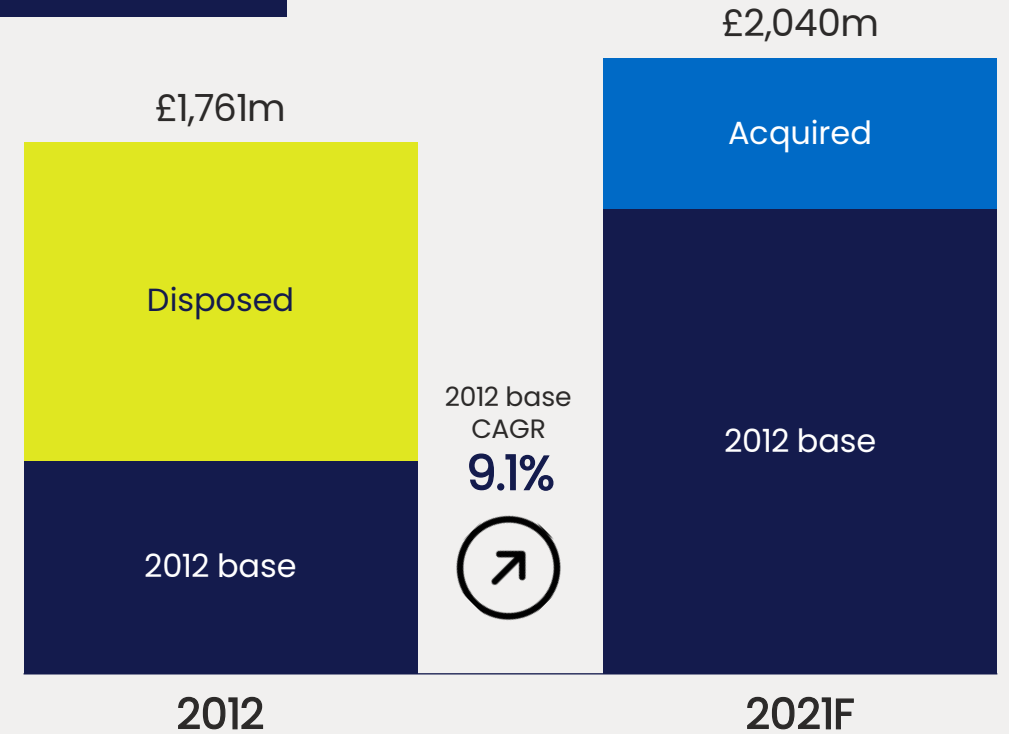
£1.1bn

Total annual profit sold¹

£36m

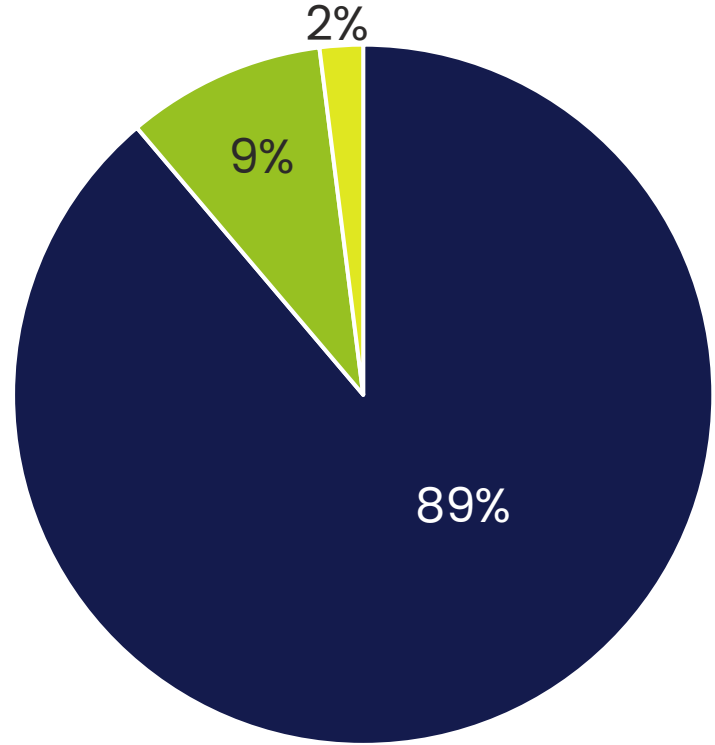
¹Values in 2012

Revenue (£m)



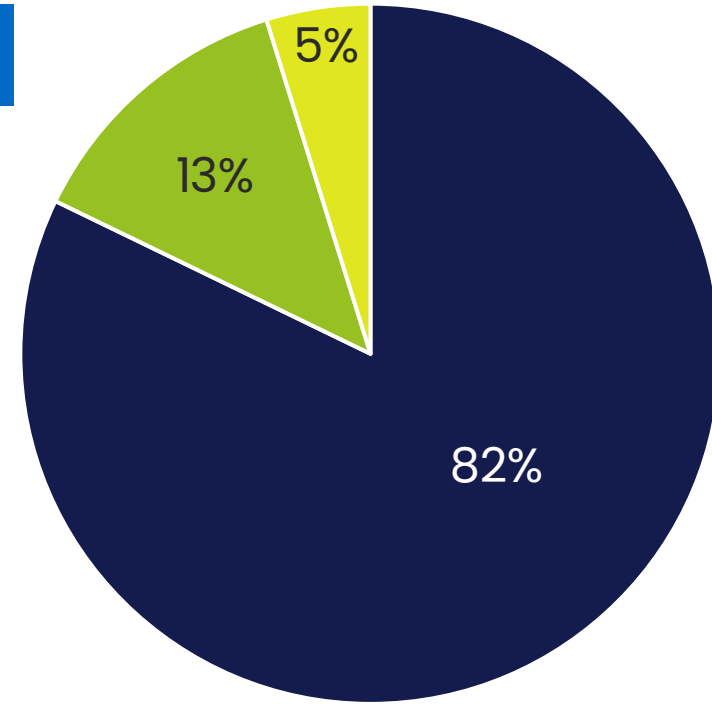
Principal focus remains Distribution...

2012



■ Distribution ■ Retailing ■ Manufacturing

2021F¹

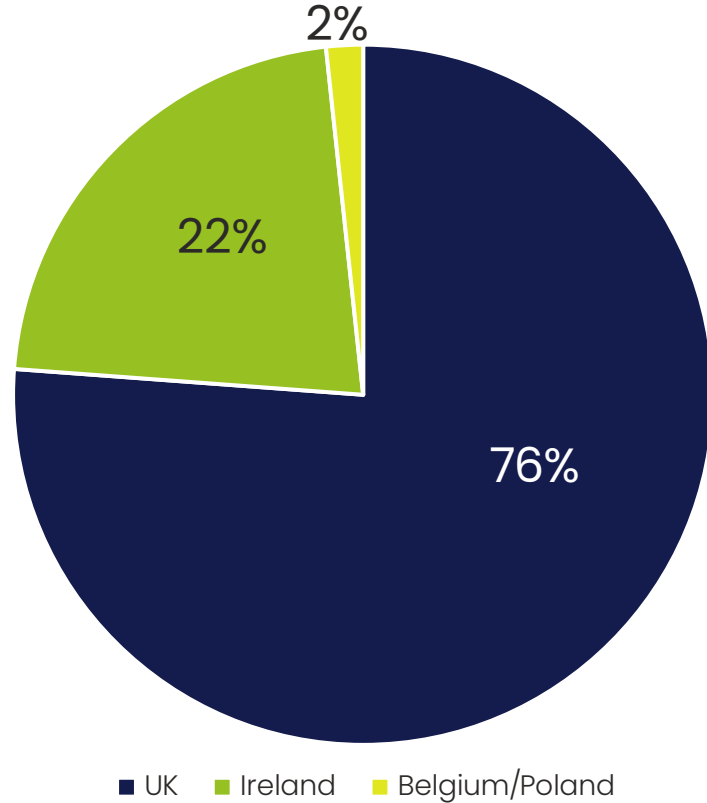


■ Distribution ■ Retailing ■ Manufacturing

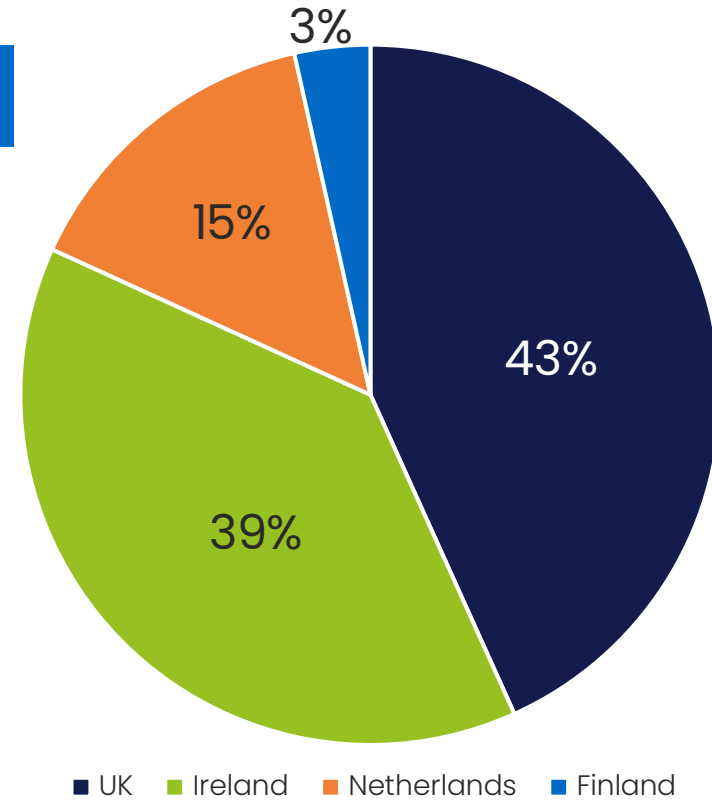
¹Grafton compiled analyst consensus

...whilst the geographic profile is less UK concentrated

2012

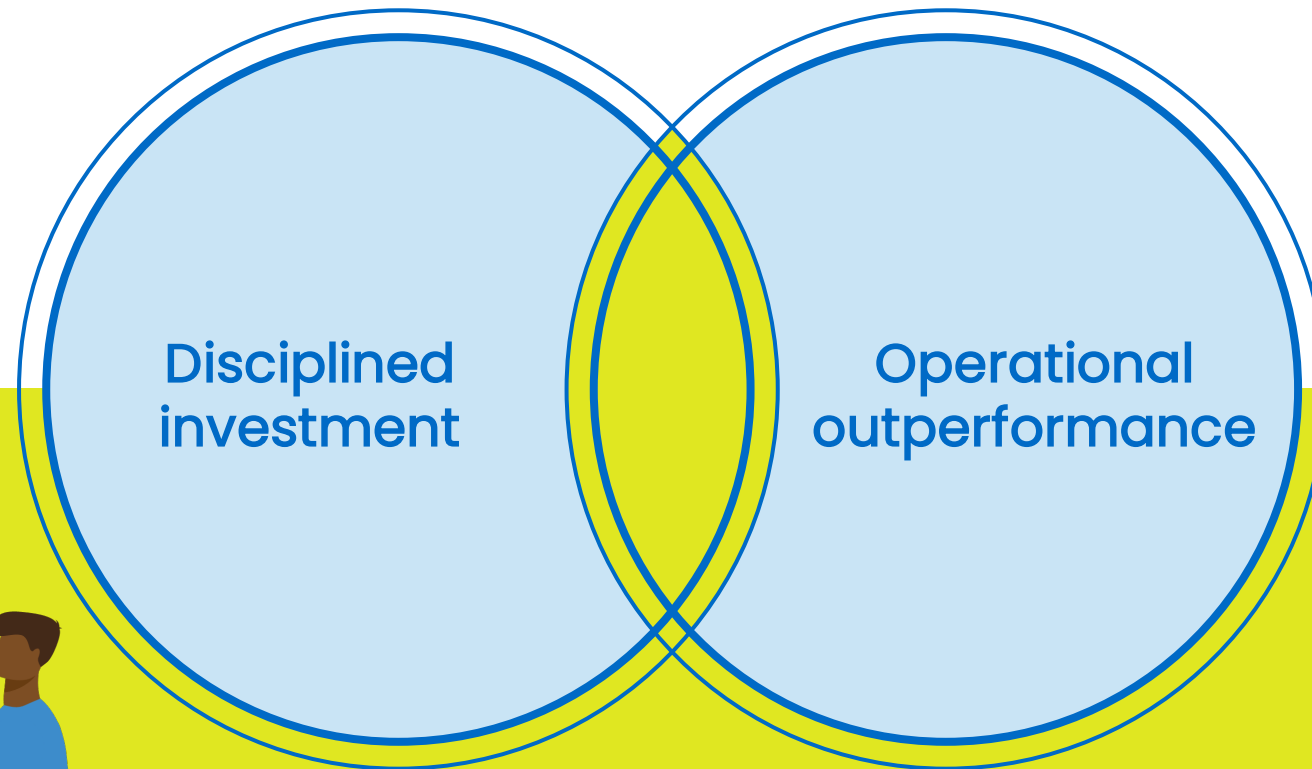


2021F¹



¹Grafton compiled analyst consensus

How we will deliver growth going forwards



Key takeaways from the next 90 minutes



How we see the Group evolving over the medium-term



How we intend to deploy our capital



Why sustainability is integral to how we think and what we do



More colour on some of our businesses and their teams



Capital allocation

David Arnold, CFO



Our 2013 financial targets

7% operating margin

- Stretching financial target
- Measure of financial quality
- Margin headroom for a cyclical business



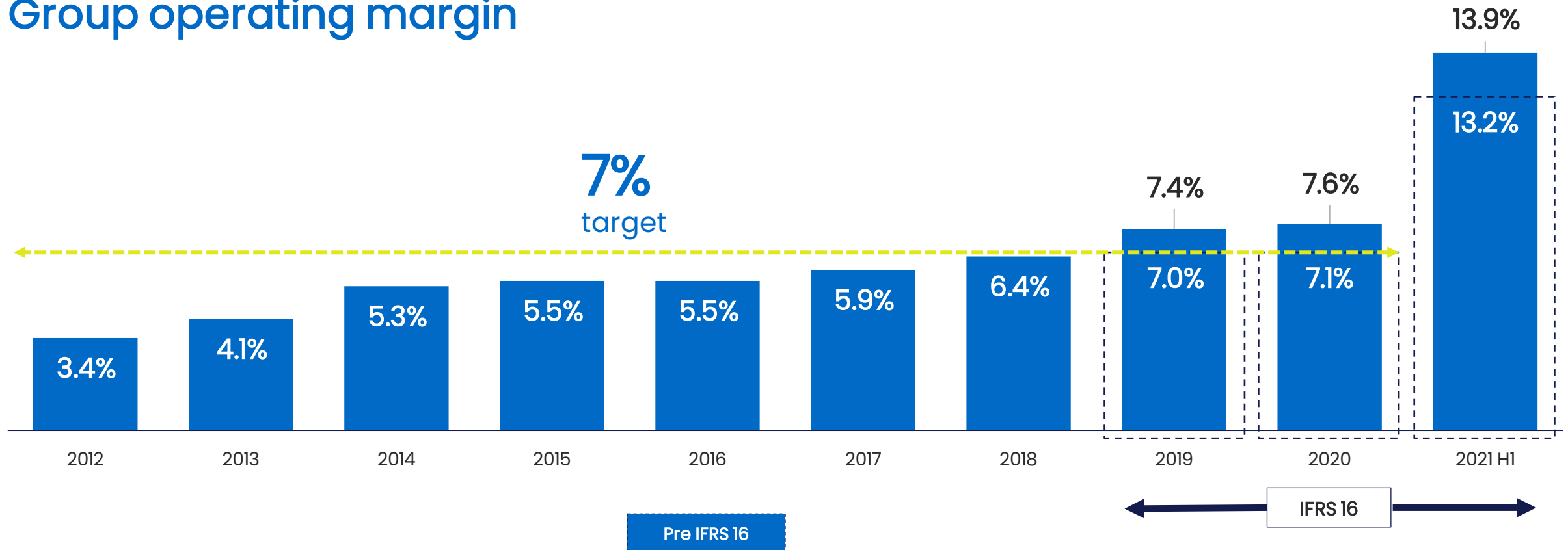
15% return on capital employed

- Critical return metric
- Focus on converting profit into cash
- Good headroom to our WACC



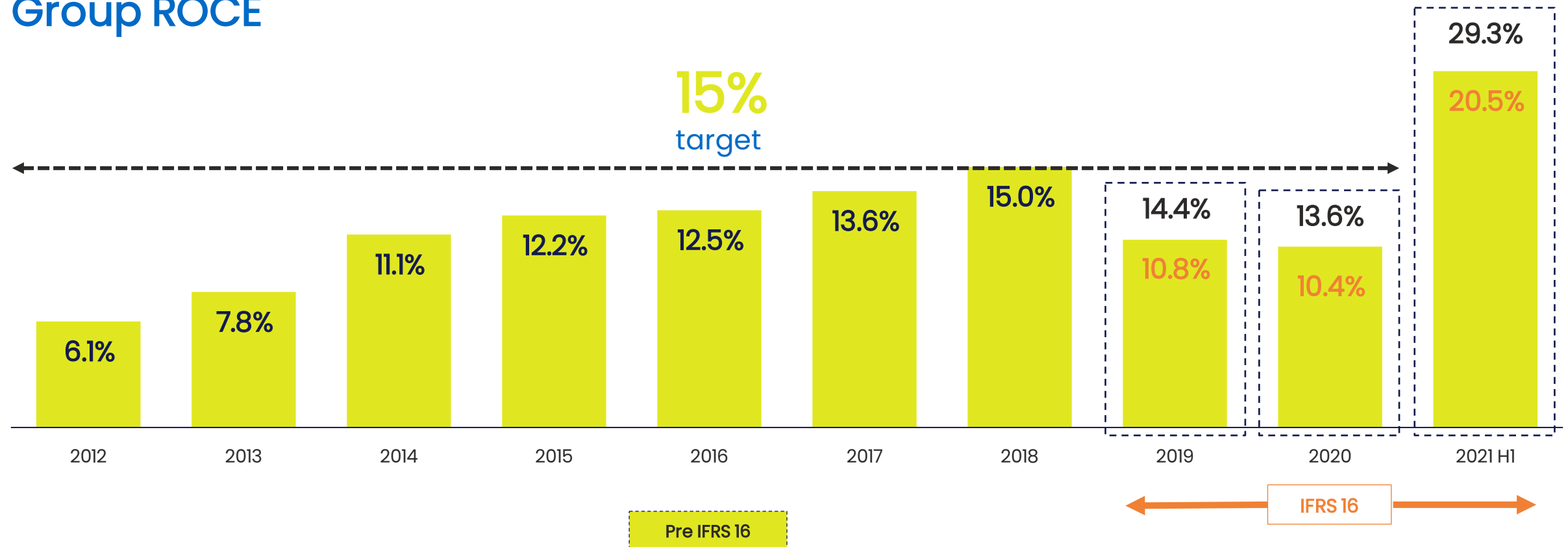
Progress towards medium-term financial targets

Group operating margin

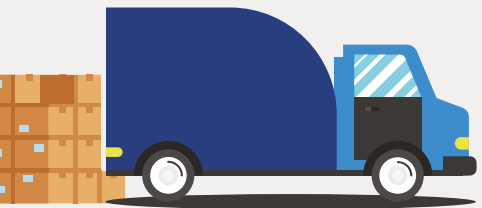
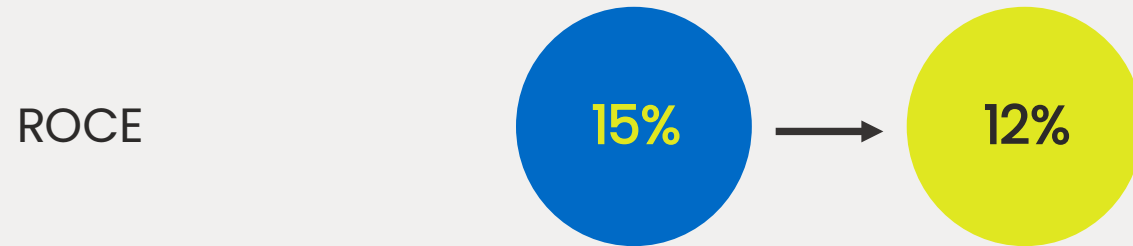
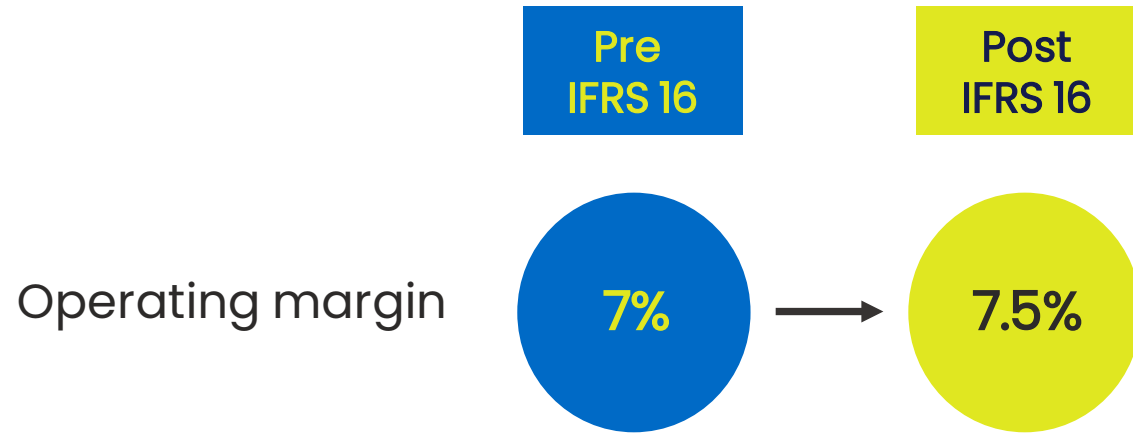


Progress towards medium-term financial targets

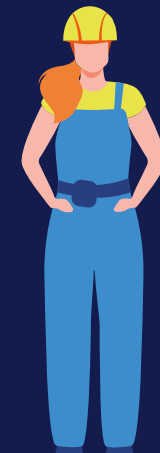
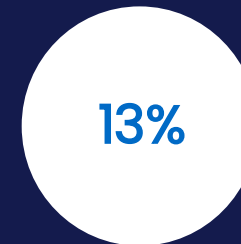
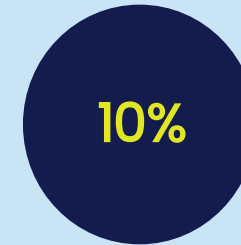
Group ROCE



How our targets have evolved



New medium-term targets



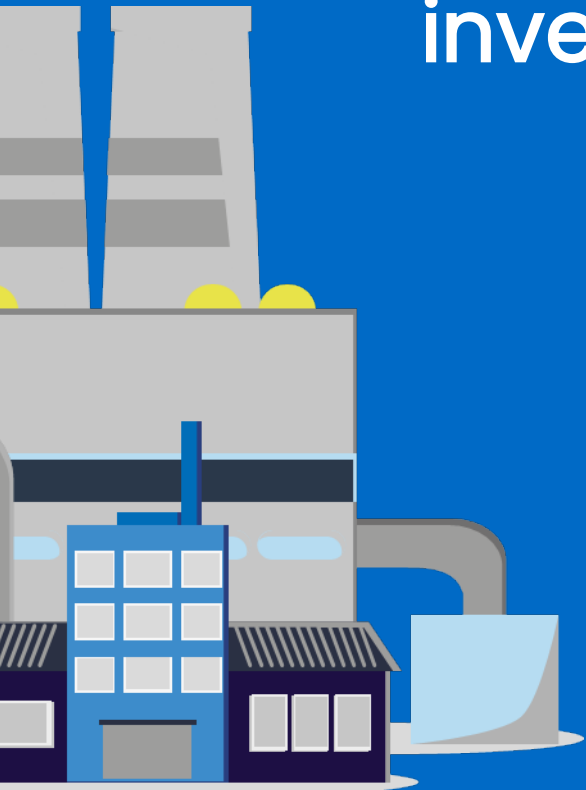
Our investment criteria

Type of investment	Operating margin	ROCE
Organic investment	>8%	>13%
Platform acquisitions	>8%	>10%
Bolt-on acquisitions	>8%	>12%



Strong financial position

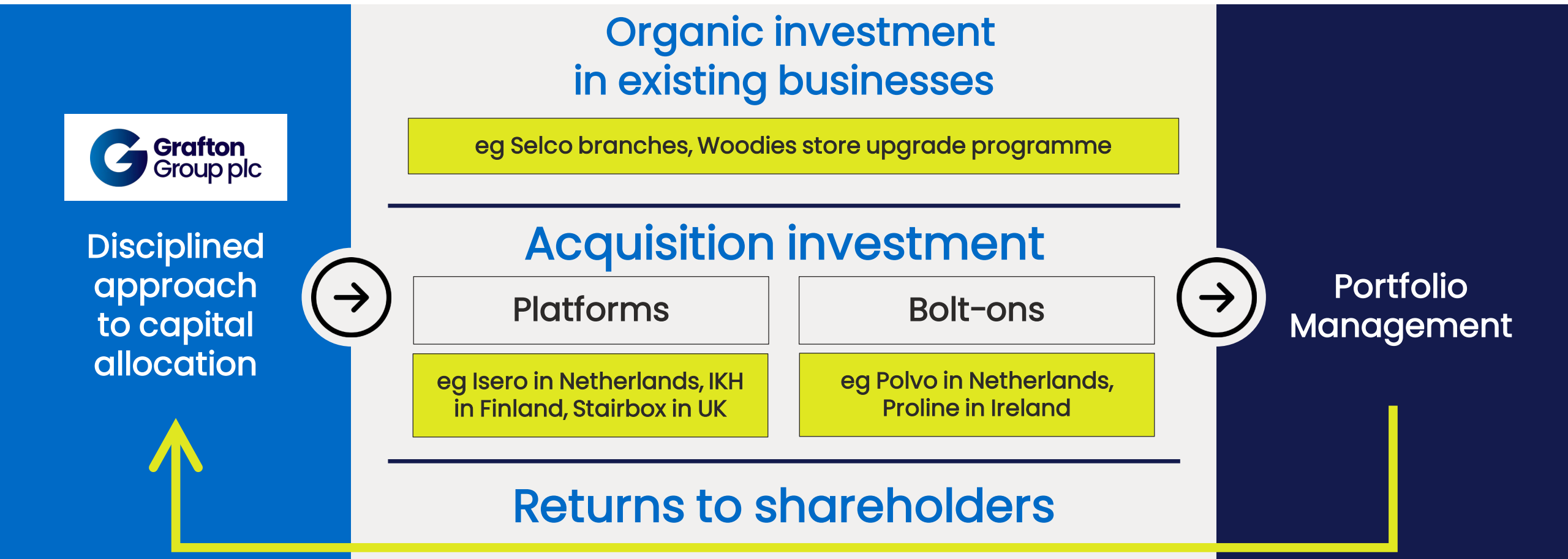
Maintain our
investment grade
credit rating



Medium-term debt target
1x – 2x
Lease Adjusted
Net Debt : EBITDA



Disciplined approach to capital allocation



Capital allocation

Last 20 years

Going forwards

Medium-term



Dividend policy

3.5x
(average)

2x – 3x
(2021 cover expected to be
at upper end of range)



Acquisition capacity

£750m – £1.25bn
(post receipt of proceeds
from disposal of GB
traditional merchanting)



Leverage

1x – 2x
lease adjusted net
debt : EBITDA

Sustainability – video

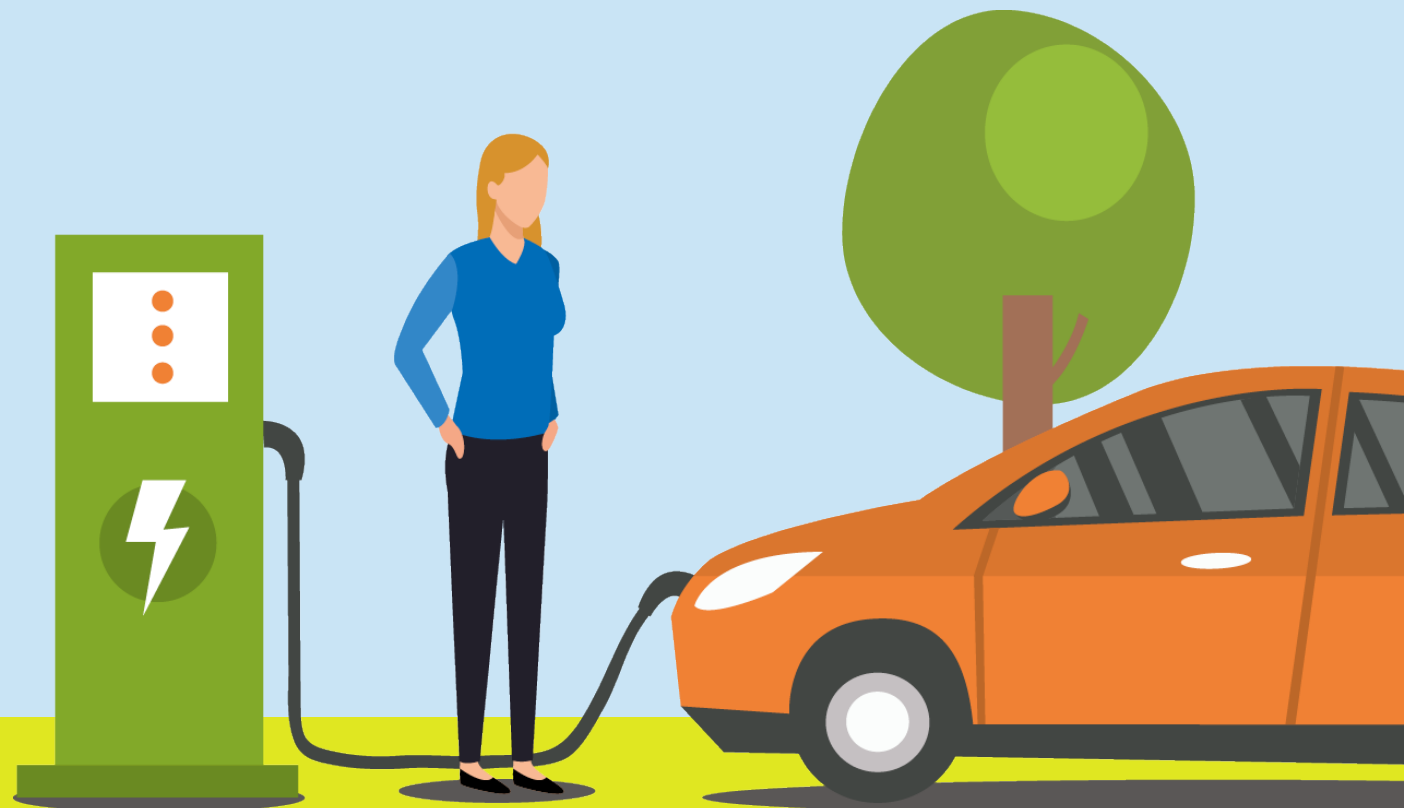


Sustainability Q&A

Dr Dorothy Maxwell, Davy Horizons

Mike O'Hara, Grafton

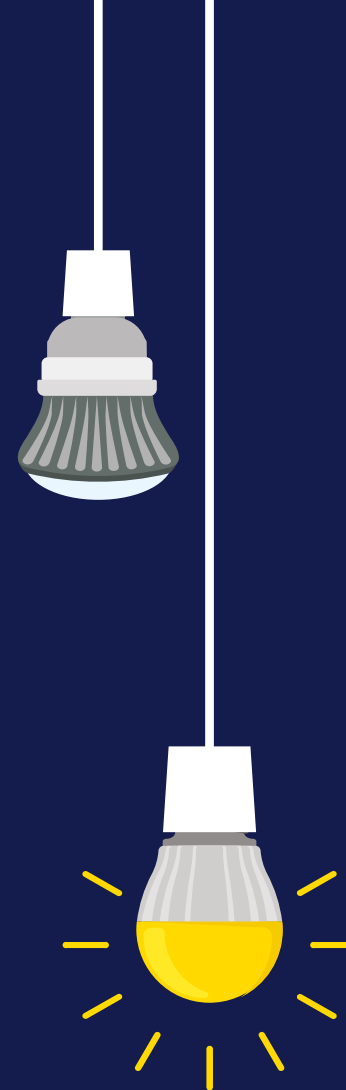
Susan Lannigan, Grafton



Woodie's Heroes – video

Woodie's

Break
15 minutes



Organic Growth & Digital

David Arnold, CFO
Suzanne Quinn, Woodie's
Carine Jessamine, Selco



Organic growth

Out-performance v market
– operational excellence

Expansion within existing geographies

Broadening our proposition

Increasing role of digital,
but branches equally as important

The Woodie's and Selco digital journey



Organic investment examples

Operational initiatives

- **Selco** – new lightside distribution centre, two regional distribution hubs, with additional London hub planned
- **Isero** – new distribution centre at Waddinxveen

Expansion within existing geographies

- **Selco** – new branches in 2021 in Liverpool, Canning Town and Rochester
- **Chadwicks** – acquisition of Proline has enabled expansion of offer into 11 branches
- **Isero** – combination of new branches, eg Lelystad and bolt-on acquisitions expanding our reach, eg Van de Anker, Govers
- **IKH** – new owned branches, eg Tampere, and new partner branches, eg Seinajoki, plus bolt-on potential

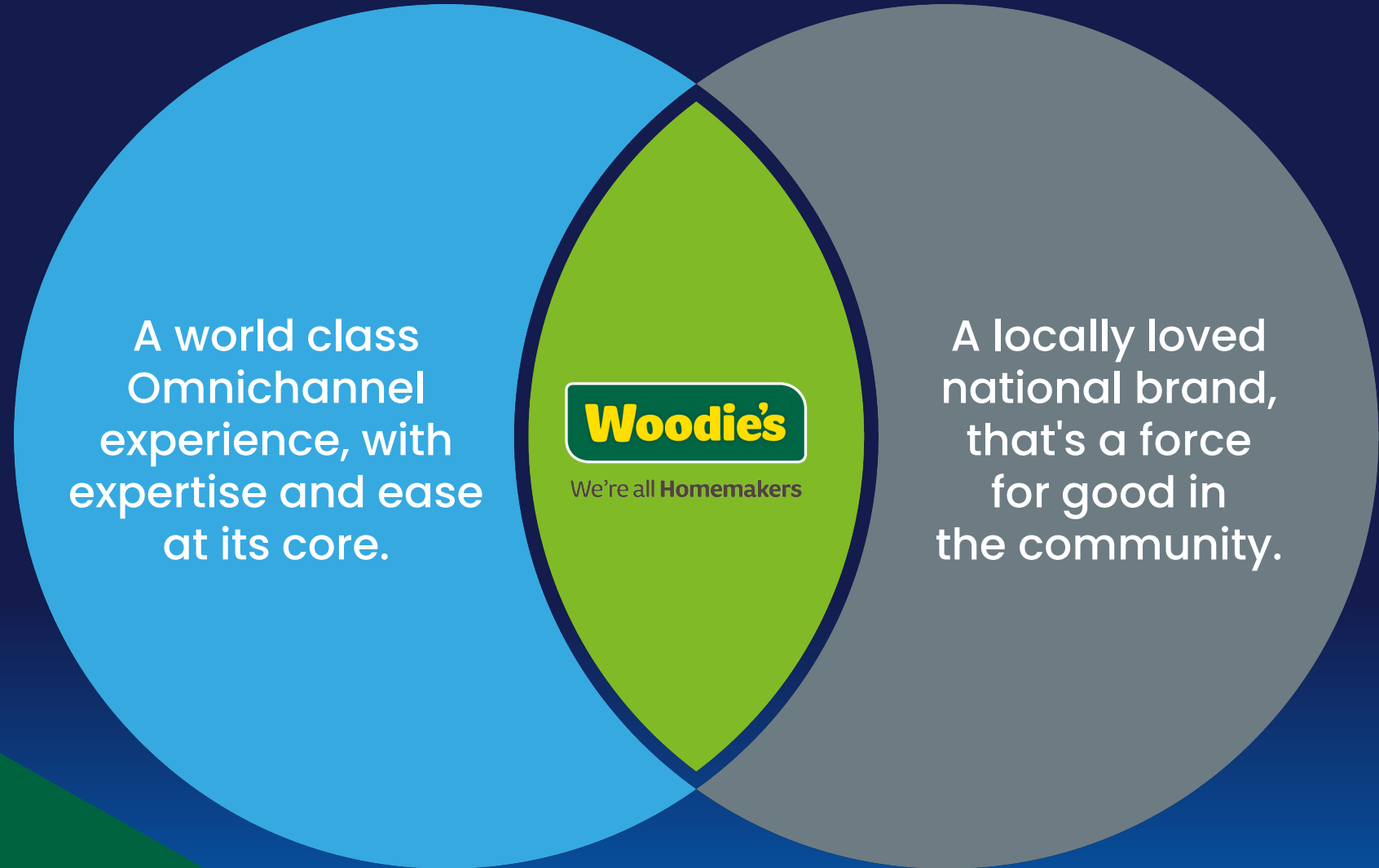
Digital development





Suzanne Quinn
Marketing & Digital Director

The Woodie's Ambition



Woodie's

Our People

1,700
Colleagues

GREAT
PLACE
TO
WORK®

Great
Place
To
Work®
Europe's Best
Workplaces
2021

Woodie's

Our Stores



98%

Brand Awareness*



+76

Net Promoter Score



70%

Market Coverage*

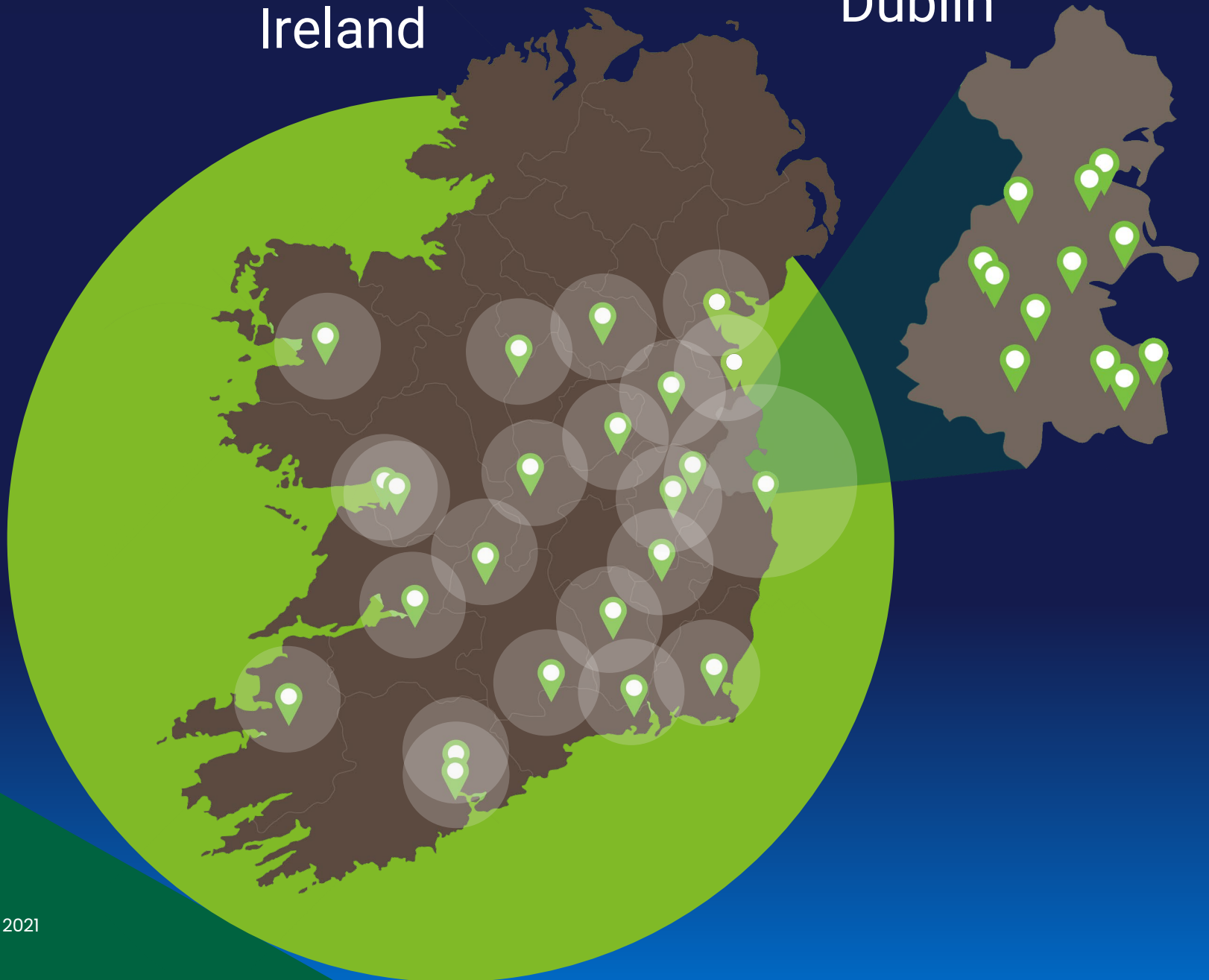
*IPSOS MRBI Brand Tracking research Sept 2021

** Critizer Monthly NPS tracking

Market Coverage

Ireland

Dublin



Woodie's

Our Omnichannel Proposition



In Store

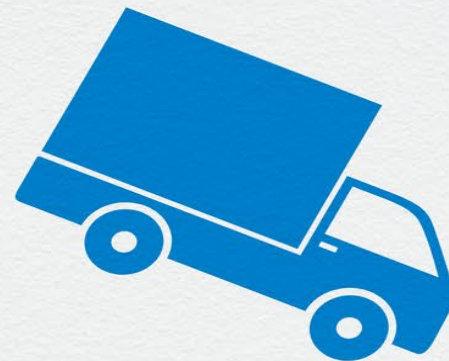


Click and Collect



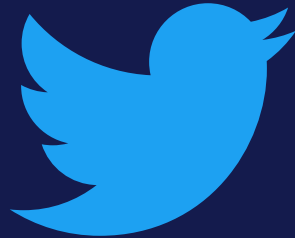
Home Delivery

Woodie's



Woodie's

Social Media



Our Digital Ecosystem



Woodie's

Our Digital Ecosystem

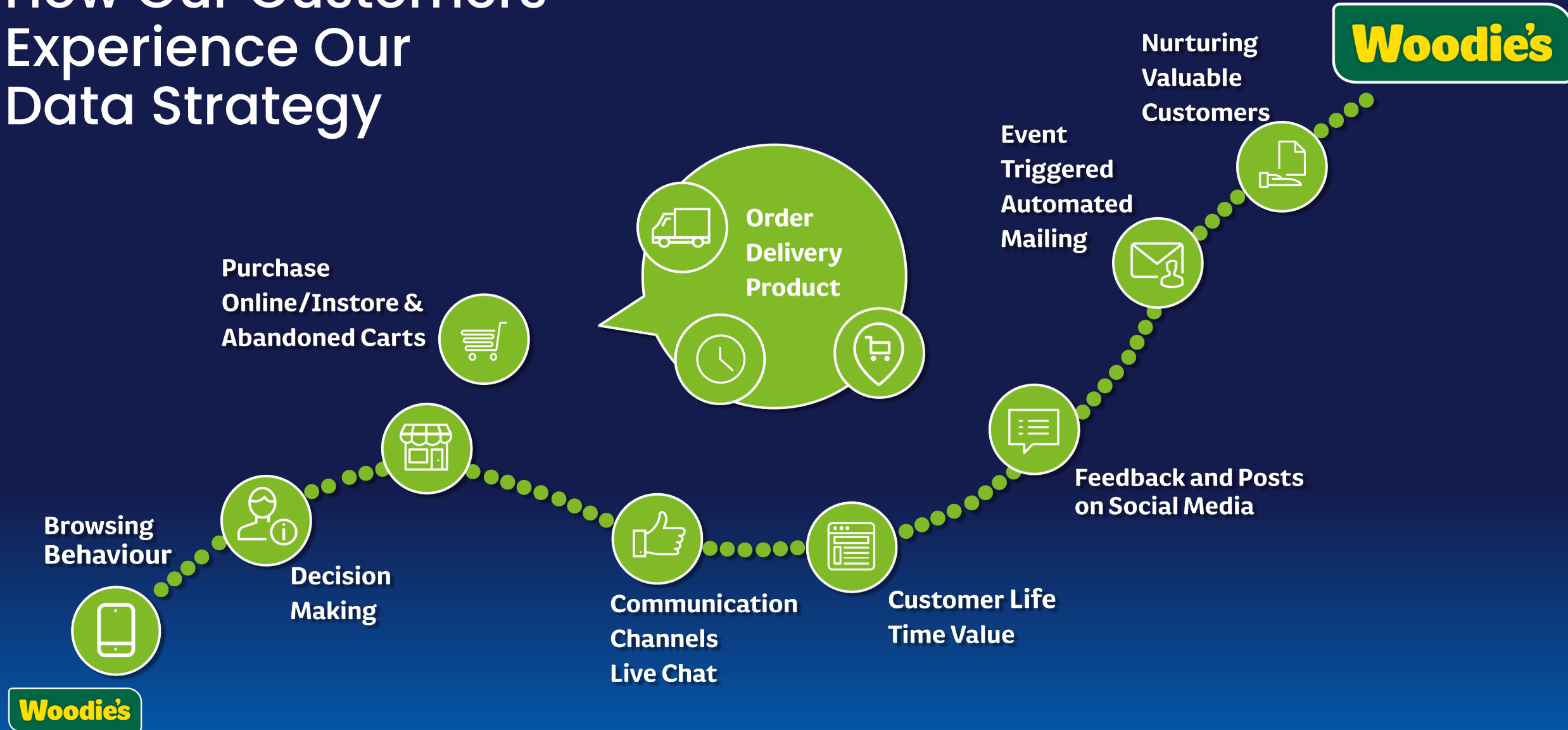


2021
25%

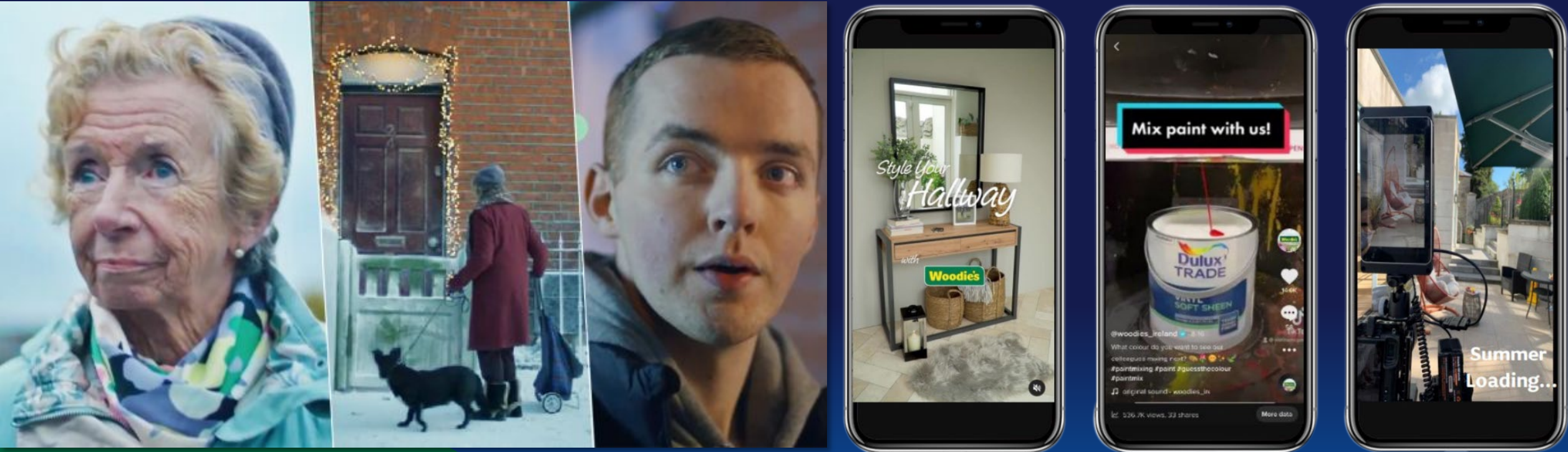
2023
50%

Woodie's

How Our Customers Experience Our Data Strategy



Our Communications are Digital First



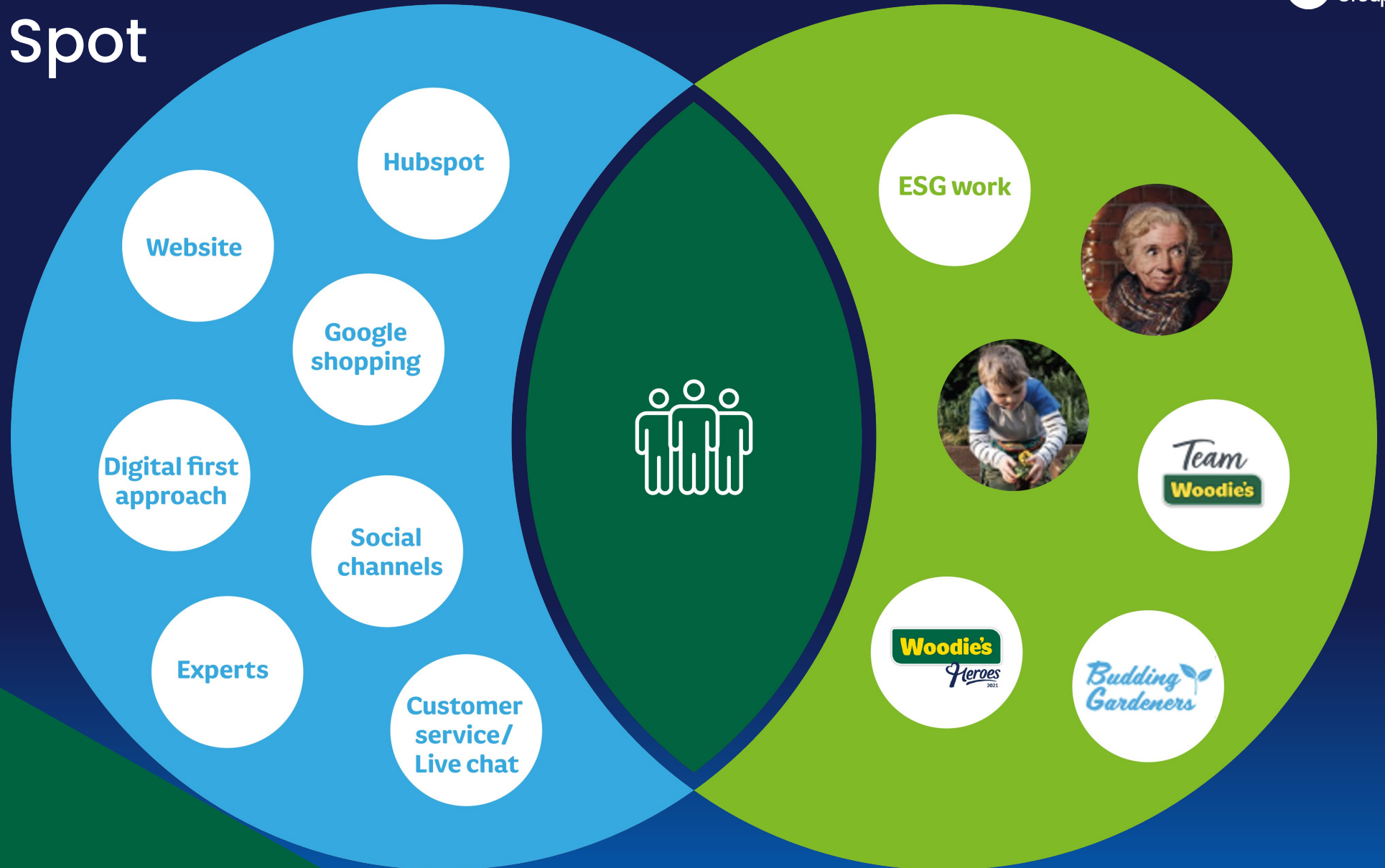
Woodie's

Omnichannel Communications



Woodie's

The Sweet Spot



Woodie's

Digital Enhancements & Rebalancing the Marketing Mix

New
Website
Platform

New
Fulfilment
Centre

New
Home
Delivery
Partner

Influencer
Strategy

Digital
Funnel
Strategy

CRM
Strategy
&
Customer
Data
Platform

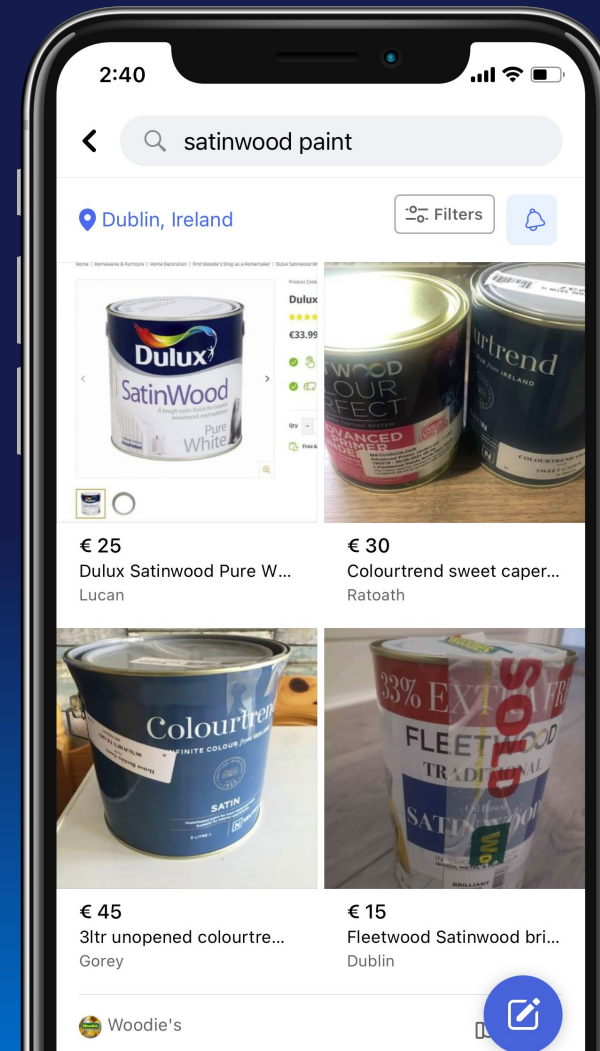
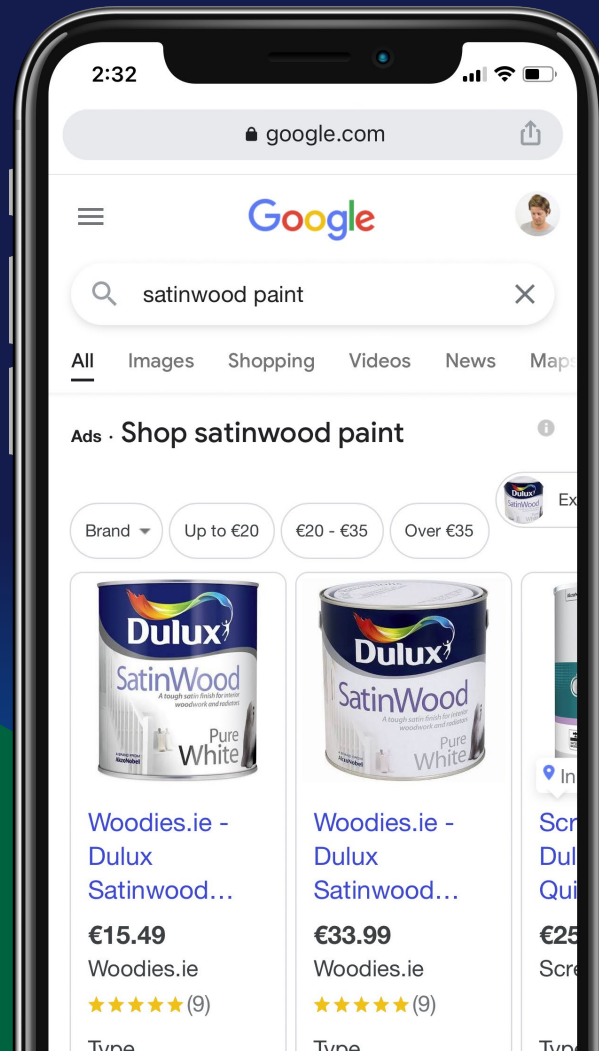


Woodie's

Woodie's Digital – video

Woodie's

Google & Facebook Shopping



Woodie's

Key Takeaways

Our point of difference is Omnichannel, whilst being a force for good in the community.

Digital enhances customer experience, it doesn't replace bricks and mortar.

Customers choose how they want to shop ...we are ready!

DIGITAL & ORGANIC GROWTH

CARINE JESSAMINE, MARKETING DIRECTOR

November 2021



Selco's core customer — shops across multiple branches



- The biggest spenders in Selco
- They spend a lot, very often, across the branch network
- Most have been with us for years
- They buy everything – from timber to specials, and everything in between

- These customers keep coming back
- They buy daily or weekly
- They shop across the branch network
- They buy across all product categories but may not always know about the specials we offer



How is the Trade using digital?

Short-cuts to the things they need and want

National Lottery
i243

Mobile
Banking
i200

Domino's
Pizza App
i176

Candy
Crush
i175

30+ hours
on phone
i146

Bet 365
i136

National
average

Source: TGI – Index relative to the national average

Trade customers like to shop in branches:

- Trade customers typically:
 - Last minute needs – need deliveries asap
 - Shop in the morning for what they need that day
 - Don't buy what they don't need

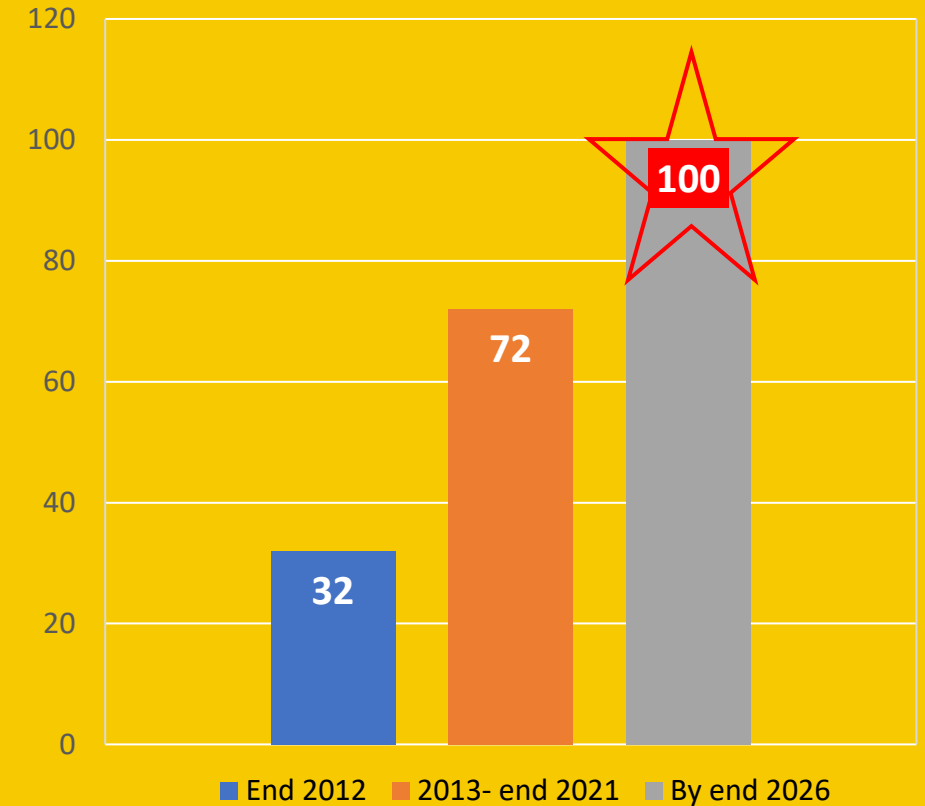


Selco's growth plans – increased UK coverage

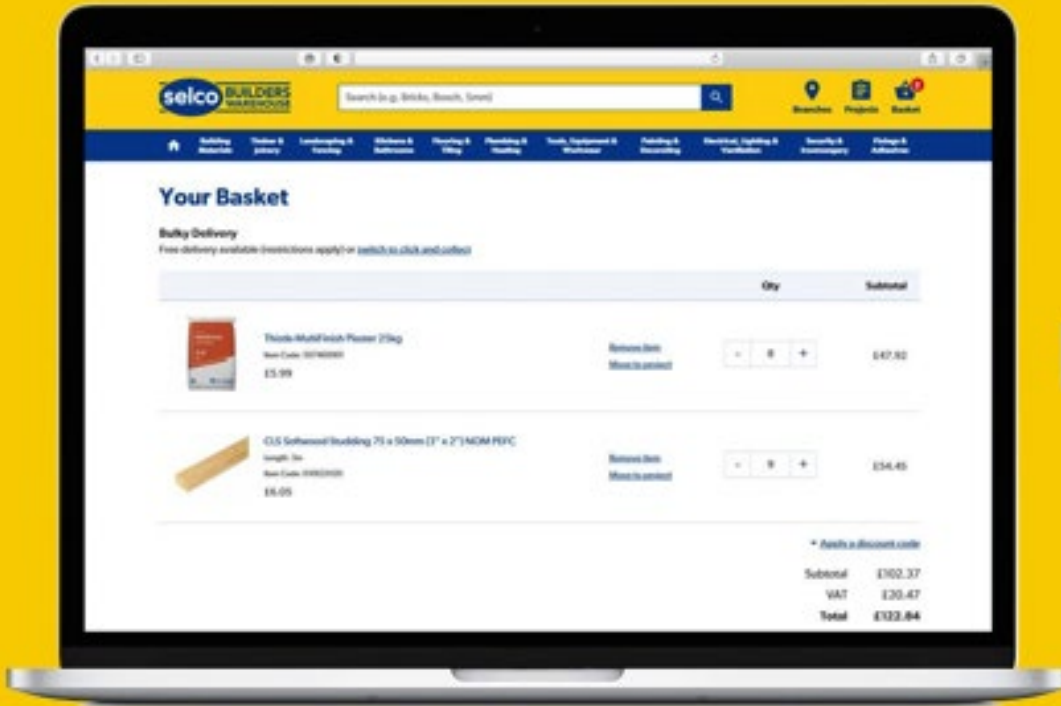
Canning Town



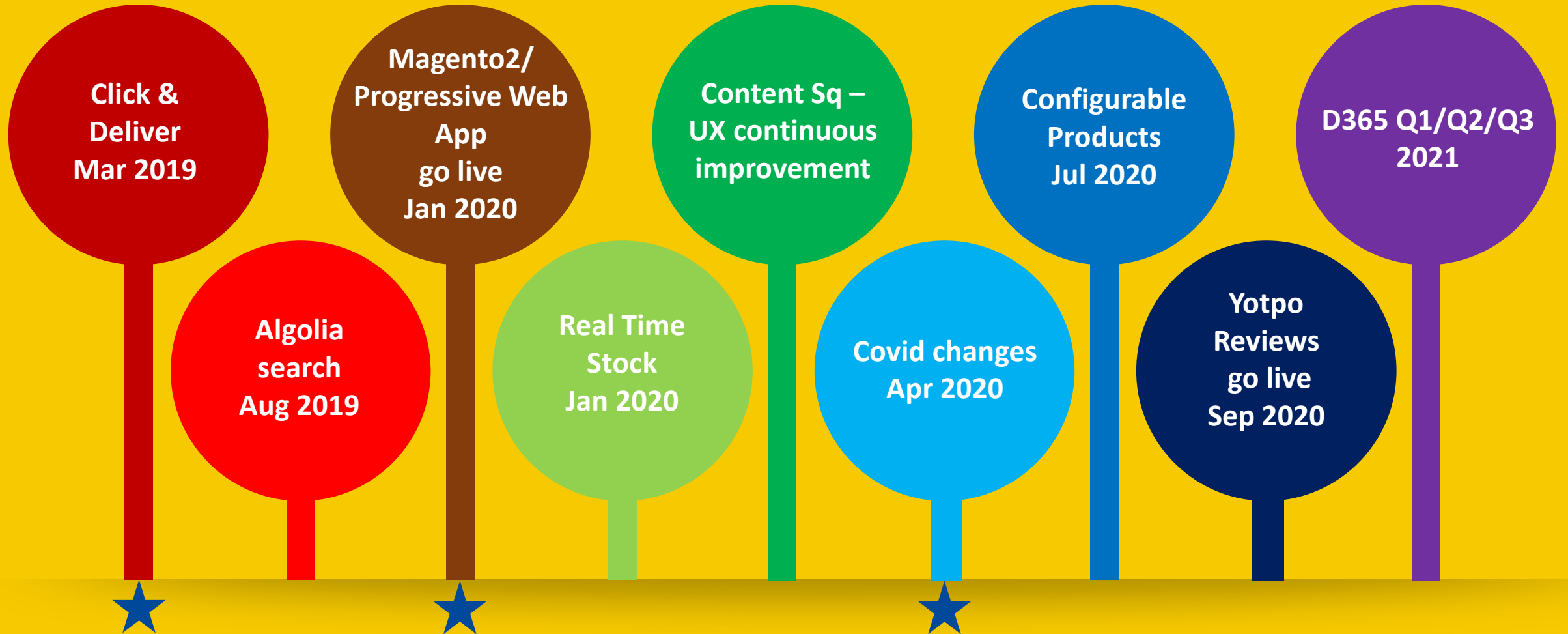
Branches



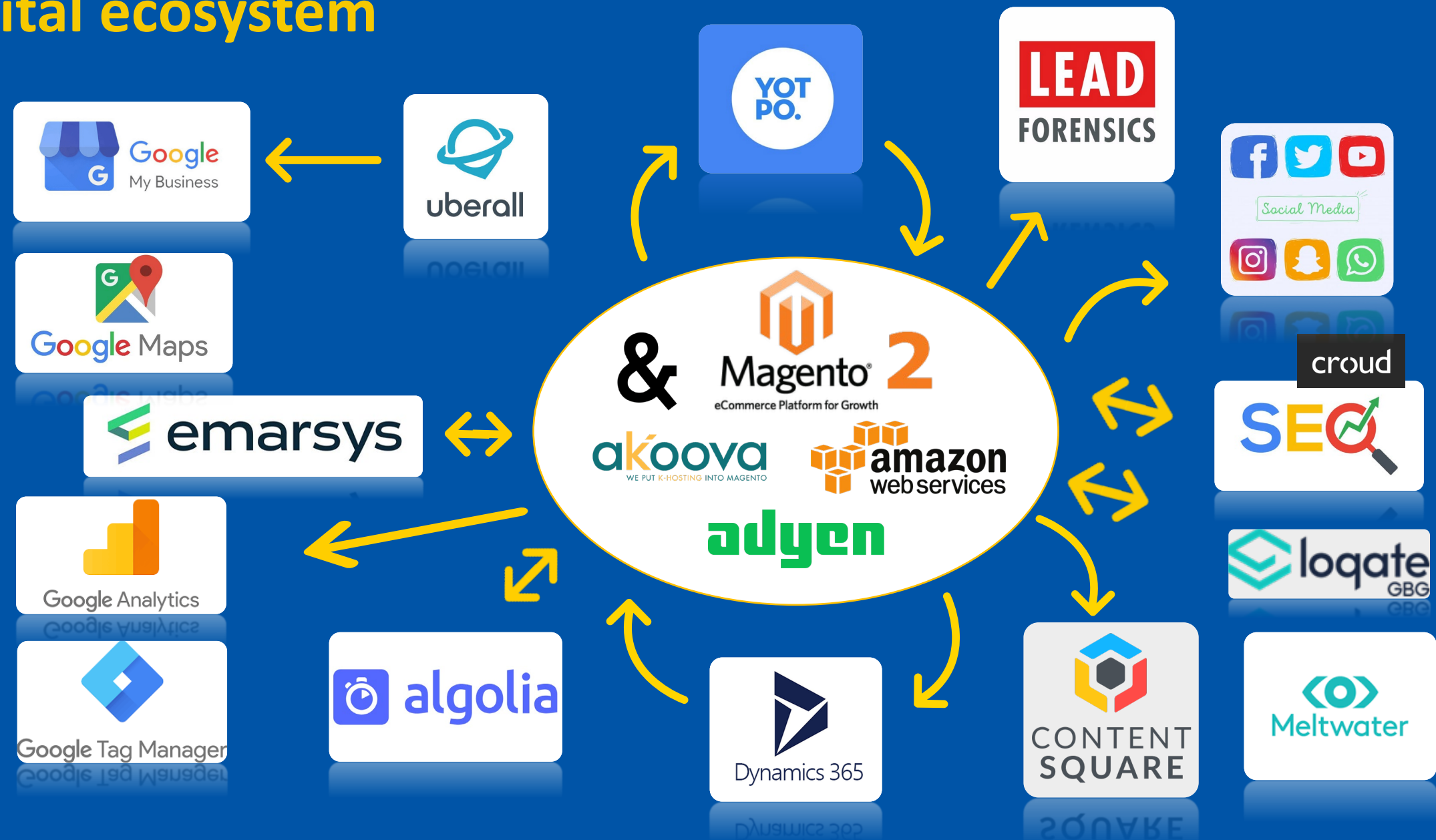
One size doesn't fit all!



The digital journey so far...



Digital ecosystem



DIGITAL MARKETING

“Online advertising helps me find interesting things on the web.”

Effective online marketing - impact on branch visits

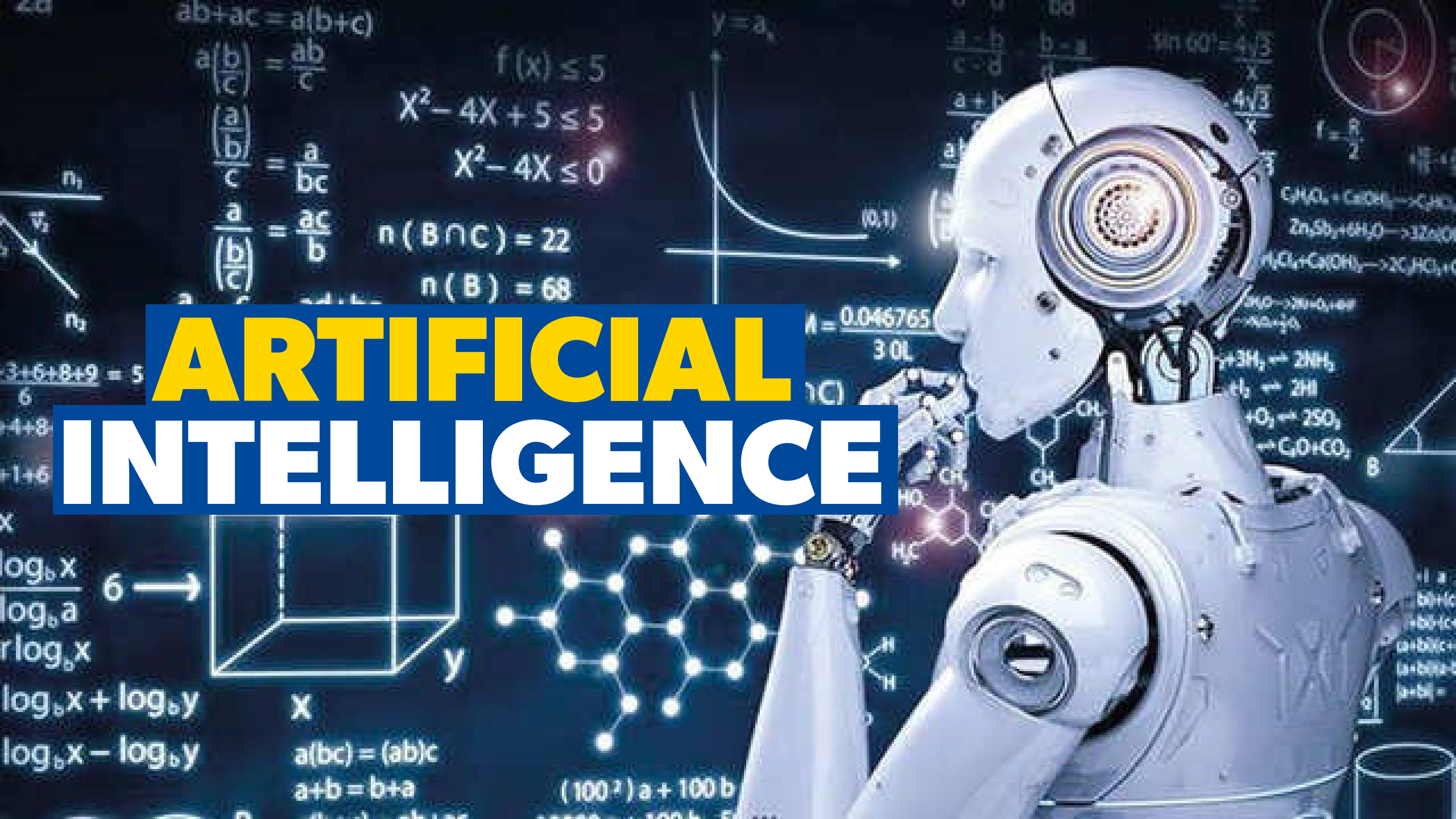
- Measuring the effect of online advertising to offline branch visits (omnichannel)
- **Search/Display/YouTube:**
Branch visits — **over 31,000**

Advertisement for Dunlop LX-360 Fibre Leveller. The ad features a product image of a 20kg grey bag of leveller. Text includes: "TRADE & BUSINESS ONLY" (with a hard hat icon), "ALL PRICES EXCLUDE VAT", "DUNLOP LX-360 FIBRE LEVELLER", "20KG GREY", "SAVE £5", "£14.79 EACH", "WAS £19.79", and the Selco Builders Warehouse logo. The product bag also lists: "SINGLE PART FLOOR LEVELLER WITH ADDED FIBRES FOR INCREASED STRENGTH AND FLEXIBILITY", "UP TO 10MM BED DEPTH FOR USE ON TIMBER FLOORS", and "PROTECTS FLOOR TRAFFIC IN 3 HOURS". The website dunioptrade.com is visible at the bottom of the product image.

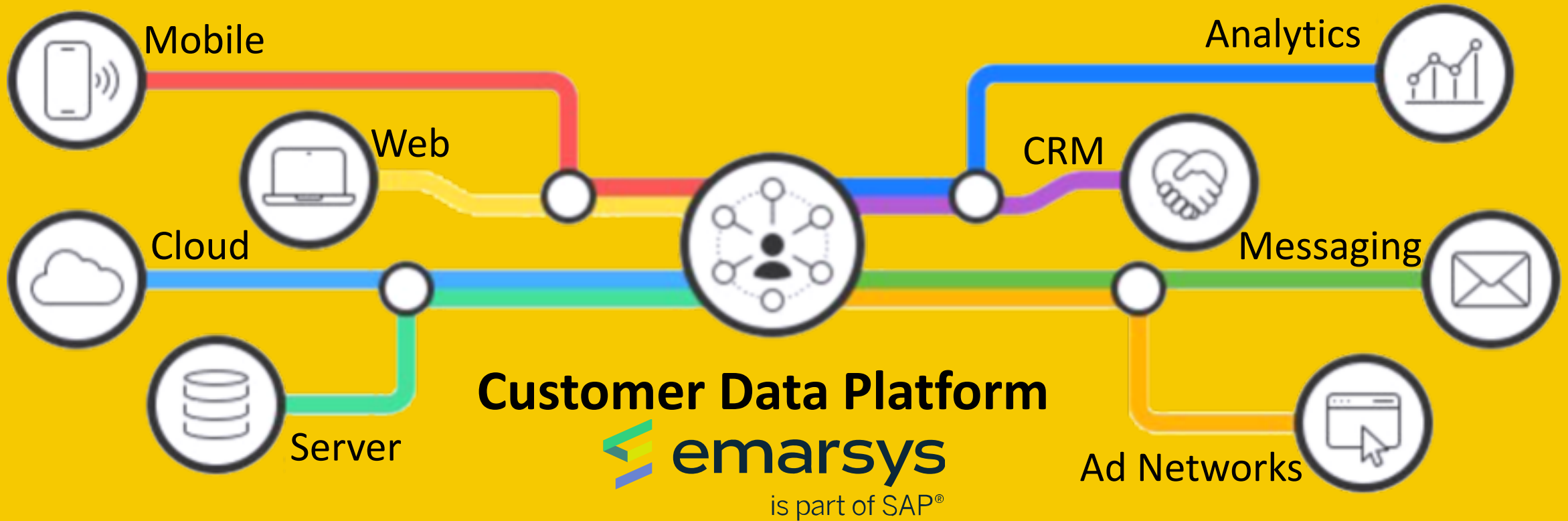
CREATING A SEAMLESS

OMNICHANNEL EXPERIENCE

ARTIFICIAL INTELLIGENCE



Why change? Omnichannel experience



- Customer Data
- Product Data
- Purchase Data
- Website Behaviour
- Email opens/clicks

Personalised marketing using A.I.



- Non-registered customer

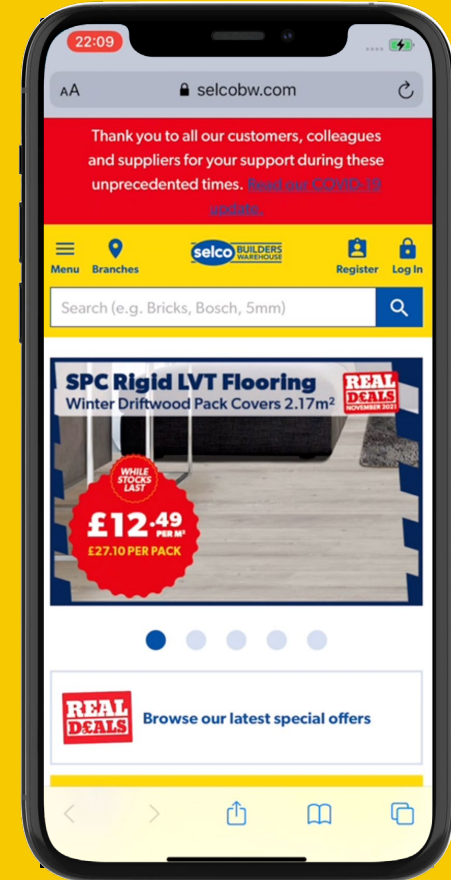
Selcobw.com – is THE Tool for the Trade

Account management

Use of AI
to generate
“also bought”
recommendations

End to end online
quotations

Web chat



Acquisitive Growth

Gavin Slark, CEO



Our acquisition framework

The 3 G's

Good market



Long term growth potential

'Ease of doing business' characteristics

Structured and disciplined markets

Good business



Platform for growth / value adding bolt on

Differentiated proposition / strong market position

Enduring or buildable competitive advantage

Achieves required financial returns

Sustainability synergies

Not turnarounds

Good Management Team



Experienced

Accomplished – track record of success

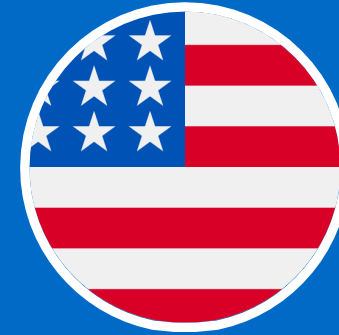
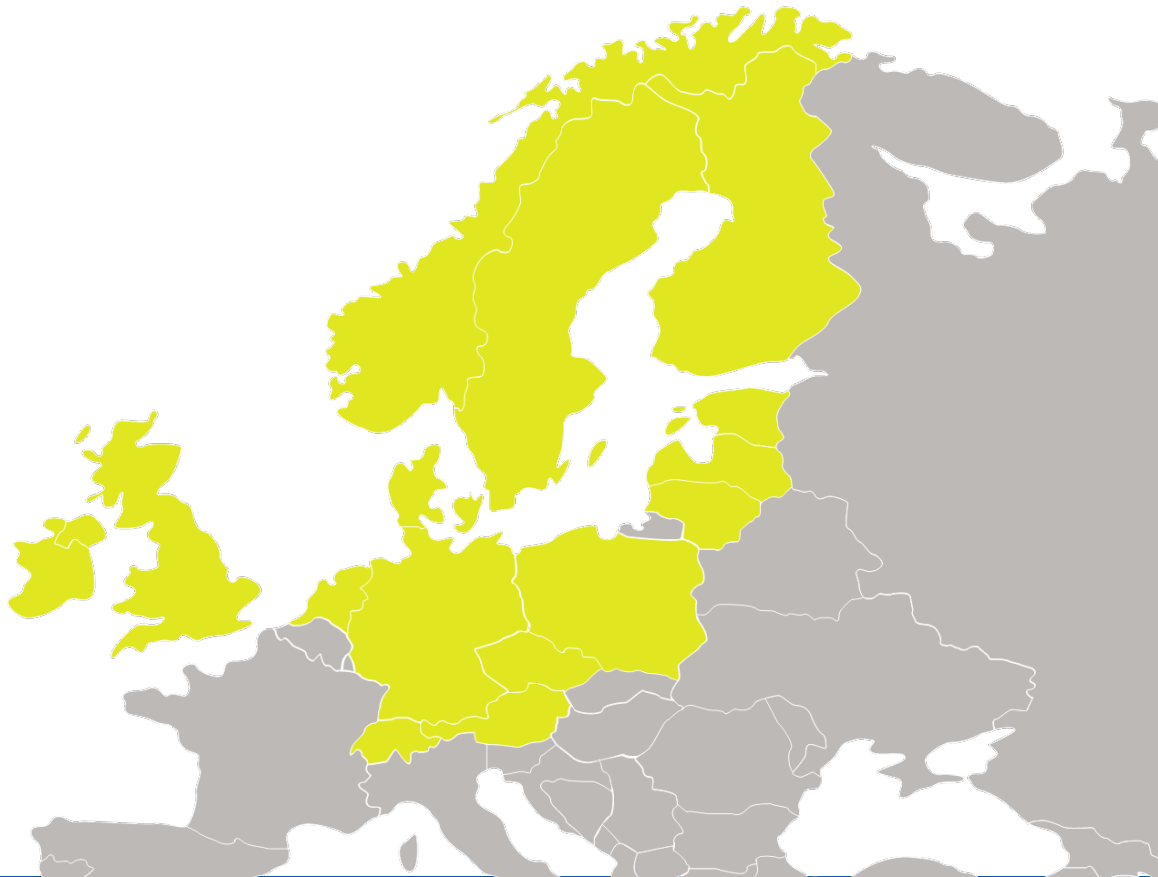
Ambitious

Cultural fit

Our acquisition framework

Geography

Europe



Isero – video



IKH – video



Stairbox – video



Concluding Comments



Key takeaways



How we see the Group evolving over the medium term



How we intend to deploy our capital



Why sustainability is integral to how we think and what we do



Q&A



What makes Grafton different



Portfolio of Winners



Excellence in Service



Our People



Federated Structure



Sustainable & Responsible



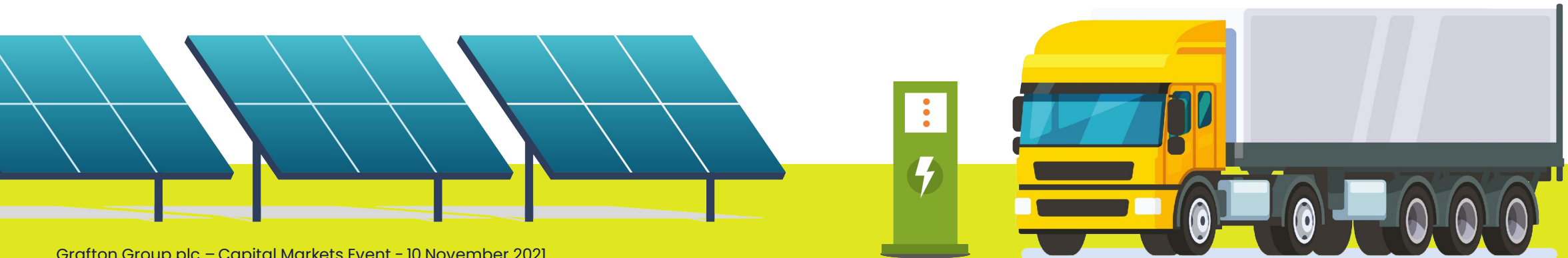
Strong Financial Base



Acquisition Expertise



Track Record



Cautionary Statement & Notes

Cautionary Statement

Certain statements made in this presentation are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs or current expectations of Directors concerning, amongst other things, the results of the operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. The Directors do not undertake any obligation to update or revise any forward-looking statements whether as a result of new information future developments or otherwise.

