Grafton Group plc

Capital Markets Event 2026

11th June 2026

Transcript

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David Arnold: Good afternoon, everybody and a warm welcome to Grafton's capital market event. Just before I hand over to Eric, just a few formalities for the start of the day. The first thing is that there are no fire alarms tests planned for this afternoon. So, if we do hear the fire alarm, if we can make sure we exit through the exits with the green signs, make your way out of the building and then we'll be directed to the assembly point. So that's the first thing. The second thing is if I could just respectfully remind everybody if you could make sure that your phones are turned to silent and the Claxons are turned off and the big vibrating things are all turned off, that would be marvellous. Excellent. Thank you very much. And at this point I will hand over to Eric Born to start the day.

Eric Born: Thank you, David. Welcome to the Grafton Capital Market Event. I'm delighted to host you today together with many of my colleagues. We will explain our ambitions and why we believe Grafton Group is uniquely positioned to generate significant value over the next five years. You will hopefully also get a sense of the management bench strength we have across the group as you meet many of my colleagues. And just for reference, the Grafton presenters and attendees as well as the glossary you can find in the appendix of today's presentation. A few key points I would like you to take away upfront. Grafton is a European distribution platform of scale with plenty of growth opportunities and leading positions in multiple markets. You will hear more about the different markets from my colleagues later on. We have plenty of ambition, a clear strategy and a powerful federated operating model allowing us to operate customer centric businesses with the benefit of a multinational group.

We generate significant free cashflow, have a strong balance sheet and a track record of being disciplined capital allocators. Our aim is to deliver ambitious financial targets between now and the end of 2030 and of course beyond.

The agenda for today will be kicked off by our CFO, David Arnold and myself, followed by presentations from my colleagues and some breakout sessions. Before the final Q&A and drinks reception, our chairman, Ian Tyler and I will conclude today's session. We are indeed a European platform of scale with approximately 10,000 colleagues and over 600 locations offering extensive product ranges from our 15,000 plus suppliers to our large predominantly SME sized customer base. In 2025, we generated over £2.5 billion of revenue with a strong adjusted EBITDA margin of 12.7% and an operating profit of 7.3% or a good £184 million. In fact, we delivered a strong performance throughout the cycle over the last 10 years. The average ROCE in that period was 13.7%. We had a cumulative cash flow, free cash flow of £1.8 billion improved the operating margins during the time period by 180 basis points and delivered the TSR of 77.8% well above the TSR of our FTSE 250 peer group.

Let me talk about our purpose-led strategy of building progress together, working as a team to provide our customers with construction related products and solutions when and where they need them. Underpinned by our long-established values, being brilliant for our customers, value our people, being entrepreneurial and empowering, have ambition and we will hopefully bring those across today and of course be responsible, trustworthy and sustainable. Our growth agenda builds on three core pillars, long-term growth supported by structural growth drivers in our market, operational excellence and continuous improvement to give our customers an excellent value proposition and of course using our free cashflow and balance sheet to further grow with value enhancing acquisitions. All of that is supported by our federated operating model and ongoing investments in sustainability and technology.

We invest in a diverse and well-trained workforce and have exceptionally high-quality engagement, which is measured across the group. We focus on sustainable supply chains in all of our markets, and our digital and AI enabled solution continue to not only further enhance our existing customer propositions but also drive ongoing operational efficiencies across the businesses of the group. A few words about our market. We operate in the large and relatively fragmented market of distributing construction related products. The market size in Europe is estimated to be greater than €440 billion and the estimated market size in countries where Grafton has operation is estimated larger than 130 billion. So, in other words, the overall market is large, it's fragmented, it has underlying growth factors, and it gives us significant opportunity to grow going forward.

A key long-term growth and value driver is the selection of where in Europe we want to operate and what distribution model do we choose in each market. So let me give you a flavour how we look at that. When it comes to regional country selected, we of course look at what's the expected GDP growth. Does the population grow in the years to come? Is there a structural housing shortage and does the existing housing stock need improvement? Is it easy to do business in the country? In other words, is there some political stability and a strong legal system? Do we have access to the necessary talent pool to execute our ambitions? All of those points and more are points we take into consideration when picking geography. But then when it comes to the selection of the distribution models, the questions are what is the profitability and return potential of distributors in the specific geography?

Are there strong trusted local brands with the ability to drive organic growth beyond market growth? What's the customer profiles of distributors? Do they have few very large customers, or do we have a lot of smaller customers which is something we usually prefer?

Are there consolidation opportunities in addition to organic growth and can we further enhance the business through the systematic application of what we call the Grafton Way? I will talk more about that later. By getting these two points right and applying our federated operating model, we build a portfolio of trade focused, differentiated and customer centric distribution businesses in each geography. Our operating model allows the businesses to remain locally relevant whilst leveraging the benefits of a multinational trade focused distributor. This leads to strong, highly engaged and empowered teams, differentiated models with trusted local brands, local scale and the customer centric approach to business and superior returns a strong ROCE and cash generation. And an outcome of this approach is due to the diversification it creates. There is less volatility and resilient financial performance throughout the cycle. At Grafton, we understand how to serve the trade customer.

Superior returns are generated by leveraging our combined knowledge across the group, building local scale and operating strong distribution brands in different geography. It is not generated by having one homogeneous distribution model.

What do I mean when I talk about local scale? Strong coverage across the relevant areas within each operating country with the appropriate logistics setup that underpins the specific value proposition. So, if you look at Ireland, the island of Ireland, we have more than 120 locations. The same is true in Great Britain. In Northern Europe, including our partner stores, we sell products from over 260 locations, and we already have 110 locations 20 months after entering the highly fragmented Iberian market. But the secret sauce of Grafton Group, what sets us apart from other businesses is our federated operating model. The way we do business is the Grafton Way.

Our lean support centre ensures strong controls, governance, common standards, clear policies, and enables consistent performance management and talent development across the group. We of course make sure that best practises are shared and implemented in our businesses and expert knowledge from within the group is used to support the businesses in their geographies. Capital allocation is strictly controlled by the group, making sure we invest where we believe we will get the best possible returns. My colleagues will bring this to life later today with some specific examples during the breakout sessions focusing on technology, M&A and talent. But of course, we apply this in every common area of the business. Another example would be procurement and ESG, two functions to support the business. Our businesses in geography have full sourcing autonomy, which ensures speed, customer relevance, and accountability. We want them to sell to their customers what the customers want.

At the same time, we have full central transparency across the groups over 15,000 suppliers and millions of SKUs. The transparency is enabled through our AI enabled central platform, giving our teams insights to make the right decisions and ensure best prices across the group. In terms of ESG, 98% of our emissions sit in Scope 3, hence ESG is fully embedded in our procurement processes to translate Scope 3 and regulatory realities into data-driven decisions that strengthen the supply chain resilience. Feel free to talk to my colleagues, Remco and Rosie, who cover group procurement and ESG during the breaks, should you wish to know more about how we endure local agility with central insights in the areas of procurement and ESG.

The way we work allows our geographies and businesses to take advantage of the Group's combined learnings, knowledge and processes whilst being locally accountable and empowered to execute for their customers. We passionately believe that the Grafton Way provides strong controls and governance whilst enabling local accountability, agility, and empowerment to best deliver for our customers and achieve superior returns. The ongoing interaction between group functions and the businesses as well as between geographies is why we define our purpose as building progress together. It's an internal loop of continuous improvement. All of this is enabled by an ongoing performance management process where each geography and business is reviewed on a monthly basis with a quarterly deep dive review with the management teams to track progress and align beyond the financial performance. Let me now share a short video with you, which is about Salvador Escoda and how the Grafton Way helped to acquire the business, but also to drive value post-acquisition.

Video: *VIDEO PLAYS*

Eric Born: I hope that gave you a little bit of a flavour, how important and how helpful our way of doing business is when we actually acquire businesses and that we have a very clear plan what we do with those businesses once acquired. So, looking at our existing businesses in geography, we believe there is good long-term growth potential in all markets, but also significant recovery potential in Great Britain and Northern Europe where volumes are currently depressed. In Ireland, we expect continued growth with an operating margin of around 10%. If I look at the businesses, our current portfolio in Great Britain and Northern Europe, we currently operate at the margin of between 6% and 6.5% in terms of operating profit. In a recovered market, we would expect the profitability of our portfolio to be at least 9%, which means 250 to 300 bps higher than in the current climate.

In Iberia, we expect to get accelerated growth through the extension of our existing branch network and as Stephen mentioned in the video before, additional M&A. The ambition is to generate, and again, this is an ambition, a billion revenue in Iberia by the end of 2030. The ambition is here, but obviously it depends on the ability to execute transaction at reasonable multiples. In the end, we are disciplined in the way how we allocate capital, but that's the ambition. In terms of operating profit margins, I would expect us to deliver an operating profit margin corridor somewhere between 8% and 10% as we build out the Iberian business.

To make it simple, we believe our key value levers to deliver superior returns until the end of 2030 are drive organic growth by winning new customers, increase our share of wallet, optimise our branch network and open more branches, leverage digital solutions and our product offering, including own brands, drive operational excellence through productivity and efficiency improvements and the implementation of digital and AI enabled solutions, how we allocate capital growth and maintenance CapEx, M&A, and capital returns to shareholders and of course our market assumptions. We assume, as I mentioned before, ongoing growth over the period in Ireland and Iberia, and I'm talking about underlying market growth assumptions, and a gradual improvement over the period in Great Britain and Northern Europe. By applying our levers and given the market assumptions taken, we would expect to deliver over £850 million free cash flow and EPS CAGR over the period of greater than 10% and a ROCE by 2030 of 13%.

I would like you to note that whilst we assume a gradual recovery in Great Britain and Northern Europe, we do not yet expect to operate at the normalised margin levels I mentioned in the previous slides in those geographies by the end of 2030. Let me now hand over to our CFO, David Arnold, to talk in detail about capital allocation and finance.

David Arnold: Thank you, Eric. In this next section, I wanted to provide a framework on how we think about capital allocation, how the group has evolved and applied that framework over the last 10 years and then to paint a picture of how the group will evolve over the next five years and what we expect its financial profile to look like in 2030. So how does the Board and the team at Grafton think about capital allocation? How do we prioritise the use of both our free cash flow and the balance sheet? As we will see shortly, one of Grafton's defining characteristics is its free cash flow generation and so capital allocation is a critical part of our day-to-day thinking and thinking about prioritisation and the hierarchy of that allocation, first and foremost, we use our cash flow to fund organic development and to develop our existing businesses. Expanding and cementing our brand positions and strengthening our operations and existing markets is our number one priority for free cash flow.

Secondly, we recognise the importance of returning capital to shareholders and we have an explicit dividend cover ratio of two to three times earnings. Next, we allocate capital to M&A to inorganic growth because fundamentally the board believes that well executed acquisitions at sensible multiples will deliver long-term growth as well as generating free cashflow for shareholders. And finally, where we have surplus capital, we will use this to undertake share buybacks or if appropriate and depending upon relative equity valuation, also look at special dividends.

So, on these next few slides, we'll look at the financial evolution of the Group over the last 10 years. Now, 10 years is a long time, you may say, but our business is a long-term one and we run it as such. Interestingly, if you look at our revenue over the last 10 years, it's remained pretty constant at £2.5 billion. Profitability has improved markedly with EBITDA increasing from 137 million to 184 million and the operating margin has grown by 180 basis points. But as you can see from the pie charts on the right-hand side, the composition of our Group has changed markedly. Back in 2016, GB represented almost 70% of our sales and a similar level of profit. With the disposal of our traditional merchanting businesses in 2019 and in 2021, together with the acquisitions which we've made since on the island of Ireland, Northern Europe and Iberia, the geographic shape of Grafton has shifted markedly.

GB represented only 30% of sales in 2025 and under a quarter of our profit and in 2026 its relative share will be lower still. You can also see how the growth and strengthening of our position in our home market has created a real powerhouse for Grafton with just over half of our profit derived from the Island of Ireland in 2025.

Our Irish powerhouse is an important contributor to our free cashflow. Here you can see our free cash flow per share and how it's increased from 57 pence in 2016 to 87 pence in 2025. Over the last 10 years, Grafton has generated an average of £177 million per annum in free cash flow or just under 1.8 billion. That's 7% more than our current equity market capitalisation. Our balance sheet has also been strengthened, and you can see from the chart on the bottom right that we've moved from a net debt position to net cash with the disposal of our traditional merchanting businesses in 2021 being transformational for the balance sheet.

And you can see on this slide the totality of free cash flow and disposal proceeds over the last 10 years and how this capital has been used in each component of the allocation hierarchy. You can see from the table that we've returned just over £950 million to shareholders over that period. And here you see the impact in a little bit more detail with just over £0.5 billion returned back to shareholders in dividends and you can see how we've increased the dividend over the last 10 years from 13.8 pence in 2016 to 37.75 pence per share and deliberately reduced our dividend cover over that period from three and a half times to two times in more recent years. The Board's explicit dividend payout ratio target is two to three times earnings. And as we move forwards over the next few years, we do intend to move cover back more towards the middle of the range rather than keeping it at its current level of two times.

And for any income seeking investors out there, I would note that our current dividend yield is a very rich 4.5%.

With our buyback programme, which commenced in 2022, we've also bought back £430 million in shares in the period up to the end of 2025 and that reduced our shares in issue by over a fifth. In the current year, we've completed a further share buyback of £25 million. We do think that the real benefits of this programme will be felt by shareholders once the recovery in our weaker markets takes hold. Now it's important to think when we're thinking about cash generation and our balance sheet to also consider what the Board thinks about financial leverage. We're a cyclical business and we need to manage the business accordingly with one eye firmly on the long term. For that reason, we hold an investment grade credit rating and maintaining this rating is a core priority for us. Our target range for net debt is one to two times lease suggested net debt to EBITDA, but we will manage our financial leverage depending upon where we sit in the overall market cycle.

If markets are in a firm upswing, then financial leverage at the top of the range would be something that the board would be comfortable with, but in an average or weaker markets, we'd look to be more in the bottom or middle of the range. And as of today, I'd say we sit more in the middle of that range as regards a target and comfort levels and that would translate into a theoretical net debt ceiling of about £600 million if we were to deploy that incremental borrowing to acquisitions. That compares to our net debt at the end of last year of 123 million and analyst forecast for the current year of between £300 and £350 million taking into account the acquisitions which we've made in the current year in Mercaluz and Cygnum.

And so, one of our target investment returns. Now, as you'd expect, we'd look at any development investment, whether that's organic or inorganic acquisitions through a number of different financial lenses and strategic criteria, of course, are important. But first and foremost, our priority financial metric is return on capital employed. For organic and inorganic development investment, we're essentially looking to deliver long-term return on capital employed exceeding 13%. Well ahead of a weighted average cost of capital, which we judge on a pre-tax basis is currently around 9%. When we make platform acquisitions, in general, we're looking for a double digit return on capital employed where together with additional growth capital from Grafton by way of organic investment and bolt-on acquisitions, we would expect in time to build the business to exceed our target rate of return of 13%. Naturally, whether we're making organic or inorganic investment, we have to consider how these investment decisions line up against our strategic priorities, some of which I've set out here.

One of the key points which we also consider as part of our investment process is how these decisions line up against the alternative of returning capital to shareholders. And equally, when the board does take the view that we have surplus capital, we judge a share buyback against the alternative returns from acquisitions or indeed whether we should consider a special dividend as being more appropriate.

So finally, in my section, if we pull together our strategic vision and financial parameters, what do we think Grafton looks like in 2030? We will be geographically diversified with leading positions across multiple European geographies. Our target is to deliver over £850 million in free cash flow over the five years 2026 to 2030. Our intention is to retain an investment grade credit rating and at the end of 2030, we would expect our financial leverage to lie in the range of one to two times lease adjusted net debt to EBITDA. We will drive the business to deliver a minimum 10% compound average growth rate and adjusted earnings per share before property profit from 2025 to 2030 through the application of the Grafton Way and using all the levers at our disposal. In

2030, we are targeting to deliver a return on capital employed of approximately 13%.

And finally, we expect dividend cover to lie within the board's target range of two to three times and we do expect to supplement ordinary dividends with incremental capital returns to shareholders when appropriate. And having set the scene for the group's overall ambitions, I would now like to hand you over to Patrick Atkinson, Damien Dwyer, and Pippa Casey, who will introduce our Island of Ireland powerhouse. Thank you.

Patrick Atkinson: Good afternoon, everyone. I'm Patrick Atkinson. I'm the CEO of the trade focused businesses on the Island of Ireland. I joined Chadwicks in 2015 and have been responsible for leading the growth in those businesses in the Republic of Ireland. In the last couple of years, I've assumed responsibility for all our trade operations on the island of Ireland, including the Macnaughton Blair businesses in Northern Ireland. Bringing these two elements together has enabled us to maximise our scale and synergies across the island and further leverage our strength and growth opportunities. I'm also joined today by Damien Dwyer, who runs Woodie's, our consumer-focused DOI, home, and garden brand, who will be explaining more about our Woodie's business shortly. He's joined by Pippa Casey, digital marketing director for the business. We intend this afternoon to give you some colour on the extent and strength of our position on the Island of Ireland, how we serve our customers, how we win our markets, and most particularly how we will continue to grow and outperform the market.

But first, let me give you some context on the scale and breadth of our presence on the island of Ireland today, because I think this is worth highlighting to you, our investment community. From a business that was established in Dublin at the start of the last century, we have progressively grown into the Irish powerhouse with sales in 2025 on the Ireland of Ireland of just over one and a quarter billion, from a combined population between the Republic and Northern Ireland of roughly 7.3 million people. So, to put that in context, that sales per head of roughly €170 significantly larger than any of the other well-known brands operating across the UK and Ireland.

Our businesses together generated a double-digit operating margin from 122 branches and the combined efforts of over 3,500 exceptional colleagues. If we look at the economic backdrop of Ireland, we see an economy in the Republic that has experienced strong economic growth over the past few years, and it is expected to have one of the fastest growth rates in Europe for the coming years. This is strongly supported by positive population growth through inward migration and a government that is in a strong fiscal surplus. The rising population has seen an increased demand for housing, especially in the first-time buyer, social and social and affordable sectors. This sector is strongly supported by multiple government policies and a committed investment of over €100 billion in housing and fundamental infrastructure, such as water, waste management, transport projects, all underpinning a promise to build 300,000 homes by the end of 2030.

Our market position and broad product offering leaves us really well placed to service these valuable infrastructure projects and the increasing growth in housing completions, moving from 36,000 to 55,000 per annum over the next few years. These factors, coupled with a strong renovation market driven by growth in house prices, strong consumer confidence, retrofit grants, and a huge demand for second hand homes will all underpin Grafton's growth ambition in Ireland.

If we look back over the last few years, we've experienced strong growth post the global financial crisis with the exception of 2020 when due to COVID, we were closed for six weeks but bounced back sharply in 2021 when we could reopen fully. Excluding those two years, we have seen a normalised and sustainable margin of 10%. Further building on our strong merchanting position, our strategy has been to grow our share of wallet with our customers in our core business and also extend our offering to trade customers through the more recent acquisition of adjacent businesses to compliment our core business. This is represented by the purchase of Proline, Sitetech, Wood Floor Warehouse, HSS Hire, and the most recently acquired timber frame solution provider, Cygnum.

As you can see from the map, we have a strong coverage across the island. Revenue last year at 923 million across all the locations delivered by over 2,000 colleagues and are offering over 200,000 individual SKUs. But in practise, what does this mean for our customers? As you can see from this illustration, we supply everything to everyone that needs building products or solutions through a combination of general and specialist distributors. From early-stage infrastructure and groundworks, first fixed plumbing and heating, renewables, core building materials, and all the way through to second fix kitchens, stairs, flooring, and iron mongering. We offer the complete package. Our adjacent specialist businesses now account for more than €300 million of our distribution business revenue. These specialist distribution businesses quickly gain access to our large trade customer base and of course their sites, allowing them to grow faster than they would as independent standalone businesses.

I'll give an example of that a little bit later on.

So how do we win? We are the largest builders merchants distributor on the island of Ireland by a factor of five or six times, an enviable position. We've grown to 88 locations, both through acquisition and organically. We are serving over 20,000 credit customers and this presence in the market gives us a buying synergy to be competitive across the whole island of Ireland. We continually add to our range either through organic additions or through the acquisition of specialist businesses that have a specific competence to serve the sites we are on across multiple sectors. We have extensive product training for our colleagues who are long serving and highly engaged.

We have invested heavily in re-engineering processes through digital intervention, increasing efficiencies, speeding up time to serve and removing paper from the business. We are flexible insofar as we can move to smaller formats or formats with no yard or a simple popup to serve extra-large sites in strategic development zones with hundreds of subcontractors needing materials and then we move on when that site's built out. Examples of this are our five-year onsite branch in the Cairn PLC Severn Mills site in West Dublin and also a popup branch beside the 4,000-unit glass bottle site in Dublin's Docklands. As the Irish market has evolved, most notably with the rise of large-scale house builders, we've adapted our offering to meet our customers' changing needs. And so now to demonstrate how we will continue to win and grow, share in the future, what are the real underpinnings of our differentiation on the island of Ireland?

Our priorities are threefold, driving growth with our customers, focusing on the gross margin levers in our business to optimise returns, delivering operational excellence in our business so that we have the most productive, most efficient, and slickest processes to support customers on the island of Ireland. We've invested heavily in our digital offering, which I'll speak a little bit more about later. We are expanding our central distribution centre to allow us to further progress direct sourcing and develop our own brand offering, thus increasing our control of our supply chain and creating greater efficiencies.

Our ongoing expansion of our product ranges include the development of our renewables offering for more sustainable buildings, which is a sector that is growing exponentially and in parallel with the development of modern methods of construction, delivering housing at a faster and more sustainable pace, hence the recent acquisition of our Cygnum timber frame solution. In terms of our digital journey, we have five new elements to that digital strategy. The first two being the Trade Hub and Trade Hub Pro. The Trade Hub is the central digital platform that brings together e-commerce, account management, and document access into a single unified experience for trade customers. It allows customers to buy at agreed rates, check real-time stock across the network and manage their accounts end to end, including invoices, statements, and transaction history. Having all this admin in one place simplifies everything and improves efficiency for both the customer and our branches.

The Trade Hub Pro, which builds on this foundation by enabling full digital procurement for large multi-site contractors. It introduces structural purchasing workflows including requests, approvals, and other and order placement, all managed within the platform with full visibility and audit trails. We've enhanced our user journey. We have introduced a one hour click and collect and same day delivery for orders placed before 12 noon. We are using AI for product enhancement and product enrichment for allowing us to populate our information management system through descriptions, attributes, images, and technical documentation and efficiently developing out that platform.

We've developed a new virtual rep concept. This solution being piloted via a WhatsApp style interface is designed to provide fast, conversational, full support for trade customers as if speaking with a sales rep and provides immediate responses outside of traditional channels and hours. And then we have our branch of the future. This is in full development. The Chadwicks skip the counter concept is a core element of that branch of the future strategy, focusing on removing any delays from the in-branch experience. Customers will be able to complete purchases directly in the yard using handheld devices. This enables faster, more flexible grab and go purchasing, reducing queues, and allowing customers to get in and out quickly. I mentioned earlier, I was going to talk a little bit about one of the acquisitions that we have and how that integrates. I think this slide will start to bring it to life for you and how we have the support of the Group in the inorganic development of our trade offering.

Supported by the Group corporate development team, we identify opportunities to expand our specialist offering into main contractors. A really good example of that is this Sitetech business. Sitetech is a specialist early-stage concrete and masonry accessory specification business. It has a high margin technical product offering and as you can see, their significant growth in revenue and profitability since acquisition is given by two additional elements. First of all, access to a broader customer base to our CRM system and the ability to distribute a range of mainstream products to our merchanting business network, giving them national coverage previously difficult for them to attain and manage at scale.

So just looking forward and to summarise, we have a fantastic platform on the Ireland of Ireland to serve trade customers for building products and solutions. We believe that our operating margin of 9% to 10% is sustainable based on our current business composition and with continued outperformance against the backdrop of an underlying growth rate in the economy that is likely to be one of the fastest in Europe. There are further opportunities to expand our branch network as new communities are built out in urban areas and enhancing our specialist offering through further acquisitions in key product and service categories and expansion across the island. We see significant opportunity for growth with the underlying macro-economic outlook very favourable, which we can augment with continuing outperformance in organic and inorganic growth. We are processing our digital transformation to include the use of AI at a pace which will support our customers and make it easier for them to do business with us while staying relevant to their changing needs in what is now a very dynamic environment, which due to the high levels of demand, will continue to grow for many years to come.

I'll hand you over now to Damien Dwyer.

Damien Dwyer: Thanks, Patrick. Good afternoon, everyone. As Patrick mentioned, I'm Damien Dwyer and I'm the CEO of Woodie's. I'm joined today by my colleague, Pippa Casey, our digital and marketing director at Woodie's. So as Patrick has already explained the overall growth of Grafton on the island of Ireland, and he has talked about our trade focus offer, and I want to take some time to talk about our consumer-focused retail offer in the Republic. So, what is Woodie's? Woodie's is Ireland's leading omnichannel, DIY home and garden retailer and we are the most recognised and trusted brand in our sector in Ireland. Our business is built around a strong store estate and a growing e-commerce proposition. Since the first store opened in 1987, the business has been at the heart of Irish retail, and it has become the go to destination for home improvement in Ireland. As the retail arm of Grafton, we represent circa 11% of total Grafton business and almost one third of the island of Ireland division.

Woodie's combines strong brand equity with consistent financial performance. The business operates at double digit operating margins and in 2025 delivered an operating margin of 13.5% with strong cash generation being a core strength. Woodie's has delivered a sales cager of 6% over the last decade. At Woodie's, we serve a broad customer base, that's homeowners, families, renters, and more, and the proposition is designed to win on range authority and value. Our offer spans the full home improvement mission, giving us strong participation across essential and project led categories. Our model is intentionally store led, but it is digitally enabled. That's stores, click and collect, home delivery, and extended online only ranges are core parts of how customers shop with us today. The strategic intent here is simple. Make Woodies.ie the starting point for customer journeys and connect that seamlessly to stores. And at its core, Woodie's is a scaled, trusted Irish retail platform built on excellent stores and strengthened by digital.

And for anyone that doesn't know Woodie's, it's synonymous with Irish retail. It's an institution. It's a locally loved brand and the success of the business is anchored in a brand that is both trusted and widely recognised. We have brand awareness of 97% of the Irish population. We operate a nationwide network of 36 stores that is complemented by a fully integrated e-commerce model, giving us both scale and depth. Our large store formats anchor prime retail parks positioning us in high traffic, highly visible locations and this is a strong competitive advantage and would be difficult to replicate. We combine this with immense range authority in depth selling 30,000 products and that's underpinned by seasonal relevance and constant innovation.

So, this all translates into strong customer engagement with over 17 million annual visits and high in-store conversion, but behind all of this sits a very well-developed sourcing model enabling value, availability and margin strength. We have a continuous focus on developing a sustainable and forward-thinking supply chain. Our own sourced and exclusive brands represent almost 30% of our purchases. Critically, our in-store experience is a competitive differentiator. We have highly trained, highly engaged colleagues who drive customer experience, loyalty, and conversion. We are a gender balanced business, and we are ranked really highly in the Irish market that supports both talent attraction and retention. In 2025, Woodie's achieved number four position in the great places to work best super large organisation. We're the only retailer to appear in the top 20 and we continue to be the highest place European retailer in the great places to work index.

Put simply, Woodie's wins because we get the fundamentals right. That's customer focus, that's highly engaged in store teams, that's brand love, that's scale, and that's a strong operating model.

At Woodie's, we have a clear strategy focused on driving profitable growth, driving strong returns, and further scaling the platform over the medium term. Firstly, we are focused on growing the core business. Now that starts with protecting and developing the store estate, which remains the engine of the model and the primary driver of volume and customer engagement. On this front, we are opening a store in Ennis, County Clare tomorrow and we have a pipeline of new stores in our five-year plan to continue to fill white space geographical locations. Secondly, we are integrating a digital offering around our customers. Our approach is to serve customers where they want to shop. With that seamless connection between stores and digital, the key point here is customer value. Typically, customers shopping across channels spend 2.5x to 5x more than single channel customers. So digital is not a separate channel strategy for us.

It's a core lever to increase customer value, increase customer frequency, and increase customer basket size. At Woodie's, we have a modern, well-invested store estate and we are optimising the business for continued success. This means ongoing investment in technology and platforms. In 2025, we completed a full ERP implementation, and our retail and digital technology stack is modern, scalable, and ready for AI optimisation. On people and capability, we've industry leading colleague engagement and labour turnover with a 10-year record has been recognised as a great places to work. On supply chain and sourcing infrastructure, we have a well-developed sourcing model with over 85% of our supply base going through our central distribution centre with almost 30% of our purchases being own and exclusive brands. So, our strategy is to grow the core, scale digital, invest in capability, and allocate capital with discipline. In line with the Grafton way, this means driving sustainable growth, driving strong cash generation, and driving long-term value creation.

And naturally in a retail environment, maintaining competitive advantage through a compelling digital offer is critical and that's why I wanted Pippa to explain some of the great work we are executing on this front.

Pippa Casey: Thank you. Thanks, Damien. Good afternoon, everyone. As Damien previously mentioned, our strategy is to be Ireland's omnichannel leading DIY home and garden retailer and I'm going to walk you through how our digital strategy is one of the core pillars underpinning this, but first a little bit of why it's one of our core pillars. So as Damien mentioned, omnichannel customers are significantly more valuable. So, a customer who's shopping both in store and online with us is spending two and a half times someone who's shopping in store only and a customer who's shopping across all of our channels is worth five times an in-store only customer. So really for us creating seamless omnichannel experiences is going to drive customer value. Secondly, as Damien also mentioned, Woodie's, our e-com platform is a really powerful front door to our physical store state. So, 60% of our customers research on our website before coming into store.

So, we know that driving that experience is going to increase our footfall and our share of wallet with our customers. And lastly, over the last 24 months, we've seen real growth in our pure e-comm channel. So that's an opportunity for us to gain incremental market share, particularly in white spaces around the island with the strong e-com experience. So, what have we done so far? Over the last 24 months, we focused on really getting the core Technology stack in place. So as Damien said, an ERP implementation. We've also really enhanced our core e-com platforms, and we've increased our fulfilment capacity. This has allowed us to increase our volume extend our range on the website and also to introduce more complex distribution models. Secondly, we've launched some new revenue streams. So extended online range has been a real growth driver for us. Essentially, we've done that in a capital light approach, which means that we have product available on our Woodie's website that is fulfilled directly from our supplier to the customer.

We do not own or distribute the product. This has allowed us to tap into some really new ranges in specialist product and a broader range of our existing product range. So, a couple of examples of that would be high price point, really bulky aluminium pergolas. Another example of a product would be high price point robotic lawnmowers. So, for those of you that are familiar with the Irish climate, we're great at growing grass so we're happy to meet that demand for robotics. So as a result of that, we've gotten our roadmap in a really good place and we're seeing the delivery of that growth. Our sales have increased by 44% through our digital channels over the last 24 months. So, what are we doing going forward? So, looking at our future roadmap, we are focusing on four key areas. So, continuing to expand that online range.

So far, the range has grown about 20%. Through extended range, we're going to increase that to 50% over the next 18 to 24 months to keep driving that incremental demand. Secondly, a big focus for us is CRM and loyalty. We want to get to know that in store shopper. And actually, being part of the Grafton Group has really benefited us. Our sister company, Selco, have been very generously knowledge sharing with us around their loyalty journey. That's allowed us to get some of the fundamentals right before we launch our own loyalty programme. Really for us, loyalty is about acquiring first party data. That will allow us to really increase our share of wallet with our customer and also to attract a newer customer base into the Woodie's business. Thirdly, retail media. This is a new area for us. We have a really brilliant store estate. We have a great digital platform.

We now want to start using that to sell some advertising space within our stores to our suppliers and in the future to brands not within our sector. Really what we've seen there is a real interest in that from our supplier base and it's very margin accretive. So, some green shoots there for us on that strategy. And last but not least, continued e-com penetration. So, we've invested in our technology, and we continue to be in a really good phase of innovation. We'll be launching a Woodie's app in the next 12 months and that will allow us to be more mobile friendly and also, we'll compliment our existing e-com platform really well. So, where we are in Woodie's is we've done the foundations. We've got a clear roadmap for success. We've seen that really working over the last 24 months. We continue to be really ambitious. Our digital store is now our number on store, and our plan is to deliver 130% growth in that channel by 2030.

So, thank you very much. I'm going to hand you back to Damien to look forward for Woodie's.

Damien Dwyer: Thank you, Pippa. So, to close, I just want to summarise how we see the next phase of growth and where we are taking the business. So, our growth strategy from here is focused on further scaling what we already do well. That means deepening our market leading proposition by continuing to grow share. We are also accelerating digital as a core growth engine using it to drive higher engagement, higher frequency and basket size. That means tripling the digital share of business and doubling digital revenue over the period to 2030. We are also leveraging data and loyalty to build deeper customer relationships, insight, and lifetime value. We're also expanding on our footprint and our categories, capturing white space opportunities across both stores and product categories. And as I mentioned, we're opening a new store tomorrow and we have a pipeline for the next number of years. And critically, we are delivering all of this through one integrated model, combining stores, digital, and supply chain capabilities.

So, from an investor perspective, there are three things to take away. Firstly, the model is scalable. Secondly, the opportunity remains attractive. And thirdly, growth is disciplined. Woodie's is a scaled market leading platform. We've headroom for growth. We are already leveraging a proven model. We are accelerating digital. We are operating with a great brand and world-class teams, and we've proven capability to deliver great customer experiences, return to sustainable long-term shareholder value. Thank you. So now I will hand over to Frank Elkins, the CEO of GB Distribution.

Frank Elkins: Thank you, Patrick, Damien, and Pippa. Good afternoon, everybody. My name's Frank Elkins. I'm the Chief Executive Officer for Grafton GB. I joined Grafton Group in August 2024. My background for those that don't know me, I've done 30 years in construction distribution. My previous employer before coming and joining Grafton Group was Travis Perkins, where I did 12 and a half years there. My last job being group COO for all of the businesses across Travis Perkins. One of the reasons that I joined Grafton Group was around what Eric has talked about earlier, the federated model that we have within the business. I as a competitor to Grafton previously have seen the value that that federated model produces. The agility and the decision making in an ever-changing market and the focus that Grafton colleagues had in terms of the proposition in an agile way. And I'm delighted to be part of the Grafton Group.

So let me just give you an overview of what's in GB. So, Grafton entered the GB market in 1988 with an acquisition of a builder's merchants, which we've since disposed of. But within GB today, we have five business units, the generalist business of Selco and four specialist businesses, CPI EuroMix, Leyland SDM, TG Lynes, and StairBox. The combined turnover of those businesses is £765 million and producing an EBITDA margin of 6.5%. I've put the map up here just to give you a flavour of the strength that we have in our London and Southeast markets. So, if I take Selco, our generalist business, it has 74 stores across the UK, but 37 of those cover London and the Southeast markets. Leyland SDM has 34 branches and all of those are in London predominantly in zone one and zone two. And TG Lynes our mechanical services business operates from a single site in Enfield and predominantly services London and the Southeast.

Our two other specialist businesses, CPI EuroMix and StairBox operate from their manufacturing facilities and cover the whole of the GB.

So let me give you a bit more flavour about the businesses that sit within GB and what they do. On this slide, I've tried to give you a view of the product range, but also importantly, the project life cycle of the businesses that we have. And if I start with Selco, Selco is our generalist business. It represents about three quarters of the turnover of GB. It provides a solution to our small trade customers as a one stop shop. So, in reality, we go through the whole project lifecycle for an extension or new build. At the beginning of the project, we can supply timber, bricks blocks, and cement. At the end of the project, we can provide kitchens, bathrooms, and all of the DIY. Selco as a generalist business is predominantly exposed to the RMI market and services the small trade market. If I then take our specialist businesses in order of project life cycle, we start with CPI EuroMix.

CPI EuroMix provides masonry and mortar products to the new build housing market sector. It has a unique solution by providing silos to the large national house builders but also has a solution for the smaller builders through distribution of bagged products. It's predominantly exposed to the new build housing market, and its customer base is trade and large trade. If I then take the StairBox business as next in its project lifecycle, StairBox provides stairs and wooden windows and doors to the retail and trade merchant market. It's predominantly exposed to the RMI market sector. Next in that project lifecycle is TG Lynes, our mechanical services business or big plumbing exposed to the commercial market sector whereby its products are installed in schools, prisons, hospitals. Its market is mainly exposed to the commercial market sector and in reality, services the larger trade customer base. And finally, Leyland SDM. Right at the end of the project and a specialist in paint and decorating products, its customer base a split between retail and trade and predominantly exposed to the RMI market sector.

So, if we look at the GB portfolio, the reality is we have a really nice balanced portfolio of businesses. On one side in terms of exposed to the RMI exposed predominantly to the RMI but also to the new build market sector and providing a product solution across all of the needs of a small trade customer.

So, if we look at the historic performance of those five business units and this doesn't include a Plumbase which we disposed of in 2019 and Buildbase that we sold in 2021. As you can see pre-COVID, these businesses were turning over £600 million and EBITDA margin of just over 10%. In 2020, as Patrick talked about, we had to close our stores for a while due to COVID and then go to digital solution, hence the slight downturn in our business. But then in 2021 we saw the spike in terms of RMI demand due to the fact that we were all locked in our homes and seeing the requirements of repair maintenance improvement in our home and we saw really high demand for repair maintenance in that market sector and in hindsight we'd now talk about those returns being super normal profits. Since COVID, we have seen a deteriorating RMI market and it's been well versed in terms of new build and RMI stats.

The reality is the ONS data that we see from 24 and 25, certainly the ONS are questioning it and as a market sector we wouldn't recognise those numbers. I mentioned earlier the southeast market exposure. We have seen house price deflation in London and the Southeast at minus one versus the average in the UK of 2.4. We've seen the decline in housing starts from minus 30 from the previous in 2025 against the previous year and we've seen the introduction of building safety regulations on high rise buildings putting delay to new starts in the London market sector, all causing us a downturn in our market sector.

So why do we believe that GB can perform well? Well, first of all, I know that many of you will have seen the trading update in terms of the GB businesses at minus five like for like sales. There's no question that we operate in a tough market sector. The new build housing stats are there to be seen. We've seen the lowest new housing start since 2026 and minus 20% against 2019 numbers and we're not shying away from the reality that the market is difficult, but we don't believe the housing market is derailed, it's just delayed. And why do we remain optimistic about the UK housing market? Well, housing demand is there to be seen. 1.3 million households are on the English waiting list for new homes, the highest number for a decade and a growing number over the past three years. Successive governments have recognised the need for new housing and the Labour government at the moment are trying to push for 1.5 million homes to be built in their term.

They have been helpful in terms of deregulation of planning, which encourages new build. And we believe as lower interest rates and lower inflation over the medium term begin to soften, that actually the confidence of our consumers in terms of new home buying. But as Eric mentioned, GB has the attributes that we look for from a Grafton group. It is one of the largest European construction markets. It has an under supply of housing. It has an ageing housing stock. 80% of the UK housing is 50 years or older and it's got a growing population. So, all the attributes that we look for in a market that Grafton Group wants to be in.

So, I'm now going to spend a bit of time talking about Selco because it's our largest business in GB. It has 74 stores and has a really strong brand presence. It has a unique store format in terms of the fact that we have 15,000 SKUs available for our customers to self-serve. We lay out our stores in an easy way for our customers to shop project and we have visible pricing that means there isn't the complexity or friction in that customer journey. We have highly skilled colleagues who understand the product and requirements for our trade customers and are knowledgeable and want to build relationships for small trade customers and we have a third-party distribution centre that provides us with best-in-class availability at 99% availability across those 15,000 SKUs. We also have the best in class from a merchant market sector in terms of digital penetration at 6.5% and we recognise this as an opportunity to grow, and I'll talk about that in a bit.

So, what have we done since we came or what have I done since we came to Grafton Group and looked at the Selco business? Well, we put in the largest customer survey to really understand the needs of that small trade customer and what we found from that survey was these five buckets were the most important things to our customers, speed, certainty, value, convenience, and knowledge. The other thing that came out of that survey was that our customer base in Selco is a decade younger than in the standard merchant market sector. Why is that important? It's important because those customers are experiencing a different level of service through omnichannel experiences that they have when they shop in other ways and that means within these buckets, we've seen a heightened requirement for service and we're changing our customer proposition as a result of that.

So how are we responding to this? We have got a number of key initiatives in flight or we're developing plans to do and I'm not going to cover every single one of these. Speed is really important to our small trade customer. We've introduced a loyalty scheme, as Pippa mentioned, which rewards and differentiates our most valued customers and takes away the friction of the requirement for negotiation on price. We're in the processes of developing an app, which is trade specific, providing information around reward and savings through the loyalty scheme that our trade account customers have received and will increase the functionality around search and their ability to trade on that.

We also see that faster fulfilment, the requirement for our trade customers to get the product really quickly has increased. Click and collect is one of our fastest growing channels in Selco and we've recognised the fact that we need to put in a plan to be able to deliver a same day delivery service as well. All of this needs to be not just as an in-store experience, but actually on our web channel as well. And we've got plans in terms of how we develop our web channel through 26 and 27 to provide a better search experience and different fulfilment options through our web.

Certainty, our customers demand the fact that if I go onto a website that the product that you say or the delivery that you're going to give is certain. So, we've just rolled out across our Selco network a delivery management system. This provides an ETA to our customers. It provides the ability to track online their delivery. It gives them acknowledgement that we've picked and packed that delivery, and it gives an electronic POD and the ability to feedback at the point of delivery, the experience that they've had. We're also delighted to announce that we've been given the opportunity to invest in Selco's own distribution centre and that will give us the opportunity to drive better stock accuracy and extend the range and fulfilment options that we give both in store and online.

Value is an increasing important element to our trade customers. Price transparency and our customers demanding better value has led to us looking at how we provide our customers with a stronger shelf edge price and we have invested and started an investment programme in terms of the products that really matter for our small trade being invested in and this will culminate in the ability in terms of a really strong shelf edge price with a loyalty scheme that rewards our loyal and largest customers. We're also very fortunate that to be in the position whereby we have first party data of all of our customers and we're using AI to be able to look at that and understand the customer journeys that they're going on and serving up to them relevant products to the projects that they are doing and promotional campaigns that are specifically relevant to them.

Finally, we've started introducing our own brand range, product that is specific to the trade at the right value. All of this is underpinned by our brilliant colleagues, and you'll hear more about what we do to train and develop them through the breakout session with Carmen and Sally later, but also data driven decision making. I talked about first party data, but we're using data in many ways to drive decisions around the Selco business and a continuous improvement as Eric talked about around operational efficiency. We have looked at our store processes and we're driving to ensure that we have the best operationally efficient network.

So how is Selco going to win the recovery? Although the market recovery is important element of returning Selco to stronger margin operating margins, we have a significant opportunity within the organic growth initiatives that we have in flight or planned. I've already mentioned our direct sourcing and own brand. It currently represents less than 1% of our total turnover. We have got the opportunity in terms of having our own new distribution centre, which provides us the opportunity to give better fulfilment online and a wider range of product. We've introduced a loyalty scheme, meaning that we'll drive a better share of wallet and also recognise our largest and most significant customers to us. We've got the opportunity to invest in digital, the launch of an app and the development of our website. Digital represents 6.5% of our total turnover in Selco at this moment and we recognise that there is an opportunity to open new branches, some in the geographies of London and the Southeast, but through the process improvement and efficiency, we think there could be an opportunity to put new stores down at a lower cost to serve in a more efficient way.

But we're not just doing that in Selco. We've looked at the customer proposition across all the GB businesses and are looking at how we develop that customer proposition. And I just want to give you a couple of examples of what we've done. CPI EuroMix has just launched the first digital app in the market sector that it serves, a unique proposition to those large customers. This provides an online digital proposition from the point of ordering, maintaining and topping up your silos, giving the large house builders the ability to be able to manage multiple sites on a digital app and making that easier for our large trade customers. Leyland SDM last year opened South Kensington store. It was in profit within the first five months, but also really importantly, the two stores that were less than a mile away from it saw no cannibalisation as a result of it, giving us the confidence that we can still develop our network within zone one and zone two in London, giving our trade customers the convenience of pickup locations within Central London.

And finally, in terms of Window Builder, we've seen StairBox deliver a stair builder app, and we've used that as a platform to be able to develop a window builder portal for our customers. The complexity of designing a window is, believe me, very complex and we've provided a digital portal that takes that complexity out, gives you in time availability and price and you're able to order it online, making that journey really simple and easy both for a retailer and a trade customer.

So, in summary, looking at GB, we remain really positive about the outlook from a point of view of new build and RMI market in the medium term. The fundamentals are there about the lack of housing and the requirements for new housing in the market sector, which then leads to RMI. We've talked about the strengthening of our customer proposition and being really clear about what's important to our trade customers and around the buckets that we've talked about, speed, certainty, value, convenience, and knowledge. We aren't waiting for the market to recover and we're investing in these key initiatives to drive a better performance despite whatever the market throws at us. And we are looking at operational efficiency and how we drive efficiency in our network, but also with the new GB structure, how we collaborate as GB to find opportunities to drive and collaborate and you'll hear a little bit about that later as well.

And finally, through the research that we've done, we've prioritised the initiatives that really matter to our customers to make a brilliant proposition. Thank you very much. I'm now going to hand over to Eric who's going to sum up and take Q&A.

Eric Born: Thank you, Frank. So, you all see the topics we have covered. I hope you got a good sense from me about the strategies, how we look at the markets, how we execute to our operating model. David talked about our capital allocation framework and finance in general. Patrick, Damien and Pippa gave an overview about the island of Ireland and last but not least, we heard Frank talking about our businesses in GB. So, we will now come to the Q&A where we will cover those specific topics which we have covered up to now before we'll then have a second layer of Q&A covering the topics which are yet to come. After that, we will have the coffee break.

David Arnold: So, we've got a couple of mics around. If you wouldn't mind just saying who you are and then if you would give us the liberty, if you do have more than one question, let's just ask it one at a time. If we're going to direct it to our colleagues, that would be great. And why don't we go to Shane first on the front row. Thank you.

Shane Carberry: Cheers. Thank you, Shane Carberry from Goodbody. Just the first one, I guess when I think about the 2030 targets and the EPS, CAGR in particular, you mentioned a little bit around the background to that, but you talk about a gradual improvement in GB and Northern Europe, given what Frank has kind of talked about. When I think about that gradual improvement within the 10% EPS CAGR, am I thinking about as getting back to 2019 levels or that's not the kind of working assumption that you're using to achieve that 10% CAGR?

Eric Born: No, look, I think on that one specifically, I think as I mentioned in my presentation, we think that the markets will gradually recover, but we do not expect to hit the margin levels of a normalised market in Northern Europe and GB over the timeframe of 2030. But if you want to add something.

David Arnold: No, look, I think we've taken a reasonable view in terms of growth across the business over that five-year period. Euro construct, I don't know if anyone's sort of followed it, published their June report this week. There was some quite ambitious targets that they were putting out, or forecasts, I should say, that were out there. So, we're not quite in the heady heights that they're forecasting overall for the business. So, I think we've taken a sensible view, but no, we don't view Northern Europe or GB as getting back to a normalised market by which I suppose we mean somewhere around about 2019 volumes.

Shane Carberry: And then I guess a couple on Ireland for me, maybe one on Chadwicks in terms of the branch of the future piece, is that something you could expand on and how that kind of forms into the Chadwicks growth plan and just a second one on Ireland then in terms of the white space that Damien talked about in Woodie's obviously mentioned opening in Ennis, how should we think about Woodie's rollout from here out to the end of the decade?

David Arnold: Should we let Patrick, if you wouldn't mind sort of picking up the branch of the future piece and then hand over the baton.

Patrick Atkinson: Sure, thanks Shane. So, the branch of the future is a four-year programme that we have that is there to really speed up the service that we have for our customers, remove paper, make the branches more sustainable really because time is money. So, customers coming in, they need to get, skip the counter, get to the yard if they don't need shop products. So, it's a whole plethora of different work streams that we have working just to make that a really slick experience for the tradesmen coming into our branches.

Damien Dwyer: Thanks, Shane. So, in terms of Woodie's and white space from tomorrow we'll have 36 stores, but next year Woodie's will be 40 years old. So, 36 stores and 40 years. What we're, I suppose just being realistic in terms of sites and over the next while we do have ambitions, we have identified sites. We're working on a pipeline, but that's one to two stores per year, Shane, at best. We've mapped every retail park in Ireland. We know our targets, but one of the biggest constraints for us is actually having suitable sites. There has been very little retail space built in Ireland since the financial crisis and there's 96, 97% of commercial occupancy on retail parks. So, it's somewhat of a constraint, but as I said, we have identified and we have a couple in the pipeline for the next few years.

Shane Carberry: And sorry, maybe just Damien, expand on that. Does the e-commerce side of things make you think any differently about what the right size is from a Woodie's network perspective?

Damien Dwyer: Yeah. The site that we're opening tomorrow will be our smallest store to date. So, we've certainly looked at compressing and maximising the opportunity within a tighter footprint and how we merchandise how we range and it's certainly given us opportunities there as well, Shane. And I think in terms of broadening the range and the online only products as well, certainly gives us scope to do more there with the launch of next day delivery and supplier only drop ship ranges, definitely broader opportunities.

Will Jones: Thanks, Will Jones from Rothschild & Co Redburn. First, just around Ireland, please, and maybe a couple of subparts, but looking at the margin target of holding broadly flat, obviously at a good level, just wonder whether distribution in Woodie's may differ potentially within that, given particularly the level that Woodie's has hit over the last few years and then maybe just a wider update. It's a market we don't see as readily, but the competitive landscape in both businesses, how you describe.

David Arnold: So, shall I pick up the margin piece and then we can sort of go back and talk about a competitive landscape? Yeah, look, I think as Patrick alluded to, we do see a sustainable margin on the distribution side as being 9% to 10%. We think not just in terms of the growth of the market, but also the strength and the levers that we've got, that that does feel like a sustainable margin. Woodie's always challenges me because I think in most conversations I always talk about the margin diluting back more towards 10% and the team consistently deliver some way above that. I think when we look at, again, the levers that they've got in the control, a lot of the work that they're doing around ranging and digital, I think we've provided a lot more support in terms of gross margin and outcome to hold it above that 10% level.

So when we set our margin target, if you like, of around about 10%, I think it's built up from sustainable margin in Chadwicks and Woodie's continuing to defy the CFO nicely and perhaps we just talk about the market landscape and the two elements, I think, because slightly different markets, obviously.

Patrick Atkinson: Sure. So, the market landscape in Ireland, there's only two players ourselves and one other who have actually branches on the island of Ireland. They either operate north or in south. In the south we have five competitors who have turned over somewhere between 100 and 150 million and then there's about 350 independent merchant who operate through three different buying groups and that's how that's structured pretty much.

Damien Dwyer: Happy to defy you, David, in a good way. So, I suppose in terms of Woodie's and competitive landscape, we serve a broad range of products, and we have both generalist and specialist competitors across the categories that we serve. I mentioned we have a strong operating model, we have a lean structure, and we have scale to support our buying as well. So generally, we're the number one buyer in terms of our suppliers and our single largest customers. So, we work really well with a small select number of suppliers. We have a very well-developed own source and exclusive brands and that gives us margin depth and strength as well and that's something that we have developed and intensified over the last couple of years as well. Our central distribution centre also gives us that opportunity for scale and probably ahead of somewhat of our competitor base as well.

Some of the brands that you would know that operate in the UK, we're three to four times the number of doors of them in the Republic of Ireland. So, in terms of our market, we have strength, we have debt, we have a strong operating model and we have scale.

Eric Born: I would probably, sorry, just to add for to be complete, I mean BNQ, Screwfix, the range, they all operate in Ireland among starters, right? But as Damien said, the proposition, the overall value proposition of what is excellent and you guys compare competition on a range-by-range basis. So, it's really category by category to make sure that the overall value proposition is superior compared to other players.

Will Jones: Thanks. And then the second was just a couple of bits around Selco. I think previously in prior years at least you talked about potentially a store network expansion to 90 plus. Is that potentially a number you're kind of stepping back from? And it's more about sweating the existing estate better from here forward. And then maybe just if you talk a little bit further about the own brand initiatives and how significant that could be, which products you're doing in, et cetera. Thanks.

Eric Born: Let me take the first one and then let Frank answer that. I think we still believe you could have 90 plus Selcos. I think the slightly different way how we look at it is we have to belong to model which works exceptionally well in and around the Greater London area, but we kind of opened the same model in other area where demand or revenue per site is much lower, which by default gives you a much lower return. So, I think part of it is there are certain locations which we have in the London area where we would love to open and if we get the ability to open or the opportunity to open, we will open with the format as we currently have. At the same time, Frank and the team kind of work on how we can make sure we have an undiluted value proposition for the small tradesmen in an operating model which is more cost efficient, i.e. Where we make the return albeit we will have less revenue per site, right?

But overall, we still think we can further grow the network over time, but the composition of the network might look slightly different over the years. Sorry, Frank.

Frank Elkins: Just in terms of own brand proposition in reality, we have good, better and best really as a proposition within a number of the ranges that we have. All of those at the moment are branded or branded product and we believe there is an opportunity to provide small trade customers with the right specification, the right value. We've signed a new deal with a Far East sourcing company, and we've got a team out there that have developed a whole portfolio of products that we plan to bring in over the medium term.

Aynsley Lammin: Thanks. Aynsley Lammin from Investec. I think I got three actually. Just on the first question or your targets return to capital employed 13%, is that more margin and recovering the P&L? You haven't really spoken about much about the balance sheet. Is there any opportunity there to squeeze out a bit more working capital, et cetera?

David Arnold: So, look, I think it is more about the margin development. When we think about return on capital employed, I mean we were just under 11% last year operating margin for the group was a little over 7% capital turn was 1.4 times. I think in better markets, achieving a capital turn of 1.5, 1.6 times is something that we should be striving for. We should be to use Will's phrase, sweating the assets harder. And I think we have that within our wherewithal. Combine that then with a margin improvement, which doesn't get back to all markets firing on all cylinders by 2030 and that's where you get back to that more 13%. So, I think there is definitely opportunity. We've seen that in businesses and Anu will talk about, for example, IKH. When we acquire particularly family-owned businesses, there is an opportunity to drive efficiency in working capital and some of the systems that we apply more broadly across the group give us that capability.

And again, I think you'll hear a bit more about that later as well.

Aynsley Lammin: Thanks. And second question, just on the big market, lots of opportunity to grow in. Should we be surprised if you acquired 20% of the market cap back in share buybacks over the next five years or do you see so many opportunities on the M&A front that's really a priority and are there any, I guess should we be surprised if you don't enter another big country in a new country or Germany or France during that period?

Eric Born: So first of all, we do have a big pipeline, and we do have a big opportunity to execute them. However, it's a bit like the bus, right? So sometimes the bus comes and you can take it sometimes there are three in a row and sometimes you stand there for hours and unfortunately the bus doesn't come, right? So the question for us and how we look at it is if we buy, we want to be clear what's the plan when we buy it and do we have both David and I firmly believe buying at the right price is a very much a key element of having a successful M&A deal, right? Yes, it's what you do with it, but if you pay, it kind of doesn't really work. So, in that sense, it's a, I don't want to dodge the question, but the quantum of share buybacks will really depend on how well can we execute on the M&A front, where is the relative value and so on and so on.

So that's why I don't think I would want to give a specific number in any way or shape. I don't think you would either, right?

David Arnold: No, but I guess the way to look at our target on earnings is that a large element of that does lie within our control precisely from deploying that free cash flow. The EPS, if you like, accretion from deploying that capital, whether it's into acquisitions or share buybacks. I mean, if I take Salvador Escoda as an example that we acquired in 24 and we've run the, well, what if we spent that money on shares instead of investing it into the acquisition? I mean, short period, but if you just looked over year one, the earnings was pretty similar actually in terms of the accretion, but the difference was that we had 10 million more in the bank account at the end of owning Salvador. And that's, I guess, the real power, isn't it? That we generate more cash flow that enables us to do more things. And so that I think is a difference.

If we think of it through the EPS lens, through the EPS lens between acquisition and buybacks, it can contribute similar to free cash flow. It would be additive to our free cash flow targets.

Aynsley Lammin: And then just a quick one on the property profit, I think your EPS targets excluding property. Is there much scope? Have you got any capacity to do much of that or not?

David Arnold: I think in terms of the portfolio that we've got at the moment, I don't think that there will be as significant cash generation over the next five years as, for example, we saw averaged over the previous 10. If we looked over the previous 10 in total, it was about £120 million. Some of those freeholds were effectively cash following the disposal of a Buildbase as well, where we've retained the freeholders of some properties. I don't think it's going to be as low. Sorry, I don't think it will be as high going forwards.

Christen Hjorth: Christen Hjorth from Deutsche Bank. Just maybe to follow up on the own brand piece, but more on a sort of group level, because it's been mentioned several times, obviously the Iberian acquisitions are quite focused on own brand. Is that sort of a centrally driven thing? Is it something that could be centrally driven in terms of driving more owned brand? And I suppose related to it, it sort of feels in some areas that there's a bit of a blur between vertical integration and manufacturing and StairBox is a good example of that. How do you think about that across the Group, and I suppose it's digitally led as well? So that's my first question. Thank you.

Eric Born: Look, I think in the beginning when I spoke about how do we look at markets and how do we look at models? If you look at Spain and in the HVAC market in particular, the businesses which have good returns have strong own brands, right? So, if you sell the Daikin, unfortunately, you will not have the same margins. So, we also sell the Dakins, but the proportion is much, much lower. So, if you look at our overall businesses, it's not just in Spain where we have very strong own brands. If you, for example, look at IKH and I'm sure Ana will mention, we are one of the largest sellers of PP and workwear in Finland and we have a brand called Patron, which is our own brand and it is very prominent next to Helly Hansen in Finland. And of course, having systematic view on where you apply own brand in a category and where you position it is one key lever to not only hit the price point but only deliver strong gross profitability on those products.

And I guess there are more demands we didn't mention, I think Frank and Selco will actually introduce a product which originates from our colleagues at IKH, which is called Fixit, which is an own brand of IKH. So we just look more systematically if you will and call it the Grafton way, it's evolution and the businesses really talking together and Remco where are you, Remco managing our group procurement and those forums, making sure that the category manager of the different operating companies actually know what is going on and what we have in the different geographies and how that will help them to drive the portfolio or the percentage of own brand up. I think it's a key value lever at Selco, we are just very, very low. And as Damien said, in Woodie's, it's like 30% of owner proprietary brands, which we sell. So, you have to look at this as an evolutionary way, how we continuously improve the business, but it has to be locally owned.

We don't believe in going to the Selco category manager from a group point of view, "You have to hit 10% own brand, and here are the brands." And then he will just turn around, "Well, I stock them, but we don't sell them because no one wants them." So, I think it has to be driven organically if you want and we create the climate that collaboration is there and the people actually work together. And for me, it's a tremendous success to see the category team from Selco in the UK launching a brand from IKH in Finland, right? Who would have thought? But that's one step in how we continue to enhance the overall proposition.

David Arnold: The thing that I would just add to that is the importance of sensitivity to the differences in local customers. Anu's customers in Finland take a Patron pair of trousers that in Sweden wouldn't sell and so unless we're really alive to that, certainly what we're not going to do is have a common brand, a common set of products, because they won't tackle the price points or this particular specification that is wanted in a market necessarily so that it's that real sensitivity, which again, I think plays the graft in way.

Christen Hjorth: Then just the second one around capital allocation and you're very clear on the returns and capital that you've set out, but how do you think about investing countercyclically where maybe the returns might not be there immediately in year one, take GB for example, versus Iberia or Ireland where maybe the immediate returns are more obvious.

David Arnold: I think what's really important is to make sure that through the cycle we maintain brands that are really competitive and really well placed then for when the cycle turns to come out of it. I think the thing that we've learned over the years is that if you starve businesses of keeping fresh, making them look good for customers, if you wait for that upturn to then invest, what you suddenly find is it is a huge wall of capital that you have to put in that never really delivers that incremental returns. So much better to keep investing and that's why if you go and have a look around Selco, you go and have a look around Leyland SDMs, they all look good, they all look well invested and that's really important and that's something as a principle that we hold close.

Charlie Campbell: Thanks very much, Charlie Campbell at Stifel I've got two. The first one was sort of a general question about Ireland and we're used to seeing these very strong sort of forward indicators, but there are kind of physical constraints, aren't there, in terms of planning, in terms of labour and just wondering what you think the outlook is for those and whether those constraints can ease to allow this growth to kind of continue.

David Arnold: It's probably a good one for Patrick to pick up.

Patrick Atkinson: Thanks, David. There's been four or five elements that have been restricting the growth in housing in particular over the last few years. I think the work the government have done the last 18 months to two years in terms of freeing up planning, getting financing sorted, commitment to infrastructure, they've been the three biggest things, other things around skilled labour and so forth have been an issue, but we right now have more apprentices than we've had in the middle of the boom actually in the system. So, I think they've done a really good job and it's like turning a big ship. It doesn't happen overnight, but I think that the mechanisms and the policies they put in place to free up land and to put really big commitments onto local authorities to deliver on housing numbers in each local authority, all of that is contributing and we're starting to see that momentum happen now.

Charlie Campbell: Thank you very much. Thank you. And the second one was a very quick question, I suspect. Just wondering if you would do retail anywhere else outside Ireland. I mean, it clearly works very well where you are, but would you take that to any other country?

Eric Born: The answer is kind of, and the reason I say kind of is you look at certain markets, right? There is far more a blend between. If you look at Leyland, right, Leyland has a blend of the professional painter decorator of guys who maintain apartments, apartment blocks who kind of are the handyman and they pop into a Leyland and get the stuff they need for maintaining the apartment blocks they look after. And you have people like me going to buy a hammer, dustpan and brush or whatever I need because it's just local and pop in. And many of the people in the investor community we have spoken to have over the years outed themselves as Leyland customers here in central London, right? So that is retail and if you look at certain markets, for example, you look at Portugal as part of the Iberian portfolio, we do sell product into Portugal at the moment out of our trade businesses in Iberia, but we haven't yet put in any physical presence in terms of branch locations in Portugal.

But there are a lot of models in Portugal where you have, let's say a 65% trade, 35% retail customer base. So, it's a bit more of a hybrid. I think again, you have to look at what's the distribution model that works in the local market and generates the return and do we think we can bring something on top to that model over time to drive value, right? So, in that way it's kind of, you know, would I now rush and say to my colleague Bert that we should open up Woodie's stores in the Netherlands? The answer is no, because you have pretty much every global DIY retailer with super strong positions already in that market and I think the train has left the station. Those markets have been built out, and the dominant positions are there, but that doesn't mean we wouldn't do something which crosses across trade and retail as in many markets that is the case.

Charlie Campbell: Thank you.

David Arnold: You'd also be a Voodie's, of course. We'll take Flor's question as the last one and then we'll break for coffee.

Flor O'Donoghue: Flor O'Donoghue from Davy, I have two. First one actually for you David, it's a very quick one actually is just clarification on free cashflow. Your decks typically break up CapEx into development and investment. So, in your guidance here out to 2030, is that fully loaded or is it just on a replacement basis?

David Arnold: Yeah. So, when we calculate free cash flow, it is after replacement CapEx but before development and organic CapEx. So free cash flow would fund development CapEx.

Flor O'Donoghue: Understood. Second one, I might direct this to Patrick - Cygnum looks a really interesting deal, just like to hear a bit more about in terms of the genesis of it, what it will bring to Chadwicks, or interlink with Chadwicks the opportunity for the business under your ownership.

Patrick Atkinson: I think to understand why we acquired Cygnum, you need to really understand where the market's gone. What we've seen in terms of how houses are built out now are much less traditional than they used to be and we're seeing timber frame representing somewhere in the 62- 63% of scheme houses. Other modern metrics of construction, there's six other ones as well, which are starting to grow. The genesis and the reason for buying Cygnum was really to stay relevant to where our customers had moved in terms of how they were building houses. Otherwise, we wouldn't have the opportunity to grow with those modern methods of construction and that's the reason for it.

Bert Bunschoten: Good afternoon. My name is Bert Bunschoten. I'm the CEO of the Isero and Polvo business in the Netherlands. Together with Anu Ora, we will give you some insight in the Northern European business. I joined the business in 2012 as CFO and became CEO in 2014. After a successful buy and build in the private equity ownership, the business was acquired in 2015 by Grafton. Prior to joining Isero, I worked as CFO of Intersafe, a pan-European workwear and PPE merchant and held financial roles at Hagermeyer and DSM. I started my career at the big four firm and I'm a chartered accountant. Over the past decade, I've been closely involved in building and scaling the business, transforming it into the market leader we see today.

Since Grafton entered Northern Europe just over 10 years ago, we have built a business of significantly scale and quality. We have grown from a starting position of 38 branches and approximately 90 million of turnover in 2015 to a business that generates currently 550 million in sales through a network of 265 branches and partner stores and more than 2000 staff involved with 6.3% operating profit in the low end of the cycle. The growth has been driven by a combination of acquisitions, organic expansion, and continuous development of the commercial models. An important milestone was the acquisition of IKH in the second half of 2021. The business averaged double digit margins up to COVID. However, profitability has declined predominantly driven by external cyclical factors. The Dutch economy has experienced only modest growth whereas construction activity developed more negatively. Housing completions have declined with approximately 2.5% per year since 2022 and new commercial construction is currently almost 25% below the peak in 22.

The Ukrainian war that started in 22 and the increase in European central bank interest rates impacted the finished business. Anu will explain more about that in detail. At the same time, inflation has been significant post- COVID and supplier prices have adjusted more slowly than underlying cost inflation in a weaker market environment. These effects are the key drivers for the decline in margins to 6.3% while we generated a significant amount of cash. Anu will talk more about IKH and our focus on the Dutch business.

Our growth has been underpinned by disciplined and well executed buy and built strategy. We have established ourselves as the clear market leader in the specialist distribution of (inaudible), hinges and locks, power and hand tools and workwear and PPE more than double the size of our nearest competitor. Sales are over 400 million from 121 branches with healthy operating margins. Key milestones in this journey were the acquisition of Gunters en Meuser in 2017 and Polvo in 2019, both of which strengthened our footprint and capability significantly. These transactions were supported by Grafton's corporate development team and were instrumental in creating today's platform. The Netherlands team now has the relationships, market knowledge and execution discipline to originate and deliver M&A opportunities supported by group where necessary. We have completed multiple bolt-on acquisitions and have embedded a repeatable model for consolidation in a fragmented market. In addition to acquisitions, we have continued to expand organically, opening branches in attractive locations where acquisition opportunities don't offer the appropriate return or are just not available.

We continue to optimise our branch network through selective consolidations.

Looking ahead, we expect a gradual recovery in the Dutch housing market and construction market. There's a structural shortage of housing which is expected to support an increase in new housing completions over time. The renovation market remains robust supported by an ageing housing stock with 87% of houses completed before 2000. Population growth is expected to continue providing additional demand support while commercial construction is expected to remain broadly flat. In summary, we are operating in a market where short-term conditions are challenging but long-term fundamentals remain solid and supportive of recovery. While scale is important, a key driver of our performance is the evolution of our model. Supported by Grafton's merchandise experience, our stores have become more customers focused, increasing the space available for customers to shop and reducing the areas behind the counter. We introduce store planograms to manage the shop floor, resulting in improved collect sales and higher average order size.

At the same time, we have significantly expanded our value-added services. Today, more than 17.5% of sales include service elements. For example, in smart logs and access control, we go far beyond product distribution. We advise, manage projects, configure systems, provide installation and support and maintenance afterwards. We see a growing share from carpentry factories. We manage inventory onsite, but also in service vents of our customers, offer work web printing and digital budget tools and perform inspection and certification for equipment such as power tools. These services are increasingly embedded in our customer's operation, reducing total cost of ownership for our customers, increasing switching costs and support more stable and differentiated pricing. This is a key element in our ability to protect and structurally improve margins over time.

Our model is built on key strength. First, deep technical and product expertise. In a complex category such as our monitory, customers rely on advice and solution support, not just product availability. We have close customer and supplier relationships and thirdly, fast service and reliable delivery. Availability and speed are critical for our customers, and we consistently differentiate in this area. And finally, our ability to tailor solutions to customer needs that allows us to compete on total cost of ownership rather than price alone. Alongside this service-led model, we have developed a strong omnichannel capability. Today, almost 10% of sales are generated online, fully integrated with our branch network, field sales teams, and technical support functions. Our dense network combined with a flexible local logistics model supported increasingly by electric vans is a structural competitive advantage. We are, for instance, able to deliver twice a day a market leading service.

As the market recovers, our focus is not only to participate in the recovery but to outperform it. We will deliver this through a combination of growth, mix improvement, and efficiency. We'll align the formats and propositions of Isero and Polvo, creating a combined offering that leverage scale, network density, and service capability in a way that competitors cannot easily match. We will leverage sales opportunities with our existing product ranges in adjacent segments such as installation and civil engineering. We will pursue growth in specialisms like PPE and workwear and access control, and we continue to build our national footprint through branch openings and disciplined bolt on acquisitions. Digital has been a clear focus, and we will continue to accelerate digital ordering. In parallel, we are executing on efficiency initiatives, including the renewal of our ICT landscape and optimisation of logistics through mechanisation and integrating Polvo logistics. Bringing these elements together, we are confident in restoring operating margins to the 8-10% level.

The improvement is expected to come from self-help initiatives that are fully within our control combined with the market recovery as volumes normalise across the construction sector.

To conclude, over the past decade, we have built a leading position in a fragmented and attractive market. We see a clear pathway to grow the business and to expand our network to approximately 135 branches while actively optimising our footprint through selective consolidations. We leverage scales with a differentiated service-led model that creates strong customer relationships and supports pricing power. We have a proven track record of discipline growth, integration, and execution, and we have clearly defined levers to improve profitability. As market conditions normalise, we are confident that we are well positioned not only to benefit from the recovery, but to outperform it in a controlled and disciplined way. Anu will now give you further insight in the IKH business. Thank you.

Anu Ora: Thank you, Bert. So, my name is Anu Ora and I am the CEO of IKH in Finland. I joined the company in June 2025, which is exactly one year ago. And in my background, I have experience from multiple different retail and wholesale segments, including for example, IT, food, automotive spare parts and power sports. And of course, currently at IKH is a wider technical wholesale. I also worked in the beginning of my career at the strategy consulting at Boston Consulting Group. So, what attracted me to IKHs is very much the unique business model and the multichannel approach. So, we operate own stores in bigger cities. We have partner stores in Finland and international opportunities and also the B2C online channel.

IKH was established in 1956 by Alakortes family, and the family very successfully developed the company over the decades. Today the company consists of approximately 145 stores owned and partner driven and a central warehouse in Kauhajoki where all our central operations are located. While the central operations naturally bring us a lot of efficiency and ability to serve our Finnish customers with over the night deliveries, they of course are also a sizable, fixed cost base, which does not easily flex down in times of depression. Our main customer focus is in B2B, and we serve them with quite wide product assortment including, for example, work web PPE tools and spare parts. So, let's take a closer look at the business mix of IKH. So, it's pretty equally that of the own stores in big cities and that of the partner stores in smaller cities and villages, both in Finland and then also outside of Finland.

What is very important in our business is that we have wide product range that we carry in our local distribution centre and that really is a selection of products that well suit our business to business and customers. So, work where PPE, we have the hand tools and the power tools. We have the spare parts and accessories for work machines and tractors and then the complementing assortment of different construction and maintenance products. What is important in our assortment is that we are very strong with private labels or own brands. So, one third of our business actually comes from the own brand offering and we have a range that covers all our main categories. An interesting detail about Finland is that weather has naturally a big impact in our business. The seasons come sooner later and therefore are longer or shorter, but most importantly, we allow winter.

We love cold weather. We love a lot of snow because all that boosts our business quite a lot. So, we sell more vehicle batteries, warmer work wear, snow equipment and so on.

So, let's move on into macroeconomics. And so, Grafton acquired IKH in the second half of 2021 and in the beginning of 2022, Russia invaded Ukraine and because of the closeness of Russia, I mean, Finland have extremely long border with Russia and with our history that immediately started shaking the Finnish consumer confidence. But not only that, but also the ECB starting to increase the base interest rate rates. It was a combination that started impacting the house owners in Finland. Most part of the mortgages are actually tied into floating rates. So, the interest rate increases hit quite hard, the Finnish housing market. And as you can see in the middle graph, the housing market went down with more than 50% and is today at historically low levels. Economy also otherwise has been in stagnation, but especially the construction market has been hit very, very hard. And naturally, this has had an impact on IKH in terms of eroding the sales and also putting pressure on our margins.

So, from the double lid levels, we are down to 5% operating profit margin today. But if we want to turn this positively, there's quite the sizeable recovery opportunity in Finland because the market will recover gradually and reach the historical averages.

So how is IKH winning in the market? What is our winning format? It has a lot to do with the partner store model. I said, we do operate own stores in the bigger cities, but we approach the medium sized and smaller cities together with our partner store owners. With the centralised model and with own stores, it is difficult to go into that big of a network in a scarcely populated Nordic county like Finland or any of the other Nordics are. So with this partnership model, we have much more flexibility to build a network that really can cover the whole of the country.

One of the sweet spots of this model is that the local IKH store owners, the partner store owners, they are in their communities relevant players and can build relations to the other business owners in their community and therefore be close to their customers and be able to serve them better. So, we see the partner store model as extremely scalable. It's also resilient in chains, but it is also a capital-like way of approaching markets outside of Finland. But of course, the partner store model is not enough. We need to be able to serve our customers with a good offering. And what does the good offering them mean? It means that we have a wide assortment of products to B2B customer segments. It is a combination of leading A brands and strong own brand offering. It also means that we need robust systems and processes to support the business.

And then we have the IKH brand, which actually is extremely well recognised and appreciated in Finland. So, we win together with our partners.

How is IKH planning to win in the recovery? Well, first of all, I see that there is a sizeable recovery opportunity just in the market, but it's not enough. We are working hard on several initiatives that will take us forward and we plan to outperform the market. So, if you look at the right-hand side boxes, I think there are three main elements. One is that of the digital investments. So, the demand planning and replenishment, the ERP, and then the digital channels. The second would be that of the sharpening of our B2B customer focus and third is the expansion in Scandinavia. So, I will work you through all of this in a bit more detail. When it comes to digital investments, we have three waves. We start with the demand planning and replenishment programmes. Nathan already described that we have been given an opportunity to learn from the other group companies and we are currently in the middle of implementation of Relax, which is one of the group preferred suppliers.

And while doing so, we've received great support from the Grafton IT team and also our system companies, which have already knowledge of this system. Secondly, we've already started a design phase of our new ERP solution and with help of that, we will be able to support the development, our operative efficiency and also build a better ground for our growth in the future. And thirdly, we are also looking into improving our digital channels as omnichannel strategy is very vital also in our customer segments. Secondly, we are working with sharpening our approach to B2B customer segments. What does that mean? We've realised that there's quite a lot of untapped market potential in the B2B customer segments and therefore we have set up a separate field sales force that has given a task to work closely with selected portfolio companies and segments to learn more about them and therefore to develop our offering towards these customer segments.

Already after first months of experience, we can say that there is good growth potential in growing the share of wallet of IKHs from these customer segments and we will continue on this path to bring growth to both our own stores and of the partner stores. And thirdly, we started working closely with the expansion outside of Finland. So IKH already has 20 plus partner stores in Sweden, which is our current focus market, but we are also in a process of widening that partner base in Sweden. Sweden has very much the similar geography, so similar opportunities for partner stores to serve many of the locations where bigger formats cannot actually successfully work. And it's not only that, but we have also made a decision to go closer to our customers to serve them better. So we've signed a contract with a 3PL warehouse solution provider and started already a pilot where we will be able to bring all our fast moving products to Sweden and therefore serve our customers in Sweden with a lot faster order to delivery time schedule, moving from the current three plus days to over the night deliveries.

So, by serving our customers better by focusing on finding new partners, we will grow in Sweden. So, to pack this all up, we have absolutely a clear market potential when Finland goes up into the recovery of the construction market, but also with help of all of our self-help initiatives, we will outperform the market. So, in my eyes, there's a very nice path for organic growth, but also bringing IKH back to the double-digit margins where we were historically. So, it's my time to thank you and let me at the same time invite to the podium Mario Ballarin, who is our head of the Iberian operations. Welcome.

Mario Ballarín: Hello, good afternoon. I am Mario Ballarin and I joined Grafton Group just five months ago as CEO of Grafton Iberia. Before joining Grafton, I work in the British Group Bunzl for 17 years. The Bunzl Group share some similarities to Grafton as it is a decentralised business model where acquisitions play important role in its growth strategy. I held several positions during my 17 years in Bunzl. I start as finance director of Bunzl Spain after the first acquisition of

Bunzl in Spain. Four years later, I moved to South America as general manager of Bunzl South America except Brazil. I was six years there with develop the region with 10 acquisitions and organic growth and after six years I came back to Spain and I held the position of managing director of South and Europe, Middle East and Orbit countries. I was overseeing an operation of 11 countries, 31 companies the last year, and 1.1-billion-euro revenue throughout my professional career I have been involved in the artist and subsequent development or approximately 30 companies.

And well, after 17 years in Bunzl, I was very happy and pleased of joining the Grafton Group after its first acquisition again in Iberia. The group enter in the Iberian market only 18 months ago providing a unique opportunity to help shape and accelerate its development in the region. The building material distribution sector in Iberia remains very fragmented and offers significantly growth potential making it an attractive market for both organic expansion and acquisitions. I am truly excited about the opportunity to contribute to the achievement of Grafton Group's ambition in Iberia.

And here you have the ambition here in bottom of Grafton in Iberia that is to achieve one billion sales by 2030 with EBITDA of close to 10% of sales. How are we going to achieve this? Well, we have two businesses in the HVAC sector, and we want to develop this sector through bolt-on acquisitions that will complement our businesses geographically or by product-wise. Also, and I will explain later, we are planning to develop organically. We have a lot of possibilities to develop organically our businesses with new brands openings, new customer channels and export and new capabilities. Also, we aim to develop new models, new verticals that we are not present. We are also only present in HVAC at the moment, and we want to develop that through anchored decisions. These verticals need to show an attractive growth potential, also need to be fragmented and has strong profitability.

Following these uncovered acquisitions in new verticals, we will develop the business organically and also operating scale cross-selling opportunities and complementarities across our existing operations. We will also hand the capabilities of our businesses by leveraging the experience and expertise of the Grafton Group and developing the strong talent within the acquired businesses. And this is what we have now in Spain. As you know, by the video, Salvador Escoda was acquired 18 months ago. Salvador has today 95 branches, 600 employees and revenues were last year, almost 250 and EBITDA of €16 million. And just a little more than one month ago by the end of April of this year, Grafton acquired the second company is Mercaluz Group. Mercaluz has 18 branches, has 350 employees today and the revenue of Mercaluz last year was 150 million and had an EBITDA last year of 23 million.

Together these acquisitions provide Grafton Group with a strong platform for growth in the Iberian market and establish a leading position within the growing HVAC distribution sector in Iberia. Okay. Here we have some KPIs, macroeconomic KPIs in this for Spain. Among others, we can see a strong GDP growth in the last four years a CAGR of 2.9%. We can see also that population is growing at 1.1 CAGR during the last four years in a country of a population of 50 million people. And also, I want to highlight the forecast of housing completion for the next three years that is expected to increase by 15% per year due to the big shortage of houses, but also due to international demand for investment purposes and also searching for holiday homes.

I would like to highlight also the strength of the Spanish economy in the last four or five years that is above the average clearly of other European economies and this strength is due to several reasons. One is the growing population driven by immigration. Another is the boost of the touristic sector since COVID times. Another is the robust export sector and strong external services activity. Also, the diversify economy and also the diversified and relatively cheap energy mix. And there is one very important KPI here that is not in this slide but is the temperature. The increasing temperature in the last years has increased the demand of air conditioning, refrigeration and ventilation solutions and this has a very positive impact in our business. We were told that you love winter, we love summer.

Okay. This is the same KPIs for Portugal. Portugal is a 10 million people country. Typically, it's 20% of the market of Spain. From our two businesses in Spain, we have exports to Portugal are around €7 million, but our plans are to be present there through some acquisition soon. The KPIs in Portugal are similar, follow the similar trends in Spain but at more moderate pace. But it's important the housing completion in the past 9% is very significant because Portugal also has a housing problem and also a very big international investment in properties. The building material sector in Portugal is also very fragmented.

Okay. And here we have little story of Grafton in Spain that as you saw in the video, it started 18 months ago with acquisition of Salvador Escoda. Salvador Escoda is a company of 20, 52 years old, sorry. That was founded by Mr. Salvador Escoda. And it's in the HVAC sector, but a specialist in air conditioning, refrigeration and ventilation has a very strong brand. It's called MundoClima and acts as one stop shop for installers. During the 18 months since acquisition until now, many things has happened in Salvador Escoda. The first thing was the leadership management transition. Mr. Salvador Escoda retired last year and his daughter, Marta Escoda, has become managing director of the company. You saw both in the video, Salvador and Marta. This transition was managed perfectly. Also, thanks to Grafton, there has been several new things in Salvador is the opening of seven branches for 18 months.

We have financed the teams. We have improved the teams with new capabilities in particular in the marketing department, in the HR department, IT, property management, and sustainability. We have integrated all the reporting systems, the controls and process of Grafton. And with all these new things, Salvador Escoda has been able to continue growing by 7% last year. One month ago, we acquire the company Mercaluz. Mercaluz is based in close to Alicante, has headquarters there and is a 40-year-old company also in the HVAC sector, but much more specialised in two categories, air conditioning and household appliance.

The founder was Mariano Moreno, and the sons were managing the company because the father retired 10 years ago. They were very successful. Mercaluz Group is a fast-growing company and has a very strong brand called Johnson. And the company will be continuing managed by Eloy and Paco Moreno, the two brothers. Leadership will help ensure business continuity while supporting the next phase of growth and integration within the Grafton Group. Okay. And here I will go a little deeper in explaining what is the business model and value proposition of the two companies that we have now in Iberia because both are in the HVAC sector, but they have a very different business model and value proposition.

That's the reason that they will continue to be managed independently, allowing each business to capitalise its unique strengths and fully capture the opportunities available in the market. We have the first business, Salvador Escoda, that has three main categories, air conditioning, ventilation, refrigeration, but also has the rest of categories of product that installer needs such as heating, gas, electrical materials, lighting. Then they will address mainly 85% of the sales to professional installers. The value proposition of them is to be the installers store. These slogan installer stores is in each one of the 95 branches. It's a one stop shop. The installer goes there and takes everything that they need, and they give service and they give advice and that's the reason that they have 95 branches. In all the main cities, big and medium cities, they are present. They have 800 employees. It's a strong structure and they have 140,000 SKUs.

What is not in Salvador Escoda doesn't exist. This is the value proposition. Mercaluz is another value proposition. They only have two categories, air conditioning and household appliance. 75 is own brand, the brand Johnson. And they go to professional installers, but they also go to distributors, to wholesalers and to developers. The value proposition of Mercaluz is value for money. They have a good product with a very good cost, a very good price. The professional installers and the distributors have a very good profit buying this product from them. The structure is much leaner - only 18 branches and 350 employees today. The branches of Mercaluz are totally different to Salvador Escoda. Salvador Escoda are shops with a small warehouse. In Mercaluz is the opposite, are big warehouses and a small counter for some installer that goes there.

Well, that's the reason that the two companies will be managed independently, and we hope that maintaining the individual identities and operating models, we can maximise our reach across abroad and rapidly growing HVAC market while preserving the unique strengths that have driven the success of its business. Salvador Escoda grows during the last five years at CAGR of 7% and Mercaluz at a CAGR of 11% per year. Okay. Iberia is a highly fragmented market in the building materials distribution sector. Our growth strategy is based on both organic and acquisitions. First, we are planning to grow as I told you before with bolt on acquisition in the HVAC sector and anchor acquisition in the other models, other verticals. We also have huge opportunities to grow organically. We can arrive to new customer channels that now we arrive but with not a lot of determination. We arrived in a reactive way, but they are quite good, quite big, these channels.

Nowadays, we are focusing on the installer in particular in Salvador Escoda, almost 90%. And there are some other channels such as industry, maintenance companies, infrastructure companies, public sector, all hospitality that is restaurants, hotels that use all our products. This is something that is a source of important growth for us. Also, export markets. We are exporting about 30, 40 million between the two companies in a reactive way. When they call from France, from Germany, we sell. But we have the products, we have the volume, we have the brand.

It's quite easy if we put the resources to explode this and this other source of growth. We will also grow through cross-selling across our portfolio of companies and strengthen our digital and sustainability capabilities and expanding into other markets with our brands as you have seen here. The most important levers for increasing our profitability are based on leveraging scales and best practise and our focus in our own brands, in particular Mundoclima for Salvador Escoda, Johnson for Mercaluz. With own brands, we control the prices we control the margins. In addition, our performance will be driven by higher productivity resulting from improvements in logistic, efficiency, automation, digitalisation. In the regard, the experience and support of the Grafton Group are key enables in achieving these objectives.

How are we going to win? Well, we have a network of 120 branches all around Spain, not yet in Portugal, but in the future will be in Portugal also. We have 1,200 very experienced employees. They have deep knowledge of the products and deep knowledge of every region of Spain, of the marketing its region. We have a product range of 150,000 SKUs. We have 70,000 customers. We have two very powerful brands, and we have all the supports of the best brands and suppliers of the market. We also benefit from Grafton Group extensive experience and capabilities to further develop key areas that's e-commerce offerings, digital capabilities, logistics, and sustainability. All of these assets together with our strong ambition to grow make us highly optimistic about the future development of Grafton in this region.

And looking forward and as a summary, Iberia, we have two very strong economies with very good prospects in Iberia, not only in the economic side, also in the property development. The building material sector is very fragmented. There is a big opportunity to consolidate this sector in Iberia. We are now present in the HVAC sector. The HVAC sector is growing much more than the average sector; any distribution sector is growing by between 4 and 6% per year and the global warming and increasing temperatures are having an important positive effect in this sector. We also have opportunities to grow as you have seen and to develop the companies with Grafton support and help.

Based on all these factors, I strongly believe that Grafton Group ambition for Iberia to achieve one billion revenue by 2030 is totally possible and we in Grafton Iberia will be very proud and delighted to make this world a reality.

That's all. For Grafton Iberia, now we will hang over to our chairman, Ian Tyler and Eric to conclude.

Ian Tyler: Okay. Thanks very much indeed, Mario. I'm just going to be a couple of minutes here. First of all, from me, thanks everybody for taking the time today just to dive a little deeper into Grafton and it is great to see everybody here, but I'd especially like to thank Michael Chadwick for being with us today. Michael, as you will all know, was instrumental in creating the base of Grafton, which we have today and it is really kind of you, Michael, to be here. Now, Michael and I were talking a few days ago and as is Michael's wont, he made a very simple but very astute comment and a very relevant one for us here today.

He observed quite simply that our industry, the sort of building materials distribution industry is actually quite a difficult industry to make money out of. And I think you can probably put Michael's comments the other way around. It's quite an easy industry not to make money out of. And I think if you want to see the proof of that, look back at some of the issues, performance of the industry right here in the UK and across Europe over recent years. It's an issue which Eric and the team are very well aware of, but actually as Michael has also demonstrated over many years that those same industries run well invested in thoughtfully and with real care over capital discipline, they can deliver through the cycle and that is important, they can deliver material value for shareholders. So I hope what we've shown today is that Grafton sits very much on the right side of that equation and particular under Eric's clear leadership that we have a strong and deeply knowledgeable management team and that we have an operating model which draws the right balance between the tangible benefits of integration and the absolute necessity of local and regional accountability, that we've got a strategy which focuses our capital and our management resources on markets which can sustain strong market positions and long-term growth and that as a result of that, we have a platform and a portfolio of businesses which can deliver sustained shareholder returns over the long term, notwithstanding all the very relevant issues around market recovery and cyclicality, these businesses can and should deliver strong value for shareholders in the long term.

So once again, thank you for your attention today. I hope we have demonstrated what I believe is the real strength of Grafton and with that, I'll hand over to Eric.

Eric Born: Thank you, Ian. So, to conclude, there you go. Before we have our final Q&A followed by the long-awaited drinks reception, I'm sure, let me summarise why we believe Grafton Group offers a compelling investment opportunity. We are a European distribution platform of scale with significant growth opportunities, and we will further strengthen our leading positions in our existing markets as well as enter new markets over time. Our diversified portfolio provides strong resilience throughout the cycle with excellent cash generation. The consistent application of what we call the Grafton Way provides us with key levers to significantly enhance our financial returns until 2030. In summary, we are confident in our ability to create significant shareholder value over the next five years and we articulate that as delivering a free cash flow cumulative over that period of at least 850 million Sterling to deliver an EPS CAGR of at least 10% over that period and deliver a ROCE by 2030 of 13%.

So, thank you all for attending. Thank you the team for all the efforts you have done and your presentations. We hope we brought alive to what Grafton is about and in fact what the secret source of Grafton Group is, which we believe our unique operating model and how that links into our purpose of building progress together in that interaction between geography operating company and group expertise. So, I hope we could really bring that across clearly and with that I conclude and would move to the final Q&A where we can cover all the areas you heard in the second part. Thank you.

David Arnold: I look at the timing and see how we have immaculately landed at 16:30 and I think anybody would think we've got a Swiss CEO. Sorry, there's a question over there.

Tom Fraine: Thank you. It's Tom Fraine from Shore Capital. I just was hoping you could comment on a potential trend that other retailers in the space have talked about products, not just small ones, but sometimes bulky items being delivered straight to site and ordered online. So, it's to save tradespeople and builders time and needing to do extra visits to physical stores. Do you see this as a potential long-term trend and if so, how well placed would you be to deal with that

Eric Born: Patrick, maybe that will be a good one for you given that you have a lot of heavy building products and a lot of the larger customers as well.

Patrick Atkinson: Sure. What we haven't seen is a lot of the larger house builders ordering online and ordering off our e-commerce site. What they are doing now is using the Trader Hub that I described earlier. So, there's two ways to do that. Their prices are all guaranteed on the system, so it's their account, their pricing, and they get to do that. The TradeHub Pro, which is the more recent one, allows our larger customers who have remote sites around the country. One of the problems they had was getting approval from their head office for acquisitions for day-to-day products every single day, day in, day out, and it was taking too long to get that. The platform we've done for them now is they can get approval direct into their buying office, which comes into ours and we deliver straight away. So that's the way we're handling the large orders at the moment.

What we are seeing the smaller trade guy who wants timber or fencing or whatever, they're buying online and we're delivering straight to them. So that's how we're handling the larger one. I hope I've answered that question.

Tom Fraine: Yeah, sure. Just how well placed are you versus maybe other retailers or other distributors that maybe have fewer physical stores relative to their online presence and therefore a lower cost space.

Patrick Atkinson: In terms of large building materials, we don't see, certainly in the market I'm in, we don't see builders buying large bulky building materials online.

Tom Fraine: Understood. Thank you. And just a question based on what Frank said regarding Selco, customers demanding better value, correct me if I'm wrong, but I assume that service levels and assurances supply is still more of a priority to customers rather than price, but is this still a little bit of a headwind in terms of your margin growth and just related to that question at a group level, what do you expect as an average selling price increase for this year?

Frank Elkins: So, from the point of view of price, when we did our survey with the customers in the hierarchy of needs, price had moved, but in reality, as you rightly say, availability, certainty and consistency were all elements to that. My point around pricing is actually that visible price and making it really transparent for our small trade customers that we're great value and that's what we're seeing. We're seeing a more demand to ensure that actually I get the right price first time, hence our investment in shelf edge and loyalty to make that really easy and simple and also to be able to drive that price transparency online.

David Arnold: I think just as regards, sort of a general view of where do we see price inflation in the current year. It's still quite difficult to be able to predict it accurately. Some pricing on some products that we're buying in, you take anything with plastic in is double digit increases in price. Some prices have as yet been unaffected. I think the one thing that is I can say with certainty is that certainly the pricing that we will see this year is going to be higher than the pricing increases that we thought we were going to get at the beginning of the year. I would think that we will probably see pricing in somewhere in the three to 5% overall level across the businesses, but different businesses will be affected quite differently, I would say. So, for example, if we take Woodies, Woodies have procured a significant proportion of their products already for the year.

2027 might be a bigger risk as regards inflation.

Bert Bunschoten: Thank you.

David Arnold: If we go across to Sam.

Sam Cullen: Yeah, thank you. Sorry, Sam Cullen from Peel Hunt. I've got a few on Spain or two on Spain, definitely. There's a comment I think Mario made around the acceleration of demand in Spain over the last few years with different weather patterns. Do you have a sense of how penetrated the Spanish market is in terms of air conditioning units, whether it's every nine out of 10 houses has an air conditioning unit now versus seven, three years ago and how much that structural story's got to run going forward?

Mario Ballarín: I don't have exact numbers, but I can tell you. In the south and eastern part of Spain where the weather is warm and humid and humid, perhaps it's 75% of the homes or even 80 has air conditioning. In the north it's less, it's 30%, but this in the last five years, this percentage is increasing a lot. Even the municipalities and the government is making that mandatory for schools, hospitals or public sectors or public buildings. Also, municipalities are building cold shelters for the people that has no air conditioning at home because they are in particular in the south and east part of Spain, they can arrive to 48 degrees, and all people is a problem if they don't have. Then we are seeing increasing this rate of having air conditioning very, very fast. And also with high temperatures, they broke faster because the machine goes faster. It's not only the first installation, it's also the replacement.

Sam Cullen: Then the second one was just sort of related to that. When you talk about growth over the next five years and you split between organic and acquisitive, firstly, I guess, do you have a sense of how much is coming organically and how much is going to be acquisitive and then related to the acquisitions, will there be in other areas of structural growth or other areas that will still grow nicely because of the Spanish economy and the housing market there or how to think about those segments you're going to get moving into.

Mario Ballarín: We are targeting our ambition is to arrive to one billion in 2030. Last year the performance revenue was 400. This year I hope that will be 450 more or less. I think that the growth, these two companies have a growth in the last years of 11 CAGR Mercaluz, 7 CAGR Salvador Escoda. I hope that in the next year we can grow at almost 10% and then the rest will be by acquisitions and probably we need to add 350 from acquisitions and 200 from organic until 2030. And the second question was, sorry?

Sam Cullen: Just the product channels that you talk about moving into, will they be sort of macro proxies or will there be areas where you think you're going to see penetration rates increase like it has in air conditioning in the last five years?

Mario Ballarín: The HVAC sector probably is the vertical that is growing more. That's probably the reason that we have interferes in this one. But we are looking in other sectors that need to have a potential for growth. They need to be profitable, and they need to be fragmented. You have the general building material sector. The electrical material, the electrical material is much more concentrated in Spain and not so profitable. We have iron mongery, we have insulation, we have lighting, we have timber. We are analysing that, but probably the HVAC sector is the most fast-growing sector.

Bert Bunschoten: Thank you.

Eric Born: We have a decent pipeline across, let's say, multiple product specialism. And of course, HVAC is the one which is propelled at the moment in terms of growth for all the reasons Mario has mentioned. For us, the question is, what do we do with the business? So, there are other verticals which are very interesting where an entry platform could be anywhere around 50 million, but we can then significantly scale it and build it to three, four times the size over a period of time by organically and then organically bolt-on. And that's what we're interested in looking at the ROCE we can generate out of that. Now I'm the one who is the first one to say we have to be ambitious, and we have to set targets or aims because you will always directionally get there if you set the stool out. I have yet to see a sports person who has want to become last.

They all say, "I want to win." And then they might not win. They might become second, third or fifth or whatever, but directionally they want to improve. Our aim is to deliver a billion revenue by the end of 2030. Now as I said, when I mentioned it in my presentation, it will be dependent on can we execute acquisitions? Because even if the underlying growth, let's say will be seven, eight and some organic expansion, let's call it 10%, you will be short of a few hundred million. But what we will not do is kind of sacrifice the discipline in capital allocation to hit the number, right? So that's why I'm saying that's the ambition, but it is all within the framework of it has to make sense. We have to get the returns. So hopefully we will get there, and we also have to be careful in that market.

We don't want to kind of pump-up people's expectations, and we have been very disciplined and we, I think Stephen probably mentioned this in his session. We are not shy of a business has, if we have to add in more cost into a business, then we thought to have to put in, to have the standard we need, whether it's around cyber, whether that's around capability in the finance function and so on and so on. We will go back to the table and say, we thought it's X, but it's Y. So, we're going to have to have another discussion and we are prepared to walk away if we don't believe we can make it work financially. And I think those are really important issues. So, take the one billion as the directional aim. If everything works like we hope we will be across, we will be a multi-specialist HVAC will be one part and then there will be one or two other areas where we will have two platforms which we will continue to build out and achieve the billion like that.

Ben Varrow: Ben Varrow from RBC, first one just similar in terms of organic growth up till 2030, are you able to share in terms of revenue, what you're assuming?

David Arnold: We've taken a prudent and sensible view across the business that before we bring together all the initiatives and pull the levers and self-help and business improvements that you've heard about today, that the market will be growing somewhere between 2.5 and 3% CAGR across the period from 25 to 30. At a group level.

Ben Varrow: Okay. Next also out through 2030, once you hit that 13% return on cap employed, is it fair to assume that each group business meets or exceeds that level?

David Arnold: I think if we get to 13% at that point then each business will, well yes is the answer to that.

Ben Varrow: Last one, just free cash flow. Can you talk a bit about, I think you meant there was a question on sustaining CapEx. How should we think about that through the period and then also the shape of working capital, particularly if you've assumed some sort of macro uptick at some point in UK and Europe.

David Arnold: Yeah, look, I think we've built in a sensible level of working capital requirements through the period. If we look at the business, I mean typically it runs somewhere about 10%. So, we add £100 of revenue, we need an incremental investment of £10 in working capital. We've looked at it in that respect. Then when we think about replacement CapEx, meaning general replacement CapEx, we treat it as running in line with, if I can describe it as normal traditional depreciation before you worry about leases.

Ben Varrow: Thanks.

Shane Carberry: Cheers. Thank you. Shane Carberry from Goodbody. The first one was just on Salvador and Mercaluz and I guess just expanding maybe a little bit on the kind of cross-selling opportunities that are there and perhaps just is there any kind of buying synergies that we should be aware of as well between the two businesses?

Mario Ballarín: As I explained, we are going to keep the business managed independently. They are different businesses and Mercaluz has only two categories, air conditioning and household appliance. They compete in the air conditioning also. Salvador Escoda has 35% of his sales in air conditioning, but in this they are in some way competitors, but they arrive to different customers. They compete in very few customers. Then we are not expecting huge cross-selling because they need to be independent. In the synergies, yes, of course we have some common suppliers, and we will try to achieve some cost savings.

Eric Born: The business case is not built. Let's just be very transparent. The business case is not built on massive cost synergies. Yes, the own branded ACs are sourced via the same set of big suppliers, right? There will be a conversation, but we are talking here about in the round of things, relatively small element of synergies you will get. We bought Mercaluz because it's a very different model. They have, as Mario explained, Salvador is very broad, lots of SKUs. The on- stop shop for the installer. We can see that model to be further scaled. We can see improvements we can make to that model over time and building that operating margin up from where is it today at least a bit. So, I would expect us to get somewhere towards the 80% on Salvador Escoda that over time as we manage that business effectively. Mercaluz is a totally different business.

Very small SKU is very focused on their Johnson brand and for that Johnson brand, we have the brand rights across Europe. So, we will now need to figure out also, and that's not factored into the case, what else can we do? What other markets can we use those particular brands? But the Mercaluz model has been built on how can we further scale organically because that model is really by opening more branches. How can you further scale that within Spain and drive high profitability and growth in that particular model? The investment case has not been built at all on kind of product procurement synergies.

Shane Carberry: Makes sense. Then maybe this one's for Bert, just in terms of learning a little bit more about the Dutch customer, it seems given what you talked about in terms of kind of the store and the space sizing, maybe needing to increase in some of the stores in Isero versus when we talk about Ireland and Woody's, maybe a smaller store being an opened in Ennis and possibly smaller stores for Selco as an option as well, but it seems like the customer maybe wants something slightly different in the Netherlands. Is that how I should be thinking about the kind of layout from a store network perspective?

Bert Bunschoten: Yeah, an average store of Isero is between 750 to 000 square metres. So that is completely different and we have then between 10,000 to 14,000 items on stock. We basically have two types of stores. We have stores that we have to say collect only and we have stores where we do the regional delivery from. So those regional stores, those are a bit bigger, and the other ones are smaller, but we have a particular range of light side products. So, we don't have timber, no building materials, et cetera. So, the product portfolio is completely different. It's really power hand tools, hinges and locks, iornmongery and products like that.

Eric Born: Probably do not have any confusion. When Bert mentioned that with the help of Grafton expertise on the merchandising side, we didn't increase the footprint, but we react allocated space within the footprint. So rather than having lots and lots of products behind the counter and very little which were shopable, they developed and changed the concept to have well merchandised and less behind the counter so the customers actually come in, pick and select and buy rather than having to go for many of the products to the counter. And that's what changed, but the footprint was the same.

David Arnold: Very quick and last one, Will.

Will Jones: Thanks, Will Jones at Rothschild. Maybe just to complete the geography question on Finland, clearly, I think the business whose margin has come down most over time and it's been very tough macro, but could you give us a sense maybe of the extent of the low hanging fruit? I know you've had issues I think on aged inventory and supply chain last year, but are there any quick wins in Finland on the margin?

David Arnold: Well, certainly I think in terms of some of the self-inflicted issues that we had around stock and inventory and product availability, I think Anu and the team have done a great job in addressing that one. I don't know, do you want to pick up in terms of the immediate areas of focus on quick wins, Anu?

Anu Ora: Yeah, I think historically it's the networking capital during the past couple of years, we've freed up 27 million of networking capital by simply managing it better, but currently we are working a lot with commercial initiatives, so driving growth and that we can easily do with, I said, sharpening our approach to our B2B customers. So, there's a lot of more potential in the customer segments that we already serve. We have extremely wide customer base, but we haven't simply focused on what do they need, what we can offer and we have a lot of potential in kind of increasing the share of wallet and I also see that absolutely there's potential in outside of Finland because the model as such that we have works well in the neighbouring markets. So, we are already up and running with the pilot of the 3PL warehouse and we see that there is interest and demand in that market.

So those would be the things that we push immediately, but otherwise it's managing the assortment, managing the pricing and so on. So, the beginning of this year has been good versus last year. So, we see that there is potential.

Eric Born: And I will probably add that over the last 18 months and we had to wait for Anu quite a bit because we wanted to have a really strong CEO in Finland and Anu was kind of locked into her previous CEO role. So, we hired her but had to wait quite a bit until Anu landed, but in the meantime made a lot of enhancements on the management layers, which Anu already was very actively involved in those recruitment processes. I think today we have a super strong team in Finland. Yes, we do need the market to help us a bit as well and the market will turn, but I think with all the sell pad and when we'll be in Finland in two weeks for the QBR, right? Yeah. Two weeks. So we'll go through all the different initiatives when we have our quarterly in detail and they have so many layers to pull that I do expect Finland to, as Anu said, return back into clearly double digit operating profit margins, but for that we need a bit of help on volumes because we have a massive central distribution centre Kauhajoki and whether you have a bit more volume with less or you won't have less people in that fixed cost space, right?

That fixed cost base is there. It has a lot of operating leverage.

David Arnold: Okay. All right. Excellent. Thank you very much everybody. Really appreciate everybody's coming. Thank you very much for your questions and your interest and if you are free to share a small but perfectly formed glass of something, that would be great. Thank you very much. Thank you.