



CME 2026 CAPITAL ALLOCATION & FINANCE

OVERVIEW



Capital allocation framework



**Group evolution and application of the capital allocation framework
(a 10-year lookback)**



How we think about financial leverage



Our financial targets



What to expect – Group evolution over the next five years

CAPITAL ALLOCATION FRAMEWORK - OVERVIEW

**FREE CASH
FLOW**



**TARGET
FINANCIAL
LEVERAGE**



OUR PRIORITISATION OF CAPITAL ALLOCATION

1) Fund organic growth and existing estate

2) Dividend cover: 2-3 times earnings

3) Inorganic growth

4) Share buybacks and / or special dividends

FINANCIAL HIGHLIGHTS

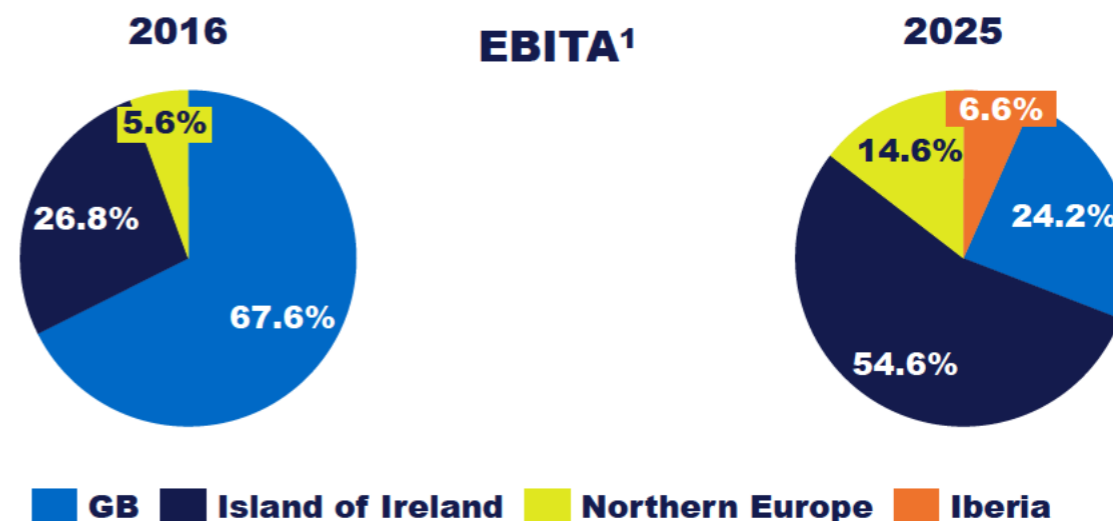
2016 vs. 2025

£'M	2016	2025
Revenue	2,507.3	2,519.6
EBITA	137.1	184.3
EBITA margin	5.5%	7.3%
Free cash flow per share (pence)	56.7	86.6
Net cash / (debt) pre IFRS 16 leases	(96.3)	274.0
Adjusted EPS (pence)	47.7	75.4
Dividend per share (pence)	13.8	37.8

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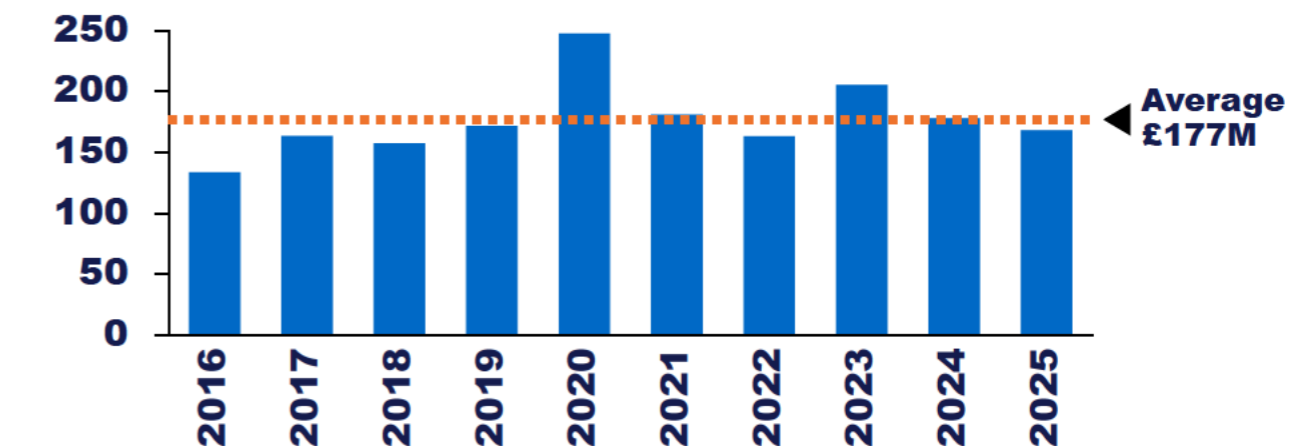


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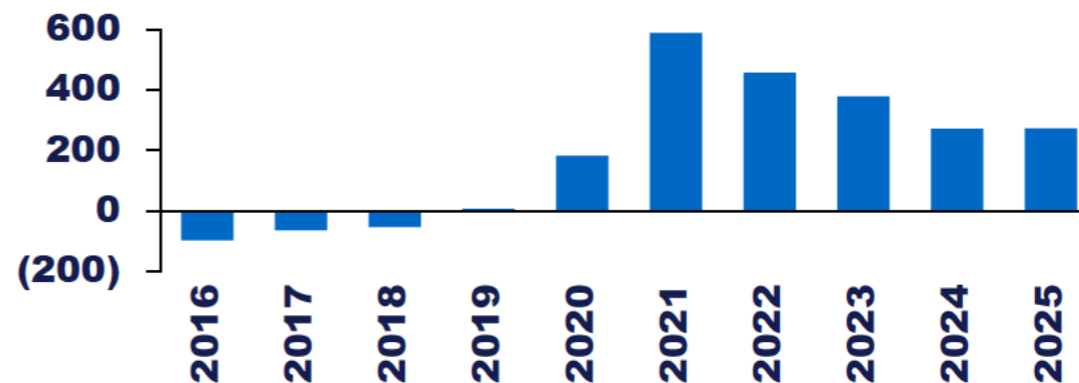
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FREE CASH FLOW POST LEASE PAYMENTS (£'M)



NET CASH / (DEBT) PRE-IFRS 16 LEASES (£'M)



CAPITAL ALLOCATION 2016 - 2025

FREE CASH FLOW

=

£1,770.0M

DISPOSAL PROCEEDS

=

£679.7M



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	£'M
Organic growth development capex	(287.6)
Dividends	(523.5)
Acquisitions	(649.4)
Buybacks	(430.1)

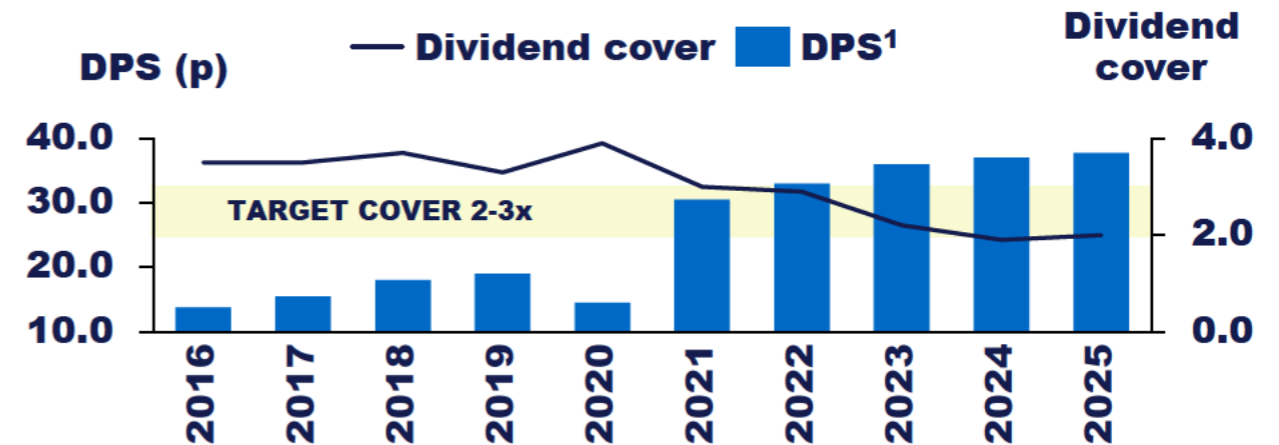
CAPITAL ALLOCATION 2016 - 2025

FREE CASH FLOW

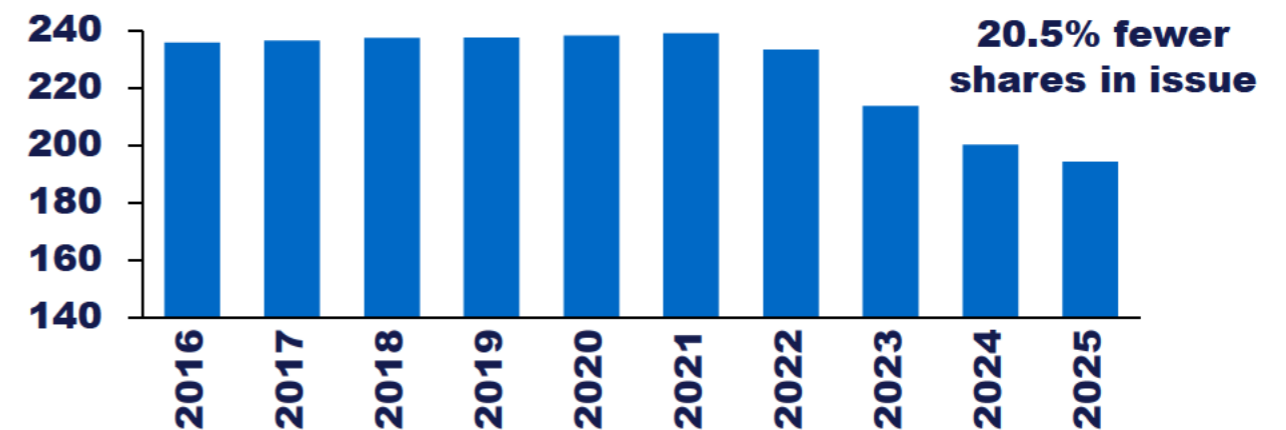
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	£'M
Organic growth development capex	(287.6)
Dividends	(523.5)
Acquisitions	(649.4)
Buybacks	(430.1)

DIVIDEND COVER



REDUCTION IN SHARES IN ISSUE (M)



OUR APPROACH TO FINANCIAL LEVERAGE

Maintaining an investment-grade credit rating is a core priority for the Board

**GRAFTON LEASE ADJUSTED
NET DEBT : EBITDA TARGET
RANGE**

1.0x – 2.0x

**THEORETICAL
NET DEBT
CEILING¹**

**~£600M
(31 December 2025: £123M)**

**We will manage the ceiling dependent on position in
overall market cycle**

OUR FINANCIAL RETURN TARGETS FOR INVESTMENT

ORGANIC INVESTMENT		ACQUISITIONS		SHARE BUYBACKS AND / OR SPECIAL DIVIDENDS
ROCE	>13%	ROCE	Platforms: >10% Bolt-ons: >13%	<ul style="list-style-type: none">• Buybacks, organic investment and acquisitions analysed on competing basis• Board predisposed to investing for growth• Timing / quantum of capital returns judged against pipeline• Special dividends would also be considered• Executed where we retain a strong balance sheet
<ul style="list-style-type: none">• Strengthen existing market positions and brands• Target structural demand drivers• Deepen relationships with customers• Focus on scalable initiatives and long-term value creation		<ul style="list-style-type: none">• Building materials distribution or adjacencies• European markets with long-term structural growth characteristics• Opportunities to consolidate markets and build strength• Strengthen existing platforms		

GRAFTON'S FINANCIAL PROFILE IN 2030

GEOGRAPHICALLY DIVERSIFIED	Leading market positions across multiple European geographies
CUMULATIVE FCF (2026-30)	£850M+
FINANCIAL LEVERAGE	Investment grade credit rating retained 1.0x – 2.0x lease adjusted net debt to EBITDA
EPS¹ (2025-30)	>10% CAGR
ROCE (2030)	~13%
SHAREHOLDER RETURNS	Dividend cover of 2.0 – 3.0x range supplemented by incremental capital returns when appropriate