Final Results
For the Year Ended 31 December 2023

Grafton Group plc
Final Results for Year Ended 31 December 2023
Strong Performance in Challenging Markets

Grafton Group plc ("Grafton"), the international building materials distributor and DIY retailer is pleased to announce its final results for the year ended 31 December 2023.

Financial Highlights

- Full year adjusted operating profit of £205.5 million, above the top end of Analysts' forecasts[1]
- Strong free cashflow of £205.6 million (2022: £163.3 million)
- £228.3 million (2022: £208.9 million) returned to shareholders in dividend payments and share buybacks during the year
- Fourth share buyback programme increased from £50 million to £100 million in December 2023
- Dividend growth for the full year of 9.1% per share, benefitting from lower number of shares in issue following buybacks
- Net cash at 31 December 2023 of £379.7 million (before IFRS 16 lease liabilities) remains very healthy (31 December 2022: £458.2 million) after returning £228.3 million to shareholders

Operational Highlights

- Underlying demand fundamentals for the Group's RMI and new housing markets remain strong
- Benefited from the Group's geographic diversification and cost reduction measures
- Resilient performance despite lower volumes in challenging Distribution markets
- Woodie's DIY, Home and Garden retail business performed well
- Strong performance by UK Manufacturing businesses despite volume declines
- Invested £49.3 million on acquisitions and development capital expenditure
- Significant progress advancing the Group's sustainability agenda including submission of net zero targets to SBTi and completion of Double Materiality Exercise

Total Operations[2]	**2023**	2022	Change
Revenue	**£2,319m**	£2,301m	+0.8%
Adjusted[3] operating profit	**£205.5m**	£285.9m	(28.1%)
Adjusted[3] operating profit before property profit	**£204.2m**	£260.5m	(21.6%)
Adjusted operating profit margin before property profit	**8.8%**	11.3%	(250bps)
Adjusted[3] profit before tax	**£205.9m**	£273.3m	(24.6%)
Adjusted[3] earnings per share	**77.9p**	96.6p	(19.4%)
Final dividend	**36.0p**	33.0p	+9.1%
Adjusted[3] return on capital employed (ROCE)	**11.9%**	17.2%	(530bps)
Net (debt)/cash (including IFRS 16 leases)	**(£49.3m)**	£8.9m	(£58.2m)
Net cash (before IFRS 16 leases)	**£379.7m**	£458.2m	(£78.5m)

Statutory Results	**2023**	2022	Change
Operating profit	**£183.1m**	£264.3m	(30.7%)
Profit before tax	**£183.5m**	£251.7m	(27.1%)
Basic earnings per share	**69.6p**	89.3p	(22.1%)

[1] Grafton compiled consensus Analysts' forecasts for 2023 show operating profit of circa £200.7 million and a range of £194.0 million to £203.9 million.

[2] Supplementary financial information in relation to Alternative Performance Measures (APMs) is set out on pages 45 to 51.

[3] The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items in both years.

Eric Born, Chief Executive Officer Commented:

"Despite challenging market conditions, Grafton has succeeded in delivering full year adjusted operating profit above the top end of Analysts' forecasts. This is testament to our resilient market leading positions, responsive management teams and portfolio of high-returning businesses.

"We generated excellent free cashflow of £205.6 million from operations and returned £228.3 million to shareholders during the year in the form of share buybacks and dividends, making a total of £437.2 million which we have returned to shareholders over the past two years.

"Looking ahead, we expect to continue to benefit from the spread of the Group's operations across four geographies and exposure to a broad range of end-markets. Our strong balance sheet and record of cash generation will stand us in good stead. We will allocate capital as required to ensure that the Group's brands continue to support their customers and strengthen their market positions. In parallel, we will continue to evaluate opportunities in existing markets and new geographies, building on the progress we have made, with a view to progressing possible growth opportunities that can create enduring value for our shareholders.

"While trading conditions are expected to remain challenging, demand fundamentals are supported by a structural under supply of new homes and an aging housing stock that requires upgrading including energy conservation measures. With a somewhat improving economic backdrop, we are confident that Grafton is exceptionally well positioned to benefit as the cycle turns, markets normalise and consumer confidence improves."

Webcast and Conference Call Details

A highlights video and a copy of the results presentation document are available at 7:00am today via the home page of the Company's website www.graftonplc.com.

A presentation for analysts and investors will be hosted by Eric Born and David Arnold at 8.30am today. A live webcast of the presentation including Q&A will be available via the Company's website at www.graftonplc.com or by clicking on the following link: https://brrmedia.news/GFTU__FY23.

Analysts will be invited to raise questions during the presentation. Should investors wish to submit a question in advance, they can do so before 8.00am today by sending an email to ir@graftonplc.com. A recording of the webcast will be available on the Company's website later today.

Investors		**Media**	
Grafton Group plc	**+353 1 216 0600**	**Murrays**	**pwalsh@murraygroup.ie**
			+353 1 498 0300/+353 87 226 9345
Eric Born	Chief Executive Officer	Pat Walsh	
David Arnold	Chief Financial Officer		
		Buchanan	**GraftonGroup@buchanancomms.co.uk**
		Helen Tarbet	**+44 (0) 7872 604 453**
		Toto Berger	**+44 (0) 7880 680 403**

Cautionary Statement

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

Group Results – Trading Summary, Cashflow, Dividend, Current Trading & Outlook

Grafton delivered a resilient set of results in challenging markets and measured against what was a strong comparative performance in the prior year. These results were supported by relatively stronger trading in Ireland and the Netherlands compared to the UK and Finland. They also benefitted from the timely implementation of cost reduction measures that enabled us to deliver full year adjusted operating profit consistent with the raised guidance in January 2024.

The quality of the Group's portfolio of high returning, cash generative businesses and an effective response from our management teams to evolving macro conditions were important factors in delivering this resilient performance in markets that experienced volume, margin and cost pressures. These results also demonstrate the benefits of the spread of the Group's operations across four geographies and exposure to a broad range of end-markets.

Cost-of-living pressures driven by high inflation and interest rate rises led to reduced spending by households on home improvements and weakened demand for new homes as affordability became stretched. Volumes in the distribution businesses were therefore lower in these weaker markets. Building materials price inflation gradually declined before turning to deflation in the closing months of the year.

There were sharp falls in steel and timber prices from record highs, partly reversing the post pandemic spike. Lower timber prices resulted in reduced revenue and gross profit in the Distribution businesses in Ireland and the UK. The Distribution business in Ireland was also impacted by lower revenue and gross profit on steel, a product category where we hold higher levels of inventory compared to other building materials because of the relatively long lead times between order and delivery.

Payroll inflation across the Group increased at the fastest rate in decades in tight and competitive labour markets. We responded to the weaker market conditions and cost pressures by implementing targeted reductions in payroll costs, mainly through normal rates of attrition, and discretionary overheads.

The medium and long-term underlying demand fundamentals of the Group's markets remain strong and Grafton is well positioned to benefit from favourable structural trends as its markets recover and demand normalises. Upgrading and deep retrofitting an aging housing stock to reduce carbon emissions and improve energy efficiency are positive drivers of medium-term activity in the housing Repair, Maintenance and Improvement ("RMI") market. House building volumes are well supported by demographic trends and a prolonged period of under supply that has created pent-up demand.

Distribution

Ireland

Chadwicks, Ireland's leading building materials distribution business, responded well to evolving market conditions and managed to contend with significant steel and timber price deflation, competitive pricing pressure in flat markets and operating cost inflation. Profitability declined in the first half and the business operated in line with the prior year in the second half.

UK

Selco, the UK's leading fixed price trade only builders' merchant, is almost entirely exposed to the UK residential RMI market, a segment of the construction sector that has been hardest hit in the current cyclical downturn that started in the first quarter of 2022. The rate of decline in volumes moderated from 6.0 per cent in the first half to 2.3 per cent in the second half.

Selco responded to these tougher market conditions and invested in pricing on core products, balancing volume and margin to optimise profitability. There was a sharp decline in operating profit for the year but cost reduction measures implemented to align volumes and operating costs generated material savings in the second half of the year. These helped mitigate some of the impact of the decline in volumes and gross margin.

Leyland SDM, one of the most recognisable decorating and DIY brands in Central London, performed well, increasing revenue and operating profit and opened a new store in Hammersmith in February 2023. TG Lynes, the commercial pipes and fittings distribution business in London, delivered a good result in a weaker housing market almost matching the record profitability achieved in the prior year.

MacBlair, the market leader in Northern Ireland, encountered weak trading conditions in a competitive market that reduced revenue and profitability. Market coverage was extended with the acquisition of branches in Portglenone, County Antrim and Strabane, County Tyrone.

The Netherlands

Trading in Isero, the market leading specialist distributor of ironmongery, tools and fixings, held up well in a weaker housing market. Revenue growth with key account customers engaged on large commercial construction projects and the supply of large access control systems more than offset lower sales to timber factories and smaller customers who are typically sole trader businesses operating in construction and other industries. Profitability was reduced by margin and cost pressures.

Finland

IKH, the leading specialist distributor of workwear, PPE, tools and spare parts, saw the Finnish economy and construction sector progressively weaken as the year developed leading to a softening of demand across the IKH Partner network and owned stores and a decline in revenue and profitability.

Retailing

Woodie's market leading DIY, Home and Garden business in Ireland increased revenue despite the most challenging economic conditions encountered by customers for some time and sustained a slight dip in profitability.

Manufacturing

CPI Mortars, the market leading manufacturer of dry mortars in Great Britain, maintained profitability at close to the prior year level despite experiencing a sharp decline in volumes as multiple interest rate rises led housebuilders to scale back supply in response to weaker demand for new houses.

StairBox, the on-line market leading manufacturer of bespoke staircases in Great Britain that has a pioneering focus on the use of technology, experienced good demand in a challenging housing RMI market and increased profitability on slightly lower volumes.

Property

A property profit of £1.3 million (2022: £25.4 million) was realised in the year on disposal of three surplus properties that generated proceeds of £2.2 million.

Cashflow

The Group's cashflow from operations of £334.3 million (2022: £278.8 million) highlights its exceptional track record of cash generation. Similarly, free cashflow of £205.6 million (£163.3 million) was very strong. Free cashflow benefitted from a reduction in working capital by £29.5 million that incorporated a planned reduction in inventory of £37.8 million in response to an improvement supply chains.

Cash returned to shareholders in dividend payments and share buybacks amounted to £228.3 million (2022: £208.9 million), excluding transaction costs. This brought the amount of cash returned to shareholders in 2022 and 2023 to £437.2 million.

The Group had net cash of £379.7 million before IFRS 16 lease liabilities at 31 December 2023, a decline of £78.5 million from £458.2 million at 31 December 2022. Net debt at 31 December 2023, including IFRS 16 lease liabilities, was £49.3 million which compares to net cash of £8.9 million at 31 December 2022.

Returns to Shareholders

Dividends

The Board is recommending a final dividend for 2023 of 26.0p (2022: 23.75p) per ordinary share in line with its progressive dividend policy. An interim dividend of 10.0p (2022: 9.25p) per share was paid on 20 October 2023. The total dividend for the year is 36.0p per share, an increase of 9.1 per cent on dividends of 33.0p paid for 2022.

The cash outflow on this year's final dividend is based on the cash outflow of £51.6 million on last year's final dividend. Notwithstanding the reduction in profitability, the Board has decided to maintain the same level of cash payment for the final dividend for 2023 to allow shareholders to benefit from the lower number of shares in issue following the buyback of shares. The actual amount of the cash outflow on the 2023 final dividend is dependent on the number of shares in issue on the dividend record date. This is consistent with the approach adopted in respect of the interim dividend for 2023.

The total dividend for 2023 of 36.0p is 2.2 times (2022: 2.9 times) covered by adjusted earnings per share of 77.9p (2022: 96.6p) and is at the lower end of guidance for cover of between two and three times. This reflects Board confidence in the Group's prospects, very strong balance sheet, profitability and cashflow from operations for the year.

The Group's cash outflow on dividends paid during the year was £72.6 million (2022: £73.9 million). A liability for the final dividend has not been recognised at 31 December 2023 as there was no payment obligation at that date.

The final dividend will be paid on 9 May 2024 to shareholders on the Register of Members at the close of business on 12 April 2024, the record date. The ex-dividend date is 11 April 2024. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 2 May 2024.

Share Buybacks

In line with its disciplined approach to capital allocation, Grafton has completed three share buyback programmes since May 2022 supported by its exceptionally strong financial position. These three programmes involved the repurchase of a total of 29.18 million ordinary shares at a total cost of £243.3 million and an average share price of £8.34. The closing share price on 29 December 2023 was £9.11. The shares bought back represented 12.7 per cent of the ordinary share capital.

The fourth share buyback programme launched on 31 August 2023 was extended to 31 May 2024 and the maximum aggregate consideration increased from £50 million to £100 million. The Group had completed £47.5 million of this buyback programme by 31 December 2023 and £81.4 million by 5 March 2024.

A total of £290.8 million was returned to shareholders through share buybacks between 9 May 2022 and 31 December 2023 reflecting confidence in the Group's trading prospects, its strong balance sheet and cash generative operations while significant capacity was retained to invest in strategic growth opportunities.

Allocation of Capital

Grafton has developed historically through both organic growth and acquisitions and the Board will continue to allocate capital to existing markets that are structurally attractive through the cycle and to brands that have headroom for growth. The Group believes it has the opportunity to play a leading role in the consolidation of building materials distribution markets in existing and new geographies in Europe, leveraging off the extensive experience in general builders merchanting that originated in its home market in Ireland and which has seen it develop brand leading businesses in new territories over the last thirty years. Acquisitions will be focused on enhancing positions in existing markets, exploiting appropriate opportunities in adjacent markets, and developing new growth platforms in new geographies.

Our corporate development team is focused on opportunities to build market leading positions and has made encouraging progress in developing a pipeline of opportunities by engaging with potential vendors of platform acquisitions in fragmented segments of the European building materials and construction related products distribution market. The acquisition search in Europe was widened at the start of 2023, both geographically and by product segment, to include a larger set of potential value creation opportunities. The rate at which capital will be allocated for platform acquisitions is dependent on the timing of divestment decisions by business owners and agreeing terms that are mutually acceptable.

Net cash before IFRS 16 leases was £379.7 million at 31 December 2023 (31 December 2022: £458.2 million) and as previously reported the Group is targeting over the medium-term to return to a more optimum capital structure with an appropriate level of financial leverage rather than continuing to hold net cash. Grafton has an investment grade credit rating and recognises the importance of maintaining debt at an appropriate level given the cyclical nature of its markets. Our objective is to allocate capital to opportunities that meet or exceed our defined hurdle rates of return and to manage the balance sheet and liquidity of the Group to ensure stability over the long term regardless of economic or financial market conditions.

The Board prioritises growing Grafton over the medium to long-term through value adding organic and acquisitive growth opportunities. It may also decide from time-to-time to return surplus cash to shareholders where it forms the view that this represents an attractive financial investment relative to other opportunities and is appropriate for the delivery of value for shareholders while at same time retaining the financial capacity to invest in strategic growth opportunities. As noted above, the Group returned £155.7 million to shareholders through share buybacks during the year (2022: £135.0 million) and £290.8 million in the two years to the end of 2023.

Implementing Our Sustainability Strategy

Sustainability is at the core of how we conduct business and we took a number of major steps in implementing our sustainability strategy during 2023. Given the strategic importance of sustainability to our businesses, we established an Executive Sustainability Committee chaired by our Group CEO and whose membership includes the Group CFO, Group Head of Sustainability and the CEOs of our largest businesses. The purpose of the Committee is to develop and implement the Group's sustainability strategy subject to approval and ultimate oversight by the Board. It will also ensure that sustainability considerations are appropriately embedded into the wider business strategy and commercial decision-making process.

In preparation for the new EU Corporate Sustainability Reporting Directive ("CSRD"), we completed a Double Materiality Exercise and undertook extensive stakeholder engagement as part of the process. Stakeholder engagement is a central part of our preparation for the implementation of the CSRD and included reaching out to major shareholders as part of the consultation process. This engagement contributed to our 'double materiality' assessment which looks at sustainability issues through two lenses, the impact that a business has on society and the environment as well as the financial impact an issue may have on the business's performance. It also helped inform the future development of our ESG strategy and reporting plans.

Grafton is committed to delivering net zero no later than the end of 2050. We take our climate change responsibilities very seriously. We completed the calculation of Scope 3 emissions and submitted net zero targets to the Science Based Targets Initiative ("SBTi") for validation prior to the year-end which was one year ahead of our target date. This was a clear priority for the stakeholders that we engaged with during the year.

Scope 3 Greenhouse Gas ("GHG") emissions are estimated to account for 98 per cent of the Group's total GHG emissions and one of the Group's areas of focus is on achieving targeted reductions in GHG emissions by working increasingly more closely with manufacturers, suppliers and other stakeholders who have committed to set GHG emissions reduction targets through SBTi. We developed a transition plan that shows how these targets will be achieved, how progress will be monitored and the estimated financial impact of implementation.

Today we are publishing an assessment and update on our 2023 sustainability performance which is integrated within our 2023 Annual Report and Accounts. This covers five priority areas to build a more sustainable future being: Planet, Customer & Product, People, Community and Ethics. While there is still much to do, our overall Group and individual businesses have demonstrated very strong progress during 2023 as shown below:

Planet

- Achieved a 12.2 per cent reduction in Scope 1 and 2 tCO_2e per £'million of revenue. This was equivalent to an 11.5 per cent reduction in absolute emissions.
- Achieved a 98 per cent diversion of operational waste from landfill.
- Continued investment in building energy management systems and solar PV and alternative fuels to drive reductions in energy usage and our Scope 1 and 2 GHG.
- Calculated Scope 3 GHG emissions and submitted net zero targets for validation.

Customer & Product

- Hire, refurbishment and recycling offerings are available in a number of our businesses.
- Responsible timber sourcing is an important area of focus for our distribution businesses and we began to further strengthen our due diligence to meet forthcoming European legislation.

People

- Our Diversity and inclusion working groups continued to support our businesses to encourage an inclusive culture that promotes diversity. Whilst the overall number of females across the Group declined slightly year on year, we are delighted that five of our businesses, CPI Euromix, TG Lynes, MacBlair, IKH and Isero, increased their gender diversity in 2023.
- Woodie's was one of only three organisations to be listed as a Best Workplace for Women for five consecutive years in Ireland. CPI EuroMix became a platinum member of Women into Construction and Chadwicks achieved silver status in Diversity from the Irish Centre for Diversity.
- Our conviction that 'there is nothing we do that is so urgent we cannot do it safely' drove our health and safety programme across the Group. All businesses have maintained their focus on reducing risk across all operations from supplier deliveries through store operations to ultimate delivery to customers which resulted in a further seven per cent reduction in the Lost Time Injury Frequency Rate against 2022 and a 20 per cent overall reduction against the base year of 2018.

Community

- Grafton invested £830,000 in its communities through cash contributions, volunteering and in-kind products and services which was in line with our commitment to spend 0.4 per cent of our operating profit on good causes. In addition, £780,000 was raised through colleague and customer fundraising. The Group's commitment to community investment will increase to 0.6 per cent of operating profit in 2024.

Ethics

- A strong focus was placed on ethical business training programmes and there was 86 per cent compliance with the business conduct and ethics programme.
- A new information security training and awareness programme was launched across the Group during the year. By the year end, 78 per cent of Group colleagues had completed IT and cybersecurity training.
- The Group's businesses continued to embed a supply chain management system in partnership with an expert risk management company and the supplier response rate increased to 81 per cent from 67 per cent in the prior year.

Grafton's sustainability agenda is focused on those areas that are most material to the business and deliver tangible results and outcomes that will make a real difference to all its stakeholders. The Group's sustainability programme also informs capital allocation and day to day operational decisions and recognises the positive connection between sustainable business practices and financial performance.

Current Trading & Outlook

While trading conditions are expected to remain challenging during 2024, the backdrop has improved with inflation easing and markets starting to anticipate interest rate reductions that will ease pressure on mortgage holders and improve affordability. In recent months income growth has outpaced the rise in inflation in tight labour markets and households have seen a real increase in disposable incomes.

While we remain cautious about the near-term prospects for our markets, we are confident that the commitment and hard work of our 9,000 colleagues and the agility and resolve of our management teams in our market leading brands will continue to deliver a strong proposition for our customers.

Demand fundamentals in the Group's markets are underpinned by an under supply of new homes to meet demand over a prolonged period and an aging housing stock requiring investment to upgrade including energy conservation measures.

Grafton has a portfolio of cash generative businesses and exited 2023 in an excellent financial position that provides a strong platform for the future growth and development of our Group.

Whilst uncertainties remain in the short term, we are confident that Grafton is exceptionally well positioned to benefit as the cycle turns, markets normalise and consumer confidence improves.

In Ireland, the economy is now entering a period of more moderate growth as the pace of job creation slows and investment eases. We expect resilient demand in the residential RMI and DIY markets. House completions should continue to increase on the back of strong underlying demand and the allocation of €5.1 billion by the Government of Ireland to investment in housing.

In the UK, while we remain cautious on the near-term outlook for discretionary spending on home improvements by households there are signs that consumer confidence is improving with inflation falling, real take home pay rising and the housing market starting to recover on the prospect of interest rates being cut. The rise in interest rates has made new homes less affordable for many households and we expect housing supply and the build-out rate of new developments to slow in response to the fall experienced last year in reservation rates.

In the Netherlands, declining inflation and strong growth in real incomes is expected to support household spending. There are some early indications that the downturn in the housing market has bottomed out and that transactions for existing and new homes should start to increase.

In Finland, the economy is in a mild recession and the recovery is expected to be slow. Residential and non-residential construction is expected to decline further in the near term.

Taking the individual markets into account, we currently expect overall like-for-like revenue for the financial year to be relatively flat, with the first half activity levels likely to be weaker than the prior year comparator but with more reasons for optimism that we could start to see signs of improvement emerge in the second half. As with the last financial year, operating profit will face the headwind of operating cost inflation, largely attributable to the impact of statutory employment cost increases and collective labour agreements. The Group will remain focused on operating as efficiently as possible without compromising its market leading customer propositions or the longer terms prospects of its brands.

Group average daily like-for-like revenue in the period from 1 January 2024 to 29 February was 5.3 per cent lower than the same period last year. Average daily like-for-like revenue in the UK Distribution business was 9.0 per cent down on the prior year. There was a reduction of 1.0 per cent in the Distribution business in Ireland, 2.2 per cent in the Netherlands and 10.7 per cent in Finland. Retailing average daily like-for-like revenue grew by 4.2 per cent while Manufacturing was down by 22.6 per cent.

Price deflation and wet weather, particularly in the UK, contributed to weaker than anticipated revenue in January and February. Woodie's had a good start to the year with consumer spending in Ireland showing resilience. Profitability in the first two months was in line with our expectations.

We will continue to allocate organic development capital as required to ensure that the Group's brands continue to support their customers and strengthen their market positions. In parallel, we will continue to evaluate and progress possible acquisition opportunities and engage with potential vendors in our chosen market segments across Europe.

Operating Review

The Distribution businesses in the UK, Ireland, the Netherlands and Finland contributed 83.7 per cent of Group revenue (2022: 84.2 per cent), Retailing 11.1 per cent (2022: 10.6 per cent) and Manufacturing 5.2 per cent (2022: 5.2 per cent).

Distribution Segment **(83.7% of Group Revenue, 2022: 84.2%)**

	2023	2022	
	£'m	£'m	Change*
Revenue	1,940.4	1,936.8	0.2%
Adjusted operating profit before property profit	155.8	210.3	(25.9%)
Adjusted operating profit margin before property profit	8.0%	10.9%	(290bps)
Adjusted operating profit	157.1	235.6	(33.4%)
Adjusted operating profit margin	8.1%	12.2%	(410bps)

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

Ireland Distribution generated 27.2 per cent (2022: 26.9 per cent) of Group revenue, UK Distribution 35.3 per cent (2022: 36.5 per cent), Netherlands Distribution 15.2 per cent (2022: 14.6 per cent) and Finland Distribution 6.0 per cent (2022: 6.2 per cent).

Ireland Distribution **(27.2% of Group Revenue, 2022: 26.9%)**

	2023	2022		Constant Currency
	£'m	£'m	Change*	Change*
Revenue	631.0	618.3	2.1%	0.1%
Adjusted operating profit before property profit	60.9	70.5	(13.5%)	(14.8%)
Adjusted operating profit margin before property profit	9.7%	11.4%	(170bps)	-
Adjusted operating profit	61.7	71.5	(13.6%)	(10.2%)
Adjusted operating profit margin	9.8%	11.6%	(180bps)	-

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

Chadwicks responded well to evolving market conditions and contended with significant steel and timber price deflation, competitive pricing pressure in flat markets and pressure on costs to report a solid set of results. The decline in operating profit occurred in the first half and the business operated in line with the prior year in the second half.

A decline in average daily like-for-like revenue of 1.2 per cent was concentrated in the first half with trading in that period impacted by a dampening in demand for materials used in residential RMI projects in a tight market for skilled labour and by significant timber and steel price deflation. We had anticipated some moderation in spending on home improvement projects as households cut back on discretionary spending on the home due to cost-of-living pressures and a preference for spending more on leisure activities and experiences.
While the rise in interest rates exerted some downward pressure on activity in the housing market, underlying demand was strong.

There was a resumption of growth in average daily like-for-like revenue in the second half against the backdrop of firmer demand in the residential RMI and new build markets and Chadwicks benefitted from an improving trend in activity in the run-up to the year end. Chadwicks was well-positioned to leverage its distinctive brand and market leadership position to capitalise on growth opportunities in a relatively flat market.

Downward pricing pressure on steel, which contributed 9.6 per cent (2022: 11.5 per cent) of revenue, continued through the year with the price of reinforced steel and steel mesh, products that are used in a wide range of construction applications, falling by 30 per cent. Demand for steel was down across construction and other sectors internationally with overcapacity in international mills and destocking by distributors also contributing to the decline in prices. There was also a post-pandemic normalisation of prices for timber and engineered wood products used in construction and RMI projects as prices fell from record levels due to weaker demand in Europe. Price deflation averaged 18 per cent on steel and 14 per cent on timber.

The fall in steel and timber prices reduced revenue and gross profit. In addition, the gross margin on steel fell as inventory levels procured at higher prices were run-down. The decline in gross profit on steel was £7.0 million (€8.0 million). Lower volumes led to intense competitive pressure that delayed the recovery of price increases in certain product categories. The combined effect of steel and timber price deflation and inflation in other product categories reduced average selling prices by 1.75 per cent.

Overheads were very tightly controlled despite inflationary pressures which decelerated over the course of the year. Payroll growth picked up in response to inflation and tight labour markets and Chadwicks invested to support colleagues and ease pressure on their finances from cost-of-living increases. Chadwicks has a workforce of experienced, committed and dedicated colleagues and the strength of their engagement was recognised with a ranking of 23rd in the Great Place to Work Best Workplaces survey of large organisations in Ireland. Growth in overheads was partly offset by the successful recovery of bad debts written-off in prior years.

Housing demand was estimated at 35,000 to 40,000 units between 2017 and 2021 although completions were only half that level which created an annual shortfall of circa 20,000 units. The shortfall between supply and demand narrowed significantly with the construction of 29,700 units in 2022 and 32,695 units in 2023, an increase of 10 per cent. Demographic trends indicate annual demand of at least 30,000 units although a much higher level of supply is required to address the pent-up demand that developed over more than a decade.

Housing scheme developments, the primary segment of the new build market supplied by Chadwicks, accounted for 47.4 per cent of units completed in Ireland in the year. The number of units completed increased by 2.4 per cent. Single home completions, a core market for Chadwicks provincial branches, rose by 0.9 per cent to 5,548 units. The number of apartments completed in 2023 grew by 28.0 per cent to 11,642 units. Dublin accounted for 38.6 per cent (12,634) of units completed nationally of which 71.9 per cent (9,081) were apartments. In view of the nature of the physical structure and materials used in construction, apartments generate a much smaller proportion of materials through Chadwicks and other general distributors than other forms of residential construction.

Forward indicators of new housing supply gained momentum in the second half and were running at 31,000 units in the year to October 2023 while the number of units granted planning consent increased by 13 per cent in the nine months to September 2023. A shortage of skilled labour, increased building materials costs, delays securing planning consents, higher interest rates and the availability of funding to developers and mortgages to households pose ongoing challenges to increasing the level of housing supply to meet ongoing and latent demand.

In September, Chadwicks partnered with YourRetrofit.ie to help homeowners navigate the challenges of retrofitting their homes. This platform provides households with tailored advice on home upgrade options that match their budgets including estimates of project materials supplied by Chadwicks and grants available. These energy efficient projects typically cover attic insulation, energy efficient lighting, external wall insulation heat pumps and solar panels.

Sitetech, the market leading distributor of construction accessories acquired at the end of February 2022, outperformed the pre-acquisition investment case in its first full year under Chadwicks' ownership. The acquisition of Rooney's, a distributor of building materials and DIY products from a single location in Kells, County Meath, was completed at the end of October following approval of the transaction by the Competition and Consumer Protection Commission.

Chadwicks strengthened its national distribution network and market leading position with the reopening of a larger branch at East Wall Road to support existing and planned housing and commercial and civils projects in Dublin city centre and the Docklands area. Upgrades were completed to the Kilkenny, Clonmel, Dundalk, Waterford, Wexford, Mallow and Robinhood Road branches.

Chadwicks' on-line platform was upgraded to improve the service offering to customers through a market leading self-service and account management portal that incorporates a full transaction history, invoice payment and querying, viewing and downloading of statements, invoices and proof of delivery together with account management tools including credit limit and account ageing review. We introduced a software solution to digitise our steel cut and bend production. This solution digitises the process from order receipt to production and invoice generation. It provides greater visibility on production across our six facilities nationwide and ensures that customers receive the necessary certification with their deliveries. We also improved our business intelligence capabilities, enhanced data insights on the business and trialled a number of Artificial Intelligence initiatives.

Chadwicks is committed to being an industry leading distributor of sustainable building materials and to working with partners across the supply chain in supporting its customers to reduce carbon emissions by using the most environmentally efficient materials and products on the market. ECO Centres that promote sustainable building products including external wall and internal insulation, airtightness, ventilation systems, heat pumps and controls, solar energy and water-saving products have been rolled-out in 21 branches.

UK Distribution **(35.3% of Group Revenue, 2022: 36.5%)**

	2023	**2022**	
	£'m	**£'m**	**Change***
Revenue	818.1	838.6	(2.4%)
Adjusted operating profit before property profit	47.3	81.8	(42.3%)
Adjusted operating profit margin before property profit	5.8%	9.8%	(400bps)
Adjusted operating profit	47.7	106.2	(55.1%)
Adjusted operating profit margin	5.8%	12.7%	(690bps)

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

Average daily like-for-like revenue in the UK Distribution business was down by 3.2 per cent in the year. The rate of decline increased from 2.3 per cent in the first half to 4.1 per cent in the second half due to building materials price deflation.

Acquisitions and new branches contributed revenue of £10.3 million.

Gross margin was 160 basis points lower following significant investment in pricing to deliver even better value for customers on core ranges, maintain competitiveness and drive volume in a weak market. Changes in mix also contributed to the decline.

Adjusted operating profit before property profit declined to £47.3 million (2022: £81.8 million) and the adjusted operating profit margin, before property profit, was 400 basis points lower than last year reflecting the decline in like-for-like revenue, investment in pricing, mix changes and higher operating costs in a high inflation environment.

Selco Builders Warehouse

Selco is almost entirely exposed to the residential RMI market, a segment of the construction sector that has been hardest hit in a prolonged cyclical downturn that started in the first quarter of 2022.

Volumes continued to trend downward, but the rate of decline moderated from 6.0 per cent in the first half to 2.3 per cent in the second half and averaged 4.1 per cent for the year following a decline of 15.0 per cent in the prior year. The drop in first half volumes was reflected in a decline in average daily like-for-like revenue of 3.9 per cent and price inflation of 2.1 per cent. Second half average daily like-for-like revenue declined by 4.3 per cent and price deflation was 2.0 per cent. Average daily like-for-like revenue for the year was down by 4.1 per cent and inflation was relatively flat.

Building materials price deflation started to take hold in May and continued through to the year end. The key drivers of the decline were timber and sheet materials which accounted for 30 per cent of revenue. Average transaction values were lower driven by the fall in timber prices and changes in mix. The volume of building materials used in structural home improvement projects was materially lower and sales of landscaping materials were also down. The volume of energy saving insulation products was up and demand was firmer for bathrooms, kitchens and decorating materials.

The housing RMI market was vulnerable to cost-of-living pressures, the decline in real disposable incomes, interest rate rises and weakened sentiment which combined to lead households to cut back on discretionary spending on home improvements. The sharp increase in the price of building materials and labour increased project costs and reduced affordability for already stretched households. Households were also reluctant to invest in the home during a period of property price declines that saw prices 4.5 per cent lower in December 2023 than in the summer of 2022.

Property transactions in Great Britain were 19.0 per cent lower in 2023 than in 2022 and 31.0 per cent lower than in 2021, a year that saw a temporary spike due to the stamp duty holiday and delayed transactions from 2020 when the housing market was in lockdown. The fall in property transactions led to a decline in RMI activity as house buyers typically tend to undertake improvement projects within six months to a year of moving into a property. The decline in planning applications for extensions and loft conversions also pointed to reduced investment in the home and some planned home improvement projects were put on hold or completed in stages.

Volumes were under pressure and Selco responded by investing in price on core products in a very competitive market that had struggled to absorb the scale of price rises over the past two years. The pricing environment was made more challenging by price deflation on timber products, following price growth of 27 per cent in the prior year. Pricing also turned negative across other product categories that had experienced prior year growth of 16 per cent.

Selco maintained very tight cost discipline in an inflationary environment and contained growth in like-for-like overheads to a low single digit figure. Investment in payroll was a priority to support colleagues through the cost-of-living crises in a tight labour market. There were also cost pressures from five yearly rent reviews on a number of branch properties. Selco's operating model has a mainly fixed cost base and measures were implemented on a timely basis to align operating costs more closely with lower volumes. These measures contributed material savings to the cost base in the second half which mitigated some of the impact of the decline in volume and gross margin. There will be an incremental impact from these cost savings in the first half of 2024.

Operating profit and the operating profit margin were materially down on the prior year due mainly to the fall in volumes and decline in the gross margin from both investing in price in a competitive market and building materials price deflation. The impact of cost increases was less marked on the result for the year.

Selco operates from a network of well-invested and well-located branches that offer customers an attractive value and service proposition. Branches carry a broad range of best-in-class products that are in-stock and available when customers need them. The medium to longer-term fundamentals of the residential RMI market are underpinned by an aging housing stock and under-investment in recent years. Selco has the capacity and capability to increase volumes when the macro-economic conditions that have created the current cyclical downturn subside and the recovery takes hold.

Selco is engaged in an ongoing store upgrade programme that aims to deliver a better experience for customers and colleagues while ensuring that the overall estate is updated on a rolling basis and maintained to a good standard. Mini upgrades were completed on two branches during the year as part of this programme.

Branches that were opened in 2021 in Liverpool, Canning Town and Rochester and last year in Exeter and Cheltenham, continued to grow revenue in a more challenging market than contemplated at the planning stage. A new branch in Peterborough, Selco's first in Cambridgeshire, opened in April 2023 and increased the estate to 75 branches.

While we continue to progress the search for new branch locations, as previously noted, we reassessed plans for the rollout of new Selco stores and concluded that, subject to finding suitable properties in priority locations, an estate of approximately 90 stores was a realistic medium-term target. Our assessment was based on the near-term outlook for the UK economy and the impact of interest rate rises on the capacity of developers to fund new projects.

Selco successfully completed a major upgrade to its finance and operations ERP system following significant planning and preparatory work in the prior year and extensive testing and trialling of the new system before rollout commenced. The upgrade was successfully deployed across the entire branch network and Support Centre in Wythall, Birmingham. This modern software package has a high degree of “out of the box” functionality, offers ongoing version upgrades and provides greater operational flexibility and efficiency.

Selco completed a successful trial and commenced the rollout of retail floor planning software that provides data driven insights to optimise the use of floor space in branches, improve on-shelf availability and reduce inventory.

Prior to the year end, Selco launched a trial HSS Hire satellite tool and equipment hire service in four of its branches. This development complements Selco’s building materials distribution business by offering its trade customers a hire service, with good circular economy credentials, under one roof.

Earlier this year, Selco launched a trial of a Magnet kitchens showroom in three of its branches and plans to expand the concept if the pilot is successful. Trade customers will have access to more choice, an enhanced range of quality products and a full design and quote service supported by design specialists.

Brick matching implants were trialled in four branches to complement Selco’s brick matching service that helps customers to find the right size, shape, colour and brick strength for home extensions and renovation projects.

Selco continued its support for communities raising £200,000 for Cancer Research UK.

Selco has taken significant strides over recent years to reduce carbon emissions across the branch estate ranging from the introduction of LED light fittings to a new gas management system. Over 300,000 trees have been planted in Scotland and Wales including 45,000 this year under the “Selco Forest” initiative to sequester carbon from the Earth’s atmosphere. These trees will sequester 15,000 tonnes of carbon during their life cycle which is equivalent to carbon emissions on customer deliveries over a period of four years.

Selco extended a trial of solar panels on the roof of the Barking branch with the roll-out of this energy generation initiative in a further three branches. Meanwhile, the process to transition the entire fleet of over 300 forklift trucks to electric, as they come up for replacement, continued and by the year end 49 electric forklift trucks were operational and orders placed for a further 66.

Ten Compressed Natural Gas (CNG) vehicles are operational in the delivery hubs in London and Birmingham and Selco reduced carbon emissions by up to 90 per cent from switching part of its fleet to HVO (Hydrotreated Vegetable Oil) from fossil fuel. All delivery vehicles in the two delivery hubs in London and Birmingham are fuelled by either HVO or natural gas. An electric dropside van with a potential range of 230km is being trialled at the delivery hub in Birmingham.

Leyland SDM

Leyland SDM, one of the most recognisable decorating and DIY brands in Central London, performed well increasing operating profit for the year despite challenging trading conditions in the RMI market.

Average daily like-for-like revenue growth slowed from 15.5 per cent in the first half to 3.3 per cent in second half and increased by 9.0 per cent for the year driven by inflation and volume growth. The comparator performance showed growth of 2.0 per cent in the first half and 11.0 per cent in the second half as the business made post pandemic gains in the prior year following the return of workers and visitors to the City and pick-up in RMI activity. While the City continued to benefit from growth in international tourism and leisure activity, there were headwinds facing domestic spending in response to the cost-of-living squeeze and the rising cost of debt that were reflected in a contraction in average daily like-for-like revenue in the final months of the year.

Leyland SDM operates a unique portfolio of convenience-led, mainly high street stores that are situated in some of London's most prominent areas to support trade and retail customers who prioritise location, service, convenience and access to product knowledge and advice. We improved our category management, availability, ranging and merchandising as well as simplifying some of our operating procedures and augmenting others.

We invested in our people by increasing pay for frontline hourly paid colleagues to reward them for providing excellent everyday customer service. This investment was recognised in a significant improvement in colleague retention and engagement.

The operating and financial performance of Leyland SDM showed a marked improvement in the year and good foundations were laid on which to make further progress as trading conditions improve.

MacBlair

The MacBlair distribution business in Northern Ireland encountered difficult trading conditions and pressure on gross margins resulting in a sharp decline in operating profit.

Average daily like-for-like revenue was down by 6.3 per cent for the year. Revenue from house building declined sharply as interest rate rises reduced affordability and house builders scaled back output in response to weaker demand. Housing starts and completions in the province were down by 22 per cent in the nine months to the end of September. Housing RMI revenue was flat and volumes were lower reflecting a decline in housing transactions in Northern Ireland by 16.0 per cent for the second successive year. The commercial and civils segments, which account for one-fifth of revenue, showed modest growth. Competition was intense in quieter markets and there was downward pressure on gross margins in all end-markets.

MacBlair extended market coverage in the province with the acquisition in June 2023 of Clady Timber, a distributor of timber and building materials from a single branch in Portglenone, County Antrim. In July 2023, B. MacNamee, a distributor of building materials, timber, hardware, power tools, plumbing and electrical products from a single branch in Strabane, County Tyrone, was acquired, increasing the number of MacBlair branches to 23.

TG Lynes

The London based TG Lynes commercial pipes and fittings distribution business delivered an operating profit that was just slightly lower than the record prior year performance despite more challenging market conditions. This result continued a track record of market outperformance since it was acquired by Grafton in 2015.

Revenue growth was attributed to product price inflation as volumes were flat.

Demand from subcontractors to national housebuilders was softer, as anticipated, but non-residential new build projects with long lead times that account for a high proportion of revenue in the hotel, leisure, data centre, retail and office sectors held up. Public sector funded upgrades to schools, hospitals and universities were also resilient.

Netherlands Distribution **(15.2% of Group Revenue, 2022: 14.6%)**

	2023 £'m	2022 £'m	Change*	Constant Currency Change*
Revenue	351.5	336.7	4.4%	2.3%
Adjusted operating profit	33.4	37.6	(11.2%)	(13.2%)
Adjusted operating profit margin	9.5%	11.2%	(170bps)	-

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

The Isero ironmongery, tools and fixings distribution business delivered a solid performance in a market that softened as the year developed.

Isero performed strongly in the first quarter increasing average daily like-for-like revenue by 4.8 per cent despite a decline in existing housing transactions and slowdown in new home construction. Collected branch revenue increased as customers transferred from new build to repair and maintenance projects. Revenue from key account customers engaged on large commercial construction projects also grew. Average daily like-for-like revenue growth slowed to 2.6 per cent in the second quarter, a rate mainly driven by product price inflation.

Average daily like-for-like revenue growth slowed further in the third quarter with key account customers continuing to more than offset lower sales to smaller customers and timber factories. Average daily like-for-like revenue turned marginally negative in the final months of the year as the rate of materials price inflation eased considerably. Volumes were flat for the year and inflation was the primary driver of growth in average daily like-for-like revenue by 2.3 per cent.

Overall revenue growth in the year benefitted from increased volumes with new and established key account customers engaged on large commercial construction projects, including apartment building and the maintenance of public sector housing. Strong growth in project revenue was driven by the supply of large access control systems. Revenue was lower from the supply of hinges and locks to timber factories caused by the decline in house building but started to recover in the fourth quarter. Transaction numbers with smaller customers who are typically sole trader businesses engaged on housing RMI projects and other sectors of industry were weaker reflecting the pressure on household spending from higher interest rates and the downturn in the economy.

The gross margin was in line with the prior year in the first half but was slightly down for the year. The change in product mix and end-markets supplied, lower gains from tactical procurement as materials price inflation edged down and competitive pressure had an adverse effect on margins.

Operating costs, while tightly controlled, were pushed up by inflation related increases in employment and estate costs and energy costs were also higher. In a tight labour market, with the rate of unemployment running at less than four per cent and a high rate of inflation, payroll increases negotiated between employers' representatives and unions under collective labour agreements (CLA's) rose at the highest level in the Netherlands for over 40 years.

The drop-through effect of flat volumes, gross margin compression and higher operating costs reduced operating profit and the operating margin.

The Netherlands' economy contracted in each of the first three quarters of the year under the pressure of high interest rates and elevated inflation. Although consumer sentiment remained weak, inflation passed its peak and started to fall, while wage-growth remained high and house prices showed early signs of recovery. Real disposable incomes rose as pay increases outpaced inflation.

The number of transactions in existing homes declined for the third successive year with the number of homes for sale falling year on year in the fourth quarter by 26 per cent to 25,000 which compares to the long-term average of 73,000. The decline in transactions and tightness in the housing market was mainly due to a deterioration in affordability caused by the sharp rise in interest rates which saw sellers and buyers pull out of the market. Transactions in newly built homes dropped sharply as affordability was stretched by higher interest rates on mortgages. House builders responded to the fall in demand and low levels of pre-construction sales by delaying new phases of housing developments.

The five branch Regts business acquired in January 2022 continued to trade ahead of plan, building on the excellent progress made in the prior year. The branch in Zaandam, in the province of North Holland, that was opened in the first half of last year performed well and made good progress establishing a market position in the city. A second branch in the same province, in the city of Alkmaar, that was opened in May traded in line with plan and Isero ended the year trading from 124 branches.

Isero's sustainability journey focused on its commitment to a more circular economy that involves keeping products that it sells in use for as long as possible, minimising waste and promoting resource efficiency. Boxes were placed at branches to collect workwear and Personal Protective Equipment ("PPE") that is returned by customers and then reused in the manufacture of new products. A pilot scheme was launched in five branches to promote the return of old sanitaryware that is then refurbished by suppliers and resold. A new policy was introduced in early 2024 that will move all cars to EV or hybrid models and should significantly reduce vehicle emissions.

Finland Distribution **(6.0% of Group Revenue, 2022: 6.2%)**

	2023 £'m	2022 £'m	Change*	Constant Currency Change*
Revenue	139.8	143.2	(2.4%)	(4.2%)
Operating profit	14.2	20.3	(30.1%)	(31.4%)
Operating profit margin	10.2%	14.2%	(400bps)	-

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers.*

IKH is a leading distributor of workwear and PPE, tools and spare parts in Finland where its products are distributed through a network of independently operated IKH Partner stores, third party distributors and owned stores. These routes to market support customers operating in the construction, renovation, industrial, agricultural and spares end markets.

There was slight softening in demand across the Partner network and owned stores in the first half. Trading conditions became increasingly more challenging as the second half progressed and average daily like-for-like revenue was down by 5.6 per cent for the year.

Revenue was down across the Partner network, third-party distributors and owned stores in Finland driven by a decline in residential and non-residential construction. Revenue increased with Partner stores in Estonia and in Sweden where the business is in the early stages of building a network of Partner stores and distributors.

The Finnish economy was in a mild recession in 2023 as the rise in interest rates and weaker exports weighted on activity. Finish mortgages are mainly variable rate and the rise in rates had a material impact on servicing costs and the disposable incomes of 30 per cent of households who have a mortgage. Housing starts almost halved due to the fall in demand from owner occupiers and investors. Increased construction costs and a decline in prices in the secondary housing market affected the sale of new homes and housing starts. The volume of house completions was also lower but supported by the high level of starts in the prior year.

There was a modest decline in RMI activity which generates half of the volume of spending on residential activity. While strong underlying demand was underpinned by the condition of the housing stock and demand for energy upgrades, the uncertain economic outlook, pressure on disposable incomes from inflation and interest rate rises and increased cost of materials and labour led households to defer projects to upgrade their homes.

Despite the decline in project starts, non-residential construction held up well supported by public sector, commercial and industrial projects that were started in recent years. Overall construction output is estimated to have declined by circa 10 per cent.

The owned store that was opened in Rovaniemi, the capital city of Lapland in Northern Finland, started to grow market share in the city. IKH opened a store in Lielahti, a suburb of the city of Tampere, Southern Finland, in May 2023. In July 2023, IKH acquired a store from its former partner in Kouvolan, a city in southeastern Finland and since the year end has opened its 15th store in Roihupelto, a suburb of Helsinki which increases its own store network to four in the capital.

Retail Segment (11.1% of Group Revenue, 2022: 10.6%)

	2023 £'m	2022 £'m	Change*	Constant Currency Change*
Revenue	258.2	244.0	5.8%	3.9%
Operating profit	32.7	32.6	0.5%	(1.2%)
Operating profit margin	12.7%	13.3%	(60bps)	-

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

Woodie's market leading DIY, Home & Garden retail business in Ireland consolidated its market position with revenue growth of 3.9 per cent. This very solid trading performance was achieved despite the most challenging economic conditions encountered by customers for some time and reflected the unique heritage of the Woodie's brand in the retail market in Ireland. Woodie's continued to leverage its competitive advantage via its network of 35 stores nationally supported by committed colleagues, its on-line channel and high brand recognition that is synonymous with DIY, Home and Garden.

There was a recovery in confidence in Ireland following a marked weakening in the prior year, but consumers remained concerned about their financial circumstances and sentiment ended the year well below its long-term average. The improvement in sentiment from a low base was prompted by an easing of cost-of-living pressures and an expectation of lower inflation and interest rates.

Revenue growth of 6.3 per cent in the first half comprised a decline of 4.0 per cent in the first quarter because of weak demand for seasonal products caused by poor weather conditions and growth of 14.1 per cent in the second quarter as the weather improved leading to strong performance in May and June with growth led by demand for seasonal ranges. Trading patterns in the second half were mixed with weak demand for seasonal products in July and a strong performance in final months of the year.

The number of customer transactions increased by 1.3 per cent to over 8.5 million and the average transaction value by 2.6 per cent including category and product mix changes. The strongest performing categories were Decorative, DIY and Building Materials.

A fall in shipping and freight costs, a lower level of promotional activity and change in mix contributed to a recovery in gross margin while enabling Woodie's to deliver competitive prices and value for money.

Overheads although tightly controlled were higher. Woodie's recognised the role played by colleagues in the long-term success of the business and continued to invest in pay and achieved higher retention rates.

Woodie's digital revenue increased by 12.0 per cent to 3.6 per cent of total revenue as investment in digital technology created a more integrated on-line experience for customers. The journey for Woodie's customers is a blend of digital, using a web browser or mobile app, and the physical stores which are often interconnected through product and project research on-line and in-store or on-line transactions. A new Click & Collect In-Store app was launched for colleagues to create a seamless and fully integrated digital experience for picking and packing and in-store collection by customers. Woodie's continued to refine its on-line offering by rolling out click-and-collect hubs across the store network.

Woodie's colleagues continued to deliver for customers and each other and the business retained its Great Place to Work status for the eighth successive year with a ranking of 16th place in Ireland's Best Workplaces for large companies. Woodie's was ranked 37th among the Best Workplaces in Europe and was recognised as a Great Place to Work for Women in Ireland. Colleagues continued to complete a wide range of educational and skills programmes which are important to delivering a superior service and an exceptional shopping experience for customers.

Woodie's plays an active role in the communities where its stores are located and raised over €400,000 for four charities through its annual "Heroes" campaign. This was the 9th year of Woodie's "Heroes" which has raised well over €3 million to date for charities in Ireland.

Woodie's new "Larry the Ladder" summer TV and social media ad campaign that told the story of how borrowing a simple everyday household object can inspire people to extend an act of friendship to their neighbours captured the public imagination and received millions of views in Ireland.

Investment projects included the rollout across part of the network of steel canopy structures over outdoor garden centres to provide protection to customers and products from bad weather conditions, the trialling of a new Homeware and Homestyle concept in two stores that has received a favourable response from customers and a new store format upgrade to the Blanchardstown and Tallaght stores.

The phased rollout of a building management system contributed to a significant reduction in energy costs. This computer-based system monitors energy usage and provides valuable insights on optimising energy consumption in stores.

Following the successful trial of roof mounted solar panels at the Sallynoggin branch, Woodie's has signed an agreement to rollout solar panels at four more stores in a project that demonstrates its ongoing commitment to reducing carbon emissions by investing in lower cost renewable electricity.

Manufacturing Segment **(5.2% of Group Revenue, 2022: 5.2%)**

	2023 £'m	2022 £'m	Change*	Constant Currency Change*
Revenue	120.6	120.6	0.0%	(0.1%)
Operating profit	30.3	27.4	10.5%	10.5%
Operating profit margin	25.1%	22.7%	240bps	-

**Change represents the movement between 2023 v 2022 and is based on unrounded numbers*

CPI Mortars delivered a very good performance in a challenging market for house building. Revenue declined by 1.9 per cent in the ten manufacturing plants that supply dry mortar to national, regional and local house builders and plastering contractors in Great Britain.

The business improved its margins as it recovered the impact of the sharp rise in the cost of raw materials, labour, energy and fuel experienced in the prior year.

Despite the decline in volumes and cost pressures from higher energy, payroll and software maintenance costs, operating profit ended the year only marginally behind the outturn for the prior year.

Mortar volumes were flat in the first quarter and weakened slightly in the second quarter as house builders started to scale back activity. The rate of decline intensified over the second half with quarter three and quarter four volumes down by 15 per cent and 25 per cent respectively. Volumes declined by 20 per cent in the second half and by 10 per cent for the year. Multiple interest rate rises reduced affordability and led to a significant fall in demand for new houses particularly from first time buyers who were also impacted by expiry of the Help-to-Buy scheme in March 2023. Demand for new homes from existing homeowners was more resilient albeit lower in response to the re-pricing of mortgage products. While there are strong fundamentals underpinning demand for new homes, house builders responded to the industry wide downturn by reducing the volume of new homes constructed to align with the reduction in order books and reservation rates.

The number of silos on customers' sites declined in line with volumes from a record level in the prior year as housing starts slowed and the number of outlets operated by house builders reduced.

Packaged ready-to-use mortar products supplied to the residential RMI market for outdoor applications, that accounts for 10 per cent of revenue, were down by 31 per cent for the year. The rate of decline eased considerably in the seasonally quieter second half of the year.

A new integrated ERP solution that controls the entire business, has been successfully rolled out, replacing a legacy system. It is a comprehensive business management tool designed for a modern business and offers diverse functionality and more robust security.

StairBox, the on-line market leading manufacturer of bespoke staircases, experienced good demand from trade customers across Great Britain despite challenging trading conditions in the residential RMI market. A decline in full year volumes by four per cent reflected growth of three per cent in the first half and a deterioration in trading conditions in the second half leading to volume decline of 11 per cent. Revenue was unchanged and an increase in operating profit was supported by an improvement in the gross margin.

In December 2023, StairBox acquired Wooden Windows, a manufacturer of bespoke high performance timber windows and doors based in Stoke-on-Trent. Wooden Windows was formerly a sister company of StairBox and uses a similar dynamic software solution that allows customers to accurately design and price windows and doors on its website. It supplies trade customers operating in the residential RMI market across Great Britain and has a reputation for quality, value and exceptional customer service. This acquisition offers an opportunity to realise significant synergies across the enlarged business.

MFP, a Dublin based manufacturer of drainage, ducting and roofline systems that are distributed through Group companies and independent merchants to diverse end user markets of housing, renewable energy, data centres, transport and infrastructure, performed strongly with a doubling of operating profit. The result benefitted from raw materials procurement gains and the supply of ducting to infrastructure projects. The highly recognisable MFP brand became the first manufacturer in Ireland to achieve Kitemark certification of its electrical duct pipe range.

Financial Review

Revenue

Group revenue increased by 0.8 per cent to £2.32 billion from £2.30 billion in 2022.

Group revenue in the like-for-like business declined by 1.4 per cent (£32.3 million) on the prior year. The decline in average daily like-for-like revenue was 1.1 per cent.

Incremental revenue from the Sitetech, Woodfloor Warehouse and Regts acquisitions that were completed in January and February 2022 and the Clady Timber, B McNamee (Northern Ireland), Wooden Windows (England), Rooney's (Ireland) and Kouvolan (Finland) acquisitions that were completed during the year increased revenue by £11.3 million. The incremental effect of branches opened in the prior year and new branches opened during the year contributed revenue of £12.1 million.

Currency translation of revenue in the euro denominated businesses to sterling increased revenue by £26.6 million. The average Sterling/Euro rate of exchange for the year ended 31 December 2023 was Stg86.98p compared to Stg85.28p in the prior year.

Adjusted Operating Profit

Adjusted operating profit of £205.5 million was down from £285.9 million last year. The result for the year included property profit of £1.3 million (2022: £25.4 million).

Adjusted operating profit, before property profit, of £204.2 million was down from £260.5 million last year, a decline of 21.6 per cent. The adjusted operating profit margin, before property profit, declined by 250 basis points to 8.8 per cent from 11.3 per cent.

Net Finance Income and Expense

Net finance income was £0.4 million (2022: net expense of £12.6 million). Net finance income incorporates an interest charge of £15.6 million (2022: £14.9 million) on lease liabilities recognised under IFRS 16.

Interest income on cash deposits amounted to £24.2 million (2022: £8.7 million). The Group had cash resources of £583.9 million at the end of the year (31 December 2022: £711.7million). Returns on deposits and account balances were higher, reflecting the increase in the Bank of England base rate from 0.25 per cent at the start of 2022 to 5.25 per cent at the end of December 2023 (1 January 2023: 3.5 per cent).

The Group's gross debt is drawn in euros and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands and Finland. Interest payable on bank borrowings denominated in euros and US Private Placement Senior Unsecured Notes increased to £8.3 million (2022: £5.6 million). The increase was due to a lower interest rate payable in the prior year period on part of the bank debt borrowed under the ECB's Targeted Longer-Term Refinancing Operations which was repaid on 10 December 2022. The interest rate payable on bank debt also increased following increases by the European Central Bank to its refinancing rate from zero per cent in January 2022 to 4.5 per cent on 31 December 2023.

Net finance income included a foreign exchange translation gain of £0.5 million which compares to a loss of £0.7 million in the prior year. The net finance cost on pension scheme obligations was £0.4 million (2022: £0.1 million).

Taxation

The income tax expense of £34.8 million (2022: £43.1 million) is equivalent to an effective tax rate of 19.0 per cent of profit before tax (2022: 17.1 per cent). This is a blended rate of corporation tax on profits in the four countries where the Group operates. The increase in the effective rate reflected an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 from the 19 per cent rate that prevailed prior to that date. It is anticipated that the Group's effective rate of corporation tax will increase to 21.0 per cent in 2024.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates.

Cashflow

Cash generated from operations for the year of £334.3 million (2022: £278.8 million) was very strong and benefitted from a reduction in working capital by £29.5 million that reversed part of the increase in working capital of £71.3 million in the prior year.

Interest paid amounted to £23.1 million (2022: £21.9 million) which included interest of £15.6 million on IFRS 16 lease liabilities (2022: £14.9 million). Taxation paid was £38.4 million (2022: £39.5 million). Net interest received was £1.1 million (2022: net interest paid of £13.2 million). Cashflow from operations after net interest received and taxation was £297.0 million (2022: £226.0 million).

The cash outflow on the dividend payment was £72.6 million (2022: £73.9 million) and £155.7 million (2022: £135.0 million) was spent on the buyback of shares. The total cash outflow on the dividend payment and buyback of shares was £228.3 million (2022: £208.9 million), excluding transaction costs.

Capital Expenditure and Investment in Intangible Assets

We continued to maintain appropriate control over capital expenditure which amounted to £48.8 million (2022: £55.3 million). There was also expenditure of £4.0 million (2022: £2.5 million) on software that is classified as intangible assets.

Asset replacement capital expenditure of £27.4 million (2022: £33.2 million) compares to the depreciation charge (before IFRS 16) of £39.0 million (2022: £34.25 million) on property, plant and equipment ("PPE") and related principally to the replacement of plant and machinery, plant and tools for hire by customers, IT hardware and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £21.4 million (2022: £22.1 million) on a range of developments including new branches in Chadwicks, Selco, Leyland, Isero and IKH, branch upgrades in Chadwicks, Selco, Woodie's and Isero and investment in IT hardware.

The proceeds received from the disposal of PPE and properties held for sale was £3.6 million (2022: £28.5 million including investment properties). The amount spent on capital expenditure and software development net of the proceeds received on asset disposals was £49.1 million.

Pensions

The Group operates four legacy defined benefit schemes (one in the UK and three in Ireland), all of which are closed to future accrual. These schemes had an accounting deficit of £5.8 million at the year-end which was down by £4.7 million from a deficit of £10.5 million on 31 December 2022.

Changes to financial assumptions increased scheme liabilities by £7.4 million reflecting the net impact from the decrease in discount rates and gain from the fall in inflation expectations. Changes in demographic assumptions decreased scheme liabilities by £4.5 million and experience variations increased liabilities by £1.0 million.

The decrease in discount rates used to discount scheme liabilities moved in line with the decline in corporate bond rates. The rate used to discount UK liabilities declined by 30 basis points to 4.50 per cent and the rate used to discount Irish liabilities fell by 55 basis points to 3.15 per cent.

Inflation rates increased over the past year and this impacted the value of liabilities as future benefit payments are directly or indirectly linked to future rates of inflation. In the UK scheme, inflation in the period up to and after retirement increases the projected growth in benefits. In Ireland, pensions are fixed at the date members retire and inflation only increases liabilities up to that date.

The average value of opening and closing plan assets was £193.7 million (2022: £238.0 million). The return on plan assets was £14.4 million (£13.1 million after deducting the effect of the buy-in referred to below). (2022: loss of £93.3 million due to the fall in the values of liability driven investments, bonds and equities that was almost matched by the reduction in liabilities).

The deficit on the UK scheme increased marginally from £14.2 million to £14.6 million. The surplus for the three Irish schemes increased from £4.6 million to £9.5 million over the year.

In December 2023, the Trustees of the three Irish defined benefit pension schemes purchased annuities from one of Ireland's leading life insurance companies to match the benefits being paid to existing pensioners. Under these contracts the insurer will reimburse the schemes for payments to these pensioners into the future. These insurance contracts are held by the trustees of the three schemes and represent assets of the schemes. This transaction has reduced the Company's exposure to pension risk by removing the longevity and investment risk associated with this portion of the Company's Defined Benefit liabilities. In future years' reporting, the value of the liabilities relating to these pensioners will exactly match the value of the associated annuity contracts. The cost of purchasing the annuities was €44.7 million. This compares to the value of the pensions on the transaction date of €43.3 million, determined in accordance with the IAS19 accounting standard. The difference between these two values has been allowed for in the Remeasurement item relating to the "Return on assets excluding interest income".

There was a scheme deficit of £0.8 million (31 December 2022: £0.8 million) related to the Netherlands business.

Net Cash/Debt

Net debt (including lease obligations) at 31 December 2023 was £49.3 million which compares to net cash of £8.9 million at 31 December 2022.

The Group's net cash position before recognising lease liabilities was £379.7 million, down from £458.2 million at 31 December 2022.

The Group's policy is to maintain its investment grade credit rating while investing in organic developments and acquisition opportunities.

Liquidity

Grafton was in a very strong financial position at the end of the year with excellent liquidity, significant net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £849.6 million at 31 December 2023 (31 December 2022: £934.6 million). As shown in the analysis of liquidity on page 50, accessible cash amounted to £579.9 million (31 December 2022: £707.7 million) and there were undrawn revolving bank facilities of £269.7 million (31 December 2022: £226.9 million).

The Group had bilateral loan facilities of £336.9 million at 31 December 2023 (31 December 2022: £340.7 million) with four relationship banks and debt obligations of £139.1 million (31 December 2022: £141.9 million) from the issue of unsecured senior notes in the US Private Placement market.

The revolving loan facilities of £336.9 million with four established relationship banks were put in place in 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of Grafton and the four banks. The first one-year extension was agreed and exercised during the year and these facilities are now repayable in August 2028. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The average maturity of the committed bank facilities and unsecured senior notes was 4.9 years at 31 December 2023.

The Group's key financing objective continues to be to ensure that it has the necessary liquidity and resources to support the short, medium and long-term funding requirements of the business. These resources, together with strong cash flow from operations, provide good liquidity and the capacity to fund investment in working capital, routine capital expenditure and development activity including acquisitions.

The Group's gross debt is drawn in euros and provides a partial hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands and Finland.

Shareholders' Equity

Shareholders' equity declined by £89.8 million to £1.66 billion at 31 December 2023 from £1.75 billion at 31 December 2022. Profit after tax increased shareholders' equity by £148.7 million. There was a loss of £12.2 million on retranslation of euro denominated net assets to sterling at the period end rate of exchange. Shareholders' equity was reduced for dividends paid of £72.6 million and by £159.5 million for the buyback of shares. Other changes increased equity by £5.7 million.

Return on Capital Employed

Return on Capital Employed in continuing operations declined by 530 basis points to 11.9 per cent (2022: 17.2 per cent) including leased assets.

Principal Risks and Uncertainties

The principal risks affecting the Group are set out on pages 68 to 75 of the 2023 Annual Report and Accounts.

Grafton Group plc
Group Condensed Income Statement
For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	2	**2,319,242**	2,301,482
Operating costs		**(2,137,414)**	(2,062,597)
Property profits	3	**1,261**	25,381
Operating profit		**183,089**	264,266
Finance expense	4	**(24,292)**	(21,273)
Finance income	4	**24,715**	8,690
Profit before tax		**183,512**	251,683
Income tax expense	17	**(34,789)**	(43,065)
Profit after tax for the financial year		**148,723**	208,618
Profit attributable to:			
Owners of the Company		**148,723**	208,618
Earnings per ordinary share - basic	5	**69.6p**	89.3p
Earnings per ordinary share - diluted	5	**69.6p**	89.2p

Group Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Profit after tax for the financial year		**148,723**	208,618
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
- on foreign currency net investments		**(12,210)**	30,741
Fair value movement on cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		**31**	(29)
		(12,179)	30,712
Items that will not be reclassified to the income statement			
Remeasurement gain/(loss) on Group defined benefit pension schemes	15	**1,320**	(5,040)
Deferred tax on Group defined benefit pension schemes		**(3)**	2,558
		1,317	(2,482)
Total other comprehensive (expense)/income		**(10,862)**	28,230
Total comprehensive income for the financial year		**137,861**	236,848
Total comprehensive income attributable to:			
Owners of the Company		**137,861**	236,848
Total comprehensive income for the financial year		**137,861**	236,848

Grafton Group plc - Group Balance Sheet as at 31 December 2023

	Notes	31 Dec 2023 £'000	31 Dec 2022 £'000
ASSETS			
Non-current assets			
Goodwill	8	**645,062**	635,751
Intangible assets	9	**138,901**	153,712
Property, plant and equipment	10	**367,266**	354,402
Right-of-use asset	11	**401,298**	420,115
Investment properties	10	**24,609**	26,084
Deferred tax assets	17	**6,665**	8,063
Lease receivable		**264**	453
Retirement benefit assets	15	**9,536**	4,584
Other financial assets		**127**	129
Total non-current assets		**1,593,728**	1,603,293
Current assets			
Properties held for sale	10	**4,291**	4,364
Inventories	12	**361,598**	399,565
Trade and other receivables	12	**262,763**	267,694
Lease receivable		**195**	196
Fixed term cash deposits	13	**200,000**	-
Cash and cash equivalents	13	**383,939**	711,721
Total current assets		**1,212,786**	1,383,540
Total assets		**2,806,514**	2,986,833
EQUITY			
Equity share capital		**7,094**	7,870
Share premium account		**223,861**	221,975
Capital redemption reserve		**2,195**	1,389
Revaluation reserve		**12,186**	12,375
Shares to be issued reserve		**6,562**	8,647
Cash flow hedge reserve		**(6)**	(37)
Foreign currency translation reserve		**75,282**	87,492
Retained earnings		**1,332,992**	1,411,053
Treasury shares held		**(4,365)**	(5,185)
Equity attributable to owners of the Parent		**1,655,801**	1,745,579
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	13	**204,219**	253,502
Lease liabilities	13	**364,090**	389,198
Provisions		**13,851**	15,189
Retirement benefit obligations	15	**15,363**	15,068
Deferred tax liabilities	17	**60,234**	61,011
Total non-current liabilities		**657,757**	733,968
Current liabilities			
Lease liabilities	13	**64,888**	60,105
Derivative financial instruments	13	**5**	29
Trade and other payables	12	**405,141**	420,653
Current income tax liabilities		**17,541**	20,595
Provisions		**5,381**	5,904
Total current liabilities		**492,956**	507,286
Total liabilities		**1,150,713**	1,241,254
Total equity and liabilities		**2,806,514**	2,986,833

Grafton Group plc - Group Cash Flow Statement

For the year ended 31 December 2023	Notes	31 Dec 2023 £'000	31 Dec 2022 £'000
Profit before taxation		**183,512**	251,683
Finance income	4	**(24,715)**	(8,690)
Finance expense	4	**24,292**	21,273
Operating profit		**183,089**	264,266
Depreciation	10,11	**104,700**	94,313
Amortisation of intangible assets	9	**21,287**	20,295
Share-based payments charge		**2,127**	4,719
Movement in provisions		**(1,523)**	(1,316)
Profit on sale of property, plant and equipment		**(475)**	(248)
Property profits		**(861)**	(20,383)
Fair value gains recognised as property profits		**-**	(4,998)
Loss/(gain) on derecognition of leases		**234**	(475)
Contributions to pension schemes in excess of IAS 19 charge		**(3,826)**	(6,150)
Decrease/(increase) in working capital	12	**29,529**	(71,273)
Cash generated from operations		**334,281**	278,750
Interest paid		**(23,073)**	(21,879)
Income taxes paid		**(38,391)**	(39,529)
Cash flows from operating activities		**272,817**	217,342
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		**1,429**	845
Proceeds from sale of properties held for sale		**2,209**	4,238
Proceeds from sale of investment properties		**-**	23,463
Maturity of fixed term cash deposits	13	**350,000**	-
Interest received		**24,199**	8,690
		377,837	37,236
Outflows			
Acquisition of subsidiary undertakings (net of cash acquired)	16	**(27,908)**	(45,978)
Purchase of fixed term cash deposits	13	**(550,000)**	-
Deferred acquisition consideration paid	12	**(2,586)**	(4,000)
Investment in intangible assets – computer software	9	**(3,963)**	(2,522)
Purchase of property, plant and equipment	10	**(48,816)**	(55,318)
		(633,273)	(107,818)
Cash flows from investing activities		**(255,436)**	(70,582)
Financing activities			
Inflows			
Proceeds from the issue of share capital		**1,916**	2,574
Proceeds from borrowings		**-**	141,722
		1,916	144,296
Outflows			
Repayment of borrowings		**(44,494)**	(158,909)
Dividends paid	6	**(72,569)**	(73,868)
Treasury shares purchased (share buyback)	20	**(159,458)**	(142,981)
Payment on lease liabilities		**(67,680)**	(58,078)
		(344,201)	(433,836)
Cash flows from financing activities		**(342,285)**	(289,540)
Net (decrease) in cash and cash equivalents		**(324,904)**	(142,780)
Cash and cash equivalents at 1 January		**711,721**	844,663
Effect of exchange rate fluctuations on cash held		**(2,878)**	9,838
Cash and cash equivalents at the end of the year		**383,939**	711,721

Grafton Group plc
Group Statement of Changes in Equity

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2023										
At 1 January 2023	**7,870**	**221,975**	**1,389**	**12,375**	**8,647**	**(37)**	**87,492**	**1,411,053**	**(5,185)**	**1,745,579**
Profit after tax for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**148,723**	**-**	**148,723**
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,317**	**-**	**1,317**
Movement in cash flow hedge reserve (net of tax)	**-**	**-**	**-**	**-**	**-**	**31**	**-**	**-**	**-**	**31**
Currency translation effect on foreign currency net investments	**-**	**-**	**-**	**-**	**-**	**-**	**(12,210)**	**-**	**-**	**(12,210)**
Total other comprehensive expense	**-**	**-**	**-**	**-**	**-**	**31**	**(12,210)**	**1,317**	**-**	**(10,862)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**31**	**(12,210)**	**150,040**	**-**	**137,861**
Transactions with owners of the Company recognised directly in equity										
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(72,569)**	**-**	**(72,569)**
Issue of Grafton Units	**30**	**1,886**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,916**
Purchase of treasury shares (Note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(159,458)**	**(159,458)**
Cancellation of treasury shares (Note 20)	**(806)**	**-**	**806**	**-**	**-**	**-**	**-**	**(159,591)**	**159,591**	**-**
Transfer from treasury shares (Note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(687)**	**687**	**-**
Share-based payments charge	**-**	**-**	**-**	**-**	**2,127**	**-**	**-**	**-**	**-**	**2,127**
Tax on share-based payments	**-**	**-**	**-**	**-**	**345**	**-**	**-**	**-**	**-**	**345**
Transfer from shares to be issued reserve	**-**	**-**	**-**	**-**	**(4,557)**	**-**	**-**	**4,557**	**-**	**-**
Transfer from revaluation reserve	**-**	**-**	**-**	**(189)**	**-**	**-**	**-**	**189**	**-**	**-**
	(776)	**1,886**	**806**	**(189)**	**(2,085)**	**-**	**-**	**(228,101)**	**820**	**(227,639)**
At 31 December 2023	**7,094**	**223,861**	**2,195**	**12,186**	**6,562**	**(6)**	**75,282**	**1,332,992**	**(4,365)**	**1,655,801**

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2022										
At 1 January 2022	8,570	219,447	643	12,519	11,837	(8)	56,751	1,413,737	(3,897)	1,719,599
Profit after tax for the financial year	-	-	-	-	-	-	-	208,618	-	208,618
Total other comprehensive income										
Remeasurement (loss) on pensions (net of tax)	-	-	-	-	-	-	-	(2,482)	-	(2,482)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	(29)	-	-	-	(29)
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	30,741	-	-	30,741
Total other comprehensive expense	-	-	-	-	-	(29)	30,741	(2,482)	-	28,230
Total comprehensive income	-	-	-	-	-	(29)	30,741	206,136	-	236,848
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(73,868)	-	(73,868)
Issue of Grafton Units	46	2,528	-	-	-	-	-	-	-	2,574
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(142,981)	(142,981)
Cancellation of treasury shares (Note 20)	(746)	-	746	-	-	-	-	(141,693)	141,693	-
Share-based payments charge	-	-	-	-	4,719	-	-	-	-	4,719
Tax on share-based payments	-	-	-	-	(1,312)	-	-	-	-	(1,312)
Transfer from shares to be issued reserve	-	-	-	-	(6,597)	-	-	6,597	-	-
Transfer from revaluation reserve	-	-	-	(144)	-	-	-	144	-	-
	(700)	2,528	746	(144)	(3,190)	-	-	(208,820)	(1,288)	(210,868)
At 31 December 2022	7,870	221,975	1,389	12,375	8,647	(37)	87,492	1,411,053	(5,185)	1,745,579

Grafton Group plc
Notes to Final Results for the year ended 31 December 2023

1. General Information

Grafton Group plc ("Grafton" or "the Group") is an international distributor of building materials to trade customers who are primarily engaged in residential repair, maintenance and improvement projects and house building.

The Group has leading regional or national market positions in the distribution markets in the UK, Ireland, the Netherlands and Finland. Grafton is also the market leader in the DIY retailing market in Ireland and is the largest manufacturer of dry mortar in Great Britain where it also operates a staircase manufacturing business.

The Group's origins are in Ireland where it is headquartered, managed and controlled. It has been a publicly quoted company since 1965 and its Units (shares) are quoted on the London Stock Exchange where it is a constituent of the FTSE 250 Index and the FTSE All-Share Index.

Basis of Preparation, Accounting Policies and Estimates

(a) Basis of Preparation and Accounting Policies

The financial information presented in this Final Results Announcement has been extracted from the audited Annual Report and Accounts of Grafton Group plc for the financial year ended 31 December 2023. The financial information set out in this document does not constitute full statutory financial statements for the financial years ended 31 December 2023 but it is derived from same. The Final Results Announcement was approved by the Board of Directors. The Annual Report and Accounts has been approved by the Board of Directors and reported on by the auditors. The auditors' report was unqualified. The Annual Report and Accounts for the year ended 31 December 2023 is available on the Group's website and will be filed with the Irish Registrar of Companies in due course.

The consolidated financial information of the Group has been prepared in accordance with the Transparency Rules of the Financial Conduct Authority ('FCA') and in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'); and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. They do not include all the information and disclosures necessary for a complete set of financial statements prepared in accordance with IFRS.

The financial information in this report has been prepared in accordance with the Group's accounting policies. Full details of the accounting policies adopted by the Group are contained in the consolidated financial statements included in the Group's Annual Report and Accounts for the year ended 31 December 2023 which is available on the Group's website; www.graftonplc.com. Certain tables in the financial information may not add precisely due to rounding.

Going Concern

The Group's net cash position, before recognising lease liabilities, was £379.7 million at 31 December 2023 (31 December 2022: £458.2 million). The Group had liquidity of £849.6 million at 31 December 2023 (£934.6 million at 31 December 2022) of which £579.9 million (2022: £707.7 million) was held in accessible cash and £269.7 million (2022: £226.9 million) in undrawn revolving bank facilities. No refinancing of debt is due until August 2028, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets are unsecured.

1. General Information (continued)
Basis of Preparation, Accounting Policies and Estimates (continued)

Going Concern (continued)

Having made appropriate enquiries, the Directors have a reasonable expectation that Grafton Group plc, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Having reassessed the principal risks, as set out on pages 68 to 75 of the 2023 Annual Report and Accounts, and based on expected cashflows and the strong liquidity position of the Group, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial information.

The consolidated financial information is presented in sterling. Items included in the financial information of each of the Group's entities are measured using its functional currency, being the currency of the primary economic environment in which the entity operates, which is primarily euro and sterling.

Climate Change

In preparing the financial information, the Directors have considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. The Group's analysis of the impact of climate change continues to evolve with Grafton committed to delivering net zero carbon emissions no later than the end of 2050.

(b) Critical accounting estimate and judgements

The preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or because of new information or more experience. Such changes are recognised in the period in which the estimate is revised. Information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the respective notes to the consolidated financial statements.

New Standards and Interpretations

Certain new and revised accounting standards and interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and the Group's assessment of the impact of these standards and interpretations is set out below:

The following Standards and Interpretations are effective for the Group for periods beginning after 1 January 2024 but do not have a material effect on the results or financial position of the Group:

- IAS 1 (Amendments) Presentation of Financial Statements (Effective 1 January 2024)
- IAS 7 (Amendments) Statement of Cash Flows (Effective 1 January 2024)
- IFRS 7 (Amendments) Financial Instruments (Effective 1 January 2024)
- IFRS 16 (Amendments) Leases (Effective 1 January 2024)
- IAS 21 (Amendments) The Effects of Changes in Foreign Exchange Rates (Effective 1 January 2025)

2. Segmental Analysis

The amount of revenue and operating profit under the Group's reportable segments of Distribution, Retailing and Manufacturing is shown below. Segment profit measure is operating profit before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items.

	2023 £'000	2022 £'000
Revenue		
UK distribution	**818,112**	838,644
Ireland distribution	**631,034**	618,297
Netherlands distribution	**351,474**	336,703
Finland distribution	**139,783**	143,197
Total distribution	**1,940,403**	1,936,841
Retailing	**258,197**	244,021
Manufacturing	**135,298**	133,805
Less: inter-segment revenue - manufacturing	**(14,656)**	(13,185)
Total revenue	**2,319,242**	2,301,482
Segmental operating profit before exceptional items, intangible amortisation arising on acquisitions and acquisition related items		
UK distribution	**47,251**	81,826
Ireland distribution	**60,930**	70,474
Netherlands distribution	**33,416**	37,641
Finland distribution	**14,196**	20,321
Total distribution	**155,793**	210,262
Retailing	**32,728**	32,575
Manufacturing	**30,269**	27,403
	218,790	270,240
Reconciliation to consolidated operating profit		
Central activities	**(14,541)**	(13,453)
	204,249	256,787
Property profits	**1,261**	25,381
Operating profit before non-recurring items, intangible amortisation arising on acquisitions and acquisition related items	**205,510**	282,168
Non-recurring items*	**-**	3,690
Operating profit before intangible amortisation arising on acquisitions and acquisition related items	**205,510**	285,858
Acquisition related items**	**(2,730)**	(2,306)
Amortisation of intangible assets arising on acquisitions	**(19,691)**	(19,286)
Operating profit	**183,089**	264,266
Finance expense	**(24,292)**	(21,273)
Finance income	**24,715**	8,690
Profit before tax	**183,512**	251,683
Income tax expense	**(34,789)**	(43,065)
Profit after tax for the financial year	**148,723**	208,618

** In 2022, a non-recurring curtailment gain of £3.7 million arose on closure to future accrual of a defined benefit pension scheme in Ireland (Note 15).*

*** Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees, adjustments to previously estimated earn outs and customer relationships asset impairment charges.*

2. Segmental Analysis (continued)

The amount of revenue by geographic area is as follows:

	2023 £'000	2022 £'000
Revenue*		
United Kingdom	**929,821**	951,557
Ireland	**898,164**	870,025
Netherlands	**351,474**	336,703
Finland	**139,783**	143,197
Total revenue	**2,319,242**	2,301,482

**Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £11.5 million for the year (2022: £9.4 million)*

	31 Dec 2023 £'000	31 Dec 2022 £'000
Segment assets		
Distribution	**1,914,204**	1,952,691
Retailing	**169,342**	198,295
Manufacturing	**122,701**	111,350
	2,206,247	2,262,336
Unallocated assets		
Deferred tax assets	**6,665**	8,063
Retirement benefit assets	**9,536**	4,584
Other financial assets	**127**	129
Fixed term cash deposits	**200,000**	-
Cash and cash equivalents	**383,939**	711,721
Total assets	**2,806,514**	2,986,833

	31 Dec 2023 £'000	31 Dec 2022 £'000
Segment liabilities		
Distribution	**648,830**	667,579
Retailing	**174,020**	189,925
Manufacturing	**30,501**	33,545
	853,351	891,049
Unallocated liabilities		
Interest bearing loans and borrowings (non-current)	**204,219**	253,502
Retirement benefit obligations	**15,363**	15,068
Deferred tax liabilities	**60,234**	61,011
Current income tax liabilities	**17,541**	20,595
Derivative financial instruments (current)	**5**	29
Total liabilities	**1,150,713**	1,241,254

3. Property Profits & Non-Recurring Items

The property profit of £1.3 million relates to profit on property disposals of £0.9 million. The property profit realised in 2023 also includes £0.4 million which was the recovery of an amount which had been provided against in the previous year.

In 2023, the Group disposed of two Irish properties and one UK property (2022: six UK properties and one Irish property).

The property profit in 2022 of £25.4 million relates to profit on property disposals of £20.4 million and fair value gains of £5.0 million.

The fair value gain of £5.0 million in 2022 related to three investment properties in Ireland and three investment properties in the UK.

Non-Recurring Items

A non-recurring curtailment gain of £3.7 million arose in 2022 on closure to future accrual of a defined benefit pension scheme in Ireland (Note 15).

4. Finance Expense and Finance Income

	2023 £'000		2022 £'000	
Finance expense				
Interest on bank loans, US senior notes and overdrafts	**8,331**	*	5,591	*
Interest on lease liabilities	**15,563**	*	14,919	*
Net finance cost on pension scheme obligations	**398**		108	
Foreign exchange loss	**-**		655	
	24,292		21,273	
Finance income				
Interest income on bank deposits	**(24,199)**	*	(8,690)	*
Foreign exchange gain	**(516)**		-	
	(24,715)		(8,690)	
Net finance (income)/expense	**(423)**		12,583	

** Net bank and US senior note interest income of £15.9 million (2022: £3.1 million interest income). Including interest on lease liabilities, net interest income was £0.3 million (2022: £11.8 million net interest expense).*

5. Earnings per Share

The computation of basic, diluted and underlying earnings per share is set out below:

	Year ended 31 Dec 2023 £'000	Year Ended 31 Dec 2022 £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial year	**148,723**	208,618
Numerator for basic and diluted earnings per share	**148,723**	208,618
Profit after tax for the financial year	**148,723**	208,618
Amortisation of intangible assets arising on acquisitions	**19,691**	19,286
Tax relating to amortisation of intangible assets arising on acquisitions	**(4,415)**	(4,329)
Acquisition related items	**2,730**	2,306
Tax on acquisition related items	**(229)**	(235)
Numerator for adjusted earnings per share	**166,500**	225,646

	Number of Grafton Units	Number of Grafton Units
Denominator for basic and adjusted earnings per share:		
Weighted average number of Grafton Units in issue	**213,802,819**	233,517,016
Dilutive effect of options and awards	**24,688**	423,503
Denominator for diluted earnings per share	**213,827,507**	233,940,519
Earnings per share (pence)		
- Basic	**69.6**	89.3
- Diluted	**69.6**	89.2
Adjusted earnings per share (pence)*		
- Basic	**77.9**	96.6
- Diluted	**77.9**	96.5

** The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items.*

6. Dividends

The payment in 2023 of a final dividend for 2022 of 23.75 pence amounted to £51.6 million (2022: final dividend for 2021 of 22.0p amounted to £52.7 million).

An interim dividend for 2023 of 10.0 pence per share was paid on 20 October 2023 in the amount of £21.0 million.

A final dividend for 2023 of 26.0p per share will be paid to all holders of Grafton Units on the Company's Register of Members at the close of business on 12 April 2024 (the 'Record Date'). The Ex-dividend date is 11 April 2024. The dividend will be paid on 9 May 2024.

A liability in respect of the final dividend has not been recognised in the balance sheet at 31 December 2023, as there was no present obligation to pay the dividend at the end of the year.

7. Exchange Rates

The results and cash flows of subsidiaries with euro functional currencies have been translated into sterling using the average exchange rate for the year. The balance sheets of subsidiaries with euro functional currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date.

The average sterling/euro rate of exchange for the year ended 31 December 2023 was Stg86.98p (2022: Stg85.28p). The sterling/euro exchange rate at 31 December 2023 was Stg86.91p (2022: Stg88.69p).

8. Goodwill

Goodwill is subject to impairment testing on an annual basis at 31 December and additionally during the year if an indicator of impairment is considered to exist. The recoverable amount of each cash generating unit is determined based on value-in-use calculations. The carrying value of each cash generating unit was compared to its estimated value-in-use. There were no impairments during the year (2022: £Nil).

	Goodwill £'000
Net Book Value	
As at 1 January 2023	**635,751**
Arising on acquisition (Note 16)	**15,786**
Currency translation adjustment	**(6,475)**
As at 31 December 2023	**645,062**

9. Intangible Assets

	Computer Software £'000	Trade Names £'000	Customer Relationships & Technology £'000	Total £'000
Net Book Value				
As at 1 January 2023	**5,665**	**31,028**	**117,019**	**153,712**
Additions	**3,963**	**-**	**-**	**3,963**
Arising on acquisition (Note 16)	**-**	**691**	**4,199**	**4,890**
Amortisation	**(1,596)**	**(3,843)**	**(15,848)**	**(21,287)**
Currency translation adjustment	**(62)**	**(471)**	**(1,844)**	**(2,377)**
As at 31 December 2023	**7,970**	**27,405**	**103,526**	**138,901**

The amortisation expense of £21.3 million (2022: £20.3 million) has been charged in 'operating costs' in the income statement. Amortisation of intangible assets arising on acquisitions in prior periods amounted to £19.7 million (2022: £19.3 million).

10. Property, Plant and Equipment, Properties Held for Sale and Investment Properties

Net Book Value	Property, plant and equipment £'000	Properties held for sale £'000	Investment properties £'000
As at 1 January 2023	**354,402**	**4,364**	**26,084**
Additions	**48,816**	**-**	**-**
Depreciation	**(38,981)**	**-**	**-**
Disposals	**(954)**	**(1,348)**	**-**
Transfer from investment properties	**-**	**1,348**	**(1,348)**
Transfer from right-of-use assets (Note 11)	**750**	**-**	**-**
Arising on acquisition (Note 16)	**6,952**	**-**	**-**
Currency translation adjustment	**(3,719)**	**(73)**	**(127)**
As at 31 December 2023	**367,266**	**4,291**	**24,609**

11. Right-Of-Use Asset

	Right-of-use asset £'000
As at 1 January 2023	**420,115**
Additions*	**13,353**
Arising on acquisition (Note 16)	**820**
Disposals	**(2,433)**
Transfer to property, plant and equipment** (Note 10)	**(750)**
Depreciation	**(65,719)**
Remeasurements*	**39,950**
Currency translation adjustment	**(4,038)**
As at 31 December 2023	**401,298**

** Right-of-use asset additions relate to new lease contracts entered into during the year and mainly arise due to leases entered into for replacement vehicle leases, new store locations and new lease contracts agreed for existing stores. Right-of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension options available to the Group on a number of property leases that will now be exercised.*

***The right-of-use asset transfer to property, plant and equipment (Note 10) relates to one property for which a purchase option was exercised during the year.*

12. Movement in Working Capital

Current	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
As at 1 January 2023	**399,565**	**267,694**	**(420,653)**	**246,606**
Currency translation adjustment	**(5,511)**	**(3,549)**	**5,705**	**(3,355)**
Deferred acquisition consideration (Note 16)	**-**	**-**	**(2,323)**	**(2,323)**
Deferred acquisition consideration paid	**-**	**-**	**2,586**	**2,586**
Arising on acquisition (Note 16)	**5,365**	**2,840**	**(2,970)**	**5,235**
Working capital movement in 2023	**(37,821)**	**(4,222)**	**12,514**	**(29,529)**
As at 31 December 2023	**361,598**	**262,763**	**(405,141)**	**219,220**

13. Interest-Bearing Loans, Borrowings and Net Debt/(Cash)

	31 Dec 2023 £'000	31 Dec 2022 £'000
Interest-bearing loans and borrowings		
Bank loans (non-current)	**65,597**	112,108
US senior notes (non-current)	**138,622**	141,394
Total interest-bearing loans and borrowings	**204,219**	253,502
Leases		
Included in non-current liabilities	**364,090**	389,198
Included in current liabilities	**64,888**	60,105
Total leases	**428,978**	449,303
Derivatives		
Included in current liabilities	**5**	29
Total derivatives	**5**	29
Fixed term cash deposits*		
Included in current assets	**(200,000)**	-
Total fixed term cash deposits	**(200,000)**	-
Cash and cash equivalents	**(383,939)**	(711,721)
Net debt/(cash)	**49,263**	(8,887)
Net (cash) before leases	**(379,715)**	(458,190)

* Fixed term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

In August 2022, the Group completed a refinancing of its loan facilities that were due to expire in March 2023. Bilateral revolving loan facilities for £336.9 million were agreed with four established relationship banks for a term of five years to August 2027. The arrangements include two one-year extension options exercisable at the discretion of Grafton and the banks. The first one-year extension has been agreed and these facilities are now repayable in August 2028. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The following table shows the fair value of financial assets and liabilities, all of which are within level 2 of the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 Dec 2023 £'000	31 Dec 2022 £'000
Liabilities measured and recognised at fair value		
Designated as hedging instruments		
Other derivative instruments	**(5)**	(29)
Fair value measurement of liabilities carried at amortised cost		
US senior notes	**(129,686)**	(126,605)

13. Interest-Bearing Loans, Borrowings and Net Debt/(Cash) (continued)

The following table shows the fair value of financial assets and liabilities, all of which are within level 3 of the fair value hierarchy.

	31 Dec 2023 £'000	31 Dec 2022 £'000
Liabilities measured and recognised at fair value		
Deferred consideration on acquisition of businesses	**(4,890)**	(5,229)

The fair value of financial assets and liabilities recognised at amortised cost
It is considered that the carrying amounts of other financial assets and liabilities including trade payables (excluding deferred consideration), trade receivables and bank loans, which are recognised at amortised cost in the financial information approximate to fair value. The fixed rate US senior notes denominated in euro are disclosed above at fair value and reflect the differential between the fixed interest rates on these notes and market rates at 31 December 2023.

Financial assets and liabilities carried at fair value
The Group's financial assets and liabilities which are carried at fair value are classified as Level 2 in the fair value hierarchy and deferred consideration is classified as Level 3. There have been no transfers between levels in the current period. Fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The fair values of other derivatives are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate. The fair value of deferred consideration is calculated assuming a probability of payout, which will be based on achievement of EBITDA targets, and discounted to present value using market derived discount rates. The fair value assumes achievement of targets but is sensitive to change in the assessed probability of achieving targets.

14. Reconciliation of Net Cash Flow to Movement in Net (Debt)/Cash

	31 Dec 2023 £'000	31 Dec 2022 £'000
Net (decrease) in cash and cash equivalents	**(324,904)**	(142,780)
Net movement in fixed term cash deposits	**200,000**	-
Net movement in derivative financial instruments	**24**	(21)
Lease liabilities acquired (Note 16)	**(820)**	(2,745)
Movement in debt and lease financing	**61,260**	30,981
Change in net cash resulting from cash flows	**(64,440)**	(114,565)
Currency translation adjustment	**6,290**	(15,578)
Movement in net cash in the year	**(58,150)**	(130,143)
Net cash at 1 January	**8,887**	139,030
Net (debt)/cash at end of the year	**(49,263)**	8,887

15. Retirement Benefits

The principal financial assumptions employed in the valuation of the Group's defined benefit scheme liabilities for the current year and prior year were as follows:

	Irish Schemes		UK Schemes	
	At 31 Dec 2023	At 31 Dec 2022	**At 31 Dec 2023**	At 31 Dec 2022
Rate of increase in salaries*	**N/A**	3.80%	**N/A**	N/A
Rate of increase of pensions in payment	**-**	-	**2.90%**	3.10%
Discount rate	**3.15%**	3.70%	**4.50%**	4.80%
Inflation rate increase	**2.05%**	2.60%	**2.40%/3.00%** **	2.60%/3.20% **

* Following the closure to accrual of the Irish schemes and the UK scheme, benefits in those schemes are no longer linked to final salary. Instead, accrued benefits up to the date of closure revalue in line with inflation, subject to certain caps.
** The inflation assumption shown for the UK is based on both the Consumer Price Index (CPI) and the Retail Price Index (RPI)

The following table provides a reconciliation of the scheme assets (at bid value) and the actuarial value of scheme liabilities:

	Assets		Liabilities		Net asset/(deficit)	
	Year to 31 Dec 2023	Year to 31 Dec 2022	**Year to 31 Dec 2023**	Year to 31 Dec 2022	**Year to 31 Dec 2023**	Year to 31 Dec 2022
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
At 1 January	**192,298**	283,705	**(202,782)**	(295,176)	**(10,484)**	(11,471)
Interest income on plan assets	**7,917**	4,519	**-**	-	**7,917**	4,519
Contributions by employer	**3,574**	4,413	**-**	-	**3,574**	4,413
Contributions by members	**23**	458	**(23)**	(458)	**-**	-
Benefit payments	**(11,773)**	(8,812)	**11,773**	8,812	**-**	-
Current service cost	**-**	-	**(57)**	(1,962)	**(57)**	(1,962)
Curtailment gain	**-**	-	**403**	-	**403**	-
Curtailment gain – non-recurring	**-**	-	**-**	3,690	**-**	3,690
Administration costs	**(53)**	-	**-**	-	**(53)**	-
Other long-term benefit (expense)/credit	**-**	-	**(41)**	9	**(41)**	9
Interest cost on scheme liabilities	**-**	-	**(8,315)**	(4,627)	**(8,315)**	(4,627)
Remeasurements						
Actuarial (loss)/gains from:						
-experience variations	**-**	-	**(978)**	(2,369)	**(978)**	(2,369)
-financial assumptions	**-**	-	**(7,432)**	98,087	**(7,432)**	98,087
-demographic assumptions	**-**	-	**4,532**	(2,910)	**4,532**	(2,910)
Return on plan assets excluding interest income	**5,198**	(97,848)	**-**	-	**5,198**	(97,848)
Translation adjustment	**(2,080)**	5,863	**1,989**	(5,878)	**(91)**	(15)
At 31 December	**195,104**	192,298	**(200,931)**	(202,782)	**(5,827)**	(10,484)
Related deferred tax asset (net)					**2,655**	3,201
Net pension liability					**(3,172)**	(7,283)

15. Retirement Benefits (continued)

During 2023, a curtailment gain of £0.4 million, which is included in 'operating costs' in the income statement, arose on closure to future accrual of a defined benefit pension scheme in Ireland (31 December 2022: a non-recurring curtailment gain of £3.7 million arose on closure to future accrual of another defined benefit pension scheme in Ireland).

The net pension scheme deficit of £5.8 million (31 December 2022: deficit of £10.5 million) is shown in the Group balance sheet as (i) retirement benefit obligations (non-current liabilities) of £15.4 million (31 December 2022: £15.1 million) and (ii) retirement benefit assets (non-current assets) of £9.5 million (31 December 2022: £4.6 million).

At 31 December 2023, the retirement benefit asset of £9.5 million relates to three schemes in Ireland. The surplus has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus assets if the schemes are run off until the last member has left the scheme. The retirement benefit obligation of £15.4 million relates to one scheme in the UK (£14.6 million) and one scheme in the Netherlands (£0.8 million).

At 31 December 2022, the retirement benefit asset of £4.6 million related to three schemes in Ireland. The retirement benefit obligation of £15.1 million related to one scheme in the UK (£14.3 million) and one scheme in the Netherlands (£0.8 million).

The return on plan assets was £14.4 million (£13.1 million after deducting the effect of the buy-in referred to below). (2022: loss of £93.3 million due to the fall in the values of liability driven investments, bonds and equities that was almost matched by the reduction in liabilities).

In December 2023, the Trustees of the three Irish defined benefit pension schemes purchased annuities from one of Ireland's leading life insurance companies to match the benefits being paid to existing pensioners. Under these contracts the insurer will reimburse the schemes for payments to these pensioners into the future. These insurance contracts are held by the trustees of the three schemes and represent assets of the schemes. This transaction has reduced the Company's exposure to pension risk by removing the longevity and investment risk associated with this portion of the Company's Defined Benefit liabilities. In future years' reporting, the value of the liabilities relating to these pensioners will exactly match the value of the associated annuity contracts. The cost of purchasing the annuities was €44.7 million. This compares to the value of the pensions on the transaction date of €43.3 million, determined in accordance with the IAS19 accounting standard. The difference between these two values has been allowed for in the remeasurement item relating to the "Return on assets excluding interest income".

	31 Dec 2023 £'000	31 Dec 2022 £'000
Return on plan assets		
Return on plan asset excluding interest income	**6,450**	(97,848)
Interest income on plan assets	**7,917**	4,519
	14,367	(93,329)
Less: effect of annuity buy-in (2023: €1.4 million)	**(1,252)**	-
Return on plan assets after deducting effect of buy-in	**13,115**	(93,329)

16. Acquisitions

On 12 June 2023, the Group acquired the trade and certain assets of Clady Timber Limited ("Clady Timber"), a distributor of timber and building materials operating from a single branch in Portglenone, County Antrim. This acquisition is incorporated in the UK Distribution segment and extends market coverage for MacBlair in Northern Ireland.

16. Acquisitions (continued)

On 3 July 2023, the Group acquired B. MacNamee, a distributor of building materials, timber, hardware, power tools, plumbing and electrical products from a single branch in Strabane, County Tyrone. This acquisition is incorporated in the UK Distribution segment and further extends market coverage for MacBlair in Northern Ireland.

On 19 July 2023, Grafton Group plc acquired an IKH Partner store in Kouvolan, a city in southeastern Finland. This acquisition is incorporated in the Finland Distribution segment.

On 31 October 2023, the Group acquired Rooney's Homevalue Limited ("Rooney's"), a distributor of building materials and DIY products from a single location in Kells, County Meath. This acquisition will extend geographic coverage of the fragmented building materials distribution market into an important town within the Dublin commuter belt. It is incorporated in the Ireland Distribution segment.

On 4 December 2023, the Group acquired TA Windows Limited, trading as Wooden Windows, a business which produces high performance timber windows and doors from a single unit in Stoke-on-Trent in the UK. This acquisition is incorporated in the UK Manufacturing segment and will further enhance the StairBox offering.

None of these acquisitions were individually material for separate disclosure under IFRS3.

The fair value of assets and liabilities acquired in 2023 are set out below:

	Total £'000
Property, plant and equipment	**6,952**
Right-of-use asset	**820**
Intangible assets – technology	**4,199**
Intangible assets – trade names	**691**
Inventories	**5,365**
Trade and other receivables	**2,840**
Trade and other payables	**(2,970)**
Lease liability	**(820)**
Corporation tax liability	**(701)**
Deferred tax liability	**(1,931)**
Cash acquired	**8,253**
Net assets acquired	**22,698**
Goodwill	**15,786**
Consideration	**38,484**
Satisfied by:	
Cash paid	**36,161**
Deferred consideration (Note 12)	**2,323**
	38,484
Net cash outflow – arising on acquisitions	
Cash consideration	**36,161**
Less: cash and cash equivalents acquired	**(8,253)**
	27,908

The fair value of the net assets acquired have been determined on a provisional basis. Goodwill on the acquisition reflects the anticipated cashflows to be realised as part of the enlarged Group.

16. Acquisitions (continued)

Any adjustments to provisional fair value of assets and liabilities including recognition of any newly identified assets and liabilities, will be made within 12 months of respective acquisition dates. There were no adjustments made to provisional fair values in the period relating any acquisitions completed in the prior year.

Acquisitions contributed revenue of £6.2 million and operating profit of £0.3 million for the period from the date of acquisition to 31 December 2023. If these acquisitions had occurred on 1 January 2023, it is estimated that they would have contributed revenue of £23.8 million and operating profit of £2.1 million in the period. The Group incurred acquisition related costs of £0.9 million in 2023 (2022: £0.4 million) which are included in operating costs in the Group Income Statement.

17. Taxation

The income tax expense of £34.8 million (2022: £43.1 million) is equivalent to an effective tax rate of 19.0 per cent on profit from continuing operations (2022: 17.1 per cent). This is a blended rate of corporation tax on profits in the four countries where the Group operates. The increase in the effective rate reflects an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 from the 19 per cent rate that prevailed prior to that date.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates that apply in the UK, Ireland, the Netherlands and Finland.

The liability shown for current taxation includes a liability for tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. As with all estimates, the actual outcome may be different to the current estimate.

Accounting estimates and judgements

Management is required to make judgements and estimates in relation to taxation provisions and exposures. In the ordinary course of business, the Group is party to transactions for which the ultimate tax determination may be uncertain. As the Group is subject to taxation in a number of jurisdictions, an open dialogue is maintained with Revenue Authorities with a view to the timely agreement of tax returns. The amounts provided/recognised for tax are based on management's estimate having taken appropriate professional advice.

If the final determination of these matters is different from the amounts that were initially recorded such differences could materially impact the income tax and deferred tax liabilities and assets in the period in which the determination was made.

Deferred tax

At 31 December 2023, the deferred tax asset was £6.7 million (2022: £8.1 million) and the deferred tax liability was £60.2 million (2022: £61.0 million). There were unrecognised deferred tax assets in relation to capital losses of £0.7 million (2022: £0.7 million), trading losses of £1.1 million (2022: £1.1 million) and deductible temporary differences of £5.2 million (2022: £6.9 million).

Deferred tax assets were not recognised in respect of certain capital losses as they can only be recovered against certain classes of taxable profits. The Directors believe that it is not probable that such profits will arise in the foreseeable future. The trading losses arose in entities that have incurred historic losses and the Directors believe that it is not probable there will be sufficient taxable profits in the entities against which they can be utilised. Separately, the Directors believe that it is not probable the deductible temporary differences will be utilised.

18. Related Party Transactions

The principal related party transactions are disclosed on page 260 of the Annual Report and Accounts for the year ended 31 December 2023.

19. Grafton Group plc Long Term Incentive Plan (LTIP)

LTIP awards were made over 807,889 Grafton Units on 31 March 2023. The fair value of the awards of £6.1 million, which are subject to vesting conditions, will be charged to the income statement over the vesting period of three years. The Annual Report and Accounts for the year ended 31 December 2023 discloses details of the LTIP scheme.

20. Share Buyback and Treasury Shares

	Purchase of Treasury Shares £'000	Transaction Costs £'000	Purchase of Treasury Shares * £'000	Cancellation of Treasury Shares £'000	Transfer from Treasury Shares ** £'000	Total Movement £'000
Buyback Programme 1	100,000	284	100,284	(100,000)	(284)	-
LTIP Awards 2022	7,563	16	7,579	(7,563)	(16)	-
Buyback Programme 2	93,316	187	93,503	(93,316)	(187)	-
Buyback Programme 3	50,000	100	50,100	(50,000)	(100)	-
LTIP Awards 2023	3,408	7	3,415	(3,408)	(7)	-
Buyback Programme 4	47,465	93	47,558	(46,997)	(93)	468
Total	**301,752**	**687**	**302,439**	**(301,284)**	**(687)**	**468**
Year ended 31 December 2022	**142,609**	**372**	**142,981**	**(141,693)**	**-**	**1,288**
Year ended 31 December 2023	**159,143**	**315**	**159,458**	**(159,591)**	**(687)**	**(820)**
Total	**301,752**	**687**	**302,439**	**(301,284)**	**(687)**	**468**

* Including transaction costs.
** At 31 December 2023, the share buyback programmes 1, 2 and 3, and the LTIP purchase and cancellation, were fully completed and the related transactions costs have been transferred from treasury shares to retained earnings, totalling £0.7 million.

Share buyback programme 1
On 28 April 2022, the Group announced its intention to introduce a share buyback programme for a maximum aggregate consideration of up to £100 million. The Buyback commenced on 9 May 2022 and ended on 12 September 2022. At 31 December 2022, the Group had purchased 12,282,711 shares in aggregate for cancellation at a total cost of £100.3 million, including transaction costs. All shares were cancelled by 31 December 2022.

LTIP purchase and cancellation 2022
In addition to the above, on 3 May 2022 and 4 May 2022, the Group purchased and cancelled 796,902 Grafton Units to offset the dilutive effect of issuing new shares to satisfy share award obligations under the Company's Long Term Incentive Plan. The total consideration was £7.6 million, including transaction costs.

Share buyback programme 2
Following completion of the first share buyback programme the Group announced on 10 November 2022 its intention to commence a second share buyback programme and to buy back ordinary shares (the "Shares") on the Group's behalf for a maximum aggregate consideration of up to £100 million. The Buyback commenced on 10 November 2022 and ended on 18 April 2023.

20. Share Buyback and Treasury Shares (continued)

Share buyback programme 2 (continued)

At 31 December 2022, the Group had purchased 4,417,706 shares in aggregate for cancellation at a total cost of £35.1 million through the second buyback programme, including transaction costs. However, due to timing, only 4,302,597 were cancelled at 31 December 2022 and the remaining 115,109 shares purchased for £0.9 million were cancelled in early January 2023. In 2023, the Group purchased an additional 6,472,681 shares for cancellation at a total cost of £58.4 million, including transaction costs. The total aggregate consideration, including transaction costs, for the second buyback programme was £93.5 million.

Share buyback programme 3

The Group announced on 4 May 2023 its intention to commence a third share buyback programme and to buy back ordinary shares (the “Shares”) on the Group’s behalf for a maximum aggregate consideration of up to £50 million. The Buyback commenced on 12 May 2023 and ended on 30 August 2023. The Group purchased 6,004,286 shares in aggregate for cancellation at a total cost of £50.1 million, including transaction costs.

LTIP purchase and cancellation 2023

On 12 September 2023, the Group purchased and cancelled 377,688 Grafton Units to offset the dilutive effect of issuing new shares to satisfy share award obligations under the Company’s Long Term Incentive Plan. The total consideration was £3.4 million, including transaction costs.

Share buyback programme 4

The Group announced on 31 August 2023 its intention to commence a fourth share buyback programme and to buy back ordinary shares (the “Shares”) on the Group’s behalf for a maximum aggregate consideration of up to £50 million. The Buyback commenced on the same day. At 31 December 2023, the Group had purchased 5,619,269 shares in aggregate for cancellation at a total cost of £47.6 million, including transaction costs. However, due to timing, only 5,569,269 were cancelled at 31 December 2023 and the remaining 50,000 shares purchased for £0.5 million were cancelled in January 2024. On 8 December 2023, the Group announced an extension of this programme and to increase the maximum aggregate consideration by a further £50 million to a total of £100 million. Details of shares bought back since 31 December 2023 are included in Note 22 below.

21. Issue of Shares

During the year, 377,688 Grafton Units were issued under the 2021 Grafton Group Long Term Incentive Plan (LTIP) on the vesting of the 2020 grants.

A further 321,284 Grafton Units were issued under the Group’s Savings Related Share Option Scheme (SAYE) to eligible UK employees.

22. Events after the Balance Sheet Date

The Company bought back, for cancellation, 3.6 million shares at a cost of £33.9 million between 1 January 2024 and 5 March 2024.

There have been no other material events after 31 December 2023 that would require adjustment to or disclosure in this report.

23. Board Approval

This announcement was approved by the Board of Grafton Group plc on 6 March 2024.

Supplementary Financial Information

Alternative Performance Measures

Certain financial information set out in this consolidated financial information is not defined under IFRS. These key Alternative Performance Measures ("APMs") represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The key Alternative Performance Measures ("APMs") of the Group are set out below. As amounts are reflected in £'m some non-material rounding differences may arise. Numbers that refer to 2022 are available in the 2022 Annual Report and Accounts.

The term "Adjusted" means before exceptional items and acquisition related items. These items do not relate to the underlying operating performance of the business and therefore to enhance comparability between reporting periods and businesses, management do not take these items into account when assessing the underlying profitability of the Group.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees, adjustments to previously estimated earn outs and customer relationships asset impairment charges. Customer relationships, technology and brands amortisation and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore are also included as adjusting items.

APM	Description
Adjusted operating profit/EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Operating profit margin	Profit before net finance expense and income tax expense as a percentage of revenue.
Adjusted operating profit/EBITA before property profit	Profit before profit on the disposal of Group properties, amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted operating profit/EBITA margin before property profit	Adjusted operating profit/EBITA before property profit as a percentage of revenue.
Adjusted profit before tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items and income tax expense.
Adjusted profit after tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items and exceptional items but after deducting the income tax expense.

Capital Turn	Revenue for the previous 12 months divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end).
Constant Currency	Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency change, the results for the prior period are retranslated using the average exchange rates for the current period and compared to the current period reported numbers.
Dividend Cover	Group earnings per share divided by the total dividend per share for the Group.
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation. EBITDA (rolling 12 months) is EBITDA for the previous 12 months.
EBITDA Interest Cover	EBITDA divided by net bank/loan note interest.
Free Cash Conversion	Free cash flow as a percentage of adjusted operating profit.
Free Cash Flow	Cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes paid and payment of lease liabilities.
Gearing	The Group net (cash)/debt divided by the total equity attributable to owners of the Parent times 100, expressed as a percentage.
Liquidity	The Group's accessible cash, including any undrawn revolving bank facilities.
Like-for-like revenue	Changes in like-for-like revenue is a measure of underlying revenue performance for a selected period. Branches contribute to like-for-like revenue once they have been trading for more than twelve months. Acquisitions contribute to like-for-like revenue once they have been part of the Group for more than 12 months. When branches close, or where a business is disposed of, revenue from the date of closure, for a period of 12 months, is excluded from the prior year result.
Net (Debt)/Cash	Net (debt)/cash comprises current and non-current interest-bearing loans and borrowings, lease liabilities, fixed term cash deposits, cash and cash equivalents and current and non-current derivative financial instruments (net).
Return on Capital Employed	Adjusted operating profit divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end) times 100, expressed as a percentage.
Adjusted Earnings Per Share	A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Units in issue, excluding treasury shares.

Adjusted Operating Profit/EBITA before Property Profit

	2023 £'m	2022 £'m
Revenue	**2,319.2**	2,301.5
Operating profit	**183.1**	264.3
Property profit	**(1.3)**	(25.4)
Acquisition related items	**2.7**	2.3
Amortisation of intangible assets arising on acquisitions	**19.7**	19.3
Adjusted operating profit/EBITA before property profit	**204.2**	260.5
Adjusted operating profit/EBITA margin before property profit	**8.8%**	11.3%

Operating Profit Margin

	2023 £'m	2022 £'m
Revenue	**2,319.2**	2,301.5
Operating profit	**183.1**	264.3
Operating profit/EBITA margin	**7.9%**	11.5%

Adjusted Operating Profit/EBITA

	2023 £'m	2022 £'m
Revenue	**2,319.2**	2,301.5
Operating profit	**183.1**	264.3
Acquisition related items	**2.7**	2.3
Amortisation of intangible assets arising on acquisitions	**19.7**	19.3
Adjusted operating profit/EBITA	**205.5**	285.9
Adjusted operating profit/EBITA margin	**8.9%**	12.4%

Adjusted Profit before Tax

	2023 £'m	2022 £'m
Profit before tax	**183.5**	251.7
Amortisation of intangible assets arising on acquisitions	**19.7**	19.3
Acquisition related items	**2.7**	2.3
Adjusted profit before tax	**205.9**	273.3

Adjusted Profit after Tax

	2023 £'m	2022 £'m
Profit after tax	**148.7**	208.6
Acquisition related items	**2.7**	2.3
Tax on acquisition related items	**(0.2)**	(0.2)
Amortisation of intangible assets arising on acquisitions	**19.7**	19.3
Tax on amortisation of intangible assets arising on acquisitions	**(4.4)**	(4.3)
Adjusted profit after tax	**166.5**	225.6

Reconciliation of Profit to EBITDA

	2023 £'m	2022 £'m
Profit after tax	**148.7**	208.6
Net finance (income)/expense	**(0.4)**	12.6
Income tax expense	**34.8**	43.1
Depreciation	**104.7**	94.3
Acquisition related items	**2.7**	2.3
Intangible asset amortisation	**21.3**	20.3
EBITDA	**311.8**	381.2

Net (Debt)/Cash

	2023 £'m	2022 £'m
Cash and cash equivalents	**383.9**	711.7
Interest-bearing loans (non-current)	**(204.2)**	(253.5)
Interest-bearing loans (current)	**-**	-
Lease liabilities (non-current)	**(364.1)**	(389.2)
Lease liabilities (current)	**(64.9)**	(60.1)
Derivatives	**(0.0)**	(0.0)
Fixed term cash deposits	**200.0**	-
Net (Debt)/Cash	**(49.3)**	8.9

Net Debt/(Cash) to EBITDA

	2023 £'m	2022 £'m
EBITDA	**311.8**	381.2
Net debt/(cash)	**49.3**	(8.9)
Net debt/(cash) to EBITDA – times	**0.16**	(0.02)

EBITDA Interest Cover (including interest on lease liabilities)

	2023 £'m	2022 £'m
EBITDA	**311.8**	381.2
Net bank/loan note interest including interest on lease liabilities	**(0.3)**	11.8
EBITDA interest cover – times	**(1,022.3)**	32.2

Free Cash Flow

	2023 £'m	2022 £'m
Cash generated from operations	**334.3**	278.8
Replacement capital expenditure	**(27.4)**	(33.2)
Proceeds on sale of property, plant and equipment	**3.6**	0.8
Proceeds on sale of held for sale/investment properties	**0.0**	27.7
Interest received	**24.2**	8.7
Interest paid	**(23.1)**	(21.9)
Payment of lease liabilities	**(67.7)**	(58.1)
Income taxes paid	**(38.4)**	(39.5)
Free cash flow	**205.6**	163.3

Adjusted Return on Capital Employed

	31 Dec 2023 £'m	31 Dec 2022 £'m
Operating profit	**183.1**	264.3
Acquisition related items	**2.7**	2.3
Amortisation of intangible assets arising on acquisitions	**19.7**	19.3
Adjusted operating profit	**205.5**	285.9
Total equity – current period end	**1,655.8**	1,745.6
Net debt/(cash)	**49.3**	(8.9)
Capital employed – current period end	**1,705.1**	1,736.7
Total equity – prior period end	**1,745.6**	1,719.6
Net (cash)	**(8.9)**	(139.0)
Capital employed – prior period end	**1,736.7**	1,580.6
Average capital employed	**1,720.9**	1,658.6
Adjusted return on capital employed	**11.9%**	17.2%

Capital Turn

	2023 £'m	2022 £'m
Total revenue for previous 12 months	**2,319.2**	2,301.5
Average capital employed	**1,720.9**	1,658.6
Capital turn - times	**1.3**	1.4

Dividend Cover

	2023 £'m	2022 £'m
Group adjusted EPS – basic (pence)	**77.88**	96.63
Group dividend (pence)	**36.0**	33.0
Group dividend cover - times	**2.2**	2.9

Free Cash Conversion

	2023 £'m	2022 £'m
Free cash flow	**205.6**	163.3
Adjusted operating profit	**205.5**	285.9
Free cash conversion	**100%**	57%

Gearing

	2023 £'m	2022 £'m
Total equity attributable to owners of the Parent	**1,655.8**	1,745.6
Group net debt/(cash)	**49.3**	(8.9)
Gearing	**3.0%**	N/A

Liquidity

	2023 £'m	2022 £'m
Cash and cash equivalents	**383.9**	711.7
Fixed term cash deposits	**200.0**	-
Less: cash held against letter of credit*	**(4.0)**	(4.0)
Accessible cash	**579.9**	707.7
Undrawn revolving bank facilities	**269.7**	226.9
Liquidity	**849.6**	934.6

**At 31 December 2023, cash of £4.0 million (2022: £4.0 million) was reserved to cover the risk of an event of default by the Group on a letter of credit. This arrangement can be replaced at any time.*

Net Cash – before Leases

	2023 £'m	2022 £'m
Net (debt)/cash - after leases	**(49.3)**	8.9
Lease liability	**429.0**	449.3
Net cash – before leases	**379.7**	458.2

Like-for-Like Revenue

	2023 £'m	2022 £'m
2022/2021 revenue	**2,301.5**	2,109.9
Organic growth	**(32.3)**	47.2
Organic growth – new branches	**11.3**	17.8
Total organic growth	**(21.0)**	65.0
Acquisitions	**12.1**	134.4
Foreign exchange	**26.6**	(7.8)
2023/2022 revenue	**2,319.2**	2,301.5
Like-for-like movement (organic growth, excluding new branches, as % of prior year revenue)	**(1.4%)**	2.2%

Cash Outflow on Dividends and Share Buyback, excluding transaction costs	2023 £'m	2022 £'m
Dividend payment	**72.6**	73.9
Purchase of treasury shares (Note 20)	**159.1**	142.6
Exclude LTIP share purchase (Note 20)	**(3.4)**	(7.6)
Cash outflow on dividends and share buyback, excluding transaction costs	**228.3**	208.9