

AGM Statement

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Grafton Group is pleased to confirm that trading in the first four months of the year has been in line with expectations. The acquisition of Heiton Group plc was successfully completed in January 2005 and it has since traded ahead of last year's levels. Its phased integration is progressing according to plan.

The Group's Irish merchanting businesses continue to see high single digit like for like growth in a buoyant and favourable trading environment. In an increasingly competitive Irish DIY market, the Group's stores recorded sales in line with the same period last year on a comparable basis.

Although consumer spending has shown signs of slowing in the UK retail sector, the Group's UK merchanting operations have experienced modest single digit like for like sales growth in the first four months of the year. Our UK Mortar business recorded single digit sales growth in a maturing and more competitive market.

Developments since the start of the year involved completion of five bolt on acquisitions trading from five locations and the opening of six greenfield branches, comprising five UK Plumbers Merchanting branches and a new DIY store in Limerick, Ireland.

The Group remains confident of continued growth in profits and earnings per share in 2005 and is well placed to participate in further consolidation of the Irish and UK merchanting markets.

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