

## **Statement by the Chairman, Mr. Michael Chadwick, to the Annual General Meeting**

Released: 08/05/2006

Grafton Group is pleased to report that trading for the four months to the end of April 2006 has been in line with Group expectations.

The Irish Merchanting business has had an excellent start to the year continuing to benefit from the very favourable economic environment and record levels of activity in the residential construction and repair and maintenance markets. Like for like sales growth has been strong across the Chadwicks and Heiton Buckley branch networks. Davies and Garvey's, which were acquired at the end of 2005, are performing ahead of pre-acquisition expectations.

DIY continues to be a strong growth segment of the Irish retail market. Although the sector remains competitive, due to the recent significant increase in DIY stores, the Group has continued to grow its DIY sales. The new Woodie's DIY store in Castlebar has traded satisfactorily.

The UK Merchanting market continues to reflect the softer trading conditions being experienced in the construction sector in the UK. It is anticipated that first half sales in the UK will be up although, as previously indicated, like for like sales will be below the levels achieved in the first half of 2005. The improving macro economic data emerging in the UK should be positively reflected in Group trading in the second half of the year. Developments since the start of the year in the UK involved the completion of four bolt-on acquisitions trading from six locations and the opening of six merchanting branches.

The Group continues to be confident about the prospects for its Irish and UK businesses and is well placed to participate in the further consolidation of the UK and Irish Merchanting markets.

### **Ends**

**Michael Chadwick**  
**Executive Chairman**  
**Grafton Group plc**  
**Telephone:**  
**(++353) (01) 216 0600**

**Joe Murray**  
**Murray Consultants**  
**Telephone:**  
**(++353) (01) 498 0300**

**Colm O'Nulláin**  
**Finance Director**  
**Grafton Group plc**  
**Telephone:**  
**(++353) (01) 216 0600**

**Ginny Pulbrook**  
**Citigate Dewe Rogerson**  
**Telephone:**  
**(++44) (0207) 282 2945**