

Interim Management Statement

Grafton Group plc, the builders merchants and DIY group with operations in the UK and Ireland, issues this Interim Management Statement for the period ending 9th November 2009.

In line with the Group's trading updates issued earlier this year, the Group continues to experience very challenging trading conditions. The stabilisation of Group turnover experienced since April has been maintained in September and October.

Quarterly turnover across the Group was €470 million in quarter one, €520 million in quarter two and €522 million in quarter three. Group turnover for the month of October was €174 million.

Group turnover to the end of October was €1.686 billion down €661 million or 28 per cent on the €2.347 billion in the same period last year. Like for like sales per working day in the Group's UK businesses in October were down 4 per cent on a constant currency basis compared to minus 18 per cent in the first half. In Ireland, like for like sales per working day in October were down 30 per cent compared to minus 37 per cent for the six months to 30th June 2009.

In the period to the end of October, in constant currency terms Group merchanting turnover was down 21 per cent compared to 24 per cent at the half year, DIY turnover was down 19 per cent compared to 18 per cent at the half year and manufacturing was down 45 per cent compared to 49 per cent at half year.

Leading macro economic indicators in the sector in the UK (increases in; housing starts, housing transactions, mortgage lending and house prices) continue to improve. Volumes have increased in dry mortar sales which are mainly exposed to the new housing sector. Increases in activity should be reflected in improving trading levels in Grafton's UK merchanting business during 2010.

The extensive rationalisation and integration programme is well advanced and the benefit of cost reductions is being reflected across the Group. The Group is cash generative and net debt levels continue to be reduced. Grafton maintains a comprehensive business franchise in its core markets with strong competitive operating units and a conservatively managed securely funded balance sheet with good liquidity. The Group remains well positioned to capitalise on upturns in activity in its markets as they emerge.

Ends.

10 November 2009

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