



Grafton Group plc

Interim Management Statement

Grafton Group plc, the builders merchanting and DIY Group with operations across the UK and Ireland, issues this management statement for the period ending 8 November 2011.

Group turnover for the ten months to 31 October 2011 was €1.73 billion compared to €1.70 billion in the same period last year.

The UK business, which accounts for over 70 per cent of Group turnover, increased sterling turnover by 4.8 per cent in the ten months compared to the same period last year and growth of 5.0 per cent in first half. Average daily UK like for like sterling turnover increased by 4.0 per cent in the ten month period but moderated to 2.0 per cent in September and October. This compares to growth of 4.7 per cent in the first half.

Irish Merchanting turnover declined by 7.7 per cent in the ten months which compares to a decline of 7.2 per cent in the half year.

Turnover in the Irish Retailing business declined by 5.7 per cent in the period to October compared to a decline of 4.6 per cent in the first half. Turnover in the Manufacturing segment increased by 6.4 per cent in the ten months to October relative to growth of 6.5 per cent in the first half.

Uncertainty on the economy, low consumer confidence and tight lending conditions continue to limit growth in RMI volumes in the UK market. In Ireland, the economic environment is likely to make trading conditions challenging for some time ahead.

The Belgian joint venture completed its third bolt on acquisition this year, bringing the Belgian annualised turnover to circa €55 million. Selco's programme of new store development in the UK continued with a second store opened in Slough during September.

Following the completion of the successful refinancing the Group now has €388 million of bank facilities which have an average maturity profile of more than 4 years. When combined with the US Private Placement loan notes this leaves Grafton in a strong financial position.

Due to the further delay in recovery in our sector and the resultant lower operational leverage, the Group expects full year operating profit before restructuring and amortisation costs to be in the range of €52 to €55 million (2010: €50.6 million). The Board remains confident of achieving further improvement in profitability going forward.

Ends.

9 November 2011

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