

## **Grafton Group plc**

### **Trading Update**

Grafton Group plc, the builders merchants and DIY group with operations in the UK and Ireland, issues this trading update for the year ended 31 December 2010.

After a reduction in sales in the first quarter the following three quarters each showed modest growth. Group turnover to the end of December 2010 was c. €2.00 billion compared to the €1.98 billion achieved in 2009. Sales in the second half were c. €1.02 billion, up c. 3 per cent on the €0.99 billion achieved in the comparable period in 2009. Extreme weather in late November and December impacted negatively on sales.

Group merchandising turnover continued to improve with an increase of 3 per cent in the year. UK merchandising sales were up c. 7 per cent on the €1.32 billion achieved in 2009 (c. 3 per cent in sterling). The decline in Irish merchandising turnover moderated further in the second half with sales down 7 per cent relative to a fall of 16 per cent in the first half. Retailing sales finished the year down c. 7 per cent consistent with earlier trading statements issued by the Group. Turnover in the Group's manufacturing division was down c. 4 per cent on last year.

Grafton has reached outline agreement with Travis Perkins, subject to formal OFT approval, to acquire 10 of their plumbing and heating branches in England and Wales. Nine of these currently trade as PTS and the other as City Plumbing Supplies.

Grafton's financial position remains strong with good liquidity and positive cash flows from operations. The improvement in operating profitability evident in the first half has progressed strongly into the second half. The Group is well positioned for continuing growth in earnings as its markets recover.

Ends

7 January 2011

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