



Grafton Group plc

Trading Update

11 July 2012

Grafton Group plc, the builders merchants and DIY Group with operations in the UK, Ireland and Belgium, issues the following Trading Update for the Half Year ended 30 June 2012.

Revenue

Group turnover for the half year to 30 June 2012 was €1.05 billion, an increase of 4 per cent on turnover of €1.01 billion in the first half of 2011. The translation of sterling turnover at a more favourable exchange rate against the euro contributed to the increase in turnover.

Merchandising

Average daily like for like turnover in the UK Merchandising business, which accounted for 74 per cent of Group turnover, increased by 1.4 per cent in the half year. The business delivered a good improvement in turnover in the first quarter. Trading conditions in the second quarter were adversely affected by unseasonal weather with record levels of rainfall from April to June in the UK. Self-help measures contributed to an improved performance in Buildbase and Plumbase. Selco continued to develop its market position and Macnaughton Blair experienced a recovery in volumes in its general merchandising business. The specialist indoor construction products business that supplies the residential new build market and the bathroom distribution business performed strongly.

Turnover in the Irish Merchandising business was down by circa 9 per cent due to a further decline in spending on housing RMI. Average daily turnover in the overall business, including the effect of branch consolidations, declined by 13 per cent in January and February and at half that rate over the March to June period in what continues to be a challenging market. The impact on performance of lower turnover was mainly offset by cost reductions.

Retailing

Turnover in the Irish Retailing business was down by circa 12.5 per cent. Adverse weather conditions in April and June contributed to significantly reduced demand for gardening products and trading was also affected by weak consumer spending due to pressure on disposable incomes.

The Group's operating performance was satisfactory in demanding market conditions primarily as a result of internal initiatives against the backdrop of cyclically low levels of activity in its markets. Results for the half year (before rationalisation costs) will be in line with expectations.

Interim 2012 Results

The Group will report Interim Results for the six months ending 30 June 2012 on Wednesday, 29 August 2012.

For further information please contact:**Grafton Group plc (+353 1 2160600)**

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