Grafton Group plc

Interim Management Statement

7 November 2013

Grafton Group plc, the builders merchanting and DIY Group with operations in the UK, Ireland and Belgium, issues the following Interim Management Statement for the period from 1 July 2013 to 31 October 2013.

Group Revenue

The Group experienced an improvement in revenues in the four months to the end of October against the background of generally more positive trading conditions in its markets. Revenue for the ten months to 31 October 2013, was £1.60 billion (ten months to 31 October 2012: £1.49 billion), an increase of 7.4 per cent on the same period last year.

The table below shows the like for like 2013 revenue growth for the first two quarters, the last four months to 31 October 2013 and the total revenue for the ten months to date.

Average Daily Like for Like Revenue Growth – 2013*				Total Revenue
	Q1	**Q2**	**Four months to 31 October 2013**	**Ten months to 31 October 2013***
UK Merchanting	(0.6%)	4.2%	4.1%	6.2%
Irish Merchanting	2.4%	(0.6%)	5.6%	1.1%
Irish Retailing	(12.3%)	8.5%	4.1%	(1.7%)
Manufacturing	(10.3%)	8.0%	25.5%	0.7%

*Constant currency

Merchanting (89% of Group Revenue)

The UK Merchanting business, which contributed 74 per cent of Group Revenue, increased like-for-like volumes supported by more favourable trading conditions as the economic recovery became more established and the new housing and repair, maintenance and improvement (RMI) markets started to recover. The improvement in total revenue also reflected the benefit of development activity including the opening of two Selco branches.

Overall trading in the Irish Merchanting business stabilised in the first half following five years of volume declines. There were indications in recent months of a recovery in some regional markets led by improved demand in the greater Dublin area, Cork and the Mid-West region. Total revenue growth includes the impact of branch consolidations during 2012.

Irish Retailing (9% of Group Revenue)
The recovery under way in the Irish economy contributed to improved sentiment but consumers remained cautious. Spending in the Woodie's DIY businesses, which benefitted from strong demand for seasonal products during the summer, showed more modest growth in recent months. The closure of two stores last year accounted for the decline in total revenue.

Manufacturing (2% of Group Revenue)
The mortar business in Britain benefitted from progressively stronger quarterly demand due to the recovery in the new homes market where a sharp increase in housing starts from a low base was driven by a more stable economic outlook, improved consumer confidence and increased availability of mortgage finance.

Full Year Forecast
The Group is on course to report full year operating profit (before pension credit) in line with its expectations.

Financial Position
The Group continued to maintain a strong financial position with good cash generation from operations, low gearing, significant liquidity and undrawn bank facilities.

Gavin Slark, Chief Executive Officer of Grafton Group plc commented:

"*The housing market in the UK is benefiting from Government backed initiatives and confidence is slowly but surely returning. This should have a positive, though lagged, effect on Grafton as housing transactions and household spending on RMI increases. In Ireland, consumer confidence has improved and the Merchanting and DIY markets have stabilised at very low levels of activity*."

Ends

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