

**Grafton Group plc**

**Trading Statement**

**9 January 2013**

Grafton Group plc, the builders merchanting and DIY Group with operations in the UK, Ireland and Belgium, issues this Trading Statement for the year ended 31 December 2012.

**Revenue**

Revenue for 2012 was c. €2.17 billion, an increase of 5.8 per cent from €2.05 billion for 2011. Trading ended the year on a stronger note with above trend growth in average daily UK like-for-like Merchanting turnover in the November/December period and a moderation in the rate of decline in Irish Merchanting and Retailing turnover. The revenue outturn for the year includes a positive currency impact of c. €105 million due to the translation of UK revenue at a more favourable average sterling/euro exchange rate compared to the average rate for 2011.

**Merchanting Segment**

UK Merchanting sterling turnover increased by 3.1 per cent in the year. Average daily like for like sterling turnover increased by 1.7 per cent including growth of 3.7 per cent in the November/December period.

Irish Merchanting turnover declined by 8.5 per cent for the year. The rate of decline in average daily turnover eased to 2.7 per cent in the November/December period.

**Retailing Segment**

Turnover in the Irish Retailing business declined by 9.2 per cent for the year and by half this rate for the November/December period.

**Operating Profit**

It is anticipated that operating profit (before restructuring costs and amortisation of intangibles) for 2012 will exceed market expectations and be not less than €70 million (2011: €56.9 million). The anticipated operating profit outcome reflects an improvement in trading in the final months of the year and the benefit of a relentless emphasis on improving performance through self-help measures against the backdrop of difficult market conditions.

**Outlook**

The immediate outlook for demand in the Group's markets remains challenging and the timing and extent of any recovery is unclear. There will be a continued focus in 2013 on operational initiatives to improve profitability. These measures together with a portfolio of highly cash generative businesses and a strong balance sheet leave the Group well placed to benefit from a market recovery and provide the resources to invest in suitable development opportunities.

The Preliminary Results for 2012 are expected to be announced on 7 March 2013.

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