



## Grafton Group plc

### Trading Update

12 January 2016

Grafton Group plc, the builders merchanting and DIY Group with operations in the UK, Ireland, the Netherlands and Belgium, issues the following Trading Update for the year ended 31 December 2015 in advance of its Final Results which are scheduled to be announced on 8 March 2016.

#### Group Revenue

Trading conditions were broadly positive for the overall Group in the final quarter compared to the same period last year. Revenue for the year to 31 December 2015 was £2.21 billion, an increase of 6.3 per cent on revenue of £2.08 billion in 2014.

The table below shows the changes in average daily like-for-like revenue and total revenue by segment compared to the same periods in 2014.

Segment	Average Daily Like-for-Like Revenue Growth in Constant Currency		Total Revenue	
			Constant Currency	Actual (Sterling)
	Three Months to 31 December 2015	Year to 31 December 2015	Year to 31 December 2015	Year to 31 December 2015
<b>Merchanting</b>				
- UK	3.3%	3.9%	8.9%	8.9%
- Ireland	7.9%	10.1%	10.9%	(0.1%)
- Belgium	(3.9%)	(0.4%)	0.2%	(9.7%)
<b>Retailing</b>	7.9%	4.4%	4.1%	(6.2%)
<b>Manufacturing</b>	(2.3%)	5.6%	9.2%	8.5%
<b>Group</b>	3.8%	4.6%	8.9%	6.3%

#### Merchanting (91% of Group Revenue)

The rate of revenue growth in the UK merchanting business, which accounted for three quarters of Group revenue, evolved broadly as anticipated with an easing of trends towards the year

end. The traditional merchanting business continued to experience competitive market conditions particularly within the plumbing and heating market.

Development of the Selco business continued in 2015 with the opening of five new branches, including Southampton and Weybridge, prior to the year end to take the total number of branches now trading to 40. A similar number of openings are planned for the current year.

The merchanting business in **Ireland** continued to perform strongly as record low interest rates and growth in house prices and housing transactions supported increased activity in the residential repair, maintenance and improvement and new build markets against the background of an acceleration in the rate of growth in the Irish economy.

The **Belgian** economy weakened and confidence fell as the year progressed, contributing to a decline in second half like-for-like revenue and weaker margins in the merchanting business.

### **Retailing (7% of Group Revenue)**

An increase in employment and disposable income combined with a sharp improvement in consumer confidence in Ireland supported a recovery in retail spending which broadened into the DIY sector in the second half of the year. The pick-up in demand and promotional activity contributed to strong second half revenue growth in the Woodie's business.

### **Manufacturing (2% of Group Revenue)**

The UK mortar business experienced a softening in demand in the second half of the year as the rate of growth in the construction of new homes slowed. Medium term demand conditions remain favorable due to the shortage of new homes and positive economic backdrop.

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

*“2015 was a year of significant development activity for the Group with the continued expansion of the Selco branch network, bolt-on acquisitions in the UK merchanting market and the purchase of Isero which now gives the Group a presence for the first time in the Netherlands market. The Group anticipates reporting operating profit for 2015 in line with the guidance<sup>1</sup> provided in the Interim Management Statement issued on 12 November 2015.”*

#### Note

<sup>1</sup> Operating Profit guidance of c. £125.5m - £127.0m.

#### **Ends**

#### **For further information please contact:**

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