



## Grafton Group plc

### Trading Update

10 November 2016

Grafton Group plc, the builders merchandising and DIY Group with operations in the UK, Ireland, the Netherlands and Belgium, issues the following trading update for the period from 1 July 2016 to 31 October 2016.

#### Group Revenue and Operating Profit

Group revenue for the ten months to 31 October 2016 was £2.11 billion, an increase of 12.8 per cent on revenue of £1.87 billion in the corresponding period in 2015 and an increase of 10.0 per cent in constant currency. Operating profit was in line with the Group's expectations in the period to the end of October.

The table below shows the change in average daily like-for-like revenue by segment and the change in total revenue by segment compared with the same periods in 2015.

Segment	Average Daily Like-for-Like Revenue Growth – 2016 in Constant Currency			Total Revenue	
				Constant Currency	Actual (Sterling)
	Six Months to 30 June 2016	Four Months to 31 October 2016	Ten Months to 31 October 2016	Ten Months to 31 October 2016	Ten Months to 31 October 2016
<b>Merchandising</b>					
- UK	3.3%	1.2%	2.4%	6.2%	6.2%
- Ireland	11.7%	11.4%	11.5%	11.5%	24.7%
- Belgium	(7.4%)	(5.0%)	(6.4%)	(11.3%)	(0.9%)
<b>Retailing</b>	6.4%	4.0%	5.5%	5.5%	17.9%
<b>Manufacturing</b>	2.1%	7.5%	4.3%	11.8%	12.6%
<b>Group</b>	4.2%	2.8%	3.6%	10.0%	12.8%

#### Merchandising (92% of Group Revenue)

Like for like revenue increased modestly in the four months to the end of October in the **UK Merchandising** business. The traditional merchandising business, trading principally under the Buildbase and Plumbase brands, continued to experience pricing pressure in a competitive

trading environment. The restructuring announced in the half year results is proceeding according to plan.

Selco, the UK's fourth largest merchanting business after Buildbase, improved market coverage with the opening of branches in Wolverhampton and Portsmouth in September and Mitcham in October. The opening of branches in Croydon and Wembley in December will take the number of branch openings this year to seven and increase the branch network to 47 by the year-end, slightly ahead of plan.

The positive momentum experienced by the **Irish Merchanting** business in the first half continued in the period to the end of October. A healthy rate of growth in the economy supported a strong performance in all regions. The increase in revenue was driven by growth in the core residential RMI market, new infrastructure projects, increased spending on commercial properties and a gradual recovery in house building from a low base.

The **Netherlands Merchanting** business, which was acquired in November 2015, benefitted from solid growth in the wider economy and a strong recovery in the new housing and RMI markets.

Trading in the **Belgian Merchanting** market continued to be impacted by subdued economic growth and softer demand in the residential new build and RMI markets.

#### **Retailing (6% of Group Revenue)**

Woodie's DIY continued to generate good like-for-like growth in Ireland benefitting from gains in employment and disposable incomes and a positive response from customers to the re-focusing of the business in recent years.

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

The UK mortar manufacturing business experienced a resumption of volume growth in the period. Growth was driven by solid demand for new homes supported by measures to increase supply and low interest rates.

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

*"The Group had a satisfactory performance in the period with development activity focused on expansion of the Selco branch network in the UK. The Irish and Netherlands businesses performed well and are attractively positioned to benefit from a relatively early stage recovery in the economic cycle and underpin the benefits to the Group of exposure to multiple markets."*

**Ends**

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