



Grafton Group plc

Trading Update

11 July 2017

Grafton Group plc, the international builders merchandising and DIY Group, issues this trading update for the period from 1 January 2017 to 30 June 2017. Interim Results for the Half Year to 30 June 2017 are scheduled to be published on 31 August 2017.

Group Revenue

The Group performed strongly in the half year with the benefit of broadly positive market segment conditions and good strategic positioning in key markets. Group revenue increased by 9.0 per cent to £1.34 billion (Six months to 30 June 2016: £1.23 billion) and by 6.2 per cent in constant currency. Like-for-like Group revenue increased by 5.7 per cent.

The table below shows the quarterly and half year changes in average daily like-for-like revenue and in total revenue compared to the same periods in 2016.

Segment	Average Daily Like-for-Like Revenue Growth in Constant Currency			Total Revenue Growth	
	Three Months to 31 March	Three Months to 30 June	Six Months to 30 June	Constant Currency	Sterling
Merchandising				Six Months to 30 June	Six Months to 30 June
- UK	4.4%	4.7%	4.5%	4.0%	4.0%
- Ireland	14.6%	10.2%	12.2%	10.6%	21.9%
- Belgium	(4.5%)	6.2%	1.5%	0.4%	10.8%
- Netherlands	4.2%	4.4%	4.3%	38.1%	52.5%
Retailing	4.4%	8.1%	6.6%	4.7%	15.5%
Manufacturing	3.6%	14.6%	9.1%	9.1%	9.8%
Group	5.5%	5.9%	5.7%	6.2%	9.0%

Total revenue growth in the UK merchandising business reflects branch closures in the second half of 2016.

Merchanting (92% of Group Revenue)

Selco reported double digit revenue growth driven principally by the rollout of new branches. Six branches were opened in the half year and, following the opening of a branch in Warrington earlier this month, Selco now trades from 54 branches. The business remains on course to open at least ten new branches this year.

The traditional **UK Merchanting** businesses reported good like-for-like revenue growth and also benefited from the restructuring implemented in the last quarter of 2016.

The Group's merchanting business in **Ireland** outperformed a recovering market where it has a strong leadership position. The residential RMI market continued to register good volume growth and the recovery in the residential and commercial new build markets gathered pace.

The **Netherlands** merchanting business performed strongly against the backdrop of good growth in the Dutch economy and increased house building and housing transactions. The 14 branch Amsterdam based Gunters en Meuser business, acquired in January 2017, traded in line with expectation.

Second quarter revenue growth in the **Belgium** merchanting business more than offset a first quarter decline as the business continued to reorient its customer base towards a higher margin operating model.

Retailing (6% of Group Revenue)

Strong revenue growth in the Woodie's business was driven by employment and incomes growth and a relentless focus on improving the shopping experience for customers. Monthly revenue trends in the second quarter were markedly influenced by the timing of Easter and demand for seasonal products.

Manufacturing (2% of Group Revenue)

Good volume growth in the mortar manufacturing business in Britain reflected the strength of its market leading position and increased activity in the new housing market.

Property Disposals

The Group generated a profit of circa £2.0 million in the first half (H1 2016: £3.5 million) from surplus property disposals and full year property profit is expected to be circa £3.0 million (2016: £4.9 million).

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

"We are pleased with the Group's first half trading performance which was better than we anticipated and provides a good platform for the full year. Looking ahead, we expect to continue to benefit from both our strong market positions and exposure to multiple geographies and for the positive trends in the Irish and Netherlands businesses to continue in the second half. Whilst we remain optimistic on the medium term outlook for the UK, we

are cautious about the shorter term impact of current uncertainty and pressure on real incomes which may temper growth in spending on housing RMI.”

Ends

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About Grafton

Grafton Group plc is an international distributor of building materials to trade customers and has leading regional or national positions in the merchanting markets in the UK, Ireland, the Netherlands and Belgium. Grafton is also the market leader in the DIY retailing market in Ireland and is the largest manufacturer of dry mortar in the UK. Grafton trades from circa 630 branches and has over 12,000 employees. Its portfolio of brands include Selco, Buildbase, Plumbase, MacBlair and CPI EuroMix in the UK; Chadwicks, Heiton Buckley and Woodie’s in Ireland; Isero and Gunters en Meuser in the Netherlands and YouBuild and MPRO in Belgium.

For further information visit www.graftonplc.com