



Grafton Group plc

Trading Update

13 January 2017

Grafton Group plc, the international builders merchandising and DIY Group, issues the following trading update for the year ended 31 December 2016 in advance of its Final Results which are scheduled to be announced on 7 March 2017.

Group Revenue

Group revenue for 2016 was £2.51 billion, an increase of 13.4 per cent on revenue of £2.21 billion in 2015 and 10.4 per cent in constant currency.

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

Segment	Average Daily Like-for-Like Revenue Growth in Constant Currency		Total Revenue	
			Constant Currency	Actual (in Sterling)
	Three Months to 31 December 2016	Year to 31 December 2016	Year to 31 December 2016	Year to 31 December 2016
Merchandising				
- UK	4.6%	2.9%	6.6%	6.6%
- Ireland	11.4%	11.6%	11.9%	26.7%
- Belgium	(6.9%)	(6.4%)	(10.6%)	0.9%
Retailing	5.4%	5.6%	5.6%	19.5%
Manufacturing	9.5%	5.2%	11.9%	12.8%
Group	5.3%	4.1%	10.4%	13.4%

Merchandising (92% of Group Revenue)

Selco outperformed the **UK Merchandising** market with good revenue gains in the established branches and growth from new branches. Expansion of the Selco branch network gathered pace with the opening of seven branches, including branches in Croydon and Wembley in December, increasing the network to 47 in 2016. The current programme of expansion, which reflects the success of Selco's trade only model that services the more resilient residential RMI market, will continue in 2017 with the planned opening of at least ten branches.

The rate of revenue growth picked-up in the last quarter in the traditional UK merchandising business, which trades mainly under the Buildbase and Plumbase brands, although the

market remained very price competitive. The restructuring plan announced in the half year results was successfully implemented.

The Group's market leading merchanting business in **Ireland** outperformed a recovering construction market, driven principally by growth in residential RMI activity, and reported double digit like-for-like revenue growth for the third successive year.

The **Netherlands Merchanting** business, acquired in November 2015, performed well supported by good economic growth and a strong recovery in the residential new build and RMI markets. The Group announced on 18 November 2016 that it had signed an agreement to acquire Gunters en Meuser, a distributor of tools fixings and ironmongery from 14 branches. This transaction has now completed and provides the Netherlands business with a strong presence in the Greater Amsterdam Area where Gunters en Meuser is the market leader.

The **Belgian Merchanting** business continued to experience difficult market conditions with softening demand, especially for larger project work.

Retailing (6% of Group Revenue)

The Woodie's DIY business in Ireland reported a solid increase in volumes benefitting from the initiatives undertaken in recent years to improve the customer proposition and a more favourable retail market.

Manufacturing (2% of Group Revenue)

The UK mortar manufacturing business experienced stronger demand in the second-half of the year from its house builder customer base and also increased revenue from the acquisition in 2015 of a packaged mortar products business.

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

"The Group finished the year on a more positive note and saw the benefit during 2016 of its exposure to multiple markets. We had an active year on the development front with the opening of seven new Selco branches, the completion of two bolt-on acquisitions in the UK and we agreed to acquire Gunters en Meuser in the Netherlands. A strong balance sheet and excellent cash generation from operations support these developments and our ongoing strategic initiatives."

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 650 branches and has circa 11,000 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