



Grafton Group plc

Trading Update

9 May 2018

Grafton Group plc, the international builders merchanting and DIY Group, issues this trading update for the period 1 January 2018 to 30 April 2018 in advance of its Annual General Meeting which will be held at 10.30am today in the IMI Conference Centre, Sandyford Road, Dublin 16.

Group Trading and Revenue

A positive start to the year in January and February in the overall Group was followed by weaker trading in March due principally to the adverse weather conditions and unseasonably low temperatures which extended into the first half of April. This had a significant impact on activity in our markets and reduced the rate of growth in average daily like-for-like revenue to 1.3 per cent for the period. Group revenue increased by 7.0 per cent to £907 million in the four months and by 6.2 per cent in constant currency.

The overall outlook for the Group is positive and despite weaker trading in March and April our expectation for the full year remains unchanged.

The table below shows the changes in average daily like-for-like revenue and total revenue for the four months to 30 April 2018 compared to the same period in 2017.

Segment	Average Daily Like-for-Like Revenue Growth*	Total Revenue	
		Constant Currency	Actual (Sterling)
	Four months to 30 April 2018	Four months to 30 April 2018	Four months to 30 April 2018
Merchanting			
- UK	(0.3%)	5.0%	5.0%
- Ireland	4.6%	7.6%	10.5%
- Netherlands	8.0%	20.5%	23.8%
- Belgium	(4.8%)	(3.7%)	(1.1%)
Retailing	4.7%	4.7%	7.6%
Manufacturing	15.1%	16.9%	17.1%
Group	1.3%	6.2%	7.0%

*Constant currency

Growth in total revenue in constant currency and in sterling reflects the benefit of one more trading day in the UK business and in the Irish merchanting business.

Merchanting (91% of Group Revenue)

In the UK, as anticipated the underlying activity was slightly softer than in the same period last year with competitive market conditions exerting pressure on prices.

Selco's growth strategy remained on track and delivered double digit revenue growth following the opening of twelve new branches last year and four in this period. The opening of a further three branches before the end of July will complete the branch opening programme for the current year. A small decline in like-for-like revenue was influenced by the transfer of revenue from a number of established branches that have limited spare capacity to new branches.

As previously announced, the Group acquired Leyland SDM, the largest independent specialist decorators' merchant in London, on 16 February 2018. The business has traded in line with expectation since joining the Group.

The market leading merchanting business in **Ireland** delivered strong revenue growth. Underlying market conditions were positive driven by good momentum in recovering residential and non-residential RMI and new build markets.

The **Netherlands** merchanting business performed strongly against the backdrop of a growing Dutch economy and construction sector with the 2017 acquisitions making very good progress.

The improving revenue trends in the **Belgian** merchanting business in the second half of 2017 continued in January and February leading to a satisfactory start to the year. These gains were however more than offset by lower new build construction activity in March and April.

Retailing (6% of Group Revenue)

The Woodie's business in Ireland experienced a strong start to the year that reflected positive market conditions and the benefit of store upgrades and new and extended product ranges. Whilst demand for outdoor seasonal products sustained a sharp fall in March and gradually recovered during April there was good demand for non-seasonal products in the period.

Manufacturing (3% of Group Revenue)

Revenue growth in the CPI EuroMix mortar business gathered pace through last year and this trend continued during the period supported by strong consumer demand in the new housing market and the business's reputation for quality and service.

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

"We should continue to benefit from exposure to strong growth markets in Ireland and the Netherlands and, consistent with our view coming into the year, expect underlying demand in the UK RMI market to remain subdued but house building to perform strongly."

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 over 12,300 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