

Grafton Group plc

Trading Update

Following the successful completion of the sale of Plumbase and its Belgian operations, and against the backdrop of recent market trends, Grafton Group plc ("Grafton" or "the Group"), the international builders merchandising and DIY Group, issues this trading update for the third quarter of 2019. This update brings forward a planned update scheduled for 12 November 2019.

Group Revenue and Markets

Like-for-like Group revenue in continuing operations increased by 0.9 per cent and total revenue by 4.5 per cent for the three months to 30 September 2019. Following an encouraging start, trading towards the end of the quarter and more recently has been impacted by a softening in activity.

Volumes in the UK merchandising business were affected by weak underlying demand fundamentals as households deferred discretionary spending on home improvement projects against the backdrop of increased economic uncertainty. While the Irish economy continued to benefit from positive momentum, there was some slowing in demand in the merchandising and DIY markets as consumer sentiment eased in response to a more cautious international outlook. Despite generally favourable conditions in the Netherlands merchandising market, demand has been affected by a Court ruling on nitrogen emissions which has delayed the grant of permits for new construction projects.

Group revenue from continuing operations for the nine months to 30 September increased by 3.6 per cent to £2.03 billion (nine months to 30 September 2018: £1.96 billion) and by the same rate in constant currency. Like-for-like Group revenue increased by 3.1 per cent in the period.

The table below shows changes in average daily like-for-like revenue and in total revenue compared to the same periods in 2018 for continuing operations following the recently announced disposal of Plumbase, the UK plumbers merchandising business, and the Belgian merchandising business.

Segment	Average Daily Like-for-Like Revenue Growth in Constant Currency			Total Revenue Growth	
				Constant Currency	Sterling
	Six Months to 30 June 2019	Three Months to 30 September 2019	Nine Months to 30 September 2019	Nine Months to 30 September 2019	Nine Months to 30 September 2019
Merchandising					
- UK	3.6%	(0.8%)	2.0%	0.6%	0.6%
- Ireland	8.3%	5.9%	7.4%	7.5%	7.4%
- Netherlands	3.1%	(2.8%)	1.2%	26.5%	26.7%
Retailing	2.9%	7.4%	4.3%	4.3%	4.3%
Manufacturing	2.9%	(0.7%)	1.7%	1.7%	1.7%
Group	4.3%	0.9%	3.1%	3.6%	3.6%

Operating Profit

Against the backdrop of softer third quarter trends which have continued into October, the Group currently expects to report full year operating profit for continuing operations in the range of 4-8 per cent lower than current consensus¹.

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

“Recent trading conditions are more reflective of market sentiment than business fundamentals. Grafton remains well placed to continue to benefit from our strong market positions in Ireland and the Netherlands and from a recovery in the UK merchanting market. The Group continues to focus on optimising trading opportunities in its markets, on cost control and cash generation and has a strong balance sheet to support value enhancing acquisition opportunities.”

Ends

Grafton Group plc + 353 1 216 0600

Gavin Slark, Chief Executive Officer

David Arnold, Chief Financial Officer

Murray + 353 1 498 0300

Pat Walsh

MHP Communications + 44 20 3128 8549

Tim Rowntree/Rachel Mann

Notes

¹Grafton compiled analysts’ forecasts show 2019 consensus operating profit for continuing operations (defined as profit before amortisation of intangible assets arising on acquisitions, net finance expense and income tax expense) of £193.5m (pre IFRS 16) and £206.4m (post IFRS 16).

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 and the Netherlands. 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 550 branches and has circa 12,300 colleagues. Its portfolio of brands include Selco, Buildbase, Leyland SDM, MacBlair and CPI EuroMix in the UK; Chadwicks, Heiton Buckley and Woodie's in Ireland and Isero, Polvo and Gunters en Meuser in the Netherlands.

For further information visit www.graftonplc.com