



Trading Update

9 July 2020

Grafton Group plc, the building materials distributor and DIY retailer with operations in the UK, Ireland and the Netherlands, is today providing a trading update for the six months to 30 June 2020 ahead of the release of its results for the half year on 27 August 2020.

Health and Safety

Our number one priority since reopening branches and stores has been the health and safety of our colleagues and customers. We have implemented procedures and protocols, in line with the guidance provided by Governments and health authorities, to ensure that all our locations have the highest health and safety safeguards in place. We are pleased that these measures are working effectively in practice. At the end of June, almost all trading locations across the Group were open for business and the vast majority of colleagues had returned to work.

Trading Performance

Group revenue in continuing operations for the six months to 30 June 2020 was £1.06 billion, down 19.4 per cent from £1.31 billion in the same period last year due to the impact on trading of the Covid-19 pandemic.

Trading in the month of June was more resilient than anticipated with Group revenue in continuing operations of £247.8 million. This was 11.4 per cent ahead of June 2019 revenue of £222.4 million with the benefit of two additional trading days in the distribution and manufacturing businesses and revenue from the acquisition of Polvo in July 2019. Average daily like-for-like revenue in June was down by 1.1 per cent on the prior year.

Strong demand in June in our businesses in Ireland and Netherlands and in Selco in the UK was partly offset by a slower pace of recovery in the traditional distribution and manufacturing businesses in the UK.

While we were encouraged by the improved performance in June, trading during the month is likely to have been influenced by pent-up demand as Covid-19 restrictions were lifted and we remain cautious about revenue trends in the second half of the year.

UK Distribution

June average daily like-for-like revenue in the UK distribution business was circa 90 per cent of the prior year level. Selco completed the reopening of all branches on a full self-select service basis on 22 June 2020 having initially reopened for Click & Collect and Click & Delivery only trading.

The traditional UK merchandising businesses expanded its operations to a full in-service branch offering during the month of June having initially operated pre-arranged branch collections and on-site deliveries.

Irish Distribution

The Chadwicks branch estate, which fully reopened on 18 May 2020, experienced growth of 7.3 per cent in average daily like-for-like revenue in June driven primarily by strong demand in the repair, maintenance and improvement segment of the housing market.

Netherlands Distribution

June trading in the Netherlands distribution business reflected solid underlying demand as expected and an increase in scale due to the Polvo acquisition.

Retailing

The Woodie's DIY, Home and Garden business in Ireland fully reopened on 18 May to a surge in demand that continued at a moderating pace establishing a new record for monthly revenue in June due to exceptional sales of seasonal products.

Manufacturing

June average daily revenue in the UK mortar manufacturing business was 70 per cent of the prior year level due to the slow recovery in housing building activity and the reopening of the plant in Scotland at the month end.

Liquidity

The Group was in a pre-IFRS 16 net cash position at the end of June and had liquidity of £658 million held in accessible cash deposits, bank balances and undrawn committed revolving bank facilities.

In view of the Group's strong cash and liquidity position, debt of £263 million that had been prudently drawn in April under the committed revolving bank facilities and held in cash was repaid.

Directors Remuneration

Director salaries, fees and pension arrangements which were temporarily reduced in April in response to the impact of Covid-19 on the Group's business were restored with effect from 1 July 2020 following the successful reopening of the business in June. As previously announced, the annual bonus scheme for 2020 has been suspended.

Outlook

While we have made further progress in June following the reopening of our businesses in the UK and Ireland in May, financial guidance for the year ending 31 December 2020 will remain suspended at this stage given the continuing uncertainty in our principal markets.

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

"I would like to express our gratitude to all of our colleagues for their continued commitment to the business and for providing a safe environment for each other and our customers. While we face many challenges in the months ahead, we are encouraged by the Group's trading and financial performance in the month of June which represented an important milestone on the road to recovery. Grafton is in a strong financial position and our resilient portfolio of market leading businesses is emerging stronger from this crisis and remains well positioned for future growth."

Ends

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