




Grafton Group UK Final Results



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Forward-looking statements & notes

Forward-looking statements

This presentation may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "outlook," "believe(s)," "expect(s)," "potential," "continue(s)," "may," "will," "should," "could," "would," "seek(s)," "predict(s)," "intend(s)," "trends," "plan(s)," "estimate(s)," "anticipates," "projection," "goal," "target," "aspire," "will likely result" and other words and terms of similar meaning or the negative versions of such words or other comparable words of a future or forward-looking nature. These forward-looking statements include all matters that are not historical facts and include statements regarding Grafton's or its affiliates' intentions, beliefs or current expectations concerning, among other things, Grafton's or its affiliates' results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Grafton's or its affiliates' actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Grafton's or its affiliates' results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods. The directors do not undertake any obligation to update or revise any forward-looking statements, whether because of new information, future developments or otherwise.

Notes

Please refer to Notes and Definitions in Appendix 1.

As amounts are reflected in £'m some immaterial rounding differences may arise.

Presenting today



Eric Born
Chief Executive Officer



David Arnold
Chief Financial Officer

FY 2024 highlights

Eric Born, Chief Executive Officer



2024 highlights

- **Full year adjusted operating profit slightly ahead of analysts' expectations ¹**
 - Resilient result despite challenging macroeconomic backdrop in several markets
 - Supported by geographic diversification and cost mitigation actions
- **Pleasing progress on Group development but ambition to do more**
 - Ongoing investment to strengthen existing market positions
 - Platform acquisition of Salvador Escoda – entering fragmented Spanish distribution market
 - Balance sheet capacity to support future deployment of growth capital
- **Strong cash conversion and capital returns to shareholders**
 - Cash conversion at 100% of adjusted operating profit
 - Returned £154.1m to shareholders through dividends and share buybacks
 - Full year dividend increased by 2.8% and new share buyback of £30.0m announced

FY 2024 financial review

David Arnold, Chief Financial Officer



2024 financial highlights

£'m	2024	2023	Change
Revenue	£2,282m	£2,319m	(1.6%)
Adjusted operating profit	£177.5m	£205.5m	(13.6%)
Adjusted earnings per share	71.8p	77.9p	(7.8%)
Full year dividend	37.0p	36.0p	+2.8%
Adjusted operating profit margin pre property profit	7.6%	8.8%	(120bps)
Adjusted return on capital employed (ROCE)	10.3%	11.9%	(160bps)
Free Cash Conversion	100.4%	98.8%	+1.6% pt
	31 Dec 24	31 Dec 23	Change
Net cash (before leases)	£272.1m	£379.7m	(£107.7m)
Net (debt) (incl. leases)	(£131.7m)	(£49.3m)	(£82.4m)

Income statement

£'m	2024	2023	Change
Revenue	2,282.3	2,319.2	(1.6%)
Adjusted operating profit pre property profit	173.5	204.2	(15.0%)
Property profit	4.0	1.3	
Adjusted operating profit	177.5	205.5	(13.6%)
Amortisation ¹ and acquisition related items	(24.9)	(22.4)	
Statutory operating profit	152.6	183.1	(16.6%)
Net finance (cost)/income	(0.1)	0.4	
Statutory profit before tax	152.5	183.5	(16.9%)
Adjusted profit before tax	178.9	205.9	(13.1%)
Tax rate	20.0%	19.0%	
Adjusted profit after tax	143.8	166.5	(13.6%)
Adjusted earnings per share	71.8p	77.9p	(7.8%)

¹Amortisation of intangible assets arising on acquisitions

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Trading result slightly ahead of expectations

Gross margin broadly unchanged

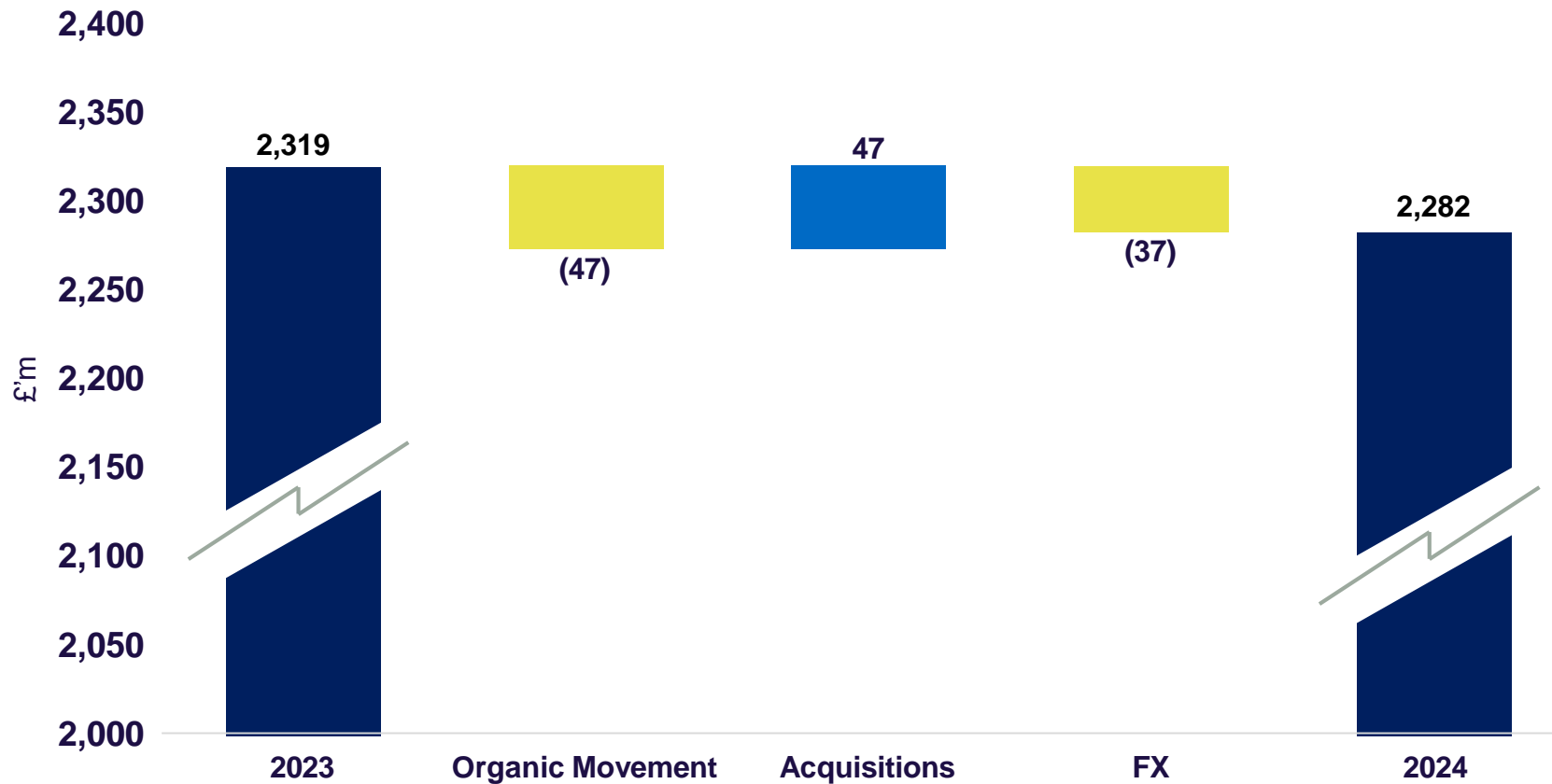
Overheads tightly controlled

Property profit higher, largely on the back of unrealised revaluation gain

Net finance cost impacted by lower interest rates on deposits but also benefited from FX gain

¹Amortisation of intangible assets arising on acquisitions

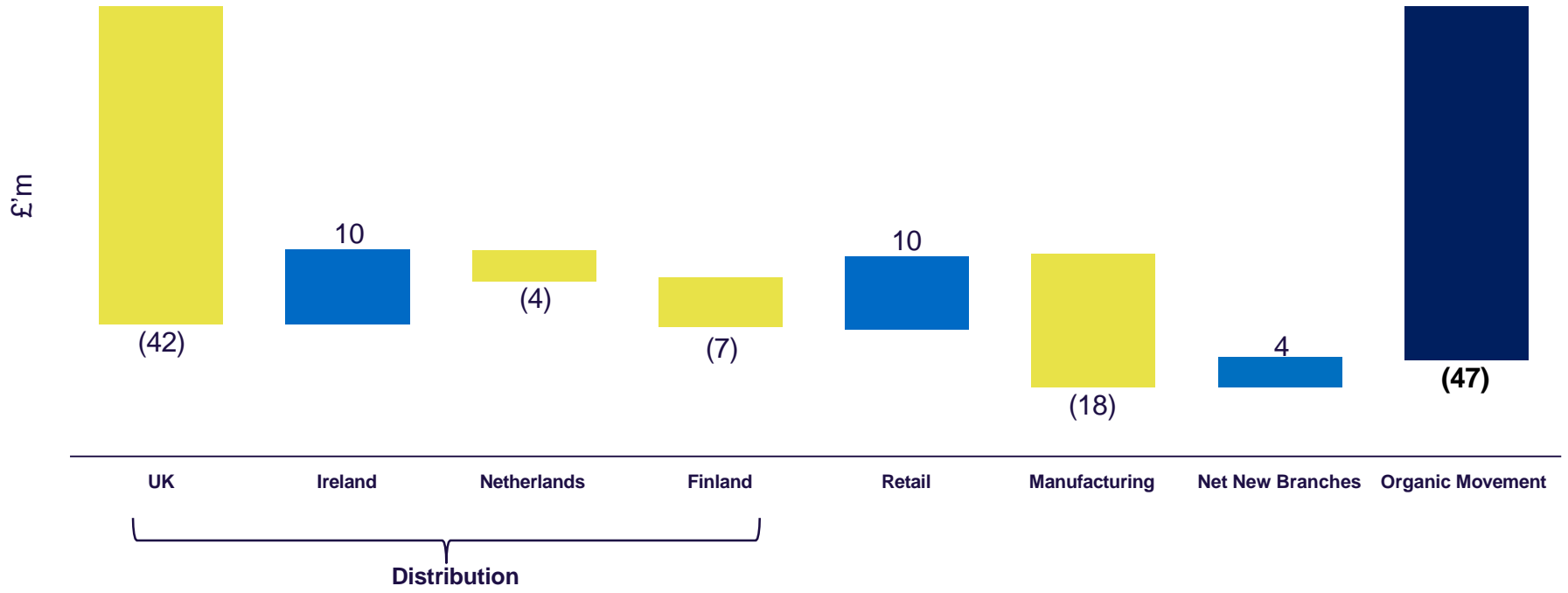
Revenue bridge – 2023 to 2024



2024 acquisition of Salvador Escoda together with effect of 2023 bolt-on **acquisitions** in Northern Ireland, Finland, the UK and Ireland

Negative **FX impact** due to weakening of the Euro against GBP

Analysis of organic movement in revenue (constant currency)



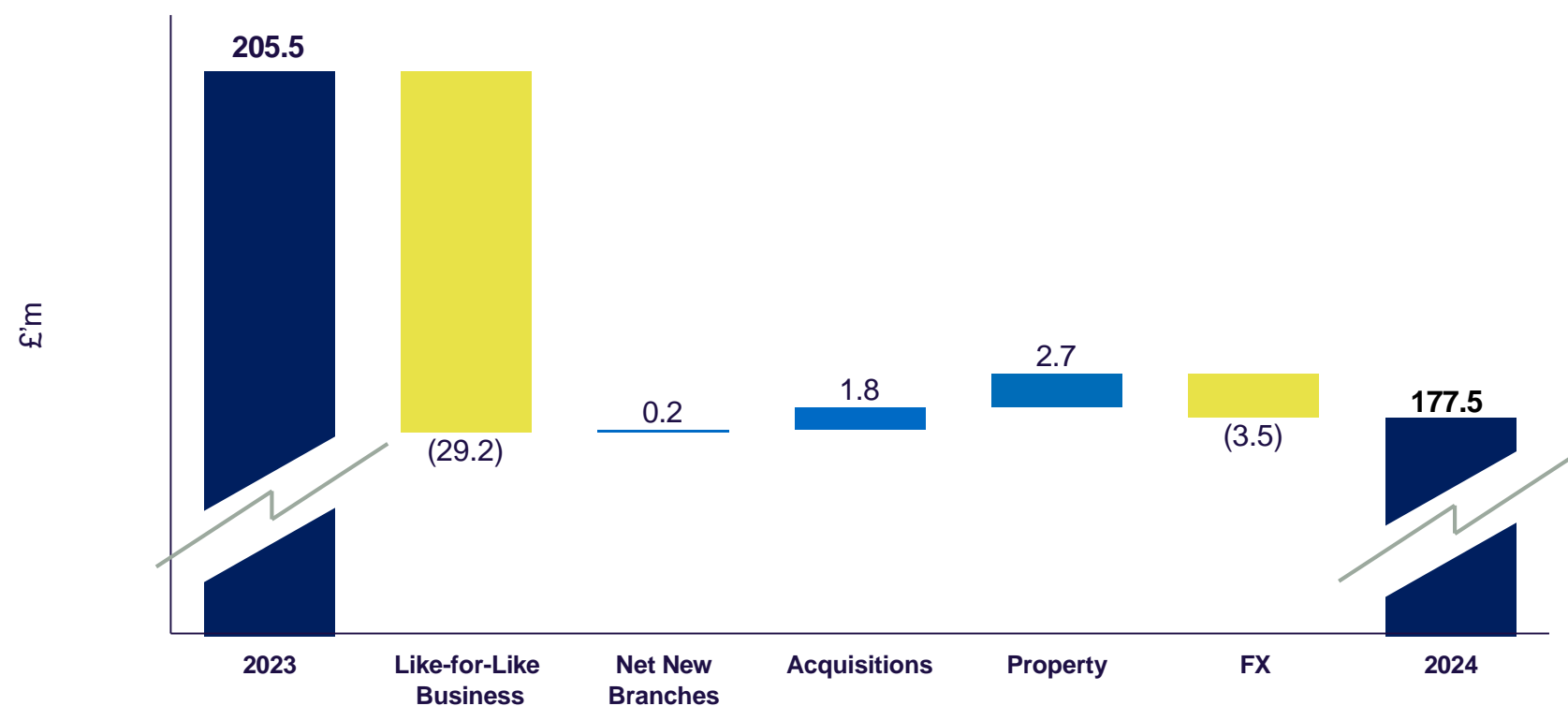
Like-for-like

Irish businesses performing well

Declines across other countries with UK being key driver

Thirteen **new branches** added across the Group in 2023/2024 in the Netherlands, Ireland, the UK and Finland

Adjusted operating profit – 2023 to 2024



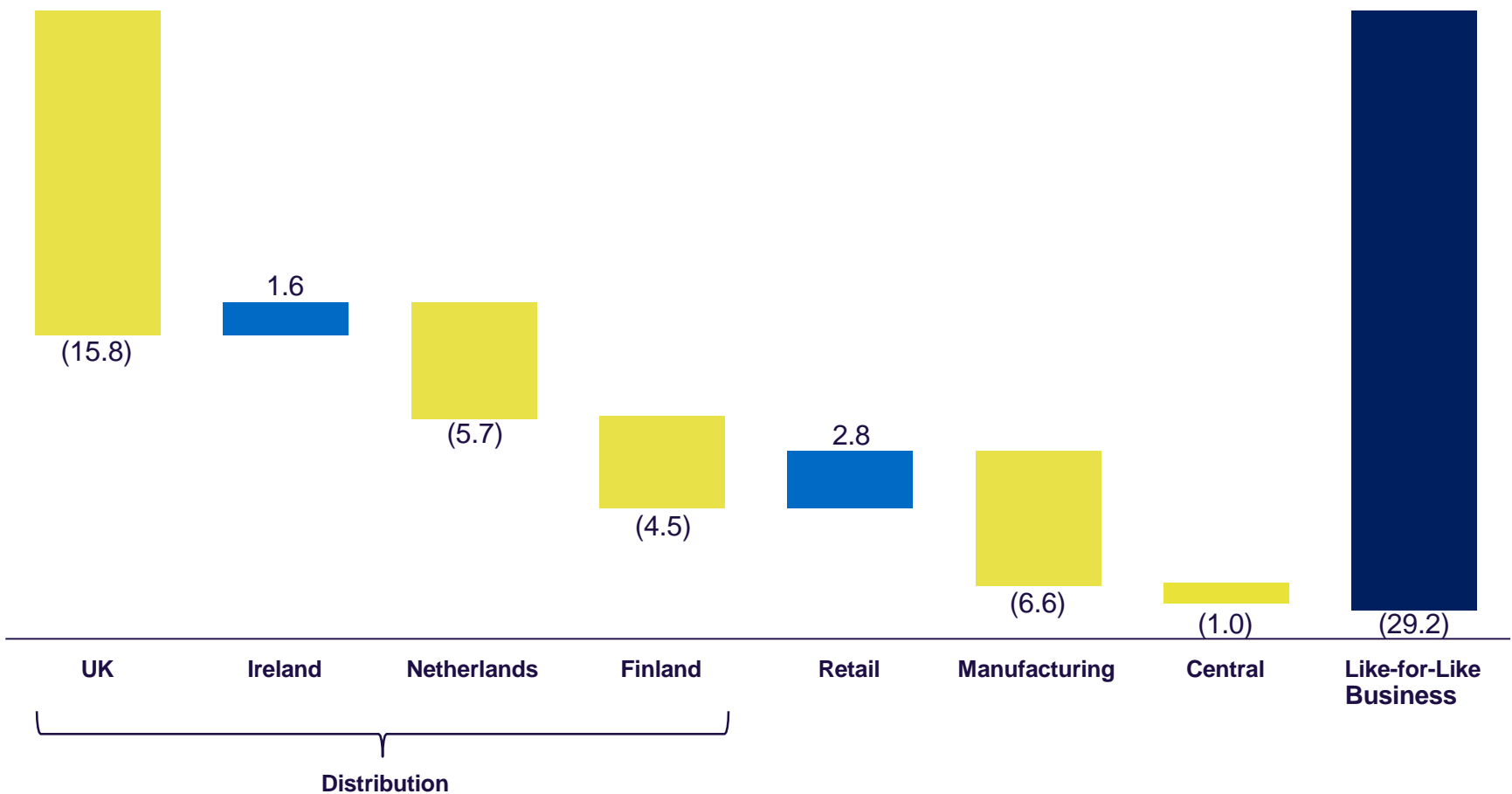
Like-for-like business down £29.2m mainly driven by decline in the UK

2023 & 2024 **acquisitions** generating profits in 2024. Salvador Escoda – 2 months trading only.

Property profit: £4.0m vs. £1.3m in 2023

Negative **FX impact** due to weakening of the Euro against GBP

Analysis of movement in adjusted operating profit in like-for-like business



Like-for-like

Irish businesses performing well

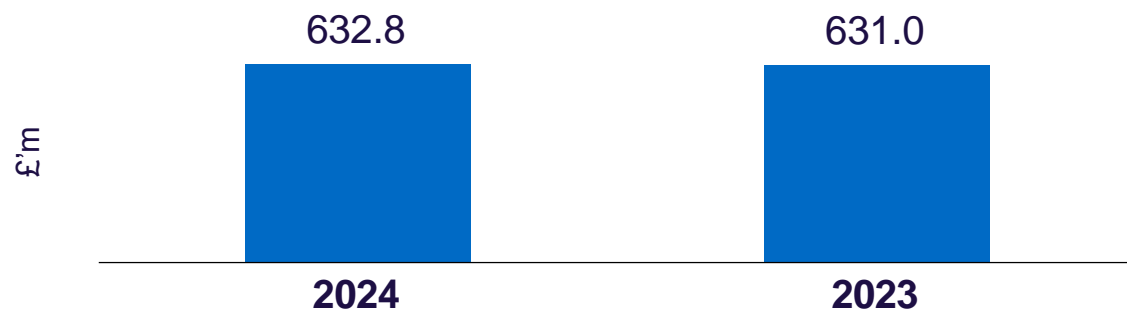
Operating profit decline in other countries driven by challenging markets

Rate of decline moderated in H2

Tight control of central costs

Ireland distribution

Revenue (£'m)



Adjusted operating profit¹ (£'m)



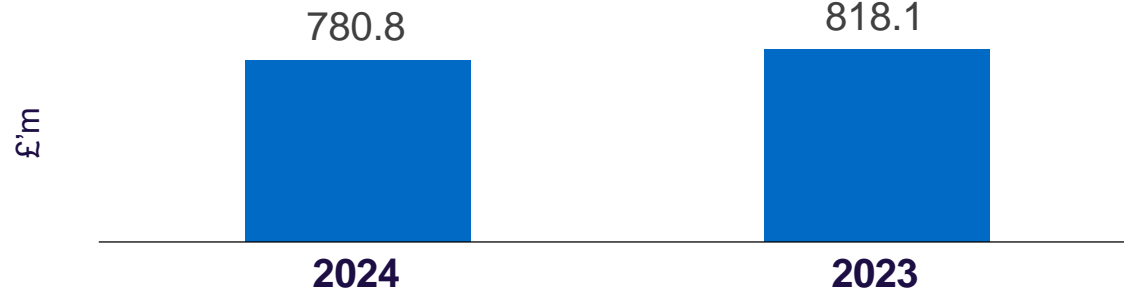
¹ Excludes property profit

£'m	2024	2023	Change	Constant currency
Revenue	632.8	631.0	+0.3%	3.0%
Adjusted operating profit ¹	61.5	60.9	+1.0%	3.6%
Adjusted operating margin ¹	9.7%	9.7%	-	-

- Overall construction market in Ireland was broadly flat
- Chadwicks delivered positive trading performance with modest growth in H1 and sales accelerating in H2
- FY volume growth of 4.6% offset by product price deflation of 3.0%
- Strong gross margin growth supported by active price management which offset operating cost pressures

UK distribution

Revenue (£'m)



Adjusted operating profit¹ (£'m)



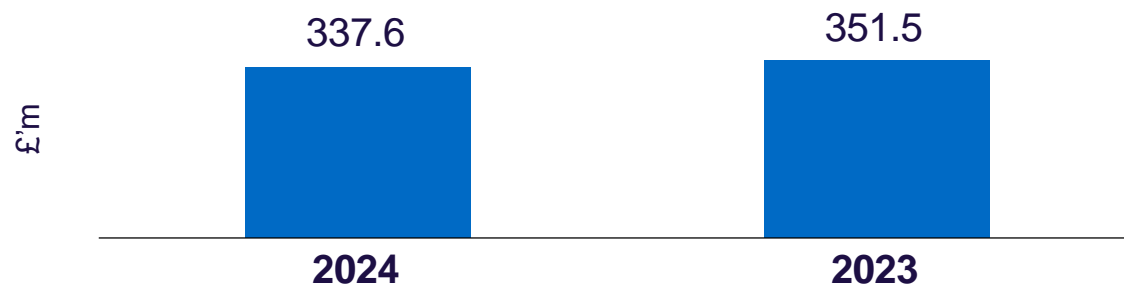
¹ Excludes property profit

£'m	2024	2023	Change
Revenue	780.8	818.1	(4.6%)
Adjusted operating profit ¹	32.4	47.3	(31.3%)
Adjusted operating margin ¹	4.2%	5.8%	(160bps)

- **RMI demand remained weak – more pronounced in London**
- **Product price deflation and volume declines moderated in H2**
- **Tight cost control with extensive cost reduction actions**
- **New Leyland SDM stores in South Kensington and Belsize Park**

Netherlands distribution

Revenue (£'m)



Adjusted operating profit¹ (£'m)



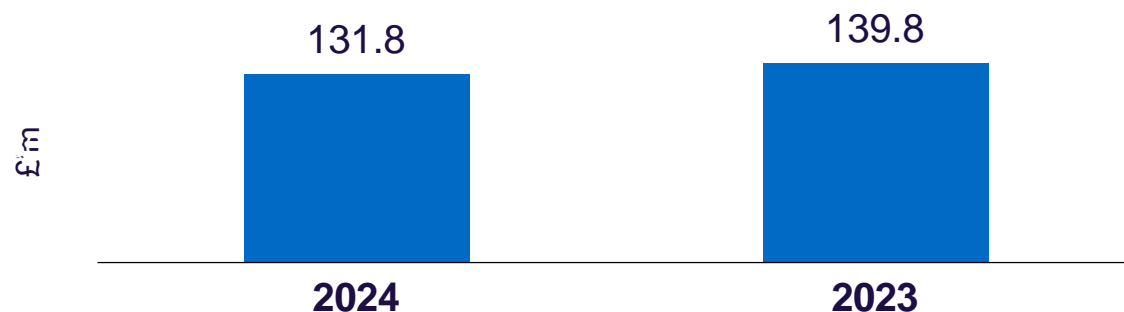
¹ Excludes property profit

£'m	2024	2023	Change	Constant currency
Revenue	337.6	351.5	(4.0%)	(1.3%)
Adjusted operating profit ¹	26.4	33.4	(21.0%)	(18.7%)
Adjusted operating margin ¹	7.8%	9.5%	(170ps)	-

- **Market conditions remained challenging but outlook improving**
- **Gross margin was under pressure but rate of decline of sales eased in H2**
- **Overheads higher driven by impact of collective labour agreement but also branch expansion**
- **Four new branches opened which are performing well**

Finland distribution

Revenue (£'m)



Adjusted operating profit¹ (£'m)



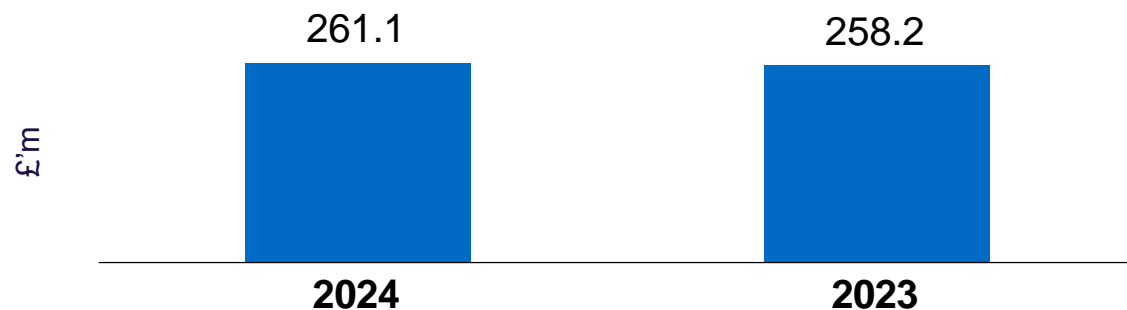
¹ Excludes property profit

£'m	2024	2023	Change	Constant currency
Revenue	131.8	139.8	(5.7%)	(3.1%)
Adjusted operating profit ¹	8.9	14.2	(37.0%)	(35.2%)
Adjusted operating margin ¹	6.8%	10.2%	(340bps)	-

- Performed well against overall Finnish market with rate of decline moderating in H2 & improving expectations for 2025
- Cost reduction actions partially offset lower gross margin
- Focus on optimising net working capital - €12.3m inventory reduction in 2024
- New owned branch opened in Helsinki

Retailing

Revenue (£'m)



Adjusted operating profit¹ (£'m)



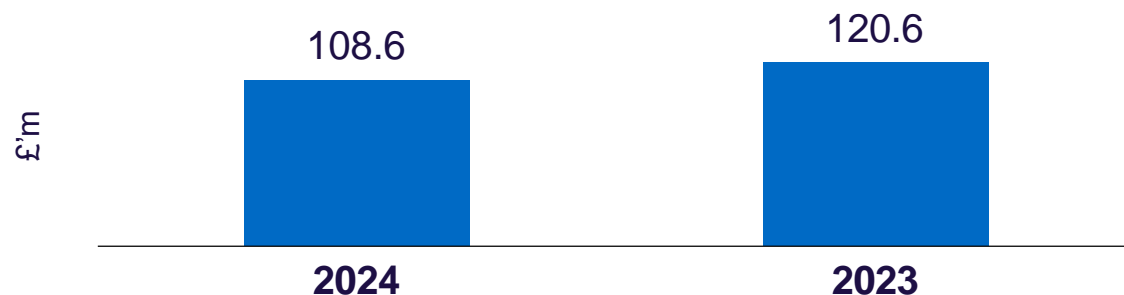
¹ Excludes property profit

£'m	2024	2023	Change	Constant currency
Revenue	261.1	258.2	+1.1%	+3.9%
Adjusted operating profit ¹	34.7	32.7	+6.0%	+8.9%
Adjusted operating margin ¹	13.3%	12.7%	+60bps	-

- Strong trading performance in Woodie's with higher H2 activity
- Transactions up 4.0% and ATV flat
- Gross margin continued to improve largely due to enhanced supplier management
- Digital strategy driving growth in online channel

Manufacturing

Revenue (£'m)



Adjusted operating profit¹ (£'m)



¹ Excludes property profit

£'m	2024	2023	Change	Constant currency
Revenue	108.6	120.6	(10.0%)	(9.8%)
Adjusted operating profit ¹	24.3	30.3	(19.7%)	(19.4%)
Adjusted operating margin ¹	22.4%	25.1%	(270bps)	-

CPI EuroMix

- New housing sector continued to decline but modest market recovery commenced in Q4
- Volumes down 18.0% vs 2023 but rate of decline eased in H2
- Overheads lower than prior year due to stringent cost control

StairBox

- RMI market remains weak but rate of decline moderated in H2
- Higher profitability due to good margin management and impact of TA Windows acquisition
- Consolidation of TA Windows and StairBox sites completed

Balance sheet

£'m	31 December 2024	31 December 2023
Goodwill and intangible assets	769.2	784.0
Right-of-use assets	377.7	401.3
Tangible assets	395.4	396.2
Working capital	280.7	224.1
Other liabilities	(96.5)	(94.6)
Pension asset/(deficit)	1.3	(5.8)
Capital employed	1,727.9	1,705.1
<i>Net cash excluding leases</i>	<i>272.1</i>	<i>379.7</i>
<i>Leases</i>	<i>(403.7)</i>	<i>(429.0)</i>
Net debt including leases	(131.7)	(49.3)
Equity	1,596.2	1,655.8
Adjusted ROCE	10.3%	11.9%

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	£'m
Opening	224.1
FX and interest	(8.0)
Salvador Escoda	79.5
Decrease in working capital	(14.9)
	280.7

Cash from operations

£'m	2024	2023
Profit before taxation	152.5	183.5
<i>(Deduct)/Addback</i>		
Net finance costs/(income)	0.1	(0.4)
Operating profit	152.6	183.1
Depreciation & amortisation of software	114.5	106.3
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Property profits (total)	(4.0)	(0.9)
Other movements	0.1	(3.5)
Decrease in working capital	14.9	29.5
Cash generated from operations	298.3	334.3

Cash flow

£'m	2024	2023
Cash from operations	298.3	334.3
Interest and tax	(28.0)	(37.3)
Payment of lease liabilities	(71.6)	(67.7)
Deferred acquisition consideration paid	(2.1)	(2.6)
Replacement capex net of asset disposals	(18.2)	(23.7)
Free cash flow	178.2	203.0
Development capex	(22.9)	(25.4)
<i>Dividends</i>	<i>(73.2)</i>	<i>(72.6)</i>
<i>Share repurchase incl. fees (net of share issues)</i>	<i>(80.8)</i>	<i>(157.5)</i>
Total capital returned incl. fees <i>(net of share issues)</i>	(154.0)	(230.1)
Acquisitions (incl. debt acquired)	(109.6)	(27.9)
Net cash (outflow) before FX translation/other	(108.2)	(80.4)
FX translation/other	25.8	22.2
Movement in net (debt)	(82.4)	(58.2)
Opening net (debt)/cash	(49.3)	8.9
Closing net (debt)/cash	(131.7)	(49.3)
Free cash flow as a % of adjusted operating profit	100%	99%

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Strong cash conversion supported platform acquisition & capital returned to shareholders

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**Strong balance sheet
preserved for organic and
inorganic development
opportunities**

**Net debt: EBITDA 0.45x
at 31 Dec 24**

Business update & outlook

Eric Born, Chief Executive Officer



Market and company drivers

Attractive building materials and home improvement market

- **Structure**
 - Large, fragmented and growing industry
- **Growth drivers**
 - Structural shortage of housing
 - Aged existing building stock in need of renovation
 - Increased demand for more energy efficient properties
- **Strong medium and long-term growth opportunity**

Grafton's structure is geared for growth based on its strengths

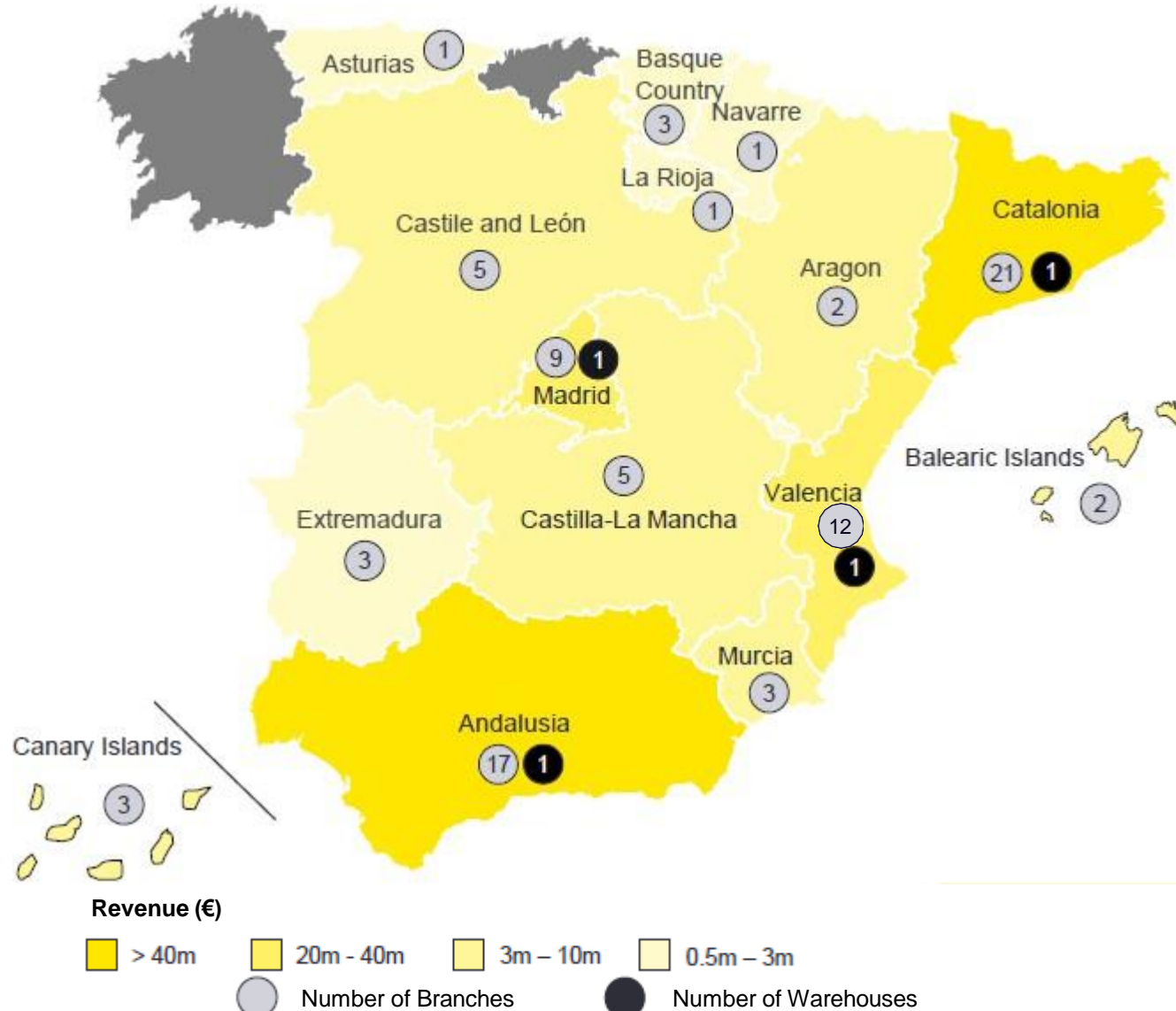
- **Structure**
 - Lean corporate centre, focused on strategy, governance, leveraging best practice and providing expertise
 - Decentralised operating model enabling focus and fast decision making
- **Strengths**
 - Leading distribution formats
 - Geographic and customer diversification
 - Excellent branch network combined with digital capabilities
 - Experienced management teams
 - Strong balance sheet to drive growth

Market entry to Iberian peninsula



- Spain/Portugal Market Size
 - Building Materials Distribution c. €30bn
 - HVAC Distribution c. €2.7bn
- Ambition to build a substantial presence in Building Materials Distribution in Iberia
- Fragmented market – opportunities in both HVAC and other growth segments
- Acquisition of Salvador Escoda creates a new growth platform with strong market position
- Main customer base is SME installer
- Strength and differentiation in its own brand proposition - over 60% of sales
- c.750 colleagues led by an experienced management team

Salvador Escoda – attractive market exposure



- 92 branches & 4 Warehouses
- 2024 FY revenue of €233.1m with operating profit margin of 6.4%¹
- Sales CAGR of c. 7% pa since 2019
- Grafton integration plan:
 - Accelerate organic growth – room to open another 50+ branches
 - Upgrade IT infrastructure
 - Implement best practices and improve processes
 - Explore inorganic opportunities in HVAC and adjacent segments

¹ Proforma IFRS basis

Current trading

	Average daily like-for-like revenue change	
	Q4 2024	1 Jan 2025 – 28 Feb 2025
Distribution		
Ireland	+5.0%	+0.3%
UK	(2.9%)	(4.1%)
Netherlands	(2.3%)	+5.0%
Finland	(2.5%)	(2.8%)
Retailing	+5.3%	+4.0%
Manufacturing	+2.3%	+3.3%
Total Group	+0.5%	(0.1%)

- **Disruptive weather in Ireland and UK in January and unseasonably mild weather in Finland**
- **Recovery in trading activity in February after slow start in January**
- **UK RMI market remains challenging**
- **Strong start in Netherlands and Woodie's**
- **Some signs of improvement in UK housebuilding volumes**
- **Important trading months yet to come**

2025 outlook

Ireland

Economic growth expected.
Construction market outlook remains positive with pick-up in RMI expected.
Government commitment to housing growth – completions expected to increase.

UK

Cautious on near term outlook for a recovery in RMI demand.
Gradual recovery expected in housing but dependent on positive supply-side progress.

Netherlands

Construction market outlook improving as first signs of recovery visible.
Recovery is likely to be gradual.

Finland

Economy expected to return to modest growth.
Increasing signs bottom of construction cycle has been reached.

Spain

Continued economic growth expected.
Positive construction market outlook supported by population growth and housing shortage.

**Cautious in terms of timing of broader recovery with increased global uncertainties –
significant uptick in product prices and volumes considered unlikely in short term**

Investment case reflects attractive recovery and growth potential

- **Strong growth potential**
 - Market leading brands
 - High operational leverage
 - Experienced and strengthened management teams
 - Excellent position to benefit from market recovery
 - Very ambitious to grow organically and via M&A
- **Attractive returns**
 - Strong balance sheet
 - Highly cash generative business
 - Disciplined track record of capital allocation



Questions



Appendices



Appendix 1

Notes & definitions

Notes

As amounts are reflected in £'m some immaterial rounding differences may arise.

Definitions

- **Adjusted earnings per share** is earnings before exceptional items, acquisition related items, intangible asset amortisation arising on acquisitions and before profit/loss on disposal of Group businesses.
- **Adjusted operating profit** is earnings before exceptional items, acquisition related items, amortisation of intangible assets arising on acquisitions, profit/loss on disposal of Group businesses, net finance expense and income tax expense.
- **Adjusted operating profit margin** is adjusted operating profit as a percentage of revenue.
- **Adjusted operating profit (pre property profit)** is earnings before exceptional items, profit on disposal of Group properties, acquisition related items, amortisation of intangible assets arising on acquisitions, profit/loss on disposal of Group businesses, net finance expense and income tax expense.
- **Adjusted operating profit (pre property profit) margin** is adjusted operating profit (pre property profit) as a percentage of revenue.
- **Free cash flow conversion** is free cash flow as a percentage of adjusted operating profit.
- **Free cash flow** is cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes paid and payment of lease liabilities. In the current year the definition has been refined to also deduct payment of deferred acquisition consideration, and the prior year has been restated to reflect this.

Appendix 2

2025 technical guidance

Finance Charge: c.£9-£10m but dependent on rate of reduction of interest rates by Central Banks together with impact of corporate development activity

Tax Rate: c.20.4% and trend likely to be upwards toward 21.5% in subsequent years

Depreciation and asset amortization (pre IFRS): c.£50m

Depreciation and amortisation incl. right of use assets (leases) and acquired intangibles:
c.£150m

Gross replacement capex: c.£30m - £35m

Organic development capex: c.£30m

Appendix 3

Revenue change – 2024 v 2023

Average Daily Like-for-Like Revenue Change									
	Q1	Q2	H1	Q3	Q4	H2	FY 2024	Total Revenue 1 Jan – 31 Dec 2024	
Distribution								Constant Currency	Sterling
UK	(7.3%)	(8.2%)	(7.7%)	(4.8%)	(2.9%)	(3.9%)	(5.9%)	(4.6%)	(4.6%)
Ireland	(0.2%)	1.1%	0.5%	0.7%	5.0%	2.8%	1.6%	3.0%	0.3%
Netherlands	(2.5%)	(2.9%)	(2.7%)	0.0%	(2.3%)	(1.2%)	(2.0%)	(1.3%)	(4.0%)
Finland	(8.9%)	(6.7%)	(7.7%)	(2.8%)	(2.5%)	(2.6%)	(5.2%)	(3.1%)	(5.7%)
Retailing	6.6%	(1.8%)	1.4%	6.3%	5.3%	5.8%	3.6%	3.9%	1.1%
Manufacturing	(21.9%)	(21.6%)	(21.8%)	(14.2%)	2.3%	(6.8%)	(15.0%)	(9.8%)	(10.0%)
Total Group	(4.2%)	(4.8%)	(4.5%)	(1.9%)	0.5%	(0.7%)	(2.7%)	0.0%	(1.6%)



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