



Covid-19 Update

24 March 2020

Grafton Group plc “Grafton” or “the Group”, the international distributor of building materials to trade customers and DIY retailing Group, is today providing an update on the impact of the Covid-19 pandemic on its business and the measures it is taking to manage the risks presented by the virus.

Colleagues, Customers and Business Partners

The health, safety and wellbeing of our colleagues and customers has been our priority since the outbreak of the Covid-19 virus. We have closely followed the advice of Governments and health authorities in our markets and have implemented appropriate actions to help prevent the spread of the virus in our branches and non-trading locations.

Following the UK Prime Minister’s address yesterday evening, we have taken a decision to close all our distribution branches and manufacturing plants in the UK for the next three weeks subject to receiving clarification from Government on the supply of materials through a small number of branches to support essential repair and maintenance activity.

We will continue to monitor the impact of Covid-19 in each of our markets and respond to emerging conditions by making further changes as appropriate to the way we operate to ensure the continued safety and wellbeing of colleagues, customers and business partners.

Current Trading and FY20 Financial Guidance

Trading in the year to date has been broadly in line with our expectations and our branches have generally operated at normal levels of activity with limited impact on the supply chain due to Covid-19. There was some evidence over the last week of stronger demand in a number of our distribution businesses and in the Woodie’s DIY, Home and Garden business in Ireland due to forward buying.

The Covid-19 virus will inevitably lead to a material decline in revenue and profitability over the coming months. There is no previous experience of a similar pandemic and its likely extent and duration is unclear at this stage. In view of this uncertainty, it is no longer possible to provide financial guidance for the remainder of the current financial year ending 31 December 2020.

The UK business expects to avail of the Governments Job Retention Scheme and our cashflow will also benefit from other measures announced by the Government.

Balance Sheet, Liquidity and FY19 Second Interim Dividend

Grafton is in a very strong financial position with a robust balance sheet, excellent liquidity and low net debt, excluding IFRS 16 lease liabilities, having started the year in a net cash position. On 23 March 2020, the Group had unrestricted cash of £303 million and undrawn committed revolving bank facilities of £275 million. No refinancing of debt is due until March 2023. The Group does not have a leverage (net debt/EBITDA) covenant in any of its financing arrangements and its assets are unsecured, both of which provide greater financial flexibility.

Grafton is well placed to withstand a period of uncertainty and its current priority is to implement a range of precautionary measures that will preserve its liquidity and ensure it comes through the current period well positioned for growth. These measures include a decision to suspend payment of the second interim dividend for 2019 which was due to be paid on 6 April 2020. This prudent course of action, which the Board believes is in the best interests of the Company and its shareholders, will preserve £30 million of cash in the business. The Board recognises the importance of dividends to shareholders and

intends to resume payment as soon as it has greater clarity about the impact of Covid-19 on the performance of the Group.

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

“Our primary concern at this time is the health and wellbeing of our colleagues, customers and the communities where we operate. Grafton is in a strong financial position with excellent liquidity and I am confident that the Group will emerge from this period of uncertainty in a position of strength.”

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 merchandising 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 11,700 colleagues. Its portfolio of brands includes 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