RNS Number : 5464Z
Grafton Group PLC
06 March 2025

Final Results
For the Year Ended 31 December 2024

Grafton Group plc
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Full year adjusted operating profit slightly ahead of analysts' expectations

Grafton Group plc ("Grafton" or "the Group"), the international building materials distributor and DIY retailer is pleased to announce its final results for the year ended 31 December 2024.

Financial Highlights

- Full year adjusted operating profit of £177.5 million (2023: £205.5 million) with trading slightly ahead of analysts' expectations[1] and higher reported property profit
- The Group's diversification and strong operational focus enabled it to navigate challenging markets
- Strong free cash flow of £178.2 million (2023: £203.0 million), a 100% conversion rate (2023: 99%) from adjusted operating profit
- Platform acquisition of Salvador Escoda executed for €128.0 million[2] providing a strong base for future Iberian growth
- £154.1 million (2023: £228.3 million) returned to shareholders in share buybacks and dividend payments in 2024
- Strong balance sheet of £272.1 million net cash (before lease liabilities) providing firepower for organic and inorganic development opportunities
- Reflecting Board's confidence, full year dividend increased by 2.8 per cent and an incremental £30.0 million share buyback to commence funded by strong free cash flow generated in 2024
- Adjusted return on capital employed of 10.3% (2023: 11.9%)

Operational Highlights

- Strong performance in Ireland while the rate of decline continues to ease in the UK
- Group returned to average daily like-for-like sales growth against easier comparators in the final quarter of the year
- Overall Group gross margin broadly unchanged and overheads continued to be tightly controlled
- Moderation of product price deflation accelerated in the second half of the year
- Integration of Salvador Escoda is progressing well

Total Operations[3]	2024	2023	Change
Revenue	**£2,282m**	£2,319m	(1.6%)
Adjusted[4] operating profit	**£177.5m**	£205.5m	(13.6%)

Adjusted operating profit before property profit	**£173.5m**	£204.2m	(15.0%)
Adjusted operating profit margin before property profit	**7.6%**	8.8%	(120bps)
Adjusted profit before tax	**£178.9m**	£205.9m	(13.1%)
Adjusted earnings per share	**71.8p**	77.9p	(7.8%)
Full year dividend	**37.0p**	36.0p	+2.8%
Adjusted return on capital employed (ROCE)	**10.3%**	11.9%	(160bps)
Net (debt) (including IFRS 16 leases)	**(£131.7m)**	(£49.3m)	(£82.4m)
Net cash (before IFRS 16 leases)	**£272.1m**	£379.7m	(£107.7m)

Statutory Results	**2024**	2023	Change
Operating profit	**£152.6m**	£183.1m	(16.6%)
Profit before tax	**£152.5m**	£183.5m	(16.9%)
Basic earnings per share	**60.9p**	69.6p	(12.5%)

[1] Grafton compiled consensus Analysts' forecasts for 2024 show adjusted operating profit of circa £169.1 million

[2] Calculated on a cash and debt free basis before leases

[3] Supplementary financial information in relation to Alternative Performance Measures (APMs) is set out on pages 41 to 46.

[4] The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items in both periods, which are defined on page 41

Eric Born, Chief Executive Officer Commented:

"We are pleased to have successfully navigated challenging market conditions in 2024 to deliver adjusted operating profit slightly ahead of analysts' expectations. This resilient performance was supported by our exposure to different geographies, our diversified customer base and the active management of gross margin and costs.

"Highlights in the period included the strong performance of our Irish businesses and completion of the platform acquisition of Salvador Escoda, whilst also returning £154.1 million to shareholders through share buybacks and dividends.

"The integration of Salvador Escoda continues to progress well, extending our geographic diversification and exposure to a new growth market, presenting an attractive opportunity to build further scale across the Iberian Peninsula in due course.

"Whilst the timing of recovery in certain geographies remains uncertain, the medium term outlook is positive. We will continue to strengthen our positions in existing markets and are excited by the development opportunities ahead."

Webcast and Conference Call Details
A copy of the results presentation document will be available at 7:00am on 6 March 2025 via the home page of the Company's website www.graftonplc.com.

A presentation for analysts and investors will be hosted by Eric Born and David Arnold at 9:00am on 6 March 2025. A live webcast of the presentation including Q&A will be available to view via the Company's website at www.graftonplc.com or by clicking here.

Analysts will be invited to raise questions during the presentation. Should investors wish to submit a question in advance, they can do so before 8.15am on 6 March by sending an email to ir@graftonplc.com. A recording of the webcast will be made available on the Company's website.

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Forward-looking statements

This announcement 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.

Final Results for the Year Ended 31 December 2024

Business Review

Grafton delivered a resilient performance in 2024 despite the impact of price deflation in Ireland and the UK on product pricing and the squeeze on operating margin which arose from operating cost increases despite mitigating actions to offset these pressures. Labour cost increases were affected across our geographies, principally as a result of substantial national minimum wage increases or local collective labour agreements. Property lease costs also continued to rise at above inflation levels as a result of demand for industrial units in particular. The benefits of our geographic diversification and a range of self-help initiatives to actively manage our cost base and gross margin resulted in the Group delivering an adjusted operating profit slightly ahead of analysts' expectations.

Continuing strong cash generation and a healthy balance sheet supported the Group's platform acquisition of Salvador Escoda S.A.U. ("Salvador Escoda") for €128.0 million calculated on a cash and debt free basis (before leases) in the growing and fragmented Spanish market. This was achieved whilst also returning £154.1 million of cash to shareholders through share buybacks and dividends.

Though most markets remained challenging, overall trading conditions did improve slightly in the final quarter of 2024 compared with the same period last year, with the Group returning to average daily like-for-like sales growth in this period. We were pleased with the performance of our Ireland Distribution and Retailing businesses, both of which achieved strong volume increases in 2024 supported by a pick-up in activity in the second half of the year. Chadwicks delivered higher trading profitability in the year largely due to higher sales and gross margin growth in a construction market that was broadly flat. This improvement was delivered despite housing completions in the year being lower than 2023 and with Repair, Maintenance and Improvement ("RMI") demand remaining subdued. Woodie's delivered a strong performance in the year, supported by the growth of the Irish economy and its market-leading customer proposition.

Our UK Distribution business saw a continuing decline in profitability as RMI demand and consumer confidence remained at historically low levels. Relative to easier comparators in the second half of last year, the decline in volumes continued to moderate approaching year end, whilst the negative effects of product price deflation also reduced as the year progressed. Conversely, pass-through of inflationary cost pressure on overheads, particularly labour and property related costs, was difficult in what remains a competitive, value-focused market at this point in the cycle.

In the Netherlands, trading profitability declined in the year due to a decline in sales, as the RMI market remained weak, and higher overheads, primarily driven by collective wage agreements. Our Finland Distribution business, IKH, reported a decline in trading profitability due to challenging market conditions and a contracting Finnish economy.

On 30 October 2024, Grafton acquired Salvador Escoda which provides the Group with a new platform further extending our geographical diversification and providing exposure to a new growth market. Salvador Escoda is one of Spain's leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. Salvador Escoda is a high-quality business with a strong market position and an experienced management team. The business is differentiated by its extensive own-brand offering and provides an excellent base for further development, both organically and inorganically, into the attractive and fragmented Iberian market. Integration of the business into the Group is progressing well.

In our manufacturing segment, CPI EuroMix delivered a resilient performance with active cost management partially offsetting UK housing market volume declines. StairBox, while negatively impacted by the weak RMI market in the UK, delivered improved profitability largely due to good margin management and the positive impact of its Wooden Windows acquisition.

The Group's overall gross margin was broadly maintained against the backdrop of a competitive market environment whilst the increase in overheads in the like-for-like business was contained following the implementation of active cost management measures across the Group. Cost reduction actions continued across our businesses, including headcount reductions primarily in UK and Finland Distribution, as the market recovery has not materialised as initially expected.

Our proven operating model of a lean central management team supports the strategic development of the businesses and continues to develop our pipeline of investment and acquisition opportunities. The team drives best practice and leverages economies of scale as appropriate across the businesses, whilst keeping firm control of costs. These Group functions are actively supporting the integration of Salvador Escoda and connecting our new colleagues with other businesses across the Group to identify additional opportunities for synergies.
Our balance sheet remains strong, supported by robust cash generation by our businesses in the year, which benefitted from a further year on year reduction in net working capital.

We continue to actively pursue opportunities for bolt-on investments to further strengthen our market positions in existing geographies whilst continuing to explore opportunities for further platform acquisitions.

Returns to Shareholders

Dividends

The Board is recommending a final dividend for 2024 of 26.5p (2023: 26.0p) per ordinary share in line with its progressive dividend policy. An interim dividend of 10.5p (2023: 10.0p) per share was paid on 11 October 2024. The total dividend for the year is 37.0p per share, an increase of 2.8 per cent on dividends of 36.0p paid for 2023.

The total dividend for 2024 of 37.0p is 1.9 times (2023: 2.2 times) covered by adjusted earnings per share of 71.8p (2023: 77.9p) and is slightly below the lower end of the Board's medium-term dividend cover policy of between two-times and three-times adjusted earnings. Given the Group's strong balance sheet and cash flow and recognising the Board's confidence in the medium and long-term growth prospects for the Group, it was deemed appropriate to incur a slightly lower dividend cover ratio in the current year.

The Group's cash outflow on dividends paid during the year was £73.2 million (2023: £72.6 million). A liability for the final dividend has not been recognised at 31 December 2024 as there was no payment obligation at that date.

The final dividend will be paid on 15 May 2025 to shareholders on the Register of Members at the close of business on 22 April 2025, the record date. The ex-dividend date is 17 April 2025. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 May 2025.

Share Buybacks

Consistent with its disciplined approach to capital allocation, Grafton has completed five share buyback programmes since May 2022 supported by its strong financial position. In total, cash of £371.7 million has been returned to shareholders through share buybacks completed between 9 May 2022 and 31 December 2024 reflecting the repurchase of 43.08 million ordinary shares at an average price of £8.63 per share. The number of shares bought back by the end of the year amounted to 17.9 per cent of the shares in issue when the first share buyback programme commenced on 9 May 2022.

The fourth share buyback programme, which launched on 31 August 2023, was extended to 31 May 2024 and the maximum aggregate consideration increased from £50 million to £100 million. This programme completed on 30 April 2024 and involved the repurchase of 11.1 million ordinary shares. A fifth programme was launched on 29 August 2024 for an aggregate consideration of up to £30 million. The Group had purchased £28.39 million of ordinary shares by the close of business on 31 December 2024. The fifth programme completed shortly after year end on 8 January 2025.

Given the strong cash generation of the Group and free cash flow exceeding expectations in 2024, a new buyback programme for £30 million is announced today which will commence on 6 March 2025. By funding the return of capital to shareholders through free cash flow generation in 2024, the Group has maintained its capacity to support future development activities.

Progress on Sustainability

Today we are publishing our sustainability progress and performance statement for 2024. This covers the five areas of our strategy: Planet, Customer and Product, People and Community and Ethics.

The sustainability legislative landscape is evolving at pace and a number of sessions have been held with the Board and the Executive Sustainability Committee throughout the course of the year to ensure that they are aware of the requirements and are satisfied with our strategy, process and progress.

On climate change, we have committed to reach net-zero greenhouse gas emissions across the value chain by 2050 at the latest and we were pleased to have received validation by the Science Based Targets initiative ("SBTi") for this and our associated near (by end 2030) and long-term targets (by end 2050), the detail of which can be found here. In setting these targets, the Group has modelled the transition required to achieve the 2030 targets through business efficiencies, renewable energy and alternative fuels to reduce Scope 1 and 2 emissions and extensive engagement through the supply chain to reduce Scope 3 emissions. Scope 3 emissions account for over 98 per cent of the Group's greenhouse gas emissions and positive and proactive engagement with our supply chain is central to achieving these targets.

On supplier due diligence, we have selected EcoVadis to support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. In the second half of 2024 we prepared for the transition to this provider and have started the training sessions with commercial teams across the Group in January 2025.

On People, the Executive Sustainability Committee has established a new Wellness at Work Policy building on all the good work taking place across the Group to ensure colleagues' health and wellness is integrated into daily work.

We were also pleased to demonstrate the following progress over the year*:

- 38.6% reduction in absolute market-based Greenhouse Gas emissions in 2024 vs the 2021 base year for scope 1 and 2 and a 13.7% reduction in Scope 3 Greenhouse Gas emissions in 2023 vs the 2021 base year** reflecting emission reduction initiatives as well as market related decline in activity levels
- 99.3% diversion of operational waste from landfill
- Increase in the number of women in leadership roles from 13.0% in 2023 to 15.0% in 2024. This progress highlights the actions we have taken to ensure we access a broader and more diverse talent pool through the recruitment process as well as initiatives to tailor our benefits packages to attract and retain more women in leadership roles.
- Over £1.2 million donated to charities and good causes through cash, in kind or volunteering which equates to 0.71% of our adjusted operating profit before property profit for the year

*Data points exclude Salvador Escoda.

**Our latest Scope 3 data is for 2023.

Outlook

Positive trading conditions are expected to continue in Ireland and Spain, however, in our other geographies, markets are anticipated to remain challenging in 2025. While inflation is expected to continue to moderate and interest rate cuts to follow, significant levels of macroeconomic and political uncertainty remain across the global economy. It is not yet known what impact the new US administration will have on trade with potential scope for new tariffs.

We remain cautious on the timing of a broader recovery in the near term with increased global uncertainties and consistent with our prior commentary, we are not anticipating a significant increase in volumes this year. While product deflation has largely subsided, growth in product pricing is expected to be very modest and likely lower than the general level of cost inflation experienced by the business, most notably labour costs. Manufacturers remain reluctant to push significant price increases to the market in advance of volume recovery.

Our experienced management teams will continue to actively manage both gross margin and the cost base appropriate to this period of the cycle. With our strong market positions and market leading brands, the Group is well positioned to grow revenue as volumes increase in line with a general recovery in our markets.

The Irish economy is expected to grow in 2025 on the back of momentum from the second half of 2024 supported by real income growth and strong consumer spending and job creation. The outlook for growth in the construction market in Ireland remains positive. Housing completions are expected to increase in 2025 after a significant number of recorded commencements in 2024. RMI demand is expected to improve supported by greater cost certainty as inflation continues to stabilise, interest rates decline and as household finances improve.

In the UK, we remain cautious on the near-term outlook for a recovery in RMI demand as consumer confidence remains weak due to economic uncertainty and forecasts for growth weaken. The recovery in housebuilding in the UK is expected to be slow with any meaningful acceleration of output expected to be very gradual and reliant on supply-side improvements from the Government.

In the Netherlands, the outlook for construction in 2025 is improving as the first signs of recovery are visible however recovery is likely to be gradual as the pipeline of large construction projects will come on stream over the next couple of years.

In Finland, there are increasing signs that the bottom of the construction cycle has been reached. The Finnish economy is expected to return to modest growth in 2025 as it slowly emerges from recession and as consumer and business confidence improves.

The Spanish economy, which was the fastest growing economy in the Eurozone in 2024, is expected to continue to grow in 2025. The outlook for construction growth in Spain remains positive supported by population growth and a general housing shortage.

Notwithstanding the potential macroeconomic challenges in 2025, the medium-term fundamentals continue to remain positive. Housing shortages across all of our geographies and the natural investment cycle in RMI is likely to become increasingly supportive as the over-investment made by consumers in 2020 and 2021 starts to require further upgrading.

Group average daily like-for-like revenue in the period from 1 January 2025 to 28 February 2025 was 0.1 per cent behind the same period last year. Unfavourable weather conditions had a negative impact on trading in the early part of the year as our businesses in Ireland and the UK were disrupted by Storm Éowyn while in Finland mild winter conditions reduced sales of seasonal products. Trading activity did recover in February however as weather patterns in Ireland and UK improved. Woodie's had a good start to the year as consumer spending in Ireland remains resilient. Our business in the Netherlands performed strongly supported by strong demand from key accounts and access control related project sales in addition to favourable timing of holidays.

	Average Daily Like-for-Like Revenue Change in Constant Currency

	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%)**

Grafton demonstrated the strength of its portfolio of businesses with a high rate of conversion of profit into cash in 2024. This has been achieved while the Group continued to upgrade and improve its branch network, open new locations and invest in IT infrastructure to enhance customers' experience. The Group ends the year in a strong financial position, with a healthy balance sheet, and remains well positioned to continue to invest in organic and inorganic opportunities to support future growth and development. Whilst uncertainties remain in the short term, we are confident that Grafton is exceptionally well positioned to benefit as conditions improve.

Segmental Review

The Distribution businesses in Ireland, the UK, the Netherlands, Finland and Spain contributed 83.8 per cent of Group revenue (2023: 83.7 per cent), Retailing 11.4 per cent (2023: 11.1 per cent) and Manufacturing 4.8 per cent (2023: 5.2 per cent).

Businesses in Ireland contributed 39.5 per cent (2023: 38.7 per cent) of Group revenue, UK 38.6 per cent (2023: 40.1 per cent), the Netherlands 14.8 per cent (2023: 15.2 per cent), Finland 5.8 per cent (2023: 6.0 per cent) and Spain 1.3 per cent (2023: N/A).

Distribution Segment **(83.8% of Group Revenue, 2023: 83.7%)**

	2024 £'m	2023 £'m	Change*
Revenue	**1,912.6**	1,940.4	(1.4%)
Adjusted operating profit before property profit	**129.6**	155.8	(16.8%)
Adjusted operating profit margin before property profit	**6.8%**	8.0%	(120bps)

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

Ireland Distribution **(27.7% of Group Revenue, 2023: 27.2%)**

	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	**632.8**	631.0	0.3%	3.0%
Adjusted operating profit before property profit	**61.5**	60.9	1.0%	3.6%
Adjusted operating profit margin before property profit	**9.7%**	9.7%	-	-

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

Our Ireland Distribution business, Chadwicks, delivered a positive trading performance in the year with overall average daily like-for-like revenue up 1.6 per cent and volumes up 4.6 per cent supported by its excellent market position and strong offering. Following modest growth of 0.5 per cent in average daily like-for-like revenue in the first half of the year, where trading was impacted by wet weather, growth accelerated to 2.8 per cent in the second half of the year.

Overall construction market growth in Ireland in 2024 was broadly flat due to challenges around skills shortages, financing and planning. Infrastructure spend declined in the year with many projects related to road, rail or water infrastructure being postponed or delayed. RMI demand remained subdued due to a lack of confidence about final costs of projects, a shortage of tradespeople and over-investment during the pandemic period. Momentum in the market however picked up in the final quarter of the year helped by unseasonably mild weather and an uptick in RMI activity.

Despite concerted efforts by the Government to support new residential housing, overall housing completions of 30,330 units in 2024 declined by 6.7 per cent in comparison to 2023. The mix of new housing units has changed with a lower percentage of apartments being built due to difficulties obtaining planning permission for large scale developments and the decline in investment in 'build-to-rent' schemes. The proportion of social and affordable housing supported by government funding and new developments from the large-scale homebuilders aimed at the 'first time buyer' market has increased. Smaller scale developments and medium to large sized home schemes, which present a more favourable customer dynamic to Chadwicks, have continued to decline as a share of the overall housing market in Ireland.

The business reported materials price deflation of 3.0 per cent in 2024 as the deflationary pressures in timber and steel moderated over the course of the year. Moderation of price deflation, particularly in steel, together with active price management initiatives and sell through of aged inventory supported strong gross margin growth of 140 basis points in the year.

Though overheads increased in the year as upward pressure on labour costs persisted, management continued to tightly control discretionary costs.

Adjusted operating profit before property profit increased to £61.5 million (2023: £60.9 million) and adjusted operating profit margin before property profit was in line with prior year at 9.7 per cent.

The overall outlook for growth remains positive for construction in Ireland given the chronic shortage of housing and political imperative to increase housing supply. The new Government has committed to delivering 300,000 new homes by 2030 including an average of 12,000 new social homes per annum over the lifetime of the government. The pipeline for infrastructure projects remains strong given historic under-investment and a rising population. RMI activity is expected to increase in 2025, particularly in the second half, due to falling interest rates and a more stable inflationary environment. Chadwicks remains well positioned to leverage its strong brand and market leadership position to capitalise on growth opportunities in the coming years.

Significant progress was made on several initiatives across the business in 2024, including:

- The bulk distribution centre in East Wall Road in Dublin completed its first full year in operation. Significant volumes were processed from our large customer accounts on certain bulk volume lines improving efficiency, reducing emissions and freeing up capacity in several Chadwicks branches to allow them to focus on local trade customers.
- Implementation of a Warehouse Management System for our central plumbing distribution warehouse to optimise the operations of fulfilment, shipping and receiving tasks in the distribution centre and improve product availability and accuracy, optimise pick-up efficiency and accelerate goods in-take across our branch network
- Streamlining of customers' journey in-store by replacing all printers in the branches, taking significant steps to optimise printed documentation for customers and related wastage/energy consumption
- Commenced multi-year programme to upgrade the ERP solution and migrated recent acquisitions (Sitetech and Rooneys) onto Chadwick's core IT ecosystem
- Successful integration of the Rooneys business completed with significant investments made to improve the health & safety and efficiency of the yard and warehouse operations
- Strong growth of cross-selling of specialist products from Proline and Sitetech via the Chadwicks' branch network, unlocking further synergies from these bolt-on acquisitions
- Continued refurbishment programme of the branch network with the completion of extensive upgrades of the Chadwicks branches in Wexford and Midleton and the Panelling Centre branch in Walkinstown
- Chadwicks launched the 'How's the Head' campaign to support the charity 'Aware' to raise awareness and encourage tradespeople to talk more openly about mental health issues and continued to support its partnership with the Irish Wheelchair Association

UK Distribution (34.2% of Group Revenue, 2023: 35.3%)

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

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

Average daily like-for-like revenue in the UK Distribution business was down 5.9 per cent in the year due to continued weak demand in the RMI market together with the effects of price deflation. The rate of decline of average daily like-for-like revenue moderated from 7.7 per cent in the first half to 3.9 per cent in the second half, in part driven by easier comparatives. Price deflation continued to moderate over the course of the year. Total revenue was 4.6 per cent lower than 2023 with prior year acquisitions in Northern Ireland and new branches opened in Selco and Leyland SDM contributing revenue of £4.8 million in the year.

The RMI market in the UK continued to decline in 2024 as consumer confidence remained at historically low levels and higher interest rates impacted consumers' ability to finance home improvement projects. This impact was more pronounced in the Greater London area where consumers' discretionary spending was disproportionately affected due to the higher cost of living and larger mortgage repayments. Furthermore, lower levels of demand across the wider construction sector, particularly in new housebuilding, led to the RMI sector becoming more price competitive.

UK Distribution's gross margin was down 30 basis points in 2024 which reflected the weak volume backdrop and competitive market conditions. Our businesses have continued to maintain a strong value proposition for our customers as they favour value for money over convenience at this point in the cycle.

Overheads were higher in comparison to the prior year due to inflationary pressure across the cost base. Despite significant cost pressures on labour and property related costs, like-for-like operating expense increases have been contained to 2.0 per cent through rigorous cost management across all of our businesses.

Adjusted operating profit before property profit declined to £32.4 million (2023: £47.3 million) and the adjusted operating profit margin before property profit was 160 basis points lower at 4.2 per cent largely reflecting the decline in like-for-like revenue and impact of lower volumes on the operating leverage of the business.

The long-awaited recovery in the UK market is likely to be modest in 2025 and we are not anticipating a significant pick-up in volumes given insipid economic growth in the wider economy. While interest rate cuts and moderation of inflation are likely to continue, consumer confidence continues to be weighed down by economic uncertainty and concerns about government debt and borrowing costs. Higher National Insurance costs imposed on businesses is expected to limit investment in new employment across the UK economy in the short term until a wider recovery materialises. The increase in National Insurance is expected to increase labour costs in the Group by £3.5 million on an annualised basis.

Notwithstanding the potential macroeconomic challenges this year, the medium-term fundamentals continue to remain positive in the UK with strong government support to increase housing supply given population growth and a supply deficit. Household savings increased and wage growth outpaced inflation throughout 2024 which should support future investment in home improvement projects as consumer confidence improves.

Frank Elkins, who was appointed as the new CEO of Selco and GB Distribution in August 2024, is driving business improvements across each of our businesses. Frank has extensive experience in the UK building materials distribution sector, most recently being the Group Chief Operating Officer of Travis Perkins plc.

Selco, which trades from 75 branches, including 32 in London, is the UK's leading Cash and Carry trade only builders' merchant. Selco focuses almost exclusively on the RMI segment of the construction market.

While average daily like-for-like revenue declined by 4.9 per cent in the year, the rate of decline reduced from 7.7 per cent in the first half to 1.9 per cent in the second half. Price deflation has continued to moderate with deflation of 1.0 per cent in the second half and notably timber prices trended positive in December 2024 for the first time since April 2023. Volumes were negatively impacted by lower demand with customers proportionately taking on smaller jobs in the weaker market.

Selco invested in pricing on key products to remain competitive in the market, which was partially offset by targeted price increases elsewhere, contributing to a decline in gross margin in the year.

Overheads continue to be very tightly controlled in response to the weaker trading environment with headcount 12.3 per cent lower (c. 350 employees) at the end of the year in comparison to the start of 2023. Adjusted operating profit before property profit declined in the year, largely due to lower sales and gross margin, reflecting the challenging market conditions.

The current Selco estate consists of 75 branches and subject to finding suitable properties in priority locations, an estate of approximately 90 branches is a realistic objective. With the medium to longer-term fundamentals of the RMI market remaining positive, and with its high operating leverage, Selco is well positioned with its compelling customer proposition and branch network to deliver value for customers and enhance gross margin when the market recovers.

Selco continued to make progress on several initiatives in the year, including:

- A successful major upgrade to the latest version of a new operations ERP system across its business
- As part of its programme of continuous improvement and maintaining a high-quality experience for its customers, Selco completed mini upgrades to five branches in 2024
- Completed the implementation of a new demand planning solution which has improved availability and supported a reduction in inventory of £8.6 million in 2024
- The 'Selco Forest' initiative has continued into 2024 with the latest forest to be developed covering 21 hectares and featuring more than 54,000 trees
- Completed a project to add solar panels to all freehold branches
- Named 11th 'Best Big Company To Work For' in the UK in the 'Best Companies' survey

In our **MacBlair** business in Northern Ireland, average daily like-for-like revenue declined by 7.9 per cent in the year. Though the RMI segment remains very weak, the housing market showed signs of improvement with completions ahead of 2023 largely due to an increase in student accommodation units. Competition in the market has been intense as competitors seek to maintain market share with particular focus on pricing in timber and insulation products. The restoration of the Northern Ireland Executive will support further investment in infrastructure over time.

Gross margin strongly improved in the year through various initiatives to achieve better commercial terms with suppliers and improved pricing and stock controls. These actions, together with disciplined control of costs, delivered growth in adjusted operating profit in comparison with 2023.

The acquisition of Clady Timber and B. McNamee in Portglenone and Strabane, which were completed in 2023, have strengthened MacBlair's position in Northern Ireland and increased its branch network to 23 branches.

Leyland SDM, one of the best-known decorating and DIY brands with 35 stores in the Greater London area, experienced challenging trading conditions in the RMI market as consumers cut back on discretionary spend and delayed large decorating projects. Average daily like-for-like revenue declined by 8.7 per cent in the year. Gross margin improved in the year, despite lower volumes, largely due to good pricing controls and negotiation of higher rebates and support from suppliers. Overheads were tightly controlled but, as a result of lower sales, adjusted operating profit was lower than prior year.

Leyland SDM opened new stores in South Kensington and Belsize Park in the second half of the year representing its ninth and tenth store opening in the last three years. Both stores performed ahead of initial expectations. A full refurbishment of the High St. Kensington store was also completed in 2024 improving the customer experience with an enhanced product range and store layout.

Our **TG Lynes** business in London specialises in the distribution of commercial pipes and fittings and, consistent with our other UK businesses, encountered a difficult trading landscape as average daily like-for-like revenue declined by 9.7 per cent in 2024. The weaker London residential market has seen demand, from sub-contractors to national housebuilders, soften and there has been reduced government spending on public sector funded upgrades to schools, hospitals and universities which are important end customers for TG Lynes. In addition to market challenges, continued delay of projects in 2024 has negatively impacted volumes.

Competition has intensified with downward pressure on pricing resulting in lower gross margin in the business as competitors take on projects at very low margins. Lower sales primarily drove an overall decline in adjusted operating profit in 2024.

Netherlands Distribution (14.8% of Group Revenue, 2023: 15.2%)

	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	**337.6**	351.5	(4.0%)	(1.3%)
Adjusted operating profit before property profit	**26.4**	33.4	(21.0%)	(18.7%)
Adjusted operating profit margin before property profit	**7.8%**	9.5%	(170bps)	-

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

Our business in the Netherlands is the market leader in the distribution of ironmongery, tools and fixings products. The business has grown to 125 branches via acquisitions and new branch openings since Grafton acquired Isero in 2015. The branch network has good coverage in the west, central, north and south of the Netherlands, particularly in large population centres, with room for further expansion in the eastern part of the country.

Average daily like-for-like revenue was down 2.0 per cent in the year with an improved second half rate of decline of 1.2 per cent compared to the first half which was down 2.7 per cent. As a result of the weaker RMI market, branch revenue decreased in almost all regions across the country in the year. Strong growth in the sale of access control products however, especially to government supported affordable housing developments, helped partially offset challenges elsewhere.

Market conditions remain challenging in the Netherlands as planning objections and bottlenecks in the electricity grid are delaying the start-up of new projects. In the contracting market, competitive pressure increased in the year as competitors competed to maintain market share. Housing permits and housing sales continued to recover, in comparison with prior year, albeit from a low base. In a constrained market, housing under-supply continues to support increasing house prices.

Gross margin declined by 40 basis points in the year due to intense competitive pressure on trade counter pricing, unfavourable mix as a result of larger, lower margin construction project sales and discounted prices to sell-through aged inventory.

Overheads were higher in comparison to prior year. This was partially due to new branch openings, with continued cost pressure due to wage inflation driven by high collective labour agreements. These salary increases are negotiated at an industry level between employers' representatives against a backdrop of a very tight labour market.

Adjusted operating profit declined to £26.4 million (2023: £33.4 million) and adjusted operating profit margin was 170 basis points lower at 7.8 per cent largely reflecting the decline in sales and higher overheads.

The outlook for construction in 2025 and beyond is improving as the first signs of recovery are visible with large construction contractors having a good pipeline of projects to execute in the coming years. The structural shortage of housing in the Netherlands remains acute and an acceleration of housebuilding will be required in the coming years to meet demand.

Initiatives in the period in our Netherlands Distribution businesses included:

- Four new branches were opened in Zwaag, Drachten, Groningen and Zwolle to expand the coverage of the business, aligned with its growth-oriented strategy and focus on providing excellent service to local customers. The new branches overall have performed well since opening.
- The business completed nine branch refurbishments as part of its continuing branch refurbishment programme
- Following the successful installation of roof mounted solar panels in the Amsterdam Noord branch, the business' sustainability journey has continued with a further 13 electric vehicles added to the van fleet in the year
- Online sales grew from 7.8 per cent of sales in 2023 to 8.8 per cent of sales in 2024, on a like-for-like basis, supported by continuous investment in its eCommerce platform and active promotion of online ordering at branch level

Finland Distribution (5.8% of Group Revenue, 2023: 6.0%)

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

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers.*

IKH is a leading distributor of workwear and PPE, tools, spare parts and accessories in Finland. The business, which has a number two market position in its core tools and PPE segment, distributes its products through a network of independently operated IKH partner stores, third party distributors and 15 owned-stores. The business also generates sales in Sweden and Estonia primarily via its network of local partner stores. IKH is focused on supporting customers operating in the construction, renovation, industrial, agricultural and spares end markets.

Average daily like-for-like revenue was 5.2 per cent lower compared to prior year as a result of a further contraction in the construction sector following a double-digit decline in 2023 and continued weakness in the domestic economy and export markets. Given soft demand and intense competition, IKH has performed well against the broader Finnish market. The rate of decline moderated in the second half of the year with average daily like-for-like revenue 2.6 per cent lower. This moderation was driven by strong seasonal sales of winter related products, sell through of aged inventory and higher sales in the partner stores in Estonia.

The Finnish economy has slowly emerged from recession with a return to modest growth in the third quarter of 2024, albeit latest economists' forecasts expect an overall contraction for the full year.

Gross margin declined by 370 basis points in comparison to prior year due to competitive pricing pressure, sell through of aged inventory at discounted prices and unfavourable product mix.

Overheads, which were broadly in line with prior year despite inflationary pressure, were very tightly controlled. In response to the weaker trading environment management undertook a number of cost reduction measures, reducing headcount and discretionary expenditure.

Adjusted operating profit declined to £8.9 million (2023: £14.2 million) and adjusted operating profit margin was 340 basis points lower at 6.8 per cent largely reflecting the decline in sales and gross margin.

There is increasing confidence that the bottom of the construction cycle has been reached, and the outlook is for a return to modest economic growth in 2025 as consumer and business confidence improves. IKH is well positioned to capitalise on the recovery given its strong market position and operating leverage.

Mika Salokangas, who was appointed Executive Chairman of IKH in 2023, has now assumed operational responsibility for IKH. Mika was previously CEO of Ahlsell's Finnish operations and is highly experienced in the technical distribution field.

Initiatives in the year in our Finland Distribution business included:

- IKH opened its 15^{th} owned store in Roihupelto, a suburb of Helsinki, in January 2024. As a result, IKH now has four stores in the Finnish capital region as it continues to grow its market share in the city.
- IKH continued to invest in its store network with refurbishment of its owned Pori store and expansion of its owned Kouvola store during the year
- A net working capital optimisation initiative reduced investment in stock by €12.3m in the year. This multi-year project, which initially focused on inventory, will continue to drive improvements in 2025 including optimising trade receivables and trade payables in the business.

Spain Distribution **(1.3% of Group Revenue, 2023: 0.0%)**

	2024 £'m
Revenue	**29.7**
Adjusted operating profit before property profit	**0.3**
Adjusted operating profit margin before property profit	**1.1%**

The Group's results include two months of trading from Salvador Escoda which was acquired on 30 October 2024. Salvador Escoda is one of Spain's leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. The business, which was founded in 1974 by Mr. Salvador Escoda Forés, creates a new platform further extending the geographical diversification of the Group and providing exposure to a new growth market. It has grown to scale, after 50 years of sustainable organic growth, to develop a strong position in the Iberian market.

Salvador Escoda is headquartered in Barcelona with over 750 employees across all locations throughout Spain. The business has grown to offer a broad suite of over 100,000 products principally supplying the professional installer market with both appliances and ancillary products, with a particular focus on the Heating, Ventilation and Air Conditioning ("HVAC") market. The business also has some limited export sales, primarily to service projects of existing customers in Spain, to neighbouring countries.

Salvador Escoda is a high-quality business with a strong market position and an experienced management team. The business is differentiated by its extensive own-brand offering with over 60 per cent of its sales in 2024 from high quality private label brands such as MundoClima in air conditioning, Escogas in air conditioning gas and MundoFan in ventilation. There is an increasing demand for energy efficient products within the HVAC sector driven by regulatory mandates for residential energy upgrades and rising temperatures across the region.

The business operates from 92 strategically located branches throughout Spain which are supported by four distribution centres located in Barcelona, Madrid, Seville and Valencia. The geographical footprint of the branch network extends to most regions of Spain but with a stronger presence in regions with a warmer climate such as Catalonia, Valencia, Andalusia and Madrid.

Over 90 per cent of the product portfolio consists of technical products required for installations, therefore, the main customers of the business are installation companies, technicians and smaller warehouses that distribute in the same market. Dedicated teams leverage sales leads generated by the sales force across the branch network and manage tender processes for large construction contractors and larger projects across the residential, commercial and industrial sectors.

Salvador Escoda provides an excellent market entry point into the attractive and fragmented Iberian market. The business has historically grown organically, and Grafton management is supporting the existing management team to capitalise on ongoing organic expansion, and in due course, the execution of inorganic opportunities.

Spain, which is the fourth largest construction market in the EU, has a positive macroeconomic environment and outlook. The underlying demand in the construction market is expected to be positive in the coming years with increasing demand for renovation due to energy efficiency regulations. It is estimated that more than 80 per cent of buildings in Spain do not meet new EU energy efficiency regulations. This is expected to deliver strong growth across the HVAC segment of the construction market.

The existing management team, supported by Mr. Salvador Escoda Forés as Honorary Chair, has remained with the business. The integration is progressing well with Grafton management supporting the Salvador Escoda team to execute a detailed integration and growth plan.

Sales and operating profit in the post-acquisition trading period were impacted by some disruption related to flooding in the Valencia region in November and lower volumes in December which traditionally is a loss-making month for the business.

As previously disclosed, Salvador Escoda reported revenue of €231.8 million (unaudited) and an adjusted operating profit of €17.6 million (unaudited) in 2023 on a post-IFRS 16 (leases) basis. On a comparable basis, the business reported revenue of €233.1 million (unaudited) and adjusted operating profit of €15.0 million (unaudited) for the full year in 2024 with profitability impacted by an investment in overheads via additional resources and infrastructure to drive future growth.

After delivering the strongest economic growth rate in the Eurozone in 2024, the Spanish economy is expected to continue to grow in 2025. The outlook for construction growth in Spain is positive supported by population growth and a structural shortage of housing.

Retail Segment **(11.4% of Group Revenue, 2023: 11.1%)**

	2024 £'m	**2023 £'m**	**Change***	**Constant Currency Change***
Revenue	**261.1**	258.2	1.1%	3.9%
Operating profit before property profit	**34.7**	32.7	6.0%	8.9%
Operating profit margin before property profit	**13.3%**	12.7%	60bps	-

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

The Woodie's DIY, Home and Garden business in Ireland delivered a strong trading performance underpinned by a favourable macroeconomic environment. Despite increasing competition, Woodie's continued to maintain strong market share across its product categories via its strong customer proposition serviced by a network of 35 stores and growing online presence.

Average daily like-for-like sales were up 3.6 per cent in the year with stronger growth of 5.8 per cent in the second half in comparison with growth of 1.4 per cent in the first half of the year when poor weather impacted demand.
Revenue growth of 3.9 per cent, in constant currency, in the year was supported by an increase of 4.0 per cent in the number of transactions to 8.9 million but was offset by a marginal decline of 0.1 per cent in average transaction value. The second half of the year saw a strong recovery in sales of gardening and outdoor related products helped by mild weather. The business had a strong end of year resulting in the busiest December on record for Woodie's as consumer confidence was boosted by favourable budgetary measures. Decorative products, homeware products and gardening were the strongest performing categories overall in the year.

Gross margin improved by 50 basis points in 2024 largely due to good management of rebate and commercial income from suppliers and control of aged inventory.

Overheads were higher than prior year reflecting a further increase in the National Minimum Wage and general inflationary pressures. Operating costs however were tightly controlled by focused efforts to streamline processes and utilise technology to extract efficiencies in its stores.

Adjusted operating profit increased to £34.7 million (2023: £32.7 million) and adjusted operating profit margin was 60 basis points higher at 13.3 per cent as higher sales and gross margin more than offset significant cost challenges.

The outlook for 2025 is positive as the Irish economy is expected to grow strongly on the back of momentum from the second half of 2024 supported by real income growth and strong consumer spending and job creation.

Woodie's made further progress on several initiatives in the year, including:

- Growing online sales - online revenue increased by 10.5 per cent in 2024 and represents 3.8 per cent of total sales. Growth in 2024 was largely driven by strong performance in the 'Click & Collect' channel leveraging the coverage provided by the store network across Ireland.
- Completed rollout of the Building Management System across all the store network and support office which has contributed to a reduction in energy costs and more sustainable energy management
- Following the successful launch of the 'Home Shop in Shop' concept in two stores in 2023, a further nine stores were rolled out in 2024 to enhance customers' experience within the home category
- Woodie's was ranked 15th, the highest placed retail business in Ireland, in the 'Great Place to Work' index and was ranked 53rd in the 'Best Workplaces in Europe' in 2024
- The business continues to invest in developing talent as it launched a 'Shadow Board' in the year to develop leadership through training, mentoring and strategic exposure
- Stores in Glasnevin and Naas Road in Dublin and Headford Road in Galway had solar panels installed in 2024 demonstrating the commitment of the business to reducing carbon emissions following a successful trial in the Sallynoggin store in Dublin
- The 'Woodie's Heroes' campaign, which had its ten-year anniversary in July 2024, continued to raise vital funds for four Irish charities. The campaign has raised €4.1 million on a cumulative basis since inception.

Manufacturing Segment (4.8% of Group Revenue, 2023: 5.2%)

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

**Change represents the movement between 2024 v 2023 and is based on unrounded numbers*

CPI EuroMix supplies dry mortar to national, regional and local house builders and their sub-contractors in Great Britain from its ten manufacturing plants. Packaged ready-to-use mortar products, which are largely supplied to the residential RMI market to be utilised for outdoor applications, accounts for approximately 10.0 per cent of revenue with bulk products accounting for all remaining revenue.

The business was impacted by the continued fall in demand, which commenced in the second half of 2023, in new residential house building activity. Total volumes for the year declined by 18.0 per cent, albeit with the pace of decline reducing significantly from 25.8 per cent in the first half to 7.0 per cent in the second half, helped by easier comparators. Some modest growth was evident in the final two months of the year as the new housing sector began to slowly recover. The number of silos on customers' sites has continued to decline in line with volumes reflecting a lack of new site starts with total silos approximately 5.1 per cent lower at the end of 2024 in comparison with the prior year. In contrast to the overall trends in the market, sales of packaged ready-to-use mortar products grew by 6.6 per cent in the year largely due to capture of additional market share.

Gross margin showed just a slight decline in the year despite the significant drop in volumes, competitive price pressure and cost headwinds across labour, raw materials and fuel costs. The newly integrated ERP solution, which was fully rolled out across the business in 2023, has facilitated improved cost management. Labour and fleet capacity have been proactively managed with a specific focus on fleet utilisation whilst also applying stringent cost control around discretionary spend. The development of a central laboratory covering all plants has further supported product mix optimisation.

Despite inflationary pressure, tight cost management helped lower overheads in comparison to prior year mitigating the drop in adjusted operating profit as a result of lower volumes relative to 2023.

The recovery in housebuilding in the UK is expected to be slow and steady, supported by the Government's commitment to increasing housebuilding, with any meaningful acceleration of growth not expected until the second half of 2025. The medium-term growth prospects for the market remain positive due to the historical undersupply of houses combined with robust underlying demand supported by population growth and positive sentiment around planning reforms.

CPI EuroMix made progress on several initiatives in the year including:

- Solar panels now installed at four sites to help reduce the carbon footprint of the business
- Full year of HVO conversion of the fleet at two sites with a third site added in 2024
- Building Bridges Network established by CPI EuroMix which brings together leading construction industry companies to champion best practices for equality, equity, diversity and inclusion in the industry. The network is focused on common industry challenges regarding the lack of diversity and ongoing skills shortages.

StairBox, the market leading manufacturer of bespoke timber staircases and wooden windows and doors, continued to experience a challenging RMI market in the UK which has adversely impacted volumes. Consumers in the UK continued to delay or reduce the scope of discretionary home improvement projects due to economic uncertainty and cost of living challenges. Volumes of bespoke staircases were down 12.3 per cent in the year with declines moderating to 7.9 per cent in the second half from 16.0 per cent in the first half, as the market stabilised. The recovery in the market in 2025 is expected to be slow as consumer sentiment remains weak.

Growth in gross margin resulting from good management of deflationary pricing trends in raw materials and tight cost control more than offset lower sales of bespoke timber staircases to deliver slightly higher adjusted operating profit in its pre-existing business. The beneficial impact of the acquisition of TA Windows in December 2023, which trades as Wooden Windows, resulted in strong growth in profitability in the business overall compared to the prior year.

The integration of the Wooden Windows business has continued to progress with the successful relocation of manufacturing facilities to the StairBox site in Stoke-on-Trent in November 2024. The combined site is expected to enable further efficiencies across both businesses. Wooden Windows also transitioned onto the same ERP system as StairBox in the second half of the year.

Financial Review

Revenue

Group revenue was down 1.6 per cent to £2.28 billion from £2.32 billion in 2023.

Group revenue in the like-for-like business declined by 2.3 per cent (£52.5 million) on the prior year. The decline in average daily like-for-like revenue was 2.7 per cent.

Incremental revenue from the Clady Timber and B. McNamee acquisitions in Northern Ireland, Rooneys in Ireland, the Kouvola acquisition in Finland and TA Windows acquisition in the UK, which were completed throughout 2023, increased revenue by £17.5 million.

New branches opened in the prior year and current year in The Netherlands (five), Finland Distribution (two), Ireland Distribution (two) and UK Distribution (four) contributed incremental revenue of £5.5 million in 2024.

The recent acquisition of Salvador Escoda, incorporating 92 branches, contributed revenue of £29.7 million since its acquisition on 30 October 2024.

Currency translation of revenue in the euro denominated businesses to sterling decreased revenue by £37.1 million as a weaker euro slightly reduced the level of reported results as compared to the prior year. The average Sterling/Euro rate of exchange for the year ended 31 December 2024 was Stg84.66p compared to Stg86.98p for the year ended 31 December 2023.

Adjusted Operating Profit

Adjusted operating profit of £177.5 million was down from £205.5 million last year, a decline of £28.0 million. This result for the year included property profit of £4.0 million (2023: £1.3 million) which relates to profit on property disposals of £0.8 million and a fair value gain of £0.5 million on one investment property in Ireland and an additional fair value gain of £2.7 million on one investment property in the UK.

Adjusted operating profit before property profit of £173.5 million was down from £204.2 million last year, a decline of 15.0 per cent. The adjusted operating profit margin before property profit declined by 120 basis points to 7.6 per cent.

Net Finance Income and Expense

The net finance expense was £0.1 million which compares to net finance income of £0.4 million for the year ended 31 December 2023. This incorporates an interest charge of £15.0 million (2023: £15.6 million) on lease liabilities recognised under IFRS 16. Interest income on cash deposits amounted to £23.4 million (2023: £24.2 million).

Returns on deposits and account balances decreased in the full year and reflected lower Bank of England and European Central Bank base rates in the second half of the year compared to the prior year and lower cash balances following the Group's Spanish acquisition on 30 October 2024.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland, and Spain. Interest payable on bank borrowings denominated in euro and US Private Placement Senior Unsecured Notes was £8.3 million (2023: £8.3 million). This reflects a combination of higher bank debt acquired with the Salvador Escoda acquisition offset by lower interest rates payable on bank debt as the European Central bank rates reduced in the second half of the year.

The net finance expense included a foreign exchange translation gain of £1.6 million which compares to a gain of £0.5 million in the prior year.

Taxation

The income tax expense of £30.5 million (2023: £34.8 million) is equivalent to an effective tax rate of 20.0 per cent of profit before tax (2023: 19.0 per cent). The rate is as anticipated and reflects the blend of the Group's corporation tax on profits in the five countries where the Group operates. The increase in the effective rate reflects an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 (2023: 23.5% blended rate) and the introduction of the global minimum top up tax.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates.

Cash flow

Cash generated from operations for the year of £298.3 million (2023: £334.3 million) was strong and benefitted from a reduction in working capital by £14.9 million (2023: reduction of £29.5 million). Working capital and inventory is a critical component of our customer proposition; maintaining high levels of stock availability is a key focus for all Grafton's businesses. The reduction in working capital was achieved without compromising availability.

Interest paid in the year amounted to £22.5 million (2023: £23.1 million) which included interest of £15.0 million on IFRS 16 lease liabilities (2023: £15.6 million). Taxation paid was £29.0 million (2023: £38.4 million). Cash flow from operations after the payment of interest and taxation was £246.8 million (2023: £272.8 million).

The cash outflow on the dividend payment was £73.2 million (2023: £72.6 million) and £80.9 million (2023: £155.7 million) was spent on the buyback of shares, excluding transaction costs. The total cash outflow on the dividend payment and buyback of shares was £154.1 million (2023: £228.3 million), excluding transaction costs.

Free cash flow of £178.2 million was generated in the year which represents a 100% conversion to cash of adjusted operating profit.

Capital Expenditure and Investment in Intangible Assets

We continued to maintain appropriate control over capital expenditure which amounted to £39.6 million (2023: £48.8 million). There was also expenditure of £7.3 million (2023: £4.0 million) on software that is classified as intangible assets.

Asset replacement capital expenditure of £23.9 million (2023: £27.4 million) compares to the depreciation charge (before IFRS 16) on property, plant and equipment ("PPE") of £42.8 million (2023: £39.0 million) and related principally to the replacement of distribution vehicles, plant and tools for hire by customers, fixtures and office equipment, racking, forklifts and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £15.7 million (2023: £21.4 million) on a range of organic development initiatives including new branches, investment in IT software, and upgrades and refurbishments in Chadwicks, Woodie's and the Netherlands and investment in land and buildings in Chadwicks.

The proceeds received from the disposal of PPE, properties held for sale and investment properties was £5.7 million (2023: £3.6 million). The amount spent on capital expenditure and software development, net of the proceeds received on asset disposals, was £41.1 million (2023: £49.1 million).

Pensions

The Group operates four legacy defined benefit schemes (one in the UK and three in Ireland), all of which are now closed to future accrual. The defined benefit pension schemes had an accounting surplus of £1.3 million at the year end, an improvement of £7.1 million from a deficit of £5.8 million at 31 December 2023.

The deficit on the UK scheme reduced by £5.7 million to £8.8 million and the surplus on the schemes in Ireland increased by £1.4 million to £10.9 million.

There was a scheme deficit of £0.8 million (31 December 2023: £0.8 million) related to the Netherlands business.

Net Debt/Cash

Net debt (including lease obligations) at 31 December 2024 was £131.7 million (31 Dec 2023: £49.3 million).

Our net cash position, before recognising lease liabilities, was £272.1 million (31 Dec 2023: £379.7 million).

The Group's policy is to maintain its investment grade credit rating while investing in organic developments and acquisition opportunities. The Group has a progressive dividend policy with a long-term objective of maintaining dividend cover at between two and three-times earnings although it is anticipated that dividend cover for the full year will drop modestly beneath this.

Liquidity

Grafton was in a very strong financial position at the end of the year with excellent liquidity, net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £776.2 million at 31 December 2024 (31 December 2023: £849.6 million). As shown in the analysis of liquidity on page 46, accessible cash and deposits amounted to £505.4 million (31 December 2023: £579.9 million) and there were undrawn revolving bank facilities of £270.8 million (31 December 2023: £269.7 million).

At 31 December 2024, the Group had bilateral loan facilities of £328.3 million (2023: £336.9 million) with four relationship banks, which all mature in August 2029 and debt obligations of £132.7 million (31 December 2023: £139.1 million) from the issue of unsecured senior notes in the US Private Placement market.

The revolving loan facilities of £328.3 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The average maturity of the committed bank facilities and unsecured senior notes was 4.6 years at 31 December 2024 (2023: 4.9 years).

The Group's key financing objective continues to be to ensure that it has the necessary liquidity and resources to support the short, medium and long-term funding requirements of the business. These resources, together with strong cash flow from operations, provide good liquidity and the capacity to fund investment in working capital, routine capital expenditure and development activity including acquisitions.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland and Spain.

Shareholders' Equity

Shareholders' equity declined by £59.6 million to £1.60 billion at 31 December 2024 from £1.66 billion at 31 December 2023. Profit after tax increased shareholders' equity by £122.0 million. There was a loss of £33.1 million on retranslation of euro denominated net assets to sterling at the year-end rate of exchange. Shareholders' equity was increased for a remeasurement gain (net of tax) of £4.4 million on the pension schemes and was reduced for dividends paid of £73.2 million and by £81.1 million for the buyback of shares. Other changes increased equity by £1.4 million.

Return on Capital Employed

Adjusted Return on Capital Employed declined by 160 basis points to 10.3 per cent (2023: 11.9 per cent).

Principal Risks and Uncertainties

The principal risks affecting the Group are set out on pages 43 to 51 of the 2024 Annual Report and Accounts.

Grafton Group plc
Group Condensed Income Statement
For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue	2	**2,282,252**	2,319,242
Operating costs		**(2,133,626)**	(2,137,414)
Property profit	3	**3,999**	1,261
Operating profit		**152,625**	183,089
Finance expense	4	**(25,077)**	(24,292)
Finance income	4	**24,968**	24,715
Profit before tax		**152,516**	183,512
Income tax expense	17	**(30,503)**	(34,789)
Profit after tax for the financial year		**122,013**	148,723
Profit attributable to:			
Owners of the Company		**122,013**	148,723

Earnings per ordinary share - basic	**6**	**60.89p**	69.56p
Earnings per ordinary share - diluted	**6**	**60.86p**	69.55p

Grafton Group plc

Group Condensed Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Profit after tax for the financial year		**122,013**	148,723
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
- on foreign currency net investments		**(33,099)**	(12,210)
Fair value movement on cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		**-**	31
		(33,099)	(12,179)
Items that will not be reclassified to the income statement			
Remeasurement gain on Group defined benefit pension schemes	**15**	**5,439**	1,320
Deferred tax on Group defined benefit pension schemes		**(1,081)**	(3)
		4,358	1,317
Total other comprehensive (expense)		**(28,741)**	(10,862)
Total comprehensive income for the financial year		**93,272**	137,861
Total comprehensive income attributable to:			
Owners of the Company		**93,272**	137,861
Total comprehensive income for the financial year		**93,272**	137,861

Grafton Group plc - Group Condensed Balance Sheet as at 31 December 2024

	Notes	31 Dec 2024 £'000	31 Dec 2023 £'000
ASSETS			
Non-current assets			
Goodwill	**8**	**634,301**	645,062
Intangible assets	**9**	**134,911**	138,901
Property, plant and equipment	**10**	**367,354**	367,266
Right-of-use asset	**11**	**377,726**	401,298
Investment properties	**10**	**27,325**	24,609
Deferred tax assets	**17**	**7,453**	6,665
Lease receivable		**-**	264
Retirement benefit assets	**15**	**10,932**	9,536
Other financial assets		**125**	127
Total non-current assets		**1,560,127**	1,593,728
Current assets			
Properties held for sale	**10**	**763**	4,291
Inventories	**12**	**381,803**	361,598
Trade and other receivables	**12**	**300,020**	262,763
Lease receivable		**98**	195
Fixed term cash deposits	**13**	**150,000**	200,000
Cash and cash equivalents (excluding bank overdrafts)	**13**	**359,430**	383,939
Total current assets		**1,192,114**	1,212,786

Total assets		**2,752,241**	2,806,514
EQUITY			
Equity share capital		**6,744**	7,094
Share premium account		**224,141**	223,861
Capital redemption reserve		**2,548**	2,195
Revaluation reserve		**12,037**	12,186
Shares to be issued reserve		**6,802**	6,562
Cash flow hedge reserve		**(6)**	(6)
Foreign currency translation reserve		**42,183**	75,282
Retained earnings		**1,305,649**	1,332,992
Treasury shares held		**(3,897)**	(4,365)
Equity attributable to owners of the Parent		**1,596,201**	1,655,801
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	**13**	**188,372**	204,219
Lease liabilities	**13**	**331,572**	364,090
Provisions		**13,042**	13,851
Retirement benefit obligations	**15**	**9,591**	15,363
Deferred tax liabilities	**17**	**62,040**	60,234
Deferred consideration	**16**	**599**	3,289
Total non-current liabilities		**605,216**	661,046
Current liabilities			
Interest-bearing loans and borrowings	**13**	**49,000**	-
Lease liabilities	**13**	**72,156**	64,888
Derivative financial instruments	**13**	**5**	5
Trade and other payables	**12**	**401,142**	400,251
Current income tax liabilities		**20,138**	17,541
Deferred consideration	**16**	**3,537**	1,601
Provisions		**4,846**	5,381
Total current liabilities		**550,824**	489,667
Total liabilities		**1,156,040**	1,150,713
Total equity and liabilities		**2,752,241**	2,806,514

Grafton Group plc - Group Condensed Cash Flow Statement

For the year ended 31 December 2024

	Notes	**31 Dec 2024 £'000**	31 Dec 2023 £'000
Profit before taxation		**152,516**	183,512
Finance income	**4**	**(24,968)**	(24,715)
Finance expense	**4**	**25,077**	24,292
Operating profit		**152,625**	183,089
Depreciation	**10,11**	**112,416**	104,700
Amortisation of intangible assets	**9**	**22,322**	21,287
Share-based payments charge		**1,162**	2,127
Movement in provisions		**(677)**	(1,523)
Loss/(profit) on sale of property, plant and equipment		**570**	(475)
Property profit		**(808)**	(861)
Fair value gains recognised as property profit	**3**	**(3,191)**	-
Gain on derecognition of leases		**186**	234
Other non-cash items		**1,308**	-
Contributions to pension schemes in excess of IAS 19 charge		**(2,476)**	(3,826)
Decrease in working capital	**12**	**14,868**	29,529
Cash generated from operations		**298,305**	334,281
Interest paid		**(22,462)**	(23,073)
Income taxes paid		**(29,027)**	(38,391)
Cash flows from operating activities		**246,816**	272,817
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		**1,273**	1,429
Proceeds from sale of properties held for sale		**4,120**	2,209
Proceeds from sale of investment properties		**305**	-
Maturity of fixed term cash deposits	**13**	**400,000**	350,000
Interest received		**23,441**	24,199
		429,139	377,837
Outflows			
Acquisition of subsidiary undertakings (net of cash/overdraft acquired)	**16**	**(67,245)**	(27,908)
Investment in fixed term cash deposits	**13**	**(350,000)**	(550,000)
Deferred acquisition consideration paid	**16**	**(2,145)**	(2,586)
Investment in intangible assets - computer software	**9**	**(7,275)**	(3,963)
Purchase of property, plant and equipment	**10**	**(39,571)**	(48,816)
		(466,236)	(633,273)
Cash flows from investing activities		**(37,097)**	(255,436)

Financing activities			
Inflows			
Proceeds from the issue of share capital		**283**	1,916
		283	1,916
Outflows			
Repayment of borrowings		**(8,156)**	(44,494)
Dividends paid	**5**	**(73,190)**	(72,569)
Treasury shares purchased (share buyback)	**20**	**(81,085)**	(159,458)
Payment on lease liabilities		**(71,640)**	(67,680)
		(234,071)	(344,201)
Cash flows from financing activities		**(233,788)**	(342,285)
Net (decrease) in cash and cash equivalents		**(24,069)**	(324,904)
Cash and cash equivalents at 1 January		**383,939**	711,721
Effect of exchange rate fluctuations on cash held		**(8,815)**	(2,878)
Cash and cash equivalents at the end of the year		**351,055**	383,939
Cash and cash equivalents are broken down as follows:			
Cash at bank and short-term deposits	**20**	**359,430**	383,939
Bank overdrafts	**20**	**(8,375)**	-
Cash and cash equivalents at the end of the year		**351,055**	383,939

Grafton Group plc

Group Condensed Statement of Changes in Equity

	Equity share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Shares to be issued reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Treasury shares	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year to 31 December 2024										
At 1 January 2024	7,094	223,861	2,195	12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801
Profit after tax for the financial year	-	-	-	-	-	-	-	122,013	-	122,013
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	-	-	-	-	-	-	-	4,358	-	4,358
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	-	-	-	-	-
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	(33,099)	-	-	(33,099)
Total other comprehensive expense	-	-	-	-	-	-	(33,099)	4,358	-	(28,741)
Total comprehensive income	-	-	-	-	-	-	(33,099)	126,371	-	93,272
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(73,190)	-	(73,190)
Issue of Grafton Units	3	280	-	-	-	-	-	-	-	283
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(81,085)	(81,085)
Cancellation of treasury shares (Note 20)	(353)	-	353	-	-	-	-	(81,391)	81,391	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(162)	162	-
Share based payments charge	-	-	-	-	1,162	-	-	-	-	1,162
Tax on share-based payments	-	-	-	-	(42)	-	-	-	-	(42)
Transfer from shares to be issued reserve	-	-	-	-	(880)	-	-	880	-	-
Transfer from revaluation reserve	-	-	-	(149)	-	-	-	149	-	-
	(350)	280	353	(149)	240	-	-	(153,714)	468	(152,872)
At 31 December 2024	6,744	224,141	2,548	12,037	6,802	(6)	42,183	1,305,649	(3,897)	1,596,201

	Equity share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Shares to be issued reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Treasury shares	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year to 31 December 2023										
At 1 January 2023	7,870	221,975	1,389	12,375	8,647	(37)	87,492	1,411,053	(5,185)	1,745,579
Profit after tax for the financial year	-	-	-	-	-	-	-	148,723	-	148,723

Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	-	-	-	-	-	-	-	1,317	-	1,317
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	31	-	-	-	31
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	(12,210)	-	-	(12,210)
Total other comprehensive expense	-	-	-	-	-	31	(12,210)	1,317	-	(10,862)
Total comprehensive income	-	-	-	-	-	31	(12,210)	150,040	-	137,861
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(72,569)	-	(72,569)
Issue of Grafton Units	30	1,886	-	-	-	-	-	-	-	1,916
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(159,458)	(159,458)
Cancellation of treasury shares (Note 20)	(806)	-	806	-	-	-	-	(159,591)	159,591	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(687)	687	-
Share-based payments charge	-	-	-	-	2,127	-	-	-	-	2,127
Tax on share-based payments	-	-	-	-	345	-	-	-	-	345
Transfer from shares to be issued reserve	-	-	-	-	(4,557)	-	-	4,557	-	-
Transfer from revaluation reserve	-	-	-	(189)	-	-	-	189	-	-
	(776)	1,886	806	(189)	(2,085)	-	-	(228,101)	820	(227,639)
At 31 December 2023	7,094	223,861	2,195	12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801

Grafton Group plc

Notes to Final Results for the Year Ended 31 December 2024

1. General Information

Grafton Group plc ("Grafton" or "the Group") is an international business operating in the distribution, manufacturing and DIY retail sectors of the building materials industry.

The Group operates leading distribution formats for building materials and construction related products in Ireland, the UK, the Netherlands, Finland and Spain. The Group also operate the largest consumer focused DIY retailer in Ireland which is complementary to our Irish distribution business and we manufacture and distribute mortar and timber windows and staircases in the UK.

The Group's origins are in Ireland where it is headquartered, managed and controlled. It has been a publicly quoted company since 1965 and its Units (shares) are quoted on the London Stock Exchange where it is a constituent of the FTSE 250 Index and the FTSE All-Share Index.

Basis of Preparation, Accounting Policies and Estimates

(a) Basis of Preparation and Accounting Policies

The financial information presented in this Final Results Announcement has been extracted from the audited Annual Report and Accounts of Grafton Group plc for the financial year ended 31 December 2024. The financial information set out in this document does not constitute full statutory financial statements for the financial years ended 31 December 2024 but it is derived from same. The Final Results Announcement was approved by the Board of Directors. The Annual Report and Accounts has been approved by the Board of Directors and reported on by the auditors. The auditors' report was unqualified. The Annual Report and Accounts for the year ended 31 December 2024 is available on the Group's website and will be filed with the Irish Registrar of Companies in due course.

The consolidated financial information of the Group has been prepared in accordance with the Transparency Rules of the Financial Conduct Authority ('FCA') and in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'); and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. They do not include all the information and disclosures necessary for a complete set of financial statements prepared in accordance with IFRS.

The financial information in this report has been prepared in accordance with the Group's accounting policies. Full details of the accounting policies adopted by the Group are contained in the consolidated financial statements included in the Group's Annual Report and Accounts for the year ended 31 December 2024 which is available on the Group's website; www.graftonplc.com. Certain tables in the financial information may not add precisely due to rounding.

Going Concern

The Group's net cash position, before recognising lease liabilities, was £272.1 million at 31 December 2024 (31 December 2023: £379.7 million). Net debt including lease obligations was £131.7 million at 31 December 2024 (2023: £49.3 million). The Group had liquidity of £776.2 million at 31 December 2024 (2023: £849.6 million) of which £505.4 million (2023: £579.9 million) was held in accessible cash and deposits and £270.8 million (2023: £269.7 million) in undrawn revolving bank facilities.

No refinancing of debt is due until September 2028, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets (other than right-of-use assets) are unsecured.

Having made appropriate enquiries, the Directors have a reasonable expectation that Grafton Group plc, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Having reassessed the principal risks, as set out on pages 43 to 51 of the 2024 Annual Report and Accounts, and based on expected cash flows and the strong liquidity position of the Group, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial information.

The consolidated financial information is presented in sterling. Items included in the financial information of each of the Group's entities are measured using its functional currency, being the currency of the primary economic environment in which the entity operates, which is primarily euro and sterling.

1. General Information (continued)
Basis of Preparation, Accounting Policies and Estimates (continued)

Climate Change

In preparing the financial information, the Directors have considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates in the current period. The Group's analysis of the impact of climate change continues to evolve with Grafton committed to delivering net zero carbon emissions no later than the end of 2050.

(b) Critical accounting estimate and judgements

The preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or because of new information or more experience. Such changes are recognised in the period in which the estimate is revised. Information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the respective notes to the consolidated financial statements.

Revised Standards and Interpretations

Certain new and revised accounting standards and interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and the Group's assessment of the impact of these standards and interpretations is set out below:

The following Standards and Interpretations are effective for the Group for periods beginning after 1 January 2025 but do not have a material effect on the results or financial position of the Group:

- *IAS21 (Amendments)* — *Lack of Exchangeability (Effective 1 January 2025)*
- *IFRS 9 / IFRS 7 (Amendments)* — *Classification and Measurement of Financial Instruments (Effective 1 January 2026)*
- *IFRS 18* — *Presentation and Disclosure in Financial Statements (Effective 1 January 2027)*

2. Segmental Analysis

The amount of revenue and operating profit under the Group's reportable segments of Distribution, Retailing and Manufacturing is shown below. Segment profit measure is operating profit before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items.

	2024	2023
	£'000	£'000
Revenue		
UK distribution	**780,778**	818,112
Ireland distribution	**632,807**	631,034
Netherlands distribution	**337,581**	351,474
Finland distribution	**131,758**	139,783
Spain distribution	**29,664**	-
Total distribution	**1,912,588**	1,940,403
Retailing	**261,055**	258,197
Manufacturing	**122,157**	135,298
Less: inter-segment revenue - manufacturing	**(13,548)**	(14,656)
Total revenue	**2,282,252**	2,319,242
Segmental operating profit before intangible amortisation arising on acquisitions and acquisition related items		
UK distribution	**32,438**	47,251
Ireland distribution	**61,533**	60,930
Netherlands distribution	**26,394**	33,416
Finland distribution	**8,948**	14,196
Spain distribution	**322**	-
Total distribution	**129,635**	155,793
Retailing	**34,676**	32,728
Manufacturing	**24,306**	30,269
	188,617	218,790
Reconciliation to consolidated operating profit		
Central activities	**(15,087)**	(14,541)
	173,530	204,249
Property profit	**3,999**	1,261
Operating profit before intangible amortisation arising on acquisitions and acquisition related items	**177,529**	205,510
Acquisition related items*	**(4,633)**	(2,730)
Amortisation of intangible assets arising on acquisitions	**(20,271)**	(19,691)
Operating profit	**152,625**	183,089
Finance expense	**(25,077)**	(24,292)
Finance income	**24,968**	24,715
Profit before tax	**152,516**	183,512
Income tax expense	**(30,503)**	(34,789)
Profit after tax for the financial year	**122,013**	148,723

** Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs and customer relationships asset impairment charges.*

2. Segmental Analysis (continued)

The amount of revenue by geographic area is as follows:

	2024	2023
	£'000	£'000
Revenue*		
United Kingdom	**881,907**	929,821
Ireland	**901,342**	898,164
Netherlands	**337,581**	351,474
Finland	**131,758**	139,783
Spain	**29,664**	-

Total revenue	**2,282,252**	2,319,242

**Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £12.3 million for the year (2023: £11.5 million).*

	31 Dec 2024 £'000	31 Dec 2023 £'000
Segment assets		
Distribution	**1,953,724**	1,914,204
Retailing	**152,934**	169,342
Manufacturing	**117,643**	122,701
	2,224,301	2,206,247
Unallocated assets		
Deferred tax assets	**7,453**	6,665
Retirement benefit assets	**10,932**	9,536
Other financial assets	**125**	127
Fixed term cash deposits	**150,000**	200,000
Cash and cash equivalents	**359,430**	383,939
Total assets	**2,752,241**	2,806,514

	31 Dec 2024 £'000	31 Dec 2023 £'000
Segment liabilities		
Distribution	**641,253**	648,830
Retailing	**152,576**	174,020
Manufacturing	**33,065**	30,501
	826,894	853,351
Unallocated liabilities		
Interest bearing loans and borrowings (current and non-current)	**237,372**	204,219
Retirement benefit obligations	**9,591**	15,363
Deferred tax liabilities	**62,040**	60,234
Current income tax liabilities	**20,138**	17,541
Derivative financial instruments (current)	**5**	5
Total liabilities	**1,156,040**	1,150,713

3. Property Profit

The property profit in 2024 of £4.0 million relates to profit on property disposals of £0.8 million and a fair value gain of £0.5 million on one investment property in Ireland and an additional fair value gain of £2.7 million on one investment property in the UK.

In 2024, the Group disposed of two Irish properties (2023: one UK property and two Irish properties).

The property profit in 2023 of £1.3 million relates to profit on property disposals of £0.9 million and the property profit realised in 2023 of £0.4 million which was the recovery of an amount which had been provided against in the previous year.

4. Finance Expense and Finance Income

	2024 £'000		2023 £'000	
Finance expense				
Interest on bank loans, US senior notes and overdrafts**	**8,270**	*	8,331	*
Interest on lease liabilities	**15,026**	*	15,563	*
Net finance cost on pension scheme obligations	**305**		398	
Unwinding of discount applicable to deferred consideration (Note 16)	**1,476**		-	
	25,077		24,292	
Finance income				
Interest income on bank deposits	**(23,355)**	*	(24,199)	*
Foreign exchange gain	**(1,613)**		(516)	
	(24,968)		(24,715)	
Net finance expense/(income)	**109**		(423)	

** Net bank and US senior note interest income of £15.1 million (2023: £15.9 million interest income). Including interest on lease liabilities, net interest income was £0.1 million (2023: £0.3 million net interest income).*

***Where overdrafts exist and there is a master netting agreement in place that grants the Group the legal right to set-off and management has intention to settle on a net basis with each bank, bank overdrafts are off-set against cash and cash equivalents.*

5. Dividends

The payment in 2024 of a final dividend for 2023 of 26.00 pence amounted to £52.2 million (2023: final dividend for 2022 of 23.75 pence amounted to £51.6 million).

An interim dividend for 2024 of 10.50 pence per share was paid on 11 October 2024 in the amount of £21.0 million.

A final dividend for 2024 of 26.50 pence per share will be paid on 15 May 2025 by Grafton Group plc to shareholders on the Register of Members at the close of business on 22 April 2025 (the 'Record Date'). The ex-dividend date is 17 April 2025.

A liability in respect of the final dividend has not been recognised in the balance sheet at 31 December 2024, as there was no present obligation to pay the dividend at the end of the year.

6. Earnings per Share

The computation of basic, diluted and underlying earnings per share is set out below:

	Year ended 31 Dec 2024 £'000	Year ended 31 Dec 2023 £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial year	**122,013**	148,723
Numerator for basic and diluted earnings per share	**122,013**	148,723
Profit after tax for the financial year	**122,013**	148,723
Amortisation of intangible assets arising on acquisitions	**20,271**	19,691
Tax relating to amortisation of intangible assets arising on acquisitions	**(4,573)**	(4,415)
Acquisition related items	**4,633**	2,730
Tax on acquisition related items	**-**	(229)
Unwinding of discount applicable to deferred consideration	**1,476**	-
Numerator for adjusted earnings per share	**143,820**	166,500
	Number of Grafton Units	Number of Grafton Units
Denominator for basic and adjusted earnings per share:		
Weighted average number of Grafton Units in issue	**200,367,922**	213,802,819
Dilutive effect of options and awards	**101,676**	24,688
Denominator for diluted earnings per share	**200,469,598**	213,827,507
Earnings per share (pence)		
- Basic	**60.89**	69.56
- Diluted	**60.86**	69.55
Adjusted earnings per share (pence)*		
- Basic	**71.78**	77.88
- Diluted	**71.74**	77.87

** The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions, the impact of unwinding acquisition related deferred consideration to present value and acquisition related items.*

7. Exchange Rates

The results and cash flows of subsidiaries with euro functional currencies have been translated into sterling using the average exchange rate for the year. The balance sheets of subsidiaries with euro functional currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date.

The average sterling/euro rate of exchange for the year ended 31 December 2024 was Stg84.66p (2023: Stg86.98p). The sterling/euro exchange rate at 31 December 2024 was Stg82.92p (2023: Stg86.91p).

8. Goodwill

Goodwill is subject to impairment testing on an annual basis at 31 December and additionally during the year if an indicator of impairment is considered to exist, as was the case for two of the Group's CGU's at 30 June 2024. The recoverable amount of each cash generating unit is determined based on value-in-use calculations. The carrying value of each cash generating unit was compared to its estimated value-in-use. There were no impairments during the year (2023: £Nil).

	Goodwill £'000
Net Book Value	
As at 1 January 2024	**645,062**
Arising on acquisition (Note 16)	**3,863**
Currency translation adjustment	**(14,624)**
As at 31 December 2024	**634,301**

9. Intangible Assets

	Computer Software £'000	Trade Names £'000	Customer Relationships & Technology £'000	Total £'000
Net Book Value				
As at 1 January 2024	**7,970**	**27,405**	**103,526**	**138,901**
Additions	**7,275**	**-**	**-**	**7,275**
Arising on acquisition (Note 16)	**161**	**8,259**	**7,258**	**15,678**
Amortisation	**(2,051)**	**(3,999)**	**(16,272)**	**(22,322)**
Currency translation adjustment	**(275)**	**(918)**	**(3,428)**	**(4,621)**
As at 31 December 2024	**13,080**	**30,747**	**91,084**	**134,911**

The amortisation expense of £22.3 million (2023: £21.3 million) has been charged in 'operating costs' in the income statement. Amortisation of intangible assets arising on acquisitions in prior periods amounted to £20.3 million (2023: £19.7 million).

10. Property, Plant and Equipment, Properties Held for Sale and Investment Properties

Net Book Value	Property, plant and equipment £'000	Properties held for sale £'000	Investment properties £'000
As at 1 January 2024	**367,266**	**4,291**	**24,609**
Additions	**39,571**	**-**	**-**
Depreciation	**(42,765)**	**-**	**-**
Disposals	**(1,843)**	**(3,366)**	**(251)**
Fair value gains	**-**	**-**	**3,191**
Arising on acquisition (Note 16)	**14,218**	**-**	**-**
Currency translation adjustment	**(9,093)**	**(162)**	**(224)**
As at 31 December 2024	**367,354**	**763**	**27,325**

11. Right-Of-Use Asset

	Right-of-use asset £'000
As at 1 January 2024	**401,298**
Additions*	**15,154**
Arising on acquisition (Note 16)	**24,413**
Disposals	**(790)**
Depreciation	**(69,651)**
Remeasurements*	**15,934**
Currency translation adjustment	**(8,632)**
As at 31 December 2024	**377,726**

** Right-of-use asset additions relate to new lease contracts entered into during the year and mainly arise due to leases entered into for new store locations, new lease contracts agreed for existing stores and replacement vehicle leases. Right-of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension* of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension options available to the Group on a number of property leases that will now be exercised.*

12. Movement in Working Capital

Current	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
As at 1 January 2024	**361,598**	**262,763**	**(400,251)**	**224,110**
Currency translation adjustment	**(11,427)**	**(8,174)**	**12,511**	**(7,090)**
Interest accruals*	**-**	**(87)**	**(834)**	**(921)**
Arising on acquisition (Note 16)	**60,206**	**39,764**	**(20,520)**	**79,450**
Working capital movement in 2024	**(28,574)**	**5,754**	**7,952**	**(14,868)**
As at 31 December 2024	**381,803**	**300,020**	**(401,142)**	**280,681**

** Interest accruals on long term borrowings are included separately in other payables as accrued interest is paid within 12 months.*

The working capital movement for the year ended 31 December 2023 is shown below:

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Working capital movement in 2023	(37,821)	(4,222)	12,514	(29,529)

13. Interest-Bearing Loans, Borrowings and Net Debt

	31 Dec 2024 £'000	31 Dec 2023 £'000
Interest-bearing loans and borrowings		
Bank overdrafts*	**8,375**	-
Bank credit facilities (current)*	**40,625**	-
Bank loans (non-current)	**56,053**	65,597
US senior notes (non-current)	**132,319**	138,622
Total interest-bearing loans and borrowings	**237,372**	204,219
Leases		
Included in non-current liabilities	**331,572**	364,090
Included in current liabilities	**72,156**	64,888
Total leases	**403,728**	428,978
Derivatives		
Included in current liabilities	**5**	5
Total derivatives	**5**	5
Fixed term cash deposits**		
Included in current assets	**(150,000)**	(200,000)
Total fixed term cash deposits	**(150,000)**	(200,000)
Cash and cash equivalents	**(359,430)**	(383,939)
Net debt	**131,675**	49,263
Net (cash) before leases	**(272,053)**	(379,715)

**The bank overdrafts of £8.4 million (2023: £Nil) and euro bank credit facilities of £40.6 million at 31 December 2024 (2023: £Nil) relate to short-term debt in Salvador Escoda in Spain which the Group acquired on 30 October 2024. The Salvador Escoda bank credit facilities of £40.6 million include debt related to discounting effects on debtors and credit facilities covering import lines of credit with five Spanish banking partners.*

*** Fixed term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.*

At 31 December 2024, the Group had bilateral loan facilities of £328.3 million (2023: £336.9 million) with four relationship banks, which all mature in August 2029.

The revolving loan facilities of £328.3 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The following table shows the fair value of financial assets and liabilities, all of which are within level 2 of the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

13. Interest-Bearing Loans, Borrowings and Net Debt (continued)

	31 Dec 2024 2024 £'000	31 Dec 2023 £'000
Assets/(liabilities) measured and recognised at fair value		
Designated as hedging instruments		
Other derivative instruments	**(5)**	(5)
Fair value measurement of liabilities carried at amortised cost		
US senior notes	**(125,397)**	(129,686)

The following table shows the fair value of financial assets and liabilities, all of which are within level 3 of the fair value hierarchy.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Liabilities measured and recognised at fair value		
Deferred consideration on acquisition of businesses (Note 16)	**(4,136)**	(4,890)

The fair value of financial assets and liabilities recognised at amortised cost
It is considered that the carrying amounts of other financial assets and liabilities including trade payables (excluding deferred consideration), cash and cash equivalents, fixed term deposits, trade receivables and bank loans, which are recognised at amortised cost in the financial information approximate to fair value. The fixed rate US senior notes denominated in euro are disclosed above at fair value and reflect the differential between the fixed interest rates on these notes and market rates at 31 December 2024.

Financial assets and liabilities carried at fair value
The Group's financial assets and liabilities which are carried at fair value are classified as Level 2 in the fair value hierarchy and deferred consideration is classified as Level 3. There have been no transfers between levels in the current period. Fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

The fair values of other derivatives are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

The fair value of deferred consideration is calculated assuming a probability of payout, which will be based on

The fair value of deferred consideration is calculated assuming a probability of payout, which will be based on achievement of EBITA/EBITDA targets and discounted to present value using market derived discount rates. The fair value assumes achievement of targets but is sensitive to change in the assessed probability of achieving targets.

14. Reconciliation of Net Cash Flow to Movement in Net (Debt)/Cash

	31 Dec 2024 £'000	31 Dec 2023 £'000
Net (decrease) in cash and cash equivalents	**(24,069)**	(324,904)
Net movement in fixed term cash deposits	**(50,000)**	200,000
Net movement in derivative financial instruments	**-**	24
Bank loans acquired with subsidiaries (Note 16)	**(42,330)**	-
Lease liabilities acquired (Note 16)	**(24,413)**	(820)
Movement in debt and lease financing	**49,531**	61,260
Change in net (debt) resulting from cash flows	**(91,281)**	(64,440)
Currency translation adjustment	**8,869**	6,290
Movement in net (debt) in the period	**(82,412)**	(58,150)
Net (debt)/cash at 1 January	**(49,263)**	8,887
Net (debt) at end of the period	**(131,675)**	(49,263)

15. Retirement Benefits

The principal financial assumptions employed in the valuation of the Group's defined benefit scheme liabilities for the current year and prior year were as follows:

	Irish Schemes		**UK Schemes**	
	At 31 Dec 2024	At 31 Dec 2023	**At 31 Dec 2024**	At 31 Dec 2023
Rate of increase in salaries*	**N/A**	N/A	**N/A**	N/A
Rate of increase of pensions in payment	**-**	-	**3.00%**	2.90%
Discount rate	**3.45%**	3.15%	**5.50%**	4.50%
Inflation rate increase	**1.85%**	2.05%	**2.60%/3.10%****	2.40%/3.00%**

* Following the closure to accrual of the Irish schemes and the UK scheme, benefits in those schemes are no longer linked to final salary. Instead, accrued benefits up to the date of closure revalue in line with inflation, subject to certain caps.

** The inflation assumption shown for the UK is based on both the Consumer Price Index (CPI) and the Retail Price Index (RPI)

15. Retirement Benefits (continued)

The following table provides a reconciliation of the scheme assets (at bid value) and the actuarial value of scheme liabilities:

	Assets		**Liabilities**		**Net asset/(deficit)**	
	Year to 31 Dec 2024	Year to 31 Dec 2023	**Year to 31 Dec 2024**	Year to 31 Dec 2023	**Year to 31 Dec 2024**	Year to 31 Dec 2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
At 1 January	**195,104**	192,298	**(200,931)**	(202,782)	**(5,827)**	(10,484)
Interest income on plan assets	**7,151**	7,917	**-**	-	**7,151**	7,917
Contributions by employer	**2,604**	3,574	**-**	-	**2,604**	3,574
Contributions by members	**-**	23	**-**	(23)	**-**	-
Benefit payments	**(11,976)**	(11,773)	**11,976**	11,773	**-**	-
Current service cost	**-**	-	**-**	(57)	**-**	(57)
Curtailment gain	**-**	-	**-**	403	**-**	403
Administration costs	**(37)**	(53)	**-**	-	**(37)**	(53)
Other long-term benefit (expense)	**-**	-	**(91)**	(41)	**(91)**	(41)
Interest cost on scheme liabilities	**-**	-	**(7,456)**	(8,315)	**(7,456)**	(8,315)
Remeasurements						
Actuarial (loss)/gains from:						
-experience variations	**-**	-	**1,369**	(978)	**1,369**	(978)
-financial assumptions	**-**	-	**14,637**	(7,432)	**14,637**	(7,432)
-demographic assumptions	**-**	-	**(814)**	4,532	**(814)**	4,532
Return on plan assets excluding interest income	**(9,753)**	5,198	**-**	-	**(9,753)**	5,198

Interest income						
Translation adjustment	**(4,718)**	(2,080)	**4,276**	1,989	**(442)**	(91)
At 31 December	**178,375**	195,104	**(177,034)**	(200,931)	**1,341**	(5,827)
Related deferred tax asset (net)					**1,037**	2,655
Net pension asset/(liability)					**2,378**	(3,172)

The net pension scheme asset before tax of £1.3 million (31 December 2023: deficit of £5.8 million) is shown in the Group balance sheet as (i) retirement benefit obligations (non-current liabilities) of £9.6 million (31 December 2023: £15.4 million) and (ii) retirement benefit assets (non-current assets) of £10.9 million (31 December 2023: £9.5 million).

At 31 December 2024, the retirement benefit asset of £10.9 million (Dec 2023: £9.5 million) relates to three schemes in Ireland. The surplus has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus assets if the schemes are run off until the last member has left the scheme. The retirement benefit obligation of £9.6 million (Dec 2023: £15.4 million) relates to one scheme in the UK (£8.8 million, Dec 2023: £14.6 million) and one scheme in the Netherlands (£0.8 million, Dec 2023: £0.8 million).

The loss on plan assets was £2.6 million. (31 December 2023: return on plan assets of £13.1 million).

For the year ended 31 December 2023, a curtailment gain of £0.4 million, which is included in 'operating costs' in the income statement, arose on closure to future accrual of a defined benefit pension scheme in Ireland.

In 2023, the Trustees of the three Irish defined benefit pension schemes purchased annuities from one of Ireland's leading life insurance companies to match the benefits being paid to existing pensioners. Under these contracts the insurer will reimburse the schemes for payments to these pensioners into the future. These insurance contracts are held by the trustees of the three schemes and represent assets of the schemes.

15. Retirement Benefits (continued)

This transaction has reduced the Company's exposure to pension risk by removing the longevity and investment risk associated with this portion of the Company's Defined Benefit liabilities. In future years' reporting, the value of the liabilities relating to these pensioners will exactly match the value of the associated annuity contracts.

	31 Dec 2024 £'000	31 Dec 2023 £'000
Return on plan assets		
Return on plan asset excluding interest income	**(9,753)**	6,450
Interest income on plan assets	**7,151**	7,917
	(2,602)	14,367
Less: effect of annuity buy-in	**-**	(1,252)
Return on plan assets after deducting effect of buy-in	**(2,602)**	13,115

16. Acquisitions and Acquisition Related Liabilities

Acquisitions

On 30 October 2024, the Group acquired Salvador Escoda, one of Spain's leading distributors of air conditioning, ventilation, heating, water and renewable products serving professional installers across the residential, commercial and industrial sectors. Salvador Escoda, headquartered in Barcelona, operates from 92 strategically located branches throughout Spain which are supported by four distribution centres, including a new 18,000 square metre facility in Seville which opened in March 2024. The acquisition of Salvador Escoda is consistent with Grafton's strategy of acquiring platform businesses with strong and unique propositions offering exciting growth opportunities and which operate in fragmented markets with strong underlying fundamentals. This acquisition is incorporated in the Spanish Distribution segment.

The fair value of assets and liabilities acquired in 2024 are set out below:

	Total £'000
Property, plant and equipment	**14,218**

Property, plant and equipment	14,218
Right-of-use asset	24,413
Intangible assets - computer software	161
Intangible assets - trade names	8,259
Intangible assets - customer relationships	7,258
Inventories	60,206
Trade and other receivables	39,764
Trade and other payables	(20,520)
Lease liability	(24,413)
Corporation tax liability	(2,467)
Deferred tax liability	(3,879)
Deferred tax asset	2,712
Cash acquired	1,614
Bank overdraft acquired	(4,541)
Bank loans acquired	(42,330)
Net assets acquired	60,455
Goodwill	3,863
Consideration	**64,318**
Satisfied by:	
Cash paid	64,318

Net cash outflow - arising on acquisitions

Cash consideration	64,318
Add: bank overdraft acquired	4,541
Less: cash and cash equivalents acquired	(1,614)
	67,245

16. Acquisitions and Acquisition Related Liabilities (continued)

The fair value of the net assets acquired have been determined on a provisional basis. Goodwill on the acquisition reflects the anticipated cashflows to be realised as part of the enlarged Group.

Any adjustments to provisional fair value of assets and liabilities including recognition of any newly identified assets and liabilities, will be made within 12 months of respective acquisition dates. There were no material adjustments made to provisional fair values in the period relating to any acquisitions completed in the prior year.

The acquisition contributed revenue of £29.7 million and operating profit of £0.3 million for the period from the date of acquisition to 31 December 2024. If this acquisition had occurred on 1 January 2024, it is estimated that it would have contributed revenue of £197.4 million (unaudited) and adjusted operating profit of £12.7 million (unaudited) in the year.

The Group incurred acquisition costs of £3.0 million in 2024 (2023: £0.9 million), relating to actual and target acquisitions, which are included in operating costs in the Group Income Statement.

Acquisition related liabilities

The following table shows the analysis of deferred consideration on the acquisition of businesses:

	Deferred Consideration
	£'000
As at 1 January 2024	(4,890)
Currency translation adjustment	85
Deferred acquisition consideration paid in the year	2,145
Unwinding of discount applicable to deferred consideration (Note 4)	(1,476)
As at 31 December 2024	(4,136)

Split of deferred consideration	£'000
Non-current	(599)
Current	(3,537)
	(4,136)

17. Taxation

The income tax expense of £30.5 million (2023: £34.8 million) is equivalent to an effective tax rate of 20.0 per cent on profit from continuing operations (2023: 19.0 per cent). This is a blended rate of corporation tax on profits in the five jurisdictions where the Group operates. The increase in the effective rate reflects an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 (2023: 23.5% blended rate) and the introduction of the global minimum top up tax.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates that apply in the UK, Ireland, the Netherlands, Finland and Spain.

The liability shown for current taxation includes a liability for tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. As with all estimates, the actual outcome may be different to the current estimate.

Accounting estimates and judgements
Management is required to make judgements and estimates in relation to taxation provisions and exposures. In the ordinary course of business, the Group is party to transactions for which the ultimate tax determination may be uncertain. As the Group is subject to taxation in a number of jurisdictions, an open dialogue is maintained with Revenue Authorities with a view to the timely agreement of tax returns. The amounts provided/recognised for tax are based on management's estimate having taken appropriate professional advice.

17. Taxation (continued)

If the final determination of these matters is different from the amounts that were initially recorded such differences could materially impact the income tax and deferred tax liabilities and assets in the period in which the determination was made.

Pillar Two - Global Minimum Top-Up Tax
The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. Pillar Two legislation has been enacted or substantively enacted in Ireland and several other jurisdictions in which the Group operates effective from 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Pillar Two effective tax rate per jurisdiction and the 15 per cent minimum rate. Specific adjustments envisaged in the Pillar Two legislation can give rise to different effective tax rates compared to those calculated for IFRS purposes. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred.

The Group has recognised an immaterial Pillar Two current tax expense of £0.5 million for 2024 and expects to avail of transitional safe harbour reliefs in respect of a number of its jurisdictions for the financial year. The Group will continue to monitor changes in law and guidance as they apply to Grafton Group plc and its subsidiaries.

Deferred tax
At 31 December 2024, the deferred tax asset was £7.5 million (31 December 2023: £6.7 million) and the deferred tax liability was £62.0 million (31 December 2023: £60.2 million). At 31 December 2024, there were unrecognised deferred tax assets in relation to capital losses of £0.7 million (31 December 2023: £0.7 million), trading losses of £1.3 million (31 December 2023: £1.1 million) and deductible temporary differences of £5.2 million (31 December 2023: £5.2 million).

Deferred tax assets were not recognised in respect of certain capital losses as they can only be recovered against certain classes of taxable profits. The Directors believe that it is not probable that such profits will arise in the foreseeable future. The trading losses arose in entities that have incurred historic losses and the Directors believe that it is not probable there will be sufficient taxable profits in the particular entities against which they can be utilised. Separately, the Directors believe that it is not probable the deductible temporary differences will be utilised.

18. Related Party Transactions

There were no changes in related parties from those described in the Annual Report and Accounts for the year ended 31 December 2023 that materially affected the financial position or the performance of the Group during the year ended 31 December 2024.

19. Grafton Group plc Long Term Incentive Plan (LTIP)

LTIP awards were made over 637,662 Grafton Units on 20 March 2024 (March 2023: 807,889). The fair value of the awards of £4.6 million (March 2023: £6.1 million), which are subject to vesting conditions, will be charged to the income statement over the vesting period of three years (March 2023: three years). In addition to the above, LTIP awards were made over 23,524 Grafton Units on 8 October 2024 and 4,802 Grafton Units on 28 November 2024. The fair value of these awards totalled £0.2 million, which are subject to vesting conditions and will be charged to the income statement over the vesting period of three years. The Annual Report and Accounts for the year ended 31 December 2024 discloses details of the LTIP scheme.

20. Share Buyback and Treasury Shares

	Purchase of Treasury Shares £'000	Transaction Costs £'000	Purchase of Treasury Shares * £'000	Cancellation of Treasury Shares £'000	Transfer from Treasury Shares ** £'000	Total Movement £'000
Buyback programme 1	100,000	284	100,284	(100,000)	(284)	-
LTIP awards 2022	7,563	16	7,579	(7,563)	(16)	-
Buyback programme 2	93,316	187	93,503	(93,316)	(187)	-
Buyback programme 3	50,000	100	50,100	(50,000)	(100)	-
LTIP awards 2023	3,408	7	3,415	(3,408)	(7)	-
Buyback programme 4	100,000	198	100,198	(100,000)	(198)	-
Buyback programme 5	28,388	57	28,445	(28,388)	(57)	
Total	**382,675**	**849**	**383,524**	**(382,675)**	**(849)**	**-**

	Purchase of Treasury Shares £'000	Transaction Costs £'000	Purchase of Treasury Shares * £'000	Cancellation of Treasury Shares £'000	Transfer from Treasury Shares ** £'000	Total Movement £'000
Year ended 31 December 2022	**142,609**	**372**	**142,981**	**(141,693)**	**-**	**1,288**
Year ended 31 December 2023	**159,143**	**315**	**159,458**	**(159,591)**	**(687)**	**(820)**
Year ended 31 December 2024	**80,923**	**162**	**81,085**	**(81,391)**	**(162)**	**(468)**
Total	**382,675**	**849**	**383,524**	**(382,675)**	**(849)**	**-**

* Including transaction costs.

** At 31 December 2024, the share buyback programmes 1, 2, 3 and 4, and the LTIP purchase and cancellation, were fully completed and the related transactions costs have been transferred from treasury shares to retained earnings, totalling £0.8 million.

Since the first buyback commenced on 9 May 2022 and up to 31 December 2024, the Group has purchased a total of 43.08 million ordinary shares which represents 17.9 per cent of the issued share capital on the date of commencement. It acquired them at an average price of £8.63 per share. Excluding shares re-purchased to offset the impact of LTIPS awards vesting in 2022 and 2023, cash of £371.7 million has been returned to shareholders through all completed and ongoing share buybacks.

Share buyback programme 4 (completed 30 April 2024)

At 31 December 2023, the Group had purchased 5,619,269 shares in aggregate for cancellation at a total cost of £47.6 million, including transaction costs. However, due to timing, only 5,569,269 were cancelled at 31 December 2023 and the remaining 50,000 shares purchased for £0.5 million were cancelled in January 2024. On 8 December 2023, the Group announced an extension of this programme and to increase the maximum aggregate consideration by a further £50 million to a total of £100 million. This completed on 30 April 2024. At 31 December 2024, the Group had purchased 11,090,190 shares in aggregate for cancellation at a total cost of £100.2 million, including transaction costs. All shares were cancelled by 31 December 2024.

Share buyback programme 5 (completed 8 January 2025)

The Board announced a fifth programme, commencing 29 August 2024, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million which will end no later than 31 January 2025, subject to market conditions. At 31 December 2024, the Group had purchased 2,810,108 shares in aggregate for cancellation at a total cost of £28.4 million, including transaction costs. These shares were all cancelled by 31

December 2024. This programme completed on 8 January 2025.

21. Issue of Shares

During the year, 48,147 Grafton Units were issued under the Group's Savings Related Share Option Scheme (SAYE) to eligible UK employees.

In addition, 24,686 Grafton Units were issued under the 2021 Grafton Group Long Term Incentive Plan (LTIP), on the vesting of Awards granted in 2021, as the conditions for Total Shareholder Return ("TSR") targets were met. No other Grafton Units were issued on the vesting of Awards granted in 2021, as the performance conditions for Earnings Per Share ("EPS") targets were not met.

22. Events after the Balance Sheet Date

The Company bought back, for cancellation, 0.2 million shares at a cost of £1.6 million between 1 January 2025 and 5 March 2025.

On 13 February 2025, the Group entered into an agreement, which is subject to approval from the Competition and Consumer Protection Commission (CCPC), for the sale of the MFP business to a subsidiary of Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited in Ireland.

In addition, the Board has today announced a sixth programme, commencing 6 March 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million. The sixth share buyback programme will end no later than 31 August 2025, subject to market conditions.

There have been no other material events subsequent to 31 December 2024 that would require adjustment to or disclosure in this report.

23. Board Approval

This announcement was approved by the Board of Grafton Group plc on 5 March 2025.

Supplementary Financial Information

Alternative Performance Measures

Certain financial information set out in this consolidated financial information is not defined under IFRS. These key Alternative Performance Measures ("APMs") represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The key Alternative Performance Measures ("APMs") of the Group are set out below. As amounts are reflected in £'m some non-material rounding differences may arise. Numbers that refer to 2023 are available in the 2023 Annual Report and Accounts.

The term "Adjusted" means before exceptional items and acquisition related items. These items do not relate to the underlying operating performance of the business and therefore to enhance comparability between reporting periods and businesses, management do not take these items into account when assessing the underlying profitability of the Group.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs, impairment charges related to intangible assets recognised on acquisition of businesses and goodwill impairment charges. Customer relationships, technology and brands amortisation, the impact of unwinding acquisition related deferred consideration to present value and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore are also included as adjusting items.

APM	Description
Adjusted operating profit/EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Operating profit margin	Profit before net finance expense and income tax expense as a percentage of revenue.
Adjusted operating profit/EBITA before property profit	Profit before profit on the disposal of Group properties, amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted operating profit/EBITA margin before property profit	Adjusted operating profit/EBITA before property profit as a percentage of revenue.
Adjusted profit before tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items and income tax expense.
Adjusted profit after tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items and exceptional items but after deducting the income tax expense.
Capital Turn	Revenue for the previous 12 months divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end).
Constant Currency	Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency change, the results for the prior period are retranslated using the average exchange rates for the current period and compared to the current period reported numbers.
Dividend Cover	Group earnings per share divided by the total dividend per share for the Group.
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation. EBITDA (rolling 12 months) is EBITDA for the previous 12 months.
EBITDA Interest Cover	EBITDA divided by net bank/loan note interest.
Free Cash Conversion	Free cash flow as a percentage of adjusted operating profit.
Free Cash Flow	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.
Gearing	The Group net (cash)/debt divided by the total equity attributable to owners of the Parent times 100, expressed as a percentage.
Liquidity	The Group's accessible cash, including any undrawn revolving bank facilities.
Like-for-like revenue	Changes in like-for-like revenue is a measure of underlying revenue performance for a selected period. Branches contribute to like-for-like revenue once they have been trading for more than twelve months. Acquisitions contribute to like-for-like revenue once they have been part of the Group for more than 12 months. When branches close, or where a business is disposed of, revenue from the date of closure, for a period of 12 months, is excluded from the prior period result.
Net (Debt)/Cash	Net (debt)/cash comprises current and non-current interest-bearing loans and borrowings, lease liabilities, fixed term cash deposits, cash and cash equivalents and current and non-current derivative financial instruments.
Return on Capital Employed	Adjusted operating profit divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end) times 100, expressed as a percentage.
Adjusted Earnings Per Share	A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Units in issue, excluding

divided by the weighted average number of Grafton Units in issue, excluding treasury shares.

Adjusted Operating Profit/EBITA before Property Profit

	2024 £'m	2023 £'m
Revenue	**2,282.3**	2,319.2
Operating profit	**152.6**	183.1
Property profit	**(4.0)**	(1.3)
Acquisition related items	**4.6**	2.7
Amortisation of intangible assets arising on acquisitions	**20.3**	19.7
Adjusted operating profit/EBITA before property profit	**173.5**	204.2
Adjusted operating profit/EBITA margin before property profit	**7.6%**	8.8%

Operating Profit Margin

	2024 £'m	2023 £'m
Revenue	**2,282.3**	2,319.2
Operating profit	**152.6**	183.1
Operating profit margin	**6.7%**	7.9%

Adjusted Operating Profit/EBITA

	2024 £'m	2023 £'m
Revenue	**2,282.3**	2,319.2
Operating profit	**152.6**	183.1
Acquisition related items	**4.6**	2.7
Amortisation of intangible assets arising on acquisitions	**20.3**	19.7
Adjusted operating profit/EBITA	**177.5**	205.5
Adjusted operating profit/EBITA margin	**7.8%**	8.9%

Adjusted Profit before Tax

	2024 £'m	2023 £'m
Profit before tax	**152.5**	183.5
Amortisation of intangible assets arising on acquisitions	**20.3**	19.7
Acquisition related items	**4.6**	2.7
Unwinding of discount applicable to deferred consideration	**1.5**	-
Adjusted profit before tax	**178.9**	205.9

Adjusted Profit after Tax

	2024 £'m	2023 £'m
Profit after tax	**122.0**	148.7
Acquisition related items	**4.6**	2.7
Tax on acquisition related items	**-**	(0.2)
Amortisation of intangible assets arising on acquisitions	**20.3**	19.7
Tax on amortisation of intangible assets arising on acquisitions	**(4.6)**	(4.4)
Unwinding of discount applicable to deferred consideration	**1.5**	-
Adjusted profit after tax	**143.8**	166.5

Reconciliation of Profit to EBITDA

	2024 £'m	2023 £'m
Profit after tax	**122.0**	148.7
Net finance expense/(income)	**0.1**	(0.4)
Income tax expense	**30.5**	34.8
Depreciation	**112.4**	104.7

Acquisition related items	**4.6**	2.7
Intangible asset amortisation	**22.3**	21.3
EBITDA	**292.0**	311.8

Net (Debt)

	31 Dec 2024 £'m	31 Dec 2023 £'m
Cash and cash equivalents	**359.4**	383.9
Interest-bearing loans (non-current)	**(188.4)**	(204.2)
Interest-bearing loans (current)	**(40.6)**	-
Bank overdrafts	**(8.4)**	-
Lease liabilities (non-current)	**(331.6)**	(364.1)
Lease liabilities (current)	**(72.2)**	(64.9)
Derivatives	**(0.0)**	(0.0)
Fixed term cash deposits	**150.0**	200.0
Net (Debt)	**(131.7)**	(49.3)

Net Debt to EBITDA

	31 Dec 2024 £'m	31 Dec 2023 £'m
EBITDA (rolling 12 months)	**292.0**	311.8
Net debt	**131.7**	49.3
Net debt to EBITDA - times	**0.45**	0.16

EBITDA Interest Cover (including interest on lease liabilities)

	2024 £'m	2023 £'m
EBITDA	**292.0**	311.8
Net bank/loan note interest (income)	**(0.1)**	(0.3)
EBITDA interest cover - times	**n/a**	n/a

Free Cash Flow

	2024 £'m	2023 £'m
Cash generated from operations	**298.3**	334.3
Replacement capital expenditure	**(23.9)**	(27.4)
Proceeds on sale of property, plant and equipment	**1.3**	1.4
Proceeds on sale of held for sale/investment properties	**4.4**	2.2
Interest received	**23.4**	24.2
Interest paid	**(22.5)**	(23.1)
Payment of lease liabilities	**(71.6)**	(67.7)
Deferred acquisition consideration paid	**(2.1)**	(2.6)
Income taxes paid	**(29.0)**	(38.4)
Free cash flow	**178.2**	203.0

Adjusted Return on Capital Employed

	31 Dec 2024 £'m	31 Dec 2023 £'m
Operating profit	**152.6**	183.1
Acquisition related items	**4.6**	2.7
Amortisation of intangible assets arising on acquisitions	**20.3**	19.7
Adjusted operating profit	**177.5**	205.5
Total equity - current period end	**1,596.2**	1,655.8
Net debt	**131.7**	49.3
Capital employed - current period end	**1,727.9**	1,705.1
Total equity - prior period end	**1,655.8**	1,745.6
Net debt/(cash)	**49.3**	(8.9)
Capital employed - prior period end	**1,705.1**	1,736.7
Average capital employed	**1,716.5**	1,720.9
Adjusted return on capital employed	**10.3%**	11.9%

Capital Turn

	31 Dec 2024 £'m	31 Dec 2023 £'m
Total revenue for previous 12 months	**2,282.3**	2,319.2
Average capital employed	**1,716.5**	1,720.9
Capital turn - times	**1.3**	1.3

Free Cash Conversion

	2024 £'m	2023 £'m
Free cash flow	**178.2**	203.0
Adjusted operating profit	**177.5**	205.5
Free cash conversion	**100%**	99%

Gearing

	31 Dec 2024 £'m	31 Dec 2023 £'m
Total equity attributable to owners of the Parent	**1,596.2**	1,655.8
Group net debt	**131.7**	49.3
Gearing	**8.2%**	3.0%

Dividend Cover

	31 Dec 2024 £'m	31 Dec 2023 £'m
Group adjusted EPS - basic (pence)	**71.78**	77.88
Group dividend (pence)	**37.0**	36.0
Group dividend cover - times	**1.9**	2.2

Liquidity

	31 Dec 2024 £'m	31 Dec 2023 £'m
Cash and cash equivalents	**359.4**	383.9
Fixed term cash deposits	**150.0**	200.0
Less: cash held against letter of credit*	**(4.0)**	(4.0)
Accessible cash	**505.4**	579.9
Undrawn revolving bank facilities	**270.8**	269.7
Liquidity	**776.2**	849.6

**At 31 December 2024, cash of £4.0 million (2023: £4.0 million) was reserved to cover the risk of an event of default by the Group on a letter of credit. This arrangement can be replaced at any time.*

Net Cash - before Leases

	31 Dec 2024 £'m	31 Dec 2023 £'m
Net (debt) - after leases	**(131.7)**	(49.3)
Lease liability	**403.7**	429.0
Net cash - before leases	**272.1**	379.7

Like-for-Like Revenue

	2024 £'m	2023 £'m
2023/2022 revenue	**2,319.2**	2,301.5
Organic growth	**(52.5)**	(32.3)
Organic growth - new branches	**5.5**	11.3
Total organic growth	**(47.0)**	(21.0)
Acquisitions	**47.2**	12.1
Foreign exchange	**(37.1)**	26.6
2024/2023 revenue	**2,282.3**	2,319.2
Like-for-like movement (organic growth, excluding new branches, as % of prior period revenue)	**(2.3%)**	(1.4%)

Cash Outflow on Dividends and Share Buyback, excluding transaction costs	2024 £'m	2023 £'m
Dividend payment	**73.2**	72.6
Purchase of treasury shares (Note 20)	**80.9**	159.1
Exclude LTIP share purchase (Note 20)	**-**	(3.4)
Cash outflow on dividends and share buyback, excluding transaction costs	**154.1**	228.3

Technical Guidance for 2025 Financial Year (unaudited)

- **Interest costs:** c.£9-£10 million but dependent on rate of reduction of interest rates by Central Banks together with impact of corporate development activity
- **Effective tax rate:** c.20.4% and trend likely to be upwards toward 21.5% in subsequent years
- **Depreciation and asset amortization (pre IFRS 16):** c.£50 million
- **Depreciation and amortisation including right of use assets (leases) and acquired intangibles:** c.£150 million
- **Gross replacement capital expenditure**: c.£30 - £35 million
- **Organic development capital expenditure:** c.£30 million