

**GRAFTON GROUP PLC**  
**FINAL RESULTS 2002**



---

# Profile

- **Building materials group – UK and Ireland**
- **Principal activities**
  - **Builders / plumbers merchandising**
  - **DIY Retailing**
  - **Manufacturing**
- **Market leader or strong market positions**
- **Annual turnover exceeds €1 billion**
- **Trading from more than 290 locations**
- **About 6,000 employees**
- **Full listing in Dublin and London**

# Principal Brands / Activities

UK



**Builders Merchenting**

*Significant Market positions*



**Plumbers Merchenting**

*Significant Market Position*

**EuroMix**

**Silo Mortar Manufacturing**

*Market Leader*

Ireland



**Builders Merchenting**

*Market Leader*



**DIY Retailing**

*Market Leader*



**Concrete Manufacturing**

*Strong Regional Position*

---

# Strategy

- **Consistent - Focused**
- **To achieve above average long-term returns for shareholders by :-**
  - **Building on strong positions in businesses serving the UK and Irish construction markets**
  - **Developing in other Irish markets**
  - **Growing outside Ireland in businesses with which we are familiar**

---

# Culture and Philosophy

- **Decentralised profit centres**
- **Autonomy and accountability**
- **Motivated management teams**
  - **Supported by lean centre**
- **Profitable growth philosophy**
- **Sound financing and conservative accounting**

---

# Key Strengths

- **Broadly balanced earnings base - UK / Ireland**
- **Leadership / strong market positions**
- **Established brands**
- **Strong experienced management teams**
- **Proven strategic record**
- **Unique acquisition / integration skills**
- **Strong balance sheet**
- **Highly cash generative businesses**

---

# Key Steps Along The Way

- **1902** Chadwicks established by William Thomas Chadwick, Dublin agent for Blue Circle Cement
- **1965** Became a listed PLC with Marley plc holding 51%
- **1987** Marley plc disposes its 51% holding Grafton plc became truly independent
- **2002** Results recently announced reflect the strong Group after 100 years

---

# Significant Landmarks

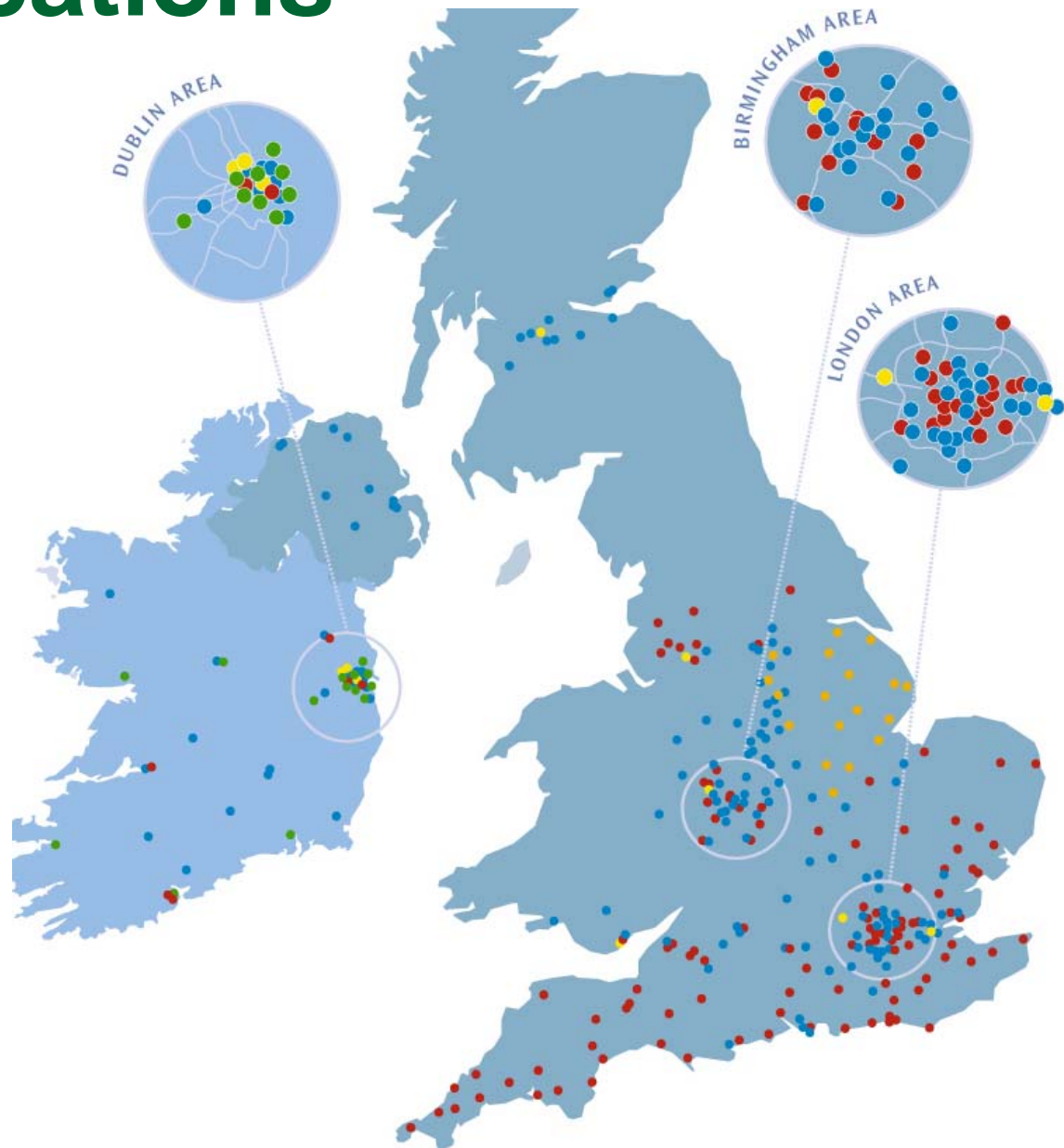
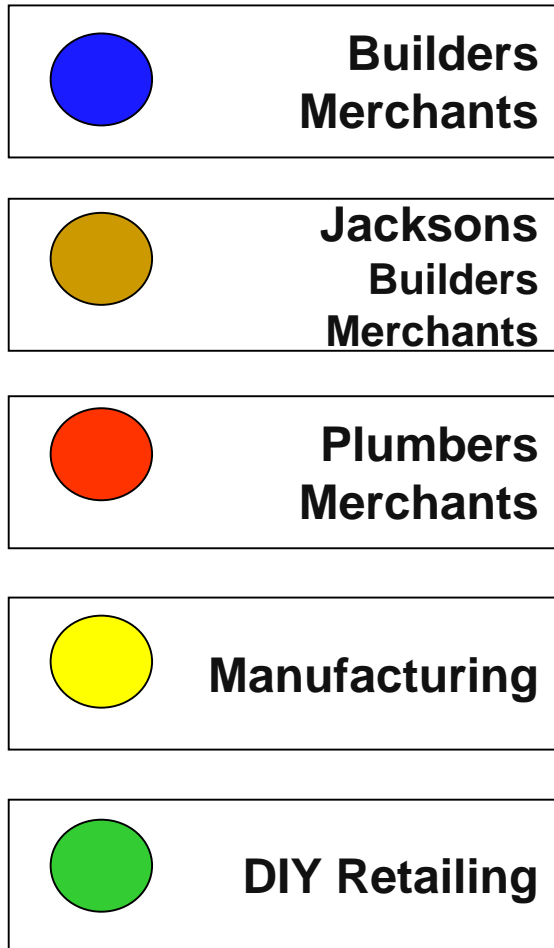
- **1987 The Group became an independent plc**
  - ❑ **The Group's focused strategy determined**
  - ❑ **First DIY store opened**
- **1988 First small acquisition in UK – Williams, Bristol**
- **1993 EuroMix dry mortar plant opened in Dublin**
- **1994 Acquisition of Bradleys –**
  - ❑ **6 branch plumbers merchant in London**
  - ❑ **Platform for bolt on acquisitions**
  - ❑ **Plumbase brand now extends to 113 UK outlets**

---

# Significant Landmarks

- **1996 Acquisition of Johnsons, builders merchant, Oxford**
  - Platform for further bolt on acquisitions
  - Buildbase brand created – now 114 UK branches
- **1998 British Dredging plc acquired, adding 24 branches**
- **1998 First EuroMix plant opened at Northfleet**  
**Now five plants in UK, one in Ireland**
- **2003 Jackson Building Centres Limited acquired**  
**adding 18 branches / €200 million turnover**

# Trading Locations



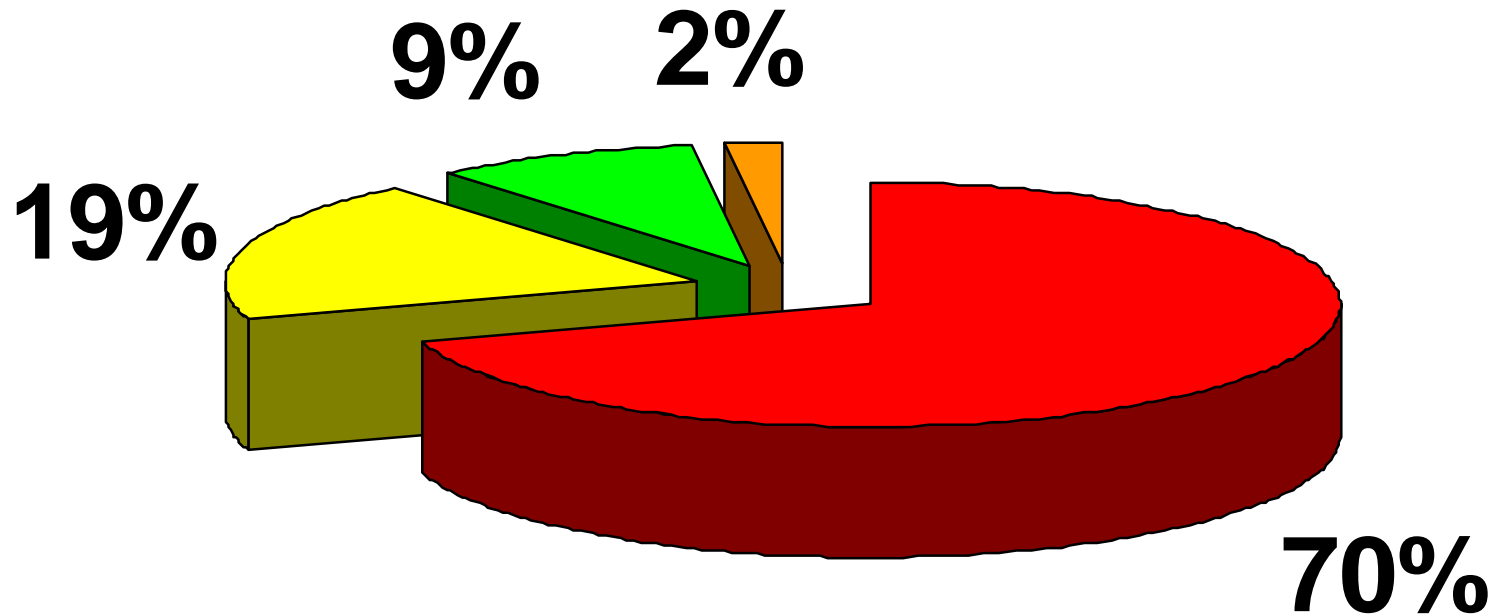
# Group Performance to 2002

## Average per annum compound growth

	5 Year	10 Year	Since 1987
Turnover	29%	25%	21%
Adjusted EPS	26%	32%	28%
Dividend per share	26%	27%	23%

# Business Platform

2002: Turnover €1,152 m



■ UK Operations

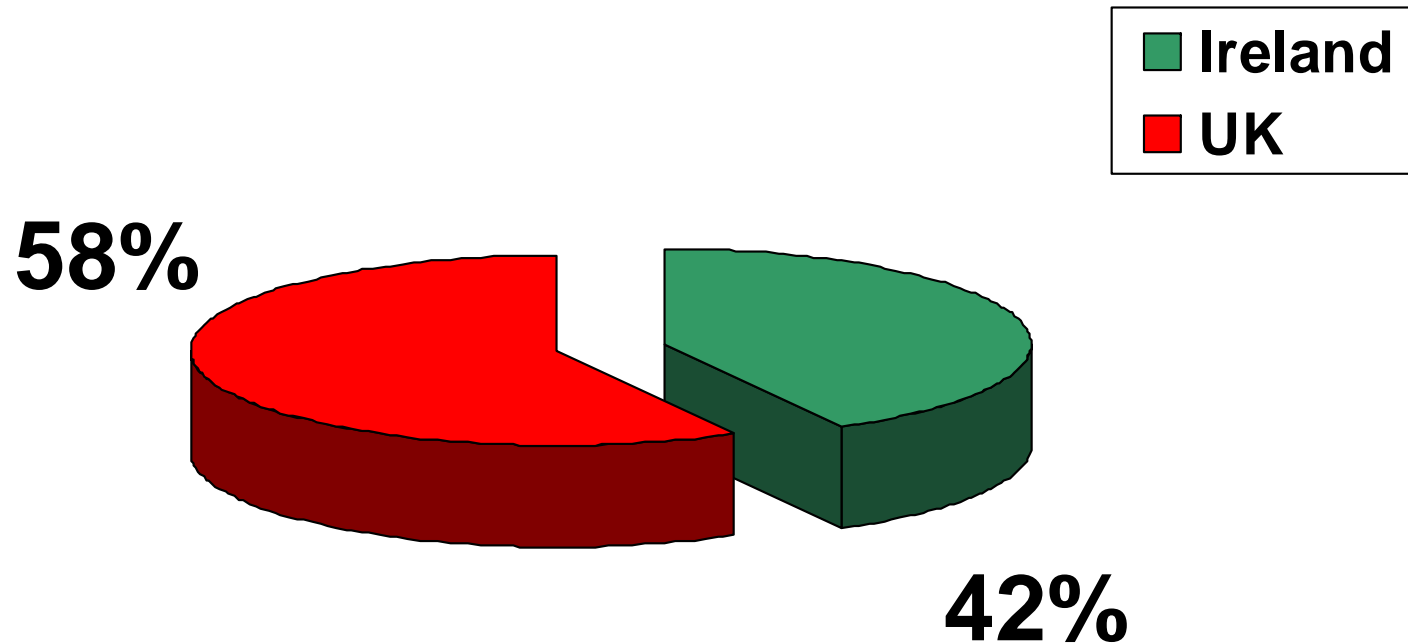
■ Irish Merchanding

■ Irish DIY Retailing

■ Irish Manufacturing

# Diversified Earnings Base

2002: Operating Profit €92.3 m



# Financial Highlights 2002

<b>Turnover</b>	<b>€1,152.4 m</b>	<b>↑ up 17%</b>
<b>Operating profit</b>	<b>€92.3 m</b>	<b>↑ up 17%</b>
<b>Pretax profits</b>	<b>€80.2 m</b>	<b>↑ up 19%</b>
<b>EBITDA</b>	<b>€120.1 m</b>	<b>↑ up 18%</b>
<b>Adjusted E.P.S.</b> (Adjusted EPS post 2003 Rights Issue 36.99c)	<b>39.26 c</b>	<b>↑ up 15%</b>
<b>Share redemption/ dividend per share</b>	<b>9.00 c</b>	<b>↑ up 13%</b>

# Financial Statistics 2002

	2002	2001
<b>Interest Cover - EBITA</b>	<b>7.4</b>	<b>6.7</b>
<b>Gearing</b>	<b>75%</b>	<b>74%</b>
<b>Tax Rate</b>	<b>15%</b>	<b>13%</b>
<b>Return avg. cap employed</b>	<b>17.0%</b>	<b>17.4%</b>
<b>Return avg. equity (after tax)</b>	<b>21.2%</b>	<b>22.1%</b>

# Cash Generation 2002

	2002 €Million	2001 €Million
■ Total operating cash inflow	130.0	109.1
■ Working capital movement	(3.6)	(14.1)
■ Capital expenditure*	(68.0)	(42.0)
■ Acquisitions & Investments	(90.1)	(59.0)
■ Dividend, interest, tax & other	(14.0)	(34.8)
	-----	-----
■ Debt increase	(45.7)	(40.8)
	=====	=====

\* Development capex €35.2m (2001: €21.1 m)

---

# Irish Performance 2002

- **Turnover**                      **€343.8 million**                      **+ 4%**
- **Operating profit**    **€38.6 million**                      **- 2%**
- **Operating margin**    **11.2%**                      **(2001: 11.8%)**
- **Lower first half, strong second half growth**

# Chadwicks Relocations

## Clonmel / Kilkenny



# Woodie's Opened Newbridge / Tralee

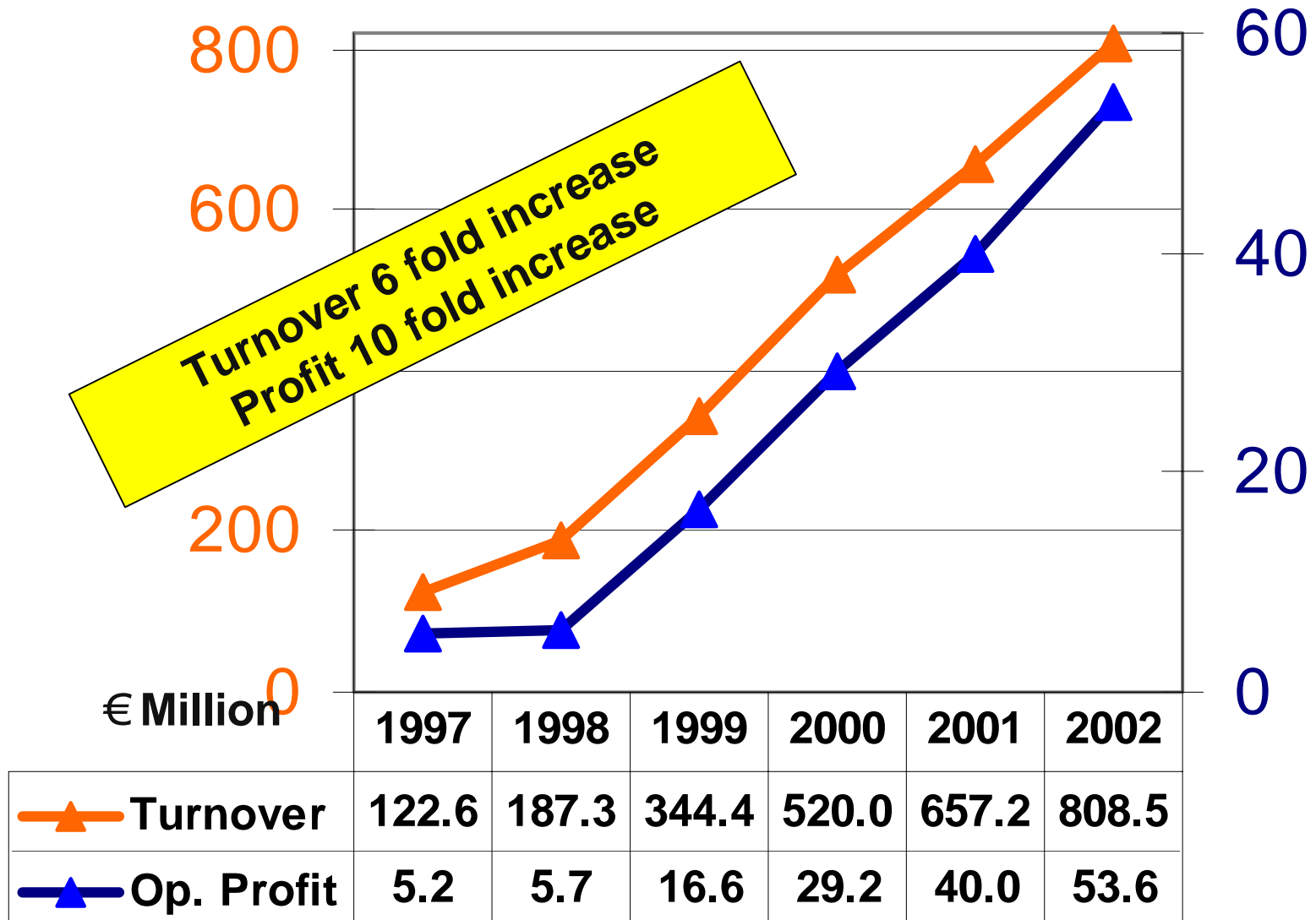
**Woodie's turnover up 15% - Like for like + 6%**



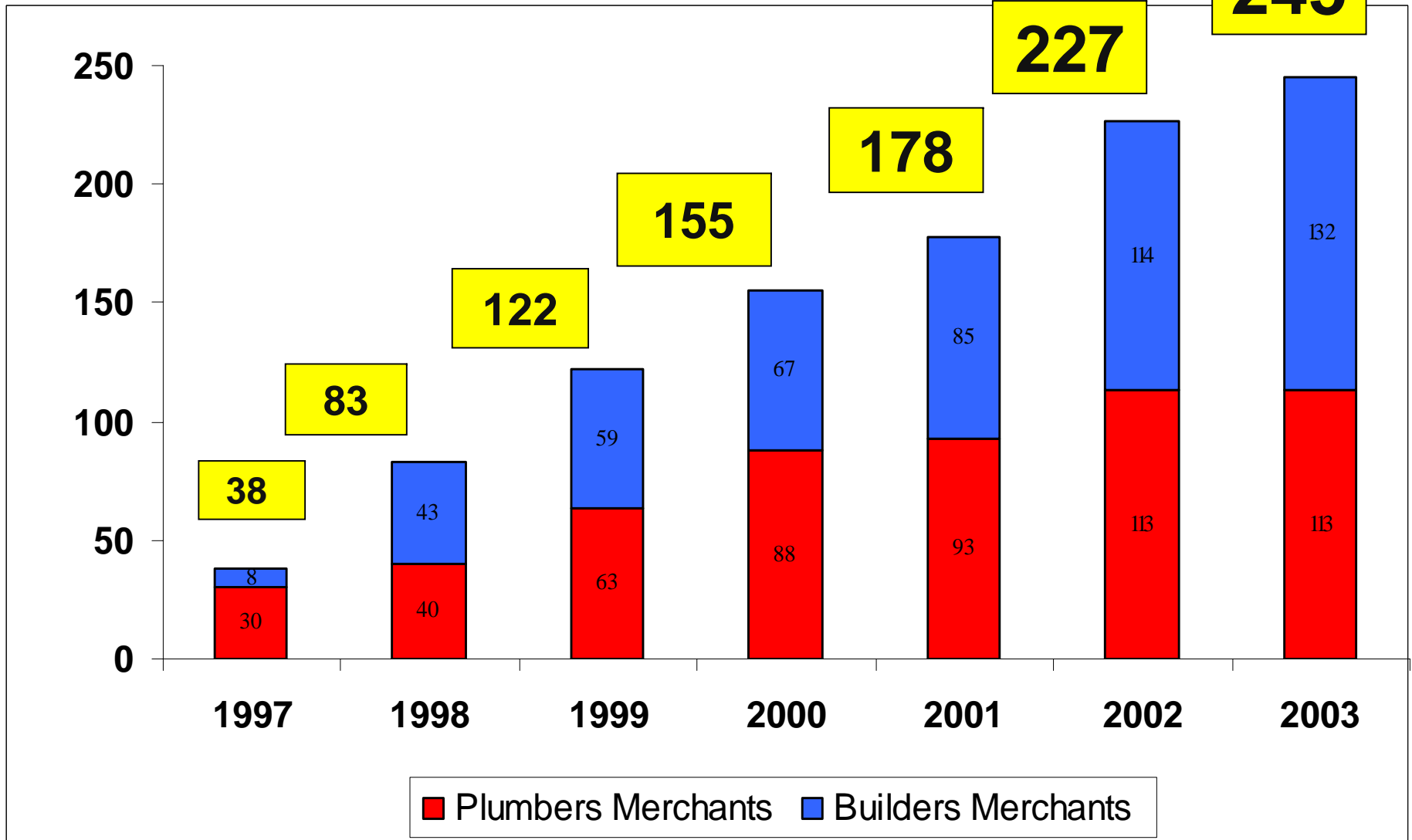
# UK Performance 2002

- UK 70% of turnover / 58% of profit
- Turnover           ↑ up 23% to €808.5 m
- Profits             ↑ up 34% to €53.7 m
- Margins            ↑ up to 6.6% from 6.1%
  
- Like for like turnover up 5.6%
- 15 acquisitions / cost €89 million
- 50 additional branches
- 251 trading locations in UK

# UK 5 Year Performance 1997/2002

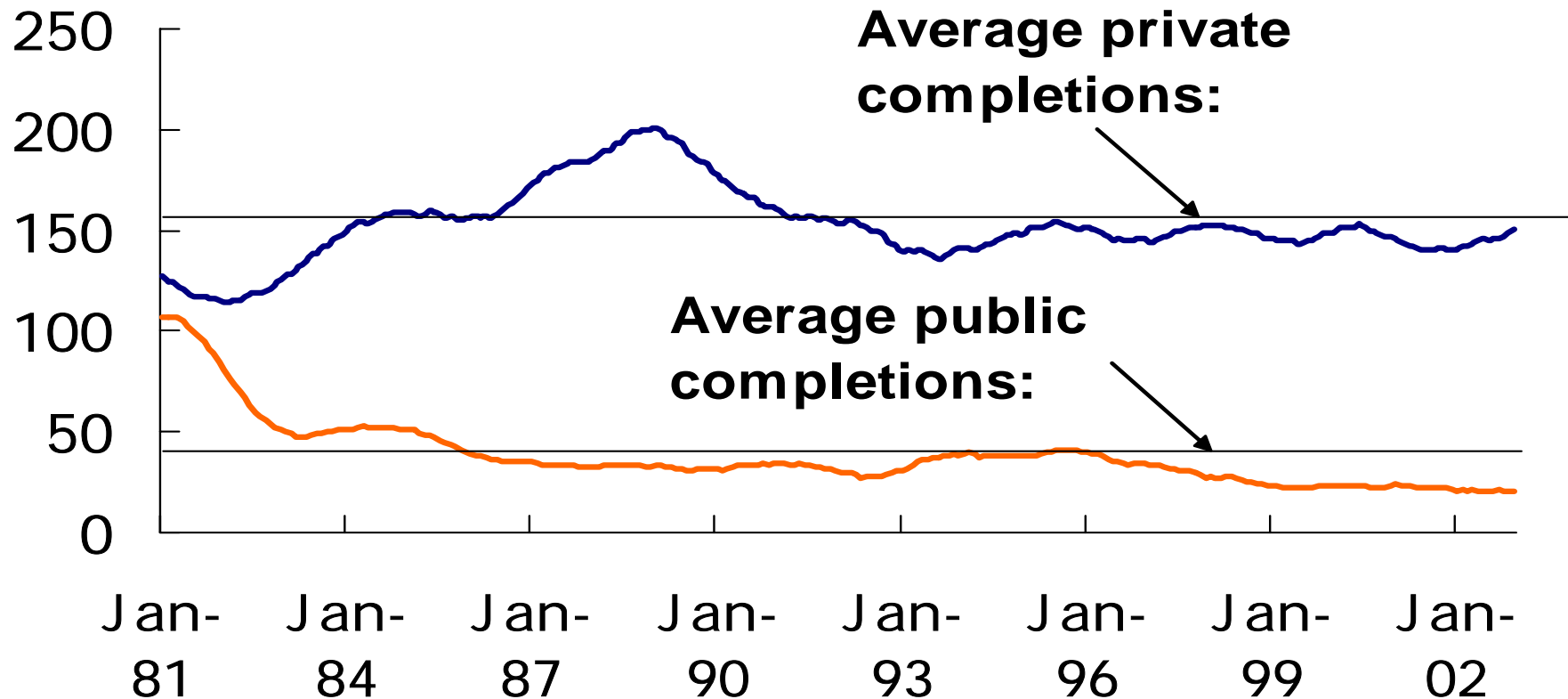


# UK Merchating Outlets



# UK Residential Completions '000

— Private completions — public completions



# Jacksons Building Centres

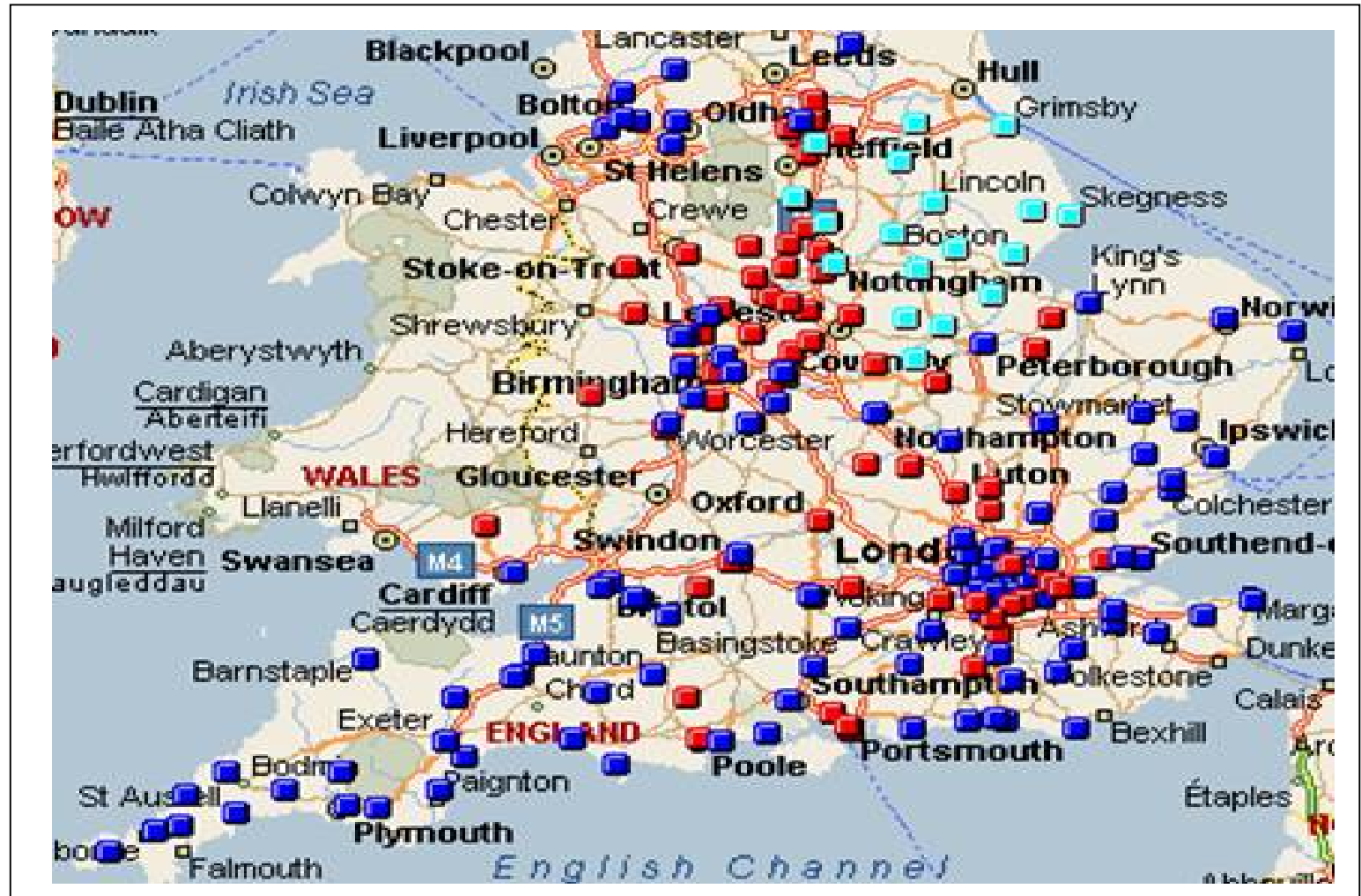
- Important and valuable strategic move
- Acquired 3<sup>rd</sup> March 2003
- Cost at completion                      €138 m
- Turnover 2002                                €200 m
- Operating Profit 2002                      €10 m
- Gives Grafton real critical mass in UK market
- Adds significant buying power / scale
- Opportunities for greater operating efficiencies
- Gradual integration to yield strong benefits

---

# Jacksons Profile

- **Largest regional merchant**
- **East Midlands - 18 Branches**
- **Average branch turnover €10 million**
- **“Merchant of the Year” 1999**
- **Strong Management**
- **Jackson brand strength**
- **Focused on RMI market**

# Strategic Geographic Fit



---

# Jacksons Strategic Fit

- **Consistent with Grafton's strategy and record**
- **Significant landmark in Grafton's expansion**
- **Have known business for over 10 years**
  
- **Grows Grafton's market share from 6% to 8%**
- **Consolidates Grafton's top four market position**
- **Creates stronger platform for growth**
- **Two other independent merchants of this size**

# UK Merchanting League Table

## Market Shares

■ Jewson	18.0%
■ Wolseley	17.5%
■ Travis Perkins	15.0%
■ Grafton Group	8.0%

*Fastest  
Growing  
Merchant*

---

# Outlook 2003 - Ireland

- **Construction sector to decline**
- **Residential new build market to hold up**
- **RMI market – low single digit growth**
  
- **DIY market – single digit growth**
- **Woodie's - Newbridge / Tralee benefits**
- **More Woodie's stores in the pipeline**

---

# Outlook 2003 - UK

- **UK operations will be driver of Group growth**
- **Main UK merchanding exposure to RMI market**
- **Jacksons to drive UK T/O to over €1 billion**
- **Benefit of 15 acquisitions (50 branches) in 2002**
- **More bolt on acquisitions to follow**
- **EuroMix expansion – to open 6<sup>th</sup> UK plant**

# Grafton Group Outlook

Further year of development and profitable growth for the enlarged Group



---

# For further information

Michael Chadwick      Chief Executive  
Norman Kilroy        Managing Director  
Colm ó Nualláin      Finance Director

Address:                Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18

Telephone:            353 (01) 2160600

Fax:                    353 (01) 2954470

Email:                 [email@grafonplc.com](mailto:email@grafonplc.com)

Web:                    [www.grafonplc.com](http://www.grafonplc.com)