Grafton Group plc

Half Year Report
For the Six Months Ended 30 June 2024

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Robust performance reflects diversified business benefits in mixed market conditions

Grafton Group plc ("Grafton" or "the Group"), the international building materials distributor and DIY retailer is pleased to announce its half year results for the period ended 30 June 2024.

Financial Highlights

- First half adjusted operating profit of £83.1million (H1 2023: £105.1million) reflective of weaker market conditions outside the Group's home market in Ireland.
- Strong cashflow generated from operations of £161.1 million (H1 2023: £191.3 million).
- £104.8 million (H1 2023: £132.7 million) returned to shareholders in dividend payments and share buybacks in the first half.
- On the strength of anticipated free cashflow generation in the current financial year and confidence in the Group's prospects a new share buyback programme for up to £30m will commence today, complementing dividend growth of 5.0%.
- Strong balance sheet preserved for organic and inorganic development opportunities.
- Adjusted return on capital employed of 11.1%.
- Continue to anticipate delivering full year adjusted operating profit in line with analysts' expectations[1] recognising important Autumn trading season to come.

Operational Highlights

- Overall Group gross margin broadly unchanged and overheads continued to be tightly controlled.
- Good performance in our Irish businesses, Chadwicks and Woodie's, where outlook for growth remains positive.
- Product price deflation had a negative impact overall on sales in the Irish and UK Distribution businesses, however, its adverse effect is moderating.
- Volumes lower across the UK, Netherlands and Finland but continued focus on being the providers of choice for our customers and driving operational efficiencies to position for market improvement.
- Resilient performance by our UK Manufacturing businesses despite backdrop of challenging UK housing market volume declines.

Total Operations[2]	**H1 2024**	H1 2023	Change
Revenue	**£1,137m**	£1,189m	(4.4%)
Adjusted[3] operating profit	**£83.1m**	£105.1m	(20.9%)
Adjusted operating profit before property profit	**£83.1m**	£103.9m	(20.0%)
Adjusted operating profit margin before property profit	**7.3%**	8.7%	(140bps)
Adjusted profit before tax	**£84.1m**	£104.3m	(19.3%)
Adjusted earnings per share	**33.4p**	38.1p	(12.4%)
Interim dividend	**10.5p**	10.0p	+5.0%
Adjusted return on capital employed (ROCE)	**11.1%**	14.3%	(320bps)
Net (debt)/cash (including IFRS 16 leases)	**(£46.8m)**	£3.7m	(£50.5m)
Net cash (before IFRS 16 leases)	**£361.1m**	£438.4m	(£77.3m)

[1] *Grafton compiled consensus analysts' forecasts for 2024 show adjusted operating profit of circa £170.9 million and a range of £165.0 million to £173.5 million.*

[2] *Supplementary financial information in relation to Alternative Performance Measures (APMs) is set out on pages 40 to 45.*

[3] *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 40.*

Statutory Results	H1 2024	H1 2023	Change
Operating profit	**£71.3m**	£94.3m	(24.4%)
Profit before tax	**£71.7m**	£93.6m	(23.4%)
Basic earnings per share	**28.4p**	34.2p	(16.9%)

Eric Born, Chief Executive Officer Commented:

"This has been a robust first half performance despite challenging conditions in several of our markets. We are pleased with the performance and outlook of our Irish businesses in particular, and we continue to drive efficiencies and innovations in our other markets to capitalise on what we see as significant positive operating leverage opportunities as these markets turn.

"Whilst uncertainties remain in the short term, our medium-term outlook remains positive, supported by strong demand fundamentals, not least in the demand for new housing as markets normalise and consumer confidence improves. At this point in the year, with the important Autumn trading season yet to come, we continue to anticipate delivering adjusted operating profit for 2024 in line with analysts' expectations.

"The Group has continued to be highly cash generative through a challenging period in the cycle, which has enabled us to return cash to shareholders whilst preserving a strong balance sheet to invest in organic and inorganic development opportunities. We continue to actively pursue opportunities to strengthen our existing market positions as well as platform acquisitions, and we remain optimistic that we can execute on some of these opportunities in the near term."

Webcast and Conference Call Details

A highlights video and a copy of the results presentation document will be available at 7:00am on 29 August 2024 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 29 August 2024. 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 29 August 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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Cautionary Statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of Directors and senior management concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. The Directors do not undertake any obligation to update or revise any forward-looking statements, whether because of new information, future developments or otherwise.

Half Year Report for the Six Months Ended 30 June 2024

Business Review

The half year performance demonstrated the diversification of our businesses, the resilience of our brands and the benefit of a range of internal initiatives taken to manage profitability and returns in what has been a difficult trading environment, particularly outside of Ireland.

We were pleased with the performance of our Irish Distribution and retailing businesses, both of which achieved average daily like-for-like revenue increases in the period. In Ireland Distribution, Chadwicks delivered an improvement in its trading profitability for the period compared to the first half of last year alongside a stronger operating margin. With the support of Irish Government policy, new housing commencements were strongly ahead in the first half reaching a post Global Financial Crisis high. While revenue was slightly weaker in the second quarter in our Woodie’s business, excellent margin and cost control management have resulted in an improved operating profit and margin compared against the same period last year.

Our distribution businesses elsewhere faced a continued challenging economic environment in the half year. In the UK, our markets remained weak, and Repair, Maintenance and Improvement (“RMI”) volumes were under pressure due to lower discretionary spending by households. Trading was also adversely affected by wet weather in the important Spring trading months. There are however tentative signs emerging of improving consumer confidence.

After over six years in the role as CEO of Selco, Howard Luft will leave the business at the end of this month. Frank Elkins has been appointed as the new CEO of Selco and GB Distribution and will have a broader responsibility for driving the Group’s growth agenda for our distribution activities within Great Britain. Frank has extensive experience in the UK building materials distribution sector, most recently being the Group Chief Operating Officer for Travis Perkins plc.

In the Netherlands, lower revenue from timber factories and from smaller customers were largely offset by revenue growth generated by larger construction projects. The slowdown in the Finnish economy and construction sector continued to impact volumes in IKH, which performed well against the overall Finnish market.

Materials price deflation pressures seen in Ireland and the UK in steel and timber have negatively impacted revenue but have continued to moderate and also improved the affordability outlook for building and RMI projects. We were pleased that the overall Group gross margin was broadly maintained in such a competitive market and that notwithstanding the inflationary pressures on wages and property costs, overheads in the like-for-like business were only marginally up on the same period last year following the implementation of cost management measures across our Group. Our management teams have continued to actively manage the cost base, including headcount reductions primarily in UK Distribution and will continue to do so over the remainder of the second half, while still focusing on supporting our customer base.

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

Our proven operating model of a lean centre supports the strategic development of the businesses and continues to develop our pipeline of investment and acquisition opportunities. The central management team drives the sharing of best practices and leveraging of economies of scale as appropriate across the businesses, whilst keeping firm control of costs.

Our balance sheet remains strong, supported by our robust cash generation from operations for the half year, which benefitted from a reduction in net trading working capital in the first six months of the year.

The medium-term underlying fundamentals of the markets that we operate in remain positive and our businesses are well positioned to benefit from structural growth drivers and operating leverage as these markets recover. With an ageing housing stock, together with governmental support to stimulate activity, there is a positive outlook for housing RMI activity over the medium and longer term. House building volumes are underpinned by demographic trends and a prolonged period of under supply.

In line with our strategy, we continue to actively pursue opportunities for bolt-on investments to our existing businesses to further strengthen our market positions in existing geographies and for platform acquisitions. We remain optimistic that we can execute on some of these opportunities in the near term.

Returns to Shareholders

Dividends

The Board has declared an interim dividend of 10.50 pence per share, an increase of 5.0 per cent on last year's interim dividend of 10.00 pence.

Notwithstanding the reduction in our first half profitability, the Board has decided to maintain a similar level of cash payment for the 2024 interim dividend as it paid out for the 2023 interim dividend, allowing shareholders to benefit from the lower number of shares in issue following the buyback of shares executed during the second half of 2023 and the first half of 2024. The cash outflow on this year's interim dividend is expected to be circa £21.0 million although the actual amount of the cash outflow on the 2024 interim dividend is dependent on the number of shares in issue on the dividend record date.

Whilst the Board's medium-term dividend cover policy is between two-times and three-times adjusted earnings, it is likely that in the current financial year the full year dividend cover ratio will drop modestly below the lower level of the target. 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 appropriate to target a lower dividend cover ratio in the current year.

The interim dividend for 2024 will be paid on 11 October 2024 by Grafton Group plc to shareholders on the Register of Members at the close of business on 13 September 2024 (the 'Record Date'). The ex-dividend date is 12 September 2024.

In the half year, we had a cash outflow of £52.2 million on payment of the final dividend for 2023. Only dividends paid in the half year have been charged to equity and no liability for the interim dividend has been recognised at 30 June 2024 as there was no payment obligation at that date.

Share Buybacks

The fourth share buyback programme, 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 at an average price of £9.02 per share.

Cash of £343.3 million has been returned to shareholders through share buybacks completed between 9 May 2022 and 30 April 2024 reflecting the repurchase of 40.27 million ordinary shares at an average price of £8.53 per share. The number of shares bought back amounted to 16.8 per cent of the shares in issue when the first buyback programme commenced on 9 May 2022.

The Board remains optimistic that it can deploy capital into bolt-on acquisitions and new platforms to benefit shareholders and has preserved its balance sheet strength to execute such opportunities. Having considered the quantum of capital requirements for those investments which are more likely to be executed in the near term and taking into account the significant strength of the Group's balance sheet and underlying cash generation in the current year, the Board today announces that it intends to introduce a fifth programme to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million.

This new buyback programme and the increase in the interim dividend, reflects the Board's confidence in the Group's prospects. The free cash flow generation for the current financial year is anticipated to fully fund the combined cash requirements of dividends expected to be paid in 2024 together with the totality of the cash requirements of the share buybacks executed in the year to date and the fifth buyback programme announced today. The fifth share buyback programme will commence today and end no later than 31 January 2025, subject to market conditions.

Progress on Sustainability

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 for this and the 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 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 98% of the Group's greenhouse gas emissions and positive and proactive engagement with our supply chain is central to achieving these targets. We continue to strengthen our supply chain due diligence process and are pleased to announce a new partnership with EcoVadis, who will support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. We are about to commence a six-month transition to this new EcoVadis programme.

The business has also been focusing on upcoming legislation, preparing for the EU Corporate Sustainability Reporting Directive (CSRD), the EU Deforestation Regulation, EU Taxonomy, the Carbon Borders Adjustment Mechanism as well as the EU Due Diligence Legislation.

Our teams around the Group have continued to focus on attracting and retaining great colleagues. These efforts have been recognised with both Woodie's and Chadwicks being recognised as Great Places to Work. Woodie's remains the highest-placed European retailer in the Great Place to Work Index. Woodie's was also listed as a Best Workplace for Women, being only one of two organisations to achieve this accolade five years running and reflecting its continued commitment to gender diversity.

Outlook

While trading conditions are expected to remain challenging during 2024, particularly outside of Ireland, inflation has moderated and interest rate reductions are materialising that are expected to help ease pressure on mortgage holders and improve affordability.

Our management teams, supported by strategies from the centre, will continue to actively manage both our gross margins and cost base in response to market conditions. With our strong market positions and market leading brands, the Group is well positioned to deliver an excellent value proposition for our customers and capitalise on its operating leverage as the macro-economic outlook improves.

Economic growth in Ireland is expected to be more moderate compared to recent years however we expect resilient demand in the residential RMI and DIY markets. The outlook for growth in the construction market in Ireland remains positive with housing completions expected to continue to increase on the back of strong underlying demand and Government investment.

In the UK, we remain cautious on the near-term outlook however there are positive signs emerging of improving consumer confidence due to reductions in inflation and interest rates as well as an expected increase in real disposable income. In addition, the new UK Government's determination to swiftly implement policies to encourage housebuilding should drive activity and increase construction demand which should improve the outlook for a recovery in volumes across our business.

In the Netherlands, declining inflation and strong growth in real incomes is expected to support household spending. There are some early indications that the downturn in the housing market has bottomed out and that transactions for existing and new homes should start to increase as underlying demand remains strong.

In Finland, the economy is in a mild recession and the recovery is expected to be slow. Return to economic growth is expected in 2025 with modest growth anticipated in 2026. Residential and non-residential construction is expected to decline further in the near term.

Given the continuing impact of statutory employment cost increases and collective labour agreements on our operating costs, the Group will remain focused on efficiency whilst also supporting the growth prospects of our brands.

Demand fundamentals across the Group's markets are underpinned by an under supply of new homes to meet demand over a prolonged period and an aging housing stock requiring investment, including on energy conservation measures.

Group average daily like-for-like revenue in the period from 1 July 2024 to 18 August 2024 was 2.2 per cent behind the same period last year. The below table illustrates that the rate of decline has thus far eased in Q3 when compared to the first half of the year.

	Average daily like-for-like revenue growth	
	H1 2024	**1 July 2024 – 18 August 2024**
Distribution		
Ireland	+0.5%	+0.2%
UK	(7.7%)	(6.0%)
Netherlands	(2.7%)	(1.3%)
Finland	(7.7%)	+0.4%
Retailing	**+1.4%**	**+10.0%**
Manufacturing	**(21.8%)**	**(15.0%)**
Total Group	**(4.5%)**	**(2.2%)**

Whilst uncertainties remain in the short term, we are confident that Grafton is exceptionally well positioned to benefit as conditions improve. We continue to anticipate delivering full year adjusted operating profit in line with analysts' expectations recognising the important Autumn trading season to come.

Grafton has a portfolio of cash generative businesses and a strong balance sheet which provides an excellent platform for the future growth and development of our Group. The Group continues to re-invest in its asset base to expand the branch network and our offering to customers to capitalise on future growth as markets improve. We will continue to allocate organic development capital and pursue acquisitions to ensure that the Group's brands continue to support our customers and strengthen our market positions. In parallel, we will continue to evaluate and progress opportunities for platform acquisitions.

Segmental Review

The distribution businesses in Ireland, the UK, the Netherlands and Finland contributed 83.7 per cent of Group revenue (H1 2023: 83.5 per cent), Retailing 11.5 per cent (H1 2023: 11.0 per cent) and Manufacturing 4.8 per cent (H1 2023: 5.5 per cent).

Businesses in Ireland contributed 39.7 per cent (H1 2023: 38.2 per cent) of Group revenue, UK 39.2 per cent (H1 2023: 40.4 per cent), the Netherlands 15.4 per cent (H1 2023: 15.5 per cent) and Finland 5.7 per cent (H1 2023: 5.9 per cent).

Distribution Segment **(83.7% of Group Revenue, 2023: 83.5%)**

	H1 2024 £'m	H1 2023 £'m	Change*
Revenue	951.8	992.5	(4.1%)
Adjusted operating profit before property profit	62.2	80.3	(22.5%)
Adjusted operating profit margin before property profit	6.5%	8.1%	(160bps)
Adjusted operating profit	62.2	81.4	(23.6%)
Adjusted operating profit margin	6.5%	8.2%	(170bps)

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

Ireland Distribution **(27.9% of Group Revenue, 2023: 26.8%)**

	H1 2024 £'m	H1 2023 £'m	Change*	Constant Currency Change*
Revenue	317.2	318.1	(0.3%)	2.2%
Adjusted operating profit before property profit	29.7	28.9	2.5%	4.9%
Adjusted operating profit margin before property profit	9.4%	9.1%	30bps	-
Adjusted operating profit	29.7	29.7	(0.0%)	2.2%
Adjusted operating profit margin	9.4%	9.3%	10bps	-

**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 first half of the year with overall average daily like-for-like revenue up 0.5 per cent and volumes up by circa 5.4 per cent. Following a decline in average daily like-for-like revenue of 0.2 per cent in the first quarter of 2024, which was largely driven by poor weather conditions, the business saw a resumption of growth to 1.1 per cent in the second quarter.

The business encountered overall materials price deflation of circa 4.9 per cent in the first six months of the year, as the deflationary pressures in timber and steel moderated. With this moderation, together with active price management, the business saw an improved gross margin for the period. Whilst pressure on labour and property costs persisted, management took active steps to tightly control the operating cost base. Overall, the business delivered an increase in underlying trading operating profit to £29.7m (H1 2023: £28.9m) and increased its operating margin by 30 basis points to 9.4 per cent.

The overall outlook for growth remains positive for construction in Ireland, supported by Government backed investment of over €5.0 billion and build targets for new homes over the next five years increasing to 250,000, on the back of just over 32,000 home completions in 2023. Chadwicks is well positioned to leverage its distinctive brand and market leadership position to capitalise on growth opportunities as they arise.

We continued to make progress on a number of initiatives in the first half of the year:

- We opened our bulk distribution centre in East Wall Road. This will service our large customer accounts on certain bulk volume lines and act as a distribution centre for our branches in the greater Dublin area, improving efficiency and reducing emissions.
- In 2024, we continued to streamline our customers' journey in-store, taking significant steps to improve the efficiency of printed documentation and reduce administrative waste.
- Our hire business, Sam Hire, continues on a strong growth trajectory, and we have begun the rollout of low carbon Hydrotreated Vegetable Oil (HVO) vehicles to our hire fleet, with a trial phase in Galway.

In the second half of 2024, we plan to:

- Implement a Warehouse Management System for our central distribution warehouse to optimise the operations of fulfilment, shipping and receiving tasks in the distribution centre and improve efficiencies across our branch network by automating some business tasks.
- Migrate recent acquisitions, Sitetech and Rooney's, onto our core IT ecosystem.
- Continue our refurbishment programme with the completion of extensive upgrades of our Wexford and Midleton branches extending their product range to over 2,000 lines whilst improving branch efficiency.

UK Distribution **(34.7% of Group Revenue, 2023: 35.3%)**

	H1 2024 £'m	H1 2023 £'m	Change*
Revenue	394.4	419.3	(5.9%)
Adjusted operating profit before property profit	12.6	23.9	(47.1%)
Adjusted operating profit margin before property profit	3.2%	5.7%	(250bps)
Adjusted operating profit	12.6	24.3	(48.0%)
Adjusted operating profit margin	3.2%	5.8%	(260bps)

**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 by 7.7 per cent in the first half as a result of the weak trends experienced in the RMI market together with the effects of price deflation. The rate of decline was 7.3 per cent in the first quarter and increased slightly to 8.2 per cent in the second quarter. Total revenue was 5.9 per cent lower with prior year acquisitions in Northern Ireland and new branches opened in Selco and Leyland SDM in 2023 contributing revenue of £4.0 million in the period.

The first half of the year followed the trend of the second half of 2023 with both price deflation and pressure on volumes. Lower levels of demand across the construction sector, particularly in new housebuilding, led in turn to the RMI sector becoming more price competitive. Lower underlying demand in RMI combined with poor, wet weather during the opening months of the year resulted in volumes in the first half being 3.9 per cent lower, with price deflation of 3.0 per cent which are both offset by contributions from new branches of 1.0 per cent. Our Selco business has seen slightly higher like-for-like price deflation in the first half of 4.0 per cent as a result of its greater exposure to timber prices.

The UK Distribution gross margin was down by 60 basis points which reflected the weak volume backdrop and competitive market conditions to which we responded across our businesses, ensuring that we continued to maintain a strong value proposition for our customers.

Despite significant cost pressures, like-for-like operating expenses increases have been contained to 1.5 per cent through rigorous cost management.

Adjusted operating profit before property profit declined to £12.6 million (H1 2023: £23.9 million) and the adjusted operating profit margin before property profit was 250 basis points lower at 3.2 per cent reflecting the decline in like-for-like revenue and investment in pricing.

Selco, which trades from 75 branches, including 32 in London, is the UK's leading fixed price trade only builders' merchant. Selco focuses almost exclusively on the RMI segment of the construction market and in the period saw lower levels of demand in landscaping and for home extension projects with customers proportionately taking on smaller jobs in the weaker market.

Responding to the competitive conditions, Selco invested in pricing on key products which, together with ongoing promotional activity, contributed to a decline in the gross margin. Costs continue to be very tightly controlled in response to the weaker trading environment.

Throughout the period, Selco continued to implement several initiatives, some of which included:

- A successful major upgrade to the latest version of a new operations ERP system across its network of 75 branches and corporate office.
- Completed the implementation of a new demand planning solution and are already starting to see benefits in availability and better inventory management.
- Store implant trials: Continuing trials of HSS Hire satellite tool and equipment hire service implants offering trade customers a hire service to complement Selco's unique format and which was extended to a further six branches in the first half of 2024. A pilot trial of Magnet kitchen showrooms was also extended to two more branches.
- 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.
- As part of its programme of continuous improvement and maintaining a high-quality experience for its customers, Selco completed mini upgrades to three stores in the first half.

The current Selco estate consists of 75 stores and subject to finding suitable properties in priority locations, an estate of approximately 90 stores is a realistic medium-term target. With the medium to longer-term fundamentals of the RMI market remaining positive, and with its high operating leverage, Selco is strongly positioned with its unique customer proposition and branch network to deliver value for stakeholders when the market starts to recover.

Leyland SDM, one of the most recognisable decorating and DIY brands in Central London, experienced challenging trading conditions in the RMI market in the first half of the year which saw lower levels of footfall in London, particularly in trade decorator customers. As a result of lower sales, operating profit was lower than prior year, in spite of stronger gross margins due to new commercial initiatives.

On 8 July 2024, Leyland opened its 34th store in South Kensington, marking its ninth store opening in three years, further strengthening its position as the leading distributor of paint and painting accessories in Central London.

In our **MacBlair** business in Northern Ireland the difficult RMI segment of the market was partially offset by some modest improvements seen in the housing market in the first half of the year.

Whilst caution still prevails amongst consumers in Northern Ireland, there are tentative signs of sentiment improving on the outlook for the local economy and household finances.

Good work on improving commercial terms with some key suppliers generated an improvement in gross margin in the first half compared to the same period last year. These actions, together with tight cost management, delivered an improved operating profit in comparison with the first half of 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.

Our **TG Lynes** business in London specialises in the distribution of commercial pipes and fittings and, consistent with our other UK businesses, encountered difficult trading conditions in the first half. 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. These conditions led to the business reporting an overall decline in operating profit in the period.

Netherlands Distribution **(15.4% of Group Revenue, 2023: 15.5%)**

	H1 2024 £'m	H1 2023 £'m	Change*	Constant Currency Change*
Revenue	175.2	184.6	(5.1%)	(2.7%)
Adjusted operating profit	15.2	20.4	(25.7%)	(24.0%)
Adjusted operating profit margin	8.7%	11.1%	(240bps)	-

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

Our Isero ironmongery, tools and fixings distribution business in the Netherlands performed in line with expectations in a challenging market.

Construction and housing markets in the first half of the year have been weak with declining volumes in both commercial construction, housing production and the number of homes available to buy. There have been some more positive signs that the housing market may be recovering as the selling prices of existing homes have seen a steep increase, in particular in the second quarter of 2024, together with an increase in overall transactions. The longer-term outlook for construction in the Netherlands remains positive due to the structural shortage of housing.

Overall, average daily like-for-like revenue was down 2.7 per cent in the half year with a slightly weaker second quarter decline of 2.9 per cent compared to the first quarter which was down 2.5 per cent. Isero saw a modest decline in sales to smaller customers and to timber factories which was partially offset by revenue growth from key account customers engaged on larger construction projects and an increase in ventilation sales. As a result of the weaker RMI market, branch revenue decreased in almost all regions across the country.

Pressure on gross margins continued, partially due to price declines in several product categories and with the change in sales mix where larger construction project sales contribute lower margins.

This reduction in gross margin and the continued pressure on the operating cost base, particularly as a result of high collective labour agreement driven wage inflation, resulted in a lower operating profit and operating margin. These salary increases are negotiated at an industry level between employers' representatives against a backdrop of a very tight labour market, where unemployment levels are very low and with more vacancies than unemployed people to fill them.

Initiatives in the period in our Netherlands Distribution businesses included:

- In February 2024, we opened two new branches, in Zwaag in the Northwest and Drachten in the North East, aligned with Isero's growth-oriented strategy and focus on providing even better services to local customers. Both branches have been performing well since opening and Isero plans to open further branches in the second half of this year.
- Isero continues to undertake a branch refurbishment programme which aims to ensure that the overall branch network continues to be presented to a high standard for customers. During the half year it completed refurbishments to four branches with further branch improvements planned for the second half.
- Following on from the successful installation of roof mounted solar panels in Amsterdam Noord, Isero's sustainability journey has continued with a further eight electric vehicles added to the fleet in the first half of the year and further plans in the pipeline to reduce emissions.

Finland Distribution (5.7% of Group Revenue, 2023: 5.9%)

	H1 2024 £'m	H1 2023 £'m	Change*	Constant Currency Change*
Revenue	65.1	70.4	(7.6%)	(5.3%)
Adjusted operating profit	4.7	7.1	(32.9%)	(31.3%)
Adjusted operating profit margin	7.3%	10.0%	(270bps)	-

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

IKH is one of the largest technical wholesalers and distributors of workwear and PPE, tools, spare parts and accessories in Finland and has a number two market position in its core tools and PPE segment. IKH products are distributed through a network of independently operated IKH partner stores, third party distributors and 15 owned-stores, supporting customers operating in the construction, renovation, industrial, agricultural and spares end markets.

Average daily like-for-like revenue was 7.7 per cent lower as a result of the continued weakness in the domestic economy, export markets and the construction sector in particular, but it performed well against the overall Finnish market.

Gross margins declined against the competitive market landscape but active measures taken by the business to reduce costs partially offset the impact of lower sales and reduced margins on operating profit.

The Finnish economy remains in a mild recession but there are signs that there will be a gradual return to growth during 2025 as consumer and business confidence in the economy improves and IKH is well placed to capitalise on an improving market.

Initiatives in the period in our Finland Distribution business included:

- Mika Salokangas, who was appointed Executive Chairman of IKH in 2023, has now also assumed operational responsibility for IKH. Mika was previously CEO of Ahlsell's Finnish operations and is a highly experienced operator in the technical distribution field.
- In January 2024, IKH opened its 15th store in Roihupelto, a suburb of Helsinki. As a result, IKH now has four stores in the Finnish capital region as it continues to grow its market share in the city.
- A business improvement project focused on inventory reduced the investment in stock by €5.8m in the first half of the year.

Retail Segment (11.5% of Group Revenue, 2023: 11.0%)

	H1 2024 £'m	H1 2023 £'m	Change*	Constant Currency Change*
Revenue	130.7	131.2	(0.4%)	2.0%
Operating profit	17.2	16.0	7.9%	10.1%
Operating profit margin	13.2%	12.2%	100bps	-

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

The Woodie's DIY, Home and Garden business in Ireland, which operates from 35 stores, had a positive start to the year on the back of the improvement in sentiment in Ireland as cost-of-living pressures eased and with the future economic outlook remaining positive.

Average daily like-for-like sales were up 6.6 per cent in the first quarter. Sales were marginally weaker in the second quarter with a decline of 1.8 per cent against a strong comparative last year. Poor weather in the period affected sales of seasonal products such as garden furniture and related products. Overall there was a first half like-for-like improvement in sales of 1.4 per cent.

Half year revenue growth of 2.0 per cent, in constant currency, was supported by an increase in the number of transactions by 2.4 per cent but was offset by a marginal decline of 0.4 per cent in average transaction values. The strongest performing categories were decorative products, homewares and building products but despite a good start to the year in the important gardening category, the exceptionally wet weather in Ireland has continued to impact demand.

Woodie's delivered an improvement in gross margin as a result of good management of product mix and promotional activity which focused on continuing to prioritise value for money for our customers. Despite the knock-on impact of the increase in the national minimum wage in Ireland, overheads were tightly controlled throughout the period, which has resulted in improved profitability in the business over the same period last year.

Woodie's made further progress on several initiatives in the first half of the year, some of which included:

- Woodie's now has a dedicated sustainability team and following the successful trial of roof mounted solar panels at several branches, the team will continue to rollout solar panels to further stores across the network.
- The rollout of the Building Management System across the store network continued, with 17 stores now completed. This has contributed to a reduction in energy costs and more sustainable energy management. The computer-based system is used to control and monitor energy consumption and to collect data that can provide insights into optimising the energy performance of stores and will be rolled out to the full estate and support office.
- Following the successful launch of the 'Home Shop in Shop' concept in 2 stores in 2023, a further 4 stores were rolled out in the first half to enhance customers' experience within the home category.
- The 10-year anniversary of the "Woodie's Heroes" campaign was launched in July 2024. This campaign continues to raise vital funds for four Irish charities with over €3.0 million raised so far with the overall goal to break the €4.0 million mark in contributions raised on a cumulative basis since inception.

Manufacturing Segment **(4.8% of Group Revenue, 2023: 5.5%)**

	H1 2024 £'m	H1 2023 £'m	Change*	Constant Currency Change*
Revenue	54.6	65.6	(16.7%)	(16.5%)
Adjusted operating profit	11.0	15.3	(28.2%)	(28.1%)
Adjusted operating profit margin	20.1%	23.3%	(320bps)	-

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

The first half of the year has been a challenging period for our **CPI Mortars** business as the fall in demand in house building activity continues to impact volumes across its ten manufacturing plants, that supply dry mortar to national, regional and local house builders and their sub-contractors in Great Britain.

The rate of decline experienced in the fourth quarter of last year, which saw volumes down by 25.0 per cent, has continued into 2024 with volumes still down 25.8 per cent against the same period in 2023. The number of silos on customers' sites have also continued to decline in line with volumes.

Packaged ready-to-use mortar products, which are largely supplied to the residential RMI market to be utilised for outdoor applications, performed particularly well in the period with volumes up over 9.0 per cent. This segment of the market, in volume terms, accounts for over 10.0 per cent of revenue.

Gross margin and the overall cost base have been actively managed in the period to partially offset the impact of volume decline. The newly integrated ERP solution, which was fully rolled out across the business in 2023, has facilitated improved cost management in the period. Labour and fleet capacity have been proactively managed with a specific focus on fleet utilisation whilst also applying stringent cost control around essential business spend only.

Despite the positive signs emerging of improved consumer confidence and with the UK Government's commitment to increasing housebuilding, we anticipate that demand will remain subdued in the second half of the year with any meaningful change in the market likely to occur in 2025.

In **StairBox**, our on-line market leading manufacturer of bespoke staircases, the challenging RMI market in the UK has adversely impacted volumes which were down 16.0 per cent compared to the same period last year as demand for bespoke staircases declined. However, with the beneficial impact of the acquisition of TA Windows in December 2023, which trades as Wooden Windows, and ongoing good margin management, profitability in the businesses has improved compared to the prior year.

The integration of the Wooden Windows business in the first half of the year has been very successful and work is ongoing with integrating systems. Towards the end of the year, it is anticipated that the manufacturing facilities of the windows business will be relocated to the StairBox site which will enable further efficiencies across the business.

Financial Review

Revenue

Group revenue was down 4.4 per cent to £1.14 billion from £1.19 billion in the first half of 2023.

Group revenue in the like-for-like business declined by 4.2 per cent (£49.7 million) on the prior year. The decline in average daily like-for-like revenue was 4.5 per cent.

Incremental revenue from the Clady Timber and B. McNamee acquisitions in Northern Ireland, Rooney's in Ireland, Kouvolon acquisition in Finland and TA Windows acquisition in the UK, which were completed throughout 2023, increased revenue by £11.5 million. New branches opened in H2 2023 and H1 2024 in The Netherlands (three), Finland Distribution (two), Ireland Distribution (two) and UK Distribution (two) contributed revenue of £3.5 million in H1 2024.

Currency translation of revenue in the euro denominated businesses to sterling decreased revenue by £17.4 million. The average Sterling/Euro rate of exchange for the six months ended 30 June 2024 was Stg85.47p compared to Stg87.64p for the six months ended 30 June 2023.

Adjusted Operating Profit

Adjusted operating profit of £83.1 million was down from £105.1 million last year. This result for the half year included property profit of £Nil (H1 2023: £1.1 million).

Adjusted operating profit before property profit of £83.1 million was down from £103.9 million last year, a decline of 20.0 per cent. The adjusted operating profit margin before property profit declined by 140 basis points to 7.3 per cent.

Net Finance Income and Expense

Net finance income was £0.3 million which compares to a net finance expense of £0.8 million at 30 June 2023. This incorporates an interest charge of £7.6 million (H1 2023: £8.0 million) on lease liabilities recognised under IFRS 16. Interest income on cash deposits amounted to £12.0 million (H1 2023: £10.9 million).

Returns on deposits and account balances increased in the half year and reflected higher Bank of England and European Central Bank base rates in the six months period to 30 June 2024 compared to the prior year period in 2023.

The Group's gross debt is drawn in euros and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands and Finland. Interest payable on bank borrowings denominated in euros and US Private Placement Senior Unsecured Notes decreased to £4.1 million (H1 2023: £4.2 million). The decrease in the period was due to slightly lower drawn bank debt and a lower interest rate payable following one rate decrease by the European Central Bank on 6 June 2024 bringing its refinancing rate to 4.25 per cent.

The net finance income included a foreign exchange translation gain of £0.9 million which compares to a gain of £0.8 million in the prior period.

Taxation

The income tax expense of £14.3 million (2023: £18.8 million) is equivalent to an effective tax rate of 20.0 per cent of profit before tax (2023: 20.1 per cent). This is slightly lower than anticipated at the start of the financial year and reflects the blend of the Group's corporation tax on profits in the four countries where the Group operates and is based on the current forecast rate for the full year.

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.

Cashflow

Cash generated from operations for the half year of £161.1 million (H1 2023: £191.3 million) was strong and benefitted from a reduction in working capital by £22.2 million.

Interest paid amounted to £11.7 million (H1 2023: £11.0 million) which included interest of £7.6 million on IFRS 16 lease liabilities (H1 2023: £8.0 million). Taxation paid was £12.4 million (H1 2023: £19.6 million). Cashflow from operations after the payment of interest and taxation was £136.9 million (H1 2023: £160.7 million).

The cash outflow on the dividend payment was £52.2 million (H1 2023: £51.6 million) and £52.6 million (H1 2023: £81.2 million) was spent on the buyback of shares. The total cash outflow on the dividend payment and buyback of shares was £104.8 million (H1 2023: £132.7 million), excluding transaction costs.

Capital Expenditure and Investment in Intangible Assets

We continued to maintain appropriate control over capital expenditure which amounted to £23.3 million (H1 2023: £23.9 million). There was also expenditure of £2.8 million (H1 2023: £1.9 million) on software that is classified as intangible assets.

Asset replacement capital expenditure of £14.6 million (H1 2023: £14.4 million) compares to the depreciation charge (before IFRS 16) on property, plant and equipment ("PPE") of £20.9 million (H1 2023: £19.2 million) and related principally to the replacement of distribution vehicles, plant and tools for hire by customers, forklifts, fixtures and office equipment and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £8.7 million (H1 2023: £9.5 million) on a range of organic development initiatives including new branches, investment in IT software, and upgrades and extensions in Woodie's, Isero and Chadwicks.

The proceeds received from the disposal of PPE was £0.7 million (H1 2023: £2.1 million). The amount spent on capital expenditure and software development, net of the proceeds received on asset disposals, was £25.3 million (H1 2023: £23.7 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 deficit of £3.8 million at the period end, down by £2.0 million from a deficit of £5.8 million on 31 December 2023.

The deficit on the UK scheme reduced by £0.5 million to £14.1 million and the surplus on the schemes in Ireland increased by £1.5 million to £11.1 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 30 June 2024 was £46.8 million (31 Dec 2023: £49.3 million and 30 June 2023: Net cash of £3.7 million).

Our net cash position, before recognising lease liabilities, was £361.1 million (31 Dec 2023: £379.7 million and 30 June 2023: £438.4 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 half year with excellent liquidity, net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £822.7 million at 30 June 2024 (31 December 2023: £849.6 million). As shown in the analysis of liquidity on page 45, accessible cash amounted to £549.4 million (31 December 2023: £579.9 million) and there were undrawn revolving bank facilities of £273.3 million (31 December 2023: £269.7 million).

At 30 June 2024, the Group had bilateral loan facilities of £332.0 million (31 December 2023: £336.9 million) with four relationship banks which all mature in August 2028 and debt obligations of £135.4 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 £332.0 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 first one-year extension was agreed and exercised during 2023 and as at the end of June 2024, these facilities were repayable in August 2028. Subsequent to the end of June, a further one-year extension has been agreed 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 4.4 years at 30 June 2024 (30 June 2023: 4.7 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 euros and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands and Finland.

Shareholders' Equity

Shareholders' equity declined by £62.1 million to £1.59 billion at 30 June 2024 from £1.66 billion at 31 December 2023. Profit after tax increased shareholders' equity by £57.3 million. There was a loss of £18.7 million on retranslation of euro denominated net assets to sterling at the period end rate of exchange. Shareholders' equity was increased for a remeasurement gain (net of tax) of £1.5 million on the pension schemes and was reduced for dividends paid of £52.2 million and by £52.6 million for the buyback of shares. Other changes increased equity by £2.6 million.

Return on Capital Employed

Adjusted Return on Capital Employed declined by 320 basis points to 11.1 per cent (H1 2023: 14.3 per cent).

Principal Risks and Uncertainties

The principal risks affecting the Group are set out on pages 68 to 75 of the 2023 Annual Report and Accounts.

Period End Financial Information

The consolidated period-end financial statements presented on pages 18 to 39 comprise:

- The Group condensed income statement and Group condensed statement of comprehensive income for the six months ended 30 June 2024.
- The Group condensed balance sheet as at 30 June 2024.
- The Group condensed cash flow statement for the six months ended 30 June 2024.
- The Group condensed statement of changes in equity for the six months ended 30 June 2024.
- The explanatory notes to the condensed consolidated half year financial statements on pages 24 to 39.

Grafton Group plc
Group Condensed Income Statement
For the six months ended 30 June 2024

	Notes	Six months to 30 June 2024 (unaudited) £'000	Six months to 30 June 2023 (unaudited) £'000
Revenue	**2**	**1,137,156**	1,189,322
Operating costs		**(1,065,831)**	(1,096,130)
Property profits	**3**	**-**	1,147
Operating profit		**71,325**	94,339
Finance expense	**4**	**(12,496)**	(12,458)
Finance income	**4**	**12,835**	11,678
Profit before tax		**71,664**	93,559
Income tax expense	**17**	**(14,327)**	(18,775)
Profit after tax for the financial period		**57,337**	74,784
Profit attributable to:			
Owners of the Company		**57,337**	74,784
Earnings per ordinary share – basic	**6**	**28.43p**	34.21p
Earnings per ordinary share – diluted	**6**	**28.41p**	34.15p

Grafton Group plc

Group Condensed Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	**Six months to 30 June 2024 (Unaudited) £'000**	Six months to 30 June 2023 (Unaudited) £'000
Profit after tax for the financial period		**57,337**	74,784
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
- on foreign currency net investments		**(18,682)**	(20,745)
Fair value movement on cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		**23**	76
		(18,659)	(20,669)
Items that will not be reclassified to the income statement			
Remeasurement gain on Group defined benefit pension schemes	**15**	**1,639**	6,407
Deferred tax on Group defined benefit pension schemes		**(148)**	(1,045)
		1,491	5,362
Total other comprehensive (expense)		**(17,168)**	(15,307)
Total comprehensive income for the financial period		**40,169**	59,477
Total comprehensive income attributable to:			
Owners of the Company		**40,169**	59,477
Total comprehensive income for the financial period		**40,169**	59,477

Grafton Group plc - Group Condensed Balance Sheet as at 30 June 2024

	Notes	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	31 Dec 2023 (Audited)
ASSETS		**£'000**	£'000	£'000
Non-current assets				
Goodwill	**8**	**636,759**	625,756	645,062
Intangible assets	**9**	**128,123**	141,562	138,901
Property, plant and equipment	**10**	**364,026**	354,563	367,266
Right-of-use asset	**11**	**381,254**	406,871	401,298
Investment properties	**10**	**24,482**	24,548	24,609
Deferred tax assets	**17**	**6,336**	6,104	6,665
Lease receivable		**49**	361	264
Retirement benefit assets	**15**	**11,056**	10,535	9,536
Other financial assets		**125**	126	127
Total non-current assets		**1,552,210**	1,570,426	1,593,728
Current assets				
Properties held for sale	**10**	**4,199**	5,020	4,291
Inventories	**12**	**357,129**	391,530	361,598
Trade and other receivables	**12**	**290,540**	293,039	262,763
Lease receivable		**103**	195	195
Derivative financial instruments	**13**	**17**	39	-
Fixed term cash deposits	**13**	**150,000**	-	200,000
Cash and cash equivalents	**13**	**403,398**	640,051	383,939
Total current assets		**1,205,386**	1,329,874	1,212,786
Total assets		**2,757,596**	2,900,300	2,806,514
EQUITY				
Equity share capital		**6,860**	7,476	7,094
Share premium account		**224,131**	222,205	223,861
Capital redemption reserve		**2,431**	1,785	2,195
Revaluation reserve		**12,098**	12,286	12,186
Shares to be issued reserve		**7,998**	11,487	6,562
Cash flow hedge reserve		**17**	39	(6)
Foreign currency translation reserve		**56,600**	66,747	75,282
Retained earnings		**1,287,473**	1,359,762	1,332,992
Treasury shares held		**(3,897)**	(6,438)	(4,365)
Equity attributable to owners of the Parent		**1,593,711**	1,675,349	1,655,801
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	**13**	**192,323**	201,724	204,219
Lease liabilities	**13**	**341,283**	373,984	364,090
Provisions		**12,879**	14,650	13,851
Retirement benefit obligations	**15**	**14,893**	12,712	15,363
Deferred tax liabilities	**17**	**58,085**	57,895	60,234
Total non-current liabilities		**619,463**	660,965	657,757
Current liabilities				
Lease liabilities	**13**	**66,593**	60,644	64,888
Derivative financial instruments	**13**	**-**	-	5
Trade and other payables	**12**	**452,513**	477,581	405,141
Current income tax liabilities		**20,060**	20,093	17,541
Provisions		**5,256**	5,668	5,381
Total current liabilities		**544,422**	563,986	492,956
Total liabilities		**1,163,885**	1,224,951	1,150,713
Total equity and liabilities		**2,757,596**	2,900,300	2,806,514

Grafton Group plc – Group Condensed Cash Flow Statement

For the six months ended 30 June 2024	Notes	**Six months to 30 June 2024 (Unaudited) £'000**	Six months to 30 June 2023 (Unaudited) £'000
Profit before taxation		**71,664**	93,559
Finance income	**4**	**(12,835)**	(11,678)
Finance expense	**4**	**12,496**	12,458
Operating profit		**71,325**	94,339
Depreciation	**10,11**	**55,299**	51,306
Amortisation of intangible assets	**9**	**10,900**	10,382
Share-based payments charge		**2,325**	2,914
Movement in provisions		**(713)**	(234)
Profit on sale of property, plant and equipment		**(279)**	(46)
Property profits		**-**	(1,147)
Loss on derecognition of leases		**55**	202
Other non-cash items		**707**	-
Contributions to pension schemes in excess of IAS 19 charge		**(763)**	(2,363)
Decrease in working capital	**12**	**22,221**	35,978
Cash generated from operations		**161,077**	191,331
Interest paid		**(11,722)**	(11,045)
Income taxes paid		**(12,445)**	(19,572)
Cash flows from operating activities		**136,910**	160,714
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		**745**	831
Proceeds from sale of properties held for sale		**-**	1,303
Proceeds from sale of investment properties		**-**	-
Maturity of fixed term cash deposits	**13**	**200,000**	-
Interest received		**11,443**	10,922
		212,188	13,056
Outflows			
Acquisition of subsidiary undertakings (net of cash acquired)	**16**	**-**	(3,250)
Investment in fixed term cash deposits	**13**	**(150,000)**	-
Deferred acquisition consideration paid	**12**	**(1,532)**	(725)
Investment in intangible assets – computer software	**9**	**(2,777)**	(1,933)
Purchase of property, plant and equipment	**10**	**(23,261)**	(23,868)
		(177,570)	(29,776)
Cash flows from investing activities		**34,618**	(16,720)
Financing activities			
Inflows			
Proceeds from the issue of share capital		**272**	232
Proceeds from borrowings		**-**	-
		272	232
Outflows			
Repayment of borrowings		**(6,658)**	(44,443)
Dividends paid	**5**	**(52,216)**	(51,611)
Treasury shares purchased (share buyback)	**20**	**(52,640)**	(81,242)
Payment on lease liabilities		**(34,888)**	(33,074)
		(146,402)	(210,370)
Cash flows from financing activities		**(146,130)**	(210,138)
Net increase/(decrease) in cash and cash equivalents		**25,398**	(66,144)
Cash and cash equivalents at 1 January		**383,939**	711,721
Effect of exchange rate fluctuations on cash held		**(5,939)**	(5,526)
Cash and cash equivalents at the end of the period		**403,398**	640,051

Grafton Group plc
Group Condensed Statement of Changes in Equity

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Six months to 30 June 2024 (Unaudited)										
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 period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,337**	**-**	**57,337**
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,491**	**-**	**1,491**
Movement in cash flow hedge reserve (net of tax)	**-**	**-**	**-**	**-**	**-**	**23**	**-**	**-**	**-**	**23**
Currency translation effect on foreign currency net investments	**-**	**-**	**-**	**-**	**-**	**-**	**(18,682)**	**-**	**-**	**(18,682)**
Total other comprehensive expense	**-**	**-**	**-**	**-**	**-**	**23**	**(18,682)**	**1,491**	**-**	**(17,168)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**23**	**(18,682)**	**58,828**	**-**	**40,169**
Transactions with owners of the Company recognised directly in equity										
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,216)**	**-**	**(52,216)**
Issue of Grafton Units	**2**	**270**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**272**
Purchase of treasury shares (Note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,640)**	**(52,640)**
Cancellation of treasury shares (Note 20)	**(236)**	**-**	**236**	**-**	**-**	**-**	**-**	**(53,003)**	**53,003**	**-**
Transfer from treasury shares (Note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(105)**	**105**	**-**
Share based payments charge	**-**	**-**	**-**	**-**	**2,325**	**-**	**-**	**-**	**-**	**2,325**
Transfer from shares to be issued reserve	**-**	**-**	**-**	**-**	**(889)**	**-**	**-**	**889**	**-**	**-**
Transfer from revaluation reserve	**-**	**-**	**-**	**(88)**	**-**	**-**	**-**	**88**	**-**	**-**
	(234)	**270**	**236**	**(88)**	**1,436**	**-**	**-**	**(104,347)**	**468**	**(102,259)**
At 30 June 2024	**6,860**	**224,131**	**2,431**	**12,098**	**7,998**	**17**	**56,600**	**1,287,473**	**(3,897)**	**1,593,711**

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Six months to 30 June 2023 (Unaudited)										
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 period	-	-	-	-	-	-	-	74,784	-	74,784
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	-	-	-	-	-	-	-	5,362	-	5,362
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	76	-	-	-	76
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	(20,745)	-	-	(20,745)
Total other comprehensive expense	-	-	-	-	-	76	(20,745)	5,362	-	(15,307)
Total comprehensive income	-	-	-	-	-	76	(20,745)	80,146	-	59,477
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(51,611)	-	(51,611)
Issue of Grafton Units	2	230	-	-	-	-	-	-	-	232
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(81,242)	(81,242)
Cancellation of treasury shares (Note 20)	(396)	-	396	-	-	-	-	(79,502)	79,502	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(487)	487	-
Share based payments charge	-	-	-	-	2,914	-	-	-	-	2,914
Transfer from shares to be issued reserve	-	-	-	-	(74)	-	-	74	-	-
Transfer from revaluation reserve	-	-	-	(89)	-	-	-	89	-	-
	(394)	230	396	(89)	2,840	-	-	(131,437)	(1,253)	(129,707)
At 30 June 2023	7,476	222,205	1,785	12,286	11,487	39	66,747	1,359,762	(6,438)	1,675,349

Grafton Group plc
Group Condensed Statement of Changes in Equity (continued)

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2023 (Audited)										
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 Condensed Consolidated Half Year Financial Statements for the six months ended 30 June 2024

1. General Information

Grafton Group plc ("Grafton" or "the Group") is an international distributor of building materials to trade customers who are primarily engaged in residential repair, maintenance and improvement projects and house building.

The Group has leading regional or national market positions in the distribution markets in the UK, Ireland, the Netherlands and Finland. Grafton is also the market leader in the DIY retailing market in Ireland and is the largest manufacturer of dry mortar in Great Britain where it also operates a staircase manufacturing business.

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 condensed consolidated half year financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority ('FCA') and International Accounting Standard ("IAS") 34 Interim Financial Reporting" as adopted by the European Union ('EU'). These condensed consolidated half year financial statements do not include all the information and disclosures required in the Group Annual Report and Accounts and should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2023 that are available on the Company's website www.graftonplc.com.

The condensed consolidated half year financial statements for the six months ended 30 June 2024 are unaudited but have been reviewed by the auditor whose report is set out on pages 47 and 48.

The condensed consolidated half year financial statements presented do not constitute financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the EU. The financial information included in this report in relation to the year ended 31 December 2023 does not comprise statutory annual financial statements within the meaning of section 295 of the Companies Act 2014. The Annual Report and Accounts for the year ended 31 December 2023 have been filed with the Registrar of Companies and the audit report thereon was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The accounting policies and methods of computation and presentation adopted in the preparation of the condensed consolidated half year financial statements are consistent with those applied in the Annual Report and Accounts for the year ended 31 December 2023. The financial information includes all adjustments that management considers necessary for a fair presentation of such financial information. All such adjustments are of a normal recurring nature. Certain tables in the financial information may not add precisely because of our consistent convention of rounding to one decimal place.

The financial reporting framework that has been applied in the preparation of the Group Annual Report and Accounts for the year ended 31 December 2023 is applicable law and IFRS, as adopted by the EU.

Going Concern

The Group's net cash position, before recognising lease liabilities, was £361.1 million at 30 June 2024 (31 December 2023: £379.7 million). The Group had liquidity of £822.7 million at 30 June 2024 (£849.6 million at 31 December 2023) of which £549.4 million (31 December 2023: £579.9 million) was held in accessible cash and £273.3 million (31 December 2023: £269.7 million) in undrawn revolving bank facilities.

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

Going Concern (continued)
No refinancing of debt is due until August 2029, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets are unsecured.

Having made 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, and based on expected cashflows 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.

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 half-yearly 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 as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised. In particular, 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 these consolidated financial statements.

In preparing these half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Report and Accounts for the year ended 31 December 2023.

Revised Standards and Interpretations

Certain revised accounting standards and interpretations have been issued. The Group intends to adopt the relevant 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 were effective for the Group for periods beginning on or after 1 January 2024 but did not have a material effect on the results or financial position of the Group:

- *IAS 1 (Amendments)* *Presentation of Financial Statements (Effective 1 January 2024)*
- *IAS 7 (Amendments)* *Statement of Cash Flows (Effective 1 January 2024)*
- *IFRS 7 (Amendments)* *Financial Instruments (Effective 1 January 2024)*
- *IFRS 16 (Amendments)* *Leases (Effective 1 January 2024)*

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.

	Six months to 30 June 2024 (Unaudited) £'000	Six months to 30 June 2023 (Unaudited) £'000
Revenue		
UK distribution	**394,384**	419,330
Ireland distribution	**317,154**	318,131
Netherlands distribution	**175,206**	184,588
Finland distribution	**65,075**	70,438
Total distribution	**951,819**	992,487
Retailing	**130,692**	131,248
Manufacturing	**62,040**	73,539
Less: inter-segment revenue - manufacturing	**(7,395)**	(7,952)
Total revenue	**1,137,156**	1,189,322
Segmental operating profit before intangible amortisation arising on acquisitions and acquisition related items		
UK distribution	**12,608**	23,855
Ireland distribution	**29,664**	28,930
Netherlands distribution	**15,157**	20,412
Finland distribution	**4,740**	7,068
Total distribution	**62,169**	80,265
Retailing	**17,218**	15,959
Manufacturing	**10,986**	15,310
	90,373	111,534
Reconciliation to consolidated operating profit		
Central activities	**(7,269)**	(7,593)
	83,104	103,941
Property profits	**-**	1,147
Operating profit before intangible amortisation arising on acquisitions and acquisition related items	**83,104**	105,088
Acquisition related items*	**(1,737)**	(874)
Amortisation of intangible assets arising on acquisitions	**(10,042)**	(9,875)
Operating profit	**71,325**	94,339
Finance expense	**(12,496)**	(12,458)
Finance income	**12,835**	11,678
Profit before tax	**71,664**	93,559
Income tax expense	**(14,327)**	(18,775)
Profit after tax for the financial period	**57,337**	74,784

** 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:

	Six months to 30 June 2024 (Unaudited) £'000	Six months to 30 June 2023 (Unaudited) £'000
Revenue*		
United Kingdom	**445,451**	480,160
Ireland	**451,424**	454,136
Netherlands	**175,206**	184,588
Finland	**65,075**	70,438
Total revenue	**1,137,156**	1,189,322

**Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £6.1 million for the period (H1 2023: £5.5 million).*

	30 June 2024 (Unaudited) £'000	30 June 2023 (Unaudited) £'000
Segment assets		
Distribution	**1,900,035**	1,946,408
Retailing	**162,873**	180,631
Manufacturing	**123,756**	116,406
	2,186,664	2,243,445
Unallocated assets		
Deferred tax assets	**6,336**	6,104
Retirement benefit assets	**11,056**	10,535
Other financial assets	**125**	126
Derivative financial instruments (current)	**17**	39
Fixed term cash deposits	**150,000**	-
Cash and cash equivalents	**403,398**	640,051
Total assets	**2,757,596**	2,900,300

	30 June 2024 (Unaudited) £'000	30 June 2023 (Unaudited) £'000
Segment liabilities		
Distribution	**672,930**	710,412
Retailing	**172,595**	188,681
Manufacturing	**32,999**	33,434
	878,524	932,527
Unallocated liabilities		
Interest bearing loans and borrowings (non-current)	**192,323**	201,724
Retirement benefit obligations	**14,893**	12,712
Deferred tax liabilities	**58,085**	57,895
Current income tax liabilities	**20,060**	20,093
Total liabilities	**1,163,885**	1,224,951

3. Property Profits

There were no property disposals in 2024. The property profit in the 6 months ended 30 June 2023 of £1.1 million related to profit on a property disposal of £1.1 million. The property profit realised in 2023 included £0.4 million which was the recovery of an amount which had been provided against in the previous period. In 2023, the Group disposed of one Irish property.

4. Finance Expense and Finance Income

	Six months to 30 June 2024 (Unaudited) £'000		Six months to 30 June 2023 (Unaudited) £'000	
Finance expense				
Interest on bank loans, US senior notes and overdrafts**	**4,059**	*	4,222	*
Interest on lease liabilities	**7,582**	*	8,021	*
Net finance cost on pension scheme obligations	**167**		215	
Unwinding of discount applicable to deferred consideration	**688**		-	
	12,496		12,458	
Finance income				
Interest income on bank deposits	**(11,961)**	*	(10,922)	*
Foreign exchange gain	**(874)**		(756)	
	(12,835)		(11,678)	
Net finance (income)/expense	**(339)**		780	

** Net bank and US senior note interest income of £7.9 million (H1 2023: £6.7 million interest income). Including interest on lease liabilities, net interest income was £0.3 million (H1 2023: £1.3 million net interest expense).*
***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 will be paid on 11 October 2024 by Grafton Group plc to shareholders on the Register of Members at the close of business on 13 September 2024 (the 'Record Date'). The ex-dividend date is 12 September 2024.

A liability in respect of the interim dividend has not been recognised in the balance sheet at 30 June 2024, as there was no present obligation to pay the dividend at the half-year.

6. Earnings per Share

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

	Half Year 30 June 2024 (Unaudited) £'000	Half Year 30 June 2023 (Unaudited) £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial period	**57,337**	74,784
Numerator for basic and diluted earnings per share	**57,337**	74,784
Profit after tax for the financial period	**57,337**	74,784
Amortisation of intangible assets arising on acquisitions	**10,042**	9,875
Tax relating to amortisation of intangible assets arising on acquisitions	**(2,261)**	(2,213)
Acquisition related items	**1,737**	874
Tax on acquisition related items	**(148)**	(109)
Unwinding of discount applicable to deferred consideration	**688**	-
Tax on unwinding of discount	**(101)**	-
Numerator for adjusted earnings per share	**67,294**	83,211

	Number of Grafton Units	Number of Grafton Units
Denominator for basic and adjusted earnings per share:		
Weighted average number of Grafton Units in issue	**201,695,630**	218,582,690
Dilutive effect of options and awards	**94,654**	377,690
Denominator for diluted earnings per share	**201,790,284**	218,960,380
Earnings per share (pence)		
- Basic	**28.43**	34.21
- Diluted	**28.41**	34.15
Adjusted earnings per share (pence)*		
- Basic	**33.36**	38.07
- Diluted	**33.35**	38.00

** 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 half-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 six months ended 30 June 2024 was Stg85.47p (six months ended 30 June 2023: Stg87.64p). The sterling/euro exchange rate at 30 June 2024 was Stg84.64p (30 June 2023: Stg85.83p and 31 December 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. Impairment indicators in two of our markets prompted an impairment test to be carried out on the UK Distribution and Finland Distribution CGUs. 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 period (H1 2023: £Nil).

	Goodwill £'000
Net Book Value	
As at 1 January 2024	**645,062**
Currency translation adjustment	**(8,303)**
As at 30 June 2024	**636,759**

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	**2,777**	**-**	**-**	**2,777**
Amortisation	**(858)**	**(1,942)**	**(8,100)**	**(10,900)**
Currency translation adjustment	**(136)**	**(514)**	**(2,005)**	**(2,655)**
As at 30 June 2024	**9,753**	**24,949**	**93,421**	**128,123**

The amortisation expense of £10.9 million (H1 2023: £10.4 million) has been charged in 'operating costs' in the income statement. Amortisation of intangible assets arising on acquisitions in prior periods amounted to £10.0 million (H1 2023: £9.9 million).

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

	Property, plant and equipment £'000	Properties held for sale £'000	Investment properties £'000
Net Book Value			
As at 1 January 2024	**367,266**	**4,291**	**24,609**
Additions	**23,261**	**-**	**-**
Depreciation	**(20,938)**	**-**	**-**
Disposals	**(466)**	**-**	**-**
Currency translation adjustment	**(5,097)**	**(92)**	**(127)**
As at 30 June 2024	**364,026**	**4,199**	**24,482**

11. Right-Of-Use Asset

	Right-of-use asset £'000
As at 1 January 2024	**401,298**
Additions*	**9,489**
Disposals	**(579)**
Depreciation	**(34,361)**
Remeasurements*	**10,125**
Currency translation adjustment	**(4,718)**
As at 30 June 2024	**381,254**

** 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 options available to the Group on a number of property leases that will now be exercised.*

12. Movement in Working Capital & Deferred Consideration

Current	**Inventories £'000**	**Trade and other receivables £'000**	**Trade and other payables £'000**	**Total £'000**
As at 1 January 2024	**361,598**	**262,763**	**(405,141)**	**219,220**
Currency translation adjustment	**(6,297)**	**(4,515)**	**7,525**	**(3,287)**
Deferred acquisition consideration paid	**-**	**-**	**1,532**	**1,532**
Interest accruals*	**-**	**518**	**82**	**600**
Unwinding of discount applicable to deferred consideration (Note 4)	**-**	**-**	**(688)**	**(688)**
Working capital movement in 2024	**1,828**	**31,774**	**(55,823)**	**(22,221)**
As at 30 June 2024	**357,129**	**290,540**	**(452,513)**	**195,156**

** 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 period ended 30 June 2023 is shown below:

Working capital movement in H1 2023	178	30,251	(66,407)	(35,978)

The following table shows the analysis of deferred consideration on the acquisition of businesses, which is included in trade and other payables:

	Deferred Consideration £'000
As at 1 January 2024	**(4,890)**
Currency translation adjustment	**65**
Deferred acquisition consideration (Note 16)	**-**
Deferred acquisition consideration paid	**1,532**
Unwinding of discount applicable to deferred consideration (Note 4)	**(688)**
As at 30 June 2024	**(3,981)**

13. Interest-Bearing Loans, Borrowings and Net Debt

	30 June 2024 £'000	31 Dec 2023 £'000
Interest-bearing loans and borrowings		
Bank loans (non-current)	**57,291**	65,597
US senior notes (non-current)	**135,032**	138,622
Total interest-bearing loans and borrowings	**192,323**	204,219
Leases		
Included in non-current liabilities	**341,283**	364,090
Included in current liabilities	**66,593**	64,888
Total leases	**407,876**	428,978
Derivatives		
Included in current assets	**(17)**	-
Included in current liabilities	**-**	5
Total derivatives	**(17)**	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	**(403,398)**	(383,939)
Net debt	**46,784**	49,263
Net (cash) before leases	**(361,092)**	(379,715)

* 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 30 June 2024, the Group had bilateral loan facilities of £332.0 million (31 December 2023: £336.9 million) with four relationship banks, which all mature in August 2028. The revolving loan facilities of £332.0 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 Grafton and the four banks. The first one-year extension was agreed and exercised during 2023 and as at June 2024 these facilities were repayable in August 2028. Subsequent to the end of June, a further one-year extension has been agreed 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.

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

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.

	30 June 2024 £'000	31 Dec 2023 £'000
Assets/(liabilities) measured and recognised at fair value		
Designated as hedging instruments		
Other derivative instruments	**17**	(5)
Fair value measurement of liabilities carried at amortised cost		
US senior notes	**(124,553)**	(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.

	30 June 2024 £'000	31 Dec 2023 £'000
Liabilities measured and recognised at fair value		
Deferred consideration on acquisition of businesses (Note 12)	**(3,981)**	(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 30 June 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 cashflows 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 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

	30 June 2024 £'000	30 June 2023 £'000
Net increase/(decrease) in cash and cash equivalents	**25,398**	(66,144)
Net movement in fixed term cash deposits	**(50,000)**	-
Net movement in derivative financial instruments	**22**	68
Movement in debt and lease financing	**22,590**	52,247
Change in net cash resulting from cash flows	**(1,990)**	(13,829)
Currency translation adjustment	**4,469**	8,680
Movement in net cash in the period	**2,479**	(5,149)
Net (debt)/cash at 1 January	**(49,263)**	8,887
Net (debt)/cash at end of the period	**(46,784)**	3,738

15. Retirement Benefits

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

	Irish Schemes		**UK Schemes**	
	At 30 June 2024	At 31 Dec 2023	**At 30 June 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	**3.60%**	3.15%	**5.10%**	4.50%
Inflation rate increase	**2.50%**	2.05%	**2.60%/3.20%** **	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)	
	Half Year to 30 June 2024	Year to 31 Dec 2023	**Half Year to 30 June 2024**	Year to 31 Dec 2023	**Half Year to 30 June 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	**3,578**	7,917	**-**	-	**3,578**	7,917
Contributions by employer	**879**	3,574	**-**	-	**879**	3,574
Contributions by members	**-**	23	**-**	(23)	**-**	-
Benefit payments	**(5,008)**	(11,773)	**5,008**	11,773	**-**	-
Current service cost	**-**	-	**-**	(57)	**-**	(57)
Curtailment gain	**-**	-	**-**	403	**-**	403
Administration costs	**(37)**	(53)	**-**	-	**(37)**	(53)
Other long-term benefit (expense)	**-**	-	**(79)**	(41)	**(79)**	(41)
Interest cost on scheme liabilities	**-**	-	**(3,745)**	(8,315)	**(3,745)**	(8,315)
Remeasurements						
Actuarial (loss)/gains from:						
-experience variations	**-**	-	**(774)**	(978)	**(774)**	(978)
-financial assumptions	**-**	-	**11,833**	(7,432)	**11,833**	(7,432)
-demographic assumptions	**-**	-	**(1,149)**	4,532	**(1,149)**	4,532
Return on plan assets excluding interest income	**(8,271)**	5,198	**-**	-	**(8,271)**	5,198
Translation adjustment	**(2,708)**	(2,080)	**2,463**	1,989	**(245)**	(91)
At 30 June / 31 December	**183,537**	195,104	**(187,374)**	(200,931)	**(3,837)**	(5,827)
Related deferred tax asset (net)					**2,348**	2,655
Net pension liability					**(1,490)**	(3,172)

The net pension scheme deficit before tax of £3.8 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 £14.9 million (31 December 2023: £15.4 million) and (ii) retirement benefit assets (non-current assets) of £11.1 million (31 December 2023: £9.5 million).

At 30 June 2024, the retirement benefit asset of £11.1 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 £14.9 million (Dec 2023: £15.4 million) relates to one scheme in the UK (£14.1 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 £4.7 million. (31 December 2023: return on plan assets of £13.1 million).

15. Retirement Benefits (continued)

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. 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. The cost of purchasing the annuities was €44.7 million. This compares to the value of the pensions on the transaction date of €43.3 million, determined in accordance with the IAS19 accounting standard. The difference between these two values has been allowed for in the remeasurement item relating to the "Return on assets excluding interest income".

	30 June 2024 £'000	31 Dec 2023 £'000
Return on plan assets		
Return on plan asset excluding interest income	**(8,271)**	6,450
Interest income on plan assets	**3,578**	7,917
	(4,693)	14,367
Less: effect of annuity buy-in (2023: €1.4 million)	**-**	(1,252)
Return on plan assets after deducting effect of buy-in	**(4,693)**	13,115

16. Acquisitions

There were no acquisitions in the period.

There were no adjustments made to provisional fair values in the period relating to any acquisitions completed in the prior year.

The Group incurred acquisition costs of £0.8 million in 2024 (H1 2023: £Nil), relating to target acquisitions, which are included in operating costs in the Group Income Statement.

17. Taxation

The income tax expense of £14.3 million (H1 2023: £18.8 million) is equivalent to an effective tax rate of 20.0 per cent on profit (H1 2023: 20.1 per cent, Full Year 2023: 19.0 per cent) and is based on the current forecast rate for the year. This is a blended rate of corporation tax on profits in the four jurisdictions where the Group operates.

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 and Finland.

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.

17. Taxation (continued)

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.

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 within the scope of the global minimum top-up tax under the OECD Pillar Two model rules. Pillar Two legislation was enacted in Ireland, the jurisdiction in which Grafton Group plc is incorporated, during 2023. The legislation in Ireland is effective for the Group from 1 January 2024.

Under the new 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.

Based on the current profile of the Group's operations, Pillar Two legislation is not expected to have a material impact on the financial statements of the Group. The Group continue to monitor changes in law and guidance as they apply to Grafton Group plc.

Deferred tax

At 30 June 2024, the deferred tax asset was £6.3 million (31 December 2023: £6.7 million) and the deferred tax liability was £58.1 million (31 December 2023: £60.2 million). At 30 June 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 £1.1 million (31 December 2023: £1.1 million) and deductible temporary differences of £5.4 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 period to 30 June 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). The Annual Report and Accounts for the year ended 31 December 2023 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)	-
Total	**354,287**	**792**	**355,079**	**(354,287)**	**(792)**	**-**
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)**
Period ended 30 June 2024	**52,535**	**105**	**52,640**	**(53,003)**	**(105)**	**(468)**
Total	**354,287**	**792**	**355,079**	**(354,287)**	**(792)**	**-**

* Including transaction costs.
** At 30 June 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 the completion of the last buyback on 30 April 2024, the Group has purchased a total of 40.27 million ordinary shares which represents 16.8 per cent of the issued share capital on the date of commencement. It acquired them at an average price of £8.53 per share. Excluding the LTIP awards in 2022 and 2023, cash of £343.3 million has been returned to shareholders through all completed share buybacks.

Share buyback programme 4 (completed 30 April 2024)
The Group announced on 31 August 2023 its intention to commence a fourth share buyback programme and to buy back ordinary shares (the "Shares") on the Group's behalf for a maximum aggregate consideration of up to £50 million. The Buyback commenced on the same day. 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 30 June 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 30 June 2024.

21. Issue of Shares

During the period, 46,330 Grafton Units were issued under the Group's Savings Related Share Option Scheme (SAYE) to eligible UK employees.

There were no Grafton Units issued under the 2021 Grafton Group Long Term Incentive Plan (LTIP), on the vesting of the 2021 grants, as the performance conditions for Earnings Per Share ("EPS") targets were not met.

22. Events after the Balance Sheet Date

Subsequent to the end of June 2024, a further one-year extension has been agreed on the Group's revolving loan facilities, which are now repayable in August 2029.

In addition, the Board has 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. The fifth share buyback programme will end no later than 31 January 2025, subject to market conditions

There have been no other material events subsequent to 30 June 2024 that would require adjustment to or disclosure in this report.

23. Board Approval

This Half Year Report was approved by the Board of Grafton Group plc on 28 August 2024.

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 and the 2023 Half Year Report.

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/EBITA 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.
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 treasury shares

Adjusted Operating Profit/EBITA before Property Profit

	H1 2024 £'m	H1 2023 £'m
Revenue	**1,137.2**	1,189.3
Operating profit	**71.3**	94.3
Property profit	**-**	(1.1)
Acquisition related items	**1.7**	0.9
Amortisation of intangible assets arising on acquisitions	**10.0**	9.9
Adjusted operating profit/EBITA before property profit	**83.1**	103.9
Adjusted operating profit/EBITA margin before property profit	**7.3%**	8.7%

Operating Profit Margin

	H1 2024 £'m	H1 2023 £'m
Revenue	**1,137.2**	1,189.3
Operating profit	**71.3**	94.3
Operating profit/EBITA margin	**6.3%**	7.9%

Adjusted Operating Profit/EBITA

	H1 2024 £'m	H1 2023 £'m
Revenue	**1,137.2**	1,189.3
Operating profit	**71.3**	94.3
Acquisition related items	**1.7**	0.9
Amortisation of intangible assets arising on acquisitions	**10.0**	9.9
Adjusted operating profit/EBITA	**83.1**	105.1
Adjusted operating profit/EBITA margin	**7.3%**	8.8%

Adjusted Profit before Tax

	H1 2024 £'m	H1 2023 £'m
Profit before tax	**71.7**	93.6
Amortisation of intangible assets arising on acquisitions	**10.0**	9.9
Acquisition related items	**1.7**	0.9
Unwinding of discount applicable to deferred consideration	**0.7**	-
Adjusted profit before tax	**84.1**	104.3

Adjusted Profit after Tax

	H1 2024 £'m	H1 2023 £'m
Profit after tax	**57.3**	74.8
Acquisition related items	**1.7**	0.9
Tax on acquisition related items	**(0.1)**	(0.1)
Amortisation of intangible assets arising on acquisitions	**10.0**	9.9
Tax on amortisation of intangible assets arising on acquisitions	**(2.3)**	(2.2)
Unwinding of discount applicable to deferred consideration	**0.7**	-
Tax on unwinding of discount applicable to deferred consideration	**(0.1)**	-
Adjusted profit after tax	**67.3**	83.2

Reconciliation of Profit to EBITDA

	H1 2024 £'m	H1 2023 £'m
Profit after tax	**57.3**	74.8
Net finance (income)/expense	**(0.3)**	0.8
Income tax expense	**14.3**	18.8
Depreciation	**55.3**	51.3
Acquisition related items	**1.7**	0.9
Intangible asset amortisation	**10.9**	10.4
EBITDA	**139.3**	156.9

Net (Debt)/Cash

	30 June 2024 £'m	30 June 2023 £'m
Cash and cash equivalents	**403.4**	640.1
Interest-bearing loans (non-current)	**(192.3)**	(201.7)
Interest-bearing loans (current)	**-**	-
Lease liabilities (non-current)	**(341.3)**	(374.0)
Lease liabilities (current)	**(66.6)**	(60.6)
Derivatives	**0.0**	(0.0)
Fixed term cash deposits	**150.0**	-
Net (Debt)/Cash	**(46.8)**	3.7

Net Debt/(Cash) to EBITDA

	30 June 2024 £'m	30 June 2023 £'m
EBITDA (rolling 12 months)	**294.2**	341.1
Net debt/(cash)	**46.8**	(3.7)
Net debt/(cash) to EBITDA – times	**0.16**	(0.01)

EBITDA Interest Cover (including interest on lease liabilities)

	H1 2024 £'m	H1 2023 £'m
EBITDA	**139.3**	156.9
Net bank/loan note interest (income)/expense	**(0.3)**	1.3
EBITDA interest cover – times	**N/A**	118.8

Free Cash Flow

	H1 2024 £'m	H1 2023 £'m
Cash generated from operations	**161.1**	191.3
Replacement capital expenditure	**(14.6)**	(14.4)
Proceeds on sale of property, plant and equipment	**0.7**	0.8
Proceeds on sale of held for sale/investment properties	**-**	1.3
Interest received	**11.4**	10.9
Interest paid	**(11.7)**	(11.0)
Payment of lease liabilities	**(34.9)**	(33.1)
Income taxes paid	**(12.4)**	(19.6)
Free cash flow	**99.6**	126.3

Adjusted Return on Capital Employed

	30 June 2024 £'m	30 June 2023 £'m
Operating profit (rolling 12 months)	**160.1**	218.5
Acquisition related items	**3.6**	1.9
Amortisation of intangible assets arising on acquisitions	**19.9**	19.4
Adjusted operating profit	**183.5**	239.8
Total equity – current period end	**1,593.7**	1,675.3
Net debt/(cash)	**46.8**	(3.7)
Capital employed – current period end	**1,640.5**	1,671.6
Total equity – prior period end	**1,675.3**	1,755.7
Net (cash)	**(3.7)**	(73.5)
Capital employed – prior period end	**1,671.6**	1,682.3
Average capital employed	**1,656.1**	1,676.9
Adjusted return on capital employed	**11.1%**	14.3%

Capital Turn

	30 June 2024 £'m	30 June 2023 £'m
Total Revenue for previous 12 months	**2,267.1**	2,338.0
Average capital employed	**1,656.1**	1,676.9
Capital turn - times	**1.4**	1.4

Free Cash Conversion

	H1 2024 £'m	H1 2023 £'m
Free cash flow	**99.6**	126.3
Adjusted operating profit	**83.1**	105.1
Free cash conversion	**120%**	120%

Gearing	30 June 2024 £'m	30 June 2023 £'m
Total equity attributable to owners of the Parent	**1,593.7**	1,675.3
Group net debt/(cash)	**46.8**	(3.7)
Gearing	**2.9%**	N/A

Liquidity	30 June 2024 £'m	30 June 2023 £'m
Cash and cash equivalents	**403.4**	640.1
Fixed term cash deposits	**150.0**	-
Less: cash held against letter of credit*	**(4.0)**	(4.0)
Accessible cash	**549.4**	636.1
Undrawn revolving bank facilities	**273.3**	268.2
Liquidity	**822.7**	904.3

**At 30 June 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

	30 June 2024 £'m	30 June 2023 £'m
Net (debt)/cash - after leases	**(46.8)**	3.7
Lease liability	**407.9**	434.6
Net cash – before leases	**361.1**	438.4

Like-for-Like Revenue

	H1 2024 £'m	H1 2023 £'m
2023/2022 revenue	**1,189.3**	1,152.8
Organic growth	**(49.7)**	(1.6)
Organic growth – new branches	**3.5**	5.6
Total organic growth	**(46.2)**	4.0
Acquisitions	**11.5**	6.1
Foreign exchange	**(17.4)**	26.4
2024/2023 revenue	**1,137.2**	1,189.3
Like-for-like movement (organic growth, excluding new branches, as % of prior period revenue)	**(4.2%)**	(0.1%)

Cash Outflow on Dividends and Share Buyback, excluding transaction costs	H1 2024 £'m	H1 2023 £'m
Dividend payment	**52.2**	51.6
Purchase of treasury shares (Note 20)	**52.5**	81.1
Exclude LTIP share purchase (Note 20)	**(0.0)**	(0.0)
Cash outflow on dividends and share buyback, excluding transaction costs	**104.8**	132.7

Responsibility Statement in Respect of the Six Months Ended 30 June 2024

The Directors are responsible for preparing this interim management report and the condensed consolidated half year financial statements in accordance with International Accounting Standards 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The Directors confirm that, to the best of their knowledge:

- The condensed consolidated interim financial statements for the half year ended 30 June 2024 have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34 as adopted by the EU;

- The interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and its impact on the condensed consolidated interim financial statements for the half year ended 30 June 2024, and a description of the principal risks and uncertainties for the remaining six months;

- The interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board:

Eric Born
Chief Executive Officer

David Arnold
Chief Financial Officer

Independent review report to Grafton Group plc

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed Grafton Group plc's condensed consolidated half year financial statements (the "interim financial statements") in the Half Year Report of Grafton Group plc for the six month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements, comprise:

- the Group Condensed Balance Sheet as at 30 June 2024;
- the Group Condensed Income Statement and Group Condensed Statement of Comprehensive Income for the six months then ended;
- the Group Condensed Cash Flow Statement for the six months then ended;
- the Group Condensed Statement of Changes in Equity for the six months then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Report including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
28 August 2024
Dublin

Notes:

(a) The maintenance and integrity of the Grafton Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.