

Grafton Group

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Grafton drags down building materials sector with profit warning

Grafton Group PLC (LON:GFTU) shares plunged on Thursday morning after the building materials firm said it expects full-year profit to be lower than previously expected.

The FTSE 250-listed company registered 0.9% daily growth in like-for-like revenue, with UK, Netherlands and manufacturing sections affecting positive results in Ireland and retail.

READ: Grafton gains as Irish merchanting and retail businesses help boost first-half profits

UK business was impacted by "increased economic uncertainty", which was said to be preventing consumers from spending in home improvement projects, while in the Netherlands permits for new construction projects were delayed by a court ruling on nitrogen emissions, while growth in Ireland was also slowing.

Due to reduced activity in this area, Grafton said the current estimates for the full-year operating profit for continuing operations are between 4% and 8% lower than the consensus forecast.

"Recent trading conditions are more reflective of market sentiment than business fundamentals," said chief executive Gavin Slark.

"The group continues to focus on optimising trading opportunities in its markets, on cost control and cash generation and has a strong balance sheet to support value-enhancing acquisition opportunities."

Peel Hunt cut its full-year PBT forecasts by around 10% to £165m for this year and to £173m for next year, resulting in it downgrading its rating on the shares from 'add' to 'hold' and cutting its target price to 800p from 860p.

Grafton shares tumbled 12% to 767p, with fellow building materials companies Howden's, SIG, Travis Perkins suffering the same issues.

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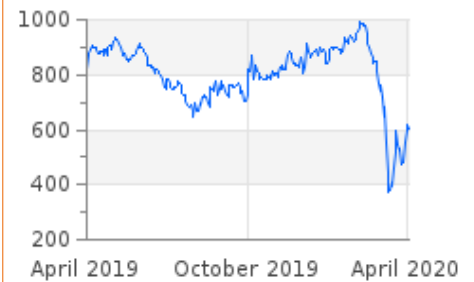
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Price: 605

Market Cap: £1.44 billion

1 Year Share Price Graph



Share Information

Code: GFTU

Listing: ISE

52 week High Low
997 356

Sector: Builders and building materials

Website: www.graftonplc.com

Company Synopsis:

Grafton Group plc is predominantly a UK and Ireland-based building materials group with 591 branches and a turnover of over €2 billion.

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