WOLSELEY

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Interim Management Statement for the 3 months ended 31 October 2007

28 November 2007

This presentation contains certain forward-looking statements as defined under US legislation (Section 21E of the Securities Exchange Act of 1934). By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements.

Overview

- Results affected by slowing US housing, low consumer confidence and weakness of US$
- Market conditions remain difficult to read
- Revenue up more than 5% whilst trading profit c12% lower due to US housing and weaker US$ (in constant currency figures are c3% better than reported)
- Headline profit down almost 15% (in constant currency down around 10%)
- No change in strategy
- Further headcount reductions announced and change to global management roles and responsibilities
- Operating cash flow more than double Q1 of last year
- £170m spent on 10 bolt-on acquisitions (ytd)

North America

- Revenue in sterling down almost 10% and trading profit down just over 30% (in constant currency reported figures would have been c6% higher)
- Ferguson continued to take market share, although organic growth was slightly negative
  - Local currency revenue up c5% and trading margin slightly lower
- Stock reported a loss in the quarter reflecting a further decline in housing starts
  - Local currency revenue down c25%
- Wolseley Canada achieved modest revenue growth

Europe

- Revenue up more than 25% and trading profit up more than 15%, including acquisitions
- UK and Ireland revenue and trading profit up c5%
- Wolseley France had slow start with PBM losing market share and profits down following further restructuring. October better
- Strong performance from DT Group in Nordic region
- Good revenue growth in Central and Eastern Europe but profits lower as a result of expected business disruption due to IT implementation

Outlook

- Likely that business conditions in a number of markets will become more challenging over the next few months
- In the USA new housing is likely to deteriorate further, RMI is likely to slow and commercial and industrial markets should grow, but at slower rates
- Expect to increase market share and exploit opportunities created by weaker markets
- In Europe there are signs of weakening in some housing markets however RMI, commercial and industrial markets should provide growth opportunities
- Monitor market conditions carefully and take swift and decisive action to realign the cost base and limit capital expenditure, where necessary
- Group is in a strong financial position
- Continue to execute the long term strategy

North American headcount reductions

Costs and benefits

	Cost (£m)	FY08 saving (£m)	Annual cost saving (£m)
Ferguson	(0.3)	19.2	38.1
Stock	(0.4)	16.7	22.2
Total	(0.7)	35.9	60.3