

Wolseley plc
Pre Close Period Trading Statement for the five months ended
31 December 2008

Wolseley plc, the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials, today issues its regular trading statement for the five months ended 31 December 2008, prior to entering its close period. The half year results for the six months ending 31 January 2009 are due to be announced on 23 March 2009.

Summary for five months ended 31 December 2008:

Overview

- Further deterioration in Wolseley's general trading environment in November and December due to unprecedented events in the global financial markets and negative GDP trends.
- Management's emphasis continues to be concentrated on actions to enhance cash generation and reduce costs, with benefits coming through as planned.
- Recent adverse movement in foreign exchange rates have negatively affected the Group's overall net debt position. However, the Group's projections continue to show covenant compliance at 31 January 2009.

Operating Highlights

- Revenue up c.3%, down c.10% in constant currency.
- Trading profit down c.45%, c.52% in constant currency.
- Profit before tax, exceptional items and amortisation and impairment of acquired intangibles down c.66%, c.75% in constant currency.
- Net debt increased by 22% since 31 July 2008 to £3 billion principally due to £557 million adverse effect of currency exchange. However, net debt is expected to be lower at 31 January 2009 due to an expected working capital inflow, but will be dependent on exchange rates at that date.
- Excluding the effects of currency translation, the improvement in working capital cash to cash days at 31 December 2008 compared to FY 2008 is in line with the 10% improvement target for FY 2009.

Debt Reduction and Restructuring Actions

- Previously announced actions to date initiated in the five months to 31 December 2008 have resulted in headcount reductions of 7,500, combined exceptional restructuring charges of £208 million, and annualised cost savings of £237 million.
- Recent actions in the period to 31 December 2008 have resulted in additional exceptional restructuring charges of around £39 million and annualised savings of around £93 million.
- Actions have been taken to mitigate the risk of further adverse effects on net debt caused by the weakening of sterling against the euro.
- An additional receivables funding arrangement in UK was implemented in the period, which reduced net debt by £72 million.

Outlook

- The Group expects macro economic conditions to deteriorate in the short term, and until conditions stabilise Wolseley is unlikely to see any upturn in its markets.
- Until consumer confidence returns and availability of finance for customer projects improves, the Group expects performance in North America to decline.
- The Group also expects conditions in the UK to continue to deteriorate with performance in Continental Europe also likely to remain under pressure as consumer sentiment is further negatively affected by macro economic conditions.
- Against the background of deteriorating trading conditions and volatile financial markets, the Group will continue to concentrate its near term operational actions on enhanced cash generation and cost reduction.
- The Group will continue to evaluate all of the options and implement the actions necessary to position the balance sheet appropriately for the medium term.
- The next few months will be critical in providing further evidence to assess how the downturn may evolve.
- The Group's objective is to position itself to be able to continue to operate competitively, and maintain a level of investment over the medium term that will ensure the business is well positioned to benefit when the economies in which it operates stabilise and markets begin to recover.

Chip Hornsby, Chief Executive of Wolseley, said:

“We continue to act decisively and rapidly in response to the unprecedented market conditions we face. Our attention and efforts remain resolutely focussed on achieving compliance with our banking covenants, without losing sight that to generate shareholder value we must seek to ensure the business is well positioned to benefit when the markets in which we operate begin to recover. In the meantime, and against this background of declining macro economic activity we continue to implement the actions required to reduce cost and maximise cash.”

Overview

For the five months ended 31 December 2008, Wolseley continued to be affected by the increased slowdown in most of the Group's markets.

Group revenue for the five months ended 31 December 2008 was up around 3% compared to the corresponding period in the prior year. Trading profit was down by around 45% primarily due to lower profitability in Stock Building Supply, DT Group and Wolseley UK. In constant currency, revenue would have been around 10% lower and trading profit 52% lower than the corresponding period in the prior year.

Our objective remains to ensure the appropriate sizing of the cost base in line with the deteriorating market environment, to drive strong cash flow and reduce net debt. In particular, the Group has taken further action to mitigate the adverse effects on the Group's overall debt position of the weakening of sterling against the euro. The principal actions in the five months to 31 December 2008 are set out below:

1. Restructuring actions

Previously announced actions to date in the five months to 31 December 2008 have resulted in headcount reductions of 7,500 combined exceptional restructuring charges of £208 million in FY 2009, and annualised savings of £237 million.

Recent actions in the period to 31 December 2008 have resulted in additional exceptional restructuring charges of around £39 million and annualised savings of around £93 million.

2. Net debt and cashflow

Net debt increased by 22% since 31 July 2008 to £3 billion principally due to £557 million adverse effect of currency exchange. Gearing was higher at 78.0% compared with 73.5% at 31 July 2008. The Group has committed and undrawn banking facilities available of over £1 billion as at 31 December 2008 and has no need for additional facilities until after the year ended 31 July 2011.

In December, Wolseley UK entered into a receivables funding arrangement which reduced net debt at 31 December by £72 million. The additional cost of servicing this arrangement is expected to be around £4 million a year.

Given Wolseley's geographical diversity of operations between North America, the UK and Continental Europe, the overall level of net debt is sensitive to movements in exchange rates. At 31 December 2008, 14% of net debt was denominated in dollars, 48% in euros and 38% in sterling. Since November, sterling has weakened against the dollar and the euro and consequently the Group has taken the following risk mitigation actions:

- The Group has recently entered into zero cost collar transactions with a total value of just over €1.7 billion. These hedging transactions protect the Group giving it an option to buy euros at a protective floor limit should sterling weaken beyond this point. Of the €1.7 billion total, €800 million was hedged at €1.05 and €900 million at €1.02.
- A further transaction to convert £200 million of euro denominated debt to sterling was completed prior to 31 December 2008. This brings the cumulative total of foreign currency debt converted to sterling since 31 July to £300 million of US dollar denominated debt and £700 million of euro denominated debt. The weakness of sterling has had a favourable translation effect on trading profit of £40 million in the period.

Due principally to the unprecedented movement in currency exchange rates in the last three months, the Group's covenant headroom at 31 January 2009 is likely to be lower than we expected at the time of our interim management statement. The final net debt position at that date should be lower than at 31 December 2008 due to an expected working capital inflow, although it will be dependent on foreign exchange rates at 31 January 2009. The Group's projections continue to show compliance with our banking covenants at 31 January 2009.

Excluding the effects of currency translation, the improvement in working capital cash to cash days at 31 December 2008 compared to FY 2008 is in line with the 10% improvement target for FY 2009. Operating cash flow for the five months ended 31

December was down on the equivalent period in the prior year primarily as a result of a lower level of trading profit and the cash cost of restructuring actions.

Capital expenditure in the five months was lower than the corresponding period last year, and is in line with a targeted spend of around £180 million for the full year (FY 2008: £317 million).

Further details of market conditions and financial performance in each of the Group's businesses are set out below:

North America

In North America, revenue in the five months ended 31 December 2008 in sterling, was up 6% compared to the corresponding period in the prior year. Trading profit was down by around 16% reflecting the loss reported by Stock in the period. In constant currency, revenue and trading profit would have been around 11% and 30% lower than the corresponding period in the prior year.

The Group's US results have continued to be affected by the ongoing decline in US housing starts and falling consumer confidence.

Encouragingly, Ferguson continued to outperform the overall market in the period despite encountering increasingly challenging new residential and RMI markets. However, revenue in US dollars for the five months ended 31 December 2008 was down 10% and underlying trading profit excluding property profits was down around 13%. During the five months to 31 December 2008 Ferguson benefited from the stability of the commercial and industrial market, although during December there were signs of certain segments of the market weakening due to continued scarcity of finance for projects.

Stock's revenue and trading profit in US dollars have been impacted by the continuing slowdown in the new residential market. Annualised housing starts for December have now fallen to 550,000 units, a fall of 45% on the equivalent period in the prior year. Lumber prices also continue to decline to unprecedented levels and recently fell below \$200. Stock's revenue was down by around 23% and the trading loss for the five months ended 31 December 2008 was around \$110 million (2007: loss of around \$50 million). The restructuring actions announced on 23 October 2008 have now been completed apart from two locations which will be closed in the next few weeks.

Despite slowing markets, the Canadian business has achieved an increase in organic sales growth of around 4% in the five months to 31 December 2008. Local currency trading profit was slightly down due to a lower gross margin.

Europe

Revenue in sterling for Europe was broadly flat in the five months ended 31 December 2008, whilst trading profit was down by around 60% mainly as a result of the lower level of activity in all regions. In constant currency, revenue and trading profit would have been around 10% and 65% lower than the corresponding period in the prior year.

Revenue for the UK and Ireland decreased by about 12% with trading profit down by around 80%. As anticipated there has been a further deterioration in the UK market

activity in recent weeks. The previously announced restructuring actions are well under way and are on track to deliver annualised benefits of £80 million and a headcount reduction of 2,000 in the UK.

Macro economic conditions in France continued to weaken which has adversely affected consumer sentiment. Reported revenue in euros for the five months ended 31 December 2008 was around 4% lower with trading profit down by over 60%. The January profit is expected to show a more favourable trend as the effect of the phasing of accounting estimates, referred to in the IMS in November 2008 of €8 million, reverses in the month.

For the five months ended 31 December 2008, DT Group reported revenue, in local currency down around 13% with trading profit down around 40%. The markets for building materials continued to deteriorate in all four Nordic countries during November and December.

Revenue in Central and Eastern Europe, in local currency was flat with trading profit down around 85%. This was primarily as a result of competitive pressure on margins, and an additional impairment of £2 million in respect of the deferral, announced in September, of an IT project.

Outlook

The Group expects macro economic conditions to deteriorate in the short term, and until conditions stabilise Wolseley is unlikely to see any upturn in its markets. Until consumer confidence returns and availability of finance for customer projects improves, the Group expects performance in North America to decline. The Group also expects conditions in the UK to continue to deteriorate with performance in Continental Europe also likely to remain under pressure as consumer sentiment is further negatively affected by macro economic conditions. Against the background of deteriorating trading conditions and volatile financial markets, the Group will continue to concentrate its near term operational actions on enhanced cash generation and cost reduction.

The Group will continue to evaluate all of the options and implement the actions necessary to position the balance sheet appropriately for the medium term. The next few months will be critical in providing further evidence to assess how the downturn may evolve. The Group's objective is to position itself to be able to continue to operate competitively, and maintain a level of investment over the medium term that will ensure the business is well positioned to benefit when the economies in which it operates stabilise and markets begin to recover.

There will be an analyst and investor meeting at 0930 (UK time) today at UBS, 1 Finsbury Avenue, London, EC2M 2PP. The meeting can also be accessed by conference call:

UK dial-in number: +44 (0)20 7138 0835
US dial-in number: +1 718 354 1172

Slides relating to the call will be available on www.wolseley.com.
The call will be recorded and available on www.wolseley.com after the event.

Exchange Rates

The average profit and loss account translation rate for the five months to 31 December 2008 was \$1.68 to the £1 compared to \$2.03 for the comparable period last year, a strengthening of 21.2%, and €1.22 to the £1 compared to €1.43, a strengthening of 17.7%, compared to the comparable period last year.

Trading profit, a term used throughout this announcement, is defined as operating profit before exceptional items the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenue stated as a percentage.

ENQUIRIES:

Derek Harding +44 (0)118 929 8764
Director of Group Strategy & Investor Relations +44 (0)774 089 4578

Mark Fearon +44 (0)118 929 8787
Director of Corporate Communications

Brunswick +44 (0)20 7404 5959
Andrew Fenwick +44 (0)20 7404 5959
Kate Miller

Notes to Editors

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Ireland and Continental Europe. Group revenue for the year ended 31 July 2008 was approximately £16.5 billion and trading profit was £683 million. At that time Wolseley had around 74,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley plc is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this release is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this release are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

A copy of this release, together with all other recent public announcements can be found on Wolseley's web site at www.wolseley.com. Copies of the presentation given to institutional investors and analysts are also available on this site.

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