

Wolseley plc

Pre-close trading statement for the eleven months ended 30 June 2009

27 July 2009

This presentation contains certain forward-looking statements. 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.

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Ian Meakins
Group Chief Executive

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Steve Webster
Group Chief Financial Officer

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Overview

- Tough trading environment in line with May IMS expectations
- On going focus on cash generation, debt reduction and improved performance
- FY2009 cost savings of £200m, incremental benefit in FY2010 of £192m
- Successful completion of Stock Chapter 11 reorganisation
- Outcome of strategic review of CEE announced today

Trading performance

Eleven months to 30 June 2009

- Group
  - Revenue of £13,250m, down 16% in constant currency
  - Trading profit of £368m, down 56% in constant currency
  - Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles of £233m, down 72% in constant currency
- North America
  - Ferguson local currency revenue down 17%. Gross margin unchanged. Underlying trading profit, excluding property profits, was down by around 35%
  - Canadian local currency revenue down around 5% and trading profit down over 20%
- Europe
  - UK and Ireland revenue around 15% and trading profit around 75% lower
  - Local currency revenue in France down around 10% and trading profit around 70% lower
  - DT revenue down around 20% and trading profit down around 50%
  - CEE local currency revenue down around 10% and loss incurred in the period

Exceptional costs and benefits from restructuring actions, 1 August 2008 to 30 June 2009

	Cost £m	Headcount reduction	Benefit £m 2009	Benefit £m pa
UK and Ireland	126	3,254	72	141
France	2	557	6	12
Nordic	21	1,337	18	43
Central and Eastern Europe	35	498	8	20
Europe	**184**	**5,646**	**104**	**216**
US plumbing and heating	68	3,609	91	168
Canada	4	120	1	2
North America	**72**	**3,729**	**92**	**170**
Group head office	2	11	4	6
Total continuing operations	**258**	**9,386**	**200**	**392**

Cash flow maximisation to reduce debt

Good progress made

- On track to deliver 10% year on year constant currency improvement in working capital cash to cash days
- Capital expenditure remains on track for £160m
- Net debt at 30 June of £1,426m representing gearing of 42.9%. Further reduction of debt expected in July
- Cash conversion for the eleven months to 30 June was 282% (eleven months to 30 June 2008: 159%)
- Group is in a strong liquidity position with committed facilities of £3.8bn

Stock Building Supply

Deconsolidated from 5 May 2009

- Successful completion of Stock financial restructuring announced on 1 July
- $100m DIP facility provided by Wolseley which was undrawn in the period has been cancelled
- No remaining financing commitment for Wolseley
- Loss before exceptional items but after tax for the period from 6 May to 30 June was around £10m
- For eleven months to 30 June Stock construction loan business, retained by Wolseley, incurred a loss of £23m and earned interest income of £8m
- Receivables loan balance of £175m is currently being assessed for fair value following the sale and is likely to result in an exceptional provision

Central and Eastern Europe

Review now completed

- Significant potential to create long term value by focussing on a core of constituent businesses
- Focus where Group has scale, leading market positions and can deliver an appropriate financial return
- Disposal of Belgium, Slovakian and Czech Republic businesses
- Businesses retained in Switzerland, Austria, Luxembourg, Denmark, Holland and Italy
- Action to strengthen the leadership in Austria and Italy, businesses will be further restructured
- Until restructuring complete no further capital will be allocated to these businesses
- On proforma basis for 11 months to 30 June 2009 these constituent businesses have revenues of €919m and an trading profit of €12m

Outlook

- Expect market conditions to continue to deteriorate and trading likely to remain challenging until at least end of the calendar year
- New residential construction markets are showing signs of stabilisation but unlikely to recover quickly
- RMI markets continuing to decline albeit at a slower rate
- Commercial and industrial markets expected to decline at a faster rate
- Cost reductions actions taken in FY2009 will result in an incremental benefit in FY2010 of £192m
- Management will focus on achieving further cost reductions and strong cash flow generation and will position the business to drive competitive advantage through enhanced customer service







Q&A

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