NEWS RELEASE

Annual Financial Report

10/19/2016

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Wolseley PLC
19 October 2016

WOLSELEY PLC
(the "Company")

Publication Announcement: Annual Report and Accounts 2016 and Notice of Annual General Meeting 2016

Further to the release of the Company's full year results announcement on 27 September 2016, the Company announces that it has today published its Annual Report and Accounts 2016 ("**Annual Report 2016**"). The Company also announces that it has today posted to shareholders the Notice of Annual General Meeting to be held on Tuesday, 29 November 2016 (the "**Notice**").

The Annual General Meeting will take place at 3pm, Swiss time, on Tuesday, 29 November 2016 at Parkhotel, Industriestrasse 14, CH-6304 Zug, Switzerland with an audio-visual link proposed to be available at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED, United Kingdom at 2pm, UK time, on Tuesday, 29 November

2016.

In accordance with LR 9.6.1 copies of the documents listed below have been submitted to the National Storage Mechanism and will shortly be available for inspection at **www.Hemscott.com/nsm.do**

· Annual Report and Accounts 2016; and

· Notice of Annual General Meeting to be held on Tuesday, 29 November 2016.

In compliance with DTR 6.3.5(3) those documents can also be downloaded in pdf format from the Company's website at **www.wolseley.com/index.asp?pageid=72**.

The expected timetable for the Dividend and Annual General Meeting are set out below:

	2016
Ordinary Shares marked ex-entitlement to the Dividend	27 October
Record date for entitlement to the Dividend	5.00pm (UK time) on 28 October
Latest time and date for election to participate in the DRIP for the Dividend	5.00pm (UK time) on 10 November
Latest time and date for receipt of Forms of Proxy from shareholders	3.00pm on 27 November
Annual General Meeting	3.00pm on 29 November
Payment of the Dividend to shareholders	1 December
Purchase of Ordinary Shares for participants in the DRIP in respect of the Dividend	1 December
Ordinary Shares purchased pursuant to the DRIP in respect of the Dividend credited to CREST accounts	6 December

References to times in the above timetable are to Swiss time unless otherwise stated. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement to a Regulatory Information Service. All definitions used in the Notice have the same meaning when used in this announcement.

Annual Report 2016

A condensed set of Wolseley plc financial statements and information on important events that have occurred

during the year and their impact on the financial statements were included in the Company's final results announcement on 27 September 2016. That information together with the information set out below which is extracted from the Annual Report 2016 constitute the requirements of DTR 6.3.5 which is to be communicated via an RIS in unedited full text. This announcement is not a substitute for reading the full Annual Report 2016. Page and note references in the text below refer to page numbers in the Annual Report 2016. To view the final results announcement, visit the Company website: **www.wolseley.com**.

Principal risks and uncertainties

Principle risks:

a. Strategic change, new business models

b. Pressure on margins

c. Market conditions and growth

d. Commodity price volatility

e. New competitors and technology

f. Information security

g. Litigation

h. Regulations

Crystallisation of these risks could have an adverse effect on the Group's results or financial condition. If more than one of these risks occur, the combined overall effect of such events may be compounded. Various strategies are employed to reduce these inherent risks to an acceptable level. The effectiveness of these mitigation strategies can change over time, for example with the acquisition or disposal of businesses. Some of these risks remain beyond the direct control of management. The risk management programme, including risk assessments, can therefore only provide reasonable but not absolute assurance that risks are managed to an acceptable level. The Group faces many other risks which, although important and subject to regular review, have been assessed as less significant and are not listed here. These include, for example, certain financial risks, which are summarised on pages 30 to 33, 93 to 94 and 108 to 112. People-related risks and opportunities, including employee development and retention and health and safety risks are described in the Sustainability section starting on page 26.

Inherent risk level and trend	Definition and impact	Changes during the year	Mitigation
a. Strategic change, new business models			
Inherent risk level: High Trend: No change	To respond to changing customer needs the Group is introducing new business models and changing traditional ways of working. These changes are underway in all of our key markets and will continue for several years. The Group must successfully implement these changes without disrupting existing operations. The Group's ability to successfully execute these changes will affect its ability to grow profitably in the future.	Execution of key strategic initiatives in each market continues. Close attention is paid to the execution of these programmes at all levels of the organisation. To support faster execution, greater focus has been paid to a smaller number of initiatives capable of delivering the greatest value.	Each business unit has a clear strategy for continuously developing its business model and a defined programme of work to execute the strategy. The Group Chief Executive and Chief Financial Officer discuss progress with each business unit during regular performance reviews. The Board reviews progress during regular updates from the Group Chief Executive and as part of its six-monthly review of principal risks.
b. Pressure on margins			
Inherent risk level: High Trend: No change	Wolseley's ability to maintain attractive profit margins can be affected by a range of factors. These include levels of demand and competition in our markets, the arrival of new competitors with new business models, the flexibility of the Group's cost base, changes in the cost of commodities or goods purchased, customer or supplier consolidation or manufacturers shipping directly to customers. There is a risk that the Company may not identify or respond effectively to changes in these factors. If it fails to do so, the amount of profit generated by the Company could be significantly reduced.	Pressure on margins remained high during the period under review, primarily due to levels of competition. Commodity price deflation was significant and adversely impacted margins (see risk 'd' below). In response, the Company continues to manage its cost base in line with changes in expected growth rates. Business unit performance, including margins achieved, were monitored monthly throughout the year.	The Group's strategy for tackling this issue remains unchanged. This includes continuous improvements in customer service, product availability and inventory management. Revenues from e-commerce and other growth sectors continue to expand and the Company has made acquisitions in these areas during 2015/16. The performance of each business unit is closely monitored and corrective action taken when appropriate. Resource allocation processes invest capital in those businesses capable of generating the best returns.
c. Market conditions and growth			
Inherent risk level: High Trend: No change	This risk relates to the Company's exposure to short term macro-economic conditions and market cycles in our sector (i.e. periodic market downturns).	End markets have been more turbulent during the year. The Group has seen a notable downturn in industrial markets in North America and European markets have remained weak. The UK's vote to leave the European Union has created additional uncertainty.	The Group cannot control market conditions but believes it has effective measures in place to respond to changes. Wolseley

			continues to reinforce existing measures in place, including:
	Some of the factors driving market growth are beyond the Group's control and are difficult to forecast.	The Group has maintained a strong balance sheet throughout the year and other measures have been taken to manage the cost base in line with forecast growth.	· the development of our business model;
		The Group has again tested its financial forecasts, including cash flow projections, against the impact of a severe market downturn.	· cost control, pricing and gross margin management initiatives, including a focus on customer service and productivity improvement;
			· resource allocation processes; and
			· capital expenditure controls and procedures.
d. Commodity price volatility			
Inherent risk level: High Trend: New - risk increased during the year	Prices of commodities such as copper, plastic (oil) and steel have fallen as global demand weakened. There is a risk that further sharp falls (or rises) in these commodities may occur too quickly for the Company to adjust its inventory levels, impacting revenue and profit margins.	This year has seen material deflation in the prices of certain commodities, including copper and steel. The Company's ability to fully mitigate the impact of this volatility is limited and there has been a resulting impact on the margins achieved by the Group.	The Company's ability to mitigate this risk is limited. Inventory levels are managed by each business and low to normal levels are maintained at times of price deflation. Large forward purchases are subject to management approval. The Company does not actively hedge commodity prices using financial instruments.
e. New competitors and technology			
Inherent risk level: High/medium Trend: New	Wholesale and distribution businesses in other industry sectors have been disrupted by the arrival of new competitors with lower-cost business models or new technologies to aggregate demand away from incumbents. There has to date been limited competitor activity in this area; however the nature of Wolseley's industry is such that its markets could be disrupted by new entrants.	An updated analysis of this risk was conducted and presented to the Executive Committee and the Board during the year. The Group made a number of acquisitions of online businesses during the year.	The Company continues to develop and invest in new business models, including e-commerce, to respond to changing customer and consumer buying patterns and needs. The development of such competitors continues to be monitored.
f. Information security			
Inherent risk level: High/medium Trend: No	Technology systems and data are fundamental to the future growth and success of the Group. These digital assets are threatened by increasingly sophisticated security threats, including hacking, viruses, "phishing" or inadvertent errors.	This risk has remained material, as a greater proportion of the Group's revenue is derived from e-commerce. The level and sophistication of IT security threats is constantly developing.	The Group operates an IT governance framework including a set of dedicated IT policies, procedures and standards aligned to known security and operational risks. These include behavioural

change			procedures for employees and technical controls for IT systems. These are reviewed annually and are subject to continuous improvement.
	The Company is reliant on a number of different legacy technology systems, some of which have been in place for many years or have been subject to in-house development.	During the year under review, the Group has reassessed high risk data types, their location and has reconfirmed ownership for that data. Mitigation plans have been updated for all businesses to address this risk. These include improving security awareness amongst employees and continuing to enhance data ownership and classification. Technical IT projects are in progress to deliver enhancements to the Group's digital security systems and infrastructure.	Certain of these controls are tested by business units, by the Group IT function and by Internal
	Data breaches in our industry sector and others indicate that such events are highly likely and difficult to prevent.		Audit. External specialists are also employed as appropriate to test the security of our technology systems, e.g. penetration tests.
		Briefings on this topic were provided to the Board, the Audit Committee and the Executive Committee throughout the year.	
	Sensitive employee, customer or other data may be stolen and distributed or used illegally, leading to increased operating costs, litigation and fines or penalties.		Core IT systems and data centres for the Group's material businesses, including the Group's principal e-commerce businesses, have documented disaster recovery plans which are tested annually. Crisis management and communications plans are regularly updated.
		The Group reviewed the adequacy of its "cyber" insurance arrangements.	
	These technology systems, on which our branches, distribution centres and e-commerce businesses rely, may be disrupted for several hours or days. As a result, Wolseley could forego revenue or profit margins if we are unable to trade.		
			Insurance coverage is in place, including coverage for "cyber" risks.
g. Litigation			
Inherent risk level: Medium Trend: No change	The international nature of the Group's operations exposes it to the potential for litigation from third parties and such exposure is considered to be greater in the USA than in Europe.	During the year, there has been no material change in the level of litigation to which the Group is exposed.	Levels of litigation are monitored by individual operating companies. A monthly report of potential exposures and current litigation is submitted by all businesses and reviewed by the Group General Counsel.
		An improved management information system was introduced to improve the reporting and analysis of actual and potential litigation.	
	Material levels of litigation may arise from many of the Group's activities. Significant levels of litigation in our industry sector have in the past related to products, employees or major contracts.		Contracting procedures are continuously reviewed and improved against a "good practice" framework used by all Wolseley businesses.
		A review of policies and procedures relating to product liability was undertaken in 2016 and the findings were reported to the Board. Internal audits have been undertaken in all major businesses to test procedures. Improvements are being implemented.	
	Acquisitions and disposals and the restructuring of under-performing businesses may also give rise to litigation.		The Group periodically re-assesses the level of product-related risk in all business units. Due diligence is conducted on products and suppliers considered to be high risk. Product testing is carried out in certain businesses supplying product to industrial customers.
	For more information on specific litigation affecting the Group, see pages 79, 95 to 96 and 105.	The level of contractual protection afforded to the Company under product and employee-related contracts has improved during the year.	
			KPIs are used to measure the level of contractual and other protection.
		Contracting procedures continue to be improved in all businesses.	
			In the case of claims related to exposure to asbestos, Wolseley

			continues to employ independent professional advisers to actuarially determine its potential gross liability. Wolseley has insurance which exceeds the current estimated liability relating to asbestos claims.
h. Regulations			
Inherent risk level - Medium Trend - No change	The Group's operations are affected by various statutes, regulations and standards in the countries and markets in which it operates. The amount of such regulation and the penalties can vary.	There has been no major change in the level of regulation applying to the Company. During the year, the There has been no major change in the level of regulation applying to the Company.	The Group monitors the law across its markets to ensure the effects of changes are minimised and the Company complies with all applicable laws.
	While the Group is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws relating to competition, product safety, timber sourcing, data protection, labour and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, land usage, the environment, health and safety, transportation, payment terms and other matters.	Anti-bribery and anti-corruption practices in all businesses were reviewed during the year and the findings reported to the Executive Committee and to the Audit Committee. Improvements are being implemented. Further information on the Company's ethics and compliance programme can be found on page 28.	The Group's Code of Conduct sets out the behaviours expected of Wolseley employees. This includes clear statements that the Company does not permit bribery or the giving or receiving of improper gifts, that it does not tolerate fraud and that employees must comply with anti-trust laws.
	Breach of any legal or regulatory requirement could result in significant fines and penalties and damage to the Company's reputation.		The Group aligns Company-wide policies and procedures with its key compliance requirements and monitors their implementation. Briefings and training on legal and regulatory topics and compliance requirements, including anti-trust, anti-fraud and anti-corruption, are undertaken. Where appropriate, tests are conducted to ensure that the Company would respond appropriately to a regulatory investigation.

Related Party Transactions

There are no related party transactions requiring disclosure under IAS 24 "Related Party Disclosures" other than the compensation of key management personnel which is set out in the following table:

Key management personnel compensation (including Directors)	2016 £m	2015 £m

Salaries, bonuses and other short-term employee benefits	8	9
Termination and post-employment benefits	1	2
Share-based payments	4	4
Total compensation	13	15

More detailed disclosures on the remuneration of the Directors are provided in the Remuneration report on pages 58 to 72.

Directors' Responsibilities Statement

This statement is repeated here solely for the purpose of complying with DTR 6.3.5. This statement relates to and is extracted from the Annual Report 2016. It is not connected to the extracted information presented in this announcement or the preliminary results announcement released on 27 September 2016.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

· select suitable accounting policies and then apply them consistently;

· make judgements and accounting estimates that are reasonable and prudent;

· state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

· prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

· properly select and apply accounting policies;

· present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

· provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

· make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Wolseley plc as at the date of this Annual Report are as follows1:

Gareth Davis, Chairman*

John Martin, Group Chief Executive

Frank Roach, Chief Executive Officer, USA

Alan Murray, Senior Independent Director*

Tessa Bamford*

John Daly*

Pilar Lopez*

Darren Shapland*

Jacky Simmonds*

* Non Executive Director.

1 Ian Meakins stepped down as Group Chief Executive on 31 August 2016.

Each Director confirms that, to the best of their knowledge:

· the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

· the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

· the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For further information please contact

Wolseley plc

Graham Middlemiss
Group Company Secretary

Tel: +41 (0) 41723 2230

Notes to editors

1. About Wolseley

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, operating in North America, the UK and Continental Europe. Revenue for the year ended 31 July 2016 was £14,430 million and trading profit was £917 million. Wolseley has about 39,000 employees and is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies. For more information, please visit **www.wolseley.com** or follow us on Twitter **https://twitter.com/wolseleyplc**.

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