



NEWS RELEASE

Annual Financial Report

10/26/2012

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Wolseley PLC

26 October 2012

WOLSELEY PLC

(the "Company")

Publication Announcement: Annual Report and Accounts 2012 and Notice of Annual General Meeting 2012

Further to the release of the Company's preliminary results announcement on 2 October 2012, the Company announces that it has today published its Annual Report and Accounts 2012 ("**Annual Report 2012**"). The Company also announces that it has today posted to shareholders the Notice of Annual General Meeting to be held on 29 November 2012 (the "**Notice**").

The Annual General Meeting will take place at 3pm Swiss time (2pm, UK time) on Thursday, 29 November 2012 at Parkhotel, Industriestrasse 14, CH-6304, Zug, Switzerland with an audio-visual link to Deutsche Bank's London



office, Winchester House, 1 Great Winchester Street, London, EC2N 2DB.

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 2012; and
- Notice of Annual General Meeting to be held on 29 November 2012.

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=321 and from 29 October 2012 an online version of the Annual Report can be accessed at <http://annualreport2012.wolseleyplc.com>.

Special Dividend and Share Consolidation

On 2 October 2012, the Company announced its intention to return approximately £350 million to shareholders via a Special Dividend and Share Consolidation. The Notice sets out full details of the proposed Special Dividend and associated Share Consolidation.

Special Dividend

It is proposed that the amount of the Special Dividend is 122 pence per Existing Ordinary Share. The Board is proposing to pay the Special Dividend to Shareholders who are on the Register at 5.00pm (UK time) on 7 December 2012. The Special Dividend is expected to be paid to Shareholders on 31 December 2012.

Share Consolidation

It is proposed that the payment of the Special Dividend be accompanied by a consolidation of the Company's ordinary share capital. The Share Consolidation will replace every 23 Existing Ordinary Shares with 22 New Ordinary Shares. Upon the Share Consolidation becoming effective, the nominal value of the Existing Ordinary Shares will change from 10 pence to 105/11 pence per New Ordinary Share. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market as soon as practicable after the Share Consolidation for the best price reasonably obtainable on behalf of the relevant Shareholders. The net proceeds of the sale, after the deduction of the expenses of the sale, are expected to be paid in due proportion to the relevant Shareholders on Friday, 21 December 2012. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

As at the close of business on 24 October 2012 (being the latest practicable date prior to the publication of the

Notice) when the closing mid-market price per Existing Ordinary Share was 2677 pence and there were 286,350,888 Existing Ordinary Shares in issue, the total amount of the Special Dividend was equivalent to approximately 4.56 per cent. of the market capitalisation of the Company. The effect of the Share Consolidation will be to reduce the number of Existing Ordinary Shares in issue by approximately the same percentage.

As all ordinary shares will be consolidated, each Shareholder's shareholding as a proportion of the total number of issued ordinary shares in the share capital of the Company will be the same immediately before and after the implementation of the Share Consolidation (save in respect of fractional entitlements).

The expected timetable for the Final Dividend, Annual General Meeting, the Special Dividend and Share Consolidation are set out below:

	2012
Existing Ordinary Shares marked ex-entitlement to the Final Dividend	10 October
Record date for entitlement to the Final Dividend	5.00pm (UK time) on 12 October
Latest time and date for election to participate in the DRIP for the Final Dividend	5.00pm (UK time) on 9 November
Latest time and date for receipt by the ADR Depository of completed voting instruction cards from holders of ADRs	10.00am (New York time) on 23 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 Final Dividend to Shareholders	30 November
Purchase of Existing Ordinary Shares for participants in the DRIP in respect of the Final Dividend	30 November
Existing Ordinary Shares purchased pursuant to the DRIP in respect of the Final Dividend credited to CREST accounts	6 December
Record date for entitlement to the Special Dividend and for the Share Consolidation	5.00pm (UK time) on 7 December
ADR record date for entitlement to the Special Dividend	5.00pm (UK time) on 7 December
Commencement of dealings in New Ordinary Shares	8.00am (UK time) on 10 December



Commencement of dealings in new ADSs	8.00am (UK time) on 10 December
Existing Ordinary Shares marked ex-entitlement to the Special Dividend	10 December
CREST accounts credited with New Ordinary Shares	10 December
Latest time and date for election to participate in the DRIP for the Special Dividend	5.00pm (UK time) on 11 December
Payment (where applicable) of fractional entitlements for New Ordinary Shares; despatch (where applicable) of certificates for New Ordinary Shares	21 December
Payment of the Special Dividend to Shareholders	31 December
Purchase of New Ordinary Shares for participants in the DRIP in respect of the Special Dividend	31 December
New Ordinary Shares purchased pursuant to the DRIP in respect of the Special Dividend credited to CREST accounts	7 January 2013

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 2012

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 2 October 2012. That information together with the information set out below which is extracted from the Annual Report 2012 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 2012. Page and note references in the text below refer to page numbers in the Annual Report 2012. To view the preliminary announcement, visit the Company website: www.wolseley.com.

Principal risks and uncertainties

The nature of the industry in which we operate and our chosen strategy expose the Company to a number of risks.

There are areas of the Group's business where it is necessary to take risks to achieve a satisfactory return for shareholders. The Board has considered the nature and extent of the significant risks it is willing to take in achieving the Group's strategic objectives. The materialisation 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 mitigation strategies are employed to reduce these inherent risks to an acceptable level - these are summarised on the following pages. This year, "liquidity and funding" risks have been removed from the list of principal risks in light of the Group's strengthened financial performance, net debt levels and funding arrangements. "Capital expenditure and return on investment" risks have also been removed in light of lower risk levels and stronger controls. Some risk factors remain beyond the direct control of the Company and the risk management programme can only provide reasonable but not absolute assurance that key risks are managed to an acceptable level. The Company 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, treasury or health and safety related risks. Further information on financial risks and their management is contained on page 41. More information on health and safety can be found on page 53.

Inherent risk and trend	Definition	Mitigation
Market conditions		
Inherent risk level: High Trend: Stable	The Group's results depend on the levels of activity in new construction and property repair and remodelling markets. In light of the debt levels in Europe and concerns about the USA recovery, there continues to be a risk that markets may fluctuate rapidly or experience further downturns. Factors influencing this risk include: the general rate of GDP growth; consumer confidence; the availability of credit to finance customer investment; mortgage and other interest rates; the level of government initiatives to stimulate economic activity; inflation; and unemployment. These factors are out of the Group's control and are difficult to forecast. Traditional processes for producing management information may need enhancing to enable the Company to respond to such rapidly-changing markets.	The Company believes it has effective measures in place to respond to market conditions. Our mitigation strategy is to reinforce existing measures in place. These include: resource allocation processes; planning, budgeting and forecasting processes; debt reduction and refinancing; cost reduction, pricing and gross margin management initiatives, including a focus on customer service and productivity improvement; diversification into the sectors, such as commercial and industrial, which have proved more robust; and improvements in monthly management information. Measures introduced in the last 12 months include the disposal of businesses where the Company



cannot establish a market leading position in attractive markets. Such operations included Bathstore and Build Center in the UK and Brossette in France. The Company has also announced its intention to explore strategic options for its other businesses in France. The quality of monthly management information has been improved to enable businesses to better identify and respond to changes in the business environment.

Margin erosion

Inherent risk level: High

Trend: Stable

Market conditions continued to increase competition during the period under review, which, if not mitigated, could lead to downward pressure on sales prices and profit margins. There is a risk that such competitive pressures will continue and could be exacerbated by factors such as levels of economic activity, customer or supplier consolidation, manufacturers shipping directly to customers, other changes in the route to market, and changes in technology.

The Company continues to reinforce the mitigation actions in place. Gross margin improvement initiatives remain a priority for all businesses. We believe that high levels of customer service and product availability play a fundamental role in maintaining competitive advantage. The Group has continued with its programme of work to improve levels of customer service and inventory. A number of local initiatives have been undertaken by Wolseley businesses in the last 12 months, including: improved analysis of monthly margin performance at Group and business unit level; dedicated gross margin initiatives and expense reduction programmes in Canada improved transparency on performance and incentives in the USA through the use of an innovative software tool; improved claims management in the UK businesses; and improved supplier pricing terms in the Nordic region.

Litigation

Inherent risk level: Medium/high

Trend: Stable

The international nature of Wolseley'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. Wolseley's strengths include its employees, its products and the terms it negotiates with its suppliers. It is in these areas where the potential risk of litigation may be greatest. Although the number of claims made against the Company has increased slightly during the year, there has been no material change in the level of exposure to the Group. For more information on specific litigation affecting the Company, see pages 104, 125, 136 and 157.

Levels of litigation are monitored by individual operating companies and by Group functions. To reduce its exposure to product-related claims, the Company has this year launched a major "Product Integrity" programme. This included a refreshed policy and set of requirements to which all businesses must adhere, as well as a programme of risk assessments and KPIs for major product categories. Further information is provided on page 59. The Company has been reviewing and improving its working practices especially in the United States and France in light of the more complex labour laws in those countries. In the case of claims related to exposure to asbestos, Wolseley employs independent professional advisers to actuarially determine its potential gross liability. Wolseley has insurance which exceeds the current estimated liability relating to asbestos claims. This year the Company has also improved the general liability insurance cover it procures.

Employee motivation and retention

Inherent risk level: Medium

Wolseley's ability to provide leadership and products and services to customers depends on retaining sufficiently

An updated, comprehensive People Strategy was approved by the Board in 2011. This sets out key

Trend: Stable

qualified, experienced and motivated personnel. In order to increase productivity, and be able to take growth opportunities when markets improve, Wolseley must maintain the skills and experience of its existing management and continue to develop the managers of the future. While staff turnover rates are stable at present the current difficult conditions experienced in certain markets, and the Group's response to them, may demotivate remaining staff.

principles and practices for people management, which operating companies will implement in their businesses. Specific examples of activity in business units includes: reviews of succession planning and improved interview processes in Canada; and a new leadership skills programme in Wolseley UK. Effective personal performance management underpins this strategy. The quality of individuals' performance reviews is being monitored and improved in all areas of the business. The Company monitors voluntary turnover rates and employee engagement scores. Further metrics will be put in place in the coming year. Succession planning exercises are undertaken each year, along with a review of the Company's most talented and promising individuals. Career mobility has been increased, providing more staff with the opportunity to work in different areas of the Group. The Group continues to invest in development programmes for senior leadership, managers and all other staff.

Systems and Infrastructure capabilities and resilience

Inherent risk level: Medium/low

Trend: Rising

The Group can only carry on business as long as it has the information technology and the physical infrastructure to do so. The safe and continued operation of such systems and infrastructure is threatened by natural and man-made perils and is affected by the level of investment available to improve them. For example: some of the Company's physical assets are located in areas exposed to natural catastrophe risks; we remain reliant on a number of different technology systems across the Group, some of which have been operating for many years; to optimise costs and supply chain efficiency, some companies within the Wolseley Group have also centralised their distribution network and are therefore reliant on a smaller number of larger distribution centres; and the level and sophistication of IT security threats are increasing.

Core IT systems and data centres for the Nordics, USA and UK have documented disaster recovery plans which are tested annually. In the United States, significant improvements have been made in the recovery times for core systems and our business there has been certified as Payment Card Industry compliant. External reviews have been conducted of data centres in the UK and Denmark, and recommendations for improvement are being addressed. The Company operates an IT governance framework including dedicated IT security policies. Specific operational controls for IT security include intrusion prevention and detection, penetration testing, wireless remediation of issues, log and configuration management and in-flight projects to reduce the likelihood of an incident. The Company has made initial investments in software to improve its ability to identify and recover data. The loss of a physical site is naturally hedged by the diversified nature of our locations, customers and suppliers. The Company has formally documented and tested plans for those distribution centres, head office buildings and data centres where the risk is deemed to be greatest. A comprehensive insurance programme is purchased, including coverage for "cyber" risks.

Related Party Transactions

There are no related party transactions requiring disclosure under IAS24. "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)	2012 £m	2011 £m
Salaries, bonuses and other short-term employee benefits	8	9
Termination and post-employment benefits	-	1
Share-based payments	4	1
Total compensation	12	11

More detailed disclosures on the remuneration of the Directors are provided in the Remuneration report on pages 84 to 96.

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 2012. It is not connected to the extracted information presented in this announcement or the preliminary results announcement released on 2 October 2012.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. The Directors have prepared the Directors' Remuneration Report as if the Company were required to do so in accordance with the UK Companies Act 2006. Companies (Jersey) Law 1991 requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors are also responsible for preparing parent company financial statements in accordance with United Kingdom Accounting Standards, and for being satisfied that the Group and parent company financial statements give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period. In preparing these 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial

statements respectively; and

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

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 the Group and enable them to ensure that the Group financial statements comply with the Companies (Jersey) Law 1991 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 Company's website. Jersey legislation and United Kingdom regulation, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 64 and 65, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Performance review contained in the report of the directors includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For further information please contact

Wolseley plc

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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 in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2012 was £13,421 million and trading profit was £665 million. Wolseley has approximately 41,000 employees, 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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