

FY10 Half Year Results

3/22/2010

Results for the half year to 31 January 2010

Half year to 31 January	2010 £m	2009 Restated(1) £m	Reported change	Constant Currency(2) change
Revenue	6,331	7,458	(15.1%)	(17.1%)
Trading profit (3)	167	251	(33.5%)	(34.1%)
Exceptional items	(255)	(120)		
Amortisation and impairment of acquired intangibles	(119)	(512)		
Operating loss	(207)	(381)		
Loss before tax	(261)	(464)		
Basic loss per share - continuing operations	(79.5)p	(256.1)p		
Earnings per share - continuing operations	24.5p	63.6p		
Net debt at 31 January	910	2,486		

1. Restated to present Stock Building Supply as a discontinued operation.
2. Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the interim financial statements for the half year ended 31 January 2010.
3. Before exceptional items and amortisation and impairment of acquired intangibles.

Financial highlights

- Revenue of £6,331 million, 15.1% below last year.
- Rate of like for like revenue decline continues to slow.
- Gross margin broadly maintained despite tough trading environment.
- Distribution and other administration costs in the half year excluding exceptional items reduced by £272 million (14.7%). Monthly run rate now broadly flat.
- Generated trading profit of £167 million.
- Net debt reduced by £49 million since the start of the financial year to £910 million (31 July 2009 : £959 million).

Operating highlights

- Exited underperforming businesses in Ireland, Belgium, Czech Republic and Slovakia.
- Resilient performance in Ferguson despite tough trading conditions in Commercial and Industrial markets.
- Improved trading profit in Wolseley UK, Nordic and Central and Eastern Europe driven principally by benefits of cost reductions made last year.
- Weak market environment in France and underperformance in Brossette resulted in loss of £5 million in the first half; action plan developed to return the business to profitability.
- Completed group-wide review of resource allocation, good progress with business unit strategy review.

Outlook

- The economic environment continues to provide limited visibility and demand is not consistent across our business units.
- Residential markets, including RMI, have now broadly stabilised although we remain cautious due to credit conditions, levels of foreclosures and the unemployment rate.
- Commercial and Industrial markets continue to decline, particularly in the US.
- Against this backdrop, the Group will continue to focus on delivering an improved service to customers, maintaining market share and gross margins, delivering a good cash performance and maintaining cost discipline.

Ian Meakins, Group Chief Executive, said

“The results for the first half reflect good progress on cost reductions which were delivered ahead of schedule. Market conditions remain challenging, though we are now seeing stabilisation in many of our markets. Against this backdrop, the Group will continue to focus on an improved service to customers, maintaining market share and gross margins, delivering a good cash performance and maintaining cost discipline.”

“The resource allocation work shows us clearly where to prioritise investment in our leading businesses where we have a strong competitive advantage and can generate the best returns.”

FULL ANNOUNCEMENT

Download the Half Year Results for the six months ended 31 January 2010 (pdf)

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There will be an analyst and investor meeting at 0930 (UK time) today at Deutsche Bank, The Auditorium, 1 Great Winchester Street, London EC2N 2DB. A live audio cast and slide presentation of this event will be available at 0900 on **www.wolseley.com**. We recommend you register at 0845. Photographs of Ian Meakins, Group Chief Executive are available at: **www.newscast.co.uk** and **www.wolseleyimages.com**

A fuller version of this release may be downloaded in **PDF format**