



NEWS RELEASE

Final Results for the year ended 31 July 2015

9/29/2015

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Wolseley PLC

29 September 2015

WOLSELEY PLC

ANOTHER YEAR OF GOOD PROGRESS



dividends and share buybacks over the year.

- Proposed final dividend 10% ahead of last year.
- Further £300 million share buyback programme announced.
- Impairment and exceptional items of £242 million (2014: credit of £1 million) includes previously announced impairment charge of £234 million relating to the Nordics.

(1) "Ongoing businesses" excludes businesses that have been closed, disposed of or classified as held for sale. (2) Before exceptional items, the amortisation and impairment of acquired intangibles and with respect to headline earnings per share before non-recurring tax items. (3) Restated to present the French businesses as discontinued operations under IFRS 5. (4) The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

Operating and corporate highlights

- Continued strong growth and record trading margin of 8.2% in Ferguson (US).
- Strong growth of e-commerce, now 13% of Group revenue at £1.7 billion.
- Decent revenue growth in the UK in a challenging market.
- Improved performance in the Nordics with continuing focus on restoring profitability.
- Good progress on investments supporting the development of a more efficient business model.
- Completed 18 bolt-on acquisitions with annualised revenue of £220 million.
- Good progress towards disposal of the French building materials business.

Ian Meakins, Chief Executive, commented:

"The highlight of these results was another great performance by Ferguson in the US where we achieved strong like-for-like revenue growth ahead of the market and a 50 basis point improvement in the trading margin to 8.2%, which is a record. We continue to face some challenging markets in the rest of the Group and remain focused on improving growth rates and protecting gross margins whilst keeping the cost base tight.

"Wolseley continues to be highly cash generative and we have adequate resources to fund our capital investment programme, bolt-on acquisitions and growth in ordinary dividends. We are also announcing a £300 million share buyback which reflects the Group's strong financial position and management's confidence in the business."

Commenting on the outlook, Ian Meakins said:

"We expect to generate like-for-like revenue growth of about 4 per cent in the first half. In the US we expect continued good growth in Blended Branches, Waterworks, HVAC, B2C and Fire and Fabrication underpinned by decent Commercial and Residential markets. However, Industrial markets in North America, which account for about 15 per cent of revenue in the region, were challenging in the fourth quarter and we expect this to continue. We expect a continued steady recovery in Nordic markets, although the heating market in the UK is expected to remain very competitive with little growth. Overall, we expect to make continued progress in 2016."

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There will be an analyst and investor presentation at 0930 (UK time) today at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. A live video webcast and slide presentation of this event will be available on www.wolseley.com. We recommend you register at 0915 (UK time). Photographs are available at www.newscast.co.uk.

RESULTS FOR THE YEAR ENDED 31 JULY 2015

Group results

The Group delivered a good overall result against a backdrop of good market conditions in the USA but continued challenging market conditions in Europe and Canada. Demand in the Repairs, Maintenance and Improvement (RMI) markets grew modestly in most countries, except the UK. Commercial markets in the USA grew well, but Industrial markets across North America weakened in the second half due to the impact of lower oil prices and the strengthening of the US dollar. New residential construction markets were good in the USA and UK but remained weak in the rest of the Group. We gained market share in all our major businesses.

Revenue of £13,300 million from the ongoing businesses (2014: £11,952 million) was 10.1% ahead at constant exchange rates and 7.1% ahead on a like-for-like basis. There was price deflation in the USA, UK and Central Europe and modest price inflation in Canada and the Nordics. Improving gross margin remains a key focus and this was 10 basis points ahead in the ongoing business. This was achieved as a result of focusing on a better mix of higher value-added products and services and improving our purchasing terms.

Operating expenses in the ongoing business were 10% higher at constant exchange rates, including 3% from acquisitions. We continued to make good progress on developing a more efficient business model, investing a further £30 million of operating costs in new distribution centres and hubs, technology, process and network infrastructure to support improvements in operational efficiency.

Trading profit in the ongoing business was £857 million (2014: £752 million), 11.4% ahead of last year at constant exchange rates. Businesses disposed of, closed or classified as held for sale made trading losses of £3 million (2014: £nil). The trading margin for the ongoing business increased to 6.4% (2014: 6.3%) in line with the peak margin achieved in 2007. The number of trading days was in line with last year though there will be one day less in the year ending 31 July 2016. Foreign exchange rate movements increased ongoing revenue by £127 million and trading profit by £17 million. Exchange rates are currently close to rates experienced in the year to 31 July 2015.

As announced at the half year, an impairment charge of £238 million has been made primarily in relation to goodwill and intangible assets in the Nordics. This was as a result of continued challenging market conditions in the region which adversely impacted our expectations of future profitability. The normal amortisation charge in relation to the Group's acquired intangible assets was £56 million (2014: £46 million).

Net finance costs of £48 million (2014 restated: £29 million) included £22 million of exceptional charges (2014: £nil) arising from the recycling of foreign exchange differences previously recorded in reserves in respect of companies that have been liquidated as part of our entity reduction programme. The effective tax rate on ongoing trading profit less net finance costs was 27.9% (2014: 28.4%).

Profit before tax of £508 million (2014: £676 million) reflects the impairment and exceptional finance charges.

Our businesses in France have been classified as discontinued and generated revenue of £587 million, a trading loss of £2 million and an exceptional charge of £123 million.

Headline earnings per share were 230.2 pence (2014: 195.0 pence) an increase of 18.1%, reflecting the growth in trading profit, lower finance charges and accretion from the share buyback. Basic earnings per share from continuing operations were 82.1 pence (2014: 189.8 pence).

Operating and Financial Review

Further details of the financial performance and market conditions in the Group's ongoing businesses and the reconciliation to reported results are set out below.

Quarterly like-for-like revenue growth

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
USA	+11.1%	+12.4%	+11.1%	+8.3%	+7.1%
UK	(2.6%)	+0.5%	+3.4%	+7.6%	+3.1%
Nordics	(2.3%)	+1.9%	+5.4%	+8.8%	+6.4%
Canada	+3.7%	+3.6%	+3.1%	(1.9%)	(5.8%)
Central Europe	+0.1%	(7.0%)	+4.6%	+1.0%	(3.4%)
Ongoing businesses	+5.9%	+7.5%	+8.4%	+7.5%	+5.4%

Regional analysis

£ million	Revenue				Change (at constant exchange rates)	Like-for-like Change	Trading profit	
	Revenue	Revenue	Change	Change			2015	2014
	2015	2014						
USA	8,337	7,045	+18.3%	+12.4%	+9.6%	683	542	
UK	1,987	1,853	+7.2%	+7.2%	+3.6%	90	96	
Nordics	1,863	1,892	(1.5%)	+9.6%	+5.5%	72	80	
Canada	708	736	(3.8%)	+1.5%	(0.3%)	34	43	
Central Europe	405	426	(4.9%)	(1.4%)	(1.4%)	21	26	
Central and other costs						(43)	(35)	
Ongoing businesses	13,300	11,952	+11.3%	+10.1%	+7.1%	857	752	
Closed, sold or held for sale	32	319				(3)	-	
Group	13,332	12,271				854	752	

USA (76% of ongoing Group trading profit)

Ferguson, our US plumbing and heating business, grew revenue 9.6% on a like-for-like basis and the trading margin of 8.2% (2014: 7.7%) was another record. Price deflation was 0.2% principally due to falling commodity prices. Acquisitions contributed 2.8% of additional revenue growth. The RMI, new residential and commercial markets all grew steadily. Industrial markets grew strongly in the early part of the year, but were adversely impacted in the second half by a weakening oil and gas sector and the strength of the US dollar.

Blended Branches continued to grow strongly across all main regions, benefiting from growing markets and continued market share gains. Waterworks grew very strongly and gained market share. The HVAC and Fire and Fabrication businesses both generated good growth. Build.com, our B2C e-commerce business, continued to grow very strongly throughout the year. Industrial, which represents about 15% of Ferguson's revenues, grew strongly in the first half but declined in the fourth quarter as activity levels fell, particularly in the major oil producing states.

Market growth in the year was about 5% and we increased market share in all segments of our business. We continued to drive improvements in more tailored customer propositions, sales force productivity, consistent pricing and the efficiency of the branch network. Online ordering is now an essential channel for customers giving them flexibility to do business with us 24/7. Accordingly we have continued to invest in our B2B and B2C technology platforms which accounted for £1.5 billion (18%) of Ferguson's revenue. We will continue to focus on driving improvements in product availability including availability of our high demand 'every day' products (defined as the best selling 3,000 products in a region) which was 98.8%. This continues to be an important factor as we constantly improve our industry leading customer service.

We increased our gross margins and operating expenses were 11% higher than last year at constant exchange rates including 3% from acquisitions. Exchange rate movements were favourable and increased trading profit by £29 million. Trading profit of £683 million (2014: £542 million) was 19.8% ahead of last year at constant exchange rates.

13 acquisitions were completed during the year and these are being integrated with our existing business units. In the final quarter we acquired eComfort, a Chicago-based HVAC company, and W R White a Waterworks business based in Salt Lake City. The businesses acquired in the year had total annualised revenue of £131 million. Since the year end we have also acquired Central Pipe and Supply, an Alabama-based Fire and Fabrication business, with annualised revenue of £5 million.

We opened a net 14 branches in the year with a further 27 arising from acquisitions. Headcount growth was 9%, of which 2% arose from acquisitions.

We disposed of our small, non-core Specialty Pipe business during the year and the results of this business have been excluded from the results of the ongoing business.

UK (10% of ongoing Group trading profit)

In the UK, like-for-like revenue growth in the year was 3.6%, including price deflation of 0.8%. Acquisitions contributed 4.1% of additional revenue growth. Whilst new residential construction markets, which account for about 8% of UK revenues, were strong, RMI markets, which represent 52% of UK revenue, remained weak and were flat in the second half. Revenue was modestly ahead in Plumbing and Heating and Pipe and Climate and our utilities business Burdens continued to grow strongly.

Overall we made modest market share gains as the heating market weakened with low volumes from government sponsored programmes and pricing pressure continued to impact gross margins. We continued to focus on broadening our range of products including our plumbing categories which grew by 8%. Operating expenses were 8% higher than last year including 5% from acquisitions and £2 million of one-off restructuring charges.

During the year we acquired BathEmpire.com, a B2C online bathroom retailer with annualised revenue of £26 million, and MPS, a utilities distributor, with annualised revenue of £38 million.

Overall we closed a net 10 branches in the year. Headcount was well controlled, increasing organically by 2%, with a further 4% growth from acquisitions. Trading profit of £90 million was £6 million below last year and the trading margin was 4.5% (2014 : 5.2%).

Nordics (8% of ongoing Group trading profit)

In the Nordics, like-for-like revenue growth was 5.5% including 0.7% price inflation. Acquisitions contributed 4.9% of additional revenue growth. Market conditions improved progressively in the second half of the year in Denmark and Sweden but remained very challenging in Finland. We gained or held market share in all of our businesses.

Gross margins were in line with last year before the impact of acquisitions. Operating expenses increased by 10% at constant exchange rates including 4% from acquisitions.

During the year we acquired Hobro Ny Traelast a single builders merchant site with annualised revenue of £10 million.

Overall we closed a net 8 branches in the year. Headcount was well controlled, up 1%. Exchange rate movements were unfavourable and reduced trading profit by £9 million. Before foreign exchange movements, trading profit for the ongoing business of £72 million was broadly flat.

The trading margin for the ongoing businesses was 3.9% (2014: 4.2%).

Canada (4% of ongoing Group trading profit)

In Canada, like-for-like revenue fell by 0.3% despite price inflation of 2.3% due to the impact of the strengthening of the US dollar on imports. Market conditions deteriorated sharply in the second half, particularly in the west as a result of the fall in oil prices.

Blended Branches revenue grew modestly and we held market share. Waterworks and Industrial revenue was lower in the second half. Gross margins were slightly ahead of last year. Operating expenses included £5 million of non-recurring restructuring costs, before which operating expenses were lower on a constant currency basis.

We added a net 4 new branches overall in the year and headcount was flat compared to last year. Exchange rate movements were unfavourable and reduced trading profit by £2 million. Reported trading profit of £34 million was

£9 million behind last year.

We disposed of our HDPE pipe business during the year and the results of this business have been excluded from the results of the ongoing business.

During the year we acquired Goodman and QIP, two small industrial businesses with total annualised revenue of £15 million.

The trading margin in the ongoing businesses was 4.8% (2014: 5.8%).

Central Europe (2% of ongoing Group trading profit)

Central Europe comprises Tobler and Wasco our plumbing and heating businesses in Switzerland and the Netherlands. Like-for-like revenue declined by 1.4% in the year, due principally to price deflation. In Switzerland the market declined sharply but construction markets improved in the Netherlands.

Gross margins were lower due to mix and pricing pressure in competitive markets. Operating expenses were tightly controlled and were 1% lower, including £1 million of one-off restructuring charges. In the ongoing business net branches increased by 3 in the year and headcount was 1% lower compared to last year. Foreign exchange rate movements reduced trading profit by £1 million. Trading profit in the ongoing businesses was £21 million (2014: £26 million).

The trading margin in the ongoing businesses was 5.2% (2014: 6.1%).

Businesses closed, disposed of or classified as held for sale

Businesses closed, disposed of or classified as held for sale generated revenue of £32 million (2014: £319 million) and made a trading loss of £3 million (2014: £nil).

Discontinued operations

During the year the Group sold its Wood Solutions business in France and incurred an exceptional loss on disposal of £59 million. The Group is in the process of selling its remaining business and property assets in France and, in accordance with IFRS 5 the business and property assets have been classified as discontinued and prior periods have been restated to reflect this. The net assets of the business and property assets have been assessed against their recoverable amounts and have been written down to their estimated fair value, less costs to sell. The impairment resulting from this assessment is £67 million which has been categorised as an exceptional item.

An exceptional gain of £16 million has been recognised within discontinued operations relating to the disposal of convertible bonds received from the sale of a business in France last year.

Management changes

Patrick Headon was appointed as UK Managing Director on 1 May 2015, succeeding Steve Ashmore. Ole Mikael Jensen will step down as CEO of the Nordic region on 30 September 2015 and the search for a successor is underway. The Board would like to thank Steve and Ole for their significant contribution to the business.

Tax

The tax charge of £187 million includes a £3 million tax charge on exceptional items and is stated net of a £47 million credit on the amortisation and impairment of intangible assets. The underlying tax charge of £232 million represents an effective tax rate on ongoing trading profit less net finance costs of 27.9% (2014 restated: 28.4%).

Cash flow

The Group generated EBITDA of £971 million (2014: £847 million). Acquisitions resulted in a cash outflow of £105 million. Interest and tax payments amounted to £253 million and dividends and share buyback payments were £472 million (2014: £489 million). Capital investment amounted to £231 million (2014: £201 million).

Net debt

The Group's reported net debt at 31 July 2015 was £805 million (31 July 2014: £711 million). Net debt would have been approximately £130 million higher after taking into account short term fluctuations in working capital at the year end. The Group aims to operate within investment grade credit metrics and with a net debt/EBITDA ratio of 1x to 2x.

The Group has a strong liquidity position with credit facilities of £2.2 billion. We have recently refinanced the Group's debt facilities including a new 5 year revolving credit facility of £800 million and US\$800 million of 7-12 year term debt raised in the US Private Placement market. These new facilities secure the Group's long-term financing requirements.

Pension obligations

Net pension liabilities were £15 million (2014: net assets of £7 million), the difference arising from changes in demographic and financial assumptions partly offset by improved equity markets.

Shareholder returns

The Group aims to generate attractive and sustainable financial returns for shareholders. The Board will recommend a final dividend of 60.5 pence per share (2014: 55.0 pence per share) for payment on 3 December 2015 to shareholders on the register on 23 October 2015. This will bring the total dividend for the year to 90.75 pence per share (2014: 82.5 pence per share), which is a year-on-year increase of 10.0%. The Board is committed to a progressive dividend policy. Our investment priorities remain focused on achieving organic growth, maintaining the ordinary dividend through the cycle and investing in bolt-on acquisitions that meet our stringent investment criteria. Any surplus cash after meeting these investment needs will be returned to shareholders.

Reflecting management's confidence in the business and the continuing strong cash generation of the Group, and after taking into account the excellent opportunities to invest in organic growth and acquisitions, the Board considers that the Group has surplus cash resources available. The Group will now commence a £300 million share buyback programme with the intention to complete this within the next 12 months.

Outlook

We expect to generate like-for-like revenue growth of about 4 per cent in the first half. In the US we expect continued good growth in Blended Branches, Waterworks, HVAC, B2C and Fire and Fabrication underpinned by decent Commercial and Residential markets. However, Industrial markets in North America, which account for about 15 per cent of revenue in the region, were challenging in the fourth quarter and we expect this to continue. We expect a continued steady recovery in Nordic markets, although the heating market in the UK is expected to

remain very competitive with little growth. Overall, we expect to make continued progress in 2016.

Notes to statement

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. Ongoing revenue for the year ended 31 July 2015 was £13,300 million and ongoing trading profit was £857 million. Wolseley has about 38,500 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>.

2. Financial calendar

	2015
US capital markets day - New York City	12 November
Annual General Meeting	1 December
Q1 IMS for the period ending 30 October 2015	2 December
	2016
H1 results for period ending 31 January 2016	22 March*
Q3 IMS for the period ending 30 April 2016	1 June
Full Year Results for year ended 31 July 2016	27 September

*Please note change of date from that previously published

3. Timetable for the final dividend

The timetable for payment of the final dividend of 60.50 pence per share is as follows:

Ex dividend date:	22 October 2015
Record date:	23 October 2015
Payment date:	3 December 2015

A dividend reinvestment plan is in operation. Those shareholders who have not elected to participate in this plan, and who would like to participate with respect to the 2015 final dividend, may do so by contacting Equiniti on 0371 384 2934 (or if outside the UK +44 (0) 121 415 7173). The last day for election for the proposed final dividend is 12 November 2015 and any requests should be made in good time ahead of that date.

4. Legal disclaimer

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and 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, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating and building materials market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation

will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules, the Prospectus Rules, the Disclosure Rules and the Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Group income statement

Year ended 31 July 2015

	Notes	*Restated					
		2015 Before exceptional items £m	2015 Exceptional items (note 3) £m	2015 Total £m	2014 Before exceptional items £m	2014 Exceptional items (note 3) £m	2014 Total £m
Revenue	2	13,332	-	13,332	12,271	-	12,271
Cost of sales		(9,604)	-	(9,604)	(8,855)	(8)	(8,863)
Gross profit		3,728	-	3,728	3,416	(8)	3,408
Operating costs:							
amortisation of acquired intangibles		(56)	-	(56)	(46)	-	(46)
impairment of acquired intangibles		(238)	-	(238)	-	-	-
other		(2,874)	(4)	(2,878)	(2,664)	7	(2,657)
Operating costs		(3,168)	(4)	(3,172)	(2,710)	7	(2,703)

Operating profit	2	560	(4)	556	706	(1)	705
Finance income		1	-	1	1	-	1
Finance costs	4	(27)	(22)	(49)	(30)	-	(30)
Profit before tax		534	(26)	508	677	(1)	676
Taxation	5	(184)	(3)	(187)	(191)	(3)	(194)
Profit from continuing operations		350	(29)	321	486	(4)	482
(Loss)/profit from discontinued operations	6	(1)	(107)	(108)	2	20	22
Profit for the year attributable to shareholders of the Company		349	(136)	213	488	16	504
Earnings per share	9						
Continuing operations and discontinued operations							
Basic earnings per share						82.1p	189.8p
Diluted earnings per share						81.9p	188.8p
Continuing operations only							
Basic earnings per share						123.8p	181.5p
Diluted earnings per share						123.4p	180.5p
Non-GAAP performance measures							
Trading profit from ongoing operations		857					752
Trading loss from non-ongoing operations		(3)					-
Trading profit from continuing operations	8	854					752
EBITDA before exceptional items	8	971					847
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	8	828					723
Headline earnings per share	9	230.2p					195.0p
Headline diluted earnings per share	9	229.4p					194.0p

*Restated to present the French businesses as discontinued operations under IFRS 5.

Group statement of comprehensive income

Year ended 31 July 2015

	2015 £m	2014 £m
Profit for the year	213	504
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain/(loss) on translation of overseas operations	10	(340)
Exchange (loss)/gain on translation of borrowings and derivatives designated as hedges of overseas operations	(46)	77
Cumulative currency translation differences on disposals	26	(12)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss)/gain on retirement benefit plans	(61)	85
Tax credit/(charge) on items that will not be reclassified to profit or loss	15	(15)
Other comprehensive expense for the year	(56)	(205)
Total comprehensive income for the year	157	299
Total comprehensive income/(expense) attributable to:		
Continuing operations	276	297
Discontinued operations	(119)	2
Total comprehensive income for the year	157	299

Group statement of changes in equity

Year ended 31 July 2015	Notes	Reserves					Profit and loss account £m	Non-controlling interest £m	Total equity £m
		Share capital £m	Share premium £m	Translation reserve £m	Treasury shares £m	Own shares £m			
Total comprehensive (expense)/income	-	-	(10)	-	-	167	-	157	
New share capital subscribed	-	1	-	-	-	-	-	1	
Purchase of own shares by Employee Benefit Trusts	-	-	-	-	(15)	-	-	(15)	
Issue of own shares by Employee Benefit Trusts	-	-	-	-	45	(40)	-	5	
Credit to equity for share-based payments	-	-	-	-	-	20	-	20	
Taxation relating to share-based payments	-	-	-	-	-	10	-	10	
Purchase of Treasury shares	-	-	-	(250)	-	-	-	(250)	
Disposal of Treasury shares	-	-	-	10	-	(2)	-	8	
Dividends paid	7	-	-	-	-	(222)	-	(222)	
Changes in non-controlling interest in subsidiaries	-	-	-	-	-	-	7	7	
Net addition to/(reduction in) shareholders' equity	-	1	(10)	(240)	30	(67)	7	(279)	
Opening shareholders' equity	29	41	127	-	(93)	2,782	-	2,886	
Closing shareholders' equity	29	42	117	(240)	(63)	2,715	7	2,607	

Year ended 31 July 2014	Notes	Reserves					Profit and loss account £m	Total equity £m
		Share capital £m	Share premium £m	Translation reserve £m	Own shares £m			
Total comprehensive (expense)/income	-	-	(275)	-	-	574	299	
New share capital subscribed	1	14	-	-	-	-	15	

Purchase of own shares by Employee Benefit Trusts	-	-	-	(26)	-	(26)
Issue of own shares by Employee Benefit Trusts	-	-	-	48	(43)	5
Credit to equity for share-based payments	-	-	-	-	22	22
Taxation relating to share-based payments	-	-	-	-	7	7
Dividends paid	7	-	-	-	(489)	(489)
Net reduction in shareholders' equity	1	14	(275)	22	71	(167)
Opening shareholders' equity	28	27	402	(115)	2,711	3,053
Closing shareholders' equity	29	41	127	(93)	2,782	2,886

Group balance sheet

As at 31 July 2015

	Notes	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets: goodwill	10	816	912
Intangible assets: other	10	195	286
Property, plant and equipment	10	1,164	1,226
Financial assets		16	17
Retirement benefit assets		57	96
Deferred tax assets		115	119

Trade and other receivables		172	162
Derivative financial assets		24	31
		2,559	2,849
Current assets			
Inventories		1,688	1,638
Trade and other receivables		1,915	1,965
Current tax receivable		4	16
Derivative financial assets		10	11
Cash and cash equivalents		1,105	240
		4,722	3,870
Assets held for sale	12	201	29
Total assets		7,482	6,748
Liabilities			
Current liabilities			
Trade and other payables		2,281	2,259
Current tax payable		58	69
Bank loans and overdrafts		1,001	159
Obligations under finance leases		4	7
Derivative financial liabilities		1	-
Provisions	11	78	98
Retirement benefit obligations		8	8
		3,431	2,600
Non-current liabilities			
Trade and other payables		125	111
Bank loans		913	791
Obligations under finance leases		25	36
Deferred tax liabilities		53	93
Provisions	11	128	149

Retirement benefit obligations		64	81
		1,308	1,261
Liabilities held for sale	12	136	1
Total liabilities		4,875	3,862
Net assets		2,607	2,886
Equity			
Share capital		29	29
Share premium account		42	41
Reserves		2,529	2,816
Equity attributable to shareholders of the Company		2,600	2,886
Non-controlling interest		7	-
Total equity		2,607	2,886

Group cash flow statement

Year ended 31 July 2015

	Notes	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	13	937	678
Interest received		2	2
Interest paid		(45)	(36)

Tax paid		(210)	(192)
Net cash generated from operating activities		684	452
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)	14	(105)	(194)
Disposals of businesses (net of cash disposed of)	15	35	34
Purchases of property, plant and equipment		(205)	(182)
Proceeds from sale of property, plant and equipment and assets held for sale		20	37
Purchases of intangible assets		(26)	(19)
Disposals of investments		31	-
Net cash used in investing activities		(250)	(324)
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		1	15
Purchase of shares by Employee Benefit Trusts		(15)	(26)
Purchase of Treasury shares		(250)	-
Proceeds from the sale of shares by Employee Benefit Trusts		5	5
Proceeds from the sale of Treasury shares		8	-
Proceeds from borrowings and derivatives		533	262
Repayments of borrowings		(324)	(7)
Finance lease capital payments		(4)	(11)
Dividends paid to shareholders		(222)	(489)
Net cash used by financing activities		(268)	(251)
Net cash generated/(used)		166	(123)
Effects of exchange rate changes		(77)	(13)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		89	(136)
Cash, cash equivalents and bank overdrafts at the beginning of the year		167	303
Cash, cash equivalents and bank overdrafts at the end of the year		256	167

Cash, cash equivalents and bank overdrafts at the end of the year in the Group balance sheet	257	167
Bank balances and overdrafts in liabilities held for sale	(1)	-
Cash, cash equivalents and bank overdrafts at the end of the year	256	167

Notes to the full year results announcement

Year ended 31 July 2015

1. Basis of preparation

The full year results announcement for the year ended 31 July 2015, which is an abridged statement of the full Annual Report, has been prepared in accordance with the International Financial Standards (IFRS) as adopted by the European Union.

The full year results announcement has been prepared on a going concern basis. The Directors are confident that on the basis of current financial projections and facilities available, and after considering sensitivities, the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months.

The Company is incorporated in Jersey under the Companies (Jersey) Law 1991 and is headquartered in Switzerland.

The financial information for the year ended 31 July 2015 does not constitute the statutory financial statements of the Group. The statutory financial statements for the year ended 31 July 2014 have been filed with the Jersey Registrar of Companies. The auditors have reported on those accounts and on the statutory financial statements for the year ended 31 July 2015 which will be filed with the Jersey Registrar of Companies following the Annual General Meeting. Both the audit reports were unqualified and did not contain any statements under Article 111(2) or Article 111(5) of the Companies (Jersey) Law 1991 or under section 498 of the Companies Act 2006.

Accounting developments and changes

The following standards have been published, but not yet applied:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

The Group will apply these standards when they become applicable, currently expected to be in the year ending 31 July 2019.

The Directors anticipate that the adoption of these standards in future periods will have no material impact on the financial statements of the Group. No other issued standard or interpretation would have a material impact on the consolidated financial statements.

2. Segmental analysis

The Group's reportable segments are the operating businesses overseen by distinct divisional management teams responsible for their performance. All reportable segments derive their revenue from a single business activity, the distribution of plumbing and heating products and building materials.

The Group's business is not highly seasonal. The Group's customer base is highly diversified, with no individually significant customer.

In the year ended 31 July 2014, Central Europe and France were reported in a single segment. Following the reclassification of the French businesses into discontinued operations, this segment has been renamed "Central Europe" and all comparatives have been restated for consistency and comparability.

Revenue by reportable segment for continuing operations is as follows:

	2015 £m	2014 £m
USA	8,343	7,070
UK	1,987	1,853
Nordic	1,864	1,935
Canada	733	779
Central Europe	405	634
Group	13,332	12,271

Trading profit/(loss) (note 8) and operating profit/(loss) by reportable segment for continuing operations for the year ended 31 July 2015 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
USA	681	6	(27)	660
UK	90	2	(13)	79
Nordic	71	(2)	(249)	(180)
Canada	34	(9)	(5)	20
Central Europe	21	-	-	21
Central and other costs	(43)	(1)	-	(44)
Group	854	(4)	(294)	556
Finance income				1
Finance costs				(49)
Profit before tax				508

Trading profit/(loss) (note 8) and operating profit/(loss) by reportable segment for continuing operations for the year ended 31 July 2014 have been restated as follows:

Trading	Exceptional items	Amortisation and impairment of acquired intangibles	Operating
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	profit/(loss) £m	£m	£m	profit/(loss) £m
USA	546	-	(14)	532
UK	96	17	(1)	112
Nordic	73	(28)	(31)	14
Canada	44	-	-	44
Central Europe	28	7	-	35
Central and other costs	(35)	3	-	(32)
Group	752	(1)	(46)	705
Finance income				1
Finance costs				(30)
Profit before tax				676

The changes in revenue and trading profit for continuing operations between the years ended 31 July 2014 and 31 July 2015 comprises of changes in exchange rates, disposals, acquisitions and organic change.

Where businesses are disposed in the year, the difference between the revenue and trading profit in the current year up to the date of disposal and the revenue and trading profit in the equivalent portion of the prior year is included in organic change.

Revenue by reportable segment for continuing operations is as follows:

	£m	Exchange £m	Disposals £m	Acquisitions £m	change £m	£m
USA	7,070	373	(13)	208	705	8,343
UK	1,853	-	-	76	58	1,987
Nordic	1,935	(197)	(6)	83	49	1,864
Canada	779	(41)	(2)	11	(14)	733
Central Europe	634	(34)	(189)	-	(6)	405
Group	12,271	101	(210)	378	792	13,332

Analysis of change in trading profit (note 8)	2014 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2015 £m
USA	546	29	(6)	9	103	681
UK	96	-	-	4	(10)	90
Nordic	73	(7)	-	1	4	71
Canada	44	(2)	-	1	(9)	34
Central Europe	28	(1)	-	-	(6)	21
Central and other costs	(35)	-	-	-	(8)	(43)
Group	752	19	(6)	15	74	854

In 2014 and 2015, a number of Group businesses or groups of branches have been disposed of, closed or are classified as held for sale. The revenue and trading profit of the Group's segments excluding those businesses and branches ("ongoing segments") are analysed in the following table. The prior year comparative figures have been restated. This is non GAAP information.

	Revenue		Trading profit	
	2015 £m	2014 £m	2015 £m	2014 £m
Ongoing segments				
USA	8,337	7,045	683	542
UK	1,987	1,853	90	96
Nordic	1,863	1,892	72	80
Canada	708	736	34	43
Central Europe	405	426	21	26
Central and other costs	-	-	(43)	(35)
Total ongoing segments	13,300	11,952	857	752
Entities disposed of, closed or classified as held for sale	32	319	(3)	-
Continuing operations	13,332	12,271	854	752

3. Exceptional items

Exceptional items are those which are considered significant by virtue of their nature, size or incidence, and are presented separately in the income statement to enable a full understanding of the Group's financial performance. If provisions have been made for exceptional items in previous years, then any reversal of those provisions is shown as exceptional.

Exceptional items included in operating profit from continuing operations are analysed by purpose as follows:

	2015 £m	Restated 2014 £m
Gain on disposal of businesses	-	26
Loss on closure of businesses	(5)	(11)
Other exceptional items	1	(16)
Total included in operating profit	(4)	(1)

For the year ended 31 July 2015, a loss on disposal of a small business in Canada offset a gain on a small industrial business in the USA.

Exceptional items in 2014 have been restated to exclude a gain of £19 million which is classified within discontinued operations. The gain on disposal of businesses in 2014 principally relates to write-backs on consideration received in the form of loan notes for disposals in previous years. Loss on closure of businesses includes the impairment of assets from branch closures in the Nordic region. Other exceptional items represent integration costs for an acquisition in Finland.

The net cash outflow from exceptional items was £1 million (2014: £2 million).

Exceptional items relating to finance costs are detailed in note 4 and exceptional items relating to discontinued operations are detailed in note 6.

4. Finance costs

	Restated	
	2015 £m	2014 £m
Interest payable		
- Bank loans and overdrafts	39	39
- Unwind of fair value adjustment to senior unsecured loan notes	(12)	(13)
- Finance lease charges	2	2
Net interest (income)/expense on defined benefit obligation	(2)	3
Valuation gains on financial instruments		
- Derivatives held at fair value through profit and loss	-	(1)
	27	30
Exceptional finance expense	22	-
Total finance costs	49	30

The £22 million exceptional finance expense is due to the recycling of deferred foreign exchange translation losses in accordance with IAS 21 "The effects of changes in foreign exchange rates", following the liquidation of a number of dormant financing companies. Finance costs from discontinued operations are detailed in note 6.

5. Taxation

The tax charge for the year comprises:	2015 £m	Restated 2014 £m
Current year tax charge	215	182
Adjustments to tax charge in respect of prior years	(8)	7
Total current tax charge	207	189
Deferred tax (credit)/charge: origination and reversal of temporary differences	(20)	5
Tax charge	187	194

An exceptional tax charge of £3 million was recorded in relation to exceptional items in 2015 (2014: £3 million). The deferred tax credit of £20 million (2014: charge of £5 million) includes a credit of £2 million (2014: £5 million) resulting from changes in tax rates.

6. Discontinued operations

During the year, the Group sold its Wood Solutions business in France and incurred an exceptional loss on disposal of £59 million, including £4 million arising from the recycling of deferred foreign exchange translation losses.

The Group is in the process of selling its remaining business and property assets (the "disposal group") in France and, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the disposal group has been classified as discontinued and prior periods have been restated to reflect this. The Group is in negotiations to finalise the disposals. The disposal group has been assessed against its recoverable amount and has been written down to its estimated fair value, less costs to sell. The impairment resulting from this assessment is £67 million which has been categorised as an exceptional item as disclosed below. The business disposal is expected to complete in 2015/16 and any gain or loss on disposal will depend on the change in net current assets arising from subsequent trading activities and the final consideration.

An exceptional gain of £16 million has been recognised within finance income. This gain relates to the disposal of a convertible bond received from a disposal in the prior year.

The results from discontinued operations, which have been included in the Group income statement, are set out below.

	2015			2014		
	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	£m	£m	£m	£m	£m	£m
Revenue	587	-	587	859	-	859
Cost of sales	(411)	-	(411)	(598)	-	(598)
Gross profit	176	-	176	261	-	261
Operating costs:						
(Loss)/gain on disposal of businesses	-	(59)	(59)	-	6	6
Impairment of net assets	-	(67)	(67)	-	-	-
Other	(178)	3	(175)	(258)	13	(245)
Operating costs	(178)	(123)	(301)	(258)	19	(239)
Operating (loss)/profit	(2)	(123)	(125)	3	19	22
Finance income	1	16	17	-	1	1
Finance costs	-	-	-	(1)	-	(1)
(Loss)/profit from discontinued operations	(1)	(107)	(108)	2	20	22
Basic (loss)/earnings per share	(0.4p)	(41.3p)	(41.7p)	0.8p	7.5p	8.3p
Diluted (loss)/earnings per share	(0.4p)	(41.1p)	(41.5p)	0.8p	7.5p	8.3p

No tax charge or credit was generated from discontinued operations in the current or previous year. During the year, discontinued operations generated £17 million (2014: £7 million) of the Group's net operating cash flows, £22 million (2014: £8 million) in respect of investing activities and received £15 million (2014: used £10 million) in respect of financing activities.

7. Dividends

	2015		2014	
	£m	Pence per share	£m	Pence per share
Amounts recognised as distributions to equity shareholders:				
Final dividend for the year ended 31 July 2013	-	-	119	44p
Special dividend	-	-	298	110p
Interim dividend for the year ended 31 July 2014	-	-	72	27.5p
Final dividend for the year ended 31 July 2014	144	55p	-	-
Interim dividend for the year ended 31 July 2015	78	30.25p	-	-
Dividends paid	222	85.25p	489	181.5p

Since the end of the financial year, the Directors have proposed a final ordinary dividend of £156 million (60.5 pence per share). The dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with accounting standards, has been excluded from these financial statements.

8. Non-GAAP performance measures

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. It is a non-GAAP measure. The Group considers that trading profit, and other performance measures based on it, including EBITDA before exceptional items, present valuable additional information to users of the financial statements.

	Restated	
	2015 £m	2014 £m
Continuing operations		
Operating profit	556	705
Add back: amortisation and impairment of acquired intangibles	294	46
Add back: exceptional items in operating profit	4	1
Trading profit	854	752
Depreciation, amortisation and impairment of property, plant and equipment and software excluding exceptional items in operating profit	117	95
EBITDA before exceptional items	971	847
Profit before tax	508	676
Add back: amortisation and impairment of acquired intangibles	294	46
Add back: exceptional charges in profit before tax	26	1
Profit before tax and exceptional items and the amortisation and impairment of acquired intangibles	828	723
Tax expense	(187)	(194)
Deduct: deferred tax credit on the amortisation and impairment of acquired intangibles	(47)	(17)
Add back: tax charge on exceptional items	3	3
Add back: non-recurring tax charge relating to prior years	-	3
Adjusted tax expense	(231)	(205)
Net profit from continuing operations	321	482
Add back: amortisation and impairment of acquired intangibles after tax	247	29
Add back: exceptional charges net of tax	29	4
Add back: non-recurring tax charge relating to prior years	-	3

Applying the adjusted tax expense of £231 million to the profit before tax, exceptional items and the amortisation of acquired intangibles of £828 million gives an effective tax rate of 27.9 per cent (2014: 28.4 per cent).

9. Earnings per share

	2015			Restated 2014		
	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence
Headline profit after tax from continuing operations	597	230.2	229.4	518	195.0	194.0
Exceptional items (net of tax)	(29)	(11.2)	(11.1)	(4)	(1.5)	(1.5)
Amortisation and impairment of acquired intangibles (net of deferred tax)	(247)	(95.2)	(94.9)	(29)	(10.9)	(10.9)
Non-recurring tax charge relating to prior years	-	-	-	(3)	(1.1)	(1.1)
Profit from continuing operations	321	123.8	123.4	482	181.5	180.5
(Loss)/profit from discontinued operations	(108)	(41.7)	(41.5)	22	8.3	8.3
Profit from continuing and discontinued operations	213	82.1	81.9	504	189.8	188.8

The weighted average number of ordinary shares in issue during the year, excluding those held by Employee Benefit Trusts and those held by the Company as Treasury shares, was 259.3 million (2014: 265.6 million). The impact of all potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 260.2 million (2014: 267.0 million). Share options are dilutive at the profit from

continuing operations level and so, in accordance with IAS 33, share options included within discontinued operations have been treated as dilutive for the purpose of the dilutive earning per share calculation.

10. Intangible and tangible assets

	Goodwill £m	Acquired intangible assets £m	Software £m	Property, plant and equipment £m	Total intangible and tangible assets £m
Net book value at 1 August 2014	912	253	33	1,226	2,424
Additions	-	-	26	207	233
Acquisitions	57	45	-	9	111
Adjustment to fair value on prior year acquisitions	(16)	13	-	3	-
Disposals of businesses	(8)	-	(1)	(28)	(37)
Disposals and transfers	-	-	(2)	(12)	(14)
Reclassified as held for sale	-	-	(1)	(87)	(88)
Depreciation and amortisation	-	(56)	(13)	(107)	(176)
Impairment	(138)	(100)	-	(1)	(239)
Exchange rate adjustment	9	(3)	1	(46)	(39)
Net book value at 31 July 2015	816	152	43	1,164	2,175

The carrying value of goodwill by segment is as follows:

	2015	2014
	£m	£m
USA	511	452
UK	119	101
Nordic	77	235
Canada	68	84
Central Europe	41	40
Group	816	912

Goodwill and intangible assets acquired during the year have been allocated to the individual cash generating units or aggregated cash generating units (together "CGUs") which are deemed to be the smallest identifiable group of assets generating independent cash inflows. CGUs have been aggregated in the disclosure above at a segmental level; however, impairment reviews were performed for each individual CGU during the year ended 31 July 2015.

The relevant inputs to the value in use calculations of each CGU were:

- Cash flow forecasts for years one to three are derived from the most recent Board approved strategic plan; the forecast for year five represents an estimate of "mid-cycle" trading performance for the CGU based on historic analysis. Year four is calculated as the average of the final year of the strategic plan and year five's mid-cycle estimate.
- A risk-adjusted, pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC") of each country which ranges from 9.0 per cent to 15.2 per cent. The equivalent post-tax discount rate ranges from 7.2 per cent to 9.1 per cent.
- The 30-year long-term growth rate by country, as published by the IMF in April 2015 has been used for all CGUs except for the Nordic region where a lower long-term growth rate was applied consistent with the previous year.

The strategic plan is developed based on analyses of sales, markets and costs at a regional level. Consideration is given to past events, knowledge of future contracts and the wider economy. It takes into account both current business and future initiatives.

Nordic

The impairment review for the Nordic segment resulted in an impairment charge of £234 million. In allocating the impairment charge we have considered the impairment of all assets as well as goodwill.

At 31 July, 2015, the Nordic impairment charge was allocated as follows:

31 July 2015	Goodwill	Acquired intangibles	Total	Impairment	Remaining goodwill and intangibles	Post tax discount rate
	£m	£m	£m	£m	£m	%
Stark, Denmark	49	55	104	(104)	-	7.9
Silvan, Denmark	-	21	21	(21)	-	7.9
Stark, Finland (previously Starkki)	57	24	81	(81)	-	7.7
Beijer, Sweden	92	22	114	(28)	86	7.8
Total	198	122	320	(234)	86	

An impairment trigger arose for the Danish and Swedish businesses based on expectations at January 2015. Whilst some improvement has occurred since then, there continues to be uncertainty over the economies and business

performance going forward. As a result, expectations of future profitability for these businesses were significantly reduced, resulting in the impairment charges for Stark Denmark, Silvan and Beijer as reflected in the table above.

Finnish markets deteriorated further during the year. Given the challenging market conditions, expectations of reduced future profitability were reflected in the value in use calculation generating an impairment charge for Stark Finland of £81 million.

Management has performed a sensitivity analysis on each key assumption (like-for-like revenue growth, post-tax discount rate and long-term growth rate), keeping all other assumptions constant. Two CGUs within the Nordic region still hold goodwill and acquired intangibles at the year-end: Neumann (Norway) and Beijer (Sweden), both of which have limited headroom at 31 July 2015.

We have disclosed the sensitivity analysis below. The results in the table show the amounts by which the related assumptions can vary such that the carrying value of goodwill and other intangible assets equal their recoverable amount.

		Goodwill and intangibles carrying value	Headroom	Like-for-like revenue growth		Post-tax discount rate %		Long-term growth rates	
CGU	£m	£m	Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity	
31 July 2015									
Neumann, Norway	17	2	4.1%	(1.1)%	8.2%	0.3%	1.5%	(0.4)%	
Beijer, Sweden	86	4	1.0%	(0.5)%	7.8%	0.2%	1.0%	(0.2)%	

Whilst management believes the assumptions are realistic, it is possible that an impairment charge would be

identified if the key assumptions above changed significantly.

Canada

Market conditions for the Canadian Pipes, Valves and Fittings ("PVF") CGU, which operates in the oil and gas sector, have been challenging and expectations of future profitability for this business have been reduced. The value in use calculation generated an impairment charge of £4 million for the total PVF goodwill balance.

11. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2013	87	51	72	60	270
Utilised in the year	(5)	(21)	(26)	(6)	(58)
Amortisation of discount	3	-	-	-	3
Charge for the year	1	15	19	11	46
Acquisition of businesses	3	-	-	3	6
Disposal of businesses and reclassified as held for sale	2	-	(5)	4	1
Exchange differences	(6)	(4)	(5)	(6)	(21)
At 31 July 2014	85	41	55	66	247
Adjustment to fair value on prior year acquisitions	(2)	-	-	-	(2)
Utilised in the year	(12)	(13)	(22)	(6)	(53)
Amortisation of discount	(3)	-	-	-	(3)
Charge for the year	6	11	4	3	24
Acquisition of businesses	-	-	-	1	1

Disposal of businesses and reclassified as held for sale	(7)	-	(4)	2	(9)
Exchange differences	3	2	(1)	(3)	1
At 31 July 2015	70	41	32	63	206

Provisions have been analysed between current and non-current as follows:

Current	16	14	18	30	78
Non-current	54	27	14	33	128
Total provisions	70	41	32	63	206

Wolseley Insurance provisions represent an estimate, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported on certain risks retained by the Group (principally USA casualty and global property damage).

The environmental and legal provision includes £49 million (31 July 2014: £49 million) for the estimated liability for asbestos litigation on a discounted basis using a long-term discount rate of 2.2 per cent (2014: 2.6 per cent). This amount has been actuarially determined as at 31 July 2015 based on advice from independent professional advisers. The Group has insurance that it currently believes is sufficient cover for the estimated liability and accordingly an equivalent insurance receivable has been recorded in other receivables. Based on current estimates, the amount of performing insurance cover significantly exceeds the expected level of future claims and no material profit or cash flow impact is therefore expected to arise in the foreseeable future.

Restructuring provisions include provisions for staff redundancy costs and future lease rentals on closed branches. In determining the provision for onerous leases, the cash flows have been discounted on a pre-tax basis using appropriate government bond rates. The weighted average maturity of these obligations is approximately three years.

Other provisions include warranty costs relating to businesses disposed of and rental commitments on vacant properties and dilapidations on leased properties. The weighted average maturity of these obligations is approximately four years.

12. Assets and liabilities held for sale

	2015 £m	2014 £m
Properties awaiting disposal	28	15
Assets of disposal groups held for sale	173	14
Assets held for sale	201	29
Liabilities of disposal groups held for sale	136	1

During the year, the Group announced its decision to sell its remaining business in France. As at 31 July 2015, the sales process had commenced and accordingly the net assets of this business have been classified as disposal groups held for sale.

The assets and liabilities of disposal groups held for sale consist of:

	£m	£m
Intangible assets	-	3
Property, plant and equipment	54	3
Inventories	16	6
Trade and other receivables	93	2
Tax receivables	10	-
Bank balances and overdrafts	(1)	-
Finance leases	(12)	-
Trade and other payables	(105)	(1)
Provisions and retirement benefit obligations	(14)	-
Tax payables	(4)	-
	37	13

13. Reconciliation of profit to cash generated from operations

Profit for the year is reconciled to cash generated from operations as follows:

	2015 £m	Restated 2014 £m
Profit for the year	213	504
Net finance costs	31	29
Tax expense	187	194
Loss/(gain) on disposal and closure of businesses and revaluation of disposal groups	129	(32)

Depreciation and impairment of property, plant and equipment	108	98
Amortisation and impairment of non-acquired intangibles	13	11
Amortisation and impairment of acquired intangibles	294	46
Profit on disposal of property, plant and equipment	(3)	(14)
Increase in inventories	(113)	(70)
Increase in trade and other receivables	(54)	(82)
Increase in trade and other payables	159	19
Decrease in provisions and other liabilities	(47)	(47)
Share-based payments	20	22
Cash generated from operations	937	678

Trading profit is reconciled to cash generated from operations as follows:

	2015 £m	Restated 2014 £m
Trading profit	854	752
Exceptional items in operating profit	(4)	(1)
Operating (loss)/profit from discontinued operations (note 6)	(125)	22
Loss/(gain) on disposal and closure of businesses and revaluation of disposal groups	129	(32)
Depreciation and impairment of property, plant and equipment	108	98
Amortisation and impairment of non-acquired intangibles	13	11
Profit on disposal of property, plant and equipment and assets held for sale	(3)	(14)
Increase in inventories	(113)	(70)

Increase in trade and other receivables	(54)	(82)
Increase in trade and other payables	159	19
Decrease in provisions and other liabilities	(47)	(47)
Share-based payments	20	22
Cash generated from operations	937	678

14. Acquisitions

The Group acquired the following businesses in the year ended 31 July 2015. All these businesses are engaged in the distribution of plumbing and heating products and building materials. These transactions have been accounted for by the purchase method of accounting.

	Date	Country of incorporation	% acquired
Joseph G Pollard Inc	August 2014	USA	100
Powell Pipe & Supply Co	September 2014	USA	100
Goodman Industrial	October 2014	Canada	100
City Lights Design	October 2014	USA	100
Global HVAC Distributors	November 2014	USA	100
McFarland Supply	December 2014	USA	100
Ship-Pac	December 2014	USA	100
XL-Byg Hobro NY Traelast	February 2015	Denmark	100
Builders Appliance Center, LLC	February 2015	USA	100
AR-Jay Building Products, Inc	February 2015	USA	100
Luxury for Less Ltd (t/a BathEmpire)	February 2015	UK	68

Redlon & Johnson	March 2015	USA	100
Equarius Inc	March 2015	USA	100
Arkansas Supply Inc	April 2015	USA	100
MPS Builders Merchants Ltd	May 2015	UK	100
eComfort Holdings, Inc	May 2015	USA	100
WR White Supply	May 2015	USA	100
Q.I.P. Equipment Ltd	June 2015	Canada	100

Details of the assets and liabilities acquired and the consideration for all acquisitions in the period are as follows:

	Book values acquired	Fair value adjustments	Provisional fair values acquired
	£m	£m	£m
Intangible fixed assets			
- Customer relationships	-	36	36
- Trade names and brands	-	3	3
- Other	-	6	6
Property, plant and equipment	9	-	9
Inventories	31	(6)	25
Receivables	23	-	23
Cash, cash equivalents and bank overdrafts	3	-	3
Bank loans and finance leases	(12)	(1)	(13)
Payables	(22)	-	(22)
Current and deferred tax	(1)	(5)	(6)
Provisions	-	(1)	(1)

Non-controlling interest	-	(7)	(7)
Total	31	25	56
Goodwill arising			57
Consideration			113
Satisfied by:			
Cash			100
Deferred consideration			13
Total consideration			113

The fair value adjustments for the period ended 31 July 2015 are provisional figures, being the best estimates currently available. Further adjustments to goodwill may be necessary when additional information is available concerning some of the judgmental areas.

The goodwill arising on these acquisitions is attributable to the anticipated profitability of the new markets and product ranges to which the Group has gained access, and additional profitability and operating efficiencies available in respect of existing markets.

The acquisitions contributed £103 million to revenue, £2 million to trading profit and £2 million to the Group's operating profit for the period between the date of acquisition and the balance sheet date. It is not practicable to disclose profit before and after tax, as the Group manages its borrowings as a portfolio and cannot attribute an effective borrowing rate to an individual acquisition.

If each acquisition had been completed on the first day of the financial year, Group revenue would have been £13,449 million and Group trading profit would have been £860 million. It is not practicable to disclose profit before tax or profit attributable to equity shareholders, as stated above. It is not practicable to disclose operating profit as the Group cannot estimate the amount of intangible assets that would have been acquired at a date other than the acquisition date.

The net outflow of cash in respect of the purchase of businesses is as follows:

	2015 £m	2014 £m
Purchase consideration	100	187
Deferred and contingent consideration in respect of prior year acquisitions	8	8
Cash consideration	108	195
Cash acquired	(3)	(1)
Net cash outflow in respect of the purchase of businesses	105	194

15. Disposals

In the year ended 31 July 2015, the Group disposed of the following businesses:

	Country	Date of disposal	Share/asset deal
OPC	Norway	August 2014	Assets
Specialty Pipe & Tube, Inc	USA	November 2014	Shares
PBM Import SAS	France	March 2015	Shares

Charpentes Françaises SAS	France	April 2015	Shares
A. James SAS	France	April 2015	Shares
Bygg 24 AS	Norway	May 2015	Shares
EPG	Canada	July 2015	Assets

The Group recognised a total loss on the disposal of the above businesses of £59 million. This arose from the sale of the French Wood Solutions business and is disclosed in note 6 as a discontinued exceptional loss on disposal. The net impact of the disposal of the other businesses is £nil (see note 3).

	Continuing operations £m	Discontinued operations £m	Group 2015 £m
Consideration received	29	16	45
Net assets disposed of	(29)	(68)	(97)
Disposal costs	-	(3)	(3)
Cumulative currency translation differences	-	(4)	(4)
Loss on disposal	-	(59)	(59)

Details of assets and liabilities disposed of are provided in the following table:

Continuing operations £m	Discontinued operations £m	Group 2015
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			£m
Goodwill and intangible assets	8	1	9
Property, plant and equipment	3	25	28
Inventory	5	36	41
Receivables	3	41	44
Assets and liabilities held for sale	13	-	13
Payables	(1)	(28)	(29)
Pensions and provisions	(2)	(1)	(3)
Net debt	-	(6)	(6)
Total net assets disposed	29	68	97

The net inflow of cash in respect of the disposal of businesses is as follows:

	Continuing operations	Discontinued operations	Group
	£m	£m	2015 £m
Cash consideration received for current year disposals (net of cash disposed of)	19	-	19
Disposal costs paid	-	(3)	(3)
Cash consideration received for prior year disposals	19	-	19
Net cash inflow/(outflow)	38	(3)	35

16. Reconciliation of opening to closing net debt

For the year ended 31 July 2015	At 1 August 2014	Cash flows £m	Acquisitions and new finance leases £m	Disposal of businesses £m	Fair value and other adjustments £m	Reclassified as held for sale £m	Exchange movement £m	At 31 July 2015 £m
Cash and cash equivalents	240							1,105
Bank overdrafts	(73)							(848)
	167	173	3	(10)	-	1	(77)	257
Derivative financial instruments	42	(12)	-	-	(1)	-	4	33
Bank loans	(877)	(197)	(13)	15	12	-	(6)	(1,066)
Obligations under finance leases	(43)	4	(3)	1	-	12	-	(29)
Net debt	(711)	(32)	(13)	6	11	13	(79)	(805)

17. Contingent liabilities

Group companies are, from time to time, subject to certain claims and litigation arising in the normal course of business in relation to, among other things, the suitability of products, contract and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavourable outcomes the Group may benefit from applicable insurance recoveries. Certain claims arise as a result of the unintentional supply of defective products and these claims are usually the responsibility of the manufacturer, though defence and other costs may also be incurred by the Group.

Warranties and guarantees in relation to business disposals

The Group has disposed of a number of non-core businesses and various Group companies have provided certain standard warranties and guarantees to acquirers and other third parties, including warranties regarding financial statements and taxation. Provision is made where the Group considers that a liability is likely to crystallise, though it is possible that claims in respect of which no provision has been made could be received in the future. Group companies have also guaranteed certain property and other obligations which could be called in an event of default. As at the date of this report there are no significant outstanding claims in relation to business disposals.

Environmental

The operations of certain Group companies are subject to specific environmental regulations. From time to time the Group conducts preliminary investigations through third parties to assess potential risks including potential soil or groundwater contamination of sites. Where an obligation to remediate contamination arises then this is provided for, though future liabilities could arise from sites for which no provision is made.

Outcome

The outcome of claims and litigation to which Group companies are party cannot readily be foreseen as, in some cases, the facts are unclear, further time is needed to assess properly the merits of the case, or they are part of continuing legal proceedings. However, based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is not expected to have a material adverse effect on the financial position of the Group.

18. Exchange rates

The results of overseas subsidiaries have been translated into sterling using average rates of exchange. The year end rates of exchange have been used to convert balance sheet amounts. The principal currencies impacting the full year results announcement are as follows.

	2015	2014
US dollar translation rate		
Income statement	1.56	1.64
Balance sheet	1.56	1.69
Euro translation rate		
Income statement	1.33	1.21
Balance sheet	1.42	1.26
Canadian dollar translation rate		
Income statement	1.86	1.76
Balance sheet	2.04	1.84

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