

Final results for the year ended 31 July 2009

9/28/2009

Summary of Results

Financial highlights (Continuing Operations)

	Year to 31 July 2009 £m	Year to 31 July 2008 Restated(1) £m	Reported 2008 %	Change in constant currency(2) %
Group revenue	14,441	14,814	(2.5)	(16.3)
Group trading profit (3)	447	787	(43.0)	(52.0)
Exceptional items	(458)	(70)		
Amortisation and impairment of acquired intangibles	(595)	(162)		
Group operating (loss)/profit	(606)	555		
Group profit before tax, before exceptional items and amortisation and impairment of acquired intangibles	293	631		
Group (loss)/profit before tax	(766)	399		
Loss from discontinued operations	(441)	(168)		
Group consolidated (loss)/profit	(1,173)	74		
Earnings per share, before exceptional items and amortisation and impairment of acquired intangibles – continuing operations	95.6	240.3		
Basic (loss)/earnings per share – continuing operations	(348.2)	134.0		

Overview

- Trading environment and trends remain in line with our expectations set out in the July trading statement.
- Significant cost reductions delivered during the year with cost base anticipated to be lower by £233 million in

2010.

- Strong operating cash flow excluding discontinued activities at £1,200 million despite significant reduction in trading profit. (2008: £1,262 million).
- Net debt(4) now at £959 million, (31 July 2008: £2,469 million), due to the net proceeds from the capital raising and significant working capital inflow of £846 million in the period.
- Headroom of over £1 billion in relation to the Group's banking covenants at 31 July 2009 with net debt : EBITDA(5) of 1.4 times (2008: 2.7 times).
- In light of adverse market conditions no final dividend to be paid.
- Exit from Stock Building Supply via joint venture arrangement and strategic review of Central and Eastern Europe activities completed in the period.

Financial highlights

- Group revenue down by 2.5%, 16.3% in constant currency and trading profit down by 43.0%, 52.0% in constant currency.
- Profit before tax, exceptional items and amortisation and impairment of acquired intangibles reduced by 53.6% to £293 million (2008: £631 million).
- Group operating loss of £606 million (2008: operating profit of £555 million) after deducting amortisation and impairment of acquired intangibles of £595 million and exceptional items of £458 million.
- Sustained focus on cash generation has enabled the Group to improve working capital cash to cash days(6) by 36% to 28.0 days significantly exceeding the full year target of a 10% improvement.
- Cash conversion rate(7) of 364% including discontinued operations (2008: 185%).
- Gross margin largely maintained at 27.7% (2008: 28.2%) despite tough trading environment.

Operating highlights

- Resilient performance from Ferguson with an underlying trading margin of 5.2%.
- Tougher trading conditions in Europe with lower activity levels in all countries.
 - Strong market outperformance from UK Lightside and Pipe businesses with a combined trading margin of over 6.0%.
 - Good relative performance in the Nordic region with a trading margin of 4.6%.
- 653 branches closed across the Group and headcount reduced by 10,364 during the year.

Outlook

- Market trends since the July trading update continue to support the Group's view that in the short term market conditions will remain challenging driven by tight credit conditions, high levels of foreclosures and

rising unemployment rates.

- New residential markets are expected to show continuing signs of stabilisation
- RMI markets will continue to decline albeit at a slower rate
- Commercial and Industrial markets are expected to decline at a faster rate
- Each segment is likely to recover at different rates dependent on local economic and credit conditions.
- Overall, we remain cautious as to the outlook in FY2010, although profit trends in the second half are expected to improve, driven by cost reduction actions already taken in FY2009 which are expected to result in incremental benefit in FY2010 of £233 million.
- During FY2010 actions to lower the cost base will be taken according to anticipated local market conditions, to ensure operational leverage is maximised as markets recover.
- At the same time, the Group will continue to evaluate where to prioritise future investment in order to develop its leading businesses which are characterised by leading competitive positions and strong customer franchises.

Ian Meakins, Wolseley plc Group Chief Executive said: "Our final results reflect the harsh impact of the economic downturn on the construction industry and consequently Wolseley's business. Maximising operating performance remains our key priority and we will continue to focus on generating cash and lowering the cost base whilst ensuring we drive customer service at a local level."

"At the same time we are evaluating where to prioritise investment for the future to ensure profitable growth and improved returns from our strong portfolio of businesses. Overall, we remain cautious as to the outlook for our markets in FY2010, although profit trends in the second half are expected to improve."

Summary of Results

As at, and for the year ended 31 July

Continuing operations	2009	2008 Restated (1)	Change
Revenue	£14,441m	£14,814m	-2.5%
Operating (loss) / profit			
- before exceptional items and amortisation and impairment of acquired intangibles	£447m	£787m	-43.0%
- exceptional items	£(458)m	£(70)m	
- amortisation and impairment of acquired intangibles	£(595)m	£(162)m	
Operating (loss) / profit	£(606)m	£555m	-209.2%
Net finance costs	£(145)m	£(156)m	
Share of after tax loss from associated undertakings			
- before exceptional items	£(9)m	-	
- exceptional items	£(6)m	-	
- Share of after tax loss from associated undertakings	£(15)m		
(Loss) / profit before tax			
- before exceptional items and amortisation and impairment of acquired intangibles	£293m	£631m	-53.6%
- exceptional restructuring costs	£(464)m	£(70)m	

- amortisation and impairment of acquired intangibles	£(595)m	£(162)m	
(Loss) / profit before tax	£(766)m	£399m	-292.0%
Loss from discontinued operations	£(441)m	£(168)m	
Group consolidated (loss) / profit	£(1,173)m	£74m	
(Loss) / earnings per share			
- before exceptional items and amortisation and impairment of acquired intangibles	95.6p	240.3p	-60.2%
- exceptional items	(170.3)p	(24.9)p	
- amortisation and impairment of acquired intangibles	(273.5)p	(81.4)p	
Basic earnings per share	(348.2)p	(134.0)p	-359.9%
Dividend per share	-	11.25p	
Net debt (4)	£959m	£2,469m	
Gearing (8)	28.4%	73.5%	
Interest cover (9) (times)	3x	6x	
Group operating cash flow	£1,200m	£1,262m	

The income statement for the year ended 31 July 2008 has been restated to present Stock Building Supply as a discontinued operation.

Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the financial statements for the year ended 31 July 2009.

Trading profit, a term used throughout this announcement, is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenues expressed as a percentage. Organic change is the total increase or decrease in the year adjusted for the impact of exchange rates, and the incremental impact of acquisitions made in 2008.

Net debt is the net of cash and cash equivalents, bank overdrafts, trading investments, derivative financial instruments, bank loans and obligations under finance leases.

Net debt : EBITDA is the ratio of net debt to trading profit plus depreciation and the amortisation of software adjusted for a full year trading profit of subsidiaries acquired in the period less the trading profit of subsidiaries disposed of in the period.

Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.

Cash conversion is the ratio of operating cash flow to trading profit (including discontinued operations).

Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs and the impairment of available for sale investments.

Photographs of Ian Meakins, Group Chief Executive and Steve Webster, Group Finance Director are available at: www.newscast.co.uk and www.wolseleyimages.com

Notes to Editors

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 2008 was approximately £16.5 billion and operating profit, before exceptional items and the amortisation and impairment of acquired intangibles, was £683 million. Wolseley has around 74,000

employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this release is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements 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 and expected expenditures and divestments. All forward-looking statements in this release are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an international Group such as Wolseley. Information on some factors which could result in material difference to the results is available in the Company's Annual Report to shareholders for the year ended 31 July 2007.

FULL ANNOUNCEMENT

Download Final results for the year ended 31 July 2009 (pdf)

Enquiries:

Analysts/Investors:

Derek Harding, Director of Group Strategy and Investor Relations

Tel: +44 (0)118 929 8764

Mob: +44 (0)7740 894578

Media:

Mark Fearon, Director of Corporate Communications

Tel: +44 (0)118 929 8787

Brunswick:

Andrew Fenwick/Kate Miller

Tel: +44 (0)20 7404 5959

There will be an analyst and investor meeting at 0930 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 0930 on www.wolseley.com. We recommend that you register ahead of the start time of 0930.