NEWS RELEASE

Interim Management Statement

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Wolseley PLC

07 December 2010

WOLSELEY PLC

Interim Management Statement

7 December 2010

First quarter results to 31 October 2010

Quarter ended 31 October (£m)	2010	2009	Growth	Like-for-like Growth2
Revenue	3,471	3,395	+2%	+4%
Gross Profit	938	916	+2%	
Trading Profit1	159	114	+39%	

1 Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles.

2. Like-for-like growth is defined as the increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, sales days and branch openings and closures.

First quarter highlights

§ Revenue increased by 2% and like-for-like revenue increased by 4%.

§ Gross margin was 27.0%, 0.2% ahead after adjusting for disposals.

§ Operating costs were £23 million lower than last year principally due to disposals.

§ Strong trading profit growth to £159 million.

Commenting on the trading outlook, Ian Meakins, Chief Executive said:

"Most markets continued to grow in the first quarter and the Group's trading performance was slightly ahead of management expectations. Whilst demand has improved in most countries, pricing competition has remained intense. We continue to focus on improving customer service, growing market share, driving efficiencies and generating strong cash flow."

First quarter trading performance

During the quarter the Group generated revenue of £3,471 million. This was 2% ahead of last year, and 4% on a like-for-like basis, consistent with last quarter. The gross margin of 27.0% was 0.2% ahead of last year adjusting for disposals, despite continued pricing pressure. Trading profit of £159 million was £45 million higher than last year as a result of the revenue growth combined with careful control of gross margins and costs. The results for the period also benefitted from the impact of restructuring actions completed in the first quarter last year. The net impact of non-recurring items charged to trading profit in the quarter was not material and there were no significant exceptional items. The trading profit in the first quarter last year has been restated from £104 million to £114 million, the difference arising from items later reclassified as exceptional.

Geographic analysis of revenue

Quarter ended 31 October (£m)	2010 Revenue	2009 Revenue	Growth	Like-for-like Growth
USA	1,383	1,260	+10%	+6%
Canada	225	193	+16%	+7%
UK	633	658	(4%)	+5%
Nordic	576	569	+1%	+4%
France	434	469	(8%)	+2%
Central Europe	220	246	(10%)	(3%)
Group	3,471	3,395	+2%	+4%

Geographic analysis of trading profit

Quarter ended 31 October (£m)	2010 Trading profit	2009 Trading profit	Growth
USA	80	62	+29%
Canada	16	12	+33%
UK	30	23	+30%

Nordic	35	35	-
France	-	(9)	-
Central Europe	12	6	+100%
Central	(14)	(15)	-
Group	159	114	+39%

Quarterly like-for-like revenue growth trend by region

	Q2 Last year	Q3 Last year	Q4 Last year	Q1 This year
USA	(14%)	(4%)	+5%	+6%
Canada	(1%)	6%	+12%	+7%
UK	(4%)	4%	+5%	+5%
Nordic	(9%)	(5%)	+3%	+4%
France	(11%)	(8%)	(2%)	+2%
Central Europe	(4%)	(3%)	(6%)	(3%)
Group	(10%)	(2%)	+4%	+4%

In the USA revenue was 10% ahead of last year and like-for-like revenue growth was 6%, the difference arising from

strengthening of the US dollar. Demand in Residential and RMI markets continued to improve and the business made good progress in the Industrial and Waterworks sectors. Demand in the Commercial sector remained subdued. Trading profit of £80 million was £18 million ahead of last year as a result of the improvement in revenue.

Canada generated revenue 16% ahead of last year, 7% on a like-for-like basis, due to the strengthening of the Canadian dollar. The growth trends continued to reflect positive economic factors although these have moderated recently. The Waterworks and Industrial PVF businesses continued to perform strongly. Trading profit of £16 million was £4 million ahead of last year.

Revenue in the UK declined by 4% in the quarter, though like-for-like revenue was 5% ahead of last year with the difference being due to the disposal of businesses, including Brandon Hire which was completed in September 2010. Trading profit in the quarter of £30 million compared to £23 million in the same period last year, the improvement arising from exiting Ireland and reductions in the cost base. The impact of disposals in the UK has been analysed below.

Quarter ended 31 October (£m)	2010 Revenue	2009 Revenue	Growth	2010 Trading Profit	2009 Trading Profit
As reported	633	658	(4%)	30	23
Disposals	(6)	(60)		(1)	2
Continuing	627	598	+5%	29	25

In the Nordic region revenue increased by 1% and the like-for-like increase was 4% the difference being the result of adverse currency movements. The market in Denmark, the largest revenue generator in the region, continued to decline though Sweden, Finland and Norway all generated like-for-like growth. Trading profit of £35 million was in line although last year's result included a one-off gain of £2 million relating to the disposal of property.

Revenue in France declined by 8%, although the business generated like-for-like growth of 2%, with the difference arising from currency movements. The Building Materials and Import and Wood Solutions businesses generated like-for-like growth though the revenue trend in plumbing and heating remained negative. France overall broke even in the first quarter compared to a loss of £9 million last year, principally due to improvements in the cost base.

In Central Europe revenue was 10% lower than last year, 3% lower on a like-for-like basis as a result of disciplined margin management and the exit of unprofitable business. Profitability improved in each country and the region generated a trading profit of £12 million, strongly ahead of last year.

Net debt at 31 October 2010 was £681 million (31 October 2009: £1,223 million) and £249 million of factoring facilities were utilised (31 October 2009: £145 million).

For further information please contact

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Investor conference call

A conference call with John Martin, CFO will commence at 9am (CET) or 8am UK time on 7 December 2010. The call will be recorded and available on our website after the event **www.wolseley.com**.

Dial in number:	Switzerland:	+41 (0)22 592 7953
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Ask for the Wolseley call quoting **1460485**

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. Group revenue for the year ended 31 July 2010 was £13.2 billion and operating profit before exceptional items and the amortisation and impairment of acquired intangibles was £450 million. At 31 July 2010 Wolseley had approximately 47,000 employees operating in 25 countries. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

The Group will issue its half year results on 29 March 2011.

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This information is provided by RNS
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