FERGUSON

NEWS RELEASE

Interim Management Statement for the 3 months to 30 April 2016

6/1/2016

Ongoing businesses (1) £ million	Q3 2016	Q3 2015	Change	Change (at constant exchange rates)	Like-for-like change (3)
Revenue	3,658	3,301	+10.8%	+5.9%	+2.8%
Trading profit (2)	230	195	+17.9%	+12.2%	
Trading days	65	64			
Net debt	1,131	1,127			

'Ongoing businesses' excludes businesses that have been closed, disposed of or are held for sale.

Before exceptional items and amortisation of acquired intangibles.

The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

Third quarter highlights for ongoing businesses

- Revenue was 10.8% ahead of last year, 5.9% at constant exchange rates.
- Gross margin was ahead of last year at 28.4%.
- Trading profit of £230 million was 12.2% ahead of last year at constant exchange rates.
- Foreign exchange movements increased trading profit by £11 million and one additional trading day

increased trading profit by £6 million.

- Net debt at 30 April 2016 of £1,131 million after purchasing £252 million of own shares.
- Five bolt-on acquisitions completed in the quarter with total annualised revenue of £23 million.
- Completed sale of Building Materials activities in France on 7 March 2016.

Commenting on the results, Ian Meakins, Chief Executive, said:

“Wolseley generated decent revenue growth in the third quarter in mixed market conditions and against continued deflationary headwinds. The commercial and residential markets in the US held up well and we achieved good volume growth, though this continued to be partly offset by weaker Industrial markets and the ongoing impact of commodity price deflation which reduced the US growth rate by 2.3%. The UK heating market continued to be challenging and we continue to take actions to protect profitability. In the Nordics, after an encouraging first half, construction markets were more challenging in the third quarter. Recent revenue growth trends have been weaker and we have continued to manage costs and productivity very carefully while driving better customer service and strong cash conversion."

Group results

During the quarter the Group generated revenue from the ongoing businesses of £3,658 million, 5.9% ahead of last year at constant exchange rates and 2.8% ahead on a like-for-like basis including 1.4% price deflation. Trading profit of £230 million was 12.2% higher than last year at constant exchange rates and the trading margin was ahead of last year by 40 basis points at 6.3%. There was one more trading day in the period which represented £6 million of trading profit and there will be one fewer trading day in Q4. Exchange rate movements increased revenue by £153 million and trading profit by £11 million.

Regional analysis

£ million	Revenue Q3 2016	Revenue Q3 2015	Change (at constant exchange rates)	Trading profit Q3 2016	Trading profit Q3 2015	Change (at constant exchange rates)
USA	2,414	2,115	+8.2%	204	164	+17.4%
UK	529	511	+3.5%	26	26	-
UK restructuring	-	-	-	(2)	-	-
Nordic	457	431	(0.9%)	7	11	(42.0%)
Canada	156	149	+4.0%	3	3	(0.7%)
Central Europe	102	95	+1.9%	4	3	+32.2%
Central costs				(12)	(12)	
Ongoing businesses	3,658	3,301	+5.9%	230	195	+12.2%
Closed, disposed of or held for sale	-	5		-	(1)	
Group	3,658	3,306		230	194	

Quarterly like-for-like revenue growth

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
USA	+8.3%	+7.1%	+4.5%	+4.0%	+5.0%
UK	+7.6%	+3.1%	(1.1%)	(2.9%)	(0.4%)
Nordic	+8.8%	+6.4%	+5.5%	+2.4%	(2.6%)
Canada	(1.9%)	(5.8%)	(3.7%)	+0.6%	+0.1%
Central Europe	+1.0%	(3.4%)	(1.2%)	(5.0%)	(0.2%)
Ongoing businesses	+7.5%	+5.4%	+3.2%	+2.3%	+2.8%

USA

Ferguson, our US business, grew revenue by 5.0% on a like-for-like basis, including price deflation of 2.3%. Blended Branches, Waterworks, Heating, Ventilation and Air Conditioning, Fire and Fabrication and B2C all generated good like-for-like revenue growth. Industrial markets, which represent 13% of Ferguson's revenues, continued to be impacted by weak demand. Gross margins were ahead of last year and operating costs were 6.6% higher at constant exchange rates. Acquisitions contributed another 1.8% of revenue growth. Trading profit of £204 million was £40 million ahead of last year including £9 million due to favourable exchange rate movements. Two bolt-on acquisitions were completed in the quarter with total annualised revenue of £9 million.

UK

Like-for-like revenue in the UK was 0.4% lower than last year. Repairs, maintenance and improvement markets remained weak. Acquisitions contributed a further 2.8% to revenue growth. Gross margins stabilised somewhat and trading profit of £26 million, before £2 million of restructuring costs (year-to-date £5 million), was in line with last year. We are making good progress with the review of the UK operating model and we expect the review to be completed by August.

Nordics

In the Nordic region like-for-like revenue declined 2.6% as adverse weather conditions and the reduction of tax incentives impacted spring sales. Gross margins were weaker with trading profit at constant exchange rates £5 million behind, including £1 million of restructuring costs. The favourable impact of exchange rates was £1 million.

Canada

Like-for-like revenue in Canada was 0.1% ahead. Weakness in the oil price impacted the West, though this was offset by relative strength in the East. Gross margins were weaker and operating costs were flat. Trading profit of £3

million was in line with last year. Two bolt-on acquisitions were completed in the quarter with total annualised revenue of £13 million.

Central Europe

In Central Europe like-for-like revenue declined by 0.2%. Gross margins were slightly ahead and costs were under good control. Trading profit of £4 million was £1 million ahead of last year.

Nine months trading performance

£ million	YTD 2016 Revenue	YTD 2015 Revenue	Change (at constant exchange rates)	Like-for-like change	YTD 2016 Trading profit	YTD 2015 Trading profit	Change (at constant exchange rates)
USA	6,795	6,027	+7.1%	+4.5%	549	475	+9.6%
UK	1,525	1,495	+2.0%	(1.4%)	63	69	(8.7%)
UK restructuring	-	-	-	-	(5)	-	-
Nordic	1,342	1,367	+1.8%	+1.8%	30	33	(6.8%)
Canada	485	521	+0.9%	(1.2%)	20	26	(14.4%)
Central Europe	306	310	(1.2%)	(2.2%)	17	16	+3.3%
Central and other costs	-	-			(34)	(35)	
Ongoing businesses	10,453	9,720	+5.0%	+2.8%	640	584	+5.6%
Closed, disposed of or held for sale	-	28			-	(2)	
Group	10,453	9,748			640	582	

Financial position

Net debt at 30 April 2016 was in line with our expectations at £1,131 million (30 April 2015: £1,127 million). In the year to 30 April we bought back 6.6 million shares for £252 million at an average price of £38.01 per share. The share buyback programme announced in September was completed in May. There have been no other significant changes in the financial position of the Group.

Outlook

Demand in several of the Group's markets remains subdued and we continue to experience the adverse impact of commodity deflation, particularly in the US. Like-for-like revenue growth in the weeks since the end of the quarter has been 1%. We have committed to further restructuring in the UK and Europe bringing the total expected costs for the full year to about £20 million. We expect trading profits for the full year, before restructuring costs, to be in line with analyst expectations at current exchange rates.

Notes to statement

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 38,000 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**.

Wolseley will announce is full year results on 27 September 2016.

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.

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FULL ANNOUNCEMENT

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