FERGUSON

NEWS RELEASE

Interim Management Statement for the 3 months to 31 October 2014

11/26/2014

£m		Q1 2015	Q1 2014	Change	Change (at constant exchange rates)	Like-for-like change(3)
Revenue	Ongoing businesses (1)	3,506	3,332	+5.2%	+9.8%	+6.6%
	Closed, disposed of or held for sale	46	200			
		3,552	3,532			
Trading profit (2)	Ongoing businesses (1)	235	216	+8.8%	+13.5%	
	Closed, disposed of or held for sale	(2)	–			
		233	216			
Net debt		858	469			

'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.

First quarter highlights

- Revenue of the ongoing businesses 9.8% ahead of last year at constant exchange rates, including like-for-like growth of 6.6%.
- Gross margin of the ongoing businesses of 27.5%, in line with last year.

- Trading profit of the ongoing businesses £235 million, 13.5% ahead of last year at constant FX rates.
- Foreign exchange movements adversely impacted trading profit by £9 million.
- Good cash generation with net debt at 31 October 2014 of £858 million after purchasing £120 million of own shares.
- Four bolt-on acquisitions completed in the quarter with total annualised revenue of £26 million.
- Since the end of the quarter we have agreed the disposal of a small non-core business in the USA for cash consideration of £19 million.

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

"Wolseley has continued to generate strong revenue growth across all businesses and all regions in the USA with double digit growth for the second consecutive quarter. We generated modest like-for-like revenue growth in Canada, UK and Nordics. Central Europe and France declined due to continued weak market conditions. While we held our gross margins overall, there remained substantial pressure on gross margins throughout Europe. We controlled our operating expenses resulting in good flow-through to trading profit in the ongoing businesses. Cash generation was strong and we are continuing to invest in technology and new business models to deliver better customer service and gain market share."

Group results

During the quarter the Group generated revenue from the ongoing businesses of £3,506 million, 9.8% ahead of last year at constant exchange rates and 6.6% ahead on a like-for-like basis including 0.9% price inflation. The gross margin of 27.5% was in line with last year. Operating costs were well controlled. Trading profit of £235 million was 13.5% higher than last year at constant exchange rates and the first quarter trading margin improved by 20 basis points to 6.7% for the ongoing businesses. The number of trading days was the same as in the first quarter last year.

Regional analysis

£ million	Revenue Q1 2015	Revenue Q1 2014	Change	Change (at constant exchange rates)	Like-for-like change	Trading profit Q1 2015	Trading profit Q1 2014
USA	2,015	1,821	+10.7%	+14.3%	+12.4%	174	142
Canada	221	237	(6.8%)	+2.2%	+1.7%	16	17
UK	504	483	+4.3%	n/a	+0.5%	24	25
Nordic	541	528	+2.5%	+11.5%	+1.9%	26	29
Central Europe and France	225	263	(14.4%)	(8.4%)	(9.3%)	6	13
Central and other costs						(11)	(10)
Ongoing businesses	3,506	3,332	+5.2%	+9.8%	+6.6%	235	216
Closed, disposed of or held for sale	46	200				(2)	-
Group	3,552	3,532				233	216

Quarterly like-for-like revenue growth

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
USA	+7.4%	+5.0%	+9.0%	+11.1%	+12.4%
Canada	(0.6%)	(3.5%)	(1.6%)	+1.8%	+1.7%
UK	+4.3%	+2.0%	(3.5%)	(2.6%)	+0.5%
Nordic	(2.5%)	+0.5%	+7.6%	(2.4%)	+1.9%
Central Europe and France	(1.7%)	+0.6%	(2.5%)	(6.2%)	(9.3%)
Ongoing businesses	+3.9%	+2.9%	+5.1%	+4.9%	+6.6%

USA

In the USA like-for-like revenue growth was 12.4% including negligible price inflation. All business units and all regions generated good like-for-like revenue growth and gained market share. Acquisitions contributed 3.0% of additional revenue growth in the period. Gross margins were ahead of last year and operating costs were 11% higher at constant exchange rates including continued investment in new business models. Trading profit of £174 million was £32 million ahead of last year after taking into account exchange rate movements that reduced trading profit by £5 million.

Three bolt-on acquisitions were completed in the quarter with total annualised revenue of £19 million.

Canada

Like-for-like revenue in Canada was 1.7% ahead with negligible price inflation. Gross margins were slightly lower than last year. Operating cost growth was restricted to less than 1% at constant exchange rates. Trading profit was the same as last year at constant exchange rates but declined by £1 million to £16 million due to movements in exchange rates.

The acquisition of an industrial PVF business was completed in the quarter with annualised revenue of £7 million.

UK

Like-for-like revenue in the UK was 0.5% ahead of last year including 0.5% price deflation. Growth in residential RMI markets, which represent the majority of UK revenue, remained modest. The Fusion Provida acquisition made last year contributed a further 4.4% to revenue growth. Gross margins were lower than last year due to competitive pricing pressure. Operating costs were well controlled and trading profit for the period was £24 million, £1 million behind last year.

Nordics

In the Nordic region like-for-like revenue growth was 1.9% including 1.0% price inflation. Growth in Denmark and Sweden was largely offset by declines in Finland where market conditions remained challenging. Gross margins were lower than last year due to the mix impact of last year's acquisition of Puukeskus. Trading profit declined by £3 million, £2 million of which was due to unfavourable exchange rate movements.

Central Europe and France

In Central Europe and France like-for-like revenue declined by 9.3% including 0.5% price inflation. Market conditions remained very weak throughout the region and gross margins were also lower than last year. Operating costs were reduced to offset some of the profit shortfall. Trading profit declined by £7 million to £6 million including £1 million due to unfavourable exchange rate movements.

The wood solutions business in France has been classified as held for sale and is excluded from the results of the ongoing businesses.

Financial position

Net debt at 31 October 2014 was £858 million (31 July 2014: £711 million) after purchasing £120 million of shares in accordance with the share buyback programme announced in September. The final ordinary dividend of £144 million will be paid on 27 November 2014. There have been no other significant changes in the financial position of the Group since 31 July 2014.

Outlook

At current exchange rates, we expect Group trading profit for the ongoing businesses for the full year to be in line with the current consensus of analyst expectations.

Investor conference call

A conference call with John Martin, CFO, will commence at 09.00 UK time today. The call will be recorded and available on our website after the event **www.wolseley.com**.

Dial in number:	UK Switzerland	+44 (0)20 3427 1901 +41 (0)22 567 5432

Ask for the Wolseley call quoting 7578396

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 in North America, the UK and Continental Europe. Ongoing revenue for the year ended 31 July 2014 was £12,773 million and trading profit was £761 million. Wolseley has nearly 40,000 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 its Interim Results on 24 March 2015.

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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