NEWS RELEASE

Interim Management Statement for the 3 months to 31 October 2016

12/6/2016

£ million	Q1 2017	Q1 2016	Change	Change (at constant exchange rates)	Like-for-like change (2)
Revenue - US	2,945	2,256	+30.5%	+8.9%	+4.2%
Revenue - other regions	1,424	1,300	+9.5%	(1.8%)	(2.9%)
Revenue - total	4,369	3,556	+22.9%	+5.2%	+1.8%
Trading profit (1)	303	250	+21.2%	+1.4%	
Trading days	66	65			
Net debt	1,169	990			

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 5.2% ahead of last year at constant exchange rates, including like-for-like growth of 1.8%.
- Gross margin of 28.3% was 0.3% ahead of last year.
- Trading profit of £303 million was 1.4% ahead of last year at constant exchange rates.
- Movements in foreign exchange rates increased revenue by £599 million and trading profit by £48 million.

Commodity price deflation reduced revenue by 1.3%.

- Net debt at 31 October 2016 of £1,169 million, 1.0x EBITDA.
- Four acquisitions completed in the quarter, and one since the quarter end, for total consideration of £216 million.

Commenting on the results, John Martin, Chief Executive, said:

“US like-for-like revenue growth was 4.2% with commercial and residential markets continuing to grow well and industrial markets steadying. Good volume growth was partly offset by the ongoing impact of commodity price deflation which reduced the US revenue growth rate by 2.4%. Our other markets were more challenging as the UK heating market was weak and Nordic construction markets deteriorated. While revenue growth trends have improved slightly we continue to manage costs and productivity very carefully while continuing to drive customer service and strong cash conversion."

Group results

During the quarter the Group generated revenue of £4,369 million, 5.2% ahead of last year at constant exchange rates and 1.8% ahead on a like-for-like basis, including 1.3% price deflation. Trading profit of £303 million was 1.4% higher than last year at constant exchange rates. There was one more trading day in the period which generated £6 million of additional trading profit. Exchange rate movements increased revenue by £599 million and trading profit by £48 million.

The regional performance was as follows:

£ million	Revenue Q1 2017	Revenue Q1 2016	Change (at constant exchange rates)	Trading profit Q1 2017	Trading profit Q1 2016	Change (at constant exchange rates)
USA	2,945	2,256	+8.9%	251	196	+6.6%
UK	499	510	(2.1%)	17	19	(13.2%)
Nordic	582	503	(2.5%)	24	25	(18.6%)
Canada and Central Europe	343	287	(0.3%)	21	22	(17.6%)
Central costs				(10)	(12)	
Group	4,369	3,556	+5.2%	303	250	+1.4%

Quarterly like-for-like revenue growth trends were as follows:

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
USA	+4.5%	+4.0%	+5.0%	+3.1%	+4.2%
UK	(1.1%)	(2.9%)	(0.4%)	(2.1%)	(2.9%)

Nordic	+5.5%	+2.4%	(2.6%)	(2.3%)	(2.9%)
Canada and Central Europe	(2.8%)	(1.7%)	-	+0.3%	(2.7%)
Group	+3.2%	+2.3%	+2.8%	+1.5%	+1.8%

USA

Ferguson, our US plumbing and heating business, grew revenue by 4.2% on a like-for-like basis, including price deflation of 2.4%. Acquisitions contributed another 2.6% of revenue growth. All businesses generated like-for-like revenue growth in the quarter with good growth across residential and commercial markets. Industrial like-for-like revenues recovered somewhat from last year. Gross margins were ahead of last year and operating costs were 10.9% higher at constant exchange rates, including 3.0% from acquisitions. Trading profit of £251 million was £55 million ahead of last year including £39 million due to favourable exchange rate movements. Four acquisitions were completed in the quarter, and one since the quarter end, with total annualised revenue of £142 million.

UK

Like-for-like revenue in the UK was 2.9% lower than last year. Repairs, maintenance and improvement markets remained weak. Despite very competitive markets gross margins were ahead of last year and trading profit of £17 million, was £2 million behind last year. Employee consultation regarding the turnaround and repositioning strategy announced in September is underway.

Nordics

In the Nordic region like-for-like revenue declined 2.9% as construction markets deteriorated. Gross margins were weaker with trading profit at constant exchange rates £5 million behind. The favourable impact of exchange rates was £5 million. As announced in September we have initiated a review of the Nordics operating strategy, and this is progressing well. We will announce our findings in the spring.

Canada and Central Europe

Like-for-like revenue in Canada and Central Europe was 2.7% behind last year. Gross margins were weaker and operating costs were 2.3% ahead at constant exchange rates. Trading profit of £21 million was £1 million behind last year including a £4 million benefit from favourable exchange rates.

Financial position

Net debt at 31 October 2016 was in line with our expectations at £1,169 million (31 October 2015: £990 million). The final dividend of £167 million was paid to shareholders on 1 December 2016. Total acquisition investment in the

period was £206 million with a further £10 million since the quarter end. There have been no other significant changes in the financial position of the Group.

Outlook

Like-for-like revenue growth since the end of the quarter has been in line with the first quarter results. Markets continue to be mixed across the Group with some uncertainty in the economic outlook. We remain confident that Wolseley will make further progress in the year ahead and expect Group trading profit to be in line with analyst expectations at current exchange rates.

Investor conference call

A conference call with John Martin, Chief Executive and Dave Keltner, Interim 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) 330 336 9436 +41 (0) 22 567 5753

Ask for the Wolseley call quoting 8916246.

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. Revenue for the year ended 31 July 2016 was £14,430 million and trading profit was £917 million. Wolseley has about 39,000 employees, 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**.

Financial Calendar

Half Year Results	28 March 2017
Q3 IMS	20 June 2017
Full Year Results	3 October 2017

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FULL ANNOUNCEMENT

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