NEWS RELEASE

Q1 Interim Management Statement for the 3 months to 31 October 2013

11/28/2013

£m		Q1 2014	Q1 2013	Change	Like-for-like change(3)
Revenue	Ongoing (1)	3,470	3,232	+7.4%	+3.5%
	Sold	62	73		
		3,532	3,305		
Trading profit (2)	Ongoing (1)	218	200	+9.0%	
	Sold	(2)	(2)		
		216	198		
Net (debt) / cash		(469)	(87)		

'Ongoing businesses' excludes businesses that have been sold or are held for sale.

Before exceptional items and amortisation and impairment 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 7.4% ahead of last year, like-for-like growth of 3.5%.
- Gross margin of the ongoing businesses of 27.6%, 0.2% ahead of last year.
- Trading profit of the ongoing businesses £218 million, 9.0% ahead of last year.

- Strong cash generation with net debt of £469 million (31 October 2012: £87 million), before payment of £121 million final dividend and £300 million special dividend in December.
- No restructuring charges in the first quarter, though £20 million expected to be charged to trading profit later in the year.

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

"Wolseley has continued to generate good revenue growth in the USA and the UK, although like-for-like revenue declined in the other countries as a result of continued tough market conditions. We improved our gross margins and controlled our operating expenses resulting in a 9.0 per cent increase in 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 of £3,470 million, 7.4% ahead of last year and 3.5% ahead on a like-for-like basis. The impact of inflation on Group revenue was negligible. The gross margin of 27.6% was 20 basis points ahead of last year. Operating costs were tightly controlled, particularly where markets are still declining. Trading profit of £218 million was 9.0% higher than last year and the first quarter trading margin improved by 10 basis points to 6.3% for the ongoing businesses. The number of trading days was the same as in the first quarter last year.

Regional analysis

£ million	Revenue Q1 2014	Revenue Q1 2013	Change	Like-for-like Change	Trading Profit Q1 2014	Trading Profit Q1 2013
USA	1,830	1,659	+10.3%	+7.6%	142	122
Canada	237	247	(4.0%)	(0.6%)	17	18
UK	483	427	+13.1%	+4.3%	25	24
Nordic	541	532	+1.7%	(2.6%)	28	34
France	144	142	+1.4%	(4.8%)	2	-
Central Europe	235	225	4.4%	(2.9%)	14	14
Central and other costs					(10)	(12)
Ongoing businesses	3,470	3,232	+7.4%	+3.5%	218	200
Sold or held for sale	62	73			(2)	(2)
Group	3,532	3,305			216	198

Quarterly like-for-like revenue growth

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
USA	+7.1%	+9.7%	+8.3%	+7.8%	+7.6%
Canada	+3.1%	+1.2%	+0.0%	+3.0%	(0.6%)
UK	(0.3%)	+0.3%	+5.2%	+5.1%	+4.3%
Nordic	(4.8%)	(8.0%)	(7.5%)	(3.1%)	(2.6%)
France	(8.8%)	(13.2%)	(10.1%)	(5.5%)	(4.8%)
Central Europe	(0.5%)	(1.3%)	(4.5%)	(3.9%)	(2.9%)
Ongoing businesses	+2.3%	+2.7%	+2.9%	+3.7%	+3.5%

USA

In the USA, like-for-like revenue growth was 7.6% as the key businesses continued to take market share. Inflation overall was negligible. The Blended Branches, Heating, Ventilation and Air Conditioning (HVAC), Waterworks and B2C businesses all generated good like-for-like revenue growth and improved returns. The Industrial segment remained weak. The acquisitions made last year contributed 1.5% of additional revenue growth in the period. Gross margins were ahead of last year and overall US trading profit of £142 million was £20 million ahead.

Canada

Like-for-like revenue in Canada was down 0.6% with inflation less than 1%. Market conditions in Quebec remained weak but this was largely offset by continued growth in the West. Gross margins were ahead of last year but due to unfavourable foreign exchange movements trading profit declined by £1 million to £17 million.

UK

Like-for-like revenue in the UK was 4.3% ahead of last year including 1% price inflation. New residential construction and RMI markets grew but Industrial markets remained weak. The acquisition made last year contributed a further 8.5% to revenue growth. Gross margins excluding the acquisition were broadly in line with the same period last year. Trading profit for the period was £25 million, £1 million ahead of last year, held back by excess bad debt charges of £2 million.

Nordics

In the Nordic region, like-for-like revenue declined 2.6% including 1% price inflation. Market conditions remained particularly difficult in Finland and continue to be challenging in Denmark. Gross margins were somewhat lower in the period due to pricing pressure. Favourable foreign exchange movements contributed £2 million to trading profit, which was still down £6 million to £28 million. In light of continued poor market conditions further cost reductions are being implemented.

France

Results in France exclude the branches currently held for sale. Like-for-like revenue declined by 4.8% due to continued weakness in the new residential market and inflation was still negligible. Gross margins were lower than last year and operating costs were reduced significantly. Trading profit improved by £2 million due to the reduction in costs. The sale and closure of branches announced last spring and the transfer of branches in the South are progressing well.

Central Europe

In Central Europe, like-for-like revenue declined by 2.9% with no significant price inflation. Overall gross margins were ahead of last year and costs were well controlled. Trading profit was held flat compared to the same period last year at £14 million.

Financial position

Net debt at 31 October 2013 was £469 million (31 October 2012: £87 million). The final ordinary dividend of £121 million will be paid on 2 December 2013 and the special dividend of £300 million will be paid on 16 December 2013. There have been no other significant changes in the financial position of the Group since 31 July 2013.

Foreign exchange

Foreign exchange movements in the first quarter increased revenue by £53 million and trading profit by £2 million. However, if current exchange rates continue, in particular the US dollar :sterling rate which is currently $1.63, trading profit will be lower by £25 million in the remainder of the year compared to the same period last year.

Outlook

Like-for-like revenue growth rates in November have been broadly in line with the first quarter. So far there are no signs of improvement in market conditions across Continental Europe and we expect trading conditions to remain tough for the foreseeable future. We will continue to actively manage our cost base and still expect to charge approximately £20 million of restructuring costs to trading profit this year as previously announced.

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 1905 +41 (0)22 592 7953

Ask for the Wolseley call quoting : 9189998

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. Group revenue for the year ended 31 July 2013 was £13,154 million and trading profit was £725 million. Wolseley has approximately 39,000 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 25 March 2014.

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

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FULL STATEMENT

Download the full Interim Management Statement (pdf)