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NEWS RELEASE

# Q3 Interim Management Statement for the three months to 30 April 2012

5/29/2012

Results for the third quarter to 30 April 2012

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| £ million | | Q3 2012 | Q3 2011 | Growth | Like-for-like Growth(1) |
|---|---|---|---|---|---|
| Revenue | Ongoing(2) | 3,069 | 2,930 | +4.7% | +3.8% |
| | Sold or held for sale | 128 | 341 | | |
| Trading Profit(3) | Ongoing | 139 | 126 | +10.3% | |
| | Sold or held for sale | 2 | 5 | | |
| | | 141 | 131 | | |
| Net debt | | 277 | 591 | | |

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

2 Throughout this report 'ongoing businesses' exclude businesses sold or held for sale.

3 Before exceptional items and the amortisation and impairment of acquired intangibles.

Third quarter highlights (ongoing businesses)

- Revenue increased by 4.7% and like-for-like growth was 3.8%.
- Gross margin of 27.7% held at last year's level.
- Operating costs were 3.6% higher than last year.
- Trading profit of £139 million, 10.3% ahead of last year.
- Net debt of £277 million, £314 million better than 30 April 2011.
- Completed previously announced sale of Brossette and sold Bathstore for £15 million.
- Two small bolt-on acquisitions completed in the third quarter in US and Denmark.

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

"Wolseley has continued to make decent progress in the third quarter, with good growth in the USA and Canada partly offset by Europe. We held our gross margin overall and controlled costs to generate 10 per cent trading profit growth in the ongoing business. We will continue to pursue operating efficiencies and remain focused on customer service, gaining market share and protecting our gross margins. Given the uncertain economic outlook in Europe we will remain vigilant on the cost base while continuing to drive growth initiatives in the more robust markets."

Third quarter trading performance (ongoing businesses)

During the quarter the Group generated revenue of £3,069 million, 4.7% ahead of last year and 3.8% ahead on a like-for-like basis. The impact of inflation on Group revenue was approximately 2%. The gross margin of 27.7% was unchanged, despite a continuing tough pricing environment. We have grown market share in key regions and continue to implement initiatives to hold or improve margins. Operating costs were 3.6% higher than last year including increases in employee share scheme expenses of £4 million and £2 million of one-off restructuring charges. Headcount continues to be tightly controlled, particularly where markets are deteriorating. In light of tough markets in Europe, as noted at the half year, the Group may incur further restructuring charges in the fourth quarter though these are unlikely to be material in the context of the Group's full year results. Trading profit of £139 million was £13 million or 10.3% higher than last year. The trading margin improved to 4.5% (2011: 4.3%). The number of trading days in the period was the same as last year.

FULL STATEMENT

## Download full Interim Management Statement (pdf)