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NEWS RELEASE

Q3 Interim Management Statement for the three months to 30 April 2015

6/2/2015

Interim Management Statement for the third quarter ended 30 April 2015

£m		Q3 2015	Q3 2014	Change	Change (at constant exchange rates)	Like-for-likechange(3)
Revenue	Ongoing businesses(1)		3,301	2,830	+16.6%	+12.4%
	Closed, disposed of or held for sale		5	77		
			3,306	2,907		
Trading profit (2)	Ongoing businesses(1)		195	151	+29.1%	+20.3%
	Closed, disposed of or held for sale		(1)	-		
			194	151		
Net Debt			1,127	914		

‘Ongoing businesses’ excludes businesses that have been closed, disposed of or classified as 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.

Third quarter highlights

- Revenue of the ongoing businesses 12.4% ahead of last year at constant exchange rates, including like-for-like growth of 7.5%.

- Trading profit for the ongoing businesses £195 million, 20.3% ahead of last year at constant exchange rates.
- Foreign exchange movements increased trading profit by £11 million.
- Three further bolt-on acquisitions completed with total annualised revenue of £69 million.
- Good cash generation with net debt of £1,127 million (31 Jan 2015: £1,221 million), after payment of the interim ordinary dividend of £78 million.

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

"Like-for-like revenue growth continued to be good and we outperformed the market in all key regions. Gross margins were ahead as we continued to focus on improving the mix of customers, suppliers and products. Operating expenses were well controlled and we generated decent flow through to trading profit. Strong operating results were also boosted by favourable foreign exchange rate movements. Cash conversion was in line with our expectations and we are continuing to invest in developing a more efficient business model to deliver better customer service and gain profitable market share."

Group results

During the quarter the Group generated revenue in the ongoing businesses of £3,301 million, 12.4% ahead of last year at constant exchange rates and 7.5% ahead on a like-for-like basis. The impact of inflation on Group revenue was negligible. The gross margin of the ongoing businesses was ahead of last year. Operating costs, which increased by 12% at constant exchange rates, included 3% from acquisitions and the continuing planned investment in developing a more efficient business model. Exchange rate movements were favourable in the quarter and increased trading profit by £11 million. There was one additional trading day compared to the same quarter last year which contributed £6 million of trading profit. Trading profit for the ongoing businesses of £195 million was 20.3% higher than last year at constant exchange rates. The trading margin improved by 60 basis points to 5.9% for the ongoing businesses. Businesses closed, disposed of or classified as held for sale incurred a loss of £1 million (2014: nil).

Regional analysis

£ million	Q3 2015 Revenue	Q3 2014 Revenue	Change	Change (at constant exchange rates)	Like-for-like change	Q3 2015 Trading profit	Q3 2014 Trading profit
USA	2,115	1,692	+25.0%	+13.5%	+8.3%	164	121
Canada	149	149	-	+2.0%	(1.9%)	3	3
UK	511	451	+13.3%	n/a	+7.6%	26	24
Nordic	431	442	(2.5%)	+12.2%	+8.8%	11	11
Central Europe	95	96	(1.0%)	+2.7%	+1.0%	3	2
Central and other costs	-	-				(12)	(10)
Ongoingbusinesses	3,301	2,830	+16.6%	+12.4%	+7.5%	195	151
Closed, sold or held for sale	5	77				(1)	-
Group	3,306	2,907				194	151

Quarterly like-for-like revenue growth

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
USA	+5.0%	+9.0%	+11.1%	+12.4%	+11.1%	+8.3%
Canada	(0.3%)	(0.5%)	+3.7%	+3.6%	+3.1%	(1.9%)
UK	+2.0%	(3.5%)	(2.6%)	+0.5%	+3.4%	+7.6%
Nordic	+0.5%	+7.6%	(2.4%)	+1.9%	+5.3%	+8.8%
Central Europe	(3.5%)	(3.8%)	+0.1%	(7.0%)	+4.6%	+1.0%
Ongoing businesses	+3.1%	+5.6%	+5.9%	+7.5%	+8.4%	+7.5%

USA

In the USA, like-for-like revenue growth was 8.3% with negligible price inflation. Market conditions remained good and growth was broadly based across all regions. The Blended Branches, Fire and Fabrication and Industrial businesses all generated good like-for-like revenue growth and the B2C business continued to grow strongly. Acquisitions contributed 3.3% of additional revenue growth. Gross margins were ahead of last year and operating costs were 14% higher at constant exchange rates including acquisitions and the continuing planned investment in developing a more efficient business model. Exchange rate movements were favourable in the quarter and increased trading profit by £13 million. Trading profit of £164 million was £43 million ahead of last year.

Two further acquisitions were completed with total annualised revenue of £31 million. These were Redlon & Johnson, a plumbing distributor with 11 branches and Arkansas Supply, a single branch operation.

Canada

In Canada, like-for-like revenue declined by 1.9% including 1% price inflation. Acquisitions contributed 2.1% of revenue growth. Blended Branches continued to grow well but the Waterworks and Industrial businesses weakened as a result of the fall in oil prices. Gross margins were better than last year and trading profit of £3 million was in line with last year.

UK

In the UK, like-for-like revenue growth was 7.6% including 1% price deflation. Acquisitions contributed 4.2% of additional revenue growth. The Plumbing & Heating business and Pipe & Climate generated good growth and the Utilities business continued to grow strongly. Gross margins were lower than last year in a challenging plumbing and heating market and operating costs remained well controlled. Trading profit for the period of £26 million was £2 million ahead of last year.

After the end of the quarter we completed the acquisition of MPS, a utilities business, with annualised revenue of

£38 million.

Nordics

In the Nordic region, like-for-like revenue growth was 8.8% and price inflation was less than 1%. Acquisitions contributed 4.0% of additional revenue growth. Market conditions were satisfactory in all Nordic countries except Finland which continued to be very challenging. Gross margins were lower due to the impact of acquisitions and pricing pressure. Operating costs were 7% higher at constant exchange rates including 2% from acquisitions. Exchange rate movements were unfavourable in the quarter and reduced trading profit by £2 million. Trading profit of £11 million was in line last year.

Central Europe

In Central Europe, like-for-like revenue growth was 1.0% including 2% price deflation. Revenue and gross margins were lower in Switzerland, which was affected by currency volatility, and were ahead in the Netherlands. Operating costs were lower and trading profit of £3 million was £1 million ahead of last year.

Nine months trading performance

£ million	YTD 2015 Revenue	YTD 2014 Revenue	Change	Change (at constant exchange rates)	Like-for-like change	YTD 2015 Trading profit	YTD 2014 Trading profit
USA	6,027	5,109	+18.0%	+13.4%	+10.5%	475	374
Canada	521	532	(2.1%)	+3.3%	+1.9%	26	24
UK	1,495	1,393	+7.3%	n/a	+3.8%	69	71
Nordic	1,367	1,356	+0.8%	+11.5%	+5.0%	33	42
Central Europe	310	326	(4.9%)	(0.7%)	(0.7%)	16	19
Central and other costs	-	-				(35)	(31)
Ongoing businesses	9,720	8,716	+11.5%	+11.1%	+7.8%	584	499
Closed, sold or held for sale	28	258				(2)	2
Group	9,748	8,974				582	501

Foreign exchange

Foreign exchange movements in the third quarter increased revenue by £107 million and trading profit by £11 million. At current exchange rates Q4 2014 revenue would have been £132 million higher and trading profit £11 million higher. The average US$ exchange rate in the year to date is $1.56 compared to a current rate of $1.52.

Net debt

Net debt at 30 April 2015 was £1,127 million (31 Jan 2015: £1,221 million) after payment of the interim ordinary dividend of £78 million. There has been no other significant change in the financial position of the Group since 31

January 2015.

Discontinued operations

During the period we completed the disposal of the Wood Solutions businesses in France for nominal cash consideration.

Outlook

We expect the Group's like-for-like revenue growth rate for the next 6 months to be about 6%. 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.

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 Group revenue for the year ended 31 July 2014 was £11,995 million and trading profit was £754 million. Wolseley has approximately 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 full year results on 29 September 2015.

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FULL ANNOUNCEMENT

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