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Trading Statement

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Wolseley plc

Pre-Close Period Trading Statement for the

eleven months ended 30 June 2008

Wolseley plc, the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials, today issues its regular trading statement for the eleven months ended 30 June 2008, prior to entering its close period. The preliminary results for the twelve months ending 31 July 2008 are due to be announced on 22 September 2008.

Summary

- Group
  - Revenue up 1% and trading profit(1) down 28%
  - Profit before tax and amortisation and impairment of acquired intangibles down 35%
  - Since January, net debt reduced by £183 million to £2,711 million and gearing reduced to 77%, from 84%
  - Board to recommend no final dividend payment for 2008 resulting in a cash saving of around £150m
  - Previously announced one-off costs in eleven months of £34 million. Further, previously announced, one-off costs of £23 million to be incurred in July 2008. Annualised benefit of actions announced of £136 million.
  - Disposal of three businesses for combined consideration of £18 million
  - Significant improvement in working capital and cash conversion

- North America
  - Revenue down 8% and trading profit down 46%
  - Fergusoncontinues to perform well, with the commercial and industrial market continuing to hold up
  - Further new housing decline particularly impacts Stock Building Supply

- Europe
  - Revenue up 13%, 7% in constant currency
  - Trading profit down 2%, 6% in constant currency
  - Tougher trading conditions across most countries, particularly in the UK

- Outlook
  - Market conditions are likely to deteriorate
  - Focus on taking actions necessary to ensure the Group remains within borrowing covenants

Chip Hornsby, Group Chief Executive of Wolseley, said:

"The deterioration in some of our key markets continues and it is likely that conditions will get tougher still. In these unprecedented circumstances, driving cost reduction, enhancing cash flow and closely managing the balance sheet, remain key priorities."

Overview

Trading conditions in most of the Group's markets have deteriorated since the Interim Management Statement on 21 May 2008. The US housing and repairs, maintenance and improvement ('RMI') markets softened further whilst the US commercial and industrial markets have remained stable. In Europe, there has been a rapid deterioration in market conditions in the UK, particularly with new housing, and many other European markets continue to soften. The Group continues to focus on cost reduction and cash flow enhancement.

Financial performance

Group revenue for the eleven months ended 30 June, including acquisitions, was up 1% compared to the corresponding period in the prior year. Trading profit was 28% lower, and profit before tax and amortisation and impairment of acquired intangibles was down 35%.

The Group continues to position itself to meet the challenges created by the difficult market conditions. The actions

being taken are designed to achieve the best long-term value for shareholders, ensuring that the strategic objectives of the Group are not compromised, the infrastructure of the Group is protected and that it is in a position to capitalise from the opportunities created by any market recovery.

The priorities are to lower the cost base and drive cash flow in order to ensure that the Group remains compliant with its borrowing covenants, which require net debt to be less than 3.5 times annualised EBITDA. The key actions underway are as set out below.

1. Cost cutting

In the IMS on 21 May 2008, the Group announced that a further £50 million of restructuring costs would be incurred in the fourth quarter (ending 31 July 2008), in addition to the one-off costs of £7 million in the first half. Of the £50 million, £27 million was incurred in May and June (further details can be found in the operational reviews below) and is included in the financial results for the 11 months ended 30 June 2008, and £23 million will be charged in July. The restructuring actions announced so far and other business improvement initiatives should result in annualised savings of £136 million, £40 million of which has been included in the results to 30 June 2008. The Group has reduced its headcount by 6,000 people since 1 August 2007.

2. Cash flow and debt

The rigorous focus on cash flow continues with further improvements in working capital ratios. Despite a deterioration in receivables of 3.6 days, spot cash to cash days(2) improved by 4.8 days from 57.4 days as at 30 June 2007 to 52.6 days at 30 June 2008. Cash conversion(3) was more than 170%, for the eleven months ended 30 June 2008, up from 122% at the half year.

As at 30 June 2008, net debt was £2,711 million, £183 million lower than 31 January 2008, after

an adverse exchange effect of £92 million. Gearing(4) reduced from 84% at 31 January 2008 to 77% at 30 June 2008. As at 30 June 2008, the Group had committed undrawn borrowing facilities of around £1 billion, more than £700 million of which is available until August 2011.

The interest charge for the first eleven months of £124 million was £16 million up on the corresponding period in the prior year, reflecting higher interest rates and the full period cost of financing the acquisition of DT Group. Interest cover(5) was 4.4 times.

3. Capex and acquisitions

Given the current market conditions, the Group continues to adopt a cautious approach to acquisitions with no further transactions completed since the Interim Results in March. As previously indicated, capital expenditure plans have been curtailed and total capital expenditure for the year ended 31 July 2008 is now expected to be around £330 million, down from £396 million last year.

4. Asset disposals - property and businesses

Wolseley currently owns approximately 950 properties and routinely enters into sale and leaseback arrangements or makes disposals. The assessment of the property portfolio continues. In the eleven months, 21 properties were sold for £40 million and further transactions, that will generate profits and cash, are anticipated over coming months.

A number of peripheral businesses have been acquired as part of larger deals or have been built up organically. Some of these are not strategic to the Wolseley Group and, accordingly, Wolseley is pursuing a policy of selective disposal of certain non-core businesses where the value realisation is believed to be appropriate.

Three businesses have been disposed of for a combined consideration of £18 million. In April and June, respectively, Ferguson disposed of two businesses. These were the electrical distribution business that was acquired as part of Davidson and a high purity fabrication and distribution business that supplies the pharmaceutical and food industries, that was acquired with Frischkorn. In July, Wolseley France has disposed of a metal connector plate and anchor design and manufacturing business, which was acquired with Sofiparts. These businesses contributed revenue and trading profit of £7 million and £1 million, respectively, in the eleven months ended 30 June 2008.

5. Dividends

Following the 11.25 pence interim dividend paid in May and in the light of the current market conditions, the Board has decided to recommend to shareholders that no final dividend be paid. This will result in a cash saving in November 2008 of approximately £150 million. The Group is committed to a progressive dividend policy and will revert to paying a dividend as soon as it is prudent to do so.

Further details of market conditions and financial performance in each of the Group's businesses are set out below.

North America

In North America, revenue in the eleven months ended 30 June 2008 in sterling, including acquisitions, decreased by 8% compared to the corresponding period in the prior year. Trading profit was down by 46% reflecting the loss reported by Stock and lower profitability in Ferguson and Wolseley Canada.

Ferguson continued to gain market share. Although it benefited from the continued strength of the commercial and industrial sector, the new residential market has weakened further and the RMI market has slowed. Revenue in local currency for the eleven months ended 30 June 2008 was marginally up due to acquisitions, with organic revenue declining by 3%. Recent pressure on gross margins has so far been off-set by a focus on managing the pricing matrix, an increase in sales via counters and showrooms and higher private label sales. Trading profit, in

local currency, was around 10% lower primarily as a result of the restructuring that was announced in May which cost £16 million. The 75 branches earmarked for closure in that announcement have been shut, reducing headcount by 200.

At Stock, local currency revenue and trading profit have been affected by the continuing slowdown in the new residential market, which has also created increased price competition and pressure on gross margin. Housing starts in the USA have fallen 28% from an average annual rate of around 1.534 million in the ten months ended 31 May 2007 to 1.112 million in the ten months ended 31 May 2008. The housing starts figure for May 2008 was 975,000.

Stock's local currency revenue is down by 25%, principally reflecting a 22% decline in same store sales volumes, the effect of previous branch closures (3%) and 3% price deflation in lumber and panels. Acquisitions contributed £56 million (3%) to revenue. Stock's trading loss for the eleven month period was £102 million compared to a trading profit of £52 million in the comparable period in the prior year. Despite the deterioration in trading conditions, Stock continues to outperform in most of its major markets.

The Canadian residential market continued to hold up well and has not been significantly affected by the factors affecting the US housing market. Wolseley Canada's local currency revenue was marginally higher than the prior year, although trading profit was 19% lower. This is due to branch closure costs of around C$4 million (£2 million) in the first half and the inclusion of property gains in the comparative period last year. A further restructuring charge of C$5 million (£3 million) will occur in July 2008 following the announcement in May of an additional 15 branch closures or consolidations in the fourth quarter, resulting in a headcount reduction of 50.

Europe

The global liquidity squeeze is eroding European consumer confidence and caused a deterioration in trading conditions during the period, particularly in the UK. Revenue in sterling for Europe, including acquisitions, increased by around 13% in the eleven months ended 30 June 2008 (7% in constant currency), whilst trading profit was down 2% (down 6% in constant currency). Excluding DT Group, which was acquired on 25 September 2006, European revenues, in sterling, were up by around 6% whilst trading profit was 20% lower.

Revenue for the UK and Irish businesses increased slightly for the eleven month period. The results reflect tougher trading conditions in Ireland throughout the period combined with an increasingly difficult UK housing market. New housing in the UK has slowed significantly in recent weeks in response to the lower availability and increased cost of mortgage financing and deteriorating consumer confidence is also affecting the RMI market.
Government expenditure on social housing, health and education remains positive. Trading profit was down by 17% which includes one-off restructuring costs in Ireland in June of £9 million, where headcount is being reduced by 150 and 13 branches are being closed or consolidated. In view of the current market conditions in the UK, cost reduction measures and efficiency improvements will continue.

Wolseley France improved its performance over the course of the year, following a disappointing start and despite a generally more challenging business environment. Local currency revenue for the eleven months ended 30 June 2008 was marginally up on the prior year due to acquisitions and trading profit was down 15%, including previously announced restructuring costs of €4 million (£3 million) in the first half. Further restructuring plans have been submitted to the relevant works councils which are designed to result in improved productivity in sales, administration and logistics. These include the rationalisation of some back office functions and the closure of 43 branches, resulting in a headcount reduction of around 400 people. The one-off costs associated with this restructuring programme are expected to be €24 million (£18 million) in July 2008 and give rise to annualised savings of €15 million (£11 million).

Growth rates in the Nordic region are slowing as higher interest rates have affected the rate of new homes being built and adversely impacted house prices and the Group's DIY businesses. The professional RMI market is more positive, although June was a disappointing month when compared against a very buoyant market in the prior year. For the eleven months ended 30 June 2008 reported revenue, in sterling, was £2,007 million with a trading margin of 6.5%.

The Group's Central and Eastern European businesses showed modest constant currency revenue growth, due to acquisitions. Trading profit was higher in Switzerland and the Netherlands, with strong market outperformance, but was down in the other regions, particularly in Austria and Italy. Overall for the division, trading profit in the period was around 60% lower than that in the comparable period. Opportunities will continue to be taken

to further rationalise the business and reduce costs.

Outlook

Many markets in which the Group operates are likely to deteriorate in the short term, although the US commercial and industrial market is likely to remain stable for the next few months. The Group will continue to focus on executing the actions necessary to ensure that it remains compliant with its borrowing covenants, without compromising its strategic objectives.

(1) Trading profit is defined as operating profit before the amortisation and impairment of acquired intangibles. Trading margin is
the ratio of trading profit to revenue expressed as a percentage.

(2) Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.

(3) Cash conversion is the ratio of operating cash flow to trading profit.

(4) Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

(5) Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs

Exchange Rates

The average profit and loss account translation rate for the eleven months ended 30 June 2008 was $2.00 to the £1 compared to $1.95 for the comparable period last year, a weakening of 2.5%, and €1.36 to the £1 compared to €1.48, a strengthening of 8.9%, compared to the prior year.

There will be an analyst and investor meeting at 0900 (UK time) today at UBS, 1 Finsbury Avenue, London, EC2M 2PP. The meeting can also be accessed by conference call:

UK free phone dial-in number:	0800 032 7216
US free phone dial-in number:	1888 935 4463
Rest of the World dial-in number:	+ 44 (0)20 7784 1022

Password: 445419

Please note that all participants must register at

https://www.myrcplus.com/rsvp-index.asp?CID=7445419&BWebID=40404040

prior to the call in order to join the conference.

Slides relating to the meeting will be available on **www.wolseley.com**.

The meeting will be recorded and available on **www.wolseley.com** after the event. It will also be available for playback until 30 July 2008 on the following numbers:

UK free phone number: 0800 559 3271

US free phone number: 1866 883 4489

UK/European replay dial-in number: +44 (0)20 7806 1970

Password: 445419

ENQUIRIES:

Analysts/Investors:

Guy Stainer +44 (0)118 929 8744

Group Investor Relations Director +44 (0)7739 778187

John English +1 513 771 9000

Vice President, Investor Relations, North America +1 513 328 4900

Media:

Mark Fearon +44 (0)118 929 8787

Director of Corporate Communications

Brunswick +44 (0)20 7404 5959

Andrew Fenwick

Kate Miller

Notes to Editors

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 2007 was approximately £16.2 billion and trading profit was £877 million. Wolseley has around 75,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this release is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements 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 and expected expenditures and divestments. All forward-looking statements in this

release are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an international Group such as Wolseley. Information on some factors which could result in material difference to the results is available in the Company's Annual Report to shareholders for the year ended 31 July 2007.

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