NEWS RELEASE

Wolseley plc announces its Unaudited Interim Results for the half year ended 31 January 2008

3/17/2008

Financial highlights

	Year to 31 January 2008 £m	Year to 31 January 2007 £m	Reported %	Change in constant currency (1) %
Group revenue	8,029	7,870	+2.0	+3.1
Group Trading profit (2)	300	390	+23.1	-22.1
Group operating profit	146	345	-57.7	-57.5
Group profit before tax, before exceptional items and amortisation and impairment of acquired intangibles	233	330	-29.4	-28.6
Group profit before tax	79	285	-72.5	-72.3
Earnings per share, before exceptional items and amortisation and imairment of acquired intangibles	26.69p	38.72p	-31.1	-30.4
Basic earnings per share	9.87p	32.97p	-70.1	-69.8
Interim dividend per share	11.25p	10.85p	+3.7	

Overview

- Results reflect increasingly difficult trading conditions across many businesses and the continuing action to significantly reduce the Group's cost base and maximise cash flow.
- Ferguson continued to outperform its markets, achieving an increase in trading profit and margin.
- Stock is the primary reason for the reduction in the Group trading profit, recording a trading loss of £44

million (2007: profit of £42 million) and a goodwill and other acquired intangibles impairment of £89 million.

- Operational improvements from recent UK initiatives starting to deliver benefits, with underlying improvement in the UK (excluding Ireland) in trading profit, despite a slowing market.
- Markets in the Nordic region generally held up well, enabling another good performance by DT Group which achieved a trading margin of 6.3% and organic revenue growth of 3.9%.
- French profits declined in a generally less positive business environment, although improved market focus and cost control resulted in a better performance in the second quarter.
- Improved cash conversion(3) from 115% to 122% achieved, but operating cash flow of £367 million (2007: £447 million) reflects lower trading profit.
- Capital expenditure reduced to £155 million (2007: £206 million). In addition, £173 million (2007: £325 million) was invested in bolt-on acquisitions.
- Gearing(4) of 83.9% (2007: 89.6%), interest cover(5) of 4.3 times (2007: 6.6 times) and net debt to annualised EBITDA of 2.85 times.
- The Group is fully in compliance with its borrowing covenants at 31 January 2008 and is confident that this will remain the case. It had committed and undrawn banking facilities of around £1 billion at 31 January 2008.
- After careful consideration, the Board has decided to increase the interim dividend by 3.7% to 11.25 pence per share (2007: 10.85 pence). The Board believes that this strikes an appropriate balance between its undiminished confidence in the longer term fundamental strength of the Group and the short term market uncertainties.

Outlook

- The Board expects business conditions in a number of the Group's markets to become more challenging.
- In the USA, the housing market is likely to deteriorate further and put additional pressure on the RMI market. The US commercial and industrial market is likely to remain stable for the next few months, but soften thereafter.
- Growth rates in European markets are likely to slow, but the RMI and commercial and industrial segments, that drive the majority of the Group's business, are expected to remain marginally positive.
- Management's immediate focus will remain on achieving a cost base appropriate to market conditions, with further significant cost reductions in the second half, and on maximising cash flow. The Group will apply a highly selective approach to further capital and acquisition expenditure.
- The Board remains confident that the Group's fundamental strategy for exploiting market fragmentation through acquisition and organic growth will continue to provide significant opportunities in the future.

Chip Hornsby, Wolseley plc Group Chief Executive said: "The first half results reflect creditable performances in most of our major markets against the background of increasingly challenging conditions. In the short-term, we remain very focused on maximising cash flow, reducing costs and growing market share. We are confident in the

long term fundamentals of our markets and will emerge from this current downturn as a stronger organisation with an excellent platform for future growth."

Interviews with Chip Hornsby, Group Chief Executive and Steve Webster, Group Finance Director, in video/audio and text are available.

A presentation to analysts was webcast earlier and presentation slides are now available in both powerpoint and pdf formats. An on-demand version of the webcast can be viewed.

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 operating profit, before amortisation and impairment of acquired intangibles, 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.

FULL ANNOUNCEMENT

Download Unaudited Interim Results for the half year ended 31 January 2008 (pdf)

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