

WOLSELEY

The name the world builds on

Final results for the year ended 31 July 2008

22 September 2008

This presentation contains certain forward-looking statements. By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements.

Agenda

- Introduction
- Financial review
- Outlook
- Update on operations and strategy
- Q&A

Introduction

- Unprecedented market conditions
- Experienced management team focused on cost reduction and cash maximisation
- Good progress on ensuring adequate covenant headroom
- Determined to take the tough action required to navigate cycle

Financial Review

Summary of results

Lower profit reflects losses in Stock Building Supply, exceptional costs and impairment provisions

	2008 £m	2007 £m	Change %	Con't curr'cy change %
Revenue	16,549	16,221	2.0	0.0
Trading profit*	683	877	(22.1)	(23.7)
Exceptional restructuring costs	(76)	-		
Goodwill and acquired intangibles	(306)	(124)		
Operating profit	301	753	(60.1)	(60.8)
Net finance costs	(156)	(119)		
PBT*	527	758	(30.5)	(31.4)
EPS* (p)	56.58p	87.80p	(35.6)	(36.6)
Dividend (p)	11.25p	32.40p	(65.3)	(65.3)
ROGCE	9.6%	13.7%		
Cash flow conversion	185%	148%		
Gearing	73.5%	71.5%		
Interest cover**	5x	7x		

*Before exceptional items and amortisation and impairment of acquired intangibles

** Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs and the impairment of investments

Debt covenant calculation

Cost reduction and improved cash management result in comfortable covenant headroom at 31 July

	2008 £m	2007 £m
Operating profit	301	753
Amortisation and impairment of acquired intangibles	306	124
Depreciation and other amortisation	242	191
Exceptional items	76	-
Depreciation included in exceptional items	(9)	-
Acquisition/disposal adjustment	5	37
Covenant EBITDA	921	1,105
Year end net debt	2,469	2,467
Net debt: EBITDA	2.7	2.2
Covenant limit	3.5	3.0

Actions taken to improve cash position

Over £1.2 billion extra headroom created over the last year

	£ m
Items that have reduced debt in 2008	
Reduced working capital	350
Business and asset disposals	102
Receivables factoring	74
Reduction in net debt for year to 31 July 2008	526
Other actions to conserve cash	
Reduced capex spend compared to original budget	183
Reduced acquisition spend compared to original target	227
	936
Items that have reduced debt in 2009 to date	
Receivables factoring	78
Business and asset disposals	46
Cancellation of final dividend	150
Total impact of actions taken	1,210

Additional actions to improve headroom

Further working capital improvement expected

- Further working capital improvement (over 10% by 31 July 2009)
- Further reduction in capex by £140 million to £180 million
- Proposed extension of receivables factoring
- Property and business disposals
- Confident of covenant compliance

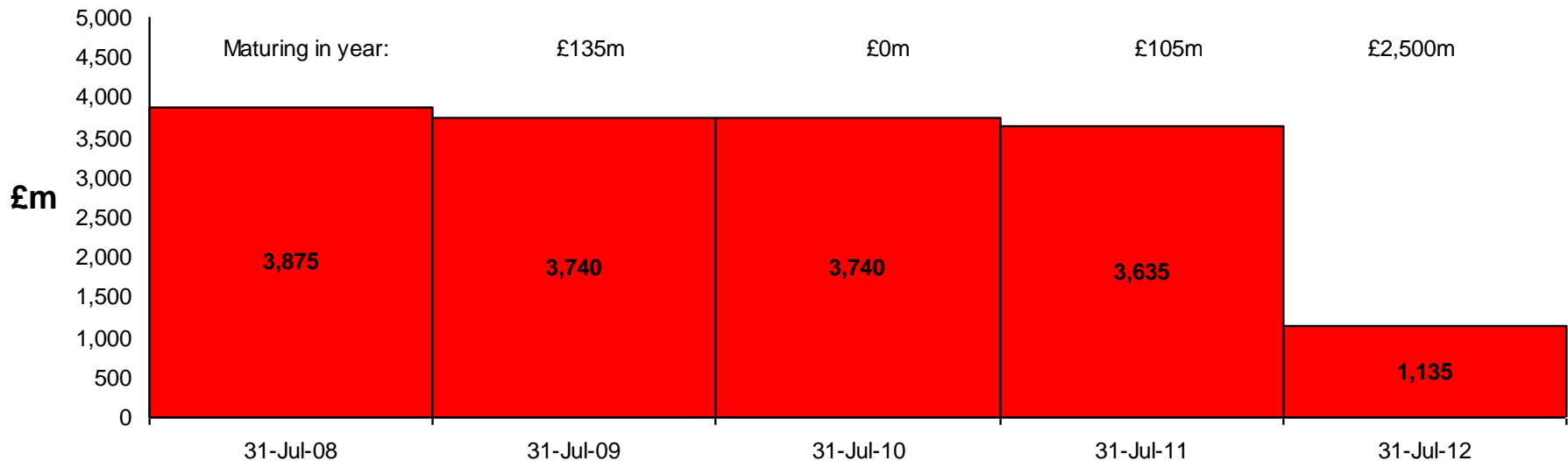
Liquidity

Strong liquidity position – committed, undrawn facilities of nearly £1.2 billion

Committed facilities £3,875m

undrawn £1,159m

Committed Facilities



Cash flow

Operating cash flow nearly £1.3 billion

	2008 £m	2007 £m
Trading profit	683	877
Exceptional items	(76)	-
Depreciation and profits on sale of property	226	164
Decrease in working capital	424	238
Share based payments and other non cash items	5	20
Cash flow from operating activities	1,262	1,299
Acquisitions (including net debt acquired)	(244)	(1,719)
Property and business disposals (including debt disposed of)	102	62
Capital expenditure	(317)	(396)
Net interest paid	(135)	(117)
Tax paid	(99)	(167)
Dividends paid	(215)	(198)
Currency translation	(321)	86
Other including share placing	(35)	633
Increase in net debt	(2)	(517)

Working capital - cash to cash days

30% improvement over last two years

	FY06	FY07	FY08	Improvement over	
				2 years	1 year
Spot inventory days	68.8	63.7	60.9	7.9	2.8
Spot receivables days	52.7	51.3	49.2	3.5	2.1
Spot payables days	(56.3)	(63.2)	(64.2)	7.9	1.0
Spot cash to cash days	65.2	51.8	45.9	19.3	5.9
Improvement				29.6%	11.4%

Exceptional costs and benefits from restructuring and business initiatives

Incremental benefit of £129 million in 2009

	Cost £m	Headcount reduction	Benefit £m pa	Benefit £m ytd
UK and Ireland	12	450	17	-
France	21	710	11	1
Nordic	3	350	2	-
Central and Eastern Europe	2	120	4	-
European central costs	4	10	2	-
Europe	23	1,640	36	1
US plumbing and heating	21	2,250	74	26
US building materials	6	3,150	62	19
Canada	5	50	3	1
North America	32	5,450	139	46
Group central costs	2	10	1	-
Total	76	7,100	176	47

Headcount reduction also includes natural labour turnover and previously announced plans in process

Goodwill and intangibles

One-off impairment provisions

	2008		2007
	£m		£m
Amortisation of acquired intangibles	135		119
Goodwill and acquired intangibles impairment			
- Stock Building Supply	114	} 171	5
- Ireland	46		-
- Italy	11		-
			} 5
Total amortisation and impairment of acquired intangibles	306		124
Software amortisation	15		9
IT development costs impairment			
- BCP in Central and Eastern Europe	12	} 15	-
- Other	3		-
			} -
Total amortisation and impairment of software	30		9
Total	336		133

Finance costs

One-off impairment of equity investment

	2008 £m	2007 £m
Net interest payable	(136)	(118)
Other finance costs	(1)	1
	(137)	(117)
Pension finance income/(charge)	3	(2)
Impairment of equity investment	(22)	-
	(156)	(119)

US plumbing and heating

Market outperformance

	2007 £m	Acq'n £m	Organic Change £m	Exch %	Exch £m	2008 £m	Ch'ge %	Cons't Cur'y %
Revenue	5,685	206	(132)	(2.4)	(146)	5,613	(1.3)	1.3
Trading profit	411	21	(25)	(6.2)	(10)	397	(3.3)	(0.8)
Trading margin	7.2%					7.1%		

- Market slowdown but strong market outperformance
- Gross margin stable, despite pricing pressure
- Trading margin reflects increase of £11 million provision for doubtful debts, higher fuel and infrastructure costs
- Like for like trading margin unchanged
- Headcount reduced by 2,250 employees with 123 branches closed

US building materials

Market outperformance but profit hit by housing slowdown

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	2,358	63	(626)	(27.2)	(60)	1,735	(26.4)	(24.5)
Trading profit	44	5	(171)	(397.2)	(1)	(123)	(379.0)	(386.3)
Trading margin	1.9%					(7.1)%		

- New housing starts fell 29%, Stock's same store sales declined 21%
- Outperformed in all districts, particularly in second half
- Gross margin pressure continued
- \$150m of costs removed in 2008, including 36 branch closures and headcount reductions of 3,150
- Trading loss reflected £32m of higher provisions for doubtful debts

Canada

Residential market held up but profits marginally down

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	619	6	4	0.5	55	684	10.5	1.4
Trading profit	42	-	(7)	(15.1)	4	39	(6.4)	(14.1)
Trading margin	6.8%					5.8%		

- Residential market held up, largely avoiding the problems of US housing
- Strength of C\$ affecting exporting industries and causing some price deflation in goods from the US
- Prior year benefited from C\$10m of one-off property profits and other items

UK and Ireland

Tougher trading conditions impact results

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	3,171	13	(11)	(0.3)	30	3,203	1.0	0.1
Trading profit	211	-	(37)	(17.5)	2	176	(16.6)	(17.4)
Trading margin	6.7%					5.5%		

- UK housing market slowed significantly and RMI also affected
- Housing starts in Ireland around 60% lower
- Government spending on social housing, health and education remains positive
- Excluding Ireland, the UK achieved organic revenue growth of 1.8%
- Gross margin improved

Nordic

Another strong performance with revenue and profit growth

	2007 £m	Acq'n £m	Organic Change £m	%	Exch £m	2008 £m	Ch'ge %	Cons't Cur'y %
Revenue	1,617	387	31	1.7	162	2,197	35.9	23.5
Trading profit	99	28	22	19.9	10	159	59.9	45.4
Trading margin	6.1%					7.2%		

- Results reflect extra 2 months trading in 2008
- Markets in Nordic region slowed particularly in new housing and DIY
- Professional RMI more difficult in past 3 months
- Outperformed local markets
- Excellent cost control and working capital management

France

Continued focus on market repositioning

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't
	£m	£m	£m	%	£m	%	Cur'y %
Revenue	1,872	83	(27)	(1.3)	188	2,116	13.1 2.7
Trading profit	101	9	(17)	(15.0)	10	103	2.1 (7.2)
Trading margin	5.4%					4.9%	

- New residential and RMI markets slowed
- Less positive business environment
- Performance improved over course of year
- Trading profit benefited from £8m of property and asset disposals, acquisitions and currency exchange
- Disposal of tool hire business

Central and Eastern Europe

Profits impacted by business disruption and IT impairment charge

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	899	39	(32)	(3.3)	95	1,001	11.2	0.6
Trading profit	35	-	(38)	(101.7)	3	-	(100.7)	(100.6)
Trading margin	3.8%					0.0%		

- Gross margin lower with price deflation in some commodities, particularly insulation
- Trading profit affected by business disruption from IT in Austria and DC in Italy, and £12m IT impairment
- Excellent progress continued in Switzerland with trading margin of 8.2%

Outlook

Focus on cost reduction and cash maximisation

- Markets likely to deteriorate
- US commercial and industrial markets likely to remain stable for next few months
- Focus on cost reduction and cash maximisation
- Further restructuring and fundamental review of Stock
- Confident of covenant compliance
- No plans to raise equity or renegotiate covenants

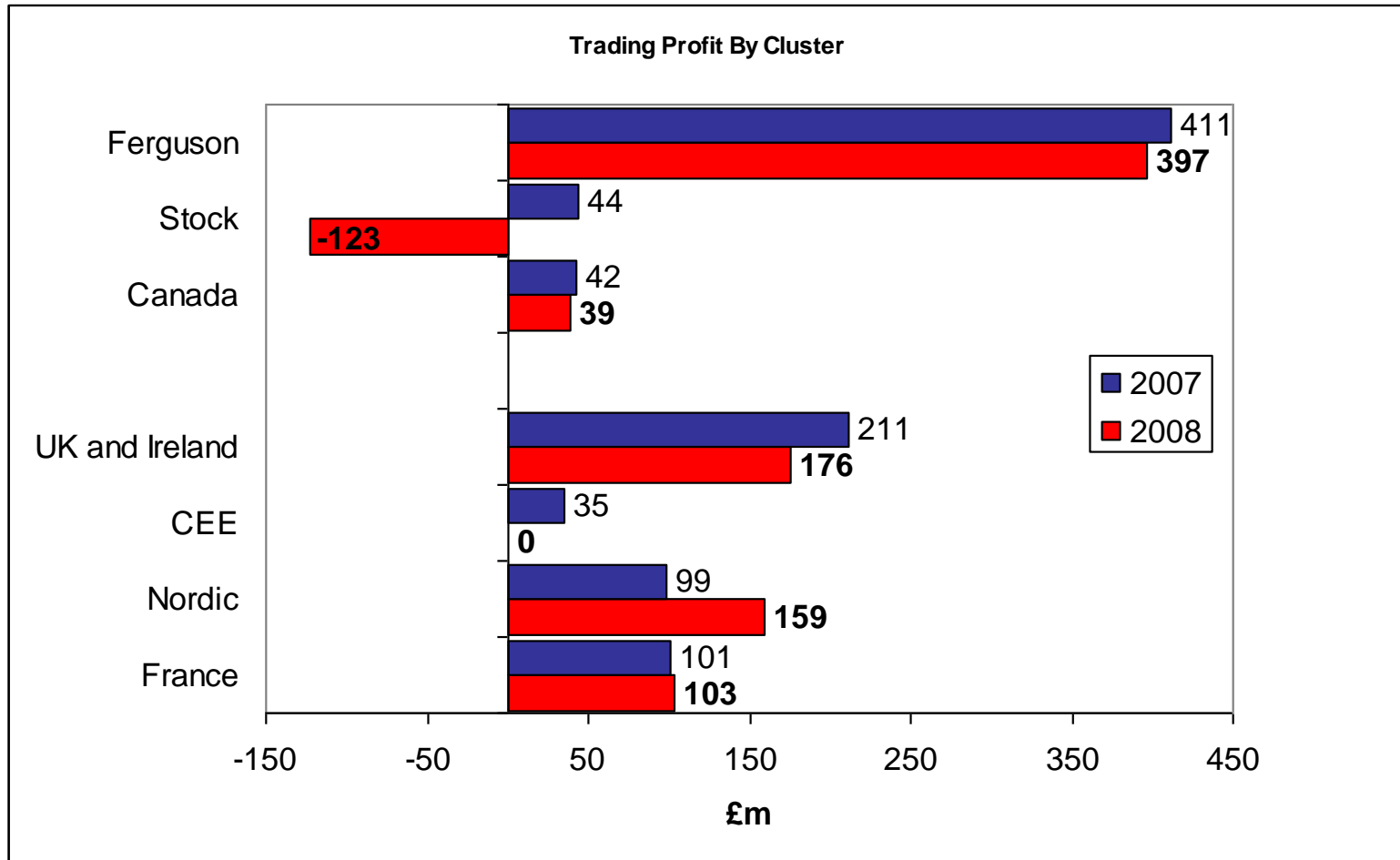
Wolseley

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Year on year trading performance

Dramatic impact of Stock loss in 2008



Lowering the cost base

Significant progress to date

- Reduction in headcount and locations
- Cash flow generation remains a central focus of the business
- Capital expenditure curtailed significantly to reflect conditions
- Asset disposals where acceptable returns achievable

FY 2009 focus

Further actions in line with market conditions

- Maintain appropriate cost base
 - Restructuring actions announced today
 - Further action appropriate to market conditions
- Cash flow generation and cost containment
 - Improvement in working capital days of at least 10%
 - Reduction in discretionary and capital spend
 - Further asset disposals where value can be realised
- Re-phasing of Business Change Programme in 2009

Summary

- Unprecedented market conditions
- Experienced management team focused on cost reduction and cash maximisation
- Good progress on ensuring adequate covenant headroom
- Determined to take the tough action required to navigate cycle

Q&A

Appendices

Market strategy

“Wolseley is a distributor of construction materials and a provider of construction services to primarily professional contractors, industry and government in Europe and North America.”

Outstanding local companies successfully serving customers in home markets.

What is Wolseley?

- Founded in 1887 in Australia as the Wolseley Sheep Shearing Machine Company Limited
 - Nine years later the first Wolseley motor car was produced in Birmingham, UK
- 1999 – finally exited all manufacturing to focus on construction materials distribution
- Now world's number one plumbing and heating distributor to the professional market and a leading supplier of building materials
- Operations in 27 countries
- Around 5,310 locations
- Around 78 in the FTSE 100 with market capitalisation of c£2.6bn
- £16.5bn of sales and £683m of trading profit in year ended 31 July 2008

Who are we?

Significant growth opportunity from scale and diversity

Leading supplier of construction products and services in North America and Europe

Growth

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graph TD; Growth[Growth] --- Scale[Scale/Size]; Growth --- Diversity[Diversity];
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Scale/Size

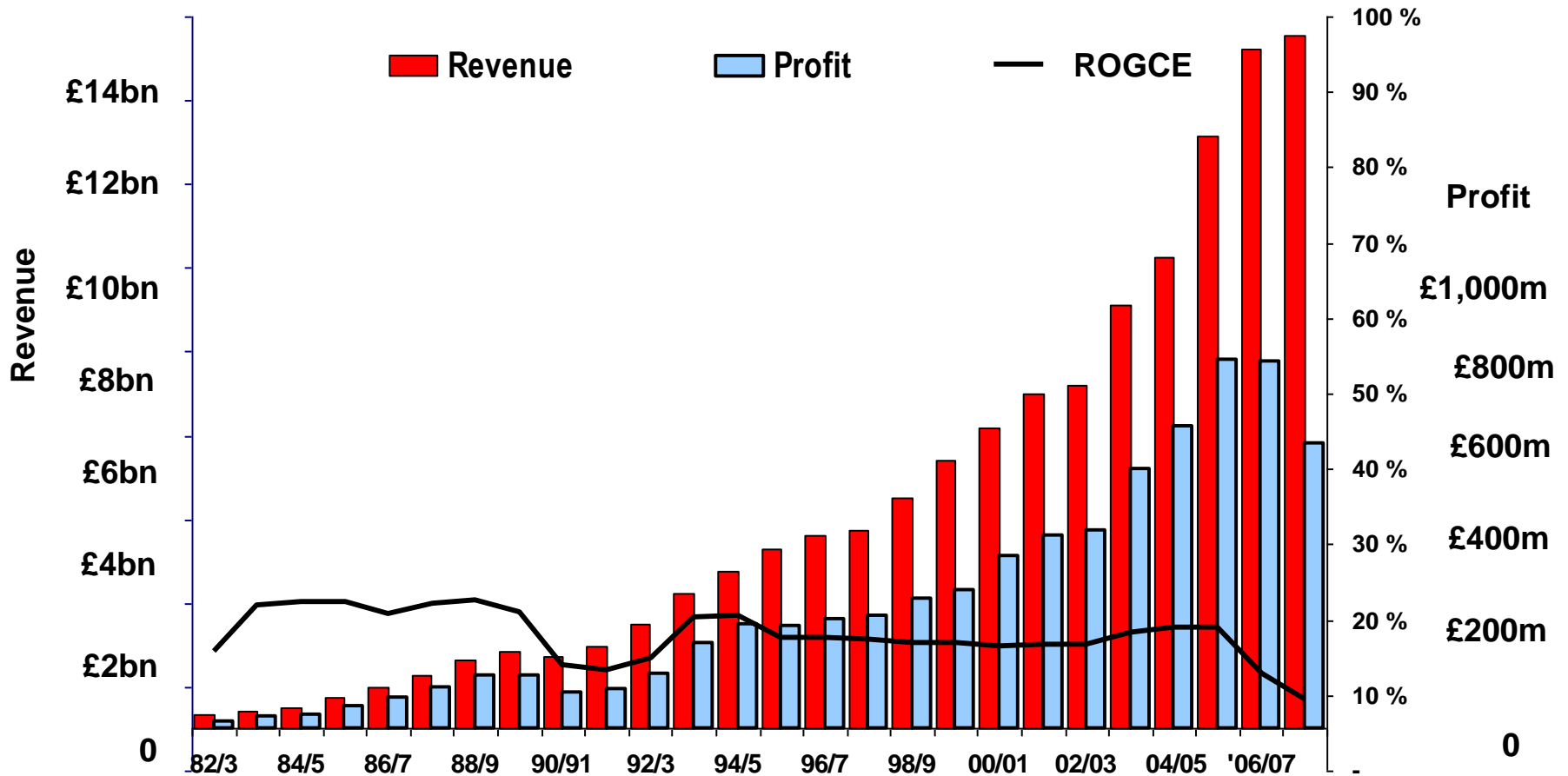
- Unique footprint
- DC/branch network
- Sourcing opportunities
- Acquisitions

Diversity

- Geography
- Business segment
- Customer type
- Product/service offering

Wolseley group total – revenue & profits

Sterling millions 1982 - 2008



Organisation & operating brands

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North America

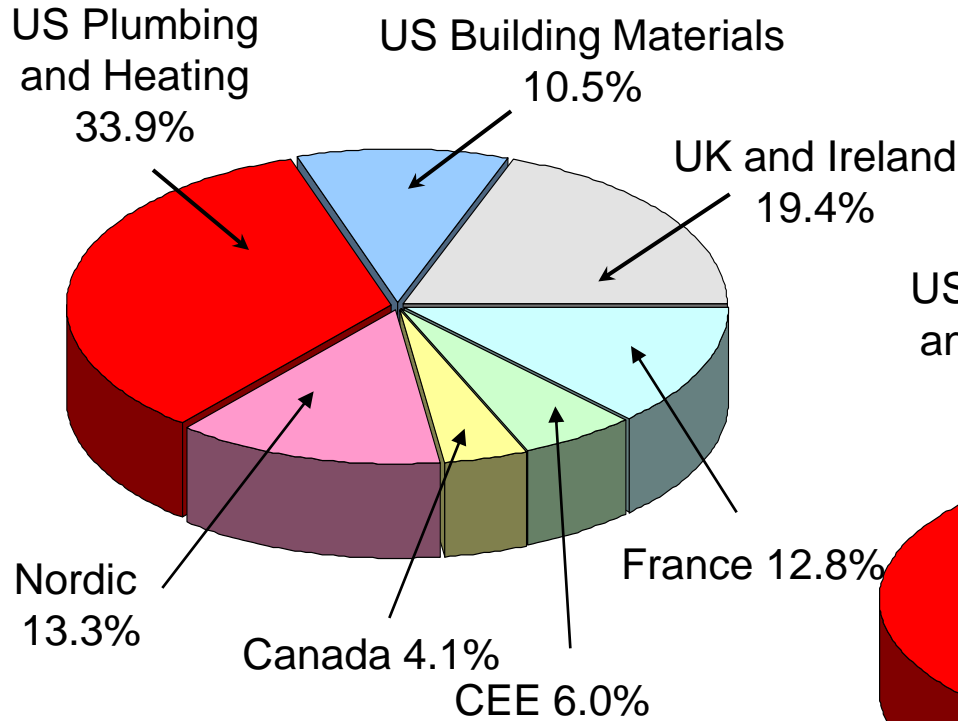
Europe



WOLSELEY

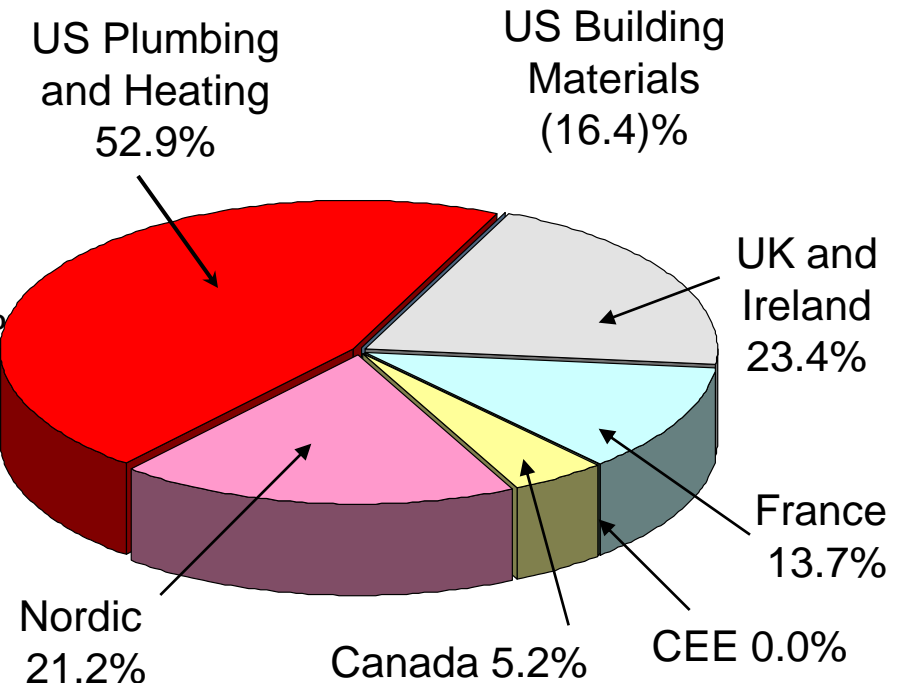
Group revenue & trading profit

Twelve months ended 31 July 2008



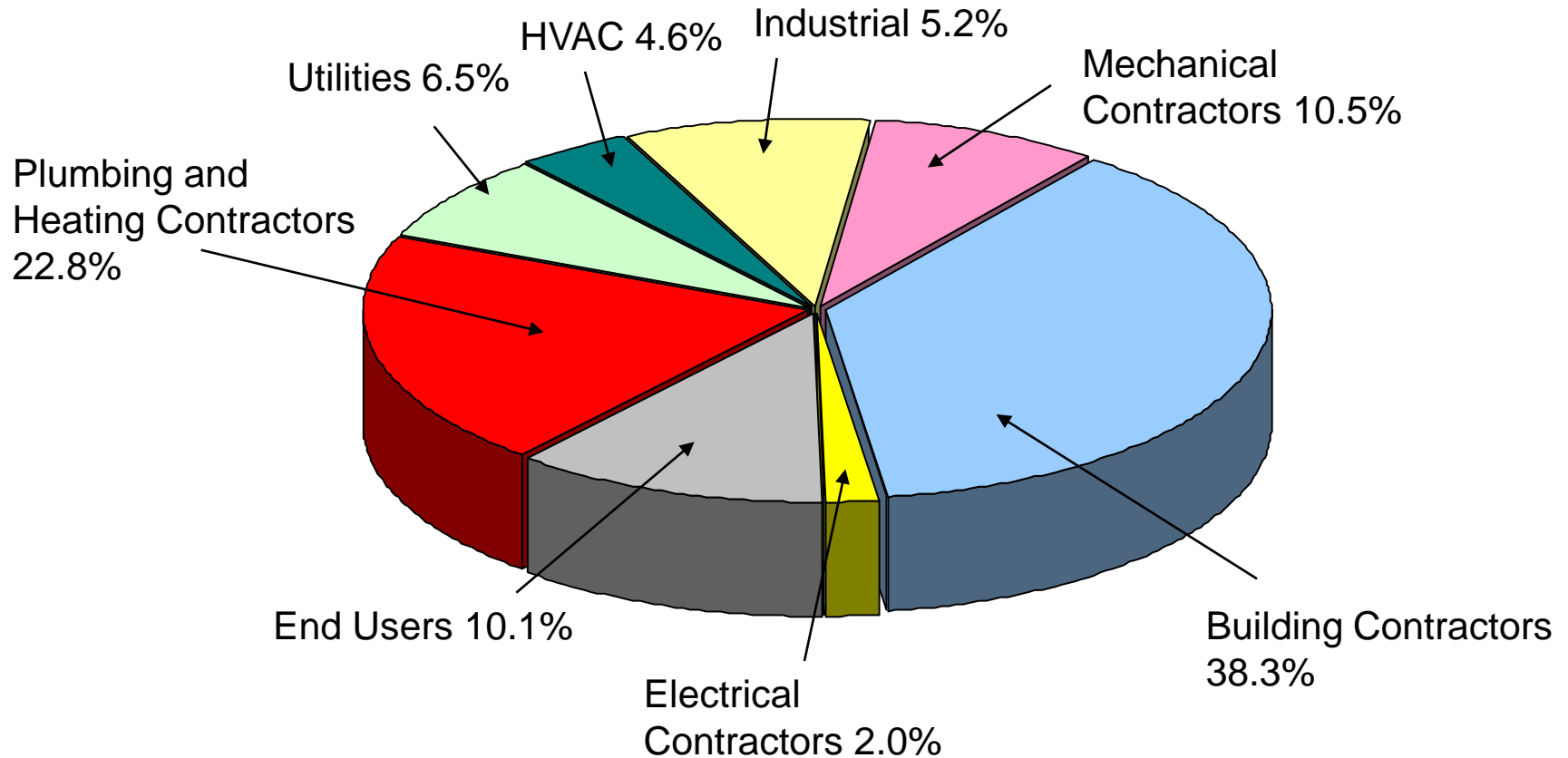
Revenue

Trading profit



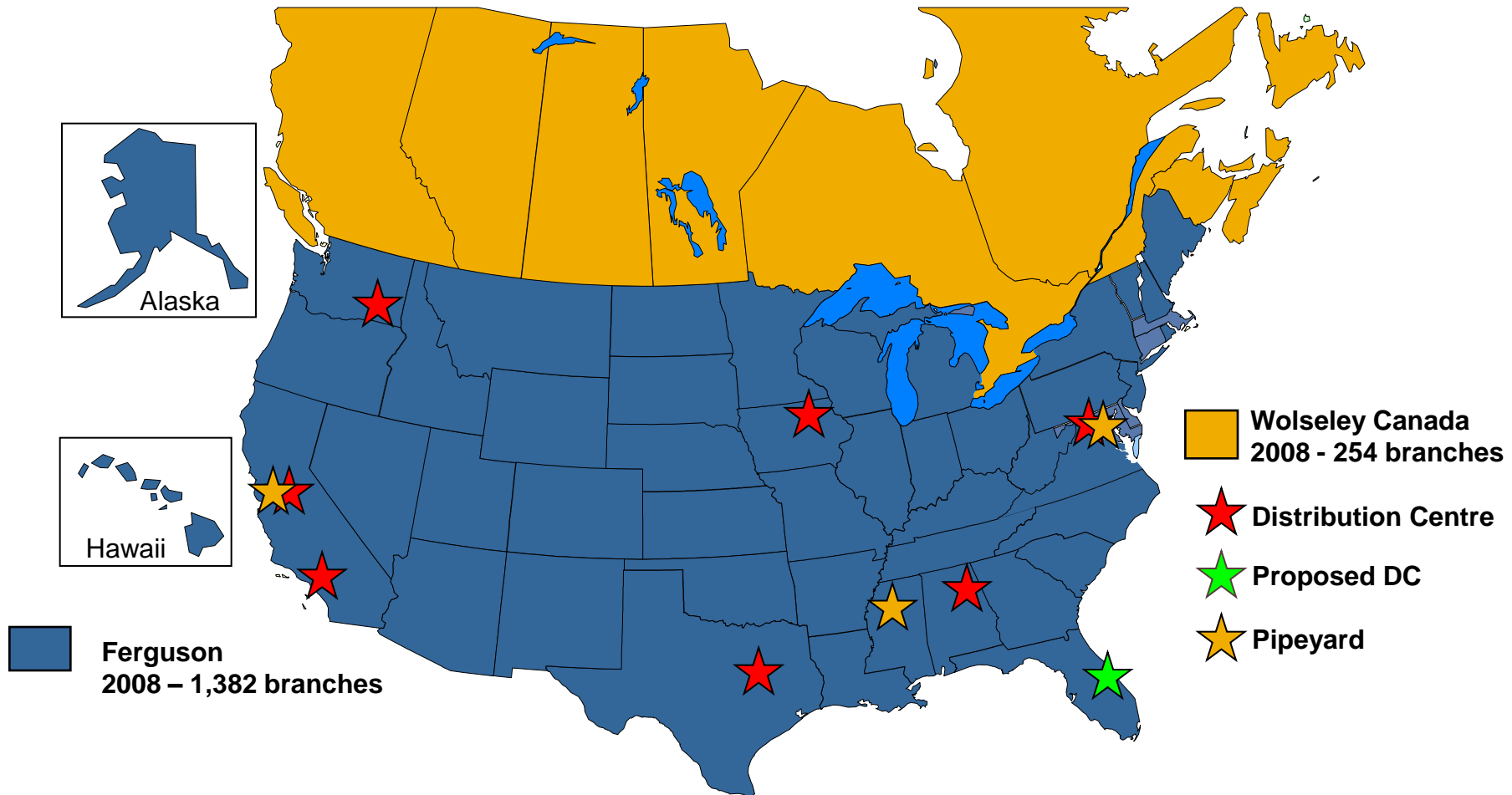
Our diverse customer mix

% of group revenue, twelve months ended 31 July 2008



North America

Plumbing and Heating

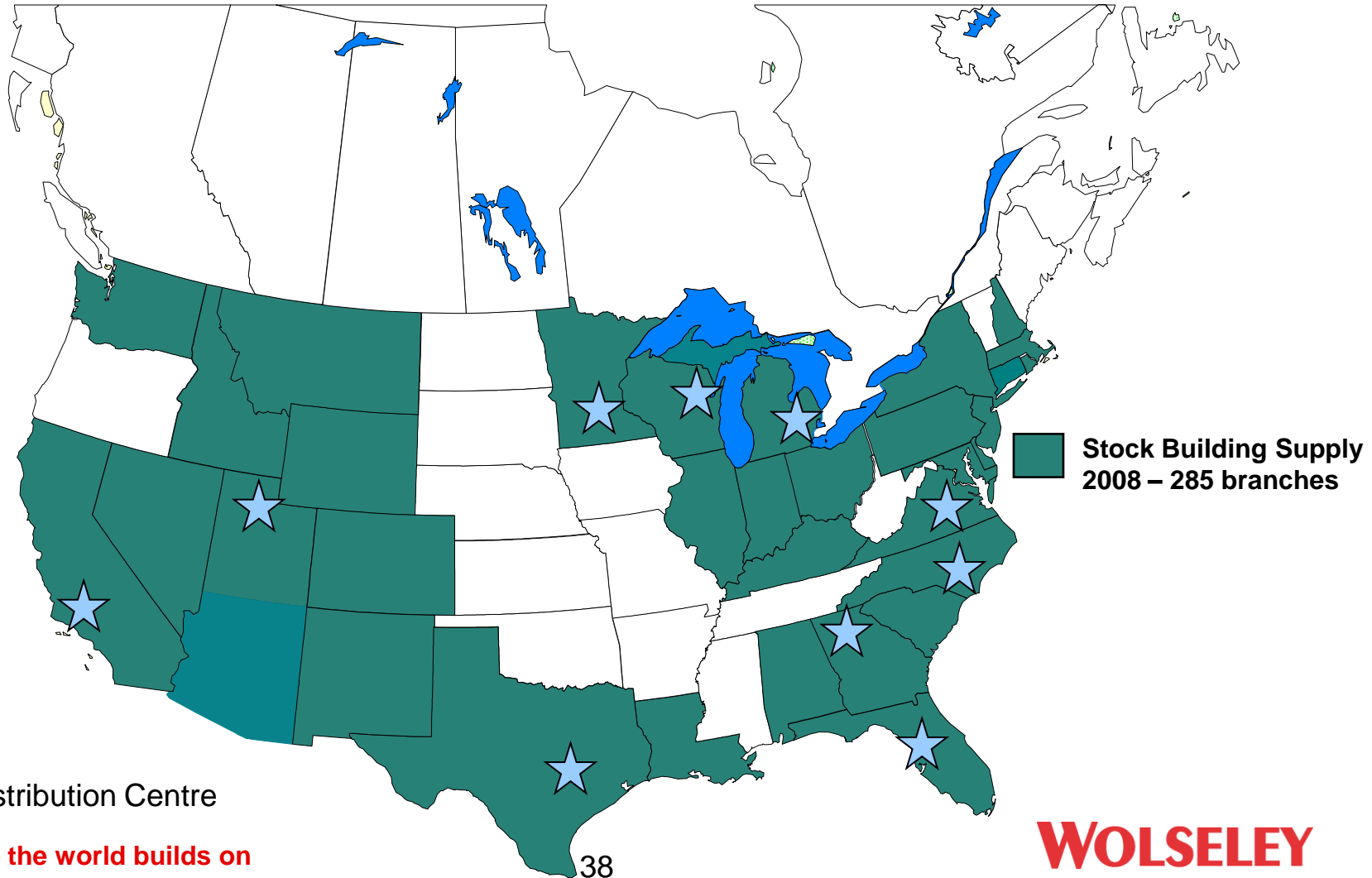


Also in Puerto Rico, Panama, Trinidad & Tobago and Mexico

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North America

Building Materials



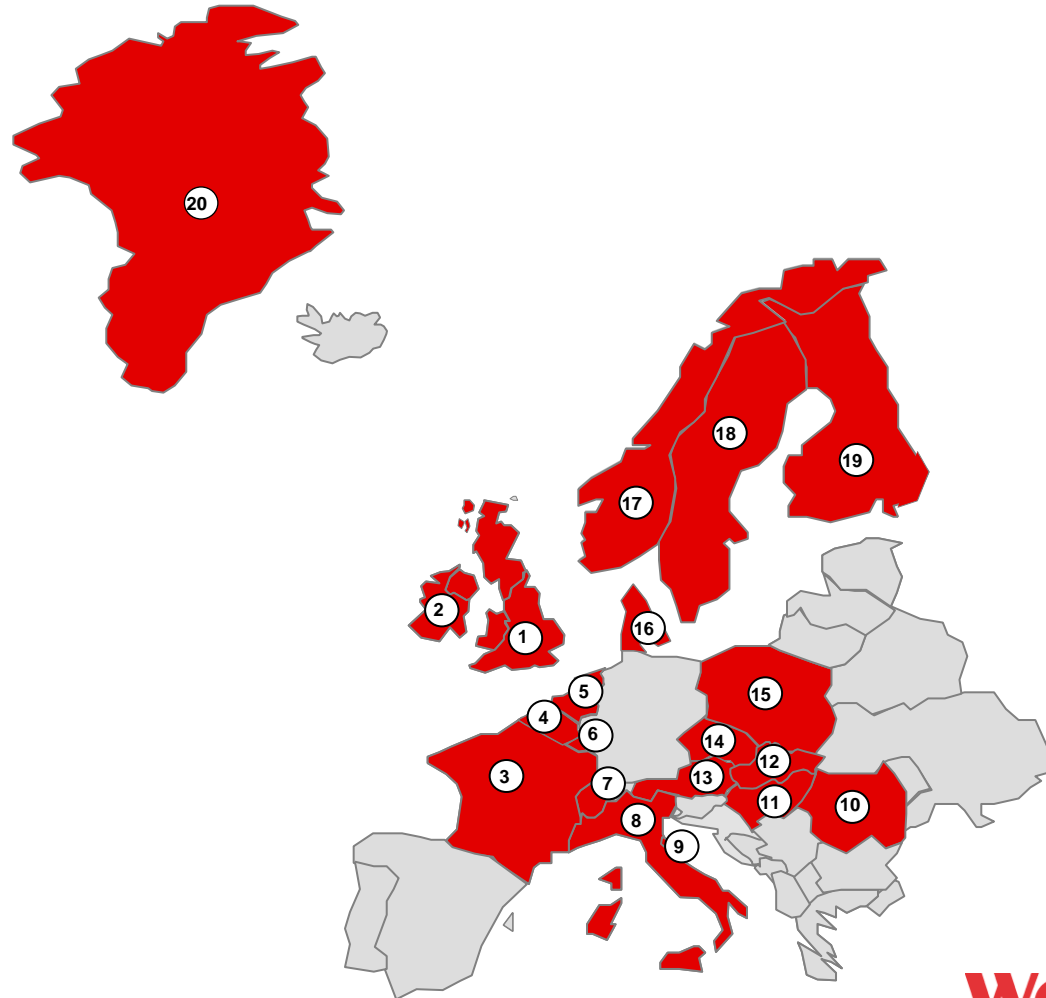
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Europe

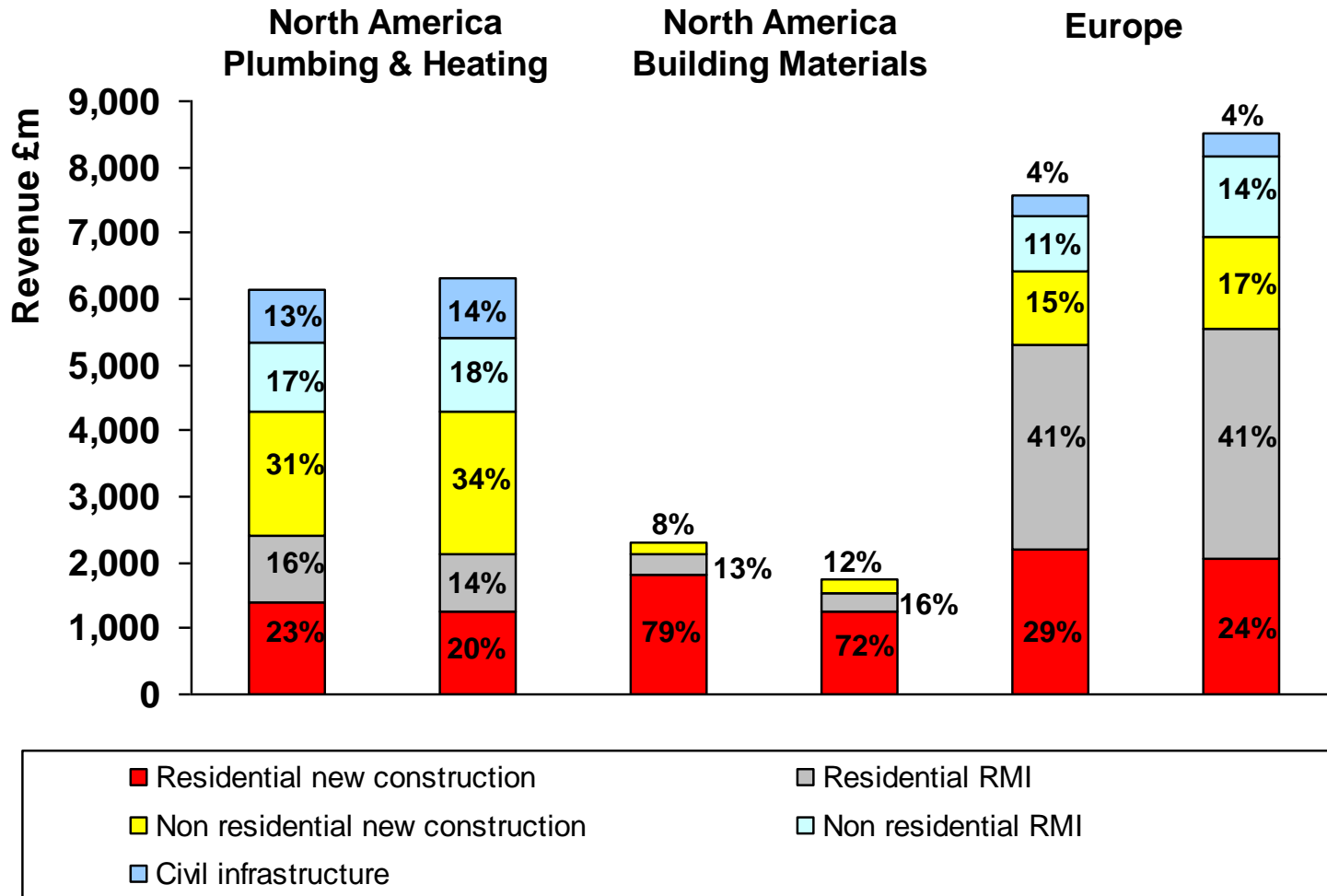
Branch numbers

- 1 UK (1,834)
- 2 Ireland (93)
- 3 France (848)
- 4 Belgium (14)
- 5 Netherlands (30)
- 6 Luxemburg (2)
- 7 Switzerland (40)
- 8 Italy (53)
- 9 San Marino (1)
- 10 Romania (9)
- 11 Hungary (34)
- 12 Slovakia (21)
- 13 Austria (72)
- 14 Czech Republic (43)
- 15 Poland (14)
- 16 Denmark (140)
- 17 Norway (14)
- 18 Sweden (101)
- 19 Finland (21)
- 20 Greenland (5)



Business drivers 2008 & 2007

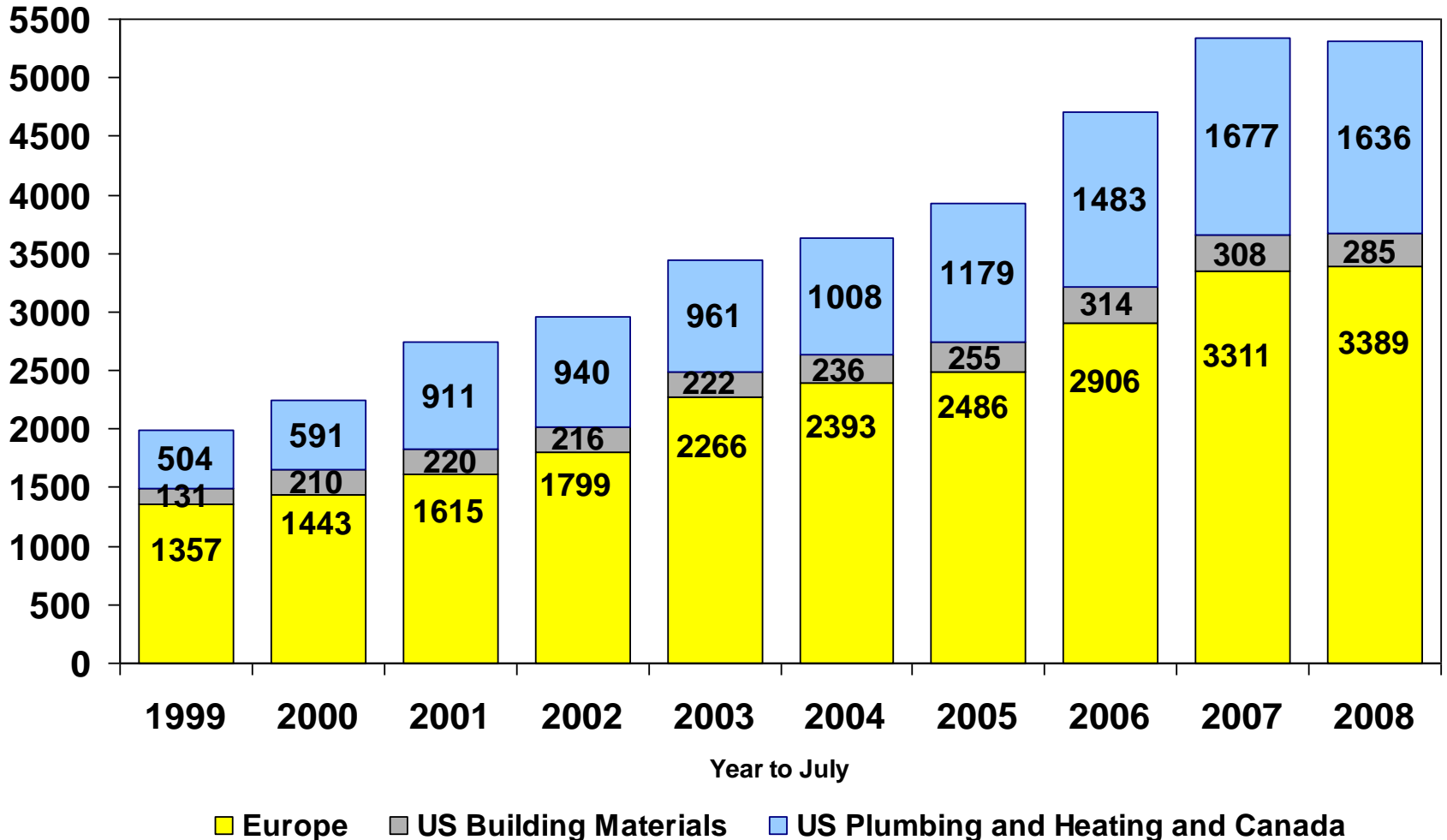
% of divisional sales



Branch numbers

	31 July 2007	Net closures	Acquired	31 July 2008
UK & Ireland	1,917	5	5	1,927
France	825	(7)	30	848
Nordic	275	3	-	278
Central & Eastern Europe	294	30	12	336
US Plumbing & Heating	1,417	(52)	17	1,382
Canada	260	(6)	-	254
US Building Materials	308	(34)	11	285
Group total	5,296	(61)	75	5,310

Branch growth



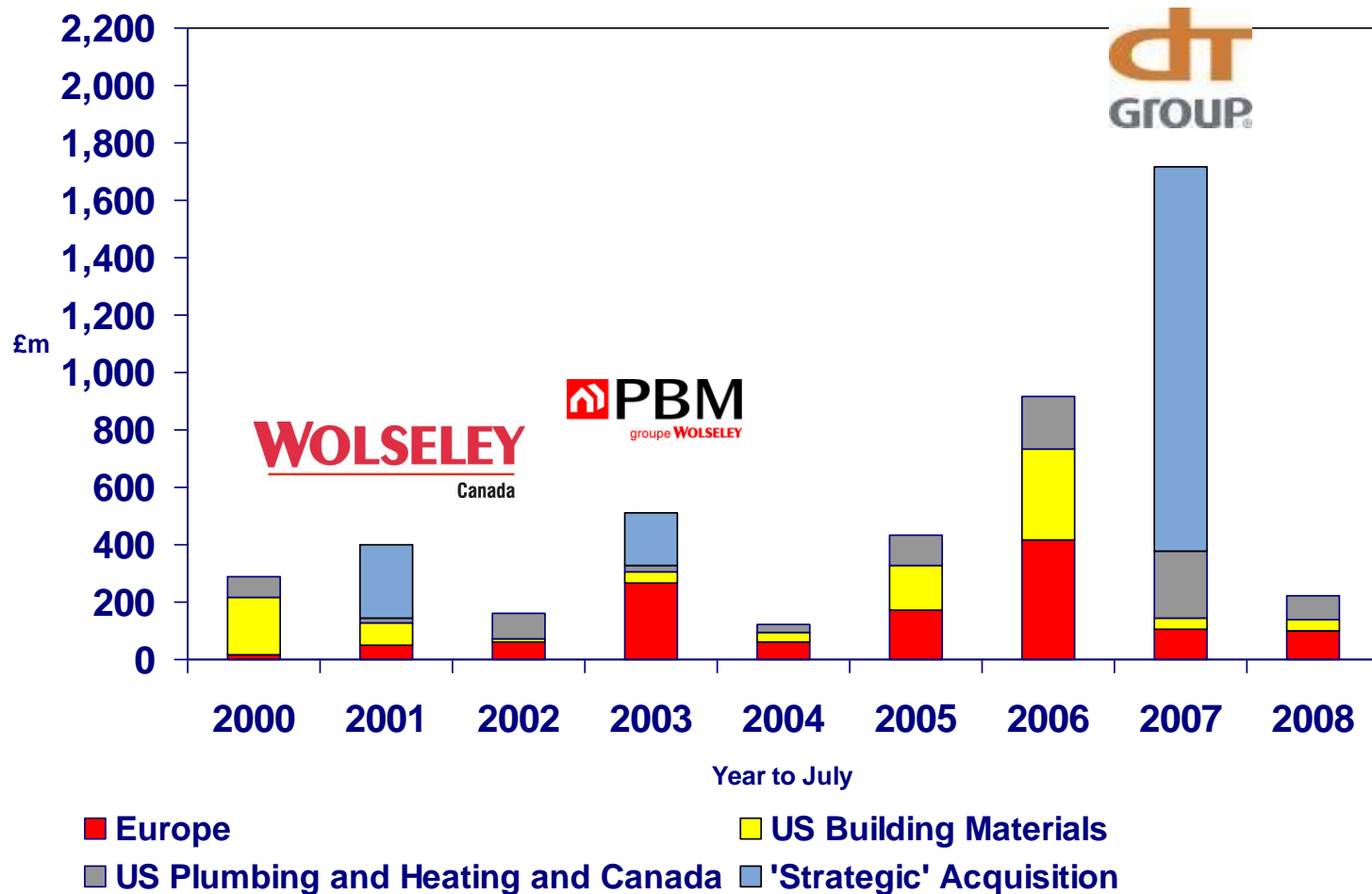
Financial targets

- Double digit sales growth with 5% organic and 5% through acquisition
- Greater than 10% profit growth
- Aspirational 7% trading margin
- Return on gross capital employed of at least 4% above pre tax WACC
- Gearing – net debt/shareholder funds
 - Long term average – less than 75%
 - Short term accept 100% or more – but projections must show a return to long term average within 2 years
- Interest cover – EBITA/Net interest
 - Long term average – greater than 7x
 - Short term c5x – but projection must show a return to long term average within 2 years
- Net debt to EBITDA ratio of 1.5 to 2.3

Acquisition strategy

- Increase market share
- Platform for organic growth
- Expand geographic coverage
- Expand service and product range
- 5% organic growth from bolt on acquisitions following completion
- Target of £450 million spend on bolt ons and expect one substantial acquisition every 2-3 years on average
- Return criteria
 - Bolt on acquisitions – ROGCE of 5% >WACC by year 3
 - Strategic acquisitions – ROGCE of 5% >WACC by year 5

Acquisition spend



**Financial detail for year ended
31 July 2008**

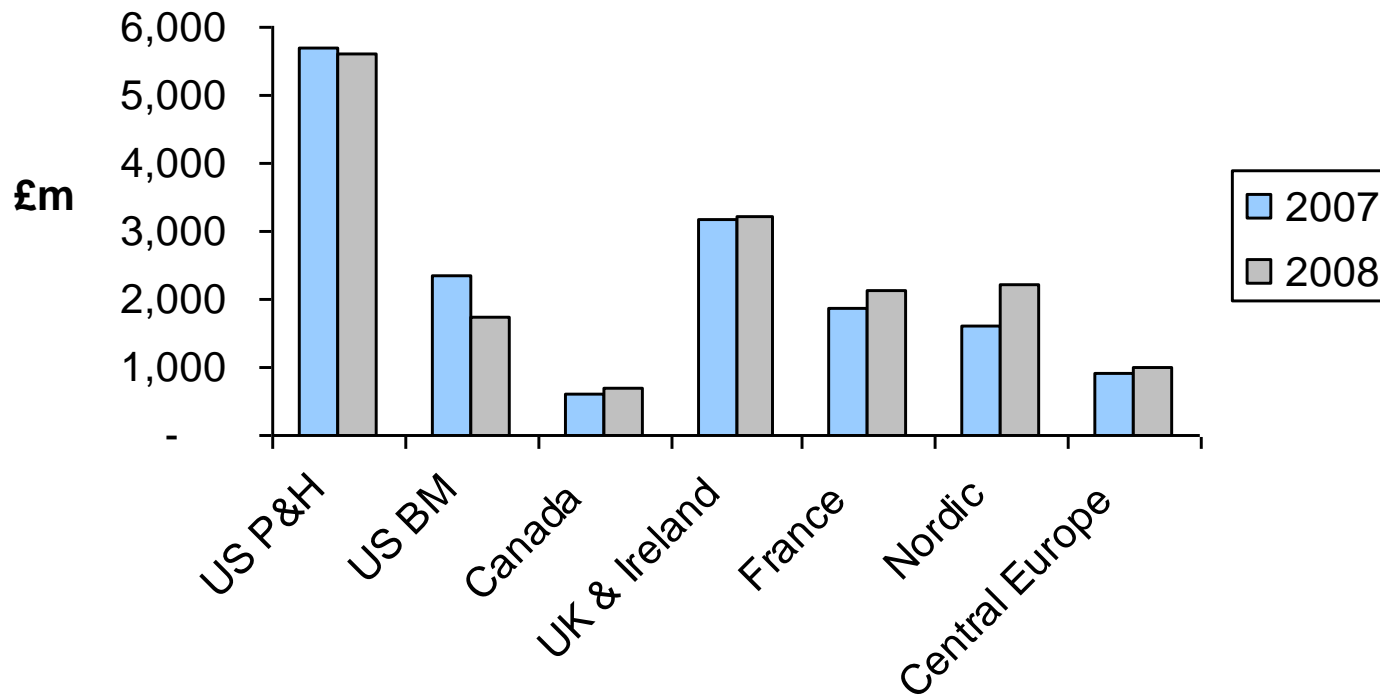
North America

	2007 £m	Acq'n £m	Organic £m	change %	Exch £m	2008 £m	Ch'ge %	Con't cur'cy Ch'ge
Revenue								
US Plumbing & Heating	5,685	206	(132)	(2.4)	(146)	5,613	(1.3)	1.3
US Building Materials	2,358	63	(626)	(27.2)	(60)	1,735	(26.4)	(24.5)
Canada	619	6	4	0.5	55	684	10.5	1.4
Total	8,662	275	(754)	(8.9)	(151)	8,032	(7.3)	(5.6)
Trading profit								
US Plumbing & Heating	411	21	(25)	(6.2)	(10)	397	(3.3)	(0.8)
US Building Materials	44	5	(171)	(397.2)	(1)	(123)	(379.0)	(386.3)
Canada	42	-	(7)	(15.1)	4	39	(6.4)	(14.1)
NA central costs	(10)	-	2		-	(8)		
Total	487	26	(201)	(42.0)	(7)	305	(37.4)	(36.4)
Trading margin	5.6%					3.8%		

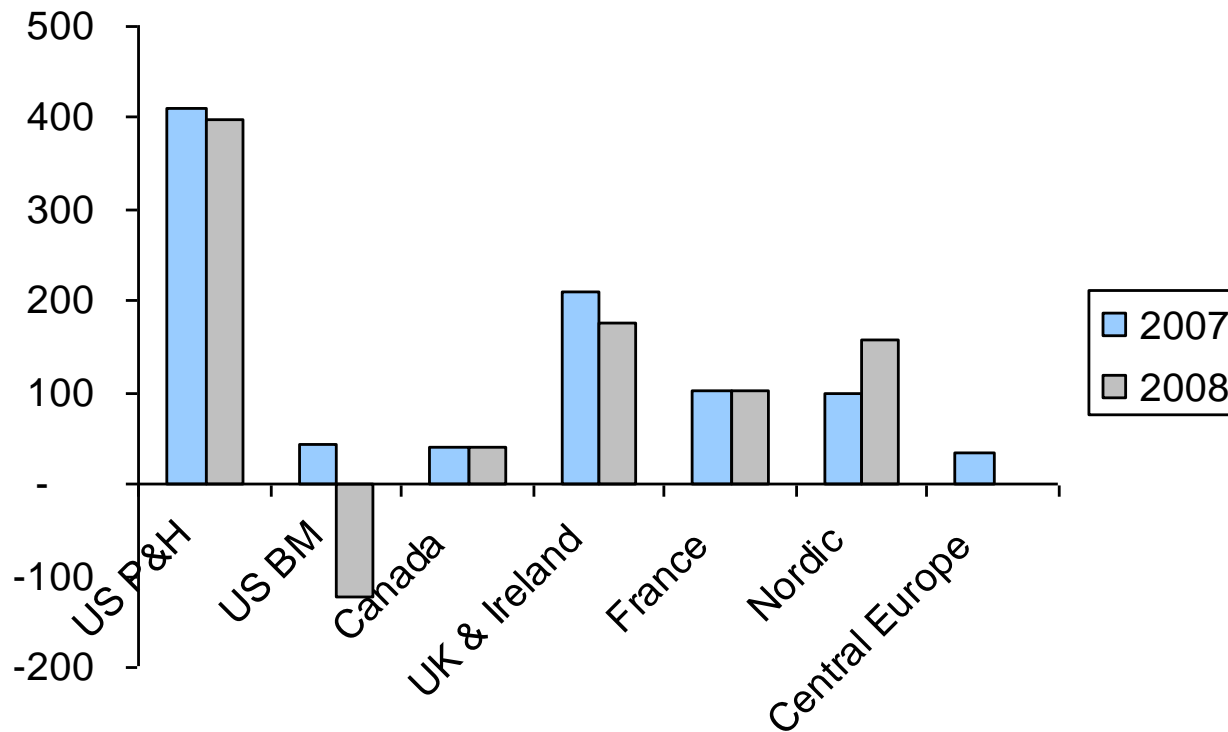
Europe

	2007 £m	Acq'n £m	Organic £m	change %	Exch £m	2008 £m	Ch'ge %	Con't cur'cy Ch'ge
Revenue								
UK & Ireland	3,171	13	(11)	(0.3)	30	3,203	1.0	0.1
France	1,872	83	(27)	(1.3)	188	2,116	13.1	2.7
Nordic	1,617	387	31	1.7	162	2,197	35.9	23.5
Central & Eastern Euro	899	39	(32)	(3.3)	95	1,001	11.2	0.6
Total	7,559	522	(39)	(0.5)	475	8,517	12.7	6.0
Trading profit								
UK & Ireland	211	-	(37)	(17.5)	2	176	(16.6)	(17.4)
France	101	9	(17)	(15.0)	10	103	2.1	(7.2)
Nordic	99	28	22	19.9	10	159	59.9	45.4
Central & Eastern Euro	35	-	(38)	(101.7)	3	-	(100.7)	(100.6)
Euro central costs	(13)	-	3		-	(10)		
Total	433	37	(67)	(14.8)	25	428	(1.2)	(6.6)
Trading margin	5.7%					5.0%		

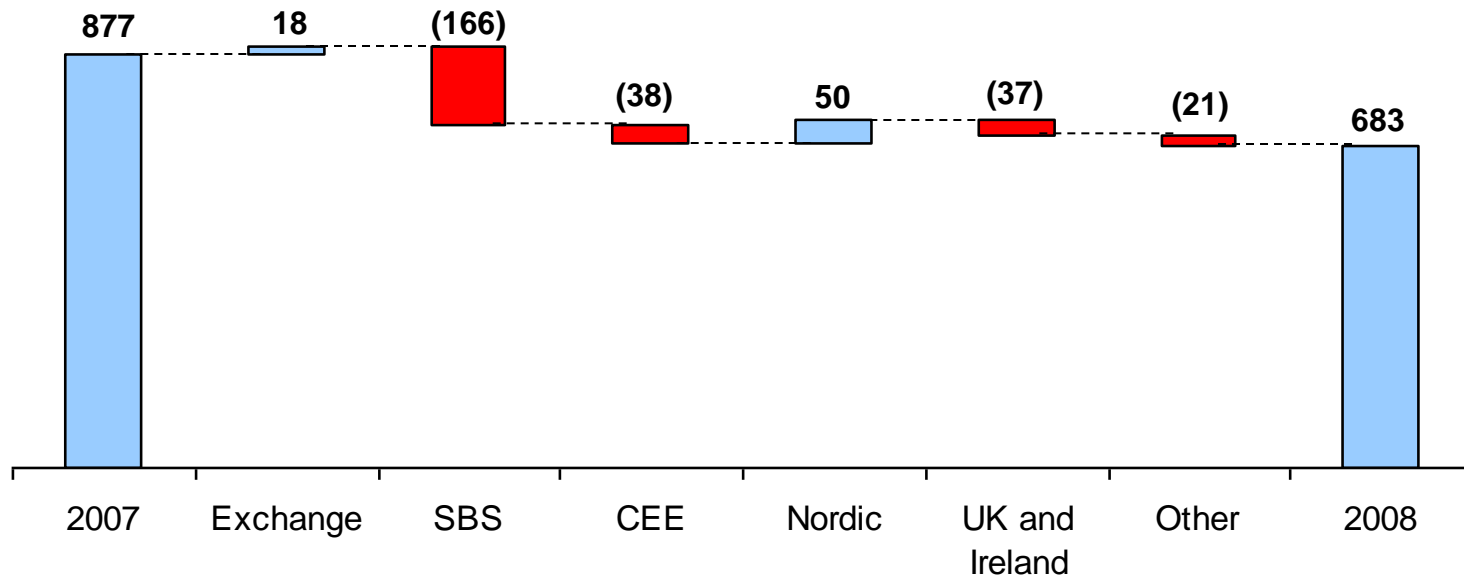
Revenue



Trading profit



Trading profit



Balance sheet

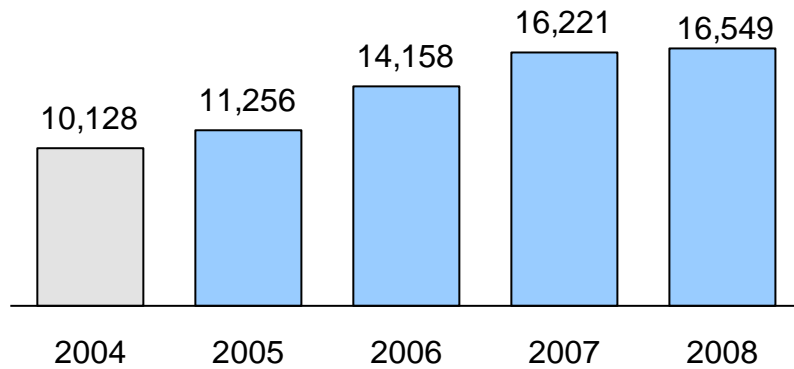
Strong financial position

	As at	
	31 July 2008	31 July 2007
		£m
Intangible assets	2,836	2,680
Property, plant and equipment	1,842	1,718
Inventory, receivables, payables	1,901	2,130
Retirement benefit obligations	(236)	(111)
Net debt	(2,469)	(2,467)
Other assets and liabilities	(515)	(499)
Total shareholders' equity	3,359	3,451
(Decrease)/increase in shareholders' equity	(2.7)%	33.1%
Credit metrics (LTM)		
Net debt/EBITDA (adjusted for exceptional items and acquisitions)	2.7x	2.2x
EBITA interest cover	5x	7x
EBIT interest cover	3x	6x

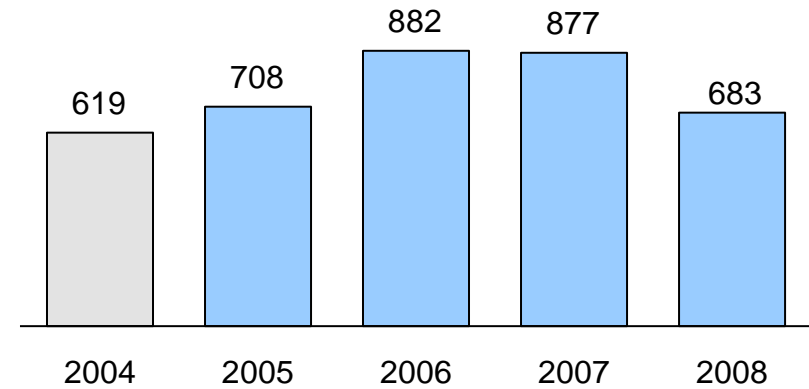
Financial track record

Financial performance

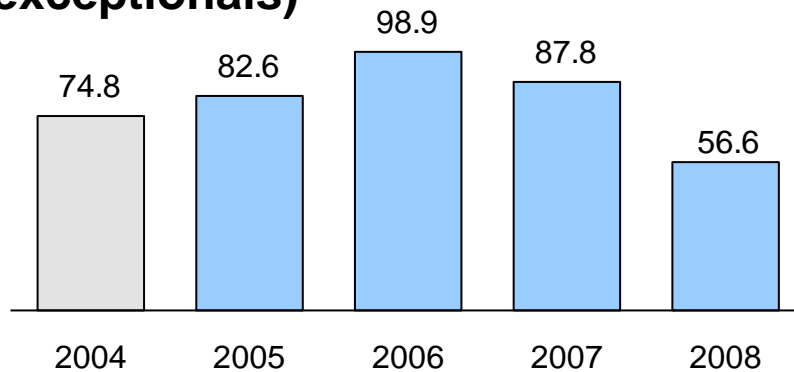
Revenue (£m)



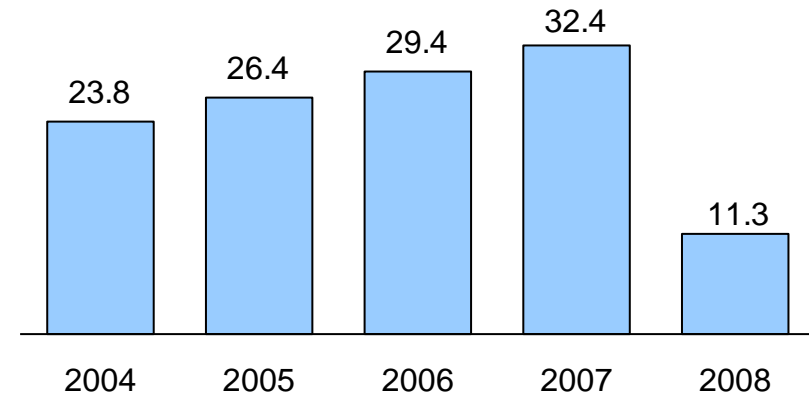
Trading profit (£m)



EPS (p) (pre-amortisation and exceptionals)

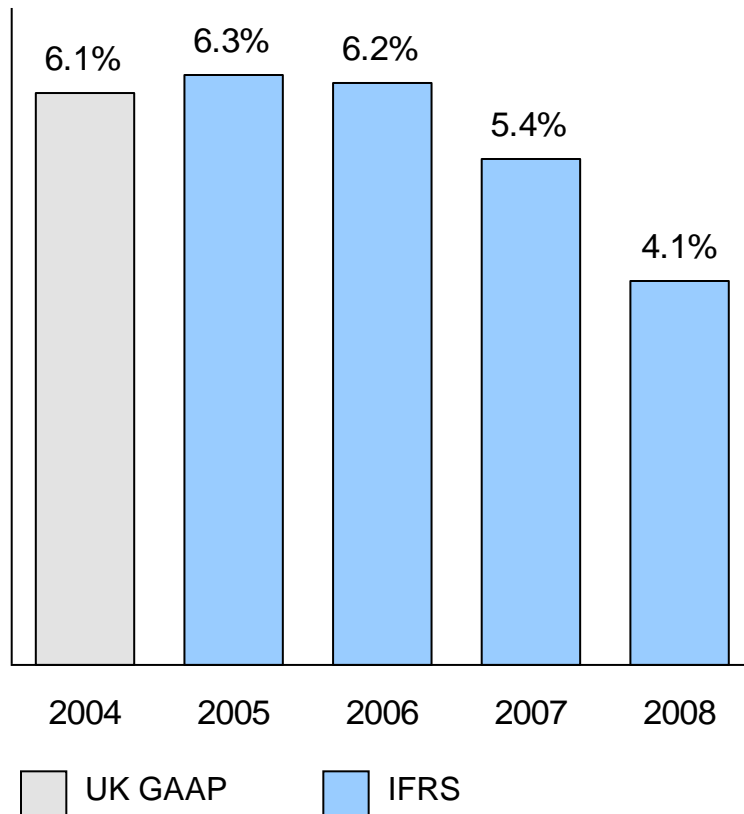


DPS (p)

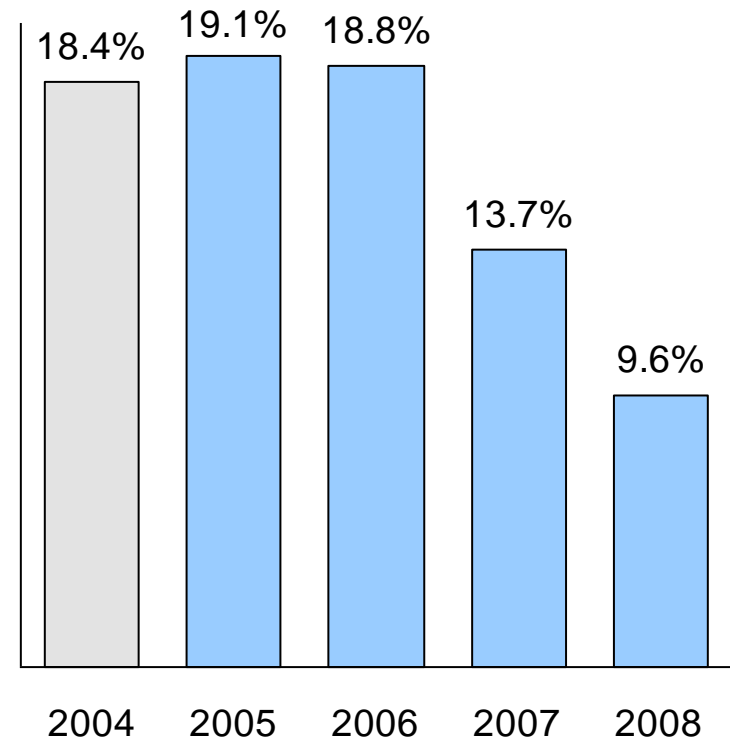


Financial performance

Trading margin



Return on Gross Capital Employed (ROGCE)



Cash flow generation

	Year to 31 July				
	2008	2007	2006	2005	2004*
Cash flow from operating companies	1,262	1,299	850	765	325
Maintenance capex	(242)	(191)	(140)	(117)	(108)
Tax	(99)	(167)	(206)	(151)	(128)
Interest	(135)	(117)	(57)	(31)	(13)
Free cash flow pre dividends	786	824	447	466	76
Dividends	(215)	(198)	(162)	(145)	(136)
Free cash flow after dividends	571	626	285	321	(60)
Acquisitions less disposals**	(226)	(1,346)	(820)	(401)	(123)
Expansion capex	(75)	(205)	(206)	(122)	(28)
Other	(272)	408	(38)	1	96
Movement in debt	(2)	(517)	(779)	(201)	(115)
Organic sales growth	(4.8)%	0.5%	10.9%	8.7%	13.1%

*UK GAAP **excluding debt acquired and disposed of

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Capex

	2008	2007
	£m	£m
Freehold land and buildings	74	79
Leasehold land and buildings	28	79
Plant machinery and equipment	133	202
Software	99	50
	334	410

Performance in 1990/1991 downturn

Background

- Global recession
- Significant decline in California construction market
- Gulf War
- Savings & Loan crisis
- US housing starts around 1 million
- 15% of Group involved in manufacturing with higher fixed cost base
- Less diversity in the US distribution business
- No building materials distribution in Continental Europe

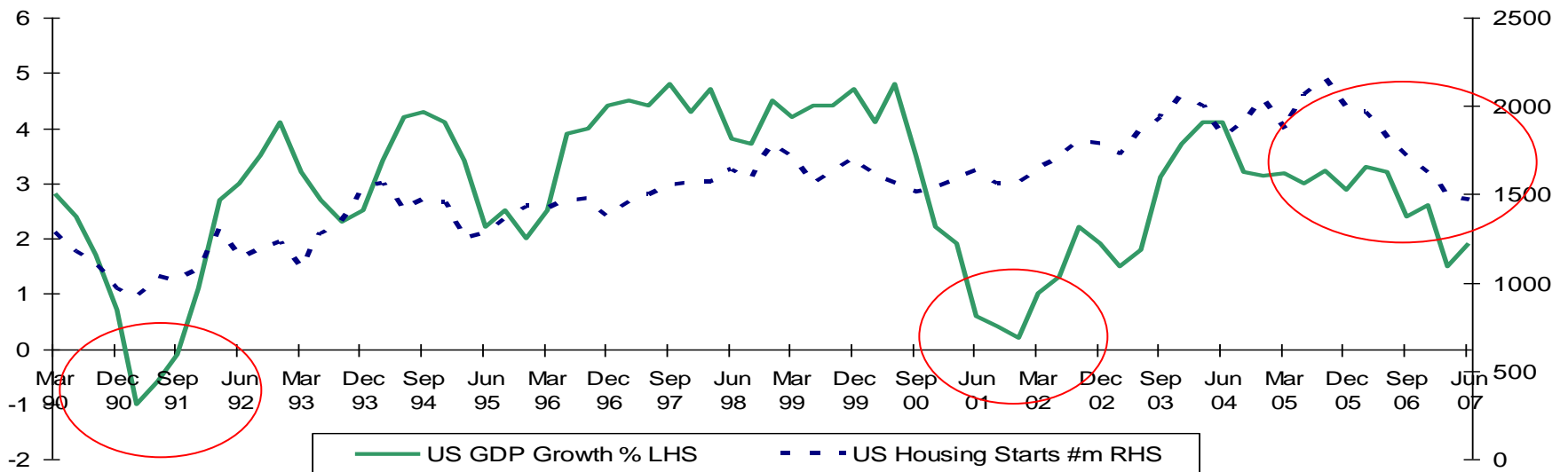
Wolseley's trading margin in early 1990's recession

	Year to 31 July				
	1990	1991	1992	1993	1994
Wolseley Group	7.0%	5.1%	4.9%	5.2%	6.2%
US Distribution	5.6%	3.5%	3.3%	3.9%	5.1%
Ferguson	5.5%	4.2%	3.3%	3.3%	4.2%
Stock Building Supply	6.4%	0.2%	4.8%	8.2%	8.0%

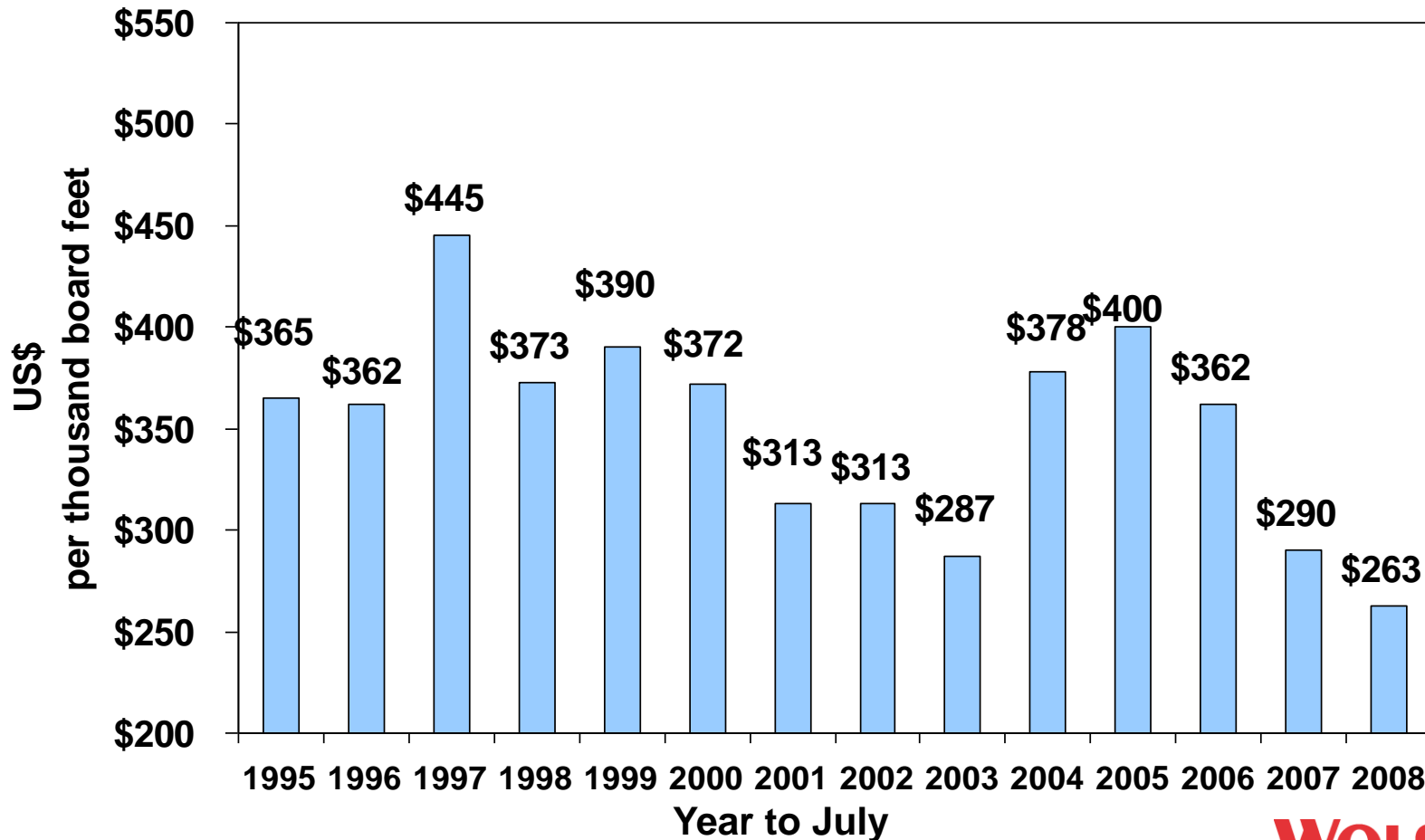
- Group Trading Profit declined by 32% in 1991 but rose by 9% in 1992
- US Distribution Trading Profit (measured in GBP) declined by 45% but rose by 3% in 1992
- Stock remained profitable and benefited from operational leverage on the eventual economic upturn
- Ferguson's margin dropped to 3.3% primarily because of Californian recession
 - California operation (Familian Corp) was loss making in 1991/2 and 1992/3

Group cash flow performance is resilient despite soft markets

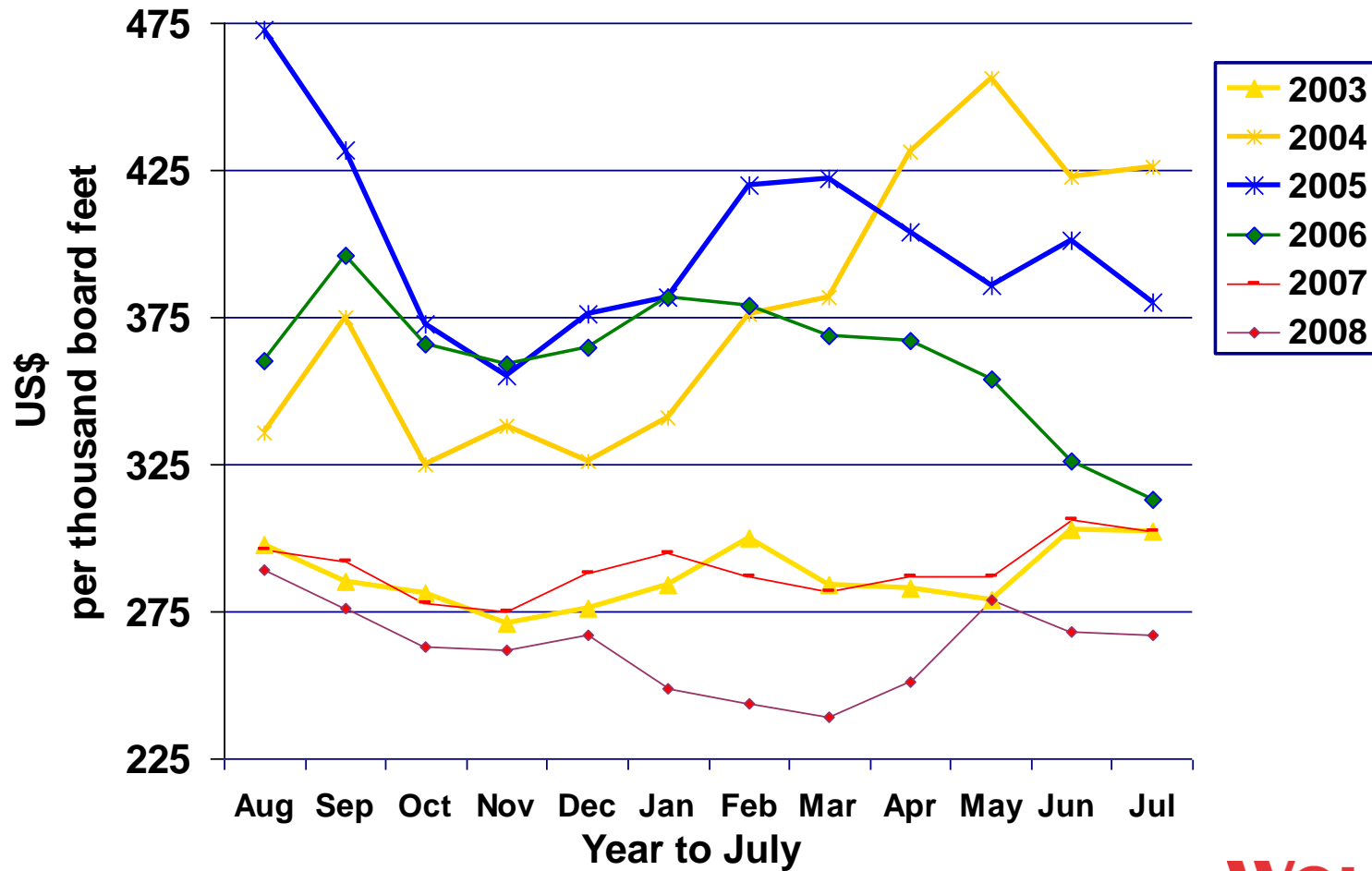
(£m; FYE 31 July)	1990	1991	1992	2000	2001	2002	2006	2007	2008
Net Sales	1,847	1,738	1,954	6,403	7,195	7,968	14,158	16,221	16,549
Trading Profit (EBITA)	130	89	96	386	414	464	882	877	683
Exceptional items									(76)
Depreciation / Other	26	29	32	74	85	93	146	184	231
Decrease/(increase) in inventories	(8)	18	(6)	(76)	33	7	(171)	88	220
Decrease/(increase) in debtors	(10)	17	4	(20)	(70)	(24)	(243)	4	247
Increase/(decrease) in creditors	(2)	(22)	(5)	27	55	44	217	149	(61)
Other	6	8	0	(1)	1	0	19	(3)	18
Change in Working Capital	(14)	21	(7)	(70)	19	27	(178)	238	424
Operating Cash Flow	142	139	121	390	518	584	850	1,299	1,262
Cash Conversion %	109%	157%	126%	101%	125%	126%	96%	148%	185%



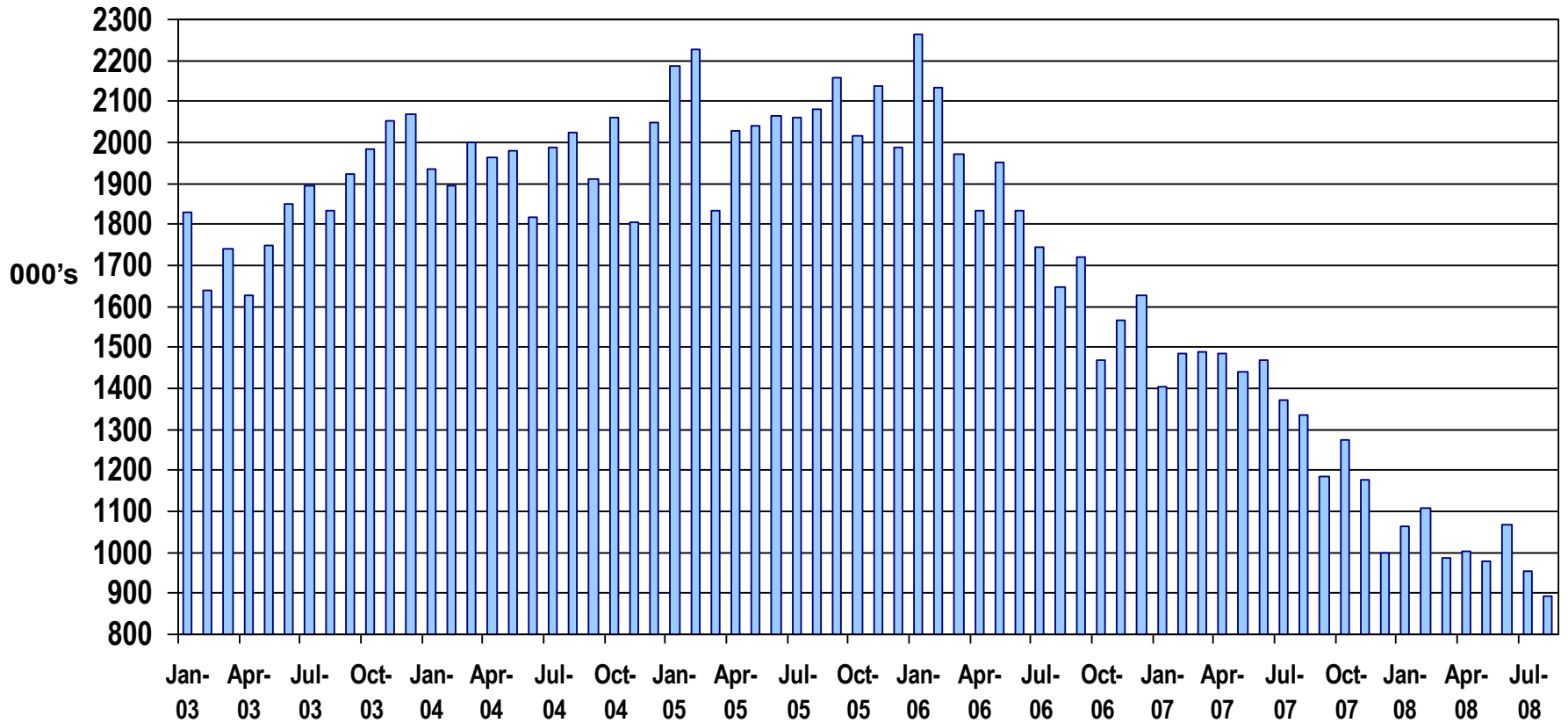
Average lumber price 1995 - 2008



Monthly lumber price 2003 - 2008

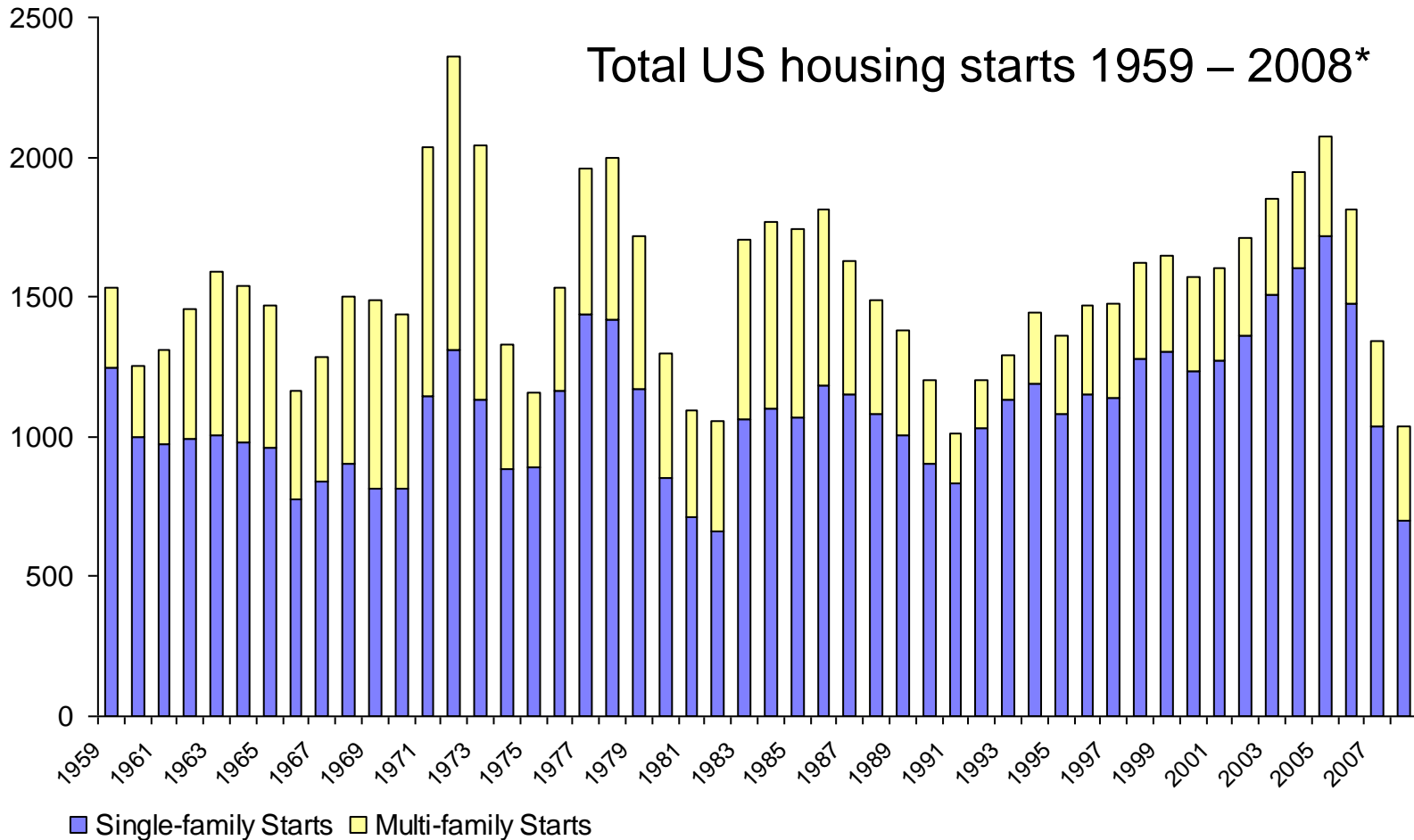


US housing starts



Source: US Census Bureau

New residential construction activity in U.S.

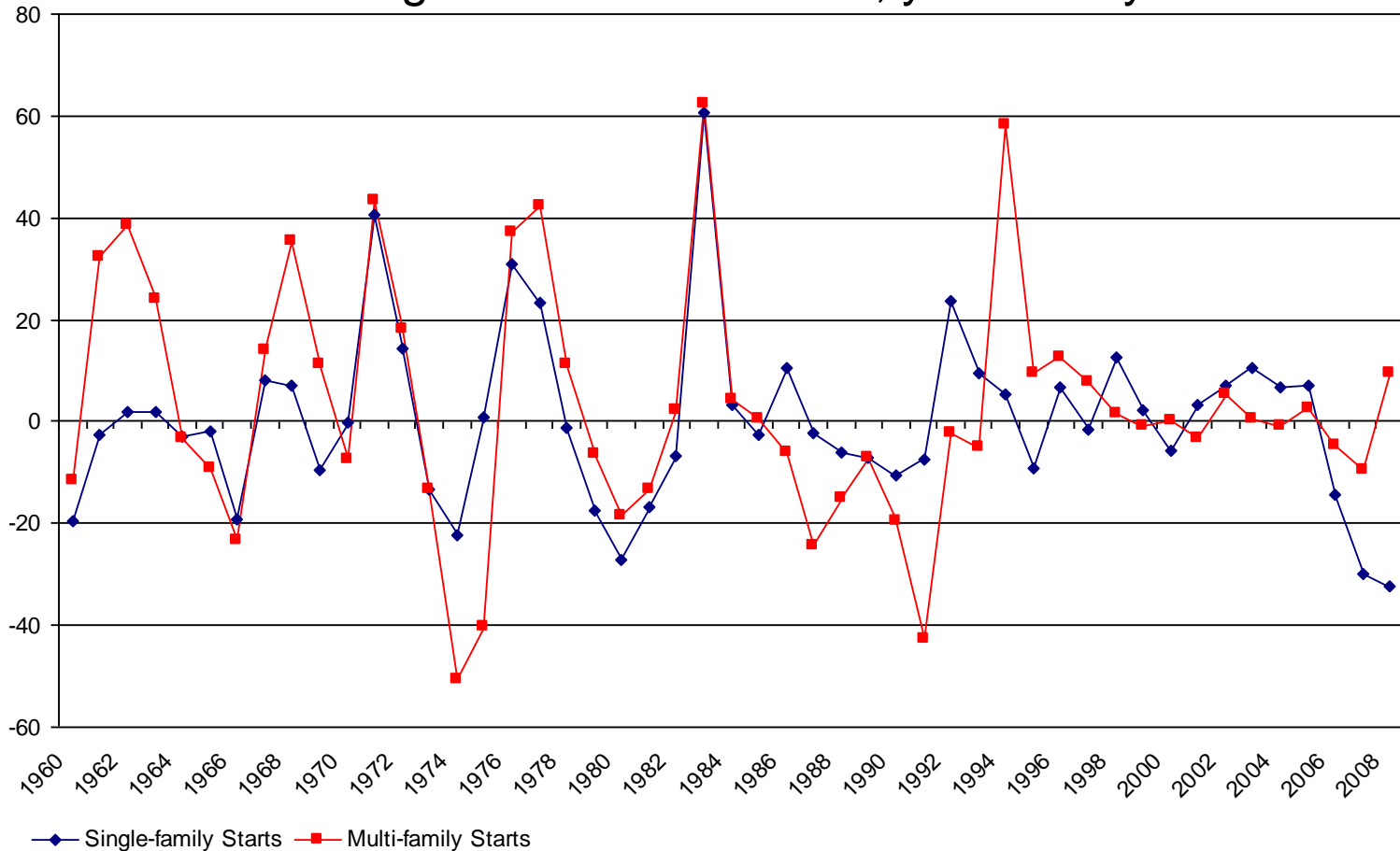


*All 2008 Data is forecasted based upon current market conditions.

Source: Moody's Economy.com (02/07/08)

New residential construction activity in U.S.

Total US housing starts 1950 – 2008*, year over year % change

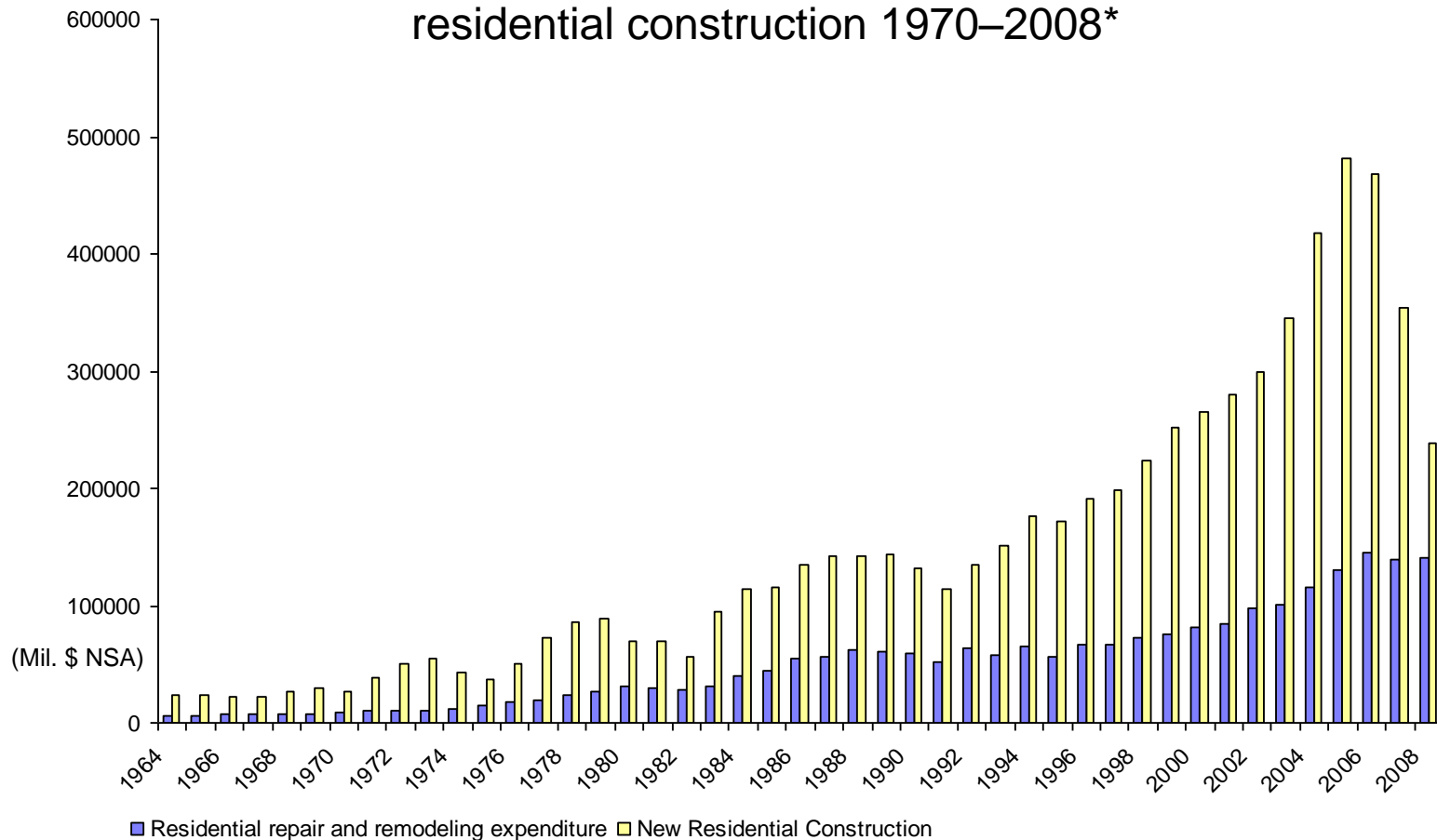


Source: Moody's Economy.com 18/8/08

The name the world builds on

Repair and remodeling activity in the US

Residential repair and remodeling expenditure vs expenditures for new residential construction 1970–2008*



Source: U.S. Census: C-30 and U.S. Census C-50 Reports