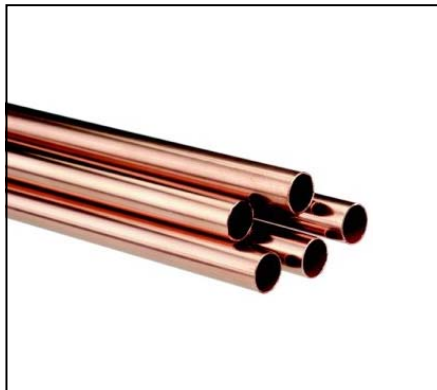
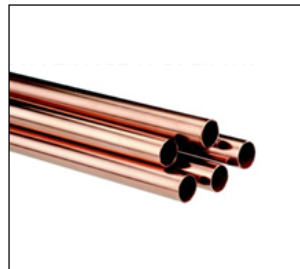


2010 Full Year Results

WOLSELEY



Welcome and Highlights



Ian Meakins
Chief Executive

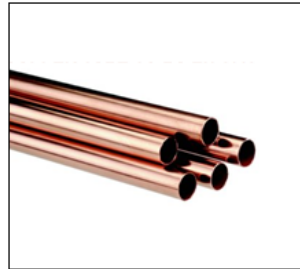
Presentation Structure

- Ian Meakins, CEO Welcome and Highlights
- John Martin, CFO Operating and Financial Review
- Ian Meakins Business Review, Strategy Update
- Q&A

Performance Highlights

- Like for like growth in Q4
 - Market share – gaining or stable
- Customer service – gaining traction
- Group gross margin stable
 - Trading margin expansion
- Operating performance improving
 - Review process beginning to deliver
 - Operating costs lower and strong cash performance
- Management team stronger
- Progress on focus and “clean up”
 - Performance Builders
 - Balance sheet

Operating and Financial Review



John Martin
Chief Financial Officer

Financial Highlights

Continuing Operations £m	2010	2009	Change	Constant Currency
Revenue	13,203	14,441	(9%)	(10%)
Gross profit	3,655	4,005		
Gross margin	27.7%	27.7%		
Trading profit*	450	447	-	(1%)
Trading margin	3.4%	3.1%		
Exceptional items (excluding associates)	(332)	(458)		
Impairment of acquired intangibles	(223)	(490)		
Loss before tax	(328)	(766)		
EPS*	74.1p	95.6p		

* Before exceptional items and amortisation and impairment of acquired intangibles

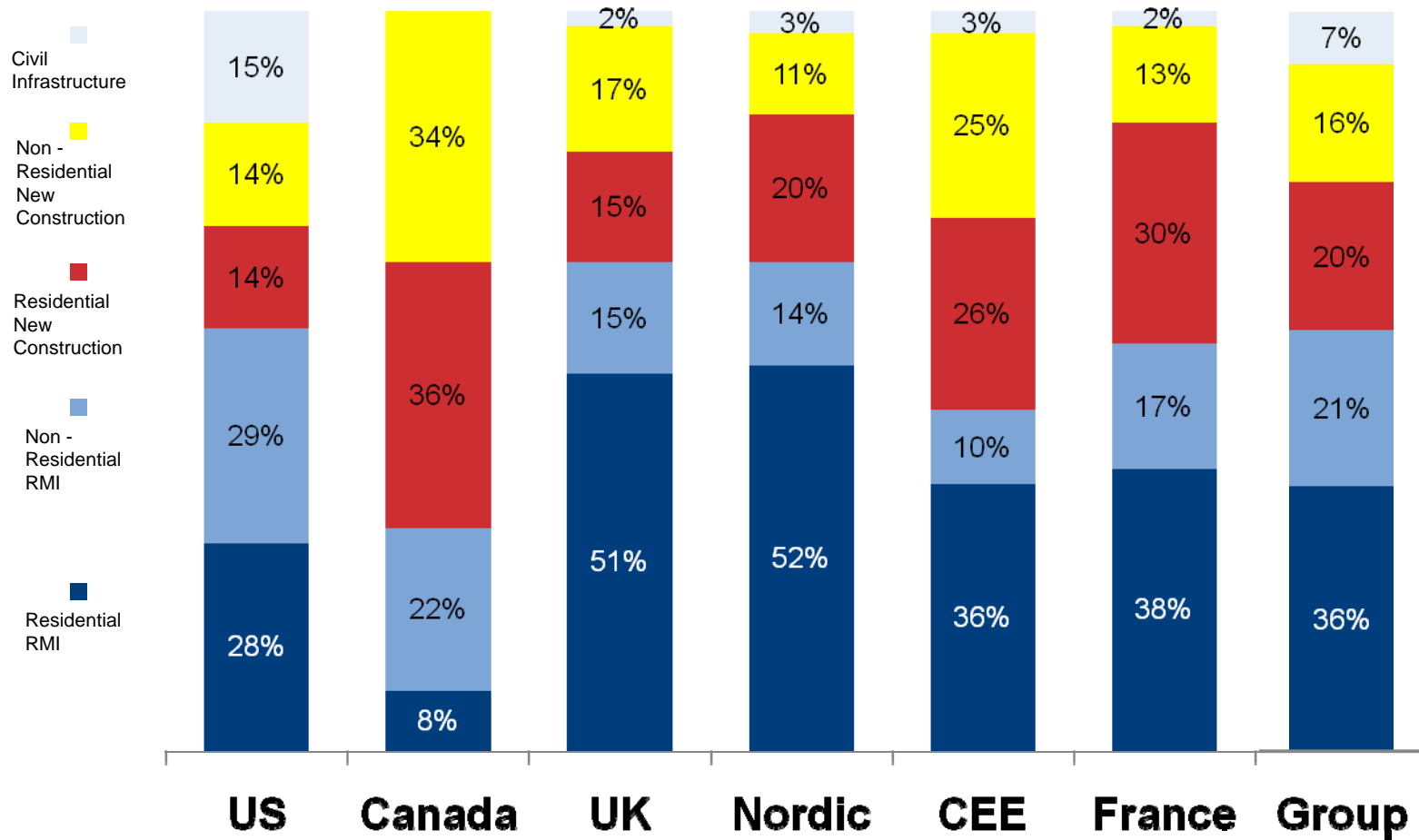
Quarterly Performance

Year ended 31 July 2010	Q4	Q3	Q2	Q1
Like for like revenue growth	+ 4%	(2%)	(10%)	(14%)
Gross margin %	27.9%	27.8%	28.1%	27.0%
Average monthly operating costs	£276m	£268m	£258m	£267m
Headcount	47,400	47,000	47,200	49,100
Trading profit growth	+ £34m	+ £53m	£(22)m	£(62)m

Quarterly Like for Like Revenue Growth

Year ended 31 July 2010	Q4	Q3	Q2	Q1
USA	+5%	(4%)	(14%)	(21%)
Canada	+12%	+6%	(1%)	(10%)
UK	+5%	+4%	(4%)	(5%)
Nordic	+3%	(5%)	(9%)	(15%)
France	(2%)	(8%)	(11%)	(13%)
Central and Eastern Europe	(6%)	(3%)	(4%)	(4%)
	+4%	(2%)	(10%)	(14%)

Product Destination Analysis



Group: RMI 57%, New Residential 20%

Geographical Analysis

£m	Revenue 2010	Revenue 2009	Trading profit 2010	Trading profit 2009
USA	5,174	5,820	239	309
Canada	765	700	41	32
UK	2,466	2,699	91	55
Nordic	2,001	2,113	100	96
France	1,937	2,144	30	32
Central & Eastern Europe	860	965	10	-
Construction Loans			(4)	(24)
Central and other costs			(57)	(53)
	13,203	14,441	450	447

USA

£m	2010	2009	Change	Constant Currency
Revenue	5,174	5,820	(11%)	(11%)
Trading profit	239	309	(23%)	(23%)
Trading margin	4.6%	5.3%		
Branches	1,241	1,228		
Headcount	16,914	17,402		

Canada

£m	2010	2009	Change	Constant currency
Revenue	765	700	+9%	(3%)
Trading profit	41	32	+29%	+15%
Trading margin	5.4%	4.6%		
Branches	220	225		
Headcount	2,573	2,487		

UK

£m	2010	2009	Change	Constant currency
Revenue				
UK	2,399	2,495	(4%)	(4%)
Ireland	67	204		
	2,466	2,699		
Trading Profit				
UK	96	83	+16%	+16%
Ireland	(5)	(28)		
	91	55		
UK only trading margin	4.0%	3.3%		
Branches	1,486	1,643*		
Headcount	10,118	11,673*		

Brandon Hire 2010 revenue of £70m and trading profit of £5m

* Includes Ireland

Nordic

£m	2010	2009	Change	Constant currency
Revenue	2,001	2,113	(5%)	(8%)
Trading profit	100	96	+4%	+2%
Trading margin	5.0%	4.6%		
Branches	285	296		
Headcount	6,551	6,749		

France

£m	2010	2009	Change	Constant currency
Revenue	1,937	2,144	(10%)	(11%)
Trading profit	30	32	(9%)	(10%)
Trading margin	1.5%	1.5%		
Branches	697	776		
Headcount	8,306	9,053		

Central and Eastern Europe

£m	2010	2009	Change	Constant currency
Revenue	860	965	(11%)	(13%)
Trading profit	10	-		
Trading margin	1.1%	-		
Branches	189	226		
Headcount	2,443	2,936		

Construction Loans

£m	2010	2009
Trading loss	<u>(4)</u>	<u>(24)</u>

Balance sheet position	Net construction loans receivable £80m (2009 : £163m) Net assets held for resale £37m (2009 : £43m)
------------------------	--

Performance Builder Update

	Number
As at 31 January 2010	19
Being integrated with other Business Units	(4)
Exited (Brandon Hire/France Public Works)	(2)
Being exited	(3)
Balance at 31 July 2010	10

Balance of 10 includes Build Center (UK) and Brossette (France).
Italy is being restructured.

Central Costs

£m	2010	2009
Group costs	39	41
Unallocated IT costs	12	8
Non-recurring costs	6	4
	57	53

Income Statement

£m	2010	2009
Trading profit	450	447
Associate	(54)	(15)
Exceptional items	(332)	(458)
Amortisation and impairment	(315)	(595)
Interest	(77)	(145)
Profit/(loss) before tax	(328)	(766)
Tax	(38)	34
Discontinued operations	26	(441)
Profit/(loss) for the year	(340)	(1,173)

Associate and Discontinued Operations

£m	2010	2009
Share of after tax loss of associate	(13)	(15)
Impairment	(41)	-
	(54)	(15)
Discontinued operations	26	(441)

Balance sheet position: Investment in associate £nil (2009 : £53m)

Exceptional Items

£m	2010 H1	2010 H2	2010	2009
Restructuring costs	(42)	(39)	(81)	(346)
Loss on disposal of businesses	(49)	(8)	(57)	(40)
BCP impairment and associated provisions	(164)	(6)	(170)	(41)
Construction loans	-	(24)	(24)	(31)
	(255)	(77)	(332)	(458)

Amortisation and Impairment

£m	2010 H1	2010 H2	2010	2009
Amortisation of acquired intangibles	48	44	92	105
Impairment of goodwill and acquired intangibles	71	152	223	490
	119	196	315	595

Interest and Tax

£m	2010	2009	
Net interest payable and financing charges	77	145	
£m	2010 Tax charge	2010 P&L	Rate (%)
Total tax charge in P&L	38		
Tax on exceptionals & intangibles	102		
Effective tax*	140	373	38%
Adjustments	(11)	8	
Underlying	129	381	34%

* On profit before exceptional items, amortisation and impairment of acquired intangibles and the after tax loss of associate

Operating Cash Flow

£m	2010	2009
Trading profit	450	447
Depreciation and amortisation	185	241
EBITDA	635	688
Exceptionals, losses on sale, share options	(119)	(330)
Discontinued operations	-	(242)
Working capital and provision movements	189	1,084
Capex	(84)	(157)
Proceeds of asset disposals	96	172
Operating cash flow less net capex	717	1,215

Other Cash Flow and Movement in Net Debt

£m	2010	2009
Operating cash flow less net capex	717	1,215
Net interest	(51)	(165)
Tax received / (paid)	90	(27)
Acquisitions and disposals	(21)	(33)
FX and other items	(126)	(474)
Capital raising	4	994
Decrease in net debt	613	1,510
Opening net debt	(959)	(2,469)
Closing net debt	(346)	(959)

Net Debt

£m	2010	2009	Change
Net debt as reported	346	959	613
	495	400	
June – August average net debt	841	1,359	518
Factoring	274	168	
Construction loan debt	80	163	
	1,195	1,690	495

Committed credit facilities - more than 1 year	£3.2bn
- more than 2 years	£1.7bn

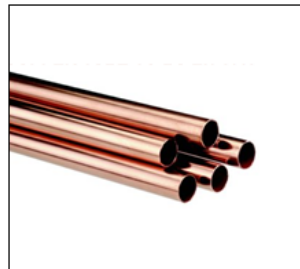
Other Commitments

£m	2010	2009
Total operating lease commitments	1,292	<u>1,329</u>
Pension liabilities	432	<u>341</u>

Capital Structure

- The Board intends to resume dividends at 2011 interim
- Balance sheet
 - ongoing net debt target range 1x – 2x EBITDA
 - consistent with investment grade financial profile

Business Review and Strategy



Ian Meakins
Group Chief Executive

Agenda

- Delivery over last six months
- Strategy – recap and progress
- **Operating performance – specific examples**
 - US - Ferguson
 - UK - Plumb
 - Nordic - Stark
- Summary
- Outlook

Delivery Over Last 6 Months

Assessment – March 2010

- Inefficient capital allocation

- Lack of focus on performance / organic growth

- Many unrelated acquisitions/ lack of integration

Actions Taken

- Resource allocation
 - Rolled into business unit strategies/budgets
 - Capital to Growth Engines / Synergy Drivers
 - Performance Builders being resolved

- Performance review process - working
 - Market share – organic growth
 - Customer service – action plans
 - Branch manager – performance evaluation

- Selective disposals underway
- Selection criteria for acquisitions

Delivery Over Last 6 Months contd.

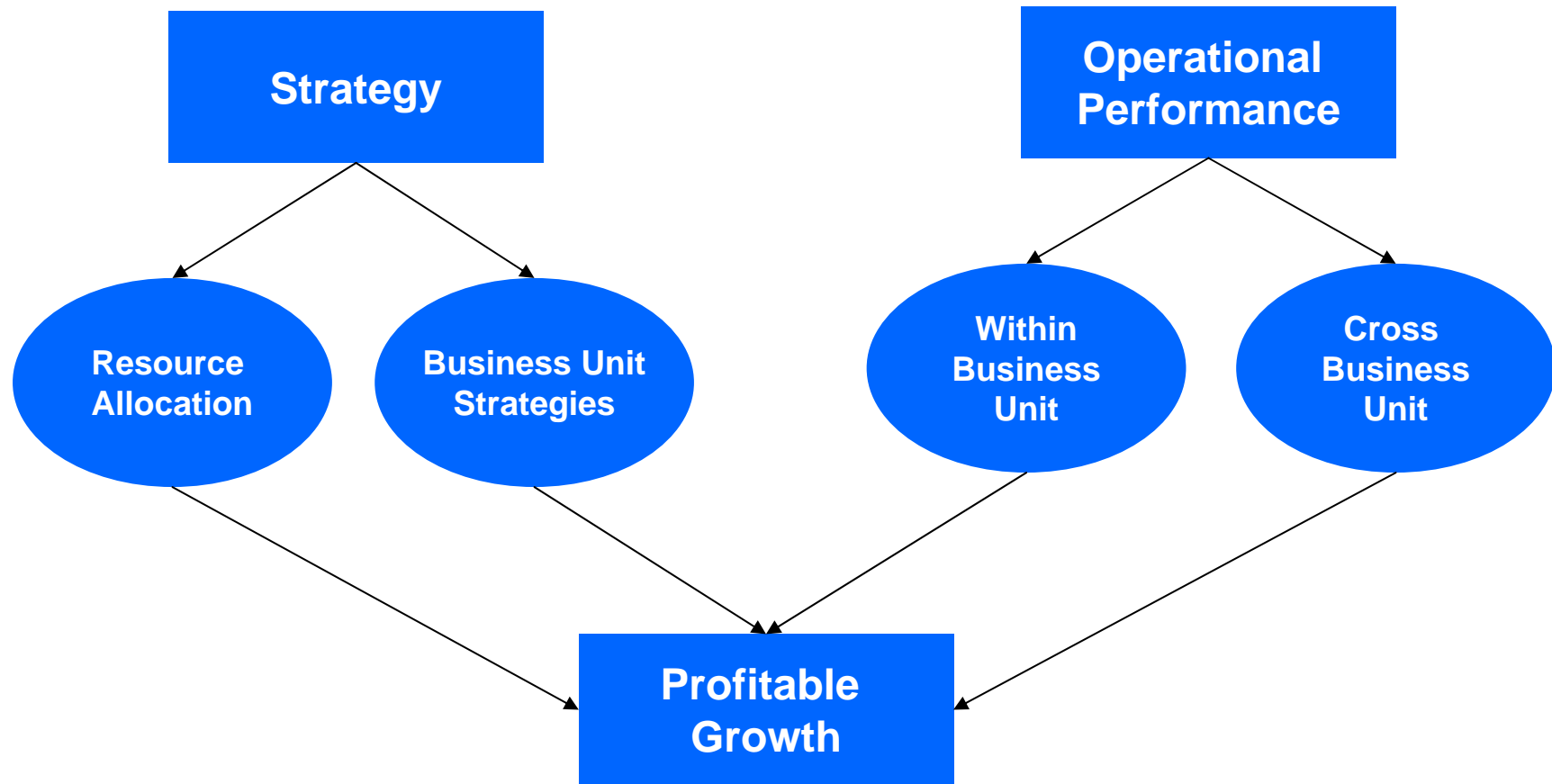
Assessment – March 2010

- Right leadership team
- Focus on global model
- Balance sheet exposed at peak of cycle

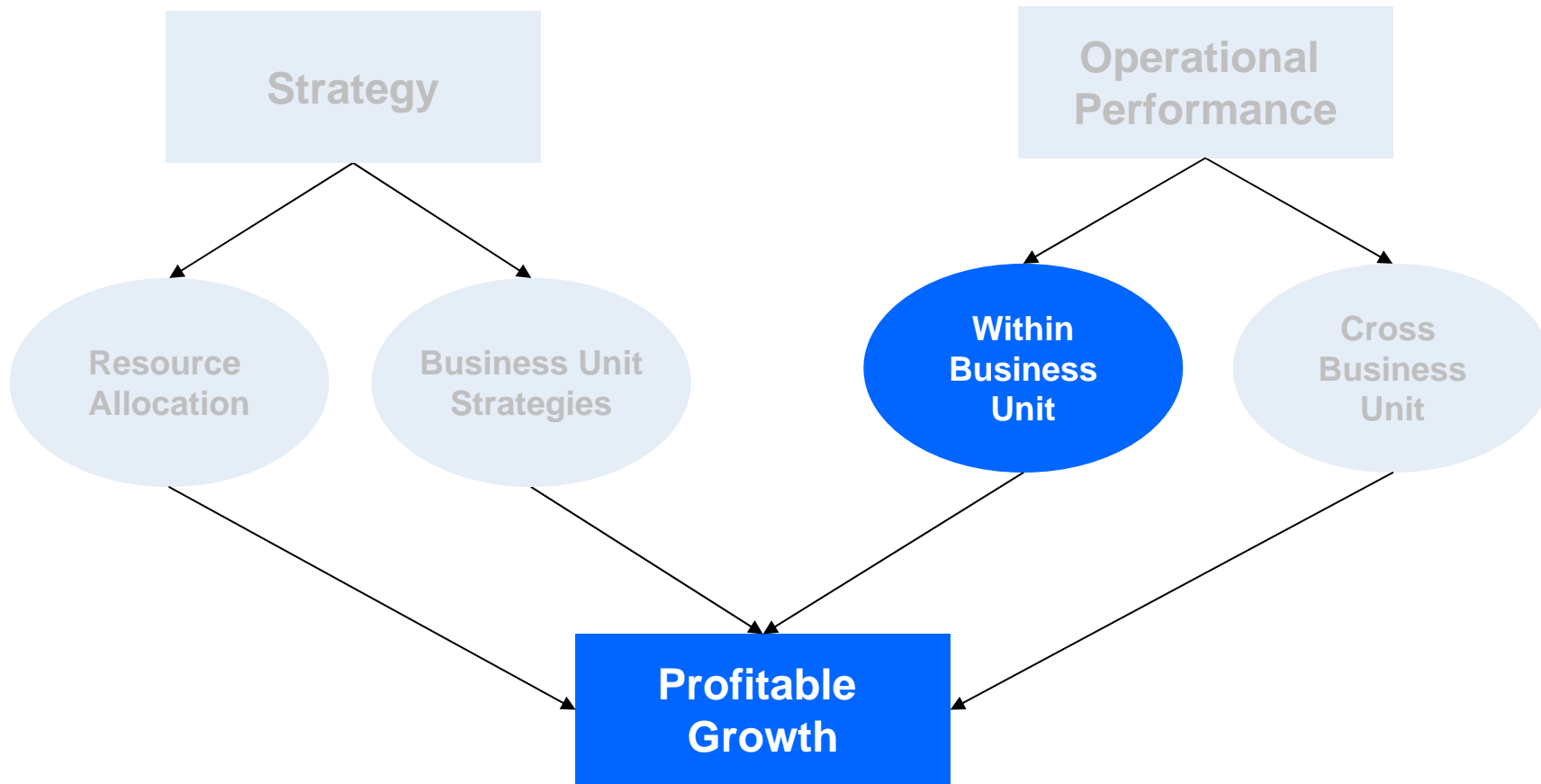
Actions Taken

- Continued strengthening
- Local customers / competitors
- Best practice – roll-out
- IT support local businesses – long-term converge
- De-leveraging continues

Recap of Strategy Framework

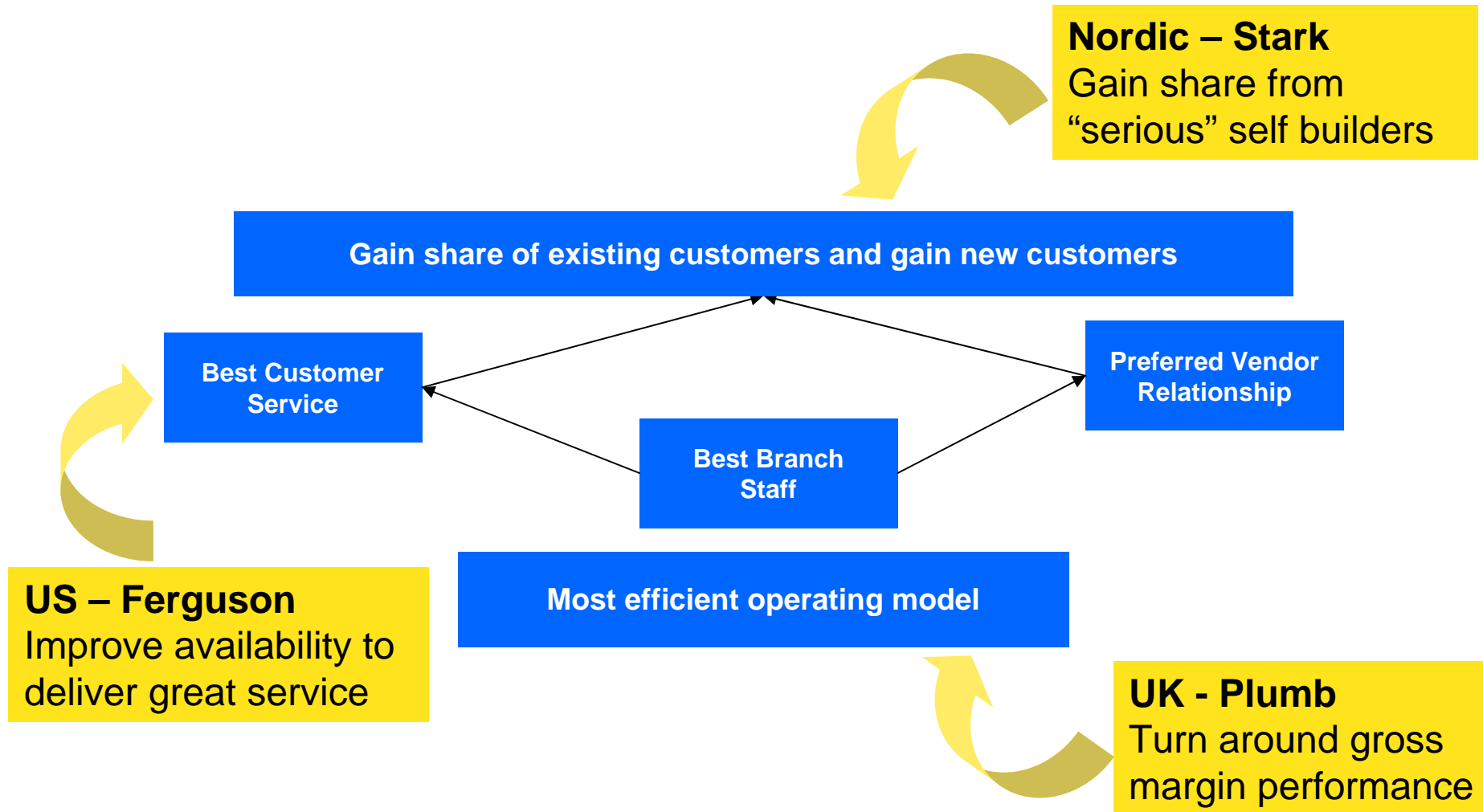


Driving Operational Performance



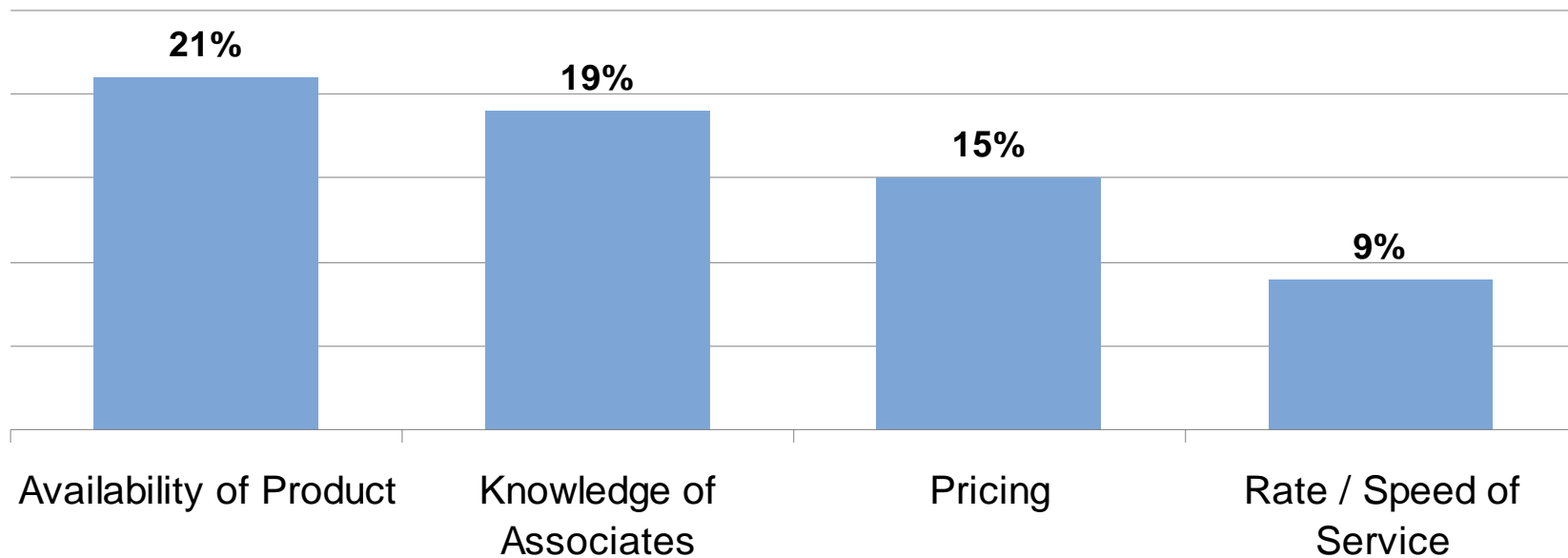
Recap - Business Unit Strategy Framework

Driving Profitable Growth



Ferguson - Best Customer Service *Customer Needs*

Service Improvement Areas



Performance on availability - not regularly measured; equal to best local competitor

Ferguson - Best Customer Service *Actions Taken – Top 2,000 SKUs*

- Launched top 2,000 SKU initiative in November 2009
 - Provide 100% fill rate
 - Within branch and from DC
- Holistic approach
 - Supplier safety stock and service level improvement
 - Distribution centers – increase inventory and visibility
 - Branch level – improve fill rate from branch
 - Customer level – sales tool to customers
- \$10M – investment in inventory

Ferguson - Best Customer Service

Customer Feedback

Rank	Ferguson Ratings	MAR	MAY	AUG
1	Availability of Products	7.4	7.3	8.0
2	Relationship with Associates	8.9	9.1	9.2
3	Competitive Pricing	7.7	7.7	7.9
4	Rate / Speed of Service	7.8	8.1	8.7
5	Range of Products	8.0	8.3	8.8
	Overall Customer Service	8.6	8.6	9.1

Ferguson - Best Customer Service *Customer Feedback and Results*

Customer Net Promoter Score	MAR	AUG
Plumber	38	43
Mechanical Contractor	49	47
Homebuilder	38	53
HVAC Contractor	33	35
Commercial Builder	25	36
Remodeler	47	52

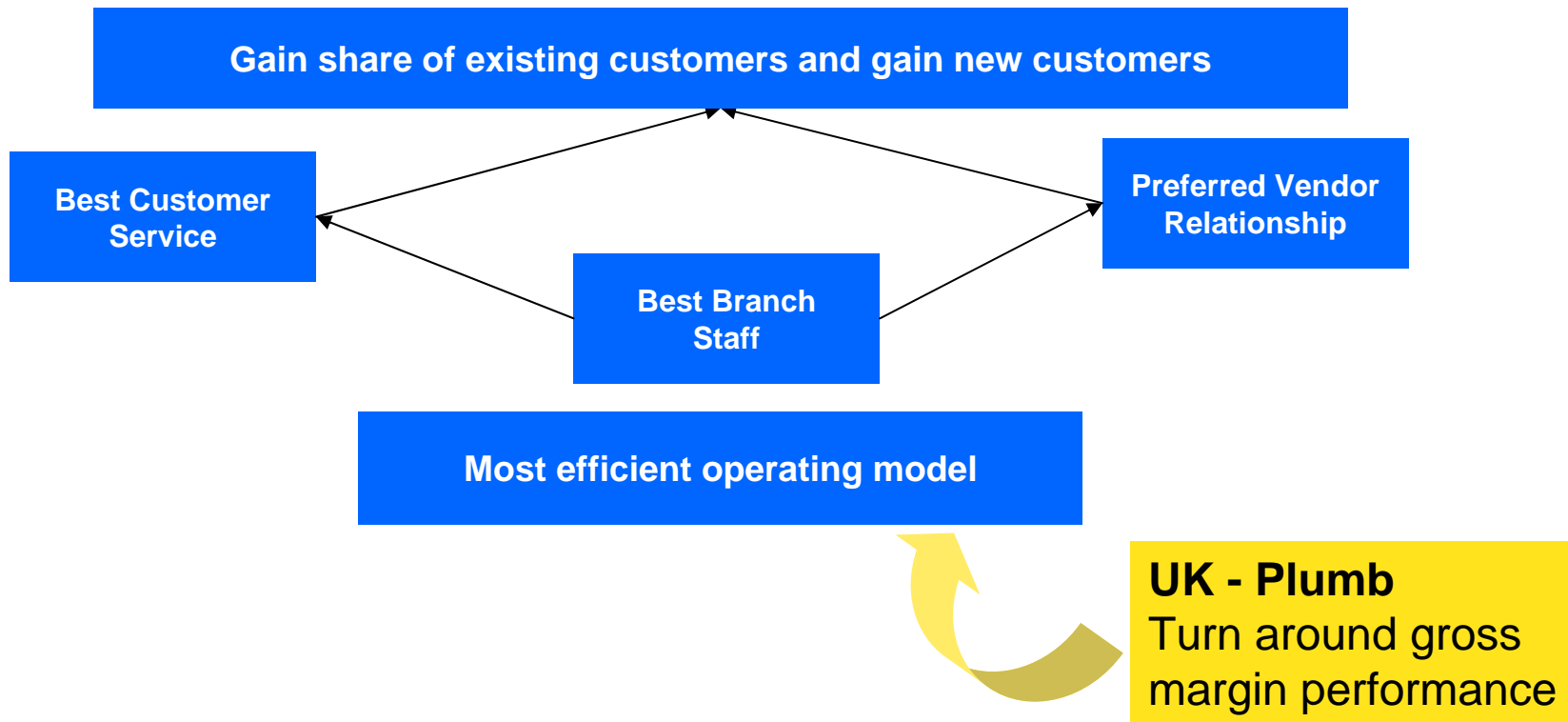
Share of Wallet	MAR	AUG
Ferguson	53%	59%

Market Share Performance	FY09	FY10
Ferguson performance versus market	+1-2%	+5-6%

Initiative expanded to 3,000 SKUs in August 2010

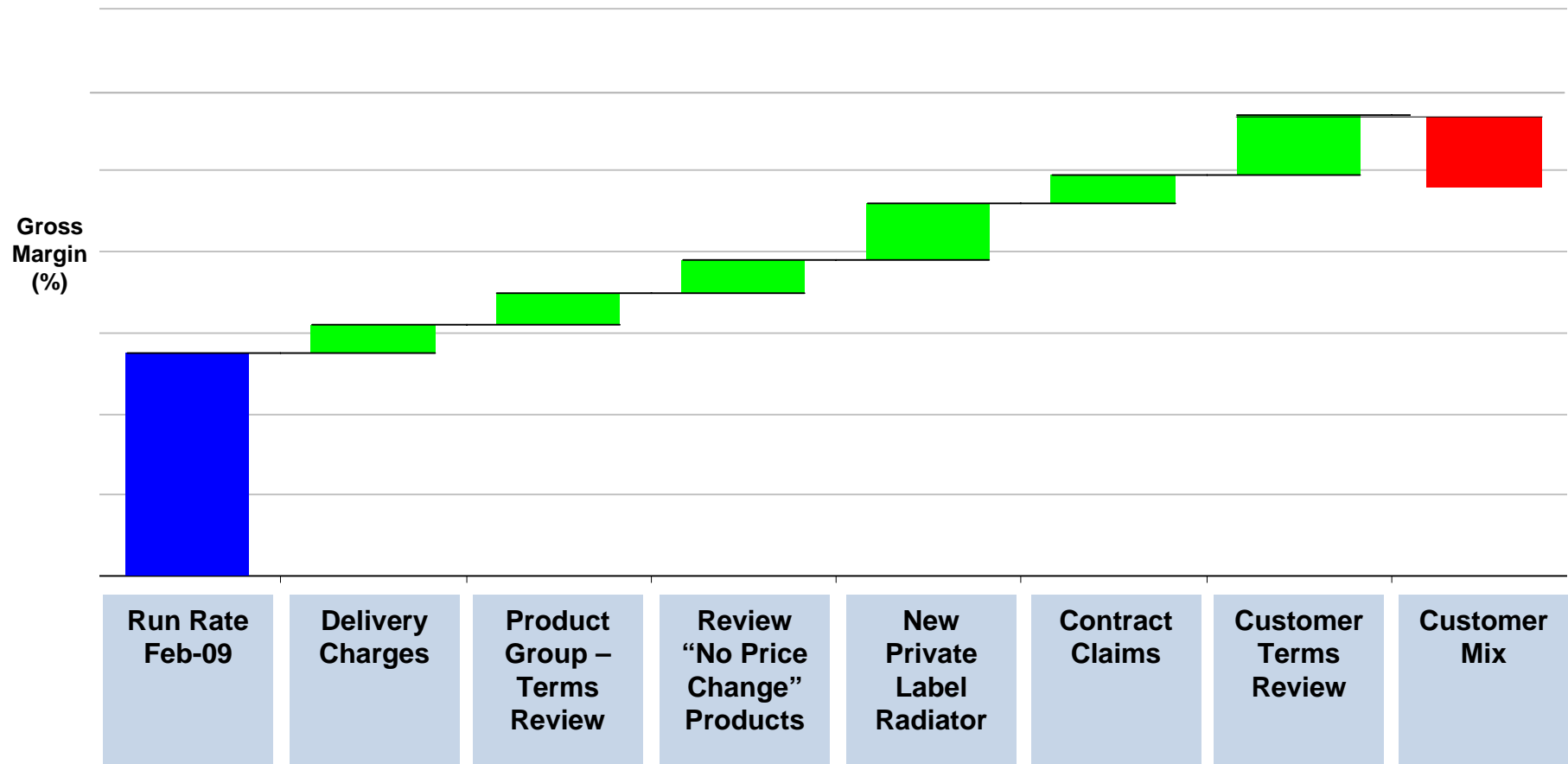
Recap - Business Unit Strategy Framework

Driving Profitable Growth



Plumb – Efficient Operating Model

Gross Margin Improvements



Plumb – Efficient Operating Model *Branch Scorecard*

Area L42 Branch	Cash Sales	Branch Account	Sales Team Account	Customer 1	Customer 2	National Account
A	(1.8%)	(0.7%)	1.2%		(0.4%)	11.5%
B	7.5%	12.7%	6.3%		7.6%	8.1%
C	3.7%	0.9%	7.1%		15.5%	36.2%
D	9.1%	5.1%	2.5%	(6.4%)	1.1%	(11.5%)
E	(2.6%)	(9.4%)	(1.4%)	(5.5%)	3.4%	2.6%
F	(0.3%)	3.5%	(4.9%)	12.9%	3.6%	0.7%
G	12.7%	4.0%	0.9%		(3.2%)	16.5%

Detailed margin analysis undertaken by individual branch

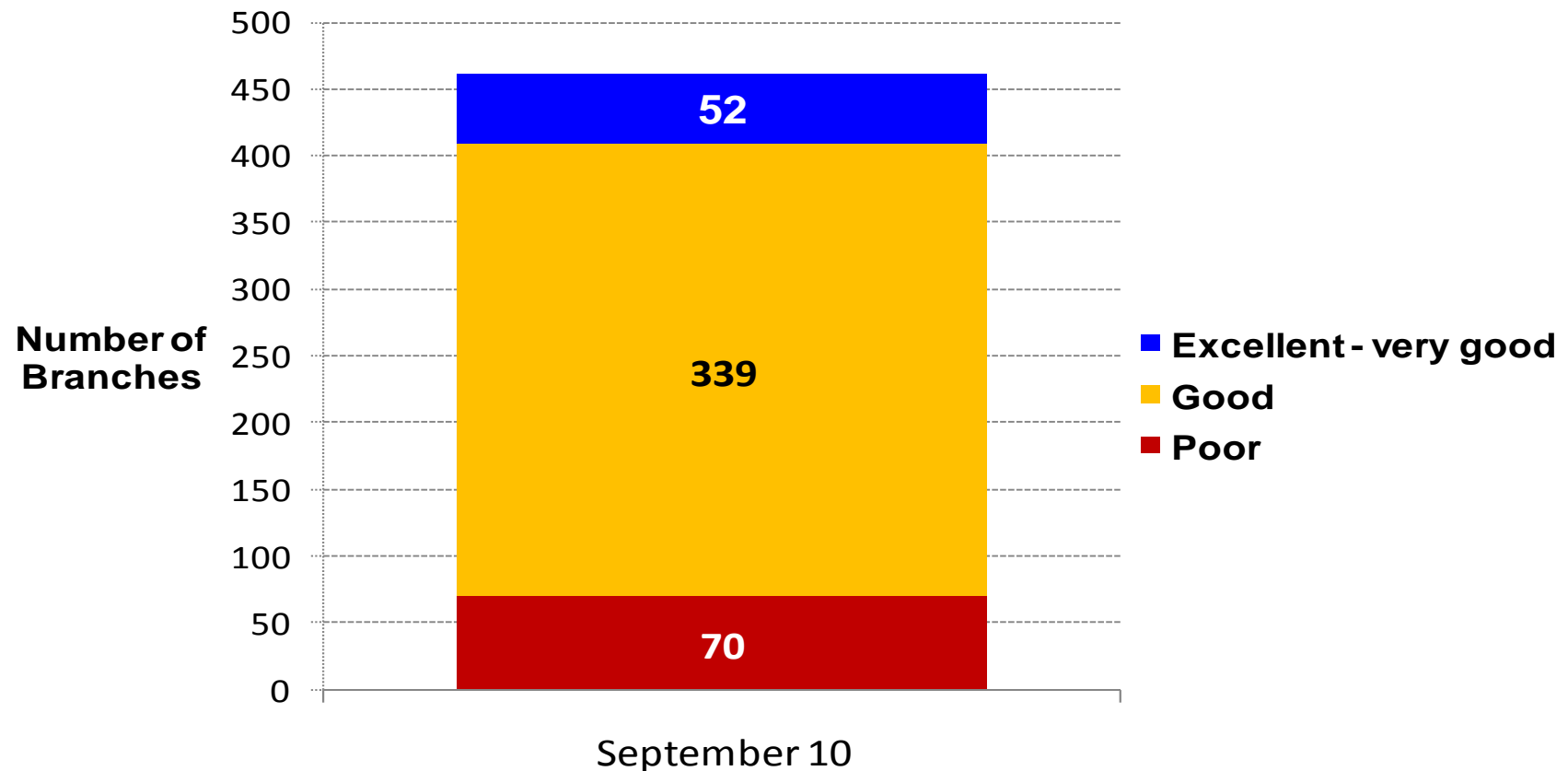
Plumb – Efficient Operating Model

Trading Margins with Key Suppliers

Heating Suppliers		
Supplier	Sales Mix	Margin Variance
A	9%	1.2%
B	7%	(2.3%)
C	6%	2.4%
D	6%	(2.6%)
E	6%	(3.2%)
F	4%	(0.3%)
G	3%	2.3%
H	3%	1.4%
I	3%	1.9%

Plumbing Suppliers		
Supplier	Sales Mix	Margin Variance
A	14%	2.4%
B	6%	2.6%
C	3%	3.0%
D	3%	2.4%
E	2%	2.1%
F	2%	1.6%
G	2%	4.0%
H	2%	(3.5%)
I	3%	(0.5%)

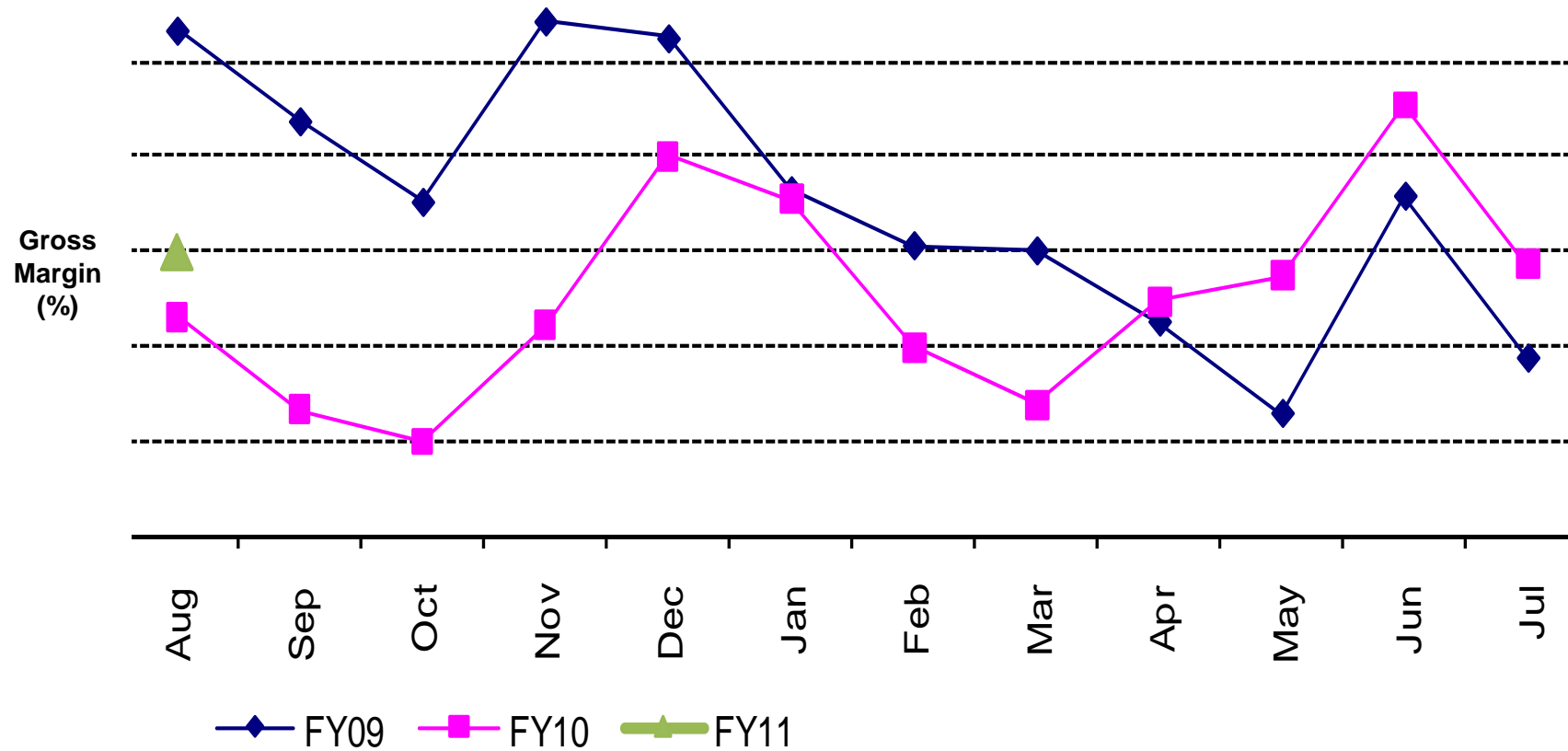
Plumb – Efficient Operating Model *Customer Service Performance*



Gross margin improvement delivered whilst still improving customer service

Plumb – Efficient Operating Model

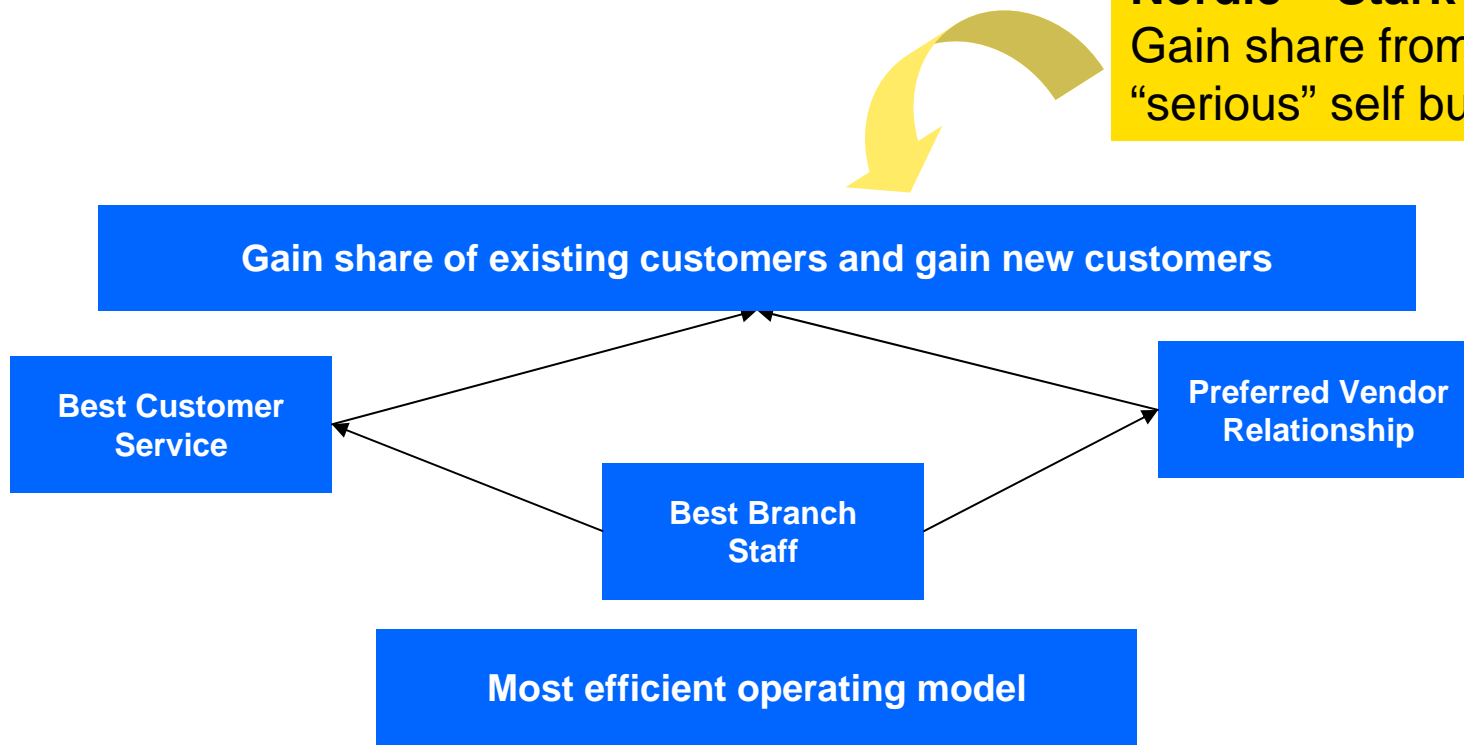
Gross Margin Performance



Business Unit Strategy Framework

Driving Profitable Growth

Nordic – Stark
Gain share from
“serious” self builders



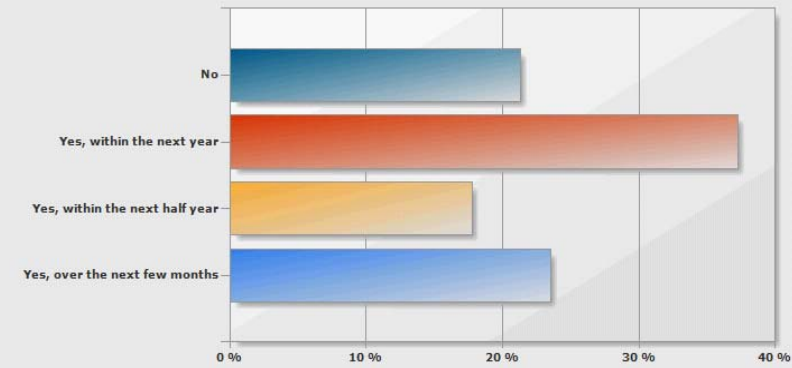
STARK - Gaining Share of Existing and New Customers

- Stark strategically strong
 - Market share 16% - relative market share >2x
 - ROIC >50%
- Build on market leadership of Stark 
 - Gain wallet share of tradesmen
 - Trade terms
 - Customer survey actions
 - New branch openings
 - New product / services
- Opportunity to increase penetration
 - Attractive segments
 - Serious” private customer – self builder
 - 

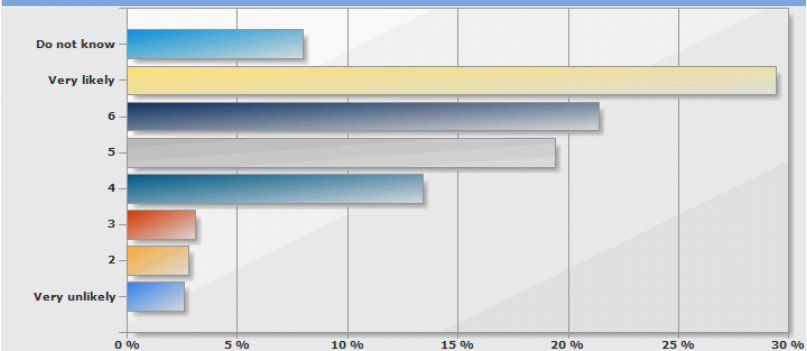
STARK - Gaining Share of Existing and New Customers

Customer Survey

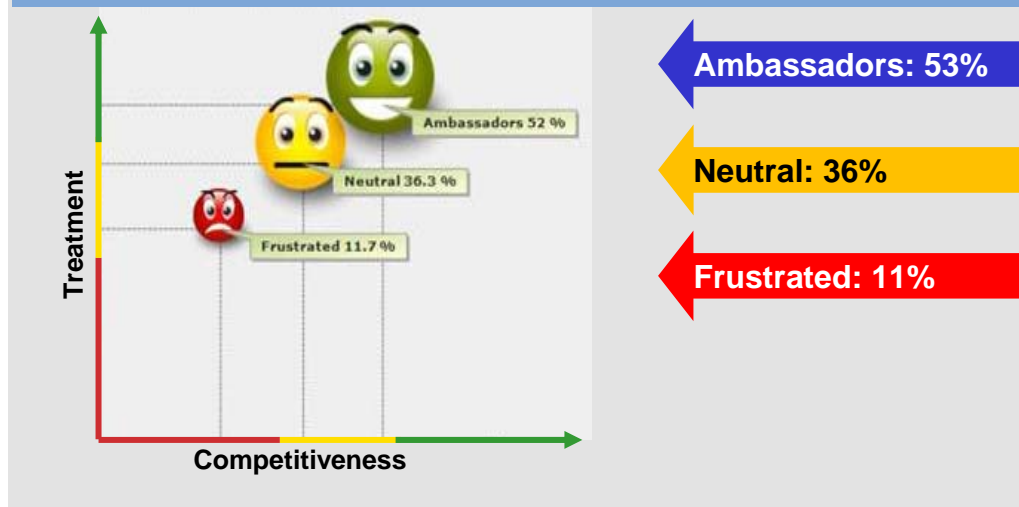
Do you have plans to launch a construction project?



How likely is it that you will choose STARK Selvbyg for your construction project?



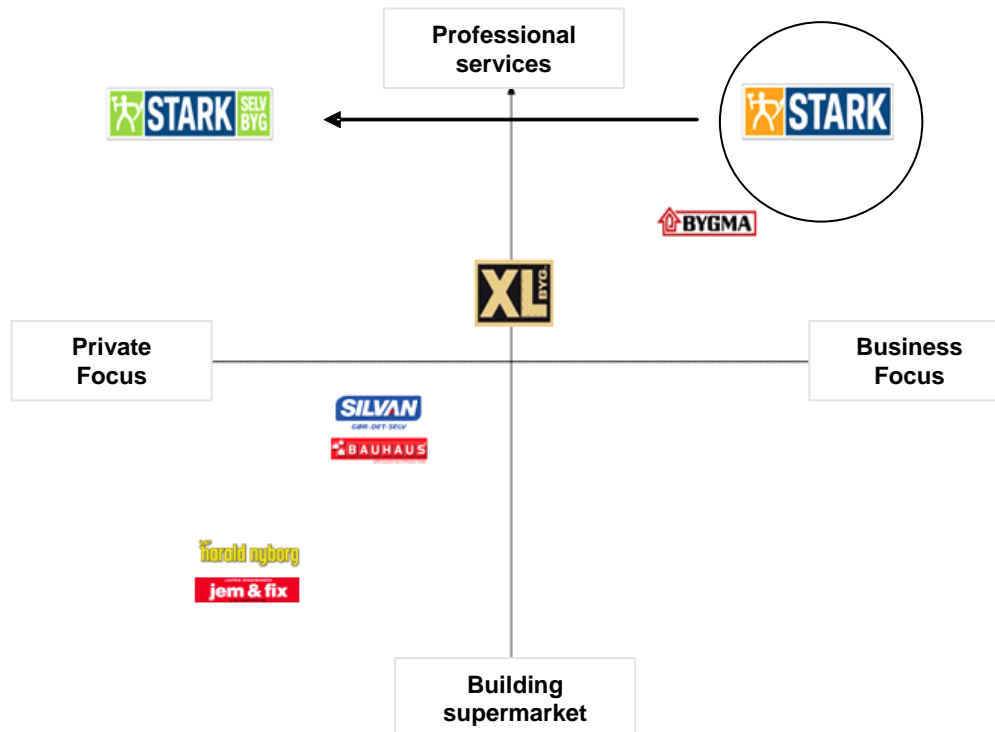
Overall, how do you feel treated as a customer at STARK? / Overall, how competitive is STARK in your opinion compared to its competitors?



STARK - Gaining Share of Existing and New Customers

Self Build Concept 'SELVBYG'

Market Segmentation



- SELVBYG a sub-brand
- Targeting “serious” self builders
- Existing branch infrastructure
 - Dedicated staff
- Sales channel for tradesmen
 - Not competitive

STARK - Gaining Share of Existing and New Customers *SELVBYG Results to Date*

- Sales lead time longer than forecast
- Basket size for SELVBYG customers

Basket Size	APR – AUG 2009	APR – AUG 2010	% Change
SELVBYG customers	850	999	17.5%
Other	953	981	2.9%

- Number of visits per customer stable
 - Need to stimulate
- Gross margin maintained
- Private accounts increased by 6%
 - Half are new

Operational Performance - Driving Profitable Growth

Conclusions

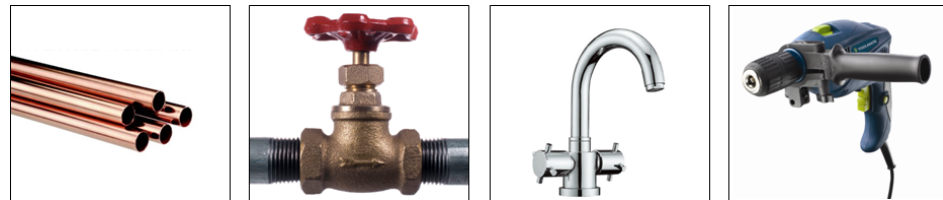
- Performance review process with Business Units working
 - Decent progress BUT long way to go
- Many opportunities for profitable organic growth
 - Detailed execution
- Customer service improvements
 - Key to gain wallet and market share
- Gross margin protection / expansion
 - Mix management
- Profitable share growth available
 - Current customers
 - Under penetrated segments

Summary

- Future direction of Group clear
 - Build on strategically strong Business Units
 - Organic growth in Growth Engines and Synergy Drivers
 - Over time bolt-on acquisitions
 - Performance Builders being resolved:
 - Improve, reclassify, exit
- Business beginning to perform better
 - Business Unit performance management – local performance
 - Customer service – gradual improvements
 - Market share stabilised – gross margin held
 - Costs and balance sheet controlled
- Significant growth opportunities available longer term with decent returns
 - Top-line
 - Existing or new customer segments
 - Branches / products / services
 - Gross margin – customer / product / vendor mix
 - Net margin – leverage of existing infrastructure

Q&A

Appendices



Currency

	2010 Average	2009 Average	Movement	@ 31 July 2010	@ 31 July 2009
US\$	1.57	1.57	-	1.57	1.67
CAN\$	1.64	1.85	(11%)	1.61	1.80
DKK	8.48	8.64	+2%	8.96	8.73
Euro	1.14	1.16	(2%)	1.20	1.17
CHF	1.66	1.77	(6%)	1.63	1.79

Headcount/Branch Analysis

<u>BRANCHES</u>	US	Canada	UK	Nordic	CEE	France	Other	FY10 Actual	FY09 Actual
At start of period	1,228	225	1,643	296	226	776	-	4,394	5,025
Net Movement	13	(5)	(157)	(11)	(37)	(79)	-	(276)	(631)
At end of Period	1,241	220	1,486	285	189	697	-	4,118	4,394

<u>HEADCOUNT</u>	US	Canada	UK	Nordic	CEE	France	Other	FY10 Actual	FY09 Actual
At start of period	17,402	2,487	11,673	6,749	2,936	9,053	543	50,843	61,208
Net Movement	(488)	86	(1,555)	(198)	(493)	(747)	(37)	(3,433)	(10,364)
At end of Period	16,914	2,573	10,118	6,551	2,443	8,306	506	47,411	50,843

Market Overview

Key Indicators

YoY Trend	
Improving	Green
Flat (+ / - 5%)	Yellow
Declining	Red

USA	GDP (2011F) ¹	3.1%
	Annual Unemployment Rate (2011F) ²	8.2%

Consumer Confidence Index ³		Single-Family Home Sales (000s) ⁴		Billings Index: Commercial ⁵	
2010 Q3 v Q2	-5.98	Jul 10 v Apr 10	-2,098	2010 Q3 v Q2	+0.3

UK	GDP (2011F) ¹	2.5%
	Annual Unemployment Rate (2011F) ²	8.0%

Spending Index ⁶		Property Transactions ⁷		Composite Lead Indicators ⁸	
Jul 10 v Apr 10	-7.46	Jun 10 v Mar 10	+2,000	Jul 10 v Apr 10	-1.46

Denmark	GDP (2011F) ¹	2.2%
	Annual Unemployment Rate (2011F) ²	6.6%

Construction Confidence Index ⁹		Construction Industry Employment ¹⁰		Sales of Real Estate ¹¹	
Aug 10 v May 10	0.0	2010 Q2 v Q1	+3,509	2010 Q1 v 2009Q4	-638

Sweden	GDP (2011F) ¹	2.5%
	Annual Unemployment Rate (2011F) ²	8.9%

Housing Starts ¹²		Building Materials Market (SEKbn) ¹³		Builder Confidence Index ¹⁴	
2011(F) v 2010(F)	+4,500	2010 Jun to Aug v Mar to May	-51.1	Aug 10 v May 10	-1.0

France	GDP (2011F) ¹	1.3%
	Annual Unemployment Rate (2011F) ²	10.6%

Consumer Confidence Index ¹⁵		Housing Starts ¹⁶		Housing Permits ¹⁷	
Jun 10 v Mar 10	+2	Jul 10 v Apr 10	+3,041	Jul 10 v Apr 10	+13,017

Market Overview

Key Indicators – Sources and Definitions

	Ref	Name	Source
General	1	GDP - Gross Domestic Product	Global Insight
	2	Annual Unemployment Rate	Global Insight
USA	3	Consumer Confidence Index	The Conference Board
	4	New and Existing Single-Family Home Sales	National Association of Realtors
	5	AIA Billings Index: Commercial / Industrial	American Institute of Architects
UK	6	Spending Index	Nationwide Building Society
	7	Property Transactions	HMRC
	8	Composite Lead Indicators	OECD
Denmark	9	Construction Confidence Index (seasonally adjusted)	Statistics Denmark
	10	Construction Industry Employment (seasonally adjusted – new buildings & extensions and repairs & maintenance)	Statistics Denmark
	11	Sales of Real Estate	Statistics Denmark
Sweden	12	Housing Starts	Konjunkturinstitutet
	13	Building Materials Market	Konjunkturinstitutet
	14	Builder's Confidence Index	Konjunkturinstitutet
France	15	Consumer Confidence Index	INSEE
	16	Housing Starts	CGEDD
	17	Housing Permits	CGEDD