

# WOLSELEY

**The name the world builds on**

Interim results for the six months ended 31 January 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
- Financials
- Outlook
- Update on operations and strategy
- Q&A

# Introduction

## Our priorities

- Experienced management team
- Focus on creating a leaner, fitter Wolseley
- Balanced with continuing to develop the long term business model

# Financial and Operational Review

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# Summary of results

*Strong cash flow conversion, lower profit reflects challenging conditions*

	2008	2007	Change	Con't curr'cy change
	£m	£m	%	%
Revenue	8,029	7,870	2.0	3.1
Trading profit*	300	390	(23.1)	(22.1)
Trading margin*	3.7%	5.0%		
- Net finance costs	(67)	(60)	11.7	
PBT*	233	330	(29.4)	(28.6)
<b>EPS* (p)</b>	<b>26.69</b>	<b>38.72</b>	<b>(31.1)</b>	<b>(30.4)</b>
Interim dividend (p)	11.25	10.85	3.7	
Cash flow conversion	122%	115%		
Cash flow from operations	367	447	(17.9)	
ROGCE	11.4%	15.9%		

\* Before amortisation and impairment of acquired intangibles

## Cash flow - *Strong cash flow conversion*

	2008 £m	2007 £m
Trading profit	300	390
Depreciation and profits on sale of property	104	79
Increase in working capital	(35)	(32)
Share based payments and other non cash items	(2)	10
<b>Cash flow from operating activities</b>	<b>367</b>	<b>447</b>
Acquisitions (including debt acquired)	(179)	(1,638)
Capital expenditure	(155)	(206)
Net interest paid	(60)	(57)
Tax paid	(57)	(104)
Dividends paid	(141)	(128)
Share placing	2	658
Other	(204)	61
<b>Increase in net debt</b>	<b>(427)</b>	<b>(967)</b>
Cash flow conversion	122%	115%
Gearing	83.9%	89.6%
Interest cover	4.3x	6.6x

# Working capital - cash to cash days

	FY06	FY07	FY08
	Jan YTD	Jan YTD	Jan YTD
Spot inventory days	72.7	68.1	65.3
Spot receivables days	54.4	55.4	59.1
Spot payables days	52.7	60.3	68.4
Spot cash to cash days	74.4	63.2	56.0

# Debt covenant position

*Full compliance at 31 January 2008 and expected in the future*

- Almost all facilities have net debt to EBITDA covenants of 3.5x except two facilities totalling £270 million at 3x (all adjust EBITDA for acquisitions)
- Net debt to EBITDA 2.85x at 31 January 2008
- No breach of facilities has occurred or is foreseen to occur
- Long standing policy of maintaining committed facilities of at least 120% of highest projected funding requirement during the next two years
- Committed undrawn facilities as at 31 January 2008 totalled £1 billion
- Covenants and capital structure are monitored closely and corrective action taken when necessary
- Additional funding will be executed when appropriate but no essential funding is required before 1 August 2010



# US plumbing and heating

## *Market outperformance*

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	2,804	156	(71)	(2.7)	(141)	<b>2,748</b>	(2.0)	3.2
Trading profit	173	13	(4)	(2.8)	(9)	<b>173</b>	(0.3)	4.9
Trading margin	6.2%					<b>6.3%</b>		

- Market slowdown but strong outperformance
- Gross margin improvement
- Margin enhancing acquisitions helped overall trading margin improvement
- Strength through diverse business segments
- Headcount reduced by 1,575 employees (6% workforce) which should save £38m in a full year

# 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	1,260	26	(334)	(27.9)	(63)	<b>889</b>	(29.4)	(25.7)
Trading profit	42	1	(85)	(210.5)	(2)	<b>(44)</b>	(204.0)	(209.4)
Trading margin	3.3%					<b>(4.9)%</b>		

- New housing starts fell 25%, organic volume decline of 23%
- Outperformance in 12 of the top 15 markets
- Headcount reduced by a further 1,750 people in H1 which should result in annual savings of £26m
- Construction loans of £272m (31 July 2007: £286m) fully secured against real estate
- Goodwill and intangible impairment charge of £89m recorded in the period
- Acquisitions and management focus geared towards business diversification and improvement

# Canada

*Underlying profit flat*

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	303	4	7	2.3	22	336	11.3	3.7
Trading profit	19	0	(3)	(15.3)	1	17	(8.8)	(15.0)
Trading margin	6.2%					5.1%		

- Residential market held up well and not affected by US housing concerns
- Economic activity positive although strength of C\$ affecting export and causing some price deflation in goods from the US
- Energy sector weak
- Profits down 15% due to branch closure costs and property gains last year
- Underlying profit flat

# UK and Ireland

*Progress with underlying improvement in profit and margin in UK – overall result affected by Ireland*

	2007 £m	Acq'n £m	Organic Change £m	Exch %	£m	2008 £m	Ch'ge %	Cons't Cur'y %
Revenue	1,554	9	32	2.1	7	<b>1,602</b>	3.1	2.7
Trading profit	92	0	(7)	(8.5)	0	<b>85</b>	(8.2)	(8.2)
Trading margin	6.0%					<b>5.3%</b>		

- UK housing market slowing and rate of growth in RMI market has weakened
- Government spending on social housing, health and education remains positive
- Housing starts in Ireland around 50% lower
- Gross margin improvement
- Property profits £2m (2007: £8m)
- Excluding Ireland, the UK achieved organic profit growth

# France

*Continued focus on market repositioning*

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	889	29	(19)	(2.1)	43	942	5.9	1.0
Trading profit	41	1	(14)	(32.0)	2	30	(25.6)	(29.1)
Trading margin	4.6%					3.2%		

- New residential market slowed
- Less positive business environment
- Business repositioning
- Lower trading margin reflects internal restructurings, some start up issues at the new national DC
- DC performance continues to improve
- Recent trends more encouraging

# Nordic

*Another strong performance in markets generally holding up well*

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	621	358	25	3.9	31	<b>1,035</b>	66.6	58.8
Trading profit	31	26	7	20.6	1	<b>65</b>	113.6	103.0
Trading margin	4.9%					<b>6.3%</b>		

- Results reflect extra 2 months trading
- Markets in Nordic region generally held up well
- Some softening in DIY and Danish new housing
- Other sectors and markets remain robust
- 3.9% organic growth despite price deflation in timber

# Central and Eastern Europe

*Profits impacted by restructuring and IT implementation in Austria but expect better second half*

	2007	Acq'n	Organic Change	Exch	2008	Ch'ge	Cons't	
	£m	£m	£m	%	£m	%	Cur'y %	
Revenue	439	36	(18)	(3.9)	20	477	8.6	3.8
Trading profit	21	1	(12)	(54.8)	1	11	(49.4)	(51.5)
Trading margin	4.8%					2.2%		

- Profit impacted by restructuring, integration of acquisitions, new DC in Italy and IT implementation in Austria
- Gross margin lower with price deflation in some commodities
- Excellent progress made in the Netherlands and Switzerland
- Expect better second half

# Outlook

*Actions will be taken to ensure that Wolseley's competitive advantage is maintained. Longer term fundamentals remain sound*

## North America

- Further deterioration expected in US new residential
- Further pressure in US RMI market
- Commercial and Industrial likely to remain stable over the next few months but soften thereafter

## Europe

- Growth rates likely to slow
- RMI and Commercial and Industrial expected to be marginally positive

## Overall

- Conditions in a number of markets likely to be more challenging
- Continued short term focus on cost base alignment and cash flow maximisation
- Highly selective approach to acquisitions and capital expenditure
- Confidence that long term fundamentals remain sound
- Fragmentation of industry provides significant growth opportunities



Wolseley

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# Overview

## *Gross margins held in tough markets*

- Ferguson strong outperformance in challenging markets
- Stock trading loss but revenues down less than the market – continued progress on diversification
- In Europe, major markets generally held up well
  - Operational improvements delivering benefits in UK
  - DT continues to outperform
- France – DC improvement but profits declined in a less positive business environment
- Continued strong operating cash flow

# Lowering the cost base and driving cash flow

## *Cost reduction and cash containment*

- Reduction in headcount and location
  - Employee numbers reduced by 10,000 from the peak
  - General headcount freeze
  - Targeted branch closures
  - Slower rate of branch openings
- Restructuring to streamline the business to focus on opportunities in continental businesses
- Reducing capital expenditure and acquisition spend
- Continued focus on driving cash generation

# Second half focus

*Further actions in line with market conditions*

- Maintain appropriate cost base for market conditions
  - Cost base appropriate to market conditions
  - Outperformance in major markets
- Cash containment
  - More cautious acquisitions spend
  - Full year capex spend to be well below £400m
- Cautious roll out of common IT platform
  - Priority to businesses which need up to date systems now
  - Austria pilot implementation complete
  - More managed wider roll out across the Group

# Earn, Turn, Grow

*A leaner and fitter organisation*

- **Strategy embedded**
  - Emphasis on productivity and margin
  - Enhanced capital efficiency and cash flow
  - Maintain growth characteristic and improve quality of earnings
- **Lower our cost to serve**
  - Drive our sales faster than expense base
- **Business initiatives to drive benefits of scale**
  - Purchasing and supply chain efficiencies
  - 10% private label revenue target
- **Drive organisational commitment to customer service**
  - Programmes from USA and UK 'Get Plumb Fit' roll out to other operating companies



Raptor



Bathstore

# Summary

- Experienced management team
- Focus on creating a leaner, fitter Wolseley
- Balanced with continuing to develop the long term business model

Q&A

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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.

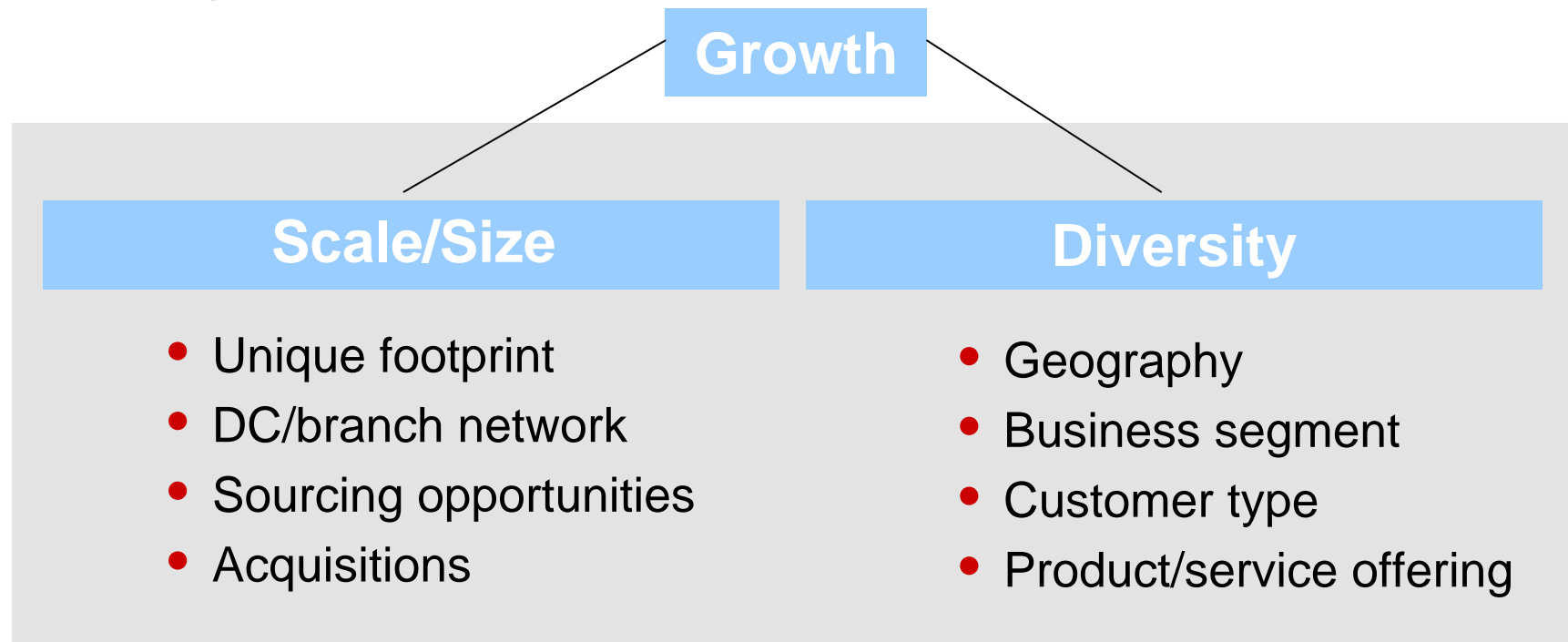
# What is Wolseley?

- 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 5,400 locations
- Around 66 in the FTSE 100 with market capitalisation of c£3.8bn
- £16.2bn of sales and £877m of trading profit in year ended 31 July 2007

# Who are we?

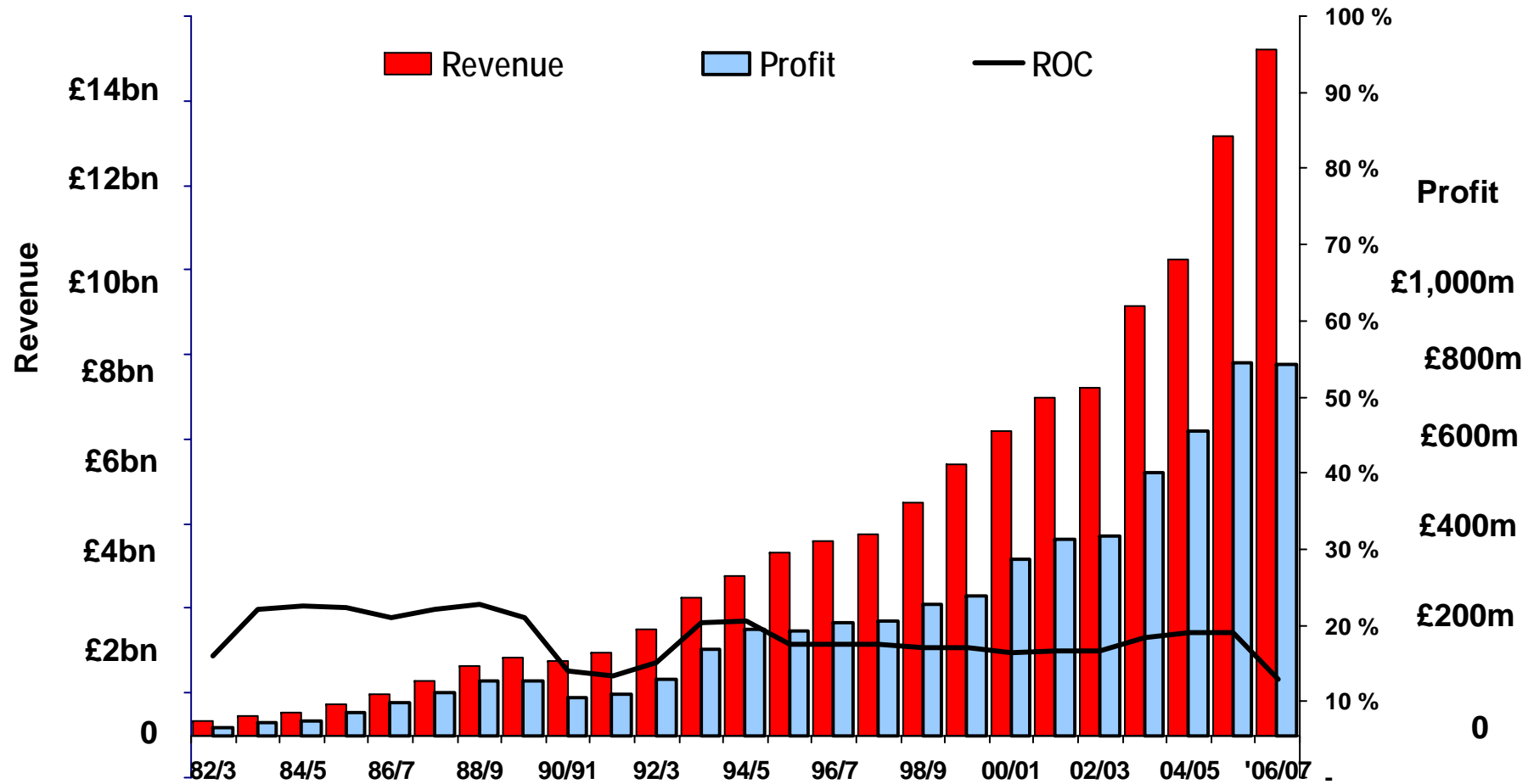
*Significant growth opportunity from scale and diversity*

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



# Wolseley group total – revenue & profits

*Sterling millions 1982 - 2007*



# Organisation & operating brands

## WOLSELEY

North America

Europe

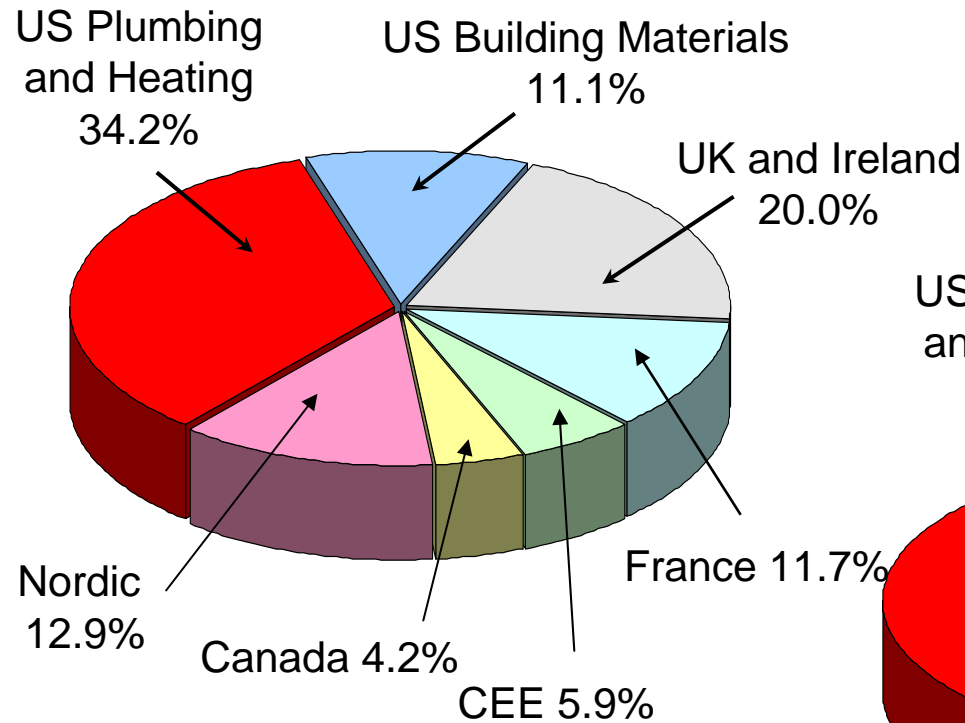


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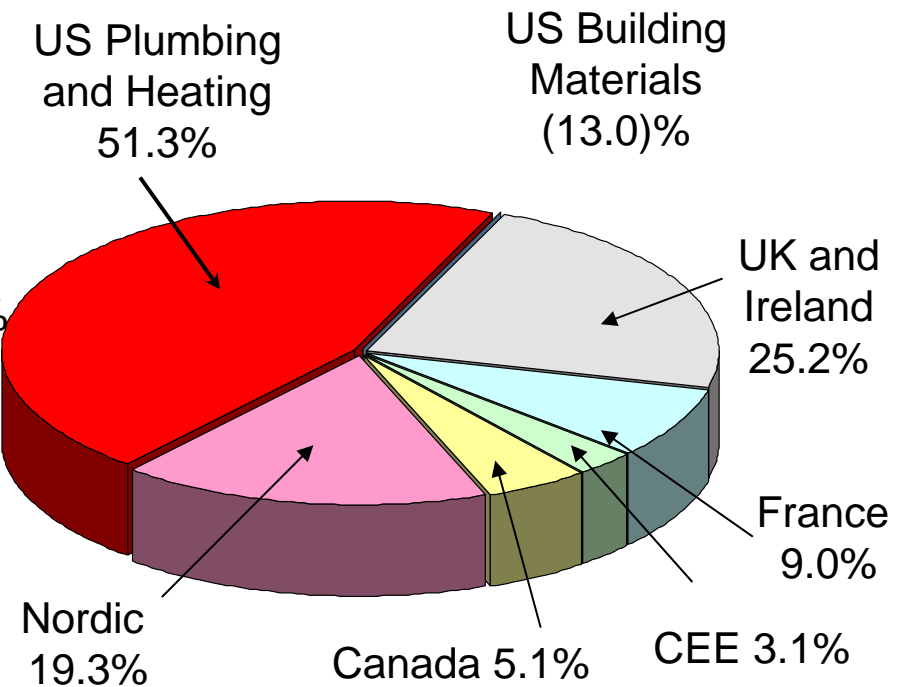
# Group revenue & trading profit

*Six months to 31 January 2008*



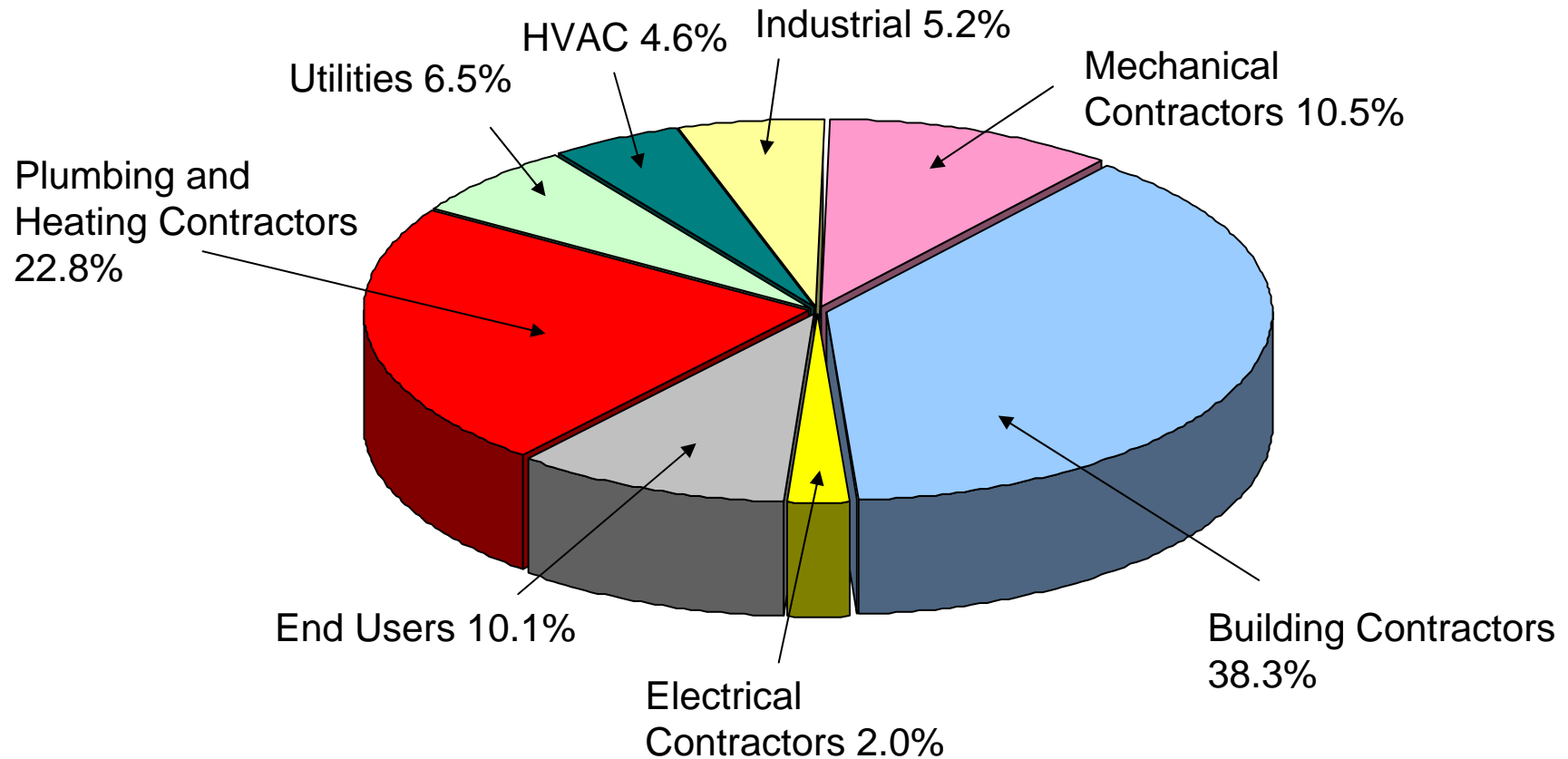
**Revenue**

## Trading profit



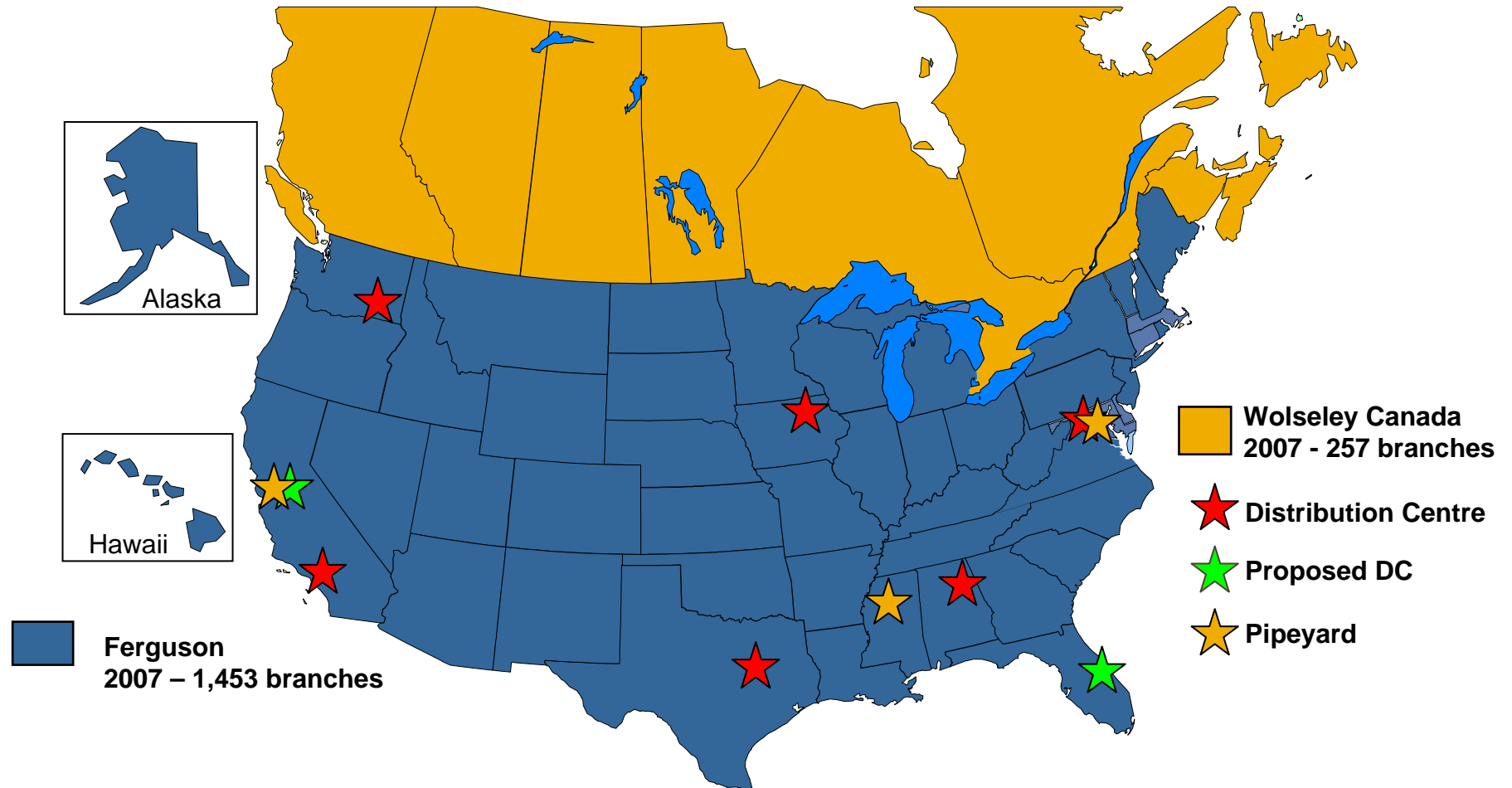
# Our diverse customer mix

*% of group revenue, six months to 31 January 2008*



# North America

## *Plumbing and Heating*



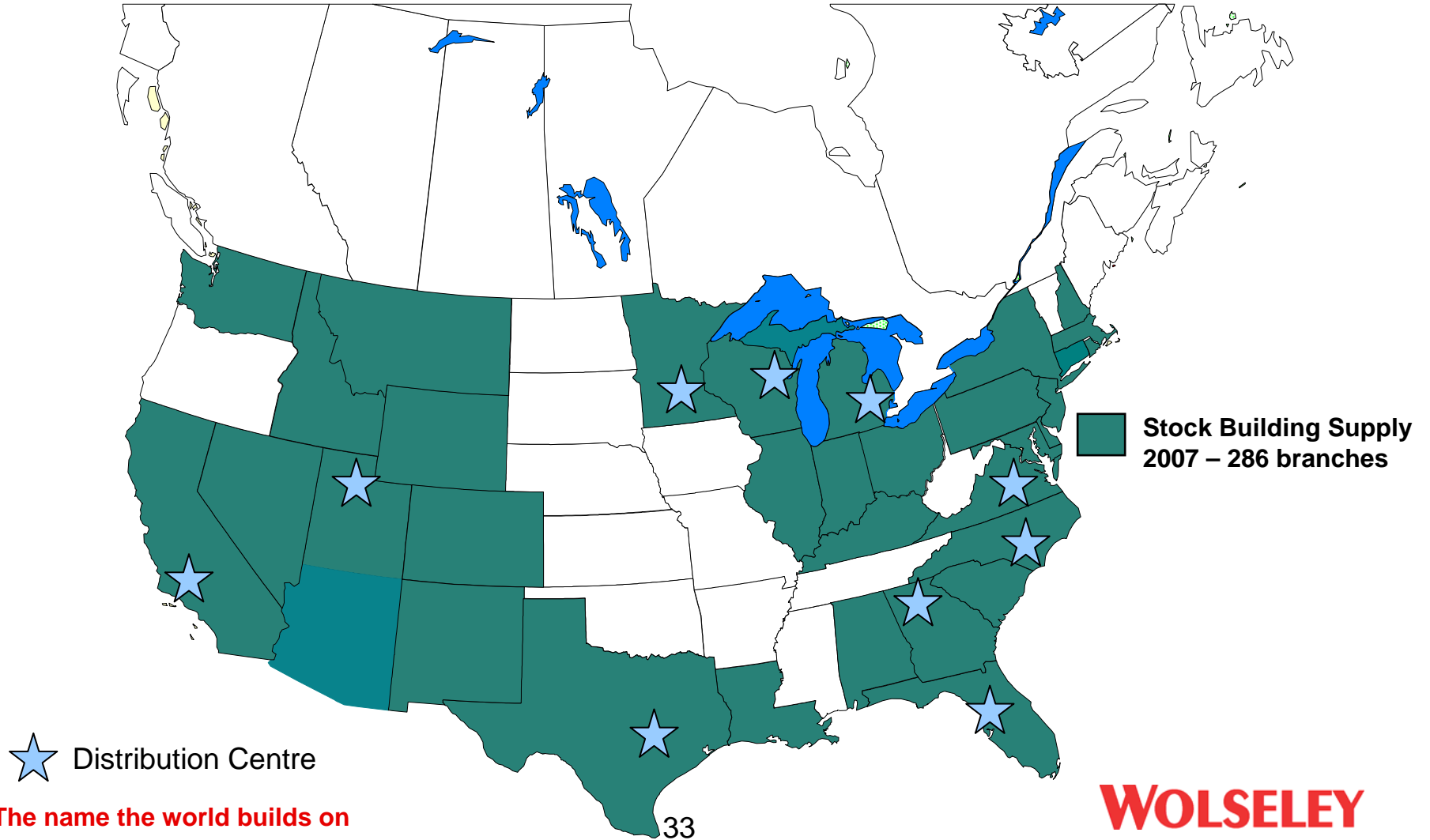
Also in Puerto Rico, Panama, Trinidad & Tobago and Mexico

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# North America

## *Building Materials*

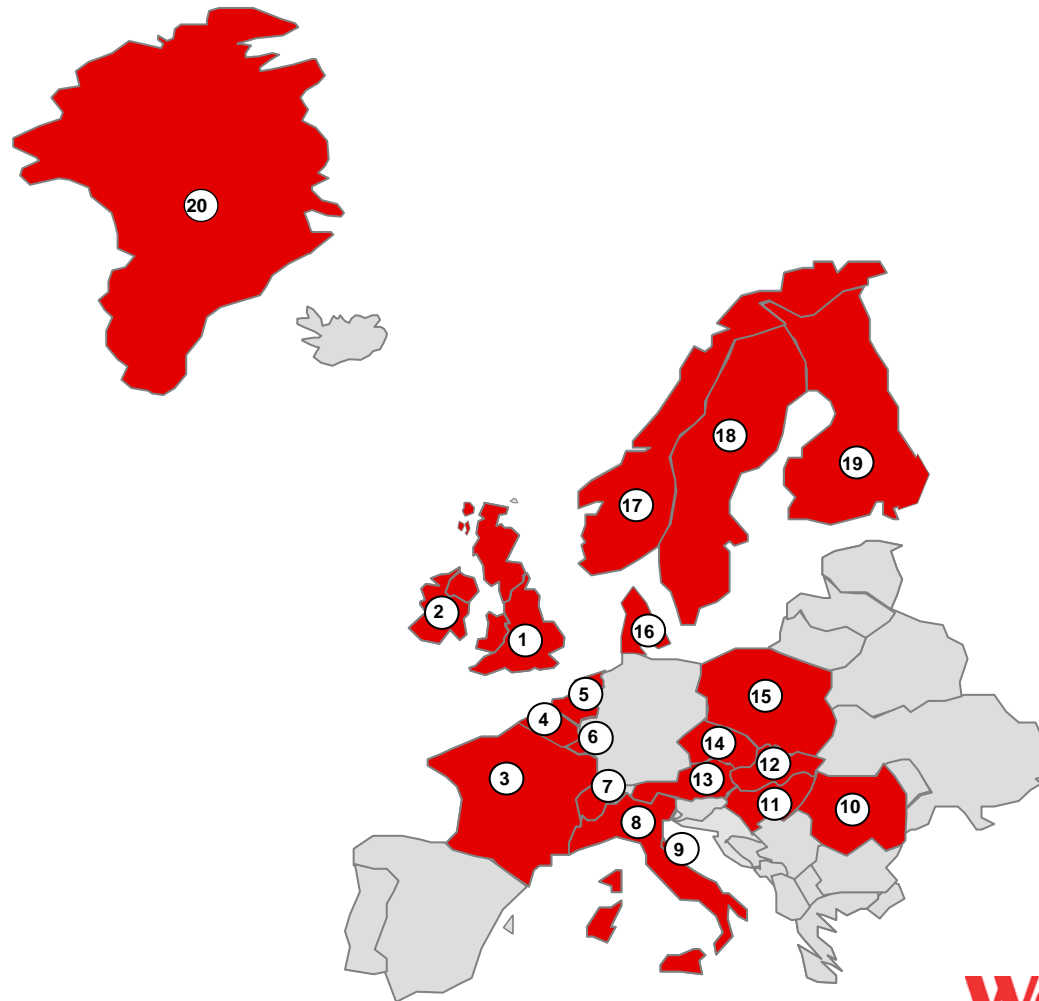


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# Europe

## *Branch numbers*

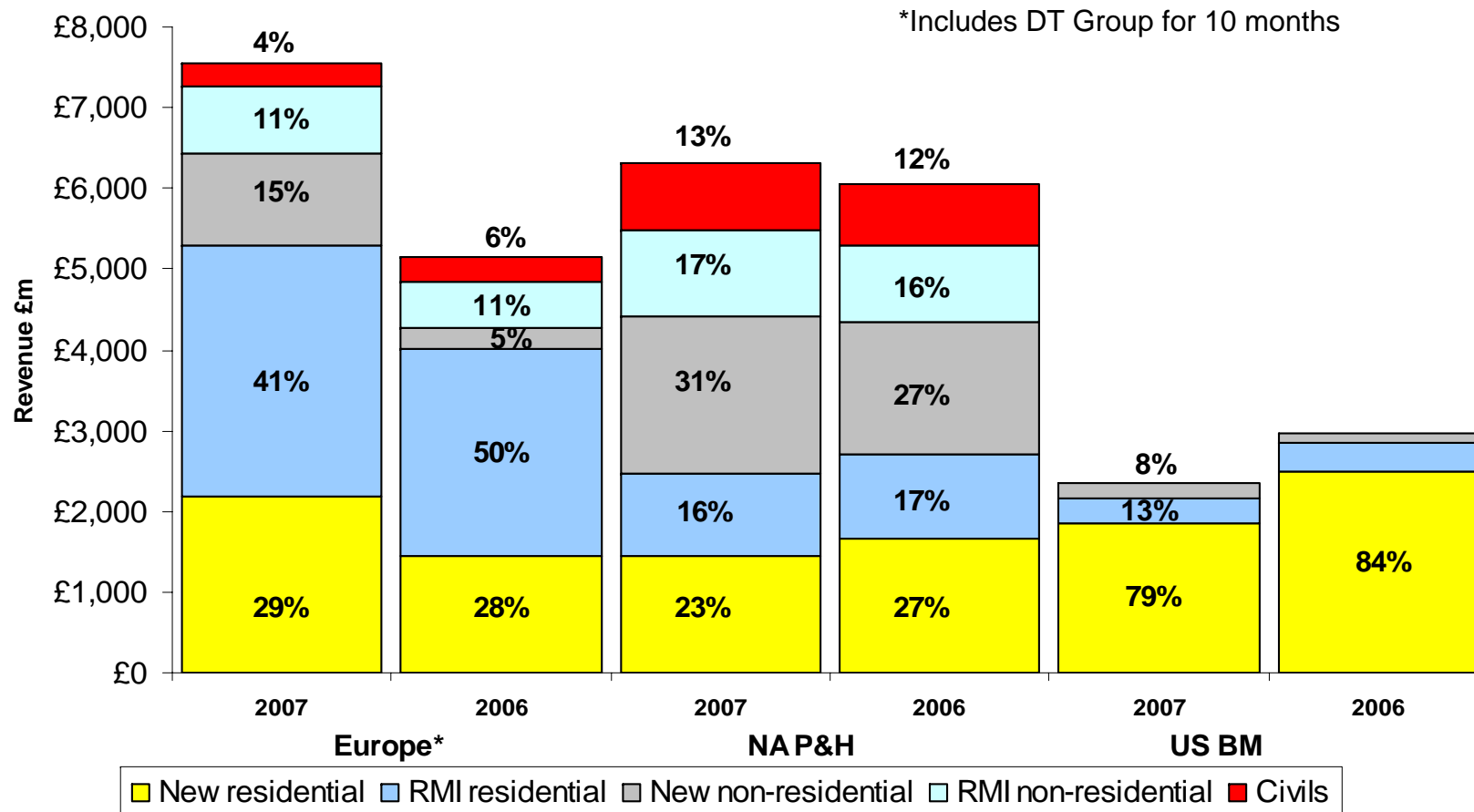
- 1 UK (1,815)
- 2 Ireland (112)
- 3 France (885)
- 4 Belgium (14)
- 5 Netherlands (29)
- 6 Luxemburg (2)
- 7 Switzerland (39)
- 8 Italy (49)
- 9 San Marino (1)
- 10 Romania (9)
- 11 Hungary (34)
- 12 Slovakia (12)
- 13 Austria (72)
- 14 Czech Republic (36)
- 15 Poland (13)
- 16 Denmark (140)
- 17 Norway (14)
- 19 Sweden (101)
- 19 Finland (20)
- 20 Greenland (5)



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# Business drivers 2007 & 2006

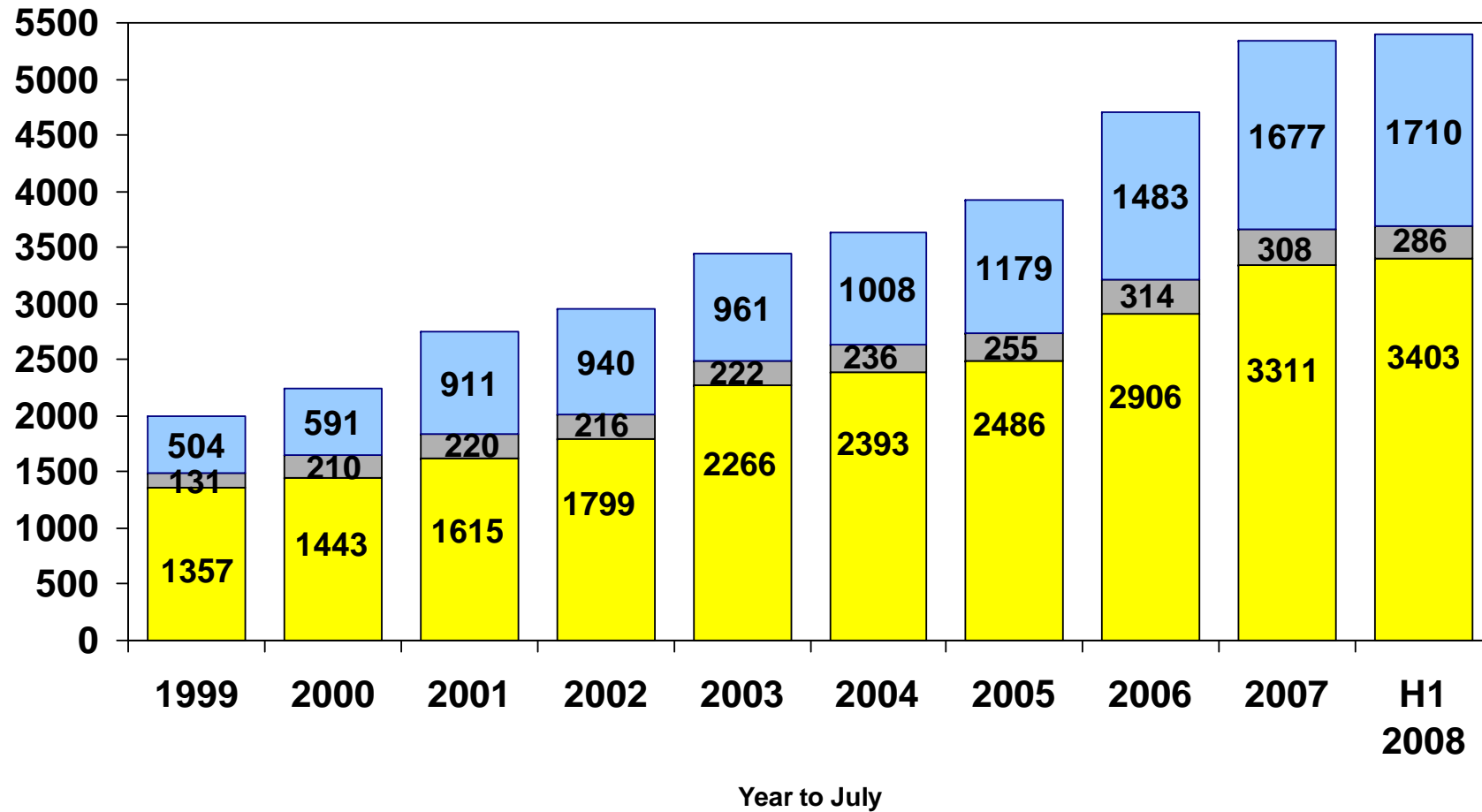
*% of divisional sales*



# Branch numbers

	31 July 2007	Net new openings	Acquired	31 Jan 2008
UK & Ireland	1,917	6	4	<b>1,927</b>
France	825	30	30	<b>885</b>
Nordic	275	2	0	<b>277</b>
Central & Eastern Europe	294	20	0	<b>314</b>
US Plumbing & Heating	1,417	21	15	<b>1,453</b>
Canada	260	(3)	0	<b>257</b>
US Building Materials	308	(28)	6	<b>286</b>
<b>Group total</b>	<b>5,296</b>			<b>5,399</b>

# Branch growth



■ Europe   
 ■ US Building Materials   
 ■ US Plumbing and Heating and Canada

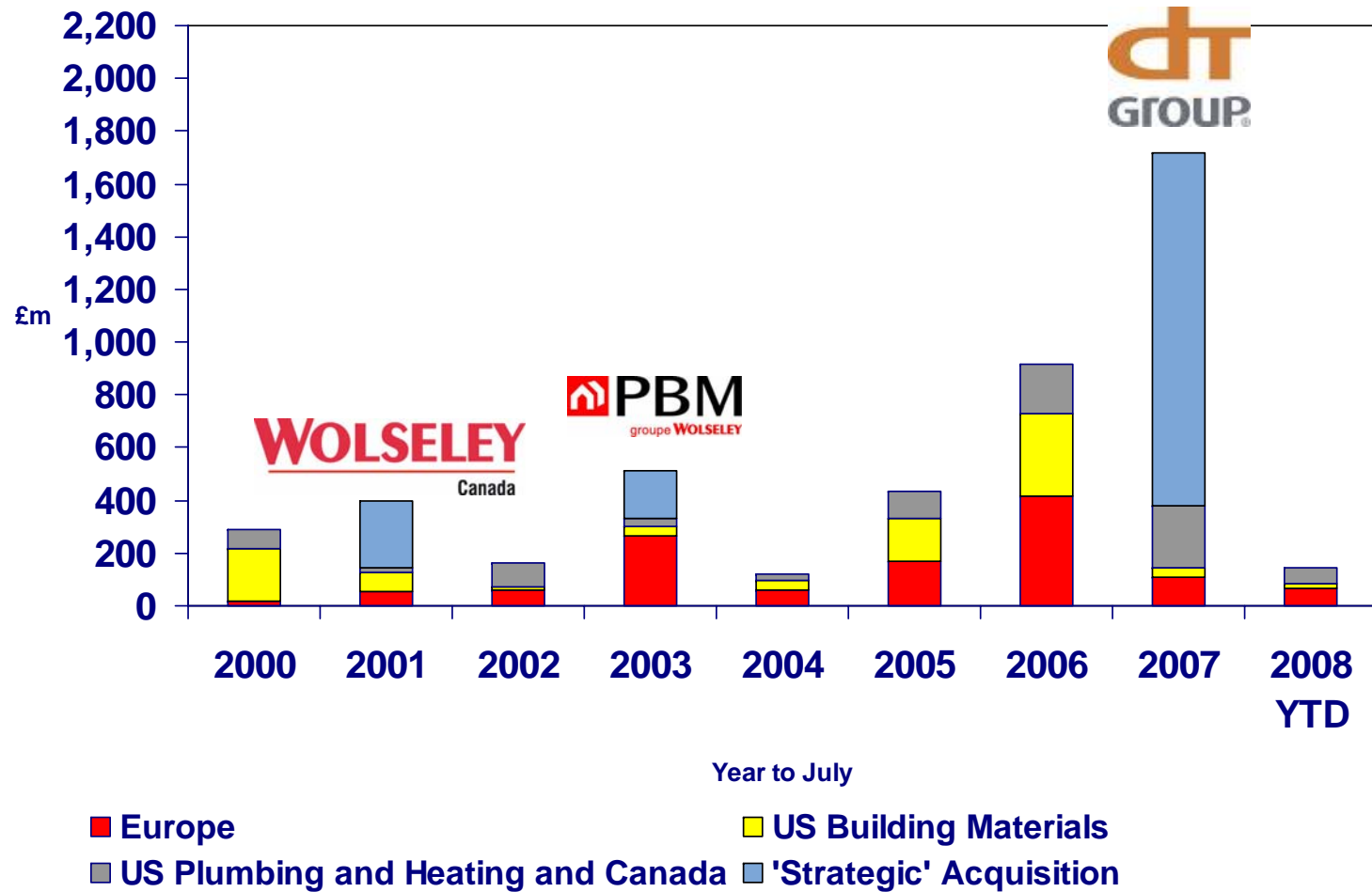
# Financial targets

- Double digit sales growth with 5% organic and 5% through acquisition
- Greater than 10% profit growth
- 7% trading margin by 2011
- 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 2007

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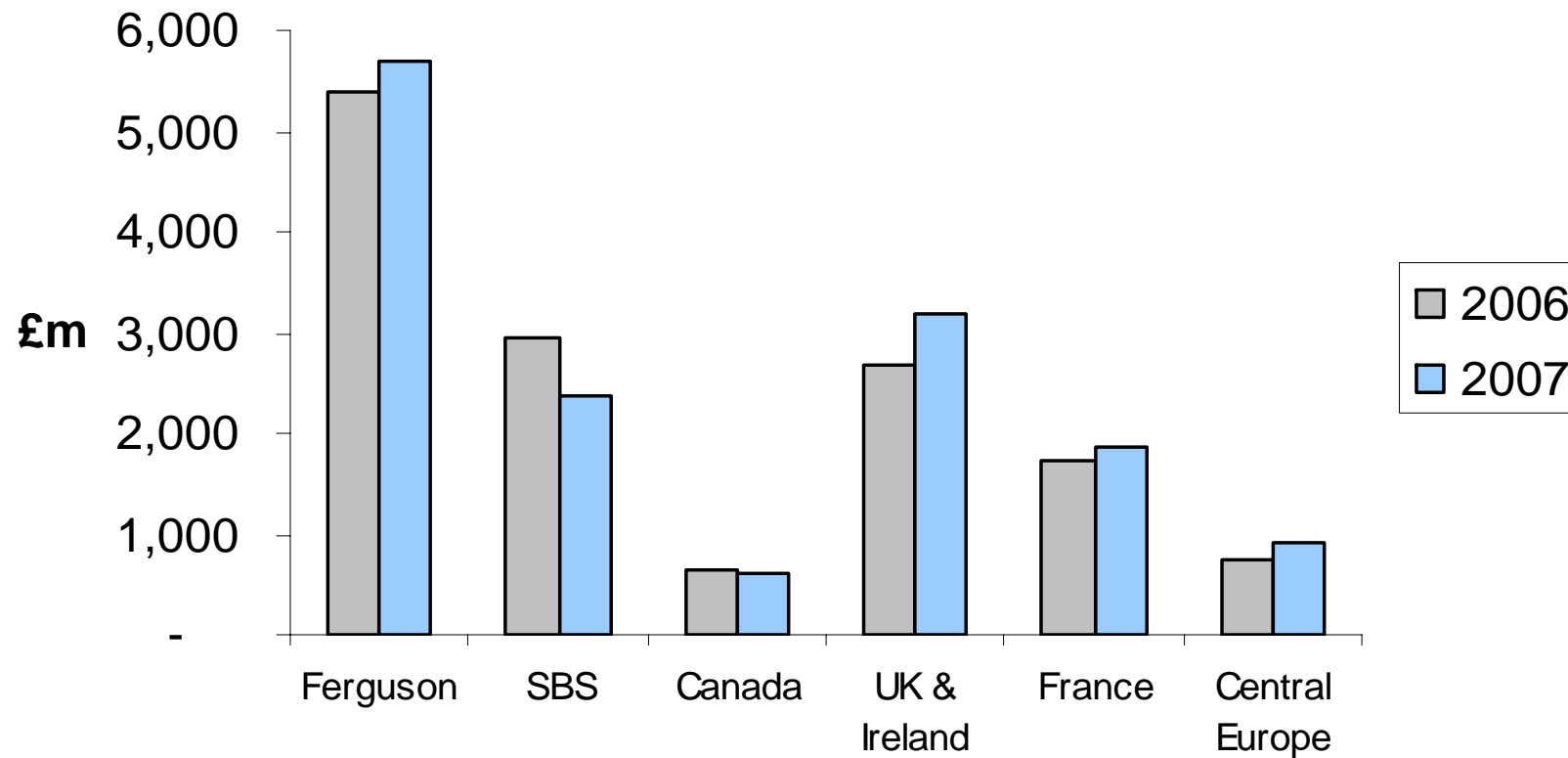
# North America

	2006 £m	Acq'n £m	Organic £m	change %	Exch £m	2007 £m	Ch'ge %	Con't cur'cy Ch'ge
<b>Revenue</b>								
US Plumbing & Heating	5,396	458	274	5.5	(443)	<b>5,685</b>	5.4	14.8
US Building Materials	2,966	296	(660)	(24.2)	(244)	<b>2,358</b>	(20.5)	(13.4)
Canada	646	5	7	1.2	(39)	<b>619</b>	(4.2)	2.1
<b>Total</b>	<b>9,008</b>	<b>759</b>	<b>(379)</b>	<b>(4.6)</b>	<b>(726)</b>	<b>8,662</b>	<b>(3.8)</b>	<b>4.6</b>
<b>Trading profit</b>								
US Plumbing & Heating	378	36	28	8.0	(31)	<b>411</b>	8.7	18.4
US Building Materials	192	13	(145)	(82.6)	(16)	<b>44</b>	(77.0)	(74.9)
Canada	44	1	-	-	(3)	<b>42</b>	(5.5)	0.7
NA central costs	(11)	-	-	-	1	<b>(10)</b>		
<b>Total</b>	<b>603</b>	<b>50</b>	<b>(117)</b>	<b>(21.2)</b>	<b>(49)</b>	<b>487</b>	<b>(19.2)</b>	<b>(12.1)</b>
Trading margin	6.7%					<b>5.6%</b>		

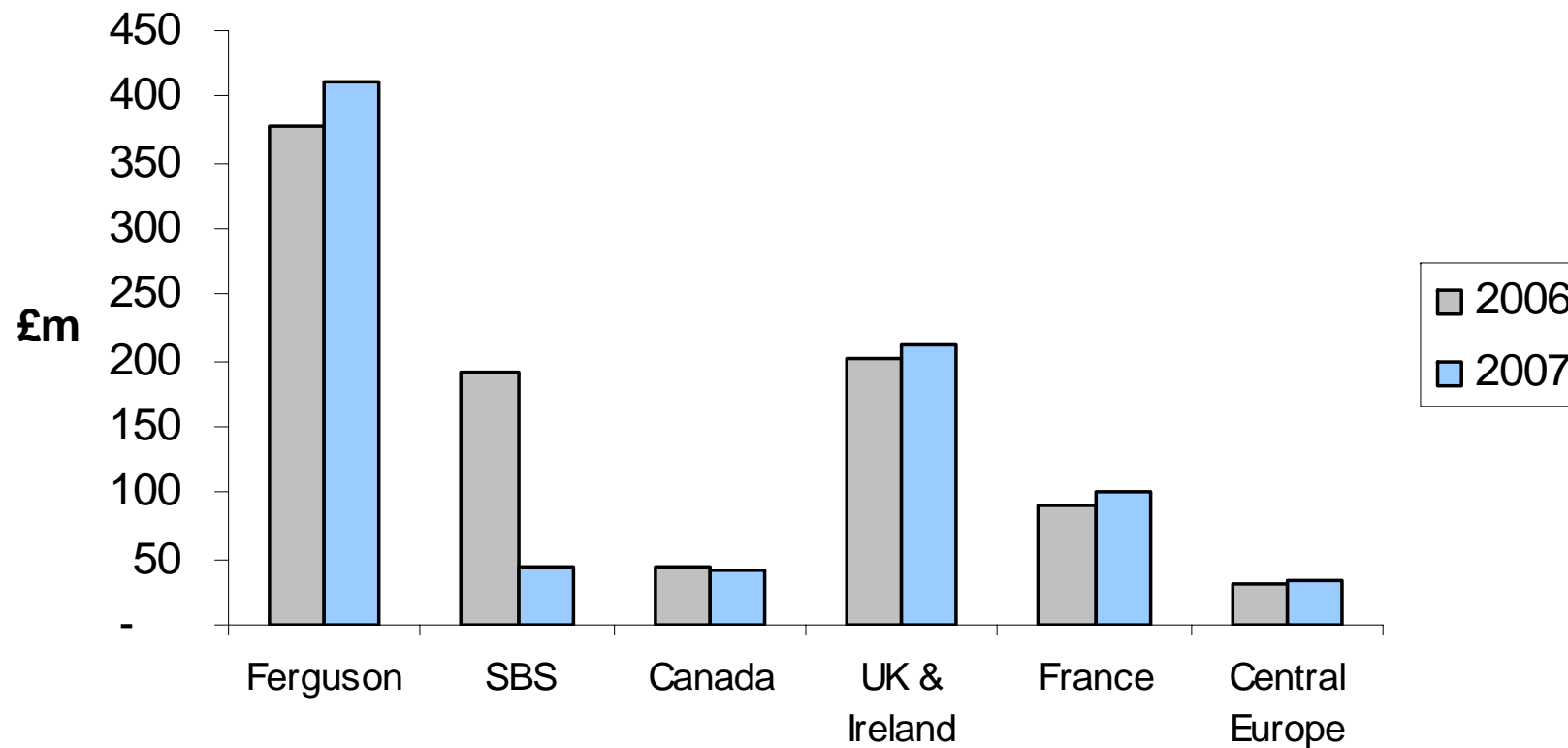
# Europe

	2006 £m	Acq'n £m	Organic £m	change %	Exch £m	2007 £m	Ch'ge %	Con't cur'cy Ch'ge
<b>Revenue</b>								
UK & Ireland	2,690	221	265	9.9	(5)	<b>3,171</b>	17.9	18.1
France	1,725	75	100	5.9	(28)	<b>1,872</b>	8.5	10.3
Nordic	-	1,617	-	-	-	<b>1,617</b>	-	-
Central & Eastern Euro	735	97	84	11.7	(17)	<b>899</b>	22.4	25.2
<b>Total</b>	<b>5,150</b>	<b>2,010</b>	<b>449</b>	<b>8.8</b>	<b>(50)</b>	<b>7,559</b>	<b>46.8</b>	<b>48.1</b>
<b>Trading profit</b>								
UK & Ireland	201	17	(7)	(3.7)	-	<b>211</b>	5.0	5.0
France	91	1	10	11.9	(1)	<b>101</b>	11.6	13.1
Nordic	-	99	-	-	-	<b>99</b>	-	-
Central & Eastern Euro	31	8	(3)	(10.6)	(1)	<b>35</b>	9.6	12.8
Euro central costs	(7)	-	(6)	-	-	<b>(13)</b>		
<b>Total</b>	<b>316</b>	<b>125</b>	<b>(6)</b>	<b>(1.9)</b>	<b>(2)</b>	<b>433</b>	<b>36.9</b>	<b>38.0</b>
Trading margin	6.1%					<b>5.7%</b>		

# Revenue



# Trading profit



# Balance sheet

*Strong financial position*

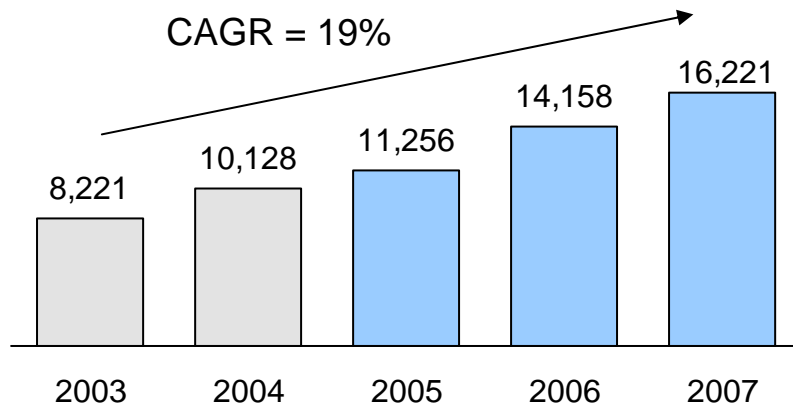
	As at	
	31 July 2007	31 July 2006
	£m	£m
Intangible assets	2,680	1,506
Property, plant and equipment	1,718	1,144
Inventory, receivables, payables	2,130	2,321
Retirement benefit obligations	(111)	(189)
Net debt	(2,467)	(1,950)
Other assets and liabilities	(499)	(240)
Total shareholders' equity	3,451	2,592
Increase in shareholders' equity	33.1%	12.6%
<b>Credit metrics (LTM)</b>		
Net debt/EBITDA	2.3x	1.9x
EBITA interest cover	7x	14x
EBIT interest cover	6x	13x

Financial track record

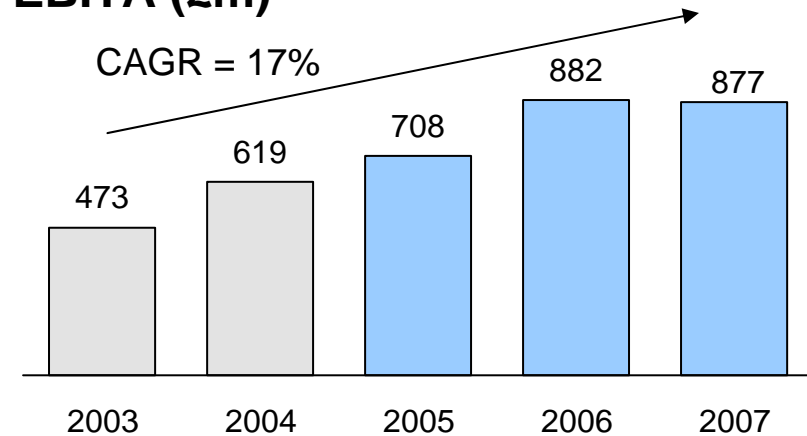
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# Financial performance

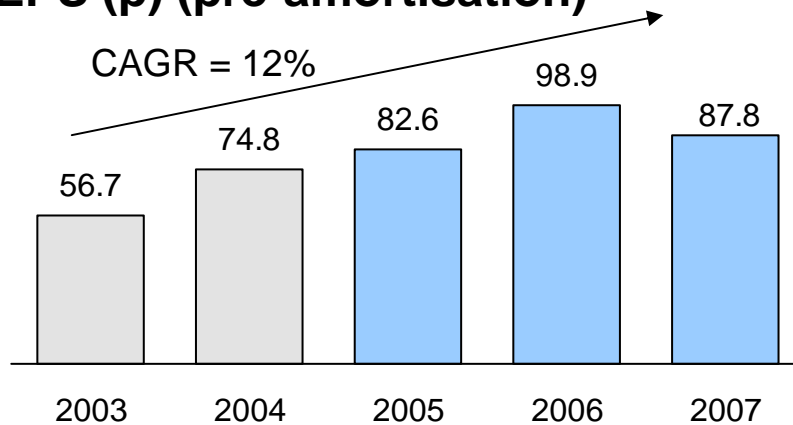
## Revenue (£m)



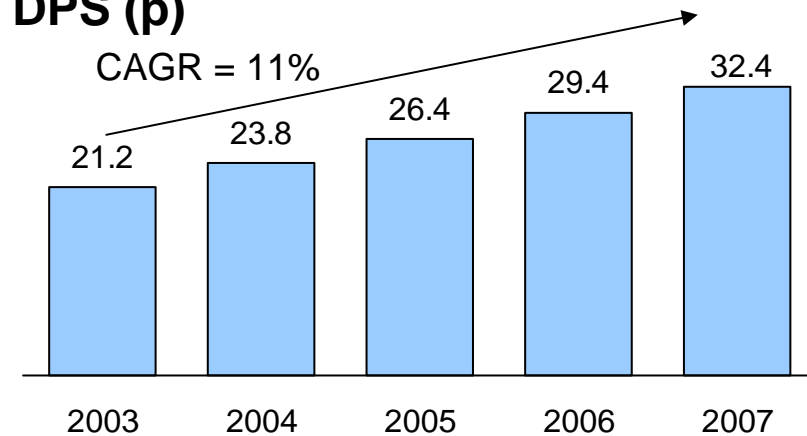
## EBITA (£m)



## EPS (p) (pre-amortisation)



## DPS (p)



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■ UK GAAP

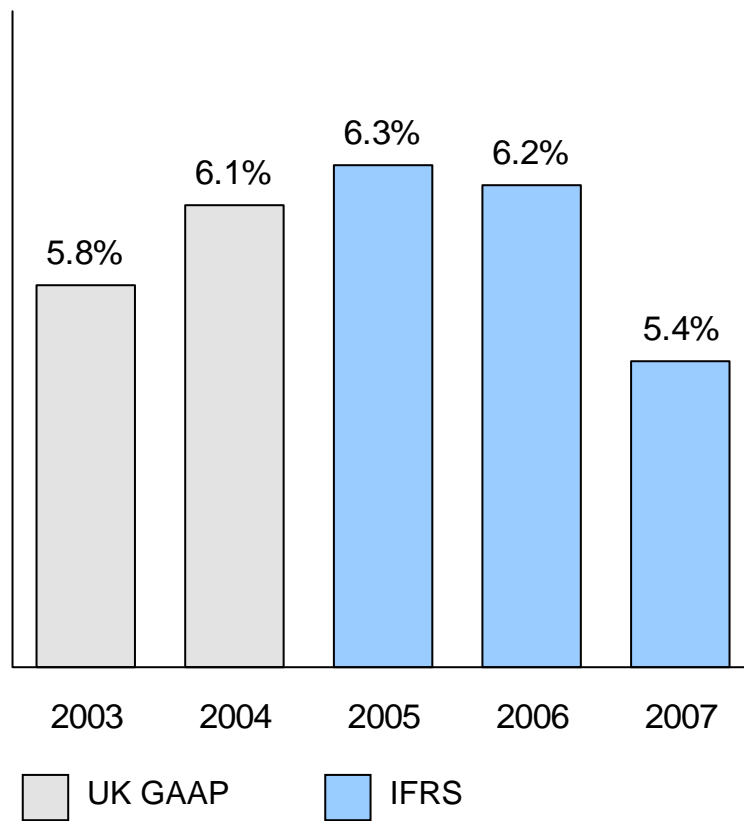
■ IFRS

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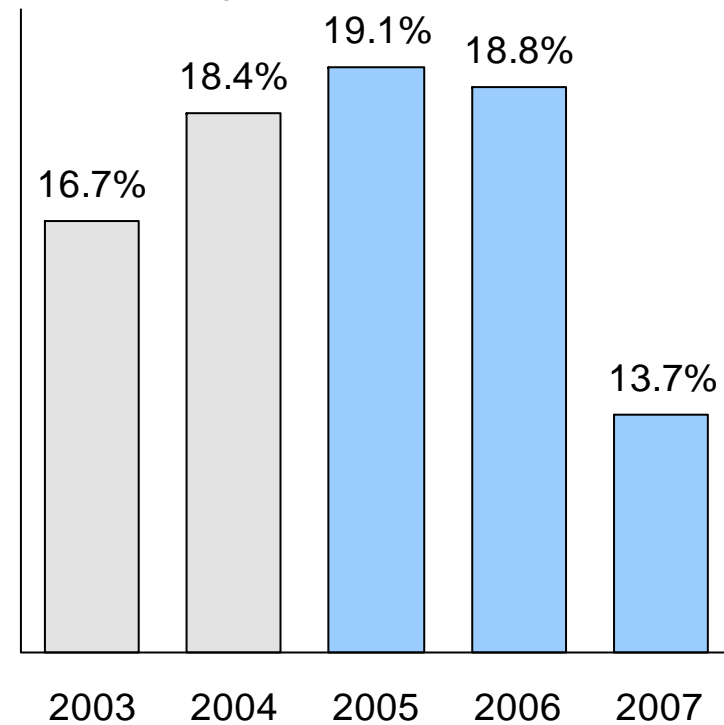


# Financial performance

## EBITA margin



## Return on Gross Capital Employed (ROGCE)



# Cash flow generation

	Year to 31 July				
	2007	2006	2005	2004*	2003*
Cash flow from operating companies	1,299	850	765	325	608
Maintenance capex	(191)	(140)	(117)	(108)	(93)
Tax	(167)	(206)	(151)	(128)	(108)
Interest	(117)	(57)	(31)	(13)	(25)
<b>Free cash flow pre dividends</b>	<b>824</b>	<b>447</b>	<b>466</b>	<b>76</b>	<b>382</b>
Dividends	(198)	(162)	(145)	(136)	(113)
<b>Free cash flow after dividends</b>	<b>626</b>	<b>285</b>	<b>321</b>	<b>(60)</b>	<b>269</b>
Acquisitions less disposals <sup>(1)</sup>	(1,346)	(820)	(401)	(123)	(504)
Expansion capex	(205)	(206)	(122)	(28)	(15)
Other	408	(38)	1	96	(31)
Movement in debt	(517)	(779)	(201)	(115)	(281)
Organic sales growth	0.5%	10.9%	8.7%	13.1%	1.3%

\*UK GAAP <sup>(1)</sup> excluding debt acquired  
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# Capex

*Investment in infrastructure continues*

	<b>2007</b>	2006
	<b>£m</b>	£m
Freehold land and buildings	<b>79</b>	104
Leasehold land and buildings	<b>79</b>	56
Plant machinery and equipment	<b>202</b>	205
Software	<b>50</b>	25
	<b>410</b>	390

# 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

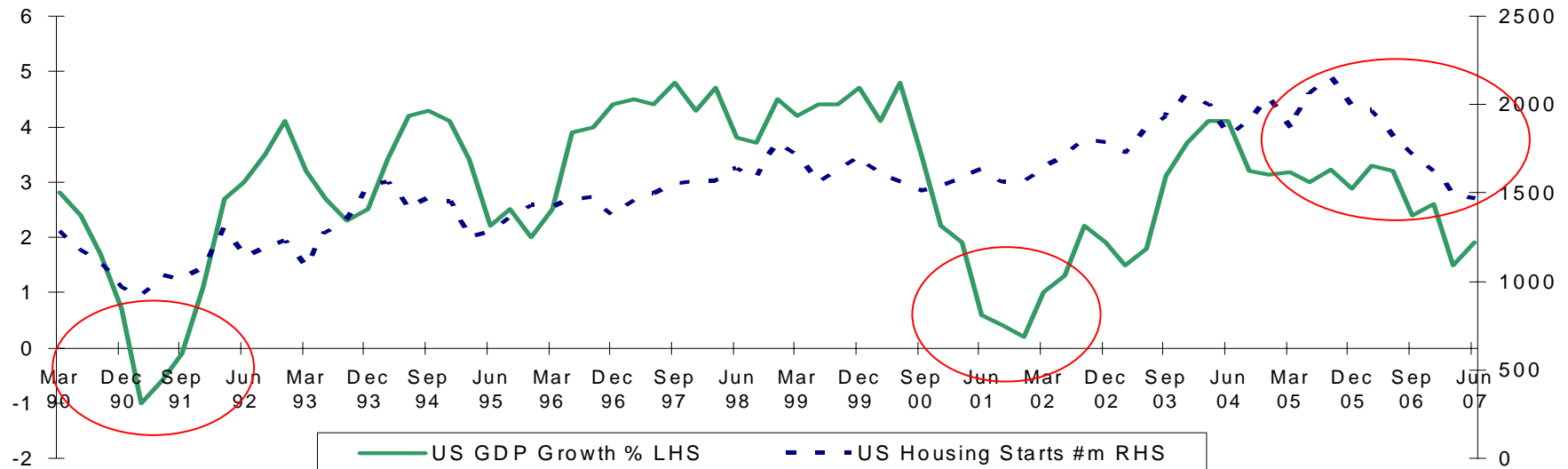
Stock remained profitable and benefited from operational leverage on the eventual economic upturn

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	2005	2006	2007
Net Sales	1,847	1,738	1,954	6,403	7,195	7,968	11,256	14,158	16,221
Trading Profit (EBITA)	130	89	96	386	414	464	708	882	877
Depreciation / Other	26	29	32	74	85	93	125	146	184
Decrease/(increase) in inventories	(8)	18	(6)	(76)	33	7	(56)	(171)	88
Decrease/(increase) in debtors	(10)	17	4	(20)	(70)	(24)	(180)	(243)	4
Increase/(decrease) in creditors	(2)	(22)	(5)	27	55	44	168	217	149
Other	6	8	0	(1)	1	0	0	19	(3)
Change in Working Capital	(14)	21	(7)	(70)	19	27	(68)	(178)	238
Operating Cash Flow	<b>142</b>	<b>139</b>	<b>121</b>	<b>390</b>	<b>518</b>	<b>584</b>	<b>765</b>	<b>850</b>	<b>1,299</b>
<b>Cash Conversion %</b>	<b>109%</b>	<b>157%</b>	<b>126%</b>	<b>101%</b>	<b>125%</b>	<b>126%</b>	<b>108%</b>	<b>96%</b>	<b>148%</b>



Market information

**WOLSELEY**

# Enormous opportunity for growth

Europe	£ 292 Billion
North America	£ 416 Billion
<b>TOTAL</b>	<b>£ 708 Billion</b>

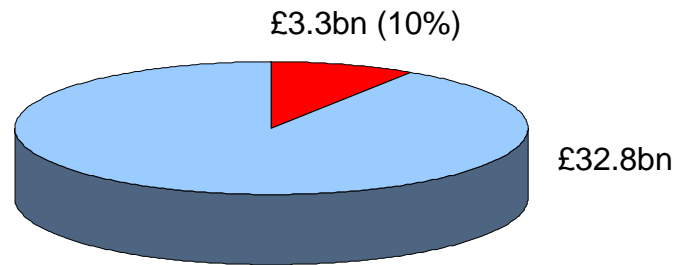
Source: Management best estimates



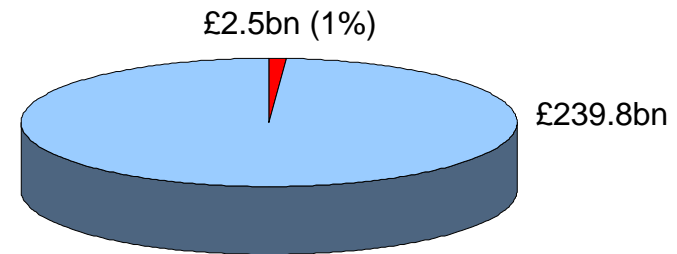
# North America

*Market opportunity of £416.2bn*

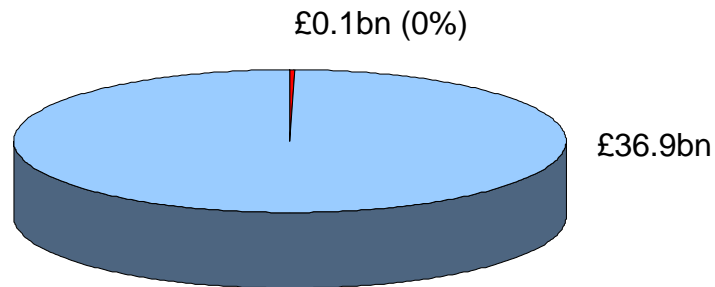
## Plumbing, Heating & Air Conditioning



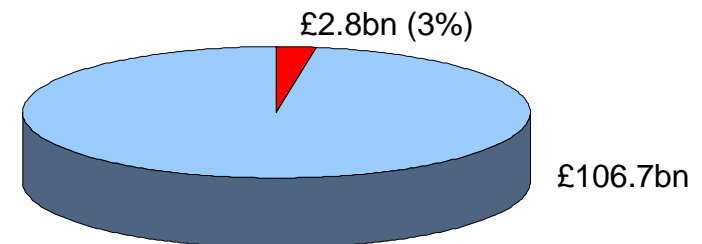
## Building Materials & Construction Services



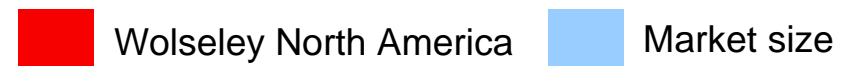
## Electrical



## Civils/Waterworks, Industrial Commercial PVF



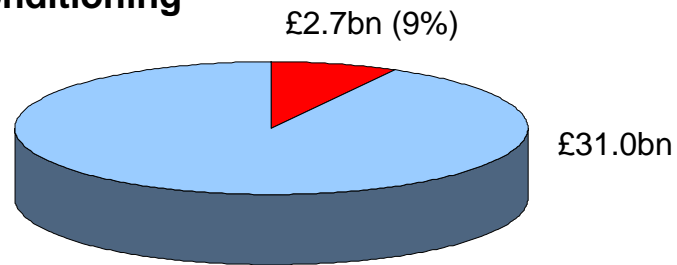
Source: Management best estimates



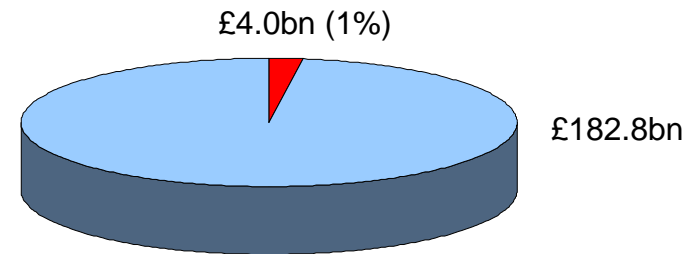
# Europe

*Market opportunity of £291.5bn*

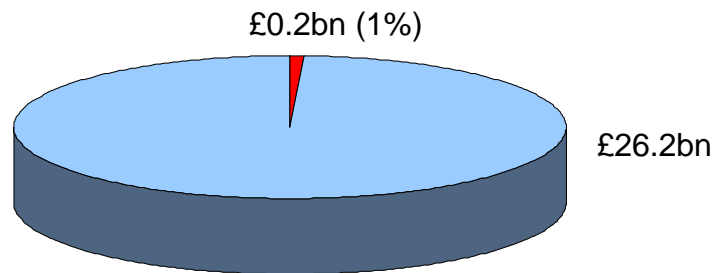
## Plumbing, Heating & Air Conditioning



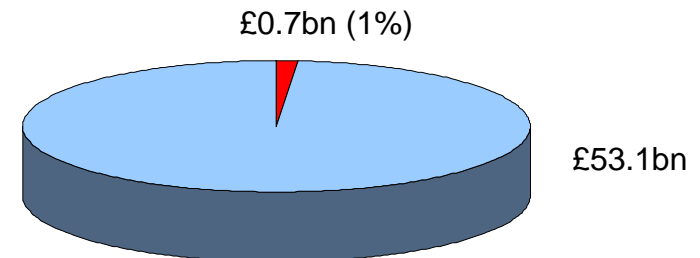
## Building Materials



## Electrical



## Civils/Waterworks, Industrial Commercial PVF



Source: Management best estimates



# North America – market opportunity

	Revenue £bn		Market Opportunity £bn	
	US	Canada	US	Canada
Plumbing Heating & Air Conditioning	2.9	0.4	27.6	5.2
Electrical	0.1	0	30.3	6.6
Civils / Waterworks Industrial Commercial PVF	2.6	0.2	102.7	4.0
Building Materials	2.2	0	148.6	13.9
Construction Services	0.3	0	57.8	19.5
<b>Total</b>	<b>8.1</b>	<b>0.6</b>	<b>367.0</b>	<b>49.2</b>
<b>Market share</b>	<b>2%</b>	<b>1%</b>		

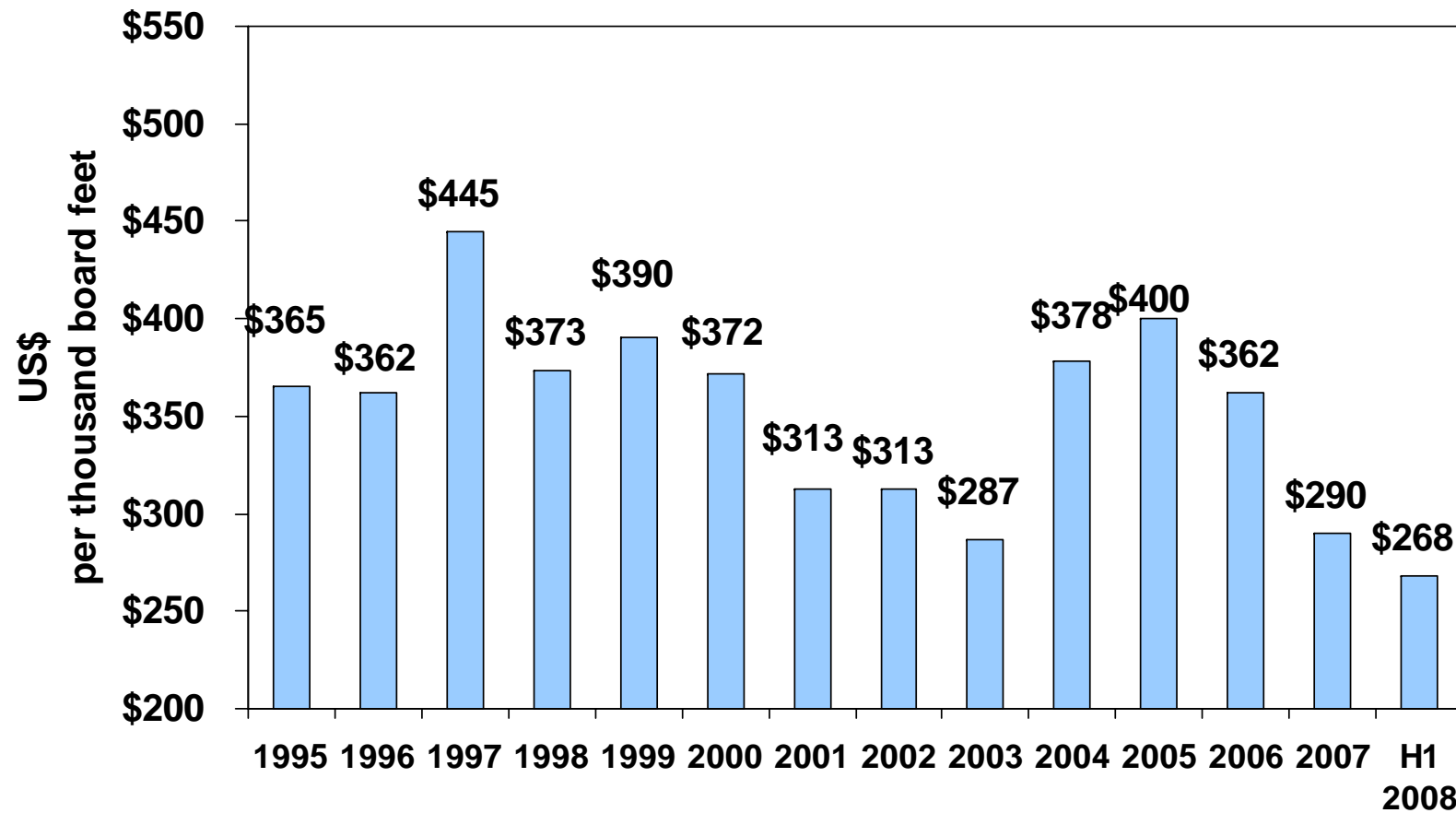
Source: Management best estimates

# Europe – market opportunity

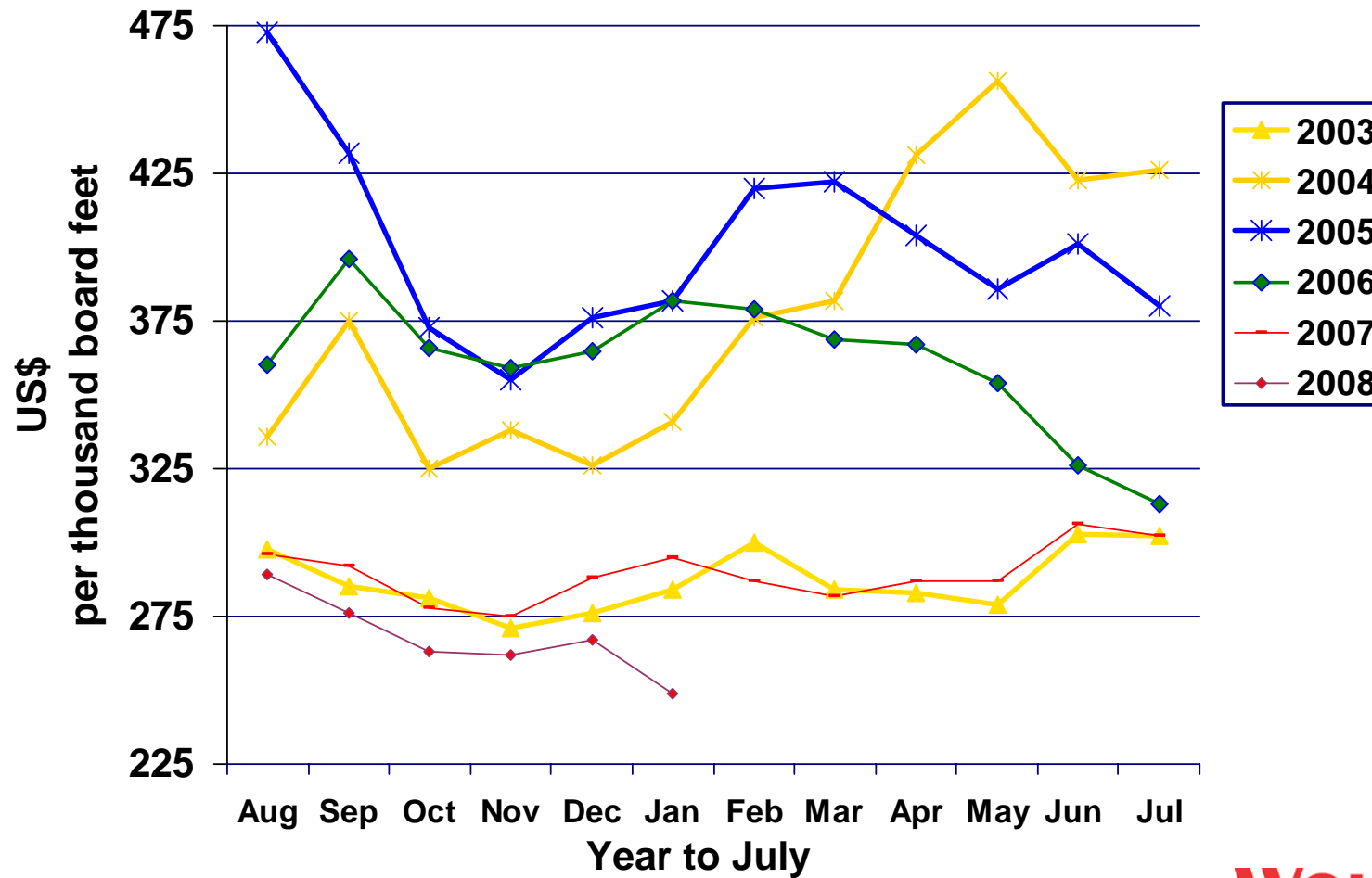
	Revenue £bn					Market Opportunity £bn				
	UK & Ire	Fra	CEE	Nordic	R of Euro	UK & Ire	Fra	CEE	Nordic	R of Euro
Plumbing Heating & Air Conditioning	1.6	0.5	0.6	0	0	5.2	5.1	9.8	1.6	9.2
Electrical	0.1	0	0	0.1	0	3.2	6.2	7.1	1.9	7.7
Civils / Waterworks Industrial Commercial PVF	0.4	0.1	0.2	0	0	3.8	5.8	20.6	3.3	18.2
Building Materials	1.1	1.3	0.1	1.5	0	30.6	23.2	58.8	14.0	56.2
<b>Total</b>	<b>3.2</b>	<b>1.9</b>	<b>0.9</b>	<b>1.6</b>	<b>0</b>	<b>42.8</b>	<b>40.3</b>	<b>96.3</b>	<b>20.8</b>	<b>91.3</b>
<b>Market share</b>	<b>7%</b>	<b>5%</b>	<b>1%</b>	<b>8%</b>	<b>0%</b>					

Source: Management best estimates

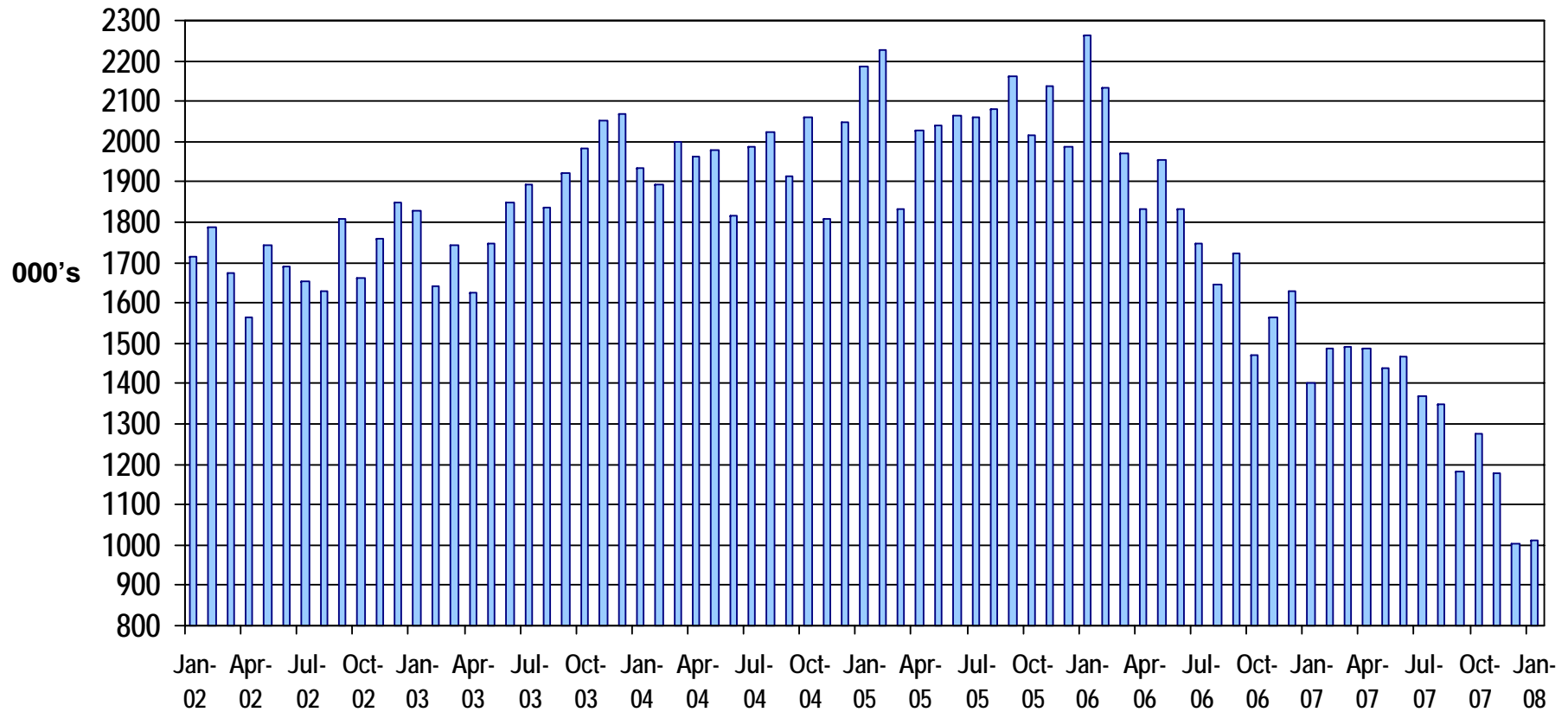
# Average lumber price 1995 - 2008



# Monthly lumber price 2003 - 2008



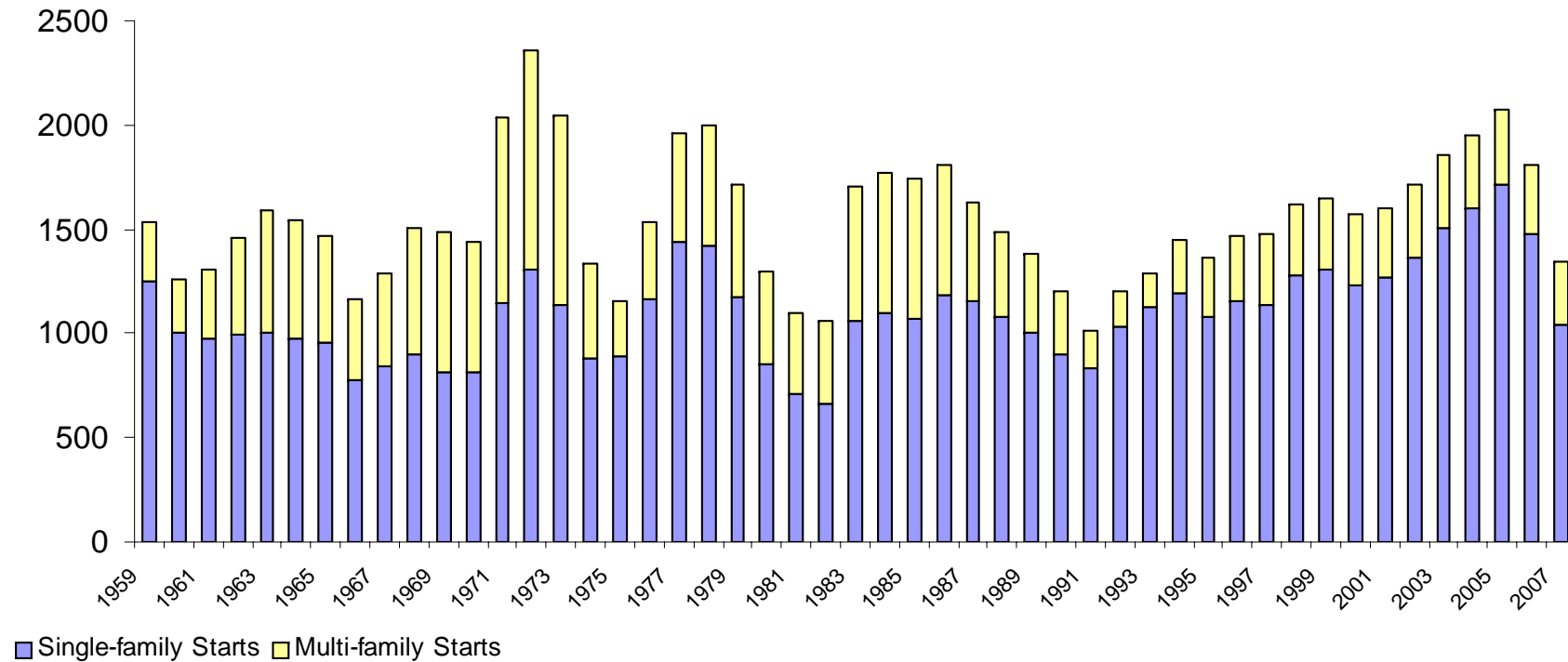
# US housing starts



Source: US Census Bureau

# New residential construction activity in U.S.

## Total US housing starts 1959 – 2007

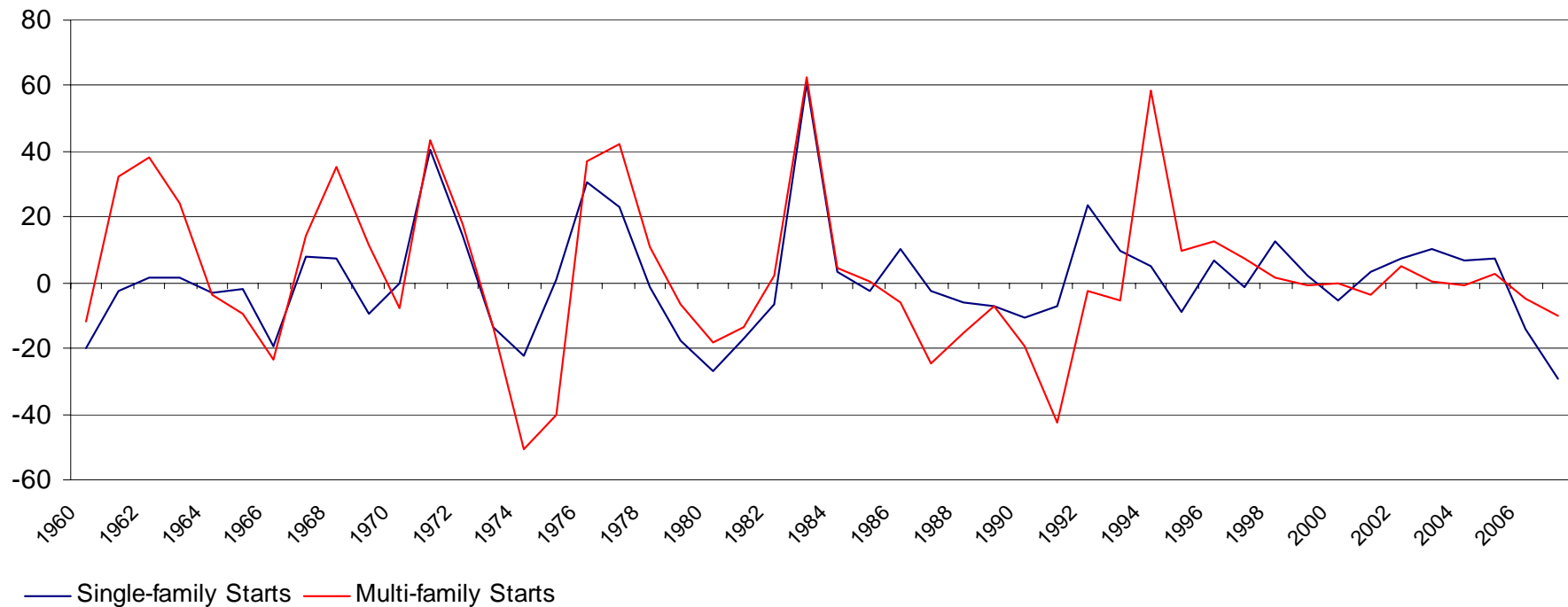


Source: Moody's Economy.com (02/07/08)



# New residential construction activity in U.S.

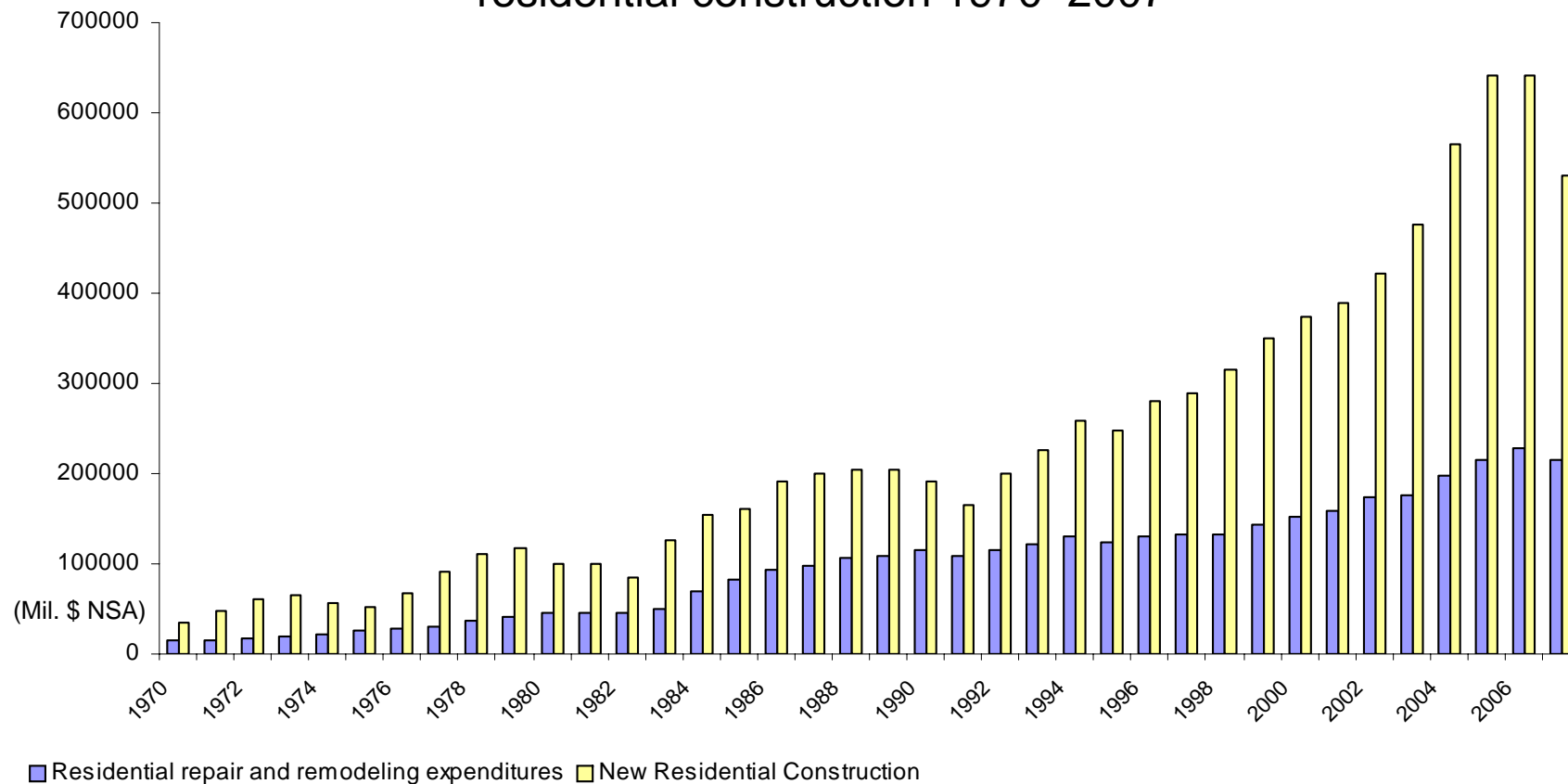
## Total US housing starts 1950 – 2007, year over year % change



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

# Repair and remodeling activity in the US

## Residential repair and remodeling expenditure vs expenditures for new residential construction 1970–2007

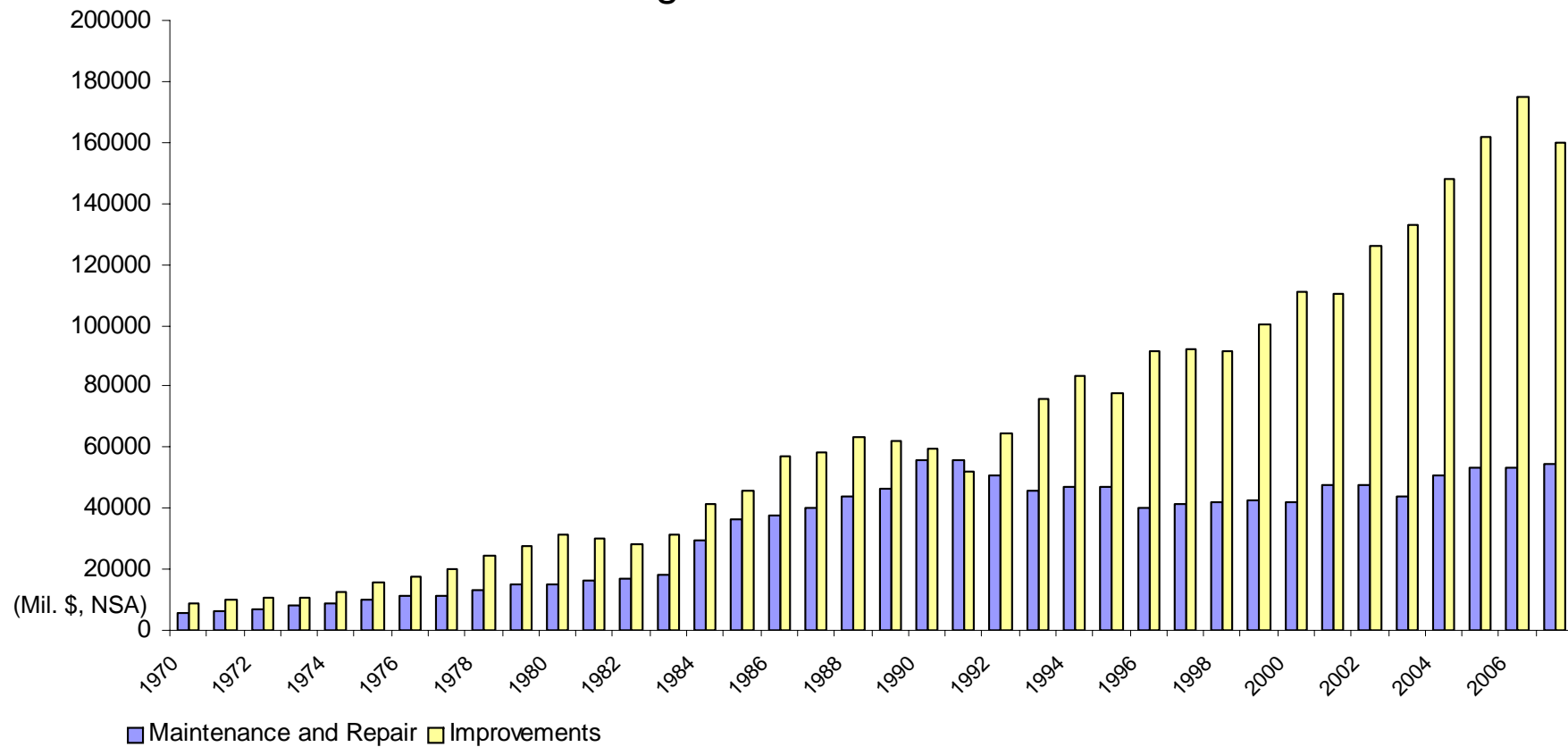


■ Residential repair and remodeling expenditures ■ New Residential Construction

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

# Repair and remodeling activity in the US

## Residential maintenance and repair expenditures vs expenditures for remodeling and alterations 1970–2007



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