



WOLSELEY

2011 Full Year Results





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 – market share gains
- Customer service and employee engagement - improving
- Gross margins – incremental improvement
- Organic operating performance improving
 - Performance review process
 - Costs under control
 - Better cash control
- Improved capital allocation
 - Performance Builders resolved
 - Increased investment to target growth
- Bolt-on acquisitions
- Balance sheet strengthened
 - Progressive debt reduction
 - Refinancing and redomiciliation complete
 - Full year dividend

Business environment

- Key indicators deteriorating
 - Consumer confidence
 - Construction market forecasts
 - Housing transactions/ price/ permits
 - Industrial construction activity
 - Unemployment
- Our markets may slow down
 - Commodities – futures fallen
- Response to any slowdown:
 - Tight cost control
 - Improve productivity
 - Protect branch network
 - Targeted investment
 - Keep conservative balance sheet
- Wolseley is prepared for “stormy weather”



Operating and Financial Review

John Martin Chief Financial Officer

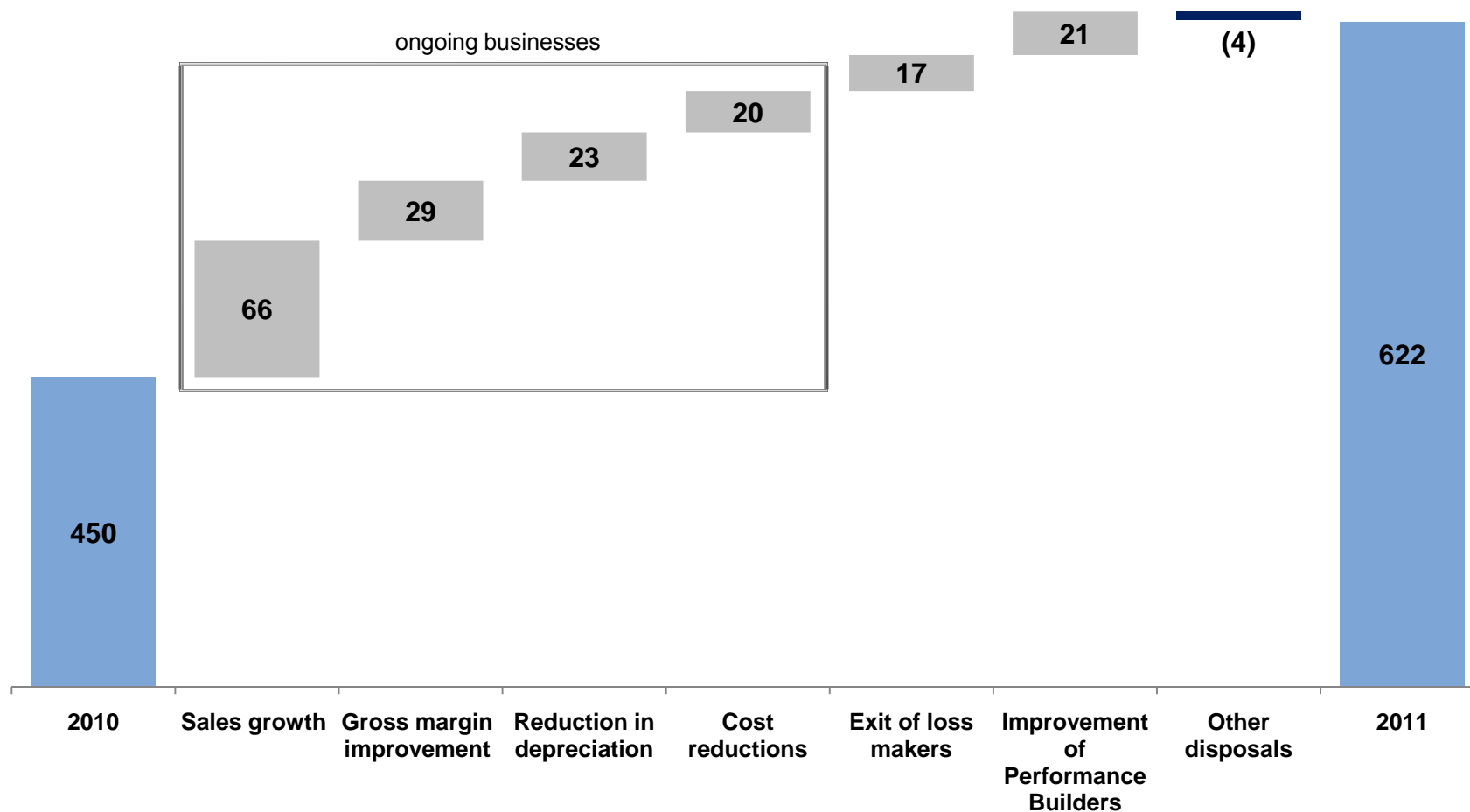


Financial Highlights

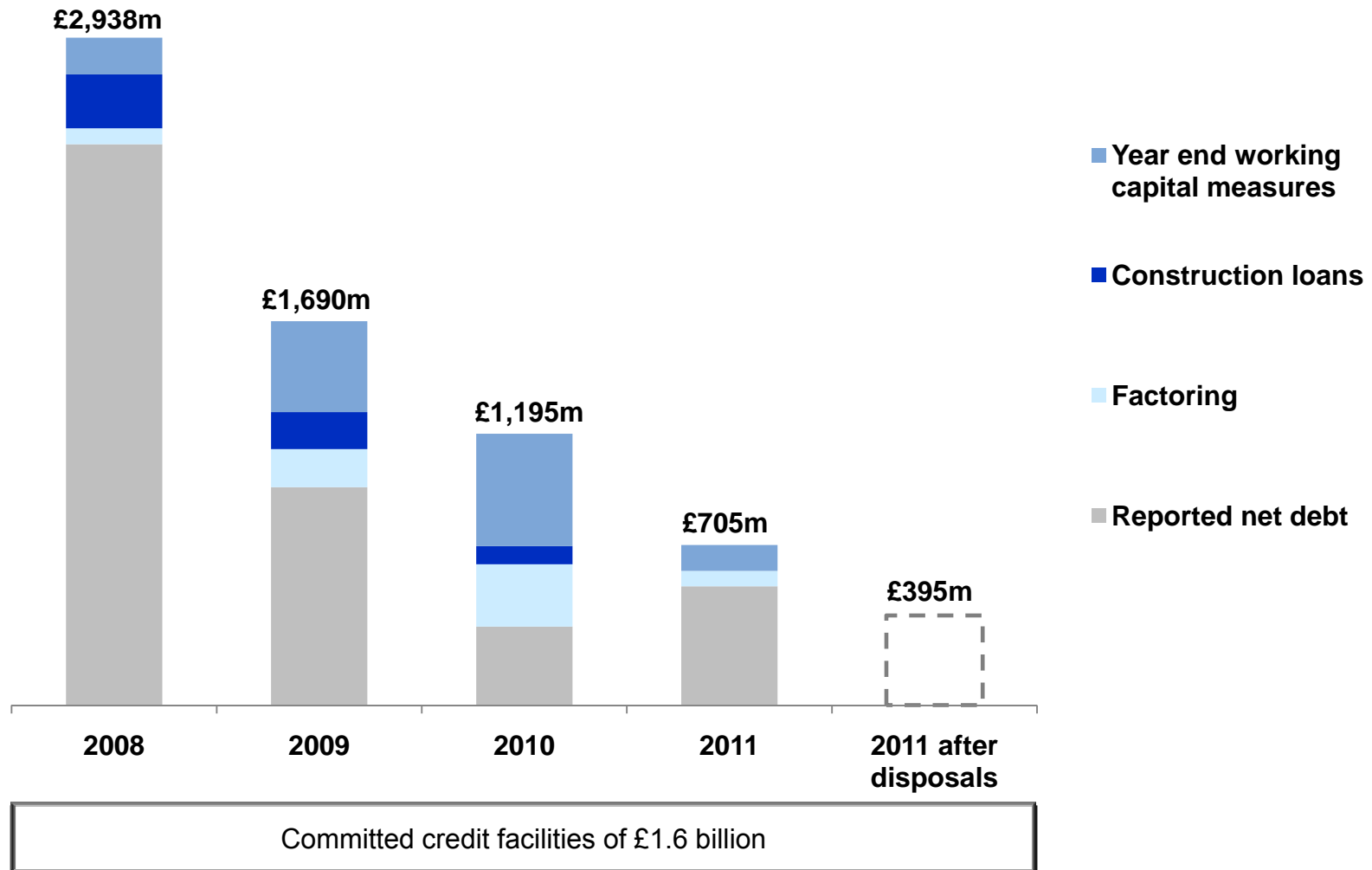
	2011	2010	Change	Like for Like Change
Revenue	£13,558m	£13,203m	+3%	+5%
Gross margin	27.9%	27.7%	+20bps	
EBITDA	£775m	£635m	+22%	
Trading profit*	£622m	£450m	+38%	
Trading margin	4.6%	3.4%	+1.2%	
Profit / (loss) before tax	£391m	£(328)m		
Headline EPS*	143p	74p	+93%	
Dividend per share	45p	-		

* Before exceptional items, the amortisation and impairment of acquired intangibles and non-recurring tax credits

Trading Profit Growth



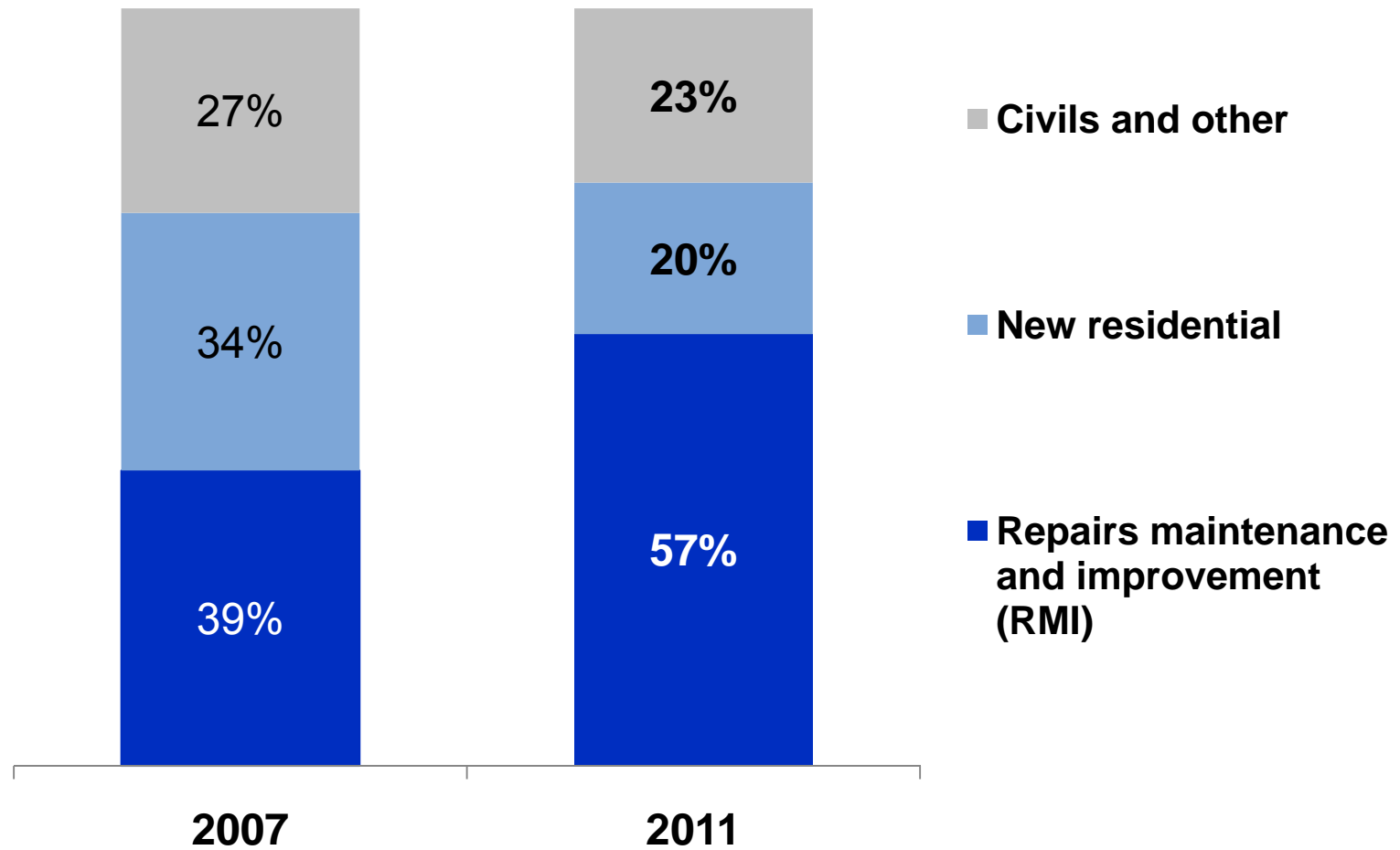
Four Years of Deleveraging



Quarterly Performance

Like-for-like growth	Q4 last year	Q1 this year	Q2 this year	Q3 this year	Q4 this year
USA	+5%	+6%	+11%	+10%	+7%
Canada	+12%	+7%	+4%	-	(2%)
UK	+5%	+5%	+8%	+1%	(2%)
Nordic	+3%	+4%	+4%	+6%	+2%
France	(2%)	+2%	+2%	+8%	+4%
Central Europe	(6%)	(3%)	(4%)	-	1%
	+4%	+4%	+7%	+6%	+3%
Gross margin	27.9%	27.0%	28.3%	28.0%	28.2%
Operating costs	£828m	£779m	£779m	£784m	£818m
Trading profit growth	+£34m	+£45m	+£63m	+£30m	+£34m

Majority of Sales to RMI Markets



USA



£m	2011	2010	Change	Like-for-like Change
Revenue	5,500	5,174	+6%	+9%
Trading profit	314	239	+31%	
Trading margin	5.7%	4.6%		
Branches	1,261	1,241		
Headcount	17,481	17,241		

Canada



£m	2011	2010	Change	Like-for-like Change
Revenue	811	765	+6%	+2%
Trading profit	39	41	(5%)	
Trading margin	4.8%	5.4%		
Branches	221	220		
Headcount	2,693	2,573		

UK (ongoing)



£m	2011	2010	Change	Like-for-like Change
Revenue	1,749	1,712	+2%	+2%
Trading profit	91	84	+8%	
Trading margin	5.2%	4.9%		
Branches	1,059	1,052		
Headcount	6,673	6,523		

Excludes Ireland, Brandon Hire, Electric Center, Build Center and Encon

Nordic



£m	2011	2010	Change	Like-for-like Change
Revenue	2,128	2,012	+6%	+4%
Trading profit	113	101	+12%	
Trading margin	5.3%	5.0%		
Branches	288	288		
Headcount	6,754	6,575		

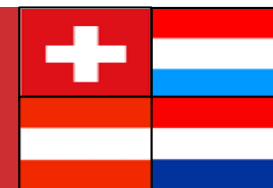
France (ongoing)



£m	2011	2010	Change	Like-for-like Change
Revenue	1,317	1,294	+2%	+5%
Trading profit	46	38	+25%	
Trading margin	3.5%	2.9%		
Branches	322	323		
Headcount	5,421	5,619		

Excludes Public Works and Brossette

Central Europe (ongoing)



£m	2011	2010	Change	Like-for-Like Change
Revenue	718	717	-	(2%)
Trading profit	31	18	+69%	
Trading margin	4.3%	2.5%		
Branches	144	142		
Headcount	1,965	1,978		

Excludes Italy

Central and Other Costs

£m	2011	2010
Group costs	31	39
Unallocated IT costs	-	12
Non-recurring costs	-	6
Construction loans	5	4
	36	61

Performance Builders

	Number	Revenue £m*	Trading profit £m*	Net tangible assets £m*	Consideration (debt free)£m
Integrated	3	372	25	60	-
Sold	5	381	(2)	101	116
Sale agreed	4	953	15	286	310
Being exited/closed	3	183	-	78	60
Remaining	4	232	3	39	-
	19	2,121	41	564	486

* For disposals, revenue and trading profit are for the last full year, and net tangible assets are at the date of disposal.

Disposals and Long Term Incentives

- Revenue of disposals planned and / or completed in 2011: £1,335m
- Trading profit of disposals planned and / or completed in 2011: £24m
- Expected residual costs in 2012 after completion of disposals: Up to £10m
- Expected restructuring charges in 2012: Up to £15m
- Long term incentive credit in 2011: £12m

Income Statement

£m		2011	2010
Trading profit		622	450
Associate		-	(54)
Exceptional items	Disposals	(59)	(57)
	Other	8	(275)
Amortisation		(75)	(92)
Impairment		(39)	(223)
Financing charges		(66)	(77)
Profit/(loss) before tax		391	(328)
Tax		(110)	(38)
Discontinued operations		(10)	26
Profit/(loss) for the year		271	(340)

Interest and Financing Charges

£m	2011	2010
Interest payable	42	61
Net pension and provision impact	18	16
Write off of residual arrangement fees	6	-
	66	77

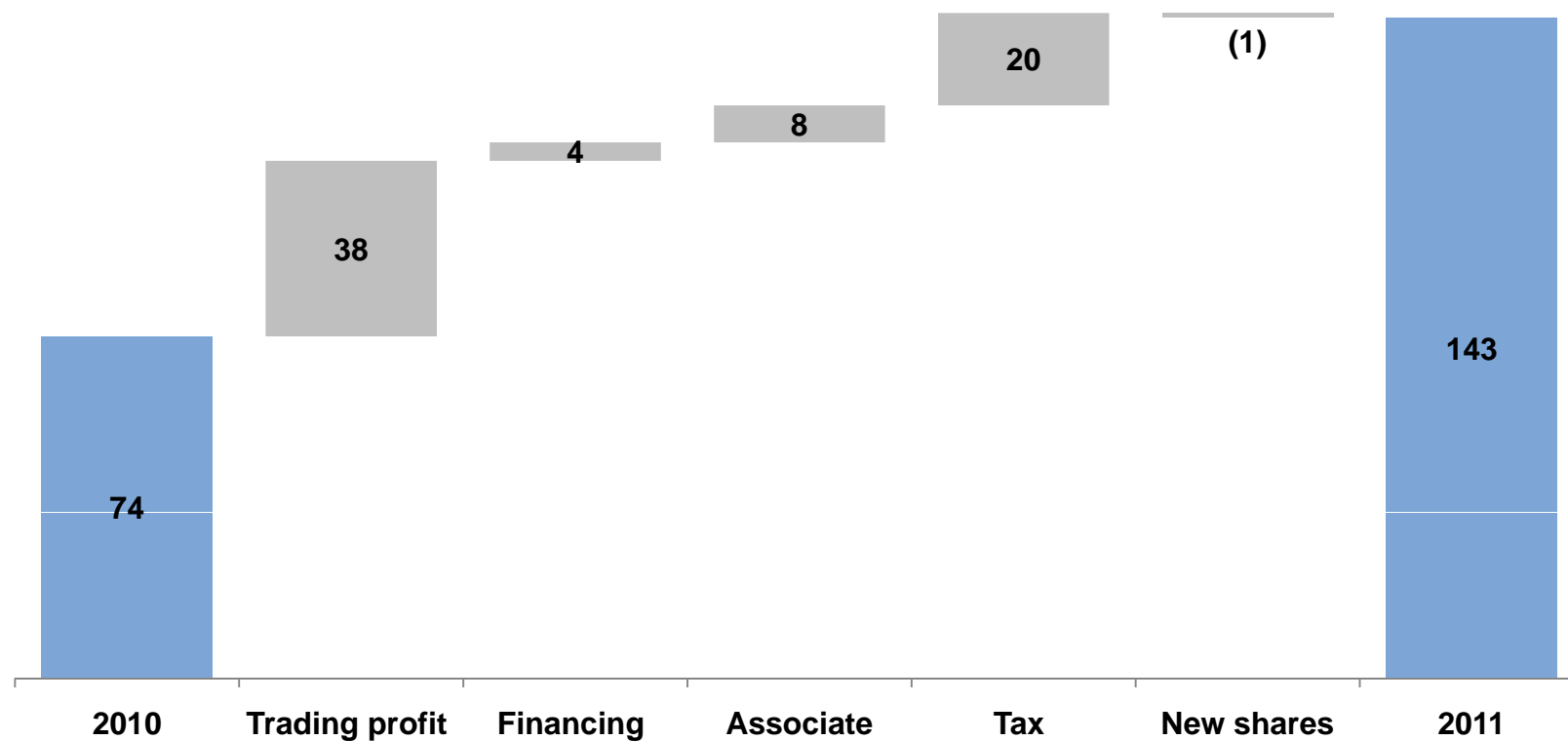
Refinancing impact in 2012: £12m. Rate fixing impact in 2012: (£5m).

Tax

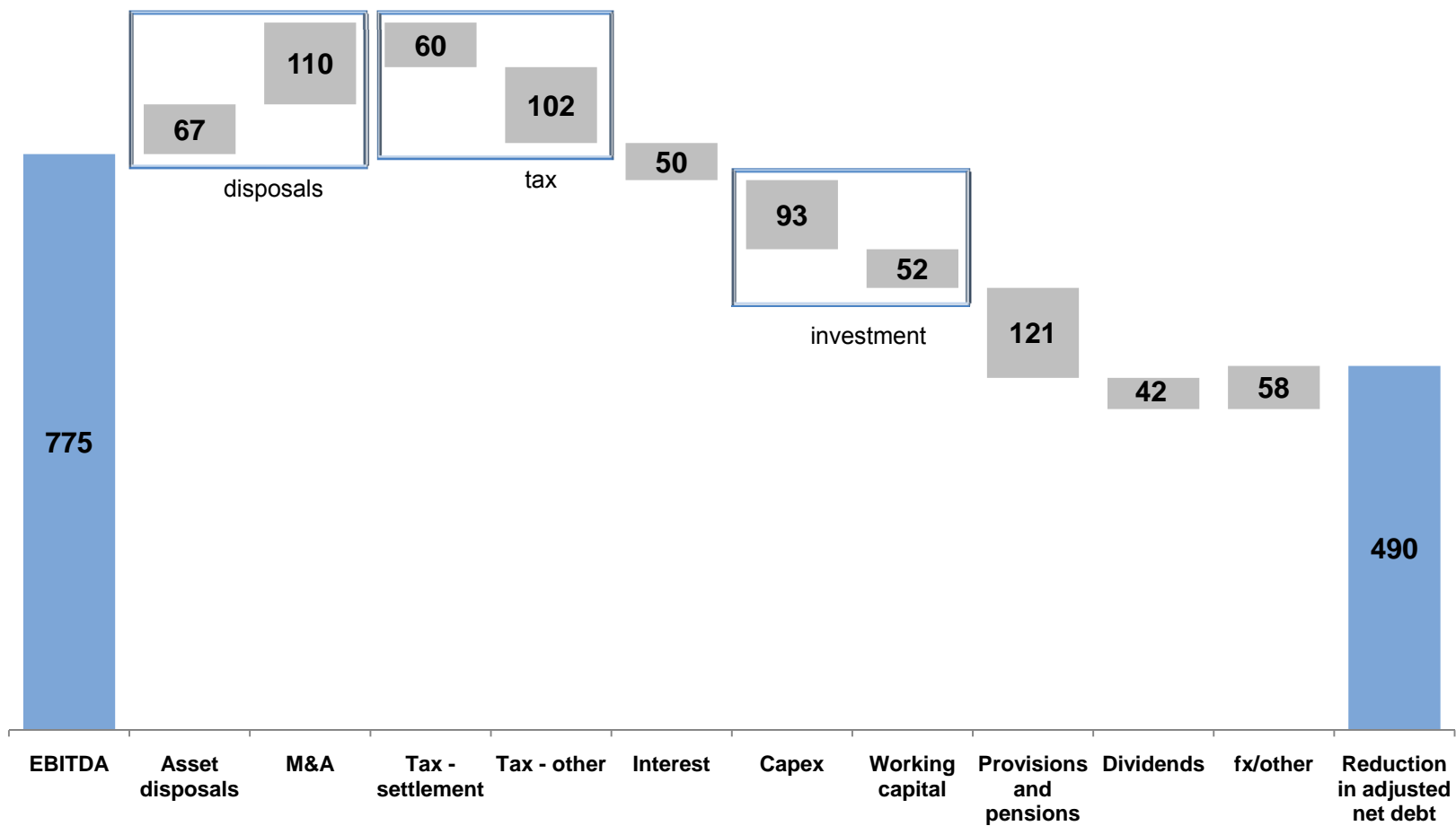
£m	2011	2010
P&L charge	110	38
Exceptionals & intangibles	22	102
Adjustments	20	(11)
Underlying P&L charge	152	129
Trading profit less interest	556	373
Effective rate	27.3%	34.6%

Adjustments of £20m principally arise from settlements in the year

Growth in Headline Earnings Per Share



Cash Flow



Cash Flow Reconciliation

£m	2011	2010
Decrease in adjusted net debt	490	495
(Reduction) / increase in factoring	(206)	106
(Reduction) in construction loan debt	(80)	(83)
Movement in year-end working capital position	(381)	95
(Increase) / decrease in reported net debt	(177)	613

Net Debt and Other Commitments

£m	2011	2010	Movement
Net debt as reported	(523)	(346)	(177)
Receivables factoring (all Brossette in 2011)	(68)	(274)	206
Construction loan debt	-	(80)	80
Period end working capital adjustment	(114)	(495)	381
Adjusted net debt	(705)	(1,195)	490
Operating lease commitments	1,126	1,292	166
Net pension liabilities	360	432	72

One-off contribution to the UK pension scheme of £60m

Capital Structure Priorities

1. Organic growth

- Working capital investment expected to be 12-13% of incremental sales
- Investment in branch refurbishment and 90 new branches up to £160m

2. Dividends

- Proposed final dividend of 30p per share; £85m (full year 45p; £127m)

3. Acquisitions

- Hard synergies, properly integrated, meet investment criteria
- 5 small bolt-ons completed since last year

4. Return of surplus cash to shareholders if / when appropriate

Continue to operate within investment grade credit metrics



Business Review and Strategy Update

Ian Meakins Chief Executive



Agenda

- Value Creation Strategy – recap

- Resource allocation
- Portfolio going forward
- Returns
- Market opportunity

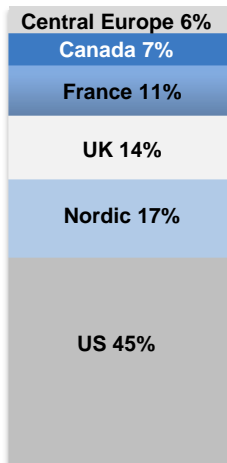
- Business Unit Performance

- Gain market share
- Expand gross margin
- Improve productivity
- Improve returns and cash

Specific examples

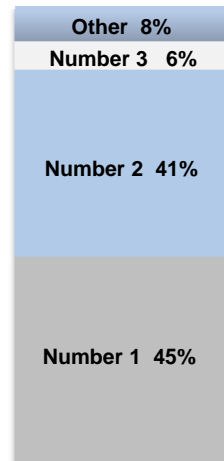
Wolseley Overview

Split by Geography



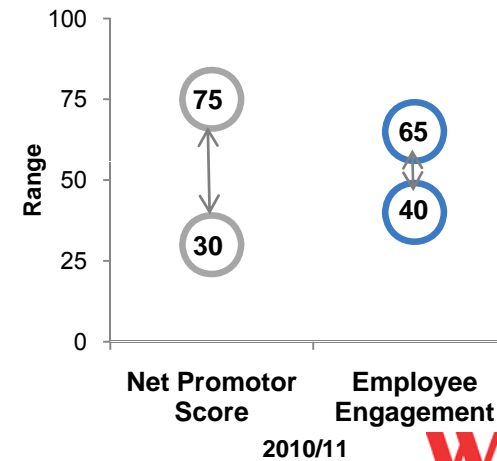
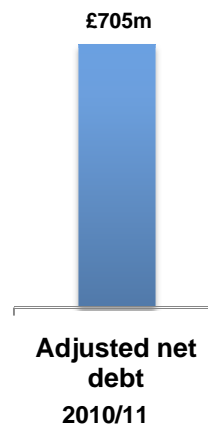
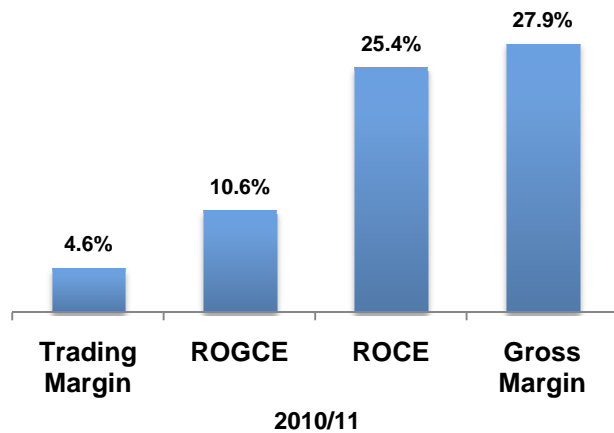
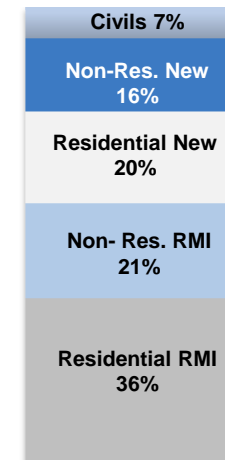
Ongoing revenue £12.2bn

Market Position



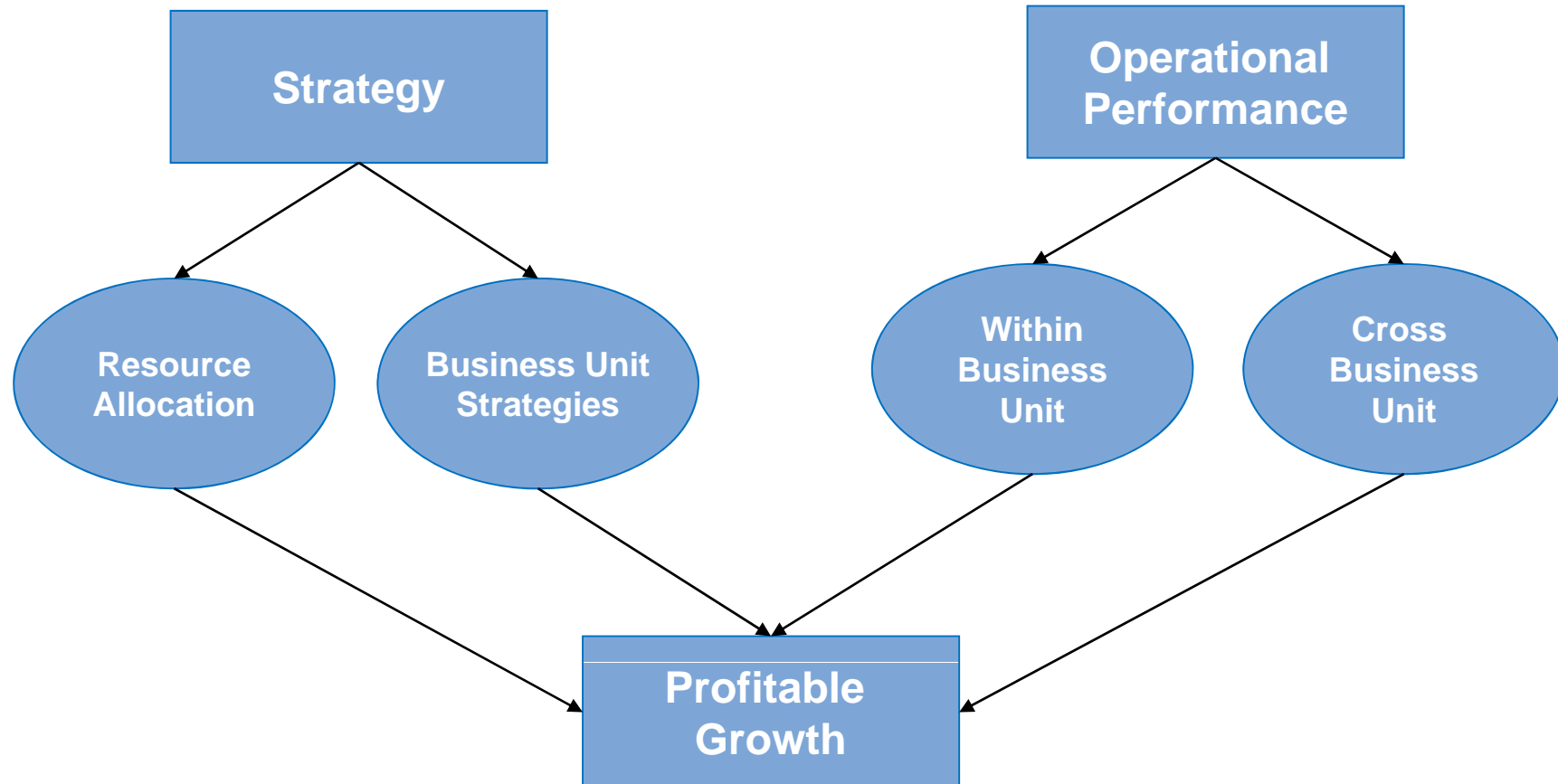
Ongoing revenue £12.2bn

End Market



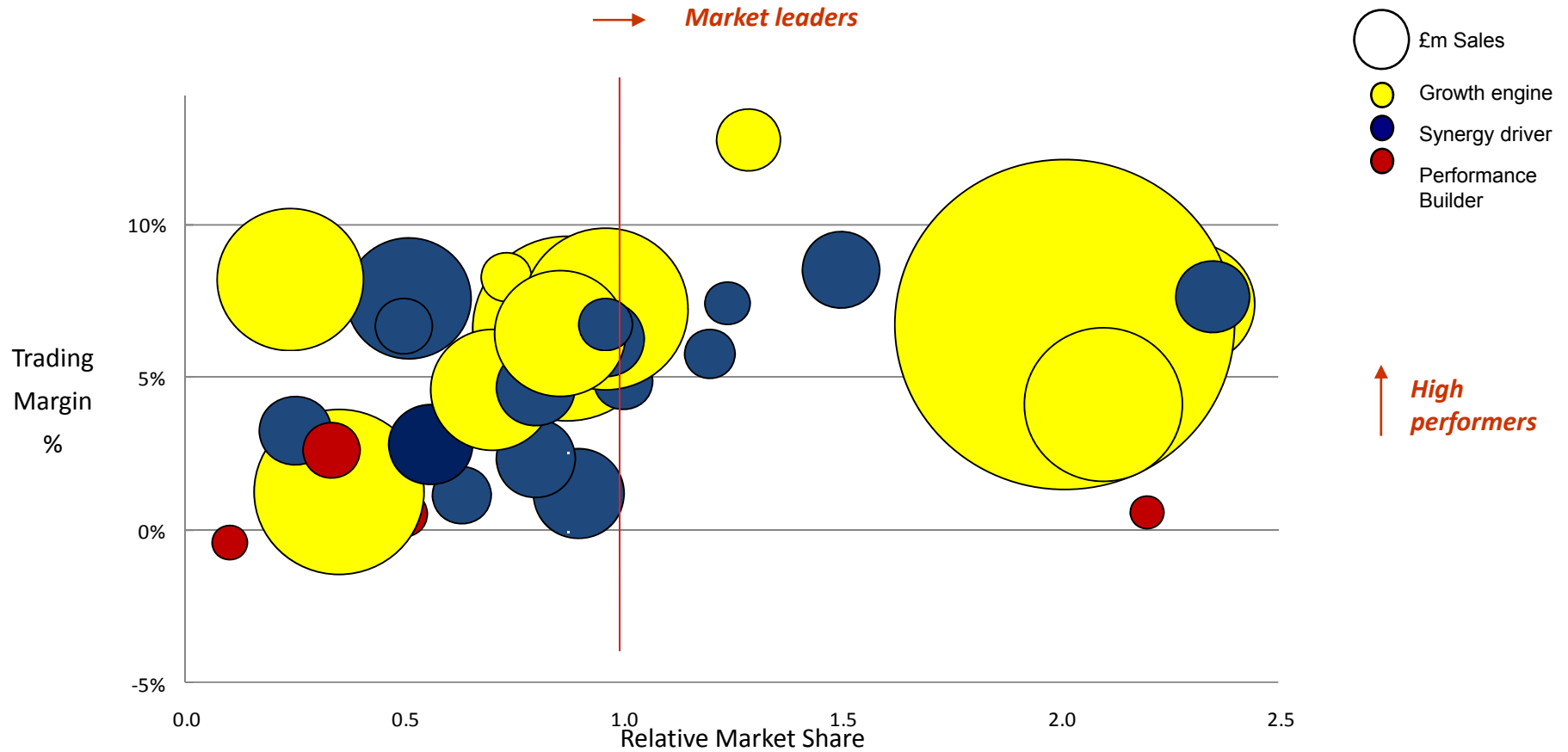
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Value Creation Framework



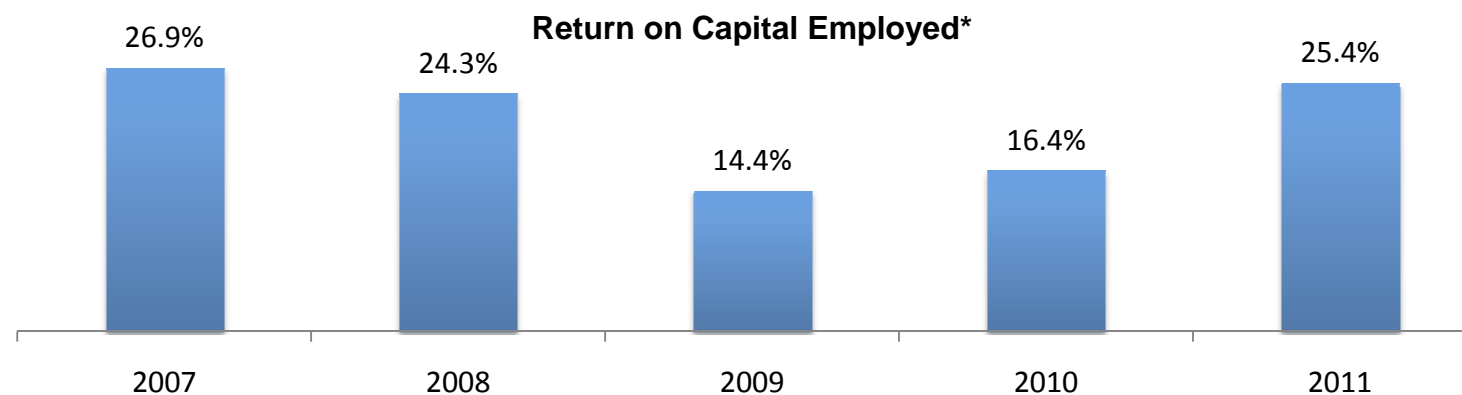
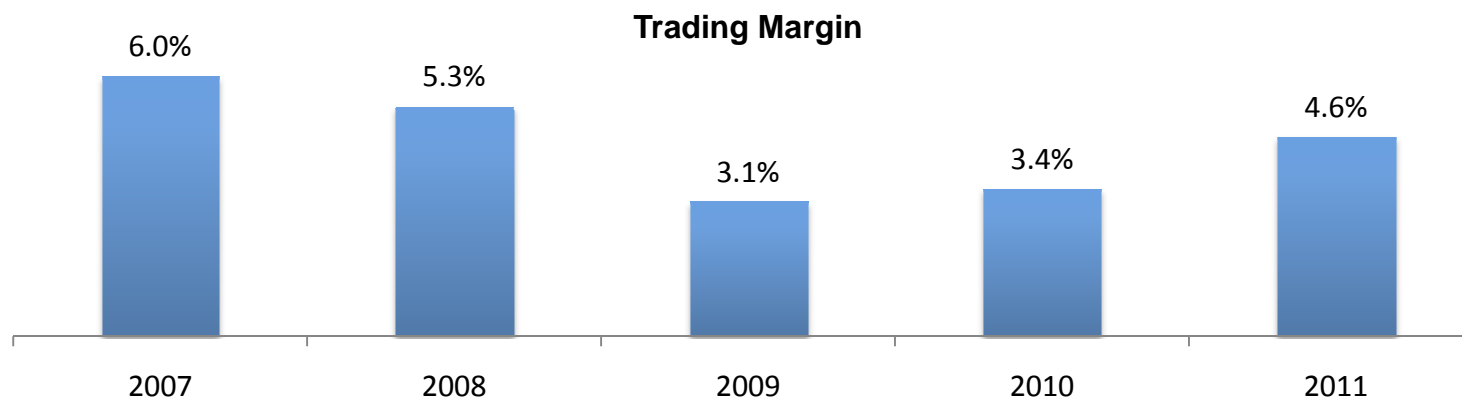
Value Creation

Strong and improving portfolio of business units



Value Creation

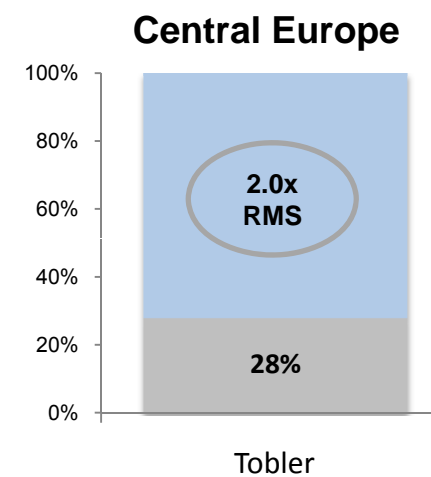
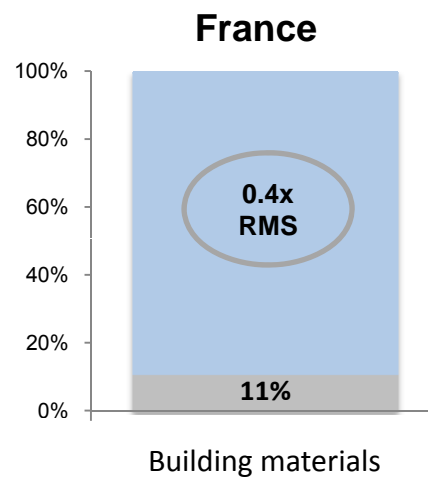
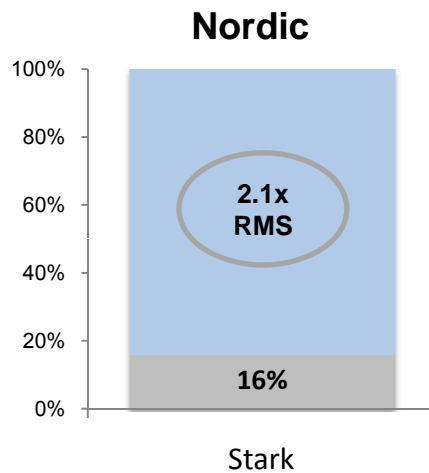
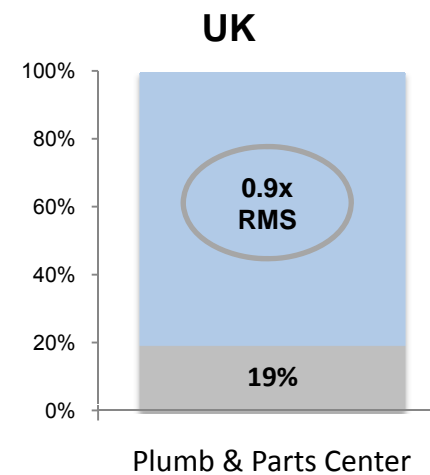
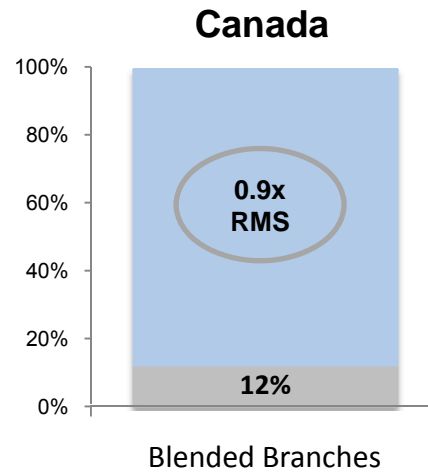
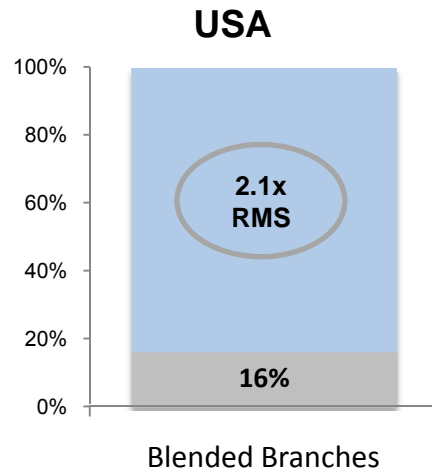
Attractive returns



* Return on Capital Employed = Ratio of trading profit to the average year end aggregate of shareholders funds and average adjusted net debt, excluding goodwill and other acquired intangible assets.

Value Creation

Significant market opportunity remains



RMS = Relative Market Share. Defined as Wolseley share in addressable market/ share of largest competitor or nearest competitor

Summary

- Attractive markets long-term
- Resilient business models – gross margin and cash flow
- Strong market positions
- More dependent on less volatile segments – RMI versus New Residential
- Wolseley is very focused
- Strong organic and acquisition growth opportunities
- Short-term very vigilant – market trends and cost base
- Wolseley is well placed for longer-term growth and prepared for short-term slowdown

Agenda

- Value Creation Strategy – recap

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- Returns
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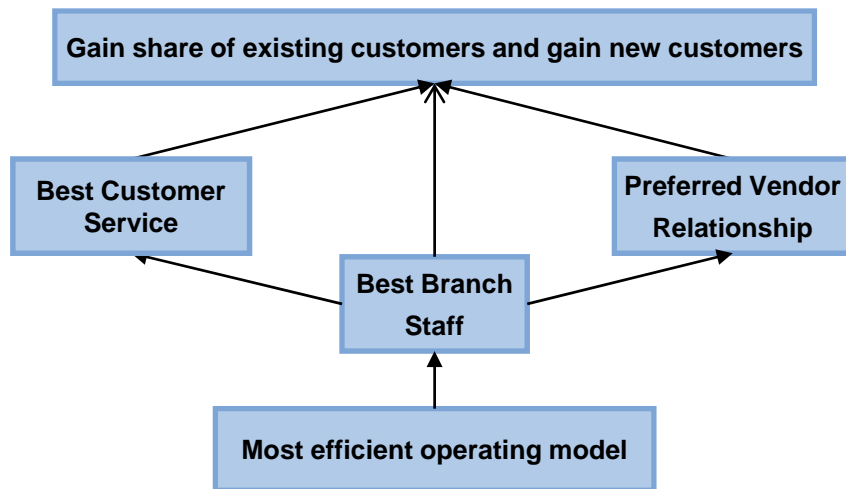
- Business Unit Performance

- Gain market share
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- Improve productivity
- Improve returns and cash

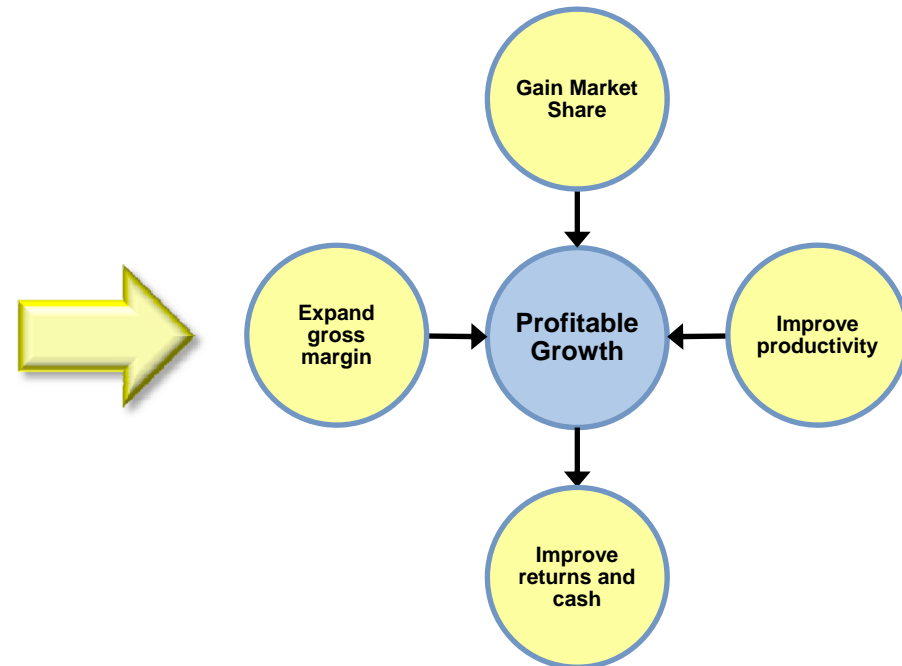
} Specific examples

Business Unit Strategies and Results Expected

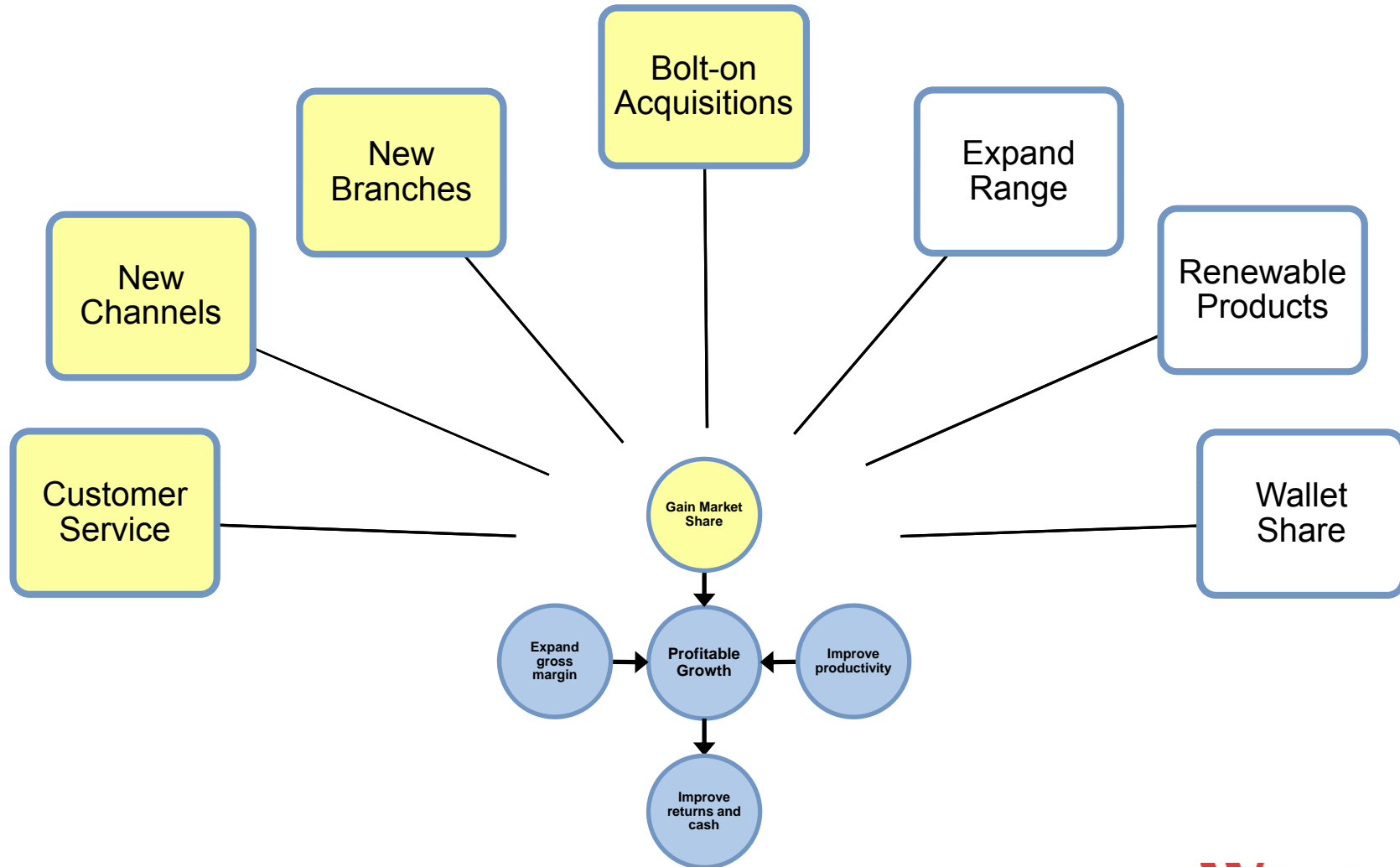
Strategy for Profitable Growth



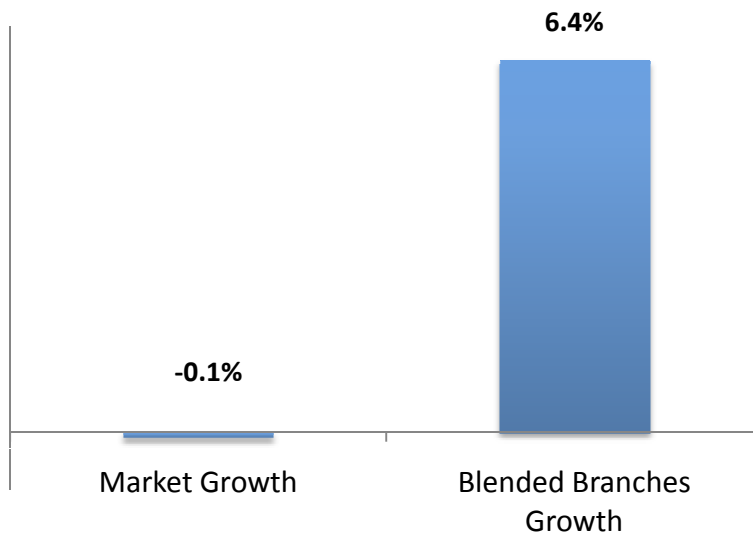
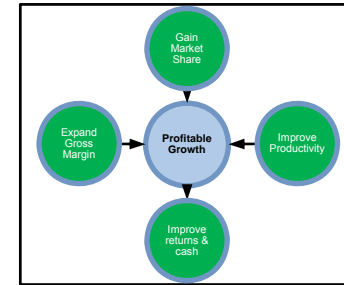
Business Unit Results Expected



Gain Market Share



Gain Market Share - Customer Service *Blended Branches USA*

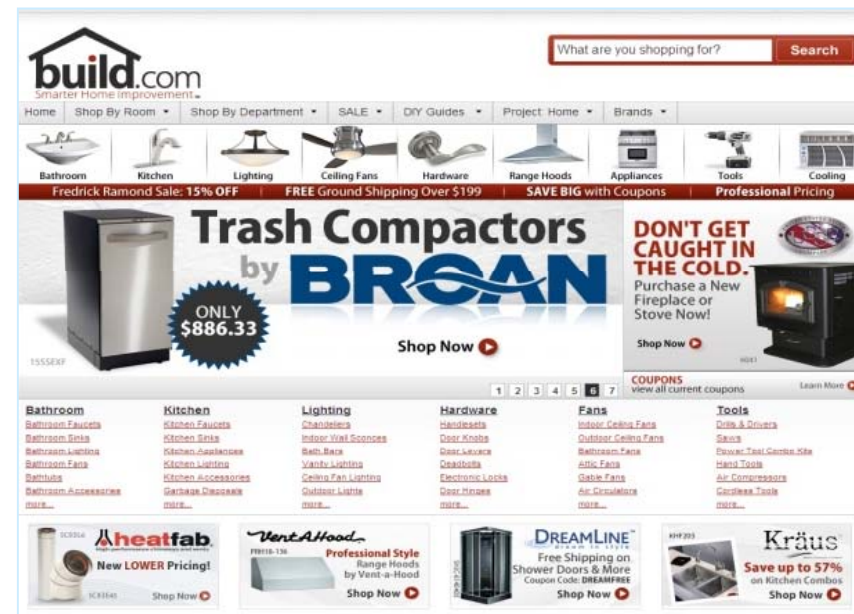
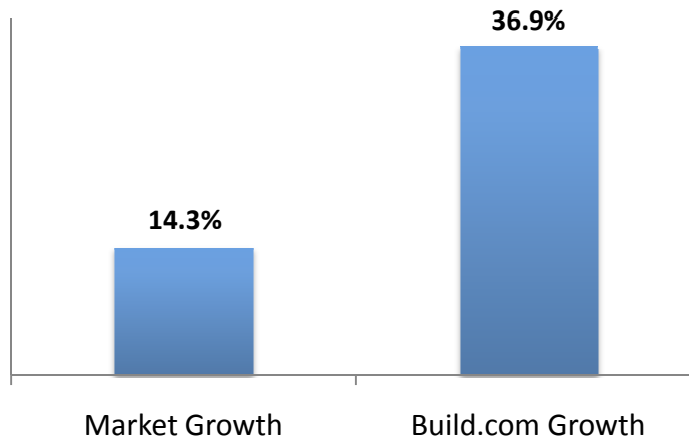
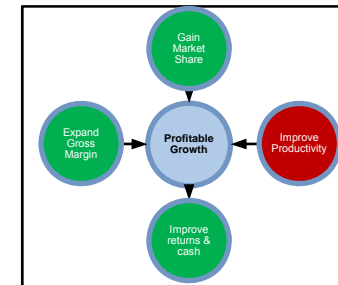


	FY11 average	July '11	
Net Promoter Score	53.1	59.4	↑
Overall quality of service	8.8	9.0	↑
Speed of service	8.5	8.4	↓
Range of products	8.7	8.8	↑
Relationship with associates	8.8	9.0	↑
Availability of products	8.2	8.0	↓
Competitive pricing	7.9	8.0	↑

Customer service measured in all Business Units down to branches
Best practice sharing – processes, tools, action plans

Gain Market Share – New Channels

Build.com - US Business to Consumer

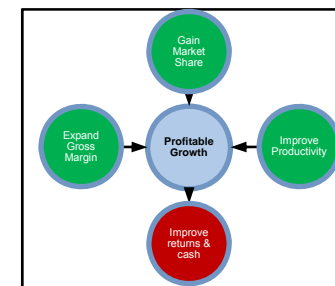


- Number 2 site in Building Materials
- Usage
 - 240k Facebook fans
 - 50k per month YouTube
 - 250k email subscribers
- Utilises Ferguson backbone
 - Sourcing
 - Supply chain
- Net Promoter Score improved to 70
- Excellent working capital characteristics

Roll out business model to other geographies

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Gain Market Share – New Branches *Starkki branch Turku - Finland*

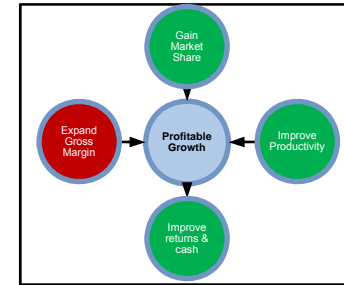


- Starkki
 - Number 2 in market
 - Industry leading financials
 - Average branch c.£20m
 - Highly productive business model
- Opportunity in Turku
 - Strengthen local leadership
 - Great location
 - First mover
- Financial
 - Total spend £7m
 - ROI 1st full year 16%
 - IRR 17%

Plan to build ~ 90 new branches across the Group in 2011/12

Gain Market Share – Bolt-on Acquisitions

Industrial PVF - USA



Louisiana Chemical Pipe

- Acquired August 2011
- Revenue \$22 million
- 2 Sites in Baton Rouge and Sulphur

Operating Synergies

- Attractive region - refining, petrochemicals, paper production
- Purchasing – gross margin improvement
- Organic Growth - major plant projects with existing pipe customers
- Product range – expansion to Ferguson standard lines
- Working capital - reduction in cash-to-cash days

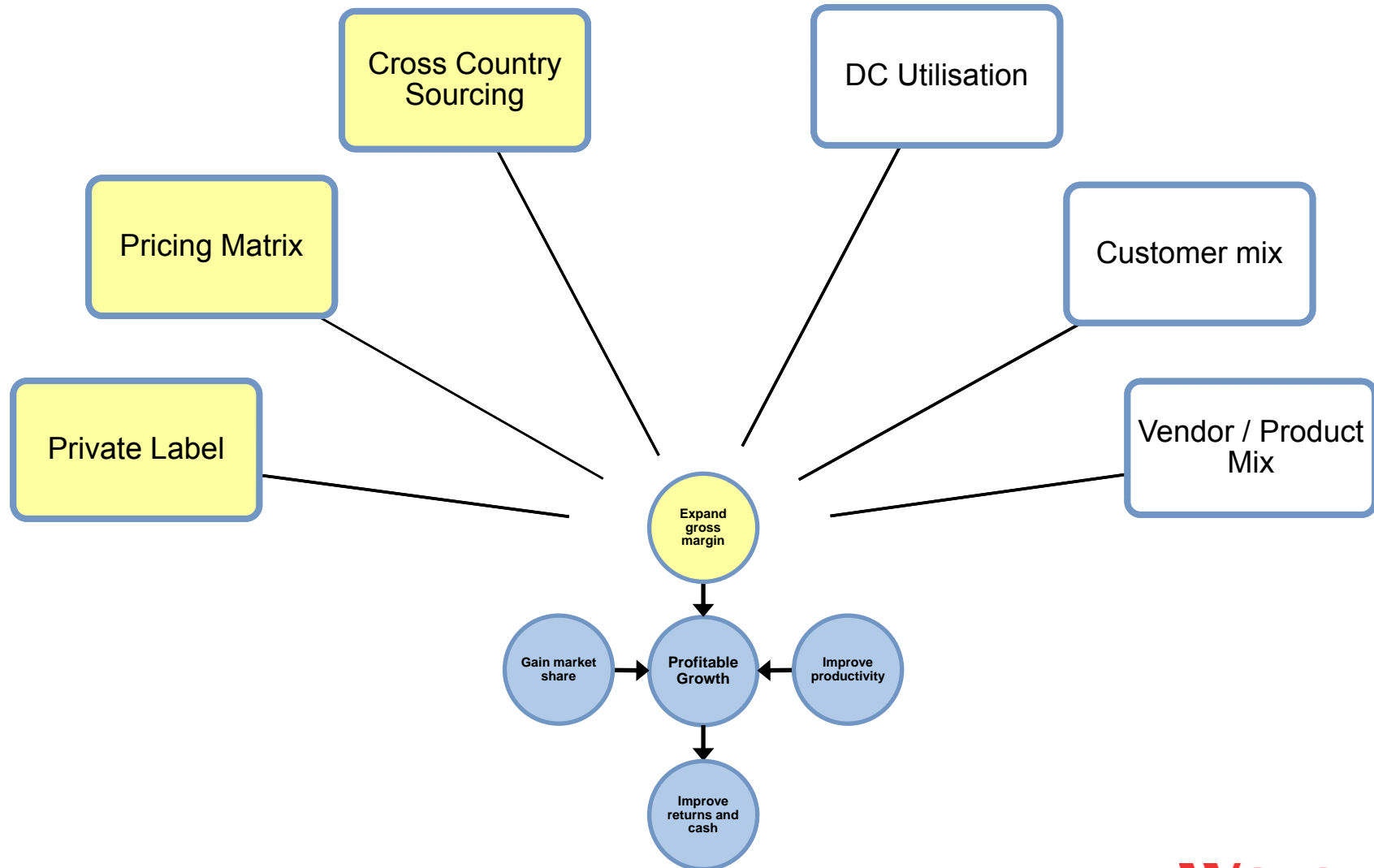
Financials

- Consideration - \$13m
- Return on investment 1st full year - 17%
- Year 3 performance
 - Revenue +30%
 - Trading profit +80%
- IRR - 23%

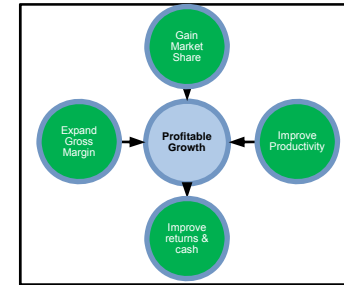
£100m - £200m a year on bolt-ons

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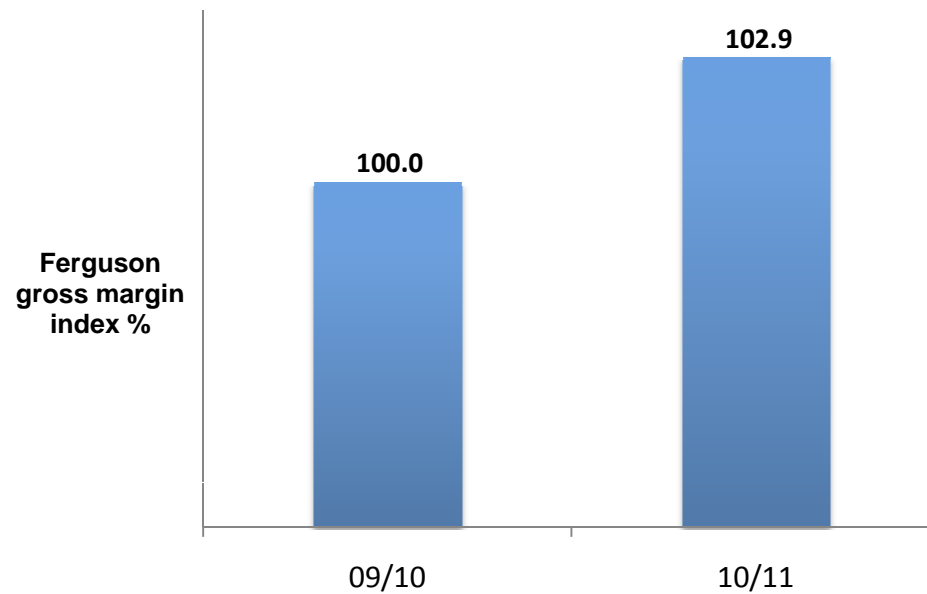
Expand Gross Margins



Expand Gross Margin – Private Label *Ferguson - USA*



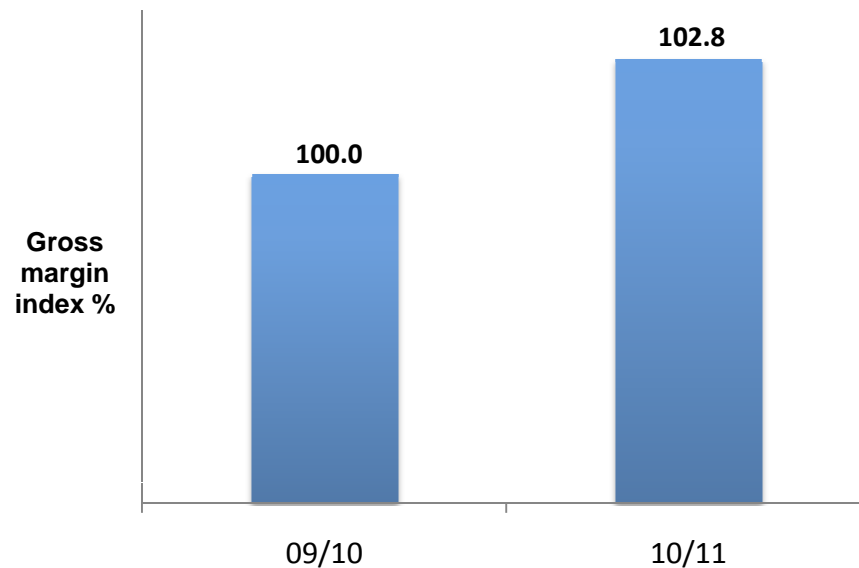
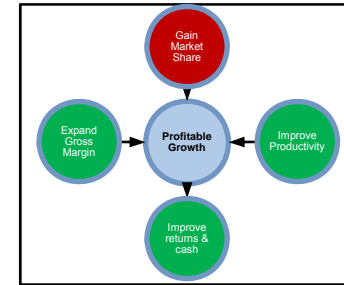
Private label revenue USA £350m



- Category strategy approach with branded vendors
- Private label 6.5% of total revenue – complimentary to brands
- 11,000 private label sku's - sourced outside USA
- Dedicated team of 48 people
- Private Label margins typically 25% – 50% higher

Private Label development in conjunction with brands across Group as margin lever

Expand Gross Margin – Pricing Matrix *Beijer - Sweden*



- Profitability analysed
 - Customer group
 - Products
 - Vendors
- Trade terms renegotiated
 - New metrics
 - 60% changed
- Product list pricing changes
 - 1/3 up 1/3 down
- All staff retrained on margin management

Performance review process
Best practice sharing – processes, tools, actions

Expand Gross Margin – Cross Country Sourcing

Building Materials Europe

Sourcing Offices

- China
- Lithuania
- Brazil
- Russia
- Taiwan

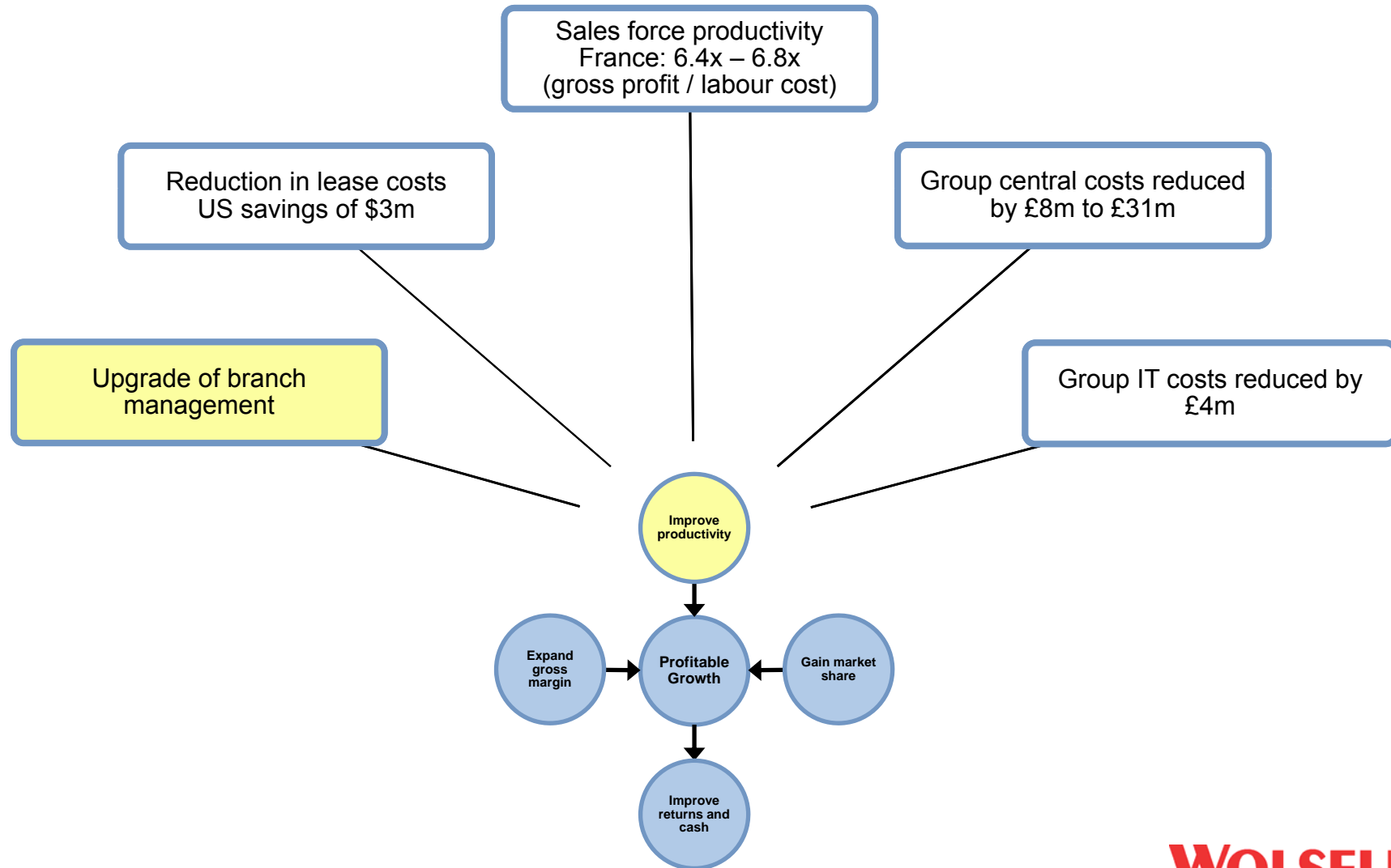


- Approx 30% of Building Products procured via multi market direct sourcing arrangements
- Own label 4.6% - 6.4%
- Annual profit increases
 - €10m in market
 - €5m across market
- 5 categories
- Process tools
 - e-auctions
 - gross margin benchmarking
 - price list comparison
 - SKU comparison
- Specifics
 - Chipboard - price range €4-20 - €5-70
 - Cement – price range: €95 - €140

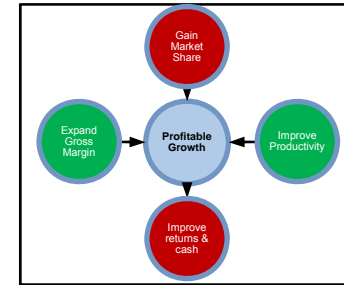
Continue to drive into 5 categories
Replicate processes in Plumbing & Heating across US and UK

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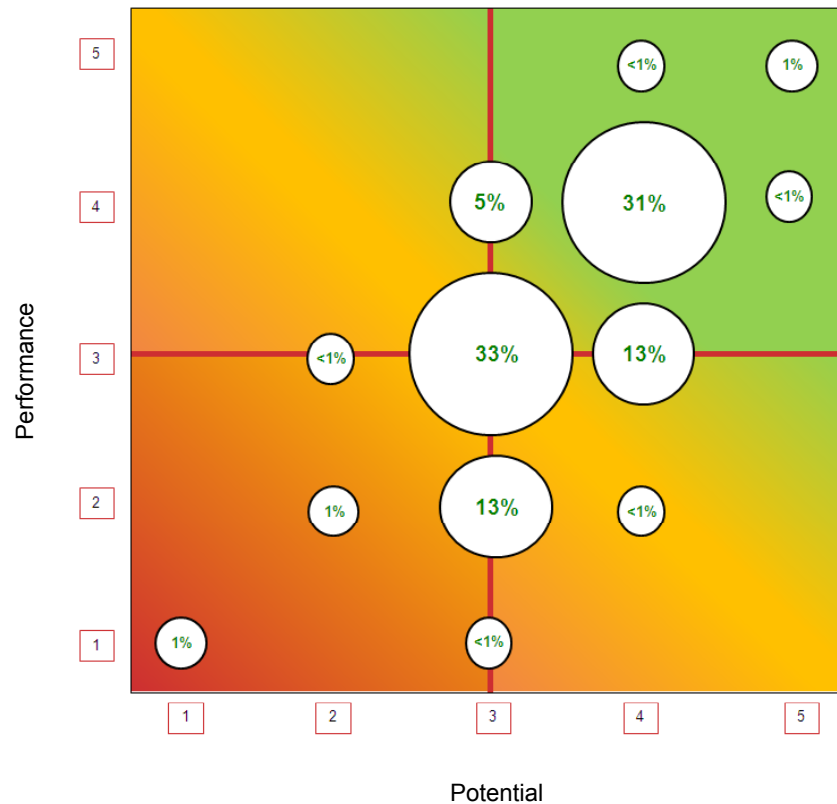
Productivity and Low Cost



Productivity and Lower Costs – Branch management – Plumb - UK



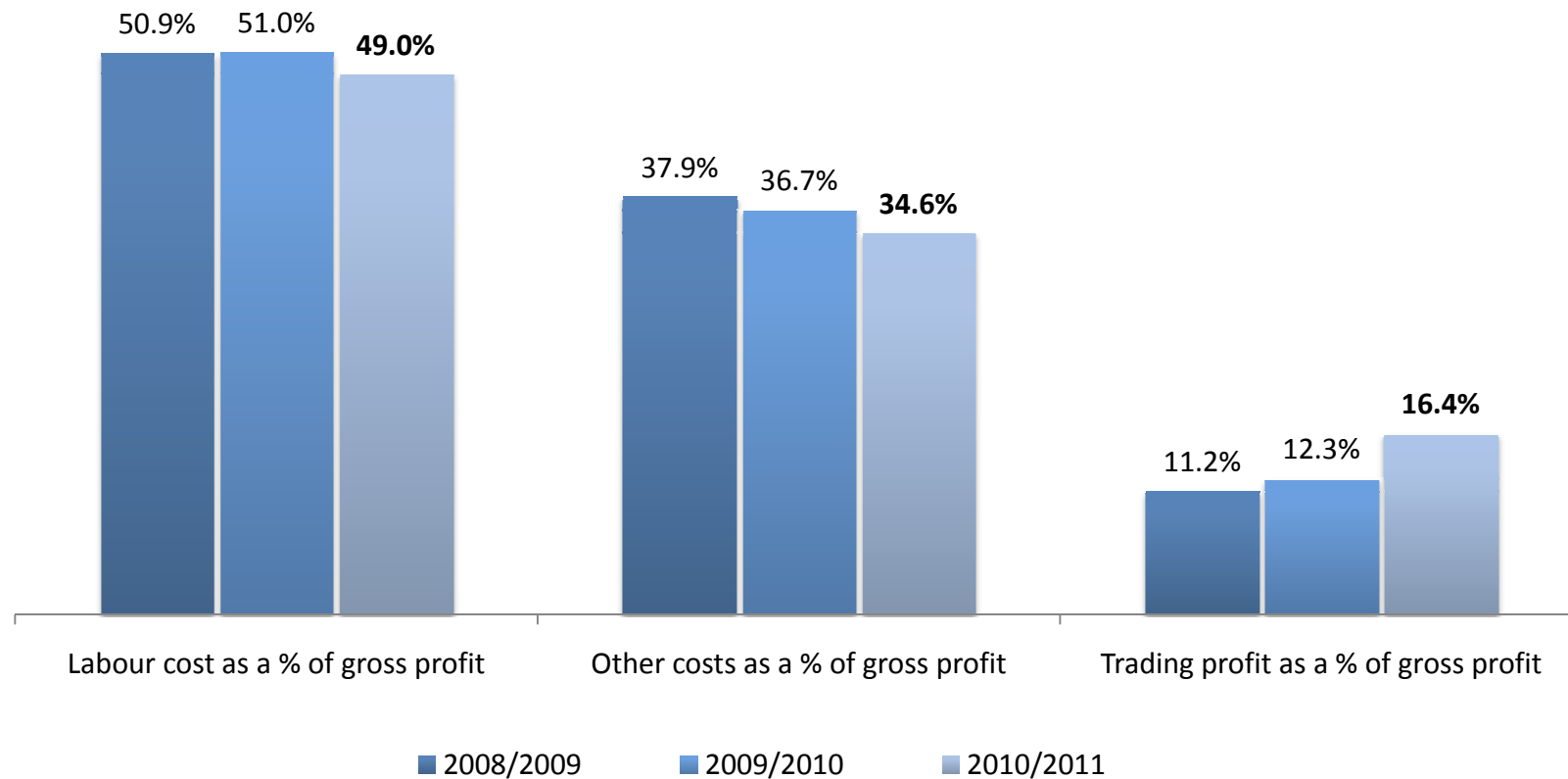
Branch Manager Assessment July 2011



- Branch managers assessed 2x per year
- All retrained during the year
- 32 replaced in last 6 months, 12 still under review
- Recruitment process recalibrated

Best practice sharing – processes, tools, actions

Improve Productivity and Lower Costs – Group Metrics



Productivity metrics monitored across all business units

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- Resilient business models – gross margin and cash flow
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- Wolseley is very focused
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- Short-term very vigilant – market trends and cost base
- Wolseley is well placed for longer-term growth and prepared for short-term slowdown



Q&A



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Appendices



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Regional Analysis

£m	Revenue 2011	Revenue 2010	Trading profit 2011	Trading profit 2010
USA	5,500	5,174	314	239
Canada	811	765	39	41
UK	2,404	2,466	109	91
Nordic	2,128	2,012	113	101
France	1,943	1,937	53	30
Central Europe	772	849	30	9
Central and other costs	-	-	(36)	(61)
	13,558	13,203	622	450

Ongoing and Disposals Data 2011

£m	Revenue Ongoing	Revenue Disposals	Revenue Total	Trading Profit Ongoing	Trading Profit Disposals	Trading Profit Total
USA	5,500	-	5,500	314	-	314
Canada	811	-	811	39	-	39
UK	1,749	655	2,404	91	18	109
Nordic	2,128	-	2,128	113	-	113
France	1,317	626	1,943	46	7	53
Central Europe	718	54	772	31	(1)	30
Central & other costs	-	-	-	(36)	-	(36)
	<u>12,223</u>	<u>1,335</u>	<u>13,558</u>	<u>598</u>	<u>24</u>	<u>622</u>

Ongoing and Disposals Data 2010

£m	Revenue Ongoing	Revenue Disposals	Revenue Total	Trading Profit Ongoing	Trading Profit Disposals	Trading Profit Total
USA	5,174	-	5,174	239	-	239
Canada	765	-	765	41	-	41
UK	1,712	754	2,466	84	7	91
Nordic	2,012	-	2,012	101	-	101
France	1,294	643	1,937	38	(8)	30
Central Europe	717	132	849	18	(9)	9
Central & other costs	-	-	-	(61)	-	(61)
	<u>11,674</u>	<u>1,529</u>	<u>13,203</u>	<u>460</u>	<u>(10)</u>	<u>450</u>

Branch Analysis

	At 31 July 2010	Disposals	Other Movement	At 31 July 2011	Held for sale	Ongoing
USA	1,241	-	20	1,261	-	1,261
Canada	220	-	1	221	-	221
UK	1,486	(261)	8	1,233	(174)	1,059
Nordic	288	-	-	288	-	288
France	697	-	(7)	690	(368)	322
C. Europe	186	(44)	2	144	-	144
	<u>4,118</u>	<u>(305)</u>	<u>24</u>	<u>3,837</u>	<u>(542)</u>	<u>3,295</u>

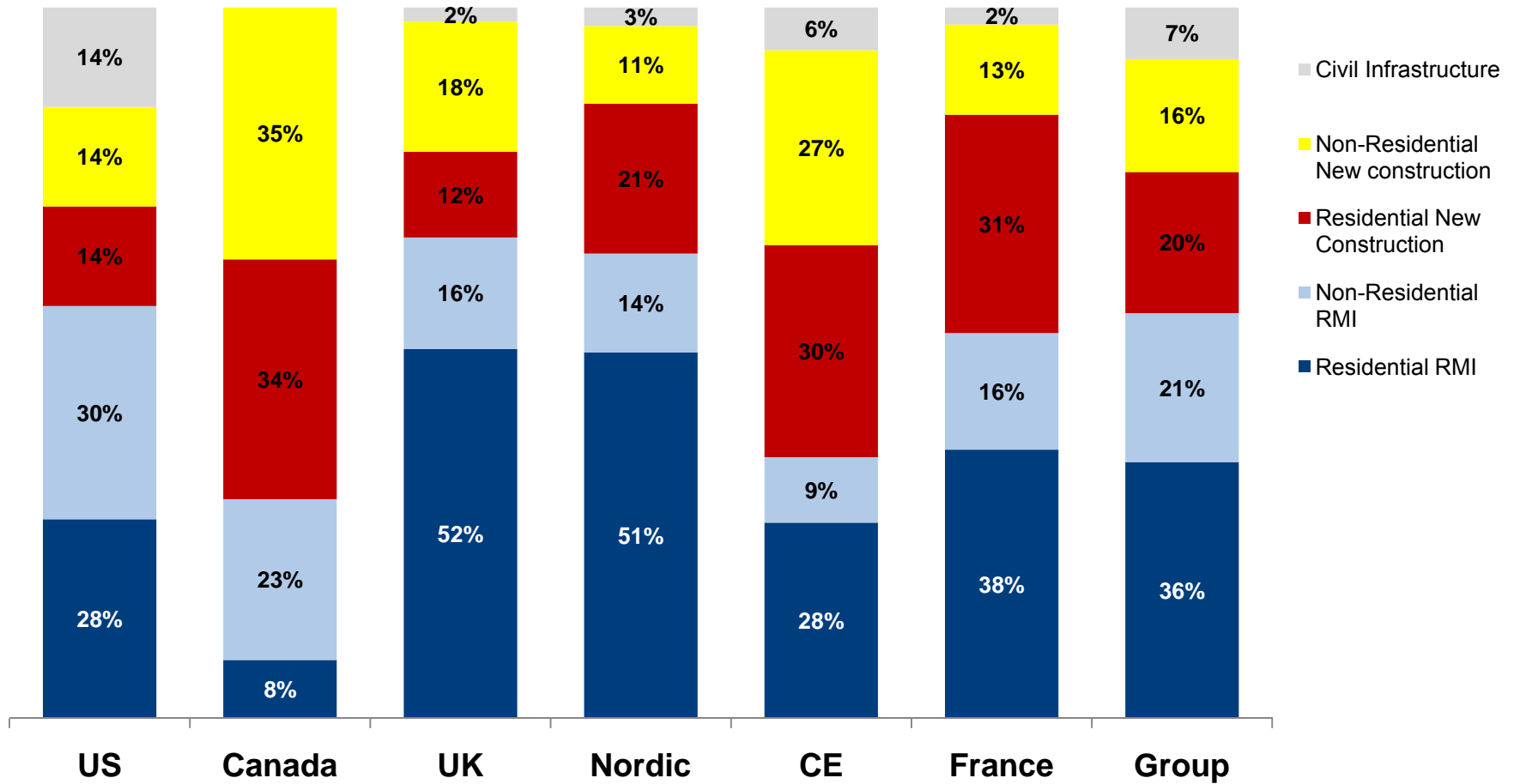
Headcount Analysis

	At 31 July 2010	Disposals	Other Movement	At 31 July 2011	Held for sale	Ongoing
USA	17,241	-	240	17,481	-	17,481
Canada	2,573	-	120	2,693	-	2,693
UK	10,118	(1,493)	144	8,769	(2,096)	6,673
Nordic	6,575	-	179	6,754	-	6,754
France	8,306	-	(234)	8,072	(2,651)	5,421
C. Europe	2,419	(441)	(13)	1,965	-	1,965
Other	179	-	(25)	154	-	154
	<u>47,411</u>	<u>(1,934)</u>	<u>411</u>	<u>45,888</u>	<u>(4,747)</u>	<u>41,141</u>

Currency

	2011 Average	2010 Average	Movement	@ 31 July 2011	@ 31 July 2010
US\$	1.60	1.57	+1.7%	1.64	1.57
CAN\$	1.59	1.64	(3.6%)	1.57	1.61
DKK	8.65	8.48	+2.0%	8.49	8.96
Euro	1.16	1.14	+1.8%	1.14	1.20
CHF	1.49	1.66	(11.8%)	1.29	1.63

Product Destination Analysis



Group: RMI 57%, New Residential 19%

Market Overview

Key Indicators

Trend	
Improving	Green
Flat	Yellow
Declining	Red

USA	GDP Growth (2011F) ¹	1.6%
	Annual Unemployment Rate (2011F) ²	9.1%

Consumer Confidence Index³		Existing Home Sales (000s)⁴		Architecture Billings Index: ⁵	
Aug 11 v Jul 11	-14	Aug 11 v Aug 10	+19%	Aug 11	51.4

UK	GDP Growth (2011F) ¹	1.1%
	Annual Unemployment Rate (2011F) ²	7.7%

Spending Index⁶		Property Transactions⁷		House Prices⁸	
Aug 11 v Jul 11	+7	Q2 11 v Q2 10	-6%	Aug 11 v Aug 10	-0.4%

Denmark	GDP Growth (2011F) ¹	1.3%
	Annual Unemployment Rate (2011F) ²	7.9%

Construction Confidence Index⁹		Construction Industry Employment¹⁰		Sales of Real Estate¹¹	
Aug 11 v Jul 11	-2	Q2 11 v Q2 10	+5%	Q1 11 v Q1 10	-12%

Sweden	GDP Growth (2011F) ¹	4.6%
	Annual Unemployment Rate (2011F) ²	7.8%

Housing Starts¹²		Building Materials Market ¹³		Builder Confidence Index¹⁴	
2011(F) v 2010	+9%	2011(F) v 2010	+5.9%	Aug 11 v Jul 11	-4

France	GDP Growth (2011F) ¹	1.7%
	Annual Unemployment Rate (2011F) ²	9.5%

Consumer Confidence Index¹⁵		Housing Starts¹⁶		Housing Permits¹⁷	
Jul 11 v Jun 11	+3	2011(F) v 2010	+8%	2011(F) v 2010	+2.8%

Market Overview

Key Indicators – Sources and Definitions

	Ref	Name	Source
General	1	GDP Growth - Gross Domestic Product	Global Insight
	2	Annual Unemployment Rate	Global Insight
USA	3	Consumer Confidence Index	The Conference Board
	4	Total Existing Home Sales	National Association of Realtors
	5	Architecture Billings Index	American Institute of Architects
UK	6	Spending Index	Nationwide Building Society
	7	Property Transactions	HMRC
	8	House Prices	Nationwide
Denmark	9	Construction Confidence Index (seasonally adjusted)	Statistics Denmark
	10	Construction Industry Employment (seasonally adjusted)	Statistics Denmark
	11	Sales of Real Estate	Statistics Denmark
Sweden	12	Housing Starts	Euroconstruct
	13	Building Materials Market	Euroconstruct
	14	Builder's Confidence Index, seasonally adjusted	Konjunkturinstitutet
France	15	Consumer Confidence Index	INSEE
	16	Housing Starts	Euroconstruct
	17	Housing Permits	Euroconstruct