

2011 Half Year Results

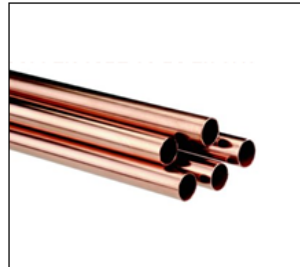
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Presentation Structure

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

Welcome and Highlights



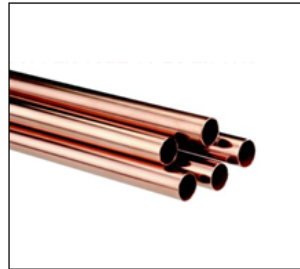
Ian Meakins
Chief Executive

WOLSELEY

Highlights

- Like-for-like growth in H1 – market share gains
- Group gross margin – stable
- Operating performance – improving
- Customer service – improving
- Stronger leadership teams, employee engagement – improving
- Progress on focus and ‘clean up’

Operating and Financial Review



John Martin
Chief Financial Officer

WOLSELEY

Financial Highlights

£m	H1 2011	H1 2010	Change	Like-for-like change
Revenue	6,629	6,331	+5%	+5%
Gross profit	1,833	1,741	+5%	
Gross margin	27.7%	27.5%	+0.2%	
Trading profit*	275	167	+64%	
Trading margin	4.1%	2.6%	+1.5%	
Profit/(loss) before tax	195	(261)		
Headline EPS*	60p	24p	+150%	
Dividend per share	15p	-		

* Before exceptional items and amortisation and impairment of acquired intangibles

Quarterly Like-for-Like Revenue Growth

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
USA	(14%)	(4%)	+5%	+6%	+11%
Canada	(1%)	+6%	+12%	+7%	+4%
UK	(4%)	+4%	+5%	+5%	+8%
Nordic	(9%)	(5%)	+3%	+4%	+4%
France	(11%)	(8%)	(2%)	+2%	+2%
Central Europe	(4%)	(3%)	(6%)	(3%)	(4%)
	<u>(10%)</u>	<u>(2%)</u>	<u>+4%</u>	<u>+4%</u>	<u>+7%</u>

USA

£m	H1 2011	H1 2010	Change	Like-for-like change
Revenue	2,678	2,373	+13%	+9%
Trading profit	146	98	+49%	
Trading margin	5.5%	4.1%	+1.4%	
Branches	1,257	1,230	+27	
Headcount	16,980	16,890	+1%	

Canada

£m	H1 2011	H1 2010	Change	Like-for-like change
Revenue	408	353	+15%	+6%
Trading profit	23	18	+31%	
Trading margin	5.6%	5.0%	+0.6%	
Branches	221	221	-	
Headcount	2,650	2,480	+7%	

UK

£m		H1 2011	H1 2010	Change	Like-for-like change
Revenue	Ongoing	1,215	1,130	+7%	+6%
	Sold*	6	103		
		1,221	1,233		
Trading profit	Ongoing	50	38	+31%	
	Sold*	1	(5)		
		51	33		
Trading margin	Ongoing	4.1%	3.4%	+0.7%	
Branches	Ongoing	1,312	1,345	(33)	
Headcount	Ongoing	9,303	9,280	-	

* Brandon Hire and Ireland

Nordic

£m	H1 2011	H1 2010	Change	Like-for-like change
Revenue	1,020	990	+3%	+4%
Trading profit	48	47	+3%	
Trading margin	4.7%	4.7%	-	
Branches	287	296	(9)	
Headcount	6,330	6,290	+1%	

Central Europe

£m		H1 2011	H1 2010	Change	Like-for-like change
Revenue	Ongoing	361	379	(5%)	(3%)
	Sold*	53	69		
		414	448		
Trading profit	Ongoing	17	9	+71%	
	Sold*	(1)	(5)		
		16	4		
Trading margin	Ongoing	4.7%	2.6%	+2.3%	
Branches	Ongoing	143	139	+4	
Headcount	Ongoing	1,990	2,050	(3%)	

* Italy, Czech, Belgium

France

£m	H1 2011	H1 2010	Change	Like-for-like change
Revenue	888	934	(5%)	+2%
Trading profit	13	(5)	n/a	
Trading margin	1.5%	(0.5%)	+2.0%	
Branches	691	726	(35)	
Headcount	8,110	8,540	(5%)	

Brossette

- Progress this year
 - Performance improved from a low base: H1 trading profit £7 million better
 - Executing a clear plan to return to acceptable margins
- Strategic position remains challenged
 - Trading margin <1%
 - Return on capital < WACC
 - Strategically weaker than Growth Engines and Synergy Drivers
 - Significant investment required
- We have better investment opportunities in the rest of the Group

Performance Builders

Number of businesses	Total
As of January 2010	19
Being integrated with other Business Units	(5)
Exited*	(3)
Being exited	(5)
Balance	6

Build and Brossette represent two thirds of all performance builder revenue

*Brandon Hire, France Public Works, Italy

Central and Other Costs

£m	H1 2011	H1 2010
Group costs	(17)	(18)
IT costs now allocated to businesses	-	(4)
Non-recurring costs	(3)	(3)
Construction loans	(2)	(3)
	(22)	(28)

Income Statement

£m	H1 2011	H1 2010
Trading profit	275	167
Associate	-	(13)
Exceptional items	(11)	(255)
Amortisation	(38)	(48)
Impairment	-	(71)
Finance charges	(31)	(41)
Profit/(loss) before tax	195	(261)
Tax	(62)	37
Discontinued operations	-	4
Profit/(loss) for the period	133	(220)

Finance Charges

£m	H1 2011	H1 2010
Net interest and margin	18	28
Facility charges	7	7
Pensions	6	6
	31	41

Tax

£m	Pre-tax profit	Tax thereon	Effective rate
Trading profit less financing costs	244	73	30%
Exceptionals and amortisation	(49)	(11)	
	195	62	

Net Debt and Pensions

£m	31 Jan 2011	31 July 2010	31 Jan 2010
Net debt as reported	714	346	910
Period end working capital adjustment	-	495	181
	714	841	1,091
Receivables financing	156	274	232
Construction loan debt	63	80	124
Adjusted net debt	933	1,195	1,447
Pension liabilities	338	432	371

Committed credit facilities more than 1 year - £2.3 billion

Cash Flow from Operating Activities

£m	H1 2011	H1 2010
Trading profit	275	167
Depreciation and amortisation	78	101
EBITDA	353	268
Working capital - Unwind of year end position	(495)	} (142)
- Reduction in factoring	(118)	
- Other working capital movements	(72)	
Provisions and other movements	(46)	(70)
Cash flow from operating activities	(378)	56

Other Cash Flow

£m	H1 2011	H1 2010
Cash flow from operating activities	(378)	56
Net interest	(25)	(32)
Tax (paid) / received	(46)	100
Acquisitions and disposals	52	(22)
Capex	(48)	(41)
Asset disposals	34	54
FX and other items	43	(66)
(Increase)/decrease in net debt	(368)	49
Opening net debt	(346)	(959)
Closing net debt	(714)	(910)

Capital Structure

Dividends

- Interim dividend of 15p per share
- Normal interim payment expected to be one third of total dividend for the year
- Expect dividends to grow over time

Balance Sheet

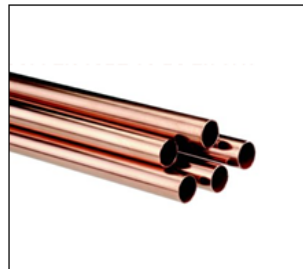
- Ongoing net debt target range 1x – 2x EBITDA
- Consistent with investment grade financial profile

Financial Highlights

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Business Review and Strategy



Ian Meakins
Chief Executive

WOLSELEY

Agenda

- Delivery over last 6 months
- Progress on Resource Allocation
- Progress on Business Unit Performance:
 - Ferguson, US
 - Plumb, UK
 - Stark, Denmark
- Summary

Delivery Over Last 6 Months

- Improved capital allocation

Invest in Growth Engines and Synergy Drivers

- Focus on performance and organic growth

Performance Review Process

- Stronger leadership teams

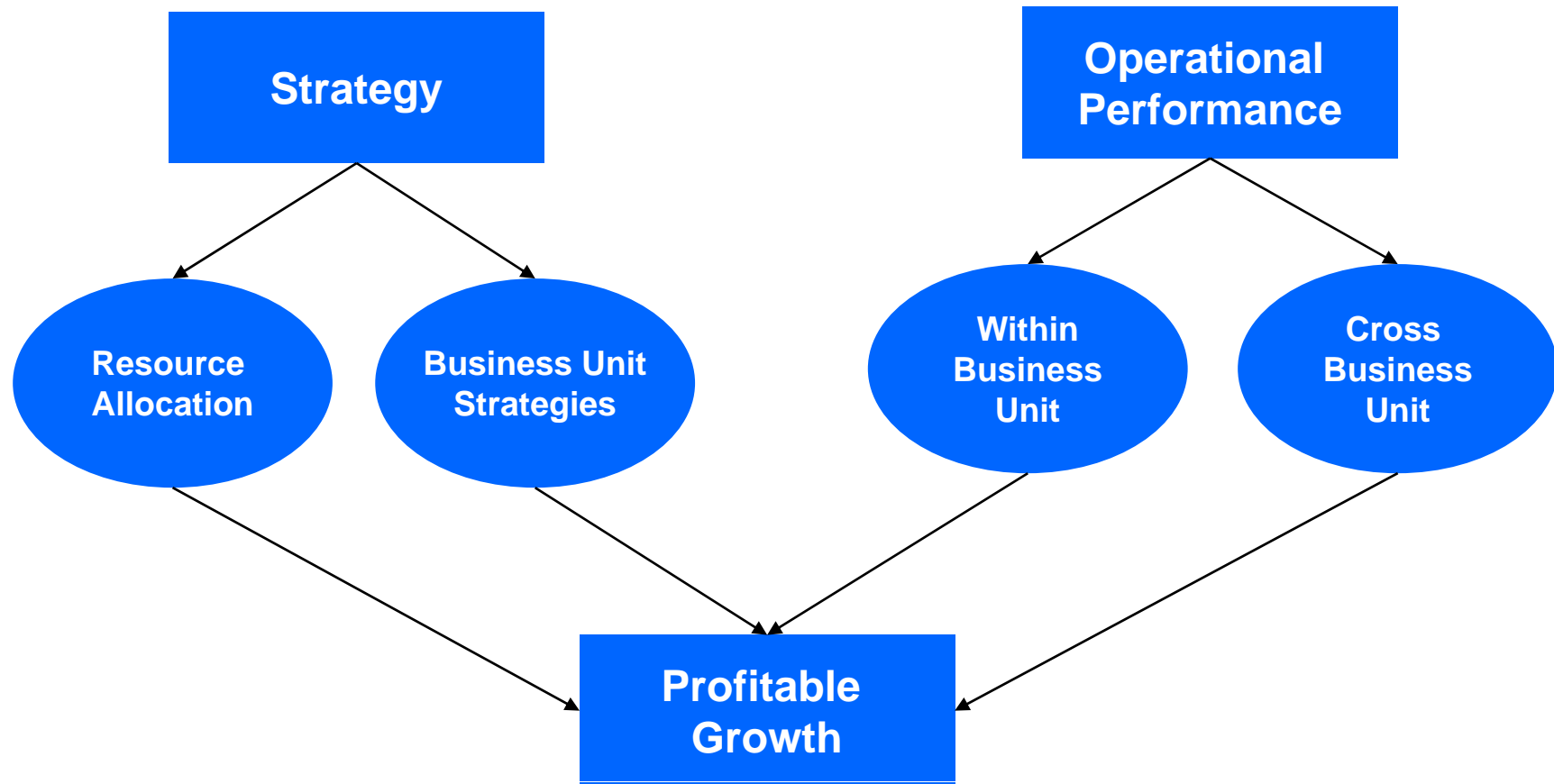
Employee Engagement

- Focus and 'clean-up'

Good progress

- Support new growth initiatives
 - Employee training and development
 - Product availability
 - E-commerce
- Selective bolt-on acquisitions
- Dashboards by branch
- Customer service – action plans
- Employee engagement
 - Being measured
 - Action plans
- Managing mix to support gross margins
- Best practice roll-out
- IT resources supporting front line
- Evaluation down to Branch Manager
- Training / development plans in place
- Performance Builders resolution
- Redomicile completed
- Back on dividend list

Value Creation - Recap

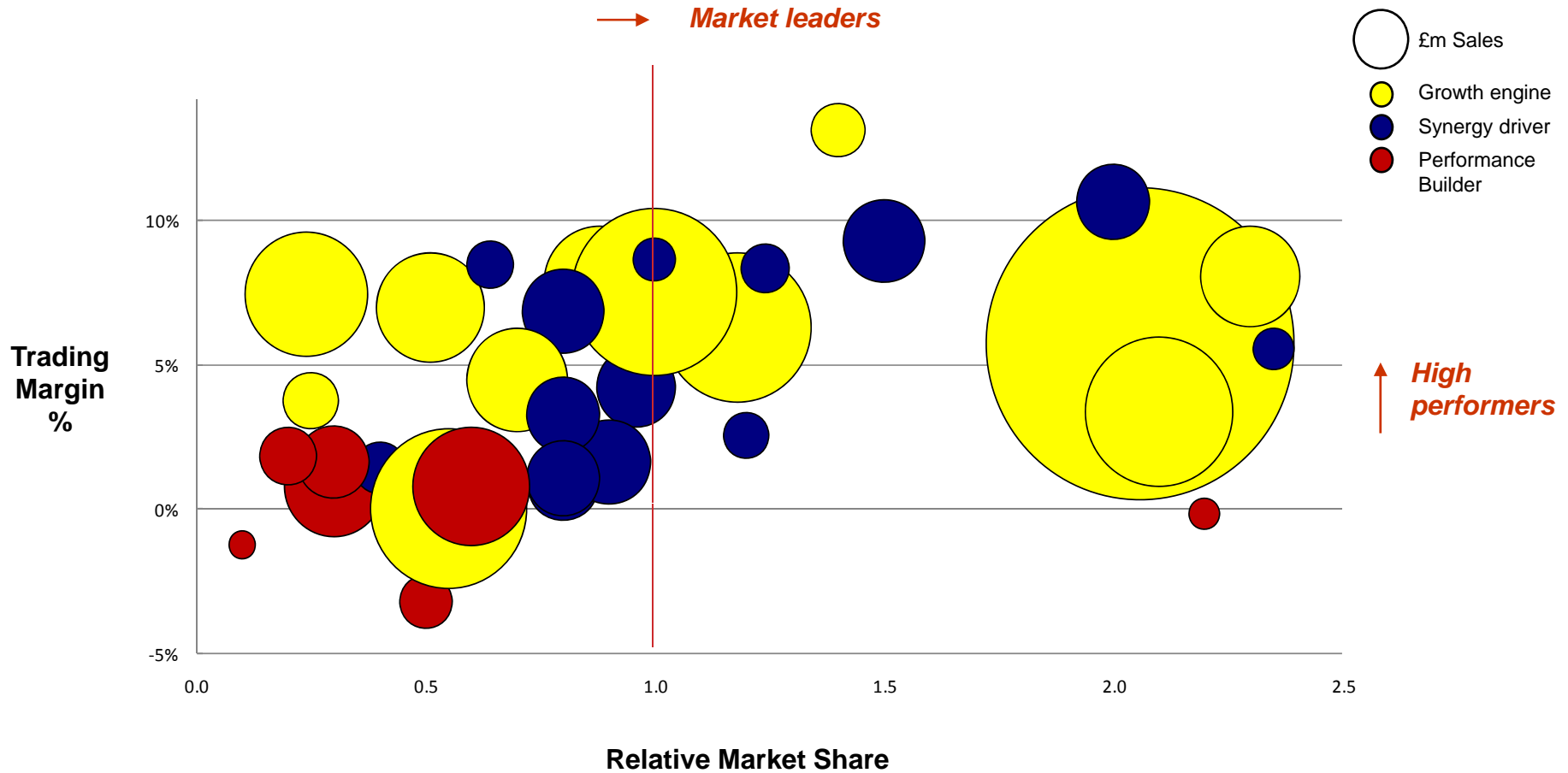


Resource Allocation *Selection Criteria*

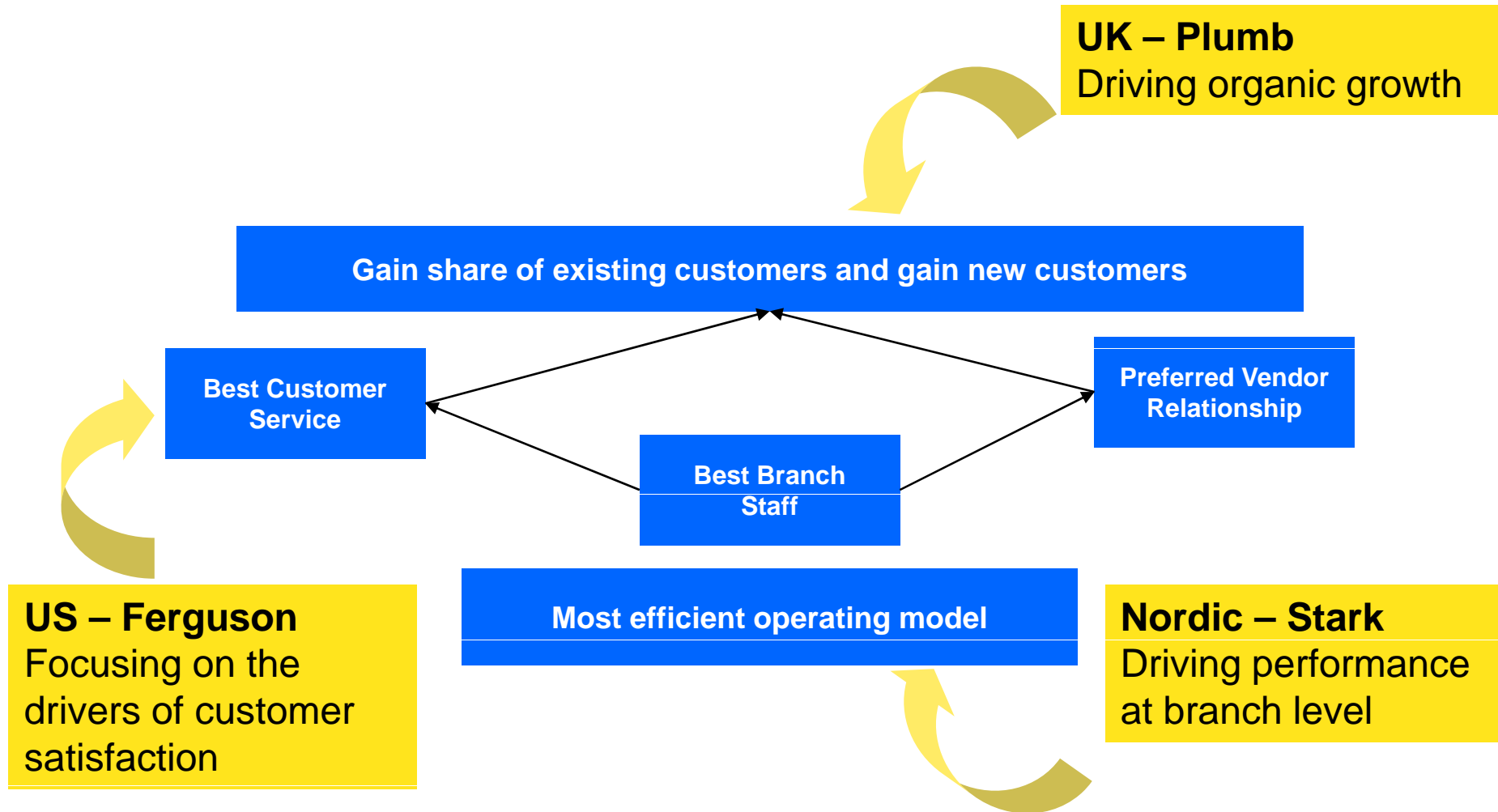


Portfolio

Trading Margin vs Market Share



Business Unit Strategy Framework



Ferguson – Major Initiatives

- Pricing initiatives across network
- Private label expansion
- Showroom productivity / technology
- E-commerce:
 - Ferguson online
 - Build.com
- Branch performance management
- National advertising campaign
- Customer service improvements

Ferguson - Best Customer Service

Customer Service Dashboard / Correlations

FEI February Net Promoter Score (NPS)		Prior Month	FEI Average	Relationship with Associates		Prior Month	FEI Average
Feb-2011, average score	65.00			Feb-2011, average score	8.18		
Prior month average score	55.00			Prior month average score	7.35		
Range of Products Offered		Prior Month	FEI Average	Availability of Products		Prior Month	FEI Average
Feb-2011, average score	8.83			Feb-2011, average Score	8.47		
Prior month average score	8.75			Prior month average score	8.26		
Rate and Speed of Service		Prior Month	FEI Average	Competitive Pricing		Prior Month	FEI Average
Feb-2011, average score	8.73			Feb-2011, average score	8.14		
Prior month average score	8.47			Prior month average score	7.95		
Accuracy and Consistency of Billing		Prior Month	FEI Average	Accuracy and Consistency of Deliveries		Prior Month	FEI Average
Feb-2011, average score	8.65			Feb-2011, average score	7.50		
Prior month average score	7.40			Prior month average score	7.40		

Source: Company data (based on 450 unique respondents)

Ferguson - Best Customer Service *Top 3,000 SKU Initiative*

- Launched top 2,000 SKU initiative in November 2009
 - Goal to provide 100% fill rate at branch
 - Within branch and from Distribution Centers

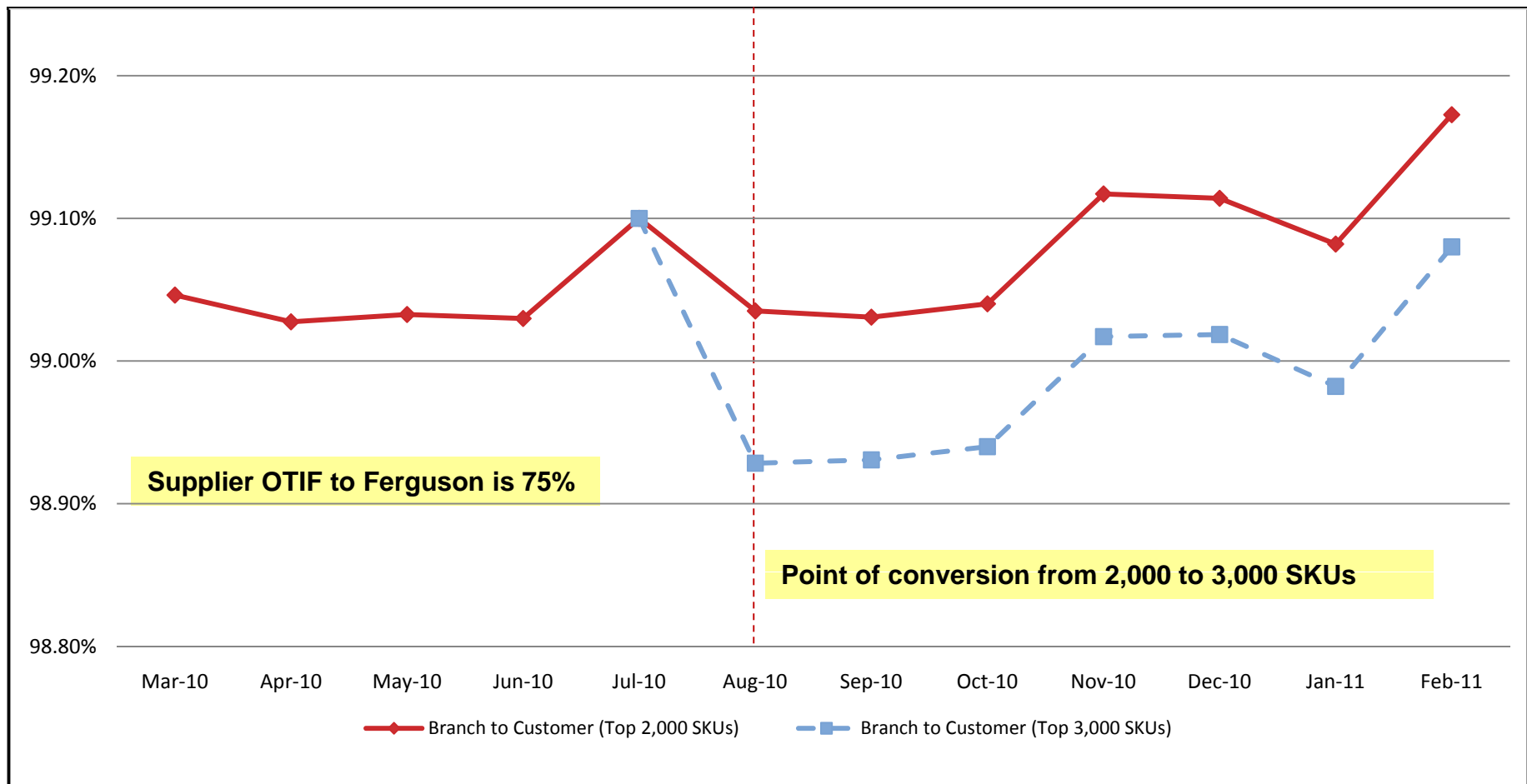
- Extended to 3,000 SKUs in August 2010

- Progress – Feb 2010 to Feb 2011
 - Overall improvement on service levels – to 99.2%
 - 2.0% improvement on SKUs with 100% DC service levels
 - 10% reduction in like-for-like inventory – to \$8.2m

Ferguson - Best Customer Service

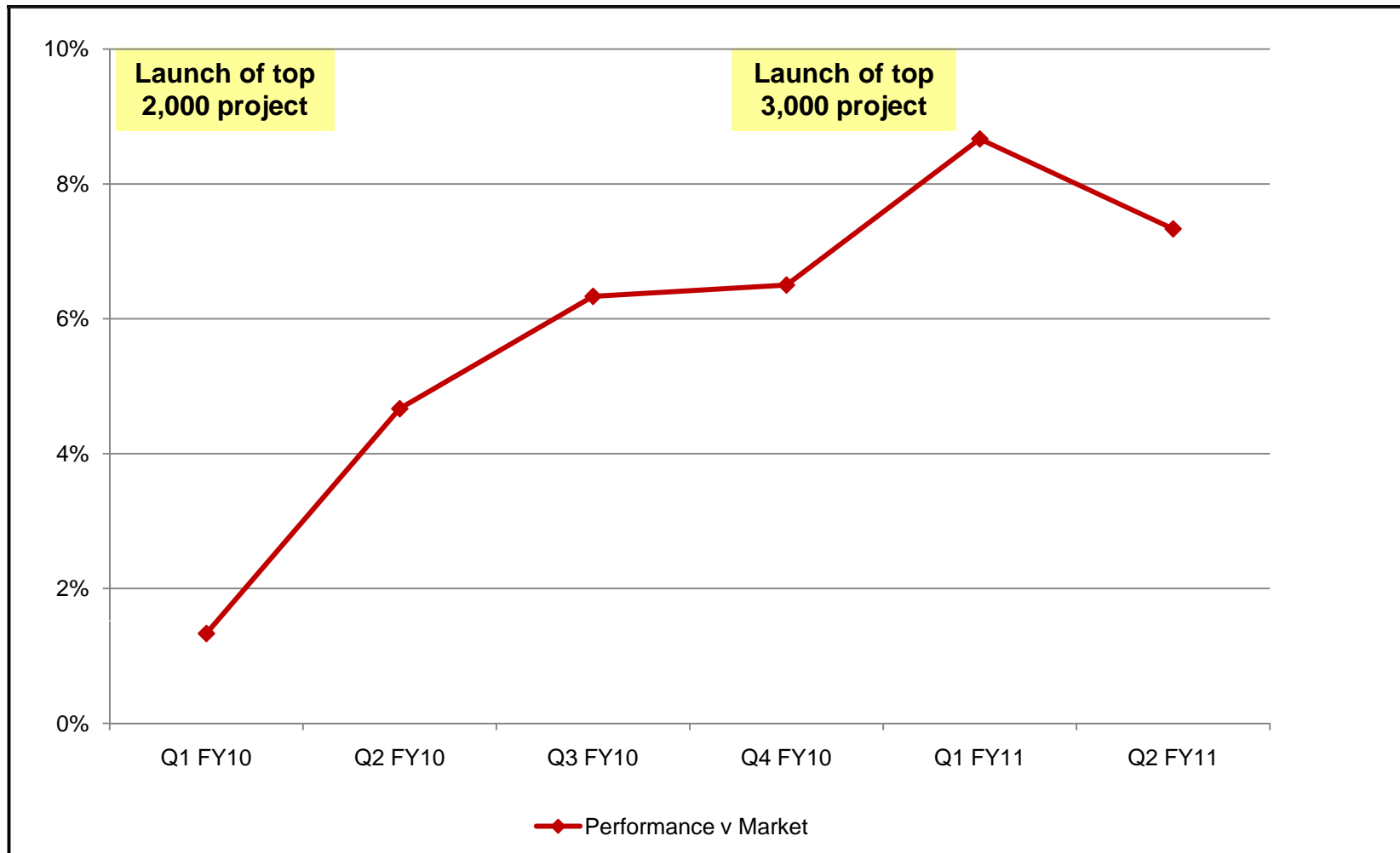
Top 3,000 SKU Fill Rate

Fill Rate to Customer from Branch



Ferguson - Best Customer Service

Quarterly Market Share Performance



Ferguson - Best Customer Service *Ferguson Service Guarantee*

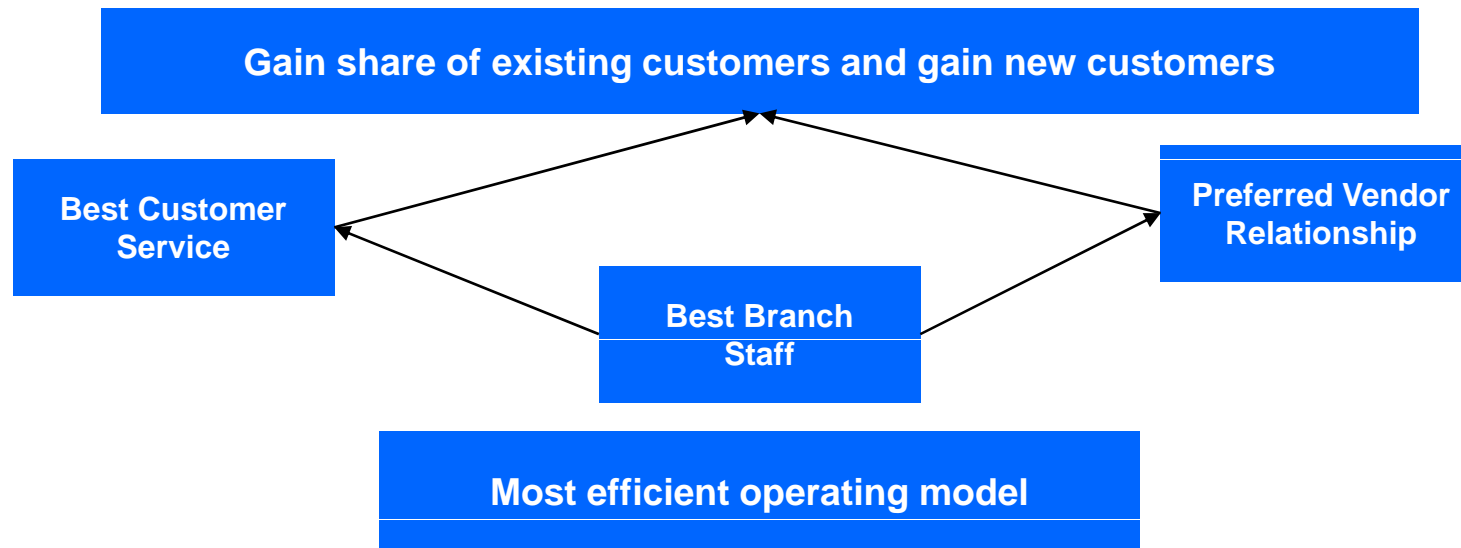


- ▶ Top 3,000 items in stock, everyday, all the time!
- ▶ 98% monthly fill rate!
- ▶ Pick-up orders ready in 1 hour!
- ▶ 24-hour emergency contact services!
- ▶ Orders ship where you want it, when you want it!
- ▶ We will fill competitor backorders within 24 hours!
- ▶ Weekly and monthly specials at all locations!

Nobody expects more from us than we do[®]

Business Unit Strategy Framework

UK – Plumb
Driving organic growth

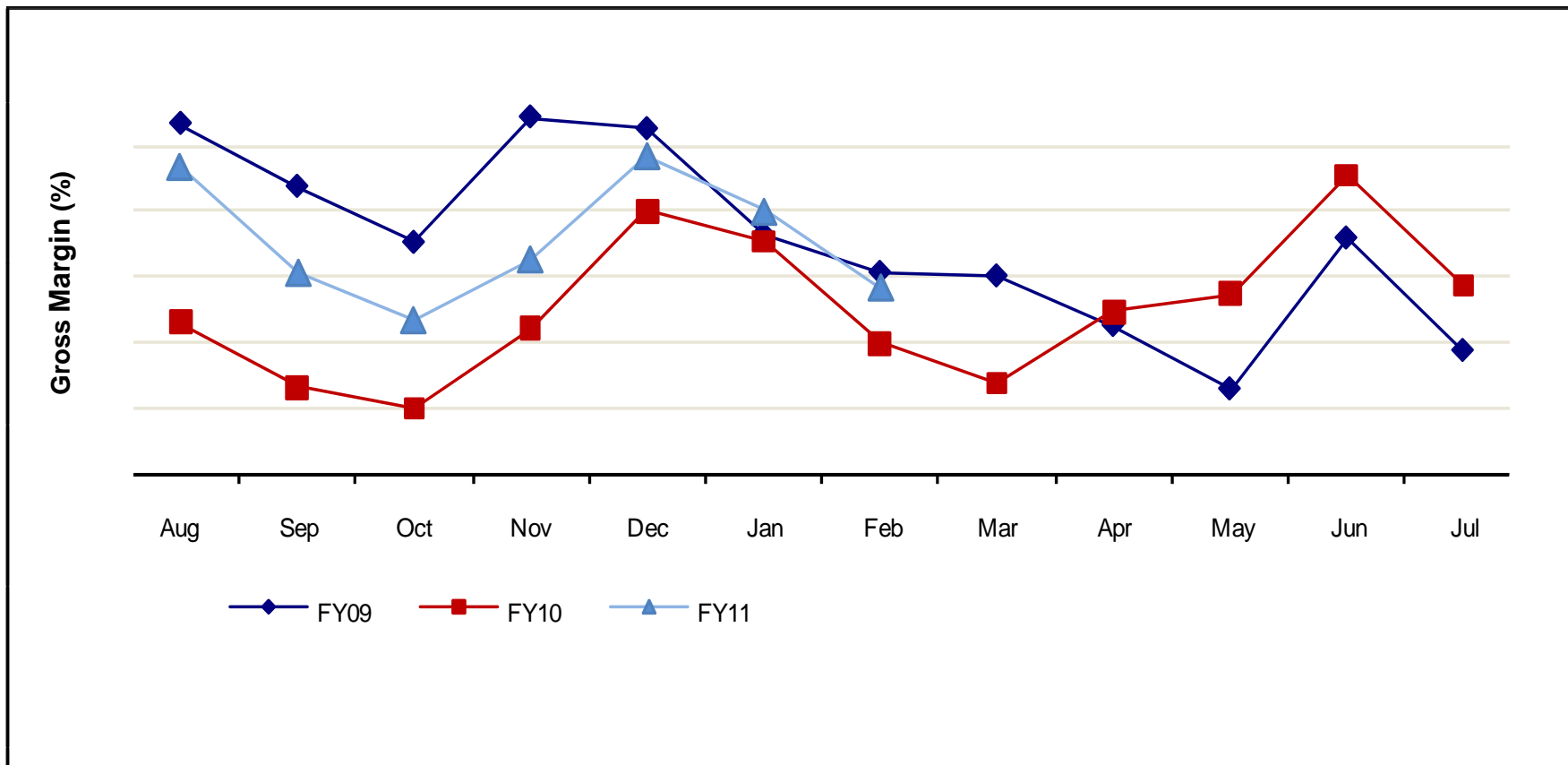


Plumb – Major Initiatives

- Local Area Networks
- Salesforce.com
- E-commerce
- Branch in-fills
- Product availability focus
- Merchandising
- Parts into Plumb
- Employee Engagement

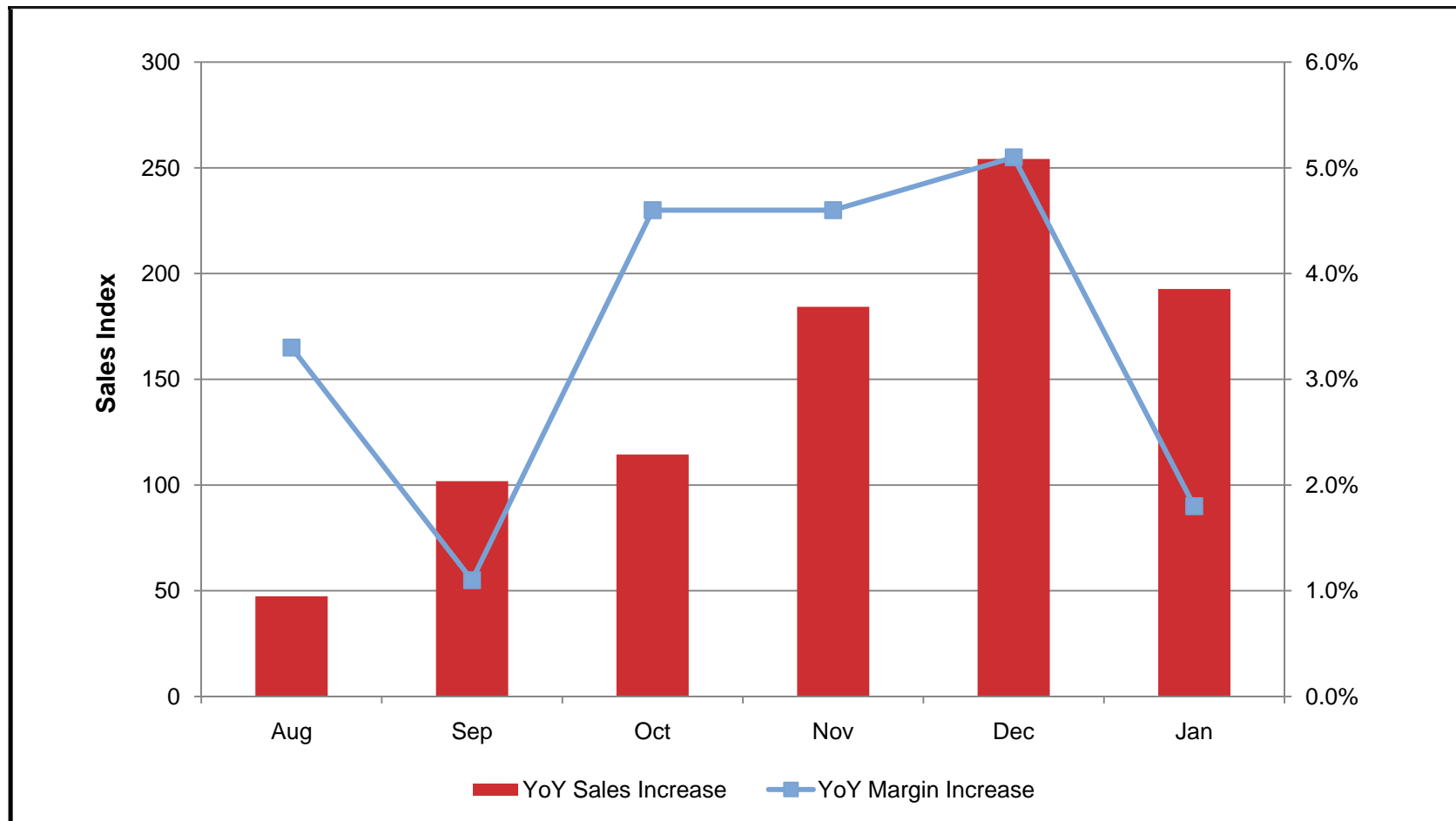
Plumb – Gain Share of Existing and New Customers

Gross Margin Performance



Plumb – Gain Share of Existing and New Customers

Growth of Parts Sales and Gross Margins in Plumb Branches



Plumb – Gain Share of Existing and New Customers

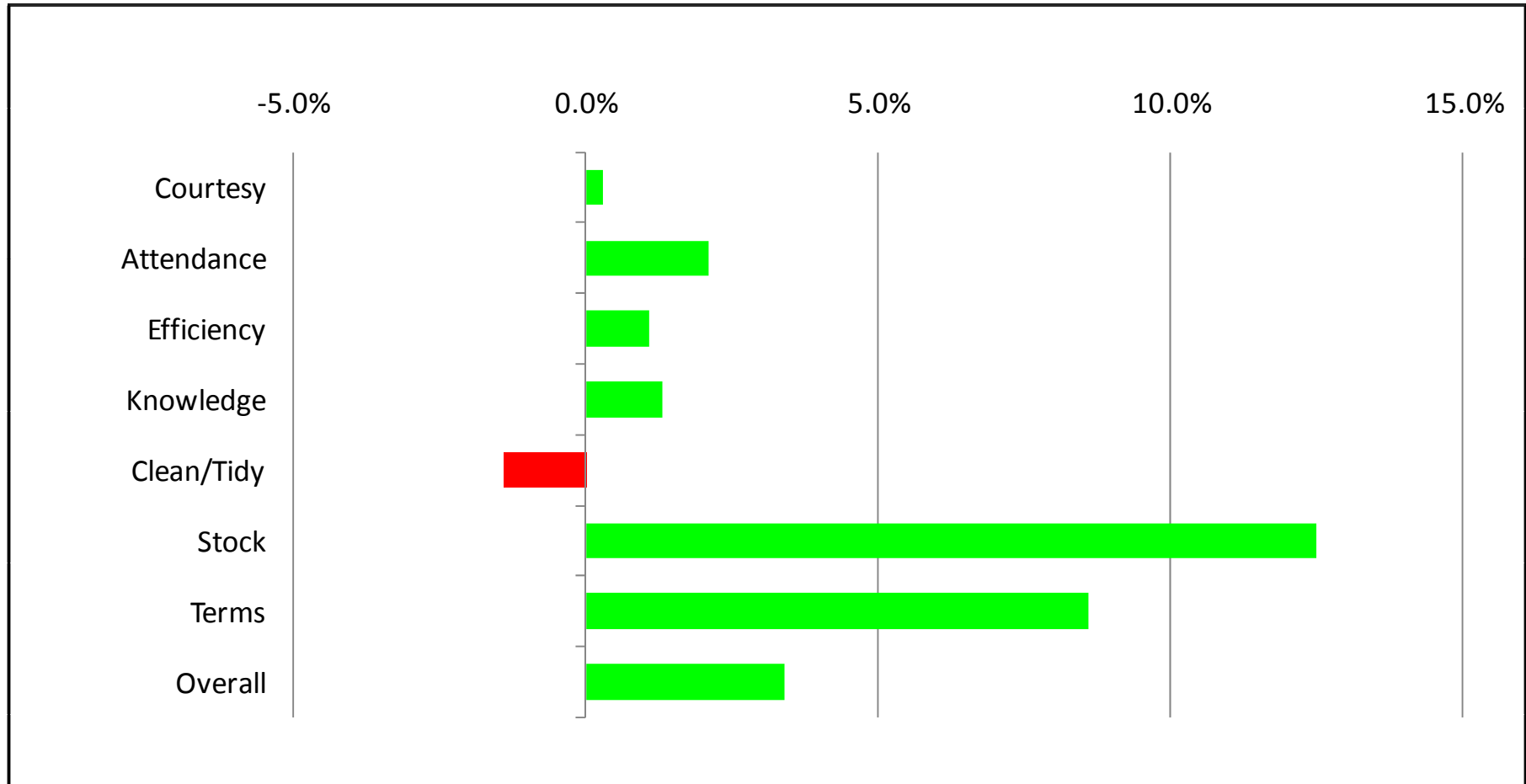
Employee Engagement Survey 2010

Area of engagement	2008	2010	Change
Satisfaction with my current job	79%	80%	+1%
Motivated in my present job	68%	71%	+3%
Satisfied with my company as an employer	61%	75%	+14%
Committed to the company	69%	80%	+11%
Proud to work for the company	62%	74%	+12%

All scores shown are the percentage who agreed or strongly agreed with each statement

Plumb – Gain Share of Existing and New Customers

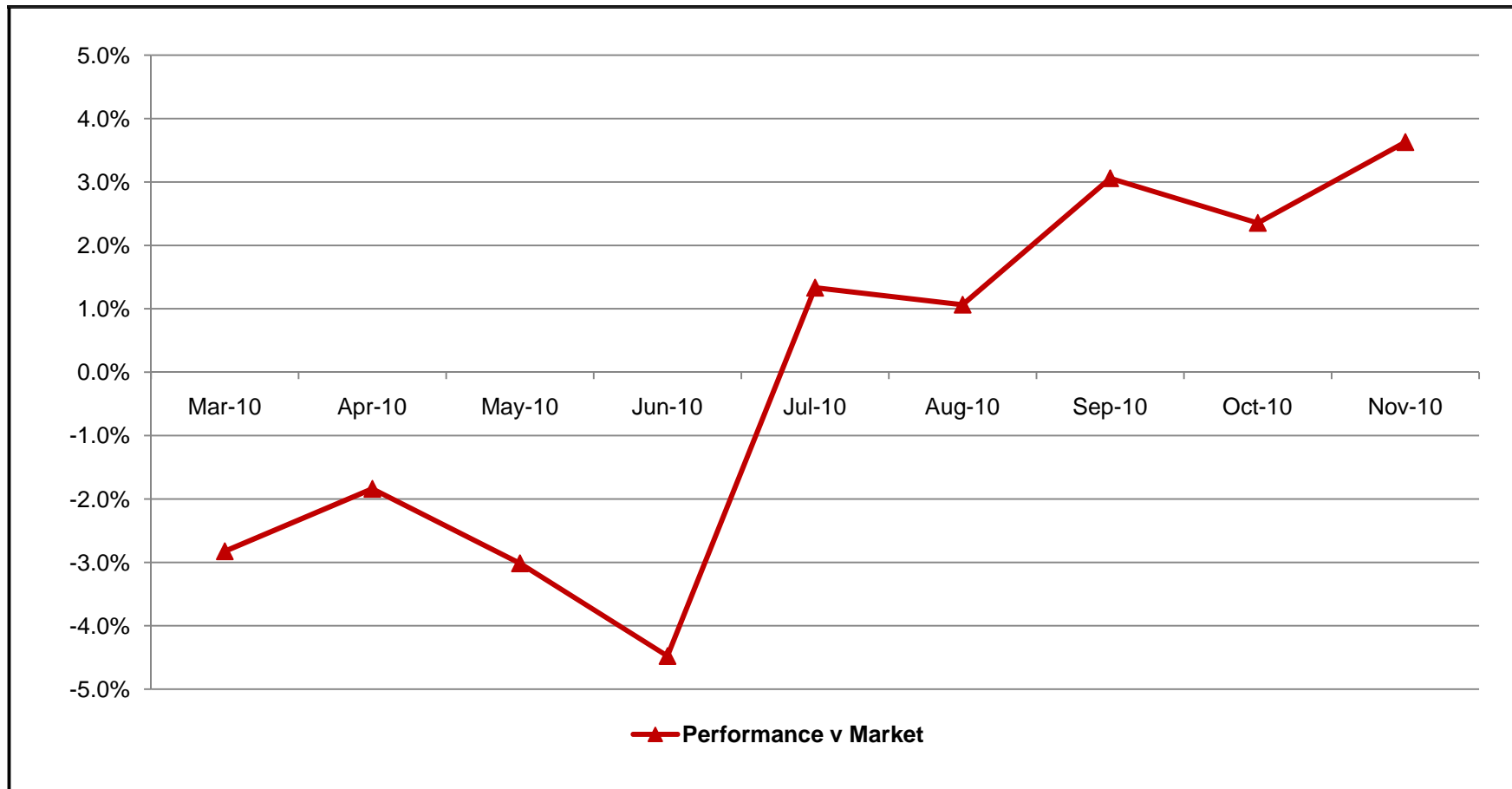
Customer Service Improvement Q2 vs Q1



Source: Company data (based on 2,642 respondents)

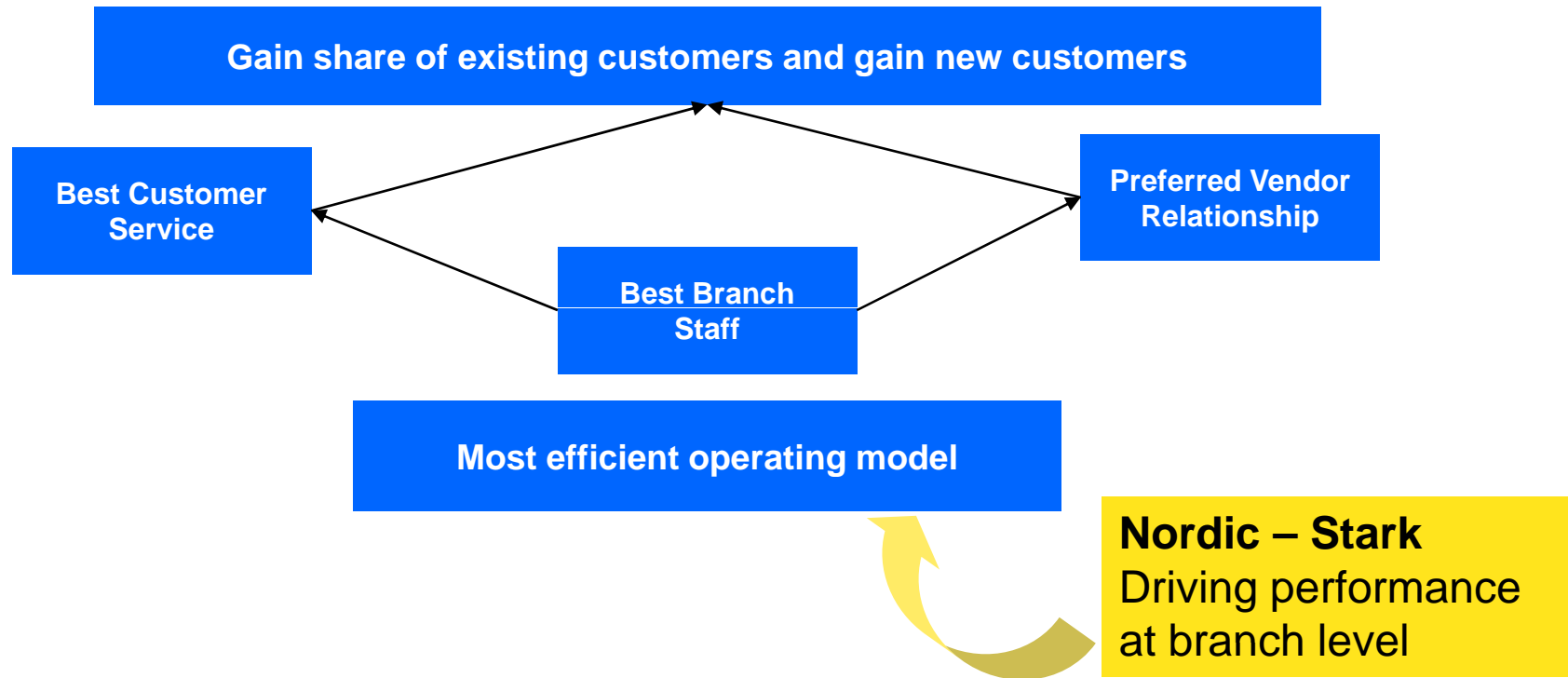
Plumb – Gain Share of Existing and New Customers

Major Markets Survey vs Wolseley




* Excludes Bathstore and Pipe Centre

Business Unit Strategy Framework



Stark – Major Initiatives

- Sales channel strategies
- Staff training / skills enhancement
- New category concepts
- Customer training
-  Branch performance management

Stark – Most Efficient Operating Model

Front Office - Dashboard

Sales & gross profit

Sales activities

Customer growth and decline

Product split

Follow up customer on quotations

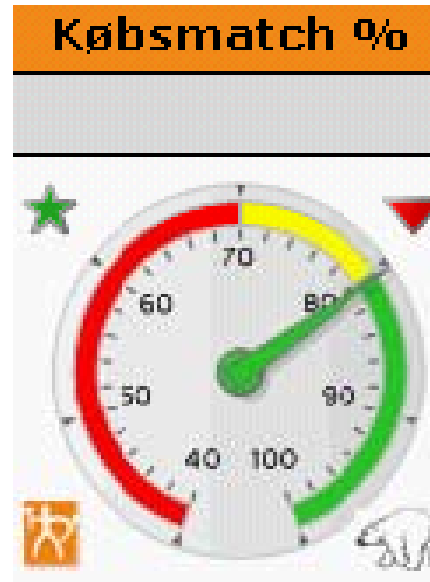
Customer Satisfaction scores

STARK		Salg SALGSTEAM 1	
		Tirsdag, 1 Februar 2011	Sælger Navn
Salg			
	Dag	Måned	ÅTD
Omsætning	327.164	1.190.444	10.909.445
BA	12.007	75.410	602.905
Salgsoptimering			
	Oms	BavB	DG Fordeling %
Lagersalg	956.166	125.263	6,72 80,3
- Afhentet	220.138	21.633	19,45 23,0
- Leveret	736.028	103.630	2,91 77,0
Direkte	234.278	25.226	4,78 19,7
Møder / Kundearrangementer		Tilbuds opfølgning	
Type	Dag Ugen / Mål →	Dato for opfølgning overskredet	16
Ekstra loyale (+ 75%)	2 1 3 15	Følges op på i dag	3
Loyale (50-75 %)	0 2 3 3	2 Tilbud lukket i går.	
Mellem loyale (25-50 %)	0 1 2 7		
Sjældent loyale (0-25 %)	0 1 1 2		
Kundeudvikling			
Vundne kunder (Vækst top 5)			
	Salg S.Å	Salg i år	Udvikling Idx%
Vækst	6.326.322	7.263.321	865.226 115
	275.535	473.459	197.924 172
	138.020	314.400	176.380 228
	13.386	148.712	135.325 1111
	81.042	211.318	130.275 261
	37.280	166.315	129.035 446
Tabte kunder (Bund top 5)			
	Salg S.Å	Salg i år	Udvikling Idx%
Tilbagegang	4.226.226	3.663.222	- 563.114 87
	1.404.397	812.170	- 592.228 58
	738.869	153.013	- 585.856 21
	955.349	382.441	- 572.908 40
	480.934	23.077	- 457.857 5
	772.667	371.565	- 401.102 48
Kundetilfredshed			
10	2	3	Antal besvarelser 15
Omsætnings fordeling og BA %			
Hovedvaregruppe	Andel af omsætning		BavB %
1 Trælast	5,3%		16,6%
2 Isenkram	31,1%		28,6%
3 Træplader	5,5%		20,1%
4 Isolering	21,5%		14,7%
5 Forarb.træprod.	15,4%		16,2%
6 Murerartikler	12,6%		21,8%
7 Have/fritid	0,6%		20,6%
8 Andre bygn.art.	4,9%		10,4%
9 Div. produkter	3,1%		32,3%

Stark – Most Efficient Operating Model

A Closer Look at a KPI

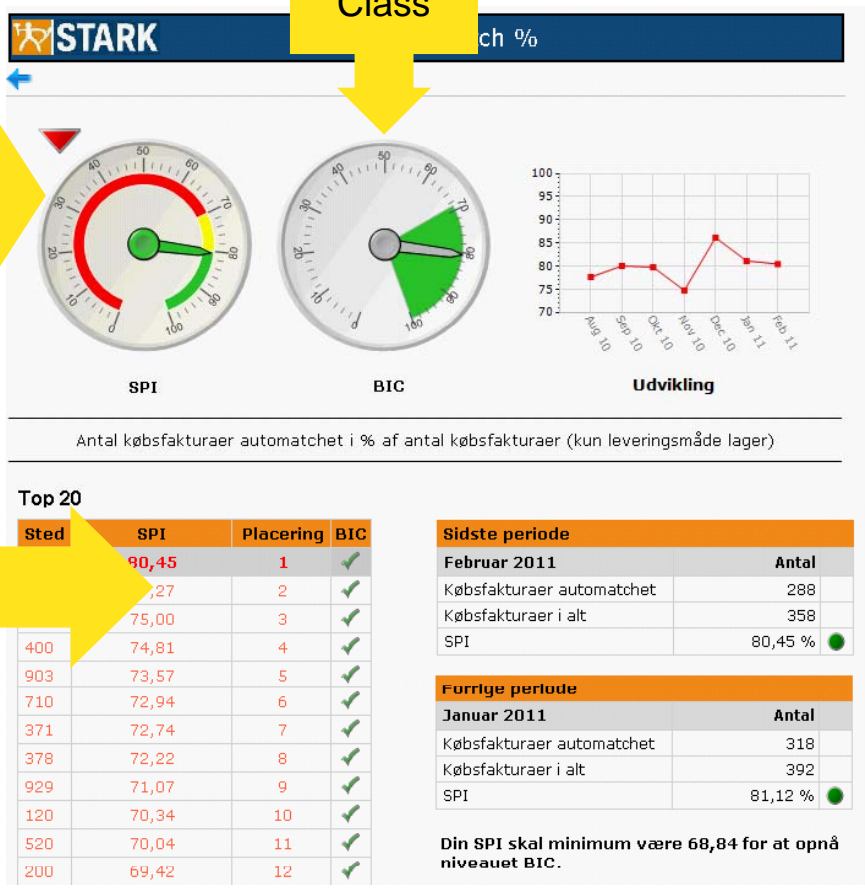
Example: KPI showing proportion of invoices matched with orders



- => ★ Best-in-class
- => ▼ Development compared to last period
- => 🏠 List all branches in league table
- => 🐘 STARK Greenland

Stark – Most Efficient Operating Model

An Even Closer Look at a KPI



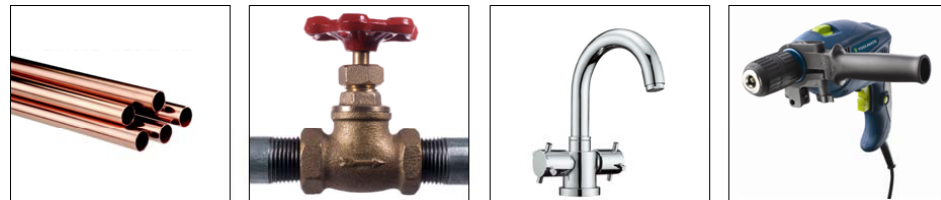
Summary

- Future direction of Group clear
 - Organic growth in Growth Engines and Synergy Drivers
 - Performance Builders being resolved
 - Bolt-on acquisitions
- Business performing better
 - Like-for-like growth above market
 - Customer service
 - Employee engagement
 - Gross margin/costs/balance sheet

} Branch by branch
- Significant growth opportunities available with good returns
 - Top-line
 - Gross margin
 - Net margin expansion

Q&A

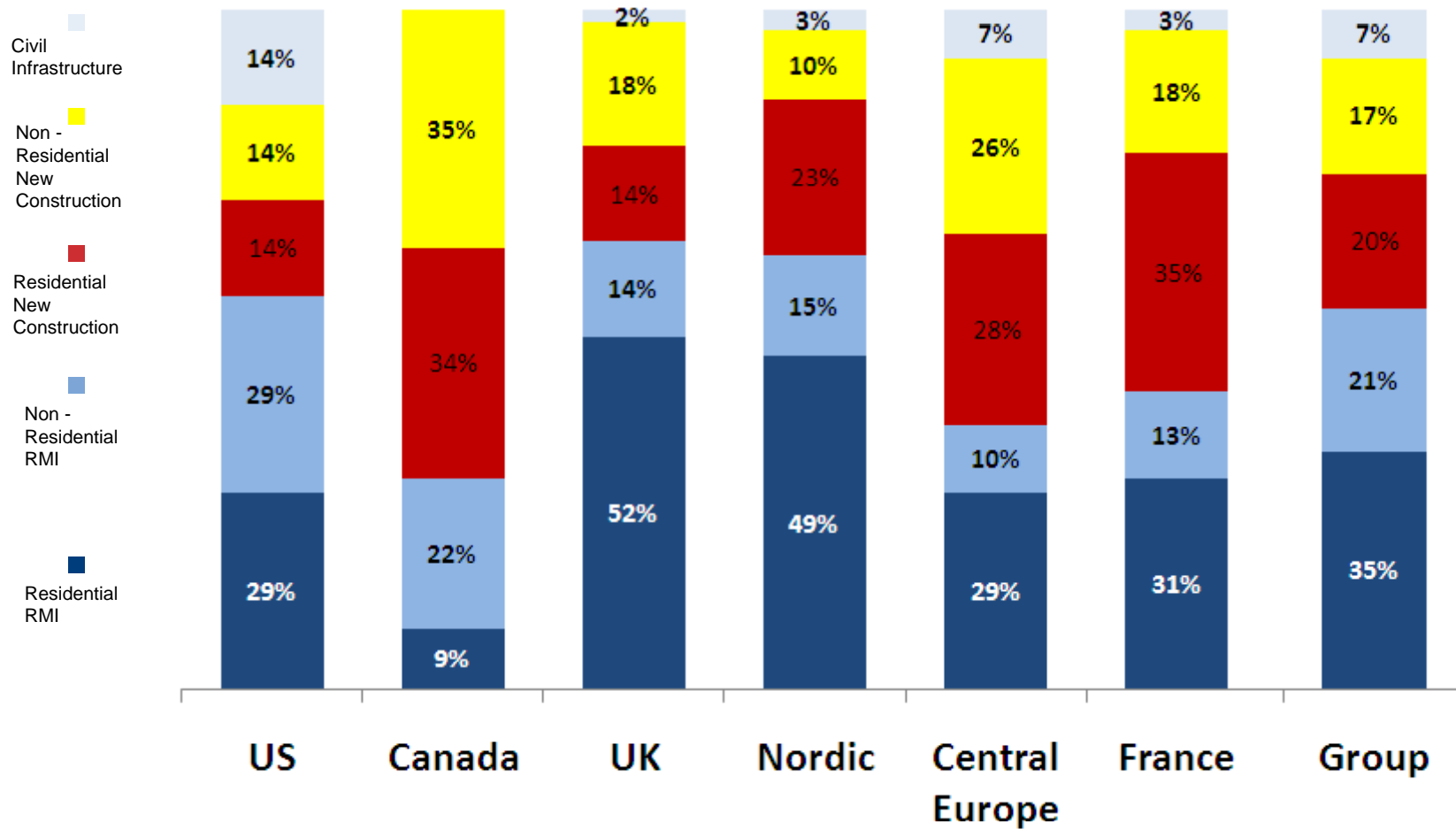
Appendices



Currency

	H1 2011 Average	H1 2010 Average	Movement	@ 31 January 2011	@ 31 July 2010
US\$	1.57	1.63	4%	1.60	1.57
CAN\$	1.60	1.74	8%	1.60	1.61
DKK	8.78	8.34	(5%)	8.72	8.96
Euro	1.18	1.12	(5%)	1.17	1.20
CHF	1.55	1.69	9%	1.51	1.63

Product Destination Analysis



Group: RMI 56%, New Residential 20%

Performance Builders

	LY	TY	Total
Brought forward	19	13	19
Integrated	(4)	(1)	(5)
Exited*	(2)	(1)	(3)
	<u>13</u>	<u>11</u>	<u>11</u>
Being exited	(3)	(5)	(5)
Balance carried forward	<u>10</u>	<u>6</u>	<u>6</u>

Build and Brossette represent two thirds of all performance builder revenue

*Brandon Hire, Public Works, Italy

Disposals

£m		H1 2011	H1 2010	H2 2010
Revenue	Ireland	-	69	-
	Brandon	6	34	36
	UK	6	103	36
	Italy	53	60	64
Trading Profit	Ireland	-	(6)	-
	Brandon	1	1	4
	UK	1	(5)	4
	Italy	(1)	(5)	(4)

Market Overview

Key Indicators

Trend	
Improving	Green
Flat	Yellow
Declining	Red

USA-	GDP Growth (2011F) ¹	3.2%
	Annual Unemployment Rate (2011F) ²	9.0%

Consumer Confidence Index³		Single-Family Home Sales (000s)⁴		Billings Index: Commercial⁵	
Feb 11 v Jan 11	+5.6	Jan 11 v Jan 10	+5.3%	Jan 11 v Dec 10	+1.9

UK	GDP Growth (2011F) ¹	1.6%
	Annual Unemployment Rate (2011F) ²	8.2%

Spending Index⁶		Property Transactions⁷		Composite Lead Indicators⁸	
Jan 11 v Dec 10	-20	Q4 10 v Q4 09	-12.8%	Dec 10 v Nov 10	-0.5

Denmark	GDP Growth (2011F) ¹	1.6%
	Annual Unemployment Rate (2011F) ²	7.9%

Construction Confidence Index⁹		Construction Industry Employment¹⁰		Sales of Real Estate¹¹	
Jan 11 v Dec 10	-1	Q4 10 v Q3 10	+3.2%	Q3 10 v Q3 09	+3%

Sweden	GDP Growth (2011F) ¹	4.3%
	Annual Unemployment Rate (2011F) ²	7.5%

Housing Starts¹²		Building Materials Market (SEKbn)¹³		Builder Confidence Index¹⁴	
2011(F) v 2010	+10%	2011(F) v 2010	+3.9%	Feb 11 v Jan 11	-1

France	GDP Growth (2011F) ¹	1.5%
	Annual Unemployment Rate (2011F) ²	9.6%

Consumer Confidence Index¹⁵		Housing Starts¹⁶		Housing Permits¹⁷	
Jan 11 v Dec 10	+0.1	2011(F) v 2010	-3%	2011(F) v 2010	-3.7%

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	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	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