

# WOLSELEY

**The name the world builds on**

Interim Management Statement for the nine months  
ended 30 April 2008

21 May 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.*

# Overview

- Trading for 3 months ended 30 April 2008 follows a similar pattern to first half
- Markets continue to soften, broadly as expected
- US commercial and industrial markets have held up
- European markets have softened, particularly the UK
- Further action taken to adjust cost base with one-off costs of £50m in Q4.
- Annualised cost savings of around £70m
- Emerge from downturn as a stronger organisation with excellent platform for future growth
- Short term focus remains on cost reduction and generating cash

# Financial summary

## *Nine months ended 30 April 2008*

- Revenue up 2%
- Trading profit down 23%
- Profit before tax and amortisation and impairment of acquired intangibles down 30%
- Spot cash to cash days improved to 53.0 days (30 April 2007: 58.2 days) and cash conversion was 150%
- Cautious approach to acquisitions. Reduced capex
- Reduced net debt of £2,875m and gearing of 81%
- Committed and undrawn banking facilities of around £900 million
  - Repaid €500m bridging facility that matured in March
  - Gave notice to repay the two facilities, totalling £270m, with 3x net debt to EBITDA covenants
  - Added two new facilities for \$200m and €250m

# North America

- Ferguson continued to take market share, although was adversely impacted by a weakening new residential market and a slowing RMI market
  - Local currency revenue up 1% due to acquisitions and trading profit 1% lower
  - Organic revenue decreased 3%
  - 75 branches to close in Q4 with loss of 200 headcount
- Stock reported a trading loss of \$158m reflecting lower gross margins and 25% lower revenue
  - Average housing starts down 27% to 1.1m (2007:1.5m)
- Wolseley Canada achieved revenue growth of 2% although trading profit was 15% lower
  - 15 locations to be closed/consolidated before 31 July 2008

# Europe

- UK and Ireland revenue up 3% reflecting the slower new housing and RMI markets. Trading profit was 6% lower, although underlying trading profit up (excluding Ireland and property profits)
- Wolseley France revenue was up 3% but trading profit was down 18%
- Overall Nordic markets held up well and DT achieved revenue of £1,573m and trading margin around 6%. Q4 comparators tougher
- Central and Eastern Europe achieved 3% constant currency revenue growth and trading profit was around 50% lower

# Outlook

- Challenging conditions in many markets are expected to continue
- In the USA commercial and industrial markets should remain stable into the new financial year
- Focus on cost reduction and cash maximisation