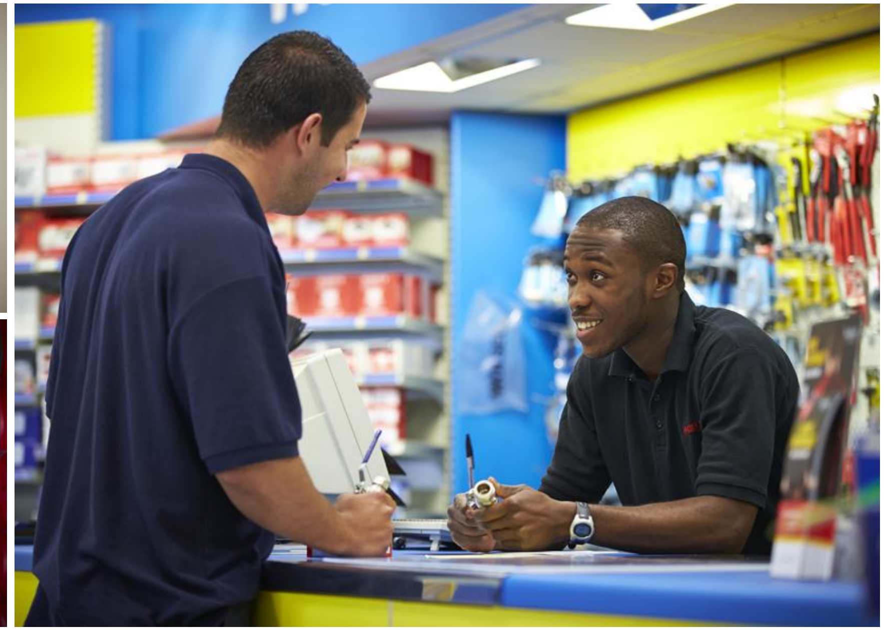
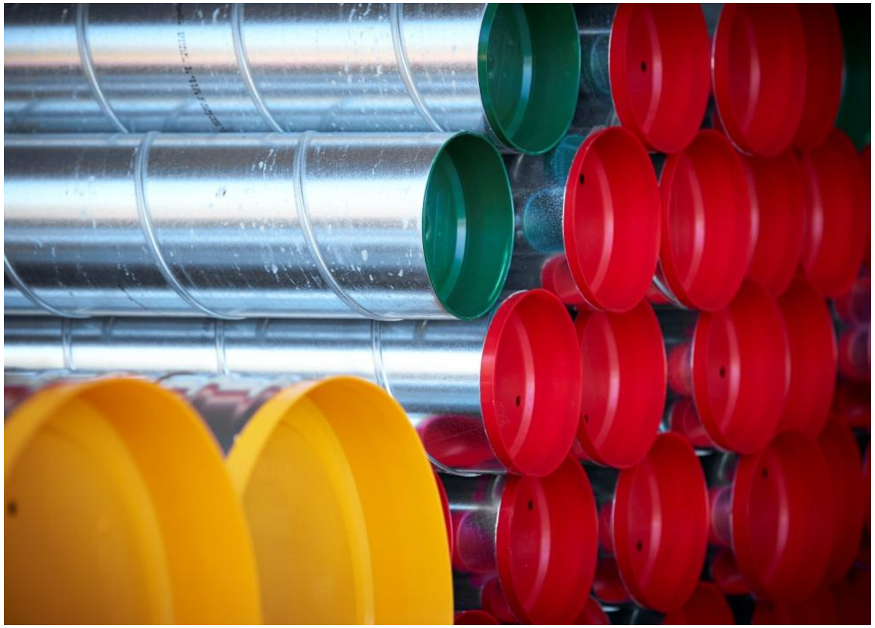


WOLSELEY

2013
Full Year Results

Welcome and Highlights

Ian Meakins, Chief Executive



Highlights

- Like-for-like growth, market share gains, margins ahead
- Gross margin improvements
- Decent flow-through
  - US margins
  - cost control / productivity
- Strong cash generation - dividends
- Six small bolt-on acquisitions completed
- Execution of French plans
- Continued performance management improvement
- Developing more efficient / productive business models

Operating and Financial Review

John Martin, Chief Financial Officer

Financial highlights

	2013	**2012****	Change	Like-for-like Change
Ongoing revenue	**£12,854m**	£12,345m	+4.1%	+2.9%
Ongoing gross margin %	**27.8%**	27.5%	+0.3%	
Ongoing trading profit*	**£725m**	£655m	+10.7%	
Ongoing trading margin %*	**5.6%**	5.3%	+0.3%	
Impairments & exceptional items	**(£174m)**	(£377m)		
Net (debt) / cash	**(£411m)**	£45m		
Headline EPS*	**181.8p**	168.4p	+8.0%	
Ordinary dividend per share	**66p**	60p	+10.0%	

* Before exceptional items and the amortisation and impairment of acquired intangibles

** 2012 restated to exclude the results of businesses sold or held for sale at 31 July 2013

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Like-for-like growth

	Q4 last year	Q1 this year	Q2 this year	Q3 this year	**Q4 this year**
USA	+6.7%	+7.1%	+9.7%	+8.3%	**+7.8%**
Canada	+4.5%	+3.1%	+1.2%	+0.0%	**+3.0%**
UK	+3.6%	(0.3%)	+0.3%	+5.2%	**+5.1%**
Nordic	(3.1%)	(4.8%)	(8.0%)	(7.5%)	**(3.1%)**
France	(5.0%)	(8.4%)	(12.9%)	(9.8%)	**(5.8%)**
Central Europe	(1.5%)	(0.5%)	(1.3%)	(4.5%)	**(3.5%)**
Ongoing businesses	+2.9%	+2.4%	+2.7%	+2.9%	**+3.7%**

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USA

£m	**2013**	2012	Change	Like-for-like Change
Revenue	**6,785**	6,168	+10.0%	+8.2%
Trading profit	**492**	388	+26.8%	
Trading margin	**7.3%**	6.3%	+1.0%	
Branches	**1,348**	1,301		
Headcount	**18,969**	18,254		

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Canada

£m	**2013**	2012	Change	Like-for-like Change
Revenue	**875**	850	+2.9%	+2.0%
Trading profit	**51**	49	+2.7%	
Trading margin	**5.8%**	5.8%	-	
Branches	**219**	220		
Headcount	**2,511**	2,607		

UK ongoing

£m	**2013**	2012*	Change	Like-for-like Change
Revenue	**1,769**	1,667	+6.1%	+2.5%
Trading profit	**95**	93	+2.2%	
Trading margin	**5.4%**	5.6%	(0.2%)	
Branches	**765**	764		
Headcount	**5,952**	5,900		

* 2012 restated to exclude the results of businesses sold or held for sale at 31 July 2013

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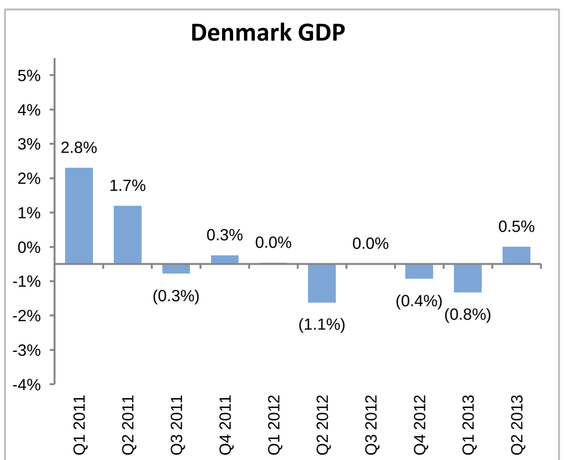
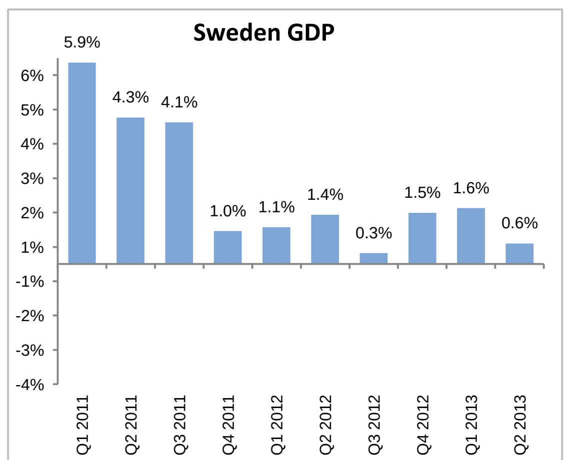
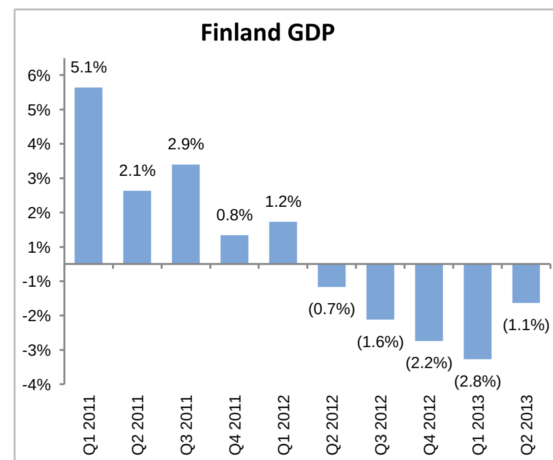
Nordic ongoing

£m	2013	2012*	Change	Like-for-like Change
Revenue	**1,916**	2,029	(5.6%)	(5.7%)
Trading profit	**86**	93	(7.5%)	
Trading margin	**4.5%**	4.6%	(0.1%)	
Branches	**260**	263		
Headcount	**6,145**	6,276		







* 2012 restated to exclude the results of businesses sold or held for sale at 31 July 2013

GDP data is the movement of the quarter compared to the same quarter of the previous year. Source: OECD

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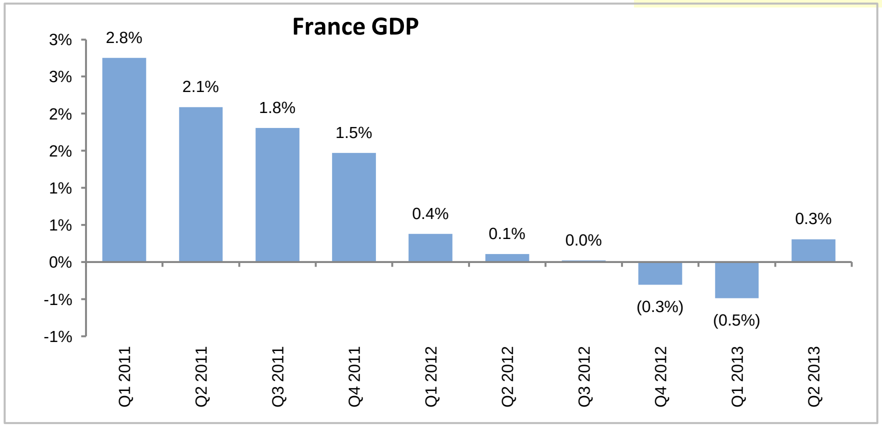
France ongoing

£m	2013*	2012*	Change	Like-for-like Change
Revenue	**642**	720	(10.8%)	(9.1%)
Trading profit	**10**	17	(41.2%)	
Trading margin	**1.6%**	2.4%	(0.8%)	
Branches	**158**	163		
Headcount	**2,869**	3,180		



* Excludes the results of businesses sold or held for sale at 31 July 2013 and excludes the results of IWS which is accounted for in the Central Europe segment

GDP data is the movement of the quarter compared to the same quarter of the previous year. Source: OECD

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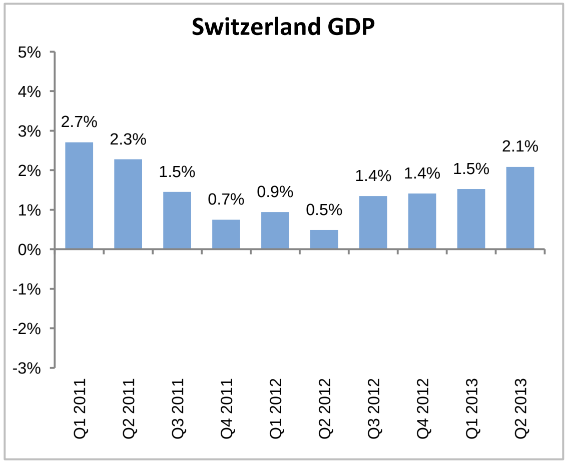
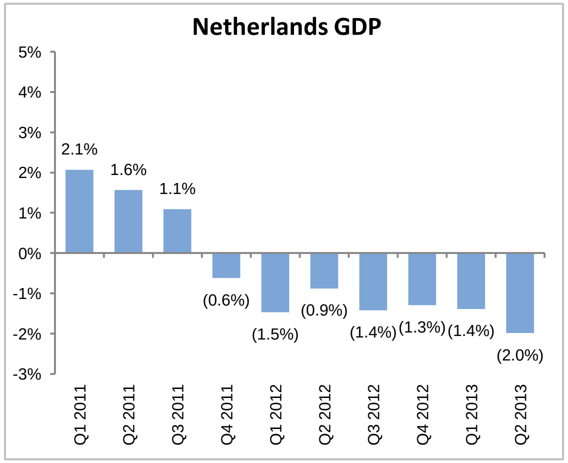
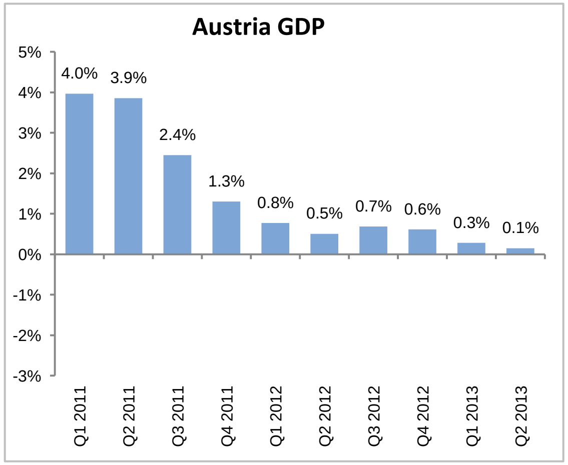
Central Europe ongoing

£m	2013*	2012*	Change	Like-for-like Change
Revenue	**867**	911	(4.8%)	(2.5%)
Trading profit	**33**	43	(23.3%)	
Trading margin	**3.8%**	4.7%	(0.9%)	
Branches	**167**	181		
Headcount	**2,736**	2,887		







* Excludes the results of businesses sold or held for sale at 31 July 2013 and includes the results of IWS
GDP data is the movement of the quarter compared to the same quarter of the previous year. Source: OECD

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Central and other costs

£m	**2013**	2012
Group costs	**35**	32
Non-recurring items	**7**	(4)
	42	28

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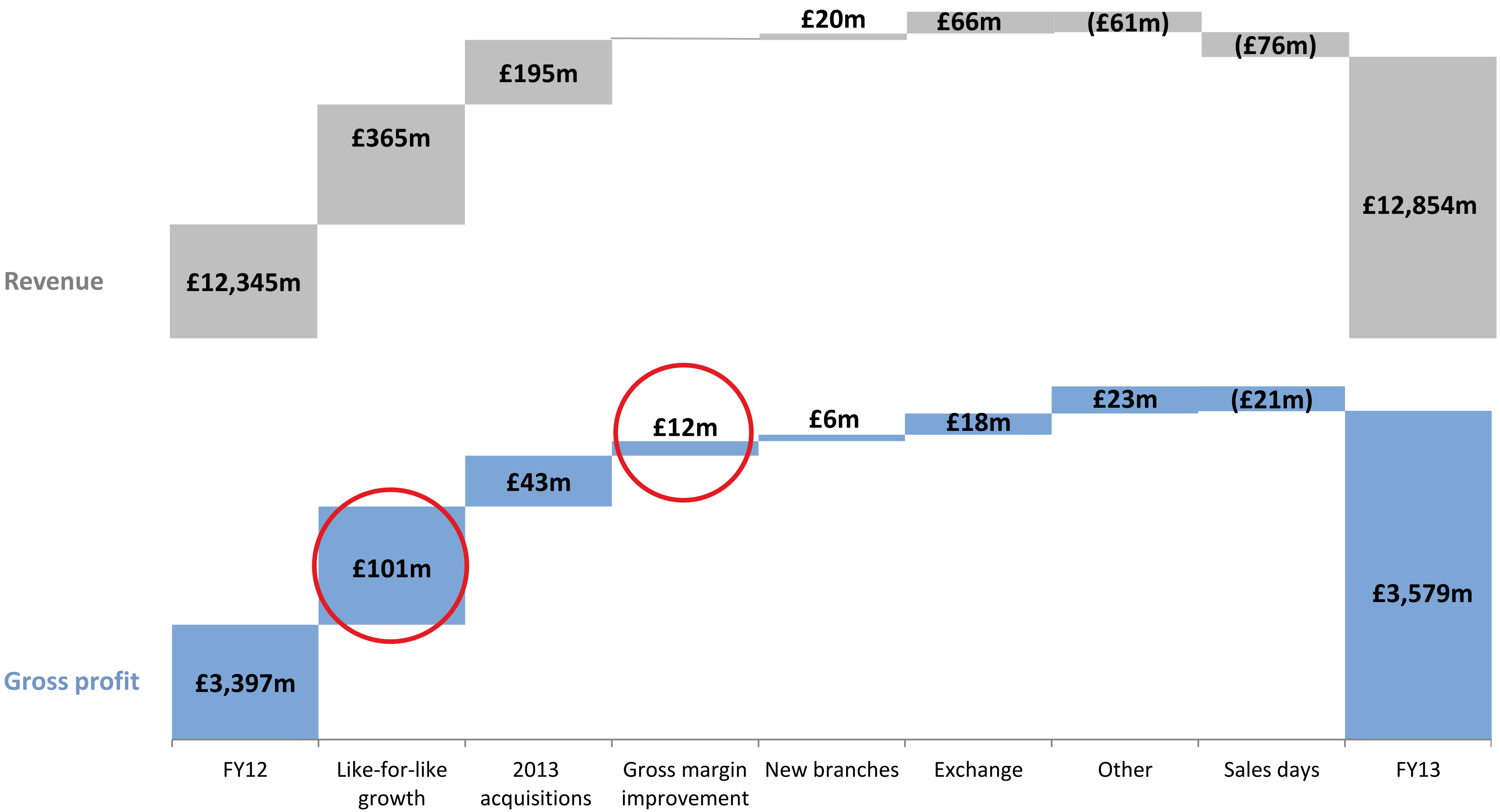
Revenue and gross profit in the ongoing business



Gross margin	27.5%	-	-	+0.1%	-	-	+0.2%	-	27.8%

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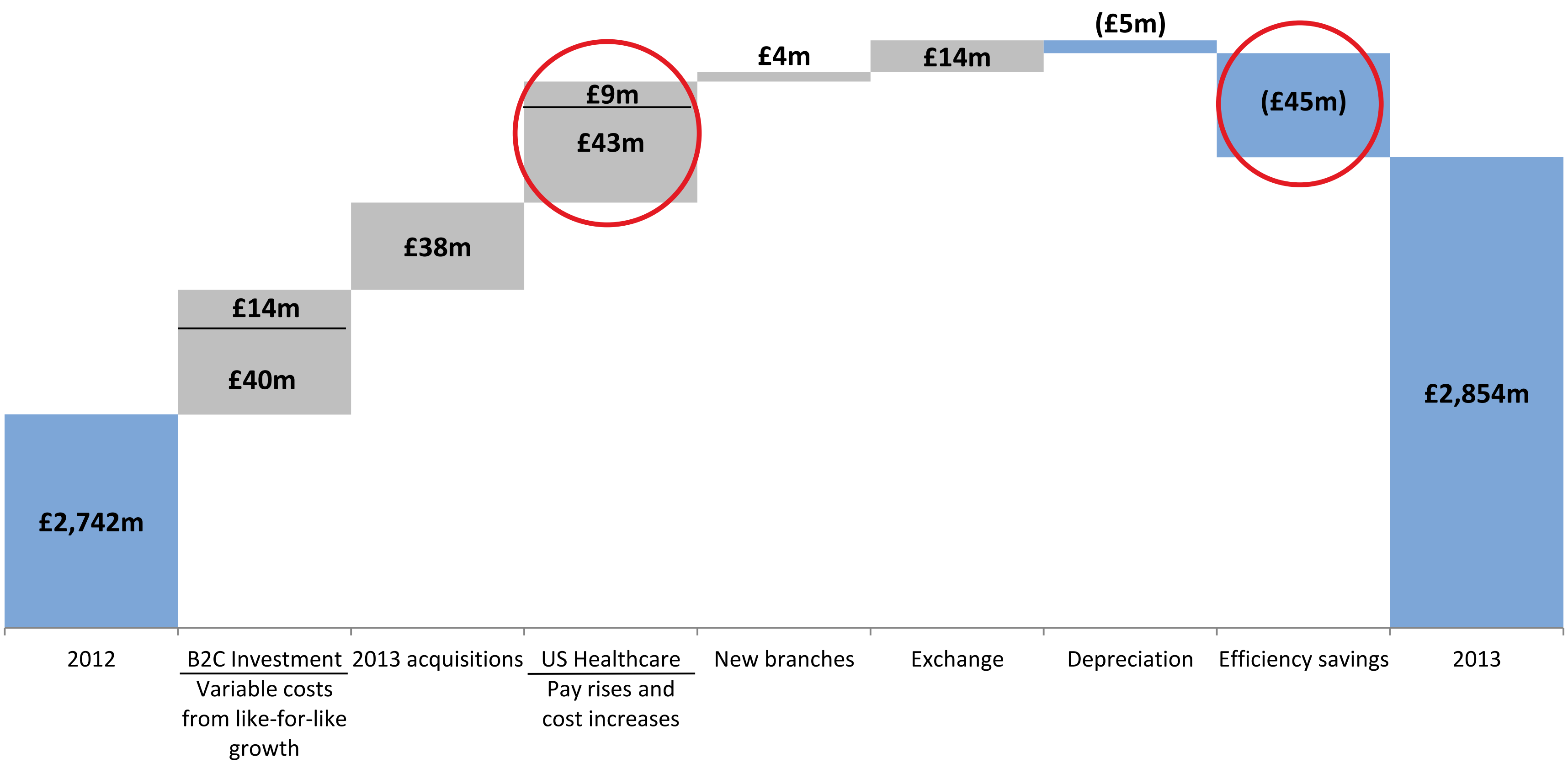
Operating expenses of the ongoing businesses



Income statement

£m	**2013**	2012
Trading profit	**725**	665
Amortisation	**(55)**	(60)
Impairments and exceptional items	**(174)**	(377)
Financing charges	**(23)**	(30)
Profit before tax	**473**	198
Tax	**(180)**	(138)
Discontinued operations	**12**	(3)
Profit for the year	**305**	57

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Financing and tax

£m	**2013**	2012
Financing		
Net interest charges	**21**	17
Pensions and provisions	**(2)**	9
Facility charges	**4**	4
	23	30
Tax		
P&L charge	**180**	138
Exceptionals, intangibles and other adjustments	**21**	20
Underlying P&L charge	**201**	158
Trading profit less financing charges	**702**	635
Effective tax rate	**28.6%**	24.9%

IAS19 changes to be applied next year will add £13m to 2013 financing charges

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Impairments and exceptional items

£m Charge / (credit)	2012 and earlier	2013	2014	2015 and later	Total
	Timing of cash impact				
Severance costs	-	19	19	-	38
Property provisions	-	-	9	18	27
Impairments	67	-	-	-	67
Disposals impact	14	(10)	7	-	11
Other items	2	36	-	(7)	31
	83	45	35	11	174

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Cash flow from operating activities

£m	2013	2012
Trading profit	**725**	665
Depreciation and amortisation	**116**	125
EBITDA	**841**	790
Working capital	**(14)**	52
Special pension contributions	**(125)**	(60)
Provisions, other movements and exceptional costs	**(69)**	(35)
Cash flow from operating activities	**633**	747

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Other cash flow

£m	**2013**	2012
Cash flow from operating activities	**633**	747
Net interest	**(35)**	(19)
Tax paid	**(184)**	(86)
Acquisitions	**(111)**	(41)
Disposals	**44**	317
Capex	**(140)**	(135)
Dividends (including £348m special dividend)	**(521)**	(142)
Net purchase of shares by Employee Benefit Trusts	**(103)**	-
FX and other items	**(39)**	(73)
(Increase)/decrease in net debt	**(456)**	568
Opening net cash/(debt)	**45**	(523)
Closing net (debt)/cash	**(411)**	45

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Net debt, pensions and commitments

£m	**2013**	2012
Net (debt)/cash as reported	**(411)**	45
Impact of timing of payment runs	**(160)**	(145)
Adjusted net debt	**(571)**	(100)
Net pension liabilities	**(133)**	(358)
Operating lease commitments	**(868)**	(842)

Committed facilities of £2.1bn

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Planned FY14 capital investment

£m	FY14 Capex
Freehold DCs and hubs	**85**
Branch expansion, showrooms and refurbishment	**42**
Environment, health and safety	**14**
Network infrastructure	**15**
Technology and processes	**54**
	210

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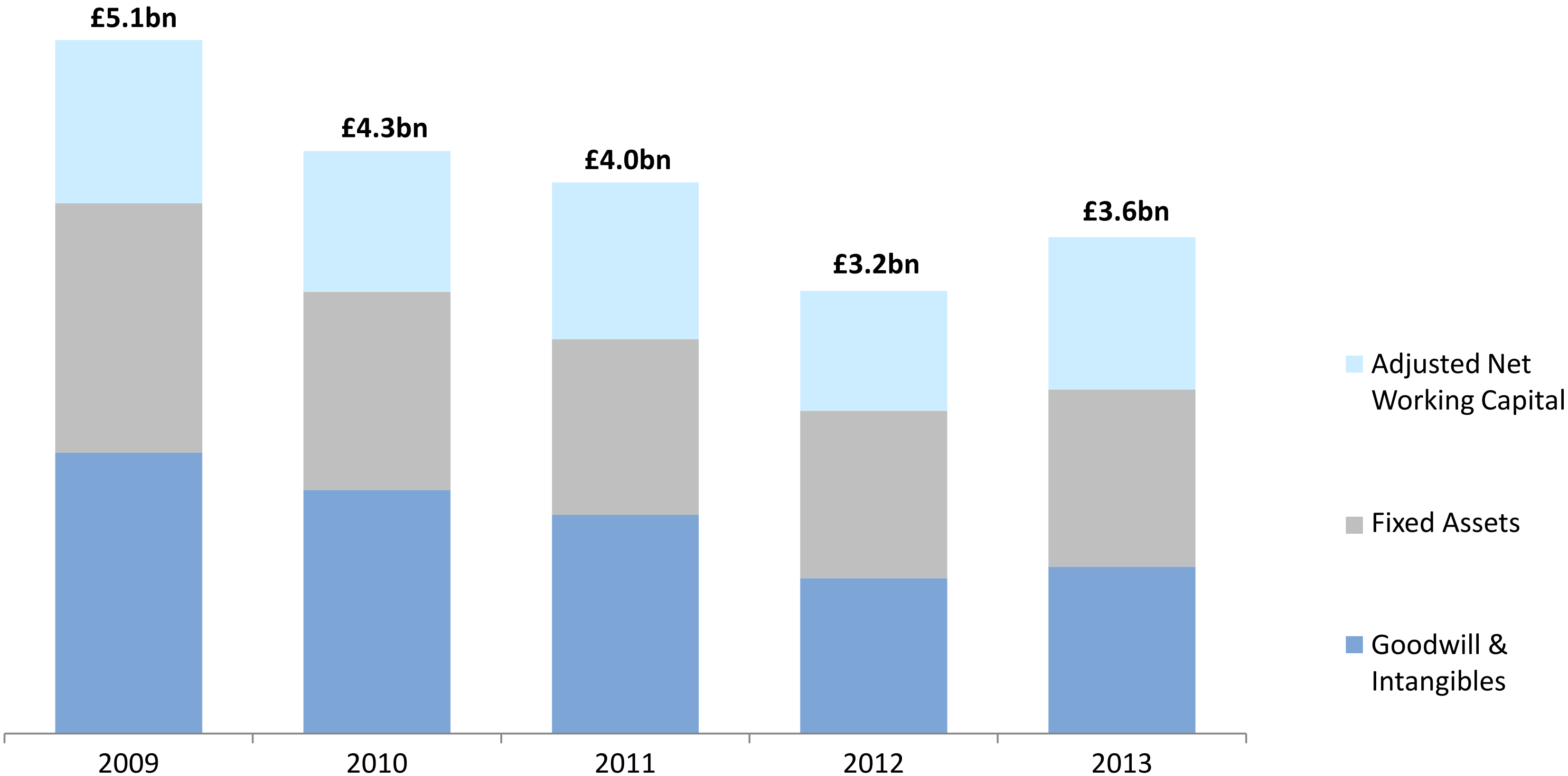
Guidance

	FY14
Capital investment	**£200m - £220m**
Incremental opex in technology and processes	**£20m**
Trading profit impact of FX at current rates (£ = $1.60)	**£13m lower profit**
Impact of trading days	**In line with FY13**
Restructuring	**£20m**
Effective tax rate	**28.5% to 29.0%**
Working capital investment	**12 - 13% of incremental sales**
Net debt / EBITDA	**No more than 1x to 2x**
Implementation of IAS19	**FY13 restatement of £13m**
Discontinuing losses	**£5m**

Balance sheet reflects focus on productive assets



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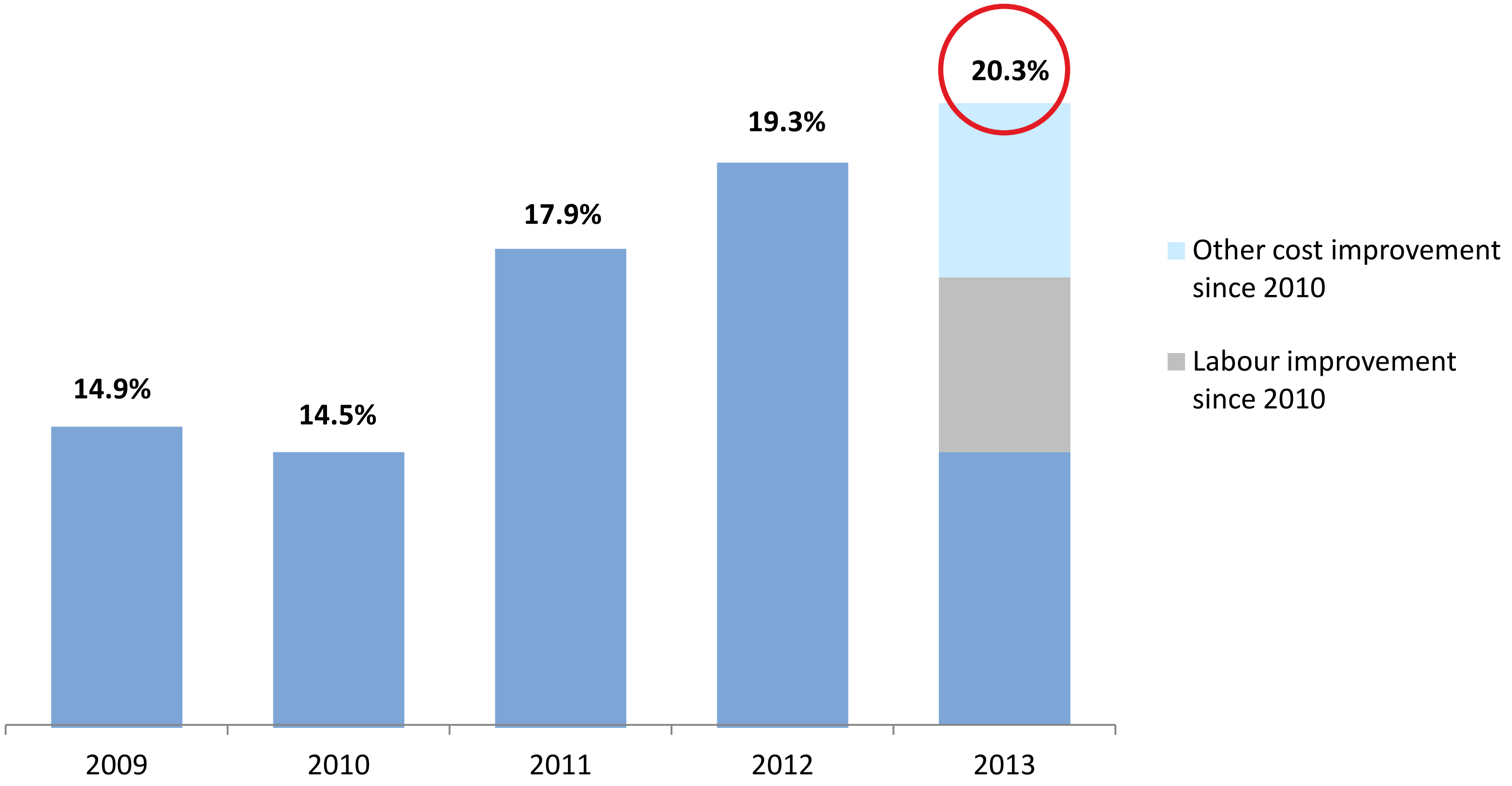
Improved productivity: trading profit / gross profit*



* For the ongoing businesses

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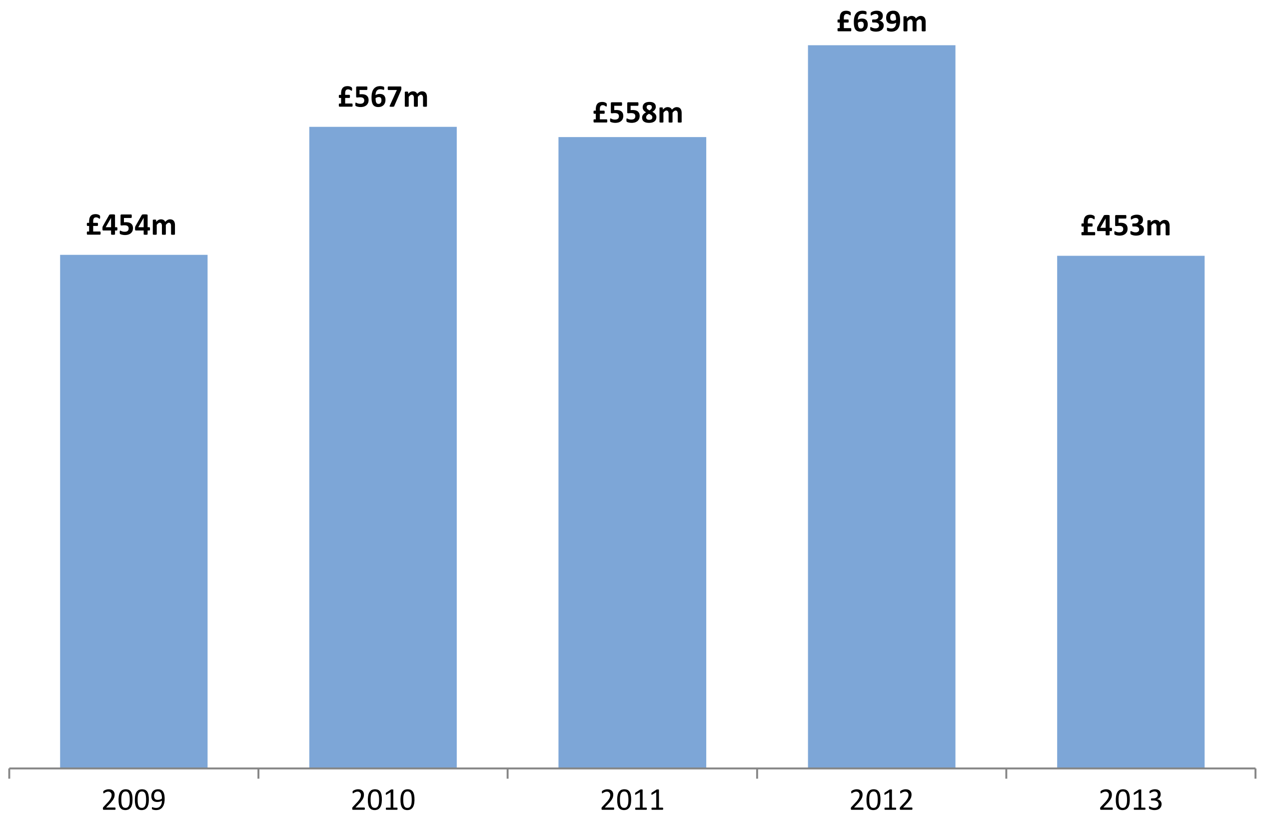
Sustained strong free cash flow*



* Adjusted for year end working capital measures and excluding provisions, exceptionals, share purchases and one-off pension payments

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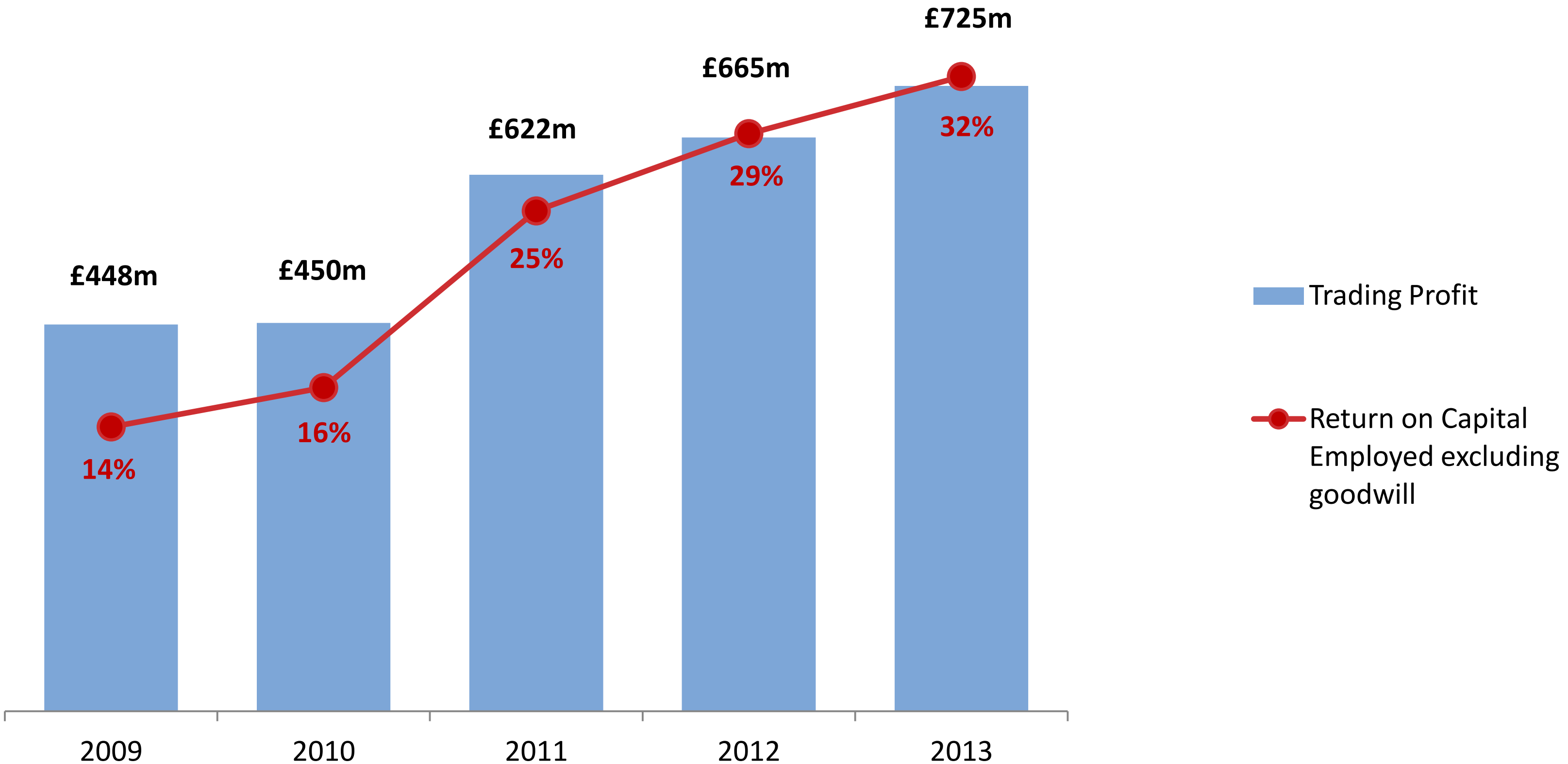
Sustained profitable growth and attractive returns on capital employed



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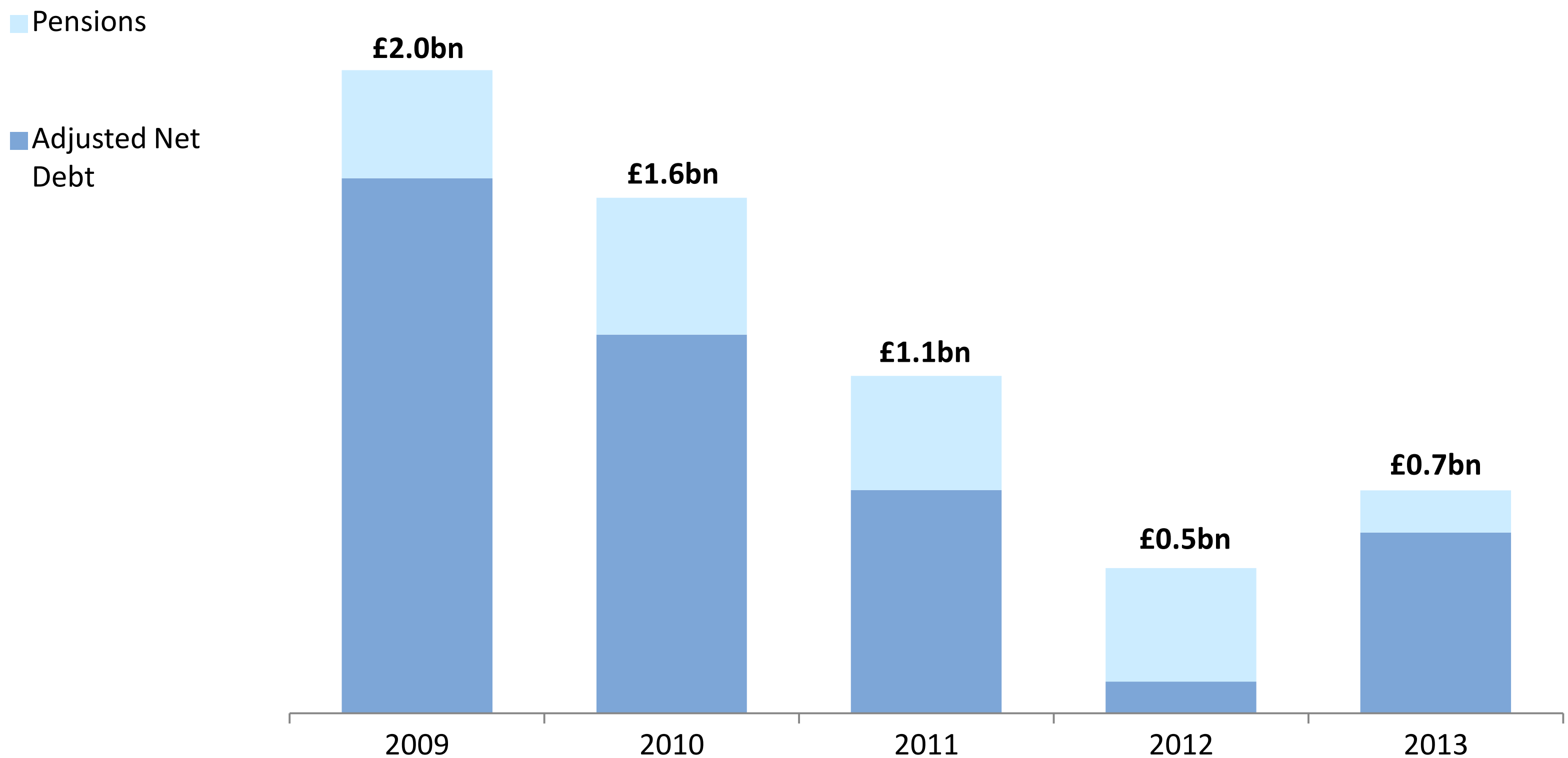
Conservative balance sheet



	2009	2010	2011	2012	2013
Operating leases	**£1,296m**	**£1,292m**	**£1,127m**	**£842m**	**£868m**

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Dividends

- Final dividend of 44p per share (full year of 66p per share; +10%)
- Dividend covered 2.8x by headline EPS
- Special dividend of £300m, approximately 110p per share
- Net debt / EBITDA after fulfilling these commitments approximately 1.0x.

Outlook

- New financial year growth rates similar to Q4
- US continued to grow steadily
- UK market is encouraging
- Continental Europe:
  - economic conditions are very challenging and we expect them to remain so
  - we will continue to take actions to reduce our cost base

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Business Review and Strategy Update

Ian Meakins, Chief Executive

Wolseley Strategy
Re-cap

1. Develop our great portfolio of strong businesses
2. Drive performance systematically across Group
3. Accelerate profitable growth
4. Drive evolution of business models
5. Deliver Group synergies
6. Underpin strategy with strong balance sheet

Accelerate Profitable Growth
Profit Levers – Re-cap

Market Share

Customer service

New branches / channels / segments

Bolt-on acquisitions

Gross Margin

Pricing matrix

Customer terms

Category management

Sourcing

Profitable growth

Improve Productivity

Cost reduction

Better business model

E-commerce

Benefits of scale / leverage

Improve Returns

Investment

Working capital efficiency

Return on capital

Many small improvements generate very good performance

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Accelerate Profitable Growth
US Blended Branches

Market Share

Customer service improvement	improved, +5%
Above-market revenue growth	improved, +4%
Facilities Maintenance growth	improved, +17%
Branch SKU availability	the same

Gross Margin

Price matrix compliance	improved, +2%
Private label revenue growth	improved
Counter revenue growth	improved
Showroom revenue growth	improved, +17%

Profitable growth

Productivity

E-Business revenue growth	improved, +50%
Self service events	improved, +56%
Distribution Centre utilisation	improved
NSC* contacts per day	improved
Labour cost % of gross profit	improved

Improve Returns

Average cash-to-cash days	improved, -2.5 days
Trading margin	improved, +1.3%
Return on capital	improved

*National Sales Centre

vs prior year -

improved *the same* *worsened*

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Accelerate Profitable Growth
UK Plumb & Parts

Market Share

Customer service improvement	improved	+10%
Over-market revenue growth	improved	
B2B e-commerce growth	improved	
Customer on-time-in-full measure	the same	

Gross Margin

Gross margin improvement	worsened	
Accounts manual pricing	improved	-14%
Sourcing benefits	improved	

Profitable growth

Productivity

Part-time employees % total	improved	+3%
% product through DC	the same	
Labour cost % gross profit	improved	-1%

Improve Returns

Average cash-to-cash days	the same	-0.2 days
Trading margin	improved	+0.2%
Return on capital	improved	

vs prior year -

improved *the same* *worsened*

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Accelerate Profitable Growth
Stark

Market Share

Market share, low margin customers	worsened	
Customer service improvement	improved	+5%
Share of loyal customers	improved	+6%

Gross Margin

Consumer % total revenue	worsened	-1%
Private label % total revenue	improved	
E-sourcing / auctions	improved	
Price matrix compliance	improved	

Profitable growth

Productivity

No. of full-time employees	improved	-8%
Labour % gross profit	improved	-2%

Improve Returns

Average cash-to-cash days	improved	-1.3 days
Trading margin	improved	+1%
Return on capital	improved	

vs prior year -

improved *the same* *worsened*

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Accelerate Profitable Growth

- Many small initiatives deliver results improvement
- Required to offset continuous margin pressure from
  - consumers
  - customers
  - competitors
  - suppliers
- Further margin progress achievable in reasonable markets
  - continued improved performance management
  - more efficient / productive business models

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Wolseley Strategy
Re-cap

1. Develop our great portfolio of strong businesses
2. Drive performance systematically across Group
3. Accelerate profitable growth
4. Drive evolution of business models – deliver benefits of scale
5. Deliver Group synergies
6. Underpin strategy with strong balance sheet

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Ongoing Pressures on Distributors’ Profit Pool

Consumers

- more influential
- will shop around

Trade customers

- protecting margins
- competitors fighting for share
- more tendering

Profit pool

New competitors

- e-commerce capabilities
- price transparency
- DC only model

Suppliers

- protecting margins
- price increases

Evolution of Business Models
Benefits

Loose confederation → **Systematically / centrally managed network**

- Improve service to existing customers at lower cost
- Gain wallet share of existing and new customers
- Improve gross margins over time
- Best trained and most engaged employees
- Integrate bolt-on acquisitions – deliver synergies
- Continued growth in adjacent segments
- Deliver better leverage – benefits of scale

↓

Gain share profitability

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Evolution of Business Models
Major Initiatives

	Major Initiatives	Current performance
Customer	Segmentation	●●○○○
	Pricing	●●●○○
	Order capture	●●●●○
	Sales management	●○○○○
Supplier	Category management	●●○○○
	Rebate management	●●●●○
	Low cost country sourcing	●●●○○
	Lowest cost of goods	●●○○○
Supply-Chain	Product availability	●●●●○
	Interface / integration	●●○○○
	Delivery options	●●●●○
	Productivity	●●●○○
Branch Operations	Transactional data	●●●●○
	Telephony / infrastructure	●○○○○
	Product information	●○○○○
	Cost management	●●●●○

Evolution of Business Models
USA

National promotions

- across 540 branches
- disciplined execution
- revenue generated +140%

Branch of the future

- centralised sales approach
- +25% sales per day
- +40% sales per associate
- roll-out to major cities

National Sales Center

- team of sales / subject matter experts
- national opportunities emerging
  - MRO and Facilities Maintenance
- customer contacts per day +60%

Sourcing – e-auctions

- imported stainless welded pipe
- managed jointly between US and UK
- savings of 7%

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Evolution of Business Models
Implications on Infrastructure / Processes / IT / Investment

- Current business models
  - fit for purpose
  - branch-based transactions
  - processes adequate but manual intervention
  - data management poor
  - difficult to get one view of customer / supplier
  - legacy systems slow/costly to interface with
- Targeted investment required
  - develop more efficient / productive processes
  - improve flexibility to interface with modern systems
  - improve data / reduce manual processes
  - migrate processes from legacy to modern platforms
  - phased programme to deliver benefits rapidly/reduce risks

- Incremental investment, not 'big bang'
  - FY14 Capex (technology and processes) £35m
- Phased over next 2-3 years
- Deliver lowest cost platform

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Evolution of Business Models
Process / Technology Initiatives

	Major Initiatives	Process / Technology Initiatives
Customer	Segmentation Pricing Order capture Sales management	CRM E-commerce Mobile
Supplier	Category management Rebate management Low cost country sourcing Lowest cost of goods	Supplier/product master data Business intelligence
Supply-Chain	Product availability Interface / integration Delivery options Productivity	Warehouse management Transportation route planning Electronic proof of delivery Advanced inventory planning
Branch Operations	Transactional data Telephony / infrastructure Product information Cost management	Counter technology Advanced telephony Intranet connectivity

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Evolution of Business Models
Multiple mobile applications

Capability:

- branch finder
- product search and order
- bar code integration
- works on multiple devices

Benefits:

- enhanced service
- lower cost to serve
- better gross margins
- larger order value

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Evolution of Business Models
B2B E-commerce

Parts Center Online:

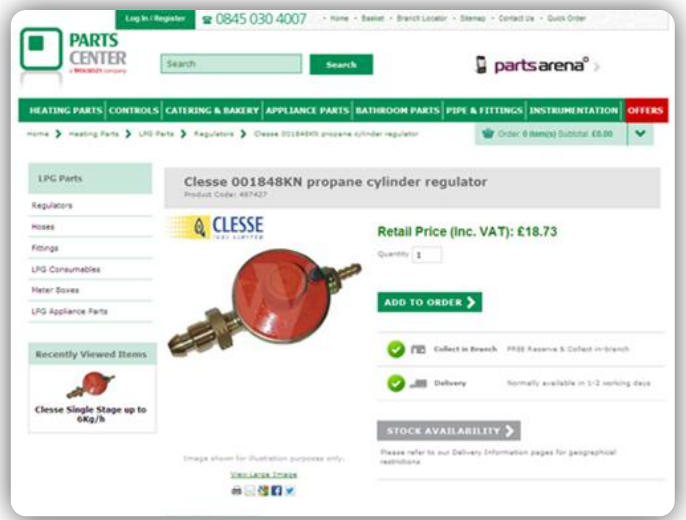
- 104,000 products
- 60,000 photographs
- specialise search 'models this fits'

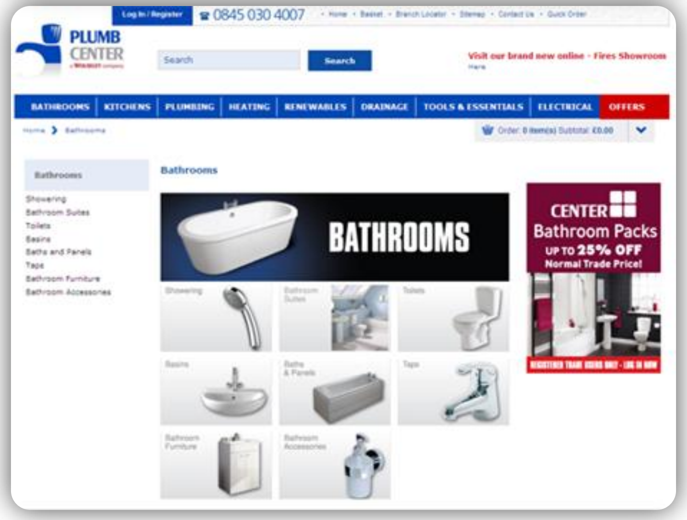
Plumb Center Online:

- 'Plumb Center recommends...'
- available across distribution network
- price display options
- choose from Retail or Terms driven

Benefits:

- better service / availability
- lower cost to serve
- better gross margins





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Evolution of Business Models
Electronic proof of delivery

Capability:

- electronic signatures
- point of sale transactions

Benefits:

- improved customer service
- lower cost to serve
- less customer disputes
- process credit card transactions rapidly

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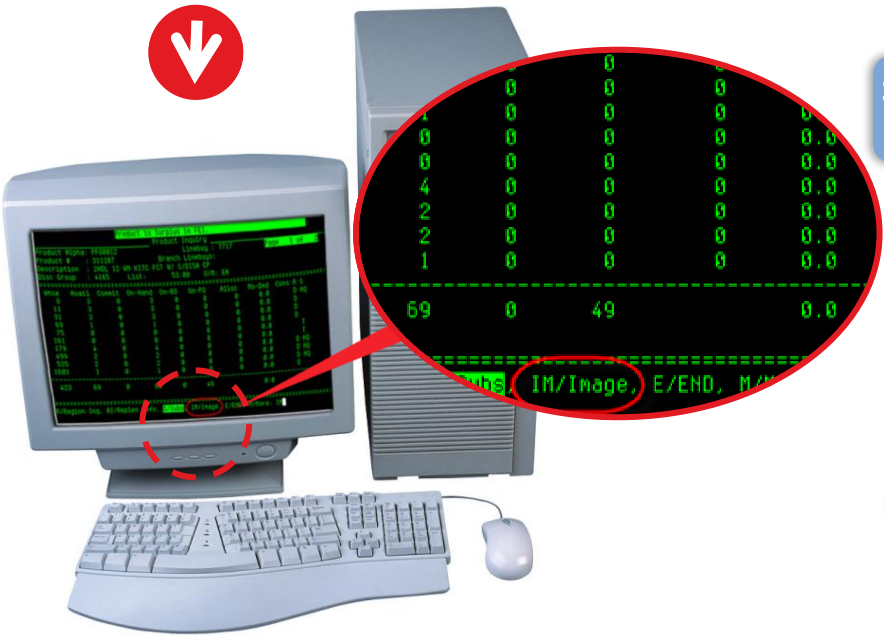
Evolution of Business Models
Improving legacy systems

- Builds on product master data images established for B2B/B2C e-commerce
- Images of products/specification sheets available at counter

Type 'IM' in Product Query for a specific image



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Evolution of Business Models
Better Salesforce Management

Capability:

- KPIs per salesman
- KPIs per customer
- KPIs per supplier

Benefits:

- accurate real-time data
- better managed teams
- better gross margins

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Evolution of Business Models
Re-cap

Loose confederation → Systematically / centrally managed network

- Improve service to existing customers at lower cost
- Gain wallet share of existing and new customers
- Improve gross margins over time
- Best trained and most engaged employees
- Integrate bolt-on acquisitions – deliver synergies
- Continued growth in adjacent segments
- Deliver better leverage – benefits of scale

Deliver better leverage from benefits of scale

Summary

- Progress on better performance management
  - needed to more than offset ongoing margin pressures
- Developing more efficient / productive business models
  - requires “proportionate” process / IT investment
  - progressive / de-risked programme
- Targeted investment necessary to drive profitable share gain
  - lowest cost platform
  - better leverage and benefits of scale

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Appendices

Regional analysis

£m	**Revenue 2013**	Revenue 2012	**Trading profit 2013**	Trading profit 2012
Ongoing				
USA	**6,785**	6,168	**492**	388
Canada	**875**	850	**51**	49
UK	**1,769**	1,667	**95**	93
Nordic	**1,916**	2,029	**86**	93
France	**642**	720	**10**	17
Central Europe	**867**	911	**33**	43
Central and other costs	**-**	-	**(42)**	(28)
	12,854	12,345	**725**	655
Sold or held for sale				
UK	**-**	231	**-**	2
Nordic	**-**	96	**-**	1
France	**270**	716	**-**	9
Central Europe	**30**	33	**-**	(2)
Group	**13,154**	13,421	**725**	665

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Acquisitions

	Revenue £m	Trading profit £m
The results of acquisitions made during the year was as follows:		
USA	125	8
UK	67	(3)
Central Europe	3	-
	195	5

	Revenue £m	Trading profit £m
If we had acquired these businesses on 1 August 2012 the results would have been:		
USA	149	9
UK	134	(4)
Central Europe	17	2
	301	7

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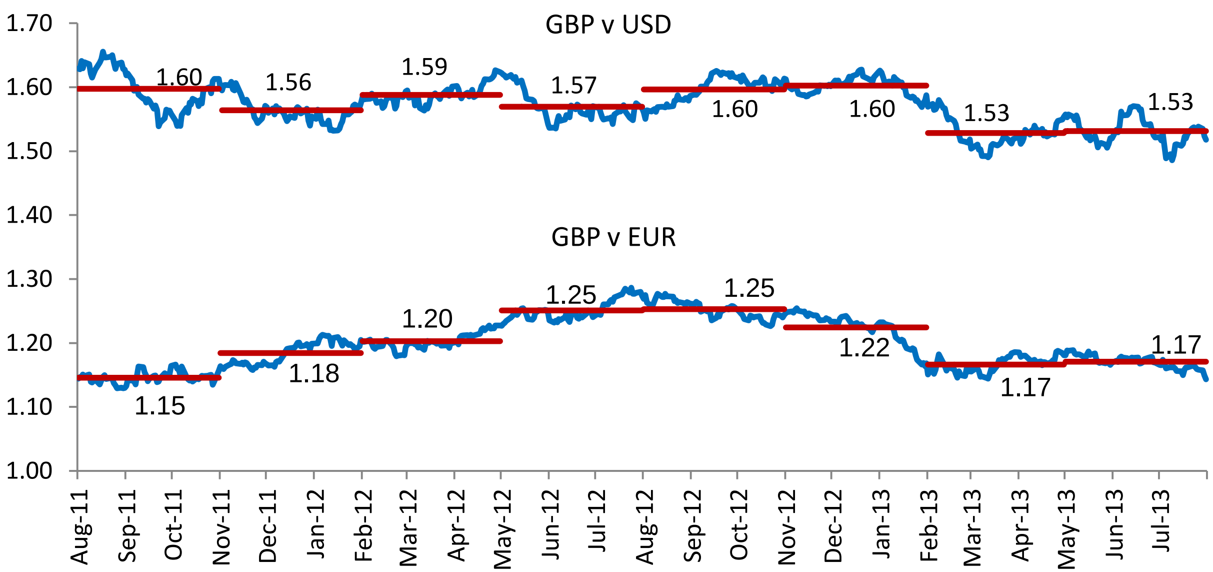
FX impact

	2012 average rate	2013 average rate	Current spot rate 26-Sep-13	2013 Trading profit £m	2013 impact gain/(loss) £m	2014 impact* gain/(loss) £m
USD	1.58	1.56	1.60	492	+4	(11)
CAD	1.59	1.57	1.65	51	-	(2)
EUR	1.19	1.20	1.19	36	-	-
Other				93	+1	-
					+5	(13)



* Estimated impact in FY14 if exchange rates stay at the current levels throughout the period

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Branch numbers

	FY12	Consolidated / separated	Transferred	Acquired	Opened	Closed, sold / held for sale	Ongoing FY13
USA	1,274	27	-	13	54	(20)	1,348
Canada	220	-	-	-	4	(5)	219
UK	919	(155)*	-	22	6	(27)	765
Nordic	264	-	-	-	8	(12)	260
France	313	-	(41)	-	-	(114)	158
Central Europe	142	-	41	2	2	(20)	167
	3,132	(128)	-	37	74	(198)	2,917

*UK restated due to consolidation of Plumb Center and Parts Center counters

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Headcount numbers

	FY12	Transferred	Acquired	Sold / held for sale	Net joiners / (leavers)	Ongoing FY13
USA	18,245	9	304	-	411	18,969
Canada	2,607	-	-	-	(96)	2,511
UK	5,913	(9)	554	(4)	(502)	5,952
Nordic	6,340	-	-	(64)	(131)	6,145
France	5,293	(970)	-	(1,080)	(374)	2,869
Central Europe	2,023	970	46	(100)	(203)	2,736
Other	120	-	-	-	(16)	104
	40,541	-	904	(1,248)	(911)	39,286

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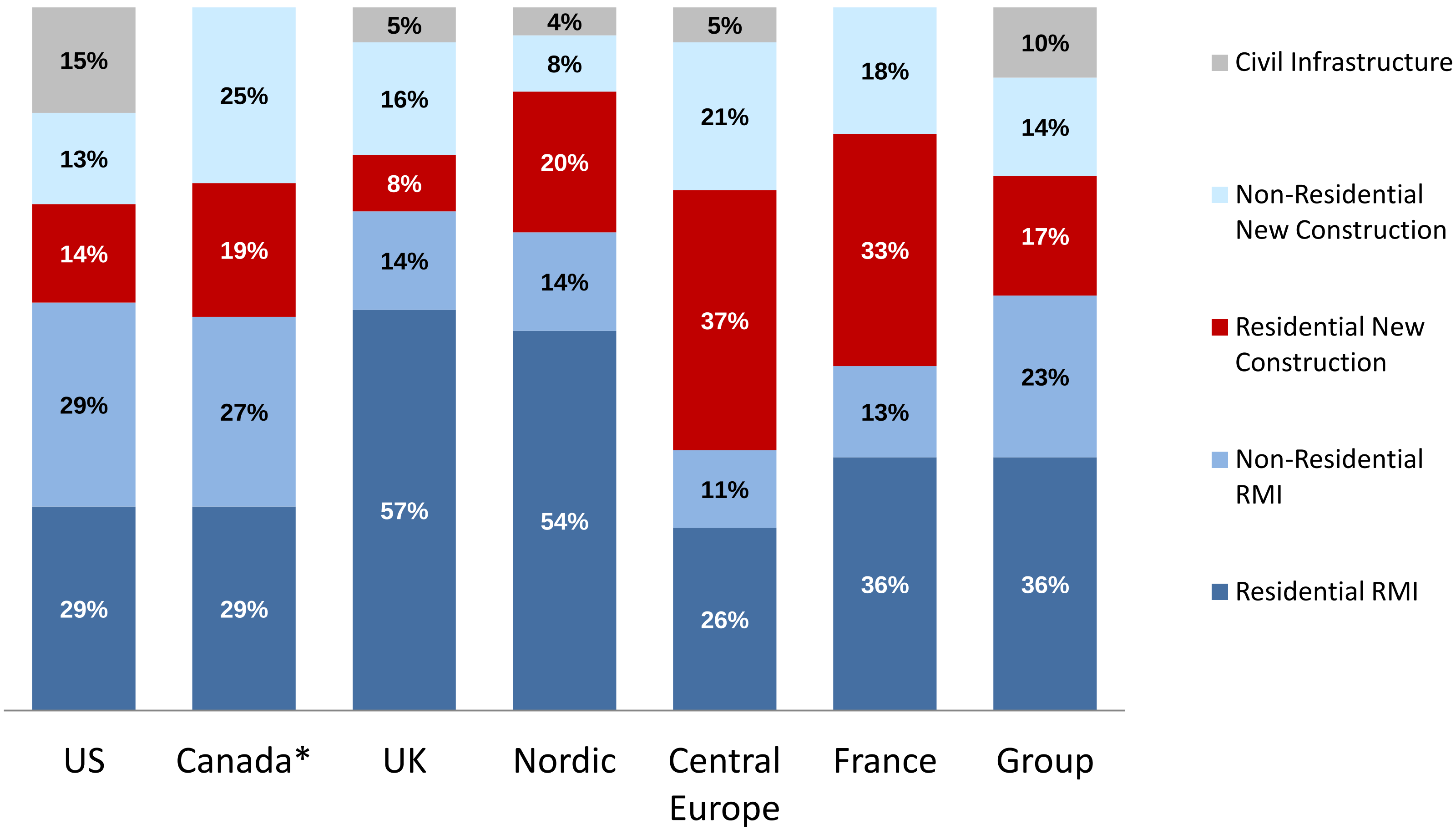
Product destination analysis



Group: RMI 59%, New Residential 17%

* Restated in line with Group methodology

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