

Corporate profile



Wolseley is the world's leading specialist plumbing and heating distributor.

Wolseley operates in four geographic regions – the United States, the United Kingdom, the Nordic region and Canada & Central Europe. We supply customers in the repair, maintenance and improvement ("RMI") and civil infrastructure sectors. Many of our brands hold leading positions in their local markets.

The financial results in this document relate to ongoing businesses only.

£14,430m

Group revenue +2.4%**

£917m

Trading profit* +7.0%

28.3%

Gross margin

£4,080m

Gross profit

Where we operate



USA



UK



Nordics



Canada &
Central Europe

Investment case summary

Our industry

We operate as a specialist distributor of plumbing and heating and building material products principally serving RMI markets. These markets are highly fragmented with no market dominated by a single player, have a large customer base and a clear need for distributors in the supply chain.

52,000
suppliers

1.1 million
customers

Our markets

Demand for our products may be influenced by macroeconomic factors such as gross domestic product ("GDP"), unemployment and consumer confidence. Other key factors supporting long-term sustainability in the markets are population growth, ageing housing stock, increased levels of comfort in homes and sustainable building development

7%
US population
growth in next
decade

55%
Sales to RMI market

These markets are attractive and fragmented with excellent growth opportunities.

Our business

We hold leading positions in many of the markets in which we operate. Our knowledge, local coverage and national scale enable us to operate efficiently and provide a high level of service to our customers.

82%
revenue from
businesses which
are no. 1 or no. 2
in their market

6.4%
trading margin

Our business has sustained gross margins, attractive returns on capital employed, a relatively high return on sales, strong cash generation and a strong balance sheet.

Our strategy

In all of our businesses our objective is to grow revenue ahead of the market while generating profitable growth through a relentless focus on providing the very best service in our industry, improving gross margins and maintaining an efficient cost base.

+2.4%
growth in revenue**

17.2%
ROCE

We'll do this by working constantly to understand our customers needs and providing the best customer service in the industry, delivered by well trained, highly engaged associates.

*This is operating profit before exceptional items and the amortisation and impairment of acquired intangibles.

**Like-for-like revenue growth.

Overview by region

USA



Market position

Blended Branches	1
Waterworks	1
Fire and Fabrication	1
HVAC	3
Industrial	3

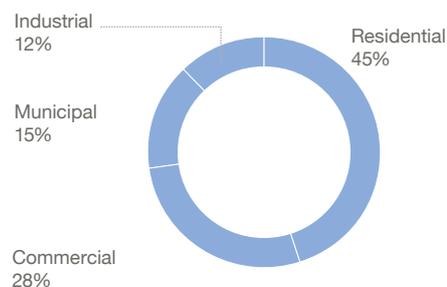
- Ferguson is the market leading distributor of plumbing supplies in the USA
- Strong business model with large scale distribution centre network and national branch network
- Strong customer service and associate engagement scores

At a glance

Revenue (63% of Group)	£9,456m
Trading margin	8.2%
Business units	7
Branches	1,465
Employees	23,000

Revenue by market sector

% of total 2015/16 revenue



Key brands



UK



Market position

Plumbing and Heating	=1
Pipe and Climate Center	1
Utilities	2

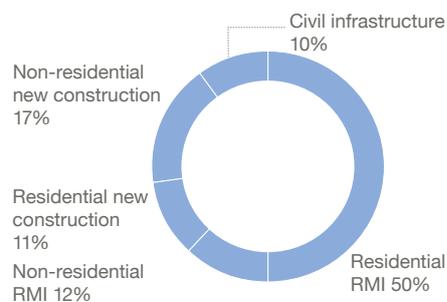
- In September 2016 we announced a transformation and repositioning plan for our UK business with the intention of combining our Plumbing and Heating business with our Pipe and Climate businesses. We expect this plan to take between two and three years to implement.
- The majority of the UK's revenue is generated from the RMI market

At a glance

Revenue (14% of Group)	1,996£m
Trading margin	3.7%
Business units	3
Branches	737
Employees	6,071

Revenue by market sector

% of total 2015/16 revenue



Key brands



Overview by region

Nordics



Market position

Stark Denmark (building materials)	1
Beijer Sweden (building materials)	1
Stark Finland (building materials)	2
Silvan Denmark (DIY)	3

- The leading distributor of building materials in the Nordic region with number one market positions in Denmark and Sweden
- Operates in both B2B and B2C markets
- A leading retailer in Denmark and Sweden

Canada & Central Europe



Market position

Tobler (Switzerland)	1
Wolseley Canada	2
Wasco (Netherlands)	4

- Operates across three countries, Canada, Switzerland and the Netherlands Servicing residential, commercial and industrial sectors both in the RMI and new construction markets

At a glance

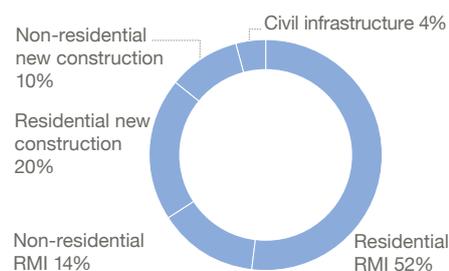
Revenue (13% of Group)	£1,881m
Trading margin	3.2%
Business units	5
Branches	256
Employees	6,168

At a glance

Revenue (8% of Group)	£1,097m
Trading margin	4.8%
Business units	5
Branches	296
Employees	3,506

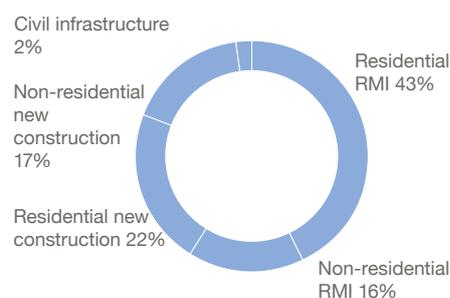
Revenue by market sector

% of total 2015/16 revenue



Revenue by market sector

% of total 2015/16 revenue



Key brands

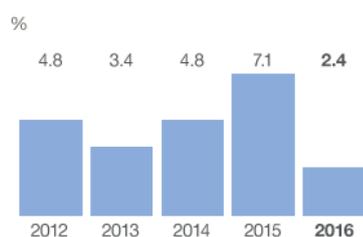


Key performance indicators

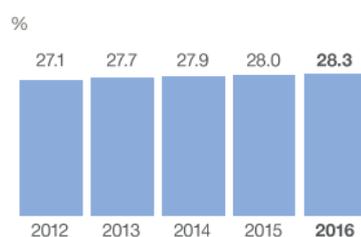
The Group has used the following performance indicators to assess its development against its strategic and financial objectives during the year.

Following the new Group Chief Executive appointment on 1 September 2016, the key performance indicators will be reviewed in 2016/17 to ensure they align appropriately with our new key strategic themes.

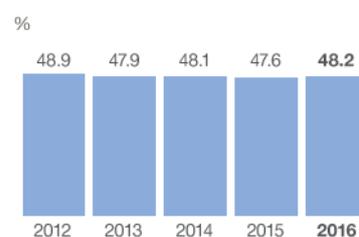
Like for like revenue growth



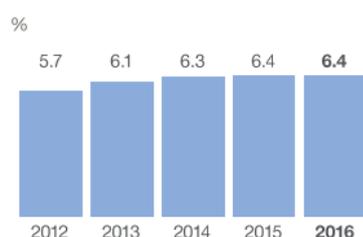
Gross margin



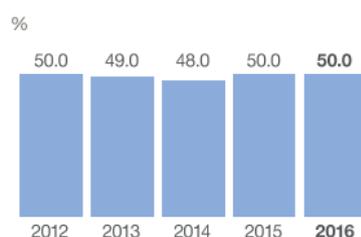
Labour cost as % of gross profit



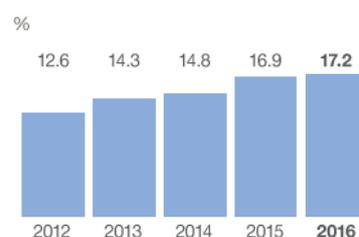
Trading margin



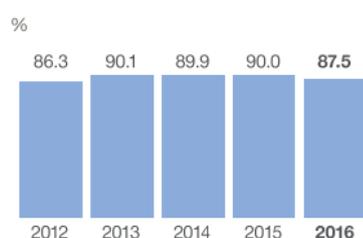
Average cash-to-cash days



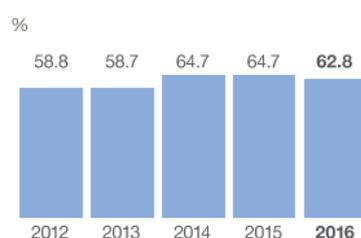
Return on gross capital employed



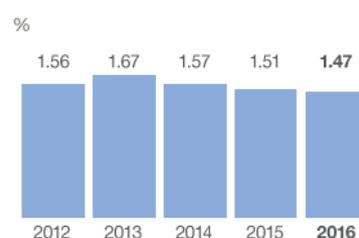
Associate engagement, USA



Customer service, USA



Injury rate



Customer service

There is a good correlation in our business between high customer loyalty scores in a branch and better financial performance.

The process of tracking and reporting customer service differs by region, therefore an example is given for the USA, the largest region

in the Group. The average net promoter score reduced slightly in 2015/16 to 62.8. This is still an extremely good score and is among the highest levels in the industry.

Employees and health and safety

The safety of Wolseley's people is paramount and lost time incident rates are monitored closely in each of our businesses. The Group's health and safety performance is monitored using three standard KPIs: medical injury frequency, lost workdays and vehicle collision frequency. More information is provided in the Sustainability section of the website.

In addition, all of our business units measure employee engagement levels on a regular basis.

Senior management



John Martin

Group Chief Executive

John was appointed Group Chief Executive on 1 September 2016. He joined the Company as Chief Financial Officer and assumed management responsibility for Wolseley's Canadian business between 2013 and 2016. Previously he was a partner at Alchemy Partners, the private equity group, and prior to that was Chief Financial Officer of Travelex Group, the international payments business and Hays Plc.



Dave Keltner

Interim Group Chief Financial Officer

Dave was appointed as Interim Group Chief Financial Officer with effect from 1 September 2016 whilst the Company undertakes the selection process to appoint a permanent Chief Financial Officer ("CFO"). From December 2006 until January 2009, Dave was CFO of Wolseley North America before becoming the CFO of Ferguson Enterprises Inc, the Group's largest operating subsidiary. He joined Wolseley in 1993 from the Company's acquisition of Stock Building Supply, a US building materials business, where he held an operational role. Previously he was a Vice President in the corporate banking division at NationsBank.



Frank Roach

Chief Executive Officer, USA

Frank is Chief Executive Officer of Ferguson Enterprises, Inc. responsible for all of the Group's businesses based in the USA. He joined Ferguson in 1976 and has held a number of business roles. In 2005, Mr Roach was appointed as Senior Vice President of the Wolseley North America management team, playing a key part in further developing and expanding the Group's North American businesses, and joined the Board in 2005.



Patrick Headon

Managing Director, Wolseley UK

Patrick was appointed Managing Director of Wolseley UK with effect from 30 March 2015. He is responsible for the whole of the UK business. He joined Wolseley in May 2012 and was Managing Director of Wolseley Central Europe from 2013 to March 2015. Prior to joining Wolseley he held the position of CEO at Switcher SA, the Swiss clothing brand. From 2005 to 2009, Patrick was Business Development Director at eBay International. Prior to that he spent 8 years in the beverage industry in general management positions for Diageo plc.

Senior management



Tony England

Chief Information Officer

Tony was appointed Group Chief Information Officer in October 2010. He joined Wolseley in 2006 as Chief Technology Officer; in June 2007 the role expanded into the Director of Service Delivery role, responsible for establishing a group-wide IT operations and service management function. He was previously Head of Technology Development and Architecture at Standard Chartered Bank where he worked for several years. Prior to that Tony spent five years at Glaxo-Wellcome as member of the major projects team and leading Infrastructure Development function for the R&D business.



Kath Durrant

Group HR Director

Kath joined Wolseley plc in October 2015 as Group HR Director. She has extensive UK, US and European experience with large multinational businesses having previously been the Group HR Director and member of the Executive team at Rolls Royce plc. Prior to Rolls Royce, Kath has held senior positions at AstraZeneca and GlaxoSmithKline where she spent 11 years. Her key strengths focus around leadership and talent development, succession, organisational design and large scale change management as well as employee engagement and creating a positive work environment. Kath is also a Non Executive Director of Renishaw plc, Chairperson of its Remuneration committee and a member of its Nomination committee.



Richard Shoylekov

Group General Counsel

Richard joined Wolseley plc in November 2007. A UK-qualified lawyer, Richard has responsibility for the Group's legal affairs, risk management, governance and compliance processes, and corporate responsibility. From November 2007 until July 2015 he was also Company Secretary of Wolseley plc. Before joining Wolseley, Richard was General Counsel and Company Secretary at Corus Group plc.

Financial calendar

6 December 2016	FY17 Q1 Interim Management Statement
28 March 2017	FY17 Half Year Results
20 June 2017	FY17 Q3 Interim Management Statement

Investment information

Wolseley's shares are traded on the LSE under the symbol **WOS**.

Wolseley's ADRs are traded on the highest tier of the over-the-counter market in the USA, under the symbol **WOSYY**.

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