

Registered number: 13134776

Wolseley Group Holdings Limited
Mid-year trading update
for the six months ended 31 January 2022

Wolseley Group Holdings Limited

Mid-year trading update

Incorporation and acquisition

Wolseley Group Holdings Limited (“The Company”) was incorporated on 14 January 2021 along with its subsidiary Wolseley Group Limited. On 29 January 2021 Wolseley Group Limited acquired Wolseley UK Limited and its subsidiaries from Ferguson plc. The company and its subsidiaries are referred to in this report as ‘Wolseley’ or the ‘Group’.

Market and trading performance

The Group continued to trade well throughout the half-year period despite a number of market wide challenges. Covid-19 continued to impact with varying levels of restrictions during the period with the requirement to quarantine under certain circumstances.

Product shortages started to impact the market in the half-year and increased through the period. Product shortages due to component “chip” shortages have impacted the supply of certain heating and associated products. The Group is well placed to manage these issues to ensure reliability of product availability to our customers, however we expect a number of product shortages to continue into the second half of the year.

Price inflation also increased through the period and the Group saw average product price inflation of circa 8 per cent in the half-year.

Trading remained good through the period despite these challenges and total turnover in the half-year period was £902 million. Profitability slightly improved in the period despite inflationary cost pressures.

Russia

The Group does not purchase any products, whether branded or own brand, directly from Russia or Belarus and we are continuing to work with our suppliers to identify any potential indirect exposure further up the supply chain.

Strategy update

Strong market position

The Group continued to make good progress within its markets in the period. In August 2021 the Group expanded its offering in the residential market by taking on a small number of Graham branches from Saint Gobain along with 80 employees, these were rapidly re-branded and integrated into the Wolseley Plumbing and Heating network.

The Group expanded its market position and offering in the infrastructure market through the acquisition of Jointing Technologies Group on 30 November 2021. Jointing Technologies Group is a specialist in the distribution of power cable and accessories as well as electrical trace heating systems and has 60 employees.

After the period ended the Group completed the acquisitions of Neville Lumb, DHS and Bassetts on 28 February 2022 from Saint Gobain. The combined businesses have over 260 employees. The Group has entered into an agreement to acquire the Ideal Bathrooms business from Saint Gobain which is expected to complete on 30 April 2022. All these businesses are UK distribution brands specialising in plumbing, heating and sanitaryware products. The Group has also entered into a contract on 14 April 2022 to acquire the HEVAC Group with its associated brands including (Tube Company of Ireland, Origen, Polytherm, Aluminox), Heat Merchants and Tubs & Tiles. The businesses combined employ over 400 people in 47 locations in the Republic of Ireland and the acquisition is subject to clearance from the Irish Competition and Consumer Protection Commission.

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Diversified supplier base and trusted Wolseley own brand offering

The markets developed in the period with product shortages becoming a regular issue to be managed. The Group utilised its distribution centres and national branch network combined with its strong relationships with major suppliers to mitigate product shortages for its customers and ensure alternative products were also available.

Highly experienced and knowledgeable employees

The Group has made further progress in the period with the development of its people and the opportunities that it offers them. During the period, positive results were generated from an employee engagement survey which offered employees the chance to share their views on work and life at work, their relationship with their manager, the area that they work in and the wider business. The improvements were also recognised externally with Wolseley achieving nationally recognised awards for its employee engagement and excellence in employee conditions and people policies and practices.

Ease of doing business

The Group continued its investment in technology to improve its service offering in the period by introducing a click and collect service across its branch network. The offering enables customers to collect their orders in as little as 60 minutes if their products are all in stock. Along with the introduction of the click and collect service customers can now receive a text message letting them know when their order is ready for collection further enhancing their experience.

Furthering the Group's commitment to helping customers trade whilst reducing their environmental impact, and its strategy to support the transition to the zero-carbon economy, two new initiatives were launched:

- "Wolseley Renewables" is a one-stop renewables hub offering customers the most up to date impartial advice, product support and design service for all their renewables needs. The specialist team can help with the next generation of heating and plumbing installations and support in getting the right solution for every job.
- Wolseley and Grundfos have exclusively joined forces to launch a "Take-Back Scheme" that encourages customers to return their old pumps, which are then remanufactured to make new high performing pumps. This is an industry first circular economy project that results in significantly better environmental performance.