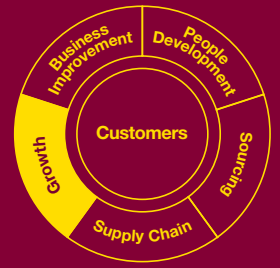




**'DOUBLE-DIGIT**



£1.7 billion

acquisitions spend

638

branches added

28

countries in Europe and North America



## Growth

We are focused on growing our business, organically and through acquisitions, with the aim of doubling in size every five to seven years.

Organic growth is achieved from existing branches expanding the range of customers they serve and the products they sell and also from new branches. In 2007, 638 net new branches were added to give a total of 5,296 across 28 countries in Europe and North America.

We have had an extremely successful run on acquisitions over the past year, spending £1,718 million on a total of 44 deals, a record year for the Group. Achieving half of our double-digit growth target from acquisitions currently requires spending of £400-£450 million on bolt-on deals. Occasionally we may find a larger company to buy and, in 2007, our spending included the £1.3 billion acquisition of DT Group, the largest builders merchant in the Nordic area with 275 branches in Denmark, Sweden, Norway, Finland and Greenland. Since this acquisition, DT Group has also become the leading builders' merchant in Greenland. Another four new countries – Poland, Slovakia, Croatia, and Romania – were added to our Central and Eastern European operations in October 2006 through the acquisition of Woodcote.

The competitive advantage we obtain from our acquisitions stems from our ability to find quality companies with good people, being able to integrate them effectively into the Wolseley structure, gain synergies, improve working capital and enhance their performance.

With acquisitions come new people, new facilities, new products, new customers and new growth opportunities. The construction materials distribution market in Europe and North America is worth around £708 billion per annum. Wolseley, although it is the biggest player in its field, has a 3 per cent market share and that is why we are confident of being able to grow well into the future.

# GROWTH'