

A smiling male employee in a blue polo shirt is holding a cardboard box in a warehouse setting. The background shows shelves filled with various items, and the overall atmosphere is professional and positive. The text '2017 Full Year Results' is overlaid on a dark blue horizontal band across the middle of the image.

2017
Full Year Results

A woman with long brown hair, wearing a blue patterned top and a red skirt, is looking at a document held by a man. The man is wearing a blue and red plaid shirt. They are standing in front of a large, ornate chandelier with many lights. A dark blue horizontal bar is overlaid across the middle of the image, containing the text '2017 Highlights' in white.

2017 Highlights

Operating and strategy highlights

Strong operating performance

- Like-for-like revenue up +6.0%, +8.1% in Q4
- Gross margin 0.4% ahead of last year
- Trading profit up +8.7% in constant currency
- Continued excellent cash flow conversion

Good progress on strategy

- Good execution of growth strategies
- UK transformation on track
- Nordic disposal process underway with Tobler, Endries, Silvan completed

Corporate highlights

- Group CFO and US CEO transitions completed
- Name change, US dollar reporting
- £500m share buyback

Operating and financial review

Mike Powell, Group CFO

CROWN

RM0000

Total Group results

£m	Revenue 2017	Change (at constant exchange rates)	Trading profit 2017	Change (at constant exchange rates)
Group ongoing	14,878	+8.6%	1,032	+8.7%
Non-ongoing	346		27	
Group reported - continuing	15,224		1,059	
Discontinued	2,100		63	
Total Group	17,324		1,122	

Changes to Group reporting structure

Previously	Now		
	Continuing		Discontinued
	Ongoing	Non-ongoing	
USA (inc Endries) UK Nordics CCE (inc Tobler) Central costs	USA (exc Endries) UK CCE (exc Tobler) Central costs	Endries – Included for 10 months to disposal Tobler – Included for 8 months to merger – After merger: profit after tax	Nordics – Profit after tax – Balance sheet collapsed into two lines, assets and liabilities held for sale

Financial highlights

	2017	2016	Change	Change (at constant exchange rates)	Like-for-like change ²
Ongoing revenue	£14,878m	£12,146m	+22.5%	+8.6%	+6.0%
Ongoing gross margin %	28.9%	28.5%	+0.4%		
Ongoing trading profit ¹	£1,032m	£827m	+24.8%	+8.7%	
Ongoing trading margin % ¹	6.9%	6.8%	+0.1%		
Headline earnings per share ¹	288.9p	234.7p	+23.1%	+6.8%	
Ordinary dividend per share	110.0p	100.0p	+10%		
Net debt	£534m	£936m			

¹ Before exceptional items, the amortisation and impairment of acquired intangible assets and with respect to headline EPS before non-recurring tax items and non-controlling interest.

² The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

- Markets remain favourable
- Improved growth in the second half
- Maintained investment in the business throughout the year

Like-for-like revenue growth

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
USA	+3.2%	+4.3%	+6.7%	+8.6%	+8.8%	+7.1%
UK	(2.1%)	(2.9%)	+3.6%	(0.4%)	+4.2%	+1.0%
Canada & Central Europe	+1.4%	(1.5%)	+1.2%	+7.3%	+7.9%	+3.6%
	+2.3%	+2.8%	+5.8%	+7.1%	+8.1%	+6.0%

- Growth accelerated through the year
- US commodity deflation and industrial weakness eased in second half

Revenue and trading profit growth



- Good organic growth
- Acquisitions continue to add to the top line

- Good trading profit growth achieved
- Flow through lower due to commodity deflation in the first half and investments in costs

USA ongoing (89% of Group trading profit)

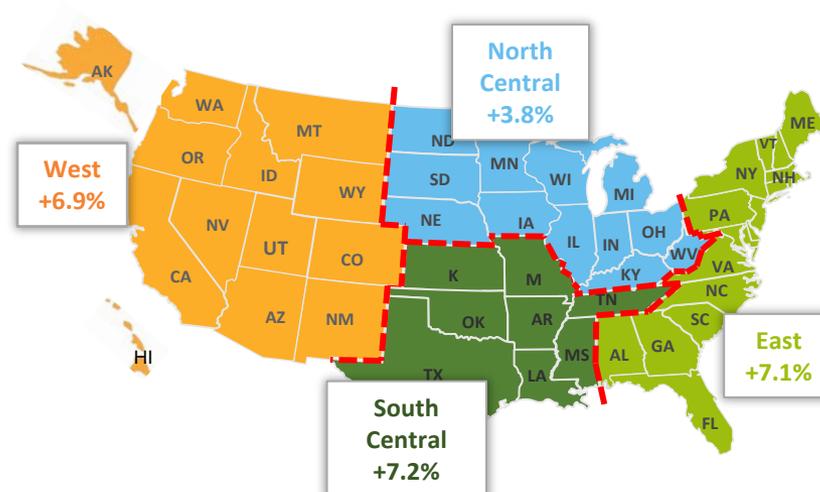


£m	2017	2016	Change	Change (at constant exchange rates)
Revenue	11,824	9,288	+27.3%	+10.4%
Like-for-like growth	+7.1%	+4.2%		
Trading profit	950	761	+24.8%	+8.2%
Foreign exchange impact	+116			
Trading margin	8.0%	8.2%	(0.2%)	

- Strong top line and gross margin
- Continued investment in growth initiatives

USA like-for-like revenue growth

Business unit	Revenue £m	Like-for-like change
Blended Branches (see regional analysis on the right)	7,030	+6.6%
Waterworks standalone	1,895	+6.6%
B2C e-commerce	883	+14.7%
HVAC standalone	871	+8.2%
Industrial standalone, Fire & Fabrication and Facilities Supply	1,145	+5.0%
	11,824	+7.1%



- Good growth in all business units
- Blended Branches growth well spread

USA end-market revenue growth

	% of US revenue 2017 ¹	Market growth 2017	2017 organic revenue growth ²
Residential	~ 50%	5% - 6%	+9 - 10%
Commercial	~ 35%	5% - 6%	+7 - 8%
Civil / Infrastructure	~ 7.5%	(1%)	+4 - 5%
Industrial	~ 7.5%	(1%)	Flat

¹ Previously reported Municipal has now been more accurately analysed between Residential, Commercial and Civil / Infrastructure

² The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals and trading days.

- Residential and commercial markets are good
- Industrial recovered

UK
(7% of Group trading profit)



£m	2017	2016	Change
Revenue	2,012	1,996	+0.8%
Like-for-like growth	+1.0%	(1.6%)	
Trading profit	76	74	+2.7%
Trading margin	3.8%	3.7%	+0.1%

- Trading profit stable in difficult markets
- Plumbing and heating remains challenging, Pipe & Climate and Infrastructure grew well
- Transformation programme continuing

Canada & Central Europe ongoing

(4% of Group trading profit)



£m	2017	2016	Change	Change (at constant exchange rates)
Revenue	1,042	862	+20.9%	+5.0%
Like-for-like growth	+3.6%	+0.5%		
Trading profit	45	37	+21.6%	+3.1%
Foreign exchange impact	+6			
Trading margin	4.3%	4.3%	-	

- Canada recovery continues with industrial improving
- Good performance in the Netherlands

Non-ongoing and discontinued

£m	Revenue 2017	Revenue 2016	Trading profit 2017	Trading profit 2016
Non-ongoing				
Endries (10 months results in 2017)	170	168	16	14
Tobler (8 months results in 2017)	176	235	11	16
	346	403	27	30
Discontinued				
Nordics	2,100	1,881	58	58
Other	-	255	5	1
	2,100	2,136	63	59

- Two small non-core businesses sold in year
- Nordics profitability improved in second half
- Nordics disposal on track

Exceptional items

£m	Cash	Non-cash	P&L total
Gain on disposal of businesses	232	34	266
UK restructuring costs	(20)	(20)	(40)
Other	-	3	3
	212	17	229

- Gain on disposal of Endries and Tobler
- UK restructuring costs on target

Financing & tax

£m	2017	2016
Financing		
Reported P&L charge	43	36
Tax		
Ongoing P&L charge	277	217
Ongoing effective tax rate	28.0%	27.4%

Cash

£m	2017	2016
Reported trading profit	1,059	857
Depreciation & amortisation	140	114
Reported EBITDA	1,199	971
Working capital	(77)	(44)
Share based payments, provisions and other	(7)	92
Cash flow from operating activities	1,115	1,019
Interest & tax	(363)	(232)
Acquisitions	(256)	(113)
Disposals and assets held for sale	313	65
Capex	(178)	(218)
Dividends & buybacks	(259)	(538)
FX & other items	30	(114)
Movement in net debt	402	(131)

- Good cash generation
- Reduction in net debt improved by disposals in the year

Capital structure

	2017	2016
Net debt as reported	£534m	£936m
Net pension liability	£21m	£147m
Operating lease commitments	£854m	£853m
Net debt / EBITDA ¹	0.5x	0.9x
Ordinary dividend per share	110.0p	100.0p

¹ Covenant net debt to / EBITDA includes discontinued businesses.

Capital allocation

Cash generation

- Ferguson is a highly cash generative business
- Cash generation is robust through the cycle

Use of capital

- 1) Invest in organic growth
- 2) Progressive dividend policy, aim to grow the dividend in line with the long-term underlying growth in earnings
- 3) Invest in bolt-on M&A that meet our stringent investment criteria
- 4) Return surplus capital to shareholders reasonably promptly when under the target range

Target gearing

- Will maintain current net debt : EBITDA target of 1x – 2x
- Announced £500m share buyback today

Acquisitions

FY17 acquisitions



FY18 acquisitions



Financial impact £m

FY17 acquisitions – contribution in FY17

Revenue

Trading profit

214

29

– incremental contribution in FY18

53

3

FY18 acquisitions – contribution in FY18

109

5

Technical guidance for the year to 31 July 2018

USD reporting	FY18
Organic revenue growth replacing like-for-like	FY18
Trading days and estimated impact on trading profit	Same number of days in each quarter
Trading profit impact from completed acquisitions	\$10 million
Exceptional costs in the UK – cash	\$50 million
– non-cash	\$15 million
Effective tax rate	approx. 28%
Capital investment	\$250 - \$300 million
Working capital investment	12% -13% of incremental revenue

Business review and outlook

John Martin, Chief Executive

Key priorities

1. **Generate best profitable growth in the USA**
2. Execute UK transformation
3. Review Nordics operational strategy

Drivers of profitable growth

Fulfilling customer wants

Engaged associates

Excellent service ethic

Strong sales culture

Attractive growth opportunities

Organic expansion

Bolt on acquisitions

Adjacent opportunities

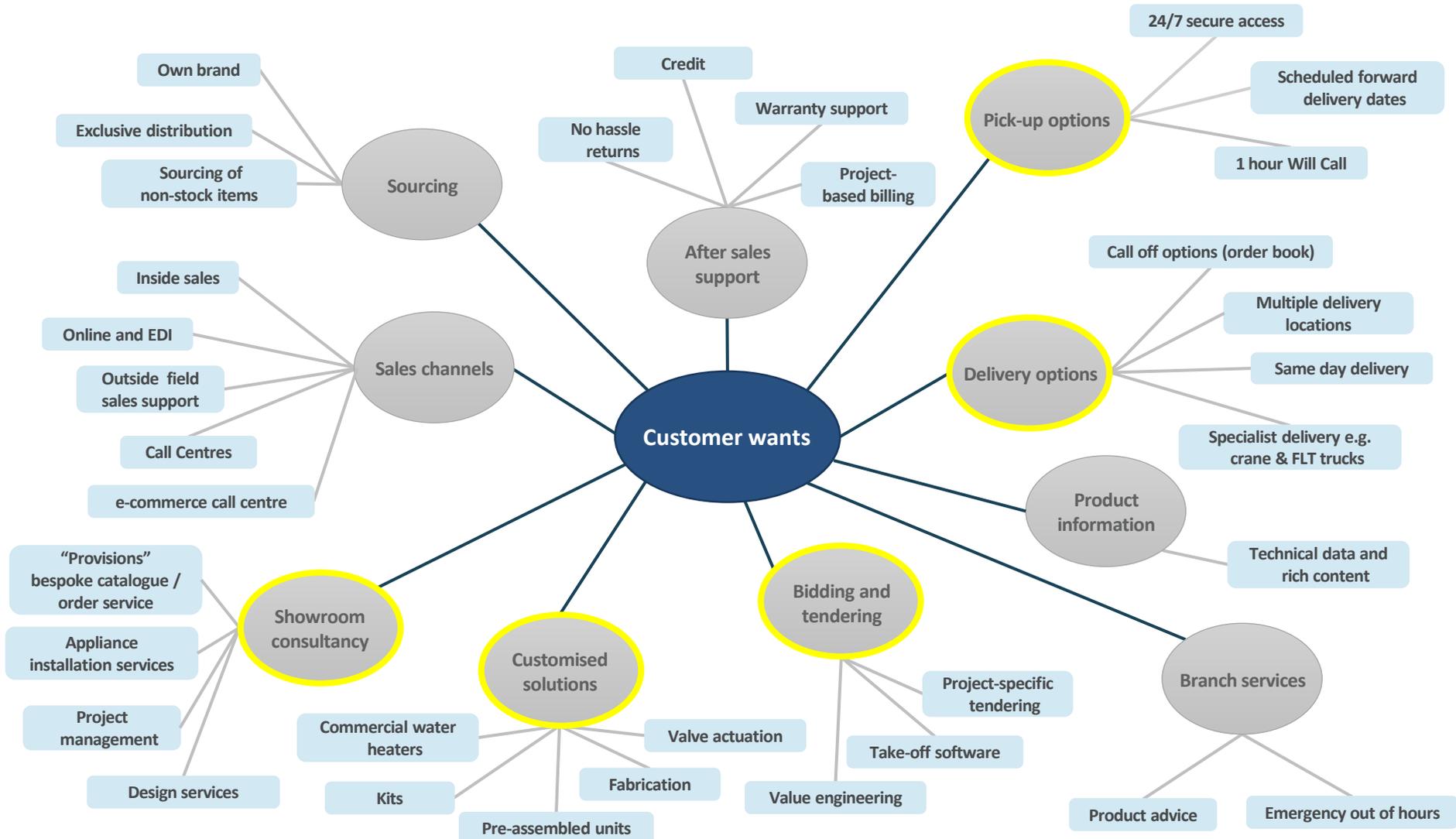
Excellent execution

Operating model and
e-commerce development

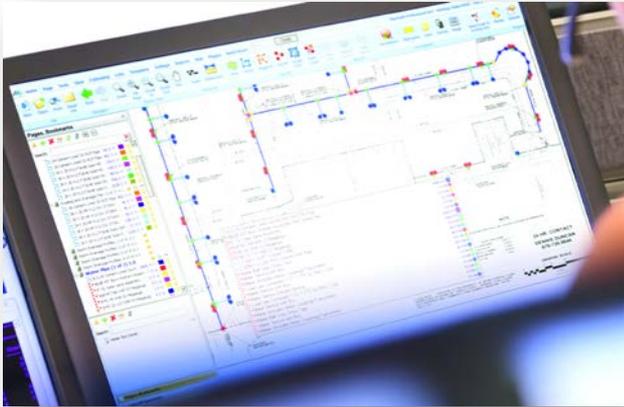
Pricing discipline

Own label penetration

Fulfilling customer wants



Fulfilling customer wants: e.g. bidding and tendering



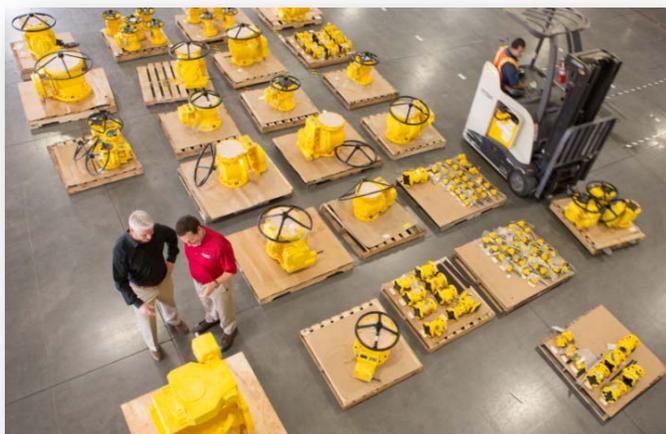
- Project specific / volumetric pricing
- Value engineering using our technical expertise
- Bundling products to customers' requirements
- Take-off software to reduce manual activities
- Value of bid and tendered work \$7.2bn



Fulfilling customer wants: e.g. customised solutions



- Pre-assembled units
- Fabrication for fire suppression and waterworks systems:
 - Weld, cut and thread piping
 - Label parts for easy assembly on site
 - Kits for installation e.g. boilers
- Removal of old equipment
- Valve actuation services



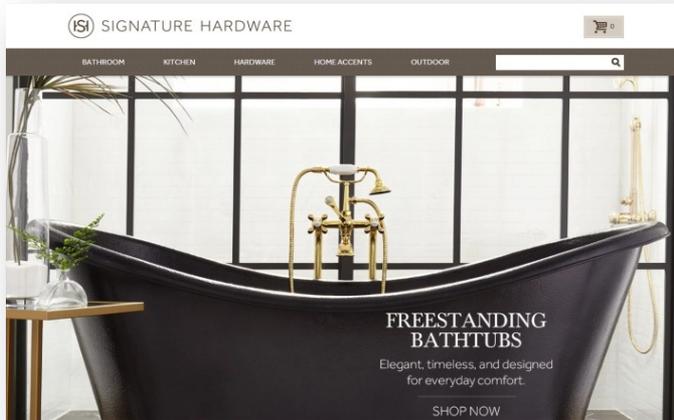
Fulfilling customer wants: e.g. showroom consultancy



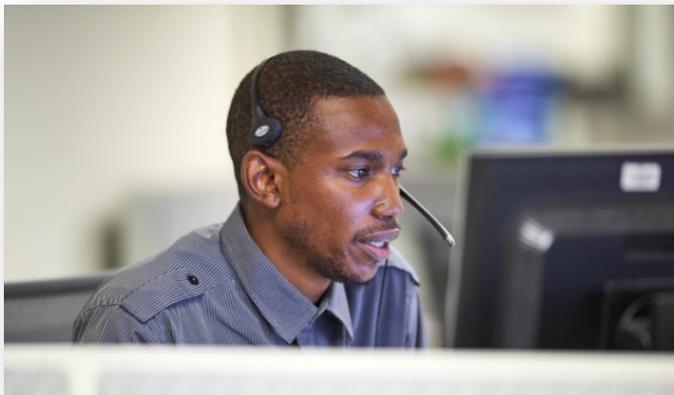
- Consultation, design, sourcing and project management
- Two-person delivery
- “White-glove” installation
- Revenue \$1.7 billion



Fulfilling customer wants: e.g. competitive pricing



- Aim to always deliver competitive pricing
- Leverage buying power
- Keep costs lowest in the industry



Fulfilling customer wants: e.g. delivery/ pick up options



- \$3.4bn counter sales
- \$500m 1-Hour-Will-Call
- 1,550 specialist trucks e.g. crane trucks , FLT trucks
- \$5.9bn of same-day and next-day delivery
- Tag and hold service



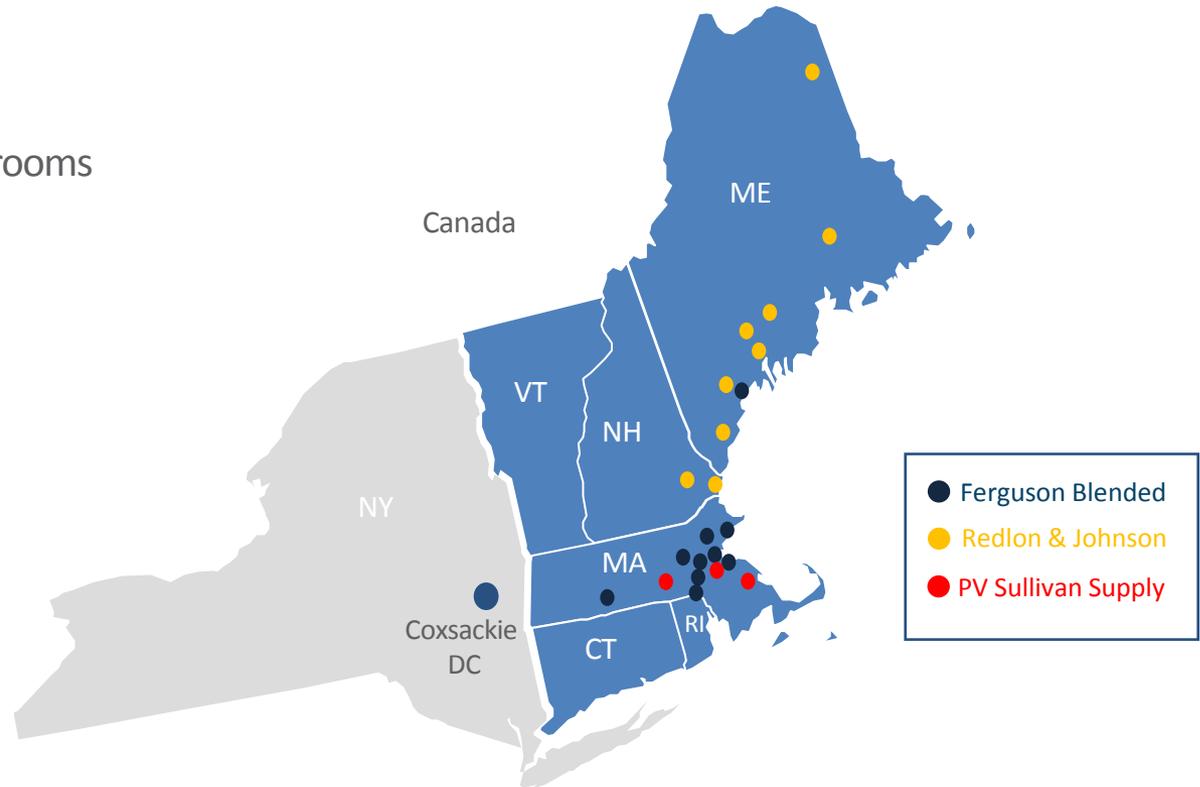
Drivers of profitable growth

Fulfilling customer wants	Attractive growth opportunities	Excellent execution
Engaged associates	Organic expansion	Operating model and e-commerce development
Excellent service ethic	Bolt on acquisitions	Pricing discipline
Strong sales culture	Adjacent opportunities	Own label penetration

Attractive growth opportunities: e.g. New England

Blended Branches in 2017:

- 22 locations, including 11 showrooms
- 320 associates
- 42 delivery trucks
- 8% ecommerce penetration
- Market share 9%



Region has grown to more than \$200 million of revenue

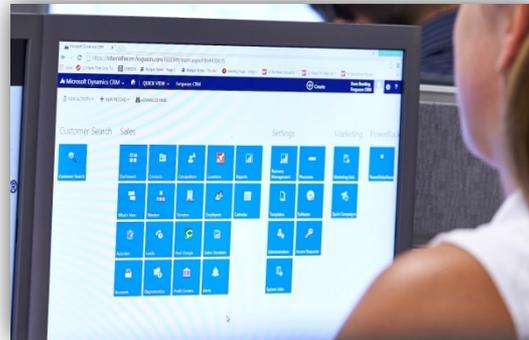
Drivers of profitable growth

Fulfilling customer wants	Attractive growth opportunities	Excellent execution
Engaged associates	Organic expansion	Operating model and e-commerce development
Excellent service ethic	Bolt on acquisitions	Pricing discipline
Strong sales culture	Adjacent opportunities	Own label penetration

Excellent execution: e.g. e-commerce and customer facing technology



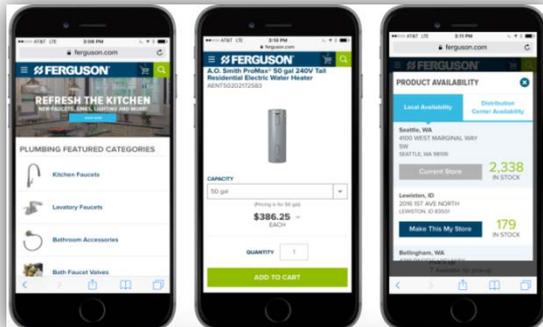
Ferguson.com



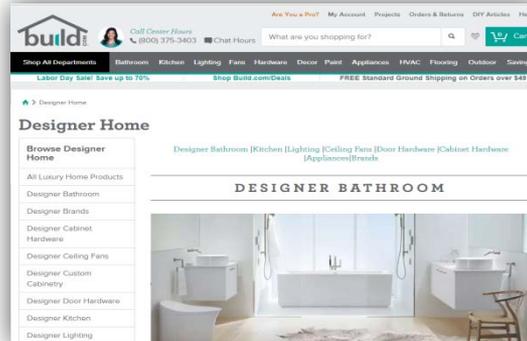
System to system



Punch out



Mobile and SKU app



B2C e-commerce



Inventory management

Excellent execution: e.g. own label penetration



PARK HARBOR®



MISENO

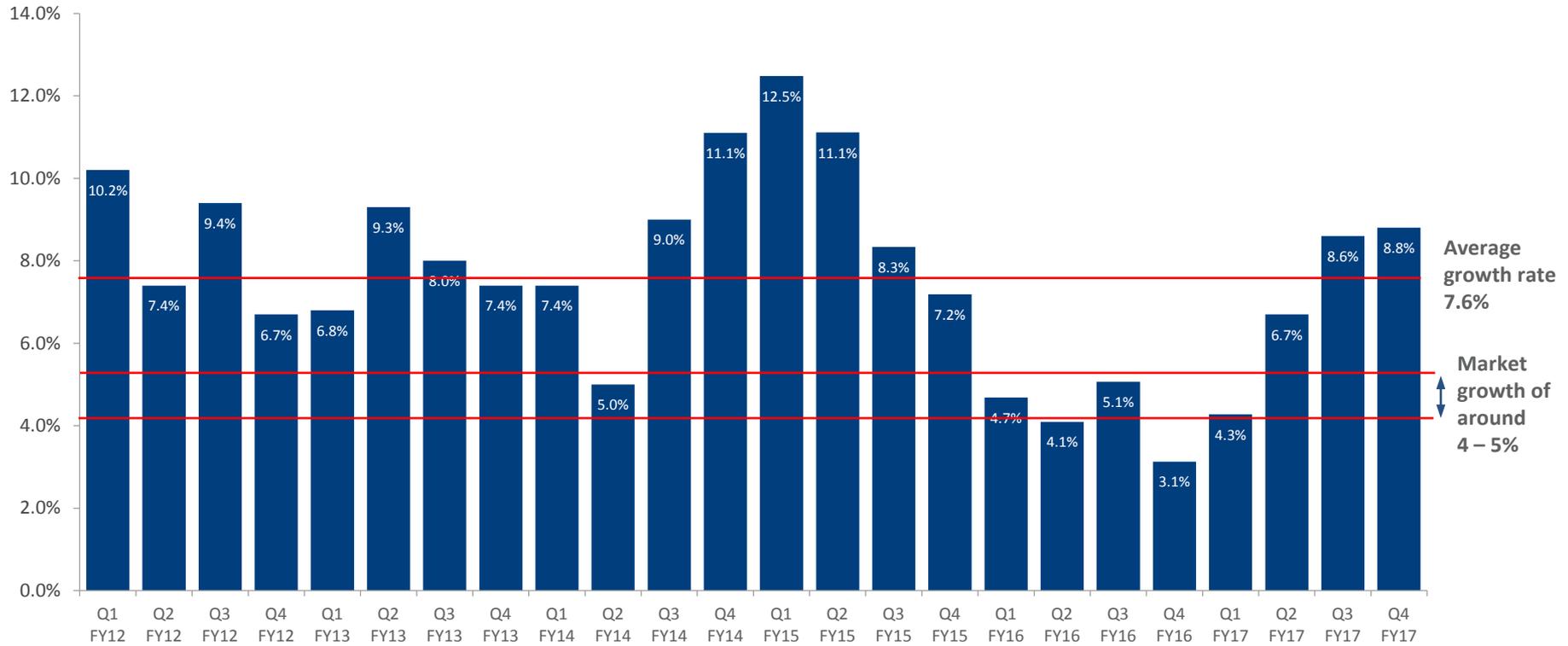
FNW™



M
MONOGRAM BRASS®

SIGNATURE

US like-for-like growth rate



Key priorities

1. Generate best profitable growth in the USA
2. Execute UK transformation
3. Review Nordics operational strategy

UK transformation

- Performance improvement
 - Like-for-like growth of +0.8%
 - Gross margin ahead by 40 basis points
 - Trading profit ahead
 - Excellent performances from Pipe and Climate, Infrastructure, soak.com
 - Plumbing and heating remains competitive



UK transformation: Branch network reconfiguration



Branch interior

Destination branch layout



New completed local branch counter

33 site exits completed in FY17 with no loss of revenue with a further 32 planned in FY18

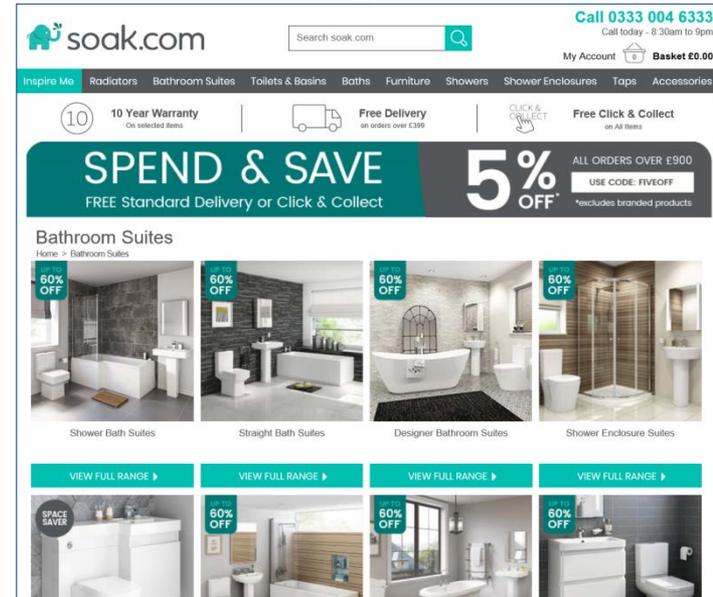
UK transformation: Logistics and supply chain simplification



- Outsourced DC to branch replenishment
- Moved to in-night branch replenishment allowing customer collection and delivery from 7am
- Consolidate outbound deliveries from destination branches

100% of UK branches now replenished in-night

UK transformation: e-commerce penetration



Total UK e-commerce revenue up to 11%, self service events up 60%

Key priorities

1. Generate best profitable growth in the USA
2. Execute UK transformation
3. Review Nordics operational strategy

Nordics progress

- Successful turnaround of Finland
- Branch rationalisation completed, 30 branches closed
- Good momentum in H2 with LFL revenue up 6.8% and trading profit up 18.2%
- Silvan DIY business sold in August 2017
- Auction of building materials business underway



Market update and outlook

Market

- US residential and commercial markets remain good
- Deflation and industrial headwinds have receded
- Canadian market continues to recover
- UK market growth remains weak

Outlook

- Organic revenue growth since the end of the period has been about 6%
- Order books continue to grow
- We expect the Group to make further progress next year

FERGUSON

FERGUSON[®]

No body experts more than w

INDUSTRIAL TYPE VAN

FERGUSON

0055-9718

USDOT 997796

190
6930

FERGUSON

Appendix

Regional analysis

£m	Revenue 2017	Revenue 2016	Trading profit 2017	Trading profit 2016
USA	11,824	9,288	950	761
UK	2,012	1,996	76	74
Canada & Central Europe	1,042	862	45	37
Central costs	-	-	(39)	(45)
Group ongoing	14,878	12,146	1,032	827
Non-ongoing	346	403	27	30
Group reported	15,224	12,549	1,059	857
Discontinued	2,100	2,136	63	59
Total Group	17,324	14,685	1,122	916

Branch numbers

	Brought forward 31 July 2016 ¹	Acquired	Disposals	Net Opened / Closed	Carried forward 31 July 2017
USA	1,465	25	(77)	10	1,423
UK	690	-	-	(48)	642
Canada & Central Europe	296	-	(46)	(5)	245
	2,451	25	(123)	(43)	2,310

¹ UK branch numbers have been restated at 31 July 2016 to reflect previously consolidated sites.

Headcount

	Brought forward 31 July 2016	Acquired	Disposals	Net joiners / (leavers)	Carried forward 31 July 2017
USA	23,000	636	(640)	990	23,986
UK	6,071	-	-	(171)	5,900
Canada & Central Europe	3,506	-	(678)	34	2,862
Other	107	-	-	(4)	103
	32,684	636	(1,318)	849	32,851

Financial highlights in USD

	2017	2016	Change	Change (at constant exchange rates)	Organic change
Ongoing revenue	\$18,845m	\$17,736m	+6.3%	+8.6%	+6.1%
Ongoing gross margin %	28.9%	28.5%	+0.4%		
Ongoing trading profit*	\$1,307m	\$1,208m	+8.2%	+8.7%	
Ongoing trading margin %*	6.9%	6.8%	+0.1%		
Headline earnings per share*	366.1c	342.7c	+6.8%	+6.8%	
Ordinary dividend per share	144.39c	132.07c	+9.3%		
Net debt	\$706m	\$1,238m			

* Before exceptional items, the amortisation and impairment of acquired intangible assets and with respect to headline EPS before non-recurring tax items and non-controlling interest.

Regional analysis in USD

\$m	Revenue 2017	Revenue 2016	Trading profit 2017	Trading profit 2016
USA	14,977	13,562	1,204	1,111
UK	2,548	2,915	96	108
Canada & Central Europe	1,320	1,259	57	55
Central costs	-	-	(50)	(66)
Group ongoing	18,845	17,736	1,307	1,208
Non-ongoing	439	589	34	43
Group reported	19,284	18,325	1,341	1,251

American Depositary Receipts (ADRs) programme

Ferguson has a Level 1 ADR program trading on OTCQX, the premier tier of the US over-the-counter market

Ticker: FERGY

Exchange: OTCQX

CUSIP: 977868306

ISIN: US9778683063

Ratio: 10 ADRs : 1 Ordinary Share

ADR key benefits

- Convenient means of trading/holding foreign shares
- USD-denominated security – reducing custody costs
- Trade, clear and settle like other US securities
- Dividends (when declared by the Board) paid in USD
- Purchased or sold through US brokers

For assistance with converting Ordinary Shares into ADRs (or vice versa), please contact Deutsche Bank's ADR broker helpline:

New York: +1 212 250 9100

e-mail: adr@db.com

London: +44 207 547 6500

Hong Kong: +852 2203 7854



WOLSELEY

CF
EURO 6

Q&A

WOLSELEY

DAF

WOLSELEY

DAF

WOLSELEY