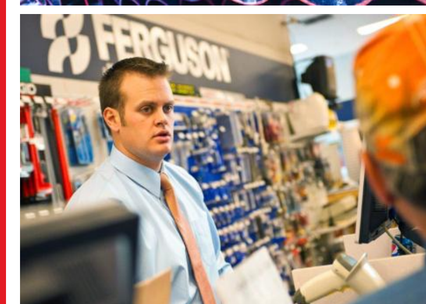

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2016 Half Year Results

Welcome and highlights

Ian Meakins, Chief Executive

Highlights

- Group performance - resilient
  - Share gain or held in most businesses
  - Improvements in customer service
  - Gross margins ahead
  - Tight cost management
- US results improving in tougher markets
  - Deflation / Industrial
  - Residential, Commercial, Infrastructure robust
- UK results disappointing
  - Tough market
  - Better execution
- Nordics results better
- Strategy is consistent and continued investment in proven strategic programmes
  - £109m capex invested in H1
- Strong cash generation
  - Dividend up 10%
- Expect to meet analysts expectations

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Operating and Financial Review

John Martin, Chief Financial Officer

Financial highlights

	H1 2016	H1 2015	Change	Change (at constant exchange rates)	Like-for-like Change
Ongoing revenue	**£6,795m**	£6,418m	+5.9%	+4.6%	+2.7%
Ongoing trading profit*	**£410m**	£390m	+5.1%	+2.3%	
Ongoing gross margin %	**28.3%**	27.9%	+0.4%		
Ongoing trading margin %*	**6.0%**	6.1%	(0.1%)		
Headline earnings per share*	**110.2p**	103.6p	+6.4%		
Ordinary dividend per share	**33.28p**	30.25p	+10.0%		
Net debt	**£1,253m**	£1,221m			
Trading days	**127**	128	(1)		

** Before exceptional items, the amortisation and impairment of acquired intangibles and with respect to headline EPS also before non-recurring tax items*

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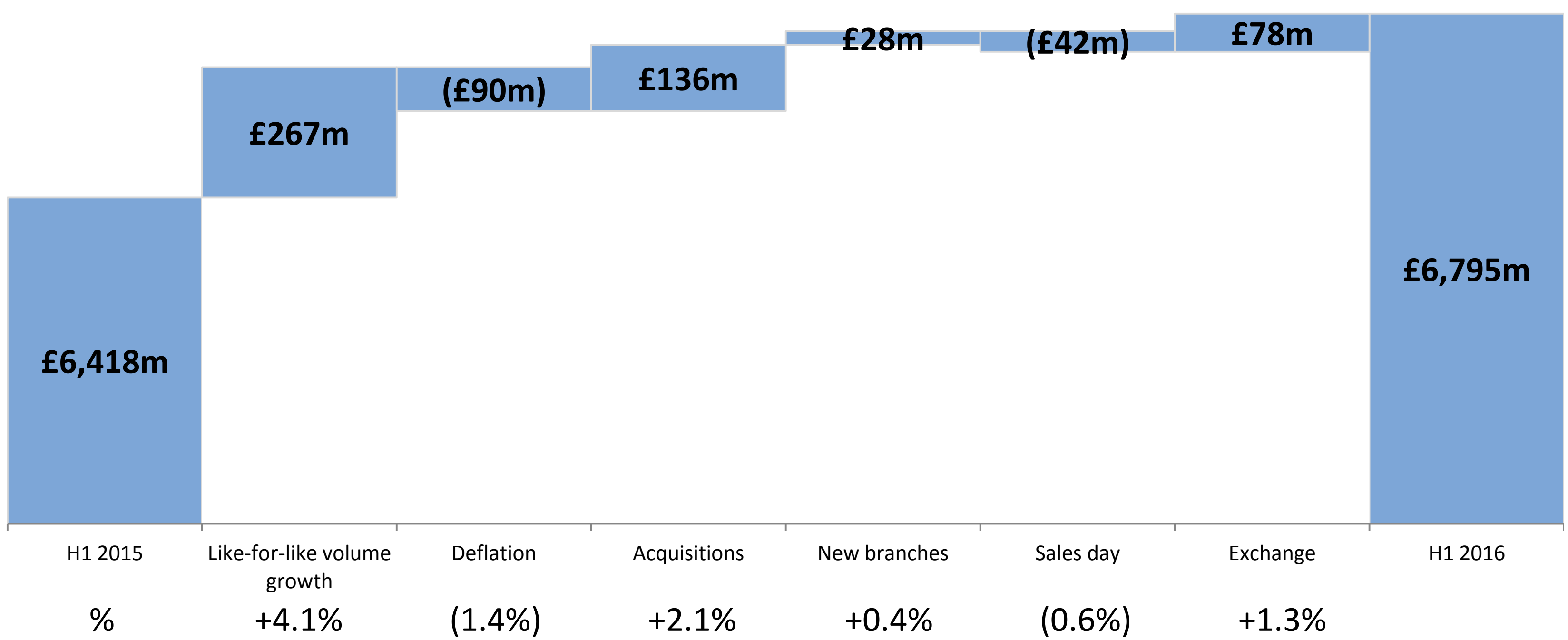
Total revenue growth



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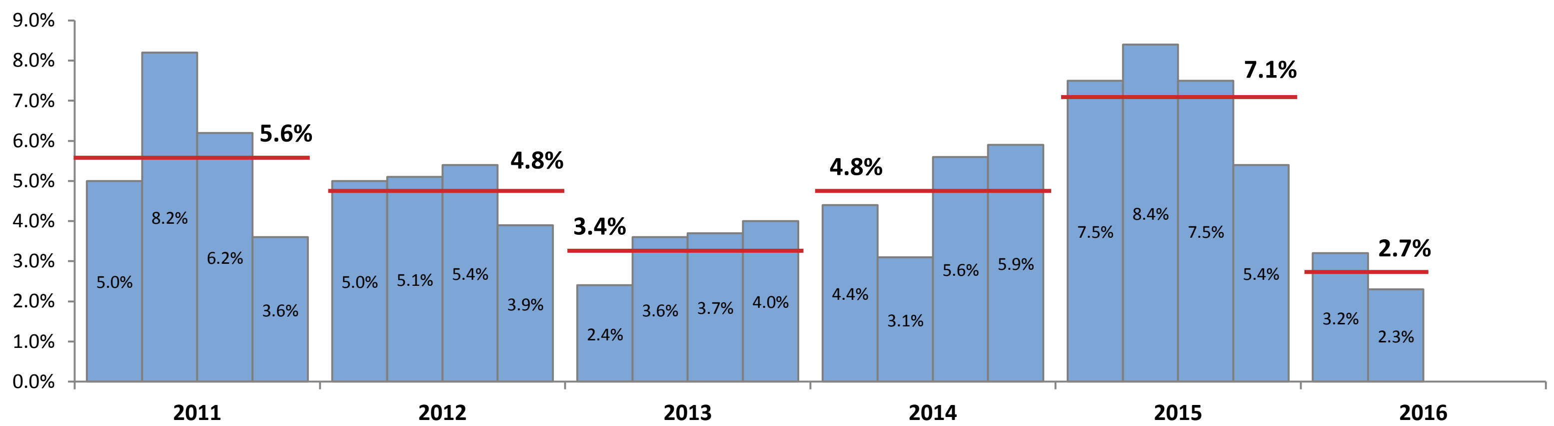
Like-for-like growth

	Q2 last year	Q3 last year	Q4 last year	Q1 this year	**Q2 this year**
USA	11.1%	8.3%	7.1%	4.5%	**4.0%**
UK	3.4%	7.6%	3.1%	(1.1%)	**(2.9%)**
Nordics	5.4%	8.8%	6.4%	5.5%	**2.4%**
Canada	3.1%	(1.9%)	(5.8%)	(3.7%)	**0.6%**
Central Europe	4.6%	1.0%	(3.4%)	(1.2%)	**(5.0%)**
Ongoing businesses	8.4%	7.5%	5.4%	3.2%	**2.3%**



Industrial end-markets

H1 impact		Proportion of regional sales	Like-for-like change	**Impact on growth**
USA	Standalone branch sales	8%	(11%)	**(0.9%)**
	Blended branch sales	7%	(8%)	**(0.6%)**
	Total impact on US growth			**(1.5%)**
Canada	Industrial sales	10%	(29%)	**(2.9%)**
Group				**(1.2%)**

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Commodity deflation impact

H1 impact	£m	%
Revenue	(90m)	(1.4%)
Gross profit	(15m)	(0.8%)
Gross margin		+0.16%
Trading profit	(15m)	(3.8%)

% devaluation	2015	2016 H1	Cumulative
Copper	(9%)	(16%)	(25%)
Plastic	(1%)	(13%)	(14%)
Carbon steel	(9%)	(7%)	(16%)

Currency impact

Region	Trading impact	**Translation impact in H1 gain / (loss)**	Translation impact in H2 gain / (loss) *
USA	Negative impact on US manufacturing	**+£16m**	+£21m
UK	Negligible	**-**	-
Nordics	Negligible	**(£2m)**	+£1m
Canada	Negative impact of US$ denominated imports	**(£3m)**	-
Central Europe	Negative impact of 'Eurobonus' discounting	**-**	-
		+£11m	+£22m

** Estimated impact if exchange rates stay at the current levels throughout the remainder of FY16*

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USA (80% of Group trading profit)

£m	H1 2016	H1 2015	Change	Change (at constant exchange rates)
Revenue	**4,381**	3,912	+12.0%	+6.5%
Like-for-like growth	**4.3%**	11.7%	(7.4%)	
Trading profit	**345**	311	+10.9%	+5.5%
Trading margin	**7.9%**	7.9%	-	
Branches	**1,444**	1,391	+3.8%	
Headcount	**22,343**	21,248	+5.2%	

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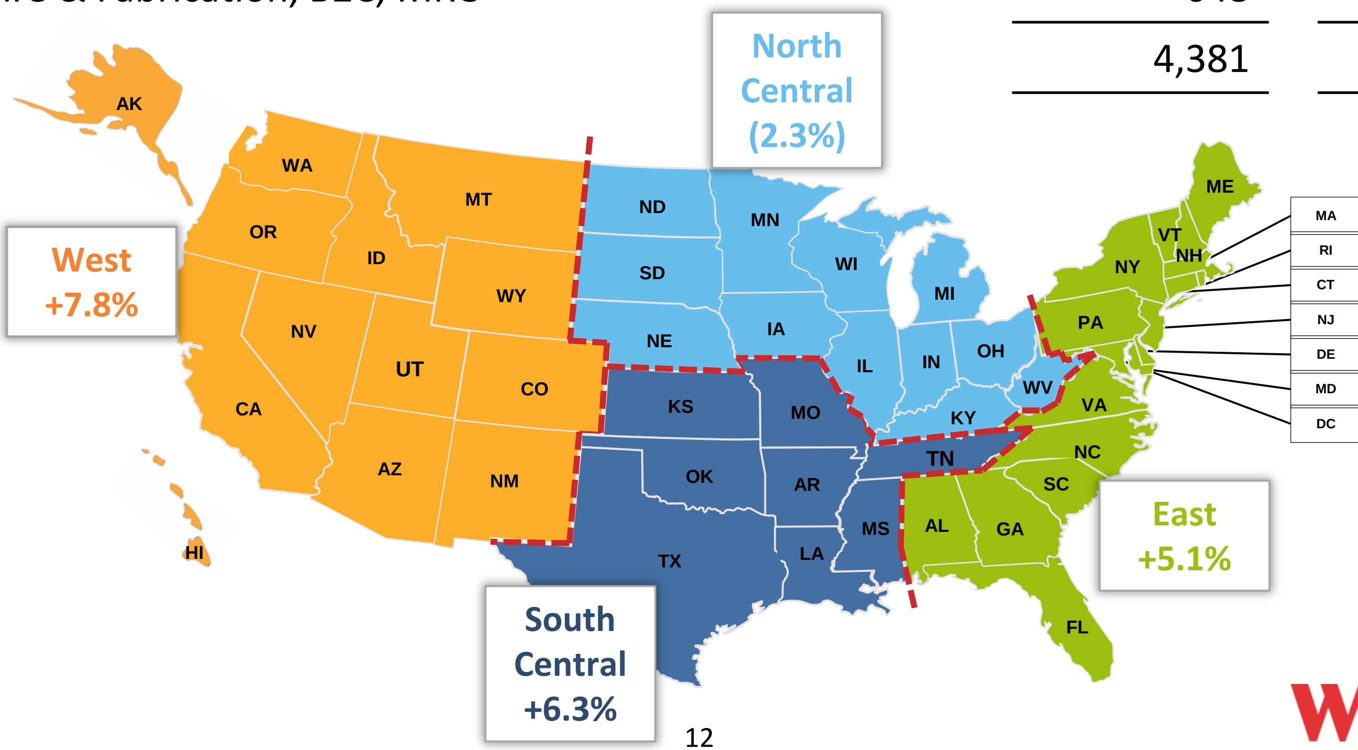
USA like-for-like revenue growth

Business unit	Revenue £m	Like-for-like Change %
Blended Branches	2,719	+4.8%
Waterworks	681	+1.8%
Industrial	333	(10.8%)
HVAC, Fire & Fabrication, B2C, MRO	648	+15.2%
	4,381	+4.3%



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US investment and cost control

Associate numbers		Labour $m	Other $m	Total $m	Growth %
21,248	H1 2015	873	473	1,346	
472	Acquisitions	15	4	19	1.4%
248	Branch investment	11	18	29	2.2%
126	IT and key strategies	5	8	13	1.0%
-	Merit increases	18		18	1.3%
-	Healthcare	6		6	0.4%
-	Commissions	6		6	0.4%
-	Fuel		(6)	(6)	(0.4%)
-	Fleet cost and investment		9	9	0.7%
-	Internet advertising		10	10	0.7%
249	Other growth	11	2	13	1.0%
22,343	H1 2016	945	518	1,463	8.7%

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UK (8% of Group trading profit)

£m	**H1 2016**	H1 2015	Change	Change (at constant exchange rates)
Revenue	**996**	984	+1.2%	+1.2%
Like-for-like growth	**(2.0%)**	1.9%	(3.9%)	
Trading profit	**34**	43	(20.9%)	(20.9%)
Trading margin	**3.4%**	4.4%	(1.0%)	
Branches	**748**	762	(1.8%)	
Headcount	**6,201**	6,049	+2.5%	

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UK investment and cost control

Associate numbers		Labour £m	Other £m	Total £m	Growth %
6,049	H1 2015	105.2	82.6	**187.8**	
258	Acquisitions	4.4	10.3	**14.7**	7.8%
	Branch investment	-	1.7	**1.7**	0.9%
	IT and key strategies	0.5	1.0	**1.5**	0.8%
	Merit increases	2.1	-	**2.1**	1.1%
	Fuel	-	(0.8)	**(0.8)**	(0.4%)
(106)	Cost savings	(2.1)	(1.7)	**(3.8)**	(2.0%)
6,201		110.1	93.1	**203.2**	8.2%

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Nordic (5% of Group trading profit)

£m	**H1 2016**	H1 2015	Change	Change (at constant exchange rates)
Revenue	**885**	935	(5.3%)	+3.2%
Like-for-like growth	**4.2%**	3.4%	+0.8%	
Trading profit	**23**	22	+4.5%	+14.5%
Trading margin	**2.6%**	2.4%	+0.2%	
Branches	**258**	258	-	
Headcount	**5,640**	5,732	(1.6%)	

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Canada (4% of Group trading profit)

£m	**H1 2016**	H1 2015	Change	Change (at constant exchange rates)
Revenue	**329**	372	(11.6%)	(0.5%)
Like-for-like growth	**(1.8%)**	3.4%	(5.2%)	
Trading profit	**17**	23	(26.1%)	(16.7%)
Trading margin	**5.2%**	6.2%	(1.0%)	
Branches	**215**	222	(3.2%)	
Headcount	**2,371**	2,431	(2.5%)	

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Central Europe (3% of Group trading profit)

£m	**H1 2016**	H1 2015	Change	Change (at constant exchange rates)
Revenue	**204**	215	(5.1%)	(2.7%)
Like-for-like growth	**(3.1%)**	(1.5%)	(1.6%)	
Trading profit	**13**	14	(3.9%)	(2.7%)
Trading margin	**6.4%**	6.5%	(0.1%)	
Branches	**78**	77	+1.3%	
Headcount	**1,069**	1,082	(1.2%)	

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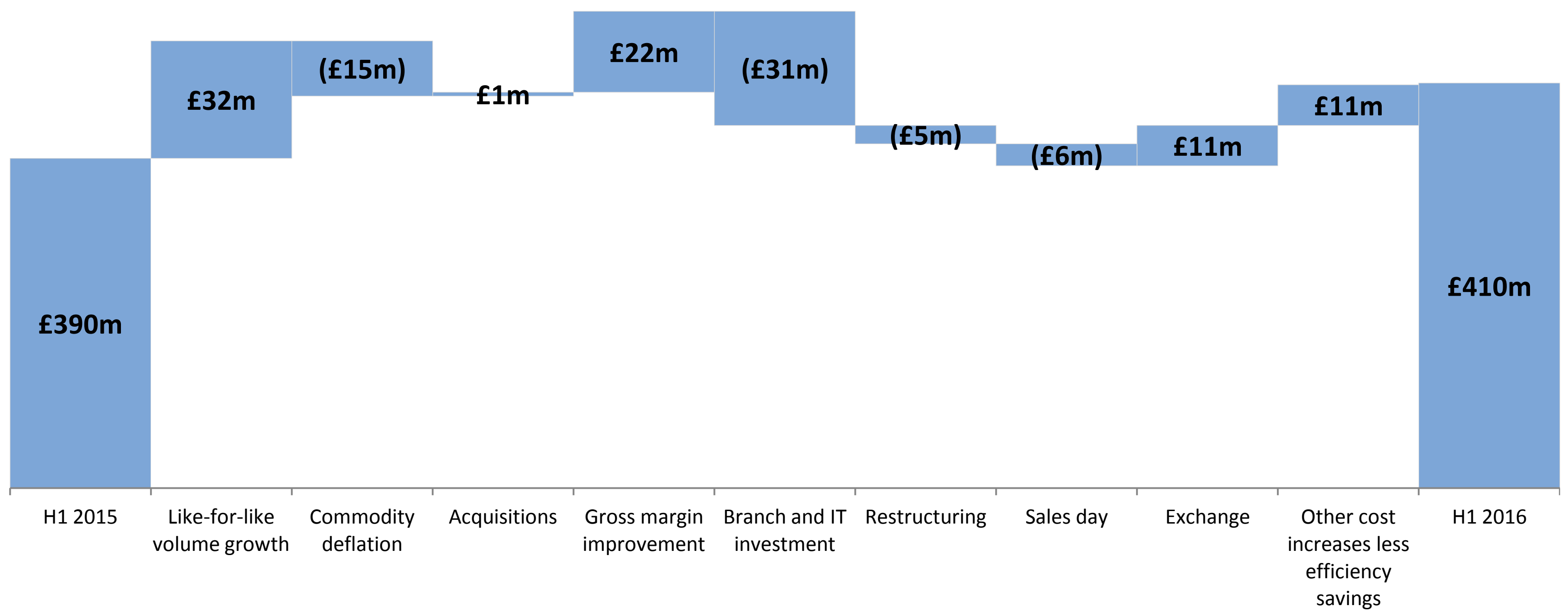
Trading profit in the ongoing business



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Central costs, financing and tax

£m	H1 2016	H1 2015
Central costs	**22**	23
Financing		
P&L charge	**20**	18
Exceptionals (FX recycling)	**-**	(5)
Underlying P&L charge	**20**	13
Tax		
P&L charge	**103**	91
Exceptionals, intangibles & non-recurring items	**6**	15
Underlying P&L charge	**109**	106
Effective tax rate	**27.9%**	28.1%

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Cash

£m	**H1 2016**	H1 2015
EBITDA before exceptionals	**475**	444
Seasonal working capital outflow	**(307)**	(274)
Exceptionals and other	**23**	(21)
Cash flow from operating activities	**191**	149
Disposals	**35**	44
Interest & tax	**(106)**	(124)
Acquisitions	**(62)**	(28)
Capex	**(109)**	(116)
Dividends & buybacks	**(316)**	(358)
FX & other items	**(81)**	(77)
	(448)	(510)

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Organic investment

£m	**H1 2016 Capex**	H1 2015 Capex
Technology, processes, systems	**22**	39
Freehold, DCs and hubs	**46**	37
Branch expansion, showrooms and refurbishment	**41**	40
	109	116

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Acquisitions

Central Pipe & Supply Fire and Fab £5m Revenue Aug -15	LivingDirect B2C £47m Revenue Oct -15	Renwes Sales Appliances £13m Revenue Oct -15	Atlantic American Fire Equipment Company Fire and Fab £32m Revenue Oct -15
Action Fire Fab & supply Fire and Fab £3m Revenue Nov -15	PCS Industries Commercial MRO £15m Revenue Jan -16	Medallion Pipe Supply Company Ltd. Waterworks £3m Revenue Feb -16	Underground Specialties Waterworks £10m Revenue March -16

Completed in H1 2016

Completed after the period end

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Capital structure

	31 Jan 2016	31 July 2015	31 Jan 2015
Net debt*	**£1,253m**	£935m	£1,221m
Net pension liabilities	**£35m**	£15m	£84m
Committed facilities	**£2.2bn**	£2.2bn	£2.3bn
Interim dividend +10%	**33.28p**	-	30.25p

Share buyback programme: bought 4.3m shares for £162m (average £37.39 per share)

** 31 July 2015 adjusted by £130m reflecting the timing of payment runs*

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Outlook for the second half

Like-for-like revenue growth in December to February	**3.2%**
H2 restructuring costs committed to date	**£15m**
Trading days compared to H2 last year	**Same**
Impact of restating last years H2 trading profit at current FX rates	**+£22m**
Effective tax rate	**28.0%**
Capital investment in the second half	**£100m - £110m**
Working capital investment	**12 - 13% of incremental sales**
Net debt / EBITDA	**Within 1x to 2x**

At current exchange rates expect full year trading profit in line with consensus

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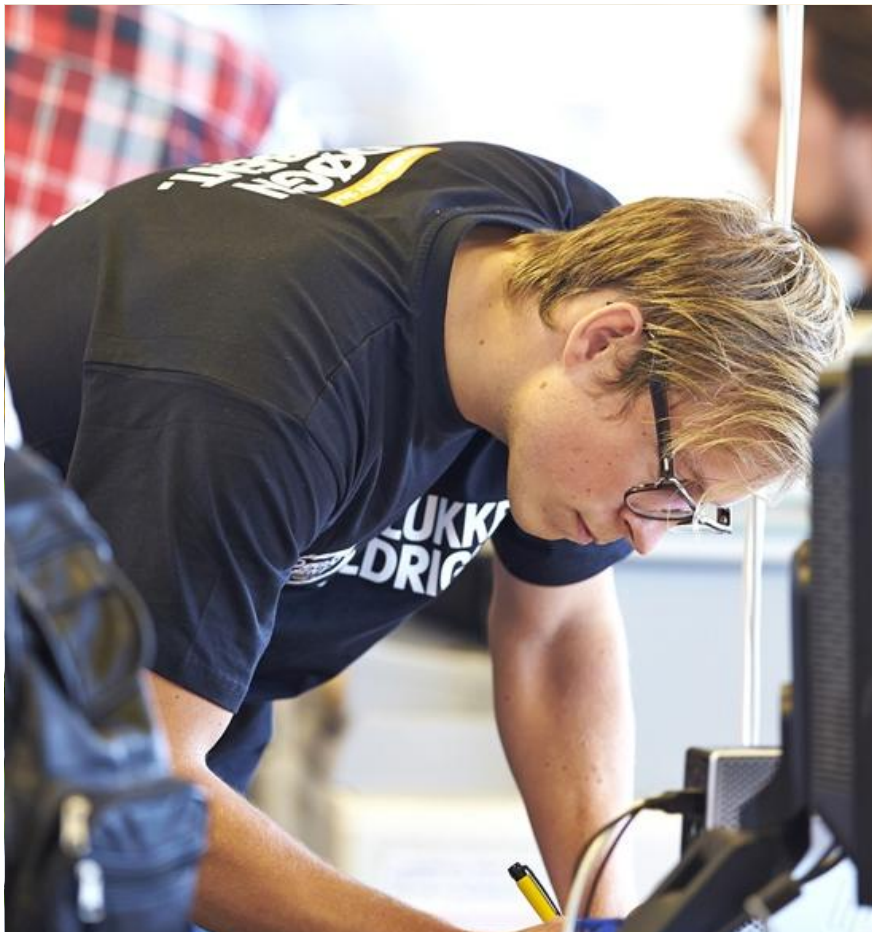
Business Review and Strategy update

Ian Meakins, Chief Executive



Agenda – US / UK / Nordics

- Current market conditions
- Performance by business and KPIs
- Actions taken and plans to improve performance

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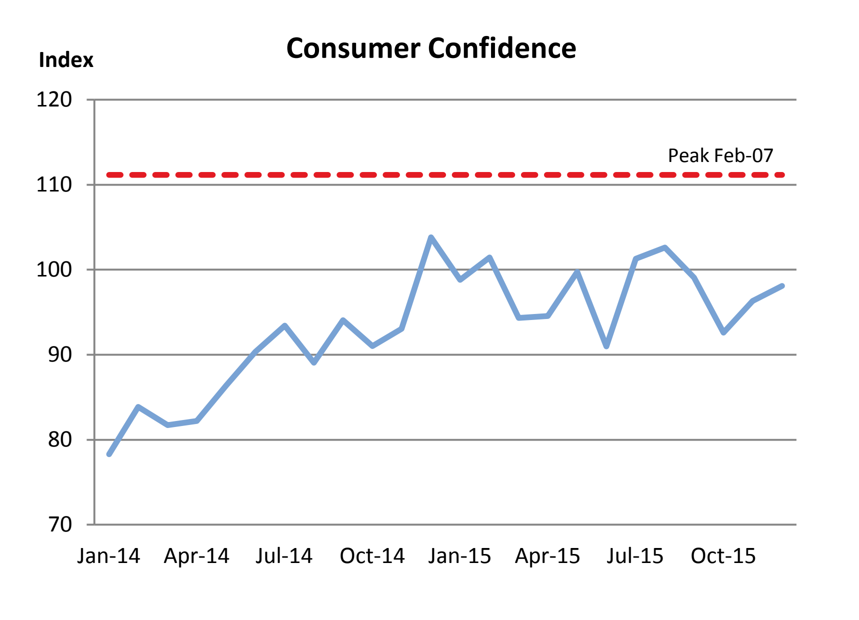
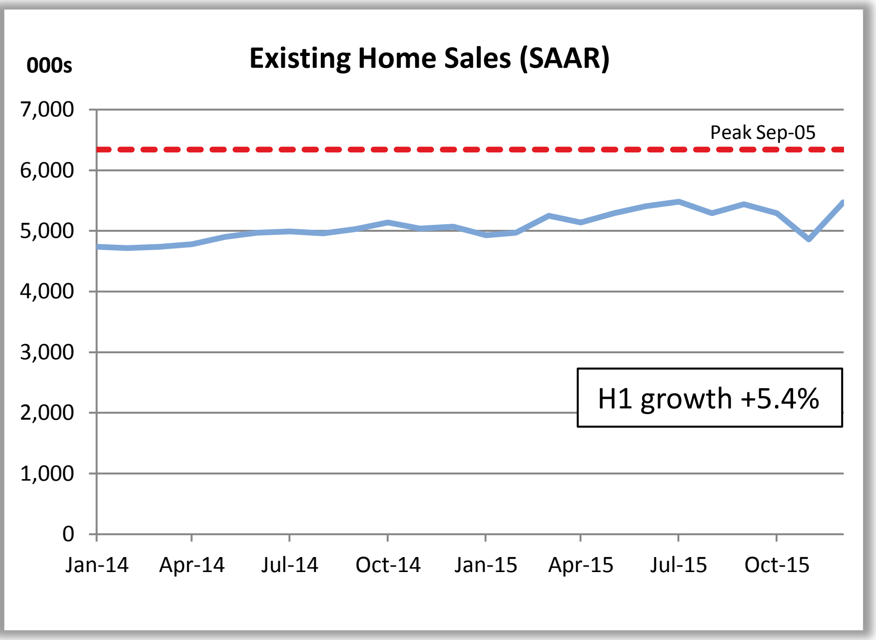
US – current market conditions



Source: The Conference Board



Source: National Association of Realtors

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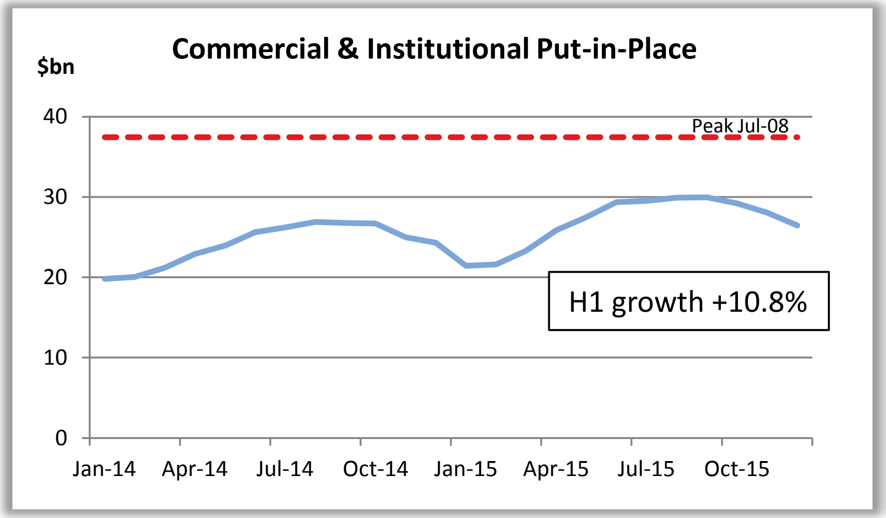
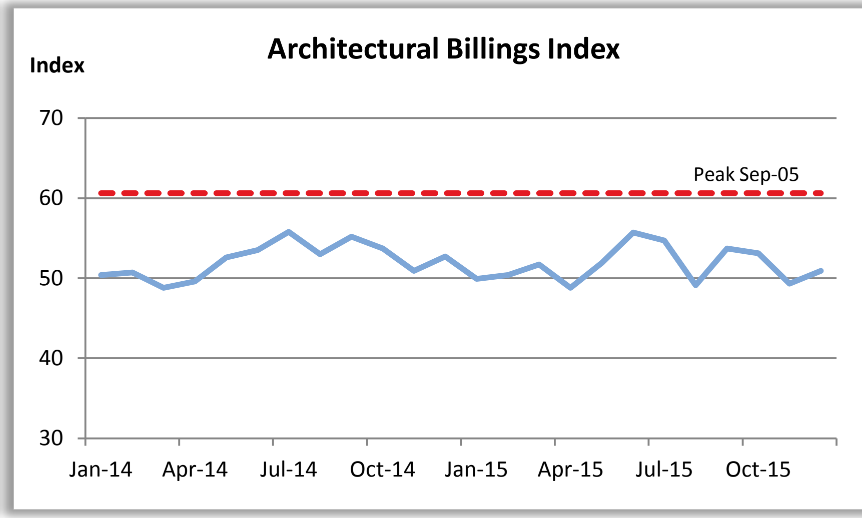
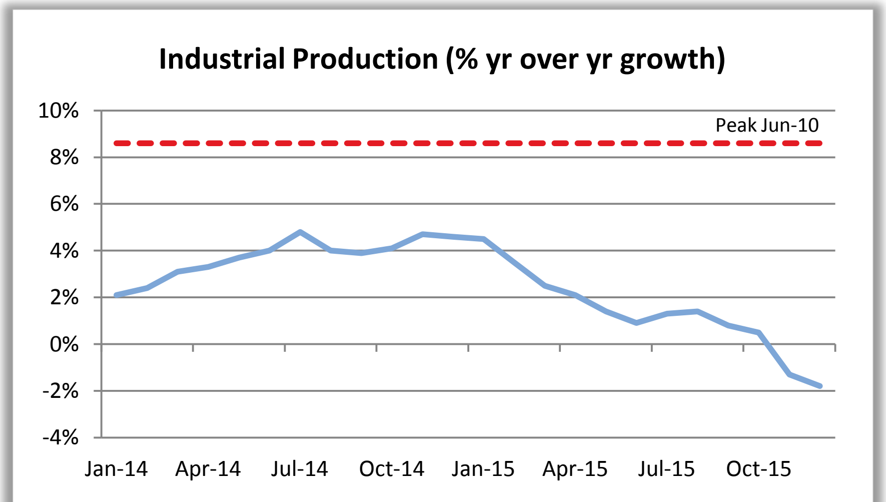
US – current market conditions



Source: U.S. Census Bureau



Source: The American Institute of Architects (AIA)



Source: U.S. Board of Governors of the Federal Reserve System (FRB)

US – Ferguson's business mix

	Share (0%–100%)	H1 like-for-like revenue growth	Impact on US growth rate	Ferguson market share
Civils	15%	+3%	+0.5%	Gaining
Industrial	15%	(9%)	(1.5%)	Holding
Commercial	30%	+6%	+1.7%	Gaining
Residential	40%	+9%	+3.6%	Gaining
			+4.3%	

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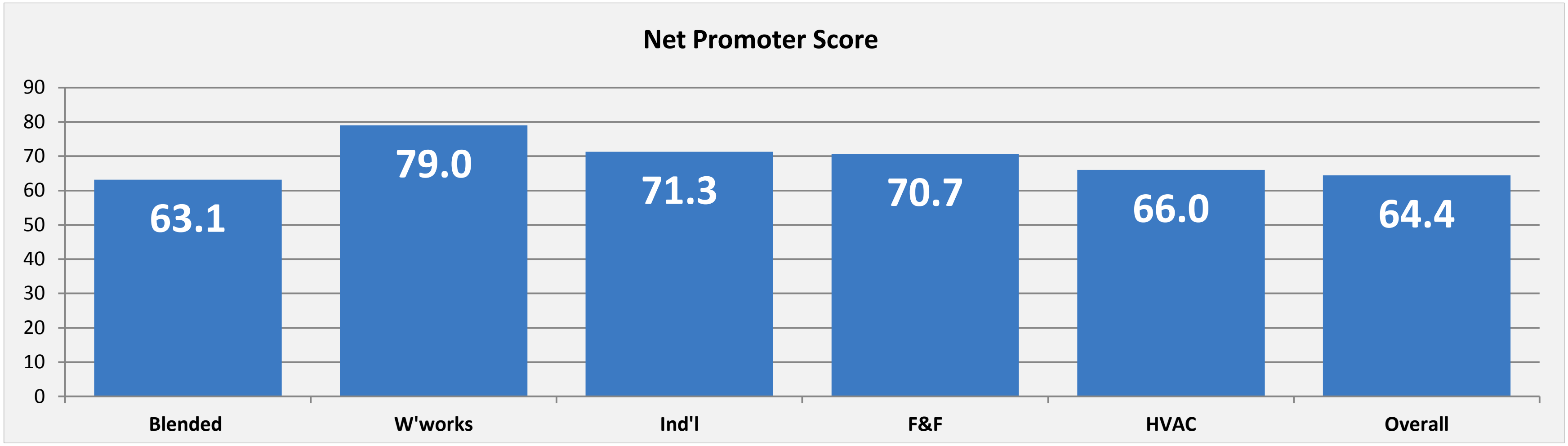
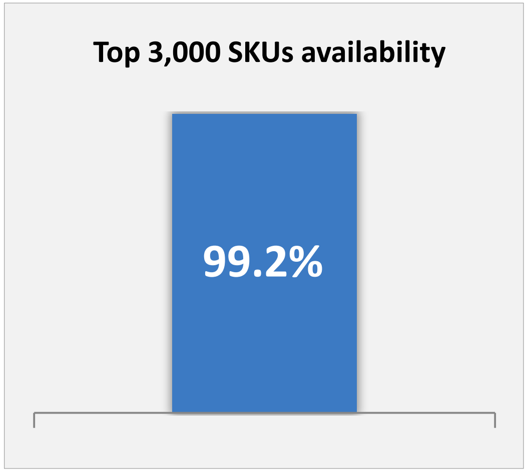
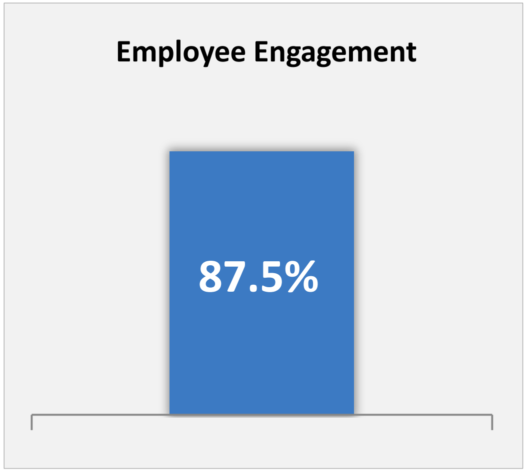
US - key performance indicators







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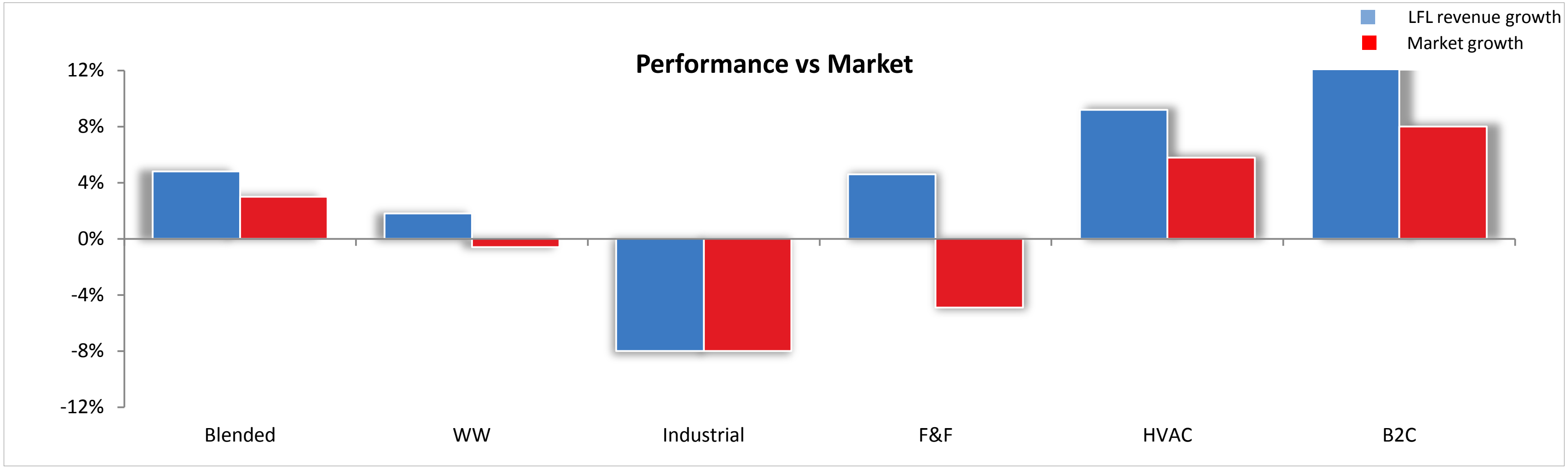
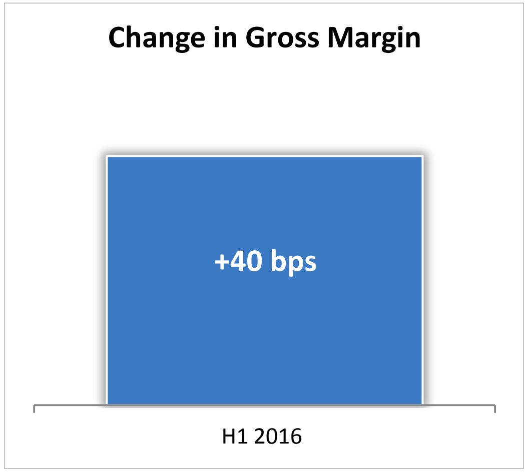
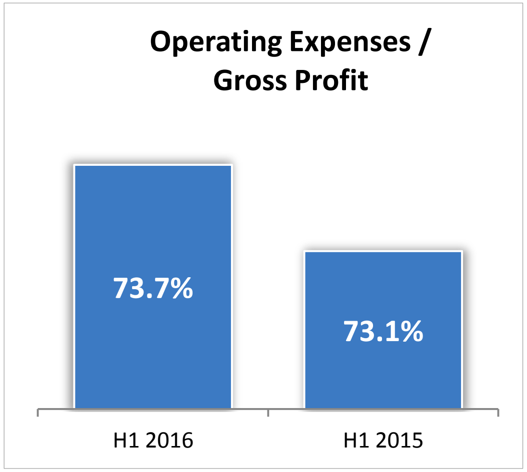
US - key performance indicators







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Accelerate profitable growth
Profit levers – re-cap

Market Share

Customer service

New branches / channels / segments

Sales force effectiveness

Employee engagement

Bolt-on acquisitions

Gross Margin

Pricing management

Business mix

Customer discounts

Category management

Sourcing

Profitable growth

Improve Productivity

Cost reduction

Efficient / productive business model

E-commerce

Benefits of scale / leverage

Improve Returns

Investment to remain competitive

Working capital efficiency

Many small improvements generate very good performance

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Accelerate profitable growth
US actions

Market Share

Gradual improvements

-NPS / availability / OTIF

Net new branches – 15 in H1, 15 in H2

Organisational improvement – dedicated resources by district

National accounts – residential / commercial

B2C marketing investment / mobile experience

E-commerce - mobile experience enhancements

Expand HVAC into Blended Branches

MRO investment

Waterworks – Meter and Automations growth

Bolt-on M&A

Gross Margin

Price management and compliance

Own label development

Commodity management - commercial

Commercial quotations - HVAC

Profitable growth

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Accelerate profitable growth
US actions

Profitable growth

Improve Productivity	Improve Returns
Associate numbers tightly managed	Gradual replacement of legacy finance platforms
B2B e-commerce conversion	Telephony / infrastructure
CRM roll-out	Re-platform of B2B e-commerce
Higher utilisation of regional quote centres	
Ship hub development	
Expansion of the National Sales Centre	
Compliance with core processes / best practice	

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US Summary

- Residential, commercial and infrastructure markets remain robust – Industrial still declining but at lower rate
- Like-for-like revenue growth rate returned to 5.7%
  - Deflation at c.2%
- Flow through reduced
  - Industrial / deflation
  - Cost growth rate being reduced
- Strategy consistent and continued investment in proven programmes
  - share gains / and service / gross margins / productivity

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Agenda – UK

- Current market conditions
- Performance by business and KPIs
- Actions taken and plans to improve performance

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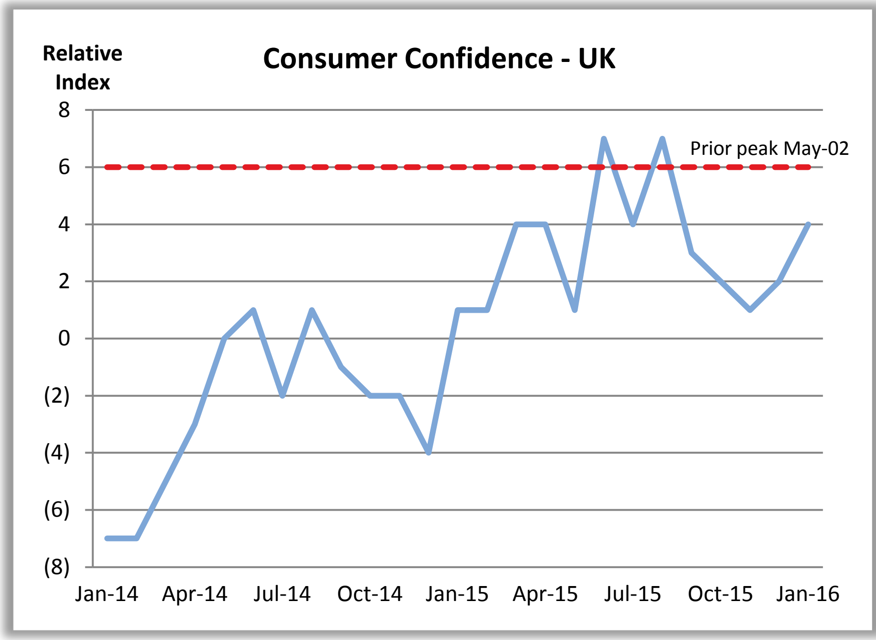
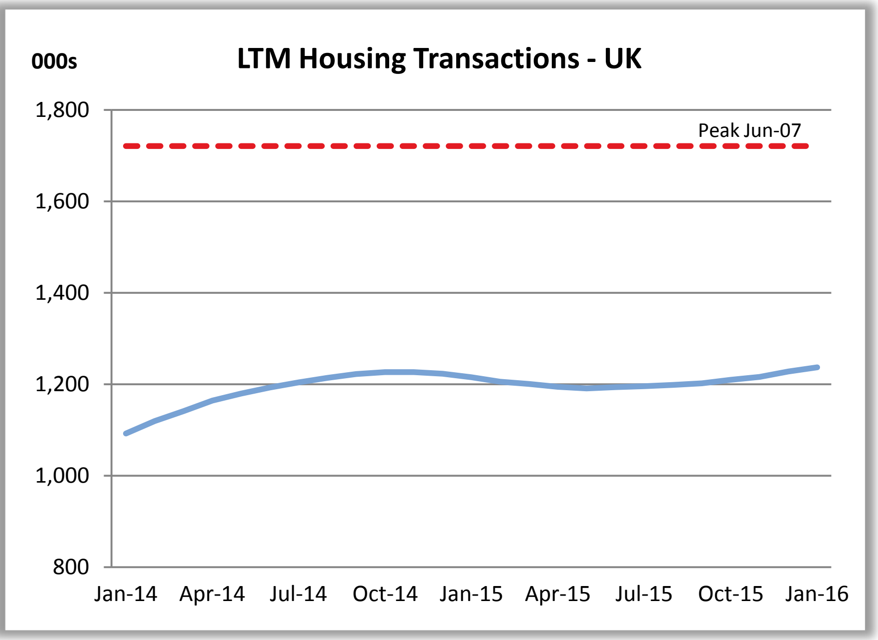
UK macro and residential data



Source: GfK



Source: HMRC

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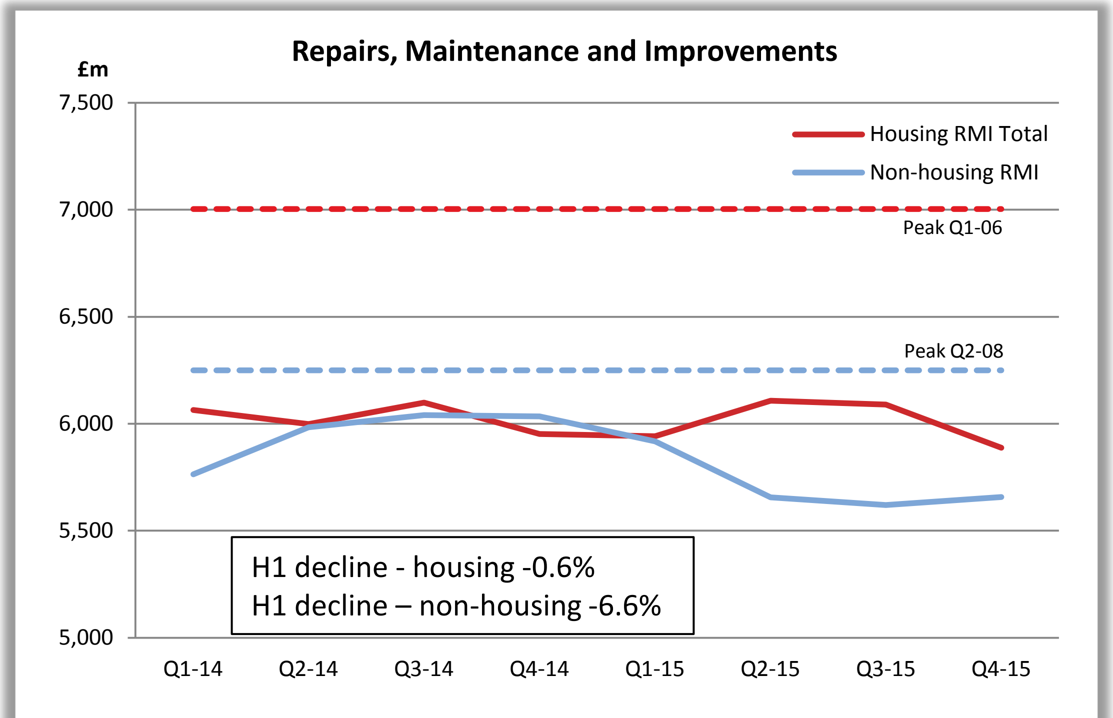
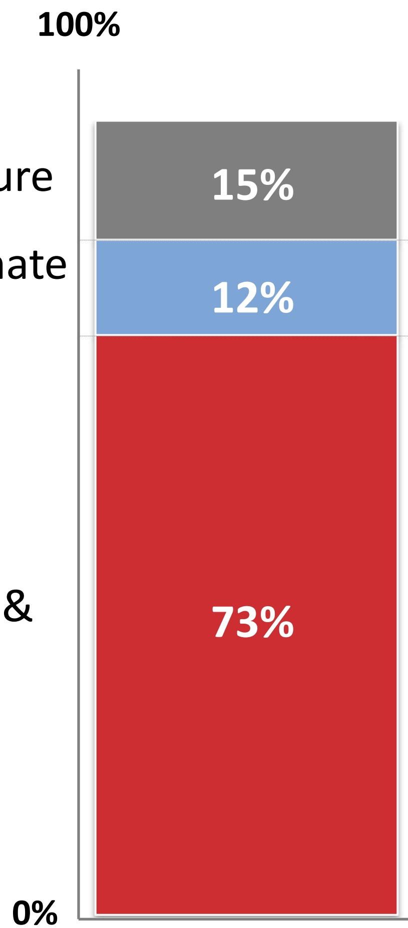
UK RMI, commercial, industrial and infrastructure



Source: ONS

UK business mix



	H1 like-for-like revenue growth	Impact on UK growth rate	UK market share H2 14/15	UK market share H1 15/16
Infrastructure	+0.7%	+0.1%	↑	↓
Pipe & Climate	(8.2%)	(1.2%)	↑	↓
Plumbing & Heating	(1.3%)	(0.9%)	↑	→
		(2.0%)		

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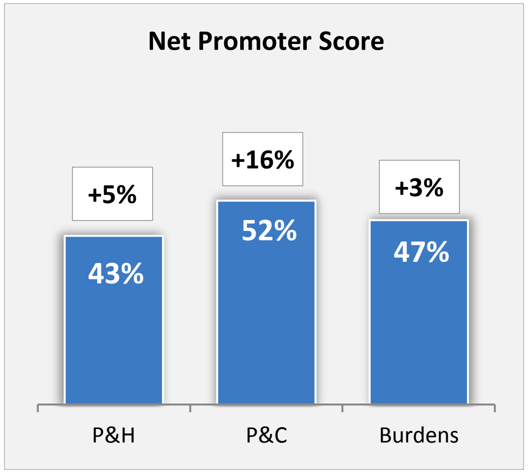
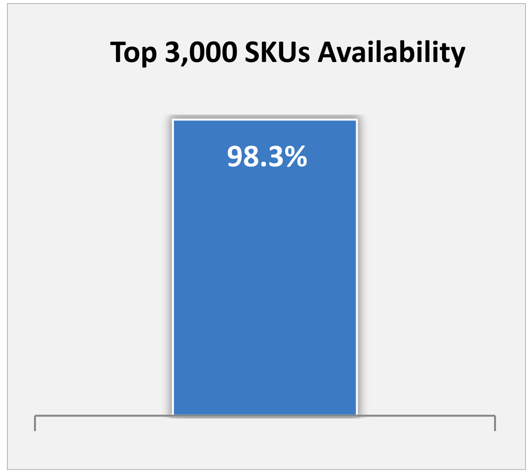
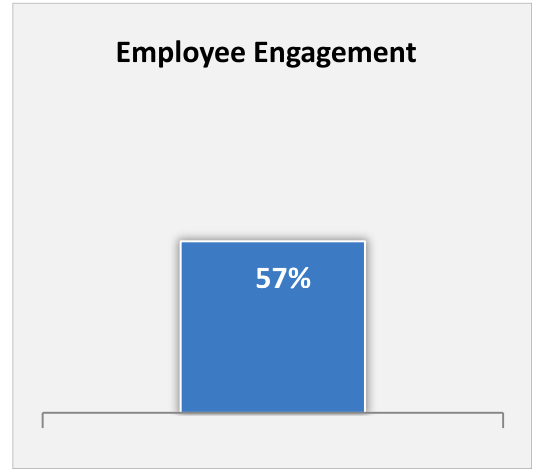
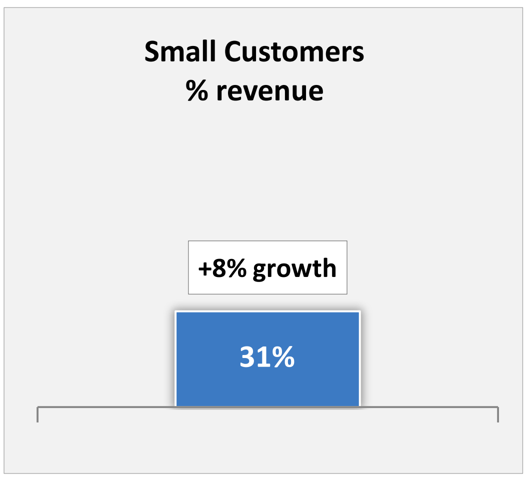
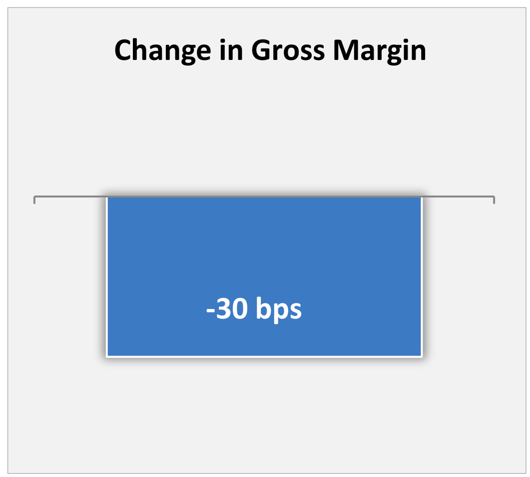
UK key performance indicators

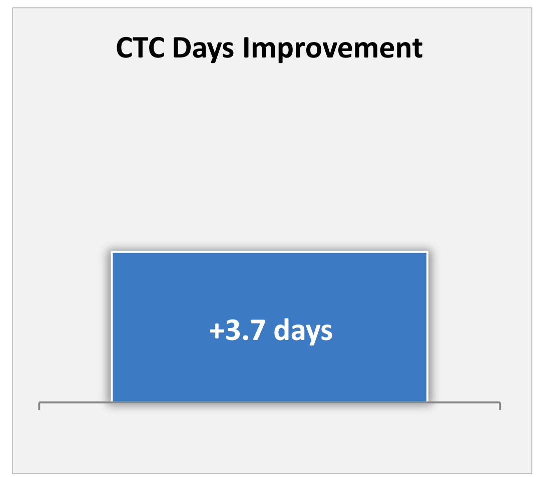












UK – Pipe and Climate Center

- Overall market down 6% in H1 (3% price deflation)

- Significant improvement in service
  - NPS improved by 16% to 52%
  - Availability at 95.8% – core product range roll-out
  - Daily delivery for all branches

- Reduce costs and improving the business model
  - Consolidation of branches – fewer larger
  - Regional support centres – projects quotations / pricing
  - Improved range & availability, pricing, own label

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Accelerate profitable growth
UK actions

Market Share	Gross Margin
Significant service improvements – key differentiator NPS / availability of core range / OTIF	Price management and compliance Guidance and terms
Showroom expansion – 23 in H1, 25 in H2	Own label / exclusive branded products
Sales training / CRM / pipeline conversion	Growth in small customers /plumbing
Front line staff – training / reward / recruitment	Key value items / commodity pricing
E-Commerce conversion B2B and B2C	Reduce emphasis in wholesale market
	Sourcing compliance with category plans

Profitable growth

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Accelerate profitable growth
UK actions

Profitable growth

Productivity	Improve Returns
Costs well controlled	Telephony / infrastructure
Simplify Currently £15m restructuring costs committed	Pricing processes and platforms
Drive e-commerce conversion	ePOD
Compliance with core processes / best practice	E-commerce mobile applications
Alternative operating models Better service and productivity	

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Agenda – Nordics

- Current market conditions
- Performance by business and KPIs
- Actions taken and plans to improve performance

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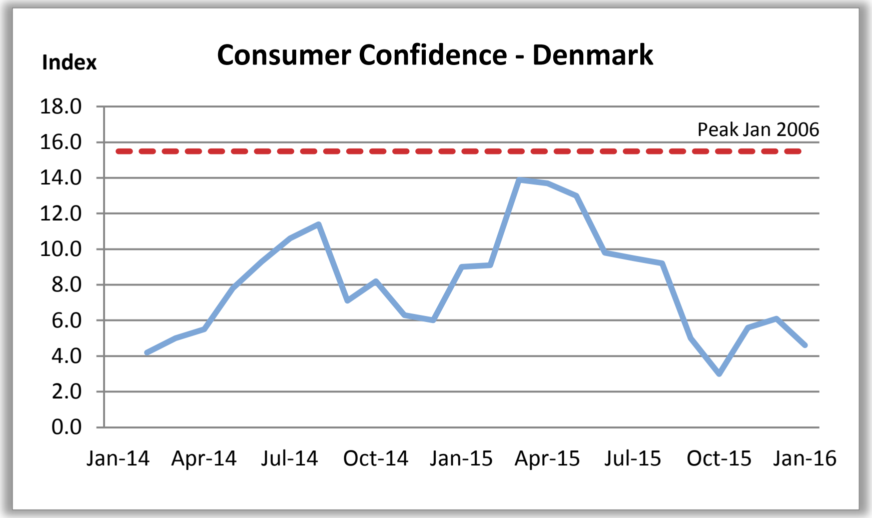
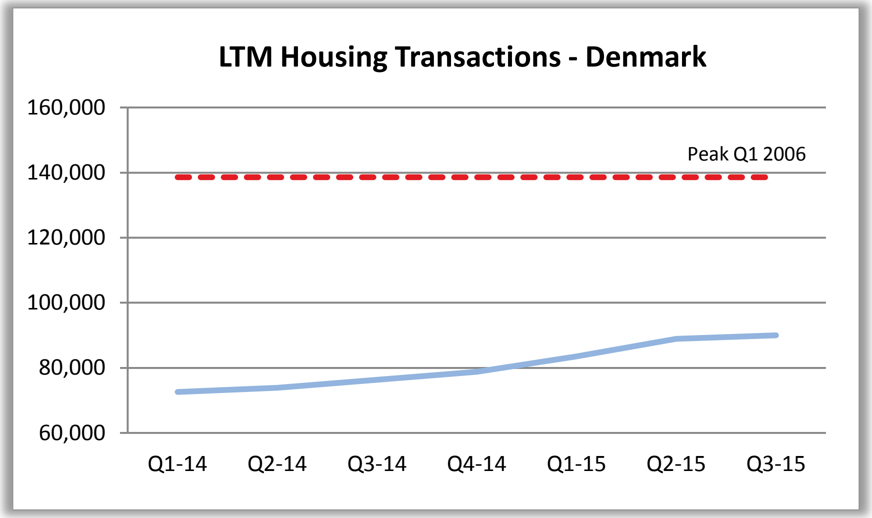
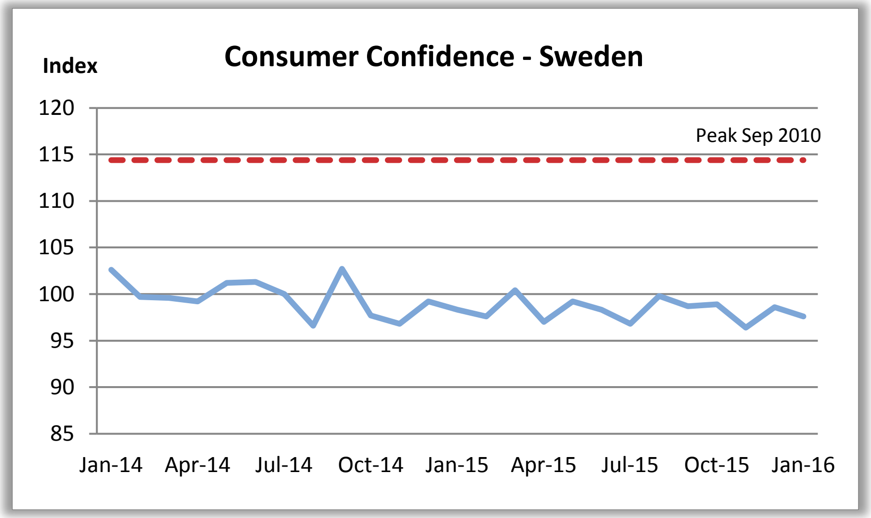
Nordics macro and residential data



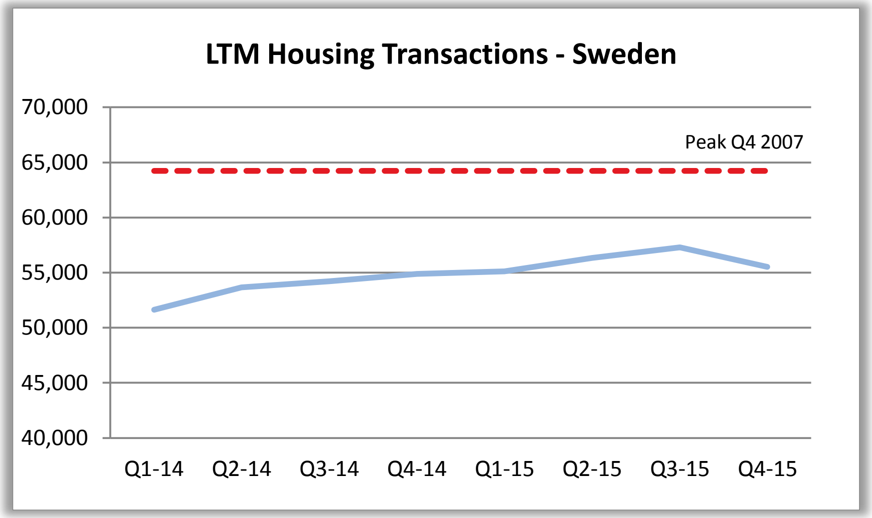
Source: Statistics Denmark



Source: Statistics Denmark



Source: National Institute of Economic Research Sweden



Source: Statistics Sweden

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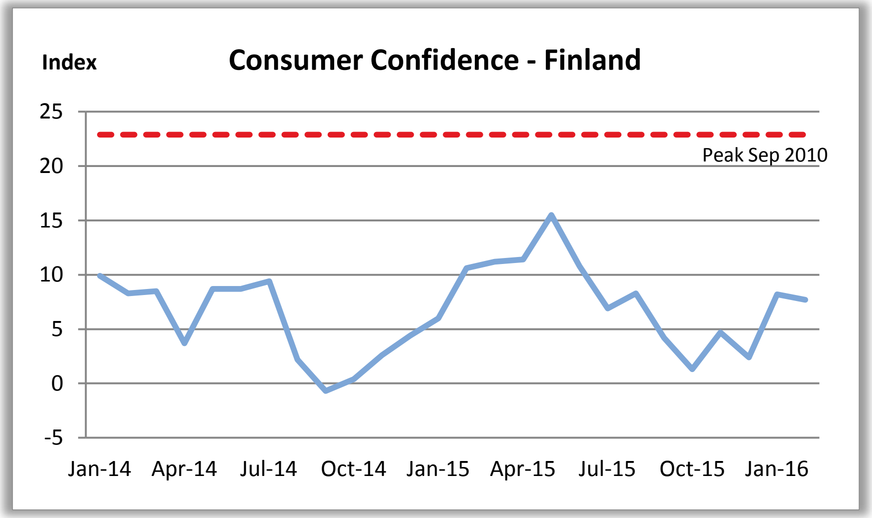
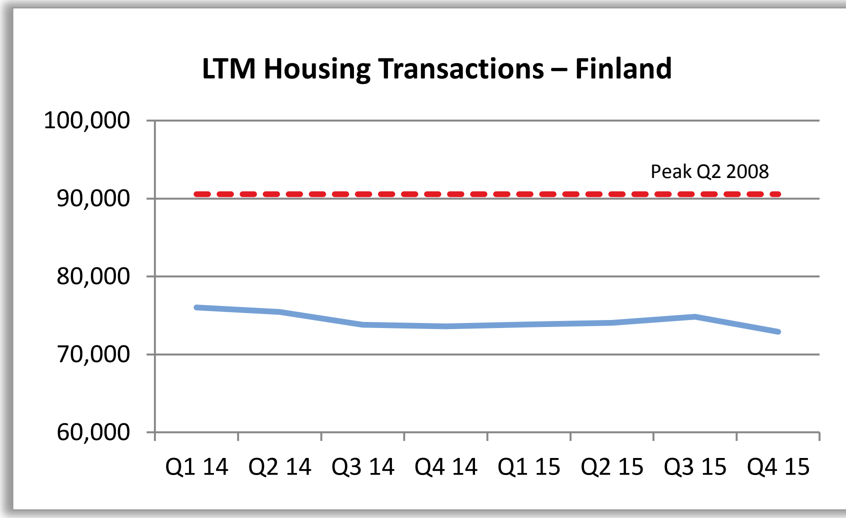
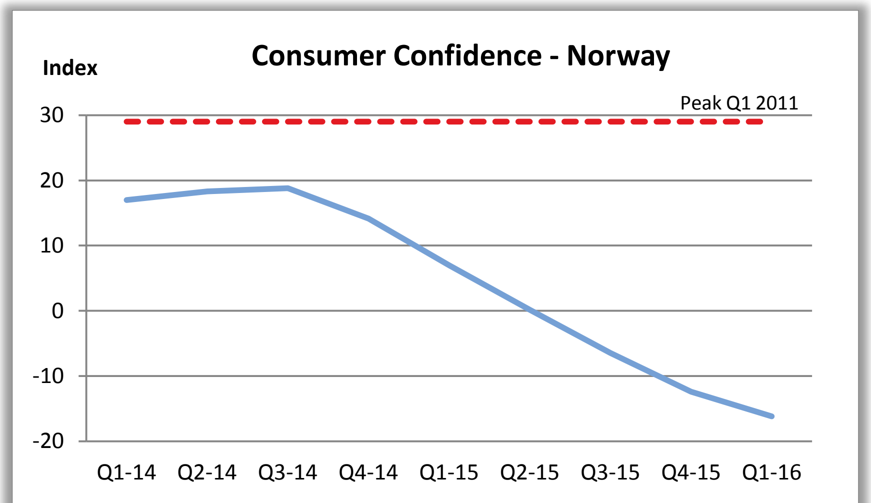
Nordics macro and residential data



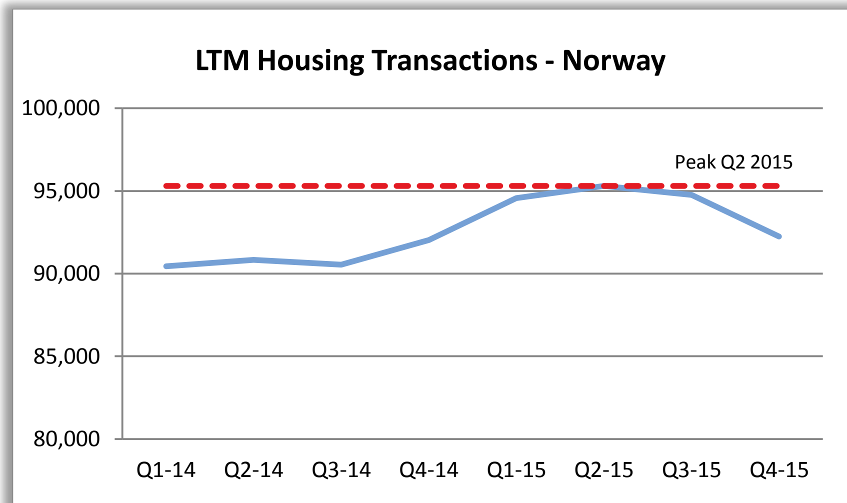
Source: Bank of Finland



Source: Statistics Finland

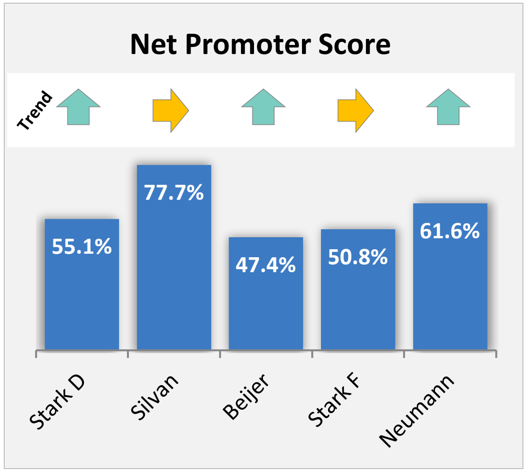


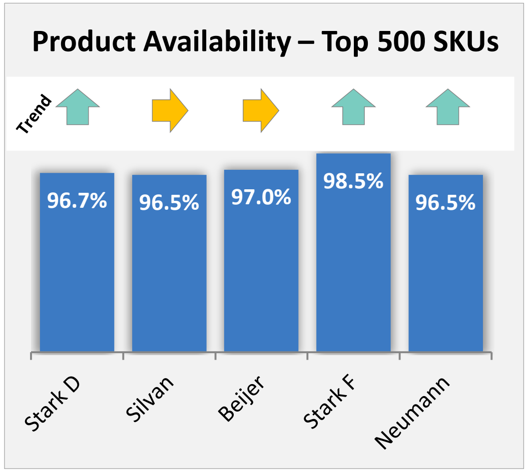
Source: Finance Norway & TNS Gallup

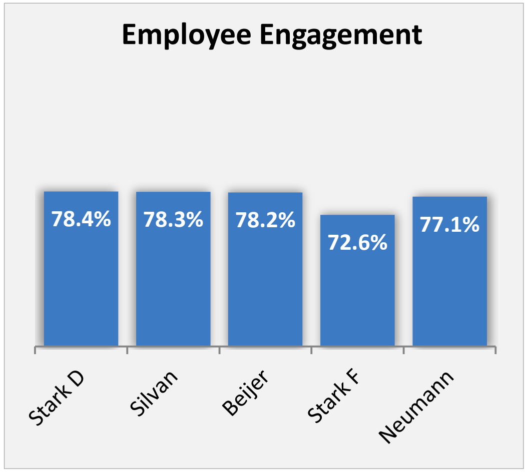


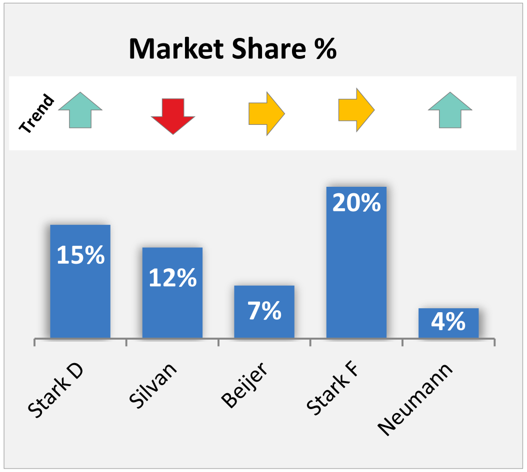
Source: Statistics Norway

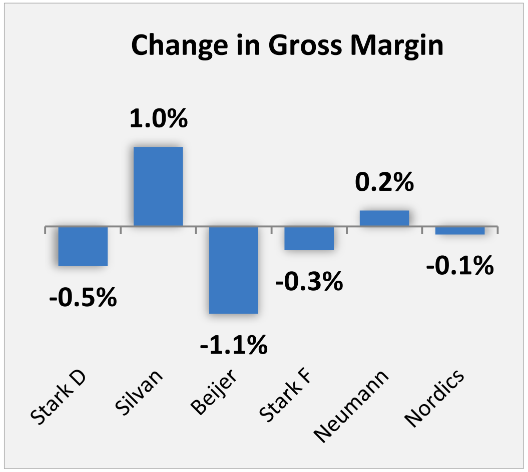
Nordics – key performance indicators

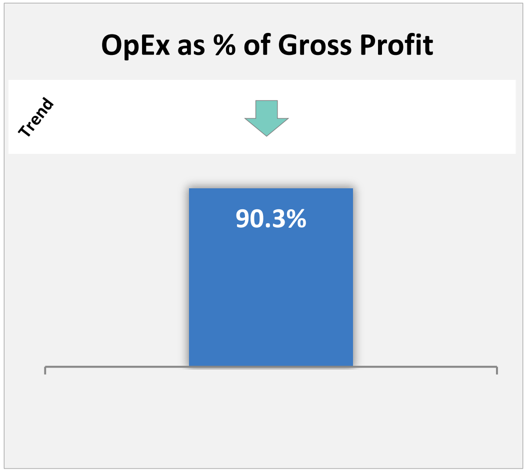












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Accelerate profitable growth
Nordics – actions

Market Share

Further improvements
NPS / availability / OTIF

CRM Sales training pipeline conversion

Front line staff – time planning / flexibility

Maintain consumer share / A&P

Bolt-on M&A - Sweden

Gross Margin

Price management and compliance

Own label development

Better sourcing / supply chain compliance across country and Nordics

Profitable growth

Productivity

People count very closely managed

B2B e-commerce conversion

Ship hub development – key metro areas

Compliance with core processes / best practice

Improve Returns

Demand planning inventory management

Gradually replace legacy finance platforms

B2B / B2C e-commerce re-platform

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Summary

- Overall Group performance was resilient
  - Tougher markets and deflation
  - US back to decent growth
  - UK disappointing, Nordics better
- Cost base well under control
- Continuing to invest in proven initiatives
  - Execution of core processes
  - More productive / efficient business models
- Expect full year trading profit in line with analyst expectations

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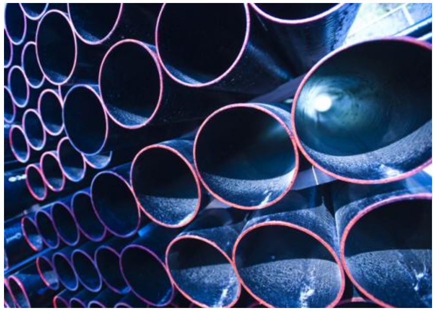

Appendices

Regional analysis

£m	**Revenue H1 2016**	Revenue H1 2015	**Trading profit H1 2016**	Trading profit H1 2015
Ongoing				
USA	**4,381**	3,912	**345**	311
UK	**996**	984	**34**	43
Nordic	**885**	935	**23**	22
Canada	**329**	372	**17**	23
Central Europe	**204**	215	**13**	14
Central and other costs	**-**	-	**(22)**	(23)
	6,795	6,418	**410**	390
Sold or held for sale				
USA	**-**	7	**-**	(1)
Nordic	**-**	1	**-**	-
Canada	**-**	16	**-**	-
	-	24	**-**	(1)
	6,795	6,442	**410**	389

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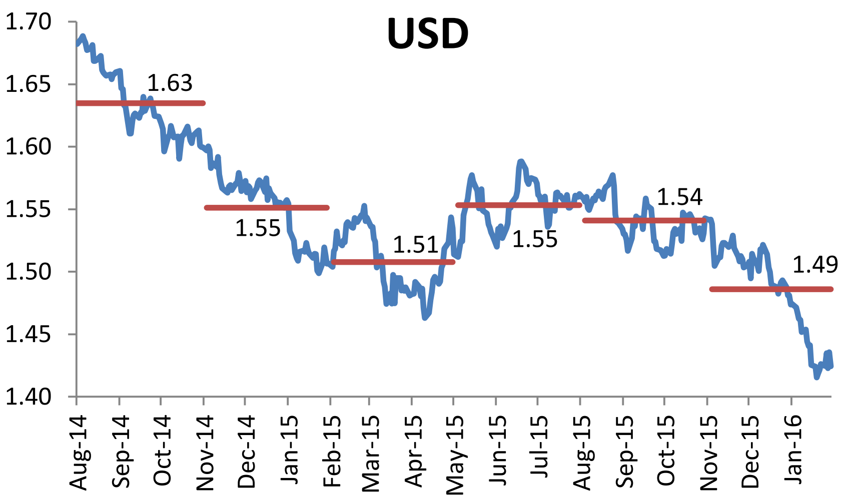
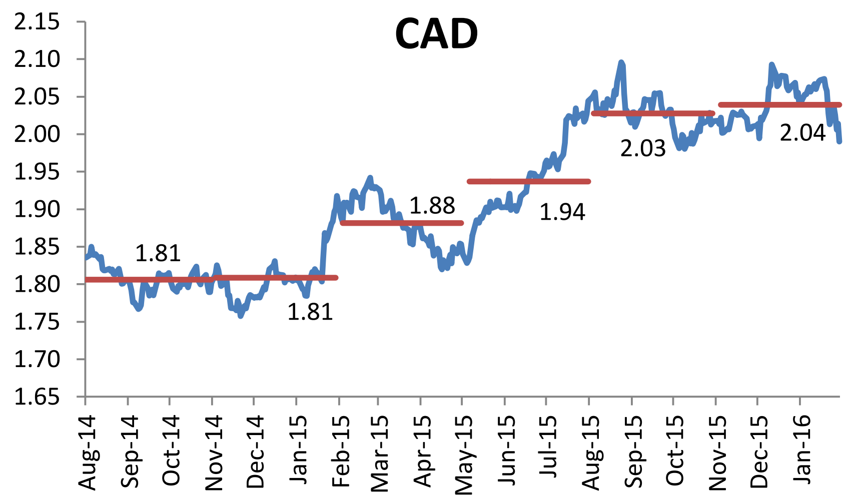
FX impact

	H1 2015 average rate	H1 2016 average rate	H1 2015 Trading profit £m	H1 2016 impact gain/(loss) £m
USD	1.59	1.51	311	+16
CAD	1.81	2.03	23	(3)
EUR	1.27	1.37	7	(1)
Other			49	(1)
				+11

	H2 2015 average rate	21-Mar 2016 spot rate	H2 2015 Trading profit £m	H2 2016 impact* gain/(loss) £m
USD	1.53	1.45	372	+21
CAD	1.91	1.88	11	-
EUR	1.38	1.28	9	-
Other			75	+1
				+22

** Estimated impact if exchange rates stay at the current levels throughout the remainder of FY16*





Source: Bloomberg

Spot Quarterly average

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Branch numbers

	As at 31 July 2015	Acquired	Opened	Closed, disposed of or held for sale	Ongoing at 31 Jan 2016
USA	1,418	11	31	(16)	1,444
UK	758	-	3	(13)	748
Nordic	259	-	6	(7)	258
Canada	226	-	1	(12)	215
Central Europe	78	-	-	-	78
Group	2,739	11	41	(48)	2,743

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Associate numbers

	As at 31 July 2015	Acquired	Net joiners / (leavers)	Ongoing at 31 Jan 2016
USA	22,171	191	(19)	22,343
UK	6,331	-	(130)	6,201
Nordic	6,293	-	(653)	5,640
Canada	2,490	-	(119)	2,371
Central Europe	1,072	-	(3)	1,069
Other	107	-	(4)	103
Group	38,464	191	(928)	37,727

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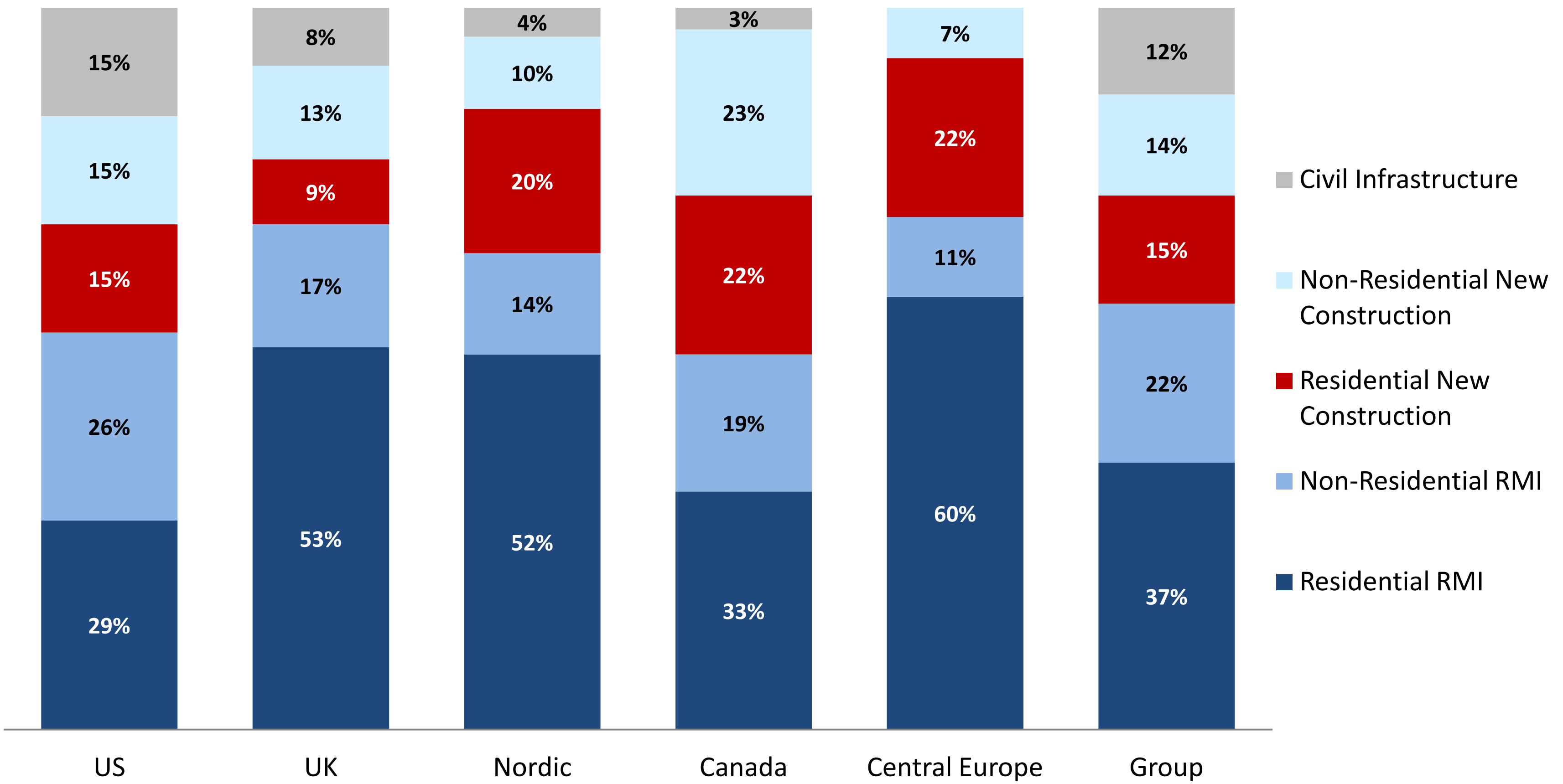
Product destination analysis



Group: RMI 59%, New Residential 15%

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