

**FERGUSON**

**2021/22**

# First quarter results update

Three months to October 31, 2021



# Cautionary note on Forward-Looking statements

### Forward-Looking Statements

Certain information included in this presentation and discussed on the conference call that this presentation accompanies is forward-looking, including within the meaning of the United States Private Securities Litigation Reform Act of 1995, and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and speak only as of the date on which they are made. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "continues," "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and other similar references to future periods. Examples of forward-looking statements include, among others: statements regarding moving our primary listing to the New York Stock Exchange ("NYSE") and statements or guidance regarding or relating to our future capabilities or financial position, results of operations and growth. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including, but not limited to: weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control; adverse impacts caused by the COVID-19 pandemic (or related variants) or by any current or future vaccination and/or testing mandates such as the emergency temporary standard issued by the U.S. Department of Labor's Occupational Safety and Health Administration; decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential repair, maintenance and improvement ("RMI") markets as well as the new construction market; failure to rapidly identify or effectively respond to consumer wants, expectations or trends; failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks; unsuccessful execution of our operational strategies; failure to attract, retain and motivate key associates; ineffectiveness of or disruption in our international supply chain or our fulfillment network, including delays in inventory, increased delivery costs or lack of availability; fluctuations in foreign currency and fluctuating product prices (inflation / deflation); inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions; regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product quality as a result of our suppliers' or manufacturers' mistakes or inefficiencies; legal proceedings as well as failure to comply with domestic and foreign laws and regulations or the occurrence of unforeseen developments such as litigation; changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada; privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches; exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks; funding risks related to our defined benefit pension plans; inability to renew leases on favorable terms or at all as well as any obligation under the applicable lease; failure to effectively manage and protect our facilities and inventory; our indebtedness and changes in our credit ratings and outlook; risks associated with our intention to relocate our primary listing to the United States and any volatility in our share price and shareholder base in connection therewith; and other risks and uncertainties set forth in our Annual Report and Accounts 2021 under the heading "Principal risks and their management", in our Annual Report on Form 20-F filed with the Securities and Exchange Commission ("SEC") on September 28, 2021 under the heading "Risk Factors", and in other filings we make with the SEC in the future. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### Non-GAAP Financial Information

This presentation contains certain financial information that is not presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). These non-GAAP measures include adjusted operating profit, adjusted diluted earnings per share, and net debt to adjusted EBITDA ratio. The Company believes that these non-GAAP measures provide meaningful information to assist shareholders in understanding financial results and assessing performance from period to period. Management believes these measures are important indicators of operations because they exclude items that may not be indicative of our core operating results and provide a better baseline for analyzing trends in our underlying businesses. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported results. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with U.S. GAAP results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review Company financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. See our earnings announcement dated December 7, 2021 for more information and a reconciliation of each non-GAAP measure to the most comparable U.S. GAAP measure.

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# Introduction

**Kevin Murphy, Group Chief Executive**



## Highlights

- Supportive end markets and continuation of strong share gains driven by:
  - Best in class associates
  - Global supply chain powering local relationships
  - Innovative digital solutions improving productivity
- Inflation trends stepped up to low teens in the quarter
- Particularly strong profit growth as we managed price inflation and controlled costs
- Completed four acquisitions since the start of the year
- Completed approx. \$100 million of the \$1 billion share buy back program

**Core strengths drive strong performance**

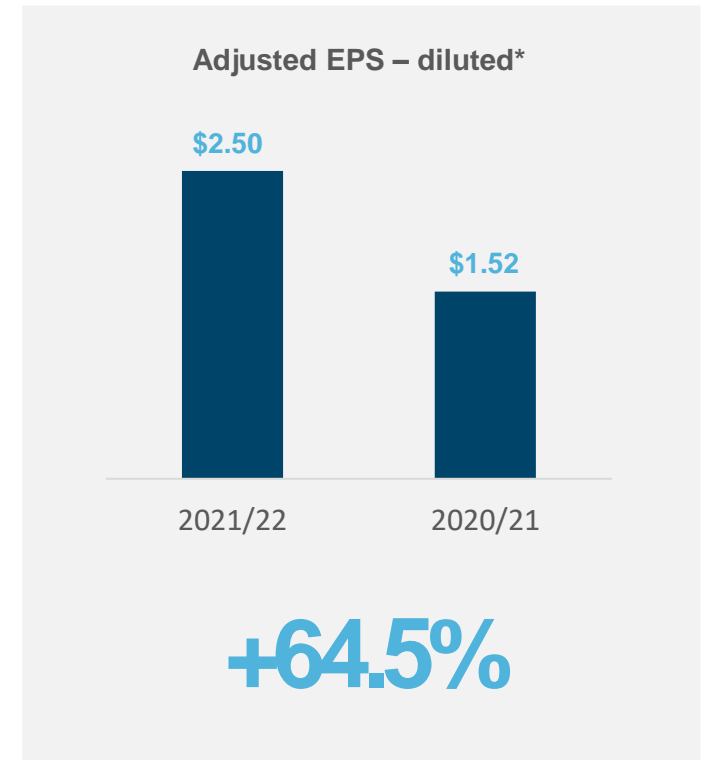
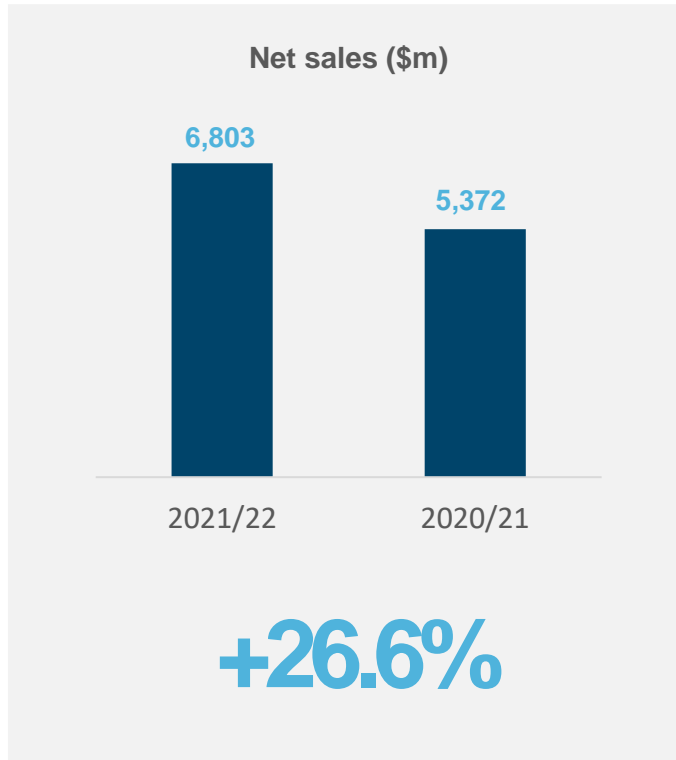
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# Operating and financial review

Bill Brundage, Group CFO



## Quarterly financial results (Q1 2022)



**Strong sales and profit growth**

\* This is a non-GAAP measure. See our earnings announcement dated December 7, 2021 for more information and a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure.

USA

\$m	Q1 2022	Q1 2021	Change
Revenue	6,418	5,050	+27.1%
Organic revenue growth	+25.2%	+3.3%	
Adjusted operating profit*	752	472	+59.3%
Adjusted operating margin %	11.7%	9.3%	+2.4%

- Substantial growth from share gains and supportive end markets
- Excellent cost control and productivity
- Strong operating leverage performance

**Profit growth significantly outpaced revenue growth**

\* The Company uses adjusted operating profit as a measure of segment profit under U.S. GAAP

USA

Customer group	% of US revenue <sup>1</sup>	Q1 2022 Total growth
Residential Trade	20%	+26%
Residential Building and Remodel	14%	+20%
Residential Digital Commerce	10%	+21%
HVAC	11%	+23%
Waterworks	18%	+50%
Commercial / Mechanical	14%	+21%
Other Non-residential <sup>2</sup>	13%	+21%
USA	100%	+27.1%

Consistent delivery across all customer groups

1. Split based on FY21 US revenues.  
 2. Comprises Fire and Fabrication, Facilities Supply and Industrial



## Canada

\$m	Q1 2022	Q1 2021	Change
Revenue	385	322	+19.6%
Organic revenue growth	+13.9%	+3.5%	
Adjusted operating profit*	34	23	+47.8%
Adjusted operating margin %	8.8%	7.1%	+1.7%

- Robust revenue growth in supportive residential and non-residential markets
- Adjusted operating profit increased \$11m, delivering good operating leverage

## Continued progress in Canada

\* The Company uses adjusted operating profit as a measure of segment profit under U.S. GAAP

## Balance sheet

- Net debt to adjusted EBITDA 0.6x\*
- Target range of net debt to adjusted EBITDA of 1-2x
- Capital allocation priorities unchanged:
  1. Investing in above market organic growth
    - Global supply chain
    - Product breadth and depth
    - Digital solutions to drive productivity and a better customer experience
  2. Sustainably growing the ordinary dividends
    - Final dividend to be paid in December
  3. Investing in bolt-on and capability acquisitions
    - Four completed since start of fiscal year
    - Healthy future pipeline
  4. Return of surplus cash
    - Continuation of \$1bn buy back program

## Consistent capital allocation priorities

\* This is a non-GAAP measure. See our earnings announcement dated December 7, 2021 for more information and a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure.

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# Closing and outlook

Kevin Murphy, Group Chief Executive



## Closing and Outlook

- Since the start of Q2, Ferguson has continued to generate revenue growth similar to that of Q1 2022
- Continue to expect a tapering of growth in the second half on tougher prior year comparatives
- Mindful that recent tailwinds from inflation on gross margins will likely moderate but timing and extent remain unclear
- Full year expectations have increased

## Q&A

