

2016/17 Half Year Results Presentation

6 months to 31 January 2017

Agenda

- Half year 2016/17 highlights John Martin
- Operating and financial review David Keltner
- Business review and outlook John Martin

Half Year 2016/17 Highlights

John Martin, Chief Executive

Operating and strategy highlights

Solid operational performance

- 3.2% like-for-like revenue growth, 5.4% in the US
- Gross margin 0.3% ahead of last year
- Trading profit growth of 5.0% at constant exchange rates
- Continued strong cash flow and balance sheet

Good progress on strategy

- Ferguson executing growth strategies effectively
- UK transformation on track

Corporate highlights

- We will sell Nordic building materials businesses, sale of Silvan underway
- Agreement to merge Tobler with Walter Meier in Switzerland
- Group name change to Ferguson plc
- US dollar reporting from 1 August 2017



A large industrial warehouse with high ceilings, metal trusses, and numerous bright overhead lights. Rows of tall blue metal shelving units filled with cardboard boxes line the aisles. In the foreground, a red forklift is blurred, moving from left to right. A blue sign hangs from the ceiling in the center aisle.

Operating and financial review

David Keltner, Interim Group CFO

Financial highlights

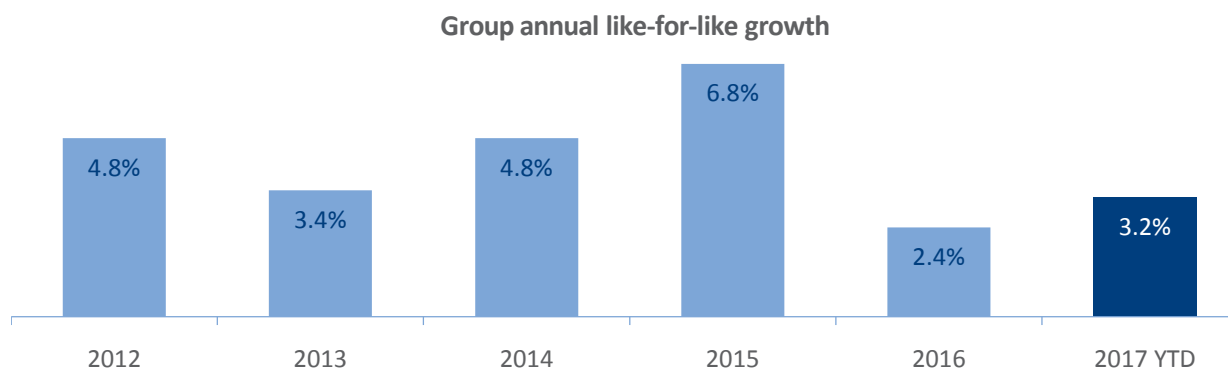
	H1 2017	H1 2016 ²	Change	Change (at constant exchange rates)	Like-for-like change
Revenue	£8,461m	£6,795m	+24.5%	+6.7%	+3.2%
Gross margin %	28.6%	28.3%	+0.3%		
Trading profit ¹	£515m	£412m	+25.0%	+5.0%	
Trading margin % ¹	6.1%	6.1%	-		
Headline earnings per share ¹	141.0p	111.3p	+26.7%		
Interim dividend per share	36.67p	33.28p	+10%		
Net debt	£1,297m	£1,253m			

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.

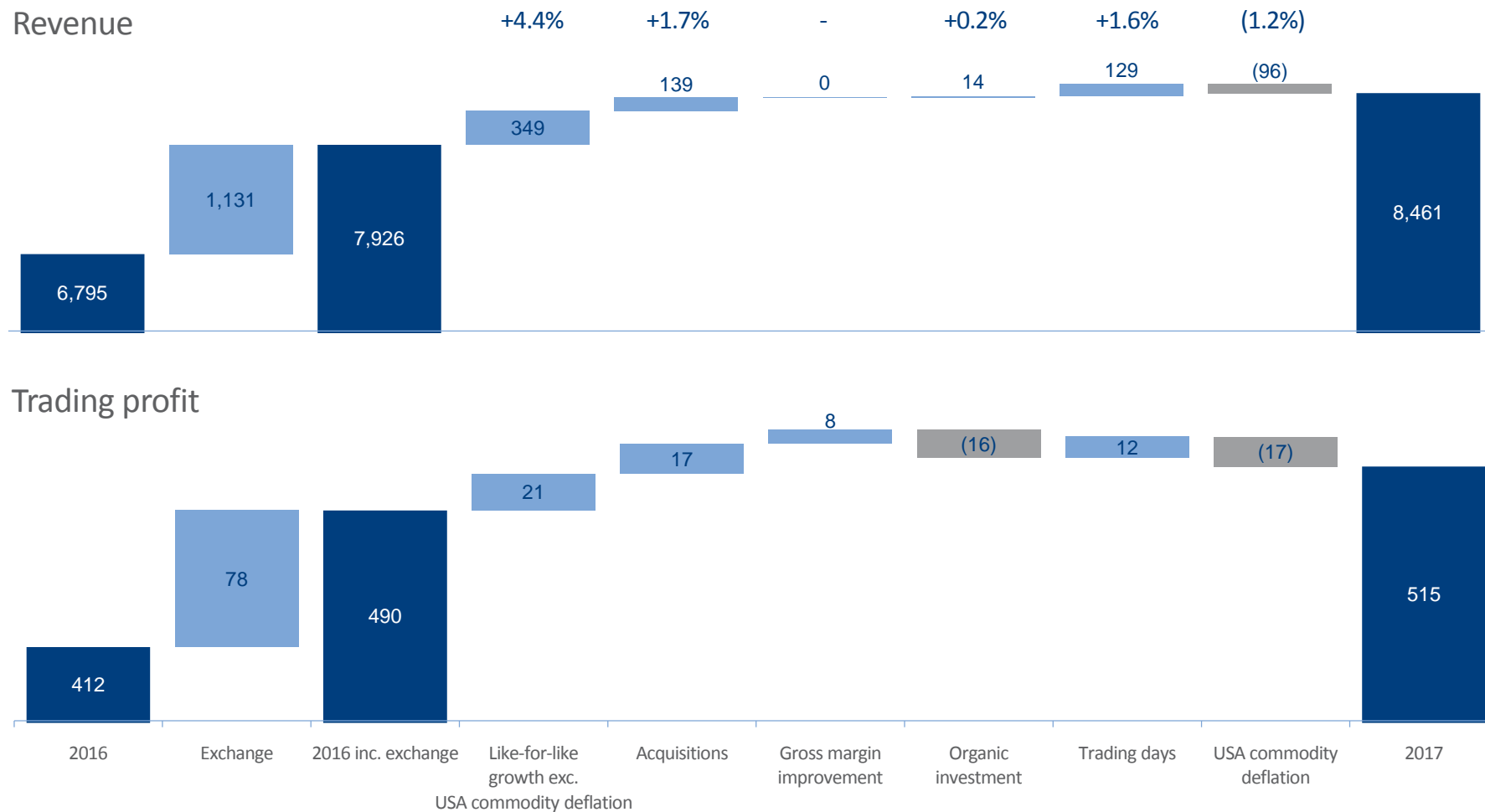
² Trading profit and headline earnings per share for the half year to 31 January 2016 have been restated to exclude £2 million of restructuring costs classified as exceptional.

Like-for-like growth

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
USA	+4.0%	+5.0%	+3.1%	+4.2%	+6.7%
UK	(2.9%)	(0.4%)	(2.1%)	(2.9%)	+3.6%
Nordics	+2.4%	(2.6%)	(2.3%)	(2.9%)	(1.5%)
Canada & Central Europe	(1.7%)	-	+0.3%	(2.7%)	+0.3%
Group	+2.3%	+2.8%	+1.5%	+1.8%	+4.8%



Revenue and trading profit growth



Impact of USA commodity price deflation

Revenue growth	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
USA	(2.4%)	(2.3%)	(2.4%)	(2.4%)	(1.2%)

	H1 2017 Revenue growth	H1 2017 Revenue	H1 2017 Trading profit
Half year impact on USA	(1.8%)	(£96m)	(£17m)

Impact of weaker demand from USA industrial customers

Revenue growth	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	H1 2017
USA total industrial	(8%)	(11%)	(8%)	(1%)	(3%)	(2%)
Impact on USA	(1.1%)	(1.5%)	(0.9%)	(0.1%)	(0.3%)	(0.2%)

Total industrial is 10% of USA revenue

Ferguson (USA)

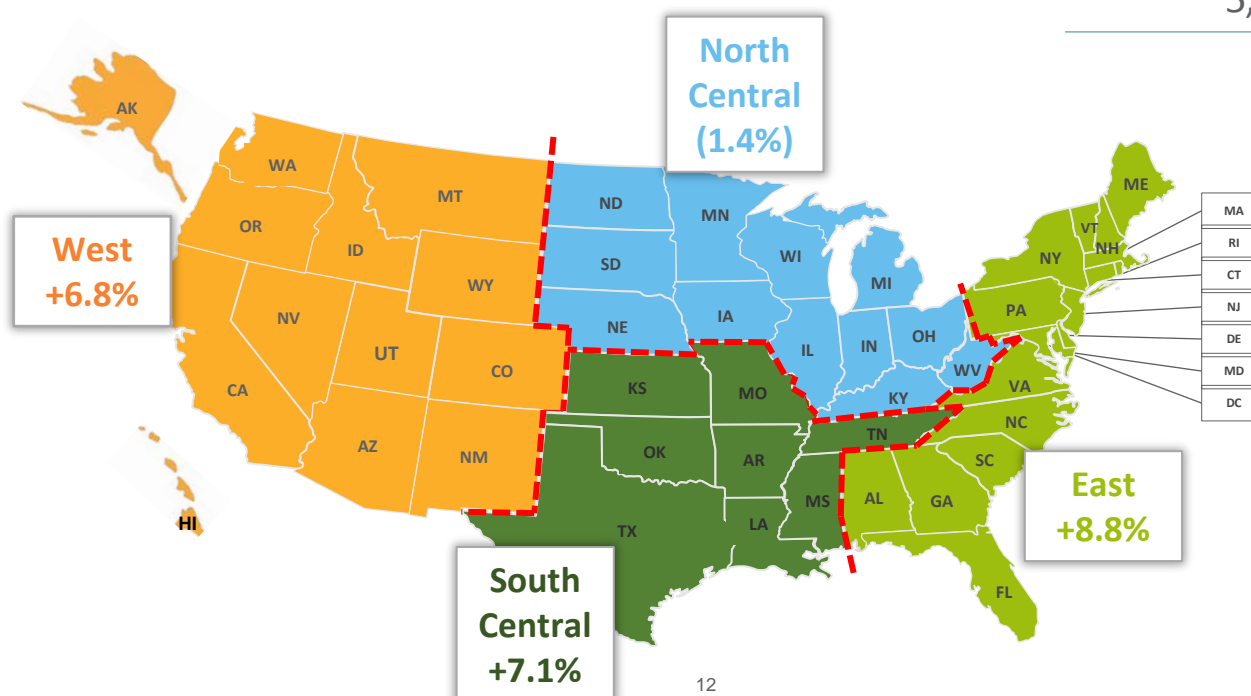
(84% of Group trading profit)



£m	H1 2017	H1 2016	Change	Change (at constant exchange rates)
Revenue	5,761	4,381	+31.5%	+9.9%
Like-for-like growth	+5.4%	+4.3%		
Trading profit	450	345	+30.4%	+9.1%
Foreign exchange impact	68			
Commodity deflation	(17)			
Trading margin	7.8%	7.9%	(0.1%)	
Branches	1,495	1,444	+51	
Headcount	24,464	22,343	+9.5%	

Ferguson like-for-like revenue growth

Business unit	Revenue £m	Like-for-like change %
Blended Branches (see regional analysis below)	3,452	+6.3%
Waterworks	886	+3.6%
HVAC	388	+6.6%
Industrial standalone, Fire & Fabrication, B2C, MRO	1,035	+3.6%
	5,761	+5.4%



Ferguson end-market revenue growth

	% of USA revenue H1 2017	Market growth H1 2017	Like-for-like growth H1 2017*
Residential	47%	4 - 5%	+7 - 8%
Commercial	28%	6 - 7%	+6 - 7%
Municipal	15%	Flat	+3 - 4%
Industrial	10%	(2%)	(2%)

* Estimate of like-for-like revenue growth, excludes the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures

UK

(7% of Group trading profit)



£m	H1 2017	H1 2016 ¹	Change
Revenue	1,011	996	+1.5%
Like-for-like growth	+0.3%	(2.0%)	
Trading profit	35	36	(2.8%)
Trading margin	3.5%	3.6%	(0.1%)
Branches	664	710	(46)
Headcount	5,972	6,201	(3.7%)

¹ Trading profit for the half year to 31 January 2016 has been restated to exclude £2 million of restructuring costs classified as exceptional.

Nordic

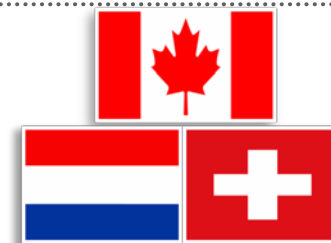
(3% of Group trading profit)



£m	H1 2017	H1 2016	Change	Change (at constant exchange rates)
Revenue	1,036	885	+17.1%	(0.7%)
Like-for-like growth	(2.3%)	+4.2%		
Trading profit	16	23	(30.4%)	(38.7%)
Foreign exchange impact	4			
Trading margin	1.5%	2.6%	(1.1%)	
Branches	250	258	(8)	
Headcount	5,661	5,640	+0.4%	

Canada & Central Europe

(6% of Group trading profit)



£m	H1 2017	H1 2016	Change	Change (at constant exchange rates)
Revenue	653	533	+22.5%	+1.6%
Like-for-like growth	(1.4%)	(2.3%)		
Trading profit	35	30	+16.7%	(6.5%)
Foreign exchange impact	6			
Trading margin	5.4%	5.6%	(0.2%)	
Branches	291	293	(2)	
Headcount	3,399	3,440	(1.2%)	

Businesses that will be excluded from ongoing results at 31 July 2017

£m	Revenue FY 2016	Trading profit FY 2016
To be sold		
Nordic	1,881	59
Small non-core business in USA	168	14
To be merged		
Tobler - Switzerland	235	15
Total	2,284	88

Results from our 39.2% stake in the new combined business of Walter Meier and Tobler will be included as a single line as profit after tax in accordance with IAS 28

Impairments & exceptional items

£m	Cash	Non-cash	Total
Closure of branches	(24)	(12)	(36)
One-off credits	-	14	14
Impairment of goodwill and acquired intangibles	-	(102)	(102)
	(24)	(100)	(124)

Financing & tax

£m	H1 2017	H1 2016
Financing		
P&L charge	23	20
Pensions	2	-
	25	20
Tax		
P&L charge	118	103
Exceptionals, intangibles & non-recurring items	18	6
Underlying P&L charge	136	109
Effective tax rate	27.8%	27.8%

Cash

£m	H1 2017	H1 2016
Trading profit (reported)	515	412
Depreciation & amortisation	86	65
EBITDA	601	477
Working capital	(258)	(307)
Exceptionals and other	(19)	21
Cash flow from operating activities	324	191
Interest & tax	(170)	(106)
Acquisitions	(230)	(62)
Disposals	-	1
Capex	(73)	(109)
Dividends & buybacks	(167)	(316)
FX & other items	(45)	(47)
Movement in net debt	(361)	(448)

Capital structure

	31 Jan 2017	31 July 2016	31 Jan 2016
Net debt as reported	£1,297m	£936m	£1,253m
Net pension liability	£105m	£147m	£35m
Reported net debt / last twelve months EBITDA	1.1x	0.9x	1.2x
Interim dividend	36.67p	-	33.28p

Acquisitions

Acquisitions completed in six months to 31 January 2017



Acquisitions completed after 31 January 2017



Total consideration of £291m and annualised revenue of £247m

Technical guidance for the second half to 31 July 2017

Impact of trading days compared to H2 2016	One less day / (£6m)
Impact of restating H2 2016 trading profit at current exchange rates*	+£60 million
Second half trading profit impact of YTD acquisitions	£14 million
Full year effective tax rate	28%
Full year capital investment	£180 - £200 million
Working capital investment	12% -13% of incremental revenue

* Based on rates at 24 March 2017 including GBP:USD rate of \$1.25

Business review and outlook

John Martin, Chief Executive

Key priorities

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

Ferguson is a great business and the US is a large, attractive, growth market

Drivers to generate best profitable growth

- i. Excellent service ethic
- ii. Strong sales culture
- iii. Organic expansion
- iv. Bolt-on acquisitions
- v. Pursue selected adjacent market opportunities
- vi. Accelerate e-commerce
- vii. Development of operating model



Excellent service ethic



Ferguson NPS score of 62 in H1

Strong sales culture



"At the MRO University, we have been soaking up as much product knowledge as possible. Having this knowledge will help us be successful when we consult with our customers and provide solutions."

Organic expansion



New ship hubs



New branches



Branch refurbishments



Technology upgrades

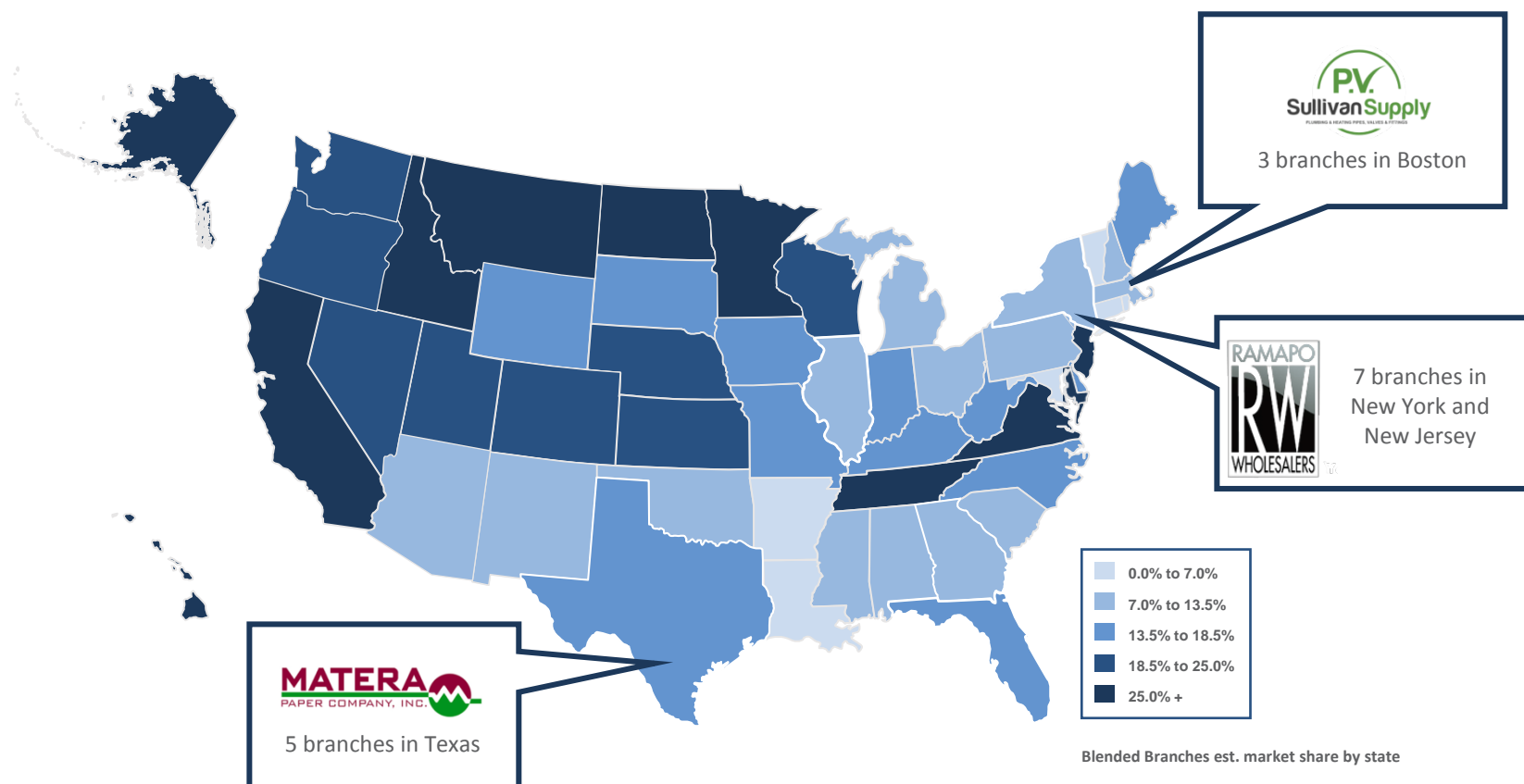


MRO



New showrooms

Bolt-on acquisitions



Year-to-date 8 US acquisitions with total annual revenue of £245m and trading profit of £31m

Pursue selected adjacent market opportunities



Hospitality



Lighting & Fans



Appliances



Outdoor Supplies



Pipe Fittings

MRO

- National sales centre serving the MRO business
- 130 dedicated sales associates
- Dedicated fleet providing final mile delivery
- MRO service centre set up in all DC's
- Supplemented by 3 bolt-on acquisitions



HVAC



Plumbing



Janitorial Products



Hardware & Door
Security



Electrical



Paints & Paint
Supplies

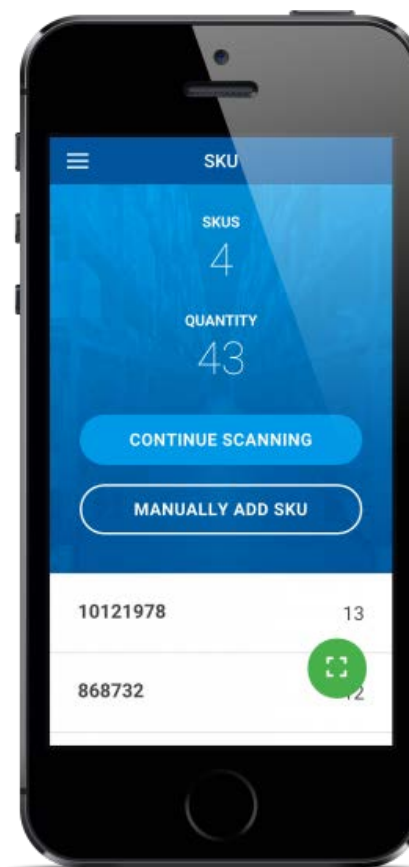


Tools

Grown MRO business to \$450m revenue in 3 years

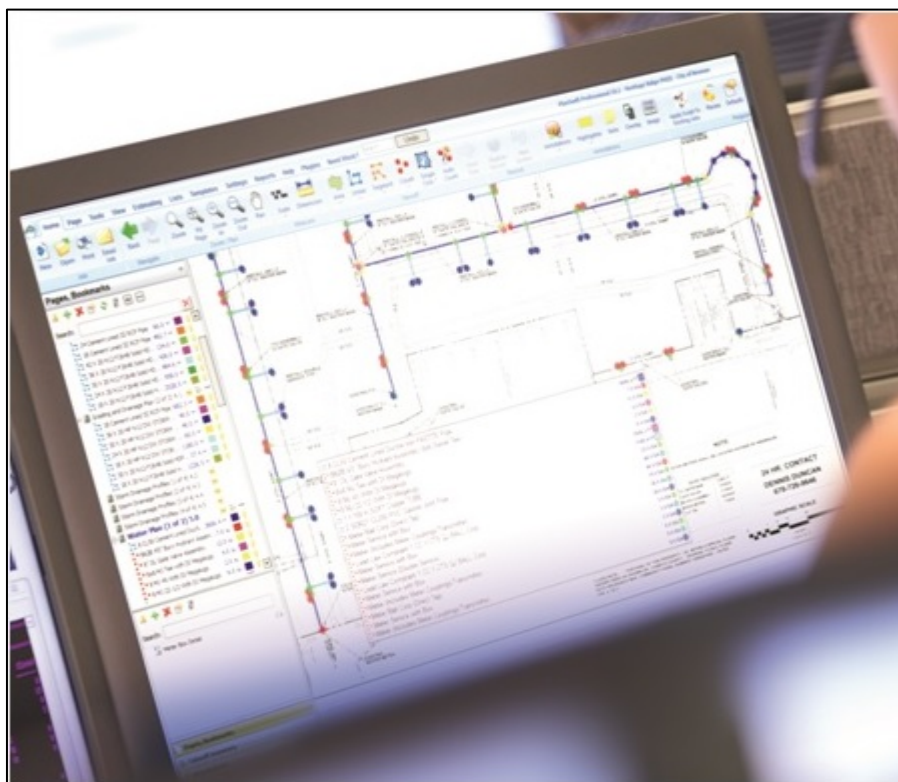
Accelerate e-commerce

- Development of new Ferguson online platform
 - Real-time stock availability and pricing of over 200,000 products
 - Personalised content
 - New tools - place and check order status
 - Proof of delivery online
- System-to-system and punch-out catalogues streamline order processing
- Mobile apps
 - Seamless integration with Ferguson online
 - Convert your mobile to barcode scanner



Total annual e-commerce revenue of \$3 billion, up 26% YOY

Development of operating model



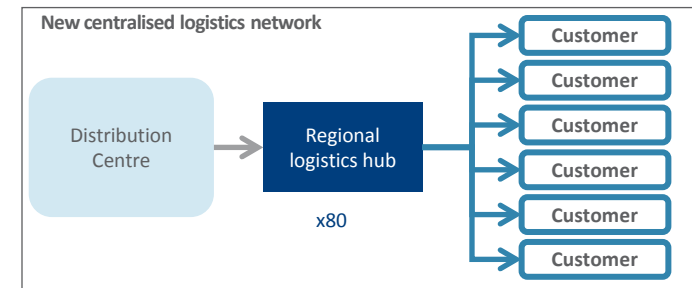
Plansoft software - Waterworks

Key priorities

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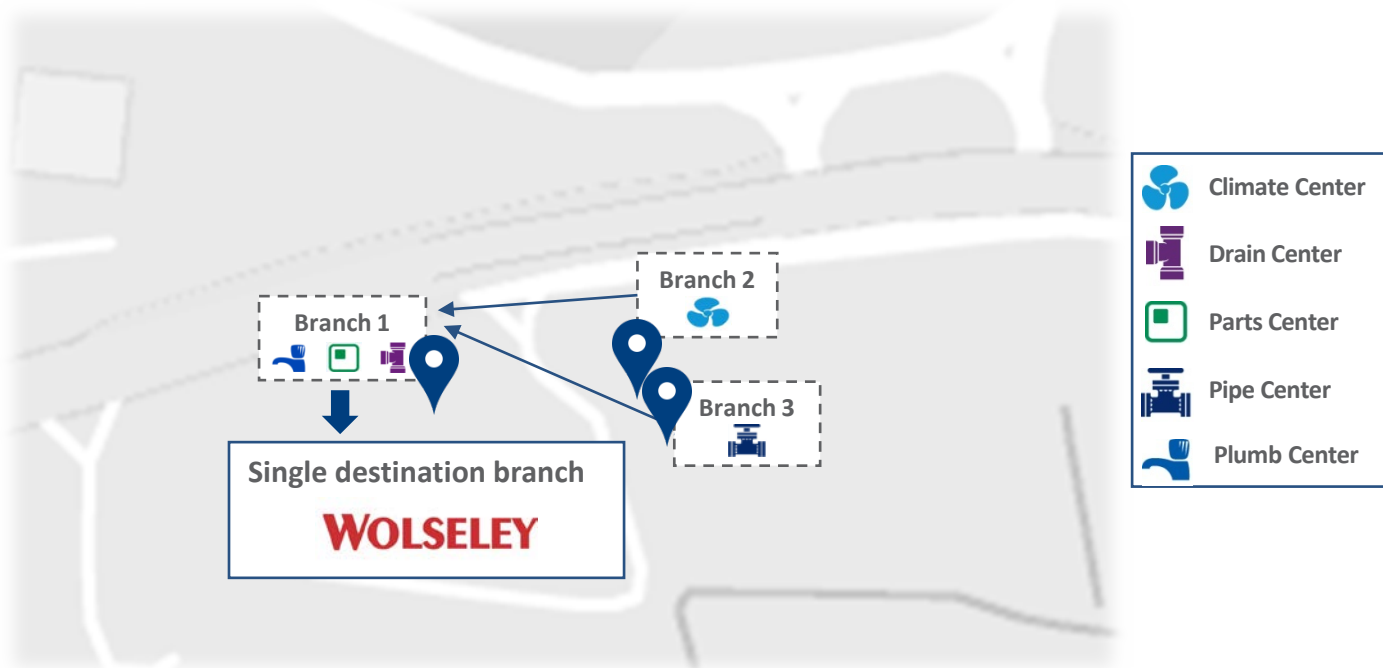
Transformation plan

- Target growth in most attractive categories
- Two distinct customer propositions
- Transition to a single brand with two distinct formats:
 - Local branches
 - Destination branches
- Optimise branch network and reconfigure supply chain:
 - In night deliveries to branches
 - Final mile delivery from hubs
- Improve efficiency and service levels
 - Single point account management
 - Multi channel platforms and digital tools



Branch network reconfiguration and upgrade

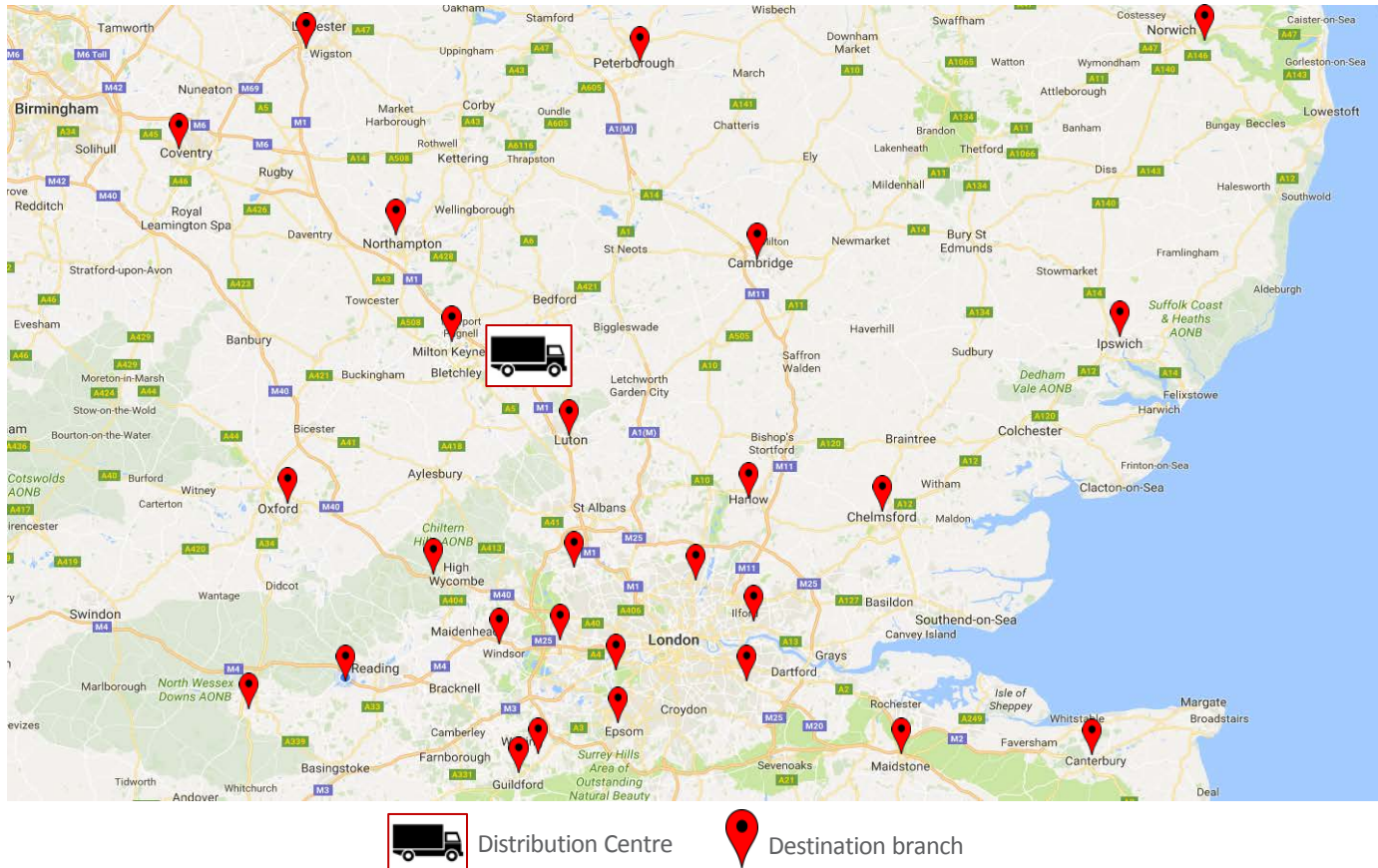
Barking branch consolidation – pilot destination branch



	Pre Change	Post Change
Branches	3	1
Space	30,400 sq ft across three branches	20,350 sq ft in one branch

Simplification of logistics and supply chain

In night delivery to destination branches



120 associates and 100 trucks transferring to 3rd party supplier subject to consultation

Technology



'Connect Plus' including 'Sign-on-glass' technology transforming branch efficiency

Category management and range rationalisation

Known Value Items (“KVI”)

- KVI rolled out across all branches
- One consistent competitive fixed price across the whole network for a core range of products
- Gross profit maintained or increased from KVI SKUs
- Price competitiveness perception improved in feedback

Range rationalisation

- Total SKU’s sold in last 2 years c. 250,000
- New core range:
 - Local branch c. 3,000 SKU’s
 - Destination c. 8,000 SKU’s
 - Distribution centre 45,000 next day SKU’s

LOWER PRICES ON EVERYDAY ESSENTIALS STOCK UP FOR LESS

Product	Now Price	Was Price	Discount
Stop End 15mm	£1.72	£2.20	20%
Speedfit Straight Connector 15mm	£1.09	£1.40	30%
Elbow 15mm	£1.25	£1.60	30%
80° Compression Elbow 22mm	£2.57	£3.20	8%
Compression Straight Male Iron Tapered Thread Connector 15mm x 1/2"	£1.34	£1.60	10%
Compression Straight Coupling 15mm	£1.30	£1.60	10%
PTFE Tape 12m Roll	£0.35	£0.40	10%
Tap Restorer With Chrome Plated Metal Nozzle 1/2"	£6.99	£8.00	60%
80° End Feed Elbow - Pack of 25	£3.50	£4.00	10%
Basin Waste Plastic Plug 1 1/4" Chrome Plated	£4.08	£5.00	20%
Standard Basin Mixer Tap 1/2" Chrome Plated	£12.50	£15.00	10%
Flexible Tap Connectors 30mm 15mm x 1/2"	£2.20	£2.50	30%
TFI Compact Installer Pack 22mm	£75.00	£90.00	15%
AG70 7Yr Carbon Monoxide Alarm	£17.00	£20.00	20%
Universal Dual Flush Cistern Flush Valve	£6.97	£9.00	40%

ALWAYS AVAILABLE. ALWAYS GREAT VALUE.

Key priorities

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

Short-term actions in Nordics

- Closed 32 unviable branches across the region
- Reduced capacity in Finland and now returned to profitable growth
- Reducing central costs
- Implementing good margin controls in Denmark
- Selling Silvan, our Danish DIY business

Like-for-like growth of 5% in January and February, and trading profit growth stabilised

Key themes of the Nordic strategy

- Focus on SME B2B customer segment and specialist trades such as bricklayers and carpenters
- Strong category management to drive the best assortment and excellent availability
- Competitive prices, particularly on trade-specific known value items
- Nordic-wide sourcing of branded goods, and expansion of own brand range
- Separate outbound distribution in large branches / hubs to drive best-in-class delivery
- Leading position in digital
- Low central costs

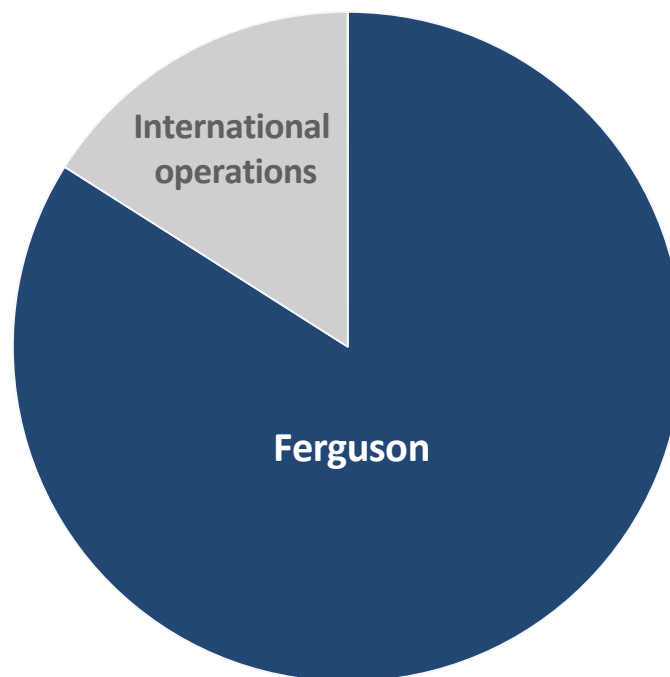
Exit of Nordic building materials business

- Sound, executable strategy
- No significant operating synergies with rest of Group
- Group focus on plumbing and heating
- Pursue more attractive returns available elsewhere in the Group

Group will focus on our core activities in attractive growth markets

Large, specialist US distributor with international operations

% Group trading profit



Corporate actions

- Change of Group name to Ferguson plc from 31 July 2017
- Change in presentational currency to US dollars from 1 August 2017
 - Will reduce earnings volatility
 - Dividends will be declared in US dollars, shareholders will have choice of receiving in GBP or USD
- Tobler to merge with Walter Meier in Switzerland. If completed we will retain 39% shareholding in enlarged Group and receive £95m

People update

- Frank Roach to retire on 31 July 2017
- Kevin Murphy Ferguson Chief Operating Officer will succeed him on 1 August
- As previously announced Mike Powell appointed as Group CFO from 1 June 2017

Market update and outlook

Market

- US residential and commercial remained good
- Deflation and Industrial headwinds have eased
- European and Canadian market conditions mixed

Outlook

- Like-for-like revenue growth since the end of the period has been about 4.5% for the Group and 5.5% in the USA
- Commodity deflation has been negligible in the period
- We expect the Group to make further progress in the second half
- Order books continue to grow



WOLSELEY

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EURO 6

Appendix

WOLSELEY

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DAF

WOLSELEY

DAF

WOLSELEY

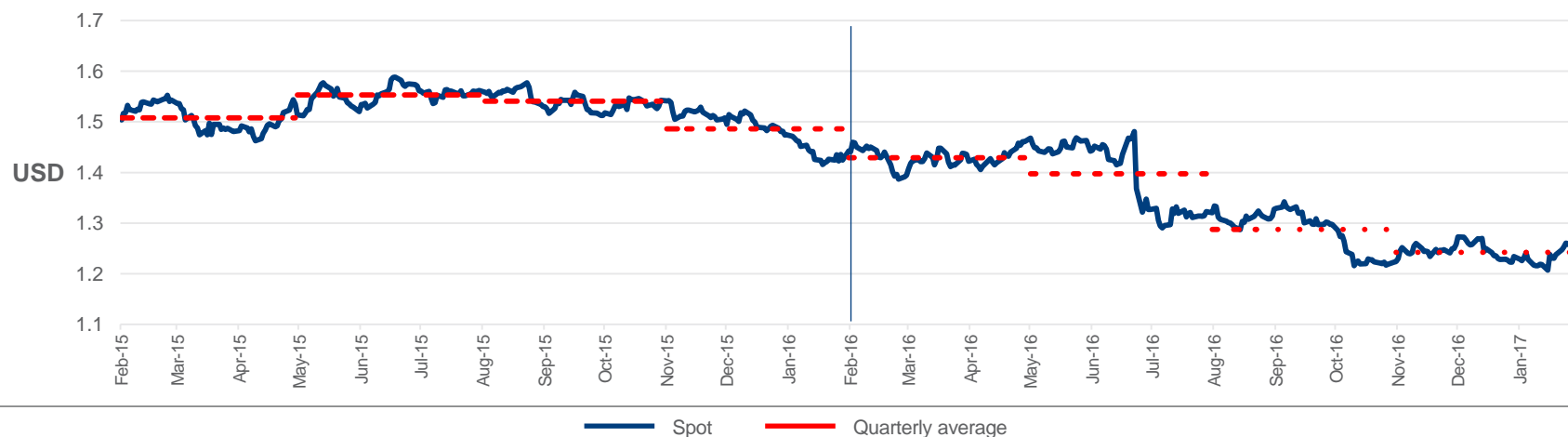
WOLSELEY

Regional analysis

£m	Revenue H1 2017	Revenue H1 2016	Trading profit H1 2017	Trading profit H1 2016
USA	5,761	4,381	450	345
UK	1,011	996	35	36
Nordic	1,036	885	16	23
Canada & Central Europe	653	533	35	30
Central costs	-	-	(21)	(22)
Group reported	8,461	6,795	515	412

Foreign exchange impact

	H1 2016 average rate	H1 2017 average rate	H1 2016 Trading profit £m	H1 2017 impact gain/(loss) £m		H2 2016 average rate	24-Mar-2017 spot rate	H2 2016 Trading profit £m	H2 2017 impact* gain/(loss) £m
USD	1.51	1.26	345	68	USD	1.41	1.25	430	55
CAD	2.03	1.67	17	4	CAD	1.84	1.67	15	2
EUR	1.37	1.16	5	1	EUR	1.26	1.16	13	1
Other			30	5	Other			31	2
				78					60

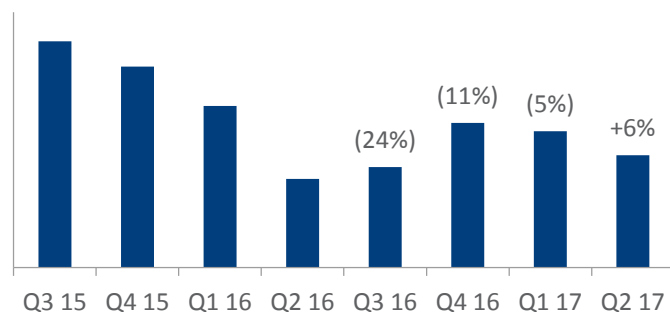


* Estimate impact if exchange rates stay at the rates prevailing on 24 Mar 2017 throughout the remainder of FY17

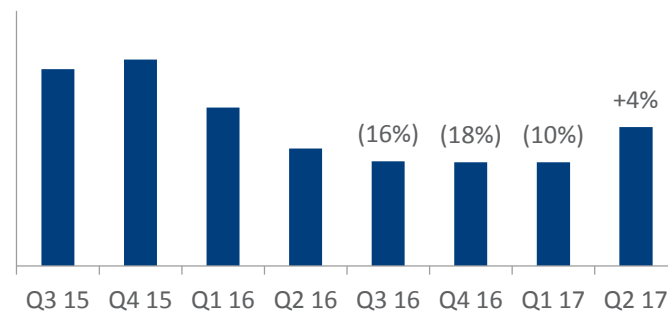
Source: Bloomberg

Movement in Ferguson commodity prices

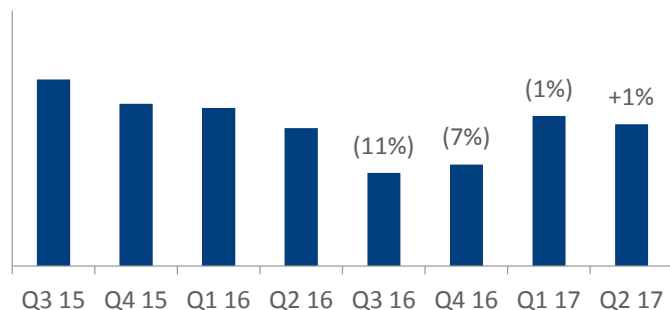
Plastic price
Impact until Q2 2017 at current rates



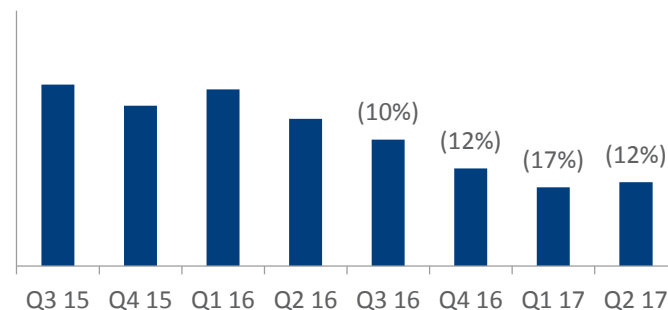
Copper price
Impact until Q3 2017 at current rates



Carbon steel price
Impact until Q3 2017 at current rates



Stainless steel price
Impact until Q4 2017 at current rates



Branch numbers

	Brought forward 31 July 2016 ¹	Acquired	Opened	Closed	Carried forward 31 January 2017
USA	1,465	21	26	(17)	1,495
UK	699	-	-	(35)	664
Nordic	256	1	1	(8)	250
Canada & Central Europe	296	-	1	(6)	291
	2,716	22	28	(66)	2,700

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

Headcount

	Brought forward 31 July 2016	Acquired	Net joiners / (leavers)	Carried forward 31 January 2017
USA	23,000	558	906	24,464
UK	6,071	-	(99)	5,972
Nordic	6,168	12	(519)	5,661
Canada & Central Europe	3,506	-	(107)	3,399
Other	107	-	(2)	105
	38,852	570	179	39,601

American Depositary Receipts (ADRs) programme

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

Ticker: WOSYY

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

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THAT YOU
CAN GET
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Beko, Bosch,
Dewalt,
Hitachi
and Makita
from
us in one
shipment
direct
to you?

Q&A