FERGUSON

15 April 2020

FERGUSON PLC

TRADING UPDATE

At the time of the half year results on 17 March 2020 we gave a brief update on the impact of the COVID-19 outbreak on our operations. Ferguson is announcing today a further update on the impact of the virus and a trading update for the period to 31 March 2020.

Protecting Ferguson's associates and supporting our customers

Ferguson provides a critical function in the supply of essential products and services which has been widely recognized by the relevant authorities in our trading geographies. Our trade customers maintain heating, ventilation and air conditioning (HVAC), clean and wastewater services to millions of homes and businesses. We keep key residential, commercial, industrial and public sector facilities running and we also support the major public utilities with the products they need for repair and maintenance of their networks.

During these challenging times, our immediate priority is safeguarding the health and wellbeing of our associates and customers. We have implemented new precautions across our business in adherence with the recommended Center for Disease Control (CDC) guidelines. Cleaning protocols at all sites have been enhanced and we are practicing social distancing at all locations. Our branches have moved to pick up and delivery only with customers encouraged to order ahead with pick-up in store / at the curb side. Associates who can work remotely are doing so, including over 14,000 US colleagues, with new processes and protocols implemented to keep our drivers safe. All our bricks and mortar showroom sites are closed though virtual consultations are continuing and we are driving strong adoption of ecommerce tools.

Current trading

Group trading to 31 March 2020 was not materially impacted by COVID-19, though revenue growth weakened towards the end of the period. Further details of the financial performance and market conditions in the Group's businesses are set out below:

Revenue growth %	% revenue contribution	H1 2020	2 months to 31 March[1]
USA	85%	+5.0%	+8.2%
Canada	5%	(6.5%)	(7.7%)
Ongoing Group	-	+4.3%	+7.3%
UK (non-ongoing)	10%	(4.7%)	(10.3%)
Continuing operations	100%	+1.1%	+5.1%

[1] One additional trading day in current year added 2.5% to both US revenue growth ongoing operations respectively.

In the US since the half year, revenue growth accelerated in the two month period to 31 March and was broadly based across the regions and major business units with the order book at record levels. Within the last ten days the impact of COVID-19 has significantly increased mainly as a result of

government actions and societal reactions as individual cities and states in the US have been increasingly impacted by the virus.

As a result the overall trading situation on the ground is therefore mixed across the US. For example, in recent weeks revenue has deteriorated in New York which has experienced severe outbreaks of the virus and have implemented widespread lockdowns. In contrast, revenue trends have continued to hold up well in many other regions and cities which are currently less affected by the virus.

To date, the majority of our US branch network has remained open. However, we are preparing carefully for lower activity levels given the likelihood of further regions experiencing disruption due to the spread of the virus. In light of recent CISA[2] guidelines we have been working with the relevant authorities across each state and local jurisdiction to ensure we can continue to support our customers.

In Canada most of the markets are in lockdown and the current situation in the UK is extremely challenging with a widespread lockdown currently in place. In both regions our branch networks remain open where essential services are being provided.

As indicated at the time of the Half Year results given the unprecedented uncertainty around the impact of COVID-19 it is not possible to assess with certainty the impact it will have on the Group's financial performance for the year. The Company is therefore not providing guidance for the year to 31 July 2020.

[2] Cybersecurity and Infrastructure Security Agency (CISA) is a Federal body providing guidance to US state and territorial jurisdictions and the private sector on defining essential critical infrastructure workers.

Cost reduction actions

In light of the evolving COVID-19 situation, the Company has moved quickly to protect liquidity and cashflow while ensuring it is well positioned to benefit when the recovery takes place. Ferguson benefits from an agile business model and, as we prepare for short-term revenue pressure our approach has been to protect our skilled workforce which is critical to the long-term success of our business. We have already taken a number of prudent cost saving measures to protect short-term profitability and cash generation of the business. This has included a hiring freeze, a reduction in associate hours, overtime and the use of temporary staff, and temporary lay-offs being implemented in the worst hit regions. We have taken decisive action in the worst hit regions whilst ensuring the business is appropriately sized for the post COVID-19 operating environment.

UK demerger

The Board's strategic intent to demerge the UK business is unchanged. The demerger of Wolseley UK remains on track to be completed this calendar year as previously announced. This will of course require market conditions to normalize by the latter part of the year.

Robust financial position

Ferguson has a proven cash generative business model and enters the current period with a strong balance sheet and significant liquidity headroom. The Company's net debt excluding leases at 31 March 2020 was $1,929 million and the ratio of net debt to the last 12 months adjusted EBITDA was approximately 1.0 times. As at 31 March 2020 the Group had c.$2.5 billion of available liquidity

FERGUSON

comprising readily available cash of approximately $0.7 billion and $1.8 billion of undrawn facilities. Since 31 March the Company has been approved and has issued commercial paper under the Bank of England's Covid Corporate Financing Facility (CCFF).

The Company has also introduced the following measures to protect its cash position:

- We have suspended the $500 million share buy back announced on 4 February 2020. At 31 March 2020 the Group had completed about $100 million of the program.
- The Company has paused current M&A activity due to current market uncertainty. In the current financial year to date we have invested c. $340 million in 6 businesses which are in the process of being rapidly integrated. Selective bolt-on and capability M&A remains an important part of the Company's strategy.
- After careful consideration the Board has decided to withdraw the interim dividend due for payment on 30 April 2020. While the balance sheet remains strong, the Board believes this is currently in the Company`s immediate best interests, balancing all our stakeholders' interests against a background of significant uncertainty as to the impact and duration of the current COVID-19 disruption. We recognize the importance of the dividend to our shareholders and the Board will review this decision later in the financial year as trading conditions become clearer.
- Following a careful review of existing capital expenditure plans we now expect it to be in the region of $280-300 million for 2019/20. Given our strong liquidity position the Board's intention remains to scale future capital investment to ensure we continue to invest in and develop the business and execute our strategy for the long-term.

Beyond the near-term challenges of COVID-19 the Group remains well positioned to deliver consistent outperformance.

Kevin Murphy, Group Chief Executive, commented

"Given the significant challenges of COVID-19 we have adjusted our operations rapidly to both safeguard the health and wellbeing of our associates but also to support essential services in our local markets. We would like to thank our associates for their commitment and dedication to our business and we are incredibly proud of their efforts in recent weeks as we support key industries.

"Ferguson is a strong and resilient business and our business model remains attractive and cash generative. We are taking appropriate actions on cost and cashflow given the uncertain near-term trading outlook. We have good liquidity which positions us well to navigate this period of uncertainty and to support the recovery when the effects of COVID-19 subside."

This announcement contains inside information.

For further information, please contact:

Ferguson plc

Mike Powell, Chief Financial Officer	+44 (0) 118 927 3800
Mark Fearon, Director of Communications and IR	+44 (0) 7711 875070

Media Enquiries

Mike Ward, Head of Corporate Communications	+44 (0) 7894 417060
Nina Coad / David Litterick (Brunswick)	+44 (0) 20 7404 5959

FERGUSON

Notes to editors:

1. Ferguson plc is a value added distributor of plumbing and heating products to professional contractors principally operating in North America and the UK. Revenue for the year ended 31 July 2019 was $21.8 billion and ongoing trading profit was $1.6 billion. Ferguson plc is listed on the London Stock Exchange (LSE: FERG) and is in the FTSE 100 index of listed companies. For more information, please visit www.fergusonplc.com or follow us on Twitter https://twitter.com/Ferguson_plc.

2. Legal disclaimer

Certain information included in this announcement is forward-looking and involves known and unknown risks, assumptions and uncertainties that could cause actual results or outcomes to differ from those expressed or implied in any forward-looking statement. There forward-looking statements are based on the Company's current belief and expectations about future events and cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, prospects, growth, strategies, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements are sometimes identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "continues", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations thereon or comparable terminology. Forward-looking statements are not guarantees of future performance and actual events or results may differ materially from any estimates or forecasts indicated, expressed or implied in such forward looking statements. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this announcement. 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 applicable law, (including under the UK Listing Rules, the Prospectus Rules, the Disclosure Guidance and the Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, change in events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

-ends-