NEWS RELEASE

FY16 Half Year Results

3/22/2016

Results for the half year ended 31 January 2016

£m	H1 2016	H1 2015	Change	Change (at constant exchange rates)	Like-for-like Change (3)
Ongoing (1) revenue	6,795	6,418	+5.9%	+4.6%	+2.7%
Ongoing trading profit (2)	410	390	+5.1%	+2.3%	
Profit before tax	367	103			
Headline earnings per share (2)	110.2p	103.6p	+6.4%		
Net debt	1,253	1,221			
Ordinary dividend per share	33.28p	30.25p	+10.0%		

“Ongoing businesses” excludes businesses that have been closed, disposed of or classified as held for sale.
Before exceptional items and the amortisation and impairment of acquired intangibles. For headline earnings per share, also before non-recurring tax items.
The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

Financial highlights

- Revenue of the ongoing businesses 5.9% ahead of last year.
- Gross margin ahead of last year at 28.3% (2015: 27.9%).
- Trading profit of the ongoing businesses £410 million, 5.1% ahead of last year.

- Good cash generation from operations with net debt of £1,253 million after dividends of £154 million and share buybacks of £162 million in the first half.
- Interim dividend of 33.28 pence per share, an increase of 10.0%.
- After a low point in November, like-for-like revenue growth over the subsequent three month period to 29 February 2016 improved to 3.2% for the Group and 5.7% in the USA.

Operating and corporate highlights

- Continued growth and market share gains in the USA in good commercial and residential markets, partly offset by weak industrial markets.
- Improved performance in the Nordics with continuing focus on rebuilding profitability.
- Tight cost control and restructuring initiated in a challenging UK market. £15 million of restructuring costs committed in the second half.
- Strong growth of e-commerce, now 14% of Group revenue.
- Completed six bolt-on acquisitions with annualised revenue of £115 million and two further acquisitions since the period end with annualised revenue of £13 million.
- Disposal of French Building Materials activities completed on 7 March 2016.

Ian Meakins, Chief Executive, commented:

“The Group delivered a resilient trading performance in the first half, despite mixed market conditions and sustained deflationary headwinds. Growth was driven by good commercial and residential markets for Ferguson in the USA, partly offset by weak industrial markets and price deflation. In the UK, repairs, maintenance and improvement (RMI) and social housing markets were challenging and we are stepping up cost control initiatives. Nordic construction markets improved and we continue to focus on growing profitability. Our strong cash flow has allowed us to continue to invest in our business for future growth, as well as to return surplus cash to our shareholders.”

“Market conditions remain mixed across the Group and we will therefore continue to invest in profitable growth where conditions are favourable and take actions to reduce our cost base and protect our profitability in weaker markets. After a low point in November, like-for-like revenue growth over the subsequent three month period to 29 February 2016 improved to 3.2 per cent for the Group and 5.7 per cent in the USA. At current exchange rates, we expect Group trading profit for the ongoing businesses for the full year to be in line with the current consensus of analyst expectations.”

FULL ANNOUNCEMENT

Download the full announcement (pdf)