NEWS RELEASE

FY18 Half Year Results

3/27/2018

Results for the half year ended 31 January 2018

STRONG FIRST HALF PERFORMANCE, WELL POSITIONED FOR THE SECOND HALF

$m1		H1 2018	H1 20172	Growth	Growth (at constant exchange rates)	Organic growth
Revenue	Ongoing businesses	10,027	9,090	+10.3%	+9.0%	+7.4%
	Non-ongoing businesses	-	292			
	Continuing businesses	10,027	9,382			
Trading profit	Ongoing businesses	698	607	+15.0%	+14.4%	
	Non-ongoing businesses	-	23			
	Continuing businesses	698	630			
Exceptional charges		(46)	(1)			
Statutory profit before tax		598	556			
Headline earnings per share		202.1c	173.3c	+16.6%	+15.8%	
Discontinued profit / (loss) after tax		18	(127)			

Net debt	1,401	1,632	
Interim dividend per share3	57.4c	52.1c	+10%

1. The Group uses Alternative Performance Measures ("APMs"), which are not defined or specified under IFRS, to provide additional helpful information. These measures are not considered to be a substitute for IFRS measures and are consistent with how business performance is planned, reported and assessed internally by management and the Board. Revenue, gross margin, operating expenses and trading profit within 'Group results', 'First half regional analysis', 'USA' and 'Canada and Central Europe' are on an ongoing basis. Ongoing is an APM and excludes businesses that have been closed, disposed of or held for sale. For further information on APMs, including a description of our policy, purpose, definitions and reconciliations to equivalent IFRS statutory measures see note 2. Unless otherwise stated, the measures referred to in this Results Announcement are APMs which are applied consistently with the basis and definitions set out in note 2.

2. Restated to present the Nordic region as discontinued operations in accordance with IFRS 5.

3. The interim dividend for the six months ended 31 January 2017 has been restated to cents using the GBP:USD exchange rate of £1:$1.4219.

Financial highlights

- Ongoing revenue 10.3% ahead of last year including organic growth of 7.4%.
- Gross margin of the ongoing business was 29.4%, 0.4% ahead of last year.
- Ongoing trading profit of $698 million, 15.0% ahead of last year.
- Statutory profit before tax after exceptional costs of $598 million, 7.6% ahead of last year.
- Net debt of $1.4 billion, 0.8x EBITDA.
- Interim dividend of 57.4 cents per share, an increase of 10%.
- Proposed $4 per share ($1 billion) special dividend and share consolidation.
- Ongoing share buyback to continue.

Operating highlights

- Strong US organic revenue growth of 8.7% with continued market share gains.
- Good growth in improved Canadian markets.
- UK restructuring programme accelerated in challenging markets.
- Six acquisitions completed in the first half for total consideration of $116 million.
- Sale of Stark Group expected to complete at end of March 2018.

John Martin, Chief Executive, commented:

“The Group delivered a strong trading performance in the first half driven by good growth and margin progression in the USA where we continued to grow well across all geographic regions and business units.

“US residential markets are growing well, commercial market growth is good and industrial markets have recovered. Canadian markets are healthy, though UK markets are challenging. Group organic revenue growth since the end of January has continued in line with growth in the second quarter, though comparators get progressively tougher through the second half. The Group is confident of achieving trading profit in line with analyst expectations for the full year.”

“Following receipt of competition clearance, we expect to complete the sale of Stark Group at the end of March. Subject to completion, we are pleased to propose a special dividend of $1 billion, with an accompanying share consolidation. The balance sheet remains strong and the Group will continue to target net debt in the range of 1x to 2x EBITDA, consistent with investment grade credit metrics.

FULL INTERIM MANAGEMENT STATEMENT

Download the full pdf

For further information please contact

Ferguson plc
Mike Powell, Group Chief Financial Officer
Tel: +41 (0) 41723 2230

Mark Fearon, Director of Corporate Communications and IR
Mobile: +44 (0) 7711 875070

Media Enquiries
Mike Ward, Head of Corporate Communications
Mobile: +44 (0)7894 417060

Nina Coad, Tim Danaher (Brunswick)

Tel: +44 (0)20 7404 5959

There will be an analyst and investor presentation at 0830 (UK time) today at the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. A live video webcast and slide presentation of this event will be available on **www.fergusonplc.com**. We recommend you register at 0815 (UK time). Photographs are available at **www.fergusonplc.com**.