



NEWS RELEASE

Final Results for the year ended 31 July 2019

10/1/2019

STRONG AND RESILIENT PERFORMANCE DURING HIGHLY CHALLENGING PERIOD. CONTINUED ROBUST FINANCIAL POSITION.

USDm	2019	2018	Change	Change (at constant exchange rates)
Statutory financial results				
Revenue	22,010	20,752	6.1%	
Profit before tax	1,324	1,187		
Basic earnings per share	481.3c	515.7c		
Total ordinary dividend per share	208.2c	189.3c	10.0%	
Alternative performance measures ¹				
Ongoing revenue	21,771	20,334	+7.1%	+7.9%



Ongoing gross margin	29.4%	29.3%		
Ongoing trading profit	1,601	1,493	+7.2%	+7.5%
Headline earnings per share	517.4c	444.4c	+16.4%	
Net debt: adjusted EBITDA	0.7x	0.6x		

Highlights

- Ongoing revenue at constant currency 7.9% ahead of last year. US organic revenue growth of 6.2% with continued market share gains.
- Within our US Blended Branches network organic revenue growth was consistent across geographies at about 6%.
- US Waterworks business generated strong organic revenue growth of 6.7%.
- Good control of gross margins and costs ensured strong profit delivery.
- Ongoing trading profit of \$1,601 million was 7.5% ahead of last year at constant currency.
- Canada trading profit flat in constant currency despite challenging market conditions.
- UK ongoing trading profit ahead in constant currency, preparing for demerger.
- Completed 15 acquisitions for \$657 million.
- Strong cash generation, net debt : adjusted EBITDA ratio of 0.7x.
- Completed \$150 million of \$500 million share buy back announced in June 2019.

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. For further information on APMs, including a description of our policy, purpose, definitions and reconciliations to equivalent IFRS statutory measures see note 2.

John Martin, Chief Executive, commented:

“Ferguson performed strongly in 2019 with organic growth in the US of 6.2% and substantial investments in acquisitions to further consolidate our market leading positions. Markets weakened in the second half but our well-executed approach to expanding gross margins and decisive cost control measures ensured strong profit delivery. In our Blended Branches network each region grew organic revenue by about 6% and the Waterworks business grew by 6.7%.

“Cash generation in the year was excellent and our balance sheet remains strong. We will continue to invest organically and in selective bolt-on acquisitions that meet our investment criteria. Given our strong financial position we are proposing a final dividend of 145.1 cents which brings the total dividend to 208.2 cents, 10 per cent ahead of last year.

“The Board expects to make further good progress in the year ahead. Whilst US market growth is currently broadly flat, consistent with the second half of 2019, we expect to continue to outperform. Our order books support continued modest growth in the months ahead and our business is performing well. We remain focused on maximising our organic revenue growth rate, gross margin expansion, tight cost control and strong cash generation.

“We recently proposed the demerger of our UK operations and work on this is progressing well. We have also announced that as part of our orderly succession plans Kevin Murphy will succeed me as Group Chief Executive in November. We are assessing the most appropriate listing structure for the Group going forward and we will continue to consult with shareholders.”

Download full PDF of financial results: **PDF**

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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).