NEWS RELEASE

Q1 Interim Management Statement

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Ferguson PLC

05 December 2017

Interim Management Statement for the 3 months to 31 October 2017

Ongoing businesses1	Q1 2018	Q1 2017	Change	**Organic change3**
US$ millions				
Revenue	5,191	4,717	+10.0%	+7.6%
Trading profit2	394	346	+13.9%	
Trading days	65	65	-	
Net debt	790	1,431		

First quarter highlights

- Ongoing revenue 10.0% ahead of last year, including 7.6% organic growth.
- Gross margin of the ongoing business was 29.0%, 0.2% ahead of last year.
- Ongoing trading profit of $394 million was 13.9% ahead of last year.
- Net debt of $790 million at 31 October 2017, equivalent to 0.5x EBITDA.
- Sale of Nordic building materials business agreed on 10 November 2017 for €1,025 million before costs, on track to complete in early 2018.
- Five acquisitions completed in the quarter for total consideration of $109 million.

John Martin, Group Chief Executive, commented:

"Our business continued to grow well in our first quarter with strong organic growth in the US of 8.3% in good US markets. The growth was widespread across all geographic regions and major business units and our gross margin performance was solid. Growth in Canada was also strong, though market conditions remain challenging in the UK where we are continuing to implement our transformation programme.

"Since the end of the quarter organic revenue growth has been broadly in line with the first quarter. The Group expects trading profit for the full year to be in line with current analyst consensus expectations."

Group results

The Group generated revenue of $5,191 million in the first quarter, 9.3% ahead of last year at constant exchange

rates and 7.6% ahead on an organic basis. Gross margin continued to improve, up 20 bps to 29.0% and operating costs were well controlled. Trading profit of $394 million was 13.7% higher than last year at constant exchange rates. Exceptional costs were $6 million in the quarter.

1) 'Ongoing businesses' excludes businesses that have been closed, disposed of or are classified as held for sale.

2) Before exceptional items and amortisation of acquired intangible assets.

3) The increase or decrease in revenue excluding the effect of currency exchange, acquisitions and disposals and trading days.

Regional analysis

Ongoing businesses	Revenue	Revenue	Change	Trading profit	Trading profit	**Change (at constant exchange**
US$ millions	Q1 2018	Q1 2017	**(at constant exchange rates)**	Q1 2018	Q1 2017	rates)
US	4,112	3,727	+10.3%	363	318	+14.2%
UK	679	642	+3.4%	21	22	(3.8%)
Canada and Central Europe	400	348	+9.2%	24	19	+19.3%
Central costs	-	-		(14)	(13)	
Group	5,191	4,717	+9.3%	394	346	+13.7%

Quarterly organic revenue growth

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
US	+4.8%	+6.9%	+8.8%	+8.7%	+8.3%
UK	(3.4%)	+3.1%	(1.4%)	+3.4%	+3.2%
Canada and Central Europe	(1.7%)	+1.2%	+7.3%	+7.7%	+7.7%
Group	+3.1%	+5.9%	+7.1%	+8.0%	+7.6%

USA

Our US business grew revenue 8.3% on an organic basis, which included price inflation of about 1%, and acquisitions contributed a further 2.0%. All businesses generated good organic growth in the quarter, with residential markets continuing to grow well, commercial markets growing reasonably and industrial markets continuing to improve.

We improved our gross margins and operating expense growth was well controlled. Trading profit of $363 million (2017: $318 million) was 14.2% ahead of last year.

Two acquisitions, AC Wholesalers and Supply.com, were completed during the quarter with total annualised revenue of $113 million.

UK

Organic revenue growth was 3.2% in the quarter principally as a result of price inflation. Gross margins were lower in competitive markets as customers resisted supplier price rises. Repair, maintenance and improvement markets remained weak. Trading profit of $21 million was 3.8% lower than last year at constant exchange rates.

The transformation programme continues to be on track and we are working to increase the pace of execution to lower the cost base of the business.

Canada and Central Europe

Canada and Central Europe organic revenue grew by 7.7% with acquisitions contributing 1.5% of additional growth. All businesses grew organic revenue with markets growing well. Gross margins were ahead of last year and operating costs well controlled. Trading profit of $24 million was $5 million ahead of last year including $1 million from favourable exchange rate movements.

Three acquisitions, Aircovent in the Netherlands and Plomberium Pierrefonds and Tackaberry in Canada, were completed in the first quarter with total annualised revenue of $30 million.

Discontinued operations

As announced on 10 November 2017 we have entered into an agreement to sell Stark Group, our Nordics building materials distribution business, to an affiliate of Lone Star Funds, a global private equity firm, for €1,025 million on a debt-free and cash-free basis. Transaction and other costs relating to the disposal are expected to be in the region of €50 million. Net assets of the business being disposed are approximately €500 million. We have retained approximately €150 million of property assets which we expect to sell in due course.

The transaction is conditional on the receipt of merger clearance from the relevant competition authorities. Subject to satisfaction of this condition, we expect the transaction to complete early in 2018. Following completion of the transaction we will, in the normal course of events, update the market on the Group's asset allocation plans including the utilisation of excess cash.

Revenue for the Nordic business was $752 million (2017: $749 million) and trading profit was $41 million (2017: $30 million) in the 3 months to 31 October 2017.

Financial position

Net debt at 31 October 2017 was $790 million (31 October 2016: $1,431 million) after purchasing 1.8 million shares for £95 million ($125 million) in accordance with the £500 million share buyback programme announced at the full year results on 3 October 2017. Total acquisition consideration in the quarter was $109 million.

On 30 November 2017, we successfully issued $450 million of 6, 7 and 9 year term debt in the US Private Placement market. The final dividend of $240 million was paid to shareholders on 1 December 2017. There have been no other significant changes to the financial position of the Group.

Outlook

Since the end of the quarter organic revenue growth has been broadly in line with the first quarter. The Group expects trading profit for the full year to be in line with current analyst consensus expectations.

For further information please contact Ferguson plc

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Investor conference call

A conference call with Mike Powell, Chief Financial Officer will commence at 08.00 UK time today. The call will be recorded and available on our website after the event **www.fergusonplc.com**.

Dial in number	UK:	+44 (0)330 336 9411
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Ask for the Ferguson call quoting 5256870.

Ferguson plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors principally operating in North America and the UK. Ongoing revenue for the year ended 31 July 2017 was $18.8 billion and ongoing trading profit was $1.3 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**.

Financial calendar

2018	
H1 results for period ending 31 January 2018	27 March
Q3 IMS for the period ending 30 April 2018	19 June
Full Year Results for year ended 31 July 2018	2 October

Legal disclaimer

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements 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, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating and building materials market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. 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 forward-looking statements, which speak only at their respective dates. 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 its legal or regulatory obligations (including under the UK Listing Rules, the Prospectus Rules, the Disclosure Rules 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, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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