FERGUSON

NEWS RELEASE

Results for the Half Year ended 31 January 2019

3/26/2019

$m	H1 2019	H1 2018	Change	Change (at constant exchange rates)	Organic change
Statutory financial results					
Revenue	10,847	10,027	+8.2%		
Profit for the period attributable to shareholders	586	458	+27.9%		
Basic earnings per share	254.5c	183.3c			
Interim dividend per share	63.1c	57.4c	+10.0%		
Alternative performance measures[1]					
Ongoing revenue	10,666	9,865	+8.1%	+8.9%	+6.5%

Ongoing gross margin	29.6%	29.5%		
Ongoing trading profit	744	691	+7.7%	+8.0%
Headline earnings per share	241.9c	202.1c	+19.7%	
Net debt : EBITDA	1.1x	0.8x		
Trading days	127	128	(1)	

1) The Group uses Alternative Performance Measures ("APMs"), which are not defined or specified under IFRS, to provide additional helpful information about 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.

Highlights

- Ongoing revenue 8.1% ahead of last year including organic growth of 6.5%
- Strong US organic revenue growth of 9.7% with continued market share gains and trading profit growth.
- Within our Blended Branches network organic revenue growth was strong in every region:
  - East +8.4%
  - West +10.1%
  - Central +9.2%
- US Waterworks business generated strong organic revenue growth of 7.8%.
- Solid trading performance in Canada and good progress on strategic initiatives in the UK.
- Completed a number of acquisitions including Blackman and Wallwork with 33 branches in NY and NJ.
- Exit of Dutch plumbing and heating business and other surplus assets generated $255 million of cash.
- Interim dividend of 63.1c up 10.0%.
- Strong balance sheet, net debt : EBITDA ratio of 1.1x.
- Proposal to move tax domicile to the UK.

John Martin, Group Chief Executive, commented:

“Ferguson performed well in the first half with continued strong organic growth in the US of 9.7%. Growth in the US was widespread across all geographic regions, major business units and end-markets. In our Blended Branches network the East grew organic revenue 8.4%, with the West up 10.1% and the Central region was 9.2% ahead. The Waterworks business also made good progress generating organic revenue growth of 7.8%. In other geographies residential markets weakened in Canada and in the UK markets were flat."

“After a strong revenue performance in the first half our growth rate has moderated recently in line with conditions in our markets. While we still expect to generate further revenue growth in the second half, we have revised our estimates of Group organic revenue growth to between 3-5%. Consequently, we expect trading profit for the full year to be towards the lower end of the range of analysts’ expectations[2] ."

“We will continue to execute our strategy of delivering excellent customer service to maximise profitable growth opportunities whilst remaining vigilant on costs. Our capital allocation policy is unchanged and we will continue to maintain a strong balance sheet.”

2) Current analysts’ consensus for Group trading profit for 2019 is published on the Company’s corporate website. The bottom of the range is $1,585 million and the average is $1,629 million.

To view entire announcement please click here

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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). Photographs are also available at **www.fergusonplc.com**.