FERGUSON

NEWS RELEASE

Results for the year ended 31 July 2017

10/3/2017

GOOD TRADING MOMENTUM IN FOURTH QUARTER, WELL PLACED FOR FURTHER PROGRESS IN 2018

£m1		2017	2016	Change	Change (at constant exchange rates)	Like-for-like Change
Revenue	Ongoing businesses	14,878	12,146	+22.5%	+8.6%	+6.0%
	Non-ongoing businesses	346	403			
Trading profit	Continuing operations	15,224	12,549			
	Ongoing businesses	1,032	827	+24.8%	+8.7%	
	Non-ongoing businesses	27	30			
	Continuing operations	1,059	857			
Impairment and exceptional profit / (loss)		229	(98)			
Statutory profit before tax		1,180	675			
Headline earnings per share		288.9p	234.7p	+23.1%	+6.8%	
Discontinued (loss) / profit after tax		(105)	185			
Net debt		534	936			
Ordinary dividend per share		110p	100p	+10.0%		

Financial highlights1

- Total Group2 revenue of £17,324 million including £2,100 million from discontinued operations and trading profit of £1,122 million including £63 million from discontinued operations.
- Revenue in the ongoing businesses was 8.6% ahead of last year at constant exchange rates and trading profit of £1,032 million was 8.7% ahead of last year at constant exchange rates.
- Gross margin of the ongoing businesses was 28.9%, 0.4% ahead of last year.
- Strong cash flow conversion. Net debt of £534 million at 31 July 2017.
- Proposed final dividend of 73.33p, bringing the total for the year to 110p, 10% ahead of last year.
- Share buyback of £500 million announced today.

Operating highlights

- US revenue growth of 10.4% at constant exchange rates including 7.1% on a like-for-like basis and continued market share gains.
- Good US residential and commercial markets, improved industrial markets in the second half.
- UK transformation continuing, trading profit stable in difficult markets.
- E-commerce revenue of £3 billion, now 20% of Group revenue.
- Completed 11 bolt-on acquisitions for total consideration of £292 million with five further acquisitions since year end.
- Nordics disposal progressing as planned.
- Group name changed on 31 July 2017 and presentational currency to US dollars from 1 August 2017.

John Martin, Group Chief Executive, commented:

“I am delighted to report another good year for the Group, in which ongoing trading profit increased to £1,032 million. In the USA, Blended Branches, Waterworks, B2C e-commerce, HVAC, Fire and Fabrication and Facilities Supply generated good growth and gained market share and Industrial revenues recovered in the second half.

“In line with our strategy to generate the best profitable growth in the USA we continued to invest in the further development of our service offerings including the next generation of our e-commerce platforms, expanding our fleet and logistics capabilities and developing adjacent business opportunities.

“Given our strong financial position, which includes proceeds from recent disposals, we are initiating a £500 million share buyback programme which we expect to complete over the next 12 months. The Group will continue to target net debt in the range of 1x to 2x EBITDA, consistent with investment grade credit metrics.

“US markets continue to be favourable, in particular residential and commercial markets where we generate the majority of our revenue. Organic revenue growth3 in the new financial year has been about 6%. Our business is

performing well, we have a strong balance sheet to support our plans and the Board continues to look to the medium-term with confidence."

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 on pages 13 to 15. 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) The total of continuing and discontinued operations.

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

For further information please contact

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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 available on **www.fergusonplc.com**.

FULL STATEMENT

Download the Results for the year (pdf)