FERGUSON

NEWS RELEASE

Results for the year ended 31 July 2018

10/2/2018

GOOD RESULTS AND SIGNIFICANT PROGRESS IN EXECUTING OUR STRATEGIC PRIORITIES

USDm	2018	2017	Change	Change (at constant exchange	Organic change

				rates)	
Statutory financial results					
Revenue	20,752	19,284	+7.6%		
Profit for the year attributable to shareholders	1,267	920			
Basic earnings per share	515.7c	366.1c			
Ordinary dividend per share	189.3c	156.4c	+21%		
Alternative performance measures[1]					
Ongoing revenue	20,752	18,845	+10.1%	+8.8%	+7.5%
Ongoing gross margin	29.2%	28.9%			
Ongoing trading profit	1,507	1,307	+15.3%	+14.7%	
Headline earnings per share	444.4c	366.1c	+21.4%		
Net debt	1,080	706			

Highlights

- US ongoing revenue growth of 11.3% including 9.9% on an organic basis and continued market share gains.
- Gross margin in the ongoing business was 0.3% ahead of last year.
- Good US residential and commercial markets and strong industrial market.
- Solid trading performance in Canada.
- UK trading profits lower in challenging markets, restructuring programme continuing.
- Completed 13 acquisitions for $415 million with 5 further acquisitions since year end for $240 million.

- Completed disposal of Nordics business and initiated the disposal of Wasco, our remaining business in Central Europe.
- Returned over $2 billion to shareholders during the year through dividends and buybacks.
- Proposed final dividend re-based upwards, 21% ahead of last year.

1) The Group uses Alternative Performance Measures (“APMs”), which are not defined or specified under International Financial Reporting Standards (“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.

John Martin, Group Chief Executive, commented:

“The Group delivered a good result in the year, revenue increased to $20.8 billion and ongoing trading profit increased by $200 million to $1.5 billion. In the USA, which generated 90 per cent of Group trading profit, all businesses grew well and continued to gain market share, with the Industrial business having a particularly strong year. Markets in the USA and Canada have remained good throughout the year despite recent inflationary pressures, though the UK remains tough.

“We continue to execute our strategy to allocate resources to markets and businesses where we are best equipped to win. Our focus remains on investing in organic growth, supplemented by selective bolt-on acquisitions where we can expand our leadership positions or invest in capabilities to extend the value of our brand.

“Given the Group’s track record of excellent cash generation and the ongoing strength of the

balance sheet, a proposed final dividend of 131.9 cents has been recommended. This brings the total dividend to 189.3 cents, 21 per cent ahead of last year and includes an upwards rebasing of 10 per cent.

“In the first eight weeks of our new financial year organic revenue growth has been broadly in line with the overall growth rate last year, though growth in September was slightly lower than August. The growth in our order books suggests continued growth in the months ahead."

Download Full PDF of the financial results: **PDF**

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