NEWS RELEASE

Trading update for the 3 months to October 31, 2020

12/8/2020

RESILIENT BUSINESS MODEL DELIVERED STRONG TRADING PROFIT GROWTH IN A CHALLENGING PERIOD

Ongoing businesses 1 US$ millions	Q1 2021	Q1 2020	Change
Revenue	5,372	5,208	+3.1%
Gross margin	29.6%	29.7%	(0.1%)
Trading profit 2	504	451	+11.8%
Less impact of IFRS16	(18)	(18)	
Underlying trading profit	486	433	+12.2%
Adjusted EBITDA 3	558	495	+12.7%
Net debt : adjusted EBITDA 3	0.5x	0.8x	
Trading days	64	65	(1)

1) ‘Ongoing businesses’ excludes businesses that have been closed, disposed of, or held for sale. The UK has been moved to ‘Non-ongoing operations’.

2) Trading profit is defined as operating profit before exceptional items and the amortization of acquired intangible assets.

3) Net debt excludes lease liabilities and adjusted EBITDA excludes the impact of IFRS 16.

First quarter highlights

- Ongoing revenue 3.1% ahead of last year, despite one fewer trading day.
- US ongoing revenue growth of 3.2% and underlying trading profit growth of 11.3%.
- Gross margin down 0.1% driven by mix.
- Tight cost control ensured strong trading profit delivery.
- Restarted M&A program with two US bolt-on acquisitions in the new financial year.
- Excellent operating cash generation.
- Strong balance sheet with net debt : adjusted EBITDA of 0.5 times, 0.7 times pro-forma if adjusted for expected $467 million cash outflow from the final dividend payment in December 2021.

Kevin Murphy, Group Chief Executive, commented:
“We are pleased with the revenue growth in the first quarter and today’s results further demonstrate the resilience of our business model. We are firmly focused on revenue growth and continued market share gains at the same time as carefully controlling gross margins and costs. This approach has enabled us to deliver robust trading profit growth in the first quarter. Cash generation was good and our balance sheet remains strong. This has enabled us to continue to invest in the business including our technology platforms to drive the best digitally enabled customer relationships and a seamless omni-channel experience.

“Our continued focus is on protecting our associates and supporting our customers and we would like to express our sincere thanks to all of our 33,000 associates for their dedication and commitment during these challenging times. Our associates are the main contributors to our success as they continue to deliver outstanding service to our customers.

“Since the start of the second quarter Ferguson has continued to generate low single digit revenue growth in broadly flat markets although we remain cautious on the outlook for the year as a whole, considering current pandemic trends. Despite these potential headwinds the business is in very good shape and we are well prepared should there be any further market related disruption and overall management’s expectations for FY 2021 are unchanged.”

For further information please contact

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A call with Kevin Murphy, Group Chief Executive and Bill Brundage, Group Chief Financial Officer will commence at 1200 UK time (0700 ET) 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 9105

US: +1 323 794 2093

Ask for the Ferguson call quoting 2792963. To access the call via your laptop, tablet or mobile device please click **here**. If you have technical difficulties, please click the “Listen by Phone” button on the webcast player and dial the number provided.

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