NEWS RELEASE

Update on assessment of listing structure

2/4/2020

On 3 September 2019, the Board of Ferguson (the “Board”) announced its intention, subject to shareholder approval, to demerge its UK operations (“Wolseley UK demerger”). This would result in Ferguson being wholly focused on its attractive North American markets. At the same time, the Board also announced that it was considering the most appropriate listing structure for the Group going forward.

Following the Wolseley UK demerger in 2020, Ferguson’s Group CEO and operational management team will be based in North America and the entirety of the Company’s revenues and profits will be generated there. In addition, there is a comparable set of peer companies listed in the USA, some of whom compete directly with Ferguson. These companies have a large domestic investor following and are typically covered by a broad range of North American equity analysts. The Board believes that it would now be beneficial to have direct access to this substantial incremental pool of capital in the US and, together with its advisers has been carefully assessing a range of options and the associated costs and benefits of amending its listing structure to allow access to these benefits.

The Board believes that the US is the natural long-term listing location for Ferguson. It also recognizes the importance of acting in the interests of shareholders as a whole, many of whom

have mandates that may restrict continued long-term ownership. Consequently, the Board is now commencing further consultation with institutional shareholders on two potential listing structures which aim to facilitate greater participation by North American domestic investors in Ferguson. These two listing structures are summarized as follows:

Option 1 – Seek shareholder approval for an additional listing of ordinary shares in the US

If this option were to be pursued:

- Ferguson would seek an additional listing of its shares on a major US stock exchange whilst maintaining its existing premium listing on the London Stock Exchange ("additional US listing").
- This option is not expected to lead to any change in Ferguson's existing membership of the FTSE 100 index, though it would not achieve inclusion in a US index.
- Ferguson's current American Depository Receipt ("ADR") program would be cancelled.
- An additional US listing would require shareholder consent with a majority of 75% of votes cast in favor of a resolution to amend Ferguson's current articles of association to facilitate settlement of its shares in the UK and in the US.
- This does not preclude a subsequent move to a primary listing in the USA (Option 2 below) but it would remain the case that the Group's existing London premium listing could not be cancelled without a further and separate shareholder vote (requiring a 75% majority of votes cast).
- An additional US listing is not expected to lead to any material change in Ferguson's existing high standards of governance and corporate responsibility.
- An additional listing requires Sarbanes Oxley compliance.

Option 2 – Seek shareholder approval for a primary listing in the USA

If this option were to be pursued:

- Ferguson would seek a change of primary listing of Ferguson's ordinary shares to a major US stock exchange.
- To become eligible for inclusion in major stock indices in the US, the Group would need to change its premium listing in London to a standard listing and consequently Ferguson would no longer be eligible for inclusion in the FTSE 100 index. In this scenario, it is likely that there would be a period of time between the Group ceasing to be eligible for FTSE 100 indexation and becoming eligible for inclusion in major US stock indices.
- Ferguson's current ADR program would be cancelled.
- This option would require shareholder consent with a 75% majority of votes cast in favor of Ferguson amending its articles of association and changing its premium listing in the UK to a standard listing.
- Under a primary US listing it is likely that Ferguson would move to US standards of governance and corporate responsibility in line with domestic peers.
- A primary US listing requires Sarbanes Oxley and US GAAP compliance.

The Board has reviewed the potential incremental costs of an additional listing in the US and

moving the primary listing to the USA and does not believe either to be material. In the event that either Option 1 or Option 2 is adopted, the Board believes the relevant structure would be implemented by the end of calendar H1 2021.

Ferguson will now undertake a period of consultation with its institutional shareholders on these two listing structure options. The Board expects to make a further announcement following conclusion of the consultation, which is likely to be in the Spring of 2020.

Commenting on the proposals Geoff Drabble, Ferguson's Chairman said:

"In assessing Ferguson's future listing structure, the Board's approach has been to consider carefully what is in the best interests of the Company and its stakeholders over the long-term. The Board believes that Ferguson's natural long-term listing location is the USA but it is mindful that this is a complex issue for many of our existing shareholders. We will now commence a period of further consultation with our major institutional shareholders and will listen carefully to their feedback before setting out any firm proposals in the Spring."

Please **click here** 4 February 2020 – Update on assessment of listing structure presentation

For further information please contact:
Geoff Drabble, Group Chairman
Tel: +44 (0) 1189 273800

Mark Fearon, Director of Corporate Communications / IR
Mobile: +44 (0) 7711 875070

Media enquiries:
Mike Ward, Head of Corporate Communications
Mobile: +44 (0) 7894 417060

Nina Coad/ David Litterick (Brunswick)
Tel: +44 (0) 20 7404 5959

Notes to editors
Ferguson plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors principally operating in North America. Ongoing revenue for the year ended 31 July 2019 was $21.8 billion and ongoing trading profit was $1.6 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** or follow us on

Twitter **https://twitter.com/Ferguson_plc**.