

Ferguson plc

Shareholder consultation, February 2020

Agenda

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2. Work undertaken
3. Ferguson evolution
4. Listing structure options / timing
5. Option 1 – key features
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7. Governance considerations
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1. Introduction

Announcements	3 September 2019: • Intention to demerge Wolseley UK subject to shareholder approval • Result in Ferguson being wholly focused on attractive North American markets • Therefore, Board considering the most appropriate listing structure for the group after the proposed Wolseley UK demerger • Kevin Murphy appointed Group CEO 4 February 2020: • Consultation with institutional shareholders commences
The potential options	Option 1 – Seek shareholder approval for an additional listing of ordinary shares in the US Option 2 – Seek shareholder approval for a primary listing in the US Both options are capable of being executed by the end of calendar H1 2021
Board position	Supportive of seeking a listing of Ferguson shares on a major US stock exchange Recognizes importance of acting in interest of existing shareholders as a whole, many of whom have mandates that may restrict continued long term ownership

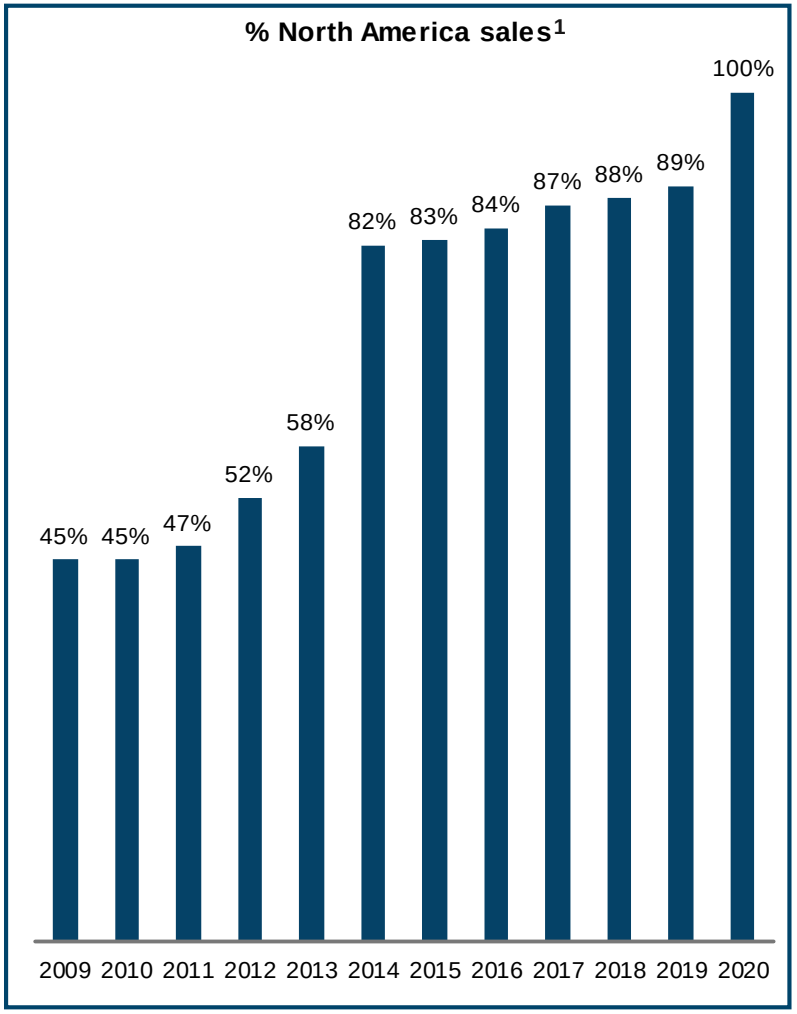
2. Work undertaken

Approximately 6 months of detailed analysis

Areas investigated / analysed	Advisers	
• Capital markets	• Financial Adviser:	Rothschild & Co (London & New York)
• Indexation	• Corporate brokers:	Barclays & JP Morgan (London & New York)
• Regulation	• Legal:	Freshfields (London)
• Legal	• Tax:	PWC Global
• Tax	• Accounting: (e.g. Sarbanes Oxley)	EY (USA)
• Accounting		
• Domicile		
• Sarbanes Oxley		
• Foreign Private Issuer Status		
• Settlement mechanics		
• Cost		

3. Rationale for US listing

Ferguson will be 100% North American post Wolseley UK demerger[1]



- Board believes that the US is the natural long-term listing location for Ferguson
- Company CEO and operational management team based in North America
- Entirety of Group's revenues and profits will be generated in North America
- Group reports in USD
- Over 40% of current shareholders are US based (but international / global equity funds)
- Comparable set of listed peer companies in North America
- Listed peers have large US domestic investor base and broad range of North American analyst coverage
- Beneficial for Ferguson to have direct access to this substantial incremental pool of capital and broader analyst coverage

1: 2019 proforma post Wolseley UK demerger

4. Listing structure options/timing

Option 1	Additional listing in the US
Option 2	Move primary listing to the US
Timing	Both options require Sarbanes Oxley compliance Considerable period of preparation required Implementation of either listing option by the end of calendar H1 2021.

5. Option 1: key features

Additional listing in the US

- Additional listing of Ferguson shares on a major US stock exchange
- FTSE indexation maintained
- No flowback
- Access to US domestic markets
- Increase US liquidity
- Shares traded in the US quoted in USD
- Shares traded in the UK quoted in GBP
- Requires Sarbanes Oxley compliance
- Settlement across US and UK exchanges

Voting requirement: 75% majority (of votes cast) in favor to amend Articles to facilitate settlement on two exchanges

Note: Existing London Premium listing could not be cancelled without a further and separate shareholder vote requiring a 75% majority (of votes cast)

6. Option 2: Key features

Move primary listing to US; move to standard LSE listing; seek US indexation

- UK standard listing (not indexed)
- Immediate removal from all FTSE indices and other UK / European indices
- Eligible for inclusion in major US indices over time
  - Eligibility for S&P 500 will be at least 12 months, after which it is subject to discretion of S&P Index Committee
  - Other indices: c.3 months or more
  - Period of being an Index orphan
- Flow back / Flow forward impact
- Share trading expected to concentrate in the US rapidly
- Increased US equity research expected over time
- Full access to entire US capital markets
- Certain shareholder mandates may preclude holding non-FTSE indexed shares
- Requires Sarbanes Oxley compliance and US GAAP reporting

Voting requirement: 75% majority required (of votes cast) to remove FTSE Premium Listing which would bring consequential loss of FTSE indexation and amend Articles to facilitate settlement on two exchanges

8. Governance

Option 1	**Additional listing** • No change • Existing standards of governance and corporate responsibility or remuneration policy • Remain subject to UK Takeover Code as a Jersey incorporated entity
Option 2	**Move primary listing to the US:** lose FTSE 100 indexation; seek US indexation as soon as possible • Transition over time to US governance standards • Remain subject to UK Takeover Code as a Jersey incorporated entity

9. Next steps

February 2020	• Shareholder consultation
Spring 2020	• Board decision announced



Questions?