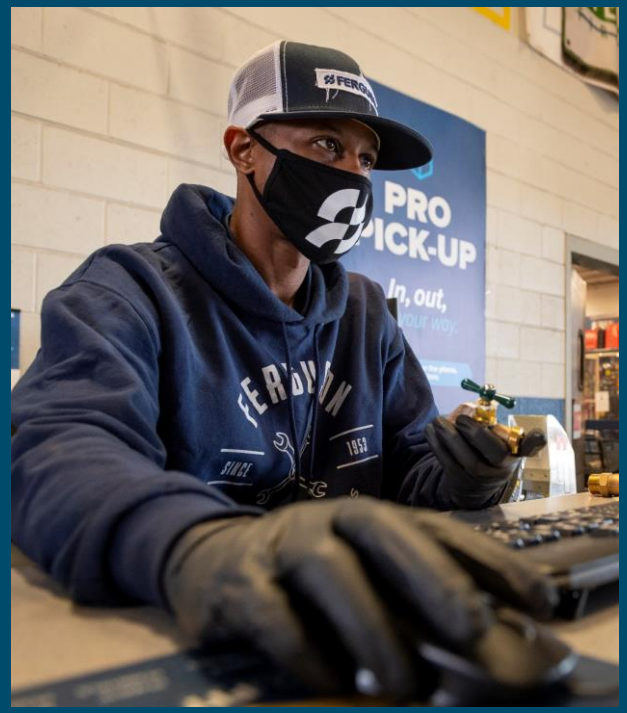
FERGUSON

Ferguson plc
Baird Global Industrial Conference

Kevin Murphy, Group CEO









Ferguson is a leading value added distributor of plumbing and heating products

Ongoing revenue (+2.0%)

$19,940m

Ongoing underlying trading profit (+4.1%)

$1,595m

Continuing adjusted EBITDA (+0.5%)

$1,797m

Headline EPS (-1.1%)

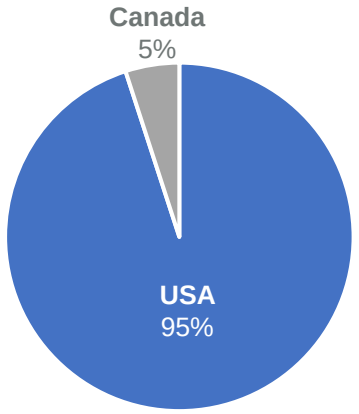
511.6c

Underlying operating cash flow (+18.3%)

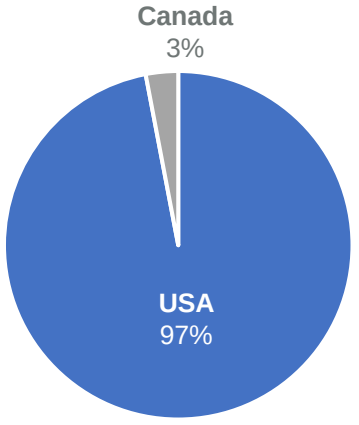
$1,904m

Geographic presence

Ongoing revenue*

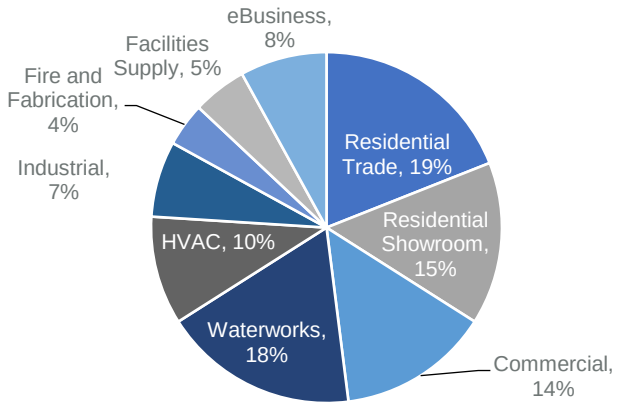


Ongoing underlying trading profit*

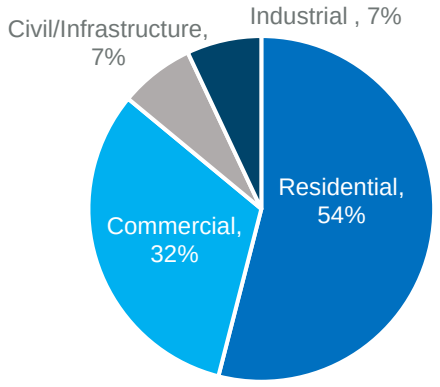


USA key segments and end markets

Revenue by customer group



Revenue by end market



* UK revenue of $1,879m and underlying trading profit of $8m in 2020 non-ongoing operations.

Our specialist products and services are used in almost every stage of building and infrastructure development

Commercial
Provides commercial contractors with products and services including bidding and tendering support to assist with their projects

Facilities supply
Provides products, services and solutions to enable reliable maintenance of commercial facilities across multiple RMI markets

Residential trade
Serves the residential RMI and new construction sectors providing plumbing and sanitary supplies, tools, repair parts and bathroom fixtures to plumbing contractors



Residential showroom
Display products and assist customers by providing advice and project management services for their home improvement projects

eBusiness
Sells home improvement products directly to consumers and trade customers online through various websites

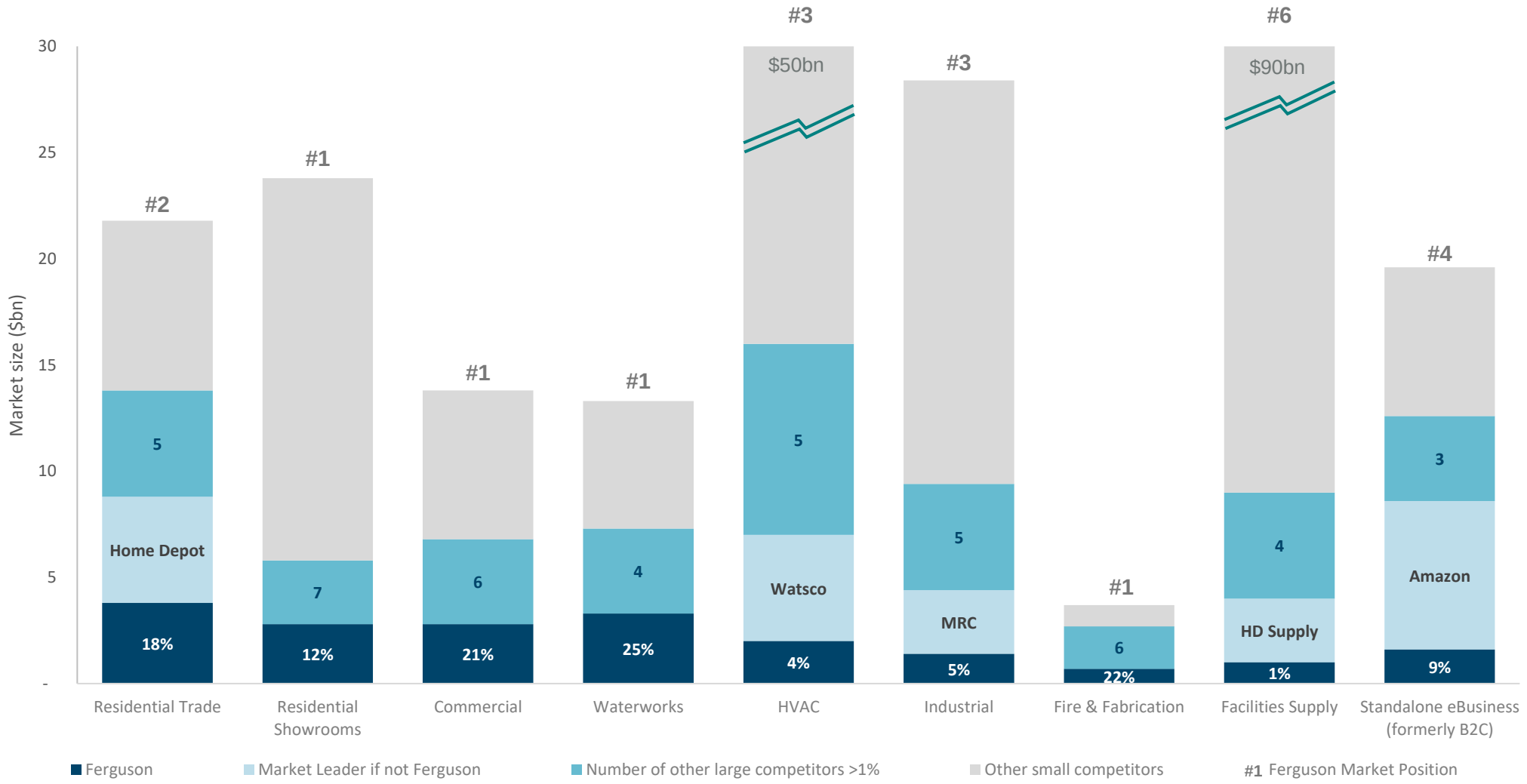
HVAC
Provides HVAC and refrigeration equipment, parts and supplies to specialist contractors.

Fire and Fabrication
Fabricates and supplies the protection products, fire protection systems and bespoke fabrication services to commercial contractors

Waterworks
Distributes pipe, values and fittings ("PVF"), hydrants, meters and related water management products alongside related services

Industrial
Supplies PVF and industrial maintenance, repair and operations ("MRO") specializing in delivering automation, instrumentation, engineered products and turn-key solutions

USA: a diversified but connected business with attractive market structure



We connect thousands of suppliers and customers with a unique business model

Key resources and relationships

- Our people
- Our customers
- Our suppliers
- Channels to market
- Technology
- Distribution network
- Capital

Source

39,000 Suppliers

Distribute

15 Distribution centers

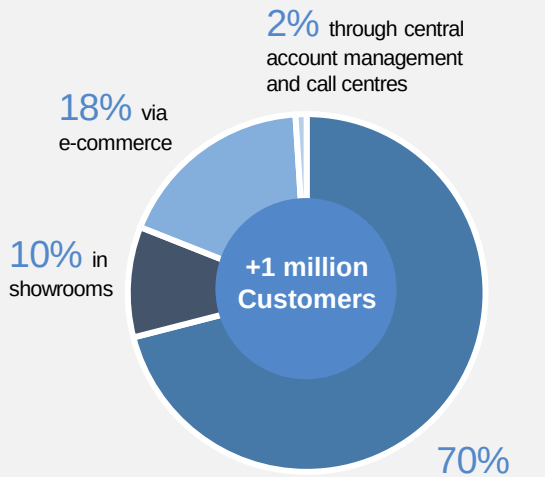
2,194 Branches

Sell

How we fulfil orders

- 50% Delivered from branches
- 25% Collected from branches
- 16% Delivered from suppliers
- 9% Delivered from distribution centers

How our customers buy



What makes us different?

Best associates

Customers value scale

Differentiated service offering

…with supportive structural characteristics



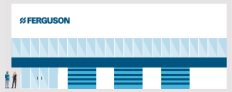
Highly fragmented industry



Organic sales growth culture



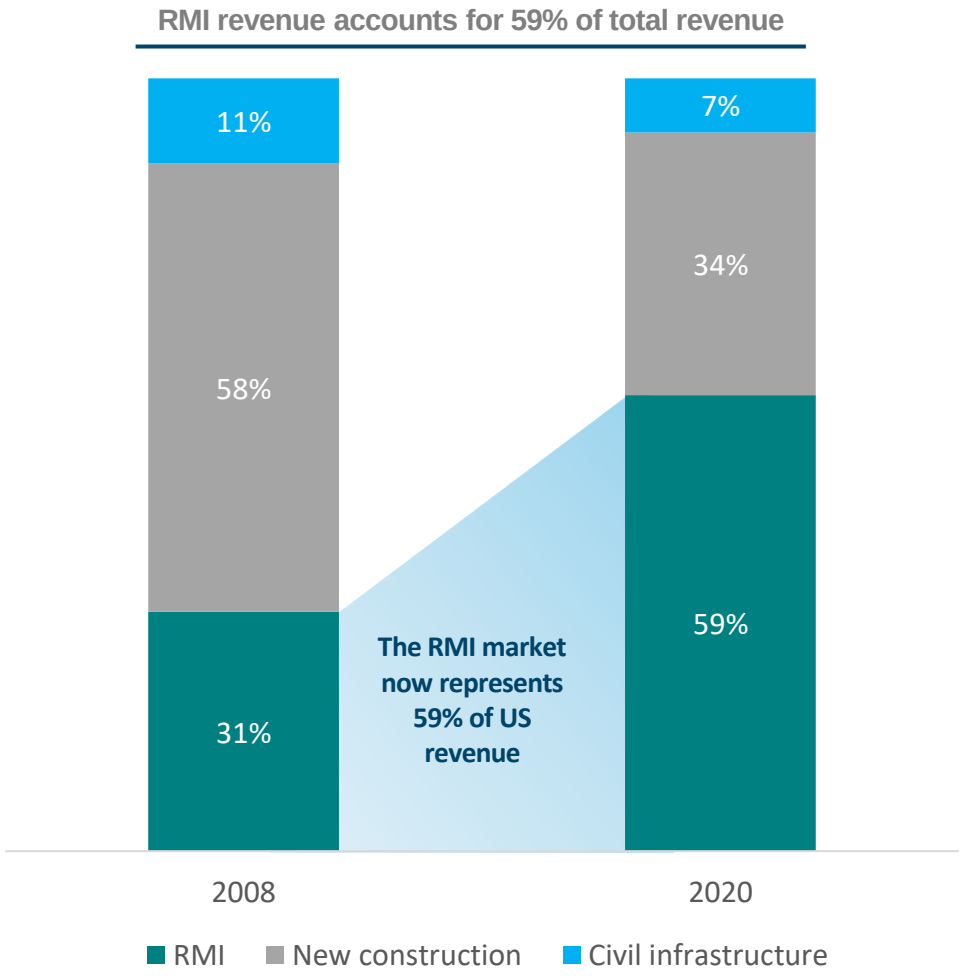
Bolt-on acquisition opportunities



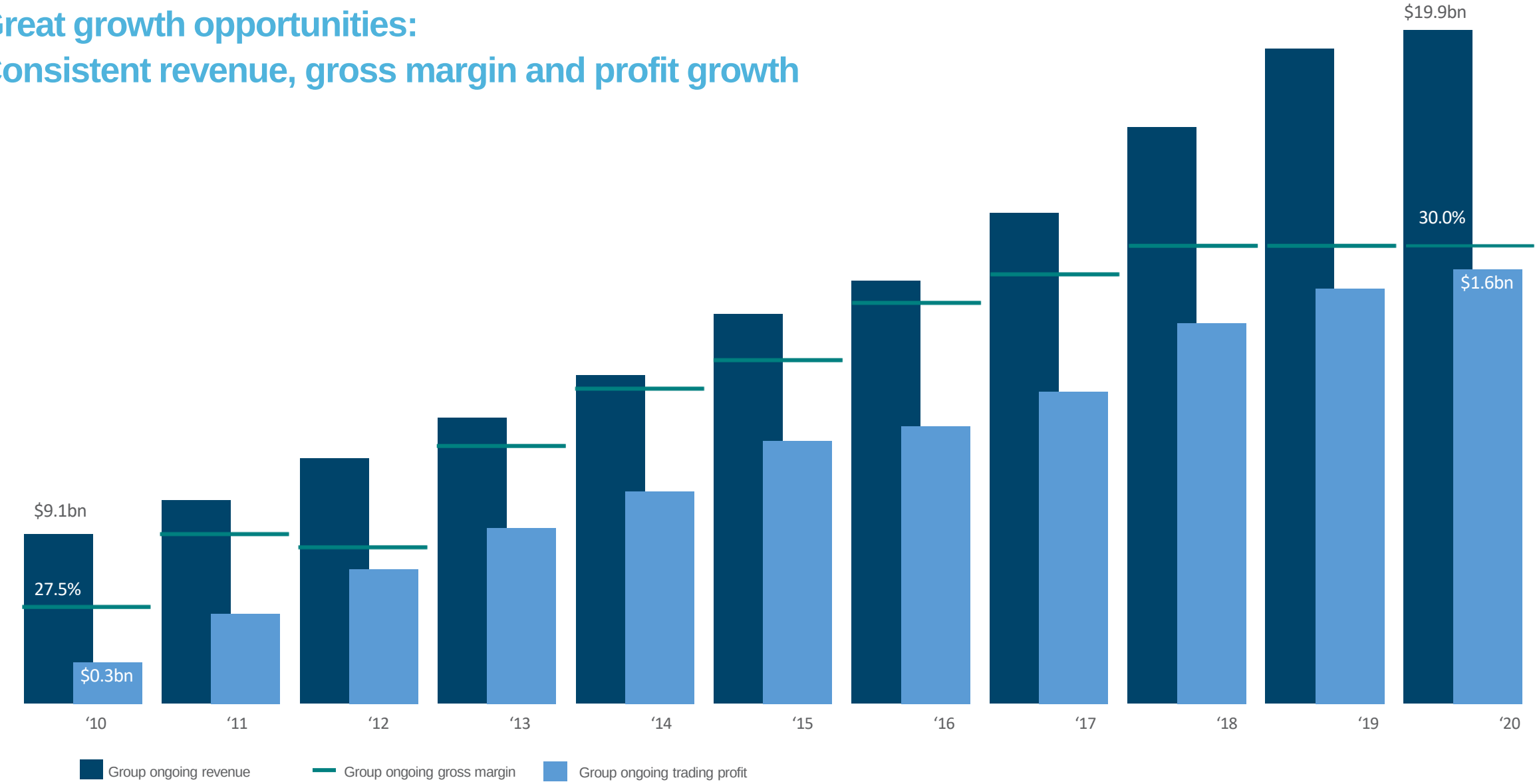
Benefits of scale



Customer relationships are local



Great growth opportunities:
Consistent revenue, gross margin and profit growth



Strategic update

Key strategic themes – ‘How Tomorrow Works’

- Value added distributor
- As trusted supplier and partner, we provide innovative products and solutions to make our customers’ projects better
- Ensuring scale delivers customer benefits where and when they need
- Investing in technology to drive productivity for our business and our customers
- Innovating and always reimagining our business to serve our customers

Our strategy is delivering – we’re firmly focused on execution

HOW TOMORROW WORKS

As trusted advisers, we provide innovative products and solutions to make our customers' projects better.

Strategy

We will expand our role in the value chain to build durable competitive advantages to achieve profitable growth



Where we invest

We will focus on key capabilities that lay the groundwork for our path to tomorrow

- **Culture of best associates**
- **Innovation and Ferguson Ventures**
- **Omni channel and digital capabilities**
- **Technology and data capabilities**
- **Supply chain and value added services**
- **Salesforce evolution**

Changing landscape

- Changing customer expectations
- Shifting channels
- Industry disruptors
- Labor shortage
- Vertical integration

Running a great business

- First in safety
- Customer service
- Strategic growth
- Gross margin improvement
- Operational leverage
- Capital discipline
- Environmental, social and governance

People | Safety | Integrity | Innovation | Service | Results

Strategy: Expanding our role in the value chain



Summary: Why invest in Ferguson?

Leading value added distributor of plumbing and heating products to professional contractors

Benefits of scale in procurement, operations, supply chain and technology

Market leading positions (70 per cent of revenue generated through No.1 or No.2 market share positions)





Strong sales culture

Fragmented markets

Low risk bolt-on M&A opportunities

Quick, reliable payback from branch expansion

Sustained gross margins

Strong investment grade balance sheet

Little pension exposure and low level of leases

Strong free cash flow through the economic cycle

Strong people and service culture

Systematically driving performance

Best-in-class e-commerce

Constantly developing our business model to enhance service and margins

Great returns

Good trading profit margins*

8.0%

Ongoing underlying trading margin

Excellent returns on capital**

24.9%

Return on gross capital employed

Dependable ordinary dividends*

208.2c

Total ordinary dividend

* Figures are for the year ended 31 July 2020
** On a pre-IFRS 16 basis