FERGUSON

Investor Day 2022

www.fergusonplc.com

January 13, 2022

Cautionary note on forward-looking statements

Forward-Looking Statements

Certain information included in this presentation and discussed on the conference call that this presentation accompanies is forward-looking, including within the meaning of the United States Private Securities Litigation Reform Act of 1995 and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and speak only as of the date on which they are made. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as “believes,” “estimates,” “anticipates,” “expects,” “forecasts,” “potential,” “intends,” “continues,” “plans,” “projects,” “goal,” “target,” “aim,” “may,” “will,” “would,” “could” or “should” or, in each case, their negative or other variations or comparable terminology, and similar references to future periods. Examples of forward-looking statements include, among others: statements or guidance regarding or relating to our future financial position, growth, and payment of dividends; projected interest in and ownership of our shares by domestic US investors; plans and objectives for future capabilities; and other statements that are not historical fact.

Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including, but not limited to: weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control; adverse impacts caused by the COVID-19 pandemic (or related variants) or by any current or future vaccination and/or testing mandates such as the emergency temporary standard issued by the U.S. Department of Labor’s Occupational Safety and Health Administration; decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential repair, maintenance and improvement (“RMI”) markets as well as the new construction market; failure to rapidly identify or effectively respond to consumer wants, expectations or trends; failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks; unsuccessful execution of our operational strategies; failure to attract, retain and motivate key associates; ineffectiveness of or disruption in our international supply chain or our fulfillment network, including delays in inventory, increased delivery costs or lack of availability; fluctuations in foreign currency and fluctuating product prices (inflation / deflation); inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions; regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product quality as a result of our suppliers’ or manufacturers’ mistakes or inefficiencies; legal proceedings as well as failure to comply with domestic and foreign laws and regulations or the occurrence of unforeseen developments such as litigation; changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada; privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches; exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks; funding risks related to our defined benefit pension plans; inability to renew leases on favorable terms or at all as well as any obligation under the applicable lease; failure to effectively manage and protect our facilities and inventory; our indebtedness and changes in our credit ratings and outlook; risks associated with our intention to relocate our primary listing to the United States and any volatility in our share price and shareholder base in connection therewith; and other risks and uncertainties set forth in our Annual Report and Accounts 2021 under the heading “Principal risks and their management”, in our Annual Report on Form 20-F filed with the Securities and Exchange Commission (“SEC”) on September 28, 2021 under the heading “Risk Factors,” and in other filings we make with the SEC in the future. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Financial Information

Unless otherwise indicated, all historical financial measures contained in this presentation are presented on a continuing operations basis and are calculated using (or, in the case of alternative performance measures, or “APMs,” otherwise derived from) International Financial Reporting Standards (“IFRS”).

Alternative Performance Measures (APMs)

The Company’s management believes that the APMs included in this presentation provide valuable information to the readers of the Company’s historical financial statements, as they provide comparable information across the Company and are consistent with how business performance was planned, reported and assessed internally by management and the Board prior to the Company’s transition to U.S. GAAP. APMs are not defined or specified under IFRS, and any APMs in this document are not a substitute for IFRS measures. Readers should consider the IFRS measures as well.

U.S. Non-GAAP Financial Information

This presentation contains financial measures that are not measures presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These U.S. non-GAAP measures, or “non-GAAP measures,” include adjusted operating profit, adjusted operating margin and return on capital employed. This presentation includes reconciliations of historical non-GAAP measures to the most comparable U.S. GAAP measure. Management believes the non-GAAP measures in this presentation are commonly used financial measures for investors to evaluate our operating performance and financial position and present a useful tool to evaluate ongoing operations and our performance from period to period. In addition, these are some of the financial metrics management uses in internal evaluations of the overall performance of our business. Management acknowledges that there are many items that impact a company’s reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.

Who is Ferguson?

Ferguson is a $23B value-added distributor in North America providing expertise, solutions, and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more.

We make our customers’ complex projects simple, successful and sustainable.



The leading value-added distributor in North America

FY21 financial highlights

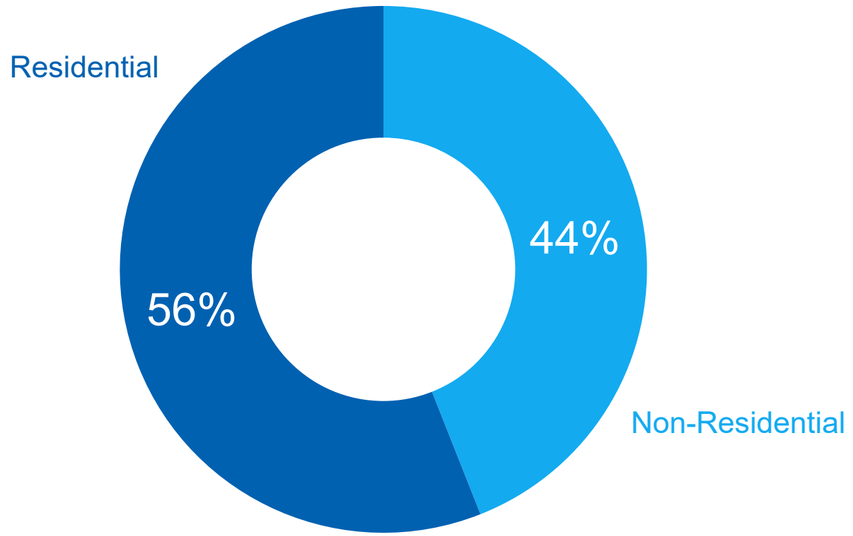
$22.8B
Revenue*

$2.1B
Adjusted operating profit**
9.2% adjusted operating margin**

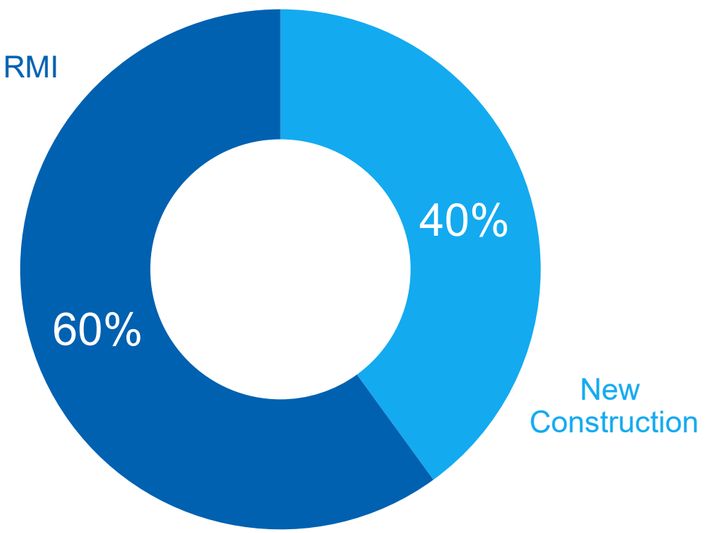
34.4%
Return on Capital Employed**

Balanced approach to attractive end markets

Residential / Non-Residential



RMI / New Construction



*Revenue was calculated in accordance with U.S. GAAP. There are no material differences in revenue as calculated in accordance with U.S. GAAP and historically in accordance with IFRS.
**This is a non-GAAP measure. See the appendix of this presentation for a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure. Adjusted operating margin is calculated by dividing adjusted operating profit by revenue.

Scaled business model connects thousands of suppliers with over one million customers

34K

SUPPLIERS

<5%

No supplier is larger than 5% of total cost of sales



1M+

CUSTOMERS

1%

No single customer accounts for more than 1% of revenue

Leading a responsible business

Our ESG framework

Environmental

Facilities

Energy management

Renewable energy

Fleet

Foster development of and transition to electric/hybrid vehicles

Products

Encourage adoption of sustainable and energy-efficient solutions

Social

Health and Safety

Associate Development

Inclusion and diversity

Talent management and retention

Supply Chain

Supplier compliance and supplier Code of Conduct

Product safety

Product quality

Community Investment / Ferguson Cares

Governance

Board Management and Composition

Shareholder Engagement

Shareholder rights

Executive compensation

Regulatory and Risk Oversight

Ethics/business conduct

Enterprise risk management

Information security/cyber

Privacy

Compliance with laws and regulations

MSCI AAA

SUSTAINALYTICS LOW RISK

CDP B

From a lighter footprint…
Our internal responsibility

…through a conscious handprint
External impact opportunities

Why Ferguson?

Leading positions in large, growing and fragmented markets	• ~75% of U.S. revenue generated from #1 or #2 market positions • 10,000+ small- to medium-sized competitors • $23B revenue in a $300B opportunity • Highly-resilient business model • Our markets have historically grown 2-3% above GDP
Scale delivers sustainable market outperformance	• 350bps average U.S. organic market outperformance over the past 5 years • Value-added solutions - customers' complex projects made simple, successful and sustainable • Scale delivered locally - global supply chain, omnichannel and our associates
Additional growth from bolt-on acquisitions	• Opportunity to consolidate fragmented markets and expand capabilities • 44 U.S. acquisitions over the past 5 years • 2.4% incremental revenue growth from these acquisitions
Long-term track record of outperformance and cash generation	• Revenue and underlying trading profit CAGR of 8.3% and 13.9% over the past 10 years • Strong cash conversion delivery • $8.5B returned to shareholders over the past 10 years

Continued value creation

For the fiscal years ended 2012-2021, revenue was calculated in accordance with IFRS and underlying trading profit is an IFRS-derived alternative performance measure, or APM. There are no material differences between (i) revenue as calculated in accordance with IFRS and U.S. GAAP; and (ii) underlying trading profit (as derived from IFRS profit for the year) and adjusted operating profit (as derived from U.S. GAAP net income).

Why Ferguson?

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued value creation

Why Ferguson?

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

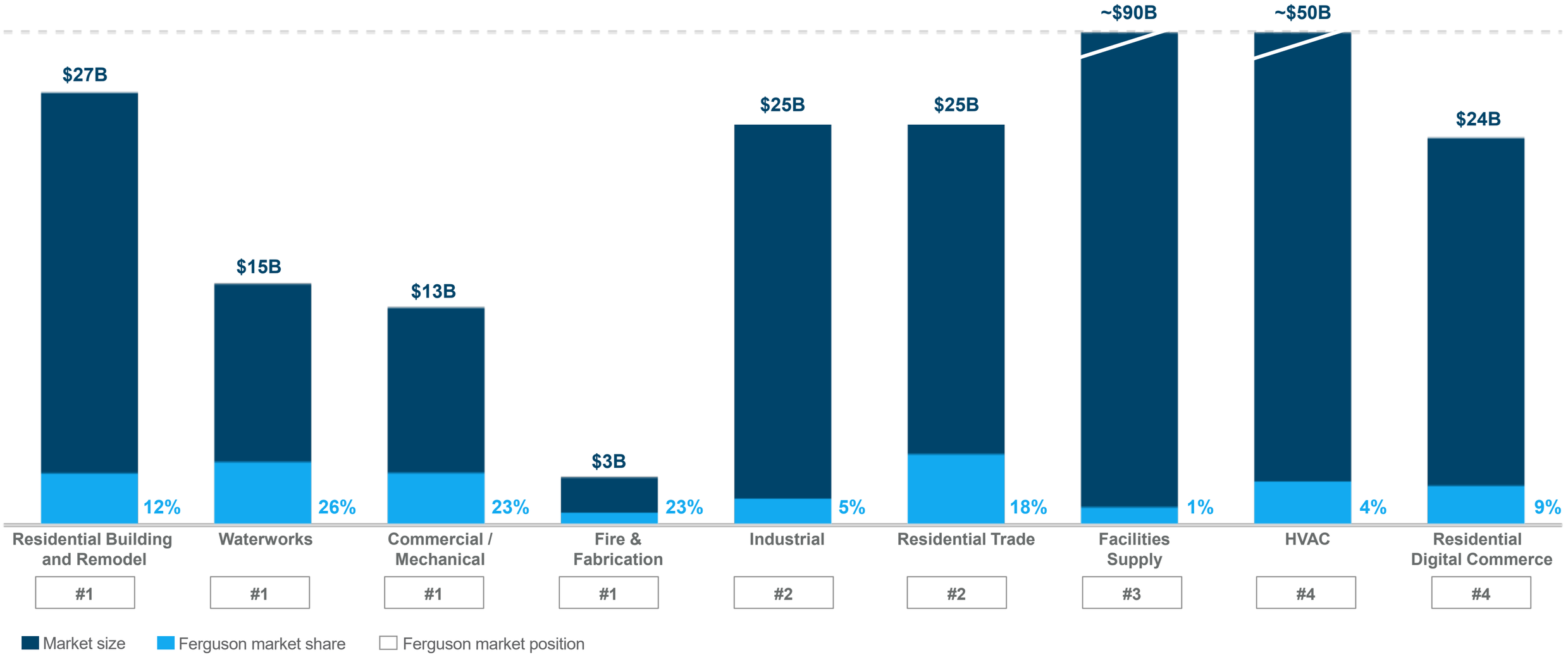
Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued value creation

Leading positions in highly fragmented markets

~75% of U.S. revenue generated from #1 or #2 market positions



Market size, share and position derived from management estimates as of FY21.

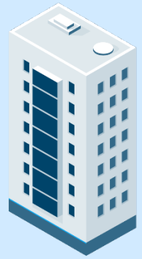
Leading positions in large, growing and fragmented markets

Balanced approach to attractive end markets

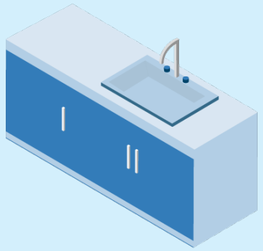
~$300B North American opportunity



56%
RESIDENTIAL



44%
NON-RESIDENTIAL



60%
RMI



40%
NEW CONSTRUCTION

$23B Revenue in FY21

Market size and Residential / Non-Residential and RMI / New Construction proportions derived from management estimates.

Leading positions in large, growing and fragmented markets

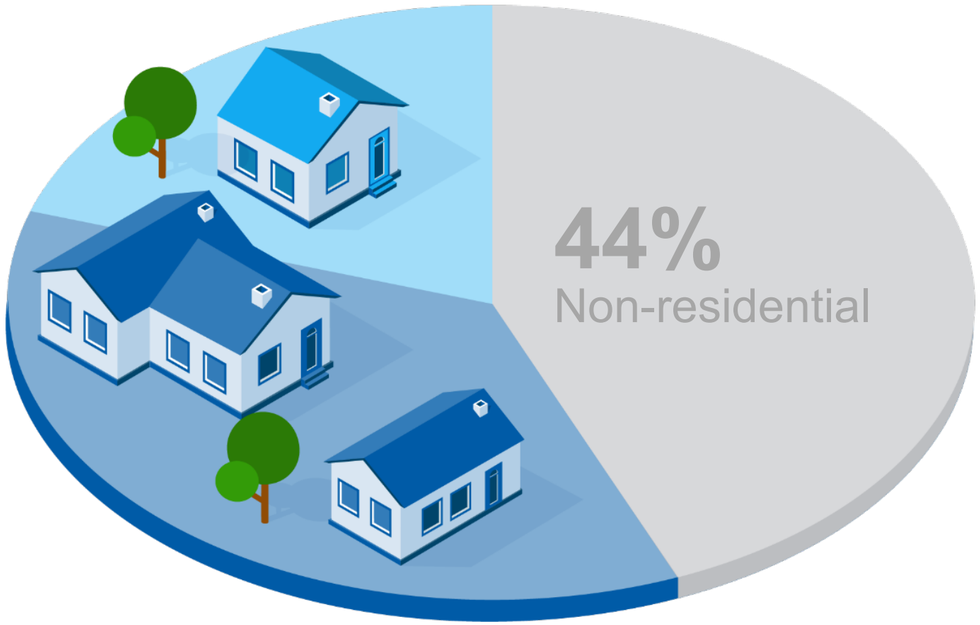
Strong fundamentals drive continued growth in residential

- Strong single-family housing starts growth driven by substantial housing deficit
- Low mortgage rates and declining household debt support continued demand
- RMI demand supported by aging housing stock and rising home values

Residential end markets (56% revenue)

20%
Residential new

36%
Residential RMI



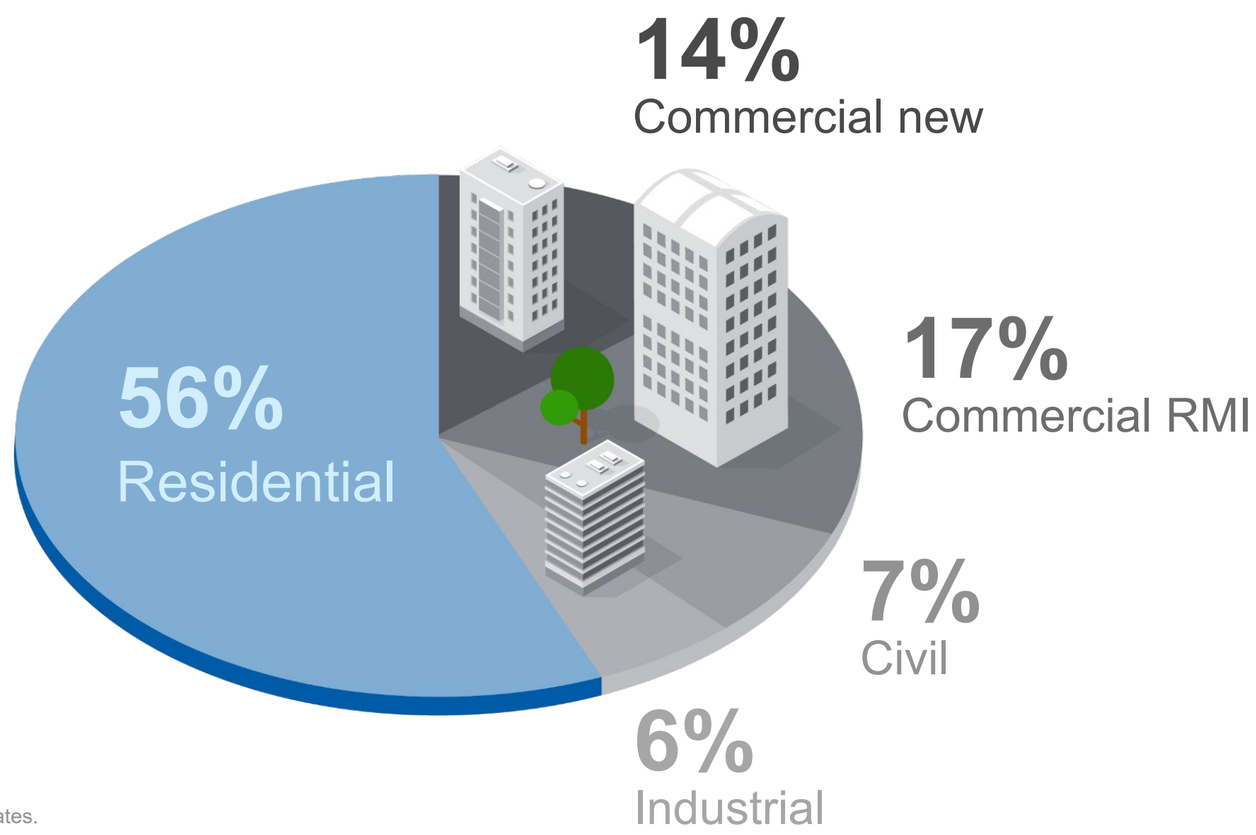
Market size and Residential / Non-Residential and RMI / New Construction proportions derived from management estimates.

Leading positions in large, growing and fragmented markets

Diverse end markets and macro trends drive continued growth in non-residential

- Broad mix of commercial building types
- As residential expands, supporting commercial growth is required
- Historical under-investment in U.S. water & wastewater infrastructure
- Additional upside from Infrastructure Investment and Jobs Act
- Key macro indicators (e.g. Dodge, ABI) indicate further expansion

Non-residential end markets (44% revenue)

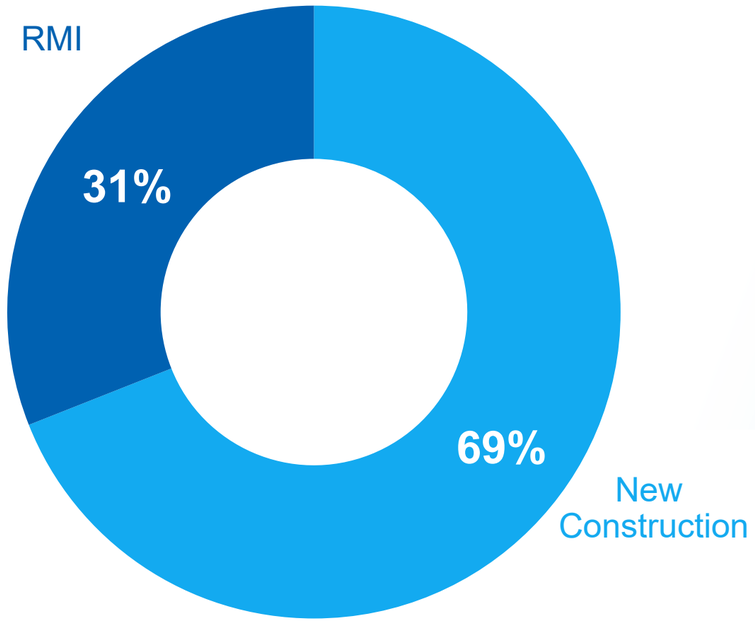


Market size and Residential / Non-Residential and RMI / New Construction proportions derived from management estimates.

Leading positions in large, growing and fragmented markets

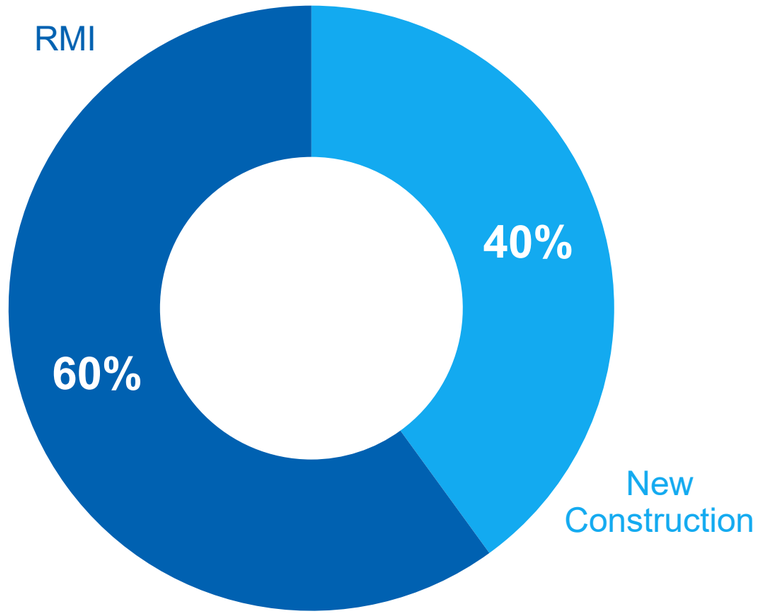
Growth in RMI provides resilience through cycle

FY08



Revenue: $12B

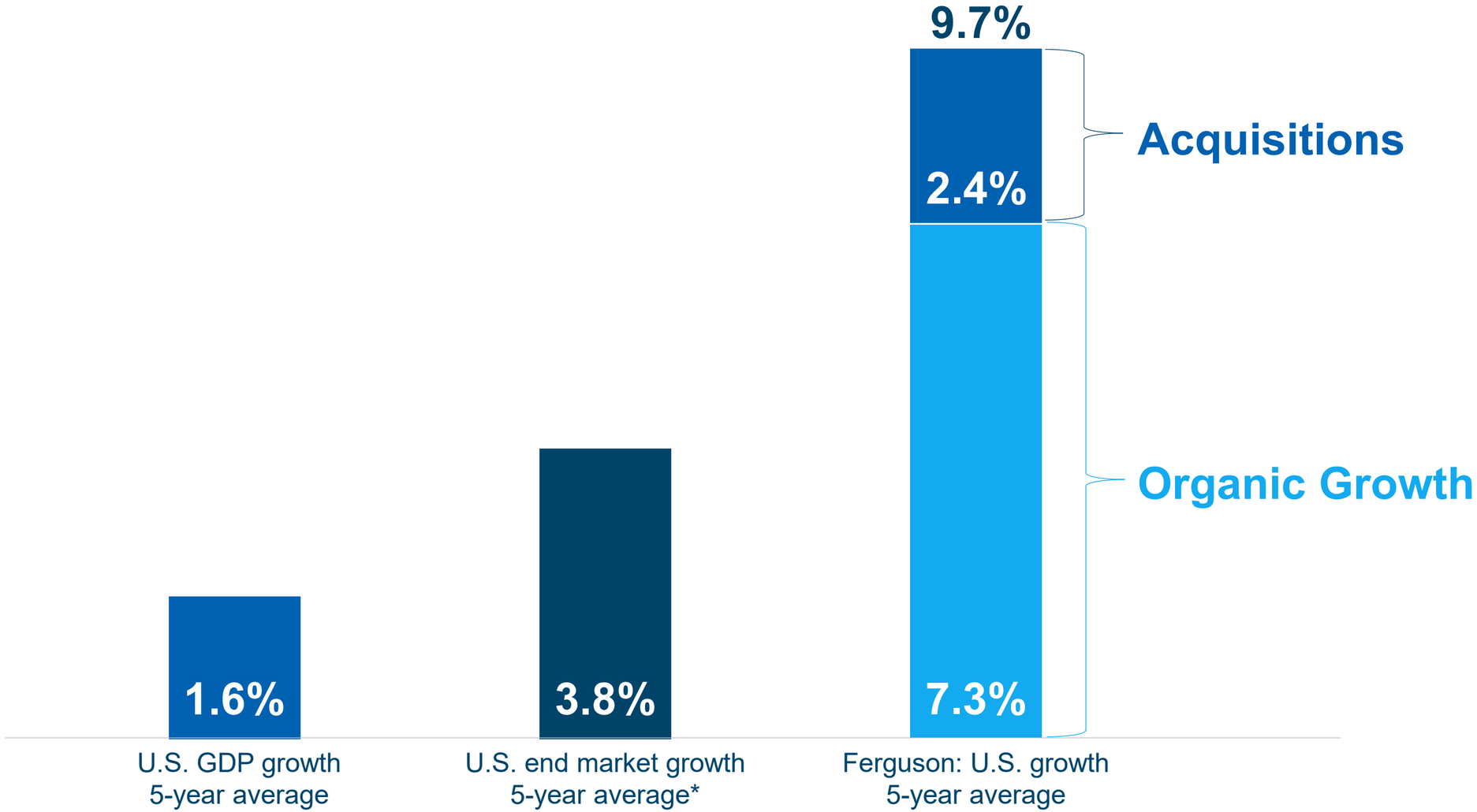
FY21



Revenue: $23B

Leading positions in large, growing and fragmented markets

We consistently outgrow strong markets



* U.S. end market growth derived from management estimates.

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

Why Ferguson?

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

e creation

Scale delivers sustainable market outperformance

1. Value-added solutions
2. Global supply chain
3. Omnichannel
4. Our associates

Market-leading capabilities deliver scale locally

Value-added solutions

We make our customers' complex projects simple, successful and sustainable

Sourcing

- Best product breadth and depth
- Own Brand
- Exclusive distribution
- Global sourcing capabilities
- Sourcing of non-stock items
- Sustainable products

Sales channels

- Inside sales / outside sales
- Sales Centers
- Digital commerce
- System-to-system
- Counter sales
- Showroom

Customized solutions

- Take-off
- Value engineering
- Consultative approach to sustainability
- Virtual design services
- Code and standard expertise
- Bid tender
- Fabrication
- Valve actuation
- Pre-assembly
- Kitting
- Installation services
- Project management

Fulfillment options

- Same-day delivery
- Locker pick-up
- Pro Pick-up
- Multiple delivery locations
- Project staging – just in time
- Direct shipment

After sales support

- Warranty support
- Credit
- Project-based billing
- Returns
- MRO

Value-added solutions
Ferguson product strategy

- Best product breadth and depth
- Consultative approach guides everything we do
  - Right product, right application
  - From leading branded manufacturers, to exclusives and licensed products to our Own Brand
- Solutions to make our customers' projects simple, successful and sustainable



Value-added solutions
Own Brand opportunity

Avallon
DURASTAR
EDGESTAR
FNW
Koldfront
Landmark
MISENO
Pollardwater
NATIONAL FIRE PRODUCTS
PROSELECT
SAFE STEP WALK-IN TUB
PARK HARBOR
RAPTOR
PROFLO
WESTCRAFT
SIGNATURE HARDWARE
JAMES MARTIN VANITIES
Amerock
JONES STEPHENS We Got It
MONOGRAM BRASS
MILLENNIUM LIGHTING
Lincoln PRODUCTS

Own Brand

~9%
Total revenue

~2x
Core Ferguson growth

~2x
Non-Own Brand gross margin

Value-added solutions

Consultative approach to the most sustainable product solutions

Water access, quality, efficiency

- Residential and commercial Watersense certified products
  - Low-flow toilets, showerheads and faucets
- Touchless faucets
- Water asset management
  - Leak detection
  - Metering solutions
- Geosynthetics
- Erosion control
- Stormwater management & green infrastructure techniques
- Inlet protection

Reducing carbon emissions

- LED lighting
- Appliances
- Water heaters
- Heat pump solutions
- High-efficiency HVAC
- Power generation
- Other EnergyStar certified products

Value-added solutions

Virtual Design provides unmatched capabilities and competitive advantage

Large university project: Academic building with 1992 plans

- Tight timeline for demo and new construction
- Complex requirements for ongoing lab experiments
- Using **reality capture capability**, scanned the entire building to capture existing pipe routing
  - **Virtual Design** team created a phased system from the scan, allowing customer to optimally demo existing and route new piping
  - Used **fabrication** services to create fusions at joints of pipe, saving time doing work in the field
  - Customer assembled and installed piping onsite, saving time and labor



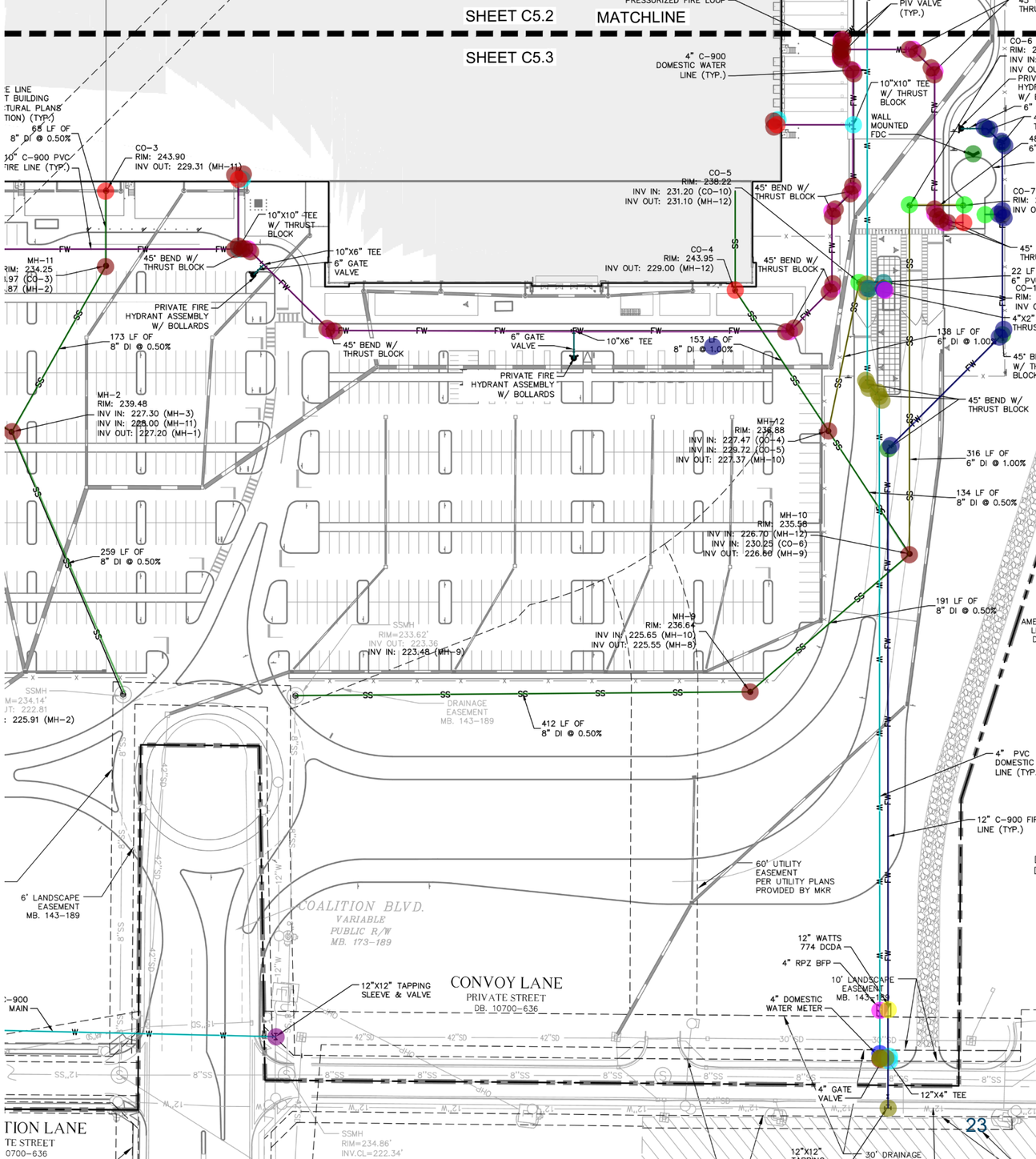
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Value-added solutions

National relationship, national footprint

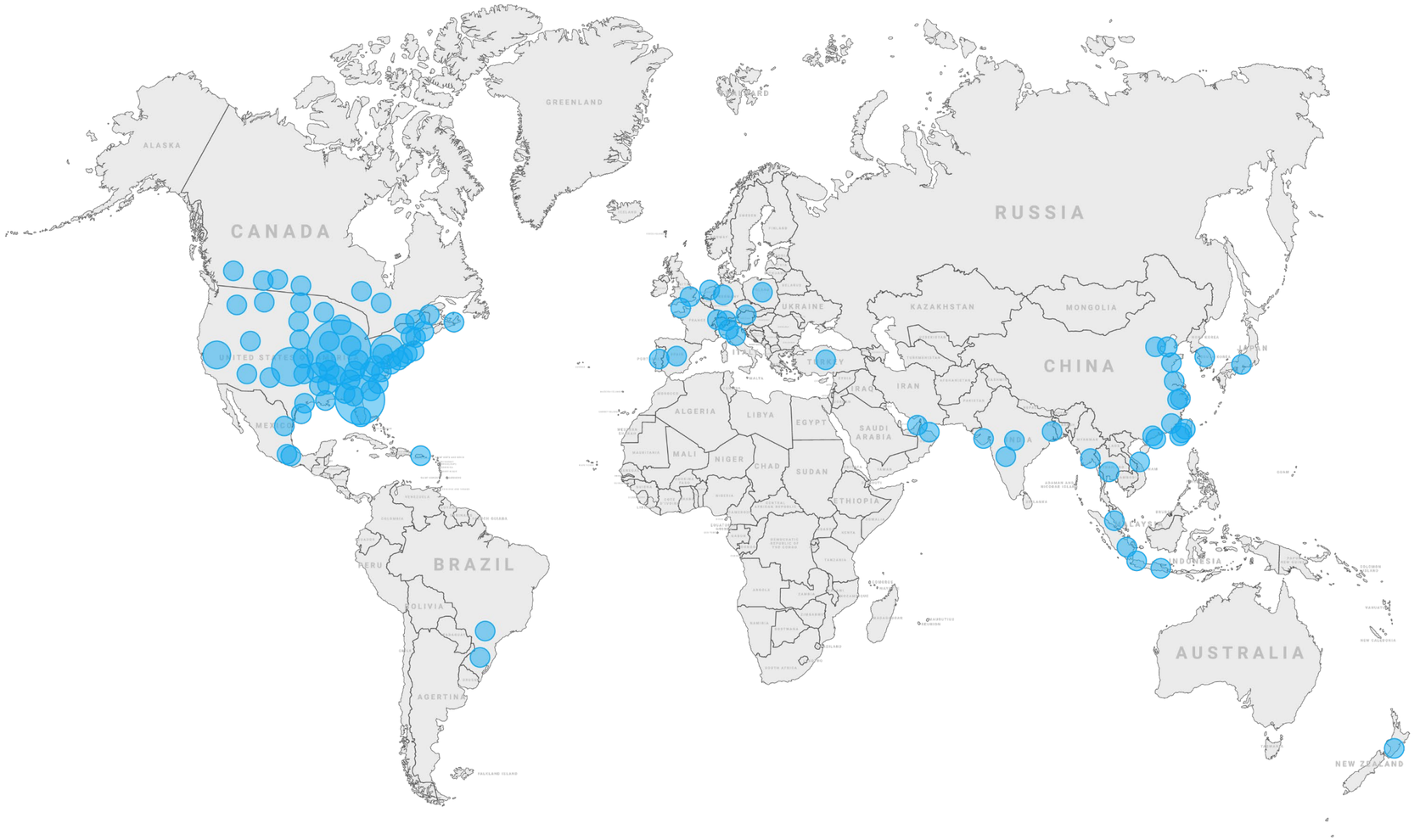
2D estimation and take-off

- Large national customer
- Building same footprint in different areas of the country required **scale and ability to adapt to local spec**
- Provided the **right products and materials based on geographic location**
- **Integrated tool set** linked to master product data, pricing and specification
- **Digital overlay capabilities** allowed easy comparison for complete material **take-off**, ensuring order accuracy and efficiency



Global supply chain

Scale enables broad access to products



250
Global product and sourcing professionals

34K
Worldwide suppliers

30
Countries

53
Global ports

22K
Imported containers

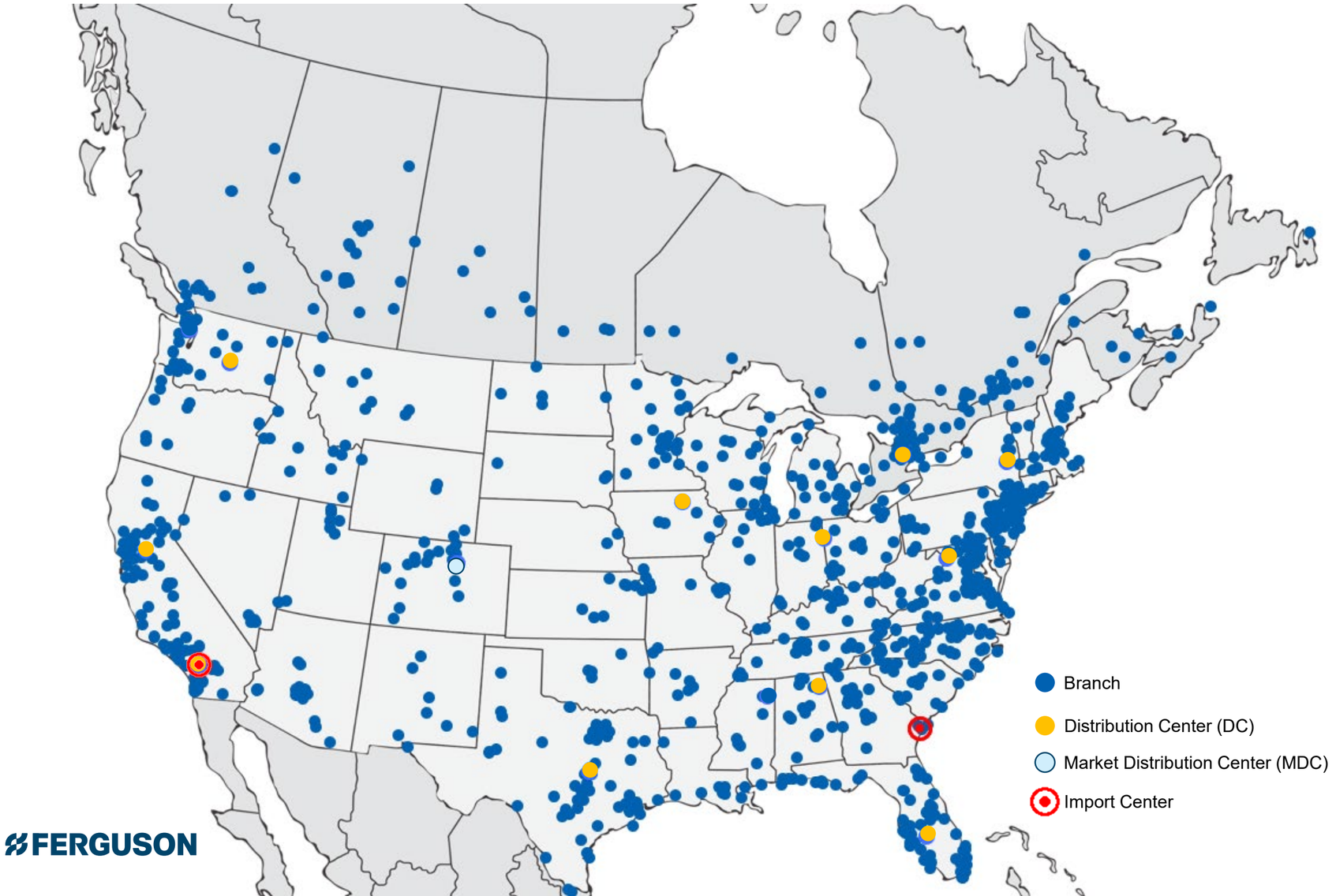
C-TPAT
Security certified

Supply Chain
Visibility system

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Global supply chain

The industry's most extensive network placing Ferguson within 60 miles of 95% of the population



2
Import Centers

11
Distribution Centers

42M ft²
Total footprint

1,600+
Final mile locations

3.5M
Products

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Global supply chain
Next generation Market Distribution Centers

- Located in the largest MSAs
- 350-750K sq ft facilities provide final mile distribution, branch replenishment and customer pick-up
- Ramping up to add 2-3 MDCs per year
- Our strategy:
  - Position the best breadth and depth of local inventory closer to the customer
  - Provide efficient same-day / next-day service
  - Unlock working capital, freight and labor efficiencies
  - Create location consolidation opportunities

Automated: Inventory picking and replenishment system completes almost 75% of all product picks in the facility

Health & safety: 50% reduction in manual handling improves associate health and safety outcomes

Energy efficient: Using efficient motors and regenerative power, each robot uses 100 watts of power, about 10% of an average toaster

Around the clock: Robots work day and night creating labor, lighting, heating and cleaning savings

Omnichannel

Leading our industry with omnichannel capabilities

1. Ordering

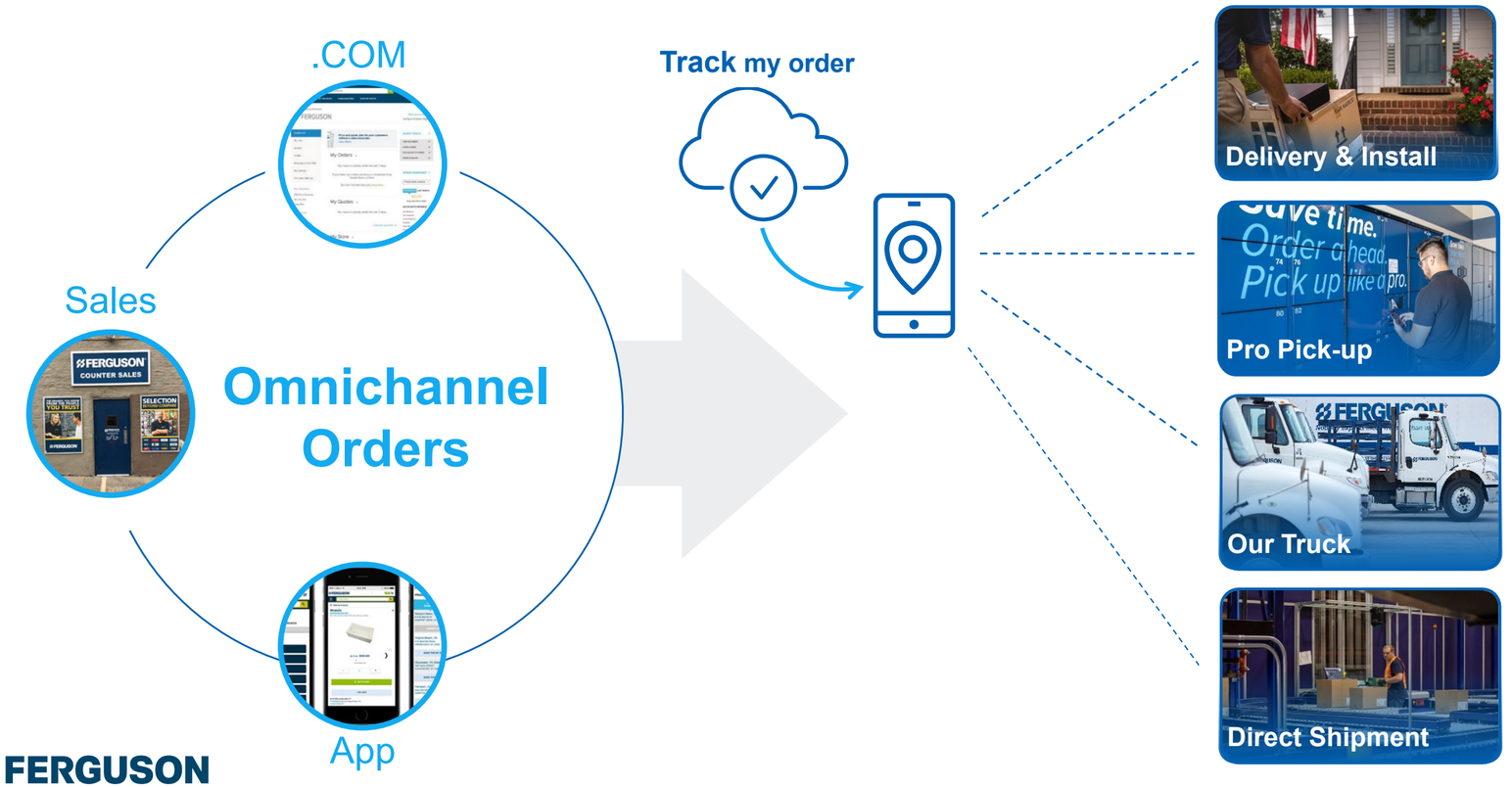
- Best-in-class omnichannel customer experience
- Seamless ordering platform
- System-to-system capabilities

2. Tracking

- Detailed order tracking with live updates
- Multi-channel notifications

3. Delivery

- 24/7 automated lockers
- Pro Pick-up within 1 hour
- Private fleet delivery same-day / next-day
- Appliance white glove delivery & install



How we fulfill orders

51%
Delivered from branches

21%
Collected from branches

16%
Delivered from suppliers

12%
Delivered from DCs

Omnichannel

Best-in-class digital platform combined with bricks & mortar to deliver a connected experience

250+

State-of-the-art Showrooms with appliances, lighting and plumbing products from top brands

1,200+

Associates providing a personalized design consultation

250+

Outside sales associates leveraging relationships with professional contractors

build.com

more than just a website

A best-in-class ecommerce experience serving consumers & trade professionals

350+

Associates supporting inbound sales, service and dedicated pro account management

Proprietary project management tool

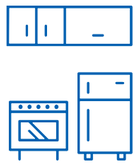
build WITH FERGUSON



Organization & inspiration



Tools to prepare for the Showroom consultation



Complete project visibility from start to finish

Our associates
A culture of growth

- Industry first trainee program, founded in 1968, exposes associates to all aspects of the business
- Develop and promote from within, creating a career orientation
- Grounded in a common understanding of customer needs
- Sales and growth-oriented associates frame the culture of the organization

400+
Trainees hired annually

40%
Of Directors and above went through the College of Ferguson program



Allison Stirrup, Vice President, joined Ferguson over 20 years ago as a management trainee and worked in various field and corporate leadership positions. She is currently growing her career in HR.

Our associates
A culture of growth

- Acquire companies with talented associates
- Develop and promote from within, creating longstanding customer and vendor relationships
- Creates diversity of thought and challenges status quo
- Builds credibility for acquisition strategy

16%
Of current associates joined through acquisition

200+
Acquisitions since 1975



Jim Golini, a veteran of the U.S. Marine Corps, joined Ferguson 23 years ago through acquisition. He held a variety of positions, starting as a driver through to his current role as Vice President of Residential Trade.

Bringing it all together

Scale delivered locally

Large manufacturing plant

- Complex job, multiple trades, fast-paced construction cycle
- Fire protection **design services**, fire and water **take-off and bid tender**
- Pipe **fabrication** leveraging 13 of our fire fabrication shops across the country
- **Best breadth and depth of product** + local **specification knowledge** critical to provide alternate product options to keep job moving
- **Project management** and **staging** to meet tight deadlines
- **~$24M** sales to date across Waterworks, Fire & Fabrication and Commercial / Mechanical

175+
miles of pipe

100s
of jobsite deliveries

5,000+
lines of material

10+
customers



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Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

Why Ferguson?

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued value creation

Additional growth from bolt-on acquisitions

Proven track record of successful acquisitions

Geographic acquisitions

- Consolidate fragmented markets
- Associate expertise
- Customer relationships
- Leverage our market-leading capabilities

Capability acquisitions

- New products and solutions
- Leverage across existing platform
- Associate expertise
- Customer relationships

Underpinned by cultural fit and aligned values

Past 5 years of U.S. acquisitions

44
Acquisitions

$2.1B
Acquired revenue

$1.8B
Purchase price*

2.4%
Revenue growth from acquisitions

~7-10x
Typical EBITDA multiple at acquisition

~2-3x
Typical synergies

*Excludes acquired real estate of $0.2B.

Additional growth from bolt-on acquisitions

Leveraging a geographic acquisition

Phoenix market:

- **5th largest city** in the U.S.
- **Over $3B** market

Canyon Pipe & Supply

- Acquired July 2021
- **~$100M** revenue
- **7** locations with **~160 associates**

Acquisition benefits: Leveraging scale

- Quick integration of IT platform, supply chain and operations
- Revenue, purchasing and cost synergies
- Total combined business now **~$450M** with **25 locations** and **550+ associates**
- Opportunity to more fully scale in the market with our new **350K sq ft Market Distribution Center (summer 2022)**



Additional growth from bolt-on acquisitions

Leveraging an acquired capability through our platform

Signature Hardware

- Attractive luxury brand with kitchen and bath products sold exclusively online
- **~$115M** in revenue at time of acquisition (July 2016)

Acquisition benefits and synergies

- Leveraged Signature Hardware as our premier luxury Own Brand for residential kitchen, bath and lighting products
- Sold through all Ferguson channels (physical locations and online channels)
- Added additional Own Brand product categories to the Signature platform
- Today, Signature Hardware is our premier luxury Own Brand generating **~$340M** in revenue



Additional growth from accretive acquisitions

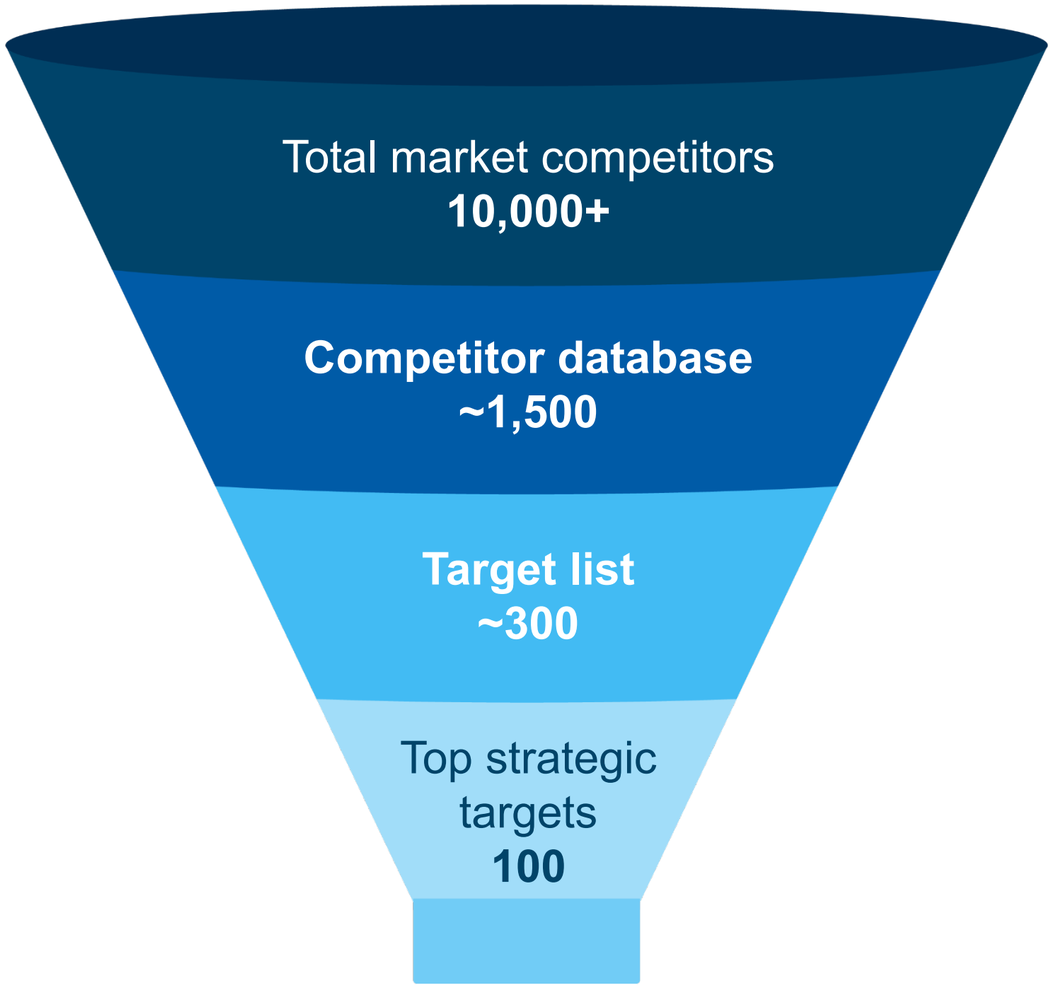
Large pipeline for further acquisition

Fragmented market landscape

- Industry comprised of thousands of small- to medium-sized independent family-owned companies ($10-300M in revenue)

Disciplined acquisition approach

- Database maintained by customer group and geographic market
- Target list refined through annual strategic planning process
- Long-term established relationships with targets
- In-house diligence, deal and integration teams with proven, repeatable processes



1-3%
Incremental annual revenue growth

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

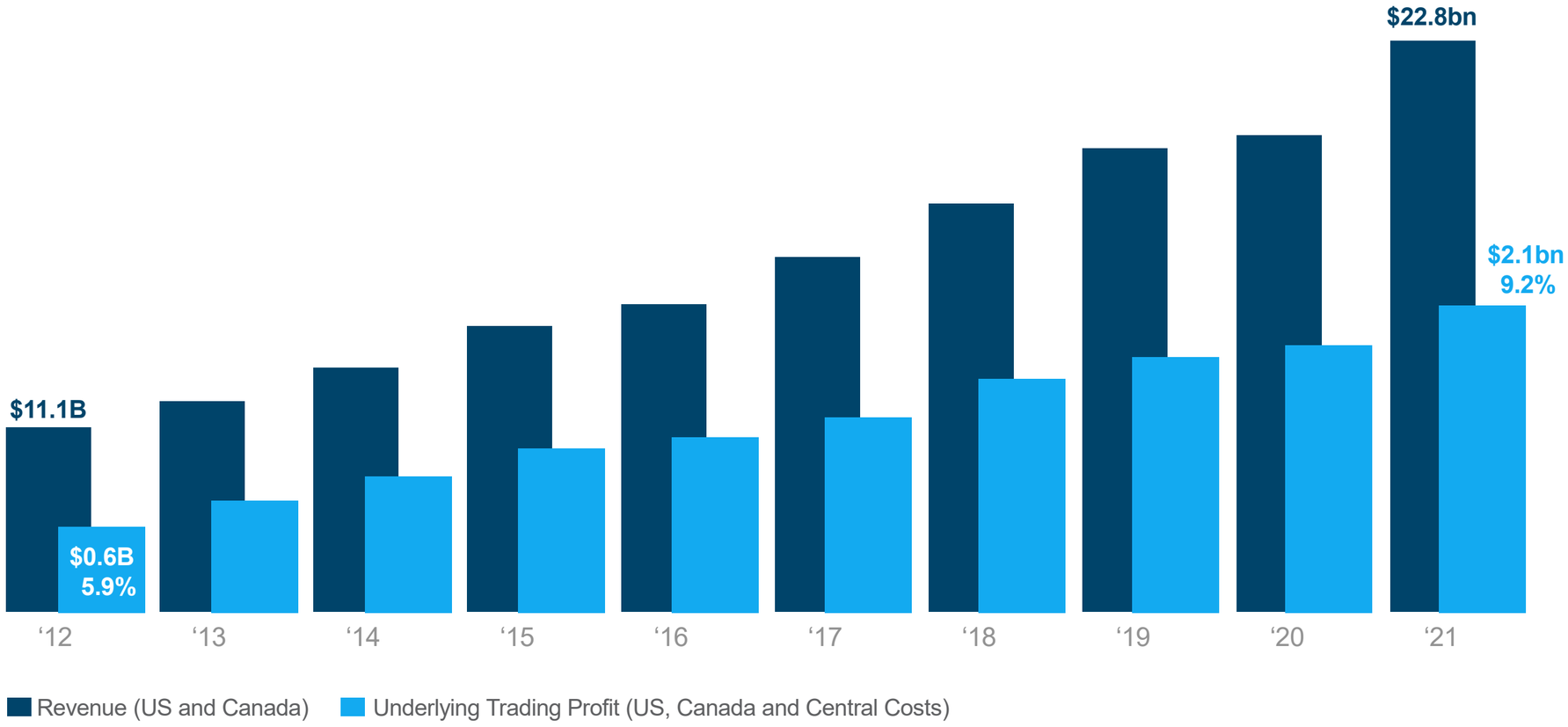
Why Ferguson?

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued val

Long-term track record of outperformance



Over the past decade:

Revenue

8.3%
CAGR

Gross margins

+300bps

Underlying trading profit

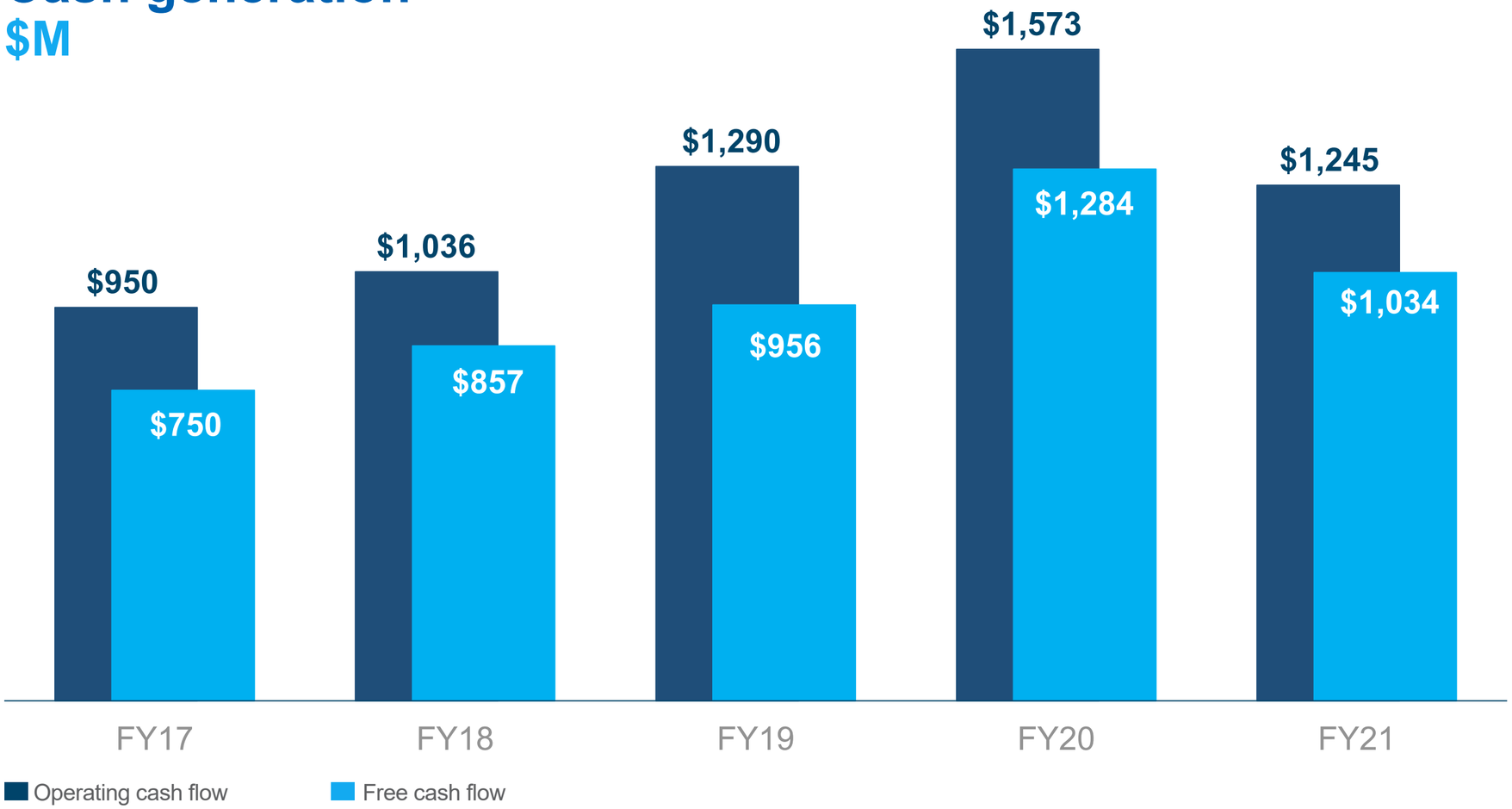
13.9%
CAGR

+330bps

For the fiscal years ended 2012-2021, revenue was calculated in accordance with IFRS and underlying trading profit is an IFRS-derived alternative performance measure, or APM. There are no material differences between (i) revenue as calculated in accordance with IFRS and U.S. GAAP; and (ii) underlying trading profit (as derived from IFRS profit for the year) and adjusted operating profit (as derived from U.S. GAAP net income).

Cash generation

$M



5-year

Operating cash flow / net income 108%

For the fiscal years ended 2017-2021, operating cash flow, including discontinued operations, was calculated in accordance with IFRS with the exception of FY20 and FY21 which exclude the impact of IFRS 16 (leases), and free cash flow was calculated using operating cash flow net of capital expenditures and proceeds from the disposal of assets. Free cash flow is an IFRS-derived alternative performance measure, or APM. There are no material differences between (i) operating cash flow as calculated in accordance with U.S. GAAP and IFRS; and (ii) free cash flow as derived from U.S. GAAP.

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Capital allocation priorities

Consistent allocation of capital

1. Invest in above-market organic growth
2. Sustainably grow the ordinary dividend
3. Invest in bolt-on geographic and capability acquisitions
4. Return surplus capital to shareholders

1-2x

Target net leverage range

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Our history of capital allocation
Accelerates growth and shareholder value

Over the past 10 years:

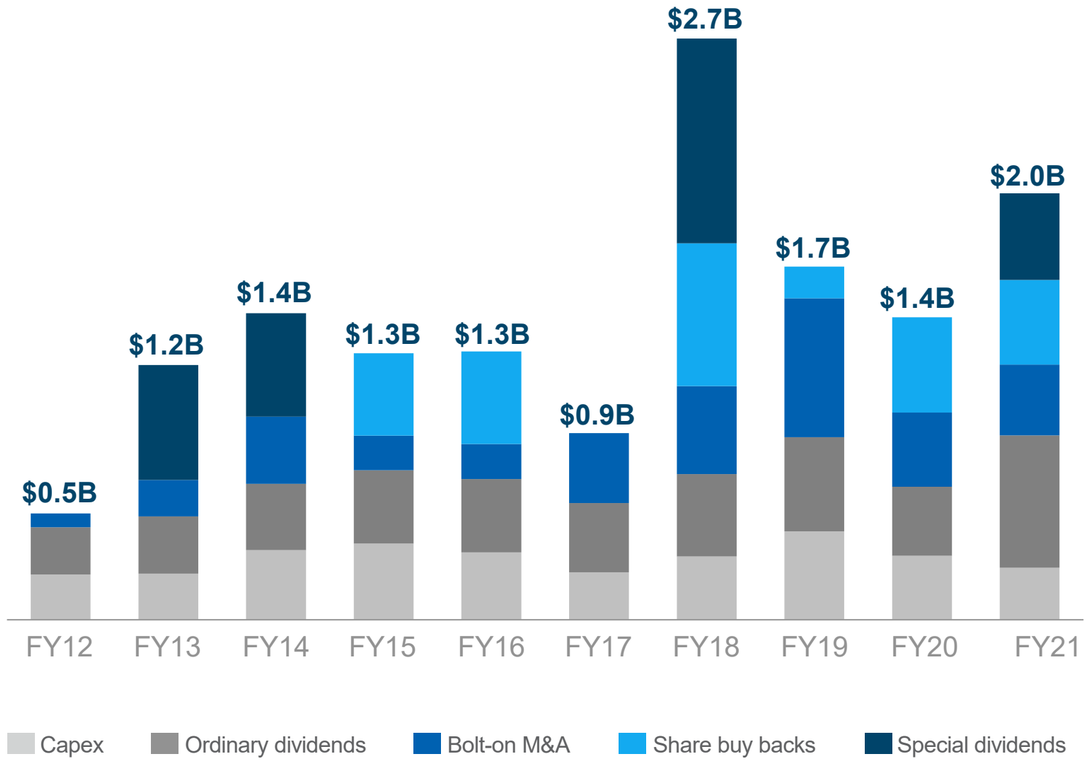
$2.9B
Invested in CAPEX

$2.5B
Returned surplus capital via share buybacks

$3.6B
Returned in ordinary dividends

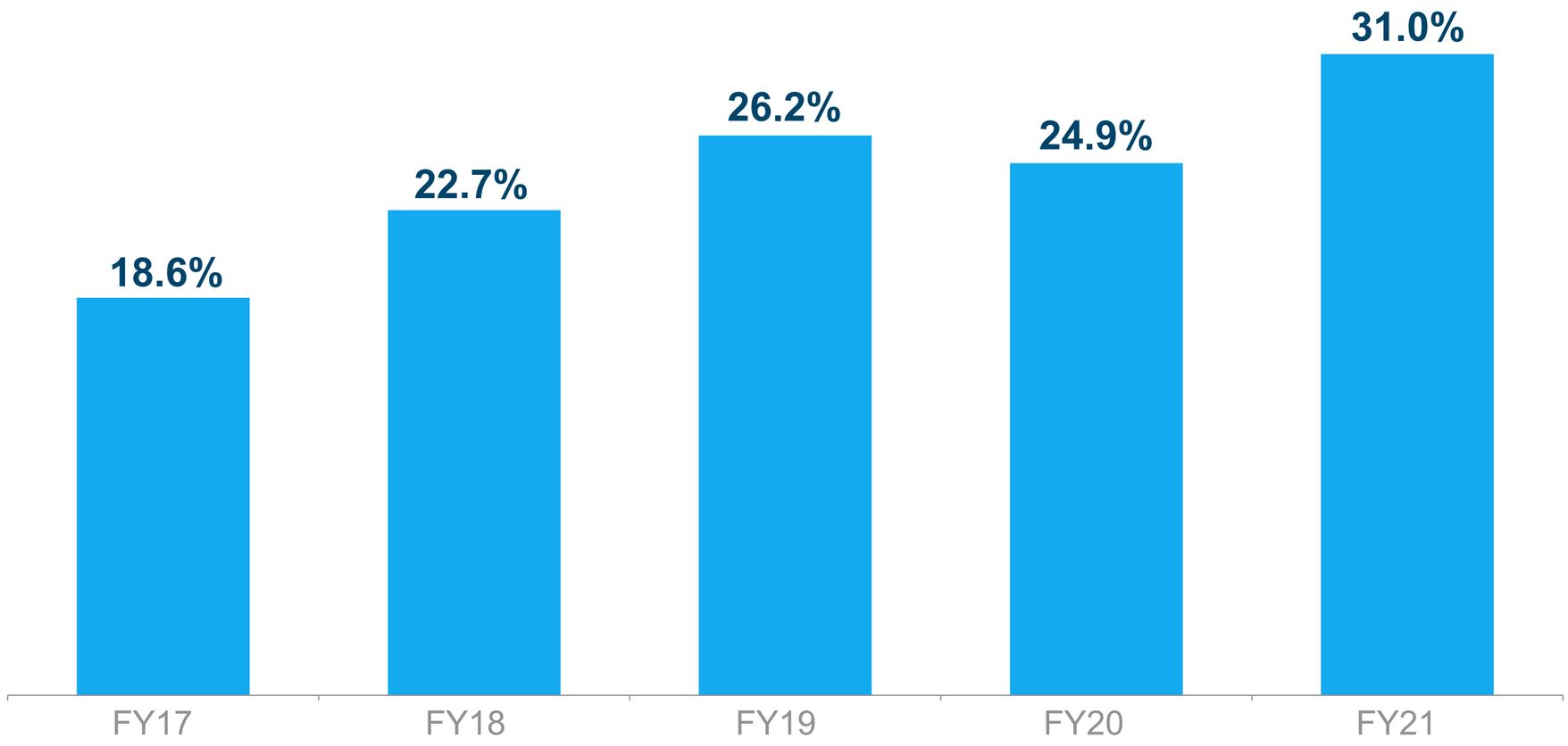
$2.4B
Returned surplus capital via special dividends

$3.0B
In M&A



Generating strong returns on capital

Return on gross capital employed*



Growth, improved operating margins and capital discipline result in strong returns

For FY21, FY20 and FY19, the equivalent non-GAAP metric was 34.4%, 28.5% and 29.4%, respectively.**

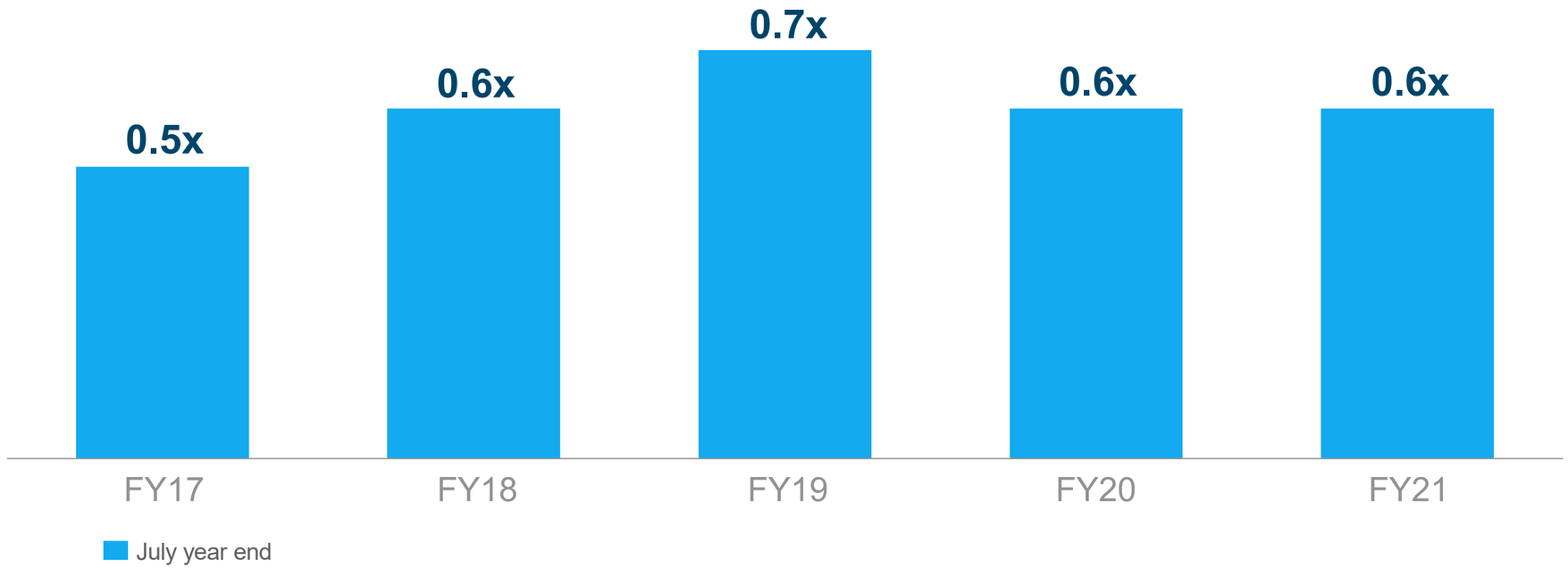
* Return on Gross Capital Employed is an IFRS derived alternative performance measure, or APM.

** This is a non-GAAP measure. See the appendix of this presentation for a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure.

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Strong balance sheet creates additional resilience and optionality

Net debt: Adjusted EBITDA*



Current leverage level positions us well to create future value

1-2x target through economic and seasonal cycle range

Cash cycle is seasonal during the fiscal year with leverage typically increasing at the half year and reducing by year end.

*Net debt and adjusted EBITDA are IFRS-derived alternative performance measures, or APMs.

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

Why Ferguson?

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued value creation

Continued value creation
Expected Growth

Our markets

Our markets will continue to outgrow base-level GDP due to fundamental trends

3-5%

+

Over-market growth

Market-leading capabilities drive continued outperformance

3-4%

+

Acquisitions

Consolidating our fragmented markets

1-3%

=

Annual revenue growth expectation

7-12%

Continued value creation
Growth and improvement

	5-year history	Medium-term outlook
Revenue[1]	9%	7-12%
Flowthrough[2]	12%	11-13%
Operating cash to net income[3]	108%	100%+
Earnings Per Share Growth[4]	16%	Low/Mid-teens%

1. Historical revenue growth represents US and Canada and was calculated in accordance with IFRS. There are no material differences in revenue as calculated in accordance with IFRS and U.S. GAAP.
2. Flowthrough is defined as incremental underlying trading profit / incremental sales for aggregate of US, Canada and central costs. Flowthrough is an IFRS derived alternative performance measure. There are no material differences in underlying trading profit and adjusted operating profit, as derived from U.S. GAAP.
3. Historical operating cash flow after interest / tax to net profit for the year before exceptionals, as historically defined in the Company's Annual Report and Accounts.
4. Management derived calculation utilizing headline earnings per share (an IFRS derived APM as historically defined in the Company's Annual Report and Accounts) and assuming a consistent effective tax rate of 24.4%. Medium-term outlook assumes some level of on-going buybacks.

Example of capital available for further deployment

Potential 3-year view

Revenue	**10%**
Flowthrough	**12%**
Cumulative potential investment capacity after CAPEX, ordinary dividends and assumed acquisitions	**~$3.5B**

Deployment over time would be a mix of further organic growth, bolt-ons and shareholder returns

Illustrative assumptions

Revenue ~midpoint of range (8% organic, 2% acquisition)

Flowthrough at mid-point of range (12%)

CAPEX ~1.5% of revenue

Acquisition investment based on historical averages to deliver 2% growth

Sustainable ordinary dividend growth

Leverage increases to low end of our target range ~1.25x net debt / adjusted EBITDA

Why Ferguson?

Leading positions in large, growing and fragmented markets

Additional growth from bolt-on acquisitions

Scale delivers sustainable market outperformance

Long-term track record of outperformance and cash generation

Continued value creation

Appendix

U.S. GAAP Net Income to Adjusted Operating Profit (non-GAAP)[1]

(In millions, unaudited)	FY 2021	FY 2020	FY 2019
Net Income	**$1,472**	**961**	**1,122**
Add: Net loss (income) from discontinued operations	158	12	(66)
Add: Income tax	232	299	254
Add: Interest expense, net	89	83	72
Add: Other non-operating costs, net (equity method investments)	(1)	17	4
Add: Non-GAAP adjustments[2]	11	101	43
Operating profit, less non-GAAP adjustments	**1,961**	**1,473**	**1,429**
Add: Amortization of acquired intangibles	131	114	110
Adjusted Operating Profit	**$2,092**	**1,587**	**1,539**

[1] For further details, see the Company's "IFRS to US GAAP conversion presentation" at www.fergusonplc.com on the Investors & Media page under Results, Reports & Presentations, posted September 28, 2021.
[2] In 2021, non-GAAP adjustments primarily related to non-recurring costs incurred in connection with the Company's listing in the United States, partially offset by the release of accruals related to the COVID-19 pandemic. In 2020, non-GAAP adjustments primarily related to business restructurings in response to the COVID-19 pandemic, as well as cost related to the separation of the UK business and the Company's listing in the United States. In 2019, non-GAAP adjustments related to transformation costs in the US and Canada, costs associated with the change in Group corporate headquarters and changes to the defined benefit pension plan in the UK.

Return on capital employed (ROCE)

(In millions, unaudited)	FY 2021	FY 2020	FY 2019
ROCE (U.S. GAAP – derived)	**34.4%**	**28.5%**	**29.4%**
Operating profit, less non-GAAP adjustments[1]	$1,961	$1,473	$1,429
Average Capital Employed[2]	$5,699	$5,172	$4,862

[1] See U.S. GAAP to U.S. non-GAAP Adjusted Operating Profit for calculation of Operating profit, less non-GAAP adjustments.

[2] Average Capital Employed is the sum of average Shareholders Equity (excluding discontinued operations) and average net debt. See next slide for detailed calculation.

Average Capital Employed

(In millions, unaudited)	FY 2021	FY 2020	FY 2019	FY 2018
Long-term debt	$2,528	$2,635	$2,296	$1,525
Short-term debt	36	531	25	319
Derivative (assets) liabilities	(21)	(39)	(22)	2
Cash	(1,335)	(2,115)	(1,133)	(833)
Net debt[1]	$1,208	$1,012	$1,166	$1,013
Average net debt	$1,110	$1,089	$1,090	nm
Average shareholders' equity (excluding discontinued operations)	4,589	4,083	3,772	nm
Average capital employed[1]	**$5,699**	**$5,172**	**$4,862**	**nm**

nm - not meaningful

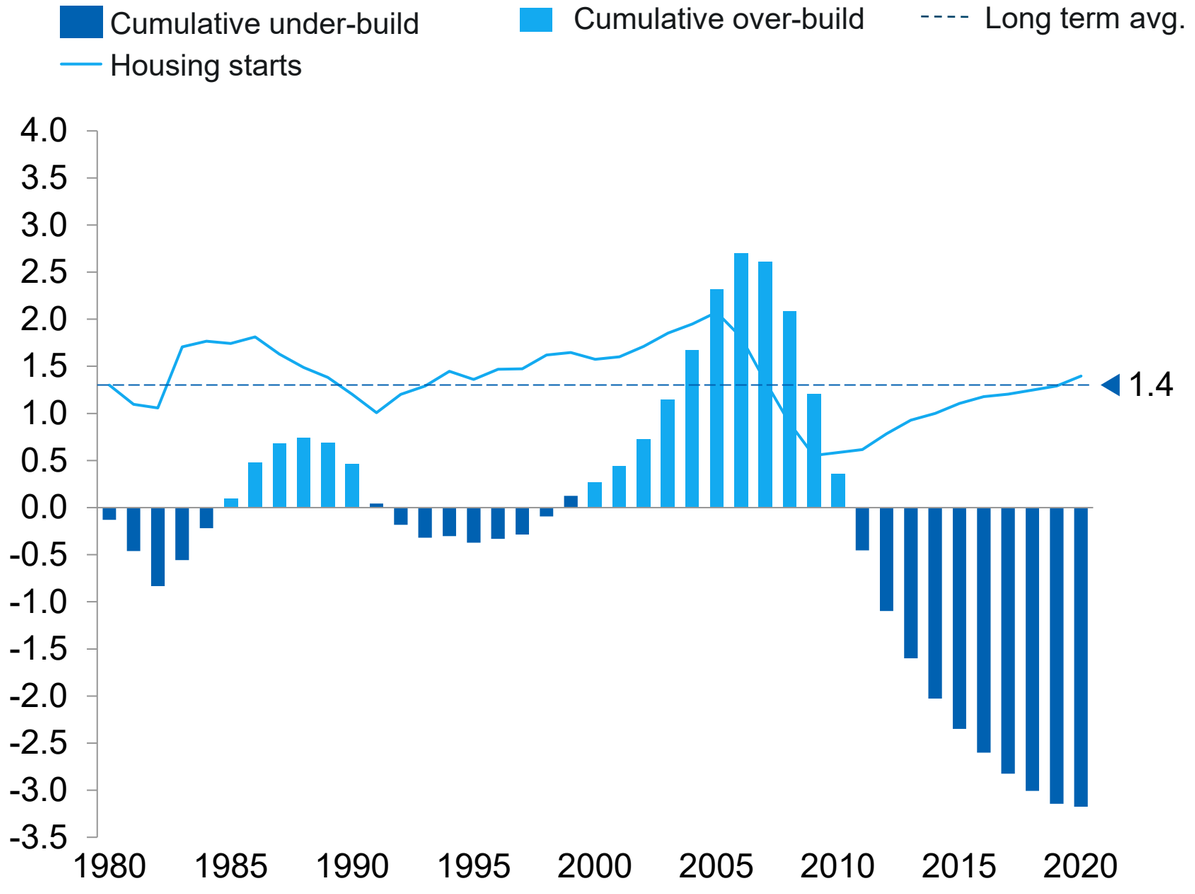
[1] Amounts used to calculate net debt and average capital employed are derived from internally generated U.S. GAAP balance sheets without adjustment. For further details and supporting financial statements, see the Company's "IFRS to US GAAP conversion presentation" at www.fergusonplc.com on the Investors & Media page under Results, Reports & Presentations, posted September 28, 2021

Market Backdrop – Residential New

Housing starts growth driven by housing deficit, low interest rates, and declining household debt

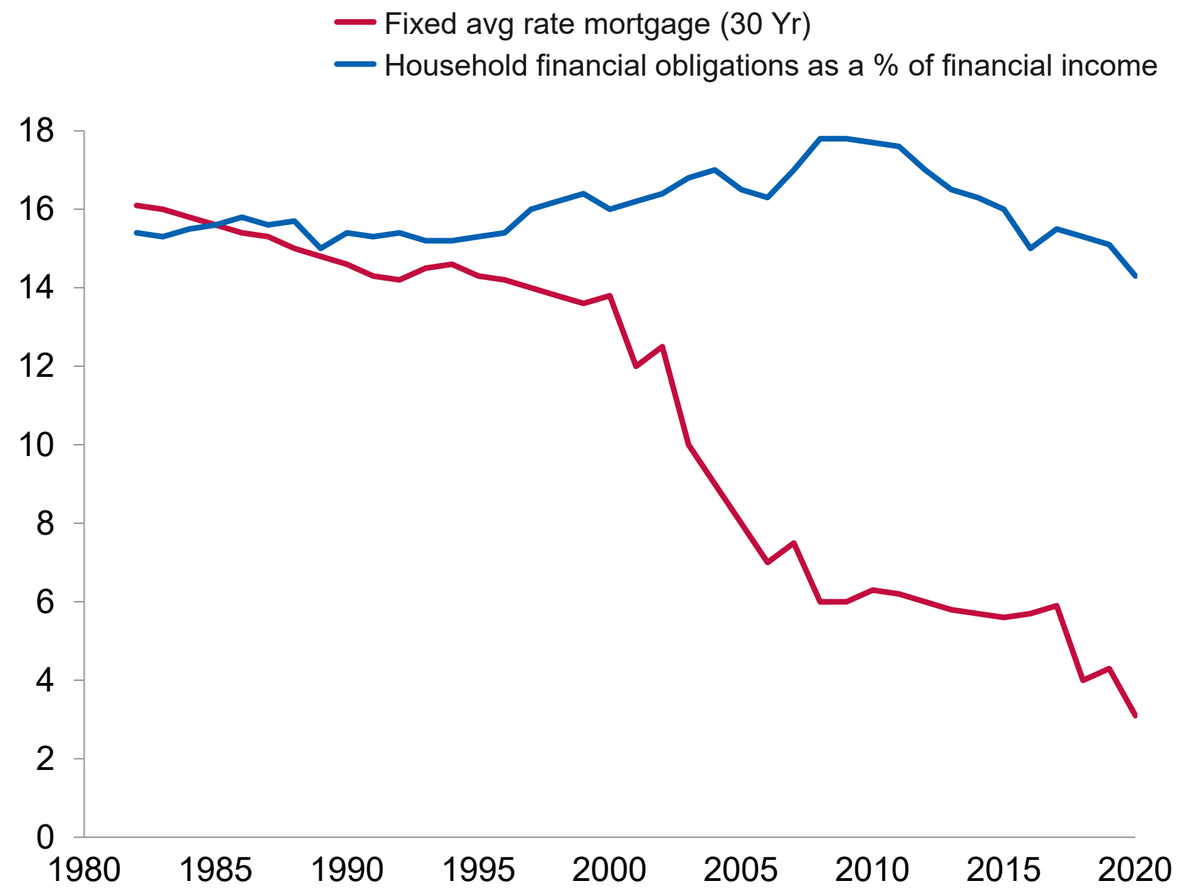
U.S. housing starts and excess inventory

(millions of houses)



Rate environment and household debt levels

(%)



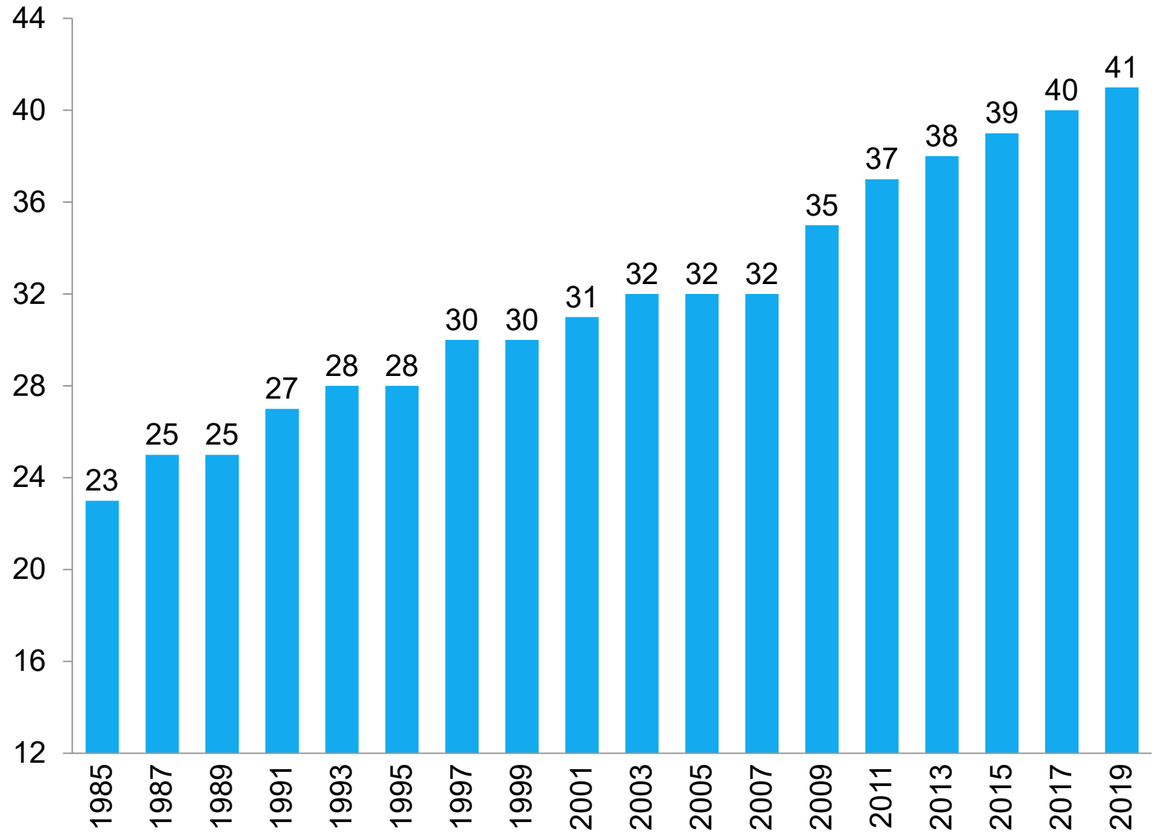
FERGUSON Source: U.S. Census Bureau; Freddie Mac

Market Backdrop – Residential RMI

RMI demand supported by aging housing stock and rising home values

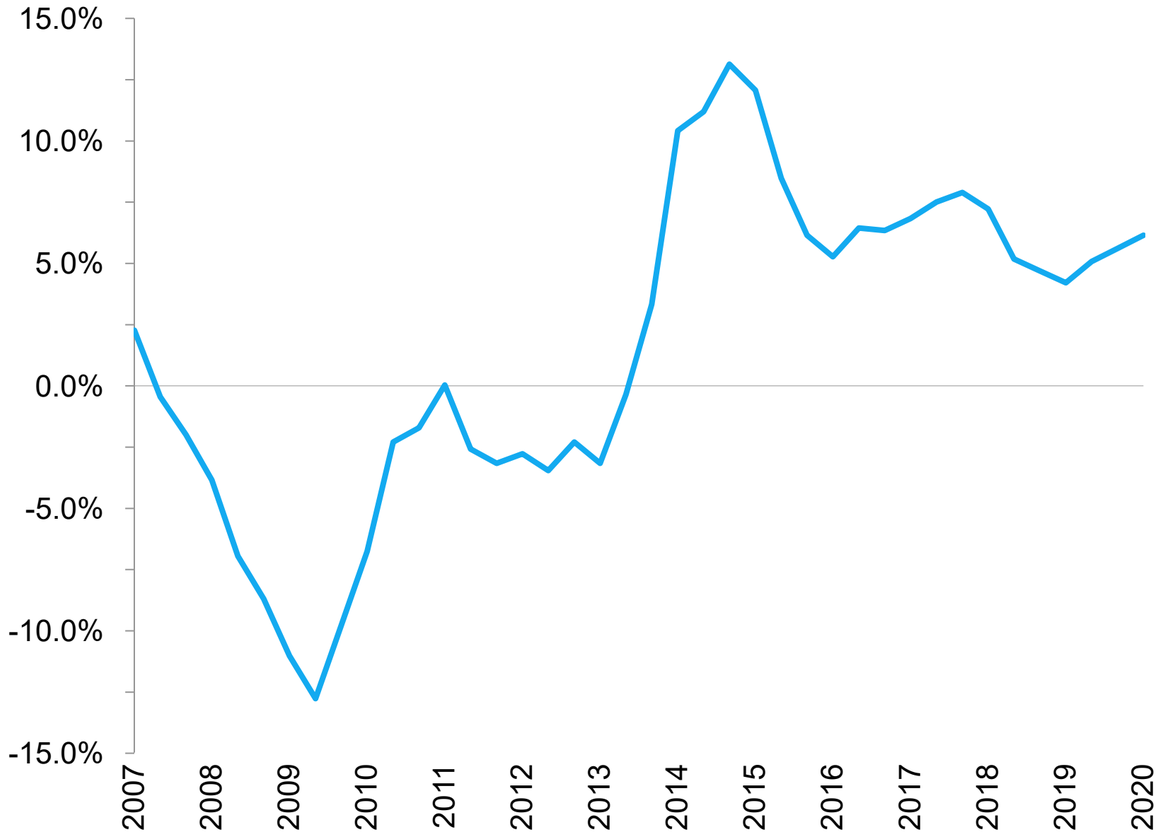
Median Age of Housing stock

(Years)



S&P/Case-Shiller Home Price Appreciation Index

(YoY%)

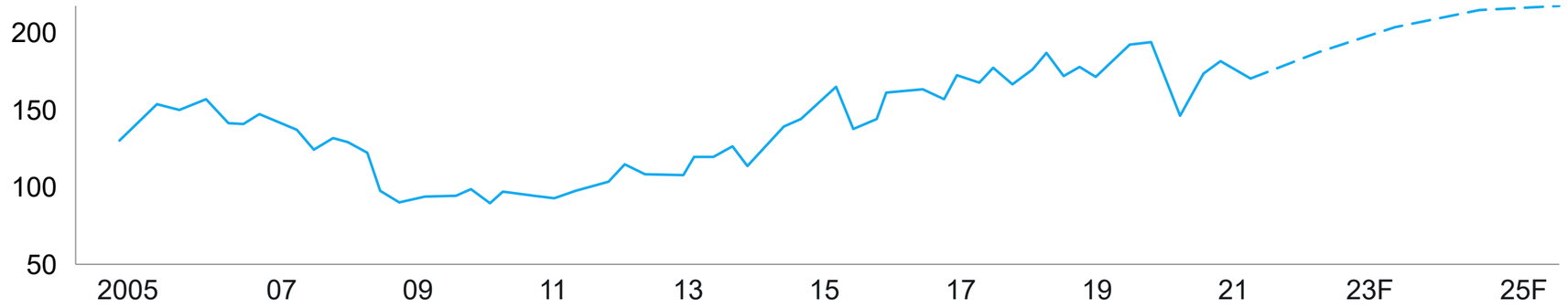


FERGUSON Source: S&P Dow Jones Indices LLC; S&P CoreLogic Case-Shiller Home Price Indices

Market Backdrop – Non-Residential market trends

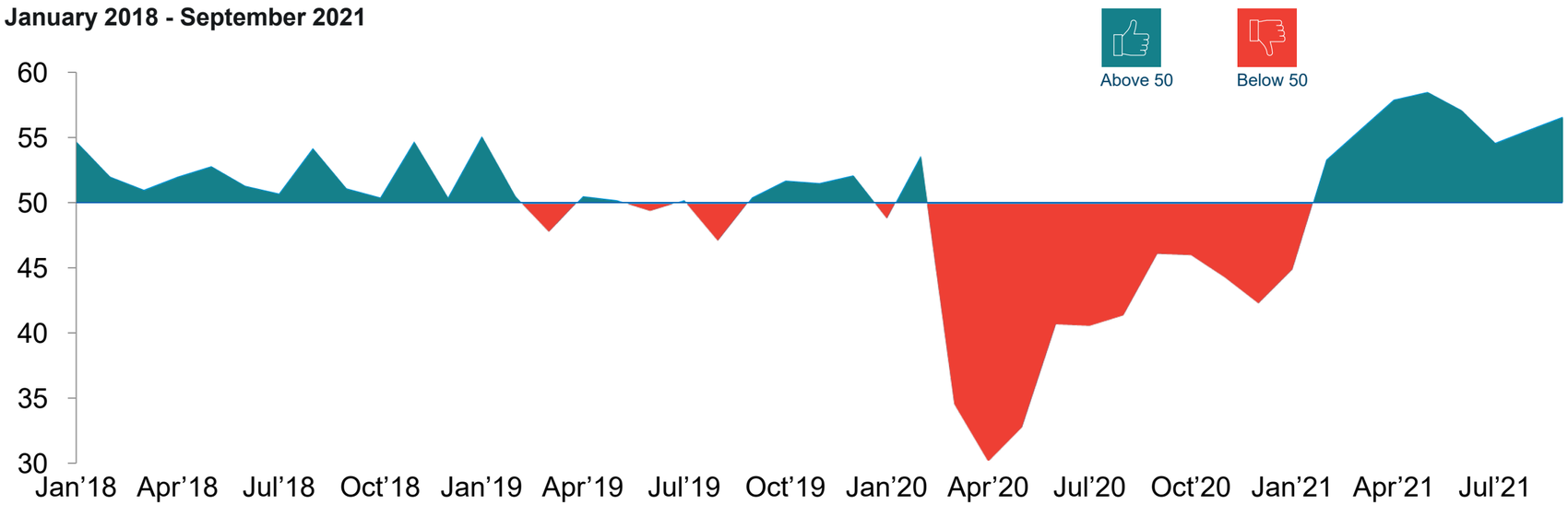
Leading indicators point to continued growth

Momentum index - Dodge non-res PIPE forecast



Architecture Billing Index (ABI)[2]

January 2018 - September 2021



American Society of Civil Engineers' Report Card

Drinking water grade:

C-

Wastewater grade:

D+

Stormwater grade:

D

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Source: Dodge construction starts (indexed: 2000 = 100), Dodge Data & Analytics (February 2021); AIA's Architecture Billing Index report Sep 2021; American Society of Civil Engineers' Report Card for America's Infrastructure

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