FERGUSON

Market opportunities and strategy

February 2026

Legal Disclaimer

Cautionary note on 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 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," "guidance," "intends," "continues," "plans," "projects," "goal," "target," "aim," "poised", "positions," "may," "will," "would," "could" or "should" or, in each case, their negative or other variations or comparable terminology and other similar references to future periods.

Examples of forward-looking statements include, among others, statements or guidance regarding or relating to: our future financial position, results of operations and growth, including our ability to expand profit margins and capitalize on structural trends; plans and objectives for the future including our capabilities and priorities, such as implementation of artificial intelligence ("AI"); proposed new products or services; our ability to manage the impact of product price fluctuations and changes in demand for our products and services; the overall performance of, including demand levels for, the markets in which we operate; our acquisition pipeline and ability to achieve potential benefits from future acquisitions; capital deployment strategy, including the amount and timing of our dividends and share repurchases; investments and capital expenditures; and other statements concerning the success of our business and strategies.

Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those contained 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 the macroeconomic impact of factors beyond our control (including, among others, inflation/deflation, recession, labor and wage pressures, trade restrictions such as tariffs, sanctions and retaliatory countermeasures, interest rates, and geopolitical conditions); failure to rapidly identify or effectively respond to direct and/or end customers' wants, expectations or trends, including costs and potential problems associated with new or upgraded information technology systems or our ability to timely deploy new omni-channel capabilities; 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 markets and our ability to effectively manage inventory as a result; changes in competition, including as a result of market consolidation, new entrants, vertical integration or competitors responding more quickly to emerging technologies (such as generative or agentic AI); failure of a key information technology system or process as well as payment-related risks, including exposure to fraud or theft; privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents, network security breaches or the use of AI; ineffectiveness of or disruption in our domestic or international supply chain or our fulfillment network, including delays in inventory availability at our distribution facilities and branches, increased delivery costs or lack of availability due to loss of key suppliers; failure to effectively manage and protect our facilities and inventory or to prevent personal injury to customers, suppliers or associates, including as a result of workplace violence; unsuccessful execution of our operational strategies, including the failure to quickly adapt our strategy to emerging technologies; failure to attract, retain and motivate key associates; exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks and fleet incidents; risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions; risks associated with sales of private label products, including regulatory, product liability and reputational risks and the adverse impact such sales may have on supplier relationships and rebates; the failure to achieve and maintain a high level of product and service quality or comply with responsible sourcing standards; inability to renew leases on favorable terms or at all, as well as any remaining obligations under a lease when we close a facility; changes in, interpretations of, or compliance with tax laws and accounting standards; our access to capital, indebtedness and changes in our credit ratings and outlook; fluctuations in product prices/costs (e.g., including as a result of the use of commodity-priced materials, inflation/deflation, trade restrictions and/or failure to qualify for or maintain supplier rebates) and foreign currency; funding risks related to our defined benefit pension plans; legal proceedings in the ordinary course of our business as well as any failure to comply with domestic and foreign laws, regulations and standards, as those laws, regulations and standards or interpretations and enforcement thereof may change; the occurrence of unforeseen developments such as litigation, investigations, governmental proceedings or enforcement actions; our failure to comply with the obligations associated with being a public company listed on the New York Stock Exchange and London Stock Exchange and the costs associated therewith; the costs and risk exposure relating to sustainability matters and disclosures, including regulatory or legal requirements and disparate stakeholder expectations; and other risks and uncertainties set forth under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended July 31, 2025 filed with the Securities and Exchange Commission ("SEC") on September 26, 2025, 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 publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Important note regarding calendar year results reported in this presentation

Following the fiscal year ended July 31, 2025, the Company changed its fiscal year end from July 31 of each year to December 31 of each year. The calendar year 2025 results contained in this presentation have not been audited and have been derived from the books and records of the Company. As such, these results have not been subject to external audit or review procedures, and may be subject to adjustment. Investors are encouraged to review the information presented in this presentation in conjunction with the other filings we make with the SEC.

Non-GAAP Financial Information

This presentation contains certain financial information that is not presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). These non-GAAP financial measures include, but are not limited to, adjusted operating profit, adjusted operating margin, adjusted net income, operating cash flow to adjusted net income ratio, adjusted earnings per share - diluted, flowthrough and return on capital employed. The Company believes that these non-GAAP financial measures provide users of the Company's financial information with additional meaningful information to assist in understanding financial results and assessing the Company's performance from period to period. Management believes these measures are important indicators of operations because they exclude items that may not be indicative of our core operating results and provide a better baseline for analyzing trends in our underlying businesses, and they are consistent with how business performance is planned, reported and assessed internally by management and the Company's Board of Directors. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures should not be considered in isolation or as a substitute for results reported under U.S. GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with U.S. GAAP results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. Except as otherwise noted, see the appendix to this presentation for more information and a reconciliation of each non-GAAP financial measure to the most comparable U.S. GAAP measure. The Company does not provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures on a forward-looking basis because it is unable to predict with reasonable certainty or without unreasonable effort non-recurring items that may arise in the future. The variability of these items is unpredictable and may have a significant impact.

Market and Industry Data

This presentation includes market, industry and other statistical data, estimates and forecasts that are derived from third-party sources, as well as company estimates. Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although we believe these sources are reliable, we have not independently verified this information. This information may prove to be inaccurate due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties, including those identified under “Cautionary Note on Forward Looking Statements.” In addition, our internal estimates are based upon our understanding of industry conditions and make certain assumptions regarding the markets we operate in. Such information has not been verified by any independent sources. Accordingly, we cannot guarantee the accuracy or completeness of the market and industry data contained herein nor do we undertake to update such data after the date of this presentation.

Who we are

Ferguson is North America's largest value-added distributor of essential water and air solutions, serving specialized professionals in our **$340B** residential and non-residential construction markets

Our balanced market exposure

~1/2
Non-residential



~1/2
Residential

~2/3
Repair, Maintenance and Improvement (RMI)



~1/3
New construction

CY25

$31.3B
Net sales

$3.0B
Adjusted operating profit*
9.6% adjusted operating margin*

31.1%
Return on capital employed*

Scale deployed locally

- Multi-customer group approach
- World-class supply chain
- Value-added solutions and digital tools
- Expert associates

Structural trends

- Large capital projects
- Water infrastructure
- Climate and comfort
- Aging and underbuilt housing

Strong financial performance

- Above-market organic growth
- Margin expansion
- Cash generation
- Disciplined capital deployment

Compounding growth, delivering shareholder value

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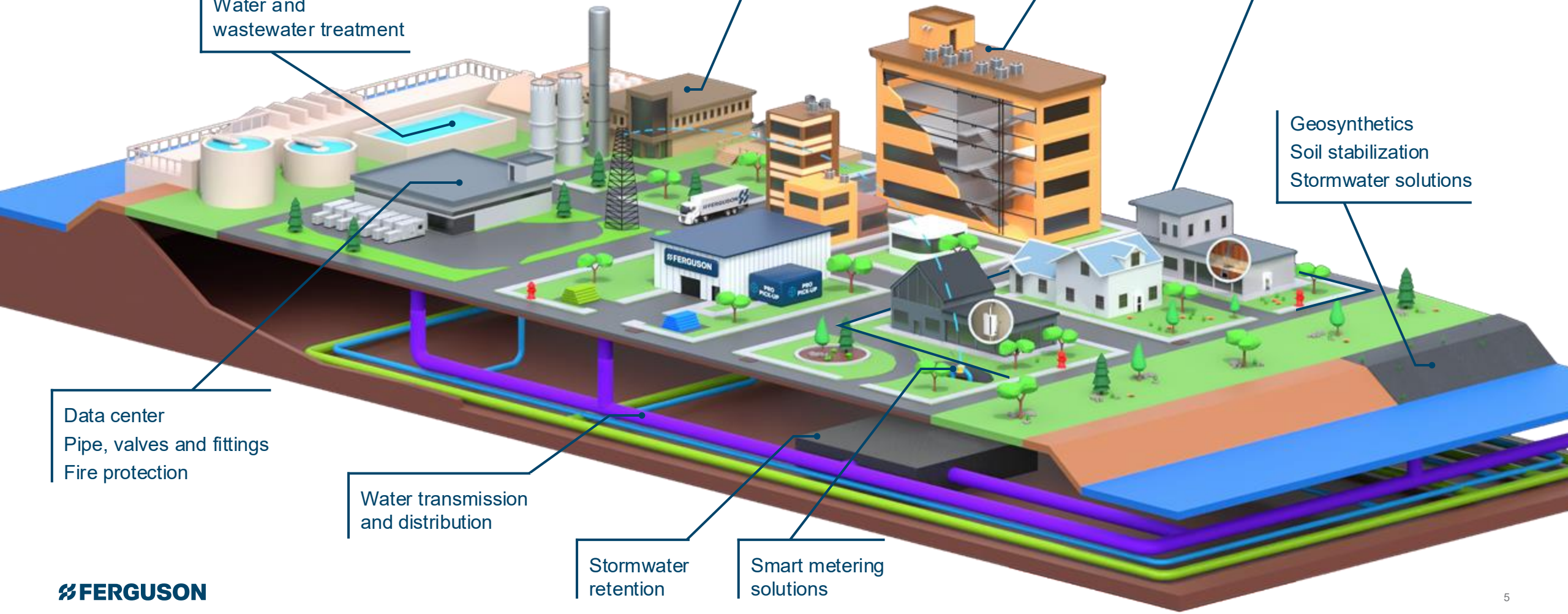
*This is a non-GAAP measure. See the appendix to this presentation for more information and a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure. Adjusted operating margin is calculated as adjusted operating profit divided by net sales.

For additional information and footnotes, refer to appendix.

Essential water and air solutions



Water and wastewater treatment

Industrial pipe, valves and fittings
Fire protection

Commercial plumbing
Mechanical room solutions
Commercial HVAC
Fire protection

Residential rough and finished plumbing
Residential HVAC
Appliances and lighting

Geosynthetics
Soil stabilization
Stormwater solutions

Data center
Pipe, valves and fittings
Fire protection

Water transmission and distribution

Stormwater retention

Smart metering solutions

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~37K
Suppliers

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~1M
Customers

1M+	1,700+	~60M ft²	6,000+	~35K
Products	Locations	Footprint	Fleet vehicles	Associates

Highly-fragmented market
10,000+ small to midsized competitors

For additional information and footnotes, refer to appendix

~1M

Customers

With the growing shortage of skilled trades professionals

33.5%
Construction employment growth from 2014 to 2024

~649K
Average job openings per year through 2034

92%
Of construction firms report difficulty filling skilled trades positions

41%
Of the construction workforce will retire by 2031

We help drive construction productivity

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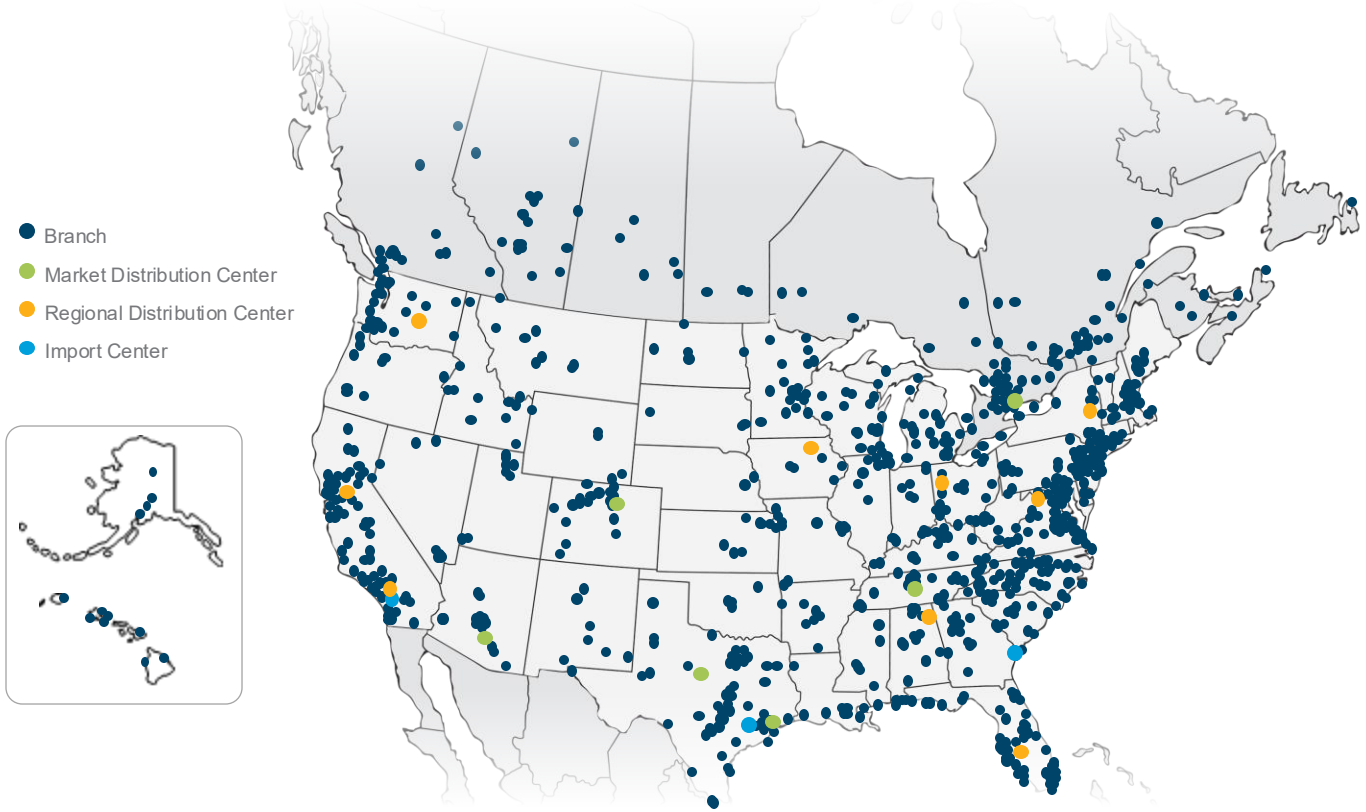
For additional information and footnotes, refer to appendix

People, products and solutions

When and where our customers need them



Locations within 60 miles of 95% of our customers

Continual network optimization

~60M ft² total footprint

1,700+ locations

6,000+ fleet vehicles

Best breadth and depth

1M+ products

37K+ suppliers

Own Brand

21 brands

10% of revenue

Experts serving experts

~35K associates

250+ trainees annually

Deep industry knowledge, commitment to service and long-term customer relationships

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Multi-customer group approach

We engage early with owners, engineers and general contractors to deliver project success across multiple trades

Waterworks	**$35B** Market	**$7.5B** Revenue
Commercial / Mechanical	**$30B** Market	**$5B** Revenue
Residential Trade Plumbing	**$30B** Market	**$5B** Revenue
Industrial	**$40B** Market	**$2B** Revenue
HVAC	**$80B** Market	**$4B** Revenue
Fire & Fabrication	**$4B** Market	**$1B** Revenue
Ferguson Home	**$60B** Market	**$6B** Revenue
Facilities Supply	**$60B** Market	**$1B** Revenue

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For additional information and footnotes, refer to appendix

Driving construction productivity for the specialized professional

Value-added solutions

60+

Virtual design and construction engineers delivering ~1,000 projects annually

40+

Fabrication locations across the country with over 400 fabricators

25+

Strategically located valve automation centers

~24%

Of revenue transacted digitally

End-to-end project management enabled by digital tools

Structural trends

Large capital projects



Water infrastructure



Climate and comfort



Aging and underbuilt housing



Large capital projects

We are in a multi-year build out of large-scale technology, infrastructure and manufacturing construction

4,000+ planned projects through 2031

Project cost
$6T

Project opportunity
~$90B

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Ferguson brings

- Early engagement with owners, developers and general contractors
- Expert associates including dedicated large capital projects teams
- Multi-customer group approach
- World-class supply chain
- Tailored value-added solutions
- Scale of vendor relationships



Focus areas

Data centers

Energy

Semi-conductors and chips

Biotech production

Advanced manufacturing

Healthcare

For additional information and footnotes, refer to appendix



CASE STUDY





Hyperscale data center

- Won with hyperscaler because of our multi-customer group capabilities
- Led development of build strategy for liquid cooling assemblies
- Partnered with customer on virtual design and modeling
- Offsite fabrication with cutting-edge automated/robotic technology
- Pre-assembled and tested components inclusive of pipe, valves and fittings
- Implemented use of sustainable shipping containers
- Integrated project management capabilities

$10B+	$40M	$100M
Total project cost	Sales to date	Current open orders

Waterworks, Commercial, Industrial and Fire & Fabrication
Customer groups

5,700	57K	12 miles	19 miles
Liquid cooling assemblies	Valves	Copper pipe	Water & fire lines

Water infrastructure

49 years

Average age of US water pipe

>$1T

Expected investment needed for drinking water and clean water infrastructure over the next 20 years

81%

Of utilities are implementing capital improvement plans

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Ferguson brings

Early engagement with public and private utilities and engineers

Expertise from pre-bid to post-sale

- Project management
- Local specification knowledge
- Digital estimation and value engineering
- Design-build capabilities

Intelligent utility solutions

- Automated metering
- Predictive AI technology and leak detection
- Pressure and flow monitoring

Focus areas

- Water and wastewater treatment plants
- Process solutions
- Meter and metering technology
- Geosynthetics and stormwater management
- Infrastructure – public and private utilities

For additional information and footnotes, refer to appendix

Climate and comfort

14%

increase in cooling degree days since 2000

98%

Of new single-family homes in 2024 had a central AC system

Regulatory environment drives need for improved efficiency

800+

Contractor consolidations since 2022 leading to growing dual-trade contractor base

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Ferguson brings

650+ full-service dual-trade HVAC and plumbing locations

Broad access to multiple equipment lines, parts and supplies

Technical training and expertise

Digital tools and solutions

- AHRI system builder
- Warranty verification and submission
- Comprehensive parts tool
- Vendor managed inventory

Focus areas

- Counter expansion
- Greenfield locations
- M&A
- OEM national partnerships
- Own Brand
- Digital investment

For additional information and footnotes, refer to appendix

Aging and underbuilt housing

2.8M
Current housing shortage

44 years
Median age of housing

$36T
In home equity value drives future RMI investment

30%
RMI growth over the next 10 years

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Ferguson brings

Multi-customer group approach

- Waterworks: Water, wastewater, stormwater, metering and erosion control
- Residential Trade: Rough and finished plumbing and water heaters
- Ferguson Home: Finished plumbing, lighting and appliances
- HVAC: Broad access to equipment lines, parts and supplies
- Ferguson Fire and Fabrication: Residential fire suppression
- Facilities Supply: Multi-family renovation

250 best-in-class Ferguson Home showrooms

Expert salesforce

Inside sales | Outside sales | Showroom consultants | Builder sales

Connected, digital experience

Project management solutions

Consultative approach for design and selection

For additional information and footnotes, refer to appendix

Scale deployed locally

- Multi-customer group approach
- World-class supply chain
- Value-added solutions & digital tools
- Expert associates

+

Structural trends

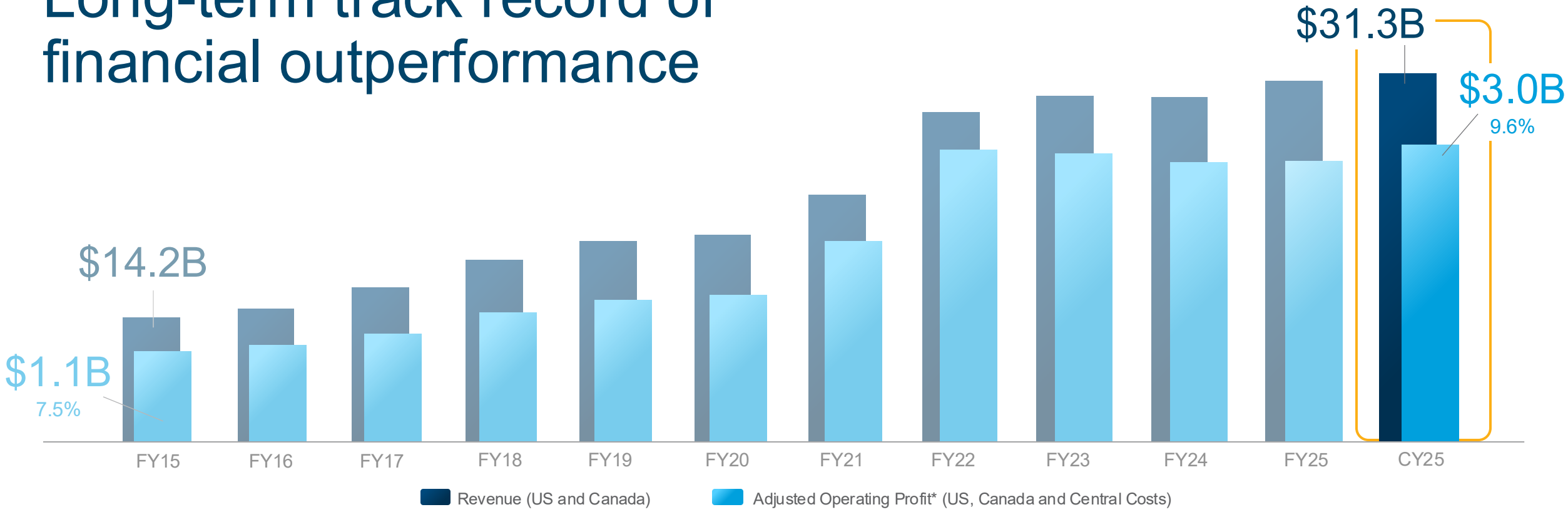
- Large capital projects
- Water infrastructure
- Climate and comfort
- Aging and underbuilt housing

=

Strong financial performance

- Above-market organic growth
- Margin expansion
- Cash generation
- Disciplined capital deployment

Long-term track record of financial outperformance



2015-2025**

Revenue	Adjusted operating profit*	Adjusted operating margin*	Total shareholder return***
~8% CAGR	~11% CAGR	+210 bps	+545%
			S&P 500 TSR over equivalent period +434%

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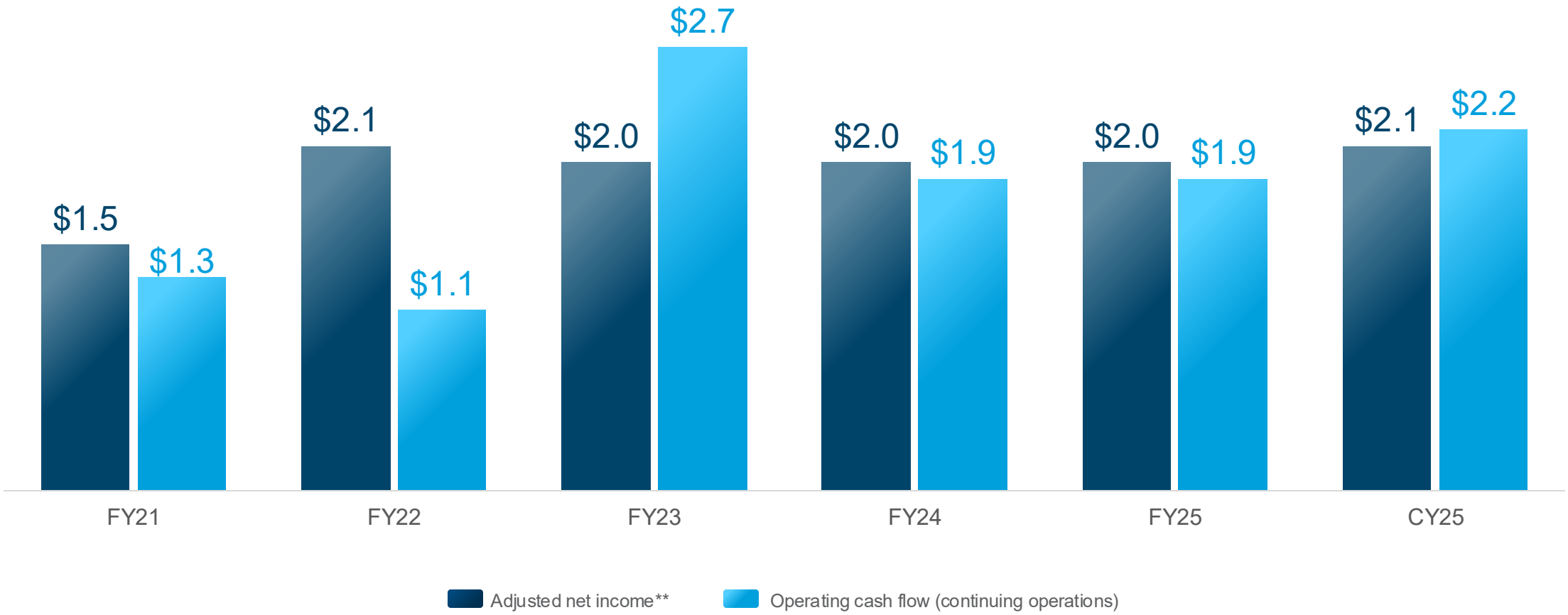
*This is a non-GAAP measure. See the appendix to this presentation for more information and a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure. Adjusted operating margin is calculated as adjusted operating profit divided by net sales.
**Compound annual growth rate calculated over period from fiscal year ended July 31, 2014 through calendar year ended December 31, 2025 using 10.42 years of growth.
*** Total shareholder return for period from August 1, 2015 through December 31, 2025
For additional information and footnotes, refer to appendix.

Strong cash generation ($B)

107% 5-year ratio of operating cash flow to adjusted net income*



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* Ratio of operating cash to adjusted net income is calculated as net cash provided by operating activities divided by adjusted net income. Here the ratio is calculated for the cashflows from FY21 through FY25.

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

Disciplined capital deployment

1. Invest in above-market organic growth

2. Invest in bolt-on geographic and capability acquisitions

3. Sustainably grow our dividend

4. Return surplus capital to shareholders



~$12B capital deployed over past 5 years*

Invested in capex

$1.6B

Invested in M&A

$2.1B

Returned via dividends

$3.6B

Returned via share buybacks

$4.4B

1-2X

Target net leverage range

* For fiscal years ended July 31, 2021 through fiscal year ended July 31, 2025

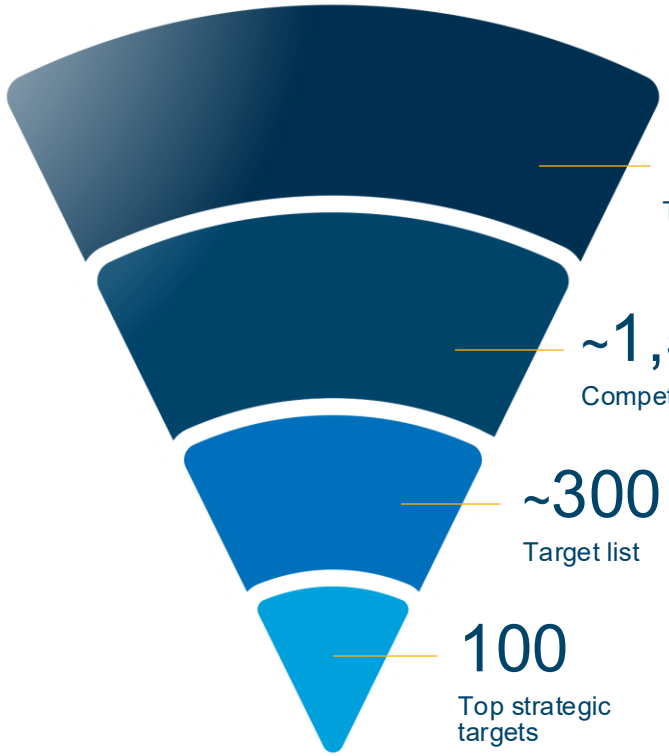
Accretive acquisitions

Geographic acquisitions

- Consolidating fragmented markets
- Associate expertise
- Customer relationships
- Leveraging market-leading capabilities

Capability acquisitions

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



1-3% Incremental annual revenue growth opportunity

Over the last five fiscal years

50+

Acquisitions made in the last five fiscal years

Generating

$2B+

Incremental revenue

~2%

Annual revenue growth

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Driving continued long-term growth

2-4%
Market growth
Our markets have historically outgrown GDP due to structurally attractive characteristics

+

3-4%
Over-market growth
Market-leading capabilities drive consistent outperformance

+

1-3%
Acquisition growth
Further consolidating fragmented markets

=

6-11%
Annual sales growth expectation

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The figures on this page are projections and estimates.
See slide 2 of this presentation for more information on forward-looking statements.



Driving sustainable margin expansion

Pricing

- Analytics-guided project bids and quotes
- Dynamic pricing tailored to segment, service level and project complexity
- Increased margins on expanded value-added solutions

Products

- Strategic vendor partnerships
- Higher margin product mix
- Expansion of product offering
- Own Brand category growth

People

- Project-based tools for sales, operations and supply chain
- Incentives to drive collaboration and margin
- AI investments to augment expert teams serving expert customers
- Automation and AI for back-office productivity

Supply chain

- Investment in distribution network to lower cost-to-serve
- AI enabled demand forecasting to improve inventory efficiency
- Automation and robotics to drive productivity
- Technology and analytics to optimize fleet size, routing and delivery

Continued growth and improvement

	5-year history**	Long-term expected outlook
Revenue	~9%	6-11%
Flowthrough	~12%	11-14%
Adjusted operating margin* expansion	Avg. ~20 bps / year	10-30 bps / year
Ratio of operating cash to adjusted net income*	107%	~100%
Adjusted diluted earnings per share* growth	~15%	Low double digit to mid-teens%

Compounding growth, delivering shareholder value

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*This is a non-GAAP measure. Adjusted operating margin is calculated as adjusted operating profit divided by net sales. Flowthrough is calculated by dividing incremental adjusted operating profit by incremental sales for aggregate of US, Canada and central costs. Ratio of operating cash to adjusted net income is calculated as 'net cash provided by operating activities divided by 'adjusted net income'. Reconciliations of historical non-GAAP measures can be found in our Annual Report for the fiscal year ended July 31, 2025 filed with the Securities and Exchange Commission ("SEC") on October 15, 2025. See slide 3 of this presentation for more information on forward-looking non-GAAP financial information.
** 5-year history based on period from FY20 to FY25. For FY20 and FY21, these measures were calculated in accordance with IFRS. There are no material differences between the measures listed below as calculated in accordance with IFRS and as calculated in accordance with U.S. GAAP.
For additional information and footnotes, refer to appendix.

Our next milestone

CY25

$31B

Revenue

$3B

Adjusted operating profit*

9.6%

Adjusted operating margin*

Large, fragmented and growing markets

Scale deployed locally

Capitalizing on structural trends

Disciplined capital allocation

Medium-term Expected outlook

$40B+

Revenue

$4B+

Adjusted operating profit*

10%+

Adjusted operating margin*

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* This is a non-GAAP measure. See the appendix to this presentation for more information and a reconciliation of the non-GAAP measure to the most comparable U.S. GAAP measure.
See slide 3 of this presentation for more information on forward-looking non-GAAP financial information. Adjusted operating margin is calculated as adjusted operating profit divided by net sales.

Why Ferguson

North America's largest value-added distributor of essential water and air solutions

Operating in large, fragmented and growing markets

Leveraging scale with unique multi-customer group approach, world class supply chain, value-added solutions and expert associates

Capitalizing on long-term structural trends of large capital projects, water infrastructure, climate & comfort and aging & underbuilt housing

Track record of growth and strong financial performance

Disciplined capital allocation, with a goal of compounding growth and shareholder returns

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Appendix



Notes

All information is as of December 31, 2025 unless otherwise indicated

Slide 4 | Our balanced market exposure

1. Residential/Non-residential proportion and RMI/New construction proportion are approximate and derived from management estimates as of CY2025

Slide 6 | Our business model

1. 10,000+ small to midsize competitors are approximates and derived from management estimates as of CY2025

Slide 7 | Growing shortage of skilled trades professionals.

1. 33.5% - Construction employment growth from 2014 to 2024 | U.S. Bureau of Labor Statistics, Employment Projections program, published August 28, 2025
2. ~649K - Average job openings per year through 2034 | U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, published Aug 28, 2025
3. 92% - Of construction firms report difficulty filling skilled trades positions | Associated General Contractors of America, 2025 Workforce Survey, published 2025
4. 41% - Of the construction workforce will retire by 2031 | National Center for Construction Education and Research, How Apprenticeships Empower Adult Learners and Bridge the Construction Workforce Gap, published April 30, 2025

Slide 9 | Multi-customer group approach

1. Total addressable market calculations are approximate and derived from management estimates as of CY2025
2. Customer group revenue has been rounded based on CY2025 totals

Slide 12 | Large capital projects

1. 4,000+ planned projects through 2031 | Management estimates as of January 2026 based on third-party data from Dodge Data and Analytics and Industrial Info Resources for planned projects >$400m.
2. $6T project cost and ~$90B project opportunity | Management estimates as of CY2025 based on third-party data from Dodge Data and Analytics and Industrial Info Resources that was adjusted to more accurately reflect projects and opportunities that are realistically addressable by the Company's products and solutions.

Notes

Slide 14 | Water infrastructure

1. 49 years - Average age of US water pipe | Center for Sustainable Systems, University of Michigan. 2025. "U.S. Water Supply and Distribution Factsheet." Pub. No. CSS05-17
2. >$1T - Expected investment needed for drinking water and clean water infrastructure over the next 20 years | EPA, 2022 Clean Watersheds Needs Survey, Report to Congress, published April 24, 2025 and EPA, "Drinking Water Infrastructure Needs Survey and Assessment, 7th Report to Congress", published September 2023
3. 81% of utilities are implementing capital improvement plans | American Water Works Association, State of the Water Industry, published June 5, 2024

Slide 15 | Climate and comfort

1. 14% increase in cooling degree days since 2000 | Management estimates as of January 2026 based on third-party data from NOAA National Centers for Environmental information, Climate at a Glance: National Time Series, published February 2026
2. 98% of new single-family homes in 2024 had a central AC system | National Association of Home Builders Economic Research Blog, https://eyeonhousing.org/2025/09/hvac-in-new-construction-in-2024/, published September 4, 2025
3. 800+ Contractor consolidations since 2022 leading to growing dual-trade contractor base | Wall Street Journal, “America’s New Millionaire Class: Plumbers and HVAC Entrepreneurs”, published October 12, 2024

Slide 16 | Aging and underbuilt housing

1. 2.8M Current housing shortage | J.P. Morgan Private Bank, https://privatebank.jpmorgan.com/nam/en/insights/markets-and-investing/tmt/a-shortage-of-supply-the-housing-market-explained, published October 17, 2025
2. 44 years - Median age of housing | U.S. Census Bureau, U.S. Department of Commerce. "Median Year Structure Built." American Community Survey, ACS 5-Year Estimates Detailed Tables, Table B25035, https://data.census.gov/table/ACSDT5Y2023.B25035, accessed January 2026
3. $36T - In home equity value drives future RMI investment | Board of Governors of the Federal Reserve System (US), Households; Owners' Equity in Real Estate, Level OEHRENWBSHNO, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/OEHRENWBSHNO, updated January 15, 2026
4. 30% - RMI growth over the next 10 years | Management estimates from an annual growth rate of the Home Improvement Research Institute (HIRI), US Home Improvement Products Market Forecast, September 2025 in addition to the NAHB Private Residential Improvements Spending Forecast and Age of Housing Report, January 2026

Slide 18 | Long-term track record of financial outperformance

1. For the fiscal years ended 2015-2021, revenue was calculated in accordance with International Financial Reporting Standards ("IFRS") and underlying trading profit, an IFRS-derived alternative performance measure, was most analogous to adjusted operating profit. There are nonmaterial 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).

Reconciliation of Net Income to Adjusted Operating Profit

(In millions)	Twelve months ended December 31, 2025
Net income	$2,006
Provision for income taxes	578
Interest expense, net	190
Other expense, net	15
Operating profit	2,789
Restructuring activities[1]	74
Adjusted EBIT	2,863
Amortization of acquired intangibles	148
Adjusted Operating Profit	3,011

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1. For the twelve months ended December 31, 2025, restructuring expenses primarily related to the Company's implementation of targeted actions to streamline operations, enhancing speed and efficiency to better serve customers and drive further profitable growth, including a gain on the sale of a closed distribution center in November 2025.

Return on Capital Employed

(In millions)	As of December 31, 2025
Average net debt[1]	$3,441
Average stockholders' equity[2]	5,751
Average capital employed	9,192
Return on capital employed (ROCE)[3]	31.1%

1. Management employs the following averaging method: net debt is on a rolling four quarter average as presented and defined on slide 32.
2. Management employs the following averaging method: GAAP total stockholders' equity on a rolling four quarter average.
   - Stockholders' equity as at March 31, 2025 was $5,423 million; as at June 30, 2025 was $5,726 million; as at September 30, 2025 was $5,997 million; and as at December 31, 2025 was $5,857 million.
3. ROCE is calculated as adjusted EBIT divided by average capital employed. See slide 30 for a reconciliation of adjusted EBIT. We have changed the averaging methodology used in our ROCE calculation from a beginning and end of year average calculation to a rolling four-quarter average calculation as this approach better reflects the seasonality of our business.

Net Debt

Net debt comprises bank overdrafts, bank and other loans and derivative financial instruments, excluding lease liabilities, less cash and cash equivalents.

US$ (In millions)	March 31, 2025	June 30, 2025	Sept. 30, 2025	Dec. 31, 2025
Debt	3,908	3,989	4,129	4,128
Cash and cash equivalents	(596)	(407)	(832)	(557)
Net debt	3,312	3,582	3,297	$3,571

Reconciliation of Net Income to Adjusted Net Income

(In millions)	Twelve months ended July 31, 2021	2022	2023	2024	2025	Twelve months ended December 31, 2025
Net income	$1,472	$2,122	$1,889	$1,735	$1,856	$2,006
Loss (income) from discontinued operations (net of tax)	158	(23)	-	-	-	-
Income from continuing operations	1,630	2,099	1,889	1,735	1,856	2,006
Business restructuring activities[1]	(11)	-	18	-	73	67
Corporate restructuring expenses[2]	22	17	-	28	7	7
Amortization of acquired intangibles	131	114	133	144	156	148
Impairments and other charges[3]	-	-	107	-	-	-
Discrete tax adjustments[4]	(203)	(72)	(36)	101	(52)	(87)
Tax impact on non-GAAP adjustments[5]	(51)	(21)	(73)	(36)	(59)	(53)
Adjusted net income	$1,518	$2,137	$2,038	$1,972	$1,981	$2,088

1. For the twelve months ended July 31, 2025 and December 31, 2025, business restructuring primarily related to the Company's implementation of targeted actions to streamline operations, enhancing speed and efficiency to better serve customers and drive further profitable growth, including a gain on the sale of a closed distribution center in November 2025. For the twelve months ended July 31, 2023, business restructuring primarily related to charges associated with the closure of certain smaller, underperforming branches in the United States. For the twelve months ended July 31, 2021, business restructuring reflects the release of provisions in connection with previously anticipated COVID-19 cost actions recorded in fiscal 2020.
2. For the twelve months ended July 31, 2025 and December 31, 2025, the Company recorded corporate restructuring expenses that were primarily related to transition activities following the establishment of our parent company's domicile in the United States. During the twelve months ended July 31, 2024, corporate restructuring expenses primarily related to establishing a new corporate structure to domicile our parent company in the United States. For the twelve months ended July 31, 2022 and 2021, corporate restructuring costs primarily related to the incremental costs of the Company's listing in the United States.
3. For the twelve months ended July 31, 2023, impairments and other charges related to $107 million in software impairment charges.
4. For the twelve months ended December 31, 2025, discrete tax adjustments generally included the release of uncertain tax positions following the lapse of statute of limitations, adjustments in connection with amended returns and the tax treatment of certain compensation items, none of which were individually material. For the twelve months ended July 31, 2025, discrete tax adjustments primarily related to the release of uncertain tax positions following the lapse of statute of limitations, as well as adjustments in connection with amended returns. For the twelve months ended July 31, 2024, discrete tax adjustments primarily related to non-recurring, non-cash deferred tax charges of $137 million, resulting from the elimination of certain pre-existing U.K. tax attributes as part of the establishment of our parent company's domicile in the United States, partially offset by the release of uncertain tax positions, as well as the tax treatment of certain compensation items that were not individually significant. For the twelve months ended July 31, 2023, discrete tax adjustments primarily related to the release of uncertain tax positions following the lapse of statute of limitations, as well as adjustments in connection with amended returns. For the twelve months ended July 31, 2022, the discrete tax adjustments primarily related to the release of uncertain tax positions following the closure of tax audits and prior year adjustments, including amended tax return items. For the twelve months ended July 31, 2021, the discrete tax adjustments primarily related to the release of uncertain tax positions following the closure of tax audits, as well as the impact of changes in tax rates.
5. For the twelve months ended July 31, 2025 and December 31, 2025, the tax impact on non-GAAP adjustments primarily related to restructuring activities and the amortization of acquired intangibles. For the twelve months ended July 31, 2024, 2022 and 2021, the tax impact of non-GAAP adjustments primarily related to the amortization of acquired intangibles. For the twelve months ended July 31, 2023, the tax impact on non-GAAP adjustments primarily related to the software impairments, business restructuring expenses and amortization of acquired intangibles.

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Thank you

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