



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
8. Next steps

1. Introduction

<p>Announcements</p>	<p>3 September 2019:</p> <ul style="list-style-type: none"> • 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 <p>4 February 2020:</p> <ul style="list-style-type: none"> • Consultation with institutional shareholders commences
<p>The potential options</p>	<p>Option 1 – Seek shareholder approval for an additional listing of ordinary shares in the US</p> <p>Option 2 – Seek shareholder approval for a primary listing in the US</p> <p>Both options are capable of being executed by the end of calendar H1 2021</p>
<p>Board position</p>	<p>Supportive of seeking a listing of Ferguson shares on a major US stock exchange</p> <p>Recognizes importance of acting in interest of existing shareholders as a whole, many of whom have mandates that may restrict continued long term ownership</p>

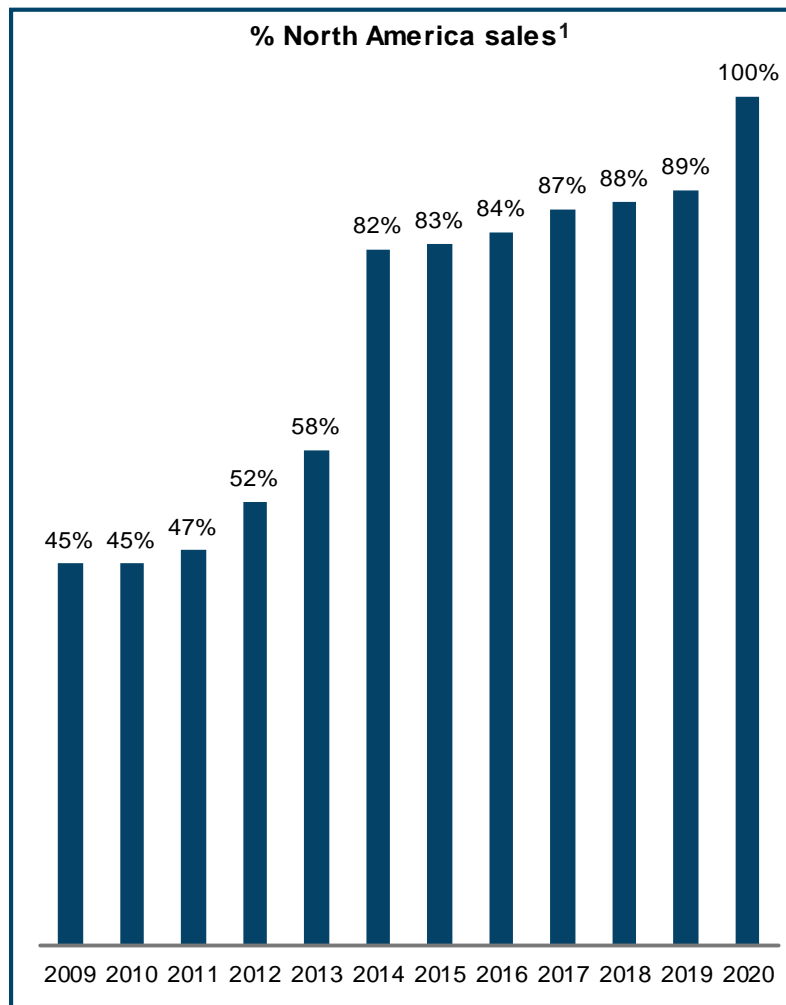
2. Work undertaken

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 demerger¹



- 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	<p>Both options require Sarbanes Oxley compliance</p> <p>Considerable period of preparation required</p> <p>Implementation of either listing option by the end of calendar H1 2021.</p>

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

<p>Option 1</p>	<p>Additional listing</p> <ul style="list-style-type: none"> • No change • Existing standards of governance and corporate responsibility or remuneration policy • Remain subject to UK Takeover Code as a Jersey incorporated entity
<p>Option 2</p>	<p>Move primary listing to the US: lose FTSE 100 indexation; seek US indexation as soon as possible</p> <ul style="list-style-type: none"> • Transition over time to US governance standards • Remain subject to UK Takeover Code as a Jersey incorporated entity

9. Next steps

February 2020	<ul style="list-style-type: none">• Shareholder consultation
Spring 2020	<ul style="list-style-type: none">• Board decision announced

Questions?