

Special dividend and share consolidation



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*American Depository Receipts

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Overview

- Following the recent completion of the sale of the Stark Group Ferguson has announced a proposed capital return of \$4 per share, equivalent to about \$1 billion.
- Ferguson is proposing to return the funds via a Special Dividend and an accompanying Share Consolidation.
- The transaction is subject to shareholder approval at a General Meeting to be held on 23 May 2018.
- If approved the Share Consolidation will be used to maintain the reference share price and earnings per share on a comparable basis. The effect of the consolidation will be to reduce the issued share capital by the same proportion as the quantum of the special dividend.
- In doing so, after the consolidation all shareholders **will still own the same proportion of the Company** both before and after the Share Consolidation.

Timeline



Mechanics of a share consolidation

The following examples are based on a Special Dividend of \$4 per ordinary share translated at £1 = 1.4257 **are for illustrative purposes only**. The actual Pounds Sterling equivalent of the Special Dividend will be announced on 19 June 2018.



* at close of business on 13 April 2018.
 ** total shares outstanding excludes treasury shares.

Investors will receive 18 new shares for every 19 shares already owned in order to maintain the share price and earnings comparability

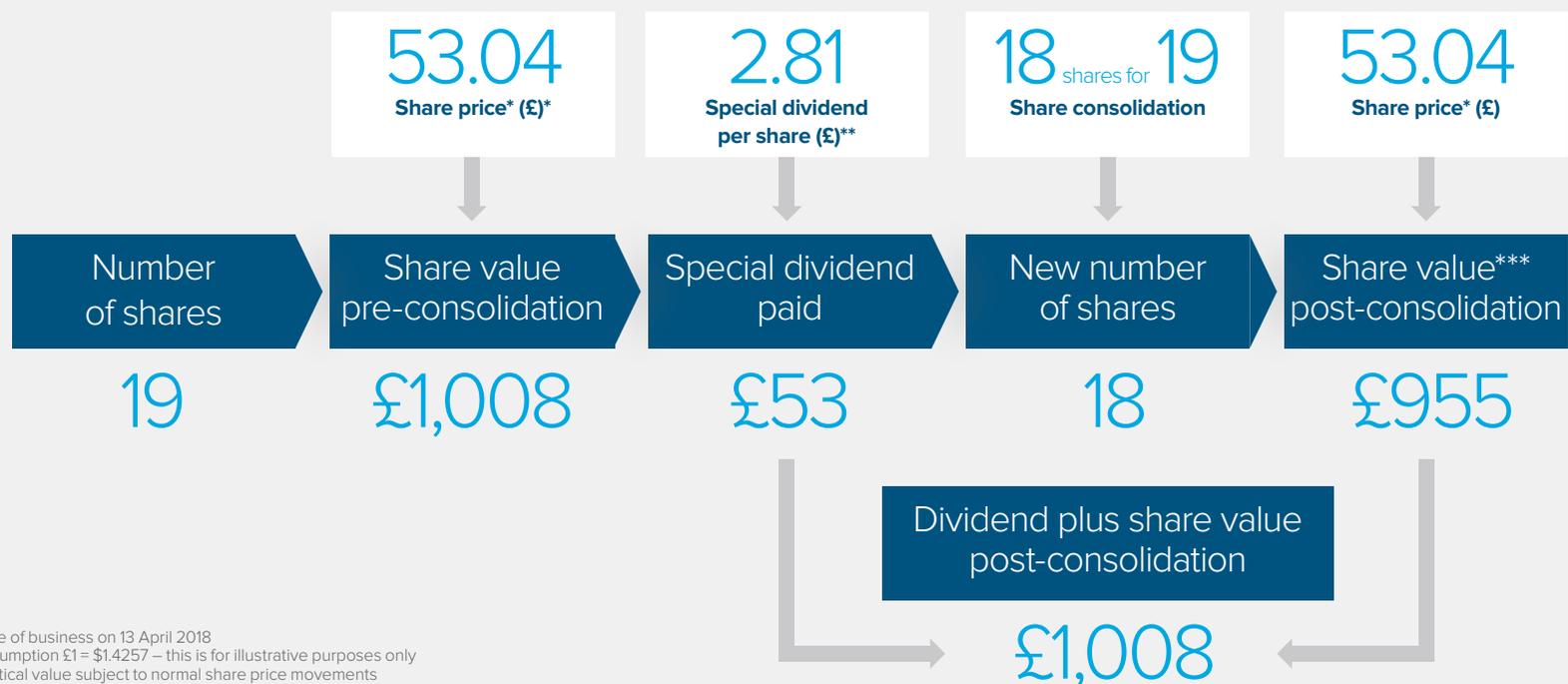
Example using 19 ordinary shares

An investor holding 19 ordinary shares before the special dividend and share consolidation:

- will receive a cash dividend of £53
- the number of shares they own will reduce from 19 to 18, and

– the lower number of shares means that the total value of their ongoing share investment reduces from £1,008 to £955

Note that in total the £53 dividend and the £955 remaining investment in Ferguson are equal to the value of their holding of £1,008 before the share consolidation and dividend payment.



* at close of business on 13 April 2018
 ** FX assumption £1 = \$1.4257 – this is for illustrative purposes only
 *** theoretical value subject to normal share price movements

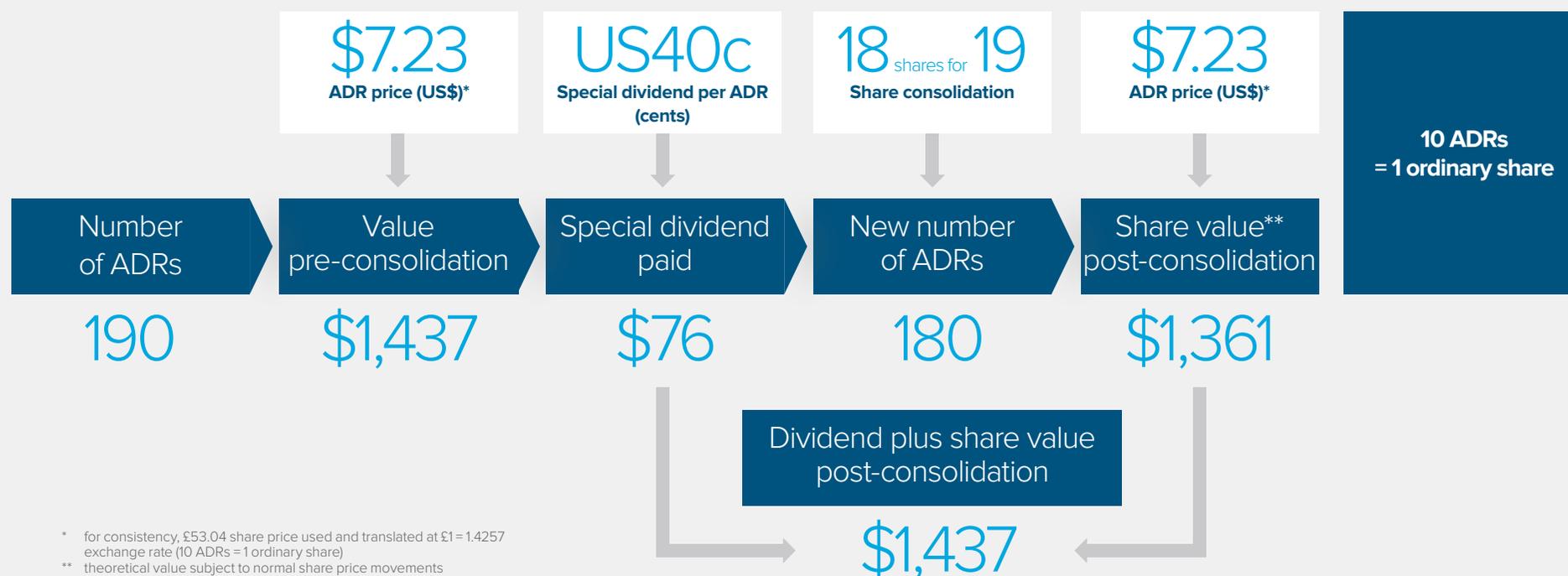
Example using 190 ADRs

As an investor holding 190 ADRs before the special dividend and share consolidation:

- you will receive a cash dividend of \$76
- the number of ADRs you own will reduce from 190 to 180, and

– the lower number of ADRs means that the total value of their ongoing investment reduces from \$1,437 to \$1,361

Note that in total the \$76 dividend and the remaining \$1,361 investment in Ferguson are equal to their original holding value of \$1,437 (the value before the share consolidation and dividend payment exercise).



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