



WOLSELEY

FERGUSON



**Investor & Analyst Day
Washington, Tues 23 Oct**



Agenda

0800	US Strategy and overview	Frank Roach
	Branch operations	Kevin Murphy

0945 Coffee

1000	Adjacent businesses and product strategy	Steve Petock
	Marketing, online, customer service	Jim Feltman

1130 Transfer to Front Royal DC Al Byrd

1500 Tour of Chantilly, branch showroom Darcy Curran

1630 Close

Take Q&A after each presentation



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Adjacent Businesses & Product Strategy

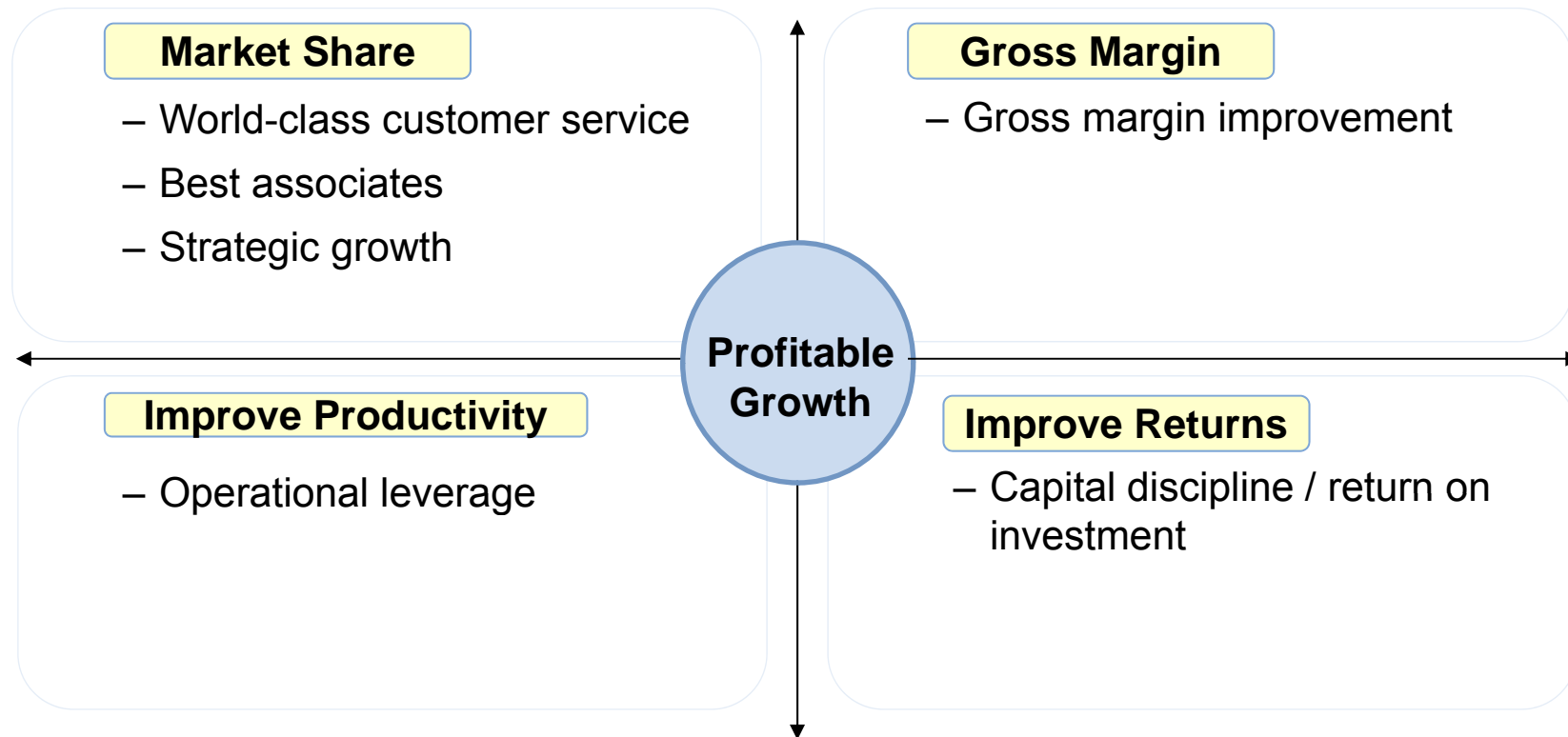
Steve Petock, Senior Vice President



Agenda

- Business Units
 - Blended Branches
 - Waterworks
 - Industrial
 - HVAC
 - FFF
- Business opportunities
 - Facilities Maintenance
- Market share
- Product strategies

Strategic Priorities

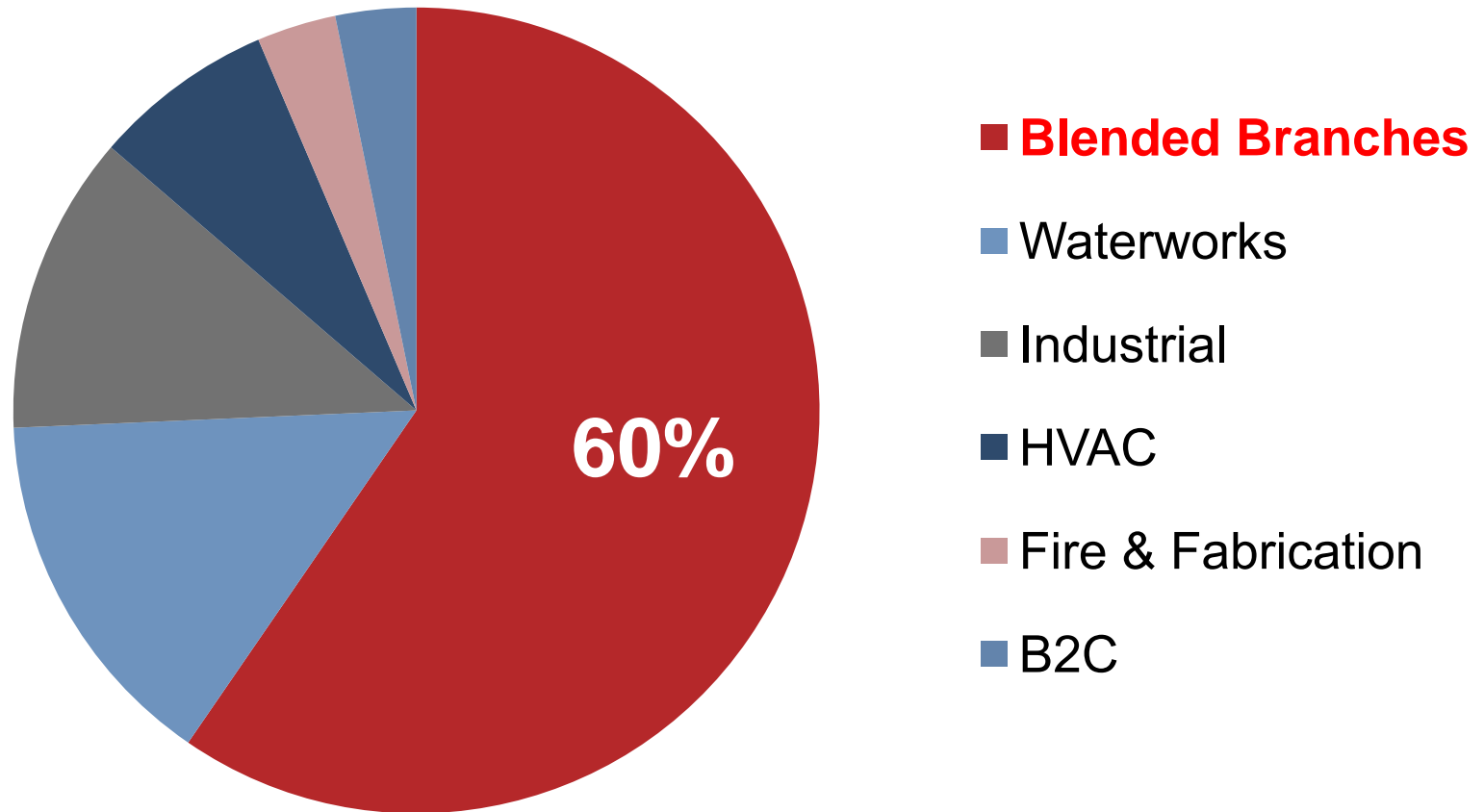


Drive consolidation, gain share, multi-channels and new segments, improve leverage

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Blended Branches



Ferguson Blended Branches Showroom

- Multi-channel experience that supports the value proposition of the showroom
- Initiatives
 - Implement new showroom pricing strategy
 - Develop and support Private Label and exclusive products
 - Technology advancements to improve productivity
 - Consumer marketing
 - Continued improved customer service

Sales of \$905m in 275 showrooms with about 1,100 associates

Ferguson Blended Branches Counter

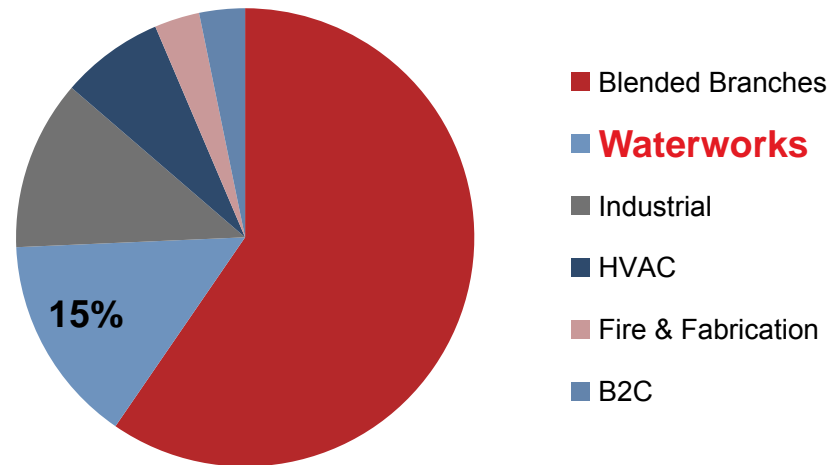
- Target small contractors for growth
- Key initiatives
 - Telemarketing program (“Sweet 16”)
 - “Hot Deals” promotional programs
 - Refresh repair product categories
 - Customer service improvements
 - Including secret shopper

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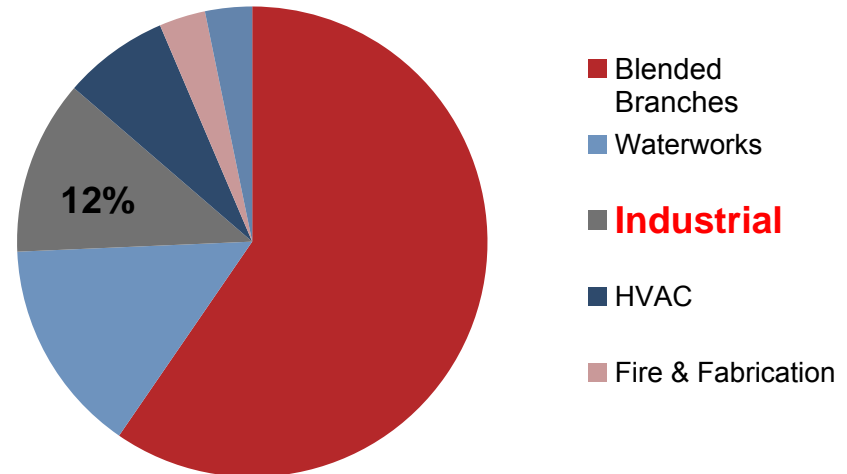
Ferguson Waterworks

- Key initiatives:
 - Online takeoff software
 - Ferguson online
 - Best practices and associate training
 - Margin enhancement

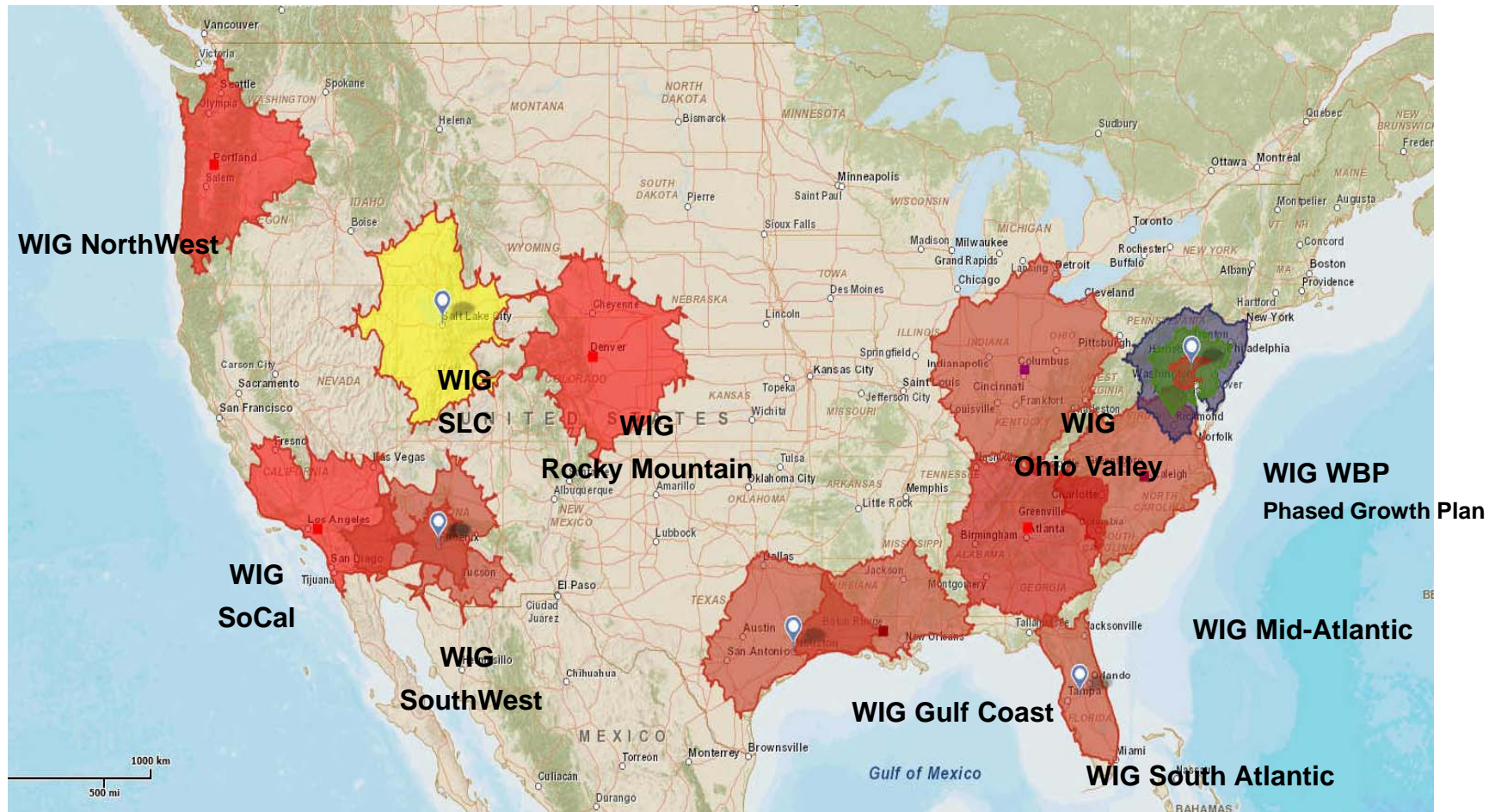


Wolseley Industrial Group

- Key initiatives:
 - Industry managers
 - Capital projects group
 - Sourcing and product management
 - Defined key geographies
 - Gross margin improvement
 - Wolseley Industrial Group (WIG) brand awareness



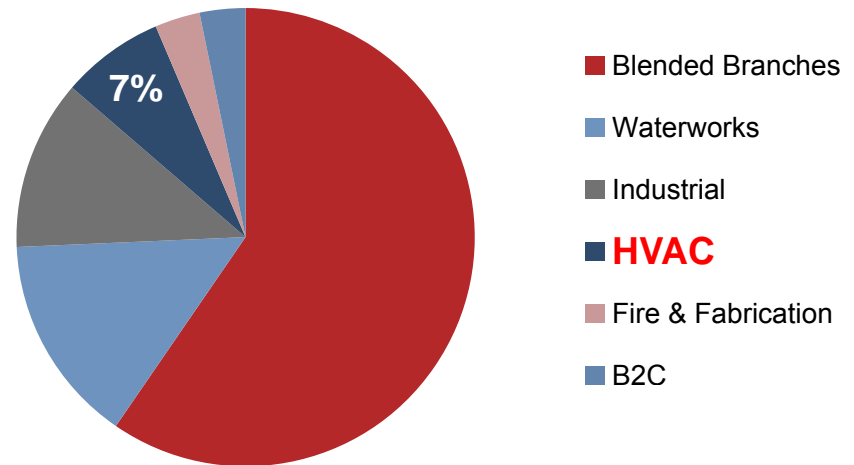
Future of Wolseley Industrial Group



Coverage of ~65% of U.S. Industrial Opportunity

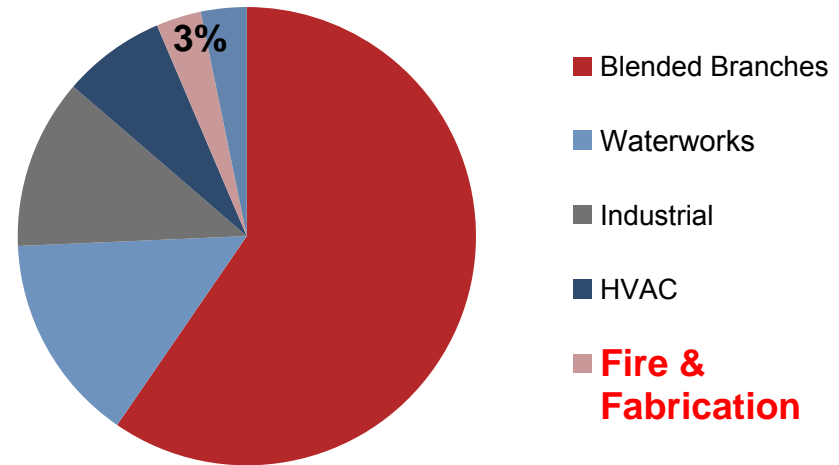
HVAC

- Key initiatives:
 - Geographic/Brand reorganization
 - Profitable growth
 - Blended operational focus
 - Margin improvement



Ferguson Fire and Fabrication

- Key initiatives:
 - Focus on small to medium contractor
 - Increased DC utilization
 - Engineered product sales growth



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Strategic Growth

- **Business opportunities**
 - Government
 - Commercial national accounts
 - Chemical and power
 - Rural water
 - Aisle expansion/PED
 - Hospitality, Facilities Maintenance

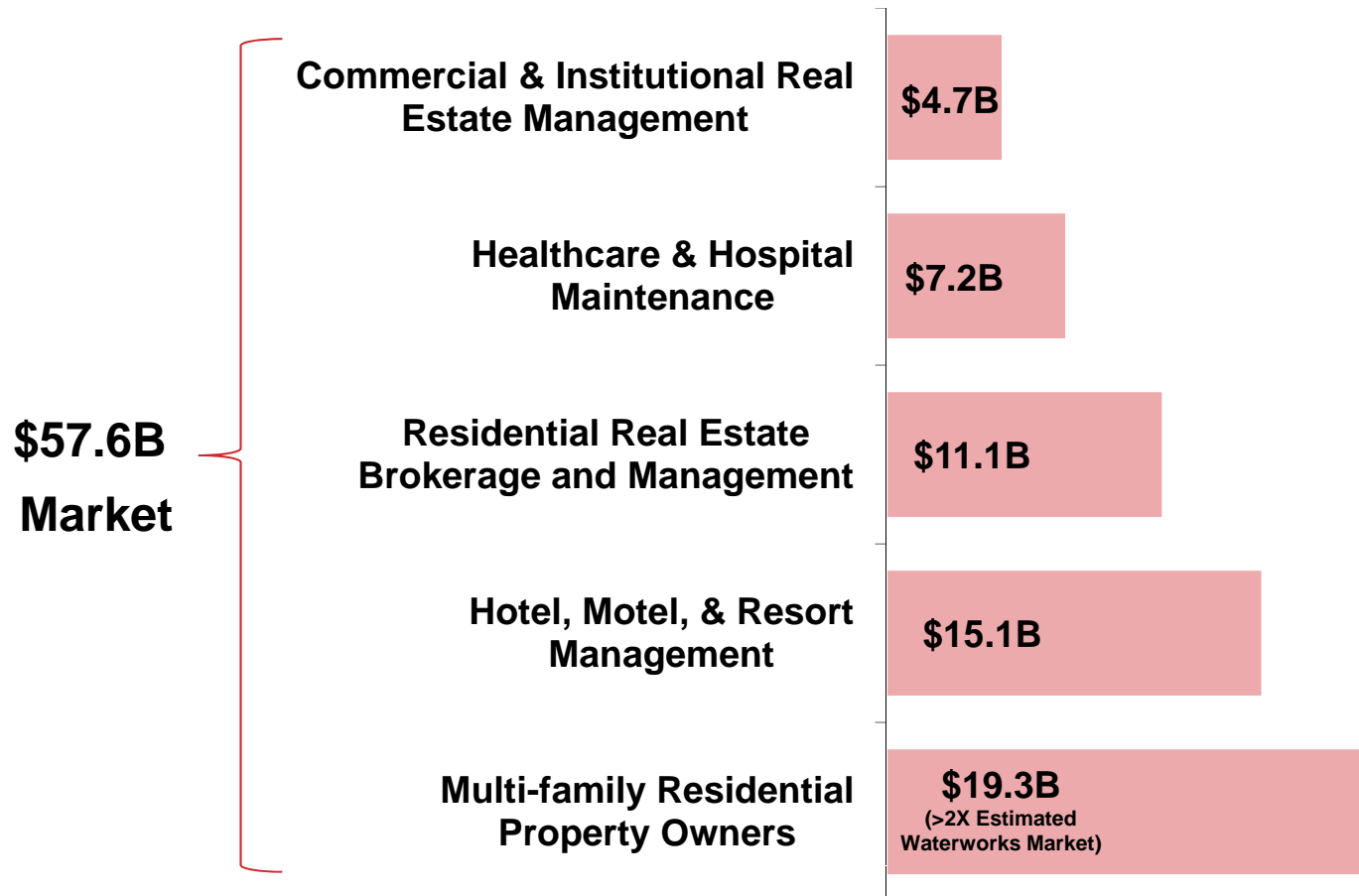
Facilities Maintenance

- Key initiatives:
 - Business model
 - Product strategy
 - National account consistency and alignment
 - Leverage national footprint
 - Margin focus
 - Sales through contact center

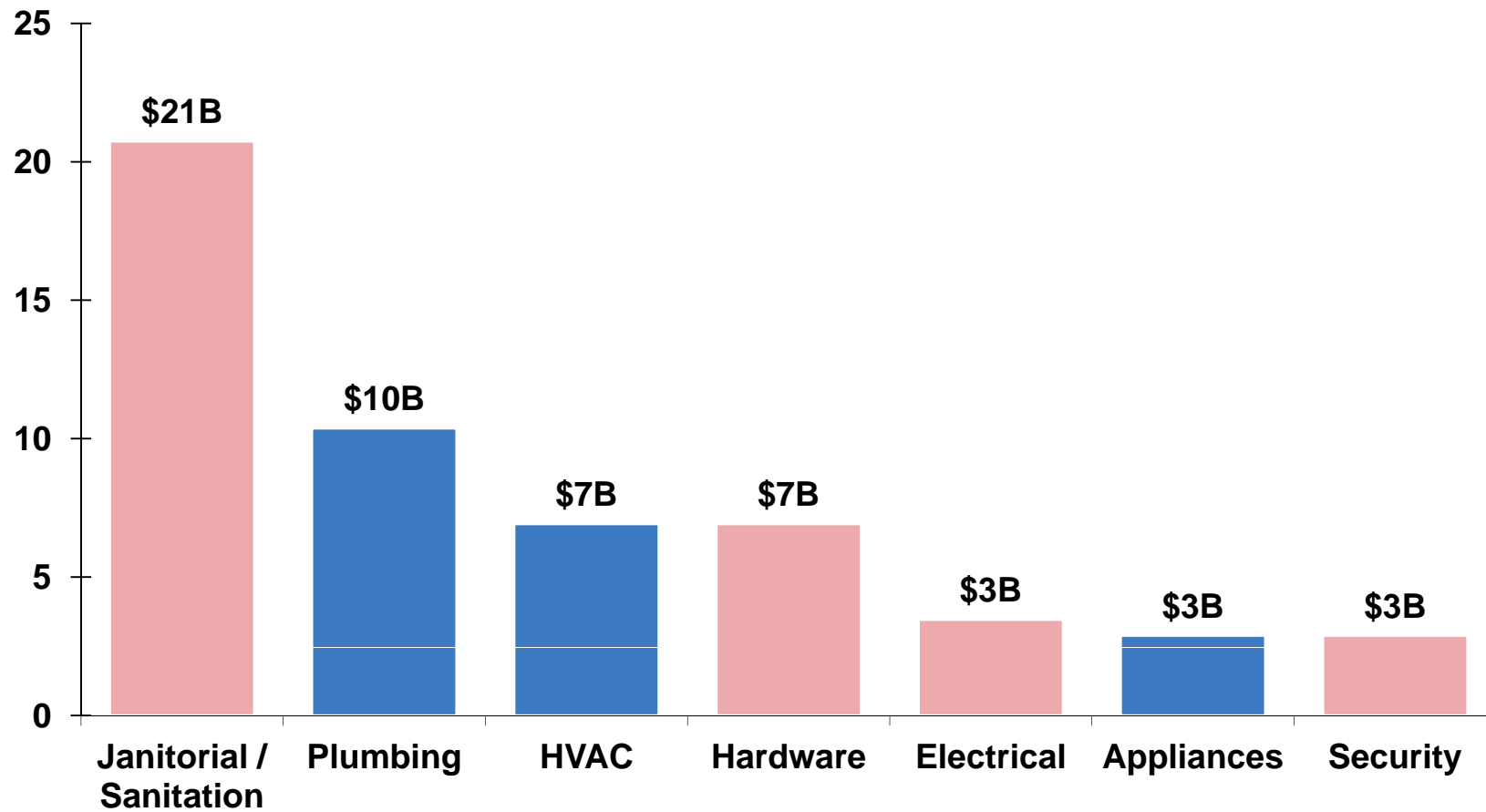
Facilities Maintenance

United States Facilities Maintenance & Neighboring Markets (\$57.6 Bn)

US \$B, 2012



Facilities Maintenance

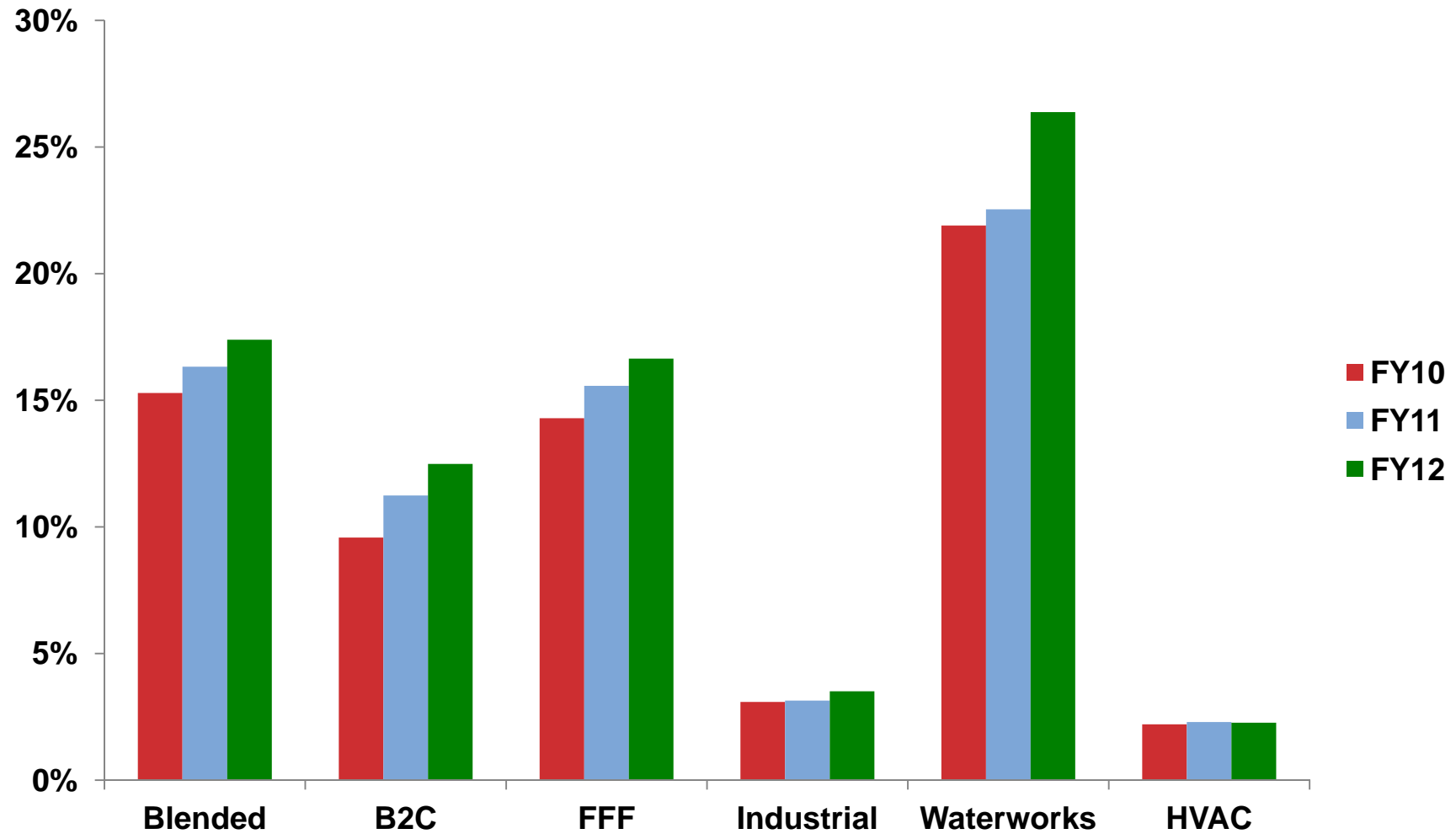


Source: Freedonia, IBIS World

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Market Share Gains - Last 3 Years



Market Share & Competitors

Business Unit	Share of addressable market (FY12)	Market Position	Names of competitors who are No 1, 2 and 3	Source of market share data
Blended Branches	17.4%	1	#2 – The Home Depot #3 – Lowe's	JCHS, HIRI, U.S. Census Bureau, McGraw Hill, NAR, Reed
Waterworks	26.4%	2	#1 – HD Supply #3 – MSC Waterworks	McGraw Hill, Reed, NAR, U.S. Census Bureau
HVAC	2.3%	3	#1 – Watsco #2 – Johnstone Supply	HIRI, JCHS, McGraw Hill, NAR, U.S. Census Bureau, Reed
Industrial	3.5%	3	#1 – McJunkin Red Man #2 – Schlumberger	IIR, Wells Fargo
Fire & Fabrication	16.6%	1	#2 – Viking SupplyNet #3 – Reliable	McGraw Hill
B2C – Build.com	12.5%	3	#1 – The Home Depot #2 – Lowe's / ATG	HIRI, Wells Fargo, Forrester

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Comprehensive Product Strategy: Vendor and Private Label

- **Balanced product strategy**
 - Private Label, Exclusives
 - Margin yield
 - Customer preference
 - More meaningful to fewer vendors
 - Our leverage
- **Leverage our ability to execute**
 - Product can be deployed quickly to every market
 - DC to 1200 Locations
 - Be “First-to-Market” with new products
- **Drive compensation programs to ensure alignment with product strategy**
- **Clear field communication about product strategy**

Vendor Strategy and Private Label

- **Product Development Reorganization**
 - Integrated Private Label, exclusive brands and branded product development groups
 - Positioned new group under the Business Group Structure (closer to strategy)
 - Promotes more comprehensive overall product strategy
 - Private Label, Exclusive Brands, and Branded
 - Increased efficiencies
 - Creates a better position for vendor opportunities
 - Focus on increased DC throughput and margin performance

