



WOLSELEY

FERGUSON



Investor & Analyst Day
Washington, Tues 23 Oct



Agenda

0800	US Strategy and overview	Frank Roach
	Branch operations	Kevin Murphy
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0945	Coffee	
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1000	Adjacent businesses and product strategy	Steve Petock
	Marketing, online, customer service	Jim Feltman
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1130	Transfer to Front Royal DC	Al Byrd
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1500	Tour of Chantilly, branch showroom	Darcy Curran
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1630	Close	

Take Q&A after each presentation



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Ferguson Branch Operations

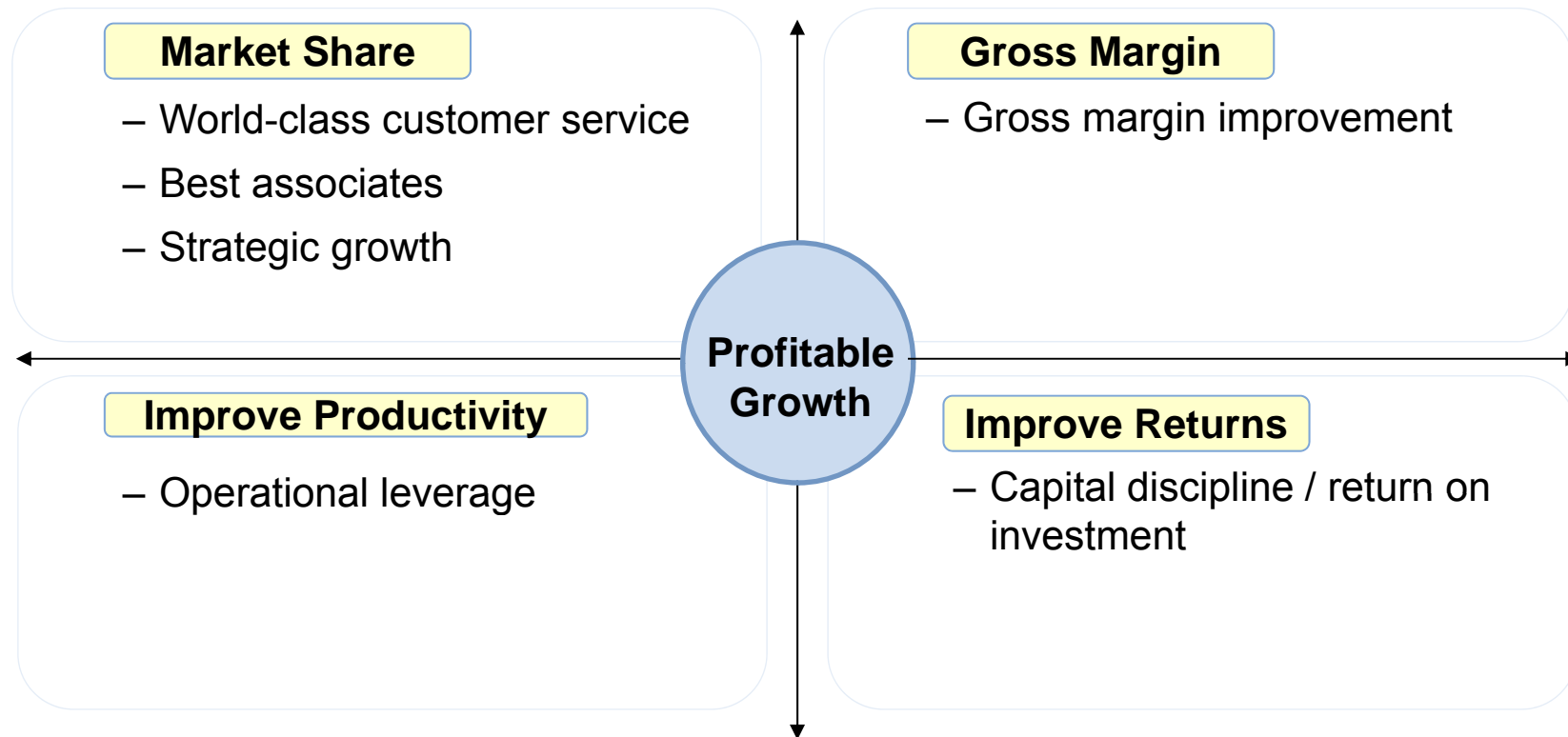
Kevin Murphy, COO



Agenda

- Performance metrics
- Gross margins/Operational leverage
- Channel optimization
- Strategic growth

Strategic Priorities



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

Driving Performance

- Top line growth
 - Like-for-like revenue
 - New store openings
 - Acquisitions
 - Adjacent business development
- Margin expansion
- Labor efficiency and productivity
 - Variable cost
 - Adjacent business leverage
 - Technology
- Trading margin gains
- Capital discipline with incremental leverage

Agenda

- Performance metrics
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- Channel optimization
- Strategic growth

Ferguson Branch Performance Metrics

CURRENT MONTH RANKINGS v. PREVIOUS MONTH RANKINGS												
	CUSTOMER SERVICE			FINANCIAL PERFORMANCE			CAPITAL DISCIPLINE			OVERALL		
	Jul	Aug	Change	Jul	Aug	Change	Jul	Aug	Change	Jul	Aug	Change
CENTRAL REGION STRUP												
C10 DISTRICT MAXWELL												
226 OMAHA, NE	10	1	↑	8	6	↑	7	6	↑	4	1	↑
331 WAUSAU, WI	7	14	↓	17	20	↓	16	17	↓	15	17	↓
448 APPLETON, WI	12	7	↑	13	12	↑	20	18	↑	16	12	↑
520 CEDAR RAPIDS, IA	26	27	↓	28	28	⇒	18	19	↓	27	27	⇒
1020 MILWAUKEE, WI	9	11	↓	11	11	⇒	2	1	↑	2	3	↓
1550 CHICAGO, IL	6	4	↑	19	23	↓	28	28	⇒	20	22	↓
SOUTHERN			↓			↑			↑			↑
1657 MINNESOTA	18	23	↓	6	2	↑	14	11	↑	12	11	↑
1674 DULUTH, MN	3	10	↓	12	5	↑	24	25	↓	13	15	↓
3093 FARGO, ND	5	4	↑	1	3	↓	22	20	↑	5	5	⇒

Customer Service Metrics

CUSTOMER SERVICE															
	CUSTOMER SERVICE RATIO			SELF-SERVICE EVENTS			PREDICTIVE FILL RATE			% MANAGED PRICING			NET PROMOTER SCORE		
	JUN	JUL	RANK	JUN	JUL	RANK	JUN	JUL	RANK	JUN	JUL	RANK	Lst 3mth	3mth	RANK
CENTRAL REGION STRUP	81.2%	77.0%		36.7%	40.0%		96.7%	96.7%		76.8%	77.7%		59.0%	60.4%	
C10 DISTRICT MAXWELL	84.4%	84.1%		53.4%	59.6%		96.5%	96.5%		74.8%	75.9%		57.1%	58.4%	
226 OMAHA, NE	66.8%	76.2%	17	35.9%	46.8%	12	95.3%	96.0%	20	80.6%	80.7%	10	73.0%	76.8%	6
331 WAUSAU, WI	84.6%	90.5%	3	132.1%	128.2%	1	95.1%	96.1%	18	73.2%	71.7%	25	60.7%	62.0%	12
448 APPLETON, WI	82.8%	88.0%	6	55.3%	54.2%	6	95.3%	95.7%	22	80.8%	80.5%	11	31.3%	46.2%	24
520 CEDAR RAPIDS, IA	87.8%	89.6%	5	14.6%	15.6%	28	92.1%	96.2%	16	69.4%	74.0%	20	54.5%	45.5%	25
1020 MILWAUKEE, WI	84.7%	80.9%	15	79.7%	86.1%	3	95.8%	96.1%	17	77.6%	79.8%	14	61.9%	64.4%	11
1550 CHICAGO, IL	86.7%	82.6%	13	41.4%	50.5%	8	96.8%	97.2%	6	78.9%	80.3%	12	59.3%	55.1%	18
1657 SOUTHERN MINNESOTA	77.8%	71.5%	19	42.6%	42.6%	13	96.3%	97.4%	4	63.2%	65.3%	27	53.3%	56.9%	16
1674 DULUTH, MN	95.1%	86.6%	7	43.6%	60.7%	5	95.8%	95.5%	24	78.4%	81.0%	8	72.2%	68.2%	9
3093 FARGO, ND	93.0%	91.4%	2	49.5%	62.2%	4	94.6%	96.0%	19	81.5%	80.8%	9	47.2%	50.9%	22

*Data on chart is for illustration only.
Not actual data.

Customer Service Metrics:

- Self-service events
- Fill rates
- Managed pricing
- Net promoter score

Financial Performance Metrics

	FINANCIAL PERFORMANCE														
	YTD SALES GROWTH v. BUDGET			YTD GP %			YTD SALES GROWTH v. LFY			YTD LBB as % GP			YTD TP %		
	%	RANK	GOAL	%	RANK	NO BMRK	%	RANK	GOAL	%	RANK	GOAL	%	RANK	
CENTRAL REGION STRUP	7.1%		25.4%	25.6%			13.7%		45.1%	44.7%		6.7%	7.1%		
C10 DISTRICT MAXWELL	8.0%		25.9%	25.6%			18.7%		43.8%	42.3%		7.5%	8.3%		
226 OMAHA, NE	4.2%	17	25.1%	26.5%	13		9.1%	19	41.0%	39.9%	8	7.6%	8.9%	7	
331 WAUSAU, WI	6.0%	14	24.7%	24.1%	22		9.5%	17	43.3%	41.8%	11	7.2%	7.6%	14	
448 APPLETON, WI	10.3%	9	24.2%	23.2%	25		13.8%	11	43.5%	43.6%	15	7.7%	8.0%	10	
520 CEDAR RAPIDS, IA	-0.3%	22	24.3%	23.6%	24		5.2%	24	45.1%	48.1%	23	5.6%	4.3%	26	
1020 MILWAUKEE, WI	-5.5%	25	27.1%	25.8%	15		-0.2%	26	37.6%	39.2%	6	9.7%	9.6%	3	
1550 CHICAGO, IL	-0.7%	24	27.1%	27.6%	6		44.4%	3	49.3%	50.2%	25	6.4%	6.3%	21	
1657 SOUTHERN MINNESOTA	3.6%	19	26.7%	27.2%	7		7.8%	20	43.2%	41.5%	10	8.2%	9.6%	4	
1674 DULUTH, MN	27.0%	2	24.8%	21.8%	27		33.8%	4	45.8%	42.3%	12	6.7%	7.4%	17	
3093 FARGO, ND	55.1%	1	24.4%	24.5%	18		60.0%	1	43.7%	33.7%	1	6.7%	9.7%	2	

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Financial Performance Metrics:

- Sales growth vs. budget
- Gross margin
- Sales growth vs. last FY
- Trading profit %

Capital Discipline

		CAPITAL DISCIPLINE																	
		DTC-SPOT			AVERAGE WORKING CAPITAL			6PAK as % of INV			DC UTILIZATION			AR > 60 DAYS					
		FY10	FY11	RANK	GOAL	%	RANK	5.7%	GOAL	%	RANK	FY10	FY11	RANK	8%	GOAL	%	RANK	SCORE
CENTRAL REGION STRUP			15.7		5.1%	5.1%		5.7%	5.2%						8.0%	9.0%			
C10 DISTRICT MAXWELL			16.3		4.9%	4.8%		5.7%	4.2%			60.8%			8.0%				
226	OMAHA, NE	27.6	26.3	26	4.0%	6.3%	21	5.7%	2.7%	1		66.7%	12		8.0%	7.7%	14		14.8
276	MADISON, WI	5.4	4.4	4	4.0%	2.0%	3	5.7%	4.0%	7		76.2%	4		8.0%	12.1%	23		8.2
331	WAUSAU, WI	25.6	19.1	20	5.6%	5.7%	16	5.7%	5.2%	15		49.1%	27		8.0%	5.1%	9		17.4
448	APPLETON, WI	15.8	8.2	8	6.4%	3.9%	9	5.7%	3.1%	4		57.8%	20		8.0%	8.5%	18		11.8
520	CEDAR RAPIDS, IA	23.3	29.3	28	5.7%	6.1%	20	5.7%	6.2%	21		67.8%	11		8.0%	6.2%	12		18.4
525	ROSEVILLE, MN	33.6	24.7	25	6.9%	6.4%	22	5.7%	4.2%	11		54.9%	22		8.0%	7.1%	13		18.6
1020	MILWAUKEE, WI	10.0	9.8	9	4.0%	2.7%	6	5.7%	2.9%	3		76.4%	3		8.0%	11.9%	22		8.6
1550	CHICAGO, IL	-1.1	1.4	2	4.0%	0.9%	2	5.7%	3.2%	5		70.8%	9		8.0%	5.8%	11		5.8
1657	SOUTHERN MINNESOTA	18.8	13.2	16	4.0%	4.3%	11	5.7%	4.2%	10		60.9%	16		8.0%	8.2%	17		14.0

Capital Performance Metrics:

- Days to cash
- Average Working Capital
- Inventory
- DC Utilization
- A/R

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Gross Margin Enhancement/Operational leverage

- Business mix
- Commodity impact
- Channel optimization
 - Showroom
 - Sales growth faster than core business
 - Gross margin expansion within the channel
 - Counter
 - Sales growth faster than core business
 - Gross margin expansion within the channel
- Product strategy
 - Private Label
- Value we provide
 - Matrix utilization

Gross Margin Enhancement/Operational Leverage

- Customer rationalization
- Additional business development
- Outside sales/showroom compensation plan changes
 - Product centric gross margin growth strategy
 - Manage margin and growth
 - Overall sales force productivity

Customer Service/Operational Leverage

- Branch Warehouse Operations/Branch Operations Pilot
 - 15 Mega branches
 - Implement complete customer service commitment for entrusting Ferguson with the order “steps ahead of the customer”
 - Operational organization that drives growth and not just supports growth “warehouse manager is key”
 - Creating a culture focus on Ferguson LEAN thinking “efficiency and continuous improvement”

Blue Branch Process

- Local market SWOT analysis
- Customer penetration analysis
- HR review
- Competitive assessment
- Product sales analysis
- Channel mix – delivery, counter, direct

Blue Branch Success Story

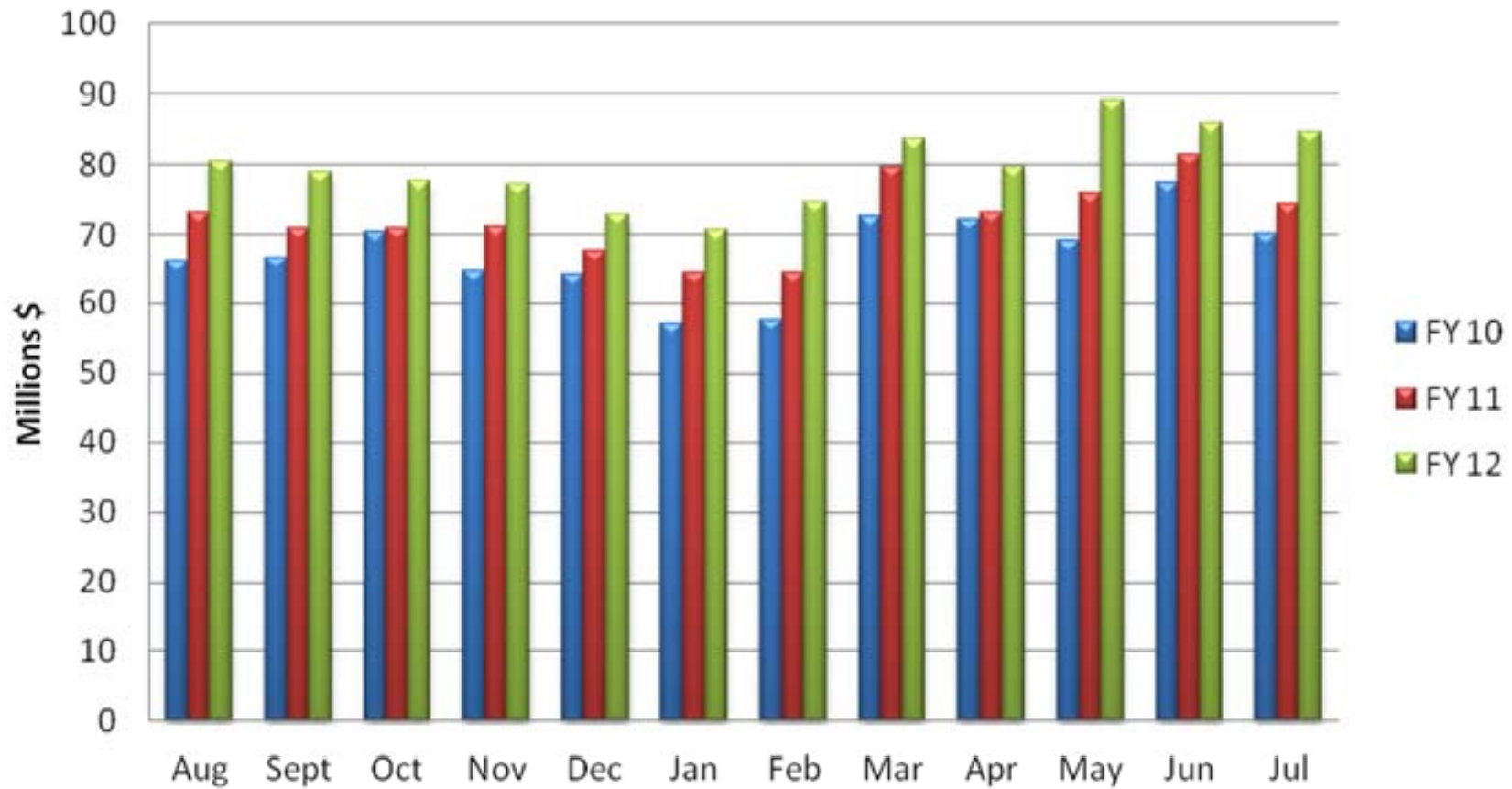
	Sales	GM%	Trading Profit %
FY09	\$111m	26.58%	3.32%
FY10	\$96.7m	26.25%	7.55%
FY11	\$115.6m	27.24%	9.64%
FY12	\$119.8m	28.33%	10.32%

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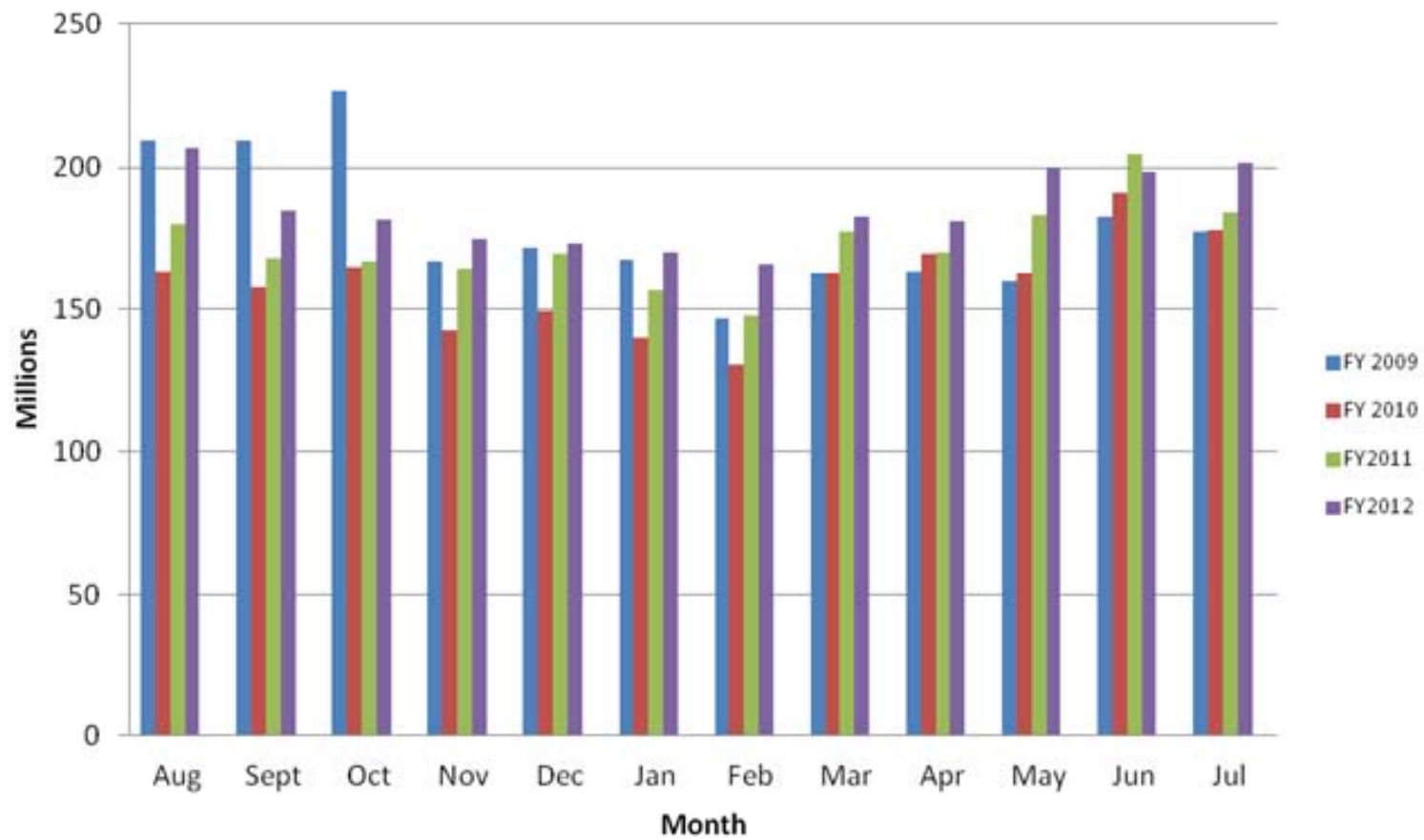
Showroom Growth

Showroom Sales



Counter Sales

Total Counter Sales



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Market Size Top 10 New Construction Markets

Rank	City
1	Southern California
2	Ohio Valley
3	Northern California
4	Dallas, TX
5	Washington/Baltimore Metro
6	Houston, TX
7	Brooklyn, NY
8	Atlanta, GA
9	Orlando, FL
10	Philadelphia, PA

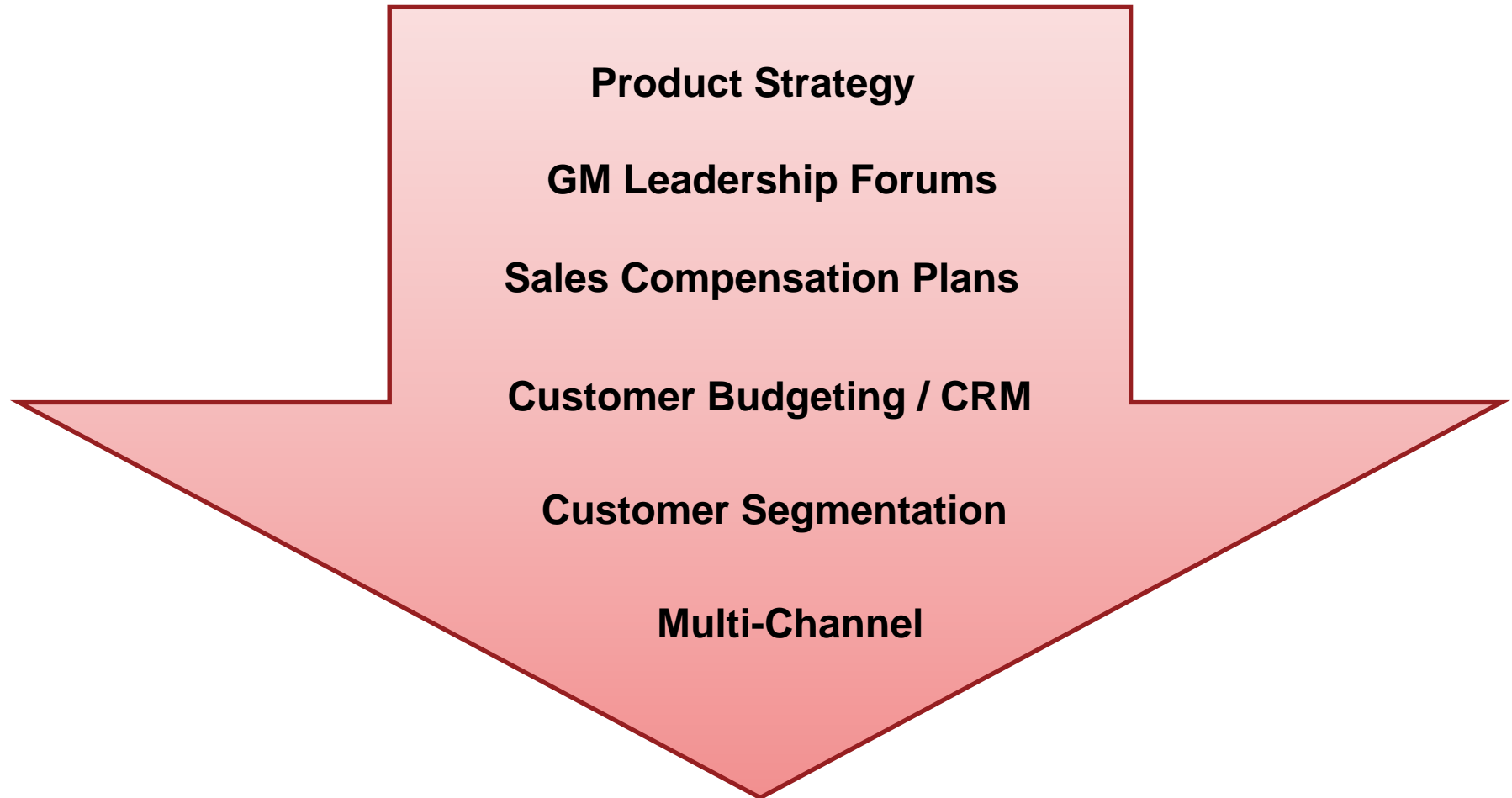
Strategic Growth - Organic

- Houston: 3-year growth plan
 - Increase sales
 - Organic growth – change in mix of business
 - New locations
 - South hub
 - Destination Showroom
 - 3 satellites
 - HR investments
 - Gross margin improvement
 - Capital improvements

Strategic Growth

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

Journey to Profitable Growth



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