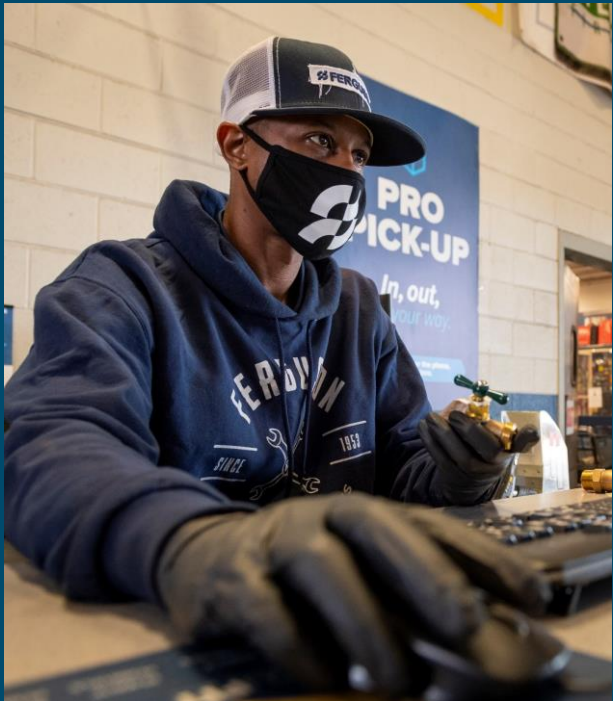


FERGUSON

IFRS to US GAAP conversion

September 28, 2021



Forward-Looking Statements

Certain information included in this presentation is forward-looking, including within the meaning of the United States 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", "intends", "continues," "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or comparable terminology. Examples of forward-looking statements include, among others: statements or guidance regarding or relating to our transition from IFRS to US GAAP and plans and objectives for future capabilities. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those 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 other factors beyond our control; adverse impacts caused by the COVID-19 pandemic or related variants; 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 repair, maintenance and improvement ("RMI") markets as well as the new construction market; failure to rapidly identify or effectively respond to consumer wants, expectations or trends; failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks; unsuccessful execution of our operational strategies; failure to attract, retain and motivate key associates; ineffectiveness of or disruption in our international supply chain or our fulfillment network, including delays in inventory, increased delivery costs or lack of availability; fluctuations in foreign currency and fluctuating product prices (inflation / deflation); inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions; regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product quality as a result of our suppliers' or manufacturers' mistakes or inefficiencies; legal proceedings as well as failure to comply with domestic and foreign laws and regulations or the occurrence of unforeseen developments such as litigation; changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada; privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches; exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks; funding risks related to our defined benefit pension plans; inability to renew leases on favorable terms or at all as well as any obligation under the applicable lease; failure to effectively manage and protect our facilities and inventory; our indebtedness and changes in our credit ratings and outlook; risks associated with our intention to relocate our primary listing to the United States and any volatility in our share price and shareholder base in connection therewith; and other risks and uncertainties set forth under the heading "Principal Risks and Uncertainties" in our half year earnings announcement dated March 16, 2021 and under the heading "Risk Factors" in our registration statement on Form 20-F filed with the Securities and Exchange Commission ("SEC") on February 12, 2021 and in other filings we make with the SEC in the future.

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

Non-GAAP Financial Information

This presentation contains financial measures that are not measures presented in conformity with US GAAP. These non-GAAP measures include Adjusted Operating Profit, Adjusted Operating Profit Margin, Operating profit less exceptionals, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted EPS (basic), Adjusted EPS (diluted), ROCE, Average Capital Employed and Net Debt. This presentation includes reconciliations of historical non-GAAP measures to the most comparable US GAAP measure. Management believes the non-GAAP measures in this presentation are commonly used financial measures for investors to evaluate our operating performance and financial position and present a useful tool to evaluate ongoing operations and our performance from period to period. In addition, these are some of the financial metrics management uses in internal evaluations of the overall performance of our business. Management acknowledges that there are many items that impact a company's reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.

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US GAAP conversion: Group financial statements



Disclaimer:

- All US GAAP and US non-GAAP financial measures contained in this presentation are unaudited, preliminary and subject to change. Accordingly, such information may be presented differently in future filings by us with the SEC.

Headline results summary – IFRS & US GAAP

\$ millions IFRS Captions	FY 2021	Restated ¹ FY 2020	FY 2021	FY 2020	US GAAP Captions
Statutory Financial Results					
Revenue	22,792	19,940	22,792	19,940	Net Sales
Profit before tax	1,891	1,292	1,862	1,272	Income before income taxes
Diluted earnings per share	670.5c	423.5c	\$6.55	\$4.24	Diluted EPS
Dividend per share	239.4c	208.2c	\$2.39	\$2.08	Dividend per share
Alternative Performance Measures					
Gross Margin	30.6%	30.0%	30.6%	30.0%	Gross Margin
Underlying trading profit	2,099	1,592	2,092	1,587	Adjusted Operating Profit ²
Underlying trading margin	9.2%	8.0%	9.2%	8.0%	Adjusted Operating Profit Margin ³
Adjusted EBITDA	2,266	1,760	2,259	1,755	Adjusted EBITDA ²
Adjusted EBITDA margin	9.9%	8.8%	9.9%	8.8%	Adjusted EBITDA Margin ³
Headline earnings per share-basic	688.1c	508.0c	\$6.75	\$5.04	Adjusted EPS - diluted ²
Net debt: Adjusted EBITDA ²	0.6x	0.6x	0.5x	0.6x	Net debt: Adjusted EBITDA ²

¹The Group disposed of its UK business on January 29, 2021. Pursuant to IFRS requirements, the UK results have been reclassified to discontinued operations and the results have been restated. Diluted earnings per share, dividend per share and the net debt : adjusted EBITDA metrics are for the Group and have consequently not been restated.

²See Appendix for reconciliations of the US non-GAAP metrics. Net debt to Adjusted EBITDA is a on a rolling 12-month basis.

³Adjusted Operating Profit Margin and Adjusted EBITDA Margin are calculated by dividing Adjusted Operating Profit or Adjusted EBITDA, as applicable, by net sales.

Bridge: IFRS trading profit to US GAAP & adjusted operating profit/EBITDA¹

FY2021 \$ millions	IFRS Total	% of Sales	US GAAP adjustments	US GAAP Total	% of Sales
Operating profit	2,034	8.9%	(84)	1,950	8.6%
Add: Exceptional items ²	11		-	11	
Add: Amortization of acquired intangibles	131		-	131	
Trading Profit	2,176	9.5%	(84)	2,092	9.2%
IFRS 16 (Leases) impact	(77)		77	-	
Underlying Trading Profit / Adjusted Operating Profit (respectively)	2,099	9.2%	(7)	2,092	9.2%
Add: Depreciation	130			130	
Add: Amortization/impairment non-acquired intangibles	37			37	
Adjusted EBITDA	2,266	9.9%		2,259	9.9%

Leases (IFRS 16) – New leasing standards became effective in FY2020 for both US GAAP and IFRS. Under US GAAP, operating costs in FY2021 would have increased by \$77 million as US GAAP requires recognition of a single charge within operating costs.

Stock based compensation – Operating costs increase by \$7 million as certain share based award programs are treated as liability settled under US GAAP and are revalued (i.e., marked-to-market) each reporting period.

¹ See Appendix for further reconciliations of US non-GAAP metrics.

² Exceptional items are defined in the Company's audited IFRS financial statements. The nature of such items have not changed in the transition.

Key principles: Income statement bridge to US GAAP

The following provides the respective impacts to the FY2021 Income Statement:

- **Revenue & gross profit:** No differences arise between IFRS and US GAAP.
- **Segment reporting:** Will continue to report two segments under US GAAP: United States and Canada.
- **Operating costs:**
 - **Stock based compensation** – Increase of \$7 million as certain share based award programs are treated as liability settled under US GAAP and are revalued (i.e., marked-to-market) each reporting period.
 - **Leases** – Increase of \$77 million in operating costs and reduction in finance costs by \$44 million, as US GAAP requires recognition of a single charge in operating costs apportioned equally over the life of the lease, similar to prior standards.
- **Pension costs:** Reduced finance costs by \$11 million as US GAAP utilizes an expected return on plan assets, based on an expected long-term rate of return, rather than the interest income method under IFRS, as well as amortizes actuarial gains and losses into the P&L over time.
- **Tax:** Tax charge reduced by \$3 million due to tax credits in relation to incremental stock based compensation recognized in the GAAP income statement and \$8 million reduction due to change in treatment of lease costs. The reductions are offset by \$2 million due to a reallocation of pension costs between Other Comprehensive Income and the Income Statement.

Impact on Ferguson's financial statements: income statement

FY2021 \$ millions IFRS Captions	IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Revenue	22,792	-	22,792	Net sales
Cost of sales	(15,812)	-	(15,812)	Cost of goods sold
Gross profit	6,980	-	6,980	Gross profit
Operating costs	(4,946)	(84)	(4,732)	Selling, general and administrative expenses
			(298)	Depreciation and amortization
Operating profit	2,034	(84)	1,950	Income from operations
Net finance costs	(144)	55	(89)	Interest expense, net
Associates	1	-	1	Loss from equity investments
Profit before tax	1,891	(29)	1,862	Income before income taxes
Tax	(241)	9	(232)	Provision for income taxes
Profit from continuing operations	1,650	(20)	1,630	Net income from continuing operations
Loss from discontinued operations	(142)	(16)	(158)	Loss from discontinued operations
Profit for the year	1,508	(36)	1,472	Net income

Key principles: Balance sheet bridge to US GAAP

The following provides the respective impacts to the FY2021 Balance sheet:

- **Presentation** – All assets and liabilities will be presented in order of liquidity (see appendix)
- **Goodwill** – Historic differences primarily due to treatment of amortization. Net increase of \$71 million, predominately driven by the US \$63 million, with the remainder in Canada.
- **Leases** – New leasing standards under IFRS and US GAAP are significantly aligned from the balance sheet perspective. However, the adoption methodology we selected under IFRS is not available under US GAAP. The adoption method selected under US GAAP, applied to the beginning of 2020, utilizes a practical expedient such that the right-of-use asset on transition is equal to the lease liability and then adjusted for prepaids and other items. In 2021, this has resulted in a \$207 million increase in right-of-use assets on the balance sheet compared with IFRS.
- **Inventory** – Under U.S. GAAP, inventory to be returned to the Company in connection with estimated sales returns may not be recorded in inventory. As such, \$153 million in estimated inventory return assets have been reclassified to prepaid and other current assets. Inventory is valued on a FIFO/WAC basis under both IFRS and US GAAP.
- **Trade and other payables** – Book overdrafts of \$147 million have been reclassified to other current liabilities from short-term borrowings. In addition, \$992 million in accrued liabilities and deferred revenue have been disaggregated and reclassified to other current liabilities.
- **Other accrued liabilities** – Certain stock based compensation awards under US GAAP are treated as liabilities; therefore, an additional \$8 million and \$4 million of current and non-current liabilities, respectively, have been recorded under US GAAP.
- **Tax** – The increase in the right-of-use assets gives rise to an increase in net deferred tax liability of \$56 million, as well as adjustments required in connection with goodwill of \$9 million and stock based compensation \$1 million. In addition, \$138 million in uncertain tax provisions have been reclassified from current income taxes payable to long-term taxes payable, which is included in other long-term liabilities. The \$3 million net adjustment to deferred tax assets primarily relates to a required gross-up for uncertain tax positions and long-term taxes payable.

Impact on Ferguson's financial statements: balance sheet

FY2021 \$ millions IFRS Captions	IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Intangible assets: goodwill	1,757	71	1,828	Goodwill
Intangible assets: other	546	-	546	Other intangible assets, net
Right-of-use assets	895	207	1,102	Right-of-use assets
Property, plant and equipment	1,305	-	1,305	Property, plant and equipment, net
Interest in associates	5	-	5	Other non-current assets
Financial assets	18	-	18	Other non-current assets
Retirement benefit assets	108	-	108	Other non-current assets
Deferred tax assets	303	3	306	Deferred tax assets
Trade and other receivables	428	-	428	Other non-current assets
Derivative financial assets	16	-	16	Other non-current assets
Non-current assets	5,381	281	5,662	Non-current assets
Inventories	3,426	(153)	3,273	Inventories, net
Trade and other receivables	3,331	(545)	2,786	Accounts receivable, net of allowance for doubtful debts
		698	698	Prepaid and other current assets
Current tax receivable	4	-	4	Prepaid and other current assets
Derivative financial assets	5	-	5	Prepaid and other current assets
Cash and cash equivalents	1,335	-	1,335	Cash and cash equivalents
Assets held for sale	3	-	3	Assets held for sale
Current assets	8,104	-	8,104	Current assets

Impact on Ferguson's financial statements: balance sheet

FY2021 \$ millions IFRS Captions	IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Trade and other payables	4,022	(992)	3,030	Accounts payable
		1,147	1,147	Other current liabilities
Current tax payable	303	(138)	165	Income taxes payable
Borrowings	183	(147)	36	Short-term debt
Lease liabilities	263	-	263	Current operating lease liabilities
Provisions	72	-	72	Other current liabilities
Current liabilities	4,843	(130)	4,713	Current liabilities
Trade and other payables	342	4	346	Other long-term liabilities
Borrowings	2,528	-	2,528	Long-term debt
Lease liabilities	827	-	827	Long-term operating lease liabilities
Deferred tax liabilities	-	66	66	Deferred tax liabilities
Provisions	123	148	271	Other long-term liabilities
Retirement benefit obligations	12	-	12	Other long-term liabilities
Non-current liabilities	3,832	218	4,050	Non-current liabilities

Impact on Ferguson's financial statements: condensed cash flow

FY2021 \$ millions IFRS Captions	IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Cash and Cash equivalents, beginning of year	\$2,115	\$15	\$2,130	Cash, Cash equivalents & restricted cash, beginning of year
Bank overdrafts, beginning of year	(248)	248	-	
Cash, cash equivalents, and bank overdrafts, beginning of year	1,867	263	2,130	Cash, Cash equivalents & restricted cash, beginning of year
Net cash generated from operating activities	1,541	(161)	1,380	Net cash provided by operating activities
Net cash used in investing activities	(172)	-	(172)	Net cash used in investing activities
Net cash used in financing activities	(2,085)	88	(1,997)	Net cash provided by financing activities
Foreign exchange impact	1	-	1	Foreign exchange impact
Cash, cash equivalents, and bank overdrafts, end of year	1,152	190	1,342	Cash, cash equivalents, end of year
Add: Bank overdrafts, end of year	183	183	-	
Cash, cash equivalents, end of year	\$1,335	\$7	\$1,342	Cash, Cash equivalents & restricted cash, end of year

- **Cash flow:** No economic change in cash flows or ending cash balances in transition. Presentation changes only (e.g., bank overdrafts & restricted cash).
- **Bank overdrafts removed from cash and cash equivalents:** For cash flow presentation purposes, IFRS includes bank overdrafts and book overdrafts as part of the beginning and ending cash and cash equivalents. US GAAP considers bank overdrafts as a financing activity and book overdrafts as an operating activity. As such, \$36 million was included as a financing cash inflow and \$147 million was included as an inflow in operating activities in FY2021, while \$248 million in bank overdrafts were adjusted out of the opening cash, cash equivalents and overdrafts balance under IFRS.
- **Restricted cash included with cash and cash equivalents:** U.S. GAAP includes restricted cash in the statement of cash flows. As such, \$15 million and \$7 million were included in the beginning and ending cash balances, respectively, resulting in a reduction in inflow from operating activities of \$8 million under U.S. GAAP compared with IFRS.
- **Lease payments reclassified:** The US GAAP transition resulted in a reclassification of lease liability payments (\$296 million) from financing activities to operating activities.
- **Tax:** Certain tax benefits related to share based payments are reclassified, reducing cash inflows from operating activities and increasing cash inflows within financing activities under U.S. GAAP (\$5 million).

Note – a full US GAAP cash flow is presented within the appendix.

Bridge: IFRS Headline EPS to Adjusted Net Income

FY2021 \$ millions	IFRS Total	US GAAP adjustments	US GAAP - derived Total
Profit from continuing operations	1,650	(20)	1,630
Add: Non-recurring tax (credits)	(220)	-	(220)
Add: Exceptional items (net of tax)	10	-	10
Add: Amortization of acquired intangibles & impairment of investment in associates (net of tax)	98	-	98
Headline earnings after tax / Adjusted Net Income (respectively)	1,538	(20)	1,518
Headline EPS (basic)	688.1c		679.2c
Adjusted EPS (basic)¹			\$6.79
Adjusted EPS (diluted)¹			\$6.75

Adjustments:

- US GAAP reduction of \$20 million to profit from continuing operations represents the net total after tax of IFRS/US GAAP differences in connection with leases, pensions and stock based compensation.

¹ See Appendix for reconciliations of US non-GAAP metrics.

Return on capital employed (ROCE)

	FY 2021	FY 2020	FY 2019
IFRS (historic methodology)	28.2%	23.9%	26.2%
- Trading Profit, including Discontinued Operations	\$2,233m	\$1,677m	\$1,611m
- Average Capital Employed	\$7,929m	\$7,022m	\$6,138m
US GAAP – derived¹ (new methodology)	34.4%	28.5%	29.4%
- Operating profit, excluding exceptionals ¹	\$1,961m	\$1,473m	\$1,429m
- Average Capital Employed ^{1,2}	\$5,699m	\$5,172m	\$4,862m

Primary Methodology Differences:

- Numerator: Operating profit, excluding exceptionals¹ (US GAAP derived)
 - Includes impact of acquisition related intangible amortization
 - Excludes discontinued operations
- Denominator: Average Capital Employed^{1,2} (US GAAP derived)
 - Includes net impact of right-of-use assets and lease liabilities
 - Includes accumulated acquisition related intangible amortization

¹See Appendix for reconciliations of US non-GAAP metrics.

² Average Capital Employed is the sum of average Shareholders Equity (excluding discontinued operations) and average net debt. See Appendix.

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Appendix



US GAAP: Condensed consolidated income statement

\$ millions	FY 2021	FY 2020	FY 2019	FY 2018
Net sales	22,792	19,940	19,729	18,184
Cost of goods sold	(15,812)	(13,957)	(13,822)	(12,748)
Gross profit	6,980	5,983	5,907	5,436
Selling, general and administrative expenses	(4,732)	(4,329)	(4,261)	(3,888)
Depreciation and amortization	(298)	(282)	(260)	(205)
Income from operations	1,950	1,372	1,386	1,343
Interest expense, net	(89)	(83)	(72)	(41)
Income (loss) from equity investments	1	(17)	(4)	(120)
Income before income taxes	1,862	1,272	1,310	1,182
Provision for income taxes	(232)	(299)	(254)	(340)
Net income from continuing operations	1,630	973	1,056	842
(Loss) income from discontinued operations	(158)	(12)	66	431
Net income	1,472	961	1,122	1,273

US GAAP to US non-GAAP Adjusted Operating Profit & Adjusted EBITDA reconciliation

\$ millions	FY 2021	FY 2020	FY 2019	FY 2018
Net Income	1,472	961	1,122	1,273
Add: Net loss (income) from discontinued operations	158	12	(66)	(431)
Add: Income tax	232	299	254	340
Add: Interest expense, net	89	83	72	41
Add: Other non-operating costs, net (equity method investments)	(1)	17	4	120
Add: Exceptional items ¹	11	101	43	12
Operating profit, less exceptionals	1,961	1,473	1,429	1,355
Add: Amortization of acquired intangibles	131	114	110	65
Adjusted Operating Profit	2,092	1,587	1,539	1,420
Add: Depreciation/impairment of PP&E	130	139	127	122
Add: Amortization/impairment non-acquired intangibles	37	29	23	18
Adjusted EBITDA	2,259	1,755	1,689	1,560

¹ **Exceptional items:** Going forward, items included in exceptional items will remain consistent with prior practices. Measurement of such items will remain similar compared with IFRS.

US GAAP: Headline results summary by segment

\$ millions	Q1 2021	Q2 2021	H1 2021	Q3 2021	Q4 2021	FY 2021
Financial Results						
US	5,050	4,654	9,704	5,598	6,176	21,478
Canada	322	283	605	318	391	1,314
Total Net Sales	5,372	4,937	10,309	5,916	6,567	22,792
US	472	350	822	560	688	2,070
Canada	23	13	36	12	28	76
Central costs	(11)	(13)	(24)	(13)	(17)	(54)
Total Adjusted Operating Profit ¹	484	350	834	559	699	2,092
Adjusted EBITDA ¹	524	391	915	602	742	2,259

¹See slide 16 of Appendix for reconciliations of US non-GAAP metrics for FY 2021.

US GAAP: Headline results summary by segment

\$ millions Restated ¹	Q1 2020	Q2 2020	H1 2020	Q3 2020	Q4 2020	FY2020
Financial Results						
US	4,893	4,425	9,318	4,541	4,998	18,857
Canada	315	260	575	209	299	1,083
Total Net Sales	5,208	4,685	9,893	4,750	5,297	19,940
US	425	315	740	343	503	1,586
Canada	19	10	29	(1)	15	43
Central costs	(13)	(13)	(26)	(9)	(7)	(42)
Total Adjusted Operating Profit ²	431	312	743	333	511	1,587
Adjusted EBITDA ²	471	354	825	373	557	1,755

¹The Group disposed of its UK business on January 29, 2021. Pursuant to IFRS requirements, the UK results have been reclassified to discontinued operations and the results have been restated.

²See slide 16 of Appendix for reconciliations of US non-GAAP metrics for FY 2020.

US GAAP: Headline results summary by segment

\$ millions Restated ¹	Q1 2019	Q2 2019	H1 2019	Q3 2019	Q4 2019	FY2019
Financial Results						
US	4,607	4,267	8,874	4,457	5,027	18,358
Canada and Central Europe	421	374	795	250	326	1,371
Total Net Sales	5,028	4,641	9,669	4,707	5,353	19,729
US	400	300	700	346	462	1,508
Canada and Central Europe	30	18	48	4	24	76
Central costs	(15)	(12)	(27)	(11)	(7)	(45)
Total Adjusted Operating Profit ²	415	306	721	339	479	1,539
Adjusted EBITDA ²	452	341	793	375	520	1,689

¹The Group disposed of its UK business on January 29, 2021. Pursuant to IFRS requirements, the UK results have been reclassified to discontinued operations and the results have been restated.

²See slide 16 of Appendix for reconciliations of US non-GAAP metrics for FY 2019.

US GAAP: Headline results summary by segment

\$ millions Restated ¹	Q1 2018	Q2 2018	H1 2018	Q3 2018	Q4 2018	FY 2018
Financial Results						
US	4,112	3,800	7,912	4,109	4,649	16,670
Canada and Central Europe	400	361	761	341	412	1,514
Total Net Sales	4,512	4,161	8,673	4,450	5,061	18,184
US	362	283	645	333	424	1,402
Canada and Central Europe	25	15	40	11	32	83
Central costs	(16)	(17)	(33)	(14)	(18)	(65)
Total Adjusted Operating Profit²	371	281	652	330	438	1,420
Adjusted EBITDA²	406	316	722	368	470	1,560

¹The Group disposed of its UK business on January 29, 2021. Pursuant to IFRS requirements, the UK results have been reclassified to discontinued operations and the results have been restated.

²See slide 16 of Appendix for reconciliations of US non-GAAP metrics for FY 2018.

US GAAP: Condensed consolidated balance sheet

\$ millions	FY 2021	FY 2020
Cash and cash equivalents	1,335	2,115
Accounts receivable, net	2,786	2,240
Inventories	3,273	2,459
Prepaid and other current assets	707	566
Assets held for sale	3	1,158
Current assets	8,104	8,538
Property, plant and equipment, net	1,305	1,268
Right-of-use assets, operating leases	1,102	1,217
Deferred income taxes	306	174
Goodwill	1,828	1,737
Other intangible assets, net	546	476
Other non-current assets	575	415
Non-current assets	5,662	5,287
Total Assets	13,766	13,825

US GAAP: Condensed consolidated balance sheet

\$ millions	FY 2021	FY 2020
Accounts payable	3,030	2,296
Short-term debt	36	531
Income taxes payable	165	41
Current operating lease liabilities	263	249
Other current liabilities	1,219	821
Liabilities held for sale	-	719
Current liabilities	4,713	4,657
Long-term debt	2,528	2,635
Long-term operating lease liabilities	827	964
Deferred income taxes	66	83
Other long-term liabilities	629	877
Non-current liabilities	4,050	4,559
Total liabilities	8,763	9,216
Total shareholders' equity	5,003	4,609
Total liabilities and shareholder's equity	13,766	13,825

US GAAP: Cash flow statement

\$ millions	FY 2021	FY 2020
Net Earnings	1,472	961
Income from discontinued operations	158	12
Income from continuing operations	1,630	973
(Earnings) loss from equity investment	(1)	2
Gain on disposal of equity investment	-	(7)
Impairment of equity investment	-	22
Depreciation and amortization	298	282
(Increase) decrease in inventories	(803)	15
(Increase) decrease in accounts receivable	(703)	110
Increase in accounts payable	1,085	1
Decrease in provisions and other liabilities	(29)	(16)
Decrease in interest payable, net	(15)	(24)
(Decrease) increase in income taxes payable	(175)	55
Stock-based compensation	78	29
Net cash provided by operating activities of continuing operations	1,365	1,442
Net cash provided by operating activities of discontinued operations	15	91
Net cash provided by operating activities	1,380	1,533

US GAAP: Cash flow statement

\$ millions	FY 2021	FY2020
Net cash provided by operating activities	1,380	1,533
Cash flows from investing activities:		
Purchase of businesses acquired, net	(335)	(307)
Proceeds from sale of assets and business divestitures	18	17
Additions to property, buildings, equipment and intangibles	(239)	(282)
Other investing activities	(6)	27
Net cash used in investing activities of continuing operations	(562)	(545)
Net cash provided by (used in) investing activities of discontinued operations	390	(61)
Net cash used in investing activities	(172)	(606)
Cash flows from financing activities:		
Purchase of own shares by Employee Benefit Trust	-	(26)
Purchase of treasury stock	(400)	(451)
Proceeds from sale of treasury stock	18	11
Stock based compensation excess tax benefit	5	11
Repayments of long-term and short-term debt	(584)	(566)
Proceeds from long-term debt and short-term debt	-	1,399
Dividends paid to shareholders	(1,036)	(327)
Net cash (used in) provided by financing activities	(1,997)	51
Change in cash and cash equivalents	(789)	978
Effects of exchange rate changes	1	4
Cash, cash equivalents and restricted cash, beginning of period	2,130	1,148
Cash, cash equivalents and restricted cash, end of period	1,342	2,130

US GAAP: ROCE IFRS to US GAAP Bridge

\$ millions	FY 2021	FY2020	FY2019
Numerator summary:			
IFRS Trading Profit, including Discontinued Operations	2,233	1,677	1,611
<u>Methodology adjustments</u>			
Exclude discontinued operations	(57)	(17)	(72)
Amortization of acquired intangibles	(131)	(114)	(110)
<u>US GAAP adjustments</u>			
Lease expense	(77)	(68)	-
Stock based compensation expense	(7)	(5)	-
Operating Profit, less exceptionals¹	1,961	1,473	1,429

¹See slide 16 of Appendix for reconciliations of US non-GAAP metric from US GAAP.

US GAAP: ROCE IFRS to US GAAP Bridge

\$ millions	FY2021	FY2020	FY2019
Denominator summary:			
IFRS Average Capital Employed			
Average shareholders' equity	4,590	4,361	4,204
Average net debt	1,183	1,104	1,138
Add: average lease liabilities	1,223	676	-
Add: average historical goodwill write-off and intangible accumulated amortization	933	881	796
IFRS Average Capital Employed	7,929	7,022	6,138
US GAAP - derived Average Capital Employed			
Average shareholders' equity (excluding discontinued operations) ¹	4,589	4,083	3,772
Average net debt ²	1,110	1,089	1,090
US GAAP Average Capital Employed	5,699	5,172	4,862

¹ Average Shareholders' Equity is based on internally generated, US GAAP financial statements for 2021, 2020, 2019 and 2018 (balance sheets for 2019 and 2018 have not been presented herein). Shareholder's equity was not adjusted for any US non-GAAP items.

²See slide 27 of Appendix for reconciliation of average net debt.

Net Debt Reconciliation¹

\$ millions	FY 2021	FY2020	FY2019	FY2018
Long-term debt	2,528	2,635	2,296	1,525
Short-term debt	36	531	25	319
Derivative (assets) liabilities	(21)	(39)	(22)	2
Cash	(1,335)	(2,115)	(1,133)	(833)
Net debt (U.S. GAAP)	1,208	1,012	1,166	1,013
Book overdrafts ²	147	0	29	67
Net debt (IFRS)	1,355	1,012	1,195	1,080
Average net debt (U.S GAAP)	1,110	1,089	1,090	nm
Average net debt (IFRS)	1,183	1,104	1,138	nm

nm - not meaningful

1 All amounts above are derived from the respective, internally generated US GAAP balance sheets without adjustment (2019 and 2018 balance sheets have not been presented herein). The primary difference between the Company's net debt under IFRS compared with US GAAP is that book overdrafts are not included in the net debt calculation when derived from US GAAP.

2 Under IFRS, the Company's net debt calculation includes book overdrafts as part of short-term debt. Under U.S. GAAP, book overdrafts are included in current payables and not generally considered part of debt.

US GAAP to US non-GAAP Adjusted Net Income and EPS

\$ millions	FY 2021	FY 2020
Net income	1,472	961
Add: Loss from discontinued operations (net of tax)	158	12
Profit from continuing operations	1,630	973
Add: Non-recurring tax (credits)	(220)	(9)
Add: Exceptional items (net of tax)	10	75
Add: Amortization of acquired intangibles & impairment of investment in associates (net of tax)	98	105
Adjusted Net Income	1,518	1,144
Adjusted EPS (basic)	\$6.79	\$5.09
Adjusted EPS (diluted)	\$6.75	\$5.04
Weighted average basic shares¹	223.5	224.8
Weighted average diluted shares¹	224.9	226.9

¹ The Company's Weighted average share counts do not change upon conversion from IFRS to US GAAP.