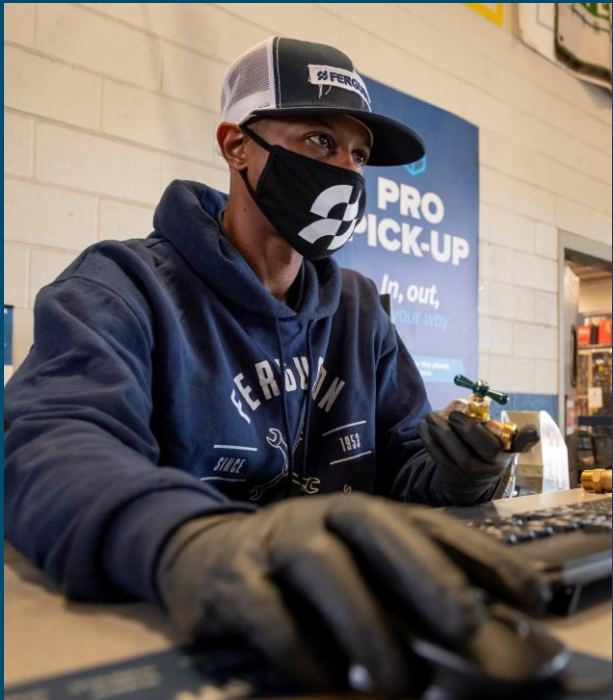


**FERGUSON**

# IFRS to US GAAP conversion

July 13, 2021

Bill Brundage, Group CFO  
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### Forward-Looking Statements

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 and the general doctrine of cautionary statements, Ferguson plc is providing the following cautionary statement: This presentation contains forward-looking statements that involve risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These statements can be identified by the use of forward-looking terminology, including terms such as "believes," "estimates," "anticipates," "expects," "forecasts," "intends," "plans," "projects," "goal," "target," "aim," "may," "will," "would," "could" or "should" or, in each case, their negative or other variations or comparable terminology, and similar references to future periods. Examples of forward-looking statements include, among others: statements or guidance regarding or relating to our anticipated conversion from IFRS to US GAAP; plans and objectives for future capabilities; and other statements that are not historical fact.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: market trends, uncertainty and other conditions in the markets, for example caused by the COVID-19 virus pandemic; limited product availability as a result of, for example, ineffectiveness of or disruption to our domestic or international supply chain or the fulfillment network, which could result in project cancellation or pull forward of demand; ability to effectively manage cost and price inflation; the impact of changes in the residential and non-residential repair, maintenance and improvement markets as well as the new construction market; unsuccessful execution of our operational strategies; and those noted under the heading "Risk Factors" in our registration statement on Form 20-F filed with the Securities and Exchange Commission. In addition, the 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.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. Other than in accordance with our legal or regulatory obligations (including under the UK Listing Rules, the Prospectus Rules, the Disclosure Guidance, the Transparency Rules of the Financial Conduct Authority and applicable law), we undertake no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

### 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 EBIT, Adjusted EBIT Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Earnings, 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.

# 1

## 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	H1 2021	Restated <sup>1</sup> FY2020	H1 2021	FY2020	US GAAP Captions
<b>Statutory Financial Results</b>					
Revenue	10,309	19,940	<b>10,309</b>	<b>19,940</b>	Net Sales
Profit before tax	739	1,292	<b>720</b>	<b>1,272</b>	Income before income taxes
Diluted earnings per share	203.3c	423.5c	<b>\$1.91</b>	<b>\$4.24</b>	Diluted EPS
Dividend per share	72.9c	208.2c	<b>\$0.73</b>	<b>\$2.08</b>	Dividend per share
<b>Alternative Performance Measures</b>					
Gross Margin	30.0%	30.0%	<b>30.0%</b>	<b>30.0%</b>	Gross Margin
Underlying trading profit	837	1,593	<b>774</b>	<b>1,473</b>	Adjusted EBIT <sup>2</sup>
			<b>7.5%</b>	<b>7.4%</b>	Adjusted EBIT Margin <sup>3</sup>
			<b>915</b>	<b>1,754</b>	Adjusted EBITDA <sup>2</sup>
			<b>8.9%</b>	<b>8.8%</b>	Adjusted EBITDA Margin <sup>3</sup>
Headline earnings per share-basic	269.3c	507.6c	<b>\$2.41</b>	<b>\$4.57</b>	Adjusted EPS - diluted <sup>2</sup>
Net debt: Adjusted EBITDA <sup>2</sup>	0.6x	0.6x	<b>0.6x</b>	<b>0.6x</b>	Net debt: Adjusted EBITDA <sup>2</sup>

<sup>1</sup>The Group disposed of its UK operations 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.

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

<sup>3</sup>Adjusted EBIT Margin and Adjusted EBITDA Margin are calculated by dividing Adjusted EBIT or Adjusted EBITDA, as applicable, by net sales.

## Bridge: IFRS trading profit to US GAAP & adjusted EBIT<sup>2</sup>

FY2020 \$ millions	Restated <sup>1</sup> IFRS Total	% of Sales	US GAAP adjustments	US GAAP Total	% of Sales
<b>Operating profit</b>	<b>1,449</b>	<b>7.3%</b>	(77)	<b>1,372</b>	<b>6.9%</b>
Add: Exceptional items <sup>3</sup>	98		3	101	
Add: Amortization of acquired intangibles	114		-	114	
Trading Profit	1,661	8.3%	(74)	1,587	8.0%
IFRS 16 (Leases) impact	(68)		68	-	
<b>Underlying trading profit</b>	<b>1,593</b>	<b>8.0%</b>	(6)	<b>1,587</b>	<b>8.0%</b>
Subtract: Amortization of acquired intangibles				(114)	
<b>Adjusted EBIT/Adjusted EBIT Margin<sup>2</sup></b>				<b>1,473</b>	<b>7.4%</b>

**Leases (IFRS 16)** – New leasing standards became effective in FY2020 for both US GAAP and IFRS. Under US GAAP, operating costs in FY2020 would have increased by \$68mm as US GAAP requires recognition of a single charge within operating costs. In addition, \$3 million of costs were included for increased impairment charges that would have also been reflected as exceptional items in FY2020.

**Stock based compensation** – Operating costs increase by \$5 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.

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

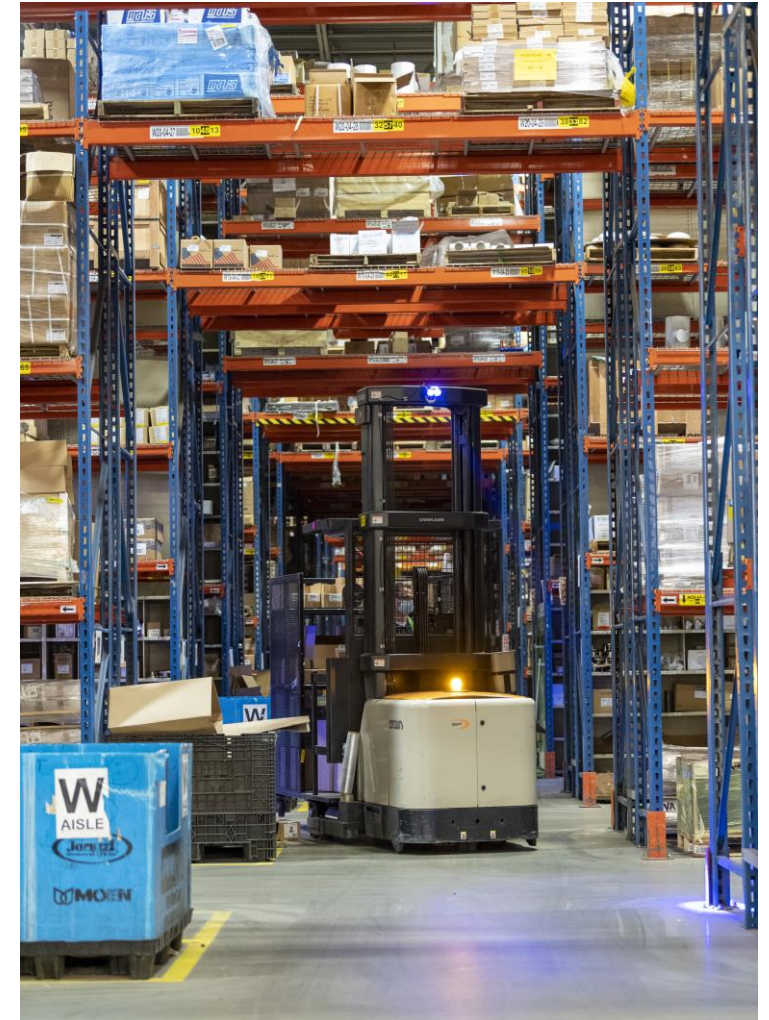
<sup>2</sup> See Appendix for further reconciliations of US non-GAAP metrics.

<sup>3</sup> 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 FY2020 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 \$5 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 \$68 million and reduction in finance costs by \$50 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. In addition, \$3 million of costs were included for increased impairment charges that would have also been reflected as exceptional items.
- **Pension costs:** Reduced finance costs by \$7 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 \$18 million due to tax credits in relation to \$13 million in stock based compensation being recognized in the income statement and \$6 million reduction due to change in treatment of lease costs. The reductions are offset by \$1 million due to a reallocation of pension costs between Other Comprehensive Income and the Income Statement.



## Impact on Ferguson's financial statements: income statement

FY2020 \$ millions IFRS Captions	Restated <sup>1</sup> IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Revenue	19,940	-	<b>19,940</b>	Net sales
Cost of sales	(13,958)	-	<b>(13,958)</b>	Cost of goods sold
<b>Gross profit</b>	5,982	-	<b>5,982</b>	<b>Gross profit</b>
Operating costs	(4,533)	(77)	<b>(4,329)</b>	Selling, general and administrative expenses
			<b>(281)</b>	Depreciation and amortization
<b>Operating profit</b>	1,449	(77)	<b>1,372</b>	<b>Income from operations</b>
Net finance costs	(140)	57	<b>(83)</b>	Interest expense, net
Associates	(17)	-	<b>(17)</b>	Loss from equity investments
<b>Profit before tax</b>	1,292	(20)	<b>1,272</b>	<b>Income before income taxes</b>
Tax	(316)	18	<b>(298)</b>	Provision for income taxes
Profit from continuing operations	976	(2)	<b>974</b>	Net income from continuing operations
Loss from discontinued operations	(15)	2	<b>(13)</b>	Loss from discontinued operations
<b>Profit for the year</b>	961	-	<b>961</b>	<b>Net income</b>

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

## Key principles: Balance sheet bridge to US GAAP

The following provides the respective impacts to the FY2020 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 \$71mm, predominately driven by the US \$63 million, with the remainder in Canada.
- **Software** – Software assets of \$141million will be reclassified from intangibles to PPE.
- **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 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. This has resulted in a \$240 million increase in right-of-use assets on the balance sheet.
- **Inventory** – Inventory is valued on a FIFO/WAC basis under both IFRS and US GAAP.
- **Trade and other payables** – 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 payables, respectively, has 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 \$64 million. Further US GAAP adjustments required in connection with goodwill (+\$9 million) and stock based compensation (+\$1 million).





## Impact on Ferguson's financial statements: balance sheet

FY2020 \$ millions IFRS Captions	IFRS Total	UK Disc Ops	US GAAP adjustments	US GAAP Total	US GAAP Captions
Intangible assets: goodwill	1,721	(55)	71	<b>1,737</b>	Intangible assets: goodwill
Intangible assets: other	521	(17)	(141)	<b>363</b>	Other intangible assets, net
Right-of-use assets	1,111	(134)	240	<b>1,217</b>	Right-of-use assets
Property, plant and equipment	1,389	(149)	141	<b>1,381</b>	Property, plant and equipment, net
Interest in associates	4	-	-	<b>4</b>	Equity method investments
Financial assets	12	-	-	<b>12</b>	Investments
Deferred tax assets	216	(41)	(1)	<b>174</b>	Deferred income taxes
Trade and other receivables	377	(6)	-	<b>371</b>	Accounts receivable, net of allowance for doubtful debts
Derivative financial assets	28	-	-	<b>28</b>	Derivative financial assets
<b>Non-current assets</b>	<b>5,379</b>	<b>(402)</b>	<b>310</b>	<b>5,287</b>	<b>Non-current assets</b>
Inventories	2,880	(323)	-	<b>2,557</b>	Inventories, net
Trade and other receivables	3,042	(328)	(474)	<b>2,240</b>	Accounts receivable, net of allowance for doubtful debts
		(64)	335	<b>271</b>	Prepaid expenses
		(4)	139	<b>135</b>	Other current assets
Other financial assets	9	-	-	<b>9</b>	Investments
Derivative financial assets	11	-	-	<b>11</b>	Derivative financial assets
Cash and cash equivalents	2,115	-	-	<b>2,115</b>	Cash and cash equivalents
<b>Current assets</b>	<b>8,057</b>	<b>(719)</b>	<b>-</b>	<b>7,338</b>	<b>Current assets</b>
Assets held for sale	20	1,121	17	<b>1,158</b>	Assets held for sale

## Impact on Ferguson's financial statements: balance sheet

FY2020 \$ millions IFRS Captions	IFRS Total	UK Disc Ops	US GAAP adjustments	US GAAP Total	US GAAP Captions
Trade and other payables	3,591	(424)	(736)	<b>2,431</b>	Accounts payable
		(47)	507	<b>460</b>	Accrued liabilities and deferred revenue
		(47)	237	<b>190</b>	Other current liabilities
Current tax payable	293	-	-	<b>293</b>	Income taxes payable
Borrowings	531	-	-	<b>531</b>	Short-term debt
Lease liabilities	281	(32)	-	<b>249</b>	Current operating lease liabilities
Provisions	53	(17)	-	<b>36</b>	Other current liabilities
<b>Current liabilities</b>	<b>4,749</b>	<b>(567)</b>	<b>8</b>	<b>4,190</b>	<b>Current liabilities</b>
Trade and other payables	338	(3)	4	<b>339</b>	Long-term accrued liabilities
Borrowings	2,635	-	-	<b>2,635</b>	Long-term debt
Lease liabilities	1,074	(110)	-	<b>964</b>	Long-term operating lease liabilities
Deferred tax liabilities	26	-	74	<b>100</b>	Deferred income taxes
Provisions	202	(36)	-	<b>166</b>	Other long-term liabilities
Retirement benefit obligations	61	-	-	<b>61</b>	Retirement benefit obligations
<b>Non-current liabilities</b>	<b>4,336</b>	<b>(149)</b>	<b>78</b>	<b>4,265</b>	<b>Non-current liabilities</b>
Liabilities held for sale	-	716	3	<b>719</b>	Liabilities held for sale

## Impact on Ferguson's financial statements: condensed cash flow

FY2020 \$ millions IFRS Captions	IFRS Total	US GAAP adjustments	US GAAP Total	US GAAP Captions
Cash and Cash equivalents, beginning of year	1,133	-	<b>1,133</b>	Cash and Cash equivalents, beginning of year
Bank overdrafts, beginning of year	(47)	47	-	
Cash, cash equivalents, and bank overdrafts, beginning of year	1,086	47	<b>1,133</b>	Cash and Cash equivalents, beginning of year
Net cash generated from operating activities	1,868	(335)	<b>1,533</b>	Net cash provided by operating activities
Net cash used in investing activities	(606)	-	<b>(606)</b>	Net cash used in investing activities
Net cash used in financing activities	(485)	536	<b>51</b>	Net cash provided by financing activities
Foreign exchange impact	4	-	<b>4</b>	Foreign exchange impact
Cash, cash equivalents, and bank overdrafts, end of year	1,867	248	<b>2,115</b>	Cash, cash equivalents, end of year
Add: Bank overdrafts, end of year	248	(248)	-	
Cash, cash equivalents, end of year	2,115	-	<b>2,115</b>	Cash, cash equivalents, end of year

- **Cash flow:** No economic change in cash flows or ending cash balances in transition. Presentation changes only.
- **Bank overdrafts removed from cash and cash equivalents:**
  - For cash flow presentation purposes, IFRS includes bank overdrafts as part of the beginning and ending cash and cash equivalents, while US GAAP considers overdrafts as a financing cash activity. As such, \$248 million was included as a financing cash inflow in FY2020, while \$47 million in bank overdrafts were adjusted out of the opening cash, cash equivalents and overdrafts balance under IFRS.
- **Lease payments reclassified:** The US GAAP transition resulted in a reclassification of lease liability payments (\$295 million) from financing activities to operating activities.

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

## Bridge: IFRS Headline EPS to Adjusted Net Income

FY2020 \$ millions	Restated <sup>1</sup> IFRS Total	US GAAP adjustments	US GAAP - derived Total
<b>Profit from continuing operations</b>	<b>976</b>	(2)	<b>974</b>
Add: Non-recurring tax (credits)	(13)	-	(13)
Add: Exceptional items (net of tax)	73	4	77
Add: Amortization of acquired intangibles (net of tax)	105	-	105
<b>Headline earnings after tax</b>	<b>1,141</b>	<b>2</b>	<b>1,143</b>
<b>Headline EPS (basic)</b>	507.6c		
Minus: Amortization of acquired intangibles			<b>(105)</b>
<b>Adjusted Net Income<sup>2</sup></b>			<b>1,038</b>
<b>Adjusted EPS (basic)<sup>2</sup></b>			<b>\$4.62</b>
<b>Adjusted EPS (diluted)<sup>2</sup></b>			<b>\$4.57</b>

### Adjustments:

- US GAAP reduction of \$2 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.
- US GAAP adjustment in connection with exceptional items relates to leases. The transition to US GAAP grossed up the carrying value of certain leases that had been written off. The impairment of these leases were included in exceptional items.

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

<sup>2</sup>See Appendix for reconciliations of US non-GAAP metrics.

## Return on capital employed (ROCE)

	FY2020	FY2019
<b>IFRS (current methodology)</b>	<b>23.9%</b>	<b>26.2%</b>
- Trading Profit, including Discontinued Operations	\$1,677m	\$1,611m
- Average Capital Employed	\$7,022m	\$6,138m
<b>US GAAP – derived<sup>1</sup> (new methodology)</b>	<b>28.5%</b>	<b>29.4%</b>
- Adjusted EBIT <sup>1</sup>	\$1,473m	\$1,428m
- Average Capital Employed <sup>1,2</sup>	\$5,171m	\$4,858m

### Primary Methodology Differences:

- Numerator: Adjusted EBIT<sup>1</sup> (US GAAP derived)
  - Includes acquisition related intangible amortization
  - Excludes discontinued operations
- Denominator: Average Capital Employed<sup>1,2</sup> (US GAAP derived)
  - Includes net impact of right-of-use assets and lease liabilities
  - Includes accumulated acquisition related intangible amortization

<sup>1</sup>See Appendix for reconciliations of US non-GAAP metrics.

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

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**Q&A**



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# 2

## Appendix



## US GAAP: Condensed consolidated income statement

\$ millions	H1 2021	Total FY2020	Total FY2019	Total FY2018
Net sales	10,309	19,940	19,729	18,184
Cost of goods sold	(7,216)	(13,958)	(13,822)	(12,748)
Gross profit	3,093	5,982	5,907	5,436
Selling, general and administrative expenses	(2,182)	(4,329)	(4,261)	(3,888)
Depreciation and amortization	(141)	(281)	(260)	(205)
Income from operations	770	1,372	1,386	1,343
Interest expense, net	(51)	(83)	(72)	(41)
Income (loss) from equity investments	1	(17)	(4)	(120)
Income before income taxes	720	1,272	1,310	1,182
Provision for income taxes	(127)	(298)	(255)	(340)
Net income from continuing operations	593	974	1,055	842
(Loss) income from discontinued operations	(163)	(13)	68	431
Net income	430	961	1,123	1,273



## US GAAP to US non-GAAP Adjusted EBIT/EBITDA reconciliation

\$ millions	H1 2021	FY 2020	FY 2019	FY 2018
<b>Net Income</b>	<b>430</b>	<b>961</b>	<b>1,123</b>	<b>1,273</b>
Add: Net income from discontinued operations	163	13	(68)	(431)
Add: Income tax	127	298	255	340
Add: Interest expense, net	51	83	72	41
Add: Other non-operating costs, net (equity method investments)	(1)	17	4	120
Add: Exceptional items	4	101	43	12
<b>Adjusted EBIT</b>	<b>774</b>	<b>1,473</b>	<b>1,428</b>	<b>1,355</b>
Add: Depreciation/impairment of PP&E	65	139	127	122
Add: Amortization of acquired intangibles	60	114	110	65
Add: Amortization/impairment non-acquired intangibles	16	28	23	18
<b>Adjusted EBITDA</b>	<b>915</b>	<b>1,754</b>	<b>1,688</b>	<b>1,560</b>

### Exceptional items:

- Items included in exceptional items will remain consistent with prior practices.
- Measurement of such items should remain similar compared with IFRS.

### Adjusted EBIT/EBITDA:

- Compares with vast majority of US Peers.

## US GAAP: Headline results summary by segment

\$ millions	Q1 2021	Q2 2021	H1 2021	Q3 2021
<b>Financial Results</b>				
US	5,050	4,654	<b>9,704</b>	5,598
Canada	322	283	<b>605</b>	318
Total Net Sales	5,372	4,937	<b>10,309</b>	5,916
US	444	318	<b>762</b>	519
Canada	23	13	<b>36</b>	12
Central costs	(11)	(13)	<b>(24)</b>	(13)
Total Adjusted EBIT <sup>1</sup>	456	318	<b>774</b>	518
Adjusted EBITDA <sup>1</sup>	524	391	<b>915</b>	602

<sup>1</sup>See slide 17 of Appendix for reconciliations of US non-GAAP metrics for H1 2021.

## US GAAP: Headline results summary by segment

\$ millions Restated <sup>1</sup>	Q1 2020	Q2 2020	H1 2020	Q3 2020	Q4 2020	FY2020
<b>Financial Results</b>						
US	4,893	4,425	<b>9,318</b>	4,541	4,998	<b>18,857</b>
Canada	315	260	<b>575</b>	209	299	<b>1,083</b>
Total Net Sales	5,208	4,685	<b>9,893</b>	4,750	5,297	<b>19,940</b>
US	401	289	<b>690</b>	315	468	<b>1,473</b>
Canada	19	9	<b>28</b>	(1)	15	<b>42</b>
Central costs	(13)	(13)	<b>(26)</b>	(9)	(7)	<b>(42)</b>
Total Adjusted EBIT <sup>2</sup>	407	285	<b>692</b>	305	476	<b>1,473</b>
Adjusted EBITDA <sup>2</sup>	471	354	<b>825</b>	373	556	<b>1,754</b>

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

<sup>2</sup>See slide 17 of Appendix for reconciliations of US non-GAAP metrics for FY2020.

## US GAAP: Headline results summary by segment

\$ millions Restated <sup>1</sup>	Q1 2019	Q2 2019	H1 2019	Q3 2019	Q4 2019	FY2019
<b>Financial Results</b>						
US	4,607	4,267	<b>8,874</b>	4,457	5,027	<b>18,358</b>
Canada and Central Europe	421	374	<b>795</b>	250	326	<b>1,371</b>
<b>Total Net Sales</b>	<b>5,028</b>	<b>4,641</b>	<b>9,669</b>	<b>4,707</b>	<b>5,353</b>	<b>19,729</b>
US	385	272	<b>657</b>	326	423	<b>1,406</b>
Canada and Central Europe	30	18	<b>48</b>	(3)	23	<b>68</b>
Central costs	(15)	(12)	<b>(27)</b>	(11)	(8)	<b>(46)</b>
<b>Total Adjusted EBIT<sup>2</sup></b>	<b>400</b>	<b>278</b>	<b>678</b>	<b>312</b>	<b>438</b>	<b>1,428</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>452</b>	<b>341</b>	<b>793</b>	<b>375</b>	<b>520</b>	<b>1,688</b>

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

<sup>2</sup>See slide 17 of Appendix for reconciliations of US non-GAAP metrics for FY2019.

## US GAAP: Headline results summary by segment

\$ millions Restated <sup>1</sup>	Q1 2018	Q2 2018	H1 2018	Q3 2018	Q4 2018	FY2018
<b>Financial Results</b>						
US	4,112	3,800	<b>7,912</b>	4,109	4,649	<b>16,670</b>
Canada and Central Europe	400	361	<b>761</b>	341	412	<b>1,514</b>
<b>Total Net Sales</b>	<b>4,512</b>	<b>4,161</b>	<b>8,673</b>	<b>4,450</b>	<b>5,061</b>	<b>18,184</b>
US	349	268	<b>617</b>	319	407	<b>1,343</b>
Canada and Central Europe	25	13	<b>38</b>	8	31	<b>77</b>
Central costs	(16)	(17)	<b>(33)</b>	(14)	(18)	<b>(65)</b>
<b>Total Adjusted EBIT<sup>2</sup></b>	<b>358</b>	<b>264</b>	<b>622</b>	<b>313</b>	<b>420</b>	<b>1,355</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>404</b>	<b>317</b>	<b>721</b>	<b>370</b>	<b>469</b>	<b>1,560</b>

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

<sup>2</sup>See slide 17 of Appendix for reconciliations of US non-GAAP metrics for FY2018.

## US GAAP: Condensed consolidated balance sheet

\$ millions	H1 2021	FY2020
Cash and cash equivalents	1,723	2,115
Accounts receivable, net	2,576	2,240
Inventories	3,011	2,557
Assets held for sale	4	1,158
Prepaid and other current assets	47	426
<b>Current assets</b>	<b>7,361</b>	<b>8,496</b>
Property, plant and equipment, net	1,428	1,381
Right-of-use assets	1,156	1,217
Long-term receivables, net	394	371
Deferred income taxes	171	174
Intangible assets: goodwill	1,872	1,737
Other intangible assets, net	342	363
Other non-current assets	49	44
<b>Non-current assets</b>	<b>5,412</b>	<b>5,287</b>
<b>Total Assets</b>	<b>12,773</b>	<b>13,783</b>

## US GAAP: Condensed consolidated balance sheet

\$ millions	H1 2021	FY2020
Accounts payable	3,118	2,431
Accrued liabilities and deferred revenue	-	460
Income taxes payable	278	293
Short-term debt	221	531
Current operating lease liabilities	255	249
Liabilities held for sale	-	719
Other current liabilities	72	226
<b>Current liabilities</b>	<b>3,944</b>	<b>4,909</b>
Long-term debt	2,629	2,635
Long-term operating lease liabilities	892	964
Long-term accrued liabilities	305	339
Deferred income taxes	78	100
Retirement benefit obligations	81	61
Other long-term liabilities	134	166
<b>Non-current liabilities</b>	<b>4,119</b>	<b>4,265</b>
<b>Total Liabilities</b>	<b>8,063</b>	<b>9,174</b>

## US GAAP: Condensed consolidated balance sheet

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<b>\$ millions</b>	<b>H1 2021</b>	<b>FY2020</b>
Common Stock	30	30
Paid in Capital	659	624
Retained earnings	5,128	5,004
Accumulated other comprehensive loss	(542)	(479)
Treasury stock	(565)	(570)
<b>Total stockholder's equity</b>	<b>4,710</b>	<b>4,609</b>

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## US GAAP: Cash flow statement

\$ millions	H1 2021	FY2020
Net Earnings	430	961
Income from discontinued operations	163	13
<b>Income from continuing operations</b>	<b>593</b>	<b>974</b>
(Earnings) loss from equity investment	(1)	2
Gain on disposal of equity investment	-	(7)
Impairment of equity investment	-	22
Net loss on disposal of assets and business divestitures	1	-
Depreciation and amortization	147	281
(Increase) decrease in inventories	(418)	16
Decrease in accounts receivable	90	109
(Decrease) increase in accounts payable	(20)	2
Decrease in provisions and other liabilities	(50)	(2)
Decrease in interest payable, net	(3)	(24)
(Decrease) increase in income taxes payable	(63)	55
Stock-based compensation	29	31
Net cash provided by operating activities of continuing operations	305	1,459
Net cash provided by operating activities of discontinued operations	6	74
<b>Net cash provided by operating activities</b>	<b>311</b>	<b>1,533</b>

## US GAAP: Cash flow statement

\$ millions	H1 2021	FY2020
<b>Net cash provided by operating activities</b>	<b>311</b>	<b>1,533</b>
<b>Cash flows from investing activities:</b>		
Purchase of businesses acquired, net	(224)	(307)
Proceeds from sale of assets and business divestitures	10	17
Additions to property, buildings, equipment and intangibles	(126)	(282)
Other investing activities	(4)	27
Net cash used in investing activities of continuing operations	(344)	(545)
Net cash provided by (used in) investing activities of discontinued operations	415	(61)
<b>Net cash provided by (used in) investing activities</b>	<b>71</b>	<b>(606)</b>
<b>Cash flows from financing activities:</b>		
Purchase of own shares by Employee Benefit Trust	-	(26)
Purchase of treasury stock	-	(451)
Proceeds from sale of treasury stock	2	11
Stock based compensation excess tax benefit	1	11
Repayments of long-term and short-term debt	(308)	(566)
Proceeds from long-term debt and short-term debt	4	1,399
Dividends paid to shareholders	(460)	(327)
<b>Net cash (used in) provided by financing activities</b>	<b>(761)</b>	<b>51</b>
<b>Change in cash and cash equivalents</b>	<b>(379)</b>	<b>978</b>
Effects of exchange rate changes	(13)	4
<b>Cash and cash equivalents, beginning of period</b>	<b>2,115</b>	<b>1,133</b>
<b>Cash and cash equivalents, end of period</b>	<b>1,723</b>	<b>2,115</b>

## US GAAP: Condensed consolidated cash flow

\$ millions	H1 2021	FY2020	FY2019
Net cash provided by operating activities	311	1,533	1,247
Net cash provided by (used in) investing activities	71	(606)	(783)
Net cash (used in) provided by financing activities	(761)	51	(154)
Foreign exchange impact	(13)	4	(10)
Net (decrease) increase in cash and cash equivalents	(392)	982	300
Cash and Cash equivalents, beginning of year	2,115	1,133	833
Cash, cash equivalents, end of year	1,723	2,115	1,133

## US GAAP: ROCE IFRS to US GAAP Bridge

\$ millions	FY2020	FY2019
<b>Numerator summary:</b>		
<b>IFRS Trading Profit, including Discontinued Operations</b>	1,677	1,611
<u>Methodology adjustments</u>		
Exclude discontinued operations	(17)	(73)
Amortization of acquired intangibles	(114)	(110)
<u>US GAAP adjustments</u>		
Lease expense	(68)	-
Stock based compensation expense	(5)	-
<b>Adjusted EBIT<sup>1</sup></b>	1,473	1,428

<sup>1</sup>See slide 17 of Appendix for reconciliations of US non-GAAP metric from US GAAP.

## US GAAP: ROCE IFRS to US GAAP Bridge

\$ millions	FY2020	FY2019
<b>Denominator summary:</b>		
<b>IFRS Average Capital Employed</b>		
Shareholders' Equity	4,361	4,204
Net debt	1,104	1,138
Add: lease liabilities	676	-
Add: historical goodwill write-off and intangible accumulated amortization	881	796
<b>IFRS Average Capital Employed</b>	<b>7,022</b>	<b>6,138</b>
<b>US GAAP - derived Average Capital Employed</b>		
Shareholders' Equity (excluding discontinued operations) <sup>1</sup>	4,083	3,772
Average net debt <sup>2</sup>	1,088	1,086
<b>US GAAP Average Capital Employed</b>	<b>5,171</b>	<b>4,858</b>

<sup>1</sup> Average Shareholders' Equity is based on internally generated, US GAAP financial statements for 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.

<sup>2</sup>See next slide of Appendix for reconciliations of average net debt.

Net Debt Reconciliation<sup>1</sup>

\$ millions	HY 2021	FY2020	FY2019	FY2018
Long-term debt	2,629	2,635	2,292	1,522
Short-term debt	221	531	26	318
Derivative (assets) liabilities	(30)	(39)	(22)	2
Cash	(1,723)	(2,115)	(1,133)	(833)
Net Debt	1,097	1,012	1,163	1,009
Average net debt	nm	1,088	1,086	nm

nm - not meaningful

<sup>1</sup> All amounts above are pulled 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.

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

\$ millions	HY 2021	FY 2020
<b>Net income</b>	430	961
Add: Loss from discontinued operations (net of tax)	163	13
<b>Profit from continuing operations</b>	593	974
Add: Non-recurring tax (credits)	(55)	(13)
Add: Exceptional items (net of tax)	6	77
<b>Adjusted Net Income</b>	544	1,038
<b>Adjusted EPS (basic)</b>	\$2.41	\$4.62
<b>Adjusted EPS (diluted)</b>	\$2.43	\$4.57
<b>Weighted average basic shares<sup>1</sup></b>	223.9	224.8
<b>Weighted average diluted shares<sup>1</sup></b>	225.3	226.9

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