



# KINGFISHER PLC FINAL RESULTS

Year ended 31 January 2016

Kingfisher

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Certain information contained in this presentation may constitute "forward-looking statements" (including within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995), which can be identified by the use of terms such as "may", "will", "would", "could", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "plan", "goal", "aim" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks, assumptions and uncertainties that could cause actual events or results or actual performance of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements.

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# Agenda

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1: Introduction

2: FY 2015/16 financials

2: First sharp decisions

3: 5 year transformation

4: Summary

5: Questions



A woman with dark hair and glasses, wearing a dark grey long-sleeved shirt, is painting a surface. She is holding a paintbrush in her right hand and a red paint tray in her left hand. The background shows a kitchen with a window, shelves with various items, and a white washing machine. A large blue circle is overlaid on the right side of the image, containing the word "INTRODUCTION" in white capital letters.

# INTRODUCTION



# FY 2015/16: a productive and important year

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1:

Announced 'ONE'  
Kingfisher plan

2:

Delivered good FY  
2015/16 'business as  
usual' performance

3:

Made solid  
progress on the first  
sharp decisions

4:

Developed detailed  
5 year transformation  
plan

5:

Set ambitious 5 year  
financial targets

6:

Set operational  
milestones for FY  
2016/17



A man in a grey striped shirt and grey shorts is bent over, mixing a white substance in a white bucket with a white tool. The bucket is on a wooden board. In the background, there are bags of Weber cement, a broom, and various workshop items. A large blue circle is overlaid on the left side of the image.

# FY 2015/16 FINANCIALS

# Financial summary

	2015/16	2014/15	% YOY
Adjusted sales (£m) <sup>(1)</sup>	10,331	10,605	+3.8% <sup>(2)</sup>
Retail profit (£m) <sup>(1)</sup>	746	742	+7.4% <sup>(2)</sup>
Adjusted PBT (£m) <sup>(1) (3)</sup>	686	684	+0.3%
Effective tax rate <sup>(4)</sup>	26%	27%	+1%
Adjusted basic EPS (p) <sup>(1) (3)</sup>	22.0	21.3	+3.3%
Statutory post-tax profit (£m)	412	573	(28.1)%
Free cash flow (£m)	483	400	n/a
Reported net cash (£m)	546	329	n/a
Lease adjusted ROCE	12.3%	11.9%	+40bps
Full year ordinary dividend (p)	10.1	10.0	+1.0%

(1) Excluding China

(2) In constant currencies

(3) Before exceptional items, impact of FFVR, amortisation of acquisition intangibles, related tax items and tax on prior year items

(4) Before exceptional items and prior year tax adjustments

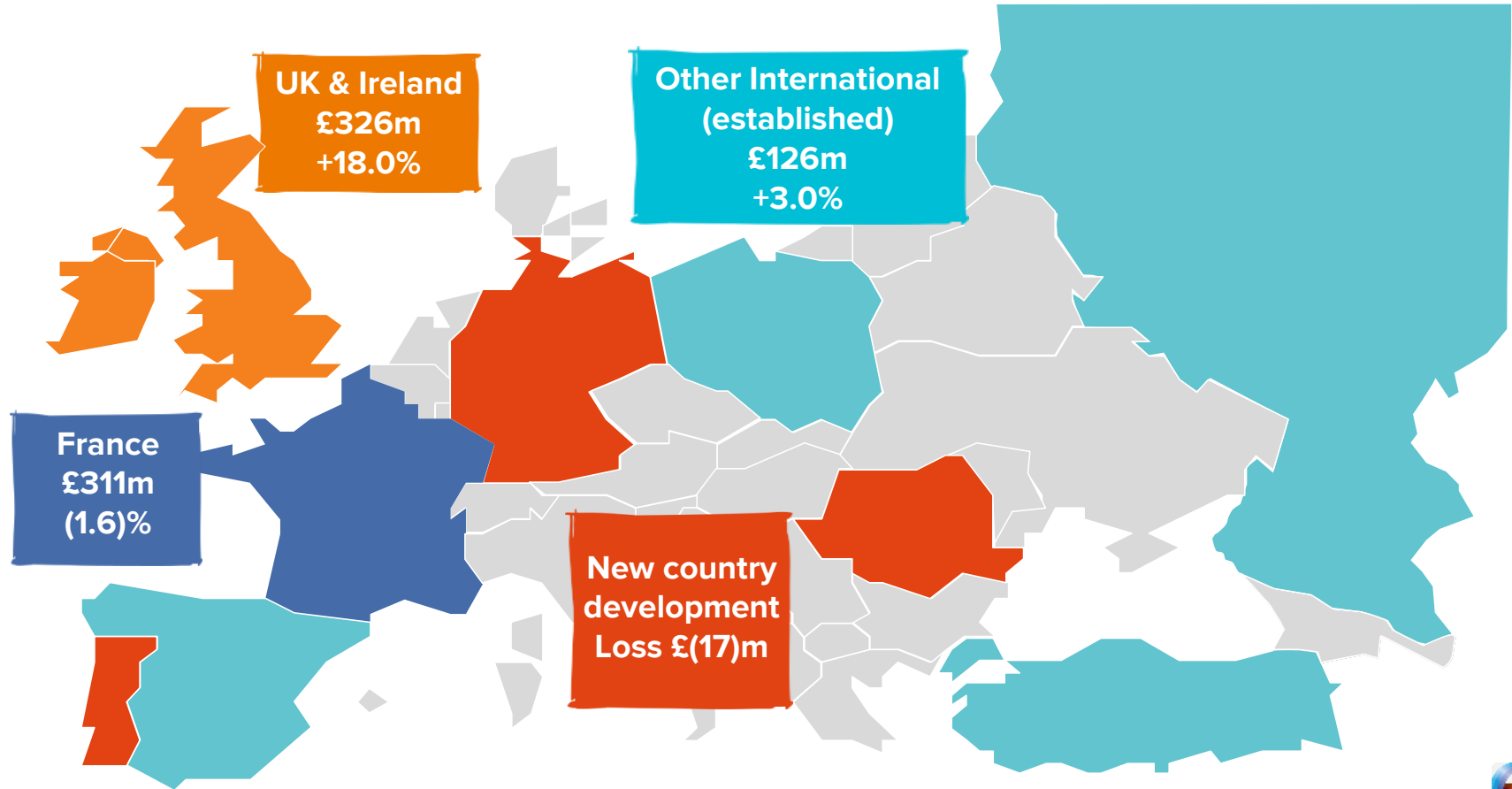


# Exceptional items

£m (charge) / gain	2015/16	2014/15
UK & Ireland and Europe restructuring	(305)	(17)
Profit on disposal of B&Q China	143	-
Impairment of Brico Dépôt Romania	(18)	-
Property and other disposals	14	(3)
Transaction costs	-	(15)
<b>Exceptional items before tax</b>	<b>(166)</b>	<b>(35)</b>
Exceptional tax items	67	106
<b>Net exceptional items</b>	<b>(99)</b>	<b>71</b>

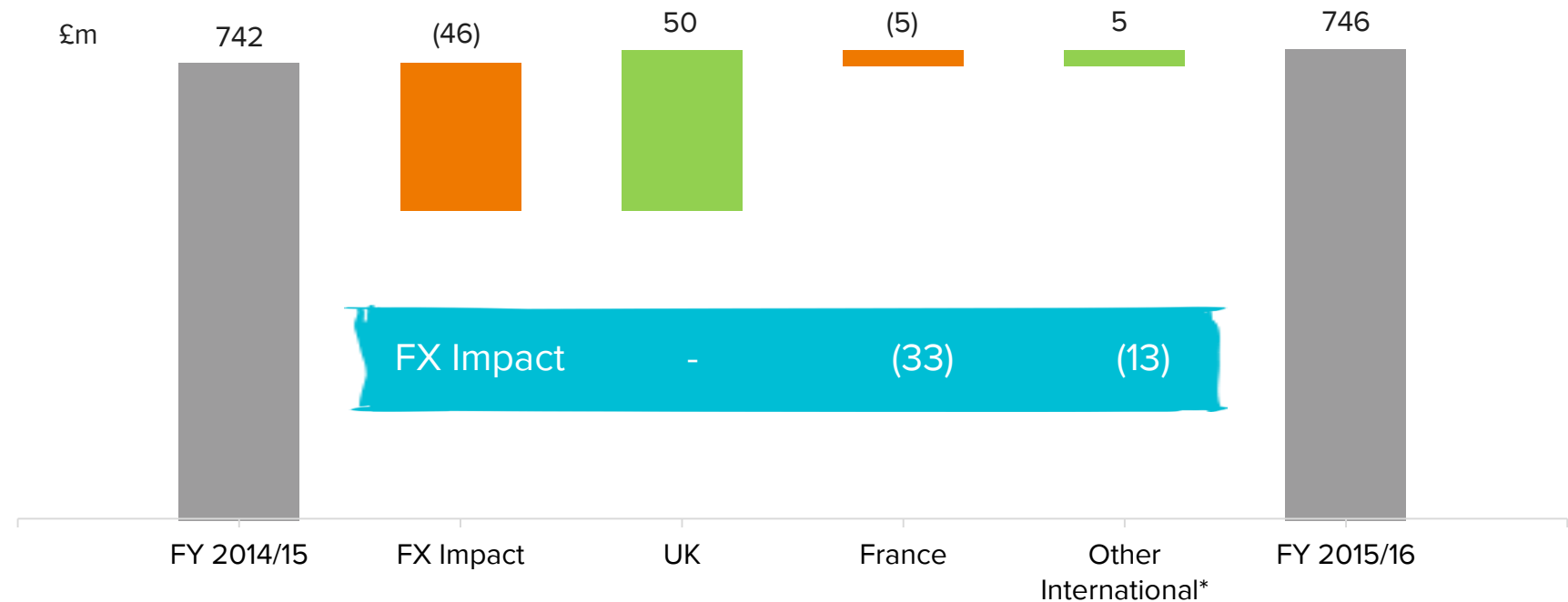


# Retail profit up 7.4% in constant currencies



# Impacted by £46m adverse FX on a reported basis

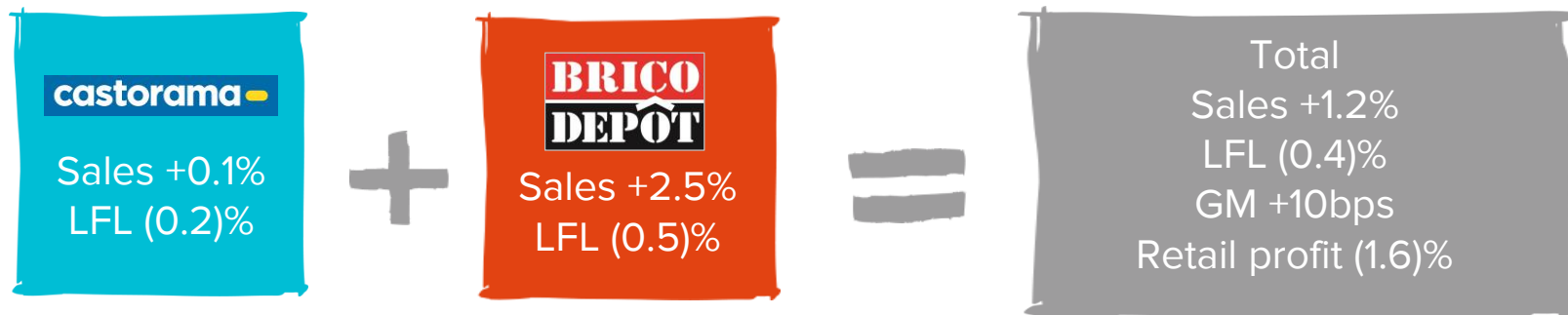
Reported Growth	+18.0%	(10.9)%	(5.8)%
Constant Currency Growth	+18.0%	(1.6)%	+6.4%



*\*Includes new country development*

# France: traded well in soft markets

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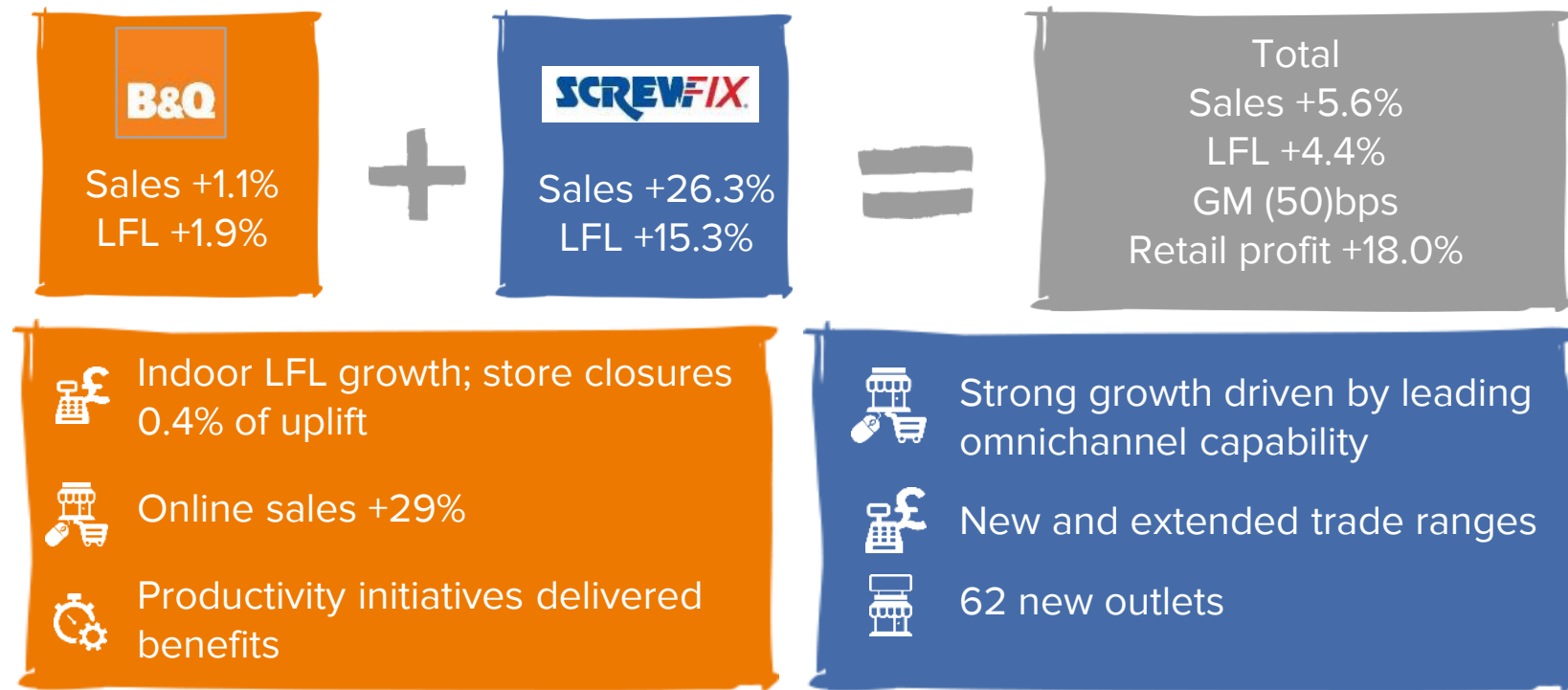
Sales performance reflecting soft markets and 1% new space, driven by 4 new Brico Dépôt stores

Controlled gross margin and continued focus on costs



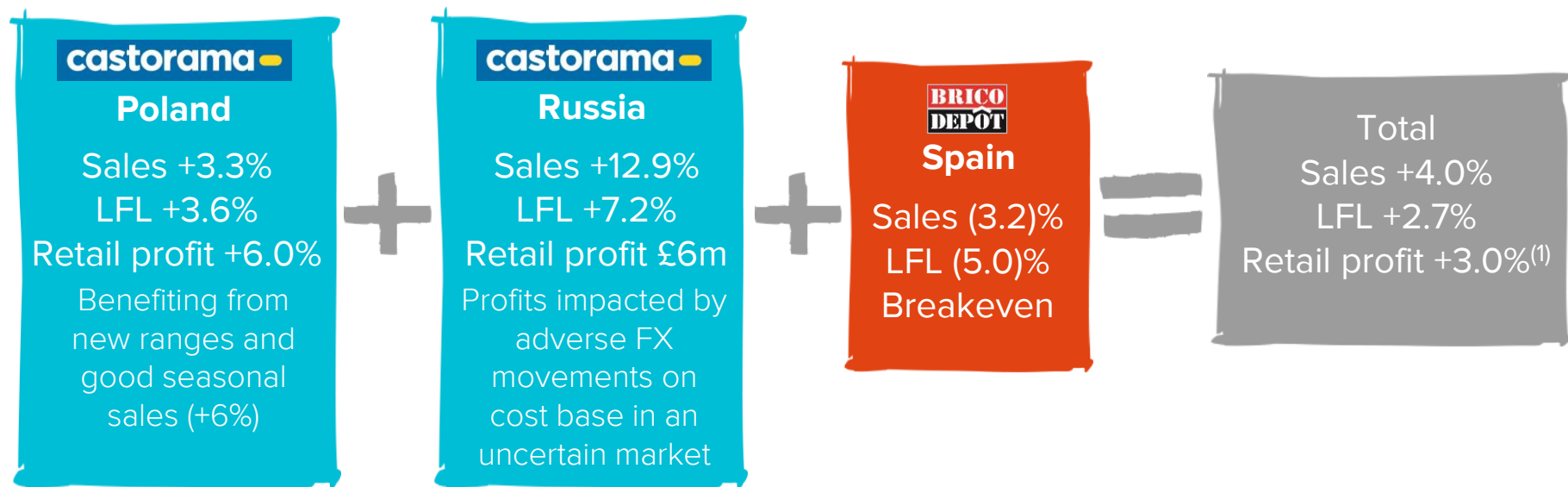
'Click, Pay and Collect' in 161 stores (34 at FY 2014/15)

# UK & Ireland: sales and profit growth; strong contribution from Screwfix



# Other International (established) retail profit +3.0% <sup>(1)</sup>

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*All % movements in constant currencies*

*(1) Turkey joint venture sales are not consolidated; retail profit includes contribution from Turkey*





# New country development focusing on Screwfix

FY  
2015/16

**SCREWFIX**

**Germany**  
Sales £3m  
Loss £(7)m  
9 outlets now trading



**BRICO  
DEPÔT**

**Romania**  
Sales £91m  
Loss £(9)m  
More challenging environment



**BRICO  
DEPÔT**

**Portugal**  
Sales £17m  
Loss £(1)m



Total  
Sales £111m  
Loss £(17)m

FY  
2016/17

**SCREWFIX**

**Europe**  
Inc. 9 more  
Germany  
outlets  
Expecting loss  
of c.£(15)m



**BRICO  
DEPÔT**

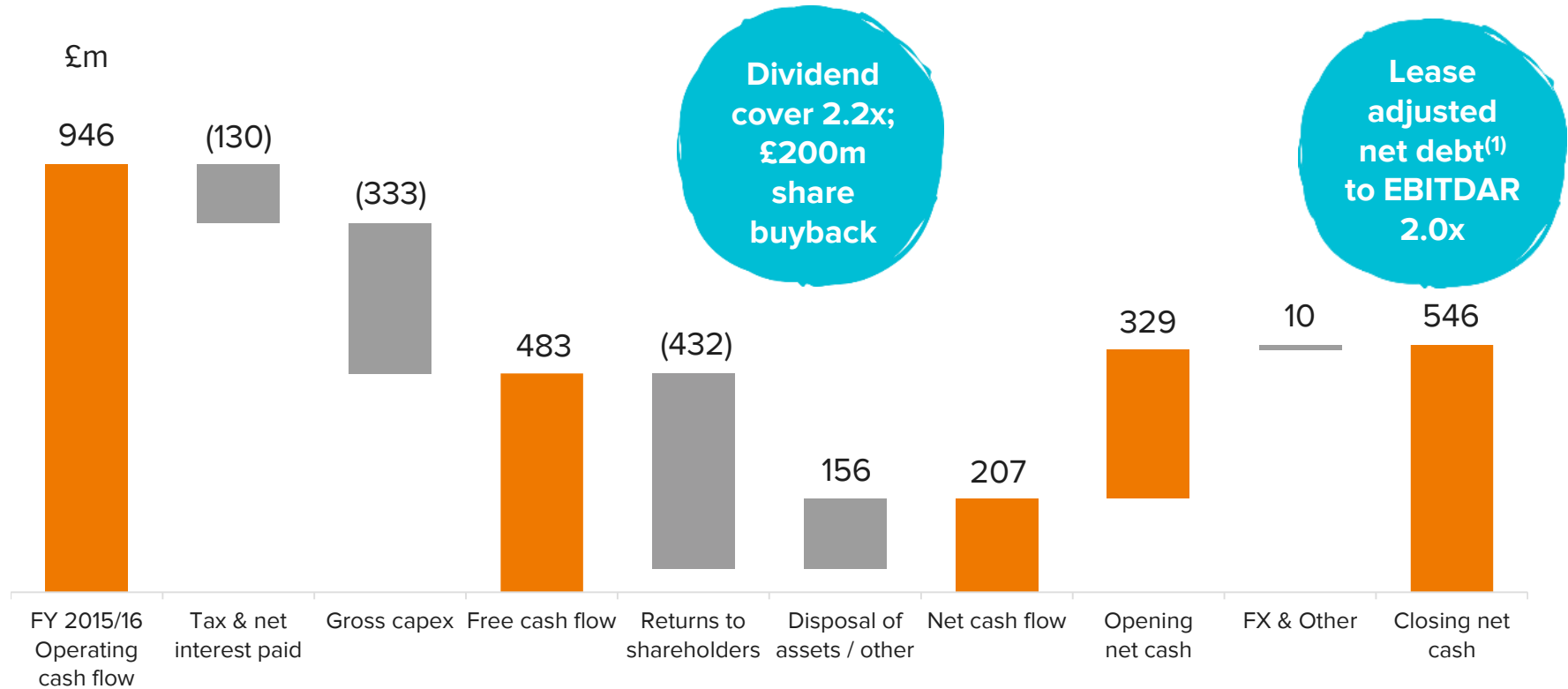
**Romania & Portugal**  
YOY losses expected to  
halve



Expect total  
loss of  
c.£(20)m



# Uses of operating cash flow



(1) Excluding China



# Summary

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**1:**

Good 'business as usual' performance

- Retail profit +7.4%<sup>(1)</sup>

**2:**

Adjusted PBT impacted by £46m adverse FX

**3:**

Balance sheet remains strong

- Returned £432m to shareholders

## **Outlook:**

- UK economic backdrop remains positive
- Remain cautious on the outlook for France
- Wider political and economic uncertainty

A woman with dark hair in a bun, wearing a blue and white striped shirt, is painting a wall with a yellow brush. The wall has a lower section of orange tiles and a decorative tile in the corner. A window to the right shows a green plant and a box of '100% Pure' paper towels. A large blue circle with the text 'FIRST SHARP DECISIONS' is overlaid on the left side of the image.

# FIRST SHARP DECISIONS

# Solid progress on the first sharp decisions

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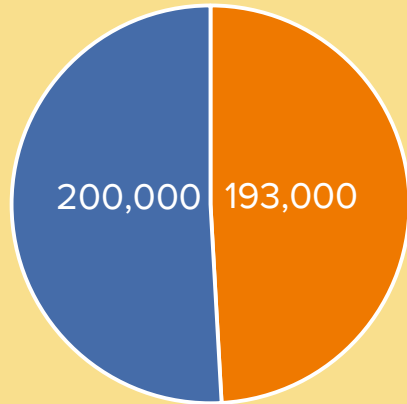
Customer & Offer	✓ ✓ ✓	Develop unified unique outdoor and bathroom ranges Develop unified core essential offer Develop plan to cut existing product tail
Retail Operations	✓ ✓ ✓	Space rationalisation: Close c.15% surplus space at B&Q; Close our few loss making stores in Europe Pilot Big Box best practice across Europe Extend Screwfix trial in Germany
Infrastructure & Processes	✓ ✓	Pilot unified IT platform, then accelerate Unify £1.2bn goods not for resale (GNFR) process
People	✓	Finalise new leadership team and wider organisation structure





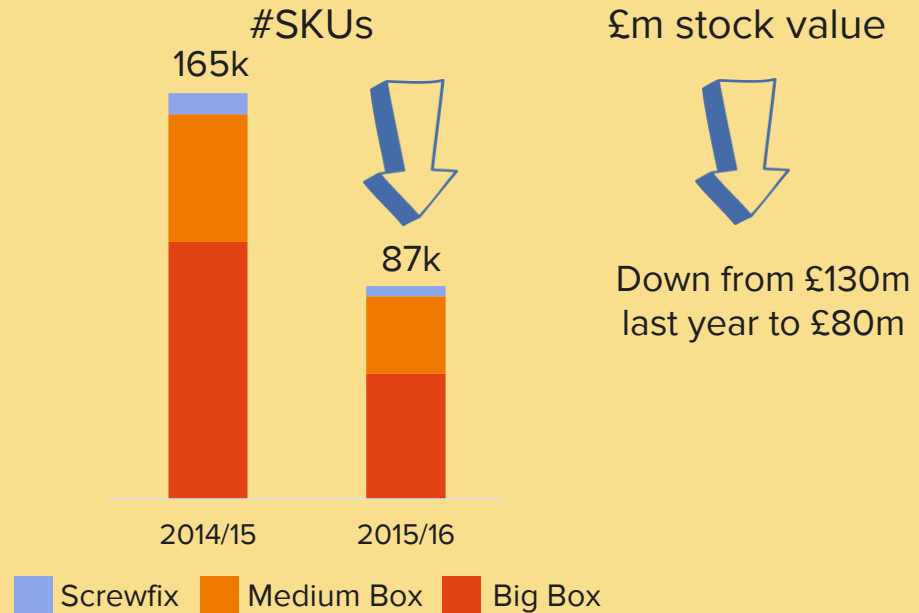
# 'Cut the tail' plan is on track

393k<sup>1</sup> SKUs sold during FY 2014/15



■ Ranged ■ Non-ranged

Non-ranged SKUs<sup>2</sup> and stock value at year end



(1) Top 5 Opcos only

(2) All Opcos

# Space rationalisation update

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B&Q – on track to close c.15% space (65 stores) by end of FY 2016/17

30  
stores  
closed

40  
secured  
lease exits to  
date

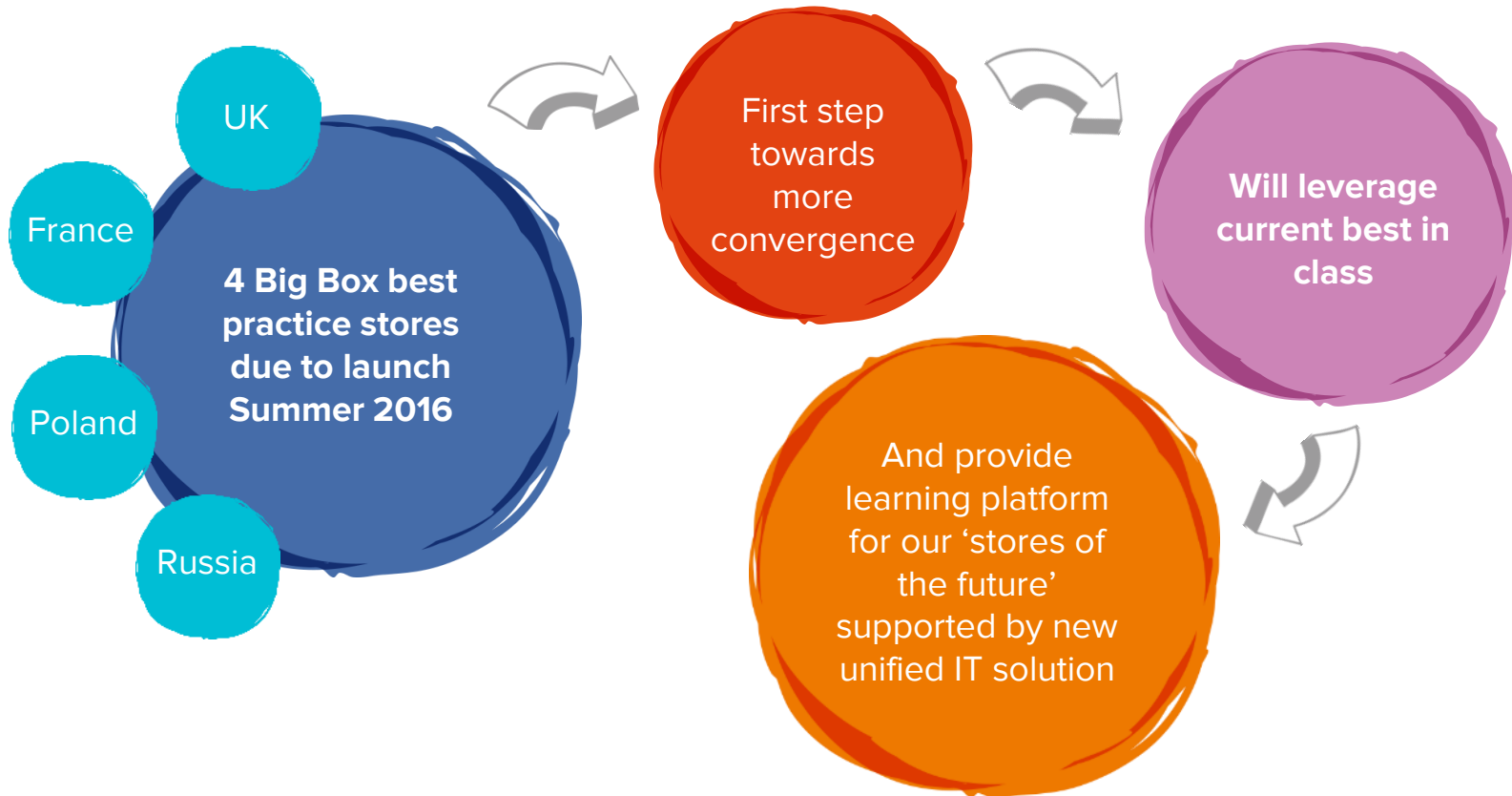
Sales  
transfer  
supports 1/3  
assumption

Europe - Closure process of a few loss making stores underway

Announced 2  
in France and 1  
in Russia to  
date

# Big Box best practice stores due to launch this year

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# Screwfix Germany – encouraging early performance

- 9 outlets now open in Frankfurt alongside national distribution capability
- Strong customer feedback; high level of returning customers; growing brand awareness
- Screwfix.de performing well
- FY 2015/16 loss in line with expectations reflecting current limited scale



Expected to  
breakeven in FY  
2019/20



To double the  
number of  
outlets in FY  
2016/17

# Unified IT platform roll out ahead of plan

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- ✓ Rollout accelerated after successful pilot in B&Q Ireland
- ✓ Launched rollout in B&Q UK
  - Already in nearly half of stores
- ✓ Real time stock visibility & reduced 'task' time in store
- ✓ Castorama France gearing up for launch later this year
- ✓ Company wide roll out to complete by end of FY 2018/19





# People: leadership team

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CEO



Véronique Laury

CFO



Karen Witts

Customer



Pierre  
Woreczek

Ex-McDonald's

Offer & Supply  
Chain



Arja  
Taaveniku

Ex-IKEA

Digital & IT



Steve  
Willett

Ex-Screwfix; B&Q

Sales & Retail  
Operations



Jean-Paul  
Constant

Ex-Decathlon  
Joining late summer 2016

HR



Emily  
Lawson

Ex-Morrisons;  
McKinsey





# What we have said we will do

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## **We will:**

**1:**

Think of customer needs first

**2:**

Design a seamless customer process

**3:**

Create unique and leading offer with an integrated supply chain

**4:**

Create a leading customer experience in our stores

**5:**

Be a truly sustainable company

**6:**

Work as ONE

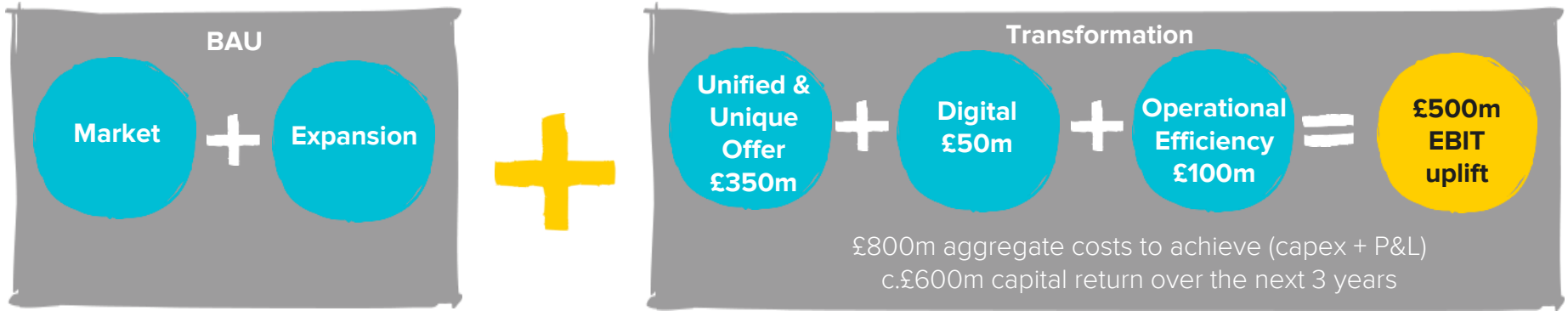
**7:**

Be low cost always



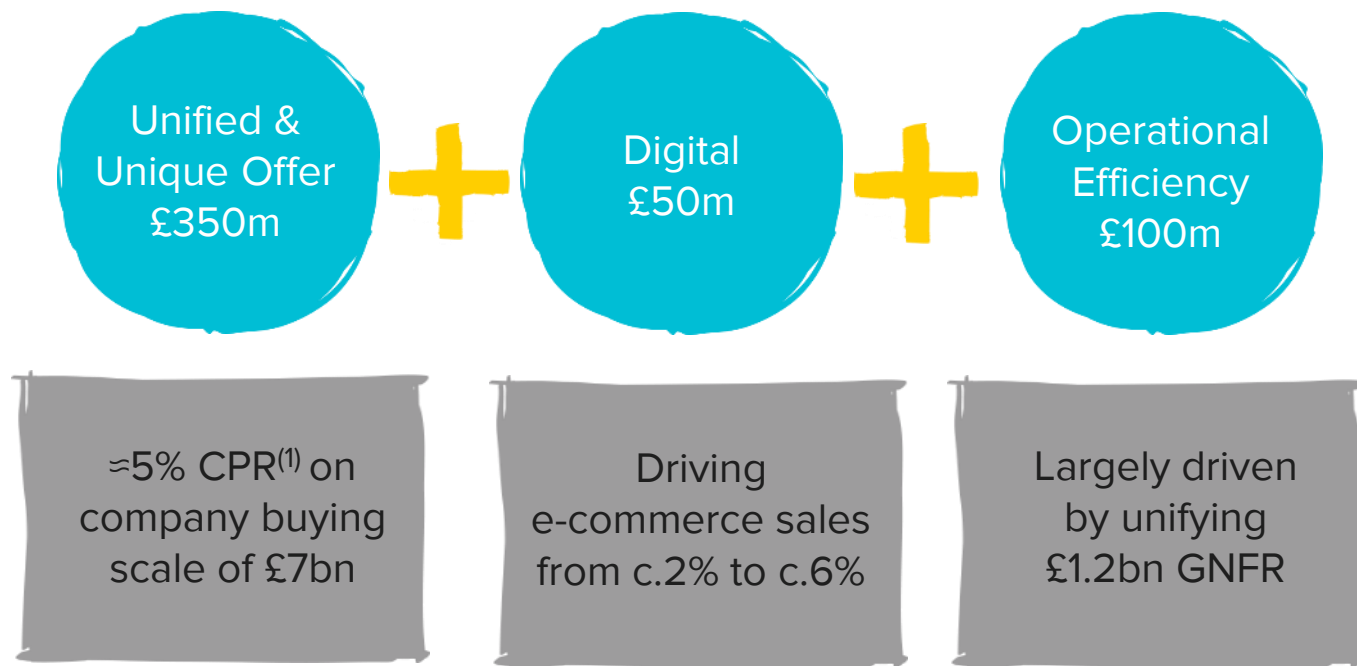
# 5 year transformation: a reminder

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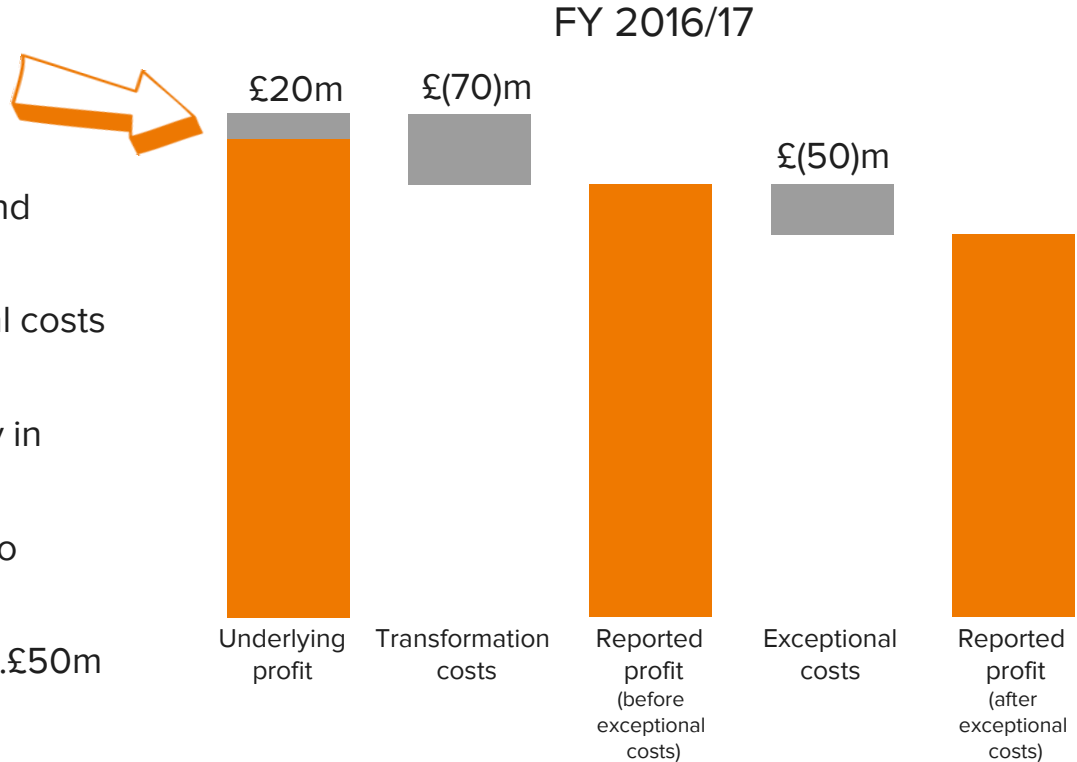
# 5 year transformation: key profit driver assumptions

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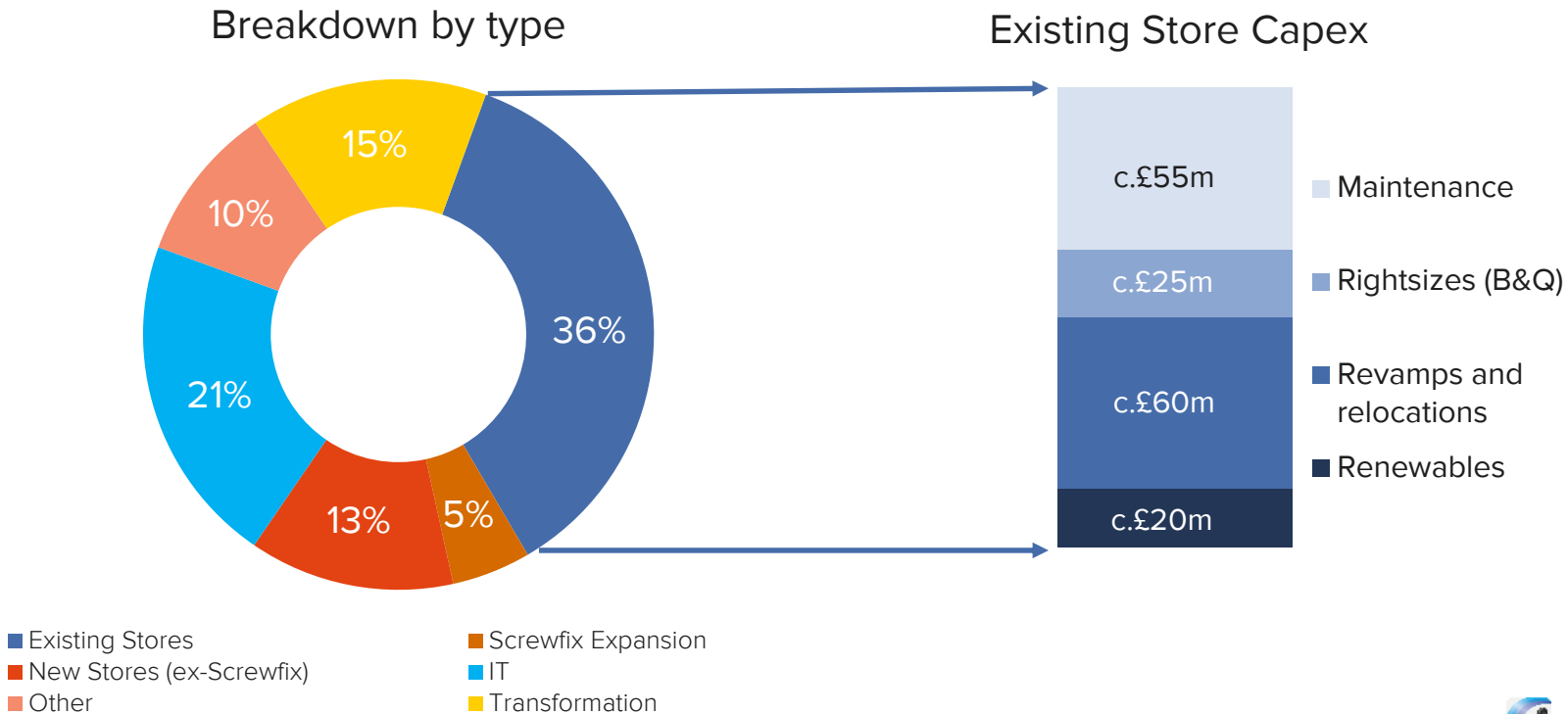
# We will report underlying and reported profit

- Underlying profit expected to show progression from 2016/17 onwards
  - Including up to c.£20m operational efficiency benefits
- Reported profit will be stated before and after exceptional items
- One-off transformation and exceptional costs will be tracked
  - Both expected to be incurred largely in first three years
  - FY 2016/17 transformation costs up to c.£70m
  - FY 2016/17 exceptional costs up to c.£50m



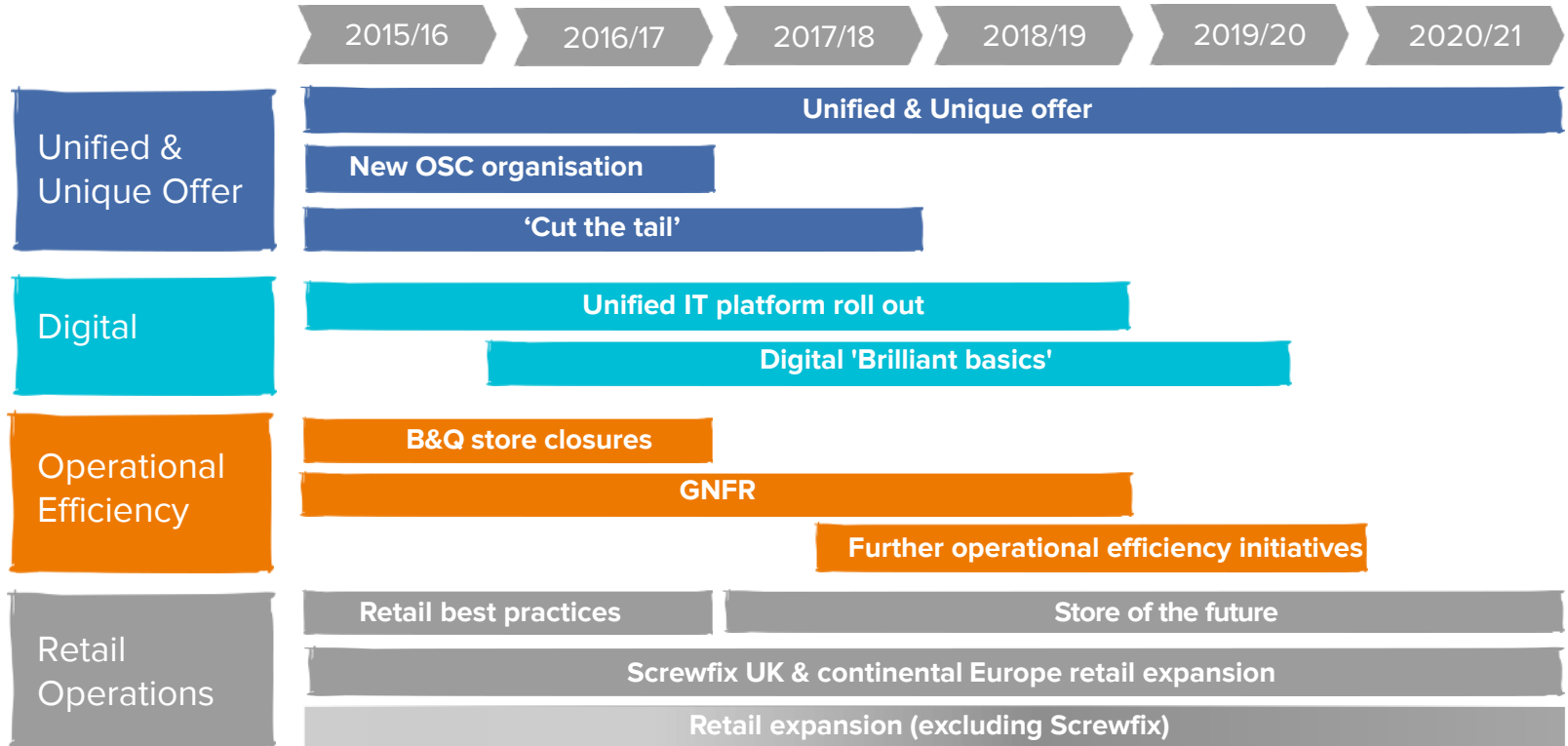
# FY 2016/17: guiding up to £450m for total capex including transformation

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# Clear long term roadmap: a reminder



# 2016/17 operational milestones: a reminder

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Unified &  
Unique  
Offer

Deliver Offer & Supply Chain Organisation (OSC)  
Achieve 4% unified COGS

Digital

Complete unified IT platform roll out in B&Q and start  
Castorama France roll out  
Build Digital 'Brilliant Basics' platform for B&Q

Operational  
Efficiency

Complete closure of c.15% surplus space at B&Q  
Deliver benefits from unified Wave 1 of GNFR programme





**1:**

Good 'business as usual' performance in FY 15/16

**2:**

Solid progress with the first sharp decisions

**3:**

Confident about our transformation plan

**4:**

Clear roadmap with clear plan for FY 2016/17

# SUMMARY

# Cautionary note regarding forward looking statements

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A photograph of two men in a workshop or construction site. The man on the left, with grey hair, wears a grey hoodie and jeans, pointing his finger towards the center. The man on the right, younger, wears a grey t-shirt and paint-splattered blue jeans, standing with one foot on a metal step. A large, dark blue circle with a hand-drawn texture is centered over the image, containing the word "Questions" in white. The background shows a staircase and various workshop items.

# Questions



# Appendices

# FY 2016/17 technical guidance

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## Space:

- Total company wide space expected to decline by 3.0%

## Income statement:

- Underlying profit expected to include up to c.£20m operational efficiency benefits
- Transformation P&L costs of £220m over next five years to be mostly incurred in first three years; up to c.£70m for FY 2016/17
- Transformation exceptional costs of £270m over next five years to be mostly incurred in first three years; up to c.£50m for FY 2016/17
- Retail losses from new country development activity expected to be c.£20m driven by Screwfix Europe
- Group interest charge expected to be c.£10m (excluding financing fair value remeasurements)
- Effective tax rate expected to be around 26%, subject to the blend of profit within the companies' various jurisdictions
- B&Q closures – income statement impact expected to be broadly neutral assuming on average that up to a third of sales transfer

## Cash flow:

- Investing up to c.£450m total capex for FY 2016/17 (includes BAU and transformation); c.£500m for FY 2017/18 and FY 2018/19
- Capital return of c.£600m over next three years expected to be via share buyback (£50m of shares repurchased since year end)



# Net debt to EBITDAR reconciliation

	2015/16 £m	2014/15 £m
EBITDA <sup>(1)</sup>	941	953
Property operating lease rentals <sup>(1)</sup>	402	415
EBITDAR	1,343	1,368
Financial net cash	(546)	(329)
Property operating lease rentals (8x) <sup>(2)</sup>	3,216	3,320
Lease adjusted net debt	2,670	2,991
Lease adjusted net debt to EBITDAR	2.0x	2.2x

(1) Restated to exclude contribution from China following its disposal in April 2015

(2) Kingfisher believes 8x is a reasonable industry standard for estimating the economic value of its leased assets.





# Lease adjusted ROCE by division

	Sales £bn	Capital employed (CE) £bn	<b>ROCE 2015/16</b>	ROCE 2014/15
France	3.8	1.6	<b>14.1%</b>	14.4%
UK & Ireland	4.9	3.9	<b>13.1%</b>	12.1%
Other International	1.7	1.1	<b>10.2%</b>	9.7%
Central		0.1		
<b>Total</b>	<b>10.3</b>	<b>6.7</b>	<b>12.3%</b>	11.9%

# ADR programme

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Kingfisher ADRs trade on OTCQX – the premier tier of the U.S. over-the-counter market under the following information:

Symbol	KGFHY
CUSIP	495724403
Ratio	1 ADR : 2
Country	United Kingdom
Effective Date	Jan 01, 1986
Underlying SEDOL	3319521
Underlying ISIN	GB0033195
Depository	Citi

Benefits of ADRs to U.S. investors:

- Clear and settle according to normal U.S. standards
- Offer the convenience of stock quotes and dividend payments in U.S. dollars
- Can be purchased/sold in the same way as other U.S. stocks via a U.S. broker
- Provide a cost-effective means of international portfolio diversification

For questions about creating Kingfisher ADRs, please contact Citi:

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Brunswick	+44 (0)20 7404 5959

