



EMBARGOED UNTIL 0700 HOURS – Thursday 24 July 2014

**Q2 pre-close update for the 10 weeks to 12 July 2014.**

**Kingfisher reports total sales up 0.8% (-1.8% LFL) in constant currencies and confirms binding agreement reached with principal shareholders of Mr Bricolage**

Sales* In constant currencies	10 weeks to 12 July 2014		23 weeks to 12 July 2014	
	% Total Change	% LFL* Change	% Total Change	% LFL Change
France*	(1.4)%	(2.2)%	+1.1%	(0.2)%
UK & Ireland*	+0.7%	(1.3)%	+7.0%	+4.7%
Other International*	+4.7%	(1.8)%	+9.5%	+2.1%
<b>Total Group</b>	<b>+0.8%</b>	<b>(1.8)%</b>	<b>+5.1%</b>	<b>+2.3%</b>

*\*Throughout this release “\*” indicates first instance of a term defined or explained in the glossary towards the end of this release.*

**Sir Ian Cheshire, Kingfisher’s Group Chief Executive, said:**

“Trading in our Q2 was always expected to be more difficult, annualising a very strong Q2 performance last year and following this year’s weather boosted Q1. However, our markets in Q2, notably in June, have been slower than anticipated particularly in France and Poland. It is unclear whether this recent weakness is short term phasing in nature, though we will know more by our interims in September having then traded through our key summer months. In the meantime we are accelerating our self-help margin and cost initiatives to help support our second half performance.

“We are progressing well with the acquisition of Mr Bricolage, a leading French home improvement retailer. I am delighted that this transaction, which was announced in April, has now become binding and will progress to anti-trust clearances. Adding a third, complementary strong business alongside Castorama and Brico Dépôt will provide us with an attractive growth opportunity in our most important market.”

**TRADING REVIEW FOR THE 10 WEEKS (IN CONSTANT CURRENCIES)**

**FRANCE**

Total sales in **France** were down 1.4% (-2.2% LFL) in softer markets, up 1.1% year to date (-0.2% LFL). Gross margin is expected to be up across Q2 compared to the same period last year.

**Castorama** total sales were down 1.6% (-0.9% LFL), up 0.7% year to date (+0.6% LFL). According to provisional Banque de France\* data, sales for the home improvement market were down 1.4%, with a small positive in May (+0.3%) reversing sharply in June (-4.3%).

**Brico Dépôt** sales were down 1.3% (-3.8% LFL), up 1.5% year to date (-1.2% LFL). Sales were impacted by a slower house building market, with new housing starts and planning consent data\* down around 20% and 16% respectively.



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## **UK & IRELAND**

Total sales in the **UK & Ireland** were up 0.7% (-1.3% LFL), up 7.0% year to date (+4.7% LFL). Gross margin is expected to be up across Q2 compared to the same period last year.

**B&Q** total sales were down 2.5% (-3.2% LFL), up 4.3% year to date (+3.6% LFL). In Q2 sales of outdoor and seasonal products were down almost 8%, representing around 35% of total sales, impacted by both a strong performance in Q1 this year (+30%) and in Q2 last year (+17%). Showroom sales (kitchens, bathrooms and bedrooms) were down around 6% reflecting less promotional activity whereas sales of indoor products, excluding showroom, were up almost 2%.

**Screwfix** sales grew by 22.6% (+11.8% LFL), up 23.5% year to date (+11.9% LFL) and is on track to have opened 12 new outlets during Q2, taking the total to 356.

## **OTHER INTERNATIONAL**

Total sales in **Other International** grew by 4.7% (-1.8% LFL), up 9.5% year to date (+2.1% LFL).

Total sales in **Poland** were down 3.4% (-3.5% LFL), up 4.5% year to date (+3.9% LFL). In Q2 to date, sales of outdoor and seasonal products were down almost 9%, representing around 20% of sales. Sales in these categories were impacted by both a strong performance in Q1 this year (+36%) and in Q2 last year (+9%). Sales of indoor products were down around 2%. Gross margin is expected to be up across Q2 compared to the same period last year.

Total sales in **Russia** grew by 15.7% (+12.0% LFL) whereas total sales in **Spain** were up 12.2% (-7.3% LFL). In **China** total sales were down 9.2% (-9.3% LFL) impacted by a slowing Chinese property market\* which was down around 18%.

## **MR BRICOLAGE UPDATE**

On 3 April 2014, Kingfisher announced it had entered into exclusive negotiations with the principal shareholders of Mr Bricolage, the home improvement retailer, to acquire their shareholding.

On 2 April 2014, a non-binding memorandum of understanding was entered into, marking the start of exclusive negotiations during which the operating businesses of Mr Bricolage and of Kingfisher in France (Castorama and Brico Dépôt) would meet with their respective works councils and would propose improved commercial terms to the franchisees of Mr Bricolage. The outcome of these negotiations has been successful and accordingly, a binding agreement was entered into on 23 July 2014.



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The acquisition by Kingfisher of Mr Bricolage will now proceed subject to anti-trust clearances. Subsequently, a mandatory offer will be made to acquire the shares held by the minority shareholders at the agreed price per share of €15, in accordance with applicable law. The remainder of the process is expected to be completed around the end of Kingfisher's 2014/15 financial year.

## CREATING THE LEADER

Progress continued with Kingfisher's medium term development under the following eight steps:

### EASIER

1. Making it easier for our customers to improve their home
2. Giving our customers more ways to shop

### COMMON

3. Building innovative common brands
4. Driving efficiency and effectiveness everywhere

### EXPAND

5. Growing our presence in existing markets
6. Expanding in new and developing markets

### ONE TEAM

7. Developing leaders and connecting people
8. Sustainability: becoming 'Net Positive'

Further details on progress will be given with the interim results for the half year ended 2 August 2014 on 10 September 2014.

## COMPANY PROFILE (AS AT THE END OF Q1 2014/15)

**Kingfisher plc** is Europe's leading home improvement retail group and the third largest in the world, with 1,134 stores in nine countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also operates the Koçtaş brand, a 50% joint venture in Turkey with the Koç Group.

## ENQUIRIES

Ian Harding, Group Communications Director	+44 (0) 20 7644 1029
Sarah Levy, Director of Investor Relations	+44 (0) 20 7644 1032
Nigel Cope, Head of Media Relations	+44 (0) 20 7644 1030
Clare Feast, Media Relations Manager	+44 (0) 20 7644 1286
Brunswick	+44 (0) 20 7404 5959



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Further copies of this announcement can be downloaded from [www.kingfisher.com](http://www.kingfisher.com) or viewed on the Kingfisher IR iPad App available for free at the Apple App store. We can also be followed on twitter @kingfisherplc with the Q2 results tag #KGFQ2.

Kingfisher American Depository receipts are traded in the US on the OTCQX platform: (OTCQX: KGFHY)  
<http://www.otcm Markets.com/stock/KGFHY/quote>

## **GLOSSARY (terms are listed in alphabetical order)**

**Banque de France** data for the two months to June 2014 was down 1.4% and includes relocated and extended stores.

<http://webstat.banque-france.fr/fr/browseSelection.do?node=5384398&start=31/12/1992&end=31/05/2014&trans=N>

### **French property market**

New housing starts and planning consent data for the three months to May 2014 was down 20% and 16% respectively, according to the Ministry of Housing.

<http://www.statistiques.developpement-durable.gouv.fr/logement-construction/s/construction-logements.html>

### **Chinese property market**

New property transaction sales were down 18% for the three months to June 2014 for 17 cities in which B&Q China operates, according to the China Real Estate Exchange.

**France** consists of Castorama France and Brico Dépôt France.

**LFL** stands for like-for-like sales growth which represents the constant currency, year-on-year sales growth for stores that have been open for more than a year.

**Other International** consists of China, Poland, Romania, Russia, Spain, Portugal, Germany and Turkey (Koçtaş JV).

### **Sales**

All figures are on a constant currency basis. Group sales exclude Joint Venture (Koçtaş JV) sales. Data is provided for the 10 and 23 weeks to 12 July 2014, with the exception of China, Romania and Russia which are reported for the 13 and 26 weeks to 30 June 2014.

**UK & Ireland** consists of B&Q in the UK & Ireland and Screwfix in the UK.



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## **FORWARD-LOOKING STATEMENTS**

This announcement contains certain statements that are forward-looking and which should be considered, amongst other statutory provisions, in light of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. Such statements are, therefore, subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around the Company's programme known as 'Creating the Leader' and its associated eight steps. Forward-looking statements can be identified by the use of relevant terminology including the words: "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth, strategies and the businesses we operate. Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits; and our success in managing these factors. Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. We urge you to read our annual report and other company reports, including the risk factors contained therein, for a more detailed discussion of the factors that could affect our future performance and the industry in which we operate. Reliance should not be placed on any forward-looking statement. Our forward looking statements speak only as of the date of this press release and the Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this press release should be construed as a profit forecast.