



**MY
FIRST
120
DAYS**
as Kingfisher CEO

In my first few months I have visited all the countries in which we operate, I have been to every operating company, met the local Boards and visited people's homes. Looking at the way people live it is clear to me that customers' needs are more similar than different.

Véronique Laury
Chief Executive Officer

“Home improvement is a great market with huge potential. It’s a top spending priority for consumers as people want a better home and a better life.”

Q How do you feel about being appointed CEO of Kingfisher?

A I am delighted and honoured to be Kingfisher’s CEO. It’s a great business and I am proud to lead it. I would like to thank Sir Ian Cheshire for all his help and advice over my 11 years at Kingfisher. He built really strong foundations which I aim to build on, an appropriate message for a home improvement company! I know the business and the people well, so I know how much opportunity there is for our Company. I am excited by the challenge.

Q You’ve worked in home improvement for your entire career. What is it about the industry that you enjoy?

A Yes, I’ve worked in home improvement for 26 years so I feel I know our market as well as anyone. Some might say it’s not very glamorous but I think it is. Not only have I worked in home improvement all my working life but I have also been involved in the complete renovation of three homes in France over the years. People’s homes are their most important asset and they also have a strong emotional commitment to them. That emotional commitment makes home improvement a great business to be in - you are helping people improve their home. It is a positive business and a fast-moving one. That makes it very enjoyable.

Q You’ve only been CEO for a few months, what are your first impressions?

A In my first three months I visited all our countries and visited customers’ homes in each one. One of the things those visits made clear to me was how similar people’s needs are. They want more space, more light, better storage. The second point is the energy and enthusiasm of our staff. We are fortunate to have such a loyal, hard-working group of colleagues and one of my priorities will be to ensure that Kingfisher is a great company that people want to work for.

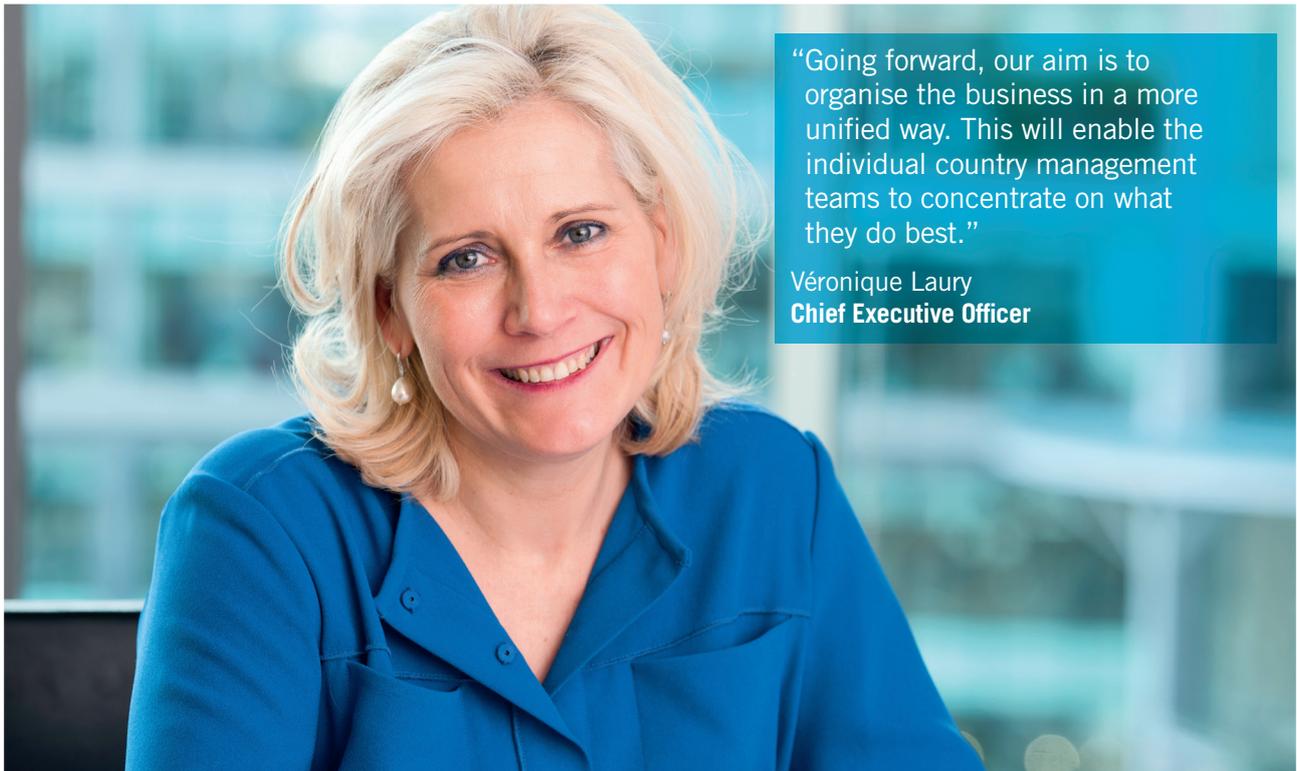
Q Having reviewed the Company’s business and strategy, what were your key findings?

A The first point is that home improvement is a great market with huge potential. It’s a big market, worth £235bn in Europe and it’s still largely fragmented, so there is plenty of scope to grow. Home improvement is a top spending priority for consumers as people want a better home and a better life. These human needs are being fuelled further by socio-economic trends across the world. These include changing demographics (such as ageing populations and more people working from home), urbanisation (which means that homes are generally getting smaller), more home technology,

rising energy costs and more and more regulatory requirements. Another factor is the rise in specialist communities as people look to share information, ideas and know-how in all sorts of areas from music, to car sharing, to holidays. Home improvement can be one of those communities. Kingfisher is also in a great position within the market. We serve over a million customers a day, we have market leading positions and buying scale of more than £7bn a year. But I am very clear that we can make more of the assets we have. To achieve these ambitions we will need to organise ourselves very differently.

Q You are talking about organising Kingfisher in a more unified way than before. Can you describe how this will work in practice?

A Kingfisher has made good progress over the years in terms of its individual businesses working more closely together, on things like direct sourcing and own brand development. But they still basically operate in individual silos, with only limited sharing. For example, Kingfisher’s businesses sell a combined total of nearly 400,000 skus (stock keeping units) across the top five operating companies (B&Q UK, Screwfix, Castorama France and Poland, Brico Dépôt France). That is too many and shows that there has been proliferation at the local level.



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Of these skus, only 7,000 are sold by more than one of our businesses. Again, this shows that we have not been making the most of our scale. Going forward, our aim is to organise the business in a more unified way. This will enable individual country management teams to concentrate on what they do best, running their stores and hiring great people.

Q Is there a risk with this level of change?

A To be honest I think there is a bigger risk in not doing it. If Kingfisher is to make the most of its scale and unlock its potential, then I believe we need to organise ourselves in a very different way. We have appointed a new leadership team structured along these lines, including roles which will head up our ‘Big Box’ stores, our ‘Medium-Box’ stores and Omnichannel operations worldwide too.

Q You’ve recently named your leadership team. Can you tell us about the mix of skills and experience they have?

A The new leadership team combines existing and new talent with cross-company roles that are more focused. We recently announced that Arja Taaveniku will be joining Kingfisher as Chief Offer & Supply Chain Officer. From 1994 to 2012 she held a variety of senior roles at IKEA of Sweden. We will also be appointing a new Chief People Officer in due course. They will join existing members of the leadership team, our Chief Financial Officer, Karen Witts, and our three Operations Directors, Guy Colleau, Alain Souillard and Steve Willett.

Q You’ve announced significant changes to the B&Q UK store portfolio. Can you explain your thinking and whether similar changes might be needed in other markets?

A Kingfisher has said for some time that B&Q can meet local customer needs from fewer stores and that some of our branches could be smaller. We announced the first

phase of this plan in 2013 and have now announced the second phase, which was based on a catchment by catchment review of all our local trading areas, designed to retain customers and sales. This involves the closure of 15% of B&Q’s space and the right-sizing of six further stores. We are looking to close a small number of loss-making stores in continental Europe as well. As we build for the future we will also be starting a revitalisation programme at our Big Box stores across Europe, drawing on our latest, most developed formats from around the Company.

Q You’ve announced a deal to sell a controlling stake in B&Q China. Was it a disappointment to withdraw from such a promising market?

A China is a market with great potential, but it is also a very difficult market and our business there was loss-making. I am delighted to have found a strong retail partner who will help us release the financial value of our business in China and enable us to focus our resources on Europe, where there are significant opportunities for growth.

Q Kingfisher has been a big champion of sustainability. Will it be important under your leadership?

A We are committed to delivering our strategy in a sustainable way and this approach should become business as usual. There are a broad range of opportunities in this area. These include commercial opportunities to help support our success today, while enabling us to grasp those that come from a changing environment over the long term, as well as the social and community aspects of sustainability. I want Kingfisher to be a great company that people want to work for, and that has a fair and equitable approach to business. There are also significant opportunities in creating communities around home improvement, as it's an area where people want ideas and advice. The collaborative economy is very interesting for us.

Q You are one of the few female CEOs in the FTSE100. Is enough being done to address this?

A I think things are heading in the right direction, but it takes time. For my own part, I hope that I am a good example for all the young women out there who want to become chief executives. I have not done anything differently from a man. I have just been passionate about what I was doing and been true to my convictions. Hopefully, I provide the proof that it's possible. The key for a business is to have a pipeline of talent that you can develop and promote from.

Q If you look forward 5-10 years, what sort of Kingfisher would you like to see?

A I would like us to be the leading home improvement company; genuinely international in scope, innovative and unique in what we offer customers and a real community for people who are interested in home improvement, or want to learn. I am passionate about working with all our people to make those things happen and help our customers have better homes and better lives.

Véronique Laury
Chief Executive Officer

Conclusions

- Home improvement is a great market with huge potential
- We are right to focus on Europe+*
- We can achieve significant benefits from developing a more common, unique and effective offer
- There is no one, clear winning format or channel in our market today
- We can achieve significant benefits from unifying activities and standardising processes



* Europe+ consists of Europe and its bordering countries, e.g. Russia and Turkey