



Kingfisher plc Interim Results

Half year ended 1 August 2015

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Véronique Laury

Chief Executive Officer



BETTER
HOMES,
BETTER
LIVES





Karen Witts

Chief Financial Officer

Financial summary

	2015/16	2014/15	% YOY
Adjusted sales (£m) ⁽¹⁾	5,382	5,605	+3.5% ⁽²⁾
Retail profit ^{(1) (4)}	410	419	+5.0% ⁽²⁾
Adjusted PBT (£m) ^{(1) (3) (4)}	384	393	(2.3)%
Effective tax rate ⁽⁵⁾	26%	27%	+1.0%
Adjusted basic EPS (p) ^{(1) (3) (4)}	12.3	12.3	Flat
Statutory post-tax profit (£m) ⁽⁴⁾	318	290	+9.7%
Free cash flow (£m)	308	383	n/a
Reported net cash (£m)	435	496	n/a
Interim ordinary dividend (p)	3.18	3.15	+1.0%

(1) Excluding China

(2) In constant currencies

(3) Before exceptional items, IAS39, amortisation of acquisition intangibles, related tax items and tax on prior year items

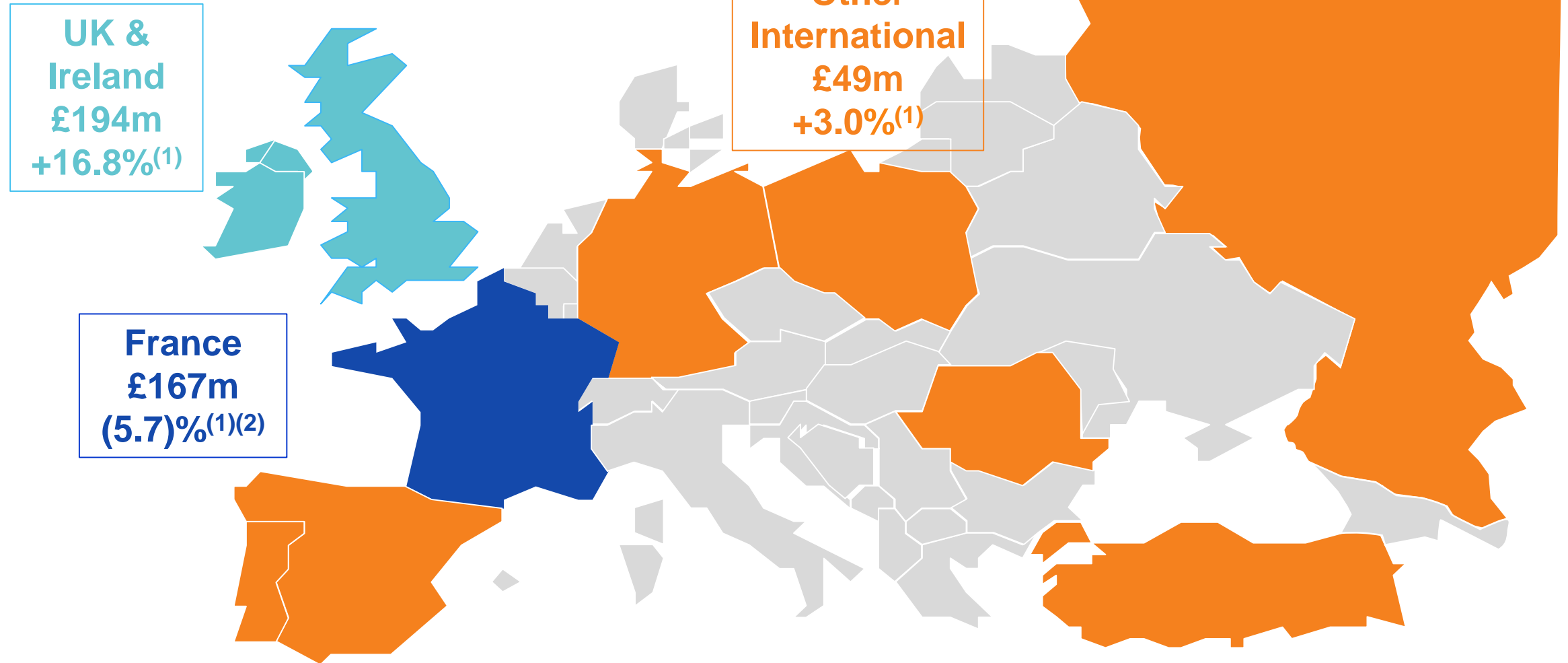
(4) Comparatives restated for IFRIC 21

(5) Before exceptional items and prior year tax adjustments

Exceptional items

£m gain / (charge)	2015/16	2014/15
UK & Ireland and Europe restructuring	(151)	(6)
Profit on disposal of B&Q China	143	-
Disposal of properties	17	21
Transaction costs	-	(5)
Exceptional items before tax	9	10
Exceptional tax items	29	1
Net exceptional items	38	11

Retail profit by geography



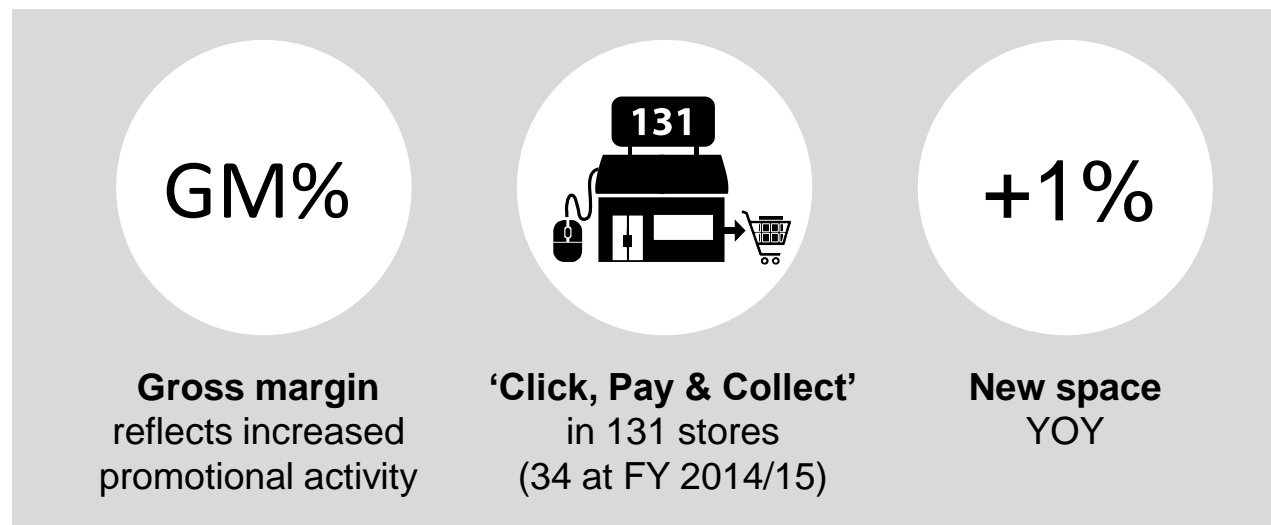
(1) In constant currencies

(2) Comparatives restated for IFRIC 21 'Levies'

France – profits impacted by ongoing price investment

Castorama performing in-line with market

Brico Dépôt impacted by ongoing slow house building market



castorama	Sales	+0.1%
	LFL	+0.2%
BRICO DÉPÔT	Sales	+2.4%
	LFL	(0.9)%
Total France	Sales	+1.1%
	LFL	(0.3)%
	GM	(60)bps
	Retail Profit	(5.7)% ⁽¹⁾

All in constant currencies

(1) Comparatives restated for IFRIC 21 'Levies'

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

B&Q



Sales drivers
Indoor core product ranges offset by weaker seasonal and outdoor sales



Productivity initiatives
continuing to deliver benefits e.g. store friendly deliveries and roller checkouts



Sales	+0.2%
LFL	+0.7%



Sales	+27.9%
LFL	+16.5%

Screwfix



17 net new outlets



Strong growth
driven by leading omnichannel capability together with new and extended trade ranges

Total UK & Ireland

Sales	+4.6%
LFL	+3.3%
GM	Flat
Retail Profit	+16.8%

Other International – sales and profit growth driven by Poland

Poland

- Benefiting from new ranges and good seasonal sales (+6%)

Russia

- Profit growth benefiting from higher sales despite FX hit on the cost base

New country development

- Losses reflecting phasing of Screwfix Germany openings and more challenging environment for Brico Dépôt Romania

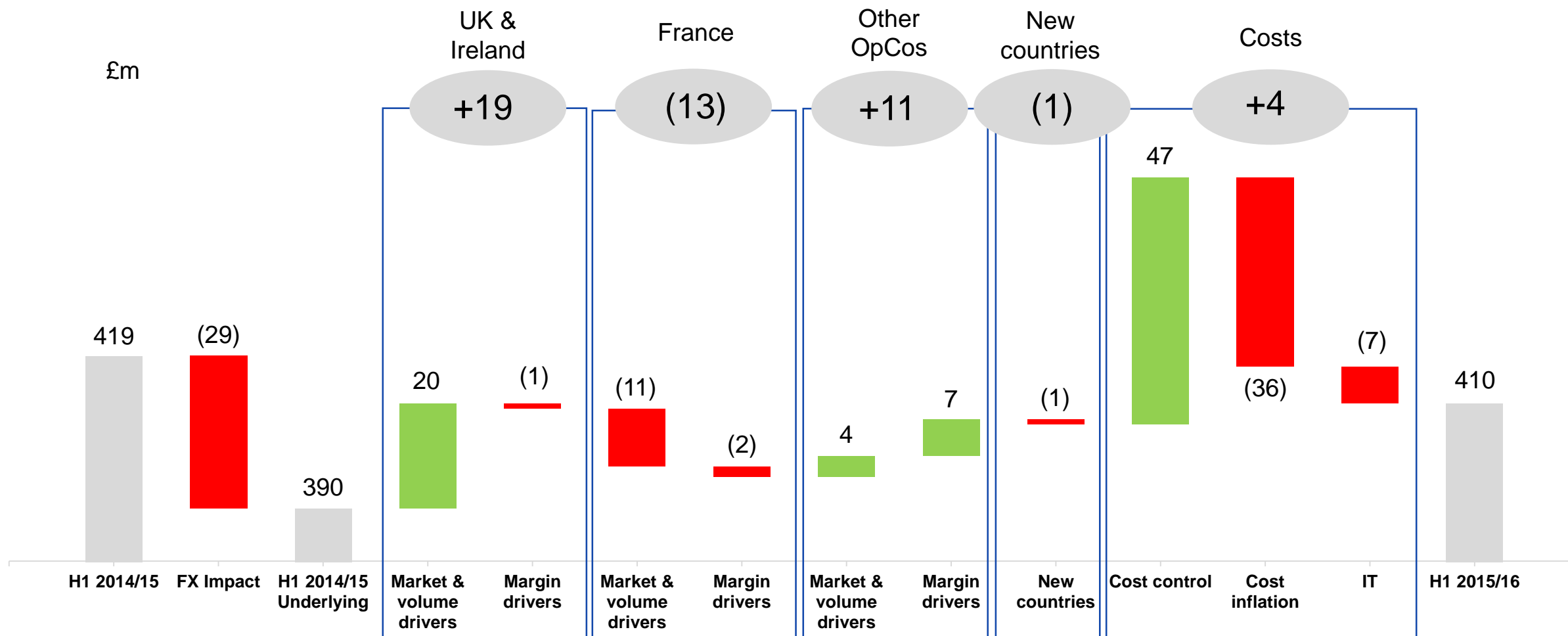
Flat space YOY

	Sales %	LFL %	Retail profit	
			£m 2015/16	% YOY 2014/15
Poland	+2.3	+3.4	53	+8.7%
Russia	+21.6	+15.3	3	+61.9%
Spain	(4.6)	(6.2)	2	(35.3)%
Turkey JV ⁽¹⁾	+11.6	+7.0	2	(45.1)%
Total ⁽¹⁾ (established)	+4.5	+3.8	60	+4.8%
New country development	+28.7	n/a	(11)	(13.3)%
Total	+5.7	+3.7	49	+3.0%

All % movements in constant currencies

(1) Turkey joint venture sales are not consolidated

Retail profit drivers across H1



Capital discipline – maintaining a strong balance sheet and uses of cash

Financial flexibility

- Retain a solid investment grade credit rating; now at BBB flat
- Target 2.0-2.5x lease adjusted net debt/EBITDAR ⁽¹⁾; currently at 2.1x

Ongoing optimisation of lease adjusted debt position

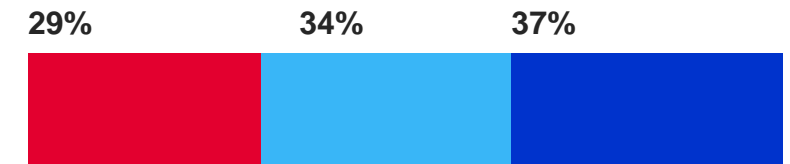
- Sale of non-operational space
- Measures to reduce total capitalised lease adjusted debt

Reinvesting in the business and paying an increased dividend

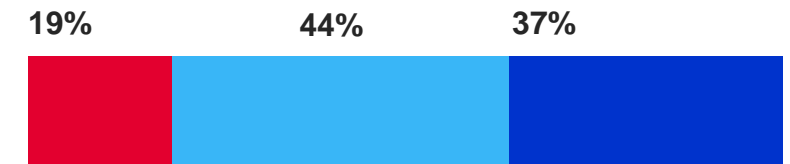
£200m capital return programme for FY2015/16 on track

- £160m share buy back to date

CAPEX H1 2014/15 £119M



CAPEX H1 2015/16 £177M



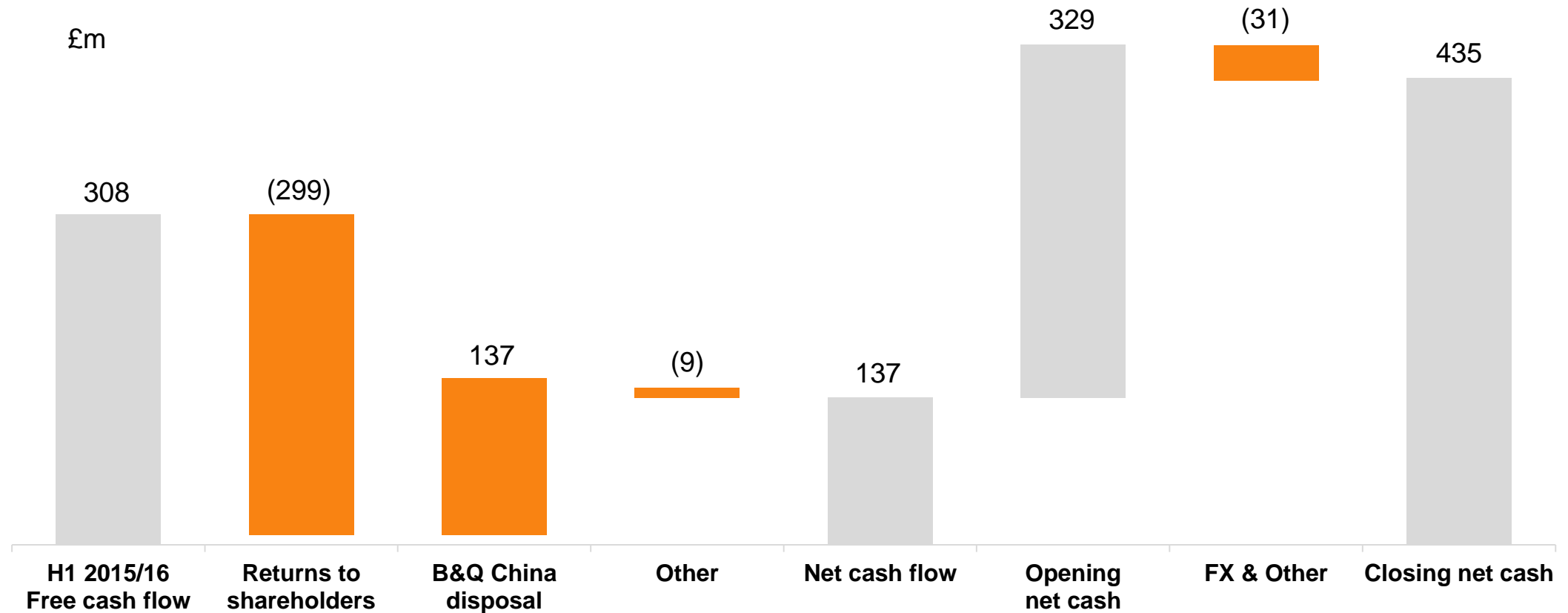
NEW STORES & RELOCATIONS

EXISTING STORES

IT, SUPPLY CHAIN, OMNICHANNEL & OTHER

(1) See Net debt/EBITDAR reconciliation in appendix for definitions

Use of free cash flow



Financial summary

Group retail profit up 5.0% in constant currencies

- Driven by UK & Ireland and Poland partly offset by France
- Continued strong focus on costs

Adjusted PBT impacted by £29m adverse foreign exchange translation

Balance sheet remains strong

- Optimising our lease adjusted debt position
- Continuing to invest for growth
- Returning cash to shareholders

Outlook

- Remain encouraged by the UK macroeconomic backdrop
- Remain cautious on the outlook for France



Véronique Laury
Karen Witts
Steve Willett

A reminder of our clear set of guiding principles

1

Customer **needs**
come first

2

Create a **unique**
and **leading** offer

3

Same products
across Europe
presented in the
same way

4

Limited
number of formats
& **omnichannel**
everywhere

5

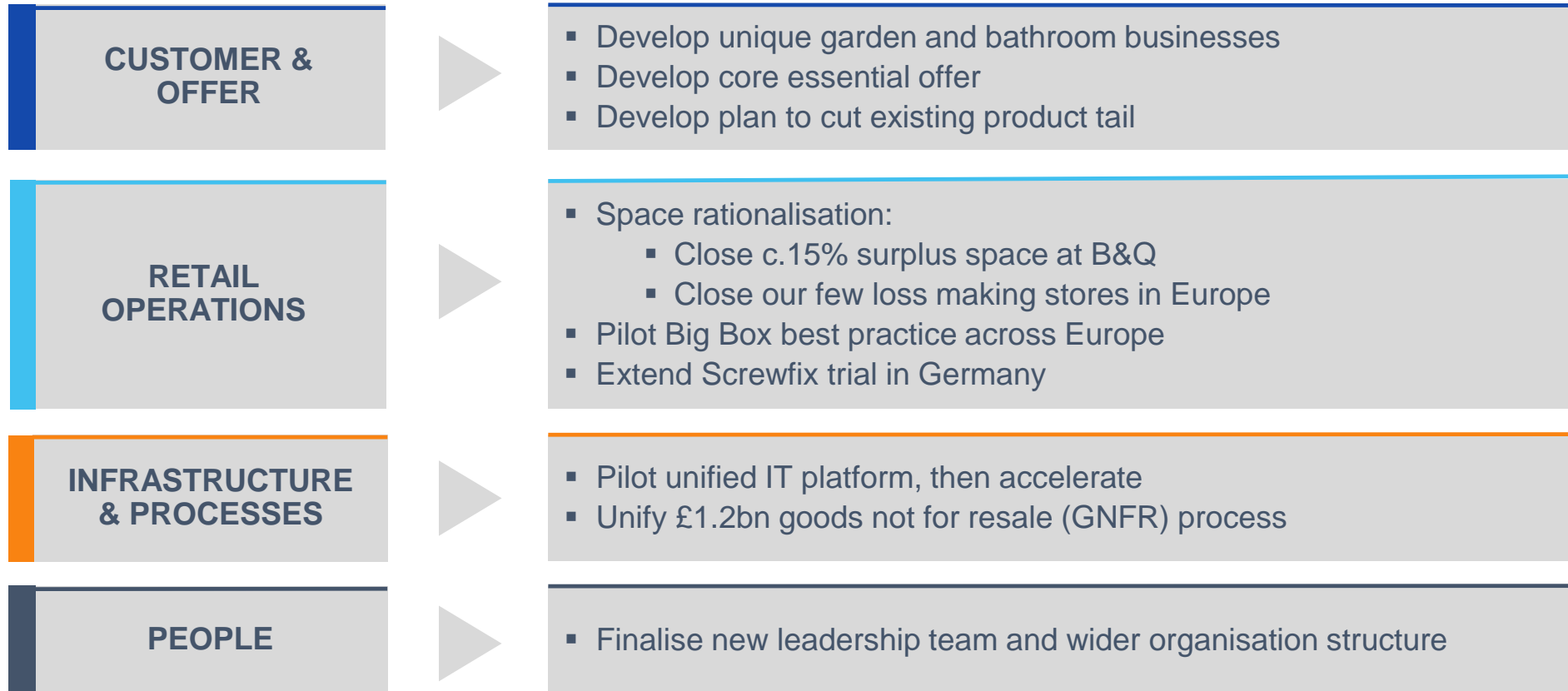
Low
cost always

6

ONE
company culture



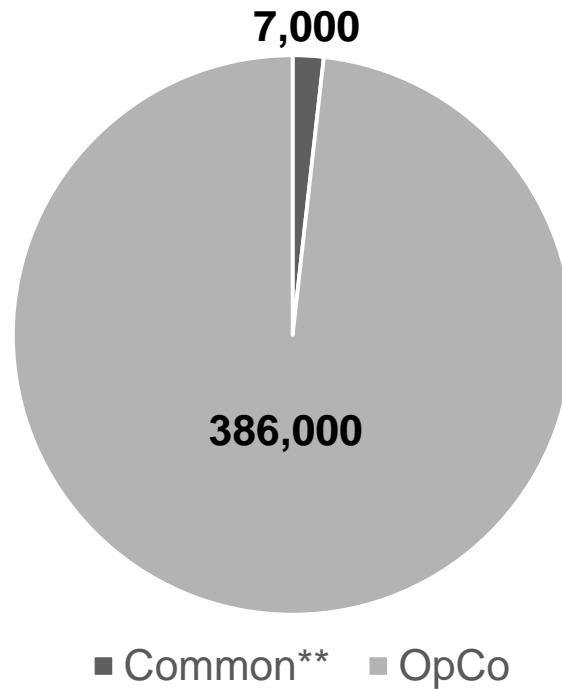
And of our refined first 'sharp' decisions



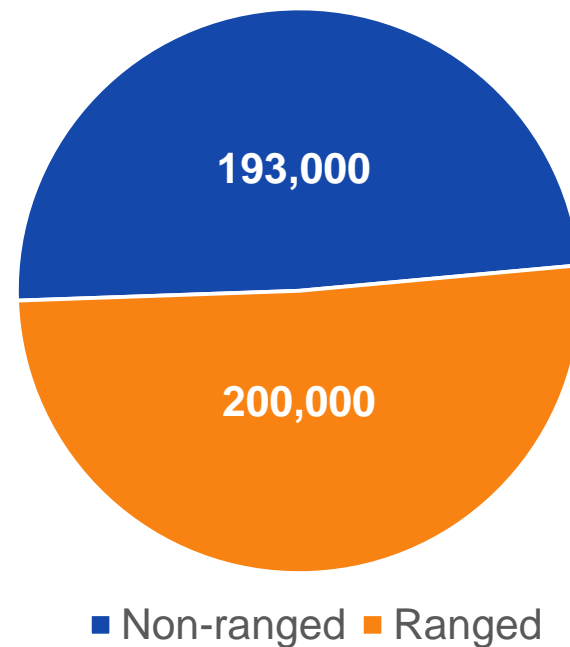
Our offer – a reminder of the reality at last year end

CUSTOMER &
OFFER

393k* SKUs sold FY 14/15



Ranged vs
non-ranged SKUs



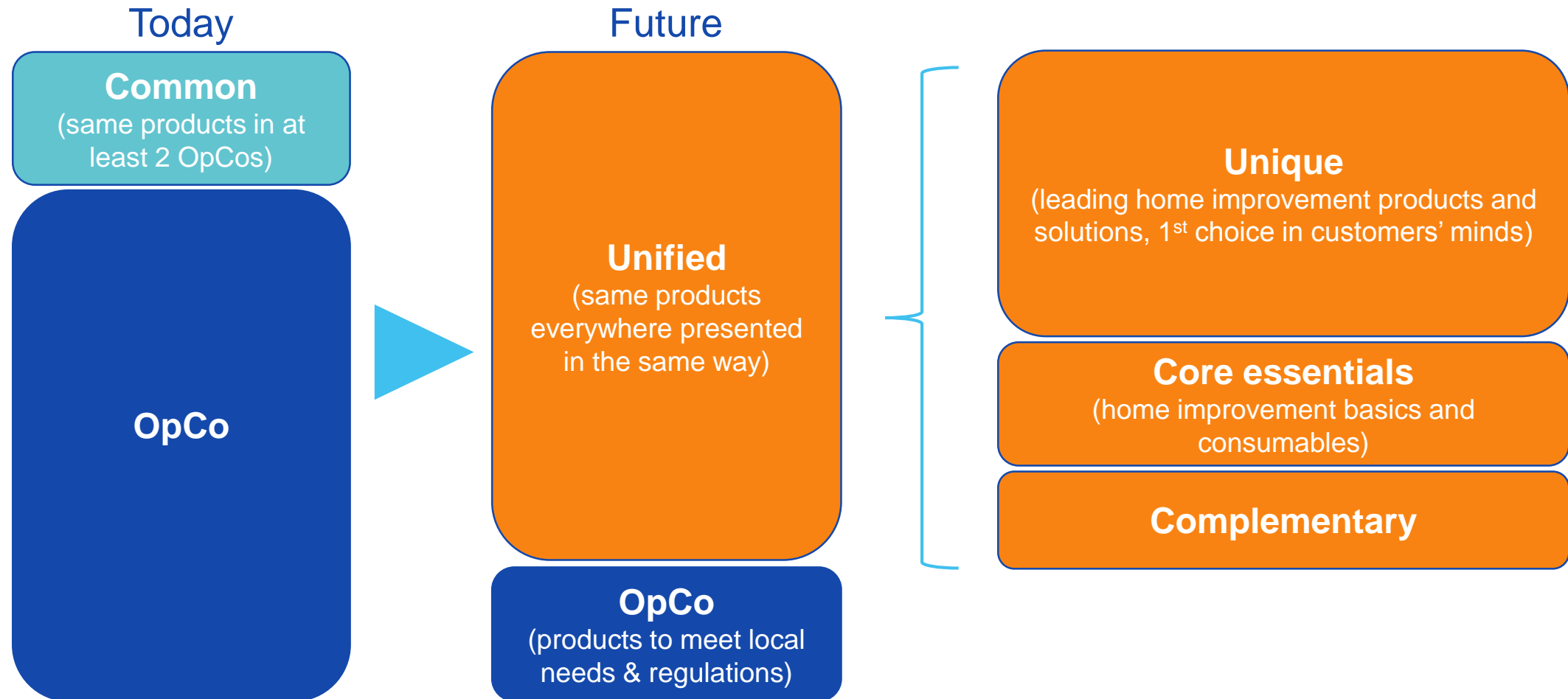
CUT THE
TAIL

UNIFIED

*Top 5 OpCos only
**Sold in at least 2 OpCos

Defining our offer on the journey to 'ONE' Kingfisher

CUSTOMER &
OFFER



Developing unified core essential offer

CUSTOMER & OFFER

Defined as home improvement basics and consumables; products that our customers see as universal

- e.g. batteries, light bulbs, paint brushes
- Represent c.1/3 of total company buying scale
- We believe number of SKUs and suppliers can be significantly reduced
- Extends to unifying merchandising principles

New supplier guidelines and ways of working already in place

Web based 'Fusebox' database key enabler pre rollout of the unified IT platform

New range structure - Unified offer

Master Planograms – UA format

Unified core essential offer progressing well

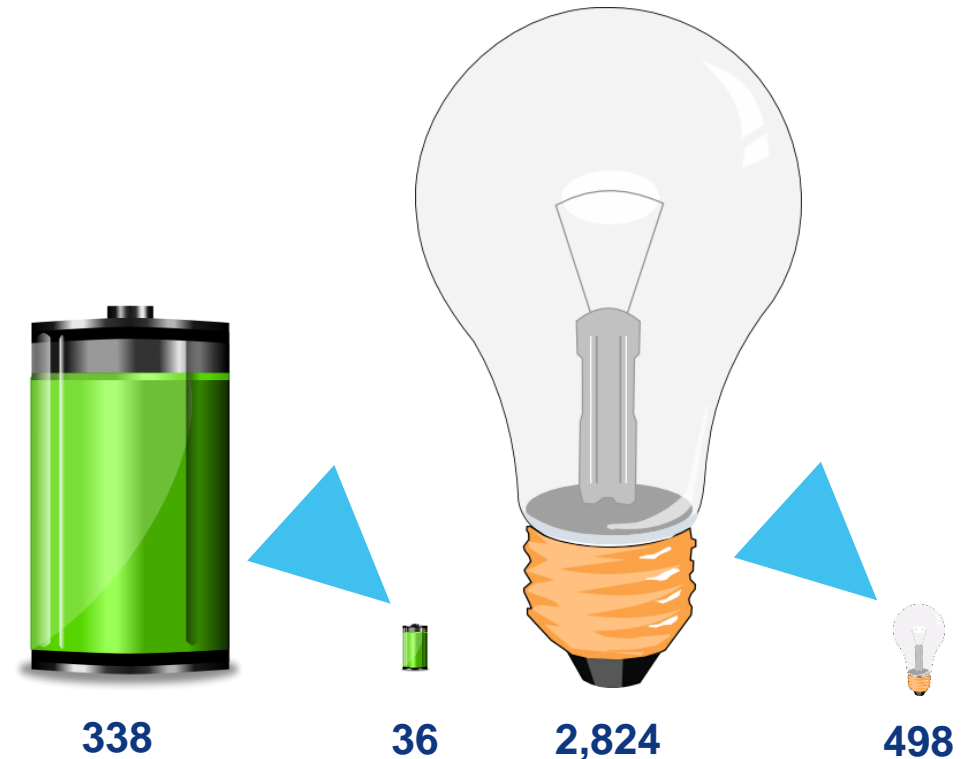
CUSTOMER &
OFFER

First wave covers all OpCos and will land in stores FY 2016/17

- Covers 20 categories
- Represents £0.6bn of company buying scale
- c.90% of product will be unified and c.10% OpCo

Progressing well e.g.

- Currently 338 **battery** SKUs on up to 13 ranges per OpCo
 - Moving to 36 SKUs on up to 4 ranges across our formats
- Currently 2,824 **lightbulb** SKUs and 63 suppliers
 - Moving to 498 SKUs including local SKUs
 - In negotiations with 20 suppliers, targeting c.6



Space update

RETAIL OPERATIONS

B&Q

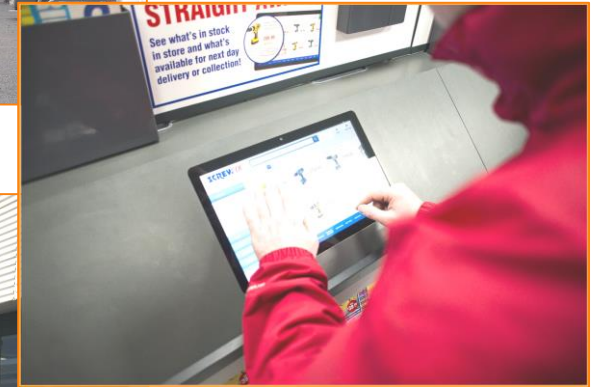
- On track to close c.15% B&Q surplus space by end of FY 2016/17 (c.60 stores)
- 2 right-sizes in H1; 30 closures on track by the end of the year
- Lease exits secured on 26 of the stores through combination of transfers to national retailers and lease expiries

Europe

- Closure of a few loss making stores underway
- Announced 2 closures in France and 1 in Russia

Screwfix

- UK - potential for around 600 outlets from 412 today
- Germany - on track to open a further 5 outlets in H2 2015/16



Programme to unify GNFR underway

INFRASTRUCTURE
& PROCESSES

**Scoping exercise completed of the total
£1.2bn spend**

- c.90% can be unified
- To be implemented across 3 waves over the next 3 years

Wave 1 progressing well

- Covers 9 categories
- Plans in place; contract tendering phase in H2

**Not just about cost savings; programme will
help us to work in a simpler, more effective
way**

**Wave 1:
£350m**

Including e.g.

- Media buying
- Mechanical handling equipment
- Printing & paper

**Wave 2:
£400m**

**Wave 3:
£300m**

Unified 'Easier' IT platform creates a step change

INFRASTRUCTURE
& PROCESSES

Customers

- Enabling customers to shop, order and pay using any device, anywhere, anytime

Colleagues

- Providing new handsets and applications that are as simple as a mobile app
- Enabling improved customer service and reducing time on daily routines

'ONE' Kingfisher

- ONE set of omnichannel capabilities across group built off Screwfix experience
- ONE unified way of working across the company in all OpCos
- ONE clear picture of business performance company wide
- ONE IT platform that is flexible, agile and scalable

Ireland pilot on track and working well

INFRASTRUCTURE & PROCESSES

Full systems platform built and tested

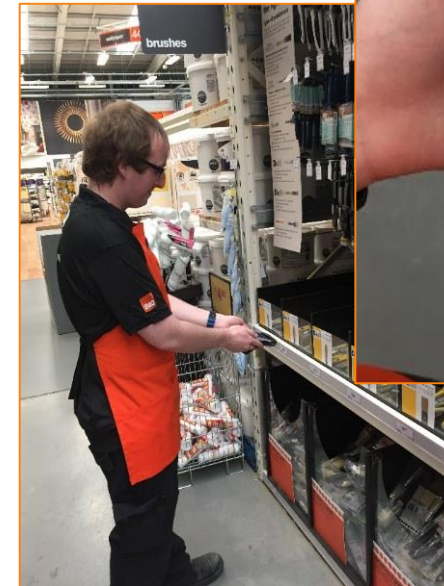
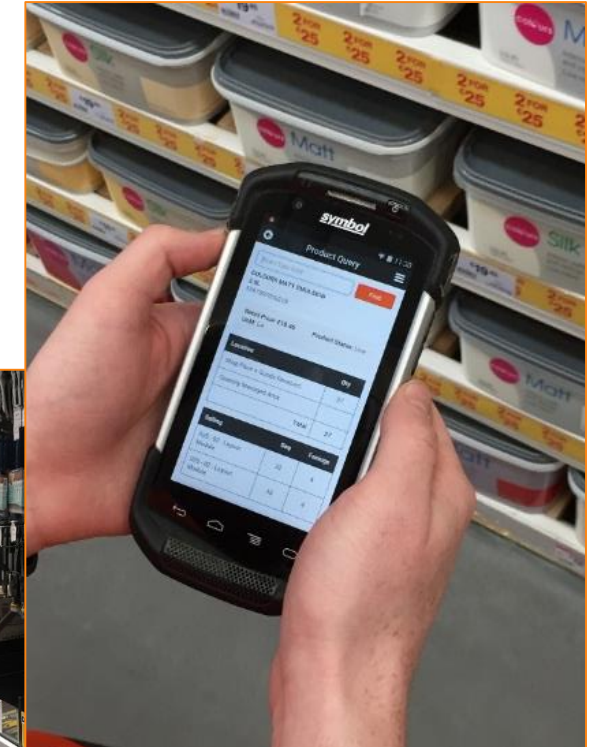
Pilot

- Started on time and now live in 7 stores
- Testing over 75% of all functionality and technologies
- Working well in stores with positive colleague feedback

Web Technologies
Layer

Services & Integration
Layer

Core Systems Layer



So we are accelerating the roll out

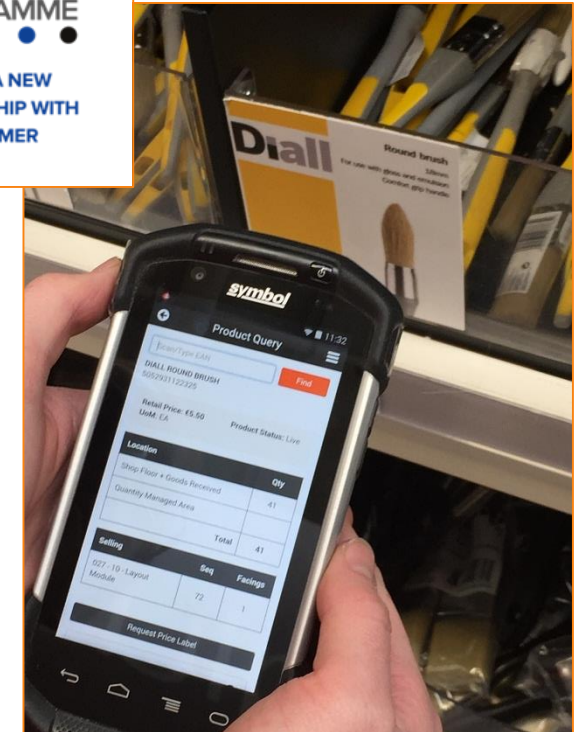
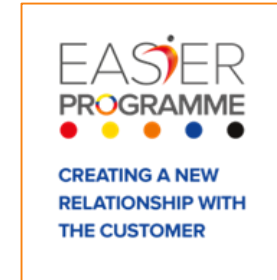
INFRASTRUCTURE & PROCESSES

B&Q and Castorama France to complete in 2016, whole company by end of FY 2018/19

Will be a key enabler for 'ONE' Kingfisher

Strong risk management in place

- Will not sacrifice quality for speed
- Already running a full IT system and hardware platform capable of company wide roll out
- External independent auditing of the programme has provided excellent advice, visibility and control



We have now finalised our leadership team

PEOPLE



Chief Executive Officer
Véronique Laury



Chief Financial Officer
Karen Witts



Chief Offer & Supply Chain Officer
Arja Taaveniku



Chief Digital & IT Officer
Steve Willett



Chief People Officer
Emily Lawson



**3 Operations Directors
by format**

Big Box - Guy Colleau



Medium Box - Alain Souillard



Omnichannel - Steve Willett

... and made several other key appointments and internal changes

PEOPLE

We are establishing international and diverse teams with stricter criteria e.g. retail & home improvement experience, language

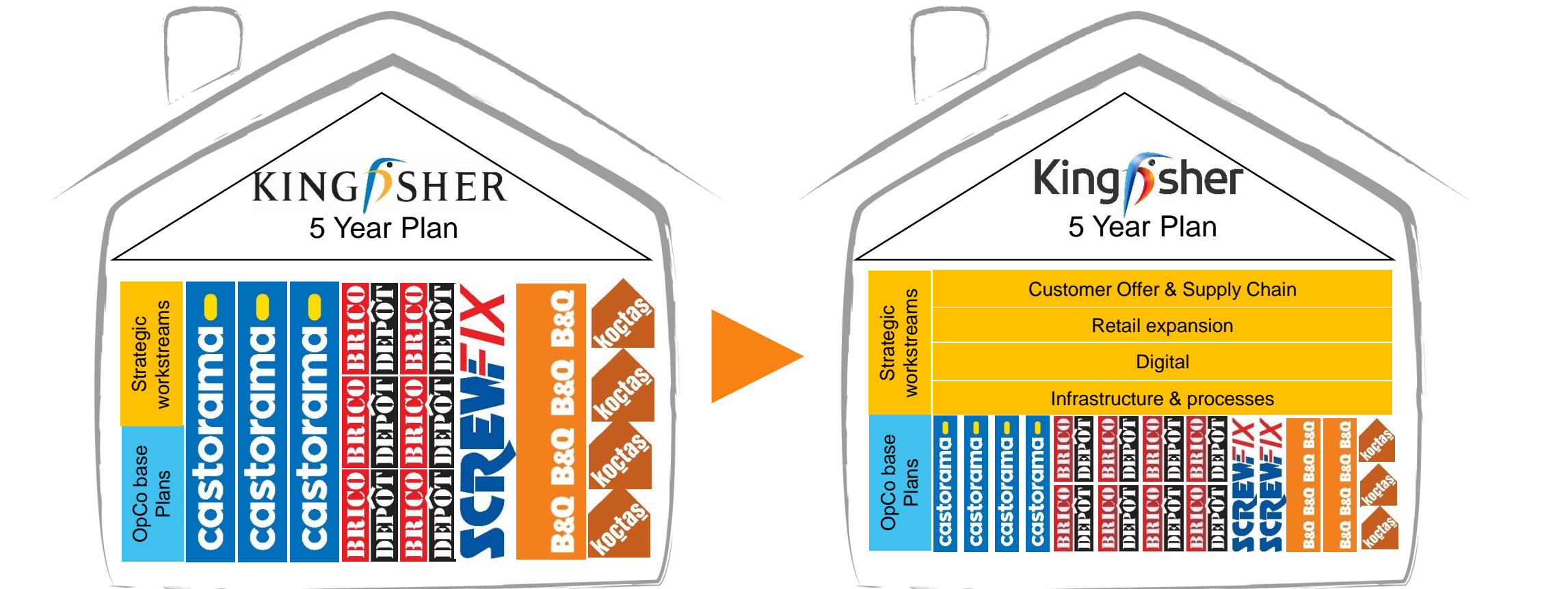
Reviewed all CEOs and other key roles

- 5 external appointments; 15 internal moves

‘ONE’ Kingfisher programme management now in place

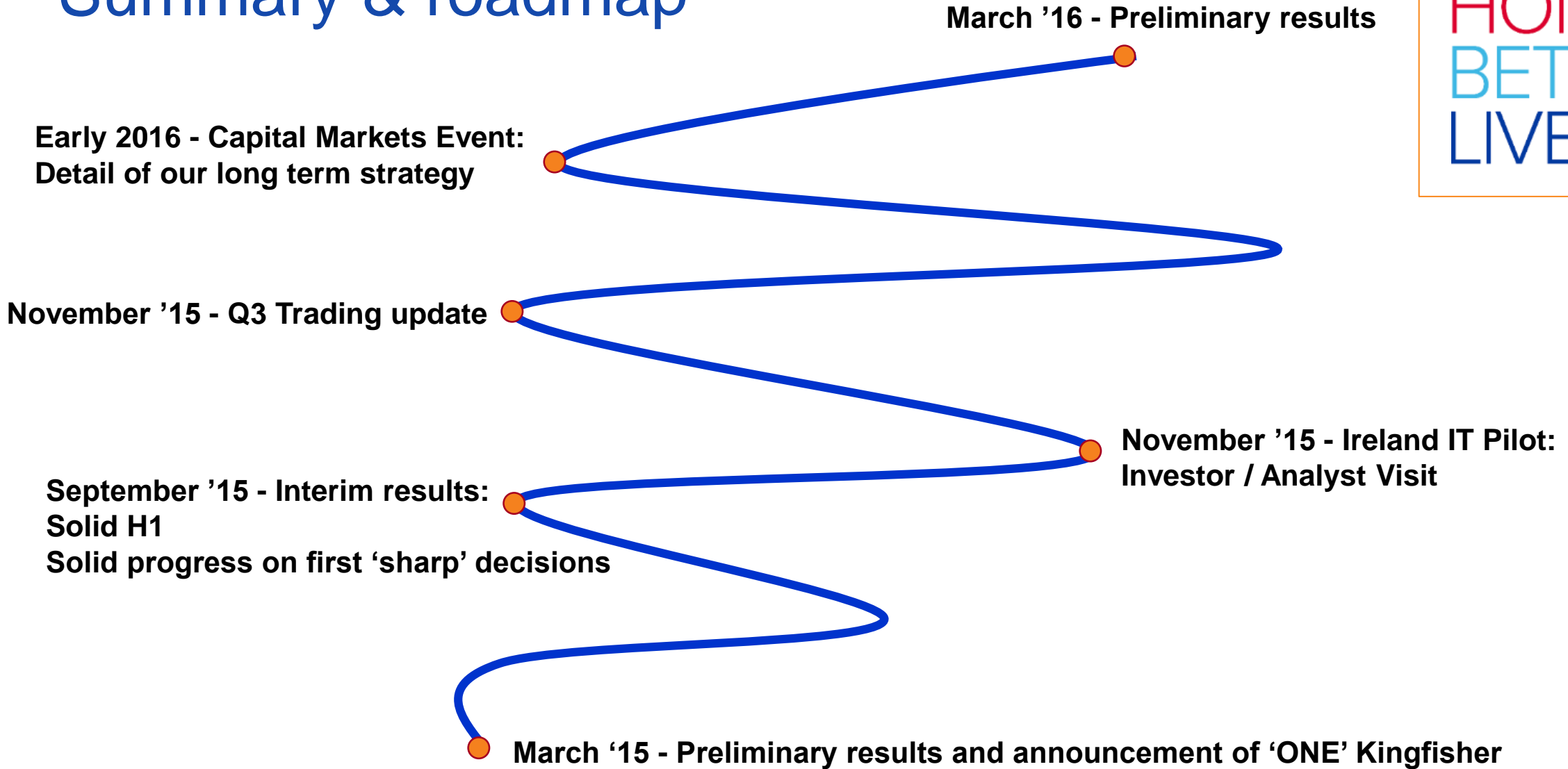
- To provide a framework for continuous testing and measuring of the strategic tasks

New, more unified ways of working as we start to organise ourselves very differently e.g. 5 year plan



Summary & roadmap

BETTER
HOMES,
BETTER
LIVES



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Questions

Appendices

2015/16 Technical guidance

Income statement:

- Retail losses from new country development activity – expected to be around £17m for FY 2015/16
- Group interest charge - around £10m
- Central costs are expected to be around £45m
- Corporation tax rate is expected to be c.26% subject to profit mix changes
- IFRIC 21 will impact phasing of certain French levies resulting in a year on year reduction in operating costs in Q1 to Q3 of around £9m per quarter and an increase in Q4 of around £27m
- B&Q closures - income statement impact expected to be broadly neutral assuming on average that up to a third of sales transfer
- Space restructuring UK & Ireland and Europe - exceptional charge of around £350m over two years

Cash flow:

- Capital expenditure - £350-400m
- Dividend to be covered 2.0-2.5x by adjusted earnings
- Capital return of £200m to be via share buyback
- No material incremental cash outflow resulting from the exceptional item, as principally relates to onerous lease provision

Statutory financial reconciliation

	2015/16 £m	2014/15 £m
Adjusted sales	5,382	5,605
B&Q China sales	110	163
Statutory sales	5,492	5,768
Adjusted pre-tax profit	384	393
B&Q China operating loss	(4)	(11)
Financing fair value remeasurements (FFVR)	(3)	1
Exceptional items before tax	9	10
Statutory pre-tax profit ⁽¹⁾	386	393

(1) Comparatives restated for IFRIC 21 'Levies'

Net debt/EBITDAR reconciliation

	2015/16 Moving annual total £m	2014/15 ⁽²⁾ Year end £m
EBITDA ⁽¹⁾	938	953
Property operating lease rentals	410	415
EBITDAR	1,348	1,368
Financial net cash	(435)	(329)
Pension deficit	-	-
Property operating lease rentals (8x) ⁽³⁾	3,280	3,320
Lease adjusted net debt	2,845	2,991
Lease adjusted net debt to EBITDAR	2.1x	2.2x

(1) Calculated as retail profit less central costs and before depreciation and amortisation

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

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

ADR programme

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	BNY Mellon

For questions about creating Kingfisher ADRs, please contact BNY Mellon:

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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

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