KINGFISHER CAPITAL MARKETS DAY

25th January 2016

Disclaimer

You are not to construe the content of this presentation as investment, legal or tax advice and you should make you own evaluation of the Company and the market. If you are in any doubt about the contents of this presentation or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction).

This presentation has been prepared in connection with the announcements of the Capital Markets Day held on 25th January 2016. The financial information referenced in this presentation is not audited and does not contain sufficient detail to allow a full understanding of the financial performance the Company. For more information, the Capital Markets Day RNS can be found on the investor relations section of the Company's website. Nothing in this presentation should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the company or an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (as amended).

This presentation is being solely made and directed at persons to whom this presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

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.

The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in the Company's expectations.

Agenda

Part 1

Presentations

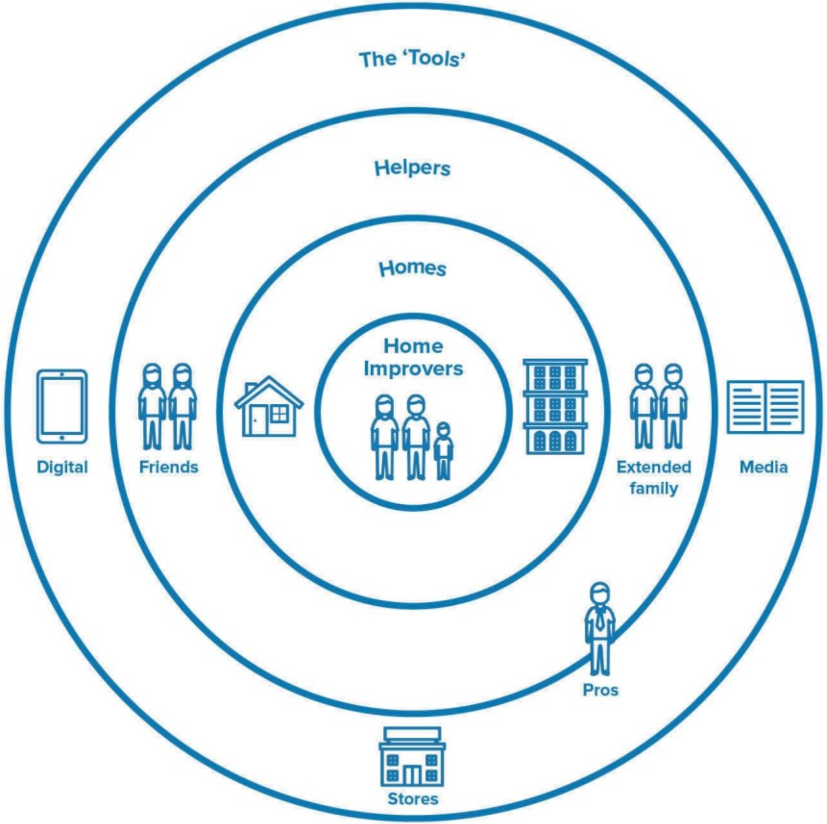
1.	Our customers	Véronique Laury, Chief Executive Officer
2.	Our ambition	Véronique Laury, Chief Executive Officer
3.	Our transformation	Karen Witts, Chief Financial Officer
4.	Strategic pillars	
	- Unified & Unique offer	Arja Taaveniku, Chief Offer & Supply Chain Officer
	- Digital	Steve Willett, Chief Digital & IT Officer
	- Operational efficiency	Karen Witts, Chief Financial Officer
5.	Closing remarks	Véronique Laury, Chief Executive Officer
6.	Q&A	

Part 2

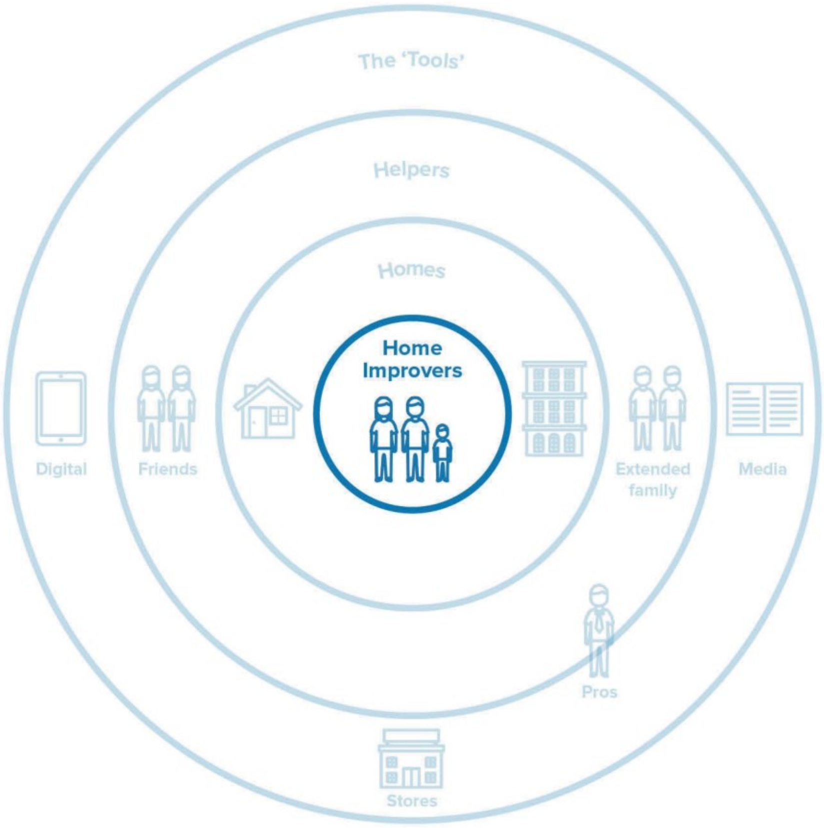
Key strategic pillars seminars

OUR CUSTOMERS

Our Home Improvement Ecosystem



Home Improvers



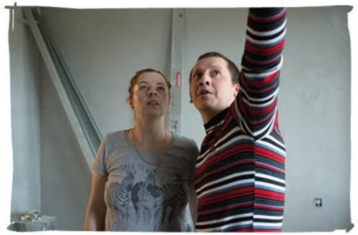
Home Improvers are everyone needing or wanting to improve something in their home









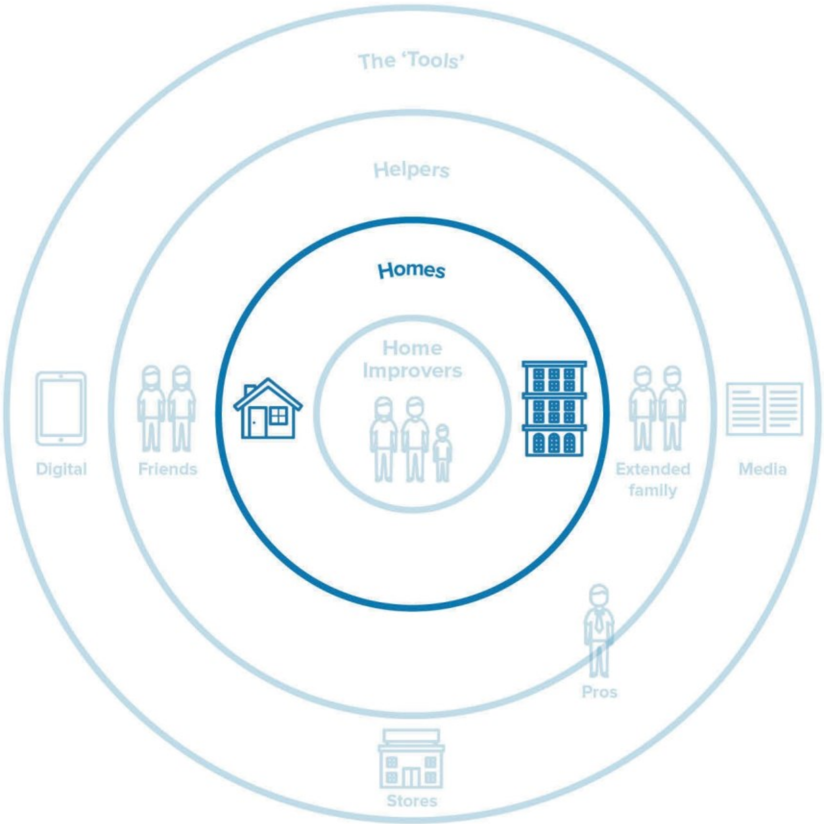



Most Home Improvers have limited resources

And most Home Improvers have limited skills

62 to 76% see themselves as “not a DIYer or occasional DIYer”

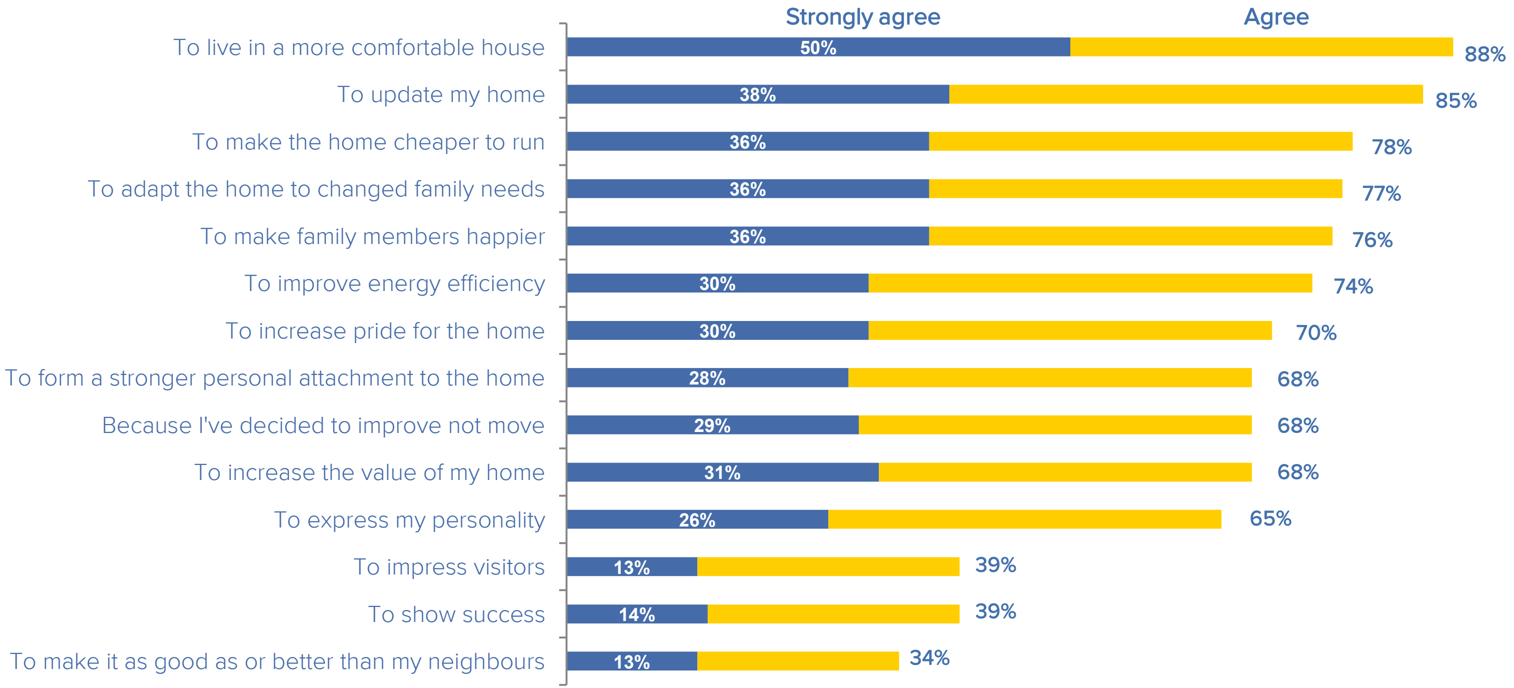
Homes


The 'Tools'
Helpers
Homes
Home Improvers
Digital
Friends
Extended family
Media
Pros
Stores

People want a home that is good to live in

Improving a home is about making daily life easier and more comfortable

How strongly do you agree with the following reasons for doing Home Improvements?



Source : European consumer survey - UK (2,241), France (2,277), Germany (2,266), Ireland (1,129), Poland (2,280), Romania (1,116), Russia (2,300), Spain (2,230), Turkey (1,211)

Functional needs are more similar than different

Bathroom sizes across Europe

- 25% < 4 m^2
- 74% < 7 m^2
- 93% < 11 m^2

Average age of housing stock in Kingfisher countries

- Between 50 and 60 years old

Source : Bathroom size = Kingfisher Bathroom Topography GKF - Nov 2014 / Housing stock = Euromonitor 2014

And Home Improvement is a challenge!

Customer journeys can be complex… e.g. the bathroom journey

(1) France, Enov Research 2014

All journeys go through these same steps...

Needs & triggers → Inspire & visualise → Plan & evaluate → Purchase & deliver → Build & install → Use & enjoy → Maintain & improve

Customer barriers and constraints

- Technical
- Space
- Budget
- Time
- Expertise
- ...and keeping daily life going!

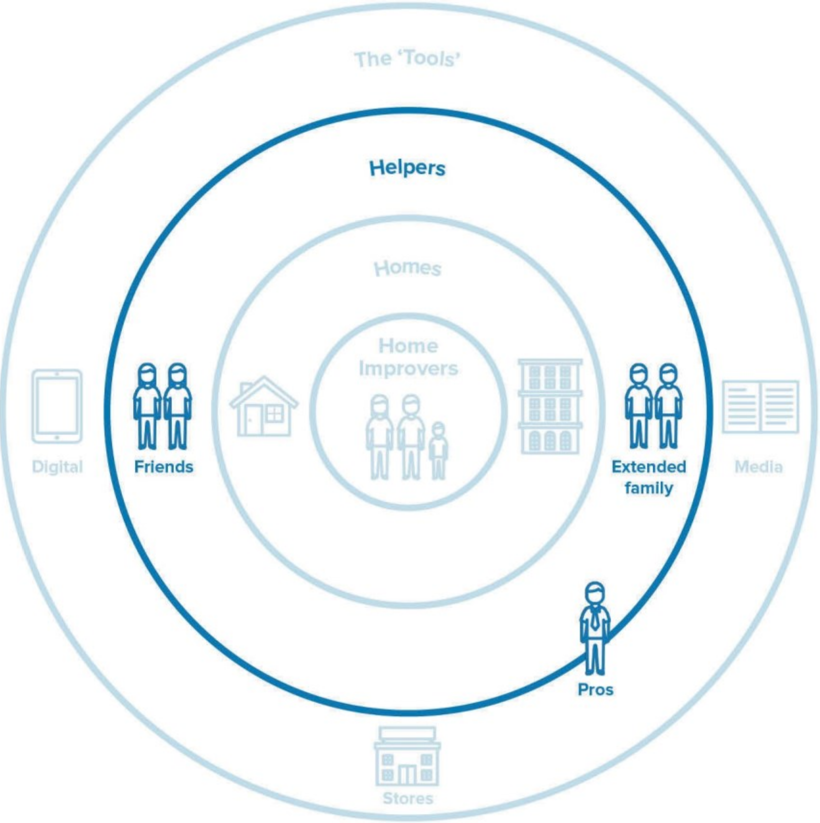
The Journey is an emotional roller coaster in which Home Improvers feel alone …

So they do what it takes to succeed, and get organised

Home Improvement becomes a 2nd job

- Going back to work is like having a break!
- You have to find colleagues and tools: friends, relatives, pros… and the Internet

Helpers



The 'Tools'
Helpers
Homes
Home Improvers
Digital
Friends
Extended family
Media
Pros
Stores

Immediate circle first:
people who are well known…and free!

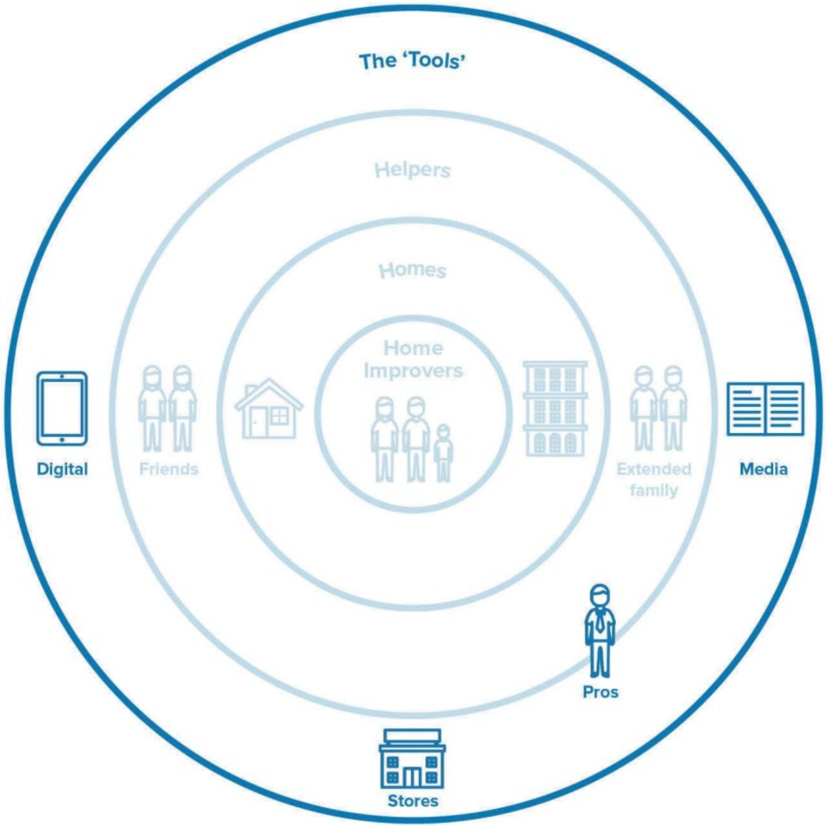
- The handy father-in-law willing to get involved…
- The retired neighbour who does small jobs…
- The good friends that can help…

Kingfisher

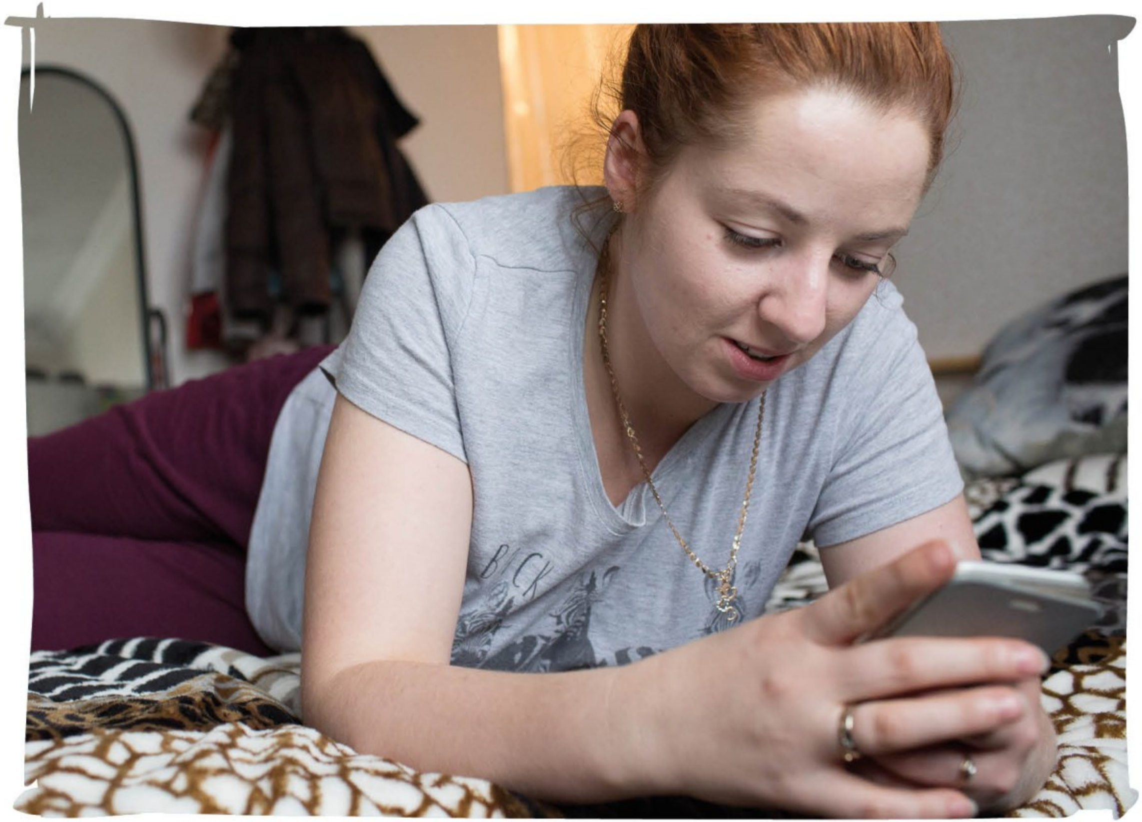
Pros are used when there's a need

- Brought in for those with low skills and confidence
- Also brought in for the big, structural jobs

The ‘Tools’


The ‘Tools’
Helpers
Homes
Home Improvers
Digital
Friends
Extended family
Media
Pros
Stores

Digital is a clear reference point for Home Improvers



- Demo videos (Youtube)
- Pinterest for inspiration
- Customers browse websites - but home improvement is something people want to feel not see

Stores are often on the outer fringe. Customers don’t necessarily find the support they need in stores

Lack of inspiration

Complex layout and product display

Lack of advice

Source : Kingfisher Insights Team surveys

We are doing something about it

OUR AMBITION

"We want to create good homes by making Home Improvement accessible for everyone"

Our purpose


"We believe everybody should be able to have a home they feel good about"

We are there for everybody who wants to improve their home

- Home owners & renters
- Apartments & houses
- People with resources & people without
- People with know-how & people without

Our point of view

A Good Home is a home that is:

- functional
- evolves with family needs
- is green outside/in
- is sustainable
- resource and energy smart
- clean, healthy and comfortable
- durable in quality and style
- coordinated to look good
- provides the best economics possible

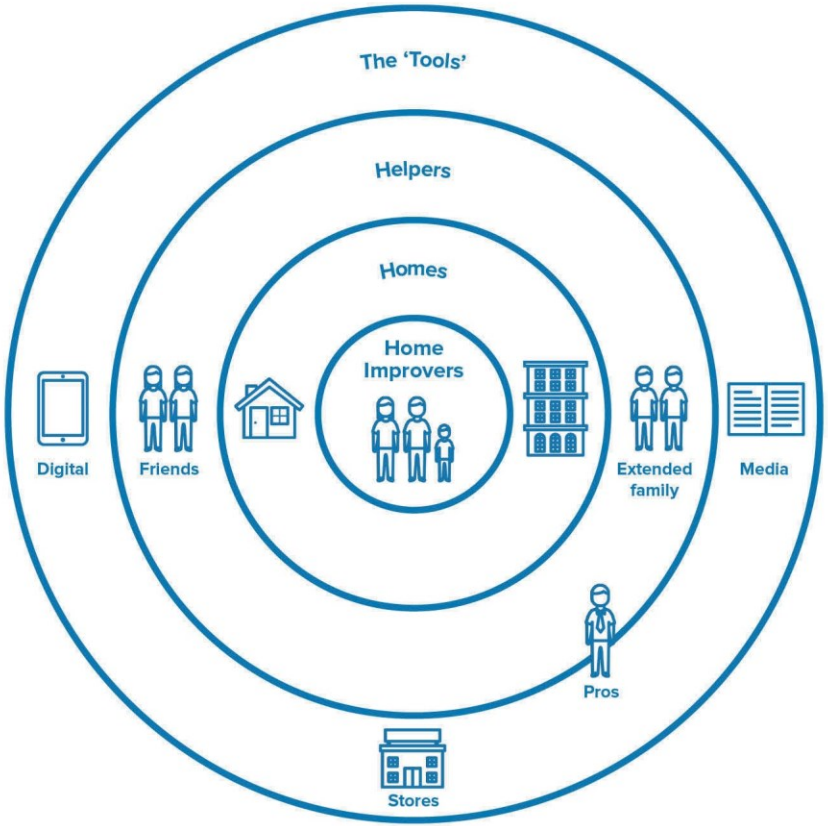
How we do it

We base everything we do on the reality of peoples' lives

We observe, interpret and create solutions that make Good Homes

We understand the customer journey and how the ecosystem works

A successful 'Before' to 'After', this is our field of action!



Our people make it real

1: Humble

3: Open minded

8: Focused on the customer experience

7: Inspiring vision

9: Diverse

4: Passionate for HI know-how

6: High quality

2: ONE together

5: Honest, transparent

What we will do

1:
Think of customer needs first

2:
Design a seamless customer process

3:
Create a unique and leading offer

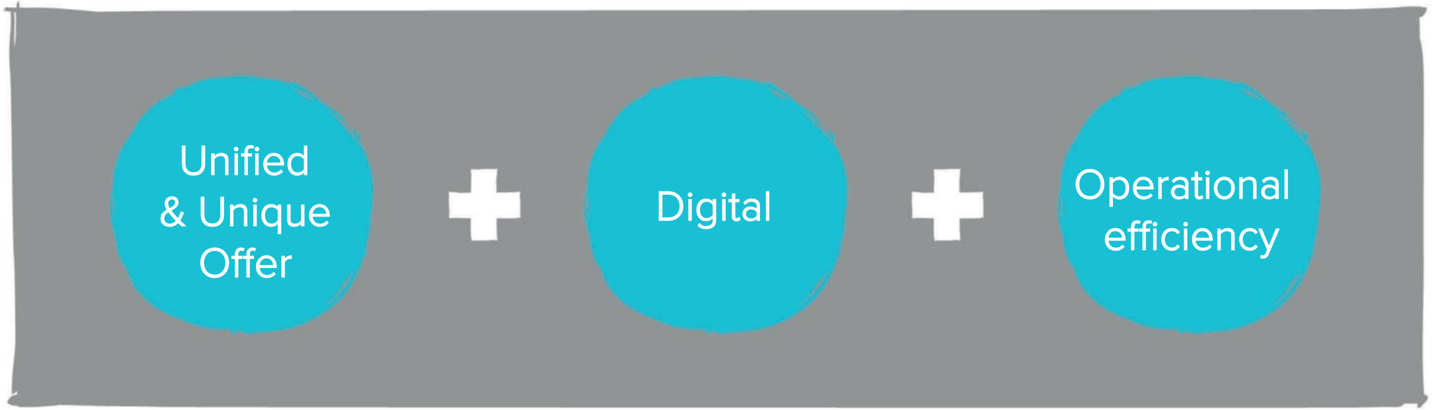
4:
Be a truly sustainable company

5:
Realise a leading customer experience in our stores

6:
Build ONE company culture

7:
Be low cost always

Focusing on 3 key pillars



OUR TRANSFORMATION

Before

KINGFISHER

Business As Usual 'BAU'

Market + Expansion = Low single digit growth (1)

(1) Over the last 5 years

A 5 year transformation

After

ONE Kingfisher

BAU

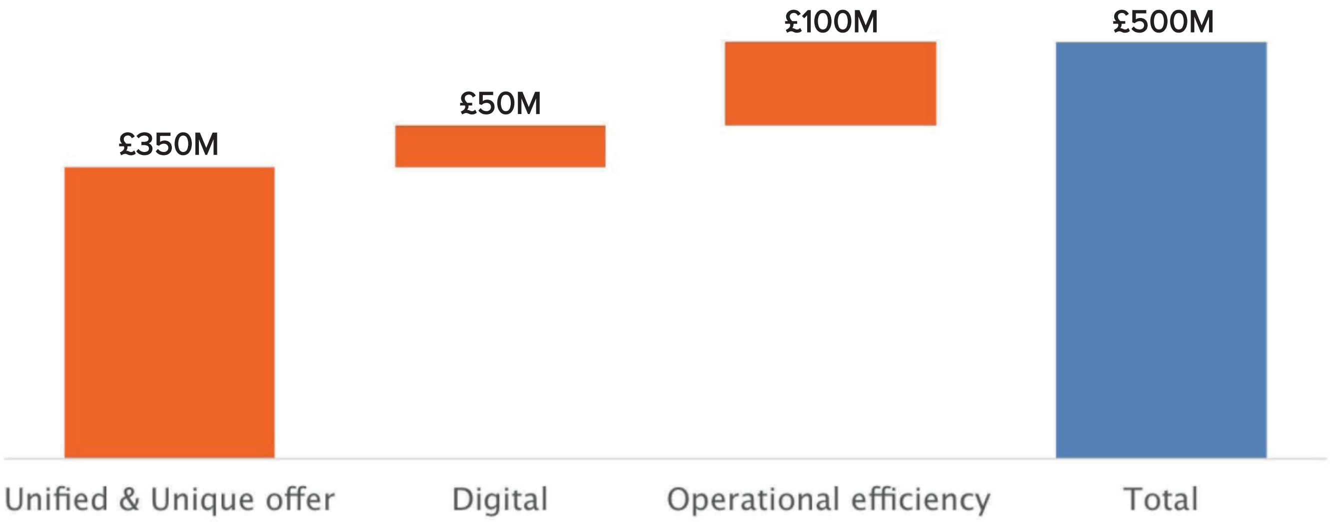
Market + Expansion

\+

Transformation

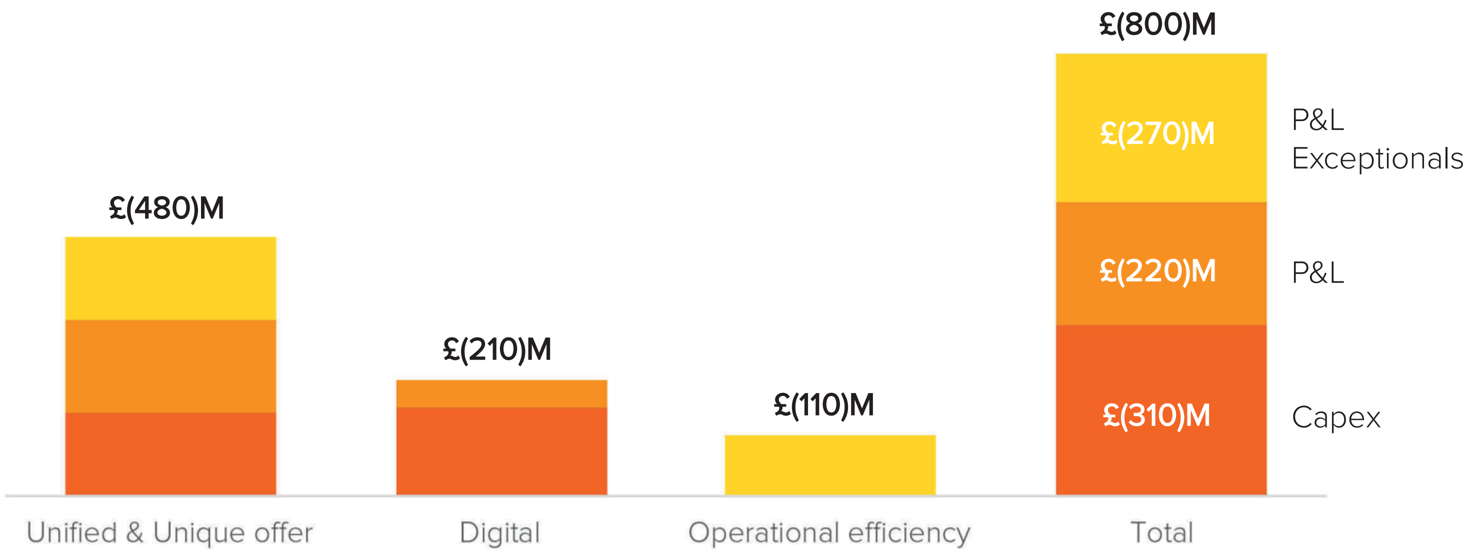
Unique & Unified Offer + Digital + Operational efficiency = £500M EBIT uplift

£500M[1] sustainable annual profit uplift by the end of Year 5

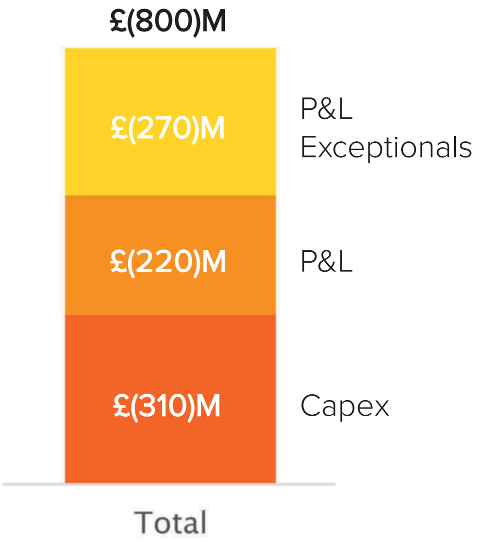


(1) This refers solely to the transformation for FY20/21 and not to 'business as usual'

£800M aggregate cash costs



Nature of cash costs

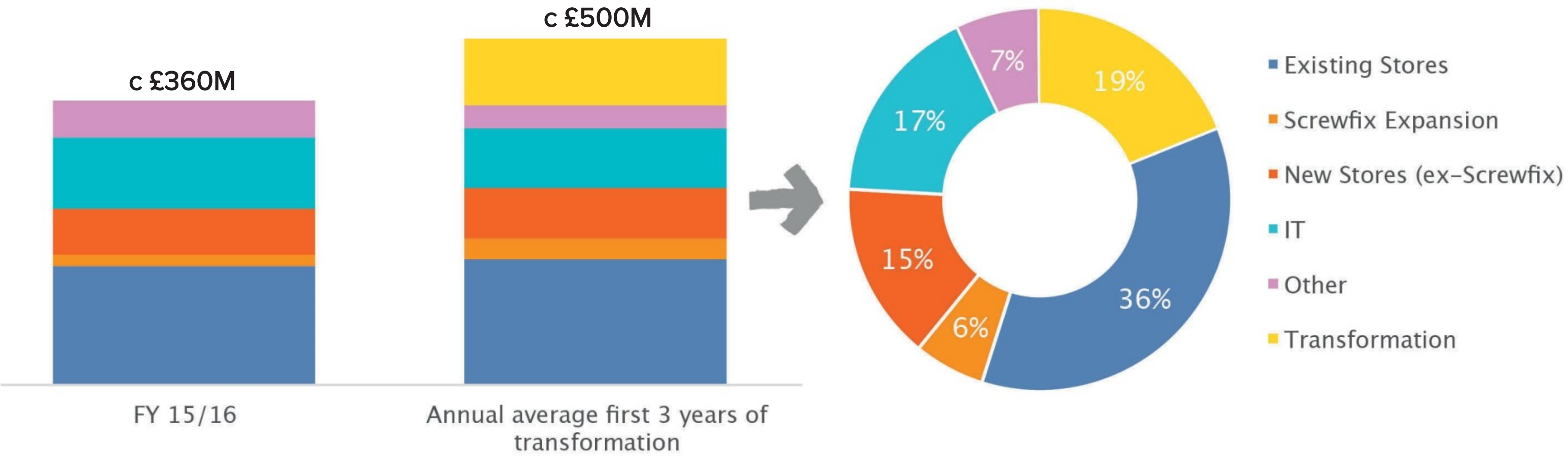


- Setting up new offer and supply chain organisation
- Unifying common processes & technology

- Unified & Unique offer range implementation

- Unified & Unique offer store equipment & IT
- Digital 'Brilliant Basics' & customer journeys

£500M per annum total capex over the first 3 years



…and c.£600M capital return over the next 3 years

Financial flexibility	• Retain a solid investment grade credit rating • Continue to target 2.0-2.5x lease adjusted net debt/EBITDAR
Reinvest & pay a healthy dividend	• Reinvest in the business and the transformation • Continue to be comfortable with dividend cover 2.0-2.5x
Capital return of c.£600M	• Over and above the annual ordinary dividend • Over the next 3 years • Expected to be via share buyback

We will report underlying profit & reported profit

We expect reported profit will differ from underlying profit

- As the transformation costs are incurred
- Impact net of upside from operational efficiency benefits expected to be:
  - Year 1: c £(50)M
  - Year 2: £(70) - (100)M

We expect the two metrics to converge in the later years of the plan

Underlying profit

Pre-exceptional profit excluding P&L costs of transformation

Reported profit

Pre-exceptional profit after P&L costs of transformation

Transformation key financials - summary

Unique & Unified Offer + Digital + Operational efficiency = £500M EBIT uplift → Improved ROCE (1)

£800M aggregate costs to achieve
c.£600M capital return over the next 3 years

(1) ROCE of 11.9% as at FY 2014/15; 5 year target

ROCE = lease adjusted profit after tax divided by lease adjusted capital employed excluding goodwill

STRATEGIC PILLARS

UNIFIED & UNIQUE OFFER

DIGITAL

OPERATIONAL EFFICIENCY

UNIFIED & UNIQUE OFFER

Key messages

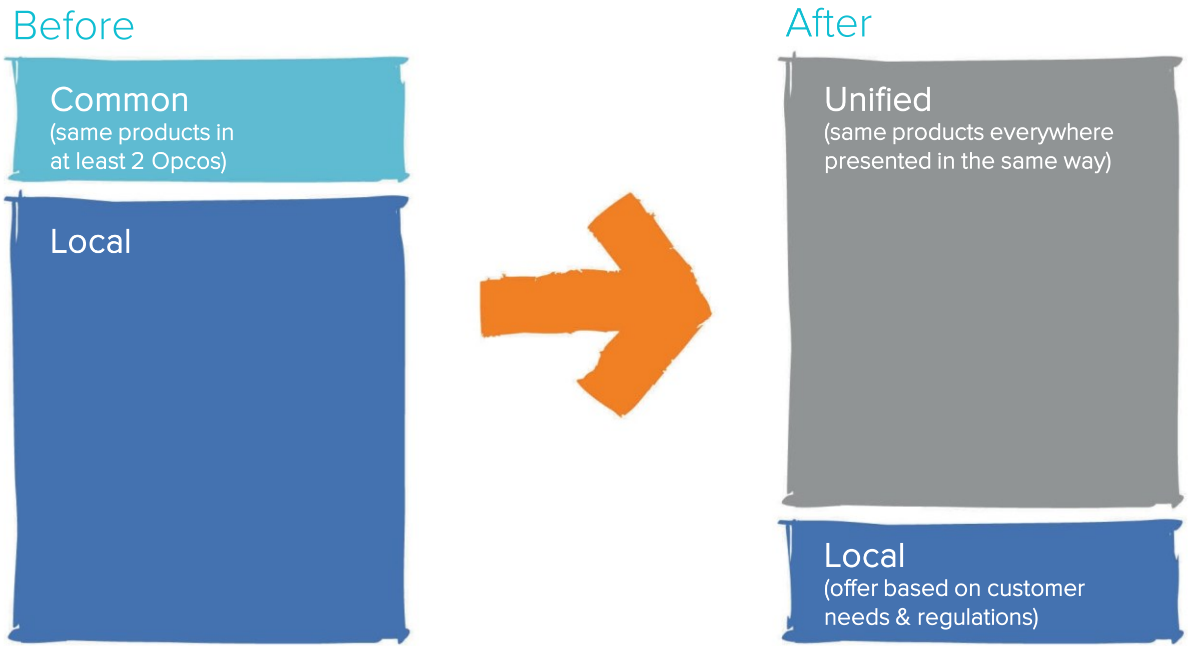
1: We are creating a complete unified, unique & leading offer

2: We have started sourcing our offer in a very different way

3: We have a clear roadmap to ensure it is <u>different</u> this time

4: Very encouraging early results supporting the business case

5: Significant £350M sustainable profit uplift by the end of Year 5



- Today our offer is largely steered by our suppliers and similar to other retailers
- Our exclusive own brands only represent c.20% of our total sales and not one of them is shared amongst all our operating companies (Opcos)
- We have thousands of suppliers
- Our buying scale (£7BN) is largely untapped

This makes sense because customer needs are already more similar than different

We are creating a complete unified & unique offer

Based on customer insights

We will control our end to end process

We will own IP, design, quality and specifications

diy.com

Our future complete unified, unique & leading offer

Unified Offer
Same products everywhere presented in the same way, based on customer insights

Local offer
Based on customer needs & regulations

Unique
Design and Quality by Kingfisher

Core essentials
Home improvement basics and consumables

Complementary

6 Leading ranges
Leading products & solutions, first choice in customers' minds

With focus on
6 leading ranges
starting with outdoor
and bath…

We chose bathroom first being the most challenging customer project

(1) France, Enov Research 2014

The new Kingfisher unique bathroom

Before

- Takes too long
- Complex to manage
- Too expensive
- Lack of functionality, differentiation or design

After

- Easier
- Affordable
- Fit for purpose
- Functional with adequate storage
- Unique

Early prototypes unveiled at the seminar

We will leverage our buying scale (£7BN) and we are creating new sourcing capabilities

- Cost Price Reduction (CPR)
- Design to Cost
- Production Excellence
- Global Sourcing

This time we will radically reorganise to operate as ONE company

Before

9 independent buying teams in 9 Opcos

Supplier agreements sit with each Opco

Logistics network managed by and built to serve individual Opcos only (except for the UK)

Merchandising principles owned by each Opco

After

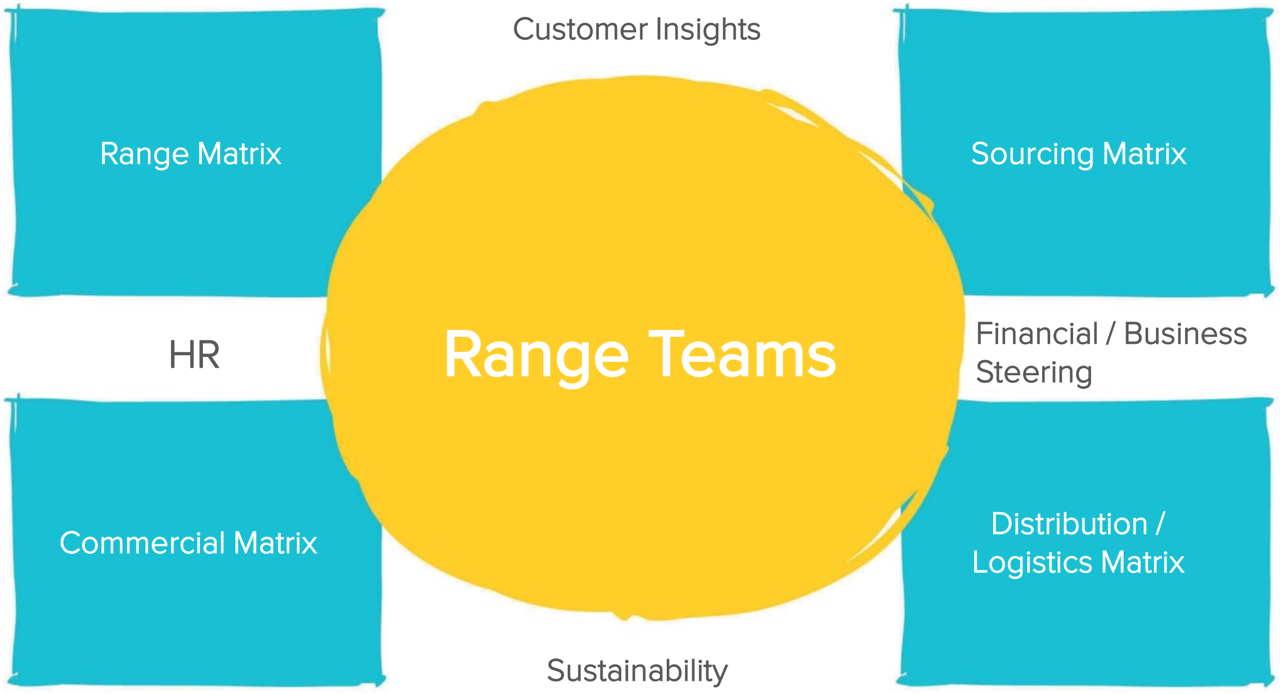
ONE international team with unified global functions

Supplier agreements managed by the ONE team

ONE European distribution & logistics network

ONE set of merchandising principles

Moving to ONE organisation with unified global functions for the first time



Our competence will be the driver of change

Skilled and enthusiastic people

Proven NEW processes

Training programmes to learn new capabilities

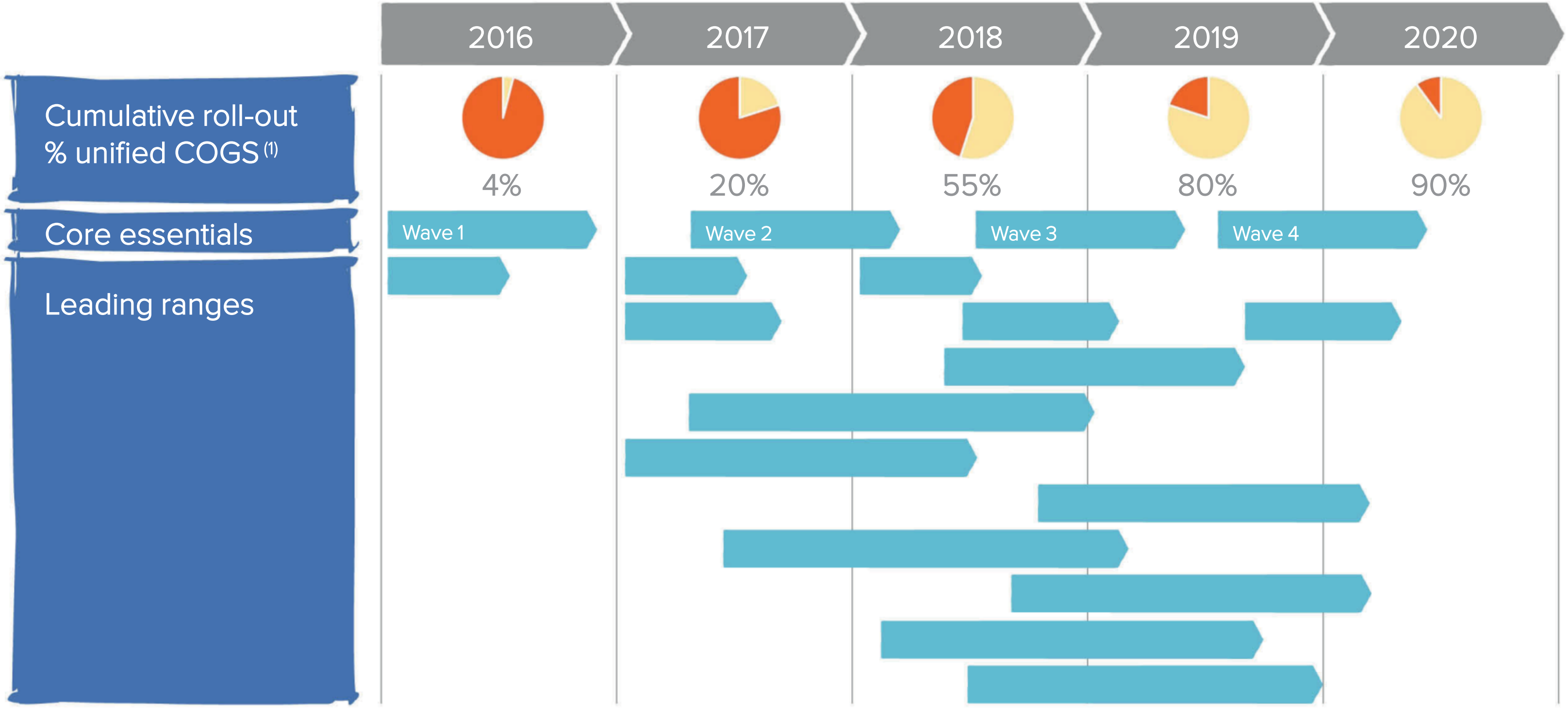
Recruit competence where we need more

With a clear roadmap already in place

2016 2017

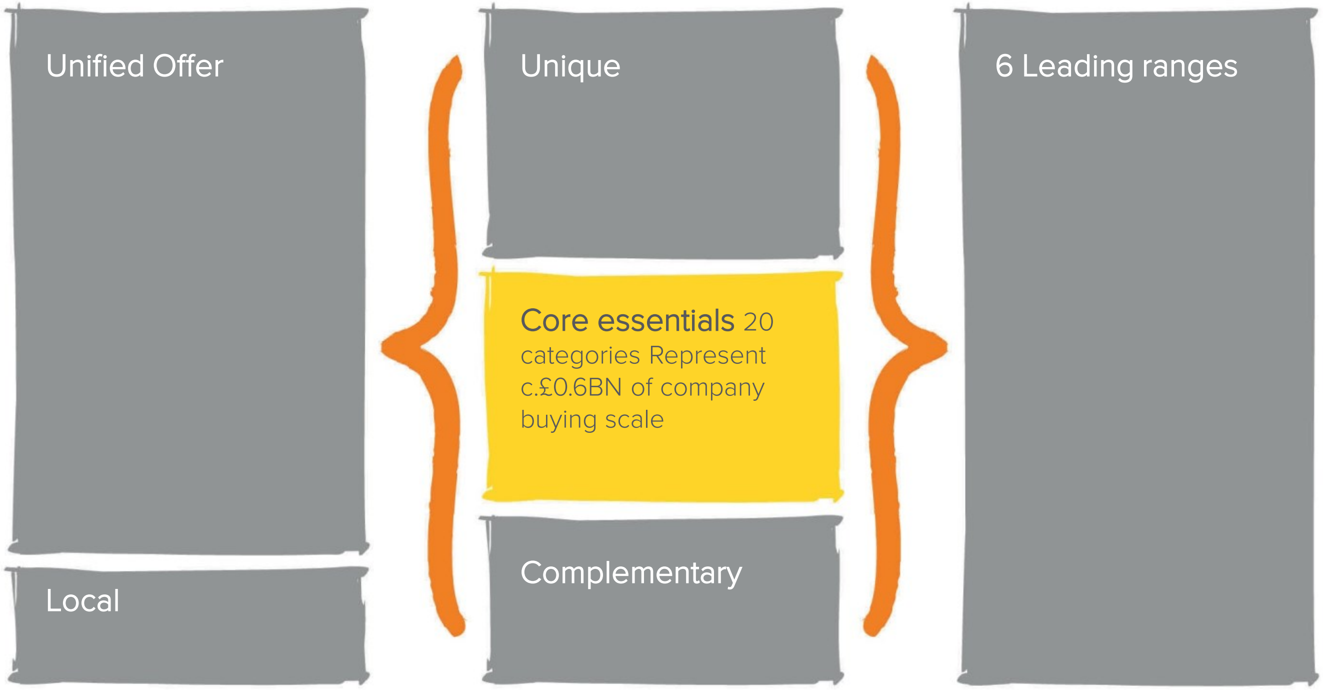
	Q3-Q4	Q1-Q2	Q3-Q4	Q1-Q2
Operating model	Identify & develop new organisational design and accountabilities	Implementation		
	Develop transition plan			
HR	Develop guidelines & change mgt plan	Manage change plan		
Unified & Unique offer	Implementation			

Which will enable us to roll out the unified offer over the next 5 years



(1) Costs of Goods Sold

Very encouraging early results



…which will deliver significant customer and business benefits

KITCHEN SINKS	BEFORE	AFTER
# SKUs	516	113
# Suppliers	36	13
Cost Price Reduction	-15%	

LIGHTBULBS	BEFORE	AFTER
# SKUs	2,824	498
# Suppliers	55	8
Cost Price Reduction	-20%	

AIR TREATMENT	BEFORE	AFTER
# SKUs	189	31
# Suppliers	42	10
Cost Price Reduction	-6%	

Business benefits

- ✓ Fewer SKUs
- ✓ Fewer suppliers
- ✓ Cost price reduction (CPR)
- ✓ Unified brands
- ✓ Improved processes

Customer benefits

- ✓ Simpler ranges & clearer merchandising
- ✓ Newer products
- ✓ Better packaging
- ✓ Higher quality & better sustainability
- ✓ Lower prices

Total company-wide SKUs will significantly decrease, less at Opco level

	Company Offer FY 16/17		B&Q Offer FY 16/17	
	Current	New (unified + local)	Current	New (unified + local)
Total 20 categories	27,790	6,684	4,004	3,737

#SKUs -76%

#SKUs ≈

Relating to the first 20 categories of Unified core essentials representing c£0.6bn company wide buying scale

Potential is significant - worth £350M sustainable profit uplift by end of year 5

5% CPR on company buying scale of £7BN

=

£350M profit uplift

Gross margins expected to rise towards the end of the 5 year transformation

By the end of year 5
Excluding underlying market

Higher sales offset by P&L cost of change over the 5 year transformation

Higher sales

- Better prices
- Better offer
- Simpler ranges
- Clearer merchandising

P&L cost of change

- Range clearance and implementation

Unified & Unique offer - summary

1: We are creating a complete unified, unique & leading offer

2: We have started sourcing our offer in a very different way

3: We have a clear roadmap to ensure it is different this time

4: Very encouraging early results supporting the business case

5: Significant £350M sustainable profit uplift by the end of Year 5

DIGITAL

We will design a seamless customer process

Digital is intrinsic to the way people shop

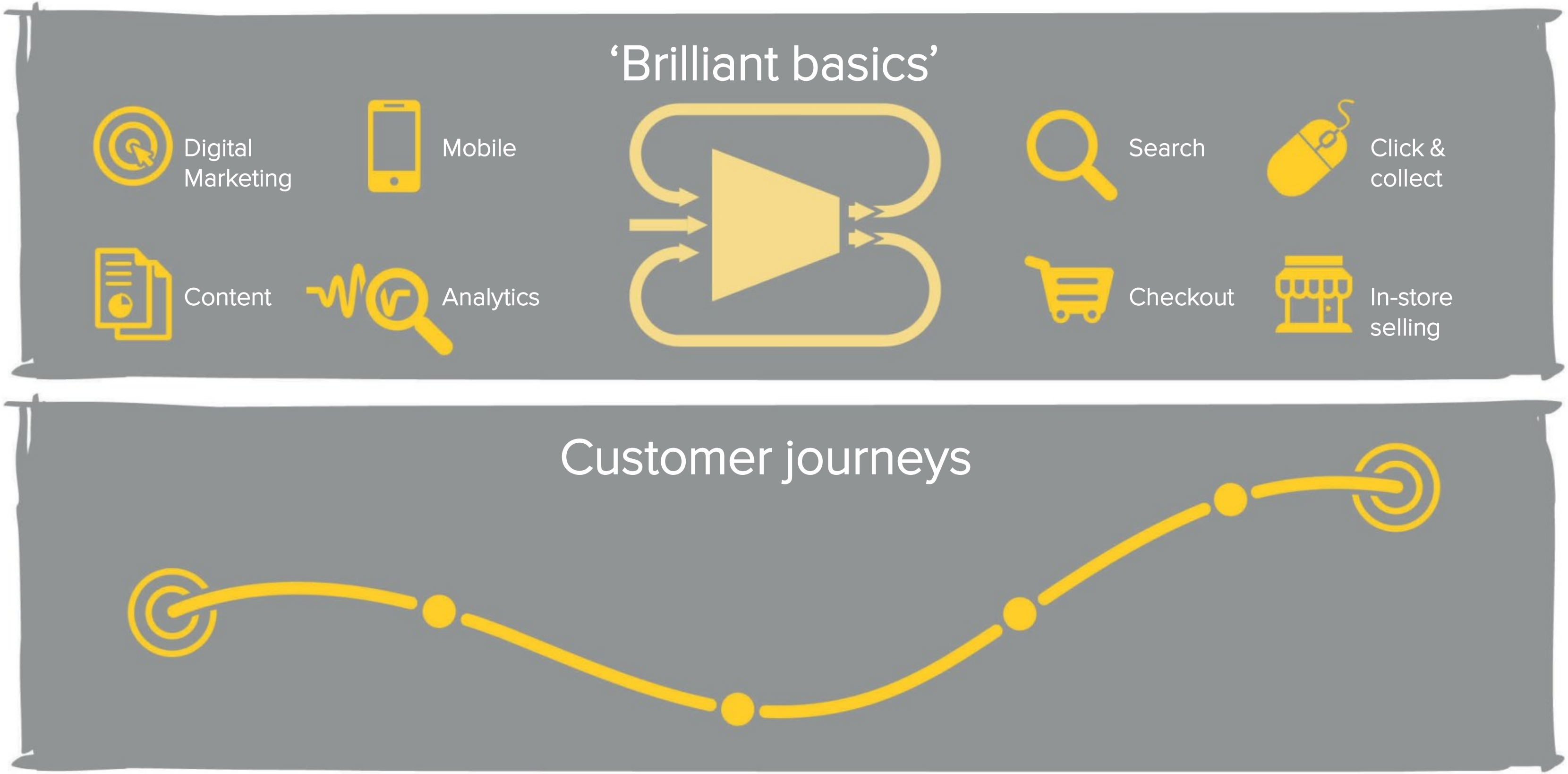
But…
so are stores

People shop in many ways for different products or projects

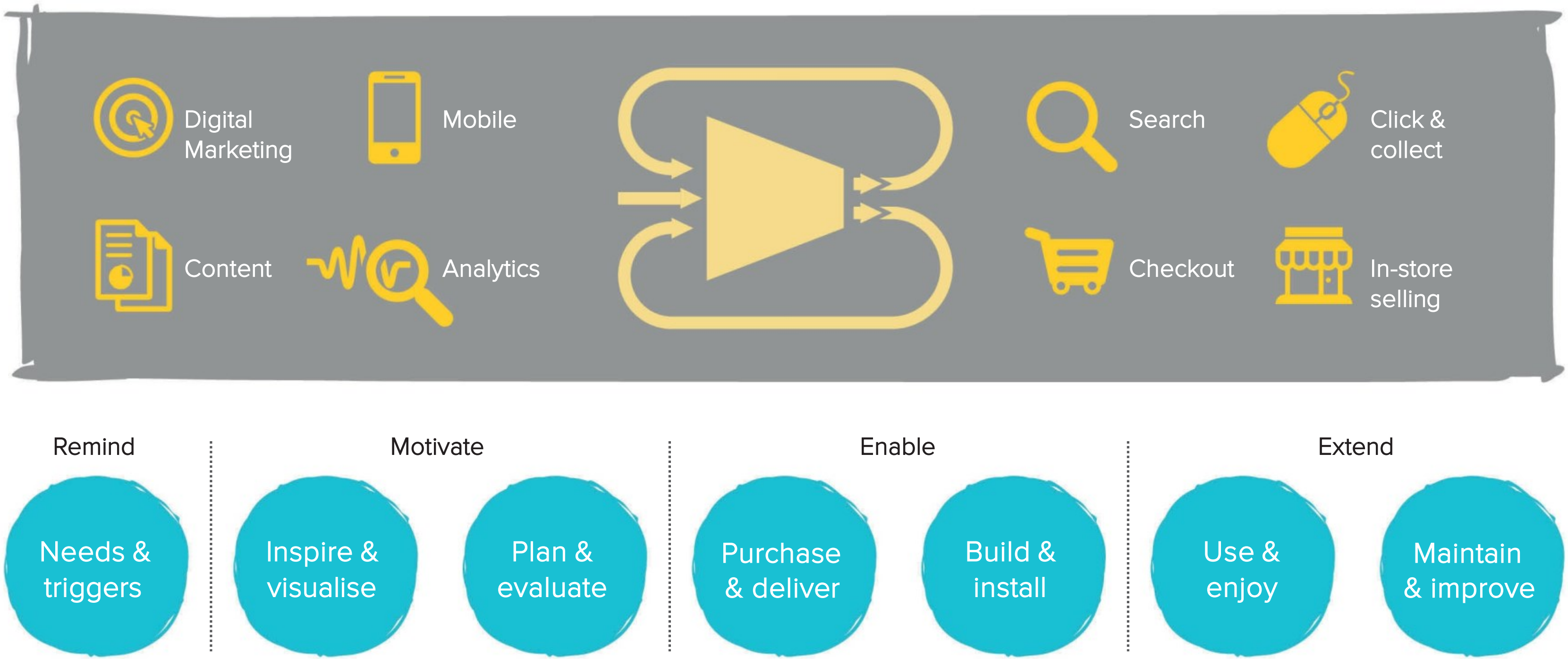
=

Support customer journeys end to end seamlessly across any channel

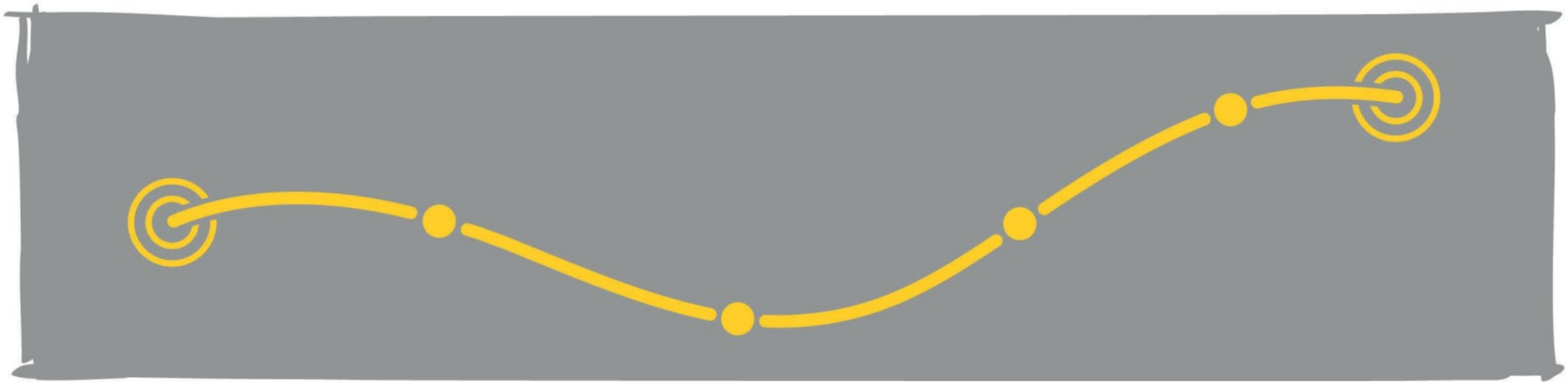
Our Digital priorities



Digital: ‘Brilliant basics’

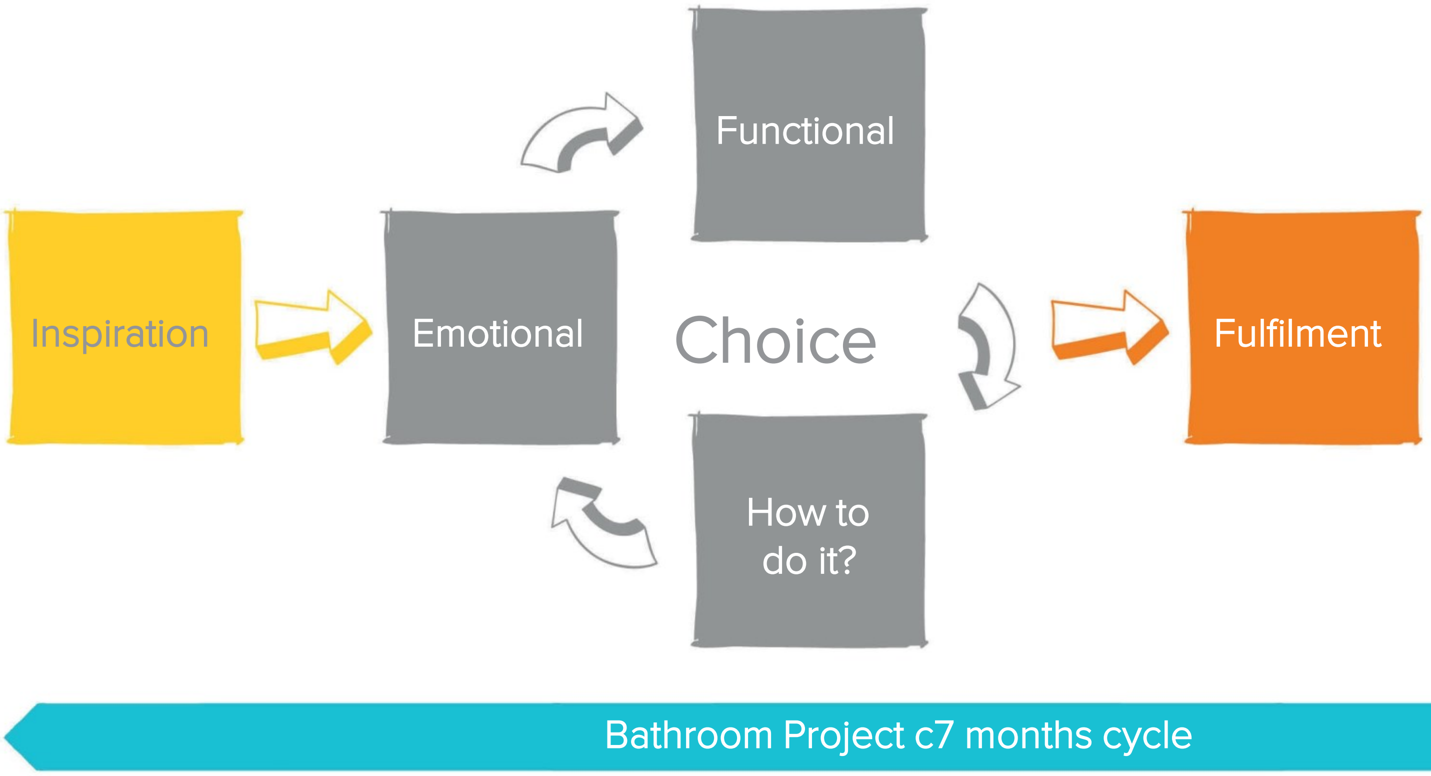


Digital: Customer journeys



Remind	Motivate		Enable		Extend	
Needs & triggers	Inspire & visualise	Plan & evaluate	Purchase & deliver	Build & install	Use & enjoy	Maintain & improve

Customer journey: Bathroom example



Multiple phases of project e.g:

- Tiles
- White Goods
- Taps & Showers
- Accessories

OPERATIONAL EFFICIENCY

Operational efficiency: £100M driven by Goods Not For Resale (GNFR) opportunity

Scoping exercise completed last year of the total £1.2BN annual spend

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

Wave 1 progressing well
- Covers 9 categories
- Plans in place; contract tendering phase largely complete

Wave 2 already started
- Covers 9 categories

- 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

Including e.g.
- Point of sale
- Financial services
- Shopfitting

Wave 3: £300M

CLOSING REMARKS

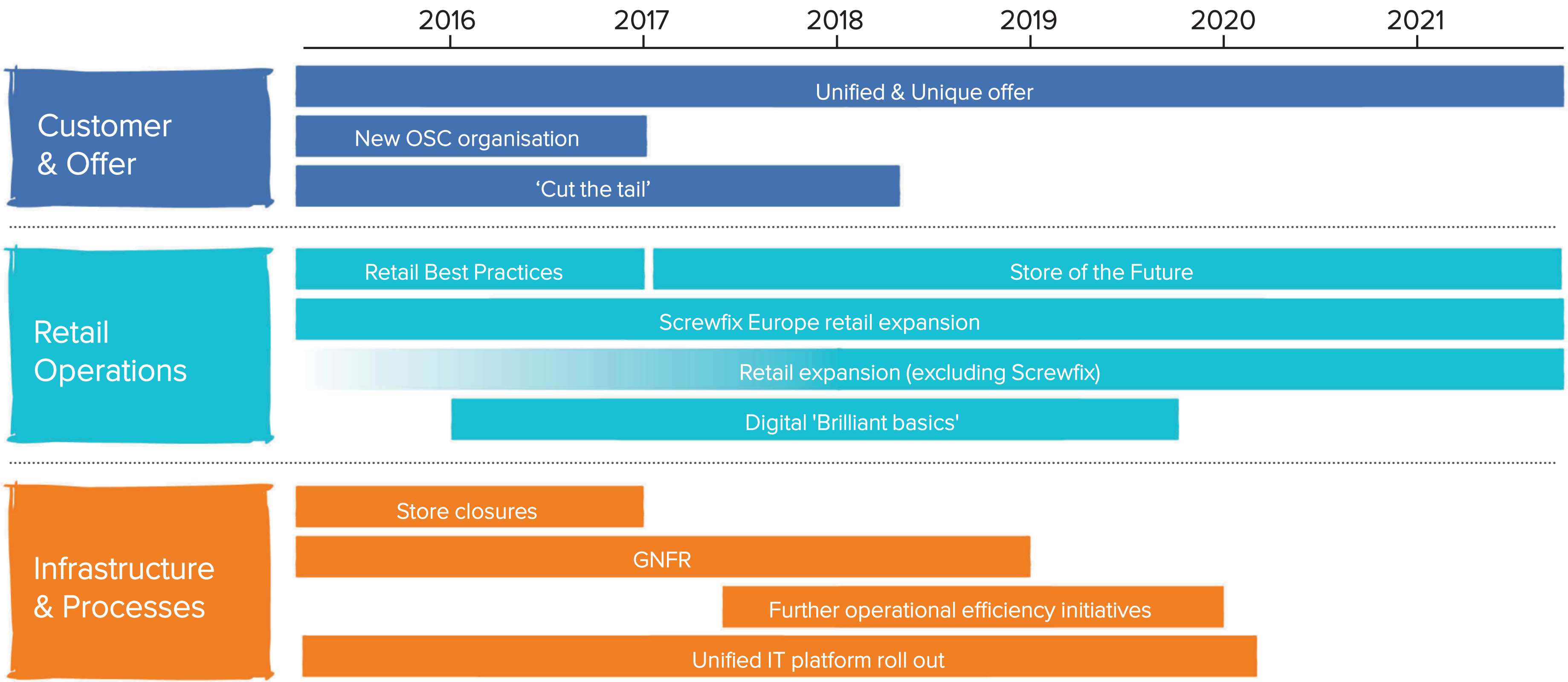
Made good progress with our first ‘sharp’ decisions

	FY 15/16
Customer & Offer	✓ Develop unique outdoor and bathroom ranges ✓ Develop 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

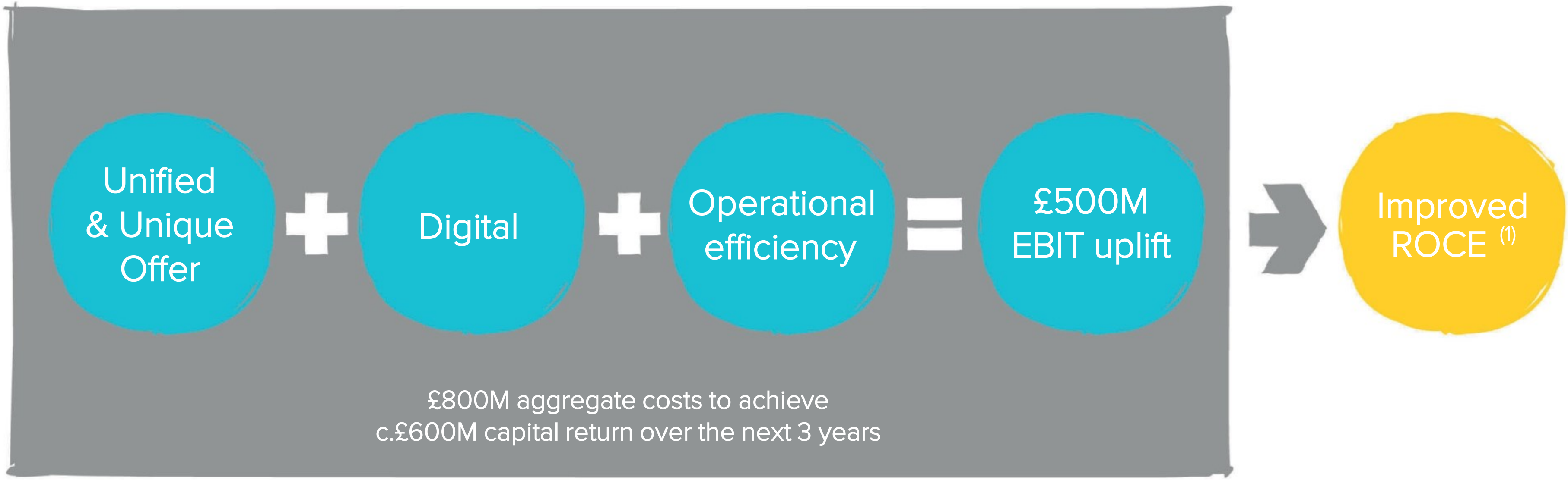
Now setting operational milestones for next year

	FY 16/17
Customer & Offer	Deliver Offer & Supply Chain Organisation (OSC) Achieve 4% unified COGS
Retail Operations	Complete closure of c.15% surplus space at B&Q Build Digital 'Brilliant Basics' platform for B&Q
Infrastructure & Processes	Complete unified IT platform roll out in B&Q and start Castorama France roll out Deliver benefits from unified Wave 1 of GNFR programme

Clear longer term roadmap



5 year transformation



(1) ROCE of 11.9% as at FY 2014/15; 5 year target

ROCE = lease adjusted profit after tax divided by lease adjusted capital employed excluding goodwill

Summary key messages – what we will do

1: Think of customer needs first

2: Design a seamless customer process

3: Create a unique and leading offer

4: Be a truly sustainable company

5: Realise a leading customer experience in our stores

6: Build ONE company culture

7: Be low cost always

Cautionary note regarding forward-looking statements

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.
The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in the Company’s expectations.

STRATEGIC PILLARS

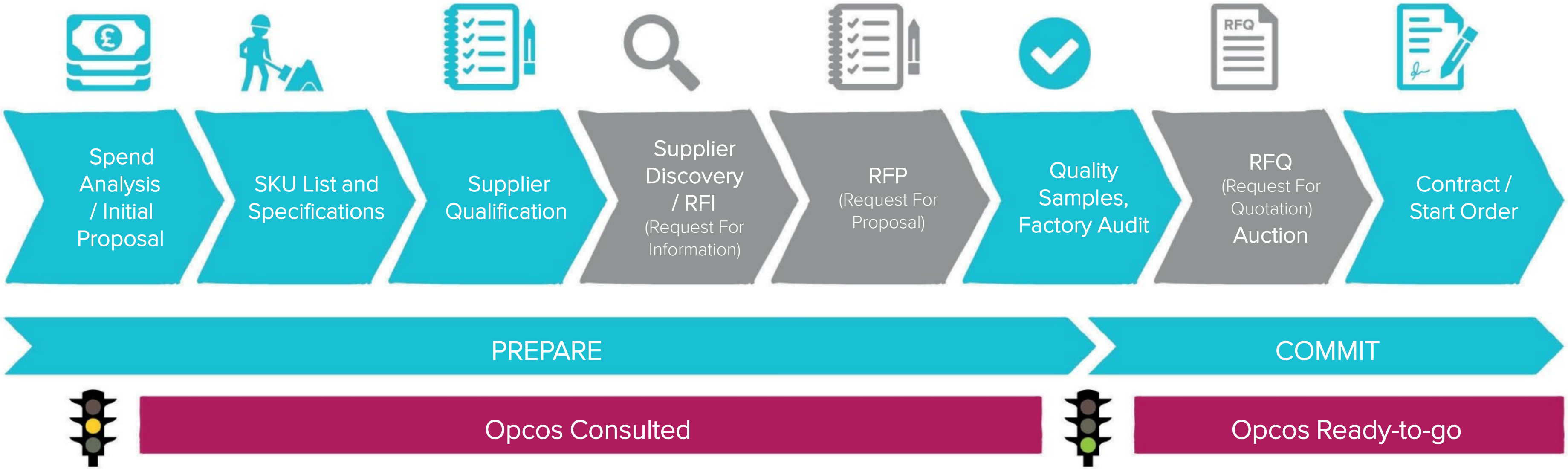
UNIFIED
& UNIQUE
OFFER

DIGITAL

OPERATIONAL
EFFICIENCY

CORE ESSENTIALS

Purchasing: all Unified ranges are e-tendered first through Kingfisher online tendering application



Lightbulbs: SKU count before & after

	Halogen		CFL		LED		Tubes		Total*		
	Pre	Post	Pre	Post	Pre	Post	Pre	Post	Pre	Post	Change
B&Q	86	60	68	17	58	159	22	20	254	256	+2
Casto FR	137	56	58	17	190	159	23	24	425	256	-169
Brico FR	39	38	10	8	55	94	10	8	115	148	+33
Brico SP	39	28	93	40	86	89	26	14	244	171	-73
Koctas	124	43	220	45	101	138	64	24	514	250	-264
Casto Russia	22	24	83	45	81	154	15	16	262	258	-4
Brico Rom	34	28	26	24	33	107	14	8	107	167	+60
Casto PL	190	43	116	9	254	154	76	24	634	230	-404
Screwfix	55	60	26	17	136	179	20	28	248	284	+40

*Incandescent, Tube Starters & Unknown included in total

Total number of unique SKUs reduced in new range to c.500 from c.2800 – 61% of product ranging is now LED

Lightbulbs sourcing: followed a robust and open process

Complete
In Progress

RFI 24/7
RFI Live
Factory visits 17/8
RFQ1 24/7
RFQ1 Live
RFQ2 18/9
RFQ2 Live
Sample validation 29/9
SC cost modelling 8/10
CPR validation 12/10
Purchasing validation 19/10
Final Nego's 23/10

July 15	Aug 15	Sept 15	Oct 15

RFI

55 current vendors invited

Vendors from W.Europe, E.Europe, Russia and Far East

38 vendors responded

RFQ1

20 vendors progressed from RFI

50 baskets of products for vendors to quote for

Indicative 19% FOB saving

RFQ2

9 vendors progressed from RFQ1

86% of volume grouped into 7 'super-baskets'

Additional 3% saving on O/L LED versus RFQ1 (B&Q LFL)

Final Negotiations

Final face to face negotiations held

8 vendors selected

Final CPR: 20%

Purchasing

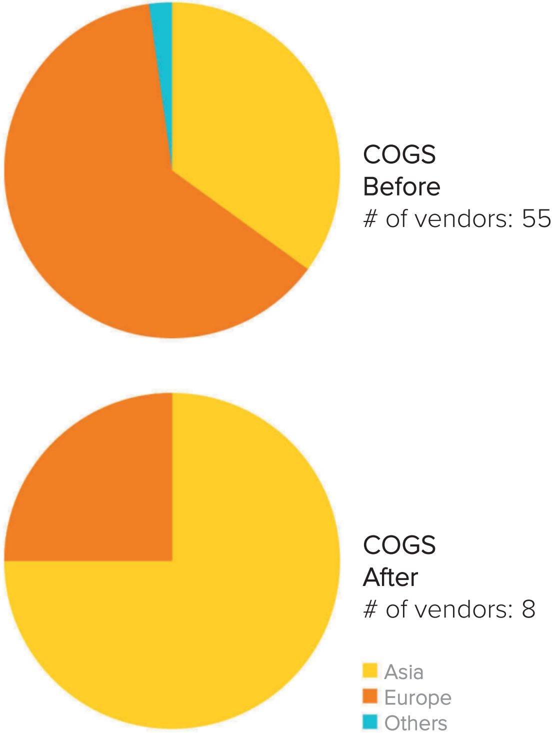
End October
Business Case

November
LOIs
2000hr testing
Apex & SAP setup

December
Testing data for ERP

March
Production
Gold seal
LRD end March

Lightbulbs sourcing: reducing the number of suppliers while minimising risk



Initial criteria achieved		
At least 2 vendors per Sub Category	✓	8 Vendors
At least 2 countries of sourcing	✓	China and EU
At least 2 invoicing currencies	✓	$ and local currency
Kingfisher is less than 50% of capacity / vendor	✓	14% maximum
How many new suppliers?	0	All existing suppliers
How many agents?	0	All agents delisted

Kitchen sinks sourcing: SKU count before & after

		Unified						
	PRE UNIFIED	ALL STORES (UA RANGE)	BIG BOX (UC RANGE)	BIGGER BOX (UC RANGE)	LOCAL (UL UNIFIED)	POST UNIFIED	CHANGE	RANGE BENEFIT & PRODUCT CHANGES
Brico FR	33	25			13	38	+5	Extend range in all materials
B&Q	65	25	13	16	9	63	-2	Extend composite ranges, new compact sinks & XL bowls
Casto FR	76	25	13	16	15	69	-7	New round composites & compact sinks + 2 bowl range unique to France
Casto PL	101	25	13	16	16	70	-31	Range simplified, new Colours & XL bowls
Screwfix	65	25	13	16	11	65	=	New finishes, new colours, new sizes
Koctas	55	25	13			38	-17	Move from just total Stainless range
Casto RUS	67	25	13	16	15	69	+2	Introduce Resin products and new larger sizes
Brico ESP	23	25			4	29	+6	New composite materials & structured range
Brico ROM	31	25			6	30	+1	New composite materials & structured range

- Unified (UA+UB+UC) range = 54 skus in total
- 70% of local (UL) SKUs are available in more than one Opco

Kitchen sinks sourcing: followed a robust and open process

Complete

In Progress

RFI 24th

Conditioning Meetings 28th - 31st

RFQ 4th - 28th

Sample Validation 29th

Vendor Validation 9th

Business Case Sign Off 16th

Factory Audits

1st Orders China 8th

1st LRD (China) 15th

1st Delivery 23rd

RFI Live | Assess | RFQ Live | Analysis / Vendor Strategy | Vendor Negotiations & Confirmation: China | Poland | Turkey | France/UK | KIPL Contract agreement

July 15	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16

RFI

36 current group vendors

Supplying 516 products

29 invited

28 vendors responded

RFQ

Conditioning meetings in London & KSO offices

25 vendors progressed

113 unified products

= 1 million sinks

Waste kits tendered separately

Final negotiations

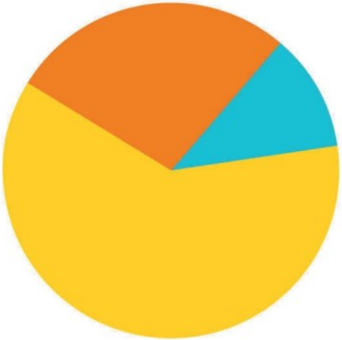
Face to face negotiations

Full supply chain modelling

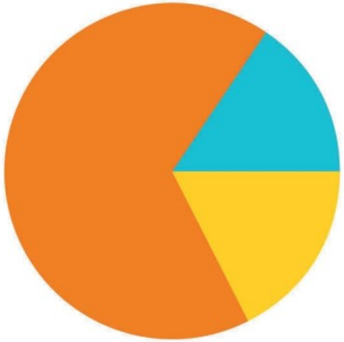
13 Vendors selected to supply Group (-64%)

Significant supply chain gain when nesting steel sinks without waste kits

Kitchen sinks sourcing: reducing the number of suppliers while minimising risk



COGS
Before
# of vendors: 36



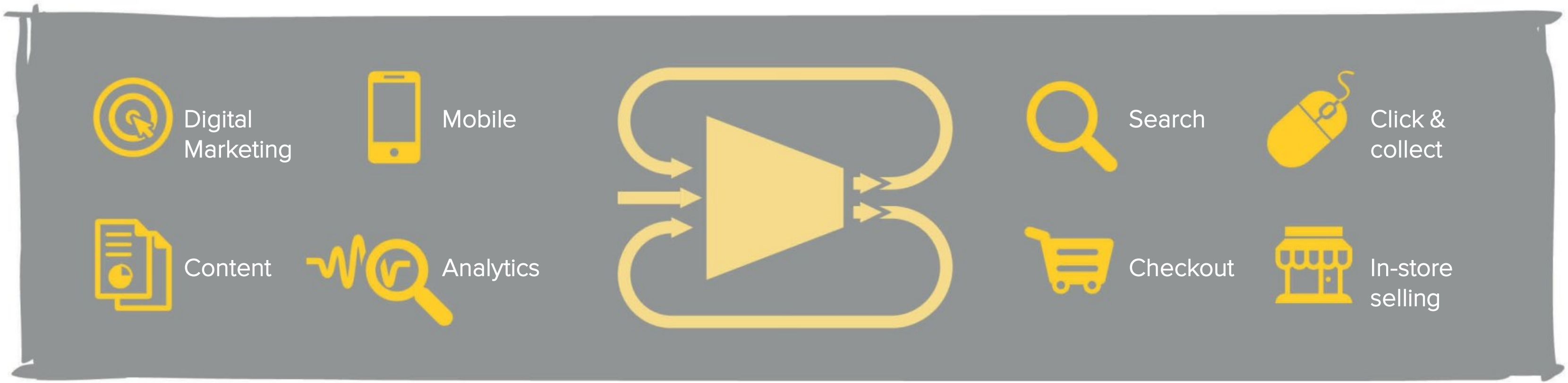
COGS
After
# of vendors: 13

Asia
Europe
Others

Initial criteria achieved		
At least 2 vendors per Sub Category	✓	2 vendors for Ceramic & Resin. Development vendors targeted
At least 2 countries of sourcing	✓	In all sub-categories
At least 2 invoicing currencies	✓	In all sub-categories
Kingfisher is less than 50% of capacity / vendor	✓	In all sub-categories

BRILLIANT BASICS

‘Brilliant basics’: as good as the best across the group



Remind	Motivate		Enable		Extend	
Needs & triggers	Inspire & visualise	Plan & evaluate	Purchase & deliver	Build & install	Use & enjoy	Maintain & improve

‘Brilliant basics’ outline

1:
All Opcos to group best in class

2:
Leading retail practice

Screwfix: 'in-house' best in class

Traffic
+26% annual growth
Industry benchmark +19%

Conversion
One page checkout device
Conversion rate up to 5%

Mobile
+99% annual sales growth
Conversion rate at 2.5%

Desktop
+15% annual sales growth
Conversion rate at 7.8%

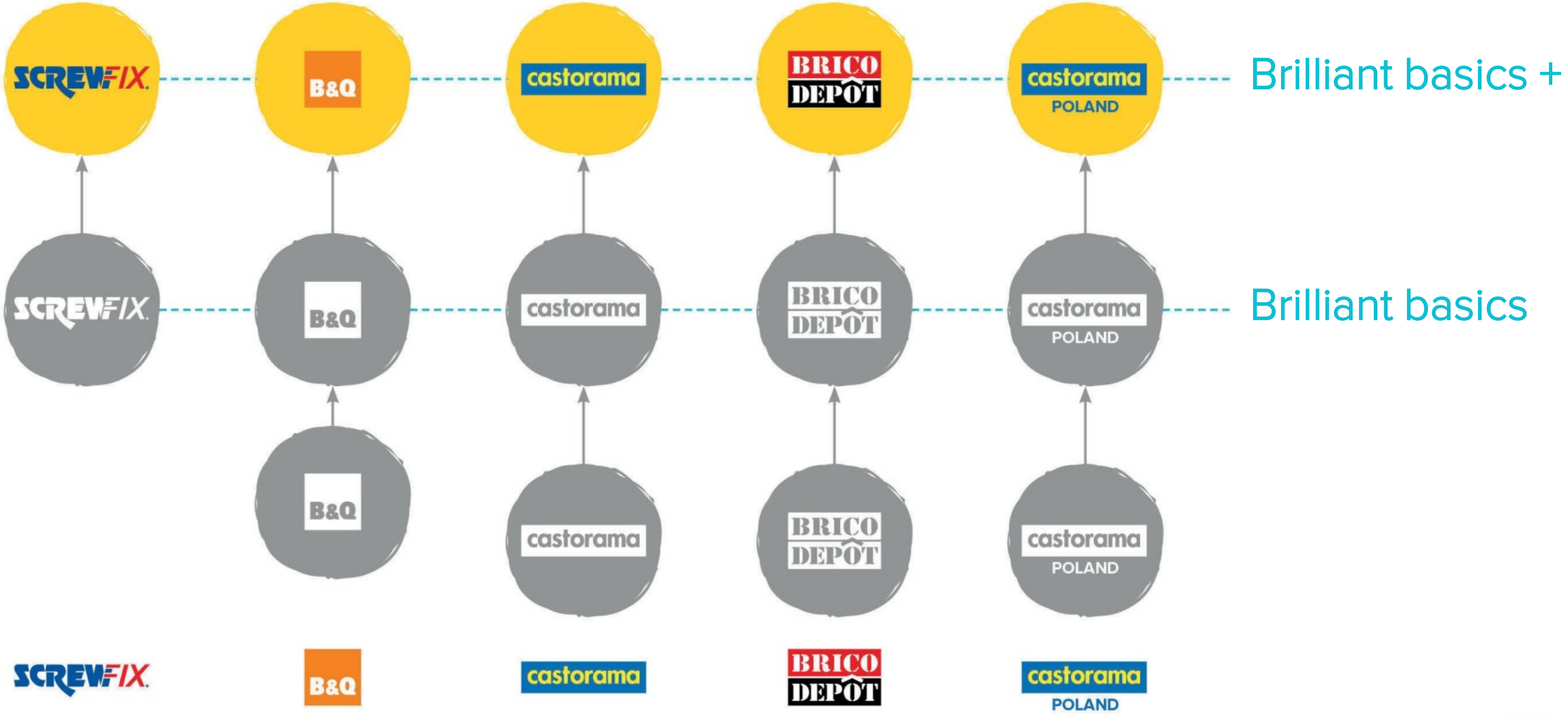
Click & Collect
Available within 5 mins
Live stock feed
+56% annual growth

Single customer
Real time single view of
5 million + active customers

Apps
650k downloads to date

Paid search
Every £1 spent drives
£12 of sales

‘Brilliant basics’ step-change



‘Brilliant basics’ approach

- Search
- Mobile
- Checkout
- Content
- Analytics
- Digital marketing
- In-store selling
- Click & Collect

First steps summary

Search

- Integrated search and navigation
- Faster to relevant products
- Maximise SEO performance

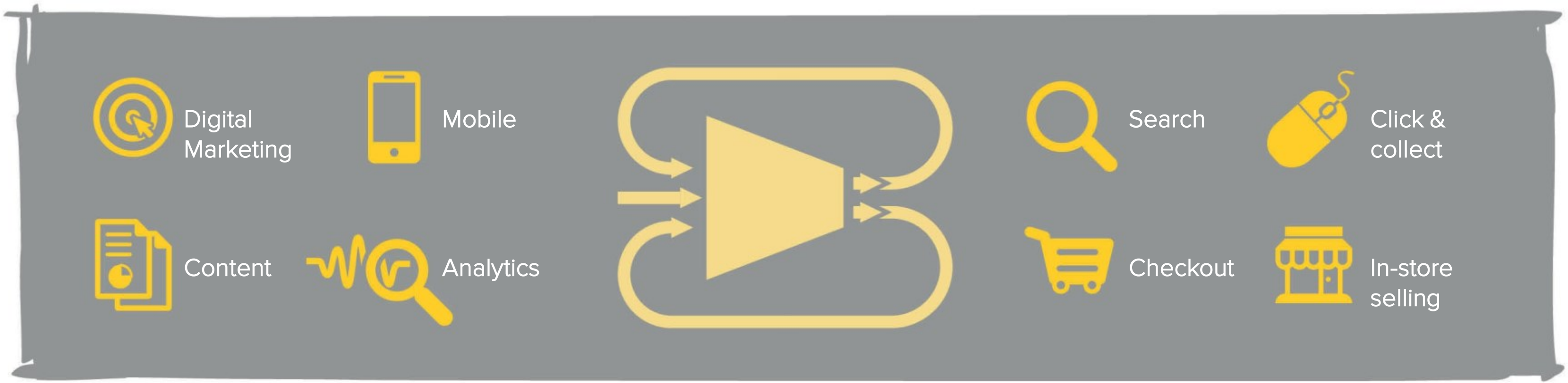
Content

- Easy comparatives
- Reduce clicks to trolley
- Layout content as customers search

Checkout

- Remove customer pain points
- Only disclose relevant steps
- Make decision points easier

‘Brilliant basics’: as good as the best across the group



Remind	Motivate		Enable		Extend	
Needs & triggers	Inspire & visualise	Plan & evaluate	Purchase & deliver	Build & install	Use & enjoy	Maintain & improve

GNFR

GNFR and how can it be optimised

Definition

- Goods Not For Resale (GNFR) refers to all 3rd party expenditure on the goods and services we require to run our business

Principal levers for optimisation

- **Purchasing** – improve the way we source goods and services
- **Specifications** – identify lower cost specifications that meet the business objectives
- **Volume** – identify best practices for how a good or service can be used most efficiently

Wave 1 example: Mechanical Handling Equipment

Fundamental change in operating model

	From	To
Blueprint	High variability in number of machines per store	**Harmonisation** by store type
Maintenance	No systematic damage tracking	Centralised **online fleet management** to minimise damage and optimise up-time
Sourcing	Suppliers selection by country/Opco	**Company-wide tender**

Volume and specifications optimisation

Purchasing optimisation

Expect c.10% savings

Wave 1 example: Print & Paper

Harmonised formats to fully leverage scale

From		To
Limited synergies due to different: • Formats • Paper grades • Printing methods • Negotiation cycles across Opcos	→	Unification of specifications to better leverage total company scale • Optimal common specification • Scale benefits by running a joint tender process • Supplier consolidation

Expect c.10% savings

What’s different?

From	To
Opportunistic, Opco by Opco	‘One best way’, leveraging company scale
Purchasing optimisation as primary lever	Operational optimisation of specifications and volume as well as price benefits
Fragmented	Cross-functional, cross-Opco, Steerco empowered to make decisions

In summary

GNFR is the most important initiative in Operational Efficiency

ONE Kingfisher approach – leveraging company scale

- Purchasing **and** operational optimisation of specifications and volume
- Joined-up category teams – cross-functional, cross-Opco

Good progress with Wave 1 and currently in analysis and planning phase for Wave 2