

Kingfisher reports Q1 sales of £2.6 billion, +0.8% LFL and retail profit of £150 million, up 1.4% in constant currencies

GROUP FINANCIAL SUMMARY (13 WEEKS ENDED 2 MAY 2015):

	Sales*	% Total Change	% Total Change	% LFL*	Retail Profit*	% Total Change	% Total Change
	2015/16 £m	Reported	Constant currency	Constant currency	2015/16 £m	Reported	Constant currency
France	953	(11.5)%	+0.4%	(1.2)%	64	(19.1)%	(8.2)%
- Castorama	520	(12.4)%	(0.6)%	(0.6)%			
- Brico Dépôt	433	(10.4)%	+1.6%	(1.9)%			
UK & Ireland	1,235	+2.9%	+3.1%	+1.6%	74	+9.9%	+9.8%
- B&Q UK & Ireland	991	(1.7)%	(1.5)%	(1.1)%			
- Screwfix	244	+26.8%	+26.8%	+15.4%			
Other International	402	(8.4)%	+7.5%	+3.8%	12	+8.4%	+11.3%
- Poland	233	(10.2)%	(0.1)%	+0.4%	19	+4.4%	+16.1%
- Russia	76	(7.3)%	+38.9%	+31.3%	1	n/a	n/a
- Spain	68	(15.7)%	(4.4)%	(7.1)%	(1)	n/a	n/a
- New Country Development*	25	+51.4%	+69.7%	n/a	(7)	n/a	n/a
Total Group¹	2,590	(4.6)%	+2.7%	+0.8%	150	(4.8)%	+1.4%
Turkey JV (100%)	63	+2.9%	+9.8%	+5.0%	-	n/a	n/a

Throughout this release “” indicates first instance of a term defined in the 2014/15 Annual Report and Accounts (p147).

GROUP HIGHLIGHTS:

- Reported retail profit of £150m impacted by £10m adverse foreign exchange movements on the translation of non-sterling profits and £7m charges for new country development activity. On a constant currency basis, retail profit, excluding new country development, was up 3.1% to £157m
- Around £88m has been returned via a share buy back since year end (25m shares), forming part of the previously announced £200 million due to be returned during FY2015/16
- Completion of sale of 70% controlling stake in B&Q China and receipt of £140m cash proceeds. Put option in place for remaining 30% stake in 2 years’ time
- Exchanged contracts for the disposal of leases on 14 of the previously announced c.60 B&Q store closures – to 2 national retailers over the next 2 years (3 stores subject to planning change)

Véronique Laury, Kingfisher Chief Executive Officer, said:

“We have made a solid start to the year against strong comparatives. In the UK, B&Q continued to grow sales volumes and Screwfix delivered an excellent performance, opening its 400th store in May. In France, our businesses performed broadly in line with the market.

“We are also making good early progress with our ‘ONE’ Kingfisher plan to unlock our potential by creating a single, unified company where customer needs come first. Our first ‘sharp’ decisions are being worked on at pace. I am delighted that Arja Taaveniku, our Chief Offer & Supply Chain Officer, joined the team in May, and that the pilot of our unified IT system is on track. We are also pleased to report that we already have agreements to dispose of a quarter of the B&Q stores earmarked for closure. We look forward to sharing more of our plans as the year progresses.”

Q1 TRADING REVIEW BY MAJOR GEOGRAPHY (in constant currencies):

FRANCE

- Total sales up 0.4% (-1.2% LFL) reflecting a soft market
 - **Castorama** sales down 0.6% (-0.6% LFL). According to Banque de France data*, sales for the home improvement market were down around 1% in Q1
 - **Brico Dépôt** sales up 1.6% (-1.9% LFL) impacted by the on-going slow house building market²
- France gross margins down 80 basis points reflecting higher promotional activity. Costs were tightly controlled with comparatives restated by £9m for IFRIC 21 'Levies'³

UK & IRELAND

- Total sales up 3.1% (+1.6% LFL) against strong comparatives (+10.1% LFL Q1 2014/15)
 - **B&Q UK & Ireland's** sales down 1.5% (-1.1% LFL; +8.5% 2 year LFL). Sales of outdoor seasonal and building products down 4% (+30% Q1 2014/15). Sales of indoor products, excluding showroom up 2%. Sales of showroom products down 7% reflecting reduced promotional activity and the move to 'Every Day Great Value'
 - **Screwfix** sales up 26.8% (+15.4% LFL) driven by its leading omnichannel capability, new and extended trade ranges and 6 new outlets
- UK gross margins up 90 basis points reflecting weak comparatives (-210 basis points Q1 2014/15) due to more promotionally-led showroom sales last year. Costs benefited from on-going productivity initiatives offset by phasing of marketing costs

OTHER INTERNATIONAL

- Total sales up 7.5% (+3.8% LFL) reflecting a resilient performance in Poland and strong LFL growth in Russia
- Sales in **Poland** were broadly flat (+0.4% LFL) against strong comparatives (+11.9% LFL Q1 2014/15) supported by new ranges. Gross margins up 20 basis points and costs were tightly controlled
- Sales in **Russia** up 38.9% (+31.3% LFL) reflecting strong consumer spending on durable goods in an uncertain market

¹ Excludes China (in current and prior years) due to disposal of the Group's controlling 70% stake in April 2015

² New housing starts down 8% and planning applications down 13% for the 3 months Jan-March 2015

³ Will not materially impact the annual Kingfisher results but changes the quarterly phasing in operating costs of certain French levies

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This announcement can be downloaded from www.kingfisher.com or viewed on the Kingfisher IR iPad App. Data tables for Q1 2015/16 are available for download in excel format at <http://www.kingfisher.com/index.asp?pageid=59>
Our next announcement will be the Q2 pre-close update on 23 July 2015.

We can be followed on twitter @kingfisherplc with the Q1 results tag #KGFQ1. Kingfisher American Depository Receipts are traded in the US on the OTCQX platform:(OTCQX: KGFHY) <http://www.otcm Markets.com/stock/KGFHY/quote>