

Thursday 18 August 2016

Q2 to 31 July 2016

Kingfisher reports sales of £3.0 billion, +3.0% LFL\*

**Financial overview and highlights:**

	<b>Sales 2016/17 £m</b>	<b>% Total Change Reported</b>	<b>% Total Change Constant currency</b>	<b>% LFL Change Constant currency</b>
<b>UK &amp; Ireland <sup>(1)</sup></b>	<b>1,357</b>	<b>+5.1%</b>	<b>+5.0%</b>	<b>+7.2%</b>
- B&Q UK & Ireland	1,046	+0.5%	+0.3%	+5.6%
- Screwfix	311	+24.5%	+24.5%	+13.3%
<b>France</b>	<b>1,130</b>	<b>+10.4%</b>	<b>(1.4)%</b>	<b>(3.2)%</b>
- Castorama	629	+9.4%	(2.2)%	(3.3)%
- Brico Dépôt	501	+11.7%	(0.3)%	(3.1)%
<b>Other International</b>	<b>539</b>	<b>+12.8%</b>	<b>+9.0%</b>	<b>+7.0%</b>
- Poland	320	+15.9%	+10.5%	+7.3%
- Russia	94	(5.4)%	+3.4%	+5.8%
- Spain	91	+19.1%	+6.6%	+4.3%
- New Country Development*	34	n/a	n/a	n/a
<b>Total Group <sup>(2)</sup></b>	<b>3,026</b>	<b>+8.4%</b>	<b>+3.2%</b>	<b>+3.0%</b>

- Solid Q2 performance with LFL sales up +3.0% driven by the UK & Poland
- Completed disposal of remaining 30% economic interest in B&Q China following regulatory approval. Net cash proceeds of £63m received
- £150m (44m shares) returned to date to shareholders since year end via share buyback <sup>(3)</sup>

<sup>(1)</sup> FY 2016/17 total and LFL sales cover 3 months to 31 July (FY 2015/16 cover 13 weeks to 1 August for total sales; 3 months to 31 July for LFL)

<sup>(2)</sup> Prior year excludes China due to disposal of controlling 70% stake in April 2015

<sup>(3)</sup> Of the previously announced c.£600m capital return through to end of FY 2018/19 (over and above the annual ordinary dividend)

\*Throughout this release “\*” indicates first instance of a term defined in the 2015/16 Annual Report & Accounts (p146)

**Véronique Laury, Kingfisher Chief Executive Officer, said:**

“We have delivered another solid sales performance in Q2 driven by the UK and Poland. In the UK, the EU referendum result has created uncertainty for the economic outlook, although there has been no clear evidence of an impact on demand so far on our businesses. In France, widespread industrial action and exceptionally wet weather created a more challenging environment, after a more encouraging Q1. We remain cautious on the short-term outlook.

“In the meantime, we continue to focus on our ONE Kingfisher plan, based on always putting customer needs first. We look forward to updating you on our early progress at our half year results next month.”

## Q2 trading highlights by division (in constant currencies):

### UK & IRELAND

- Total sales +5.0%. LFL +7.2% benefiting from continued strong Screwfix performance
  - **B&Q UK & Ireland** sales +0.3% despite store closures. LFL +5.6% including c.2% benefit from sales transference associated with store closures. LFL of seasonal +9.6%. LFL of non-seasonal, including showroom +3.4%
  - **Screwfix** sales up +24.5%. LFL +13.3% driven by its leading omnichannel capability, new and extended ranges and new outlets

### FRANCE

- Total sales -1.4% (LFL -3.2%). Sales for the home improvement market (Banque de France data\*) -1.1% in Q2; new housing starts +5.7%<sup>(4)</sup>; planning permits +10.3%<sup>(4)</sup>
  - **Castorama** sales -2.2% (LFL -3.3%) reflecting less promotional activity. LFL of seasonal -4.3%. LFL of non-seasonal, including showroom -3.0%
  - **Brico Dépôt** sales -0.3% (LFL -3.1%)

<sup>(4)</sup> For the 3 months to end of June 2016

### OTHER INTERNATIONAL

- Sales in **Poland** +10.5% (LFL +7.3%) benefiting from a currently supportive market and new ranges. LFL of seasonal +10.7%. LFL of non-seasonal, including showroom +6.5%

## H1 2016/17 technical guidance:

Gross margins by major geography compared to last year:

- France expected to be up around 50 basis points reflecting less promotional activity
- UK expected to be down around 100 basis points reflecting mix effects from strong growth in Screwfix, clearance related to the B&Q store closures and higher omnichannel sales
- Poland expected to be up around 150 basis points reflecting strong trading

France operating costs:

- H1 operating costs will increase by c.£10 million offset by a corresponding reduction in H2, hence not impacting the full year. Comparatives will not be restated.<sup>(5)</sup>

<sup>(5)</sup> Certain French levies moved last year from recognition on an accruals basis across the year, to recognition solely in Q4 (when the liability was triggered) under IFRIC 21. Since then, a change in legislation relating to one of these levies (TASCOM) has led to the reversal of this accounting treatment.

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This announcement can be downloaded from [www.kingfisher.com](http://www.kingfisher.com) or viewed on the Kingfisher IR iPad App. Data tables for Q2 and H1 sales 2016/17 are available for download in excel format at <http://www.kingfisher.com/index.asp?pageid=59>

We can 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>

Our next announcement will be the Half Year Results on 20 September 2016.

## **Forward-looking statements:**

*You are not to construe the content of this announcement as investment, legal or tax advice and you should make your own evaluation of the Company and the market. If you are in any doubt about the contents of this announcement 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).*

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