



# Chief Executive Officer's statement

Starting with the customer first, we made a commitment to make home improvement accessible for everyone, and we are changing our business to support this ambition.

In January 2016, the leadership team and I set out our plan to transform Kingfisher and to become the leading home improvement company. We have visited thousands of people's homes over the past few years to listen and learn directly from our customers what the reality of their lives in their homes is like. Starting with the customer first, we made a commitment to make home improvement accessible for everyone, and we are changing our business to support this ambition.

Since then we have been working hard across the business towards the strategic milestones we set out for the first year, as well as focusing on 'business as usual'. The commitment and dedication of our people is what is making our progress and success possible, and I am really pleased with what we have achieved this year.

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Before I talk about the future, let me take a look back at what we have done over the last 12 months. We set ourselves a big challenge, and I am delighted with our performance. We have delivered our key strategic milestones for Year 1. We have also delivered both sales and profit growth, driven by the UK and Poland, and we have benefited from operational efficiencies coming through earlier than planned.

We have progressed well towards creating a unified, unique and leading home improvement offer. We know that our customer needs across our markets are more similar than different, and we have begun unifying our offer to answer their needs.

The benefit to customers is a choice of unique and higher quality products at lower prices, alongside significant business benefits such as higher sales and improved processes. We have successfully unified 4% of our products (cost of goods sold) including batteries, tool storage and kitchen sink ranges. This will increase to 20% next year.

In 2017 we are launching ONE Kingfisher's first unique ranges, designed, developed and priced affordably based on deep customer insights into how they live. The first product ranges are for Outdoor and Bathroom which are rolling out over the year to our stores. The new Outdoor products include durable and easy-to-install modular fence panels, uniquely designed sheds and garden furniture with built-in storage. In the Bathroom category, the clever new ranges are designed to make the most of limited space in what is generally regarded as the busiest and most space constrained room in the house. The ranges are supported by a brand new advertising campaign developed to connect with the real lives of customers. Teams right across Kingfisher have worked together to bring these ranges to life and I would like to congratulate everyone involved.

Digital is another key strategic pillar in our plan. We want to deliver a stronger digital offer to our customers. Behind the scenes, we have completed the roll-out of our unified IT platform at B&Q stores ahead of plan, and have almost finished with back office and supply chain. We are progressing with the roll-out in Castorama France too. We are also continuing to invest in our website capabilities, and we are developing a digital platform to help our customers through every step of their home improvement journey. I believe these solutions are revolutionary and will be a game changer in the future.

The third transformational pillar is Operational Efficiency where we have achieved savings ahead of plan, driven mainly by our Goods Not For Resale programme.

Alongside these pillars, Retail Operations is a key focus area for us. Last year we launched four Big Box best practice stores, in the UK, France, Poland and Russia and early results are encouraging. Cross-functional and market teams worked as one to build the approach together. In addition, we celebrated the opening of our 500<sup>th</sup> Screwfix store in the UK, and a further 10 in Germany.

It has been a busy and exciting time for our business and I am pleased with our performance this year, as well as the delivery of our key Year 1 milestones. We have learned a lot along the way and we have taken on board these learnings as we prepare for our second year of the plan, and start planning for Year 3. In 2017/18 the level of activity across the company will increase, and we are ready for this.

Over the course of the year, I have strengthened our leadership team with two key Group Executive appointments. Jean-Paul Constant joined us in the summer as Chief Sales and Retail Operations Officer after spending 30 years at Decathlon in the UK, France and Australia. Jean-Paul is leading the ONE Kingfisher Retail Operations strategy for the company, working closely with the CEOs of our retail operations. Alastair Robertson joined as our Chief People Officer in October after holding senior roles, most recently at Tetra Pak and C&A. He will drive our vitally important people agenda. In addition, Marc Ténart was appointed to the role of CEO of Kingfisher France, and will have responsibility for Castorama and Brico Dépôt in France. Marc has held a number of senior roles at Kingfisher, most recently as CEO of Castorama France.

I would like to take the opportunity to say a few words about our people. As I go around our business visiting stores, distribution centres and offices, I am constantly impressed by the dedication, enthusiasm and expertise of our people. Our colleagues are a vital part of our journey and one of the key strengths of our business. This year some of our businesses won awards for being great places to work. Congratulations to Screwfix in the UK, Brico Dépôt in Spain and Castorama in Poland.

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Looking ahead, we are in a globally challenging political and economic environment. Some events occurred last year that were not widely expected, like the result of the EU referendum in the UK, and other equally unpredictable events may still happen in the future. Longer term, supported by the expertise and energy of our colleagues, we remain confident in our ability to deliver our plan, which is our key growth driver, both from the financial benefits the transformation will unlock and the stronger business it will create.

In June our Chairman, Daniel Bernard, will step down after serving 11 years on the Board, and eight as Chairman. I would like to take the opportunity to personally thank Daniel for his support and counsel to the business. His deep understanding of retail, his passion for people and his great leadership, have been invaluable to Kingfisher, the Board, the leadership team and of course, to me. He has overseen new strategic thinking as well as the successful first year of transformation with challenge and dedication. I am happy that Andy Cosslett will join the Board in April and succeed Daniel as Chairman in June. Andy's consumer industries experience from companies such as Unilever, Cadbury Schweppes and Intercontinental Hotels Group, will be a great asset and addition to the Board. I am looking forward to working with Andy and the Board as we progress our plan.

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**Véronique Laury**  
*Chief Executive Officer*