



EMBARGOED UNTIL 0700 HOURS – Thursday 31 May 2012

Kingfisher reports Q1 total sales down 3.6% and Q1 retail profit down 8.6% impacted by poor weather across Europe and adverse foreign currency translation

Group Financial Summary (13 weeks ended 28 April 2012)

	Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2012/13 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2012/13 £m	Change (Reported)	Change (Constant currency)
France	1,089	(1.8)%	2.2%	0.7%	78	0.1%	4.2%
UK & Ireland	1,105	(7.0)%	(6.9)%	(10.4)%	75	(9.8)%	(9.8)%
Other International	438	1.0%	5.8%	(2.0)%	7	(48.1)%	(36.9)%
Total Group	2,632	(3.6)%	(1.3)%	(4.8)%	160	(8.6)%	(5.5)%

Note: Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated. Retail profit is operating profit stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and Associates.

Highlights in constant currencies:

- Sales and profit impacted by record adverse weather in the UK and across continental Europe, compounded by the comparison with a favourable Q1 this time last year
- Seasonal sales across the Group were down 22% impacting profit by around £29 million. However, on-going gross margin and cost initiatives helped limit the Q1 overall profit decline
- Net cash was £165 million (30 April 2011: net cash of £283 million)

Ian Cheshire, Group Chief Executive, said:

“We anticipated the first quarter would be challenging, compared with last year’s strong growth which was boosted by favourable spring weather and public holidays. But an extremely wet April this year in the UK and France compounded the difficulty, adversely impacting sales of outdoor and seasonal categories.

“Given this unfavourable backdrop, we focused hard on our margin and cost initiatives and were able to significantly limit the profit impact. With the first quarter typically one of the least significant of the year and with the key summer season still ahead of us, we remain confident that we are well prepared to capitalise on any improvement in conditions and deliver a solid full year result.

“We are also making progress with our new programme of self-help initiatives, ‘Creating the Leader’, aimed at helping our customers have better, more sustainable homes and building a more valuable business for our shareholders.”



Q1 Trading Review

FRANCE

Sales £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)	% LFL Change
France	1,089	1,109	(1.8)%	2.2%	0.7%

Retail profit £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)
France	78	77	0.1%	4.2%

France comprises Castorama and Brico Dépôt

2012/13: £1 = 1.20 euro (2011/12: 1.16 euro)

All trading commentary below is in constant currencies

Kingfisher France

Kingfisher France continued to outperform the market with self-help initiatives driving sales ahead 2.2% to £1,089 million (+0.7% LFL, +1.3% on a comparable store basis) despite the adverse weather in April. According to Banque de France, comparable sales growth for the home improvement market ⁽¹⁾ for the quarter was 0.2% (-8.8% in April 2012). Across both Castorama and Brico Dépôt, two net new stores were opened and three stores were revamped, adding around 3% new space compared to Q1 last year.

Retail profit grew by 4.2% to £78 million driven by the sales growth and higher gross margins (+40 basis points) benefiting from on-going sourcing initiatives.

Castorama total sales grew by 1.3% to £593 million (-0.8% LFL, +0.3% on a comparable store basis) supported by the innovative 'Do-it-Smart' approach aimed at making home improvement projects easier for customers. Sales of outdoor seasonal products, typically around 15% of Q1 sales, were down around 15% impacted by the adverse weather. Sales of indoor and building products were up around 2% with sales of new flooring, kitchen and lighting ranges performing particularly well.

Brico Dépôt, which more specifically targets trade professionals and heavy DIYers, delivered total sales growth of 3.3% to £496 million (+2.4% LFL). New ranges introduced last year (e.g. kitchens and taps) performed particularly well (+8% LFL). Brico Dépôt typically has very little outdoor seasonal sales.

⁽¹⁾ Banque de France data excludes the heavier trade market



UK & IRELAND

Sales £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	1,105	1,187	(7.0)%	(6.9)%	(10.4)%

Retail profit £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)
UK & Ireland	75	83	(9.8)%	(9.8)%

UK & Ireland comprises B&Q in the UK & Ireland, Screwfix and the UK 'Eco' initiative
2012/13: £1 = 1.20 euro (2011/12: 1.16 euro)

All trading commentary below is in constant currencies

Kingfisher UK & Ireland

Total sales declined by 6.9% to £1,105 million (-10.4% LFL) reflecting year on year unfavourable weather patterns and fewer public holidays. Retail profit declined by 9.8% to £75 million.

B&Q UK & Ireland's total sales declined by 8.9% to £968 million (-11.7% LFL). Sales of outdoor seasonal products, which can represent up to 30% of total Q1 sales, were down around 30%. Sales of building products were also impacted by adverse weather. Cash sales of showroom (kitchens, bathrooms and bedrooms) products were up slightly in Q1. However, the year started with a lower order balance following the introduction of Every Day Low Prices (EDLP) in Q4 last year resulting in recognised sales ⁽¹⁾ in the quarter being down compared to last year. With this new EDLP trading strategy the sales profile is expected to be more even over the year. Sales of indoor decorative products were up as customers switched some of their home improvement activities indoors.

Retail profit declined by 13.8% to £65 million with margin and cost initiatives unable to fully offset the impact of the sharp year on year fall in seasonal sales. Gross margins were up 120 basis points reflecting better sales of higher margin products, fewer promotions and increased direct sourcing. A strong focus on operating cost efficiencies continued and in addition a one-off construction related claim for around £5 million was settled and received.

Screwfix grew total sales by 10.2% to £137 million in a challenging smaller tradesman market ⁽²⁾. Continuing initiatives which drove this performance included new ranges (e.g. radiators and work wear), the continued roll out of new outlets and the successful introduction of a mobile 'click, pay & collect' offer. Eight net new outlets were opened during Q1, taking the total to 223.

Retail profit was up 31.7% to £11 million, reflecting the strong sales growth, more direct sourcing, distribution efficiencies and continued tight cost control.

UK 'Eco' initiative

As previously announced, a revenue investment of around £10 million will be made this year in training colleagues, developing new products and services and on legal and technical advice ahead of the launch of the UK government's 'Green Deal' later this year, with £1 million of this incurred in Q1.

⁽¹⁾ Cash sales are recognised as sales when the products are delivered to the customer

⁽²⁾ Based on the Builders' Merchants Federation lightside trade data Jan-March 2012



OTHER INTERNATIONAL

Sales £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	438	434	1.0%	5.8%	(2.0)%

Retail profit £m	2012/13	2011/12	% Change (Reported)	% Change (Constant)
Other International	7	14	(48.1)%	(36.9)%

Other International comprises Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated

2012/13: £1 = 1.20 euro (2011/12: 1.16 euro)

2012/13: £1 = 5.01 Polish zloty (2011/12: 4.60 Polish zloty)

2012/13: £1 = 10.00 Chinese renminbi (2011/12: 10.60 Chinese renminbi)

All trading commentary below is in constant currencies

Other International total sales increased by 5.8% to £438 million (-2.0% LFL) driven by new store openings offset by adverse weather across continental Europe, with sales of outdoor products down around 5% (excluding China). Retail profit was £7 million after incorporating Kingfisher's £5 million share of Hornbach's losses.

During Q1, two new stores opened, one in Spain and one in Turkey, with 10% new space compared to Q1 last year.

Sales in **Poland** were up 2.9% to £236 million (-4.3% LFL) and gross margins were higher supported by more direct sourcing. Tight cost control only partially offset cost inflation with the result that retail profit declined to £21 million (2011/12: £24 million reported profit). In **Russia**, sales grew by 48.0% to £77 million reflecting new store openings and strong LFL growth (+19.7% LFL). In **Turkey**, Kingfisher's 50% JV, Koçtaş, delivered a breakeven result (2011/12: £2 million profit) with sales up 4.0% (-6.6% LFL) and in **Spain** sales declined by 4.9% (-7.4% LFL) to £58 million. Losses attributable to Kingfisher's 21% economic interest in **Hornbach**, were £5 million (2011/12: £2 million reported loss).

B&Q China sales declined 6.8% to £67 million (-6.0% LFL) reflecting one less store compared with Q1 last year and a more challenging housing market than anticipated (down 9%⁽¹⁾). Losses of £5 million (2011/12: £7 million reported loss) reflected continued tight cost management in what is traditionally the weakest trading quarter of the financial year, impacted by Chinese New Year.

⁽¹⁾ *New property transaction data for China's 13 largest cities January 2012-March 2012 according to the China Real Estate Exchange Center*



COUNTRY DATA as at 28 April 2012

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	104	1,068	11,849
Brico Dépôt	103	571	6,494
Total France	207	1,639	18,343
B&Q UK & Ireland	359	2,584	23,613
Screwfix	223	17	3,545
Total UK & Ireland	582	2,601	27,158
Poland	67	492	10,111
China	39	325	4,590
Spain	18	105	1,135
Russia	18	161	2,667
Turkey JV	37	194	3,382
Total Other International	179	1,277	21,885
Total	968	5,517	67,386

Creating the Leader

Progress continued with the next phase of our medium term development under the following eight steps:

EASIER

1. Making it easier for our customers to improve their home
2. Giving our customers more ways to shop

COMMON

3. Building innovative common brands
4. Driving efficiency and effectiveness everywhere

EXPAND

5. Growing our presence in existing markets
6. Expanding in new and developing markets

ONE TEAM

7. Developing leaders and connecting people
8. Sustainability: becoming 'Net Positive'

Further details on progress will be given with the interim results for the half year ended 28 July 2012.

Financial position

No material events or transactions impacting the Group's strong financial position have taken place since the previously announced 28 January 2012 balance sheet date.



Company Profile

Kingfisher plc is Europe's largest home improvement retail group and the third largest in the world, with 968 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 50% joint venture business in Turkey with the Koç Group, and a 21% interest in, and strategic alliance with, Hornbach, Germany's leading large format DIY retailer.

Enquiries:

Ian Harding, Group Communications Director	020 7644 1029
Sarah Levy, Head of Investor Relations	020 7644 1032
Nigel Cope, Head of Media Relations	020 7644 1030
Matt Duffy, Investor Relations Manager	020 7644 1082
Clare Haines, Media Relations Officer	020 7644 1286
Brunswick	020 7404 5959

Further copies of this announcement can be downloaded from www.kingfisher.com or viewed on the Kingfisher IR iPad App available for free at the Apple App store. We can also be followed on twitter @kingfisherplc.

Forward-looking statements

This press release contains certain forward-looking statements, which should be considered, amongst other statutory provisions, in light of the safe harbour provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. Such statements are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. Reliance should not be placed on any forward-looking statement. Our forward-looking statements speak only as of the date of this press release and the Company undertakes no obligation to publically update any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this press release should be construed as a profit forecast.

Please refer to page 104 of the Annual Report and Accounts 2011/12 for further details and definitions concerning forward-looking statements and how they should be considered.