

**Kingfisher reports Q1 total sales up 6.1% (+6.1% LFL) and retail profit up 20.3% to £142 million. Also announcing special dividend of 4.2p per share as part of the continuing capital returns programme**

**Group Financial Summary (13 weeks ended 3 May 2014)**

	Sales*	% Total Change	% Total Change	% LFL* Change	Retail Profit*	% Total Change	% Total Change
	2014/15 £m	Reported	Constant currency	Constant currency	2014/15 £m	Reported	Constant currency
France*	1,077	(0.2)%	+3.3%	+1.6%	70	+6.0%	+9.8%
UK & Ireland*	1,200	+12.4%	+12.5%	+10.1%	68	+35.4%	+35.2%
Other International*	506	+6.4%	+15.4%	+6.8%	4	+25.5%	Flat
<b>Total Group</b>	<b>2,783</b>	<b>+6.1%</b>	<b>+9.2%</b>	<b>+6.1%</b>	<b>142</b>	<b>+18.8%</b>	<b>+20.3%</b>

\*Throughout this release “\*” indicates first instance of a term defined or explained in the glossary towards the end of this release.

**Highlights in constant currencies:**

- Sales and profit growth driven by:
  - Favourable weather patterns compared to Q1 last year
  - Encouraging underlying signs in the UK & Poland offset by ongoing weak consumer confidence in France
- Commenced previously announced multi-year capital returns programme to shareholders. Of the £200 million due to be returned in FY 2014/15:
  - Around £35 million has been returned via a share buy back (8.5 million shares)
  - Around £100 million to be returned via a special dividend announced today (4.2p per share) - see note on page 7
- Progress continued with our ‘Creating the Leader’ programme of self-help initiatives:
  - Received proceeds of €236 million following the disposal of the Group’s 21% stake in Hornbach in March 2014
  - Continued exclusive negotiations to acquire Mr Bricolage in France
  - First Brico Dépôt store in Portugal now open

**Sir Ian Cheshire, Group Chief Executive, said:**

“We have made a strong start to the year, capitalising on more favourable weather conditions right across Europe to achieve sales and profit growth in France, the UK & Poland, our three largest markets. Whilst this is encouraging, the first quarter is one of our smallest and the growth achieved largely reflects comparisons with the very difficult start to last year. We will annualise stronger figures in our second quarter and so, as ever, we will look at the whole of the first half results to properly assess our underlying performance.

“Our ‘Creating the Leader’ programme continues to progress well. We have also made a good start with our key corporate priorities this year having completed the sale of our stake in Hornbach, entered exclusive negotiations to acquire Mr Bricolage in France, opened our first store in Portugal and started to return surplus capital to shareholders. Furthermore, our self-help initiatives continue to underpin our results and as we enter the key summer trading period our focus remains on driving cash margin\*, managing costs tightly and delivering shareholder returns.”

## Q1 TRADING REVIEW BY MAJOR GEOGRAPHY

## FRANCE

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Constant currency	% LFL Change
France	1,077	1,079	(0.2)%	+3.3%	+1.6%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant currency
France	70	66	+6.0%	+9.8%

*All trading commentary below is in constant currencies*

## Kingfisher France

Kingfisher France sales grew by 3.3% to £1,077 million (+1.6% LFL; -4.1% 2 year LFL) driven by better weather patterns compared to Q1 last year, whilst underlying markets remained soft. Across the two businesses, 2% net new space was added compared to Q1 last year. Two stores were revamped and two Castorama stores were closed ahead of conversion to Brico Dépôt by the summer.

Gross margins were up 60 basis points benefiting from ongoing self-help initiatives and less promotional activity compared to Q1 last year. Cash gross profit\* was ahead of last year. Retail profit grew by 9.8% to £70 million driven by the sales growth and higher gross margins offset by higher levels of variable pay.

**Castorama** total sales grew by 2.8% to £593 million (+2.0% LFL; -2.2% 2 year LFL) benefitting from better weather and its innovative 'Do-it-Smart' approach aimed at making home improvement projects easier for customers. Sales of outdoor products were up around 17% whereas sales of indoor products were broadly flat.

According to provisional Banque de France\* data, sales for the home improvement market were up around 3%, down around 4% on a two year basis.

**Brico Dépôt**, which more specifically targets trade professionals and heavy DIYers, grew total sales by 4.0% to £484 million (+1.2% LFL; -6.3% 2 year LFL) driven by new store openings. In an ongoing soft trade market Brico Dépôt benefited from self-help initiatives which continued to progress well. These included new ranges introduced last year (e.g. kitchens and outdoor tiling and joinery ranges) and 'arrivages' (rolling programmes of one-off special buys) reinforcing Brico Dépôt's value credentials.

## UK & IRELAND

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Constant currency	% LFL Change
UK & Ireland	1,200	1,068	+12.4%	+12.5%	+10.1%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant currency
UK & Ireland	68	50	+35.4%	+35.2%

*All trading commentary below is in constant currencies*

### Kingfisher UK & Ireland

Total sales increased by 12.5% to £1,200 million (+10.1% LFL; +4.9% 2 year LFL) driven by a later Easter, much better weather compared to Q1 last year and some encouraging signs in both the underlying retail and smaller tradesman market.

Kingfisher UK & Ireland reported retail profit up 35.2% to £68 million. Gross margins were down around 200 basis points reflecting higher sales of lower margin outdoor seasonal and building products, the recognition of more promotionally-led showroom sales (kitchens, bathrooms and bedrooms) from Q4 last year and increased home delivery costs. Total UK & Ireland cash gross profit grew by 7% over the quarter. Tight cost control continued, despite higher levels of variable pay, together with some favourable cost phasing which will reverse later in the year.

**B&Q UK & Ireland's** total sales grew by 10.5% to £1,008 million (+9.7% LFL; +3.5% 2 year LFL). Sales of outdoor seasonal and building products, which can represent up to 30% of total Q1 sales, were up around 30% benefiting from the better weather and later Easter. Sales of indoor products were up around 3%. Tradepoint\* continues to progress with sales up around 3% compared to last year.

**Screwfix** grew total sales by 24.2% (+12.0% LFL) to £192 million, benefiting from a strong promotional programme, the continued roll out of new outlets and the continued success of the mobile 'click, pay & collect' offer. Nine net new outlets were opened during Q1, taking the total to 344.

## OTHER INTERNATIONAL

Sales £m	2014/15	2013/14	% Total Change Reported	% Total Change Constant currency	% LFL Change
Other International	506	476	+6.4%	+15.4%	+6.8%

Retail profit £m	2014/15	2013/14	% Change Reported	% Change Constant Currency
Other International	4	3	+25.5%	Flat

*All trading commentary below is in constant currencies*

**Other International** total sales increased by 15.4% to £506 million (+6.8% LFL) driven by LFL growth in Poland and Russia. Retail profit for the division was £4 million, flat year on year.

Four net new stores opened in Q1, three in Spain and one in Turkey. Including the acquisition of 15 additional stores in Romania in Q2 2013/14, 18% net new space was added compared to last year.

Sales in **Poland** were up 12.9% to £260 million (+11.9% LFL; +7.2% 2 year LFL) benefiting from more favourable weather and new ranges (e.g. tiling and power tools). Gross margins were up 70 basis points benefiting from ongoing self-help initiatives and weak comparatives (down 170 basis points in Q1 last year). Retail profit grew by 38.0% to £19 million driven by the sales growth and higher gross margins offset by higher levels of variable pay and range review costs.

In **Russia**, sales grew by 14.5% to £82 million (+11.0% LFL) benefiting from a strong market. Retail loss was £3 million (2013/14: £4 million reported loss). In **Turkey**, Kingfisher's 50% JV, Koçtaş, delivered a breakeven result, flat year on year, with sales up 12.1% (+2.4% LFL). Sales in **Spain** grew by 22.4% to £80 million (-3.7% LFL) reflecting new store openings offset by a difficult market. A breakeven result was delivered, flat year on year.

Bricostore **Romania**, acquired in Q2 2013/14, contributed sales of £16 million and retail loss of £4 million including the costs relating to the conversion of the first two stores to the Brico Dépôt format, which both opened in March this year. Development costs\* relating to the previously announced entry into **Germany** with Screwfix and into **Portugal** with Brico Dépôt amounted to around £1 million.

**B&Q China** sales were down 5.0% to £68 million (-4.4% LFL) impacted by a slowing Chinese property market\*. Retail losses of £7 million, in what is traditionally the weakest trading quarter of the year (impacted by Chinese New Year), were broadly flat year on year, including costs developing the new format trial of around £1 million.

**SUMMARY Q1 2014/15 DATA BY GEOGRAPHY**

As at 3 May 2014	Store numbers	Selling space (000s m <sup>2</sup> )	Employees (FTE)
Castorama	103	1,114	12,170
Brico Dépôt	109	608	6,909
<b>France</b>	<b>212</b>	<b>1,722</b>	<b>19,079</b>
B&Q UK & Ireland	359	2,568	21,030
Screwfix	344	23	4,482
<b>UK &amp; Ireland</b>	<b>703</b>	<b>2,591</b>	<b>25,512</b>
Poland	72	530	10,380
China	39	319	3,778
Russia	20	185	2,630
Romania	15	156	970
Spain	27	162	1,488
Turkey JV	46	223	3,454
<b>Other International</b>	<b>219</b>	<b>1,575</b>	<b>22,700</b>
<b>Total Group</b>	<b>1,134</b>	<b>5,888</b>	<b>67,291</b>

13 weeks ended 3 May 2014	Sales	% Total Change	% Total Change	% LFL Change
	£m	Reported	Constant currency	Constant currency
	2014/15			
Castorama	593	(0.7)%	2.8%	2.0%
Brico Dépôt	484	0.4%	4.0%	1.2%
<b>France</b>	<b>1,077</b>	<b>(0.2)%</b>	<b>3.3%</b>	<b>1.6%</b>
B&Q UK & Ireland	1,008	10.4%	10.5%	9.7%
Screwfix	192	24.2%	24.2%	12.0%
<b>UK &amp; Ireland</b>	<b>1,200</b>	<b>12.4%</b>	<b>12.5%</b>	<b>10.1%</b>
Poland	260	8.1%	12.9%	11.9%
China	68	(12.0)%	(5.0)%	(4.4)%
Russia	82	(9.1)%	14.5%	11.0%
Romania	16	n/a <sup>(1)</sup>	n/a <sup>(1)</sup>	n/a <sup>(1)</sup>
Spain	80	18.2%	22.4%	(3.7)%
<b>Other International</b>	<b>506</b>	<b>6.4%</b>	<b>15.4%</b>	<b>6.8%</b>
<b>Total Group</b>	<b>2,783</b>	<b>6.1%</b>	<b>9.2%</b>	<b>6.1%</b>

<sup>(1)</sup>Acquisition of 15 stores in Romania completed during Q2 2013/14 therefore not applicable.

13 weeks ended 3 May 2014	Retail Profit	% Total Change	% Total Change	Operating Margin %	Operating Margin %
	£m 2014/15	Reported	Constant currency	2014/15	2013/14
<b>France</b>	<b>70</b>	<b>6.0%</b>	<b>9.8%</b>	<b>6.5%</b>	<b>6.1%</b>
<b>UK &amp; Ireland</b>	<b>68</b>	<b>35.4%</b>	<b>35.2%</b>	<b>5.6%</b>	<b>4.7%</b>
Poland	19	32.1%	38.0%	7.1%	5.8%
China	(7)	7.0%	(0.4)%	(10.5)%	(9.1)%
Russia	(3)	11.6%	(11.4)%	(3.9)%	(4.4)%
Romania	(4)	n/a <sup>(1)</sup>	n/a <sup>(1)</sup>	(26.4)%	n/a <sup>(1)</sup>
Spain	-	n/a	n/a	0.1%	-
Turkey JV	-	n/a	n/a	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>
Development costs	(1)	n/a	n/a	n/a	n/a
<b>Other International<sup>(3)</sup></b>	<b>4</b>	<b>25.5%</b>	<b>Flat</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Total Group<sup>(3)</sup></b>	<b>142</b>	<b>18.8%</b>	<b>20.3%</b>	<b>5.1%</b>	<b>4.5%</b>

<sup>(1)</sup> Acquisition of 15 stores in Romania completed during Q2 2013/14 therefore not applicable.

<sup>(2)</sup> Joint Venture (Koçtaş JV) sales are not consolidated therefore not applicable.

<sup>(3)</sup> Excludes Hornbach contribution to retail profit, in both the current and prior years, following its disposal in March 2014.

#### Average FX rates vs £ Sterling

	2014/15	2013/14
Euro	1.21	1.17
Polish Zloty	5.06	4.85
Chinese Renminbi	10.26	9.50
Russian Rouble	59.43	47.14
Romanian Leu	5.41	n/a <sup>(1)</sup>
Turkish Lira	3.63	2.75

<sup>(1)</sup> Acquisition of 15 stores in Romania completed during Q2 2013/14 therefore not applicable.

Data tables for Q1 are available for download in excel format at

<http://www.kingfisher.com/index.asp?pageid=59>.

## 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 2 August 2014.

## SPECIAL DIVIDEND

The special dividend of 4.2p per share will be paid on 25 July 2014 to shareholders on the register at close of business on 27 June 2014. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. The shares will go ex-dividend on 25 June 2014. For those shareholders electing to receive the DRIP the last date for receipt of electing is 4 July 2014.

## FINANCIAL POSITION

No material events or transactions impacting the Group's strong financial position have taken place since the previously announced audited balance sheet as at 1 February 2014.

## COMPANY PROFILE

**Kingfisher plc** is Europe's leading home improvement retail group and the third largest in the world, with 1,134 stores in nine countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also operates the Koçtaş brand, a 50% joint venture in Turkey with the Koç Group.

**ENQUIRIES:**

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Sarah Levy, Director of Investor Relations	020 7644 1032
Nigel Cope, Head of Media Relations	020 7644 1030
Matt Duffy, Investor Relations Manager	020 7644 1082
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Further copies of this announcement can be downloaded from [www.kingfisher.com](http://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](https://twitter.com/kingfisherplc) with the Q1 results tag [#KGFQ1](https://twitter.com/kingfisherplc).

Kingfisher American Depositary Receipts are traded in the US on the OTCQX platform:  
(OTCQX: KGFHY)  
<http://www.otcmarkets.com/stock/KGFHY/quote>



**GLOSSARY (terms are listed in alphabetical order)**

**Banque de France** data for the three months to April 2014 was around +3.0% and includes relocated and extended stores.

**Cash gross profit/cash margin** equates to sales multiplied by the gross margin % rate.

**Chinese property market**

New property transaction sales down 19% for the 3 months to April 2014 compared to the same period last year for 17 cities in which B&Q China operates, according to the China Real Estate Exchange.

**Development costs** of new country entries into Germany with Screwfix and Portugal with Brico Dépôt.

**France** consists of Castorama France and Brico Dépôt France.

**LFL** stands for like-for-like sales growth which represents the constant currency, year-on-year sales growth for stores that have been open for more than a year. This growth rate is compounded when calculating a cumulative 2 year LFL.

**Other International** consists of China, Poland, Romania, Russia, Spain, Portugal, Germany and Turkey (Koçtaş JV).

**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. 2013/14 Group and Other International retail profit comparatives restated to exclude the Hornbach contribution to retail profit (Q1 2013/14: £5 million loss), following the disposal of the Group's 21% interest in Hornbach in March 2014.

**Sales**

Group sales excluding Joint Venture (Koçtaş JV) sales.

**TradePoint**

B&Q UK & Ireland's 'trade-only' offer.

**UK & Ireland** consists of B&Q in the UK & Ireland and Screwfix in the UK.

## **FORWARD-LOOKING STATEMENTS**

This announcement contains certain statements that are forward-looking and which should be considered, amongst other statutory provisions, in light of the safe harbour provisions of the United States 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. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around the Company's programme known as 'Creating the Leader' and its associated eight steps. Forward-looking statements can be identified by the use of relevant terminology including the words: "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth, strategies and the businesses we operate. Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits; and our success in managing these factors. Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. We urge you to read our annual report and other company reports, including the risk factors contained therein, for a more detailed discussion of the factors that could affect our future performance and the industry in which we operate. 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 publicly 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.