

Kingfisher reports Q3 sales of £2.8 billion, down 0.9% LFL and retail profit of £225 million, down 6.9% in constant currencies

Group Financial Summary (13 weeks ended 1 November 2014)

	Sales*	% Total Change	% Total Change	% LFL*	Retail Profit*	% Total Change	% Total Change
	2014/15 £m	Reported	Constant currency	Constant currency	2014/15 £m	Reported	Constant currency
France	1,064	(9.3)%	(2.7)%	(4.0)%	120	(14.3)%	(8.4)%
UK & Ireland	1,148	+4.8%	+4.9%	+2.6%	70	+11.1%	+11.2%
Other International	604	(7.4)%	+1.1%	(1.5)%	35	(32.9)%	(26.3)%
Total Group	2,816	(3.6)%	+1.0%	(0.9)%	225	(11.8)%	(6.9)%

Throughout this release ‘’ indicates the first instance of a term defined in Section 3 ‘Glossary’ of this announcement.

Highlights:

- On a reported basis, Group retail profit of £225m impacted by £13m adverse foreign exchange movements when translating overseas profits into sterling
- On a constant currency basis, Group retail profit down 6.9% after development costs of £6m in our new markets – Germany, Portugal & Romania. Underlying retail profit, excluding these development costs, was down 3.6%
- Total sales in France declined in an on-going weak market. Retail profit was also down reflecting the weaker sales and a lower gross margin percentage in a more price promotional environment
- UK & Ireland sales and profits both up benefiting from a more favourable market, with a very strong Screwfix performance (+13.1% LFL)
- In Other International markets, total sales were ahead but profits were impacted by a slower market in Poland, new country development* costs and adverse foreign exchange movements in Russia
- Continued previously announced multi-year capital returns programme to shareholders, returning a further £45m since H1 via a share buyback (14.8m shares). Year to date £180m has been returned: £100m as a special dividend and £80m via a share buyback (23.3m shares)

Sir Ian Cheshire, Kingfisher Group Chief Executive, said:

“Trading conditions in our largest and most significant market, France, were particularly difficult and deteriorated across the quarter, impacted by the weak economic backdrop. In the UK however, where conditions have been more favourable, we have delivered LFL growth with Screwfix performing particularly well, delivering a 25% increase in sales on top of very strong growth last year. Overall, we remain cautious on the outlook, especially in France, and continue to focus on margin and cost initiatives to support our performance.

“As I prepare to step down as Group Chief Executive on 8 December, I would like to take this opportunity to thank the 79,000 staff at Kingfisher for their hard work and support over the past seven years. I am proud of what we have achieved together and I am delighted that Véronique Laury will be succeeding me. Her passion for product, for customers and for home improvement together with her 26 years’ experience in the sector, make her the right choice for the role and I wish her every success in the future.”

Véronique Laury, Kingfisher Group Chief Executive designate, said:

“I am delighted to be succeeding Sir Ian. He leaves a strong, and more sustainable business with a clear sense of purpose. I believe Kingfisher has an important role to play in improving people’s lives by helping them to improve their homes. With more than 26 years in home improvement, and 11 years at Kingfisher, I know our employees and our businesses well and I understand the reality of our customers’ lives. I look forward to putting my experience to work to build on Sir Ian’s legacy with passion, energy and pace.

“I am also very pleased to have announced Marc Ténart as my successor as Chief Executive of Castorama France. Marc has been in the Group for 14 years, holding senior roles at Castorama France and previously Chief Executive of our Brico Dépôt business in Spain, so I am confident he will do a great job.”

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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 with the Q3 results tag #KGFQ3. Kingfisher American Depository Receipts are traded in the US on the OTCQX platform:(OTCQX: KGFHY) <http://www.otcmartets.com/stock/KGFHY/quote>

COMPANY PROFILE

Kingfisher plc is Europe’s leading home improvement retail group and the third largest in the world, with 1,176 stores in 11 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.

FINANCIAL POSITION

No material events or transactions impacting the Group’s financial position have taken place since the previously announced unaudited balance sheet as at 2 August 2014.

Our next announcement will be the preliminary results for the year ended 31 January 2015, on 31 March 2015.

The remainder of this announcement is broken down into three main sections:

1. Trading review by major geography
2. Summary Q3 2014/15 data by geography
3. Glossary

Q3 TRADING REVIEW BY MAJOR GEOGRAPHY

FRANCE*

Sales £m	2014/15	2013/14	% Reported Change	% Constant Currency Change	% LFL Change
France	1,064	1,173	(9.3)%	(2.7)%	(4.0)%

Retail profit £m	2014/15	2013/14	% Reported Change	% Constant Currency Change
France	120	140	(14.3)%	(8.4)%

All trading commentary below is in constant currencies

Kingfisher France

Kingfisher France total sales declined by 2.7% (-4.0% LFL) to £1,064 million in an on-going soft market impacted by weak consumer confidence, higher taxes and a declining housing and construction market.

Across the two businesses, one net new store was opened and one was revamped, adding around 1% new space during Q3.

Gross margins were down 50 basis points, with on-going self-help initiatives offset by higher price promotional activity. Despite continued focus on cost control including lower levels of variable pay, retail profit declined by 8.4% to £120 million.

Castorama total sales declined by 4.2% (-3.4% LFL) to £585 million. According to Banque de France data*, sales from the home improvement market were down around 3% in the quarter.

Sales of seasonal products were broadly flat. Sales of indoor and building products were down around 4%, in part impacted by weaker sales of heating ranges (down 20% and contributing around a third of the total LFL decline) due to mild weather.

Brico Dépôt, which more specifically targets trade professionals and heavy DIYers, was impacted by the on-going slow house building market* with new housing starts down around 5%. Total sales declined by 0.9% (-4.6% LFL) to £479 million.

UK & IRELAND*

Sales £m	2014/15	2013/14	% Reported Change	% Constant Currency Change	% LFL Change
UK & Ireland	1,148	1,095	+4.8%	+4.9%	+2.6%

Retail profit £m	2014/15	2013/14	% Reported Change	% Constant Currency Change
UK & Ireland	70	63	+11.1%	+11.2%

All trading commentary below is in constant currencies

Kingfisher UK & Ireland

Total sales were up 4.9% (+2.6% LFL) to £1,148 million reflecting a stronger UK economy and more buoyant housing construction.

Retail profits were up 11.2% to £70 million. Gross margins were up 10 basis points reflecting on-going self-help initiatives offset by some B&Q clearance activity as part of the 'Offer' work stream of the B&Q transformation plan. Tight cost control continued despite higher levels of variable pay.

B&Q UK & Ireland's total sales were up 0.9% (+0.5% LFL) to £922 million. On a volume basis (being quantity of products sold), sales were up 7.2% driven by price investment in 'core essential' DIY products and clearance activity in the quarter.

Sales of outdoor seasonal and building products were up around 3%. Sales of indoor products, excluding showroom (kitchens, bathrooms and bedrooms) were up around 1%. Sales of showroom products were down around 4% reflecting the decision to reduce promotional activity and offer customers 'every day great value'.

Screwfix grew total sales by 25.2% (+13.1% LFL) to £226 million benefiting from a strong promotional programme, new ranges, the continued roll out of new outlets and the successful take up of the mobile 'Click, Pay & Collect' offer. Twelve net new outlets were opened during Q3, taking the total to 371.

OTHER INTERNATIONAL *

Sales £m	2014/15	2013/14	% Reported Change	% Constant Currency Change	% LFL Change
Other International	604	653	(7.4)%	+1.1%	(1.5)%

Retail profit £m	2014/15	2013/14	% Reported Change	% Constant Currency Change
Other International (existing)	41	51	(18.2)%	(10.1)%
New country development	(6)	1	n/a	n/a
Total	35	52	(32.9)%	(26.3)%

All trading commentary below is in constant currencies

Other International total sales grew by 1.1% (-1.5% LFL) to £604 million reflecting slower markets in Poland, Spain and China offset by LFL growth in Russia. Retail profit decreased by 26.3% to £35 million driven by lower profits in Poland and Russia and new country development costs.

During Q3, six net new stores were opened including one in Portugal, one in Turkey and four Screwfix outlets in Germany.

Sales in **Poland** were down 1.1% (-1.1% LFL) to £283 million reflecting a slower market. Gross margins were down 30 basis points reflecting self-help initiatives helping to offset more promotional activity and strong comparatives (up 110 basis points in Q3 last year). Retail profit declined by 5.6% to £37 million reflecting the weaker sales and lower gross margins, offset by tight cost control.

In **Russia** sales were up 13.9% (+9.6% LFL) to £119 million benefiting from a strong market. Retail profit was £5 million (2013/14: £9 million reported retail profit) largely reflecting adverse foreign currency exchange movements. In **Turkey**, Kingfisher's 50% JV, Koçtaş, grew sales by 17.1% (+8.2% LFL) to £90 million benefiting from new store openings, improvements in customer offer and more promotional activity. Retail profit contribution was up 17.2% to £4 million. In **Spain**, sales grew by 11.7% (-7.3% LFL) to £75 million reflecting new store openings offset by a difficult environment. Retail loss was £1 million (2013/14: breakeven result).

Sales in **China** declined by 10.6% (-10.6% LFL) to £97 million impacted by a slowing Chinese property market* which was down around 12%. Retail loss was £4 million (2013/14: £4 million reported retail loss).

New country development activity

Romania contributed sales of £26 million. The retail loss of £3 million includes costs relating to the previously announced accelerated conversion of stores to the Brico Dépôt format. Costs relating to newly entered countries, **Germany** with Screwfix and **Portugal** with Brico Dépôt, amounted to £3 million.

Section 2: SUMMARY Q3 2014/15 DATA BY GEOGRAPHY

As at 1 November 2014	Store numbers	Selling space (000s m ²)	Employees (FTE)
Castorama	103	1,119	12,112
Brico Dépôt	113	634	6,858
France	216	1,753	18,970
B&Q UK & Ireland	360	2,570	20,194
Screwfix	371	24	4,914
UK & Ireland	731	2,594	25,108
Poland	72	529	10,209
China	39	318	3,676
Portugal	2	11	134
Romania	15	156	1,167
Russia	20	185	2,689
Spain	28	168	1,454
Germany	4	1	82
Turkey JV	49	232	3,654
Other International	229	1,600	23,065
Total Group	1,176	5,947	67,143

Q3 2014/15	Sales	% Total Change	% Total Change	% LFL Change
	£m	Reported	Constant currency	Constant currency
	2014/15			
Castorama	585	(10.7)%	(4.2)%	(3.4)%
Brico Dépôt	479	(7.6)%	(0.9)%	(4.6)%
France	1,064	(9.3)%	(2.7)%	(4.0)%
B&Q UK & Ireland	922	+0.8%	+0.9%	+0.5%
Screwfix	226	+25.2%	+25.2%	+13.1%
UK & Ireland	1,148	+4.8%	+4.9%	+2.6%
Poland	283	(7.3)%	(1.1)%	(1.1)%
China	97	(14.4)%	(10.6)%	(10.6)%
Portugal & Germany	4	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Romania	26	(25.7)%	(20.9)%	n/a ⁽²⁾
Russia	119	(6.4)%	+13.9%	+9.6%
Spain	75	+4.0%	+11.7%	(7.3)%
Other International	604	(7.4)%	+1.1%	(1.5)%
Total Group	2,816	(3.6)%	+1.0%	(0.9)%

⁽¹⁾ First store opened in Portugal during Q2 2014/15 and Screwfix Germany opened during Q3 2014/15, therefore not applicable.

⁽²⁾ Acquisition of 15 stores in Romania completed during Q2 2013/14, with subsequent rebranding to Brico Dépôt in 2014/15, therefore not applicable.

EMBARGOED UNTIL 0700 HOURS – Tuesday 25 November 2014

Q3 2014/15	Retail Profit	% Total Change	% Total Change	Operating Margin %	Operating Margin %
	£m	Reported	Constant currency	2014/15	2013/14
	2014/15				
France	120	(14.3)%	(8.4)%	11.2%	12.0%
UK & Ireland	70	+11.1%	+11.2%	6.1%	5.8%
Poland	37	(11.2)%	(5.6)%	13.0%	13.7%
China	(4)	(1.6)%	(4.6)%	(4.0)%	(3.4)%
Portugal & Germany	(3)	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Romania	(3)	n/a	n/a	(12.0)%	4.5%
Russia	5	(44.9)%	(32.6)%	3.9%	6.8%
Spain	(1)	(292.8)%	(315.1)%	(0.8)%	(0.2)%
Turkey JV	4	+0.4%	+17.2%	n/a ⁽²⁾	n/a ⁽²⁾
Other International	35	(32.9)%	(26.3)%	5.8%	7.9%
Total Group	225	(11.8)%	(6.9)%	8.0%	8.7%

⁽¹⁾ First store opened in Portugal during Q2 2014/15 and Screwfix Germany opened during Q3 2014/15, therefore not applicable.

⁽²⁾ Joint Venture (Koçtaş JV) sales are not consolidated therefore not applicable.

Year to date average FX rates vs £ Sterling	2014/15	2013/14
Euro	1.24	1.17
Polish Zloty	5.17	4.92
Chinese Renminbi	10.28	9.52
Romanian Leu	5.49	5.21
Russian Rouble	60.23	49.29
Turkish Lira	3.60	2.93

YEAR TO DATE BY MAJOR GEOGRAPHY – 39 weeks ended 1 November 2014

	Sales	% Total Change	% Total Change	% LFL Change	Retail Profit	% Total Change	% Total Change
	2014/15	Reported	Constant	Constant	2014/15	Reported	Constant
	£m		currency	currency	£m		currency
France	3,269	(6.0)%	(0.7)%	(1.9)%	302	(8.8)%	(3.6)%
UK & Ireland	3,567	+6.0%	+6.1%	+3.8%	236	+15.7%	+15.7%
Other International	1,748	(2.5)%	+5.9%	+0.4%	77	(30.1)%	(24.7)%
Total Group	8,584	(0.6)%	+3.4%	+0.9%	615	(4.7)%	(0.7)%

Data tables for Q1, Q2, H1, Q3 and Q3 year to date are available for download in excel format at <http://www.kingfisher.com/index.asp?pageid=59>

Section 3: GLOSSARY (terms are listed in alphabetical order)

Banque de France data includes relocated and extended stores. October 2014 data is provisional.

<http://webstat.banque-france.fr/en/browse.do?node=5384326>

Chinese property market

New property market transactions sales down 12% for the three months to September 2014 for the 17 cities in which B&Q China operates, according to the China Real Estate Exchange.

France consists of Castorama France and Brico Dépôt France.

French house building market

New housing starts and planning consent data for the three months to September 2014 according to the Ministry of Housing.

<http://www.statistiques.developpement-durable.gouv.fr/publications/p/2099/756/construction-logements-resultats-fin-septembre-2014-france.html>

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.

New country development consists of Portugal, Romania and Germany.

Other International consists of China, Poland, Portugal, Romania, Russia, Germany, Spain 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 comparatives have been restated to exclude the share of Hornbach operating profit.

Sales are Group sales excluding Joint Venture (Koçtaş JV) sales.

UK & Ireland consists of B&Q UK & Ireland and Screwfix 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.