



KINGFISHER PLC FINAL RESULTS

Year ended 31 January 2016

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The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in the Company's expectations.



Agenda

1: Introduction

2: FY 2015/16 financials

2: First sharp decisions

3: 5 year transformation

4: Summary

5: Questions





INTRODUCTION

FY 2015/16: a productive and important year

1:

Announced 'ONE'
Kingfisher plan

2:

Delivered good FY
2015/16 'business as
usual' performance

3:

Made solid
progress on the first
sharp decisions

4:

Developed detailed
5 year transformation
plan

5:

Set ambitious 5 year
financial targets

6:

Set operational
milestones for FY
2016/17





FY 2015/16 FINANCIALS

Financial summary

	2015/16	2014/15	% YOY
Adjusted sales (£m) ⁽¹⁾	10,331	10,605	+3.8% ⁽²⁾
Retail profit (£m) ⁽¹⁾	746	742	+7.4% ⁽²⁾
Adjusted PBT (£m) ^{(1) (3)}	686	684	+0.3%
Effective tax rate ⁽⁴⁾	26%	27%	+1%
Adjusted basic EPS (p) ^{(1) (3)}	22.0	21.3	+3.3%
Statutory post-tax profit (£m)	412	573	(28.1)%
Free cash flow (£m)	483	400	n/a
Reported net cash (£m)	546	329	n/a
Lease adjusted ROCE	12.3%	11.9%	+40bps
Full year ordinary dividend (p)	10.1	10.0	+1.0%

(1) Excluding China

(2) In constant currencies

(3) Before exceptional items, impact of FFVR, amortisation of acquisition intangibles, related tax items and tax on prior year items

(4) Before exceptional items and prior year tax adjustments

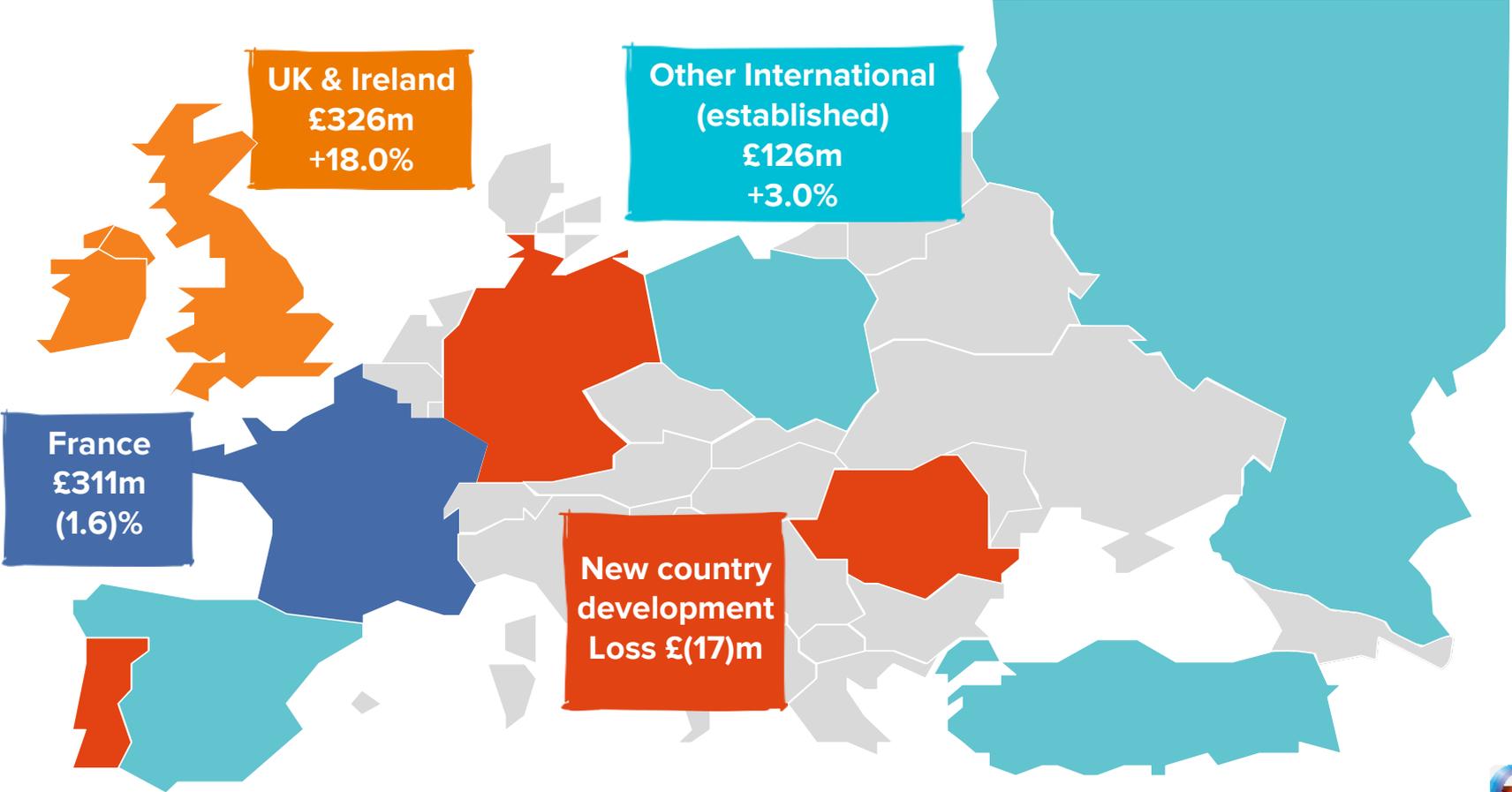


Exceptional items

£m (charge) / gain	2015/16	2014/15
UK & Ireland and Europe restructuring	(305)	(17)
Profit on disposal of B&Q China	143	-
Impairment of Brico Dépôt Romania	(18)	-
Property and other disposals	14	(3)
Transaction costs	-	(15)
Exceptional items before tax	(166)	(35)
Exceptional tax items	67	106
Net exceptional items	(99)	71



Retail profit up 7.4% in constant currencies



Impacted by £46m adverse FX on a reported basis

Reported Growth	+18.0%	(10.9)%	(5.8)%
Constant Currency Growth	+18.0%	(1.6)%	+6.4%



*Includes new country development

France: traded well in soft markets



Sales performance reflecting soft markets and 1% new space, driven by 4 new Brico Dépôt stores

Controlled gross margin and continued focus on costs



'Click, Pay and Collect' in 161 stores (34 at FY 2014/15)

UK & Ireland: sales and profit growth; strong contribution from Screwfix

B&Q
Sales +1.1%
LFL +1.9%



SCREWFIX
Sales +26.3%
LFL +15.3%



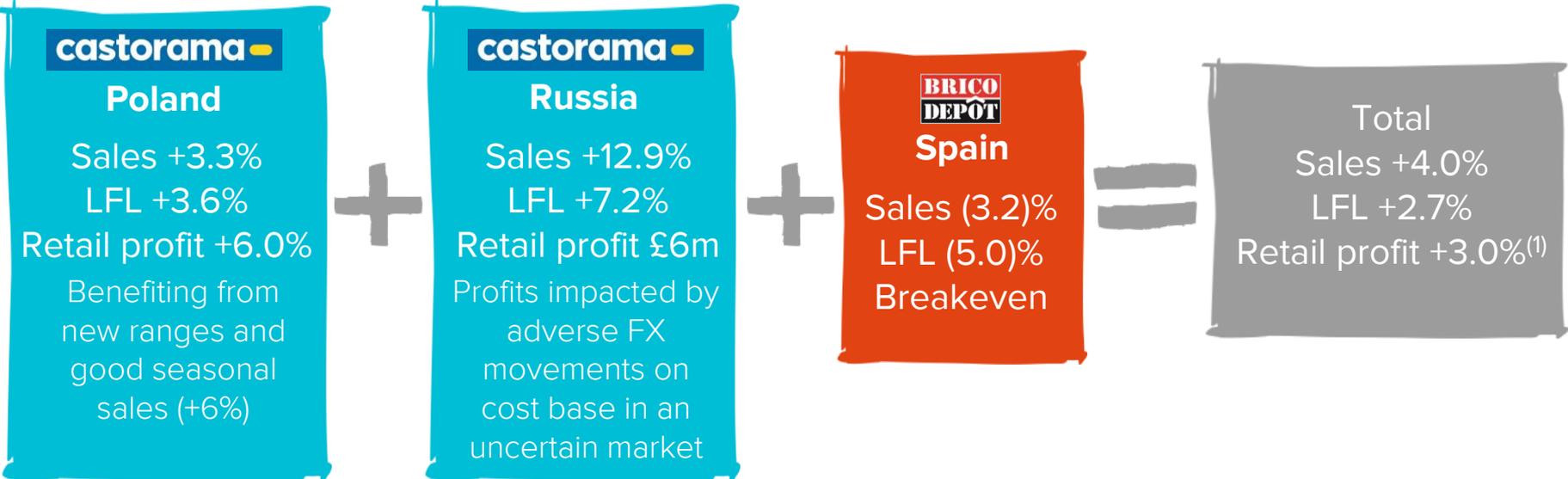
Total
Sales +5.6%
LFL +4.4%
GM (50)bps
Retail profit +18.0%

- Indoor LFL growth; store closures 0.4% of uplift
- Online sales +29%
- Productivity initiatives delivered benefits

- Strong growth driven by leading omnichannel capability
- New and extended trade ranges
- 62 new outlets

All in constant currencies

Other International (established) retail profit +3.0% ⁽¹⁾



All % movements in constant currencies

(1) Turkey joint venture sales are not consolidated; retail profit includes contribution from Turkey

New country development focusing on Screwfix

FY
2015/16

SCREWFIX
Germany
Sales £3m
Loss £(7)m
9 outlets now trading



**BRICO
DEPOT**
Romania
Sales £91m
Loss £(9)m
More challenging environment



**BRICO
DEPOT**
Portugal
Sales £17m
Loss £(1)m



Total
Sales £111m
Loss £(17)m

FY
2016/17

SCREWFIX
Europe
Inc. 9 more
Germany
outlets
Expecting loss
of c.£(15)m



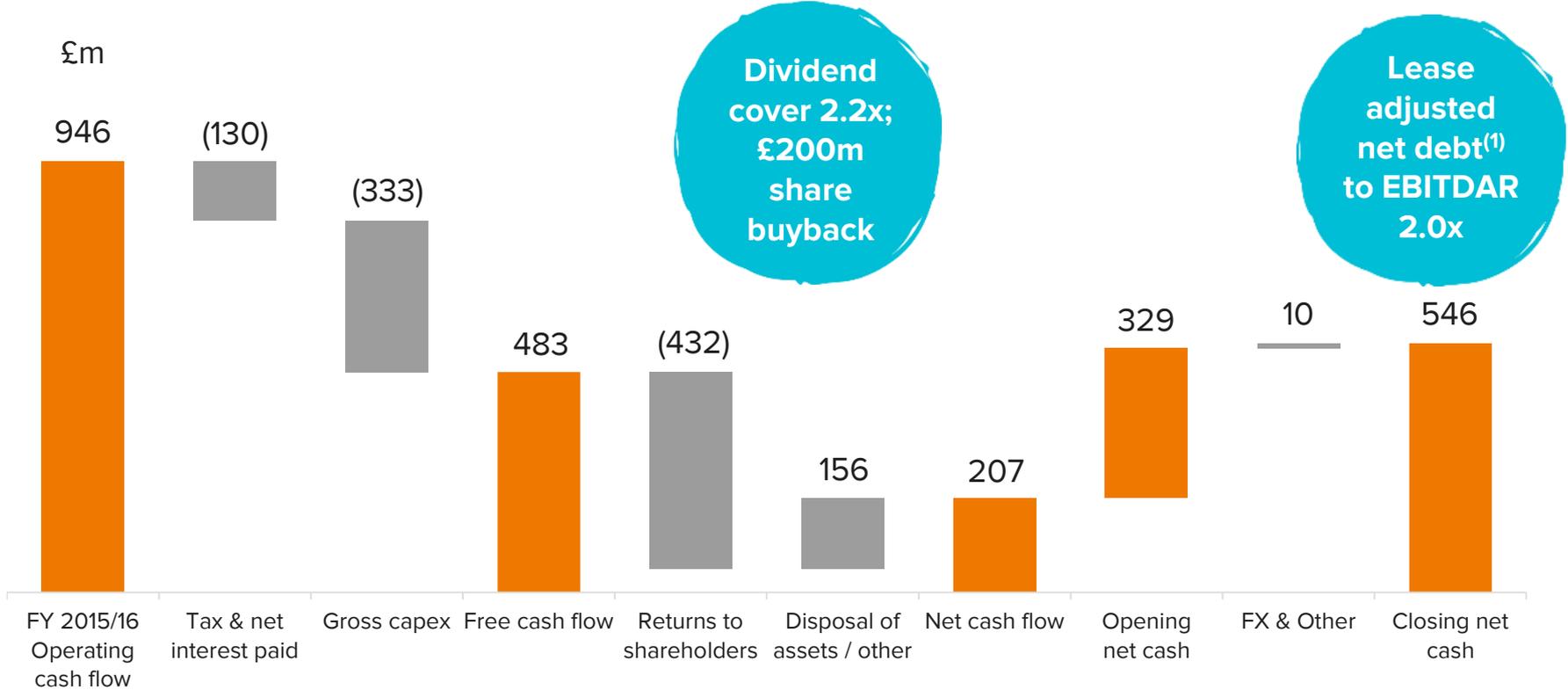
**BRICO
DEPOT**
Romania & Portugal
YOY losses expected to
halve



Expect total
loss of
c.£(20)m



Uses of operating cash flow



(1) Excluding China



Summary

1:

Good 'business as usual' performance

- Retail profit +7.4%⁽¹⁾

2:

Adjusted PBT impacted by £46m adverse FX

3:

Balance sheet remains strong

- Returned £432m to shareholders

Outlook:

- UK economic backdrop remains positive
- Remain cautious on the outlook for France
- Wider political and economic uncertainty



A woman with her hair in a bun, wearing a blue and white striped shirt, is painting a wall with a brush. The room has a window with a large green plant, a white radiator, and a tiled wall. A blue circular graphic is overlaid on the left side of the image.

FIRST SHARP DECISIONS

Solid progress on the first sharp decisions

Customer & Offer



- Develop unified unique outdoor and bathroom ranges
- Develop unified core essential offer
- Develop plan to cut existing product tail

Retail Operations



- Space rationalisation:
 - Close c.15% surplus space at B&Q; Close our few loss making stores in Europe
- Pilot Big Box best practice across Europe
- Extend Screwfix trial in Germany

Infrastructure & Processes



- Pilot unified IT platform, then accelerate
- Unify £1.2bn goods not for resale (GNFR) process

People

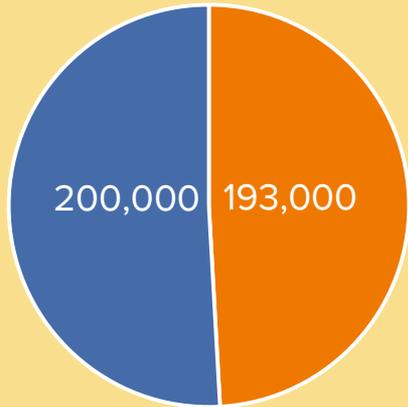


- Finalise new leadership team and wider organisation structure



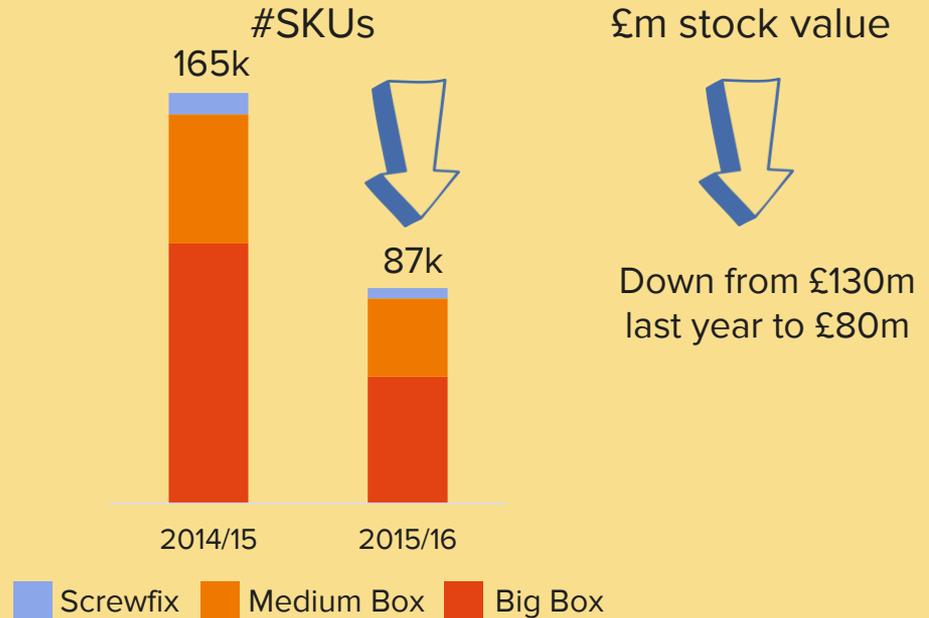
'Cut the tail' plan is on track

393k¹ SKUs sold during FY 2014/15



■ Ranged ■ Non-ranged

Non-ranged SKUs² and stock value at year end



(1) Top 5 Opcos only
(2) All Opcos

Space rationalisation update

B&Q – on track to close c.15% space (65 stores) by end of FY 2016/17

30
stores
closed

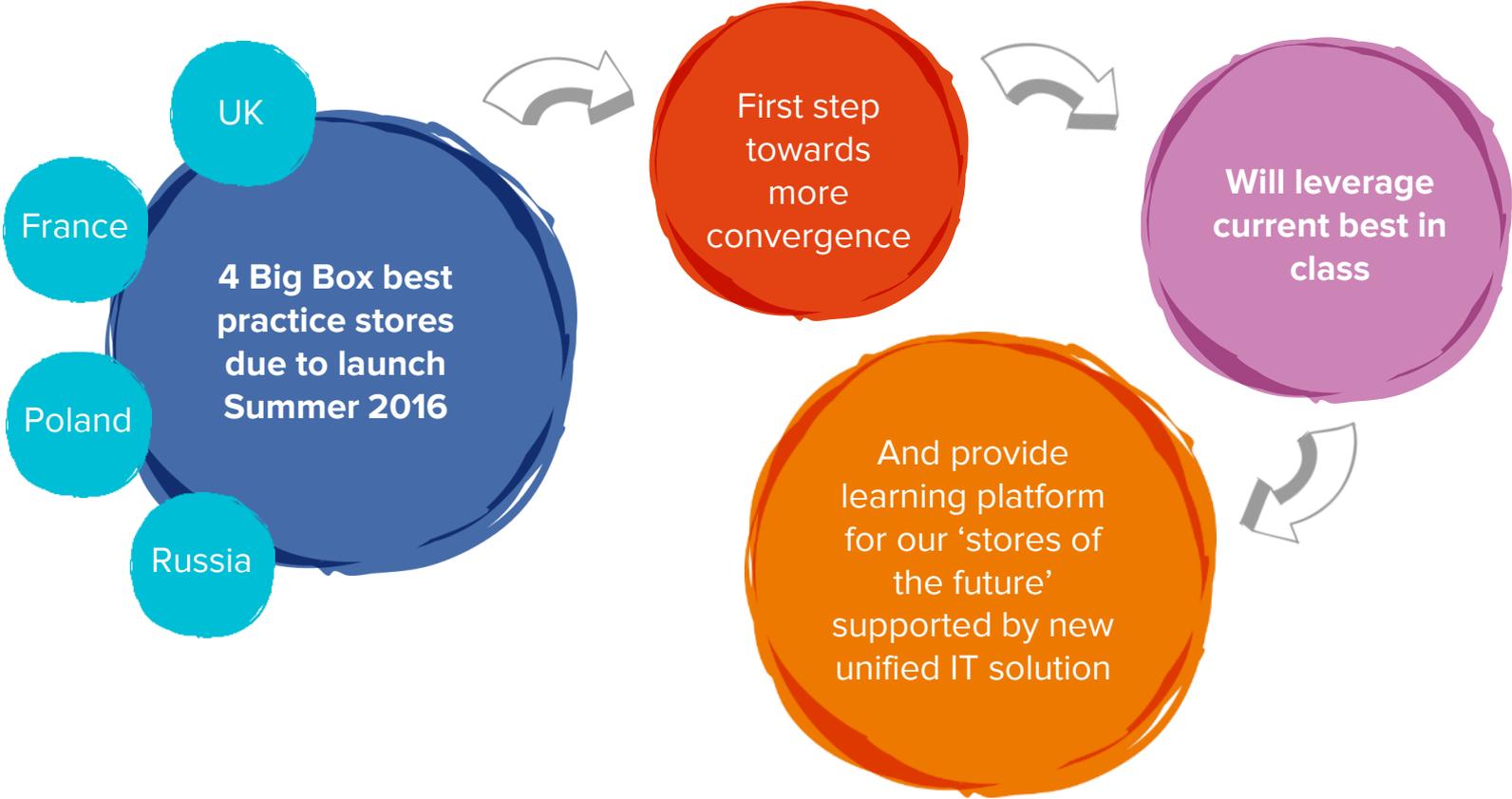
40
secured
lease exits to
date

Sales
transfer
supports 1/3
assumption

Europe - Closure process of a few loss making stores underway

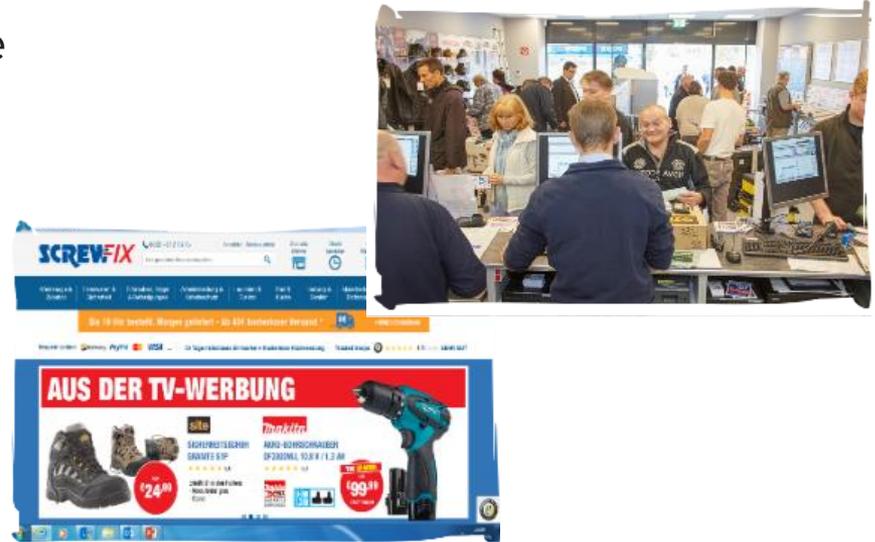
Announced 2
in France and 1
in Russia to
date

Big Box best practice stores due to launch this year



Screwfix Germany – encouraging early performance

- 9 outlets now open in Frankfurt alongside national distribution capability
- Strong customer feedback; high level of returning customers; growing brand awareness
- Screwfix.de performing well
- FY 2015/16 loss in line with expectations reflecting current limited scale




Expected to
breakeven in FY
2019/20


To double the
number of
outlets in FY
2016/17

Unified IT platform roll out ahead of plan

- ✓ Rollout accelerated after successful pilot in B&Q Ireland
- ✓ Launched rollout in B&Q UK
 - Already in nearly half of stores
- ✓ Real time stock visibility & reduced 'task' time in store
- ✓ Castorama France gearing up for launch later this year
- ✓ Company wide roll out to complete by end of FY 2018/19



People: leadership team

CEO



Véronique Laury

CFO



Karen Witts

Customer



Pierre
Woreczek

Ex-McDonald's

Offer & Supply
Chain



Arja
Taaveniku

Ex-IKEA

Digital & IT



Steve
Willett

Ex-Screwfix; B&Q

Sales & Retail
Operations



Jean-Paul
Constant

Ex-Decathlon
Joining late summer 2016

HR



Emily
Lawson

Ex-Morrisons;
McKinsey





**5 YEAR
TRANSFORMATION**

What we have said we will do

We will:

1:

Think of customer needs first

2:

Design a seamless customer process

3:

Create unique and leading offer with an integrated supply chain

4:

Create a leading customer experience in our stores

5:

Be a truly sustainable company

6:

Work as ONE

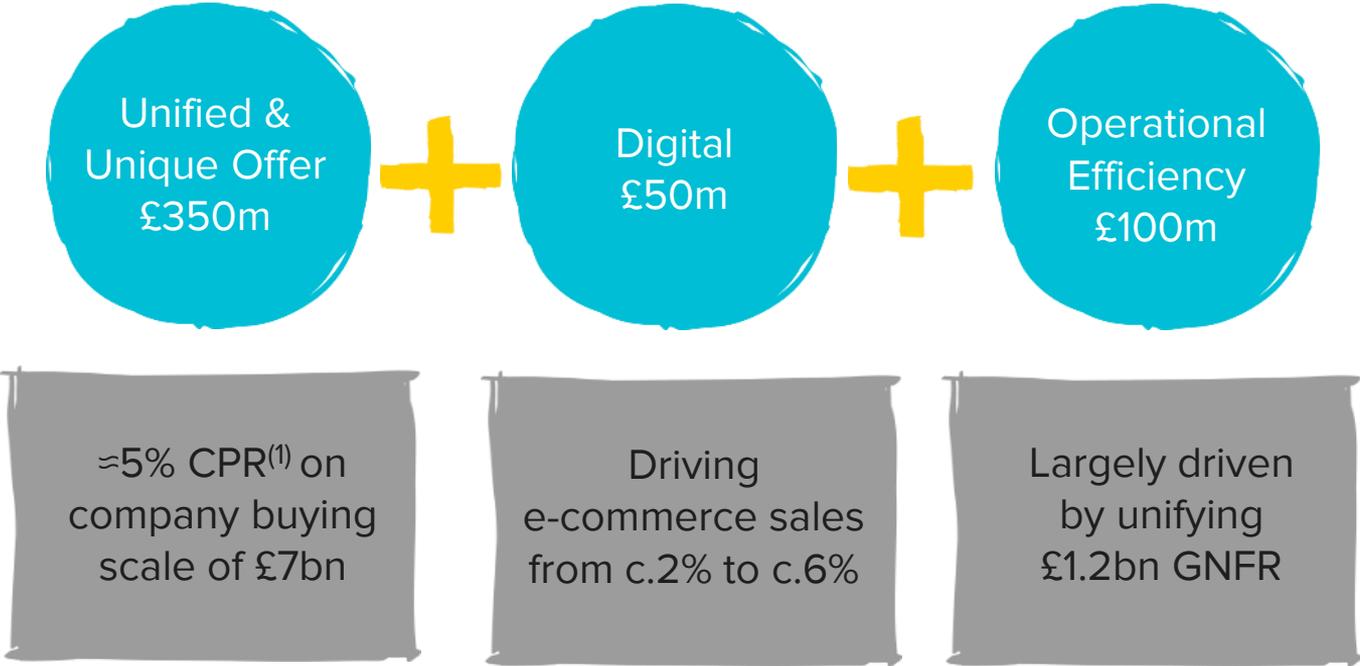
7:

Be low cost always

5 year transformation: a reminder



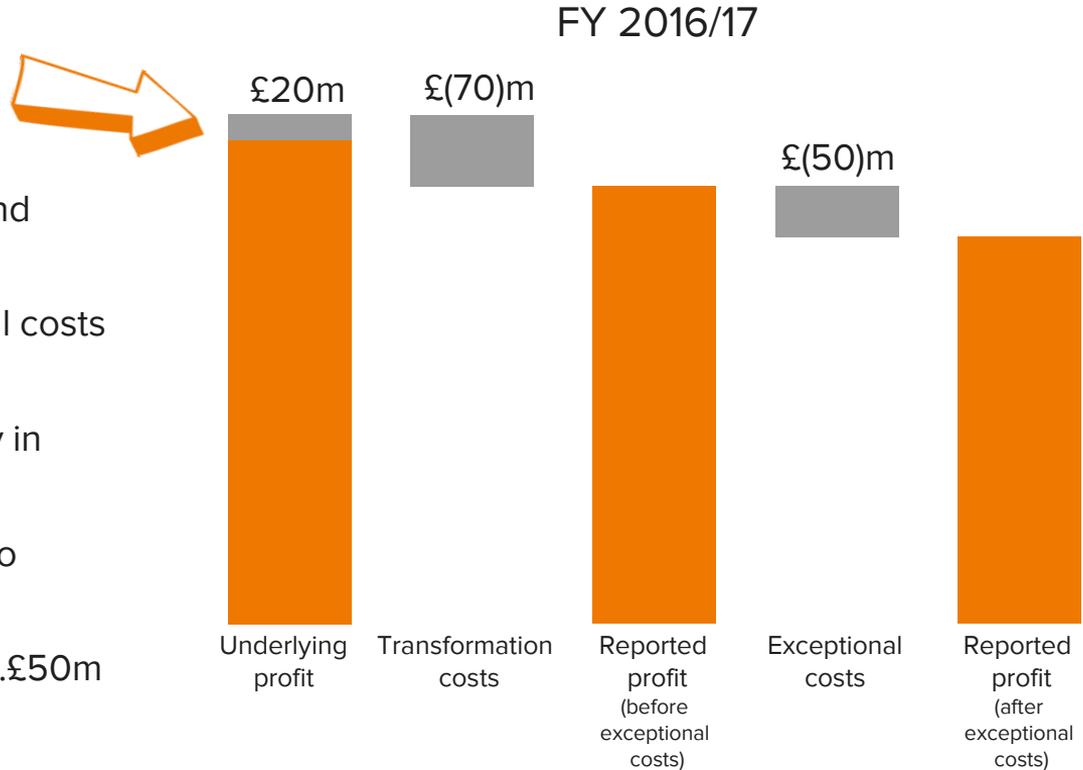
5 year transformation: key profit driver assumptions



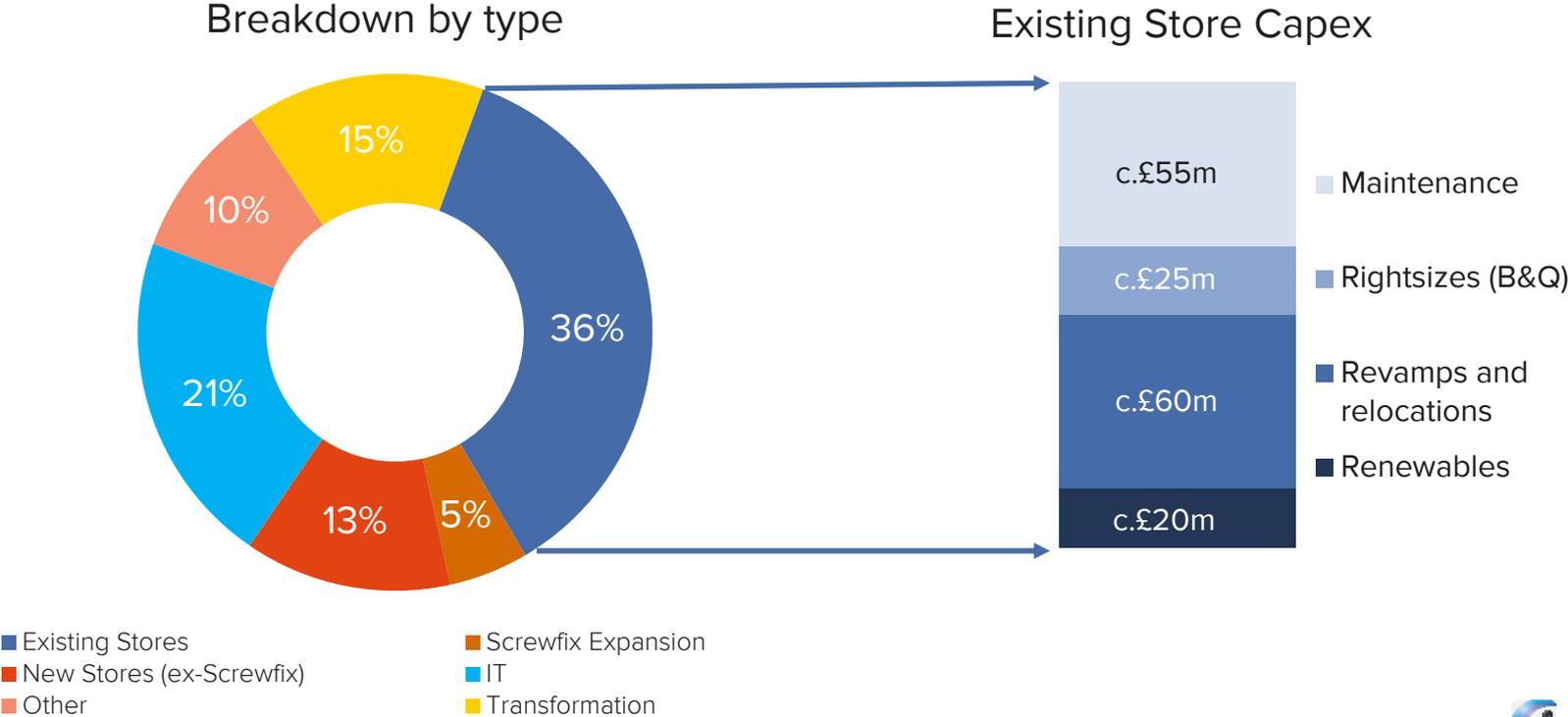
(1) Cost Price Reduction

We will report underlying and reported profit

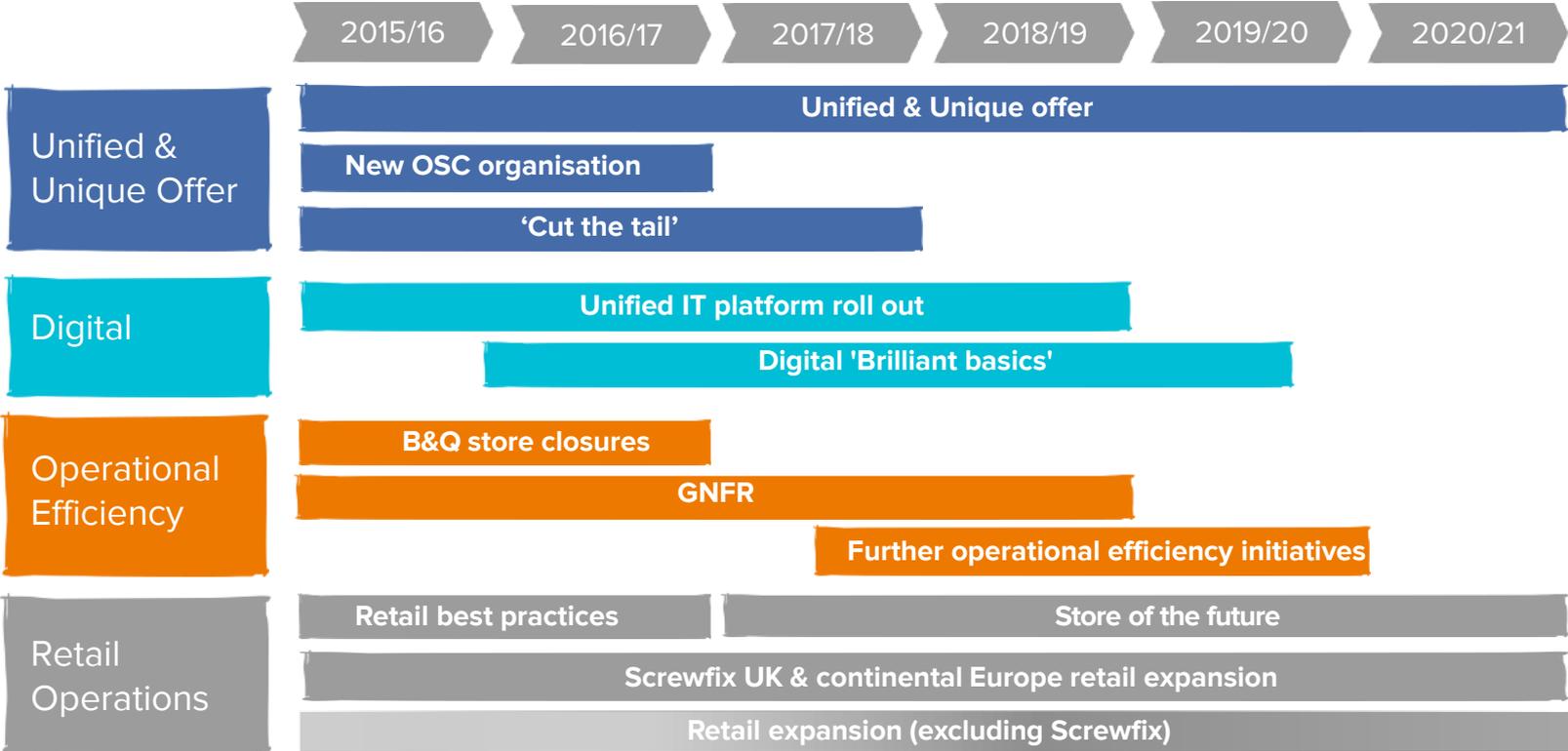
- Underlying profit expected to show progression from 2016/17 onwards
 - Including up to c.£20m operational efficiency benefits
- Reported profit will be stated before and after exceptional items
- One-off transformation and exceptional costs will be tracked
 - Both expected to be incurred largely in first three years
 - FY 2016/17 transformation costs up to c.£70m
 - FY 2016/17 exceptional costs up to c.£50m



FY 2016/17: guiding up to £450m for total capex including transformation



Clear long term roadmap: a reminder



2016/17 operational milestones: a reminder

Unified &
Unique
Offer

Deliver Offer & Supply Chain Organisation (OSC)
Achieve 4% unified COGS

Digital

Complete unified IT platform roll out in B&Q and start
Castorama France roll out
Build Digital 'Brilliant Basics' platform for B&Q

Operational
Efficiency

Complete closure of c.15% surplus space at B&Q
Deliver benefits from unified Wave 1 of GNFR programme





1:

Good 'business as usual' performance in FY 15/16

2:

Solid progress with the first sharp decisions

3:

Confident about our transformation plan

4:

Clear roadmap with clear plan for FY 2016/17

SUMMARY

Cautionary note regarding forward looking statements

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A photograph of two men in a construction or renovation site. The man on the left is older, with grey hair, wearing a grey quilted jacket and blue jeans, standing with his hand on his hip and pointing towards the man on the right. The man on the right is younger, wearing a grey t-shirt with the text 'BELIEVE IN MIRACLE' and blue jeans covered in white paint splatters, sitting on a metal step. A large, dark blue circle with a white border is overlaid in the center, containing the word 'Questions' in white, bold, sans-serif font. The background shows a staircase under construction with metal railings and scaffolding.

Questions



Appendices

FY 2016/17 technical guidance

Space:

- Total company wide space expected to decline by 3.0%

Income statement:

- Underlying profit expected to include up to c.£20m operational efficiency benefits
- Transformation P&L costs of £220m over next five years to be mostly incurred in first three years; up to c.£70m for FY 2016/17
- Transformation exceptional costs of £270m over next five years to be mostly incurred in first three years; up to c.£50m for FY 2016/17
- Retail losses from new country development activity expected to be c.£20m driven by Screwfix Europe
- Group interest charge expected to be c.£10m (excluding financing fair value remeasurements)
- Effective tax rate expected to be around 26%, subject to the blend of profit within the companies' various jurisdictions
- B&Q closures – income statement impact expected to be broadly neutral assuming on average that up to a third of sales transfer

Cash flow:

- Investing up to c.£450m total capex for FY 2016/17 (includes BAU and transformation); c.£500m for FY 2017/18 and FY 2018/19
- Capital return of c.£600m over next three years expected to be via share buyback (£50m of shares repurchased since year end)



Net debt to EBITDAR reconciliation

	2015/16 £m	2014/15 £m
EBITDA ⁽¹⁾	941	953
Property operating lease rentals ⁽¹⁾	402	415
EBITDAR	1,343	1,368
Financial net cash	(546)	(329)
Property operating lease rentals (8x) ⁽²⁾	3,216	3,320
Lease adjusted net debt	2,670	2,991
Lease adjusted net debt to EBITDAR	2.0x	2.2x

(1) Restated to exclude contribution from China following its disposal in April 2015

(2) Kingfisher believes 8x is a reasonable industry standard for estimating the economic value of its leased assets.



Lease adjusted ROCE by division

	Sales £bn	Capital employed (CE) £bn	ROCE 2015/16	ROCE 2014/15
France	3.8	1.6	14.1%	14.4%
UK & Ireland	4.9	3.9	13.1%	12.1%
Other International	1.7	1.1	10.2%	9.7%
Central		0.1		
Total	10.3	6.7	12.3%	11.9%

ADR programme

Kingfisher ADRs trade on OTCQX – the premier tier of the U.S. over-the-counter market under the following information:

Symbol	KGFHY
CUSIP	495724403
Ratio	1 ADR : 2
Country	United Kingdom
Effective Date	Jan 01, 1986
Underlying SEDOL	3319521
Underlying ISIN	GB0033195
Depository	Citi

Benefits of ADRs to U.S. investors:

- Clear and settle according to normal U.S. standards
- Offer the convenience of stock quotes and dividend payments in U.S. dollars
- Can be purchased/sold in the same way as other U.S. stocks via a U.S. broker
- Provide a cost-effective means of international portfolio diversification

For questions about creating Kingfisher ADRs, please contact Citi:

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