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PRESENTATION

Sarah Levy *- Kingfisher, PLC - Group Investor Relations Director*

Welcome to Kingfisher's eagerly anticipated Capital Markets Day. I'm just going to start with a quick introduction of the agenda. So, in two parts today; part one is a series of presentations from the leadership team, and part two will be breaking out into four groups later on, but I will come back to you with the details on that.

And that will cover a deep dive on four areas, which we'll cover in the presentations across the strategic pillars. So, going on to Veronique, who is about to introduce today's Capital Markets Day and also to talk about our customers and our ambition.

Veronique Laury *- Kingfisher, PLC - CEO*

Good morning, everyone. First, before going into this customer section, which is highly important to us, I just wanted to say, as an introduction, that everything you are going to hear about today is about how we will create long-term sustainable value with Kingfisher.

And as a start, before talking about what we are going to do, let's spend five minutes about why we have to do what we are going to do.

The world around us is changing, we all know that, and I'm not going to give you big lessons about what are all the trends. But let's have in mind, as we start today, the very important ones.

First, demographical changing; urbanization is one of those. Technology is changing, digitalization is one of those. The way people behave is changing.

Look at the sharing economy and look at sustainability. And all those changes are impacting old companies, but retail as well. And if you wake up in the morning and you do what you have always been doing, you have two options.

First one, which is the best option, you realize that you have missed some opportunities. And second one, which is the worst option, you realize that you have been crashing your business and you finish in the graveyard of retailers. And you will bear with me that there are some of them in that graveyard.

So, status quo is not an option. We have to change. But at Kingfisher we are lucky, we are lucky for two reasons. The first reason is our market is a big potential. We will talk about that, but here are millions of customers out there who wants to improve their homes, but they have a problem, they have a problem to solve.

And like many of the very leading company of that work, whatever you call about Amazon, Google AirBnB, will have been focusing on solving the real problem for the customer, we will do the same.

And the second reason why we are lucky at Kingfisher is we have a competitive advantage. And that competitive advantage is about our scale. And that competitive advantage has never been leveraged properly.

So, what I wanted to share with you as an introduction, and we will come back at the conclusion, is that to decisive action, if we leverage the scale of Kingfisher, and if we have a new, broader international view about our industry, our market, we can create huge value for our shareholders in the long run, as well as a far much better proposition for our customers.

And as we said a year ago, it will always start with the customer.

So, let's start with it, and let's stay true to our principle; customer needs come first.

We have done, along this year, 20,000 customer surveys. And we have been into the home of 3,000 people where we had conversations in depth with them.

And based on that knowledge that we have been creating over last year, we have the conviction now that our market is vast ecosystem rather than in addition of traditional segments.

Let's go through that ecosystem right now. This ecosystem, we start with the home improver, and this ecosystem is built through the eyes of our customer, not through ours. So, you will see that probably it will be surprising you a little bit.

So, let's look at the home improvers. There are 20 people, you will listen, we have a video later on, you will listen to those 20 people. Why we show them those 20 people? Because we thought that they were embody really well our base of customer. They are from Russia, from Poland, from France and from UK.

Those people are everybody, and our market is really huge. 75% of the European populations have been visiting a home improvement store last year, and 60% of the population in Europe has done a home improvement project last year.

You will bear with me that this is quite the big number of people. Who are those people? They are everybody, and sometimes I'm hearing, the 'young are not doing home improvement anymore, the old are not doing home improvement', so what are you doing?

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This is not true. Those people are everyone; they are 50 female, 50 male, 42% of the population is over 50-years old, and it is almost everybody who is doing home improvement.

The only thing which is probably a little bit different from the average which has slightly more influence, because to do home improvement, you need to have a little bit of extra money.

Talking about money, and I won't bombard you with numbers, but really few numbers that I do have in mind, because it's really important to understand our strategy.

People have a limited amount of resource to do home improvement. This is average in Europe, we will do more work going forward on how much money people have to do really that.

And what is important is 60% to 75% of people are doing DIY, not home improvement, to save money because they are short of resources, and sometimes it takes them months and years to complete their home improvement project.

The second thing you need to remember is the fact that people have limited skills. Again, I've been hearing, since I've been appointed, yes, but people don't have skill anymore. It has always been like that. This is not new news.

When you do home improvement, you start so you are novice all the time, and then the more you do, the more you learn. So, learning is a process which is really important, and what is interesting and enthusiastic is the more people do, the more they want to learn.

But many people don't have skills.

So, this is for the home improvers, but they don't work in isolation; in fact, our customer is a couple with a home improver and a home. So, let's talk about the home in Europe.

First, and this is really important and really universal, there is an emotional connection with the home of people. People love their home, they talk - when you talk about them, first when you started with them, you can't stop them, and they talk about family, they talk about people and they talk about love; that is the way it is.

The second thing is why people are doing home improvement? They are doing for three type of reasons and we have, as you see on behind my back, all those numbers. And this is very consistent, again, across Europe.

They change their homes because their family is changing, their life is changing, and so their home needs to evolve. And they are doing it for functional reasons, to make that home more functional, and for aesthetic reasons as well, because they want a nicer home to have a nicer life.

And let's go add the structure of the homes. And again, let's talk about our potential; look at the average age of the home in Europe. It's between 50 and 60-years old. Which means, can you imagine how much things needs to be done in those homes, which are quite old?

And then, if you go inside the home, what we have been learning through our survey is the fact that the structure of the home are almost the same, and again, there are things floating in the air. In Russia, the bathrooms are much more smaller. In the UK, actually, this is not true; in all, the average bathrooms in the UK and in Russia is four square meters.

And you will see more about that.

Just to a note at that stage, you will do a lot of my presentation about bathrooms. It's not because we are just interested in bathroom, but that is the first category we started with.

That is why we have a more in depth knowledge about the bathroom, but where we do that all the time on every category.

So, this is - our customer is a couple between those millions of homes and those millions of home improvements, which means that it's billions of combinations and billions of different home improvement projects. And that's why traditional segmentation doesn't work.

What is common to all of those billion of home improvement projects is the fact that it is always a challenge. And when I say a challenge, it's almost a nice word - I just love that picture. This is real homes with real people doing real home improvement projects.

This is an example of the bathroom journey, again, and as you can see, there is 28 different steps. It takes seven months for people to realign their bathroom and 39% of people are just giving up.

Can you imagine, this is the problem that we can solve.

What we have done, looking at those different customer journey, we have started off seeing that there is a common backbone, and that backbone we have represented it in seven different steps.

That will be something that we will be keeping at Kingfisher, and we will always look at our journey like that. And as you can see, purchasing is just one bubble among those seven steps.

So, there is a place for those who will be connecting those dots, and going forward, we will not only play a role in that purchasing part of the journey, but all over the journey.

And in additional of those technical barriers that people are facing, there is what they say, and we had people growing the map of the home improvement journey. And you can see that it's an emotional roller coaster.

It's very difficult, people having lost - it's always very difficult. They say it's a, "walk in the dark", this is a quote from the customer; it's really a lonely voyage.

But thankfully, people are brave and they are putting themselves in having a go the mood, because to improve their home is so important to them. And what they do is they are building a team around them. And this is where the third circle is starting to happen. It's what we call the helpers.

Who are those helpers? First, because we have said that people are short in terms of money, resources, they are looking for the free work force.

So, if the brother-in-law, father-in-law, that is skilled, the retired neighbor, which has done lots of home improvement in this life. And they are looking for that free work force to help them and they have a team around them.

And then you have the pros that are entering the game. When you have big structural work, people don't feel confident to do, or if there is a part of the home improvement project that they can't really cope with, then they have the pros. They have the pro for what?

For certain materials and tools, for their expertise and for their guarantee as well, and you will have seen the story of customer that almost when the almost when the pro getting it, it becomes part of that circle and there is a trust, relationship, that is starting to establish.

The pros, and I want to insist on that, are part of that ecosystem. They are not on the side. And when you have them, 60% to 90%, according to the country, of the light trade businesses are shopping in home improvement stores. And when you are even asking the question, are you shopping on your own in those stores, they say no. We are bringing our customer with them. This word about those things are separate, they are not communicating to each other, is not true at all.

And then you have the last part of the ecosystem, which is what we call the 'tools'. This is not a very nice name, and to see the store in it, but from the eyes of the customer, it is the way it works. And those tools start with digital. Almost every home improvement journey is starting on digital. And whatever the age of the customer, whatever the country, it's true across the piece. Just as an example, the third of Pinterest's pins are DIY related, and 52% of Pinterest users are looking for DIY.

But Internet doesn't solve all the problems, and as a customer said to us, sometime all the tutorials and the YouTube, whatever, are giving you false sense of confidence. So, it's not all the answer, and home improvement is something that people want to feel and see. But this is really an important and a critical point.

The second in what they call 'tools' is our stores. It's quite shocking for us as having 1,000 store, that when people are drawing the resources of their home improvement project, the store are not seen as being an outstanding help, in a way, which is not what we would like to hear, but that's what they say. And of course, it's not just Kingfisher's store. It's all home improvement stores. And there are bad comments everywhere in every country.

So, let's now listen to our customers.

(Video Playing)

Veronique Laury - *Kingfisher, PLC - CEO*

So, this is it. You've been listening to some of our 20 customers. We have much more of those ones, but as you've seen, they are real people in real life in real homes.

So, the three things I would like to remember out of that section is, first, this ecosystem is our playground. We have a fresh view about our market, so please don't talk to me about trade versus non-trade, DIY versus 'do it for me'; this is not the way it works. Every project is a blend, and this is the way we will be looking at our market going forward.

The second thing is that home improvement ecosystem is really international. It works the same way everywhere. And it's really vast, really broad, but dispersed as well, and it's really difficult for customers to work with it.

And the first thing I would like to remember is the fact that there is an opportunity for the company that we solve that nightmare of home improvement. I was talking about solving companies. This is the problem to solve. And there is an opportunity for the company that we connect all those seven dots that I have been showing you, and that's what we are going to do.

So, how are we going to do that? And, of course, this is really a snapshot of much more work that has been done and will be shared internally with the company. We've written an ambition, because I think if you want to be leading, at some point you need to know what you are going to do for the next 10 years. And that's our mission, is not going to change, this is not a three year plan, this is an ambition for Kingfisher over time. We will be doing that.

We have a purpose. Because, again, and I said then I've anticipated probably some of the questions that people will ask me about synergy; will ask me about people head-counts. This strategy is not about that. This strategy is about building a purposeful company. And we believe, at Kingfisher, we believe that everybody should be able to have the home they feel good about, and that's what we will be doing.

And that's why all the Kingfisher people will put their passion and expertise into inspiring and supporting millions of people, and those that help them to be successful, whatever the home improvement project is to build, to rebuild, to maintain and to personalize the home that is good to live in. This is what we will be doing.

We have a point of view and we have a view of our market which is much broader than what we had in the past. Most of the DIY retailers are looking for, as a targeted customer, owners of individual homes with garden and most of the time children. And they think that those people, they are the only people to do home improvements, we have a different view.

We will be for everybody. We will be for home owners and renters, we will be for people living in apartments and people living in houses. We will be for people with resources and people without. And we will be for people with knowledge and people without knowledge. So, we will take a much broader view about our market and industry.

And then we have the point of view about what a good home is. And I will let you read what is behind my back, but we've created that point of view based on the researches that we've been doing over the past years. And we will help people to have good homes, which mean that we won't be selling everything. This is not what we want. People need guidance. When we talk to people, they need guidance because they don't know exactly what they want and what they need.

And now, how we are going to do it? Again, this is our new way of working. You know, we observe, we interpret and then we build new solutions to create good homes and to help people. And we will be with people all along the customer journey. And this is how that ecosystem works. And what we want for people, you've seen all those people on the screen, we want a successful 'before' from 'after'.

If we are able to make that happen for home improvers, we will be successful.

And, of course, this is probably not things which is on top of your mind, but this is really something that is important for us. And you can't write a strategy like that, a long term strategy, without having really, at the heart of the strategy, the people of the company. This is really important, of course, it meets for the development, Emily Lawson, with us today has joined a few weeks ago.

So, she has a lot on her plate, and this will be really part of the Kingfisher agenda. But we've already changed the way we work and we will really work on people. We want passionate people of home improvement. We want people who will die for the customer, and we want people who think 'one' Kingfisher.

And this is our plan. We have seven things that we will day-in, day-out every day for every people in Kingfisher. The first one is we will think of customer needs first always. The second one is we will design a seamless customer process. The third one is we will creating a leading unique and leading offer. The fourth one is we will be sustainable, a truly sustainable company. The fifth one is we will realize our leading, home improvement experience in our stores. The sixth one is we will create one company culture. And the seventh is we will be low-cost, always. So, if we do that we will become much more than a retailer. Remember retail is one of the bubbles.

We will be the leading home improvement company and we will be taking full advantage of our knowledge, know-how, resources and scale. To do that, we need to go through a period of transformation and we've decided today to focus on that.

As we go, as we develop further that strategy, there will be much more sense. But of today, we want to focus three things; first, the offer. This is a critical pillar of that transformation.

Secondly, the digital, that Steve still will be presenting us. And then, of course, operational efficiency. These are the three pillars to go through the five-year period of transformation.

And now I will hand over to Karen, which will present to that transformation.

Karen Witts - *Kingfisher, PLC - CFO*

Good morning, everybody. Well, you've heard from Vero why we are doing this. And you've heard from Vero what our broad ambition is. And I'm going to talk to you about the financial characteristics of that ambition.

But first, let me give a little bit of context about where we are now, where we're coming from. So, over the last five years, Kingfisher has delivered low, single-digit growth. And that growth has come from two main areas.

So firstly, there's is what we call the market. And by the market, I mean what happens to us positive or negative as a result of things like GDP growth, levels of consumer confidence, perhaps what's happening in the construction industry.

And over that five-year time frame, we've also had some expansion of our business. So, on average over the five years, we've grown our space by about 2% per annum. But we are going to change things. We have the strategy to make this different and what for me is very important is that we have the detailed plans to execute on that strategy over the next five years.

Over the next five years, on top of this business as usual environment that comes from the market backdrop and limited space expansion, we will deliver GBP500 million, sustainable uplift to our profit. And as Veronique has said, that will come from focusing on three main areas, three strategic pillars.

First of all, there are our plans for our unified and unique offer, and Arja is going to speaking about these in a moment. There's our digital plans that Steve will talk about. And then as Vero said, there's operational efficiency, which I'm going to speak to you about.

I thought it might be useful to show where the GBP500 million actually comes from. It's a very simplistic representation of it. But you can see that the majority of the GBP500 million uplift comes from what we're going to do around the offer.

So GPB350 million of the GBP500 million comes from the offer. We expect to deliver around GBP50 million from improving our digital capability. And GBP100 million will come from operational efficiency, with the focus on being on goods not for resale.

To deliver a sustainable GBP500 million uplift in profit, we will need to invest GBP800 million of cash over the five-year period. And I've broken that down into the three main categories of investment. So first of all, you'll see at the top, GBP270 million of exceptional charge, and I'm going to explain a little bit about this in a moment.

GBP210 million, which will be transformation costs, which you'll continue to see through the face of the P&L. And we need GBP310 million over the period of incremental CAPEX to deliver our plans.

You can see how that works through the pillars of our strategy. So, GBP480 million of investment to deliver a sustainable GBP350 million uplift from our unified and unique offer. And you can see that that's broadly split equally amongst the three categories of investment.

Our digital plans require GBP210 million of investment to deliver the GBP50 million of uplift, and that's mostly capital expenditure. And GBP110 million of costs to deliver GBP100 million of sustainable uplift from operational efficiency, and that charge is mostly an exceptional one.

So, a little bit more detail on what's inside these three different categories of expenditure. So first of all, the GBP270 million of exceptional charge, that is, of course, a charge that is once off by its nature, and that really is mostly to the cost of changing our operating model in two main areas.

Firstly, there was an implementation charge that relates to setting up a new offer and supply chain organization. And then secondly, there is a charge that relates to the changes that we're making to improve our processes, reengineer our processes, and make our business more standardized.

The second area of cost, that's the GBP210 million charge that you see running through the P&L, really relates to the cost of implementing our new range. And there's some charge in there as well that relates to the setting up of our digital ambitions.

And then the CAPEX relates mostly, as I said, to the investment that we need in the digital space. And then also, there's some investment that is required, or from an IT perspective, to support the offer organization and some store costs as we move the offer into stores.

And then, just a little bit about time frames. The capital expenditure and the exceptional charge you will largely see in the first three years of the transformation. The transformation costs are running through our P&L because they largely relate to what we're doing on offer, will take five years of transformation to roll out because they're linked with the unification of our offer. Now what will this look like from a capital expenditure perspective? Well, for the last three years or so, we've been guiding to capital expenditure requirement of around GBP350 million to GBP400 million per annum. That's the block on the left.

For the next three years, we expect that we'll spend, on average, GBP500 million per annum. But that GBP500 million doesn't include the GBP310 million that's required in total to deliver our transformation plans.

We believe that we need to focus first on transformation and then on expansion. And you'll see here that we're not limiting our rollout plans for Screwfix, because Screwfix is a low CAPEX model.

In terms of our plans around other new stores over the next three years, well, we're going to limit that really to delivering the stores that we've already got in our pipeline. And we expect to open around about four new stores per year over the next three years.

That compares with six stores that we'll open in 2015/2016. It is important to us that we continue to invest in our existing infrastructure. And when I say existing infrastructure, I mean also the physical store estate and increasingly our IT infrastructure, which is, it's so important to us, as we fulfill our digital ambitions.

And we actually have the financial means to deliver on this plan. We have a strong balance sheet as I've been saying for three years now, and we are highly cash generative company. We believe that we can execute these plans, taking the same approach to capital structure as we've had for the last three years. So, what does that mean?

Well, it means we invest to grow the business. So, we'll invest in our existing assets, we'll invest in the rollout of further Screwfix counters, and we'll invest also in returns-enhancing transformation. And that's the focus on the three pillars.

We can continue to pay a healthy, annual dividend. And I remain comfortable with our dividend cover range of 2 to 2 1/2 times. And we'll still be focused on our net-debt to EBITDAR ratio. We'll continue to a range of 2 to 2 1/2 times.

What that means in the round is that because of the choices we've made about where to invest our capital for growth and because of the time frame that we are choosing to transform the business over the five years, that means that we have, over the next three years, excess capital on the balance sheet.

And over the next three years, we intend to return around GBP600 million of surplus capital to our shareholders, mostly likely using a buyback mechanism.

Just before I summarize what I've just said, I just like to speak to you about how we will report against our progress. And we'll report along two dimensions of profit, reported profit, and underlying profit. Both before exceptional items, and this difference between the two are the transformation costs that are going through the P&L.

And I'm going to guide on what those transformation costs are likely to be for years one and years two of the plan. So, in year one of the plan net of operational efficiency, we would expect our transformation plans to impact reported profit by about GBP50 million.

And in year two, when the transformations further underway, we would expect these costs to impact our reported profit by GBP70 million to GBP100 million.

As our transformation costs reduce over time, those two lines will converge, but we believe that by reporting our progress in this way, you will see that our plans demonstrate an underlying positive transit first, and then they are very earnings accretive.

And now, to summarize. Our transformation financials will deliver a GBP500 million sustainable uplift in profit by the end of 2021.

We will incur aggregate cash costs of GBP800 million over that period to deliver that uplift. We will drive improved returns over the business, GBP500 million of sustainable profit for GBP800 million of investment. We will continue with our existing dividend policy. And we will return, over the next three years, around GBP600 million of capital to shareholders, most likely in the form of buy-backs.

We will be disclosing our progress using financial KPIs, so looking at our profit progress, monitoring our costs and also monitoring the progress that we're making on returns. And we're going to move from Kingfisher economic profit to return on capital employed.

And then after you have heard from Arja and Steve and myself, they will also talk to you about the operational milestones that we will be using to track our progress.

So, thank you, I will now pass it over to Arja.

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

Thank you, Karen. So, I am here to introduce you to the Kingfisher unified and unique offer.

And what I will talk about is that we are creating a complete, unique, unified and leading offer. We are - have already started to do the sourcing in a very different way than compared before. And we have a clear road map to ensure it's different this time.

We have started with the sharp initiatives last year with unifying 20 categories within our core essentials. And those, the results from those categories, have given us very encouraging early results that are supporting our business case.

And this, then, gives us the confidence to commit to the significant up lift of GBP350 million by the end of year five.

Just briefly to remind you, what was also said last year, we have today a range of predominantly local. It is locally bought in each operating company. They offer, and we have very few products that are common, meaning the same products that are shared at least between two operating companies.

The offer is today largely steered by our suppliers; meaning, also, that we are not particularly different. We are looking the same as other retailers. Our exclusive own-brands, because we do have exclusive own-brands, they stand for approximately 20% of the sales. But they sit within each operating company, and it's even like that, that if, for example, a Diall paint brush in customer hands is not the same as a Diall paint brush in B&Q.

We have thousands of suppliers supplying Kingfisher, with relatively small volumes and we haven't created the conditions for those priors to set up highly efficient production times.

This means that our buying scale of roughly GBP7 billion is largely untapped. So, we are heading into the new Kingfisher where we will have a unified offer; we will have the same products everywhere presented in the same way.

And when we say unified, we mean across all operating companies, not only two operating companies. We will have much fewer SKUs on the group level. This creates conditions for efficiencies, but also for investing in innovation.

There will still be a local offer, and that local offer will be based on real customer needs, or if there are specific regulations for certain markets.

And this really makes sense, because as Veronique has already addressed during the morning, customer needs are already more similar than different. And we know this through these thousands of home visits we have made. We know that customers in Poland, customers in UK, customers in France and in Russia, they have broadly the same needs.

We have also learned from unifying these 20 categories that we have been working on that a toilet seat is a toilet seat, a paint brush is a paint brush, and a sink is a sink, no matter if it is in the UK or if it is in Russia.

We are creating this complete offer. And we have, during this past six months, really been doing all those home visits. We have also done a deep dive in customer insights on specifically our two ranges; bath and outdoor. And we have a very firm knowledge platform now on how bathrooms looks like, how outdoor environments in people's homes look like.

We have also done that on those 20 categories, and for example, the investigation of the ergonomics of paint brushes and really understanding the customer needs.

These knowledge platforms, they enable us to own our intellectual property; the design and the quality and the specifications.

And that allows us to control our value chain. We will control the end-to-end process, all the way from customer needs on the drawing table, contracting the products, through the factories, through the distribution network, all the way to customers.

And when you control that, and when you have full visibility into that value chain, you can together, with the suppliers, reduce all unnecessary costs that shouldn't be there.

The unified offer that we are creating the next five years; this consists of a unique part. And what we mean by unique is when the design and quality is owned by Kingfisher. That will be complemented with core essentials, these are home improvement basics and consumables. These are items like bulbs, or batteries; things that you need in your home to make that function every day.

We will also have complementary items; items that you need to complete the project. We have, on top of this, identified six leading ranges where we want to be the first choice for our customers. Meaning that if you have the intention to renew your bathroom, you should always have one Kingfisher company as the top of your mind on choosing us for your bathroom renovation.

We are revealing today two of those categories, you already know them, they are bath and outdoor. And we will, as we go along, through this journey in the next coming years, reveal the next leading ranges when we have more to show.

So, outdoor and bath. The bathroom journey, Vero showed this before. We know this is a very complex journey and we know that 39% of our customers, this is a survey in France, but we also know that it's not very different in the other countries; they give up. And we do think that we have a real mission to help customers through this.

The bathroom journey today, it takes too long. It is too complex to manage, I'm sure a lot of you have experienced from this. It's too expensive for regular people's wallets. It has a lack of functionality, differentiation and design.

And tomorrow, the Kingfisher bathroom will be easier; it will be more affordable, meaning reaching out to many more customers. It will be fit for purpose and it will be functional with adequate storage, because we know that one of the main pain-points for people in their bathroom is to fit in all the stuff they have at home.

And it will be unique, again, with the design and quality owned by Kingfisher. There is no manufacturer that is doing this today, because suppliers are supplying sanitary taps, furniture, tiles, but none of the manufacturers are looking on the complete bathroom. And none of them are really basing that, or reading customer insights as we can do.

And we think that we have a great potential to take this space in the market.

Later on in that seminar, when we have done the Q&As, our range category director, Henri Solere, who will lead the bathroom range, will show you some early prototypes on what a new Kingfisher bathroom looks like.

We will leverage our buying scale of GBP7 million and we are creating new sourcing capabilities. We have started to negotiate cost price reductions on group volumes instead on with separate operating company volumes.

And this is very simple mathematics. We are reducing the number of group SKUs, but it will be a higher volume per SKU. We will have fewer suppliers that can setup more efficient production and they can depreciate their fixed cost on a higher number of products. That leads to cost price reductions for us.

We will design to cost, meaning that going forward, we are going to have a target retail price on every new product we stock. And then we will design that value chain that I talked about before accordingly to hit that target retail price, and that target retail price will always be based on customer affordability.

We have already started to recruit teams for production excellence in our buying offices, and this is to secure the delivery on quality and sustainability, the levels that we want to have. And also, to further reduce cost, because the one who understand the production conditions can also, again, design the product so it fits into the production that is highly efficient.

We have also, on the global sourcing part, we are further strengthening our global sourcing network, and this, when we are our own unique and unified offer, this creates conditions for us to reach out to a completely new set of suppliers that we don't have today. We have today many intermediaries supplying the Kingfisher range, and when we own the specifications and when we have the volumes, because Kingfisher is a big company, when we put it together we have big volumes.

When we have those volumes, we can reach out to contract manufacturers. Those are suppliers that we are almost not at all using today. We have also started in our - these 20 categories that we have been working in this past year, we have focused a lot on where are the factories? Meaning, where are the products produced?

Because again, we have a lot of intermediaries today, and as an example, when the team that is working with sinks, the kitchen sinks, when they start doing the analysis of the current offer, they realized that every operating company were working with intermediaries, and when they backtracked to where the products were produced, they ended up more or less on the same supplier in South Europe producing it.

What we have done now is to start a corporation with that production supplier and taking away intermediaries that, in our mind, are not really value adding, but more adding cost.

We have also, in this global sourcing, again, that set strict guidelines to manage risk, of course. These are that we will have at least three suppliers for each range. We will not take more than 50% of a factory's capacity and we will source in at least two countries and in at least two invoicing currencies.

This is an agenda that we will also do more describing in the seminars later on, and our group sourcing director, Gilles Rey will introduce you further to it.

Now, I think that you want to know what confidence you can have in that it's really different this time. Well, this time, we will radically reorganize to operate a one company. We have nine independent buying teams today in nine operating companies. We have all the supplier agreements sitting with each operating company.

We have a logistics network that is managed by and built to serve its serve each individual opco, with exception of the UK where Screwfix and B&Q already have a rather good corporation. And we have tall the merchandise and principles all developed and owned by each operating company.

We are moving into having one international team with unified global functions. We will have these supplier agreements that are managed by one team. We will have one European distribution and logistics network, and we will have one set of merchandising principles.

We are moving into one organization with unified global functions for the first time. It's important to mention that the implementation of the new organization is the key operational milestone, which where the progress we will report back to you and ensure that this is really happening.

We are moving the accountabilities for developing and supplying the offer from the operating companies into these global teams, and this new organization will consist of range teams. So, for example, the bathroom range team that we are starting out, we have a start up meeting next week, will be responsible for developing the offer and for business performance bathroom throughout Kingfisher. And this is the first time we are doing this in Kingfisher.

These range teams, it's important to mention as well, I mentioned the local offer before, these range teams will handle both the unified offer and the local offer. We will not have any range development down in the operating companies anymore.

These range teams are supported by functions to ensure consistency throughout all the different companies and the different ranges. One example is in the range matrix where we would have people like designers, engineers, product and brand development, they are supporting and doing that work for these range teams.

We have also our sourcing matrix. In here, you will have functions like group buyers; they're all deciding where in the world are we buying these different ranges. We will have a small team of strategic sourcing that are working on bigger sourcing and more complex sourcing projects, and really important to say that we will have operational buying offices that are responsible for the day-to-day relations with vendors and we are going to set up more buying offices to cover a broader European presence during the spring.

We will have a commercial matrix that has the responsibility to work on carbon sales and pricing principles, merchandising principles and to manage also a common data platform, and also manage product communication. And we are working on a distribution and logistics strategy, but having that said, we are just started with that because the whole supply chain network is highly dependent on, first of all, having a unified offer, and then IT support.

And as all of you are aware of, this is the big year of implementing our Easier platform. So, we're just recently starting to work on that strategy, and that's not ready yet.

We have also support functions around these, for example, for financial and business theory, sustainability, human resources and customer insights. The operating companies, they will still be managing their local price and market positioning. They will still be managing their local commercial calendar and -- their trading plans. They will, of course, manage range implementation and many more things.

This organization is built on our existing people, because I can honestly tell you that since I joined in May last year, I have met so many excellent Kingfisher people. There's nothing wrong with the quality of our people, but we have not organized them to be able to deliver on the benefits that Kingfisher can deliver on.

In these 20 ranges that we are been unifying since last year, we have used our own people. These are people from the operating companies and the people from our Kingfisher sourcing organization. And it has turned out that they know how to deliver on ranges if you set them into that context, and many of those have been working such a long time for Kingfisher, for many, many years, and they are so enthusiastic.

These people are telling us that the results they achieved for working in this new way, they could never have got by only going with their own operating company volumes. From those people that have been working with these categories, none of them want to go back to the old Kingfisher and work in the old way.

At the end of the day, they come in to suppliers today with a completely different negotiation power. As many of our suppliers, we used to be a rather small customer, and now we do become one of the biggest customers and suppliers.

We have also worked on implementing new processes to work in this new way, and this has shown to be a very successful way of doing. We have thought of refining this, because this is a completely new way for Kingfisher, and you have to do this step-by-step, further refine them, and we're also looking into more of these work processes that we need for a new Kingfisher.

We have also put in place training programs to learn our existing Kingfisher people new capabilities, and one example being a strategic sourcing program that we kicked off a few weeks ago, learning those sourcing capabilities that I talked about earlier.

And we are going to also need to recruit some of competence where we need more of, and the examples here are designers and engineers. We already have some of them, we just don't have enough. But it's important to say that the bigger part of this organization is really built on our existing people. We are not go to market doing mass recruitments because we don't need to.

My team and I have the past six months been rather busy with, people are laughing at it, but that's an understatement. We have been busy the past six months with both developing the strategy as such, because of course, you have to have a business strategy to know where you are heading. You can't beat an organization before you have done the business strategy.

We have been working on the operating model and the human resource guidelines. We have been identifying and developing the new organizational design and the accountabilities. We have developed the transition plan and we have developed, together with Emily and her team in human resources, the guidelines and changed management plan.

We are heading now into the implementation phase as from this week. And bigger part of that organization we will implement during this year. Some parts forcing two parts in 2017, but the bigger part will be in place during this year.

We have decided to move as fast as possible to minimize the uncertainties that we have among our own people. Because of course, when the new direction was launched last year, many of our own people have been questioning, "what happens with me?", and we want to take away that uncertainty.

We also want to minimize the risk for interruption for the business as usual, of course. But maybe the most important part of why we want to do this as fast as possible is that we have a full focus on delivering a unified and unique offer - delivering and implementing that the next years to come.

This will enable us to roll out the unified offer over the next five years. This year, we will reach 4% of roll out of the cost of goods sold. Next year, we have already the plans in place to reach a cumulative number of 20% of the whole offer. This will reach more than half by the end of 2018, and then we continue to roll out this unified offer.

And I think you may ask, why not faster? And you will especially ask that later when I show you the results from these first 20 categories. Well, it's really to manage risk. Because we know that there is a cost of change. We also know that it has to be a realistic plan for implementing in our stores. So, we think that the five-year plan is the realistic plan, where we can manage that cost part in an appropriate way.

We have looked on both the core essentials, and again we already have the plan ready for 2017. We have the range plan and we have the teams starting off next week working on that. We have also looked on these leading ranges, and what we will do is to implement those leading ranges step-by-step.

So for example, the bathroom new offer; that will not come as a big boom and will change everything in the stores. That will be step-by-step.

And again, this is to manage risk.

I can say as well that this is another operational milestone that we will report back to give progress on the rollout of the unified cost of goods sold.

We have some very encouraging results, and I'm finally coming to what you want to know. We have worked on these core essentials, the 20 ranges. They represent roughly GBP600 million of our buying scale, and they will deliver significant customer and business benefits.

From a business benefits point of view, we will have much fewer SKUs. We will have fewer suppliers, we will have cost-price reductions, we will have unified brands because we are unifying the product brand portfolios on these ranges.

We have the improved processes to be able to work in the new Kingfisher, not in the old, as I talked about before.

The customer benefits are - we will have simpler ranges and clearer merchandising. We will have newer products because many of these ranges haven't been touched for many years in certain operating companies. We will have better packaging because when you can work on something from scratch, you can do it great from scratch.

We will have higher quality and better sustainability built-in from start, and we can, if we want to, offer lower prices to our customers. However, I have to say that we haven't decided to lower the retail prices on these 20 ranges yet.

In terms of quality, we are working hard on both lowering the cost price reduction, but increasing quality. And when we say that we want to create conditions for good homes, for people's good homes, we mean in big and in small. And one example here is that we have unified toilet seats.

And, you know, if you close a regular toilet seat, it would say either clunk or bang, depending on the material of toilet seat. We are selling lots of toilet seats in Kingfisher. And the majority of those unified ranges that are coming later this year, we will have a soft closing. So, it doesn't say clunk or bang, it just 'mmmm' quietly. It is good.

(Laughter)

We really mean this; it's in big and in small with the good homes. It's in everything in the home. That's small things that just make it better.

The results are encouraging on these first ranges, and I have three examples here. Kitchen sinks, we have today 516 SKUS on a group level. When we are done with this unification, we will have 113. We have 36 suppliers. I remember many of them being intermediaries. When we are done, we will have 13, and those are suppliers that are producing the products, not the intermediaries. We have a cost-price reduction of 15% on the sinks.

On light bulbs, we are rich in light bulbs today because we had 2,800 light bulbs SKUs on a group level. When we have unified this, we will have roughly 500. We are going on suppliers from 55 to 8, and we have a cost price reduction of 20%. On air treatment, it's the same pattern with a cost price reduction on 6%.

Now, I see that you are writing. Before you get too excited about these numbers, these are extraordinary numbers, of course. First of all, we have been picking categories that are easier, where we know that we would find quick wins. Second of all, there are some favorable market conditions now. For example, in light bulbs, we know that 12% of this cost price reduction can be related to reduced commodity prices, reduced prices from technology development and some currency effects as well. So the real volume effect will be roughly 8% on light bulbs.

On the sinks, a big part of this comes from a packaging development we have done. And again, if you would have only looked at the volumes, there will probably be around 8% on cost price reduction.

In terms of the company SKUs, and when talk about it, on these 20 ranges that we have been working on, we started off with roughly 28,000 SKUs. And when we done with the unification, we will have roughly 6,700. However, on an individual operating company, the number of SKUs are not changing that much. And we pulled out B&Q here just to give you an example.

On those 20 ranges, B&Q today have 4,000 SKUs. These are 4,000 for B&Q. Castorama in France have roughly the same, but different SKUs; they don't have the same as, Castorama Poland, has also different SKUs.

And when we are done with this unification, B&Q will have more or less the same. It's not a big difference; 3,700 of these will be the same SKUs as Casto France and Casto Poland.

However, they will be new. So they will have new products in B&Q stores, with new merchandising solutions with better packaging, with all the benefits that are coming with it.

(Video Playing)

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

So, the potential is significant. We are expecting GBP350 million sustainable profit uplift by the end of year five. And the maths behind this is that we have an estimated at 5% cost price reduction on the company buying scale of GBP7 billion.

Again, you remember the numbers I showed you before. I want to emphasize these are quick wins, easier categories. We will enter more difficult categories and all of you know that market conditions, for example, commodities, will change. So, we think that 5% is a realistic commitment. start.

The gross margins are expected to rise towards the end of the five year period. We are expecting them to be broadly flat the next coming years. Of course, beyond these five years, there is an even bigger uplift because we are taking that big cost of change these next coming five years.

Now, this is not only a cost price reduction exercise, this is, of course, a growth exercise as well. We also certainly going to develop our products with the ambition to reach out to many more customers to make appealing ranges that more people want to buy, and we think that we will have higher sales from better prices, from that offer, from simpler ranges and from the superior merchandising.

However, from a results point of view, we think that this will be offset by the cost of change in terms of the range clearances, because we do know that we have quite a lot in our stores to deal with, and also the implementation costs in our stores.

The summary; we are creating a complete, unique and the leading unified and leading offer. We have created - started to source the offer in a very different way. We have a clear roadmap to ensure it's different this time; we have very encouraging results that are supporting our business case and we do think that this will be a very significant GBP350 million of profit uplift by the end of year five.

And with that, I would like to hand over to Steve.

Steve Willet - *Kingfisher, PLC - Chief Digital & IT Officer*

Thanks, Arja. Right, now to talk about the digital strategy, the second strand of the transformation. Firstly, I think Vero in her early pitch, basically said that one of our aims was to design a seamless customer process. So, what practically do we actually mean by that and then what characteristics has that got for digital?

I think firstly, again, if you go back to the video, in the customer video, actually it's fairly clear it doesn't matter where you are in Europe, that actually digital is absolutely intrinsic to the way that people shop home improvement. But I think the other thing that's also very clear is actually so are stores. So, one of the key things that actually comes across is that talk of channels in this current world or digital world, is actually irrelevant because people actually chop and change, whether they're on desktops, mobiles or whether they're actually going into stores. So, one of the things in terms of our digital strategy is we need to support the whole of that process.

I think one of the second characteristics, and this is relatively unique to home improvement, is actually people tend to shop in very different ways, and that's the same people. And I think as Vero said it, if you apply classic customer personas; so young mother with children and you say they shop like that, actually it's not true. Because what happens is people shop in completely different ways depending on what the project is that they're doing and where they are in that project.

One of the things is, as an example, actually somebody shopping - the same person shopping for a leaky tap, or to fix a leaky tap is completely different than an inspirational decorative project. So, if you put those together, the characteristics of what we need to do in digital are really not about digital, they're actually about how can you use digital to help and enable those seamless end-to-end journeys that the customers are going through. And I think as Arja has already said, affects also product - the physicality in digital.

That basically gives us two key digital priorities, and I'll talk through each one. One is 'brilliant basics' and the other one is customer journeys. So, brilliant basics; so, this one is probably the easiest to get your head around because actually it's about step changing our core onmichannel experience. And I think, again, Vero said generally at the moment, we're playing in this sector around here, which is in the purchase sector, which is where, quite frankly, most e-commerce works. So, in brilliant basics we're planning to step change that.

I think currently, if you look at our e-commerce experience across the group, it's relatively patchy. We've got leading edge e-commerce, such as Screwfix, and then we've got some of the opcos don't have transactional sites. So, brilliant basics effectively has got two aims; first aim is we're going to move the whole of the group, the leading-edge practice that we've got in the group, as good as Screwfix. And then what we're going to do, aim number two, is how do we move that further to become industry leaders and hold it there on an ongoing basis?

In brilliant basics as well, we've also got a timing opportunity, because actually we can accelerate the rollout of this off the back of the Easier program that we spoke about in Dublin. I'm not going to talk about this in too much detail, because John Mewett is going to talk in more detail in one of the breakout sessions later.

So, then onto the one that's probably a bit harder to get your head around, which is customer journeys. And I think, again, Vero earlier on said one of the keys is what we're trying to do is link all of these six bubbles across the piece. So, how do you actually support the customers right from there - one end of the journey to the other end? And there's some characteristics you've got to get through. One, in home improvement, these journeys are typically very long and they're actually very complicated and the customers assume lots of different personas as you go through it. So, let me try and bring one of those to life, so let's take the famous bathroom example.

So, typical bathroom project, and if you look at it in a slightly different way, it takes about seven months and I think we said 39% of people don't get through that process. Now, why is that? Well, typically, a bathroom project starts with inspiration, it's usually female and it's usually driven by look and feel. So basically, people are going out and it's a lot of that is digital. You're going out on the internet looking at Pinterest, ripping sheets out of magazines, et cetera. So, you get the look and feel for your bathroom.

Actually, at that point it's not one project. Actually, it breaks into a series of missions. And if we just take one example, so take tiles, which is an example out of that. In tiles, you've then got to go through a complicated process in tiles. So, the first decision you've got to make is emotional again. It's inspirational; actually, I like the look and feel of that tile. It's what I want, it's the look I want. Very quickly, though, you're then into quite a lot of functional decisions, they're not emotional. Actually, is it the right tile for the application? How thick is it? Is it a wall tile? Is it a floor tile? Is it waterproof? Will it go with under-floor heating?

You've then got a whole pile of decisions around who's going to do the project. So, if actually you're not to do the tiling, you've got to find a tradesman. If you are going to do the tiling, then you've got a whole series of other decisions, which is effectively around what's the right grout, what's the right adhesive, what's the tools I need to do the job? And actually, what you get is a cycle where people constantly go between inspiration, emotional decisions, functional decisions and back around the cycle. And at the end of it, you're fulfilled and you get some product. And that, actually, is only tiles.

A typical bathroom project is actually a wave of things. So, you've got to do tiles, you've then got to do white goods, you've got to do taps and showers and you've then got to do all the accessories that goes with that. It's not surprising, then, that people, 39% of people don't get through the process from end-to-end.

I think the other key thing about this is, quite frankly, nobody in the home improvement industry has cracked it. What you've got is a lot of people have got point solutions, so you've got people who do tile calculators, you've got people who basically got how-to's, but nobody has put it together in an end-to-end process that is seamless for the customer, and that's where we believe that there's massive strategic benefit going forward.

I'd like to pass it over to Karen.

Karen Witts - *Kingfisher, PLC - CFO*

Thank you. Well, I'm going to conclude our overview of the three strategic pillars by speaking to you about the GBP100 million that will be delivered from operational efficiency. Over these next five years, the key driver of operational efficiency is going to come from a efforts around goods for not for resale. And if you remember, I introduced this to you in September.

Goods not for resale are all the goods and services that we consume ourselves, rather than selling to our customers. We spend a lot of money in this area, we spend over GBP1 billion, and using the same kind of approach as we're using for the rest of our buying, we believe that about 90% of this spend can be looked at in a unified way.

Now, this spend is divided into very many categories, so to look at it effectively, we've decided to look at the categories in three waves over three years. Our efforts are well progressed in Wave One, which includes some chunky categories of spend, like, media buying, like print and paper and mechanical handling equipment. And the results of this wave will start to be delivered in 2016, 2017.

We've also started on the analysis phase of our second wave, and it really is important to stress the reason that we do analysis is because this isn't just a cost reduction exercise. We're not going to compromise on quality in these categories of spend, instead, we're looking at this as an opportunity to work more effectively and efficiently across the business.

We've got some good examples of things that have already been looked at and are starting to be achieved, and we'll deliver next year. And rather than me explaining them now, when we move into our breakout sessions, Andreas Pawlenka, who's our group productivity director, can speak to you about more of the detail in this area.

So I'm now going to pass over to Veronique for her closing remarks.

Veronique Laury - *Kingfisher, PLC - CEO*

Thank you, Karen. So first, before making a conclusion of today, I just wanted to come back, and of course, this is not a trading update; we will see you again in March with our results, but just give you flavor.

You remember in March, we had what we call the first sharp decisions, and we will update you in due course, but I wanted just to let you know as we speak today that we've made really good progress on each of them. As an example, the Cut the Tail Program, which is progressing very well. And we have those four big box pilot stores that we've been talking about that will open by June, July this year.

And of course, when I'm talking about the team, and I will come back on that, I've been talking about Emily has joined and I'm really pleased to announce as well that very soon, we will have the chief customer officer that will join the group exec.

As we've been working like that, we thought of thinking that it works, having very clear operational milestones in additional of a few financial target worked, and so for the first year of this plan, we set up those new operational targets as well, which, as you can see, are consistent with the one of the previous one. So, it's not one set each time.

There is a continuity in the strategy and they are, of course, very consistent with what you've just hear from the different people. And those milestones KPIs will be bonusable.

We have, as well as a very clear road map, and Arja of course in her area has got her clear roadmap and Steve as well. But for the old business, we have a view about over the next five years, what are the big things that we will be doing and where we are going to do them.

And as my - it's not me saying it to the team, but my team saying it to me, this is not a sprint, this is marathon and we are setting up for that.

I hope that hearing what you've heard today, you have the confidence that we have a plan that will create value. I started with that point and I want almost to conclude with that point. We have a plan that will create value and we will be able to give return to shareholders, as well as to finance that five-year transformation for two reasons.

Because first, we are a business which is generating cash and the second reason is we will keep the discipline that we had on capital that we always had. And I hope that with the first decisions that we've been taking since we have been working as a team together, you've seen that already. We decided to close stores, this was for that reason.

You've seen that we don't have a massive program of expansion during the five next years because we want first to fix the business, we want to create that platform that will allow us to grow that company, and when we have done that, when we will look at our capital expenditure again.

So, we can do both. We have the means to do both and that's why it gives us the confidence that this plan is achievable.

And as a conclusion, I would like to say - actually, I prepared, then, to say I would like to say three thing, and actually, I want to say four things. But let's stick to the first three things that have been prepared, and then go to the fourth.

First, I hope that you will be with me to say that this is action and this is not words. Arja always uses, and we all use; we will because this is a long-term strategy, but actually, we have already. We are doing things. And a lot of the things that you've seen today have started.

The second thing that I would like you to walk away with is, and I've been really resilient, I hope, because I've probably heard a thousand times why it will be different, what will be different. I hope that you will walk away from that room saying that it is very different.

It is very different for three reasons; we have a completely different view about our market, we view our industry in a new and fresh way. This is the first reason.

The second reason is that strategy is not about, as I said, synergy, cost cutting, head counts. This is not the point. This is a full strategy, this is about having an ambition for that business and becoming a purposeful company.

And the third element is that this strategy is covering all the parts of the business. It's not about buying, sourcing, this is part of the plan. But it's including people, it's include digital, it's include much more in what Arja have been talking, it's not just about buying, it's about creating something very different for the customer. And that strategy is a full strategy for Kingfisher as a business.

The third thing I want you to walk away is that it is worth doing it, isn't it? I think the GBP500 million, more profit at the end of the plan, it's worth doing something. And as I said in my introduction, and I'm always saying that into people ask me what is the plan B? I think plan B is to be successful in doing the plan A. I think this is the only option for that business to create long-term sustainable value.

And the fourth thing I would like to add this morning is why I'm confident that we can deliver that, because we are the team to doing it and I hope that after hearing all those people talking today, they are highly competent, they are highly committed, they know what they are talking about and in addition of those really leading people, we have 80,000 committed colleagues within Kingfisher.

And I would like not to underestimate the fact that people want the change. It won't be a nice walk, it won't be easy every day, I should I have asked, actually, to add in there fully to the fact that they all hard worker, which is highly required. But it won't be a nice walk, but you know, we are all willing to change the company for you guys, our shareholders, for our customers, but for our colleagues as well.

Thank you very much.

QUESTIONS AND ANSWERS

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK. Well, talking about that team, can we ask the team please to move over? So, we'll take questions as usual. We'll allocate your question if you just say your name, where you're from and then I'll allocate accordingly. We'll start with Geoff, here, just at the front.

Geoff Ruddell - *Morgan Stanley - Analyst*

Geoff Ruddell at Morgan Stanley. Could I ask three please? The first one, very specific, is where will the new ranging team be based? It's a single team. Where is it going to be based?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

I'll pass that one to Arja.

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

It will be based in UK and France. We're not moving the them into one separate hub because we want to recruit the people from our existing organizations. And then we will have the buying offices in the locations where we are at today.

Geoff Ruddell - *Morgan Stanley - Analyst*

So, some of the buyers will be based in Southampton -

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

Yes. So basically, we are really - it's really based on keeping our existing people.

Geoff Ruddell - *Morgan Stanley - Analyst*

Second question, you talked about cost price reduction and those three categories. Have you - have those ranges gone into store yet? Do you know what actually is happening to the cash gross profit you're generating from those categories?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

So, what you're asking is if the products, the core essentials, have they landed in stores yet?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

No, they have not gone within the stores yet. They are starting to land first of March, but it will be inspected because we are monitoring the cost of change and putting them into a store when we have cleared out all ranges in an economically good way.

Geoff Ruddell - *Morgan Stanley - Analyst*

So, when will you know if you're actually making profit from those categories, rather than just getting lower prices?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

We will know that during - because they are coming this year, so it's not next year; we will know that this year.

Geoff Ruddell - *Morgan Stanley - Analyst*

OK, great. Thank you. And then, the final question, which is, I guess, bigger picture is, I think in March 2012 you stood up and had a five year plan where you were going to make GBP300 million more profit five years later. And obviously we're almost there and there has been no profit growth. What's - if there was one or two things that were different this time, what would they be?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Well, I hoped we would have covered those in the presentation, but I can hand that one to Vero, I think.

Veronique Laury - *Kingfisher, PLC - CEO*

What would be different is the - as we said, the fact that first, it's not just about cost cutting. This is a growth strategy. As Arja said, it's about selling more product to more people. This is the first thing. The second thing is we are organizing ourselves differently. So, I think that the organization that Arja has been presenting to you has never happened before.

Geoff Ruddell - *Morgan Stanley - Analyst*

OK, great. Thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

And we'll go over to the back to Andy.

Andy Hughes - *UBS - Analyst*

Thanks. I just wanted to go on from Geoff's question. Sorry, I'm Andy Hughes from UBS. This concept of business as usual that you outlined where the last five years, your profit growth was low single-digits.

So, I mean the implication I think, Karen, from your presentation was you expected business as usual to be the same sort of growth going forward, was that right? So we should only really add GBP500 million to our long-term estimates if we had low single-digit profit growth to start off with, is that correct?

Karen Witts - *Kingfisher, PLC - CFO*

I was just explaining what happened in the last five years. I think there is a bit of work that you need to do on this. I think I also said that in over the five years we've had the economic backdrop has sometimes been positive and sometimes been negative.

But alongside what's happening to the macro backdrop, we also have some CAPEX led expansion. Typically, that's been about 2% space per annum. You'll see from our plans for the next five years. But in terms of stores apart from Screwfix, we're limiting that, but we are rolling out Screwfix at a pace.

Andy Hughes - *UBS - Analyst*

All right. So, excusing the transformation program, that you wouldn't have expected that much growth in the underlying business? Is that the correct starting point?

Karen Witts - *Kingfisher, PLC - CFO*

This is the combination of the two things, so not much space growth, that's true. Not in the last five years and not a lot of space growth going forward. And everyone can take a view on what they think is going to happen to macro backdrop.

At the moment, the UK is looking quite encouraging and we're still a bit cautious about France.

Andy Hughes - *UBS - Analyst*

OK. And just one other thing, again, following on from what Geoff was saying about pricing. I think that one of the pricing examples on light bulbs, so that was a 20% reduction, but you're implying that 12% would have happened anyway?

I mean, is the assumption that, for example, that 12%, you'd have to pass that through to the customer because everyone else can get the same 12% benefit?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Pass that to Arja.

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

Yes. Well, we can relate those 12% to commodities, to technology-driven as an example on the light bulbs, a bigger share of that offer will be LED bulbs. However, to get access to that kind of price decreases, you still have to come with volumes to the suppliers.

Even if I'm saying that the 12% are related to commodities, technology and partly currency as well, you still have to have a significant volume to give the suppliers - to let the suppliers give that to you.

And of course, we are comparing prices on the market and adjusting accordingly if we need to, compared with the competition. We've also been doing that. Example, again, is LED, because LED is really a new technology that is decreasing prices year-by-year. We would never have been able to do that if we didn't go with the group volumes to achieve this.

Andy Hughes - *UBS - Analyst*

OK, great. Thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Fraser?

Fraser Ramzan - *Nomura - Analyst*

Thanks, good morning. Fraser Ramzan from Nomura. A few questions, firstly on pricing; I think you said your approach to pricing you'll start with the cost and you'll start with the customer and what they can afford to pay.

And obviously, income levels are very different in some of your operations. Should we assume that your gross margins on your common product will be also very different across markets, because you'll be pricing at a much lower end in, for example, Poland than you would in the UK?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

We are, of course, have a low purchase power markets with Romania, Poland, Russia. But we shouldn't fool ourselves; it's a lot of people also, in UK, in France, in Spain and Portugal that have low-incomes. But the bigger part of our customers, more than 75% of our customers have a monthly income that is below GBP3,000.

So this, with affordability part, it goes for all markets. However, we do see that when we build the offer, that in our low-purchase power countries, you will have to add products on slightly lower level, having a starting point this is slightly lower than in the other countries.

We do it by building the offer, not necessarily by having completely different prices on the same SKUs.

Fraser Ramzan - *Nomura - Analyst*

Thank you. And then, second question, slightly bigger picture. You know, in terms of the industry environment and industry reaction to what you're doing,

I mean, firstly on the supplier front, you're reducing the number of suppliers hugely, which has a big implication for existing suppliers in the supply chain who are not going to be supplying you anymore.

And then secondly, as the biggest player in lots of your markets, you're going to have a much more competitive offer. It's obviously great news in theory, but what do you think your competitors are going to think of this? How might - or how do you anticipate as how they might react in your GBP500 million profit growth forecast?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Vero, do you want to answer that one?

Veronique Laury - *Kingfisher, PLC - CEO*

So, I think two things. First thing is, as this takes time to be built and to be executed whatever the competition is doing, let's say that we have a little bit ahead of them, which we have to keep.

But I think this is good news. So, as I've said, this is a part of becoming a leading company.

It's the fact that now we are doing what the other are doing, but in a way, if they are looking at what you are doing and trying to catch up, which is not a bad position to be in.

That's the first thing. The second thing is we need, and of course, we need not to be blind because we have big competitors in Europe, which is the Adio group, and they are looking for doing the same kind of thing.

And since we were published in March last year, they are talking about us like they've never been doing before. So, I'm not expecting the fact that they will look at us and do nothing, but again, we are a little bit ahead again.

Fraser Ramzan - *Nomura - Analyst*

OK, thank you. And then a very quick final one. On your net debt to EBITDA targets for buyback, are they all on a pre-exceptional basis for price cost of those exceptionals in the EBITDAR?

Karen Witts - *Kingfisher, PLC - CFO*

(Inaudible - Microphone Inaccessible).

Fraser Ramzan - *Nomura - Analyst*

OK, so it would include the cash cost of exceptionals?

Karen Witts - *Kingfisher, PLC - CFO*

(Inaudible - Microphone Inaccessible).

Fraser Ramzan - *Nomura - Analyst*

And you expect to be below 2-1/2 through the period? OK, thank you. Thanks.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, Geoff, back there.

Geoff Lowery - *Redburn - Analyst*

Yes, hi. Geoff Lowery at Redburn. A couple for me as well, sadly. On the GBP220 million of P&L costs, can you help us with how much is gross in OPEX and how you think they sort of phase roughly, by country? Because they are quite big numbers.

And second, given that we're having very little space going forward, can you talk about your commitment to sort of Russia, Spain, Portugal, Romania? Because you're going to remain sub-scale there from a store perspective if you open so little, and yet you've got quite a lot of capital employed tied up there. So, if you can talk about that.

And third, are we going to get a long-term incentive program, sort of top people in the group tied to the five year plan? You know, which of the sort of earnings growth, versus sort of ROCE targets of the primary drivers of any incentive plan?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

All right, thank you. First question to Karen, second question on countries and development to Vero, and our incentives to Emily.

Karen Witts - *Kingfisher, PLC - CFO*

True, yes. Well, just first of all, in terms of the GBP220 million, that is what we're calling transformation costs that goes through the P&L, and that will be phased through the five years of the P&L, because it largely relates to what Arja is doing in the offer space.

So, there is a little bit, but it is a small part that does relate to some digital set up costs, but primarily, it relates to offer and to Arja's area.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

I think there was a follow up there about the phasing of that in terms of by country, and also with what OPEX and also whether it's going through gross margin.

Karen Witts - *Kingfisher, PLC - CFO*

Phasing, I think I covered, which is over the five years of the roll-out plans of our unified offer - and we're not giving any information on this by country at the moment. You should look at it more as a group level cost of change for the time being.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, Veronique.

Veronique Laury - *Kingfisher, PLC - CEO*

Yes. So, on the question about countries, I think there are different situations. I think what I will be talking about Russia.

We are still committed to Russia. We have looked at Russia this year with the PSC board and we are sticking to the plan that we have decided at that time, because we believe that Russia is another, you know, because if you think of the 150 million inhabitants, and you have almost just 50 home improvement stores, or DIY stores in that country.

So, there is a potential there. Having said that, we knew the risk. And we are willing to win them, and looking at them very cautiously, and we see what we need to do with the plan. Anyway, I do think that, for next year, we have one opening, which is planned in Russia this year.

So, Russia is the same, like any other country. We want, first, to have the leading offer that we are creating, and then we will see how we expand.

On the two other countries that you were talking about, which is Romania and Iberia, we still think that we should be staying there. As I said previously, we had quite strong focus about not keeping part of the business that were not creating value, and we've applied that with China, as you know.

Anyway, from where we are now, we think that Iberia and Romania has potential and that the fact that they haven't been adding value to our business since now is more due to internal executional issues that we have already fixed by changing the management in those countries.

Emily Lawson - *Kingfisher, PLC - CPO*

So, you asked - sorry, I can't see. This is Emily talking - I can see your hand. But on incentives, obviously, when you are embarking on a new strategy implies that we need to align the management incentives accordingly. So, we have been working on a new incentive approach, which is intended to be longer-term in nature, and more share-based.

And we think that fits with the overall transformation towards one Kingfisher. Of course, what we need to do is to consult with shareholders on that, and it will be outlined in the annual report, and we can talk in more detail about it then.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, Claire.

Claire Huff - *RBC - Analyst*

Good morning, it's Claire Huff from RBC. Two for me, please. The first one, just wondering if you can comment on your experiences with Screwfix and what you found with the expansion into Germany. Presumably, you've tried to introduced a unified offer there, so where you are with commonality and any take-aways from that would be useful.

And then the second one, if you could just give some color on what you're assuming in terms of revenue uplift from having those - the simpler ranges, the clearer merchandising, lower prices. And I guess, tied in with that, what you're assuming for e-com penetration, given the investment is going into the online platform.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, well, I'll give the first and third question to Steve on e-commerce penetration, and also Screwfix Germany, and to Arja for the higher sales question.

Steve Willet - *Kingfisher, PLC - Chief Digital & IT Officer*

OK. So, sorry, on this Screwfix question I think we said when we spoke in September the early signs in Germany are encouraging and, actually, we have moved the trial forward to nine stores, which we will do by the year end, in fact, we have opened them.

So, we'll do by the end of the year. And actually, the signs still look encouraging and we're still monitoring it. And I think - included within the plans that we just spoke about, we are building plans for other countries and other roll outs, but quite frankly, we see that at the moment it's commercially sensitive. So, we don't want to give out the detail related to that.

On the e-commerce question, if you add up the brilliant basics part, which is sort of the core omni-channel experience, including sort of click and collect, the group percentages get to roughly 6% to 7% over the period of the plan. So, they're still, against, some retail peers still relatively modest.

Claire Huff - *RBC - Analyst*

Sorry, just to touch back on the first point. What proportion of your products are common between Screwfix UK and Screwfix Germany?

Steve Willet - *Kingfisher, PLC - Chief Digital & IT Officer*

We're not releasing that. But I think the point on - and sorry, I was going to take the point, but on the ranging, Screwfix is not outside any of the group-unified stuff that we're doing now.

What we have got is slightly different customer sets that the ScrewFix tends to (inaudible) in some of the core big boxes. So, we are addressing that.

But I think you always get - particularly in that trade branding, the actual trade brands that are recognized in a particular country tend to be a higher proportion of the mix.

But certainly on all of the things that can be unified, we will be unifying them.

Claire Huff - *RBC - Analyst*

Thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

And Arja, for the question on expectations for higher sales in the next five years?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

Yes. We have put in the five year plan, we have been putting in prudent sales growth, even if we know that we are going to sell more. And again, from a results point of view, we think that these offset by the cost of change.

Claire Huff - *RBC - Analyst*

OK, thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Tony?

Tony Shiret - *Haitong Securities - Analyst*

Ah, yes. Tony Shiret from Haitong.

I just - it crossed my mind back to the initial stretch of your presentation and we were talking about big box revamps and stuff like that. And I notice they're not in today.

I just wondered, are we going to have another sort of update where you're going to give us the same sort of shape, give us the long-term benefits of the big box revamp, and give us the short-term cost of doing it? I.e.; are you going to downgrade again?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK. So, what's happening with big box, I'll pass that one to Vero.

Veronique Laury - *Kingfisher, PLC - CEO*

So, it was not part of the presentation today because I think we wanted to focus on the three key areas that were really related to the transformation. It's not that we are changing our minds, and as you've seen, I've updated you almost that we will do it in March when we will present our result more about what we've done with that program.

We haven't been imbedding in that plan a big revitalization program, because we don't think it is relevant now. Because, as I said, we need first to build our offer and build our digital capabilities, because as Steve said, all of that is linked with the stores. You know, if you don't have digital on one side and then the stores on the other one. It needs to work together and we need to make some more work.

Having said that, we haven't been stopping that initiative about the four big box pilots that we've been talking beginning of last March because we still think, and we will be seeing it very soon, that we still have a lot of this practice in our company that we can leverage. And that's what those four big box best practice stores are about.

Paul Steegers - *BofA Merrill Lynch - Analyst*

Just wanted to come back to pricing. Obviously, you've got a new competitor coming from Australia. You know, it's good to be investing potentially in price and runs in EDLP strategy across its existing operations. So, in your savings and your cogs and the uplift of GBP350 million in your five-year plan, do you have any investments in price baked into that as well, in terms of as you look forward in the competitive landscape? Just trying to get a sense of where, you know, is this a status quo kind of situation? Or do you think you still need to bring prices down across some of your opcos like B&Q? Just trying to get a sense on that.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Yes, I'll pass that one to Arja, our view on pricing at the moment, which I think we've covered, but needs to say again.

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

We have put in very prudent assumptions on price reductions. They will have to come. Again, we are, as we've been saying, we are for everyone that wants to improve their homes. And the home improvers have limited resources. So, we are going to develop the offer based on target prices. And by there, we will also design this value chain, meaning that we can also offset any profit losses on it.

Then there are coming new competitors, like we've seen now what's happening with Homebase. And of course, it will be interesting to see how they handle this - Australia is a high price market. And it will be interesting to see how they manage coming to UK, which has a completely different price level than Australia.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, Jamie.

Jamie Merriman - *Sanford C. Bernstein & Co., LLC - Analyst*

Hi, Jamie Merriman from Bernstein. Just two questions about the organization. So, Arja talked about the moving from nine teams to the one Kingfisher team. But I was wondering two questions. One is can you give us some sense of what does that mean in terms of numbers of people when you move from nine teams to one?

And then the second one is, when you think about the incentive programs in terms of trying to incent that team to reaching your unified target, how far down the organization do you go?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Well, both those questions are Emily, actually.

Emily Lawson - *Kingfisher, PLC - CPO*

Hi. So, on the incentive one first. We're starting with the most senior levels of management to make sure we get something that's going to work and that we can consult with shareholders on. And as I said, that needs to be much more long-term than previous incentive schemes. But our intention is to make that comparable to the whole organization, including colleagues. And to figure out something which really helps everybody share in overall success.

Now, obviously, given legislation across Europe, that's going to take us a little while to get to all of our colleagues. But we're going to start this year. And we'll be able to update you further on that when we have a detailed plan, and on the high level, obviously, after the annual report.

On the organization, this isn't a headcount exercise, as Vero said, it's a transformation. So, this is about making sure we've got the right resources in the right place. Now, obviously, in the short-term, as we're resetting the organization there will be a bit of headcount reduction because some jobs, as you've intimated, just won't be there anymore.

But what we've got, if you listened to the presentation, there's lots of places where, first of all, there's job growth. So, if you look at the Screwfix plans, for example, that implies about 5,000 new jobs over the five-year period. Also in a company which has got GBP500 million more profit in year five, you're going to need a lot more colleagues to deliver that to customers and make sure we can really serve customers the way we want to serve them.

And we also have new skills that we don't currently have, or we don't have enough of. Arja mentioned product designers and engineers. So, what my team is looking at the moment is where are there places we can retrain existing colleagues to fill those roles, rather than starting from an assumption that we're going to have to go outside.

And the answer is in the end it will be a mix, but we think there are some real intrinsic skills in the organization that we can actually redeploy a lot of people into the new roles.

Jamie Merriman - *Sanford C. Bernstein & Co., LLC - Analyst*

Great, thank you.

Georgina Johanan - *JP Morgan - Analyst*

Thanks, it's Georgina Johanan from JP Morgan. Just a quick question on buying without intermediaries. Can you just remind us, please, how much direct buying is at the moment, please? And where you think you could get to after all the work you're doing? Are there actually any other barriers to direct buying other than at the low level of scale from the kind of multiple suppliers at the moment?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Arja?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

We're not revealing the details on the buying structure today. So, I'm sorry. I would not tell you how many we are doing. It's very, I would say, it's few - what we are doing in the existing Kingfisher sourcing organization, which covers roughly 20% of the sales. There, we have direct buying. This I can tell you; 20% of the sales is direct buying.

There are some who are also in terms of when we buy from the operating companies, but it's not the bigger part. It's not.

Georgina Johanan - *JP Morgan - Analyst*

OK, thank you.

Anne Critchlow - *Societe Generale - Analyst*

Thanks, it's Anne Critchlow from SG. A question for Steve, please.

You said that no one yet has put it all together for customers through the home improvement journey. I'm just wondering in practical terms how you do that through digital and whether you're going to have to recruit, say, a lot of editorial staff or app design teams, et cetera?

Steve Willet - *Kingfisher, PLC - Chief Digital & IT Officer*

I think the point is, and again we see that as commercially sensitive, so we're not willing to reveal at the moment how we think we can do it. But we've been investigating the whole of that set of journeys for roughly about six to eight months now. And actually, we believe that there is an opportunity to do that across the piece end-to-end to make it very, very easy for customers.

But it is a journey, and it's not just a customer journey, it's a journey on what you're trying to create is something that actually doesn't exist. So, we are working our way through it. And actually, there is other skills in there that we haven't got, high-content skills. But in terms of how we are addressing that, we won't be able to do all that in-house. It's not possible.

So, almost what we want to be is how can you be the best systems integrator across the whole journey and use the best things that are available out there. That's about as far as I can go in talking about it.

Anne Critchlow - *Societe Generale - Analyst*

Thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Any final questions? Chris?

Chris Chaviaras - *Barclays - Analyst*

Hi. Chris Chaviaras from Barclays. Two questions for me. The first one, on digital. You normally expect the online sale penetration to increase. Need to expect the GBP50 million extra in the profitability?

Do you bake in that people buying more online would be sales accretive and margin accretive? Or do you assume that Screwfix will be playing a more important part from your online proposition, given that he has a higher operating margin? This is how these GBP50 million will come?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK, Steve?

THOMSON REUTERS

Steve Willet - *Kingfisher, PLC - Chief Digital & IT Officer*

The 6% to 7% participation, I talked about before, is incremental. Sorry, that's - sorry, at the moment the group is roughly two, and we've been planning to move it to somewhere between 6% and 7%.

And - sorry, that's incremental sales. We've already netted off as an example in there click and collect sales, that we think's already in the core numbers.

Chris Chaviaras - *Barclays - Analyst*

OK, thanks. The second question, can we talk a little bit about sales density, as in how you can potentially increase them, given that in the past five years, sales densities have been declining?

If you make a comparison with Home Depot, for example, in the US, sales densities there have been increasing by around 5%. It's a big reason why the operating margin potentially has improved that much there.

We've heard quite a bit on cost savings and on self-help in terms of the buying scale. But what can you do to increase sales densities potentially?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

Karen, I'll give that one to you.

Karen Witts - *Kingfisher, PLC - CFO*

Yes, sure. Well, we're not talking about where we expect this plan to go from a sales perspective. Rather, we're talking about the overall profit uplift at the end of the five years.

But I hope you have heard enough around what we expect to do with our e-commerce offering, with our customer journeys, and particularly in the offer space, for us to have demonstrated that part of this plan is definitely to increase sales densities in our stores, enough to increase them over and above the plans that we've already got in train to reduce the number of B&Q stores by the ends of 2016, 2017.

Chris Chaviaras - *Barclays - Analyst*

A quick follow-up on that. If we assume price investments, do you think that these will increase volume more than the price investment? In other words, will, in your assumption, will price elasticity one be greater than one?

Karen Witts - *Kingfisher, PLC - CFO*

Well, there isn't an awful lot of point in making the price investment unless it has a positive elasticity. And actually, that's something that we do test, and we will continue test, going forwards.

Chris Chaviaras - *Barclays - Analyst*

OK. Thank you.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK. And last question at the back there, too, please.

Bruce Ivory - *Harvard - Analyst*

Thank you for the presentation. It's Bruce Ivory at Harvard. I had a question; 70% of your profit uplift is predicated on extracting a 5% cost price reduction from your suppliers on a permanent basis. Have you spoken to your suppliers? Have they agreed to this?

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

I'll definitely leave that one to Arja .

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

To clarify, we are expecting 5% cost price reductions by working together with suppliers to reduce unnecessary costs in our value chain. That is a different thing than just going and negotiating prices with suppliers and asking them to take all that reduction. We are definitely going to construct the products and making it better for suppliers to also set up more efficient production.

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK. Very last question, James, down the front here.

James Grzinic - *Jefferies - Analyst*

It's James Grzinic from Jefferies. I had a very quick one for Arja, actually, on what year we you have retendered - can you just perhaps explain how the production runs of suppliers for those 20 lines are changing? What's the average uplift for suppliers in terms of volume, and what does it mean in terms of their manufacturing dynamics?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

It means a lot. I'm - there are things that I will not reveal out from a commercial sensitivity, but let me tell you a story about it.

We have the - a person that has worked with the sourcing part - for [inaudible]. He told me that he has worked for B&Q for many years, and he told me that he used to come to the bulbs supplier in China, visiting the factory, and he was looking on the other production lines that were producing products for companies like IKEA.

And he asked the IKEA account that, "when can we have that for B&Q?" And they were like, "well, you seriously have to come back with some kind of different volumes."

And then he told me that now when I came with the group volumes, that factory director spent the whole day with me, and they can do a complete different -set up in production lines for us, which we have never, ever been able to do.

And we have also, and you know what, when we started this process, we had the assumption that, for example, B&Q is such a big company already, and have running big volumes. That's, well, compared with smaller retailers, yes, but not compared with global retailers that are benefiting from global volumes.

James Grzinic - *Jefferies - Analyst*

And just a follow-up, because I was surprised to hear about intermediaries still. I thought that indirect, direct sourcing model had pretty much run its course. Just how big is that layer of middlemen, still, within the supply chain?

Arja Taaveniku - *Kingfisher, PLC - Chief Offer & Supply Chain Officer*

You know what, it's very different from different intermediaries. And it's very different from how well we have also been able to look into that cost transparency.

And I would say that we have not been specifically good at that, within the Kingfisher. We are absolutely creating capability to understand all the different cost components.

But it's very different from different intermediaries, how much money they have wanted to earn on being that bridge between production suppliers and Kingfisher.

James Grzinic - *Jefferies - Analyst*

Thank you.

PRESENTATION

Sarah Levy - *Kingfisher, PLC - Group Investor Relations Director*

OK. So that now closes the, part one, and also closes the webcast. So, thank you very much for listening and watching.