

Thursday 18 August 2016
Q2 to 31 July 2016
Kingfisher reports sales of £3.0 billion, +3.0% LFL*

Financial overview and highlights:				
	Sales 2016/17 £m	% Total Change Reported	% Total Change Constant currency	% LFL Change Constant currency
UK & Ireland ⁽¹⁾	1,357	+5.1%	+5.0%	+7.2%
- B&Q UK & Ireland	1,046	+0.5%	+0.3%	+5.6%
- Screwfix	311	+24.5%	+24.5%	+13.3%
France	1,130	+10.4%	(1.4)%	(3.2)%
- Castorama	629	+9.4%	(2.2)%	(3.3)%
- Brico Dépôt	501	+11.7%	(0.3)%	(3.1)%
Other International	539	+12.8%	+9.0%	+7.0%
- Poland	320	+15.9%	+10.5%	+7.3%
- Russia	94	(5.4)%	+3.4%	+5.8%
- Spain	91	+19.1%	+6.6%	+4.3%
- New Country Development*	34	n/a	n/a	n/a
Total Group ⁽²⁾	3,026	+8.4%	+3.2%	+3.0%

- Solid Q2 performance with LFL sales up +3.0% driven by the UK & Poland
- Completed disposal of remaining 30% economic interest in B&Q China following regulatory approval. Net cash proceeds of £63m received
- £150m (44m shares) returned to date to shareholders since year end via share buyback ⁽³⁾

⁽¹⁾ FY 2016/17 total and LFL sales cover 3 months to 31 July (FY 2015/16 cover 13 weeks to 1 August for total sales; 3 months to 31 July for LFL)

⁽²⁾ Prior year excludes China due to disposal of controlling 70% stake in April 2015

⁽³⁾ Of the previously announced c.£600m capital return through to end of FY 2018/19 (over and above the annual ordinary dividend)

Throughout this release “” indicates first instance of a term defined in the 2015/16 Annual Report & Accounts (p146)

Véronique Laury, Kingfisher Chief Executive Officer, said:

“We have delivered another solid sales performance in Q2 driven by the UK and Poland. In the UK, the EU referendum result has created uncertainty for the economic outlook, although there has been no clear evidence of an impact on demand so far on our businesses. In France, widespread industrial action and exceptionally wet weather created a more challenging environment, after a more encouraging Q1. We remain cautious on the short-term outlook.

“In the meantime, we continue to focus on our ONE Kingfisher plan, based on always putting customer needs first. We look forward to updating you on our early progress at our half year results next month.”

Q2 trading highlights by division (in constant currencies):

UK & IRELAND

- Total sales +5.0%. LFL +7.2% benefiting from continued strong Screwfix performance
 - **B&Q UK & Ireland** sales +0.3% despite store closures. LFL +5.6% including c.2% benefit from sales transference associated with store closures. LFL of seasonal +9.6%. LFL of non-seasonal, including showroom +3.4%
 - **Screwfix** sales up +24.5%. LFL +13.3% driven by its leading omnichannel capability, new and extended ranges and new outlets

FRANCE

- Total sales -1.4% (LFL -3.2%). Sales for the home improvement market (Banque de France data*) -1.1% in Q2; new housing starts +5.7%⁽⁴⁾; planning permits +10.3%⁽⁴⁾
 - **Castorama** sales -2.2% (LFL -3.3%) reflecting less promotional activity. LFL of seasonal -4.3%. LFL of non-seasonal, including showroom -3.0%
 - **Brico Dépôt** sales -0.3% (LFL -3.1%)

⁽⁴⁾ For the 3 months to end of June 2016

OTHER INTERNATIONAL

- Sales in **Poland** +10.5% (LFL +7.3%) benefiting from a currently supportive market and new ranges. LFL of seasonal +10.7%. LFL of non-seasonal, including showroom +6.5%

H1 2016/17 technical guidance:

Gross margins by major geography compared to last year:

- France expected to be up around 50 basis points reflecting less promotional activity
- UK expected to be down around 100 basis points reflecting mix effects from strong growth in Screwfix, clearance related to the B&Q store closures and higher omnichannel sales
- Poland expected to be up around 150 basis points reflecting strong trading

France operating costs:

- H1 operating costs will increase by c.£10 million offset by a corresponding reduction in H2, hence not impacting the full year. Comparatives will not be restated.⁽⁵⁾

⁽⁵⁾ Certain French levies moved last year from recognition on an accruals basis across the year, to recognition solely in Q4 (when the liability was triggered) under IFRIC 21. Since then, a change in legislation relating to one of these levies (TASCOM) has led to the reversal of this accounting treatment.

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This announcement can be downloaded from www.kingfisher.com or viewed on the Kingfisher IR iPad App. Data tables for Q2 and H1 sales 2016/17 are available for download in excel format at <http://www.kingfisher.com/index.asp?pageid=59>

We can be followed on Twitter @kingfisherplc with the Q2 results tag #KGFQ2. Kingfisher American Depository Receipts are traded in the US on the OTCQX platform:(OTCQX: KGFHY) <http://www.otcmart.com/stock/KGFHY/quote>

Our next announcement will be the Half Year Results on 20 September 2016.

Forward-looking statements:

You are not to construe the content of this announcement as investment, legal or tax advice and you should make your own evaluation of the Company and the market. If you are in any doubt about the contents of this announcement or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction).

This announcement has been prepared in relation to the financial results for the Quarter ended 31 July 2016. The financial information referenced in this announcement is not audited and does not contain sufficient detail to allow a full understanding of the results of the group. Nothing in this announcement should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the group or an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (as amended).

Certain information contained in this announcement may constitute “forward-looking statements” (including within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995), which can be identified by the use of terms such as “may”, “will”, “would”, “could”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “continue,” “target”, “plan”, “goal”, “aim” or “believe” (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks, assumptions and uncertainties that could cause actual events or results or actual performance of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements.

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