**Q3 trading update to 31 October 2022**

**Resilient sales trends continue; Q3 total sales growth +1.7%**

**3-year LFL +15.3%**

**24 November 2022:** Kingfisher plc (‘Company’, ‘Group’ or ‘Kingfisher’) is today providing its Q3 22/23 sales.

**Key points**

* Third quarter sales of £3.3bn; total sales +1.7% in constant currency and LFL +0.2%
* Sales significantly ahead of pre-pandemic performance (3-year LFL +15.3%), supported by continued market share gains
* Good start to trading in the fourth quarter with 3-year LFL +16.2% and LFL +2.8% for the three weeks to 19 November 2022
* Strong energy efficiency product demand supporting DIY sales
* Trade customers continuing to see robust pipelines; strong TradePoint performance (LFL +1.9% and 3-year LFL +29.5%), and Screwfix gaining significant market share in the UK
* Opened first two Screwfix stores in France; meaningful step-up in store roll-outs planned for 2023
* Strong omni-channel engagement with e-commerce sales 3-year growth of +138% (YoY growth of +2.3%); representing 16% of Group sales (Q3 19/20: 8%). Continued growth of B&Q marketplace in Q3, and successful marketplace launches in Spain and Portugal
* Continuing to deliver value to customers whilst managing inflation pressures effectively
* Good product availability and effective supply chain management
* Anticipate FY 22/23 adjusted pre-tax profit in the range of c.£730m to £760m(1)

**Unaudited Q3 22/23 sales (three months ended 31 October 2022)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Sales****2022/23** | **% Total****Change** | **% Total****Change** | **% LFL** **Change(2)** | **% 3-year LFL** **Change(3)** |
|  | **£m** | **Reported** | **Constant currency** | **Constant currency** | **Constant currency** |
| **UK & Ireland** | **1,545** | **+0.1%** | **+0.1%** | **(2.3)%** | **+12.9%** |
| - B&Q  | 935 | (2.8)% | (2.7)% | (3.5)% | +13.1% |
| - Screwfix | 610 | +4.8% | +4.9% | (0.5)% | +12.4% |
| **France** | **1,097** | **(1.2)%** | **+0.6%** | **+0.5%** | **+14.6%** |
| - Castorama | 564 | (0.9)% | +0.8% | +0.8% | +16.6% |
| - Brico Dépôt | 533 | (1.5)% | +0.2% | +0.2% | +12.7% |
| **Other International** | **621** | **+5.1%** | **+8.4%** | **+6.7%** | **+23.1%** |
| - Poland | 447 | +6.6% | +10.5% | +7.6% | +21.3% |
| - Iberia(4) | 91 | +1.6% | +3.4% | +3.4% | +19.8% |
| - Romania | 80 | +2.3% | +4.2% | +4.2% | +34.6% |
| - Other(5) | 3 | n/a | n/a | n/a | n/a |
| **Total Group**  | **3,263** | **+0.6%** | **+1.7%** | **+0.2%** | **+15.3%** |

**Thierry Garnier, Chief Executive Officer, said:**

“Our sales trends continued to be resilient, with like-for-like sales 15.3% ahead of pre-pandemic levels in the quarter. This was supported by continued market share growth, including strong gains at Screwfix, TradePoint and Castorama Poland. While the market backdrop remains challenging, DIY sales continue to be supported by new industry trends such as more working from home and a clear step-up in customer investment in energy saving and efficiency. DIFM and trade activity also continues to be well supported by robust pipelines for home improvement work.

“Competitive pricing remains a priority. With our customers facing rising living costs, we are determined to make home improvement affordable and accessible – particularly through our own exclusive brands which represent 45% of our sales.

“We continue to execute our strategy at pace, and to invest for growth. Last month marked a key moment in our history with the opening of our first Screwfix store in France, with a total of four to five stores due to open this financial year and many more planned for 2023. We launched our e-commerce marketplace in Spain and Portugal, building upon the early success of B&Q’s marketplace in the UK. We have also launched energy-saving tools in the UK and France, to help customers diagnose and access products and services to increase the efficiency of their homes ahead of the winter. We have seen a very positive take-up of these services so far, with B&Q, for example, taking nearly 1,000 appointment bookings within the first three days of launch.

“While we continue to be vigilant against macroeconomic uncertainty, we remain confident in both the resilience of our industry and in continuing to grow ahead of our markets.”

**Current trading and outlook**

The fourth quarter has started well, with good trading momentum. For the three weeks to 19 November 2022(6) LFL sales were +2.8% and +16.2% on a 3-year basis. Sales remain resilient across our customer segments (DIY and DIFM/trade) and banners, with ongoing strength in energy efficiency product sales and demand from the trade segment.

Looking ahead, we remain mindful of the current backdrop of heightened macroeconomic uncertainty. We continue to focus on offering customers value at all price points, whilst also managing inflationary pressures effectively. We are confident in our diverse and resilient business model, and our priority remains consistent execution against our strategy to drive top line and market share growth. Furthermore, we remain committed to active and responsive management of our costs, and are on track with our plans to sell through a large part of the ‘buffer’ stock held as of 31 July 2022.

Regarding our profit guidance for this year, we anticipate FY 22/23 adjusted pre-tax profit to be in the range of c.£730m to £760m(1). This includes additional P&L investments to strengthen our Screwfix France store opening plan, additional wage support for colleagues, and slightly higher energy costs. Additional financial guidance for FY 22/23 is provided on page 4 of this announcement.

**Q3 trading highlights**

All commentary below is in constant currency.

**UK & IRELAND**

Total sales +0.1% (LFL -2.3%; 3-year LFL +12.9%), with trading in Q3 adversely impacted by the abnormally warmer weather in October. Store closures across the UK in relation to Her Majesty’s funeral impacted UK & Ireland LFL sales in Q3 by -0.6%.

* **B&Q** sales -2.7%. LFL -3.5% (3-year LFL +13.1%), with sales in line with expectations across all categories. In particular, building & joinery continues to see strong momentum, with a positive LFL supported by demand from trade customers and from high demand of insulation. Showroom sales performed well in the quarter, with resilient demand in the bathroom & storage category. Whilst outdoor sales were down YoY given a strong comparative from the prior year’s clearance activity, sales remain strong versus pre-pandemic levels. Overall, LFL sales of weather-related categories were -11.5% (+14.6% on a 3-year LFL basis). LFL sales of non-weather-related categories were -1.9% (+11.6% on a 3-year LFL basis). B&Q’s total e-commerce sales moved into positive YoY growth in Q3, driven by its marketplace proposition which continues to see strong growth since its launch in March. Marketplace reached a penetration of 13% in October (i.e., B&Q’s marketplace gross sales divided by B&Q’s total e-commerce sales). **TradePoint**, B&Q’s trade-focused banner, continued to outperform with LFL sales +1.9% and 3-year LFL sales +29.5%. TradePoint sales were 23% of B&Q sales (Q3 21/22: 22%).
* **Screwfix** sales +4.9%. LFL -0.5% (3-year LFL +12.4%), with demand from trade customers supporting a strong YoY performance in the building & joinery and bathroom & storage categories. The business saw resilient sales from its tools & hardware and EPHC (electricals, plumbing, heating & cooling) categories. Screwfix opened 17 new stores in Q3 in the UK and Republic of Ireland, with 48 new stores opened in the year to date, and remains on track to open 80 new stores in these countries during this financial year. In addition, Screwfix opened its first two stores in France (in October and November respectively), with a total of four to five openings planned for this financial year. Note that the results of Screwfix France are recorded within the ‘Other International’ division.

**FRANCE**

Total sales +0.6% (LFL +0.5%; 3-year LFL +14.6%). The home improvement industry in France was adversely impacted by abnormally warmer weather in October, as well as strikes across petrol stations in France affecting customer footfall.

* **Castorama** sales +0.8%. LFL +0.8% (3-year LFL +16.6%), reflecting resilient sales from both DIY and DIFM/trade customers. Most categories saw good 3-year growth, with sales from the building & joinery and EPHC categories particularly strong YoY, and with the latter seeing robust growth in heating products and more energy-efficient solutions. LFL sales of weather-related categories were +2.9% (+30.8% on a 3-year LFL basis). LFL sales of non-weather-related categories were flat (+13.2% on a 3-year LFL basis).
* **Brico Dépôt** sales +0.2%. LFL +0.2% (3-year LFL +12.7%), reflecting resilient sales and YoY growth from most categories. The business achieved strong YoY and 3-year growth across EPHC and building & joinery through an impressive performance in insulation sales. Brico Dépôtcontinues to drive increased customer engagement and improved price perception, as the business focuses on further strengthening its discounter credentials and differentiating its ranges.

**OTHER INTERNATIONAL**

* **Poland** sales +10.5%. LFL +7.6% (3-year LFL +21.3%), supported by strong market share gains. Positive LFL and strong 3-year performance across all categories, with exceptional growth in the kitchen category supported by the development of our new ranges and customer journey. LFL sales of weather-related categories were +21.7% (+45.3% on a 3-year LFL basis). LFL sales of non-weather-related categories were +5.2% (+17.7% on a 3-year LFL basis). A further two new stores opened in Poland in Q3, with five new stores opened in the year to date.
* **Iberia** sales +3.4%. LFL +3.4% (3-year LFL +19.8%), supported by strong growth in seasonal categories, especially in outdoor and EPHC given the extended heatwave across August. Good 3-year performance in the building & joinery, outdoor and EPHC categories.
* **Romania** sales +4.2%. LFL +4.2% (3-year LFL +34.6%), reflecting robust sales across most categories with notable strength in kitchens and surfaces & décor.

**FY 2022/23 Technical guidance**

New guidance, or significant updates to our previous guidance, are noted below ***in italics***. Please refer to page 6 for further details regarding forward-looking statements.

**Income statement:**

* Space
	+ Net space growth to impact total sales by c.+1.5%, largely from Screwfix and Poland
* Gross margin %
	+ In line with pre-pandemic level (FY 19/20: 37.0%)
* New businesses
	+ ‘Other’ retail losses of c.£35m (FY 21/22: £10m) *(previous guidance c.£30m, with increase driven by additional investment in Screwfix France)*. ‘Other’ consists of the consolidated results of Screwfix International, NeedHelp, and franchise agreements, recorded within the ‘Other International’ division
	+ Retail loss of c.£5m in relation to investment in B&Q’s e-commerce marketplace, recorded within the results of B&Q in the ‘UK & Ireland’ division
* Central costs
	+ Broadly flat YoY (FY 21/22: £60m)
* Net finance costs
	+ Decrease by c.£20m mainly as a result of lower interest expense on lease liabilities (FY 21/22: £137m)
* Adjusted pre-tax profit
	+ Full year adjusted pre-tax profit in the range of c.£730m to £760m(1) *(previously c.£770m, with trading scenarios for the balance of H2 providing a potential range of outcomes of c.£730m to £770m)*
* Tax rate
	+ Group adjusted effective tax rate of c.22%(7) (FY 21/22: 22%)

**Balance sheet and cash flow:**

* Inventory – anticipate reduction of stock levels in H2 22/23 related to sell-through of a large part of ‘buffer’ stock previously held to protect product availability
* Capital expenditure – targeting gross capex of c.3.5% of total sales (FY 21/22: £397m; c.3.0% of total sales)
* Tax – in February 2022, a payment of €40m (c.£34m) was made to the French tax authorities with regards to a historic tax liability. The amount was fully provided for in prior periods
* Share buybacks – c.£315m outflow for share buybacks (c.£145m for the first £300m programme completed in April, and a further c.£170m related to the second £300m programme) *(previous guidance c.£325m outflow)*
* Dividends – £246m outflow for dividends (£172m related to the FY 21/22 final dividend of 8.60p, and £74m related to the FY 22/23 interim dividend of 3.80p). For the total dividend in respect of FY 22/23, our dividend policy target cover range remains 2.25 to 2.75 times, based on adjusted basic earnings per share

**Footnotes**

(1) Guidance assumes current exchange rates.

(2) LFL (like-for-like) sales growth represents the constant currency, year on year sales growth for stores that have been open for more than one year. Stores temporarily closed or otherwise impacted due to COVID are also included.

(3) 3-year LFL is calculated by compounding the current and prior two periods’ LFL growth. For example, Q3 22/23 LFL growth of 5%, Q3 21/22 LFL growth of 4%, and Q3 20/21 LFL growth of 3%, results in 3-year LFL growth of 12.5%. Russia (sale completed on 30 September 2020) is excluded from Group and Other International 3-year LFL calculations.

(4) Brico Dépôt Spain and Portugal.

(5) ‘Other’ consists of the consolidated results of Screwfix International, NeedHelp, and revenue from franchise agreements.

(6) ‘Q4 22/23 LFL sales (to 19 November 2022)’ represents the period from 30 October 2022 to 19 November 2022 compared against the equivalent period in the prior year (i.e., 31 October 2021 to 20 November 2021). The corresponding 3-year LFL represents the period 30 October 2022 to 19 November 2022 compared against the equivalent period in FY 19/20 (i.e., 3 November 2019 to 23 November 2019). The figures are provisional and exclude certain non-cash accounting adjustments relating to revenue recognition.

(7) Subject to the blend of profit within the Group’s various jurisdictions.

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**Q3 trading update and data tables**

This announcement and data tables for Q3 22/23 sales can be downloaded from [www.kingfisher.com/investors](http://www.kingfisher.com/investors).

We can be followed on Twitter (@kingfisherplc) with the Q3 results tag #KingfisherResults.

**Full year 22/23 results**

Our next scheduled results announcement will be our results for the year ending 31 January 2023, on 21 March 2023.

**American Depository Receipts**

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

**About Kingfisher plc**

Kingfisher plc is an international home improvement company with approximately 1,530 stores, supported by a team of over 80,000 colleagues. We operate in eight countries across Europe under retail banners including B&Q, Castorama, Brico Dépôt, Screwfix, TradePoint and Koçtaş. We offer home improvement products and services to consumers and trade professionals who shop in our stores and via our e-commerce channels. At Kingfisher, our purpose is to help make better homes accessible for everyone.

**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 sales for the quarter ended 31 October 2022. 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) (or, otherwise under any other law, regulation or exchange rules in any other applicable jurisdiction).

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", forecast, or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements are based on currently available information and our current assumptions, expectations and projections about future events. These forward-looking statements include all matters that are not historical facts and include statements which look forward in time or statements regarding the Company's intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, the Company's results of operations, financial condition, changes in global or regional trade conditions (including a downturn in the retail or financial services industries), competitive influences, changes in tax rates, exchange rates or interest rates, changes to customer preferences, the state of the housing and home improvement markets, share repurchases and dividends, capital expenditure and capital allocation, liquidity, prospects, growth and strategies, litigation or other proceedings to which we are subject, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises, outbreaks of contagious disease (including but not limited to the COVID pandemic), environmental disruption or political volatility. By their nature, forward-looking statements are not guarantees of future performance and are subject to future events, risks and uncertainties – many of which are beyond our control, dependent on actions of third parties, or currently unknown to us – as well as potentially inaccurate assumptions that could cause actual events or results or actual performance of the Group to differ materially from those reflected or contemplated in such forward-looking statements. For further information regarding risks to Kingfisher's business, please consult the risk management section of the Company's Annual Report (as published). No representation, warranty or other assurance is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements.

The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company does not undertake any obligation to update or revise any forward-looking statement to reflect any new information, change in circumstances, or change in the Company's expectations to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events.