Kingfisher plc 2023 Annual General Meeting

Shareholder Questions

Q: If people are feeling the economic pressures around them, it might be thought reasonable to achieve the performance that we did. I would have thought that, for a business particularly like B&Q, people under financial pressures would be nipping down to B&Q to buy the goods to do it themselves because they can no longer pay a tradesperson?

- It's an interesting question and we definitely saw a spike as a result of the cost-of-living pressures and inflation. For example, we saw a 60% increase in sales of our insulation at the end of last year.
- Discretionary movement of monies has been impacted by the Covid pandemic. For example, travel and airplane orders are very high as a lot of people came out of the Covid pandemic and decided that they needed to travel as they hadn't been able to for a long time. So, while people have less disposable income due to mortgage rises and energy inflation, they are being more thoughtful about the choices they make. At the moment, it seems that there might be some trade-off between, say, travel, and DIY in the home. That said, we know that there are equally some other forces working in our favour, such as working from home and essential repairs.
- Overall, its right to acknowledge the pressure that the economy and households are under. People seem to be being more thoughtful with their spending, so while they are still coming into the stores, they might not be spending just as much, and we feel that to an extent.
- Lastly, B&Q is a seasonal business and the largest garden centre in the UK, so we are locked into garden mowers, plants, compost, fencing, outdoor furniture etc. We plan heavily for this in the Spring however we had a very damp March and April this year which impacted sales. Weather now seems to be improving but it's no doubt it's a big swing factor for B&Q which is why our results in Q1 were impacted. It is something we monitor closely. The good news is the growth drivers we are putting in place going forward which will enable us to see other ways of managing our revenue structures through any seasonal issues. For example, the roll out Screwfix in France and our investment in Poland. A lot of investment has been in the digital area which has been very successful.
- Thanks for your question. We understand it is frustrating at times but we think as/when the cost-of-living pressures start to ease we will start to see people back in greater volume and spending more.

Q: I have used your products for a number of years. We are being governed by digital more and more e.g., mobile phones, and I find navigating your website on a mobile phone useless. As a result, I've given up ordering stuff or viewing your ranges on my mobile. I also don't find the app good at all. If you are moving to digital, you really need to be a bit slicker, so you don't fall behind your competitors. It isn't too bad on a laptop but if you are trying to do it on your mobile phone I find it pretty awful.

- Thank you for your feedback and we are happy to get more precise useability feedback after the meeting. This is disappointing because one of our strategic proprieties is to be mobile first with a strong focus on our digital capability.
- The app is a key priority for us when thinking about resource and time allocation. When you look at the B&Q online penetration it has grown very strongly over the last three

years and we are now at over 10% penetration and have launched Marketplace. Therefore, we believe we have made very strong improvement of the DIY.com offering.
- When you look at the e-commerce penetration of Kingfisher, we have moved from 7% to 17% in 3 years. B&Q has more than 2x the penetration we had in 2019 which indicates some customers are happy with the offering.

Q: After numerous requests from myself and other fellow shareholders, I take it we won't be going back to the Hilton Paddington for the AGM?

- We looked at the Hilton and it was a lot more expensive. We have to consider the timing of the AGM in relation to other company reporting and, at the time, it wasn't available on the day.
- We will keep the Hilton under review as an option because we want the AGM venue to be very accessible and easy to get to. We think Storey Club is, as it is a functional space in the area in which we operate close to Padding and main transport links.

Q: I note you opened 82 branches of Screwfix last year, is that correct? Very commendable, a good part of the business and very profitable I believe. What I have noticed is that within 6 months or even less of you setting up in a new location, Toolstation often moves there; I thought to myself imitation is its sincerest form of flattery so you are probably getting locations right. I understand some small B&Q Local stores are on trial. Can I know the locations and how they are doing? Is it going to be a viable proposition to put them into the highstreets elsewhere?

- Generally, Screwfix leads on location and typically we get some competition fairly quickly after. Competitors can benefit from a cluster of retailers, so this is fairly typical behaviour.
- The good news is that we consistently outperform Toolstation, and we have very good sales per square metre compared to our competitors. We like to think that the overall volume of business that comes into that cluster suits us both in a way.
- If you look at the Screwfix expansion, three years ago we were consistently opening 50 stores and now we open 60/70/80, so we are accelerating our expansion. Therefore, we are extremely happy with the performance of the new stores and locations.
- On B&Q Local, if you look at trends worldwide, across countries and industries, there is general trend to smaller format stores. In France, US and Turkey, there are successful small formats in home improvement which is a reason for our focus on them.
- We have 30 trials in total, with 3 B&Q specific – on the high street, small retail park and inside Asda. We are very happy with the performance on the high street, though it is slightly too early to comment on exact performance and plans.
- Happy to give you specific locations of B&Q Locals near to you after the meeting. Thank you for your feedback.

Q: I applaud passion and dedication to sustainability. On Remuneration and your Performance Share Plan, 25% of the KPIs are based on a basket of ESG measures. My first question is why is it limited to share plan only? Why not include bonus?
My second question is there is no mention of KPIs towards a specific target of increasing % of sales linked to sustainable products. If you are so passionate about it, why not include a target which we as shareholders can measure you against?

- This is something we keep under review, but the introduction of ESG metrics into our payments and remuneration policy is something we have been proud and pleased to

do. It is obviously a very important part of the programme and package because it does get focus from the management team beyond just being passionate about it.
- We put the reward element into the long-term plan specifically because it has a long-term focus. It is difficult to measure over one year, as it is a cumulative effect over many years that gets things done. If you are talking about deforestation issues or carbon emission challenges, or changing the structure of the management gender balance, it's not just something you dial up or down in a year. You end up having to pay bonuses on very small movements of metrics.
- We think the long-term bonus and performance plan is the right place for the ESG metrics (carbon emission reduction, wood sourcing and forest positive, gender balance).
- We believe our approach is having the right effect and our aim is for our Remuneration Policy to translate into management actions.
- We think we are well balanced at the moment by having three KPIs for Responsible Business, as too many KPIs can spread your impact. Internally we have additional targets for sustainable home products. The KPIs and suitability of including a new metric on sales linked sustainable products will be kept under review.

Q: I take your point on the first question but I think there are ways around it. First, you don't have to have a quantitative assessment, it could be a qualitative assessment. Secondly, I would suggest looking at it on a rolling three years. You are clearly a leader in sustainability, but this is such a fast moving space and for us we want to keep backing the leaders but want them to keep raising the bar because the whole industry is raising the bar.

We understand your point and concern. Our job is to balance to balance the interest of all our shareholders and there are many who want to make sure we have sufficient financial metrics as well. It is a very fair point and hopefully the actions of Kingfisher over the last few years demonstrate our serious intent to make a difference, point noted.

Q: Can you run through your dividend policy. In 2021/22 you paid a special dividend and the year after that the overall gross dividend actually went down. In comparison to your share buybacks on the cash flow statement, you're paying more in share buybacks than you are in dividends. I can see what you're trying to do but I'd like you to increase the dividends please.

- The capital allocation policy is well set for Kingfisher and has been for a while. We invest in the business and beyond that we make sure that we bring back value to shareholders through a variety of means which we consistently review.
- One point to reassure you is that over the last three years since Thierry's arrival, our total shareholder returns (TSR) up until 13 June, was nearly 42% (this includes the share price movement and dividend paid). This is against a FTSE TSR of 25% over that period so we've actually not done a bad job compared to the rest of the market.
- General retailers have had a TSR of just over 10% while we have done 41.6%. We are trying very hard to make sure that our shareholders get a fair return for their investments with us.
- As you know, our policy is to maintain a cover of 2.25x to 2.75x. If you look at what we've paid in dividends (and I'm going back to 1920), we've paid £894m in dividends and c.£550m in share buybacks, so the biggest amount is in dividends.
- Our dividend yield last year was 4.7% which is ahead of the FTSE companies and this year it will probably be around the 5%, so actually from a dividend point of view it is the highest amount we have returned to shareholders and does generate a good yield for our shareholders.

- We do have a progressive dividend policy which is important to note, so we hear you and acknowledge that and we will try and do our very best with the resources available to make sure we get as much of that excess capital to shareholders.