Kingfisher plc: Full year results

12 months to 31 January 2020

17 June 2020

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Introduction

Thierry Garnier, Chief Executive Officer

Welcome & agenda

- **Introduction**
  - Kingfisher’s management team
  - COVID-19 response
  - Actions underway and early results
- **FY 2019/20 results and managing the financial impact of COVID-19**
- **New strategic direction**
  - Situation in 2019
  - ‘Powered by Kingfisher’
  - Priorities under the new plan

A strong and experienced management team

Recent appointments to the Group Executive

Thierry Garnier
Chief Executive Officer
Previously at: Carrefour Asia, Carrefour France

Bernard Bot
Chief Financial Officer
Previously: Travelport, Aer Lingus, TNT Express

Martin Lee
Chief Supply Chain Officer
Previously: B&Q, Screwfix, Maxeda DIY Group

Kate Seljeflot
Chief People Officer
Previously: Costa Coffee, Diageo, Shell

Graham Bell
CEO B&Q UK and Ireland
Previously: Screwfix (CEO; various roles), B&Q, Wickes, Asda

Sebastien Krysiak
CEO Poland
Previously: Maxeda DIY Group, B&Q

John Mewett
CEO Screwfix
Previously: Screwfix (various roles), Kingfisher, Dixons Retail

Henri Solère
Chief Offer and Sourcing Officer
Previously: Castorama, Saint Maclou, La Redoute

JJ Van Oosten
Chief Customer and Digital Officer
Previously: LEGO, Tesco, REWE Group, Travis Perkins

John Wartig
Chief Transformation and Development Officer
Previously: Fitness First, Al Futtaim Group, Cadbury Schweppes

Alain Rabec
CEO France
Previously: Carrefour (various roles)

Adela Smeu
CEO Romania
Previously: Obi, PwC, United Technologies

Managing the impact of COVID-19 on the business

Protecting our communities, customers and colleagues

- Strict social distancing and safety measures established for customers and colleagues
- Donated over £2.5m of PPE to frontline healthcare workers

Operating our stores safely

- Home Improvement stores classified as essential in UK, France, Poland and Romania
- Nearly all our 1,368 stores open and trading – proven model to operate during confinement periods
- Readiness for potential future waves of COVID-19

Accelerating e-commerce

- Strong e-commerce growth: up to fourfold growth since mid-March
- Boosted store picking, home delivery and click & collect capabilities

Managing our supply chain

- Managing polarised demand; securing supply in categories with surge demand
- Partnering with vendors as we review and adjust H2 order book

Reducing costs and preserving cash

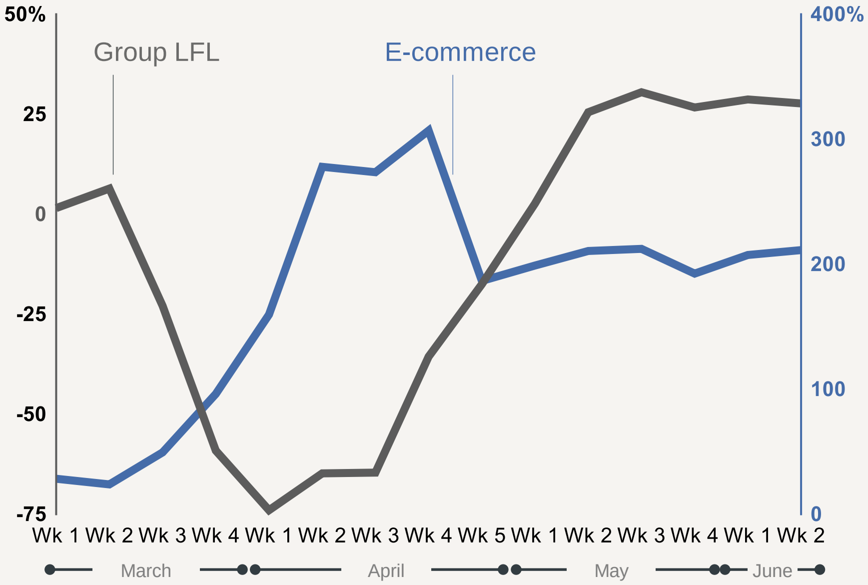
- Multiple cost and cash mitigation actions, including government support measures
- Voluntary reduction in Board and Group Executive team remuneration

Ensuring sufficient liquidity headroom

- Access to over £3bn in total liquidity, including cash at bank and access to >£1bn of RCFs

Latest sales performance

% Sales Change: 15 weeks[5] to 13 June 2020



Sales[1] — % LFL[2] Change 6 weeks to 13 June 2020

Sales[1]	May 2020 Week 1[5]	May 2020 Week 2[5]	May 2020 Week 3[5]	May 2020 Week 4[5]	June 2020 Week 1[5]	June 2020 Week 2[5]
UK & Ireland	+18.9%	+13.3%	+18.2%	+21.5%	+26.3%	+29.5%
France	(18.7)%	+53.7%	+58.1%	+44.2%	+41.4%	+38.4%
Poland	+35.8%	+30.8%	+34.4%	+11.0%	+11.7%	+0.7%
Romania	+16.0%	+27.8%	+37.6%	+34.9%	+30.2%	+20.3%
Group LFL[3]	**+2.7%**	**+25.5%**	**+30.6%**	**+26.7%**	**+28.7%**	**+27.7%**
E-commerce[4]	**+199.0%**	**+210.6%**	**+212.3%**	**+192.5%**	**+207.4%**	**+211.3%**

(1) This information was not extracted from FY 19/20 financial statements and has not been subject to audit procedures.
(2) Like-for-like sales growth representing the constant currency, year on year sales growth for stores that have been open for more than a year. Stores temporarily closed or otherwise impacted due to COVID-19 are also included.
(3) Group LFL includes total e-commerce sales. Group LFL also includes Iberia and Russia, and excludes Koçtaş (Kingfisher's 50% JV in Turkey).
(4) E-commerce sales are total sales derived from online transactions, including click & collect. This includes sales transacted on any device, however not sales through a call centre. E-commerce sales change includes UK & Ireland, France and Poland.
(5) March, April, May and June weekly sales figures are for Sunday-to-Saturday weeks from 1 March 2020 (compared against prior year Sunday-to-Saturday weeks from 3 March 2019). The figures are provisional, and exclude certain non-cash accounting adjustments relating to revenue recognition.

Actions underway – ‘Focus and Fix’ in 2020

1 Managing the impact of COVID-19

See actions on page 6

2 Build the new team

Strengthened our Group Executive team

3 Fix France

Addressing team structure and legacy IT & supply chain issues

4 New trading approach

Trading events, targeted price investments, trialling/relaunching new service propositions

5 Rebalance local vs. group

Improving flexibility and agility of banners to meet customer needs

6 E-commerce from stores

Enabling efficient store preparation for click & collect and home delivery

7 Focus

Pause and stop initiatives - do fewer things better

Execute divestment of Russia

8 Accelerate cost reduction

Accelerate existing programme, including using learnings from COVID-19

Impact of ‘Focus and Fix’ on Q4 19/20 & early 20/21

LFL sales (%)	Q3 YTD 19/20	Q4 19/20	Feb 2020
UK & Ireland	**(0.8)%**	**1.3%**	**6.2%**
- B&Q UK & Ireland	(3.3)%	(1.6)%	2.8%
- Screwfix	4.6%	5.9%	12.2%
France	**(5.0)%**	**3.3%**	**8.6%**
- Castorama	(4.9)%	2.5%	7.4%
- Brico Dépôt	(5.1)%	4.3%	9.9%
Poland	**1.1%**	**3.4%**	**11.1%**
Romania	**8.7%**	**9.0%**	**16.4%**
Total Group[2]	**(2.4)%**	**1.7%**	**7.6%**
Total Group[2] (excl. leap year impact)			**2.3%**

- Implementing new trading approach, including reintroducing trading events
- LFL transactions and sales improved in all key banners from Q4 19/20 onwards
- **UK** – B&Q: removal of installations annualised in Q4; Screwfix: encouraging early results from price investment
- **France** – performance vs market[1] improving and slightly better than market in Feb 2020
- **Poland** – improved LFL despite softer market
- Encouraging start to FY 20/21 (before COVID-related impacts)

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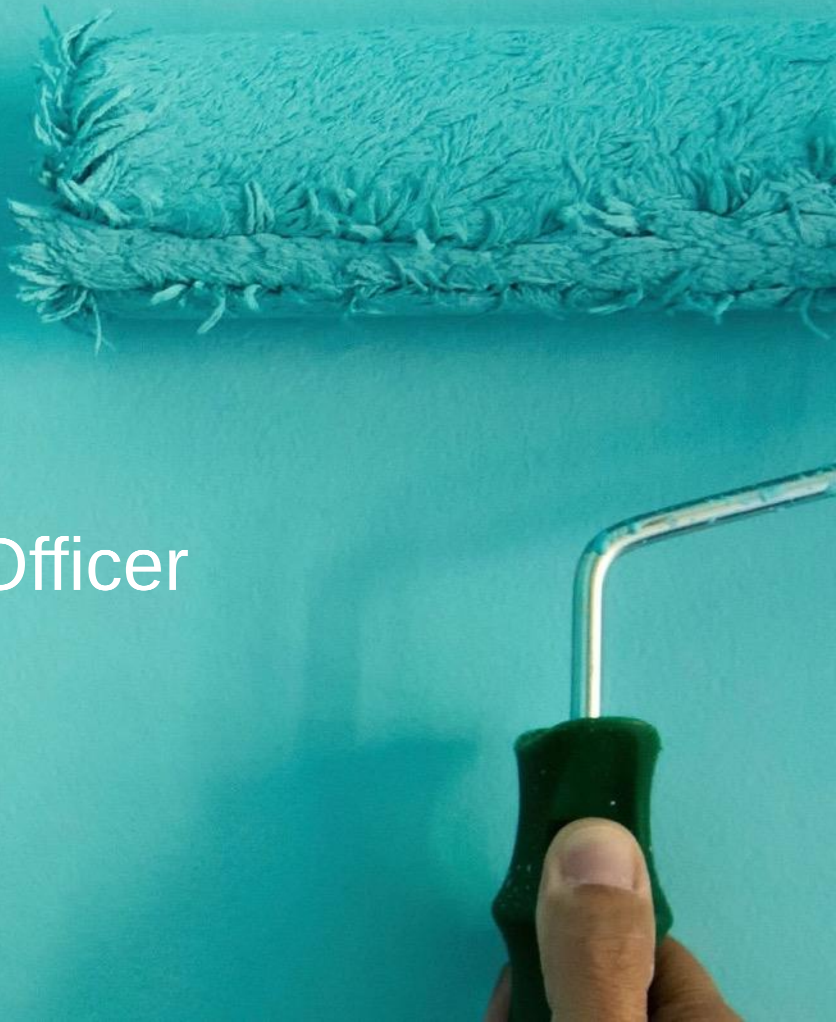
(1) Based on Banque de France data for DIY retail sales (non-seasonally adjusted)
(2) Total Group includes Iberia and Russia, and excludes Koçtaş (Kingfisher’s 50% JV in Turkey)

FY 2019/20 Results

Bernard Bot, Chief Financial Officer



Key point summary

- **FY 19/20 financial performance disappointing**
  - FY sales down 0.8%(1)
  - Group gross margin % flat in line with guidance; overhead costs broadly flat
  - Free Cash Flow lower; leverage maintained, and net cash positive excluding lease liabilities
- **Encouraging Q4 and early start to FY 20/21 (before COVID-related impacts)**
- **Actively managing the impact of COVID-19**
  - Significant actions taken to reduce costs and protect cash
  - Group has significant financial headroom
  - No FY 19/20 final dividend given uncertainty about scale and duration of impact
  - No specific financial guidance provided for FY 20/21

(1) Variance in constant currency

FY 19/20 key financials

Sales

£11,513m
(0.8)%[1]

(1.5)%
LFL

Gross profit / margin %

£4,255m
(0.8)%[1]

37.0%
flat[1]

Retail profit[2] / margin %

£786m
(3.9)%[1]

6.8%
(20)bps[1]

Adjusted profit[3]

pre-tax
£544m
(5.2)%

post-tax
£400m
(5.0)%

Statutory profit

pre-tax
£103m
(65.7)%

post-tax
£8m
(95.9)%

Net debt / leverage

£2,526m[4]

2.0x
net debt to EBITDA

Free cash flow

£191m
FY 18/19: £372m

ROCE

8.6%
flat

Kingfisher

(1) Variance in constant currency
(2) Retail profit including reallocation of transformation P&L costs – refer to slide 13
(3) Before exceptional items, lease FX, related tax items and tax on prior year items
(4) Includes £2.6 billion lease liabilities under IFRS 16 in FY 19/20 (FY 18/19: £2.6 billion)

FY 19/20: reallocation of costs

£m (unless otherwise stated)	FY 19/20 (pre-reallocations)	Reallocation of costs[1]: Central support costs	Reallocation of costs[1]: Transformation P&L costs	FY 19/20 (as reported)
UK & Ireland	**501**	**14**	**(16)**	**499**
France	**168**	**3**	**(7)**	**164**
Poland	165	(13)	(1)	151
Romania	(15)	(3)	(5)	(23)
Iberia	3	(1)	-	2
Russia	(12)	-	-	(12)
Screwfix Germany	(4)	-	-	(4)
Turkey[2]	9	-	-	9
Other International	**146**	**(17)**	**(6)**	**123**
Retail profit	**815**	**-**	**(29)**	**786**
Central costs	(54)	-	(8)	(62)
Share of JV interest and tax	(7)	-	-	(7)
Transformation P&L costs	(37)	-	37	-
Operating profit (before exceptional items)	**717**	**-**	**-**	**717**

Reallocations:

- **Central support costs**
  Updated assessment of allocation of central offer & sourcing and supply chain & logistics costs
- **Transformation P&L costs**
  In line with launch of new strategic plan, transformation P&L costs reallocated to retail profit by geography and central costs
- **No impact to operating profit**
  from cost reallocations

Underlying PBT (i.e. pre-transformation P&L costs) no longer reported

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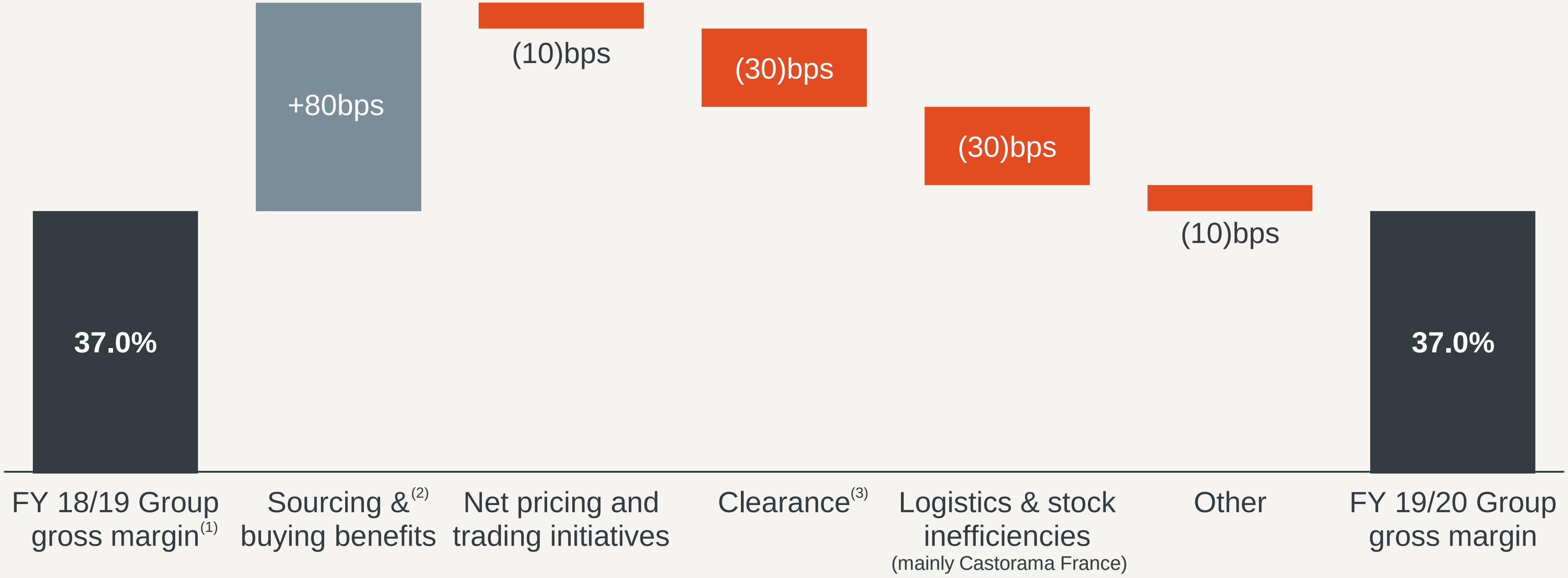
(1) Prior year (FY 18/19) restated to reflect the adoption of IFRS 16 'Leases' and the reallocation of central support and transformation P&L costs. Refer to appendices for detailed restatement tables

(2) Koçtaş, Kingfisher's 50% JV in Turkey

Group gross margin % flat, in line with guidance



(1) Gross margin % in constant currency
(2) Based on 63% product (COGS) unified on average in FY 19/20. Unified COGS relates to ranges that have been reviewed through the central range review process with the aim of achieving cost price reduction through the rationalisation of SKUs and suppliers
(3) Group incremental clearance excluding Russia and Iberia

FY 19/20 exceptional items

£m (unless otherwise stated)	H1 19/20	FY 19/20	FY 18/19[1]	Comments on FY 19/20
Adjusted PBT	**337**	**544**	**574**	
Transformation exceptional costs	-	(8)	(58)	
Store closures	(68)	(67)	(124)	▪ Mainly redundancy provisions related to store closures in France and Germany
Russia impairments and exit costs	(26)	(130)	(15)	▪ Store impairments taken in advance of exit
Store impairments	-	(118)	-	▪ Store impairments in B&Q, Castorama France and Iberia. Reflects impact of performance and lower freehold market values
Romania impairments	-	(39)	-	▪ Store and goodwill impairments
FTA settlement and business tax	-	(50)	-	▪ Interest/penalties element of final settlement with FTA (as disclosed in Q3) & provision in relation to multi-year business tax
Property disposals	1	15	(30)	
Other	-	(44)	(40)	▪ 'Other' in FY 19/20 relates to IT impairments and onerous licences
Total exceptional items	**(93)**	**(441)**	**(267)**	
FX on lease liabilities	1	-	(7)	
Statutory PBT	**245**	**103**	**300**	

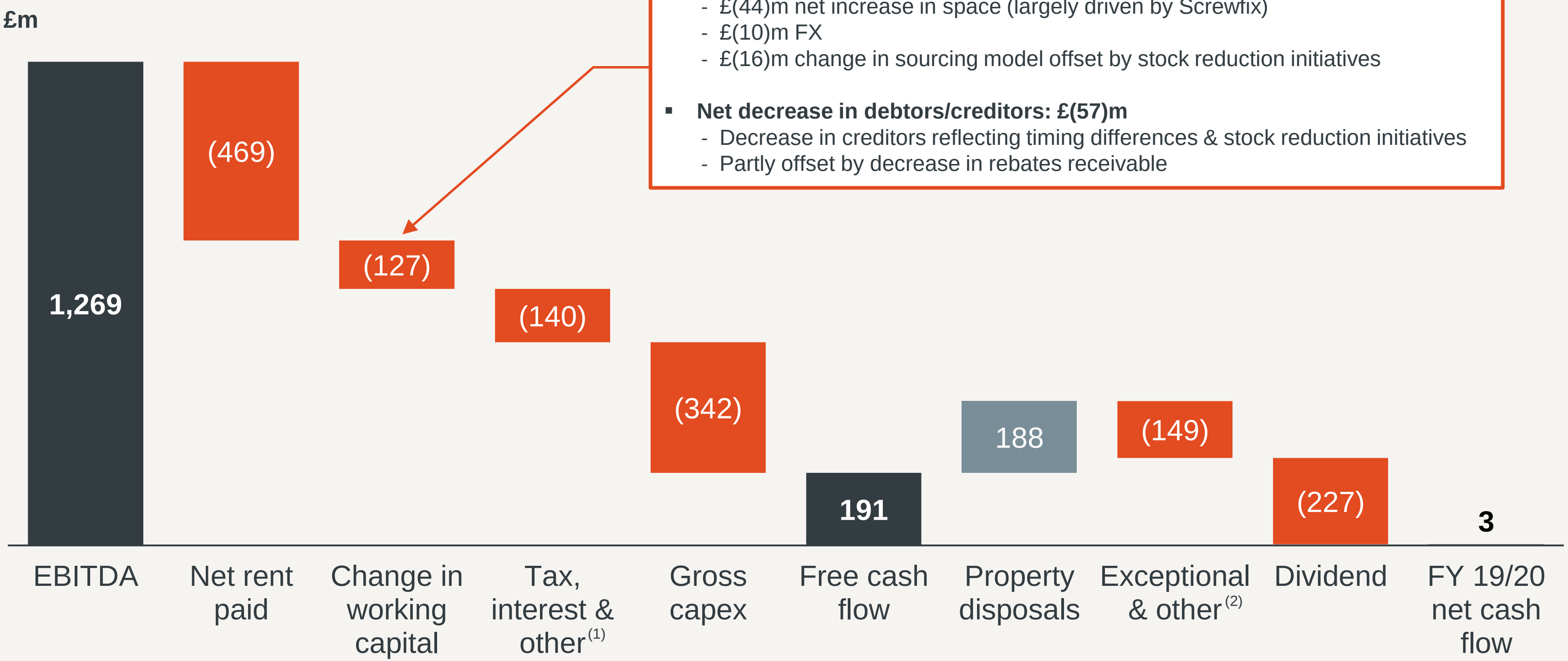
(1) The Group adopted IFRS 16 'Leases' on 1 February 2019 on a fully retrospective basis, resulting in the restatement of comparatives for FY 18/19. Refer to note 13 of the full year condensed financial statements (in part 2 of the FY 19/20 RNS announcement) for detailed restatement tables and associated commentary

FY 19/20 geographic summary

	FY 19/20 sales			Retail profit		Retail profit margin	
	£m	% chg[1]	% LFL	£m	% chg[1]	%	bps chg[1]
UK & Ireland	**5,112**	*+1.0%*	*(0.3)%*	**499**	*+0.3%*	**9.8%**	*(10)bps*
France	**4,082**	*(3.2)%*	*(3.2)%*	**164**	*(9.7)%*	**4.0%**	*(30)bps*
Poland	**1,461**	*+4.0%*	*+1.6%*	**151**	*(7.7)%*	**10.4%**	*(130)bps*
Other[2]	**858**	*(6.7)%*	*(5.1)%*	**(28)**	*n/a*	**n/a**	*n/a*
Total	**11,513**	*(0.8)%*	*(1.5)%*	**786**	*(3.9)%*	**6.8%**	*(20)bps*

(1) Variance in constant currency
(2) Includes Romania, Germany, Russia, Iberia, and equity-accounted profits of Koçtaş (Kingfisher's 50% JV in Turkey). Sales exclude Koçtaş JV

FY 19/20 summary cash flows



- **Increase in stock: £(70)m**
  - £(44)m net increase in space (largely driven by Screwfix)
  - £(10)m FX
  - £(16)m change in sourcing model offset by stock reduction initiatives
- **Net decrease in debtors/creditors: £(57)m**
  - Decrease in creditors reflecting timing differences & stock reduction initiatives
  - Partly offset by decrease in rebates receivable

(1) 'Other' includes pensions, changes in provisions and the add-back of non-cash share-based compensation charges
(2) Includes exceptional cash flow items (principally relating to store closures, transformation costs and French Tax Authority (FTA) settlement) and share purchases for employee incentive schemes

Managing the financial impact of COVID-19

- Q1 Group sales down 24.0%[1] due to impact of lockdown restrictions
- Significant and effective actions taken to adapt operating model, reduce costs and protect cash
- Over £3bn of cash resources available, providing significant liquidity headroom against assumption of prolonged period of reduced sales
- No FY 19/20 final dividend in light of unprecedented uncertainty
- No specific financial guidance provided for FY 20/21

Encouraging Q2 Group LFL sales to date[2]: **+21.8%**
Nearly all our 1,368 stores now open for in-store purchasing, under strict social distancing and safety measures

(1) In constant currency; LFL down 24.8%
(2) To 13 June 2020

Actions taken to reduce costs and preserve cash

		Mitigations
COSTS	**Furloughing**	▪ Government relief measures for staff salaries in the UK, France, Romania and Spain. c.50% of total Group colleagues furloughed in April, reduced to c.10% by end of May
	UK business rates	▪ Business rates holidays and deferrals for all UK retail premises from start of April (annual UK rates bill c.£140m)
	Store operating efficiencies	▪ Lower store variable costs, including reduction of non-essential store maintenance costs
	Discretionary costs	▪ Significant reduction of marketing, advertising, consumables, other GNFR spend; stopped travel; froze all pay reviews and full-time staff recruitment
CASH FLOW	**Inventory purchases**	▪ Reductions from lower sales; further lowering of purchases in slower moving categories. Increase stock of best sellers
	Capital expenditure	▪ Reduction of capital expenditure
	Dividend	▪ No FY 19/20 final dividend (FY 18/19 final dividend: £157m; 7.49p per share)
	Rental payments	▪ Significant proportion of rental payments moved to monthly (instead of quarterly) in the UK and France through active engagement with landlords
	UK VAT deferral	▪ UK government relief allowing deferral of VAT payments for March-June 2020; to be repaid in full in July 2020
	Payments to suppliers	▪ Mutual agreements with certain larger suppliers to extend payment terms by 30 days or more. Notwithstanding this, maintained policy to pay suppliers in full and on time

Significant liquidity headroom and solid financial position

- Over £3bn of total liquidity as at 12 June 2020 including:
  - £1,025m - RCFs (undrawn)
  - c.£535m(1) - €600m term facility guaranteed at 80% by the French State (*'Prêt garanti par l'État'*)
  - £600m(2) - Bank of England's Covid Corporate Financing Facility (CCFF)

- Q1 inventory held flat year on year (despite a 24% reduction in Q1 sales)

- Limited other financial debt (£158m(3) as at 31 January 2020)

- Low leverage at 31 January 2020
  - Net debt to EBITDA ratio of 2.0x(4)
  - At lower end of medium term target range of 2.0-2.5x net debt/EBITDA

(1) As required under the terms of the loan, the full amount was drawn down on 18 May 2020
(2) Kingfisher issued £600m of 11-month commercial paper under the CCFF on 12 June 2020. Under the terms of the CCFF, only issued Commercial Paper is fully committed and can be considered a source of financing for inclusion in the Group's going concern assessment
(3) Includes £22m of financing derivatives
(4) Net debt to last twelve months' EBITDA

FY 20/21 trading year to date

- Q1 sales significantly impacted by COVID-19
  - Q1 LFL sales down 24.8% - good start to FY 20/21 before temporary store closures from week 7
  - Q1 Group gross margin % down mainly due to fixed distribution costs and higher home delivery
- Q2 Group LFL sales to date[1] up 21.8% - encouraging recovery in sales following store reopenings
- Significant actions taken on costs to manage financial impact
- Strictly controlling capital expenditure
- Net cash inflow[2] since 31 January 2020 of c.£730m

(1) To 13 June 2020
(2) Represents net change in cash at bank excluding physical cash in tills and cash in transit. Excludes receipts from the *Prêt garanti par l'État* and CCFF, and any repayments of debt

‘Powered by Kingfisher’

New strategic direction

Thierry Garnier, Chief Executive Officer

Our strengths

Access to attractive Home Improvement markets	Leading positions in our markets	Strong commercial assets	Distinctly positioned banners
Long term growing markets, resilient through downturns	Top 2 position in all key markets	77,000 skilled and engaged colleagues	B&Q, Castorama, Brico Dépôt Romania, Koçtaş: *General home improvement*
	UK, Poland, Turkey: #1	Collective buying scale & successful own exclusive brands (39% of sales)	
Higher profit margins than many retail sectors	1,350+ stores	Responsible business practices	Screwfix, TradePoint: *Trade-focused*
Partly insulated against online pure-plays	90% banner awareness	Proven model to operate through COVID-19	Brico Dépôt France and Iberia: *Discounter*

Situation in 2019 – key achievements from past 4 years

Buying and sourcing efficiencies

Benefits from unified ranges

Own Exclusive Brands (OEB) product innovation

Dedicated design and sourcing teams. Growth in some categories from differentiated product design

Improved price position

Clear improvement in price position vs. peers for B&Q and Castorama France

GNFR efficiencies

£100m+ GNFR and operational savings over 4 years

SAP investments

Common SAP template fully deployed in B&Q; rollout in progress in other banners

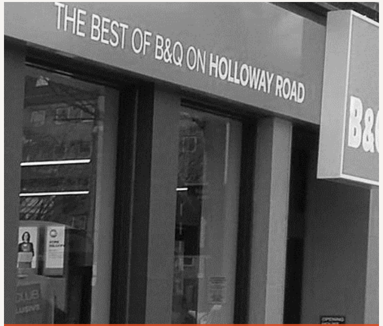
Shared services

Shared services centre established for back-office

Situation in 2019 – diagnosis

Root causes	Consequences
“Become ONE” vs. Do it together	Diluted banner positioning
Imbalanced local-Group operating model	Weaker customer proposition
Complex organisation	LFL decline
Product-led vs. Retail-led	Lack of progress on digital
Too much, too fast	Additional costs & excess inventory

Continuing shifts in the market provide opportunities



	Growth online – but stores back at the centre	Smaller formats	Discounters on the rise	Growth in DIFM and services
Long term shifts	Rapid and accelerating	Gradual shift	Gradual shift	Gradual shift
COVID impact	Massive surge		Uncertainty and downturn favours discounters	Less DIFM

Customers share some needs – but are not ‘one’

Category examples

Category	**Similar** needs and behaviours	**Differences** across markets
	▪ Painting missions ▪ Types of paint and finishing ▪ Purchasing criteria	▪ Painting frequency and budgets ▪ Colour preferences ▪ Brands bought
	▪ Heating needs and usage	▪ Heating energy sources ▪ Heating systems & equipment ▪ Brands bought
	▪ Types of tools and usage ▪ Purchasing criteria ▪ Brands bought	▪ Purchasing channel preferences

Distinct banners addressing diverse customer needs

General Home Improvement

	B&Q	castorama	castorama	BRICO DEPOT	Koçtaş	Koçtaş Fix
Average store size	7,500 sqm	12,400 sqm	8,700 sqm	7,200 sqm	5,500 sqm	300 sqm
Average # SKUs	20-40k SKUs	40-50k SKUs	40-50k SKUs	15-20k SKUs ↑	35k SKUs	5k SKUs

Trade-focused

	SCREWFIX	TRADE POINT (*Located within B&Q stores*)
Average store size	65 sqm	50-100 sqm
Average # SKUs	10-35k SKUs	1-2k SKUs

Discounter

	BRICO DEPOT	BRICO DEPOT
Average store size	6,900 sqm	6,300 sqm
Average # SKUs	10-15k SKUs	15-17k SKUs

Note: Koçtaş is Kingfisher's 50% JV in Turkey

Our strategic direction

Kingfisher banners are not the same. This is a strength

They address diverse customer needs, operate different models and will have a clear positioning and plan

We will 'power' these banners as a Group

The role of the Group is to enable our banners to serve their customers better

A clear vision to build customer propositions for the future

E-commerce with stores at the centre, more compact stores, OEB-led differentiation, a mobile-first experience and a compelling services offer are at the heart of this vision

A balanced local-group operating model and agile culture

We will build a culture led by trust. We will adopt a 'done is better than perfect' mindset to test and learn

We will lead the industry with our Responsible Business practices

Simpler and leaner

This means doing less, landing it faster, reducing our costs and inventory

Kingfisher banners are not the same
This is a strength

Strong and distinct banners

A simplified and balanced local-group operating model

‘Powered by Kingfisher’

Each banner has a clear positioning – and set of priorities

B&Q / TRADE POINT

- Accelerate e-commerce
- Strengthen ranges and relaunch installations
- Trial smaller formats and adapt store footprint
- Relaunch TradePoint

SCREWFIX

- Maximise market share in UK & Ireland
- Lead the market on future customer propositions
- Expand internationally
- Accelerate e-commerce

BRICO DEPOT

- Reignite the discounter DNA
- Rejuvenate the Brico Dépôt brand

castorama

- Focus and fix: team structure, IT & availability
- Accelerate e-commerce
- Strengthen ranges and be recognised for select projects
- Reduce costs & inventory

castorama

- Accelerate e-commerce
- Continue to expand store network
- Lead the market on concepts and innovation

BRICO DEPOT

- Extend range, improve trading and services
- Improve availability
- Finish integration with Praktiker: HQ, logistics

BRICO DEPOT

- Accelerate e-commerce
- Build on discounter DNA
- Strengthen range with locally relevant products
- Trial compact store formats

We will ‘power’ these banners as a Group

Strong and distinct banners

A simplified and balanced local-group operating model

Group ‘Sources of Power’

* E-commerce, digital journey, data, store concepts, services and service platforms, supply chain

'Powered by Kingfisher' – Group priorities

Focus and Fix

2020

(see slide 8)

Simplify and Grow

2020 & onwards

- Move to **balanced, simpler** local-group operating model with an **agile** culture
- Grow **e-commerce** sales
- Build a **mobile-first**, **service orientated** customer experience
- Differentiate and grow through **own exclusive brands** (OEB)
- Test compact **store concepts** and adapt our **store footprint**
- **Source and buy** better, reduce our **costs** and our **inventory**
- Lead the industry in **Responsible Business** practices

A clear vision to build customer propositions for the future

Grow e-commerce sales

- Shift to store picking and fulfilment
- Develop innovative last mile delivery
- Prioritise rollout of Group e-commerce stack
- Explore marketplace model

Build a mobile-first, service-orientated customer experience

- Deliver a compelling services offer
- Explore service platforms
- Lead with mobile
- Leverage customer data and analytics

Differentiate and grow through OEB

- Prioritise OEB vs. unification
- Deliver value-for-money OEB
- Align OEB portfolio to banner propositions

Test compact store concepts and adapt our store footprint

- Invest in high-ROI new store opportunities
- Trial compact store concepts
- Evolve our big-box format
- Extend partnerships

Simpler and leaner

1 Cost programme

- Further GNFR savings
- Shared services
- Store operating efficiencies
- Lease renegotiations
- Supply chain optimisation
- Simplify organisation

2 Buying & sourcing

- Strategic partnerships with top 20-30 brands
- OEB sourcing optimisation and value engineering
- Reduction of clearance

3 Inventory reduction

- Better planning and forecasting
- Consolidation of slow-moving product stock
- Alignment of display stock with sales velocity

Lead the industry in 'Responsible Business' practices

'Forest positive'

We will help tackle climate change & create more forests than we use

'Forest positive' by 2025 through reforestation[1]

Greener, healthier homes

We help make greener, healthier homes affordable

50% of sales from sustainable products

Fix bad housing

We will fight to fix bad housing

Help over 1 million people by 2025 whose housing needs are greatest

Inclusivity

We will be an inclusive company

5 million hours of learning by 2025 through our 'skills for life' programme

Responsible Business fundamentals

Governance and ethics	Responsible sourcing	Chemicals	Waste & recycling	Colleague health, safety & well-being

(1) Reforestation from 2021

COVID-19 reinforces our strategic direction and pushes us to be bolder

Better value, more local, new needs

- Downturn will drive greater focus on value for money – use **power of OEB** and reignite **discounter model (Brico Dépôt)**
- Stay and work from home: **new Home Improvement projects**
- **Local banners** responding to local needs
- Being a **responsible business** even more important

E-commerce – with store at the centre

- Radical acceleration of **shift online** - click & collect and home delivery
- **Stores at the centre** for both

Lean, agile, focused

- Keep the **speed and agility from the COVID-19 crisis**. 'Done is better than perfect' & 'test and learn'
- **Banners empowered** for greater agility
- Significant **cost reduction**: acceleration of existing plans plus new 'forced experiments'
- **Focus investments** on clear priorities

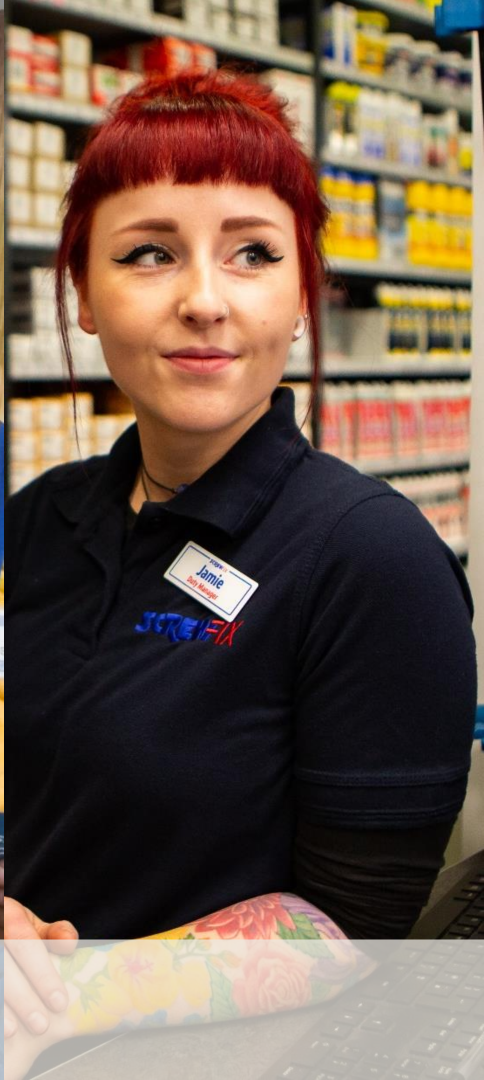
Committed to returning Kingfisher to growth

Immediate priority	→	**Manage impact of COVID-19 on our business and financial performance**

Ongoing financial priorities	▪ Prioritise sales growth in all retail banners ▪ Drive benefits from buying, sourcing and product development ▪ Reduce costs ▪ Focus on growing retail profit ▪ Reduce ‘same-store’ inventory
Medium term capital allocation	▪ Invest capital subject to strict returns criteria ▪ Maintain investment grade credit rating; medium term target range of 2.0-2.5x net debt/EBITDA ▪ Recognise importance of dividends to shareholders; intend to consider future dividend payments with a clearer view of COVID-related impacts on the business

Summary

- Top priority is managing the impacts of COVID-19
- A clear new strategic direction – **‘Powered by Kingfisher’**
  Distinctly positioned banners ‘powered’ by the Group
- A strong new team
- Operating with new standards of execution discipline
- Actions delivering early results but there is much to do
- Committed to returning Kingfisher to growth

Q&A

Cautionary note regarding forward looking statements

Certain information contained in this presentation 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 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, changes in tax rates, liquidity, prospects, growth and strategies, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises, outbreaks of contagious disease or environmental disaster. By their nature, forward-looking statements involve inherent 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. For further information regarding risks to Kingfisher’s business, please consult the risk management section in the company’s Annual Report (as published). 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 new information, or change in circumstances or in the Company’s expectations.

ADR programme

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

Symbol	KGFHY
CUSIP	495724403
Ratio	1 ADR : 2 ORDs
Country	United Kingdom
Effective Date	Jan 01, 1986
Underlying SEDOL	3319521
Underlying ISIN	GB0033195214
Depositary	Citi

Benefits of ADRs to U.S. investors:

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

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Appendices

UK & Ireland – mixed performance in a challenging market

UK & Ireland	FY 19/20	FY 18/19	*% chg[1]*
Sales (£m)	**5,112**	5,061	*+1.0%*
RP (£m)	**499**	498	*+0.3%*
LFL (%)	**(0.3)%**	(0.8)%	
Gross margin (%)			*Flat*
RP margin (%)	**9.8%**	9.8%	*(10)bps*

B&Q

- LFL (2.9)%
  - Discontinuation of installation services (c.-1.5% LFL impact)
  - Surfaces & décor and kitchens disruption (c.-2% LFL impact)
  - E-commerce sales +17%[1]; 6% of sales
- Gross margin impacted by clearance
- Costs down - wage inflation and higher digital costs offset by lower transformation costs

Screwfix

- LFL +5.0%
  - Targeted investment in price; continuing to gain market share
  - E-commerce sales +17%[1]; 33% of sales
- Opened 59 new stores, including 4 stores in the Republic of Ireland
- Costs up - new stores, wage inflation and higher digital costs partly offset by cost control and lower transformation costs

Kingfisher

RP = retail profit
(1) Variance in constant currency

France – disappointing performance overall but better Q4

France	FY 19/20	FY 18/19	*% chg[1]*
Sales (£m)	**4,082**	4,272	*(3.2)%*
RP (£m)	**164**	183	*(9.7)%*
LFL (%)	**(3.2)%**	(3.7)%	
Gross margin (%)			*+40bps*
RP margin (%)	**4.0%**	4.3%	*(30)bps*

Castorama France

- LFL (3.3)%, reflecting
  - Lower promotional activity (c.-1% LFL impact)
  - Transformation-related disruption (c.-2% LFL impact)
  - E-commerce sales +11%[1]; 2% of sales
- Gross margin % impacted by logistics & stock inefficiencies
- Costs down - largely reflects store closures and staff reductions in addition to lower transformation costs

Brico Dépôt France

- LFL (3.1)%
  - Overall reduction in promotional activity ('arrivages') (c.-3% LFL impact)
  - E-commerce sales +23%[1]; 2% of sales
- Gross profit[1] and gross margin % up
- Costs up - largely reflecting higher digital costs

RP = retail profit
(1) Variance in constant currency

Poland – LFL growth in a softer market; Romania – in transition

Poland	FY 19/20	FY 18/19	*% chg(1)*
Sales (£m)	**1,461**	1,431	*+4.0%*
RP (£m)	**151**	167	*(7.7)%*
LFL (%)	**+1.6%**	+1.7%	
Gross margin (%)			*(100)bps*
RP margin (%)	**10.4%**	11.7%	*(130)bps*

Romania	FY 19/20	FY 18/19	*% chg(1)*
Sales (£m)	**216**	210	*+6.1%*
RL (£m)	**(23)**	(16)	*n/a*
LFL (%)	**+8.8%**	+0.2%	

Castorama Poland

- Solid LFL sales performance; impacted by Sunday trading restrictions (c.-1%), softer market (c.-1%) and disruption from implementation of new ranges
- E-commerce sales[1] +37%; 2% of total sales
- Gross margin decline largely due to higher promotional activity in response to softer market
- Cost increase reflects wage inflation, higher digital costs and pre-opening costs (4 new stores), partly offset by lower transformation costs

Brico Dépôt Romania

- Good LFL sales performance reflecting improved and expanding ranges
- Losses driven by former Praktiker stores and transformation costs
- All Praktiker stores now rebranded to Brico Dépôt

RP = retail profit; RL = retail loss
(1) Variance in constant currency

Net debt to EBITDA

£m (unless otherwise stated)	FY 19/20	FY 18/19[1]
Retail profit	786	824
Central costs	(62)	(69)
Depreciation and amortisation	545	535
EBITDA	**1,269**	**1,290**
Cash & cash equivalents[2]	195	229
Borrowings & other	(158)	(145)
Net financial cash	**37**	**84**
IFRS 16 lease liabilities[3]	(2,563)	(2,626)
Net debt	**(2,526)**	**(2,542)**
Net debt to EBITDA	**2.0x**	**2.0x**

- Lower end of target range of 2.0-2.5x net debt to EBITDA
- Overall net cash position excluding lease liabilities under IFRS 16

(1) The Group adopted IFRS 16 'Leases' on 1 February 2019 on a fully retrospective basis, resulting in the restatement of comparatives for FY 18/19. Refer to note 13 of the full year condensed financial statements (in part 2 of the FY 19/20 RNS announcement) for detailed restatement tables and associated commentary
(2) FY 19/20 includes Russia cash & cash equivalents held for sale of £6m
(3) FY 19/20 includes Russia lease liabilities held for sale of £36m

FY 19/20: reallocation of costs

£m	FY 19/20	Reallocation of costs		FY 19/20
	Pre-reallocations	Central support	Transformation P&L	As reported
UK & Ireland	**501**	**14**	**(16)**	**499**
France	**168**	**3**	**(7)**	**164**
Poland	165	(13)	(1)	151
Romania	(15)	(3)	(5)	(23)
Iberia	3	(1)	-	2
Russia	(12)	-	-	(12)
Screwfix Germany	(4)	-	-	(4)
Turkey[(1)]	9	-	-	9
Other International	**146**	**(17)**	**(6)**	**123**
Retail profit	**815**	**-**	**(29)**	**786**
Central costs	(54)	-	(8)	(62)
Share of JV interest and tax	(7)	-	-	(7)
Transformation P&L costs	(37)	-	37	-
Operating profit (before exceptional items)	**717**	**-**	**-**	**717**
Net finance costs (before exceptional items)	(173)	-	-	(173)
Adjusted pre-tax profit	**544**	**-**	**-**	**544**
Exceptional items	(441)	-	-	(441)
Statutory pre-tax profit	**103**	**-**	**-**	**103**

(1) Koçtaş, Kingfisher's 50% JV in Turkey

FY 18/19: restated comparatives for reallocation of costs

£m	FY 18/19 IAS 17 basis	Impact of IFRS 16(1)	FY 18/19 As previously reported	Reallocation of costs Central support	Reallocation of costs Transformation P&L	FY 18/19 Restated
UK & Ireland	**399**	**131**	**530**	**13**	**(45)**	**498**
France	**209**	**12**	**221**	**-**	**(38)**	**183**
Poland	181	4	185	(10)	(8)	167
Romania	(15)	6	(9)	(2)	(5)	(16)
Iberia	1	5	6	(1)	(3)	2
Russia	(12)	8	(4)	-	(1)	(5)
Screwfix Germany	(16)	2	(14)	-	-	(14)
Turkey(2)	6	3	9	-	-	9
Other International	**145**	**28**	**173**	**(13)**	**(17)**	**143**
Retail profit	**753**	**171**	**924**	**-**	**(100)**	**824**
Central costs	(49)	-	(49)	-	(20)	(69)
Share of JV interest and tax	(4)	(1)	(5)	-	-	(5)
JV FX on lease liabilities	-	(3)	(3)	-	-	(3)
Transformation P&L costs	(120)	-	(120)	-	120	-
Operating profit (before exceptional items)	**580**	**167**	**747**	**-**	**-**	**747**
Net finance costs	(7)	(173)	(180)	-	-	(180)
Add back: FX on lease liabilities	-	7	7	-	-	7
Adjusted pre-tax profit	**573**	**1**	**574**	**-**	**-**	**574**
Exceptional items	(251)	(16)	(267)	-	-	(267)
FX on lease liabilities	-	(7)	(7)	-	-	(7)
Statutory pre-tax profit	**322**	**(22)**	**300**	**-**	**-**	**300**

Kingfisher

(1) The Group adopted IFRS 16 'Leases' on 1 February 2019 on a fully retrospective basis, resulting in the restatement of comparatives for the six months ended 31 July 2018 and year ended 31 January 2019

(2) Koçtaş, Kingfisher's 50% JV in Turkey