

Kingfisher plc

FCA moratorium on publication of preliminary financial statements; updates on Q4 19/20, current trading and COVID-19

Kingfisher plc ('Company' or 'Kingfisher') announces today that it will be complying with the Financial Conduct Authority's (FCA) strong request to all listed companies to delay the publication of preliminary financial statements for at least two weeks. A link to the FCA's announcement is included for reference: <https://www.fca.org.uk/news/statements/fca-requests-delay-forthcoming-announcement-preliminary-financial-accounts>.

Kingfisher was one of a number of companies due to announce final results to have received a letter from the FCA on Sunday 22 March. The letter requested a delay to the forthcoming announcement of our preliminary financial statements for the year ended 31 January 2020, scheduled to be announced on Tuesday 24 March.

Further updates will be given as to the timing of the publication of our FY 19/20 results, as soon as we are advised by the FCA.

Given the above, we are providing updates today on how we are managing the impacts of COVID-19, along with our Q4 and FY 19/20 sales, FY 19/20 final dividend, and current trading.

Unaudited Q4 and FY 19/20 sales update to 31 January 2020

	Sales FY 2019/20	% Total Change 2019/20	% Total Change 2019/20	% LFL ⁽¹⁾ Change 2019/20	% LFL ⁽¹⁾ Change Q3 YTD	% LFL ⁽¹⁾ Change Q4
	£m	Reported	Constant currency	Constant currency	Constant currency	Constant currency
UK & Ireland	5,112	+1.0%	+1.0%	(0.3)%	(0.8)%	+1.3%
- B&Q UK & Ireland	3,284	(3.1)%	(3.1)%	(2.9)%	(3.3)%	(1.6)%
- Screwfix	1,828	+9.4%	+9.4%	+5.0%	+4.6%	+5.9%
France	4,082	(4.5)%	(3.2)%	(3.2)%	(5.0)%	+3.3%
- Castorama	2,145	(4.5)%	(3.3)%	(3.3)%	(4.9)%	+2.5%
- Brico Dépôt	1,937	(4.4)%	(3.1)%	(3.1)%	(5.1)%	+4.3%
Other International	2,319	(1.4)%	(0.2)%	(0.8)%	(1.1)%	-
- Poland	1,461	+2.1%	+4.0%	+1.6%	+1.1%	+3.4%
- Romania	216	+2.6%	+6.1%	+8.8%	+8.7%	+9.0%
- Iberia ⁽²⁾	326	(5.9)%	(4.7)%	(4.7)%	(5.1)%	(3.2)%
- Russia	311	(11.6)%	(13.9)%	(10.8)%	(9.8)%	(13.9)%
- Screwfix Germany	5	n/a	n/a	n/a	n/a	n/a
Total Group	11,513	(1.5)%	(0.8)%	(1.5)%	(2.4)%	+1.7%

Commentary

- FY 19/20 total sales -0.8% in constant currency; LFL -1.5%
- Q4 19/20 LFL +1.7%, reflecting operational improvements in France and the implementation of a new trading approach across the Group, including reintroducing trading events
 - Improved sales trend in all core retail businesses in the quarter
 - In the UK, early results from price investment at Screwfix

- In France, sales performance vs market⁽³⁾ improved. In February, we performed slightly better than the market, reflecting operational improvements, better store availability, and a new trading approach
- In Poland, improved LFL despite softer market

Cash and net debt

As at 31 January 2020, Kingfisher had cash and cash equivalents of £195 million. Kingfisher has limited borrowings (including financing derivatives), totalling £158 million as at 31 January 2020. Total net debt for the Company, including £2,563 million of lease liabilities under IFRS 16, was £2,526 million as at 31 January 2020.

We drew down on our two Revolving Credit Facilities (RCFs) totalling £775 million on 17 March 2020. Our RCFs expire in March 2022 (£225 million) and August 2022 (£550 million). The Group confirms that for the year ended 31 January 2020, it had significant headroom in relation to its interest cover covenant and that it complied with key terms on its RCFs.

As at 20 March 2020, Kingfisher had cash and cash equivalents of c.£1.1 billion.

FY 19/20 final dividend

In light of the unprecedented uncertainty caused by COVID-19, the Board will not propose a final dividend in relation to FY 19/20. The Board recognises the importance of dividends to shareholders and intends to consider the appropriateness, quantum and timing of an interim dividend payment for FY 20/21 when it has a clearer view of the scale and duration of the impact of COVID-19 on the business.

COVID-19 response

Following on from our announcement on 16 March 2020, regarding the impact of the COVID-19 pandemic on our business, the following update is provided.

Managing operational and financial risk

Kingfisher's central and retail business crisis committees continue to confer daily to monitor and manage risks and impacts of COVID-19. We have also increased IT security measures across the Group.

Kingfisher continues to closely monitor the financial impact of COVID-19 and has launched multiple cash flow mitigation actions.

Colleagues and customers

Kingfisher is committed to supporting local authorities and governments to managing the COVID-19 pandemic.

As further government guidelines are released, we continue to implement additional actions to protect the health and safety of our employees. Social distancing and other measures are being rolled out across our stores and corporate offices, along with extensive work from home arrangements where appropriate.

Supply chain and availability

Kingfisher has global sourcing offices in China, other Asian countries and Europe. Approximately 25% of our total annual cost of goods sold (COGS) are directly sourced from Asia. We also source from Eastern and Western Europe as part of our supply chain.

In China, nearly all our vendors' factories have reopened, with capacity starting to rebuild. Over 85% of placed orders have a less than 4-week delay against their original schedule. In

Europe, vendor factories in Italy have either closed or are expected to soon close, following the recent announcement by the Italian government. In addition, there is uncertainty over how goods can be transported within the wider region. We are closely engaging with our suppliers in this regard.

The overall risk to product availability is currently considered to be manageable.

Temporary store closures

We are focused on making sure that we can continue to serve our customer's essential needs in our markets as effectively as possible, while protecting the health and security of all. The status in each of our markets is as follows:

- **France.** Following several government decisions in France, while Kingfisher's stores in France have been declared 'essential' (and therefore eligible to remain open), we decided to close temporarily all our 221 stores from 15 March in order to comply with the 15-day confinement period announced by the French government. Our e-commerce websites remain open for home delivery across France. In addition, from today, a large number of our stores will start to offer click & collect services via 'drive-through', as we operate as best we can to serve the essential needs of our communities.
- **Spain.** All 28 stores in Spain have also closed until and including Sunday 29 March, following the government's declaration of a 2-week state of emergency.

Our stores in the UK remain open, serving the needs of our communities for electricity, heating, plumbing and other home essentials. We are putting measures in place to ensure we can run stores safely, for customers and our people, including restricting the number of people in store at any one time, reducing store opening hours, strict social distancing rules, and protective measures at checkouts. In addition, we are boosting our online home delivery and click & collect capacity, including via a new 'drive-through' option to enable customers to collect their purchases whilst minimising contact.

As of 22 March, all our stores in Ireland, Poland, Romania, Portugal and Russia remain open, with similar measures as in the UK.

Current trading since 1 February 2020

Trading since 1 February up to 14 March (before any COVID-related store closures) continued the positive trends we saw in Q4 19/20. In February 2020, Group LFL sales were +7.6%, or +2.3% excluding the leap year impact.

In the first two weeks of this month (up to and including 14 March) Group LFL sales continued to be positive, with growth across all businesses within our core markets, strongly supported by e-commerce sales.

In the third week of March, the UK continued to be positive, France was severely impacted by the closure of all its stores and Poland experienced weak footfall and sales. Sales in our online channel have grown significantly in recent weeks and we are boosting our e-commerce capacity in all markets to meet this demand.

Sales: 7 weeks to 21 March 2020 (unaudited)	% LFL⁽¹⁾ Change Feb 2020	% LFL⁽¹⁾ Change Mar 2020 week 1⁽⁶⁾	% LFL⁽¹⁾ Change Mar 2020 week 2⁽⁶⁾	% LFL⁽¹⁾ Change Mar 2020 week 3⁽⁶⁾
	Constant currency	Constant currency	Constant currency	Constant currency
UK & Ireland	+6.2%	+2.1%	+8.6%	+37.7%
France	+8.6%	(0.2)%	+5.6%	(97.2)%
Poland	+11.1%	+3.6%	+3.7%	(21.7)%
Romania	+16.4%	+9.1%	(1.3)%	(4.8)%
Total Group⁽⁴⁾ excl. leap year	+2.3%	+1.5%	+6.6%	(22.8)%
Total Group⁽⁴⁾ incl. leap year	+7.6%			
E-commerce sales⁽⁵⁾	+29.9%	+23.1%	+26.3%	*

* E-commerce sales for week 3 in March not yet available.

Thierry Garnier, CEO of Kingfisher said:

“We are committed to supporting our communities and governments to manage the COVID-19 pandemic. We are very conscious of the anxiety that the outbreak is causing for our colleagues and customers and we’ll do everything we can to support them. At the same time, we are working hard to minimise the impact on our business and financial performance.

“Since joining the business in late September 2019 my priorities have been to build the executive team, stabilise our operational performance and prepare a new plan. We have a strong new team in place. We ended FY 19/20 in better shape after a challenging first nine months, returning the Group to positive like-for-like sales growth in Q4 as well as for the start of FY 20/21.

“These are unprecedented times. We’ll get through them and, when we do, we are as a team committed to returning Kingfisher to growth.”

Footnotes

(1) 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.

(2) Brico Dépôt Spain & Portugal.

(3) Based on Banque de France data for DIY retail sales (non-seasonally adjusted).

(4) Total Group including Iberia and Russia.

(5) E-commerce sales change includes UK & Ireland, France and Poland, and the benefit from the leap year.

(6) March weekly sales figures are for Sunday-to-Saturday weeks from 1 March 2020. The figures are provisional, and exclude certain non-cash accounting adjustments relating to revenue recognition.

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About Kingfisher plc

Kingfisher plc is a home improvement company with over 1,350 stores in nine countries across Europe. We employ 77,000 people and nearly six million customers shop in our stores and through our websites and apps every week.

Our purpose at Kingfisher is to make home improvement accessible to 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 at a time when the Company's accounts are not yet finalised and the Company is still preparing its financial results for the full year ended 31 January 2020. 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. It has been necessary to make an announcement in response to the COVID-19 pandemic health crises causing countries in which the Group operates to react in ways that impact the freedom of movement of citizens and changing normal working, living and supply and demand patterns. 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 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.