

Kingfisher plc

COVID-19 update

Kingfisher plc ('Company' or 'Kingfisher') is providing an update today on the impact of the COVID-19 pandemic on its business, along with the measures it is taking to actively manage the risks to its customers, colleagues and operations.

Thierry Garnier, CEO of Kingfisher said:

"We are committed to supporting local authorities and governments to limit the spread of the virus, and the health and safety of our colleagues and customers remains our top priority. Our teams are also evaluating the best ways to satisfy emergency needs in our markets, particularly for electricity, heating and plumbing.

"While significant uncertainty exists around the impact of COVID-19, we are taking immediate and significant measures to contain our costs and protect our financial position. We have a strong balance sheet, with significant liquidity headroom and limited financial debt."

Risk management

Following the outbreak in Asia, the Company formed a central committee to monitor and manage risks. It also established committees in all its retail businesses. These committees continue to monitor closely the impact on all areas of our business, as well as ensuring publicly available advice is followed and that appropriate safeguards are quickly implemented. From the start of the outbreak, the Company has taken measures to protect its colleagues and customers, to limit the impact on profitability and to preserve financial flexibility.

Colleagues and customers

We are committed to supporting local authorities and governments to limit the spread of the virus, and the health and safety of our colleagues and customers remains our top priority.

We have implemented a series of actions to protect the health and safety of our employees, including restricting travel and meetings, the adoption of flexible working arrangements for colleagues, and the recommendation to colleagues and customers to follow specific health protection protocols. Contingency plans have been drawn up to ensure continuity of customer service in stores and in head offices, including encouraging work from home where appropriate.

Supply chain and availability

The Company 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 the Far East. We also source from Eastern and Western Europe, including Italy (c.4% of COGS), as part of our supply chain.

In China, over 95% of our vendors' factories have reopened, with capacity starting to rebuild. In addition, approximately two thirds of our outdoor and seasonal product orders were shipped before Chinese New Year. At this moment over 85% of placed orders have a less than 4-week delay against their original schedule. In Italy, while nearly all of our vendor factories remain open to date, uncertainty remains over how goods can be transported from the region.

Our Group Offer and Sourcing team is working with our retail business' supply chain teams to prioritise their sourcing requirements. While we recognise there will be delays to the supply of goods, the risk to product availability is currently considered to be manageable. Our net

inventory at the end of February was £2.6bn and stock availability across our core markets remains high.

Sales and demand

Up to Saturday 14 March we have experienced no impact on demand from COVID-19. 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 Saturday 14 March) Group LFL sales continued to be positive, with growth across all businesses within our core markets, strongly supported by e-commerce sales.

However, there is significant uncertainty on sales and demand as the outbreak spreads, and as central governments and businesses take action to contain and delay its impact.

Following the announcement by the French government on Saturday 14 March to close all non-essential places used by the public, effective from midnight on Sunday 15 March, all 221 of Kingfisher's Castorama and Brico Dépôt stores in France have closed until and including Tuesday 14 April.

In addition, 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.

We are working to mitigate the implications of these closures, including via alternative routes to continue serving customers (e.g. via click & collect or home delivery).

Kingfisher's remaining 1,100+ stores across the United Kingdom, Ireland, Poland, Romania, Portugal and Russia remain open.

Financial planning

Given recent government actions and the heightened impact and uncertainty of changes in the magnitude, duration and geographic reach of COVID-19, we are not yet able to predict the impact of COVID-19 on our 2020/21 full year results.

The Company has modelled the impact of various downside scenarios on the business. We are managing the business to protect profitability and are taking immediate and significant actions to reduce costs and optimise our cash flow and liquidity. These include reducing operating expenditures, reducing stock and goods not for resale (GNFR) purchases, taking actions to optimise working capital, stopping all but essential capital expenditure, and making use of tax payment and other government relief measures.

The Company has significant financial headroom. As at 31 January 2020, Kingfisher has cash and cash equivalents of £195m (as at 13 March 2020: £250m). In addition, the Company has access to two undrawn Revolving Credit Facilities (RCF) totalling £775m provided by major banks. The Company can draw down on these facilities for renewable periods of one, two, three, four, five or six months or any other agreed period to the expiry date of the agreement; March 2022 (£225m RCF) and August 2022 (£550m RCF). The Company 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 RCF.

In total, the Company has £1,025m in total liquidity immediately available.

The Company has limited financial debt, totalling £136m as at 31 January 2020. Total net debt for the company, including £2,563m of lease liabilities under IFRS 16, was £2,526m as

at 31 January 2020, with a net debt to EBITDA ratio of 2.0 times (at the lower end of the Company's target ratio of 2.0 to 2.5 times).

Further updates will be given as soon as we have greater visibility on external developments and the impact on our trading.

The Company plans to deliver its 2019/20 full year results as scheduled on 24 March 2020, with a live webcast-based results presentation for analysts and investors at 09.00 (UK time). This is subject, however, to the potential for further COVID-19-related decisions of the governments of the states in which we operate between the 16 and 23 March 2020.

Contacts

	<u>Tel:</u>	<u>Email:</u>
Investor Relations	+44 (0) 20 7644 1082	investorenquiries@kingfisher.com
Media Relations	+44 (0) 20 7644 1030	corpcomms@kingfisher.com
Teneo	+44 (0) 20 7420 3184	Kfteam@teneo.com

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.