KINGFISHER PLC FULL YEAR RESULTS

12 months to 31 January 2021

22 March 2021

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Operational & strategic update

Thierry Garnier
Chief Executive Officer

Welcome & agenda

Thierry Garnier (CEO): Operational & strategic update

Market drivers & trends
-
Our progress in FY 20/21
-
Clear strategy and actions to drive share growth
-
Group financial priorities and drivers

Bernard Bot (CFO): FY 20/21 results

Performance overview
-
Cash, debt and liquidity
-
Outlook and FY 21/22 guidance

Key messages

- The home improvement market is attractive and resilient, with supportive new longer-term drivers
- Market trends offer us opportunities
- We are emerging from the COVID crisis stronger
- We are making progress fixing issues from previous years
- Our new strategy is delivering – empowered banners supported by the Group’s scale, strength and expertise
- Clear financial priorities and drivers

Strong financial progress in FY 20/21

- Total sales: £12.34bn, +6.8%[(1)] (LFL +7.1%)
- Clear improvements in competitive position in all key markets
- Strong current trading momentum: Q1 21/22 Group LFL +24.2% (to 18 March 2021)
- Adjusted PBT: £786m, +44%
- Free cash flow: £938m, +391%
- Resuming dividends: proposed total DPS of 8.25p

(1) Variance in constant currency

Attractive market with new longer-term industry support

Market growth supported by structural drivers

Provides relatively high margins vs. other retail industries

Resilient against e-commerce pureplay competitors

Proven to be robust through economic downturns

COVID has established new longer-term industry support

- More working from home
- Home as a ‘hub’ & nest
- New generation of DIY’ers emerging
- Desire for increased comfort and wellness

Market trends offer us opportunities

Online with stores at the centre

Medium term shift — Rapid and accelerating

COVID impact — Massive surge

Smaller formats

Medium term shift — Gradual

COVID impact — Rising

Discounters and value for money

Medium term shift — Gradual

COVID impact — Favours discounters

‘Do It For Me’ and services

Medium term shift — Gradual

COVID impact — Resurgence of DIY

Responsible Business

Medium term shift — Gradual

COVID impact — Accelerated

Our strategic direction and key strengths

Our strategic direction

Kingfisher banners are not the same. This is a strength

A clear vision to build customer propositions

We will ‘power’ these banners as a Group

Simpler and leaner

Positioned for growth

- Access to attractive markets, with favourable drivers
- Top 2 position in all key markets (#1 in UK, Poland, Turkey)
- c.80,000 skilled and engaged colleagues
- Collective buying scale & successful own exclusive brands (44% of total sales)
- Diverse banners covering general home improvement, trade and discounting
- c.1,390 stores
- Industry-leading Responsible Business practices
- Strong e-commerce sales growth and penetration of 18%

We are emerging from the COVID crisis stronger

Roll-out of company strategy fully on track

No delay in our plans from COVID

—

Focus on speed, agility and ‘*done* is better than *perfect*’

Improved banner awareness and brand reputation

Clear reconnection with our DIY brands

—

Strong new customer growth and step change in digital adoption

Acceleration of e-commerce progress by at least two years

Rapidly implemented changes to manage high demand

—

E-commerce sales +158%; 18% penetration (FY 19/20: 8%)

Greater conviction in costs and inventory reduction

Effective cost reduction actions during the crisis

—

Average net stock days down c.10%

Leading with Responsible Business agenda

‘Doing the right thing’ by colleagues, customer & communities

—

Repaid over £1.1bn of government-supported debt and foregone c.£150m of furlough and business rates relief[(1)]

Stronger balance sheet

Net leverage of 0.9x (including leases)

—

Access to over £2.2bn in total liquidity (as at 18 March 2021)

(1) Includes £125m of business rates relief foregone in the UK and Republic of Ireland for the tax year 2020/21 (£105m in FY 20/21 and £20m in FY 21/22)

We are making progress fixing issues from previous years

1 Build the new team

Group Executive team strengthened

—

Key teams reinforced at banners

2 Rebalance local vs. Group

Completed fundamental reorganisation of commercial operating model

—

Implementing new IT & digital operating model, and Group 'Centres of Excellence'

3 Focus

Significantly reduced non-critical range reviews

—

Paused large, time-consuming projects

—

Paused SAP roll-out in Brico Dépôt France

—

Completed SAP roll-out in Castorama France, Poland and Romania

—

Exited Russia

—

Retained Iberia

4 New trading approach

Reintroduction of local ranges

—

More trading events

—

Targeted price investments

5 Fix France

Reigniting 'discounter DNA' at Brico Dépôt

—

Significant improvement in IT and supply chain operations

—

Good progress in rebuild of range – still much to do (mainly Castorama)

Clear strategy and actions to drive share growth

Our retail banners address diverse customer needs, operate different models and have a clear positioning and plan

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

Grow **e-commerce** sales

Test **compact store** concepts and adapt our **store footprint**

Differentiate and grow through **own exclusive brands (OEB)**

Lead the industry in **Responsible Business** practices

Build a **mobile-first** and **service orientated** customer experience

Source and buy better, reduce **costs** and same-store **inventory**

As a result we are seeing clear improvements in our competitive position

B&Q and TradePoint – revitalised and well positioned

Operating Drivers	Managed unprecedented demand levels; Overall improvement of stock quality
E-commerce	Group digital technology stack implemented; Implemented next day delivery from store (98% UK population); Trialling click & collect (C&C) lockers
Range	New OEB and local brands performing strongly
Customers	Strong customer growth and step change in digital adoption; Significant improvement of store customer NPS
Trading	Maintained price index significantly below competitors; Targeted and localised trading events
Mobile-first and services	Launched kitchens remote selling; Relaunched kitchen installations in all UK mainland stores; Speedy Hire (tool hire) concessions in TradePoint
Stores and expansion	Testing two new compact formats (Merton, Twickenham); Trialling concessions at ASDA; Opened two medium boxes

Proof points

LFL sales +13.0% and strong market share gains

TradePoint sales +c.11% (c.19% of B&Q sales)

Strong customer growth (+21%) and online customers +168%

E-commerce sales +117%; 10% of sales (+5ppts)

88% of online orders picked in store (+39ppts)

56 ‘digital hub’ stores

B&Q and TradePoint – 2021 focus areas

- Continued rebuild of availability ahead of peak trading periods
- Increase available range for online orders; Develop innovative last-mile delivery
- Further improve and broaden choice through brands and OEB
- Relaunch TradePoint; Launch NeedHelp in B&Q
- Test compact stores and big-box rightsizing

Screwfix – positioned for next stage of growth

Operating Drivers	
Operating Drivers	Managed significant changes to operating model during first lockdown to operate ~100% online with COVID-secure C&C
E-commerce	Expanded capacity to service extraordinary increase in website traffic
Range	Strong focus on OEB ranges
Customers	Step change in customer growth
Trading	Improved and held price index below closest competitors; Targeted and localised trading events
Mobile-first and services	>60% of e-commerce transactions from mobile in FY 20/21
Stores and expansion	30 new stores in the UK and 8 in Republic of Ireland (ROI); Trialled 'ultra-compact' format (Screwfix 'Collect' in London)

Proof points

LFL sales +6.6% and strengthened competitive position

11m customers in 2020 – 1 in 5 of UK adult population

Strong customer growth (+16%) and online customers +146%

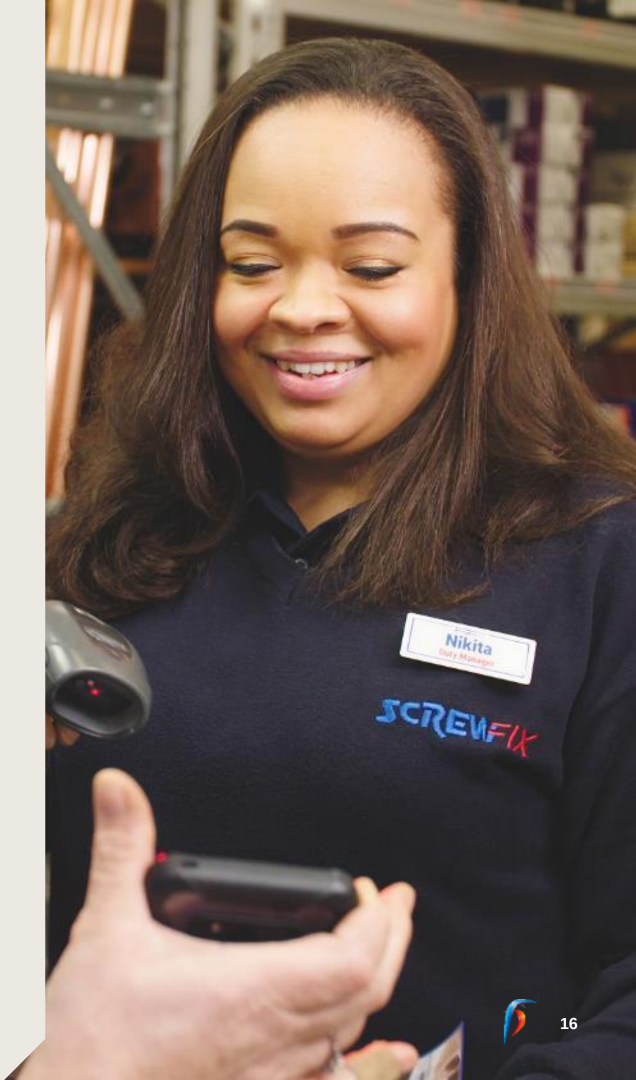
38 new stores in UK and ROI – now at 722 in total

E-commerce sales +165%; 78% of sales (+45ppts)

C&C grew from 22% to 66% of total sales

Screwfix – 2021 focus areas

- Invest in fulfilment capacity to support growth;
  Upgrade IT platform to further enhance proposition
- Rapidly roll out new Screwfix app – focused on convenient 'mobile-first' collection and last-mile delivery
- Further extensions to core ranges;
  More OEB ranges tailored to the pro
- Continued targeted price investments
- Continue store openings in the UK and accelerate ROI;
  Medium-term target of >900 stores in UK & ROI
- Commence broader international expansion in H1 21/22



Castorama France – significant progress 'repairing' in 2020

Operating Drivers	SAP 'pain points' identified and addressed
E-commerce	Group digital technology stack fully implemented; Accelerated C&C and 'delivery from store' services; Enhanced C&C 'drive-thru'
Range	Good progress in rebuild of ranges (brands and OEB); New OEB kitchens and lighting ranges implemented
Customers	Strong growth of online customers (+219%); Successful introduction of Sunday openings
Trading	Reintroduced trading events and localised offers
Mobile-first and services	Launched new website (incl. visual search) & new mobile app; Strengthened partnership with NeedHelp
Stores and expansion	6 loss-making stores closed (2 further stores to convert to Brico Dépôt in 2021); Trialling first express format

Proof points

LFL sales +6.2%; outperformed the market

Significant improvement of store & website customer NPS

c.5k new SKUs introduced

18 core SAP issues identified and addressed

E-commerce sales +187%; 5% of sales (+3ppts)

Click & collect in 2 hours & home delivery with DPD

Castorama France – 2021 focus areas

- Optimise supply chain; Continued rebuild of availability ahead of peak trading periods
- Increase available range for online orders
- Range ‘repaired’ by end of 2021;
  Further broadening of range through brands and OEB
- Focused trading events;
  Maintain strong price positioning
- Expand installation/‘handyman’ services
- Test compact stores and big-box rightsizing

Group 'powers': E-commerce

Progress in 2020

New Group digital technology stack	Digitally-enabled picking	'Digital hub' model for B&Q	Home delivery	More C&C options
supporting 500k orders per week (B&Q and Castorama France)	for all fulfilment routes (B&Q and Castorama France)	to improve home delivery efficiency (covers 98% of UK population)	expanded range & more last-mile delivery options	trialling C&C lockers; implemented 'drive-thru' and car park collections

Forward Focus

- Implementation of new **IT/digital operating model**
- Roll out of **Group digital technology stack** in Poland
- **Digitally-enabled picking** for Poland and **'digital hub'** for Castorama France
- **Extension of ranges** online and **faster home delivery**
- Explore **marketplace** model

Proof points

E-commerce sales +158%; 18% of sales (+10ppts)

Strong improvement in website customer NPS in the UK and France over FY 20/21

C&C sales +226%; 78% of e-commerce sales (+16ppts)

Reached over 1.5m orders a week in summer 2020

89% of online orders picked in store, ex-Screwfix (+32ppts)

C&C – 1 minute at Screwfix, 1 hour at B&Q and Iberia, 2 hours at Brico Dépôt France, Castorama France and Poland

Group 'powers': Own exclusive brands (OEB)

Clear purpose

Drives affordability

High functionality, innovation and differentiation

Supports Responsible Business

Growth and penetration

£5.3bn
Total OEB sales

+7.5%
Sales growth(2)

44%
of Group sales(1)

Strong growth of brand awareness in 2020

New commercial operating model driving greater focus on OEB development, sourcing and engineering

Commenced new kitchen range roll-out in 2020, supported by new overall customer experience. Strong customer satisfaction

5 leading own brands deliver 23% of Group sales

blooma | Diall | colours | Cooke & Lewis | GoodHome

Forward Focus

- Develop low-cost, high spec innovative designs
- Drive specific OEB for different formats
- Extend the ranges to support choice
- Prioritise key range reviews
- Increase speed to market

(1) FY 19/20: 44%; previously reported comparable was 39%, updated due to a definitional change
(2) OEB sales growth excludes services and Russia

Group ‘powers’: Mobile-first capabilities and services

Focus areas

- **Drive a mobile-led online customer experience**
- **Modernise the in-store experience**
- **Improve our 8 key ‘foundation services’**
- **Roll out enhanced design services**
- **Strengthen our installation capability**
- **Extend NeedHelp services platform**

needhelp

Acquisition of NeedHelp services marketplace

56%

Mobile accounts for c.56% of e-commerce orders

Trialling new self-checkout and ‘Scan & Go’ solutions

Speedy Hire concessions –
trial of new tool and equipment hire outlets within TradePoint

Relaunched kitchen installations (‘Local Plus’) in all UK mainland B&Q stores

Trialling new 3D tool for kitchen & bathroom design

Group ‘powers’: Store formats and footprint evolution

Our beliefs

Stores are a central driver of our retail and e-commerce business

Medium-box (2-6k sqm) stores are strong formats and perform well in existing banners

We have some over-spaced ‘big-box’ stores (>8k sqm) in the UK and France

Compact stores (<2k sqm) are a key enabler for market share growth in urban catchments

Partnership models can enable us to attract new customers and generate revenues

Strategic direction

Our store numbers will increase – but average store size will reduce

We are rebalancing store openings to introduce more medium-box stores

We will test & deliver rightsizings at B&Q and Castorama France

We are testing new compact stores to establish viable blueprints

We are testing shop-in-shop, concession & franchise models

Six compact store trials in 2020: B&Q express (x2), B&Q shop-in-shop at ASDA (x2), Casto Solférino (Lille), Screwfix Collect (London)

c.30% space reduction achieved at B&Q Canterbury – March 2021

Two medium boxes opened at B&Q and one in Poland in 2020

Franchise agreement with Al-Futtaim Group to expand B&Q into the Middle East

Achieved 25% rent reduction on nine B&Q leases

Group ‘powers’: Responsible Business

Colleagues

We are becoming a more inclusive company

‘Doing the right thing’ during COVID

Local and Group diversity & inclusion plans

Launched Group-wide share ownership plan

Planet

We will be ‘forest positive’ and help tackle climate change

27% reduction in Scope 1 and 2 emissions since FY 16/17

Now committed to deliver on 1.5°C climate targets to 2025 (pending SBTi approval)

Partnership with Rainforest Alliance

Customers

We help make greener, healthier homes affordable

Focus on ‘sustainable home’ OEB product development

c.40% of total Group sales now from sustainable products

Supporting government initiatives around greener homes

Communities

We will fight to fix bad housing

Strong support for local communities and healthcare authorities during COVID

New B&Q Foundation and Shelter partnership targeting to raise >£1m in 2021

New Foundations successfully launched in France, Poland and Romania

Group financial priorities

1

Prioritise top line growth and grow sales ahead of market

Clear strategy and actions to drive market share growth

—

Focused on store and website customer satisfaction

—

Attractive market with new longer-term industry support

2

Aim to grow adjusted PBT in line with sales(1) + gradually faster than sales over time

Focused on driving scale benefits and cost self-help

—

Enabling us to accelerate investment in top line growth

3

Generate strong free cash flow to underpin shareholder returns

Inventory self-help and capex discipline (capex c.3.0-3.5% of sales)

—

Progressive, sustainable dividend policy (cover 2.25-2.75x)

—

Committed to efficient capital structure while maintaining prudent position in times of uncertainty

(1) Group total sales growth and adjusted PBT growth in constant currency

Key drivers

1 E-commerce sales growth & penetration

Grow our e-commerce business and lead the industry

2 OEB sales growth

Grow OEB sales, providing differentiation, value for money, and margin

3 New compact stores

Test and roll out compact stores across our markets

4 'Big-box' rightsizings

Starting with tests at B&Q and Castorama France

5 Costs & same-store inventory reduction

Opportunity for self-help and to reverse inefficiencies

6 Responsible Business

'Forest positive' and helping to limit global warming to 1.5°C

FY 20/21 results

Bernard Bot
Chief Financial Officer

Sales		Gross profit / margin %		Retail profit / margin %		Adjusted PBT[2] / margin %	
£12,343m	7.1%	£4,573m	37.1%	£1,003m	8.1%	£786m	6.4%
6.8%[1]	*LFL*	*+6.9%[1]*	*Flat[1]*	*+27.4%[1]*	*+130bps[1]*	*+44.4%*	*+170bps*

Statutory profit		Free cash flow	Net debt	Net leverage
Pre-tax	Post-tax			
£756m	£592m	£938m	£(1,394)m[3]	0.9x
+634%	*n/a*	*FY 19/20: £191m*	*FY 19/20: £(2,526)m*	*Net debt[3] / EBITDA*

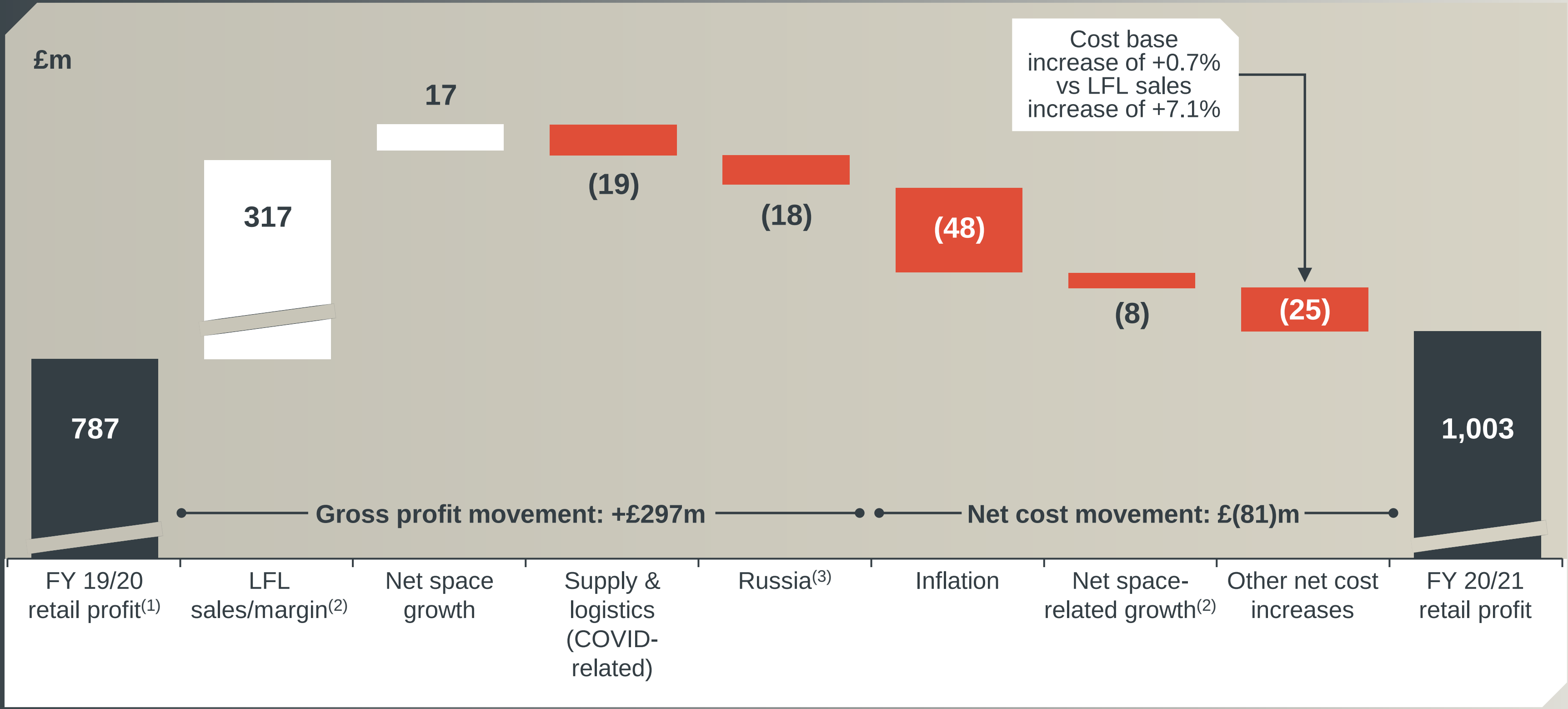
(1) Variance in constant currency
(2) Before exceptional adjusting items, related tax items and tax on prior year items
(3) Includes c.£2.4bn lease liabilities under IFRS 16 (FY 19/20: c.£2.6bn)

Geographic summary

	FY 20/21 sales			Retail profit/(loss)		Retail profit margin	
	£m	*% chg*[(1)]	% LFL	£m	% chg[(1)]	%	*bps chg*[(1)]
UK & Ireland	**5,743**	*+12.3%*	**+10.7%**	**681**	+36.3%	**11.9%**	+210bps
B&Q	3,707	*+12.8%*	+13.0%				
Screwfix	2,036	*+11.4%*	+6.6%				
France	**4,309**	*+3.2%*	**+5.1%**	**181**	+7.9%	**4.2%**	+20bps
Castorama	2,265	*+3.3%*	+6.2%				
Brico Dépôt	2,044	*+3.2%*	+3.8%				
Poland	**1,550**	*+8.0%*	**+4.9%**	**146**	(1.9)%	**9.4%**	(100)bps
Iberia	**310**	*(7.0)%*	**(7.0)%**	**3**	+62.7%	**1.2%**	+50bps
Romania	**242**	*+11.8%*	**+10.8%**	**(14)**	+38.8%	**n/a**	n/a
Turkey[(2)]	**n/a**	n/a	**n/a**	**9**	+22.4%	**n/a**	n/a
Total ex-Russia	**12,154**	*+7.8%*	**+7.4%**	**1,006**	+26.0%	**8.3%**	+120bps
Russia	**189**	*(31.8)%*	**(8.8)%**	**(3)**	+83.9%	**n/a**	n/a
Total	**12,343**	*+6.8%*	**+7.1%**	**1,003**	+27.4%	**8.1%**	+130bps

(1) Variance in constant currency
(2) Retail profit includes the equity-accounted profit of Koçtaş (Kingfisher's 50% JV in Turkey): FY 20/21: £9m (FY 19/20: £9m)

Group retail profit bridge



(1) FY 19/20 retail profit in constant currency
(2) Excluding Russia
(3) Gross profit movement only. The sale of Russia was completed on 30 September 2020

Exceptional adjusting items

£m	FY 20/21	FY 19/20	Comments
Adjusted PBT	**786**	**544**	
Transformation exceptional costs	**-**	(8)	
Store closures	**-**	(67)	
Russia & other exit costs	**(27)**	(130)	Mainly additional impairments that reflect the net proceeds from sale of Russia
Russia loss on disposal	**(49)**	-	Loss on disposal largely relating to transfer of cumulative FX losses from reserves
Store impairments / reversals	**42**	(118)	Reversal of PY impairments based on revised future store performance projections
Romania impairments	**-**	(39)	
FTA settlement and business tax	**-**	(50)	
Property disposals	**13**	15	Profit recorded on the disposal of a property in the UK
Other	**(9)**	(44)	Commercial model restructuring, partly offset by China warranty provision release
Exceptional adjusting items[1]	**(30)**	**(441)**	
Statutory PBT	**756**	**103**	

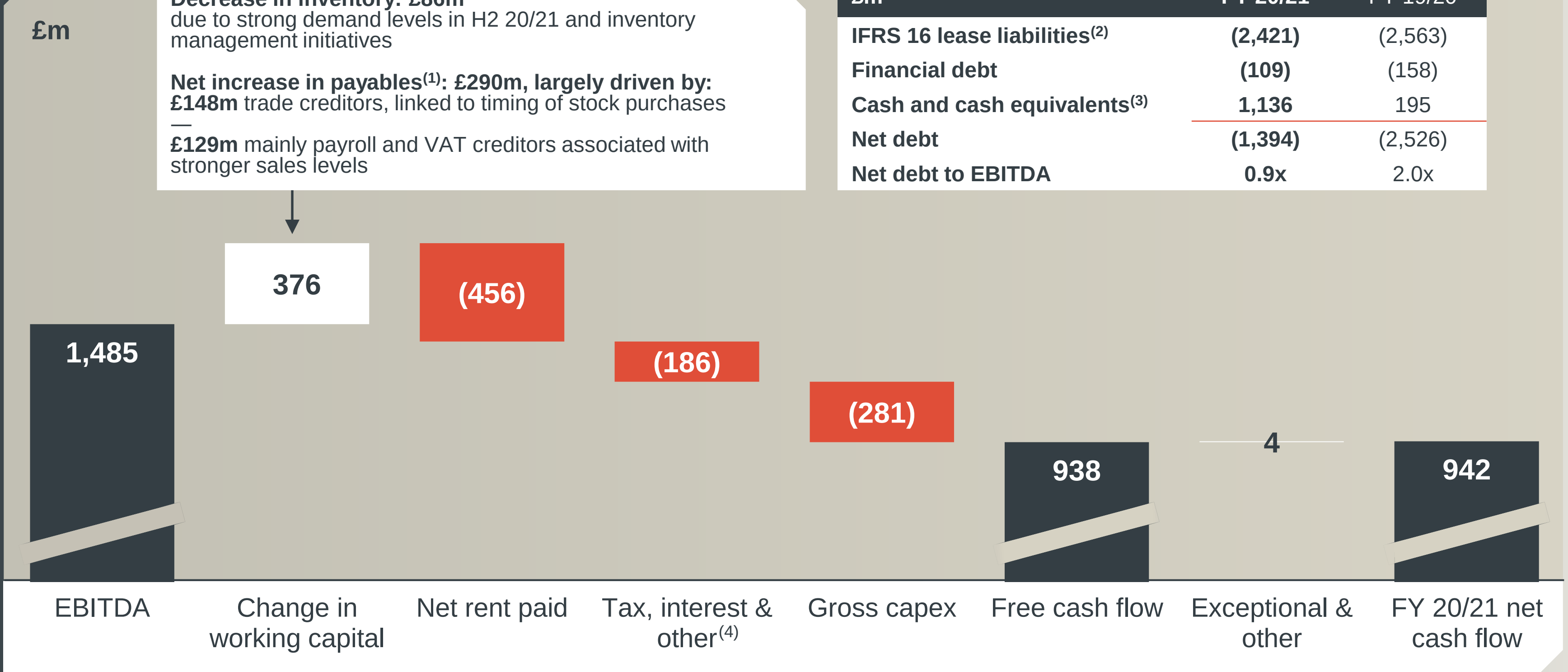
(1) Exceptional adjusting items before tax

Summary cash flows and net debt

Decrease in inventory: £86m
due to strong demand levels in H2 20/21 and inventory management initiatives

Net increase in payables[1]: £290m, largely driven by:
£148m trade creditors, linked to timing of stock purchases
—
£129m mainly payroll and VAT creditors associated with stronger sales levels

£m	FY 20/21	FY 19/20
IFRS 16 lease liabilities[2]	**(2,421)**	(2,563)
Financial debt	**(109)**	(158)
Cash and cash equivalents[3]	**1,136**	195
Net debt	**(1,394)**	(2,526)
Net debt to EBITDA	**0.9x**	2.0x



(1) Net of decrease in receivables of £12m
(2) FY 19/20 includes Russia lease liabilities held for sale of £36m
(3) Net of bank overdrafts. FY 19/20 includes Russia cash and cash equivalents held for sale of £6m
(4) 'Other' includes pensions and the add-back of non-cash share-based compensation charges

Significant liquidity headroom and solid financial position

Over £2.2bn of total liquidity as of 18 March 2021

>£1.4bn
Cash & cash equivalents

£775m
RCFs (undrawn)

Repaid in full government-supported debt in the UK (CCFF, £600m) and France (PGE, €600m)

Financial debt of £109m(1) as of 31 January 2021

Low net leverage as of 31 January 2021

Targeting solid investment grade credit rating

Net debt to EBITDA ratio of 0.9x

Below net leverage target of c.2.0x in short term to provide liquidity headroom

(1) Mainly term loans and financing derivatives. Excludes £2,421m lease liabilities under IFRS 16

Group 'powers': Costs & same-store inventory reduction

Plan to drive cost and same-store inventory reduction well under way; COVID crisis has reinforced opportunities

Cost programme

- Improve store productivity
- GNFR & shared services
- Reduce dual-running costs of Group/banners
- Supply chain efficiencies
- IT cost optimisation
- Lease renegotiations

Sourcing and buying

- Strategic partnerships with top brands
- OEB sourcing and engineering improvements
- Manage clearance levels efficiently

'Same-store' inventory reduction

- Build on significant planning and forecasting improvements
- Optimise routes to market
- Reduce slow-moving and delisted product stock

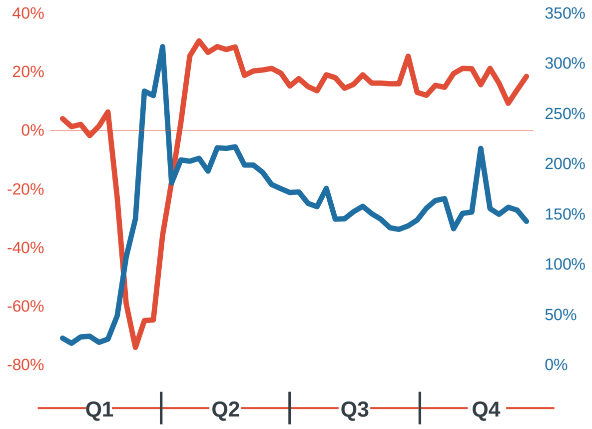
FY 20/21 proof points

FY 20/21 proof points		
Contribution to 30bps reduction in CTS %(1)	**Contribution to stable gross margin %**	**Average net stock days reduction of c.10%**

(1) Movement in costs-to-sales ratio in constant currency. Costs-to-sales ratio defined as Group operating costs (excluding depreciation and amortisation, share of JV interest & tax, and non-recurring net cost savings of c.£85m in FY 20/21) divided by total Group sales

FY 20/21 sales evolution and current trading

% sales change: 52 weeks to 30 January 2021



	Q1	Q2	Q3	Q4
Group LFL	(24.8)%	+19.5%	+17.4%	+15.5%
LFL sales weighting	18%	31%	27%	24%
E-commerce	+121%	+203%	+153%	+154%

Group LFL   E-commerce(1)

FY 20/21 started positively, reflecting early 'Focus and Fix' actions

From mid-late March 2020, significant impact of lockdown measures and voluntary closure of stores in UK & France

Sales trends improved from late April 2020 as stores reopened. Strong e-commerce growth

Strong trading through autumn/winter lockdowns

Good start to new financial year – Q1 21/22 Group LFL +24.2% (to 18 March 2021). Mindful of continued uncertainty related to COVID in continental Europe

(1) E-commerce sales change is in constant currency and covers the total Group

FY 21/22 outlook and guidance

	FY 19/20	H1	H2	FY 20/21
Group total sales	**11,513**	**5,921**	**6,422**	**12,343**
% growth (constant currency)	*(0.8)%*	*(1.1)%*	*+15.5%*	*+6.8%*
LFL %	*(1.5)%*	*(1.6)%*	*+16.6%*	*+7.1%*
2-year LFL[1] %				*+5.5%*
Adjusted PBT (as reported)	544			786
Non-recurring net cost savings[2]	-			(85)
Adjusted PBT (re-based)	**544**			**701**
Adjusted PBT (re-based) margin %	**4.7%**			**5.7%**

FY 21/22 outlook and guidance

The following guidance applies in the event of no adverse change in COVID-related confinement measures (for example, new lockdown restrictions resulting in further store closures)

H1 21/22 – expect low double-digit LFL sales growth

H2 21/22 – planning for LFL scenarios of -15% to -5% (2-year LFLs for H2 of -1% to +11%)

H2 planning scenarios reflect strong comparables and uncertainty over macro/consumer environment

Aiming to grow full year adjusted PBT **(re-based)**[3] in line with sales[4]

Strategy execution and supportive new market trends provide opportunity for long-term growth

(1) 2-year LFL is calculated by compounding current and prior year LFL growth. For example, current year LFL growth of 10% and prior year LFL growth of 5% results in 2-year LFL growth of 15.5%
(2) In line with our guidance, FY 20/21 adjusted PBT includes c.£85m of non-recurring net cost savings
(3) Re-based FY 20/21 adjusted PBT excludes c.£85m of non-recurring net cost savings
(4) Group total sales growth and adjusted PBT growth in constant currency

Summary

Thierry Garnier
Chief Executive Officer

Summary

The home improvement market is attractive and resilient, with supportive new longer-term drivers

Market trends offer us opportunities

We are emerging from the COVID crisis stronger

We are making progress fixing issues from previous years

Our new strategy is delivering – empowered banners supported by the Group’s scale, strength and expertise

Clear financial priorities and drivers

Q&A

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	1 January 1986
Underlying SEDOL	3319521
Underlying ISIN	GB0033195214
Depositary	Citi

For questions about Kingfisher ADRs, please contact Citi:

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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

FY 21/22 technical guidance

The following guidance applies in the event of no adverse change in COVID-related confinement measures (for example, new lockdown restrictions resulting in further store closures). Please also refer to the disclaimer on slide 2 for further details regarding forward-looking statements.

LFL sales outlook	**H1 21/22** – expect low double-digit LFL sales growth **H2 21/22** – planning for LFL scenarios of -15% to -5% (2-year LFLs for H2 of -1% to +11%). Range reflects strong comparable & uncertainty over the macroeconomic and consumer environment in H2
Space	Anticipate net space growth (excluding Russia) to impact total sales by c.+1.5%, largely from the UK and Poland. Total sales impact from the disposal of Russia will be c.-1.5%
Costs	**Central costs** – expected to be broadly flat year on year (FY 20/21: £54m) **COVID-related costs** – expected to be c.£10m (FY 20/21: £45m)
Net finance costs	Expected to decrease by c.£10m as a result of lower lease liability balance and lower non-lease interest (FY 20/21: £160m)
Adjusted PBT	Aiming to grow full year adjusted PBT (before c.£85 million of non-recurring net cost savings in FY 20/21) in line with sales(1)
Tax rate	Group adjusted effective tax rate expected to be c.23%(2) (FY 20/21: 23%)
Cash flow	**Capital expenditure** – targeting gross capex of up to 3.5% of total sales, including c.£70m of capex deferred from FY 20/21 (FY 20/21: £281m; FY 19/20: £342m) **Tax** – as anticipated, in February 2021 we paid c.£57m (excluding interest) to HMRC in relation to the EC state aid challenge (contested and recorded as a receivable)

(1) Group total sales growth and adjusted PBT growth in constant currency
(2) Subject to the blend of profit within the Group's various jurisdictions

UK & Ireland – continued B&Q and Screwfix strength

B&Q

LFL sales +13.0%

—

E-commerce sales +117%[1]; c.10% of sales

—

TradePoint LFL +c.11%; c.19% of sales

B&Q
TRADE POINT
SCREWFIX

Screwfix

LFL sales +6.6%

—

E-commerce sales +165%[1]; c.78% of sales

	FY 20/21	FY 19/20	% chg[1]
Sales (£m)	5,743	5,112	*+12.3%*
LFL (%)	+10.7%	(0.3)%	
Gross margin (%)			*+80bps*
Operating costs			*+7.2%*
RP (£m)	681	499	*+36.3%*
RP margin (%)	11.9%	9.8%	*+210bps*

Total UK & Ireland

Sales up 12.3%, LFL sales up 10.7% – reflecting strong trading from Q2 20/21 onwards, following the impact of COVID-related temporary store closures and disruption in Q1 20/21

—

Gross margin up 80bps[1] – largely reflecting higher full-price sales and lower clearance in B&Q, partly offset by higher supply & logistics costs in Screwfix

—

Costs up 7.2%[1] – largely due to higher staff costs, 41 net new store openings, and COVID-related costs; partially offset by temporary cost reduction measures (e.g. reduced advertising & marketing)

RP = retail profit
(1) Variance in constant currency

France – significantly improved competitive position

Castorama France

LFL sales +6.2%

—

E-commerce sales +187%[1]; c.5% of sales

Brico Dépôt France

LFL sales +3.8%

—

E-commerce sales +169%[1]; c.5% of sales

	FY 20/21	FY 19/20	% chg[1]
Sales (£m)	**4,309**	4,082	***+3.2%***
LFL (%)	**+5.1%**	(3.2)%	
Gross margin (%)			***(120)bps***
Operating costs			***(0.9)%***
RP (£m)	**181**	164	***+7.9%***
RP margin (%)	**4.2%**	4.0%	***+20bps***

Total France

Sales up 3.2%, LFL sales up 5.1% – reflecting strong trading from Q2 20/21 onwards. Eight Castorama store closures impacted total sales by c.-2%. Benefitted by c.+1% due to more Sunday trading days. Significantly improved competitive position in the market (Banque de France[2] up 6.1%) versus previous years

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Gross margin % down 120bps[1] – reflecting more trading events, upweighting of special promotions (*arrivages*), higher supply & logistics costs

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Costs down 0.9%[1] – largely due to cost saving initiatives and '*activité partielle*' relief, and the closure of eight Castorama stores. Partially offset by higher staff costs (headcount and higher frontline staff incentives & bonuses) and COVID-related costs

RP = retail profit
(1) Variance in constant currency
(2) Banque de France data for DIY retail sales (non-seasonally adjusted) for 12 months to 31 January 2021

Poland – strong sales recovery; focusing on costs

Castorama Poland

LFL sales +4.9%

—

E-commerce sales +171%[1]; c.4% of sales

	FY 20/21	FY 19/20	% chg[1]
Sales (£m)	**1,550**	1,461	***+8.0%***
LFL (%)	**+4.9%**	+1.6%	
Gross margin (%)			***(60)bps***
Operating costs			***+9.4%***
RP (£m)	**146**	151	***(1.9)%***
RP margin (%)	**9.4%**	10.4%	***(100)bps***

Castorama Poland

Sales up 8.0%, LFL sales up 4.9% – reflecting strong trading (in particular in Q2 and Q3 20/21, following COVID-related footfall declines in Q1 20/21). Space growth contributed c.3% to total sales. Three new stores opened during the year

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Gross margin % down 60bps[1] – largely reflecting mix, price positioning, and higher distribution costs

—

Costs up 9.4%[1] – largely due to space growth, wage & general inflation, higher frontline staff incentives & bonuses, and COVID-related costs; partially offset by benefit from an employment support scheme

RP = retail profit

(1) Variance in constant currency

Romania – progress made; Iberia – impacted by lockdown

Brico Dépôt Romania

Sales +11.8%, LFL sales +10.8% - driven by higher demand across all product categories and successful rebranding of former Praktiker stores to Brico Dépôt

—

Retail loss down c.40%, driven by stronger trading and lower operating costs

	FY 20/21	FY 19/20	*% chg(1)*
Sales (£m)	**242**	216	***+11.8%***
LFL (%)	**+10.8%**	+8.8%	
RL (£m)	**(14)**	(23)	***n/a***

Brico Dépôt Iberia

Sales -7.0%, LFL sales -7.0% - largely due to COVID-related temporary store closures in Spain (in H1 20/21), partially offset by a strong recovery in H2 20/21 (LFL sales +10.8%)

—

Operating costs well controlled, despite impact of lockdowns on sales

	FY 20/21	FY 19/20	*% chg(1)*
Sales (£m)	**310**	326	***(7.0)%***
LFL (%)	**(7.0)%**	(4.7)%	
RP (£m)	**3**	2	***62.7%***

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