Kingfisher plc 2019-20 full year results Q&A edited transcript - 17 June 2020

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Note: *text in square brackets indicates edits made directly by Kingfisher for clarification purposes*

RICHARD CHAMBERLAIN: Thank you very much. Morning guys. I've got three questions if that's alright.

The first one's on availability. I wonder if you can give a bit more colour on how that has improved, year to date. Maybe give some idea of what metrics you are looking at for in-store availability and some idea of further upside to come.

The second one is on the SAP rollout. I think you said you had paused it for Brico Depot, so I wondered when you anticipate finishing the global or the full rollout of SAP.

Then the third one is on Romania. It sounds like you've changed the longer-term projections and I wonder what the cost-saving from the consolidation of the two distribution centres in Romania will be this year. Thanks very much.

TG: Thank you Richard. Let me start with the two first questions and then Bernard will comment on the last one.

I would say there are two periods of time. Up to March, we clearly had a big improvement in our availability, especially in France. I think it was due to IT disruption and lack of management capability, in France, so we recruited many additional managers. We spent a lot of time and energy on that and the availability level before Covid reached back [to] about 98% for Castorama and Brico in France, and that's part of the good results of the sales in France, a clear improvement in our availability.

I think you know that our standard KPI is really our availability in stores. We usually follow the total range, or we follow the top 1,000 or top 500 best-sellers. We follow that on a weekly basis.

After Covid, we are today in a situation where we have extremely polarised demand. So, I would say our availability is well under control, but we could have, for very specific categories and for very specific markets, today some availability issues. But that's really focused on a limited number of categories.

On SAP you are right. We considered the rollout of SAP in France. It was delayed. It was late. It was facing several issues. For this reason, we have decided to pause Brico Depot for 12 months and to have all the energy of the teams [focused on] Castorama in France.

So, I am happy to see that the rollout of SAP at Castorama, now, is a question of weeks or months [away]. We will restart Brico Depot rollout in France in early 2021. It will be an SAP implementation, [and] has been fully done in Romania and Poland now. So, finally, Brico Depot will be the last banner for which we will implement SAP.

In my view, I think we have a good template. We have had our rollout issues, execution issues, but the basic template of SAP is rather good.

One word on Romania, and then I'll leave it to Bernard. Indeed, you know, following the acquisition of Praktiker, part of the job we have to do is to finalise the integration. We now have SAP in Romania in all the stores – Brico and now Praktiker – and the Praktiker [brand] became Brico.

We are as well working on our supply chain. We have two distribution centres and we have a plan, before the end of this year, to merge those two DCs in Romania.

BB: Yes Richard, just to give a little bit more colour. As you can imagine the impairment that we took, it's mainly goodwill, at certain store assets, really related to the Praktiker acquisition. I think if you look at the business, the losses were really driven by Praktiker. [Romania] also required some integration costs, as mentioned: rebranding, range implementation; some back-office implementation.

I think the good news is that all that is now behind us. It is now progressing well. It's all been rebranded Brico Depot and is selling the same products. So, we are in a good position.

Now we expect, still, the business to be somewhat loss-making this year. But trending well to a break-even position and then a profit.

RICHARD CHAMBERLAIN: Thanks guys.

SIMON IRWIN: Good morning gentlemen, thanks for the presentation. Three questions for you. The first is the store-pick model and how that's going to work if you are going to move towards more compact stores, with limited range. Those two appear to be somewhat contradictory.

The second is just around stores generally. Whenever I have been to them recently, they feel very under-invested, which I guess is because the business hasn't [previously] committed to stores. Do you recognise that, and is there a plan to start reinvesting in those stores that you want to keep?

The third is on range. Obviously, you seem to be committing to keep, effectively, the unique element of ranges. We have heard endlessly about which bits have worked, but what we haven't heard is what bits haven't worked. Can you talk us through some examples of ranges that haven't worked and what you think you can do about them?

TG: Thank you Simon. Thanks for your question. I think the first one is on store-picking and that's a topic that is very close to my heart. You know that I have been lucky to spend several years in China and that's something we learnt in China, and even in food retail, that you can go very far with a store-picking proposition in e-commerce.

That's probably what helped us so much during the crisis. From day one, we decided to accelerate the store-picking proposition because, in the end, you have all the inventories, you have the range, you can do very efficient click-and-collect and furthermore, in the medium term, you will have more trends around what I call the fast home delivery – same-day delivery, or few-hours delivery.

I am strongly convinced, what you see in the China and the United States, what we have been doing at Kingfisher in the past weeks, that you can go very far in the store-picking proposition. I can tell you that above 50 per cent of the orders today are done with click-and-collect.

I think it is not contradictory with compact stores. Even in compact stores, you have thousands of SKUs. They are a very flexible model. You can have, store by store, a slightly different route to market and organisation. And even with the compact store, the store-picking organisation can be very efficient.

I will remind you that if you look at Screwfix it is probably our most powerful format for store-picking. We are speaking about 1,000 square-metre stores and a small warehouse.

I am strongly convinced that we can go far and the fact that we are moving to a more compact store is not at all an issue.

For capex I think you are right. What I said previously is that we were a bit too much product-led and not enough retail-led, meaning we dedicated a big part of capex to range reviews.

Obviously, we need to continue to do range reviews; we need to continue to push our new products. But I think it's not balanced enough and we need to, within the capex envelope you saw the past year, to dedicate a greater proportion of our capex to store maintenance.

On ranges, as well, it's a very key topic. I have been mentioning that we need to do things together, but I don't believe we should become one banner. The different banners have different ranges and different sizes of ranges. At Brico Dépôt in France, we consider that around 15−16,000 SKUs is correct, because it is a discounter. When you go to Castorama or B&Q, we speak about 40−50,000 SKUs. So, I strongly believe that, in the long run, to have powerful OEB is a key role in retail and it will help us to differentiate. OEB can be unique but can also be value for money. When I say "unique", it's really special design, a very innovative component of functionality. You could have a tap that saves water.

So, we have unique OEB but we have as well value for money OEB. OEBs that have fantastic value for money [are] also part of our differentiation.

On the other side, I don't believe any more that to run for unification, absolute unification of range, is the right direction. We will have a core range across our banners but we need to [give] local flexibility to B&Q or to Spain, or to France, to have local brands.

I have in mind a British paint brand that [was] decided to be implemented all across our banners [and] sells very well in the UK – but only sells in the UK. It was part of the unified range, but did not fit with local customer needs.

Unification is a tool. It cannot be the target. The target is always the customer and, probably, the key topic here is that the strategy should start with the customer. The group is a tool, our resource, to support the customer proposition. The ultimate goal of a strategy cannot be to build a group. The ultimate goal of a strategy is to bring a better customer proposition.

SIMON IRWIN: Very clear, thank you.

WARWICK OKINES: Yes, good morning. I've got three questions as well, please. My first question is on B&Q. You mention on page 31 relaunching TradePoint. It's something that's hardly been mentioned in the last five years, could you talk a little about what you see for a TradePoint, which I am guessing is still about 20 per cent of B&Q overall?

The second question is that the previous management team, a year ago, set out quite a radical role for the convenience format stores. I was just wondering if you could flesh out a little bit more how you see the convenience format, going forward?

The third question is, following on from the last one, you have been clear about how you think about ranges, in terms of unique and unified. Just in terms of the number of SKUs across the whole business, do you think that continues to need to be rationalised or do you think there is actually some scope for increasing the SKU count, as you move more local?

TG: Thank you Warwick. I believe that TradePoint is important for us. Your comment is very good. We never mentioned TradePoint recently because it was not at the centre of the Kingfisher strategy and, to come back to my previous point we start with customers. We start with different customer needs. Part of our customers are pro. They go to Screwfix, but they go to TradePoint as well. So, we want to revitalise TradePoint, inside B&Q.

And I must say in the past weeks, during Covid, we had very encouraging results for TradePoint. You are right that about 15 to 20 per cent of B&Q sales are made through TradePoint.

I think there are different categories than Screwfix. You have more heavy products. So, we can target different customer propositions. As you understand, in my view we need to push all our different banners and TradePoint is one of them.

Convenience stores and overall smaller formats [are] as well a key priority. We strongly believe that, in the long run, a big part of retail will be around smaller formats. I think in home improvement, many retailers are working on it. I still believe it's a key topic for us.

What I wish, as well, is to empower our banners to have more trials. You cannot just have one trial in the UK and wait for the result to take lessons for the whole group. So, we will do more trials. It will be done in a coordinated way, by the different countries and banners.

We might have slightly different solutions and we will learn from them. But I strongly believe that we need to find a good compact or express format in home improvement.

Maybe another comment on that. I believe as well [in] the medium [sized] box. You know we usually say we have big box and we have convenience stores. Interestingly, if you look at B&Q, a large part of B&Q is what I would call "medium boxes". That is a very efficient and successful model and a good proportion of the B&Q stores. So, you could have different styles of store, depending on the catchment areas.

On the range, I would say there are a lot of plusses and minuses in my answer. I am sorry, I will be a bit specific, maybe too complex, but when you are a discount brand, like Brico Dépôt, you need to stay on short ranges. Today, probably, we have pushed Brico Dépôt too hard. So, the ranges at Brico Dépôt should come back to a slightly lower number.

On the opposite, when you are on choice, like B&Q and Casto, as you know we wanted to become 'one'. We pushed Casto and B&Q to reduce their ranges and I think that is not the right direction. We need to allow B&Q, and even more Casto France, to increase a bit their ranges, because today the choice level we have in for example in Casto in France is not good. It is not enough.

At the same time, when I look at my inventory programme, we always need to [refresh] regularly our ranges. Because you have slow-moving items, you have SKUs with a very small level of sales. [For] those SKUs you need constantly to [refresh] part of your ranges to stay on the active SKUs.

So, I would say, overall, I would not expect a massive increase. For some of the banners, typically Castorama France and B&Q, we are a bit too low at the moment.

BB: Let me just expand a little bit on the last point. Obviously a subject close to my heart – costs and inventory. If you look at the SKUs, we've got about 200,000 active SKUs. But of those, we probably have 20−25,000 which we don't sell. And we've got another 60,000 where we sell less than one per cent of our sales, and [so] £75−100 million tied up in inventory where there is a lot we can do to offset, maybe, a range-expansion somewhere else.

In addition, I think if your point is to the overall inventory level, clearly it is higher than we want. The stock days have increased in the last couple of years. We have a good plan, together with Martin Lee, who is responsible for our supply chain, to not only address the shorter term disruptions which have caused some of that, but also to look at the ranging and deployment, and planning and forecasting, making use of the best tools, so that we control even better the purchase quantities and lead times. It is definitely on our list and there is an opportunity there.

WARWICK OKINES: Thank you, that's very helpful.

GEOFF RUDDELL: Yes, good morning. A few questions, please, most of them very quick.

The first couple of quick ones:

Could you just give us some guidance on capex this year? I understand it's going to be down, but just what sort of level you are currently envisaging?

Secondly, should we expect more freehold sales over the next few years and, if so, roughly what sort of quantum?

Thirdly, on inventory levels, how big is the opportunity to free up capital from inventory over the next few years? If you could just give us some kind of idea of how much you think you can reduce it.

Then, finally, a slightly more qualitative question. In terms of the buying function, obviously the buying function was centralised, and a single buying function was created under the One Kingfisher strategy. Do you think that is the right way for the group to run, going forward, given the greater freedom within the individual business units to have their own ranging?

BB: Hi Geoff, let me start with capex. Historically, we were investing about 3% [of sales], or around £350 million. We can do a lot for that. Obviously, this year we are prioritising. I would say if you asked me the question six months ago it would be a lot higher [than now anticipated for FY 20/21]. Now, obviously, with the changing environment we're prioritising. We've got a Group Investment Committee and look at everything the company wants to buy. I couldn't give you the exact answer within the prioritisation, because we also want to be able to [adjust] it in case things turn out to be less good again. But it is likely to be a lot smaller than what we had. Obviously, we will be watching it on a week-by-week basis.

In terms of the freehold sales, we look at opportunities when they are there. Obviously, trading off what we could do with the business. You could see some of that coming through, but nothing we could guide you on today. Then, in terms of the inventory reduction, we've got some plans there. If you look at historically in 2016/17 we were at £2.2 billion, if you look at this year we're at £2.5 billion. The stock days have gone from 107 to 127.

Now obviously some of that, the reason is we had a slight change of model is more far sourcing, which impacts on that. That's more difficult to do away with, but I think that, in that context, there is a bit more to be done.

If you look at the historic inventory level, it gives you some of the differences that we are looking to bridge.

TG: A few words on the buying and sourcing, I consider we will build on what had been done in the past four years by the team. A very good job has been done on sourcing and we can build on that. We have eight group sourcing offices in Asia, Turkey, Central Europe, and Western Europe.

So, obviously, when you are relying on sourcing for private label, which is [39]% of our sales, all of that is done at a Group level; and together we have [*indiscernible*], we have quality teams all across those countries to control and work with our suppliers.

When you have typically international large suppliers, it would be managed by the Group, remember we mentioned on page 35 of the presentation, we want to build more long-term partnerships with our top 20-30 brands.

But they are a large quantity of suppliers that are across our countries and these will be managed at Group level. Now when you are only in the UK, or only in Poland, we need to be more flexible, and we rely more on the banners for all the local purchasing.

ANNE CRITCHLOW: Thanks. One question from me, please. What is your view on Do It For Me? Are you thinking of bringing installation services back to any formats in the medium term?

TG: Thank you for the question, Anne. First, as I mentioned, there is a very gradual shift to Do It For Me. It is a trend that all the surveys we did recently [showed] that this shift is rather gradual. But we have brands for the pro. You know we have Screwfix. I mentioned TradePoint. If you look at some of our countries, for example Poland, the proportion of pro going to our stores is significant. So, I think we wish to address the Do It For Me market as [well as the] DIY market.

I am a strong believer in services. You know, when you are in big box like Casto, B&Q, across our different countries, we need to have a compelling service proposition. It is just part of our business. I think here we will restart, at B&Q in the UK, installation for kitchens this year. That is a priority for us, and I think that's just our business. We need to offer compelling services in our main big boxes.

Another area that is interesting, where we see interesting developments is what I call "service platforms". You have internet platforms that can put in relationship jobbers, or trade people, with customers. I think Kingfisher is well positioned – with Screwfix and B&Q, for example – to think how we can bring together those two populations and I think this is a topic, [i.e.] service platforms, on which we will do some work in the future.

KATE CALVERT: Good morning everyone. A slightly related question. The previous management presented this GoodHome, future vision of DIY, one where the customer needs are more project solutions. Is that your view of the way you believe DIY will go?

On another subject, in France, Casto and Brico, could you talk about how you see the price propositions differing between the two brands going forward?

And a final question just on promotional strategy, it feels as if you're buying into a more promotional strategy going forward. Is this likely to impact future gross margin or do you feel you can offset this with future buying efficiencies? Thank you.

TG: Yeah, thank you, Kate. I start with GoodHome. For me, GoodHome is a good product brand. You know, we have many OEB brands like GoodHome, like Erbauer, like Site, like Titan. GoodHome is a great brand, but this is a product brand. Again, as I said previously, I don't believe that the world is 'one', that the customers are becoming 'one'.

The customers, they are different, [and so] we have different banners and that is very good. I don't believe that GoodHome is the ultimate banner strategy and on the other side, I strongly believe in B&Q, in Screwfix and Castorama and Brico. On France, I believe we are lucky to have two banners that are different. So, Brico has already a very strong price positioning and is a typical discounter organisation with low ranges, [a] very efficient logistics organisation, [a] very efficient organisation in France, [an] overall lower cost base, limited services – and that's really the DNA on which we can build. So, for me, Brico should dominate by price and we should keep our leadership on price for Brico in France and in Iberia.

And for me, the promotion in Brico is not the goal, you know. We should have very strong permanent prices at Brico with 'arrivages', but you need to know that 'arrivages' is usually not [a] permanent offer. They are 'one time] and one-off promotions. Casto should differentiate from Brico, should differentiate on choice, on great service proposition, greater e-commerce proposition and some trading events. It's part of our business to create events when you are in a big-box format. So, on the margin, again, for me you will have opportunities and you will have additional trading events and probably price investments, for example, at Screwfix.

But we have opportunities on margin [too]. I said we have good capabilities in buying and sourcing on which we can build further. We will have our mix of OEB as we wish to grow the proportion of OEB – and [as] our OEB are as an average higher margin than the average of the category, it will help for the margin mix. We'll have a bit less range reviews and [so] a bit less of clearance. So again, I would not guide on margin but, indeed, we want to be competitive overall, we want to have a bit more trading events, we will need to invest for some of our banner positioning but we have opportunities on the other side.

KATE CALVERT: Great, thanks very much.

GEOFF LOWERY: Yeah, morning team. Two questions please.

Can you point us towards a non-food retailer globally who has attempted to run a multi-banner, multi-format, multi-customer, multi-geography business at scale and has driven it successfully?

Second, when we think about Screwfix, you've obviously been on a journey of tactical price investment. Are you comfortable with that being a double-digit EBIT margin business or is there a temptation to do more on margin to drive the overall sales potential of the format?

TG: Yes, thank you, Geoff. Start with number one. It's very, very clear the answer, you know. You look at ADEO, they have more banners than us. In many countries, they have three banners. I don't want to give you all the names, you can look at that, but there are many, many different banners and they are creating more banners. Coming from food industry, usually you have very different banners when you speak about discounters, when you are on a premium niche.

I think on the contrary a very common retail practice [is] to be able to support different customer propositions. The world in the future will not be unique, will not be one. We are in some ways…we have to address the local customer proposition and this is on the opposite global trend, you know. I don't want to speak about consumer goods but look at the consumer goods brands that are buying or developing additional local brands. So, I strongly believe that this is a trend you're seeing in retail. We have diverse banners, but we need to be flexible enough and organised in our business model to power – to support – those different banners.

Screwfix is a fantastic business proposition. I can tell you that today we are below 100, so the price index of Screwfix is below 100. We have very good price proposition at Screwfix, and we will keep it and we will keep this leadership. I consider that Screwfix has many options in its customer proposition. We are constantly looking at new technologies, and new ideas to improve our business model. I said previously that we intend to open more stores at Screwfix. Probably a bit more than what we thought one year ago because when we always update our expansion calculations, when we optimise our cost operating model, we discover that we can still open a bit more stores. So, I think Screwfix has enough resources, innovation, to continue to be a very strong business model while being competitive, and I would say stay below 100 on prices.

GEOFF LOWERY: Who's in the peer group that you get to below 100 on the Screwfix pricing?

TG: Well, you can guess that the main peer is Toolstation. But we are looking at all the trade that is a trade proposition.

GEOFF LOWERY: Thank you.

GEORGINA JOHANAN: Good morning, everyone. Two questions from me please. The first just on market share. Since you've reopened your stores across markets, if you could just comment on how much share you think you've taken, or not as the case may be. I assume there were a number of, perhaps some of the smaller players, that haven't reopened but anything you can share on that would be great.

And then second, just really how we should be thinking about the cost base next year and in the medium term. Obviously, lots of moving parts and you talked about Covid-related cost savings, you've talked about more sort of underlying cost savings in the business and then presumably, there are also some costs going in [in the] near-term related to maintaining health and safety around social distancing and so on. So, if you could just help us think about how we should be putting all of that together please. Thank you.

TG: Yes, thank you, Georgina. I'll start with the market share. If I look at the UK, we don't have home improvement market share. I will not speak about competitors. We decided to close our stores on day one and to rely on click and collect and home delivery. We did that overnight. We had very early, you know, a click and collect and online propositions for stores. It was incredibly successful [and] we [e-commerce sales] were up to four times growth. Then we decided to reopen our stores and it is true I think that we have been the first one to reopen stores – big-boxes – in the UK in our sector. With extremely well organised health and safety measures. Screwfix did the same thing, overnight, [and on] the first day of the [UK] confinement moved to a new click and collect model [which has] later on has been copied by some others. So, I've no market share [data] in the UK but I think we were always early versus our competitors.

In France, what I would say is we had [a] very good trend before Covid. If you look at the Banque de France data, for years we have been far below the market, and since November 2019 we have [had a] very clear improvement. We are very close to the market, and we even did better than the market in February. Then starting from March, as we decided to close and some of the competitors in France stayed open, [and] you have a lot of franchisees in home improvement in France. Usually they are one store and they all stay open. So, it's difficult to really read the commercial performance in France, you know, in March, April and May because I guess it's purely the local franchisees that will gain market share versus ADEO and versus us. But I'm very happy with the improvement in France up to mid-March.

On the cost base, two comments and obviously Bernard will complete. You know, when I look on the five principles, I said on page 29, the fifth principle for us is 'simpler and leaner'. So, you see how it is important for us to work on cost, to have a simpler organisation, but as well to reduce our cost base. So, I can tell you we are strongly determined. I think we have opportunities ahead of us. In the short term, and Bernard will give you the figures, obviously Covid brings a little bit more cost to operate because of the PPE we need to provide. But overall, we have a lot of cost opportunities. We have as well, in the previous plan, some transformation costs that will fall away.

I don't know, Bernard, if you want to comment on that.

BB: Sure. Hi, Georgina. Thank you. It's an interesting question. Let me dissect it in two pieces. Short-term related to Covid, obviously interesting, first stores closed and now very strongly selling. So, we need to see when it is going to stabilise and we'll have a little bit [of a] better view, but for now, PPE is costing us, we expect, about £25 to £30 million in the year. Obviously, we do have some higher operating cost in the store, the checkout, with the marshalling. But interestingly, what we do see, [is that] we took some pretty significant actions immediately when the Covid pandemic started, in areas such as marketing, head office, IT, GNFR, which until now has helped us offset that. Now we're also hiring more people given the sales in the summer, so we'll see how that goes into the mix.

I think before now we've seen a reasonable offset, but obviously we need to see how that evolves in the rest of the year. Obviously for the longer term, 'simpler and leaner' and growth of retail profit – and in that equation cost will be an important one. There are clear areas where we've seen those increase – supply chain, central and support costs, IT, but also, property. So those are all under review and that will contribute. Now obviously there will be some offsets. We're still growing with our stores, there's still inflation and as Thierry said, there's some change costs that we'll have to incur. But in the mix, we think all that should contribute to the improvement of our retail profits.

GEORGINA JOHANAN: Thank you very much.

ADAM COCHRANE: Morning guys. A few questions from my side. I'm a little bit unclear as to how we should measure your success in terms of this plan. Would you have any, at some stage, milestones to share on what you intend to deliver? I can't really get a feel for what you're targeting, how much it's going to cost and how long it's going to take. So, if you think of an investor sitting there saying how do we know if management is doing a good job compared to what they were expecting, any thoughts on how we can help measure that and maybe what some of the measures [are] that you're targeting?

Secondly, the staff turnover at Kingfisher has been, I would argue high, at the senior level in the last few years. Have you identified a cultural issue that's created this turnover in terms of senior staff? If you have identified it, have you been able to change it? What are you going to do to get them all behind the new plan to make sure it goes as smoothly as possible?

And then finally, interestingly you talked about doing less but actually achieving it, and getting things done. How does this fit in? You talk about doing less but getting it done, but the number of initiatives that you're outlining is actually quite a lot. Does that mean this programme will take a large amount of time to actually achieve? Thanks.

TG: Yes, thank you, Adam. What I said is it starts with [sales] growth, you know. I strongly believe that in retail you always have to start with [sales] growth, with customer, with customer needs and at the end, like-for-like growth.

So, I think for me the first criteria on which we want to be measured is the top-line growth. And because of that, I would say the second or at the same level is the absolute retail profit – retail profit in value. So, that's what is driving us today. I don't want to guide, you know, I will not guide on margin or cost ratio. We told you that cost and inventory are one of our key priorities and we are committed to that. We see opportunities for the margin but we should start with growth, with sales and this should drive our profit in value. Obviously, I spoke about e-commerce, I spoke about OEB, so you can guess we'll come back to you. We'll discuss about the OEB participation, our online [sales], how much we do on click and collect, how much you order through mobile, etc, etc. But at the end, this is growth.

You mentioned the turnover. I don't want to spend too much time on the past. I'm sorry. I think probably, you know, when you do such a huge transformation, when you want finally to become 'one', you can expect that it's a major transformation, it's a change of mindset for the team. So probably it explained that, and I am very happy that we built a new GE with a lot of strengths inside Kingfisher, [and] with some people coming from outside. When you are in the middle of the crisis, you see the new team, you see how the banners react, and I think because, starting from [the fourth quarter of] last year, we started to empower the banners to find the right level for the group to operate in a framework to support – but at the end to let the banners be more agile and flexible.

I think this is the reason for which we have been relatively successful in the past weeks and that's the spirit, you know, of accountability of the banners of freedom, of agility, and somehow trust. It means we have to trust the teams. We don't need to control the teams. That's why I mentioned trust. So, this is part of the culture I want to push in the future.

Indeed, I want to do less. You know, again I don't want to spend time on the number of initiatives we stopped. I want to do less. We need to spend a lot of time on prioritisation. I don't think, when you look in detail, that the number of actions mentioned are many. I think it would be done over time as well. I believe that it's more short-term – three months, six months – short-term actions; and when you are done with it, you move to the next one.

And during the crisis, [over] the past weeks we have experienced [a] small number of priorities extremely fast and probably we are learning from the crisis here as well.

ADAM COCHRANE: Just one follow up on what you said there, like-for-like growth and absolute retail profit. If you have to choose between the two, either in the short and the medium term, is prioritising like-for-like sales growth more important than margin expansion to deliver the absolute retail profit?

TG: I think you need the momentum first but it's not, you know, the link between both. We need the momentum first, you know. You cannot say, well, I think about profit, I will discuss sales next year. We need the momentum of the top-line first. But looking at the knowledge of the teams [over] the past weeks, I will not say there are years of discrepancy between both. No, I think we will drive both top-line and retail profit in the future.

ADAM COCHRANE: Thank you.

SIMON BOWLER: Hi, thanks. I have three quite quick ones. First of all, can I just revisit Geoff's question earlier around kind of current but also more medium-term plans around capital expenditure. Sorry, the line was particularly poor at that point. Secondly, can you give a sense of some kind for cash exceptionals for this year and going forward. [That] would be helpful.

And then finally, kind of referencing back on a comment you made around new banners and so on. Is that something that's under consideration in terms of introducing new banners or acquiring service providers that you can fit into the business? Or [do] you expect all of the strategies to be organic in nature?

TG: Yes, thank you, Simon. Maybe I let Bernard start and I come back.

BB: The man with the purse starts on capex. Look, I think we've got an exciting new strategy and obviously we want to underpin it with the right investments, and we've got some great opportunity in Screwfix, in Poland, in e-commerce and different areas. Now I can assure you one thing is that we're looking at everything very strictly. We've got a new Group Investment Committee, [and] together with John Wartig [Chief Transformation and Development Officer], I really scrutinise all the investments and make sure that they're high-return and high return on capital employed.

So, once that comes out that, we've invested as I said historically at about 3% [of sales], about £350 million. I think we can do a lot for that. So that's the number I'm looking at. Now we're also looking at extracting cash from inventory as I just discussed on working capital that we may put to use but I think it's a little bit too early to tell. In terms of the cash exceptionals, what you see is it's puts and takes – we've got the proceeds from some of the freehold sales, and sales and leasebacks, in the positive [side] – but there are also some negatives. There's a big one in there in the settlement with the French tax authority of £75 million. And then there's a little bit of transformation and restructuring, around £50 - £60 million and then a number of smaller items that offsets the £188 million of proceeds.

If you look at this year, obviously it's a very different year than we anticipated going into it. It will depend a little bit, you know, [on] what actions we take on our different plans and if there were anything, it's more on the restructuring side that we would have to spend.

TG: On the question on banners on, let's say, other opportunities, I think first in my mind we are an expert of home improvement. That's our knowledge, that's our business and I think it's a good market. I will say one more time that I'm a strong believer that it's good to have different customer propositions.

And I think because of this new strategy, 'Powered by Kingfisher', we are able to support different countries, different banners, different customer propositions. This is our core plan, what we presented today, it's our core plan. It is the plan we believe will have the most value creation. Obviously, we will always keep watching every additional opportunity [and] that's because we consider we are in the home improvement market and that's our market. So, we will keep watching additional opportunities in this market, but the core plan is the one we presented to you today.

SIMON BOWLER: Okay, that's great. Thank you.

TG: Again, thank you for your time. We really happy this morning to present our new strategy and to engage with you and to be able to answer your questions and get your comments.

We are really glad, with Bernard, to have been able to do that this morning, happy that hopefully in the future we'll be able to meet face-to-face very soon. I hope you can feel our energy and passion.

We are really convinced we have opportunities ahead of us.

Personally, I'm more happy than ever to have joined this company and its great teams. And I'm very energised and very convinced we will bring back customer growth.

Thank you and see you very soon.