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Agenda

Part 1

Presentations

1. Our customers
   Véronique Laury, Chief Executive Officer
2. Our ambition
   Véronique Laury, Chief Executive Officer
3. Our transformation
   Karen Witts, Chief Financial Officer
4. Strategic pillars
   - Unified & Unique offer
     Arja Taaveniku, Chief Offer & Supply Chain Officer
   - Digital
     Steve Willett, Chief Digital & IT Officer
   - Operational efficiency
     Karen Witts, Chief Financial Officer
5. Closing remarks
   Véronique Laury, Chief Executive Officer
6. Q&A

Part 2

Key strategic pillars seminars
OUR CUSTOMERS
Our Home Improvement Ecosystem
Home Improvers
Home Improvers are everyone needing or wanting to improve something in their home
Most Home Improvers have limited resources

Average monthly income

<table>
<thead>
<tr>
<th>Country</th>
<th>€ per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>3500</td>
</tr>
<tr>
<td>France</td>
<td>3300</td>
</tr>
<tr>
<td>Spain</td>
<td>3000</td>
</tr>
<tr>
<td>Portugal</td>
<td>2500</td>
</tr>
<tr>
<td>Poland</td>
<td>2000</td>
</tr>
<tr>
<td>Russia</td>
<td>500</td>
</tr>
</tbody>
</table>
And most Home Improvers have limited skills

62 to 76% see themselves as “not a DIYer or occasional DIYer”

Source: Kingfisher Insights U&A surveys - Harris Interactive (Fr 2013, UK 2014, Pol, Rus 2015)
People want a home that is good to live in

“90% of my happiness comes from a home I love”
Improving a home is about making daily life easier and more comfortable

How strongly do you agree with the following reasons for doing Home Improvements?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Strongly agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>To live in a more comfortable house</td>
<td>50%</td>
<td>88%</td>
</tr>
<tr>
<td>To update my home</td>
<td>38%</td>
<td>85%</td>
</tr>
<tr>
<td>To make the home cheaper to run</td>
<td>36%</td>
<td>78%</td>
</tr>
<tr>
<td>To adapt the home to changed family needs</td>
<td>36%</td>
<td>77%</td>
</tr>
<tr>
<td>To make family members happier</td>
<td>36%</td>
<td>76%</td>
</tr>
<tr>
<td>To improve energy efficiency</td>
<td>30%</td>
<td>74%</td>
</tr>
<tr>
<td>To increase pride for the home</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>To form a stronger personal attachment to the home</td>
<td>28%</td>
<td>68%</td>
</tr>
<tr>
<td>Because I’ve decided to improve not move</td>
<td>29%</td>
<td>68%</td>
</tr>
<tr>
<td>To increase the value of my home</td>
<td>31%</td>
<td>68%</td>
</tr>
<tr>
<td>To express my personality</td>
<td>26%</td>
<td>65%</td>
</tr>
<tr>
<td>To impress visitors</td>
<td>13%</td>
<td>39%</td>
</tr>
<tr>
<td>To show success</td>
<td>14%</td>
<td>39%</td>
</tr>
<tr>
<td>To make it as good as or better than my neighbours</td>
<td>13%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: European consumer survey - UK (2,241), France (2,277), Germany (2,266), Ireland (1,129), Poland (2,280), Romania (1,116), Russia (2,300), Spain (2,230), Turkey (1,211)
Functional needs are more similar than different

Bathroom sizes across Europe
• 25% < 4 m²
• 74% < 7 m²
• 93% < 11 m²

Average age of housing stock in Kingfisher countries
• Between 50 and 60 years old

Source: Bathroom size = Kingfisher Bathroom Topography GKF - Nov 2014 / Housing stock = Euromonitor 2014
And Home Improvement is a challenge!
Customer journeys can be complex... e.g. the bathroom journey

Phase 1 - Inspiration & projection
1. Inspiration
2. Projection

Phase 2 - Planning & purchase
3. Planning
4. Purchase
5. 39% give up!
6. Decision point

Phase 3 - Prepare & make good
7. Preparation
8. Make good
9. Installation
10. Final touches
11. Completion

Phase 4 - The work
12. Work in progress
13. Bathroom project

Phase 5 - Live & improve
14. Live
15. Improve
16. Maintenance
17. Satisfaction
18. Feedback
19. Improvement
20.迭代
21. Next

(1) France, Enov Research 2014
All journeys go through these same steps...

- Needs & triggers
- Inspire & visualise
- Plan & evaluate
- Purchase & deliver
- Build & install
- Use & enjoy
- Maintain & improve

Customer barriers and constraints
- Technical
- Space
- Budget
- Time
- Expertise
- ...and keeping daily life going!
The Journey is an emotional roller coaster in which Home Improvers feel alone ...

“A walk in the dark”
So they do what it takes to succeed, and get organised

Home Improvement becomes a 2nd job

- Going back to work is like having a break!
- You have to find colleagues and tools: friends, relatives, pros... and the Internet
Helpers
Immediate circle first:
people who are well known...and free!

- The handy father-in-law willing to get involved...
- The retired neighbour who does small jobs...
- The good friends that can help...
Pros are used when there’s a need

- Brought in for those with low skills and confidence
- Also brought in for the big, structural jobs
The ‘Tools’
Digital is a clear reference point for Home Improvers

- Demo videos (Youtube)
- Pinterest for inspiration
- Customers browse websites - but home improvement is something people want to feel not see
Stores are often on the outer fringe. Customers don’t necessarily find the support they need in stores.

- Lack of inspiration
- Complex layout and product display
- Lack of advice

Source: Kingfisher Insights Team surveys
We are doing something about it
OUR AMBITION

“We want to create good homes by making Home Improvement accessible for everyone”
Our purpose

“We believe everybody should be able to have a home they feel good about”
We are there for everybody who wants to improve their home

- Home owners & renters
- Apartments & houses
- People with resources & people without
- People with know-how & people without
Our point of view

A Good Home is a home that is:

- functional
- evolves with family needs
- is green outside/in
- is sustainable
- resource and energy smart
- clean, healthy and comfortable
- durable in quality and style
- coordinated to look good
- provides the best economics possible
How we do it

We base everything we do on the reality of peoples’ lives

We observe, interpret and create solutions that make Good Homes

We understand the customer journey and how the ecosystem works

A successful ‘Before’ to ‘After’, this is our field of action!
Our people make it real

1: Humble
3: Open minded
4: Passionate for HI know-how
5: Honest, transparent
6: High quality
7: Inspiring vision
8: Focused on the customer experience
9: Diverse

2: ONE together
What we will do

1: Think of customer needs first
2: Design a seamless customer process
3: Create a unique and leading offer
4: Be a truly sustainable company
5: Realise a leading customer experience in our stores
6: Build ONE company culture
7: Be low cost always
Focusing on 3 key pillars

Unified & Unique Offer + Digital + Operational efficiency
OUR TRANSFORMATION
Before

(1) Over the last 5 years
A 5 year transformation
After BAU

Market + Expansion

Transformation

Unique & Unified Offer + Digital + Operational efficiency = £500M EBIT uplift
£500M\(^{(1)}\) sustainable annual profit uplift by the end of Year 5

---

\(\text{(1)}\) This refers solely to the transformation for FY20/21 and not to ‘business as usual’
£800M aggregate cash costs

- Unified & Unique offer: (£480)M
- Digital: (£210)M
- Operational efficiency: (£110)M
- Capex: (£310)M
- P&L Exceptionals: (£270)M
- Total: (£800)M
Nature of cash costs

£(800)M
£(270)M Exceptionals
£(220)M P&L
£(310)M Capex

Total

- Setting up new offer and supply chain organisation
- Unifying common processes & technology
- Unified & Unique offer range implementation
- Unified & Unique offer store equipment & IT
- Digital ‘Brilliant Basics’ & customer journeys
£500M per annum total capex over the first 3 years

Annual average first 3 years of transformation

- Existing Stores: 36%
- Screwfix Expansion: 19%
- New Stores (ex-Screwfix): 17%
- IT: 15%
- Other: 7%
- Transformation: 6%
...and c.£600M capital return over the next 3 years

- **Financial flexibility**
  - Retain a solid investment grade credit rating
  - Continue to target 2.0-2.5x lease adjusted net debt/EBITDAR

- **Reinvest & pay a healthy dividend**
  - Reinvest in the business and the transformation
  - Continue to be comfortable with dividend cover 2.0-2.5x

- **Capital return of c.£600M**
  - Over and above the annual ordinary dividend
  - Over the next 3 years
  - Expected to be via share buyback
We expect reported profit will differ from underlying profit

- As the transformation costs are incurred
- Impact net of upside from operational efficiency benefits expected to be:
  - Year 1: c £(50)M
  - Year 2: £(70) - (100)M

We expect the two metrics to converge in the later years of the plan.
Transformation key financials - summary

£800M aggregate costs to achieve c.£600M capital return over the next 3 years

(1) ROCE of 11.9% as at FY 2014/15; 5 year target
ROCE = lease adjusted profit after tax divided by lease adjusted capital employed excluding goodwill
STRATEGIC PILLARS

UNIFIED & UNIQUE OFFER

DIGITAL

OPERATIONAL EFFICIENCY
UNIFIED & UNIQUE OFFER
Key messages

1: We are creating a complete unified, unique & leading offer

2: We have started sourcing our offer in a very different way

3: We have a clear roadmap to ensure it is different this time

4: Very encouraging early results supporting the business case

5: Significant £350M sustainable profit uplift by the end of Year 5
• Today our offer is largely steered by our suppliers and similar to other retailers
• Our exclusive own brands only represent c.20% of our total sales and not one of them is shared amongst all our operating companies (Opcos)
• We have thousands of suppliers
• Our buying scale (£7BN) is largely untapped
This makes sense because customer needs are already more similar than different
We are creating a complete unified & unique offer

Based on customer insights

We will control our end to end process

We will own IP, design, quality and specifications
Our future complete unified, unique & leading offer

Unified Offer
Same products everywhere presented in the same way, based on customer insights

Unique
Design and Quality by Kingfisher

6 Leading ranges
Leading products & solutions, first choice in customers’ minds

Core essentials
Home improvement basics and consumables

Complementary

Local offer
Based on customer needs & regulations
With focus on 6 leading ranges starting with outdoor and bath...
We chose bathroom first being the most challenging customer project

Phase 1 - Inspiration & projection

Phase 2 - Planning & purchase

Phase 3 - Prepare & make good

Phase 4 - The work

Phase 5 - Live & improve

(1) France, Enov Research 2014
The new Kingfisher unique bathroom

Before

• Takes too long
• Complex to manage
• Too expensive
• Lack of functionality, differentiation or design

After

• Easier
• Affordable
• Fit for purpose
• Functional with adequate storage
• Unique

Early prototypes unveiled at the seminar
We will leverage our buying scale (£7BN) and we are creating new sourcing capabilities:

- Cost Price Reduction (CPR)
- Design to Cost
- Production Excellence
- Global Sourcing
Before

- 9 independent buying teams in 9 Opcos
- Supplier agreements sit with each Opco
- Logistics network managed by and built to serve individual Opcos only (except for the UK)
- Merchandising principles owned by each Opco

After

- **ONE** international team with unified global functions
- Supplier agreements managed by the **ONE** team
- **ONE** European distribution & logistics network
- **ONE** set of merchandising principles

This time we **will** radically reorganise to operate as ONE company
Moving to ONE organisation with unified global functions for the **first** time

**Range Teams**

- Range Matrix
- HR
- Commercial Matrix
- Customer Insights
- Sourcing Matrix
- Financial / Business Steering
- Distribution / Logistics Matrix
- Sustainability
Our competence will be the driver of change

- Skilled and enthusiastic people
- Proven NEW processes
- Training programmes to learn new capabilities
- Recruit competence where we need more
With a clear roadmap already in place

<table>
<thead>
<tr>
<th>Operating model</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3-Q4</td>
<td>Q1-Q2</td>
</tr>
<tr>
<td>Identify &amp; develop new organisational design and accountabilities</td>
<td>Implementation</td>
<td></td>
</tr>
<tr>
<td>Develop transition plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop guidelines &amp; change mgt plan</td>
<td></td>
<td>Manage change plan</td>
</tr>
<tr>
<td>Implementation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

HR

Unified & Unique offer
Which will enable us to roll out the unified offer over the next 5 years

Cumulative roll-out % unified COGS (1)

Core essentials

Leading ranges

<table>
<thead>
<tr>
<th>Year</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4%</td>
<td>20%</td>
<td>55%</td>
<td>80%</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>90%</td>
</tr>
</tbody>
</table>

(1) Costs of Goods Sold
Very encouraging early results

Unified Offer

Unique

6 Leading ranges

Local

Complementary

Core essentials 20 categories Represent c.£0.6BN of company buying scale
...which will deliver significant customer and business benefits

<table>
<thead>
<tr>
<th>KITCHEN SINKS</th>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td># SKUs</td>
<td>516</td>
<td>113</td>
</tr>
<tr>
<td># Suppliers</td>
<td>36</td>
<td>13</td>
</tr>
<tr>
<td>Cost Price Reduction</td>
<td>-15%</td>
<td></td>
</tr>
</tbody>
</table>

**Business benefits**
- Fewer SKUs
- Fewer suppliers
- Cost price reduction (CPR)
- Unified brands
- Improved processes

**Customer benefits**
- Simpler ranges & clearer merchandising
- Newer products
- Better packaging
- Higher quality & better sustainability
- Lower prices

<table>
<thead>
<tr>
<th>LIGHTBULBS</th>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td># SKUs</td>
<td>2,824</td>
<td>498</td>
</tr>
<tr>
<td># Suppliers</td>
<td>55</td>
<td>8</td>
</tr>
<tr>
<td>Cost Price Reduction</td>
<td>-20%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AIR TREATMENT</th>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td># SKUs</td>
<td>189</td>
<td>31</td>
</tr>
<tr>
<td># Suppliers</td>
<td>42</td>
<td>10</td>
</tr>
<tr>
<td>Cost Price Reduction</td>
<td>-6%</td>
<td></td>
</tr>
</tbody>
</table>
Total company-wide SKUs will significantly decrease, less at Opco level

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>New (unified + local)</th>
<th>Current</th>
<th>New (unified + local)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 20 categories</td>
<td>27,790</td>
<td>6,684</td>
<td>4,004</td>
<td>3,737</td>
</tr>
</tbody>
</table>

#SKUs -76%

Relating to the first 20 categories of Unified core essentials representing c£0.6bn company wide buying scale
Potential is significant - worth £350M sustainable profit uplift by end of year 5

5% CPR on company buying scale of £7BN = £350M profit uplift

Gross margins expected to rise towards the end of the 5 year transformation
By the end of year 5 Excluding underlying market

Higher sales offset by P&L cost of change over the 5 year transformation

Higher sales
- Better prices
- Better offer
- Simpler ranges
- Clearer merchandising

P&L cost of change
- Range clearance and implementation
Unified & Unique offer - summary

1: We are creating a complete unified, unique & leading offer

2: We have started sourcing our offer in a very different way

3: We have a clear roadmap to ensure it is different this time

4: Very encouraging early results supporting the business case

5: Significant £350M sustainable profit uplift by the end of Year 5
We will design a seamless customer process

Digital is intrinsic to the way people shop

But... so are stores

People shop in many ways for different products or projects

Support customer journeys end to end seamlessly across any channel
Our Digital priorities

‘Brilliant basics’

Digital Marketing  Mobile  Content  Analytics  Search  Click & collect  Checkout  In-store selling

Customer journeys
Digital: ‘Brilliant basics’

- **Digital Marketing**
- **Mobile**
- **Content**
- **Analytics**
- **Search**
- **Click & collect**
- **Checkout**
- **In-store selling**

**Remind**
- Needs & triggers

**Motivate**
- Inspire & visualise

**Plan & evaluate**
- Purchase & deliver

**Enable**
- Build & install

**Extend**
- Use & enjoy
- Maintain & improve
Digital: Customer journeys

Remind
- Needs & triggers

Motivate
- Inspire & visualise
- Plan & evaluate

Enable
- Purchase & deliver
- Build & install

Extend
- Use & enjoy
- Maintain & improve
Customer journey: Bathroom example

Inspiration → Emotional → Choice → Fulfilment

Multiple phases of project e.g:
- Tiles
- White Goods
- Taps & Showers
- Accessories

Bathroom Project c7 months cycle
OPERATIONAL EFFICIENCY
Operational efficiency: £100M driven by Goods Not For Resale (GNFR) opportunity

Scoping exercise completed last year of the total £1.2BN annual spend

- c.90% can be unified
- To be implemented largely across 3 waves over the next 3 years

Wave 1 progressing well
- Covers 9 categories
- Plans in place; contract tendering phase largely complete

Wave 2 already started
- Covers 9 categories

- Not just about cost savings; programme will help us to work in a simpler, more effective way

Wave 1: £350M
- Including e.g.
  - Media buying
  - Mechanical handling equipment
  - Printing & paper

Wave 2: £400M
- Including e.g.
  - Point of sale
  - Financial services
  - Shopfitting

Wave 3: £300M
CLOSING REMARKS
Made good progress with our first ‘sharp’ decisions

FY 15/16

Customer & Offer
- ✓ Develop unique outdoor and bathroom ranges
- ✓ Develop core essential offer
- ✓ Develop plan to cut existing product tail

Retail Operations
- ✓ Space rationalisation:
  - ✓ Close c.15% surplus space at B&Q
  - ✓ Close our few loss making stores in Europe
- ✓ Pilot Big Box best practice across Europe
- ✓ Extend Screwfix trial in Germany

Infrastructure & Processes
- ✓ Pilot unified IT platform, then accelerate
- ✓ Unify £1.2bn goods not for resale (GNFR) process

People
- ✓ Finalise new leadership team and wider organisation structure
Now setting operational milestones for next year

- **Customer & Offer**
  - Deliver Offer & Supply Chain Organisation (OSC)
  - Achieve 4% unified COGS

- **Retail Operations**
  - Complete closure of c.15% surplus space at B&Q
  - Build Digital ‘Brilliant Basics’ platform for B&Q

- **Infrastructure & Processes**
  - Complete unified IT platform roll out in B&Q and start Castorama France roll out
  - Deliver benefits from unified Wave 1 of GNFR programme

FY 16/17
Clear longer term roadmap

**Customer & Offer**
- 2016: New OSC organisation
- 2017: ‘Cut the tail’
- 2018: Unified & Unique offer

**Retail Operations**
- 2016: Retail Best Practices
- 2017: Screwfix Europe retail expansion
- 2018: Retail expansion (excluding Screwfix)
- 2019: Digital ‘Brilliant basics’

**Infrastructure & Processes**
- 2017: Store closures
- 2018: GNFR
- 2019: Further operational efficiency initiatives
- 2020: Unified IT platform roll out
5 year transformation

Unified & Unique Offer + Digital + Operational efficiency = £500M EBIT uplift

£800M aggregate costs to achieve c.£600M capital return over the next 3 years

(1) ROCE of 11.9% as at FY 2014/15; 5 year target

ROCE = lease adjusted profit after tax divided by lease adjusted capital employed excluding goodwill
Summary key messages – what we will do

1: Think of customer needs first
2: Design a seamless customer process
3: Create a unique and leading offer
4: Be a truly sustainable company
5: Realise a leading customer experience in our stores
6: Build ONE company culture
7: Be low cost always
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STRATEGIC PILLARS

UNIFIED & UNIQUE OFFER

DIGITAL

OPERATIONAL EFFICIENCY
Purchasing: all Unified ranges are e-tendered first through Kingfisher online tendering application
Lightbulbs: SKU count before & after

<table>
<thead>
<tr>
<th></th>
<th>Halogen</th>
<th>CFL</th>
<th>LED</th>
<th>Tubes</th>
<th>Total*</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Pre</td>
<td>Post</td>
<td>Pre</td>
<td>Post</td>
<td>Pre</td>
</tr>
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<td>B&amp;Q</td>
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<td>60</td>
<td>68</td>
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<td>58</td>
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<td>17</td>
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<td>101</td>
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<td>Casto Russia</td>
<td>22</td>
<td>24</td>
<td>83</td>
<td>45</td>
<td>81</td>
</tr>
<tr>
<td>Brico Rom</td>
<td>34</td>
<td>28</td>
<td>26</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td>Casto PL</td>
<td>190</td>
<td>43</td>
<td>116</td>
<td>9</td>
<td>254</td>
</tr>
<tr>
<td>Screwfix</td>
<td>55</td>
<td>60</td>
<td>26</td>
<td>17</td>
<td>136</td>
</tr>
</tbody>
</table>

*Incandescent, Tube Starters & Unknown included in total

Total number of unique SKUs reduced in new range to c.500 from c.2800 – 61% of product ranging is now LED
### Lightbulbs sourcing: followed a robust and open process

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFI Live</td>
<td>Aug 15</td>
</tr>
<tr>
<td>Factory visits 17/8</td>
<td>Aug 15</td>
</tr>
<tr>
<td>RFQ1 Live</td>
<td>Sept 15</td>
</tr>
<tr>
<td>RFQ1</td>
<td>24/7</td>
</tr>
<tr>
<td>RFQ2 Live</td>
<td>Sept 15</td>
</tr>
<tr>
<td>RFQ2</td>
<td>18/9</td>
</tr>
<tr>
<td>Sample validation 29/9</td>
<td>Sept 15</td>
</tr>
<tr>
<td>SC cost modelling 8/10</td>
<td>Sept 15</td>
</tr>
<tr>
<td>CPR validation 12/10</td>
<td>Sept 15</td>
</tr>
<tr>
<td>Purchasing validation 19/10</td>
<td>Sept 15</td>
</tr>
<tr>
<td>Final Nego’s 23/10</td>
<td>Sept 15</td>
</tr>
<tr>
<td>July 15</td>
<td>Aug 15</td>
</tr>
</tbody>
</table>

#### RFI
- 55 current vendors invited
- Vendors from W.Europe, E.Europe, Russia and Far East
- 38 vendors responded

#### RFQ1
- 20 vendors progressed from RFI
- 50 baskets of products for vendors to quote for
- Indicative 19% FOB saving

#### RFQ2
- 9 vendors progressed from RFQ1
- 86% of volume grouped into 7 ‘super-baskets’
- Additional 3% saving on O/L LED versus RFQ1 (B&Q LFL)

#### Final Negotiations
- Final face to face negotiations held
- 8 vendors selected
- Final CPR: 20%

#### Purchasing
- End October
- Business Case

#### November
- LOIs
- 2000hr testing
- Apex & SAP setup

#### December
- Testing data for ERP

#### March
- Production
- Gold seal
- LRD end March
**Lightbulbs sourcing: reducing the number of suppliers while minimising risk**

<table>
<thead>
<tr>
<th>Initial criteria achieved</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 2 vendors per Sub Category</td>
<td>8 Vendors</td>
</tr>
<tr>
<td>At least 2 countries of sourcing</td>
<td>China and EU</td>
</tr>
<tr>
<td>At least 2 invoicing currencies</td>
<td>$ and local currency</td>
</tr>
<tr>
<td>Kingfisher is less than 50% of capacity / vendor</td>
<td>14% maximum</td>
</tr>
<tr>
<td>How many new suppliers?</td>
<td>0 All existing suppliers</td>
</tr>
<tr>
<td>How many agents?</td>
<td>0 All agents delisted</td>
</tr>
</tbody>
</table>

Before

- # of vendors: 55
- COGS

After

- # of vendors: 8
- COGS

**Charts:**
- Pie chart showing COGS before and after
- 70% of the COGS is Asia, 30% is Europe, and 0% is Others.
## Kitchen sinks sourcing: SKU count before & after

### Unified

<table>
<thead>
<tr>
<th>Pre Unified</th>
<th>Post Unified</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Brico FR</td>
<td>33</td>
</tr>
<tr>
<td>B&amp;Q</td>
<td>65</td>
</tr>
<tr>
<td>Casto FR</td>
<td>76</td>
</tr>
<tr>
<td>Casto PL</td>
<td>101</td>
</tr>
<tr>
<td>Screwfix</td>
<td>65</td>
</tr>
<tr>
<td>Kocatas</td>
<td>55</td>
</tr>
<tr>
<td>Casto RUS</td>
<td>67</td>
</tr>
<tr>
<td>Brico ESP</td>
<td>23</td>
</tr>
<tr>
<td>Brico ROM</td>
<td>31</td>
</tr>
</tbody>
</table>

- Unified (UA+UB+UC) range = 54 skus in total
- 70% of local (UL) SKUs are available in more than one Opco
**Kitchen sinks sourcing: followed a robust and open process**

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RFI</strong></td>
<td>24th</td>
</tr>
<tr>
<td>36 current group vendors</td>
<td>29th</td>
</tr>
<tr>
<td>Supplying 516 products</td>
<td>28 vendors responded</td>
</tr>
<tr>
<td><strong>RFQ</strong></td>
<td>4th - 28th</td>
</tr>
<tr>
<td>Conditioning meetings in London &amp; KSO offices</td>
<td>25 vendors progressed</td>
</tr>
<tr>
<td>29 invited</td>
<td>113 unified products</td>
</tr>
<tr>
<td>28 vendors responded</td>
<td>= 1 million sinks</td>
</tr>
<tr>
<td><strong>Final negotiations</strong></td>
<td>9th</td>
</tr>
<tr>
<td>Face to face negotiations</td>
<td>13 Vendors selected to supply Group (64%)</td>
</tr>
<tr>
<td>Full supply chain modelling</td>
<td>Significant supply chain gain when nesting steel sinks without waste kits</td>
</tr>
<tr>
<td><strong>Vendor Negotiations &amp; Confirmation</strong></td>
<td>16th</td>
</tr>
<tr>
<td>China</td>
<td>Poland</td>
</tr>
<tr>
<td>Turkey</td>
<td>France/UK</td>
</tr>
<tr>
<td><strong>Factory Audits</strong></td>
<td>16th</td>
</tr>
<tr>
<td><strong>Business Case Sign Off</strong></td>
<td>10th</td>
</tr>
<tr>
<td><strong>Sample Validation</strong></td>
<td>9th</td>
</tr>
<tr>
<td><strong>Conditioning Meetings</strong></td>
<td>28th - 31st</td>
</tr>
<tr>
<td><strong>RFQ Live</strong> Assess</td>
<td>25 vendors progressed</td>
</tr>
<tr>
<td><strong>RFQ Live</strong> Analysis / Vendor Strategy</td>
<td></td>
</tr>
<tr>
<td><strong>1st Orders China</strong></td>
<td>8th</td>
</tr>
<tr>
<td><strong>KIPL Contract agreement</strong></td>
<td>15th</td>
</tr>
<tr>
<td><strong>1st LRD (China)</strong></td>
<td>23rd</td>
</tr>
<tr>
<td><strong>1st Delivery</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 15</td>
<td>RFI 24th</td>
</tr>
<tr>
<td>Aug 15</td>
<td>RFQ 4th - 28th</td>
</tr>
<tr>
<td>Sept 15</td>
<td>RFQ Live Assess</td>
</tr>
<tr>
<td>Oct 15</td>
<td>RFQ Live Analysis / Vendor Strategy</td>
</tr>
<tr>
<td>Nov 15</td>
<td>Sample Validation</td>
</tr>
<tr>
<td>Dec 15</td>
<td>Vendor Validation</td>
</tr>
<tr>
<td>Jan 16</td>
<td>Vendor Validation</td>
</tr>
<tr>
<td>Feb 16</td>
<td>Vendor Validation</td>
</tr>
<tr>
<td></td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>In Progress</td>
</tr>
</tbody>
</table>

**Waste kits tendered separately**

**24 ➔ 160**

**Per pallet**
Kitchen sinks sourcing: reducing the number of suppliers while minimising risk

COGS Before
# of vendors: 36

COGS After
# of vendors: 13

Initial criteria achieved

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 2 vendors per Sub Category</td>
<td>✔</td>
</tr>
<tr>
<td>At least 2 countries of sourcing</td>
<td>✔</td>
</tr>
<tr>
<td>At least 2 invoicing currencies</td>
<td>✔</td>
</tr>
<tr>
<td>Kingfisher is less than 50% of capacity / vendor</td>
<td>✔</td>
</tr>
</tbody>
</table>

- 2 vendors for Ceramic & Resin. Development vendors targeted
- In all sub-categories
BRILLIANT BASICS
‘Brilliant basics’: as good as the best across the group
‘Brilliant basics’ outline

1: All Opcos to group best in class

2: Leading retail practice
<table>
<thead>
<tr>
<th>Feature</th>
<th>Traffic</th>
<th>Conversion</th>
<th>Mobile</th>
<th>Desktop</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traffic</strong></td>
<td>+26% annual growth</td>
<td>One page checkout device</td>
<td>+99% annual sales growth</td>
<td>+15% annual sales growth</td>
</tr>
<tr>
<td></td>
<td>Industry benchmark +19%</td>
<td>Conversion rate up to 5%</td>
<td>Conversion rate at 2.5%</td>
<td>Conversion rate at 7.8%</td>
</tr>
<tr>
<td><strong>Click &amp; Collect</strong></td>
<td>Available within 5 mins</td>
<td>Real time single view of 5 million + active customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Live stock feed +56% annual growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single customer</strong></td>
<td></td>
<td></td>
<td>650k downloads to date</td>
<td></td>
</tr>
<tr>
<td><strong>Apps</strong></td>
<td></td>
<td></td>
<td>Every £1 spent drives £12 of sales</td>
<td></td>
</tr>
<tr>
<td><strong>Paid search</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
‘Brilliant basics’ step-change

Brilliant basics +

Brilliant basics
‘Brilliant basics’ approach

- Search
- Mobile
- Checkout
- Content
- Analytics
- Digital marketing
- In-store selling
- Click & Collect
First steps summary

Search
- Integrated search and navigation
- Faster to relevant products
- Maximise SEO performance

Content
- Easy comparatives
- Reduce clicks to trolley
- Layout content as customers search

Checkout
- Remove customer pain points
- Only disclose relevant steps
- Make decision points easier
‘Brilliant basics’: as good as the best across the group

Remind
- Needs & triggers

Motivate
- Inspire & visualise

Plan & evaluate

Purchase & deliver

Enable
- Build & install

Use & enjoy

Extend
- Maintain & improve
GNFR and how can it be optimised

Definition
• Goods Not For Resale (GNFR) refers to all 3rd party expenditure on the goods and services we require to run our business

Principal levers for optimisation
• Purchasing – improve the way we source goods and services
• Specifications – identify lower cost specifications that meet the business objectives
• Volume – identify best practices for how a good or service can be used most efficiently
Wave 1 example: Mechanical Handling Equipment

Fundamental change in operating model

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blueprint</strong></td>
<td>Harmonisation by store type</td>
</tr>
<tr>
<td>High variability in number of machines per store</td>
<td>Centralised online fleet management to minimise damage and optimise up-time</td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td>Company-wide tender</td>
</tr>
<tr>
<td>No systematic damage tracking</td>
<td></td>
</tr>
<tr>
<td><strong>Sourcing</strong></td>
<td></td>
</tr>
<tr>
<td>Suppliers selection by country/Opco</td>
<td></td>
</tr>
</tbody>
</table>

Expect c.10% savings
Wave 1 example: Print & Paper

Harmonised formats to fully leverage scale

From

Limited synergies due to different:
- Formats
- Paper grades
- Printing methods
- Negotiation cycles across Opcos

To

Unification of specifications to better leverage total company scale
- Optimal common specification
- Scale benefits by running a joint tender process
- Supplier consolidation

Expect c.10% savings
What’s different?

From

- Opportunistic, Opco by Opco
- Purchasing optimisation as primary lever
- Fragmented

To

- ‘One best way’, leveraging company scale
- Operational optimisation of specifications and volume as well as price benefits
- Cross-functional, cross-Opco, Steerco empowered to make decisions
In summary

GNFR is the most important initiative in Operational Efficiency

ONE Kingfisher approach – leveraging company scale

- Purchasing and operational optimisation of specifications and volume
- Joined-up category teams – cross-functional, cross-Opco

Good progress with Wave 1 and currently in analysis and planning phase for Wave 2