

# Kingfisher plc Retail investor presentation

22 May 2024



# Welcome & agenda

**Maj Nazir (Group IR Director)**

Introduction

**Anisha Singhal (Deputy IR Director)**

Financial results

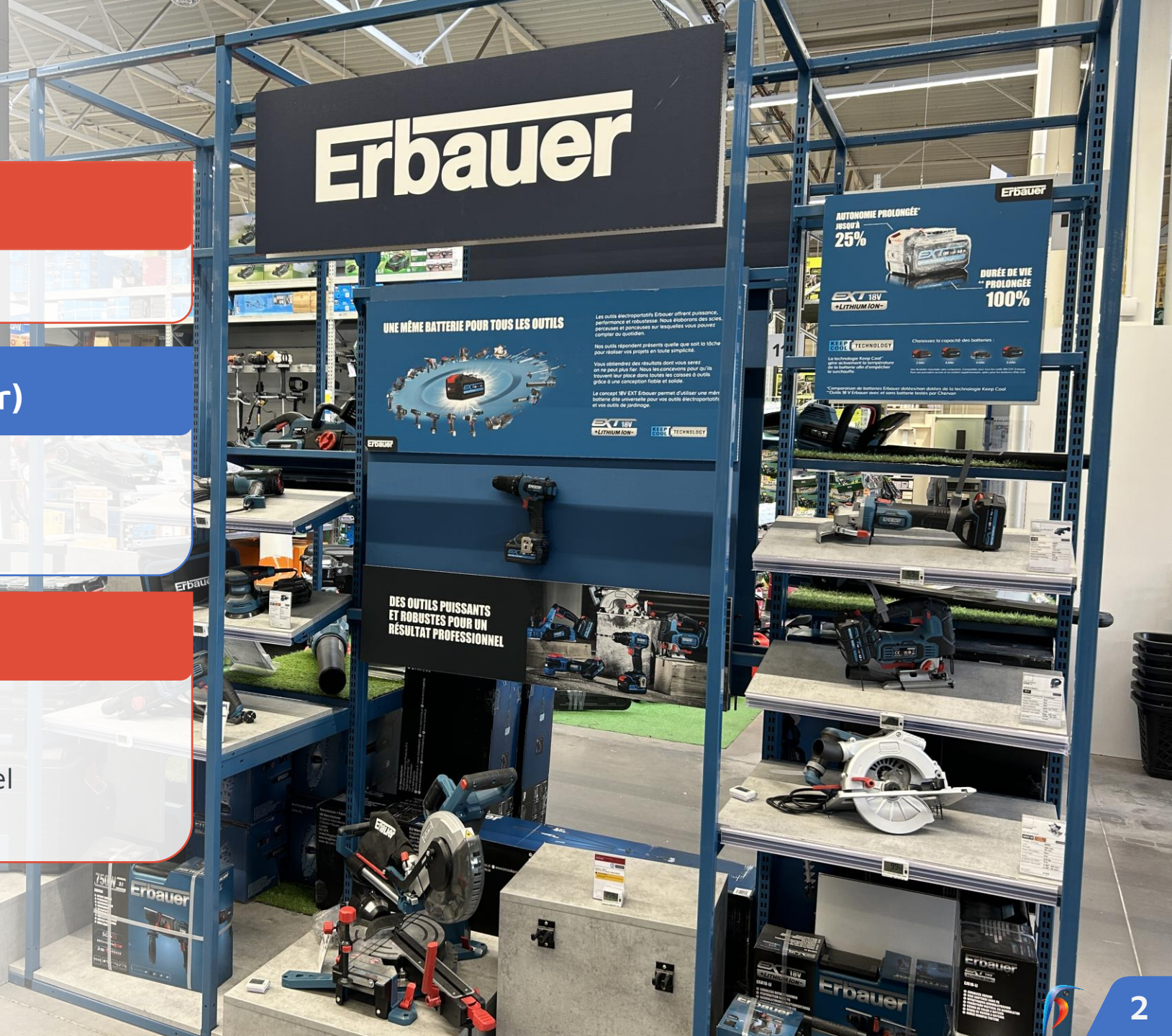
Outlook & guidance for FY 24/25

**Maj Nazir (Group IR Director)**

Strategy update

A clear plan to take France to the next level

Positioning for 2025 and beyond





# Introduction

**Maj Nazir**  
Investor Relations Director

# Our investment thesis

## Attractive and growing home improvement market

Large, fragmented and growing industry – c.£160bn in our markets

—  
Ageing housing stock

—  
Demand for greener homes

—  
Supportive socio-economic trends:

- High home ownership
- More working from home
- Younger generations doing DIY

## Kingfisher has distinct competitive advantages

#1 and #2 leadership positions

—  
Diversity of banners, formats, geographies and customers

—  
Own exclusive brands (c.50% of sales) and group scale

—  
Leading digital propositions combined with store network

—  
Retail industry ESG leader

## Compelling shareholder returns opportunity

Multiple growth drivers

—  
Highly cash generative business

—  
Robust balance sheet

—  
Track record of dividends and returning surplus capital

# Kingfisher at a glance

## Who we are

An international home improvement company with over 2,000 stores in eight countries across Europe.

We offer home improvement products and services to consumers and trade professionals through our stores and e-commerce channels.

## Our banners and footprint<sup>(1)</sup>



(1) As at 31 January 2024



# Delivering against our strategic priorities through our 'Powered by Kingfisher' model

## Strong and distinct banners

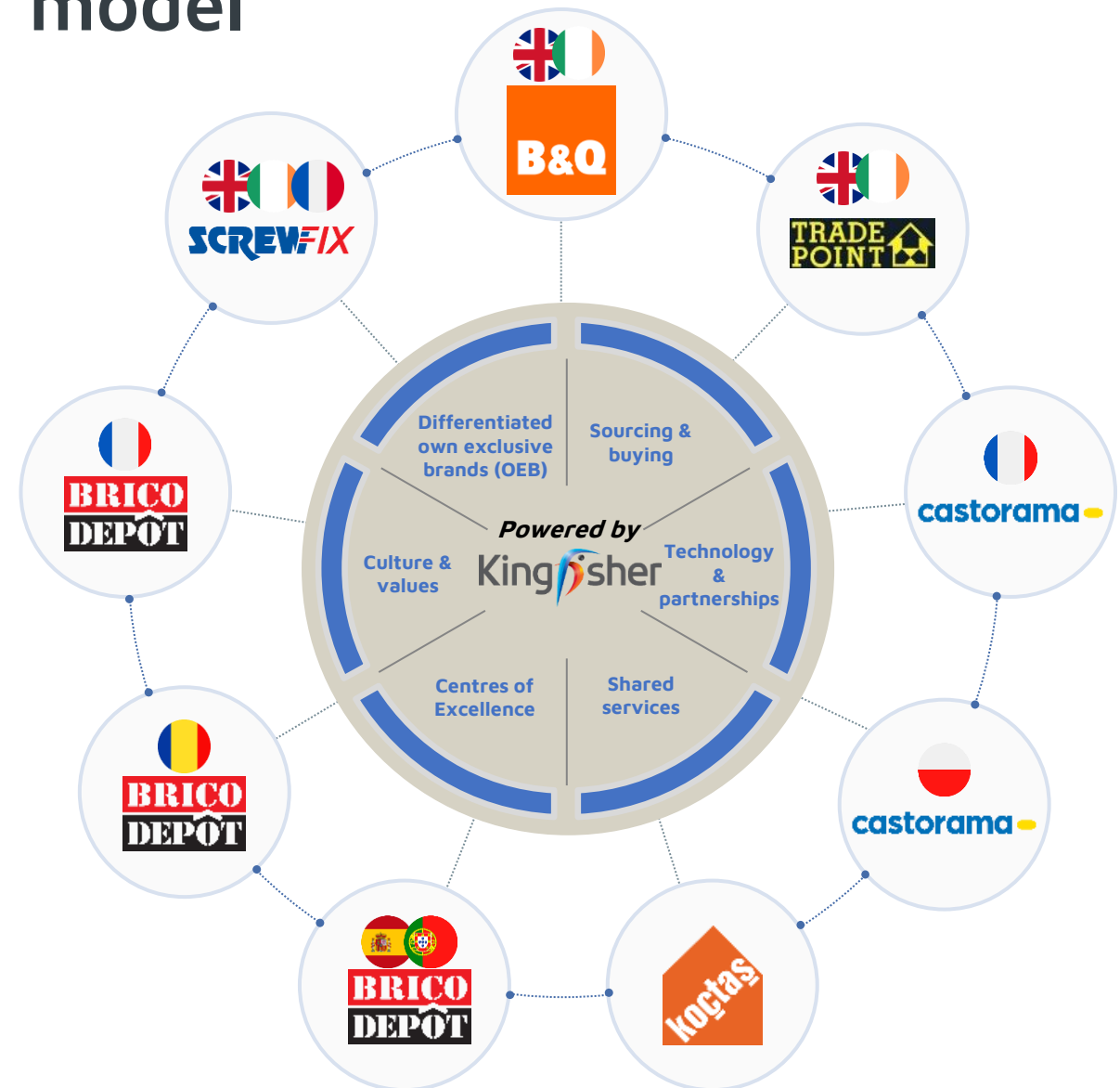
Each banner has a **clear positioning**, addressing **diverse customer needs**

## A balanced banner-Group operating model

**Agile culture** underpinned by **execution discipline**

## Group 'powers'

Group provides banners with **technology & digital capabilities**, **own exclusive brands** and **international support and scale** to serve their customers better



# Our strategic priorities

Our strategy aims to maximise the benefits to our customers by combining our distinct retail banners with the scale, strength and expertise of the Kingfisher Group

Grow by building on our different banners

Accelerate e-commerce through speed and choice

Build a data-led customer experience

Differentiate and win through own exclusive brands (OEB)

Develop our trade business









Roll out compact store formats

Lead the industry in Responsible Business and energy efficiency

Human, agile and lean



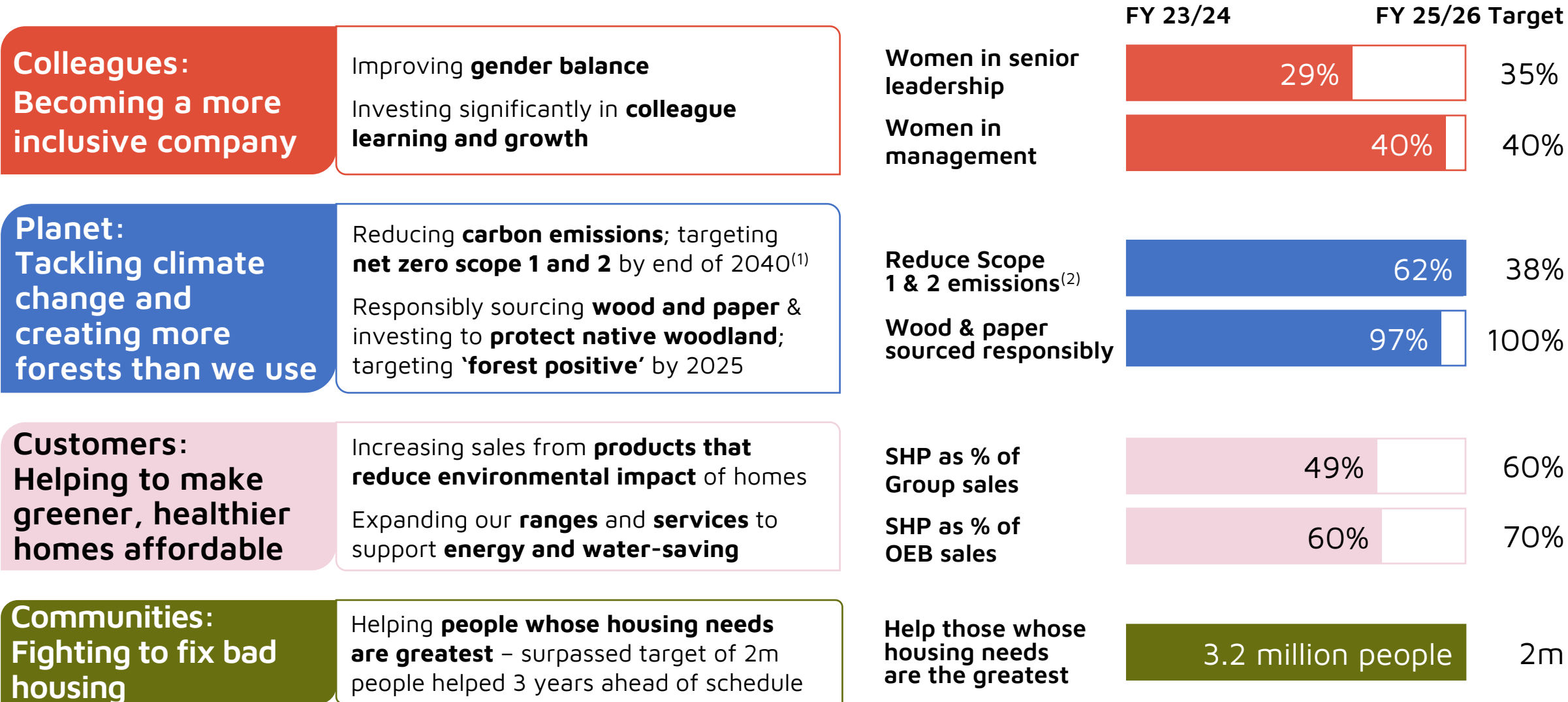
# Leveraging the strength, scale and expertise of Kingfisher

	UK & Ireland		France		Poland	Other	
	 						 Iberia & Romania
<b>Key value driver</b>	LFL growth	Expansion	Margin strengthening	LFL growth	Expansion	Expansion	Margin strengthening
<b>Positioning</b>	Market leader (#1)	Market leader (#1)	Competitive challenger (#2)	Discount leader (#1)	Market leader (#1)	Early growth	Competitive challengers
<b># stores<sup>(1)</sup></b>	311	922	95	125	102	20	63
<b>Key strategic levers over medium-term</b>	<ul style="list-style-type: none"> <li>Store network</li> <li>Marketplace</li> <li>Retail media</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Store expansion</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Store network</li> <li>Marketplace</li> <li>Retail media</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Compact stores</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Store expansion</li> <li>Marketplace</li> <li>Retail media</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Store expansion</li> <li>Trade</li> </ul>	<ul style="list-style-type: none"> <li>Marketplace</li> <li>Trade</li> </ul>
<b>Sales<sup>(2)</sup></b>	£3,849m	£2,538m	£2,219m	£2,027m	£1,694m	n/a	<ul style="list-style-type: none"> <li>Iberia: £371m</li> <li>Rom.: £269m</li> </ul>
<b>Retail profit<sup>(2)</sup></b>	£555m		£139m		£82m	n/a	<ul style="list-style-type: none"> <li>Iberia: £6m</li> <li>Rom.: £(18)m</li> </ul>
<b>Retail profit margin<sup>(2)</sup></b>	8.7%		3.3%		4.8%	n/a	<ul style="list-style-type: none"> <li>Iberia: 1.6%</li> <li>Rom.: n/a</li> </ul>

(1) As at 31 January 2024  
(2) Year to 31 January 2024



# Leading the industry in Responsible Business



(1) Net zero in own operations – Scope 1 and 2  
 (2) Against FY 16/17 base year





# Financial results

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**Anisha Singhal**  
Deputy Investor Relations Director

# Key FY 23/24 financials

<b>Sales</b>  <b>£12,980m</b> <i>Total sales -1.8%<sup>(1)</sup></i> <i>LFL -3.1%</i>	<b>Gross profit / margin %</b>  <b>£4,776m    36.8%</b> <i>-1.6%<sup>(1)</sup>    +10bps<sup>(1)</sup></i>	<b>Retail profit / margin %</b>  <b>£749m    5.8%</b> <i>-19.5%<sup>(1)</sup>    -130bps<sup>(1)</sup></i>	<b>Adjusted PBT<sup>(2)</sup> / margin %</b>  <b>£568m    4.4%</b> <i>-25.1%    -140bps</i>
<b>Statutory profit</b> Pre-tax    Post-tax  <b>£475m    £345m</b> <i>-22.3%    -26.7%</i>	<b>Free cash flow</b>  <b>£514m</b> <i>FY 22/23: £(40)m</i>	<b>Net debt</b>  <b>£(2,116)m<sup>(3)</sup></b> <i>FY 22/23: £(2,274)m</i>	<b>Net leverage</b>  <b>1.6x</b> <i>Net debt<sup>(3)</sup> / EBITDA</i>

(1) Variance in constant currency

(2) Before adjusting items (pre-tax)

(3) Includes £2,367m lease liabilities under IFRS 16 (FY 22/23: £2,444m)



# Q1 24/25 update

**Market share gains in the UK; resilient performance in core and positive seasonal sales**

- Q1 LFL -0.9%<sup>(1)</sup> including a +1.9% calendar impact<sup>(2)</sup>
- Share gains at B&Q supported by strong e-commerce and TradePoint sales; share gains and positive LFL at Screwfix
- Resilient performance in core category sales (LFL -0.3%), with sequential improvement in YoY volume trends vs Q4 23/24
- Weak 'big-ticket' category sales as expected (LFL -6.3%)
- Resilient seasonal sales (LFL +1.9%) despite unfavourable April weather

**Making progress against our key strategic priorities**

- Opened three Screwfix stores in France and seven in the UK & Ireland; targeting up to 55 new stores across the UK, Ireland and France in FY 24/25
- E-commerce sales growth of +12.7% and continued strong growth of B&Q marketplace and successful launch of Castorama France marketplace
- TradePoint LFL of +8.5%, trade loyalty programmes live in all banners

**Full year guidance unchanged<sup>(3)</sup>**

(1) Total sales -0.3% (reported) and +0.3% (constant currency)

(2) +1.9% calendar impact includes +1.1% leap year impact

(3) Full year guidance covered on slide 15





castorama

DEKORACJE  
URZĄDZANIE

ODBIĆ  
TOWAR

# Outlook & guidance for FY 24/25

**Anisha Singhal**

Deputy Investor Relations Director

# Cautious on the overall market outlook in 2024

		Our expectation of total home improvement market – 2024 (YoY % change) <sup>(1)</sup>	
		Low case	High case
UK & Ireland	<ul style="list-style-type: none"><li>▪ Resilient consumer but some caution in spending</li><li>▪ Improving housing market indicators, but lag expected to home improvement spend realisation</li></ul>	<b><i>Low-single digit decline</i></b>	<b><i>Flat</i></b>
France	<ul style="list-style-type: none"><li>▪ Consumer confidence slowly improving from lows, although remains subdued</li><li>▪ Housing market remains weak driven by elevated mortgage rates</li></ul>	<b><i>Mid-single digit decline</i></b>	<b><i>Low-single digit decline</i></b>
Poland	<ul style="list-style-type: none"><li>▪ Inflation normalising; interest rates lower versus peak</li><li>▪ Consumer confidence still low, but improving</li><li>▪ Households experiencing real wage growth and unemployment remains near record lows</li></ul>	<b><i>Flat</i></b>	<b><i>Low-single digit growth</i></b>

(1) Based on our internal assessment of total addressable home improvement market growth in the UK & Ireland, France and Poland in 2024, versus 2023. In constant currency and including expected space growth



# FY 24/25 outlook & guidance

	<i>Low case</i>	<i>High case</i>
Cautious on overall market outlook for FY 24/25	<ul style="list-style-type: none"><li>▪ UK: low-single digit decline</li><li>▪ France: mid-single digit decline</li><li>▪ Poland: flat</li></ul>	<ul style="list-style-type: none"><li>▪ UK: flat</li><li>▪ France: low-single digit decline</li><li>▪ Poland: low-single digit growth</li></ul>
Expectations for FY 24/25	<ul style="list-style-type: none"><li>▪ Continued focus on market share gains</li><li>▪ Continued effective management of product costs and retail prices</li><li>▪ Focus on productivity measures to help offset pay rate inflation and technology investments – expect c.£120m of additional cost reductions</li></ul>	
Adjusted PBT	<b>c.£490m - £550m</b>	
Free cash flow	<b>c.£350m - £410m</b>	











# Strategy update

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**Maj Nazir**

Investor Relations Director

# Significant space opportunity, driven by Screwfix and Poland

  	 	 	 
<p><i>FY 23/24 highlights</i></p> <p>'B&amp;Q Local' sub-branding roll out to high street stores</p> <hr/> <p>TradePoint expansion of 21 new counters; presence in 209 B&amp;Q stores</p>	<p><i>FY 23/24 highlights</i></p> <p>51 new stores opened in the UK &amp; Ireland; 15 in France</p> <hr/> <p>Launched online in six European countries</p>	<p><i>FY 23/24 highlights</i></p> <p>5 new stores</p> <hr/> <p>Dedicated trade concept 'CastoPro' tests launched in 5 stores</p>	<p><i>FY 23/24 highlights</i></p> <p>First two compact stores (1,000 sqm formats) opened in France</p>
<p><i>Future potential</i></p> <p><b>c.50</b> 'white spaces' in the UK</p> <hr/> <p>TradePoint tests for smaller stores</p>	<p><i>Future potential</i></p> <p><b>1,000+</b> stores in UK &amp; Ireland</p> <hr/> <p>Potential for <b>600+</b> stores in France</p> <hr/> <p>Expansion into new markets</p>	<p><i>Future potential</i></p> <p>Targeting up to <b>75</b> new medium-box and compact stores</p>	<p><i>Future potential</i></p> <p>Penetrate more 'white spaces' in France with compact format</p>
<p><b>c.+1.5% to +2.5% sales impact from annual net space growth over the medium term</b></p>			

# Big ambitions for e-commerce and marketplace

**Marketplace:**  
more choice  
driving more  
customers

## *FY 23/24 highlights*

B&Q marketplace delivering **c.£200m** GMV<sup>(1)</sup>

**1.2+** million SKUs from **c.1,100** selected merchants on diy.com

**10-15%** take rate and minimal cost drives highly profitable model

**Scaling of  
marketplaces  
across  
banners**

## *FY 24/25 plan*

Reach **2 million** SKUs on diy.com, opening to non-UK merchants

Launch and scale in **France** and **Poland**

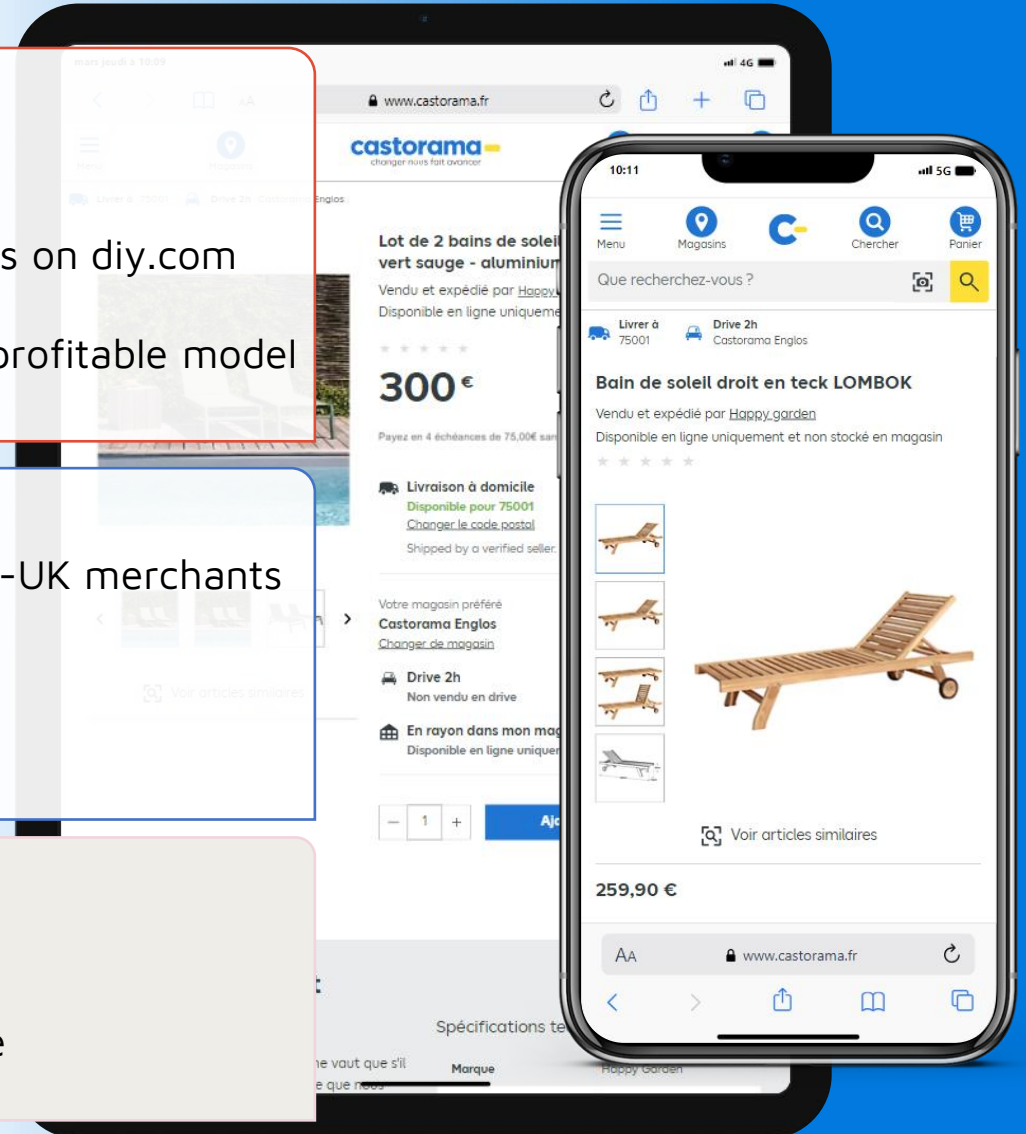
Test additional B2B services for merchants

**Major growth  
opportunity  
for  
Kingfisher**

## *Future potential*

**30%** e-commerce Group sales penetration

**One third** of e-commerce sales from marketplace



(1) Marketplace GMV is the total transaction value (including VAT) from the sale of products supplied by third-party e-commerce marketplace merchants



# Retail media: a new and exciting income stream

## Building the foundations

### *FY 23/24 highlights*

Launched in both banners in France and B&Q

Group partnerships with *CitrusAd* and *Unlimitail*

Created dedicated retail media team

## Improving capabilities

### *FY 24/25 plan*

Launch at Screwfix, Castorama Poland, Iberia and Romania

Scale ad requests and enhance vendor platform

Launch with third-party marketplace merchants

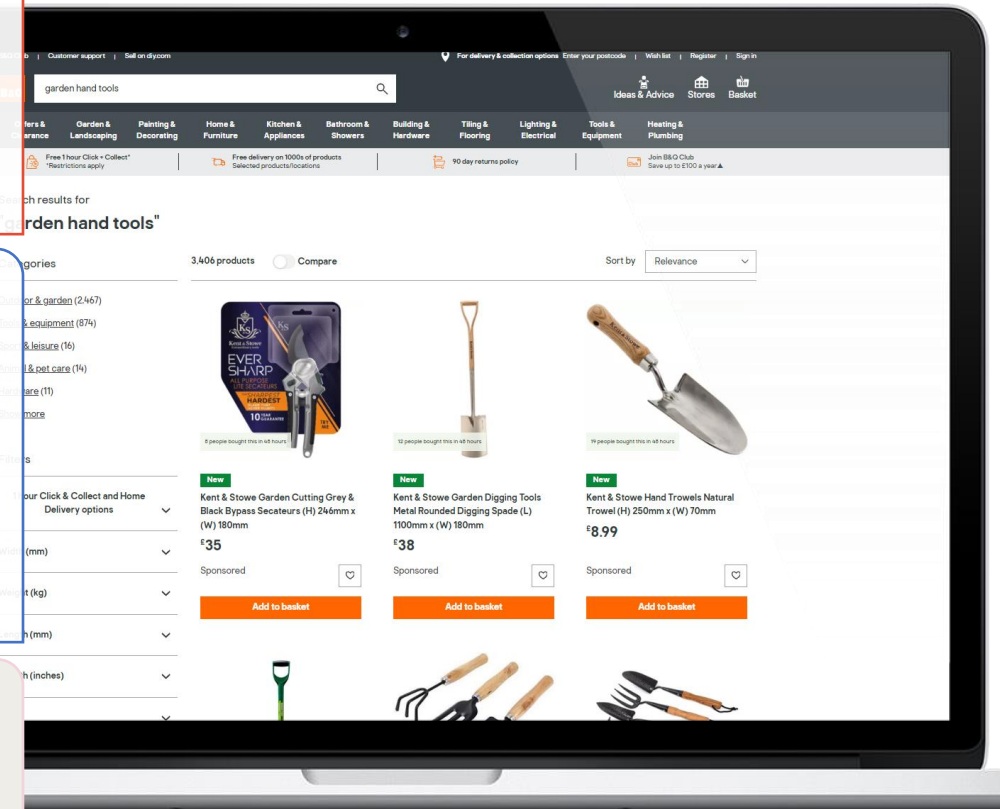
## Monetisation

### *Future potential*

Reach up to **3%** of e-commerce sales

Minimal cost drives high drop-through

Explore in-store solutions



# Trade strategy showing proven success

## Extending trade proposition to France and Poland...



21 new trade counters

c.40 new dedicated sales partners



Tests in 24 stores with dedicated trade zones and colleagues

Cash-back loyalty scheme trials



5 stores with dedicated trade 'store-in-store'

Loyalty scheme in all stores

Sales partner pilots

## ...with strong early results

Presence in **67%** of B&Q estate

Active members **+6%** YoY

H2 LFL **+3.6%**, outperforming B&Q retail

Doubled trade sales penetration in pilot stores

Nationwide roll-out of loyalty programme following national marketing campaign

Pilot stores trade penetration higher than banner average; significantly better YoY sales

Average basket for CastoPro members **2.4x** non-members; frequency **3x** monthly

Expansion of pilots planned in FY 24/25

## Growing trade penetration

*Future potential*

**>£1bn** TradePoint sales

Aiming to **double** trade penetration in France and Poland





# A clear plan to take France to the next level

**Maj Nazir**

Investor Relations Director

# Taking France to the next level – a new plan focused on simplicity, performance and profitability

## Simplifying the France organisation

Simplifying 'France' structure

— All strategic and operational activities moving to banners, increasing autonomy and agility, and streamlining head offices

— Some limited cross-banner functions and co-ordination of synergies

— Leadership – Pascal Gil now CEO of Castorama France; Laurent Vittoz continues to lead Brico Dépôt

## A clear and actionable plan for Castorama

Restructuring and modernising the store network

— Improving operating margin efficiency

— Growing sales densities

## Building on the exciting potential of Brico Dépôt

Driving LFL sales by strengthening our discount DNA

— Capturing trade demand and developing new compact formats

— Improving productivity

France medium-term retail profit margin target of

**c.5–7%**

*Driven by self-help*

*Supported by operating leverage*



# Positioning for 2025 and beyond

**Maj Nazir**  
Investor Relations Director



# Confident in medium-term growth and cash generation opportunity

## Sales to grow ahead of our markets

LFL sales growth driven by our strategic focus areas including e-commerce and marketplace, OEB, trade

—  
Sales impact of c.+1.5% to +2.5% from annual net space growth over the medium term, primarily driven by Screwfix and Castorama Poland

## Adjusted PBT to grow faster than sales

Driving ongoing scale benefits

—  
Higher margin initiatives

—  
Operating cost leverage and multi-year operating cost reduction opportunities

## Strong cash generation to drive growth investment and shareholder returns

Free cash flow of c.£450m in FY 25/26 and >£500m per annum from FY 26/27, supported by profit growth and ongoing inventory self-help measures



# Disciplined approach to capital allocation

## Invest in attractive growth opportunities

Prioritise growth opportunities that accelerate our strategy

—  
Annual gross capex  
c.3.0% of sales

## Sustainable dividend growth

Progressive growth of dividends

—  
Target cover range 2.25x to 2.75x

## Returns to shareholders

Surplus capital to be returned via share buybacks or special dividends

—  
>£1.6bn returned to shareholders in last 5 years via dividends and buybacks

## Maintain financial resilience and an efficient balance sheet

Solid investment grade credit rating

Maximum net leverage over medium term of 2.0x

Maintain strong liquidity headroom



# Our investment thesis

## Attractive and growing home improvement market

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Multiple growth drivers

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Track record of dividends and returning surplus capital

Sortie ↓ RETRAIT MATÉRIAUX ↓ Entrée

Q&A

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