KINGFISHER PLC
HALF YEAR RESULTS

6 months to 31 July 2021

21 September 2021

Disclaimer

You are not to construe the content of this presentation as investment, legal or tax advice and you should make your own evaluation of the Company and the market. If you are in any doubt about the contents of this presentation or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction).

This presentation has been prepared in relation to the financial results for the six months ended 31 July 2021. The financial information referenced in this presentation is not audited and does not contain sufficient detail to allow a full understanding of the results of the Group. For more information, the entire text of the RNS announcement containing the financial results for the six months ended 31 July 2021 can be found on the Investor Relations section of the Company's website. Nothing in this presentation should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group or an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (as amended).

This presentation is being solely made and directed at persons to whom this presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

Certain information contained in this presentation may constitute "forward-looking statements" (including within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995), which can be identified by the use of terms such as "may", "will", "would", "could", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "plan", "goal", "aim", "forecast" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts and speak only as of the date on which they are made and include statements regarding the Company's intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, the Company's results of operations, financial condition, changes in global or regional trade conditions, changes in tax rates, exchange rates or interest rates, changes to customer preferences, liquidity, prospects, growth and strategies, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises, outbreaks of contagious disease (including but not limited to the COVID pandemic), environmental disruption or political volatility. By their nature, forward-looking statements involve inherent risks, assumptions and uncertainties that could cause actual events or results or actual performance of the Company to differ materially from those reflected or contemplated in such forward-looking statements. For further information regarding risks to Kingfisher's business, please consult the risk management section of the RNS announcement containing the results for the six months ended 31 July 2021, to which this presentation relates, and of the Company's Annual Report (as published). No representation or warranty is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements.

The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any new information, change in circumstances, or change in the Company's expectations.

Operational & strategic update

Thierry Garnier
Chief Executive Officer

Welcome & agenda

Thierry Garnier (CEO): Operational & strategic update

Update on operational impacts of COVID
-
Strategy update
-
Looking ahead – market trends and growth drivers

Bernard Bot (CFO): H1 21/22 results

Performance overview
-
Cash, debt and liquidity
-
Capital allocation framework
-
FY 21/22 outlook & guidance

Key messages

- Strong financial performance and improved competitive position
- Effective management of product availability, logistics and inflation pressures
- Rapid progress made with ‘fixing’ issues from previous years
- Delivery against ‘Powered by Kingfisher’ strategic priorities ahead of schedule
- New longer-term industry trends creating growth opportunities
- Accelerating investments for growth
- £300m to be returned to shareholders via share buyback

Strong H1 financial performance

Prioritising top line growth – total H1 sales £7.1bn; LFL +22.8% and 2-year LFL +21.3%

E-commerce sales up 21%; 2-year growth up 216% (19% penetration vs 7% in 2019)

Good start to the second half of the year: Q3 21/22 LFL to date(1) -0.6%; 2-year LFL +16.1%

Adjusted PBT: £669m, +62% (+99% vs 2019)

Free cash flow: £723m, -31% (+254% vs 2019)

Interim dividend declared of 3.80p (FY 20/21 interim dividend: 2.75p)

(1) To 18 September 2021

Effective management in H1 of the operational impacts of COVID

Improved product availability vs start of year

No major issues around colleague absence or recruitment

Managed risks effectively on **shipping containers & HGV drivers**

Maintaining strong price index

Continued focus on **inventory rebuild in H2** ahead of peak trading periods

Inflation impact on margin well managed to date; expect cost price pressure to continue into H2

Rapid progress made with ‘fixing’

UK and Poland ‘fixing’ complete;
France on track to complete within 12 months

Fundamental reorganisation of both the commercial and technology & digital operating models

SAP platform roll-out near completion

Adding significant talent in digital, technology and data

Price positioning in a good place in all key banners

New trading approaches enabling banners to serve customers more effectively

France – ‘repair and modernise’ on track

1 ‘Repair’ actions largely complete

Strong new leadership and key teams strengthened
–
Rebalanced local/Group for greater autonomy and speed
–
SAP ‘pain points’ addressed; Brico roll-out by end of next year
–
Strengthened price positioning and perception at both banners
–
Trading events and promotional offers successfully reintroduced

2 Rapidly progressing range repair & logistics optimisation

Castorama range: >6,000 SKUs introduced since Feb 2020; more local brands and OEB to support extended choice; cut back on non-critical range reviews
–
Brico Dépôt range: Differentiating through more tailored OEB & local brands; reducing SKUs to focus on key discount products
–
Logistics network: reducing DC space; creating a single optimised cross-dock network for both banners

3 On track with ‘Modernise’ phase

E-commerce acceleration: new store ‘hub’ model at Castorama; faster & expanded C&C options; new ‘delivery from store’ service
–
Customers: Strong customer growth (especially online) & high retention of revenue from cohorts acquired in 2020
–
Services: Strengthened & expanded partnership with NeedHelp
–
Stores: Testing compact stores and ‘big-box’ rightsizings

Proof points

LFL sales +17.1% vs 2019; improved competitive position
–
E-commerce sales +342% vs 2019; 7% of sales (+5 ppts vs 2019)
–
Retail profit more than doubled YoY
–
c.13% reduction of distribution centre space in last 12 months
–
Kitchens growth of 28% at Castorama (Q2 21/22 vs 2019)

Delivery against strategic priorities ahead of schedule

1 Grow e-commerce sales

Accelerated focus on last-mile delivery and store-picked orders

—

Roll-out of Group digital technology stack to relevant banners near completion

—

New agile operating model established for Technology and Digital teams

2 Differentiate and grow through OEB

Roll-out of new kitchen range in UK, France, Poland & Romania – strong results to date

—

Developing different OEB for general home improvement, trade & discount banners

—

New commercial operating model enabling greater focus and speed to market

3 Mobile-first and service orientated

New Screwfix app with multiple innovations

—

Rolling out self-checkouts and mobile ‘Scan & Go’ technology (B&Q and Iberia)

—

Enhancing showroom services with new 3D design tool & installations service

—

Rolling out NeedHelp in UK and Poland

4 Test compact stores and adapt store footprint

Further compact store tests in UK & Poland

—

Screwfix opened 20 new outlets in H1; targeting >70 for FY 21/22

—

More rightsizing tests in UK & France

—

Expanding B&Q partnerships with Speedy Hire and ASDA

—

Franchise programme fully on track

5 Source and buy better, reduce costs & inventory

Multiple cost reduction programmes in motion, including lease re-gearings, store productivity, supply chain, GNFR

—

Strategic partnerships with top 15 brands

—

Net stock days down c.15%

—

Improved inventory health

6 Lead the industry in Responsible Business

‘Doing the right thing’ during COVID

—

Colleague NPS in top 10% of global retailers

—

1.5°C-consistent carbon reduction targets (to 2025) now approved by SBTi

—

New sustainability-linked £550m RCF

Strategy delivery continues to drive clear improvements in competitive position

E-commerce sales now three times higher than in 2019

E-commerce development going from strength to strength

Managing high demand	Continuous improvements to store preparation, IT systems and supply chain to manage high e-commerce demand
Home delivery efficiency	Implemented store 'hub' model in France and Poland to improve home delivery efficiency & expand available range
Expanded C&C options	Trialling C&C lockers at B&Q; rolling out nationally in Poland; Implemented 'drive-thru' and car park collections in France
Accelerated focus on last-mile delivery	Rolling out 1-hour 'Sprint' delivery at Screwfix and working towards same-day/next-day proposition at B&Q
Roll-out of digital technology stack	Front-end architecture for relevant banners near completion; innovative new apps launched at Screwfix & Castorama France
Tech/Digital operating model	New agile operating model for Tech/Digital teams yielding results – shared technologies & solutions and faster speed to market

Proof points in H1

>200% increase(1) of online customers compared to 2019 – with high retention of revenue from cohorts acquired in 2020

E-commerce sales +21% (+216% vs 2019)

Penetration c.19% of sales (+12 ppts vs 2019)

90% of all e-commerce orders picked in store

Click & Collect sales +10% (+277% vs 2019); represents 73% of e-commerce sales

(1) Based on B&Q, TradePoint, Screwfix, Castorama France, Brico Dépôt France and Castorama Poland

Industry-leading OEB providing differentiation and value

Strong OEB performance continues

£3.2bn – total OEB sales in H1

+22.8% – OEB LFL sales growth (2-year growth +24.6%)

46% of Group sales (H1 20/21: 46%; H1 19/20: 45%)

Top five own brands deliver **25%** of Group sales

Successful roll-out of new kitchen range

New range implemented in UK (B&Q), France, Poland & Romania

Higher quality rating score than leading competitors

Strong sales growth despite COVID-related restrictions in-store

Supported by **market-leading low prices**, enhanced **online digital content** & **design tools**, and **new installations offer**

Driving specific OEB for different formats

Launching more OEB tailored specifically for **general home improvement**, **trade** & **discount** banners

Created **10 new own exclusive brands** and **redeveloped a further 18** – all now ready for implementation

New **Titan pressure washer range** at Screwfix – improved product designs, accessories & packaging; sales volumes outperforming major branded competitor

Innovating to extend coverage of customer needs

Sales of **Magnusson** hand tools ranges outperforming major branded competitor. Now #1 hand tools brand in all banners

Recognition – three *'Red Dot'* design awards for **GoodHome**: bathroom taps, electrical radiators, and kitchen sinks

Successful launch in France of **Atomia** wardrobe & space management solutions

Responsible Business update

Becoming a more inclusive company

Continuing to 'do the right thing' for our colleagues during COVID

Colleague NPS in top 10% of global retailers

Roll-out of Inclusion and Diversity plans at Group and banner levels

All-colleague share plan in place with >9,000 colleagues now shareholders

Colleagues

Helping to tackle climate change and creating more forests than we use

Planet

New carbon reduction targets (consistent with 1.5°C trajectory to 2025) now approved by SBTi

Founding member of the UN's *Race to Zero Breakthroughs: Retail Campaign*

Commenced work in H1 in partnership with Rainforest Alliance's *Forest Allies* initiative

Helping to make greener, healthier homes affordable

Accelerated focus on 'Sustainable Home' OEB product development

Supporting government initiatives around greener homes

Customers

Fighting to fix bad housing

Communities

Strong support for local communities and healthcare authorities during COVID

Doubled previous ambition; now aiming to help at least two million people whose housing needs are greatest, by 2025

New longer-term industry trends creating growth opportunities

More working from home (WFH)

50% of all people surveyed **worked from home more** or for the first time

More WFH **likely to continue**

50% of those WFH say they will **do more DIY in the future**

New generation of younger DIY'ers

Home improvement & DIY activity among the **younger age group** up significantly vs 2019

Among the 18-34 year olds: 64% **improved** their DIY skills, 71% **feel more confident** to take on DIY, 75% **enjoyed it**

18-34 year olds **scored the highest versus other age groups** on all the areas above

Active housing market in the UK & France

House moves tend to generate **significant incremental demand** for following 12-18 months

Moving **pipeline looks robust** for now, fuelled by the pandemic and low interest rates

Most money is spent on **kitchens**, **bathrooms**, electricals & **general DIY** following house moves

Focus on energy-efficient homes

In the UK and France, **c.75%** of the building stock is deemed **energy inefficient**

Both countries have net zero commitments – considerable potential for **'green renovations'**

Kingfisher derives **c.9% of its Group sales** from energy and water-saving products

Now ready to accelerate our investments for growth

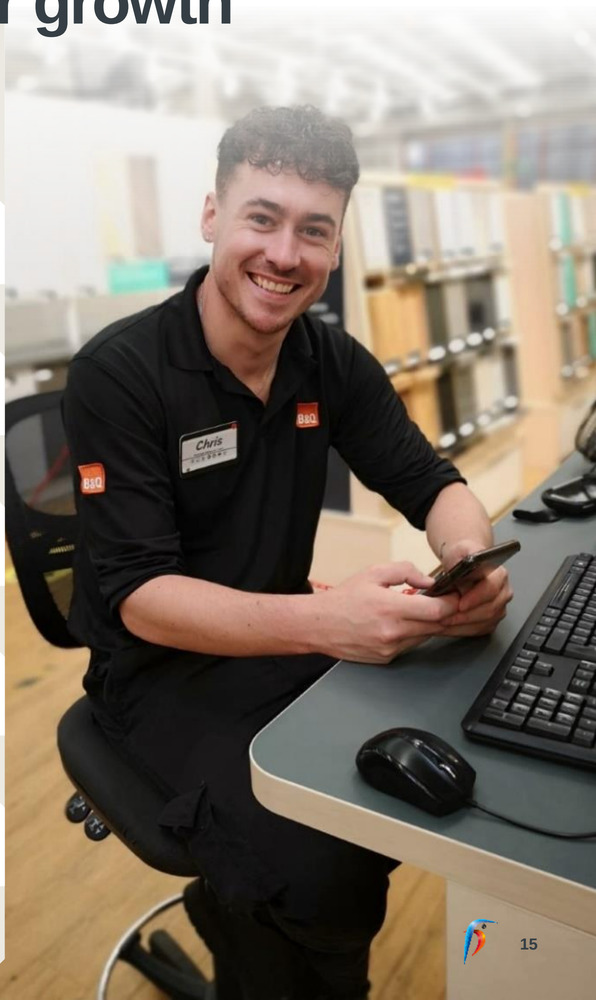
Acceleration of digital investment – with faster fulfilment and expanded product choice

Screwfix UK and Ireland – increased store target of more than 1,000 stores

Screwfix France – encouraging early results from online launch; first stores to open in France in 2022

Castorama Poland – acceleration of store expansion; on track to open seven new stores this year

TradePoint – relaunch under way, supported by new website & relaunch of loyalty programme for trade customers



HY 21/22 results

Bernard Bot
Chief Financial Officer

Key financials

Sales	Gross profit / margin %	Retail profit / margin %	Adjusted PBT[2] / margin %
£7,101m *+22.2%[1] LFL +22.8%* **+21.3%** *2-year LFL*	**£2,697m** *+25.4%[1]* **38.0%** *+100bps[1]*	**£767m** *+45.1%[1]* **10.8%** *+170bps[1]*	**£669m** *+61.6%* **9.4%** *+240bps*

Statutory profit (Pre-tax / Post-tax)	Free cash flow	Net debt	Net leverage
Pre-tax: **£677m** *+70.6%* Post-tax: **£556m** *+75.2%*	**£723m** *H1 20/21: £1,042m*	**£(908)m[3]** *H1 20/21: £(1,377)m*	**0.5x** *Net debt[3] / LTM[4] EBITDA*

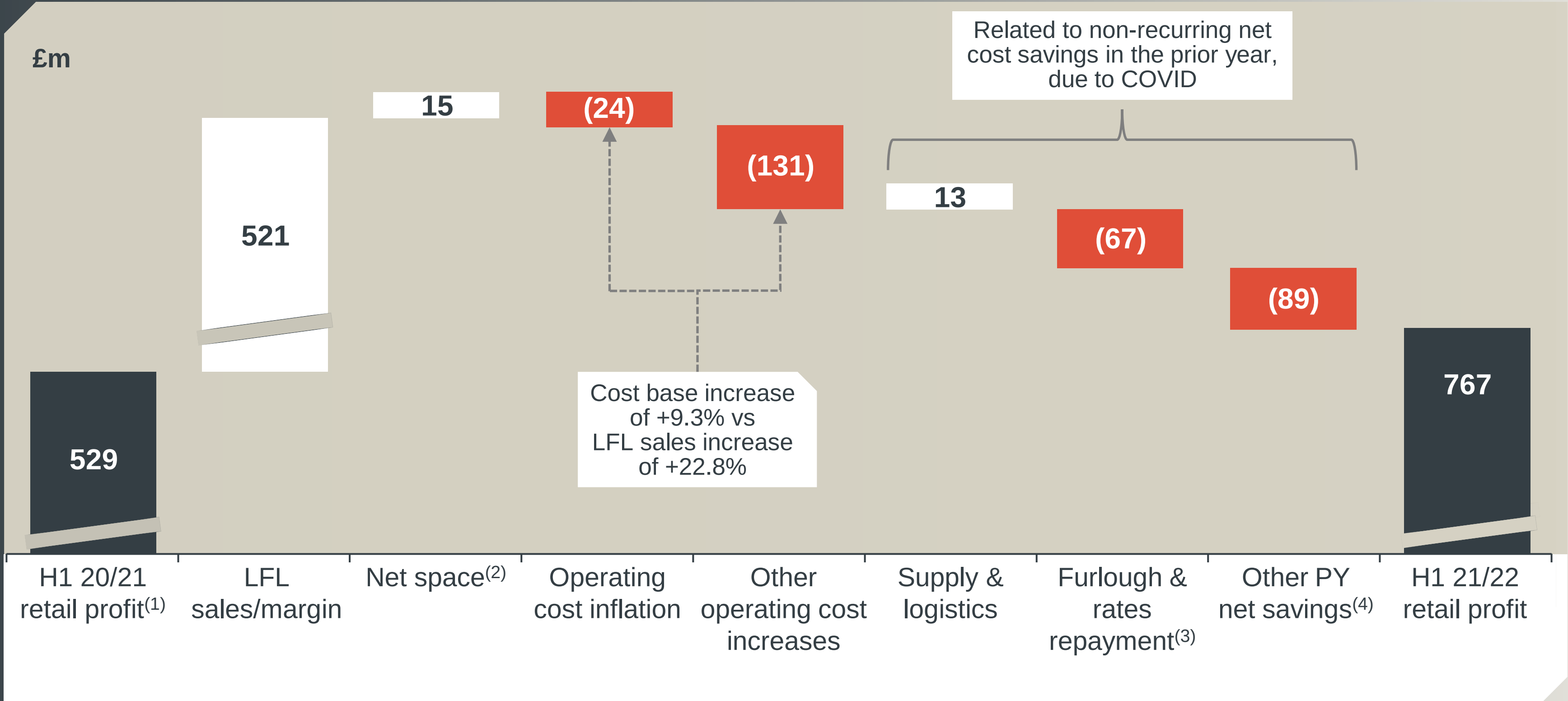
(1) Variance in constant currency
(2) Before adjusting items (pre-tax)
(3) Includes c.£2.3bn lease liabilities under IFRS 16 (H1 20/21: c.£2.5bn)
(4) Last twelve months

Geographic summary

	HY 21/22 sales				Retail profit/(loss)		Retail profit margin	
	£m	% chg[1]	% LFL	% 2-year LFL	£m	% chg[1]	%	bps chg[1]
UK & Ireland	**3,570**	+29.7%	+28.1%	+31.2%	**579**	+40.8%	**16.2%**	+130bps
B&Q	**2,378**	+29.4%	+28.8%	+34.0%				
Screwfix	**1,192**	+30.4%	+26.8%	+25.4%				
France	**2,437**	+23.3%	+24.4%	+17.1%	**129**	+109.3%	**5.3%**	+220bps
Castorama	**1,237**	+20.3%	+23.1%	+14.0%				
Brico Dépôt	**1,200**	+26.5%	+25.8%	+20.5%				
Poland	**743**	(0.6)%	(5.0)%	(1.7)%	**58**	(16.1)%	**8.0%**	(150)bps
Iberia	**196**	+45.5%	+45.5%	+13.0%	**11**	n/a	**5.5%**	+480bps
Romania	**152**	+47.6%	+19.2%	+31.9%	**(6)**	+46.3%	**(3.7)%**	+640bps
Other[2]	**3**	n/a	n/a	n/a	**(5)**	n/a	**n/a**	n/a
Turkey[3]	**n/a**	n/a	n/a	n/a	**1**	n/a	**n/a**	n/a
Total ex-Russia	**7,101**	+24.3%	+22.8%	+21.3%	**767**	+44.0%	**10.8%**	+150bps
Russia	**-**	(100.0)%	n/a	n/a	**-**	-	**-**	-
Total	**7,101**	+22.2%	+22.8%	+21.3%	**767**	+45.1%	**10.8%**	+170bps

(1) Variance in constant currency
(2) 'Other' consists of the consolidated results of NeedHelp (acquired in November 2020), Screwfix International (launched online in France in April 2021), and results from franchise agreements
(3) Retail profit includes the equity-accounted profit of Koçtaş (Kingfisher's 50% JV in Turkey): H1 21/22: £1m (H1 20/21: £Nil)

Group retail profit bridge

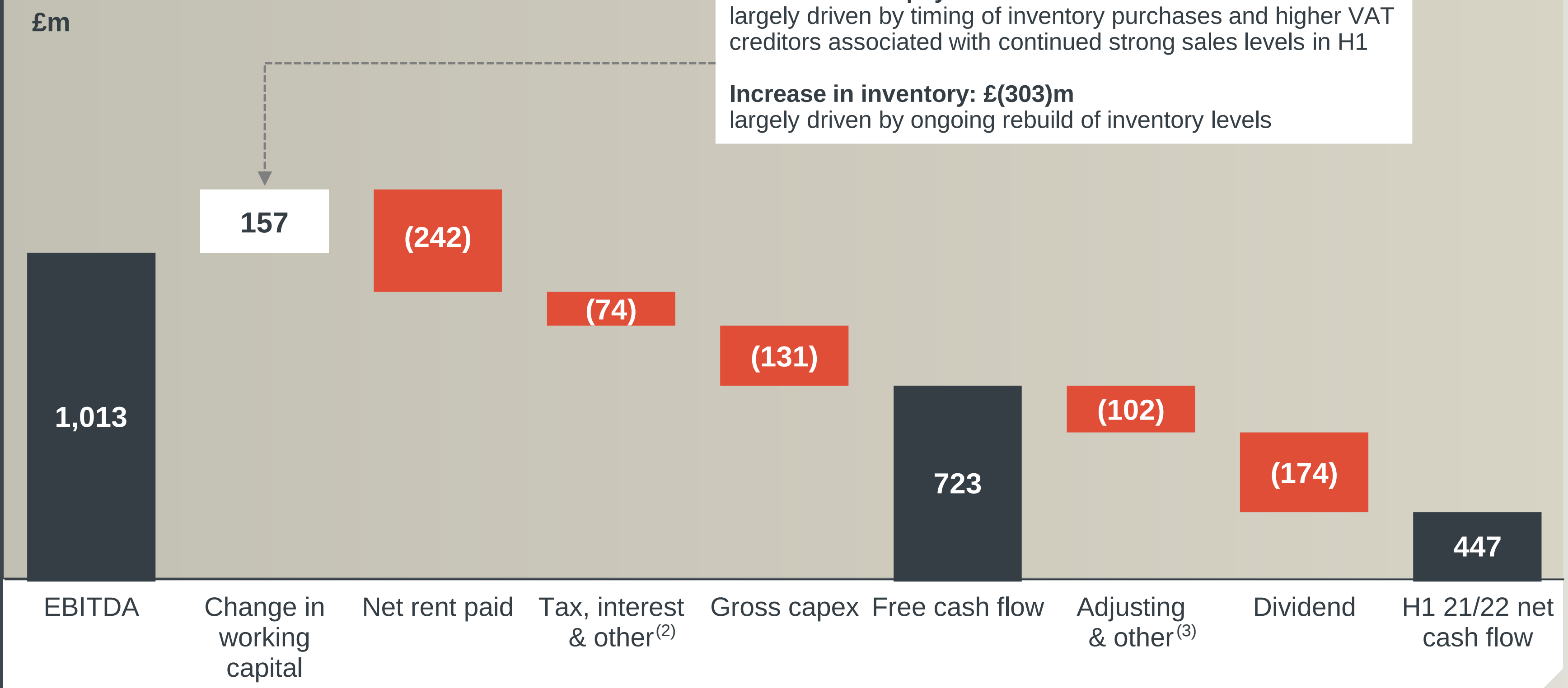


(1) H1 20/21 retail profit in constant currency
(2) Includes Russia (H1 20/21: £5m retail loss). The sale of Russia was completed on 30 September 2020
(3) Relates to UK & Republic of Ireland furlough and business rates relief received in H1 20/21 but subsequently repaid in H2 20/21
(4) Other non-recurring net cost savings in the prior year (H1 20/21), including travel, marketing and advertising expenditure; partially offset by COVID-related costs

Summary cash flows

Net increase in payables(1): £460m
largely driven by timing of inventory purchases and higher VAT creditors associated with continued strong sales levels in H1

Increase in inventory: £(303)m
largely driven by ongoing rebuild of inventory levels



(1) Net of increase in receivables of £33m
(2) 'Other' principally includes share-based payment compensation charge and movement in pensions
(3) 'Adjusting & other' includes share purchases for employee incentive schemes and adjusting cash flow items (principally comprising payments made in relation to the EC state aid challenge, and restructuring costs); offset by property disposals

Net debt and liquidity

£m	H1 21/22	FY 20/21
IFRS 16 lease liabilities	**(2,319)**	(2,421)
Financial debt[(1)]	**(105)**	(109)
Cash and cash equivalents[(2)]	**1,516**	1,136
Net debt	**(908)**	(1,394)
Net debt to EBITDA	**0.5x**	0.9x

Over £2bn of total liquidity as of 31 July 2021 (including undrawn £550m RCF)

Financial debt[(1)] of £105m as of 31 July 2021

Net leverage of 0.5x as of 31 July 2021

Net leverage to move higher in H2, with working capital increase from inventory rebuild, capex increase (as guided), and share buyback

(1) Mainly term loans and financing derivatives
(2) Net of bank overdrafts

Capital allocation framework

Invest in attractive growth opportunities

Invest in attractive organic or inorganic opportunities that accelerate our strategy

—

Target gross capex of c.3.0-3.5% of total sales p.a., on average

Secure financial resilience

Target solid investment grade credit rating

—

Over the medium term, target net leverage of c.2.0x(1)

—

Maintain strong liquidity headroom (including cash & committed debt facilities) – currently set at £1bn

Sustainably grow dividends

Progressive and sustainable growth of dividends

—

Dividend policy target cover range of 2.25 to 2.75 times

Distribute surplus capital

Evaluate capital needs and scope to return any surplus capital to shareholders

Kingfisher returning £300m via share buyback programme

(1) Net leverage based on net debt to EBITDA, on an IFRS 16 basis

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 store or showroom closures)

Good start to the second half of the year
Q3 21/22 LFL to date[1] -0.6%; 2-year LFL +16.1%

Increasing H2 sales expectations
Now planning for H2 LFL scenarios of -7% to -3% *(previously -15% to -5%)*; 2-year LFLs of +9% to +13%

Anticipate full year adjusted PBT in the range of c.£910m to £950m

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

(1) To 18 September 2021

Summary

Thierry Garnier
Chief Executive Officer

Summary

Strong financial performance and improved competitive position

Effective management of product availability, logistics and inflation pressures

Rapid progress made with ‘fixing’ issues from previous years

Delivery against ‘Powered by Kingfisher’ strategic priorities ahead of schedule

New longer-term industry trends creating growth opportunities

Accelerating investments for growth

£300m to be returned to shareholders via share buyback

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:

New York
Michael O'Leary
email: michael.oleary@citi.com
Tel: +1 212 723 4483

London
Mike Woods
email: michael.woods@citi.com
Tel: +44 (0) 20 7500 2030

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

Contacts

Investor Relations

Tel: +44 (0)20 7644 1082
Email: investorenquiries@kingfisher.com

Media Relations

Tel: +44 (0)20 7644 1030
Email: corpcomms@kingfisher.com

Teneo

Tel: +44 (0)20 7420 3184
Email: Kfteam@teneo.com

Appendices

FY 21/22 technical guidance(1)

LFL sales outlook	**H2 21/22** – planning for LFL scenarios of -7% to -3% *(previously -15% to -5%)*; 2-year LFLs of +9% to +13%
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 in the prior year will be c.-1.5%
Costs	**Central costs** – expected to be c.£58-60m (*previous guidance 'broadly flat year on year'*; FY 20/21: £54m) **IT development** – following recent new guidance, the Group is reviewing its policy on accounting for 'software as a service' related IT development. Indicatively, this may result in a total charge of c.£10m in FY 21/22
Net finance costs	Expected to decrease by c.£15m as a result of lower lease liability balance and lower non-lease interest (*previous guidance 'decrease by c.£10m'*; FY 20/21: £160m)
PBT	Anticipate full year adjusted pre-tax profit in the range of c.£910m to £950m
Tax rate	Group adjusted effective tax rate expected to be c.22%(2) (*previous guidance c.23%*; FY 20/21: 23%)
Cash flow	**Working capital** – anticipate temporary working capital benefits from prior year to continue reversing in H2 **Capital expenditure** – continue to target up to 3.5% of total sales (FY 20/21: £281m; FY 19/20: £342m) **Tax** – paid c.£64m to HMRC in H1 in relation to EC state aid challenge. Contested and recorded as receivable **Share buyback** – £300m to be returned to shareholders via share buyback; to commence soon **Dividends** – policy target cover range of 2.25 to 2.75 times; cover may move above this range in FY 21/22

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

(2) Subject to the blend of profit within the Group's various jurisdictions

H1 performance summary – UK & Ireland

B&Q (including TradePoint)

LFL sales +28.8%

—

E-commerce sales +28%[1]; c.11% of sales

—

TradePoint LFL +c.39%; c.19% of sales

Screwfix

LFL sales +26.8%

—

E-commerce sales +14%[1]; c.70% of sales

	H1 21/22	H1 20/21	% chg[1]
Sales (£m)	3,570	2,753	*+29.7%*
LFL (%)	+28.1%	+2.4%	
Gross margin (%)			*+10bps*
Operating costs			*+23.9%*
RP (£m)	579	411	*+40.8%*
RP margin (%)	16.2%	14.9%	*+130bps*

Total UK & Ireland

Sales up 29.7%, LFL sales up 28.1% – reflecting strong demand in all categories throughout the half from both retail and trade customers. Both banners significantly improved their competitive position in the UK home improvement market

—

Gross margin up 10bps[1] – largely reflecting higher volume rebates earned and effective management of inflation; partially offset by category mix and, at Screwfix, increased promotions and higher supply & logistics costs

—

Costs up 23.9%[1] – largely due to higher costs associated with strong trading (including headcount increases and higher staff incentives), 23 net new store openings, prior year business rates and furlough relief (subsequently repaid in H2 20/21), and the reversal of some COVID-related temporary cost reduction measures implemented in H1 20/21. This was partially offset by the delivery of cost saving initiatives

RP = retail profit

(1) Variance in constant currency

H1 performance summary – France

Castorama France

LFL sales +23.1%

—

E-commerce sales +74%[1]; c.8% of sales

Brico Dépôt France

LFL sales +25.8%

—

E-commerce sales +13%[1]; c.6% of sales

	H1 21/22	H1 20/21	*% chg[1]*
Sales (£m)	2,437	2,028	*+23.3%*
LFL (%)	+24.4%	(5.9)%	
Gross margin (%)			*+80bps*
Operating costs			*+18.3%*
RP (£m)	129	63	*+109.3%*
RP margin (%)	5.3%	3.1%	*+220bps*

Total France

Sales up 23.3%, LFL sales up 24.4% – reflecting strong demand across all categories, and gradually more Sunday store openings; partially offset by COVID-related trading restrictions impacting Castorama's stores. Both banners have improved their competitive position in the French home improvement market versus 2019[2]

—

Gross margin % up 80bps[1] – reflecting positive range initiatives (including higher OEB weighting at Brico), supply & logistics efficiencies, and effective management of inflation; partially offset by an upweighting of promotions *(arrivages)*, trading events and category mix

—

Costs up 18.3%[1] – reflecting higher costs associated with strong trading, including higher staff costs and store-related costs. In addition, H1 20/21 benefitted from COVID-related temporary cost reduction measures and 'activité partielle' wage relief; partially offset by the annualisation of cost benefits from eight Castorama permanent store closures in FY 20/21

RP = retail profit
(1) Variance in constant currency
(2) Excluding the impacts on trading from COVID-related restrictions in H1 21/22

H1 performance summary – Poland

Castorama Poland

LFL sales (5.0)%

—

E-commerce sales +35%[(1)]; c.7% of sales

castorama

	H1 21/22	H1 20/21	*% chg[(1)]*
Sales (£m)	**743**	783	***(0.6)%***
LFL (%)	**(5.0)%**	+3.5%	
Gross margin (%)			***+70bps***
Operating costs			***+8.4%***
RP (£m)	**58**	74	***(16.1)%***
RP margin (%)	**8.0%**	9.4%	***(150)bps***

Castorama Poland

Sales down 0.6%, LFL sales down 5.0% – reflecting temporary store closures in Q1 21/22, partially offset by strong recovery in Q2 21/22. The kitchen category outperformed all categories and e-commerce sales grew strongly. Five new stores opened during H1

—

Gross margin % up 70bps[(1)] – largely reflecting range initiatives and effective management of inflation

—

Costs up 8.4%[(1)] – largely due to space growth and new store opening costs, costs associated with the new Polish retail tax (effective from January 2021) and inflation; partially offset by cost savings related to the period of temporary store closures and lower staff bonuses

RP = retail profit
(1) Variance in constant currency

H1 performance summary – Romania and Iberia

Brico Dépôt Romania

Sales[1] +47.6%, LFL sales[2] +19.2% driven by strong performance in building & joinery, surfaces & décor and outdoor categories

—

Retail loss[1] improvement of c.46% driven by stronger trading, partially offset by higher operating costs (mainly staff costs and inflation)

	H1 21/22	H1 20/21	*% chg[3]*
Sales[1] (£m)	**152**	107	***+47.6%***
LFL[2] (%)	**+19.2%**	+9.2%	
RL[1] (£m)	**(6)**	(11)	***+46.3%***

Brico Dépôt Iberia

Sales +45.5%, LFL sales +45.5% driven by strong recovery in trading following prior year COVID-related temporary store closures; in particular in building & joinery, surfaces & décor and outdoor categories

—

Retail profit increase reflects strong growth in gross profit partially offset by higher operating costs (linked to strong volumes and H1 20/21 benefit from government wage relief and temporary cost reduction measures)

	H1 21/22	H1 20/21	*% chg[3]*
Sales (£m)	**196**	138	***+45.5%***
LFL (%)	**+45.5%**	(22.3)%	
RP (£m)	**11**	1	***n/a***

RP = retail profit; RL = retail loss
(1) Romania's sales and retail loss include one additional month of results (July 2021). Reported and constant currency variances for sales and retail loss are for January to July 2021 (compared against January to June 2020)
(2) Romania's LFL sales growth compares February to July 2021 to the equivalent period in the prior year
(3) Variance in constant currency

Thank you