

# Chairman's statement

## A year of significant progress



Daniel Bernard  
Chairman

**“We have an exciting plan, that I very much believe is worth striving for.”**

It has been a year of significant progress and change for Kingfisher. Having launched the ONE Kingfisher plan to create a single, unified company where customer needs come first, we announced in January the detail of our long-term strategy and five year transformation. This transformation aims to deliver £500 million of sustainable annual profit uplift by the end of year five, over and above 'business as usual'. We also announced a continuation of our capital return programme with an intention to return

around £600 million of capital to shareholders over the next three years, most likely via share buy-back, in addition to the annual ordinary dividend.

Referring now to last year, we delivered a good 'business as usual' performance with retail profit up 7.4%\* to £746 million and adjusted pre-tax profit up 0.3% to £686 million. In France, our businesses traded well despite the soft economic backdrop, delivering broadly flat\* profit, of £311 million. In the UK & Ireland, our businesses delivered an impressive 18% increase in retail profit to £326 million, led by another very strong performance from Screwfix where total sales rose 26% and passed the £1 billion mark for the first time. We believe there is scope for Screwfix to have around 600 stores in the UK, with 50 planned for this year. In our Other International operations retail profit grew by 6.4%\* to £109 million, with a strong performance in Poland offset by lower profits in Russia.

\* in constant currencies

Investment in new country development continued with the expansion of Screwfix Germany where we currently have nine stores, with nine more planned to open this year. I am pleased to report that we are proposing a full year dividend of 10.1p per share, up 1%, having already returned an additional £200 million last year to shareholders via a share buy-back.

During the year we also delivered solid progress on our first 'sharp' decisions, announced in March 2015. Work on developing a unified offer for the first time started in earnest, focusing initially on the first 20 categories within our 'core essential' ranges. These started to arrive in our stores from spring this year. Good progress was also made on the development of unique Kingfisher ranges in the bathroom and outdoor categories. In our retail operations the space rationalisation programme at B&Q UK & Ireland is very much on track, and in infrastructure and processes our new unified IT platform was successfully piloted at B&Q in Ireland leading to an acceleration of our roll-out plans. This really is a great step forward, and will be a key enabler for ONE Kingfisher.

We have a clear longer-term road map alongside operational milestones for 2016/17. These include establishing our new ONE Offer & Supply Chain organisation, with global unified functions for the first time; achieving 4% unified cost of goods sold; and building the 'Brilliant Basics' digital platform in B&Q UK & Ireland. You can read more about the road map and milestones on pages 22 to 23.

We also remain committed to being a truly sustainable company and we continue to make good progress in this area. As we develop our unified ranges we are improving sustainability performance in areas like materials, manufacturing and transport. Sales of sustainable home products were £2.9 billion in 2015/16, accounting for 28% of sales across the year. Through sales of energy efficient products and services we have helped customers save 10.8TWh of energy since 2011/12. We also aim to have a positive impact on the communities we work in and source from. For example, to increase the impact of our community investment, we updated our communities strategy in 2015, identifying three areas where we can have a positive impact both at a local and global level. These are homes, skills and forests.

Read more about our sustainability performance on page [19](#)

Read more about our strategy in the CEO interview on pages [6](#) to [9](#) and in the strategy section on pages [14](#) to [19](#)

I am delighted to welcome Rakhi (Parekh) Goss-Custard to the Board of Kingfisher, following her appointment as a non-executive director in February. Rakhi is a highly experienced director in digital retailing having recently spent 11 years at Amazon.com. Her digital skills and experience, as well as experience gained from other non-executive roles, will be of great benefit to Kingfisher. She will further enhance our board, which already includes directors with experience gained at Apple and IKEA, among others. Janis Kong stepped down from the Kingfisher Board after nine years as a non-executive director and I would like to thank Janis for her distinguished service. Her wise counsel has been greatly appreciated and we wish her well.

And as always, I would also like to thank our 74,000 colleagues across Kingfisher for their hard work and commitment during the year. This is a time of great change for the business and I recognise that this will not always be easy for our people. But we have an exciting plan that I very much believe is worth striving for. If we always put our customers first and help them have a home they feel good about, then that is something we can all be proud of.

**Daniel Bernard**  
Chairman

## Financial highlights

**Adjusted pre-tax<sup>†</sup> profit**  
**£686m**  
+ 0.3%

**Adjusted basic<sup>†</sup> earnings per share**  
**22.0p**  
+ 3.3%

**Full year dividend**  
**10.1p**  
+ 1%

**Profit before taxation**  
**£512m**  
- 20.5%

**Profit for the year**  
**£412m**  
- 28.1%

**Basic earnings per share**  
**17.8p**  
- 26.7%

<sup>†</sup> Adjusted measures exclude the impact of exceptional items. See the Financial Review on pages 25 to 30.

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