**Final results for year ended 31 January 2018 (Year 2 of our 5 year transformation)**

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| **Financial highlights** | **% Total** **Change** | **% Total Change** | **% LFL\* Change** |
|  | **2017/18** | **2016/17** | **Reported** | **Constant currency\*** | **Constant currency** |
| Sales\* | £11,655m | £11,225m | +3.8% | (0.3)% | (0.7)% |
| Gross margin | 36.9% | 37.2% | (30)bps | (20)bps |  |
| Retail profit\* | £849m | £847m | +0.3% | (3.6)% |  |
| Underlying\* pre-tax profit | £797m | £787m | +1.3% |  |  |
| Adjusted\* pre-tax profit | £683m | £743m | (8.1)% |  |  |
| Underlying basic EPS(1) | 25.5p | 25.9p | (1.5)% |  |  |
| Adjusted basic EPS(1) | 21.8p | 24.4p | (10.7)% |  |  |
| Lease adjusted ROCE\*(1) | 10.4% | 12.5% | (210)bps |  |  |
| Full year dividend | 10.8p | 10.4p | +4.0% |  |  |
| Net cash\* | £68m | £641m | n/a |  |  |
| *(1) Includes c.£20m corporate tax surcharge in France* |

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**FY 17/18: 5 year transformation continues at pace**

* Delivered key strategic milestones for the second year in a row
	+ Unified & unique offer: unified 23% of product (cost of goods sold). Sales outperforming non-unified ranges, gross margins up 180 basis points (pre-clearance)
	+ Digital: now over 50% of Group sales operating on new unified IT platform, Group digital sales\* now at 6% (4% last year)
	+ Operational efficiency: delivered £28m of benefits from Goods Not for Resale\* (GNFR) programme (£58m to date), further efficiencies starting to be unlocked
* FY group results reflect
	+ continued good growth at Screwfix and Poland, and self-help initiatives, including GNFR benefits, offset by:
	+ c.1.5% LFL impact from business disruption, continued weaker and volatile sales in France and softer Q4 sales in the UK reflecting weaker demand for big ticket items
* Delivered step up in level of transformation activity
* Acting on root causes of business disruption, adapting our approach as we progress
* Balance sheet remains strong
	+ Returned £491m of cash to shareholders
		- £231m via ordinary dividend; £260m via share buyback
	+ Lower net cash reflects higher levels of stock driven by changes to our operating model and to improve product availability

**FY 18/19 and beyond**

* FY 18/19 another big year of implementation, aware of challenges ahead
	+ Unified & unique offer: unify 40% of product (cost of goods sold) and deliver sales growth; Group gross margin to grow (post clearance)
	+ Digital: complete final year of unified IT roll out
	+ Operational efficiency: deliver £30m of benefits (GNFR and other efficiencies)
* Remain confident in ability to deliver FY 20/21 transformation plan benefits

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| **Additional statutory reporting**  | **2017/18** | **2016/17** | **% Change** |  |  |
| Statutory pre-tax profit |  |  | £682m | £759m | (10.1)% |  |  |
| Statutory post-tax profit |  |  | £485m | £610m | (20.5)% |  |  |
| Basic EPS |  |  | 22.1p | 27.1p | (18.5)% |  |  |
|  |  |  |

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*\*Throughout this release ‘\*’ indicates first instance of a term defined and explained in the Glossary (section 5). Not all of the figures and ratios used are readily available from the unaudited final results included in part 2 of the announcement. These non-GAAP measures (also known as alternative performance measures), including constant currency and like-for-like sales growth, underlying and adjusted profit measures, management believes are both useful and necessary to better understand the Group’s results. Where required, a reconciliation to statutory amounts is set out in the Financial Review (Section 4).*

**Véronique Laury, Chief Executive Officer, said:**

“We have made good progress in this second year of our ambitious five-year transformation after a significant step up in the level of activity. For the second year in a row, all our key strategic milestones have been met and I am really pleased to say that we are starting to see tangible delivery of our plan. The changes are now visible across our stores and online. Over a third of our ranges have now been unified and they are being well received by customers. We are buying as ONE and are starting to see the customer and financial benefits coming through, both in sales and gross margins. Our digital initiatives are gaining momentum as we enter the final year of roll out of our unified IT platform. I am also pleased to see that our operational efficiency initiatives, focusing initially on goods not for resale, continue to deliver and are now gathering pace as we start to unlock further opportunities.

“Our performance this year has been mixed, however, with solid growth at Screwfix and Poland, offset by continued weaker sales in France and some business disruption, principally reflecting product availability and clearance. We are acting on the causes of this disruption, however next year will be another big year in our transformation plan. The pace of change is quick and impactful but necessary as we build the new ONE Kingfisher engine to support our ambition to be the leading home improvement company, based on putting customer needs first. The outlook for our main markets is also mixed. The UK is more uncertain, France is encouraging yet volatile, whilst the market in Poland remains supportive.

“Given our good progress so far, and supported by our highly engaged teams, I remain confident in our ability to deliver our plan and in the customer and financial benefits it will generate.”

**Contacts**

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This announcement can be downloaded from [www.kingfisher.com](http://www.kingfisher.com). We can be followed on Twitter @kingfisherplc with the full year results tag #KGFFY. At 08.00 (UK time) on 21 March, a webcast covering the full year results will be available at [www.kingfisher.com](http://www.kingfisher.com). At 09.30 (UK time), Kingfisher will host a Q&A conference call for analysts and investors only. To join the call please use the password already sent to you or email investorenquiries@kingfisher.com.

Kingfisher American Depository Receipts are traded in the US on the OTCQX platform: (OTCQX: KGFHY) http://www.otcmarkets.com/stock/KGFHY/quote

Our next announcement will be the Q1 trading update for the period ended 30 April 2018 on 24 May 2018.

The remainder of this release is broken down into six main sections:

1. ONE Kingfisher update
2. Trading review by division
3. FY 18/19 Technical guidance
4. FY 17/18 Financial review and, in part 2 of this announcement, the full year Financial Statements
5. Glossary
6. Forward-looking statements

**Section 1: ONE Kingfisher update**

The ONE Kingfisher five-year plan, which started in FY 16/17, is starting to leverage the scale of the business by creating a unified company, where customer needs always come first.

Our intention is that this five-year transformation plan will deliver a £500msustainable annual profit uplift by the end of FY 20/21, over and above what the business would have delivered without the plan. Until we have unified our customer offer, we will have limited store expansion, the focus of which will be Screwfix UK in the medium-term. The total expected cash cost of the transformation is £800m (P&L, exceptional and capex).

The focus of the transformation plan is on three key strategic pillars:

1. creating a unified, unique and leading home improvement offer;
2. driving our digital capability; and
3. optimising our operational efficiency.

**Progress against our three key strategic pillars**

1. **Unified & unique offer**

We are unifying our offer, with the same products, available everywhere. This will deliver significant customer benefits (newer products, higher quality, better sustainability, lower prices, simpler ranges, clearer merchandising and better packaging) alongside significant business benefits (higher sales, fewer SKUs\*, fewer suppliers, cost price reduction (CPR) and improved processes).

**Unifying** ranges means rationalising the number of global SKUs and suppliers whilst improving the quality and functionality for our customers and leveraging our scale. This generates cost price reduction and better prices for customers. Products are unified across the whole range; from selling the same product in all our markets to having some customer driven market adaptions where needed. Unified extends to our own exclusive brands alongside international and national brands.

**Unique** ranges relate to the development of our own product ranges that excite customers. These ranges are not available elsewhere and are always sold under our own exclusive brands. Instead of buying products off the shelf from suppliers, we are designing the ranges ourselves based on our deep customer insights.

FY 17/18 strategic milestone:

* *Unify 20% of product (cost of goods sold (COGS))*

23% of product have now been unified (COGS), ending the year with an exit rate of 35%. We have significantly reduced the number of global suppliers and SKUs, by around 80% to date, but are still offering customers similar breadth of choice. We also launched our first unique ranges in outdoor and bathroom & storage.

Sales of our unified and unique ranges are outperforming non-unified ranges despite transformation-related disruption during the year. Sales of unified and unique ranges excluding clearance, were up 1% compared to last year, with the second half growing by 3%. Including clearance, unified and unique sales were broadly flat compared to last year, slightly ahead of total group sales in constant currency, which were down 0.3%.

Growth in unique ranges, such as the new bathroom furniture and shower ranges, is ahead of unified ranges, however the mix of ranges implemented to date is weighted towards unified. For example, sales of unified and unique bathroom & storage increased by 11% whereas total sales were broadly flat (excluding clearance). The bathroom ranges have sold well across all our markets (e.g. France up 8%, Other International up 18%) receiving positive feedback from both customers and colleagues.

Cost of change (including clearance) are in-line with expectations and we remain confident in our target to deliver £350m annual profit uplift by FY 20/21, which broadly equates to a 5% reduction in cost of goods sold.

Gross margin for unified and unique ranges were up 180 basis points before clearance of old ranges.

1. **Digital**

Implementation of a unified IT system is a key enabler of our ONE Kingfisher plan. It also provides a significant opportunity, with a seamless and stronger digital offer for our customers, to substantially increase sales and digital penetration. This is expected to generate £50m annual profit uplift by FY 20/21.

FY 17/18 strategic milestone:

* *Deliver Year 2 of 3 year unified IT platform roll out alongside better ecommerce*

This involves investing in our core ecommerce platforms, enabled by the new unified IT infrastructure, and leveraging our Screwfix best-in-class capability. This includes upweighted digital marketing, improved site search, new checkout and launching new mobile sites.

During FY 17/18 we implemented all Castorama France stores with back office and supply chain to be completed in Q1 2018, meaning that by the end of FY 17/18 over 50% of Group sales were operating on the new platform. We have also now started implementation at Brico Dépôt France and Castorama Poland.

Our ecommerce initiatives are gaining momentum. We have built a new group mobile platform and launched a new B&Q mobile app in September. The app has received very positive customer feedback and is delivering improved average transaction values. One hour click & collect is now available in all B&Q stores. In France, we relaunched the new castorama.fr website in January with the new mobile site soon to follow. Total group digital sales are now at 6%, up from 4% last year.

We have also launched the first of our digital home improvement services tools including a bathroom planner tool, which is integrated into the B&Q website.

1. **Operational efficiency**

The main driver will come from unifying the c.£1bn annual spend on GNFR. This programme is a combination of cost savings, and an opportunity to work in a simpler and more effective way across the business, and is expected to generate £100m annual profit uplift by FY 20/21.

FY 17/18 strategic milestone:

* *Deliver a further £20m benefits from unified GNFR programme*

In FY 17/18 we delivered a further £28m of benefits, exceeding our initial target for the year, taking the cumulative benefit to £58m. This included categories such as media buying, where we have moved to a global supplier for the first time; standardising the way we operate (e.g. security); and several local retenders consolidating the number of suppliers.

**Adapting our transformation approach as we progress**

Given the significant increase in the level of transformation activity in FY 17/18, we have continued to adapt our approach as our transformation progresses.

During the year we experienced some business disruption principally reflecting product availability issues and the clearance of old ranges. We estimate a c.1.5% LFL impact during the year. Availability of unified and unique ranges has progressively improved.

The root causes of this disruption relate to the combined impact of:

* Clearing of old ranges and remerchandising of new ranges as we physically impacted 25% of our total store space this year
* Systems and data - the roll out of our unified IT platform remains on track, however the implementation process places pressure on some of the business functions
* New processes - transitioning to new ways of working takes time e.g. our new Offer and Supply Chain organisation went live in June 2016, working as ONE team with unified global functions with new processes and accountabilities for the first time

We have acted on the root causes of business disruption and are adapting our approach as we progress. Given the increased level of change, we appointed Steve Willett as Chief Transformation Officer. We are also prioritising the multiple transformation workstreams with a new phased approach e.g.

* having reviewed the phasing of our plans to roll out our unified product ranges (COGS), we announced our decision at our half year results to smooth and de-risk the profile for FY 18/19 and FY 19/20, moving from 55% to 40% and from 80% to 65% respectively. The 90% target for FY 20/21 remains unchanged.

**Strategic milestones for FY 18/19:**

After two years of successful delivery of our key strategic milestones we have set out our milestones for FY 18/19:

Unified & unique offer

* *Deliver growth in unified & unique sales and gross margin*
* *Unify 40% of product (COGS)*

Digital

* *Complete final year of unified IT platform roll out to OpCos*
* *Complete ecommerce roll out in France & Poland*
* *Market launch of first home improvement services in UK & France*

Operational efficiency

* *Implement finance shared services in at least two OpCos*
* *Deliver £30m benefits (from unified GNFR programme and other efficiencies)*

Retail operations

* *Maintain higher colleague engagement scores than retail sector*

**Sustainability: Creating Good Homes for Everyone**

This year, we launched our sustainable growth plan which sets out the next stage on our journey towards being a net positive business. The plan is at the core of our ONE Kingfisher plan which is unifying the business behind one clear ambition and purpose: to create good homes by making home improvement accessible for everyone.

Grounded in our understanding of the customer, we have established four big goals which challenge our own operations and make it easier for customers to live more sustainably. The goals are: save money by saving water and energy; live smarter by getting more from less, re-using or using longer; create a healthier home and connect with nature; and be part of a community that helps millions more people improve their home.

This is the next stage of our journey towards being a truly sustainable business, starting with what customers care about; their families, their homes and their communities. [www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability)

**Summary & outlook**

For the second year in a row we have achieved our key strategic milestones and our FY 20/21 targets remain unchanged. However, we have experienced some business disruption reflecting the significant increase in transformation activity. We have acted on the root causes, continuing to have a flexible approach, adapting as necessary as our transformation progresses.

FY 18/19 represents another year of significant implementation hence we expect some ongoing business disruption. Negotiations are well progressed to unify 40% unified and unique product (COGS). We expect unique ranges will continue to drive sales growth and that as more CPR is delivered, we expect an uplift in Group gross margin including clearance. As we roll out our unified IT platform, we are also starting to unlock further efficiencies beyond GNFR. During the year we established a shared services centre in Krakow, Poland. In FY 18/19 the combination of GNFR savings and net savings from operational efficiencies are expected to be around £30 million.

We are building the ONE Kingfisher ‘engine’ to provide the platform for growth. As we are now entering the third year of our transformation, we are starting to develop plans to take that new engine, and combine it with the best of physical and digital. This will provide our customers with a great offer incorporating engaging experiences alongside ultimate convenience, and will involve not only leveraging our big box estate but also our Screwfix best in class convenience model.

The outlook by country as we enter FY 18/19 is a mixed picture. In the UK it is more uncertain, and in Q4 both B&Q and Screwfix experienced softer sales. In France, we are encouraged by the market backdrop although it is volatile, whilst in Poland the market remains supportive.

Overall, we are aware of the challenges ahead but remain confident in our ability to deliver the FY 20/21 plan benefits.

**Section 2: Trading review by division**

*Note: all commentary below is in constant currencies*

**UK & IRELAND\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| £m | **2017/18** | **2016/17** | **% Reported Change** | **% Constant****Currency****Change**  | **% LFL****Change** |
| **Sales** | 5,003 | 4,979 | +0.5% | +0.4% | +0.6% |
|  |  |  |  |  |
| **Retail profit** | 375 | 358 | +5.1% | +5.0% |

Kingfisher UK & Ireland sales were up 0.4% (+0.6% LFL) to £5,003 million reflecting the continued strong Screwfix performance and modest price inflation, offset by the impact of B&Q store closures last year and transformation business disruption. During Q4 however, our businesses experienced softer sales patterns (B&Q -5.1% LFL; Screwfix +7.1% LFL) reflecting softer demand for big ticket categories (e.g. kitchens). Gross margins were down 30 basis points and focus on cost control continued. Retail profit grew by 5.0% to £375 million.

**B&Q** total sales declined by 5.3% to £3,488 million reflecting annualisation of the completed store closure programme. LFL sales declined by 2.8% after a 0.7% benefit from sales transference associated with the store closures. LFL sales of seasonal products were down 2.8% while sales of non-seasonal products, including showroom, were also down 2.8%.

B&Q’s click & collect is now available on over 33,000 products of which over 29,000 are available for 1 hour click & collect. Total digital sales, including home delivery, continued to make good progress with sales growing by 11% and now representing 4% of total sales.

**Screwfix** total sales increased by 16.7% (+10.1% LFL) to £1,515 million driven by strong growth from the specialist trade desks exclusive to plumbers and electricians, strong digital growth (e.g. mobile +86%; click & collect +38%); and the continued roll out of new outlets. 60 net new outlets were opened, taking the total to 577. Our overall target is to have around 700 outlets in the UK.

**FRANCE\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| £m | **2017/18** | **2016/17** | **% Reported Change** | **% Constant****Currency****Change**  | **% LFL****Change** |
| **Sales** | 4,387 | 4,254 | +3.1% | (3.0)% | (3.5)% |
|  |  |  |  |  |
| **Retail profit** | 320 | 353 | (9.5)% | (14.8)% |

Kingfisher France sales decreased by 3.0% (-3.5% LFL) to £4,387 million reflecting continuing weaker performance versus the market and the impact of transformation business disruption. According to Banque de France data\*, sales for the home improvement market were up 0.7% however were volatile across the year.

**Castorama** total sales declined by 1.9% (-2.4% LFL) to £2,406 million. LFL sales of seasonal products were down 4.7% and sales of non-seasonal products, including showroom, were down 2.0%. **Brico Dépôt** total sales declined by 4.2% (-4.8% LFL) to £1,981 million. Across the two businesses, two net new stores opened and one store was revamped, adding 1% new space.

By the end of FY 18/19, our ONE Kingfisher plan will have renewed our customer proposition as over half of France’s offer will be unified and unique. During FY 17/18, we have seen good customer feedback to our first unique ranges e.g. unique bathroom furniture ranges sales up 50% helping to drive 8% growth (excluding clearance) of unified and unique sales for the total bathroom and storage category in France. Some of the CPR benefits are being reinvested in price, supporting our goal of making home improvement more affordable for customers. Customer price positioning has improved compared to last year. In addition, we remain on track to complete the roll out of the unified IT platform in Castorama France in 2018. In January 2018 Castorama relaunched its website which will be followed shortly by the new mobile platform.

**Retail profit** decreased by 14.8% to £320 million, reflecting the weaker sales, broadly flat gross margins after price investment (-10 basis points) partly offset by continued focus on cost control.

**OTHER INTERNATIONAL\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **£m** | **2017/18** | **2016/17** | **% Reported Change** | **% Constant****Currency****Change**  | **% LFL****Change** |
| **Sales** | 2,265 | 1,992 | +13.7% | +3.5% | +2.0% |
|  |  |  |  |  |
| **Retail profit** |  |  |  |  |
| Other International (established) | 171 | 152 | +12.2% | +3.3% |
| New Country Development\* | (17) | (16) | n/a | n/a |
| Total | 154 | 136 | +13.1%  | +3.9% |

Other International total sales increased by 3.5% (+2.0% LFL) to £2,265 million. Retail profit increased by 3.9% to £154 million driven by Poland.

During the year, in Poland one new store was opened and one was relocated, and in Russia one store was closed. In November 2017 Kingfisher acquired 26 Praktiker Romania stores.

**Other International (established):**

Sales in **Poland** were up 6.3% (+5.3% LFL) to £1,384 million benefiting from a supportive market and strong performance from new ranges. LFL sales of seasonal products were up 0.7% with sales of non-seasonal products, including showroom up 6.0%. Gross margins were slightly up (+10 basis points). Retail profit grew by 8.0% to £170 million reflecting the sales growth and slightly higher gross margins.

In **Russia** sales decreased by 3.7% (-5.8% LFL) to £391 million. The business incurred an £8 million retail loss (2016/17: £1 million reported retail profit) reflecting a challenging environment. In **Spain** sales decreased by 4.8% (-3.2% LFL) to £316 million delivering a £2 million retail profit (2016/17: £2 million reported retail profit). In **Turkey,** Kingfisher’s 50% JV, Koçtaş, contributed retail profit of £7 million (2016/17: £5 million reported retail profit).

**New Country Development:**

New Country Development comprises our operations in Romania, Portugal and Germany. Sales were £174 million with a retail loss of £17 million (2016/17: £16 million reported retail loss). Romania delivered a £3 million retail profit (2016/17: break even reported result) and Screwfix Germany made an £18 million retail loss (2016/17: £14 million reported retail loss) largely reflecting the annualisation of stores opened in the previous year. Further roll out of Screwfix Germany is on hold this year pending completion of the unified IT platform roll out.

**Section 3: FY 18/19 Technical guidance**

**Employees, new stores and space growth:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Employees****(FTE)** **at 31 Jan 2018** | **Store** **Numbers at 31 Jan 2018** | **Sales area (1)****(000s m2)** **at 31 Jan 2018** | **Net new stores****FY 18/19** | **Space****% change****FY 18/19** |
| B&Q UK & Ireland | 17,099 | 296 | 2,210 | - | - |
| Screwfix  | 7,857 | 577 | 37 | 50 | +9% |
| **UK & Ireland** | **24,956** | **873** | **2,247** | **50** | **-** |
| Castorama  | 11,502 | 102 | 1,259 | (1) | (1)% |
| Brico Dépôt | 7,442 | 121 | 838 | 2 | +2% |
| **France** | **18,944** | **223** | **2,097** | **1** | **-** |
| Poland | 11,145 | 76 | 650 | 4 | +5% |
| Portugal | 176 | 3 | 20 | - | - |
| Romania | 2,532 | 38(2) | 273(2) | - | - |
| Russia | 3,061 | 20 | 201 | 2 | +14% |
| Spain | 1,578 | 28 | 175 | - | - |
| Screwfix Germany | 184 | 19 | 1 | - | - |
| **Other International** | **18,676** | **184** | **1,320** | **6** | **+5%** |
| **Total**  | **62,576** | **1,280** | **5,664** | **57** | **+1%** |

(1) Screwfix sales area relates to the front of counter area of an outlet

(2) Excludes 3 Praktiker Romania stores that will be closed

**Income statement:**

* Group gross margin to grow driven by unified & unique Offer CPRbenefits net of some price reinvestment and clearance
* Underlying profit expected to include up to a further c.£30m operational efficiency benefits
* Total 5 year transformation costs £800m over 5 years to FY 20/21
	+ Transformation P&L costs of c £310m. FY 18/19 expected to be c.£130m
	+ Transformation exceptional costs of c.£170m. FY 18/19 expected to be c.£50m
* Screwfix Germany retail losses expected to be c.£15m
* Central costs expected to be c.£50m
* Effective tax rate expected to be around 27%, subject to the blend of profit within the companies’ various jurisdictions

**Cash flow:**

* Capital return of c.£600m by the end of FY 18/19 via share buyback (£460m completed to date)
* Total capex including transformation of up to £425m

**Section 4: FY 17/18 Financial review**

A summary of the reported financial results for the year ended 31 January 2018 is set out below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017/18** | 2016/17 | % Reported Change | % Constant Currency Change |
| Sales | **£11,655m**  | £11,225m  | +3.8%  | (0.3)% |
| Gross margin | **36.9%** | 37.2% | (30)bps | (20)bps |
| Retail profit  | **£849m**  | £847m  | +0.3%  | (3.6)% |
| Underlying pre-tax profit | **£797m** | £787m | +1.3% |  |
| Transformation P&L costs (1) | **£(114)m** | £(44)m | n/a |  |
| Adjusted pre-tax profit  | **£683m**  | £743m  | (8.1)% |  |
| Statutory pre-tax profit | **£682m**  | £759m  | (10.1)%  |  |
| Exceptional items (post-tax) (1) | **-** | £11m | n/a |  |
| Effective tax rate | **30%** | 26% | n/a |  |
| Underlying basic earnings per share  | **25.5p** | 25.9p | (1.5)% |  |
| Adjusted basic earnings per share  | **21.8p**  | 24.4p  | (10.7)% |  |
| Basic earnings per share | **22.1p**  | 27.1p  | (18.5)%  |  |
| Full year ordinary dividend | **10.8p** | 10.4p | +4.0% |  |
| Net cash  | **£68m**  | £641m  |  |  |
| Capital return - share buyback | **£260m** | £200m |  |  |

(1) Kingfisher separately reports exceptional items and transformation costs in order to calculate adjusted and underlying results, as it believes these measures provide additional useful information on underlying performance and trends

Total **sales** declined by 0.3% on a constant currency basis to £11.7 billion, with LFL sales down 0.7%. On a reported rate basis, which includes the impact of exchange rates, sales increased by 3.8%. During the year, sales growth benefited from 63 net new stores (excluding 26 Praktiker Romania stores that were acquired in November 2017), driven by 60 Screwfix outlet openings in the UK, offset by the annualisation impact of the completed B&Q store closure programme.

**Gross margin** was broadly flat as the benefits of CPR from unified and unique product were offset by clearance and some price investment.

Reported **retail profit** grew by 0.3% including £34 million of favourable foreign exchange movement on translating foreign currency results into sterling. In constant currencies retail profit declined by 3.6%, reflecting a decrease in profit in France, partly offset by an increase in profit in the UK and Poland and including £17 million of New Country Development losses. We continued to invest in the business and the transformation, we paid £231 million in cash dividends and repurchased a further £260 million of shares while maintaining a strong balance sheet.

**Underlying pre-tax profit**, which excludes the impact of transformation P&L costs, exceptional items and FFVR\*, increased by 1.3%, to £797 million, slightly ahead of reported retail profit growth.

**Adjusted pre-tax profit**, which excludes the impact of exceptional items and FFVR, decreased by 8.1% to £683 million, reflecting £114 million of transformation P&L costs.

**Statutory pre-tax profit**, which includes the impact of transformation costs, exceptional items and FFVR, declined by 10.1% to £682 million.

A reconciliation from the underlying basis to the statutory basis for pre-tax profit is set out below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2017/18****£m** | 2016/17£m | Increase  |
| **Retail profit** | **849** | 847 | +0.3% |
| Central costs | **(46)** | (48) |  |
| Share of interest and tax of joint ventures & associates | **(4)** | (5) |  |
| Finance costs before exceptional items & financing fair value remeasurements (FFVR) | **(2)** | (7) |  |
| **Underlying pre-tax profit** | **797** | 787 | +1.3% |
| Transformation P&L costs | **(114)** | (44) |  |
| **Adjusted pre-tax profit** | **683** | 743 | (8.1)% |
| FFVR | **(1)** | (1) |  |
| Profit before exceptional items and tax | **682** | 742 | (8.1)% |
| Exceptional items before tax | **-** | 17 |  |
| **Statutory pre-tax profit** | **682** | 759 | (10.1)% |

Transformation P&L costs of £114 million principally relate to the unified and unique offer range implementation and the digital strategic pillar. Range implementation activities principally comprise remerchandising work associated with introducing the unified and unique offer and incremental in-store labour costs and point of sale change. Digital transformation costs represent the initial revenue expenditure of investing in our core ecommerce platforms and in developing wider digital services to support customers’ home improvement projects.

**Exceptional items** (post tax) resulted in a net nil impact (2016/17: £11 million gain) as transformation exceptional costs of £15m were offset by other exceptional gains of £15 million as detailed below:

|  |  |  |
| --- | --- | --- |
|  | **2017/18****£m****Gain/(charge)** | 2016/17£mGain/(charge) |
| Transformation exceptional costs | **(15)** | (5) |
| UK & Ireland and Europe restructuring | **12** | 15 |
| Brico Dépôt Romania impairment reversal | **2** | - |
| Profit on disposal of B&Q China | **-** | 3 |
| Property disposals | **1** | 4 |
| **Exceptional items before tax** | **-** | 17 |
| Exceptional tax items  | **-** | (6) |
| **Net exceptional items** | **-** | 11 |

Transformation exceptional costs of £15m have been recorded in the year driven by people changes associated with restructuring in the UK and other costs relating to the Group’s five-year transformation plan. These include the move of transactional processing activity from the UK to a shared service centre in Poland.

UK & Ireland and Europe restructuring - as previously announced, the total store rationalisation programme was originally expected to give rise to an exceptional charge of around £350 million, relating principally to onerous lease provisions. This was to cover the closure of 65 B&Q stores, which is now complete, and the closure of around 10 European loss-making stores, which remains ongoing. In Q1 2016/17, B&Q entered into a lease liability transaction with a third party to dispose of any remaining leases, the success of which is expected to result in a lower total net exceptional charge of around £300 million, having so far recognised £278 million.

In 2017/18 UK & Ireland and Europe restructuring was a £12m gain (2016/17: £15m net gain) principally arising due to savings on B&Q store exit costs as compared with the original restructuring provisions recognised.

**Taxation**

Kingfisher’s effective tax rate is sensitive to the blend of tax rates and profits in the Group’s various jurisdictions. It is higher than the UK statutory rate because of the amount of Group profit that is earned in higher tax territories. The effective tax rate (ETR), calculated on profit before exceptional items, prior year tax adjustments and the impact of future rate changes, was 30% (2016/17: 26%). The effective rate of tax is higher than the prior year mainly due to a one off 30% French tax surcharge, legislated to apply retrospectively for Kingfisher France in December 2017. This had the effect of increasing the French tax rate by 10% for the current year, equivalent to c.£20 million. At a Group level this surcharge increased the ETR by c.3%.

The overall rate of tax includes the impact of exceptional items and prior year adjustments. The effect of such items reduced the rate from 30% to 29%. This predominately reflects enacted rate reductions in France, due to have progressive effect from FY 2019/20, which have resulted in deferred tax credits in the year, partially offset by a net increase in prior year provisions which reflect a reassessment of expected outcomes, agreed positions with tax authorities and items that have time expired.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Effective tax rate calculation** | **Profit****£m** | **Tax** **£m** | **2017/18****%** | Profit£m | Tax£m | 2016/17% |
| Profit before tax and exceptional items | **682** | **(204)** | **30%** | 742 | (192) | 26% |
| Exceptional items | **-** | **-** |  | 17 | (6) |  |
| Prior year items | **-** | **7** |  | - | 49 |  |
| **Total – overall** | **682** | **(197)** | **29%** | 759 | (149) | 20% |

During the year, and following an assessment by the French Tax Authority, the Group entered into a bank guarantee for €49 million in respect of a contingent tax liability, which we believe is unlikely to materialise. The Group is also monitoring developments in relation to a European Commission state aid investigation opened in October 2017, which concerns the UK’s controlled foreign company rules. Further details are provided in note 13 of the full year condensed financial statements (part 2 of this announcement).

The tax rates for this financial year and the expected rates for next year in our main jurisdictions are as follows:

|  |  |  |
| --- | --- | --- |
|  | **Statutory tax rate****2018/19** | Statutory tax rate2017/18 |
| UK | 19% | 19% |
| France | 34% | 44% |
| Poland | 19% | 19% |

All earnings per share numbers below include the adverse impact of c.£20 million (0.9p per share) corporate tax surcharge in France, which is not expected to recur.

**Underlying basic earnings** **per share** decreased by 1.5% to 25.5p, which excludes the impact of transformation costs, exceptional items, FFVR and the effect of prior year tax items. **Adjusted basic earnings per share** decreased by 10.7% to 21.8p, which excludes the impact of exceptional items, FFVR and prior year tax items. **Basic earnings per share** decreased by 18.5% to 22.1p as set out below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Earnings****£m** | **2017/18****EPS****pence** | Earnings£m | 2016/17EPSpence |
| **Underlying basic earnings per share** | **558** | **25.5** | 584 | 25.9 |
| Transformation P&L costs (net of tax) | **(79)** | **(3.7)** | (33) | (1.5) |
| **Adjusted basic earnings per share** | **479** | **21.8** | 551 | 24.4 |
| Net exceptional items | **-** | **-** | 11 | 0.6 |
| Prior year tax items | **7** | **0.3** | 49 | 2.2 |
| FFVR (net of tax) | **(1)** | **-** | (1) | (0.1) |
| **Basic earnings per share** | **485** | **22.1** | 610 | 27.1 |

During 2017/18 82 million shares were returned to shareholders via share buyback, following a buyback of 58 million shares in the prior year.

**Dividends and capital returns**

The Board has proposed a final dividend of 7.49p which results in a full year dividend of 10.82p, an increase of 4% (2016/17: 10.4p). The full year dividend is covered 2.0 times by adjusted earnings (2016/17: 2.3 times). Excluding the impact of the £20 million corporate tax surcharge in France, which is not expected to recur, full year dividend cover is 2.1 times. We continue to be comfortable with medium term dividend cover in the range of 2.0 to 2.5 times based on adjusted basic earnings per share, a level the Board believes is consistent with the capital needs of the business.

The final dividend will be paid on 18 June 2018 to shareholders on the register at close of business on 4 May 2018. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. The shares will go ex-dividend on 3 May 2018. For those shareholders electing to receive the DRIP the last date for receipt of election is 25 May 2018.

In January 2016 Kingfisher announced its intention to return around a further £600 million of surplus capital to shareholders during 2016/17 and the following two years. During 2017/18 £260 million (82 million shares) was returned to shareholders via share buyback in addition to the £200 million share buyback in 2016/17 (cumulatively £460 million).

**Lease adjusted return on capital employed (ROCE)**

Our key returns metric, leased adjusted ROCE declined by 210 basis points from 12.5% to 10.4% this year, reflecting our profit performance including the significant increase in transformation costs, the increase in the tax rate driven by a one-off tax surcharge in France and higher working capital. ROCE by geographic division is analysed below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Sales £bn | Proportion of Group sales  | Capital Employed (CE) £bn | Proportion of Group CE % | **ROCE****2017/18** | ROCE2016/17 |
| UK & Ireland | 5.0 | 43% | 3.8 | 51% | **13.5%** | 13.3% |
| France  | 4.4 | 38% | 2.1 | 29% | **10.1%** | 14.8% |
| Other International | 2.3 | 19% | 1.5 | 20% | **10.4%** | 11.1% |
| **Total** | **11.7** |  | **7.4** |  | **10.4%** | 12.5% |

**Free cash flow\***

A reconciliation of free cash flow is set out below:

|  |  |  |
| --- | --- | --- |
|  | **2017/18****£m** | 2016/17£m  |
| **Operating profit**  | **685** | 773 |
| Exceptional items | **-** | (23) |
| **Operating profit (before exceptional items)** | **685** | 750 |
| Other non-cash items (1) | **285** | 295 |
| Change in working capital | **(372)** | 17 |
| Pensions and provisions | **(41)** | (46) |
| Operating cash flow | **557** | 1,016 |
| Net interest paid | **(1)** | (7) |
| Tax paid | **(182)** | (144) |
| Gross capital expenditure  | **(368)** | (406) |
| **Free cash flow** | **6** | 459 |
| Ordinary dividends paid | **(231)** | (230) |
| Share buyback | **(260)** | (200) |
| Share purchase for employee incentive schemes | **(13)** | (6) |
| Acquisition of Praktiker Romania (including net debt acquired) | **(19)** | - |
| Disposal of B&Q China (net of disposal costs) | **-** | 63 |
| Disposal of assetsand other (2) | **(68)** | (67) |
| **Net cash flow** | **(585)** | 19 |
| Opening net cash | **641** | 546 |
| Other movement including foreign exchange | **12** | 76 |
| **Closing net cash** | **68** | 641 |

(1) Other non-cash items include depreciation and amortisation, share-based compensation charge, share of post-tax results of JVs and associates, pension operating cost and profit/loss on non-property disposals

 (2) Includes exceptional cash flow items (excluding property disposals), principally relating to B&Q closures

Net cash at the end of the period was £68 million (2016/17: £641 million).

Operating profit after exceptional items was £88 million lower than last year reflecting higher transformation costs.

The working capital outflow of £372 million was driven by higher stock levels. This reflects growth in new stores; changes to our operating model (as we start to control more of our end to end supply chain); the impact of foreign exchange movements; new unified and unique ranges including first time buy quantities and; new non-unified mitigation stock aimed at improving product availability for customers. Stock reduction plans are in place for FY 18/19 to reduce this mitigation stock.

Gross capital expenditure for the year was £368 million (2016/17: £406 million). Of this around 30% was invested on refreshing and maintaining existing stores, 21% on new stores, 23% on IT, 18% on the transformation and 8% on other areas including supply chain investment.

This resulted in free cash flow of £6 million. £491 million was returned to shareholders in the form of the ordinary dividend and share buybacks, an increase of £61 million on last year.

On 1 August 2017, the Group signed an agreement to purchase 100% of the shares in Praktiker Romania S.A., a Romanian home improvement company. Following regulatory approval, the transaction completed on 30 November 2017 for net consideration (including net debt) of £19 million.

**Management of balance sheet and liquidity risk and financing**

The Group finished the year with £68 million of net cash on the balance sheet. However, the Group’s overall leverage is more significant when including capitalised lease debt that, in accordance with accounting standards does not appear on the balance sheet. The ratio of the Group’s lease adjusted net debt (capitalising leases at 8 times annual rent) to EBITDAR\* is 2.4 times as at 31 January 2018 (1.8x at 31 January 2017). At this level the Group has financial flexibility whilst retaining an efficient cost of capital.

A reconciliation of lease adjusted net debt to EBITDAR is set out below:

|  |  |  |
| --- | --- | --- |
|  | **2017/18****£m** | 2016/17£m |
| Retail Profit | **849** | 847 |
| Central costs | **(46)** | (48) |
| Transformation P&L costs | **(114)** | (44) |
| Depreciation and Amortisation | **254** | 253 |
| **EBITDA\*** | **943** | 1,008 |
| Property operating lease rentals | **408** | 399 |
| **EBITDAR** | **1,351** | 1,407 |
| Net cash | **(68)** | (641) |
| Property operating lease rentals (8x) (1) | **3,264** | 3,192 |
| **Lease adjusted net debt** | **3,196** | 2,551 |
| **Lease adjusted net debt to EBITDAR** | **2.4** | 1.8 |

 (1) Kingfisher believes 8x is a reasonable industry standard for estimating the economic value of its leased assets

Kingfisher holds a BBB credit rating with all three rating agencies. Kingfisher aims to maintain its solid investment grade credit rating whilst investing in the business where economic returns are attractive and paying a healthy annual dividend to shareholders. After satisfying these key aims and taking the economic and trading outlook into account, any surplus capital would be returned to shareholders.

Kingfisher regularly reviews the level of cash and debt facilities required to fund its activities. This involves preparing a prudent cash flow forecast for the medium term, determining the level of debt facilities required to fund the business, planning for repayments of debt at its maturity and identifying an appropriate amount of headroom to provide a reserve against unexpected outflows.

The Group has two committed facilities: £400 million that expires in November 2019 and £225 million that expires in March 2022. Both were undrawn at 31 January 2018. The next significant debt maturity is in May 2018 when the Group is required to repay US Private Placement debt with a notional value of $179 million.

The maturity profile of Kingfisher’s debt is illustrated at: www.kingfisher.com/index.asp?pageid=74

**Pensions**

At the year end, the Group had a net surplus of £99 million (2016/17: £131 million net surplus) in relation to defined benefit pension arrangements, of which a £214 million surplus (2016/17: £239 million surplus) was in relation to the UK scheme. The adverse movement is driven by actuarial losses on liabilities, due principally to a reduced discount rate used to measure the UK scheme liabilities. This accounting valuation is sensitive to various assumptions and market rates which are likely to fluctuate in the future.

During the year, the UK pension scheme purchased a second annuity for £209 million from a major insurance company. A similar transaction was undertaken in 2015/16 that targeted the top layer of the scheme’s pensioner liabilities. The second annuity targeted the next layer of the scheme’s pensioner liabilities removing the longevity risk associated with these members. Measured against the long-term funding objective that has been agreed between Kingfisher and the Trustee, the transaction generated a modest funding improvement as well as a significant reduction in funding risk.

**Property**

Kingfisher owns a significant property portfolio, most of which is used for trading purposes. A valuation was performed for internal purposes in October 2017 with the portfolio valued by external professional valuers. Based on this exercise, on a sale and leaseback basis with Kingfisher in occupancy, the value of property is £3.5 billion at year end (2016/17: £3.4 billion).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017/18****£bn** | **2017/18 Yields** | 2016/17£bn | 2016/17 Yields |
| France | **1.8** | **7.4%** | 1.7 | 7.6% |
| UK | **0.8** | **6.1%** | 0.8 | 5.9% |
| Poland | **0.6** | **7.7%** | 0.6 | 7.7% |
| Other | **0.3** | **-** | 0.3 | - |
| **Total** | **3.5** |  | 3.4 |  |

This is compared to the net book value of £2.8 billion (2016/17: £2.7 billion) recorded in the financial statements. Balance sheet values were frozen at 1 February 2004 on the transition to IFRS.

**Retail profit on a fully rented basis**

The Group currently operates out of a mix of freehold and leasehold property, with the mix varying significantly between our geographic markets. In order to more easily compare divisional performance, a summary of the retail profit margins on a fully rented basis are set out below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **UK & Ireland**  | **France** | **Poland** |
| Retail Profit % | 7.5% | 7.3% | 12.3% |
| Adjustment to Leasehold Basis | (0.9)% | (2.9)% | (3.2)% |
| Retail Profit % on Leasehold Basis | 6.6% | 4.4% | 9.1% |

**Section 5: Glossary (terms are listed in alphabetical order)**

|  |
| --- |
| **Alternative Performance Measures (APMs)**In the reporting of financial information, the Directors have adopted various Alternative Performance Measures (APMs), also termed non-GAAP measures of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies’ APMs, including those in the Group’s industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. Included in the glossary below are the definitions and references to reconciliations to the IFRS measures of the various APMs used by the Group. Alternative performance measures are denoted by the symbol †. |

**Adjusted** † measures are before exceptional items, FFVR, amortisation of acquisition intangibles, related tax items and tax on prior year items including the impact of rate changes on deferred tax.

**Adjusted pre-tax profit** † is used to report the performance of the business at a Group level including both the benefits of our transformation programme and the associated costs. This is stated before exceptional items and FFVR. The exclusion of exceptional items and FFVR helps provide an indication of the Group’s ongoing business performance. A reconciliation to statutory pre-tax profit is set out in the Financial Review (Section 4).

**Banque de France** data includes relocated and extended stores.

<http://webstat.banque-france.fr/en/browse.do?node=5384326>

**Constant currency** † changes in total sales, LFL sales and retail profit reflect the year on year movements after translating the prior year comparatives at the current year’s average exchange rates. These are presented to eliminate the effects of exchange rate fluctuation on the reported results.

**CPR** (cost price reduction) refers to the savings made on cost of goods sold.

**Digital sales** aresales derived from online transactions, including click & collect. This includes sales transacted on any device, however not sales through a call centre.

**EBITDA** † (earnings before interest, tax, depreciation and amortisation) is calculated as retail profit less central and transformation P&L costs and before depreciation and amortisation.

**EBITDAR** † (earnings before interest, tax, depreciation, amortisation and property operating lease rentals) is calculated as retail profit less central and transformation P&L costs, before depreciation and amortisation and property operating lease rentals. This measure is used in calculating the ratio of lease adjusted net debt to EBITDAR, to reflect the Group’s leverage including capitalised leases which in accordance with current accounting standards do not appear on the balance sheet. A reconciliation from retail profit is set out in the Financial Review (Section 4).

**Effective tax rate** † is calculated as continuing income tax expense excluding tax on exceptional items and adjustments in respect of prior years and the impact of changes in tax rates on deferred tax, divided by continuing profit before taxation excluding exceptional items. The exclusion of items relating to prior years and those not in the ordinary course of business helps provide a better indication of the Group’s ongoing rate of tax. A reconciliation to the overall tax rate is set out in the Financial Review (Section 4).

**Exceptional items** † - the principal items which are included are: non-trading items included in operating profit such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group’s trading activities;

profits and losses on the disposal of properties and impairment losses on non-operational assets; and the costs of significant restructuring, including certain restructuring costs of the Group’s five-year transformation plan launched in 2016/17, and incremental acquisition integration costs.

**FFVR** †(financing fair value remeasurements)represents fair value fluctuations from financial instruments.

**France** consists of Castorama France and Brico Dépôt France.

**Free cash flow** † represents cash generated from operations (excluding exceptional items) less the amount spent on interest, tax and capital expenditure during the year (excluding business acquisitions and disposals and asset disposals). This provides a measure of how much cash the business generates that can be used for expansion, capital returns and other purposes. A reconciliation from operating profit is set out in the Financial Review (Section 4).

**GNFR** (Goods Not For Resale) covers the procurement of all goods and services a retailer consumes (including media buying, mechanical handling equipment, printing & paper).

**Lease adjusted ROCE** † - Post-tax retail profit less central costs and transformation costs, excluding exceptional items and property lease costs, divided by lease adjusted capital employed excluding historic goodwill, net cash and exceptional restructuring provision. The measure provides an indication of the ongoing returns from the capital invested in the business including capitalised leases. Capital employed is adjusted to include capitalised property leases. Kingfisher believes 8x property operating lease rent is a reasonable industry standard for estimating the economic value of its leased assets. Capital employed except for capitalised leases, is calculated as a two point average. The calculation excludes disposed businesses e.g. China.

**LFL** † stands for like-for-like sales growth representing the constant currency, year on year sales growth for stores that have been open for more than a year. This measure is used widely in the retail industry as an indicator of sales performance on a comparable basis.

**Net cash** †comprises cash and cash equivalents and short term deposits, less borrowings and financing derivatives (excluding accrued interest). A reconciliation to balance sheet amounts is provided in note 11 of the condensed financial statements (part 2 of this announcement).

**New Country Development** consists of Screwfix Europe, Portugal and Romania.

**Other International** consists of Poland, Portugal, Romania, Russia, Screwfix Europe, Spain and Turkey (Koçtaş JV).

**Retail profit** † is stated before central costs, transformation costs, exceptional items and the Group’s share of interest and tax of JVs and associates. This is the Group’s operating profit measure used to report the underlying performance of our retail businesses including the sustainable benefits of our transformation plan. A reconciliation to operating profit is provided in note 3 of the condensed financial statements (part 2 of this announcement).

**Sales** refer to Group sales excluding Joint Venture (Koçtaş JV) sales.

**SKU** (Stock Keeping Unit)is defined as the number of individual variants of products sold or remaining in stock. It is a distinct type of item for sale, such as a product and all attributes associated with the item type that distinguish it from others. These attributes could include, but are not limited to, manufacturer, description, material, size, colour, packaging and warranty terms.

**Transformation costs** † represent the additional costs of the ONE Kingfisher transformation programme launched in 2016/17. They comprise ‘transformation exceptional costs’, ‘transformation P&L costs’ (i.e. non-exceptional items) and ‘transformation capex’ (capital expenditure).

**Transformation P&L** † costs represent the additional costs that arise only as a result of the transformation plan launched in 2016/17. These costs principally relate to the unified and unique offer range implementation and the digital strategic initiative.

**Underlying pre-tax profit** † is stated before transformation P&L costs, exceptional items and FFVR. The exclusion of transformation P&L costs (in addition to exceptional items and FFVR) helps provide an indication of the Group’s underlying business performance, which includes the sustainable benefits of the transformation plan. A reconciliation to statutory pre-tax profit is set out in the Financial Review (Section 4).

**Unifying** ranges means rationalising the number of global SKUs and suppliers whilst improving the quality and functionality for our customers and leveraging our scale. This generates cost price reduction and better prices for customers. Products are unified across the whole range; from selling the same product in all our markets to having some customer driven market adaptions where needed. Unified extends to our own exclusive brands alongside international and national brands.

**Unique** ranges relate to the development of our own product ranges that excite customers. These ranges are not available elsewhere and are always sold under our own exclusive brands. Instead of buying products off the shelf from suppliers, we are designing the ranges ourselves based on our deep customer insights.

**UK & Ireland** consists of B&Q in the UK & Ireland and Screwfix UK.

**Section 6: Forward-looking statements**

You are not to construe the content of this announcement as investment, legal or tax advice and you should make you own evaluation of the Company and the market. If you are in any doubt about the contents of this announcement 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 announcement has been prepared in relation to the financial results for the full year ended 31 January 2018. The financial information referenced in this announcement is not audited and does not contain sufficient detail to allow a full understanding of the results of the group. Nothing in this announcement 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).

Certain information contained in this announcement 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” 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 include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve 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. 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 change in circumstances or in the Company’s expectations.