



Kingfisher KINGFISHER (LSE: KGF) 3Q17 TRADING UPDATE: GROWTH HELD BACK BY FRANCE

- British DIY group Kingfisher reported 3Q17 total sales growth of 1.3% at constant currency, sequentially weaker than the 2.7% figure reported in 1H17.
- Group comps came in at 1.8% for 3Q17, down from 3.3% in 1H17, impacted by softer growth in the UK and a steeper decline in France.
- Poland remained a bright spot, with comps up 6.7%.

Like most British companies, Kingfisher reports sales growth quarterly and updates on profits only at the half-year and full-year.

3Q17 UPDATE

With pound-denominated results flattered by the weakening of sterling, Kingfisher reported 3Q17 sales were up 11.5%. At constant currency, however, group sales nudged up 1.3%, while comps came in at +1.8%.

Performance weakened sequentially from 1H17, when total sales were up 2.7% and comps were up 3.3%. Softer top-line results in the UK and a steeper decline in sales in France in 3Q17 contributed to the slowdown of growth.

CEO Véronique Laury said that trading conditions followed a similar trend to those seen in 1H17, and that Kingfisher's performance was "solid" and in line with expectations.

The UK and Poland drove group sales growth, offsetting a weaker performance in France. All the figures below are at constant currency.

- **UK & Ireland:** Sales grew 2.5%, with comps jumping 5.8% (compared to a 6.7% increase in 1H17). This was driven by comps of +12.7% at Screwfix, which is likely to have benefitted from the maturing of its substantial number of newer stores. B&Q posted comps of +3.5%, which included an estimate 2% benefit from the transfer of sales from store closures.
- **France:** Sales in France were down 2.6% in total and down 3.6% on a comparable-store basis (compared to comps of (1.6)% in 1H17). Consumer-focused Castorama posted comps of (3.8)%, while trade-focused Brico Dépôt reported comps of (3.3)%.
- **Poland:** Sales in Poland increased by 9.5% in total and by 6.7% on a comparable basis.
- **Russia:** Russian sales fell 0.2% in total, but were up 1.0% on a comparable basis.
- **Spain:** Sales in Spain were down 0.2% in total and down 1.3% on a comparable basis.

OUTLOOK

Kingfisher offered no guidance. For FY17, analysts expect the company to grow revenues by 7.2% to £11.2 billion, EBIT to climb by 8.7% and GAAP EPS to rise by 26.4% to 22.5 pence.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

John Mercer
Senior Analyst

HONG KONG:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

LONDON:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

NEW YORK:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com