

Strategy yielding results; outlook prudently cautious

25 September 2025

Kingfisher's better than expected H126 results reflect the success of its trade and e-commerce growth initiatives along with increased big-ticket spending in Q2. Although management has raised FY26E Adj. PBT and free cashflow guidance, there is a degree of macro-economic caution embedded into implied H226 profits. We raise Adj. EPS by 6% for FY26E and 2% for FY27E and see scope for further upgrades if sales trends continue to improve. We raise our FV from 355p to 365p, equivalent to 14x cal 2026 PER and a c.3.5% dividend yield.

Kingfisher's strategy delivers a 13% beat to H126 Adj. PBT estimates

H126 Adj. PBT rose 10% to £368m, beating consensus estimates by an impressive c.£40m. Underlying Group LFL sales rose 1.9% and better buying (60bps of the 100bps increase in gross margin) and cost savings offset anticipated headwinds, leading to Adj. PBT margin of 5.4%, +c.50bps. Highlights included trade sales +11.9% and e-commerce +11.1%, underpinning market share gains. Regionally the UK was a highlight with H1 LFL +3.9% driven by strong Q1 seasonal sales (though good weather may not repeat), the exit of Homebase, and, encouragingly, strong Q2 big-ticket (kitchen and bathroom) sales (+12.6% at B&Q), with the group's order book up over 10%. France and Poland saw improving trends and Iberia had another very strong quarter (LFL +11.3% in Q2).

FY26E profit and cash expectations raised, tempered by H2 caution

H1'26 free cashflow rose 13.5% to £478m resulting from higher profits, some tax refunds and good stock control. FY26E Adj. PBT guidance has increased to the upper end of £480m-£540m and FCF guidance to £480m-£540m (from £420m-£480m). This reflects a degree of caution and an implicit c.10% (c.£20m) downgrade to consensus H226E expectations, attributed in part to planned increases in marketing and technology costs, along with a full six months of national insurance increases. Cash outflows are also H2 weighted, partly due to an anticipated stock rebuild ahead of an earlier Chinese New Year. We raise our FY26E Adj. PBT by 2.6% to £537m and Adj. diluted EPS by 6% (given a lower tax rate and accelerated share buy-back).

Offering an attractive c.10% cal 2026 FCF yield; Fair Value raised to 365p

Although Kingfisher's share price has regained some of its recent weakness it still trades on c.11x cal 2026 PER which we think undervalues the group's growth potential and cash-generative appeal.

Company data

EPIC	LSE: KGF
Price (last close)	292p
52 weeks Hi/Lo	329p/227p
Market cap	£5,090m
ED Fair Value / share	365p
Net cash / (debt) 2025A	£(2,015m)
Avg. daily volume (3m)	5.2m

Share price, p



Source: Investing.com

Description

Kingfisher is an international home improvement retailer with over 2,000 stores across eight European countries. The group operates multiple formats of different sizes as well as e-commerce channels. It is the market leader in the UK and Poland and second in France, serving both consumers and trade professionals. Approximately 44% of group sales are from their own exclusive brands, with online marketplaces offering over 1.5 million third-party products.

Next event: Q3'26 trading update
November 2025 (tbc)

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Key financials & valuation metrics

Year to 31 Jan (£m)	2024	2025	2026E	2027E	2028E
Revenue	12,980	12,784	12,747	13,066	13,482
Revenue growth (%)	-0.6	-1.5	-0.3	2.5	3.2
Adj. PBT	568	528	537	597	689
Adj. PBT margin (%)	4.4	4.1	4.2	4.6	5.1
Adj. diluted EPS (p)	21.6	20.4	22.5	26.3	32.0
Dividend per share (p)	12.4	12.4	12.4	12.4	13.0
Free cashflow (adj, ex disposals)	514	511	503	537	553
Net cash / (debt) * /Adj. EBITDA (x)	(1.6)	(1.6)	(1.4)	(1.3)	(1.2)
EV / Sales (x, calendarised)		0.6	0.6	0.6	
PER (x, calendarised)		13.1	11.2	9.3	
Dividend yield (% , calendarised)		4.2	4.2	4.4	
Free cashflow yield (% , calendarised))		9.2	9.8	10.1	

Source: Company data, Equity Development, Priced as at 24/9/25

Kingfisher: Investment Attractions overview

Investment Highlights	Risk Factors
<ul style="list-style-type: none"> Kingfisher is a market leader in a large and structurally growing industry as the drive to make homes and gardens more efficient and “greener” continues. The group operates a diversified portfolio of banners and store sizes and has strategically expanded online and with trade customers. It has also scaled marketplaces rapidly and profitably with new cross-border vendors to come. Kingfisher also has a portfolio of its own-exclusive brands which are c.15%-30% cheaper than brands, whilst being higher margin, and account for c.44% of sales. Management’s “Powered by Kingfisher” strategy to serve more customers, in more convenient ways, has led to a 10%+ step up in group revenues from c.£11.5bn FY17-FY20 (pre-COVID) to £12.8bn FY22-FY25. Moreover, Kingfisher is winning market share in the UK & Ireland, France and Spain. Management’s structural cost saving programme saved £120m in FY25. Kingfisher is an industry leader on sustainability, with a “AAA” MSCI ESG rating. 	<ul style="list-style-type: none"> Rising unemployment and/or macro-economic pressures on disposable income, particularly in the UK, France and Poland. Housing transactions falling again and/or rising interest rates. Irrational competitive pricing behaviour, including by any struggling competitors trying to clear stock. Cost inflation, particularly wage inflation, lasting for longer or at a higher rate than expected, impacting margin expansion potential. Further government taxes on labour, stores, online retailing, sustainability related matters or corporation tax. Supply chain disruption. Technology disruption.
Forecast Drivers	Valuation Overview
<ul style="list-style-type: none"> Strategic initiatives are anticipated to drive a return to positive Group LFL sales growth in FY26E (0.9%), rising to c.1.5% in FY27E and c.2.4% in FY28E, aided by a modest recovery in real disposable income and consumer confidence. We forecast new stores, including the acquisition of 8 Homebase stores in H126E, to contribute an average 1.0% p/a to sales FY26E-FY28E and although we do not expect overall space growth we estimate rising sales densities. We anticipate c.£145m of cost headwinds in FY26E (and a £33m lower base from no repeat business rates refund) for management to offset with better buying and cost efficiencies (and a c.£10m benefit from the disposal of Romania). For FY27E and FY28E we forecast c.40-50bps of operating leverage lifts group Adj. PBT margin to over 5% in FY28E. We expect adj. FCF of £500m+ FY26E-FY28E, after capex of c.2.8% of sales. 	<ul style="list-style-type: none"> Kingfisher is trading on only 0.6x cal 2026 EV/Sales, c.5.5x cal 2026 EV/EBITDA and only c.11x cal 2026 PER. Kingfisher is also trading on an c.10% cal 2026 FCF yield and a 4.2% cal 2026 dividend yield. Despite the recovery of the stock’s recent weakness, it trades towards the bottom of Kingfisher’s average forward PERs for the last decade (9.5x-15x). Whilst Kingfisher is trading broadly in line with UK peers, it is trading at a c.60% discount to US peers (c.30x PER). Our blue-sky scenario of an additional 5% of sales over the next 3 years, resulting in an incremental 150bps of operating leverage, leads to Adj. PBT nearly doubling to c.£970m in FY28E. We increase our Fair Value from 355p to 365p, equivalent to c.14x cal 2026 PER (c.11.5x cal 2027 PER) and a c.8.0% cal 2026 FCF yield and c.3.5% cal 2026 dividend yield which we think more fairly reflects the profit recovery potential.

Kingfisher's H126 Adj. PBT rises 10%, beating estimates by 12.5% or c.£40m

- At the group level, Kingfisher's group sales were c. 1% ahead of consensus estimates, with Q226 sales volume driven and ahead of estimates, helped by an encouraging pick up in big-ticket spending and favourable consumer response to the group's recently refreshed value kitchen ranges (among other drivers).
- Gross margin rose 100bps: 60bps due to more favourable supplier negotiations, effective management of product costs and positive FX; 10bps due to the increase in gross margin-accretive marketplace sales; and the rest due to good sell through of seasonal products among other factors, helping offset packaging taxes and increased trade.
- Combined with good control of operating costs in the face of inflationary headwinds, higher interest receivable and lower taxes, diluted EPS rose 16% to 15.1p.

H126 Results versus last year and consensus

£m, unless stated				Consensus estimates	
Year-end 31 Jan, £m	H126	H125	% change	H126	% difference
Group revenue	6,811	6,756	0.8	6,759	0.8
<i>Revenue growth (%)</i>	<i>0.8</i>	<i>-1.8</i>		<i>0.0</i>	
<i>Gross margin (%)</i>	<i>37.7</i>	<i>36.7</i>	<i>101bps</i>		
Adj. EBITDA	750	727	3.2		
<i>Adj. EBITDA margin (%)</i>	<i>11.0</i>	<i>10.8</i>	<i>25bps</i>		
Group retail profit	452	420	7.6	418	8.1
<i>Group retail profit margin (%)</i>	<i>6.6</i>	<i>6.2</i>	<i>42bps</i>	<i>6.2</i>	<i>45bps</i>
Share of jv interest and tax	(3)	(7)		(5)	
Central costs	(36)	(29)		(31)	
Operating profit	413	384	7.6	382	8
Net finance costs	(45)	(50)		(55)	
Adj. PBT	368	334	10.2	327	12.5
<i>Adj. PBT margin (%)</i>	<i>5.4</i>	<i>4.9</i>	<i>46bps</i>	<i>4.8</i>	<i>57bps</i>
Adjusted diluted EPS (p)	15.1	13.0	15.9	13.2	14.3
<i>Adj. EPS growth (%)</i>	<i>15.9</i>				
Capex	145	156	-7.1		
Free cashflow¹	478	421	13.5	447	6.9
Total net (debt) / cash incl leases	(1,727)	(1,952)	-11.5		

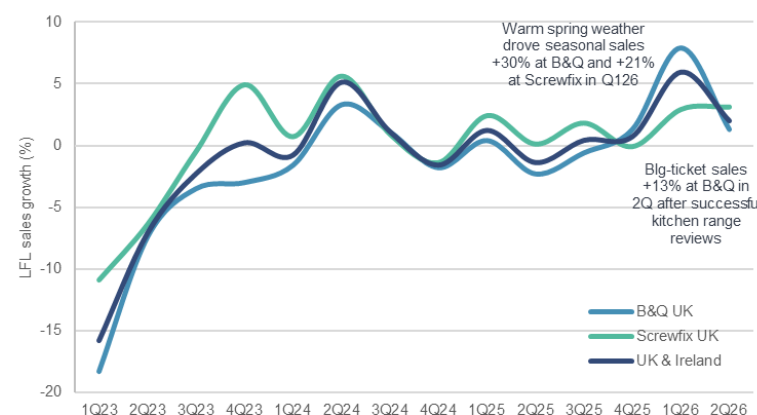
Note 1: Company's definition of free cashflow excluding adjusting items; Source: Company data, Equity Development

UK & Ireland performance and market share gains very encouraging

Strategic initiatives driving market outperformance

- Against a backdrop of low single digit market growth, B&Q sales rose 4.6% and Screwfix grew sales 4.4%, gaining market share from the exit of Homebase, their ability to capitalise on the warm spring and from the encouraging increase in big-ticket sales following kitchen range reviews, along with continued progress with trade customers and online penetration.
- H1 gross margin rose 90bps driven by favourable supplier negotiations and the increasing mix of marketplace which offset the £10m packaging taxes and adverse product mix. Structural cost savings partly offset the increase in labour costs so retail profit rose 5.7% and margin rose 10bps to 9.7%.
- For FY26E we conservatively forecast a 20bps fall in margin to 8.4% (on greater NI costs, increased marketing and technology costs).

UK & Ireland H126 LFL rises c.4%



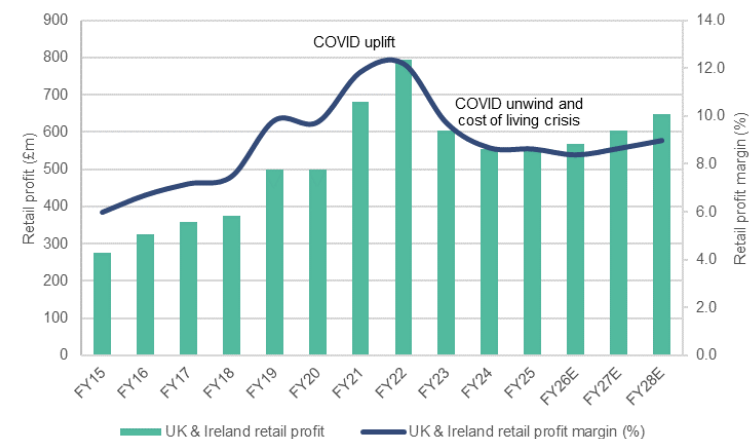
Source: Company data, Equity Development

Gently improving consumer confidence ahead of Budget



Source: GfK Consumer Confidence, Equity Development

A still cautious outlook but H1 retail margin +10bps to 9.7%



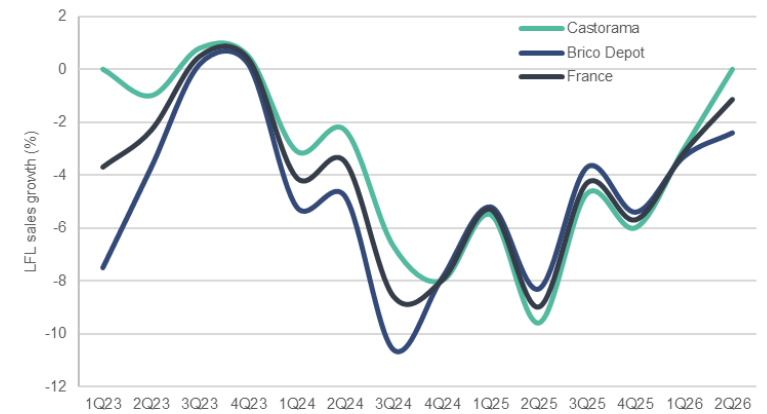
Source: Company data, Equity Development

France on a sequentially improving trend, despite the uncertain political backdrop

H1 Retail profit rises 5%, but political uncertainty remains

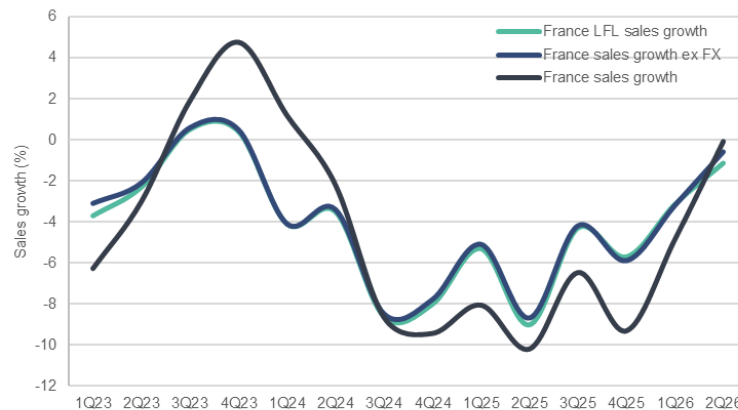
- Against a backdrop of subdued consumer sentiment and a market decline of low to mid-single digits, Castorama gained market share and increased Q2 LFL to flat, driven by improved product ranges, whilst Brico Depot maintained share and increased trade penetration to 12.1%.
- H1 gross margin rose an impressive 110bps on better buying, increased marketplace sales and lower logistics costs. Operating cost increases were partly mitigated leading to retail profit +5% to £72m (margin +20bps to 3.5%).
- Meanwhile the turnaround plan is on track with 13 Castorama stores addressed in H126 (11 to do in H2), including two becoming franchise stores.
- For FY26E we forecast a 2.5% retail profit margin (+10bps) and management maintains that 5%-7% is within reach, subject to pace of a macro-recovery.

LFL sales growth trend improving to -1% in 2Q26...



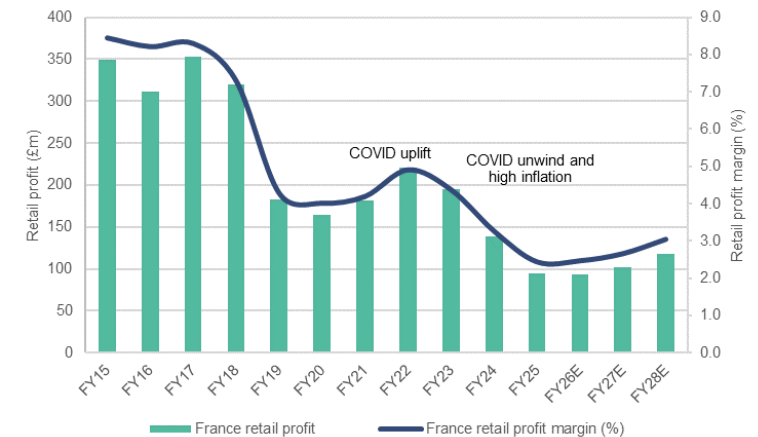
Source: Company data, Equity Development

...leading to market share gains in a challenging market...



Source: Company data, Equity Development

...and ultimately improving sales densities and profits



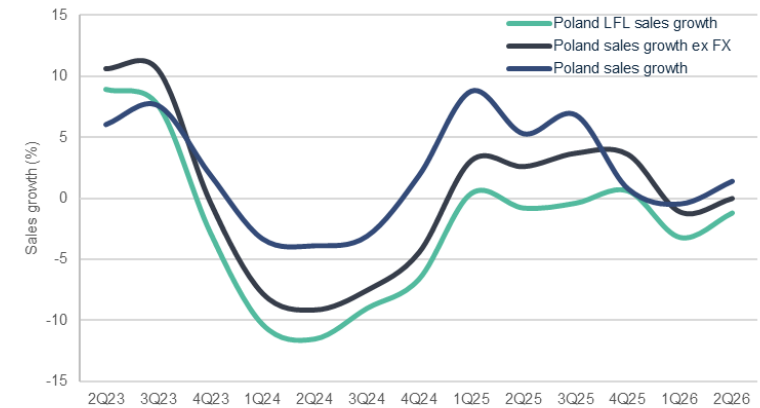
Source: Company data, Equity Development

Trade and e-commerce sales growing in Poland

H126 sales performance in line with market...

- Poland has been one of Kingfisher's growth areas over the past decade with 35 new Castorama stores opened to reach 107 as at July 2025. However, like in France, its retail profit margin has halved (from over 10% in FY19 to 5.1% in FY25) under pressure from a weak consumer environment, gross margin declines and high level of cost inflation.
- In H126 Polish sales fell 0.5%, broadly in line with the market, with LFL of -2.1% (partly due to cold weather) and new space growth of 1.6% from stores opened in FY25. However, LFL sales improved from -3.2% in Q1 to -1.2% in Q2, helped by 1) improving market trends, 2) strong demand for new kitchen ranges, 3) 19% e-commerce growth (penetration increased to 11.4%, helped by launch of marketplace in January 2025) and 4) further roll-out of CastoPro zones in stores leading to trade penetration rising from 15.6% to 25.2%.

...with an improvement from Q1 to Q2

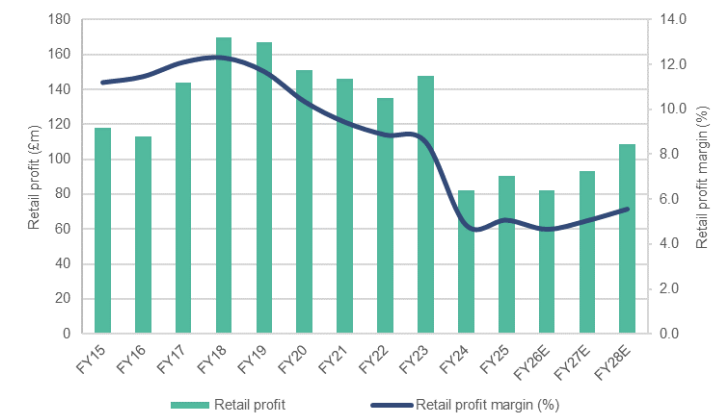


Source: Company data, Equity Development

Polish consumer outlook improving but political uncertainty

- In H126 retail profit rose 2.5% to £51m but was broadly flat ex FX (+1.4%), with a 10bps improvement in gross margin (from better buying, better inventory management offset by increased promotions and product mix).
- Good cost control saw operating costs fall 0.5% with the structural cost saving programme offsetting headwinds, including increased labour costs. Hence H126 retail profit margin increased 10bps to 5.4%.
- Looking ahead there are some signs of economic recovery, however given political uncertainty, we conservatively assume flat H2 sales and a 40bps decline in FY26E retail profit margin to 4.7%.
- If the political situation stabilises, we see scope for upgrades to our forecasts.

Polish retail operating margin forecast to grow from FY27E



Source: Company data, Equity Development

Company guidance for Adj. PBT and free cashflow raised; upgrades to our full year forecasts

- Given the better-than-expected H126 Adj. PBT (by c. £40m), Adj. EPS and free cashflow results, management has raised its FY26E guidance to the upper end of £480m-£540m (prior guidance) and FCF guidance to £480m-£540m (from £420m-£480m). H1 FCF benefitted from higher profits, a c.£100m working capital inflow, slightly lower capex and lower net taxes paid due to refunds relating to settlements of prior years.
- For FY26E we raise our Adj. PBT by 2.6% to £537m but we cautiously do not expect any upgrade to FY27E PBT at this stage as 1) the c.30% increase in seasonal sales at B&Q in Q126, driven in part by early Spring warm weather, may not repeat itself, and 2) the political outlook in France and Poland is creating uncertainty. We do upgrade our Adj. EPS estimates given a lower anticipated tax rate and accelerated share buyback and upgrade our FCF forecasts.

Upgrades to group forecasts

Year-end 31 Jan (£m)	2025A	New forecasts			Old forecasts			% change		
		2026E	2027E	2028E	2026E	2027E	2028E	2025E	2026E	2027E
Group Revenue	12,784	12,747	13,066	13,482	12,689	13,058	13,476	0.5	0.1	0.0
Revenue growth (%)	-1.5	-0.3	2.5	3.2	-0.7	2.9	3.2			
Adj. PBT	528	537	597	689	524	597	689	2.6	0.1	0.0
Adj. PBT margin (%)	4.1	4.2	4.6	5.1	4.1	4.6	5.1			
Adjusted diluted EPS (p)	20.4	22.6	26.4	32.1	21.3	25.8	31.4	6.1	2.2	2.3
Adj. EPS growth (%)	-5.4	10.4	16.9	21.6	4.0	21.3	21.6			
DPS (p)	12.4	12.4	12.4	13.0	12.4	12.4	13.0			
Capex	317	351	359	371	349	359	371	0.5	0.1	0.0
Free cashflow	511	503	537	553	448	465	517	12.3	15.3	6.9
Net financial cash / (debt)	238	307	386	488	237	243	308			
Total net cash /(debt) incl leases	(2,015)	(1,913)	(1,843)	(1,750)	(1,983)	(1,987)	(1,931)			
Net financial cash / (debt) / Adj. EBITDA (x)	0.2	0.2	0.3	0.3	0.2	0.2	0.2			
Total net cash / (debt) / Adj. EBITDA (x)	(1.6)	(1.4)	(1.3)	(1.2)	(1.5)	(1.5)	(1.3)			

Source: Company data, Equity Development

Changes to divisional sales forecasts

		New forecasts			Old forecasts			% change		
Year-end 31 Jan (£m)	2025A	2026E	2027E	2028E	2026E	2027E	2028E	2025E	2026E	2027E
...B&Q	3,820	4,004	4,091	4,200	3,966	4,072	4,181	1.0	0.5	0.5
...Screwfix	2,636	2,768	2,883	2,992	2,742	2,869	2,978	1.0	0.5	0.5
UK & Ireland	6,456	6,773	6,974	7,193	6,708	6,941	7,159	1.0	0.5	0.5
...Castorama	2,014	1,941	1,935	1,946	1,927	1,921	1,932	0.7	0.7	0.7
...Brico Depot	1,869	1,834	1,873	1,931	1,834	1,873	1,931	0.0	0.0	0.0
France	3,883	3,775	3,807	3,877	3,761	3,793	3,863	0.4	0.4	0.4
Poland	1,788	1,766	1,833	1,937	1,801	1,887	1,995	-2.0	-2.9	-2.9
...Iberia	384	407	416	428	392	400	412	3.9	3.9	3.9
...Romania	257	0	0	0	0	0	0			
...Screwfix France & Other	16	26	36	47	26	36	47			
Other International	657	433	452	475	418	436	459			
Total Group	12,784	12,747	13,066	13,482	12,689	13,058	13,476	0.5	0.1	0.0

Source: Company data, Equity Development

Changes to divisional retail profit forecasts

		New forecasts			Old forecasts			% change		
Year-end 31 Jan (£m)	2025A	2026E	2027E	2028E	2026E	2027E	2028E	2025E	2026E	2027E
UK & Ireland	558	569	605	647	561	605	647	1.4	-0.1	0.0
France	95	93	101	118	88	96	113	6.0	5.6	5.0
Poland	90	82	89	105	90	102	118	-9.2	-12.3	-11.4
...Iberia	8	17	18	19	9	10	11	85.8	79.2	73.6
...Romania	(11)	0	0	0	0	0	0			
...Screwfix France & Other	(35)	(35)	(27)	(20)	(35)	(25)	(15)			
...Turkey JV	(9)	(10)	(2)	5	(2)	0	5			
Other International	(47)	(28)	(11)	4	(28)	(15)	1			
Total Group Retail Profit	696	716	784	874	711	788	879	0.6	-0.5	-0.5

Source: Company data, Equity Development

Changes to divisional retail profit margin forecasts

		New forecasts			Old forecasts			% change		
Year-end 31 Jan (%)	2025A	2026E	2027E	2028E	2026E	2027E	2028E	2025E	2026E	2027E
UK & Ireland	8.6	8.4	8.7	9.0	8.4	8.7	9.0			
France	2.4	2.5	2.7	3.1	2.3	2.5	2.9			
Poland	5.1	4.7	4.9	5.4	5.0	5.4	5.9			
Other International	(7.2)	(6.5)	(2.5)	0.9	(6.7)	(3.5)	0.2			
Total Group Retail Profit margin	5.4	5.6	6.0	6.5	5.6	6.0	6.5			

Source: Company data, Equity Development

Financial forecasts

Income statement: Revenue to operating profit								
Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Group revenue	12,343	13,183	13,059	12,980	12,784	12,747	13,066	13,482
Cost of sales	(7,770)	(8,248)	(8,264)	(8,204)	(8,021)	(7,928)	(8,127)	(8,386)
Gross profit	4,573	4,935	4,795	4,776	4,763	4,819	4,939	5,097
Other income	19	23	25	23	20	20	20	20
Selling & distribution costs	(2,843)	(3,041)	(3,087)	(3,143)	(3,122)	(3,126)	(3,178)	(3,239)
Admin costs	(809)	(836)	(868)	(982)	(998)	(1,039)	(1,050)	(1,067)
Add back D&A	536	555	582	641	656	673	668	669
Operating costs, Adj. ex D&A	(3,116)	(3,322)	(3,373)	(3,484)	(3,463)	(3,492)	(3,560)	(3,637)
Adj. EBITDA	1,476	1,636	1,447	1,315	1,300	1,327	1,379	1,459
Depreciation of PPE	(190)	(188)	(199)	(216)	(224)	(233)	(233)	(234)
Depreciation of ROUA	(277)	(285)	(299)	(314)	(310)	(315)	(313)	(314)
Amortisation	(69)	(82)	(84)	(111)	(121)	(125)	(122)	(121)
Depreciation & amortisation	(536)	(555)	(582)	(641)	(656)	(673)	(668)	(669)
Share of post-tax jvs and associates	6	5	5	(1)	(15)	(17)	(9)	0
Adj. Operating profit	946	1,086	870	673	628	637	702	791

Source: Company data, Equity Development

Income statement: Operating profit to EPS

Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Adj. Operating profit	946	1,086	870	673	628	637	702	791
Interest on financial debt	(27)	(13)	(5)	(7)	(9)	(8)	(8)	(8)
Interest on lease liabilities	(153)	(135)	(124)	(126)	(123)	(117)	(118)	(118)
Other finance costs								
Interest receivable & other	20	11	17	28	32	25	21	25
Finance costs	(160)	(137)	(112)	(105)	(100)	(100)	(105)	(102)
Adj. PBT	786	949	758	568	528	537	597	689
Exceptional costs	(30)	58	(147)	(93)	(221)			
PBT	756	1,007	611	475	307	537	597	689
Adj. tax	(182)	(212)	(169)	(153)	(147)	(140)	(155)	(179)
Tax on exceptional items	18	48	29	23	25	0	0	0
Tax	(164)	(164)	(140)	(130)	(122)	(140)	(155)	(179)
Adj. PAT	604	737	589	415	381	398	442	510
Reported PAT	592	843	471	345	185	398	442	510
No of f/d shares (m)	2,119	2,116	2,002	1,921	1,867	1,764	1,678	1,593
Adjusted diluted EPS (p)	28.5	34.8	29.4	21.6	20.4	22.5	26.3	32.0
DPS (p)	8.25	12.4	12.4	12.4	12.4	12.4	12.4	13.0

Source: Company data, Equity Development

Cashflow statement

Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Adj. EBITDA	1,476	1,636	1,447	1,315	1,300	1,327	1,379	1,459
Add back SBP charge	14	27	19	22	20	22	24	27
Change in inventories	86	(359)	(234)	132	87	112	15	(2)
Change in trade receivables	17	(23)	(44)	(6)	63	1	(7)	(9)
Change in trade payables	267	158	(196)	(14)	(50)	(50)	58	75
Change in provisions	(30)	(42)	(13)	(3)	9	0	0	0
Change in pensions etc.	(16)	(13)	(1)	7	(5)			
Working capital movement	324	(279)	(488)	116	104	62	66	64
Net financial interest paid	(22)	(20)	0	9	15	17	13	17
Interest paid on lease liabilities	(153)	(135)	(124)	(126)	(125)	(117)	(118)	(118)
Lease payments (principal)	(309)	(341)	(329)	(348)	(387)	(363)	(313)	(345)
Tax paid	(166)	(169)	(130)	(117)	(109)	(90)	(155)	(179)
Exceptionals (cash)		(39)	(34)		(18)	0	0	0
Other	2		5	(8)	2	64		
Capex	(281)	(397)	(449)	(363)	(317)	(351)	(359)	(371)
M&A	(8)			(3)		(6)		
Disposals	75	9	12	9	(1)	33		
Other	3	5		2	(19)			
Capex	(211)	(383)	(437)	(355)	(337)	(323)	(359)	(371)
Discontinued ops cashflow								
Free cashflow ¹	938	385	(40)	514	511	503	537	553
Free cashflow	955	297	(71)	508	465	600	537	553
Dividends	0	(254)	(246)	(237)	(228)	(219)	(208)	(200)
Share buy backs / equity issue	(13)	(181)	(338)	(180)	(249)	(301)	(250)	(250)
Other								
Net cashflow	942	(136)	(446)	91	(12)	80	78	102

Note 1: FCF Kingfisher definition (excludes disposals and some adjusting items); Source: Company data, Equity Development

Net debt metrics								
Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross financial debt	(115)	(16)	(116)	(109)	(107)	(109)	(109)	(109)
Net cash	1,142	823	286	360	345	416	495	597
Net financial (debt) / cash	1,027	807	170	251	238	307	386	488
Leases (incl those for sale)	(2,421)	(2,376)	(2,444)	(2,367)	(2,253)	(2,221)	(2,229)	(2,238)
Net (debt) / cash incl leases	(1,394)	(1,569)	(2,274)	(2,116)	(2,015)	(1,913)	(1,843)	(1,750)
Net financial (cash) / Adj. EBITDA (x)	(0.7)	(0.5)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)
Net debt / Adj. EBITDA (x)	0.9	1.0	1.6	1.6	1.6	1.4	1.3	1.2

Source: Company data, Equity Development

Balance Sheet: Assets

Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	3,075	3,078	3,205	3,206	3,105	3,112	3,118	3,131
Right of use assets	1,845	1,885	1,947	1,881	1,771	1,828	1,836	1,877
Intangible assets (Goodwill)	2,427	2,424	2,408	2,398	2,312	2,312	2,312	2,312
Other intangible assets	320	330	371	368	312	304	302	305
Investment in jvs & associates	20	17	30	19	29	12	3	3
Investment property	20	33	30	27	34	34	34	34
Post-employment benefits	504	540	251	212	202	202	202	202
Trade and other receivables	29	22	19	15	13	13	13	13
Deferred & other tax assets	72	74	80	78	7	7	7	7
Non-current assets	8,312	8,403	8,341	8,204	7,785	7,823	7,827	7,884
Inventories	2,488	2,749	3,070	2,914	2,719	2,607	2,592	2,594
Trade and other receivables	290	300	347	344	276	275	282	291
Other financial assets	5	37	16	2	22	22	22	22
Current tax assets	20	33	40	73	147	33	33	33
Cash & cash equivalents	1,142	823	286	360	336	416	495	597
Cash held for sale					9	0	0	0
Assets held for sale	12	6	3	3	149	0	0	0
Current assets	3,957	3,948	3,762	3,696	3,658	3,353	3,424	3,538

Source: Company data, Equity Development

Balance Sheet: Liabilities

Year-end 31 Jan, £m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Bank overdraft & s/t loans	(101)	(14)	(16)	(7)	(108)	(108)	(108)	(108)
Trade payables and other liabilities	(2,520)	(2,674)	(2,483)	(2,445)	(2,355)	(2,305)	(2,362)	(2,437)
Lease liabilities	(330)	(347)	(343)	(366)	(345)	(345)	(345)	(345)
Current tax liabilities	(127)	(46)	0	(12)	(6)	(6)	(6)	(6)
Provisions	(46)	(23)	(10)	(9)	(16)	(16)	(16)	(16)
Other financial liabilities	(59)	(12)	(47)	(23)	(5)	(5)	(5)	(5)
Leases held for sale					(42)	0	0	0
Other liabilities held for sale					(50)	0	0	0
Current liabilities	(3,183)	(3,116)	(2,899)	(2,862)	(2,927)	(2,785)	(2,842)	(2,917)
Capital employed	9,086	9,235	9,204	9,038	8,516	8,392	8,409	8,504
Bank borrowings	(2)	(2)	(102)	(102)	(1)	(1)	(1)	(1)
Lease liabilities	(2,091)	(2,029)	(2,101)	(2,001)	(1,866)	(1,876)	(1,884)	(1,893)
Deferred tax liabilities	(232)	(276)	(205)	(207)	(193)	(203)	(203)	(203)
Provisions	(33)	(10)	(10)	(7)	(9)	(9)	(9)	(9)
Trade and other payables	(11)	(10)	(4)	(3)	(2)	(2)	(2)	(2)
Post employment benefits	(145)	(130)	(114)	(113)	(101)	(101)	(101)	(101)
Other financial liabilities	(1)	(1)	(5)	(1)	0	0	0	0
Non-current liabilities	(2,515)	(2,458)	(2,541)	(2,434)	(2,172)	(2,192)	(2,200)	(2,209)
Net assets	6,571	6,777	6,663	6,604	6,344	6,201	6,209	6,295
Shareholders' funds	6,571	6,778	6,663	6,604	6,344	6,201	6,209	6,295

Source: Company data, Equity Development

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