

Screwfix and B&Q owner Kingfisher hikes outlook after pandemic DIY boom

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The parent company of Screwfix and B&Q has upped its full-year sales and earnings outlook following a pandemic-driven DIY boom, but has warned of increasing supply chain pressures.

Retail giant Kingfisher posted a 70% rise in statutory pre-tax profits to £677m as like-for-like sales in B&Q leapt almost 30% higher in the six months to July 31. On an underlying basis, profits rose by more than 60% to £669m.

The FTSE 100 firm, which has around 1,400 stores across nine countries, has announced a £300m share buyback and hiked its interim dividend on the back of a strong set of half-year figures.

The group said it had been boosted by a boom in DIY amid the pandemic, as the national lockdown confined people to their homes and encouraged them to improve their living and, in many cases, workplace conditions.

But it said sales had slipped in recent months as the company came up against tough comparisons from a year earlier.

B&Q sales soared by more than 80% in the first quarter but

fell 1.2% in the following three months, and are 4.2% lower so far in the third quarter.

On a two-year basis, third quarter sales to date at B&Q are running 18.7% higher and 16.1% up across the group.

Kingfisher said the performance was better than expected, leading it to up its group-wide annual sales outlook, with it now forecasting a fall of between 3% and 7%, having previously predicted a drop of up to 15%.

The group said it was not set for underlying pre-tax profits of between around £910m and £950m, up from a market consensus of £913m.

This was despite costs rising for freight and raw materials, with the group revealing it is still “below target product availability levels” in some categories – in particular timber and cement.

Kingfisher said it had been able to manage through the issues and UK lorry driver shortage, with stock levels gradually improving over the first half thanks to an early buying strategy, and expects to rebuild product inventory ahead of the peak trading periods.

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A spokesperson for Kingfisher said: “Like many other businesses and industries, we are facing significant operational pressures arising due to the pandemic, including product supply and availability, shipping and logistics, and cost price inflation, which have been managed effectively to date.”

It gave assurances that Christmas tree stocks are not set to be affected by the issues, with the group “well set up” for the festive season.

Thierry Garnier, chief executive of Kingfisher, said: “Our industry is benefiting from new trends that we believe will be supportive over the long term.

“These include people spending more time working from home, the emergence of a new generation of DIY’ers, the need for greener homes, and a strong housing market.”

Kingfisher acquired Screwfix, the UK’s largest multi-channel retailer of trade tools, accessories and hardware products, in 1999.

The tool seller was founded in Yeovil as the mail-order Woodscrew Supply Company in 1979 and the company is still

headquartered in the Somerset town.

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