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# KINGFISHER

Eurobond Roadshow Investor Presentation  
November 2005



CORPORATE &  
INVESTMENT BANKING



# Contents

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- **Kingfisher Business Overview**
- Geographical Analysis
- Financial Position
- Transaction Summary



# Kingfisher – Our business

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- Global home improvement retailer
- Leading positions in our core markets
- Well positioned to exploit upswings in global DIY market
- Targeting growth markets to ensure long-term expansion



# Kingfisher – Market leading brands

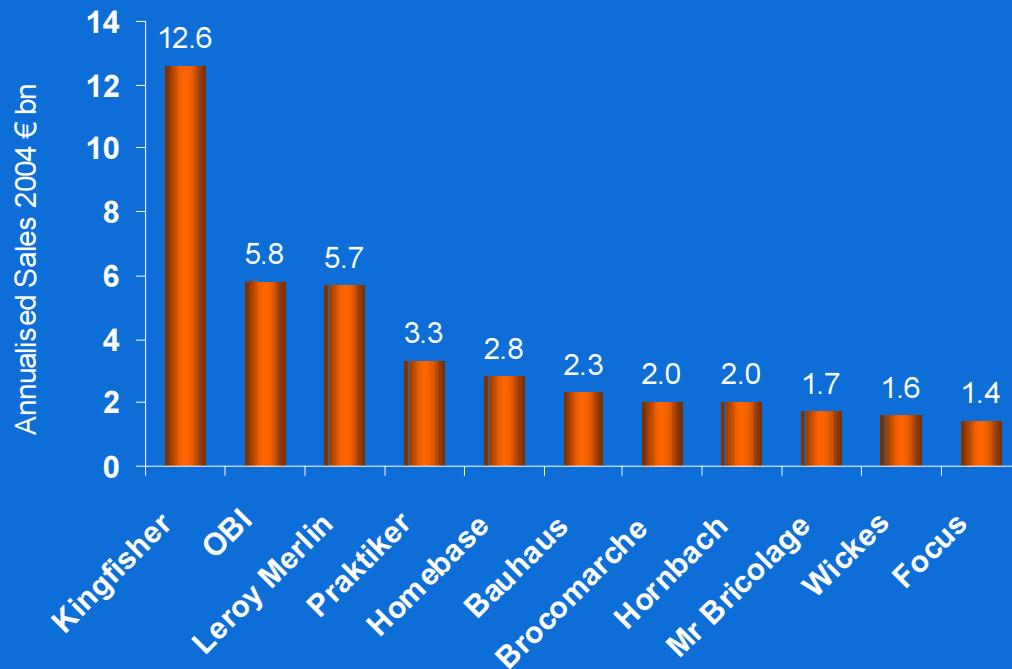
		No of stores	Market ranking
UK and Ireland	 	339	# 1
France	 	102 67	# 1
Poland		28	# 1
Italy		23	# 2
China		38	# 1
Taiwan		19	# 1
Turkey		5	# 2
Spain		6	# 5

Plus 21% strategic alliance with Hornbach, 119 stores in 8 European countries

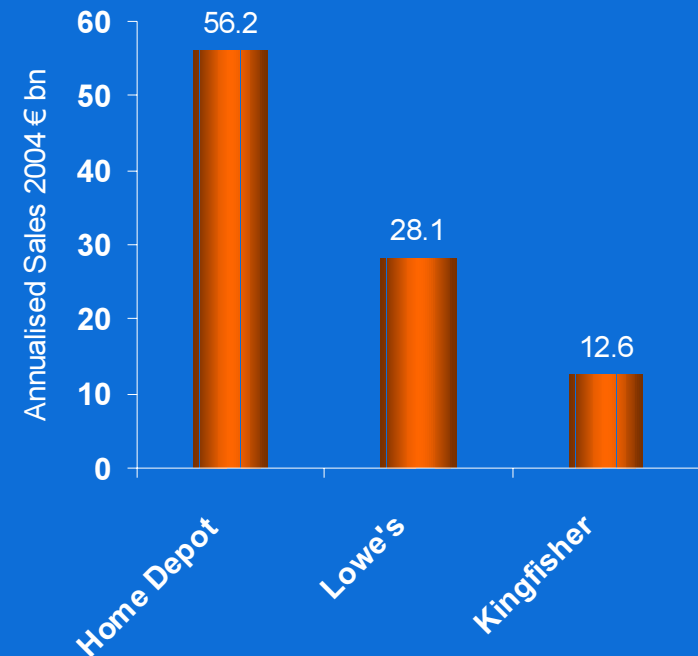


# Kingfisher – # 1 in Europe, # 3 in World

## Leading European DIY retailers



## Leading Global DIY retailers



Source: Verdict, Annual Reports



# Home Improvement – Attractive fundamentals

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- Homes are most people's biggest asset
- Homes have to be repaired
- People want to improve their home
  - Style aspirations as we get richer
  - Used as a home, an office, entertainment
- Global products and suppliers
- Low brand awareness allows increased retailer power



# Kingfisher – 628 stores, 10 countries and room for growth

	Market Size*	Market Share
UK	£28bn	16%
France	£32bn	8%
ROE	£27bn	2%
Asia	£29bn	<1%
<b>Total</b>	<b>£116bn</b>	<b>7%</b>

\*where Kingfisher is present



# Kingfisher – Strategy: growth and returns

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## Investing for growth

- New & revitalised stores
- New markets
- Infrastructure

## Improving returns

- Driving LFL
- Optimising supply
- Managing costs



**Consistent, sustainable growth  
in economic returns**





# Kingfisher – Scale and diversity

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- Operating scale
  - buying together, global sourcing
  - better products, better prices
  - Strategic Supplier Management £1bn targeted savings in 5 years
- Diversity
  - sharing ideas, accelerating innovation
  - ranges, formats, brands and infrastructure
  - people



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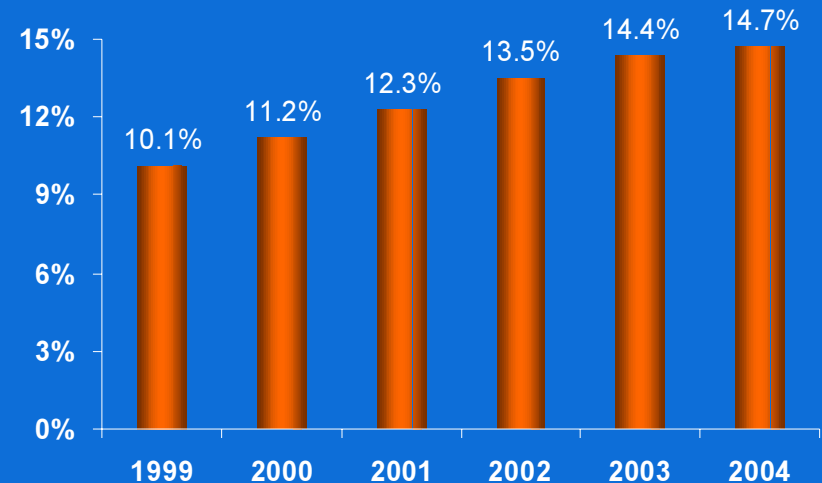
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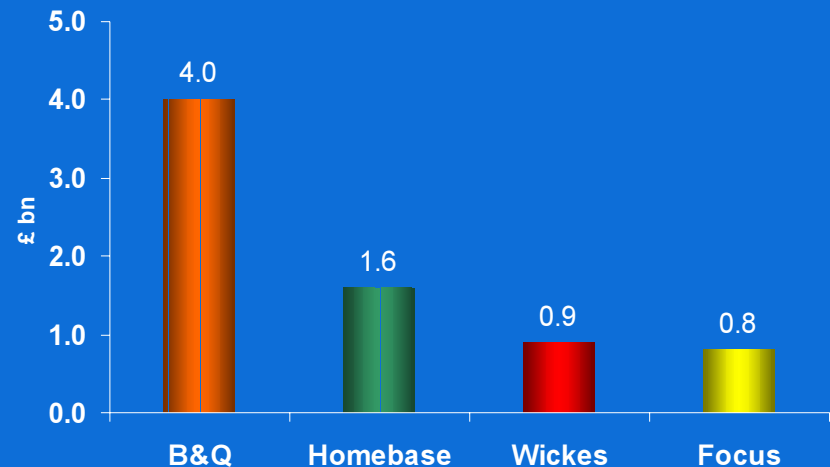
# B&Q – Clear UK market leader

- For customers
  - best value for money
  - best choice of products
  - 1<sup>st</sup> choice store
- Ahead of competitors
  - double the size
  - only big box player

RMI market share 1999-2004



2004 sales





# UK – Tough retail environment

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- Weakening consumer demand
- Sharpest fall in housing transactions since 1989
  - Affects ‘big ticket’ projects
- Competition intensifying
  - Retail space expansion continuing
  - Deep price promoting
- Full year LFL cost inflation of 4%



# B&Q – Sales opportunities

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## Short Term

- More aggressive promotion
  - ‘10% off’ weekend
  - EDLP to be “spiced up” with events
- Marketing refocus
  - New campaigns: The Real Deal
  - Direct to home flyers

## Longer Term

- Increase B&Q’s 20% share of customers’ project spend
- Reach beyond core DIY customer



# B&Q – New store format

- Re-configure the larger stores to display room projects





# B&Q – Reducing costs, improving ROIC

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- Head/regional offices reshaped
  - 400 jobs affected
- Closed some underperforming stores
- One-off costs of approx. £200m, cash £150m
- Focus investment on:
  - Existing store modernisation
  - new lower cost, higher return mini warehouses



# UK – Trade growth opportunity

- A £50 billion market\*
- An attractive opportunity
  - Large and growing
  - Competition is highly fragmented
  - Low capital intensity compared to retail
- Kingfisher have approx. 1% share
- Two growth vehicles
  - Screwfix Trade Counters
  - Trade Depot



\* AMA research and internal estimates





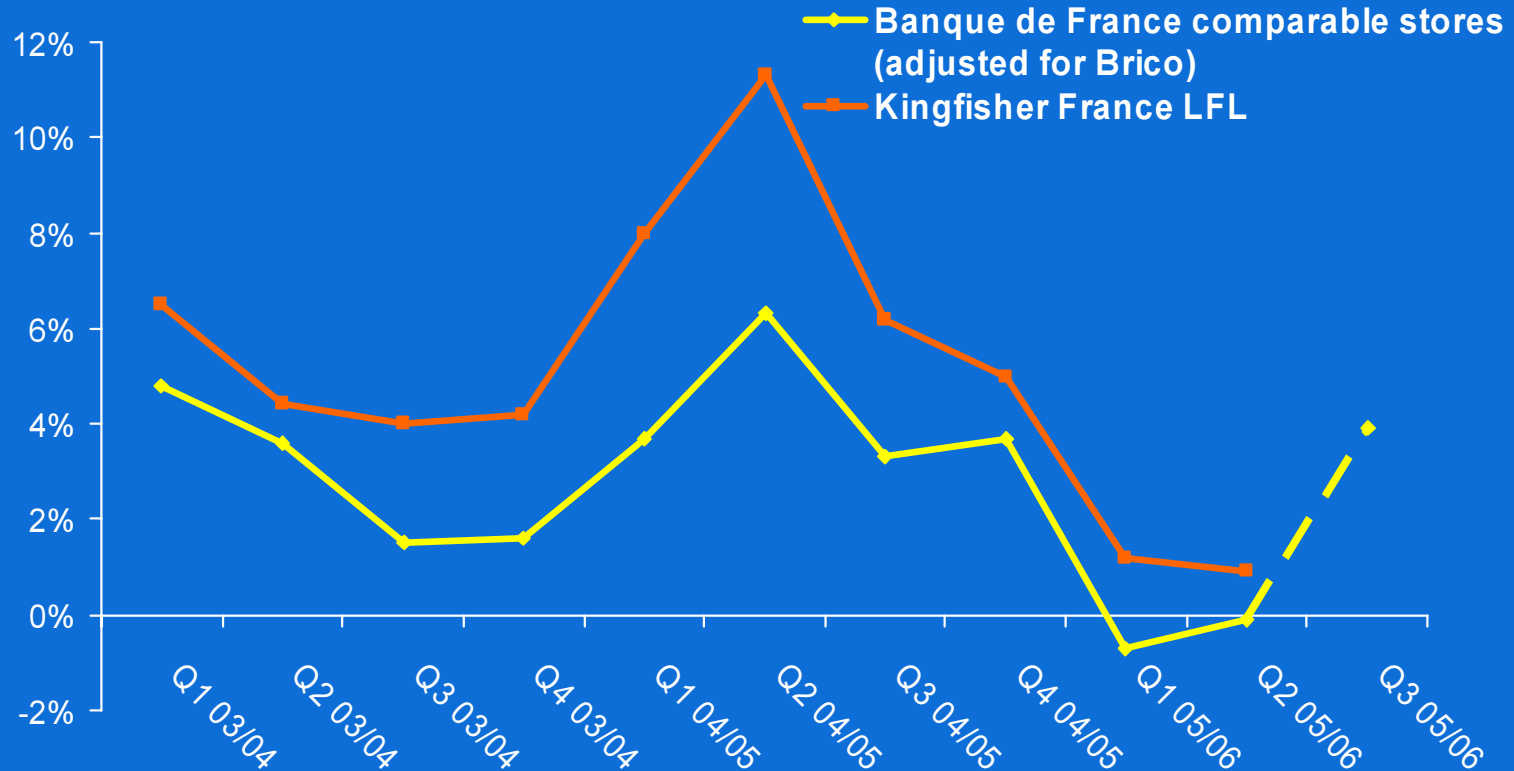
# France – Addressing the full market opportunity with two strong brands

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- Castorama (102 stores)
  - Targets mainstream consumer
  - Broad choice, low price and “ideas and inspiration”
  - Big stores, prime retail locations
- Brico Dépôt (67 stores)
  - Targets the light trade and heavy DIY
  - Very low price, limited range, stocked project quantities
  - Mid-size stores, secondary locations



# France – Outperforming the market



- Q3 05/06 market data indicates 4% growth



# Castorama – Revitalisation on track

- Product ranges
  - Entry price products now introduced
  - Own brand participation at 15%
  - Major new showroom and decorative ranges rolled out through H1
- Price
  - from 9<sup>th</sup> to 3<sup>rd</sup> lowest price perception in 2 years
- Marketing
  - Stronger marketing plan for H2
    - Catalogues
    - Billboard campaign



# Brico Dépôt – Accelerating growth across Europe



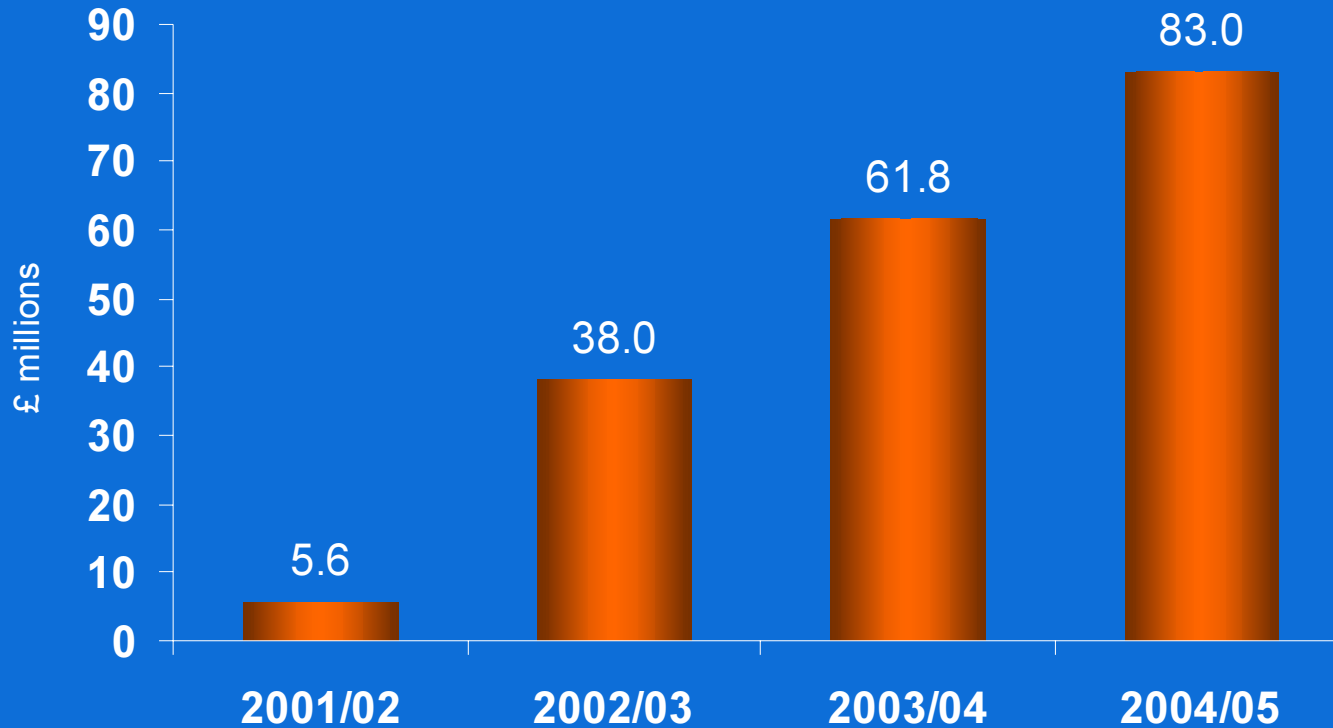
- France
  - 17.7% LFL sales growth last year
  - Highest ROIC in the Group
  - 67 stores now, 3 more in H2
- Roll-out across Europe
  - Spain
    - <1% market share
    - 6 stores now, 2 more in H2
  - Poland
    - First opening planned for 2006





# Driving growth – Increasing contribution from Rest of Europe and Asia

## Retail Profit



Note: excludes discontinued international operations.

Includes share of profits of Hornbach (21% stake), Taiwan and Turkey (JVs)




# Rest of Europe and Asia





Country	Stores at July 05	H2 openings	Estimated stores at Jan 06
Poland	28	1	29
Italy	23	3	26
Spain	6	2	8
Ireland	4	3	7
Turkey	5	1	6
Russia*	-	-	-
<b>Total ROE</b>	<b>66</b>	<b>10</b>	<b>76</b>
China	38	12	50
Taiwan	19	1	20
Korea	1	-	1
<b>Total Asia</b>	<b>58</b>	<b>13</b>	<b>71</b>
<b>Total ROE and Asia</b>	<b>124</b>	<b>23</b>	<b>147</b>

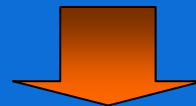
\*first store planned for Q1 2006



# B&Q China – Market leading position after OBI acquisition, but still less than 1% share

	Stores - end 2005 (estimate)	Coverage
 百安居	50	National

 ORIENT HOME 东方家园	25	North & West
 HOMEMART 装潢建材超级购物市场	24	National (mainly East)
 家居 THE HOME WAY	11	North
 No.9	5	Shanghai



**Hugely Fragmented Market**



# B&Q China – Acquisition accelerates store roll-out

- Consolidates strong positions in core cities:
  - Beijing, Shanghai, Shenzhen, Guangzhou
- New city entry opportunities
  - Chengdu
  - Shenyang
  - Tianjin



● B&Q ● OBI

As End 2005





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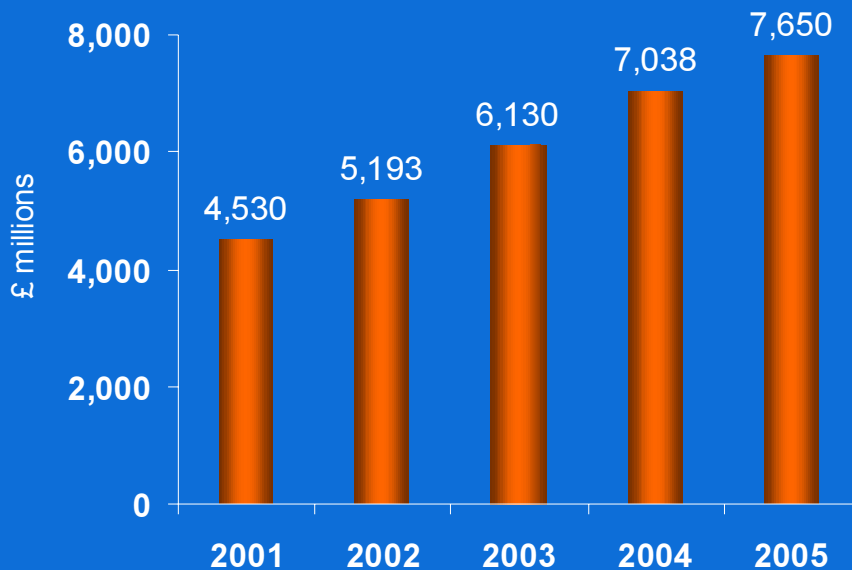
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# Kingfisher – Financial position

- Strong sales and profit history

## Home Improvement Sales



## Home Improvement Operating Profit





# Kingfisher – FYE 2004 and 2005 Highlights

<b>£m</b>	<b>FYE 05</b>	<b>FYE 04</b>
<b>Retail Sales</b>	<b>7,650</b>	<b>7,038</b>
<b>Retail Profit</b>	<b>707</b>	<b>638</b>
<b>Free Cashflow</b>	<b>303</b>	<b>415</b>
<b>EBITDA</b>	<b>830</b>	<b>839</b>
<b>FFO</b>	<b>689</b>	<b>355</b>
<b>Net Debt</b>	<b>794</b>	<b>844</b>
<b>FFO/ Net Debt</b>	<b>86.8%</b>	<b>42.1%</b>
<b>Net Debt/ EBITDA</b>	<b>1.0x</b>	<b>1.0x</b>
<b>Interest Cover</b>	<b>33.2x</b>	<b>19.1x</b>



# Kingfisher – Interim results

<b>£m, Continuing Group</b>	<b>HY ended 30 Jul 05</b>	<b>HY ended 31 Jul 04</b>
Retail sales	4,079	3,948
Gross profit	1,444	1,447
<b>Retail profit</b>	<b>289</b>	<b>367</b>
<b>Adjusted pre-tax profit*</b>	<b>254</b>	<b>329</b>

\* excluding IFRS retranslation of intercompany balances



# Kingfisher – Cashflow

£m, Continuing Group	HY ended 30 Jul 05	HY ended 31 Jul 04
<b>Operating Profit</b>	<b>270</b>	<b>342</b>
Depreciation/other	85	73
Change in working capital	86	128
Retail capex	(160)	(116)
<b>Underlying free cashflow</b>	<b>281</b>	<b>427</b>
Acquisitions/ freehold purchases	(235)	(81)
<b>Free Cashflow</b>	<b>46</b>	<b>346</b>



# Kingfisher – Net debt

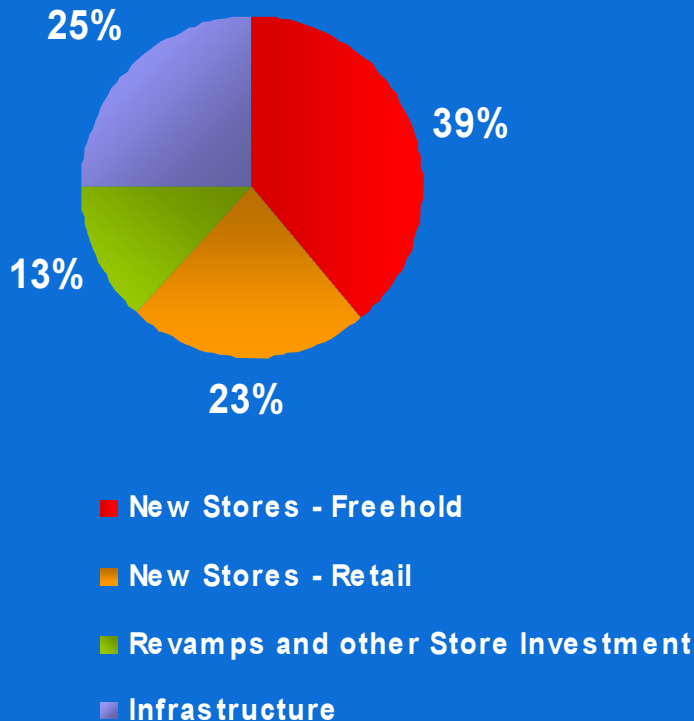
£m, Continuing Group	HY ended 30 Jul 05	HY ended 31 Jul 04
<b>Free cashflow</b>	<b>46</b>	<b>346</b>
Interest	2	25
Corporation Tax	(100)	(68)
Dividends	(158)	(136)
Other	7	29
<b>Movement in net debt</b>	<b>(203)</b>	<b>196</b>
Opening net debt	(841)	(891)
Translation on debt	(4)	25
<b>Closing net debt</b>	<b>(1,048)</b>	<b>(670)</b>



# Kingfisher – Capital investment and property

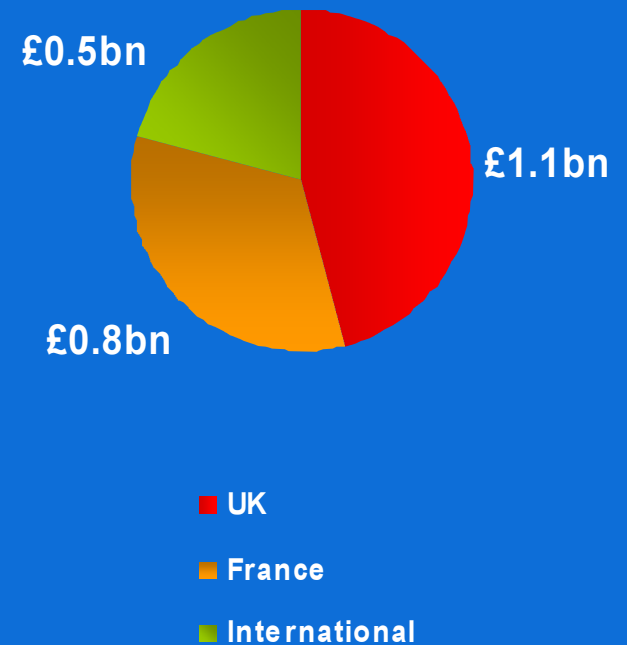
Significant proportion of investment in property

Capex 2004/5



Unencumbered property

£2.4bn Portfolio

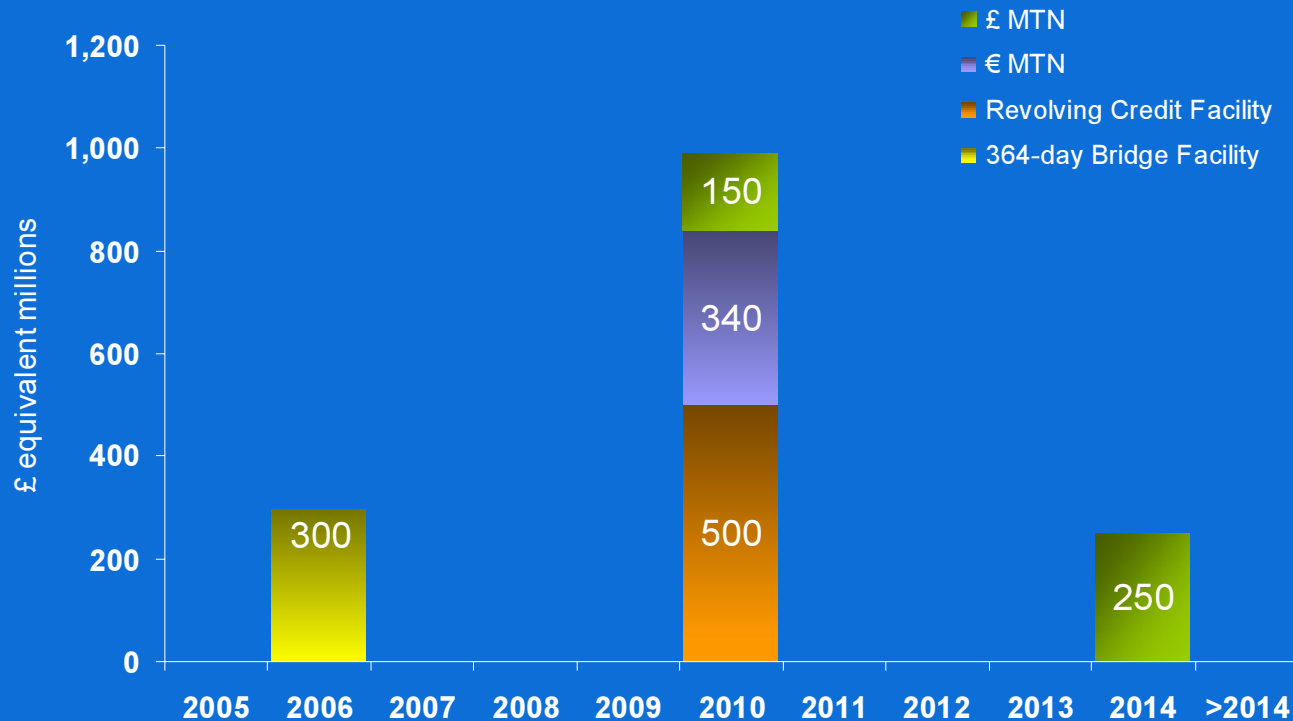


Property value by location as at 29 January 2005



# Kingfisher – Liquidity overview

- £ 300m 364-day Bridge Facility – fully drawn
- £ 500m 2010 Revolving Credit Facility – undrawn
- £ 150m MTN 6.875% 2010
- € 500m MTN 4.500% 2010
- £ 250m MTN 5.625% 2014







# Kingfisher – Credit ratings

- “The ratings continue to reflect the group’s leading position in the U.K. and French retail markets and its focus on the home-improvement business, which has long-term fundamentals”
- “The negative outlook reflects that the ratings would come under pressure if the negative trends prevalent in the U.K. home-improvement market continue beyond the current fiscal year”

**S&P**

15/09/05

**BBB+**

Outlook Negative

- “On review for possible downgrade, following the company’s announcement of weak second-quarter results, in particular in its core UK market, and a major restructuring at its UK division B&Q....Moody’s expects that the change to the long-term rating, if any, will be limited to one notch”

**Moody’s**

15/09/05

**Baa1**

Watch Negative

- “KF’s ratings are based upon its market leading position within the core UK operation, coupled with restructuring at Castorama”
- “The slowdown in the UK housing market as well as weak consumer spending are hitting its UK operations heavily. KF is better placed than many of its smaller competitors to withstand the downturn”

**Fitch**

27/09/05

**BBB+**

Outlook Negative



# Kingfisher – Pension funding

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- UK Defined Benefit Pension Scheme deficit of £298m at 29 Jan 05
- £250m additional contribution over 3 years
- Invested in matching assets
- Balance sheet neutral under IFRS



# Kingfisher – Summary

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- Leading positions in attractive home improvement market
- Leveraging the Group's scale and diversity
- Investing for growth *and* improving returns
- Financials consistent with strong BBB credit



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# Transaction Summary

- Issuer: Kingfisher plc
- Currency: Euro
- Size: Benchmark
- Maturity: 7-10 years
- Listing: London
- Credit Ratings: Baa1/BBB+/BBB+
- Change of Control: Included
- Use of Proceeds: General Corporate Purposes
- Timing: Investor Meetings 8-11<sup>th</sup> Nov
- Documentation: € 2.5bn EMTN Programme
- Denominations: € 50,000
- Bookrunners: BNP Paribas  
Royal Bank of Scotland  
SG Corporate & Investment Banking



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