
KINGFISHER

Interim results 2006/07

Slides will be available at
www.kingfisher.com



Gerry Murphy

Group Chief Executive



2006/07- First half progress

- UK market tough, better trend in Q2
- B&Q 'self help' beginning to deliver results
- Strong growth outside the UK
 - Sales up 16%, underlying retail profit* up 9%
 - 339 stores, 50% of Group sales
 - Returns well ahead of cost of capital
- Tight cost and cash management
- Dividend maintained

**Adjusted for Brico Dépôt store transfers, SAP implementation and OBI losses*



Consistent strategy...

- Build on strong leadership positions
 - UK and France
- Expand proven growth businesses
 - Poland, Italy, China, Taiwan and Screwfix
- Invest in new opportunities
 - UK Trade, Spain, Russia, Korea, Turkey
- Capitalise on buying scale and international diversity



Duncan Tatton-Brown

Group Finance Director



2006/07 – another challenging half year

	Continuing Operations	Change (Reported)	Change (Constant)	LFL
Retail Sales	£4,349m	+6.6%	+6.0%	-0.5%
Retail profit	£232m	-19.6%	-20.0%	
Underlying PBT*	£178.5m	-29.3%		
Underlying EPS*	5.1p	-28.2%		
Interim dividend	3.85p	-		

**Before exceptionals, IAS39 and amortisation of acquisition intangibles*



2006/07 – better trend in Q2

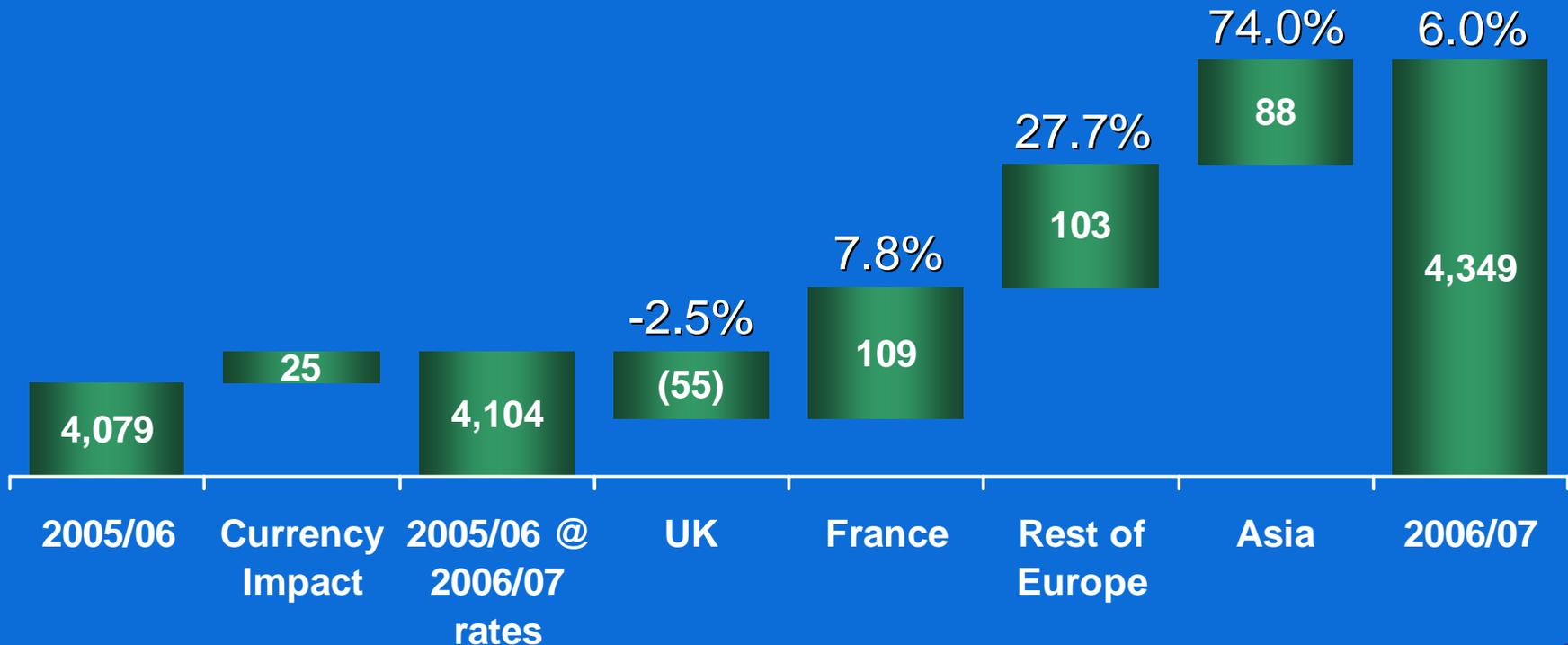


* Figures quoted in constant currency



H1 2006/7 - Group sales up 6%

Retail Sales £4,349m
Constant Currency YOY growth



H1 2006/7 - Retail profit down 20%

	H1 2006/07 £m	H1 2005/06 £m	Change (Constant)
UK	90.5	149.2	-39.3%
France	95.5	102.0	-6.7%
Rest of Europe	52.1	38.3	32.6%
Asia	(6.6)	(1.5)	-
	231.5	288.0	-20.0%



H1 2006/7 – Underlying EPS down 28%

	2006/07	2005/06	% Change
Retail Profit	£231.5m	£288.0m	-19.6%
Underlying PBT*	£178.5m	£252.5m	-29.3%
Exceptional gains	£42.0m	£1.9m	n/a
Profit before tax	£223.1m	£255.2m	-12.6%
Headline tax rate	34.5%	34.1%	+0.4%pts
Underlying EPS*	5.1p	7.1p	-28.2%
Dividends	3.85p	3.85p	-

**Before exceptionals, IAS39 and amortisation of acquisition intangibles*



H1 2006/7 – Exceptionals update

- Net profit on disposals in H1 2006/07 £42m
- B&Q's restructuring programme on track*
 - 18 stores already closed, 2 Warehouse downsizes expected by the end of this year
 - 1/3rd of idle space now sublet
 - Total programme cash cost £150m; 1/3rd spent by end 2006/07

*exceptional provision of £205m charged in 2005/06



H1 2006/7 – Cashflow

	£m	
	2006/07	2005/06
Operating profit pre exceptionals	207	267
Other non-cash*	99	87
Change in working capital	195	85
Retail Capex	<u>(126)</u>	<u>(160)</u>
Underlying free cashflow	375	279
Property and retail disposals	211	17
Property capex	(140)	(106)
Business acquisitions	<u>(1)</u>	<u>(154)</u>
Free cashflow	445	36

* Includes depreciation, share based compensation charge, amortisation of intangibles, share of post tax results of JVs and associates, and exceptional profit/loss on disposal of properties



H1 2006/7 – Net debt

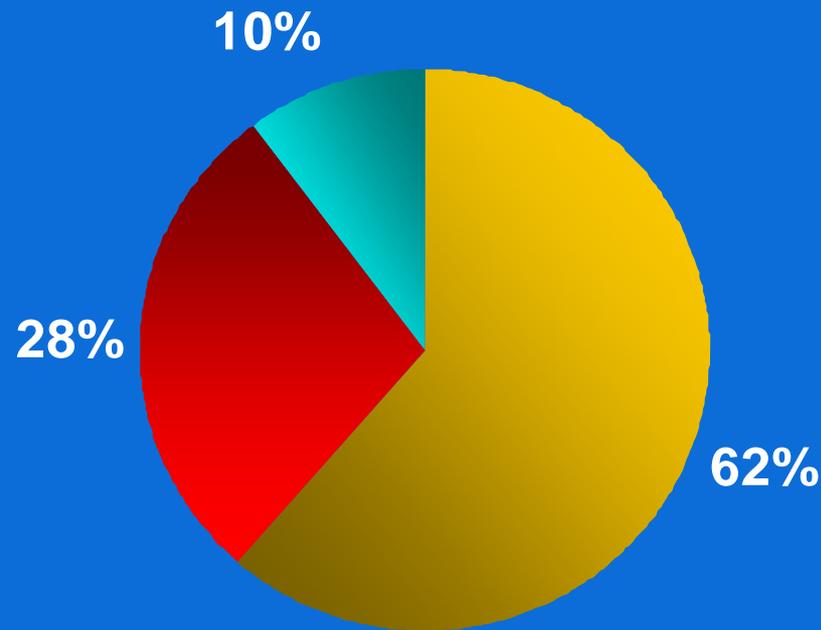
	£m
	2006/07
Free cashflow	445
Interest	(23)
Corporation Tax	(59)
Dividends	(159)
Other	(7)
Movement in net debt	<u>197</u>
Opening net debt - 28 Jan 2006	(1,355)
Translation on net debt*	4
Closing net debt - 29 Jul 2006	(1,154)

*including non-cash financing fair value re-measurements



Investing for future growth

2006/7e - total gross capex £500-550m



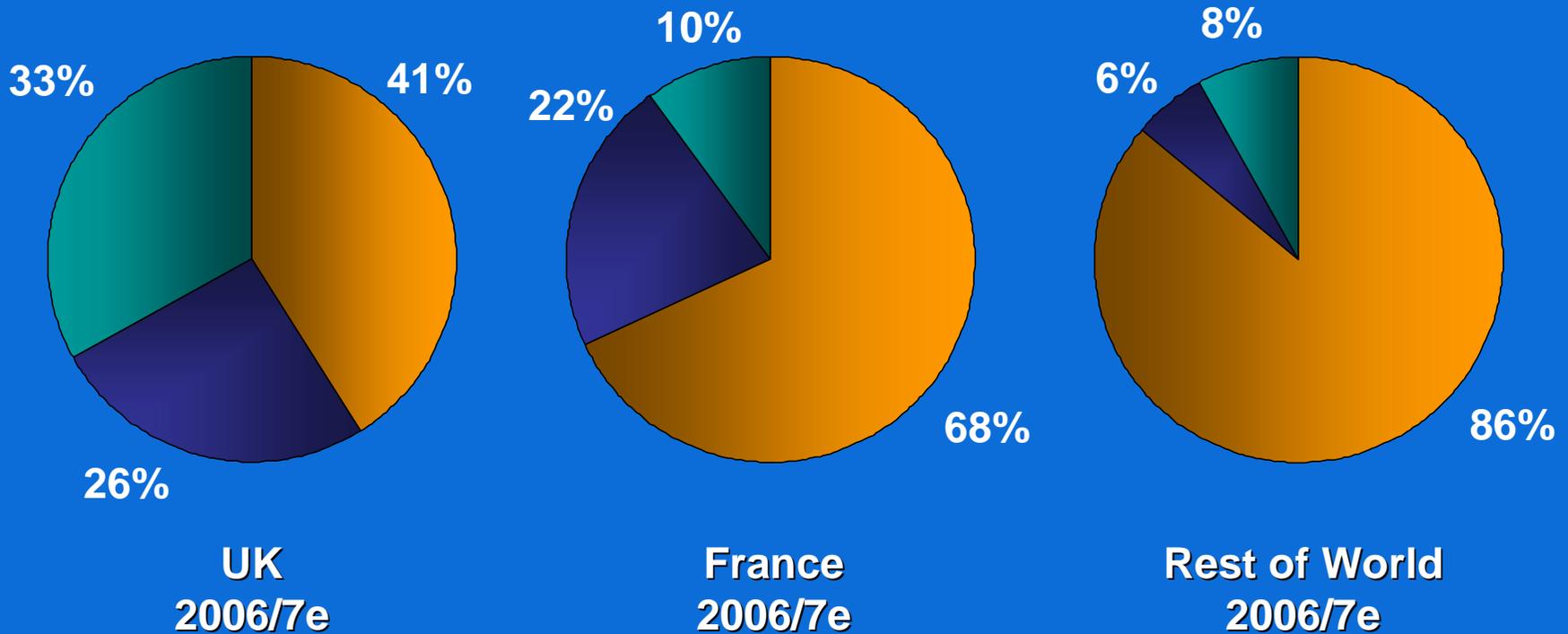
■ B&Q, Casto France,
Brico Dépôt

■ Poland, Italy,
China, Screwfix

■ Spain, Russia, Trade
Depot, South Korea



Investing for future growth



 New stores

 Revamps

 Maintenance capex, IT and supply chain



Ian Cheshire

B&Q - CEO

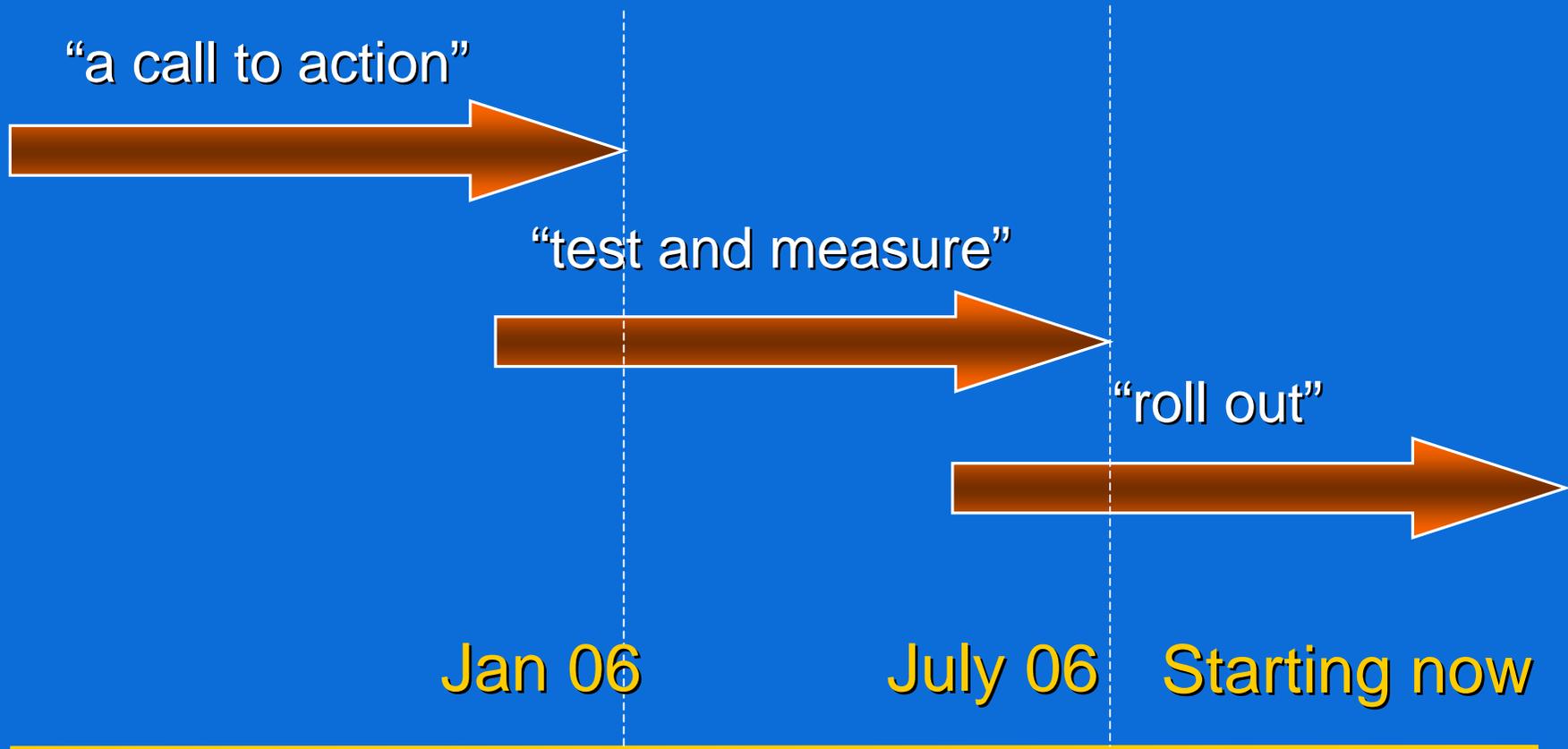


B&Q – the starting point

- Sharp retail demand downturn
- Retailers adding space faster than market growth
- High cost inflation
- Customer evolution
- More choice of where and how to shop



B&Q – 3 stages to self help



B&Q – 3 stages to self help

“a call to action”



Strengthen the
senior team

Develop the plan

Unite 38,000
colleagues



Vision for B&Q

“First and Only For Home Improvement”

DIY

+

DFY / Project initiators



B&Q – 3 stages to self help

“a call to action”



“test and measure”



Price

Service

Product

Store

environment



B&Q – price... “The Real Deal”



WAS: £14.98 NOW: £12.68



B&Q - price

- EDLP ++



5 doors for the price of **4** **SAVE £37⁹⁸**

Elveden 2 Lite Etched Door

TRADE WAREHOUSE OVER 100 STORES NATIONWIDE CALL 0845 850 0175 or VISIT US ONLINE AT www.diy.com
Open Monday - Friday 7am-9pm, Saturday 7am-8pm, Sunday: England and Wales 10am-4pm, Scotland 9am-7pm.

£151⁹² FOR 5 DOORS

The **real** deal **B&Q**

The advertisement features a yellow and black striped border. On the left, there is an image of five light-colored wooden doors with etched glass panels. On the right, there is an image of four similar doors. A yellow circular badge is placed over the fourth door, containing the text '£151⁹² FOR 5 DOORS'. The B&Q logo is in the bottom right corner.



B&Q – price

Targeted events



B&Q - service

- Over 230 stores with “Service Squads”
- New service model trial
 - Stock replenishment scheduled before and after peak trading
 - Store hours skewed to where customers need more assistance e.g. power tools, tiles
- Limited new service trials
 - Curtains and blinds
 - Handy man, electrician service



B&Q – new products

- Range review process streamlined
 - Concept to shelf time reduced by 20%
 - Product fast tracking
- Clear category strategies
 - “First and only” - e.g. paint
 - “Comprehensive” - e.g. bedroom
 - “Convenient” - e.g. appliances
- New products launching in H2



B&Q – Store environment

- Space
 - Increased linear density by 14%
 - Priority to “First and only”
 - Doubling of “Showroom” displays
 - More Shop within Shops
- Product
 - More of current range displayed e.g.
 - 90% of lighting range stocked, from 50%
 - 36 full kitchen displays, from 5
 - 4,000 new products launched in store
- Service
 - New service model



B&Q - Wednesbury video



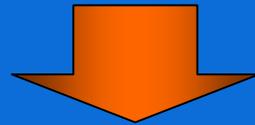
B&Q – key learnings

- Sales have responded well to
 - Targeted events to drive share of customer's infrequent project spend
 - More help and advice in store
 - New product launches
 - Better “showroom” environment
 - Shop within shop layout
- “First and only” categories = biggest profit opportunity
- Most growth from higher average transaction value (ATV)



B&Q – early signs are positive

- All measures are ahead
 - Price perception
 - Mystery shopper service scores
 - Sales of re-launched ranges
 - New service model store sales
 - Revamp Warehouse ATV



Eventual programme target of 25% increase in sales per foot from existing Warehouses



B&Q – 3 stages to self help

“a call to action”



“test and measure”



“roll out”



Refine

Start roll out



B&Q – Phase 3, “roll out” in 2006/07

- Service
 - New service model to 28 more stores
- Products
 - New products to be rolled out
- Store environment
 - 8 more revamp Warehouses
 - 13 revamps to mini-Warehouses



B&Q – store modernisation

	2005/06	2006/07e
Revamp Warehouses	0	11
Mini-Warehouses	88	116
Remaining Warehouses	114	104
Remaining Supercentres	120	92
Modern format space	22%	32%



Gerry Murphy

Group Chief Executive



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France - build on strong leadership

- Strong progress in France over the last 4 full years
- Retail Sales +49%
- Retail Profit +92%
- Stores +17%
- Market share +4% to 24%*

* Based on UNIBAL and gardening market



Castorama France – new format rollout

- First half
 - two new stores
 - five relocations
 - three Brico Dépôt transfers
- Second half
 - two relocations
 - three Brico Dépôt transfers
- Next 5 years target
 - All stores revamped
 - 10-15 new stores



Castorama France - ENGLLOS video



Brico Dépôt – Building for growth

- Stores
 - 80 now, target 120
- Systems upgrade
 - SAP completion early 2007/08
 - Better stock availability and control
 - Better customer service
- Supply chain
 - First DC opened July 2005, next due Q4



Expand proven growth businesses

- Poland, Italy, China, Taiwan* and Screwfix
 - 150+ stores
 - £754m sales, £53m retail profit in H1
 - Cash generation imminent
 - 14% of Kingfisher's invested capital
- 27 stores/trade counters planned in the second half

* Joint venture sales not consolidated



Invest in new opportunities

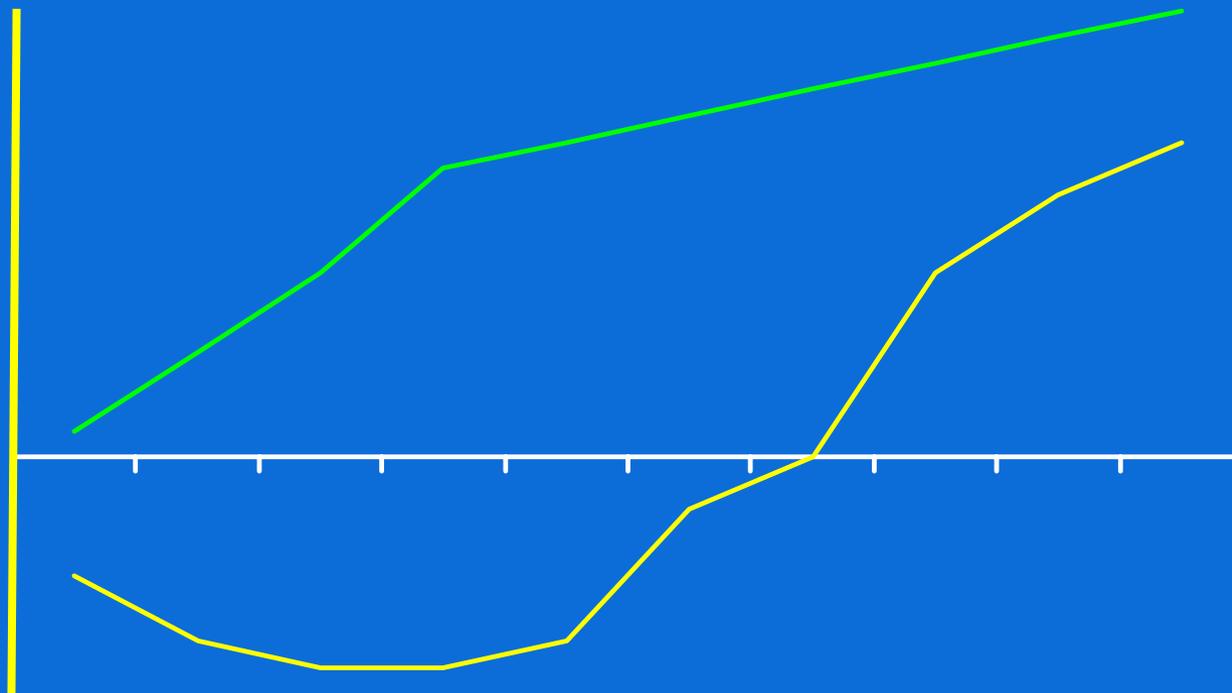
- Spain, Russia, South Korea, Turkey* and Trade Depot in the UK
 - 22 stores
 - £52m sales, £8m retail loss in H1
 - 1% of Kingfisher's invested capital
- Seven stores planned in the second half

* Joint venture sales not consolidated



New opportunities – illustrative profile

Cash Stores



— New stores — Cash Generation



Leveraging scale – own brands

Colours paint now
sells in 6 countries



Leveraging ideas



2006/07- First half progress

- UK market tough, better trend in Q2
- B&Q actions beginning to deliver results
- Strong growth outside the UK
- Tight cost and cash management



2006/07- Outlook

- UK market stabilising but challenging
- Expect B&Q to return to growth in H2
- France to remain price competitive
- Overall progress expected in H2



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