

Ian Cheshire

Group Chief Executive

Management, Capital and Returns



A strong business in an attractive sector

- **Home improvement is an attractive market...**
 - Good demand (nesting/improving is a long term trend)
 - Buying scale (similar product worldwide and fragmented supply)
 - Defensible market (against internet, grocers and specialists)
- **Kingfisher is clear European leader...**
 - 800 stores in 8 countries
 - Value brands but with broad consumer appeal
 - Leading “green” credentials
 - Strong balance sheet (£3.2bn property, £1bn net debt)
 - Deep pool of international management talent



Aim - a step change in value for shareholders

- Management - a new, unified team
- Capital - leaner, shrewder
- Returns - focus on generating cash



Capital

“investment will be prioritised, targeting higher hurdle rates and faster payback periods. A key target is to stabilise debt at current levels, prior to reducing it in due course”

2008/09 progress*

- Gross capex down 31% to £390m
- Sold Castorama Italy for €615m, post tax profit on disposal £178m
- Group working capital down £180m
- Over delivered flat net debt target – down 41% to £1.0bn

2009/10 milestones*

- Further capex reduction to around £300m
- Working capital reduction £50m (despite LME)
- Further reduction in net debt

* In constant currencies



Returns

“greater focus will be placed on generating higher cash returns from the retail businesses. The new leadership team has identified seven major steps to achieve this”

1. Driving up B&Q UK's profit
2. Exploiting the UK Trade opportunity
3. Expanding our total French business
4. Rolling out in Eastern Europe
5. Turning around B&Q China
6. Growing Group sourcing
7. Reducing working capital



OPEN 7 DAYS

SCREWFIX
DIRECT

WOW!
SAVE '70

SAVE '40
KÄRCHER
120BAR
PRESSURE
WASHER
NOW ONLY '95



B&Q

SCREWFIX

UK – 3 priorities remain unchanged

1. Driving the basics at B&Q
2. Unlocking UK synergies
3. Completing the B&Q renewal and expanding Screwfix

B&Q – driving the basics

- 91% of stores now compliant
- Store managers Kingfisher share awards
- Quarterly sign off to maintain consistency
- Staff training



Showrooms - Kitchen and Appliances NEW



1 The Showroom plinth must be clean to show off our ranges both inside and outside each unit (there must be no 1/4 plinths in the Kitchen plinth area)

2 There must be no outstanding snagging on the showroom plinth

Don't forget to check and sign...
Door outside.
Decorate outside the dining guide

3 Brochures and price lists must be available at all times for the customer

4 All Showroom staff must take accountability for their areas, clean, no rubbish or handwritten POS





5 POS must be fully implemented with features and benefits/pricing displayed as per the latest SU2S deck

- No more than 1 x services message per kitchen display (credit, loans, handyman)
- The Clearance must be the current deal message located on the showroom plinth facing action alley as per LDW
- Highlight new using NEW POS as per LDW



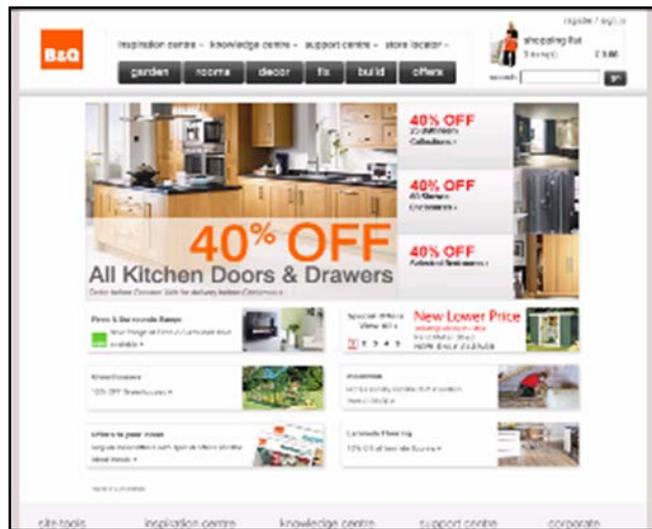
UK – unlocking the synergies

- Combined buying
 - Direct sourcing plans in place to double previous levels
 - Active joint sourcing across the group

Product	Partners	Consolidation	Timing	CPR Benefit
Copper pipe 	 	2  1 vendor	2008/09	7%
Cable 	 	3  2 vendors	2008/09	6%
Spot heating 	 	0%  71% common product	2009/10	7%

UK – unlocking the synergies

- Combined multi-channel
 - DIYnextday.com launched
 - Reserve & Collect now available in 318 stores
 - Website refreshed



UK – completing the B&Q renewal

- Low cost B&Q store revamps are working
 - Halved the capital outlay and sales disruption
 - 14 stores planned for 2009
- Range innovation



Great DIY products at great prices (80% market share)



Premium design at affordable prices

B&Q

SCREWFIX

KINGFISHER

France

Castorama

BRICO
DEPÔT

BRICO
DEPÔT
LES PLUS BAS PRIX LES PLUS

castorama

BRICO
DEPÔT
D'ART
D'ART

2 MARQUES
DU GROUPE
KINGFISHER



le lumière

6%

49€

85€

castorama

castorama

castorama DÉCO BRIC BÂTIMENT JARDIN

59€

89€



castorama

- Innovation
 - More decorative/eco products
 - Revitalised and new stores

PEINTURE

QUINCAILLERIE

PARQUET

CUISINE

BOIS

444

658

INDIVIDUAL
5.95

ASPIRATEUR ASPIRATEUR ASPIRATEUR

ASPIRATEUR ASPIRATEUR ASPIRATEUR

ASPIRATEUR ASPIRATEUR ASPIRATEUR

22

11

WAGE



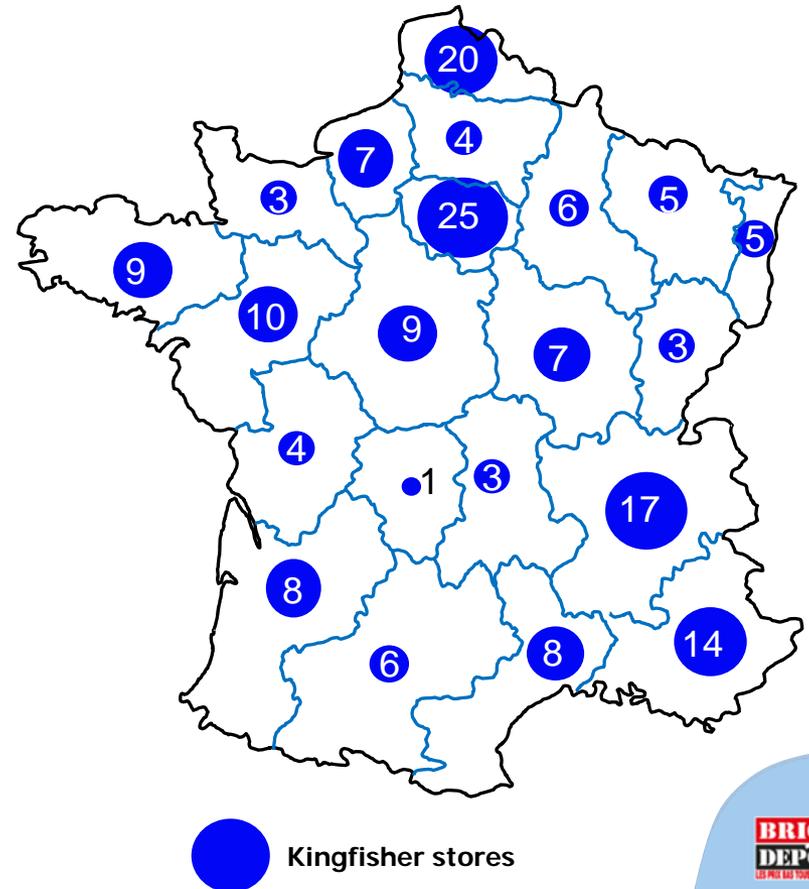


BRICO DEPOT

- “Back to basics”
 - Lower cost sites
 - Narrower range, big volume
 - One off deals – “Arrivages”

Kingfisher France : New unified management approach

- Coordinated store opening plan finalised
 - c30 more stores



Kingfisher France : New unified management approach

- Buying optimisation
 - Common suppliers
€1.2bn COGS
 - Own Brands
 - 8% at Brico Dépôt
 - 27% at Castorama
 - Direct sourcing
 - 5% at Brico Dépôt
 - 14% at Castorama
 - Goods not for resale (GNFR)





Eastern Europe - the potential

	Population (m)	Market size (£bn)	Stores	Three year target
	38	7	52	65
	73	6	21	50
	142	16	8	30
			81	145

Eastern Europe – strong performance in 2008/9, store openings on track

		Store openings 08/09	Store openings 09/10	Total sales* %	LFL's* %
Poland		+9	+6	+19.1	+9.8
Turkey		+6	+5	+34.7	+10.3
Russia		+2	+3	+84.2	+24.6

*In constant currencies

**BRICO
DEPOT**

B&Q **Локтас**

castorama



China – remains a significant value opportunity

- One of the world's largest economies
 - Fast growth in consumption
 - Growing home owning middle class
 - Housing is No1 non-food spending priority
- £29 billion home improvement market
 - But renovation and decoration market yet to emerge
- Market leader in a highly fragmented market

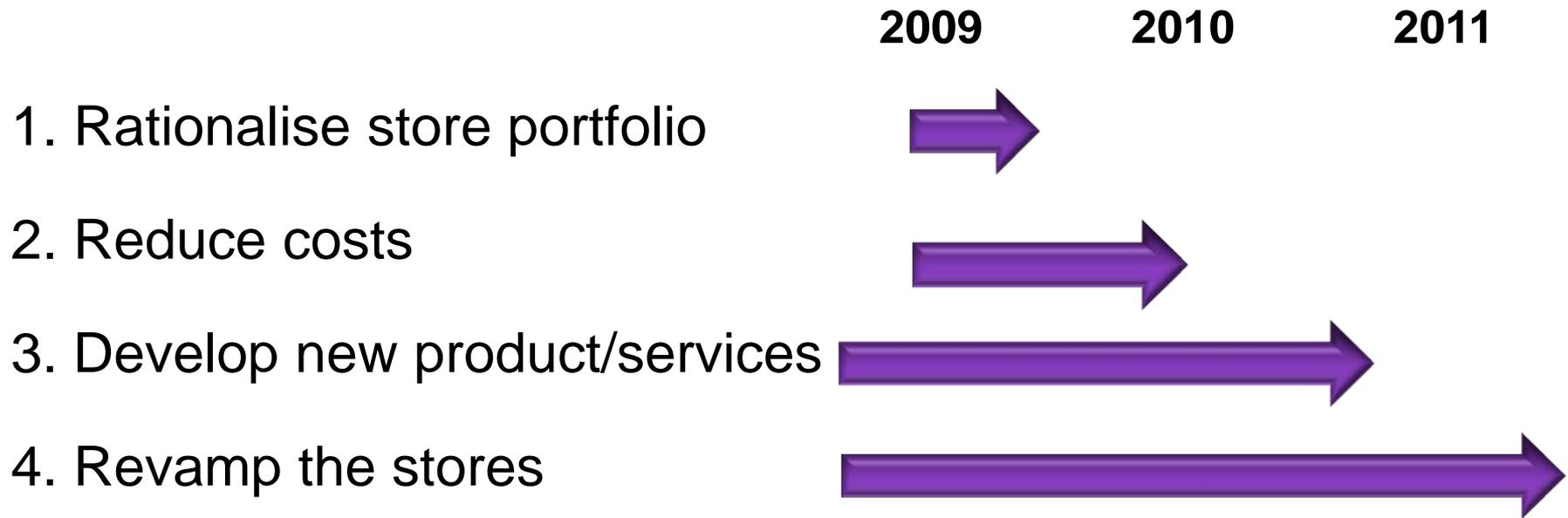
Source: Euromonitor International/World Consumer Spending 2008/09, The BRIC Battle by ADL

**BRICO
DEPOT**

B&Q **lactas**

castorama

China – Timeline



China – Fix it, grow

Making the stores different



Easier to shop

Better navigation

Smaller size

Tighter range

Shop-within-shops

Merchandised by function, not
supplier

New categories and services

More in-store pick up lines

More decorative product

Room make-over service

Single product installation

Improved in-store service

More full time, trained B&Q staff

China – remains a significant value opportunity

- Long-term cash-generative growth market
- Mistakes made, lessons learnt
- Good brand and leadership in China
- We know how to fix the operations
- Target a profitable business model in H2 2010/11, reported profits in 2011/12
- Close Group support and oversight

Source: Euromonitor International/World Consumer Spending 2008/09

BRICO
DEPOT

B&Q
Lacoste

castorama

Group sourcing and working capital

- More direct sourcing
 - Targeting from 9% to 18% of COGS
 - now 10%, 12% target for 2009/10
- Development of core common ranges
- Working capital reduction
 - down £180 million
 - further £50 million target for 2009/10

Summary

- Tough backdrop, delivering solid results
- Leadership team complete
- Strong focus on cash and capital to drive returns
- ‘Delivering value’ 7 step plan in progress
- Challenging outlook, clear 2009/10 milestones
 - Good start in Q1

Management, Capital and Returns



2009/10 – First quarter highlights

- **Total sales up 10%**
 - Seasonal strong
 - Resilient performance in non-seasonal
- **Retail profit up 40%**
 - UK nearly doubled, helped by margin and cost control at B&Q
 - Outside the UK, a solid performance in France
 - A strong result in Eastern Europe
 - China plan underway
- **Continued progress with ‘Delivering Value’ actions**

Management, Capital and Returns



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