

EMBARGOED UNTIL 0700 HOURS - Thursday 3 June 2010

Kingfisher plc today announces its Q1 trading update for the 13 weeks ended 1 May 2010. Total reported sales flat (-1.8% LFL), reported retail profit up 14.5%.

<u>Group Financial Summary</u>	Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2010/11 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2010/11 £m	Change (Reported)	Change (Constant currency)
France	1,065	0.1%	2.2%	0.2%	60	14.7%	17.0%
UK & Ireland	1,166	(2.0)%	(2.0)%	(2.8)%	72	13.1%	13.2%
Other International	411	6.4%	(0.7)%	(3.8)%	14	21.1%	(9.5)%
Total Group	2,642	Flat	(0.2)%	(1.8)%	146	14.5%	12.0%

Note: Continuing operations only. Joint Venture (JV) and associate sales are not consolidated. Retail profit is stated before central costs, interest, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and associates.

Highlights (in constant currencies):

- Group total sales broadly flat despite adverse weather conditions across Europe
- Group retail profit up 12.0% driven by continued margin and cost self-help initiatives
- Net cash was £86 million (30 January 2010: financial net debt of £250 million) reflecting continued focus on cash generation and a seasonally driven reduction in working capital

Ian Cheshire, Group Chief Executive, said:

"We have continued to deliver solid profit growth in a tough first quarter during which our customers were impacted by adverse weather conditions across Europe and ongoing economic uncertainty.

"Sales were disrupted at the start of the quarter by heavy snow, and the prolonged cold weather also delayed the start to the outdoor spring season, contrasting with favourable conditions the previous year. However, our self-help initiatives helped us deliver flat sales whilst improving gross margin and cost productivity with the result that profit grew 12%.

"Whilst this is a good start to the year, our first quarter is typically one of the least significant contributors to annual profit and so there is much still to do this year. The headwinds we anticipated at the start of the year look set to continue, but we are in good shape and well prepared."

First quarter trading review – FRANCE

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
France	1,065	1,064	0.1%	2.2%	0.2%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
France	60	53	14.7%	17.0%

*France includes Castorama and Brico Dépôt.
2010/11: £1 = 1.13 euro (2009/10: 1.11 euro)*

All trading commentary below is in constant currencies.

Kingfisher France

Kingfisher France total sales grew 2.2% to £1.1 billion (+0.2% LFL, +0.6% on a comparable store basis). According to Banque de France* sales for the market on a comparable store basis were up around 1%. Across the two businesses, one new store was opened and two were revamped, adding around 1% new space.

Retail profit grew 17.0% to £60 million benefitting from gross margins up around 100 basis points, with fewer promotions year on year, higher direct sourcing and continued buying optimisation benefits.

**Banque de France data including relocated and extended stores. Data excludes heavier trade market.*

Castorama total sales grew by 4.0% to £585 million (+2.0% LFL, +2.8% on a comparable store basis) supported by progress with its store modernisation programme, new range introductions and a new marketing campaign. Seasonal categories were up around 7% boosted by better weather towards the end of Q1 and new garden furniture ranges. Non-seasonal sales were up around 1% with decorative performing particularly well.

Brico Dépôt, which more specifically targets the trade professional, delivered flat total sales of £480 million (-1.9% LFL). New kitchen ranges introduced last year performed well (+15%) and an up-weighted programme of range refreshment was undertaken during the quarter. New and more frequent product catalogues have been introduced emphasising Brico Dépôt's value credentials.

First quarter trading review - UK & IRELAND

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	1,166	1,191	(2.0)%	(2.0)%	(2.8)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
UK & Ireland	72	63	13.1%	13.2%

*UK & Ireland includes B&Q in the UK & Ireland and Screwfix.
2010/11: £1 = 1.13 euro (2009/10: 1.11 euro)*

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

Total sales were down 2.0% to £1,166 million (-2.8% LFL) in weak, more promotional markets and after pre-opening disruption from the roll out of 'TradePoint' into B&Q's large format stores. Retail profit, however, grew 13.2% supported by gross margin and cost initiatives.

The UK total home improvement market* is estimated to have declined around 1%, a relatively resilient performance given the adverse weather and economic uncertainty. However the trade market and the Irish market both continued to be particularly challenging.

** Market data (February - April 2010) from GfK for the UK leading retailers of home improvement products and services (including new space). However, this data excludes private retailers e.g. IKEA and smaller independents.*

B&Q UK & Ireland total sales were down 2.1% to £1,048 million (-2.8% LFL). Bigger ticket project sales (showroom) were broadly flat despite the challenging conditions. Kitchen and appliance sales performed well, up 6% benefitting from improved merchandising, new ranges and targeted promotions. Sales of decorative products were relatively resilient down around 1%. Sales of seasonal and building products were down around 5% impacted by the adverse weather and strong comparatives (2009/10: sales of outdoor products up over 30%).

Retail profit grew 12.0% to £67 million. For the second year in a row gross margin percentage increased, up 90 basis points (2009/10: +100 basis points) despite more promotional activity. Gross margins benefitting from better sales of higher margin products, continued shrinkage reduction and more direct sourcing. A strong focus on operating cost efficiencies also continued. Costs were reduced in line with sales reflecting tight controls and the lower sales volumes.

One further large store and one medium store revamp were completed during Q1. B&Q UK & Ireland now has 119 large stores (67 in the modern format) and 211 medium stores (of which 185 have been modernised).

The roll out of the new B&Q **TradePoint** in-store offer announced with the preliminary results in March 2010 remains on track. The proposition takes the very best of B&Q (extended opening hours, convenient locations, heavy building ranges, showrooms and the rest of the stores' retail products) and adds the best of Screwfix's ranges and logistics expertise to create a merchant environment with extended trade brands and trade only

prices. This offer, which is exclusive to the trade professional and unique in the UK, is expected to boost Kingfisher's low share in the professional trade market.

National coverage of TradePoint in large B&Q stores is expected by late summer 2010 from a capital investment of around £26 million plus net working capital of around £4 million. The impact of the roll out will be profit neutral in 2010/11. At the end of Q1, 55 TradePoints had been completed.

Screwfix limited the impact of a challenging trade market with total sales declining 0.8% to £118 million, supported by new ranges and the addition of 64 specialist trade desks exclusive to Plumbers and Electricians within existing counters. Two new counters were opened during Q1, taking the total to 149. Around 60% of total sales now come from counters. Retail profit was £5 million, up £2 million reflecting distribution efficiencies and tight cost control.

First quarter trading review - OTHER INTERNATIONAL

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	411	386	6.4%	(0.7)%	(3.8)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
Other International	14	12	21.1%	(9.5)%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Continuing operations only. JV and associate sales are not consolidated.

2010/11: £1 = 1.13 euro (2009/10: 1.11 euro)

2010/11: £1 = 4.44 Polish zloty (2009/10: £1 = 5.04 Polish zloty)

2010/11: £1 = 10.47 Chinese renminbi (2009/10: £1 = 9.88 Chinese renminbi)

All trading commentary below is in constant currencies.

Other International total sales decreased by 0.7% to £411 million (-3.8% LFL). Ten net fewer stores (excluding Turkey JV) were trading compared to Q1 last year as a result of the store rationalisation programme in China. Retail profit was down 9.5% to £14 million, reflecting lower profits in Poland partially offset by lower losses in China.

Eastern Europe

Sales in **Poland** were down 4.7% to £240 million (-8.1% LFL) in a weaker market further impacted by the coldest winter for many years and disruption from the national mourning for the late president. Retail profit was down 15.7% to £24 million. Gross margins increased by 60 basis points benefitting from sales of higher margin products and buying scale benefits. This was more than offset by underlying cost inflation of around 5%. In **Russia**, where one further store was opened, sales grew 21.6% to £43 million. In **Turkey**, Kingfisher's 50% JV, Koçtaş, grew retail profit benefitting from improved market demand and tight cost control.

Elsewhere, **Spain** continued to deliver retail profit with sales up 14.4% to £53 million and **Hornbach**, in which Kingfisher has a 21% economic interest, contributed a breakeven result (2009/10: £3 million reported profit).

B&Q China sales declined 6.7% to £75 million (+13.6% LFL, 2009/10: -23.5%) primarily reflecting 19 fewer net stores compared with Q1 last year. Losses of £10 million continued to reduce (2009/10: £14 million reported loss). A later Chinese New Year and an increase in housing activity in most regions helped stimulate market demand for home improvement. The turnaround plan announced last year continues to progress well with around 80% of surplus store space arising from store downsizing having now been sublet.

Operational Review - DATA BY COUNTRY as at 1 May 2010

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	102	1,030	12,438
Brico Dépôt	100	549	5,880
Total France	202	1,579	18,318
B&Q UK & Ireland	330	2,477	22,927
Screwfix	149	13	2,808
Total UK & Ireland	479	2,490	25,735
Poland	56	420	9,025
China	43	363	6,910
Spain	16	95	877
Russia	13	117	2,328
Turkey JV	26	137	2,252
Total Other International	154	1,132	21,392
Total	835	5,201	65,445

Financial position

No material events or transactions impacting the Group's strong financial position have taken place since the previously announced 30 January 2010 balance sheet date.

Delivering Value

Progress continued with the seven step **Delivering Value** programme to improve cash returns and deliver a step-change in shareholder value. The key components of the programme are as follows:

1. Driving up B&Q UK & Ireland's profit
2. Exploiting our 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

Full details on progress will be given with the interim results announcement on 16 September 2010.

Forward-looking statements

This press release contains certain statements that are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around its three key priorities of Management, Capital and Returns and the associated seven steps to Delivering Value objectives.

Forward-looking statements can be identified by the use of relevant terminology including the words: "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits; and our success in managing these factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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Further copies of this announcement can be downloaded from www.kingfisher.com or by application to: The Company Secretary, Kingfisher plc, 3 Sheldon Square, London, W2 6PX.

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with 835 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 50% joint venture business in Turkey with the Koç Group, and a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.