

## EMBARGOED UNTIL 0700 HOURS - Thursday 2 December 2010

### Kingfisher announces retail profit up 8.2% for the third quarter

(13 weeks ended 30 October 2010)

<b>Group Financial Summary</b>	<b>Sales</b>	<b>% Total</b>	<b>% Total</b>	<b>% LFL</b>	<b>Retail Profit</b>	<b>% Total</b>	<b>% Total</b>
	<b>2010/11 £m</b>	<b>Change (Reported)</b>	<b>Change (Constant currency)</b>	<b>Change (Constant currency)</b>	<b>2010/11 £m</b>	<b>Change (Reported)</b>	<b>Change (Constant currency)</b>
France	1,123	0.8%	3.1%	1.8%	130	3.1%	6.0%
UK & Ireland	1,051	(3.8)%	(3.7)%	(4.2)%	46	(0.5)%	(0.6)%
Other International	517	6.3%	2.8%	(1.1)%	64	17.9%	21.0%
<b>Total Group</b>	<b>2,691</b>	<b>(0.1)%</b>	<b>0.3%</b>	<b>(1.2)%</b>	<b>240</b>	<b>5.9%</b>	<b>8.2%</b>

*Note: Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated. Retail profit is operating profit stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and Associates.*

#### Highlights (in constant currencies):

- Total sales broadly flat with good growth internationally offsetting a decline in the UK & Ireland where the business was facing its toughest comparatives for 14 quarters
- Retail profit up 8.2% driven by our international businesses and continued margin and cost self-help initiatives across the Group
- Net cash was £203 million (31 July 2010: net cash of £19 million). With some capital expenditure projects now likely to fall into the next financial year we expect to remain net cash positive at the year end

#### Ian Cheshire, Group Chief Executive, said:

“This quarter is significant for our overall annual profitability and I am pleased that our well established programme of self-help initiatives continued to deliver another solid performance. In particular, our businesses outside the UK performed strongly, accounting for 80% of the quarter's profit.

“In France, our innovative ‘Do-it-Smart’ marketing programme, which aims to make home improvement jobs quicker and easier for people, is helping to drive growth in sales and profit. In Poland, we delivered solid profit growth in a market which is starting to stabilise after a difficult first half. In China, our recovery plan remains on track with losses falling in line with our plan. In the UK & Ireland, where we were trading against tough comparatives, we were able to maintain our profit for the quarter despite on-going tough trading conditions and continued investment in developing both our consumer and trade offers. Right across the Group our sourcing initiatives and scale are increasingly being brought to bear to improve our customer offer and enhance our profitability.

“We enter our fourth quarter in good shape and with our Delivering Value plans remaining on track. We are well prepared to trade effectively in these challenging times and we continue to lay solid foundations for sales and profit growth in the future.”

## Q3 trading review - FRANCE

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
France	1,123	1,115	0.8%	3.1%	1.8%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
France	130	126	3.1%	6.0%

France comprises Castorama and Brico Dépôt.

All trading commentary below is in constant currencies.

### Kingfisher France

Kingfisher France continued to outperform the market with self-help initiatives driving sales ahead 3.1% to £1,123 million (+1.8% LFL, +2.0% on a comparable store basis). Across the two businesses, four stores were revamped, adding around 2% new space compared to Q3 last year.

Retail profit grew 6.0% to £130 million driven by the continued sales growth and higher gross margins (+140 basis points) from increased direct sourcing and continued buying optimisation benefits.

**Castorama** total sales grew by 5.0% to £599 million (+4.0% LFL, +4.3% on a comparable store basis). According to Banque de France\* sales for the market on a comparable store basis were up around 1%. This outperformance was supported by continued progress with the store modernisation programme (63% of total selling space now completed), new range introductions and the innovative 'Do-it-Smart' marketing campaign aimed at making home improvement projects easier for customers.

Sales across outdoor and indoor categories were up a similar amount with sales of new heating ranges and decorative ranges performing particularly well.

**Brico Dépôt**, which more specifically targets the trade professional, delivered total sales growth of 1.0% to £524 million (-0.7% LFL). Like for likes were impacted by the French national strikes late in the quarter. The trade market\*\*, which last year declined by 11%, appears to have improved following a pick-up in new housing starts and planning consents.

Self-help initiatives to drive sales and footfall continued to progress well in Q3 including an up-weighted programme of range refreshment, more 'arrivages' promotions (rolling programme of one-off special buys) and more frequent product catalogues to reinforce Brico Dépôt's value credentials. New kitchen ranges introduced last year performed well (+10% LFL).

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

\*\*Private building market (Jan-Dec 09) according to UNIBAL. No 2010 data yet available.

## Q3 trading review - UK & IRELAND

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	1,051	1,092	(3.8)%	(3.7)%	(4.2)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
UK & Ireland	46	46	(0.5)%	(0.6)%

UK & Ireland comprises B&Q in the UK & Ireland and Screwfix.

All trading commentary below is in constant currencies.

### Kingfisher UK & Ireland

Total sales were down 3.7% to £1,051 million (-4.2% LFL) in challenging markets and against particularly tough comparatives (2009/10: +3.9% LFL). Retail profit, however, was broadly flat, supported by continued gross margin and cost initiatives.

**B&Q UK & Ireland's** total sales were down 4.7% to £924 million (-5.1% LFL) when compared with a very strong Q3 last year (2009/10: +5.7% LFL) which was boosted by a successful programme to clear stocks held at the top of in-store shelving. Reported sales across all categories were down a similar amount reflecting the lower footfall, in part offset by higher Average Transaction Value (ATV). However, underlying kitchen sales responded well to improved merchandising, new ranges and more targeted promotions in the quarter with gross sales ahead 13% (largely to be delivered and therefore accounted for in Q4).

Retail profit of £38 million (2009/10: £43 million) benefitted from gross margin percentage increasing by 110 basis points, supported by more direct sourcing and further shrinkage reduction. A strong focus on operating cost efficiencies also continued despite increasing marketing spend to support the national roll out of TradePoint into B&Q large stores and the launch of the 'Making it Easier' marketing campaign towards the end of Q3. This campaign is aimed at making home improvement projects easier for customers (similar to Castorama France).

TradePoint continues to progress well and in the original four trial stores annualised trade sales continue to grow and now account for 17% of total store sales, up from around 9% pre-TradePoint. Over 300,000 customers have now registered as TradePoint customers and an 'order & collect' offer has now been rolled out into all remaining B&Q medium format stores. This additional offer is based on next day delivery to the tradesman's nearest store as well as giving access to TradePoint catalogue prices through any B&Q store checkout. Alongside the TradePoint roll out, B&Q is undergoing a major review of all building ranges in the main store.

**Screwfix** total sales grew 4.1% to £127 million boosted by new ranges and the addition of specialist trade desks exclusive to plumbers and electricians within Screwfix outlets. These outlets now generate around 60% of total sales. Two new outlets were opened during Q3, taking the total to 152 of which 102 now incorporate the specialist trade desks. Retail profit was £8 million, up £5 million year on year, reflecting the strong sales growth, distribution efficiencies and tight cost control.

## Q3 trading review - OTHER INTERNATIONAL

Sales £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	517	486	6.3%	2.8%	(1.1)%

Retail profit £m	2010/11	2009/10	% Change (Reported)	% Change (Constant)
Other International	64	55	17.9%	21.0%

*Other International comprises Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Sales from Joint Venture (Koçtaş JV) and associates (Hornbach) are not consolidated.*

**All trading commentary below is in constant currencies.**

**Other International** total sales increased by 2.8% to £517 million (-1.1% LFL). Retail profit was up 21.0% to £64 million, reflecting solid profit growth in Poland, continued strong growth in Spain and Turkey and lower losses in China.

During Q3, four stores opened, comprising two in Poland, one in Russia and one in Turkey.

### Eastern Europe

Sales in **Poland** were up 2.1% to £300 million (-1.7% LFL) in a weak but stabilising market after a difficult first half (2010/11 H1 -6.0% LFL). Retail profit was up 5.9% to £45 million driven by the sales growth and gross margins (+20 basis points) benefitting from sales of higher margin products and buying scale. Costs grew slower than sales due to continued tight cost control. In **Russia**, sales grew 38.9% to £65 million. In **Turkey**, Kingfisher's 50% JV, Koçtaş, retail profit grew by 58.4% to £5 million due to strong sales growth (+9.4% LFL) and tight cost control.

Elsewhere, **Spain** profits grew strongly with sales up 13.6% to £59 million. **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £14 million to retail profit, up 12.4% on the prior year.

**B&Q China** sales declined 15.6% to £93 million (-3.7% LFL) primarily reflecting six fewer stores compared with Q3 last year and a more difficult market, which was affected by restrictive property regulations introduced in May this year. The 'fix-it' phase of the turnaround plan remains on track with losses of £2 million falling in line as planned compared to Q3 last year (2009/10: £7 million reported loss). We expect to be profitable in Q4, traditionally the strongest trading quarter of the financial year in China.

## Operational Review - DATA BY COUNTRY as at 30 October 2010

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	102	1,035	11,882
Brico Dépôt	101	554	6,240
<b>Total France</b>	<b>203</b>	<b>1,589</b>	<b>18,122</b>
B&Q UK & Ireland	330	2,477	23,020
Screwfix	152	13	2,889
<b>Total UK &amp; Ireland</b>	<b>482</b>	<b>2,490</b>	<b>25,909</b>
Poland	58	433	9,196
China	41	339	6,309
Spain	17	100	848
Russia	14	126	2,354
Turkey JV	28	148	2,392
<b>Total Other International</b>	<b>158</b>	<b>1,146</b>	<b>21,099</b>
<b>Total</b>	<b>843</b>	<b>5,225</b>	<b>65,130</b>

## Operational Review – 39 weeks ended 30 October 2010

	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	3,308	(0.5)%	2.9%	1.5%	290	6.4%	10.1%
UK & Ireland	3,379	(3.3)%	(3.2)%	(3.8)%	217	11.9%	11.9%
Other International	1,458	5.8%	1.4%	(1.3)%	135	25.6%	20.9%
<b>Total Group</b>	<b>8,145</b>	<b>(0.6)%</b>	<b>0.0%</b>	<b>(1.3)%</b>	<b>642</b>	<b>11.8%</b>	<b>12.8%</b>

2010/11: £1 = 1.17 euro (2009/10: 1.13 euro)

2010/11: £1 = 4.66 Polish zloty (2009/10: £1 = 4.94 Polish zloty)

2010/11: £1 = 10.39 Chinese renminbi (2009/10: £1 = 10.67 Chinese renminbi)

Note: Joint Venture (Koçtaş JV) and Associate (Hornbach) sales are not consolidated. Retail profit is operating profit stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and Associates.

## Financial position

No material events or transactions impacting the Group's strong financial position have taken place since the previously announced results as at the 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 preliminary results for the year ended 29 January 2011. A live webcast will be available from 0900 hours on 24 March 2011.

## 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 and directors 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](http://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 843 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.