KINGFISHER

FRANCE

KINGFISHER FRANCE

Paris event

30 March 2011

Agenda

- Key figures
- Market context
- Strategic outlines
  - Castorama
  - Brico Dépot
- France region mission

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Key Figures
France Region

KINGFISHER FRANCE	2006	2007	2008	2009	2010
Market share (1)	**23,0%**	**23,7%**	**24,2%**	**24,6%**	
		ADEO	20,8% (24,4%)[3]	21,5% (24,6%)[3]	
		Mr Bricolage	8,7%	9,4%	
		Bricomarché	8,0%	8,0%	
		Bricorama	2,1%	2,5%	
Sales (€bn)	**4,3**	**4,7**	**4,8**	**4,8**	**4,9**
Store number	179	186	197	201	203
CASTORAMA (€bn)	2,4	2,5	2,6	2,6	2,7
Store number	98	98	99	101	101
BRICO DEPOT (€bn)	1,9	2,2	2,2	2,2	2,2
Store number	81	89	98	100	102
Retail Operating Profit (€mil)	**304**	**343**	**350**	**363**	**407**
ROC(2) (%)		**11,3**	**11,9**	**12,4**	**13,6**

(1)Source UNIBAL: Market share based on calendar year
(2) This is lease adjusted returns excluding goodwill and property profit
(3) 1st excluding Weldom / 2nd including 100% of weldom's sales

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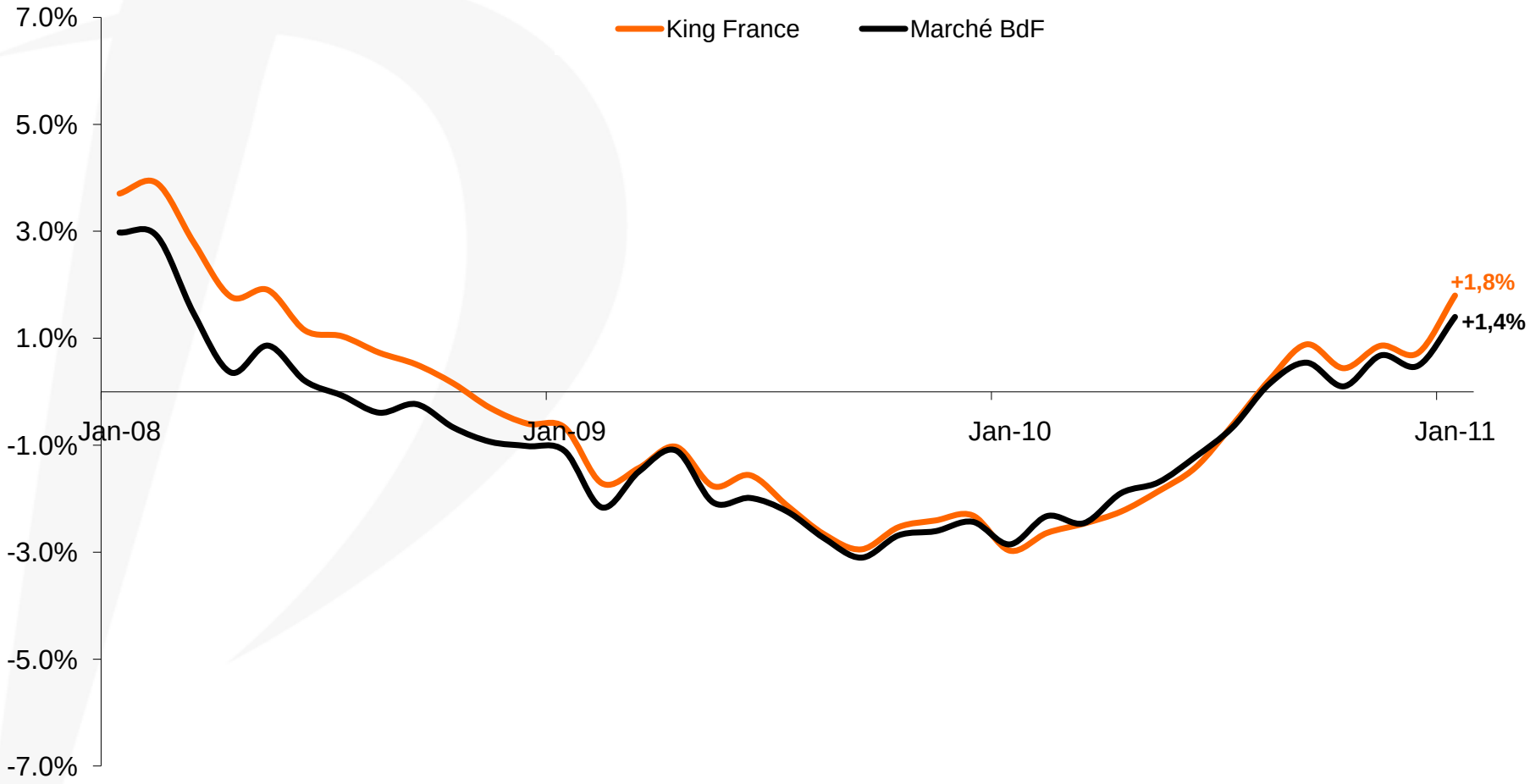
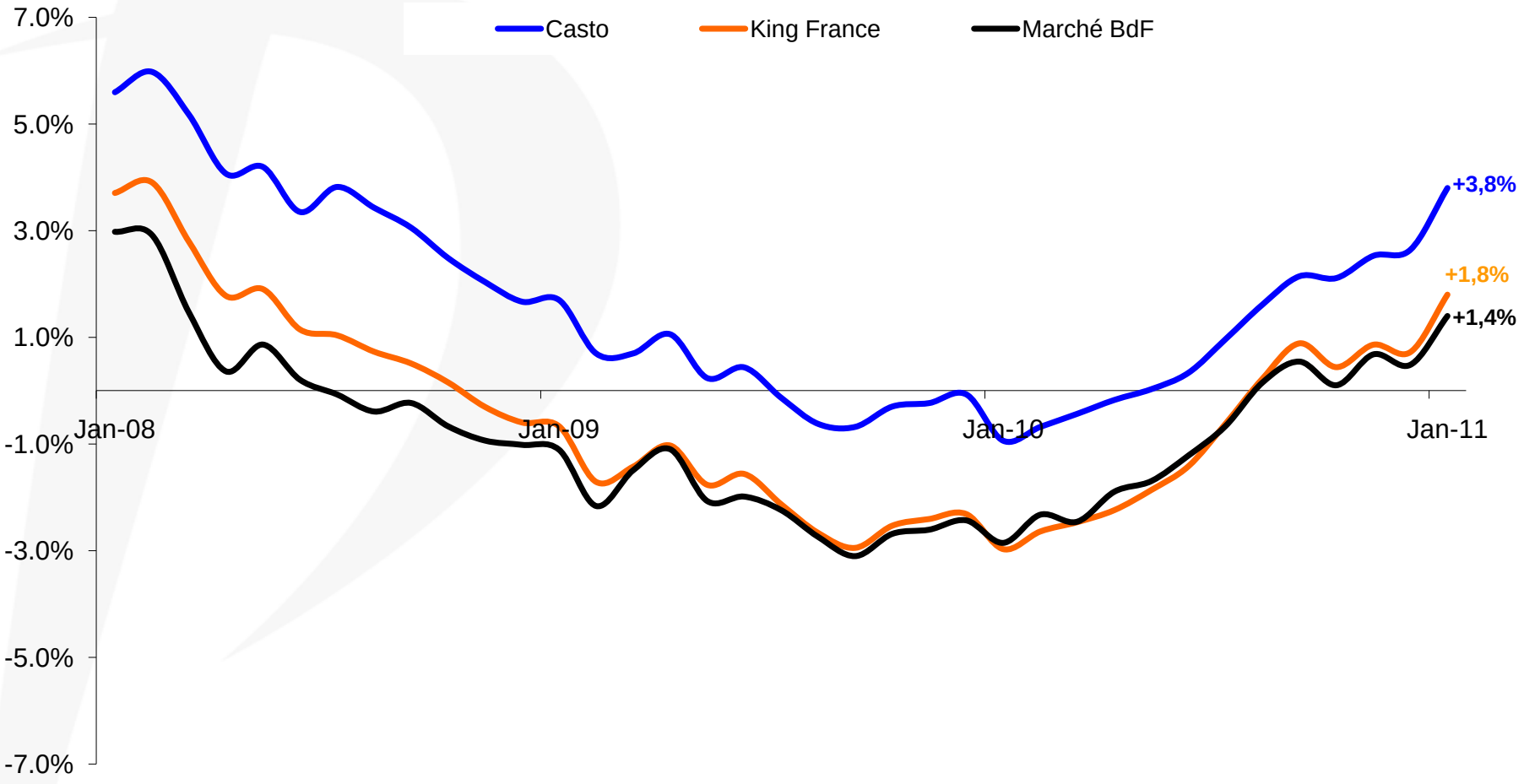
Market context

Kingfisher outperforms a market that is recovering...



Market context
... supported by Castorama performance...



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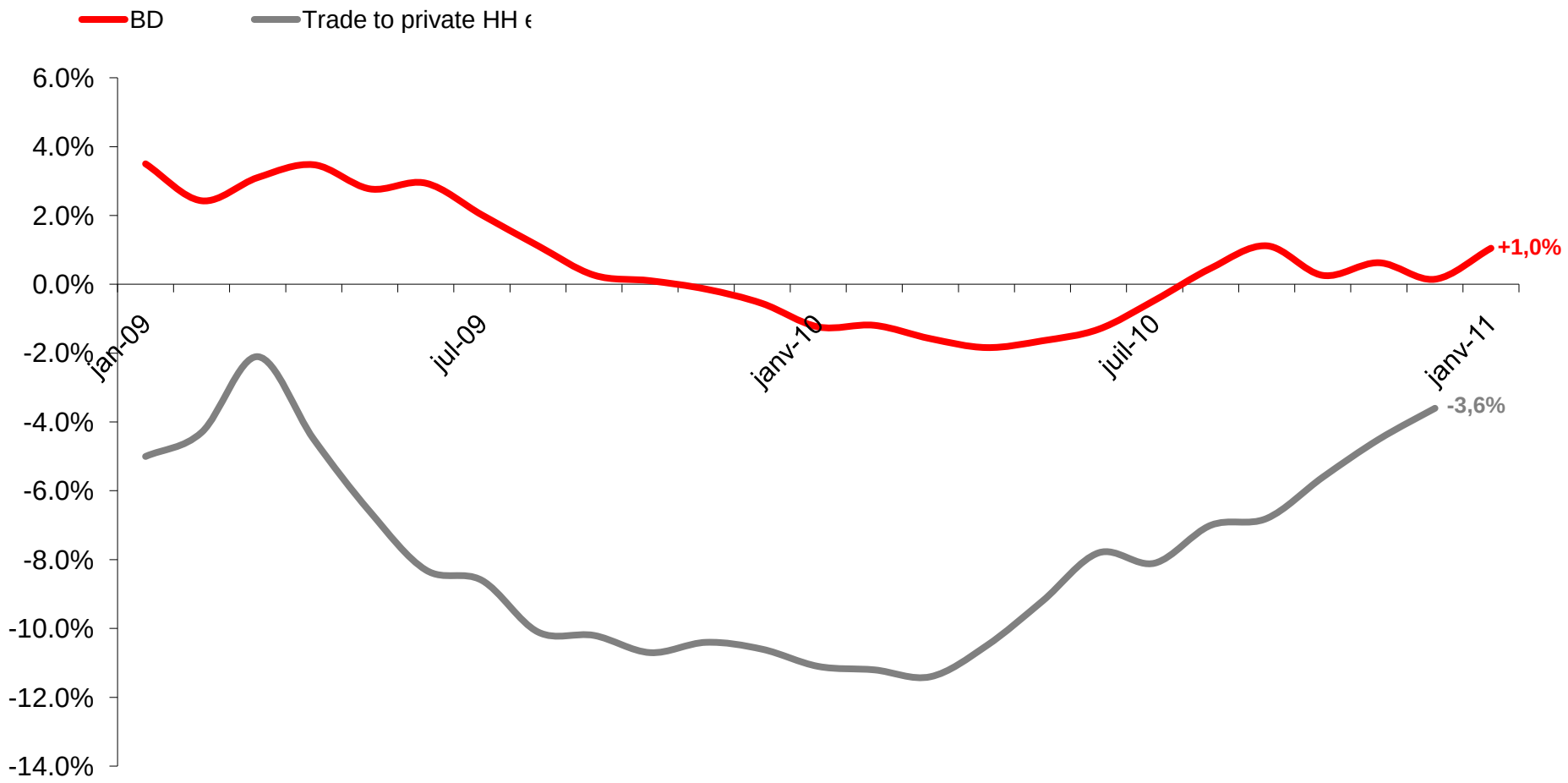
Market context

... impacted by a tense market on trade for Brico Dépot...



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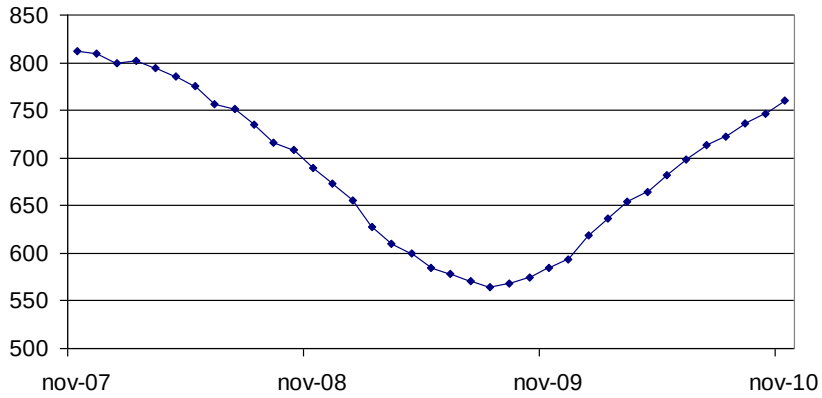
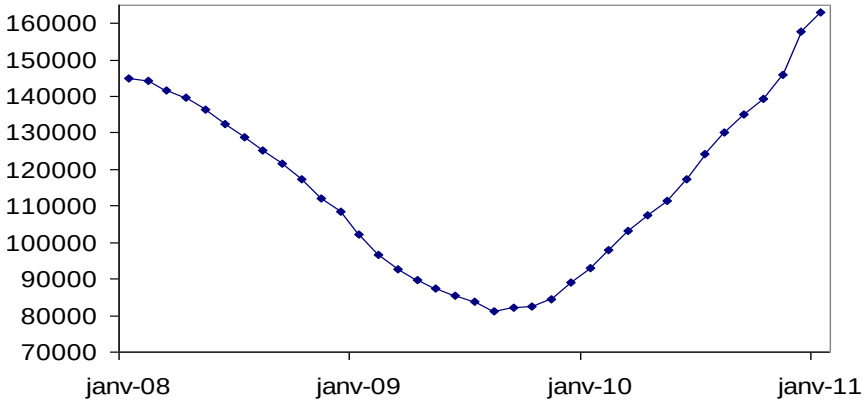
Market Context
… but residential market is back to growth

Market recovery of existing homes

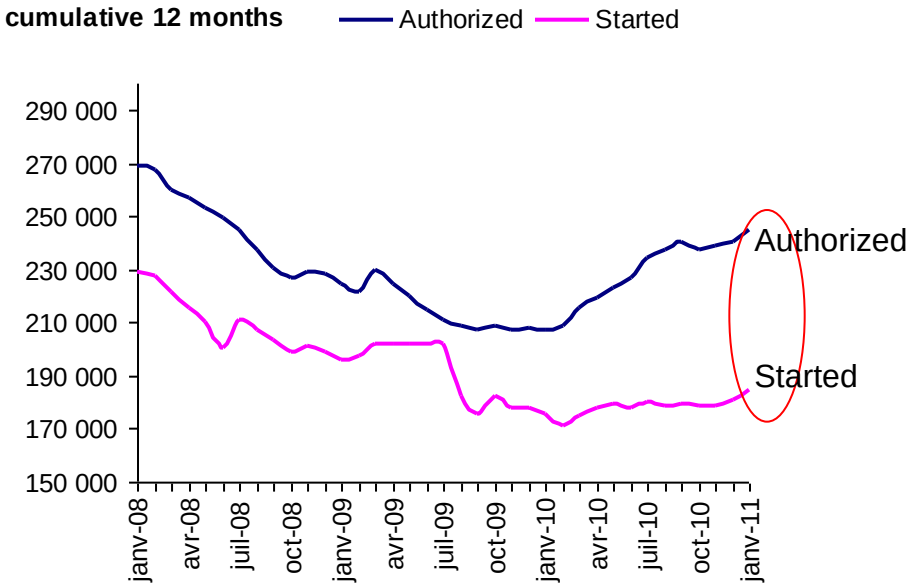
Nb of transactions existing homes
(cumulative 12 months, in OOO)



New home credit production
(cumulative 12 months)



Number of new Individual Homes construction is increasing



Sources : Ministère du développement durable, CGEDD, Banque de France, FPC, HSBC

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Castorama

Understand the strategic evolution of Castorama...

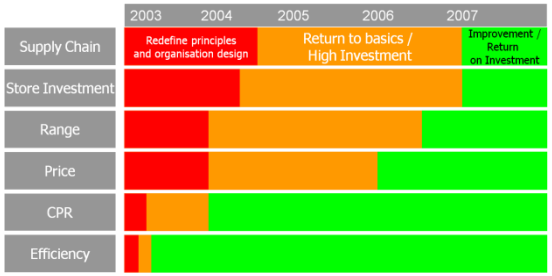
2002 ..... 2007 | **2009 ..... 2012** | **2012.....**

Revenues	Productivity
Evolution of Products and Services Offer	
Price	Efficiency
Store Investment Programme	Supply Chain

Back to basics

UN IMPERATIF	DEUX CONDITIONS
Programme de Revitalisation	Management des ressources Excellence opérationnelle
Offre produit Développement durable Multi-canal TROIS LEVIERS	Sécuriser / Fidéliser Stimuler Former Communiquer QUATRE ENJEUX SOCIAUX

Back to market



Inspire the market

castorama !nspire by castorama

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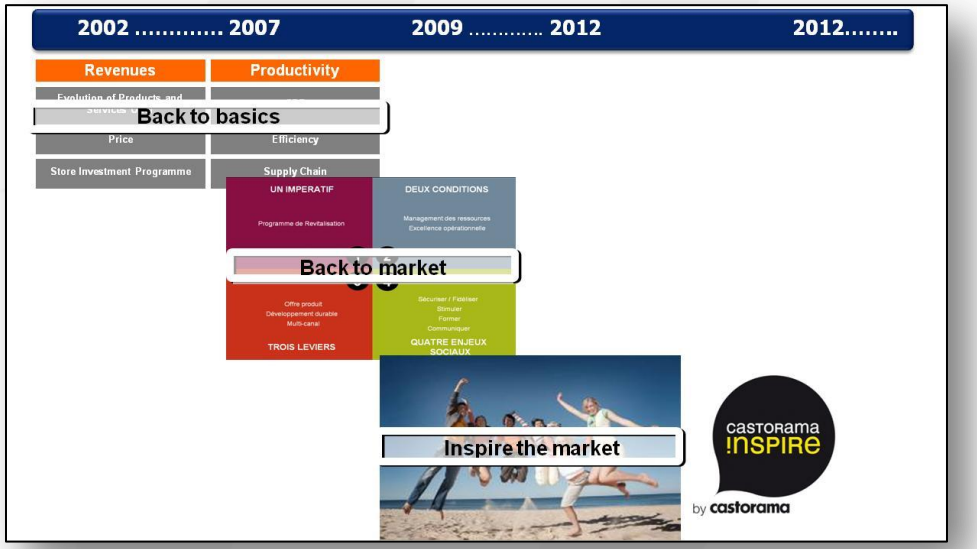
Castorama
… based on major customer trends…



Give me power

ON-LINE CONSUMER

Health and Green

LOHAS

Lifestyles of Health and Sustainability

Emphasize me

SENSE & SENSITIVITY

Guide me

Economy of Care

Easy and Inspiring

« SIMPLEXITY »

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Castorama

… a new internal dynamic aimed at our customers…

Castorama

… supported by a permanent work on offer and ranges...

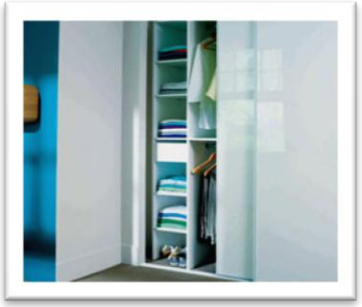
Reinforce
Self service

+

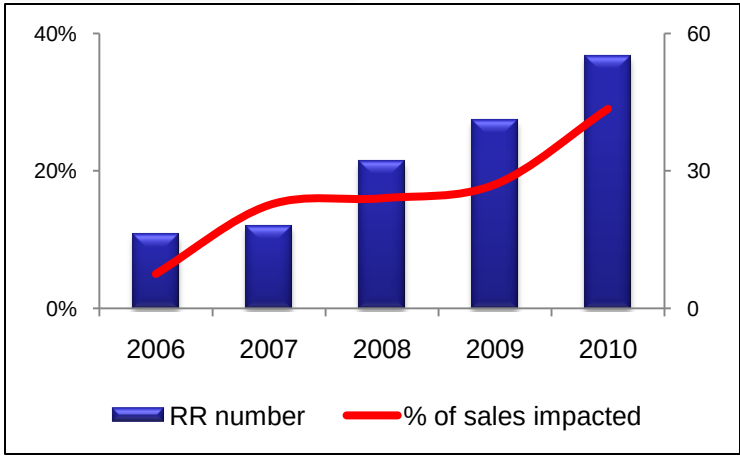
Permanent
Range reviews

+

Ensure
Stock availability



2010
55 Range reviews



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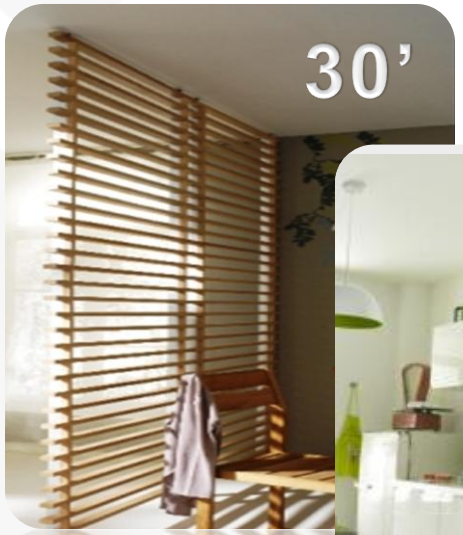
Castorama

… enhance by innovation to simplify the response to customer...



Ease use of products

All bases

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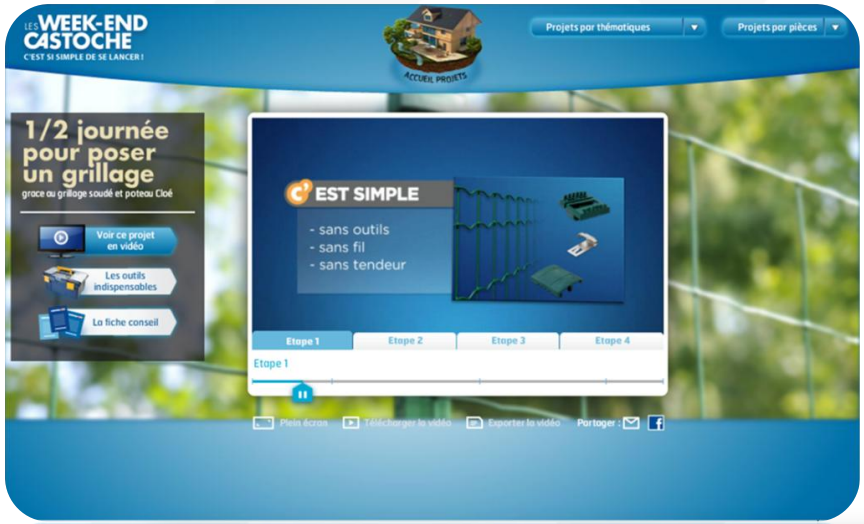
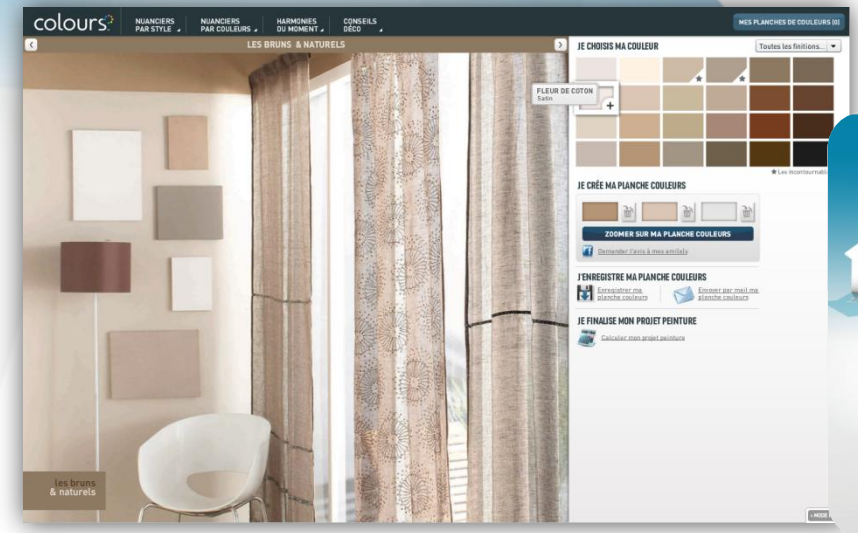
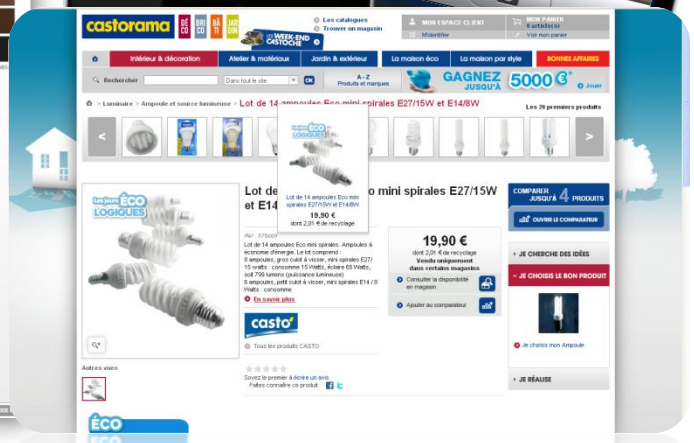
Castorama

… enhance by innovation to simplify the response to customer...



Ease choice of products before store visit





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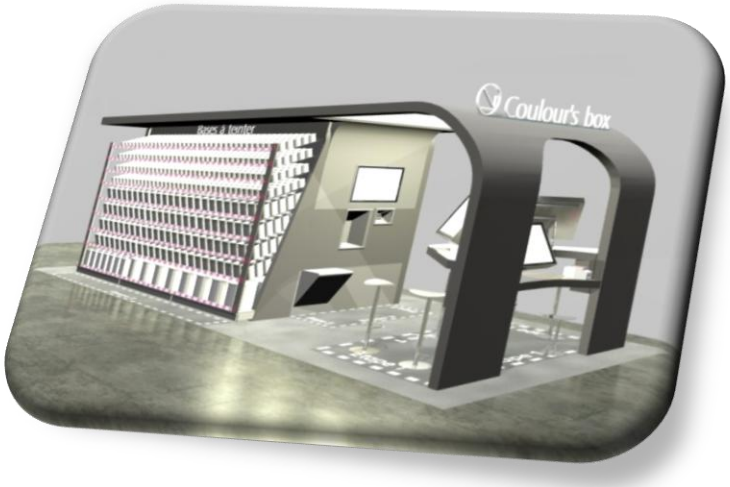
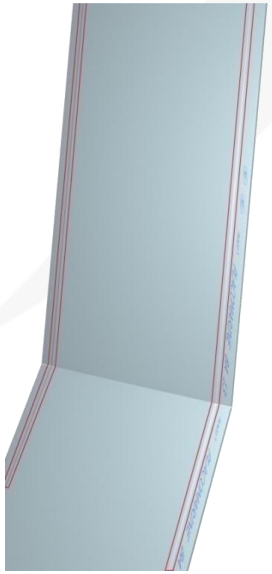
Castorama

… enhance by innovation to simplify the response to customer...

Ease purchase of products through innovative technologies





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Castorama
… and through the 10 new super brands...

WHY

SHARE A COMMON PORTFOLIO OF EXCLUSIVE OWN BRANDS ?

Business objectives

– Enabling range synergies across markets
– Leveraging volumes

Management objective

– Improving our implementation efficiency through process simplification

Image objective

– Create more lifestyle, more desire for customers
– Leveraging investment to develop strong brands

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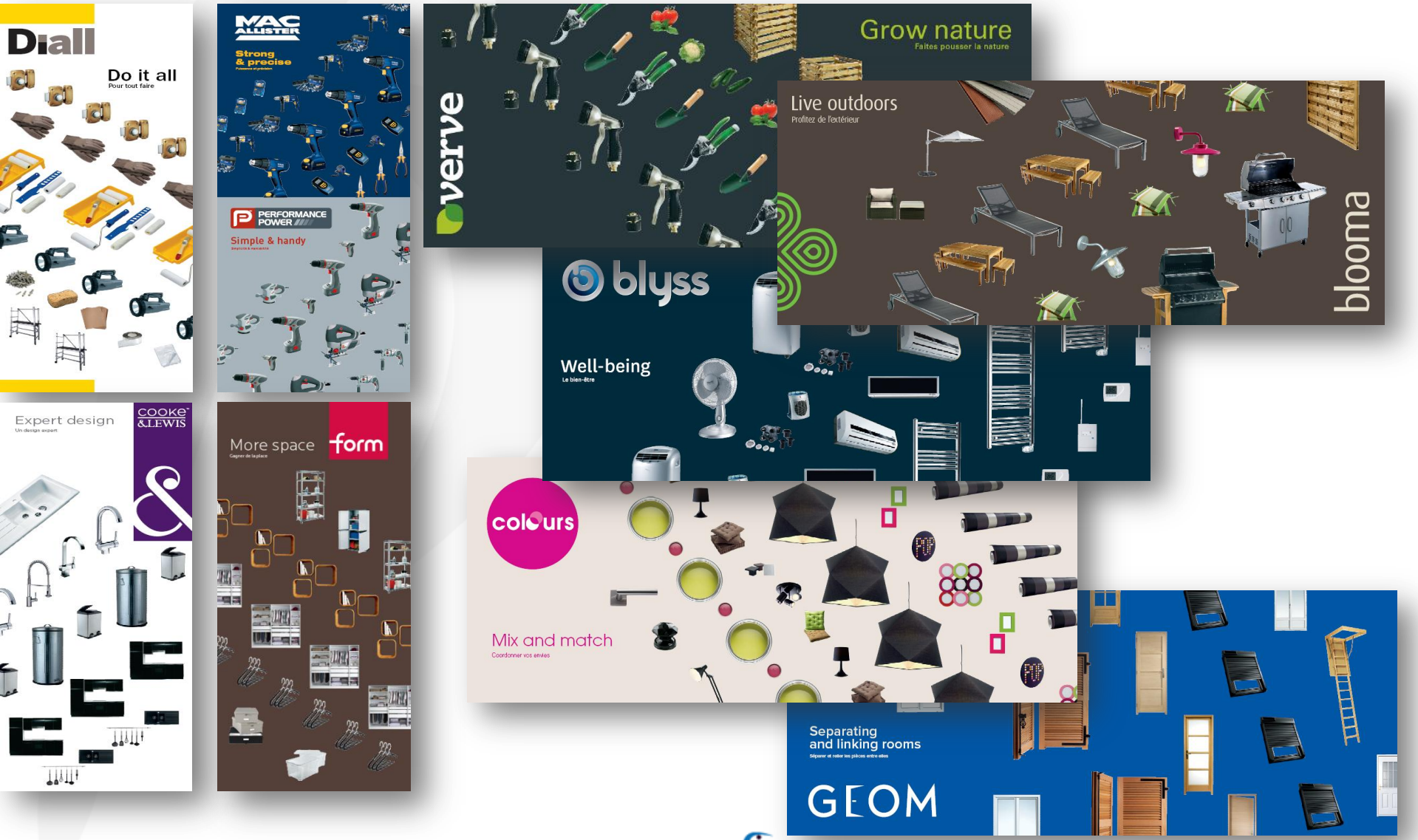
Castorama

… and through the 10 new super brands...



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Castorama

… already common between B&Q and Casto...

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Castorama

… a target at Castorama of approx 3000 skus in store in 2011...

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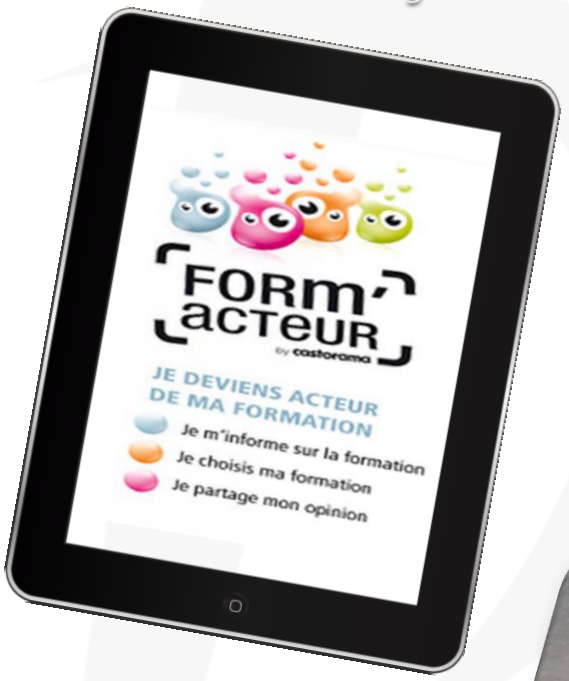
Castorama
Do it smart: a global approach

Autonomy



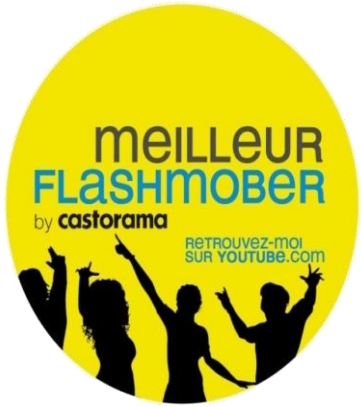
Share Results

Share Knowledge

Ease productivity

Internal promotion

"Self" Mobilize



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Castorama
Perspectives

Revamp program

- 1st test on smart store (Villabé)
- 2011/12 1 new store and 4 relocations
- Finalize revitalisation programme

Offer

- Accelerate range review programme
- Reinforce offer and visibility of eco-products
- Increase offer of labelled product (“c’est malin”, “c’est simple”, ...)

Innovation

- Keep on nurturing 3D project
- Put new storage ranges on market

People

- Pursue dynamic of collaborative and communicational project
- New bonus scheme roll out
- Product forum

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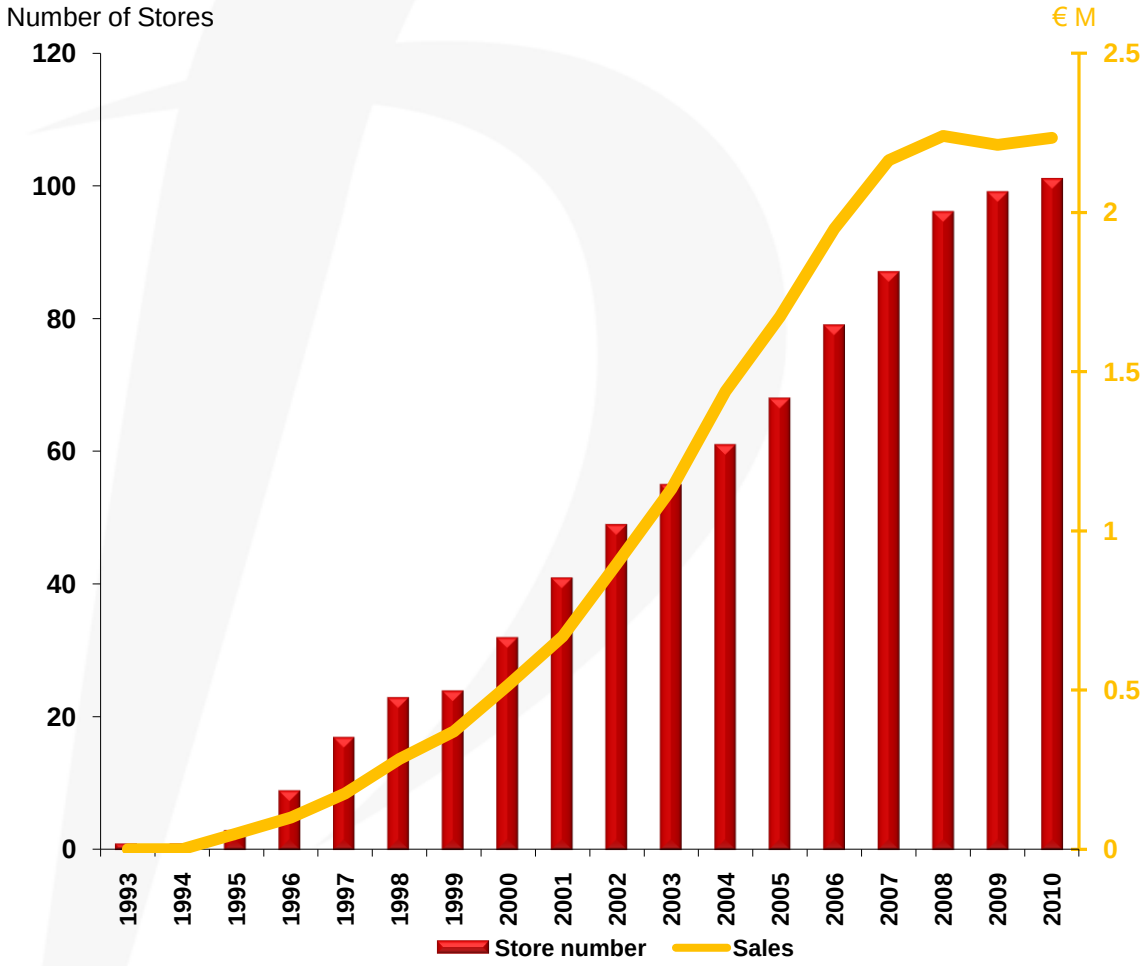
Brico Dépôt
A world class model...



CAGR
2002 - 2007

11,3%

17,1%

Market Share*

N°3

+/- 10 000 Skus

SC & SAP efficiency

Stock turn ~80 days

Sales per sqm
(excl Tax)
€ 4760

Sales per worked hour
(excl Tax / Store staff only)
€280

Sales per reference

€ 200k

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*2010 data

Brico Dépôt
… based on an efficient promise…

Every Day Low Price:
Promise to beat competitors
across the range

Short ranges:
20/80
for Building and Renovation

Product availability:
Products immediately available
in big volume (no orders)

"Arrivages":
off-range products
in limited quantity

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Brico Dépôt

… addressing private & professional markets at the same time...

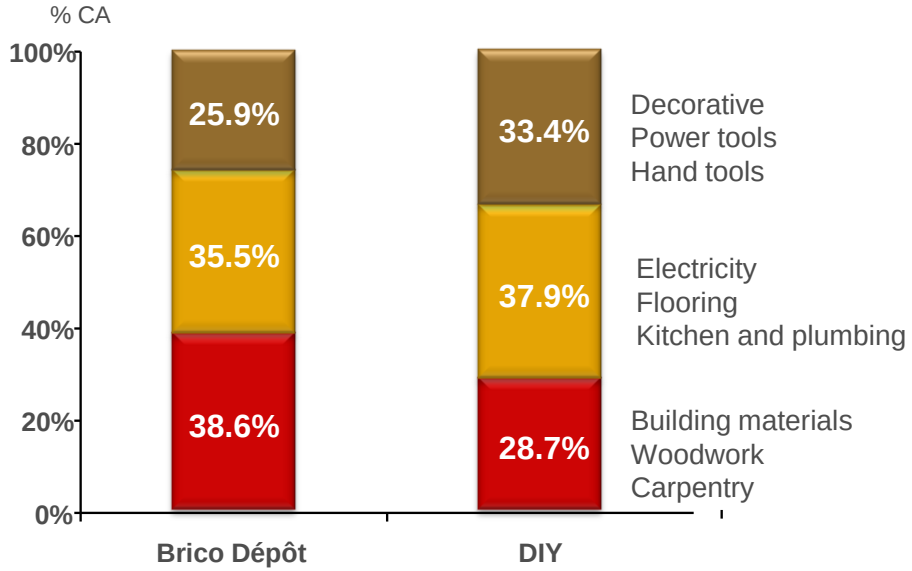
DES PRIX
DU STOCK
POUR LES PROS
& LES PARTICULIERS

BRICO DÉPÔT

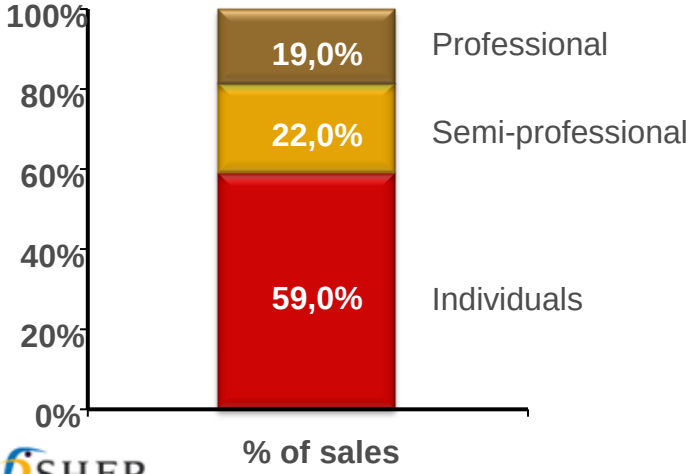
Two different markets addressed

- **Traditional DIY retailers**
- **Building merchants**

% Sales per department



Customer segments



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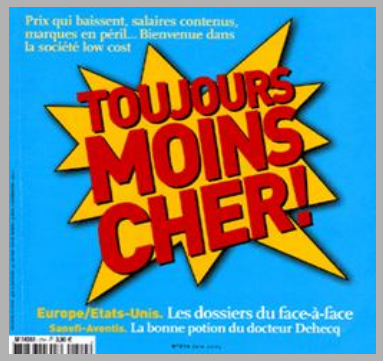
Brico Dépôt

…but needing now to be reinforced and renewed...

Reinforce the foundation

Price as a basic



Simplicity

Develop and Renew the concept

Best trends follower?

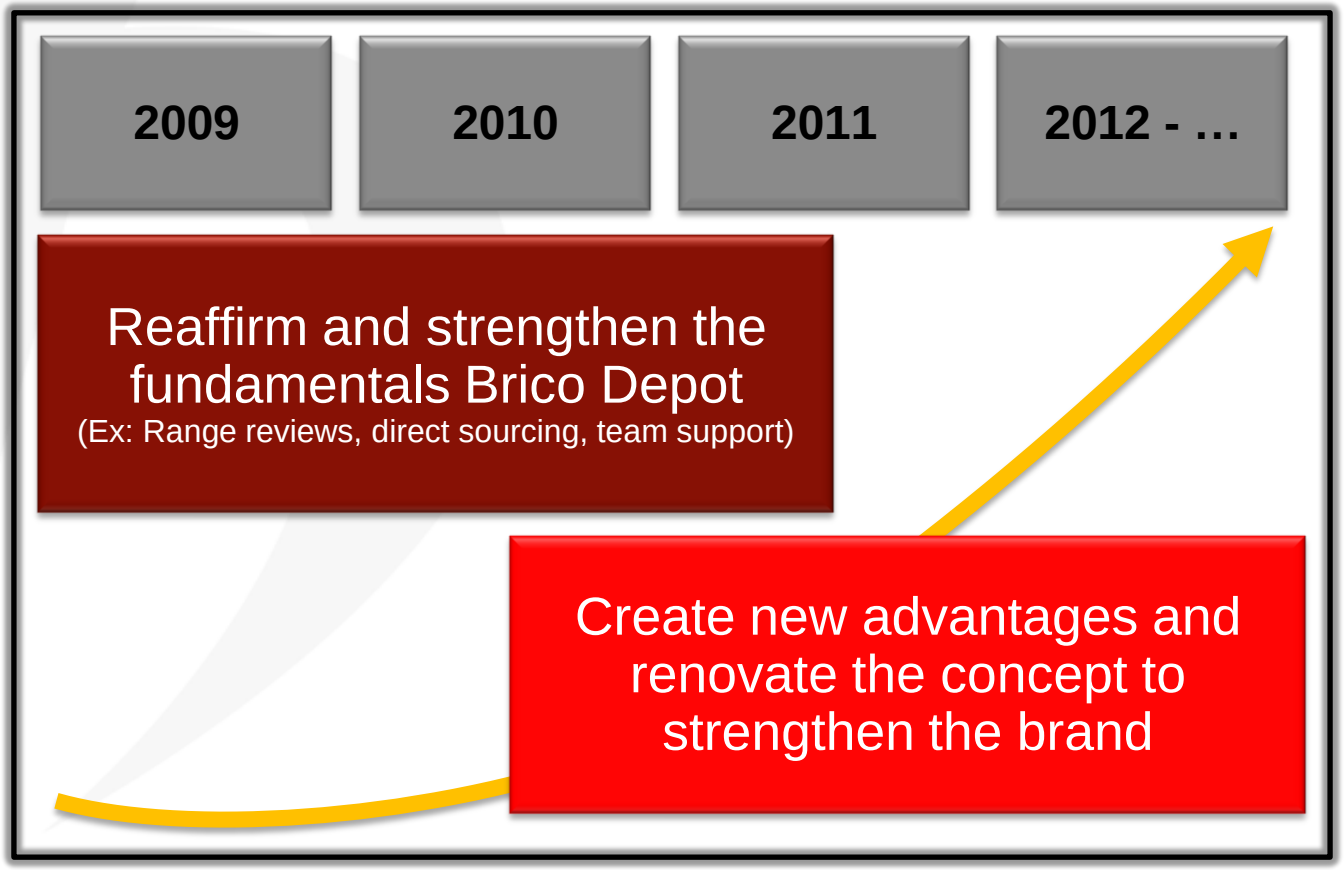
Value for money?

Sustainable development?

Essential?

Brico Dépôt

…through a strategic plan in 2 phases...



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Brico Dépôt
Example of axis rolled out: the range reviews

Kitchen Furniture

Best net sales

Security Systems

Stronger progress

- 2009/01: 84% of ranges > 4 Years
- Implemented from April to December 2010
- 26 range reviews

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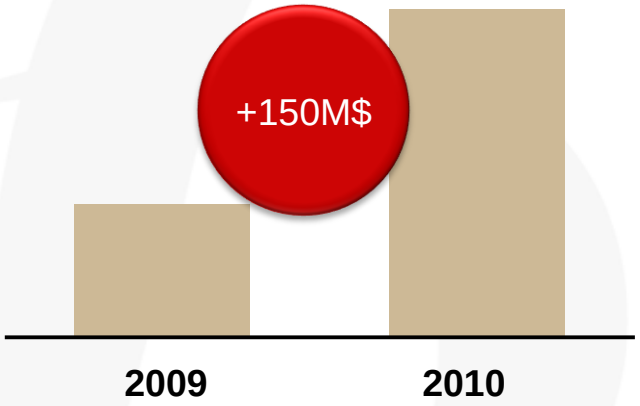
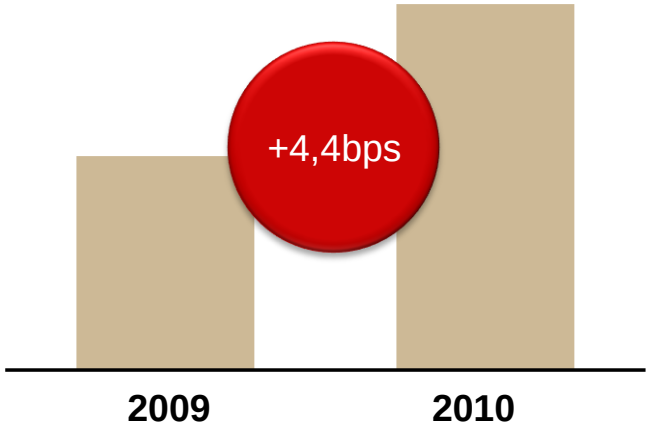
Brico Dépôt
Example of axis rolled out: develop sourcing



KSO purchases in M$



Direct sourcing % (on COGS)

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Brico Dépôt
Example of axis rolled out: team support

- Dedicated team to support the change programme (strategic planning, project management and communication)
- Dedicated recruitment team
- Collaborative process « Brico dépôt demain »
- Store manager training
- Setting-up of a test dynamic
  - Concept
  - POS, signage
  - Store efficiency…

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Brico Dépot
Perspectives

2009	2010	2011	2012 - …

Reaffirm and strengthen the fundamentals Brico Depot

Create new advantages and renovate the concept to strengthen the brand

Marketing Strategy
- Brand platform
- Multi-channel strategy

Offer and Concept
- Price strategy and pricing tools set up
- 24 range reviews: redesign of principle of range structure
- Own brand strategy
- Refine and validate Blue Print

Operations & Organisation
- Continue roll out of “lean project” in store and new in store management structure
- Roll out of new Supply Chain / Operation organization
- Improvement of supply chain performances
- Management of total margin and business performance

People & Leadership
- Specific training for regional and store directors
- Redefine mission of Head office vs. Stores

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Kingfisher France
Working together

Create links

- Opco Board meetings
- KF France Board
- Operational cross-opco steering committees

Create sources of short-term improvement

- Purchasing synergies
- GNFR synergies
- Sharing best practices

Build a performing and long-term development

- Store development strategy

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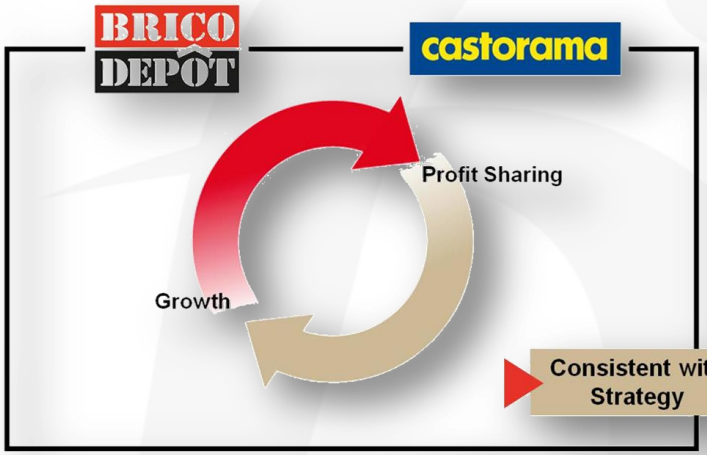
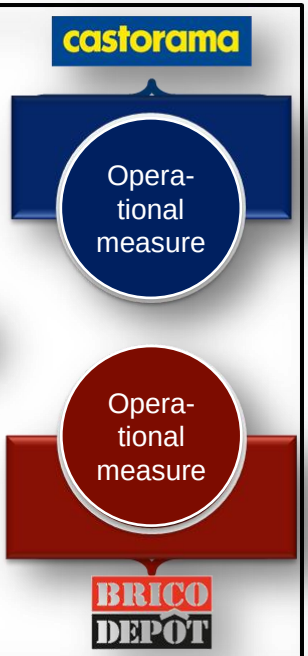
Kingfisher France
Create performance conditions



A common approach ...

... a local adaptation

On a quarterly basis payment



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Kingfisher France
Working together

Create links

- Structure and develop common vendors management:
  - KFF rebates
  - Price and rebates harmonisation

Create sources of short-term improvement

- Common sourcing and common products development
- Integration of Brico Dépôt Spain

Build a performing and long-term development

- Collaborative organisation on GNFR

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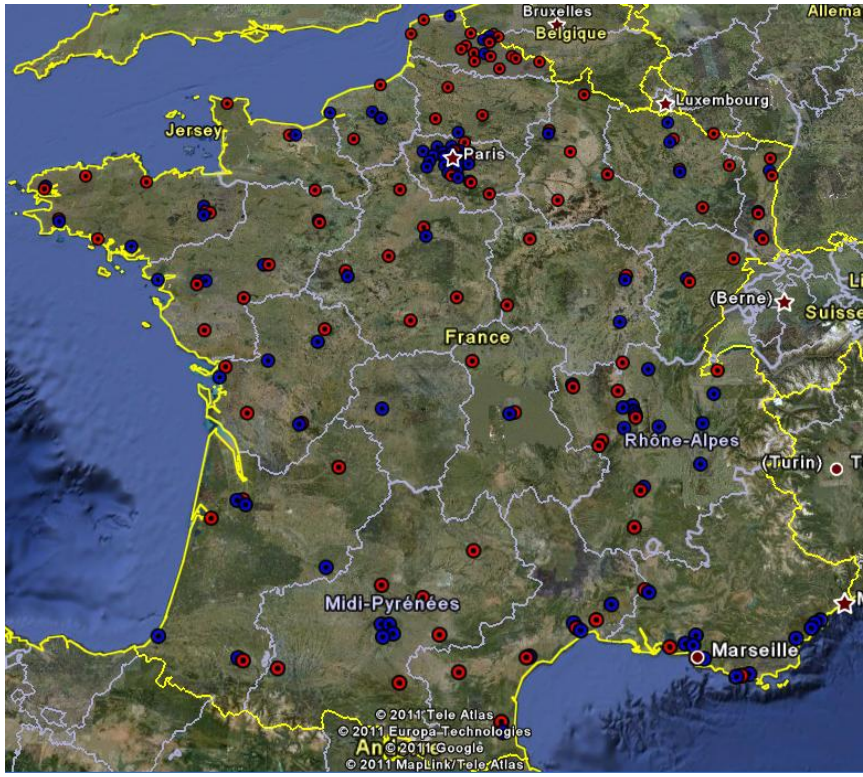
Kingfisher France
Strong opportunities to increase store number

Create links

Create sources of short-term improvement

Build a performing and long-term development



- End 2011:
  - 205 stores
  - 2 openings, 4 relocations & 2revamps
  - Castorama : c.67% revitalised end 2011
- Long term potential: 240 stores

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- End 2011:
  - 205 stores
  - 2 openings
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Kingfisher France
Strong opportunities to increase store number

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Two companies Two concepts Two business models

One Strategy

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