

Friday 1 August 2008

Kingfisher plc announces agreement to sell Castorama Italy for euro 560 million

Kingfisher plc, Europe's leading home improvement retailer, today announces a binding agreement to sell its Castorama Italy business to Groupe Adeo S.A. for a total cash consideration of euro 560 million (£440 million¹), before an adjustment for profit generated from 1 July 2008 to completion. The sale is conditional upon European Community Merger Regulation clearance and is expected to be completed during the fourth quarter of 2008. The proceeds of the sale will be used to reduce Kingfisher's net debt.

Castorama opened its first store in Italy in 1988 and now has 31 stores and employs over 2,200 people. In the year to 2 February 2008, the business recorded a retail profit of £29 million (2006/07: £31 million) and sales of £314 million (2006/07: £312 million). It had gross assets of £471 million and net assets of £341 million.

Commenting on the sale, Ian Cheshire, Kingfisher's Group Chief Executive, said: "This sale is consistent with our aim of delivering a step-change in shareholder value and is a good deal at this point in the economic cycle. We have built a successful and profitable business in Italy which now needs more capital to continue its development. We believe we can achieve higher incremental returns on capital elsewhere in Europe and strengthen our balance sheet by reducing our net debt.

"I wish the business continued success under its new owners and personally thank all our colleagues at Castorama Italy for their hard work and commitment over the years."

¹ Using an exchange rate of £1 = 1.272 euro.

Notes to editors

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with nearly 850 stores in nine countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.

In June, Kingfisher announced seven key steps for driving a step-change in shareholder value. These are:

1. Driving up B&Q'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

Groupe Adeo is a privately owned French home improvement retailer with operations in nine countries. Its main brands include Leroy Merlin, BricoCenter and Bricoman. It recorded sales of euro 9 billion last year.

UBS Investment Bank acted as financial adviser to Kingfisher on the disposal of our Castorama business in Italy. Freshfields Bruckhaus Deringer acted as legal adviser.

Enquiries:

Ian Harding, Group Communications Director	020 7644 1029
Nigel Cope, Head of Communications	020 7644 1030
Sarah Gerrand, Head of Investor Relations	020 7644 1032

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.