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**Thursday 27 November 2008**

**Kingfisher plc, Europe and Asia's leading home improvement retail group, today announces its Q3 trading update for the 13 weeks ended 1 November 2008**

**Group Financial Summary (Continuing operations, excluding Italy)**

	Retail Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2008/09 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2008/09 £m	Change (Reported)	Change (Constant currency)
France	1,024	19.6%	3.7%	(1.2)%	105	18.0%	2.2%
UK	1,020	(6.1)%	(6.1)%	(9.2)%	36	(19.8)%	(19.8)%
Other International	507	31.7%	7.3%	(3.9)%	35	22.2%	(1.6)%
<b>Total Group</b>	<b>2,551</b>	<b>9.6%</b>	<b>0.2%</b>	<b>(5.1)%</b>	<b>176</b>	<b>8.3%</b>	<b>(4.0)%</b>

*Note: Results exclude disposal of Castorama Italy, announced on 1 August 2008. Joint Venture (JV) and Associate sales are not consolidated. Retail profit is stated before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and taxation of joint ventures and associates. All trading commentary below is in constant currencies.*

- Group retail sales of £2.6 billion were flat, retail profit of £176 million was down 4.0%.
- In a flat French market sales and retail profit both grew.
- In a weaker UK market retail profit was £36 million, down £9 million, with margin and cost initiatives helping to offset the impact of lower sales.
- UK Trade resources to be focused on the co-ordinated development of B&Q and Screwfix. Development of the separate Trade Depot format will cease, resulting in exceptional closure costs of around £20 million in the current financial year (cash cost of around £15 million spread over three years).
- In Other International, our Eastern European businesses delivered strong sales and profit growth in a solid market. However, market conditions in China continued to deteriorate, impacting trading. Actions are underway to improve performance but in a weaker than anticipated market plans for a more comprehensive repositioning of the business are now being finalised.
- As at 1 November 2008 net debt was £1.4 billion (2 February 2008: £1.6 billion) and net assets were £5.0 billion (2 February 2008: £4.7 billion). Italian disposal on track for finalisation around year end but with cash proceeds of around €560 million now likely in our first quarter.

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

“Consumer confidence has clearly been shaken over the last few months by international economic events and this has impacted demand in all our markets. However, we enter this period of slowdown in a strong position with a robust balance sheet, international market leadership, retail brands with a strong value positioning and significant buying scale.

“We are gaining share in our major markets by capitalising on these strengths. Since the beginning of the year, we have taken a vigorous approach to managing our margins and costs which are helping to support profit and cash flow.

“There are clearly more challenging times ahead and we are concentrating on trading effectively in difficult markets by managing our working capital, cash and costs tightly. At the same time we remain focused on our key priorities, management, capital and returns to deliver value for our shareholders.”

## Operational Review - FRANCE

Retail sales £m	2008/09	2007/08	% Change (Reported)	% Change (Constant)	% LFL Change
France	1,024	856	19.6%	3.7%	(1.2)%

Retail profit £m	2008/09	2007/08	% Change (Reported)	% Change (Constant)
France	105	89	18.0%	2.2%

*France includes Castorama and Brico Dépôt.  
All trading commentary below is in constant currencies.*

### Kingfisher France

Total sales grew 3.7% to £1,024 million (-1.2% LFL). Banque de France data shows that comparable DIY store sales\* were flat, and on this basis Kingfisher's businesses outperformed the market by delivering comparable sales growth of 0.2%. Across the two businesses, one new store was opened, completing the programme for the year.

Retail profit of £105 million grew 2.2% compared to the same period last year. Gross margins were slightly up due to higher own-brand sales penetration, less promotional activity and an improved sales mix across both businesses.

*\*Banque de France data including relocated and extended stores*

**Castorama** total reported sales grew by 2.2% to £531 million (-0.7% LFL, +0.6% on a comparable store basis) supported by its modernisation programme. Seasonal categories were once again impacted by poor weather and excluding these, LFL sales growth would have been broadly flat.

**Brico Dépôt** total reported sales grew 5.3% to £493 million (-1.7% LFL) reflecting growth in store numbers and the step-up of 'arrivages' promotions (rolling programme of one-off special buys), offset by internal cannibalisation of just under 1% and weakening trade demand. One new store was opened during Q3, which completes the programme for the year.

## Operational Review - UK

Retail sales £m	2008/09	2007/08	Reported % Change	% LFL Change
UK	1,020	1,085	(6.1)%	(9.2)%

Retail profit £m	2008/09	2007/08	Reported % Change
UK	36	45	(19.8)%

*UK includes B&Q in the UK, Screwfix and Trade Depot.*

### Kingfisher UK

Total sales declined by 6.1% to £1,020 million (-9.2% LFL) reflecting a weakening economic environment which impacted consumer spending, particularly in higher ticket project areas. Retail profit was down £9 million compared to the same period last year, with margin and cost initiatives helping to offset the impact of lower sales.

B&Q total sales declined 7.8% to £887 million (-8.7% LFL). As well as the weakening economic backdrop, sales were impacted by poor weather particularly in August. Sales of core DIY and room makeover products performed relatively well (down 3%) but sales of weather impacted products were down around 17%. Higher ticket sales, including kitchen and bathroom ranges, were particularly weak (down 14%).

Retail profit was £29 million (2007/08: £38 million). Reported gross margin was up around 150 basis points reflecting lower mark down activity (which is now starting to annualise) and sales of higher margin products. Continued action on costs resulted in £19 million savings. Decisive management actions should result in flat costs year on year offsetting underlying cost inflation of 3% and 1% from new store space.

Seven large store revamps were completed with the trial of two lower-cost revamps currently underway. In addition, six medium format stores were revamped. B&Q now has 118 large stores (52 in the modern format) and 205 medium stores (of which 165 have been modernised). Fifty-five large stores are expected to be trading in the new format by the year end.

**Screwfix** grew total sales 8.1% to £126 million, driven by the continued roll out of trade counters. Four new outlets were opened taking the total to 134 with a further four planned in Q4. In a tough trade market retail profit was maintained compared to the same period last year due to focus on cost management.

### UK Trade update

Euan Sutherland, CEO B&Q and Kingfisher UK, completed his review of Kingfisher's UK trade businesses in the quarter. This has identified several opportunities for joint development of B&Q and Screwfix. Resources will be focused where we will achieve higher and faster returns. As a result, the new and as yet unproven Trade Depot stores will close and resources will instead be concentrated on developing B&Q and Screwfix in the trade market. Trade Depot, which opened its first branch in 2005 and now has nine outlets, recorded a retail loss of £5 million in 2007/08. The closure will incur exceptional costs of around £20 million in the current financial year. The cash costs will be around £15 million of which £9 million will be incurred over the next 12 months with the remainder being largely incurred over the following two years.

## Operational Review - OTHER INTERNATIONAL

Retail sales £m	2008/09	2007/08	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	507	385	31.7%	7.3%	(3.9)%

Retail profit £m	2008/09	2007/08	% Change (Reported)	% Change (Constant)
Other International	35	30	22.2%	(1.6)%

*Other International includes Poland, China, Spain, Ireland, Russia, Turkey JV and Hornbach in Germany. South Korea and Taiwan JV included in comparatives only. Following the agreement to sell Castorama Italy its results have been excluded from both years.*

*Joint Venture and Associate sales are not consolidated.*

*All trading commentary below is in constant currencies.*

**Other International** total sales increased 7.3% to £507 million. LFL sales were down 3.9% reflecting high LFL declines in China. Excluding China, LFLs grew 8.4%. Twenty-four more stores (excluding Turkey JV and discontinued operations) were trading compared to the same quarter last year. Retail profit was down 1.6% to £35 million, reflecting continued strong growth in Poland and Hornbach (21% economic interest) offset by a weaker performance in China.

During Q3, eight stores opened comprising three in Poland (all Castorama), two in China, and one each in Russia, Spain and Turkey. A further five stores are planned for the rest of the year, including three in Poland (one Brico Dépôt) and two in Turkey.

In **Eastern Europe** sales in Poland were up 18.9% to £294 million (+10.1% LFL despite a tough comparative of +18.3%) and retail profit was up 19.6% to £40 million, boosted by strong consumer spending in housing and construction and new bathroom and garden catalogues. Russia continued to be encouraging (+21.5% LFL) and Koçtaş in Turkey (+6.5% LFL), a 50% joint venture, continued to perform well. Hornbach, in which Kingfisher has a 21% economic interest, contributed £11 million to retail profit (2008/09: £7 million), due to continued international growth.

In **China** sales were down 28.7% (-32.2% LFL) and losses were £17 million reflecting the sharp fall in sales and the margin impact of initial stock clearance activity which began towards the end of the quarter. Four stores are now closed and one downsized in line with the store reorganisation plan announced earlier in the year.

The Chinese market continued to deteriorate and new apartment sales were again significantly down. The property slowdown has particularly impacted B&Q's business as half its sales were generated from internal design and fit out of new apartments.

The market slowdown shows no sign of imminent improvement and is likely to be weaker and last longer than previously anticipated. As a result the new local management team, supported by Peter Hogsted, CEO Kingfisher Other International, who joined from Ikea during Q3, are finalising a more comprehensive repositioning plan than previously envisaged.

### Italian Disposal update

The process for finalising the disposal of Castorama Italy is on track and work is progressing with the Italian anti-trust authorities. Clearance is currently expected around the end of the financial year with cash proceeds received early Q1 next year.

## Operational Review - DATA BY COUNTRY as at 1 November 2008

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	99	992	12,324
Brico Dépôt	98	536	6,875
<b>Total France</b>	<b>197</b>	<b>1,528</b>	<b>19,199</b>
B&Q	323	2,392	23,354
UK Trade	143	34	2,885
<b>Total UK</b>	<b>466</b>	<b>2,426</b>	<b>26,239</b>
Poland	48	370	8,372
China	65	619	10,259
Ireland	9	56	563
Spain	15	88	884
Russia	7	63	1,605
Turkey JV	19	98	2,009
<b>Total Other International</b>	<b>163</b>	<b>1,294</b>	<b>23,692</b>
<b>Total</b>	<b>826</b>	<b>5,248</b>	<b>69,130</b>

## Operational Review – 39 weeks ended 1 November 2008

	Retail Sales (1)	% Total	% Total	% LFL	Retail Profit (2)	% Total	% Total
	2008/09 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2008/09 £m	Change (Reported)	Change (Constant currency)
France (3)	2,951	19.4%	3.4%	(0.9)%	233	20.2%	4.0%
UK (4)	3,332	(2.2)%	(2.2)%	(6.2)%	129	(0.9)%	(0.9)%
Other International (5)	1,398	31.2%	8.5%	(1.9)%	91	41.4%	8.0%
<b>Total Group</b>	<b>7,681</b>	<b>10.6%</b>	<b>1.7%</b>	<b>(3.5)%</b>	<b>453</b>	<b>16.6%</b>	<b>3.3%</b>

2008/09 £1 = 1.2725 euro (2007/08 £1 = 1.4705 euro)

(1) Joint venture (JV) and Associate sales are not consolidated.

(2) Retail profit is defined as continuing operating profit before central costs, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and taxation of joint ventures and associates.

(3) Castorama and Brico Dépôt.

(4) B&Q, Screwfix and Trade Depot.

(5) Poland, China, Spain, Ireland, Russia, Turkey JV and Hornbach. South Korea and Taiwan JV included in comparatives only. Following the agreement to sell Castorama Italy its results have been excluded from both years.

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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 nearly 830 stores in eight 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, with over 120 stores in nine European countries.