

EMBARGOED UNTIL 0700 HOURS
Thursday 3 December 2009

Kingfisher plc today announces its Q3 trading update for the 13 weeks ended 31 October 2009. Total reported sales up 5.6% (+0.8% LFL), reported retail profit up 28%

<u>Group Financial Summary</u>	Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2009/10 £m	Change (Reported)	Change (Constant currency)	Change (Constant currency)	2009/10 £m	Change (Reported)	Change (Constant currency)
France	1,115	8.9%	(0.5)%	(2.4)%	126	19.5%	8.0%
UK & Ireland	1,092	4.7%	4.4%	3.9%	46	26.8%	26.9%
Other International	486	0.6%	4.8%	2.0%	55	56.8%	85.0%
Total Group	2,693	5.6%	2.4%	0.8%	227	28.3%	23.4%

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 up 2.4% primarily reflecting strong sales in B&Q UK and Poland
- Group retail profit up 23.4%, with strong growth across all our markets
- French sales slightly down, retail profit up 8.0% benefiting from further margin and cost initiatives
- UK & Ireland sales up 4.4%, retail profit up 26.9%. B&Q sales up 6.3%, LFL +5.7% and retail profit up 45.2% driven by higher sales volumes and continuing cost improvements
- In Other International, our Eastern European businesses delivered solid sales and profit growth. China repositioning plan continues on track, with losses more than halved in the quarter
- Reported net debt was £0.2 billion (31 January 2009: £1.0 billion) reflecting reduced working capital, a one-off tax refund of €169 million*, strong trading and lower net capital expenditure
- Reported net assets were £5.0 billion (31 January 2009: £4.8 billion)

Ian Cheshire, Group Chief Executive, said:

“This is a strong set of results with our businesses in France, Poland and B&Q UK performing well. With 80% of the quarter’s profit earned outside the UK & Ireland, we are clearly benefiting from our long-established international strategy. Our self-help initiatives continued to boost profitability and cash generation right across the Group.

“We progressed well with our key priorities, Management, Capital and Returns. We completed the process of strengthening the broader senior team with a number of key new appointments. Net debt is now down 90% since the start of 2008 and our seven step programme to improve cash returns (‘Delivering Value’) is well established and delivering encouraging results.

“Looking ahead, we continue to rely on our own initiatives to drive performance and deliver more value for our shareholders and continue to assume no early help from improved consumer demand.”

Delivering Value – Progress in Q3

Our aim is to deliver more value for Kingfisher shareholders by focusing on three key priorities – **Management, Capital and Returns**.

During Q3 a number of changes were made to the broader senior team. Early in Q3 Janusz Lella joined as CEO Poland replacing Claude Acquart on his retirement. Janusz joined from M.video in Russia, where he was Operations Director. He has extensive experience of retailing in Poland and elsewhere in Eastern Europe. In China, Loïc Dubois was appointed CEO to replace Matt Tyson who is retiring next year. Loïc has 28 years' retailing experience at Carrefour, 15 of which were in senior roles in Asia, including CEO of Carrefour in China. Shortly after Q3, Alain Souillard was appointed CEO of Brico Dépôt in France, joining from Carrefour, where he was CEO of the French hypermarkets division.

Excellent progress was made with reducing working capital, particularly in the UK and France. With a tax refund of €169 million* from the French authorities, continued strong trading and reduced net capital expenditure, net debt fell to £0.2 billion, down 90% from its peak at the start of 2008. Whilst there will be a seasonally driven increase in net debt in the balance of the year, we now expect closing year end net debt to be around £0.3 billion, an improvement on previous guidance. However, we remain very focused on making further progress against a broader set of measures of financial strength including fixed charge cover and other commonly used credit rating metrics.

**On 7 September, following a favourable court ruling in France, the Group received a refund of the €138 million exceptional tax liability paid by Kingfisher in 2003/04 relating to the Kesa Electricals demerger plus a further €31 million repayment supplement. The French tax authorities have commenced an appeal against this ruling.*

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'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 annual results announcement in March 2010.

Operational Review - FRANCE

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
France	1,115	1,024	8.9%	(0.5)%	(2.4)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
France	126	105	19.5%	8.0%

France includes Castorama and Brico Dépôt.

All trading commentary below is in constant currencies.

Kingfisher France

Kingfisher France delivered broadly flat total sales of £1.1 billion (-2.4% LFL, -1.8% on a comparable store basis) in a weak consumer environment. According to Banque de France* DIY sales for the market as a whole on a comparable store basis were down around 2.1%.

Retail profit grew 8.0% to £126 million benefiting from flat gross margins, with higher own-brand sales penetration and buying optimisation benefits offsetting increased promotional activity across both businesses. The retail profit margin benefited from actions to flex store costs and reduce costs in line with the full year target of €65 million.

**Banque de France data for August to October 2009, as recently revised, which includes relocated and extended stores.*

Castorama total sales grew by 0.7% to £584 million (-0.8% LFL, flat on a comparable store basis) supported by its modernisation programme. Stores trading in the new format, now representing 57% of total selling space, continue to outperform.

The in-store customer offer continues to evolve. Despite the weak trading environment, with non-seasonal sales down around 1% across most categories, new ranges performed well. Energy saving products, which represent over 10% of sales (e.g. new heating and light bulb ranges), and kitchen accessories performed particularly well. Seasonal categories also benefited from good weather (+1.0% LFL) and a new catalogue.

Further strong working capital improvements were delivered during Q3. Annual average stock days are now running at 17 less days year on year, driven by a similar stock reduction programme to B&Q UK across the store estate and supply chain improvements.

Brico Dépôt, which more specifically targets the professional tradesmen, delivered total sales down 1.7% to £531 million (-4.1% LFL). Trade demand continues to be weak, impacted by the slowdown in housing starts (down 21%) and big project planning consents (down 18%). Self-help initiatives are progressing well, including an updated catalogue, new ranges (e.g. kitchens +10% LFL), and a strong sell through of new 'arrivages' promotions (rolling programme of one-off special buys).

Operational Review - UK & IRELAND

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	1,092	1,043	4.7%	4.4%	3.9%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
UK & Ireland	46	36	26.8%	26.9%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix. Prior year figures include the now ceased Trade Depot trial and have been restated to include Ireland.

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

Total sales were up 4.4% to £1,092 million (+3.9% LFL) and retail profit up 26.9%, supported by strong sales, underlying gross margin benefits and further cost initiatives. The UK home improvement market remained resilient despite the ongoing UK recession, benefiting from renewed consumer interest in the home and DIY, and better weather. However the Trade market and the Irish market both continued to be more challenging.

B&Q UK & Ireland's total sales grew 6.3% to £970 million (+5.7% LFL). Sales of DIY and decorative products remained resilient, up around 1%, supported by increasing consumer interest in DIY, and stock clearance activity. Bigger ticket project sales were up around 11% (e.g. kitchen and appliances up 27%), helped by improved merchandising and new ranges, as well as continued good sales growth from revamped large stores and competitor withdrawal. Sales of outdoor products were up 11% (2008/09 seasonal sales down 17%).

Retail profit grew 45.2% to £43 million. Underlying gross margins continued to benefit from better sales of higher margin products, shrinkage reduction and supply chain cost efficiencies. However, after the one-off costs of clearing 'top stocks'* across the store estate and some increased promotional activity the gross margin was down 60 basis points (2008/09 +150bps). A strong focus on operating cost efficiencies also continued, resulting in flat costs compared to the same period last year, despite higher than expected sales volumes and higher bonuses year on year. A higher level of bonus is also expected in Q4 reflecting the strong B&Q performance in 2009/10.

One further full store revamp was completed during Q3 and 49 more limited revamps which focus only on the main showroom categories (kitchen, bathroom and bedroom) were also completed. In addition, two medium format stores were revamped. B&Q UK & Ireland now has 119 large stores (66 in the modern format) and 211 medium stores (of which 184 have been modernised).

**Stocks held at the top of in-store shelving*

Trade

Screwfix limited the impact of a challenging trade market with total sales declining 3.8% to £122 million, supported by the continued roll out of trade counters and the new 'Plumbfix' and 'Electricfix' specialist mail order catalogues. Two trade counters were opened during Q3, taking the total to 147, with almost 60% of total sales now generated from these physical outlets.

The B&Q in-store trade offer trial ('Trade Point') was extended to a further three stores during Q3, taking the total to seven. The trial continues to be encouraging.

Operational Review - OTHER INTERNATIONAL

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	486	484	0.6%	4.8%	2.0%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
Other International	55	35	56.8%	85.0%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Continuing operations only. JV and associate sales are not consolidated. Prior year figures have been restated to exclude Ireland.

All trading commentary below is in constant currencies.

Other International total sales increased 4.8% to £486 million (LFL +2.0%). Nine fewer stores (excluding Turkey JV) were trading compared to the same quarter last year. Retail profit was up 85.0% to £55 million, reflecting continued growth in Poland, Spain and Hornbach (21% economic interest) and lower losses in China.

Eastern Europe

Sales in Poland were up 8.5% to £294 million (+1.0% LFL despite a tough comparative of +10.1%) and retail profit was up 18.4% to £43 million. Strong consumer spending in decoration (+4.8% LFL), combined with a good response to the new garden catalogue contributed to growth in sales and profits. Gross margins continued to benefit from sales of higher margin products and buying scale benefits. Costs grew slower than sales due to continued tight cost control. Russia continued to be encouraging with sales up 10.5% to £45 million in a slower market and in Turkey, Kingfisher's 50% JV, Koçtaş, grew retail profit due to tight cost control despite sales (-3.0% LFL) being affected by weak demand. During Q3, three stores opened, comprising one in Poland (Castorama), one in Russia and one in Turkey.

Elsewhere, **Spain** continued to deliver retail profit with sales up 26.6% to £52 million and **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £13 million to retail profit, up 12.3%.

B&Q China sales declined 12.0% to £95 million (+4.7% LFL, 2008/09 -32.2%) primarily reflecting 18 fewer stores compared to the same period last year. Losses of £7 million were significantly reduced (2008/09 £17 million loss). An increase in housing activity in most regions helped market demand for home improvement.

The repositioning plan announced with the preliminary results in March 2009 continues on track. During Q3, store rationalisations continued, taking the store portfolio to 47 (31 January 2009: 63), and central cost reduction initiatives are progressing well. A more detailed update of progress with the repositioning plan will be provided at the time of preliminary results in March 2010.

Operational Review - DATA BY COUNTRY as at 31 October 2009

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	101	1,011	11,719
Brico Dépôt	100	547	6,617
Total France	201	1,558	18,336
B&Q UK & Ireland	330	2,472	23,701
Screwfix	147	13	2,628
Total UK & Ireland	477	2,485	26,329
Poland	54	408	8,987
China	47	431	7,630
Spain	16	95	869
Russia	9	81	1,750
Turkey JV	24	128	2,246
Total Other International	150	1,143	21,482
Total	828	5,186	66,147

Operational Review – 39 weeks ended 31 October 2009

	Sales	% Total	% Total	% LFL	Retail Profit	% Total	% Total
	2009/10	Change	Change	Change	2009/10	Change	Change
	£m	(Reported)	(Constant currency)	(Constant currency)	£m	(Reported)	(Constant currency)
France	3,324	12.7%	(0.1)%	(3.1)%	272	16.7%	3.6%
UK & Ireland	3,493	2.5%	2.2%	1.0%	194	50.2%	50.1%
Other International	1,378	4.3%	5.4%	(1.4)%	108	18.1%	47.6%
Total Group	8,195	6.7%	1.8%	(1.1)%	574	26.6%	23.4%

2009/10: £1 = 1.13 euro (2008/09: 1.27 euro)

2009/10: £1 = 4.94 Polish zloty (2008/09: £1 = 4.35 Polish zloty)

2009/10: £1 = 10.67 Chinese renminbi (2008/09: £1 = 13.32 Chinese renminbi)

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.

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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Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with almost 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.

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.