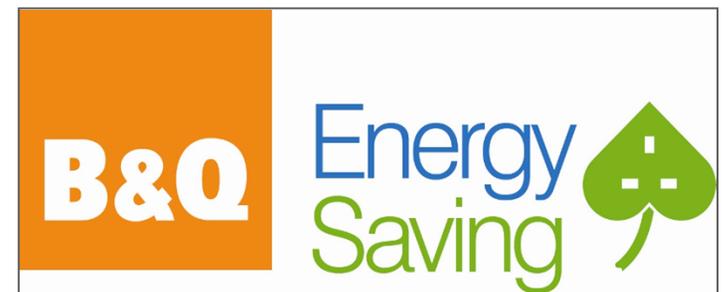


Kingfisher
Future
Homes



Kingfisher Future Homes

Investor meeting 12 October 2012





Agenda

1. **A NEW emerging Market – BM 5 minutes**
2. **Product – at the heart of our business – AR 5 minutes**
3. **Two Routes to Market**
 1. Retail – BM 5 minutes
 2. Trade – AR 5 minutes
4. **Questions – 10 minutes**





How this fits into KGF Strategic Programme

EASIER

1. Making it easier for our customers to improve their home

2. Giving our customers more ways to shop

COMMON

3. Building innovative common brands

4. Driving efficiency and effectiveness everywhere

EXPAND

5. Growing our presence in existing markets

6. Expanding in new and developing markets

ONE TEAM NETWORKS

7. Developing leaders and connecting people

8. Making everything we do sustainable





A new emerging market

Green Deal legislation went live 1 October 2012

Goal: energy conservation via retrofitting the UK housing stock

- 14 million homes to be retro-fitted at average £7k per home
- “to create a revolution in British property”

“I want the Green Deal to be the biggest home improvement campaign this country has seen since the Second World War”

Greg Barker - Minister for Climate Change. (official blog Dec 11)

It is a market Kingfisher needs to dominate:

- Opportunity focused on Home Improvement & therefore relevant to B&Q
- Overcome threat as activity moves from DIY to installed

Green Deal to grow the market by £5bn p.a. by 2020





Green Deal will open the market

Green Deal Finance will make measures accessible to the mass market as there is no upfront cost

- Consumers can borrow money from capital markets to make their home energy efficient and repay the cost via their energy bill
- Driven by the principle that energy savings are more than the cost of the measures (the Golden Rule)

Energy Company funding (ECO) will make all measures accessible

- Levy charged against energy co's to fund commercially unviable measures
- Provide funding and support to the “fuel poor”

RHI & FIT will further drive the market





Energy Company Obligation c £1.3bn

Affordable Warmth

Carbon

Communities

How much pa

£350m

£760m

£190m

← Smallest supplier c10% of this →

Who?

Fuel Poor

ATP/ SHPs
Golden Rule

15% most deprived areas +25% around.
25% rural areas AW

Measures

1. Boilers and CH
2. Boiler repairs
3. Loft insulation
4. Cavity walls
5. Small amount of EWI

- Solid Wall
- Hard to treat cavities
- Any measure once above done

- Cavity wall
- Loft insulation
- Solid wall

Eligibility

Income related benefits with income below £15,800 pa or child or disability benefit

Will be driven by CO2 scores and partnership with supplier

Post code driven

Funding

100%

50%

100%





Mechanisms for Driving the Market

Current mechanisms are being withdrawn / reduced

- Free loft & cavity to be withdrawn by Dec 2012
- PV Feed in Tariffs reduction has resulted in a 70% market drop

Rollout of new mechanisms will be phased over 2013

- **Green deal PR will create awareness of measures (Oct '12)**
- Eco funding from big 6 energy co's will make measures viable (Jan '13)
- Green Deal Finance will create access to capital (April '13)
- Renewable Heat Incentive (RHI) will support viability (Aug '13)
- » Ring fenced Government funding of £763m





Product at the heart of our business

What are we doing?

Creating a new brand



EXTERNAL SOLID WALL INSULATION from iQe™



Developing IP in products and systems

Air Source Heat Pumps

Absorbs heat from the outside air to enable homeowners to generate their own heating and hot water. They can replace up to 70% gas or oil bill and payback in just 5 years.

Insulation

The cheapest way to save money on bills. By insulating the loft or cavity walls, households can see savings of up to £310* on their annual energy bills compared to a similar home with no insulation.

*Source- Energy Saving Trust, checked May 2012

Heating Systems

iQe energy efficient boilers and controls work together to ensure maximum control and efficiency in the home. Replacing an old G-Rated boiler with an iQe boiler can save up to £300* a year on energy bills

*Source- Energy Saving Trust, checked May 2012

PRODUCT CATEGORIES from iQe™ Clever Energy

Solar PV

Generate cheap, green electricity from sunlight. Cut your electricity bills and get paid for what you generate. When registered on the Feed-in Tariff scheme it could generate savings and income of around £670 per year

Solar Hot Water

Heat water for the home using free energy from the sun. The solar thermal system works all year round, you'll just need to heat the water further with a boiler or immersion heater during the winter months.

Smart Energy

Creating an energy efficient home just got easier with the iQe Home Energy Monitor. This clever device in the only home energy control that combines the benefits of advanced heating controls with the function of an in-home energy display, all in one place.



Homeowner?

Please click here to visit our energy saving homeowner website

Enter site



Trade?

Please click here to visit our energy saving trade website

Enter site

Launching Online



Product at the heart of our business

Why are we doing it this way?

1. Market Differentiation

1. No single manufacturer brand today offers the entire range of energy efficiency products for domestic retrofit
2. We can unlock challenging markets where our penetration is low
3. This will allow us to maximise profit opportunities

2. Owning Intellectual Property

1. Will increase the value of the brand
2. Will further differentiate us from the competition
3. We will be the FIRST to bring innovation to market

3. Product Systems are the key unlock

1. Legislation is driving this
2. Systems work better than component parts – making it easier to keep our promises to our customers

4. To maximise our channel distribution opportunities

1. So we can sell to both Retail & Trade with no conflict





Product at the heart of our business
What do our Consortium Partners Say?

Consortium Video – 2 minutes 10 seconds





B&Q Energy Saving Store Trial

In August 2012, we launched a trial proposition in 5 stores

- Energy shops (4 in Bristol + Sutton) offering limited range of product
- Shop staffed by trained Energy Advisor
- Supported by field based Home Assessors

In October 2012, our B&Q Energy Saving Website goes live

In October 2012, we will commence sale of a range of own brand energy saving products under the iQE brand

In November 2012 we will launch a boiler offer in Scotland





Key roles within the customer journey

Kingfisher
Future
Homes



Energy Advisor

- Approach
- Engage
- Advise
- Create leads

In Home Assessors

- Home visits
- Surveys
- Recommend
- Close sale

Contact Centre

- Direct sales
- Oversee journey
- Offer support
- Finance

Installers

- Whole Homes
- Tech Surveys
- Installation
- Warranties

What it looks like in store . . .



Showcase format

Pop Up



Mid End



In-Store Flyers & Product Sheets & POS

B&Q Energy Saving

Will help you find the best solution for your home with a wide range of installed products.

Central heating systems

- Radiator replacement and controls
- Loft and cavity insulation
- External wall insulation
- Air source heat pumps
- Solar panels
- Solar hot water

FREE independent advice on-site today!

Saving money on energy is easy.

Visit one of our Energy Advisors at the following B&Q stores:

Donner Park, Colgate Green, Chislehurst, Essex, S17 1JH
 Bury Park, Bury, Greater Manchester, M9 6PU

B&Q Energy Saving

Solar PV Systems

Features and Benefits:

- **Lower year electricity bills:** Produce your own cheap electricity. Once you've paid for the initial installation your electricity bills will be reduced.
- **Get paid for electricity you generate:** Not only do you get a income per year of £600*, but you can also generate by being registered under the Smart Export Guarantee (SEG) scheme - a fully self-financing scheme.
- **10 year product warranty** included on inverter.
- **5-15 year warranty** on solar panels.

How much does it cost?

Our Solar PV systems start at £8,500 fully installed.

Speak to our advisor or call 0800 949 4838 today to find out how you could benefit from Solar PV.

How do we get it all done?

Once you've decided on the system, we'll handle the planning and installation for you. We'll also handle the paperwork for you.

B&Q Energy Saving

Will help you find the best solution for your home with a wide range of installed products.

Central heating systems

- Radiator replacement and controls
- Loft and cavity insulation
- External wall insulation
- Air source heat pumps
- Solar panels
- Solar hot water

FREE independent advice on-site today!

The easy way to compare and switch energy suppliers

Visit one of our Energy Advisors at the following B&Q stores:

Donner Park, Colgate Green, Chislehurst, Essex, S17 1JH
 Bury Park, Bury, Greater Manchester, M9 6PU

- Independent advice
- Impartial supplier comparison
- We take care of it all for you

B&Q Energy Saving

Heating Controls

Features and Benefits:

- **Free to use:** Controls the heating of the home, daily temperature and timing.
- **Lower fuel bills:** Controls the heating of the home at only the cost of electricity.
- **2 year warranty:** Includes a 2 year warranty on the control.
- **Room thermostat:** Will switch the heating on/off by sensing the air temperature in the room.
- **10 year warranty:** Includes a 10 year warranty on the control.
- **Programmable:** Allows you to set the control to heat the home at the times you want.
- **Programmable room thermostat:** Includes a room thermostat and a programmable room thermostat.

How much does it cost?

Prices start from £139 fully installed, including a 2 year product warranty.

Speak to our advisor or call 0800 949 4838 today to find out the best solution for your home heating system.

Do you know?

- Heating your home the right way can save 12% on heating bills over a year.
- If your heating control is over 10 years old, you could be saving £1000 more over its life.

free

loft* and cavity wall insulation

plus

loft clearance service

only £299

let us do the hard work for you!

CANCER RESEARCH UK

We can clear your loft of all unwanted items and donate them to Cancer Research UK - all for only £299. Conditions apply. Ask our energy advisor for details or pick up a leaflet.

* This applies to lofts with 60mm or less of insulation currently installed.

We provide our customers with:

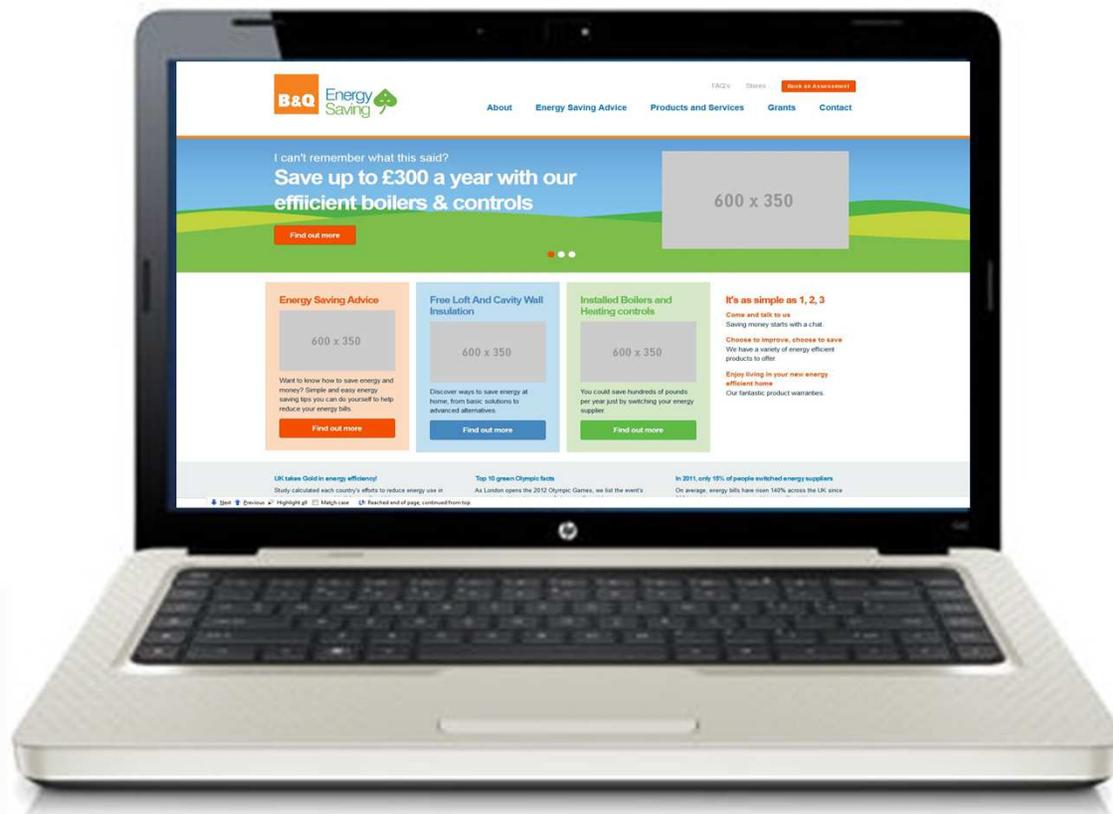
- a range of flyers describing our offer
- Product information sheets explaining the technology
- POS describing our offer





Website

B&Q Energy Saving website goes live in October 2012





Direct Mail

DM was sent to 40k households during September 2012

B&Q Energy Saving

Saving money on energy is easy.

Book your FREE home energy assessment today!

New Home Energy Saving Service now available in Bristol

FREE Home Energy Assessment

How much could you save on your energy bills?

We believe that when it comes to saving money on your household energy bills, there's no one else out there. That's why the B&Q Energy Saving team has been set up to help you save money on your energy bills. And because they have the access available to you, they can help you save more money on energy bills than you could ever do on your own.

Take a FREE Home Energy Assessment and you'll be amazed at just how much you can save. We'll check your home for energy saving opportunities, such as CFLs and loft insulation to make sure you're getting the most out of your electricity and gas bills. We'll also give you a list of energy saving ideas that you can do yourself.

B&Q Energy Saving is free to use. Visit any one of the B&Q Energy Saving stores or call 0800 068 4948 to book a FREE Home Energy Assessment. Our B&Q Energy Saving Advisors will provide you with a FREE Home Energy Assessment and recommendations to help you save money.

FREE Home Energy Assessment, Home and Site

FREE Loft and Cavity Wall Insulation*

It's simple, easy and **completely FREE** of charge. There's no need to pay anything to book. There's also no obligation to buy, we simply want to help you improve your home's efficiency and save money.

We can book your FREE Home Energy Assessment now - **for as little as 10p per hour** (the actual price could vary)

Book now! See your Energy Saving Advisor in-store or call **0800 068 4948**

Lines open Mon-Fri 9am-5pm, Sat 10am-4pm, Sun 10am-4pm

OPEN NOW

Visit one of our Energy Saving Advisors at these B&Q stores:

- Yate
- Longwell Green
- Crickle Clisworthy
- Filton

Or call FREE on **0800 068 4948**

B&Q Energy Saving

FREE* Loft and Cavity Wall insulation

Save money with FREE* Insulation

Government grants are available which mean B&Q Energy Saving can help you get your loft and cavity wall insulation for free. There's also a grant for the cost of the loft insulation. The grant will cover up to 100% of the cost of the insulation. You'll also be able to get a grant for the cost of the loft insulation.

Check your insulation now!

FREE* Loft Insulation: We'll check your loft for insulation. If you have no insulation, we'll install it for you. It's completely free of charge. We'll also give you a list of energy saving ideas that you can do yourself.

FREE* Cavity Wall Insulation: We'll check your cavity walls for insulation. If you have no insulation, we'll install it for you. It's completely free of charge. We'll also give you a list of energy saving ideas that you can do yourself.

Loft and Cavity Wall Insulation: We'll check your loft and cavity walls for insulation. If you have no insulation, we'll install it for you. It's completely free of charge. We'll also give you a list of energy saving ideas that you can do yourself.

So many more ways to save energy and money

We have many more ways to help you save energy and money. We'll check your home for energy saving opportunities, such as CFLs and loft insulation to make sure you're getting the most out of your electricity and gas bills. We'll also give you a list of energy saving ideas that you can do yourself.

B&Q Energy Saving is free to use. Visit any one of the B&Q Energy Saving stores or call 0800 068 4948 to book a FREE Home Energy Assessment. Our B&Q Energy Saving Advisors will provide you with a FREE Home Energy Assessment and recommendations to help you save money.

Book now! See your Energy Saving Advisor in-store or call 0800 068 4948

Lines open Mon-Fri 9am-5pm, Sat 10am-4pm, Sun 10am-4pm

OPEN NOW

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- Crickle Clisworthy
- Filton

Or call FREE on **0800 068 4948**



Home Energy Reports

B&Q Energy Saving **ONE PLANET HOME**

Home Energy Report for Mr. John Smith

1. Your current status

Your home

25 London Road
Anytown
Borssetshire
BS1 6DG

3 bedroom semi-detached
Built in 1965
Masonry walls
Gas central heating
South facing roof

Your energy use

Your energy use is **higher** than the typical household of your type

Number of occupants (People living in your home)	typical: 3	you: 5
Room temperature (Thermostat setting)	typical: 20°	you: 23°
Energy bills (Electricity and gas)	typical: £1412	you: £2316

Estimated wastage per year: - £570.00

Current costs per year: £2316.00

Heating & hot water

Boiler: G-rated	- £180.00
Heating controls: Timer only	- £85.00

Insulation

Loft insulation: 50mm (low)	- £55.00
Wall insulation: None	- £250.00

Current costs per month: £193.00

Gas	£1410.00
Electricity	£906.00

Current costs per month: £193.00

Gas	£109.16
Electricity	£83.83

With a B&Q Energy Saving 'pay as you save' loan*, even if your monthly electricity bills go up (as you may be paying for the recommended measures) your gas bill will go down by at least the same amount. So you won't be paying any more overall.

Your total CO₂ saving would be 3.9 tonnes per year

That's the equivalent of driving the family car 3000 miles less per year

* The monthly payments that you make on the recommended measures are offset by the amount that you save on your overall energy bills because of those measures. This means that although you will be paying a monthly amount for the installed measures (either in loan repayments or directly added your electricity bill) in most cases your gas bill will reduce by at least as much, so leaving you a bit better off each month - and with a warmer, more comfortable and more energy efficient house.

Bespoke, personalised energy report

Focus is on helping the customer SAVE money and to stop wasting

All the running costs and savings are based on the latest national calculation method for assessing energy in the home – RDSAP

Environmental benefits



Recommendations

B&Q Energy Saving **ONE PLANET HOME**

Home Energy Report for Mr. John Smith

2. Recommended energy saving measures

Measure	Cost	Annual Savings	Notes
'A'-rated boiler	£2,000 OFF WITH ECO SUBSIDY Installed retail price: £3299.00 £1299.00 (incl VAT)	Stop wasting £180.00 a year	Partially Green Deal eligible ECO subsidy available Pay over up to 10 years Gas interest for 10 years Serviced by us for 10 years Deposit included A deposit of £400.00 is needed on this measure
Heating controls	Installed retail price: £549.00 (incl VAT)	Stop wasting £85.00 a year	Fully Green Deal eligible Pay over up to 10 years Guarantee for 10 years Serviced by us for 10 years
250mm loft insulation	Installed retail price: £185.00 (incl VAT)	Stop wasting £55.00 a year	Fully Green Deal eligible Pay over up to 25 years Guarantee for 25 years
Cavity wall insulation	Installed retail price: £500.00 (incl VAT)	Stop wasting £250.00 a year	Fully Green Deal eligible Pay over up to 25 years Guaranteed for 25 years

Retail cost of package: £4533.00
minus ECO subsidy: - £2000.00
Cost to you of package: £2533.00
Your estimated savings: £570.00 a year

Please note that all the prices shown above are indicative and are subject to a technical survey of your property.

Assessor establishes the best set of measures for the customer by:

- Listening to how the customer uses their home
- Finding out what motivates the customer e.g.
 - rising fuel bills?
 - too cold?
 - boiler unreliable?
- Establishing the customer's budget and financing

Again, all savings are calculated using the national calculation methodology – RDSAP. Critical for being independent and trustworthy



Overall reaction to the offer is positive



One stop shop



New

- Everything to do with the home in one place
- Consolidated view of energy saving approaches
- Nobody else doing it, doesn't exist all in one place together anywhere else



Good fit with B&Q

- Fits with home improvement
- People in right mind-set when in B&Q for this
- Some surprise it's taken this long to happen



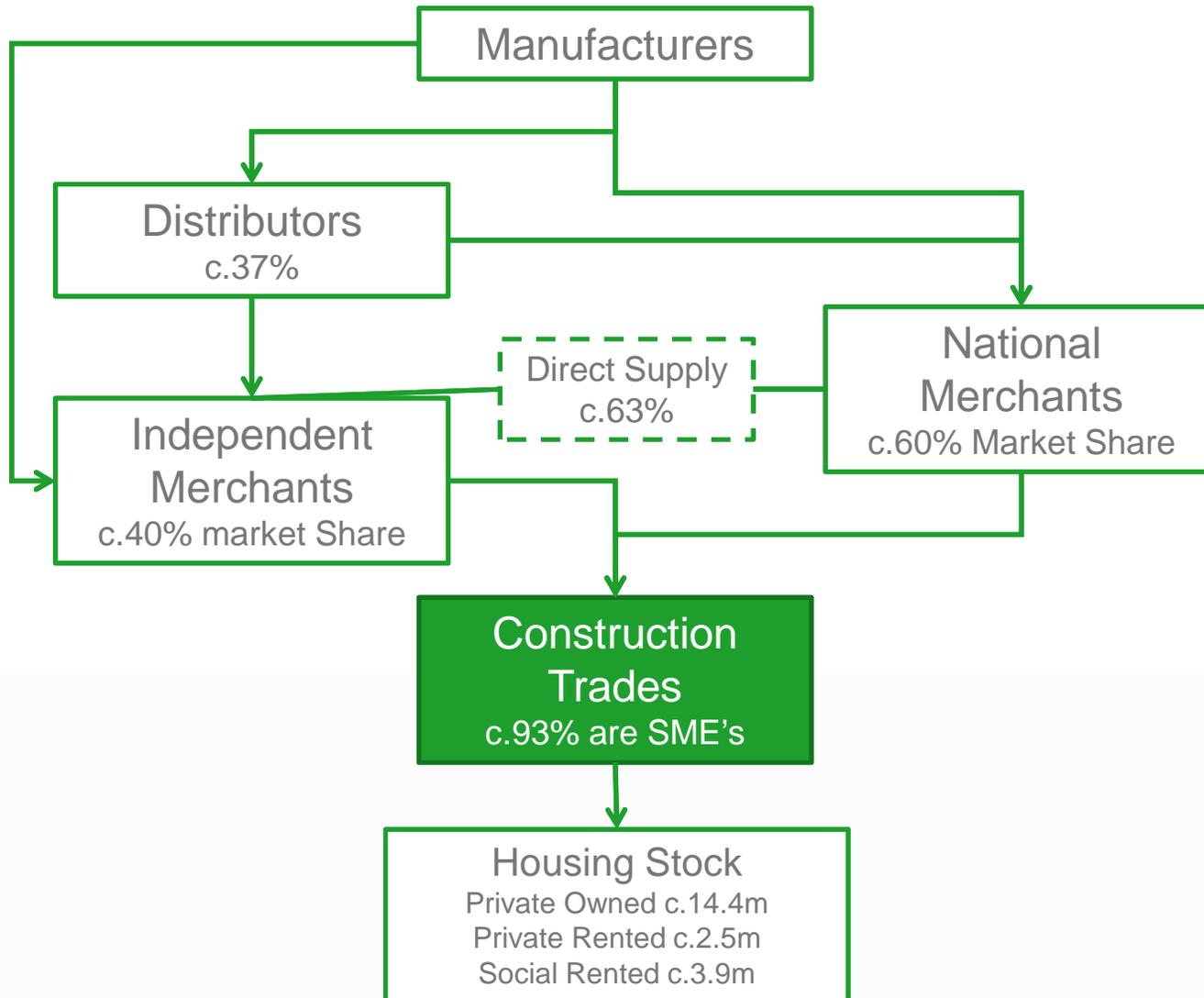
B&Q doing their part

- Good that larger companies are realising they need to take action to encourage consumers to change this behaviour

Source: Consumer Research 100% Cotton



The Importance of the Trade SME Channel



c.90% of construction materials are supplied through the Trade Channel

Sources BCG/ EY "Project Edinburgh" 2011



Our Trade Opportunity?

We have c.2.3m Trade Customers and Trade represents c.25% of our UK business worth £1.2bn

90% of the materials for domestic construction are purchased by SME Tradesmen through the Merchant networks

Opportunities

1. We estimate c. 650k of our trade customers could become involved in Green Deal work

2. We are investing in an asset base in our B&Q ES Retail Model that we can sweat with our trade customers

1. iQE Product Brand
2. iQE Specification on B&Q ES Green Deal Advice Reports
3. Green Deal infrastructure
 1. Assessment
 2. Green Deal Provision

3. We need to “Save our Sale” – capture all the iQE specified product we don’t fulfill through B&Q ES - potentially 60% of all home assessments we complete won’t be fulfilled by us

Threats

1. If we don’t help our customers access Green Deal 25% of them could be driven into our competitors who are all developing GD Models

2. Some markets, e.g. boilers, will drift towards Green Deal and Eco over time, potentially reducing our non Green Deal sales opportunities massively

1. Wolseley estimate 20% of boiler market will move to Green Deal

3. We could be excluding ourselves from 60% of the market - £14bn





Trade *Un-Locks* that drive profit through product sales



1. Own brand product systems

1. That differentiate us from the market
2. Generate profit in markets where we are currently challenged by our low penetration



2. Training

1. To drive acceptance & loyalty with traditional tradesmen and help them get the skills they need for Green Deal

**SME
GDP**

3. Access to Green Deal

1. Through helping our customer get Green Deal Installer accredited
2. Through Green Deal provision
 1. Assessment, Finance, Administration



4. Drive work

1. Through helping our customers access new work
 1. Green Deal & ECO
 2. iQE specified





Launching iQE to the Trade

Through our Trade
OpCo's

NEW

www.iqe.com

Cleverly designed.
Cleverly efficient.
Cleverly reliable.

But, the really
clever part,
cleverly affordable.

Recommended by **TRADE POINT**
Trade Building Supplies



Online

ENERGY SAVING ADVICE See how you can be even more energy efficient [Go >](#)

iQE
Clever Energy

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New iQE Vision

Max technology. Max efficiency.

Chafe et ea exeri doluptaquis venim qui conseqi aut qui conseqd millobore sum aut qui corromo inima ipsam audipia nde leni atemodi aeritatum, ad exped quatrepelit untem.

[View](#)

Why choose iQE?
Chafe et ea exeri dolupta quis werem qui conseqi aut qui conseqd millobore su [More](#)

Boilers
Want to save energy? We've a boiler to suit you and your home. [View](#)

Heating Controls
When time is money you need maximum control, everyday. [View](#)

Guaranteed Efficiency
Chafe et ea exeri dolupta quis venim qui conseqd quonconseqd millobore. [More](#)

5 YEAR WARRANTY





Questions

