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Managing Director, Homebase

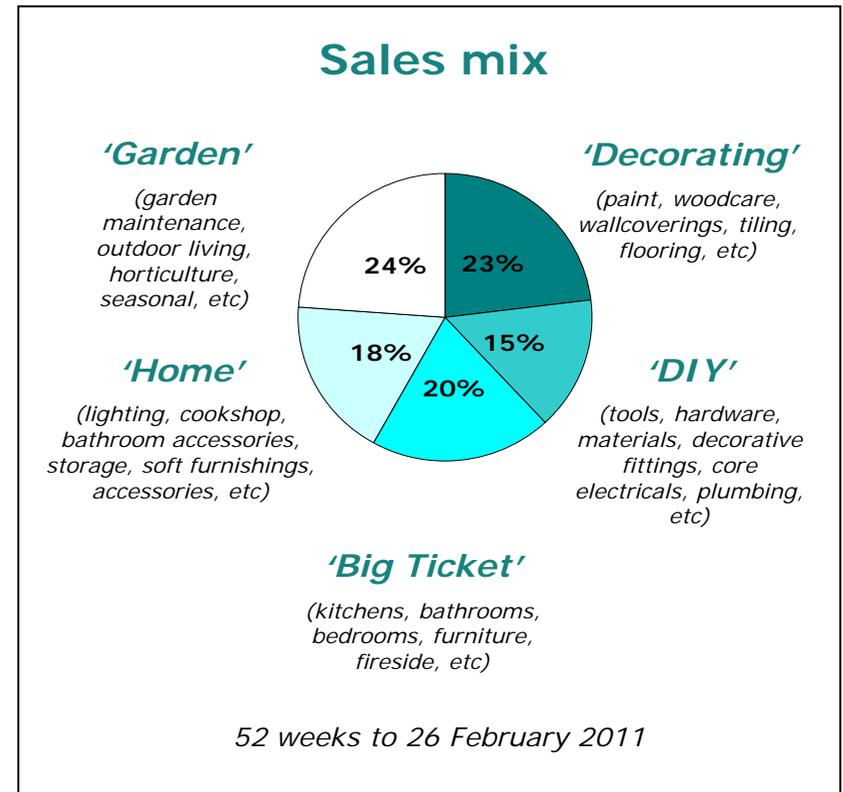
12 September 2011



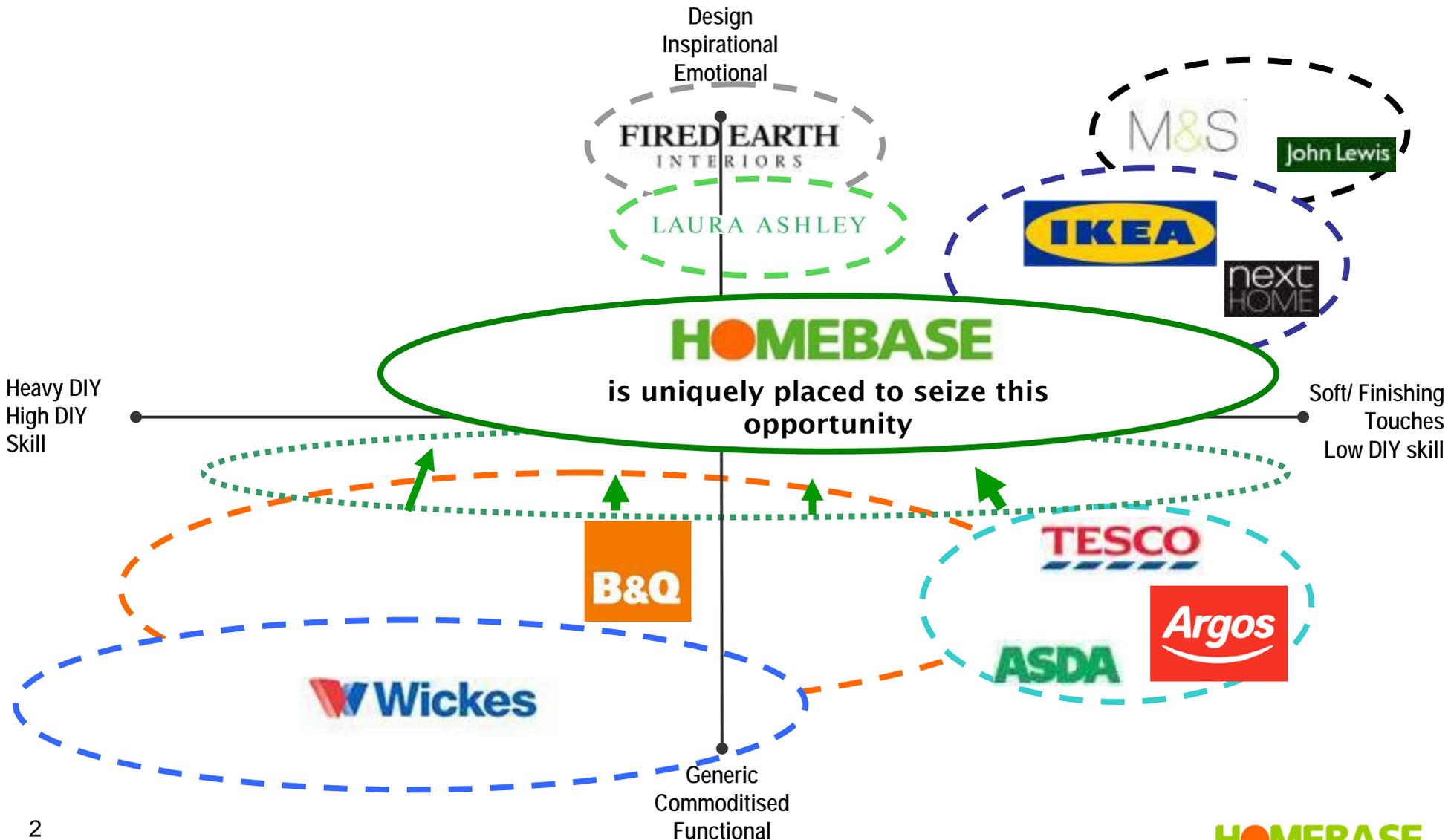
A differentiated proposition

Confidence in market positioning and performance

- **Comprehensive offer and clearly differentiated**
 - Over 38,000 products – branded, own brand and exclusive
 - 5 broad areas – Decorating, DIY, Big Ticket, Home, Garden
 - Known for offering stylish products
- **High quality service**
 - Good in-store service from engaged staff
 - Reliable and cost effective home delivery
 - Award winning installation service
- **Promotions and loyalty programme**
 - Promotional days, strong department promotions
 - Internet marketing of growing importance
 - 7m active Nectar customers



Our vision will move Homebase into an own-able space



Our proposition focuses on a decorating led offer

Homebase mission		
	<i>Homebase helps you transform your home and garden</i>	
Homebase differentiators		
Better by design <i>"Stylish, innovative products you can't find anywhere else; products that are easier to use"</i>	More ideas and inspiration <i>"A place that helps co-ordinate colours and styles; friendly, knowledgeable staff; even more support on the web"</i>	
Homebase product strategy		
First for Decorating Great for Garden Great for Big Ticket Good for Everyday Repair & Maintenance		
Basic customer requirements		
Fair Prices Great Value Trusted Availability Easy To Shop Do It For Me		

Delivering the Proposition

Range by Range

- Step change critical ranges
 - Eg Interior store, Hardware, Plumbing, Flooring, Tiling
 - In all stores
-

Store Zones

- Mezzanine
 - Garden Centre
 - Prototypes ready for rollout
-

Total Store

- Total store solution
 - Refining post Aylesford
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Aylesford Store

Front of store & foyer



- Clean front of store with inspiring lifestyle images that change quarterly
- Room-set displays and Recipe cards in foyer to inspire customers
- Navigation – clear eye-line through the store
- Sense of Transformation – 1st for Decorating



1st for Decorating: Decorating Centre



- Trained colleagues available to give practical ideas & advice for Decorating projects
- Touch screen technology and internet site available to check stock
- 1500 colours available through own label and key brands

1st for Decorating: Exclusive brand presence



- Exclusive brands include Home of Colour (own brand), Farrow & Ball, Laura Ashley, Crown Vintage, Dulux Origins and Sanctuary
- Ranges expand into wallpaper
- Decorating centre re-enforces colour as the start of the decorating journey

1st for Decorating: Home range review & room-sets

- The Home range review has introduced 1500 new products for Autumn / Winter 2011, including 900 in the new Home of Style range
- Products have been pulled together across categories to create a unified look for different spaces in the house and garden – ‘one stop shop’
- Room-sets provide inspiration in key areas – decorating zone, foyer and mezzanine



1st for Decorating: Recipe Cards & Poster Boards

- To further help inspire customers, recipe cards and poster boards are in the foyer area and decorating zone to provide Inspiration and an achievable end look

THE FINISHING TOUCHES

1. Bevelled mirror 122x95cm - 312654
2. Gold leaf arrangement - 999999
3. Mango wood price name 44x11 - 411823
4. Castles furniture lamp - 181902
5. Frosted glass candle, custom - 000000
6. Frosted glass candle, blue - 000000
7. Frosted glass candle, black - 000000
8. Gold engraved price name 44x11 - 991901
9. Elephant statue - 337368
10. Thin metal vase - 442378
11. Gold bowl - 577143
12. Silver mirror 95x65cm - 479034
13. Revere gold mirror 104x50cm - 324956
14. Regal floral wall art large piece - 827762
15. Chrysanthemum floral wall art 47x70cm - 865886
16. Red table lamp, vintage - 405549
17. Citrus shade - 581314
18. Jewels & light fitting - 700455

Complete this look with matching wall coverings, picture frames and our gift baskets this day!

AWAITING PRODUCT

AWAITING PRODUCT

AWAITING PRODUCT

take away today

home delivery

When you see this symbol items are available to take away from store.

When you see this symbol items can be delivered direct to your home for only £8.95, no matter how much you order.

FSC logo here

for more great ideas visit homebase.co.uk/createyourlook

HOMEBASE

DECORATIVE INSPIRED MOTIFS RICH METALLIC FINISHES WARMTH

HOMEBASE



1st for Decorating: New ranges to support proposition

- Completely new range of rugs
- Significantly enhanced ranges of frames, mirrors and wall art



Great for Big Ticket



- New kitchen displays including a new premium range called Odina
- Increased space for fitted bedrooms (premium brand Now!Hulsta on test)
- Furniture – displayed within room-sets with wallpaper / homewares options
 - Go Create upholstery brand
 - Schreiber brand in furniture
- Coffee shop – customers want the benefit of dwelling time

Expanding installation services

- Building on the success of kitchen installations to offer more services
 - Drives Average Transaction Value and attachment
 - Kitchens and Bathrooms – all stores
 - Fitted Bedrooms – 200 stores
- Market leading service (over 90% recommendation rate)
- New services in test



SCHREIBER



Great for Garden: Advice Centre & Room Sets



- New layout with greater focus on plants and pots
- Low level fixtures ease browse-ability
- New Garden Advice centre where colleagues give practical ideas & advice including plant finder tools
- Room sets provide Inspiration and an achievable end look, with products clearly positioned nearby
- Reinforces that Homebase has the complete offer for outdoor space as well as indoor space

Great for Garden: Differentiation & trade-up: Jamie Oliver exclusive brand license

The Jamie Oliver idea of 'keep it simple' is an accessible way to achieve better results. Products offer a point of difference, but are based around Jamie's cooking heritage.

2011

- Grow Your Own
 - Bulbs & Seeds
 - Plants
 - Growing Media
- Outdoor cooking
 - Barbeque

2012 Opportunity

- More Bulbs, Seeds and Plants
- Garden Hand tools
- Increased Home / gift range



Good for Everyday Repair & Maintenance: Creating a shop



- Create a sense of a shop – to support everyday repair and maintenance
- DIY experts on hand to help with projects
- New timber display frees up space for customers to browse
- Clear signage with lighter racking & low level navigation
- Hardware improved adjacencies and ease of shopping



Tills and Service Area



- Create a clean front of store with inspiring images that change on a quarterly basis
- Clearly segregate two different journeys at Service Desk
- Speedy pick up of online reserved products – on hand for customers to pick up using allocated bays outside



Service – 3 T's

Team

- Leadership team handpicked as the best to deliver the customer service proposition
- Specialists have been recruited and trained that have skills and knowledge
 - DIY expert
 - Horticulture expert
 - Decorative expert
 - Showroom consultants
 - Flooring & Tiling expert
- An age diverse workforce with more female colleagues available to advise customers

Training

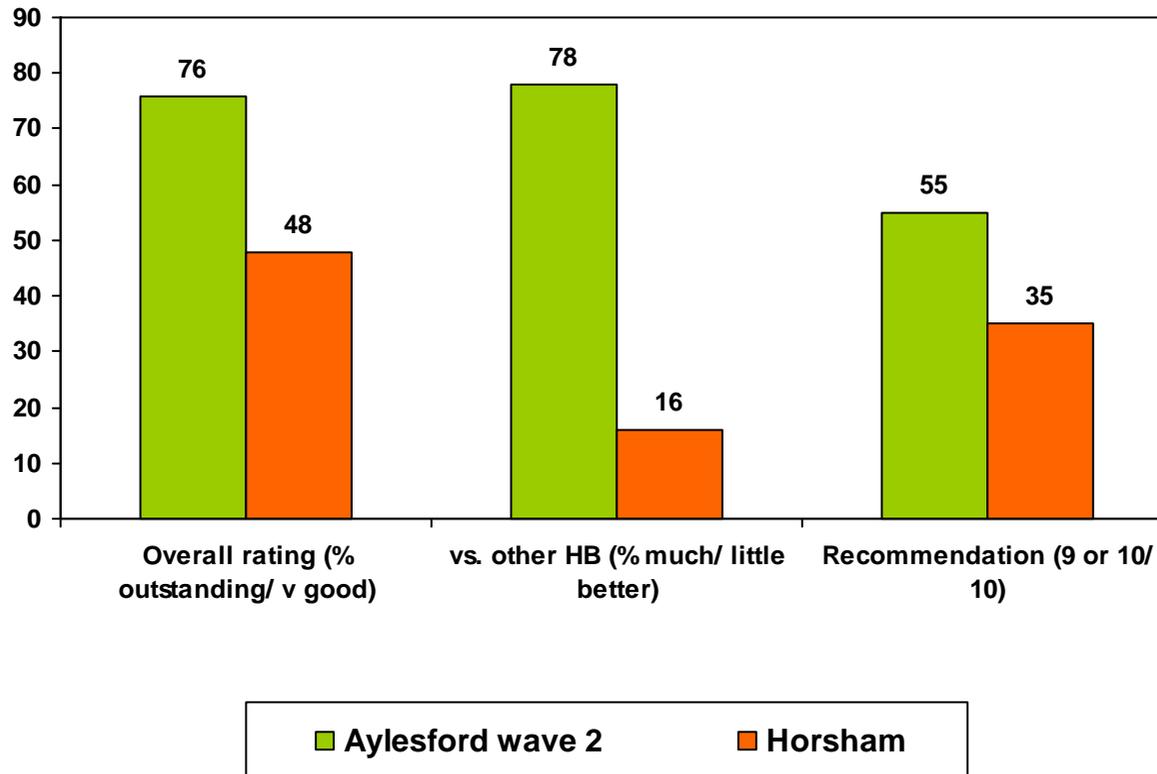
- All colleagues receive basic training:
 - Service skills
 - body language, acknowledgement
 - Knowledge skills
 - painting & decorating, use of colour, flooring & tiling
- Expert colleagues receive advanced level :
 - National Open College Network Qualification (Painting & Dec, Colour and Interior design)
 - Supplier specific support eg Westco, Henkel, Farrow & Ball

Technology

- Headsets
- Blackberry Devices
- Internet access
- Plant Finder touch screen
- Interactive Decorating touch-screen

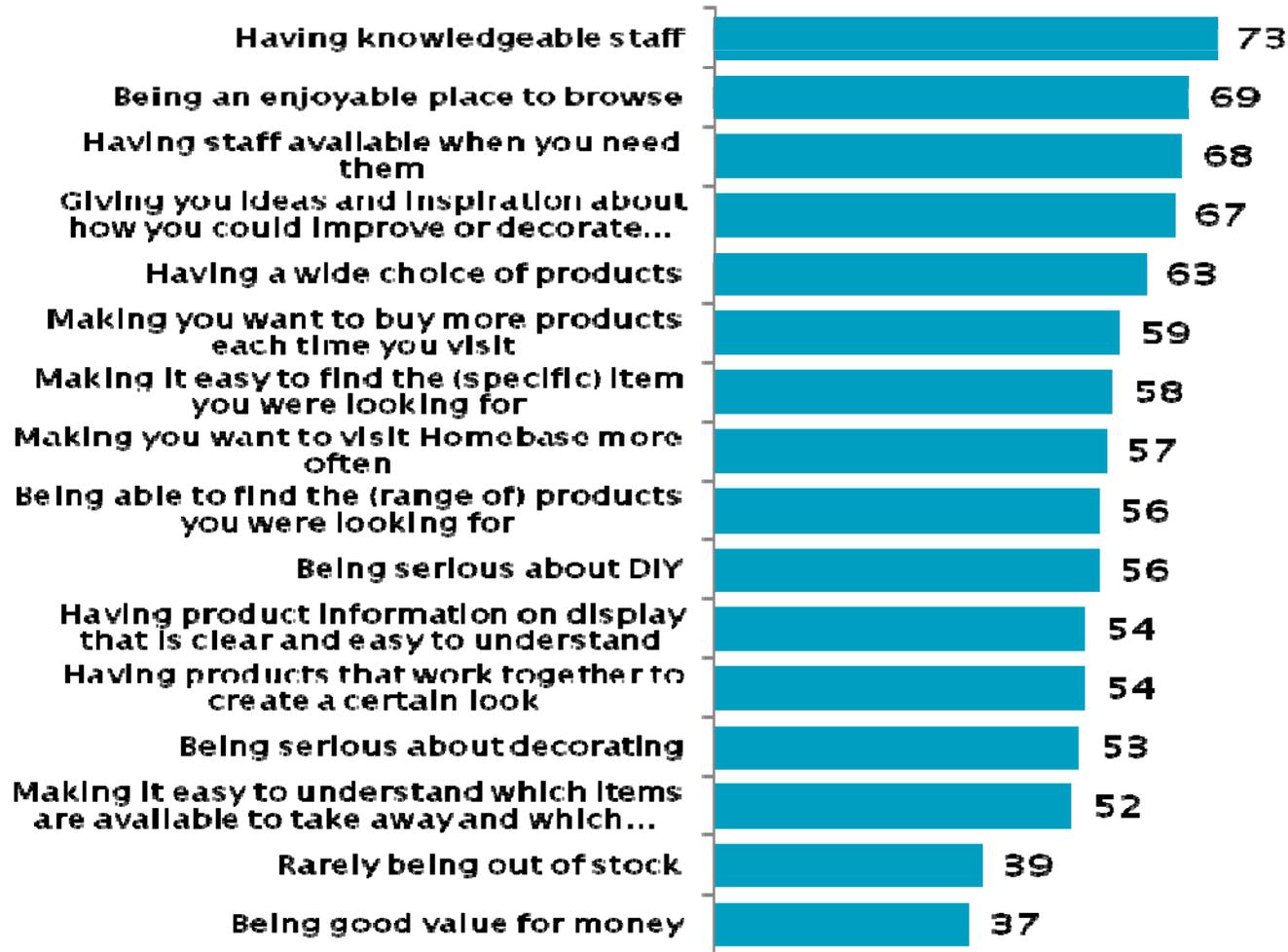
Customer feedback

Key measures of satisfaction (%)



Key positive feedback about staffing, browse-ability, inspiration & ranging

■ Aylesford



Top 2 box score (Outstanding/ very good rating)
Excluding those that said 'DK'

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Homebase summary

- Strong, well positioned brand
- Brand metrics at record levels
- Broad range of initiatives to drive growth
- Recovery potential clearly demonstrated
- Investing to continue momentum