



19 January 2012

Kesa Electricals' Third Quarter Interim Management Statement

Kesa Electricals plc today announces an interim management statement based on unaudited management accounts for the period 1 November 2011 to 8 January 2012.

For the continuing group¹:

- Total revenue increased by 1.1 per cent in local currency and fell by 1.3 per cent on a like-for-like basis with very strong growth in multi-media more than off-set by the poor vision market
- Continued strong growth of web-generated sales, up 18 per cent
- Darty France continued to outperform, albeit in a weaker than expected market
- Other established businesses delivered very strong revenue growth with progress in all major categories
- Developing businesses overall saw positive growth
- Gross margin was down 90 basis points reflecting weak market conditions and product mix

The disposal of Comet is due to complete on 3 February 2012.

Revenue growth as reported in Euros

Revenue growth in local currency

	Total
Darty France	(2.2)%
Other established*	10.1%
Developing**	(1.7)%
Continuing Group	0.3%

	Total	Like-for-like
Darty France	(2.2)%	(4.7)%
Other established*	10.9%	8.6%
Developing**	4.8%	1.7%
Continuing Group	1.1%	(1.3)%

* BCC, Vanden Borre and Datart

** Darty Italy, Darty Turkey and Darty Spain

Commenting on the Group's performance, Chief Executive Thierry Falque-Pierrotin said,

"Against ongoing subdued consumer confidence, we are demonstrating the strength of our concept and our cross channel strategy, outperforming our markets in our continuing businesses and delivering 18 per cent growth in web-generated sales, which now account for over 10 per cent of product sales.

"We will keep on building on the strength of our market leading cross channel offer whilst adjusting our cost to serve, in market conditions which we expect to remain challenging ."

¹ Darty France, Other established businesses and Developing businesses

Continuing Group

Total Continuing Group revenue increased by 0.3 per cent in Euros, 1.1 per cent in local currency and fell by 1.3 per cent on a like-for-like basis. Gross margin declined around 90 basis points reflecting weak market conditions and strong growth in multimedia, in particular tablets and notebooks over the period, resulting in a less favourable product mix. Overall web-generated sales increased by 18 per cent, representing over 10 per cent of total product sales year to date.

Darty France continued to outperform a weaker than expected market with revenue down by 2.2 per cent in local currency, and by 4.7 per cent on a like-for-like basis. Growth was seen in Domestic Appliances and in particular multi-media, but this was more than off-set by a very poor vision market. Web-generated sales grew, by 14 per cent, considerably ahead of the market, and represents 12 per cent of total product sales year to date. Gross margin was down 60 basis points reflecting both market conditions and product mix.

All the Other established businesses, BCC, Vanden Borre and Datart, delivered very strong revenue performances, building on the trend seen in Q2, with progress in all major product categories, particularly multi-media. Overall revenue increased by 10.9 per cent in local currency and by 8.6 per cent on a like-for-like basis. Gross margin was down around 60 basis points with competitive market conditions and product mix in Vanden Borre and Datart more than off-setting continued margin improvement in BCC. Web-generated sales increased by 24 per cent, representing around 10 per cent of total product sales year to date.

Overall market share continued to grow at the Developing businesses, Darty Spain, Darty Italy and Darty Turkey, with revenue up 4.8 per cent in local currency, and up 1.7 per cent on a like-for-like basis. Darty Spain continued to trade positively on a like-for-like basis, strongly ahead of a very weak market, with improved gross margin. Darty Italy saw an improved revenue trend but gross margin remained under significant pressure in a highly promotional market. Darty Turkey continued to see very strong revenue growth. Overall gross margin across the three businesses was down around 270 basis points for the period. In line with the strategy to focus on growing the cross channel offer, web-generated sales grew three-fold and now exceed 2 per cent of total product sales.

Comet

Gross margin continued to improve, by around 20 basis points in the period. Trading, however, remained challenging with a poor peak Boxing Day through to the New Year period off-setting an improving trend pre-Christmas. Overall revenue for the period declined by 15.0 per cent in local currency and by 14.5 per cent on a like-for-like basis, with flat web-generated sales.

The disposal is due to complete on 3 February 2012. Given Comet's performance, it is likely that the net debt in the business will exceed the agreed net debt threshold by up to £10-15 million.

Outlook

We will keep on building on the strength of our market leading cross channel offer whilst adjusting our cost to serve, in market conditions which we expect to remain challenging.

Financial position

No material events or transactions impacting the Group's financial position have taken place since the previously announced 31 October 2011 balance sheet date, save for the information provided in this statement and the intended disposal of Comet, first announced on 9 November 2011.

There will be a telephone conference call for analysts at 8:00 on 19 January 2012. If you would like to listen to a recording of this call, please visit the company's website www.kesaelectricals.com after 10.00am.

Enquiries

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