

Kingfisher steps up expansion in Poland

By Sarah Butler

KINGFISHER, the DIY retailer, is opening more than 100 stores in Poland after a trial proved that it could trade profitably in small towns.

The retailer, which owns B&Q in the UK, had previously said that it would open 60 big units between 8,000 and 12,000 sq m of its Castorama warehouse stores in Poland in the next five years.

However, a trial of a smaller 5,000 sq m store in Opole, a town of about 50,000 people in southern Poland, has convinced the group that there is scope for far more stores than originally planned.

Ian Cheshire, Kingfisher's head of international development, said there was potential to develop smaller stores in all its international markets after successful expansion of B&Q mini-warehouses in the UK.

The group's first store in Poland was opened by Castorama in 1996. By next year it will have 26.

Sales rose 21 per cent on an underlying basis in the six months to the end of July and profits rose 66 per cent at constant exchange rates to £25.6 million for the period.

These figures were lifted by panic buying by people keen to avoid the higher VAT rates

introduced after Poland's entry to the EU in May.

However, Mr Cheshire told *The Times*: "We think the underlying trend is very solid. There are lots of reasons to be hopeful for the future. The home improvement market in Poland is worth about €5 billion (£3.4 billion) and is a potentially bigger market than Italy because of strong home ownership and a natural DIY focus.

"The housing stock has had really little investment. People have relatively high disposable income and Polish people spend on their home first and their car second."

Kingfisher, which said 60 per cent of its profit growth came from outside the UK in the first half of this year, is so pleased with performance in Poland that it plans to base expansion into Russia, a market with many similar features, on the Polish Castorama formats.

KINGFISHER'S SUPER MARKETS

	Feb 2004	Feb 2005
Poland	19 stores	26 stores
Italy	18 stores	23 stores
China	15 stores	22 stores
Spain	1 store	4 stores