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CEO

Agenda

1. Focus DIY Overview
2. The DIY Market
3. Recent trading
4. Company Voluntary Agreement (CVA)
5. Outlook for the DIY Market

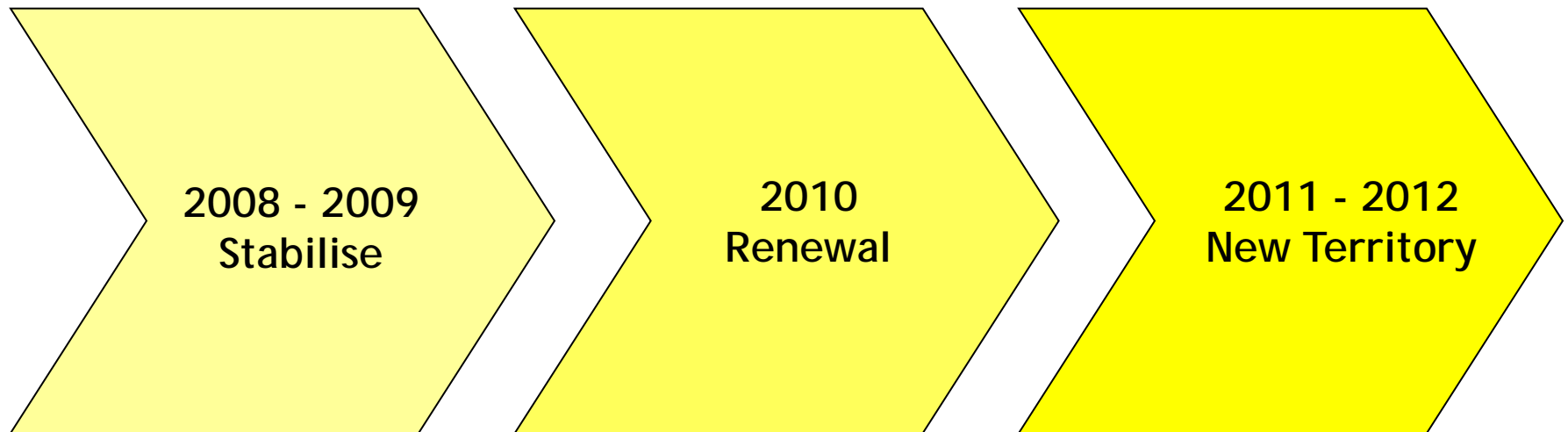
Company History

Focus DIY is a leading DIY and Gardening retailer, with 181 UK stores

- 1987 - Focus DIY founded with 6 stores
- 1998 - Focus DIY chain grew to 72 stores
- 1998 - Acquired Do It All in August to become Focus Do It All
- 2000 - Acquired Wickes and Great Mills
- 2002 - Focus Wickes Group the 2nd largest UK DIY retailer with 430 stores
- 2005 - Wickes sold to Travis Perkins for £900m
- July 2007 - Cerberus acquired Focus which was on the verge of administration

5 Year Mission

To create a business that has a customer proposition which is differentiated and defensible against the current competition and therefore a class act



The Turnaround to Date

In the first two years we have:

- New management team
- Stabilised the business
- Exited 52 loss making stores, sold 24 profitable stores
- Reduced overhead cost base significantly
- Concluded a Company Voluntary Arrangement (CVA)
- Extended Credit Facility (RCF) until Dec 2011.

- Prepared the ground for the full turnaround program
 - Repositioned as 'house of brands' - discontinued Focus Own Label
 - Established new brand proposition
 - New store format ("Genesis") - 5 opened to date

The DIY Market

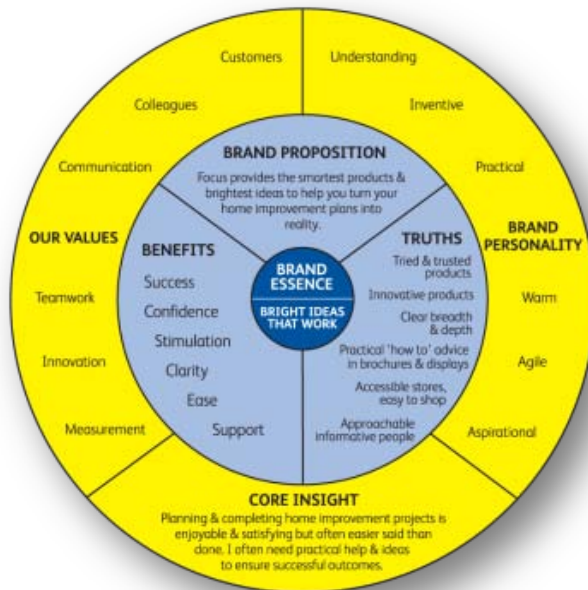
It's an Economic War:

- Underlying sales in the DIY Market well down
- In 2008, DIY Superstores market down -6%
 - Key Drivers down: Housing Transactions, Property Prices, Consumer Confidence & Expenditure
- However, in 2009 market has stabilised, up 3%
 - Key Drivers: "Showroom" sales following MFI closure
"Gardening" sales with better weather

Future of Focus

Vision

To survive the current economic downturn and create conditions for the regeneration of the business through the Genesis project in 2010



**Project Genesis
is the physical
manifestation of the Brand
Bull's-eye**

Current Genesis status



5 Genesis stores open and trading



Genesis - What are we trying to achieve?

- Comfortable and non-intimidating environment.
- Clear depth and breadth of range without confusion.
- Improved navigation and accessibility.
- Provide inspiration, help and ideas for customers.
- Segment product ranges to create an easier shopping experience via a 'shop within shop' concept.

Genesis - Results so far

Genesis

- Has achieved much acclaim
- Is an industry leading store design
- Is aligned to our brand proposition
- Is based on robust research
- Meets the needs of our target customers
- Delivers great financial returns

Genesis - New Stores

- Working on new store programme
- Identified top 100 potential sites
- We want 15k - 25k sq ft Superstores, in these types of sites:
 - Market towns with no competition
 - Large towns with sufficient households per store
 - Urban 'in-fill' between competitors
 - Parasite Strategy - 15/20 mins away from B&Q

The CVA

- Focus DIY's company voluntary agreement (CVA) agreed on 24 August
- Focus made 2 payments, equivalent to 6 months' rent, to hand back 38-non trading stores to landlords.
- Of the 38 stores, 16 have been sub-let.
- Empty stores were costing Focus £12m a year in rent.
- Focus to pay landlords' rates until the leases run out.
- The remaining 180 stores which are still trading will move to paying rent on a monthly basis

Annual Cash Outflows on Closed/Sub-let Properties reduced from £12.1m to £1.9m

Impact

Leases on closed and sublet premises compromised at 10p in the £

- £3.7m dividend, paid Dec 09 and Mar 10
- Annual rent saving of £8.6m

Rates mitigation schemes on dark properties until leases are assigned

- Annual cost of rates on dark stores reduced from £3.5m to £1.9m

Open store rents paid monthly until March 2011

- Quarterly peak cash utilisation reduce by £3m

Very Positive vote in support of the CVA

	<u>For</u>	<u>Against</u>
Interlocking CVA's:		
Focus (DIY) Limited	99%	1%
Do It All Limited	100%	0%
Focus No1 Limited		
Payless DIY Limited	93%	7%

CVA confirmed 23 September

Reaction to the CVA

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- British Property Federation said Focus's transparent dealings were '*an exemplar*' for future deals
- Liz Peace, BPF chief executive:
"Landlords will do everything they can to be flexible, and this is a prime example of how the industry has changed massively in recent years."
- Rupert Clarke, CEO of Hermes, and BPF president:
"We hear a lot about ghost towns and that's why landlords are committed to helping their occupiers as far as they can"

Outlook for 2010

- Very tough economic conditions
- Expect DIY market to be flat
 - Tax Rises reign in consumer spending
 - Rising unemployment
 - Unlikely to get weather boost
 - Less retail consolidation
- Continued emphasis on value