



2 August 2017

B&M European Value Retail S.A.

Acquisition of Heron Food Group Limited

B&M European Value Retail S.A. ("B&M"), the UK's leading multi-price value retailer, today announces the acquisition by its subsidiary, EV Retail Limited, of the entire issued share capital of Heron Food Group Limited ("Heron") a discount convenience retailer operating predominantly in the North of England with 251 stores.

For the year ended 31 December 2016 Heron delivered Revenues of £274.4m, EBITDA of £19.1m, Profit before tax of £8.6m and had Gross Assets of £93.5m as at 31 December 2016. Like-for-like revenue growth in the year was 3.0%. The business currently employs c.3,800 people and has c.1,200 SKUs, including ambient, frozen and chilled foods. Heron's stores average c.2,500 sq ft of retail space compared to B&M's UK average of c.19,000 sq ft.

The total enterprise value of the transaction is £152m including the debt assumed of the Heron group. An initial cash consideration of £112.1m was paid by B&M on exchange and completion of the acquisition today. Up to £12.8m of deferred cash consideration may become payable based on the EBITDA performance of the Heron group up to 31 March 2019; this is included in the £152m enterprise value figure. The initial cash consideration was satisfied from B&M's existing cash resources and facilities.

The acquisition of Heron will enable B&M to develop and roll out a complementary, proven and profitable discount convenience grocery brand. The customer profiles of Heron and B&M are similar and both formats are expanding successfully. Convenience is one of the areas of growth in grocery retailing today, although much of this growth to date has been based on premium pricing. The Board of B&M believes that Heron's expertise and attractive existing store portfolio, when supported by B&M's proven sourcing, retailing and store roll-out capabilities, can bring an attractive new customer value proposition in an expanding sector of the grocery market.

Heron is currently managed and owned by Andrew, David and Michael Heuck. Michael Heuck is retiring from the business as planned, whilst Andrew and David Heuck remain in their existing trading and finance roles with Heron. B&M, alongside the existing Heron management team, will continue to expand and develop the Heron business, initially through the addition of between 10 and 20 new stores per annum.

The Board expects the acquisition to be immediately earnings enhancing.

Simon Arora, CEO of B&M commented:

"B&M is already the UK's leading general merchandise discount retailer, serving 4 million shoppers per week. The addition of a complementary, proven discount convenience grocery brand to our own structural growth story gives the combined business an even longer, exciting growth runway. I look forward to working with David and Andrew Heuck and the Heron team to

drive forward our shared ambition to deliver exceptional value for money to shoppers across the UK."

David and Andrew Heuck commented:

"We are delighted to be joining forces and working with B&M. Both companies share a vision to bring great value to customers and the combination of Heron's skills with the expertise and resources of B&M will mean the creation of a potent new force in the structurally growing convenience sector. Today's transaction secures for Heron's loyal and hardworking workforce a perfect long term home within the B&M Group and provides an exciting platform for the roll-out of more Heron stores nationally."

The acquisition constitutes a Class 2 transaction for the purpose of the UK Financial Authority's Listing Rules, and, as such does not require B&M shareholders' approval.

B&M was advised by BofA Merrill Lynch, PwC, Addleshaw Goddard and Gordons.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation.

An analyst conference call in relation to the transaction will take place on Wednesday 2 August 2017 at 11.00am (UK). Please contact Maitland on 0207 379 5151 for further details.

Enquiries

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Notes to editors

B&M European Value Retail S.A. is a variety retailer with 543 stores in the UK operating under the "B&M" brand and 79 stores in Germany primarily operating under the "Jawoll" brand as at 24 June 2017. It was admitted to the FTSE 250 index in June 2015.

The B&M group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information please visit www.bmstores.co.uk

Merrill Lynch International ("BofA Merrill Lynch"), a subsidiary of Bank of America Corporation, is acting exclusively for B&M in connection with the acquisition and for no one else and will not be responsible to anyone other than B&M for providing the protections afforded to its clients or for providing advice in relation to the acquisition.