



***B&M European Value Retail SA
Preliminary Results Presentation
53 weeks to 31st March 2018***



FY18 Group Highlights

- Group revenues increased by 22.4% to £2,976.3m
 - B&M UK LFL revenues +4.7%
 - 47 gross new B&M store openings in the UK
 - 12 gross new store openings in Germany
 - Acquired Heron C-store chain which opened a net 9 new stores
- Group adjusted EBITDA increased by 18.8% to £279.0m
- Adjusted diluted EPS 17.8p, an increase of 19.4%
- Completed land acquisition for new UK warehouse in the South of the UK
- Net cashflow from operations £242.0m, an increase of 14.8%
 - Adjusted EBITDA to net debt of 1.92x (1.72x excluding the capex incurred on new Southern warehouse)
- Full year dividend 7.2p, an increase of 24.1%



Paul McDonald

Chief Financial Officer



Summary Profit and Loss

<i>£ millions, March year end</i>	<i>FY17A</i>	<i>FY18A</i>	<i>%</i>	<i>FY18A (53 Weeks)</i>
Group Stores	612	927	51.5%	927
Revenues	2,430.7	2,976.3	22.4%	3,029.8
Gross Profit	845.8	1,010.2	19.4%	1,028.4
%	34.8%	33.9%	(86)bps	33.9%
Operating Costs	(610.9)	(731.2)	19.7%	(745.1)
Adjusted EBITDA	234.9	279.0	18.8%	283.3
%	9.7%	9.4%	(29)bps	9.4%
Depreciation and Amortisation	(26.0)	(36.2)	39.0%	(36.9)
Interest	(18.7)	(21.4)	14.0%	(21.6)
Adjusted Profit Before Tax	190.2	221.5	16.5%	224.8
Adjusting	(3.4)	(4.9)	45.0%	(4.9)
Exceptional Interest	(3.9)	9.4	(343.2)%	9.4
Profit / (Loss) Before Tax	182.9	226.1	23.6%	229.3
Adjusted Diluted Earnings per Share (p)	14.9p	17.8p	19.5%	18.0p
Statutory Diluted Earnings per Share (p)	14.3p	18.3p	27.9%	18.6p

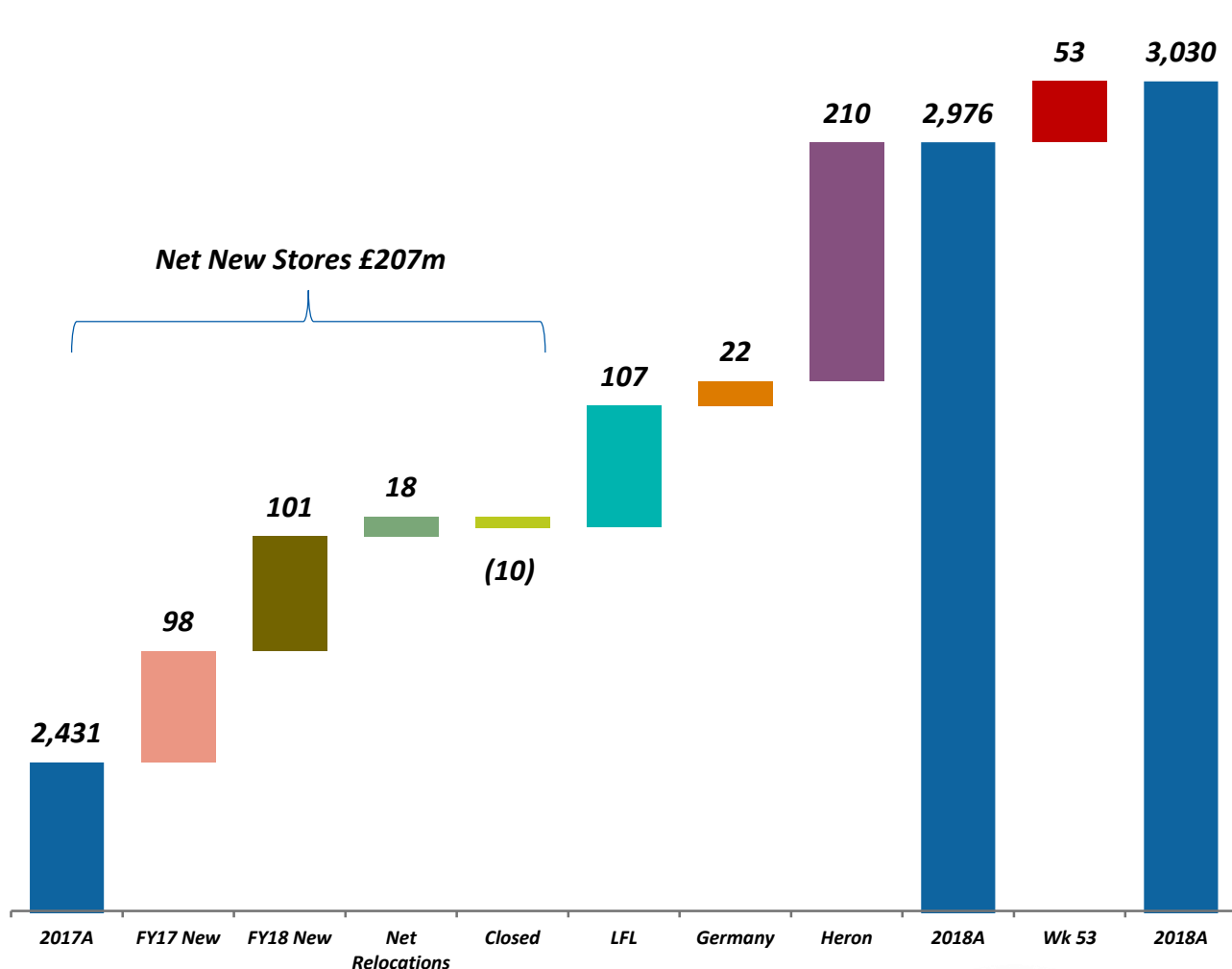
Note: 1. FY18 relates to the 52 weeks ending 24 March 2018



Group Revenue Bridge

£ millions,

REVENUE FY17A-FY18A



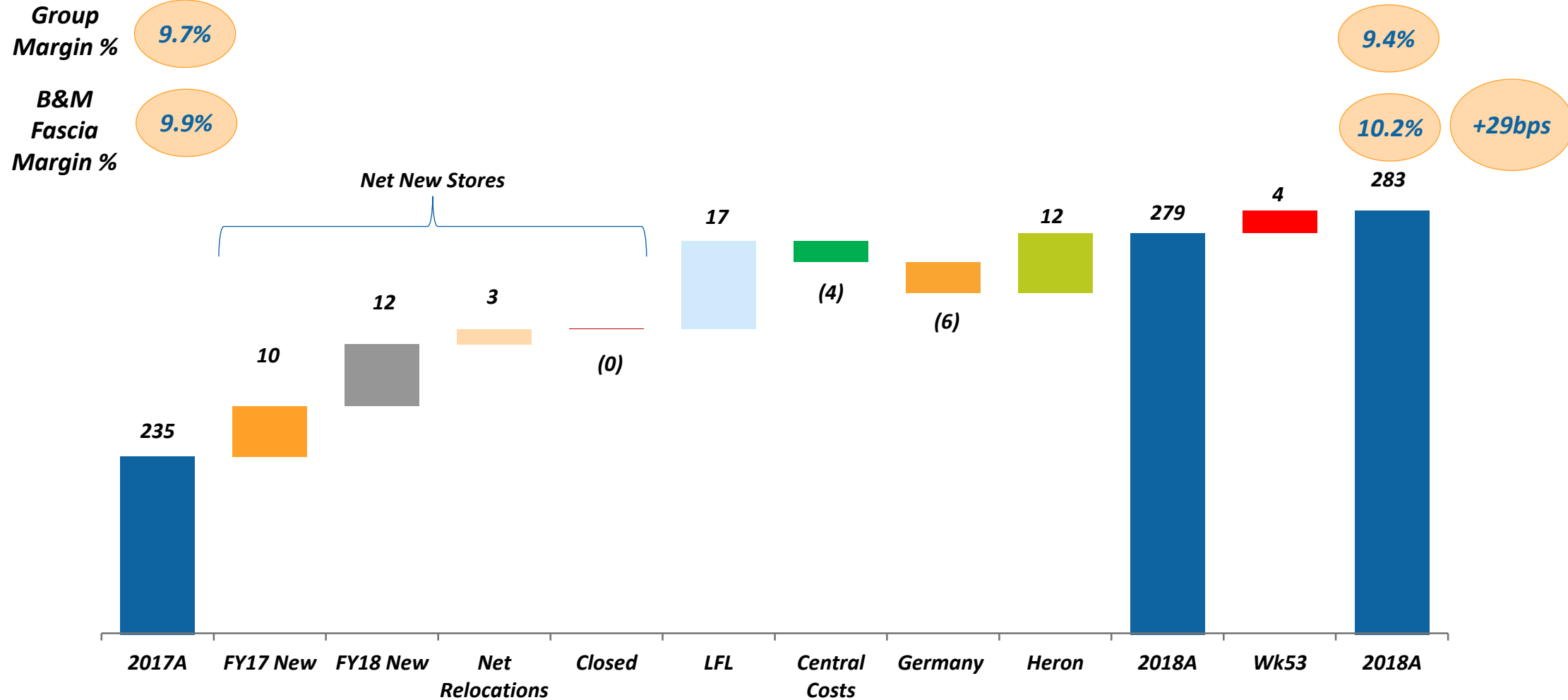
- +22.4% revenue growth for 52 week period
- B&M UK growth + 13.9%
 - Annualisation of FY17 new store openings
 - 47 new stores opened in the UK including 5 relocations. Closed 3 stores.
 - UK LFL +4.7%
- Heron revenues: £210m from 8 months ownership
- Germany delivered +12.3% revenue growth
 - Annualisation of 19 new stores in FY17 and 11 net openings
- Disappointing LFL performance due to gardening category and management change



Continued EBITDA Growth

£ millions,

ADJUSTED EBITDA BRIDGE FY17A-FY18A



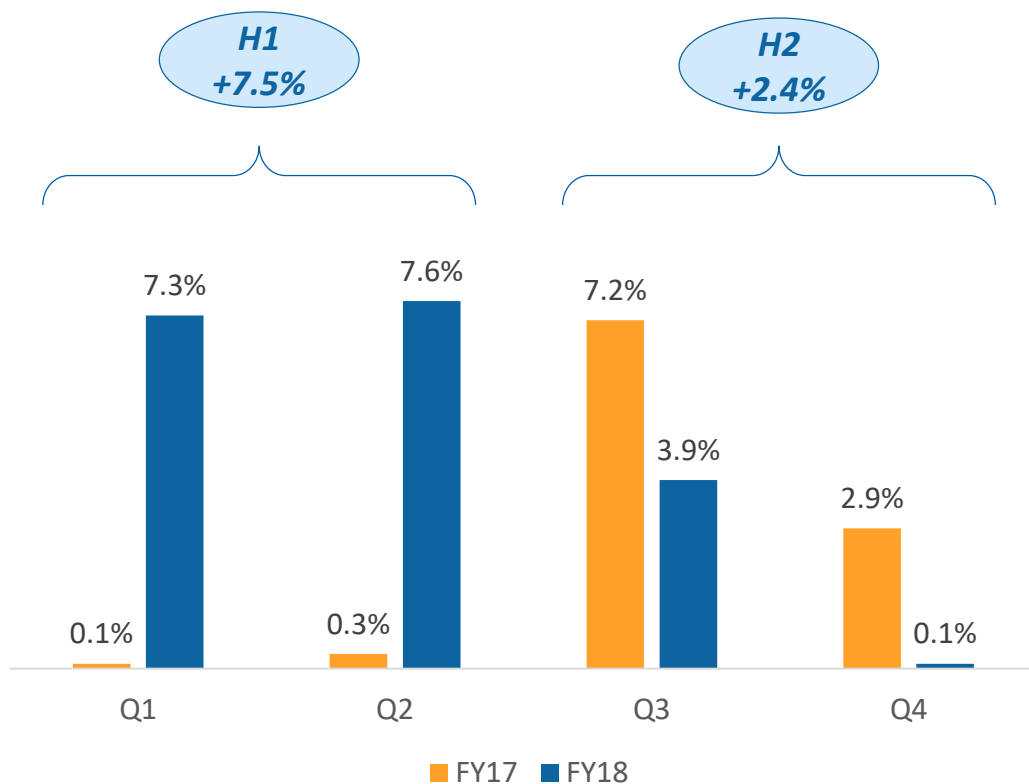
Note: 1. Central costs include UK new store pre opening costs





B&M Fascia LFL Sales

FY18A



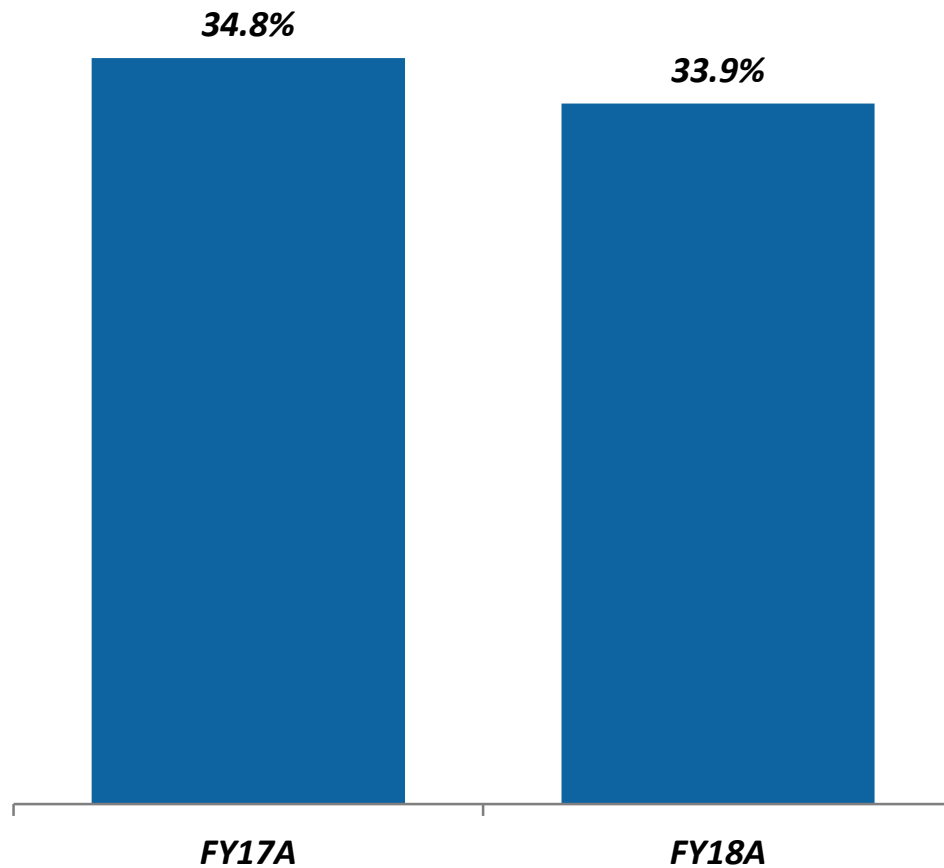
COMMENTARY

- Full year LFL growth of +4.7% at the core B&M fascia
- Q4 was flat as a result of the snow and weather in March. January and February LFL was +3.3%
- The growth is coming from both increases in customer numbers and average transaction value
- The growth in the year is as a result of:
 - Benefitting from retail price inflation (c. 2%), although easing
 - Maintained price gap and competitiveness of Grocery / FMCG
 - No material cannibalisation
- We have seen a pleasing start to the current year. Excluding Easter week, YTD is +3.1% LFL



Gross Margin Outturn

GROSS MARGIN (%)



KEY HIGHLIGHTS

- B&M margins were 69bps lower
 - Continued shift in the mix towards grocery/FMCG ranges, 35bps, as consumers drawn to value and rein back on discretionary
 - Rates of sale on some general merchandise
 - Impact of March 2018 snow, 5bps points
- Heron impacted overall margin by 14bps as expected, due to the lower margin food offer
- Jawoll margins have worsened by 100bps, largely relating to accelerated clearance activity and poor gardening sales
- Positive outlook for FY19, currently hedged FX to end of 2018, but outturn will depend on success of seasonal ranges and product mix



Operating Costs

£ millions,

	FY17A	FY18A
Store Costs	424.2	465.3
Transport and Distribution	86.4	94.2
Central Costs	40.9	45.4
New Store Pre-Opening	4.6	3.6
Total B&M	556.0	608.5
Heron	-	55.5
Germany	54.9	67.1
Depreciation	26.0	36.2

% of Revenue

Store Costs	18.8%	18.1%
Transport and Distribution	3.8%	3.7%
Central Costs	1.8%	1.8%
New Store Pre-Opening	0.2%	0.1%
Total B&M %	24.7%	23.7%
Heron %	-	26.4%
Germany %	30.8%	33.5%
Depreciation %	1.1%	1.2%

KEY HIGHLIGHTS

- B&M costs 97bps lower than last year as a % of sales
 - Impact of Living Wage cost pressure largely mitigated
 - Efficiency improvements in T&D costs
 - Store fixed cost base benefitting from operational leverage
- Heron cost as a % of revenues, 26.4% reflecting smaller store size and higher relative central cost base
- Germany, operating costs increased by 22.3% to £67.1m
- Higher depreciation charge following the acquisition of Heron, expect FY19 to be 1.3%



Note: 1. FY18 relates to the 52 weeks ending 24 March 2018

Interest Expenses

£ millions,

	FY17A	FY18A
<i>Interest</i>	17.3	20.1
<i>Amortised Fees</i>	1.4	1.5
Total	18.7	21.6
<hr/>		
<i>Put/Call Option</i>	0.2	(10.1)
<i>Fees Write Off</i>	3.7	-
<i>Heron Deferred Consideration</i>	-	0.7
Total	3.9	(9.4)

Note: 1. FY18 relates to the 53 weeks ending 31 March 2018

KEY HIGHLIGHTS

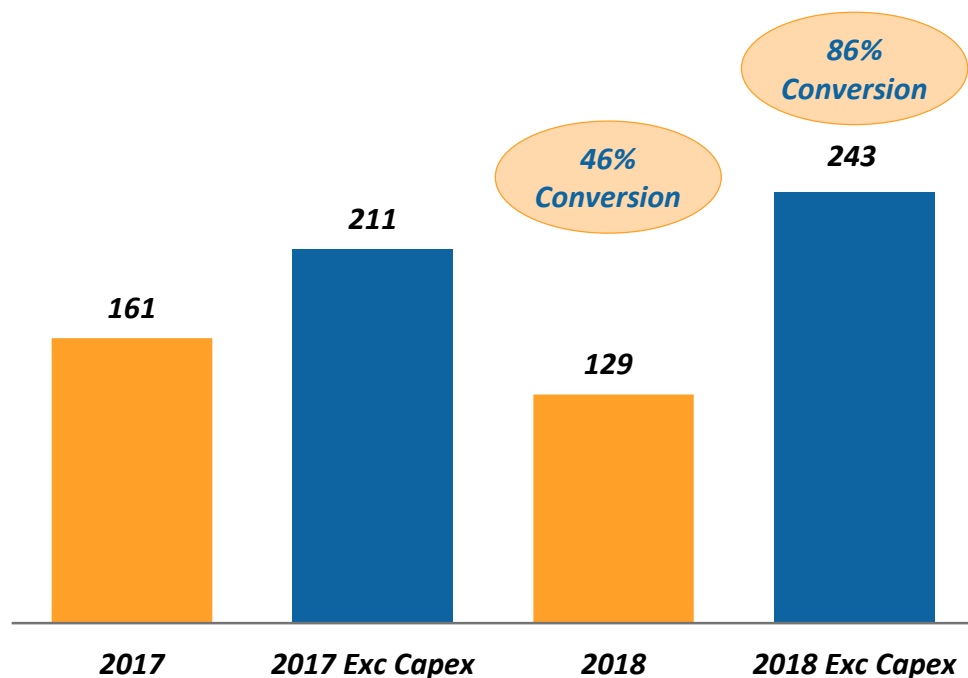
- Interest and amortised fees relating to the bank debt
- On-going interest charge of c. £22m including fee amortisation
- A net £10.1m non-cash credit relating to the revaluation of the option over the 20% of Jawoll shares not currently owned by the Group. This is expected to be exercised in Summer 2019
- £0.7m of non-cash interest relating to the accounting treatment of the Heron deferred consideration, an annualised £1.2m



Strong Cash Flow Conversion

£ millions,

OPERATING CASH FLOW



**Tight working capital discipline,
8.9% of group revenues**

**Net debt / Adjusted EBITDA 1.72x, in line
with LY excluding Capex on new Southern
Warehouse**

CASH FLOW STATEMENT

£m	FY17A	FY18A
Adjusted EBITDA	234.9	283.3
<i>Change in Working Capital</i>	(23.9)	(40.2)
New Store Capex	(32.5)	(33.7)
Infrastructure Capex	(3.5)	(62.4)
Maintenance Capex	(14.4)	(18.0)
Capex	(50.4)	(114.1)
Operating Cash Flow	160.6	129.0
Tax	(31.8)	(44.0)
Acquisition ₂	(2.4)	(107.2)
Other ₃	0.1	1.3
Operating and Investing Cash Flow	126.5	(20.9)
Net Debt / Adjusted EBITDA	1.71x	1.92x

Note 1: Cash Conversion is defined as Operating Cash Flow as a percentage of Adjusted EBITDA.

Note 2: Jawoll acquisition of 9 store chain net of cash acquired in FY17 and the acquisition of Heron in FY18

Note 3: Other includes interest and dividends receivable



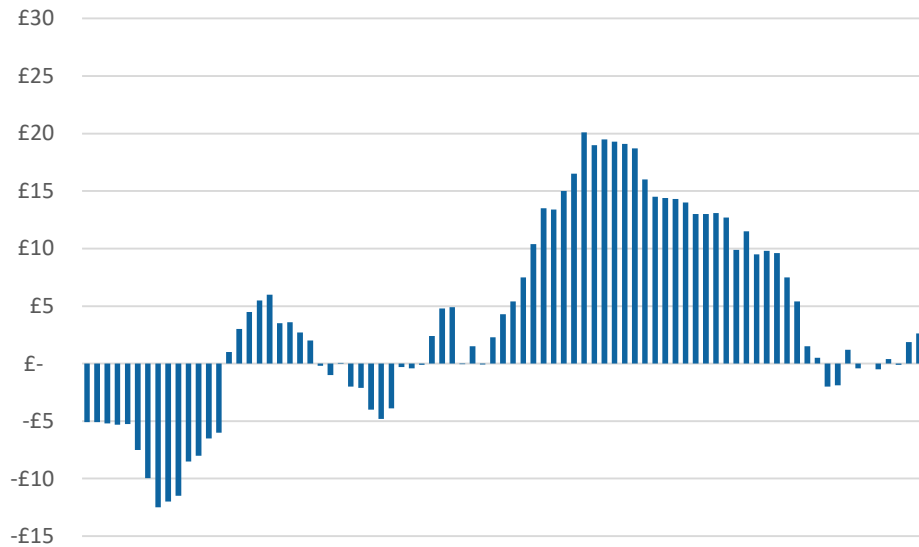
Simon Arora

Chief Executive Officer



UK Consumers are still finding it tough

Year On Year change in Asda Weekly Income Tracker, March 2018

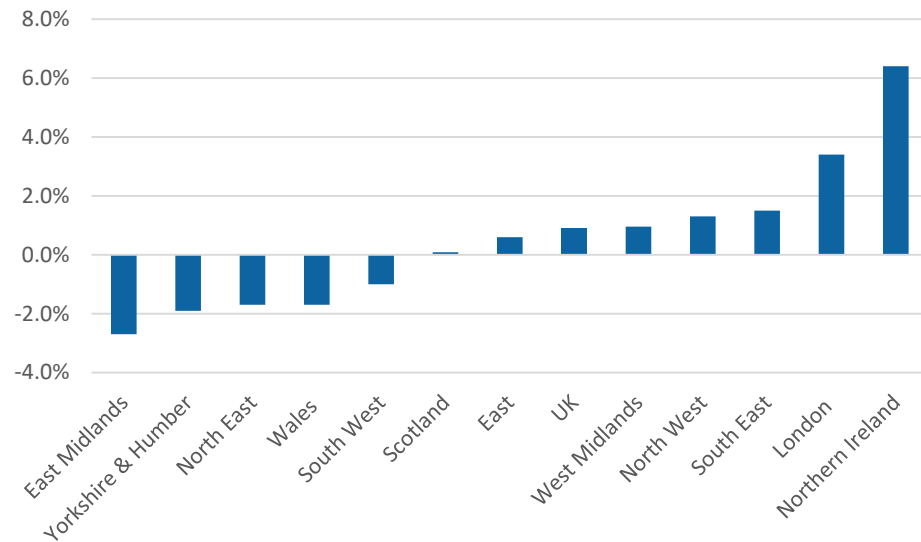


"The Asda Income Tracker was £2.63 a week higher in March 2018 than a year before"

"Incomes only rising 1.8% for over 65's"

Wide Variance across Regions

Gross Income Growth, Q1 2018 Asda Income Tracker



Wide Variance across Household Income Groups
YOY Discretionary Spending⁽¹⁾



Note: 1. UBS Evidence Lab, June 2017

UK Revenue Growth

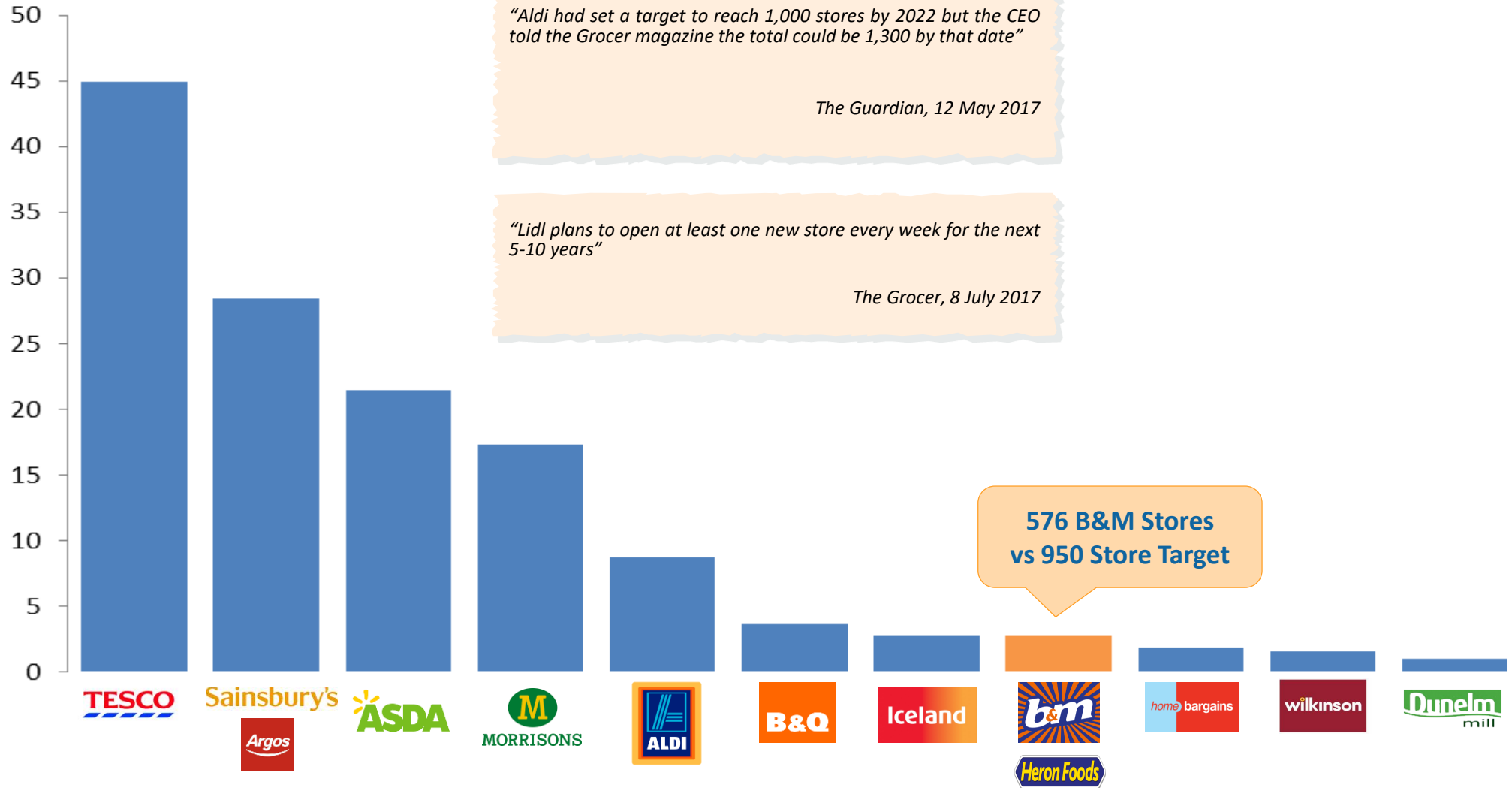


Note 1. Latest annual accounts or full year announcements, up to May 2018. Revenues exclude VAT
 Note 2. B&M figures include Heron Foods and are stated on a 52 week basis.
 Note 3. Lidl do not separately disclose UK revenues



B&M has Further Room For Growth

UK Revenues
£' billions

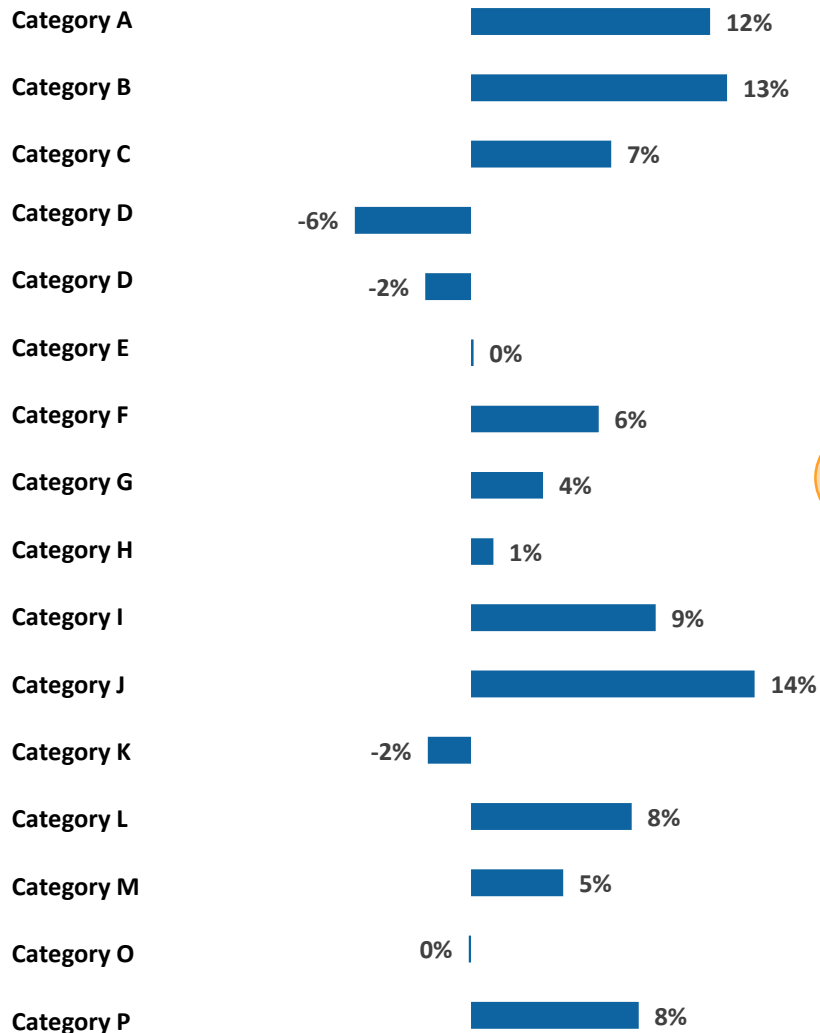


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Broad based LFL Performance

FULL YEAR CATEGORY LFL



FY18 LFL
4.7%

COMMENTARY

- Currency-led Inflation theoretically affected all categories but is clearly not the sole driver.
- YE 30/3/17 Food LFL was +6%, growth started pre-Brexit

Market Context - demonstrates our winning proposition

- Big Four Grocers' last reported Full Year LFL:
 - Tesco +2.2%
 - Sainsbury +1.3%
 - Asda +0.5%
 - Morrisons +2.8%
- Major Category Specialists last reported Full Year LFL:
 - B&Q -2.8%
 - Dunelm -0.5%
- BRC full year LFL average was +1.1%, 12m ending Mar-18

Product Initiatives - Frozen & Chilled Update



COMMENTARY

- At 14/05/18, we had Frozen & Chilled Departments deployed at 70 B&M stores.
- On average, these stores have seen a +5% improvement to LFL's
- These stores are serviced by Heron DC in Hull. We will pause at 80 B&M stores until our Bedford DC is operational, so that we do not restrict Heron's ongoing store rollout
- DC in Bedford to go live in approx. 18-24 months, and can service Frozen/Chilled at 300 B&M fascia locations
- Capex payback on Frozen / Chilled deployment at store is 18 months



Product Initiatives - Other

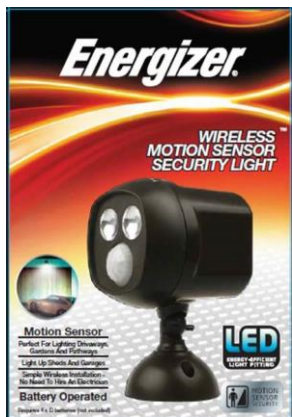
MORE 'DIRECT TO RETAIL' LICENCING



EXCLUSIVE TO B&M



LEADING TOY BRANDS

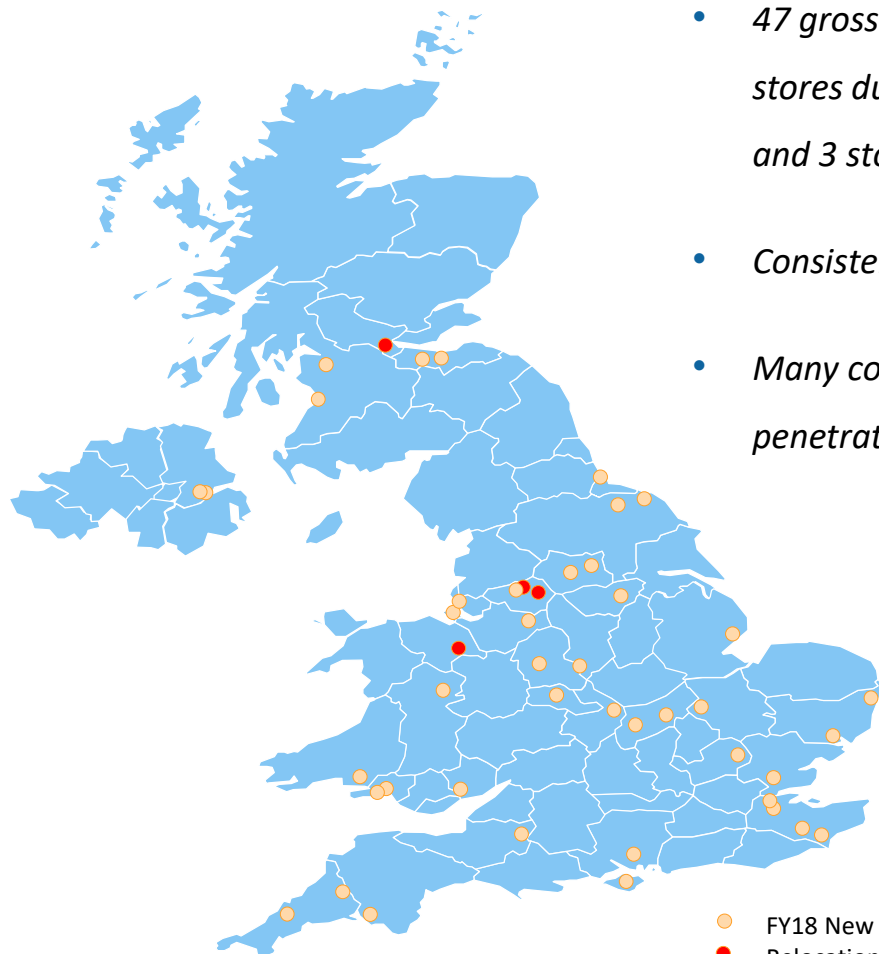




Expansion in both Infill and New Regions

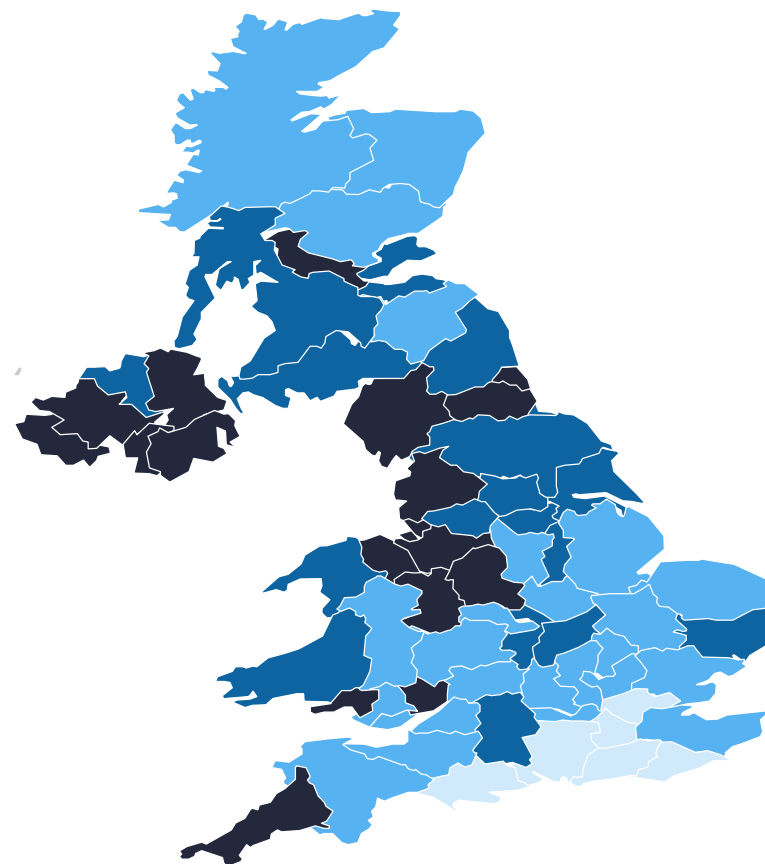
FY18 OPENINGS

576 STORES AS AT MARCH 2018



- 47 gross openings (net 39 stores due to 5 relocations and 3 store closures)
- Consistent high store returns
- Many counties still under-penetrated

● FY18 New Stores
● Relocations

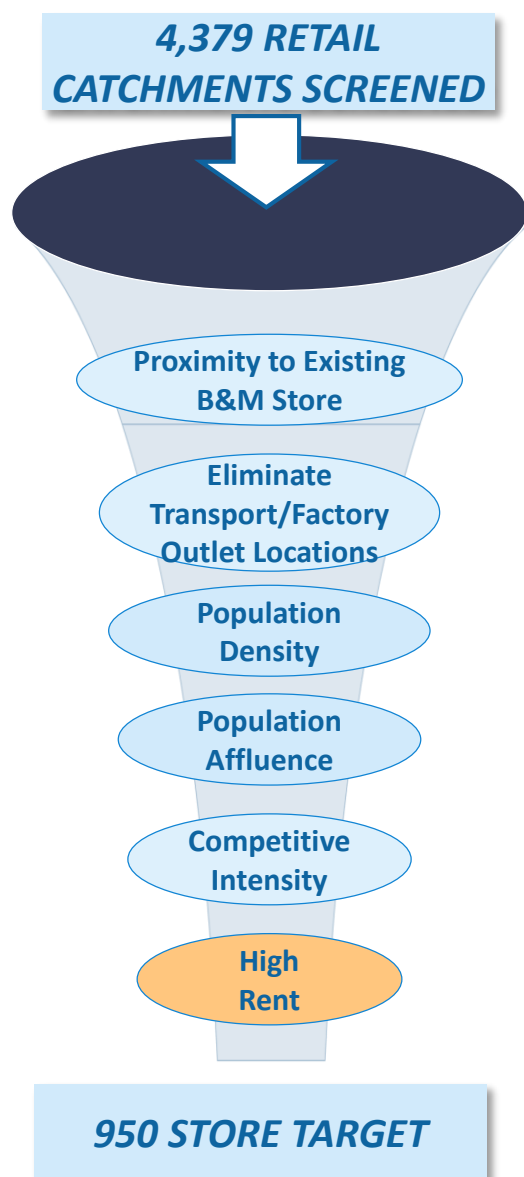


STORES PER 100,000 POPULATION





We re-affirm our 950 UK Store Target



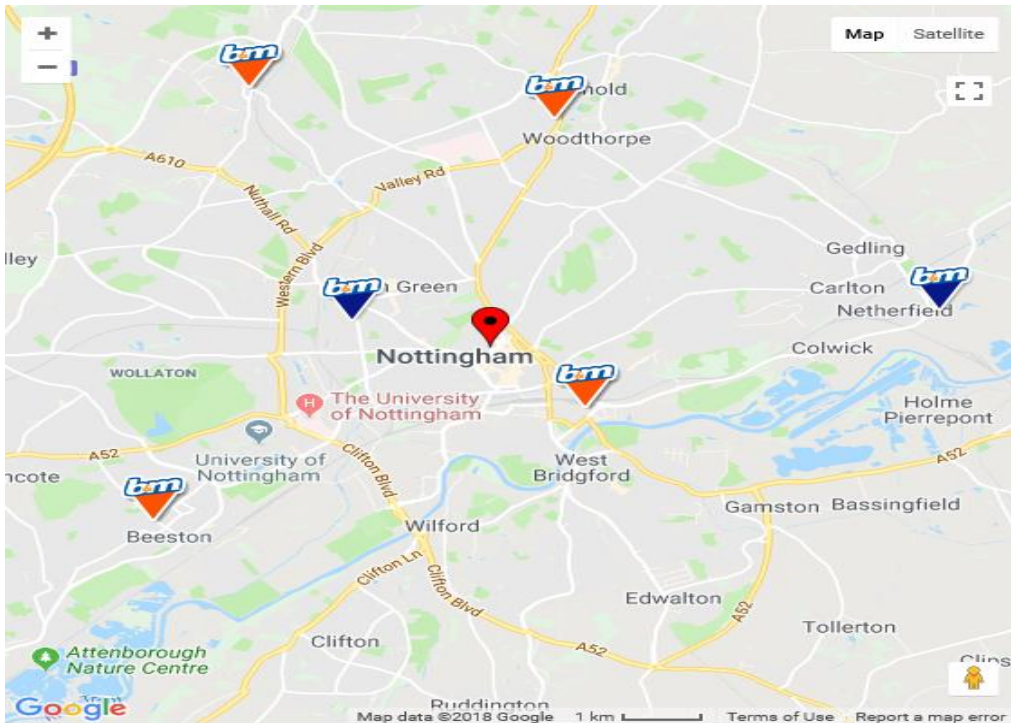
COMMENTARY

- Our stores generally draw on only a 10 minute catchment, versus Big Ticket category specialists who need to draw from 30-40 minutes away.
- Our store target does not include a material number of London locations due to the Rent Filter. However, 87% of the UK population live outside London. London's disproportionately high 18% share of UK Disposable Household Income is not relevant to our Product categories.
- Outside of Central London population it is clear that discount retailing is very popular (e.g. Aldi, Lidl, Poundshops, all exist across South and South-East)
- Dollar General's roll-out has not been predicated on penetration of Manhattan or prime L.A., Miami, Boston etc.



B&M stores do not need a wide catchment

CASE STUDY: NOTTINGHAM'S 6 STORES



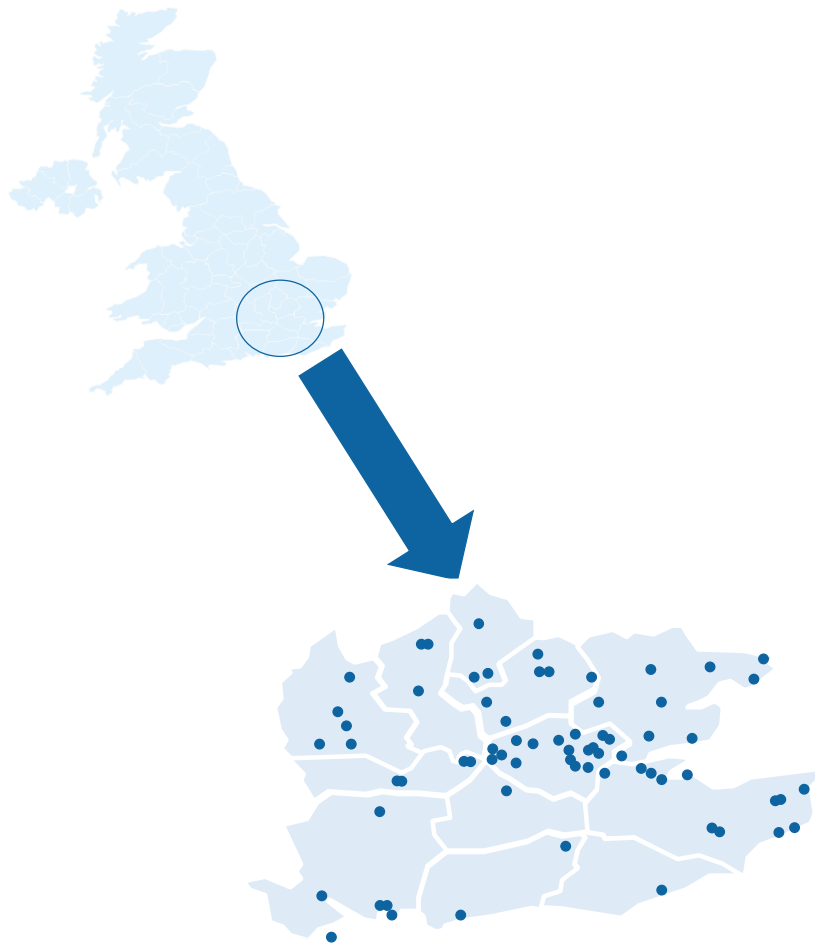
- 4 Bargains and 2 Homestores in Nottingham
- All located within 4 mile radius of Nottingham City Centre
- FY18 revenues £27.2m and store contribution of £4.0m (15%)

COMMENTARY

- B&M competes in a very large addressable market of £130bn General Merchandise and £160bn Grocery sector in the UK
- Our broad range of categories, everything from Food to Gardening to DIY, but selling just the bestsellers, means we serve a very broad range of shoppers needs within a very local catchment
- Our average basket at £13.85 means shoppers live primarily within a 10 minute drive time as our catchment
- We can have multiple stores only 10 minutes apart, and still generate healthy returns
- 'Clustering' stores has benefits for logistics, area management and brand recognition



Success in the South East



COMMENTARY

- At IPO, only 19 stores in the South East
- At March 2018, we have 69 stores in the South East
- FY18 revenues in the South East, £326m
- South East up from 6% of estate to now 12% of B&M estate's revenues
- Average store contribution in South East is £826k vs £791k for rest of estate
- Higher Gross Margin offsets higher rent costs
- We do not need to open many stores in Central London within 950 store target



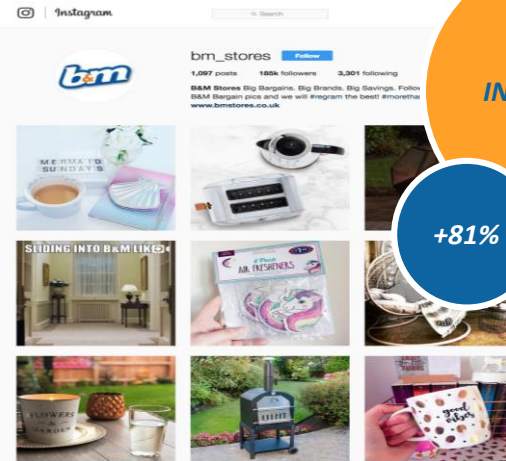
Digital Marketing Update



WEBSITE

+32%

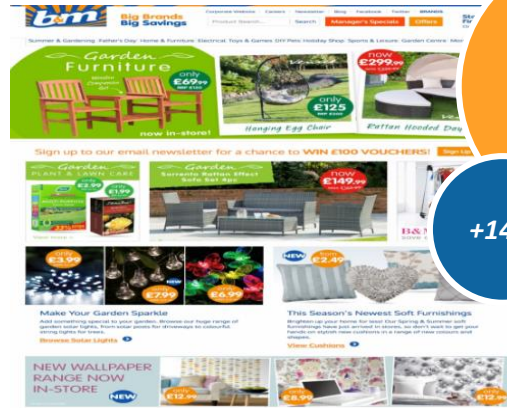
May-18: **1,067k** users p.w.
May-17: **807k** users p.w.



INSTAGRAM

+81%

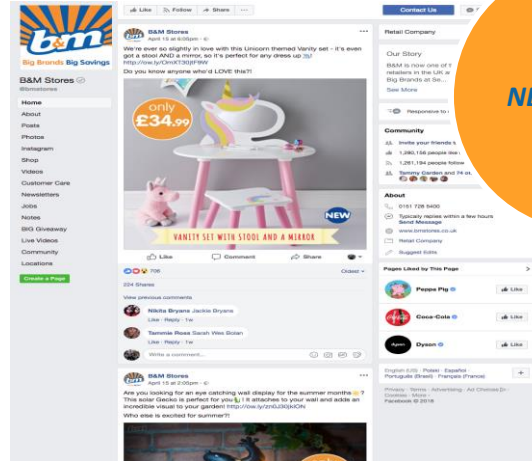
Followers May-18: **185k**
Followers May-17: **102k**



FACEBOOK

+14%

Likes May-18: **1,280k**
Likes May-17: **1,127k**



NEWSLETTER

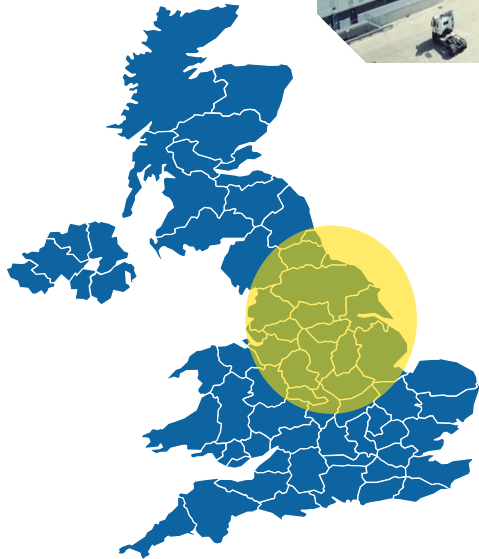
NOT RELIANT ON T.V. ADVERTISING

T.V. Advertising Spend:

Q3: **£1.5m** (FY17 **£3.0m**)

Q4: **£0.0m** (FY17 **£0.8m**)





HIGHLIGHTS

- Heron acquisition proving to be successful
- We are delighted by the calibre of management and store colleagues, as well as the I.T. and Distribution capabilities
- We opened 9 new stores and plan to open 15-20 stores per annum
- Heron stores average 2,750 ft² sales area and serve a very localised neighbourhood customer base
- LFL trading over FY18 has been high single digit % since acquisition



New Warehouse Investment in the UK



IMPRESSION OF PROPOSED NEW DC FOR THE SOUTH



KEY HIGHLIGHTS

- Acquired land for 1,000,000 sq ft warehouse in Bedford at a cost of £44m
- Build and fit out costs over the next 18 months is expected to be c. £65m
- We propose to 'Sale and Leaseback' the facility immediately upon completion, to retain our 'capital light' model and recoup the outlay in full
- The facility will accelerate our expansion in the South and will proceed with roll-out of Frozen / Chilled



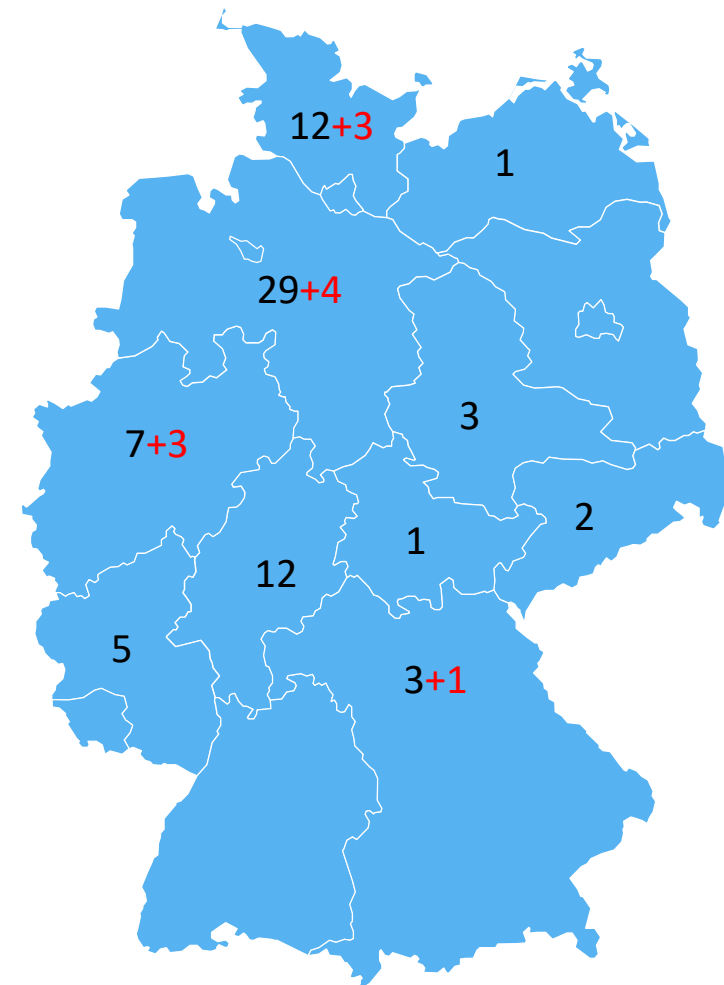
International Expansion - Germany



SUMMARY

- Delivered revenue growth of 12.3%
- The worst gardening and plant season in years. The disruption from the change of management has also contributed to a disappointing reduction in EBITDA
- 12 new stores opening including one relocation and expecting 10 organic openings in FY18
- Appointment of a new CEO, Christian Mueller, ex-Action's country manager for Germany, with multiple new appointments at Exco level
- Accelerating the pace of change to the "B&M" Model
 - Increased rate of product change and direct sourcing, working to date
 - Additional clearance activity to facilitate new ranges
 - Take advantage of new store opening opportunities
 - Efficiency and store standard improvements
 - Closer working between Group and Jawoll following retirement of vendor
- The sales performance in the early weeks of FY19 has been strong

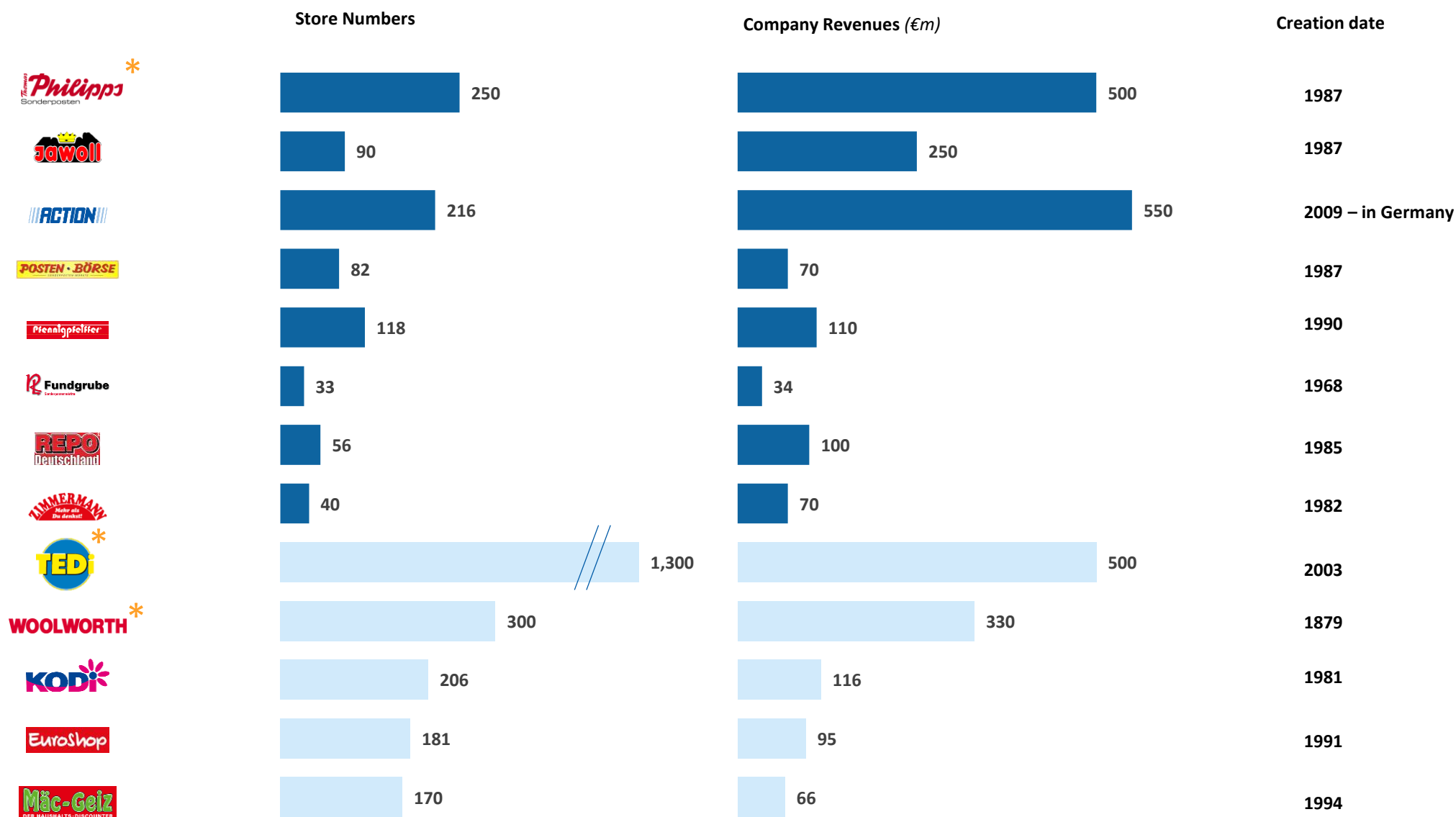
CURRENT FOOTPRINT – GERMANY



Number of Stores by Region with new stores highlighted in red



Germany: An Established Category with National Champions likely to Emerge



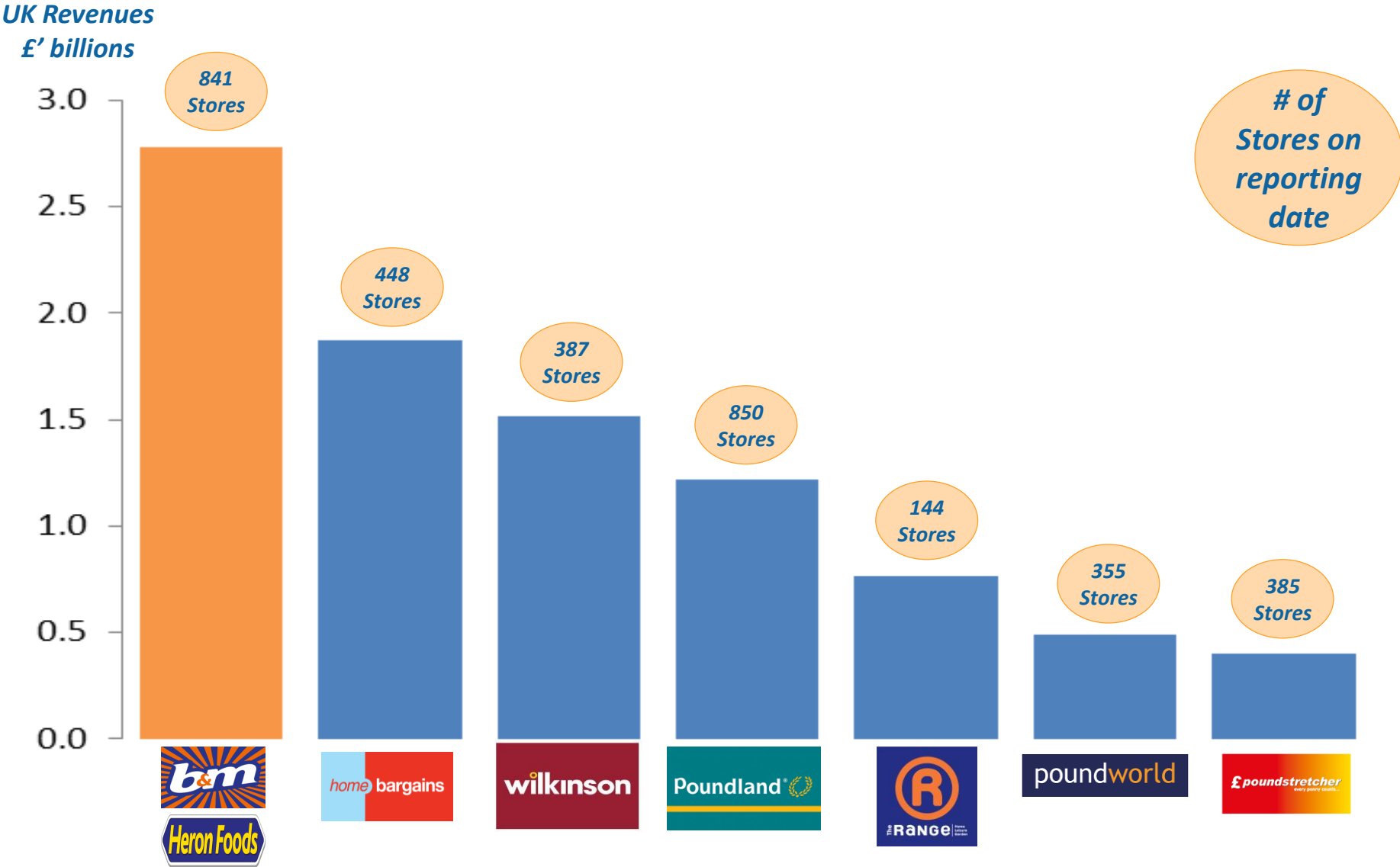
OOT

In-town

* National footprint
Thomas Philipps is a franchised business

Note: 1. Action have both In-town and OOT stores

The UK experience suggests there is room for multiple formats

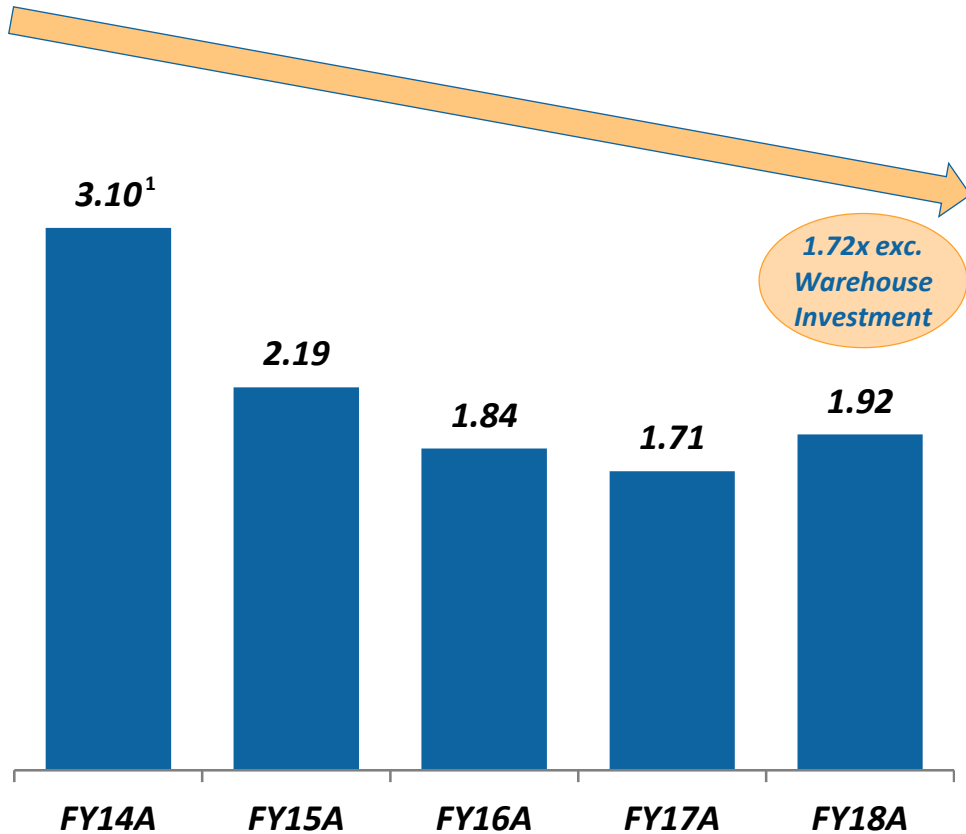


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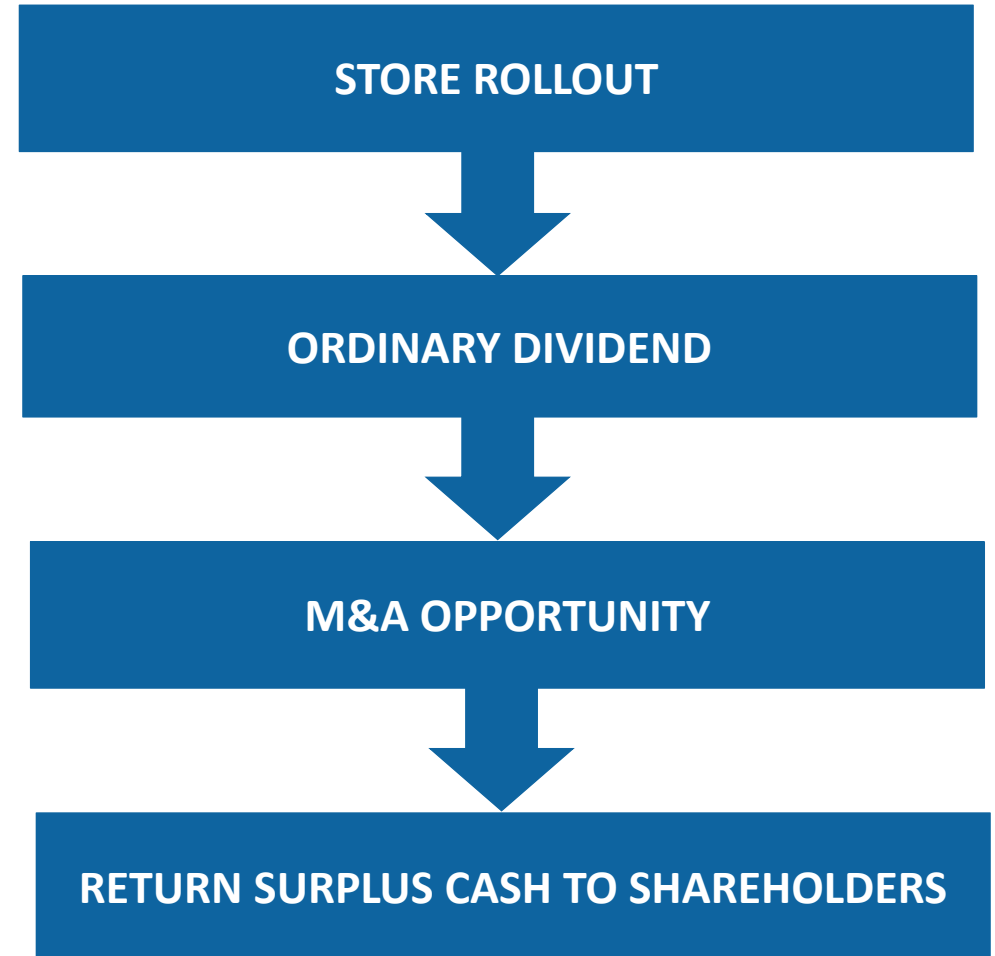
Capital Structure

DE-LEVERAGING PROFILE



Adjusting for the capex spend on the new Southern warehouse the pro-forma leverage would be 1.72x

CAPITAL ALLOCATION FRAMEWORK



Note 1: The 3.1x in 2014A is a pro-forma figure reflecting the post IPO capital structure. The actual at March-14 was 3.3x

Outlook for FY19

- UK consumers increasingly attracted to discount formats and B&M's format resonating strongly
- Continued market share gain through continued store roll out and industry leading LFL's
- Healthy pipeline of 50 gross openings for FY19 at B&M, 15-20 at Heron and 10 at Jawoll
- Pleasing start to Spring / Summer at B&M and Jawoll, adjusting for Easter falling in week 53 FY18
- A year of change and decisive steps in Germany
- Remain open to further bolt-on M&A in Europe to build scale
- Well placed for continued strong profit growth and cash generation

