



10 January 2020

## **B&M European Value Retail S.A.**

### **Q3 Trading Update**

#### **Continued growth in the quarter**

B&M European Value Retail S.A. (“the Group”), the UK’s leading variety goods value retailer, today provides a trading update for the third quarter of its current financial year, relating to the 13 week period from 29 September 2019 to 28 December 2019.

#### Highlights

- Group revenue growth in the quarter of +9.3% at constant currency
- B&M UK stores revenue growth of +8.8% including like-for-like (“LFL”) growth of +0.3% for the quarter, against the backdrop of a challenging broader retail market and our decision not to engage in any early discounting activity
- 15 gross new B&M UK stores opened in the quarter, 12 net of relocations
- 6 planned gross new store openings at our B&M UK stores business for the final quarter
- Heron Foods, our value convenience store chain, continues to trade well building on a good performance in the prior year with solid LFL sales growth and net 5 new stores opened in the quarter
- Progress continued to be made at Babou on the introduction of directly sourced new product ranges. Babou generated revenues of £85.0m in the quarter
- Jawoll sales revenues were -1.5% on a constant currency basis for the quarter. The strategic review announced on 12 November 2019 is ongoing

#### **Simon Arora, Chief Executive, said,**

*“Against the backdrop of a difficult UK retail environment with reduced shopper footfall and political uncertainty, our core B&M UK business generated continued growth and delivered a record level of peak season sales. Cumulatively, B&M UK has achieved +2.3% LFL sales growth during the financial year to date, albeit with a slower performance than anticipated during the run up to Christmas.*”

*Overall the business delivered a good quarter operationally. Costs were well controlled and, combined with our usual strong focus on cash gross margins, yielded a profitable outcome. We were also able to exit the period with normal seasonal inventory levels. Our new store programme delivered 15 gross and 12 net new B&M UK stores in the quarter, and this year’s openings as a whole have performed better than expectations.*

*I would like to thank our teams across all our fascias for their hard work in delivering the biggest ever Golden Quarter for the B&M Group.”*

## Revenue

	Q3 2019/20	Q3 2018/19	YTD at Q3 period end 2019/20	YTD at Q3 period end 2018/19
Total Group Revenues <sup>2</sup>	£1,190.9m	£1,092.5m	£3,094.4m	£2,658.3m
B&M <sup>1</sup> & 2	£957.4m	£879.9m	£2,413.8m	£2,159.5m
Heron <sup>1</sup>	£95.6m	£89.9m	£283.8m	£265.0m
Jawoll	£53.0m	£55.3m	£167.8m	£166.5m
Babou <sup>3</sup>	£85.0m	£67.3m	£229.0m	£67.3m
Total Group Revenue Growth (constant currency) <sup>4</sup>	+9.3%	+12.1%	+16.5%	+14.4%
B&M UK Like-for-Like Revenue Growth <sup>5</sup>	+0.3%	-1.6%	+2.3%	-0.7%

<sup>1</sup> References to the B&M business include the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References to the Heron Foods business include both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.

<sup>2</sup> B&M revenues include £9.4m of wholesale revenues in the quarter (2018: £5.4m) and £21.0m year to date (2018: £8.3m).

<sup>3</sup> For the prior period in FY 2018/19, Babou was part of the Group for only 10 weeks out of the whole 13 week period.

<sup>4</sup> Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.

<sup>5</sup> Like-for-like revenues relate to the B&M estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened; compared with its revenue for the corresponding part of the previous period. This 14 month approach has been taken as it excludes the two month halo period which new stores experience following opening.

Group sales revenue for the quarter increased by +9.3% on a constant currency basis. On an actual currency basis, total sales revenue increased by 9.0% to £1,190.9m (2018: £1,092.5m).

B&M UK stores business sales revenue in the 13 week period increased by 8.8% to £957.4m (2018: £879.9m) with LFL sales of +0.3%. Our LFL performance was held back by disappointing sales across the Toys & Seasonal Confectionery categories, which was offset by continued strength and outperformance across our Home Departments. We refrained from participating in any early or unusual discounting activity over the quarter and remained focused on our cash margin. Inventory levels are also normal for the time of year.

Heron Foods has continued to have a pleasing performance with revenues growing by 6.2% to £95.6m (2018: £89.9m) in the quarter. There were 5 net new stores opened in the quarter (taking the total to 295 stores) and we are on track to open 20 gross new stores in the full year.

Our French business, Babou, increased revenues by +29.3% on a constant currency basis, of which 26.1% related to the non-comparable period of ownership last year.

Jawoll's revenues were -1.5% at £53.0m (2018:£55.3m) on a constant currency basis. We are continuing with the strategic review process that was announced on 12 November 2019. Further information in relation to the outcome of that process will be given in due course.

### Strategy

At the end of the quarter the B&M UK stores business had 657 trading stores, having opened 15 gross new stores (12 net of relocations) in the quarter, and with Heron Foods now trading from 295 stores, having opened net 5 stores in the quarter.

In this financial year in the B&M UK business we expect to have opened 51 gross new stores, being at least 41 net. We also expect to have opened 20 Heron Foods net new stores in the financial year. The pipeline of new stores of the Group for the next financial year also looks healthy.

We are pleased by the initial training phase at our new 1 million sq feet Bedford DC facility, the fit-out of which was largely completed in the quarter. Negotiations are ongoing in relation to the proposed sale of the investment vehicle in which this asset is held.

### Outlook

We have seen a positive start to January trading but the outlook for the rest of the quarter could, as always, be impacted by any adverse weather conditions which may occur over the remainder of the winter. We look forward to 2020 with confidence.

### **Conference Call**

**There will be a conference call for investors and analysts to discuss the Trading Update on Friday 10 January 2020 at 8:30 am (UK).**

**Dial-in details are:**

**UK & International: +44 (0) 3333 000 804**

**US: +1 631 913 1422**

**Participant Pin Code: 56494215#**

### **Enquiries**

#### **B&M European Value Retail S.A.**

For further information please contact +44 (0) 151 728 5400 ext 5766

Simon Arora, Chief Executive

Paul McDonald, Chief Financial Officer

Steve Webb, Investor Relations Director

Investor.relations@bandmretail.com

#### **Media**

For media please contact +44 (0) 207 379 5151

Maitland

Daniel Yea

[bmstores-maitland@maitland.co.uk](mailto:bmstores-maitland@maitland.co.uk)

**Notes to editors**

B&M European Value Retail S.A. is a variety retailer with 657 stores in the UK operating under the “B&M” brand and 295 stores under the “Heron Foods” brand, 96 stores in Germany primarily operating under the “Jawoll” brand and 100 stores in France operating under the “Babou” brand as at 31 December 2019. 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](http://www.bmstores.co.uk)