B&M European Value Retail S.A
FY22 Preliminary Results Presentation
52 weeks to 26 March 2022

FY22 Group Highlights

- Strong operational execution has consolidated the two-year growth in both sales and profit
- Group revenues decreased by -2.7% year-on-year to £4,673m, but grew +22.5% on a 2-year basis
  - B&M UK LFL revenues -9.0% vs FY21 but +13.0% on vs pre-pandemic levels of FY20
  - 34 gross new B&M UK store openings with 14 closures
  - 16 gross new store openings at Heron Foods with 11 closures
  - Fascia re-brand programme in France now complete; 107 stores all under the ‘B&M’ banner
- Group adjusted EBITDA decreased by -1.2% year-on-year to £619m (pre-IFRS16), but this represented growth of +80.8% on a 2-year basis vs FY20
  - Strong outturn in core B&M UK business complemented by a significant improvement in France
  - On a post-IFRS16 basis, Group adjusted EBITDA was £828m
- Cash generated from operations of £598m; pre-IFRS16 leverage 1.3x
- Proposed final dividend of 11.5p, taking full year ordinary dividends in FY22 to 16.5p in addition to the 25.0p special dividend declared in December 2021

Alex Russo

Chief Financial Officer

Summary Profit and Loss

£ millions,	*FY22*	*FY21*	*YoY Change*	*FY20*	*2YoY Change*
Group Stores (number)	1,119	1,091	2.6%	1,050	6.6%
Revenue	4,673	4,801	(2.7)%	3,813	22.5%
Gross Profit	1,752	1,763	(0.6)%	1,289	35.9%
%	37.5%	36.7%	77 bps	33.8%	369 bps
Operating Costs	(1,133)	(1,137)	(0.3)%	(947)	19.7%
Adjusted EBITDA	**619**	**626**	**(1.2)%**	**342**	**80.8%**
%	13.2%	13.0%	20 bps	9.0%	427 bps
Depreciation and Amortisation	(66)	(62)	5.4%		
Net Interest	(29)	(24)	21.9%		
Adjusted Profit Before Tax	**524**	**540**	**(3.0)%**		
Adjusting Items[1]	12	(3)	n/a		
Exceptional & Finance Lease Interest	(0)	(5)	n/a		
Profit Before Tax (pre-IFRS16)	**536**	**532**	**0.8%**		
IFRS16 Impact[2]	(11)	(7)	(68.3)%		
Statutory Profit Before Tax (post-IFRS16)	**525**	**525**	**(0.1)%**		
Adjusted Diluted EPS (p)	41.6p	43.4p	(4.2)%		
Statutory Diluted EPS (p)	42.1p	42.7p	(1.4)%		

Pre-IFRS16

FY22 saw a consolidation of the strong FY21 performance

1. *Adjusting items in FY22 mostly reflect the fair value effect of ineffective derivatives*
2. *Appendix 1 contains a reconciliation of the IFRS16 adjustments*

Performance by Fascia

	FY22	FY21	YoY change	FY20	2YoY change
Group Stores (number)	**1,119**	**1,091**	**2.6%**	**1,050**	**6.6%**
B&M UK	701	681	2.9%	656	6.9%
Heron Foods	311	306	1.6%	293	6.1%
France	107	104	2.9%	101	5.9%
Group Revenue (£m)	**4,673**	**4,801**	**(2.7)%**	**3,813**	**22.5%**
B&M UK	3,909	4,078	(4.1)%	3,140	24.5%
Heron Foods	411	415	(0.9)%	390	5.4%
France	353	309	14.2%	283	24.5%
Group Gross Margin (%)	**37.5%**	**36.7%**	**77 bps**	**33.8%**	**369 bps**
Group adjusted EBITDA (£m)	**619**	**626**	**(1.2)%**	**342**	**80.8%**
B&M UK	564	591	(4.5)%	320	76.4%
Heron Foods	23	25	(8.1)%	26	(11.6)%
France	32	11	191.6%	(3)	n/a
Group adjusted EBITDA (%)	**13.2%**	**13.0%**	**20 bps**	**9.0%**	**427 bps**
B&M UK	14.4%	14.5%	(6) bps	10.2%	425 bps
Heron Foods	5.5%	5.9%	(43) bps	6.6%	(106) bps
France	9.2%	3.6%	559 bps	(1.1)%	1,024 bps

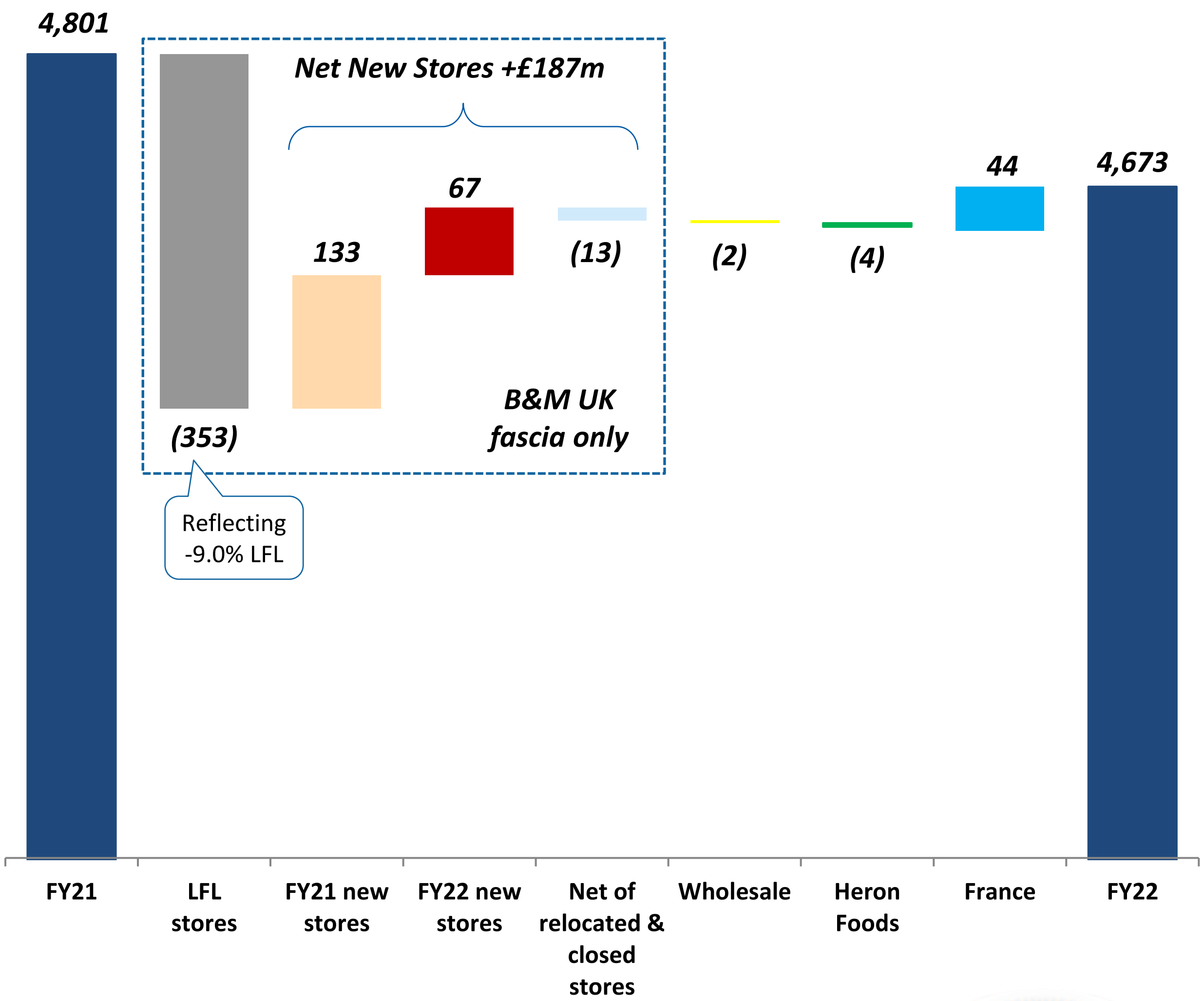
HIGHLIGHTS

- Strong 2-year LFL sales growth in B&M UK, with sales densities significantly higher than pre-pandemic levels
- Gross margin expansion driven by strong performance in General Merchandise leading to a favourable mix shift and also high sell-through of Seasonal ranges
    - The 2-year improvement of 369 bps is broadly broken down as two-thirds due to mix and one-third due to less markdown activity
- Versus pre-pandemic levels of FY20, Group adjusted EBITDA grew 80.8% to £619m
    - Core B&M UK business delivered 2-year growth of 76.4%
    - Successful rollout of B&M proposition in France
- Group adjusted EBITDA margin of 13.2% reflects strong operational performance and disciplined cost control

Group Revenue Bridge

REVENUE FY21-FY22

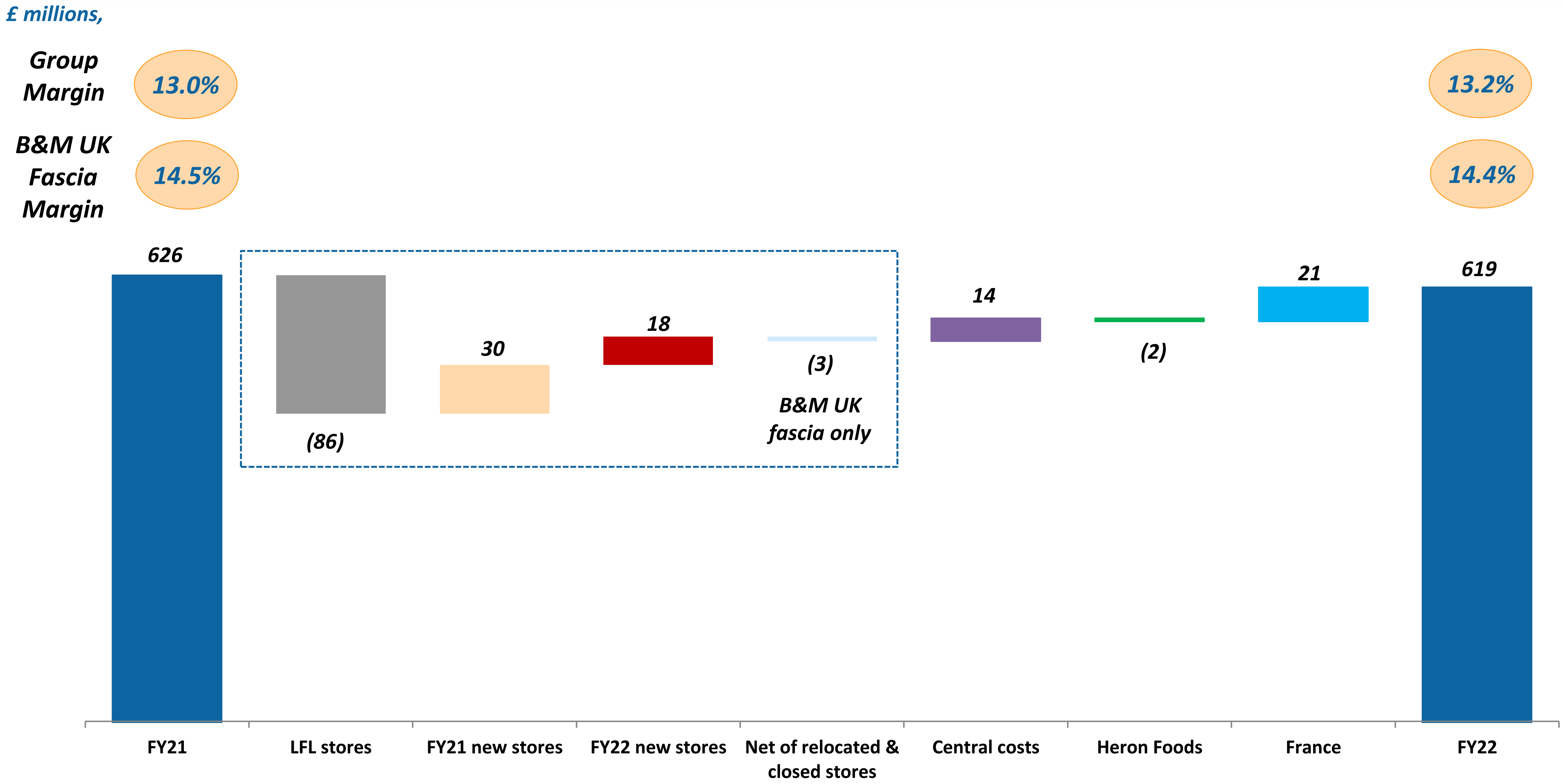
£ millions,



- Total Group revenue change of -2.7% year-on-year
- B&M UK revenue decline of -4.1% compared to elevated levels of FY21 represents the net impact of:
  - One-year LFL revenue decline of -9.0%
  - New store programme contributing +£187m
- Heron Foods revenue declined slightly by -0.9%, with improved performance in H2 as trading conditions normalised
- £353m of revenues in France, growth of +14.2% versus FY21

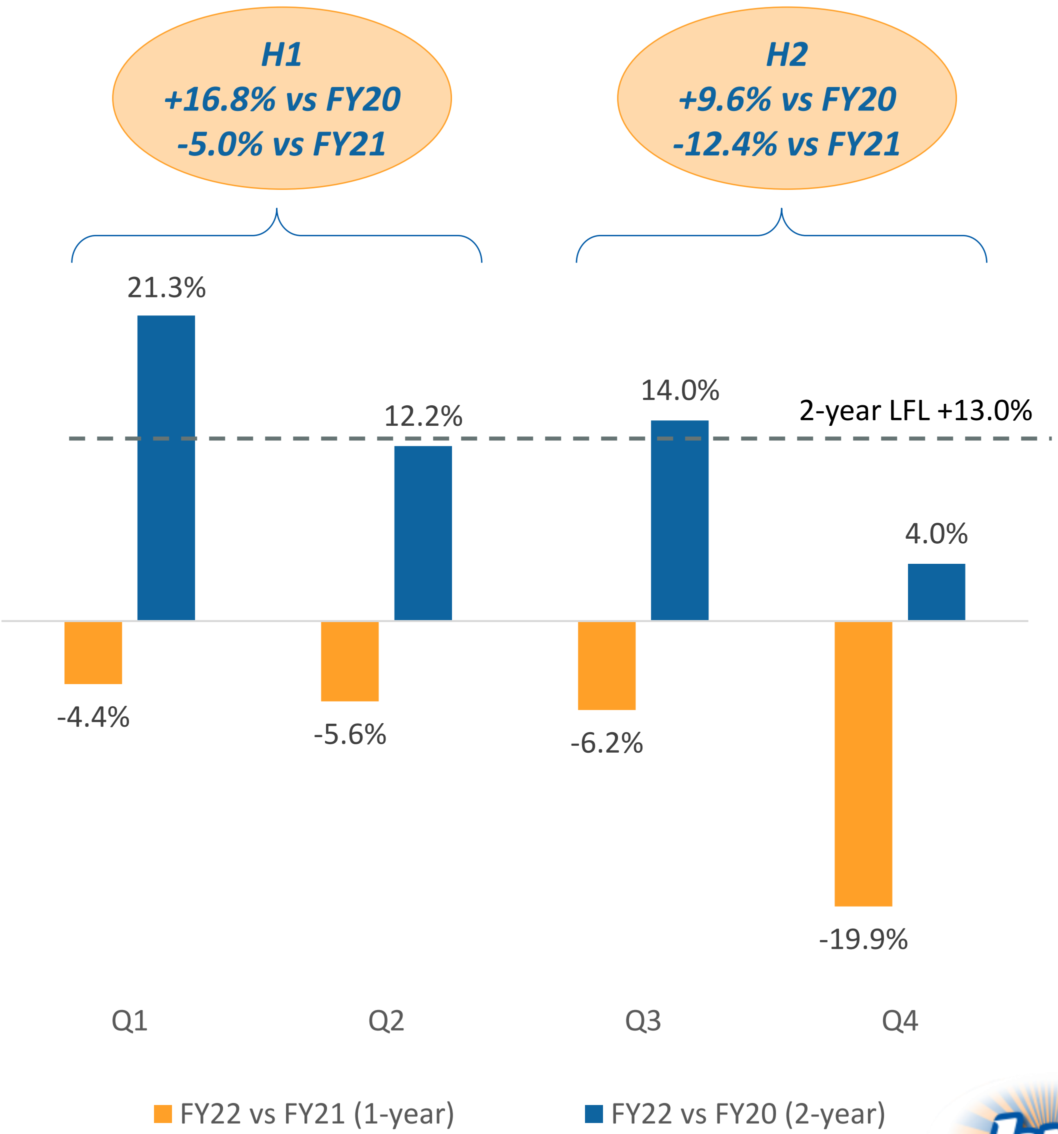
Group adjusted EBITDA Bridge

ADJUSTED EBITDA BRIDGE FY21-FY22



B&M UK Fascia LFL Sales

FY22 SALES LFL

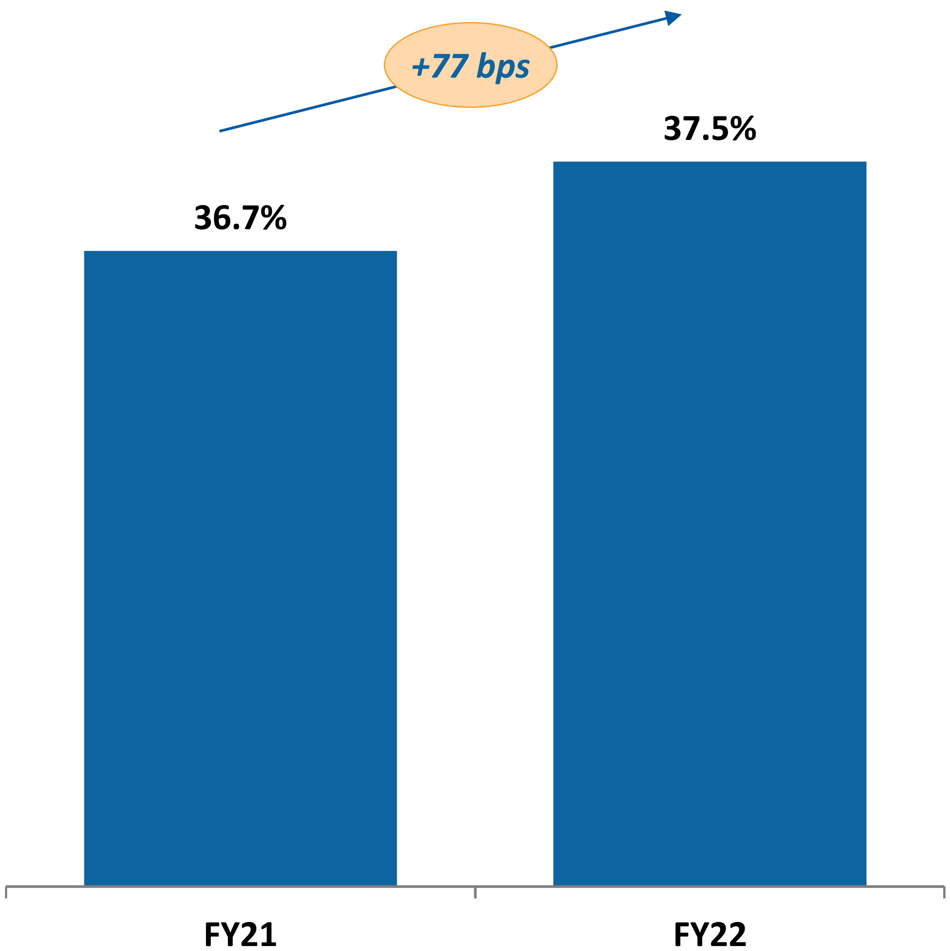


COMMENTARY

- FY22 LFL revenue decline of -9.0% on a 1-year basis but +13.0% on a 2-year basis vs FY20
  - Slowdown in 2-year LFL in Q4 reflected the impact of panic buying in March 2020 at the start of the pandemic in UK
  - 1-year LFL in Q4 also impacted by the pulled-forward demand in Gardening seen in March 2021
- Ona 3-year basis, LFL sales remained elevated versus pre-pandemic levels with Q4 FY22 at +10.4%

Group Gross Margin

GROUP GROSS MARGIN (%)



KEY HIGHLIGHTS

- B&M UK fascia gross margin 52 bps higher than last year
  - Sales participation from General Merchandise has remained strong, with Gardening and Christmas performing particularly well
  - Limited markdown activity once again in FY22 due to strong sell-through of General Merchandise
  - Gross margin on Food and FMCG was stable, with price position remaining very competitive
  - Freight costs relating to General Merchandise imported from Asia was higher from Q4 onwards, but we benefit from scale buying power
- Heron Foods gross margin broadly flat year-on-year
- B&M France traded at a 44.5% gross margin vs 41.6% last year, reflecting the benefit of ongoing range optimisation

Operating Costs by Fascia

£ millions,	FY22	FY21	YoY change	FY20	2YoY change
B&M UK	899	914	(1.6)%	734	22.4%
Heron Foods	107	106	1.2%	98	9.8%
France	127	117	8.4%	115	10.9%
Adjusted Costs (pre-IFRS16)	**1,133**	**1,137**	**(0.3)%**	**947**	**19.7%**
D&A (pre-IFRS16)	66	62	5.4%	58	14.0%
IFRS16 Depreciation	162	153	5.7%	146	10.8%
% of Revenue					
B&M UK	23.0%	22.4%	58 bps	23.4%	(40) bps
Heron Foods	26.1%	25.5%	55 bps	25.0%	103 bps
France	36.1%	38.0%	(190) bps	40.5%	(443) bps
Adjusted Costs (pre-IFRS16)	**24.3%**	**23.7%**	**57 bps**	**24.8%**	**(58) bps**
D&A (pre-IFRS16)	1.4%	1.3%	11 bps	1.5%	(11) bps

KEY HIGHLIGHTS

- Operating costs fell slightly year-on-year, driven by B&M UK
- On a 2-year basis vs FY20, B&M UK business has delivered 40 bps of operating leverage
  - Wage inflation in store colleagues offset by higher sales densities and ongoing productivity initiatives
  - Inflation seen in Transport & Distribution had a relatively modest impact given the absence of a labour intensive online proposition and fuel representing only 32 bps of B&M UK revenues
  - Utility cost inflation not so material, with electricity and gas representing only 0.7% of sales across the Group
- In France, operating costs as a percentage of revenues have improved 443 bps over the past two years, driven by cost leverage achieved on higher sales

Group Interest Expense

£ millions,	FY22	FY21	YoY change
Cash Interest Expense	27	22	21.8%
Amortised Fees	2	2	6.9%
Adjusted Net Interest	**29**	**24**	**21.9%**
Exceptional & Finance Lease Interest	0	5	n/a
Total Interest Expense	**29**	**28**	**2.5%**
IFRS16 Interest	59	61	(3.9)%

KEY HIGHLIGHTS

- Cash interest and amortised fees relate to third party bank debt and High Yield Bond
- Group retains strong liquidity following recent re-financings in July 2020 and November 2021
  - £300m loan facility and £155m Revolving Credit Facility matures in April 2025
  - £400m High Yield Bond (3.625% interest rate) issued in July 2020 matures in July 2025
  - £250m High Yield Bond (4.000% interest rate) issued in November 2021 matures in November 2028
- Ongoing adjusted net interest expense of c.£35m p.a

Cash Flow Generation Remains Strong

OPERATING CASH FLOW £m

	FY22	FY21
Adjusted EBITDA (pre-IFRS16)	***619***	***626***
Change in Working Capital	*(231)*	*123*
New Store Capex	*(34)*	*(43)*
Infrastructure and Freehold Capex[1]	*(9)*	*(16)*
Maintenance Capex	*(42)*	*(22)*
Total Net Capex	*(85)*	*(81)*
Operating Cash Flow (pre-IFRS16)	***301***	***668***

	FY22	FY21
Net debt (pre-IFRS16)	*790*	*519*
Leverage ratio (pre-IFRS16)	*1.3x*	*0.8x*

Group remains comfortably within stated leverage ceiling of **2.25x**

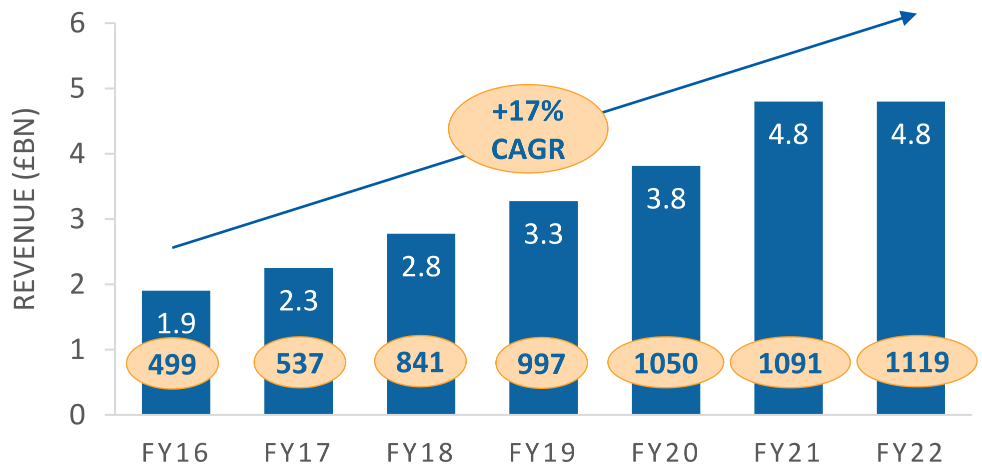
1. *Shown net of c£14m proceeds received from two freehold disposals and c£15m spent on the acquisition of three new freehold sites*

COMMENTARY

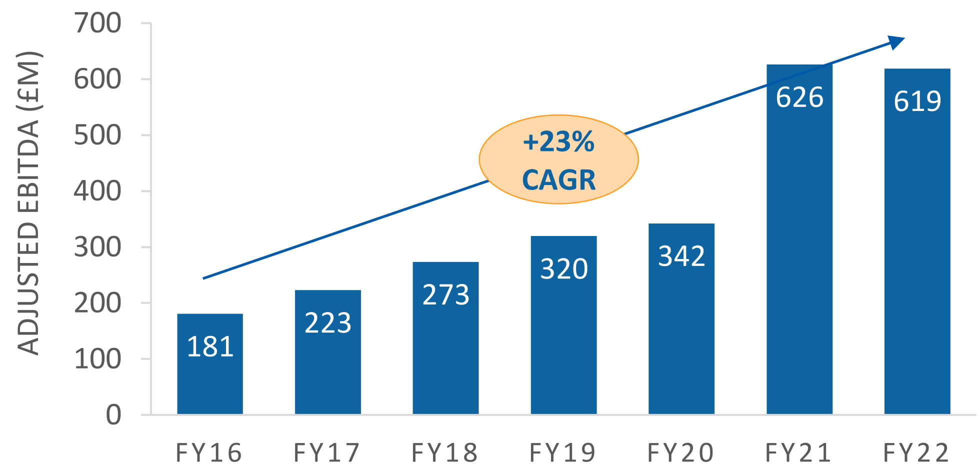
- Working capital outflow of £231m driven by:
  - Pro-active decision to import Spring/Summer 2022 inventory earlier this year to ensure strong availability
  - Unusually low stock cover back in March 2021 due to exceptional Gardening and Outdoor demand seen last year when still under Covid restrictions prohibiting indoor socialising
- New store Capex of £34m spent on opening 54 gross new stores across the Group
  - Payback period on new stores remains highly attractive
- Maintenance Capex only 0.9% of revenue

Track Record Since IPO

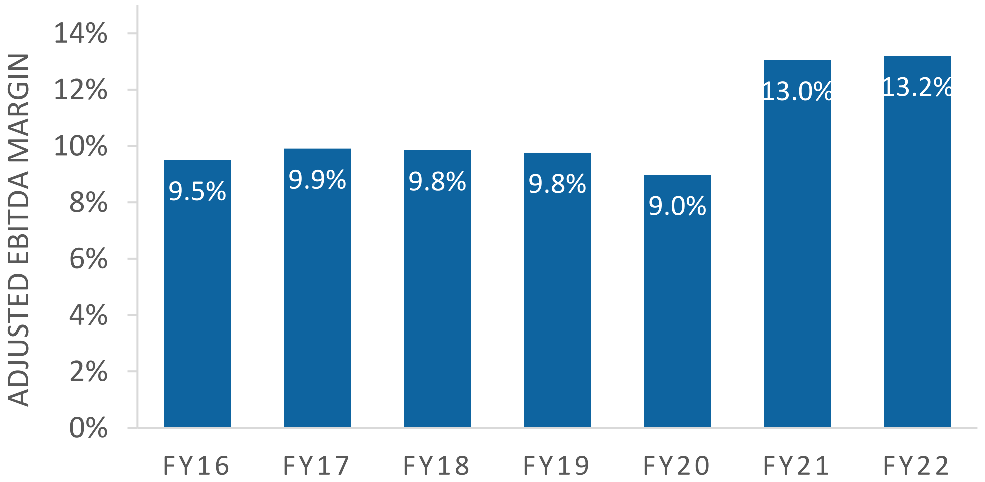
REVENUE AND STORE NUMBERS[1]



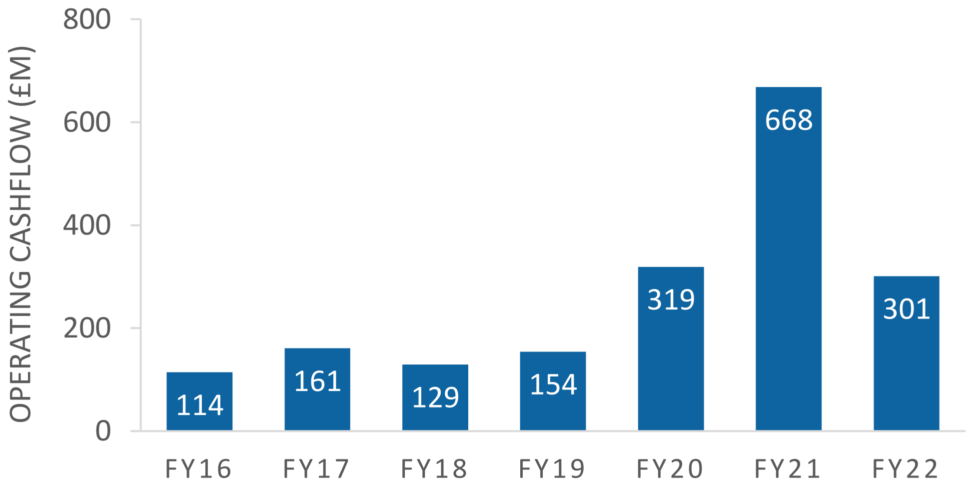
ADJUSTED EBITDA[1,2]



ADJUSTED EBITDA MARGIN[1,2]



OPERATING CASHFLOW[2,3]



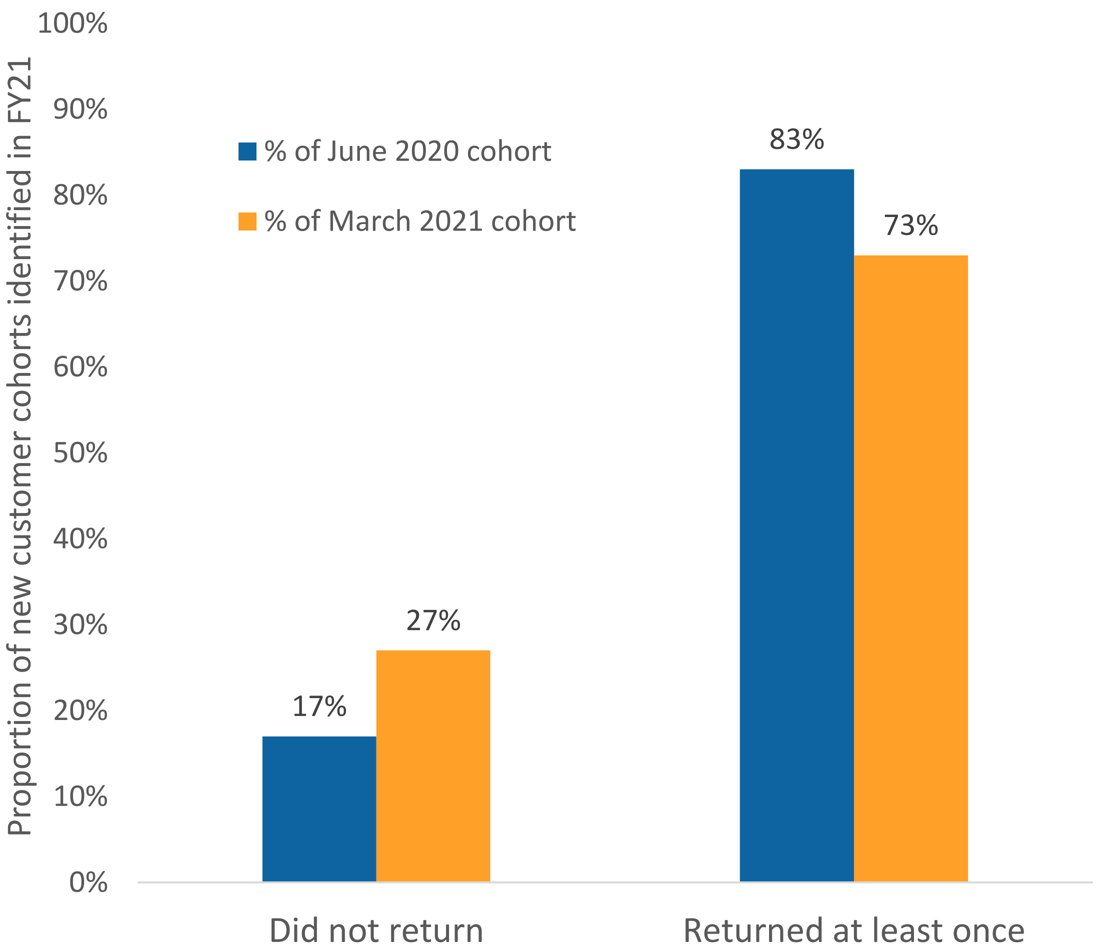
1. *Shown for continuing operations only, and therefore excludes Jawoll (Germany)*
2. *Presented pre-IFRS16*
3. *Operating cashflow includes Jawoll for FY16 to FY20 inclusive*

Simon Arora

Chief Executive Officer

Updated Analysis Shows Strong Retention of New Customers Acquired in FY21

SHOPPING BEHAVIOUR OF FY21 NEW CUSTOMERS IN FY22



1. *Defined as customers who had not shopped at B&M in the previous 5 months*
2. *Defined by Barclaycard as "Family Backbone" customer type*

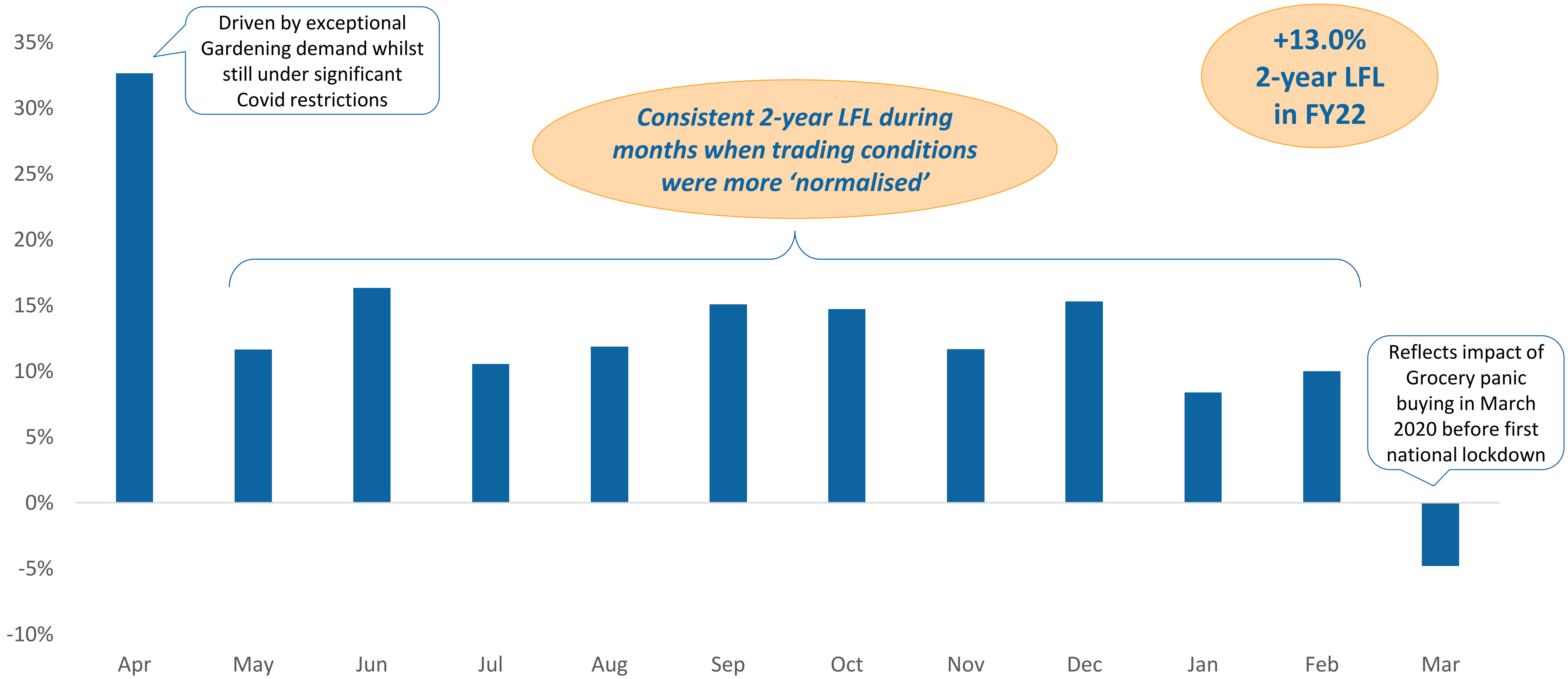
Source: Barclaycard Market & B&M Customer Insights Report, April 2022

KEY HIGHLIGHTS

- In FY21, Barclaycard analysis identified two cohorts of new customers[1] who shopped with B&M in May 2020 and March 2021
- Since that initial visit to B&M, both cohorts of customers have shown strong retention rates in FY22
- Low and middle income families[2] (representing c.15% of all UK shoppers) have demonstrated the greatest propensity to visit repeatedly
- This should underpin the attractiveness of our value-for-money proposition given this demographic are most likely to be impacted by the rising cost of living

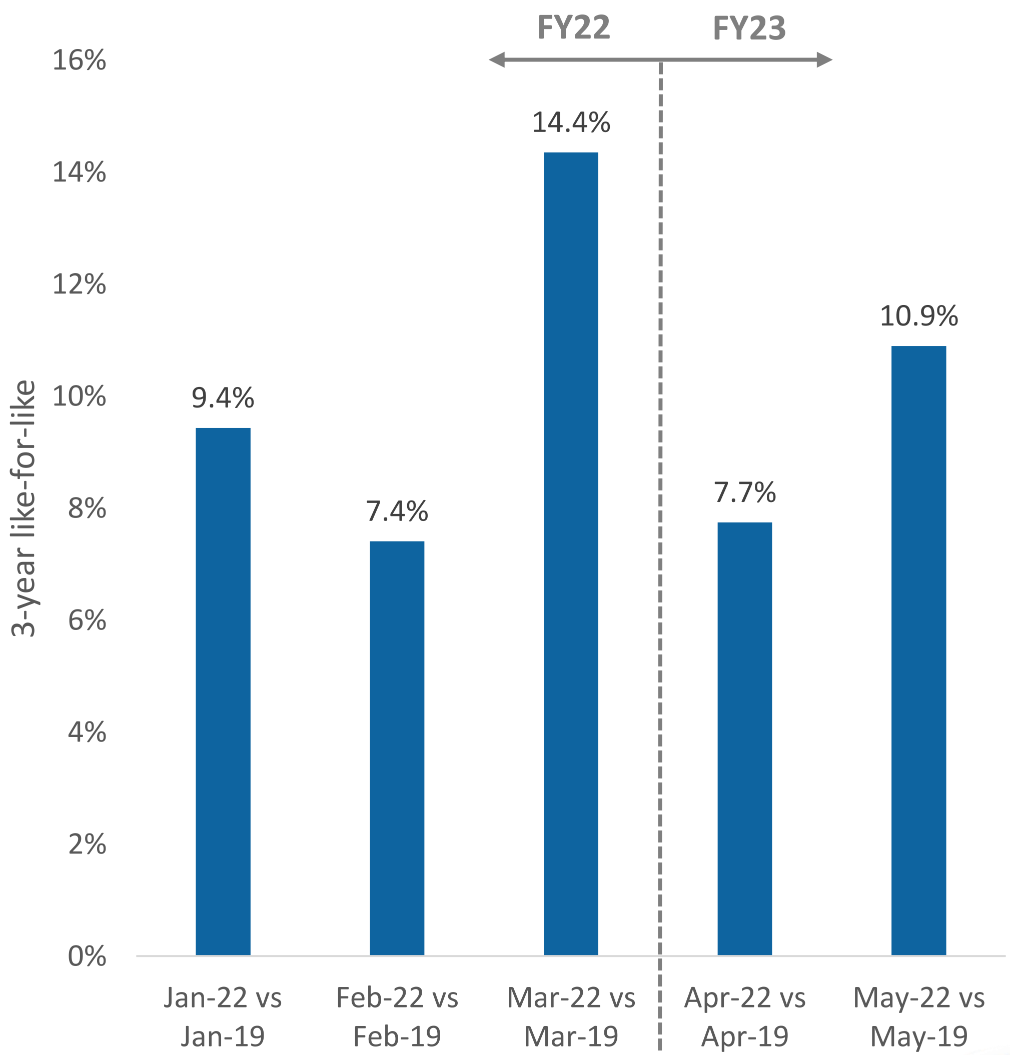
Relatively Consistent Monthly 2-Year LFL Performance

B&M UK 2-YEAR LFL BY MONTH



Recent Trading versus Pre-Pandemic Levels

B&M UK LFL SALES VERSUS CY2019



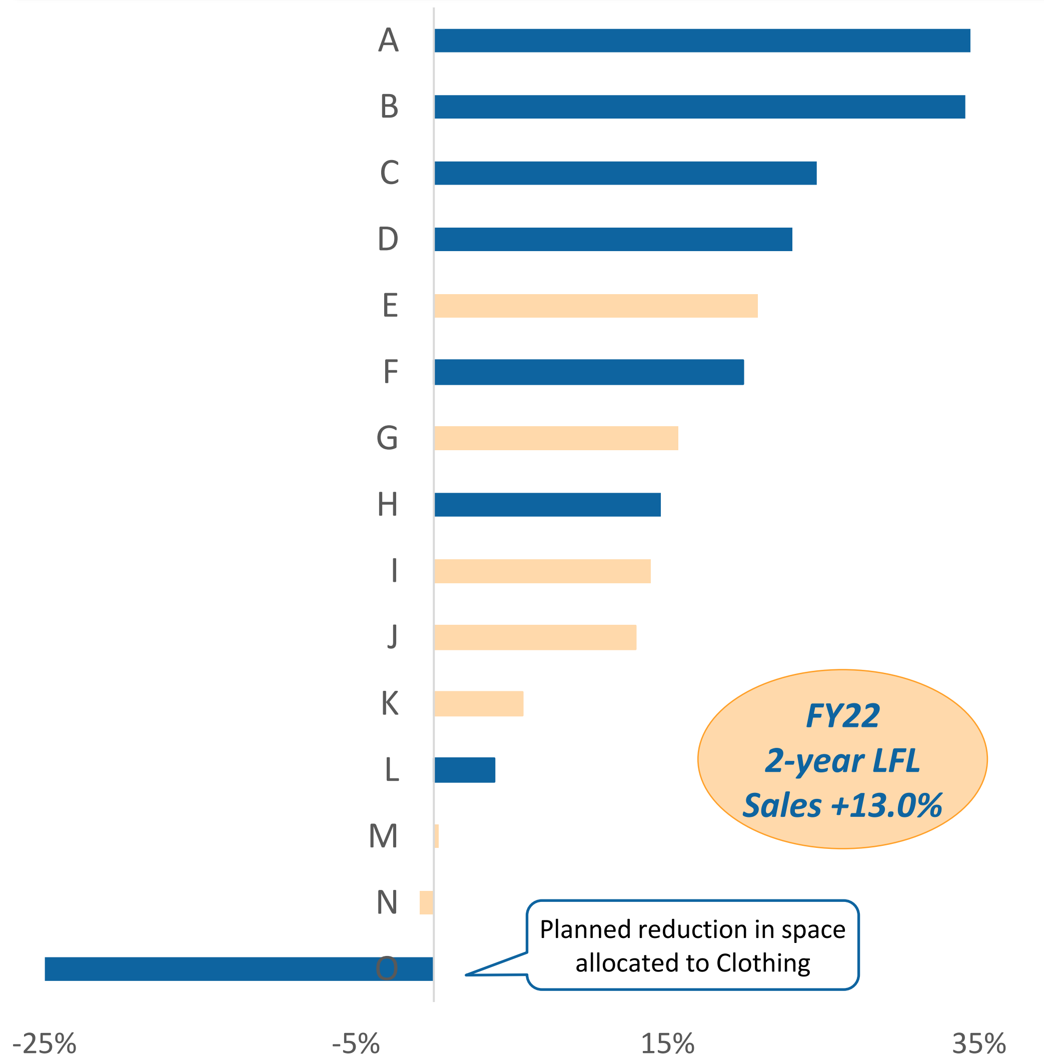
COMMENTARY

- The 2-year LFL was distorted by panic buying in March 2020
- Accordingly, we provide the monthly performance since the start of the calendar year compared to the corresponding months of CY2019 as the most meaningful measure, since this "looks through" the impact of the pandemic
- On this 3-year basis, LFL sales remain consistently elevated versus pre-pandemic levels

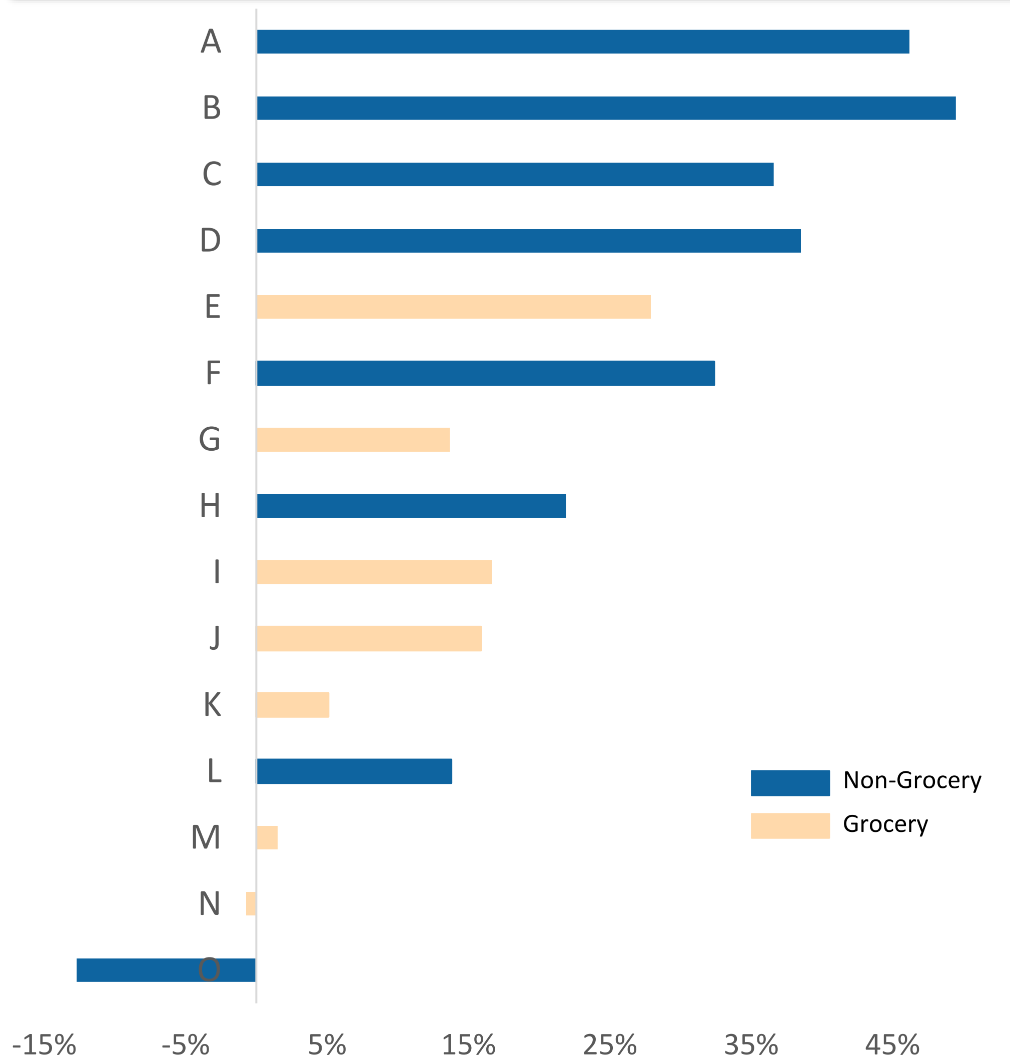
*Note: Revenues shown are for B&M UK **LFL estate** as at the beginning of January 2019*
May data represents the first 3 trading weeks of the month for both 2022 and 2019

Broad Based Category Performance with Seasonal Performing Strongest

2-YEAR LFL SALES BY CATEGORY



2-YEAR LFL MARGIN BY CATEGORY



Price Position on Grocery Being Maintained Despite Inflationary Pressures

HIGHLIGHTS

- We have maintained our price gap vs competitors
  - We monitor prices fortnightly on a range of products taken from different sub-categories
  - As at 26 May 2022, we are currently about 15% cheaper than the main supermarket competitors across a basket of c.550 Grocery SKUs
- We expect competitors to continue behaving rationally and have not seen them attempt to absorb cost price inflation
- Despite increased cost prices and freight rates, we expect to maintain our price gap by leveraging our scale, direct sourcing buying model and limited assortment offer

Strong Performance in Seasonal Categories

GARDENING

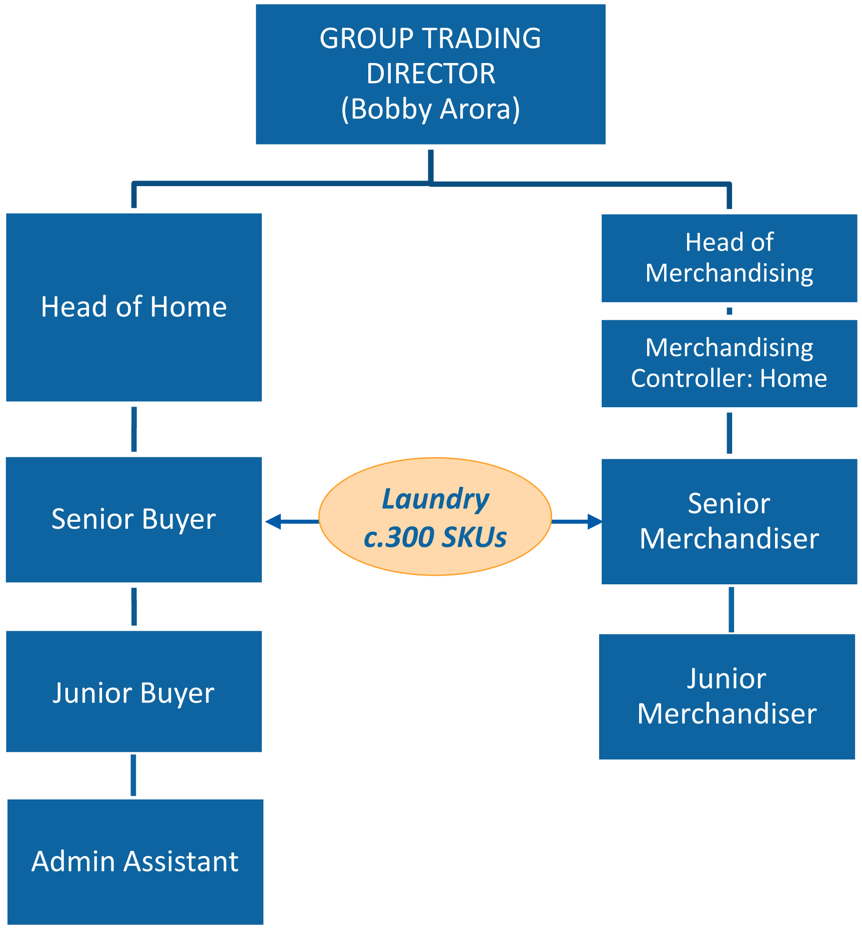
- B&M Homestores are increasingly seen as a "destination" visit and 210 stores now have a Garden Centre
- Agile supply chain and strong supplier relationships in Garden and Outdoor categories helped deliver an exceptionally strong Spring/Summer 2021
  - Favourable weather and phasing of lockdown restrictions being lifted also inflated March and April 2021 performance
- We have approached the 2022 season with ambition, although we expect demand to occur far more evenly throughout H1 compared to last year

CHRISTMAS

- Good stock availability meant we were able to meet strong customer demand
- Product ranges, designed in-house, were on-trend and proved highly appealing
- Strong sell-through led to minimal markdown activity, supporting gross margin performance in H2
- Like Gardening, we see ourselves increasingly as a destination retailer in the Christmas category

Competitive Advantages of B&M Buying Model

EXAMPLE OF BUYING TEAM STRUCTURE



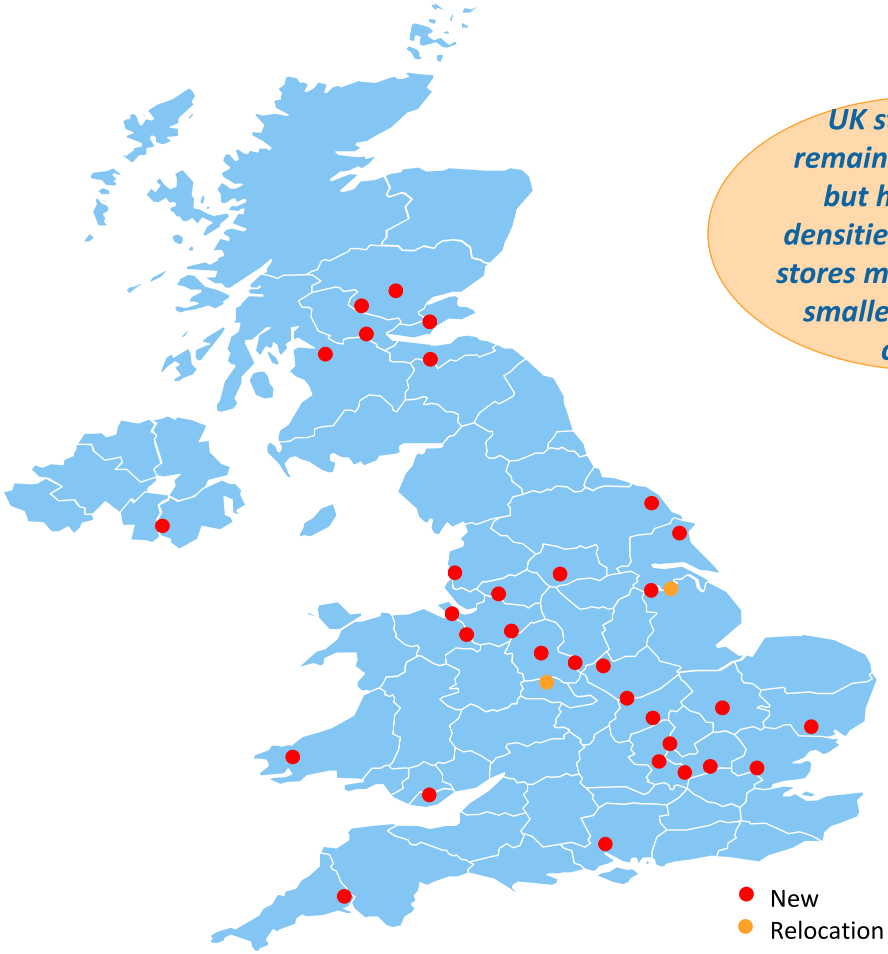
- Trend "Look & Feel"
- Surface Design
- Product & Packaging Design
- QC & Ethical Auditing
- J.V with Multi Lines as Sourcing Agent

COMMENTARY

- B&M is a buying-led business, with the Buying and Merchandising teams comprising c.140 colleagues, by far the largest team in the Support Centre
- For example in the Laundry category, a team of 5 is responsible for as little as 300 live product lines
- This allows us to source direct and buy 'narrow but deep' volumes in order to deliver disruptive pricing

B&M UK Store Rollout Continues

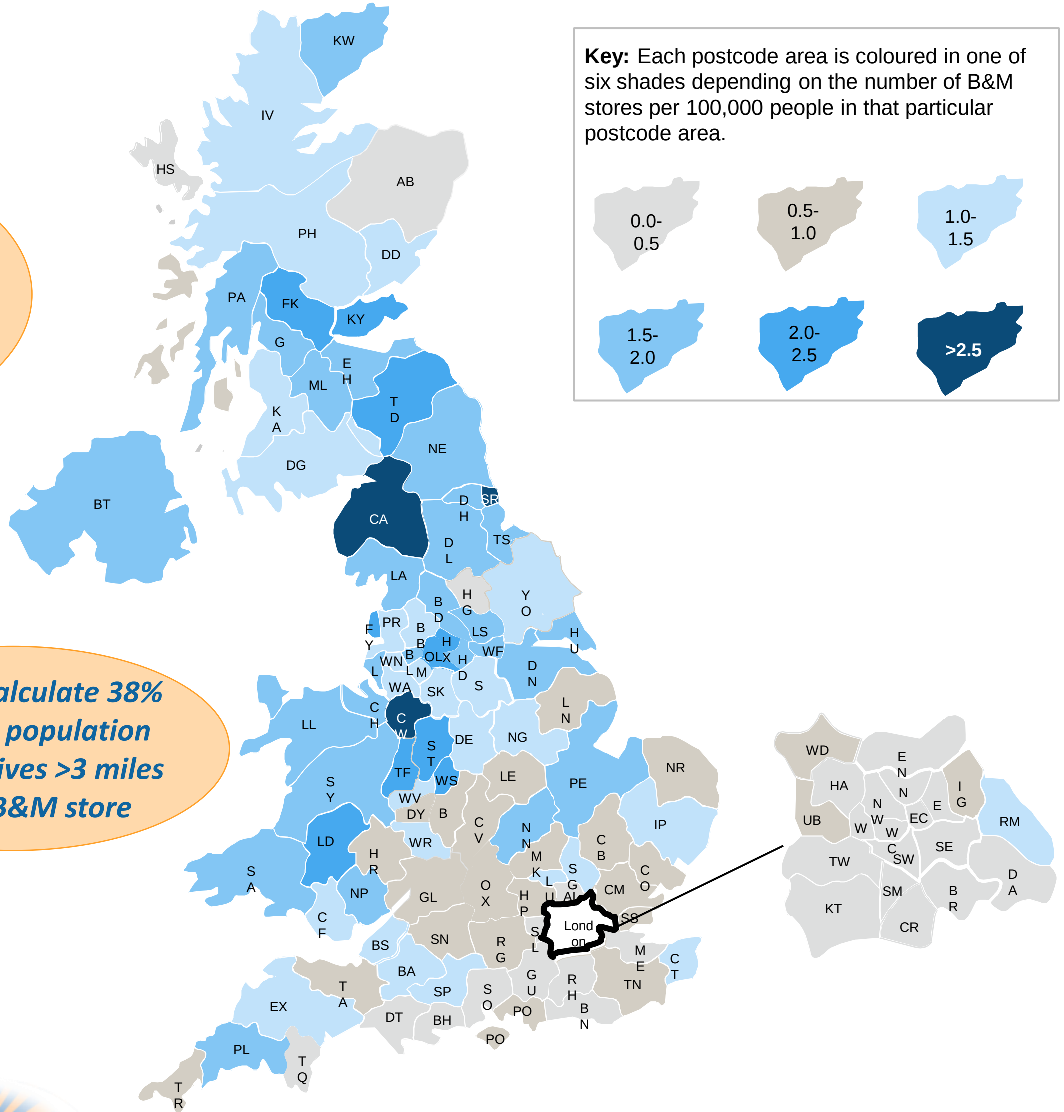
LOCATIONS OF 34 OPENINGS IN FY22



UK store target remains at least 950 but higher sales densities suggest new stores may be viable in smaller population centres

Geolytix calculate 38% of the UK population currently lives >3 miles from a B&M store

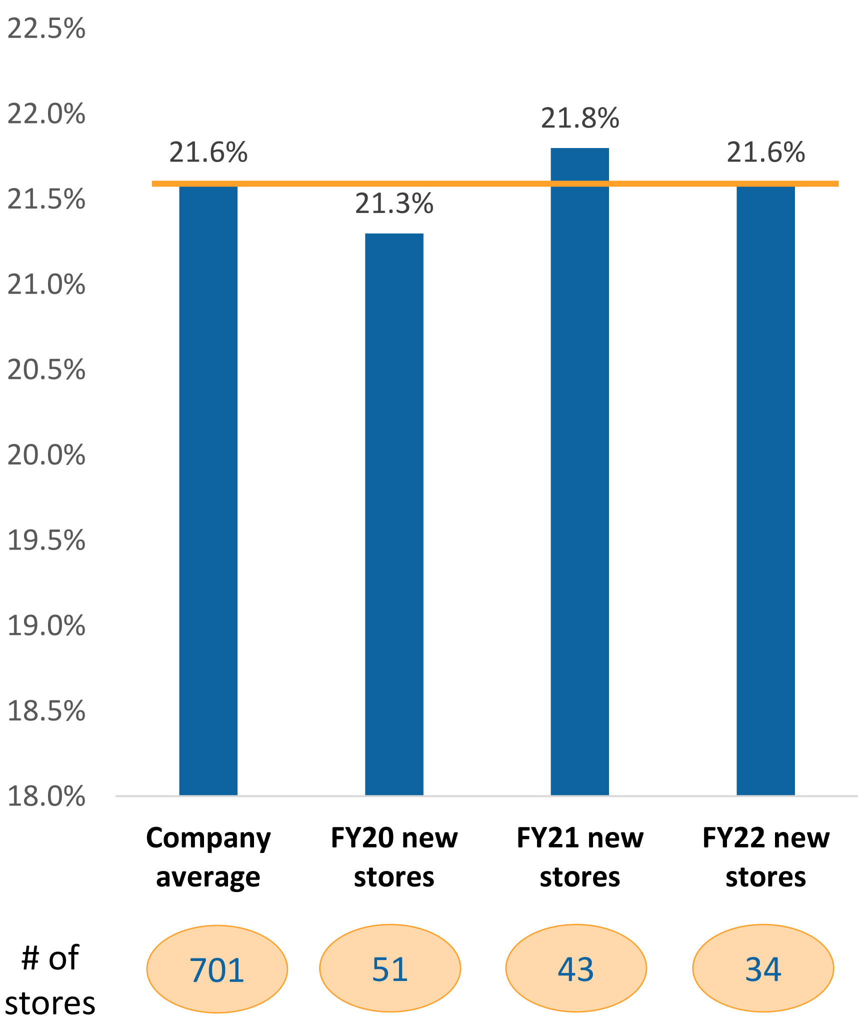
701 STORES AT MARCH 2022



Source: Barclays European Food Retail Equity Research

Recent New Store Cohorts Performing Well

FY22 STORE CONTRIBUTION %



COMMENTARY

- We target a sales area of c.20,000 sq. ft; ideally Out of Town with convenient parking and space for a Garden Centre
- The cohort of stores opened over the last three years continue to deliver very strong store contribution margins
  - Demonstrates our focus on ensuring the rollout programme remains margin accretive
- New stores do not typically need a 'maturity curve' and are immediately profitable
  - Refreshed analysis shows that the payback period of the FY21 cohort of store openings is only 7 months (or 11 months including up-front working capital investment)

Note: Store contribution is defined as gross profit less directly attributable store costs

Outlook for B&M UK Space Growth

PACE OF NEW STORE ROLLOUT

- Expect approximately 40 gross new stores in FY23
- Recently lifted eviction moratorium should facilitate handover of additional stores
- We have an appetite for approximately 50 stores per year in future years but will remain disciplined on site selection and rental costs
- Pace of openings will be influenced by availability should existing big box occupiers decide to rationalise their store estates
- Longer term target of at least 950 B&M UK stores is increasingly well underpinned, given current sales densities and ongoing customer retention

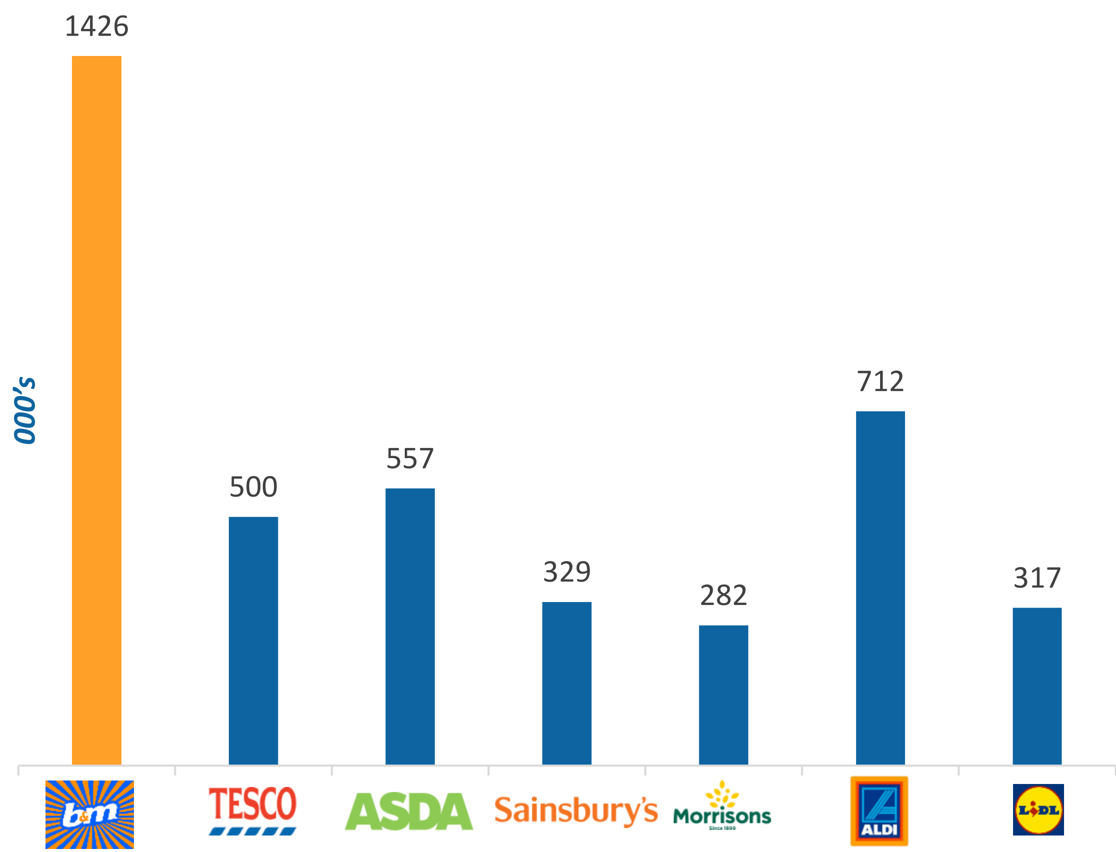
CLOSURE PROFILE

	FY18	FY19	FY20	FY21	FY22
Relocations	*(5)*	*(5)*	*(8)*	*(5)*	*(2)*
Closures	*(3)*	*(5)*	*(7)*	*(13)*	*(12)*
Average age of closed stores (years)	*7.4*	*8.7*	*10.2*	*10.2*	*11.8*

- The B&M fascia new store programme is offset by a small number of relocations and closures:
  - **'Relocations'** involve closing a small site and moving (in the same financial year) to a larger, better located site
  - **'Closures'** are at legacy locations where we had opened a large modern store in the catchment in an earlier financial year and the old store lease is now expired
- **We expect no more than 15 closures (excluding relocations) over the next 3 years, with no material loss of EBITDA**

Engaging and Successful Social Media Presence

INSTAGRAM FOLLOWERS AT MARCH 2022



ENGAGED DIGITAL COMMUNITY

Recently updated B&M App

Visit social media platforms for "April Fools" video

Our website enjoyed 84 million sessions in FY22 despite being non-transactional

The B&M Brand is Well Loved

Savanta: MOST LOVED BRANDS 2022

Ranking	Brand
1	Amazon
2	Apple
3	M&S Simply Food
4	Tesco
5	Aldi
6	M&S
7	Boots
8	IKEA
9	B&M
10	Asda
11	Home Bargains
12	Lidl
13	eBay
14	John Lewis
15	Sainsbury's
16	Argos
17	Le Creuset
18	Wilko
19	Waterstones
20	Morrisons

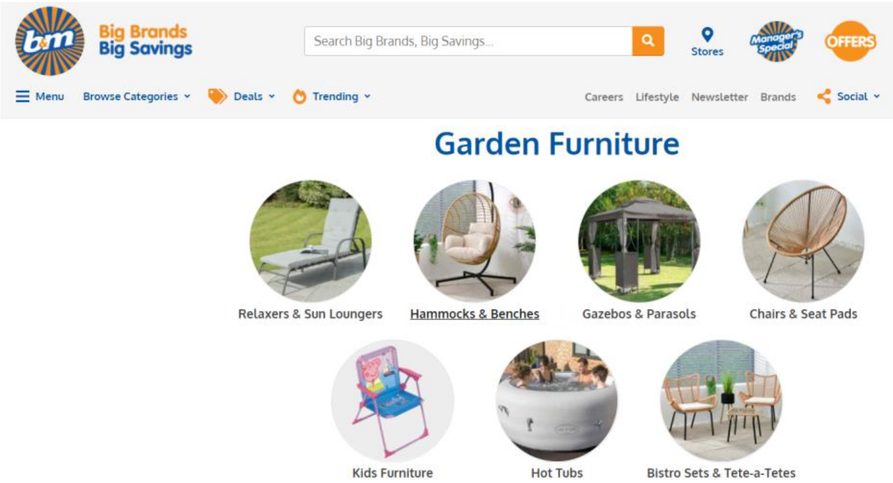
HIGHLIGHTS

- There is a strong affinity to the B&M brand, likely to be driven by a number of features that resonate strongly with customers:
  - Our EDLP value for money proposition gives us a clear identity
  - Playing a role in everyday life given our core Grocery/FMCG offering and 252 million shopping baskets in FY22
  - A "treasure hunting" shopping experience, supported by social media presence and 84 million website sessions in FY22
- Savanta, an external market research agency, conducts an annual survey across 96,000 respondents
  - We ranked 9th overall and 3rd within the Home category, illustrating our growing success in that category
  - Millennials and Gen Z consumers rated B&M particularly high, representing an exciting opportunity to access lifetime value
- Word of mouth, social media and website continue to deliver brand value, rather than via expensive traditional marketing campaigns

Source: BrandVue "Most Loved Retail Brands" Report, March 2022

Update on Transactional Website Trial

TRIAL OVERVIEW



- Shortly launching an online deliver-to-home service, with an initial range of Seasonal products
  - Will then ramp up to c1,000 carefully selected products including bulkier or higher ticket items from categories such as Indoor and Outdoor Furniture, Homewares, Toys and Electricals

NEXT STEPS

- We expect our proposition to help address a customer ‘pain point’, for example those who are unable to transport bulky products home in a car
- We intend to adopt a “test and learn” approach during FY23
- Longer term, there is potential to offer online-only range extensions, but this opportunity will be assessed in due course
- We do not anticipate making the full range available for click & collect, since this could undermine the high proportion of impulse purchases typically seen in store

Robust Performance in Heron Foods

HIGHLIGHTS

- Delivered a satisfactory performance against the very strong comparatives of FY21
  - Like-for-like performance improved across H2 as the comparatives from the height of the pandemic last year eased
  - Ambient and Chilled categories outperformed Frozen, which was more challenging due to lack of "clearance" stock in the market
- Stable gross margin reflects a consistent product mix
- FY22 EBITDA was £23m with a margin of 5.6%. This represents an EV/EBITDA multiple of c6.7x based on the acquisition price from August 2017

Excellent Progress in France

FINANCIAL HIGHLIGHTS

- Strong 2-year LFL sales growth of 21% versus FY20
- Gross margin expansion driven by further reduction in Clothing and strong performance in key General Merchandise lines
- EBITDA margin of 9.2%, exceeding our expectations from the start of the year
- FY22 EBITDA of €35m and an acquisition value of €91m represents an EV/EBITDA multiple of 2.6x

OPERATIONAL HIGHLIGHTS

- Product range evolution largely complete, with Clothing only c.12% of sales in FY22 and plans to reduce further in FY23 to c.8%
- General Merchandise ranges bought using B&M supplier base well received by French consumer
- Fascia re-branding programme completed, with all 107 stores now under the B&M banner[1]

1. There is one store in France which remains under the legacy "Babou" fascia, but this is located on a retail park scheduled to be demolished therefore it does not warrant the expenditure of a re-brand.

Future Plans for France

FY23

- Priority is to improve store standards and consistency
- Ongoing transfer of skills from B&M UK to assist with store operations, website and social media
- Investment in Senior Management team to underpin the pace of future rollout
- Property team are preparing for a higher rollout of new stores
  - Expect approximately 6 gross new openings in FY23
- Further development of Company Operated model (currently 23 out of 107 stores)

LONGER TERM

- Regard the opportunity in France as being store rollout and market share gains rather than profit margin % expansion
- Anticipate a gradual scaling up of new store rollout in France in FY24 and beyond
- Expect future growth to be organic rather than acquisitive, but remain attuned to possible M&A opportunities
- Over time, there is likely to be a more even blend of Company Operated and Mandated Manager stores
- **We see potential for the B&M estate in France to be multiple times larger than it is today, but will be achieved in a disciplined and evenly paced manner**

Clear and Consistent Capital Allocation Policy

CAPITAL ALLOCATION FRAMEWORK	*CURRENT APPROACH*
INVESTMENT IN ORGANIC GROWTH	UK and France store rollout continues to be funded through strong cash generation
ORDINARY DIVIDEND	Ordinary dividends of 16.5p per share for the full year
M&A OPPORTUNITY	Not currently evaluating any further acquisition opportunities, choosing to remain focused on delivering our organic growth plans for FY23
RETURN SURPLUS CASH TO SHAREHOLDERS	Net debt / adjusted EBITDA at FY22 is 1.3x on a pre-IFRS16 basis, remaining comfortably within our stated leverage ceiling of 2.25x

Our ESG Strategy

OUR ESG STRATEGY UNDERPINS OUR PURPOSE OF DELIVERING VALUE TO CUSTOMERS

ENVIRONMENT

- Reduce scope 1 & 2 carbon emissions by 25% by 2030
- Adopt a supplier engagement target for scope 3 carbon emissions
- Reduce use of plastic packaging in the supply chain
- Maintain a high level of waste recycling

COLLEAGUES

- Provide colleague development and promotion opportunities through a range of training programmes
- Maintain high levels of colleague engagement across the Group
- Develop a diverse and inclusive workforce
- Reward strong business performance through payment of discretionary bonuses to store, distribution and support centre managers

COMMUNITIES

- Committed to a store rollout target of at least 950 B&M stores in the UK
- Contribute to the regeneration of local communities through the creation of new jobs
- Support local and national charitable initiatives

SUPPLY CHAIN

- Commitment to ethical business practises and the fair treatment of workers in our supply chain
- Utilise sustainable or recycled materials when designing own-brand products wherever possible
- Pay all suppliers fairly and treat them with respect

Significant Progress on ESG

ESG HIGHLIGHTS IN FY22

- Publishing our first standalone ESG Report to complement the launch of our new Strategy
- Appointed our first Sustainability Manager to help deliver a number of ESG objectives
- Expanded our carbon reporting to encompass Scope 3 carbon emissions for the first time
- Set a long-term science-based target for Scope 1 & 2 carbon emissions
- Reported under the requirements of TCFD in our Annual Report
- Continued to deliver against long-standing commitments such as creating new jobs in local communities and developing our colleagues
- Rewarded >24,000 colleagues for their hard work through the payment of a discretionary bonus in January 2022

ONGOING DEVELOPMENT

- Our commitment to investing in new stores in the UK and France will extend the reach of our value for money offer, contributing societal value by helping customers navigate uncertain macroeconomic conditions
- Ongoing rollout of LED lighting and Building Energy Management System in stores will reduce our Scope 1 & 2 carbon emissions
- Will develop our thinking with regards to an appropriate Net Zero pathway aligned to our ambition of 2040

Current Trading and FY23 Outlook

- Over the first 8 weeks of FY23, B&M UK LFL sales performance has been -13.2% vs FY22 and -11.5% vs FY21
  - This reflects the impact of annualising against elevated comparatives in both years, driven by pandemic-related restrictions
  - On a 3-year basis versus pre-pandemic levels of 2019, there was LFL growth of +7.7% in April 2022 with an improvement to +10.9% in the first 3 weeks of May 2022
- In the B&M UK business, gross margin is likely to step back in FY23 due to a more normalised level of seasonal markdown activity and a possible adverse impact from category mix
  - We expect B&M UK adjusted EBITDA margin to be between 70 to 130 bps lower than the 14.4% from FY22, but remaining structurally higher than pre-pandemic
- New store pipelines remain robust with gross new openings in FY23 expected to be approximately 40 B&M UK stores, 15 Heron Foods stores and 6 B&M France stores
- Notwithstanding the many and varied uncertainties and headwinds likely to impact trading performance during FY23, we currently expect Group adjusted EBITDA to be in the range of **£550m to £600m**

Summary

- Excellent operational execution has consolidated the two-year growth in both sales and profit
  - Strong performance in the core B&M UK business has been complemented by progress in France, which we now regard as a significant long-term growth opportunity

- The Group is well positioned for the year ahead, with our price competitiveness on largely affordable products likely to prove highly attractive given ongoing inflationary pressures

- Current macroeconomic backdrop creates uncertainties, but history would suggest that discounters such as B&M generally perform well during such times

- The strategic priorities of the Group remain unchanged and the long-term growth prospects both in the UK and in France are highly attractive

Questions and Answers

Appendices

FY22 IFRS16 Reconciliation

Appendix 1

£ millions,	Pre-IFRS16	Change	Post-IFRS16	Notes
Revenues	4,673	-	4,673	No change
Gross Profit	1,752	-	1,752	No change
Operating Costs	(1,133)	209	(924)	Operating lease rental cost is removed
Adjusted EBITDA	**619**	**209**	**828**	**Adjusted EBITDA increases significantly**
%	13.2%	448 bps	17.7%	Adjusted EBITDA margin increases
Depreciation and Amortisation	(66)	(161)	(227)	Depreciation charge relating to ROU asset added
Net Interest	(29)	(59)	(88)	Interest charged on lease liability; average unexpired lease term for B&M UK stores is 6.2 years
Adjusted PBT	**524**	**(11)**	**513**	**Adjusted PBT decreases slightly since IFRS16 depreciation + interest charge added > IAS17 rental cost removed**
Adjusted diluted EPS	41.6p	(0.6)p	41.0p	

Like-for-like track record since Global Financial Crisis

Appendix 2

B&M UK HISTORICAL QUARTERLY LFL