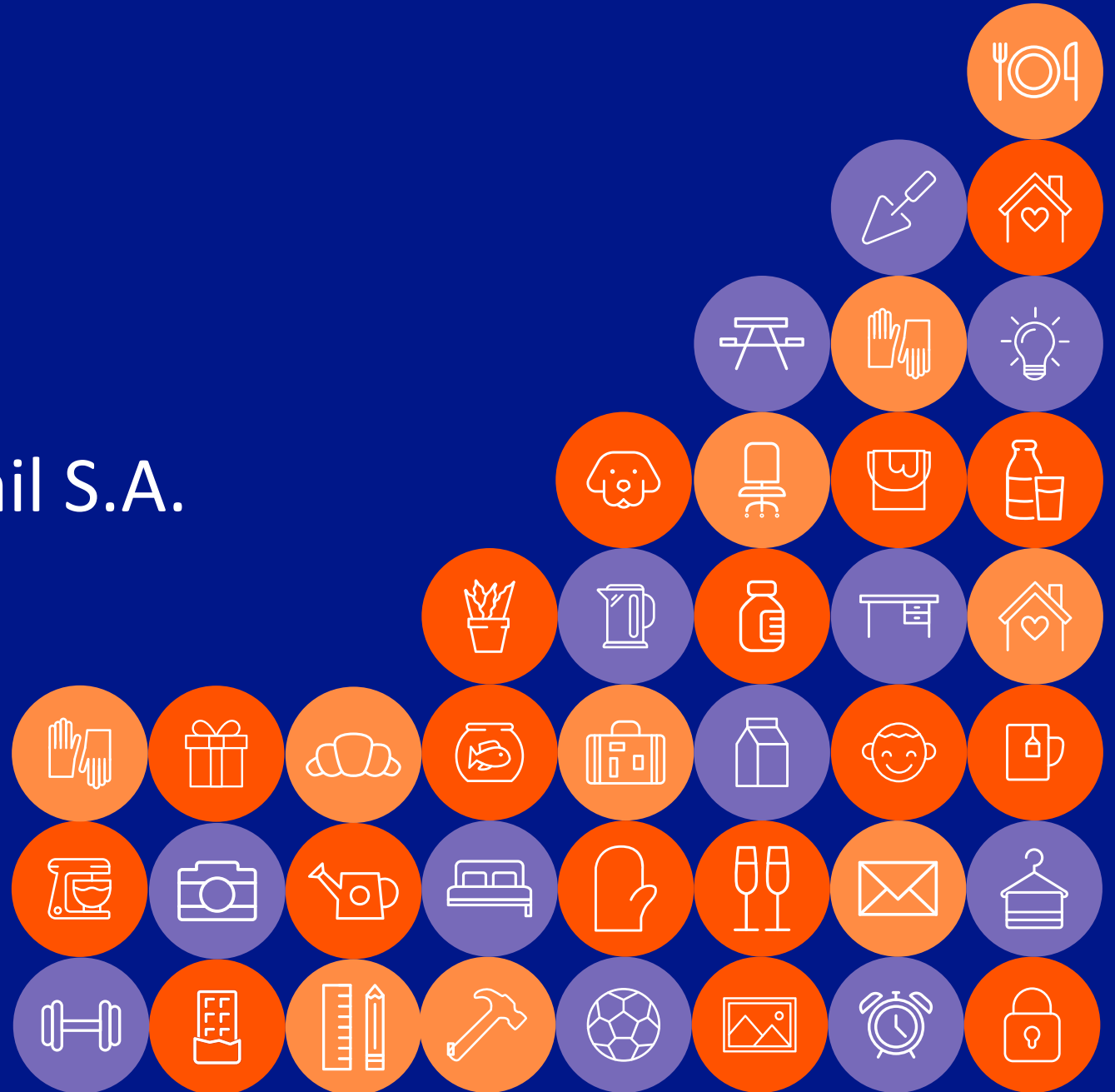




B&M European Value Retail S.A.

FY23 Preliminary Results Presentation

52 weeks to 25 March 2023



Agenda

1

Introduction
Alex Russo

2

Financials
Mike Schmidt

3

Growth Strategy
Alex Russo

4

Q&A





Introduction

Alex Russo

Chief Executive Officer



FY23 Group Highlights

Growth across all three businesses with Group revenues increasing by **6.6%** in FY23 to **£4,983m**, which were **30.7% ahead of pre-pandemic FY20 levels**

Group adjusted EBITDA¹ of **£573m** (11.5% of sales) towards the **top-end of guidance range**

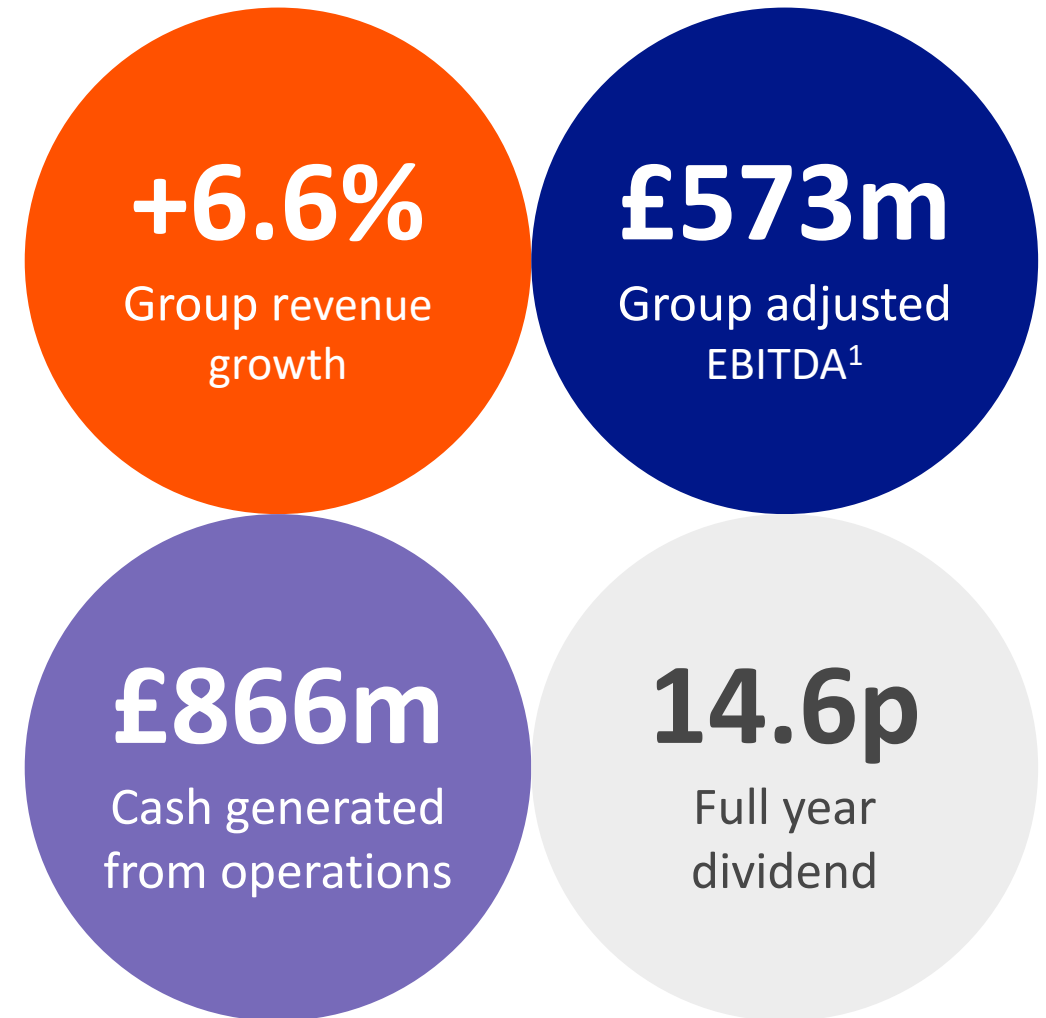
Strong cash generation helped by planned **inventory reduction of circa £100m** year-on-year; net debt of **£724m**

Net debt to adjusted EBITDA¹ leverage ratio of **1.3x**, flat year-on-year

Delivered **£347m** of shareholder returns

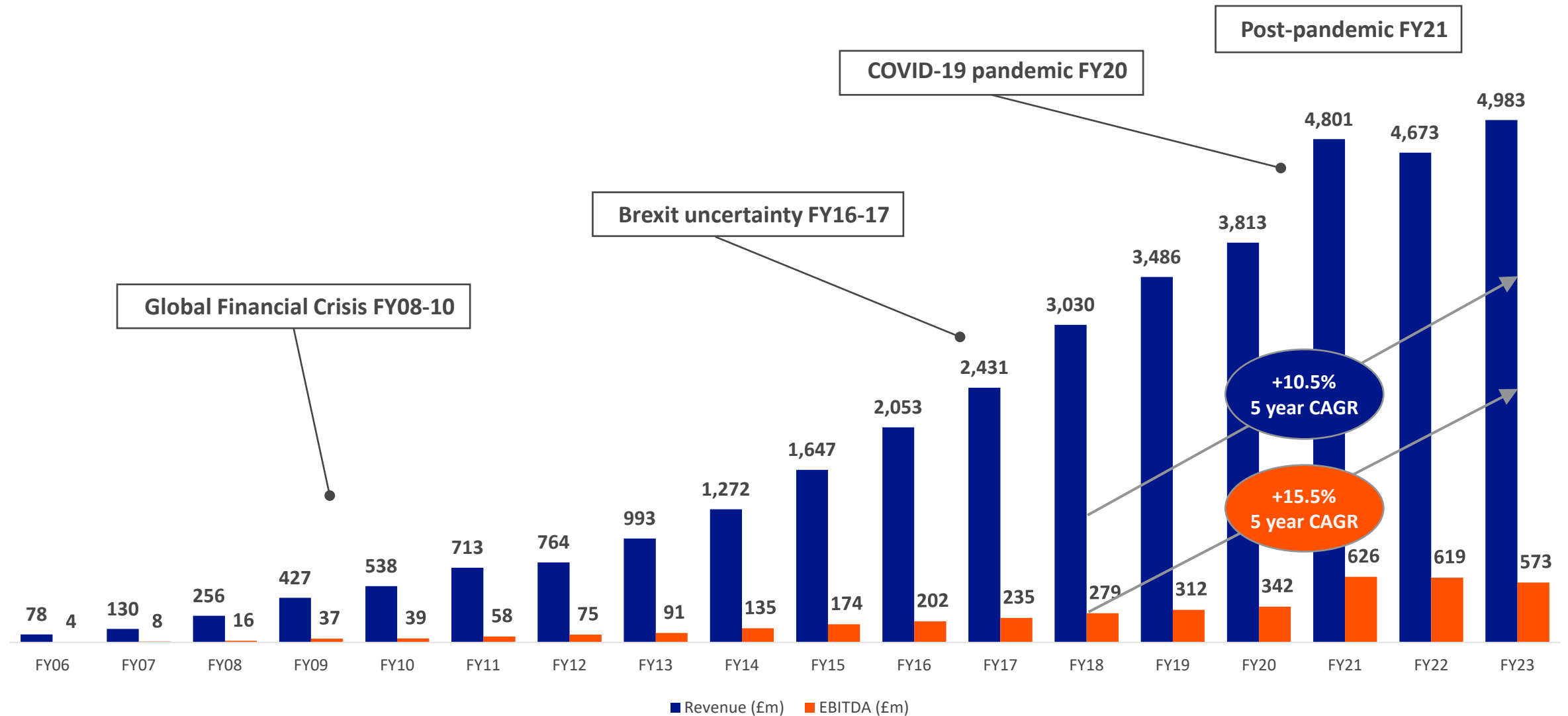
In the first 9 weeks of FY24, **B&M UK LFL sales have run at 8.3%**, France and Heron continue their trading momentum

We expect FY24 Group adjusted EBITDA¹ to be higher than FY23



1. Adjusted EBITDA as defined on slide 8

Continued Disciplined Growth Through All Environments



Significant Growth Potential Ahead



Existing stores:
A core driver of growth



New stores:
Profitable square footage
growth momentum



France will provide
growth for many years
and offers benefits to the
core business



Heron Foods remains
a solid growth platform
and offers benefits to the
core business





Financials

Mike Schmidt

Chief Financial Officer



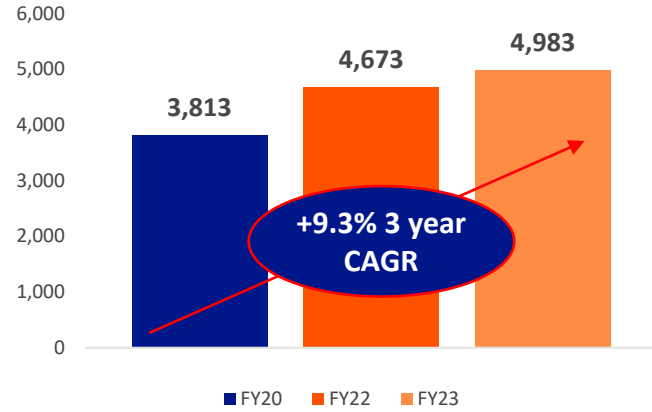
Summary Profit and Loss

£ millions,	FY23	FY22	YoY Change	FY20	3YoY Change
Revenue	4,983	4,673	6.6%	3,813	30.7%
Gross Profit	1,801	1,752	2.7%	1,283	40.4%
%	36.1%	37.5%	(137) bps	33.6%	248 bps
Operating Costs	(1,228)	(1,133)	8.3%	(941)	30.5%
Adjusted EBITDA	573	619	(7.4)%	342	67.4%
%	11.5%	13.2%	(174) bps	9.0%	253 bps
Depreciation and Amortisation	(76)	(66)	16.3%		
Net Interest	(38)	(29)	31.0%		
Adjusted Profit Before Tax	459	524	(12.6)%		
Statutory Profit Before Tax (post-IFRS 16)	436	525	(17.0)%		
Adjusted Diluted EPS ¹ (p)	36.5p	41.6p	(12.3)%		
Statutory Diluted EPS (p)	34.7p	42.1p	(17.5)%		

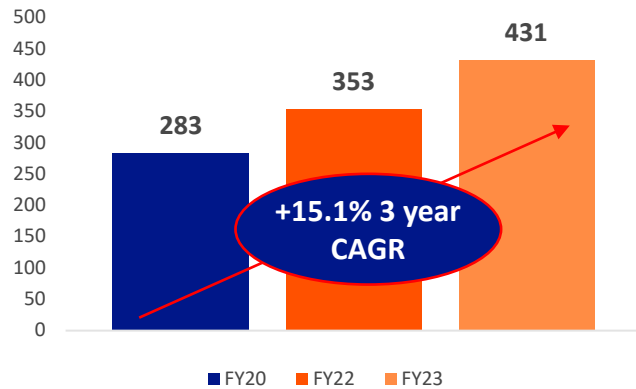
1. Adjusted figures include the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Adjusted figures exclude the impact of IFRS 16.

Revenue

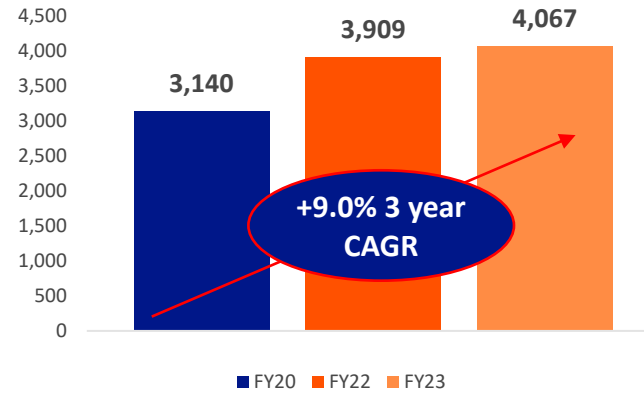
Group (£m)



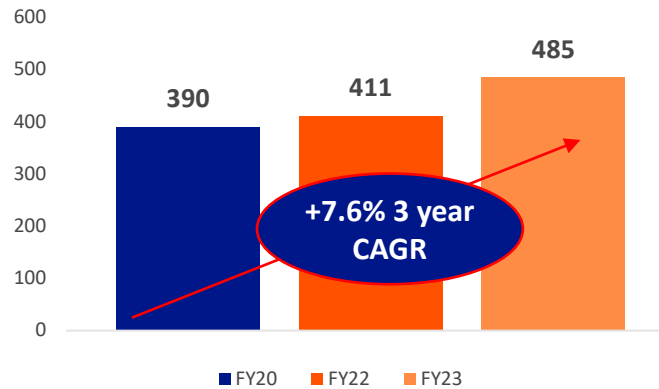
B&M France (£m)



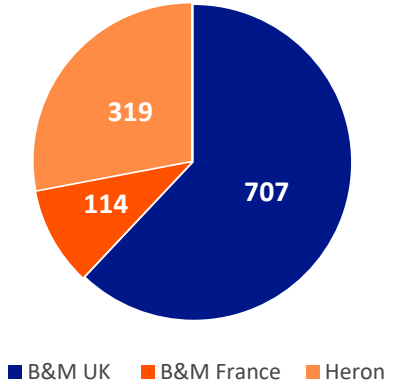
B&M UK (£m)



Heron Foods (£m)



Group stores (number)



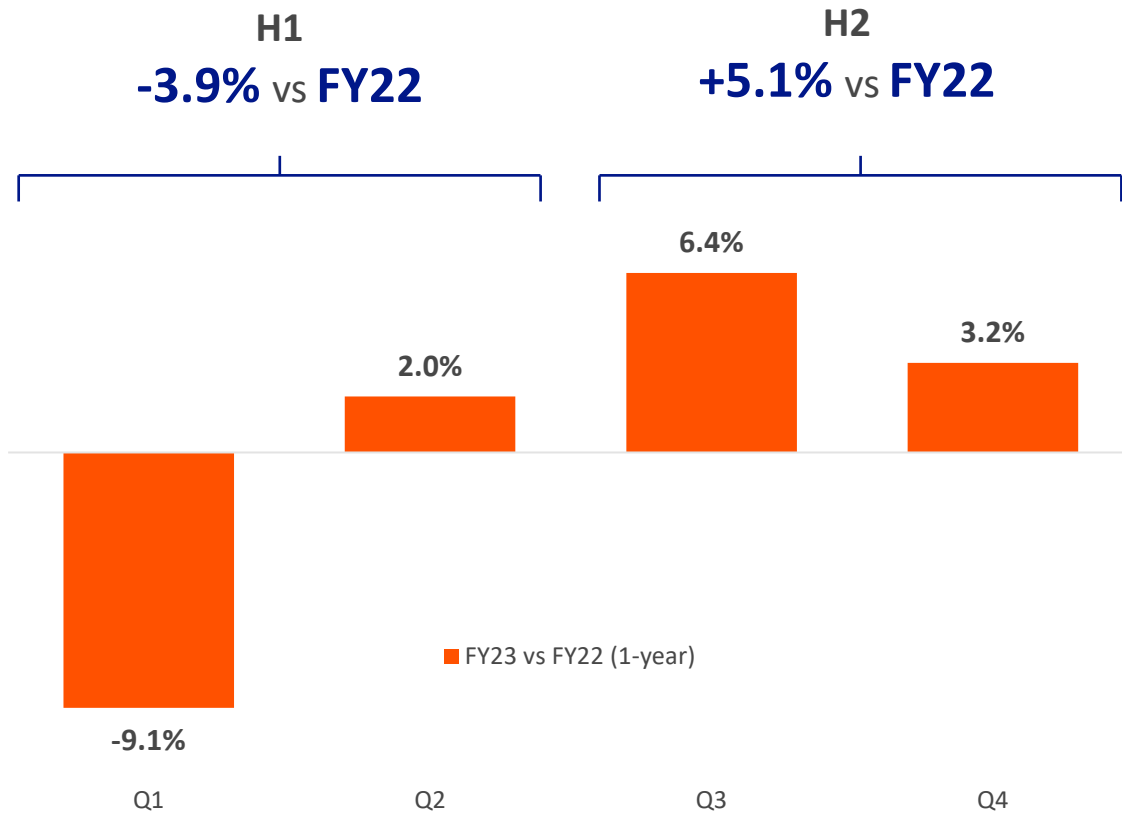
Total average retail space sq. ft. (k)

Entity	FY23	FY22
B&M UK	15,200	14,600
B&M France	3,100	3,000
Heron Foods	970	920

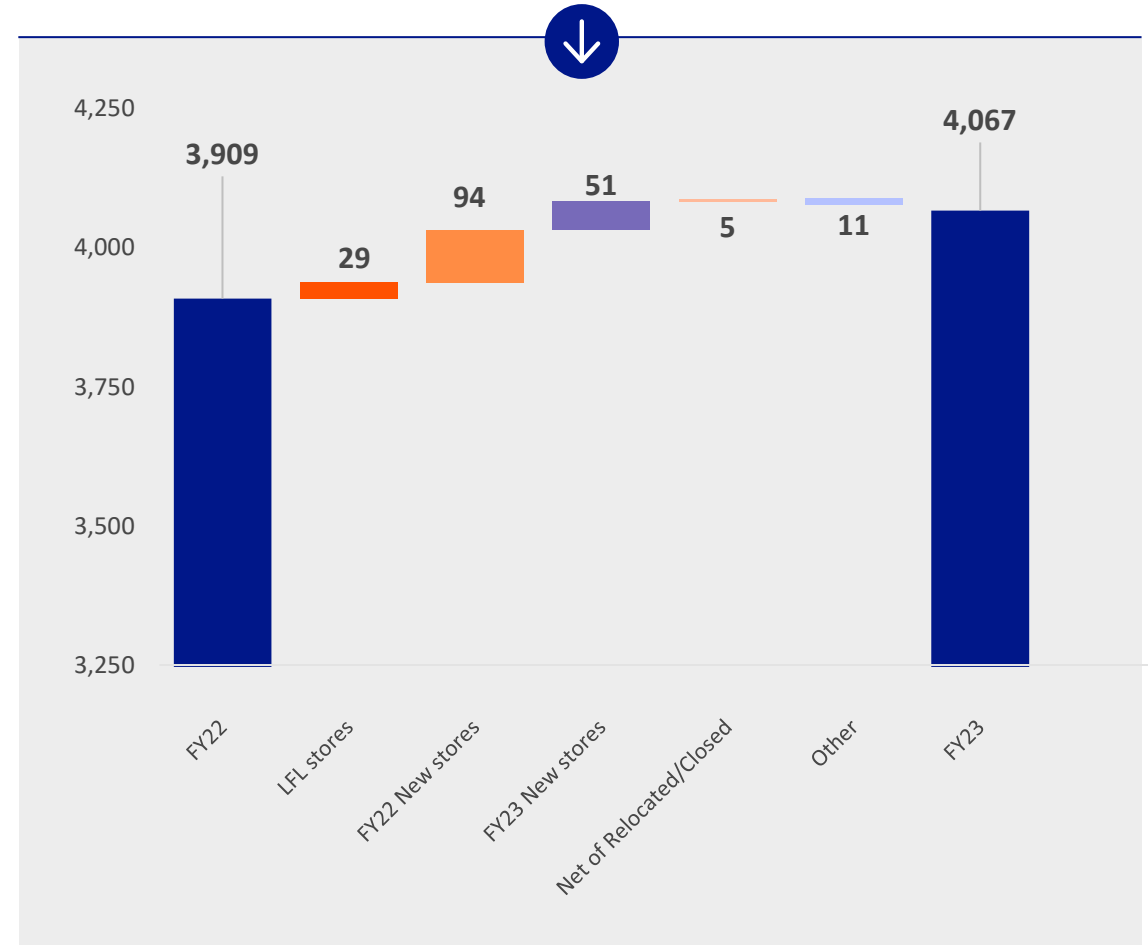
B&M UK Fascia Sales



FY23 Sales LFL

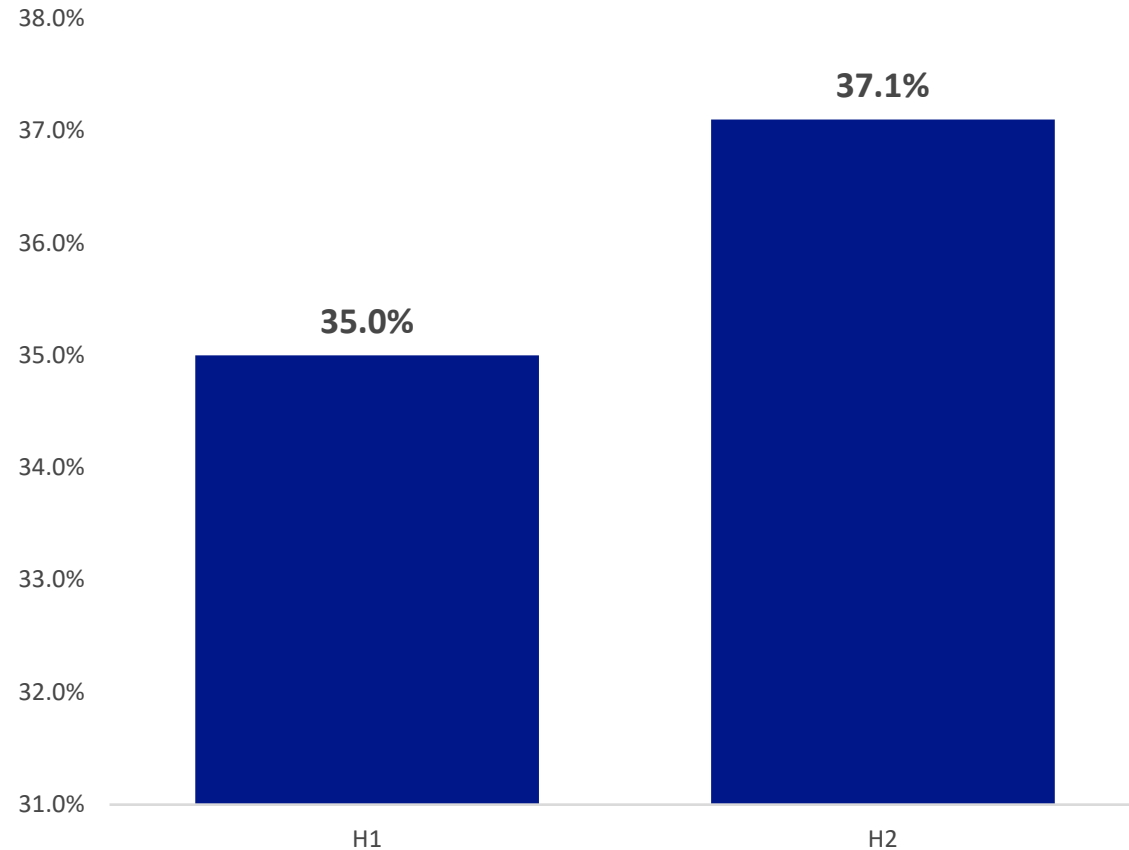


B&M UK Revenue Bridge (£m)



Group Gross Margin

H1 vs H2 Group Gross Margin (%)



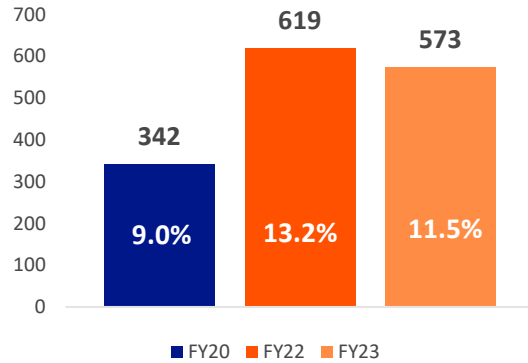
Key Highlights



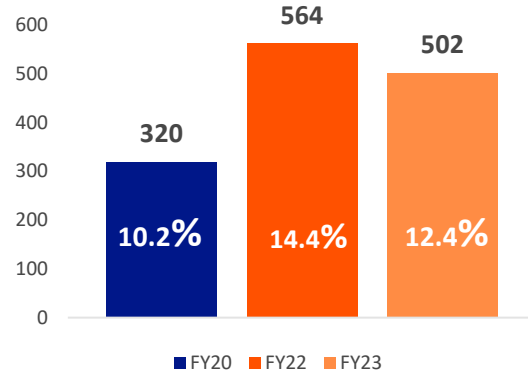
- Reduction of B&M UK's trading gross margin by 148 bps year-on-year
- Primarily due to markdowns on gardening in H1 – (213) bps versus last year
- **Marked improvement** in H2 versus H1 – (92) bps versus last year
- Freight costs from Asia significantly reduced from Q3 onwards
- B&M France gross margin **broadly flat** year-on-year
- Heron Foods gross margin **remained resilient** year-on-year

Adjusted EBITDA

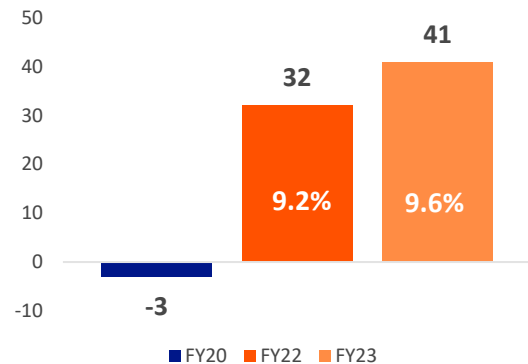
Group (£m)



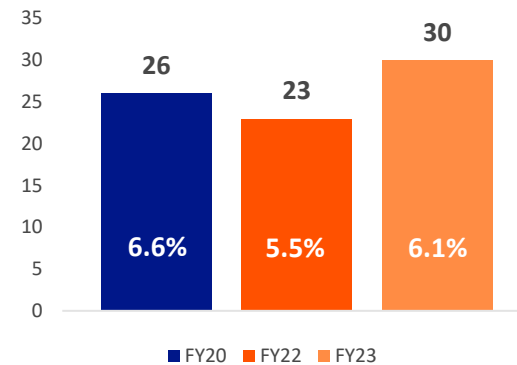
B&M UK (£m)



B&M France (£m)



Heron Foods (£m)



Highlights

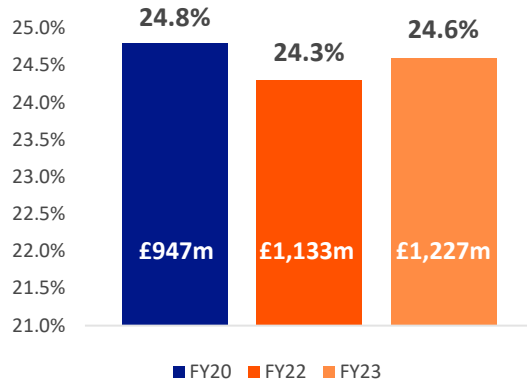


- Group adjusted EBITDA¹ margin of 11.5% reflects strong operational performance and disciplined cost control
- B&M UK's adjusted EBITDA now normalised in the 12-13% range post-pandemic
- France has the opportunity for further growth as the business gathers momentum
- Heron's adjusted EBITDA margin of 6.1% is market leading
- All three businesses have a new underlying profit base structurally higher than pre-pandemic levels

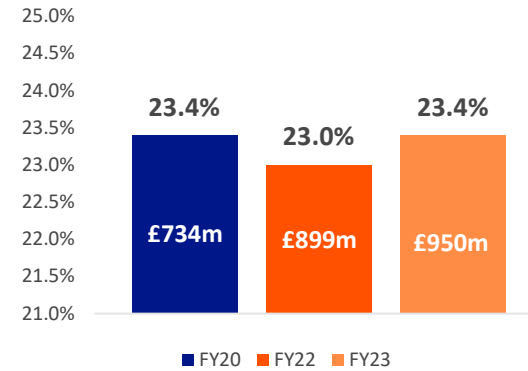
1. Adjusted figures include the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Adjusted figures exclude the impact of IFRS 16.

Operating Costs as % of Revenue by Fascia

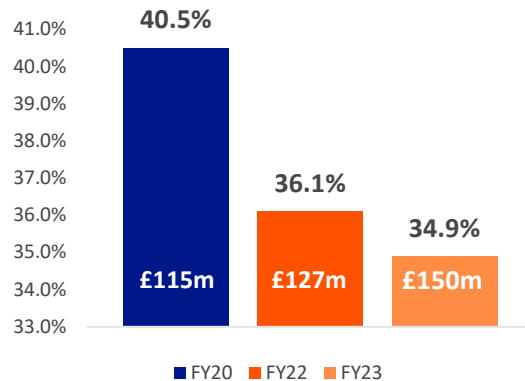
Group



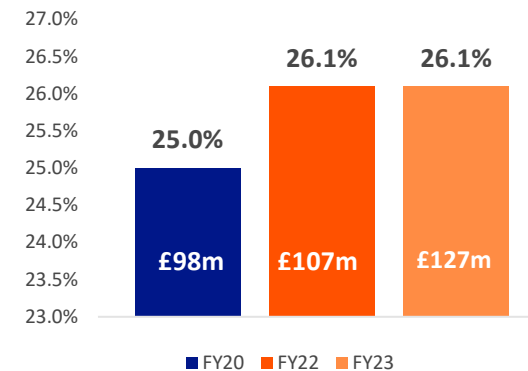
B&M UK



B&M France



Heron Foods



Key Highlights



- Holding costs in percentage terms
- In France, operating costs as a percentage of revenues have improved **120 bps** in FY23, driven by cost leverage achieved on higher sales

Cash Flow Generation Remains Strong

Operating Cash Flow (£m)

	FY23	FY22
Adjusted EBITDA (pre-IFRS 16)	573	619
Change in Working Capital	66	(231)
• New Store Capex	(33)	(34)
• Infrastructure and Freehold Capex ¹	(16)	(9)
• Maintenance Capex	(40)	(42)
Total Net Capex	(89)	(85)
Operating Cash Flow (pre-IFRS 16)	550	301
Net Debt (pre-IFRS 16)	724	790
Leverage Ratio (pre-IFRS 16)	1.3x	1.3x

1. Shown net of £4m proceeds received from two freehold disposals and £3m spent on the acquisition of one new freehold site

Commentary



- **Working capital inflow of £66m** driven by clean inventory position
- **New store Capex of £33m** spent on opening **42 gross new stores** across the Group
 - Payback period on new stores remains highly attractive
- Maintenance Capex **0.8%** of revenue
- **Group retains strong liquidity** following recent re-financing in March 2023 of its banking facilities
- **Bank facilities** extended to 2028/30, with tranches of the **Bonds** maturing in 2025 and 2028
- **Margin rates** on the new facility **are equivalent to** the previous facility
- Final dividend declared of **9.6p**; total ordinary and special dividends in FY24 of **34.6p / £347m**



Growth Strategy

Alex Russo

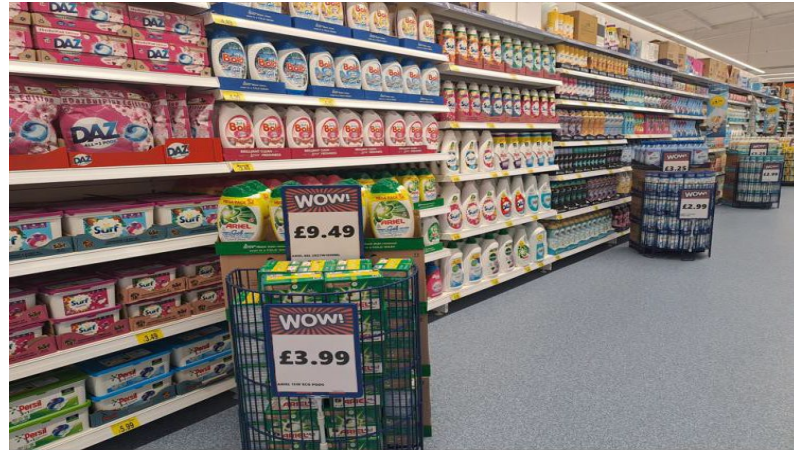
Chief Executive Officer



B&M UK: Grocery & Non-Grocery Highlights



Grocery



- Our price position remains consistently strong against the competition
- Price basket of c.500 items established and monitored to maintain our value position by product sub category
- Supplier collaboration is very strong in driving volume growth
- Stock availability is excellent
- Consistent market share growth

Non-Grocery



- Direct sourcing model and strong supplier relationships maintain great product availability across our core ranges
- Cost prices from China suppliers reducing
- Our 'Simply Everyday' brand - launched in H1 across our home range has performed extremely well
- Increased mix of "essential must have lines" going into FY24
- Non-grocery performing strongly

B&M UK: Store Standards



- Razor sharp focus on our retail standards through a cultural reset led from the top
- Driving strong in-store availability
- Consistent execution of our events calendar
- High standards throughout the store estate
- All POS is EDLC and focused on simple product / value message

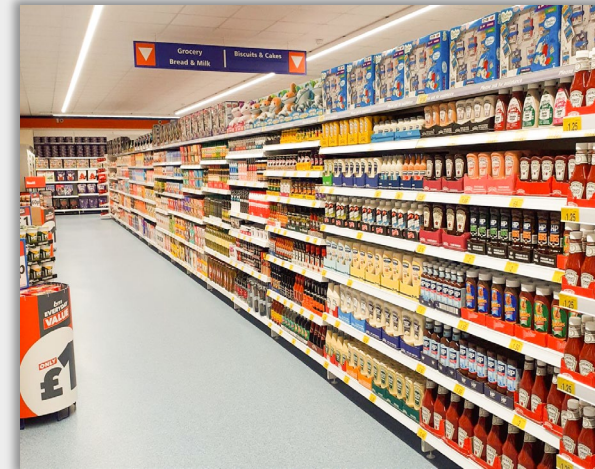


Progress To Date

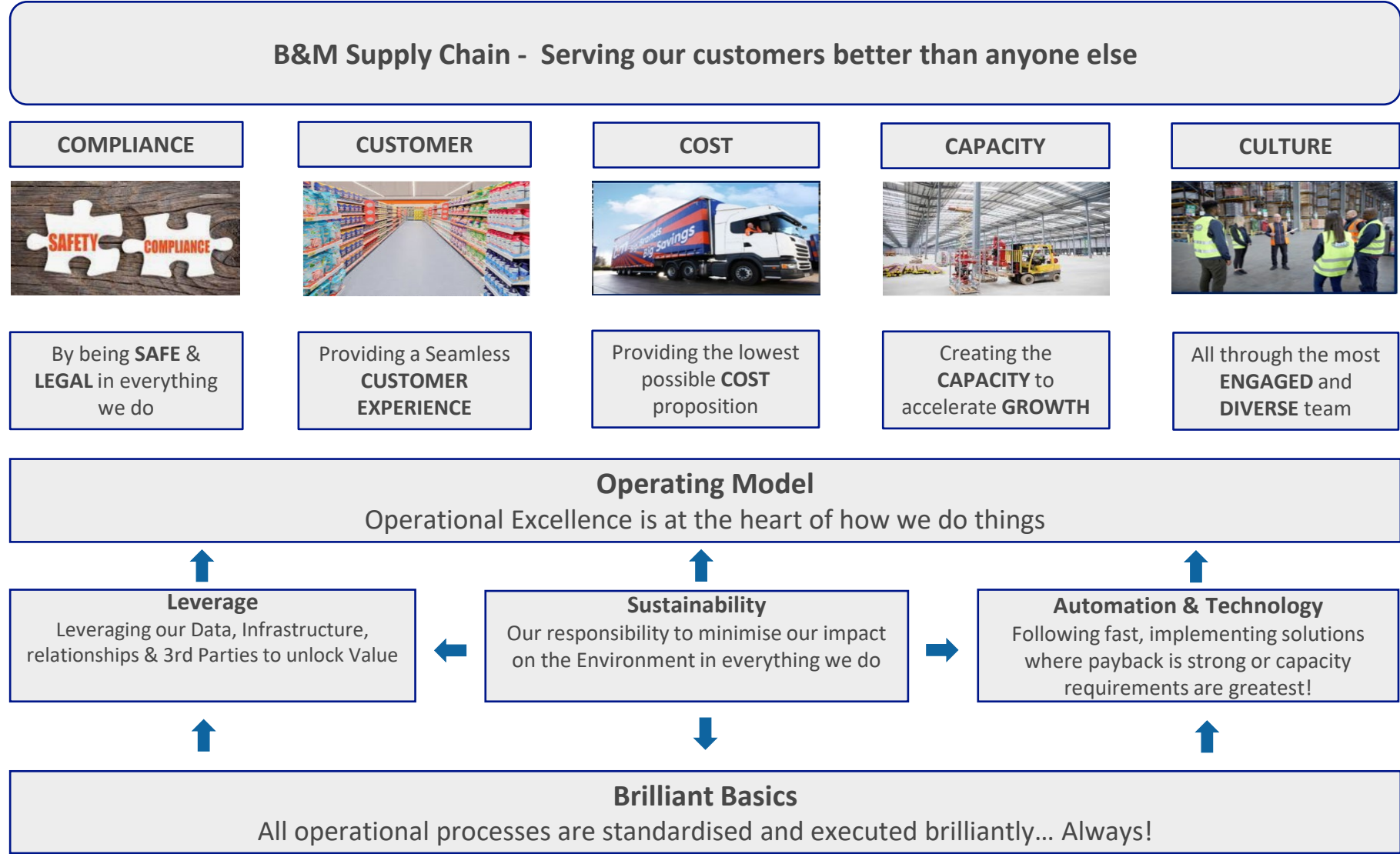


- 180+ weekly customer visits outside of the regional teams
- Significant improvement seen in our retail standards scores across the store estate - everyday

Our first "10/10" store



B&M UK: Supply Chain



B&M UK: Pipeline Progress



Key highlights

Expect approximately **30 gross new stores** (including relocations) in FY24, concentrating on good quality locations



Longer term conservative target of at least **950** B&M UK stores is increasingly well underpinned, given current sales densities and ongoing customer retention



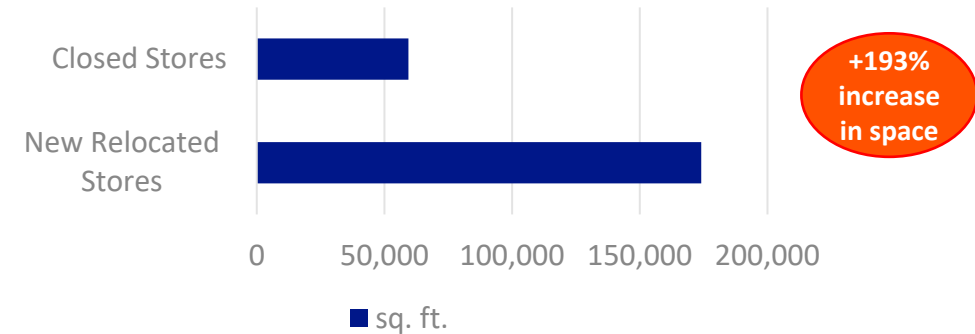
21 gross new stores opened in FY23 (including **5 relocations**) which added **12 new garden centres**, with all new stores performing well and enhancing the quality of the estate



In tandem with the acquisition of new stores, our relocations provide extra sales space and improve trading locations typically with garden centres – progressively enhance our estate



FY23 relocated stores analysis



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

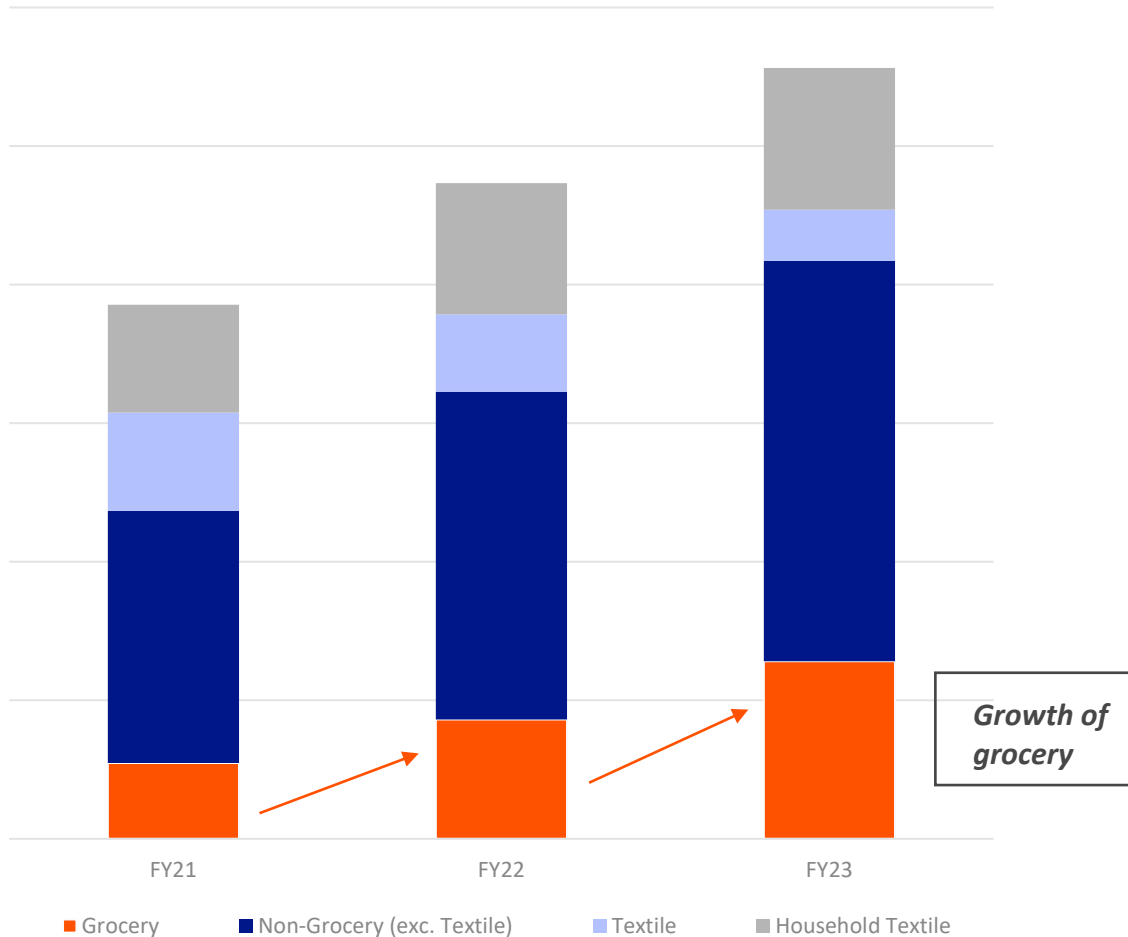


'Closures' are at legacy locations where we had opened a large modern store in the catchment in an earlier financial year and the old store lease is now expired

B&M France: Proposition Highlights



Category Mix Evolution



Category Strategy



- Grocery department is performing exceptionally well thanks to introduction of new SKUs density & new supplier partnerships with leading brands such as L’Oreal, Nestlé and Mars.
- Non-grocery departments benefits from growing seasonal ranges such as gardening and Christmas where B&M is now seen as a destination store
- Independent shopping surveys rank us as the ‘Best non-food discount retailer in 2023’ and ‘Best chain for home decoration in 2023’
- B&M brand resonates strongly with the French consumer
- B&M France leadership team has depth to support its long term growth

B&M France: Operational Standards



Gradual increase in the number of company operated stores vs. mandated manager stores (39 out of 114 total)



Focus remains on the availability of best sellers, especially in FMCG



Priority is to continue to improve store standards and consistency in line with B&M UK



Product ranging and store flow evolved



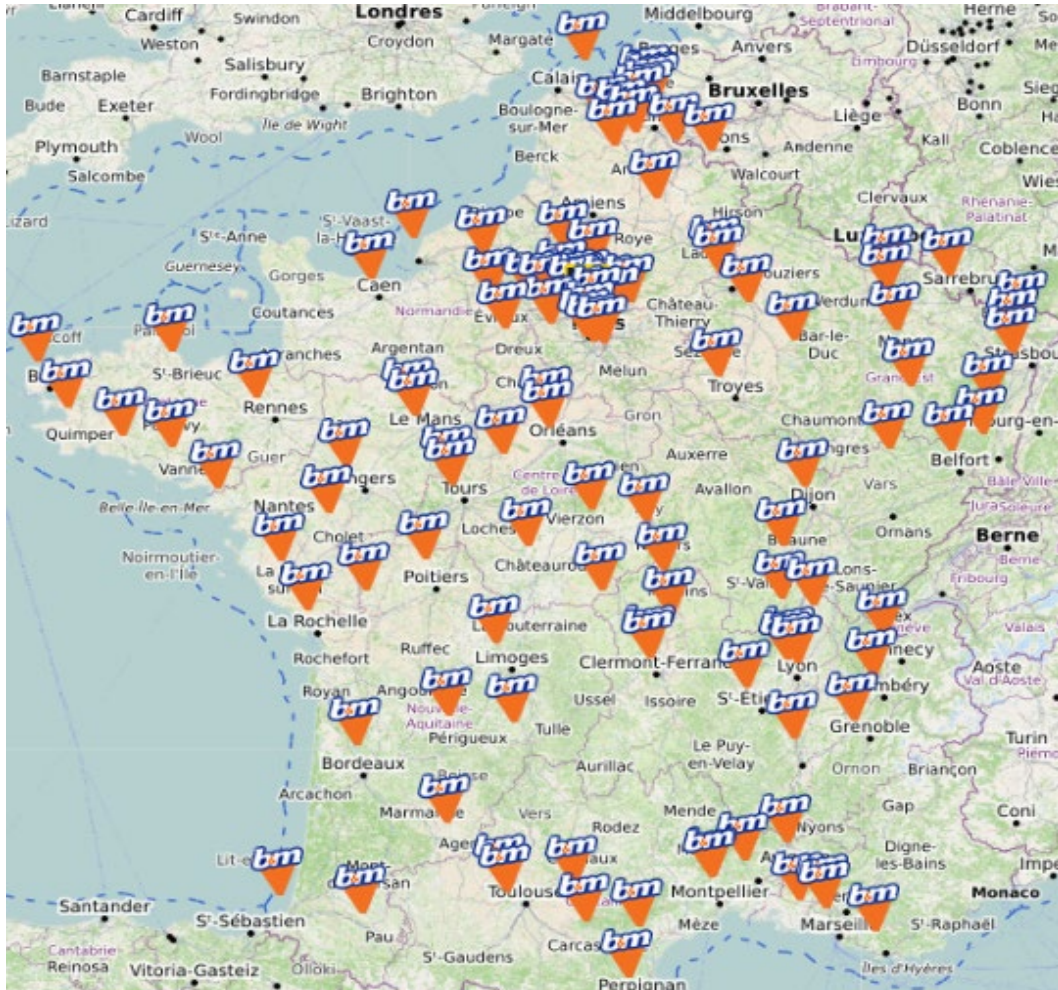
Transport and distribution productivity levels continue to improve



Ongoing transfer of skills from B&M UK to assist with store operations and logistics



B&M France: Growth



FY23 Openings



- 7 new store openings, 6 on 2,000-3,000 sqm format, 1 on 1,500-2,000sqm concept
 - Alsace Region (Hagueneau)
 - Rhones Alpes Region (Saint Bonnet and Annecy)
 - Central Region (Moulins)
 - Normandie Region (Flins)
 - Grand Est Region (Cormontreuil and Chalon)
- All 7 new stores are company operated
- Generating a high contribution margin
- Future store pipeline continues to build with 10 new store openings forecasted in FY24

Heron Foods: A Hugely Successful Year



Highlights



- Delivered a strong performance with **18.1%** total sales growth year on year
 - Like-for-like performance demonstrates the business is winning new customers
 - All three chambers have seen **positive sales growth**, with **Ambient** leading the way overall
- **Stable gross margin** reflects excellent price position
- Delivered **FY23 EBITDA of £30m** with a margin of **6.1%** - market leading in the grocery sector

Current Trading and FY24 Outlook

- Over the first 9 weeks of FY24, B&M UK LFL sales have run at 8.3%, with continued positive transaction numbers since last summer
- France & Heron Foods continue their trading momentum
- New store pipelines remain robust with gross new openings in FY24 expected to be approximately 30 B&M UK stores, 20 Heron Foods stores and 10 B&M France stores
- The business will maintain a high degree of discipline on EDLP pricing, limited range assortment and the lowest cost operating model
- Our business has now normalised to a new, sustainable and higher level of underlying sales and margin structure compared to the pre-pandemic year of FY20
- In FY24, we expect adjusted EBITDA to be higher than FY23, across all three businesses
- Our strategy remains unchanged and it will be underpinned by operational excellence in the UK and France



Q&A

