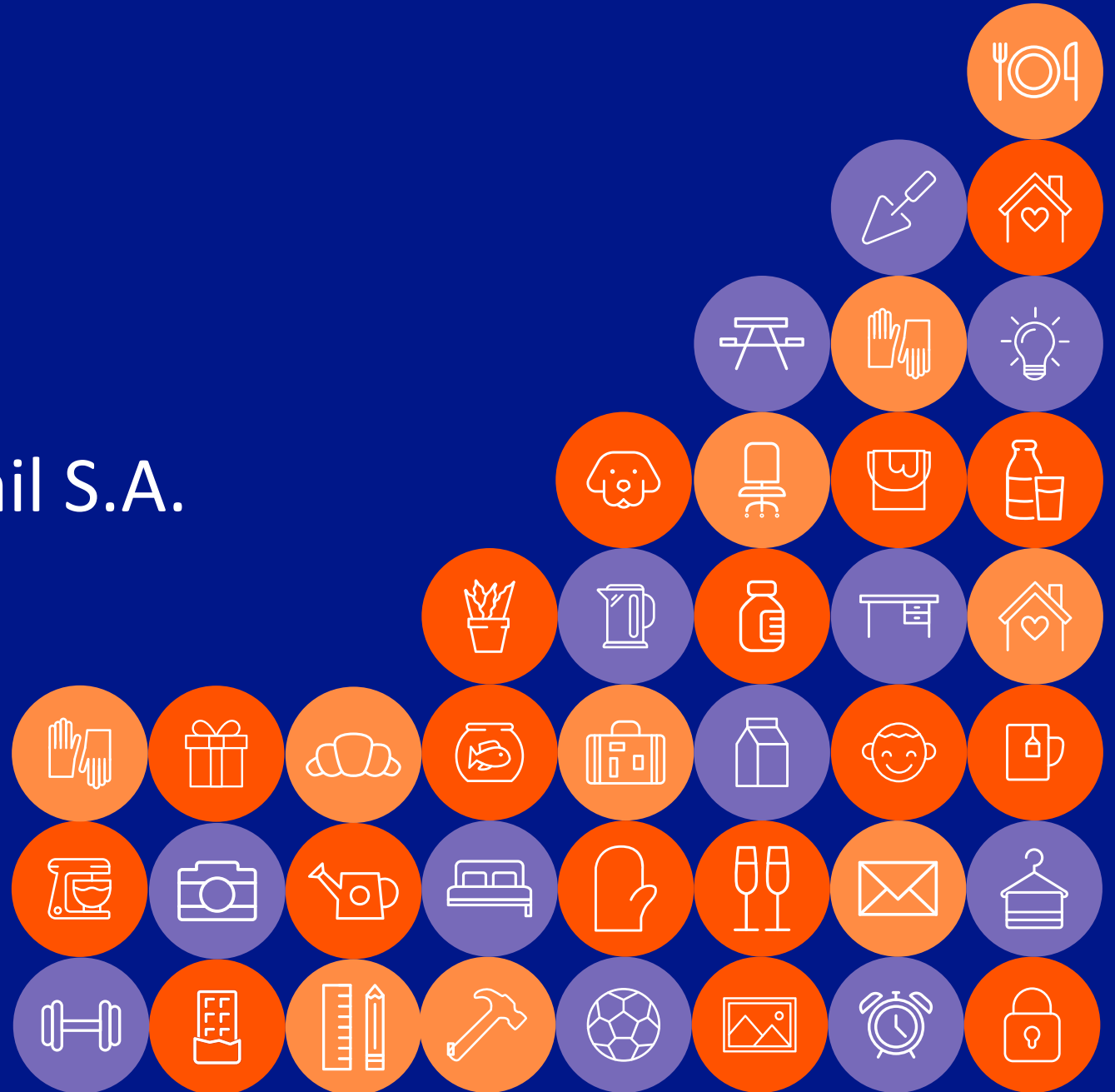




# B&M European Value Retail S.A.

## FY24 Interim Results Presentation

26 weeks to 23 September 2023



# Agenda

**1** Introduction  
Alex Russo

**2** Financials  
Mike Schmidt

**3** Growth strategy  
Alex Russo

**4** Q&A





Introduction

Alex Russo

Chief Executive Officer



# Group highlights

Growth across all three businesses with Group revenues increasing by 10.4% in H1 FY24 to **£2,549m**

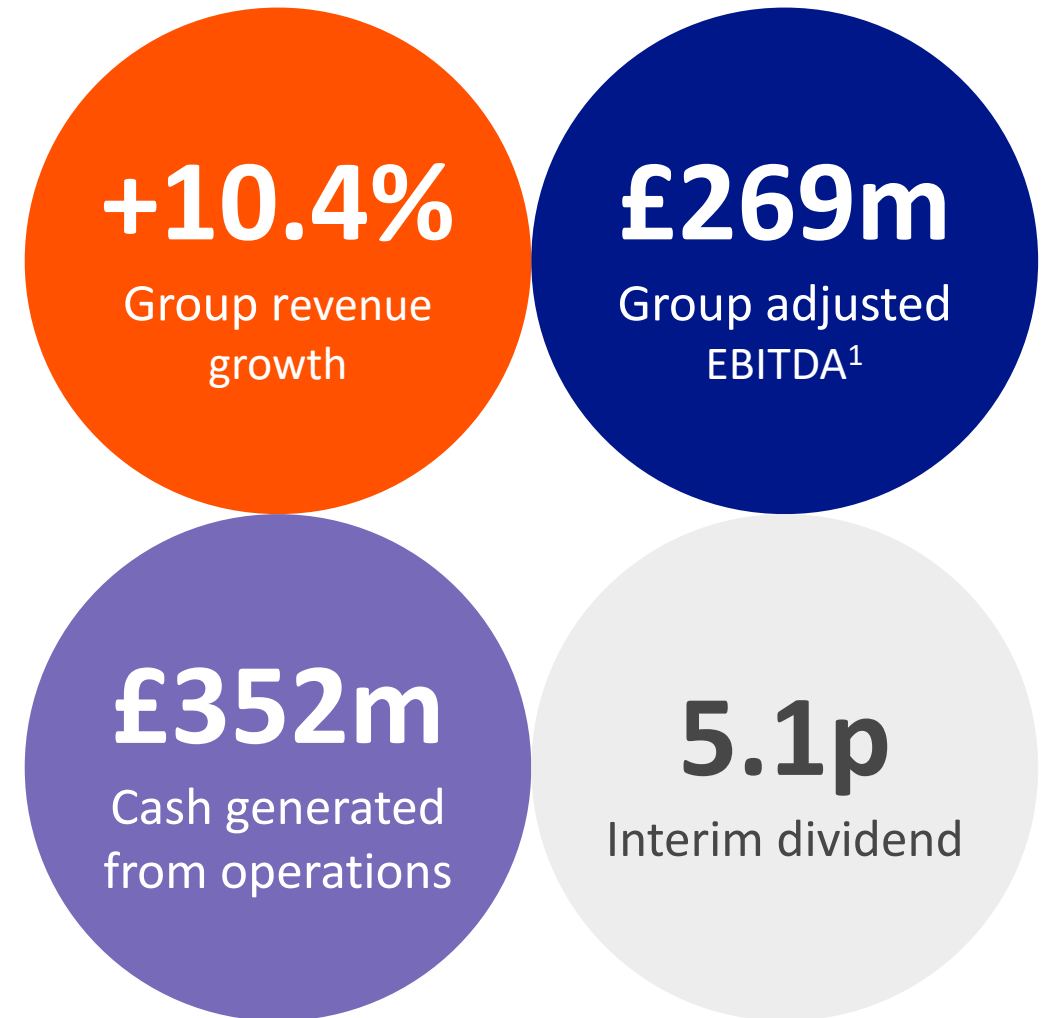
Group adjusted EBITDA<sup>1</sup> of **£269m (10.5% of sales)** +16.1% YoY

Cash generated from operations of **£352m** with inventory level clean ahead of the Golden Quarter

Net debt to adjusted EBITDA<sup>1</sup> leverage ratio of **1.1x** (H1 FY23: 1.3x)

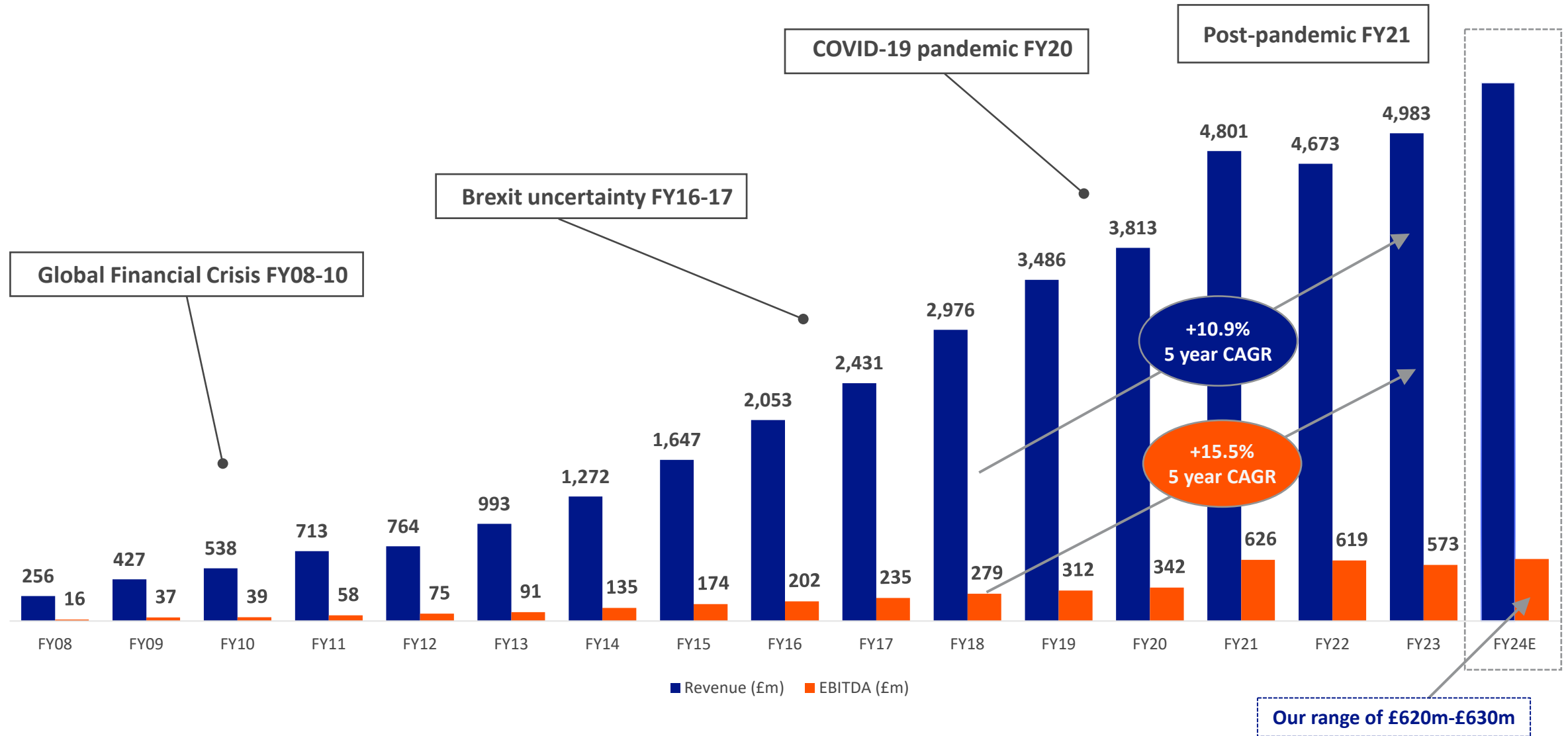
FY24 Group adjusted EBITDA<sup>1</sup> guidance, **increased** to be in the range of £620m - £630m, materially higher than FY23

Now expect to reach **not less than 1,200 B&M UK stores** in total, vs. previous guidance of 950



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



# P&L overview

£m	H1 FY24	H1 FY23	YoY
Revenue	2,549	2,309	10.4%
Gross Profit	941	808	16.4%
%	36.9%	35.0%	191 bps
Operating costs	(672)	(576)	16.6%
<b>Adjusted EBITDA (pre-IFRS 16)<sup>1</sup></b>	<b>269</b>	<b>232</b>	<b>16.1%</b>
%	10.5%	10.0%	52 bps
Depreciation and amortisation (pre-IFRS 16)	(40)	(35)	13.1%
Operating impact of IFRS 16	34	24	38.4%
<b>Adjusted operating profit<sup>1</sup></b>	<b>263</b>	<b>221</b>	<b>19.1%</b>
<b>Statutory operating profit</b>	<b>275</b>	<b>248</b>	<b>11.0%</b>
<b>Statutory profit before tax</b>	<b>222</b>	<b>201</b>	<b>10.5%</b>

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.

## Key Highlights

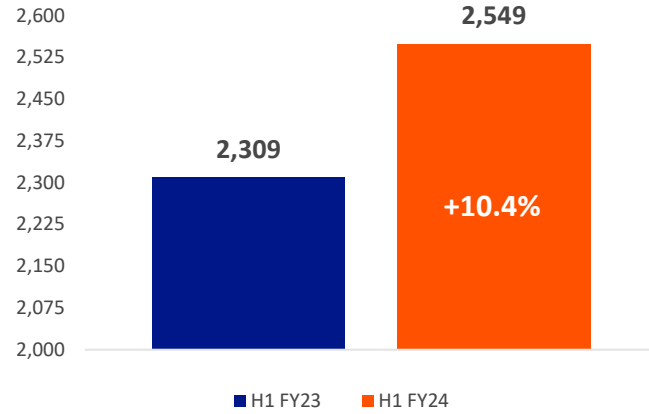
- Strong revenue growth across all three fascias
- Gross profit growth of over 16% driven by revenue growth and strong seasonal sell-through which led to only normal markdown activity
- Inflationary pressures on our operating cost lines was well mitigated through productivity and operating leverage

## Total retail space sq. ft. (k)

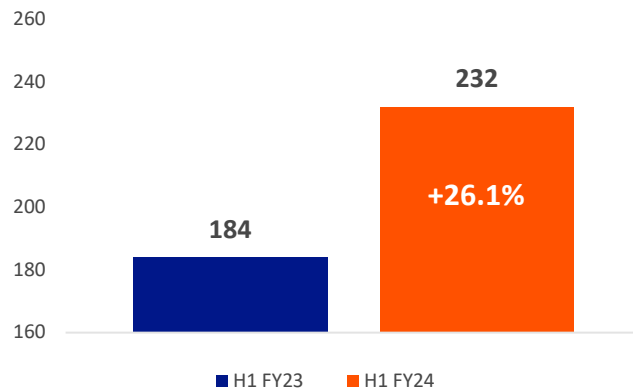
Entity	24 <sup>th</sup> September 2022	25 <sup>th</sup> March 2023	23 <sup>rd</sup> September 2023
B&M UK	15,177	15,406	15,626
B&M France	3,102	3,183	3,313
Heron Foods	967	985	1,049

# Revenue

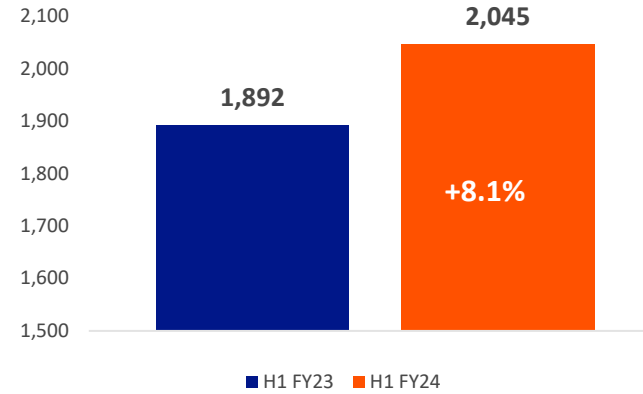
## Group (£m)



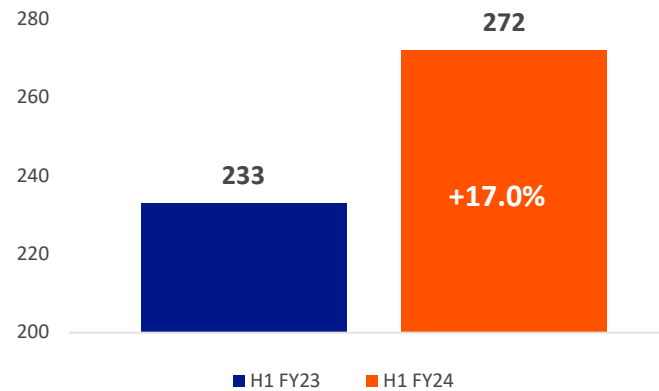
## B&M France (£m)



## B&M UK (£m)



## Heron Foods (£m)

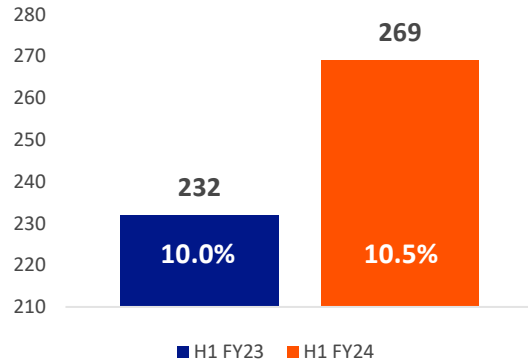


## Key Highlights

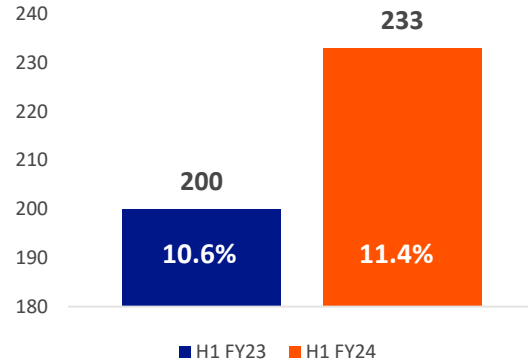
- Total Group revenues increase by **10.4%**
- B&M UK LFL growth of **6.2%** in H1 is an excellent result through positive transaction numbers
  - Q1 – strong start with **9.2%** LFL increase
  - Q2 – growth moderated to **3.1%** as expected, not helped by weather
- Both B&M France & Heron Foods deliver **double digit LFL growth** in H1
- Growth across all three businesses is underpinned by **positive customer transaction numbers**

# Adjusted EBITDA<sup>1</sup>

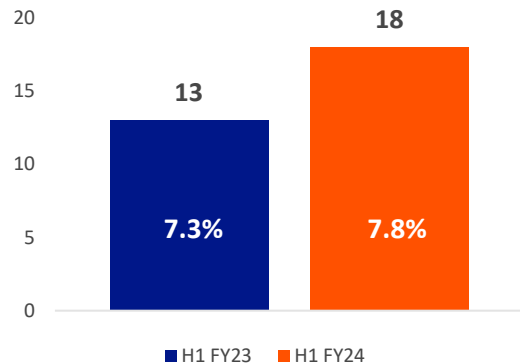
## Group (£m)



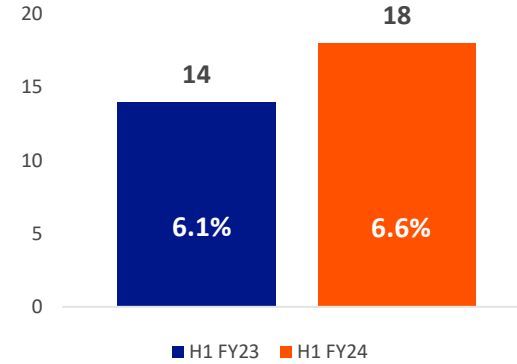
## B&M UK (£m)



## B&M France (£m), underlying<sup>2</sup>



## Heron Foods (£m)



## Highlights

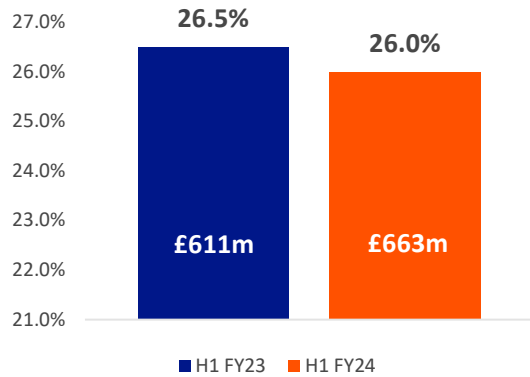


- Group adjusted EBITDA<sup>1</sup> increased by 16.1% YoY, with effective and disciplined cost control across all three fascias
- B&M UK's adjusted EBITDA<sup>1</sup> margin increased by 83 bps YoY resulting from gross profit margin recovery
- France's underlying adjusted EBITDA<sup>1,2</sup> margin % in H1 FY24 was 7.8% up 50 bps
- Heron's adjusted EBITDA<sup>1</sup> margin of 6.6% is market leading
- All three businesses demonstrating underlying profitable growth

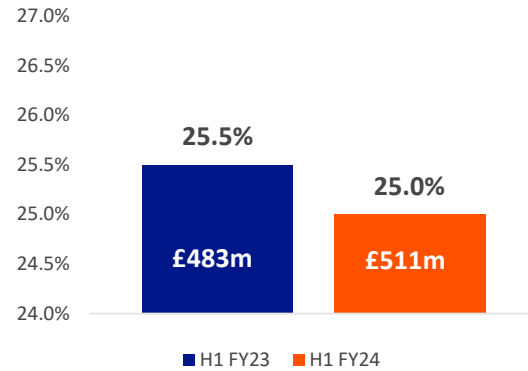
1. Adjusted figures include the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Adjusted EBITDA excludes the impact of IFRS 16  
 2. After excluding one-off income in the prior period

# Operating costs as % of revenue by fascia

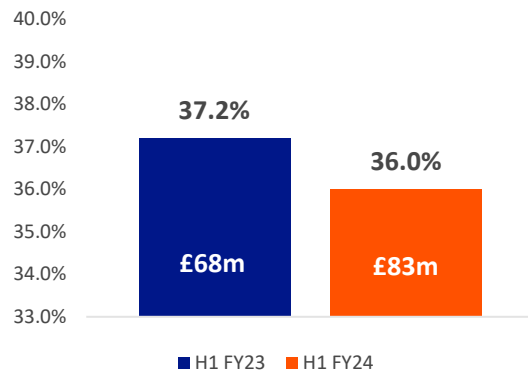
## Group



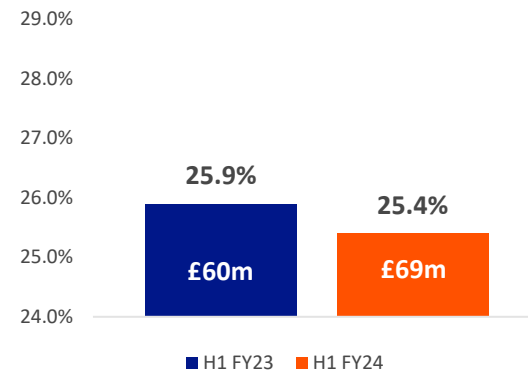
## B&M UK



## B&M France



## Heron Foods



## Key Highlights



- Underlying costs<sup>1</sup> as a % of sales falling from scale effects
- Minimum wage main inflationary driver
- Productivity benefits and relatively fixed property costs driving improvements

1. Excludes FX hedging and one-off income

# Cash flow generation remains strong

## Operating cash flow (£m)

£'m	H1 FY24	H1 FY23
<b>Adjusted EBITDA (pre-IFRS 16)</b>	<b>269</b>	<b>232</b>
Change in working capital	(22)	41
• New store capex	(18)	(16)
• Infrastructure and freehold capex <sup>1</sup>	(17)	(7)
• Maintenance capex	(13)	(22)
Total net capex	(48)	(45)
<b>Total operating cash flow (pre-IFRS 16)</b>	<b>199</b>	<b>228</b>
Net debt (pre-IFRS 16)	700	736
Leverage ratio (pre-IFRS 16)	1.1x	1.3x

1. Includes consideration in respect of the Wilko transaction as previously announced in September 2023

## Commentary



- **Working capital outflow of £22m** reflecting a normalised half year movement
  - Cash discipline continues in the second half
- **New store capex of £18m** spent on opening **28 gross new stores** across the Group
  - Payback period on new stores remains highly attractive
- Maintenance capex < **1 %** of revenue
- Group operates within a net debt range of **1.0x – 1.5x** since FY20 which maintains our strategic flexibility
- Interim dividend declared of **5.1p**



Growth strategy

Alex Russo

Chief Executive Officer



# B&M UK: Grocery & Non-Grocery highlights



## Grocery



- Our price position is consistently strong against the competition
- Supplier collaboration remains very strong to drive volume growth
- Stock availability is excellent
- Consistent profitable market share growth

## Non-Grocery

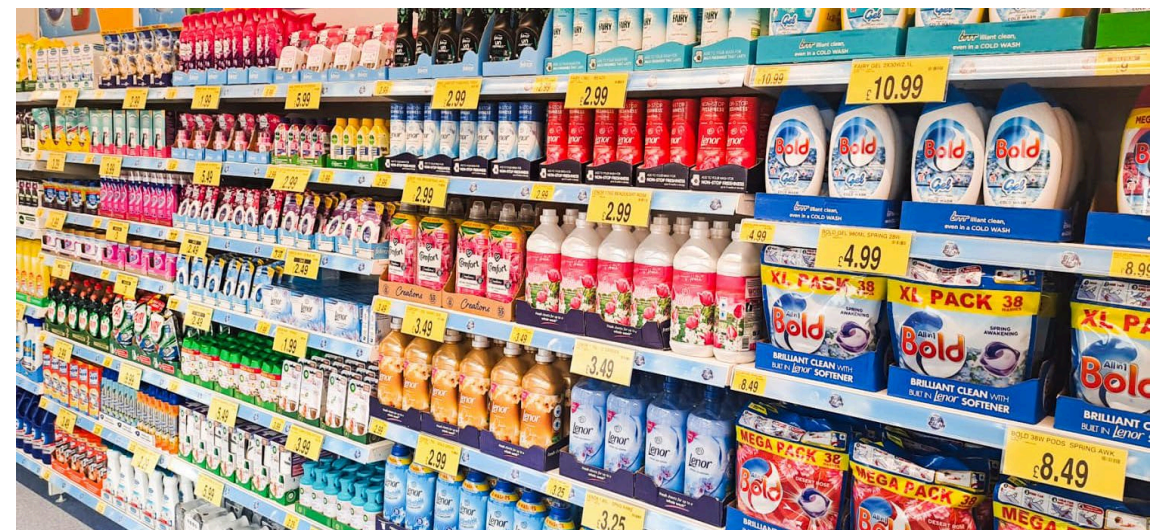
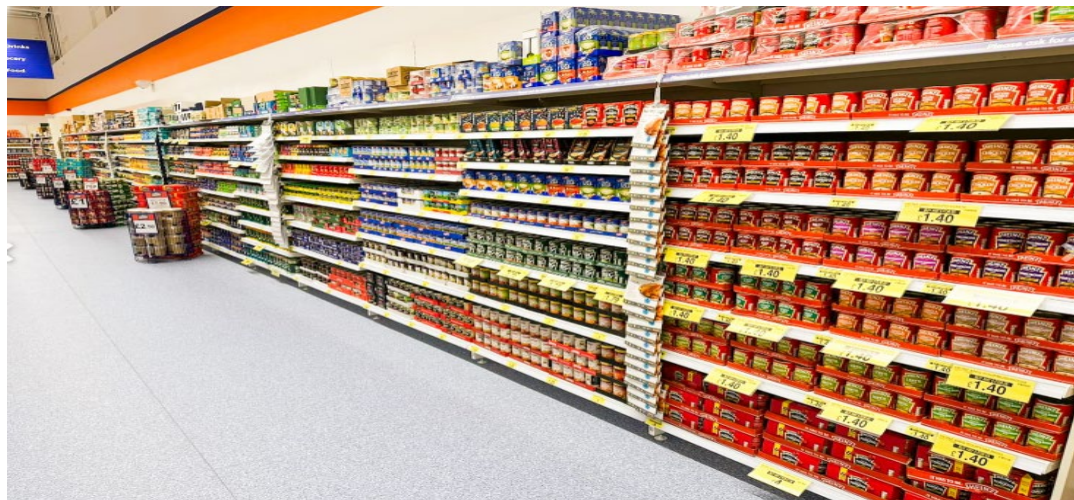


- Re-opening of China in terms of travel has given even greater speed to market and development of new products
- Core availability has been excellent with the introduction of 'Never Out Of Stock Ever' lines
- Extension of 'SIMPLY' ranges across more categories
- Implementation of test and repeat model
- Hong Kong office making the buying process more fluid than ever
- Supply chain in excellent shape ahead of the Golden Quarter

# B&M UK: Store standards & supply chain



- Simplification of the operation
- Independent visits outside of the retail field team with 300+ visits taking place per week
- Operational compliance a focus within the visits
- Cultural change embedded throughout the retail team
- Material step change in store standards and product availability
- Supply chain productivity and relevant metrics both in a great position heading into the Golden Quarter



# B&M UK: Pipeline progress and outlook



## Key highlights

Expect approximately **35 gross new stores** (including relocations) in FY24, maintaining good quality locations



**6 new garden centres** were opened in H1 alongside new B&M stores providing **49,000 sq. ft.** of additional trading space



**13 gross new stores** opened in H1 (including **3 relocations**) with all new stores performing well and enhancing the quality of the estate



B&M UK trading from **237 garden centres** at end of H1, a further **10** will be opened in H2



We expect to open not less than **45 gross new stores** (including relocations) in each of the next two financial years



H2 FY24 openings to include major out of town shopping parks such as Birmingham (Fort) and York (Monks Cross)



York (Monks Cross) – opened October 2023

# B&M France: Grocery & Non-Grocery highlights



## Grocery



- Our price position remains consistently strong against the competition
- 18% more new SKUs vs. FY23
- Contracts with brands validated to ensure excellent stock availability and best possible buying prices
- Launch of monthly displays with top brands – Ferrero, Red Bull, Kellogg's, Nestle etc.

## Non-Grocery



- Double digit LFL growth in H1
- Successful launch of SIMPLY EVERYDAY range
- Development of small cube SKUs to increase sales densities
- Independent shopping survey ranks us 'Best chain of the year (discount)' for the third consecutive year
- B&M has become a destination store for seasonal products

# B&M France: Store standards & supply chain



## Store standards



- Continued store standards improvements have been made as in the UK
- Productivity per hour improved by 25% (Euros per worked hour) vs. H1 FY23
- Retail team leadership significantly enhanced
- Future planning by developing a strong group of store managers to support pipeline growth

## Supply chain progress



- Improved truck filling rate through enhanced picking processes
- Improved staff productivity
- Reduced time between store ordering and store delivery
- Implementation of B&M UK Warehouse Management System
- Introduction of new picking tools (voice picking, double forks) to further enhance productivity
- Designed extension of existing DC to be completed mid-2025

# Heron Foods: Highlights



**CHRISTMAS DINNER DEAL**

**ALL FOR £15**

The Special One!

The Best Buy Turkey Joint with Pork, Sage & Onion Stuffing 900g +  
The Best Buy Roasted Root Vegetables 500g + Cauliflower Cheese 325g + Aunt Bessies Duck Fat Roast Potatoes 700g + Aunt Bessies 4 Spectacular Yorkshires 220g + 12 Pigs in Blankets 240g +  
The Best Buy Brussels Sprouts With Bacon 500g + The Best Buy Chantenay Carrots With Butter 500g

**Heron Foods**

**ORIENTAL ESSENCE**

**CHINESE MEAL DEAL**

CHOOSE  
ANY 2 MAINS + 1 RICE  
+ 1 SPRING ROLLS  
+ 1 THAI DRAGON PLAIN  
PRAWN CRACKERS 60G

**ALL FOR £6**

**INDIAN TAKEAWAY**

2 CURRIES + 2 SIDES

**£5**

## Highlights



- **Double digit LFL growth** underpinned by positive customer transaction numbers
- **Excellent EBITDA margin %** demonstrates another half of outperformance vs. the competition
- Achieving **consistently high store standards** and **great core stock availability** everyday
- **Meal deals** continue to resonate with our current customer whilst driving new customers into our stores
- Voted **'The Best Christmas Dinner Deal'** by *The Mirror*

**5 STAR CHRISTMAS DINNER DEAL**  
REVIEW FROM THE MIRROR

★★★★★

"Easily the most impressive meal deal"

# FY24 summary & outlook

## Summary

- We expect to open not less than 125 new B&M UK stores over the next three years
- We will continue to grow France and Heron Foods in a disciplined and profitable way
- The business will maintain a high degree of discipline on EDLP pricing, limited range assortment and the lowest cost operating model
- Our strategy remains unchanged and is underpinned by the continual focus on Price, Product & Standards
- The leadership team has been strengthened across the three businesses with high quality hires

## Outlook

- In the first six weeks of the Golden Quarter, B&M UK LFL growth has been 1.6%. Momentum has been particularly strong in the last three weeks, with LFL exit growth of 4.5%
- FY24 Group adjusted EBITDA (pre-IFRS 16) guidance, increased to be in the range of £620m - £630m, materially higher than FY23 performance (£573m) and back to pandemic peak



Q&A

