



# B&M European Value Retail S.A.

## FY25 Interim Results Presentation

26 weeks to 28 September 2024



# Agenda

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**Introduction**  
Alex Russo

2

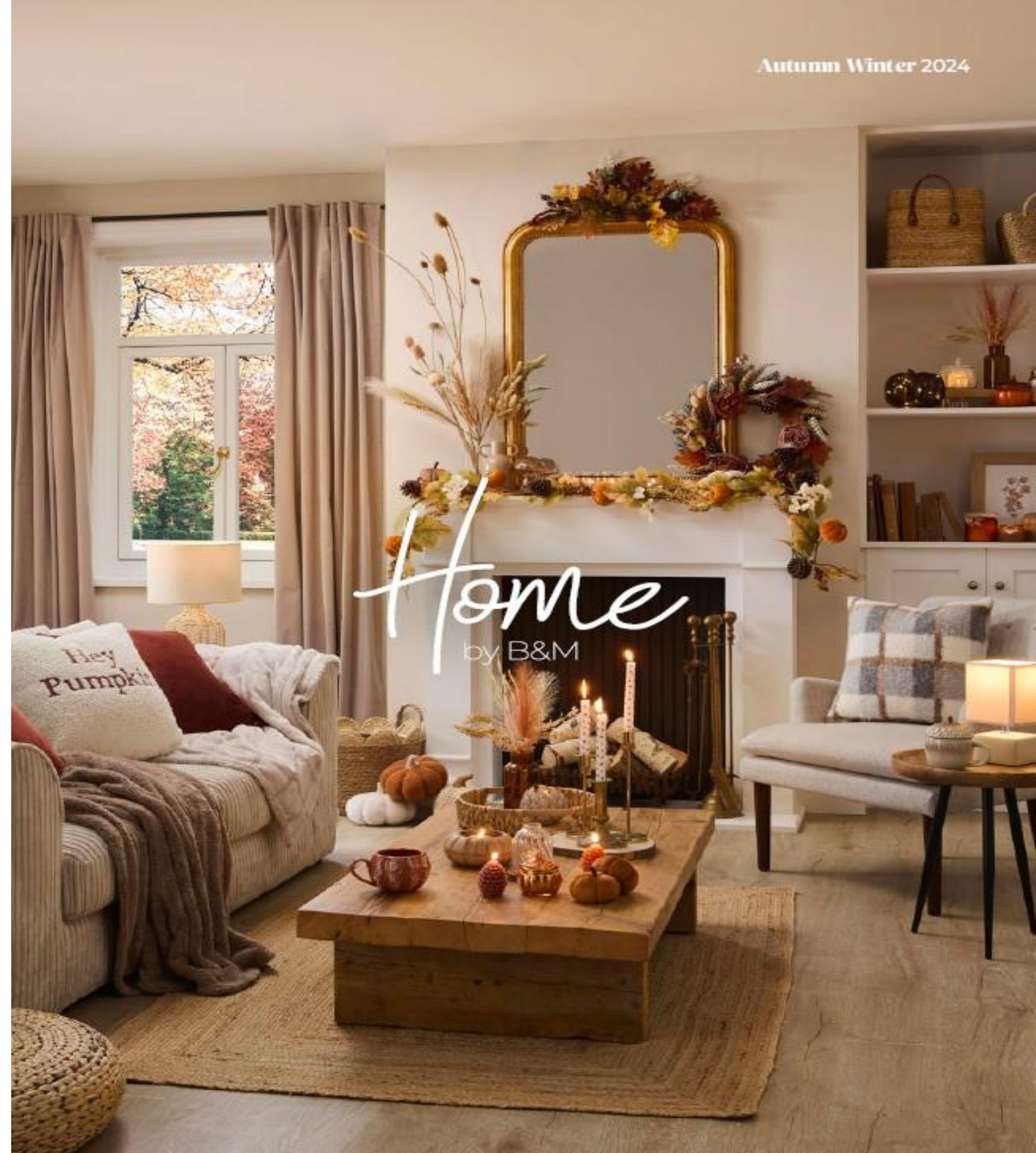
**Financials**  
Mike Schmidt

3

**Growth strategy**  
Alex Russo

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**Q&A**





Introduction

Alex Russo

Chief Executive Officer



# Group highlights

**£2,644m**

Group revenue

**+3.7% YoY**

**£274m**

Group adjusted EBITDA

**+2.0% YoY**

**1.2x**

Leverage ratio

**1.1x last half year**

**5.3p**

Interim dividend

**+3.9% YoY**



EDLP: Volume-led sales growth; 5-year container volumes up +40% at B&M UK



Growing volume momentum, with broadening strength in General Merchandise



Store rollout programme on track (**30** openings in B&M UK, **5** in France and **4** in Heron Foods)



Plan in place to open a new UK imports centre in FY26 to futureproof volume growth



Smooth executive team succession



FY25 Group adjusted EBITDA guidance to be in the range of **£620m-£660m** (FY24 52/53weeks: **£616m/£629m**)

# A reminder: significant opportunity for profitable growth

## Where we are

## Where we are going



Currently at 764 B&M UK stores



Our target is to open at least 1,200 B&M UK stores



Low market share and advantaged cost base



Upon reaching 1,200 B&M UK stores, our implied market share<sup>1</sup> will be c.3%. We will continue to deliver best in class return on capital



B&M France LTM revenues of €619m: 129 stores at H1 FY25



Growth foundations in France are in place, with significant white space expansion opportunity ahead



Significant cash generation - £1.9bn returned since March 2020




Capital light business model will generate excess cash for returns to our shareholders. Review of parent company's corporate domicile underway

1. In the categories we serve

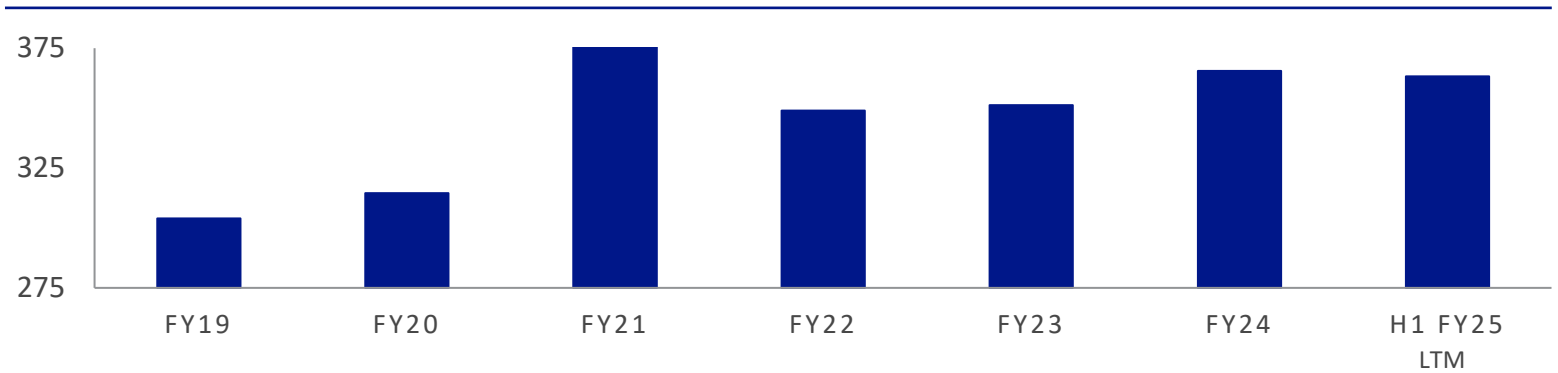
# Our approach is highly disciplined and driving sustainable sales growth...

 **Price: EDLP** >

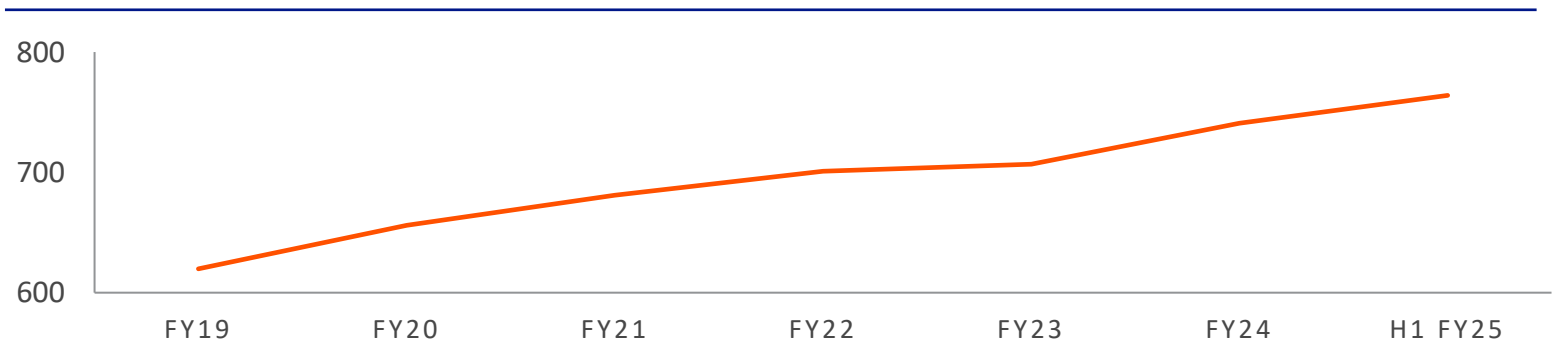
 **Product: 10k SKUs** >

 **Standards: +8/10** >

**B&M UK volume-led sales densities increasing (£ per sq ft)**

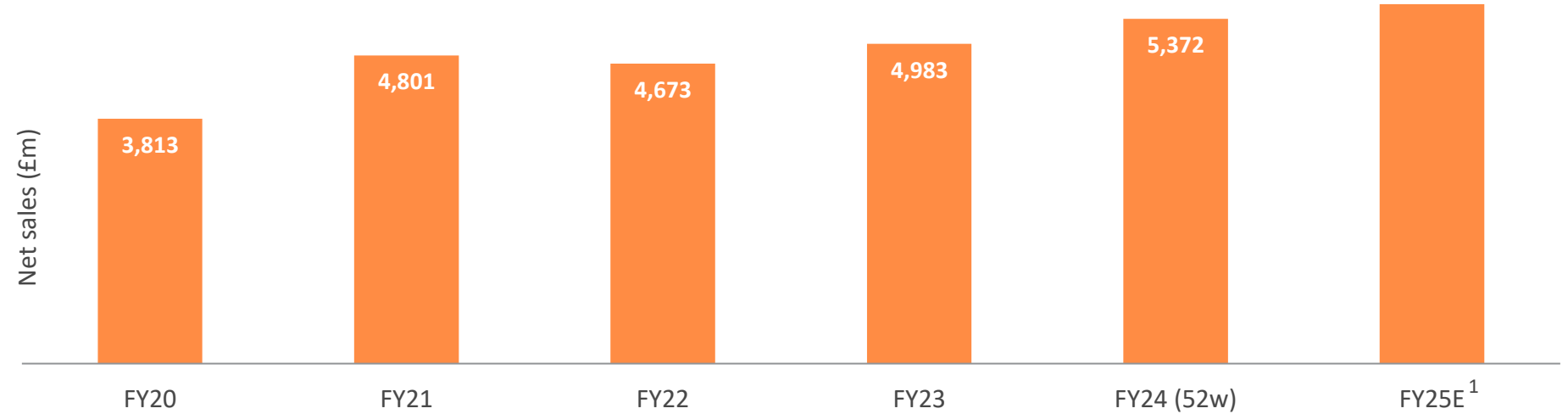


**B&M UK store estate successfully growing (Total stores)**



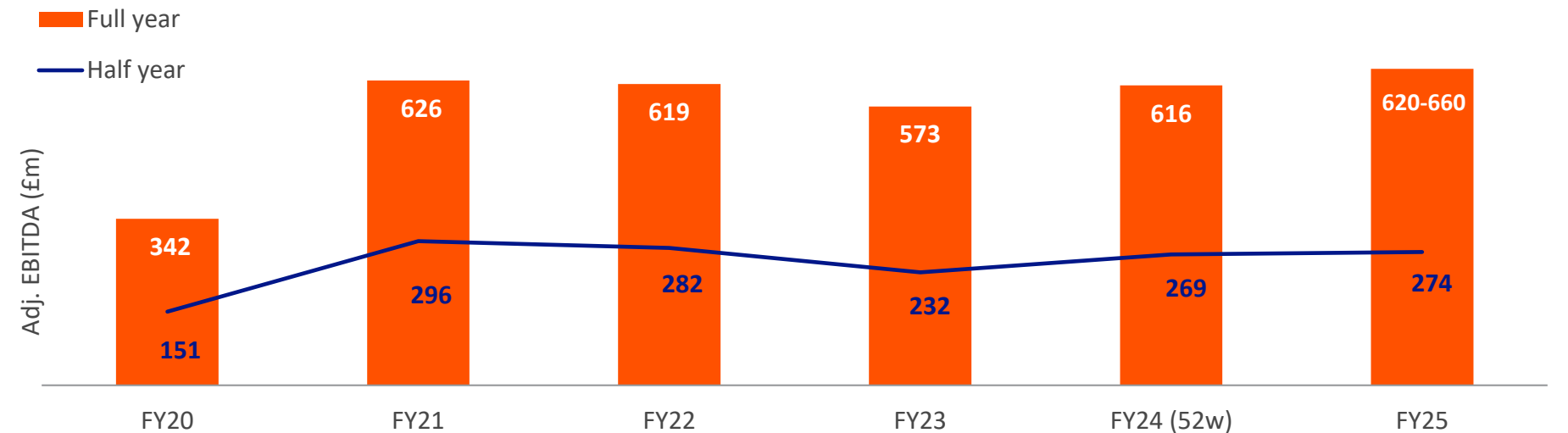
# ...with sales growth translating to profit growth

**+40% growth in revenues is underpinned by growth in volumes**  
**(+40% growth in container imports)**



**Sustainably growing operating earnings over recent years**

**+80% growth in EBITDA<sup>2</sup>**  
**+13% 5-year CAGR<sup>2</sup>**



1. Bar not to scale  
2. Assumed the mid-point of the FY25 guidance range (£640m)



Financials

Mike Schmidt

Chief Financial Officer



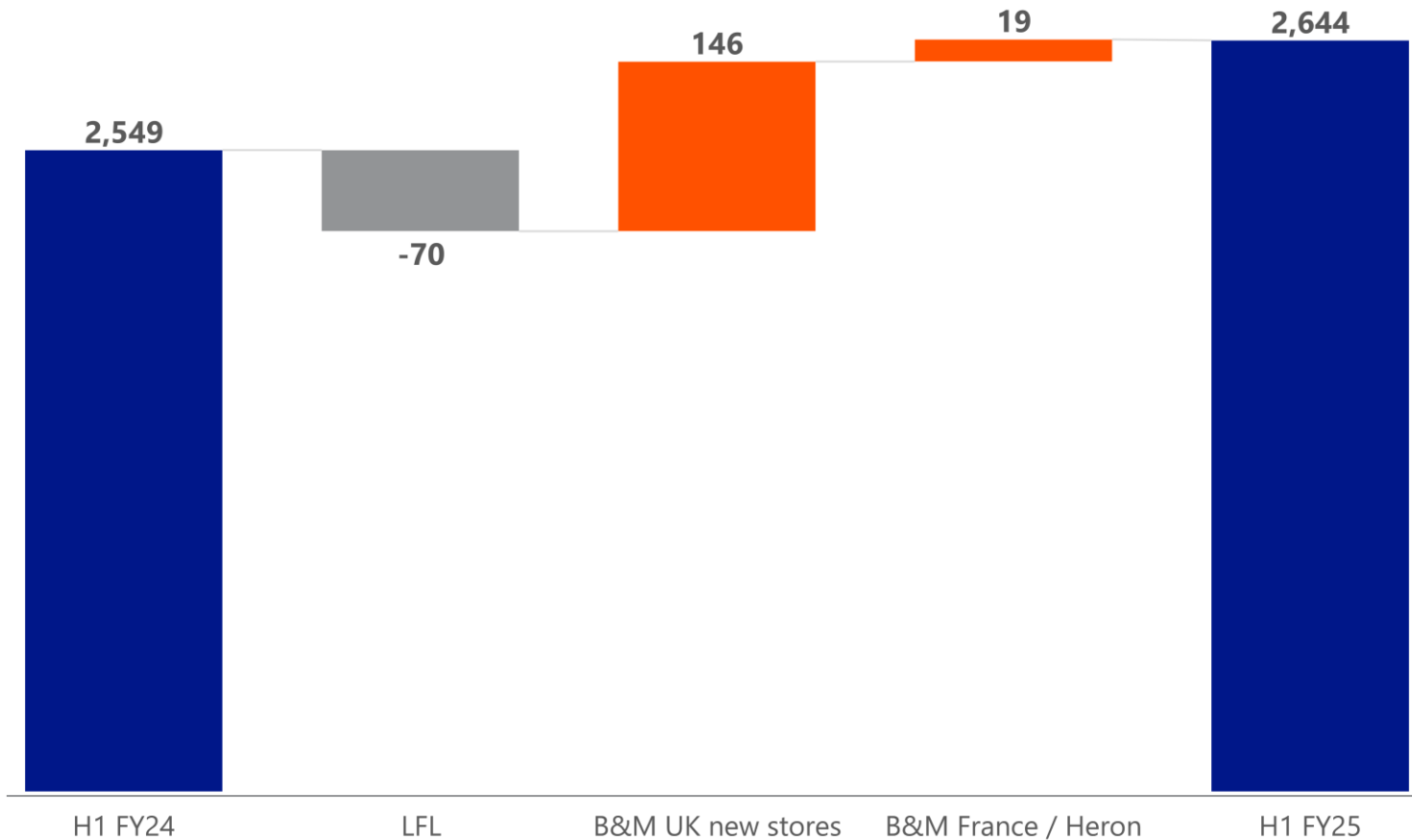
# Summary profit and loss

£m	H1 FY25	H1 FY24	YoY
Revenue	2,644	2,549	3.7%
<b>Adjusted EBITDA (pre-IFRS 16)<sup>1</sup></b>	<b>274</b>	<b>269</b>	<b>2.0%</b>
%	10.4%	10.5%	(18)bps
Depreciation and amortisation (pre-IFRS 16)	(44)	(40)	
Operating impact of IFRS 16	28	34	
<b>Adjusted operating profit<sup>1</sup></b>	<b>258</b>	<b>263</b>	<b>(1.8)%</b>
<b>Adjusted diluted EPS (pre-IFRS 16)<sup>1</sup></b>	<b>14.7p</b>	<b>15.4p</b>	<b>(4.8)%</b>
<b>Balance sheet metrics</b>			
Net debt	1.2x	1.1x	
Net debt (including IFRS 16 lease liabilities)	2.5x	2.4x	

1. Adjusted figures exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS.

# Store rollout drove total revenue growth in H1

Year-on-year revenue progression (£m)



## → Key highlights

**New space adding 7.3% sales growth** in B&M UK

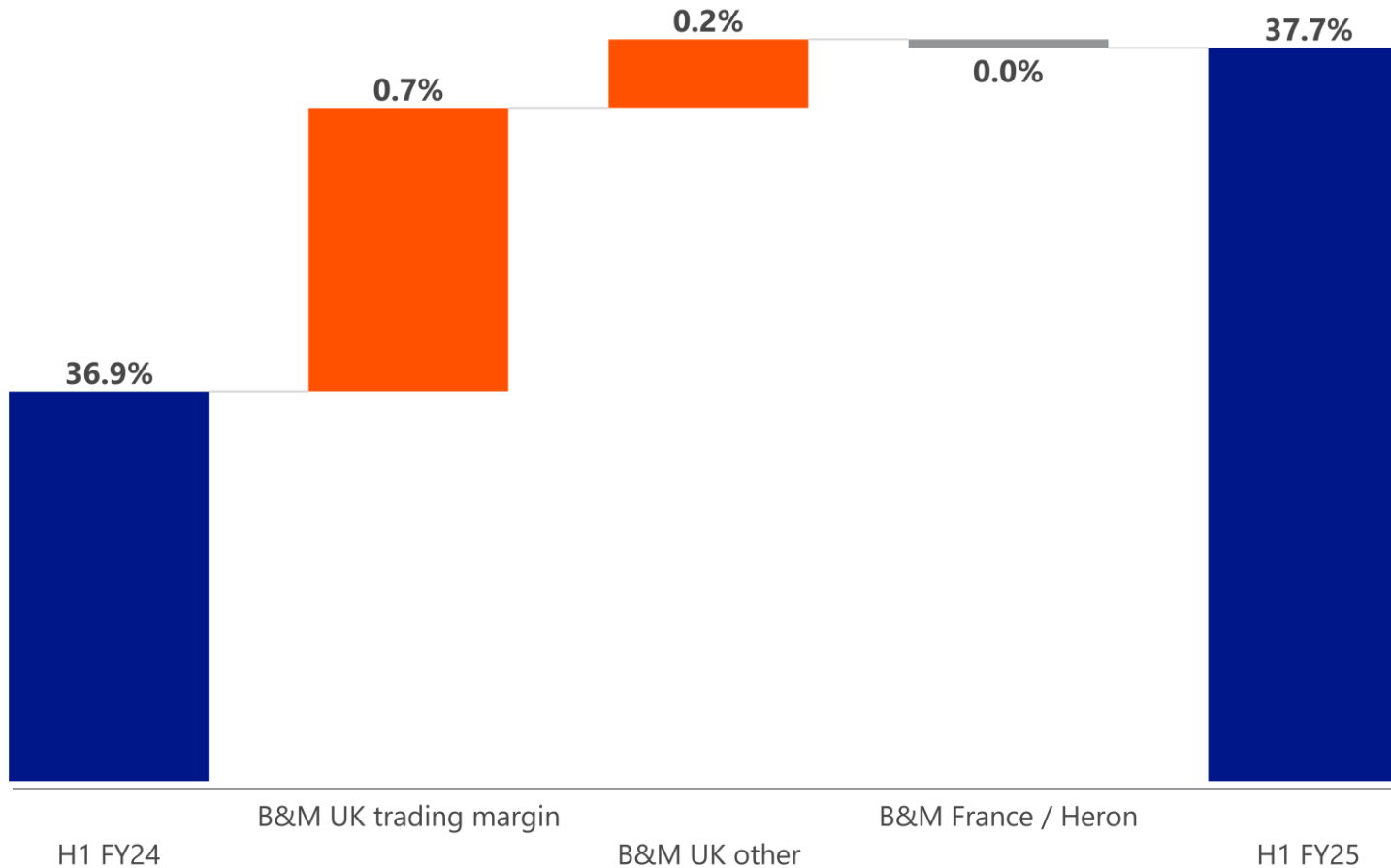
**LFL performance improved** across half as seasonal effects moderated (Q1 (5.1)% and Q2 (1.9)%)

France is **progressing well**

**Volume driven** sales growth

# Strong gross margin performance

Year-on-year gross margin progression (%)



## → Key highlights

**Good trading margin out-turn** of +66bps year-on-year:

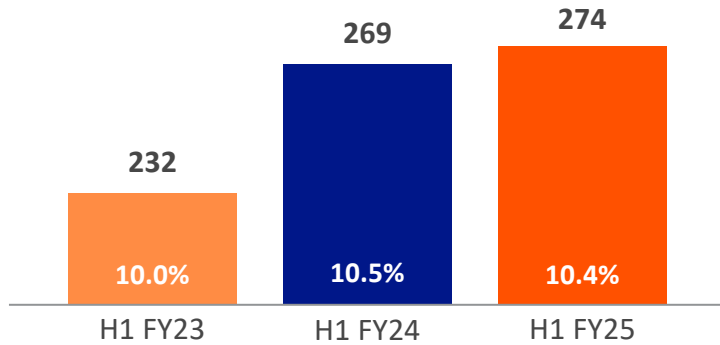
- Mix benefits, favourable FX rates, freight benefits and limited markdowns

**B&M France and Heron margins remain robust**

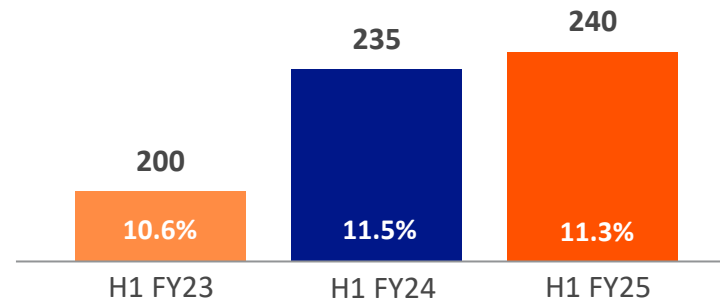
**Clean closing inventory position** with early stock build-up of Autumn/Winter ranges

# Adjusted EBITDA

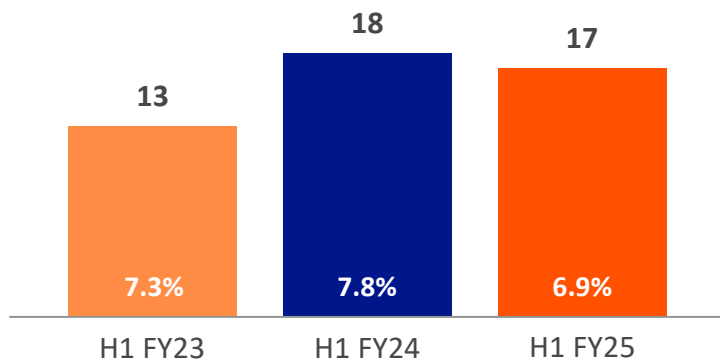
## Group (£m)



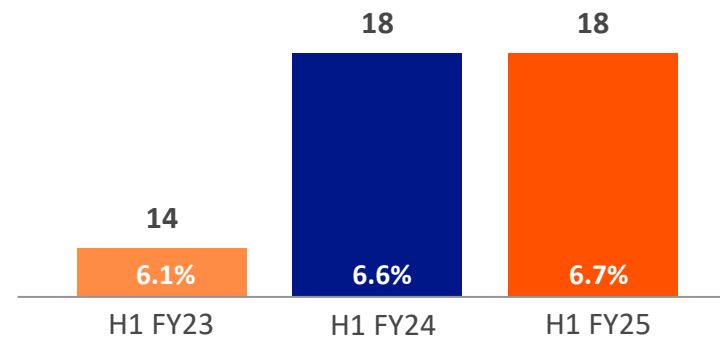
## B&M UK (£m)



## B&M France<sup>3</sup> (£m)



## Heron Foods (£m)



## → Key highlights

Group adjusted EBITDA<sup>1,2</sup> increased by 2.0% **driven by sales growth**

B&M UK's adjusted EBITDA<sup>1</sup> margin **broadly flat (15bps)**

France<sup>1</sup> 92bps lower due to **one-off warehouse investment**

Heron's adjusted EBITDA<sup>1</sup> margin of 6.7% is **market leading**

All three businesses demonstrating **underlying profitable growth**

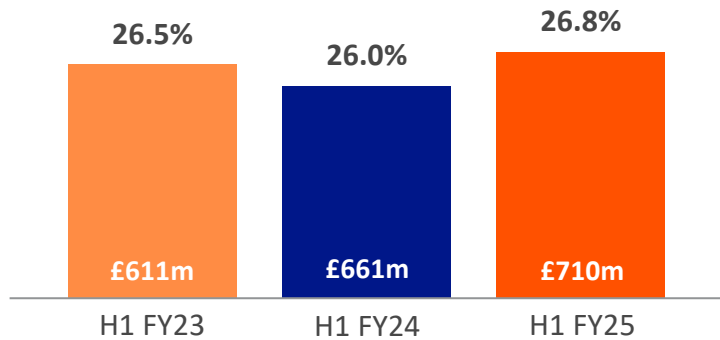
1. Adjusted figures exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS

2. Group figures include the corporate segment

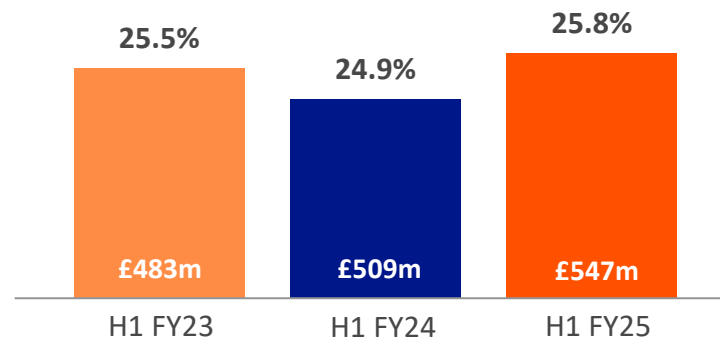
3. France H1 FY23 adjusted EBITDA excludes one-off income

# Adjusted underlying operating costs as % of revenue

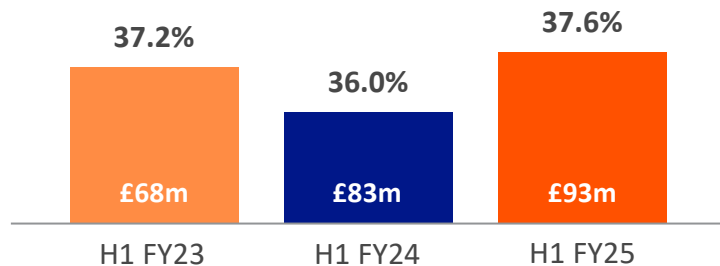
## Group<sup>1,2,3</sup> (£m)



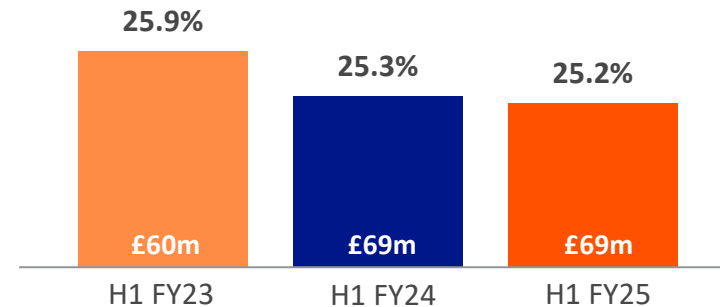
## B&M UK<sup>1,3</sup> (£m)



## B&M France<sup>1,3</sup> (£m)



## Heron Foods<sup>1</sup> (£m)



## → Key highlights

B&M UK underlying costs<sup>3</sup> increased by 7.3% YoY primarily due to the increased store estate size (+7.3%)

Productivity gains being delivered to mitigate the rise in national living wage

High degree of certainty on H2 fixed costs – property, energy and central costs

Strict cost discipline is executed well across the three businesses

Costs base remains materially variable across the LFL estate

1. Adjusted figures exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS

2. Group figures include the corporate segment

3. Excludes foreign exchange retranslation losses in B&M UK in all years and one-off income received in France in H1 FY23

# Rapid payback from new store openings

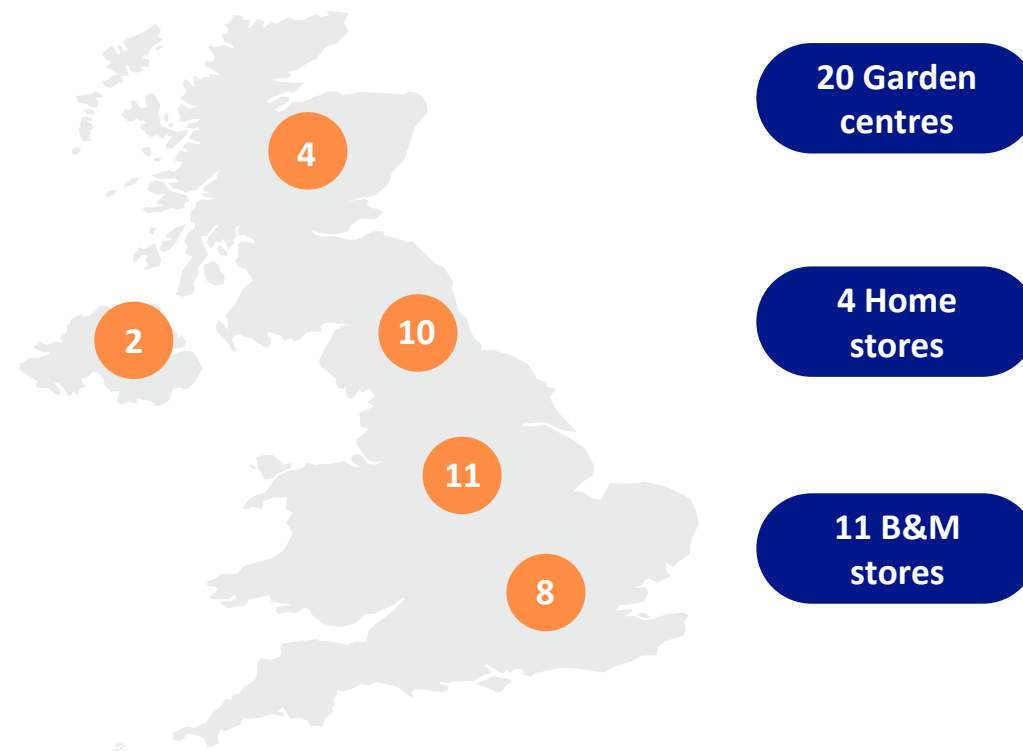
## Cohort performance from most recent B&M UK openings

### Total openings (Apr-22 – Sep-23)

# of stores opened	35
Total investment (capex, opex and w/capital) <sup>1</sup>	£50m
LTM revenues from cohort	£257m
LTM new store cohort contribution <sup>2</sup>	£50m

**= 1 year payback from opening date / 9 months excl. working capital**

## Total openings (Apr-22 – Sep-23)



**New stores contributing well, irrespective of format and geography**

1. Includes capital expenditure, all pre-opening costs and estimated working capital impact

2. Store contribution = gross margin less margin adjustments and direct operating expenses, including logistics and central costs. Direct operating expenses include rental charges on a pre-IFRS16 basis with any rent-free periods amortised over lease life

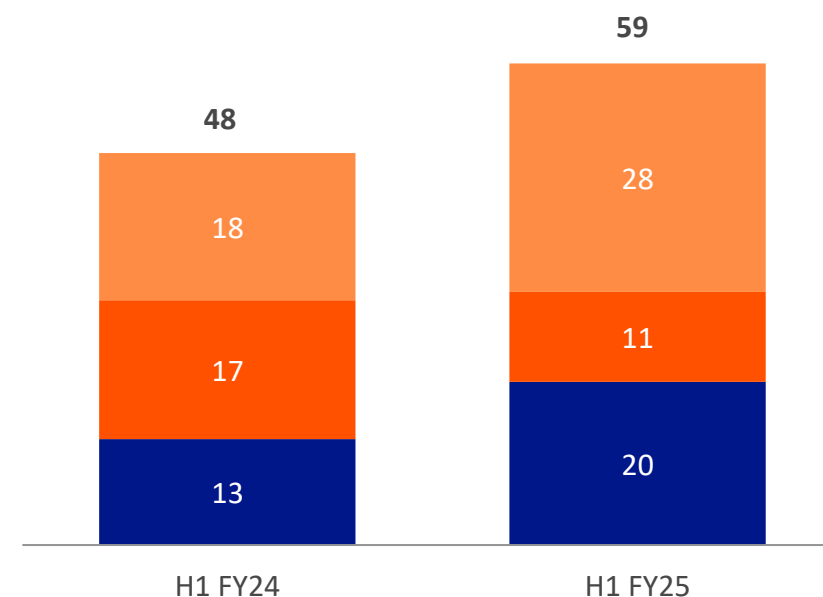
# Continued cash discipline

## Cash flow overview (£m)

	H1 FY25	H1 FY24
<b>EBITDA (post-IFRS 16)</b>	<b>369</b>	<b>399</b>
Change in working capital	(86)	(37)
Other	20	(10)
<b>Cash generated from operations</b>	<b>303</b>	<b>352</b>
Income tax paid	(61)	(58)
Net capex	(59)	(48)
Payments for IFRS 16 leases	(110)	(103)
<b>Post-tax free cash flow<sup>1</sup></b>	<b>73</b>	<b>143</b>

## Capex development (£m)

- New stores
- Infrastructure and freehold
- Maintenance



Total excluding new stores as % of net sales

**1.2%**

**1.2%**

1. Post-tax free cash flow is a preferred measure of cash generation for our business. For further details please see RNS



Growth strategy

Alex Russo

Chief Executive Officer



# Growth strategy agenda

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## Introduction

Alex Russo

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## Price

Gareth Bilton

3

## Product

Gareth Bilton, Lesley Buchanan & Vianney Deregnacourt

4

## Standards

James Kew

5

## Discipline

Alex Russo & Vianney Deregnacourt



# Senior management team



**Alex Russo**

Chief Executive Officer



**Mike Schmidt**

Chief Financial Officer



**Gareth Bilton**

Trading Director



**James Kew**

Retail Director



**Jon Parry**

Supply Chain Director



**Alex Simpson**

General Counsel



**Pete Waterhouse**

Group Financial Controller



**Suzie Williams**

Group IT Director



**Tony Dobbs**

Managing Director – Heron Foods



**Anthony Giron**

Managing Director – B&M France



## Key highlights

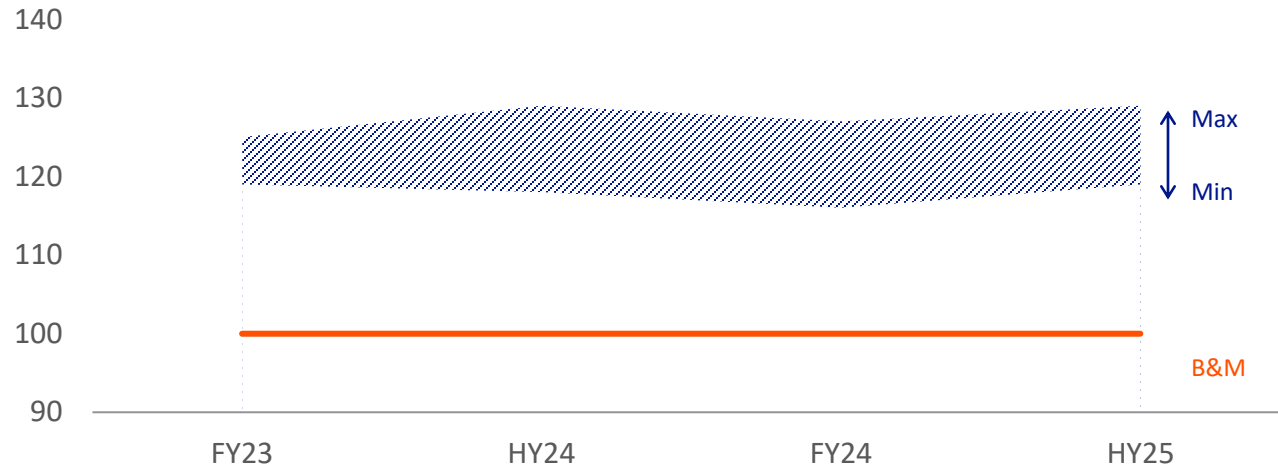
B&M UK Trading Director succession plan well progressed

Develop first from within the business

Strong bench and pipeline across all functions

# Price: EDLP is the core of the business

Big 4 price indexed to B&M (100)<sup>1</sup>



## Grocery

Rigour on price benchmarking every week

15-20% against the 'big 4' supermarkets (post-loyalty schemes)

## Every Day Low Price

No high-low complexity!  
Customer transparency


## General Merchandise


Price gap consistently higher than in FMCG





1. The graph details our price benchmarked against the 'big 4' supermarkets. Our price index is an internal measure using the retail selling price of each item on a per unit or unit of measure basis. Competitor retail selling prices are collected internally on a weekly basis. The price index excludes loyalty schemes


# Product: Range improvements & lower price points broaden the appeal


 Low price points >

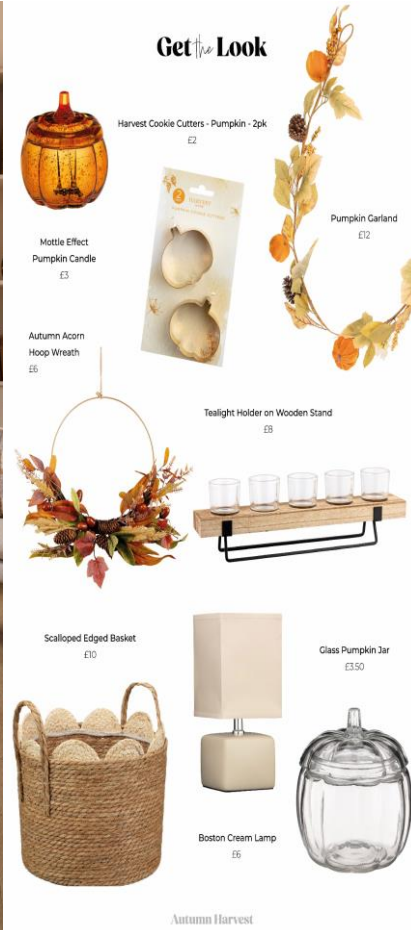
 Seasonal & trend changes >

 Award winning best-selling products >

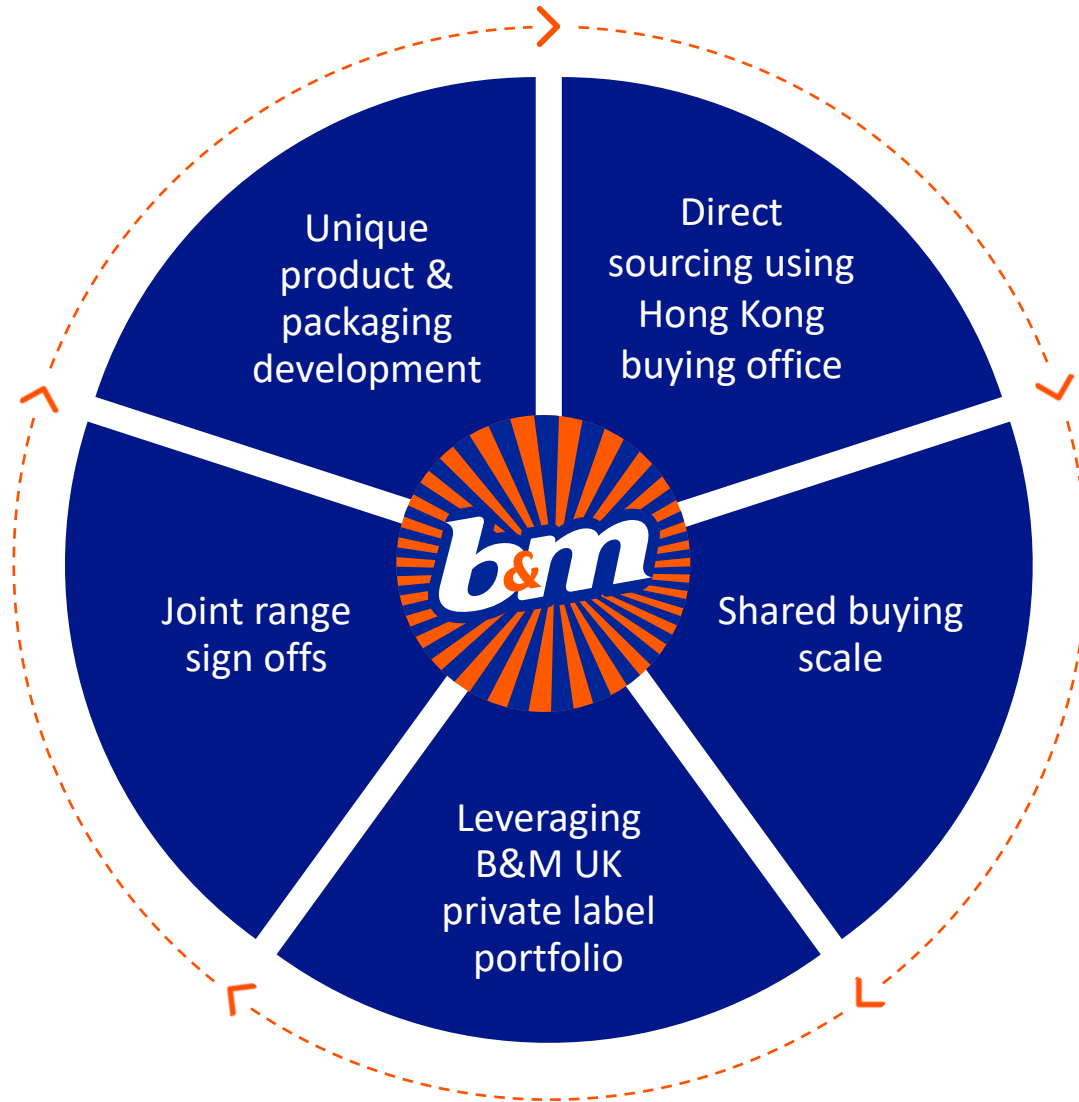
 Creating customer moments >

 Direct sourcing to get better costs >

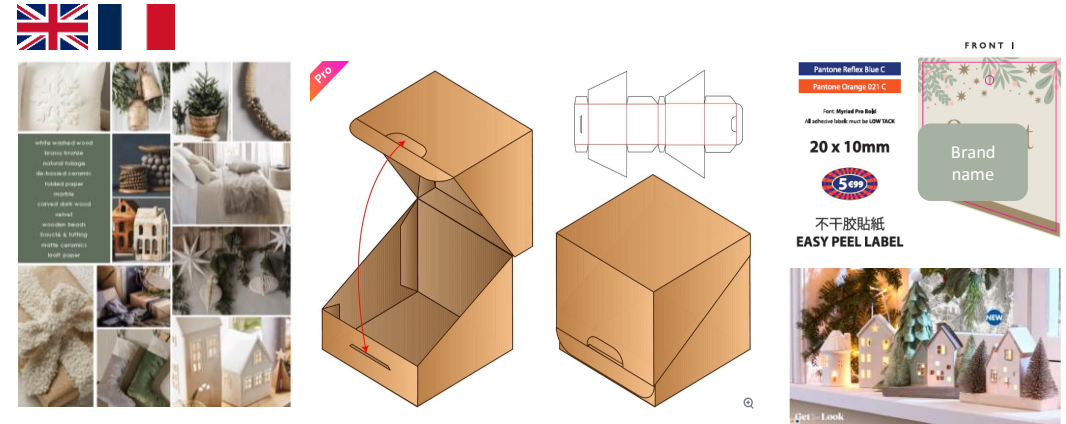
 SKU count discipline >



# Product: UK and France synergies



## Sourcing and development



## In-store



+ Specific market needs

# Standards: Store operations



Store standards – constant focus with **350+** store visits each week



Strong link between retail, buying and logistics driving smoother, lower-cost flow of goods from factory to warehouse to shelf



Disciplined approach to primary & secondary space – enhancing customer experience



UK operating consistently at **+8/10**



Third successive year of staff turnover decreasing by **c. 500bps**



# New stores pipeline

## Key highlights



**30** gross new stores opened in H1



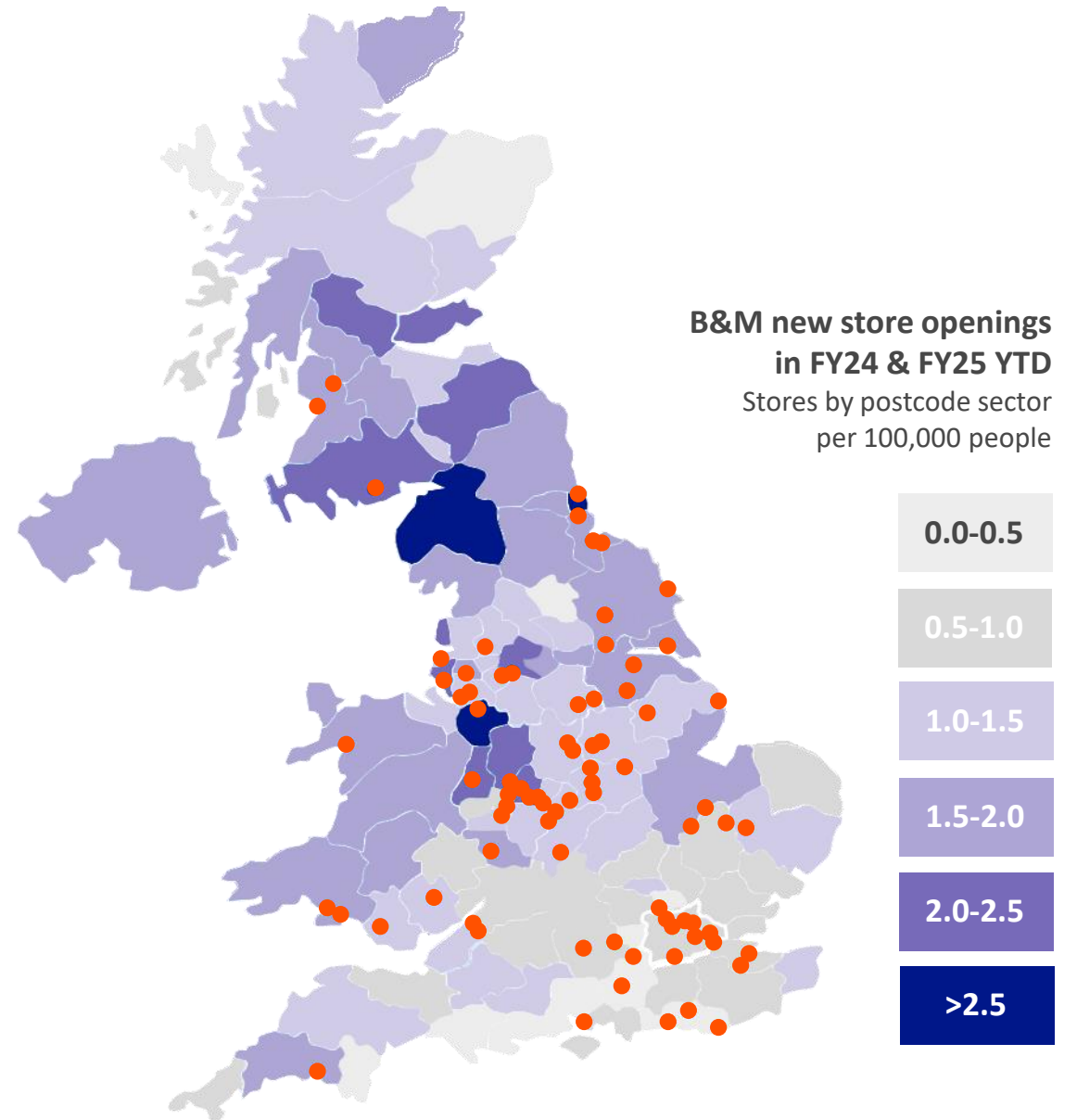
**44 ex-Wilko stores<sup>1</sup>** now open with **8** still to open



Expect **45 gross new stores** in **FY25** and targeting a similar number in **FY26**



Target of **at least 1,200** B&M UK stores



1. Acquired 52 ex-Wilko stores: 37 option stores, 13 non-option stores, 1 freehold and 1 occupation of a freehold already owned

# Long-term supply chain in place

## B&M UK: New import centre – Ellesmere Port

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- Leasehold site dedicated **solely** for **general merchandise inbound containers**
- Providing **additional 674,000 sq. ft** of capacity - supporting volume growth, network stockholding and regional DC throughput capacity



## B&M France: WMS implementation & DC extension

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- WMS implementation in H1 increased **productivity** in the DC, improved **availability** in stores and opportunity for future development
- DC **extension** completing in 2025



# B&M France - progress update

## Key highlights

- **LFL growth** driven by increased customer transactions
- Continued to drive FMCG ranging
- **Disciplined** control on SKU count and inventory management
- **5 new stores** opened in H1 with **6 more** planned in H2; at least 10 targeted in FY26



France store estate by region, 28 September 2024



# Heron Foods – progress update

## Key highlights

- **Adjusted EBITDA margin %** demonstrates another good period of retail execution
- Consistently **high store standards** and excellent **core stock availability**
- **Support local families** for the cheapest possible price
- **4 new stores** opened in H1, target of **18-20** for FY25 & FY26



ALL FOR **£5** MEAL DEAL

FEED YOUR FAMILY FOR LESS

Birds Eye Crispy chips For everyday & every way.

Birds Eye CLASSIC 4 BEEF QUARTER POUNDERS WITH ONION

COUNTRY OVEN 4 WHITE BARMCAKES

Birds Eye 4 Beef Quarter Pounders With Onion 454g + Birds Eye Crispy Straight Cut Chips 900g + Country Oven White Barmcakes 4pk

Cycle 8 Phase 2  
Products and prices subject to availability.

Heron Foods

# FY25 summary & outlook

## Summary

Well set up in the Golden Quarter...price, product and standards

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New store openings performing well and well-structured pipeline

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A new UK imports centre will be opened in FY26 to futureproof volume growth

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Highly disciplined business resulting in high quality of earnings

## Outlook

Growing volume momentum into H2, with broadening strength in General Merchandise

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FY25 Group adjusted EBITDA (pre-IFRS 16) now expected to be in the range of £620m-£660m (FY24 52/53 weeks: £616m/£629m)

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Formal review of the parent company's corporate domicile underway to simplify administrative processes and enable greater flexibility in returning capital to shareholders



Q&A

