



# B&M European Value Retail S.A.

## H1 FY26 Interim Results & Strategy Update

13 November 2025





## Introduction

Tjeerd Jegen

Chief Executive Officer



# Agenda



- CEO Introduction
- H1 FY26 Financial Results
- Strategic Update: Back to B&M Basics & Beyond
- Value Creation and Capital Allocation Framework

## Reflections on FY26 to date

- Our H1 financial performance has fallen well short of our expectations
- Weak UK LFLs and gross margin decline combined with cost increases impacting profitability and earnings
- Back to B&M Basics plan launched to improve our retail execution and restore UK LFL growth
- B&M France is performing strongly in a competitive market, demonstrating the potential to scale
- Our continued cash discipline supports healthy free cash flow and return on capital employed

# Strengthening our capabilities

## **Simon Hathway, Trading Director**

- 28 years international Retail experience
- Former Buying & Merchandising Director at Action Holding B.V.
- Senior leadership roles at J. Sainsbury plc, AS Watson and Wilko



## **Helen Cowing, Interim CFO**

- Highly experienced Finance leader across multiple industries
- Former Group CFO for Selecta Group, FatFace and Mobico Group plc
- Appointed to the Board with effect 1 December



## **Jon Parry, Supply Chain & Retail Director**

- 30+ years Retail and Supply Chain experience
- B&M Retail's Supply Chain Director since 2022
- Former Vice President of Asda Logistics Services



# Operational Update

## Third-Party Review

- EY commissioned by the Board to undertake a review of the issue communicated in our 20 October Update
- We will update further in our Q3 Trading Update in January 2026

## Jersey Redomicile

- Migration from Luxembourg to Jersey remains a priority to provide increased flexibility in returning excess capital to shareholders
- Process will complete in the new calendar year once third-party review has concluded and any appropriate actions taken
- Board has formally approved share buybacks as its currently preferred option for returning excess capital, subject to necessary shareholder approvals



H1 FY26 Financial Performance

**Mike Schmidt**

Chief Financial Officer



# Group H1 FY26: Revenue growth but weak profit performance

£m	H1 FY26	H1 FY25	Y-o-Y	FY25
Revenue	2,749	2,644	4.0%	5,571
<b>Adjusted EBITDA (pre-IFRS 16)<sup>1</sup></b>	<b>191</b>	<b>274</b>	<b>(30.2)%</b>	<b>620</b>
%	7.0%	10.4%	(341)bps	11.1%
<b>Adjusted operating profit<sup>1</sup></b>	<b>177</b>	<b>258</b>	<b>(31.5)%</b>	<b>591</b>
%	6.4%	9.8%	(334)bps	10.6%
<b>Adjusted profit after tax<sup>1</sup></b>	<b>72</b>	<b>138</b>	<b>(47.8)%</b>	<b>337</b>
<b>Adjusted diluted EPS<sup>1</sup></b>	<b>7.2p</b>	<b>13.7p</b>	<b>(47.9)%</b>	<b>33.5p</b>

Balance sheet metrics				
Leverage (pre-IFRS 16)	1.6x	1.2x		1.3x
Leverage (including IFRS 16 liabilities)	2.9x	2.5x		2.6x

→ Weaker H1 profit performance from B&M UK LFL (+0.1%) & gross margin trends

→ France LFL (+5.2%) & new UK stores driving Group revenue growth

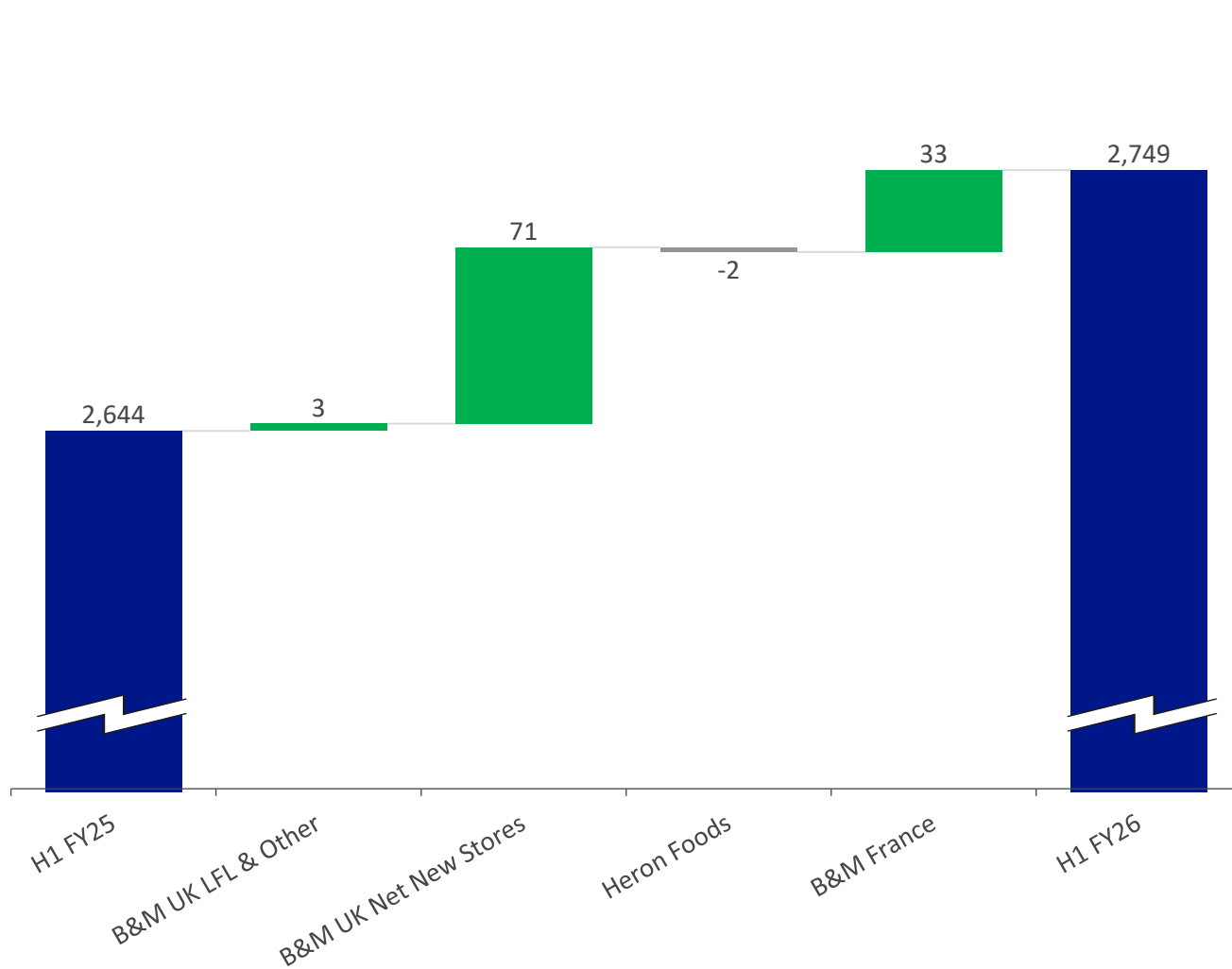
→ Mitigating actions taken on operating cost inflation

→ Balance sheet and cash conversion remains robust

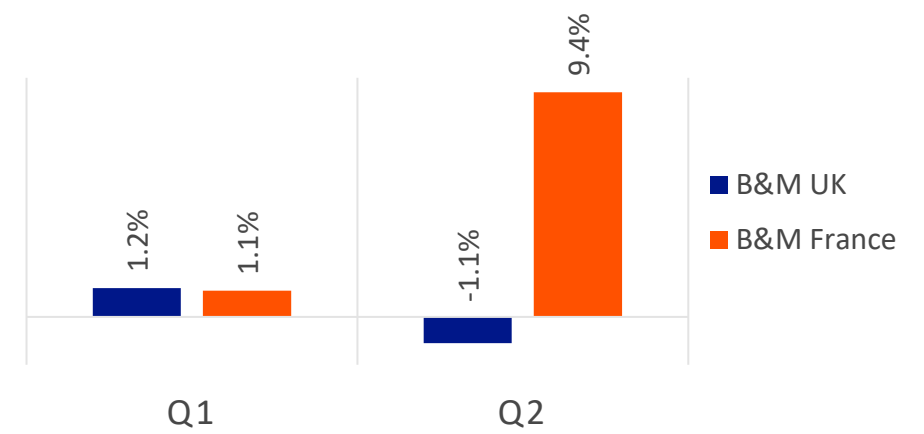
1. Adjusted figures exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS.

# B&M UK new stores and France drive Group revenue growth

Year-on-year Group revenue progression (£m)



B&M fascia quarterly like-for-like performance



**H1 B&M UK space sales growth reflects opening timings and closures – FY26: 40-45 gross expected**



# Lower B&M UK trading margins lead to flat gross profits

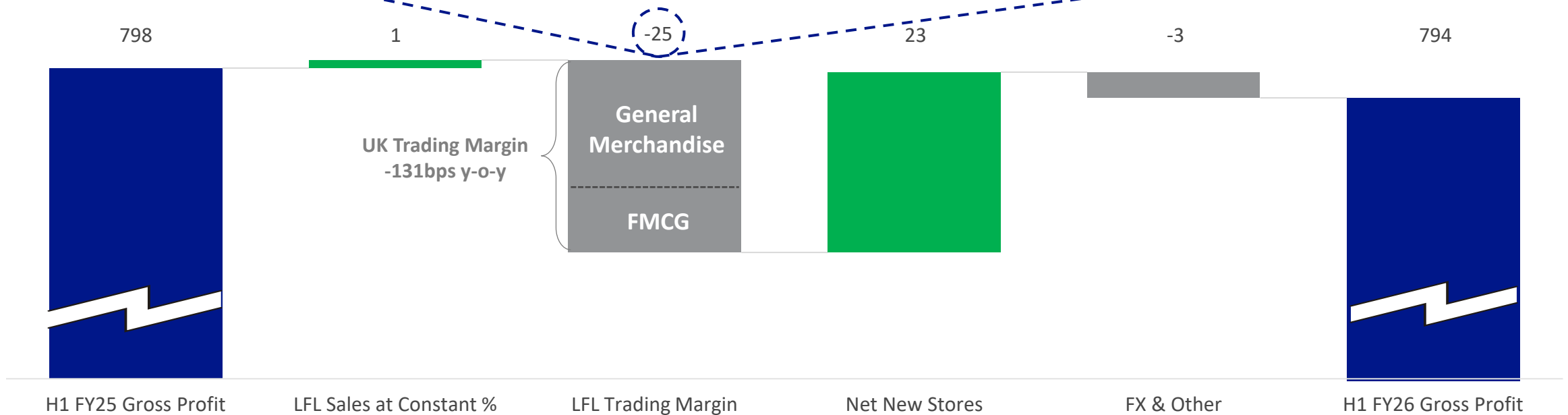
## Year-on-year B&M UK gross profit progression (£m)

**GM:** lower bought-in margins in spring/summer ranges and mix shift towards lower margin departments

**FMCG:** price investment in key KVI lines in late H1 FY26

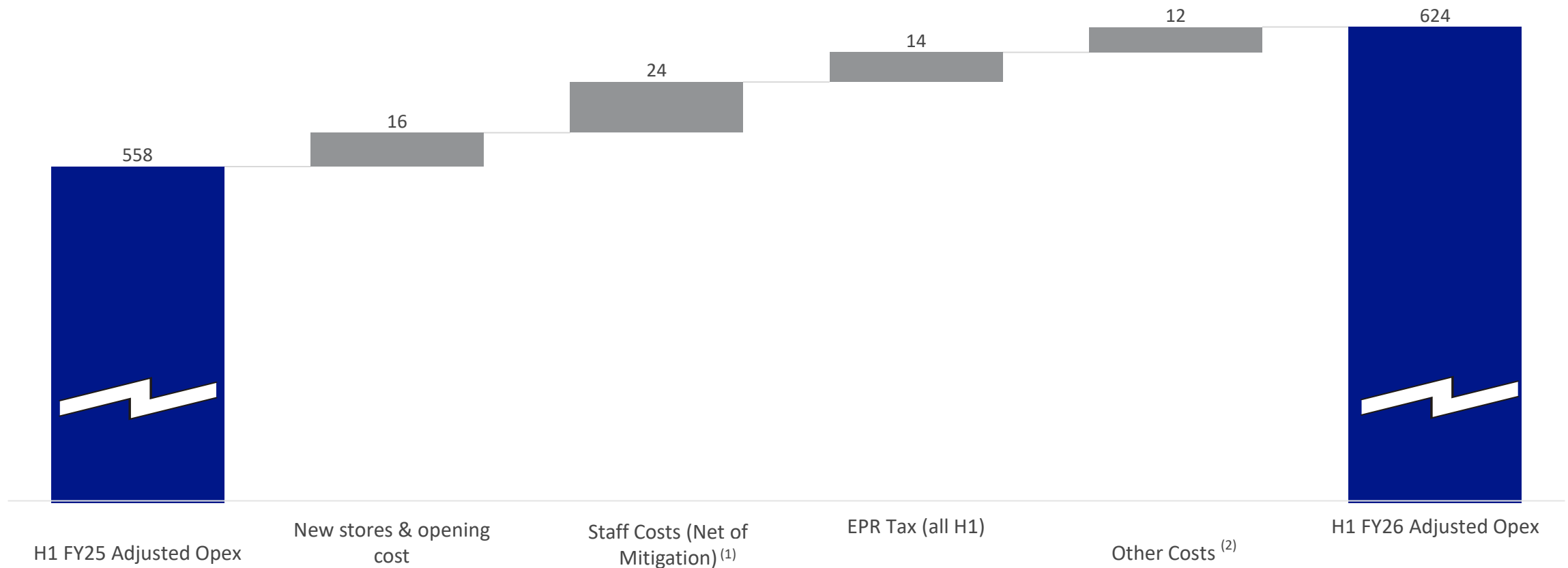
**Range management:** exiting ranges to reduce SKU counts resulted in increase in markdowns in late H1 FY26

**Mix:** benefit from increased GM participation, but a smaller offset than H2 FY25



# B&M UK: Cost increases from statutory changes and growth investment

Year-on-year B&M UK adjusted operating cost progression (£m)



(1) Overall Group impact of National Minimum Wage (NMW) and National insurance estimated to be £30m before mitigation (comprising B&M UK £26m and Heron £4m)

(2) Other costs includes DC infrastructure upgrades, IT investment and other cost growth

# B&M UK: Weak LFL and gross margins not offsetting higher costs

£m	H1 FY26	H1 FY25	FY25
Revenues	2,196	2,121	4,483
<b>Gross profit</b>	<b>794</b>	<b>798</b>	<b>1,676</b>
<i>%</i>	<i>36.2%</i>	<i>37.6%</i>	<i>37.4%</i>
<b>Staff costs</b>	<b>(339)</b>	<b>(306)</b>	<b>(621)</b>
<i>% of sales</i>	<i>15.4%</i>	<i>14.4%</i>	<i>13.9%</i>
<b>Other costs</b>	<b>(271)</b>	<b>(252)</b>	<b>(510)</b>
<i>% of sales</i>	<i>12.4%</i>	<i>11.8%</i>	<i>11.4%</i>
<b>Extended Producer Responsibility Tax (all H1)</b>	<b>(14)</b>	-	-
<i>% of sales</i>	<i>0.6%</i>	-	-
<b>Adjusted EBITDA (pre-IFRS 16)<sup>1</sup></b>	<b>170</b>	<b>240</b>	<b>545</b>
<i>%</i>	<i>7.7%</i>	<i>11.3%</i>	<i>12.2%</i>

## → Current year trends

- Limited LFL revenue growth and gross profit margin decline not offsetting higher costs drives H1 profit outturn
- New stores and warehouse upgrades increase cost base
- Inflationary impacts are largely due to statutory taxation and are partially mitigated

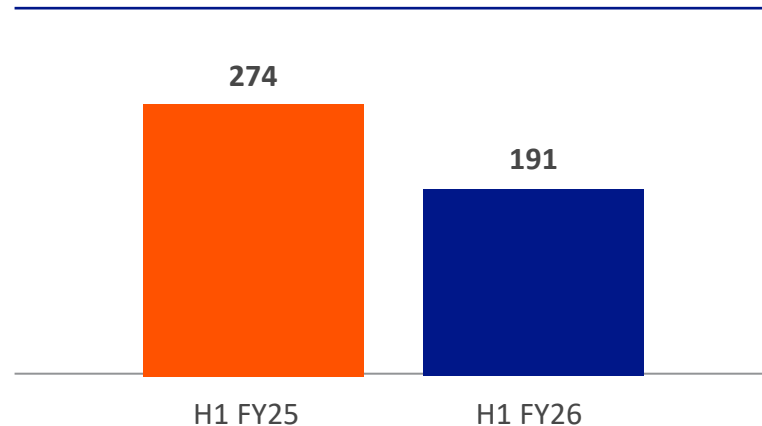
## → Medium-term ambition

- LFL sales progression drives profit margin outcome
- Back to B&M Basics objectives:
  - Sustainable B&M UK LFL growth
  - B&M UK EBITDA margin recovery to low double-digit percentage levels

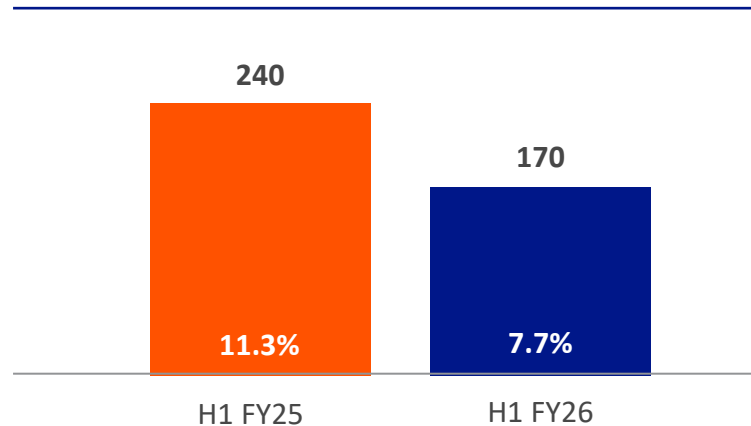
1. Adjusted figures exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS.

# Adjusted EBITDA<sup>1</sup> decline reflects flat UK LFLs, lower trading margins and higher costs

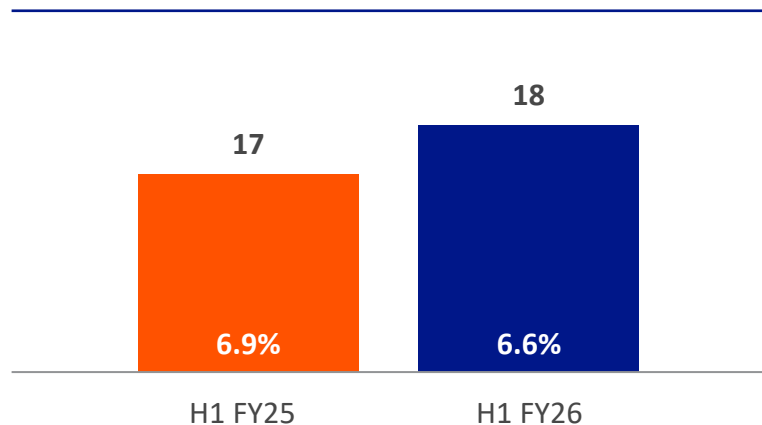
## Group (£m)



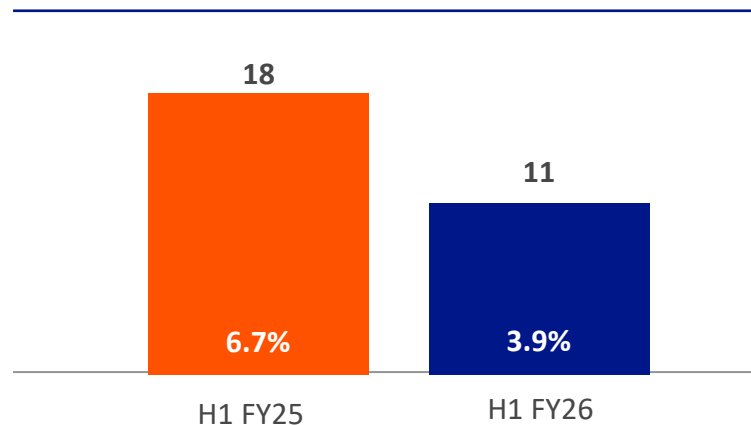
## B&M UK (£m)



## B&M France (£m)



## Heron Foods (£m)



## Key Observations

Group adjusted EBITDA<sup>1,2</sup> of £191m down 30.2% YoY

B&M UK's adjusted EBITDA<sup>1</sup> margin **362bps lower** due to flat LFL and lower trading gross margins not providing offset to operating cost increases

France's adjusted EBITDA<sup>1</sup> **increased by £1m** with LFL performance driving profits  
Lower margin percentage reflects infrastructure investment for future growth

Heron's adjusted EBITDA<sup>1</sup> outturn results from operating leverage effects of LFL performance and inflationary cost pressures

1. Adjusted figures are pre-IFRS 16 and exclude unusual, non-trading and/or non-recurring impacts on performance. For further details please see RNS

2. Group figures include the corporate segment

# Continued cash discipline supports healthy free cash flow

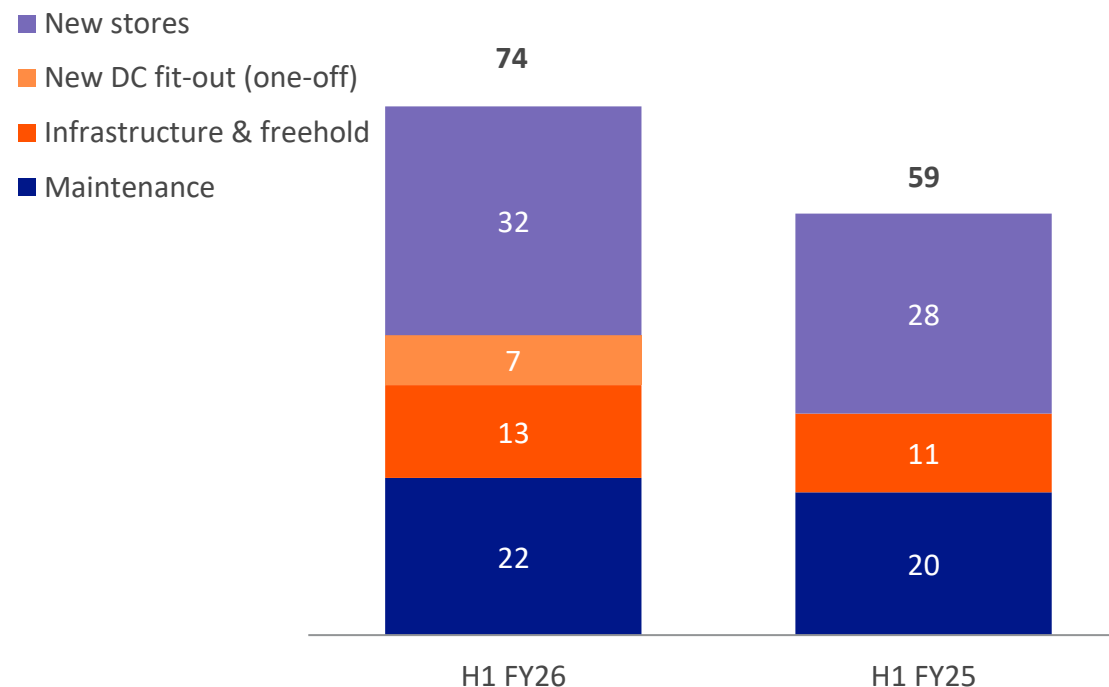
## Cash flow overview (£m)

	H1 FY26	H1 FY25
<b>EBITDA (post-IFRS 16)</b>	<b>295</b>	<b>369</b>
Change in working capital	(28)	(86)
Other <sup>1</sup>	26	20
<b>Cash generated from operations</b>	<b>293</b>	<b>303</b>
Income tax paid	(47)	(61)
Net capex	(74)	(59)
Payments for IFRS 16 leases	(121)	(110)
<b>Post-tax free cash flow<sup>2</sup></b>	<b>51</b>	<b>73</b>

1. Other relates to the £13m non-cash impairment of the stores within the Heron CGU, £10m fair value of derivatives, £2m share options expense and £1m loss on disposal of PPE.

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

## Capex development (£m)



**Total excluding new stores & one-off DC expenditure as % of net sales**

**1.3%**

**1.2%**

# Multiple actions underway to restore performance

## FY26 was a half with challenges...

- Low / negative like-for-like sales growth for B&M UK & Heron and decline in B&M UK gross margin
- Operating cost inflation without LFL growth to fully mitigate
- Continued progress in France and new UK store openings

## ...those challenges are being addressed

- B&M Back to Basics plan to restore LFL growth and gross margin trajectory slightly improving
- Early Q3 trading within the LFL sales guidance range, albeit at the lower end
- FY26 Group Adjusted EBITDA (pre-IFRS 16) guidance range of £470m - £520m confirmed



## We retain prudent leverage and good liquidity

- Prudent leverage in line with capital allocation policy
  - Significant covenant headroom (H1 FY25: 2.9x vs. 5.75x<sup>(1)</sup>)
- Long-dated split maturities
  - Earliest maturity in November 2028
- Financial flexibility

## Cash discipline and shareholder returns

- Capital disciplined business model
- Continued cash generation
- Redomicile continues which will unlock potential for future share buybacks, subject to shareholder approvals

(1) Leverage covenant defined as Net Debt / Group Adjusted EBITDA Post-IFRS 16



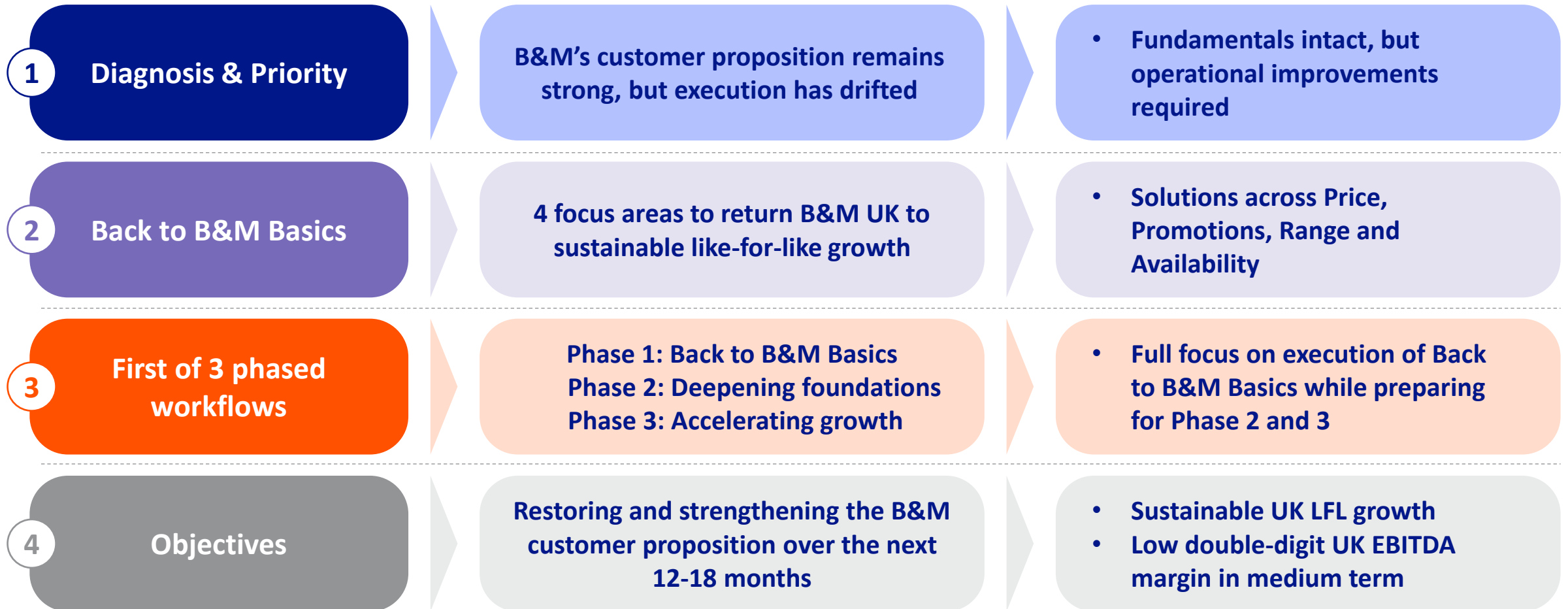
## Strategic Update

Tjeerd Jegen

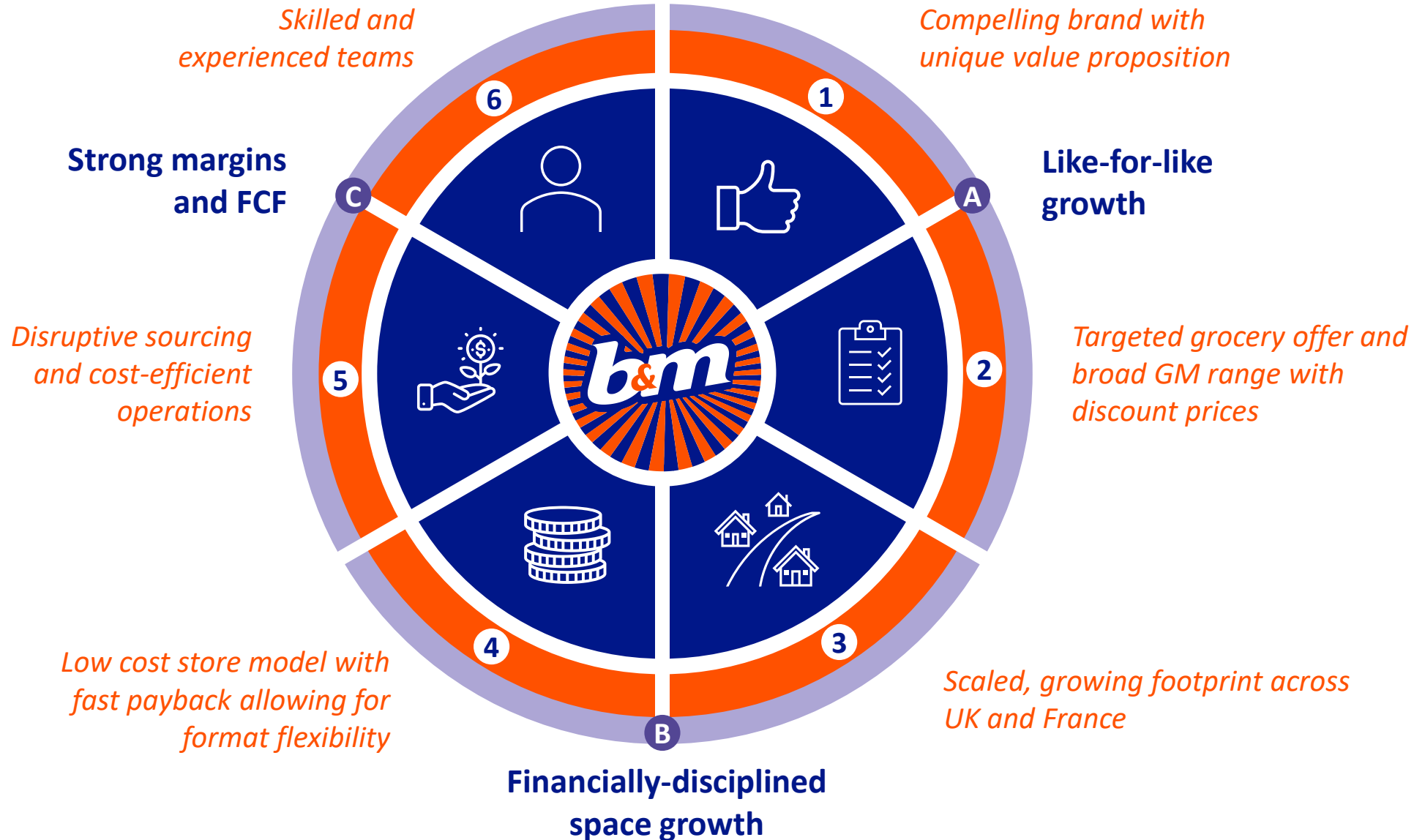
Chief Executive Officer



# What we said in October



# B&M remains a fundamentally strong business



# A reminder of our strategy

Immediate priorities

Medium Term

**Back to  
B&M Basics**

*Price*  
*Promotions*  
*Range*  
*Availability*

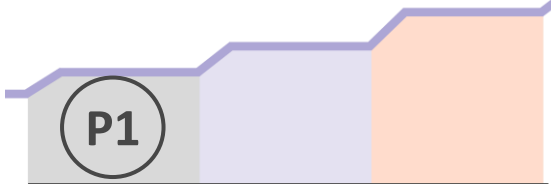
**Deepening our  
foundations  
(Phase 2)**

*Leverage customer insights*  
*Improve formats & location strategy*  
*Process simplification*  
*Updated store concept*

**Accelerating  
growth  
(Phase 3)**

*France acceleration*  
***Investigate case for:***  
*eCommerce*  
*Loyalty*  
*Private label*

# Back to B&M Basics is progressing



## Price

**Diagnosis: >15% cheaper basket, but uncompetitive on 35% of KVI lines**

Dual approach to price management now in place

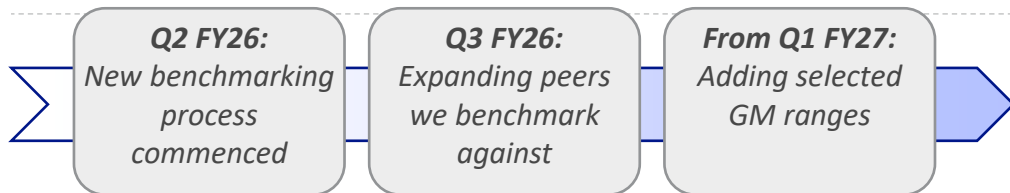
**~450 KVI lines**

Line tracking: ~20% net FMCG sales

**~3,000 basket lines**

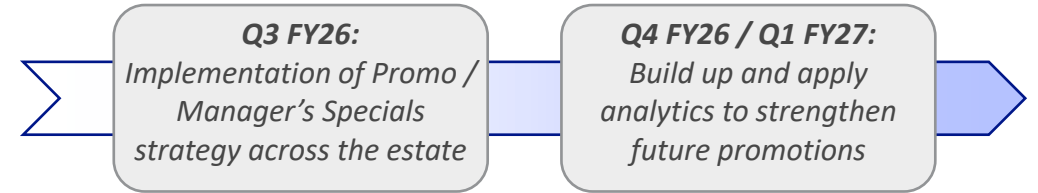
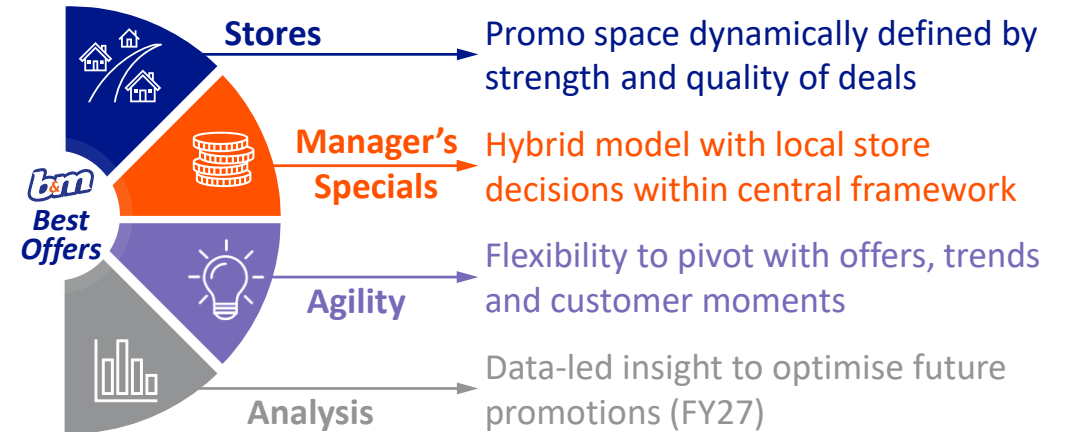
Basket tracking: ~60% net FMCG sales

**Total basket c.15% cheaper than mainstream supermarkets**

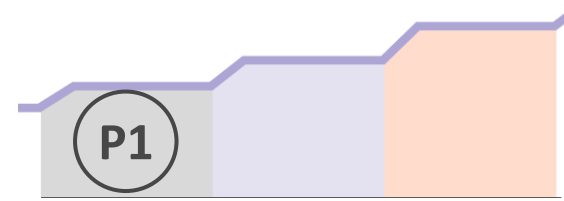


## Promotions

**Diagnosis: Manager's Specials had lost dynamism**



# Back to B&M Basics is progressing



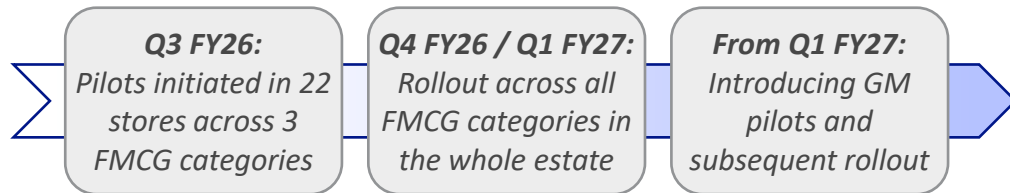
## Range

**Diagnosis: SKUs had increased from 13k to 16.5k over 18 months**

*Reducing SKUs to strengthen our customer value proposition*

*Reducing complexity for customers, stores and our DCs*

*3 category pilots underway in FMCG to test methodology and sales impact*



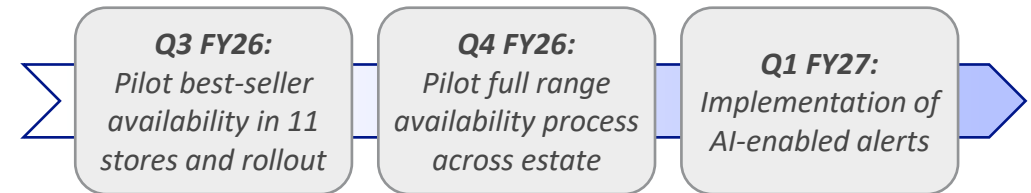
## Availability

**Diagnosis: poor on-shelf availability at 86% versus 98% best-in-class standard**

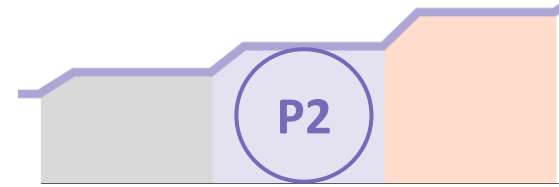
*Boosting on-shelf availability to deepen loyalty*

*Adapted replenishment process: 'best-sellers' pilot: 240 SKUs, 11 stores*

*Opportunity for AI-enabled alert solution*



# Deepening our foundations to support future growth



**Diagnosis:** untailored store format, layout and customer engagement

**Solution:** leveraging customer insights to create better stores and tailored ranges

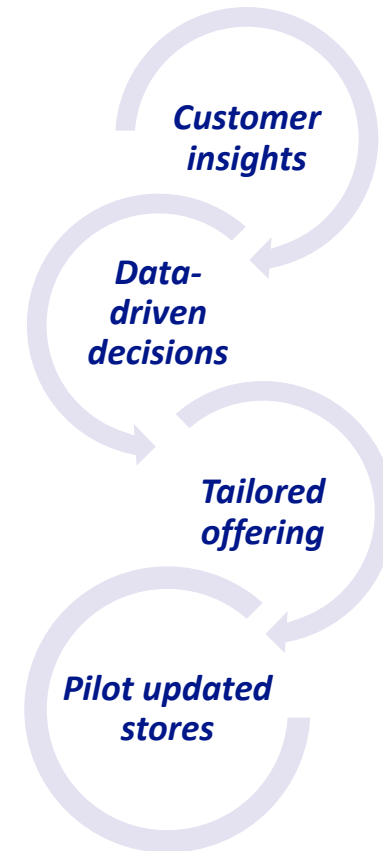
## Our opportunities

- Leverage customer insights
- Improve formats & location strategy
- Process simplification
- Updated store concept

## What we're doing



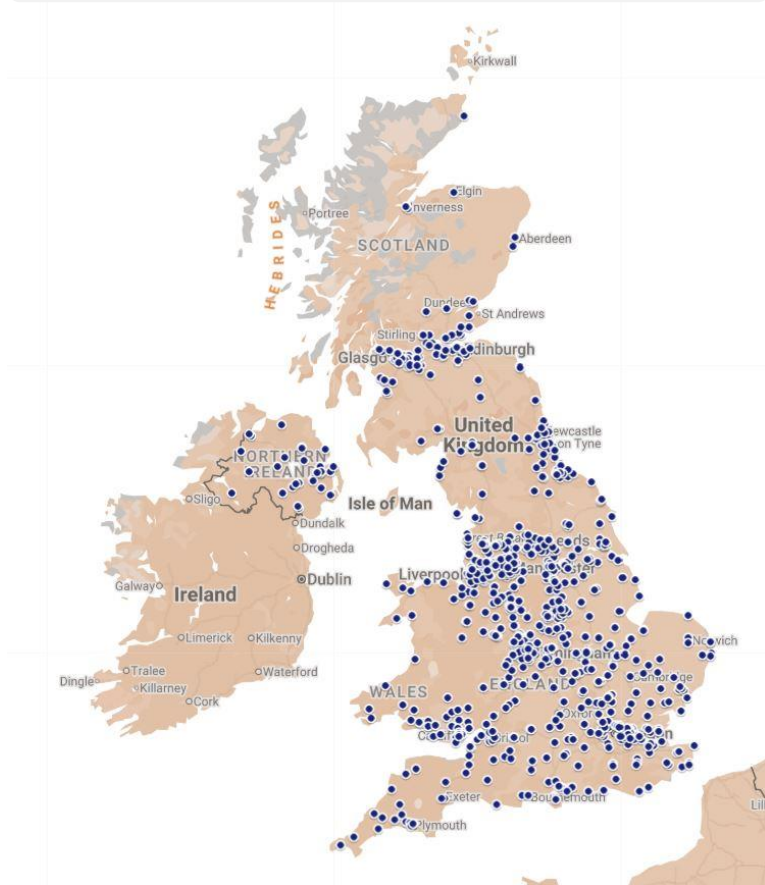
## Where we're going



# Our scaled UK estate enjoys strong store economics

Strong and healthy brand presence with ample whitespace opportunities

786 stores across the UK...



...in good financial health

LTM margin contribution

>99% of UK stores had a positive margin contribution over the last 12 months<sup>(1)</sup>



(1) Data shown includes all stores opened before FY26 on an as-reported basis, and may show one-off costs

# We see ample opportunity for profitable, multi-year store growth

## Sizeable, profitable whitespace opportunity

### UK space growth economics



Average new openings **payback of c. 12 months**



**New stores** open with **attractive contribution margins** that are **accretive to company margins**

### Framework for long-term target

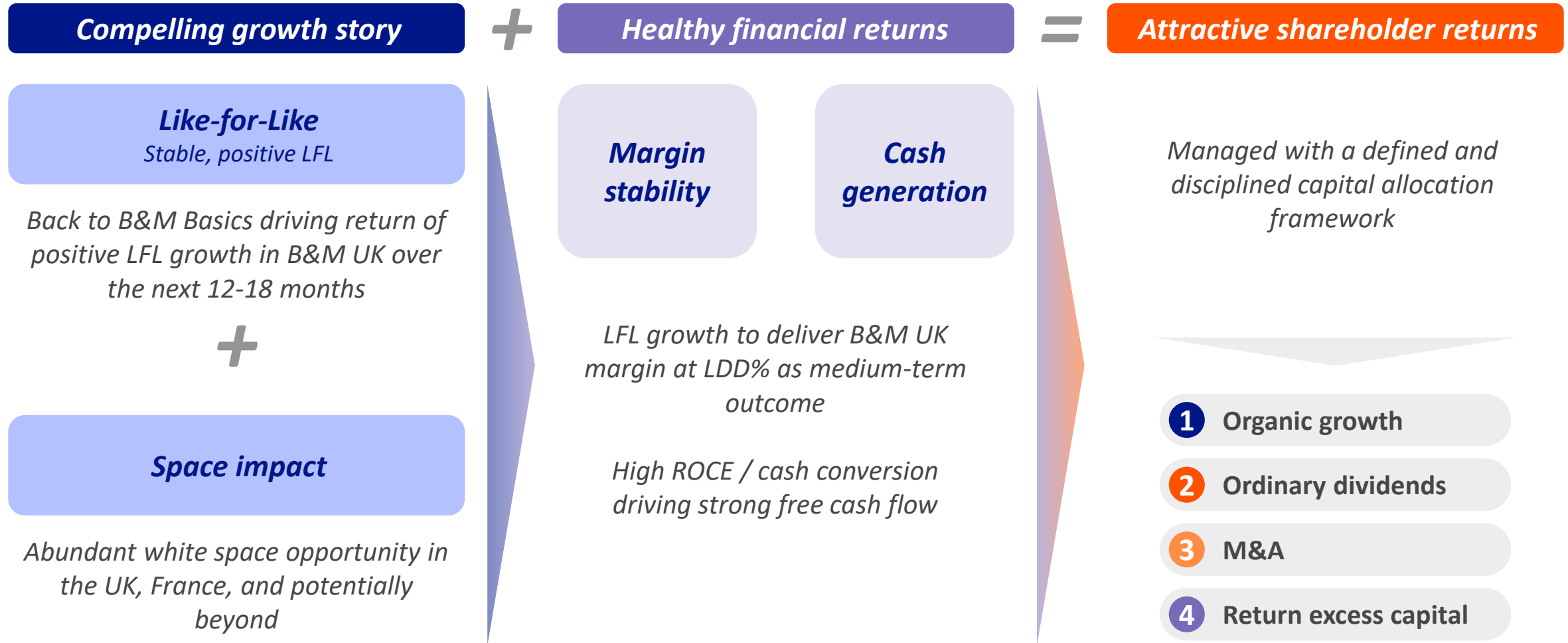
#### Strengthening store selection framework:

- Data-driven process to identify financially and operationally attractive new UK locations
- Financial impact of a new store on existing estate considered, protecting existing estate performance
- Openings based on organic site acquisitions of 25-35 stores annually supplemented by distressed market opportunities where they arise (10-15 stores annually on average in recent years)
- B&M France enjoys considerable long-term expansion potential

#### Confirming long-term UK target

**~1,200**  
**B&M UK stores**

# Our value creation principles support attractive shareholder returns



# Capital allocation principles underpinned by a disciplined financial framework

*Foundation of a prudent capital structure, maintaining a 1.0-1.5x leverage ratio over time<sup>(1)</sup>*

1

## Organic growth

Invest in the business to drive growth and deepen foundations

Maintenance / growth capex and estate expansion

2

## Ordinary dividend

Provide attractive income streams to shareholders

40-50% dividend payout ratio

3

## M&A

M&A on an opportunistic basis

Targets with clear strategic benefit that meet rigorous ROCE criteria

4

## Return surplus capital

Return excess capital to shareholders

Share buybacks subject to a disciplined equity return framework

(1) Pre-IFRS 16 leases

# Back to B&M Basics – and Beyond



- H1 FY26 performance has fallen well short
- Back to B&M Basics actions progressing
- Strengthening leadership team with 3 new appointments
- Working towards Phase 2 of our strategy to deepen B&M's foundations and support future growth
- Healthy UK estate, growth ambition remains 1,200 stores
- Considerable expansion potential for B&M France



# Q&A

