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22 May 2014

B&M European Value Retail S.A.

Announcement of Intention to Float
Preliminary Financial Results and Update on Strong Current Trading
Appointment of Experienced Independent Non-Executive Directors to the Board

B&M European Value Retail S.A. (the "Company"), the general merchandise discount retailer, today announces its intention to proceed with an initial public offering (the "IPO" or the "Global Offer"). The Company intends to apply for admission of its ordinary shares ("Shares") to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange (together "Admission"). The Group trades as "B&M" in the UK and under the "Jawoll" and "Hafu" fascias in Germany.

B&M is one of the largest and most profitable companies in the fast-growing general merchandise discount retail market in the UK, with a consistent track record of strong growth in revenue and EBITDA. The Directors believe that the Group, with 373 UK B&M stores as of 29 March 2014, offers a compelling customer proposition, combining leading brand FMCG products with a broad choice of non-grocery products, together delivering sensational value to customers over a wide range of categories and price points. B&M completed an average of 2.7 million customer transactions per week for the year ended 29 March 2014 and yet the potential for further growth is significant – an estimated 66% of the UK population does not currently have easy access to a B&M store.

B&M's current business model in the UK was founded by its experienced and entrepreneurial management team following their acquisition of the business in 2004 and offers customers a highly attractive alternative to specialist and general retailers. The Group has grown revenues from £764 million in the year ended 31 March 2012 to £1,272 million in the year ended 29 March 2014, a compound annual growth rate (CAGR) of 29% over the period. Over the same period, adjusted EBITDA has risen by a CAGR of 39% to £130 million.

Given the opportunities for wider discount retail penetration in Europe, B&M recently acquired an 80% shareholding in JA Woll, a large out of town general merchandise retailer in Germany. JA Woll reported revenues of €163m and adjusted EBITDA of €15m in the year ended 31 December 2013 and its results will be consolidated with the UK Group from 30 April 2014.

The Directors of B&M believe that the Global Offer will position the Group for the next phase of its development by providing an appropriate long-term ownership structure, which is intended to support their ambitious growth plans for the business, both in the UK and in continental Europe.

In exploiting the opportunities in European discount retail, B&M aims to replicate the success of Dollar General in the US and the business models of both companies share many similarities. Dollar General has a 20 year track record of growth in the US and today has more than 11,000 stores with revenues of over $17bn.

The Company also announces the appointment of four Independent Non-Executive Directors, with a significant level of international retail, FMCG and quoted company experience, to complement the existing Board under the Chairmanship of Sir Terry Leahy.

Simon Arora, Chief Executive of B&M, said:

"B&M comes to the market with a strong track record of growth in revenues, profits and cashflow and has a proven business model that offers customers sensational value. We have built a high-growth retailer which customers love and which has so much potential still to be realised – approximately 66% of the population does not have easy access to a B&M store and we believe there is room for around 850 stores across the UK.

"Over recent years the UK has witnessed a sustained structural shift towards value retailing among consumers. Shopping habits have changed permanently as a result, with B&M completing about 2.7 million transactions a week. As the success of Aldi and Primark demonstrates, everyone loves a bargain. By leveraging a lean, cost-efficient business model, with strong supplier relationships and direct sourcing, we give our loyal customers what they are looking for across a range of different price points and categories. We sell everything from leading brand tea-bags through to £100 garden patio sets, all at sensational prices. Our shoppers know that when they shop at B&M, they will be saving money, and that is reflected in the record Easter sales we have just enjoyed.

"The team are very excited by the opportunity to grow the business even further, both in the UK and in Germany, following our recent acquisition of a majority stake in JA Woll, a transaction that presents significant opportunities particularly in sourcing, and meaningful roll-out potential."

Sir Terry Leahy, Non-Executive Chairman of B&M, said:

"B&M is a first-class business operating in a genuinely exciting segment of the retail market, driven by a founder-led, ambitious and entrepreneurial management team. The business has delivered impressive growth as a private company, but there is much more to come. I believe B&M has a bright future and that its listing on the London Stock Exchange will position the Company for its next stage of development.

"Today we welcome four new independent non-executive directors to our Board, who collectively bring a blend of valuable and far-reaching experience. Together we are committed to working with the executive management team to ensure the continued success of the business, complying with the sound corporate governance standards required of a listed company."

2014 Results and Current Trading

- Continued strong performance in the year ended 29 March 2014, with:
  - Revenues of £1,272 million, up 28% on £993 million in the year ended 31 March 2013
  - Adjusted EBITDA of £130 million, 24% higher than the £105 million reported in the year ended 31 March 2013
  - Like-for-like revenue growth of 6.5% compared to the prior year
  - 42 net new stores opened over the period

- Since the financial year ended 29 March 2014, B&M has continued to trade strongly, enjoying record sales over its recent Easter trading season

Management and Board

- A highly experienced, entrepreneurial management team with excellent retailing and consumer goods expertise
  - Simon Arora, Chief Executive Officer of B&M, and Bobby Arora, Trading Director, key architects of B&M's success since acquisition of the business in 2004
  - Board of Directors chaired by Sir Terry Leahy, former CEO of Tesco plc
  - Appointment of four independent non-executive directors with deep experience across the retail and FMCG sectors, international markets and quoted companies
    - Thomas Hübner (Senior Independent Non-Executive Director), currently a Director of Carrefour SA, and previously CEO of Metro AG's €30 billion Cash & Carry business
    - Kathleen Guion, currently a Director of The Pantry, Inc. and True Value Company, and previously Division President and Executive Vice President of Dollar General Corporation from 2003 to 2011
    - Ron McMillan, currently a Director of N Brown Group Plc and 888 Holdings Plc, and previously a Partner at PricewaterhouseCoopers
    - Harry Brouwer, currently Executive Vice President of Unilever Germany, Austria and Switzerland
  - Board also comprising Paul McDonald, Chief Financial Officer of B&M, and David Novak, a partner at Clayton, Dubilier & Rice

B&M highlights

- B&M operates a UK portfolio of 373 stores in town centres and out-of-town locations as at 29 March 2014, trading under the B&M Bargains and B&M Homestore formats. In Germany, the JA Woll business had 49 large out of town stores as at 29 March 2014

- B&M operates in an attractive and structurally growing market
    - The UK general merchandise discount sector grew by a CAGR of over 14% from 2006 to 2013 and is expected to continue to grow, at a CAGR of over 8% between 2014-2018, according to estimates from Planet Retail
    - Structural shift of the consumer to discount across sectors
    - Strong support from manufacturers and landlords

- B&M offers leading FMCG brands and a variety of non-grocery products at sensational value across a broad range of categories and price points
    - B&M enjoys a high level of customer advocacy, with an average of 2.7 million individual customer transactions per week in the year ended 29 March 2014, largely attributable to "word of mouth", given B&M undertakes minimal advertising and is not reliant on promotions or loyalty schemes

- Unique business model, built on a disruptive sourcing process, operational flexibility, and a lean cost structure
    - Long established direct Far East sourcing platform that minimises time to market and delivers price competitiveness
    - Disciplined approach to SKUs (Stock Keeping Units) with only 5,500 live SKUs at any one time, driving focus on best-selling lines and purchasing power
    - Ability to adjust floor space to align product offering with seasonal trading patterns
    - Ability to operate across a broad range of store sizes and locations

- Consistent track record of growth in revenues and EBITDA, and strong cash generation
    - Revenue and adjusted EBITDA growth at a CAGR of 29% and 39%, respectively, over the last three financial years
    - 6.1% average annual like-for-like revenue growth over the last three financial years; and store expansion of 60% over the last three financial years
    - Average operating cash conversion of 70% over the last three financial years
    - 15,000 net new UK jobs created since 2004

- Significant further growth potential, both in the UK and in continental Europe, with an attractive financial profile:
    - Strong and consistent track record of like-for-like growth from existing store estate
    - Potential for around 850 B&M stores in the UK, with 66% of the UK population still not within easy access of a B&M store (less than a 10 minute car drive)
    - Well invested infrastructure, including a new distribution centre opened earlier this year, to support future growth
    - Disciplined continental European expansion, building on the recent acquisition of a majority stake in JA Woll Handels, a large German out-of-town discount retailer

Global Offer Highlights

- Intention to list on the premium segment of the Official List

- Gross primary proceeds of approximately £75 million will be used to reduce net debt and for general corporate purposes

- Clayton Dubilier & Rice are expected to sell a proportion of their shareholdings in the Global Offer

- Simon and Bobby Arora will retain the majority of their shareholdings in B&M following the transaction and will continue to lead the business

- Each of the Company, CD&R and the Arora family will agree to customary lock-up arrangements with respect to their shareholdings for specified periods of time following Admission

- Immediately following completion of the Global Offer, it is expected that the Company will have a free float of at least 20% of the issued share capital of the Company

- The Company has refinanced its financial indebtedness, putting in place new term loan facilities in an aggregate amount of £440 million and a revolving credit facility in an aggregate amount of £150 million; at Admission the Company expects to have a pro forma net debt/pro forma adjusted EBITDA ratio of 3.0x, with a strong deleveraging profile thereafter

- The Directors intend to adopt a progressive dividend policy, targeting initially a payout ratio of approximately 30% to 40% of net income on a normalised tax basis

- Full details of the Global Offer will be included in the prospectus expected to be published in the coming weeks

- In relation to the Global Offer and Admission, Goldman Sachs International and Bank of America Merrill Lynch are acting as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners, Credit Suisse Securities (Europe) Limited and Deutsche Bank AG, London Branch are acting as Joint Bookrunners and Numis Securities Limited and Jefferies International Limited are acting as Co-lead Managers. Lazard & Co., Limited is acting as Financial Adviser to the Company

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B&M's Key Strengths

The Directors believe that B&M is well-positioned to continue its disciplined and profitable growth, due to a business model that underpins its leading position in a structurally high growth market. B&M delivers sensational value to customers through its management of a targeted brand-led grocery offering and the breadth of its higher-ticket non-grocery product offering, as well as its direct sourcing process.

B&M has benefitted from positive like-for-like growth, a consistent store roll-out programme, robust and defensible margins and cash generation. B&M's continued success is expected to depend on its key strengths, as described below:

Targeted brand-led grocery offering delivering sensational value for customers

- B&M has built its position in the UK general merchandise discount retail market by seeking to deliver recognisable and trusted brands to customers at attractive prices. B&M's wide range of top brands at competitive prices delivers sensational value to customers, a key driver of footfall into B&M stores.
- B&M enjoys strong and long-standing relationships with many global FMCG suppliers, because of its size, track record of strong and consistent like-for-like revenue growth and targeted range of SKUs. These relationships enable B&M to buy recognisable and trusted brands at low prices.

Non-grocery products at disruptive prices

- In addition to its grocery and FMCG products, the Company has a wide product range spread over a number of non-grocery merchandise categories, including housewares, DIY, electrical, toys and pet products.
- These products span a wide range of price points, highlighting B&M's flexible price architecture. Only 18% of B&M's products are at the 99p or £1 price point, which differentiates it from several other UK non-grocery discount retailers. The broad choice of non-grocery products at sensational value creates a "treasure hunt" in-store environment that customers enjoy and offers B&M the opportunity to drive up average transaction value.

Focused number of SKUs

- B&M's business model employs a disciplined approach to SKUs, targeting only 5,500 live SKUs at any one time. B&M's buyers focus on "best sellers", closely monitoring sales and margins. Before they can add a new SKU, the buyer must cut another SKU in that product category (typically the worst or a poorly performing SKU), effectively a "one in, one out" policy.
- This focus creates buying power, which allows B&M to benefit from advantageous buying terms with suppliers.
- The Group's disciplined merchandising provides it with the flexibility to replicate the best-performing SKUs of the Group's competitors and at a competitive price. This constitutes a core competitive advantage versus specialist retailers.

Disruptive and dynamic direct sourcing process

- The Group's in-house design and product development team has significant experience in identifying and designing non-grocery products sold under B&M's stable of private label brands. It can take the Group less than a week to formulate design artwork before approaching factories in the Far East for costing.
- The Group has built on the senior management's long-standing and widespread relationships with factory owners in the Far East, primarily China, which provides it with fast access to competitive pricing, while maintaining consistent quality standards and reliable delivery.

- By directly sourcing from manufacturers in the Far East rather than via UK intermediaries, B&M seeks to ensure that its products are delivered quickly and at competitive prices. Management believe that through the constant introduction of new products, and the rapid repeat ordering of successful new products, B&M is able to meet customer demand effectively and encourage high frequencies of return visit by shoppers.

In-store seasonal flexibility drives seasonal performance

- B&M is able to actively adjust its store floor space and product offering throughout the year so that its product offering is favourably aligned to seasonal trading patterns.
- This allows B&M to seek to avoid seasonal low trading periods for certain products, unlike single category specialist retailers within the gardening or toy markets for example, whose product offering is largely fixed throughout the year and whose price architecture has to reflect this.

Multi-point pricing model

- B&M's multi-point pricing seeks to ensure that it can offer customers the brands they want at competitive prices. Without any fixed price point restrictions, B&M is able to offer recognisable and trusted brands in comparable product pack sizes to grocery retailers, while managing potential inflationary pressures.
- Furthermore, multi-point pricing means that B&M is able to offer a more varied non-grocery product offering than single price retailers.
- B&M's multi-point pricing strategy enables it to target increasing average transaction value and drive like-for-like sales performance.

Strong pipeline of upcoming store openings; attractive payback statistics

- B&M has demonstrated a strong commitment to its new store roll-out programme and has increased its store portfolio by 41, 57 and 42 net new stores in the years ended 31 March 2012, 30 March 2013 and 29 March 2014, respectively.
- All B&M stores opened as at 31 December 2012 were profitable as at 29 March 2014 based on a store contribution basis, and the Group has never had to close a B&M store due to poor economic performance.
- B&M stores opened in calendar years 2011 and 2012 in their first year of operations had an average Payback Period of six months and an average Payback Period including Working Capital of 14 months. The Directors believe that these are leading payback periods in the UK retail market.
- B&M has a strong pipeline of potential new B&M stores and expects to open approximately 40 new B&M stores in both the years ending 28 March 2015 and 26 March 2016, respectively.
- B&M is an attractive tenant and continues to receive significant support from institutional landlords.

Format flexibility and regional opportunity

- The consistency of trading across the Group's entire B&M store network demonstrates that B&M's sensational value proposition resonates well with customers in all regions of the UK. B&M's focus in the short to medium term will be on increasing the density of the store portfolio in the northern region of the UK and the Midlands and increasing the penetration of the B&M store network into Southern England.
- As a result, based on internal work and an analysis conducted by OC&C in March 2014, the Directors believe that there are significant opportunities to continue to add to B&M's store portfolio and that there is potential for around 850 B&M stores in the UK, which is more than double B&M's existing store network.

- The Directors take a flexible approach to opening B&M town centre versus B&M out-of-town stores based on site specifics and real estate availability. The Group is currently targeting store sizes across a range from 8,000 up to 35,000 sq. ft.

Well-invested infrastructure underpinning scalable business model

- B&M has a well-invested infrastructure, from its IT systems to its distribution and supply chain, which creates a competitive advantage and significant barrier to entry for new competition. B&M's strong operating cash flow has enabled it to fund its growth to date and invest in headcount, systems and supply chain infrastructure to support its next phase of anticipated growth as a listed company.
- B&M manages its own deliveries from the distribution centres to its stores via its dedicated in-house HGV fleet, which achieved 98% of deliveries departing on an on-time basis in the year ended 29 March 2014.

Lean cost structure

- B&M's management continues to maintain a strict focus on its cost base, to enable it to deliver its high quality products at sensational value to the customer and retain a price advantage over its competitors. For example, for the year ended 29 March 2014, B&M store rent costs were only 4.1% of revenue.
- B&M is committed to operating a lean and flexible business model that allows for format flexibility and the ability to “trade the seasons”.

Strong customer advocacy

- As of 26 March 2014, only 34% of the UK population had easy access to a B&M store (meaning less than a 10 minute car drive), according to OC&C.
- B&M enjoys a high level of customer support, with an average of 2.7 million individual customer transactions per week and with 138 million individual customer transactions in the year ended 29 March 2014.
- Importantly, based on a PDIQ customer survey conducted in December 2013, once a customer has experienced the B&M shopping experience, they exhibit a high degree of loyalty and repeat business. Based on the same customer survey, approximately 64% of B&M shoppers visit a B&M store at least once a fortnight and 42% visit at least once a week.
- B&M measures customer satisfaction through a net promoter score (NPS), which is gathered through exit surveys. B&M's NPS score measured by this method was 68% as of December 2013.
- B&M has a diversified customer base with representation across all socio-economic groups in the UK. Based on a customer survey conducted in October 2012, management believes that approximately 42% of B&M's customers were in the ABC1 socio-economic groups.
- B&M uses its website as a shop window to drive awareness of its competitive prices and drive footfall into its stores. With an average of over 1.2 million unique website visits per month for the period of 1 January 2013 until 31 January 2014, B&M’s non-transactional online presence drives price comparability and transparency.

Track record of strong profitable growth and cash generation

- B&M has generated strong revenue and EBITDA growth over the last three financial years. Revenues consistently increased year-on-year during that period, growing from £764 million for the year ended 31 March 2012 to £1,272 million for the year ended 29 March 2014. EBITDA has increased at a similar rate, growing from £63 million to £113 million over the same period, with EBITDA margin growing from 8.2% to 8.9%.
- The strong growth in revenue and EBITDA was driven primarily by new store openings and strong like-for-like performance across the store network. Like-for-like revenue growth was

5.1%, 6.6% and 6.5% in the years ended 31 March 2012, 30 March 2013 and 29 March 2014, respectively.

- Despite investment in the growth of the store portfolio over the period, Operating Cash Flow grew from £43 million for the year ended 31 March 2012 to £84 million for the year ended 29 March 2014.
- In addition to financing the opening of new stores, B&M has made significant investment in its central functions, as it further developed its business processes, infrastructure and product offering. Capital expenditure has grown from £9 million for the year ended 31 March 2012 to £33 million for the year ended 29 March 2014.

Highly empowered and incentivised store management teams

- B&M's in-store management teams are empowered and incentivised to drive their own-store sales and profitability.
- Stock-keeping and inventory management are greatly facilitated at the store level by B&M's proprietary handheld terminal software. Store managers use this hand-held data system to re-price, check inventory, set replenishment levels and assess volume and margins while walking the store. This encourages them to manage their stores in an entrepreneurial fashion and according to the prevailing competition in their catchment area.

Experienced entrepreneurial management team

- B&M's founder-led management team has delivered robust growth since the business was acquired by the Arora family in December 2004. Simon Arora has been the CEO of B&M and his brother Bobby Arora has been B&M's Trading Director since December 2004.
- The Arora family's extensive experience of Far East sourcing is a key competitive advantage for B&M. Following the Global Offer, Simon and Bobby Arora will retain the majority of their shareholdings in B&M and will continue to lead the business.
- Additionally, B&M has recruited external talent including Finance Director Paul McDonald, who joined B&M in 2011 and has over 20 years of experience in the discount retail sector

The Board and Appointment of Non-Executive Directors

B&M today announces a significant strengthening of its Board under the continued chairmanship of Sir Terry Leahy. There will be four new Independent Non-Executive Directors: Thomas Hübner, Ron McMillan, Kathleen Guion and Harry Brouwer. The named members of the Board are:

Sir Terry Leahy, Chairman

Sir Terry is a senior adviser with CD&R. He is also currently a Director of Blackcircles.com. Previously Sir Terry worked at Tesco plc for 32 years during which he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011.

Sundeep (Simon) Arora, Chief Executive Officer

Simon has been Chief Executive Officer of the Company since January 2005. Prior to this, he was co-founder and Managing Director of Orient Sourcing Services Ltd (a wholesale houseware business), and held various positions with McKinsey & Co., 3i plc and Barclays Bank PLC.

Paul Andrew McDonald, Chief Financial Officer

Paul joined the Company as Finance Director in 2011. He has over 20 years of experience in the discount retail sector having held senior roles at Littlewoods, Ethel Austin and TJ Hughes.

Thomas Hübner, Senior Independent Non-Executive Director

Thomas is currently a Director of Carrefour SA. Previously, Thomas held senior executive roles in McDonald's, Prodega AG, Metro Cash & Carry International GmbH, Theo Müller, Lobsled Holding, Citrus International and Contract Farming India.

Ron McMillan, Independent Non-Executive Director

Ron is currently a Director of N Brown Group Plc and 888 Holdings Plc, and acts as a consultant to PricewaterhouseCoopers in the Middle East. Previously, Ron was a Partner in PricewaterhouseCoopers for 28 years during which he served as Northern Regional Chairman for the United Kingdom firm for nine years and Deputy Chairman for PricewaterhouseCoopers in the Middle East for four years.

Kathleen Guion, Independent Non-Executive Director

Kathleen is currently a Director of The Pantry, Inc. and True Value Company. Prior to joining the Company, she was Division President and Executive Vice President of Dollar General Corporation from 2003 to 2011, and held senior positions in E-Z Serve Corporation, Devon Partners, Duke and Long Distributing and 7-Eleven Corporation.

Harry Brouwer, Independent Non-Executive Director

Harry is currently the Executive Vice President of Unilever Germany, Austria and Switzerland. Previously, Harry held senior roles at Bestfoods prior to its integration into Unilever.

David Novak, Non-Executive Director

David is a partner at CD&R and is a member of CD&R's Investment and Management Committees. David is a Director of British Car Auctions and has been a member of the Supervisory Board at Rexel S.A.. David was previously a director of Jafra Cosmetics International Inc., Brakes Group and HD Supply, among others. Prior to CD&R, David worked at Morgan Stanley and for the Central European Development Corporation.

Defined Terms

- **Adjusted EBITDA for JA Woll:** Non-IFRS measure calculated as EBITDA adjusted to exclude exceptional transaction bonus for JA Woll management
- **Adjusted EBITDA for B&M:** Non-IFRS measure calculated as EBITDA adjusted to exclude items that the Directors consider to be exceptional and non-trading items, including pre-opening store costs, onerous leases, transaction costs, costs relating to the 2011 excise duty dispute, dilapidations, CPO income, management LTIP bonuses, B&M European Value Retail 1 S.à. r.l. professional fees, CD&R monitoring fees, profit/(loss) on fixed asset disposal and profit/(loss) on foreign exchange derivatives.
- **Like-for-like revenue growth:** is a comparison between two years of the Group's revenue from all relevant stores that were open for a minimum of one week as at the end of the first of the two relevant years and not closed permanently by the end of the second of the two relevant years. Like-for-like revenue includes all revenue from any such store commencing with the first full week that such store is open in the first of the two relevant years, and all revenue from such store in the corresponding period of the second of the two relevant years. Like-for-like revenue growth is expressed as a percentage.

- **Operating Cash Flow:** Non-IFRS measure calculated as Adjusted EBITDA plus or minus the changes in working capital less total capital expenditures.
- **Payback Period:** Non-IFRS measure calculated as the sum of capital expenditure and pre-opening costs divided by the sum of Store Contribution and the cash impact of any rent free periods, expressed in months.
- **Payback Period including Working Capital:** Non-IFRS measure calculated as the sum of capital expenditure, pre-opening costs and working capital (calculated as the average annual working capital of the Group for a given year expressed as a percentage of the Group's revenue for that year multiplied by the individual store's revenue) divided by the sum of Store Contribution and the cash impact of any rent free periods, expressed in months.
- **Store Contribution:** Non-IFRS measure calculated as gross profit for a store, less its rent, service charges, landlords insurance, business rates, water rates, heat and light expenses, store wages and store administration costs.

DISCLAIMERS

The contents of this announcement, which have been prepared by and are the sole responsibility of the Company, have been approved by Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ and Goldman Sachs International, Peterborough Court, 133 Fleet Street, London EC4A 2BB solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000, as amended.

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This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, Shares to any person in the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Shares referred to herein may not be offered or sold in the United States unless registered under the US Securities Act of 1933 (the "Securities Act") or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The offer and sale of Shares referred to herein has not been and will not be registered under the Securities Act or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offer of the Shares in the United States, Australia, Canada or Japan.

This announcement is only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), as amended ("Qualified Investors"). In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order and (iii) to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons in the United Kingdom and Qualified

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The IPO timetable, including the date of Admission, may be influenced by things such as market conditions. There is no guarantee that the Global Offer and Admission will occur and you should not base your financial decisions on the Company’s intentions in relation to the Global Offer and Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the IPO. The value of Shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the IPO for the person concerned. Past performance cannot be relied upon as a guide to future performance.

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In connection with the IPO, each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the IPO or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of the Banks and any of their respective affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of Shares. None of the Banks nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Banks or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the IPO, Merrill Lynch International, as stabilising manager (the "Stabilising Manager"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the offer price. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the IPO.

In connection with the IPO, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the IPO. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilisation period, it is expected that certain existing shareholders (the "Over-Allotment Shareholders") will grant to the Stabilising Manager, on behalf of the Banks, an option (the "Over-Allotment Option") pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the IPO (the "Over-Allotment Shares") at the offer price. The Over-Allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time for 30 calendar days after the commencement of conditional trading of the Shares on the London Stock Exchange. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will be sold on the same terms and conditions as the Shares being sold or issued in the IPO and will form a single class for all purposes with the other Shares. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the IPO.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.