



***B&M European Value Retail SA
Interim Results Presentation
26 weeks to 23rd September 2017***



Interim FY18 Group Highlights

- Group revenues increased by 21.7% to £1,346.4m
- B&M LFL revenues +7.5%, Q2 LFL +7.7%
- Group adjusted EBITDA increased by 19.8% to £116.1m
- Adjusted Diluted EPS 7.0p an increase of 18.6%
- 20 UK and 7 German new store openings
- Completed the acquisition of Heron Foods, a 251 store discount convenience retailer
- Exchanged contracts on purchase of land for new UK Southern warehouse
- Adjusted EBITDA to Net Debt, 2.18x on a pro-forma basis following Heron Foods acquisition, (vs. 2.21x at Sept-16)
- Interim dividend increased by 26.3% to 2.4p per share



Paul McDonald
Chief Financial Officer



Summary Profit and Loss

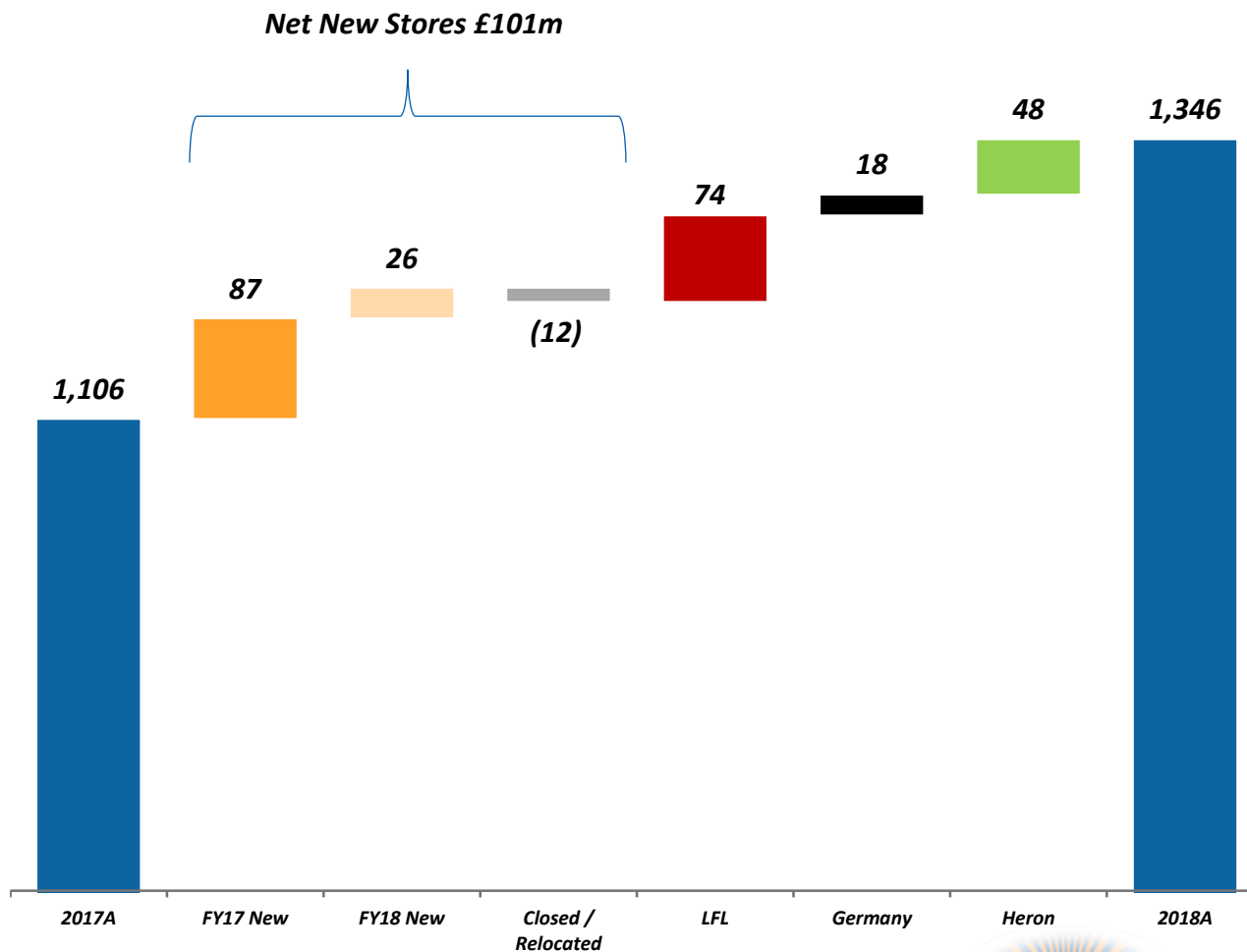
<i>£ millions,</i>	<i>2017A H1</i>	<i>2018A H1</i>	<i>%</i>
Group Stores	585	893	52.6%
Revenues	1,105.9	1,346.4	21.7%
Gross Profit	383.4	455.9	18.9%
%	34.7%	33.9%	(81)Bps
Operating Costs	(286.5)	(339.8)	18.6%
Adjusted EBITDA	96.9	116.1	19.8%
%	8.8%	8.6%	(14)Bps
Depreciation and Amortisation	(12.3)	(15.9)	29.9%
Interest	(9.1)	(10.5)	15.4%
Adjusted Profit Before Tax	75.6	89.7	18.7%
Exceptional Costs	(1.2)	(1.9)	65.7%
Exceptional Interest Costs	(0.7)	(0.9)	28.3%
Profit / (Loss) Before Tax	73.7	86.8	17.8%
Adjusted Diluted Earnings / (Loss) per Share (p)	5.9p	7.0p	18.6%
Interim Dividend per Share (p)	1.9p	2.4p	26.3%



Group Revenue Bridge

£ millions,

H1 REVENUE 2017A-2018A



- +21.7% revenue growth
- Annualisation of 53 new stores opened in FY2017
- 20 new stores opened in the UK, of which 3 were relocations. There were additionally 2 closures
- Strong UK LFL revenues +7.5%
- +11.5% of € revenue growth in Germany
 - annualisation of FY17 new stores
 - 7 new organic store openings
 - disappointing S/S garden and plants season
- £47.5m from Heron Foods for 8 week period following acquisition



Note 1: The new store halo impact on the FY17 new store openings is included within the FY17 new store bar

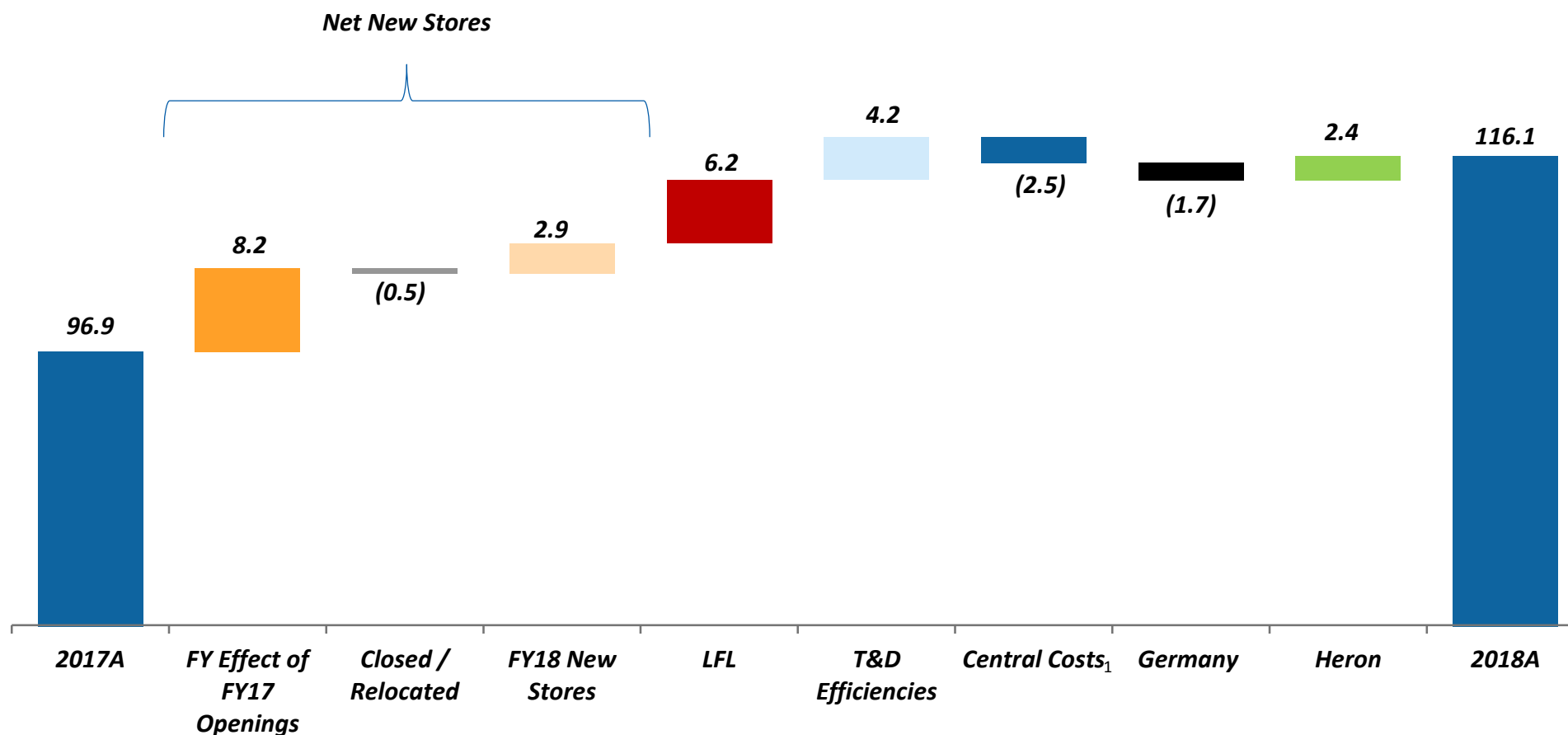
Continued EBITDA Growth

£ millions,

H1 ADJUSTED EBITDA BRIDGE 2017A-2018A

Margin % **8.8%**

8.6%

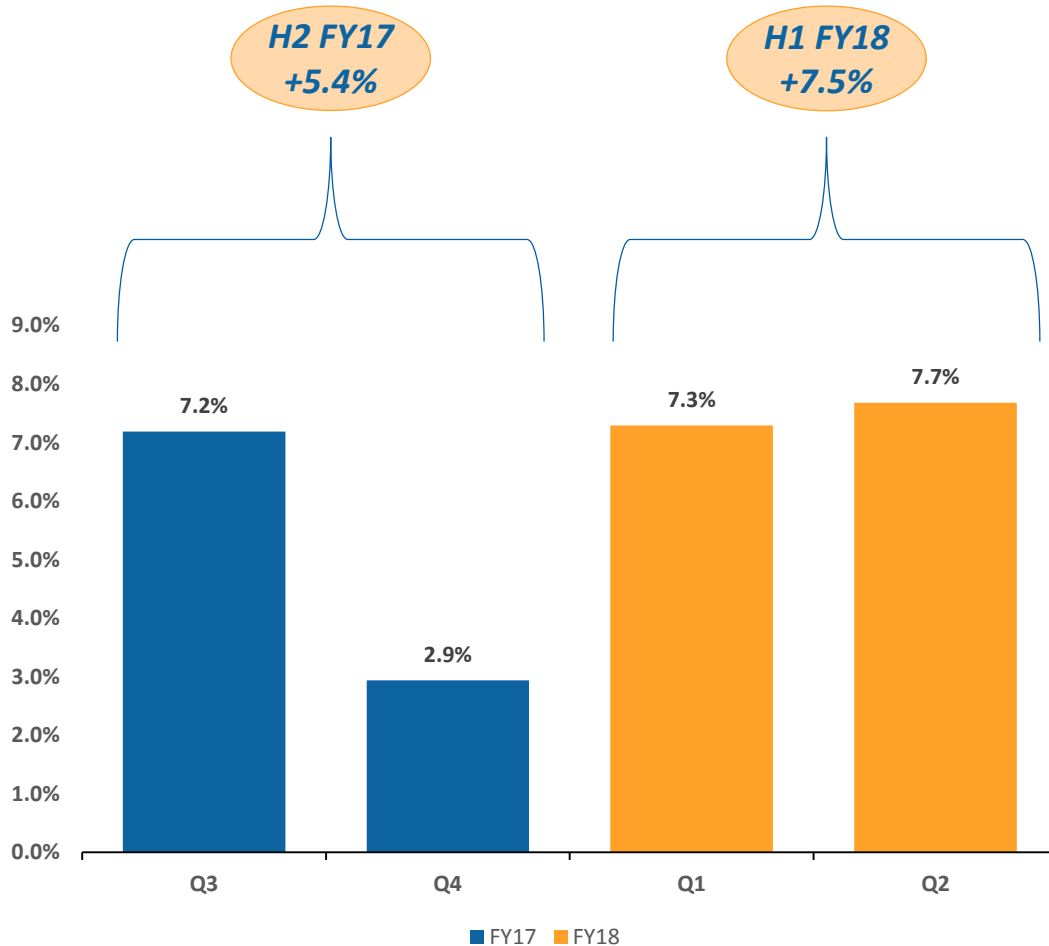


Note 1: Central costs also includes new store pre-opening costs

Strong LFL Momentum



LAST 12 MONTHS LFL BY QUARTER



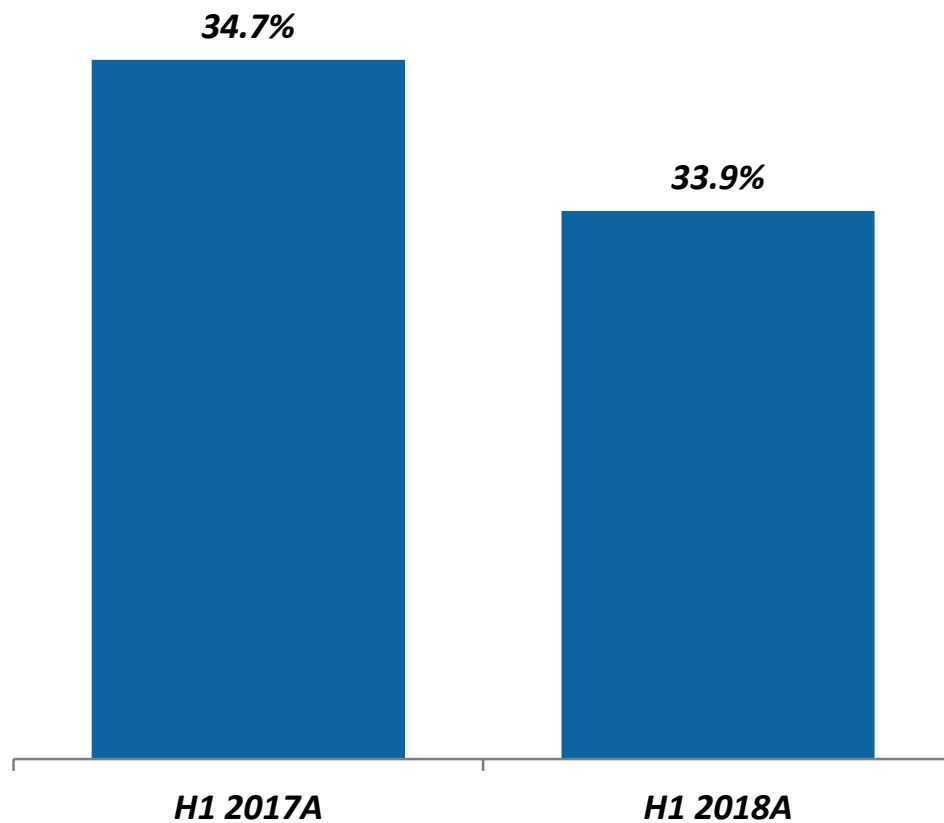
COMMENTARY

- LFL growth of +7.5% in H1
- The LFL trend in Q2 +7.7% was ahead of the Q1 +7.3% LFL despite Q1 benefitting from Easter
- The growth is coming from both increases in customer numbers and average transaction value
- H1 FY18 had one week of T.V. advertising support, c. £0.4m
- The strong LFL in H1 reflects:
 - Continued strong performance in grocery and FMCG ranges
 - Some price inflation
 - Improved in store execution and on-shelf availability
 - No material cannibalisation



Gross Margin

GROSS MARGIN (%)



KEY HIGHLIGHTS

- 81bps reduction in group gross margin to 33.9%
- UK margins have reduced by 80 bps:
 - Shift in the mix towards grocery/FMCG ranges, 35bps
 - Some cost price pressure absorbed on these products
 - Seasonal clearance activities due to wet July / August
 - LFL cash margin +5.2%
- Maintained price gap versus supermarkets
- Jawoll gross margins have remained consistent with last year



Operating Costs

<i>£ millions,</i>	<i>H1 2017A</i>	<i>H1 2018A</i>
Store Costs	199.9	226.9
Transport and Distribution	40.5	43.3
Central Costs	18.8	21.9
New Store Pre-Opening	2.3	1.7
Total B&M	261.5	293.8
Germany	25.0	33.3
Heron	-	12.8
Total Group	286.5	339.8
Depreciation	12.3	15.9

% of Revenue

Store Costs	19.7%	19.0%
Transport and Distribution	4.0%	3.6%
Central Costs	1.8%	1.8%
New Store Pre-Opening	0.2%	0.1%
Total B&M	25.7%	24.6%
Germany %	28.1%	31.1%
Heron %	-	26.9%
Depreciation %	1.1%	1.2%

KEY HIGHLIGHTS

- B&M operating costs as a % of sales, 107bps lower than last year
 - impact of living wage largely mitigated
 - 35bps efficiency improvements in T&D
 - fixed cost base benefitting from operational leverage
- Germany, operating costs increased by 23.6% to €37.9m (£33.3m)
- Depreciation, full year expect % to be around 1.4%, largely due to impact of Heron acquisition



Interest Expenses

£ millions,

	2017A	2018A
Interest	8.4	9.8
Amortised Fees	0.7	0.7
Total	9.1	10.5
Put/Call Option	0.8	0.7
Deferred Consideration		0.2
Fair Value	(0.1)	-
Total	9.8	11.4

KEY HIGHLIGHTS

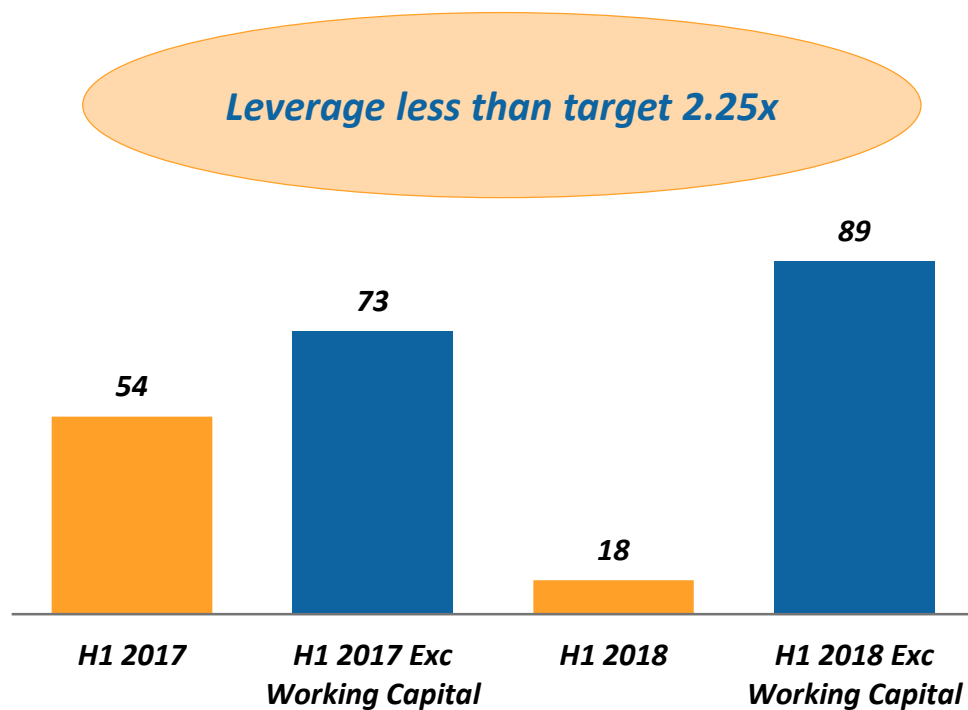
- Interest and amortised fees 15.4% higher than last year, following the refinancing in February 2017
- Non-cash impact of £0.7m under IFRS for Jawoll put / call option over management's 20% stake
- £0.2m of non-cash interest relating to the accounting treatment of the Heron deferred consideration, an annualised £1.2m



Cash Flow

£ millions,

OPERATING CASH FLOW



CASH FLOW STATEMENT

£m	H1 2017A	H1 2018A
Adjusted EBITDA	96.9	116.1
<i>Change in Working Capital</i>	<i>(19.1)</i>	<i>(71.1)</i>
New Store Capex	(15.9)	(12.9)
Infrastructure Capex	(2.3)	(7.9)
Maintenance Capex	(5.3)	(6.2)
Capex	(23.5)	(27.0)
Operating Cash Flow	54.3	18.0
Tax	(12.8)	(22.2)
Acquisitions ₂	(2.3)	(106.4)
Other	-	0.4
Operating and Investing Cash Flow	39.2	(110.2)
Net Debt / Adjusted EBITDA	2.21x	2.18x

Note 1: The adjusted EBITDA includes a pro-forma adjustment following the Heron acquisition.

Note 2: Jawoll acquisition of a 9 store chain in FY2017 and Heron Foods acquisition in FY2018, net of cash acquired



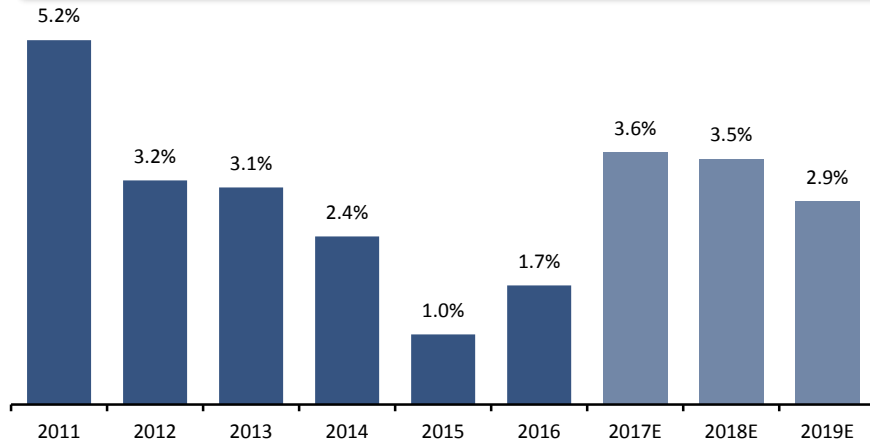
Simon Arora

Chief Executive Officer



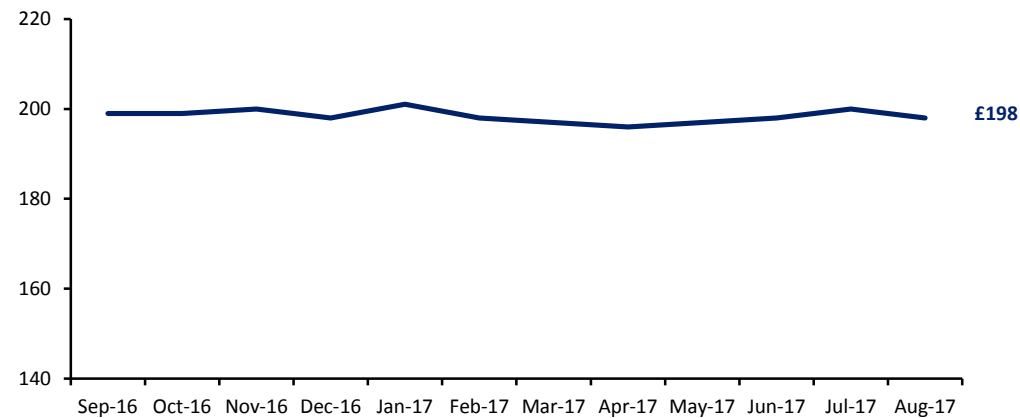
The UK Customer

UK Retail Price Index, Y-o-Y

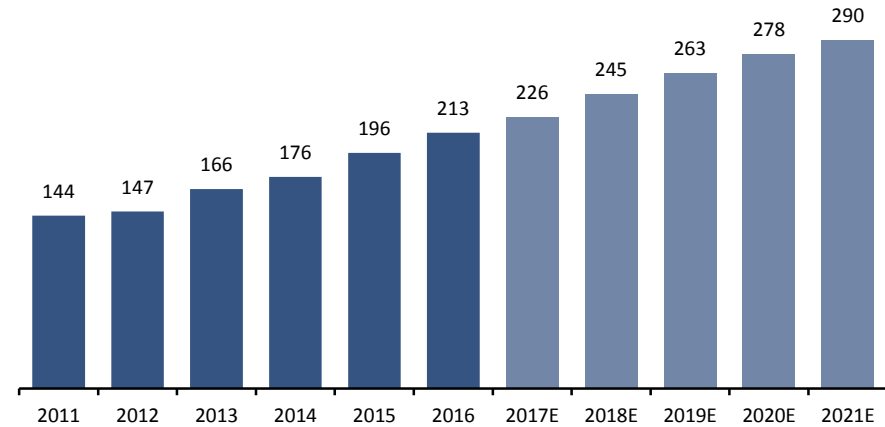


Asda Income Tracker

Avg UK household Income (£/week)



UK Consumer Credit (£bn)



BRC-KPMG SALES MONITOR

“Over the three months to October 2017, In-store sales of Non-Food items declined 2.2% on a Total basis and 2.9% on a Like-for-like basis.

Over the three months to October, Food sales increased 2.4% on a like-for-like basis and 3.7% on a total basis.”

UK climate of negative real wage growth means B&M is strategically well positioned. Customer needs a bargain more than ever.

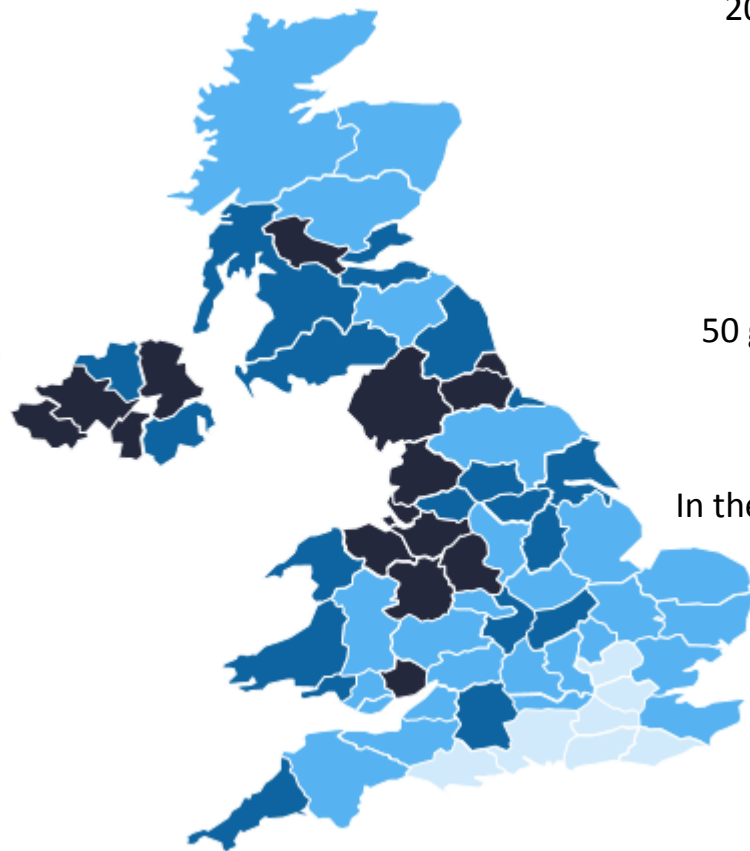


Continue to Successfully Roll Out B&M UK New



552 STORES AS AT SEPTEMBER 2017

FY2018 OPENINGS



STORES PER 100,000 POPULATION



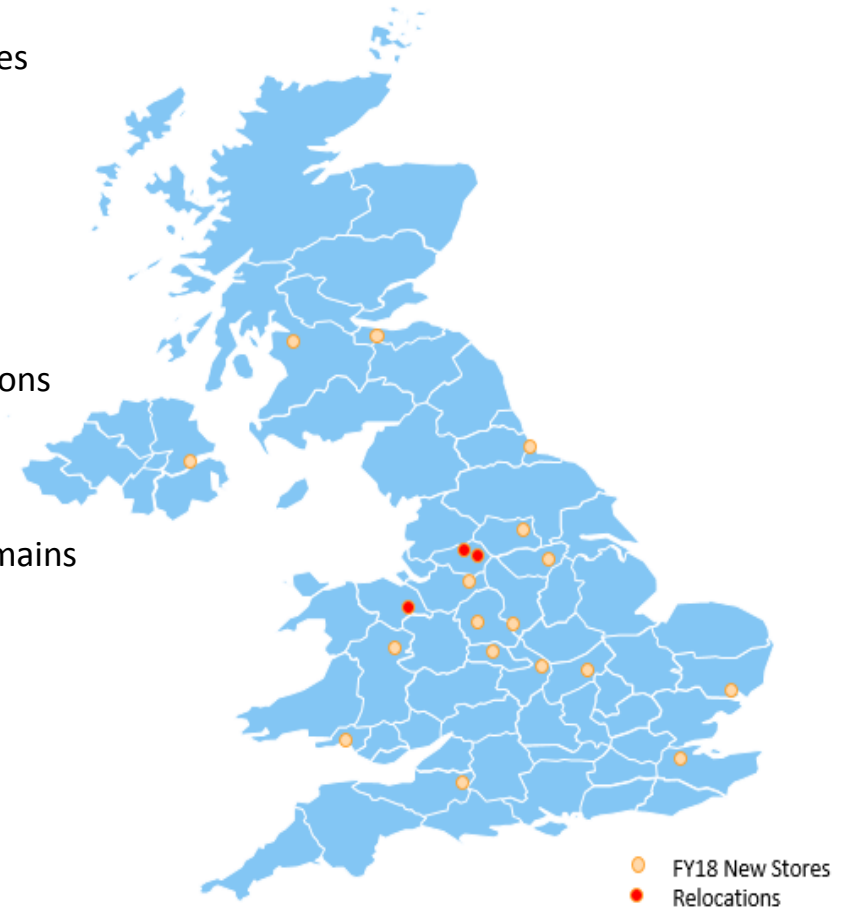
20 New Store openings and 2 closures

3 openings were relocations

15 net openings

50 gross openings including 7 relocations
planned for FY2018

In the UK the B&M new store target remains
950 stores



New Store Returns



£ millions,

FY2016 AND FY2017 STORE OPENINGS¹

Average

Revenue per Store

£5.14m

Store EBITDA²

£0.83m

Net Investment

£0.56m

Payback Period

8.1 months

Payback Period Incl. Working Capital

14.4 months

KEY HIGHLIGHTS

- B&M continues to deliver industry leading new store payback periods
- This update includes all of the last 59 organic new store openings that have traded at least one year
- No change in cash payback periods (previously 8 months)
- Some additional investment in the shopfit e.g. LED lighting
- The returns on the FY2018 new store openings continue to remain attractive

Note 1: Management information for FY2016 and FY2017 store openings (59 stores) that had traded at least 12 months as at Sept-17

Note 2: First year cash contribution including all costs with the exception of central costs including the cash impact of rent frees

Note 3: Net investment includes capital expenditure and new store pre-opening costs



New Build UK Store Returns – Case Study



SALISBURY STORE – OPENED AUG-16

Construction Phase



Completed



KEY HIGHLIGHTS

- Over half of the new store pipeline relates to new build or extensive remodelling
- Newbuilds are a major part of the B&M UK new store opening program, versus pre-occupied space previously
- The new store at Salisbury,
 - Payback after capex 7.6 months (and including working capital 13.9 months)
 - 21,500 square foot store plus external Garden Centre
- The returns of these new build stores are in line with historic paybacks, some differences including
 - slightly higher rental levels
 - “sweet spot” in relation to store size and location
- Increased visibility and certainty but occasionally some delays to store openings due to consents or construction delays.



New Warehouse Investment in the UK



IMPRESSION OF PROPOSED NEW DC



KEY HIGHLIGHTS

- Exchanged contracts on the land for 1,000,000 sq ft warehouse in Bedford
- 150,000 pallet spaces with chilled and frozen chambers to support Heron expansion
- Capable of servicing over 300 B&M stores
- Timeline:
 - Planning permission Dec-17
 - On site Apr-18
 - Fit out Sept-19
 - Operational late calendar 2019 / early 2020
- Our 'capital light' property strategy means we will 'sale and leaseback' on completion



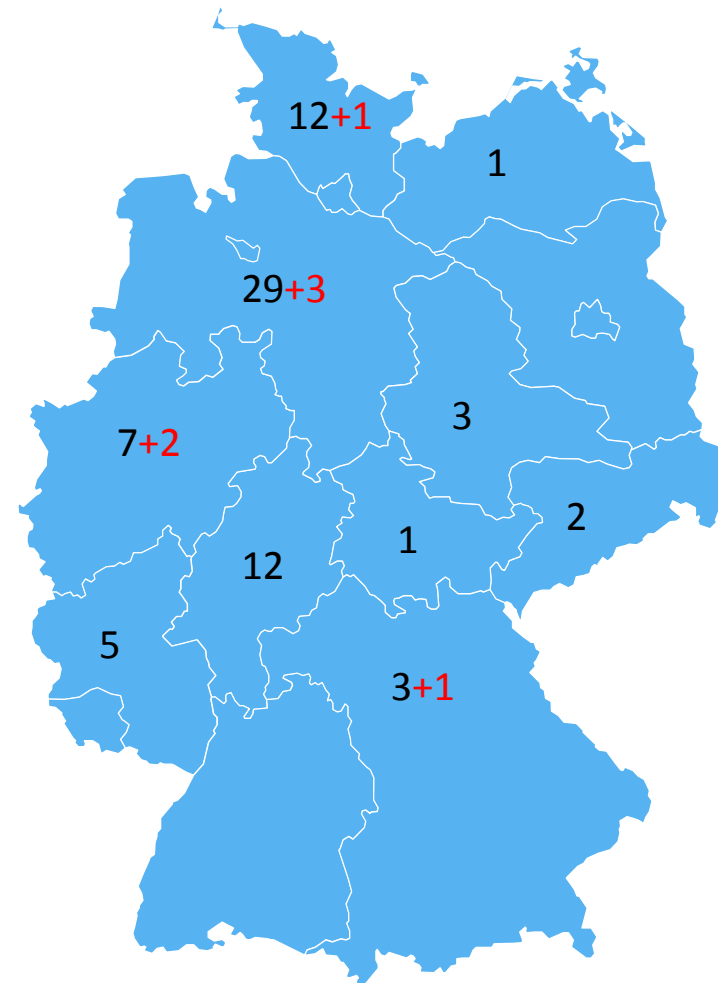
International Expansion - Germany



SUMMARY

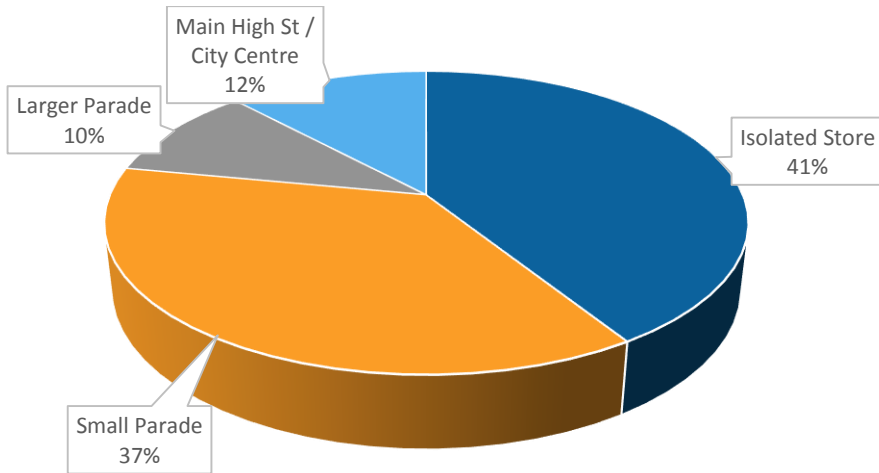
- Delivered € revenue growth of 11.5%
- A difficult gardening and plant season with a disappointing reduction in EBITDA
- 7 new stores opened in H1 and now expecting 11 organic openings in FY18
- Appointment of a new CEO, Christian Mueller, ex-Action's country manager for Germany. Starts role on 1st December 2017
- Need to accelerate the pace of change
 - take advantage of new store opening opportunities
 - increased rate of product change and direct sourcing
 - efficiency and store standard improvements
- Excited by opportunities under new leadership

CURRENT FOOTPRINT

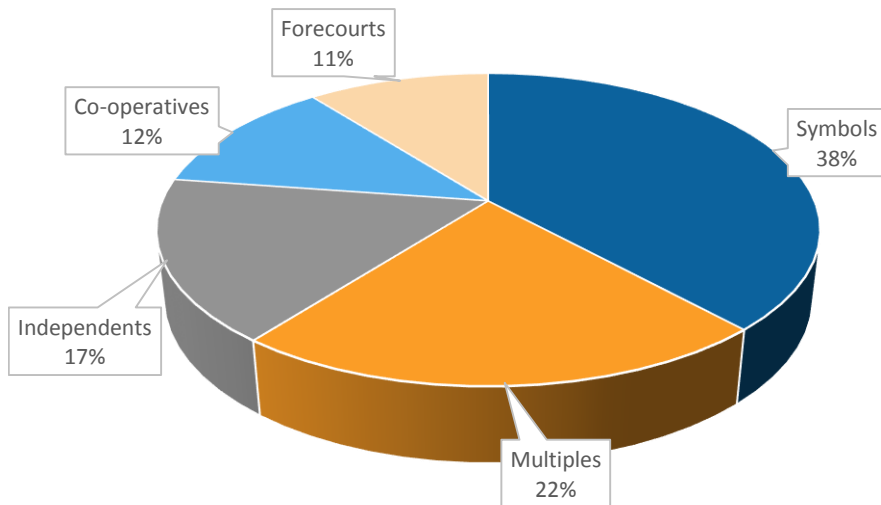


The UK Convenience Market

LOCATION



MARKET SHARE



HIGHLIGHTS

- There are nearly 50,000 Convenience stores in the UK
- The market is worth an annual £38 billion and accounts for over 20% of the total grocery market and is forecast to grow to £40 billion by the end of 2017
- This is a large and quite fragmented market
- There is a wide mix of locations from which convenience stores operate
- Over 74% of convenience stores are operated by independents
- Heron is a small regional player with opportunity to grow organically

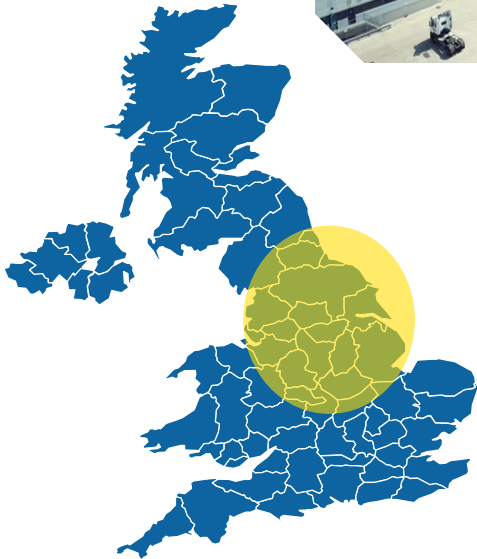


Heron – The Opportunity

Heron Foods

HIGHLIGHTS

- “We are pleased with what we have found”
- The business is trading positively and has good LFL momentum
- Complementary product offer and a “Limited Assortment Discounter”
- Maximising the Heron Opportunity
 - rolling out expanded convenience offer in 80 larger Heron stores – best selling B&M lines
 - new store roll out, 15 new store openings in FY18
 - developing a warehouse management system
- Test of frozen and chilled foods in small number of B&M stores from Jan-18



Outlook for Full Year – FY18

- UK consumers are increasingly drawn to value, with grocery and FMCG trading strongly
- Delighted by UK LFL momentum going into the second half and healthy new store pipeline
- Stores are fully stocked and supply chain operating well
- Excited by the opportunity to grow Heron and confident of strategic fit
- We have brought forward the planned succession of German CEO
- Strategically very well placed for the short and long term continued growth

