



***B&M European Value Retail
Preliminary Results Presentation
52 weeks to 28th March 2020***

FY20 Group Highlights

- Group revenues increased by 16.5% to £3,813.4m
 - B&M UK LFL revenues were +3.3% with a strong finish, Q4 LFL +6.6%
 - 51 gross new B&M store openings in the UK, net 36
 - 18 gross new store openings at Heron, net 12
 - 5 new store openings and 13 conversions to the 'B&M' format at Babou
- B&M UK adjusted EBITDA growth of +8.7%
- Group adjusted EBITDA increased by +7.1% to £342.3m
- £49.0m exceptional gain relating to the sale of Bedford
- Net cashflow from operations £532.6m, (FY19: £423.0m) and a reduction in net debt to adjusted EBITDA 1.02x (FY19: 1.91x)
- Full year ordinary dividend 8.1p



Paul McDonald

Chief Financial Officer



Summary Profit and Loss – Pre and Post IFRS16

<i>£ millions,</i>	<i>FY19A</i>	<i>FY20A</i>	<i>% Change</i>
Group Stores	997	1,050	5.3%
Revenues	3,272.6	3,813.4	16.5%
Gross Profit	1,120.2	1,289.2	15.1%
%	34.2%	33.8%	(42)Bps
Operating Costs	(800.6)	(946.9)	18.3%
Adjusted EBITDA	319.6	342.3	7.1%
%	9.8%	9.0%	(79)Bps
Depreciation and Amortisation	(45.0)	(57.7)	28.2%
Interest	(22.2)	(24.6)	10.8%
Adjusted Profit Before Tax	252.4	260.0	3.0%
Adjusting Items	5.4	40.6	-
Exceptional Interest	(1.1)	0.1	-
Profit/(Loss) Pre Tax from Continuing Operations	256.7	300.7	17.1%
IFRS16 Impact	(12.4)	(48.7)	-
Statutory Profit / (Loss) Before Tax from Continuing Operations	244.3	252.0	3.2%
Adjusted Diluted EPS (p) from Continuing Operations	20.2p	20.3p	0.5%
Statutory Diluted EPS (p) from All Operations	19.4p	9.0p	-53.6%

Pre IFRS 16 Basis

The £40.6m adjusting item mainly relates to the gain on Bedford of £49.0m offsetting the £9.3m loss relating to the Covid-19 impact on Babou

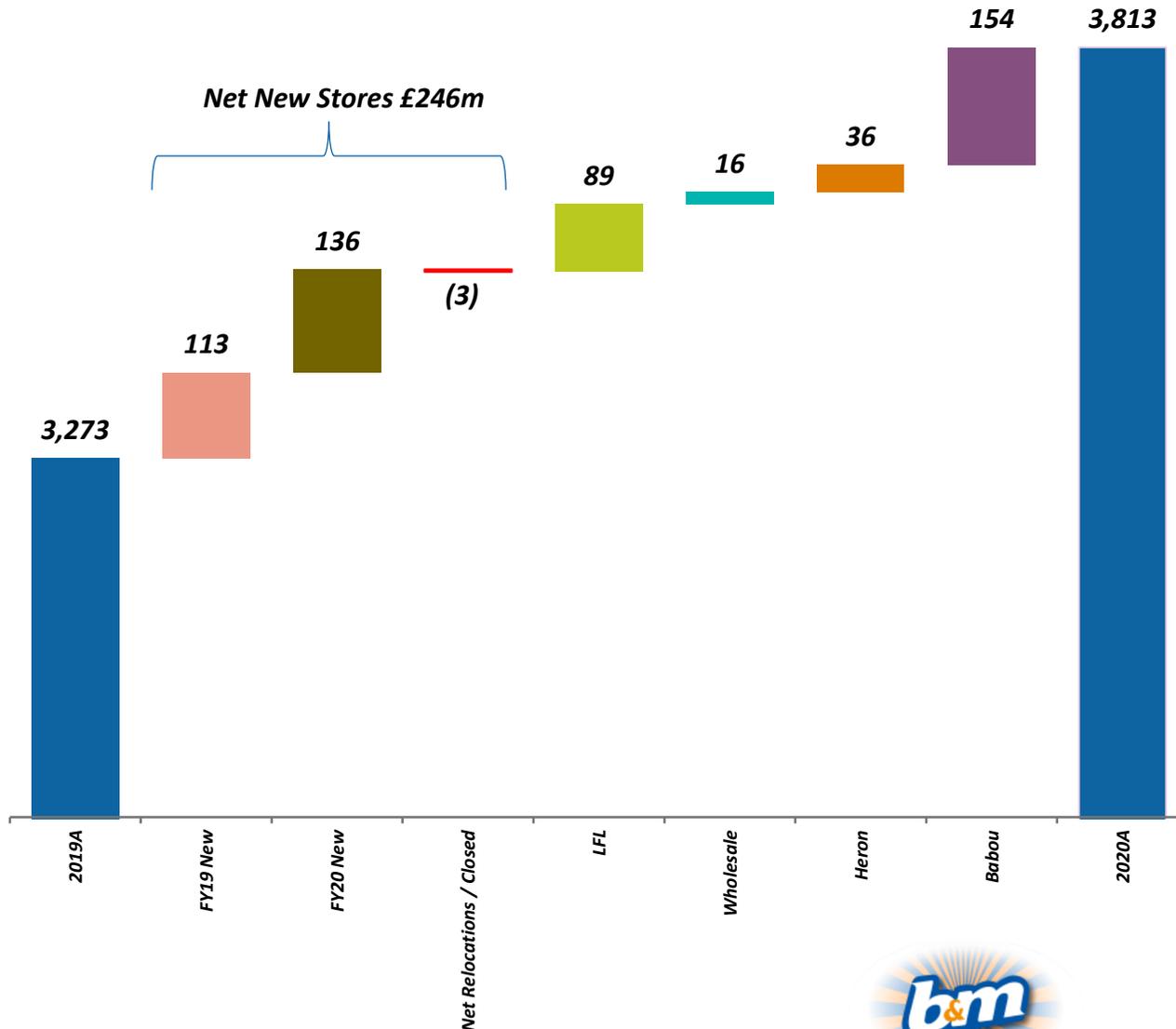


Note 1. The results for FY19 have been restated to exclude Jawoll following the disposal
 Note 2. Appendix 1 contains a reconciliation of the IFRS16 adjustments
 Note 3. The £48.6m IFRS16 adjustment includes £32.0m relating to the sale of the Bedford warehouse and £16.6m relating to leases

Group Revenue Bridge

REVENUE FY19-FY20

£ millions,



- +16.5% Overall Group revenue growth
- B&M UK revenue growth + 12.6%
 - Annualisation of FY19 new store openings
 - 51 gross new stores opened in the UK including 8 relocations. 7 stores closed.
 - UK LFL +3.3%
 - Wholesale revenue increase of +£16m
- Heron revenues growth +10.1%
 - Positive LFL growth
 - Impact of 12 net new stores and annualisation of FY19 openings
- £154m of revenues from Babou

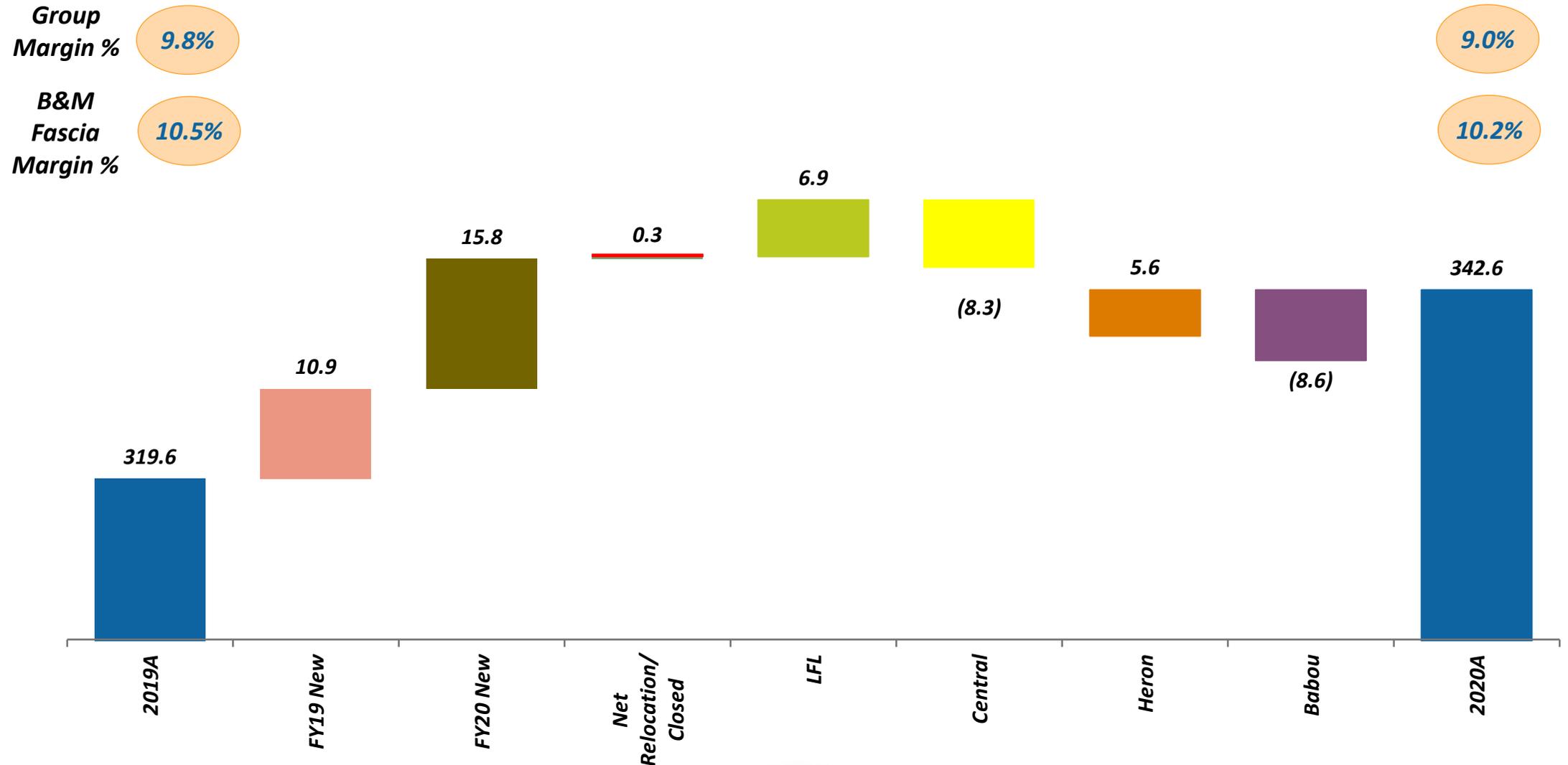
Note: 1. FY19 has been restated to exclude Jawoll from FY2019 following the disposal of it in March 2020



Continued UK EBITDA Growth

£ millions,

ADJUSTED EBITDA BRIDGE FY19-FY20

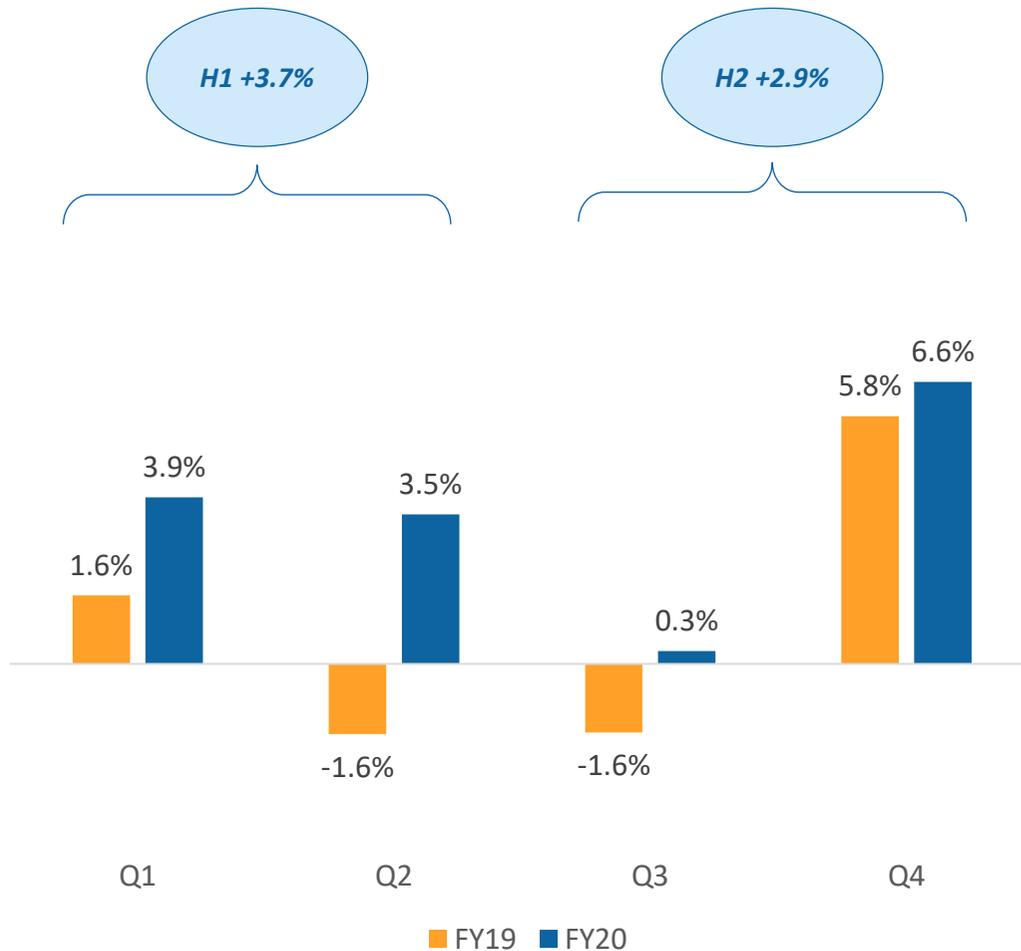


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B&M UK Fascia LFL Sales



FY20 LFL



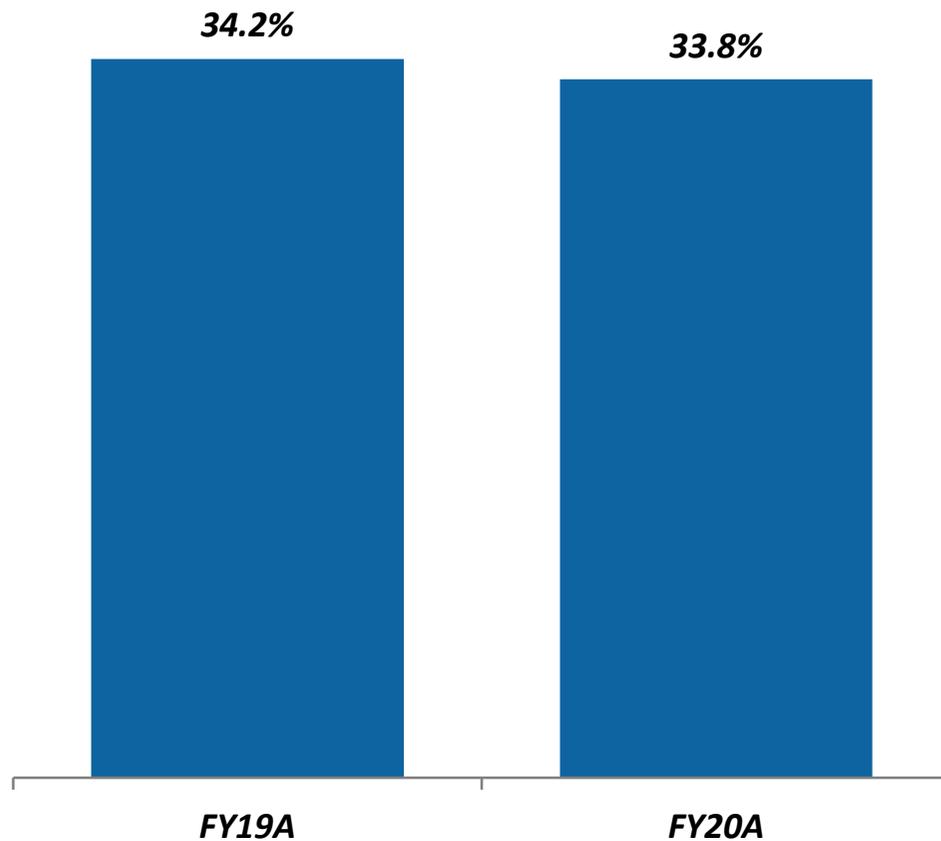
COMMENTARY

- Full year LFL sales growth of +3.3%
- Strong Q4 as a result of the pre-lockdown 'stock piling'
- There has been growth in both customer numbers and average transaction values, which together delivered growth of +3.3% for the full year



Group Gross Margin Performance

GROUP GROSS MARGIN (%)



KEY HIGHLIGHTS

- B&M UK fascia margins were 63bps lower than last year
- Headwind of shift in the mix towards grocery / FMCG ranges
- Continued impact on growth in wholesale margin revenues of c. £16m
- Heron margins were 11bps higher than FY19
- Babou traded at a 39.4% margin for the year, reflecting ongoing changes to their product ranges and mix



Group Operating Costs

£ millions,

	FY19	FY20
B&M	660.0	734.4
Heron	91.6	97.7
France	49.0	114.8
Adjusted Costs exc IFRS16	800.6	946.9
Depreciation exc leases	45.0	57.7
IFRS16 Right of Use	123.2	145.7

% of Revenue

B&M	23.7%	23.4%
Heron	25.9%	25.0%
France	38.0%	40.5%
Adjusted Costs exc IFRS16	24.5%	24.8%
Depreciation exc IFRS16	1.4%	1.5%

KEY HIGHLIGHTS

- B&M UK fascia operating costs lower than last year as a percentage of revenues
 - impact of living wage mitigated through productivity gains
 - improvement in transport efficiencies
 - operating leverage on store costs
- Heron benefitted from operating leverage and efficiencies in Transport & Distribution
- Babou's increase in costs reflects the full year impact of ownership
- Increased depreciation reflects the Babou acquisition
- IFRS16 depreciation on right of use assets : £145.7m



Group Interest Expenses

£ millions,

	FY19	FY20
Cash Interest	20.2	22.6
Amortised Fees	1.8	2.0
Total	22.2	24.6
Put/Call Option	1.7	-
Heron Deferred Consideration	(0.7)	(0.1)
Total	1.1	(0.1)
IFRS16	51.8	57.0

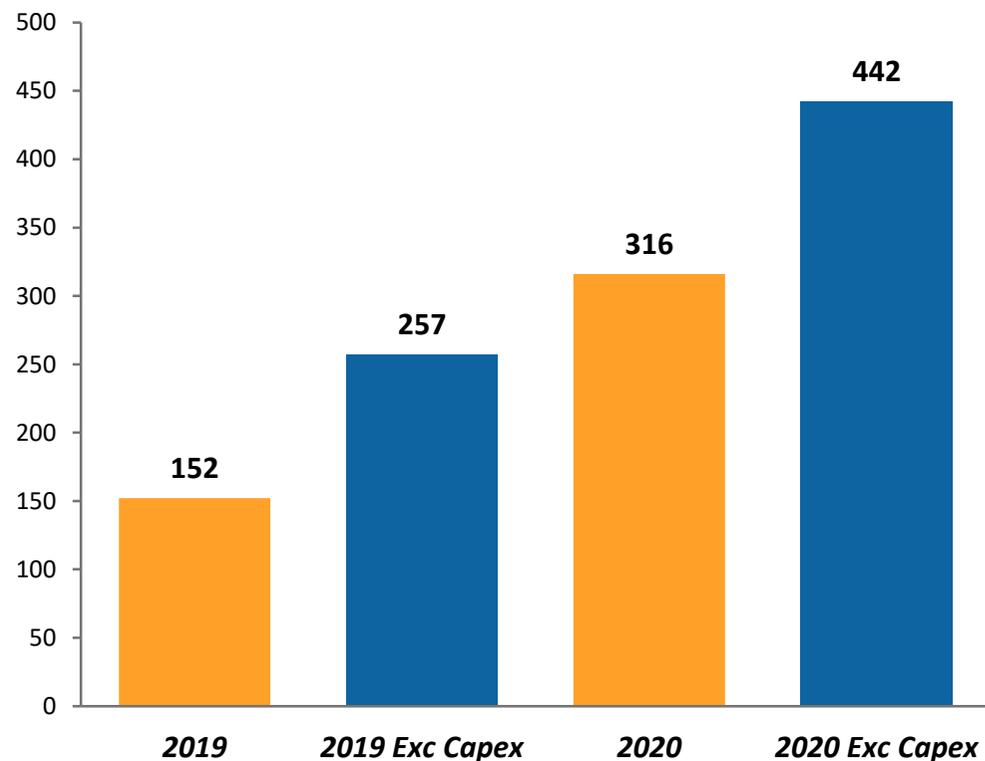
KEY HIGHLIGHTS

- Interest and amortised fees relate to the bank debt and bonds
- We expect a full year interest charge (including fee amortisation) in FY21 of c. £23m plus any refinancing fees
- The IFRS16 interest charge was £57.0m



Cash Flows Pre-IFRS16

OPERATING CASH FLOW £m



Net debt / Adjusted EBITDA of 1.02x. This increases to 1.45x pro-forma in relation to the Special Dividend paid April 2020

CASH FLOW STATEMENT

£m	FY19A	FY20A
Adjusted EBITDA	319.6	342.3
Change in Working Capital	(62.2)	99.7
New Store Capex	(40.0)	(42.4)
Infrastructure / Freehold Capex	(30.5)	(52.0)
Maintenance Capex	(34.9)	(31.3)
Total Capex	(105.4)	(125.7)
Operating Cash Flow	152.0	316.3
Tax	(47.3)	(57.9)
Acquisitions / Disposals	(77.5)	104.9
Other ₁	1.1	3.3
Operating and Investing Cash Flow	28.3	366.6
Net Debt / Adjusted EBITDA	1.9x	1.0x



Simon Arora

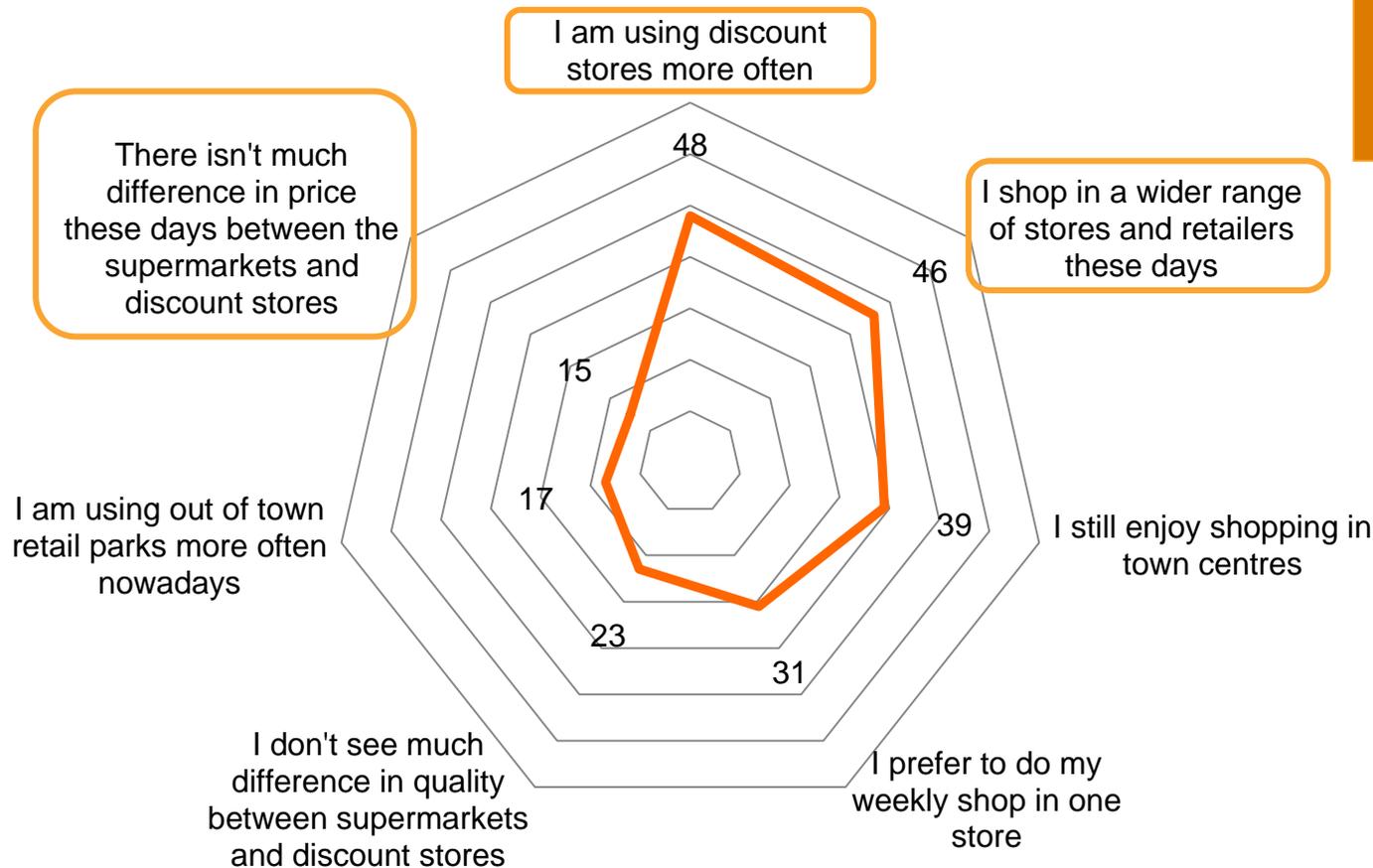
Chief Executive Officer



Discount Shopper Attitudes



Which of the following statements about shopping apply to you?
(% of respondents)

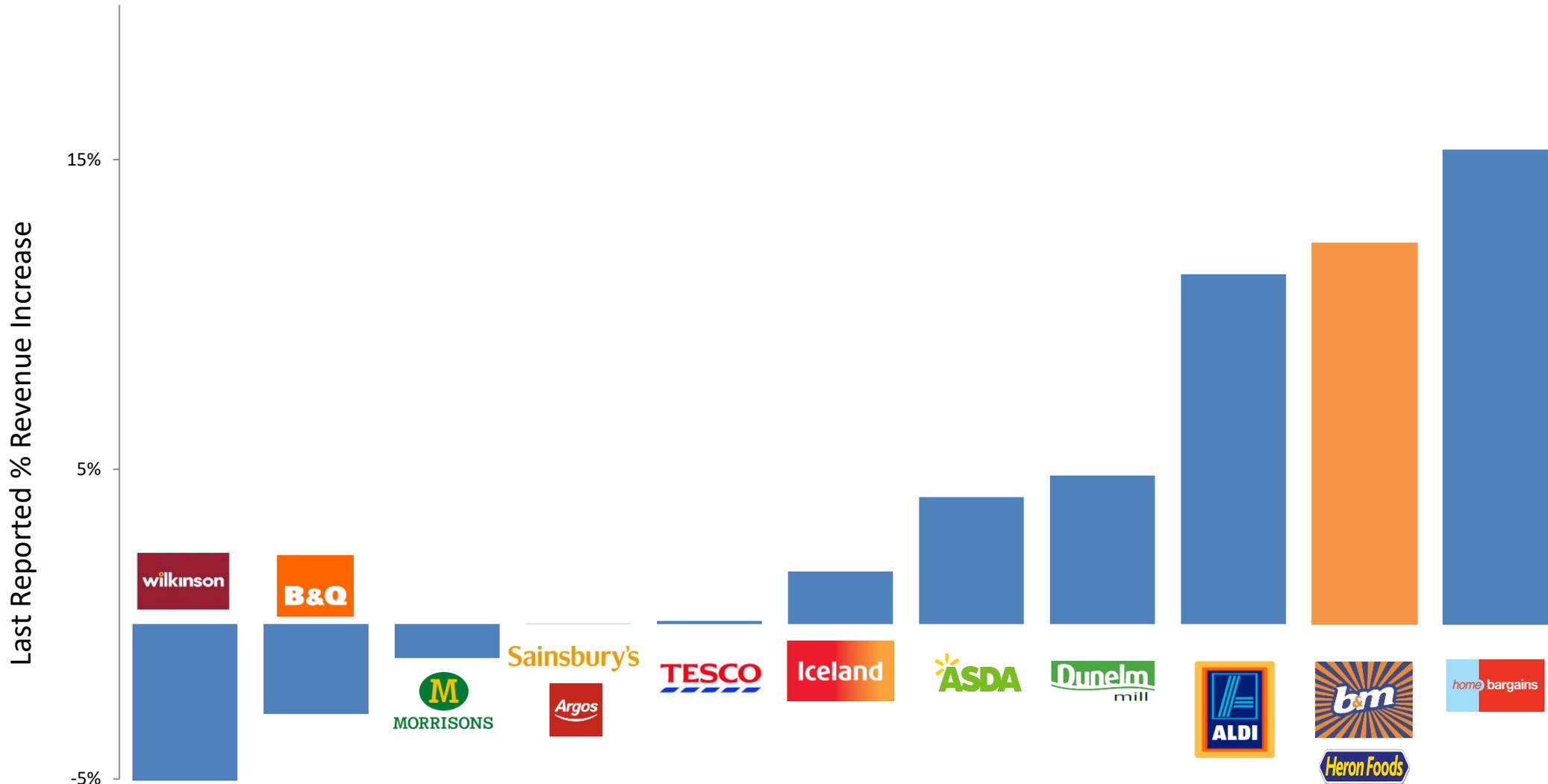


I am using discount stores more often:

- Higher among women (51%) than men (44%)
- Highest for older consumers; those aged 55-64 (55%) and those with children aged 19+ at home (56%)



UK Revenue Growth



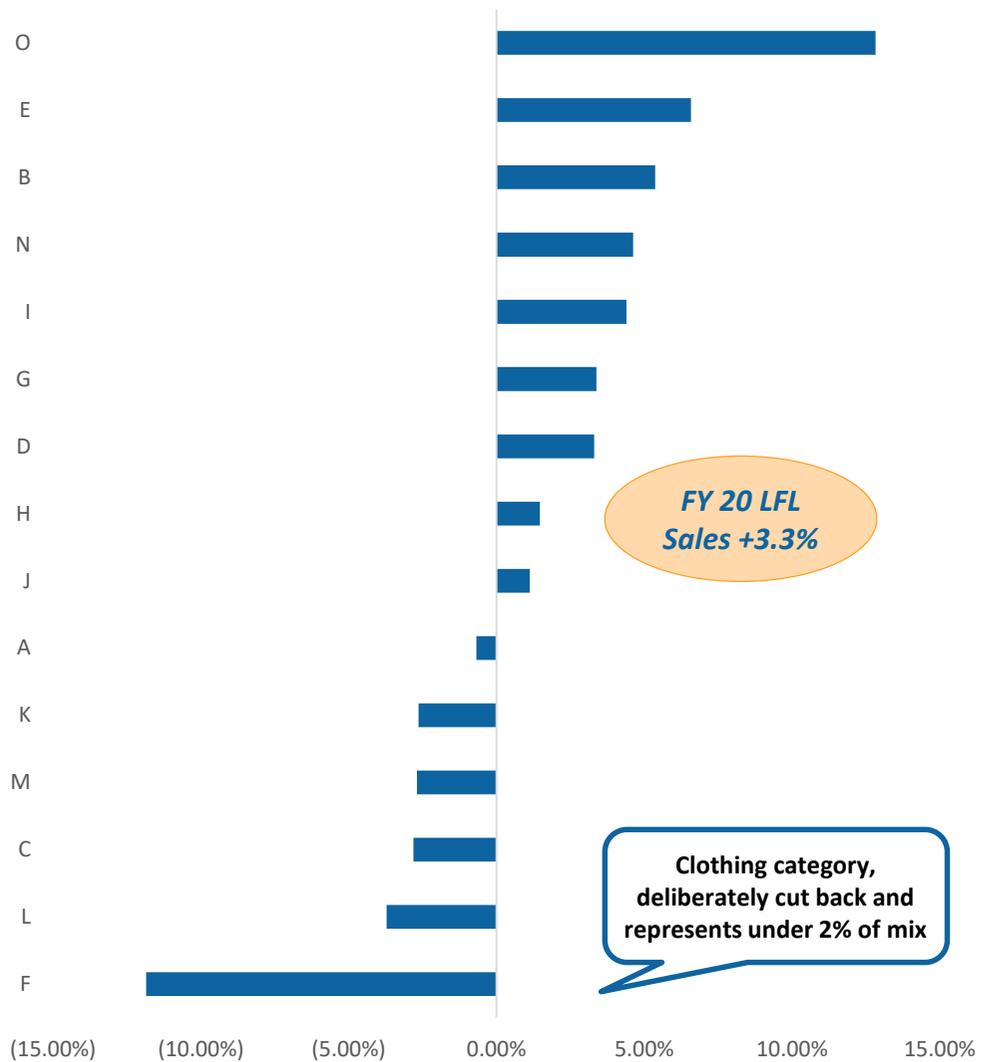
Note: 1. Latest annual accounts or full year announcements, up to May 2020. Revenues exclude VAT
 Note 2. Lidl do not separately disclose UK revenues



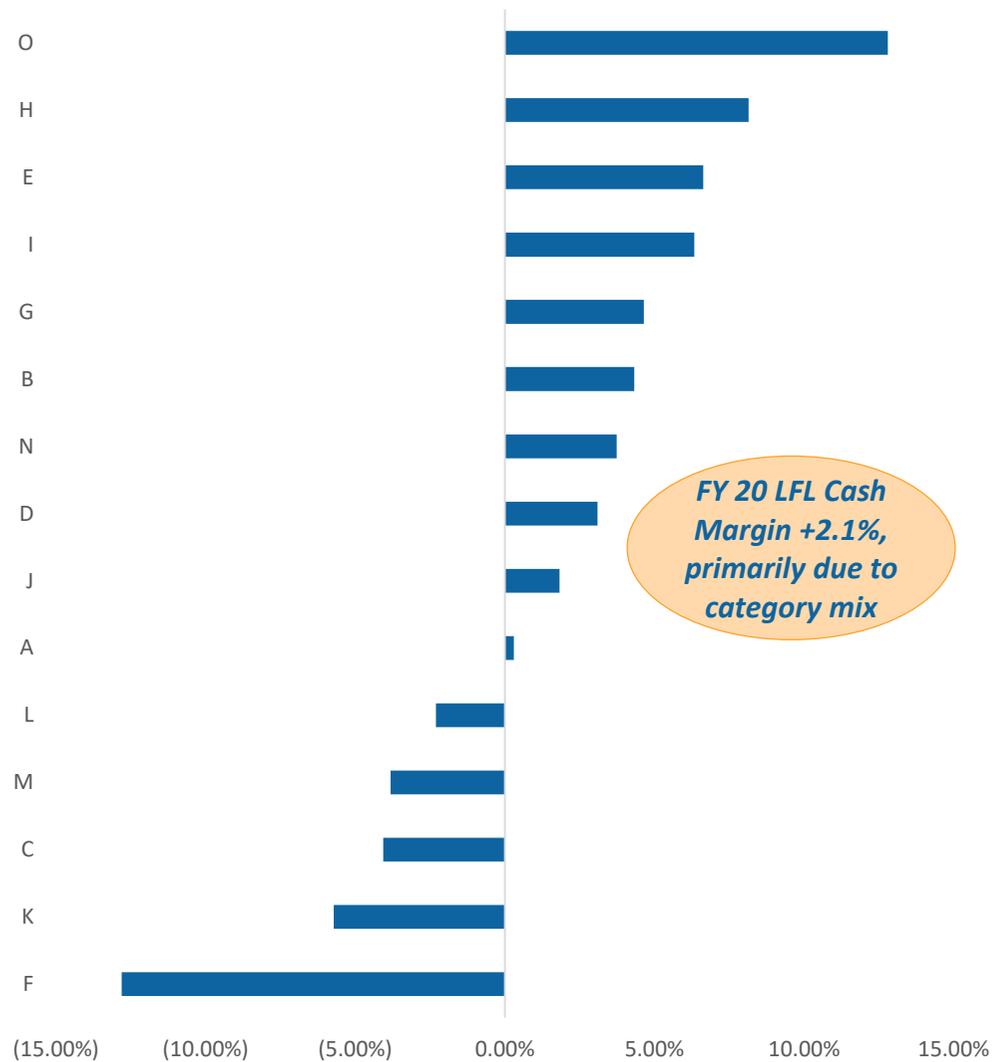


B&M's UK LFL Performance by category

FY20 CATEGORY LFL SALES %



FY20 CATEGORY LFL MARGIN %

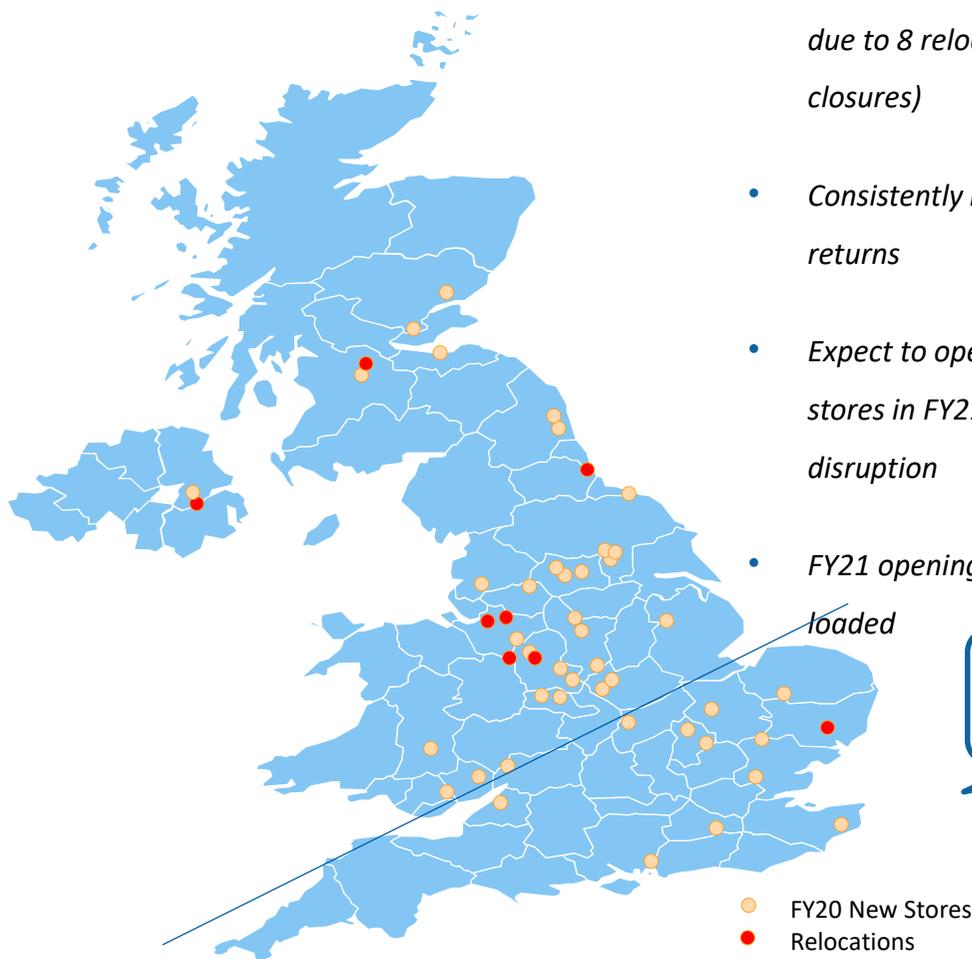




New Store Programme

FY20 OPENINGS

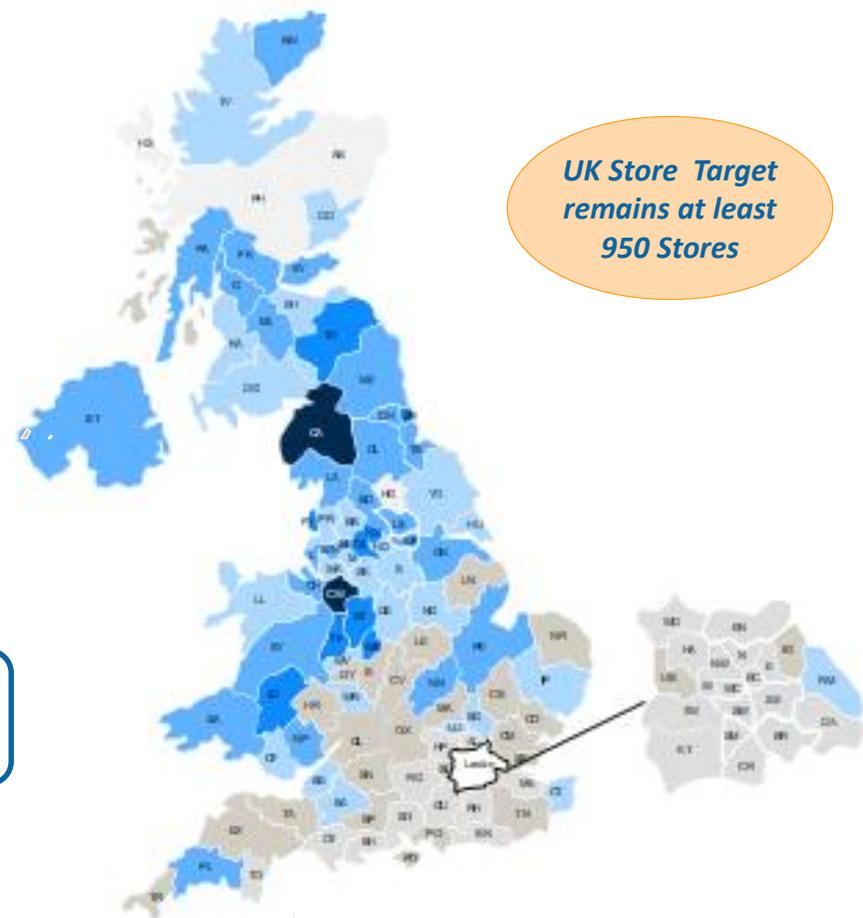
656 STORES AS AT MARCH 2020



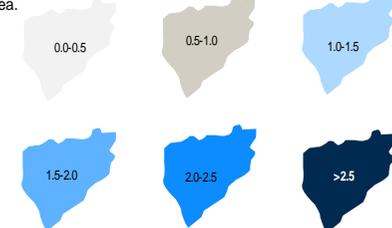
12 stores opened in the South

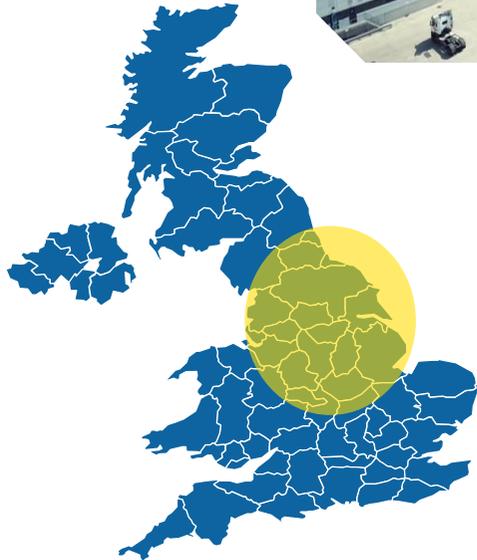
- 51 gross openings (net 36 stores due to 8 relocations and 7 store closures)
- Consistently high new store returns
- Expect to open just 30 net new stores in FY21, due to Covid-19 disruption
- FY21 openings will be back-end loaded

We are pleased with the FY20 crop of new stores



Key: Each postcode area is coloured in one of six shades depending on the number of B&M stores per 100,000 people in that particular postcode area.





HIGHLIGHTS

- Heron has performed above our expectations in FY20
- The buying and merchandising function on ambient food is now integrated with B&M's function, whilst preserving unique competences in frozen & chilled
- Positive LFL performance in FY20, helped by a very strong finish in March 2020
- Opened 18 new stores in FY20, ending with 293 stores
- Expect to open 15 net new stores in FY21; similarly impacted by Covid-19 and back end loaded in the year
- Average revenue of £1.2m and average store contribution of £0.2m



Bedford is now fully operational



BEDFORD DISTRIBUTION CENTRE



KEY HIGHLIGHTS

- Facility was developed over FY18 , FY19 and FY20 at a cost of £103.7m
- Sale & leaseback released £149.5m of capital, net of UK corporation tax on the development profit
- Surplus capital returned to shareholders by Special Dividend in April 2020
- The site currently services approx. one third of UK B&M store estate with the potential to service substantially more stores over time
- Significant additional 'dual running' costs incurred since Covid-19 lockdown, as we had excess capacity and incurred inefficiencies while delivering social distancing and coping with abnormal demand patterns



B&M UK Covid-19 Response

SOCIAL DISTANCING

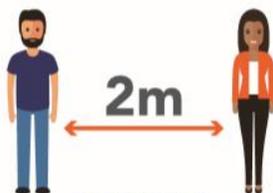
What to do

We've introduced some social distancing measures this is for everyone's safety, comfort and peace of mind.



SHOP ALONE

Please shop by yourself if you are able to.



DISTANCE

Keep 2 metres away from other shoppers.



QUEUE TO ENTER

We are limiting the number of customers in store at any one time.



TOUCH LESS

Pick up only what you intend to buy.



PAYMENT

Pay by card when possible to avoid handling cash.

Please help us to help you.

- Taking lead from Supermarkets, rapid implementation of social distancing guidelines at all stores – including masks, gloves, sanitiser, protective checkout screens and occupancy limits managed by social distancing marshals.
- Leveraging 30 year trading relationships with overseas suppliers to access PPE and to minimise disruption to supply chains from China.
- Product availability was good, due to our business model with holdings of over 12 weeks 'buffer stock' in the UK of general merchandise.
- Majority of our sales are within Grocery, Household & Personal Care, DIY and Hardware 'essential goods' categories.
- Majority of our sales are out of town, allowing shopper visits to be safer and more appealing than town centre (public transport) or shopping mall retail.
- We temporarily closed just 49 stores for approximately 3 weeks, typically due to site location issues (e.g. shopping malls).
- Colleague pay increased to 110%, £1m Foodbank Cash Donation and a £2.9m NHS worker discount given during the peak of the crisis.



Covid-19 Factors Create Uncertainty on FY21 B&M UK EBITDA

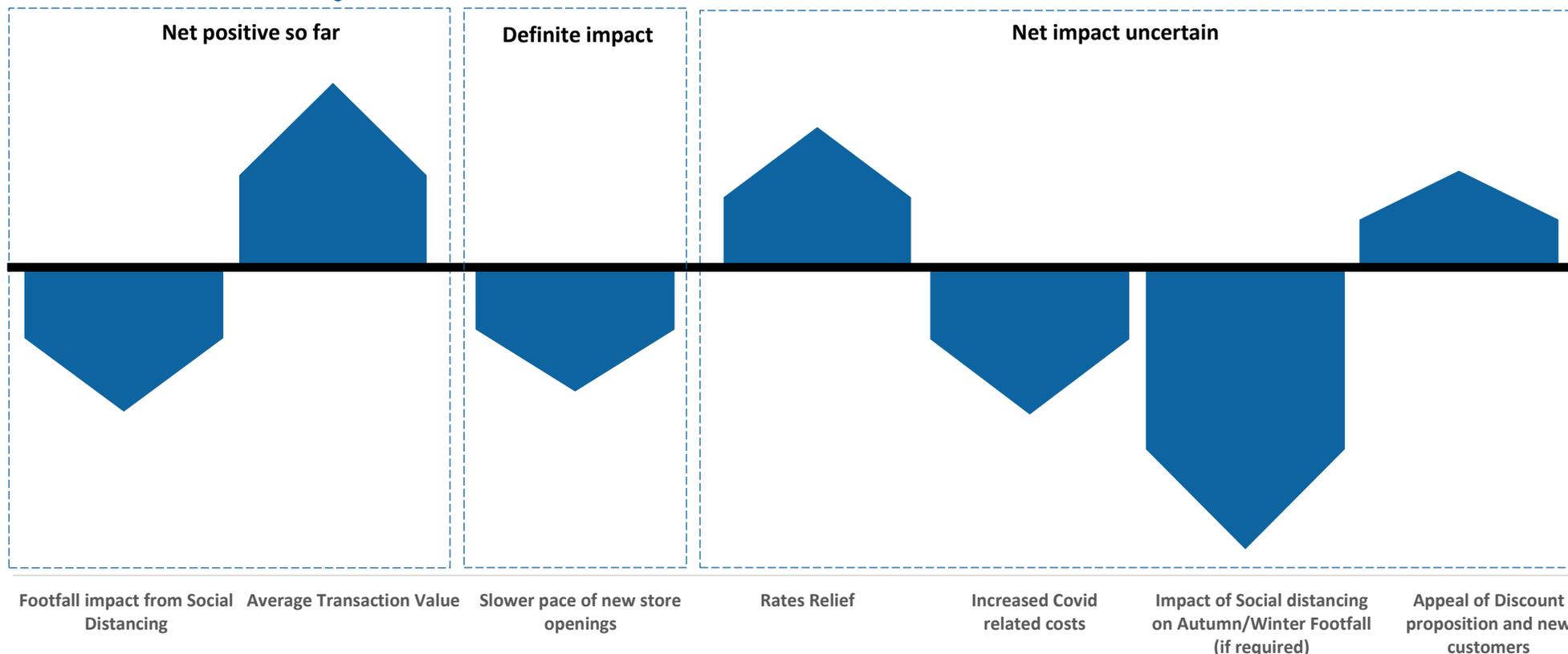
IMMEDIATE

FULL YEAR

Lockdown impact on high ticket Garden Furniture, high value D.I.Y. projects and pull forward because of record May weather

Tailwind

Headwind



Note: Not To Scale



Babou France Update



- At FY20 year end we had 101 stores, of which 19 were under the 'B&M' banner
- Progress made in switching products to the B&M supply chain in Asia whilst reducing exposure to Clothing and introducing a modest amount of Grocery/FMCG
- Babou's supply chain navigated peak stock intake in Autumn 2019 and is managing large volumes of containerised inbound product
- All stores forced to closed for 8 weeks from 15th March 2020, which has delayed and impacted our development of the B&M fascia in France
- Senior team strengthened by appointment of Distribution Director and, on 11th May 2020, Anthony Giron as President



Trading Since Year End

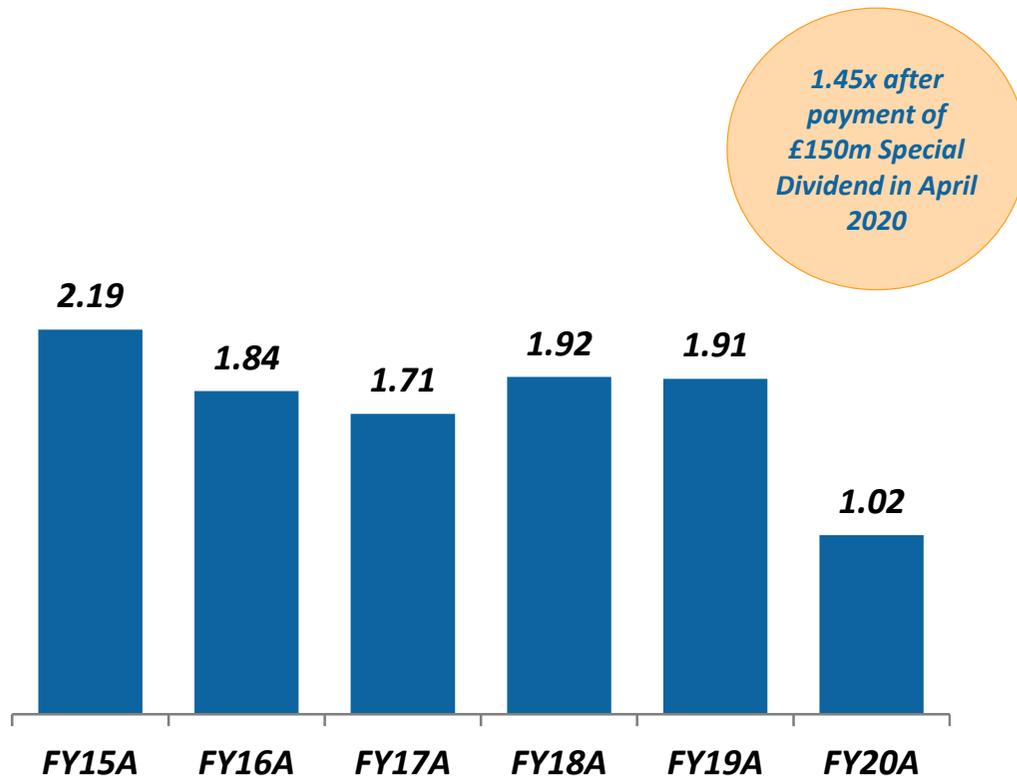


- Overall B&M UK Fascia LFL +22.7% after 8 weeks trading. LFL excluding Gardening and DIY +10.3%
- B&M UK Fascia customer count -28.9% whilst traffic to UK retail parks generally was -70% to -50% over that period (Springboard)
- B&M UK Fascia average transaction value +72.5%, boosted by relatively big ticket Gardening products and DIY/Decorating projects
- Since the year end our DIY and Gardening departments have won new customers and we have demonstrated our value credentials to them
- Outside DIY and Gardening, shoppers have been visiting less often but buying more volume
- Heron Foods has been trading very strongly due to the popularity of local convenience retail during the lockdown
- Babou has traded positively since the lockdown was lifted, but the 8 week closure has led to supply chain issues such as excess Spring/Summer inventory in Clothing (c. 25% of sales) and supply chain disruption on general merchandise from China

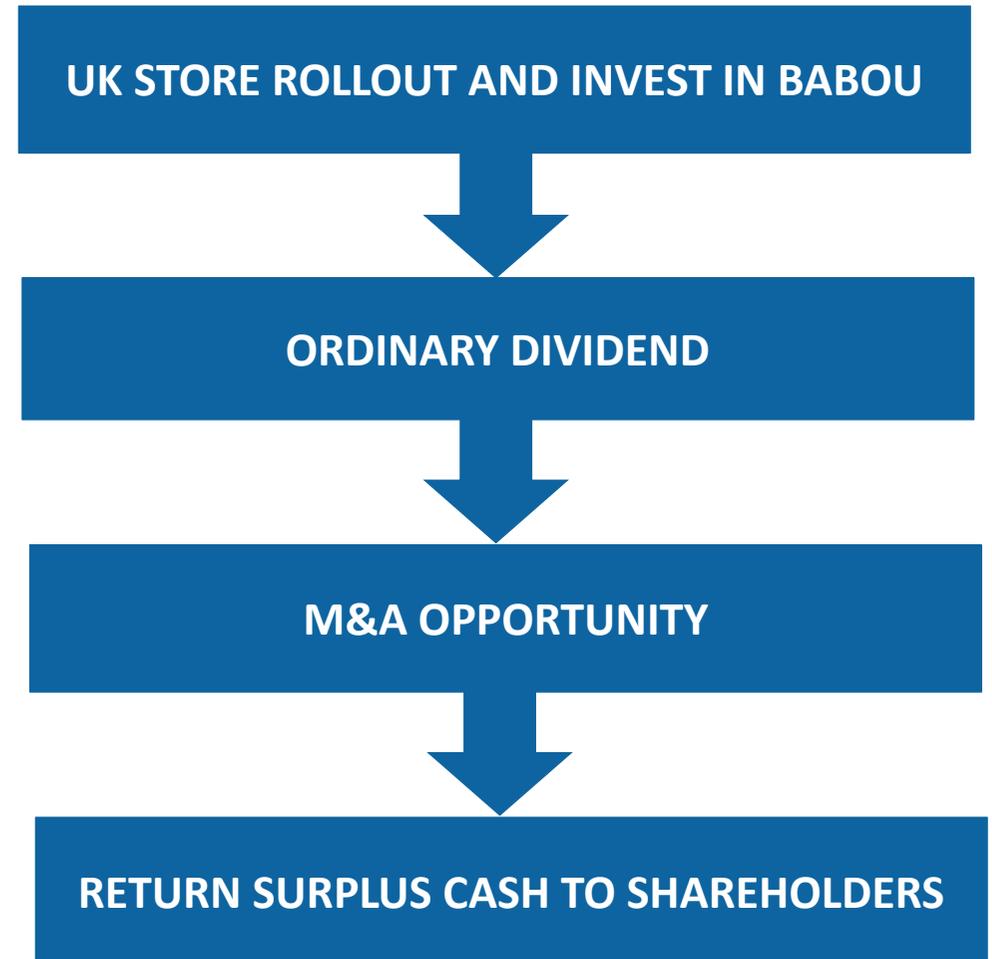


Capital Structure

DE-LEVERAGING PROFILE



CAPITAL ALLOCATION FRAMEWORK



Outlook for FY21

- Our variety retailing model, with our strength in Everyday Essentials, a well-invested infrastructure, strong value credentials and a convenient store network mean we are better positioned than most.
- Business Rates holiday likely to be fully offset by Covid-19 related costs, depending on the virus progression and nature and duration of social distancing requirements.
- Our strong UK B&M Fascia LFL's in the first 8 weeks are boosted Garden and DIY sales, much of which could be a pull-forward from Q2. Garden product ranges have sold through and some other category stock levels are lower than normal.
- New store pipeline has been impacted by construction and shop-fitting delays. We aim to achieve 30 net new stores at B&M and 15 net new stores at Heron. The number of net new stores for FY22 could be similarly reduced dependent on the progress of the virus and social distancing guidelines. Our long term target of 950 UK B&M stores remains unchanged.
- Greater than usual uncertainties for remainder of the year given the economic environment and its impact on customers. Difficult to predict social distancing requirements' impact on operating costs and footfall, given possible reluctance of shoppers to queue in Winter months. The social distancing requirements may detract from our ability to serve customers in their usual numbers through peak trading.
- Against this uncertain backdrop, B&M is in a strong position to continue to grow profitably in the UK and continue development and proof of the proposition in France.



Summary

- B&M's value led variety retailing model has proved extremely resilient in the crisis and we have had a good start to the year.
- There are a great deal of uncertainties ahead for the remainder of FY21, particularly in relation to duration and nature of social distancing requirements.
- Our store and support centre teams have adapted well and at speed. We stand ready to continue to serve the communities in which we trade.
- Our strategy is unchanged - continued growth in UK and development of our proposition in France



Questions and Answers



Appendix



IFRS16 Profit and Loss Account Reconciliation

Appendix 1

<i>£ millions,</i>	<i>Pre FY19</i>	<i>IFRS16</i>	<i>Post FY19</i>	<i>Pre FY20</i>	<i>IFRS16</i>	<i>Post FY20</i>
Revenues	3,272.6	-	3,272.6	3,813.4		3,813.4
Gross Profit	1,120.2		1,120.2	1,289.2		1,289.2
Operating Costs	(800.6)	162.6	(638.0)	(946.9)	186.2	(760.7)
Adjusted EBITDA	319.6	162.6	482.2	342.3	186.2	528.5
Depreciation and Amortisation	(45.0)	(123.2)	(168.2)	(57.7)	(145.7)	(203.3)
Interest	(22.2)	0.2	(22.1)	(24.6)	0.2	(24.5)
Adjusted Profit Before Tax	252.4	39.6	291.9	260.0	40.6	300.7
Adjusting Items	5.4		5.4	40.6	(32.1)	8.5
Exceptional Interest	(1.1)	(52.0)	(53.0)	0.1	(57.2)	(57.2)
Profit / (Loss) Before Tax	256.7	(12.4)	244.3	300.7	(48.6)	252.0

Note 1: The FY21 IFRS16 adjusting item includes £32.1m relates to the Bedford sale and leaseback

