B&M European Value Retail SA
Preliminary Results Presentation
52 weeks to 25th March 2017

FY17 Group Highlights

- Group revenues increased by 19.4% to £2,430.7m
  - Full Year UK LFL revenues +3.1% and underlying LFL +4.5%
  - For H2, UK LFL revenues +5.4%
  - 53 gross new store openings in the UK and 19 new store openings in Germany
- Improvement in gross margin of 26bps
- Group adjusted Profit before Tax increased by 25.6% to £190.1m
- Adjusted diluted EPS 14.9p, an increase of 22.1%
- The new warehouse capacity in both the UK and Germany is now working efficiently
- Net cashflow from operations £210.9m, an increase of 23.4%
  - Adjusted EBITDA to net debt of 1.71x (FY2016: 1.84x)
- Full year dividend 5.8p, an increase of 20.8%

Paul McDonald

Chief Financial Officer

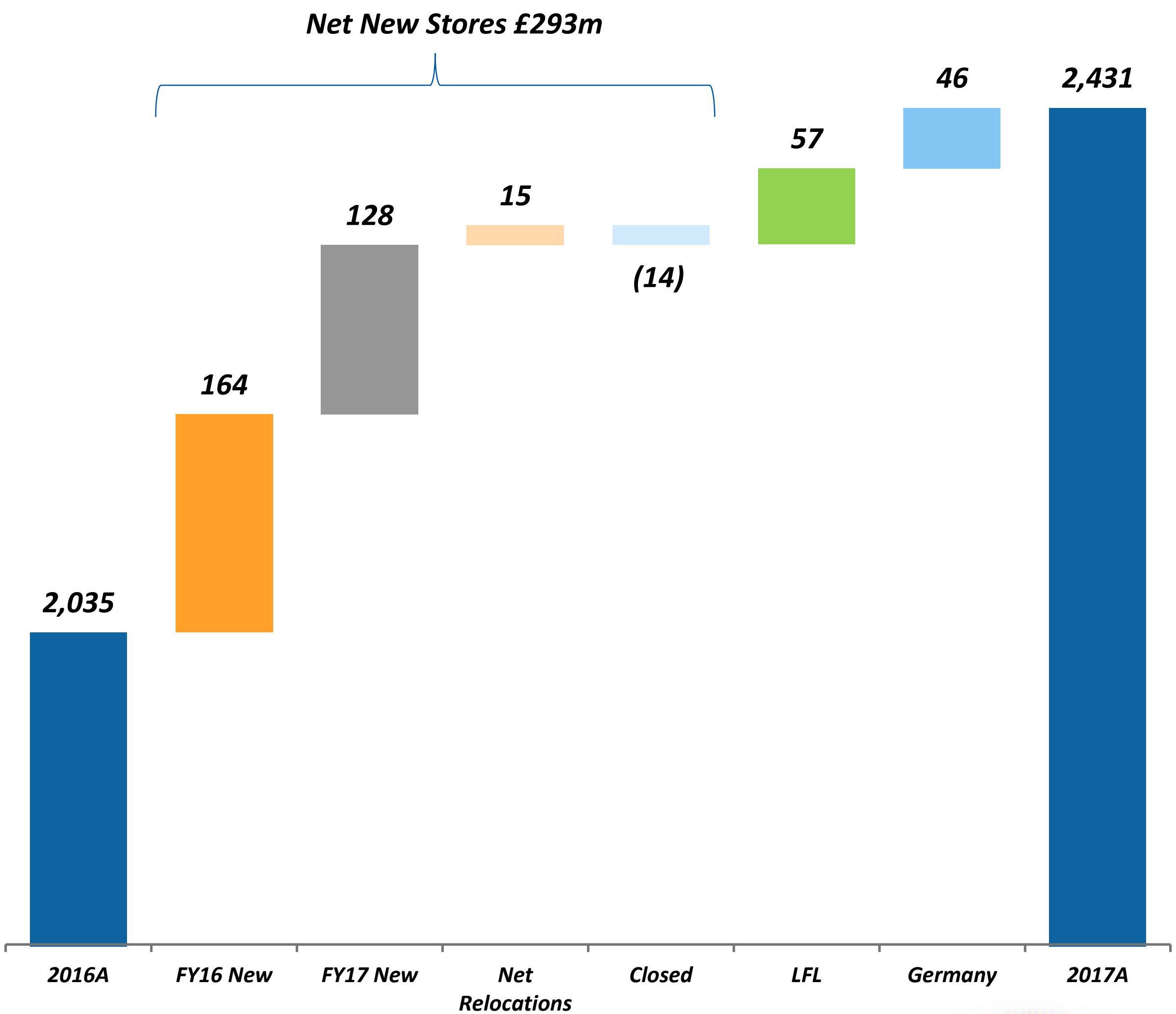
Summary Profit and Loss

£ millions, March year end	*2016A*	*2017A*	*%*
Group Stores	555	612	10.3%
Revenues	2,035.3	2,430.7	19.4%
Gross Profit	703.0	845.8	20.3%
%	34.5%	34.8%	26bps
Operating Costs	(510.5)	(610.9)	19.7%
Adjusted EBITDA	**192.5**	**234.9**	**22.0%**
%	9.5%	9.7%	21bps
Depreciation and Amortisation	(20.4)	(26.0)	27.4%
Interest	(20.7)	(18.7)	-9.4%
Adjusted Profit Before Tax	**151.4**	**190.1**	**25.6%**
Exceptionals	3.6	(3.4)	-194.2%
Exceptional Interest Costs	(0.4)	(3.9)	765.6%
Profit / (Loss) Before Tax	**154.5**	**182.9**	**18.4%**
Adjusted Diluted Earnings per Share (p)	12.2p	14.9p	22.1%
Statutory Diluted Earnings per Share (p)	12.4p	14.3p	15.3%

Group Revenue Bridge

£ millions,

REVENUE 2016A-2017A

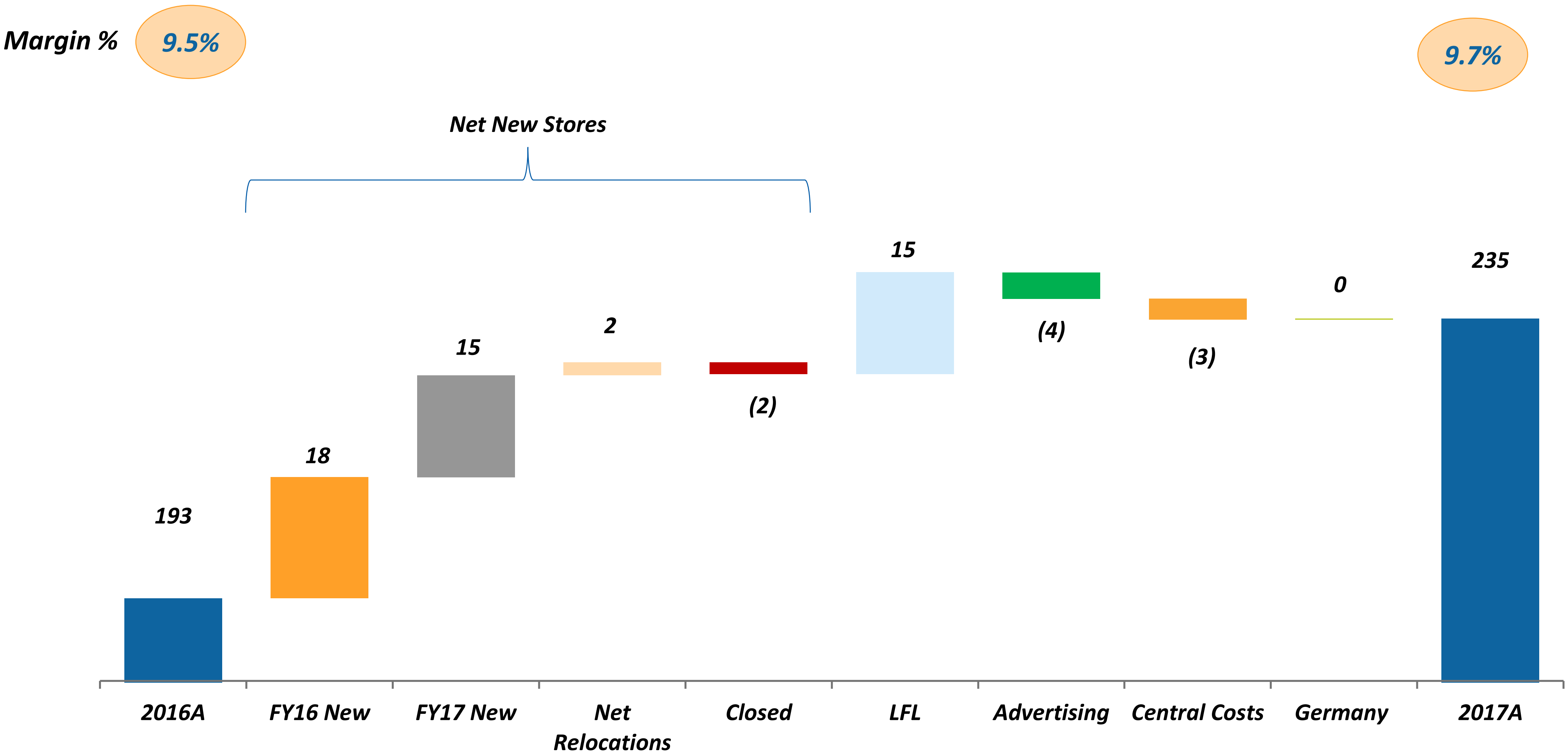


- +19.4% revenue growth
- UK growth + 18.4%
  - Annualisation of FY2016 new store openings
  - 53 new stores opened in the UK including 9 relocations
  - 6 closed stores
  - UK LFL +3.1%, underlying 4.5% excluding cannibalisation
- Germany delivered +17.1% of € revenue growth
  - Annualisation of 6 new stores in FY2016
  - 19 new store openings

Continued EBITDA Growth

£ millions,

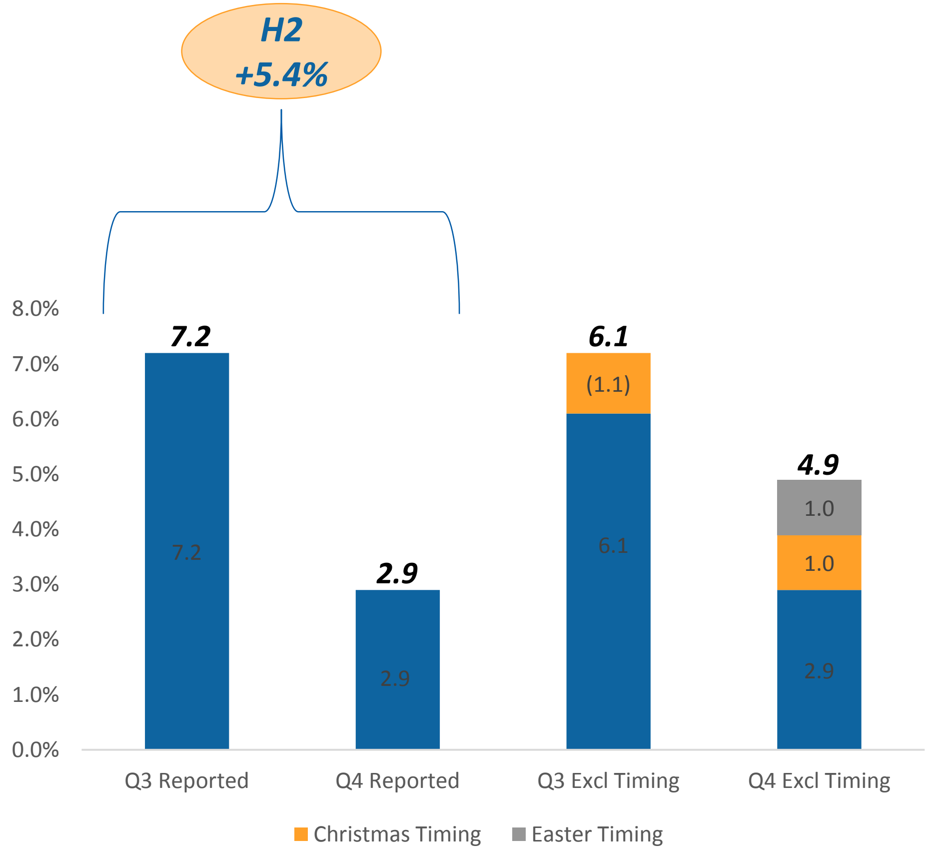
ADJUSTED EBITDA BRIDGE 2016A-2017A



Note: 1. Central costs include UK new store pre opening costs

UK LFL Sales

FY2017



Full Year LFL	*+3.1%*
Underlying LFL(1)	*+4.5%*

COMMENTARY

- Full year LFL growth of +3.1% with H2 LFL of +5.4%
- The trend in Q4 was similar to Q3 after taking account of the timing differences
- Cannibalisation has become less of a drag upon LFL's as the year has progressed
- The strong LFL in H2 reflects
  - Improved on shelf availability
  - End to price deflation
  - Strong seasonal ranges, especially Christmas
- We have seen an excellent start to the current year

Note: 1. Existing stores have to be within a 3 mile radius of the new store to be excluded from the LFL definition

Store Relocation Financial Strategy

New Out of Town location. 30,022 sq ft Home Store with Garden Centre

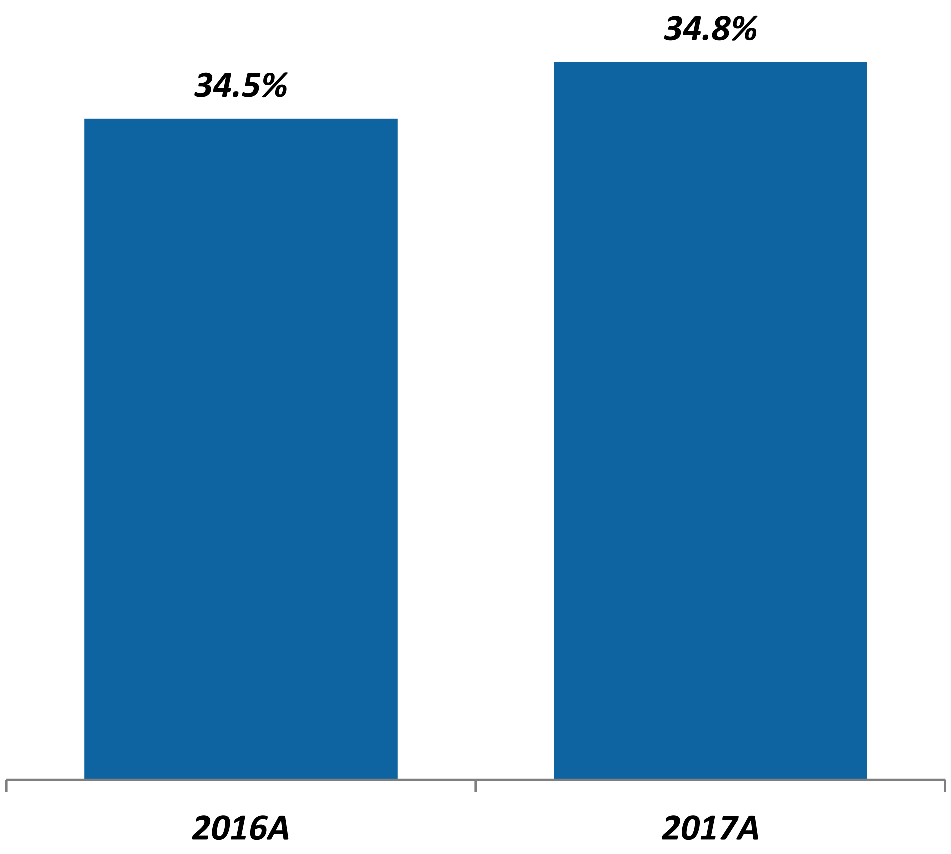
Previous Store in Town Centre Bargain store 15,682 sq ft

CASE STUDY – ELLESMERE PORT, WIRRAL

- Existing town centre Bargain store annual revenues £2.0m dating back to a Dec-06 opening
- New Out Of Town Homestore opened 0.6 miles away in May 2016
- New store revenue set to take £6.5m p.a.
- Therefore, Incremental revenues from the catchment area £4.5m
- A ten fold increase in the store contribution
- We believe the right economic decision to ensure we are trading from the most profitable location in the catchment areas.

Gross Margin Outturn

GROSS MARGIN (%)



KEY HIGHLIGHTS

- 26 bps improvement in group gross margin to 34.8%
- UK margins have improved by 29 bps, demonstrating that impact of adverse US$ rates mitigated by a variety of initiatives from the buying teams
- Pre-Brexit FX hedges expired 31/12/16; H2 achieved £/$ rate was c. 20 cents below H2 prior year
- Jawoll margins have worsened by 55bps,
  - c. 20bps stock clearance activity following 9 store acquisition
  - Less opportunity to mitigate €/£ rate due to smaller direct sourcing programme
- Continue to maintain price competiveness versus UK grocery sector
- Currently hedged FX to end of FY18, but outlook is influenced by success of seasonal ranges and product mix

Operating Costs

£ millions,

	2016A	2017A
Store Costs	354.3	424.2
Transport and Distribution	75.5	86.4
Central Costs	35.2	40.9
New Store Pre-Opening	6.9	4.6
Total UK	**471.9**	**556.0**
Germany	38.6	54.9
Depreciation	20.4	26.0

% of Revenue		
Store Costs	18.6%	18.8%
Transport and Distribution	4.0%	3.8%
Central Costs	1.8%	1.8%
New Store Pre-Opening	0.4%	0.2%
Total UK %	**24.8%**	**24.7%**
Germany %	29.1%	30.8%
Depreciation %	1.0%	1.1%

KEY HIGHLIGHTS

- Overall UK costs as a % of sales were in line with last year
- Store costs as a % of sales were 21bps higher than last year, of which 18bps related to the £4.0m invested in TV advertising
- Transport and Distribution costs, 13bps lower than last year, improved efficiencies in the warehouse operation
- Central costs were 3bps lower than last year, as we expanded into fixed cost distribution capacity, offset by colleague bonuses
- Jawoll costs grown as a result of the new stores openings including 9 store acquisition costs and infrastructure investments made ahead of growth and new store pre-opening costs
- Depreciation growing as a % of revenues due to higher specification of store openings and IT infrastructure

Interest Expenses

£ millions,

	2016A	2017A
Interest	*19.3*	*17.3*
Amortised Fees	*1.4*	*1.4*
Total	***20.7***	***18.7***
Put/Call Option	*0.7*	*0.2*
Fees Write Off	*-*	*3.7*
Fair Value	*(0.3)*	*-*
Total	***0.4***	***3.9***

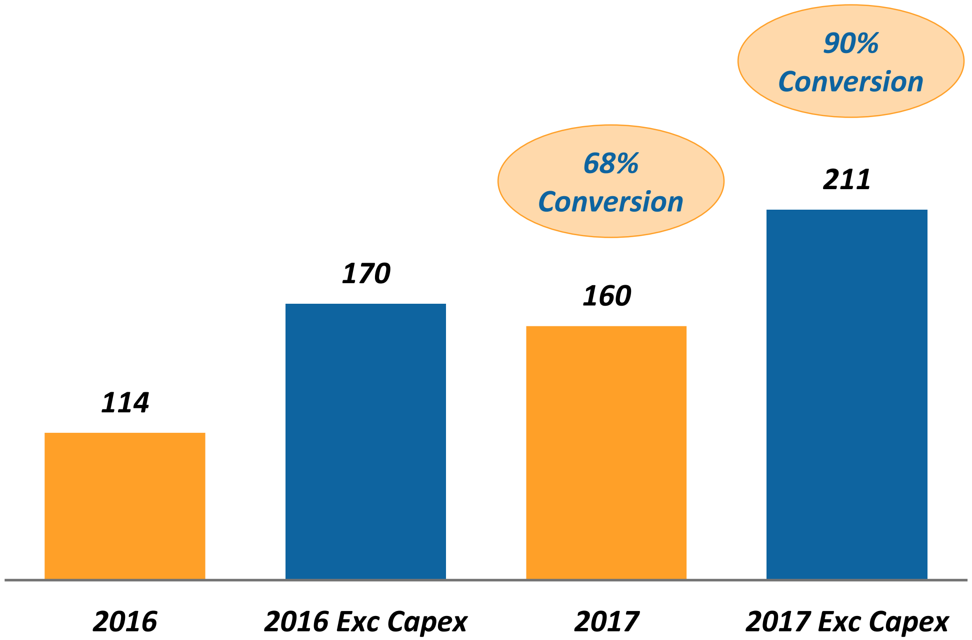
KEY HIGHLIGHTS

- Interest and amortised fees relating to the bank debt
- We refinanced in the year, increasing the gross debt to £550m from £440m in line with maximum leverage policy
- Extended the term on the existing debt, diversified the sources of capital with a High Yield Bond, significant liquidity with access to a £150m RCF and favourable covenant package
- On-going interest charge of c. £21m and £1.5m fee amortisation
- £3.7m is non-cash fee write off relating to initial IPO financing structure

Strong Cash Flow Conversion

£ millions,

OPERATING CASH FLOW



Tight working capital discipline and strong cash conversion

CASH FLOW STATEMENT

£m	2016A	2017A
Adjusted EBITDA	***192.5***	***234.9***
Change in Working Capital	*(22.4)*	*(23.9)*
New Store Capex	(38.2)	(32.5)
Infrastructure Capex	(4.8)	(3.5)
Maintenance Capex	(13.1)	(14.4)
Capex	*(56.1)*	*(50.4)*
Operating Cash Flow	***114.0***	***160.6***
Tax	*(27.6)*	*(31.8)*
Acquisition[2]	-	*(2.4)*
Other[3]	*1.5*	*0.1*
Operating and Investing Cash Flow	***87.9***	***126.5***

Note 1: Cash Conversion is defined as Operating Cash Flow as a percentage of Adjusted EBITDA.
Note 2: Jawoll acquisition of 9 store chain net of cash acquired
Note 3: Other includes interest and dividends receivable

Martin Roberts

UK Operations Director

Delivering Sharper Retail for Customers

1

PEOPLE:

ALIGNING OUR TEAMS BEHIND OUR PRIORITIES

- Developing home grown talent – Step-Up Academy open to all - 700 graduates in Year One, Use of Assessment centres
- Improving team communications – Intranet launched, Company Conference, Simpler store communications
- Store Manager empowerment – Capitalising on B&M "Freedom to Retail" philosophy and "Owning the Replenishment"
- Recognition & Reward – Improved induction, Top 50 Managers club, Relaunch of Proud programme, Colleague discount introduced, Incentives extended

2

PRODUCT:

MAXIMISING THE IMPACT OF OUR SEASONS & PRODUCTS

- Better co-ordination of Events – Comprehensive events planning and briefing, Seasonal stock phasing
- Aligning Supply Chain to demand – Increased delivery frequencies, Diamond Service for top stores, Stock colour wrapping for ease of identification
- Clearer product category, aisle and 'end' signage
- Getting behind Exclusive brands – Silentnight, Goodman's, Eveready etc.

3

PROCESS:

DRIVING CONSISTENT DAY-T0-DAY INSTORE EXECUTION

- New Central Operations team – An Air Traffic Control system working across the business
- Stores of Excellence – Developing, applying & maintaining best practice standards
- Simple Store Warehouse – Introduced clear disciplines –'Everything has its place'
- Standards Compliance – 'Perfect Day', 1000 stocktakes per annum

Case Study: Becoming a Destination for Seasonal

B&M'S BEST EVER CHRISTMAS

- Detailed, integrated end-to-end operations plan – commercial, supply chain, retail
- Delivered improved, more consistent store standards for customers – product availability & presentation
- Strong Christmas ranges & pricing – clearer and easier to shop
- Supported by media advertising campaign in Golden Quarter – emphasis on toys and decorations – attracting new customers
- Strong LFL in December despite tough prior year comparables

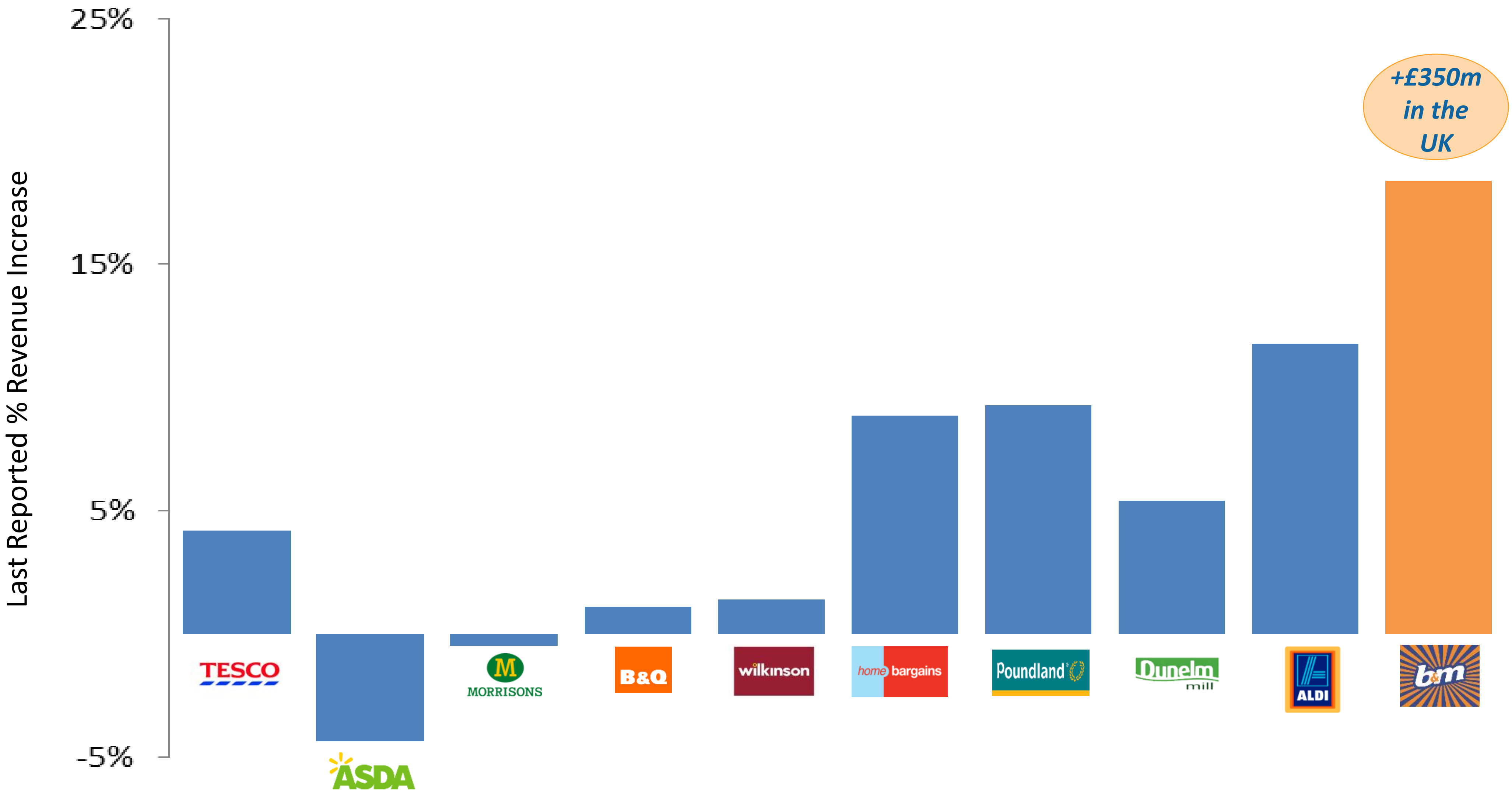
LANDING A STRONG START TO THE GARDEN SEASON

- *c.* 500 Garden lines
- 10 distinct phases of stock introduction for garden product on-shelf – smoother for stores
- Competitive pricing versus specialists and discounters – focus on Value packs to help manage currency effects
- Emphasis on destination categories – garden adornment, furniture
- Commitment to being on trend – e.g. faux rattan in furniture
- Teams encouraged to be 'Best in Town'

Simon Arora

Chief Executive Officer

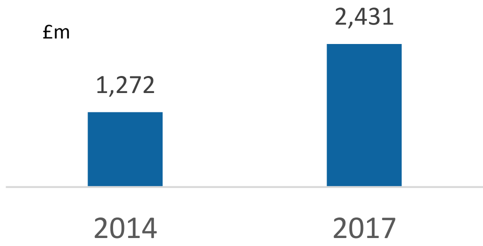
Growth in Market Context



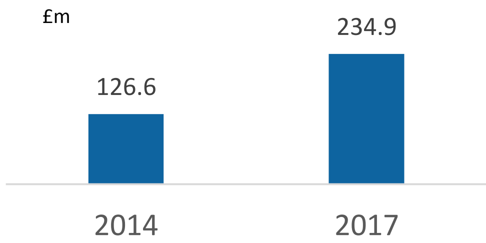
Source : Latest annual accounts, or full year announcements (up to May 2017). Revenues exclude fuel, financial services and VAT. Poundland includes the effect of their acquired & converted 99p stores.

Our Progress since IPO

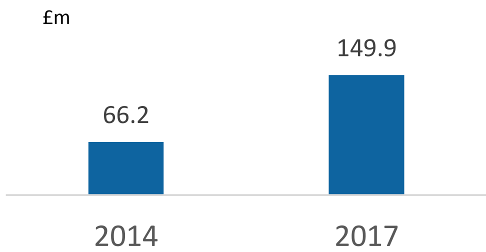
- Group Revenue



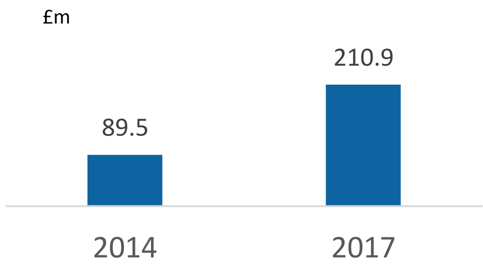
- Adjusted EBITDA



- Adjusted Post-Tax Profit



- Operating Cashflow



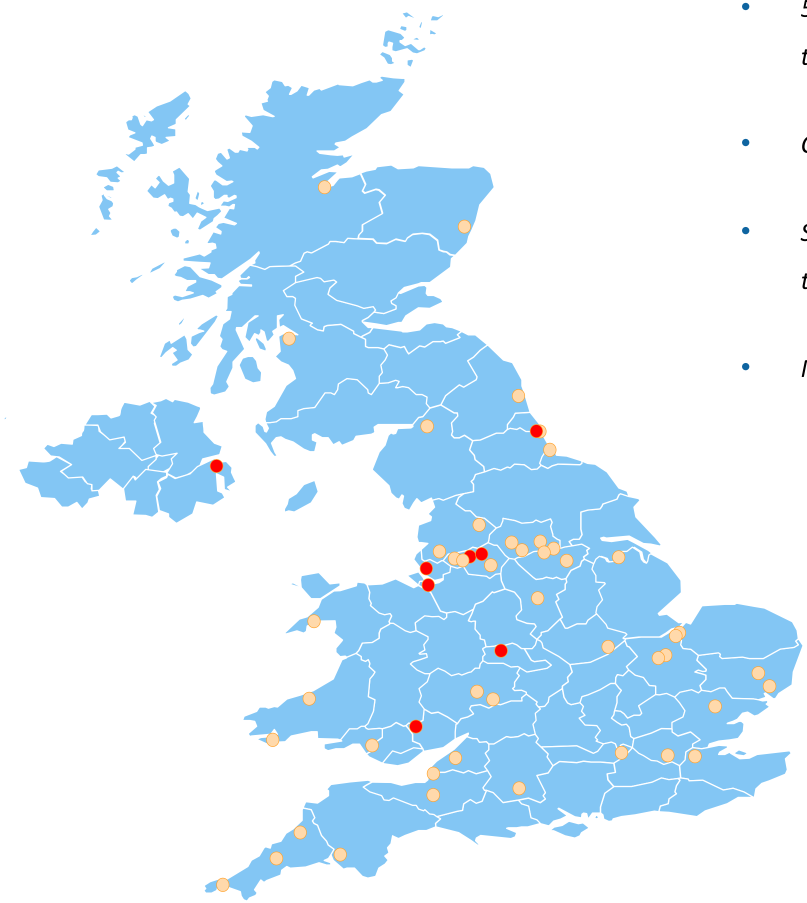
- Total Cumulative Dividends to FY17 of £240m

KEY OPERATIONAL INITIATIVES

- Opened 180 new stores
- Commissioned additional DC capacity of 810,000 sq. ft
- Successfully integrated German acquisition
- Investment in new software and hardware systems
- Strengthened senior management team
- Building Brand Awareness and improving our retail standards

Continue to Successfully Roll Out New Stores

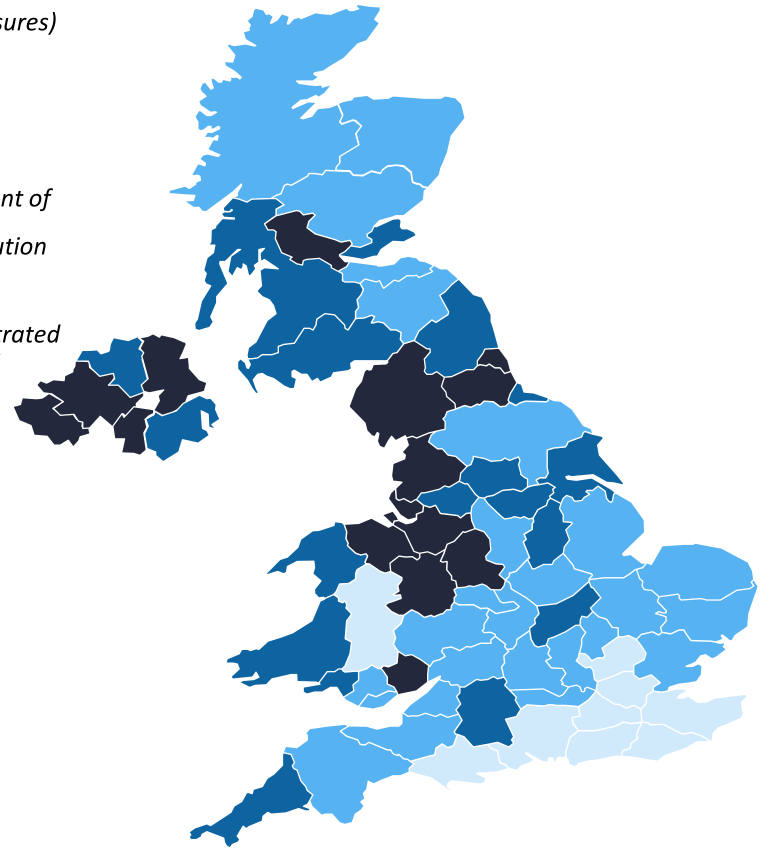
YTD FY2017 OPENINGS



- FY17 New Stores
- Relocations

- *53 gross openings (net 38 stores due to 9 relocations and 6 store closures)*
- *Consistent high store returns*
- *Six store closures were equivalent of two average new store contribution*
- *Many counties still under-penetrated*

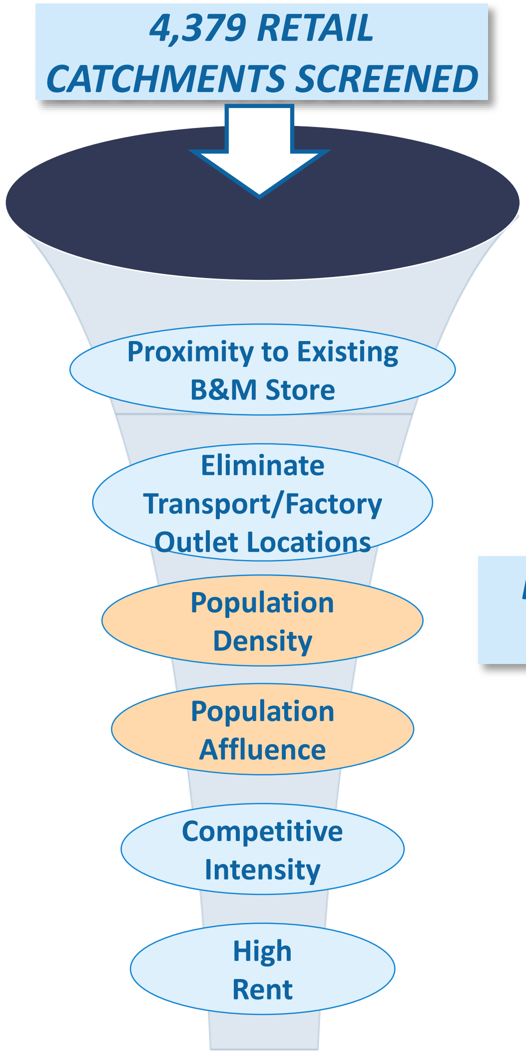
537 STORES AS AT MARCH 2017



STORES PER 100,000 POPULATION

1.5 to 2.0	1.0 to 1.5	0.5 to 1.0	0 to 0.5

UK Store Estate – Target Upgrade



BACK IN 2014 OC&C ELIMINATED THE CATCHMENTS WITH LESS THAN 45% C2DE POPULATION AND LESS THAN 25,000 INHABITANTS

- **At IPO we published a UK store target of 850 stores.**
- **Since then, 70 stores have been opened that break the rules.**
- **We now revise our UK store target to at least 950 stores.**

Case studies of more affluent catchments

ABINGDON

*Demographic: **35%** C2DE*

Location: Out of Town Retail Park

Opening Date: Sept 2014

Payback before WC: 8 months

Payback after WC: 15 months

UK National Average is 46% C2DE

WATFORD

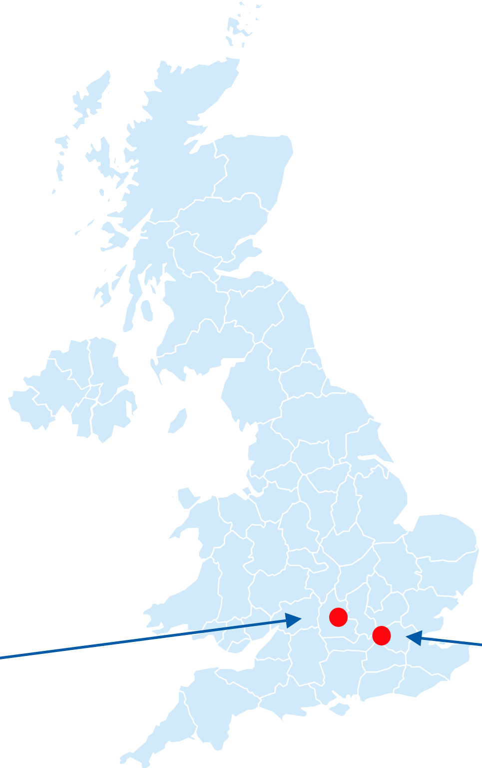
*Demographic: **41%** C2DE*

Location: Town Centre, High Street

Opening date: Nov 2013

Payback before WC: 11 months

Payback after WC: 19 months



Our model now resonates with middle-class shoppers, an opportunity for future growth

Advertising Update

Q3

Q4

- T.V. Advertising helped deliver best ever Christmas
- Regions without T.V. also performed very well

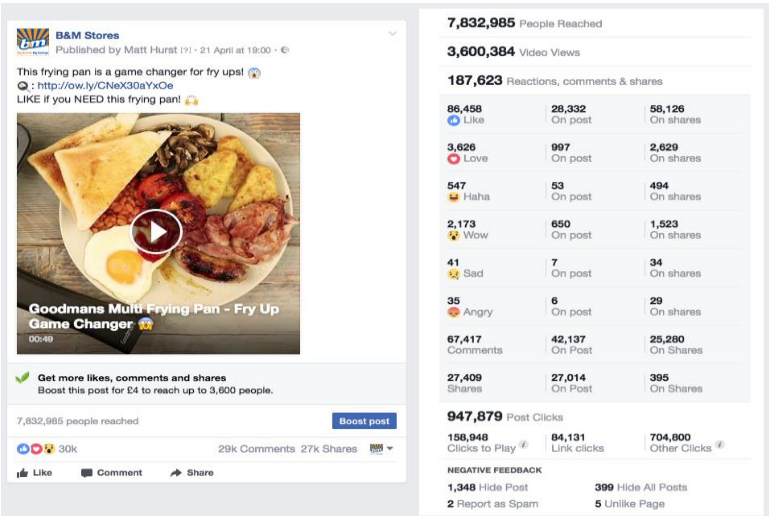
- Modest trial campaigns to support Furniture, Spring Clean and Pet events
- Regions without T.V. also performed strongly, as did months with no activity
- Delivered an increase in brand awareness

Digital Marketing Update

WEBSITE

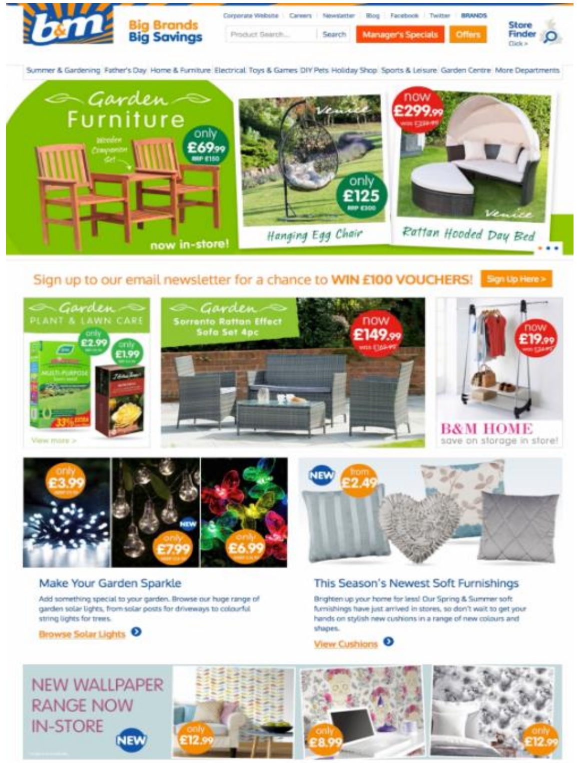
- Features c. 2,000 products and updated daily with new arrivals
- Mobile version is 65% of traffic
- April 2017 saw 4.9m visits, +46% on April 2016
- Most popular pages are Seasonal and Home/Furniture listings

SOCIAL MEDIA



- Active, content-rich and engaging content, e.g. 3.6m frying pan video views
- April 2017
  - 1.1 million Facebook friends
  - 102k Instagram followers

NEWSLETTER



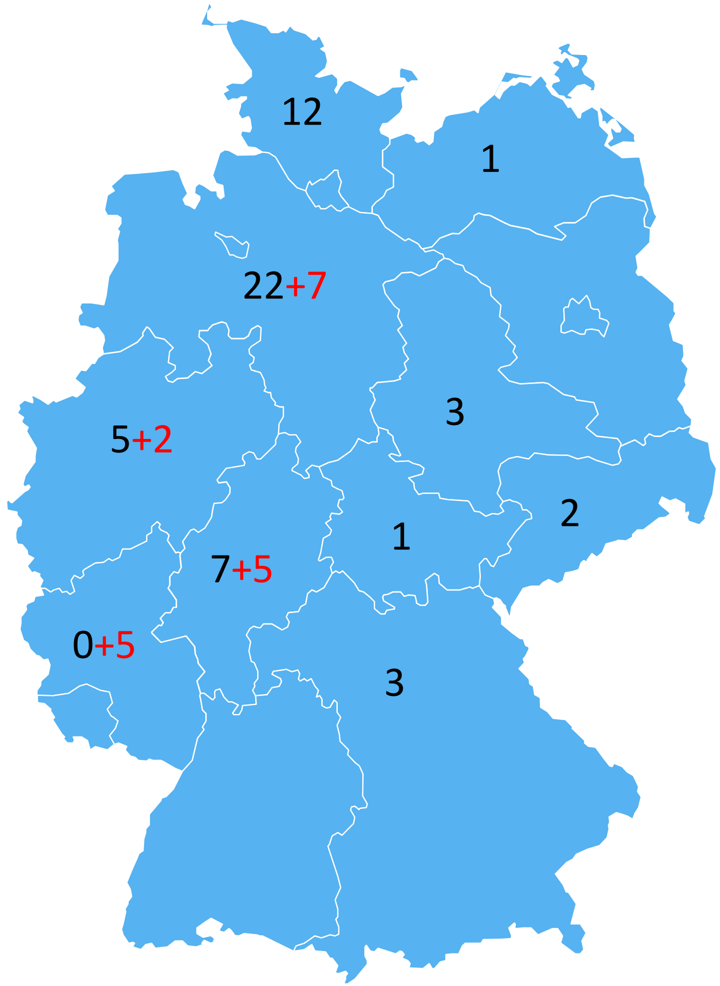
- An opt-in email newsletter
- Over 670,000 sent out twice a week

International Expansion - Germany

SUMMARY

- *Delivered € revenue growth of 17.1%,*
- *19 new stores opened in the year including small store format*
- *15 organic new store openings planned for FY2018*
- *Continued expansion of direct product sourcing and learnings to date*
- *Warehouse extension operational from June 2017*
- *Investments made in head office infrastructure and commercial teams; acquisition and integration of 9 store Knuller chain arising from retirement sale*

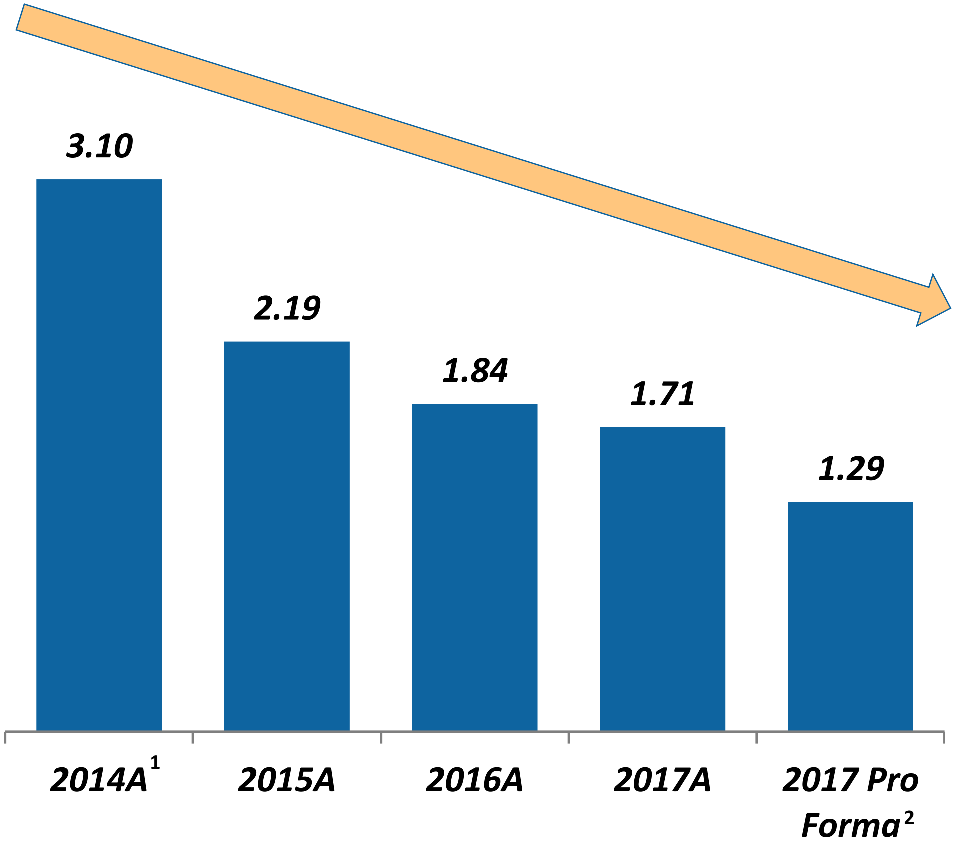
CURRENT FOOTPRINT – GERMANY



Number of Stores by Region with new stores highlighted in red

Capital Structure

DE-LEVERAGING PROFILE



3 Years since IPO:
Revenue +90%
Adjusted EBITDA +85%
164 UK New Stores Opened

CAPITAL ALLOCATION FRAMEWORK

STORE ROLLOUT

ORDINARY DIVIDEND

M&A OPTIONALITY

RETURN SURPLUS CASH TO SHAREHOLDERS

Note 1: The 3.1x in 2014A is a pro-forma figure reflecting the post IPO capital structure. The actual at March-14 was 3.3x
Note 2: The 1.29x is a pro forma figure showing the leverage if the £100m special dividend had not been paid

Outlook for 2018

- UK market remains competitive but relatively stable, with discount retail formats winning

- UK LFL for the first 7 weeks of FY18 is materially ahead of H2 LFL, but too early to predict Summer season

- Continued strong cash generation and capacity to carry out modest M+A or return cash to shareholders

- On track with our plans for the business in FY2018, by focusing on our ability to deliver great value for money to our existing and new customers