13 November 2018

B&M European Value Retail S.A.

Interim Results Announcement

Solid first half and start to H2

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its interim results for the 26 weeks to 29 September 2018.

HIGHLIGHTS

- Group revenues increased by +16.1% to £1,563.0m, +16.0% at constant currency[1]
- B&M[2] UK revenues were up +7.1%, which includes like-for-like revenues[3] of +0.9% on an underlying basis[4] excluding the non-comparable Easter trading week which fell in week 53 of FY18. Like-for-like revenues were flat if no adjustment is made for the non-comparable Easter trading week
- At the start of Q3 like-for-like sales growth so far in B&M fascia stores in the UK has been similar to H1, and the business is well placed for the "golden quarter" trading
- Group adjusted EBITDA[5] increased by 13.5% to £131.8m (FY18: £116.1m) and the B&M UK adjusted EBITDA[5] increased by +12.1%
- Profit before tax increased by 32.5% to £115.0m (FY18: £86.8m)
- Earnings per share 9.3p, an increase of 36.8% (FY18: 6.8p). Adjusted Diluted earnings per share[5] 8.0p, up 14.3% (FY18: 7.0p)
- Cash flow from operations £67.0m (FY18: £44.2m), reflecting EBITDA[5] growth and working capital discipline
- Interim dividend[6] increased by 12.5% to 2.7p per share (FY18: 2.4p per share) to be paid on 21 December 2018
- 22 gross new B&M UK store openings of which 5 are relocations (net 15 after 2 closures) and on track to open at least 58 gross new B&M stores this financial year
- German business, Jawoll, opened 2 new stores in the period, and on track to open 10 new stores this financial year
- Jawoll's revenue growth was +4.1%, although margin was impacted as expected by clearance activity on old stock lines as Jawoll introduces more B&M sourced products
- Heron Foods has continued to trade well and opened 9 gross new stores, net 4 and on track to open at least 20 gross new stores this financial year
- Babou, a value retailer in France, acquired in October 2018 with 95 stores, providing a platform for future growth in a large and attractive market

Simon Arora, Chief Executive, said,

"B&M has delivered a good first half performance. The core B&M fascia stores made good progress and we have made a solid start in the second half of the financial year. Heron Foods has grown strongly

in the UK, and in Jawoll the new management team is now utilising the B&M supply chain, with clear early signs that customers are responding positively to the new products.

I'm delighted that having completed our recent purchase of Babou in France, we are now positioned to expand B&M's disruptive, value-led model in Europe's three largest consumer markets.

With the core B&M UK business having had a record half year performance, we are well placed to prosper in a difficult and uncertain retail environment."

Financial Results (unaudited)

	H1 FY 2019[7]	H1 FY 2018[7]	Change
Total Group revenues	£1,563.0m	£1,346.4m	+16.1%[8]
B&M	£1,276.7m	£1,192.0m	+7.1%
Jawoll	£111.2m	£106.8m	+4.1%
Heron[8]	£175.1m	£47.5m	+268.4%
Total Group revenues at constant currency[1]	-	-	+16.0%
Number of stores			
Group	948	893	+6.2%
B&M	591	552	+7.1%
Jawoll	88	82	+7.3%
Heron	269	259	+3.9%
Adjusted EBITDA[5]	£131.8m	£116.1m	+13.5%
B&M	£120.8m	£107.8m	+12.1%
Jawoll	£1.1m	£5.9m	-80.8%
Heron[8]	£9.9m	£2.4m	+311.6%
Adjusted EBITDA[5] margin %	8.4%	8.6%	(19)bps
Profit before tax	£115.0m	£86.8m	+32.5%
Adjusted profit before tax[5]	£98.8m	£89.7m	+10.2%
Adjusted diluted EPS[5]	8.0p	7.0p	+14.3%
EPS	9.3p	6.8p	+36.8%

Ordinary dividends[6]	2.7p	2.4p	12.5%

[1] Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.

[2] References in this announcement to the B&M business, includes the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business, includes both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.

[3] Like-for-like revenues relates to the B&M estate only and includes each store's revenue for that part of the current period that falls at least 14 months after it opened; compared with its revenue for the corresponding part of the previous period. This 14 month approach has been taken as it excludes the two month halo period which new stores experience following opening.

[4] The underlying like-for-like calculation excludes the Good Friday Easter week's trading from the previous financial year, as there was no Good Friday Easter week in the current financial year.

[5] The Directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. Further details can be found in notes 3 and 5.

[6] Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%.

[7] The H1 FY 2019 figures represent the 26 week performance to 29 September 2018 and the H1 FY2018 figures represent the 26 week performance to 23 September 2017.

[8] For the prior period in FY 2018, Heron Foods was only part of the Group for 8 weeks out of the whole 26 week period. Total Group revenues in the 26 week period to 29 September 2018 excluding Heron Foods were £1,387.9m, being an increase of 6.9% compared with the 26 week period to 23 September 2017. The operating costs of the Group for Heron Foods in the 26 week period to 29 September 2018 were £45.4m excluding depreciation.

[9] Net capital expenditure includes the purchase of property, plant and equipment, intangible assets and proceeds of sale of any of those items.

[10] Net debt was £588.4m at the period end. This can be reconciled as £637.6m of gross debt (note 10) and £8.4m of finance leases, £6.9m of overdraft netted against £64.5m of cash.

Analyst Meeting & Webcast

An Analyst Meeting in relation to the Interim Results will be held today at 8.30 am (UK) by invitation only at:

Bank of America Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

The meeting can be accessed live via a dial-in facility on:

UK & International: +44 (0) 330 336 9105

US: +1 323 794 2093

Participant Pin Code: 3218596

A simultaneous audio webcast and presentation slides will be available via the B&M corporate website at www.bandmretail.com

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Notes to editors

B&M European Value Retail S.A. is a variety retailer with 598 stores in the UK operating under the "B&M" brand, 274 stores under the "Heron Foods" and "B&M Express" brands, 90 stores in Germany primarily operating under the "Jawoll" brand, and 95 stores in France operating under the "Babou" brand as at 3 November 2018. It was admitted to the FTSE 250 index in June 2015.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information please visit www.bmstores.co.uk

OVERVIEW

The business has made solid progress, both financially and strategically, in the first half of the year. B&M and Heron Foods have carried on rolling out new stores and built a strong future new store pipeline, whilst delivering solid progress in revenues and profits. Work on our large new distribution centre in Bedford is also on track. In Germany the early work by the new management team on improving the Jawoll product offer, aligning it more closely with B&M's, has been received well by customers. We have also taken an important step into another major European market with the acquisition of the Babou chain of 95 stores in France last month.

Financial Performance

Group revenues for the 26 weeks ended 29 September 2018 grew by +16.1% to £1,563.0m and by +16.0% on a constant currency basis[1].

B&M UK

In the B&M store estate in the UK, revenues grew by +7.1% to £1,276.7m, (FY18 H1: £1,192.0m) with that growth being driven by the continued successful execution of our new store opening programme, with 15 net new stores opened in the first half of the financial year and the annualisation of the net 39 new stores opened in FY2018.

Like-for-like ("LFL") sales in the first half of the year were +0.9% on an underlying basis[4], excluding the non-comparable Easter week in the prior year. They were flat if no adjustment is made for the non-comparable Easter trading week. The underlying LFL performance of +3.6% in the first quarter was pleasing, but we saw a slowdown in July and August LFL having sold through much of our Gardening and Outdoor product categories earlier than we normally would. Our August end of season sale was much less significant than last year due to limited Gardening and Outdoor product left in stores. LFL sales returned to growth in September as the new Autumn/Winter product ranges were delivered into stores.

There were a total of 22 new store openings and 7 store closures in the first half of FY19. The 7 store closures included 5 relocations as we have continued to take advantage of opportunities presented by the current retail property market to relocate stores to larger and more modern premises, with higher levels of store contribution. As previously indicated, the new store opening programme is weighted to the second half of FY19 and we expect to open at least 58 gross new stores of which 5 will be relocations in the full year. The UK new store performance and returns continue to remain attractive.

Gross margins improved by 53bps relative to last year in the period, with the margin benefitting from reduced levels of clearance activity on Gardening and Outdoor products as a result of the strong sell through in the first quarter following the hot summer that the UK enjoyed. We are however still continuing to see a shift in the sales mix towards the lower margin grocery and FMCG products as the consumer continues to seek value. We expect that this will remain a factor in the second half of the year, as will achieving a satisfactory sell-through of seasonal Winter products.

Operating costs excluding depreciation and amortisation increased by 7.6% to £316.1m, (FY18: £293.8m) and costs as a percentage of revenues increased by 11bps to 24.8%, and we continue to pro-actively manage our cost base. We have seen some operating leverage in the store cost base with the impact of the National Living Wage having been mitigated by productivity improvements. However, our transport and distribution costs as a percentage of sales have worsened by 25bps as a result of inflationary cost increases in both fuel and staff expenses.

In the B&M business[2], the adjusted EBITDA[5] increased by 12.1% to £120.8m (FY18: £107.8m) and the adjusted EBITDA[5] margin increased by 42bps to 9.5%.

Jawoll

In our German business Jawoll, revenues grew to £111.2m, which was a +4.1% increase over the £106.8m achieved in FY18 (+3.5% in local currency). The increase in sales has been driven by a modest improvement in the like-for-like sales performance and the annualisation of the FY18 new store openings. While awaiting the benefit of greater sourcing from the B&M supply chain, we have only opened 2 new stores in FY19 and both were towards the end of the period.

The first half of the year has been a period of change at Jawoll with the new management team accelerating the changes in the product offer to products sourced from the B&M supply chain on general merchandise lines whilst also clearing old slow-moving stocks to allow the new products to be displayed in store.

The gross margin percentage at Jawoll was impacted by the clearance activity and was 292bps lower than last year at 33.8%, in line with planned levels. The clearance activity has been successful and although there is still some further stock to clear, we would expect to see some margin progression during the second half of the year as the increased mix of B&M sourced products has a positive impact on performance.

The move to increased direct sourcing in Germany has also led to some short term increases in warehousing costs and this, combined with the clearance activity, has resulted in a decrease in the adjusted EBITDA[5] of 80.8% to £1.1m (FY18: £5.9m).

Heron Foods

Our discount convenience chain, Heron Foods[2], generated revenues of £175.1m, compared to the £47.5m achieved in the two months of ownership in FY18[8]. The business continues to perform well and has maintained good like-for-like sales momentum, with the ambient food ranges in particular performing strongly. There have been 4 new store openings this year, increasing the number of stores to 269 at the end of the first half and we expect to have opened at least 20 stores in the full year.

The adjusted EBITDA[5] was £9.9m, which compares to the £2.4m in the part period of ownership in FY18 and the EBITDA margin improved by 59bps to 5.6%.

Group

The operating costs of the Group in the first half of FY19, excluding depreciation and amortisation, grew by 17.1% to £397.9m, including new store pre-opening costs. Depreciation and amortisation expenses grew by 36.9% to £21.8m, reflecting the investment in new stores and the additional depreciation on the non-comparable period relating to Heron Foods.

Overall Group adjusted EBITDA[5] increased by 13.5% to £131.8m. In the B&M business, the adjusted EBITDA[5] increased by 12.1% to £120.8m (FY18: £107.8m). In Germany the adjusted EBITDA decreased by 80.8% to £1.1m and an additional adjusted EBITDA[5] of £7.5m was contributed by Heron Foods.

The net interest charges were £11.2m, which compares to £10.5m in the same period in FY18, reflecting the increase in UK LIBOR rates on the Group's loan and revolving credit facilities as well as the additional interest charge on the loan facilities that remained in place following the acquisition of Heron Foods in August 2017.

The Group's net capital expenditure was £40.3m[9] which was principally driven by the Group's new store opening programme, having opened 28 stores, including relocations across the Group. An additional £8.1m has been incurred on freehold store properties in order to secure specific sites, with the intention of entering into sale and lease backs of these properties in early 2019 in keeping with the Group's capital light property strategy. A further £1.7m has been incurred on the new Southern warehouse as building works on the site have now commenced.

The cash flow from operations was £67.0m, which was an increase of 51.5% from the comparable period last year, with the Group benefitting from the improvement in the EBITDA performance and tight working capital disciplines.

The business continues to de-lever and net debt[10] to adjusted annualised EBITDA was 2.0 times at the end of September 2018, which compares to 2.2 times at the end of September 2017, (this included a pro forma adjustment following the Heron Foods acquisition). This de-leveraging profile is despite the £64.8m that has been incurred on freehold stores and the expenditure on the Southern Distribution Centre land and buildings in the last 12 months.

The Group acquired Paminvest SAS in October 2018, which trades under the name of Babou Stores and operates in France, together with its third party distribution services provider, for a combined acquisition price of €94.1m and with an EBITDA of €24.7m for the year ending January 2018. The acquisition was financed by an additional loan facility secured by the Group with an additional annual interest charge of £1.5m. We would expect that the Group would continue to remain below its 2.25 times net debt to adjusted annualised EBITDA leverage target.

Dividend

An interim dividend of 2.7p per Ordinary Share will be paid on 21 December 2018 to shareholders on the register at 23 November 2018 which is an increase of 12.5% on the prior year (FY18: 2.4p). The dividend payment will be subject to a Luxembourg withholding tax of 15%.

Shareholders and Depository Interest holders can obtain further information on the methods of receiving their dividends on our website www.bandmretail.com or by visiting the website of our Registrar, Capita Asset Services at www.capitashareportal.com

Strategic Development

We are excited about the opportunities for B&M to be one of the winners in the structural shift towards value retail which we also see taking place across Europe. Successful, profitable general merchandise discount formats are emerging in major markets as economic pressures and profound changes in retailing provide fertile conditions in which they can grow. In the UK we are already one of the leading value retailers. We now also have a strengthening platform in Germany, as we apply more fully the B&M sourced general merchandise to our Jawoll business there. The recent acquisition of Babou in France provides us with a solid base from which to build out a strong position in another large European consumer market, whilst allowing buying synergies between our German and French retail operations.

1. Deliver great value to our shoppers

   B&M's unique sourcing model and low operating costs are vital elements of our competitiveness. We can offer great value to our customers week-in, week-out because of our disciplined approach to keeping our running costs low, buying in large volumes direct from factories and stocking only a limited assortment of the best-selling products at any one time. The B&M model is a profitable one only because of the rigour we apply to keeping costs and therefore prices down. Over the last two years we have worked hard to minimise the impact on our customers of the return of inflation to UK retailing, and they have rewarded us by returning regularly to our stores at a time when many other retailers are experiencing sharp reductions in footfall.

2. Investing in new stores

   Whilst our UK store network continues to expand both in our heartland areas and in towns and cities where we are not represented, there remain many areas where we see profitable opportunities for future expansion ahead of us into the long term. Whether we open for the first time in a town or in an area where we are well-established, the customer response remains the same; they will visit and buy regularly from us. That is why our model is profitable and high-returning, and it is also why we see the potential for at least 950 B&M stores (excluding Heron Foods and B&M Express) across the UK from our current base of 591.

   We are expanding at a rapid but controlled pace, focused on maintaining the high quality of our stores and sites, which has underpinned our success to date. We opened 22 new stores in the first half of the financial year and the customer response to those stores has been pleasing. This year's new store programme was planned to be more heavily weighted towards the second half of the financial year because of the growing proportion of purpose-built units and we are on track to exceed our initial forecast of 50 new stores (before relocations and closures). We now expect to open at least 58 new stores, offset by the 5 relocations (typically where a lease expiry means we can move to a larger, more profitable unit nearby) and the 2 closures already completed in the first half of the year. Our forward pipeline of new stores also remains strong.

   It is now a little over a year since we acquired Heron Foods, which is a complementary brand and format to B&M, because it operates in neighbourhood locations with small catchment sizes and customers who typically walk less than a mile to a store. Heron Foods has continued to perform well and it has fully confirmed our confidence in its ability to expand as it broadens its geographic footprint, as well as providing the infrastructure for B&M stores to broaden its offer successfully into the frozen and chilled food categories. Heron Foods opened 4 new stores in the first half of the financial year and is on track to open a total of 20 in the year as a whole.

   In Germany, Jawoll opened just 2 new stores. Given the need for the new management team to focus on the priority of improving the product range, the new store programme has temporarily been slowed down. As the proportion of the range direct-sourced through the B&M supply chain rises, as planned, in the months ahead and as old inventory is cleared from stores and the distribution centre, a modest programme of new store openings will resume. A further 8 new stores are planned in the remainder of the year. Also a strong pipeline of new sites has been secured and the new stores programme can be accelerated from next year when the changes to the ranges are nearing completion.

3. Develop our international business

   We have made important progress with our ambition to develop a substantial international business. In Germany, the new management team under Christian Müller has now been in place for several months and they have made significant progress in improving the Jawoll product offer. Inevitably, the need to discontinue slow selling old stock in the business has disrupted trade in the short term. This has reduced profitability in the first half of the financial year, but the early signs are that customers are buying the new products. As the weighting of the new ranges in the mix grows quickly in the months ahead, our confidence is growing that the reshaped offer will resonate well with German consumers.

   The acquisition of the 95-strong Babou store chain in France last month gives us a platform to build a business in a third large European consumer market, in which a number of privately-owned but profitable and growing general merchandise discount participants are already doing well. Importantly, we are applying the lessons learned in Germany from the start by having recruited an experienced new CEO, Cedric Mahieu, who has been working already with the B&M team for several months developing a full understanding of our model as well as preparing a comprehensive integration plan for the acquired business. The store base and infrastructure of Babou fits well with our requirements and although some changes will be made to the offer for customers as we apply the B&M approach, the costs associated with these changes have been built into our plans from the outset.

4. Investment in our people and infrastructure

   We are now well into the construction phase of the c.1 million square feet Southern Distribution Centre in Bedford which we have invested in to ensure we have sufficient long-term supply chain capacity ahead of us for. The works on new additional facility are on track for opening in May 2019.

   We are investing in a digital technology work management system, which will be trialled in our B&M stores initially in the New Year. This enable store managers to plan work schedules for colleagues more efficiently using digital technologies and apps. It is expected to bring productivity gains in FY2020.

   We have continued to invest in senior management positions across our business as it continues to grow, with senior Retail Operations and Buying team appointments in B&M in the UK. We have recruited a new CEO for the French business and have a number of senior recruitments taking place in its management teams currently.

Outlook

Trading conditions across the retail sector remain challenging, driven by a combination of sluggish economic growth in our core UK market, profound structural change in the retail industry and the uncertainty around Brexit. In that context though, B&M remains a clear winner and is well-positioned to extend its strong 13 year track record of profitable growth as consumers seek out value.

Much remains to be done in our German business before we can realise the significant potential we see in the German market with Jawoll. We see promising signs that the new management team are making the necessary changes to the product offering successfully. The second half of this financial year will give us an accurate basis to gauge Jawoll's progress, but the early indications, in particular the performance of new B&M-sourced ranges, are encouraging.

I am delighted that after a lengthy period of study, dialogue and negotiation, we have been able to establish a good foothold in a new, large market for the Group with the acquisition of Babou. France offers exciting potential for growth with a profitable existing value retail sector performing well, in which we expect to develop in the years ahead. Babou is a good platform from which B&M can participate in that growth and can pursue further its international ambitions.

In recent months we have met the challenge of trading against last year's exceptionally strong performance, and the effects of a long warm summer which has partly disrupted the normal pattern of trade. While the important Christmas trading period lies ahead, we are well placed to prosper in a difficult and uncertain retail environment.

Principal Risks and Uncertainties

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause our actual results to materially differ from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the annual report for the year ended 31 March 2018.

These risks comprise high levels of competition, the broader economic environment and market conditions, failure to comply with laws and regulations, failure to maintain and invest in key infrastructure, inherent risks in international expansion, disruption to key IT systems, cyber security and business continuity, credit risk and liquidity, fluctuations in commodity prices and cost inflation, disruption in supply chain, failure of stock management controls key management reliance, availability of suitable new stores, and regulatory, tax and customs effects generally on the UK's exit from the EU.

Whilst the uncertainties around Brexit are well documented elsewhere, we are relatively better placed than others as our supply chains do not materially depend on trade flows between the UK and continental Europe. We also have currency hedging policies in place to withstand short-term volatility in the value of Sterling against the US Dollar being the principal currency in which we procure goods from the Far East.

Detailed explanations of these risks are set out on pages 26 to 29 of the Annual Report 2018 which is available at www.bandmretail.com

Simon Arora
Chief Executive
13 November 2018

Consolidated statement of Comprehensive Income

	Note	**26 weeks ended 29 September 2018 £'000**	26 weeks ended 23 September 2017 £'000	53 weeks ended 31 March 2018 £'000
Revenue	2	**1,562,960**	1,346,372	3,029,802
Cost of sales		**(1,033,275)**	(890,471)	(2,000,927)
Gross profit		**529,685**	455,901	1,028,875
Administrative expenses		**(403,253)**	(357,693)	(789,072)
Operating profit		**126,432**	98,208	239,803
Share of profits of investments in associates		**879**	-	1,711
Profit on ordinary activities before interest and tax		**127,311**	98,208	241,514
Finance costs		**(12,333)**	(11,411)	(23,948)
Finance income		**53**	32	182
Gain on revaluation of financial instrument		**-**	-	11,568
Profit on ordinary activities before tax		**115,031**	86,829	229,316
Income tax expense		**(22,087)**	(18,490)	(43,511)
Profit for the period		**92,944**	68,339	185,805
Attributable to non-controlling interests		**(282)**	435	(78)
Attributable to owners of the parent		**93,226**	67,904	185,883
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiary and associate accounts		**1,989**	1,636	205
Fair value movements recorded in the hedging reserve		**17,925**	(17,004)	(15,659)
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain on the defined benefit pension scheme		**-**	-	21
Tax effect of other comprehensive income		**(2,907)**	3,231	2,470
Total comprehensive income for the period		**109,951**	56,202	172,842
Attributable to non-controlling interests		**13**	759	119
Attributable to owners of the parent		**109,938**	55,443	172,723
Earnings per share				
Basic earnings attributable to ordinary equity holders (pence)	5	**9.3**	6.8	18.6
Diluted earnings attributable to ordinary equity holders (pence)	5	**9.3**	6.8	18.6

All operations are classified as continuing. The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of Financial Position

	Note	29 September 2018 £'000	23 September 2017 £'000	31 March 2018 £'000
Assets				
Non-current				
Goodwill	7	**930,279**	929,476	929,718
Intangible assets	7	**121,378**	121,009	120,962
Property, plant and equipment	8	**326,981**	242,844	308,653
Investments accounted for using the equity method		**6,498**	4,520	5,140
Other receivables		**2,362**	3,434	3,187
Deferred tax asset		**2,360**	6,011	5,654
		1,389,858	1,307,294	1,373,314
Current				
Cash and cash equivalents		**64,523**	65,606	90,816
Inventories		**601,741**	539,260	558,690
Trade and other receivables		**50,575**	67,137	34,042
Other current financial assets		**16,466**	1,508	-
Income tax receivable		**2,528**	-	-
		735,833	673,511	683,548
Total assets		**2,125,691**	1,980,805	2,056,862
Equity				
Share capital	9	**(100,056)**	(100,048)	(100,056)
Share premium		**(2,474,249)**	(2,474,131)	(2,474,249)
Merger reserve		**1,979,131**	1,979,131	1,979,131
Retained earnings		**(372,677)**	(232,794)	(327,073)
Legal reserve		**(10,010)**	(10,000)	(10,000)
Put/call option reserve		**13,855**	13,855	13,855
Hedging reserve		**(486)**	15,123	14,532
Foreign exchange reserve		**(9,527)**	(9,137)	(7,833)
Non-controlling interest		**(13,705)**	(14,332)	(13,692)
		(987,724)	(832,333)	(925,385)
Non-current liabilities				
Interest-bearing loans and borrowings	10	**(557,960)**	(559,891)	(558,426)
Finance lease liabilities		**(6,456)**	(8,293)	(7,306)
Other financial liabilities		**-**	(29,569)	(19,209)
Other liabilities		**(88,388)**	(85,794)	(87,130)
Deferred tax liabilities		**(25,077)**	(23,231)	(24,495)
Provisions		**(480)**	(1,571)	(379)
		(678,361)	(709,349)	(696,945)
Current liabilities				
Interest-bearing loans and borrowings	10	**(75,212)**	(71,432)	(47,212)
Overdrafts		**(6,934)**	(7,941)	(6,112)
Trade and other payables		**(327,069)**	(315,991)	(336,072)
Finance lease liabilities		**(1,909)**	(1,923)	(1,870)
Other financial liabilities		**(20,980)**	(20,135)	(16,666)
Income tax payable		**(21,768)**	(15,864)	(19,677)
Provisions		**(5,734)**	(5,837)	(6,923)
		(459,606)	(439,123)	(434,532)
Total liabilities		**(1,137,967)**	(1,148,472)	(1,131,477)
Total equity and liabilities		**(2,125,691)**	(1,980,805)	(2,056,862)

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 9 November 2018 and signed on their behalf by:

S. Arora, Chief Executive Officer.

Consolidated statement of Changes in Shareholders’ Equity

	Share capital £'000	Share premium £’000	Retained earnings £'000	Hedging reserve £'000	Legal reserve £'000	Merger reserve £’000	Foreign exchange reserve £'000	Put/call option Reserve £’000	Non-control.. interest £’000	Total Share-holders’ equity £'000
Balance at 25 March 2017	100,000	2,472,482	204,077	(1,350)	10,000	(1,979,131)	7,825	(13,855)	13,573	813,621
Dividend payments to owners	-	-	(39,000)	-	-	-	-	-	-	(39,000)
Effect of share options	48	1,649	(187)	-	-	-	-	-	-	1,510
Total for transactions with owners	48	1,649	(39,187)	-	-	-	-	-	-	(37,490)
Profit for the period	-	-	67,904	-	-	-	-	-	435	68,339
Other comprehensive income	-	-	-	(13,773)	-	-	1,312	-	324	(12,137)
Total comprehensive income for the period	-	-	67,904	(13,773)	-	-	1,312	-	759	56,202
Balance at 23 September 2017	100,048	2,474,131	232,794	(15,123)	10,000	(1,979,131)	9,137	(13,855)	14,332	832,333
Dividend payments to owners	-	-	(24,013)	-	-	-	-	-	-	(24,013)
Effect of share options	8	118	299	-	-	-	-	-	-	425
Total for transactions with owners	8	118	(23,714)	-	-	-	-	-	-	(23,588)
Profit for the period	-	-	117,979	-	-	-	-	-	(513)	117,466
Other comprehensive income	-	-	14	591	-	-	(1,304)	-	(127)	(826)
Total comprehensive income for the period	-	-	117,993	591	-	-	(1,304)	-	(640)	116,640
Balance at 31 March 2018	100,056	2,474,249	327,073	(14,532)	10,000	(1,979,131)	7,833	(13,855)	13,692	925,385
Dividend payments to owners	**-**	**-**	**(48,027)**	**-**	**-**	**-**	**-**	**-**	**-**	**(48,027)**
Effect of share options	**-**	**-**	**415**	**-**	**-**	**-**	**-**	**-**	**-**	**415**
Transfer to legal reserve	**-**	**-**	**(10)**	**-**	**10**	**-**	**-**	**-**	**-**	**-**
Total for transactions with owners	**-**	**-**	**(47,622)**	**-**	**10**	**-**	**-**	**-**	**-**	**(47,612)**
Profit for the period	**-**	**-**	**93,226**	**-**	**-**	**-**	**-**	**-**	**(282)**	**92,944**
Other comprehensive income	**-**	**-**	**-**	**15,018**	**-**	**-**	**1,694**	**-**	**295**	**17,007**
Total comprehensive income for the period	**-**	**-**	**93,226**	**15,018**	**-**	**-**	**1,694**	**-**	**13**	**109,951**
Balance at 29 September 2018	**100,056**	**2,474,249**	**372,677**	**486**	**10,010**	**(1,979,131)**	**9,527**	**(13,855)**	**13,705**	**987,724**

Consolidated statement of Cash Flows

	Note	**26 weeks ended 29 September 2018 £'000**	26 weeks ended 23 September 2017 £'000	53 weeks ended 31 March 2018 £'000
Cash flows from operating activities				
Cash generated from operations	11	**66,981**	44,208	241,993
Income tax paid		**(21,548)**	(22,174)	(43,996)
Net cash flows from operating activities		**45,433**	22,034	197,997
Cash flows from investing activities				
Purchase of property, plant and equipment		**(39,104)**	(24,648)	(111,268)
Purchase of intangible assets		**(1,220)**	(2,461)	(3,362)
Business acquisitions net of cash acquired		**-**	(106,436)	(106,436)
Sale of shares in Home Focus Group		**-**	-	310
Proceeds from the sale of property, plant and equipment		**210**	129	554
Finance income received		**2**	32	182
Dividends received from associates		**-**	1,149	1,149
Net cash flows from investing activities		**(40,112)**	(132,235)	(218,871)
Cash flows from financing activities				
Net receipt of Group revolving bank loans		**28,000**	70,000	45,000
Net repayment of Heron revolving bank loans		**(1,191)**	(8,354)	(9,790)
Finance costs paid		**(10,257)**	(9,881)	(20,192)
Receipt from exercise of employee share options		**-**	1,300	1,320
Capitalised fees on refinancing		**-**	(1,137)	(1,647)
Dividends paid to owners of the parent		**(48,027)**	(39,000)	(63,013)
Repayment of finance lease		**(960)**	(613)	(1,651)
Net cash flows from financing activities		**(32,435)**	12,315	(49,973)
Net decrease in cash and cash equivalents		**(27,114)**	(97,886)	(70,847)
Cash and cash equivalents at the beginning of the period		**84,704**	155,551	155,551
Cash and cash equivalents at the end of the period		**57,589**	57,665	84,704
Cash and cash equivalents comprise:				
Cash at bank and in hand		**64,523**	65,606	90,816
Overdrafts		**(6,934)**	(7,941)	(6,112)
		57,589	57,665	84,704

Notes to the financial information

1 General information and basis of preparation

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's last set of consolidated accounts released by the ultimate controlling party, B&M European Value Retail S.A. (the "company"), a company listed on the London Stock Exchange and incorporated in Luxembourg.

The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (DTR) and with International Accounting Standard (IAS) 34 – "Interim Financial Reporting" as endorsed by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany.

The principal accounting policies have remained unchanged from the prior financial information for the Group for the period to 31 March 2018, except that at the start of the financial year the Group adopted IFRS 15 ' Revenue from contracts with customers' and IFRS 9 'Financial Instruments', neither of which has had any impact on the comparative information.

The financial statements for B&M European Value Retail S.A. for the period to 31 March 2018 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

The financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

This consolidated financial information does not constitute statutory financial statements.

Basis of consolidation

This Group financial information consolidates the financial information of the company and its subsidiary undertakings together with the Group's share of the net assets and results of associated undertakings for the period from 1 April 2018 to 29 September 2018. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

The directors report that, having reviewed current performance and forecasts, they are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, being for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Critical judgments and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

<u>Impairment of non-financial assets</u>
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, have been disclosed in the company's annual report.

<u>Investments in Associates</u>
Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management to be an associate rather than a subsidiary or a joint venture. Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, B&M Group does not have voting rights or substantive rights. Therefore the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated financial statements.

<u>Put/call options on Jawoll non-controlling interest</u>
The purchase agreement for Jawoll in April 2014 included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contain a variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options.

A financial liability has been recognised carried at amortised cost to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and interpretations applied and not yet applied by the Group

IFRS 9 'Financial instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and simplifies the classification of financial assets for measurement purposes.

The Group has applied IFRS 9 from 1 April 2018. There is no impact on the income statement or balance sheet from the adoption of IFRS 9.

Accounting policy for Financial Instruments

IFRS 9 eliminates the previous IAS 39 category for financial assets of loans and receivables. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss or fair value though other comprehensive income.
A financial asset is measured at amortised cost if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Under IFRS 9 trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

IFRS 9 introduces an 'expected loss' model ('ECL') for recognising impairment of financial assets held at amortised cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group performs the calculation of expected credit losses separately for each customer group.

The Group assesses whether a financial asset is in default on a case by case basis when it becomes probable that the customer is unlikely to pay its credit obligations.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

The Group has applied IFRS 15 from 1 April 2018 using the cumulative effective method (without practical expedients), with the effect of initially applying this standard being recognised at the date of initial application (1 April 2018). Comparative information has therefore not been restated.

Under IAS 18 revenue was recognised either over time where there was continuing service provided to the customer or at the point in time when the risks and rewards of ownership transferred to the customer. Under IFRS 15 revenue is recognised when performance obligations are satisfied. For the Group the transfer of control under IFRS 15 and satisfaction of performance obligations remains consistent with the transfer of risks and rewards to the customer under IAS18. Consequently, there were no profit or loss impacting adjustments required on application of IFRS 15.

Accounting policy for Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised at the initial point of sale goods to the customers, when the risks and rewards of the ownership of the goods has passed to the buyer. Revenue is stated net of discounts, rebates, refunds and value-added tax.

Revenue principally represents the amounts receivable from customers for goods supplied. The vast majority of goods are supplied immediately at the point of sale in a retail store environment, and therefore performance obligations are considered to have been met at the point of sale.

IFRS 16 'Leases'

IFRS 16 Leases will be applicable for periods starting after 1 January 2019 and will apply to the Group's accounts commencing 31 March 2019. This standard will significantly affect the presentation of the Group financial statements as we have over 900 active property leases (primarily related to the Group's store estate) as well as a smaller commitment for other operating leases.

The Group has considered the implications of IFRS 16 on the Group's consolidated results and has developed a model to account for changes required to be made by the new standard.

Whilst the detailed data has not been audited, the overall model has been reviewed by the Group auditors including the assumptions and the calculations within the model.

At this stage, and subject to several factors, including the accounting definition of the retrospective application of cash flows, the impact of the Group's past restructuring, the finalisation of specific discount rates and auditor approval, we expect to use either the full retrospective or modified retrospective approach.

Both methods will lead to a significant brought forward retained earnings adjustment representing the recognition of a liability that exceeds the recognised asset.

Specifically;

Our Statement of Financial Position will include a liability equal to the present value of all future lease commitments and a corresponding right-of-use asset. Due to discounting it is expected that the liability will be significantly in excess of the asset. Our gross operating lease commitment as at March 2018 was £1,257.8m, £1,239.1m of which is in relation to property leases. Our net deferred property liability (£98.8m at March 2018) would also be derecognised.

Our Statement of Comprehensive Income will have a significantly reduced rental charge, but increased amortisation and interest charge related to the unwinding of the lease liability. Overall the amortisation and interest increase is expected to exceed the reduction in rent in the first years of application. Our rental charge for 2017/18 was £150.5m, £140.9m of which relates to property leases.

Whilst cash flows themselves are not affected, there will also be subsequent knock-on effects to the presentation of the Statement of Cash Flows.

2 Segmental information

IFRS 8 ("Operating segments") requires the Group's segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

For management purposes, the Group is organised into three reportable segments, being the UK B&M segment, the UK Heron segment and the German retail segment. The UK Heron segment has been active since the acquisition of Heron Food Group in August 2017.

Items that fall into the corporate category include those related to the Luxembourg or associate entities, Group financing, corporate transactions, any tax adjustments and items we consider to be adjusting (see note 3).

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

The average euro rate for translation purposes was €1.1310 during the period, with the period end rate being €1.1228 (March 2018: €1.1336/£ and €1.1410; September 2017: €1.1377/£ and €1.1332/£ respectively).

26 week period to 29 September 2018	**UK B&M £'000**	**UK Heron £'000**	**Germany Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,276,697**	**175,062**	**111,201**	**-**	**1,562,960**
EBITDA	**122,303**	**9,894**	**1,119**	**15,794**	**149,110**
Depreciation and amortisation	**(14,629)**	**(4,866)**	**(2,302)**	**(2)**	**(21,799)**
Net finance imcome/(costs)	**31**	**(365)**	**(129)**	**(11,817)**	**(12,280)**
Income tax (expense)/credit	**(20,464)**	**(886)**	**394**	**(1,131)**	**(22,087)**
Segment profit/(loss)	**87,241**	**3,777**	**(918)**	**2,844**	**92,944**
Total assets	**1,696,640**	**215,974**	**134,781**	**78,286**	**2,125,691**
Total liabilities	**(345,722)**	**(59,761)**	**(35,397)**	**(697,087)**	**(1,137,967)**
Capital expenditure (including intangible)	**(31,713)**	**(5,357)**	**(1,535)**	**(1,719)**	**(40,324)**

26 week period to 23 September 2017	UK B&M £'000	UK Heron £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,192,617	47,521	106,836	(602)	1,346,372
EBITDA	108,221	2,395	5,909	(2,390)	114,135
Depreciation and amortisation	(12,344)	(1,387)	(2,193)	(3)	(15,927)
Net finance income/(costs)	11	(122)	(176)	(11,092)	(11,379)
Income tax (expense)/credit	(18,219)	(168)	(1,062)	959	(18,490)
Segment profit/(loss)	77,669	718	2,478	(12,526)	68,339
Total assets	1,635,070	200,597	132,713	12,425	1,980,805
Total liabilities	(340,996)	(55,681)	(27,266)	(724,529)	(1,148,472)
Capital expenditure (including intangible)	(22,970)	(1,716)	(2,423)	-	(27,109)

53 week period to 31 March 2018	UK B&M £'000	UK Heron £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	2,619,488	210,008	200,306	-	3,029,802
EBITDA	266,269	11,746	5,621	(5,240)	278,396
Depreciation and amortisation	(26,485)	(6,001)	(4,392)	(4)	(36,882)
Net finance costs	109	(481)	(370)	(11,456)	(12,198)
Income tax expense	(45,580)	(1,000)	(258)	3,327	(43,511)
Segment profit/(loss)	194,313	4,264	601	(13,373)	185,805
Total assets	1,718,328	204,162	127,078	7,294	2,056,862
Total liabilities	(361,834)	(56,909)	(27,287)	(685,447)	(1,131,477)
Capital expenditure (including intangible)	(45,986)	(8,610)	(4,987)	(55,047)	(114,630)

3 Reconciliation of non-IFRS measures from the statement of comprehensive income

EBITDA, adjusted EBITDA and Adjusted Profit are non-IFRS measures and therefore we provide a reconciliation to the statement of comprehensive income below.

Period to	**26 weeks ended 29 September 2018 £'000**	26 weeks ended 23 September 2017 £'000	53 weeks ended 31 March 2018 £'000
Profit on ordinary activities before interest and tax	**127,311**	98,208	241,514
Add back depreciation and amortisation	**21,799**	15,927	36,882
EBITDA	**149,110**	114,135	278,396
Reverse the effect of ineffective derivatives	**(17,322)**	928	3,825
Remove costs associated with the acquisition of Heron	**-**	1,000	1,049
Adjusted EBITDA	**131,788**	116,063	283,270
Depreciation and amortisation	**(21,799)**	(15,927)	(36,882)
Net finance costs	**(12,280)**	(11,379)	(12,198)
Reverse the effects of revaluing the call/put option	**-**	-	(11,568)
Reverse the effect of unwinding of deferred acquisition costs	**1,073**	900	2,170
Adjusted profit before tax	**98,782**	89,657	224,792
Adjusted tax	**(18,902)**	(18,856)	(44,437)
Adjusted profit for the period	**79,880**	70,801	180,355
Attributable to non-controlling interests	**(282)**	435	(78)
Attributable to owners of the parent	**80,162**	70,366	180,433

The adjusting items are the effects of derivatives, one-off refinancing fees and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries, such as the call/put option held over the non-controlling interest of our German operation. Significant project costs may also be included, if incurred, as they were in the prior year in relation to the purchase of Heron. Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the other adjusting items detailed above.

All adjusting items relate to the Corporate segment.

Adjusted EBITDA and related measures are not measures of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

4 Business combinations

In the prior year, on 2 August 2017, the Group acquired Heron Food Group Limited ("Heron"), a discount convenience retailer incorporated in the UK. The transaction was accounted for via the acquisition method of accounting. The Group purchased 100% of the share capital, for a fair value of £122.5m, which breaks down as follows:

	£'000
Initial cash consideration	**112,123**
Fair value of deferred consideration	**10,422**
Total	**122,545**

The deferred consideration represents a cash amount of £12.8m payable in 2019 based upon certain conditions. An exercise carried out by the business has fair valued this at the acquisition date at £10.4m and this will be unwound through the P&L to the full value of £12.8m by August 2019.

The effect of the acquisition on the Group can be seen in the segment note (note 2). Further details, including the fair values of the identifiable assets and liabilities of Heron, have been disclosed in the Group's 2018 Annual Report.

5 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated on the same basis except using the adjusted profit or loss attributable to the equity holders of the parent, as defined in note 3.

There are share option schemes in place which have a dilutive effect on all periods presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Period to	**29 September 2018 £'000**	24 September 2017 £'000	31 March 2018 £'000
Profit for the period attributable to ordinary equity holders of the Group	**93,226**	67,904	185,833
Adjusted profit for the period attributable to ordinary equity holders of the Group	**80,162**	70,366	180,433
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic loss per share	**1,000,561**	1,000,120	1,000,353
Effect of dilution:			
Employee share options	**401**	219	298
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,962**	1,000,339	1,000,651
	Pence	Pence	Pence
Basic earnings per share	**9.3**	6.8	18.6
Diluted earnings per share	**9.3**	6.8	18.6
Adjusted basic earnings per share	**8.0**	7.0	18.0
Adjusted diluted earnings per share	**8.0**	7.0	18.0

6 Taxation

The taxation charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 19% (UK) and 30% (Germany) and then adjusted for allowances and non-deductibles in line with the prior year.

7 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 25 March 2017	841,691	4,620	100,047	1,494	947,852
Additions	-	711	1,750	-	2,461
Additions due to Heron acquisition	87,101	1,305	14,178	-	102,584
Effect of retranslation	684	7	104	30	825
At 23 September 2017	929,476	6,643	116,079	1,524	1,053,722
Additions	-	901	-	-	901
Adjustment to Heron acquisition	479	-	-	-	479
Disposals	-	(289)	-	-	(289)
Effect of retranslation	(237)	(4)	(36)	(10)	(287)
At 31 March 2018	**929,718**	**7,251**	**116,043**	**1,514**	**1,054,526**
Additions	**-**	**969**	**250**	**1**	**1,220**
Disposals	**-**	**(12)**	**-**	**-**	**(12)**
Effect of retranslation	**561**	**9**	**84**	**24**	**678**
At 29 September 2018	**930,279**	**8,217**	**116,377**	**1,539**	**1,056,412**
Accumulated amortisation / impairment					
At 25 March 2017	-	1,425	-	1,043	2,468
Charge for the period	-	627	3	113	743
Effect of retranslation	-	5	-	21	26
At 23 September 2017	-	2,057	3	1,177	3,237
Charge for the period	-	809	10	90	909
Disposals	-	(289)	-	-	(289)
Effect of retranslation	-	(2)	-	(9)	(11)
At 31 March 2018	**-**	**2,575**	**13**	**1,258**	**3,846**
Charge for the period	**-**	**823**	**10**	**52**	**885**
Disposals	**-**	**(2)**	**-**	**-**	**(2)**
Effect of retranslation	**-**	**5**	**-**	**21**	**26**
At 29 September 2018	**-**	**3,401**	**23**	**1,331**	**4,755**
Net book value at 29 September 2018	**930,279**	**4,816**	**116,354**	**208**	**1,051,657**
Net book value at 31 March 2018	929,718	4,676	116,030	256	1,050,680
Net book value at 23 September 2017	929,476	4,586	116,076	347	1,050,485

An impairment review was carried out over the Goodwill and Brand assets with indefinite life at 31 March 2018. Details of these reviews are included in the Group statutory accounts. A full review will also take place at the next year end date of 30 March 2019.

8 Property, plant and equipment

	Land and buildings £'000	Motor Vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
At 25 March 2017	46,250	3,485	183,910	233,645
Additions	6,878	407	17,363	24,648
Additions due to Heron acquisition	31,388	5,787	30,124	67,299
Disposals	(64)	(821)	(156)	(1,041)
Effect of retranslation	471	8	297	776
At 23 September 2017	84,923	8,866	231,538	325,327
Additions	51,219	4,086	31,315	86,620
Disposals	(442)	(492)	(4,024)	(4,958)
Effect of retranslation	(165)	(3)	(133)	(301)
At 31 March 2018	**135,535**	**12,457**	**258,696**	**406,688**
Additions	**11,506**	**2,653**	**24,945**	**39,104**
Disposals	**(112)**	**(669)**	**(828)**	**(1,609)**
Effect of retranslation	**389**	**9**	**310**	**708**
29 September 2018	**147,318**	**14,450**	**283,123**	**444,891**
Accumulated depreciation				
At 25 March 2017	12,685	1,796	53,416	67,897
Charge for the period	2,178	481	12,525	15,184
Disposals	(1)	(722)	(32)	(755)
Effect of retranslation	77	3	77	157
At 23 September 2017	14,939	1,558	65,986	82,483
Charge for the period	2,429	1,078	16,540	20,047
Disposals	(180)	(384)	(3,848)	(4,412)
Effect of retranslation	(36)	(1)	(46)	(83)
At 31 March 2018	**17,152**	**2,251**	**78,632**	**98,035**
Charge for the period	**2,469**	**1,265**	**17,180**	**20,914**
Disposals	**(103)**	**(524)**	**(608)**	**(1,235)**
Effect of retranslation	**89**	**2**	**105**	**196**
At 29 September 2018	**19,607**	**2,994**	**95,309**	**117,910**
Net book value at 29 September 2018	**127,711**	**11,456**	**187,814**	**326,981**
Net book value at 31 March 2018	118,383	10,206	180,064	308,653
Net book value at 23 September 2017	69,984	7,308	165,552	242,844

9 Share capital

	Nominal value £'000	Number of shares
Allotted, called up and fully paid		
B&M European Value Retail S.A. Ordinary shares of 10p each;		
As at 25 March 2017	100,000	1,000,000,000
Exercise of employee share options	48	479,782
As at 23 September 2017	100,048	1,000,479,782
Exercise of employee share options	8	81,440
As at 31 March 2018 and 29 September 2018	**100,056**	**1,000,561,222**

Ordinary Shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,971,661,000 (2017: 2,972,222,222) ordinary shares.

The outstanding share options can be summarised as follows;

	29 September 2018	23 September 2017	31 March 2018
Vested, available to exercise	**11,049**	92,489	11,049
Vested, not available to exercise (in holding period)	**72,093**	-	-
Awarded, not vested (subject to conditions)	**1,430,597**	829,006	832,197
Total outstanding share options	**1,513,739**	921,495	843,246

For the dilutive effect of these, see note 5.

10 Financial liabilities - borrowings

	29 September 2018 £'000	23 September 2017 £'000	31 March 2018 £'000
Current			
Revolving facility bank loan	**73,000**	70,000	45,000
Heron loan facilities – Melton	**807**	807	807
Heron loan facilities – Offset	**605**	625	605
Heron loan facilities – Term	**800**	-	800
	75,212	71,432	47,212
Non-current			
UK Holdco term loan A	**297,695**	296,866	297,288
High yield bond notes	**247,876**	247,228	247,558
Heron loan facilities – Melton	**4,755**	5,647	5,243
Heron loan facilities – Offset	**3,664**	4,250	3,967
Heron loan facilities – Term	**3,970**	5,900	4,370
	557,960	559,891	558,426

All borrowings are held in Sterling.

The term facility bank loans and high yield bonds are held at amortised cost and were initially capitalised in February 2017 with £3.2m and £3.3m (respectively) of fees attributed to them.

The Heron loan facilities were brought into the Group as part of the acquired balance sheet on 2 August 2017. All are held with Handelsbanken and are carried at their gross cash amount. Further details are in the maturity table below.

The maturities of the above loan facilities are as follows:

	Interest Rate %	Maturity	**29 September 2018 £'000**	23 September 2017 £'000	31 March 2018 £'000
Revolving facility bank loans	2.00% + LIBOR	Oct-2018	**73,000**	70,000	45,000
UK Holdco term loan A	2.00% + LIBOR	Jul-2021	**300,000**	300,000	300,000
High yield bond notes	4.125%	Feb-2022	**250,000**	250,000	250,000
Heron loan facilities – Melton	2.25% + LIBOR	Jul-2025	**5,562**	6,453	6,050
Heron loan facilities – Offset	2.45% + LIBOR	Sep-2022	**4,269**	4,875	4,572
Heron loan facilities – Term	2.50% + LIBOR	Dec-2021	**4,770**	5,900	5,170
			637,601	637,228	610,792

11 Reconciliation of profit before tax to cash generated from operations

	26 weeks ended 29 September 2018 £'000	26 weeks ended 23 September 2017 £'000	53 weeks ended 31 March 2018 £'000
Profit before tax	**115,031**	86,829	229,316
Adjustments for:			
Interest expense	**12,280**	11,379	12,198
Depreciation	**20,914**	15,184	35,231
Amortisation of intangible assets	**885**	743	1,652
Loss on disposal of property, plant and equipment	**172**	156	277
Charge on share options	**415**	210	615
Change in inventories	**(42,471)**	(207,885)	(79,099)
Change in trade and other receivables	**(12,475)**	14,360	(1,168)
Change in trade and other payables	**(8,525)**	122,225	39,377
Change in provisions	**(1,088)**	86	1,511
Share of profit from associates	**(879)**	-	(1,711)
Non-cash foreign exchange effect from retranslation of subsidiary cash flows	**44**	(6)	(31)
(Profit)/loss resulting from fair value of financial derivatives	**(17,322)**	927	3,825
Cash generated from operations	**66,981**	44,208	241,993

12 Financial instruments

The fair value of the financial assets and liabilities of the Group are not materially different from their carrying value. Refer to the table below.

As at	**29 September 2018**	23 September 2017	31 March 2018
Financial assets:	**£'000**	£'000	£'000
Fair value through profit and loss			
Fuel price swap	**-**	43	-
Forward foreign exchange contracts	**15,583**	-	-
Fair value through other comprehensive income			
Forward foreign exchange contracts	**883**	1,465	-
Loans and receivables			
Cash and cash equivalents	**64,523**	65,606	90,816
Trade receivables	**8,274**	26,348	5,046
Other receivables	**3,291**	1,150	1,324
Financial liabilities:			
Fair value through profit and loss			
Forward foreign exchange contracts	**280**	-	923
Put/call options over the non-controlling interest of Jawoll	**8,720**	18,974	8,076
Deferred consideration relating to Heron purchase	**11,697**	10,595	11,133
Fair value through other comprehensive income			
Forward foreign exchange contracts	**283**	20,135	15,743
Amortised cost			
Overdrafts	**6,934**	7,941	6,112
Interest-bearing loans and borrowings	**633,172**	631,323	603,426
Trade payables	**254,161**	243,936	276,569
Other payables	**11,849**	9,720	7,796

Financial Instruments at fair value through profit and loss

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity in April 2014. The valuation here reflects the final estimated valuation unwound to the period end date, and exchanged at the period end foreign exchange rate, as the options are priced in Euros. The options mature in 2019 and the carrying value has been discounted to present value.

The deferred consideration relates to the acquisition of Heron. The valuation at year end reflects management's expectation that the full amount of £12.8m will be payable in 2019. The carrying value has been discounted to present value.

The other financial assets and liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts, interest rate swaps and fuel swaps that are intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
29 September 2018				
Foreign exchange contracts	**15,903**	**-**	**15,903**	**-**
Put/call options on Jawoll non-controlling interest	**(8,720)**	**-**	**-**	**(8,720)**
Deferred consideration relating to Heron purchase	**(11,697)**	**-**	**-**	**(11,697)**
23 September 2017				
Foreign exchange contracts	(18,670)	-	(18,670)	-
Fuel swap contract	43	-	43	-
Put/call options on Jawoll non-controlling interest	(18,974)	-	-	(18,974)
Deferred consideration relating to Heron purchase	(10,595)	-	-	(10,595)
31 March 2018				
Foreign exchange contracts	(16,666)	-	(16,666)	-
Put/call options on Jawoll non-controlling interest	(8,076)	-	-	(8,076)
Deferred consideration in relation to Heron	(11,133)	-	-	(11,133)

The put/call option (relating to Jawoll) and the deferred consideration (relating to Heron) are valued with reference to the respective Sale and Purchase Agreements underpinning the acquisitions, and the key variable in determining the fair values is the forecast EBITDA of those entities as prepared by management. The calculation is subsequently discounted to present value.

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

13 Related party transactions

There have been no changes in the related-party transactions described in the last annual report of B&M European Value Retail S.A. that have had a material effect on the financial position or performance of the Group in the six months ended 29 September 2018.

The Group has entered into material related party transactions over the current 26-week period with the following party, Multi-lines International Company Ltd (Multi-lines), a supplier, which is an associate of the Group.

	26 weeks ended 29 September 2018 £'000	26 weeks ended 23 September 2017 £'000	53 weeks ended 31 March 2018 £'000
Purchases from associates			
Multi-lines	**56,495**	46,486	146,360

The following table sets out the total amount of net trading balances with Multi-lines outstanding at the period end.

	29 September 2018 £'000	23 September 2017 £'000	31 March 2018 £'000
Net trade receivables/(payables) from associates			
Multi-lines	**1,389**	10,206	(9,586)

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

14 Commitments

At the half year date a significant capital commitment exists in terms of the build of the new southern warehouse, with the building expected to be handed over in May 2019, at which point work upon the internal fit out will commence

15 Post balance sheet events

An interim dividend of 2.7 pence per share (£27.0m) has been proposed.

As announced on 19 October 2018 the Group, via the subsidiary company EV Retail Limited, acquired the entire issued share capital of Paminvest SAS, a discount general merchandise retailer group operating with a chain of 95 stores under the trading name Babou in France, together with its third party distribution service provider, for a total enterprise value of €94.1m.

The transaction was entirely debt financed, resulting in a new €100m loan facility held within the Group company B&M European Value Retail 4 Ltd. The loan facility has a maximum term of two years.

Under French GAAP, for the year ended 31 January 2018, the Babou Stores group had net assets of €158.8m, delivered revenues of €347.1m and profit before tax of €0.1m. The business will be fully consolidated into the Group from the date of acquisition, and further disclosures will be made in our next annual report.

There have been no other material events between the balance sheet date and the date of issue of these accounts.

16 Directors

The directors that served during the period were:

Name
P Bamford (Chairman)
S Arora (CEO)
P McDonald (CFO)
T Hübner
R McMillan
K Guion
H Brouwer (Retiring 14 November 2018)
T Hall (Appointed 18 September 2018)

Unless otherwise stated, the directors each served for the whole period.

Carolyn Bradley is to be appointed as a non-executive director with effect from 15 November 2018.

Responsibility statement of the Directors in respect of the half-yearly financial report
We confirm that to the best of our knowledge:

•the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

•the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Simon Arora	**Paul McDonald**
Chief Executive	Chief Financial Officer
13 November 2018	

Report of the Réviseur d'Entreprises agréé
on the review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 29 September 2018, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 29 September 2018 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, November 13, 2018

KPMG Luxembourg Société coopérative
Cabinet de révision agréé

Thierry Ravasio