



Germany Analyst and Investor Day

Hamburg, 17 June 2016

Today's Itinerary

8:45AM – 10:00AM

Management Presentation & Q&A

10.15AM – 10.45AM

Tour of Jawoll store in Soltau

11.00AM – 11.30AM

Tour of Jawoll Distribution Centre

11.30AM – 1.00PM

Lunch – drive to Stade

1.00PM – 1:30PM

Tour of Jawoll Stade (smaller format store)

1.30PM – 3.00PM

⇒ Travel to Hamburg Airport



Today's Presentation

		Presenter
8:45AM – 9:00AM	I. Rationale for the Jawoll Acquisition	Simon Arora, B&M Group CEO
9.00AM – 9.40AM	II. Jawoll's history and growth plans	Ingo Stern, Jawoll CEO
	III. Financial Performance	Nils Hansen, Jawoll CFO Paul McDonald, B&M Group CFO
9.40AM – 10.00AM	IV. Q&A	Ingo Stern / Simon Arora





I. Rationale for the Jawoll Acquisition

Jawoll: a good platform

B&M ACQUIRED 80% OF JAWOLL IN APRIL 2014, REMAINDER OWNED BY JAWOLL MANAGEMENT TEAM



1

Jawoll is a successful regional retailer that delivered consistent growth and profits

2

Jawoll business model is similar to B&M, a discount variety good retailer with significant store roll out opportunity



3

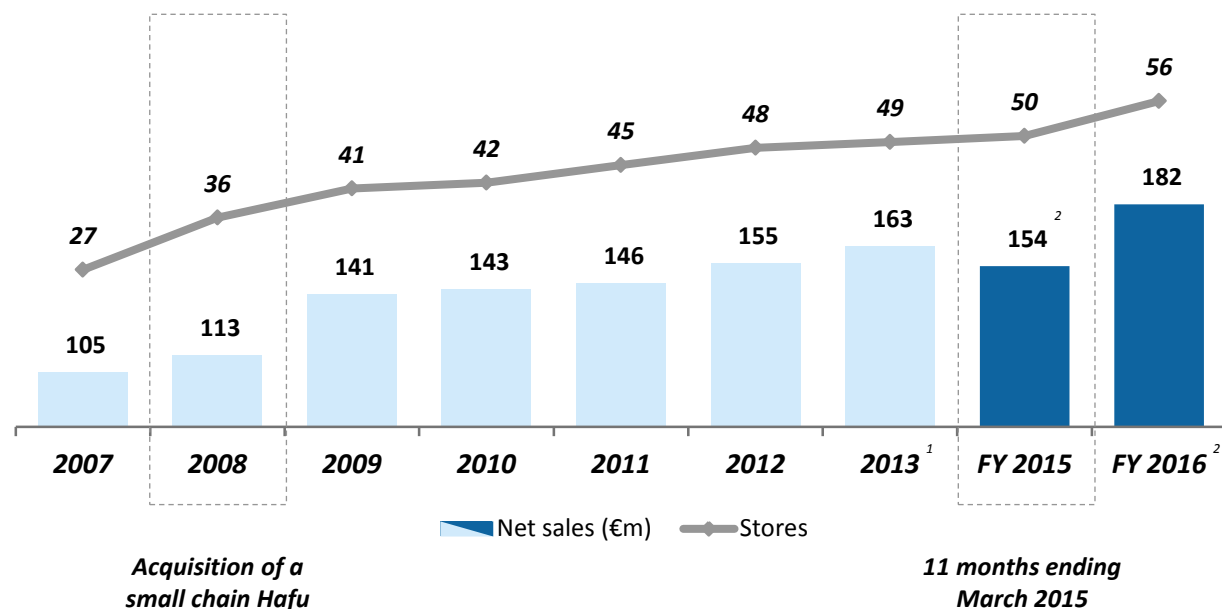
Jawoll is well positioned to expand in the General Merchandise discount market in Germany through shared best practice with B&M



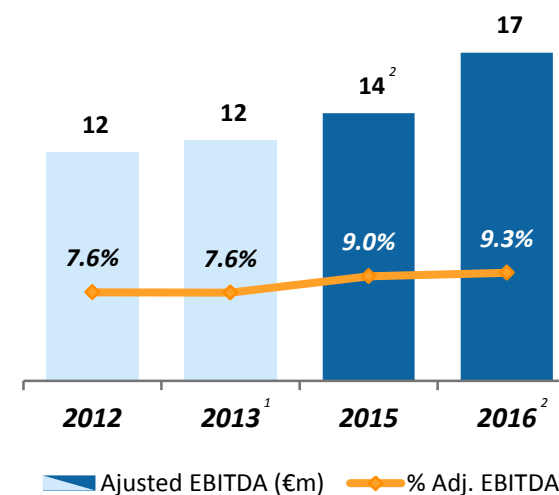
Jawoll is a successful, growing business

(€m)

Jawoll opened 2 / 3 stores per year on average since 2007...



...and delivered healthy margins.



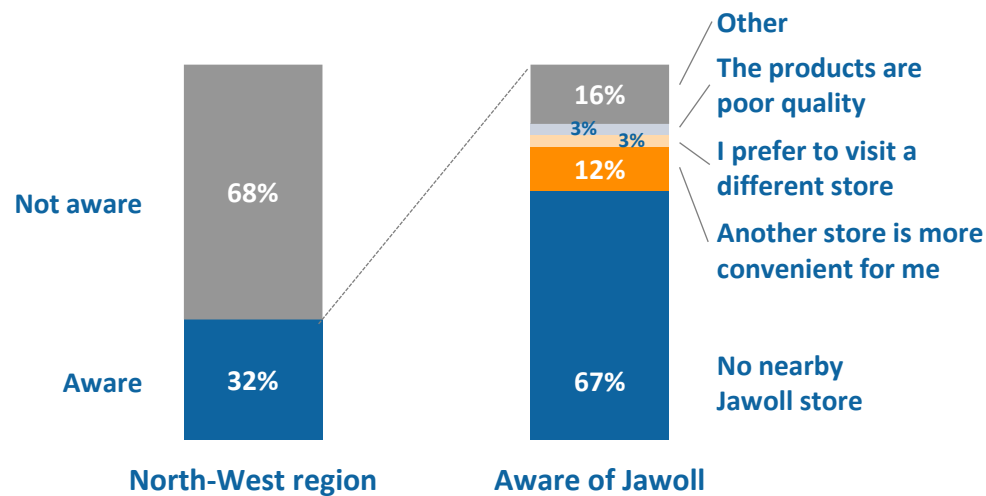
¹ Years 2007 to 2013 are December Year-ends and German GAAP

² FY15 (11 months) and FY16 are March Year-ends and IFRS



Store roll-out opportunity exists even in Core Region

REASONS FOR NOT VISITING, GIVEN BY THOSE AWARE OF JAWOLL, (2014 ONLINE SURVEY, N=483)



- Despite modest store footprint, there is 32% awareness of Jawoll brand in its Core North West Germany Region
- Two thirds of those aware of Jawoll do not have a convenient store nearby

Note: Core region is North-West Germany including Niedersachsen and Schleswig-Holstein



Jawoll and B&M share key structural similarities

JAWOLL MODEL IS COMPATIBLE WITH B&M'S

1

Comparable store size and locations to B&M Homestore model

2

Strong overlap in product categories across both businesses

3

Similar financial metrics, at store and central level

MEANING WE CAN LEVERAGE SYNERGIES...

- *Direct Sourcing in Far-East*
- *Buying scale & relationships*
- *Merchandising know-how & retail disciplines*
- *Roll-out experience*

...PARTICULARLY AS WE BUILD SCALE.



Both B&M and Jawoll are similarly positioned in large markets



SPECIALIST RETAILERS

£129bn¹



TESCO



ASDA

Sainsbury's



SPAR



MORRISONS



£163bn¹

FOOD RETAILERS

home bargains

willkinson

Poundworld

99p stores

pound stretcher

Poundland

£7bn¹

GENERAL MERCHANDISE DISCOUNTERS



SPECIALIST RETAILERS

€210bn¹



ACTION

real-



REWE

Netto Marken-Discount



Philipps

TED

Pfennigpfeiler

Euroshop

M&C Geiz

Timmerman

KODI

WOOLWORTH

€2bn¹

€195bn¹

FOOD RETAILERS

GENERAL MERCHANDISE DISCOUNTERS

¹ Source: Company estimates



There is no dominant discount variety retailer

OOT

In-town

Philipp's

Jawoll

Pfennigpfeiffer

REPO
Deutschland

TIMMERMANN
Sonderposten

TEDI

WOOLWORTH

KODI

Euroshop

M&C-Geiz
DER HAUSHALTS-DISCOUNT

Company
Revenues
(€m)

Store Numbers

350¹

182

110

100

70

467

330

116

95

66

250

56

118

56

40

1,293

300

206

181

177



¹ Jawoll estimate of Retail Revenues – Thomas Philipps is a franchise business

Jawoll is well positioned to expand nationally

Jawoll is a profitable business, which delivers attractive returns despite its current modest size



Jawoll will increasingly target the Category specialists rather than Grocery

Integration has gone well



- *Jawoll can now access B&M's Far East supply chain*
- *Invested in IT and physical infrastructure ahead of future growth*
- *Expanded buying and new store development teams (12 hires)*

Jawoll is now drawing on B&M best practices...



- *Progressively reducing SKU count (now c. 10,000 SKU's, down from c.15,000 SKU's)*
- *Successfully launched smaller store format*
- *Introducing Auto-Replenishment and Merchandising Principles*

... and can rely on its own strengths.



- *Jawoll buying team selects the product offer*
- *Retains expertise in plants and flowers category*
- *Continued success in direct marketing / leafleting campaigns*





II. Jawoll's history and growth plans

The Jawoll team

INGO STERN
Managing Director



- Ingo joined Jawoll in 2000 and has been the Chief Executive Officer of Jawoll since 2007.
- He has over 20 years of experience in the German retail industry.

NILS HANSEN
Finance Director



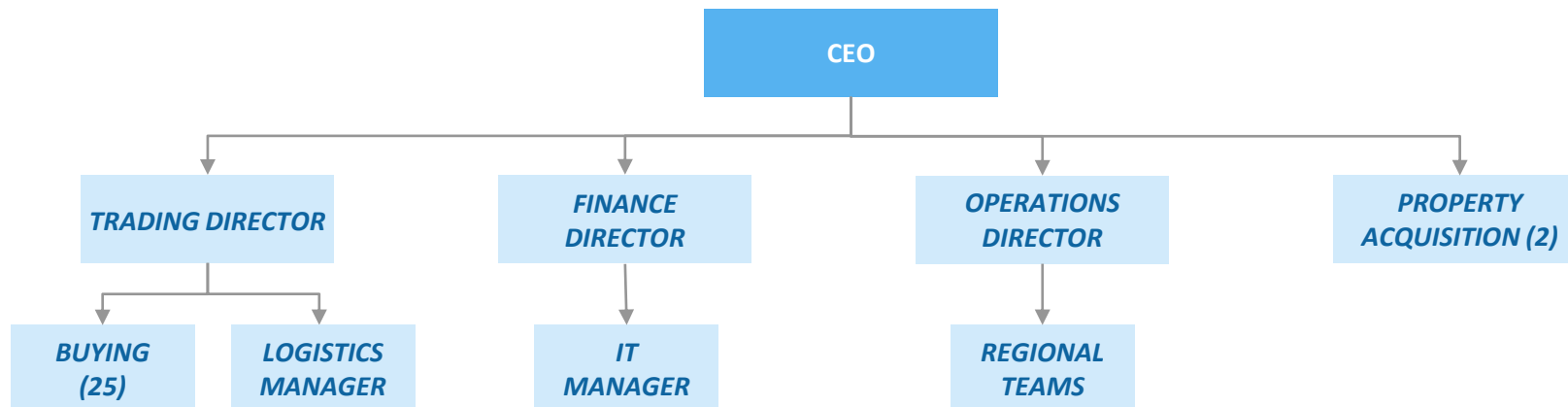
- Nils joined Jawoll as Finance Director in 1999.
- He has over 16 years of experience in accounting and finance in retail.

RALF HARTWICH
Trading Director



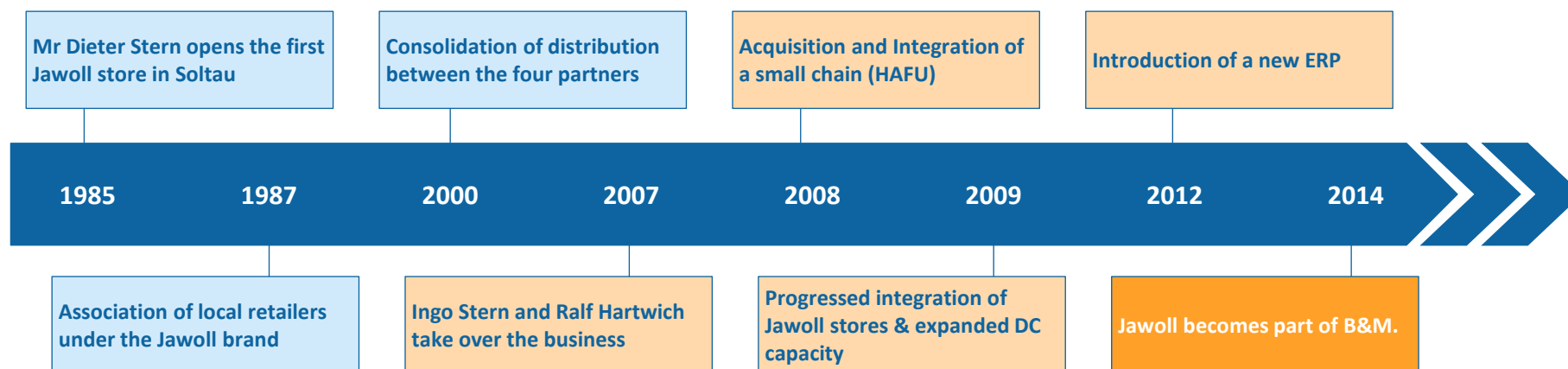
- Ralf joined Jawoll in 1997 and has been the Trading Director since 2007.
- He has over 30 years of experience as a buyer in the German retail industry.

Current Senior Management Organization chart

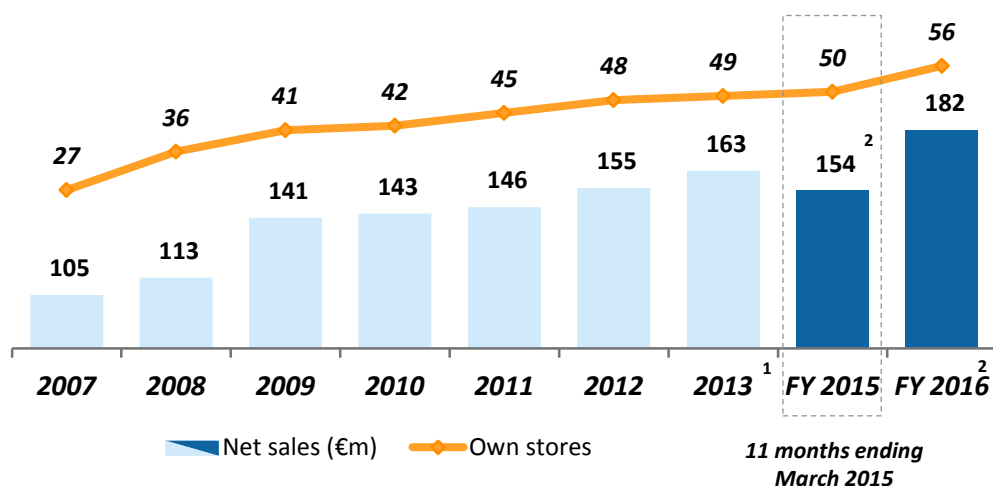


Jawoll's history

COMPANY HISTORY



JAWOLL KEPT GROWING...



...AND GENERATING HEALTHY MARGINS

- Jawoll has consistently generated healthy EBITDA margins since 2007.
- Jawoll operates in OOT retail parks and stand-alone stores, usually near mainstream hypermarkets and specialist retailers.
- The Jawoll brand enjoys strong recognition in its catchments through extensive marketing activity over many years.
- Jawoll benefits from a loyal and experienced team of 1,200 colleagues.

¹ Years 2007 to 2013 are December Year-ends and German GAAP

² FY15 (11 months) and FY16 are March Year-ends and IFRS

Customer Profile and Shopping Behaviours

Typical Jawoll customers include two particular profiles

1 Low income earners

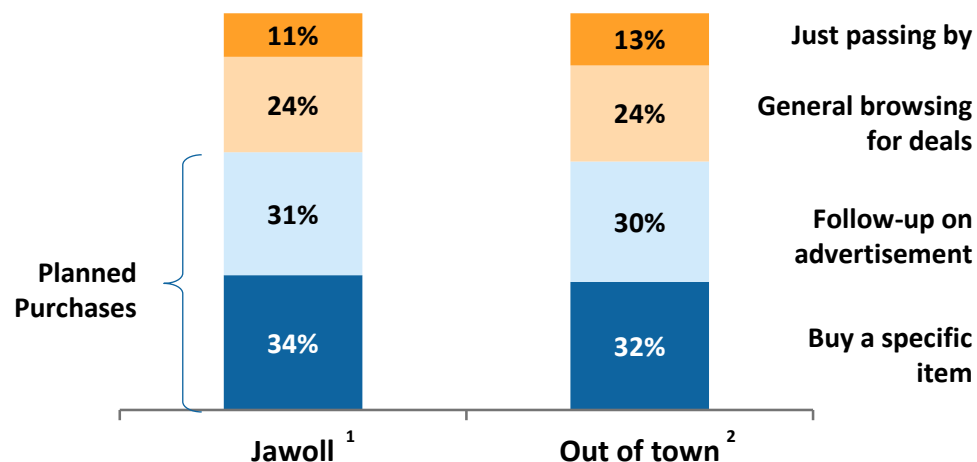
- Average household disposable income of c.€32k in Germany¹
- Loyal weekly shoppers (c.30% of Jawoll clients visit every week¹)
- Price sensitive
- Car users

2 Hobby gardeners & home DIY

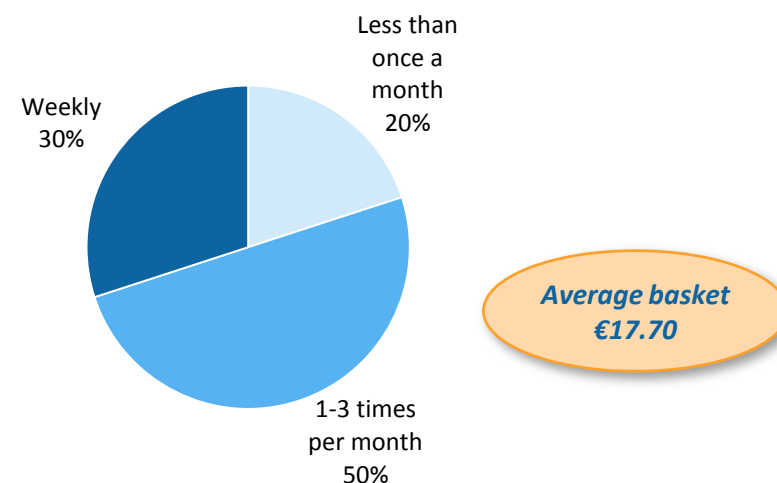
- Gardening is amongst the most popular outdoor activities in Germany
- More occasional shoppers, looking for value items and Seasonal purchases
- Car users
- Biased towards older demographic

MOST CUSTOMERS MISSIONS ARE PLANNED AND REGULAR

Jawoll customers missions are similar to other OOT peers



Observed frequency of visit¹



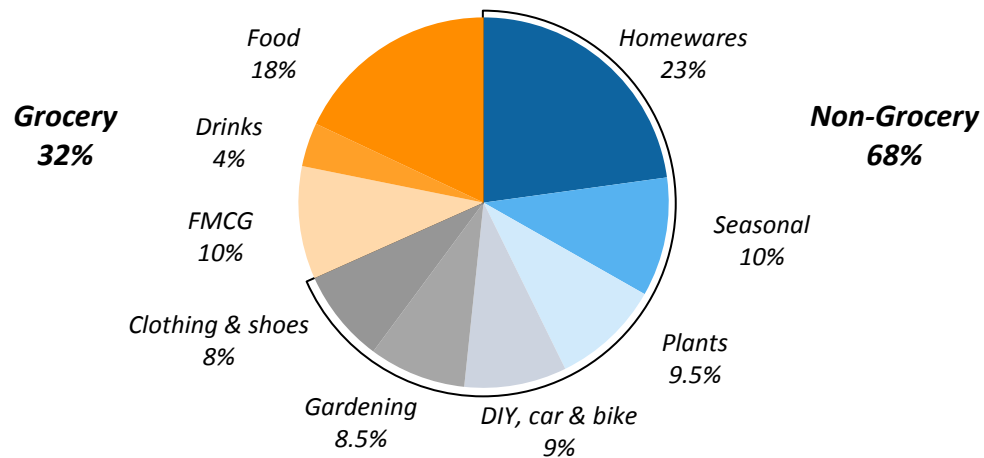
¹ Company estimate

² OOT includes Jawoll, Thomas Philipps, Pfennigpfeiffer, Posten Boerse and Zimmermann

Product mix

BROAD PRODUCT MIX

% of net sales, FY16a



WITH A DIFFERENTIATED PROPOSITION

- Jawoll offers more choice than limited assortment grocers with c.10,000 continuity lines across broad spectrum of categories
- On average 4,000 shoppers per week per store.
- The Jawoll average basket is €17.70
- Two trading peaks during the year:
 - March to June for outdoor, gardening items & plants
 - Christmas and New-Year, with a particular strength in fireworks

JAWOLL OFFERS BOTH EVERYDAY AND SEASONAL ITEMS





Jawoll

Sonderposten-Märkte

Bei uns schon Sommerpreise für ca.

150.000 Pflanzen:
im Baumarkt, Baum- und Gehäusenutzungen sowie Rosen und Stauden

Campanula
"GET PILE"
100 cm hoch

2,99

Mehrstammiger Brechenbaum

8,99

adidas
Sport short

14,99

Wetzlar
Klappstuhl
24,99

4,99
Klappstuhl

79,-

XXL
+5 WÄSCHEN GUTER
Weißer Riese
100% Baumwolle
100% KATUN
100% KATUN

11,99

Coca Cola
12 x 1,5 l Flasche
4,49

5 Stühle zu einem Preis! Ratten-Saal

19,99

5 Stühle zu einem Preis! Ratten-Saal

99,-

XXL
+5 WÄSCHEN GUTER
Weißer Riese
100% Baumwolle
100% KATUN
100% KATUN

11,99

Sonnenstühle mit Schirm
179,-

Mangrostuhl
189,-

5 Stühle zu einem Preis! Ratten-Saal

19,99

5 Stühle zu einem Preis! Ratten-Saal

99,-



- *2.6m leaflets distributed every week*
- *Distributed every Sunday or Wednesday*
- *Captured within store costs*
- *Digital / social media marketing opportunities*



Jawoll offers compelling value



2.22 €

Jawoll

2.49 €

**Ecenter
HERKULES**

2.99 €

TENGELMANN 1



37.99 €

Jawoll

54.50 €

HORNBACH

64.99 € ¹

OBI



1.29 €

Jawoll

1.49 €

famila

1.69 €

Globus



3.99 €

Jawoll

4.99 €

BAUHAUS



1.49 €

Jawoll

1.59 €

MARKT KAUF

1.79 €

MARKANT



179 €

Jawoll

229€

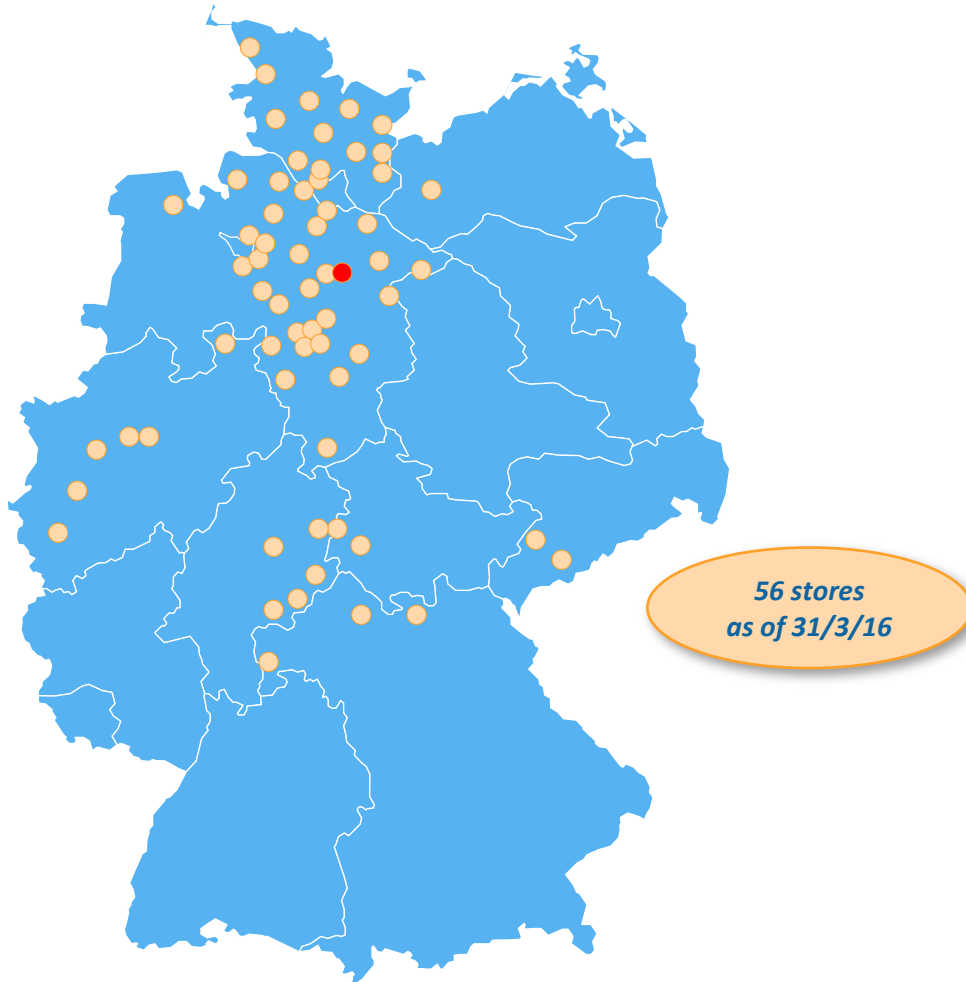
**BAU & GARTEN
HERKULES** ²

¹ OBI ladder height 3.05m vs 2.8m at Jawoll

² Edeka group of companies

Existing Jawoll store estate

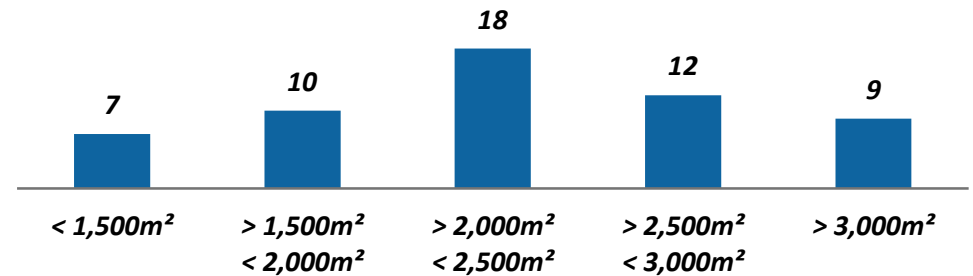
CURRENT FOOTPRINT – MARCH 2016



● Soltau Distribution Centre

TYPICAL STORE: 2,300m² + GARDEN CENTRE

Breakdown of the existing stores by internal sales area

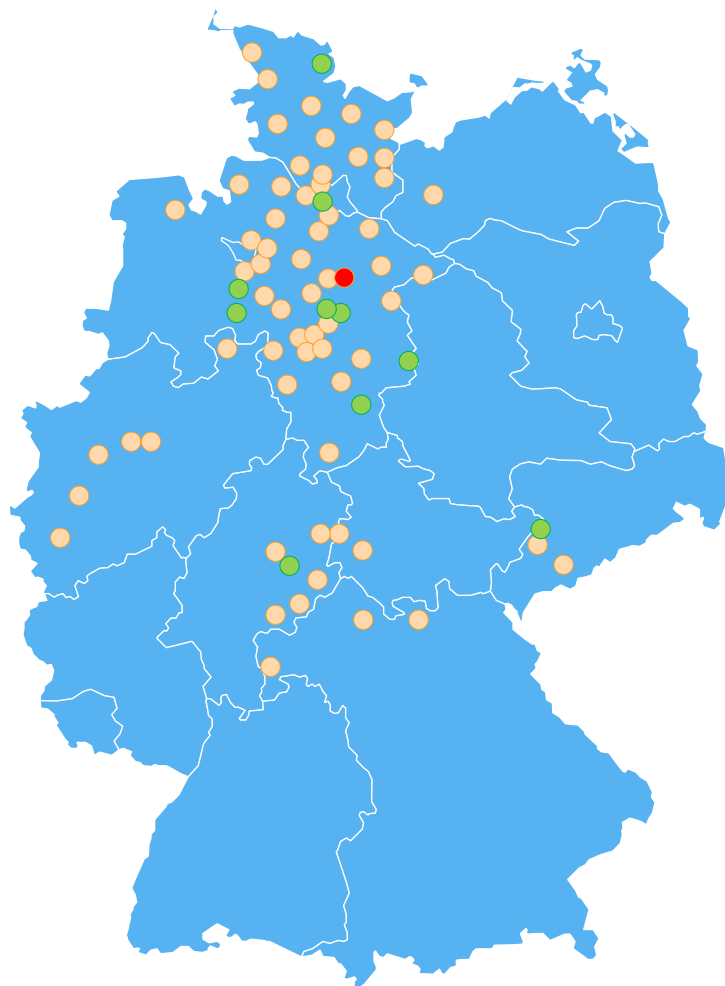


- All Jawoll stores have a garden centre
- All Jawoll stores now operate EPOS
- Jawoll ideal size is 2,000m² - 2,500m² located in catchments above 20,000 population in towns or urban district centres
- Currently predominantly a North West Germany retailer

FY17 organic growth plans – 10 stores

PROPOSED OPENINGS

ORGANIC ROLLOUT



● DC

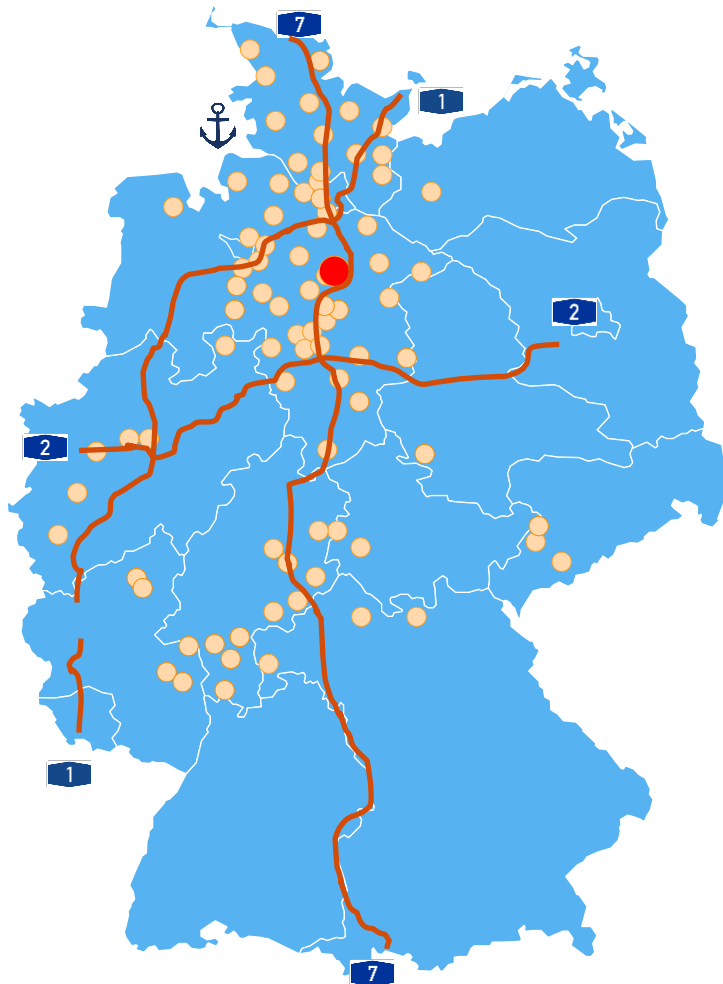
● Estate at
31/3/16


● FY2017 organic
openings

- Healthy organic pipeline, with budget of 10 openings in FY17
- 7 expected to be c.2,000m², 3 expected to be c.1,000m²
- 5 openings already delivered as of 17 June 2016
- Obtaining planning consents is a constraint on speed of growth so Jawoll is also open to corporate packages

Growth supported by Infrastructure Investment

SOLTAU IS A CONVENIENT DC LOCATION

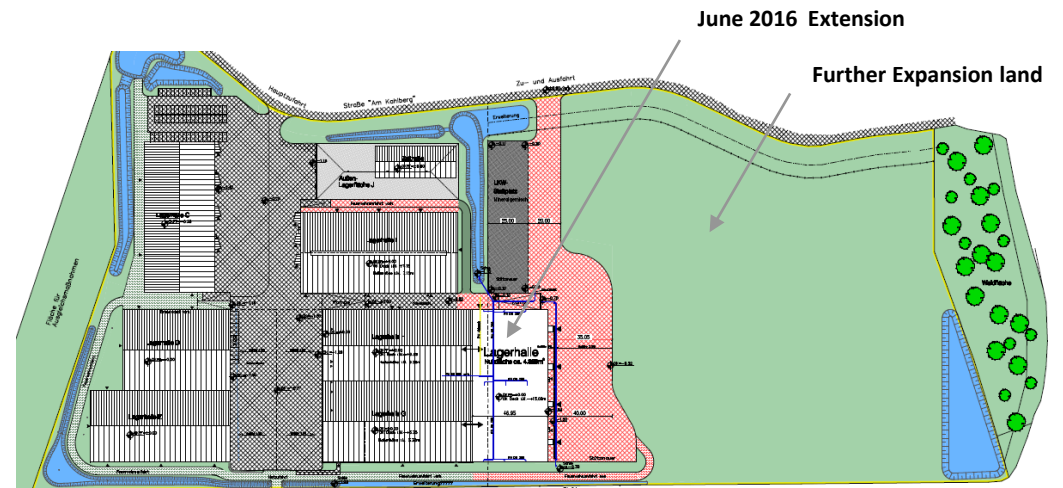


 Major Autobahn

WITH CAPACITY FOR GROWTH

Well-located National Distribution Centre

- Soltau lies centrally between Bremen, Hamburg and Hanover.
- Hamburg port within one hour drive: largest in Germany, third in Europe
- 30,000m² warehouse capacity plus 4,400m² extension opening in June 2016 with expansion land available to support a further 25,000m².
- Investment in wireless DC technology on-going
- Temporary overflow space also available for 2017-18



Future initiatives

1

Introduction of Auto-Replenishment from DC as per B&M model, less reliance on Store Manager over time

2

Conversion of pre FY15 estate to B&M layout is on-going

3

On-going incremental increases in Direct Sourcing as store estate (and volumes) grow

4

Further alignment of back-office technology (eg. Hand-held scanners, Stocktaking processes) to exploit EPOS investment



III. Financial performance

Margin comparison



(% of FY16 net sales)



34.3%

Gross Margin

37.9%

Mix effect: Jawoll sells more Non-Grocery items than B&M

(18.6%)

Store costs

(20.6%)

- Property (5.5%)
- Staff (11.1%)
- Marketing (2.5%)
- Indirect Store overheads (1.5%)

15.8%

Store Contribution

17.3%

(4.0%)

Transport & Distribution

(3.9%)

(1.8%)

Central overheads

(4.1%)

- Relatively modest Store estate
- Includes one-off investments ahead of growth

10.0%

Adjusted EBITDA¹

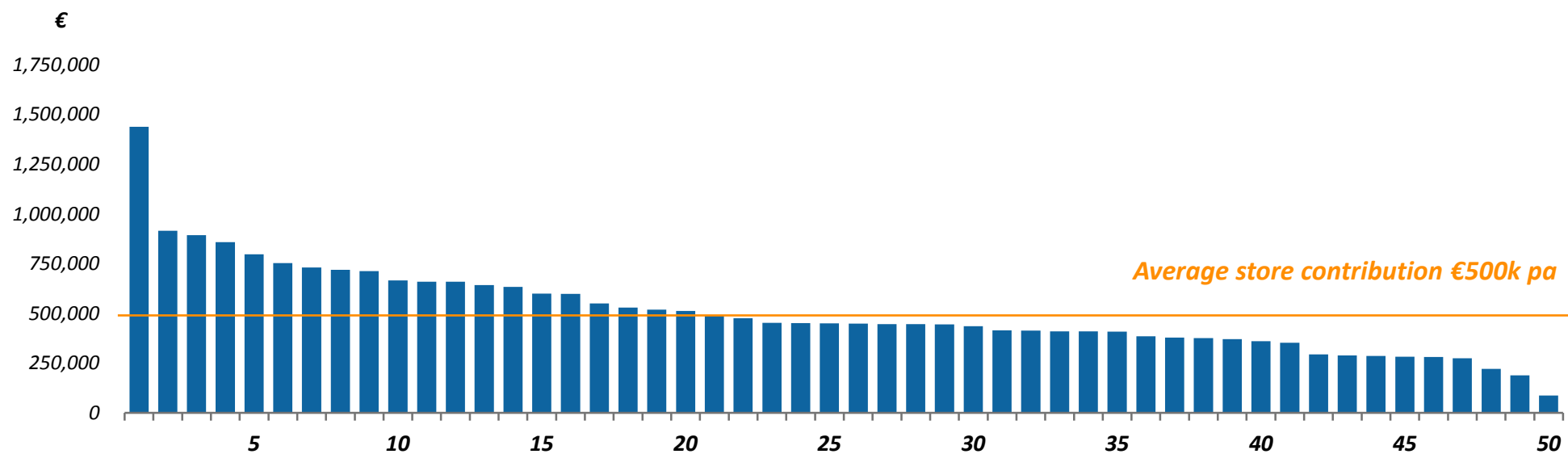
9.3%



¹ Adjusted EBITDA excluding pre-opening costs

All Jawoll stores are profitable

FY16 Store Contribution for the 50 Jawoll stores open for the full year



Source: Management Accounts, IFRS

Note: includes all 50 stores opened by April 2015, excludes franchised stores



Store payback profile (excluding FY16 openings)

€m, IFRS, March YE

COMPANY AVERAGE ¹

Revenue per store	€3.2m
Store contribution	€0.5m
Net investment	€0.3m
Payback period	8 months
Payback period incl. WC ²	22 months

¹ Based on all 50 stores opened by April 2015, excludes franchised stores

² Assumes Working Capital requirement at 31/3/16. Management believe this can be reduced significantly as the store estate is expanded to improve stock-turns on Direct Sourced products from the Far East.





IV. Wrap-up and Q&A

Key messages

1

The integration of Jawoll into the Group has gone well and EBITDA has grown.

2

The necessary pre-conditions for faster expansion in Germany - in terms of skills, infrastructure and a retail model which can generate attractive returns - are in place.

3

The Jawoll management team is highly experienced and is motivated to deliver growth. Jawoll has a stable and consistent track-record. They have opened 5 stores already in Q1 FY17, versus 1-2 per annum previously.

4

Jawoll is now moving into a phase of faster expansion in Germany with plans this year for 10 stores sourced organically.

5

Given the fragmented and underserved nature of the discount variety retail sector in Germany, Jawoll now has the potential to become a second growth engine for the Group.