



**Preliminary results presentation**  
*Year ended 30 March 2014*

# Agenda

£1 FY14 Strategic Highlights and Q1 IMS

Jim McCarthy

£1 Financial Highlights

Nick Hateley

£1 FY14 Overview

Jim McCarthy

£1 Growth Strategy

Jim McCarthy



**Chief Executive**  
*Jim McCarthy*



## FY14 Strategic Highlights

- £1 Delivered strong growth in sales and EBITDA
- £1 Strong progress across all KPIs
- £1 Successful stock market debut
- £1 Added a net 70 stores in the UK and Ireland
- £1 We have now opened in Spain





## Q1 IMS shows excellent start to the year

- £1 Today we have reported our IMS for Q1
- £1 Total sales of £262.6 million (2014: £222.6 million)
- £1 Total growth of 18.0% (2014: 11.4%)
- £1 This is a pleasing start, but most important quarter is still ahead of us

# Agenda

£1 FY14 Strategic Highlights and Q1 IMS

Jim McCarthy

£1 **Financial Highlights**

**Nick Hateley**

£1 FY14 Overview

Jim McCarthy

£1 Growth Strategy

Jim McCarthy



**Finance Director**  
*Nick Hateley*





## Strong performance across all KPIs

Key Performance Indicator performance	2014	2013	Change
Number of stores	528	458	70
Number of new stores (net)	70	69	
Sales (£m)	997.8	880.5	13.3%
Gross margin (%)	36.9	36.7	Up 19 basis points
Underlying EBITDA (£m)	54.0	45.5	18.9%
Underlying EBITDA margin (%)	5.4	5.2	Up 26 basis points
Underlying profit for the period (£m)	27.3	21.8	25.1%
Operating cash flow less maintenance capex (£m)	66.8	37.6	77.6%
Cash conversion (%)	123.6	82.6	
Operating cash flow less maintenance and expansion capex (£m)	52.2	23.2	125.4%
Net debt (£m)	4.7	9.2	(48.9%)

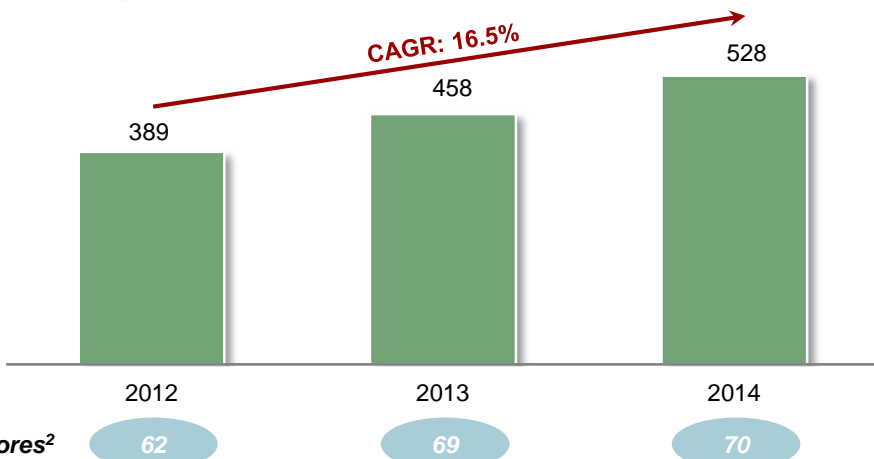
### Other financial highlights

Key financials	2014	2013	Growth
Like-for-like sales growth	1.9%	(1.7%)	
Underlying Pretax profits (£m)	36.8	29.8	23.5%
Underlying EPS (p)	10.9	8.7	25.1%

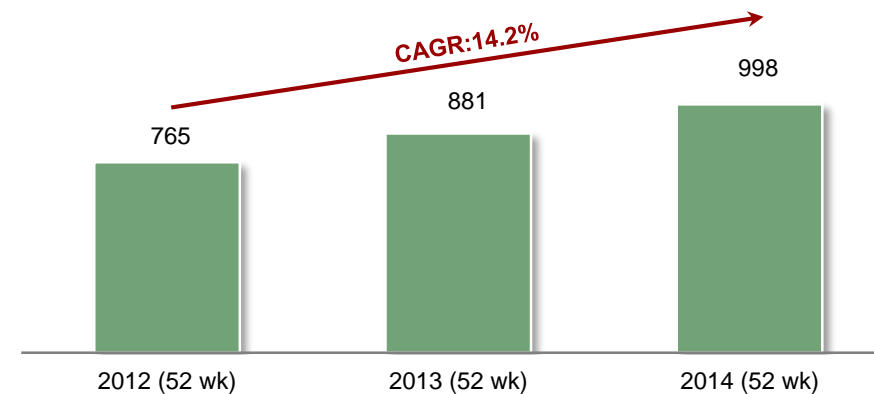
# Strong track record of growth

## Number of stores<sup>1</sup>

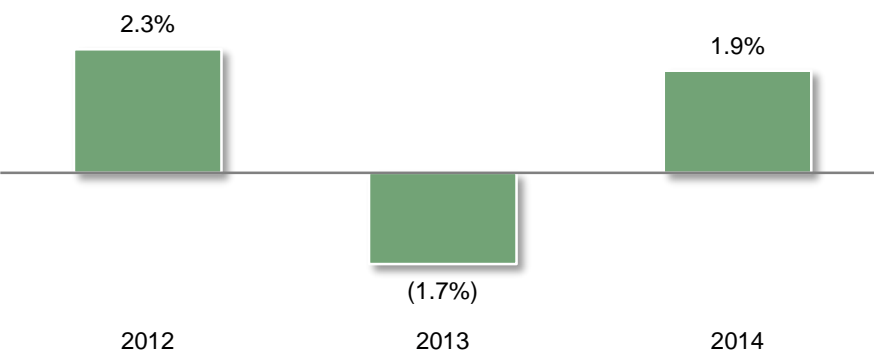
Financial year end (Mar)



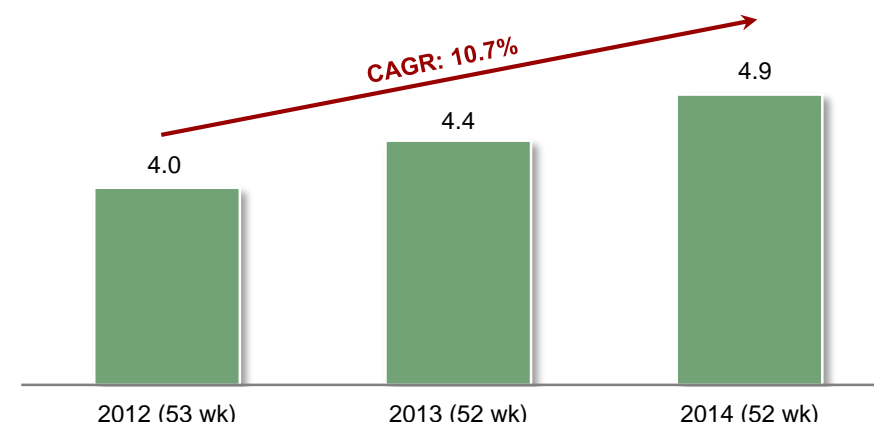
## Revenue (£m)



## LFL sales performance (%)



## Number of transactions per week (m)




Source: Company information; March YE; IFRS financials

<sup>1</sup> Including Dealz; <sup>2</sup> Including temporary stores

## Operating cost trend

Operating cost trend	2014	2013
Distribution expenses (£m)	297.0	261.3
Admin expenses (£m)	31.5	28.7
<b>Total overheads (£m)</b>	<b>328.5</b>	<b>290.0</b>
Wages (£m)	144.6	127.1
Underlying D&A (£m)	14.0	12.0
Operating leases (£m)	78.5	68.7
Other (inc. rates) (£m)	91.4	82.2
<b>Total overheads (£m)</b>	<b>328.5</b>	<b>290.0</b>
<b>% of sales</b>		
Wages	14.49	14.44
Underlying D&A	1.40	1.36
Operating leases	7.87	7.80
Other (inc. rates)	9.16	9.34
<b>Total overheads</b>	<b>32.92</b>	<b>32.94</b>
<b>Total overheads (Exc D&amp;A) (£m)</b>	<b>314.5</b>	<b>278.0</b>
<b>% of sales</b>	<b>31.52</b>	<b>31.57</b>

 We have seen a marginal improvement in our overheads to sales ratio despite continued investment in growth



## Reconciliation of underlying EBITDA

Reconciliation to underlying EBITDA (£m)	2014	2013
<b>Reported EBITDA</b>	<b>42.8</b>	<b>43.1</b>
<b>Adjustments</b>		
IPO costs	10.0	
Distribution centre		1.4
New store format trial		0.4
Strategic initiatives	1.3	0.5
<b>Underlying EBITDA</b>	<b>54.0</b>	<b>45.5</b>

 Underlying EBITDA grew by 18.9%

 Strategic initiatives include research into international opportunity and ecommerce start up costs

## Profit before tax

Reconciliation to underlying profit before tax (£m)	2014	2013
<b>Reported profit before tax</b>	<b>21.4</b>	<b>26.5</b>
<b>Adjustments</b>		
IPO costs	10.0	
Brand amortisation	1.1	1.1
Distribution centre double running costs		1.4
New store format trial		0.4
Strategic initiatives	1.3	0.5
Net financing cost	3.0	(0.1)
<b>Underlying profit before tax</b>	<b>36.8</b>	<b>29.8</b>

- £1 Brand amortisation relates to Warburg Pincus acquisition in FY2011
- £1 Net financing non-underlying cost relates to bank loan write-off and costs of new facility
- £1 Underlying pretax profits grew by 23.5%

# Operating cash flow

Operating cash flow (£m)	2014	2013
EBITDA	42.8	43.1
Tax paid	(10.4)	(3.9)
Change in net working capital	15.8	(5.9)
<b>Operating cashflow</b>	<b>58.6</b>	<b>37.3</b>
<b>Net cash from operating activities</b>	<b>48.2</b>	<b>33.4</b>
Capital expenditure	(16.6)	(15.2)
Acquisition of intangible assets	(1.0)	(1.3)
<b>Net cash from investing activities</b>	<b>(17.6)</b>	<b>(16.5)</b>
Proceeds from new loan	29.3	
Repayment of borrowings	(54.9)	(7.2)
Redemption of preference shares	(20.0)	
Net financial expenses paid	(2.5)	(2.8)
<b>Net cash from financing activities</b>	<b>(48.1)</b>	<b>(10.0)</b>
Net increase in cash	(17.6)	6.9
<b>Net debt</b>	<b>(4.7)</b>	<b>(9.2)</b>
Cash conversion (%) *	123.6	82.8

 Net debt halved, despite:

- IPO costs of £5m; £5m falling into FY2015
- Redemption of £20m of preference shares

\* Cash conversion is defined as Underlying EBITDA plus working capital less maintenance capex divided by Underlying EBITDA

# Capital investment

Capital investment (£m)	2014	2013
New stores	13.0	12.4
Existing stores	3.0	2.0
Other	1.6	2.0
<b>Total</b>	<b>17.6</b>	<b>16.4</b>
% of sales	1.8	1.9

£1 Capital expenditure has been primarily for new store openings

£1 Future drivers

- Number of stores opened in UK & Republic of Ireland, around 60 net a year
- Pace of store rollout in Spain
- Harlow warehouse cash impact will be neutral



# Guidance for FY2015

## £1 Store rollout:

- A net 60 in UK & Ireland

## £1 Spain:

- Moving towards target of 10 store pilot in two years

## £1 Underlying costs:

- EBITDA margin broadly flat after costs of being a listed company

## £1 Non underlying charges:

- Double running costs associated with Harlow (£1.0m to £1.5m)
- Trial store costs in Spain (£1.25m to £1.75m)

## £1 Capital investment:

- Around £20m

# Agenda

£1 FY14 Highlights and Q1 IMS

Jim McCarthy

£1 Financial Highlights

Nick Hateley

£1 FY14 Overview

Jim McCarthy

£1 Growth Strategy

Jim McCarthy



**Chief Executive**  
*Jim McCarthy*



## FY14 overview

- £1 Universal appeal
- £1 New product ranges
- £1 IPO in March
- £1 70 stores net in UK and Ireland
- £1 Opened first store in Spain



## Universal appeal

- £1 Our share of ABC1 customers continues to increase, to 54%
- £1 Number of customers up by 11% to 4.9m
- £1 Increased ATV by 2.5% from £4.44 to £4.55
- £1 According to a YouGov survey, consumers say that, even if their financial situation improved, they would continue to use discounters
- £1 We expect to continue to benefit from structural change in shopper behaviour



## New product ranges

- £1 We continue to develop new product ranges, including
  - Hair accessories
  - Healthy snacking
  - Jane Asher's Kitchen range
- £1 Continuous category and product innovation
- £1 Significant pipeline of opportunity





## IPO in March

- £1 We floated in March
- £1 15x over-subscribed at the top of the range
- £1 Management retain circa 10% of the company






## 70 new stores

 65 in the UK, taking the total to 497

- Halfway to our 1,000 store target

 5 in Ireland, taking the total to 31

- Halfway to our 70 store target

 We now have over 50 retail park stores

- We opened 30 in FY2014

 We had 528 stores at the year end

 We grew our sales area by 18.9% in FY2014

# We have opened our first store in Spain

- £1 We opened our first store in Spain yesterday
- £1 It is too early to comment on trade





# Growth Strategy

- £1 UK and Ireland store roll out
- £1 Optimising store performance
- £1 International expansion
- £1 Format and channel development



## UK & Ireland store roll out

- £1 The value general merchandise market is expected to continue to grow
- £1 Structural change will help us
- £1 We target 1,000 stores in the UK (Javelin 1,400)
- £1 We target 70 stores in Ireland (Javelin 100)
- £1 Strong new store pipeline in UK, Ireland and Spain



# Optimising store performance

- £1 Dilute costs
- £1 Drive growth in ATV and transaction numbers
  - Category management
  - Innovation and exclusive product range
  - Improve micro ranging
- £1 Sales/range mix
  - Higher margin, non consumable products
  - New categories and brands
- £1 Relocation/upsizing of existing sites
  - 122 stores less than 4,000 sq.ft





## International expansion

- £1 Low cost, low risk launch into Spain
- £1 Up to 10 stores over a two year period
- £1 Favourable rental terms with 10 year leases with short break periods
- £1 Leverage existing retail expertise and UK infrastructure
- £1 Core team of experienced Spanish retailers
- £1 First store has opened



## In summary...

- £1 A successful IPO
- £1 Innovative products, including first celebrity tie up
- £1 We have done what we said we would do
- £1 Delivered strong KPI performance
  - Sales
  - Margin
  - EBITDA
  - Cash
- £1 We have opened our first store in Spain
- £1 We have made an encouraging start to the year





# Appendix



## Other operating metrics performance

	2013	2014	Growth (%)
Average store size (net) (sq.ft.)	5,143	5,233	1.7
Average number of transactions per week (millions)	4.4	4.9	11.4
Average transaction value (£)	4.44	4.55	2.5
Gross sales (£m)	1,024	1,160	13.2



## Store performance indicators

	High street and shopping centre		Retail parks		Dealz	
	2013	2014	2013	2014	2013	2014
Number of stores	408	443	24	54	26	31
Number of new stores (net)	44	35	8	30	17	5
Average store size (sq. ft.)	5,035	5,161	5,909	6,088	5,909	5,797





## Store roll out

	2011	2012	2013	2014
Poundland store roll out	64	53	52	65
Dealz store roll out	0	9	17	5
Net openings	64	62	69	70