



***B&M European Value Retail SA
Preliminary Results Presentation
52 weeks to 26th March 2016***



FY16 Group Highlights

- A record number of 79 UK store openings (net 74 openings) and 6 new stores in Germany
- Group revenues increased by 23.6% to £2,035.3m
- UK LFL revenues +0.3% and underlying LFL +2.4%
- Group adjusted Profit before Tax increased by 19.5% to £161.4m
- Net cashflow from operations £170.9m an increase of 11.8%
- Opening of two new UK warehouses adding 800,000 square feet
- Continued investment in infrastructure and a reduction in net debt to adjusted EBITDA of 1.75 times
- A target net debt to adjusted EBITDA of 2.25 time and a capital return to shareholders of 10.0p per share (£100m) as a special dividend and a full year dividend of 4.8p per share



Paul McDonald
Chief Financial Officer



Summary Profit and Loss

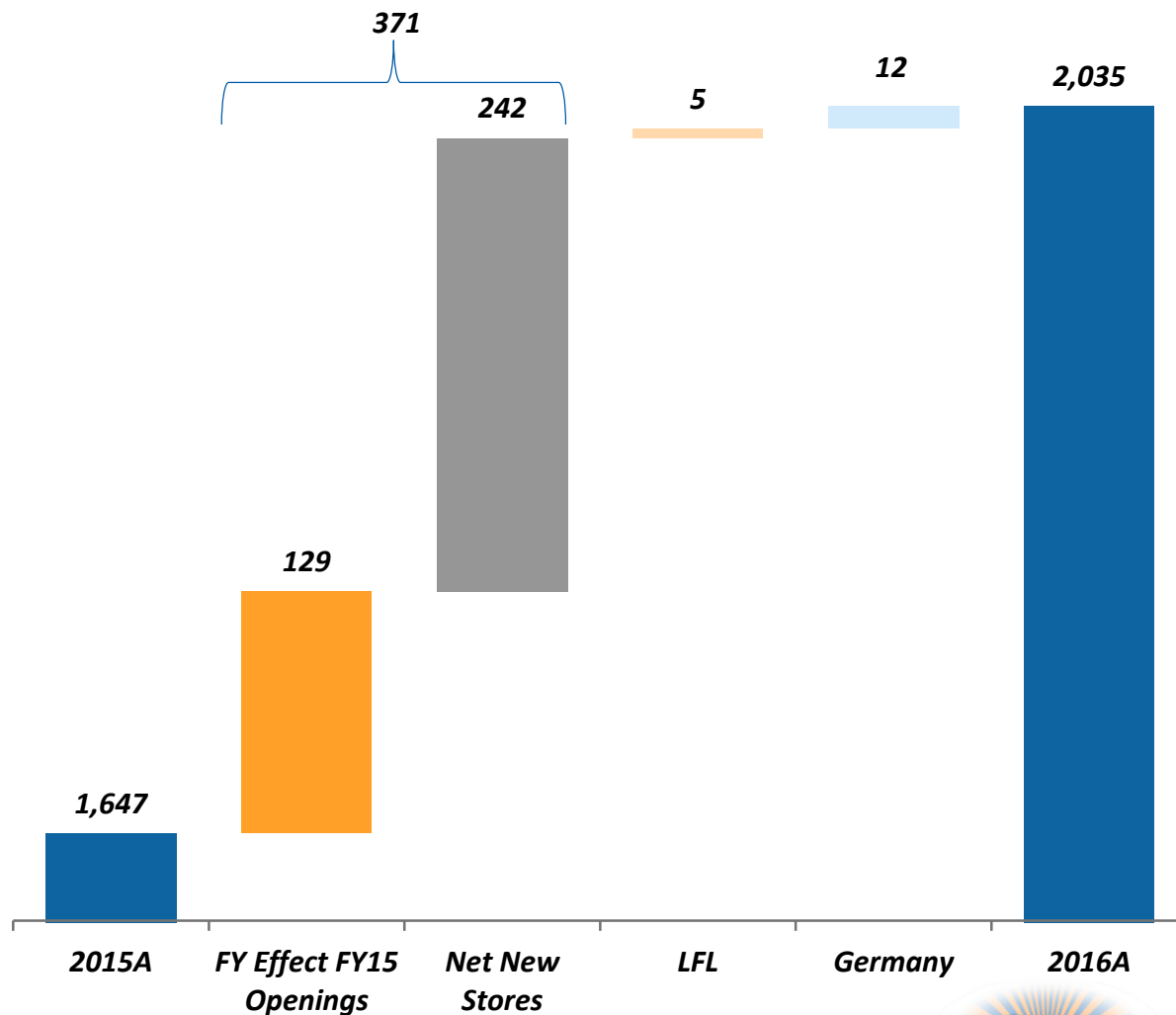
<i>£ millions, March year end</i>	<i>2015A</i>	<i>2016A</i>	<i>%</i>
Group Stores	475	555	16.8%
Revenues	1,646.8	2,035.3	23.6%
Gross Profit	569.9	703.0	23.4%
%	34.6%	34.5%	(6)Bps
Operating Costs	(395.7)	(500.5)	26.5%
Adjusted EBITDA	174.2	202.5	16.2%
%	10.6%	9.9%	(63)Bps
Depreciation and Amortisation	(15.6)	(20.4)	30.8%
Interest	(23.6)	(20.7)	-12.4%
Adjusted Profit Before Tax	135.0	161.4	19.5%
Exceptional Costs	(24.1)	(6.4)	n/a
Exceptional Interest Costs	(49.2)	(0.4)	n/a
Profit / (Loss) Before Tax	61.7	154.5	150.2%
Adjusted Earnings / (Loss) per Share (p)	10.3p	13.0p	26.5%
Statutory Earnings / (Loss) per Share (p)	3.4p	12.4p	262.2%



Group Revenue Bridge

£ millions,

REVENUE 2015A-2016A



- +24.3% revenue growth at constant currency
- Annualisation of net 52 new stores from FY2015
- 74 net new stores opened in the UK
- £12m of revenue from Jawoll relating to the additional month trading, the 6 new stores and some modest LFL sales growth



Continued EBITDA Growth

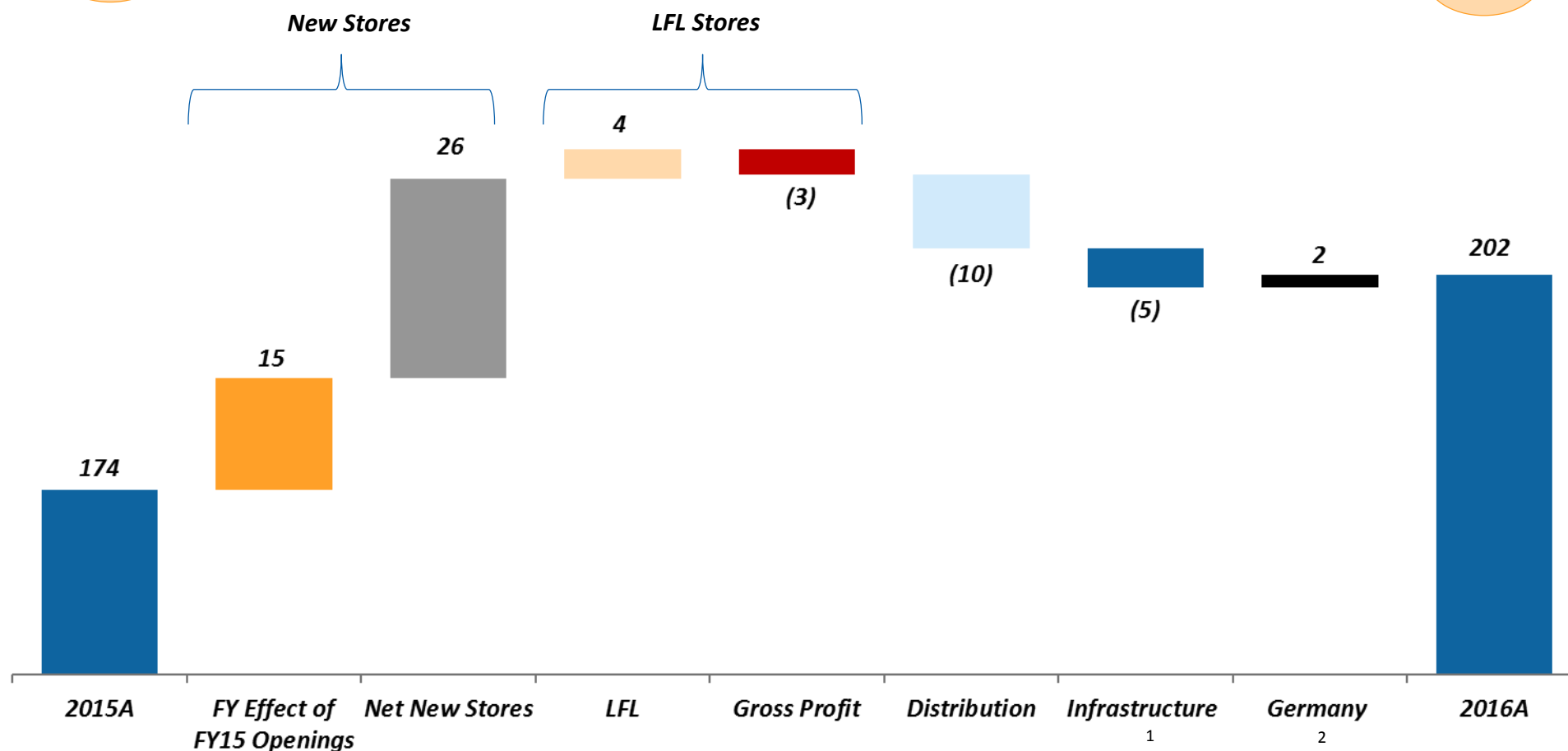
£ millions,

ADJUSTED EBITDA BRIDGE 2015A-2016A

Margin %

10.6%

9.9%

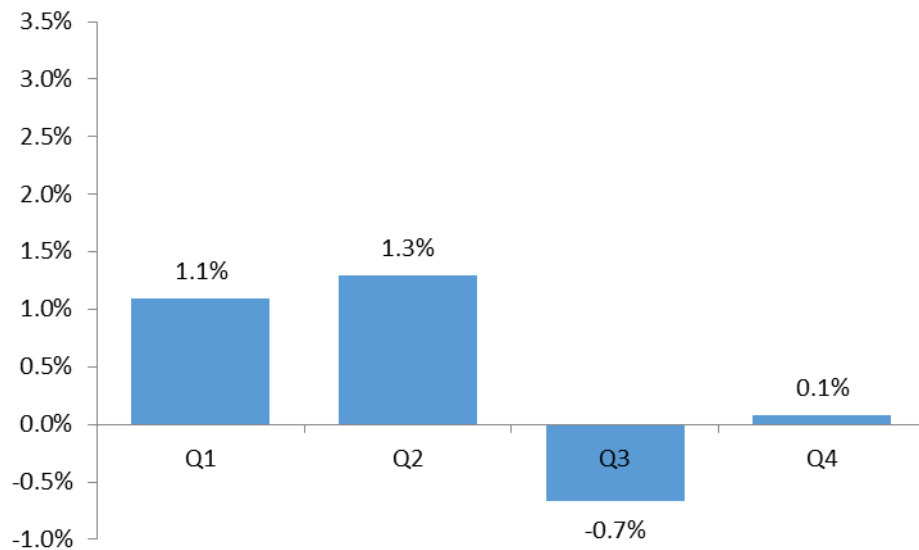


Note 1: Infrastructure largely comprises the fixed cost of the new warehouse
 Note 2: Germany includes £0.9m of translational currency loss

LFL Sales

UNADJUSTED DEFINITION, FY2016

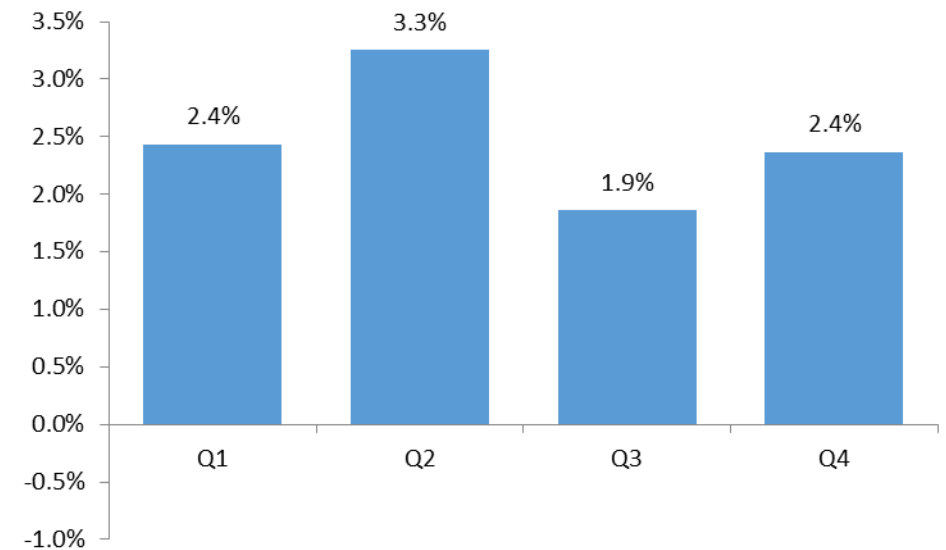
+0.3%



Unadjusted LFL	+0.3%
New Store 'Halos'	+0.6%
Cannibalisation	+1.5%
Underlying LFL	+2.4%

UNDERLYING LFL, FY2016

+2.4%



Underlying LFL only includes those stores that have traded for at least 14 months and excludes those stores that have been impacted by new store openings ¹.

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



Store Opening Financial Strategy

CASE STUDY – BOSTON, LINCOLNSHIRE

- Existing town centre Bargain store annual revenues £3.9m
- New Out Of Town Homestore opened 1.3 miles away on outskirts on 2nd May 2015 and was part of a “package”
- Existing store revenues –23%, a reduction of £0.9m
- New store estimated to take £6.3m p.a.
- Therefore, incremental revenues from the Boston catchment area £5.4m
- A 89% increase in store contribution from the catchment
- We believe the right economic decision but impacts the LFL performance of the existing store for 12 months.



New Store at Alban Retail Park,
25,784 sq ft Home Store with
Garden Centre

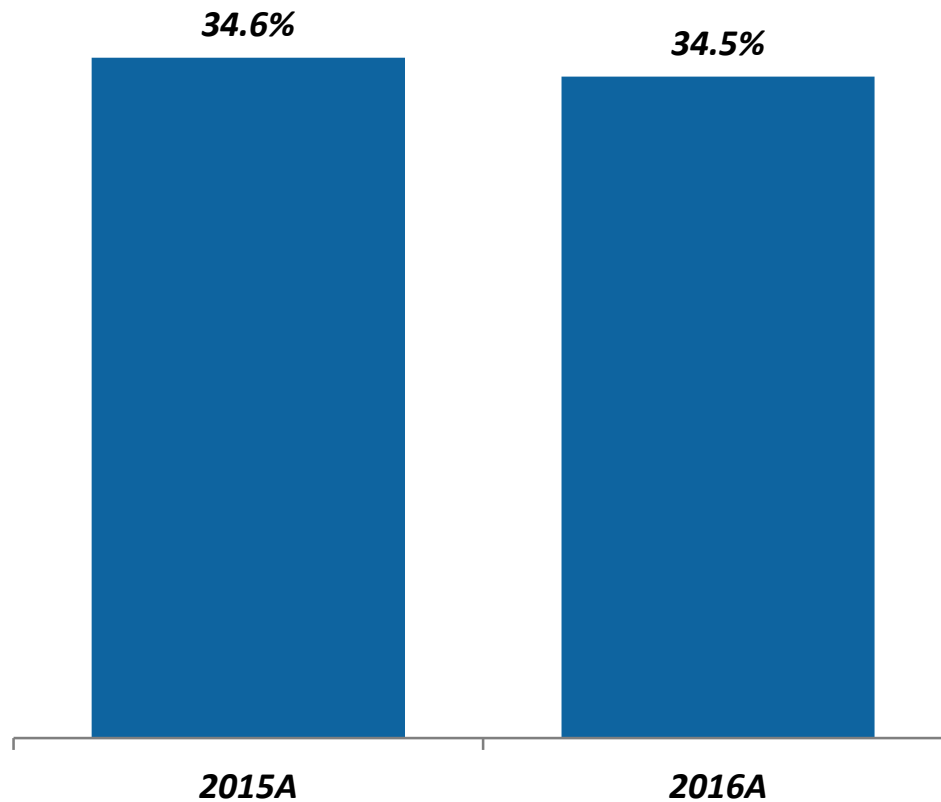


Existing Store Town Centre
Bargain store 15,462 sq ft



Gross Margin Outturn

GROSS MARGIN (%)



KEY HIGHLIGHTS

- 6 bps reduction in group gross margin to 34.5% and in line with guidance
- UK margins have reduced by 12 bps, impact of adverse US\$ rates mitigated by favourable sales mix
- Jawoll margins have improved by 105bps
- Our strategy continues to focus on re-investing in price leadership to drive growth and not to target gross margin expansion
- Continue to maintain price competitiveness versus UK grocery sector



Operating Costs

£ millions,

	2015A	2016A
Store Costs	279.8	353.0
Transport and Distribution	51.8	75.5
Central Costs	30.3	34.2
Total UK	361.9	462.6
Germany	33.8	37.9
Depreciation	15.6	20.4

% of Revenue

Store Costs	18.3%	18.6%
Transport and Distribution	3.4%	4.0%
Central Costs	2.0%	1.8%
Total UK %	23.7%	24.3%
Germany %	28.0%	28.6%
Depreciation %	0.9%	1.0%

KEY HIGHLIGHTS

- Store costs as a % of sales were 22bps higher than last year reflecting flat LFL sales growth and some higher costs as we move further South
- Transport and Distribution costs, 57bps higher than last year as we incurred unbudgeted but non-recurring costs as we opened the additional DC capacity
- Central costs were 19bps lower than last year despite the additional £3.5m of fixed costs from the additional DC capacity
- Jawoll costs grown as a result of the new stores openings and infrastructure investments made ahead of growth
- Depreciation growing as a % of revenues



Interest Expenses

£ millions,

	2015A	2016A
Interest	21.7	19.3
Amortised Fees	1.9	1.4
Total	23.6	20.7
Put/Call Option	2.0	0.7
Fees Write Off	28.8	-
Preferred Equity Certificates	16.2	-
Fair Value	2.2	(0.3)
Total	49.2	0.4

KEY HIGHLIGHTS

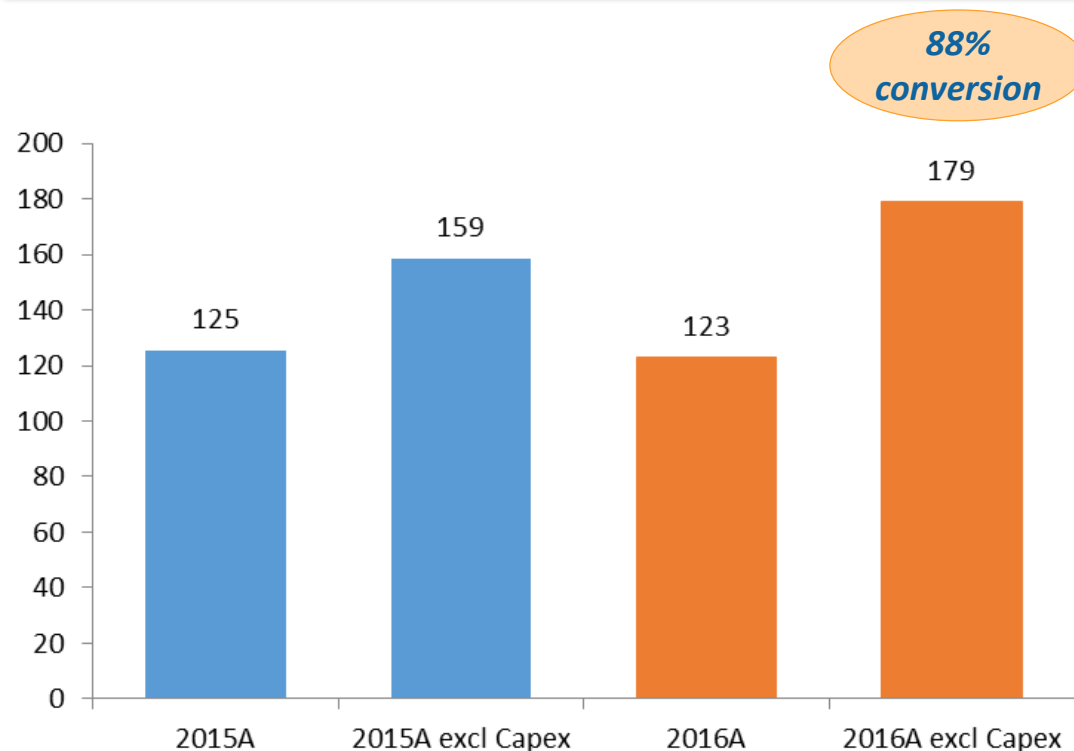
- Interest and amortised fees relating to the bank debt
- Non-cash impact, £0.7m of IFRS accounting for Jawoll put / call option over management's 20% stake
- Fair value; (£0.3m) mark to market of interest rate hedging



Strong Cash Flow Conversion and De-leveraging

£ millions,

OPERATING CASH FLOW



Strong cash generation despite investment in new store capex and working capital

CASH FLOW STATEMENT

£m	2015A	2016A
Adjusted EBITDA	174.2	202.5
<i>Change in Working Capital</i>	<i>(15.3)</i>	<i>(23.4)</i>
New Store Capex	(21.8)	(38.2)
Infrastructure Capex	(2.4)	(4.8)
Maintenance Capex	(9.0)	(13.1)
Capex	(33.2)	(56.1)
Operating Cash Flow	125.7	123.0

Net Debt / Adjusted EBITDA	2.19	1.75
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Net Debt reduced to £354.2m from £381.0m and Net Debt to adjusted EBITDA reduced to 1.75 times

Note: 1. Cash Conversion is defined as Operating Cash Flow as a percentage of Adjusted EBITDA.

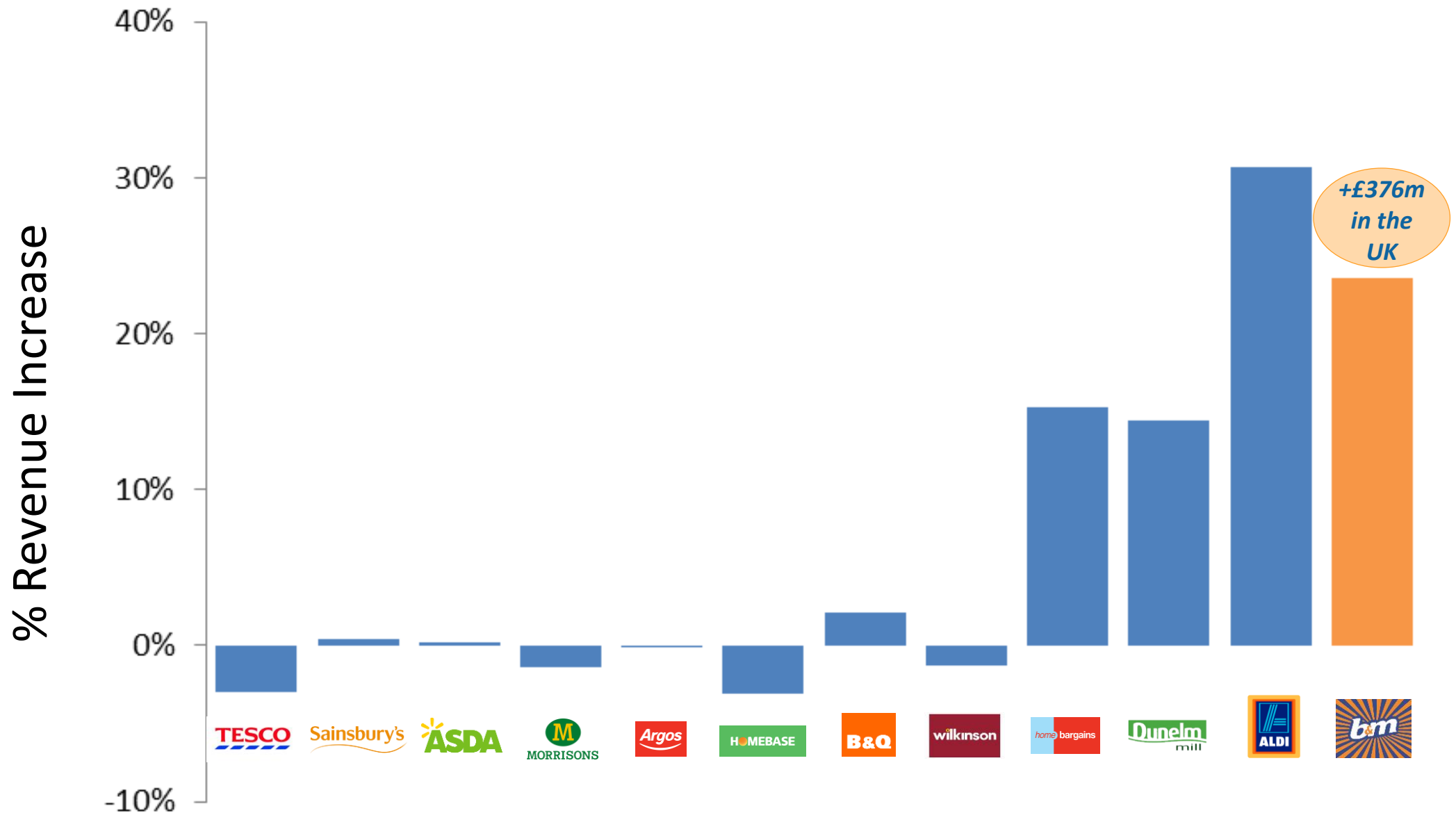


Simon Arora

Chief Executive Officer



B&M Continues to Drive Revenue Growth



Source : Latest annual accounts, or full year announcements (May 2016). Revenues exclude fuel, financial services and VAT except Sainsbury's whose revenues are inclusive of VAT



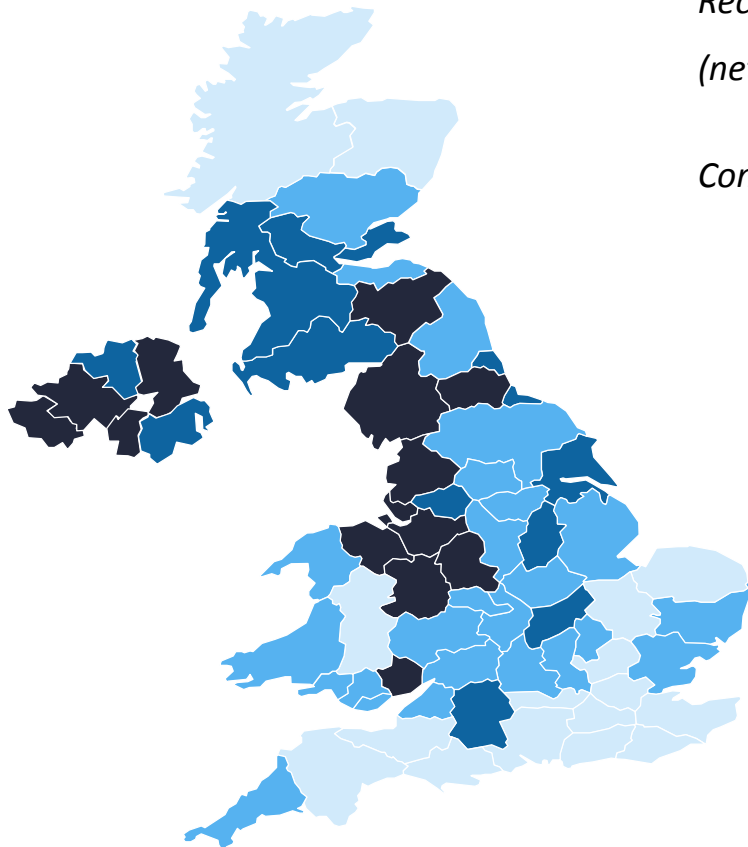
Continue to Successfully Roll Out New Stores

499 STORES AS AT MARCH 2016

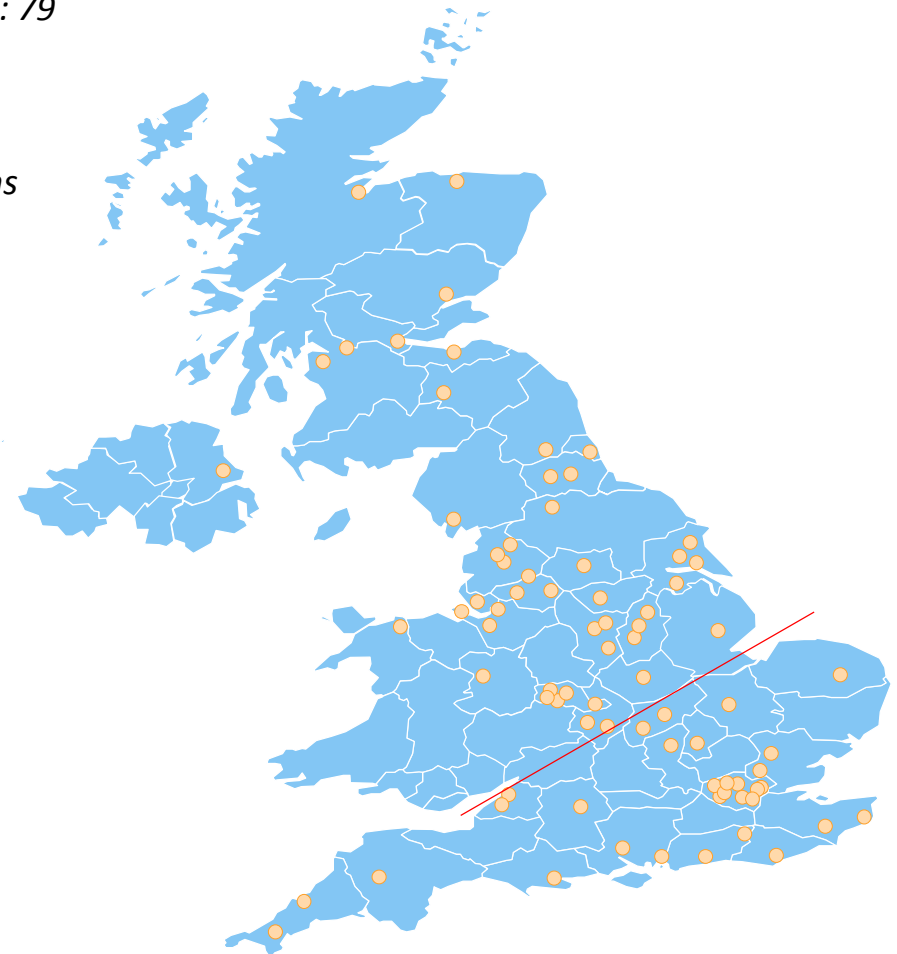
FY2016 OPENINGS

Record number of openings: 79
(net 74 stores)

Consistent high store returns



STORES PER 100,000 POPULATION



Compelling Value Leads to High Volumes

SIGNIFICANT VOLUMES SOLD ON LINES WE OFFER



**3m packs of
Duracell Batteries**



**2.6m
Duvet Sets**



**32m Birdseed
Balls**



**2.3m
Pyjamas**



**2.6m
LED Light Sets**



**8.5m
Health & Beauty
Gift Sets**



**1.1m Small
Appliances**



**3.2m
Cushions**



**6.6m
Christmas
Crackers**



**105,000
Patio Sets**



**8.2m
Solar Lights**



**31,000 Mario
Kart Sets**



Product Range Enhancements

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Russell Hobbs



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5 All Pack Pugs in Boxset £2.99	6 Collapsible Washing Basket £9.99
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9 Long Reach Duster £4.99	

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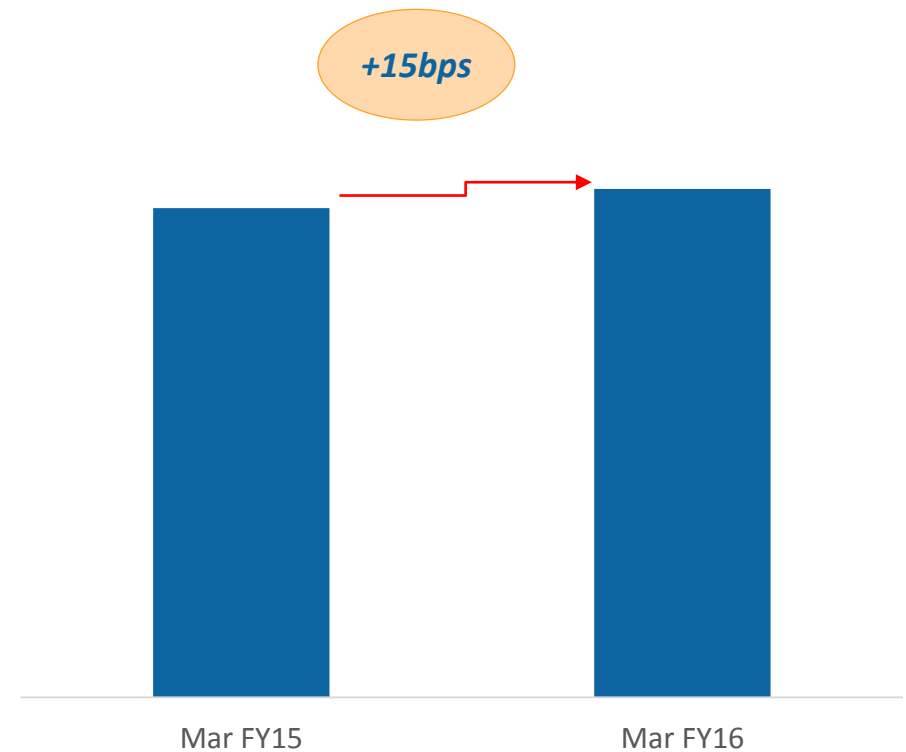
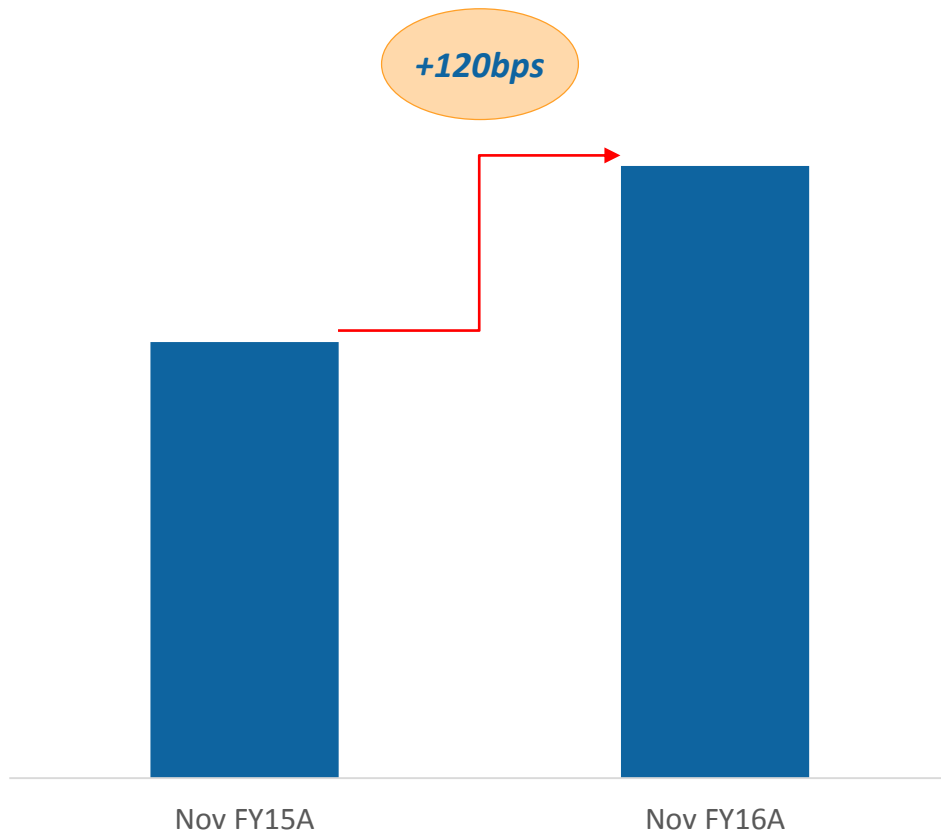
dyson



Productivity Returning in Distribution

NOVEMBER 2015 DISTRIBUTION COST % SALES₁

MARCH 2016 DISTRIBUTION COST % SALES₁



Note 1 : Variable Transport and Warehousing costs expressed as a % of revenues

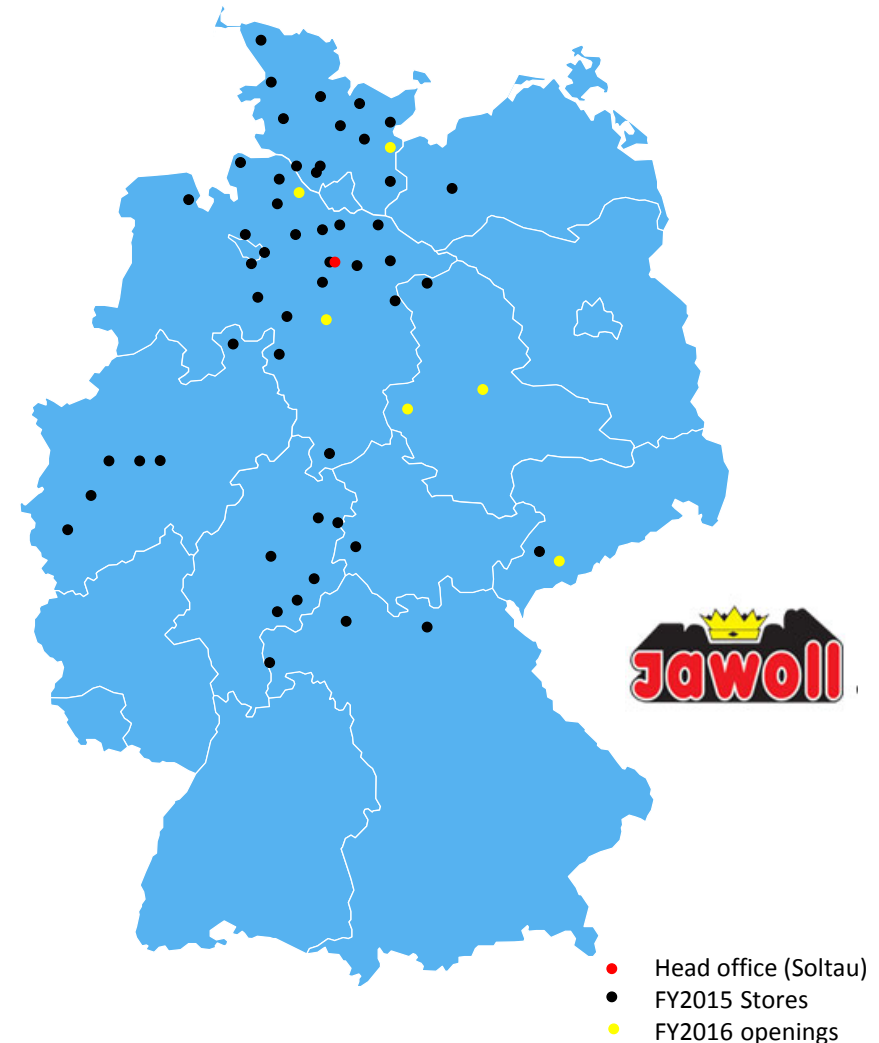


International Expansion - Germany

SUMMARY

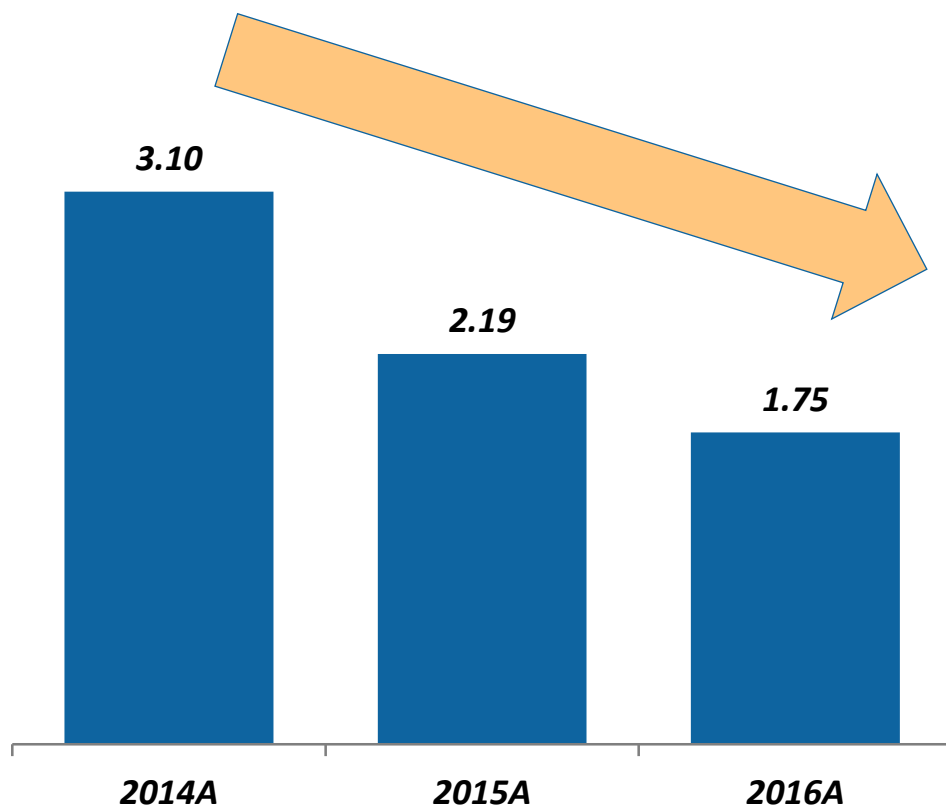
- *Delivered € revenue growth of 18.1%, inclusive of extra month of trading*
- *6 new stores opened in the year including smaller footage trial*
- *Attractive new store returns, with 10 planned for FY2017*
- *Meaningful EBITDA growth since acquisition – business model is working*
- *Signed a conditional agreement for the acquisition of a further 9 stores in FY2017 from a privately owned retail chain, handover aimed for second half of FY2017*
- *Continued extension of direct product sourcing and learnings to date*
- *Warehouse extension to be operational in June 2017*
- *Investments made in head office infrastructure and commercial teams*
- *Investor day 17th June 2016*

CURRENT FOOTPRINT – GERMANY



Capital Structure and Dividends

DE-LEVERAGING PROFILE



2 Year Growth
Revenue +60%
Adjusted EBITDA +55%
133 New Stores Opened

CAPITAL RETURN

- Net Debt to Adjusted EBITDA target 2.25
- Commencing a £100m capital return via a Special Dividend
- Record date, 10th June and paid 8th July 2016

ORDINARY DIVIDENDS

- Proposed final dividend 3.2p and full year 4.8p
- At the upper end of our dividend payout policy

<i>£ millions</i>	<i>2014A</i>	<i>2015A</i>	<i>2016A</i>
Capex	34.3	33.2	56.1
Dividend		9.0	41.0

Note 1 : The 3.1 times net debt to adjusted EBITDA in 2014A is a pro-forma figure reflecting the post IPO capital structure. The actual at March-14 was 3.3 times



Outlook for 2017

- UK market remains competitive but relatively stable
- Slow start to seasonal outdoor ranges in April trading but rebounding in May
- Capital return to shareholders highlights our robust cash generative model
- We are making good strategic progress:
 - Record number of store openings and continue to grow market share
 - Good pipeline of stores for FY2017 and FY2018
 - A step change in our distribution centre capacity and productivity returning
 - Continued progress in Germany and start of consolidation strategy in a fragmented market
- On track with our plans for the business in FY2017

