



10 January 2019

B&M European Value Retail S.A.

Trading Update

Continued growth and solid trading across the peak period

B&M European Value Retail S.A. (“the Group”), the UK’s leading variety goods value retailer, today provides a trading update for the third quarter of its current financial year, relating to the 13 week period from 30 September 2018 to 29 December 2018¹.

Highlights

- Group sales revenue growth in the quarter of 12.1% at constant currency; B&M UK like-for-like (“LFL”) revenues for the quarter -1.6% against a strong prior year comparable of +3.9%
- Pleasing finish to the quarter with December B&M UK +1.2% LFL Sales and +3.2% LFL Cash Gross Margin, after a difficult November
- Strong inventory control delivered an estimated +30bps expansion in Gross Margin percentage over the quarter
- Positive sales momentum has continued into January
- 13 B&M planned gross new store openings for the final quarter

Revenue Summary

	Q3 2018/19	Q3 2017/18	YTD at Q3 period end 2018/19	YTD at Q3 period end 2017/18
Total Group Revenues	£1,087.1m	£969.8m	£2,650.1m	£2,316.2m
B&M ²	£874.5m	£837.3m	£2,151.2m	£2,029.3m
Heron ²	£89.9m	£79.8m	£265.0m	£127.4m
Jawoll	£55.3m	£52.7m	£166.5m	£159.5m
Babou	£67.3m	-	£67.3m	-
Total Group Revenue Growth (constant currency) ³	+12.1%	+22.7%	+14.4%	+21.7%
B&M UK Like-for-Like Revenue Growth ⁴	-1.6%	+3.9%	-0.7%	+6.0%

Commentary

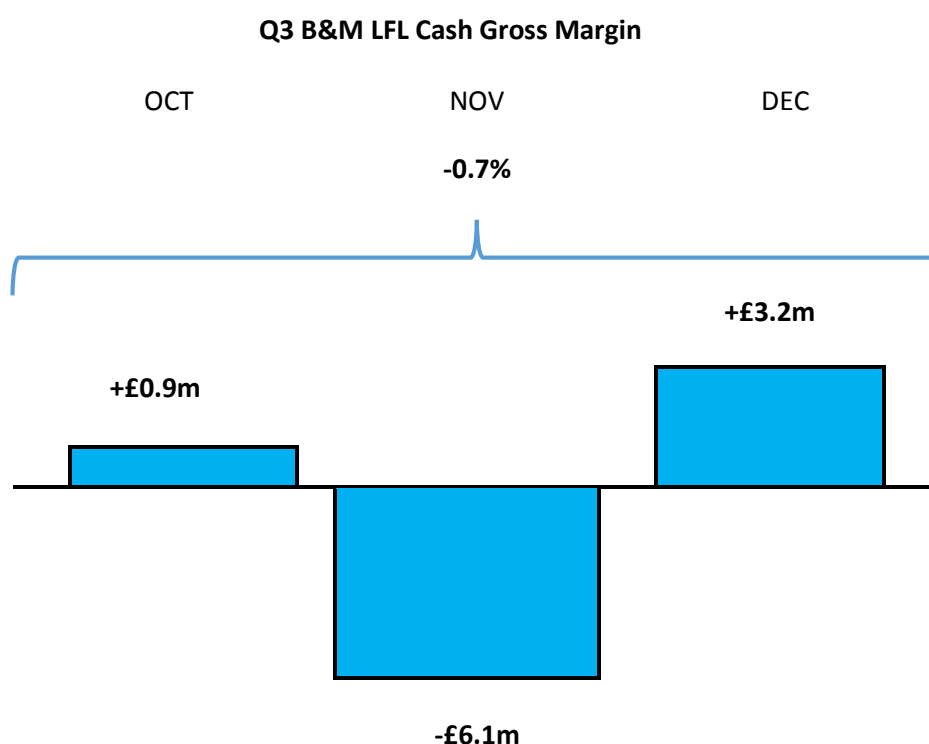
Group

Group sales revenue for the quarter increased by 12.1% on a constant currency basis. On an actual currency basis, total sales revenue increased also by 12.1% (2017: 22.9%) to £1,087.1m (2017: £969.8m).

B&M²

B&M UK sales revenue in the 13 week period increased by 4.5% to £874.5m (2017: £837.3m) with LFL sales -1.6%, against a strong comparative of +3.9% last year.

As can be clearly seen below, LFL Cash Gross Margin⁵ was held back by a disappointing November, but ended with a strong finish in December at +3.2% and +£3.2m.



December's positive trading momentum has continued into early trading in January. Careful control of inventory has meant that stocks for the January 2019 end of season sale period are below the levels of last year, which should provide further support to the margin over Q4.

We opened a net 20 new stores in the quarter and we continue to see attractive returns from the new store opening programme. We are on track to open 56 gross new stores in FY19.

Heron Foods²

Heron Foods has continued to trade strongly with overall revenues growing by 12.6% to £89.9m (2017: £79.8m) in the quarter, which was a good performance given the business was annualising the product range extensions that were made last year following its acquisition. There were 9 net new stores opened in the quarter (taking the total to 278 stores) and we are on track to open 20 net new stores in the full year.

Jawoll

Jawoll's sales revenue increased by +5.5% on a Euro basis in the quarter, which equates to an increase of 4.9% in Sterling to £55.3m in the quarter compared with the same period in the financial year 2017/18.

The Jawoll business LFL performance in the quarter was broadly in line with its half year performance. Those product categories that have benefited from the B&M Far East supply chain performed strongly. The Toy and Electricals product categories in particular achieved double digit percentage positive LFL revenue growth, as new products were well received by Jawoll customers. These are encouraging early signs that the improvements to the product range are resonating with shoppers. The strong performance in those categories was offset by reduced sales in the Clothing product category, on which Jawoll has been reducing its reliance. Jawoll continued with its planned price reductions across slow-selling, discontinued ranges in the quarter. This will continue into the final quarter, before we expect to see some improvement in gross margin performance.

There were 3 new stores opened in the quarter and we are on track to open 10 gross new stores in FY19.

Babou

The Babou stores business which we acquired in October 2018 contributed £67.3m of revenues in the quarter, with clearance activities on existing merchandise commencing as we transition the product range ahead of new B&M sourced product ranges arriving in stores from March 2019 onwards.

Outlook

Our January period has started well and we are well positioned for the remainder of the financial year. Our pipeline of new stores is healthy and we remain on track to deliver continued sales and earnings growth this financial year and the next.

Simon Arora, Chief Executive, said,

“Despite the broader economic uncertainty over the last quarter, B&M is on track to deliver a record year for both sales and earnings, representing our fourteenth consecutive year of profit growth.

The business' ability to manage profitability through uncertain trading conditions is testament to the resilience of the business model and the strong operational controls we have in place. We continue to open new stores and win market share when other retailers are retrenching.

I would like to thank all our colleagues across our UK, German and French businesses for their hard work and commitment over our busiest ever peak Christmas period. I am pleased by the December trading and the positive momentum with which we enter 2019. We look forward to the year ahead with confidence as our value proposition is clearly resonating with shoppers.”

¹ The 13 week period for Jawoll ended 31 December 2018 and the period for Babou was from 11 October to 31 December 2018.

² References to the B&M business include the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References to the Heron Foods business include both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.

³ Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.

⁴ Like-for-like revenues relate to the B&M estate only and include 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.

⁵ Like-for-like cash gross margin in the graph relates to the B&M estate only and is calculated on the same basis as like-for-like revenues, but represents the estimated gross margin achieved on revenues excluding shrinkage and supplier discounts (the latter are not materially different on a year on year basis).

Conference Call

A conference call to discuss the Trading Update will be held on Thursday 10 January 2019 at 8:30 am (UK).

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Notes to editors

B&M European Value Retail S.A. is a variety retailer with 611 stores in the UK operating under the "B&M" brand and 278 stores under the "Heron Foods" brand, 91 stores in Germany primarily operating under the "Jawoll" brand and 95 stores in France operating under the "Babou" brand as at 31 December 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