



B&M (LSE: BME) 1Q18 Update: Very Strong Comp Growth Continues as Grocery Demand Proves Strong

- B&M European Value Retail reported very strong total revenue growth of 18.3% in 1Q18.
- UK comps were a solid 7.3%, helped by strong demand for groceries.
- Nine new stores in the UK and four in Germany supported total revenue growth.

1Q18 Update

Mixed-goods discounter B&M reported very strong revenue growth of 18.3%, or 17.2% at constant currencies. Comparable sales in its core UK segment came in at an impressive 7.3%, the strongest comp growth for three years and ahead of the 6.5% average of analyst expectations recorded by S&P Capital IQ.

The company said that UK comps were supported by a later Easter and by strong grocery sales; this is in a context of raised UK grocery inflation. Total UK sales were up 17.8%, helped by nine store openings.

1Q18 group revenues reached £656 million, ahead of the £645 million average of analyst expectations recorded by S&P Capital IQ. Some £598 million of that was generated in the UK. Sales at the Jawoll chain in Germany climbed by 23.9% year over year, in British pounds, supported by four store openings.

Outlook

The company stated: "Although it is early yet in the FY18 financial year, we are nevertheless confident of meeting full-year market consensus profit expectations."

For the year ended March 2018, analysts expect the company to grow EBIT by 15.3%, on the back of revenues up 13.8%. Consensus expectations are for adjusted diluted EPS of 17.46 pence in FY18 versus 14.9 pence in FY17.



FLASH REPORT

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