

BOOKER

Group plc



Interim Results

16 October 2014



HIGHLIGHTS

Financial Highlights

- Total sales £2.3bn, +1.9%
- Booker like-for-like sales (excluding Makro) up 2.4%. Non tobacco sales up 3.4% and tobacco sales up 0.6%
- Operating profit (pre £7.0m prior year exceptional credit related to Makro acquisition) +15% to £68.1m
- Profit before tax (pre exceptionals) £67.4m, +16%
- Profit after tax (post exceptionals) £55.3m, +3%
- Underlying earnings per share up 16% at 3.17 pence
- Basic earnings per share up 2% at 3.17 pence
- Net cash of £107.2m
- Interim dividend of 0.52 pence per share, up 16%
- As previously indicated, intended return of capital in July 2015

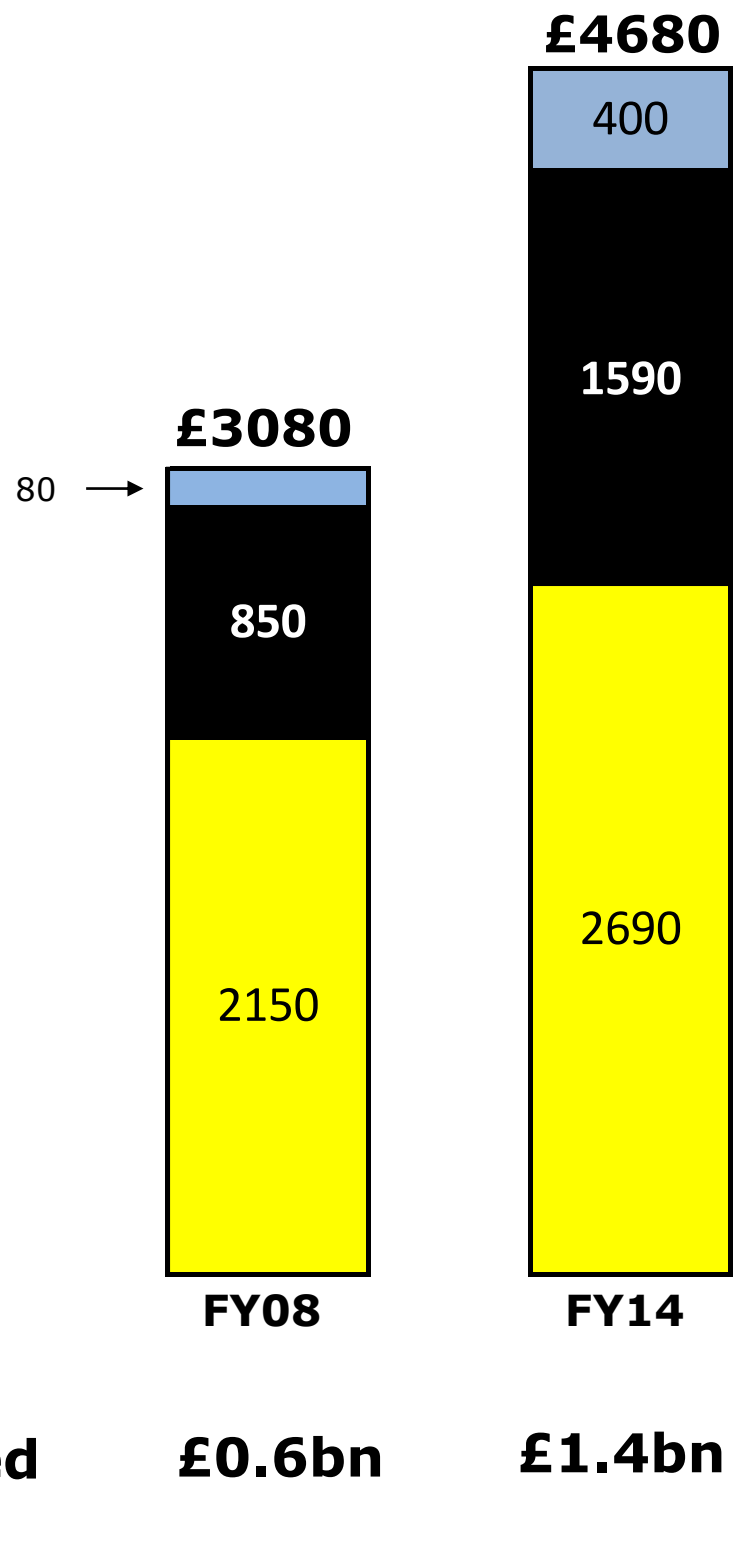
Operational Highlights

- Our plan to Focus, Drive and Broaden Booker Group continues to make progress
- Makro integration is on track
- Booker customer satisfaction improved during the period
- Internet sales up 12% to £413m in the half
- Plan to increase delivery capacity over the next two years by 80%
- Booker Direct, Ritter Courivaud, Classic and Chef Direct continue to make good progress
- Booker India is on track

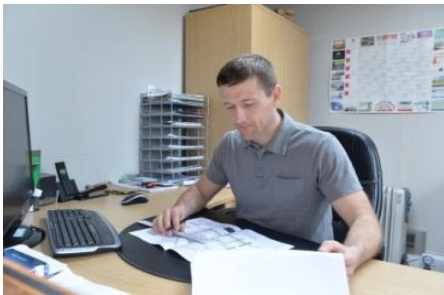


PLAN UPDATE

Booker Group; growing with professional customers



Small Business
903k



Caterers
466k




Retailers
129k



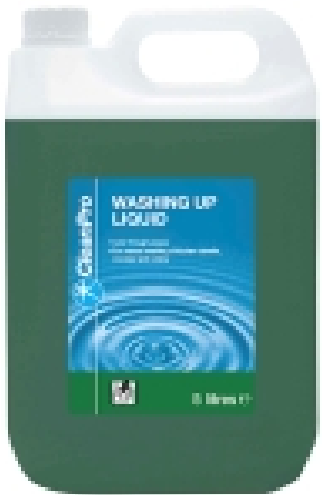
THE PLAN (NOV 2005)

ACTION	RESULTS
FOCUS (Nov '05)	Focus on £ Cash Reduce Costs to be most efficient operator Simplify the Business: "less is more"
DRIVE (Apr '06)	Improve Customer Satisfaction Choice up Prices down Better service
BROADEN (Apr '07)	On the way to offering the best choice, price and service to caterers and retailers and small business via the internet, delivery and cash and carry Be the suppliers' preferred route to market in UK New products, services & customers

FOCUS – On Track

Cash	£107m  100
Costs	Branch systems Buying systems Supply Chain integration 3000 colleagues trained
Concept	Sheffield/Preston/Belfast/ Enfield working

DRIVE: Choice Up eg. catering own brands



Half year sales

£18m

£55m

£124m

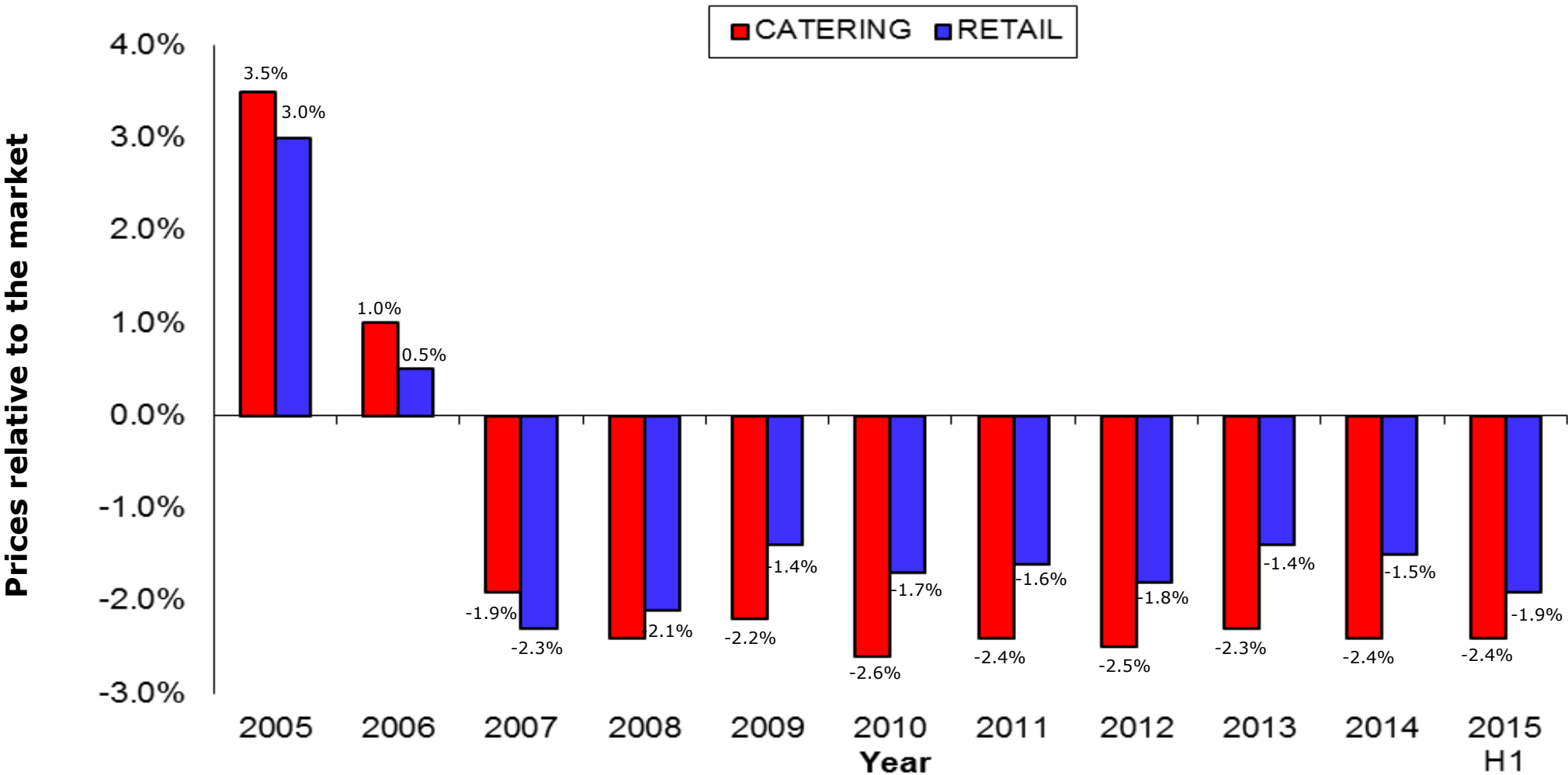
% Sales
Change vs LY

+18%

+33%

+26%

DRIVE: Prices Down



Price of some key catering lines £	May 2013	May 2014	Latest Oct 2014
KTC 20 Litres cooking oil	18.19	15.49	12.99
Chef’s Essentials 2.27kg Frozen chips	1.39	1.19	1.09
Chef’s Essentials 10 litres Mayonnaise	9.99	8.59	8.59
Farm Fresh 40 Baking potatoes	15.99	8.99	6.49

Source: Company October 2014 vs 2013

DRIVE: Premier



Customers 3,089

Sales to these customers +14%

Fresh Sales +26%



DRIVE: Delivery new fleet



	Current pre Makro	Post Makro
Approx branch delivery space k sq ft	600	1400
Fleet capacity m cases		
• Current	100m	100m
• Increased vehicle capacity		33m
• Additional vehicles		13m
• Longer hours		33m
Total	100m	179m



DRIVE: Customer satisfaction is improving versus the market



Customer Scores 2014

Retail

Collect

	Booker	Bestway	Dhamecha
Range of products	9.1	8.8	8.5
Acceptable prices	8.7	8.6	8.5
Availability of products	9.0	8.8	8.6

Delivered

	Booker	Palmer & Harvey	Musgrave
Range of products	7.6	6.4	7.2
Acceptable prices	7.6	6.6	7.1
Availability of products	7.3	6.4	7.0

Catering

Collect

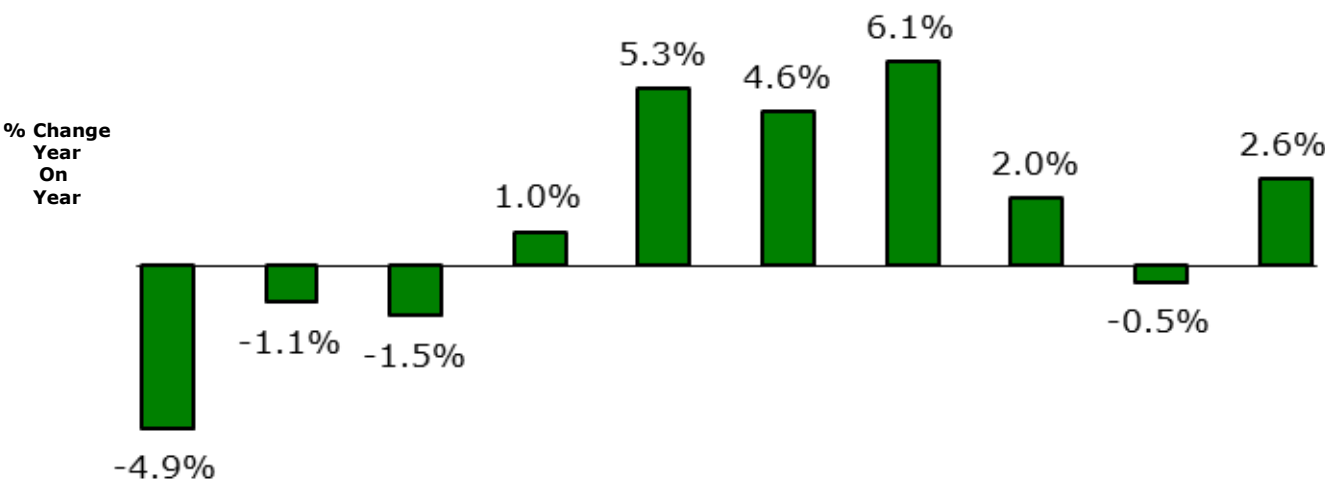
	Booker	Batleys
Range of products	9.1	8.8
Acceptable prices	8.8	8.5
Availability of products	9.0	8.6

Delivered

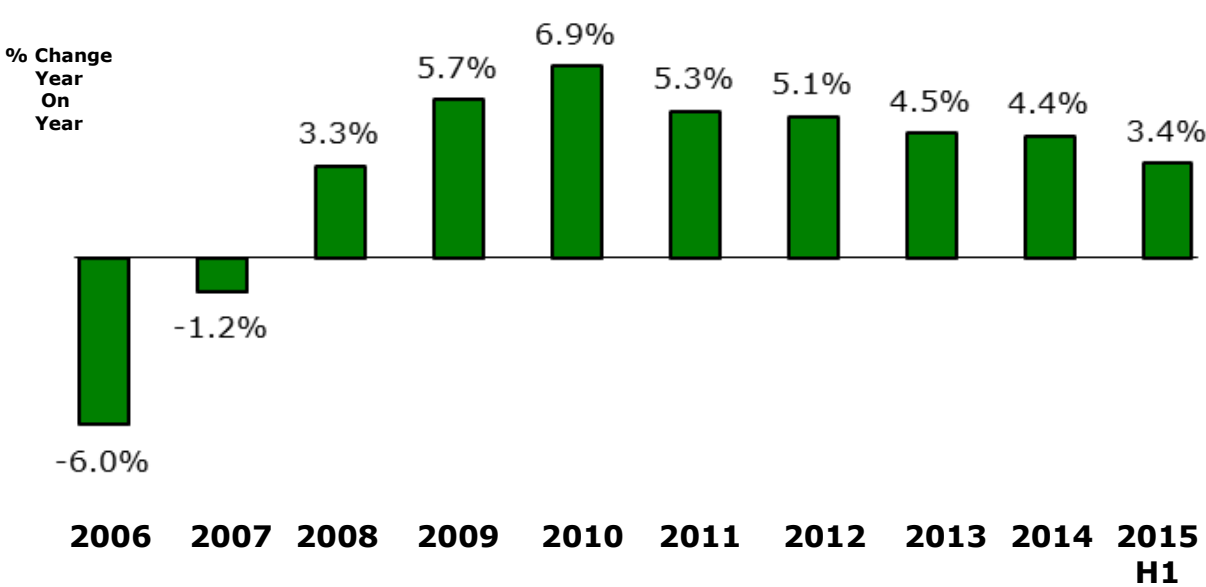
	Booker	3663	Brakes
Range of products	7.3	6.4	7.1
Acceptable prices	7.4	6.4	7.0
Availability of products	7.1	6.2	7.0

DRIVE IS WORKING

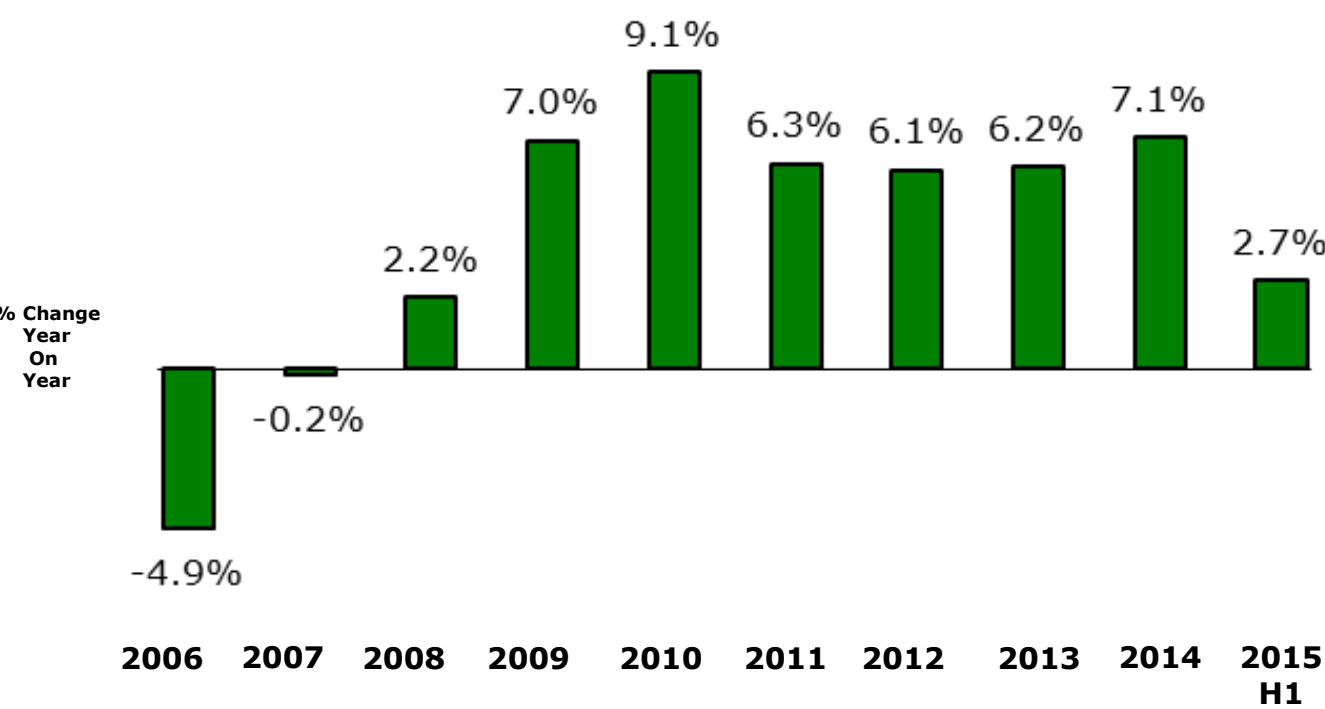
LFL Sales to Retailers (inc Tobacco)



LFL Sales Non Tobacco



LFL Sales to Caterers (inc Tobacco)



NB: Excludes Makro

BROADEN: Four new format business centres have been developed



- Sheffield, Preston, Belfast and Enfield have been tailored to the local opportunity
- This will be extended to a further 4 business centres in 2014/15
- All Makro branches have been switched to Booker systems
- The re-configuration of Makro space will allow the expansion of delivered capacity from 2015/16 onwards

BROADEN – Family Shopper = local discount



- 15 open
- Plan to extend to 300+ in 3-4 years

We continue to develop our digital operations

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Your Branch



Northampton

Telephone:
01604 787707

Postcode:
NN3 9UD

Manager:
STEWART FENN

Trading Hours

Mon: **07:30 - 19:00**
Tue: **07:30 - 19:00**
Wed: **07:30 - 19:00**
Thu: **07:30 - 19:00**
Fri: **07:30 - 19:00**
Sat: **07:30 - 16:30**
Sun: **09:00 - 16:00**

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Latest News

We continue to focus on improving "Choice, Price & Service" for you.

Have you tried our New "Self Scan" yet? It will save you time and Customers are telling us "They Love it"...

In addition we have many more services to suit your business needs ie.
Recycling
Family Shopper
Premier
Free EPOS

Thank You for your Business, Stewart & The Team

MINIMUM 30% POR



**PERMANENTLY
LOW
PRICES**



"Euro Shopper is fantastic for my business, stocking the full range earns me an extra £10k profit a year."

Perdy Malt - George Connerstone Store



	2008	2009	2010	2011	2012	2013	2014	2015 (H1)
Web Sales	£109m	£250m	£407m	£525m	£635m	£704m	£777m	£413m
% Change	165%	129%	63%	29%	21%	11%	10%	12%
Active Customers	12k	19k	37k	105k	170k	255k	334k	367k

BROADEN: Direct is making progress

*Chef***DIRECT**
the new force in food service



BOOKER
Direct >>>



BROADEN: In India we are on track

Surat



Mira Road



Chandivali



Pune



Thane



Goregaon






6 Business Centres

200 Happy Shoppers

Through utilising the current central distribution and c. 200 business centres, Booker Group will have capacity for c. £6bn of sales

ILLUSTRATIVE SALES OPPORTUNITY BY BUSINESS

£bn	Independents		Independents & Multiples		Multiples		Total
							
2013/14	3.8	0.6	0.1	-	0.1	0.1	4.7
Estimated Sales Opportunity to 2017/18	4.4	0.9	0.1	0.1	0.2	0.3	6.0

Best choice, prices and service for caterers, retailers and small business via co.uk, delivery and cash and carry

SUSTAINABILITY



- Third consecutive Grocer Gold “Green Wholesaler of the Year” 2014
- National Recycling Awards Retail/Service Sector winner 2014
- Chef Direct Footprint Awards Winner for Environmentally Efficient Logistics
- Almost 18,000 Customers now recycle with the Group
- Waste to landfill reduced by 35% YOY
- Sites linked with local food charities for surplus food donations. Surplus food equivalent of 118,000 meals donated locally.

FINANCIAL PERFORMANCE and GUIDANCE

FINANCIAL SUMMARY

	24 weeks 12-Sep-14 £m	24 weeks 13-Sep-13 £m	%
Revenue	2,264.6	2,223.3	1.9%
Operating profit (pre exceptional)	68.1	59.0	15%
Profit before tax (pre exceptional)	67.4	58.1	16%
Exceptional items	-	7.0	
Profit before tax (post exceptional)	67.4	65.1	4%
Profit after tax (post exceptional)	55.3	53.8	3%
Underlying earnings per share (pence)	3.17	2.73	16%
Basic earnings per share (pence)	3.17	3.11	2%
Interim dividend per share (pence)	0.52	0.45	16%
Net cash	107.2	123.4	
Shareholder funds	541.1	554.7	

PROFITS

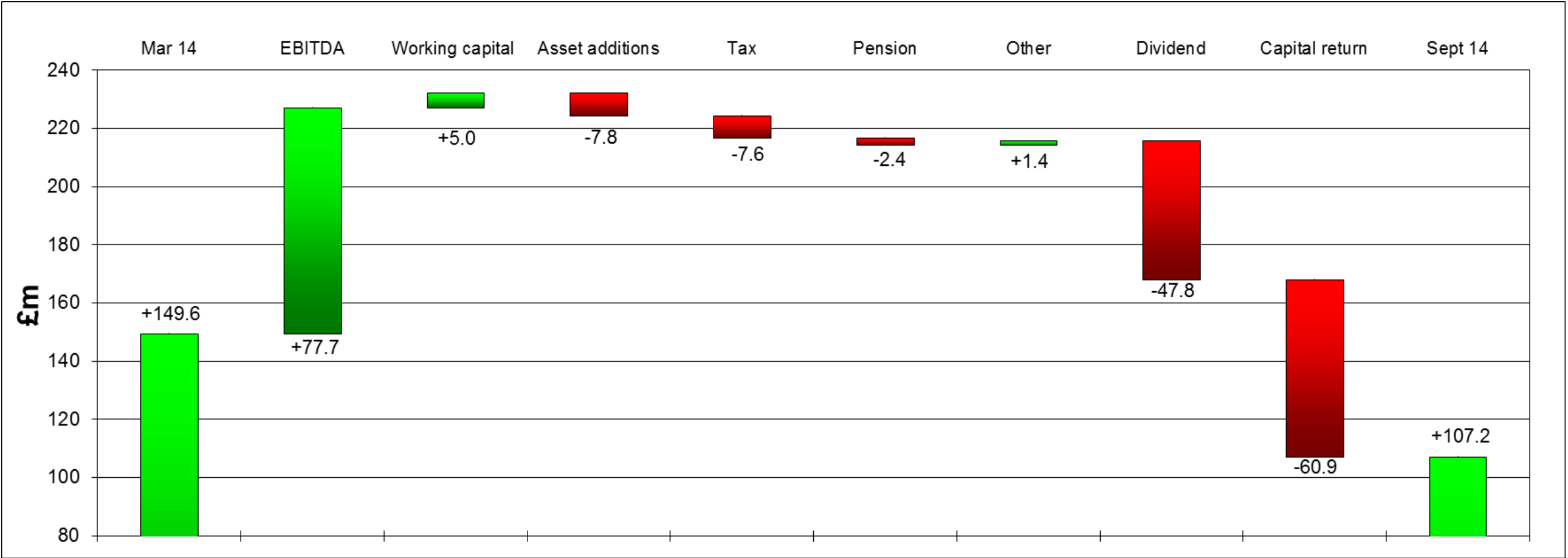
	24 weeks 12-Sep-14 £m	24 weeks 13-Sep-13 £m
Operating Profit	68.1	59.0
<i>Operating Profit % of Sales</i>	<i>3.0%</i>	<i>2.7%</i>
Net financing costs	(0.7)	(0.9)
Exceptional items*	-	7.0
Profit before tax	<u>67.4</u>	<u>65.1</u>
Tax	(12.1)	(11.3)
Profit after tax	<u>55.3</u>	<u>53.8</u>
<i>Tax rate</i>	<i>18.0%</i>	<i>17.4%</i>

* £7.0m credit relates to Makro, being assets acquired less consideration paid (£11.2m), less restructuring costs £4.2m)

CONSOLIDATED BALANCE SHEET

	12-Sep-14 £m	13-Sep-13 £m
Tangible fixed assets	202.0	209.7
Intangible fixed assets	440.4	439.1
Investments	1.2	0.9
Stock	329.3	323.4
Debtors	124.5	103.3
Creditors	(632.4)	(620.0)
Net cash	107.2	123.4
Provisions & tax	(19.2)	(24.2)
Pensions	(11.9)	(0.9)
Net assets	541.1	554.7

CASH FLOW



GUIDANCE: Capital Return

- The Makro equity consideration was £124m
- The turnaround at Makro is proceeding as planned
- Following the successful integration of Makro into the Group and strong cash generation, we returned to shareholders approximately £61m in 2014
- As previously indicated, we intend to make a similar return to shareholders in July 2015 and will provide an update on this at the 2015 Final Results announcement in May 2015, in light of circumstances prevailing at that time

GUIDANCE

Outlook

- the Group's trading in the first four weeks of the current half year is ahead of the same period last year. We anticipate that the challenging consumer and market environment will persist through the coming year and the UK's food market remains very competitive.

Whilst there is increasing price competition in the UK grocery and discount sectors, we will continue to deliver our plans to offer our customers even better choice, prices and service. We are on track to deliver an outcome for the financial year in line with our plans and to make progress in this challenging environment

Pensions

- the Booker Pension Scheme ("the Scheme") is a defined benefit scheme, closed to new members in 2001 and to future accruals for existing members in 2002. At September 2014, the Scheme had an IAS19 deficit of £11.9m, comprising Scheme assets of £624.0m and estimated liabilities of £639.9m. The Group contributed £2.4m (2013: £9.6m) in the period
- following the 2013 Triennial valuation, agreed with the pension fund Trustee in March 2014, there will be no cash contributions required from the company after the scheduled quarterly payment of £2.4m on 31 March 2014, subject to the results of subsequent Triennial valuations. The next Triennial valuation date is 31 March 2016

Facilities

- the Group has a 5 year facility which commenced on 28 July 2011 comprising an unsecured £120.0m revolving credit facility (including a £7.0m guarantee facility)
- two covenants apply; fixed charge cover (EBITDAR/ (Net interest + rent) > x1.5) and Leverage (Net borrowing/ EBITDA < x3.0). Both tested at half and full year

Bank interest

- funds drawn on the revolving credit facility bear floating interest rates linked to LIBOR plus a margin of 1.25% (where borrowings/ EBITDA < 1.0)
- commitment fee is 0.5% of the unutilised facility

Liquidity

- at 12 September 2014, £107.2m was held in cash and cash equivalents
- at 12 September 2014, the Group had in issue £4.9m of guarantees leaving undrawn facilities of £115.1m
- the company did not draw down its revolving credit facility on a cleared basis in the period to 12 September 2014 giving a minimum headroom of £113.0m after taking account of the guarantees facility £7.0m

Tax

- tax of £12.1m on the profit before tax for the 24 weeks ended 12 September 2014 is based on an underlying effective rate of 18.0%, which has been calculated by reference to the projected charge for the full financial year
- the Group holds significant tax assets, notably Makro tax losses and ACT, which continue to be unrecognised as the quantum and timing of their utilisation remains uncertain utilisation of these assets could result in the underlying effective rate of tax remaining below 20% for the next three years

Dividends

- the interim dividend per share attributable to 2014/15 was up 16% at 0.52 pence per share (2013/14: 0.45 pence per share)
- in July 2012 Booker Group plc issued £124m of shareholder equity to acquire Makro in the UK. Following the successful integration of Makro into the Group and a period of strong cash generation, the Board implemented a capital return to shareholders of 3.50 pence per ordinary share in July 2014 (equivalent to approximately £61m). This was achieved by the issue of a new class of "B" shares which shareholders were able to redeem for cash. Details of the proposed return of capital were set out in a circular to shareholders which accompanied the notice to the Annual General Meeting held on 9 July 2014 and approval from shareholders was given at that meeting
- as previously indicated, we intend to make a similar return to shareholders in July 2015 and will provide an update on this at the 2015 Final Results announcement in May 2015, in light of circumstances prevailing at that time

SUMMARY

Financial Year	Net (debt)/Cash £m	Sales Change %	Operating Profit £m	Dividend per Share p
Sep-05	-361.0	-5.9	13.2	-
Sep-06	-69.6	-2.5	19.6	-
Sep-07	-46.9	+2.5	24.1	-
Sep-08	-28.9	+2.1	30.5	0.20p
Sep-09	-4.0	+7.7	34.5	0.24p
Sep-10	+10.1	+5.5	39.2	0.27p
Sep-11	+58.7	+8.5	45.9	0.33p
Sep-12	+69.8	+3.3	50.9	0.38p
Sep-13	+123.4	+16.5	59.0	0.45p
Sep-14	+107.2	+1.9	68.1	0.52p



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