



**Joining forces to help
independent retailers**

21 MAY 2015

The grocery and convenience market is experiencing profound change

The Convenience market was worth £37.4bn in 2014 up 5.2% vs the previous year

Consumers are more demanding

- More choice – fresh foods, special diets, local
- Lower prices – deflation and discounters
- Better service – eg. Availability at key times



The Competition is increasing

- Multiple retailers and discounters have increased space by 37% since 2007
- One Stop, Tesco Express, Coop, Sainsbury Local, Asda, Waitrose and other multiples expanding their convenience operations
- One Stop (part of Tesco plc) is becoming a franchise business
- Regulation is pressuring independents



Booker + Londis + Budgens will help independents prosper

Musgrave GB and Booker are joining forces to help independent retailers

Musgrave GB Financials

	Dec 12 £m	Dec 13 £m	Dec 14 £m
Sales	924	899	833
Operating loss before exceptional items	-0.2	-22.6	-7.3

Londis and Budgens have excellent retailers, talented people and first class supply chains

BOOKER Group plc

Booker is the UK's leading food wholesaler

- increased sales by £1.7bn since 2008
- voted by HIM as the best cash and carry and delivered wholesaler for retailers

Booker Group has a track record of turning around challenged businesses, Booker 2005, Blueheath 2007, Classic 2010, Makro 2013

Booker Group is committed to grow the Londis and Budgens brands alongside Premier, Family Shopper and our other retailers

Post completion we will improve the offer for consumers and independent retailers throughout Great Britain

- We will help independents compete with the multiple convenience stores
 - better choice (eg fresh), prices and service
- The geographical and consumer profiles of the businesses are complementary
- Together we will help the retailer improve sales to the consumer



Format	Grocer	Convenience	Convenience	Local Discount
Consumer	ABC1	All	All`	C2D
Size sq ft	3.0 – 12.0	1.2	1.5	2.0
Stores	167	1630	3080	30
Sales £m 2014/15	329	504	942	12
Approximate share of Convenience market	1.4%	2.8%	5.2%	na

- We will use the Budgens / Londis supply chain to serve Premier / Independent retailers
 - improves utilisation / saves costs
 - provides Premier/Booker help with chill ranges
- Budgens / Londis can benefit from a better local and national supply chain
 - improves availability / choice / service
- We can help suppliers reach millions of consumers via thousands of retailers every day

Benefits for Budgens retailers

- Stable partner ✓
- Committed to grow brand ✓
- Increase utilisation of existing supply chain to lower cost ✓
- Better national and local supply chain ✓
- Strengthen own brands ✓
- Increased scale to lower prices and improve fresh ✓



Benefits for Londis retailers

- Stable partner ✓
- Committed to grow brand ✓
- Increase utilisation of existing supply chain to lower cost ✓
- Better national and local supply chain ✓
- Strengthen own brands ✓
- Simplify discount, operations and charges ✓
- Increased scale to lower prices ✓



Benefits for Premier retailers

- Premier is the best performing symbol group. HIM! ✓
- Use Budgens / Londis fresh / supply chain to deliver to Premier ✓
- Improved fresh offer ✓
- Better national and local supply chain ✓
- Improve technology ✓
- Increased scale to lower prices ✓



Booker Group, Londis and Budgens

Seeking to become the UK's leading wholesaler to caterers, retailers and small businesses with the best choice, prices and service via delivery, digital and cash and carry

CATERERS



Strictly Private & Confidential

RETAILERS



SMALL BUSINESS

Budgens



Independents



Rationale / terms of the deal

- Booker Group plc will acquire Musgrave Retail Partners GB Limited, which comprises the Budgens and Londis businesses from Musgrave Group plc for £40m in cash
- The acquisition is to be on a “cash free/debt free basis” with a normalised level of working capital
- Completion is subject to clearance by the Competition & Markets Authority (CMA)
 - engagement with the CMA commenced on May 21st 2015
 - 40 working day process in stage 1 upon formal filing
- Booker Group believes the acquisition will deliver the following benefits:
 - the ability to enhance the Budgens / Londis / Premier / Family Shopper proposition for the retailer will improve consumer choice and help retailers prosper
 - the Budgens / Londis supply chains will be utilised to serve Premier / other retailers. Budgens / Londis retailers will have a better local and national supply chain
 - operational synergies should be achieved through increased purchasing volumes and better utilisation
 - Booker will have a strategic partnership agreement and trading agreement with Musgrave
 - we anticipate that this will be earnings neutral in the first complete year of ownership and earnings enhancing thereafter

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