

B&M Bargains reports 3.5% revenue growth in festive quarter despite retail challenges

Value retailer B&M Bargains revealed strong revenue performance during the lucrative holiday period as price-conscious consumers flocked to discount options for their festive shopping needs.

Despite robust sales, anticipation of impending tax increases and rising employment expenses caused B&M's shares to take a hit, plunging 8.5% today, as reported by [City AM](#).

The [Liverpool-headquartered](#) business, which encompasses Heron Foods, communicated in a third-quarter trade update that its group revenue saw a 3.5% year-on-year increase. However, this figure was smaller when looking at B&M's UK operations on their own, registering only a 2.8% growth during the 13 weeks from 29 September to 28 December 2024.

The group's budget supermarket, Heron Foods, also experienced a decline by 5.6%, despite assurances from Chief Executive Alex Russo that the firm "remains undistracted by the current economic headlines."

The sustained surge in general revenue aligned with earlier information disclosed in November could suggest that consumers are still feeling the effects of the cost-of-living crisis and remain in pursuit of more affordable products. Russo commented: "Our operating model is well set up to give customers exceptional value when they need it most."

He further stated that "Pricing, availability, store standards and a disciplined opening programme will underpin positive

volume growth across our ranges.”

The most notable increase was in B&M France, which enjoyed a robust quarterly growth of 12.5%.

B&M has announced a special dividend of £151m, equating to 15.0p per ordinary share, with the ex-dividend date set for 16 January. Further returns are expected to be finalised in the new financial year.

Challenges ahead

However, David Hughes, research analyst at Shore Capital, predicts that the retailer may face challenges in the coming year.

“Overall, while the business has once again delivered on growth and showcased its high cash generation, it remains a challenging retail environment,” said Hughes.

He further noted: “Non-food deflation coupled with the wage and National Insurance cost increases expected in Spring will likely put pressure on margins, while growth remains dependant on new store roll outs.”

Despite this, B&M has lowered its previously disclosed profit guidance, now expecting it to be in the range of £620m to £650m.

“Our strategy is clear – we are an everyday low-price discounter with a laser-focus in keeping excellence in retail standards and our costs the lowest,” stated Russo.

He added: “This allows us to drive volumes by offering our best-selling products at exceptional value to every customer. Through this volume growth, and with our leading return on capital business model, we continue to generate profit and cash returns for our shareholders.”

B&M opened 39 new stores in the first half of the year, bringing its total to 764. The company aims to operate 1,200 UK stores.

Despite this, the year has been challenging for the discount retailer due to pressures on income and increased tax burdens. Just last month, B&M enlisted the CEO of Iron Bru manufacturer AG Barr as it grappled with a drop in its share price.

Euan Sutherland is slated to become a non-executive director at the Liverpool-based firm from 20 January, 2025, pending shareholder approval. If confirmed, Sutherland will also join the remuneration and nomination committees.

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