

Logista´s Results, 2020

28th October, 2020



Logista announces its results for the 2020 fiscal year

Logista announces today its results for the 2020 fiscal year. The highlights were as follows:

- The continuance of Logista's main activities during the whole of the fiscal year, in spite of the measures taken by governments to combat COVID-19.
- Growth in its activity, in a challenging environment, resulting in increases in Revenues and in Economic Sales¹.
- Solidity in the Operating Profit, which was higher than that of the 2019 fiscal year.
- The positive performance of the Adjusted Operating Profit¹, which was slightly lower because the results of the previous year had included a positive impact from variations in the valuation of tobacco inventories, whereas in this period the impact was negative. If these impacts are disregarded, the Adjusted Operating Profit¹ is slightly more than that of last year, even when the negative impact of COVID-19 this year is included.
- The dividend proposal, consisting in the distribution of the same dividends' amount than that of last year

Summary of the Main Financial Figures

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Revenues	10,559.1	10,148.3	+4.0%
Economic Sales ¹	1,156.8	1,149.0	+0.7%
Adjusted Operating Profit ¹	256.9	261.9	(1.9)%
Margin over Economic Sales ¹	22.2%	22.8%	(60) b.p.
Profit from Operations	206.4	204.3	+1.0%
Net Profit	157.2	164.6	(4.5)%

The macroeconomic environment in the main countries in which the Company operates, during the first five months of the current fiscal year was, in general, similar to that observed at the end of the previous fiscal year. However, the events triggered by the international spread of the pandemic originated by COVID-19 since March have profoundly altered the social and economic context in those countries, and this has had a certain impact on the development of Logista's activity.

Estimated impact of COVID-19 on business performance and results

Since the month of February, the quick spread of the virus has been obliging the governments of all the countries in which the Company operates to adopt various measures to try to control the propagation of the pandemic. Notable among these measures have been the closure of the great majority of commercial establishments, restrictions on movements, different degrees of confinement of the population in their homes and even, in some cases, the temporary halt of production in those industries operating in sectors not considered as essential by each of the governments.

¹ See the appendix "Alternative Performance Measurements"

Almost all the points of sale and products distributed by Logista were included on the list of goods and activities classified as essential by the governments adopting the most drastic measures. So despite the general impact that the economy may have suffered, the Company has continued rendering service to its customers without any incident that could be classified as major, except in the exceptional case of an activity that was not considered as essential, and that was halted almost completely.

In April, governments began to soften the lockdown measures, and activity began to recover normality progressively, so the effect of some of the factors that affected the Group's results in March was lower in May and June after peaking in April.

The impacts on the business included, among others, and not to the same extent in all of the Group's businesses: a reduction of activity and revenues as well as increases in costs (overtime, special bonuses in some countries, disinfection, cleaning, medical supplies, etc.). However, the decrease in some costs which resulted from the confinement and the restrictions on movement, and from the general saving measures adopted by the Group (in travelling, conventions, consultations, etc., mitigated the negative impact on the year's results. There were also some positive impacts, such as the increase in the activity of Courier Services, because of the development of distribution through e-commerce and the better performance of the tobacco volumes distributed in France, resulting from the restrictions on movement, particularly cross-border movements.

The estimated net impact on Operating Profit, of all the factors mentioned, was -14 million euros.

The progress of the business and the main figures from the P&L account for the fiscal year

The Group's **Revenues** grew by 4.0% compared with those of last year, recording increases in the three geographical areas.

Most of the activities obtained higher revenues than in the previous fiscal year, with the exceptions of long-distance transport, parcels and the distribution of periodicals in Spain and of convenience products in France.

Although there was a fall of 2.0% in the total volumes of cigarettes, RYO and other products distributed in the year, the total revenues from tobacco distribution increased because of the tax and consequent RSP increases in France and Italy, which more than offset the decrease in revenues in Spain.

Economic Sales¹ showed a slight increase, of 0.7%, reaching 1,156.8 million euros, due to the increased activity in Italy and, to a lesser extent, in Iberia, which mitigated the decrease experienced in France.

Total operating costs¹ grew by 1.4.

The special circumstances under which activity was performed after March also resulted in some cost increases, because of, among other reasons, the security measures adopted to protect the health of employees and partners, the high level of absenteeism in the first days of the pandemic, the re-introduction of border controls inside the Schengen area, the national restrictions on movement, etc. Some of those increases had a temporary effect, whereas in other cases the new or higher cost was maintained until the close of the fiscal year.

By contrast, certain costs decreased drastically as a result of the confinement and the teleworking. In addition, the Group adopted measures aimed at containing overheads and, as far as possible, at improving efficiency in processes which enabled increases in non-manageable costs to be reduced.

The overall cost savings obtained since March not only compensated for the extra costs deriving from COVID, they also mitigated the impact on results of the fall in sales suffered in the period.

¹ See the appendix "Alternative Performance Measurements"

The **Adjusted Operating Profit**¹ reached 256.9 million euros, decreasing by 1.9% compared with the previous fiscal year. The Adjusted Operating Profit margin over the Economic Sales¹ was of 22.2%, compared with the 22.8% obtained in the 2019 fiscal year.

Part of the fall in the Adjusted Operating Profit was due to the fact that during the 2020 fiscal year a negative impact on results was recorded, due to the changes in the valuation of inventories because of the movements in taxes and prices of tobacco products (about -2 million euros), contrasting with the positive impact of more than €4.5 million recorded in fiscal year 2019. The change in the Adjusted Operating Profit¹ would be slightly positive if these impacts were disregarded in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of the fiscal year was negative – approximately -14 million euros.

If both the impact of the variations in the valuation of inventories in both periods and the estimated impact of COVID-19 in the current fiscal year are disregarded, the Adjusted EBIT¹ grew by about 6%.

The restructuring costs¹ remained similar to those of the previous year, reaching 11.6 million euros (11.4 million euros in 2019).

During the current fiscal year, capital gains from the sale of assets were higher than those in the 2019 fiscal year (8.0 million euros and 2.6 million euros respectively), as a result of the sale of two buildings in France (in Vitrolles and Saint-Raphael). In addition, a positive result (4.7 million euros) was recorded for the reversal of the provision corresponding to the value of an asset in Spain (Alcalá de Guadaira), which was sold at the beginning of fiscal year 2021. In fiscal year 2019 the positive result of the impairment test of one of the businesses in Spain was recorded (2.2 million euros).

The **Operating Profit** increased by 1.0% compared with that in fiscal year 2019, and reached 206.4 million euros. If the impacts of variations in the valuation of inventories in both periods and the impact of COVID-19 in this period are disregarded, the Operating Profit grew by almost 13%.

The **Financial Results** were 4.1% less than in the previous fiscal year, and reached 12.2 million euros, because of the application, for the first time in this fiscal year, of IFRS 16.

The effective tax rate rose to 27.9% from the 24.1% recorded in the previous fiscal year, due to the end of the application of certain tax deductions.

As a result of all of the foregoing, the **Net Profit** decreased by 4.5% to 157.2 million euros.

Despite this environment, the company intends to propose to the General Shareholders' meeting a dividend for fiscal year 2020 of the same amount as the dividend distributed for fiscal year 2019 (156 million euros).

¹ See the appendix "Alternative Performance Measurements"

Changes in Revenues (by segment and activity)

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	3,175.7	3,157.4	0.6%
Tobacco and Related Products	2,774.3	2,753.9	0.7%
Transport	385.4	385.7	(0.1)%
Other Businesses	162.8	152.2	7.0%
Adjustments	(146.8)	(134.4)	(9.2)%
France	4,255.8	4,069.5	4.6%
Tobacco and Related Products	4,111.2	3,891.7	5.6%
Other Businesses	153.7	187.2	(17.9)%
Adjustments	(9.2)	(9.4)	2.4%
Italy	3,167.0	2,961.6	6.9%
Tobacco and Related Products	3,167.0	2,961.6	6.9%
Corporate and Others	(39.4)	(40.1)	1.9%
Total Revenues	10,559.1	10,148.3	4.0%

Changes in Economic Sales¹ (by segment and activity)

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	585.4	581.6	0.7%
Tobacco and Related Products	286.3	278.4	2.9%
Transport	271.7	270.0	0.6%
Other Businesses	86.5	86.4	0.1%
Adjustments	(59.1)	(53.2)	(11.1)%
France	264.0	277.7	(5.0)%
Tobacco and Related Products	230.1	233.2	(1.3)%
Other Businesses	40.6	51.7	(21.5)%
Adjustments	(6.7)	(7.2)	6.8%
Italy	304.2	286.1	6.3%
Tobacco and Related Products	304.2	286.1	6.3%
Corporate and Others	3.2	3.6	(9.5)%
Total Economic Sales¹	1,156.8	1,149.0	0.7%

¹ See the appendix "Alternative Performance Measurements"

Changes in Adjusted EBIT¹ (by segment)

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	119.7	120.2	(0.4)%
France	61.9	74.3	(16.7)%
Italy	90.7	81.0	11.9%
Corporate and Others	(15.4)	(13.6)	(13.1)%
Total Adjusted EBIT¹	256.9	261.9	(1.9)%

Adjusted Operating Profit¹ (or, indistinctly, Adjusted EBIT¹) is the principal indicator used by the Group's Management to analyse and measure the performance of the business. Basically, this indicator is calculated by deducting from the Operating Profit all those expenses that are not directly linked to the revenues obtained by the Group in each period, which facilitates the analysis of the changes in the Group's operating expenses¹ and typical margins. The following table shows the reconciliation between Adjusted Operating Profit¹ and Operating Profit for fiscal years 2020 and 2019:

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019
Adjusted Operating Profit¹	256.9	261.9
(-) Restructuring Costs ¹	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Result of Disposal and Impairment	12.5	4.8
(+/-) Result by Equity Method and Others	0.9	1.2
Operating Profit	206.4	204.3

¹ See the appendix "Alternative Performance Measurements"

Changes by segment

A. Iberia: Spain and Portugal

Iberia's revenues amounted to 3,175.7 million euros compared with 3,157.4 million euros in fiscal year 2019, an increase of 0.6%. Iberia's Economic Sales¹ amounted to 585.4 million euros, 0.7% more than the 581.6 million euros recorded in the previous fiscal year.

Revenues in **Tobacco and Related Products** increased by 0.7% as a result of the growth in this sector in both Spain and Portugal.

Volumes of cigarettes and RYO and others distributed in Iberia recorded a negative performance compared with the increase experienced in the previous fiscal year, decreasing by 3.8% compared with fiscal year 2019.

The increase in market share in Portugal materialised in a slight increase of cigarette volumes distributed in that country. In Spain, however, the distributed volumes of cigarettes plus RYO and others were 4.1% less than in the previous fiscal year. In general, the retail selling prices of these products in the current and the previous fiscal years remained stable in the Spanish market.

The impact of COVID-19 on the tobacco volumes distributed in Spain was negative, and inter-annual falls of more than 25% were recorded in April and May. The main reasons, among others, that may have caused these falls were:

- The temporary closure of intra-community borders and the restrictions on movement, which had a very adverse effect on tourism and cross-border sales.
- The tobacconists' stock management, given the situation and the associated uncertainties.
- The closure of the HORECA channel and the idleness of vending machines during a large part of the fiscal year, including a period after the end of the national confinement (due to the restrictions on nightlife).

The impact of COVID-19 on the tobacco volumes distributed in Portugal was less significant, and a migration of sales from vending machines to over-the-counter sales was experienced while the closure of the HORECA points continued.

The Economic Sales¹ from tobacco distribution in Iberia were slightly more than those recorded in 2019. .

During the first five months of the fiscal year (a pre-COVID period), the distribution of convenience products performed very positively after the incorporation of new agreements reached in the preceding year (for example with CEPSA) and the increase in clients/points of sale.

The impact of COVID-19 on the sales of convenience products was adverse at first, slowing down the growth rate recorded pre-COVID. However, from the month of May, this impact became positive and growth rates similar to those obtained previously were recorded again. From the month of April, new customers began to arrive from the service-station channels, and during the fiscal year intense commercial activity was maintained in order to reach and finalise new distribution agreements for convenience products in other channels.

¹ See the appendix "Alternative Performance Measurements"

The increase in the Economic Sales¹ in convenience product distribution in the fiscal year was a double-digit increase compared with the figure in fiscal year 2019.

The Economic Sales¹ in Tobacco and Related Products increased by 2.9% compared with the previous fiscal year.

Revenues in **Transport** fell by 0.1%. However, performances in terms of Economic Sales¹ differed among the different activities, remaining almost stable in Long Distance, negative in Industrial Parcels, and positive in Courier Services, where a middle-single-digit increase was achieved compared with the performance in the previous fiscal year. Overall, the Economic Sales¹ figure in Transport increased in the period by 0.6%, reaching 271.7 million euros.

Within the Transport business, the impact of COVID-19 was more negative in the case of Parcels and Long Distance because of the general decrease in activity. However, in the case of Courier Services, it was negative in the first moments of the crisis but became positive from the month of June, boosted by the growth of e-commerce. The activity of Courier Services was the only one of the three transport activities whose Economic Sales¹ were higher than in the previous fiscal year.

Revenues in **Other Businesses** (which include the distribution of Pharma and of Periodicals) increased by 7.0%, reaching 162.8 million euros, and Economic Sales¹ increased by 0.1%, to 86.5 million euros.

The revenues of the Pharma business grew in the fiscal year, although at a slightly slower pace than before March. That growth was achieved through the expansion of pre-existing activity and the incorporation of new agreements. However, at the end of the previous fiscal year, the invoicing of certain services to customers on a tariff basis (the same amount in Revenues as in Economic Sales¹) was discontinued, which negatively affected the interannual comparison at the Economic Sales¹ level. The costs associated with that service had been largely direct, with a small margin, so the ending of the service had no adverse effect on the results of the business.

Since March, COVID has had an adverse effect on the activity of Pharma, with falls in sales in distribution to chemist's shops reflecting the market trend, and with fewer services rendered in distribution to hospitals due to the exceptional situation that they were experiencing.

During this period, the commercial activity of Pharma with pharmaceutical laboratories remained very active, translating into agreements with 25 new customers and the extension of agreements with some of the existing customers.

Distribution of periodicals in Spain showed decreases both in Revenues and in Economic Sales¹. Added to the negative trend in the sector, in this period, was the drastic fall in activity in the newsstands following the confinement measures. However, these falls were significantly mitigated by the incorporation of the distribution of a renowned Spanish communication group in new regions which have been combined with the renewal of the previous distribution zones.

Total operating expenses¹ in the Iberia segment increased by 0.9%.

The solid performance of the activity almost completely compensated for the impact of COVID-19 on results. Thus the **Adjusted Operating Profit**¹ was 119.7 million euros, 0.4% less than that recorded for the previous fiscal year.

Logista estimates that the impact of the COVID-19 crisis on the results of the period was negative, approximately -11 million euros. Without that impact, the Adjusted Operating Profit¹ would have been about 9% more than in fiscal year 2019.

¹ See the appendix "Alternative Performance Measurements"

During the period, restructuring costs¹ amounted to 10.7 million euros, compared with the 2.2 million euros recorded in fiscal year 2019, and there were lower capital gains from the sale of assets (0.5 million euros compared with 2.7 million euros). Moreover, in the previous fiscal year, a positive result was recorded for the impairment test of one of the businesses in Spain (2.2 million euros).

Almost all the Equity method results in Iberia came from the book distribution business in Spain. This business has been hit the hardest by the situation resulting from the COVID-19 crisis, as the points of sale to which Logista distributes were obliged to close during the period of confinement. Only the home delivery of the books sold by one of our clients could be maintained, via internet. After the re-opening of the points of sale, the activity recovered progressively, although the Economic Sales¹ decreased by more than 10% in the fiscal year.

The **Operating Profit** reached 110.4 million euros compared with the 124.2 million euros recorded in 2019, a decrease of 11.1%.

B. France

Revenues in France increased by 4.6% to 4,255.8 million euros, while Economic Sales¹ decreased by 5.0%, to 264.0 million euros.

Revenues from **Tobacco and Related Products** increased by 5.6% to 4,111.2 million euros, due to the increase in tobacco prices and despite the decline experienced by the distributed volumes of cigarettes, RYO tobacco and others, compared with the previous fiscal year (-3.1%).

The changes in the distributed volumes of tobacco were uneven over the course of the fiscal year, a sharper rate of fall being recorded in the first half-year and a much slower rate in the second half-year, some months of which even showed positive data. This was basically due to the positive impact of the closure of intra-community borders on sales inside the French territory, and to the fact that fewer tourists went abroad during the summer season.

The current RSP, which in the case of the top-selling brand has already reached the target €10 per packet set by the Government for 2020, includes the general increase made by all manufacturers to pass on to the RSP the two increases foreseen in the tax schedule announced by the Government for this fiscal year (1 November 2019 and 1 March 2020), amounting to 1 euro per packet in total. It also includes the increase of 20 centimes which corresponds to the conversion of the tax on tobacco distributors' turnover into a higher excise tax which entered into force on 1 March 2020 and which, in this case, was not generally passed on by all manufacturers to the RSP.

The net effect of the price and tax increases in this fiscal year was a negative impact on the results of this fiscal year of about -3 million euros, contrasting with the positive impact of between 2 and 3 million euros recorded in fiscal year 2019. This difference negatively affected the interannual comparison of Economic Sales¹ and Operating Profit (adjusted¹ and reported).

As mentioned above, the Economic Sales¹ from tobacco distribution in France were positively affected by COVID-19, as the volumes distributed (cigarettes + RYO) during the confinement and border closure period hardly decreased at all, and the rate of interannual fall also slowed considerably in the fourth quarter of the fiscal year, compared with the 8.4% fall that was recorded at the close of the first half-year.

The performance of the Economic Sales¹ of convenience products and electronic transactions was slightly positive until the month of March. COVID-19 affected very negatively the distribution of convenience products to tobacconists during the confinement. However, the activity progressively

¹ See the appendix "Alternative Performance Measurements"

recovered when the measures were relaxed, and finally, the Economic Sales¹ of convenience products and electronic transactions in the fiscal year showed a slight increase.

Thus the Economic Sales¹ of Tobacco and Related Products decreased by 1.3% compared with the previous fiscal year, to 230.1 million euros.

The **Other Businesses** activity (the wholesale distribution of convenience products in non-tobacconist channels) experienced decreases, compared with the same period of the previous fiscal year, in Revenues, of 17.9%, and in Economic Sales¹, of 21.5%, (to 153.7 million euros and 40.6 million euros respectively).

This was the business which suffered the biggest impact from COVID-19, recording sharp falls in activity from March because of the almost total closure of points of sale in April and until mid-May. After that, the progressive opening of points of sale allowed a certain recovery of activity, although in the whole of the fiscal year it was still far less than in 2019.

Total operating costs¹ in France decreased by 0.6%. The impact of the fall in Economic Sales¹ in some of the businesses because of COVID-19, translated into an **Adjusted Operating Profit**¹ of 61.9 million euros, which was 16.7% less than that of the previous fiscal year. That fall was of less than 10% if the impact of variations in the valuation of inventories due to tax and price movements is disregarded in both fiscal years.

Logista estimates that the adverse impact of the COVID-19 crisis on results in France in the period could be valued at approximately -3 million euros.

In fiscal year 2019, restructuring costs¹ of 7.4 million euros were recorded, whereas in the current fiscal year they were almost inexistent, and this, when added to the capital gain of 8.4 million euros obtained from the sale of assets (Vitrolles and Saint-Raphaël) during this fiscal year, took the **Operating Profit** to 17.0 million euros (14.6 million euros in the previous fiscal year). The main adjustment in the segment is the amortization of the assets generated by the acquisition of the business of France, which amounted to 52.2 million euros in both periods.

C. Italy

Revenues in Italy increased by 6.9% to 3,167.0 million euros, thanks to the increase in the sale of convenience products, as well as higher prices of tobacco products than in fiscal year 2019.

The distributed volumes of cigarettes plus RYO and others were almost the same as those distributed in the previous fiscal year.

During the current fiscal year, the Italian Government increased taxes on tobacco products, and most of the manufacturers raised the RSP by between 0.10 and 0.20 euros. The net impact of both movements on the results was positive, at about €1 million. However, the tax and price movements during the previous fiscal year had a net positive impact of slightly more than 2 million euros.

From the beginning of the second quarter of fiscal year 2020, the Italian Government modified the regulation of accessories for RYO, imposing a new excise tax on cigarette papers and filters, and making it compulsory to sell these products through the tobacconist channel.

¹ See the appendix "Alternative Performance Measurements"

Activity in Italy until the month of March was very positive, even taking into consideration that it was the first country to suffer the effects of COVID-19 and that it was the one which adopted the earliest and most drastic isolation measures which included, in some cases, the almost total halt of economic activity.

Not only the distribution of tobacco, but also the pre-COVID revenues from services to manufacturers, as well as those from the distribution of convenience products were higher than those obtained in the first months of the previous year. Thus, in contrast to what happened in other countries, the Economic Sales¹ in Italy suffered a smaller impact in March and continued to record increases.

The distribution of convenience products did not suffer any negative impact from COVID-19. The total sales of convenience products during the months of April and May continued growing at double-digit rates, although at a lower pace in some specific categories such as food, which were affected by the closure of points of sale and the reduction of impulse purchases. The re-opening of HORECA points of sale from mid-May again fuelled growth in these categories, so the overall impact of COVID-19 was positive on the distribution of convenience products in Italy, which in the whole year increased by more than 15%.

All of this enabled the Economic Sales¹ of Italy to increase by 6.3% in fiscal year 2020, reaching 304.2 million euros.

Total operating costs¹ in Italy rose by 4.1% compared with the previous fiscal year, which translated into an increase of 11.9% in the **Adjusted Operating Profit**¹, to 90.7 million euros. The increase in Adjusted Operating Profit¹ was of more than 13% if the impact of changes in the valuation of inventories due to tax and price movements is disregarded in both fiscal years.

Logista estimates that the impact of the COVID-19 crisis on the results of Italy in the period was almost nil.

This year, the restructuring costs¹ linked to the gradual improvement in efficiency in operations were lower than in the previous fiscal year (0.3 million euros v.1.8 million euros in 2019), so the **Operating Profit** reached 90.3 million euros, 14.1% more than that obtained in the previous fiscal year.

D. Corporate and Others

This segment includes corporate expenses and the results of activities in Poland.

The **Adjusted Operating Profit**¹ was -15.4 million euros, compared with the -13.6 million euros recorded in fiscal year 2019.

¹ See the appendix "Alternative Performance Measurements"

¹ See the appendix "Alternative Performance Measurements"

Financial overview

A. Overview of financial results

The Group has a reciprocal credit facility agreement with its majority shareholder (Imperial Brands Plc.) by which it lends its daily cash excess, or receives the necessary cash to meet its payment obligations. The remuneration of the balances is set at the base rate of the European Central Bank, plus a 0.75% margin. The base rate of the European Central Bank stood at 0.0% during both fiscal years. This agreement was revised at the beginning of September, 2020, in order to increase the maximum in the credit facility and set it temporarily at 4,800 million euros.

The average cash position during the fiscal year was 2,285 million euros, compared with 1,904 million euros in the previous fiscal year. The increase in the average cash position compared with fiscal year 2019 was mainly due to temporary changes made by the French and Italian Governments in the calendars for the payment of excise duty, due to the COVID-19 crisis. In view of the temporary nature of these changes, the average cash position is expected to be reduced from the first quarter of the 2021 fiscal year, when the calendar is again adjusted to show the payment periods laid down by the regulations of those countries.

The financial results in the fiscal year, at 12.2 million euros, were 4.1% lower than those recorded in the previous fiscal year, due to the increase in financial expenses resulting from the application, in this fiscal year for the first time, of IFRS 16.

B. Changes in Net Profit

The restructuring costs¹ recorded in the fiscal year remained almost stable compared with those of the previous fiscal year (11.6 million euros compared with 11.4 million euros).

During the current fiscal year, capital gains were recorded because of the sale of assets in France (Vitrolles and Saint-Raphaël) for 8.0 million euros. This compared with the 2.6 million euros obtained in fiscal year 2019. In addition, a positive result of 4.7 million euros was recorded for the reversal of the provision corresponding to the value of an asset in Spain (Alcalá de Guadaira), which was sold at the beginning of the 2021 fiscal year, while in the 2019 fiscal year the positive result of the impairment test of one of the businesses in Spain was recorded (2.2 million euros).

The effective consolidated tax rate recorded in the period was 27.9%, compared with 24.1% in the previous fiscal year, and it took the Net Profit to 157.2 million euros (-4.5%).

The basic Earnings per Share were 1.19 euros compared with 1.24 euros in fiscal year 2019, with no change in the number of shares representing the share capital.

As at 30th September, 2020, the Company possessed 522,273 treasury shares.

C. Cash Flows

The seasonality of the Group's business results in a negative cash flow during the first and second quarters of the fiscal year, which is recovered during the second half, usually reaching its peak towards the end of the fiscal year.

¹ See the appendix "Alternative Performance Measurements"

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) increased by 9.9% compared with the last year, due to the performance of the activity and the positive effect (33.6 million euros) of the first-time application of IFRS 16, which had no effect on the EBIT. Excluding this impact, the EBITDA decreased by 9%, which was slightly less than the decrease recorded in the Adjusted Operating Profit¹

The increased interest charged in the period and the lower investments and the normalised taxes in the fiscal year easily offset the fall in operating profits and the increased payments for restructuring and normalised taxes. In this way, the cash generation was 6.5% more than that recorded in the previous fiscal year.

The significant variation in working capital was mainly due to temporary changes in the payment calendars for excise duty made by the French and Italian governments, and linked to the COVID-19 crisis. This variation mitigated the effect of the cut-off date for final payment/collection of corporate income taxes and translated into a free cash flow generation that was higher than that of the previous fiscal year.

D. Dividend Policy

The Board of Directors intends to propose to the General Shareholders' Meeting the distribution of a supplementary dividend for the 2020 fiscal year, of 105 million euros (0.79 euros per share), to be paid in the first quarter of the 2021 calendar year.

The Board of Directors also approved, on 21st July, 2020, the distribution of an interim dividend in cash, corresponding to fiscal year 2020, and amounting to 0.39 euros per share (52 million euros), to be paid on 28th August, 2020.

The total dividend for fiscal year 2020 will therefore be of the same amount as the dividend distributed from the 2019 fiscal year, and will be of approximately 156 million euros (1.18 euros per share). This dividend will represent a pay-out of 99.7% of the Net Profit for the fiscal year.

E. Outlook for the Businesses

In view of the solid performance of our businesses since the beginning of the COVID-19 crisis, one would expect the Adjusted Operating Profit¹ in fiscal year 2021 to be more than that obtained in fiscal year 2020, and to record a middle-single-digit increase.

However, the numerous uncertainties about the impact that the COVID-19 could have on the economies of the countries in which Logista operates, and about the consequent measures that could be adopted, could have an adverse impact on the Group's activities, so these estimates will be reviewed at the end of each quarter.

Presentation of results

The presentation of results is available both in the website of the CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) (www.cnmv.es) and in the Company's website (www.logista.com).

The Company's management will make a presentation of these results for analysts and investors today, 28th October, 2020, at 12 noon (CET). It can be followed in real time through an audio-webcast accessible from the Company's website, and analysts and investors will be able to put their questions to the Company between the publication of these results and the end of the presentation.

Access to the audio-webcast will remain available for at least one month, through the Company's website.

For more information:

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Appendix

Profit & Loss Account

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Revenues	10,559.1	10,148.3	4.0%
Economic Sales¹	1,156.8	1,149.0	0.7%
(-) Operating Costs of Logistic Networks ¹	(749.7)	(735.6)	(1.9)%
(-) Sales and Marketing Operating Expenses ¹	(65.5)	(69.2)	5.3%
(-) Research and G&A Operating Expenses ¹	(84.7)	(82.3)	(3.0)%
Total Operating Costs¹	(899.9)	(887.1)	(1.4)%
Adjusted EBIT¹	256.9	261.9	(1.9)%
<i>Margin¹ %</i>	<i>22.2%</i>	<i>22.8%</i>	<i>(60) p.b.</i>
(-) Restructuring Cost ¹	(11.6)	(11.4)	(2.0)%
(-) Amort. of Assets Logista France	(52.2)	(52.2)	0.0%
(-) Net Loss on Disposal and Impairments	12.5	4.8	162.4%
(-) Equity Method and Others	0.9	1.2	(29.6)%
Operating Profit	206.4	204.3	1.0%
(+) Financial Income	17.3	15.0	15.2%
(-) Financial Expenses	(5.0)	(2.2)	(125.4)%
Profit Before Taxes	218.7	217.1	0.7%
(-) Corporation Tax	(61.1)	(52.3)	(16.7)%
<i>Effective Tax Rate</i>	<i>27.9%</i>	<i>24.1%</i>	<i>(380) p.b.</i>
(+/-) Other Income / (Expenses)	0.0	0.0	n.r.
(-) Minority Interests	(0.4)	(0.1)	(199.3)%
Net Profit	157.2	164.6	(4.5)%

¹ See the appendix "Alternative Performance Measurements"

Cash Flow Statement

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	Change
EBITDA	340.4	309.6	30.8
Restructuring and Other Payments	(15.8)	(12.0)	3.7
Rental payments	(33.6)	0.0	(33.6)
Interest received	15.3	14.2	1.1
Normalised taxes	(72.3)	(68.0)	4.3
Net Investments	(26.6)	(49.0)	22.4
Normalised Cash Flow	207.4	194.7	(12.6)
Variation in Working Capital	611.1	38.8	572.3
Effect of cut-off date on taxes	(51.2)	62.2	(113.4)
Free Cash Flow	767.3	295.7	(471.5)

Balance Sheet

<i>Data in millions of euros</i>	30 September 2020	30 September 2019
Tangible Assets and other Fixed Assets	373.3	228.9
Net Long-Term Financial Assets	19.2	18.1
Net Goodwill	920.8	920.8
Other Intangible Assets	408.1	457.1
Deferred Tax Assets	18.7	19.0
Net Inventory	1,294.3	1,282.8
Net Accounts Receivable and Others	1,985.7	1,945.8
Cash and Cash Equivalents	2,826.8	2,211.1
Total Assets	7,846.9	7,083.6
Group Equity	514.2	518.6
Minority Interests	2.1	1.7
Non-Current Liabilities	167.6	44.0
Deferred Tax Liabilities	253.6	264.9
Short-Term Financial Debt	77.4	37.6
Short-Term Provisions	13.5	11.7
Trade Debts and Other Accounts Payable	6,818.6	6,205.1
Total Liabilities	7,846.9	7,083.6

Changes in Tobacco Volumes

	Millions of units			Interannual % change	
	1 Oct. 2019 - 30 Sept. 2020	1 Oct. 2018 - 30 Sept. 2019	1 Oct. 2017 - 30 Sept. 2018	1 Oct. 2019 - 30 Sept. 2020	1 Oct. 2018 - 30 Sept. 2019
TOTAL					
Cigarettes	143,469	151,106	155,821	(5.1)%	(3.0)%
RYO/MYO/Others	27,309	23,218	21,106	17.6%	10.0%
Cigars	3,855	4,017	4,028	(4.0)%	(0.3)%
SPAIN					
Cigarettes	41,675	44,484	44,247	(6.3)%	0.5%
RYO/MYO/ Others	7,779	7,068	6,443	10.1%	9.7%
Cigars	1,765	1,876	1,929	(5.9)%	(2.7)%
PORTUGAL					
Cigarettes	2,479	2,473	2,351	0.2%	5.2%
RYO/MYO/ Others	119	105	104	13.4%	1.0%
Cigars					
FRANCE					
Cigarettes	36,719	38,926	41,637	(5.7)%	(6.5)%
RYO/MYO/ Others	8,755	8,000	8,468	9.4%	(5.5)%
Cigars	1,196	1,236	1,246	(3.3)%	(0.8)%
ITALY					
Cigarettes	62,595	65,222	67,587	(4.0)%	(3.5)%
RYO/MYO/ Others	10,655	8,045	6,091	32.4%	32.1%
Cigars	894	905	854	(1.2)%	6.0%

Alternative Measurements of Performance

- **Economic Sales:** this term is equivalent to Gross Profit, and is used without distinction by the Group's Management to refer to the figure resulting from subtracting Cost of Distributed Products from Ordinary Revenues.

The Group's Management considers that Gross Profit is a meaningful measure of the fee revenues generated from the performance of our distribution services, and that it provides investors with a useful view of the Group's financial performance.

	Millions of euros	
	1 Oct. 2019 – 30 Sep. 2020	1 Oct. 2018 – 30 Sep. 2019
Ordinary revenues	10,559.1	10,148.3
Cost of Distributed Products	(9,402.3)	(8,999.3)
Gross Profit	1,156.8	1,149.0

- **Adjusted Operating Profit (Adjusted EBIT):** This indicator is calculated, basically, by discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, thus facilitating the analysis of the Group's operating costs and margins.

Adjusted Operating Profit (Adjusted EBIT) is the main indicator used by the Group's Management to analyse and measure the progress of the business.

	Millions of euros	
	1 Oct. 2019 – 30 Sep. 2020	1 Oct. 2018 – 30 Sep. 2019
Adjusted Operating Profit	256.9	261.9
(-) Restructuring Costs	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Disposal and Impairment	12.5	4.8
(+/-) Equity Method and Others	0.9	1.2
Operating Profit	206.4	204.3

- **Margin of Adjusted Operating Profit over Economic Sales:** calculated as Adjusted Operating Profit divided by Economic Sales (or, indistinctly, Gross Profit).

This ratio is the main indicator used by the Group's Management to analysis and measure the profitability performance obtained by the Group's typical activity in a given period.

	Millions of euros		
	1 Oct. 2019 – 30 Sep. 2020	1 Oct. 2018 – 30 Sep. 2019	% Change
Economic Sales	1,156.8	1,149.0	0.7%
Adjusted Operating Profit	256.9	261.9	(1.9)%
Margin over Economic Sales	22.2%	22.8%	(60) b.p.

- **Operating costs:** these include the costs of logistics networks, sales and marketing expenses, research expenses and head office expenses that are directly related to the revenue obtained by the Group in each period. It is the main figure used by the Group's Management to analyse and measure the performance of the costs structure. It does not include restructuring costs or amortization of the assets derived from the acquisition of Logista France, because they are not directly related to the revenues obtained by the Group in each period.

- **Reconciliation with Annual Accounts:**

<i>Data in millions of euros</i>	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019
Cost of logistic networks	806.9	798.5
Sales & Marketing expenses	66.2	70.4
Research expenses	2.6	2.7
Head office expenses	88.0	79.1
(-) Restructuring costs	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
Operational costs or expenses in management accounts	899.9	887.1

- **Non-recurring expenses:** refers to those expenses which, although they might occur in more than one period, do not have continuity in time (as opposed to operating expenses) and affect only the accounts at a specific moment.

This figure helps the Group's Management to analyse and measure the performance of the Group's activity in each period.

- **Recurring operating expenses:** this term refers to those expenses occurred continuously and which allow the Group's activity to be sustained. They are estimated from the total operating costs minus the non-recurring costs defined in the previous point.

This figure enables the Group's Management to analyse and measure efficiency in the activities carried out by the Group.

- **Restructuring costs:** are the costs incurred by the Group to increase the operating, administrative or commercial efficiency in our organisation, including the costs related to reorganization, dismissals and closures or transfers of warehouses or other premises.
- **Non-recurring results:** refers to the results of the year that do not have continuity during the year and only affect the accounts at a specific moment. They are included in the Operating Profit.

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