Logista Q3 2020 Results

July 22nd, 2020

Logista announces its results for the third quarter of the 2020 fiscal year

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

- The 3.8% growth in Revenues and the slight fall in Economic Sales[1], which decreased by 0.8%
- The change in the Operating Profit and Adjusted Operating Profit[1], which fell by 9.2% and 7.9% respectively, compared with a basis which in the previous year included a positive impact from the variations in valuation of tobacco inventories, whereas in this period it has been negative, and which additionally recorded the impact, since March, of the measures adopted by the Governments to combat the COVID-19 pandemic.
- The positive performance of the Operating Profit (both reported and adjusted[1]), if neither the impact of variations in valuation of inventories in both periods, nor the impact of COVID-19 in this fiscal year, is considered.
- The continuity of all Logista's main activities during the whole period, despite the measures to combat COVID-19.

Summary of the Main Financial Figures

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	% Change
Revenues	7,661.2	7,379.7	+3.8%
Economic Sales[1]	847.5	854.4	(0.8)%
Adjusted Operating Profit[1]	175.3	190.3	(7.9)%
Margin over Economic Sales[1]	20.7%	22.3%	(160) b.p.
Operating Profit	134.1	147.7	(9.2)%
Net Profit	103.0	117.6	(12.4)%

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 the Logista's activity.

Estimated impact of covid-19 on business performance and results

Since the month of March, the quick spread of the virus had driven 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 at home and even, in some cases, the temporary halt of production in those industries operating in sectors not considered as essential by the each of the governments.

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

[1] See appendix "Alternative Performance Measures"

general impact that the economy may have suffered, the Company has continued rendering service to its clients without any incident that could be classified as major, save in the exceptional case of an activity that was not considered as essential, and that was halted almost completely.

In general, since the month of April, governments have softened the lockdown measures, and activity has been progressively recovering normality, 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 cost increases (overtime, special bonuses in some countries, disinfection, cleaning, medical supplies, etc.). However, some costs decreased because of the lockdowns and the general saving measures adopted by the Group (travel expenses, conventions, consultancies, etc.).

The estimated impact on Operating Profit in the first nine months of the current fiscal year, of all the factors mentioned, reached -€17 million.

Progress of the business and main figures of the P&L account at the third-quarter closing

Group **Revenues** grew by 3.8% compared with the same period last year, recording increases in the three geographical segments.

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

Despite the slight decline of 2.5% in total distributed volumes of cigarettes and RYO and others in the first nine months of the fiscal 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 of revenues in Spain.

Economic Sales [1] recorded a small decline of 0.8%, reaching €847.5 million because of the improvements recorded in the activity in Italy, which mitigated the reduction experienced in France and Spain.

Total operating costs[1] grew by 1.3%, in a fiscal year of fully operational traceability services, although the tariffs in the different countries covered them unevenly during the period.

Additionally, the special circumstances under which activity was performed after March caused some cost increases, because of, among other reasons, the security measures adopted to protect the health of employees and collaborators, the high level of absenteeism in the first days of the pandemic, the reintroduction of border controls inside the Schengen area and the national mobility restrictions, etc.

By contrast, certain costs drastically decreased because of the lockdown and homeworking and additionally, the Group adopted measures aimed at the contention of overheads and, as far as possible, improving efficiency in processes.

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

Adjusted EBIT[1] reached €175.3 million, declining by 7.9% compared with the first nine months of the previous year.

Part of the fall in Operating Profit, both Adjusted[1] and Reported, was due to the fact that, during the first nine months of 2020 a negative impact on results was recorded, due to the changes in valuation of inventories because of the movements in taxes and prices of tobacco products (around -€2 million)

[1] See appendix "Alternative Performance Measures"

contrasting with the positive impact of more than €4.5 million recorded in the same period of 2019. Consequently, the decline in Adjusted[1] Operating Profit linked to the activity was significantly lower if these impacts are not considered in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of the third quarter was negative, close to -€17 million.

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, Adjusted EBIT[1] grew by about 5%.

The restructuring costs[1] during the period decreased significantly, from €10.0 million to €3.1million. Additionally, during the first nine months of current fiscal year, there were no significant capital gains from the sale of assets, whereas in the previous year €5.1 million was obtained from the sale of a building in Portugal and from the positive result of the impairment test of one of the businesses in Spain

The Operating Profit decreased by 9.2% compared with the same period last year, reaching €134.1 million. If the impacts of the variations in valuation of inventories in both periods and the estimated impact of COVID-19 in the period are disregarded, the Operating Profit grew by almost 7%.

The Adjusted EBIT margin over Economic Sales[1] was 20.7% compared with 22.3% in the same period of 2019.

Financial Results were 9.8% less than in the first nine months of the preceding year, and reached €8.0 million because of the application, for the first time in this fiscal year, of IFRS 16.

The effective tax rate in the period rose to 27.3% from the 24.8% recorded during the same period last year due to the end of the application of certain tax deductions. The rate will slightly decrease in the next two years (by about 0.5% each year) as a consequence of the reduction in the regulatory rates envisaged by French law.

As a result of all of the foregoing, the **Net Profit** decreased by 12.4% to €103.0 million.

[1] See appendix "Alternative Performance Measures"

Changes in Revenues (By Segment and Activity)

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	% Change
Iberia	**2,315.9**	**2,280.0**	**1.6%**
Tobacco & Related	2,014.1	1,970.1	2.2%
Transport Services	288.8	290.9	(0.7)%
Other Businesses	121.0	117.1	3.4%
Adjustments	(108.1)	(98.1)	(10.2)%
France	**3,100.7**	**2,976.1**	**4.2%**
Tobacco & Related	2,999.2	2,846.1	5.4%
Other Businesses	108.5	137.1	(20.9)%
Adjustments	(7.0)	(7.1)	1.2%
Italy	**2,273.9**	**2,153.4**	**5.6%**
Tobacco & Related	2,273.9	2,153.4	5.6%
Corporate & Others	**(29.3)**	**(29.8)**	**1.6%**
Total Revenues	**7,661.2**	**7,379.7**	**3.8%**

.

Changes in Economic Sales[1] (By Segment and Activity)

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	% Change
Iberia	**432.9**	**436.1**	**(0.7)%**
Tobacco & Related	209.2	204.0	2.6%
Transport Services	203.5	204.6	(0.6)%
Other Businesses	63.1	65.9	(4.2)%
Adjustments	(43.0)	(38.4)	(12.0)%
France	**189.6**	**206.0**	**(7.9)%**
Tobacco & Related	166.4	172.9	(3.7)%
Other Businesses	28.4	38.5	(26.2)%
Adjustments	(5.2)	(5.4)	4.3%
Italy	**222.5**	**209.8**	**6.0%**
Tobacco & Related	222.5	209.8	6.0%
Corporate & Others	**2.5**	**2.5**	**(2.7)%**
Total Economic Sales[1]	**847.5**	**854.4**	**(0.8)%**

[1] See appendix "Alternative Performance Measures"

Changes in Adjusted EBIT[1] (By Segment)

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	% Change
Iberia	**83.7**	**89.7**	**(6.8)%**
France	**37.6**	**52.5**	**(28.3)%**
Italy	**65.1**	**58.9**	**10.5%**
Corporate & Others	**(11.1)**	**(10.8)**	**(3.0)%**
Total Adjusted EBIT[1]	**175.3**	**190.3**	**(7.9)%**

Adjusted Operating Profit[1] (or, indistinctly, Adjusted EBIT[1]) is the principal indicator used by the Group's Management to assess the recurring results of the business's operations. Basically, this indicator is calculated by deducting from the Operating Profit all those expenses that are not directly linked to the revenue obtained by the Group in each period, which facilitates the analysis of the changes in the Group's operating expenses[1] and typical margins. The following table shows the reconciliation between Operating Profit and Adjusted Operating Profit[1] for Q3 of fiscal years 2020 and 2019:

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June. 2019
Adjusted Operating Profit[1]	**175.3**	**190.3**
(-) Restructuring Costs[1]	(3.1)	(10.0)
(-) Amortization of Assets Logista France	(39.2)	(39.2)
(+/-) Result of Disposal and Impairment of Non-Current Assets	0.3	5.1
(+/-) Result by Equity Method and Others	0.8	1.5
Operating Profit	**134.1**	**147.7**

[1] See appendix "Alternative Performance Measures"

I. Business Review

A. Iberia: Spain and Portugal

Iberia's revenues increased to €2,315.9 million compared with €2,280.0 million in fiscal year 2019, recording a 1.6% growth. The Economic Sales[1] of Iberia reached €432.9 million, 0.7% below the €436.1 million recorded in the first nine months of the preceding fiscal year.

Revenues in **Tobacco and related products** increased by 2.2%, because of the growth of the activity both in Spain and in Portugal.

The volumes of cigarettes and RYO and others distributed in Iberia recorded a negative performance compared with the first nine months of the preceding fiscal year, decreasing by 3.4% compared with the same period of 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, cigarette volumes distributed decreased by 5.8% compared with the first nine months of the last fiscal year, and the distributed volumes of RYO and others (which includes the heated tobacco consumables) increased by 10.0%. In general, the retail selling prices of these products during the period, both in the current and in the previous fiscal year, remained stable.

The impact of COVID-19 on the tobacco volumes distributed in Spain was negative, and double-digit interannual falls were recorded during the third quarter, of more than 25% in the months of April and May. The main reasons, among others, that might have caused these falls were:

- the border closures within the EU and the mobility restrictions in the Spanish territory, which affected the tourism and cross-border sales very negatively,
- the stock management by tobacconists 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 period.

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 Sales[1] from tobacco distribution in the first nine months of the fiscal year were slightly higher than those in the same period last year.

During the first five months of the fiscal year (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, in the case of the sales of convenience products, was negative at first, slowing down the growth rate recorded pre-COVID. However, fromthe month of May, this impact became positive and growth rates similar to those obtained previously were recorded again. Since the month of April, new clients have been arriving in the service-station channels, and during the period, intense commercial activity was maintained in order to reach and to close new distribution agreements for convenience products in other channels.

There was a double-digit growth in Economic Sales[1] in convenience product distribution in the first nine months of fiscal year 2020 compared with the same period of fiscal year 2019.

[1] See appendix "Alternative Performance Measures"

The Economic Sales[1] in Tobacco and related products grew by 2.6% compared with the previous fiscal year.

Revenues in **Transport** went down by 0.7%. However, the Economic Sales[1] performance differed among the activities, remaining stable in Long Distance, negative in Industrial Parcels and positive in Courier Services, reaching single-digit growth compared with the first nine months of the previous fiscal year. As a whole, Economic Sales[1] in Transport in the period went down by 0.6% to €203.5 million.

Within the Transport business, the impact of COVID-19 was more negative in the case of Parcels and Long Distance because of the general fall in the activity. However, in the case of Courier Services, it was negative in the first moments of the crisis but became positive in the month of June, boosted by the growth of e-commerce.

Revenues in **Other Businesses** (which include Pharma and Periodicals distribution) increased by 3.4%, reaching €121.0 million, and Economic Sales[1] went down by 4.2% to €63.1 million.

The Revenues of the Pharma business grew in the first nine months of the fiscal year, although at a lower pace than before March. This growth was achieved through the expansion of pre-existing activity and the incorporation of new agreements during the period. However, towards the end of the previous fiscal year, certain services to a client billed on a tariff basis (the same amount in Economic Sales[1] as in Revenues) were discontinued, which negatively affected the year-on-year comparison at the Economic Sales[1] level. The costs associated with these services were largely direct and its margin limited, so the impact of discontinuation was not negative for the results of the business.

Since March, the impact of COVID-19 on the activity of Pharma has been negative, with falls in sales in distribution to chemist's shops reflecting the market trend and 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 new clients and the extension of agreements with some of the existing clients.

The distribution of publications in Spain recorded decreases in both Revenues and Economic Sales[1]. The drastic fall in activity in newsstands after the confinement measures during the period added to the negative trend in the sector, translating into close-to-double-digit decreases in Economic Sales[1].

Total operating expenses[1] in the Iberia segment increased by 0.9%.

The impact of some temporary differences between provision of the tobacco traceability service and the application of the new tariffs for this service, together with the fall in Economic Sales[1] in some of the businesses because of COVID-19, translated into a 6.8% decrease, compared with the previous year, in the **Adjusted Operating Profit**[1], which reached €83.7 million.

Logista estimates that the impact of the COVID-19 crisis on the results of Iberia in the period was negative by approximately -€11 million.

During the period, restructuring costs[1] similar to those of the first nine months of fiscal year 2019 were recorded (€1.8 million), but lower capital gains from the sale of assets (€0.5 million vs. €2.7 million).

Almost all the results from associates in Iberia came from the book distribution business in Spain. This business has been hit the most by the situation resulting from the COVID-19 crisis, as the point of sales to which Logista distributes were obliged to close during the lockdown period. Only the home delivery of the books sold by one of our clients could be maintained. After the re-opening of the points of sale, the activity recovered progressively although the Economic Sales[1] decreased by close to 20% in the first nine months of the fiscal year.

[1] See appendix "Alternative Performance Measures"

Operating Profit reached €83.1 million vs. the €94.6 million recorded in the first nine months of last year, a 12.2% decrease.

B. France

Revenues in France grew by 4.2% to €3,100.7 million, while Economic Sales[1] decreased by 7.9%, to reach €189.6 million.

Revenues from Tobacco and related products grew by 5.4% to €2,999.2 million due to the increase in tobacco prices and despite the decline experienced by distributed tobacco volumes vs. last year in cigarettes (-6.3%). This fall was mitigated by the increase in distributed volumes of RYO and heat-not-burn consumables (+8.6%).

The fall in tobacco volumes was smaller than the fall recorded during the first half-year, due, among other factors, to the positive impact of the closure of intra-community borders on sales inside the French territory during the third quarter.

The current RSP, which in the case of the top-selling brand has already achieved 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 per packet in total. It also includes the increase of €0.20 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 had a negative impact on the results of the period of about -€3 million, contrasting with the positive effect of between €2 and €3 million recorded in the first nine months of fiscal year 2019. This difference negatively affected the yearly comparison of Economic Sales[1] and Operating Profit (adjusted[1] and reported).

As mentioned above, the Economic Sales[1] from tobacco distribution in France were positively affected by COVID-19, as the volumes distributed (cigarettes + RYO) during the lockdown and border closure period hardly decreased at all, while the rate of the interannual fall during the first half-year was 8.4%.

The performance of the Economic Sales[1] of convenience products and electronic transactions until the month of March was slightly positive. The COVID-19 affected very negatively the distribution of convenience products to tobacconists during the lockdown, recording double-digit falls. However, the activity progressively recovered as the measures were relaxed and finally, the Economic Sales[1] of convenience products and electronic transactions in the first nine months of the fiscal year recorded a slight increase.

Thus at the close of the third quarter, the Economic Sales[1] of Tobacco and related products decreased by 3.7% compared with the same period of the preceding year, to €166.4 million.

The **Other Businesses** activity (the wholesale distribution of convenience products in non-tobacconist channels) experienced a decrease of 20.9% in Revenues and of 26.2% in Economic Sales[1] compared with the same period of the previous fiscal year.

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 it continued to be far less than that recorded during fiscal year 2019.

[1] See appendix "Alternative Performance Measures"

The total operating costs[1] of France decreased by 0.9%. The impact of some temporary differences between the provision of the tobacco traceability service and the application of the new tariffs for this service, together with the fall in Economic Sales[1] in some of the businesses because of COVID-19, translated into an **Adjusted Operating Profit**[1] of €37.6 million, representing a decrease of 28.3% compared with the previous year. This fall was of less than 20% if the impact of variations in valuation of inventories due to tax and price movements is disregarded in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of France in the period was negative by approximately -€6 million.

The lower restructuring expenses[1] in the period (€0.5 million vs. €6.7 million) took Operating **Profit** to -€2.1 million, improving the -€6.7 million recorded in the previous fiscal year. The main adjustment in this segment is the Amortization of Assets generated from the acquisition of Logista France, which amounted to €39.2 million in both fiscal years.

C. Italy

Revenues in Italy increased by 5.6% to €2,273.9 million because of the increase in the sale of convenience products, as well as higher prices of tobacco products than in the first nine months of fiscal year 2019.

The volumes of cigarettes distributed decreased in the first nine months of the fiscal year by 5.1%. The increase in volumes of heated tobacco and RYO tobacco (of 31.0% compared with the same period last year) partially offset that decrease.

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

From the beginning of the second quarter of fiscal year 2020, the Italian Government imposed a new excise tax on cigarette papers and filters, and made it compulsory to sell these products through the tobacconist channel.

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

Not only distribution of tobacco, but also revenues from services to manufacturers as well as those derived from convenience product distribution pre-COVID were higher than those obtained in the first months of the previous year. Additionally, and in contrast to what happened in other countries, the Economic Sales[1] in Italy suffered a smaller impact in March and continued recording growth.

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.

All the above allowed a 6.0% increase in Economic Sales[1] in the first nine months of current fiscal year, to €222.5 million.

[1] See appendix "Alternative Performance Measures"

Total operating costs[1] in Italy rose by 4.3% compared with the previous fiscal year, translating into a 10.5% growth in **Adjusted Operating Profit**[1] to €65.1 million. The increase in Adjusted Operating Profit[1] was close to 13% if the impact of changes in the valuation of inventories due to tax and price movements is disregarded in both periods.

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

The restructuring costs[1] linked to the gradual improvement in efficiency in operations were lower than in the last fiscal year (€0.3 million vs. €1.6 million in 2019), so the **Operating Profit** reached €64.8 million, 13.1% more than that obtained in the first nine months of the preceding fiscal year.

D. Corporate and Others

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

Adjusted Operating Profit[1] was -€11.1 million compared with the -€10.8 million recorded in the same period of fiscal year 2019.

[1] See appendix "Alternative Performance Measures"

II. 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.

The average cash position during the first nine months of the fiscal year was €1,856 million compared with €1,758 million in the first nine months of the preceding fiscal year.

Financial results in the fiscal year were 9.8% lower than in the preceding fiscal year and reached €8.0 million because of the application, for the first time in this fiscal year, of IFRS 16.

B. Changes in Net Income

The reduction of restructuring costs[1] recorded in the first nine months of the fiscal year, compared with the same period last year (€3.1 million vs. €10.0 million) mitigated the impact of the reduction of capital gains from the sale of assets, which amounted €0.3 million in the current fiscal year and reached €2.5 million in the same period of fiscal year 2019. Because of that, Profit Before Taxes decreased by 9.2% to €142.2 million.

The effective consolidated tax rate recorded in the period reached 27.3% compared with 24.8% in the preceding year, taking the Net Profit to €103.0 million (-12.4%).

Earnings per Share were €0.78 vs. €0.89 in the first nine months of fiscal year 2019, with no variations in the number of shares representing the share capital.

At 30 June 2020, the Company had 532,181 of its own 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 around year-end.

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in the first nine months of the current fiscal year increased by 5.4% compared with the same period last year, due to the performance of the activity and the positive effect (€25.1 million) of the first-time application of IFRS 16, which had no effect on the EBIT. Excluding this impact, the EBITDA decreased by 5.8%, in line with the activity.

The increased financial interests in the period, the lower investments and the normalized taxes in the first months of the fiscal year did not completely offset the fall in operating profits, and translated into a cash reduction slightly lower than that recorded in the same period of last fiscal year.

[1] See appendix "Alternative Performance Measures"

The variation in working capital mitigated the effect of the cut-off date for final payment/collection of corporate income taxes and translated into a free cash flow generation slightly lower than that of last year.

D. Dividend Policy

The Board of Directors approved, in the meeting of 21st July 2020, the distribution of an interim dividend corresponding to fiscal year 2020 of approximately €52 million (€0.39 per share), which will be paid on 28th August, 2020. This interim dividend represents a growth of 5.4% over the interim dividend paid in fiscal year 2019 (€0.37 per share).

Additionally, the General Shareholders' Meeting held on 24th March 2020 approved the distribution of a final dividend corresponding to fiscal year 2019 of €107 million (€0.81 per share), which was paid on 27th March 2020. Thus, the total dividend corresponding to fiscal year 2019 was approximately €156 million (€1.18 per share), a 5.4% increase over the total dividend distributed in fiscal year 2018.

E. Outlook

Given the current trading environment and the performance of our businesses since the beginning of the COVID-19 crisis, the estimates communicated in the first quarter for the closing of the current fiscal year cannot be expected to be fulfilled. Additionally, the many uncertainties regarding a potential new outbreak of the pandemic, and the associated measures that could be adopted, make it impossible to quantify new estimates at the moment.

However, the resilience shown in the past by Logista's business model in adverse situations, as well as the performance of most of our activities since the beginning of the crisis, give reason to expect that the reduction of results at the closing of 2020, compared with fiscal year 2019, will not be very significant, given the current circumstances.

For more information:

investor.relations@logista.com

+34 91 481 98 26

Appendix

P&L

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	% Change
Revenues	**7,661.2**	**7,379.7**	**3.8%**
Economic Sales[1]	**847.5**	**854.4**	**(0.8)%**
(-) Distribution Operating Costs[1]	(559.4)	(548.6)	(2.0)%
(-) Sales and Marketing Operating Expenses[1]	(49.3)	(53.5)	7.8%
(-) Research and G&A Operating Expenses[1]	(63.5)	(62.0)	(2.3)%
Total Operating Costs[1]	**(672.2)**	**(664.1)**	**(1.3)%**
Adjusted EBIT[1]	**175.3**	**190.3**	**(7.9)%**
.Margin[1] %	*20.7%*	*22.3%*	*(160) b.p*
(-) Restructuring Cost[1]	(3.1)	(10.0)	69.3%
(-) Amort. of Assets Logista France	(39.2)	(39.2)	0.0%
(-) Net Loss on Disposal and Impairments	0.4	5.1	(93.2)%
(-) Share of Results of Companies and Others	0.7	1.5	(45.0)%
Operating Profit	**134.1**	**147.7**	**(9.2)%**
(+) Financial Income	11.3	10.4	8.5%
(-) Financial Expenses	(3.2)	(1.5)	(119.2)%
Profit before taxes	**142.2**	**156.6**	**(9.2)%**
(-) Corporate Income Tax	(38.8)	(38.9)	0.2%
Effective Income Tax Rate	*27.3%*	*24.8%*	*(250) b.p.*
(+/-) Other Income / (Expenses)	0.0	0.0	n.r.
(-) Minority Interest	(0.3)	(0.0)	(290.9)%
Net Profit	**103.0**	**117.6**	**(12.4)%**

[1] See appendix "Alternative Performance Measures"

Logista

Cash Flow Statement

Data in millions of euros	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	Change
EBITDA	**235.6**	**223.5**	**12.1**
Restructuring & Other Payments	(9.4)	(10.7)	1.2
Rental Payments	(25.1)	0.0	(25.1)
Financial Interests	10.2	9.4	0.7
Normalized Taxes	(47.2)	(51.8)	4.6
Capex	(28.8)	(29.8)	1.0
Normalized Cash Flow	**135.2**	**140.7**	**(5.5)**
WC Variation	58.8	24.2	34.6
Cut-off effect on Taxes	(53.9)	35.6	(89.5)
Free Cash Flow	**140.0**	**200.4**	**(60.4)**

Balance Sheet

Data in millions of euros	30 June 2020	30 September 2019
PP&E and other Fixed Assets	377.0	228.9
Net Long-Term Financial Assets	19.7	18.1
Net Goodwill	920.8	920.8
Other Intangible Assets	421.6	457.1
Deferred Tax Assets	19.1	19.0
Net Inventory	1,405.9	1,282.8
Net Receivables and Others	2,110.5	1,945.8
Cash & Cash Equivalents	2,239.8	2,211.1
Total Assets	**7,514.4**	**7,083.6**
Group Equity	511.2	518.6
Minority interests	2.1	1.7
Non-Current Liabilities	172.7	44.0
Deferred Tax Liabilities	256.6	264.9
Short-Term Financial Debt	65.0	37.6
Short-Term Provisions	9.0	11.7
Trade and Other Payables	6,497.8	6,205.1
Total Liabilities	**7,514.4**	**7,083.6**

Changes in Tobacco Volumes

	Million units			% Y-o-Y Change	
	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019	1 Oct. 2017 – 30 June 2018	1 Oct. 2019 – 30 June 2020	1 Oct. 2018 – 30 June 2019
TOTAL					
Cigarettes	104,311	110,389	114,237	(5.5)%	(3.4)%
RYO/MYO/Others	19,772	16,939	15,465	16.7%	9.5%
Cigars	2,820	2,968	2,964	(5.0)%	0.1%
SPAIN					
Cigarettes	30,245	32,103	31,930	(5.8)%	0.5%
RYO/MYO/Others	5,590	5,083	4,675	10.0%	8.7%
Cigars	1,298	1,386	1,426	(6.3)%	(2.8)%
PORTUGAL					
Cigarettes	1,805	1,781	1,679	1.4%	6.0%
RYO/MYO/Others	86	77	76	11.9%	1.1%
Cigars					
FRANCE					
Cigarettes	26,936	28,752	30,947	(6.3)%	(7.1)%
RYO/MYO/Others	6,493	5,977	6,332	8.6%	(5.6)%
Cigars	873	910	915	(4.1)%	(0.5)%
ITALY					
Cigarettes	45,325	47,753	49,680	(5.1)%	(3.9)%
RYO/MYO/Others	7,603	5,802	4,382	31.0%	32.4%
Cigars	649	671	623	(3.3)%	7.6%

Alternative Performance Measurements

- **Economic Sales**: equals Gross Profit and is used without distinction by the Group's Management to refer to the figure resulting from subtracting Procurements from the Revenue figure.

  Management believes that gross profit is a meaningful measure of the fee revenue which we generate from performing our distribution services and provides investors with a useful comparative measure by which to assess our financial performance continuously..

	Million €	
	1 Oct. 2019 – 30 June 2020	**1 Oct. 2018 – 30 June 2019**
Revenue	7,661.2	7,379.7
Procurements	(6,813.7)	(6,525.3)
Gross Profit	**847.5**	**854.4**

- **Adjusted Operating Profit (Adjusted EBIT)**: This item is calculated, fundamentally, 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.

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

	Million €	
	1 Oct. 2019 – 30 June 2020	**1 Oct. 2018 – 30 June 2019**
Adjusted Operating Profit	**175.3**	**190.3**
(-) Restructuring Costs	(3.1)	(10.0)
(-) Amortization of Assets Logista France	(39.2)	(39.2)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	0.3	5.1
(+/-) Share of Results of Companies and Others	0.8	1.5
Operating Profit	**134.1**	**147.7**

- **Adjusted Operating Profit margin 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 performance of the profitability obtained by the Group's typical activity in a given period.

	Million €		
	1 Oct. 2019 – 30 June 2020	**1 Oct. 2018 – 30 June 2019**	**%**
Economic Sales	847.5	854.4	(0.,8)%
Adjusted Operating Profit	175.3	190.3	(7.9)%
Margin over Economic Sales	**20.7%**	**22.3%**	**(160) b.p.**

- **Operating costs**: these include the costs of logistics networks, commercial 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 assets derived from the acquisition of Logista France, because they are not directly related to the revenues obtained by the Group in each period.

- **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 helps 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 company, including the costs related to reorganization, dismissals and closures or transfers of warehouses or other facilities.

- **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. It is included in the Operating Profit.

Disclaimer

This document has been prepared by the Compañía de Distribución Integral Logista Holdings, S. A. ("Logista Holdings" or "the Company") for information purposes, and does not constitute an offer of purchase, sale or exchange, nor an invitation for an offer of purchase, sale or exchange of shares of the Company, or any advice or recommendation with respect to such shares.

This document contains certain statements that constitute or may constitute forward-looking statements about the Company, including financial projections and estimates and their underlying assumptions, which are no guarantee of future performance or results, and are subject to risks, uncertainties and other important factors, outside the control of Logista Holdings, which could cause final performance or results to be materially different from those expressed in these statements. These risks and uncertainties include those discussed or identified in the documents filed by Logista Holdings with the relevant Securities Markets Regulators, and in particular, with the Spanish Market Regulator.

Analysts and investors are cautioned not to place any reliance on such forward-looking statements, which reflect knowledge and information available as of the date of this document. The Company does not undertake to update or revise publicly these forward-looking statements if unforeseen changes or events occur which could affect these statements, even if those changes or events make it clear that the predictions will not be realized.

Finally, it should be noted that this document may contain information which has not been audited and may contain summarized information. This information is subject to, and must be read in conjunction with, all other publicly available information, including, if necessary, any fuller disclosure document published by Logista Holdings.