

# Logista Q1 2021 Results

8th February, 2021



# Logista announces its results for the first quarter of the 2021 fiscal year

Logista announces today its results for the first quarter of the 2021 fiscal year. The highlights were as follows:

- The growth recorded in both Revenues and Economic Sales<sup>1</sup>, of 3.6% and 2.9% respectively.
- The good performance of the activity, which brought about increases of 16.3% in the Operating Profit and of 10.3% in the Adjusted Operating Profit<sup>1</sup>
- The increase of 21.7% in the Net Profit, in spite of a higher rate of tax than in the same period of the previous fiscal year.

## Summary of the Main Financial Figures

<i>Data in millions of euros</i>	<b>1 Oct. 2020 – 31 Dec. 2020</b>	<b>1 Oct. 2019 – 31 Dec. 2019</b>	<b>% Change</b>
Revenues	2,675.5	2,581.5	+3.6%
Economic Sales <sup>1</sup>	300.9	292.4	+2.9%
Adjusted Operating Profit <sup>1</sup>	67.7	61.4	+10.3%
Margin over Economic Sales <sup>1</sup>	22.5%	21.0%	+150 b.p.
Operating Profit	55.2	47.5	+16.3%
Net Profit	45.3	37.2	+21.7%

The first quarter of this fiscal year can be described as very positive, as growth was recorded in the main figures in the profit and loss account, despite the fact that in the first quarter of last year, no impact from COVID-19 had yet been recorded.

## Estimated impact of covid-19 on business performance and results

During these first months of the fiscal year, the situation caused by the pandemic worsened compared with that observed in the final quarter of the previous fiscal year.

In the countries in which we operate, new measures have been taken to restrict businesses' opening hours and people's movements, and to impose selective confinements. In general, those measures were less drastic than those taken in the second and third quarters of the previous fiscal year. In every case, Logista was able to continue its activity with almost complete normality.

With regard to the positive impacts of the pandemic, which had already been noticed during the previous fiscal year, they have continued in a similar way. Examples of those effects are the increase in activity in the Courier Services business, which resulted from the development of distribution originating in electronic commerce, and the larger volumes of tobacco distributed in France, due to the restrictions on movement, especially cross-border movements.

<sup>1</sup> See the appendix "Alternative Measurements of Performance"

## Progress of the business and main figures of the P&L account in the first quarter of the fiscal year.

The Group's **Revenues** grew by 3.6% compared with the same period last year, recording increases in France and Italy. There were increases in turnover in most of the principal businesses, and growth in tobacco distribution in France and Italy, in distribution of convenience products in all the countries and in Pharma and Courier Services in Spain.

**Economic Sales**<sup>1</sup> showed an increase of 2.9%, reaching 300.9 million euros thanks to improvements recorded in all the geographical areas. By activity, the increase in Economic Sales from the distribution of tobacco and convenience products in all segments, together with the growths in Pharma, Courier Services and Long-Distance Transport, far outweighed the reduction in the distribution of periodicals, the transport of parcels and the distribution of convenience products to networks other than that of tobacconists in France.

Total operating costs<sup>1</sup> increased by 0.9%, far less than the increase recorded in Economic Sales<sup>1</sup>.

The **Adjusted Operating Profit**<sup>1</sup> reached 67.7 million euros, an increase of 10.3% compared with the first quarter of the previous fiscal year. The Adjusted Operating Profit margin over Economic Sales<sup>1</sup> was 22.5%, against the 21% obtained in the same period in 2020.

It should be noted that the positive progress in the Adjusted Operating Profit was less because of the negative impact on results caused by changes in the valuation of inventories due to the movements in taxes and tobacco prices (about -5 million euros), and that it was not significant in the first quarter of fiscal year 2020.

The costs of restructuring<sup>1</sup> were similar to those of last year at 1.8 million euros (1.7 million euros in the first quarter of fiscal year 2020).

In the current fiscal year, capital gains generated from sales of assets in Spain have been more than those generated in the same period of fiscal year 2020 (1.1 million euros and 0.3 million euros, respectively).

The **Operating Profit** increased by 16.3% to 55.2 million euros

The **Financial Results** were very much better than those of last year, and reached 7.9 million euros (compared with 3.2 million euros). This improvement was mainly due to the interest generated on the excessive advance payments of corporation tax in Spain in fiscal years 2017 and 2018, in accordance with a ruling of the Constitutional Court.

The effective tax rate rose to 27.9% from the 26.3% of the previous fiscal year, due to the final application of certain tax deductions in 2020.

As a result of all of the foregoing, the **Net Profit** increased by 21.7% to 45.3 million euros.

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*See the appendix "Alternative Measurements of Performance"*

## Changes in Revenues (by Segment and Activity)

<i>Data in millions of euros</i>	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019	% change
<b>Iberia</b>	<b>800.3</b>	<b>814.6</b>	<b>(1.7)%</b>
Tobacco and Related Products	685.4	700.7	(2.2)%
Transport	105.0	101.5	3.5%
Other Businesses	49.0	40.8	20.1%
Adjustments	(39.1)	(28.4)	(37.4)%
<b>France</b>	<b>1.043.3</b>	<b>995.8</b>	<b>4.8%</b>
Tobacco and Related Products	1.012.9	955.7	6.0%
Other Businesses	32.1	42.3	(24.1)%
Adjustments	(1.7)	(2.2)	19.9%
<b>Italy</b>	<b>840.4</b>	<b>781.0</b>	<b>7.6%</b>
Tobacco and Related Products	840.4	781.0	7.6%
<b>Corporate &amp; Others</b>	<b>(8.5)</b>	<b>(9.9)</b>	<b>13.9%</b>
<b>Total Revenues</b>	<b>2.675.5</b>	<b>2.581.5</b>	<b>3.6%</b>

## Changes in Economic Sales<sup>1</sup> (by Segment and Activity)

<i>Data in millions of euros</i>	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019	% change
<b>Iberia</b>	<b>159.4</b>	<b>150.4</b>	<b>5.9%</b>
Tobacco and Related Products	72.7	72.1	0.9%
Transport	77.0	72.2	6.6%
Other Businesses	24.9	21.1	18.2%
Adjustments	(15.2)	(14.9)	(2.0)%
<b>France</b>	<b>65.4</b>	<b>66.1</b>	<b>(1.1)%</b>
Tobacco and Related Products	57.6	56.8	1.4%
Other Businesses	9.2	11.1	(17.3)%
Adjustments	(1.4)	(1.7)	21.3%
<b>Italy</b>	<b>75.1</b>	<b>75.1</b>	<b>0.0%</b>
Tobacco and Related Products	75.1	75.1	0.0%
<b>Corporate and Others</b>	<b>1.1</b>	<b>0.7</b>	<b>47.8%</b>
<b>Total Economic Sales<sup>1</sup></b>	<b>300.9</b>	<b>292.4</b>	<b>2.9%</b>

<sup>1</sup> See appendix "Alternative Performance Measures"

## Changes in Adjusted EBIT<sup>1</sup> (by segment)

Data in millions of euros	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019	% change
<b>Iberia</b>	36.9	30.7	20.1%
<b>France</b>	13.1	12.0	9.0%
<b>Italy</b>	21.5	22.3	(3.6)%
<b>Corporate and Others</b>	(3.8)	(3.7)	(2.8)%
<b>Total Adjusted EBIT<sup>1</sup></b>	<b>67.7</b>	<b>61.4</b>	<b>10.3%</b>

Adjusted Operating Profit<sup>1</sup> (or, without distinction, Adjusted EBIT<sup>1</sup>) is the principal indicator used by the Group's Management to analyse and measure the progress of the business. 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<sup>1</sup> and typical margins. The following table shows the reconciliation between Operating Profit and Adjusted Operating Profit<sup>1</sup> for the first quarter of fiscal years 2021 and 2020:

Data in millions of euros	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019
<b>Adjusted Operating Profit<sup>1</sup></b>	<b>67.7</b>	<b>61.4</b>
(-) Restructuring Costs <sup>1</sup>	(1.8)	(1.7)
(-) Amortisation of Assets Logista France	(13.1)	(13.1)
(+/-) Result of Disposal and Impairment	1.1	0.3
(+/-) Result by Equity Method and Others	1.2	0.5
<b>Operating Profit</b>	<b>55.2</b>	<b>47.5</b>

<sup>1</sup> See the appendix "Alternative Measurements of Performance"

## Changes by segment

### A. Iberia: Spain and Portugal

Iberia's revenues amounted to 800.3 million euros compared with the 814.6 million euros in fiscal year 2020, a decrease of 1.7%. Economic Sales<sup>1</sup> in Iberia reached 159.4 million euros, 5.9% more than the 150.4 million euros recorded in the first quarter of the previous fiscal year.

Revenues in **Tobacco and related products** decreased by 2.2% due to the reduction in distributed volumes of tobacco in both Spain and Portugal.

In the first months of the current fiscal year the volumes of cigarettes and RYO and others distributed in Iberia decreased by 6.2% compared with the same period of the 2020 fiscal year. They were smaller in both Spain and Portugal. In Spain the reduction (-6.2%) was mainly due to lower sales in tourism and lower cross-border sales.

In general, the tobacco manufacturers kept the retail prices of their products stable both in the current period of the fiscal year and in the previous one, so there were no material impacts resulting from variations in the value of stocks.

Economic Sales<sup>1</sup> of Tobacco and related products increased by 0.9% compared with last year.

The effect of applying revised prices which included the 'track and trace' service for tobacco manufacturers, combined with the effect of invoicing the other added-value services, was to compensate for almost all of the impact of the reduction in the volumes of distributed tobacco on the Economic Sales<sup>1</sup>.

In addition, performance in the distribution of convenience products was very positive as a result of the incorporation of new customers, more point of sales as clients and a more dynamic demand for products in convenience shops due to the restrictions caused by COVID-19. There was double-digit growth in the Revenues and in the Economic Sales<sup>1</sup> of these products, compared with the same period of FY 2020, and this resulted in the overall increase in the Economic Sales<sup>1</sup> in that business line.

Revenues in the **Transport** business line increased by 3.5%, thanks to the increases recorded in Courier Services, which offset the falls in Long-Distance Transport and in Parcels.

The situation caused by the pandemic favoured an increase in electronic commerce which in turn translated into increased activity in Courier Services, whereas the selective confinements and the restrictions on movements adversely affected demand in Parcels. The incorporation of transport services for other sectors largely mitigated the fall in the long-distance transport of tobacco.

In terms of Economic Sales<sup>1</sup>, there were positive performances in Courier Services and in Long-Distance Transport, and the overall figure for Economic Sales<sup>1</sup> in Transport increased by 6.6%, to 77 million euros. In Long-Distance Transport, the improvement in the margins compensated for the impact on its Economic Sales<sup>1</sup> of the reduced activity, while the prices in Parcels suffered from the pressure of competition due to the situation of low demand.

Revenues in the **Other Businesses** line (which includes the activities of Pharma and of Publications) increased by 20.1%, reaching 49 million euros, and the Economic Sales<sup>1</sup> increased by 18.2%, to 24.9 million euros.

Revenues in the Pharma business continued to grow significantly, thanks to the constant inclusion of new contracts, and to the development of new services dedicated to the sector. The special

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<sup>1</sup> See the appendix "Alternative Measurements of Performance"

circumstances that have arisen during the pandemic have brought new needs to the pharmaceutical and healthcare sector, to which Logista has responded swiftly and appropriately, and this has resulted in an increase in its activity.

Distribution of publications in Spain continues to confront a difficult situation which has resulted in falls in Revenues and Economic Sales<sup>1</sup>.

Total operating expenses<sup>1</sup> in the Iberia segment increased by 2.3% in the period.

The **Adjusted Operating Profit**<sup>1</sup> was 36.9 million euros, representing an increase of 20.1% over last year's figure.

Restructuring costs<sup>1</sup> were slightly less than those recorded for the first three months of the 2020 fiscal year (0.6 million euros v. 0.9 million euros), and there were also smaller capital gains from sales of assets (0.1 million euros compared with 0.4 million euros). All of this resulted in a 22.2% increase in the **Operating Profit**, to 37.6 million euros, compared with the 30.8 million euros recorded in the first quarter of the previous fiscal year.

## B. France

Revenues in France increased by 4.8%, to 1,043.3 million euros, while Economic Sales<sup>1</sup> decreased by 1.1%, to 65.4 million euros.

Revenues in the business line **Tobacco and Related Products** grew by 6.0%, to 1,013.0 million euros, due to the increase in tobacco prices and to the increase in volumes of tobacco distributed compared with the previous fiscal year, which was of 0.7% (cigarettes plus RYO and others).

During the quarter, the French Government enforced the last of the tax increases which were designed to result in a price of 10 euros for a pack of 20 cigarettes in the year 2020, and which were, on average, of 40 cents per pack. During the quarter, most of the tobacco manufacturers added this tax increase to the retail price of their products, but in some cases those price increases did not fully compensate for the effect of the tax increases.

The changes in taxes and prices during the quarter had an adverse impact on the value of the stocks amounting to about 2 million euros in this fiscal year, compared with no material impact in the same period of the previous fiscal year.

The Economic Sales<sup>1</sup> in Tobacco and Related Products increased by 1.4% in the quarter, to 57.6 million euros, thanks to strong Economic Sales<sup>1</sup> in the distribution of tobacco and to the increases through electronic transactions and convenience products.

The **Other Businesses** activity (the wholesale distribution of convenience products through channels other than tobacconists) experienced a decrease of 24.1% in Revenues and of 17.3% in Economic Sales<sup>1</sup>, compared with the same period of the previous fiscal year. Of all the Group's businesses, this one has been the worst hit by the measures taken to fight COVID-19.

The total operating costs<sup>1</sup> of France decreased by 3.4%, which enabled the **Adjusted Operating Profit**<sup>1</sup> to increase by 9.0% to 13.1 million euros, compared with the 12.0 million euros obtained in the first quarter of the previous fiscal year.

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<sup>1</sup> See the appendix "Alternative Measurements of Performance"

The restructuring costs<sup>1</sup> were similar to those of the same period of FY 2020 (0.3 million euros), and the amortisation of assets generated from the acquisition of business in France, which amounted to 13.1 million euros, produced the same figure in both periods. The **Operating Profit** was -0.3 million euros, which was an improvement on the -1.2 million euros of the previous fiscal year.

## C. Italy

Revenues in Italy increased by 7.6%, to 840.4 million euros, thanks to the increase in sales of convenience products, and to higher prices of tobacco products than in the first quarter of fiscal year 2019.

The distributed volumes of cigarettes, RYO and others remained almost the same as those of the first quarter of the fiscal year (-0.7%) due to good performance in the new categories, which largely offset the fall in the volume of cigarettes.

During the current quarter there have been changes in the excise duty on heated tobacco, while the retail prices of tobacco products have remained almost stable. The changes in taxes and prices have had an adverse effect on the period's results of about -3 million euros, whereas their effect was not significant during the first three months of the previous fiscal year.

The increase in revenues from services to manufacturers and from the distribution of convenience products enabled the Economic Sales<sup>1</sup> in Italy to remain stable at 75.1 million euros in the first quarter of the current fiscal year and of the previous one.

With regard to services to manufacturers, it is worth noting the impetus that the new kinds of tobacco products, and the added-value services associated with them, are now experiencing in Italy. Moreover, the marketing efforts made in recent years to speed up the growth of distribution of convenience products through the tobacconist channel continues to produce double-digit increases in the Economic Sales<sup>1</sup> of these products.

Total operating costs<sup>1</sup> in Italy rose by 1.5% compared with the previous fiscal year, resulting in a reduction of 3.6% in the **Adjusted Operating Profit**<sup>1</sup>, to 21.5 million euros. If one excludes the negative impact of this year's valuation of stocks, the Adjusted Operating Profit<sup>1</sup> grew by 9.8%.

The restructuring costs<sup>1</sup> associated with the gradually improving efficiency of the operations were higher in this fiscal year than in the previous fiscal year (0.9 million euros, compared with 0.2 million euros in 2020), so the **Operating Profit** was 20.6 million euros, 6.9% lower than that obtained in the first quarter of the previous fiscal year.

## D. Corporate and Others

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

The **Adjusted Operating Profit**<sup>1</sup> was -3.8 million euros, compared with the -3,7 million euros recorded for the first three months of the 2020 fiscal year.



# 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 fulfil 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 remained at 0.0% during both fiscal years.

The average cash position during the first quarter of the fiscal year was 2,563 million euros, compared with 1,955 million euros in the first quarter of the preceding fiscal year.

The financial results in the first quarter of the fiscal year amply surpassed those obtained in the same period of the previous fiscal year (7.9 million euros compared with 3.2 million euros). This was principally due to the interest generated on the excessive advance payments of corporation tax in Spain in fiscal years 2017 and 2018, in accordance with a ruling of the Constitutional Court (3.6 million euros) and also, to a lesser extent, to the larger average cash flow compared with the first quarter of last year.

## B. Changes in Net Profit

The restructuring costs<sup>1</sup> recorded in the quarter remained stable compared with the same period of the previous fiscal year (1.8 million euros, compared with 1.7 million euros), while larger capital gains were recorded (1.1 million euros for the sale of assets in Spain, in Alcalá de Guadaira) than in the previous fiscal year (0.3 million euros). This, combined with good performance in the businesses, led to an increase of 24.6% in the Profit Before Taxes, to 63.1 million euros.

The effective consolidated tax rate recorded in the period was 27.9%, compared with 26.3% in the previous year, taking the Net Profit to 45.3 million euros, which represented an increase of 21.7% compared with the 37.2 million euros obtained in the first quarter of fiscal year 2020.

The Earnings per Share were 0.34 euros compared with 0.28 euros in the first quarter of the previous fiscal year, with no changes in the number of shares representing the share capital.

On 31st December, 2020, the Company possessed 756,605 shares of its own (0.6% of the share capital), mainly to cover undertakings to award shares in the future, under the directors' long-term remuneration schemes.

## 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 year.

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA<sup>1</sup>) in the first quarter of the current fiscal year increased by 5.8% compared with the same period in the previous fiscal year, due to the positive performance of the activity.

The improvement in the operating and financial results in the period easily financed the larger payments for restructuring and normalisation of taxes in these first months of the fiscal year, and this, together

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<sup>1</sup> See the appendix "Alternative Measurements of Performance"

with smaller cash outflows for investments, translated into a cash position in the first quarter that was 16.7% larger than that obtained in the same period of the previous fiscal year.

The effect, positive in this period, of the cut-off date for final payment/collection of corporation tax slightly mitigated the variation in working capital, which continued the usual negative trend due to the seasonality in the fiscal year, and resulted in negative cash-flow generation at 31st December, 2020, that was greater than that recorded in the same period of fiscal year 2020. This movement was due to the high position of working capital maintained at the close of the financial year, which was because of the payment conditions temporarily applicable in certain countries to the payment of excise duties.

## **D. Dividend Policy**

The General Shareholders' Meeting of 4th February, 2021, approved the distribution of a final dividend corresponding to fiscal year 2020 of 104.9 million euros (0.79 euros per share), which will be paid on 26th February, 2021. The total dividend corresponding to fiscal year 2020 will thus amount to 156.4 million euros (1.18 euros per share), the same amount that was distributed as the total dividend in the 2019 fiscal year.

## **E. Outlook**

Considering the solid performance of our businesses in the first three months of the current fiscal year, and the current situation in the market, one can expect the Adjusted Operating Profit<sup>1</sup> in the 2021 fiscal year to be larger than that obtained in FY 2020, and to record high single-digit growth.

However, the numerous uncertainties about the impact that COVID-19 could have on the economies of the countries in which Logista operates, and about the measures that might be taken to contain the expansion of new waves of the pandemic, may well have an adverse effect on the Group's activity. For these reasons our estimates will be reviewed at the end of every quarter.

**For more information:**

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# Appendix

## Profit & Loss Account

<i>Data in millions of euros</i>	<b>1 Oct. 2020 – 31 Dec. 2020</b>	<b>1 Oct. 2019 – 31 Dec. 2019</b>	<b>% Change</b>
<b>Revenues</b>	<b>2,675.5</b>	<b>2,581.5</b>	<b>3.7%</b>
<b>Economic Sales<sup>1</sup></b>	<b>300.9</b>	<b>292.4</b>	<b>2.9%</b>
(-) Distribution Operating Costs <sup>1</sup>	(194.8)	(192.3)	(1.3)%
(-) Sales and Marketing Operating Expenses <sup>1</sup>	(16.7)	(17.6)	5.1%
(-) Research and G&A Operating Expenses <sup>1</sup>	(21.7)	(21.1)	(2.7)%
<b>Total Operating Costs<sup>1</sup></b>	<b>(233.2)</b>	<b>(231.0)</b>	<b>(0.9)%</b>
<b>Adjusted EBIT<sup>1</sup></b>	<b>67.7</b>	<b>61.4</b>	<b>10.3%</b>
<i>.Margin<sup>1</sup> %</i>	<i>22.5%</i>	<i>21.0%</i>	<i>150 b.p.</i>
(-) Restructuring Cost <sup>1</sup>	(1.8)	(1.7)	4.4%
(-) Amort. of Assets Logista France	(13.1)	(13.1)	0.0%
(-) Net Loss on Disposal and Impairments	1.1	0.3	231.7%
(-) Share of Results of Companies and Others	1.2	0.5	126.5%
<b>Operating Profit</b>	<b>55.2</b>	<b>47.5</b>	<b>16.3%</b>
(+) Financial Income	8.9	4.0	121.9%
(-) Financial Expenses	(0.9)	(0.8)	(17.3)%
<b>Profit before taxes</b>	<b>63.1</b>	<b>50.7</b>	<b>24.6%</b>
(-) Corporation Tax	(17.6)	(13.3)	(32.0)%
<i>Effective Tax Rate</i>	<i>27.9%</i>	<i>26.3%</i>	<i>(160) b.p.</i>
(+/-) Other Income / (Expenditure)	0.0	0.0	n.r.
(-) Minority Interests	(0.2)	(0.1)	n.r.
<b>Net Profit</b>	<b>45.3</b>	<b>37.2</b>	<b>21.7%</b>

<sup>1</sup> See appendix "Alternative Performance Measures"

## Statement of Cash Flow

<i>Data in millions of euros</i>	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019	Change
<b>EBITDA</b>	<b>86.3</b>	<b>81.5</b>	<b>4.7</b>
Restructuring & Other Payments	(4.9)	(2.6)	(2.3)
Financial Result	8.4	3.7	4.7
Normalised Taxes	(20.4)	(16.1)	(4.3)
Net Investments	(1.5)	(8.3)	6.8
<b>Normalised Cash Flow</b>	<b>67.9</b>	<b>58.2</b>	<b>9.7</b>
Variation in Working Capital	(1,226.2)	(662.2)	(564.0)
Effect of cut-off date on taxes	32.7	(39.2)	71.9
<b>Free Cash Flow</b>	<b>(1,125.6)</b>	<b>(643.1)</b>	<b>(482.5)</b>

## Balance Sheet

<i>Data in millions of euros</i>	31 December 2020	30 September 2020
Tangible Assets and other Fixed Assets	362.3	373.3
Net Long-Term Financial Assets	20.4	19.2
Net Goodwill	920.8	920.8
Other Intangible Assets	394.5	408.1
Deferred Tax Assets	18.1	18.7
Net Inventory	1,262.4	1,294.3
Net Receivables and Others	2,009.3	1,985.7
Cash & Cash Equivalents	1,687.3	2,826.8
<b>Total Assets</b>	<b>6,675.1</b>	<b>7,846.9</b>
Group Equity	555.5	514.2
Minority interests	1.9	2.1
Non-Current Liabilities	159.7	167.6
Deferred Tax Liabilities	250.7	253.6
Short-Term Financial Debt	75.4	77.4
Short-Term Provisions	12.2	13.5
Trade Debtors and Other Accounts Payable	5,619.7	6,818.6
<b>Total Liabilities</b>	<b>6,675.1</b>	<b>7,846.9</b>

## Changes in Tobacco Volumes

	Million units		
	1 Oct. 2020 - 31 Dec. 2020	1 Oct. 2019 - 31 Dec. 2019	% Change
<b>TOTAL</b>			
Cigarettes	33,852	35,924	(5.8)%
RYO/MYO/Others	7,461	6,285	18.7%
Cigars	972	1,001	(3.0)%
<b>SPAIN</b>			
Cigarettes	9,830	10,709	(8.2)%
RYO/MYO/Others	2,008	1,909	5.2%
Cigars	453	460	(1.6)%
<b>PORTUGAL</b>			
Cigarettes	567	627	(9.7)%
RYO/MYO/Others	40	31	26.3%
Cigars			
<b>FRANCE</b>			
Cigarettes	8,526	8,808	(3.2)%
RYO/MYO/Others	2,288	1,935	18.2%
Cigars	300	304	(1.3)%
<b>ITALY</b>			
Cigarettes	14,929	15,780	(5.4)%
RYO/MYO/Others	3,125	2,409	29.7%
Cigars	219	237	(7.8)%

## Alternative Measurements of Performance

- **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.

The Group's Management considers that this figure is a meaningful measure of the fee revenue which we generate from performing our distribution services and provides investors with a useful view of the Group's financial performance.

	Million euros	
	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019
Revenue	2,675.5	2,581.5
Procurements	(2,374.6)	(2,289.1)
<b>Gross Profit</b>	<b>300.9</b>	<b>292.4</b>

- **Adjusted Operating Profit (Adjusted EBIT):** This indicator is calculated, basically, by deducting 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 euros	
	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019
<b>Adjusted Operating Profit</b>	<b>67.7</b>	<b>61.4</b>
(-) Restructuring Costs	(1.8)	(1.7)
(-) Amortisation of Assets Logista France	(13.1)	(13.1)
(+/-) Net Loss from Disposal and Impairment of Non-Current Assets	1.1	0.3
(+/-) Share of Results of Companies and Others	1.2	0.5
<b>Profit from Operations</b>	<b>55.2</b>	<b>47.5</b>

- **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 analyse and measure the profitability obtained by the Group's typical activity in a given period.

	Million euros		
	1 Oct. 2020 – 31 Dec. 2020	1 Oct. 2019 – 31 Dec. 2019	% Change
Economic Sales	300.9	292.4	2.9%
Adjusted Operating Profit	67.7	61.4	10.3%
<b>Margin over Economic Sales</b>	<b>22.5%</b>	<b>21.0%</b>	<b>+150 b.p.</b>

- **Operating expenses:** these include the costs of logistics networks, commercial expenses, research expenses and head office expenses that are directly related to the revenues 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 amortisation 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.
- **Non-recurring expenses:** refers to those expenses which, although they might occur in more than one period, do not have continuity in time (unlike operating expenses) and only affect 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 which occur continuously and which allow the Group's activity to be sustained. They are calculated 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 and commercial efficiency in our company, including the costs related to reorganization, dismissals and closures or transfers of warehouses or other installations.
- **Non-recurring results:** refers to the year's results that do not have continuity during the year and only affect the accounts at a specific moment. It is included in the operating profit.

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