



## H1 2020 Results Presentation

29 April 2020



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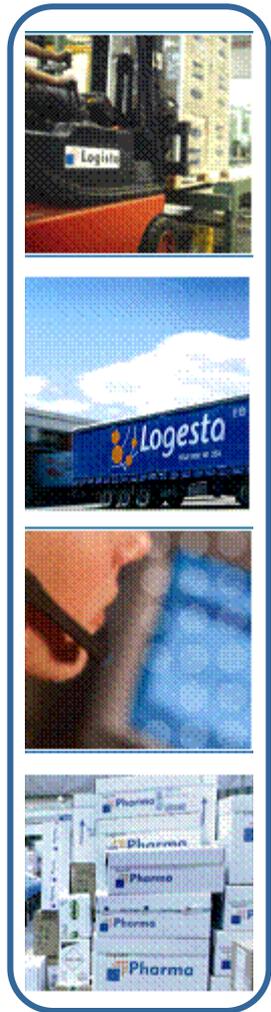


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- Revenues growing to €5,004m (+5.0%) and Economic Sales flat in €567m (-0.1%)
  - Revenues raising in all geographies
  - Economic Sales increasing in Italy and Iberia, decreasing in France
  
- Adjusted EBIT down by +11.1% to €112m over a high base of comparison
  - Negative impact from price/tax movements (approx. -€6m) vs. positive in H1 2020 (approx. +€5m)
  - Estimated negative impact of COVID-19 in the month of March between €5m-€6m
  - Adjusted EBIT margin over Economic Sales down to 19.8%
  
- Net Income reaching €66m, reducing by 11.8%
  - Lower capital gains and restructuring costs
  - Higher income tax rate
  
- Dividend per share paid in the semester: €0.81 vs €0.77 paid in H1 2019)

Positive performance of recurring activity masked by negative one-offs and impact of COVID-19 crisis



# Business Review

### Iberia

- No tax or RSP increases, growing tobacco volumes
- Very positive evolution of convenience
- Uneven performance in Transport, stable long distance, rest growing
- Pharma growth persists, Publications declining
- COVID-19 crisis: Editorial businesses and transport suffering the most

Revenues: €1,579m (7.5%)

Ec. Sales: €296m (+1.3%)

Adj. EBIT: €57m (-4.6%)

### France

- Scheduled excise tax increase passed on to RSP, but other increases not fully passed: negative impact on inventories valuation
- Tobacco volumes down but elasticity continues being limited
- Convenience and e-transactions in tobacconists, slightly up
- Weak activity of convenience distribution in other channels
- COVID-19 crisis: Other Businesses suffering the most

Revenues: €1,951m (+1.4%)

Ec. Sales: €124m (-7.9%)

Adj. EBIT: €22m (-34.2%)

### Italy

- Tobacco volumes stable, including RYO+HTU (Heated Tobacco Units)
- Tax increases not passed on to RSP by all manufacturers in the period: negative impact on inventories valuation
- Double digit growth of convenience sales, even in March
- COVID-19 crisis: Lower impact than in other geographies

Revenues: €1,494m (+7.4%)

Ec. Sales: €145m (4.1%)

Adj. EBIT: €41m (+1.4%)

### Corporate & Others

- No major changes of performance in Poland
- Higher Corporate Centre costs including some one-offs

Revenues: -€20m (-1.5%)

Ec. Sales: €2m (+41.0%)

Adj. EBIT: -€8m (-7.4%)

### Tobacco and Related

- Positive tobacco volumes in Spain: Cigarettes: +0.7%, RYO+HTU: +14.5%
- Generally stable RSP and taxation in H1 2020 and H1 2019
- Portuguese business continues recording growth and gaining market share
- Convenience products strongly growing
- COVID-19, estimated impact in March: lower tobacco volumes in Spain, change in channels' mix in Portugal and lower sales in convenience

**Revenues: €1,361m**  
(+7.8%)

**Ec. Sales: €142m**  
(+5.7%)

### Transport

- Healthy performance of the 3 lines of services
- Ec. Sales Long-distance: stable, Parcel and Courier: slightly growing
- COVID-19, estimated impact in March: : some client's manufacturing halt in Long distance, lower activity in Parcel , Courier the most impacted

**Revenues: €199m**  
(+2.6%)

**Ec. Sales: €141m**  
(+2.9%)

### Other Businesses

- Pharma revenues growing double digit, service to a client invoiced at fee discontinued (effect on Eco. Sales only, neither revenues nor results)
- Weak sectoral situation in Publications
- COVID-19, estimated impact in March: reduction of parapharmacy sales not compensated by growth in other lines and very significant contraction of activity in publications

**Revenues: €83m**  
(+7.2%)

**Ec. Sales: €43m**  
(-3.5%)

### Adjusted EBIT

- Cost growing 2.8%, partially affected by the timing difference of track&trace services/tariffs
- COVID-19, estimated impact in March: Lower Ec. Sales and higher costs (health and safety measures for employees and collaborators, increased level of absenteeism, etc.) resulting on approximately -€3m

**Adj. EBIT: €57m**  
(-4.6%)

### Tobacco and Related

- Strong tobacco volumes decline, but price elasticity still limited
  - Cigarettes: -9.8%, RYO+HTU: -2.0%
  - Excise tax increases planned for FY 2020 completed (€1 per pack) passed on to RSP, conversion of “5.6% contribution sociale” into excise tax (€0.2) nor fully passed. Uneven RSP increases (+€1/€1.2)
- Negative impact on inventories' valuation in H1 2020 -€3m/-€4m vs. positive in H1 2019 c. +€2m
- Some growth in sales of convenience and e-transactions
- COVID-19, estimated impact in March: similar trend in tobacco volumes but lower sales in convenience and e-transactions

**Revenues: €1,874m**  
(+1.8%)

**Ec. Sales: €106m**  
(-6.6%)

### Other Businesses

- Revenues and Ec. Sales through these channels performed weakly in H1,
- COVID-19, estimated impact in March: Ec. sales sharply declined, above 35% in the month

**Revenues: €81m**  
(-6.1%)

**Ec. Sales: €21m**  
(-13.0%)

### Adjusted EBIT

- Cost growing 0.7%. Inflationary pressures in transport costs and partially affected by the timing difference of track&trace services/tariffs
- COVID-19, estimated impact in March: Lower Ec. Sales and higher costs (health and safety measures for employees and collaborators, increased level of absenteeism, etc.) resulting on approximately -€1.5m

**Adj. EBIT: €22m**  
(-34.2%)

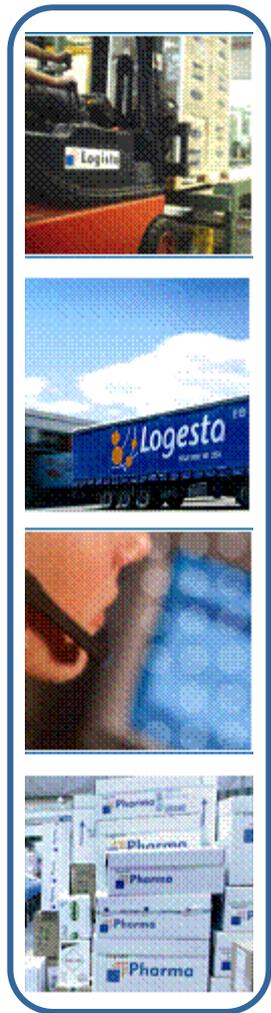
**Tobacco and  
Related**

- Almost stable tobacco volumes:
  - Cigarettes: -3.6% and RYO+HTU: +34.1%
- Higher taxes, RSP increase (+€0.10 or +€0.20) only by some manufacturers in the period
- Negative net effect on inventories' valuation (c. -3m) vs. positive impact in H1 2019 (+€3m / +€4m)
- Growth in services to manufacturers and Economic Sales of Convenience products
- COVID-19, estimated impact in March: slightly lower tobacco volumes but not significant impact in convenience

**Revenues: €1,494m**  
(+7.4%)**Ec. Sales: €145m**  
(+4.1%)**Adjusted EBIT**

- Cost growing 5.1%
- COVID-19, estimated impact in March : Lower impact than other geographies in Ec. Sales together with higher costs (health and safety measures for employees and collaborators, increased level of absenteeism, etc.) resulting on approximately -€1.0m

**Adj. EBIT: €41m**  
(+1.4%)



# Financial Review

| (€m)  | H1 2020      | H1 2019      | Δ%                |
|---|--------------|--------------|-------------------|
| <b>Revenues</b>                                     | <b>5,004</b> | <b>4,765</b> | <b>+5.0%</b>      |
| <b>Eco. Sales</b>                                   | <b>567</b>   | <b>567</b>   | <b>(0.1)%</b>     |
| (-) Distribution Costs                              | (377)        | (364)        | (3.6)%            |
| (-) Sales and Marketing Expenses                    | (35)         | (36)         | +3.4%             |
| (-) G&A and Research Expenses                       | (43)         | (41)         | (3.9)%            |
| <b>Total Costs</b>                                  | <b>(455)</b> | <b>(441)</b> | <b>(3.1)%</b>     |
| <b>Adjusted EBIT</b>                                | <b>112</b>   | <b>126</b>   | <b>(11.1)%</b>    |
| <b>Margin %</b>                                     | <b>19.8%</b> | <b>22.2%</b> | <b>(240) b.p.</b> |
| (-) Restructuring Costs                             | (2)          | (10)         | n.r.              |
| (-) Amort. of Assets Logista France                 | (26.1)       | (26.1)       | --                |
| (-)/+ Net Loss (Profit) on Disposal and Impairments | 0            | 2.5          | (85)%.            |
| (-) /+Share of Results of Companies and Others      | 1            | 1            | (25.1)%.          |
| <b>Profit from Operations</b>                       | <b>85</b>    | <b>94</b>    | <b>(9.5)%</b>     |

- Revenues grew in all geographies and activities, except Publications in Spain and Convenience to all channels in France
- Economic Sales increased in Spain and Italy, offsetting France reduction
- Negative impact on inventories' valuation in H1 2020 (-€6 m) vs .positive in H1 2019 (>€5 m)
- Total costs included fully operational traceability services in H1 2020, inflationary pressures in transport costs in France and impact of COVID-19
- Restructuring costs strongly down
- Not significant capital gains
- Not considering any impact from inventories' valuation in H1 2020 and 2019 nor the estimated impact from COVID-19 in H1 2020, Adjusted EBIT grew slightly above 2% and Profit from operations above 8%.

| (€m)                             | H1 2020      | H1 2019      | Δ%                |
|----------------------------------|--------------|--------------|-------------------|
| <b>Profit from Operations</b>    | <b>85</b>    | <b>94</b>    | <b>(9.5)%</b>     |
| (+) Financial Income             | 8            | 7            | +15.3%            |
| (-) Financial Expenses           | (2)          | (1)          | (72.3)%           |
| <b>Profit before taxes</b>       | <b>91</b>    | <b>99</b>    | <b>(8.6)%</b>     |
| (-) Corporate Income Tax         | (25)         | (25)         | (1.2)%            |
| <i>Effective Income Tax Rate</i> | <i>27.3%</i> | <i>24.7%</i> | <i>(262) b.p.</i> |
| (+/-) Other Income / (Expenses)  | 0            | 0            | n.r.              |
| (-) Minority Interest            | (0)          | (0)          | n.r.              |
| <b>Net Income</b>                | <b>66</b>    | <b>75</b>    | <b>(11.8)%</b>    |

- Financial Result up by 6.3%:
  - Same interest rate over higher average cash position
  - Rise of financial expenses due to IFRS 16
- Corporate Income Tax :
  - Deductions applied in Spain in the last years extinguished
  - Group's rate to reduce by 0.5% each year over next two because of rate reduction foreseen under French law
- Net income decrease because of one-offs and COVID-19

| (€m)                        | H1 2020   | H1 2019   | Δ%             |
|-----------------------------|-----------|-----------|----------------|
| Maintenance                 | 3         | 4         | (13.1)%        |
| Infrastructure              | 4         | 9         | (54.7)%        |
| IT investments (technology) | 8         | 11        | (32.2)%        |
| <b>Total investments</b>    | <b>15</b> | <b>24</b> | <b>(35.8)%</b> |

- Lower investment than last year, adaptation to comply with Track & Trace regulation finished
- More than 50% of investments (c. 50%) devoted to technology and supporting the development of new value added services

| (MM€)                          | H1 2020      | H1 2019     | Change       |
|--------------------------------|--------------|-------------|--------------|
| <b>EBITDA</b>                  | <b>150</b>   | <b>148</b>  | <b>+2</b>    |
| Restructuring & Other payments | (8)          | (7)         | (1)          |
| Rental payments                | (17)         | --          | (17)         |
| Financial results              | 7            | 6           | +1           |
| Normalised taxes               | (30)         | (35)        | +5           |
| Capex                          | (18)         | (22)        | +4           |
| <b>Normalized Cash Flow</b>    | <b>84</b>    | <b>90</b>   | <b>(6)</b>   |
| WC variation                   | (384)        | (206)       | (178)        |
| Cut off effect on taxes        | (32)         | 62          | (94)         |
| <b>Free Cash Flow</b>          | <b>(332)</b> | <b>(54)</b> | <b>(278)</b> |

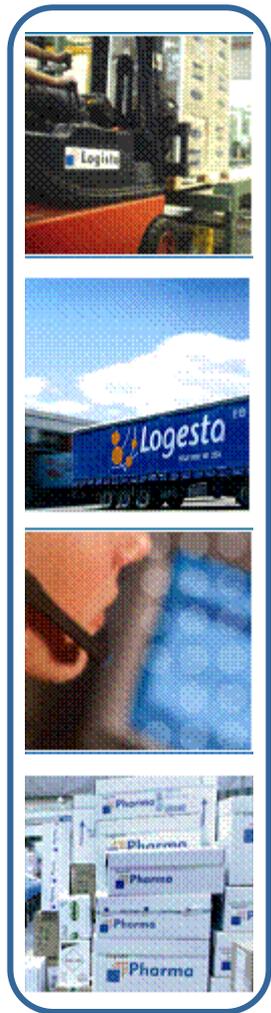
- Slightly higher results and lower normalised taxes mitigating the impact of rentals due to IFRS 16 application
- Normalized taxes, below H1 2019
- Investments: reduction due to completion of Track & Trace adaptation
- Customary seasonality variations of working capital driving decrease in cash generation at the end of H1 2020
- Corporate income tax flow of payments was positive in H1 2019

- Resilience of Logista business model
- Underlying growth, affected in the last month of the period by one-offs and COVID-19
- Solid cash flow, in line with operating results



## Outlook

- In view of the resilience shown in the past by Logista's business model as well as the fact that operations in most of our activities continue, it is expected that the reduction of results at the end of 2000 compared to fiscal year 2019 will not be too significant, given the current circumstances.
- However, considering current trading environment and the performance of the business in the last month of the first semester the guidance communicated in the first quarter for the closing of the current fiscal year cannot be expected to be met
- Additionally, the uncertainties regarding the timing and the gradual phasing of the lifting of the confinement measures make it impossible to quantify new estimates at the moment



# Appendix

|                 | Million units                  |                                |                                | % change                       |                                |
|-----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                 | 1 Oct. 2019 -<br>31 March 2020 | 1 Oct. 2018 -<br>31 March 2019 | 1 Oct. 2017 -<br>31 March 2018 | 1 Oct. 2019 -<br>31 March 2020 | 1 Oct. 2018 -<br>31 March 2019 |
| <b>TOTAL</b>    |                                |                                |                                |                                |                                |
| Cigarettes      | 69,501                         | 72,275                         | 74,348                         | (3.8)%                         | (2.8)%                         |
| RYO/MYO/Other   | 12,466                         | 10,837                         | 9,951                          | 15.0%                          | 8.9%                           |
| Cigars          | 1,898                          | 1,933                          | 1,911                          | (1.8)%                         | 1.1%                           |
| <b>SPAIN</b>    |                                |                                |                                |                                |                                |
| Cigarettes      | 20,879                         | 20,732                         | 20,471                         | 0.7%                           | 1.3%                           |
| RYO/MYO/Other   | 3,684                          | 3,218                          | 2,952                          | 14.5%                          | 9.0%                           |
| Cigars          | 882                            | 907                            | 925                            | (2.7)%                         | (1.9)%                         |
| <b>PORTUGAL</b> |                                |                                |                                |                                |                                |
| Cigarettes      | 1,212                          | 1,159                          | 1,073                          | 4.6%                           | 8.0%                           |
| RYO/MYO/Other   | 54                             | 51                             | 50                             | 6.5%                           | 1.0%                           |
| Cigars          |                                |                                |                                |                                |                                |
| <b>FRANCE</b>   |                                |                                |                                |                                |                                |
| Cigarettes      | 17,125                         | 18,979                         | 20,476                         | (9.8)%                         | (7.3)%                         |
| RYO/MYO/Other   | 3,858                          | 3,937                          | 4,194                          | (2.0)%                         | (6.1)%                         |
| Cigars          | 572                            | 591                            | 589                            | (3.3)%                         | 0.4%                           |
| <b>ITALY</b>    |                                |                                |                                |                                |                                |
| Cigarettes      | 30,285                         | 31,404                         | 32,328                         | (3.6)%                         | (2.9)%                         |
| RYO/MYO/Other   | 4,870                          | 3,632                          | 2,756                          | 34.1%                          | 31.8%                          |
| Cigars          | 444                            | 434                            | 397                            | 2.1%                           | 9.3%                           |

| (€m)                          | H1 2020      | H1 2019      | Δ%            |
|-------------------------------|--------------|--------------|---------------|
| <b>Iberia</b>                 | <b>1,579</b> | <b>1,469</b> | <b>+7.5%</b>  |
| Tobacco and Related           | 1,361        | 1,262        | +7.8%         |
| Transport                     | 199          | 194          | +2.6%         |
| Other Businesses              | 82           | 77           | +7.2%         |
| Adjustments                   | (64)         | (64)         | +0.0%         |
| <b>France</b>                 | <b>1,951</b> | <b>1,924</b> | <b>+1.4%</b>  |
| Tobacco and Related           | 1,874        | 1,841        | +1.8%         |
| Other Businesses              | 81           | 87           | (6.1)%        |
| Adjustments                   | (4)          | (5)          | +4.1%         |
| <b>Italy</b>                  | <b>1,494</b> | <b>1,391</b> | <b>+7.4%</b>  |
| Tobacco and Related           | 1,494        | 1,391        | +7.4%         |
| <b>Corporate &amp; Others</b> | <b>(20)</b>  | <b>(19)</b>  | <b>(1.5)%</b> |
| <b>Total Revenues</b>         | <b>5,004</b> | <b>4,765</b> | <b>+5.0%</b>  |

| (€m)                          | H1 2020    | H1 2019    | Δ%            |
|-------------------------------|------------|------------|---------------|
| <b>Iberia</b>                 | <b>296</b> | <b>292</b> | <b>+1.3%</b>  |
| Tobacco and Related           | 142        | 134        | +5.7%         |
| Transport                     | 141        | 137        | +2.9%         |
| Other Businesses              | 42         | 44         | (3.5)%        |
| Adjustments                   | (29)       | (23)       | (27.3)%       |
| <b>France</b>                 | <b>124</b> | <b>135</b> | <b>(7.9)%</b> |
| Tobacco and Related           | 106        | 114        | (6.6)%        |
| Other Businesses              | 21         | 25         | (13.0)%       |
| Adjustments                   | (4)        | (4)        | +0.9%         |
| <b>Italy</b>                  | <b>145</b> | <b>139</b> | <b>+4.1%</b>  |
| Tobacco and Related           | 145        | 139        | +4.1%         |
| <b>Corporate &amp; Others</b> | <b>2</b>   | <b>1</b>   | <b>+41.0%</b> |
| <b>Total Economic Sales</b>   | <b>567</b> | <b>567</b> | <b>(0.1)%</b> |

| (€m)                       | H1 2020    | H1 2019    | Δ%             |
|----------------------------|------------|------------|----------------|
| Iberia                     | 57         | 60         | (4.6)%         |
| France                     | 22         | 33         | (34.2)%        |
| Italy                      | 41         | 41         | +1.4%          |
| Corporate & Others         | (8)        | (7)        | (7.4)%         |
| <b>Total Adjusted EBIT</b> | <b>112</b> | <b>126</b> | <b>(11.1)%</b> |

| (€m)                           | 31 March 2020 | 30 September 2019 |
|--------------------------------|---------------|-------------------|
| PP&E and other Fixed Assets    | 382           | 229               |
| Net Long Term Financial Assets | 19            | 18                |
| Net Goodwill                   | 921           | 921               |
| Other Intangible Assets        | 433           | 457               |
| Deferred Tax Assets            | 18            | 19                |
| Net Inventory                  | 1,508         | 1,283             |
| Net Receivables and Others     | 1,723         | 1,946             |
| Cash & Cash Equivalents        | 1,772         | 2,211             |
| <b>Total Assets</b>            | <b>6,777</b>  | <b>7,084</b>      |
| Group Equity                   | 474           | 519               |
| Minority Interests             | 2             | 2                 |
| Non Current Liabilities        | 176           | 44                |
| Deferred Tax Liabilities       | 259           | 265               |
| Short Term Financial Debt      | 69            | 38                |
| Short Term Provisions          | 10            | 12                |
| Trade and Other Payables       | 5,787         | 6,205             |
| <b>Total Liabilities</b>       | <b>6,777</b>  | <b>7,084</b>      |

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

Management believes that gross profit is a meaningful measure of the fee revenue we generate from performing our distribution services and provides a useful comparative measure to investors to assess our financial performance on an on-going basis.

| (€m)                | H1 2020    | H1 2019    |
|---------------------|------------|------------|
| Revenue             | 5,004      | 4,765      |
| Procurements        | (4,437)    | (4,198)    |
| <b>Gross Profit</b> | <b>567</b> | <b>567</b> |

- **Adjusted Operating Profit (Adjusted EBIT):** This item is calculated, fundamentally, discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, facilitating the performance of Group's the 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.

| (€m)   | H1 2020    | H1 2019    |
|--|------------|------------|
| <b>Adjusted Operating Profit</b>                                 | <b>112</b> | <b>126</b> |
| (-) Restructuring Costs  | (2)        | (10)       |
| (-) Amortization of Assets Logista France                        | (26)       | (26)       |
| (+/-) Net Loss of Disposals and Impairment of Non-Current Assets | 0          | 3          |
| (+/-) Share of Results of Companies and Other                    | 1          | 1          |
| <b>Profit from Operations</b>                                    | <b>85</b>  | <b>94</b>  |

- o **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 Managements to analysis and measure the performance of the profitability obtained by the Group’s typical activity in a period.

| (€m)                              | H1 2020      | H1 2019      | %                 |
|-----------------------------------|--------------|--------------|-------------------|
| Economic Sales                    | 567          | 57           | (0.1)%            |
| Adjusted Operating Profit         | 112          | 126          | (11.1)%           |
| <b>Margin over Economic Sales</b> | <b>19.8%</b> | <b>22.2%</b> | <b>(240) b.p.</b> |

- **Operating costs:** this term is composed by the costs of logistics networks, commercial expenses, research expenses and head offices 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 and amortization of assets derived from the Logista France acquisition, due to are not directly related to the revenues obtained by the Group in each period.

## Reconciliation with Interim Consolidated Financial Statements:

| (€m)  | H1 2020    | H1 2019    |
|---|------------|------------|
| Cost of logistics network                                 | 405        | 399        |
| Commercial expenses                                       | 35         | 37         |
| Research expenses   | 1          | 1          |
| Head office expenses                                      | 42         | 40         |
| (-) Restructuring costs                                   | (2)        | (10)       |
| (-) Amortization of Assets Logista France                 | (26)       | (26)       |
| <b>Operating Costs or Expenses in management accounts</b> | <b>455</b> | <b>441</b> |

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

This magnitude 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 allow sustain the Group's activity. They are estimated from the total operating costs less the non-recurring costs defined in the previous point.

This magnitude helps the Group's Management to analyse and measure the performance of 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 the reorganization, dismissals and closes or transfers of warehouses or other facilities.
- **Non-recurring results:** refers to the results of the year that do not have a continuity during the year and affect the accounts in a specific moment. It is included in the Operating Profit.



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29 April 2020

