

# Letter from the CEO

Mr. Íñigo Meirás



Dear shareholders,

Despite the social and economic impacts of the COVID-19 crisis across all of its countries of operation, Logista is pleased to report a solid set of results for the 2020 financial year.

Until the pandemic arose, the Group's performance was in line with forecasts issued at the start of the financial year, which projected a similar rate of profit growth to that achieved in the preceding 12-month period.

Since the announcement of the pandemic in mid-March 2020, the spread of the virus drove governments to adopt various containment measures, including the compulsory closure of the vast majority of retail outlets and the introduction of travel restrictions and different degrees of population lockdown, with consumers largely confined to their homes. In some cases, industrial activity in sectors deemed non-essential by the government was temporarily halted.

Almost all points of sale serviced by Logista, and the products it distributes, were classified as essential goods and activities, meaning that despite the widespread impact on the economy as a whole, Logista was able to continue operating in these business areas throughout the lockdown period.

From April, as the infection rate slowed, governments began to lift lockdown restrictions, gradually allowing business activity to return to normal. However, on the date this report was issued, a full return to normality still seemed some way away, in light of recurrent local infection clusters.

Since the pandemic began, Logista has played a crucial role in ensuring that hundreds of thousands of local stores are supplied with essential products and services, making day-to-day life a little easier for consumers in these difficult circumstances.

Logista sought to help clients adapt to a new set of needs by expanding its range of services, demonstrating, once again, that its clients are at the very heart of its strategy.

For example, NACEX has ensured that its deliveries conform to optimum hygiene standards through a new contactless service and an expanded network of drop-off and collection points, Nacex.shop. Initiatives like this allow Logista to contribute to the sustainable growth of e-commerce, ensure a high-quality distribution service and avoid physical contact during delivery, protecting both clients and external partners.

Meanwhile, Logista Pharma was able to safeguard the regular supply of medicines through all pharmaceutical distribution channels by taking a proactive and effective approach to preventing risks specifically associated with COVID-19. It also introduced a number of new initiatives, including a new direct-to-patient delivery service for patients taking part in clinical trials – enabling laboratories to ensure the continuity of these trials even in the pandemic’s most challenging moments – and a hospital medicine delivery service especially designed for treating high-risk patients and those with chronic illnesses – reducing the risk of patient infection and hospital overwhelm.

At a time when online retail is soaring, Logista Libros responded to the needs of booksellers and publishers by launching its new “dropshipping” service. This service allows customers to order books through their preferred physical or online store for direct home delivery.

Logista has been able to remain firmly focused on client services thanks to its longstanding commitment to employee health and safety. To ensure our working environment remains as safe as possible, Logista devised a pandemic action plan to implement health and hygiene measures recommended by health authorities for on-site working. In parallel, it actively encouraged staff that could carry out their work remotely to do so.

Once the lockdown easing began, staff working from home gradually began a phased return to the workplace, depending on the situation on the ground. Employees were able to take advantage of the Company’s new initiatives to promote flexible working and work/life balance in the face of this new normality.

These unusual circumstances did not hold the Group back from achieving some undeniably positive results: €10,559 in Revenue, €1,157 in Economic Sales and €206 million in Operating Profit (surpassing last year’s performance by 4%, 0.7% and 1% respectively).

Income for most business areas was up on the previous financial year, except for long-distance transport, packaging and distribution of publications in Spain and convenience products in France.

Economic Sales came in slightly higher, thanks to growing activity in Italy (+6.3%) and, to a lesser extent, Spain and Portugal (+0.7%), helping offset a drop in activity in France (-5.0%).

Total operating costs grew modestly. The impact of COVID-19 has pushed up some costs, while causing others to fall, and the Company has also achieved a number of savings and efficiency gains in its operations.

Overall, despite the challenging climate, Logista has succeeded in broadly equalling the 2019 financial year’s Adjusted Operating Margin.

The best-performing market was Italy, where our Adjusted Operating Profit grew by 11.9% year-on-year, whereas this figure fell by 16.7% in France. Meanwhile, the result for Spain and Portugal remained essentially stable (-0.4%).

The Group as a whole reported an Adjusted Operating Profit of €257 million, down 1.9% year-on-year.

Higher taxes and the costs of our recent restructuring exercise were partially offset by a divestment of non-operating assets, taking the Group’s Net Profit to €157 million. This represents a fall of 4.5% compared to the previous financial year.

If you would like more detailed information on the Group’s financial performance, I would encourage you to consult the Consolidated Annual Accounts, which incorporate the Management Report of which this Integrated Report forms part.

I would like to take this opportunity to extend my particular thanks to all of the hardworking professionals on the Logista team for their fortitude during a tough time for the company, their dedication and their unwavering commitment to client service, the heart of our business model and a fundamental pillar of our strategy, and to the Board of Directors and senior management team for all their support.

I would also like to thank you, our shareholders, for your trust and support for the company’s management model.

We will continue working to pursue our corporate objective of creating sustainable, long-term value, based on a business model unique in southern Europe.