



**EROSKI**

## **2024 H1 Results Presentation**

7<sup>th</sup> October 2024



# EROSKI Part of you.

---

**Josu Mugarra, Chief Financial Officer**

**José Félix Álvarez, Strategy & Finance Manager**

**Ibon Inunciaga, Head of Investor Relations**



# EROSKI

# Part of you.

---

Josu Mugarra  
EROSKI CFO

# Summary of Key KPIs

**5.1%**

Net Sales LFL growth LTM Jul-24<sup>(1)</sup>

**2.9%**

Net Sales LFL growth H1-24<sup>(1)</sup>

**€2,607 M**

Total Revenue H1

**€147 M / €519 M**

Adj. EBITDA Post-IFRS 16 Q2 / LTM

**€5,266 M**

Total Revenue LTM

**€96 M / €319 M**

Total Adj. EBITDA Pre-IFRS 16 Q2 / LTM

**9.9% / 6.1%**

Adj. EBITDA Margin (LTM) Post-IFRS 16 /  
Pre-IFRS 16

**75%**

Sales to loyalty club members LTM

**35.4%**

Private label sales of total food sales LTM

**2.3x**

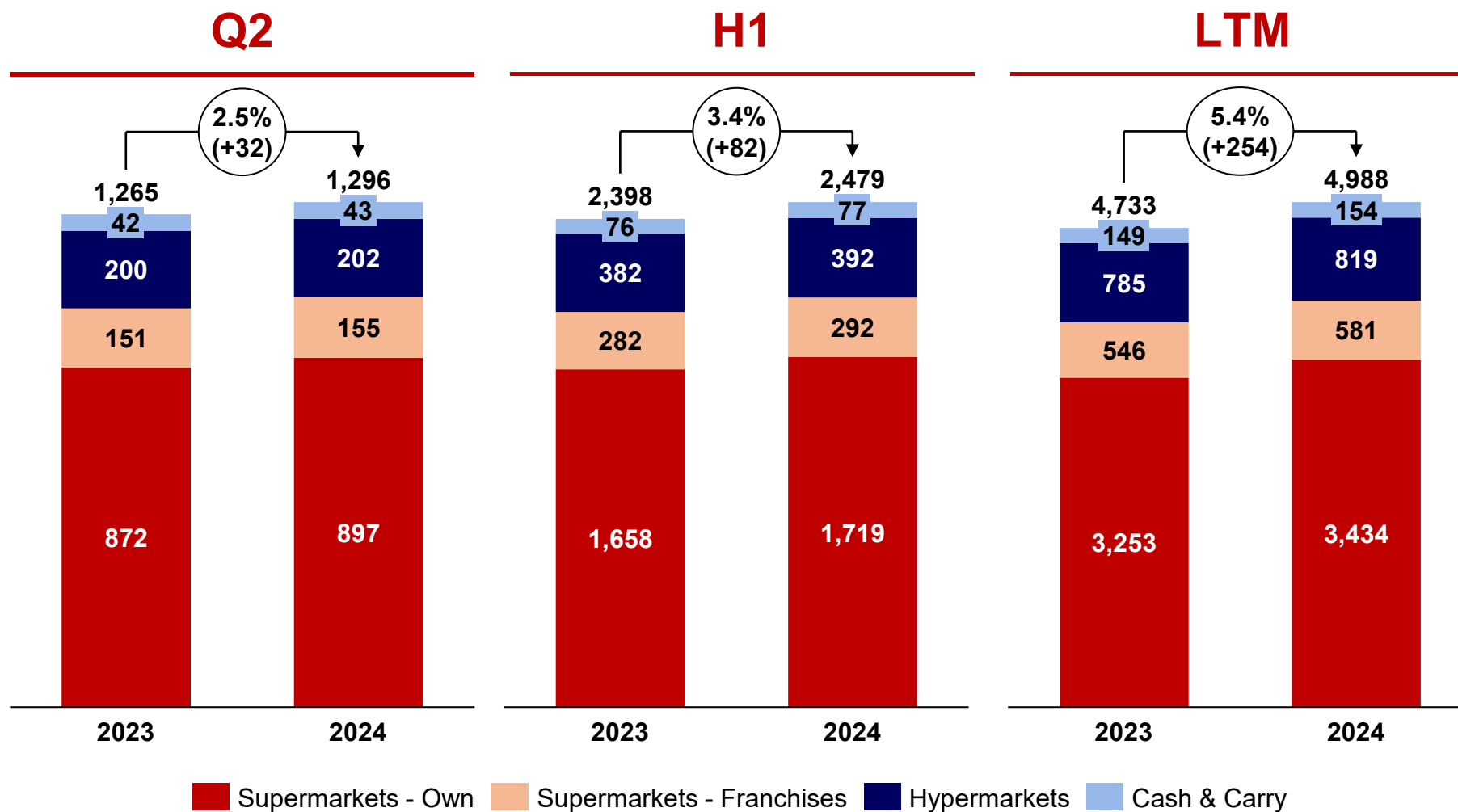
Net Leverage Pre-IFRS 16 H1

## Key Highlights

- Sustainable like-for-like growth in net sales vs 2023, both on LTM (+5.1%) and YTD (+2.9%) basis as of Jul-24
- Overall market growth following CPI trend, with CPI figures in line with forecast
- Continued success of our private label, which has increased in proportion and represents 35.4% of our total food sales, allowing us to offer a wider range of products with the most competitive prices to our clients
- Continued success of our loyalty club offer
- LTM EBITDA Post-IFRS and Pre-IFRS 16 reach €519M (9.9% margin) and €319M (6.1% margin)
- Total net leverage pre-IFRS 16 of 2.3x as of H1-24

Sources: Company information Note: (1) excludes "Diversification" business unit

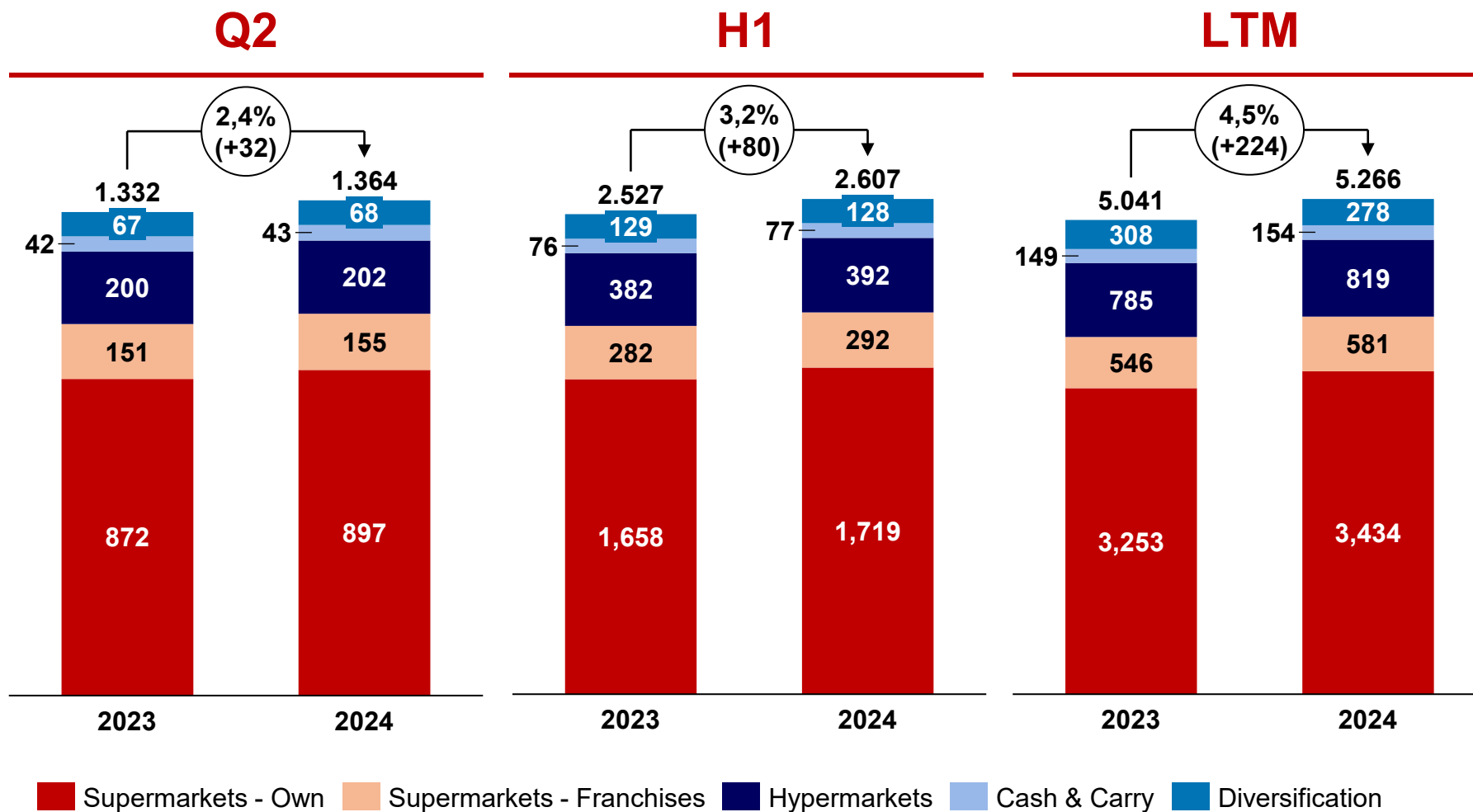
# Evolution of Food Revenue (€M)



Increasing food revenue in Q2, H1 and in LTM

Sources: Company information

# Evolution of Total Revenue (€M)

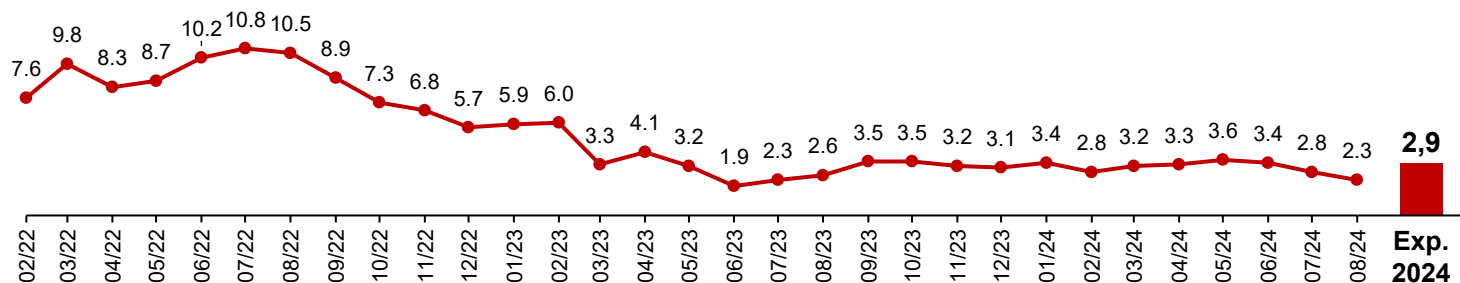


Increasing total revenue in Q2, H1 and in LTM

Sources: Company information

# Spain CPI Evolution

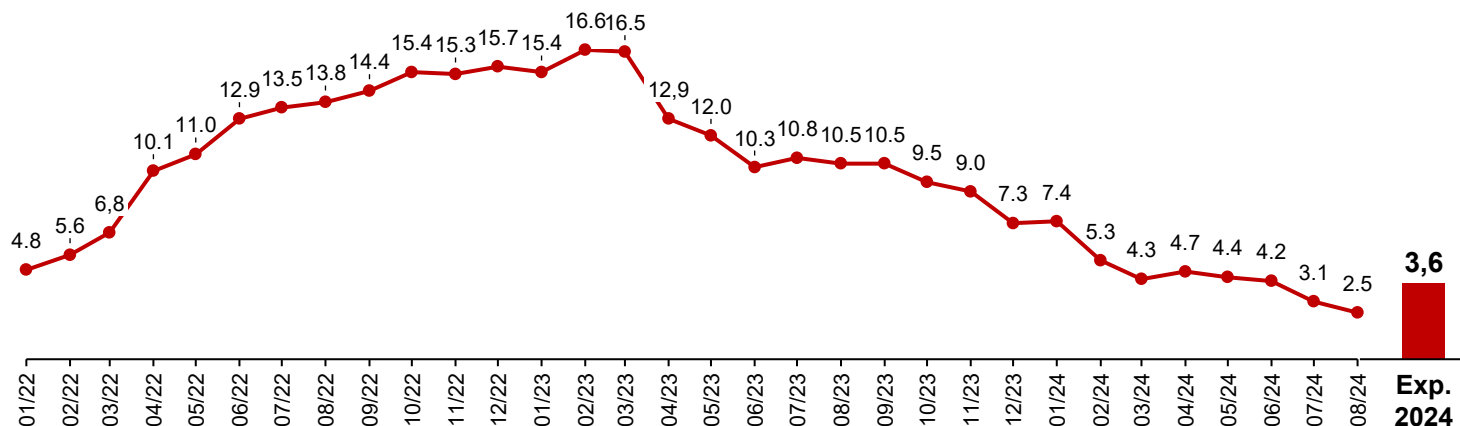
### General index (%)



### Key Highlights

- General index expected to continue flattening during 2024 towards ECB's target of 2.0%
- Food inflation expected to remain above general index inflation, although it has begun to show a downward trend, it is expected to stabilize during the course of 2024

### Food & non-alcoholic beverages (%)



### Key Highlights

- The downward trend in Food sub-indexes is expected to be more intense in fresh foods, which are by nature more volatile, than in processed foods

Food inflation slows down significantly leading to a highly reduced gap vs general index

Sources: INE (Spanish National Institute of Statistics) for actual data, and Fincas for projections (weighting between the ratio of processed and unprocessed foods)

# Leverage Overview

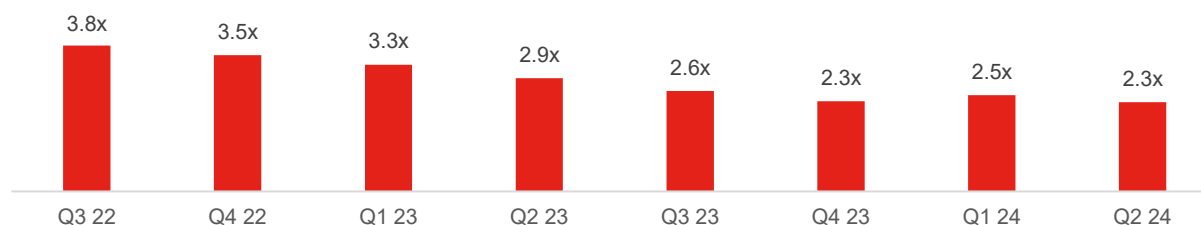
## Capitalisation Table

€M	Q2'24	x LTM Q2'24 EBITDA
Cash & cash equivalents	(211)	
Short-term financial assets	(16)	
Senior Secured Notes	500	
Bank Facility: TLA	96	
Other Loan	50	
<b>Total Senior Secured Net Debt</b>	<b>420</b>	<b>1.3x</b>
Local facilities	108	
Obligaciones Subordinadas Eroski ("OSEs")	209	
<b>Total Net Debt</b>	<b>737</b>	<b>2.3x</b>
<b>LTM 24 EBITDA (pre-IFRS 16)</b>		<b>319</b>
<b>LTM 24 EBITDA (post-IFRS 16)</b>		<b>519</b>

## Key Highlights

- Short-term credit facility line (MARF) raised in Q2 (€18M drawn under "Local facilities")
- During 2024, we have also repaid €21.6M of term debt and others in line with our commitment to deliver in the short to medium term
- The repayment of the bridge loan is not included in this chart (€6.7M amount pending to be repaid under the bridge loan as of Jul-24)

## Net Leverage Evolution

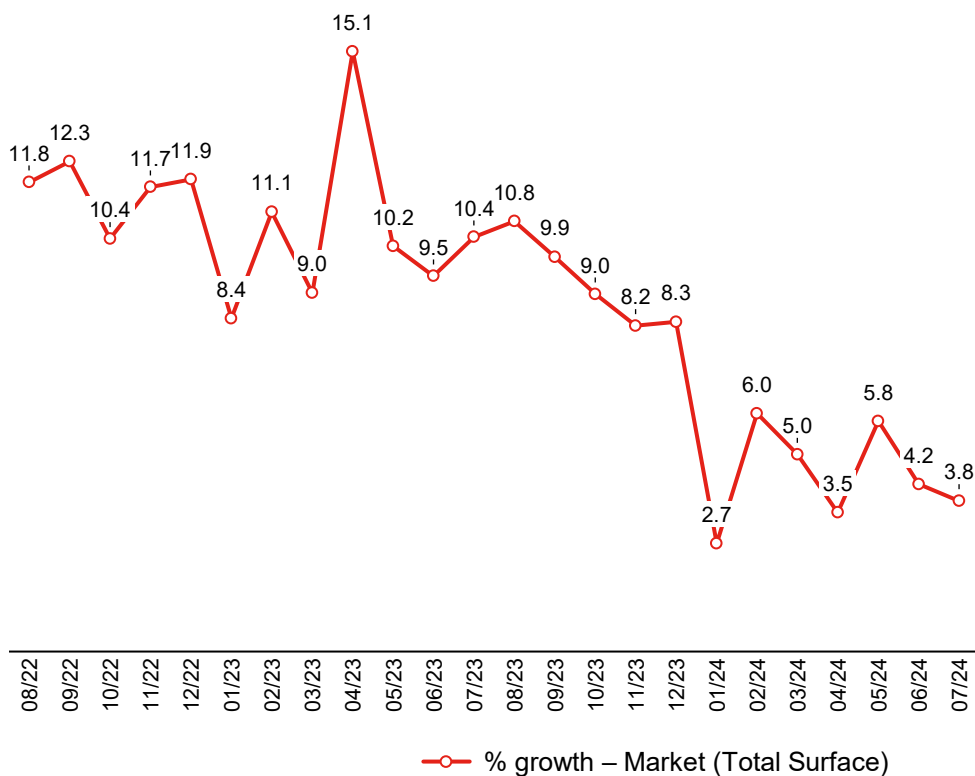


Source: Company information

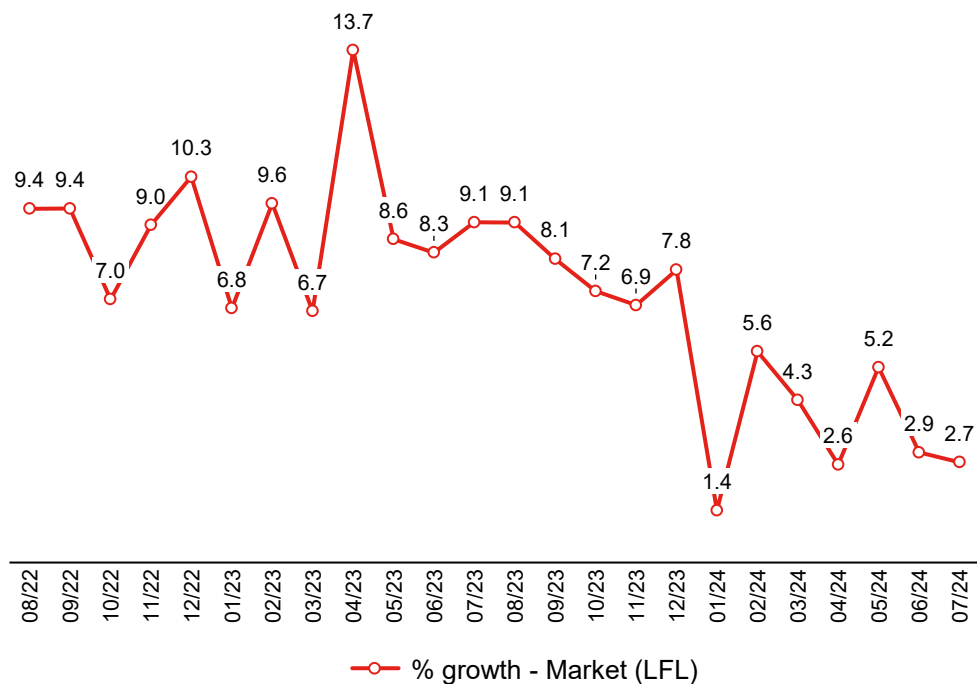


# Evolution of Food Core Market (%YoY)

## Evolution by Total Surface



## Like for Like Evolution



Sources: Nielsen



## Detailed Metrics and Financial Statements

---

# Summary Profit & Loss

€M	Q2 2023	Q2 2024	% Growth	H1 2023	H1 2024	% Growth
Supermarkets	1,023	1,052		1,939	2,010	
O/w Owned	872	897		1,658	1,719	
O/w Franchises	151	155		282	292	
Hypermarkets	200	202		382	392	
Cash & Carry	42	43		76	77	
<b>Total Revenue (excluding Diversification)</b>	<b>1,265</b>	<b>1,296</b>	<b>2.5%</b>	<b>2,398</b>	<b>2,479</b>	<b>3.4%</b>
Diversification	67	68		129	128	
<b>Total Revenue</b>	<b>1,332</b>	<b>1,364</b>	<b>2.4%</b>	<b>2,527</b>	<b>2,607</b>	<b>3.2%</b>
Cost of materials	(980)	(1,009)		(1,860)	(1,935)	
<b>Gross Margin</b>	<b>352</b>	<b>355</b>	<b>1.0%</b>	<b>666</b>	<b>672</b>	<b>0.9%</b>
<i>% revenue</i>	<i>26.4%</i>	<i>26.0%</i>		<i>26.4%</i>	<i>25.8%</i>	
Personnel expenses	(177)	(184)		(347)	(362)	
Operating Lease	(8)	(9)		(17)	(17)	
Other operating expenses and adjustments	(13)	(15)		(36)	(38)	
<b>Adjusted EBITDA</b>	<b>153</b>	<b>147</b>	<b>(3.8%)</b>	<b>267</b>	<b>256</b>	<b>(4.0%)</b>
<i>% revenue</i>	<i>11.5%</i>	<i>10.8%</i>		<i>10.6%</i>	<i>9.8%</i>	
Lease expenses	(50)	(51)		(100)	(101)	
<b>Adjusted EBITDA pre-IFRS 16</b>	<b>103</b>	<b>96</b>	<b>(6.4%)</b>	<b>166</b>	<b>155</b>	<b>(7.1%)</b>
<i>% revenue</i>	<i>7.7%</i>	<i>7.1%</i>		<i>6.6%</i>	<i>5.9%</i>	
<i>Total surface (k sq. m)</i>	<i>1,169</i>	<i>1,176</i>		<i>1,169</i>	<i>1,176</i>	
<i>Number of stores (Total)</i>	<i>1,505</i>	<i>1,521</i>		<i>1,505</i>	<i>1,521</i>	
<i>o.w. Owned</i>	<i>890</i>	<i>882</i>		<i>890</i>	<i>882</i>	
<i>o.w. Franchised</i>	<i>615</i>	<i>639</i>		<i>615</i>	<i>639</i>	
Revenue Sales / surface (€m)	1.14	1.16		2.16	2.22	
Adjusted EBITDA pre-IFRS 16 / store (€m)	0.07	0.06		0.11	0.10	

## Key Highlights

- Gross margin increased in Q2 (26.0%) vs Q1 (25.5%) following strong investment in price
- Softer CPI growth driving softer revenue growth across store formats
- Core business revenue excluding diversification has increased +3.4% vs H1-23
- Diversification revenues dropped slightly mainly on the back of lower gas station activity
- Total OPEX excluding personnel expenses growing below CPI (+1.9%)
- Personnel expenses seasonality effect of -€3M

Source: Company information

# Consolidated Cash Flow

€M	H1 '24	H1 '23
<b>Cash flows from operating activities within WC</b>	<b>254,985</b>	<b>266,092</b>
Increase/decrease in Wk	18,439	(27,117)
Income tax received/(paid)	(1,387)	(1,774)
<b>Net cash from operating activities</b>	<b>272,037</b>	<b>237,201</b>
<b>Net cash used in investing activities</b>	<b>(44,168)</b>	<b>(54,238)</b>
Capex	(70,600)	(62,894)
Assets disposals	20,415	21,703
Interest received	6,785	5,528
Acquisition of other financial assets	(2,127)	(18,575)
Dividends received	1,359	-
<b>Net cash used in financing activities</b>	<b>(184,904)</b>	<b>(174,597)</b>
Repayment of loans and borrowings	(21,610)	(35,743)
Proceeds from Bonds and Other negotiable securities	18,264	5,350
Repayment of lease liabilities	(93,176)	(87,920)
Dividends paid	(24,400)	(12,000)
Net interest and other financial activities	(60,230)	(41,563)
Net of issue and redemption of capital	(3,752)	(2,721)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>42,965</b>	<b>8,366</b>
Cash transferred to non-current assets held for sale	-	-
Cash and cash equivalents at 1 February	167,729	216,033
<b>Cash and cash equivalents at 31 January</b>	<b>210,694</b>	<b>224,399</b>

## Key Highlights

### Net cash from operating activities

- Improvement in inventories for a total amount of €26M vs 23

### Net cash used in investing activities

- Stable capex levels following historical trend
- Financial assets investments considered as short-term cash equivalents

### Net cash used in financing activities

- Dividends of €24.4M distributed to our partners in Vegalsa and Supratuc

Source: Company information

# Consolidated Cash Flow

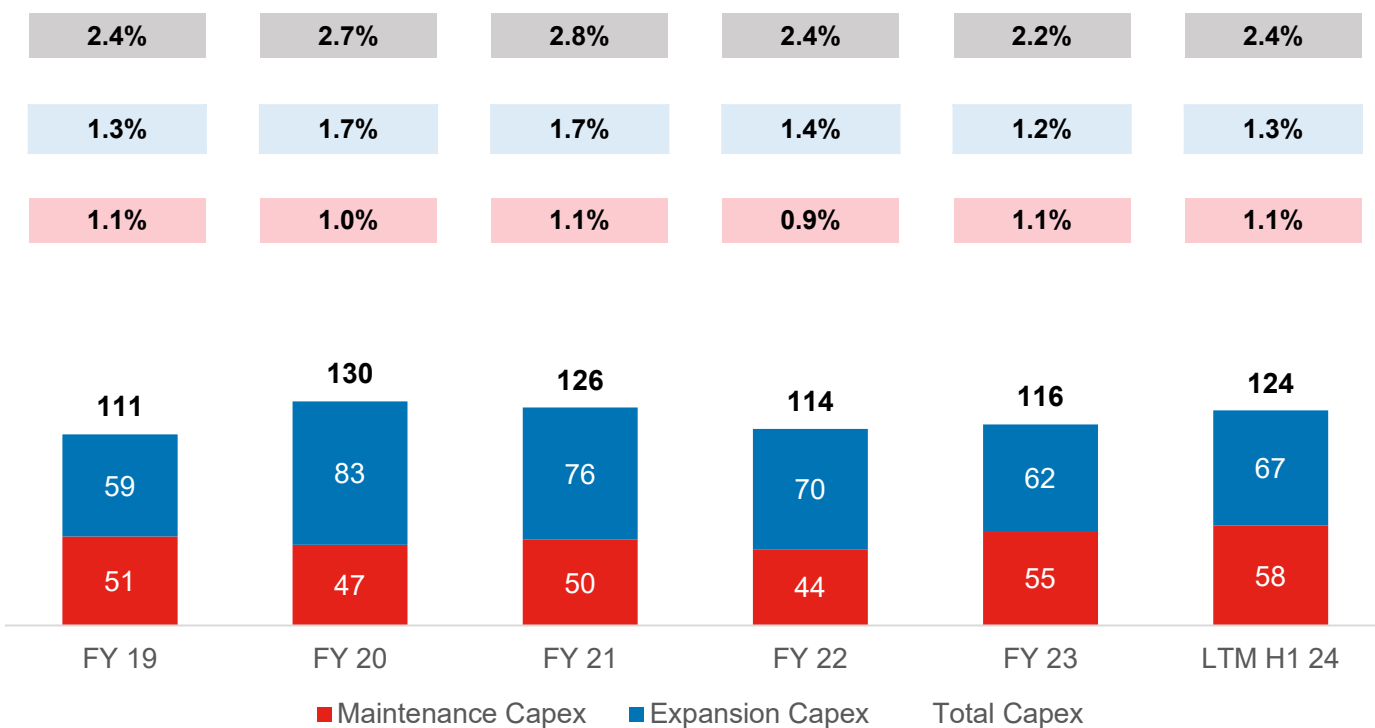
€M	H1-24	H1-23
<b>Change in Reported Working Capital</b>	<b>18</b>	<b>(27)</b>
Reverse-factoring lines, Other payments, one offs	(39)	(58)
<b>Change in Adjusted Working Capital</b>	<b>57</b>	<b>31</b>
Inventories	(15)	(41)
Trade and other receivables	90	94
Others	(19)	(23)

€M	H1'24	FY'23	H1'23	FY'22
Change in reported WK	18	(107)	(27)	(34)
Reverse factoring committed limit	178	178	178	178
Reverse factoring available	139	115	130	54
<b>Total Cash and Equivalents</b>	<b>211</b>	<b>168</b>	<b>224</b>	<b>216</b>

Source: Company information

# Focus on Capex

## Capex (€M) & Capex / revenues (%)



## Key Highlights

- Very stable Capex profile
  - Maintenance Capex mainly includes refurbishments required for existing stores to operate and the substitution or upgrade of obsolete equipment in the stores
  - Expansion Capex is discretionary in nature and represents capital expenditures required for the opening of new stores and remodeling of existing stores. While expansion investment had been constrained by previous capital structure, there has been a significant deployment since 2020, especially in the Caprabo perimeter
- The Company aims to maintain a stable trend in investments, following our historical levels

Source: Company information.

# Stores Openings & Closings

## Stores Footprint (LTM Figures)

FOOD	Owned	Franchised	Total	FOOD + DIVER	Owned	Franchised	Total
Stores H1 '23	784	615	1,399	Stores H1 '23	890	615	1,505
Openings	7	65	72	Openings	7	65	72
Net Transfers	0	(12)	(12)	Net Transfers	1	(12)	(11)
Closings	(15)	(29)	(44)	Closings	(16)	(29)	(45)
<b>Stores H1 '24</b>	<b>776</b>	<b>639</b>	<b>1,415</b>	<b>Stores H1 '24</b>	<b>882</b>	<b>639</b>	<b>1,521</b>
Refurbishments H1 '23	73	0	73	Refurbishments H1 '23	73	0	73
Refurbishments H1 '24	60	0	60	Refurbishments H1 '24	60	0	60

## Key Highlights

- Majority of new store openings have been in the franchise segment
- Total store footprint remains stable (net growth of +16 food stores vs. H1-23)
- We continue to invest periodically in the refurbishment of our store in accordance with our usual refurbishment plan

Source: Company information. 11 Optical shops and 8 online shops excluded

# Summary Balance Sheet

ASSET			EQUITY		
€K	31.07.2024	31.01.2024	€K	31.07.2024	31.01.2024
Property, plant and equipment	692,633	699,049	Capital	315,967	324,804
Investment property	30,068	30,190	Share premium	3,808	3,808
Rights of use	746,349	798,875	Capitalised funds	95,525	95,525
Goodwill and other intangible assets	852,107	850,004	Other comprehensive income	30,757	27,925
Equity-accounted investees	6,880	7,837	Retained earnings	(237,702)	(261,888)
Trade and other receivables	3,670	9,517	Interim dividend	(3,262)	(6,341)
Financial assets	139,871	154,511	<b>Equity attributable to equity holders of the Parent</b>	<b>205,093</b>	<b>183,833</b>
Deferred tax assets	261,789	271,590	Non-controlling interests	362,874	355,030
Uncalled members' contributions	300	477	<b>TOTAL EQUITY</b>	<b>567,967</b>	<b>538,863</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,733,667</b>	<b>2,822,050</b>	Financial liabilities	1,640,896	1,719,060
Inventories	464,949	428,659	Government grants	0	0
Financial assets	16,168	20,112	Provisions	28,552	28,810
Trade and other receivables	162,933	160,507	Other non-current liabilities	14,124	13,839
Current income tax assets	12,193	9,472	Deferred tax liabilities	149,719	158,156
Unpaid calls on members' contributions	3,636	2,500	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,833,291</b>	<b>1,919,865</b>
Cash and cash equivalents	210,694	167,729	Financial liabilities	245,814	225,800
Non-current assets held for sale	3,897	13,640	Trade and other payables	942,583	932,177
<b>TOTAL CURRENT ASSETS</b>	<b>874,470</b>	<b>802,619</b>	Current income tax liabilities	18,482	7,964
<b>TOTAL ASSETS</b>	<b>3,608,137</b>	<b>3,624,669</b>	Liabilities associated with non-current asset held for sale	0	0
			<b>TOTAL CURRENT LIABILITIES</b>	<b>1,206,879</b>	<b>1,165,941</b>
			<b>TOTAL LIABILITIES</b>	<b>3,040,170</b>	<b>3,085,806</b>
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,608,137</b>	<b>3,624,669</b>

Source: Company information



# Current and Non-Current Financial Liabilities

€M	H1'24			FY'23		
	Non Current	Current	Total	Non Current	Current	Total
Financial liabilities from issuing bonds and marketable securities	493	27	520	493	9	502
Other financial liabilities from the issuance of obligations and marketable securities	314	7	321	312	13	325
Financial liabilities from loans and borrowings	170	34	204	188	29	217
Third party loans	30	5	35	33	5	38
Lease liabilities	606	172	778	664	168	832
Payables to associates				1		1
Other payables	28	1	29	29	1	30
Other financial liabilities						
<b>Total financial liabilities</b>	<b>1,641</b>	<b>246</b>	<b>1,887</b>	<b>1,719</b>	<b>226</b>	<b>1,945</b>

## Key Highlights

- Balance Sheet Financial Liabilities increased by €18M following the issuance of the new credit facility line (MARF)
- Lease liabilities follow historical trends

Source: Company information

# Summary P&L

€K	31.07.2024	31.07.2023
Revenue	2,606,983	2,526,702
Other income	140,176	142,977
Self-constructed non-current assets	232	124
Raw materials and other consumables used	(1,934,770)	(1,860,486)
Personnel expenses	(361,551)	(346,641)
Amortisation and depreciation	(137,675)	(134,548)
Provisions/(reversals) for impairment of non-current assets	1,404	1,546
Other expenses	(191,949)	(187,725)
<b>Profit before finance items and taxes</b>	<b>122,850</b>	<b>141,949</b>
Finance income	7,644	5,992
Finance costs	(67,980)	(64,506)
Share of profit/(loss) of equity-accounted investees	108	1,272
<b>Profit/(loss) before tax from continuing operations</b>	<b>62,622</b>	<b>84,707</b>
Income tax expense	(12,437)	(14,821)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>50,185</b>	<b>69,886</b>

Source: Company information



## Q&A

---

October 2024

✉ [investors@eroski.es](mailto:investors@eroski.es)

<https://corporativo.eroski.es/senior-secured-bonds/>

# Disclaimer

---

## FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this Report including, without limitation, statements regarding our future financial position, intentions, beliefs, risks and uncertainties related to our business, strategy, capital expenditure, projected costs and our plans, prospects and objectives for future operations, may be deemed to be forward-looking statements.

Words such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "risk," "should," "will," "would," and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. You should not place undue reliance on these forward-looking statements.

In addition, any forward-looking statements are made only as of the date of this Report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Report. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Report.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Report. Factors that could cause such differences in actual results include, but are not limited to:

- our ability to predict or fulfill changing customer preferences or demand;
- interruption or failure of our information technology systems or inability to keep pace with technological developments;
- the reliability and availability of our supply chain including interruptions in the distribution of our products at any of our facilities, any delay or failure in the delivery of our products and increased sourcing and other costs;
- competitive pressures of the markets in which we operate;
- increase in energy, production and transportation costs;
- fluctuations in the availability and price of food ingredients and packaging material;
- economic conditions, consumer confidence and spending patterns;
- the effectiveness of our marketing campaigns and success of our card programs;
- natural disasters, public health crises, political crises, terrorist attacks or other catastrophic events or social disruptions;
- the success of our current and any future joint venture and trading partnerships;
- risks related to the sale and purchase of assets;
- the success of our retail destinations;
- our ability to renew or replace our store leases;
- the sufficiency, availability and cost of our insurance;
- our key personnel and ability to recruit and retain suitable employees;
- increased scrutiny regarding our environmental, social and corporate governance (as defined herein);
- fraud, theft and other crimes;
- risks related to our relationship with our employees and related labor costs;
- legal complaints and litigation, including relating to the protection of intellectual property rights;
- risks associated with investments in real estate such as incorrect assessment of the value of our property;
- compliance with law and regulation in Spain relating to advertising, consumer protection, data privacy, employment and environmental;
- risks related to misappropriation of customer and employee data from our information systems; and
- investigations or challenges with respect to our tax liabilities or changes in tax legislation.

The foregoing factors are not exhaustive. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations.", which you can find on our website. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.



**EROSKI**

## **2024 H1 Results Presentation**

7<sup>th</sup> October 2024