



**EROSKI**

## **2024 H1 Results Presentation**

7<sup>th</sup> October 2024



# EROSKI

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**Josu Mugarra, Chief Financial Officer**

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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**

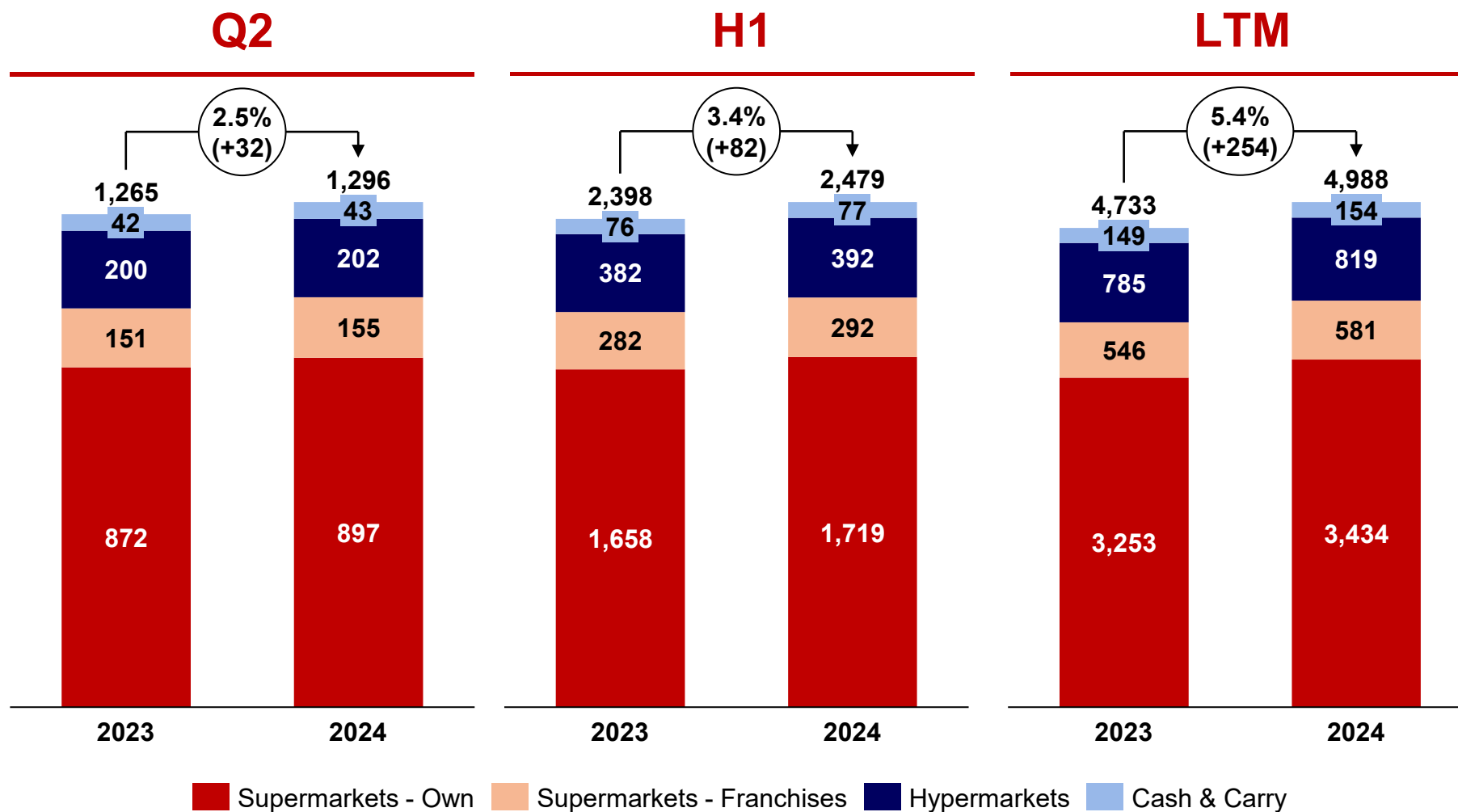
Net Leverage Pre-IFRS 16 H1

## 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

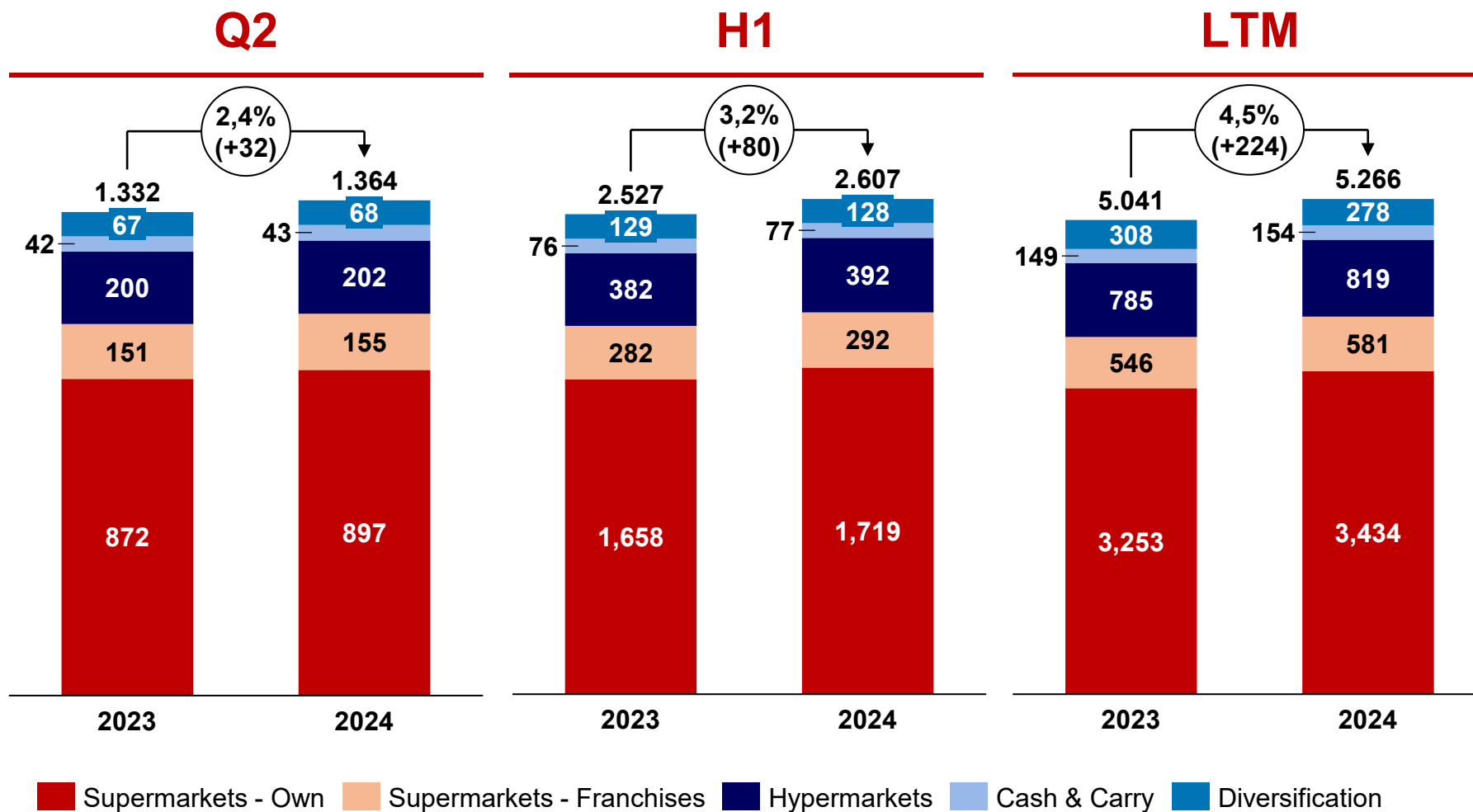
# Evolution of Food Revenue (€M)



Increasing food revenue in Q2, H1 and in LTM

Sources: Company information

# Evolution of Total Revenue (€M)

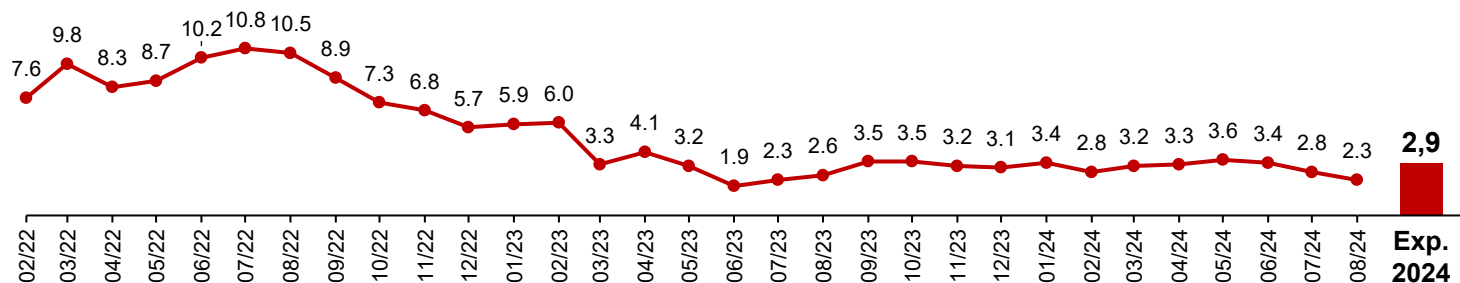


Increasing total revenue in Q2, H1 and in LTM

Sources: Company information

# Spain CPI Evolution

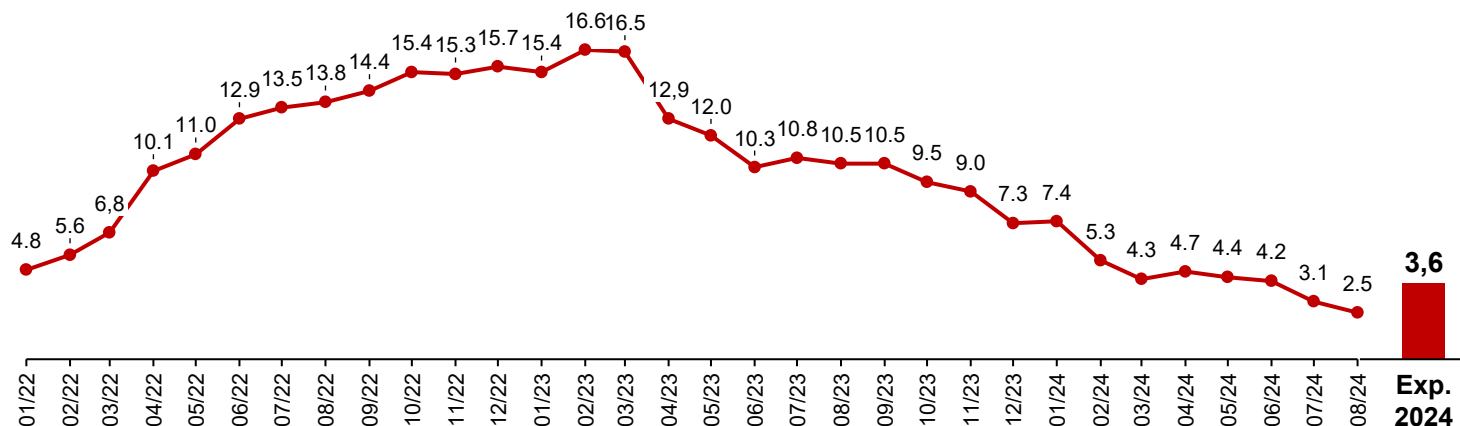
### General index (%)



### 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

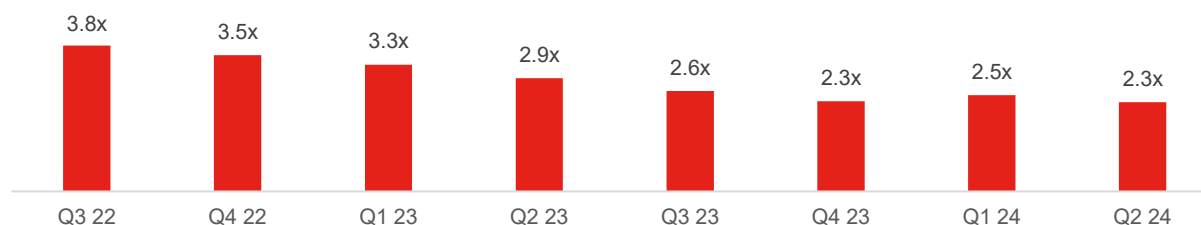
## Capitalisation Table

| €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

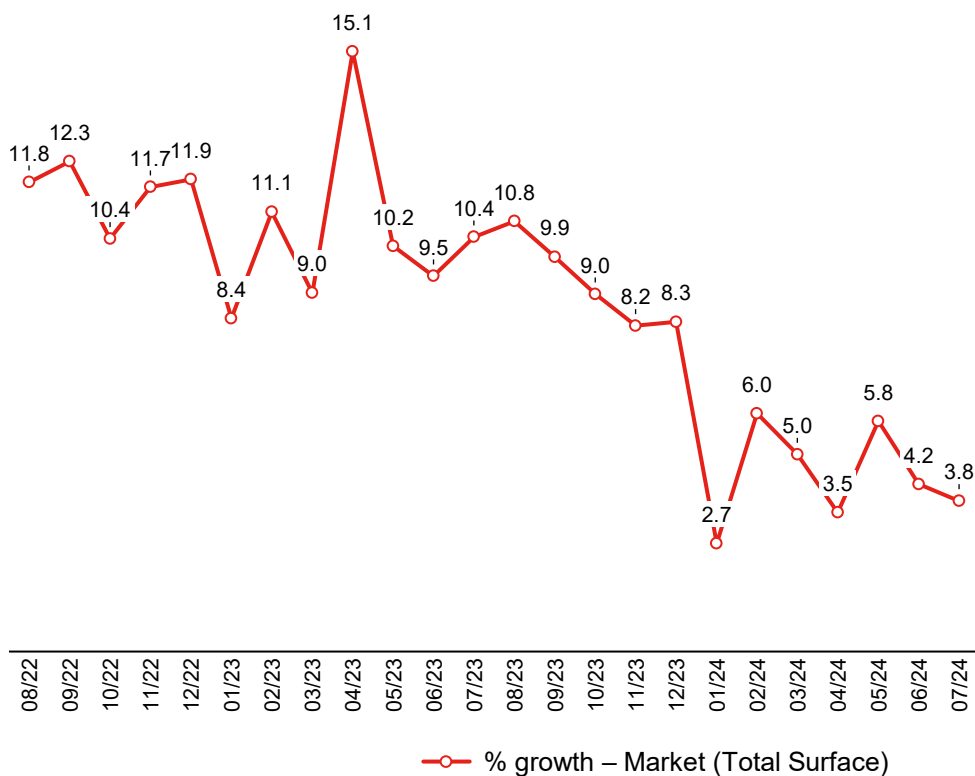


Source: Company information

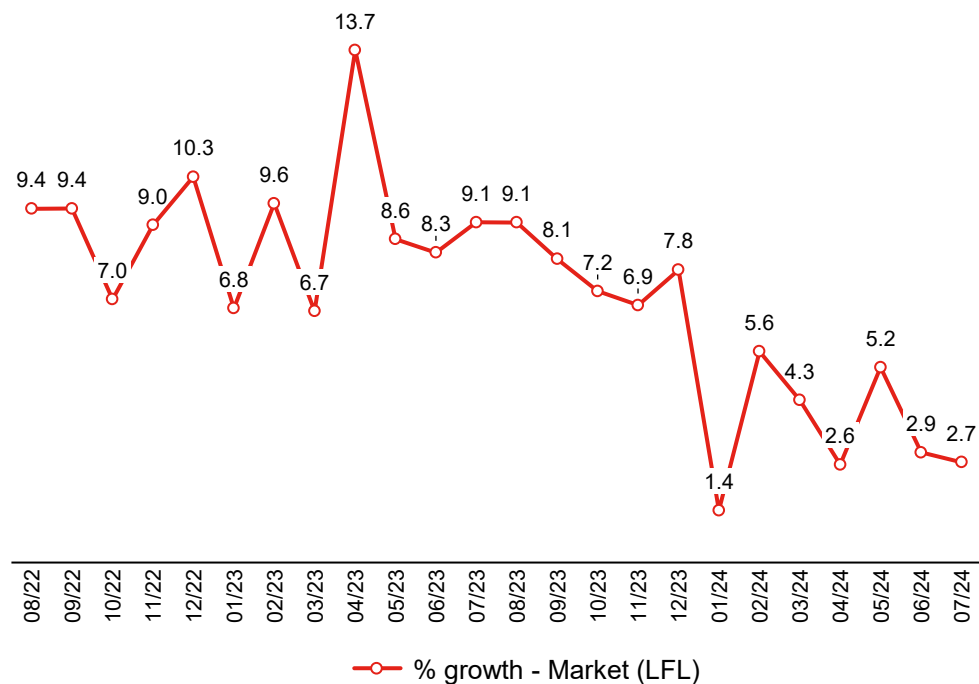


# Evolution of Food Core Market (%YoY)

## Evolution by Total Surface



## Like for Like Evolution



Sources: Nielsen



## Detailed Metrics and Financial Statements

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# Summary Profit & Loss

| €M   | Q2<br>2023   | Q2<br>2024   | % Growth      | H1<br>2023   | H1<br>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>                                 | 26.4%        | 26.0%        |               | 26.4%        | 25.8%        |               |
| 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>                                 | 11.5%        | 10.8%        |               | 10.6%        | 9.8%         |               |
| 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>                                 | 7.7%         | 7.1%         |               | 6.6%         | 5.9%         |               |
| <i>Total surface (k sq. m)</i>                   | 1,169        | 1,176        |               | 1,169        | 1,176        |               |
| <i>Number of stores (Total)</i>                  | 1,505        | 1,521        |               | 1,505        | 1,521        |               |
| <i>o.w. Owned</i>                                | 890          | 882          |               | 890          | 882          |               |
| <i>o.w. Franchised</i>                           | 615          | 639          |               | 615          | 639          |               |
| <i>Revenue Sales / surface (€m)</i>              | 1.14         | 1.16         |               | 2.16         | 2.22         |               |
| <i>Adjusted EBITDA pre-IFRS 16 / store (€m)</i>  | 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

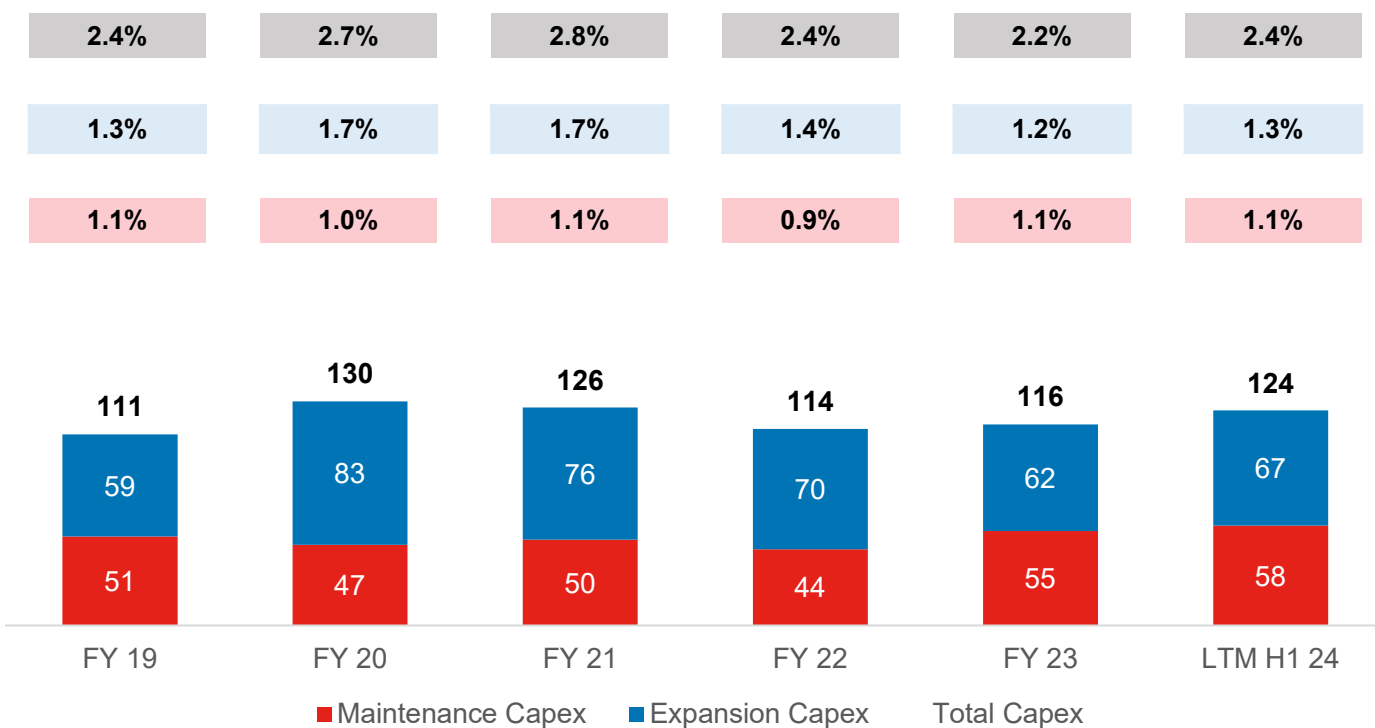
| €M  | H1-24     | H1-23       |
|---|-----------|-------------|
| <b>Change in Reported Working Capital</b>         | <b>18</b> | <b>(27)</b> |
| Reverse-factoring lines, Other payments, one offs | (39)      | (58)        |
| <b>Change in Adjusted Working Capital</b>         | <b>57</b> | <b>31</b>   |
| 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

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October 2024

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

# Disclaimer

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## 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