



**EROSKI**

## **2024 Q1 Results Presentation**

27<sup>th</sup> June 2024



# EROSKI

# Part of you.

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**Josu Mugarra, Chief Financial Officer**

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Josu Mugarra  
EROSKI CFO

# Summary of Key KPIs

**7.8%**

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

**4.2%**

Net Sales LFL growth Q1<sup>(1)</sup>

**€1,243 M**

Total Revenue Q1

**€109 M / €525 M**

Adj. EBITDA Post-IFRS 16 Q1 / LTM

**€5,233 M**

Total Revenue LTM

**€58 M / €325 M**

Total Adj. EBITDA Pre-IFRS 16 Q1 / LTM

**10.0% / 6.2%**

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

**75%**

Sales to loyalty club members LTM

**35.1%**

Private label sales of total food sales LTM

**2.5x**

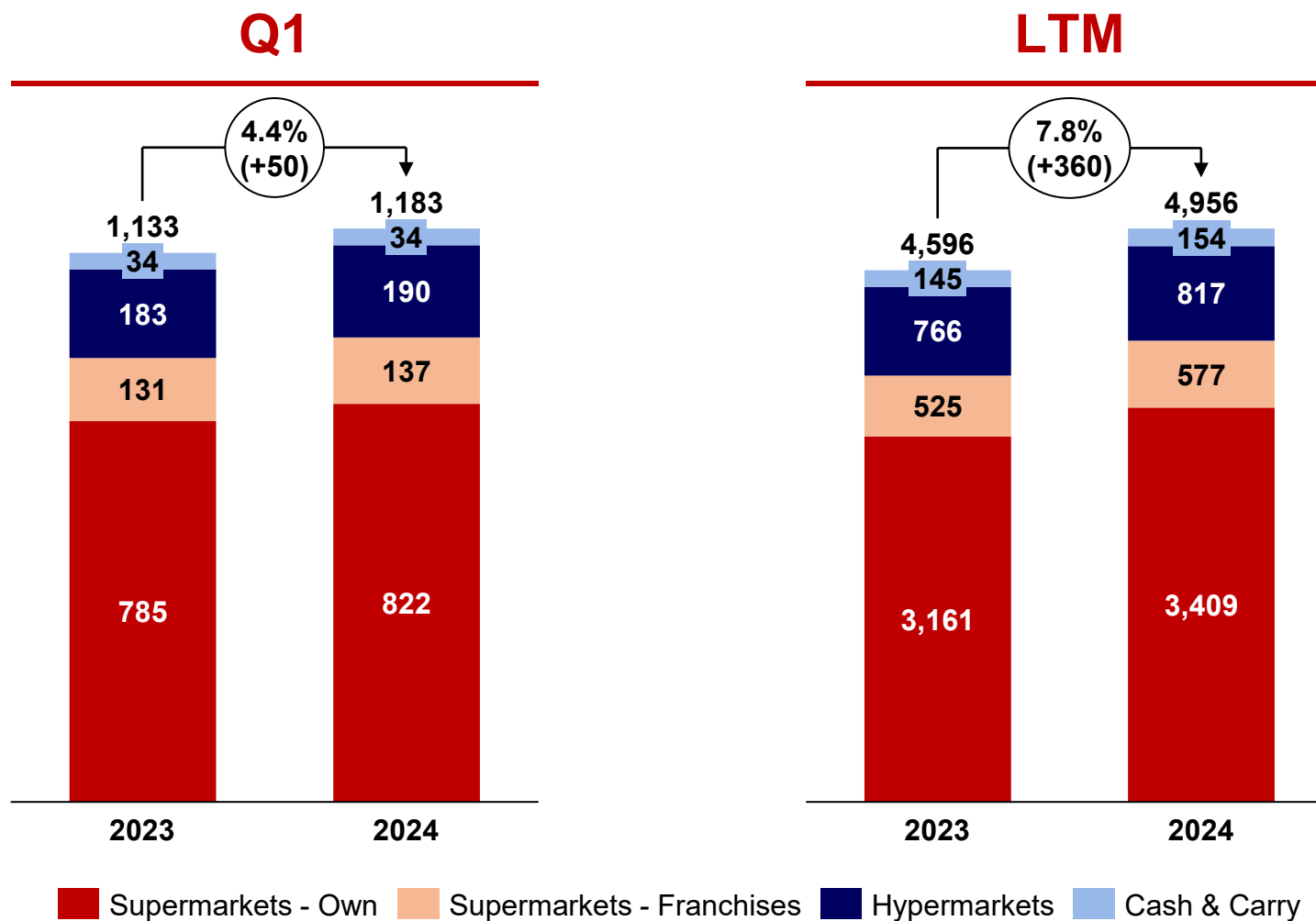
Net Leverage Pre-IFRS 16 Q1

## Key Highlights

- Strong growth in sales, both in total and like-for-like terms (7.8% LTM Q1 '24 vs LTM Q1 '23 - 4.2% Q1 '24 vs Q1 '23)
- The market figures follow CPI trend with a moderate increase
- Continued success of our private label, which represents c.35.1% of our total food sales and allows us to offer a wider range of products with the most competitive prices to our clients
- Continued success and growth of our loyalty club offer. Sales made to members of the club reached 75% of total sales
- LTM EBITDA Post-IFRS and Pre-IFRS 16 continue near flat reaching €525M (10.0% margin) and €325M (6.2% margin)
- Total net leverage pre-IFRS 16 of 2.5x as of Q1 '24.

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

# Evolution of Food Revenue (€M)

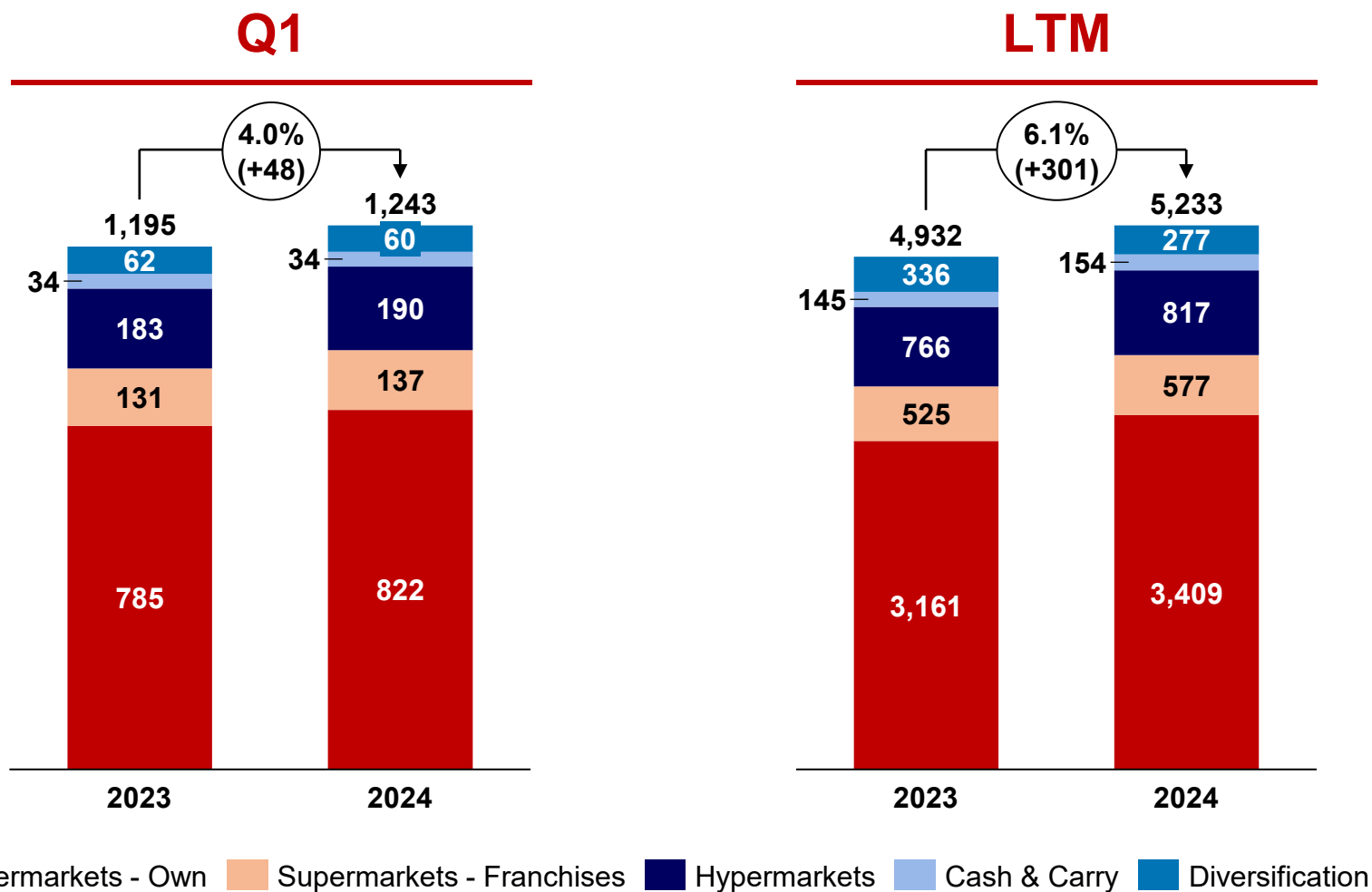


Increasing total revenue in Q1 and in LTM

Sources: Company information



# Evolution of Total Revenue (€M)

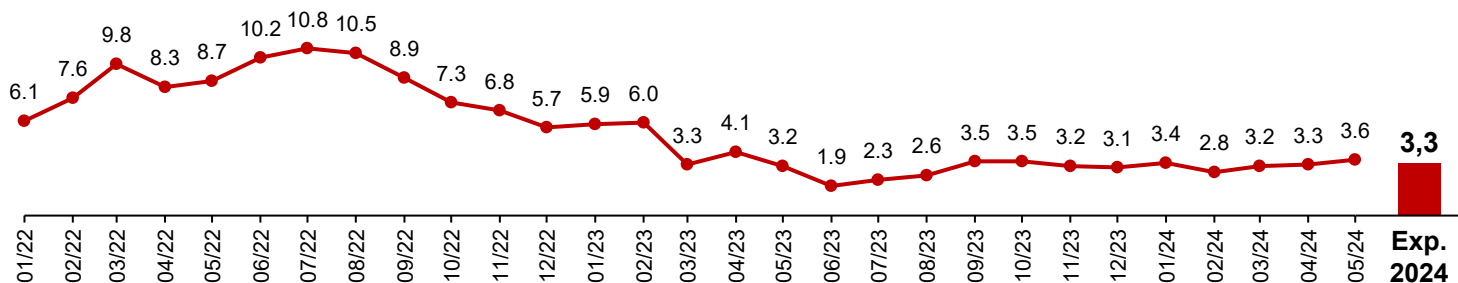


Increasing total revenue in Q1 and in LTM

Sources: Company information

# Spain CPI Evolution

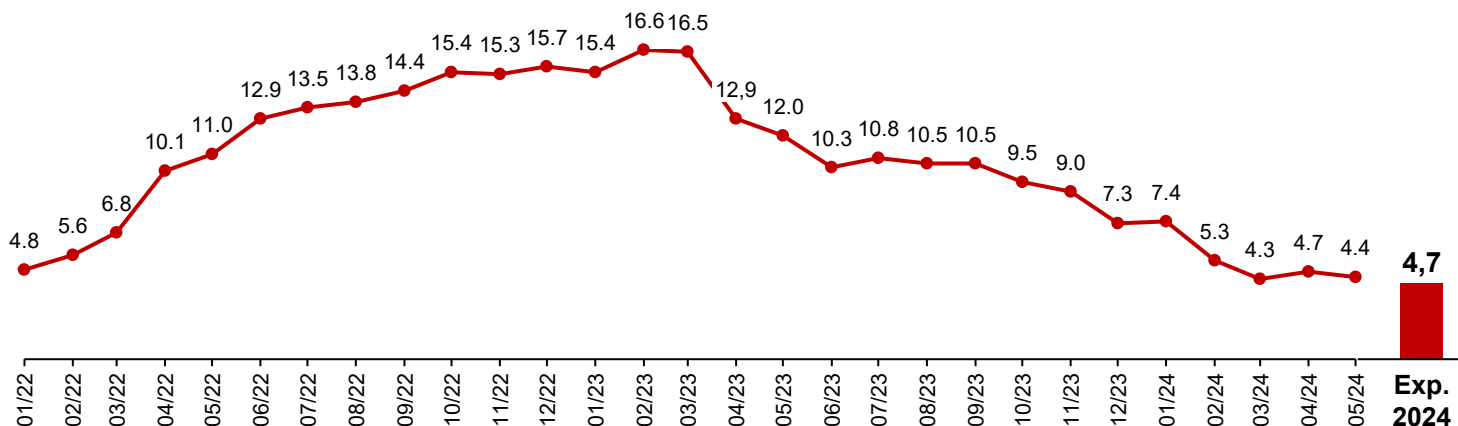
General index (%)



Key Highlights

- General index expected to continue flattening during 2024 towards BCE's target of 2.0%
- Food inflation expected to remain above general index inflation, although it should follow the same downward trend in the short term before stabilizing 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

Flattening CPI general index, but food inflation remains higher

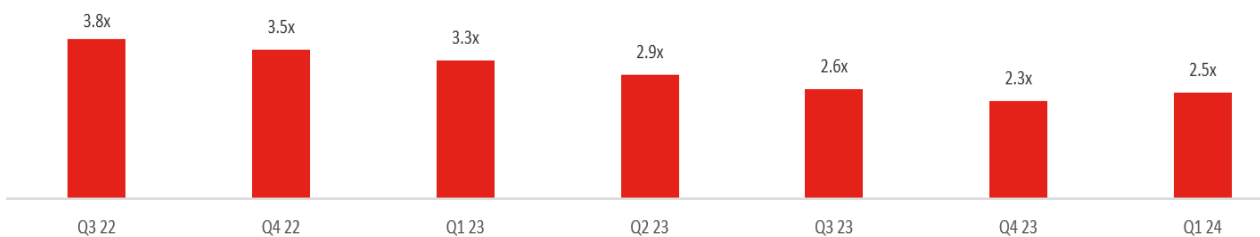
Sources: INE (Spanish National Institute of Statistics) for actual data and Funcas for projections.

# Leverage Overview

## Capitalisation Table

€M	Q1'24	x LTM Q1'24 EBITDA
Cash & Cash equivalents	-130	
Short-term financial assets	-21	
Senior Secured Notes	500	
Bank Facility: TLA	105	
Other Loan	50	
<b>Total Senior Secured Net Debt</b>	<b>503</b>	<b>1.5x</b>
Local facilities	96	
Obligaciones Subordinadas Eroski ("OSEs")	209	
<b>Total Net Debt</b>	<b>809</b>	<b>2.5x</b>
<b>LTM 24 EBITDA (pre-IFRS 16)</b>		<b>325</b>
<b>LTM 24 EBITDA (post-IFRS 16)</b>		<b>525</b>

## Net Leverage Evolution



Source: Company information

## Key Highlights

- At the end of the Q1'24 period we had used less of our reverse factoring lines, by a total amount of €45m vis-à-vis the previous period, which impacts our balance sheet cash position at the date. Excluding this change, net leverage would have reached 2.3x (1.4x Senior Secured)
- Other loan: The Group signed in Q4'23 a TLA of €50M that ranks pari passu with the rest of the senior debt. The proceeds will remain on balance sheet to support a buffer corporate liquidity
- This table does not include the bridge loan. On April 30<sup>th</sup> the outstanding amount was €7.3M





## Detailed Metrics and Financial Statements

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# Summary Profit & Loss

€M	Q1 '2023	Q1 '2024	% Growth
Supermarkets	916	958	
Of Which Owned	785	822	
Of Which Franchises	131	137	
Hypermarkets	183	190	
Cash & Carry	34	34	
<b>Total Revenue (excluding Diversification)</b>	<b>1,133</b>	<b>1,183</b>	<b>4.4%</b>
Diversification	62	60	
<b>Total Revenue</b>	<b>1,195</b>	<b>1,243</b>	<b>4.0%</b>
COGS	-880	-926	
<b>Gross margin</b>	<b>315</b>	<b>317</b>	<b>0.8%</b>
<i>% revenue</i>	26.3%	25.5%	
Personnel expenses	-169	-177	
Operating Lease	-8	-8	
Other operating expenses and adjustments	-23	-23	
<b>Ajusted EBITDA</b>	<b>114</b>	<b>109</b>	<b>-4.4%</b>
<i>% revenue</i>	9.5%	8.8%	
Lease expenses	-50	-51	
<b>Ajusted EBITDA pre-IFRS 16</b>	<b>64</b>	<b>58</b>	
<i>% revenue</i>	5.4%	4.7%	
<i>Total surface (k sq. m)</i>	1,169	1,176	
<i>Number of stores (Total)</i>	1,497	1,515	
<i>o.w. Owned</i>	894	883	
<i>o.w. Franchised</i>	603	632	
<i>Revenue Sales / surface (€m)</i>	1.02	1.06	
<i>Ajusted EBITDA pre-IFRS 16 / store (€m)</i>	0.04	0.04	

## Key Highlights

- **Strong revenue growth across all store formats**
- Core business revenue excluding diversification has increased +4.4% vs Q1 '23
- Diversification revenues slightly dropped mainly due to lower gas station activity
- We continue to invest in gross margin (in % terms), increasing our commercial proposal to customers and presence in the market, showcased by the increase in absolute gross margin in €2M
- Total OPEX excluding personnel expenses remained broadly stable (+0.4%) on the back of Eroski's push towards cost-control
- Personnel expenses seasonality effect of -€2M

Source: Company information.

# Consolidated Cash Flow

€M	Q1'24	Q1'23
<b>Cash flows from operating activities within WC</b>	<b>108,995</b>	<b>113,739</b>
Increase/decrease in Wk	(39,121)	17,308
Income tax received/(paid)	(1,387)	(1,774)
<b>Net cash from operating activities</b>	<b>68,487</b>	<b>129,273</b>
Capex	(33,496)	(26,236)
Assets disposals	17,235	15,076
Interest received	1,338	2,604
Acquisition of other financial assets	(1,372)	(19,215)
Dividends received	-	-
<b>Net cash used in investing activities</b>	<b>(16,295)</b>	<b>(27,771)</b>
Repayment of loans and borrowings	(9,668)	(8,270)
Proceeds from Bonds and Other negotiable securities	4,701	8,855
Repayment of lease liabilities	(46,396)	(43,641)
Dividends paid	(15,400)	(12,000)
Net interest and other financial activities	(24,021)	(15,766)
Net of issue and redemption of capital	1,358	234
<b>Net cash used in financing activities</b>	<b>(89,426)</b>	<b>(70,588)</b>
Net increase/(decrease) in cash and cash equivalents	(37,234)	30,914
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>130,495</b>	<b>246,947</b>

## Key Highlights

### Net cash from operating activities

- Reduced use of confirming lines for a total amount of €45M Q1'24

### Net cash used in investing activities

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

### Net cash used in financing activities

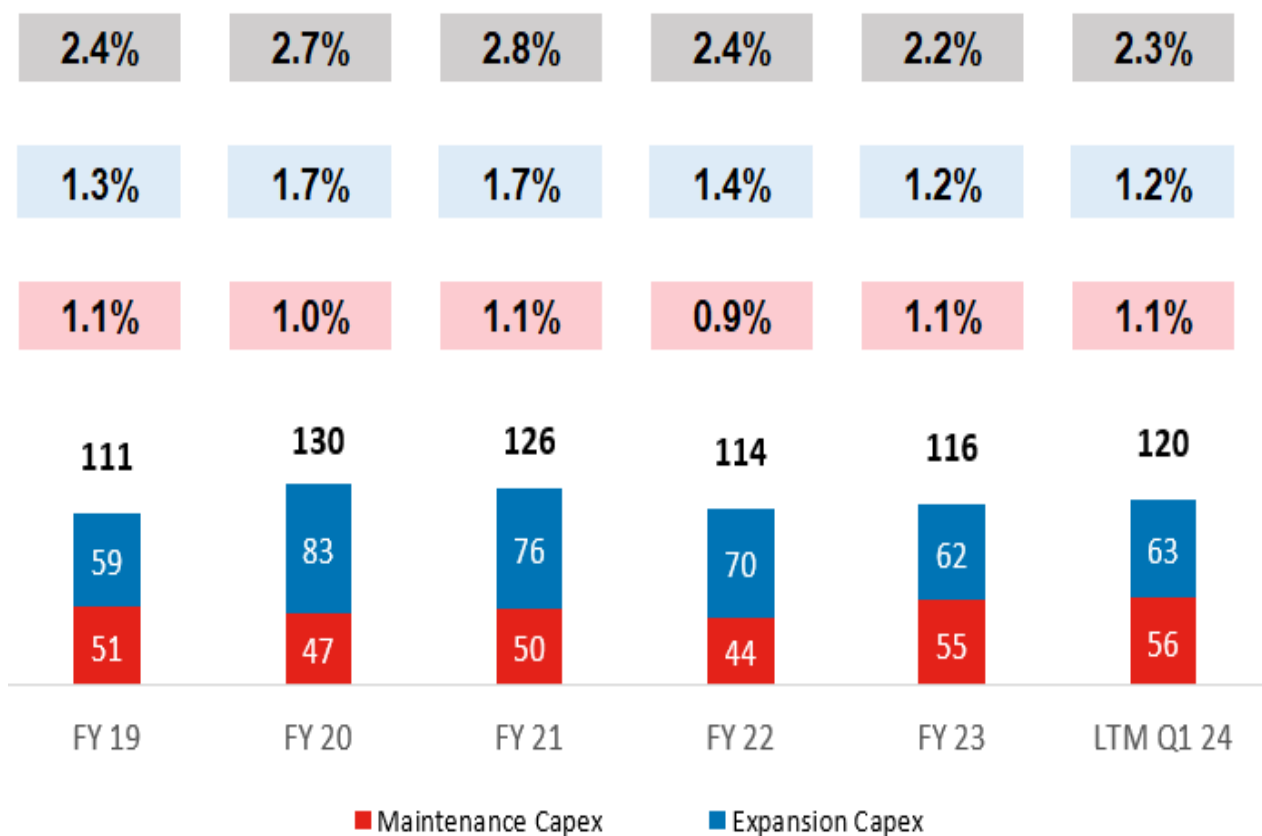
- Dividends of €15.4M distributed to our partners in Vegalsa and Supratuc.

Source: Company information



# Focus on Capex

## Capex (M€) & Capex / revenues (%)



## Key Highlights

- Very stable capex profile over the historic period
  - 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 stores
- The company aims to maintain a stable trend in investments, following our historical levels

Source: Company information.

# Stores Openings & Closings

Stores Footprint				Stores Footprint				Key Highlights
FOOD	Owned	Franchised	Total	FOOD + DIVER	Owned	Franchised	Total	
Stores Q4'23	778	628	1,406	Stores Q4'23	885	628	1,513	<ul style="list-style-type: none"> <li>■ The majority of openings of new stores have been in the Franchised segment</li> <li>■ Total store footprint remains stable, with only slight net growth of 3 food stores in this period</li> <li>■ We continue to invest in the refurbishment of our store platform periodically in accordance with our usual refurbishment plan</li> </ul>
Openings	1	15	16	Openings	1	15	16	
Net Transfers	0	1	1	Net Transfers	0	1	1	
Closings	(2)	(12)	(14)	Closings	(3)	(12)	(15)	
<b>Stores Q1'24</b>	<b>777</b>	<b>632</b>	<b>1,409</b>	<b>Stores Q1'24</b>	<b>883</b>	<b>632</b>	<b>1,515</b>	
Refurbishments Q1'23	16	3	19	Refurbishments Q1'23	16	3	19	
Refurbishments Q1'24	14	0	14	Refurbishments Q1'24	14	0	14	

Source: Company information. 11 Optical shops and 8 on line shops excluded

# Summary Balance Sheet

## ASSET

K€	30.04.2024	31.01.2024
Property, plant and equipment	689,184	699,049
Investment property	30,158	30,190
Rights of use	817,798	798,875
Goodwill and other intangible assets	850,456	850,004
Equity-accounted investees	7,906	7,837
Trade and other receivables	3,371	9,517
Financial assets	139,727	154,511
Deferred tax assets	273,917	271,590
Uncalled members' contributions	320	477
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,812,837</b>	<b>2,822,050</b>
Inventories	471,420	428,659
Financial assets	21,280	20,112
Trade and other receivables	164,054	160,507
Current income tax assets	11,427	9,472
Unpaid calls on members' contributions	3,832	2,500
Cash and cash equivalents	130,495	167,728
Non-current assets held for sale	3,897	13,639
<b>TOTAL CURRENT ASSETS</b>	<b>806,405</b>	<b>802,617</b>
<b>TOTAL ASSETS</b>	<b>3,619,242</b>	<b>3,624,667</b>

## EQUITY

K€	30.04.2024	31.01.2024
Capital	327,008	324,804
Share premium	3,808	3,808
Capitalised funds	95,525	95,525
Other comprehensive income	30,757	27,925
Retained earnings	(254,944)	(261,888)
Interim dividend	(9,706)	(6,341)
<b>Equity attributable to equity holders of the Parent</b>	<b>192,448</b>	<b>183,833</b>
Non-controlling interests	353,669	355,030
<b>TOTAL EQUITY</b>	<b>546,117</b>	<b>538,863</b>
Financial liabilities	1,727,445	1,719,058
Government grants	0	0
Provisions	28,611	28,810
Other non-current liabilities	13,734	13,839
Deferred tax liabilities	160,599	158,156
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,930,389</b>	<b>1,919,863</b>
Financial liabilities	237,199	225,800
Trade and other payables	893,172	932,177
Current income tax liabilities	12,365	7,964
Liabilities associated with non-current asset held for sale	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,142,736</b>	<b>1,165,941</b>
<b>TOTAL LIABILITIES</b>	<b>3,073,125</b>	<b>3,085,804</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,619,242</b>	<b>3,624,667</b>

Source: Company information



# Current and Non-Current Financial Liabilities

€M	Q1'24			FY'23		
	Non Current	Current	Total	Non Current	Current	Total
Financial liabilities from issuing bonds and marketable securities	493	23	515	493	9	502
Other financial liabilities from the issuance of obligations and marketable securities	313	3	316	312	13	325
Financial liabilities from loans and borrowings	181	35	216	188	29	217
Third party loans	33	5	37	33	5	38
Lease liabilities	680	170	850	664	168	832
Payables to associates	1		1	1		1
Other payables	28	1	29	29	1	30
Other financial liabilities						
<b>Total financial liabilities</b>	<b>1,728</b>	<b>237</b>	<b>1,965</b>	<b>1,719</b>	<b>226</b>	<b>1,945</b>

## Key Highlights

- The bonds financial liabilities is increased for amount of the coupon to be paid
- Lease liabilities has increased, but our expectation at the end of this year is of reducing this figure

Source: Company information

## Summary P&L

<b>Continuing operations (K€)</b>	<b>30.04.2024</b>	<b>30.04.2023</b>
Revenue	1,242,789	1,194,893
Other income	64,338	68,794
Self-constructed non-current assets	98	55
Raw materials and other consumables used	(925,659)	(880,202)
Personnel expenses	(177,079)	(169,277)
Amortisation and depreciation	(68,407)	(67,055)
Provisions/(reversals) for impairment of non-current assets	749	911
Other expenses	(92,822)	(92,435)
<b>Profit before finance items and taxes</b>	<b>44,007</b>	<b>55,684</b>
Finance income	4,910	3,919
Finance costs	(34,755)	(32,655)
Share of profit/(loss) of equity-accounted investees	48	0
<b>Profit/(loss) before tax from continuing operations</b>	<b>14,210</b>	<b>26,948</b>
Income tax expense	(4,682)	(4,669)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>9,528</b>	<b>22,279</b>

Source: Company information



## Q&A

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June 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.



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27<sup>th</sup> June 2024