

# Eurocash Group Strategy

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for 2023–2025

# What is Eurocash?





# Huge scale



Poland's largest FMCG wholesaler



Largest franchise and partner chain in Poland with almost 16 thousand stores



The largest and most advanced logistics network (more than 20,000 SKUs delivered to almost 90,000 outlets)



Leader in the e-grocery market in Poland



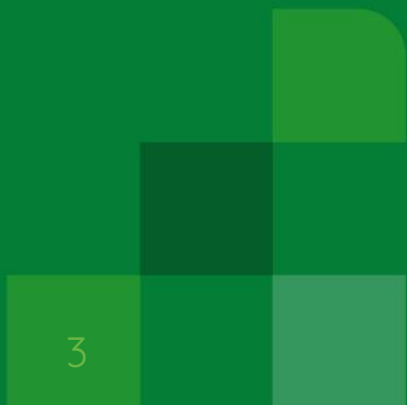
Network loyalty programs — nearly 6 million users in total. Data from over 3,500 stores by IPH



Significant share in sales of products of the largest manufacturers (in the small-format channel)



Reach — 12.5 million Poles — 85% of households are within reach of Eurocash customer store network



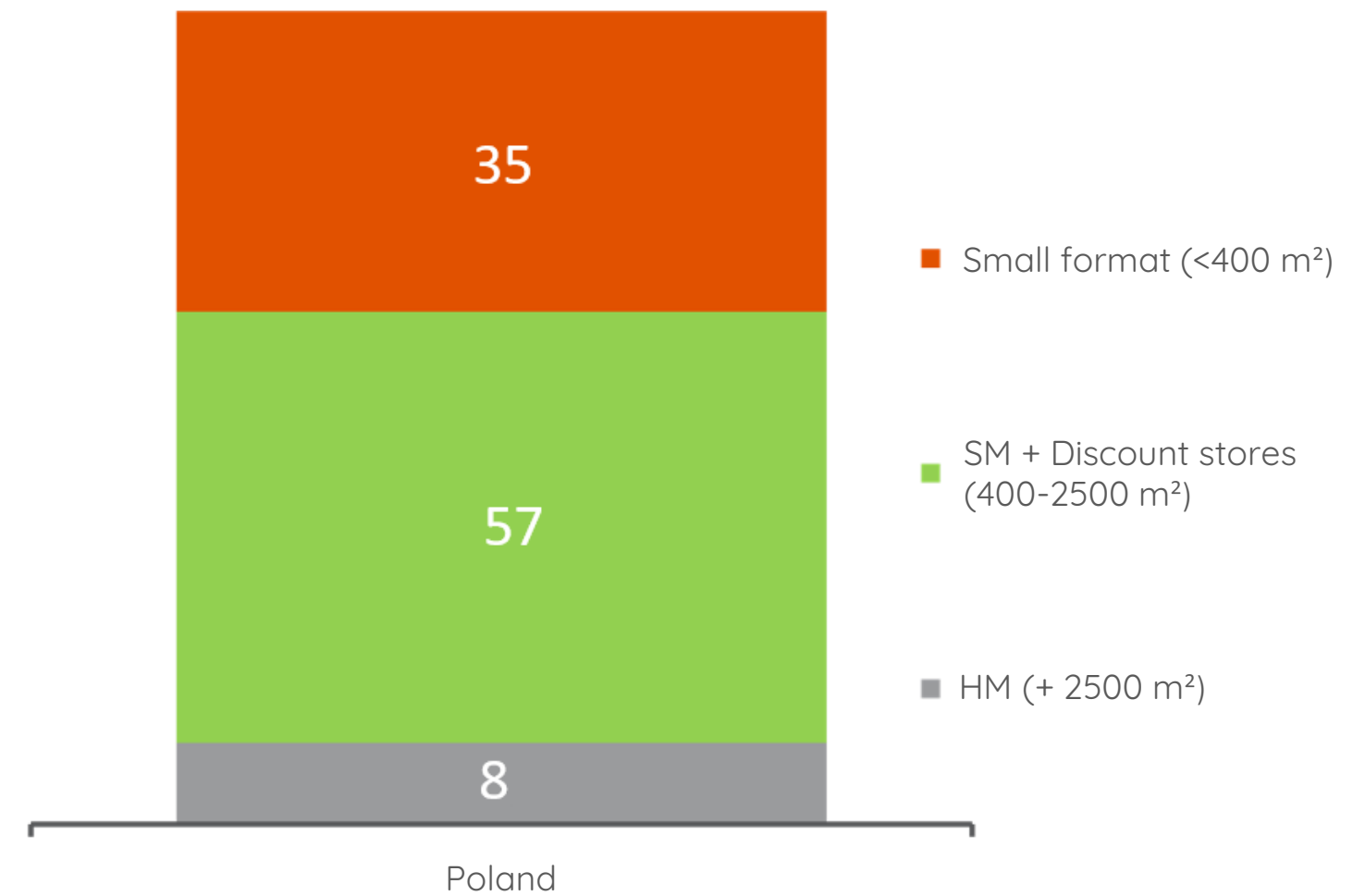
Our foundation  
is local store





Local stores  
maintain  
significant share  
in trade in Poland

% share of FMCG distribution channels in Poland

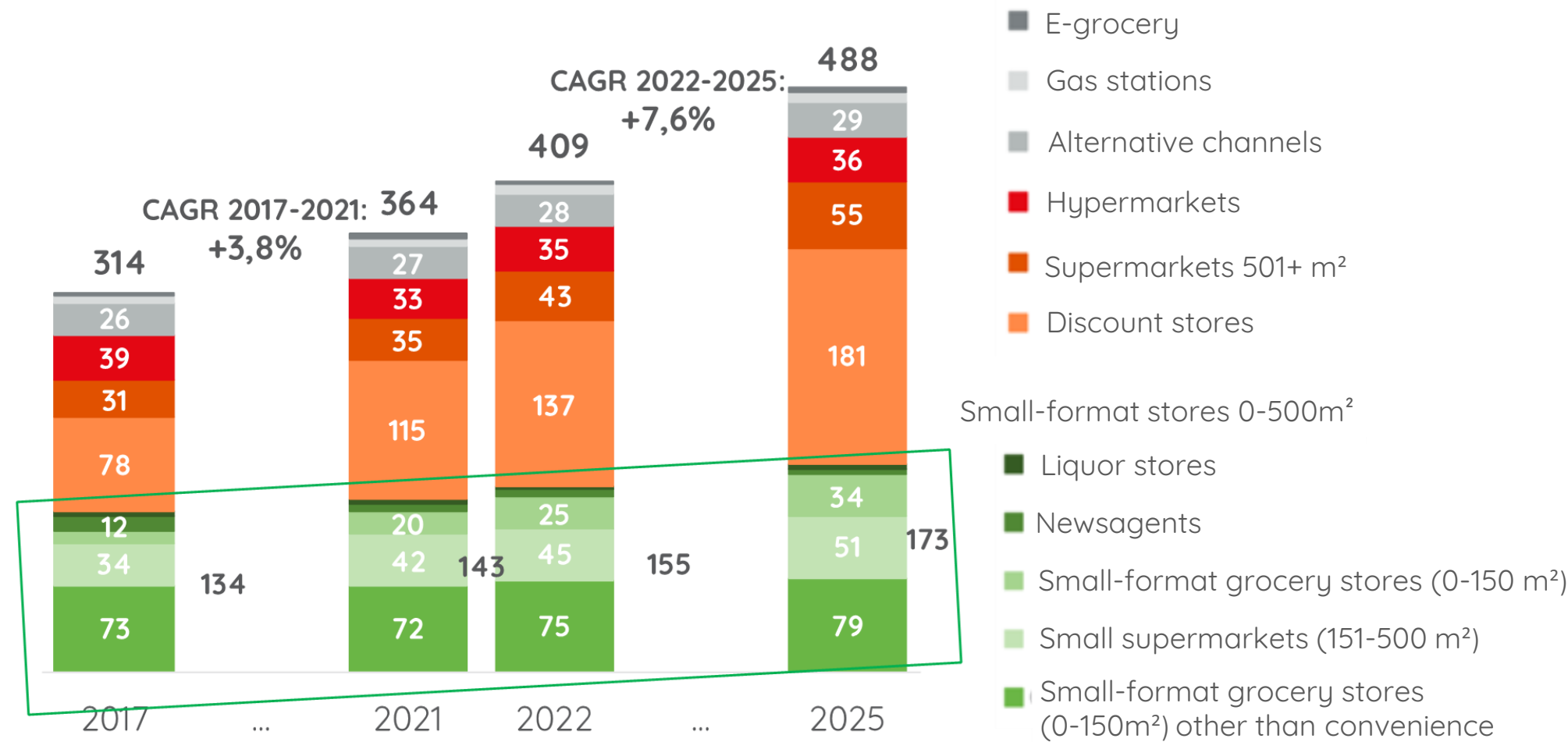


Source: NielsenIQ, Establishment Survey 2021, Europe



Sales at local stores are steadily increasing

### Distribution channels of the retail FMCG market (BILLION PLN), 2017-2025



Source: PMR for Eurocash, June 2022 Note: Basic scenario including impact caused by price changes. E – estimate, f – forecast.



Sales per store continue to grow

SALES PER STORE  
Forecasted change 2025 vs 2022

+21%

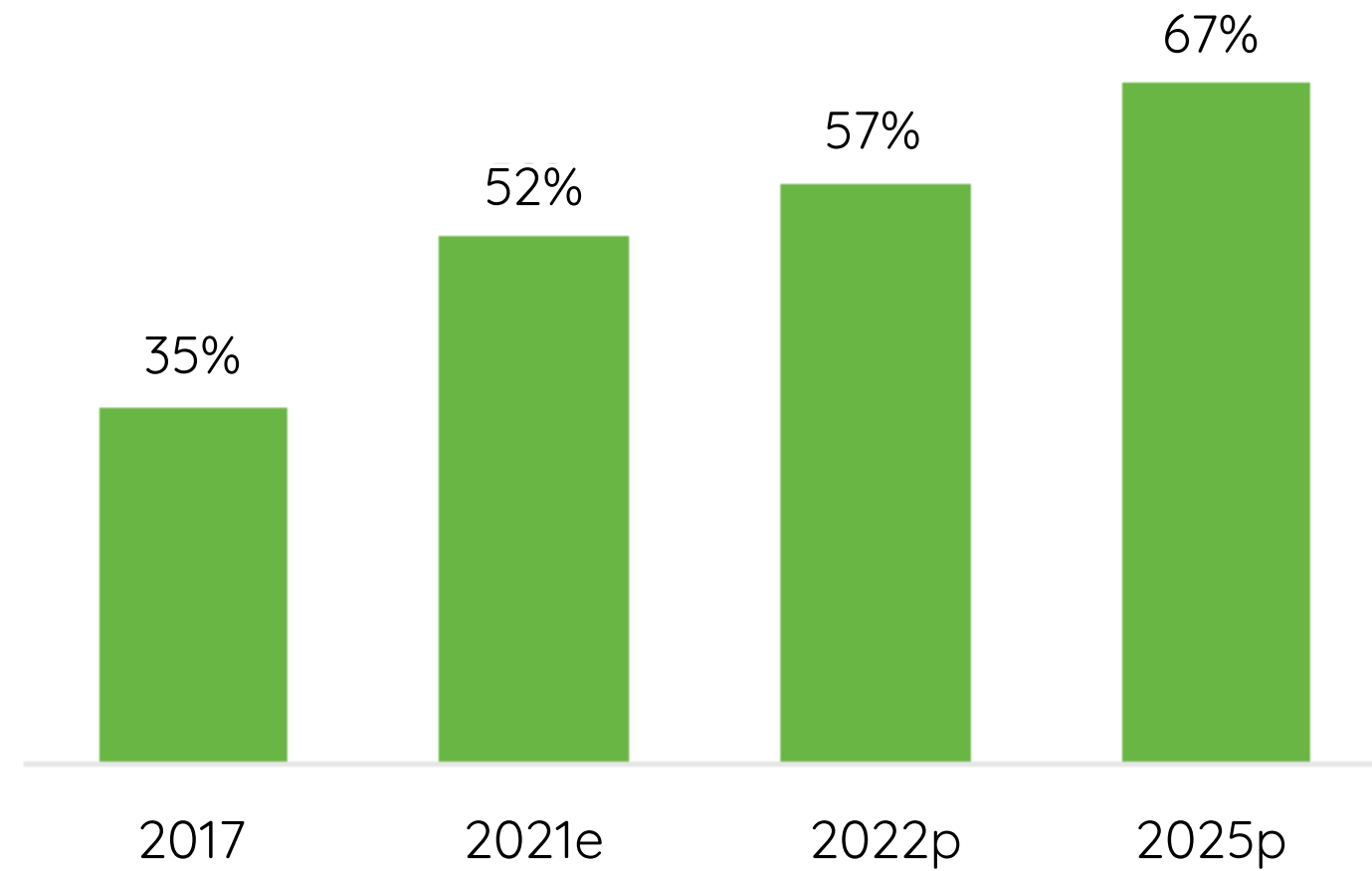


local stores  
0-500



# Local stores being organised within franchise and partnership networks

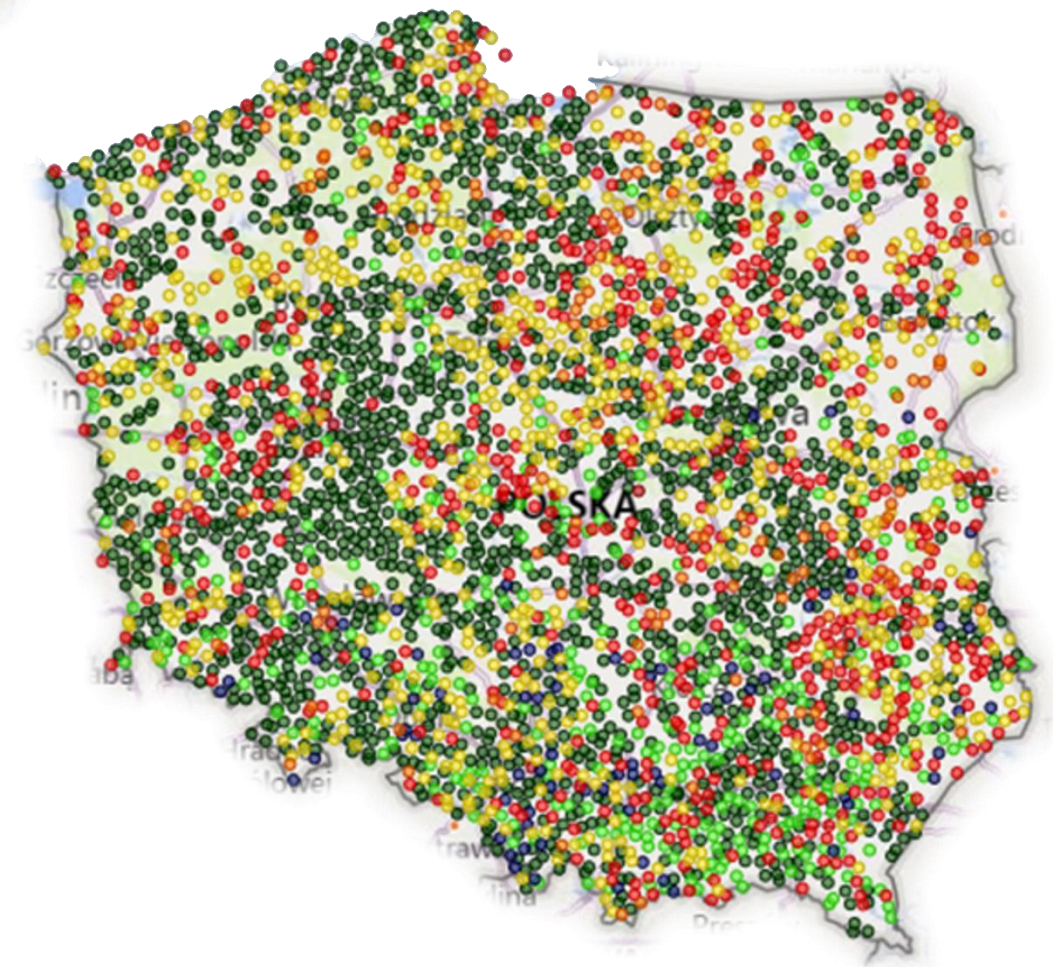
Share of franchise stores among  
small-format stores



Source: PMR for Eurocash and own estimates.



# Local stores are the largest food distribution network in Poland

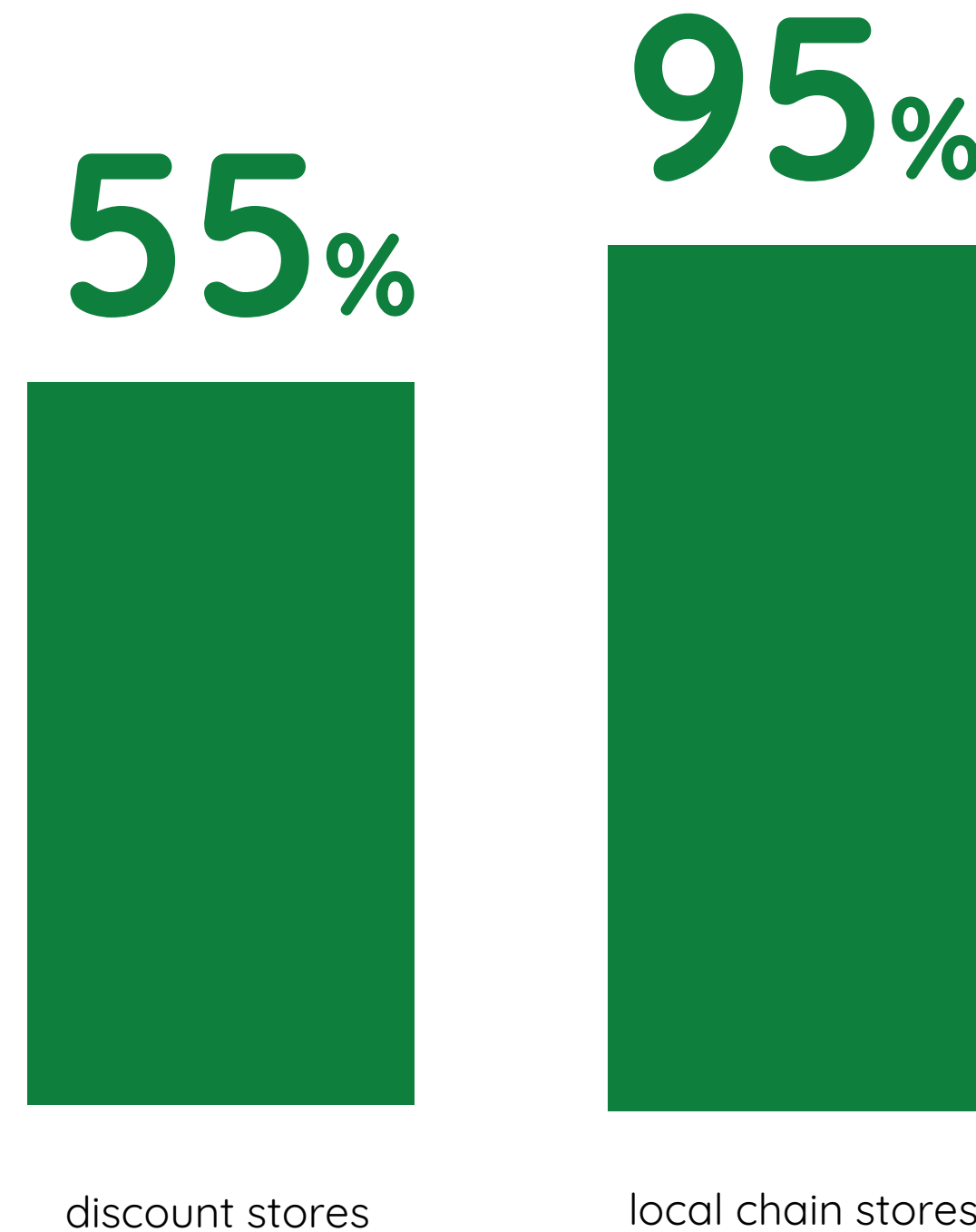


● ABC ● DELIKATESY CENTRUM ● DUŻY BEN ● EURO SKLEP ● GROSZEK ● LEWIATAN ● PSD



Local stores  
account for a large  
part of the sales of  
branded  
products

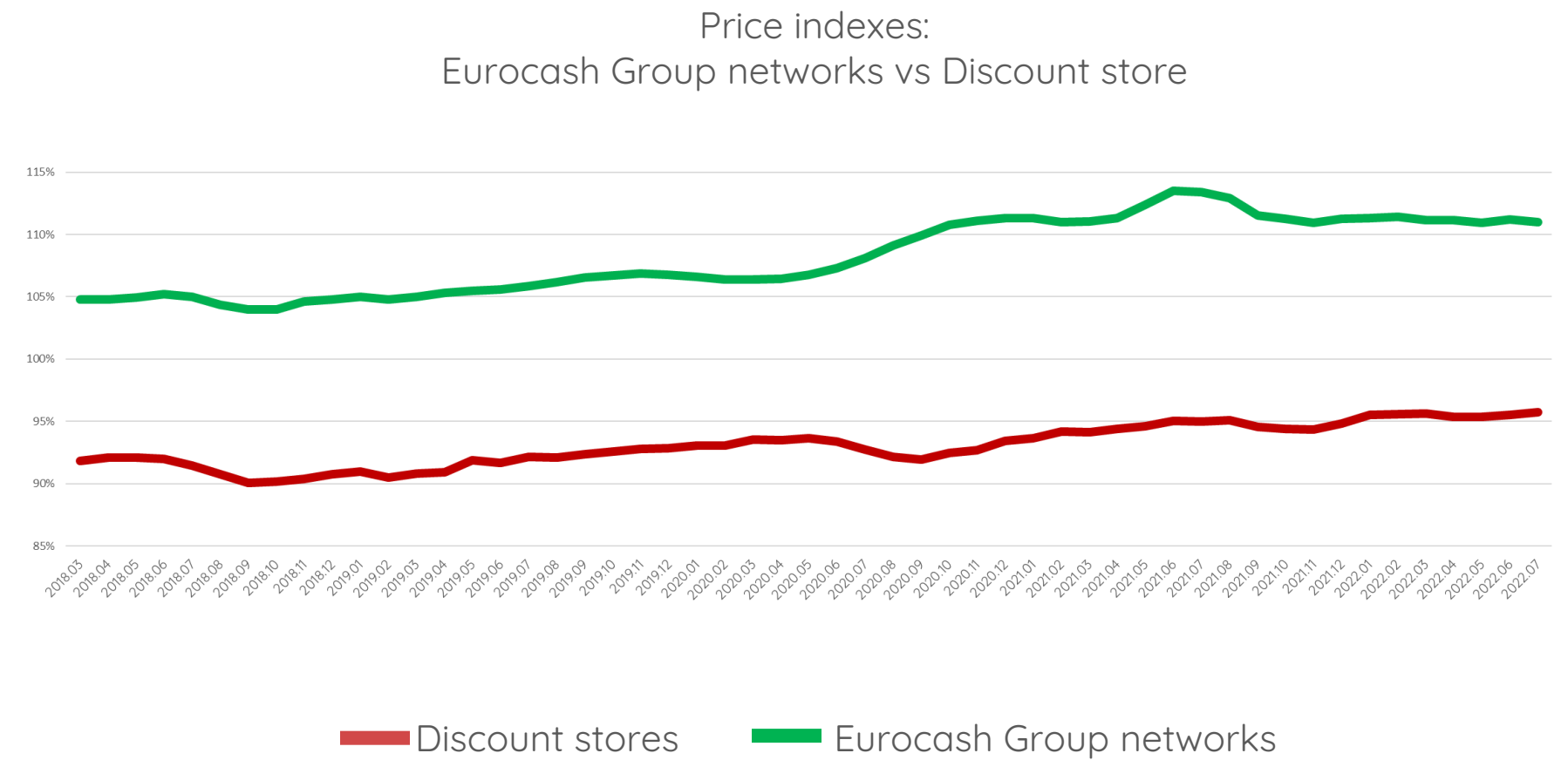
Share of spending on branded products\*  
in purchasing channels



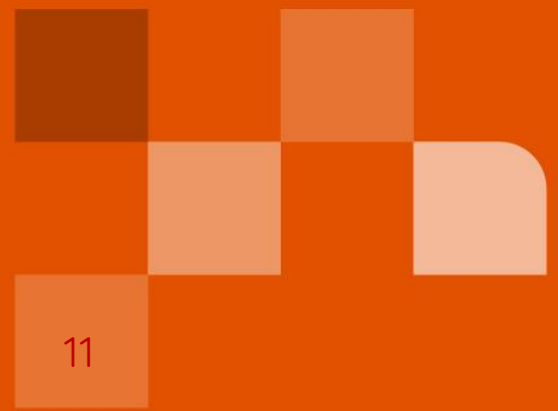


Local stores,  
however, face  
numerous  
challenges

## Price differences of franchise and partner networks versus discount stores



Source: Eurocash Group: price monitoring





# Local stores have unique value for the consumer

## Strengths of local stores according to Poles



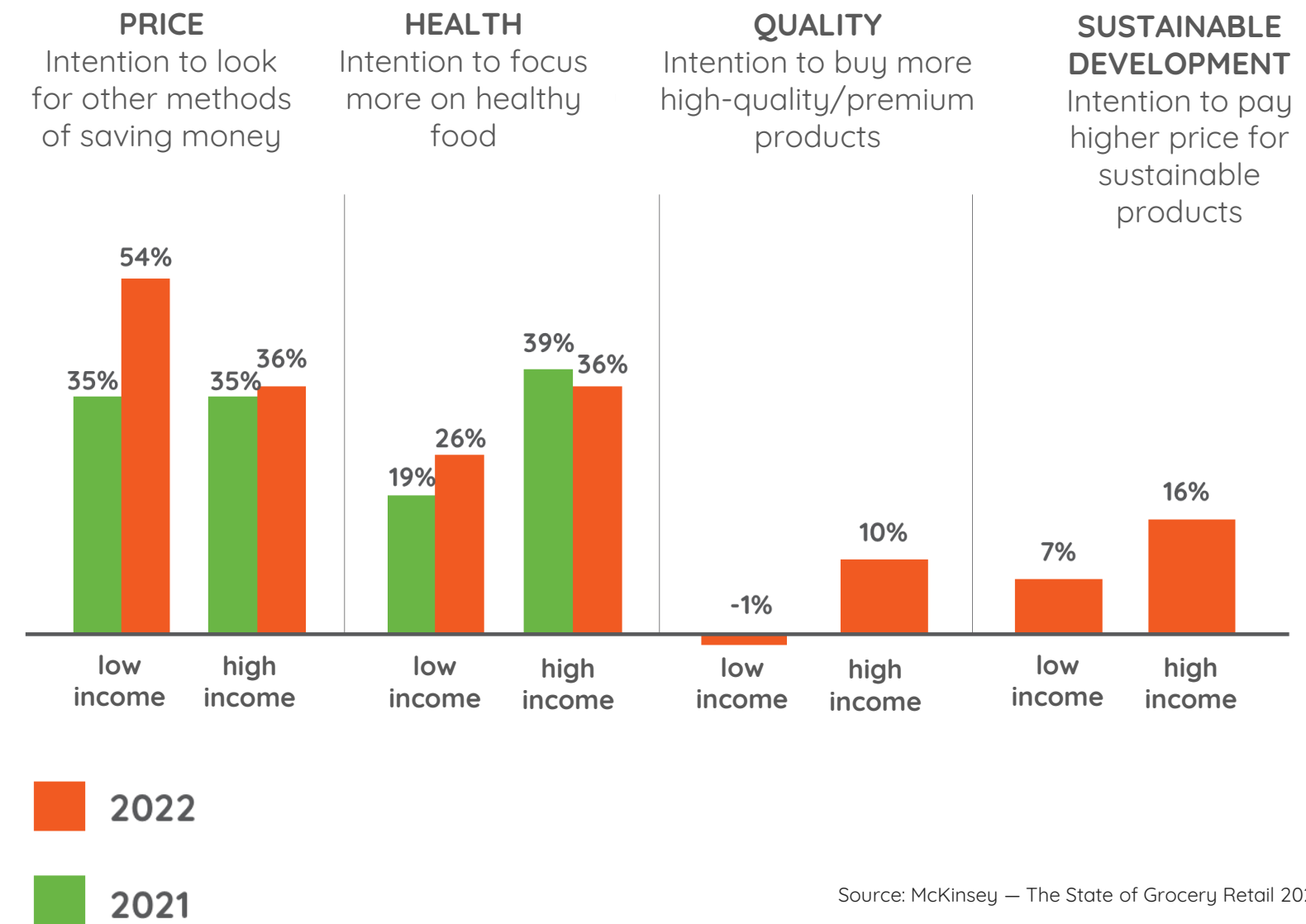
Source: PMR April 2022 survey, n = 1000, possibility to indicate top3



The consumer experiences the inflation, but still values quality, health and proximity

## Changes in consumer buying criteria in grocery shopping 2022 vs 2021

NET INTENTION OF % CONSUMERS IN GROCERY PURCHASE IN 2022 VS 2021



Source: McKinsey — The State of Grocery Retail 2022

# Local trade versus modern trade



© Phillip Pessar, Wal-Mart Opening Huffman Alabama Press Photo 1984, flickr.com

Is this what modernity looks like?



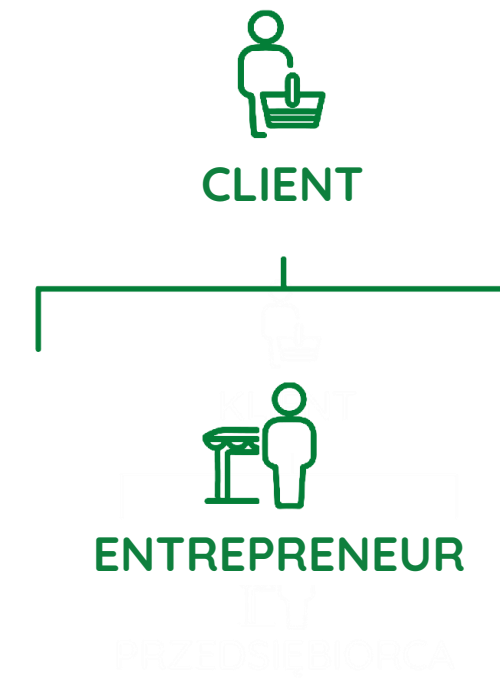
# What trade expects the modern consumer?



- Customisation
- Multi-channel capability (combination of on- and off-line)
- Utilisation of new technologies
- Human-human interaction
- Time and convenience
- Continuous behavioural changes



# True modern trade



LOGISTYKA    TECHNOLOGIA    DANE    FINANSOWANIE    INNOWACJA    SKALA    SIŁA ZAKUPOWA

- Independent, competent entrepreneur – local store owner
- Working on a powerful platform providing him/her scale, cutting-edge technologies, access to all channels in an omnichannel module, saves time for what matters most







# What is Eurocash?

This platform!



LOGISTYKA



TECHNOLOGIA



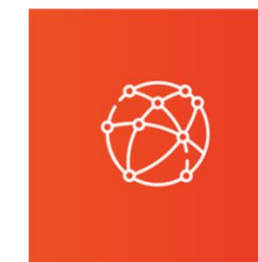
DANE



FINANSOWANIE



INNOWACJA



SKALA



SIŁA ZAKUPOWA

Eurocash  
— we grow  
together



We grow by investing in the  
growth of our partners

# Eurocash stands on three pillars



Omnichannel  
wholesale

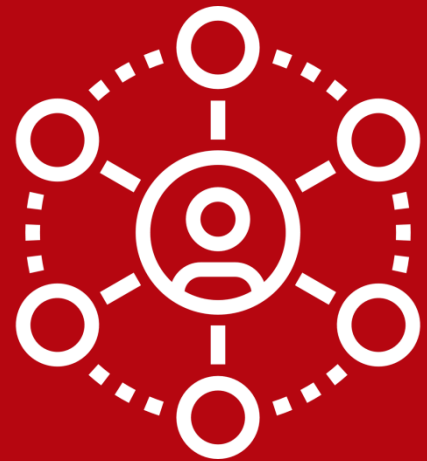


Technological  
Platform



Organiser  
of Franchise and Partner  
Networks





# Omnichannel wholesale



# Local stores under economic pressure in a difficult market



Strong competition from organised chains



Lack of time, operational efficiency



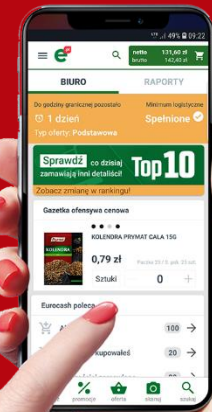
Limited access to technology



Risk of wrong business decisions



# eurocash.pl gives real support to thousands of stores



The platform and mobile app that revolutionised  
the management of local stores



Accessibility



Convenience and  
ordering speed



Mobile app

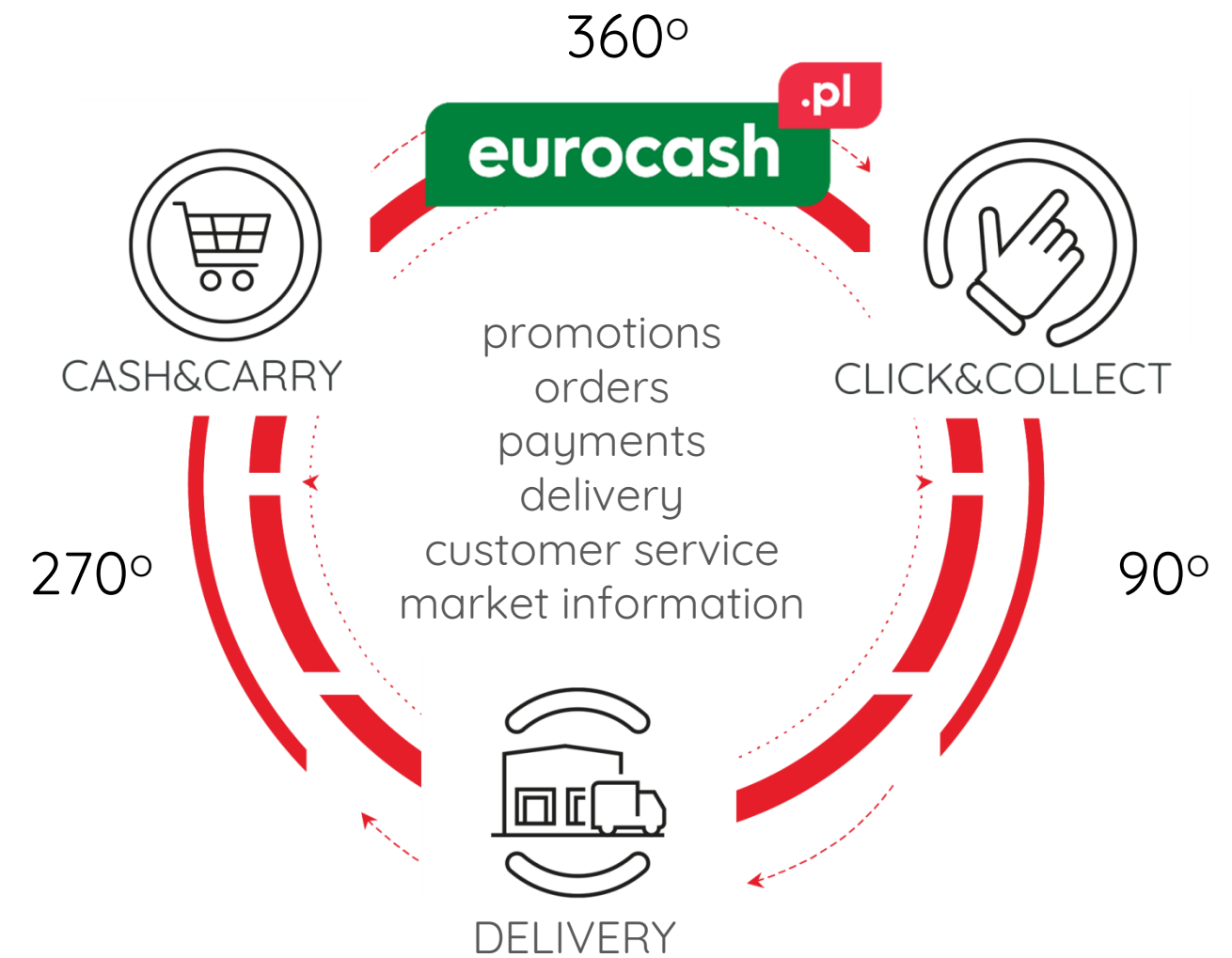


Professional  
content

- More than 30,000 clients using the platform
- Orders worth PLN 8 billion per year
- +20 pp higher satisfaction of eurocash.pl users



# It's time for the next step of integrating wholesale





# Real benefits for clients



- Widest grocery product range



- Model selection
- One digital platform, delivery, point of contact



- Quick ordering
- Benefits on total turnover







# Omnichannel wholesale 2025 — our ambitions

## Ambitions until 2025:

- PLN 100 million in cost synergy
- e-commerce sales increase from PLN 8 billion to PLN 16 billion
- Increase in market share of EC wholesale part from 22.4% to 29%\*

*\*(EC relevant wholesale market)*





# Technological platform



# Technological platform



Digital solutions connecting clients with consumers



Leader in B2B & B2C e-grocery



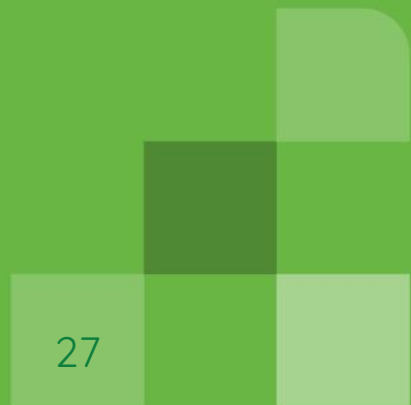
IPH (3,500 stores in the system)



Fourth largest loyalty club



Technological partnerships

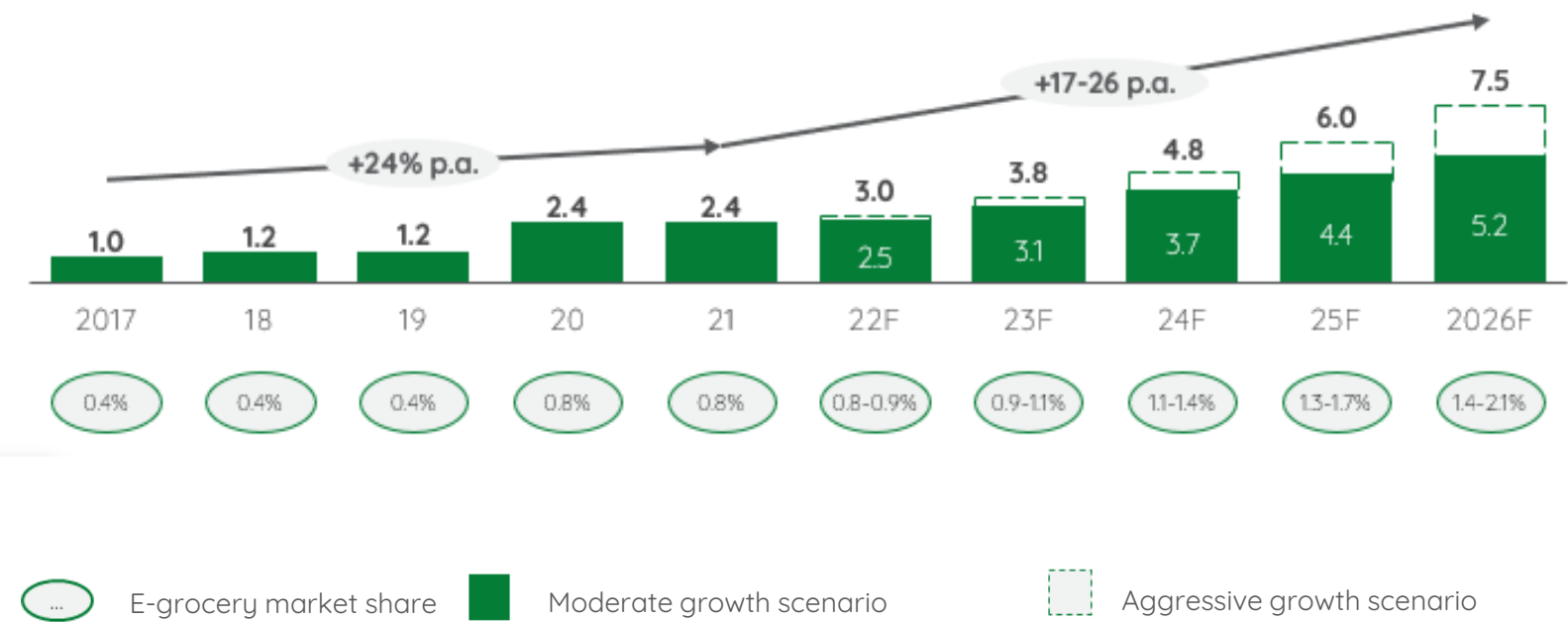




# #1 in e-grocery

- Market trend maintained after Covid-19 outbreak
- Many players, but one different from all – Frisco
- A viable profitable super-/hypermarket e-grocery business model

## E-grocery market in Poland, PLN billion



Source: Frisco and PMR for Eurocash



# Frisco scale



Access to nearly 25% of households in Poland. Tested model for expansion into more subsequent cities





# Largest network of POS for local stores



Independent trade operating system



Hyperlocality



A viable omnichannel opportunity = off-/on-line



Effectively connecting clients, producers and consumers



# Loyalty club



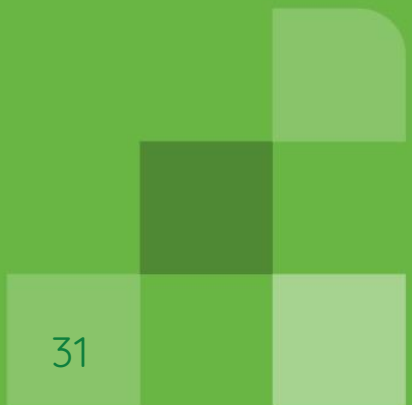
Based on current experience and the successes of Eurocash Group



Building a program based on all clients interfaces with Eurocash Group



For stores – the opportunity to reach consumers and loyalise them





- 12,000 stores in POS
- Consumer platform with more than 10 million consumers
- Frisco — PLN 1 billion in revenue by the end of 2025



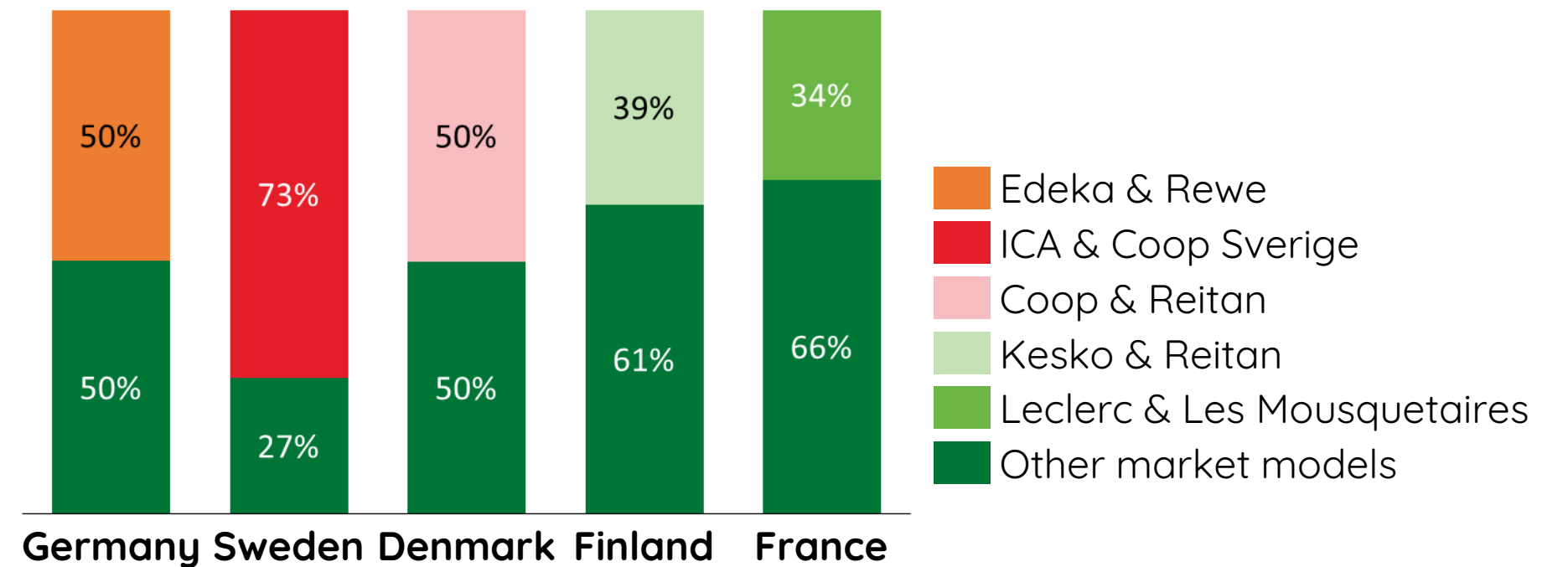
# Technological platform 2025 — our ambitions





# Why we believe in franchise and partnership systems?

Networks largely composed of independent stores and franchise outlets are an important part of the market in European countries:



- capital efficiency growth model
- scale of purchases
- logistics organisation
- data platform
- local experience and knowledge
- effective implementation
- consumer relations



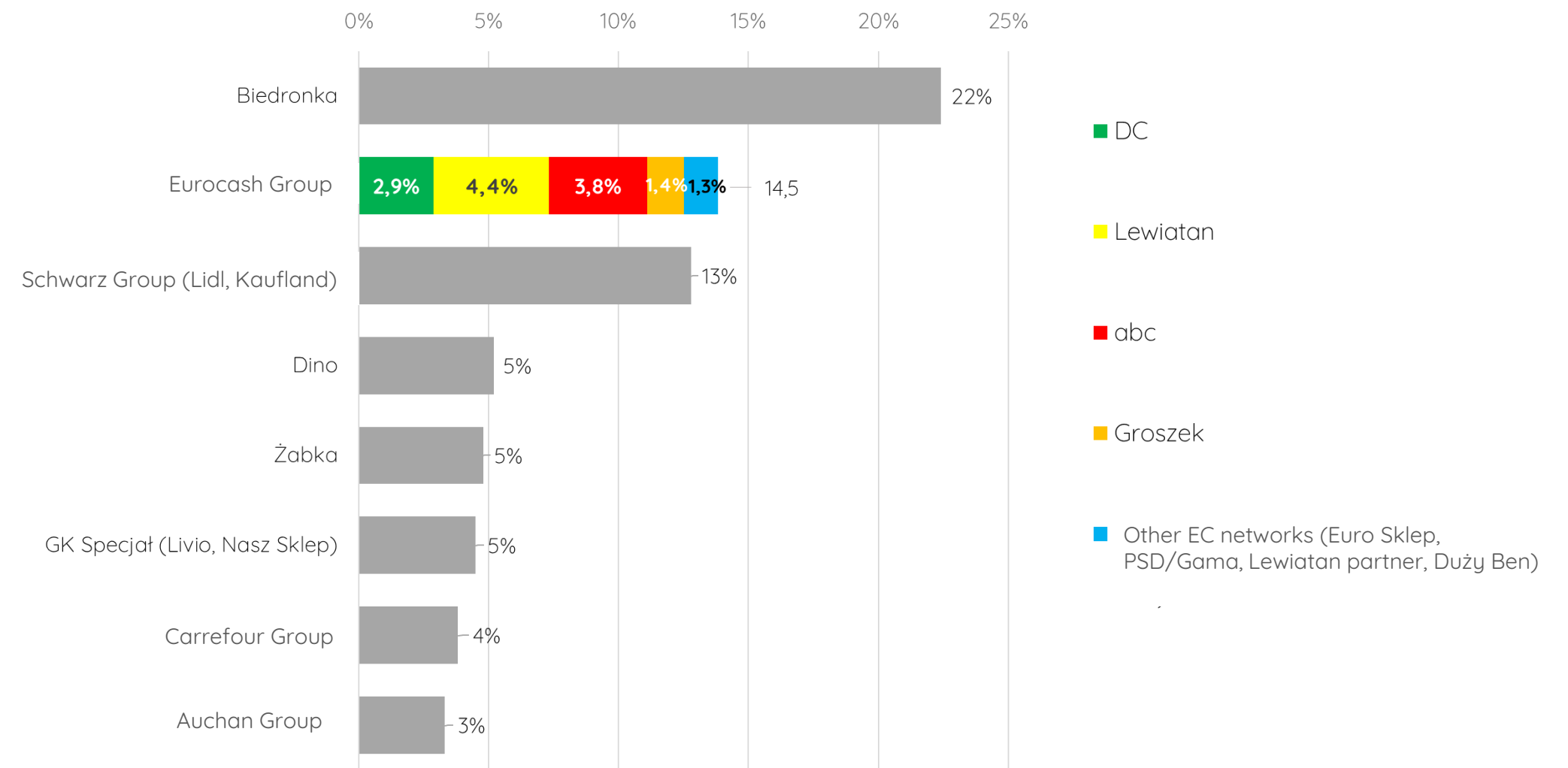
# Organiser of franchise and partner networks



Franchise and partner systems cooperating with Eurocash account for 14.5% of the market!

(data: CMR)









Share in the grocery retail market in Poland (%) in terms of sales value, 2022

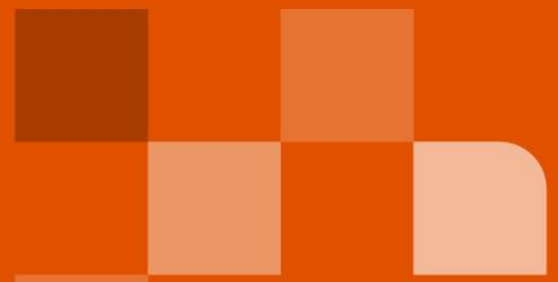


competitor network data:  
PMR



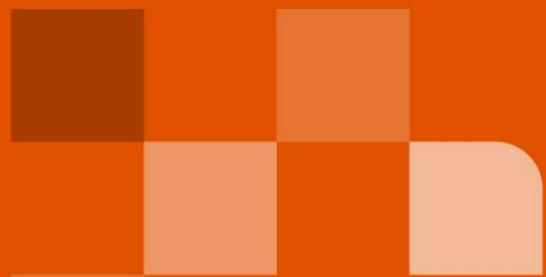
# The road to the second largest retail organization

-  Creation of a retail organisation
-  Format management
-  One POS system for 12,000 stores
-  Efficiency increase
-  Bringing prices closer to those in discount stores
-  Powerful and modern promotions
-  Facing the consumer – loyalty program
-  Increase consumer value: locality and best service at lower prices





# Delikatesy Centrum — the most modern franchise network



A modern retailer, leveraging the advantages of a modern network



Consumer focus



Competitive range of products



Fresh products and meat and sausage counter



Delikarta — loyalty program and app



Profitability of franchisees



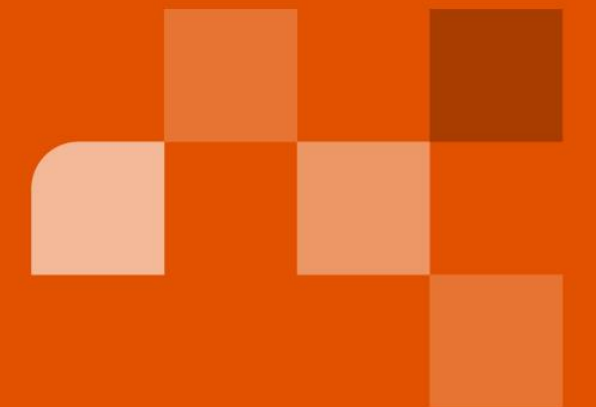
Own stores — efficiency under control, but non-core business — continue improving profitability, reduce or stop development.



- Poland's second retail organisation
- Investment: PLN ~500 million
- 500 new stores per year
- Reduction of difference to discount stores by 8%
- Loyalty program — 10 million consumers
- Store turnover average ~+25%
- Store profitability +1.5 pp
- Food market share ~16% (+2 pp)



# Franchise and partner networks 2025 — our ambitions



# Eurocash 25

## Group ambition



# Eurocash 25 — our business ambitions

- Largest omnichannel wholesaler with 29% market share
- The second retail organisation with 16% share in the total FMCG market
- Terms of business for our partners improved by 8% vs discount stores
- TOP 3 consumer loyalty platform
- Largest marketplace with PLN 16 billion in B2B sales
- Expansion — additional 500 net stores per year acquired by Eurocash Group to franchise and partner networks





# Eurocash 25 — our ambitions within responsible development

- Reduction of 42% CO2 by 2030, reported to Science Based Target
- Supporting franchisees in energy transformation
- Green hybrid fleet — 80% of passenger fleet by 2025
- Responsible store — 8,000 certified stores
- AUE largest training platform — 42,000 participants in on-line training courses and workshops
- TOP Employer Certification
- Engagement survey — 5% above market result



# Eurocash 25 — our financial ambitions

- EBITDA — PLN 1 billion
- PLN 100 million in effectiveness and synergy
- Debt below 1.5 net debt/EBITDA
- Stable financial position with room to gain market shares
- Return to regular dividend payments

We grow together  
— thank you



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