



2018

Results Presentation

Executive Summary

01

SMALL STORES WITH HIGH SALES INCREASE

with sales dynamics at +6.5% in 2018 YoY

02

WHOLESALE

STRONG GROWTH OF 6% IN 2018

with EBITDA PLN +63m (+18%)

03

RETAIL

**INTEGRATION ONGOING, BUT LFL
STARTED TO IMPROVE**

with Delikatesy Centrum +2% in 4Q 2018

04

STRONG CASH GENERATION

With OCF at 1.3x EBITDA

05

**NET DEBT/EBITDA DECREASE
FROM 1.7x IN Q3 TO 0.9x IN Q4**

due to PayUp disposal and strong OCF



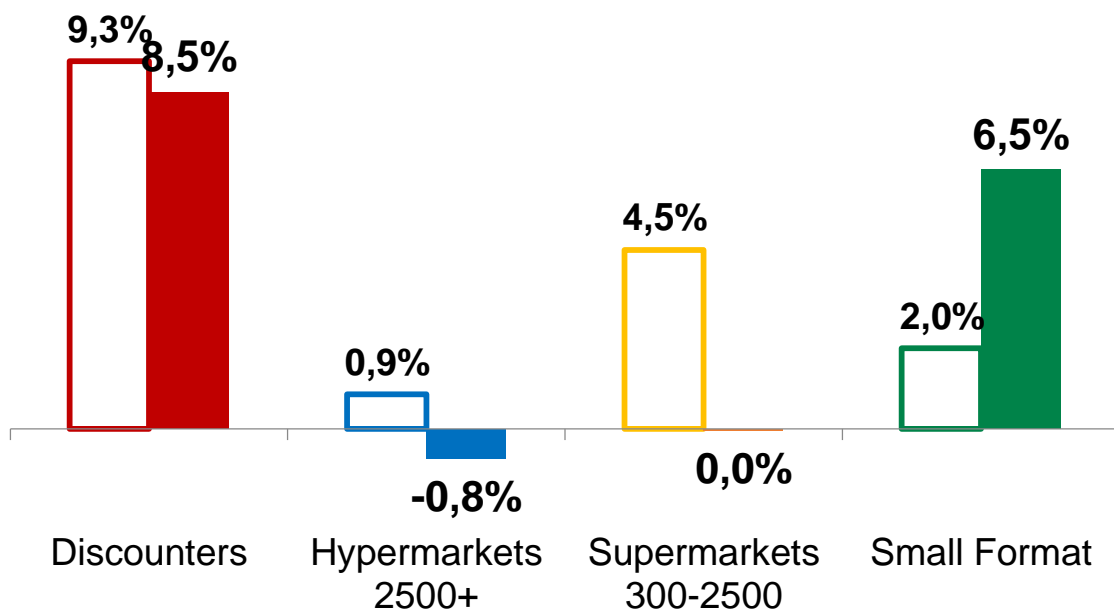
FY WHOLESALE SALES INCREASE BY APPX. 1.0bn , RETAIL BY APPX. PLN 0.9bn

Food market growth

Small format stores accelerating their growth

Food market growth by channel

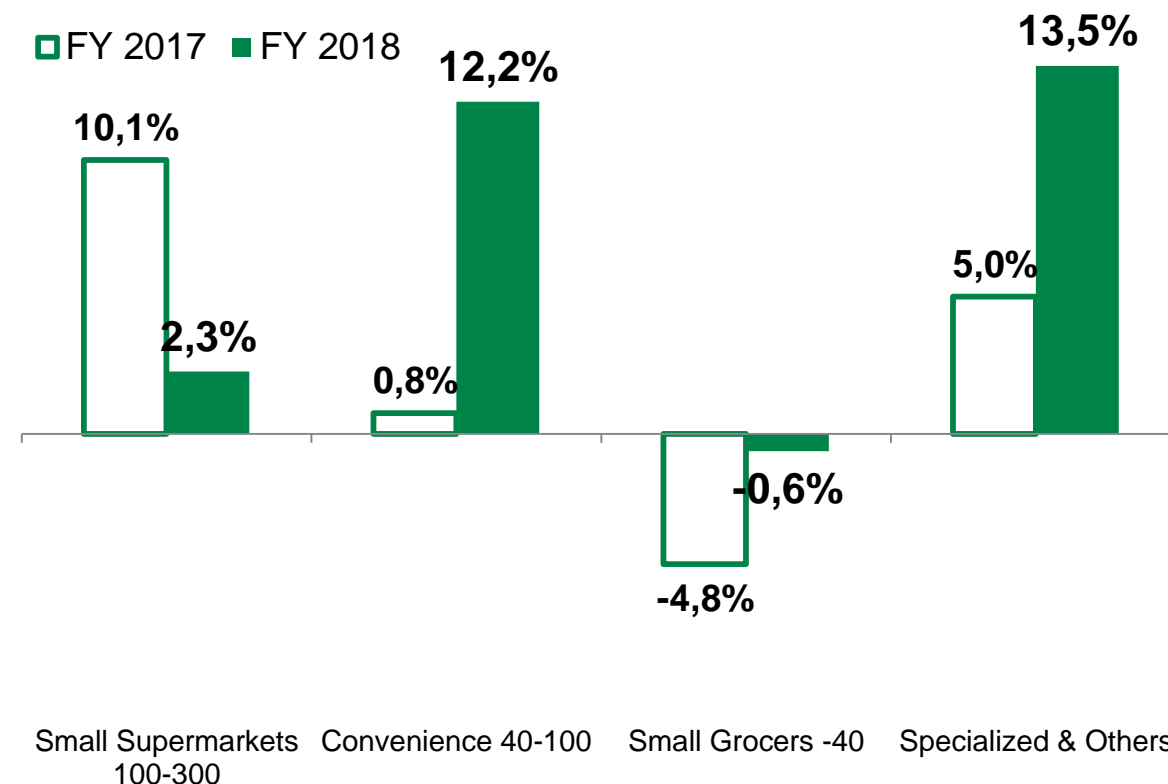
(FY 2018, YoY)



□ FY 2017 ■ FY 2018

Food market growth in small format channels

(FY 2018, YoY)



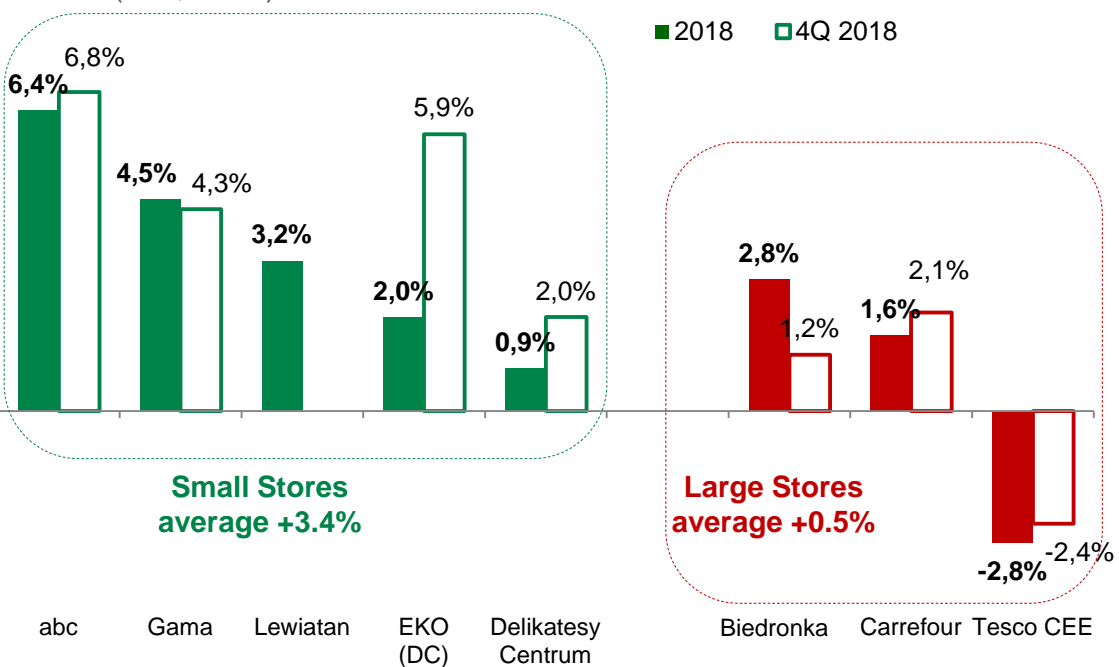
□ Total Poland Food sales increased by 5.4%, while in Small Format stores increase was of 6.5%

Like for Like vs. inflation

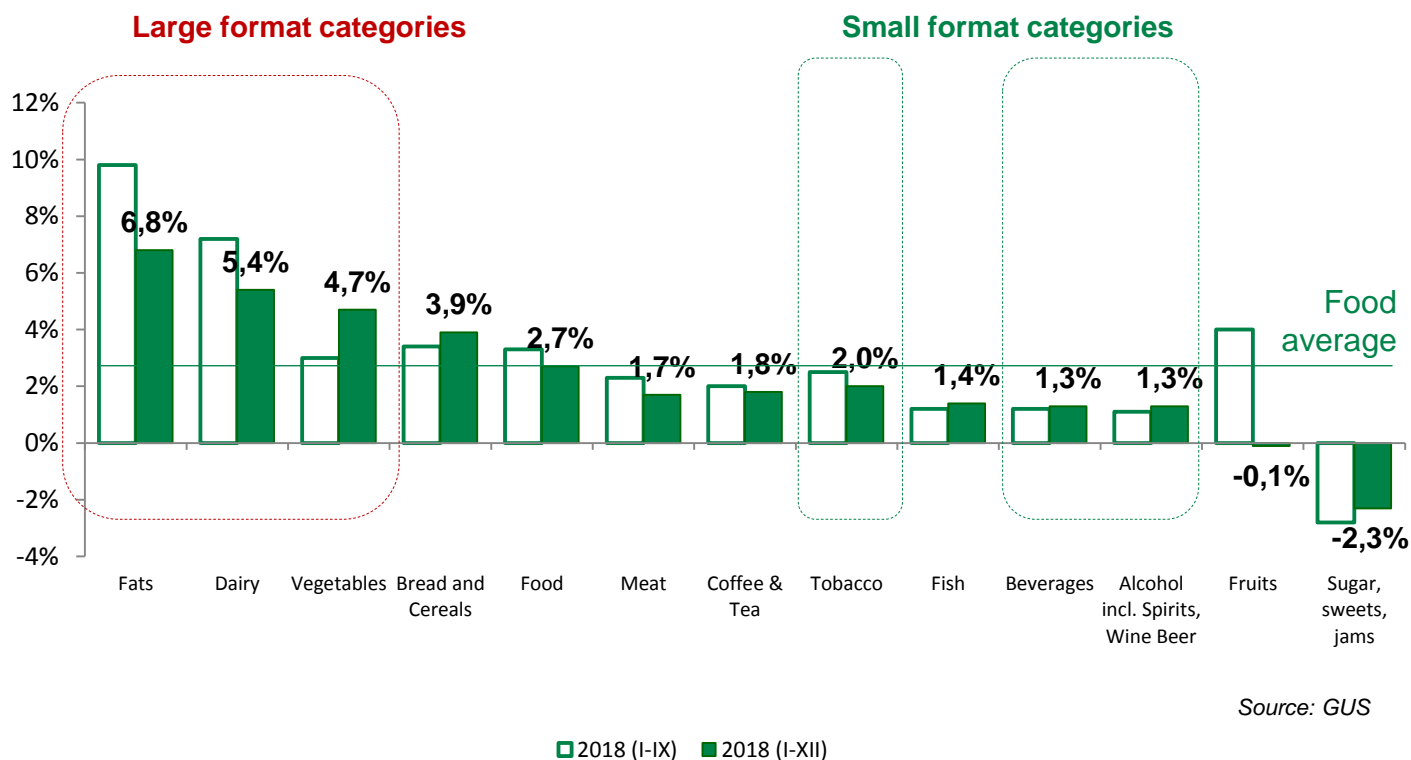
Small Format stores sales growth accelerated despite lower inflation than other segments

Like for Like sales dynamics by chain

(YoY, 2018)



Food inflation by product category



Source: Eurocash Group, Companies reports, wiadomościhandlowe.pl, abc – data for appx. 300 stores

Source: GUS

Delikatesy Centrum inflation: wholesale prices -1.2%, retail prices +0.4% in 2018 YoY

2018 Eurocash financial summary

Sales increase by 10%, reported EBITDA by 70% (PLN +172m), normalized EBITDA by 4% (PLN +13m)

PLN m	2017	2018	% of Sales 2017	% of Sales 2018	Y/Y Change
Net sales	20 713	22 833			10%
Gross profit	2 465	2 882	11,8%	12,6%	17%
EBITDA	246	419	1,2%	1,8%	70%
One offs:	-114	45			
Pay Up		75			
Restructuring provision		-27			
Mila M&A fees (2Q18)		-3			
EBITDA normalized	361	374	1,7%	1,6%	4%



SEGMENT	EBITDA (2018, PLN m)	CHANGE (YoY PLN, m)
Wholesale	+410	+63
Retail	+107	-46
Projects	-41	+11
Others	-57 (-102*)	+45 (-15*)

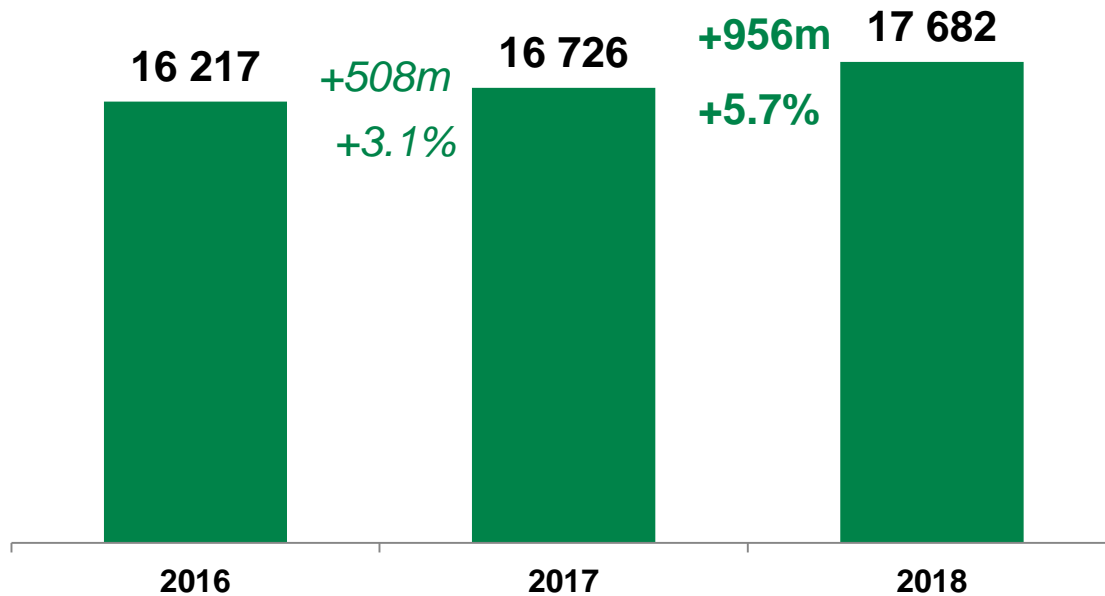
*normalized

- ❑ Gross profitability increased by 80bps driven by consolidation of Mila. Excluding Mila increase was of 22 bps
- ❑ Normalized EBITDA increased by 4% in 2018 driven mainly by wholesale and off-set by retail
- ❑ 2018 cost optimization program (PLN +72m in 2018) was off-set by remuneration increase

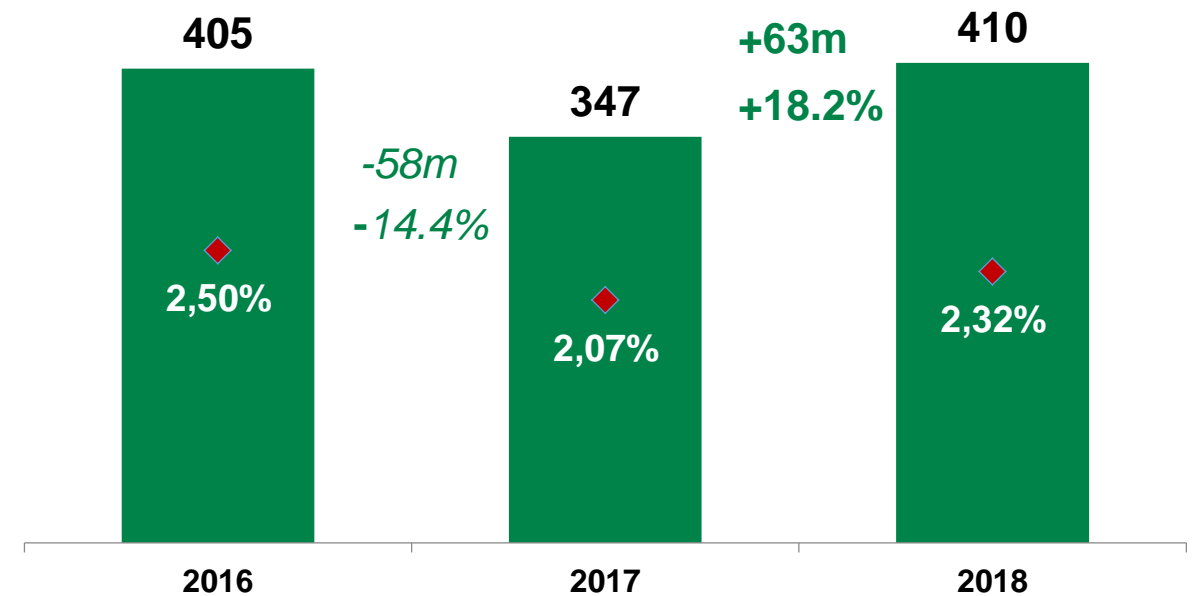
Wholesale Segment – strong growth in 2018

FY 2018: +956m sales and +63m EBITDA increase

FY 2018 Sales of goods evolution
(PLN m)



FY 2018 EBITDA evolution
(PLN m)

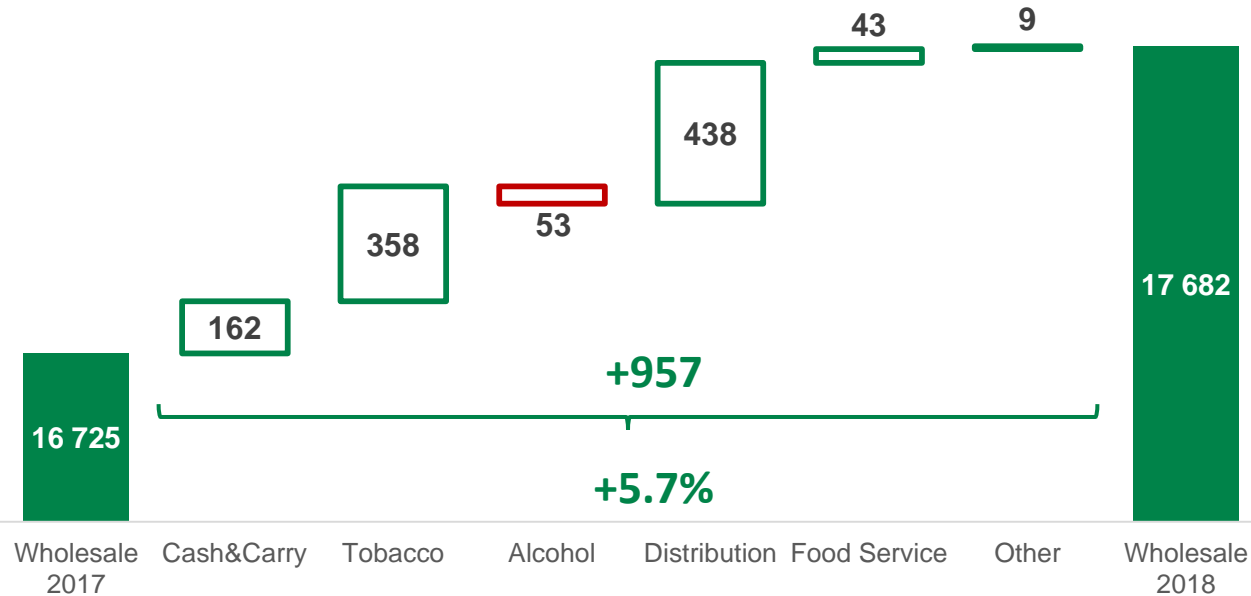


- ☐ Strong performance in FY 2018 with sales +5.7%, EBITDA +18.2% and EBIT +27.1% YoY.
- ☐ Cost pressure covered by improved efficiency.

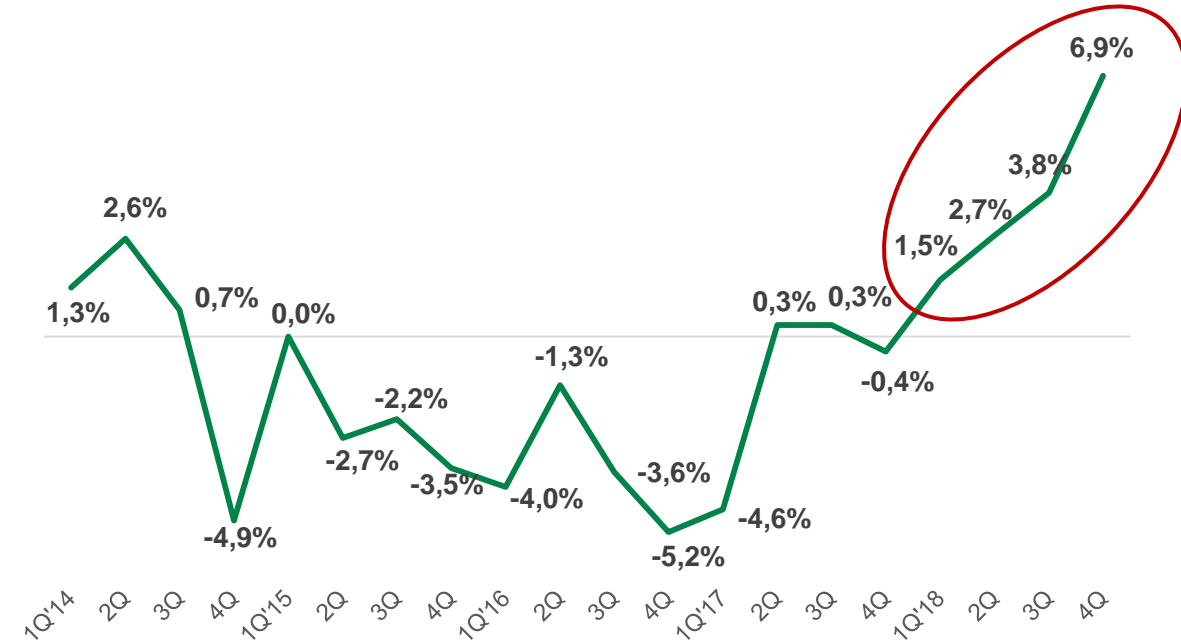
Wholesale sales dynamics

Wholesale segment supported by professionalization of small format stores

Wholesale sales evolution by format
(2018 YoY)



C&C LFL



- ❑ Wholesale sustained the growth, with 5.7% in FY 2018 and 5.4% in Q4 2018
- ❑ C&C LFL in FY 2018 showed best performance since 1Q 2013, with +4.1% and +6.9% in Q4 2018.
- ❑ ECD sales to franchisees (Lewiatan, PSD, Euro Sklep, Groszek) increased by 10.1% in 2018 YoY

Eurocash.pl - successfully developed in 2018

Tremendous change in everyday life of store owner

eurocash

TWOJE NOWE MOŻLIWOŚCI

Digital approach to increase store owners competitiveness

Wyszukaj w ofercie:

Wpisz nazwę produktu, producenta, EAN...



Wpisz miasto

Zapisz

- ☐ To customize offer to local consumers
- ☐ To flexibly compete with centrally managed retail chains
- ☐ To reduce store costs, making work much easier and more automated
- ☐ To fully integrate supply chain from Eurocash to Consumer



Zamawiaj produkty na eurocash.pl

- zwiększ efektywność Twojego sklepu
- dostosuj ofertę do kupujących w Twojej okolicy
- bądź o krok przed konkurencją

Zostań klientem

Jak działa eurocash.pl?

Zobacz film

Dla sklepu
szeroki asortyment z dostawą

Dla gastronomii
szeroki asortyment z dostawą

eurocash

TWOJE NOWE MOŻLIWOŚCI

EUROCASH
DYSTRYBUCJA

EUROCASH
SERWIS

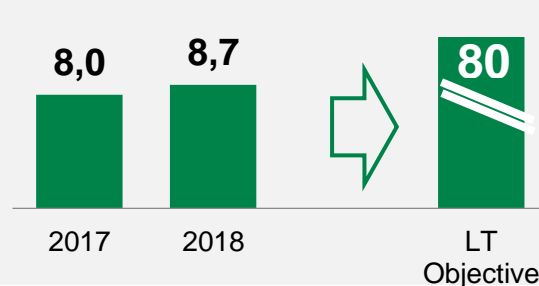
EUROCASH
ALKOHOLE

EUROCASH
GASTRONOMIA

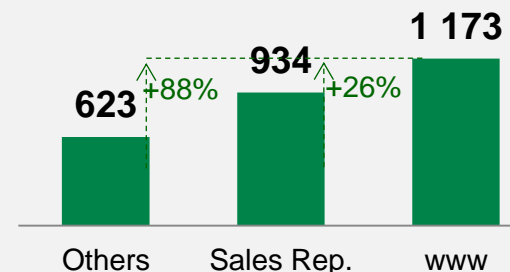
EUROCASH
CASH & CARRY

EUROCASH
GRUPA

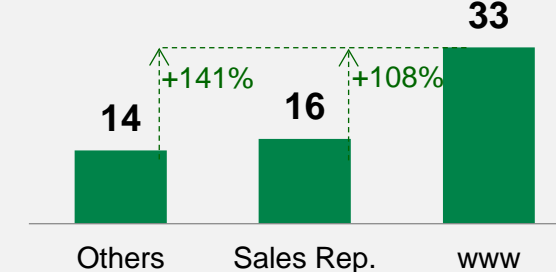
of Eurocash.pl users (thsd.)



2018 avg. order by type (pln)



2018 # of ordered SKU

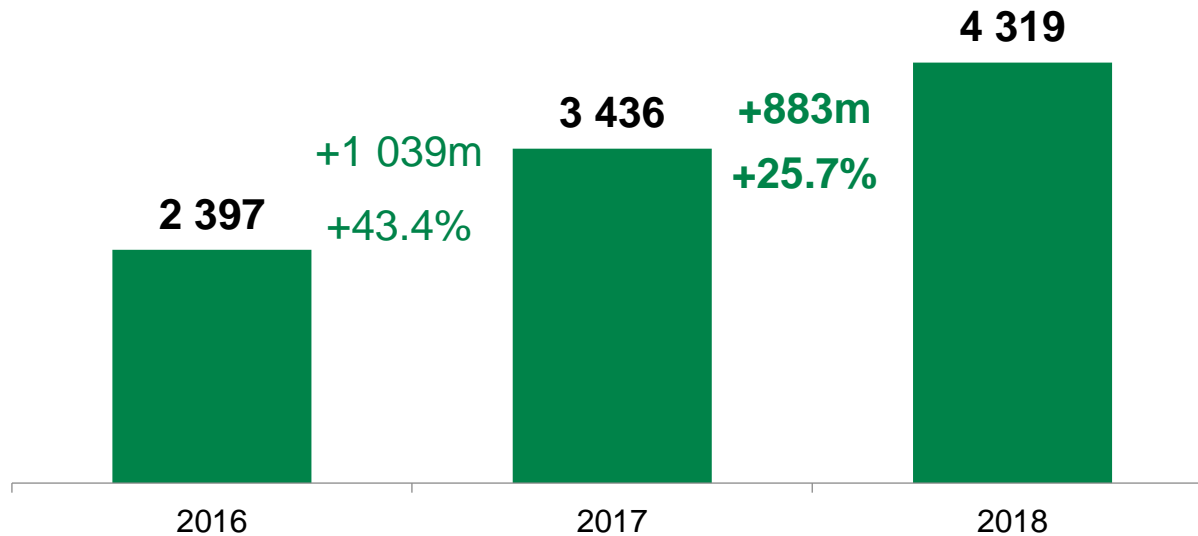


Retail – increased asset base

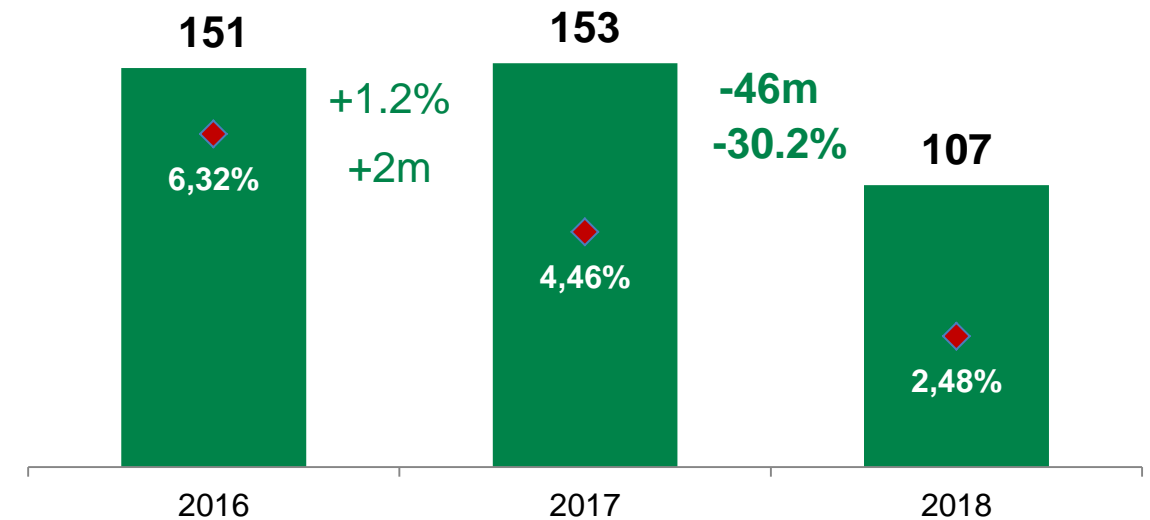
Ongoing integration affecting short-term retail results



FY 2018 Sales of goods evolution
(PLN m)



FY 2018 EBITDA evolution
(PLN m)



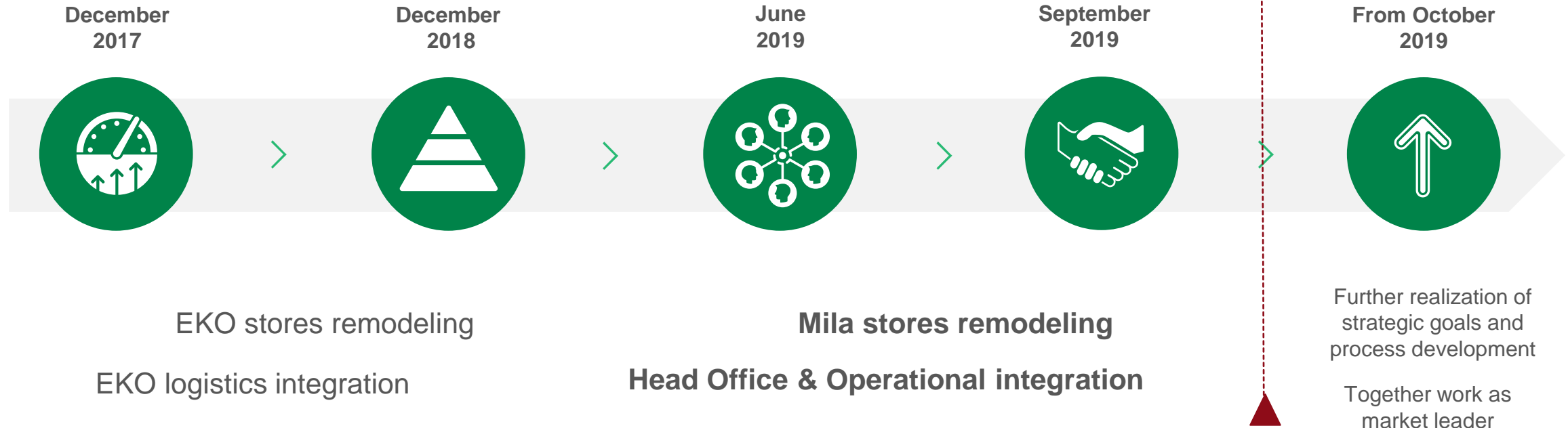
- ❑ Sales increase driven by M&A. Consolidated 2018 Mila sales 835 m PLN (369m in Q4 2018)
- ❑ Delikatesy Centrum LFL in 2018 +2.9% wholesale and +0.9% retail. In Q4 2018: +3.4% wholesale and +2.0% retail
- ❑ EBITDA impacted by ongoing integration of 3 separate businesses.

Retail – biggest supermarket chain in Poland

Merger of 3 businesses under professional process management



Key milestones for integration process



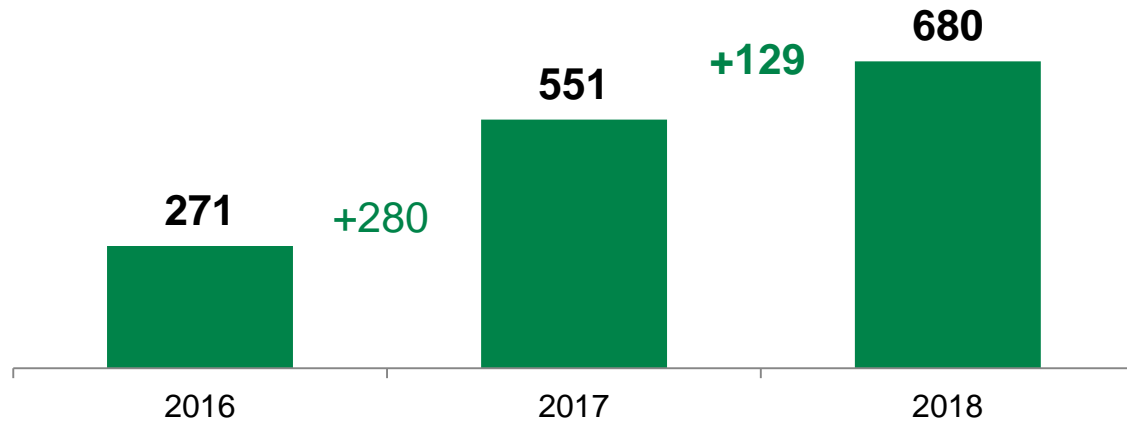
Finished integration project



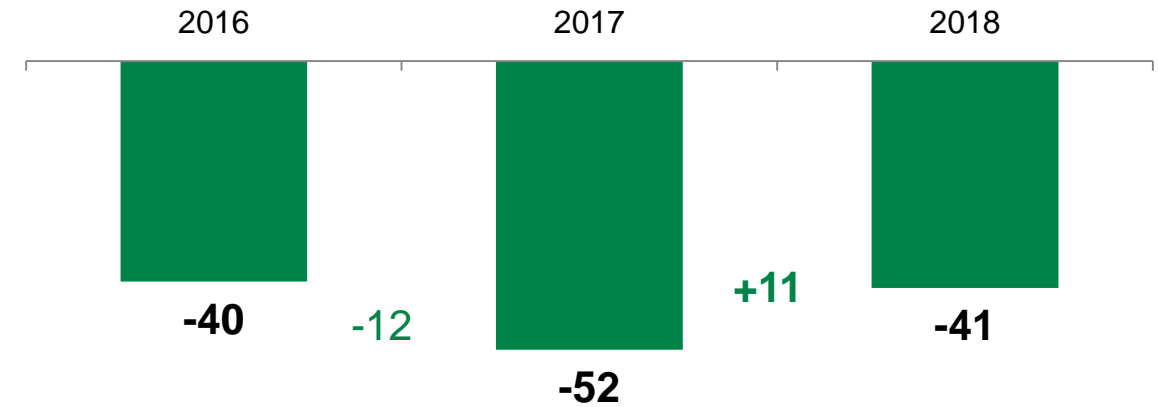
Projects – investments in the future growth

PLN 11m result improvement due to Fresh project break even point in 3Q 2018.

FY 2018 Sales of goods evolution
(PLN m)



FY 2018 EBITDA evolution
(PLN m)



Projects – R&D on behalf of independent retailers:

Faktoria Win PayUp Fresh Project

Successfully developed

1minute

Suspended

Duży Ben

Kontigo

Others

Under expansion and further development

2018 financial summary - profitability

Normalized net profit impacted by increase of depreciation and net financial costs due to increased leverage

PLN m (normalized)	2017	2018	% of Sales 2017	% of Sales 2018	Y/Y Change
EBITDA	360,7	373,6	1,7%	1,6%	4%
EBIT	177,4	169,6	0,9%	0,7%	-4%
Net Financial Costs	-42,7	-58,8	-0,2%	-0,3%	38%
Profit before tax	134,7	110,6	0,6%	0,5%	-18%
CIT	-49,9	-43,9			-12%
Net profit	84,8	66,9	0,4%	0,3%	-21%
Net profit reported	-29,6	111,7	-0,1%	0,5%	

- Depreciation increase by PLN 21m, driven by Retail segment (Mila+EKO: PLN 16m)
- Net Financial costs increase by PLN 16 m due to increased leverage and lower one-off financial revenues
- Reported Net Profit increase by PLN 141m

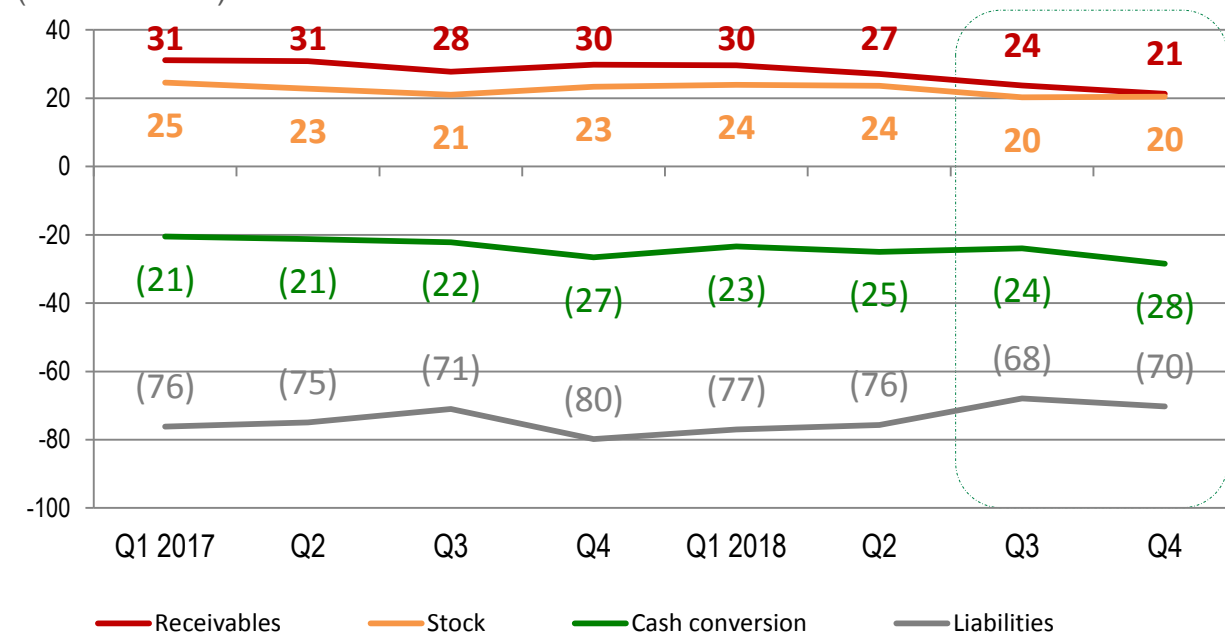
Cash Flow

LTM Operating CF at 133% EBITDA (normalized)

PLN m	2017	2018
Net operating cash flow	471	499
Net profit (loss) before tax	20	156
Depreciation	183	204
Change in working capital	247	175
Other	21	(37)
Net investment cash flow	(336)	(379)
Net financial cash flow	(95)	(126)
Total cash flow	41	(6)

Cash conversion cycle

(after IFRS 15)

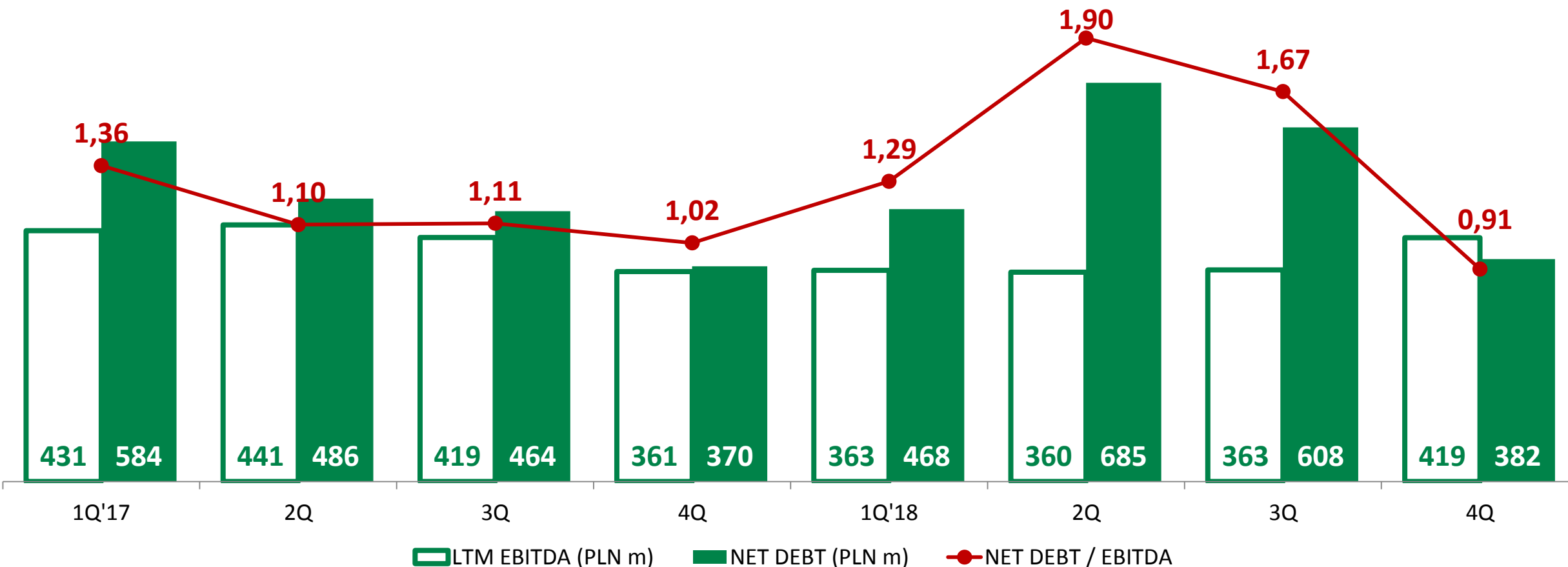


- ❑ Cash from NWC driven by receivables due to: Tobacco receivables decrease, non-recourse factoring and credit limits management
- ❑ Consolidation of Mila changing rotation of each WC component

Net debt vs. LTM EBITDA

Healthy and declining leverage thanks to strong cash generation

Net Debt vs. EBITDA in 2018



Q4 2018 Net Debt decreased by PLN 226m

IFRS 16

Net Debt vs. EBITDA in 2018 (PLN m)

	CURRENT	IFRS 16 IMPACT	AFTER IFRS 16
SALES	22 833		22 833
EBITDA	419	330 ⁽¹⁾	748 ⁽¹⁾
EBITDA margin	1,8%		3,3%
NET DEBT / IFRS16 INDEX	382 ⁽²⁾	1 802	2 184 ⁽³⁾
NET DEBT (IFRS16 INDEX) / EBITDA	0,9		2,9 ⁽³⁾

☐ CAPEX-light business model will drive IFSR16 Index / EBITDA ⁽¹⁾ to 2.9x, EBITDA ⁽¹⁾ to PLN 748m and EBITDA ⁽¹⁾ margin to 3,3%

⁽¹⁾ IFRS16 EBITDA – estimation for 2019 based on the assumption that the number of contracts will be constant and no change of their conditions is to occur. The estimated IFRS16 EBITDA shall not constitute any definitive forecasts and as such is not guaranteed by Eurocash to any extent .

⁽²⁾ NET DEBT - the sum of long and short term loans, borrowings and financial liabilities less cash and cash equivalents

⁽³⁾ IFRS16 INDEX – new measure of indebtedness including operating leasing. The estimation shall not constitute any definitive forecasts and as such is not guaranteed by Eurocash to any extent.

Key successful developments in 2018

Educational and social projects driving competitiveness of small stores in their neighborhoods



- ☐ **E-learning:** 12,4k students, 70 courses
- ☐ **Workshops:** 6k students, 70 towns
- ☐ **Conference:** 5k participants
- ☐ **Business Studies:** 72 students
- ☐ **Certification**



LOKALNI HEROSI

100 inicjatyw przedsiębiorców na 100-lecie niepodległości

- ☐ **400 initiatives from 250 towns**
submitted to the contest by store owners
- ☐ **100 grants** for initiatives to support local society
- ☐ **PLN 1.5 m** in total
- ☐ **Each grant:** PLN 10k, 50k and 100k

2018 Summary

	WHOLESALE	RETAIL	PROJECTS
SALES			
EBITDA		IN PROGRESS	IN PROGRESS
CASH FLOW			

Disclaimer

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