



H1 2018 Results Presentation

9 May 2018

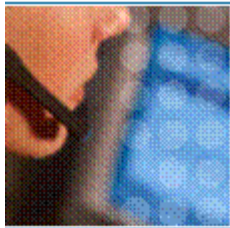


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- Economic Sales growing to €545.2m (+6.5%)
 - Revenues decreased by 1.3% to €4,466.5m with Pharma, Convenience and Transport partially offsetting lower e-transactions and tobacco volumes drop (-2.2% cigarettes + RYO).
 - Increasing Economic Sales in all activities in Iberia and Italy
 - Slightly positive impact from price/tax movements in H1 2018 vs. H1 2017
- Adjusted EBIT up by +14.1% to €114.1m, excluding H1 2017 non-recurring cost up by +6.8%
 - Stable Adjusted EBIT margin over Economic Sales if not considering that impact: 20.9%
- Profit from Operations increasing +25.2% to €80.0m
- Net Income declined to €71.1m (-7.1%)
 - Non-recurring financial income in Q1 2017 from the sale of an affiliate in Italy
- Economic Free Cash Flow:€291.6m
 - Calendar effect and price/tax movements translated into a higher negative working capital
- Dividend per share paid in the semester: €0.75 (+15.4% over dividend paid in H1 2017)

Adjusted EBIT growing 14.1% on a solid recurring activity performance over a low comparison base in H1 2017 from a one-off provision



Business Review

Iberia

- RSP increases in Q1, declining tobacco volumes
- Very positive track-record in convenience
- Strong performance of Transport
- Pharma growth continues
- Non-recurring costs in Q1 impacting reported figures last year
- Costs increasing below activity in reported and underlying terms

Revenues: €1,315.9m (+4.1%)

Ec. Sales: €276.8m (+5.7%)

Adj. EBIT: €56.5m (+20.8%)

France

- Excise tax increases' planning, approved and started: RSP increases
- Tobacco volumes down, not yet reflecting impact on sales to consumer
- Slight erosion on Other Businesses
- Costs reducing on a lower underlying activity

Revenues: €1,938.0m (-5.0%)

Ec. Sales: €125.6m (-7.6%)

Adj. EBIT: €26.0m (-15.4%)

Italy

- Tobacco volumes down, RSP increases in H1 2018 vs. stable in H1 2017
- Ec. Sales benefiting since last year from enlarged portfolio of services to manufacturers
- Double digit growth on convenience sales

Revenues: €1,236.9m (-0.1%)

Ec. Sales: €142.1m (+26.4%)

Adj. EBIT: €37.8m (+32.9%)

Corporate & Others

- Stable corporate costs
- No major changes of performance in Poland

Revenues: -€24.3m (-64.7%)

Ec. Sales: €0.8m (-55.3%)

Adj. EBIT: -€6.2m (-4.2%)

Tobacco and Related

- Lower reduction of tobacco volumes in Spain in Q2 than in Q1 leading H1 to:
 - Cigarettes: -2.6% vs. -2.0%; RYO: -1.5% vs. -2.8%
- RSP increase in Q1: +5 cents vs. +10 cents in H1 2017
- Portuguese business continues organic and non-organic growth
- Economic Sales of convenience products strongly up despite fall in Revenues, after the change in billing system from a client, not affecting Economic Sales

Revenues: €1,108.5m
(+2.7%)

Ec. Sales: €131.8m
(+3.1%)

Transport

- Healthy performance of the 3 lines of services
- Long-distance: benefitting from NGP's contract in Italy despite overall tobacco volumes fall
- Parcel and Courier: strong general consumption indicators adding to growth in urgent services from on-line sales

Revenues: €184.6m
(+8.0%)

Ec. Sales: €126.2m
(+5.6%)

Other Businesses

- Pharma activity showing the positive effect of the incorporation of new clients and seasonality in the vaccines calendar
- New value added services in distribution to hospitals and pharmacies
- Positive performance of Publications on a extremely competitive sector

Revenues: €71.1m
(+19.3%)

Ec. Sales: €41.4m
(+17.2%)

Adjusted EBIT

- Customary cost control and efficiency improvement measures
- Recurring costs (excluding €6.8m one-off provision last year) grew 5.8%, below recurring activity

Adj. EBIT: €56.5m
(+20.8%)

Tobacco and Related

- Tobacco volumes significantly dropping in H1:
 - Cigarettes: -5.2% vs. -3.0%; RYO: -9.6% vs. -1.3%
- Excise tax increases planned for 2018 completed (35 cents and 1 Euro in November and March) and almost completely transferred to RSP. Uneven RSP increases in tobacco in Q2 2017 not compensating for new excise taxes and increase in tobaccoists' commission.
- Negative impact on inventories' valuation in both periods, greater in H1 2018
- Raise on Sales of convenience and tobacco related products partially offsetting a significant drop in e-transactions (telephony top-ups & cash cards)
- Improvement of Economic Sales margin over Revenues in electronic transactions, unitary fee increase from tobacco volume drop and value added services mitigated the reduction in Economic Sales

Revenues: €1,853.6m
(-4.9%)

Ec. Sales: €105.0m
(-8,3%)

Other Businesses

- Stable consumption environment translating into a growing competition in the sector
- Economic Sales rate of decline moderating Revenues drop, as a result of slightly better margins

Revenues: €88.0m
(-4.7%)

Ec. Sales: €23.5m
(-2.0%)

Adjusted EBIT

- Total operating costs down 5.3% very much in line with underlying activity
- Restructuring costs well below preceding year, wait-and-see strategy with respect to volumes evolution

Adj. EBIT: €26.0m
(-15.4%)

**Tobacco and
Related**

- Small drop in cigarette volumes over a sharp reduction in H1 2017:
 - Cigarettes: -1.0% vs. -7.8% ; RYO: +16.0% vs. +10.9%
- RSP increase (+10 or +20 cents) but not significant excise tax update vs. a higher tax impact last year
- Positive net effect on inventories' valuation in H1 2018 vs. negative in H1 2017
- Economic Sales from value added services to manufacturers mainly benefitting from last year's expansion of NGP's factory contract
- Growth close to 20% in Economic Sales of Convenience products

Revenues: €1,236.9m
(-0.1%)**Ec. Sales: €142.1m**
(+26.4%)**Adjusted EBIT**

- Total operating costs growing slightly above recurring activity due to growing relative weight of logistic operations linked to the NGP's factory contract
- Efficiency maintained, masked by the margin mix

Adj. EBIT: €37.8m
(+32.9%)



Financial Review

(€m)	H1 2018	H1 2017	Δ%
Revenues	4,466.5	4,527.0	(1.3)%
Eco. Sales	545.2	511.9	+6.5%
(-) Distribution Costs	(357.5)	(338.5)	(5.6)%
(-) Sales and Marketing Expenses	(34.1)	(33.2)	(2.6)%
(-) G&A and Research Expenses	(39.6)	(40.2)	+1.5%
Total Costs	(431.2)	(411.9)	(4.7)%
Adjusted EBIT	114.1	100.0	+14.1%
Margin %	20.9%	19.5%	+140 b.p.
(-) Restructuring Costs	(1.7)	(5.2)	+66.4%
(-) Amort. of Assets Logista France	(26.2)	(26.1)	(0.3)%
(-) Net Loss on Disposal and Impairments	0.0	0.0	n.r.
(-) Share of Results of Companies and Others	0.8	0.8	+5,1%.
Profit from Operations	87.0	69.5	+25.2%

- Revenues: Growth in Pharma, Transport and Convenience mitigating drop in tobacco volumes, only partially offset by RSP increases in all geographies
- Economic Sales: All activities growing in Spain and Italy, more than offsetting reductions in France
- Not very significant impact on inventories' valuation in H1 in either period although positive in H1 2018 vs. slightly negative in H1 2017
- Total costs: Adjusting non-recurring costs in Iberia (€6.8million) in Q1 2017 up +6.4%, almost in line with reported and recurring activity
- Recurring Adjusted EBIT: +6.8% implies a stable 20.9% margin over Ec. Sales
- Restructuring costs down, no relevant measures yet in France
- Positive performance of Books distribution

(€m)	H1 2018	H1 2017	Δ%
Profit from Operations	87.0	69.5	+25.2%
(+) Financial Income	6.1	24.0	(74.4)%
(-) Financial Expenses	(0.8)	(0.7)	(15.3)%
Profit before taxes	92.3	92.8	(0,5)%
(-) Corporate Income Tax	(21.2)	(16.2)	(30.8)%
<i>Effective Income Tax Rate</i>	<i>23.0%</i>	<i>17.5%</i>	<i>(550) b.p.</i>
(+/-) Other Income / (Expenses)	0.0	(0.0)	n.r.
(-) Minority Interest	0.0	0.1	(49.3)%
Net Income	71.1	76.6	(7.1)%

- Much lower reported Financial Result:
 - Positive impact from sale of Italian affiliate in Q1 2017
 - Same interest rate over slightly higher average cash position
- Corporate Income Tax :
 - Continues benefiting from some deductions applied in Spain in the last two years
 - Previous year's capital gain in Italy taxable at a very low rate
- Net income up by 21% excluding capital gain in H1 2017

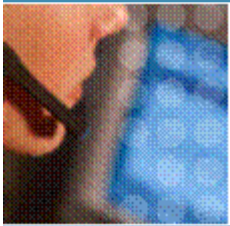
(€m)	H1 2018	H1 2017	Δ%
Maintenance	3.1	3.0	3.3%
Infrastructure	6.9	5.5	25.5%
IT investments (technology)	6.3	5.3	18.9%
Total investments	16.3	13.8	17.9%

- Increase in infrastructure due to the adaptation of processes to the track & trace coming regulation
- Increase in IT linked to the growth of retailers connected to Logista through their TPoS
- Logista keeps a substantial part of its investments in technology and innovation in order to support the development of new value added services

(MM€)	H1 2018	H1 2017	Change
EBITDA	132.5	117.1	+15.4
Working Capital Variations and Other	192.0	(117.7)	+309.7
Corporate Income Tax Paid	(21.9)	(45.4)	+23.5
Financial Income and Expenses Flows	5.3	27.6	(22.3)
Cash Flow From Operating Activities	307.9	(18.4)	+326.5
Capex	(16.4)	(19.8)	3.4
Economic Free Cash Flow	291.6	(38.2)	+329.8
% over EBITDA	220%	(33)%	

- Seasonality of the business turned around by calendar effect and RSP/tax movements in France
- Lower corporate income tax paid and better results more than offsetting drop in financial results
- Investments: normalised level in the absence of non-recurring divestment (funds from the sale of the stake in an affiliate in Italy last year)
- During Q2 2018, final dividends for FY 2017 were paid: €99m

- Recurring performance slightly outperforming mid-term growth target despite drop in distributed volumes
- Strong Net Profit growth excluding last year's positive impact from sale of affiliate in Italy
- Corporate income tax rate still benefiting from double taxation deduction in Spain
- Attractive Dividend retribution through 2 dividend payments per year (interim in August and final in March of the following year)



Outlook

- Current trading environment confirms management's expectations: around double-digit Adjusted EBIT growth rate in FY2018
 - Underlying activity is expected to continue performing slightly positively
 - Non-recurring effects, not managed by Logista, will benefit from a negative comparison base, very unlikely to be repeated and uncertain in magnitude
- Higher restructuring costs, depending on activity evolution in France
 - If, as requested by the Government, sharp RSP increases are implemented by tobacco manufacturers, tobacco volumes will probably plunge
- Lower Financial Results as no extraordinary impacts expected
- Corporate Income Tax will increase compared to FY2017 in the absence of one-off effects (only benefitting from double-taxation deduction in Spain, but much lower than in previous years)

After 2 years recording double-digit growth, Net Profit in FY2018 will stabilize at a high base, similar to FY2017



Appendix

	Million units			% change	
	1 Oct. 2017 - 31 Mar. 2018	1 Oct. 2016 - 31 Mar. 2017	1 Oct. 2015 - 31 Mar. 2016	1 Oct. 2017 - 31 Mar. 2018	1 Oct. 2016 - 31 Mar. 2017
TOTAL					
Cigarettes	74,348	76,171	79,963	(2.4)%	(4.7)%
RYO/MYO	9,951	10,067	9,997	(1.1)%	0.7%
Cigars	1,911	1,874	1,869	2.0%	0.3%
SPAIN					
Cigarettes	20,471	21,009	21,449	(2.6)%	(2.0)%
RYO/MYO	2,952	2,996	3,081	(1.5)%	(2.8)%
Cigars	925	956	1,001	(3.3)%	(4.5)%
PORTUGAL					
Cigarettes	1,073	892	839	20.3%	6.3%
RYO/MYO	50	55	71	(9.6)%	(22.3)%
Cigars					
FRANCE					
Cigarettes	20,476	21,605	22,265	(5.2)%	(3.0)%
RYO/MYO	4,194	4,638	4,701	(9.6)%	(1.3)%
Cigars	589	603	639	(2.3)%	(5.6)%
ITALY					
Cigarettes	32,328	32,665	35,410	(1.0)%	(7.8)%
RYO/MYO	2,756	2,377	2,144	16.0%	10.9%
Cigars	397	315	229	26.1%	37.8%

(€m)	H1 2018	H1 2017	Δ%
Iberia	1,315.9	1,264.4	+4.1%
Tobacco and Related	1,108.5	1,079.3	+2.7%
Transport	184.6	170.9	+8.0%
Other Businesses	71.1	59.6	+19.3%
Adjustments	(48.3)	(45.5)	(6.3)%
France	1,938.0	2,039.4	(5.0)%
Tobacco and Related	1,853.6	1,950.2	(4.9)%
Other Businesses	88.0	92.3	(4.7)%
Adjustments	(3.6)	(3.1)	(18.6)%
Italy	1,236.9	1,238.0	(0.1)%
Tobacco and Related	1,236.9	1,238.0	(0.1)%
Corporate & Others	(24.3)	(14.8)	(64.7)%
Total Revenues	4,466.5	4,527.0	(1.3)%

(€m)	H1 2018	H1 2017	Δ%
Iberia	276.8	261.8	+5.7%
Tobacco and Related	131.8	127.7	+3.1%
Transport	126.2	119.5	+5.6%
Other Businesses	41.4	35.4	+17.2%
Adjustments	(22.6)	(20.8)	(8.5)%
France	125.6	135.9	(7.6)%
Tobacco and Related	105.0	114.5	(8.3)%
Other Businesses	23.5	24.0	(2.0)%
Adjustments	(2.9)	(2.6)	(12.0)%
Italy	142.1	112.5	+26.4%
Tobacco and Related	142.1	112.5	+26.4%
Corporate & Others	0.8	1.7	(55.3)%
Total Economic Sales	545.2	511.9	+6.5%

(€m)	H1 2018	H1 2017	Δ%
Iberia	56.5	46.8	+20.8%
France	26.0	30.8	(15.4)%
Italy	37.8	28.5	+32.9%
Corporate & Others	(6.2)	(6.0)	(4.2)%
Total Adjusted EBIT	114.1	100.0	14.1%

(€m)	31 March 2018	30 September 2017
PP&E and other Fixed Assets	205.8	206.0
Net Long Term Financial Assets	6.8	6.1
Net Goodwill	920.8	925.7
Other Intangible Assets	528.2	547.8
Deferred Tax Assets	19.0	19.9
Net Inventory	1,121.5	1,122.6
Net Receivables and Others	1,908.0	1,791.0
Cash & Cash Equivalents	2,215.2	1,923.6
Total Assets	6,925.3	6,542.7
Group Equity	469.2	500.6
Minority Interests	1.8	1.9
Non Current Liabilities	39.3	41.6
Deferred Tax Liabilities	285.6	299.0
Short Term Financial Debt	34.5	34.4
Short Term Provisions	12.2	13.7
Trade and Other Payables	6,082.7	5,651.5
Total Liabilities	6,925.3	6,542.7



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