



EROSKI

2023 Q3 Results Presentation

11th January 2024

Summary of Key KPIs

9.5%

Net Sales LFL growth Q3 YTD⁽¹⁾

8.7%

Net Sales LFL growth Q3⁽¹⁾

1,332 M€

Net sales Q3

137 M€ / 328 M€

Adj. EBITDA Q3 / LTM

3,858 M€

Total Net Sales Q3 YTD

404 M€

Total Adj. EBITDA Post-IFRS 16 Q3 YTD

10.5% / 6.6%

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

72%

Sales to loyalty club members

35%

Private label sales of total food sales

2.6x

Net Leverage Pre-IFRS 16

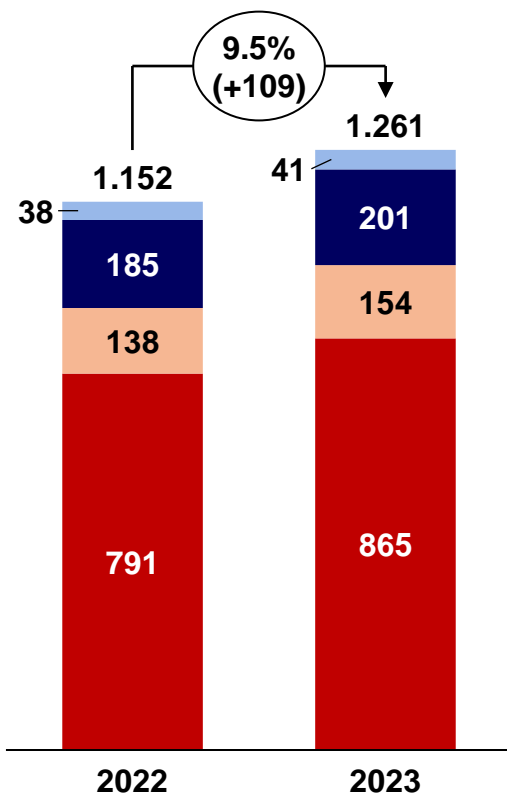
Key Highlights

- Strong growth in sales, both in total and like-for-like terms
- Continued success of our private label, which represents c.35% of our total food sales and allows us to offer a wider range of products with the most competitive prices to our clients
- Loyalty club members continue driving the majority of our sales (72%)
- YTD EBITDA Post-IFRS 16 increased +28%, reaching 404M€ (10.5% margin)
- Total net leverage pre-IFRS 16 of 2.6x at Q3. The proforma figure after the refinancing closing reached 2.1x (Senior Secured leverage of 1.1x)

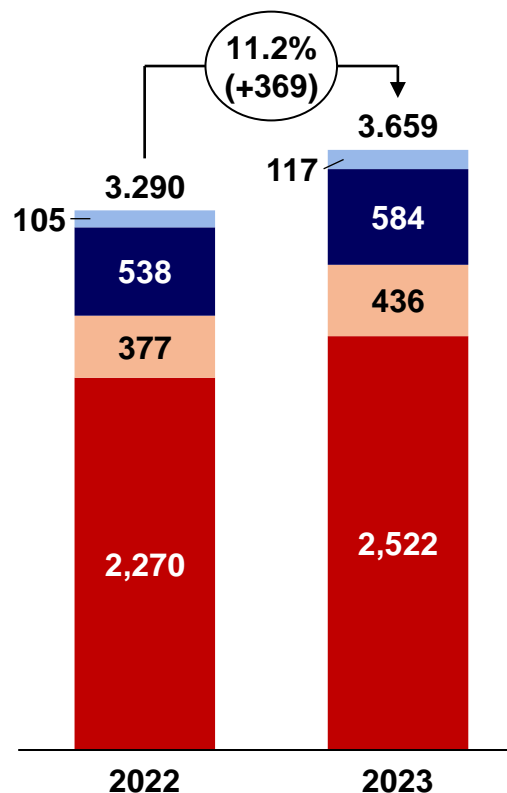
Sources: Company information; (1) excludes "Diversification" business unit

Evolution of Food Revenue (M€)

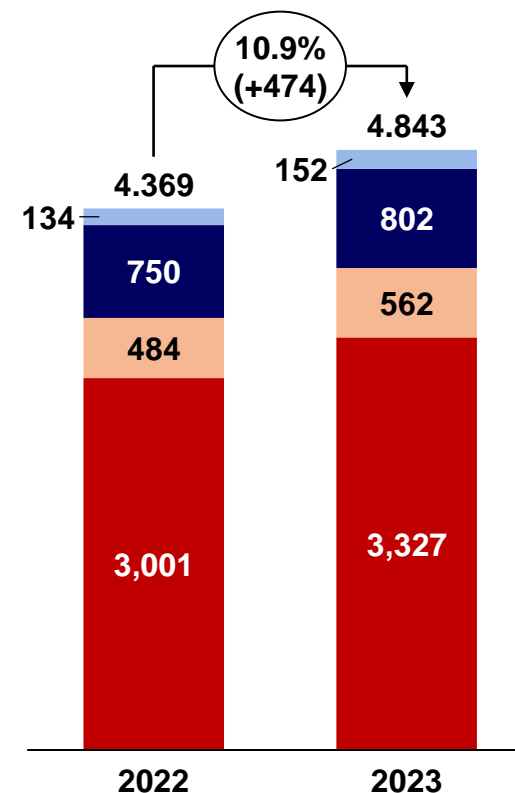
Q3



YTD



LTM

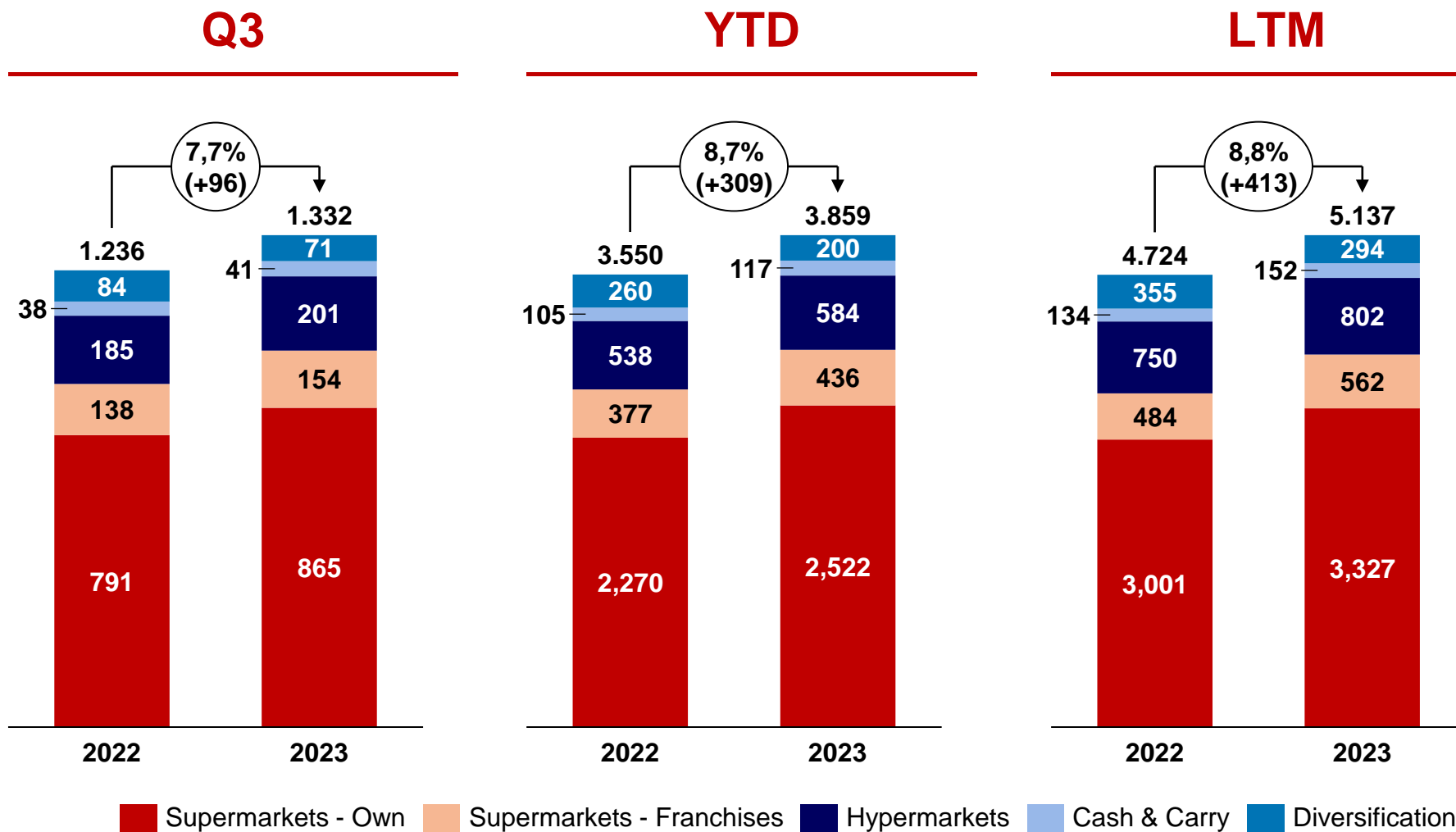


■ Supermarkets - Own
 ■ Supermarkets - Franchises
 ■ Hypermarkets
 ■ Cash & Carry

Good commercial momentum in Q3 and into Q4

Sources: Company information

Evolution of Total Revenue (M€)

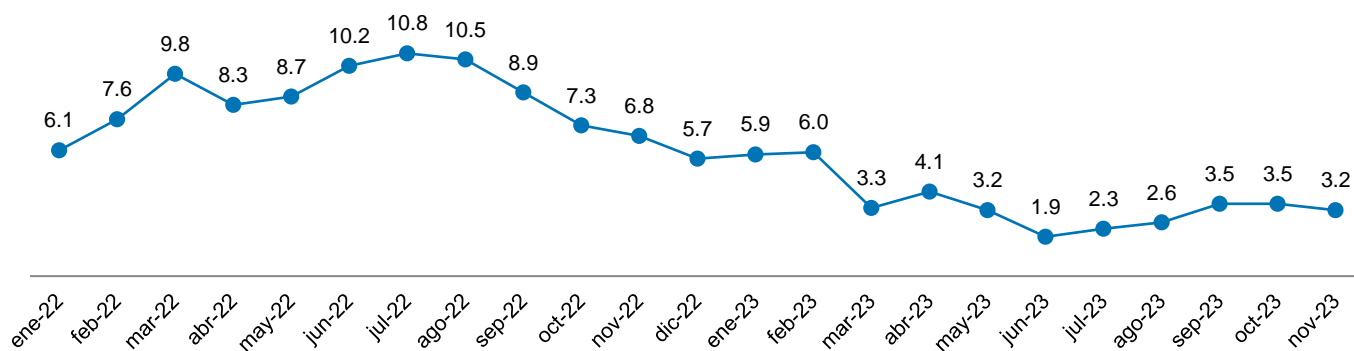


Good commercial momentum in Q3 and into Q4

Sources: Company information

Spain CPI Evolution

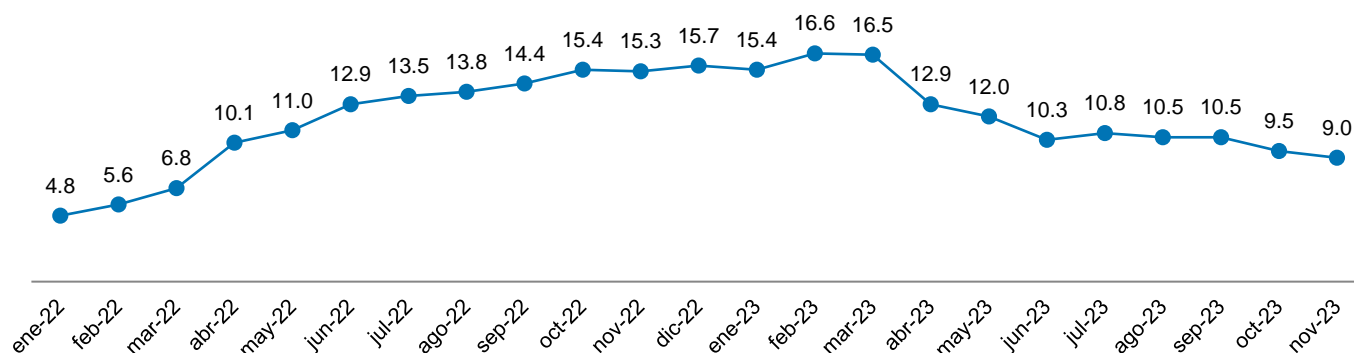
Spain CPI evolution (%) – General index



Key Highlights

- General index expected to continue flattening during 2024
- Inflation expected to return to a downward path after two months of stagnation in September and October 2023
- Gradual evolution of general CPI expected to reach BCE's target of 2.0%

Spain CPI evolution (%) – Food and nonalcoholic beverages



Key Highlights

- Food inflation expected to remain above general index
- Expected to continue downward trend to more stable levels during the course of 2024

Flattening CPI general index, but food inflation remains high
 Fuels and energy are the components that have been steadily declining in recent months

Sources: INE (Spanish National Institute of Statistics).

Leverage Overview

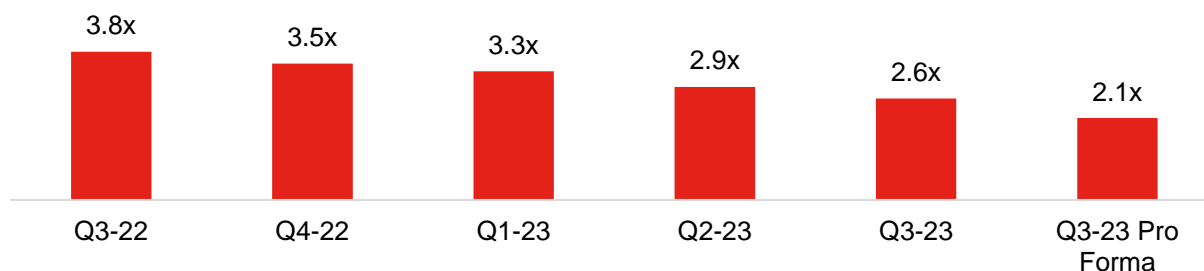
Capitalisation Table

	As of Oct-23A		Adj.	Pro Forma transaction	
	M€	x LTM EBITDA		M€	x LTM EBITDA
Cash & Cash equivalents	(270)		76	(194)	
Short-Term Financial Assets	(45)		-	(45)	
Syndicated Loan	855		(855)	-	
New Senior Secured Notes	-		500	500	
New Term Loan A	-		113	113	
Total Senior Secured Net Debt	540	1.6x	(166)	374	1.1x
Local facilities	103		-	103	
Obligaciones Subordinadas Eroski ("OSEs")	209		-	209	
Total Net Debt	852	2.6x	(166)	686	2.1x
LTM Oct-23A EBITDA (pre-IFRS 16)		328			328

Key Highlights

- Refinancing transaction closed on November 30th 2023
- We continue reducing our net leverage - after the refinancing transaction we have reached a 2.1x Net Leverage ratio. 1.1x referring to Senior Secured Debt
- The table opposite does not include the bridge loan. On December 1st 2023 we have disposed €22.5M of real state non-core assets
- The Group has signed in 4Q23 a new TLA of 50M€ that will rank pari passu with the rest of the senior debt. The funds will remain on balance sheet to support corporate liquidity

Leverage Evolution



Source: Company information



Detailed Metrics and Financial Statements

Summary Profit & Loss

M€	Q3'22 YTD	Q3'23 YTD	% growth
Supermarkets	2,647	2,958	
<i>o.w. Owned</i>	2,270	2,522	
<i>o.w. Franchises</i>	377	436	
Hypermarkets	538	584	
Cash & Carry	105	117	
Total Revenue (excluding Diversification)	3,290	3,659	+11.2%
Diversification	260	200	
Total Revenue	3,550	3,859	+8.7%
COGS	(2,607)	(2,842)	
Gross margin	943	1,017	+7.9%
<i>% revenue</i>	26.6%	26.4%	
Personnel Expenses	(498)	(523)	
Operating Lease	(51)	(26)	
Other operating expenses & Adjustments	(78)	(65)	
Adjusted EBITDA	316	404	+27.6%
<i>% revenue</i>	8.9%	10.5%	
Lease Expenses	(115)	(149)	
Adjusted EBITDA Pre-IFRS 16	202	255	+26.3%
<i>% revenue</i>	5.7%	6.6%	

<i>Total surface (k sq. m)</i>	1,174	1,167
<i>Number of stores (Total)</i>	1,618	1,509
<i>o.w. Owned</i>	1,017	885
<i>o.w. Franchised</i>	601	624

<i>Revenue / Surface (M€)</i>	3.02	3.31
<i>Adjusted EBITDA Pre-IFRS 16 / Store (M€)</i>	0.12	0.17

Key Highlights

- **Strong revenue growth across all store formats**
- Core business revenue excluding diversification has increased +11.2% vs 2022 Q3
- Diversification revenues drop mainly due to gas stations' activity
- We continue to invest in our gross margin (in % terms), increasing our commercial proposal to customers and presence in the market, showcased by the significant increase in absolute gross margin in M€
- The increase in leases (including operating and IFRS16 leases) is limited to 5.9%
- Successful cost-cutting and control programmes allow us to continue improving our EBITDA⁽¹⁾ margin
- **EBITDA⁽¹⁾ increases over 26% vs the previous FY**
- Solid commercial performance showcased in EBITDA⁽¹⁾ per store growth of 35%

Source: Company information; (1) Pre-IFRS 16

Summary Cash Flow

M€	Q3 '22			Q3 '23		
	Q3 '22	Q3 '23	% Growth	Q3 '22 Ytd	Q3 '23 Ytd	% Growth
EBITDA pre-IFRS 16	69	88	28%	202	255	26%
Maintenance Capex	(10)	(11)	13%	(23)	(28)	24%
EBITDA less Maintenance Capex	59	77	31%	179	226	27%
Change in Adjusted Working Capital	(28)	(29)	4%	(5)	17	(440%)
Expansion Capex	(16)	(15)	10%	(43)	(34)	(20%)
Adjusted Operating Cash Flow	15	33	128%	131	209	60%
Cash Flow attributable to Supratuc and Vegalsa partners	(10)	(9)	10%	(10)	(21)	110%
Adjusted Cash Flow	5	24	431%	121	188	56%

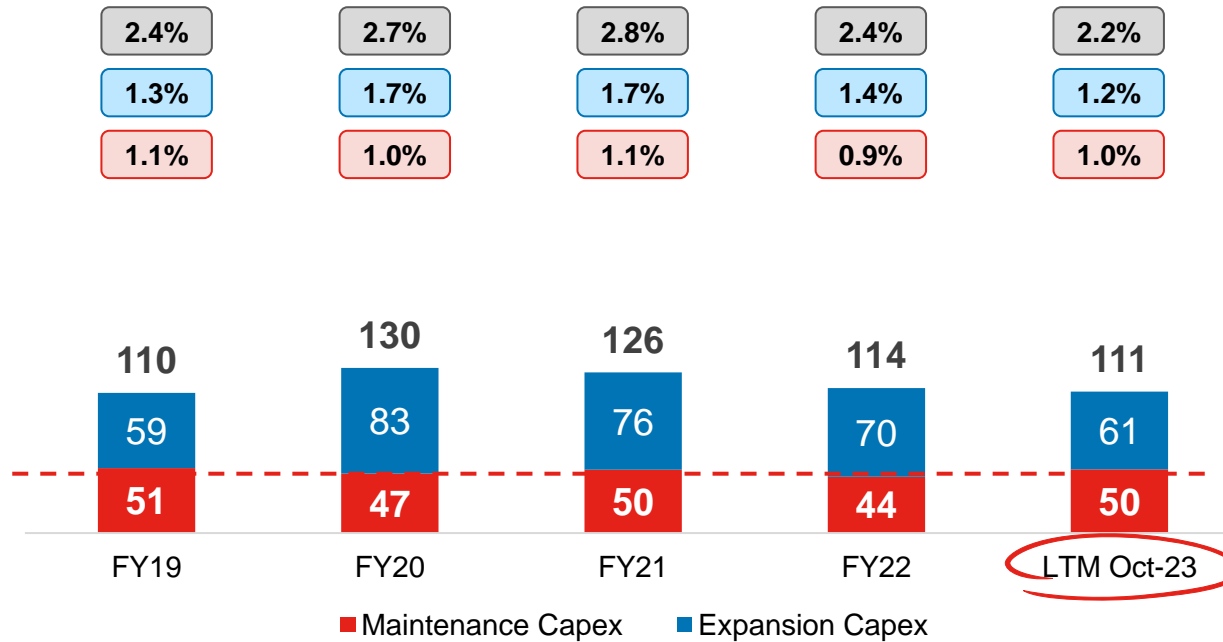
Key Highlights

- The KPI *EBITDA less Maintenance Capex* is a significant focus for Eroski:
 - Stable over the historic period
 - Q3 YTD resulted in +27% growth driven by EBITDA enhancement and capex reduction. Q3 YTD growth is slightly above EBITDA growth
- Working Capital is structurally negative, and net variation is relatively stable across periods
- Expansion capex has been reduced vs previous year (-10%). Capex remains stable and controlled, and it is discretionary in nature, with the ability to be reduced if needed
- During this period, Vegalsa has distributed dividends to Eroski and partners

Source: Company information
The table above excludes credit card charges, discretionary payments to co-op members and, related to Fixed Assets Suppliers

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
- Expected to remain at the same levels by end of year

Source: Company information.

Stores Openings & Closings

Stores Footprint				Stores Footprint			
FOOD	Owned	Franchised	Total	FOOD + DIVER.	Owned	Franchised	Total
Stores Q3'22	794	601	1,395	Stores Q3'22	1,017	601	1,618
Openings	9	62	71	Openings	12	62	74
Net Transfers	(1)	(3)	(4)	Net Transfers	(1)	(3)	(4)
Closings	(24)	(36)	(60)	Closings - Travel excl	(25)	(36)	(61)
				Transfer - Travel Bs.	(118)	-	(118)
Stores Q3'23	778	624	1,402	Stores Q3'23	885	624	1,509
Refurbishments Q3'22	41	-	41	Refurbishments Q3'22	41	-	41
Refurbishments Q3'23	35	-	35	Refurbishments Q3'23	35	-	35

Key Highlights

- The majority of openings of own new stores have been in the Supermarkets segment
- Total stores remains stable, with only slight growth of 7 food stores in this period
- We continue to maintain our investment in the refurbishment of our stores

Source: Company information.

Stores Squares Meters

Square meter				Square meter			
FOOD	Owned	Franchised	Total	FOOD + DIVER.	Owned	Franchised	Total
Surface Q3'22	889,302	159,137	1,048,440	Surface Q3'22	1,015,077	159,137	1,174,214
Openings	13,412	14,949	28,362	Openings	14,614	14,949	29,564
Net Transfers	(176)	315	140	Net Transfers	(756)	316	(441)
Closings	(17,160)	(10,240)	(27,400)	Closings - Travel excl.	(18,317)	(10,240)	(28,557)
				Transfer- Travel Bs.	(7,571)	-	(7,571)
Surface Q3'23	885,379	164,162	1,049,541	Surface Q3'23	1,003,047	164,162	1,167,209

Commentary

- Growth in commercial space continues
- Eroski maintains its leading position in the Spanish food retail sector in terms of surface area:
 - 1st operator in its reference market
 - 4th operator at national level

Source: Company information.

Summary Balance Sheet

ASSETS

K€	31.10.2023	31.01.2023
Property, plant and equipment	718,922	741,870
Investment property	31,257	31,349
Rights of use	840,130	1,050,438
Goodwill and other intangible assets	846,529	846,086
Equity-accounted investees	7,962	6,398
Trade and other receivables	4,719	6,733
Financial assets	157,446	176,109
Deferred tax assets	245,356	275,482
Uncalled members' contributions	504	600
TOTAL NON CURRENT ASSETS	2,852,825	3,135,065

Inventories	479,846	400,556
Financial assets	45,294	10,864
Trade and other receivables	157,239	146,713
Current income tax assets	18,468	4,343
Unpaid calls on members' contributions	3,208	2,253
Cash and cash equivalents	270,323	216,033
Non-current assets held for sale	3,385	21,738
TOTAL CURRENT ASSETS	977,763	802,500

TOTAL ASSETS	3,830,588	3,937,565
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EQUITY & LIABILITIES

K€	31.10.2023	31.01.2023
Capital	324,414	332,939
Share premium	3,808	3,808
Capitalised funds	95,525	95,525
Other comprehensive income	27,908	26,238
Retained earnings	(240,370)	(309,871)
Interim dividend	(4,731)	(2,206)
Equity attributable to equity holders of the Parent	206,554	146,433
Non-controlling interests	348,434	213,025

TOTAL EQUITY	554,988	359,458
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Financial liabilities	1,315,901	2,176,901
Government grants	-	-
Provisions	27,015	27,131
Other non-current liabilities	13,305	13,117
Deferred tax liabilities	163,900	190,371
TOTAL NON CURRENT LIABILITIES	1,520,121	2,407,520

Financial liabilities	700,051	178,772
Trade and other payables	1,039,377	969,882
Current income tax liabilities	16,051	5,552
Liabilities associated with non-current asset held for sale	-	16,381
TOTAL CURRENT LIABILITIES	1,755,479	1,170,587

TOTAL LIABILITIES	3,275,600	3,578,107
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TOTAL EQUITY AND LIABILITIES	3,830,588	3,937,565
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Source: Company information

Current and Non-Current Financial Liabilities

K€	Q3'23			Q2'23			FY'22		
	Non Current	Current	Total	Non Current	Current	Total	Non Current	Current	Total
Financial liabilities from issuing bonds and marketable securities	311	10	321	310	7	316	308	5	313
Financial liabilities from loans and borrowings	237	518	755	235	522	757	771	11	781
Third party loans	29	4	34	30	4	34	27	2	28
Lease liabilities	709	166	875	767	163	929	923	160	1,083
Payables to associates	1	-	1	1	-	1	1	-	1
Other payables	29	1	30	29	1	30	30	1	31
Other financial liabilities	1	-	1	1	-	1	118	-	118
Total financial liabilities at amortised cost	1,316	700	2,016	1,371	697	2,068	2,177	179	2,356

	Q3'23			Q2'23			FY'22		
	Non Current	Current	Total	Non Current	Current	Total	Non Current	Current	Total
Syndicated credit facilities Framework Agreement	173	515	687	171	520	691	708	11	718
Bank loans and credit facilities	64	3	67	63	2	66	63	-	63
Total	237	518	755	235	522	757	771	11	781

Key Highlights

- The outstanding nominal value of the syndicated debt as of October 2023 was 855M€
- In Q2, the change in nominal value reflects the mandatory amortization of 16M€ in July 23 and the early amortizations of 38M€ from cash sweeps and asset sales
- In Q3, 19M€ proceeds from non-core real estate were used for voluntary amortisations

Source: Company information

Summary P&L

Continuing operations (K€)	31.10.2023	31.10.2022
Revenue	3,858,703	3,549,809
Other income	203,028	181,413
Self-constructed non-current assets	245	-
Raw materials and other consumables used	(2,841,737)	(2,607,153)
Personnel expenses	(522,604)	(497,999)
Amortisation and depreciation	(201,936)	(174,770)
Provisions/(reversals) for impairment of non-current assets	2,109	2,397
Other expenses	(282,958)	(315,230)
Profit before finance items and taxes	214,850	138,467
Finance income	8,087	3,974
Finance costs	(95,324)	(68,900)
Share of profit/(loss) of equity-accounted investees	1,564	286
Profit/(Loss) from continuing operations	129,177	73,827
Income tax expense	(24,135)	(11,897)
Profit/(loss) before tax from continuing operations	105,042	61,930
Profit/(loss) from discontinued operations	-	-
PROFIT/(LOSS) FOR THE PERIOD	105,042	61,930
Profit/(loss) for the year attributable to equity holders of the Parent		
Continuing operations	68,551	43,203
Discontinued operations	-	-
Profit/(loss) for the period attributable to non-controlling interests		
Continuing operations	36,491	18,727
Discontinued operations	-	-

Source: Company information



Q&A

January 2024

✉ investors@eroski.es

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

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