



Press release

13 November 2020

Eurocash Group with revenue and earnings growth in Q3 2020

- Eurocash Group's revenue in the third quarter of 2020 exceeded PLN 7 billion and was 5% higher than in the same period last year. Sales in the wholesale segment went up by 3% y/y and in the retail segment by close to 4% y/y. With Frisco's results being fully consolidated from July this year and given the expansion of innovative retail concepts that the Group is developing, revenue in the Projects segment grew exponentially, by 268%.
- Consolidated EBITDA in the third quarter of this year reached PLN 225 million, up by nearly 3% in comparison to the same period of 2019. Eurocash Group estimates that additional costs related to the COVID-19 pandemic were lower than in the preceding quarters and subtracted approx. PLN 2 million from EBITDA in the reporting period.
- Eurocash Group's net profit in the period July-September 2020 reached nearly PLN 37 million, up by 34% from the same period of 2019.

Wholesale: eurocash.pl generates more than 30% of sales

Sales in Eurocash Group's wholesale segment in the third quarter of 2020 reached PLN 5.26 billion (+3.4% y/y), with EBITDA of PLN 185 million (+7.4% y/y).

"Wholesale revenue was strongly supported by sales to independent stores and franchisees as well as dynamic growth in the sale of cigarettes and impulse products. These increases more than offset lower sales in the Eurocash Gastronomica segment that caters to restaurants and hotels, which are deeply feeling the effects of the pandemic, as well as a decline resulting from a contract with Orlen that expired last year," said **Jacek Owczarek, CFO and member of Eurocash's management board.**

"The third quarter was another consecutive quarter in which we reported record sales through the eurocash.pl platform. Online orders constituted 31% of total sales in the wholesale segment (without taking into account the Cash & Carry format). This shows that our e-commerce solution for entrepreneurs running retail stores has tremendous potential not just during the



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lockdown but also once most of the restrictions related to the pandemic are lifted. Customers appreciate eurocash.pl for its convenience and quick ordering, among other factors,” emphasised **Jacek Owczarek**.

Retail: Delikatesy Centrum grow sales and launch click & collect service

External sales in Eurocash Group’s retail segment in the third quarter of 2020 reached PLN 1.58 billion (+3.5% y/y), while EBITDA exceeded PLN 76 million (compared to PLN 79 million in the previous year).

“Revenue growth was mainly driven by sales at the Delikatesy Centrum franchise stores. The Inmedio newspaper stands also recorded considerable growth, recuperating sales after a period of restrictions placed on shopping centres from March to May,” said **Jacek Owczarek**.

“This year is a period of further integration of supermarket chains acquired in previous years with Delikatesy Centrum. Its final stage, planned for the fourth quarter of this year, will involve streamlining assortment and rebranding of the Mila stores. Preparations for the launch of a click & collect service at Delikatesy Centrum, thanks to which consumers can order products online and subsequently collect them at a selected location, were an important development in the previous quarter. This service is already available at more than 1,200 supermarkets throughout Poland, and Delikatesy Centrum’s online offering includes approx. 6,700 products,” said the **member of Eurocash’s management board**.

Projects: growth across all formats, Frisco near operating break-even

Sales in the Projects segment in the third quarter of 2020 surpassed PLN 100 million and were 268% higher than in the same period of 2019. This exponential growth results mainly from the purchase by Eurocash in June this year of a majority stake in Frisco, in connection with which starting from this year’s third quarter the Group consolidates 100% of the results of this leading Polish e-supermarket.

“Frisco’s revenue in the reporting period exceeded PLN 50 million and was more than double the revenue generated in Q3 2019. This level of sales means that Frisco is reaching its break-even point on an EBIT basis,” said **Jacek Owczarek**.

In the third quarter of 2020, all innovative retail concepts being developed by Eurocash Group also recorded sales growth: Duży Ben (+111% y/y), abc on wheels (+108% y/y) and Kontigo (+46% y/y), which is due to these chains’ expansion. In the case of the Duży Ben alcohol



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markets and the abc on wheels mobile stores, strong sales growth was also recorded on a like-for-like basis: +16% and +32% y/y, respectively.

Eurocash Group is the largest Polish company in the wholesale distribution of fast-moving grocery products, household cleaning supplies, alcohols and tobacco products, along with marketing support for independent Polish entrepreneurs operating in retail. The franchise and partner networks supported by Eurocash have approx. 16,000 independent stores operating under brands such as abc, Groszek, Delikatesy Centrum, Lewiatan, Euro Sklep, Gama, Duży Ben and Kontigo. Eurocash Group is also developing its own chain of retail stores in order to build sufficient scale to ensure the competitiveness of its customers.

Eurocash Group's selected consolidated financial results (IFRS 16)

PLNm	Q3 2020	Q3 2019	y/y change
Revenue from sales	7 005.9	6 672.9	+5.0%
Gross profit on sales	886.1	835.4	+6.1%
Gross sales margin	12.65%	12.52%	+0.13pp
EBITDA	225.1	219.2	+2.7%
EBITDA margin	3.21%	3.28%	-0.07pp
Net profit/(loss)	33.7	25.1	+34.3%
Net margin	0.48%	0.38%	+0.11pp

PLNm	Q1-Q3 2020	Q1-Q3 2019	y/y change
Revenue from sales	19 121.3	18 594.0	+2.8%
Gross profit on sales	2 516.2	2 385.5	+5.5%
Gross sales margin	13.16%	12.83%	+0.33pp



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EBITDA	561.7	556.7	+0.9%
EBITDA margin	2.94%	2.99%	-0.06pp
Net profit/(loss)	13.5	31.8	-57.5%
Net margin	0.07%	0.17%	-0.10pp

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