



Esselunga Group: COMMITTED TO HELPING CUSTOMERS FACE THE COST OF LIVING CRISIS

First Half 2022 Results

On 27 September 2022, the Board of Directors of Esselunga reviewed in Limoto di Pioltello the performance of the first half of 2022.

As Italy is facing a worsening cost of living crisis, Esselunga has committed to protecting its customers' purchasing power. As early as **11 November 2021**, the supermarket chain introduced **significant reductions in prices** on shelves, with a view to sharpening its competitive edge and further strengthening its established reputation for value with customers, confirmed by market research that underscores the Group's leadership.

Esselunga cut prices in stores in all locations on over 1,500 of the items most frequently bought by customers, with reductions of between 6 and 8 percent. Public awareness of the chain's efforts was raised by a media campaign that ran **until 30 April 2022** with the slogan **'Even when the cost of living rises, our prices do not fear comparison.'**

This strategic choice, which entailed a significant economic investment, had an impact on the results for the first half of the year.

- Esselunga Group generated **Sales totalling € 4,322.1 million, slightly down by 0.2%** compared to the same period in 2021. The comparison is affected by the elevated sales growth in the first half of 2021 (+6.7% in the first half of 2021).
- **Shelf prices** showed a **1.7% average increase** vs a 7.4% average suppliers' inflation. Esselunga took the strategic decision to bear the 5.7% inflation **to protect its clients' purchasing power.**
- **Esselunga remains at the top ranking for price competitiveness** with 0.8% below the trading area average and 1.2% below the Italian market average (Source NRPS Nielsen).
- **EBITDA** amounted to **€ 214.6 (5.0%)** down compared to € 427.1 million (9.9%) in the first half of 2021. The expected EBITDA decrease is driven by:
 - o Lower margin for the price investment as mentioned above
 - o Relevant increase in energy, gas and fuel costs
 - o Positive one-off effect in 1H 2021 coming from the closing of the five-year "Fidaty" loyalty program

- **EBIT** amounted to **€ 30.7 million (0.7%)**, compared to € 241.8 million (5.6%) in the first half of 2021.
- **Net Profit** amounted to **€ 2.7 million (0.1%)**, compared to € 221.1 million (5.1%) in the first half of 2021.
- **Capital expenditures** were € 151.9 million.
- In the first half of 2022 **the Esselunga Group opened:**
 - o 16 February: Fino Mornasco (Como)
 - o 29 June: Torino Porta Nuova
 - o 30 June: *laEsse* Largo Augusto in Milan
- **Net Financial Position was € -2,347.3 million**, down by € 630.0 million compared to 31 December 2021, mainly driven by the acquisition of the 32.5% of La Villata shares by UniCredit for € 444.2 million, as summarized below:

Net Financial Position (€ million)	As of June 30, 2022	As of December 31, 2021
Net Financial Position	(2,347.3)	(1,717.3)
Operating leases (IFRS 16)	472.7	476.5
Adjusted Net Financial Position	(1,874.6)	(1,240.8)
Including acquisition of the 32.5% of La Villata	444.2	-

- Three revolving credit facilities for a total amount of € 300 million with five-year tenor have been finalized.

Limite di Pioltello, 27 September 2022

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***ESSELUNGA** is one of the leading Italian food retailers, operating through a network of 172 superstores and supermarkets and 8 LaESSE served by production and processing plants. Esselunga was founded in 1957 with the opening in Milan of the first supermarket in Italy. Today the company has ca. 25,000 employees and more than € 8.5 billion revenue. Esselunga has 5.7 million loyal clients and it's an example of quality and innovation with a daily commitment to sustainability.*

Financial Performance as of June 30, 2022

Income Statement (€ million)	First Half 2022	%	First Half 2021	%
Total Sales	4.322,1	-0.2	4,332.1	
EBITDA	214.6	5.0	427.1	9.9
EBIT	30.7	0.7	241.8	5.6
Net Income	2.7	0.1	221.1	5.1

Balance Sheet (€ million)	As of June 30, 2022	As of December 31, 2021
Non-current assets	5,279.4	5,272.4
Current assets	1,139.8	1,665.0
Total Assets	6,419.2	6,937.4
Shareholders' equity	1,780.2	2,221.9
Non-current liabilities	2,782.1	2,656,5
Current liabilities	1,856.8	2,059.0
Total Liabilities and Shareholders' Equity	6,419.2	6,937.4

Cash Flow Statement (€ million)	First Half 2022	First Half 2021
Net Financial Position at the beginning of the period	(1,717.3)	(1,820.1)
Cash Flow from operations	17.9	278.2
Cash Flow from investing activities	(190.3)	(258.2)
Acquisition of the 32.5% of La Villata shares	(435.0)	-
Cash Flow from financing activities	21.6	(18.3)
Dividends paid	(44.2)	(16.0)
Net Cash flow during the period	(630.0)	(14.4)
Net Financial Position at the end of the period	(2,347.3)	(1,834.5)