

26 February 2018 16:09

Esselunga Group– Preliminary Results Full Year 2017

Sales up 3.1% up to Euro 7,754 million.

Customers + 5.0% due to also 4 new stores.

Total savings granted to Customers of nearly Euro 1.4 billion.

Capital expenditures of Euro 439 million.

Completed the acquisition of 67.5% of Villata Partecipazioni (83 stores) for Euro 965 million.

Issued two Eurobond for Euro 1 billion. Nine times subscribed.

On the 26th of February 2018, the Board of Directors of Esselunga has examined in Limite di Pioltello the 2017 Preliminary Results, summarized as follows:

- In 2017 the Esselunga Group made sales totalling Euro 7,754 million, up by 3.1%, taking into account the additional day in 2016, which was a leap year.
- The growth in total Customers was about 5%, exceeding 5.6 million, due to also the store network. The new Rome Prenestino store brought in over 100,000 new customers.
- Savings granted to Customers totalled almost Euro 1.4 billion, up by around € 100 million compared to 2016.
- The Rome Prenestino, Novara Veveri, Verona Fiera and Bergamo Celadina stores were opened in 2017. The Verona Corso Milano store was closed for renovation and expansion.
- The growth in e-commerce continues, exceeding Euro 180 million in sales. Opening of the new “Clicca e Vai” (Click and Collect) sales channel.
- Average headcount reached 23,094 people, an increase of 353.
- During 2017 a significant welfare program has been implemented by Esselunga. The employees and their family could take advantage of those benefits also converting their bonus in welfare services.
- Adjusted EBITDA (i) amounted to € 647.9 million (8.4%) compared to € 600.6 million (8%) in 2016. Adjusted Operating Profit (i) came to € 420.6 million (5.4%) compared to € 344.5 million (4.6%) in 2016. Adjusted Net Profit (i) (ii) totalled € 305.8 compared to € 220.6 million (2.9%) in 2016.
- Net debt was € 847.5 million (€ 55.5 million in 2016) as a result of the acquisition of majority stake of Villata Partecipazioni. The Net Debt/EBITDA ratio was ca. 1.3x.
- Two fixed-rate Eurobonds were issued in October for € 1 billion, maturing at 6 and 10 years, to finance the acquisition of Villata Partecipazioni. Coupon rate respectively 0.875% and 1.875%. The offer was nine times oversubscribed by investors.

- Esselunga has been assigned two investment-grade ratings in 2017: Baa2 from Moody's and BBB- from S&P.
- Capital expenditures totalled € 439 million.

(i) the adjustments to EBITDA, Operating Profit and Net Profit neutralized the effect of fair value accounting of prize-giving promotions, thus enabling comparison of the two years' performance. In particular, the FY2016 Income Statement was positively impacted by the one-off closing of the prize-giving promotion (Catalogo Fidaty).

(ii) The Adjusted Net Profit benefit of 9,8 million due to the consolidation of La Villata Partecipazioni.

Limite di Pioltello, 26th of February 2018

ESSELUNGA is one of the leading Italian chains in the large-scale retailing sector, operating through a network of over 150 superstores and supermarkets in Lombardy, Tuscany, Emilia Romagna, Piedmont, Veneto, Liguria and Lazio. Esselunga was founded in 1957 with the opening in Milan of the first supermarket in Italy. Today the company has over 23,000 employees and revenue of € 7.8 billion.

Esselunga Group

Financial performance as of December, 31 2017

Consolidated Adjusted Income Statement (€ millions)

Income Statement	Full Year 2017	%	Full Year 2016	%
ADJUSTED TOTAL SALES	7.753,8	+3,1	7.522,8	
ADJUSTED EBITDA	647,9	8,4%	600,6	8,0%
ADJUSTED OPERATING PROFIT	420,6	5,4%	344,5	4,6%
ADJUSTED NET INCOME	305,8	3,9%	220,6	2,9%

The table below shows the details of the adjustments:

Description	Full Year 2017		Full Year 2016	
	Amount	%	Amount	%
TOTAL SALES	7.753,8	+2,8%	7.540,0	
Additional calendar opening day for leap year	0,0		-17,2	
ADJUSTED TOTAL SALES	7.753,8	+3,1%	7.522,8	

The adjustments to the Full Year 2016 Total Sales refer to the additional calendar opening day in 2016 for leap year.

Description	Full Year 2017		Full Year 2016	
	Amount	%	Amount	%
EBITDA	638,2	8,2%	661,5	8,8%
Non cash component of the prize-giving promotions	9,7		-56,8	
Additional calendar opening day for leap year	0,0		-4,1	
ADJUSTED EBITDA	647,9	8,4%	600,6	8,0%

Description	Full Year 2017		Full Year 2016	
	Amount	%	Amount	%
OPERATING PROFIT	410,9	5,3%	405,4	5,4%
Non cash component of the prize-giving promotions	9,7		-56,8	
Additional calendar opening day for leap year	0,0		-4,1	
ADJUSTED OPERATING PROFIT	420,6	5,4%	344,5	4,6%

The adjustments to the Full Year 2016 **EBITDA, Operating Profit and Net Income** neutralized to the **recognition** at fair value of prize-giving promotions.

Consolidated Income Statement and Net Debt (€ millions)

Income Statement	Full Year 2017	%	Full Year 2016	%
TOTAL SALES	7.753,8	+2,8	7.540,0	
EBITDA	638,2	8,2%	661,5	8,8%
OPERATING PROFIT	410,9	5,3%	405,4	5,4%
NET INCOME	298,8	3,9%	262,3	3,5%
NET DEBT	-847,5		-55,5	

Consolidated Balance Sheet (€ millions)

BALANCE SHEET	As of December 31, 2017	As of December 31, 2016
Non-current assets	4.656,4	3.563,3
Current Assets	1.459,9	1.201,9
Available for sale assets	6,6	14,5
TOTAL ASSETS	6.122,9	4.779,7
Shareholders' equity	2.819,8	2.528,9
Non-current liabilities	1.603,9	594,3
Current Liabilities	1.699,2	1.656,5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6.122,9	4.779,7

Consolidated Cash Flow Statement (€ millions)

CASH FLOW STATEMENT	As of December, 31 2017	As of December, 31 2016
Cash Flow from operations	659,8	623,2
Cash Flow from investing activities	-1.409,5	-411,1
Cash Flow from financing activities	-24,8	-12,7
Dividends paid	-3,0	-20,0
Income Tax paid	-106,1	-118,3
Change in the consolidation area	91,6	0,0
NET CASH FLOW	-792,0	61,0
NET DEBT AT THE BEGIINING OF THE YEAR	-55,5	-116,5
NET CASH FLOW DURING THE YEAR	-792,0	61,0
NET DEBT AT THE END OF THE YEAR	-847,5	-55,5